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SOP FOR SUSTAINABILITY IN PURCHASING

Mahindra Holidays & Resorts India Ltd, Corporate office, Chennai Proprietary & Confidential

Quality Management System

<p>Prepared by Process Owner</p> 	<p>Approved by General Manager -Purchase</p> 	<p>Released by Process Owner</p> 
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MHRIL	PURCHASE DEPARTMENT – RESORTS		Rev No: 02 Last revised Date : 11.10.2019		
	SUSTAINABILITY IN PURCHASING				
Amendment Sheet					
S No.	Date	Section Ref	Page No	Description of Change	New Rev No
1	29.12.2018	All section	All pages	First Issue	00
2	15.01.2019	Page No.4,	Page No.4 Sl.No.1, Page No.28, Sl No14.	Corporate Sustainability committee has suggested some changes which was incorporated	01
3	11.10.2019	Page No.6	Page No.6 Sl.no. 4	Whistle Blower policy was included	02

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Objective	To ensure sustainability is focussed and followed in purchasing
Scope	Sustainability norms to be followed in purchasing process
Responsibility	Primary – Resorts, purchase department. Secondary – Resort Finance, , Corporate Finance Resources – Corporate Purchase and Resort Purchase
Entry Criteria	Sustainable product purchasing, quotes, negotiations
Input	Vendor meeting MOM, vendor site audit form, product brochure, vendor profile
Abbreviations	
Process Steps	As mentioned in the main document attached
Exit Criteria	Approval from purchase committee, Resort Manager, Cluster Head, Purchase Head.
Output	Annual contract, purchase order
Verification	Audits
Records	Vendor Audit form, vendor meeting MOM sheet, product brochure
References	

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Process Steps for sustainable purchasing			
Sl.no.	Activity Responsibility	Time Frame	Record
1.	<p>The following process to be followed while choosing or selecting our suppliers with respect to sustainability aspect:</p> <ol style="list-style-type: none"> 1. Initial screening of vendors to be done by checking on their compliance with Environmental laws, labour laws, safe working practices, human rights compliance etc. (as per applicability of respective countries in which the suppliers reside or originate from), Positive impact on society, environment performance. 2. Compliance on our code of conduct (as attached) 3. Sustainable Green Supply Chain Management Policy (as attached) 	Ongoing	
2.	Initial screening of the suppliers to be done as per the criteria mentioned in the attached format	Ongoing	Supplier screening format
3.	<p>A set of Code of Conduct is laid down as per MHRIL's standards of integrity and objectivity.</p> <p>Objective: MHRIL values its reputation for conducting business in a legally compliant and ethical manner. Consistent with this commitment, MHRIL wants to do business with those who share its values and culture of fair and ethical business practices. MHRIL has developed this Supplier Code of Conduct (hereinafter referred to as the "Code") to guide its</p>		

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Suppliers as to how to engage in ethical, responsible, and legal business practices in their operations around the world. This Code is applicable to all 'Suppliers' i.e. domestic and international. Suppliers here refer to suppliers, service providers, vendors, traders, agents, consultants, contractors, joint venture partners, third parties including their employees, agents and other representatives, who have a business relationship with and provide, sell, seek to sell, any kind of goods or services to MHRIL.

Any RFQ sent to the suppliers will have the attachment of Code of conduct and any agreements signed with the supplier will have the code of conduct clauses included in it.

1. ETHICAL CONDUCT

Suppliers shall conduct their business activities and deal on behalf of their company with professionalism, honesty and integrity, as well as with high moral and ethical standards. Such conduct shall be fair and transparent and perceived to be as such by third parties.

2. REGULATORY COMPLIANCE REQUIREMENT

Suppliers shall, while conducting their business comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which they operate.

3. ACCOUNTING AND REPORTING

Suppliers shall ensure that their accounting and financial records meet the highest standards of accuracy and completeness. All financial transactions shall be reported in accordance with generally accepted accounting practices, and the accounting records shall show the nature of all transactions in a correct and non-misleading manner.

4. BRIBERY, CORRUPTION AND MONEY LAUNDERING

Suppliers shall always follow all the applicable international and local anti-bribery and anti-corruption laws. The Supplier shall not accept, facilitate or support money laundering.

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Whistle Blower Policy: In case if suppliers come across any kind of improper act or violation of code of conduct by MHRIL resort Purchase employees then such concerns can be reported to below email id –

Murugan.shobana@mahindraholidays.com

Any concerns about Mr.Murugan Shobana shall be reported to email id -

Akhila.Balachandar@mahindraholidays.com

5. TAX LAWS COMPLIANCE

Suppliers shall comply with the tax laws and regulations of country in which it operates. Where tax laws do not give clear guidance, prudence and transparency shall be the guiding principle.

6. MARKETING AND SALES

Suppliers shall not make false statements or provide misleading information regarding its products or their performance, including the safety and environmental attributes of the products.

7. FAIR COMPETITION PRACTICES

Suppliers shall compete fairly, ethically and within the framework of all applicable competition and anti-trust laws. They shall not exchange MHRIL related confidential and sensitive information with competitors, peers or customers in any way that will improperly influence the market place or outcome of a bidding or negotiation process.

8. POLITICAL INVOLVEMENT

Suppliers shall ensure that they do not give an impression of representing or being the spokesperson of MHRIL while getting associated with any political party or political activities in their personal capacity.

9. CONFLICTS OF INTEREST

The duty of all personnel of Suppliers towards MHRIL demands that he or she avoids and discloses actual and potential conflicts of interest. A conflict of interest exists where the interests or benefits of one person or entity conflict or appear to conflict with the interests or benefits of MHRIL. Suppliers shall, as soon as they have knowledge, voluntarily disclose all situations relating to actual

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or potential conflict of interest, whether arising from their equity investments in any competitor of MHRIL or any of the supplier owners' having any immediate family members working in MHRIL.

10. PROTECTING MHRIL's ASSETS AND MACHINERY

Suppliers shall not misuse the assets of MHRIL but shall employ them only for the purpose of conducting the business for which they are duly authorized by MHRIL. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources as well as intangible assets such as Intellectual Property Rights, Processes, Know how & Technology, proprietary information, , etc. Suppliers are responsible for safeguarding, securing, and protecting MHRIL's assets and information technology from theft, destruction, misappropriation, wastage and abuse.

11. THIRD PARTY REPRESENTATION

Suppliers and their group companies including their third parties shall not be authorized to represent MHRIL or to use MHRIL's logos, products, processes, designs, inventions, patents, copyrights, trademarks, symbols or any other intellectual properties now or hereafter owned or controlled by MHRIL without the express written consent of MHRIL.

12. CONFIDENTIALITY

The Supplier shall maintain physical and electronic security for all confidential information. Supplier's employees should use extreme care in protecting confidential or proprietary information of any kind. Face to face discussions should be conducted in a secure location. If confidential information to be discussed or exchanged between MHRIL and the Supplier, or the Supplier and a Third Party, the parties shall first ensure that a Confidentiality or Non-Disclosure Agreement has been signed and is being complied with.

13. PROTECTING ENVIRONMENT

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<p>Suppliers shall comply with all applicable environmental/pollution control laws and regulations wherever they are based or operate.</p> <p>14. PROVIDING SAFE AND HEALTHY ENVIRONMENT</p> <p>The Supplier shall strive to provide a safe and healthy working environment and comply with all applicable laws regarding working conditions, including worker health and safety, sanitation, fire safety, risk protection and electrical, mechanical and structural safety. The Supplier should have strict procedures that prevents the use of illegal drugs or alcohol in the factory and that prevent impaired employees from working. The Supplier must inform any reportable accident(s) to MHRIL immediately with corrective action to be taken to avoid such accident(s) in future. They must have well-established safety procedures, preventative maintenance and protective equipment in compliance with the law. The Supplier must have a Business Continuity Plan and to minimize business impacts in the event of major disruption like flood, fire, earthquake, strikes or any riots etc. The Supplier must have a written Emergency Response Plan to minimize harm to the employees, local community and environment in the event of a disaster. The supplier shall provide materials which are environment friendly/ with less carbon footprint and with ecolabels wherever possible.</p> <p>15. HUMAN RIGHTS, RESPECT AND DIGNITY</p> <p>The Supplier shall support and respect the protection of internationally proclaimed human rights and make sure his company is not complicit in human rights abuses. Suppliers are expected to keep their workplaces free of harassment, harsh treatment, violence, intimidation, corporal punishment, mental or physical coercion, verbal abuse and discrimination.</p> <p>16. NO CHILD OR FORCED LABOUR</p> <p>The Supplier shall not hire any person less than 18 years of age. Also, Supplier must not use involuntary labour of any kind, including prison</p>		
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labour, debt bondage or forced labour. Additional standards include the following:

a) Suppliers shall comply with all applicable child labour laws, including those related to hiring, wages, hours worked, overtime and working condition. Vocational or developmental programs for young people require an exception to the age requirements.

b) Suppliers shall maintain official documentation that verifies a worker's date of birth, employment and training history. MHRIL reserves the right to review this information whenever required..

17. EQUAL-OPPORTUNITIES EMPLOYER

The Supplier shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, color, ancestry, marital status, sex, age, nationality and disability. Employees of the Supplier shall be treated with dignity and in accordance with maintaining a work environment free of sexual harassment, whether physical, verbal or psychological.

18. WAGES AND HOURS OF WORK

Suppliers shall follow all applicable laws regarding working hours, wages and overtime pay. Workers shall be paid at least the minimum legal wage.

19. GIFTS AND DONATIONS

Suppliers shall not (directly or indirectly) offer any gift, entertainment, trip, discount, service or other benefit to any official of MHRIL which would or reasonably appear to be capable of influencing such person's decision. This includes giving or receiving anything of value, including money, gifts or unlawful incentives to improperly influence negotiations.

20. CORPORATE CITIZENSHIP

The Suppliers' senior management personnel shall be committed to be a good corporate citizen, not only in compliance with all relevant laws and regulations, but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the

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objective of making them self-reliant. Such social responsibility would comprise: initiating and supporting initiatives in the field of community health and family welfare, vocational training, education and literacy, providing employment to physically challenged people and encouraging the application of modern scientific and managerial techniques and expertise.

21. COMPLIANCE WITH THE CODE

Suppliers are required to adhere to this Code. They shall promptly inform MHRIL when any situation develops that causes them to operate in violation of this Code. While Suppliers are expected to self-monitor and demonstrate their compliance with this Code, Suppliers shall allow MHRIL to audit or inspect Suppliers' facilities to confirm their compliance when requested by MHRIL with reasonable notice. MHRIL reserves the right to take appropriate action including immediate removal of any Supplier who behaves in a manner that is unlawful or inconsistent with this Code.

22.CODE ADHERENCE RESPONSIBILITY

Chief Executive Officers, Proprietors, Partners, Officers and Employees of all MHRIL Suppliers are responsible to ensure adherence to this Code.

Green supply chain policy:

Sustainable green supply chain policy to be adhered in the process of purchasing at MHRIL as per the attached green supply chain policy. Mahindra Holidays and Resorts India Limited is committed to follow responsible business practices by contributing to environmental protection and enhancing people performance while ensuring business growth for its supply chain

Objective

To enhance sustainability performance and minimize Environmental, Social & Financial risks within MHRIL's supply chain, procurement and services the green supply chain policy has to be strictly adhered.

Green Supply Chain

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- MHRIL shall engage with the supply chain partners including vendors, suppliers and logistics and service providers to:
- Strengthen compliance of all relevant statutory provisions and conform to MHRIL's Code of Conduct
- Identify and address business and ESG (Environmental, Social and Governance) risks
- Promote sustainability awareness and business capability building
- Develop management systems related to Sustainability, Quality, Environment, Safety and Energy
- Monitor, evaluate sustainability performance and identify improvement opportunities
- Reduce environmental footprint by means of energy conservation, water conservation waste conservation
- Encourage logistic optimization and waste reduction using 3R (Reduce, Reuse and Recycle)
- Move towards zero wood usage in part packaging
- Promote a safe and healthy workplace for the employees
- Enhance bio-diversity within the facilities
- Ensure eco-friendly product manufacturing in accordance with the RoHS (Restriction of Hazardous Substances) directive
- Promote vendor parks & supplier within plant vicinity
- Promote sustainability awareness and assessment at supply chain through IT Enabled processes.
- Enhance sustainability within their own supply chain
- Encourage suppliers to develop and publish their own sustainability report
- Facilitate reward and recognition

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	<ul style="list-style-type: none"> • Procurement: • Comply with all relevant statutory provisions pertaining to procurement • Establish sustainable performance indicators for equipment, products and services. • Open door framework for all the existing and potential suppliers by maintaining highest level of ethical standards and transparency dealing • Minimize the environmental, social, and costs impact associated with life cycle of the goods and services. • Procurement of recycled/ part-recycled products to optimize resources consumption • Procure energy efficient equipment by defining specification in tender and contracts • Co-create innovation to maximize value for both supplier and user • We shall promote sustainable practices with all our stakeholders 		
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Annexure -1 – Supplier Screening format

Sustainability				
S.No.	Parameter	Below Average (L1) - 0	Average (L2) - 1	Above Average (L3) - 3
1	Compliance with Environmental Laws	No evidence for compliance documents (consent to operate under Air Act, Water Act and Hazardous Waste Rules)	Environmental compliance being met as per latest legislation of the country where the supplier resides or originate from including: 1) Valid Consent to Operate is available under Air Act, Water Act and	In addition to L2, regular management review system in place to monitor compliance with Environmental

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			Hazardous Waste Rules and 2) A compliance register is available to monitor all compliances	Laws and deal with any non-compliances
2	Compliance with Labour Laws	- No evidence for compliance documents (labour license) - All permanent and contract employees are not covered under labour license	Labour license is available for all the permanent & contract employees working within the facility	In addition to L2, no fine has been imposed under labour laws within past three years
3	Safe Working practices	There are no safety practices, processes & policy in place	Safety practices, processes & policy in place	In addition to L2, - Strong safety practices - Certified for OHSAS 18001
		Increase in accident/injury trends	Accident/injury trends monitored & action taken to reduce	Reduction in accident/injury trend
4	Human rights compliance	No evidence for compliance documents (no child labour, no forced labour, discrimination, diversity, sexual harrassement)	Process & Evidence available for compliance documents (no child labour, no forced labour, discrimination, diversity, sexual harrassement)	Presence of policy signed by top management (No child labour, No forced labour, discrimination, diversity,

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				sexual harrassement)
5	Positive impact on Society	No initiatives for community engagement	Few initiatives for community engagement but roadmap is not defined	Defined Roadmap and structured initiatives within selected fields for community benefits
6	Environmental Performance	No process and policy for environmental protection & resource conservation in place	Process and policy for environmental protection & resource conservation in place and results monitored. In addition, the supplier shall supply (wherever possible) eco-friendly products which are less resource (energy, water, material etc.) intensive	In addition to L2, Certified for ISO 14001
Max Marks				18

10% weightage to Sustainability from total score

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