

MISSION FUTURE WITH STEEL

Sustainability Report
2017-18



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About this Report

REPORT OVERVIEW

Sustainability lies at the heart of Mahindra Sanyo Special Steel Private Limited (MSSSPL)'s business model, driving responsible growth and creating new opportunities for shared success. The work we do and the way we do it matters to our employees, customers, investor communities and other stakeholders. We reached out to our internal and external stakeholders through a wide range of communication programmes to seek their opinions and performed a materiality analysis to identify the most significant sustainability impacts of MSSSPL and their importance to stakeholders.

REPORTING BOUNDARY

We have been providing information on our economic, social, and environmental impact in our sustainability report since 2014, through the G4 standards of the Global Reporting Initiative (GRI).

REPORTING PRINCIPLES

We have adopted the new GRI Standards 'In Accordance-Core' for the financial year 2016-17. Our reporting follows the GRI reporting principles for defining Report Content and Report Quality as contained in the GRI Standards.

REPORTING PERIOD

This report covers the period from April 1, 2017, to March 31, 2018, and is aligned with the GRI Sustainability Reporting Standards.

ASSURANCE

The report is externally assured by M/s TUV India, a third party with whom Mahindra Sanyo has no relation except for professional services engaged for assurance of this report. For more details please refer to the Assurance Statement in Annexures.

About Mahindra Sanyo

Mahindra Sanyo Special Steel Private Limited (MSSSPL), incorporated in 1962 by Mahindra & Mahindra as Mahindra Ugine Steel Company Ltd. (MUSCO), is a joint venture between Mahindra & Mahindra India, Sanyo Special Steel Co. Ltd. Japan and Mitsui & Co. Ltd. Japan. The Company is a leading and pioneering manufacturer of carbon steel, alloy steel and stainless steel, tool and die steel – as cast, forged, rolled, turned, heat treated and ring forged in shapes of ingots, blooms, slabs billets, bars, wire rods, rings and in peeled condition in various sizes as per national, international and customers' specifications. These high-quality steels find applications in automobile, machine building, power plants and railway sectors.



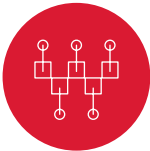
MISSION

To supply high-quality special steels to meet the growing demand and to contribute to customers' competitiveness.



VISION

To be the most admired, successful and socially responsible special steel manufacturer in India.



CUSTOMERS

Auto:

Suzuki, M&M, JD

Engineering:

Cummins, Siemens, Ferromatik, Kabra

Oil & Gas Application:

Cameron, Halliburton, Smith International, T3 Energy

Mining Tools:

Sandvik, Atlas Copco, Mitsubishi Materials, Indian Railways

Bearing:

Timken, SKF, NSK, FAG

FY2018 HIGHLIGHTS

₹11
BILLION
REVENUE

153,046
MT
SALES VOLUME

2,499
TEAM SIZE
INCLUDING CONTRACTOR
WORKFORCE

GOVERNANCE

We believe good governance is integral to achieving long-term shareholder value. We are committed to governance policies and practices that serve the interests of our Company and our shareholders.

GEOGRAPHICAL PRESENCE

MUMBAI KHOPOLI

BENGALURU



Registered Office



Manufacturing Unit



Marketing Office

PARTICIPATION IN PUBLIC POLICY

| | |
|--|--|
| INDIA GHG PROGRAMME | <ul style="list-style-type: none"> • Founder-member of 'India GHG Programme' of World Resources Institute (WRI)-India, CII & TERI • Participated in C4C business during COP19 |
| GREEN POWER MARKETING DEVELOPMENT GROUP (GPMDG) | <ul style="list-style-type: none"> • Member of GPMDG India, a joint initiative by WRI-India and CII |
| HUMAN RIGHTS | <ul style="list-style-type: none"> • India CEO Forum under guidance of United Nations Global Compact (UNGC) • Carried out Human Rights Due Diligence in Supply Chain along with Mazars-UK/India • Worked with CRB, India, and Shift, USA, for capacity building of internal and external stakeholders |
| AQUEDUCT INDIA INITIATIVE | <ul style="list-style-type: none"> • Mapping water risk and source vulnerability |
| ALLIANCE FOR INTEGRITY | <ul style="list-style-type: none"> • Working with GIZ, Indian and German companies/organisations |
| NETWORK FOR BUSINESS SUSTAINABILITY (BS) | <ul style="list-style-type: none"> • Participated in panel discussion in a workshop on 'Advancing Sustainable Business' organised by NBS, Canada and Harvard Business School (HBS), Boston |
| RESPONSIBLE STEEL | <ul style="list-style-type: none"> • Advisory board member of Responsible Steel to develop standards for entire steel value chain |

ECONOMIC PERFORMANCE

During the financial year, we had a secure financial position as our total capital was in excess of our total long-term debt, with capitalisation ratio of 1.73.

The following table shows the economic value we generated and distributed over the last three years:

(₹ in million)

| ECONOMIC VALUE GENERATED AND DISTRIBUTED (EVG&D) | FY2016 | FY2017 | FY2018 |
|--|--------------|--------------|-----------|
| ECONOMIC VALUE GENERATED | | | |
| Revenues | 8,521 | 9,209 | 11,023 |
| ECONOMIC VALUE DISTRIBUTED | | | |
| Operating costs | 7,088 | 7,490 | 9,764 |
| Employee wages and benefits | 590 | 613 | 656 |
| Payments to providers of capital | 223 | 273 | 290 |
| Payment to government | 916 | 981 | 278 |
| Community investments | 0.05 | 0.15 | 0.08 |
| ECONOMIC VALUE RETAINED (CALCULATED AS ECONOMIC VALUE GENERATED LESS ECONOMIC VALUE DISTRIBUTED) | | | |
| | (295) | (148) | 35 |

Sustainability Highlights

ENVIRONMENT

SAFETY



- Achieved 15.9 Safety Activity Rate (improved from 15.3 in FY2017) and 24 Perfect Safety days per month
- Recorded ZERO reportable accidents in FY2018



- Reduction in specific electricity consumption by 2% compared to FY2017
- Nearly 5% of power requirement was fulfilled through renewable energy sources
- Specific Scope II GHG emission reduced by 1% compared to FY2017
- Became first steel company in India and globally with a GHG emission reduction Target 2030 approved by the Science Based Targets Initiative (SBTi)
- Freshwater consumption per ton of production reduced by 3% compared to FY2017
- Commissioned inhouse slag crushing metal recovery unit, moving towards Zero Waste to Landfill (ZWL)
- Planted more than 60,000 saplings in Hoshangabad district of Madhya Pradesh and the area near MSSSPL plant in FY2018
- Liquid metal yield improved to 92.2% in FY2018 from 91.4% in FY2017, helping resource intensity

Governance Structure

INSTITUTIONAL SET-UP FOR IMPLEMENTATION

MSSSPL's business sustainability policy and related operational activities are supervised and monitored by a Sustainability Governing Council. It is placed at the highest level under MSSSPL's current organisational structure as presented here:



GOVERNANCE



- Rolled out online database management portal (ReSustain, Treeni Pune) to strengthen data analysis
- Developed formal Sustainability Policy framework
- Developed five policies on Ethics and Governance. Awareness sessions conducted at almost all factories
- Signed WBCSD (World Business Council for Sustainable Development) WASH Pledge for access to safe Water, Sanitation and Hygiene (WASH) in the workplace
- Performed third-party study from M/s SustainPlus to check alignment of MSSSPL activities with SDGs

PUBLIC ADVOCACY



- Advisory board member of Responsible Steel to develop standards for the entire steel value chain
- Part of Phase 5 roundtable for updating the Product Social Impact Assessment (PSIA) framework
- Part of WRI's Carbon Market Simulation initiative

INTERNAL & EXTERNAL COMMUNICATION

The success of the implementation of the sustainability policy depends on its communication to all stakeholders. We invest considerable resources and focus on communicating the policy both internally and externally.

Implementation of the policy to meet pillar-specific goals are communicated through the Company's sustainability report. MSSSPL uses the GRI reporting standards to document this process and inform employees, suppliers, customers and other stakeholders about the Company's sustainability performance.

MONITORING, REPORTING, FEEDBACK AND REVIEW

Integrating SDG targets ensures that the progress in promoting sustainability across the Company's functions can be measured and documented. This is done on an annual basis and presented to the Sustainability Board for subsequent strategic and/or operational actions.

The sustainability policy is reviewed to ensure its continued applicability in the wake of emerging issues/ trends in the sector and the ecosystem in which we operate.

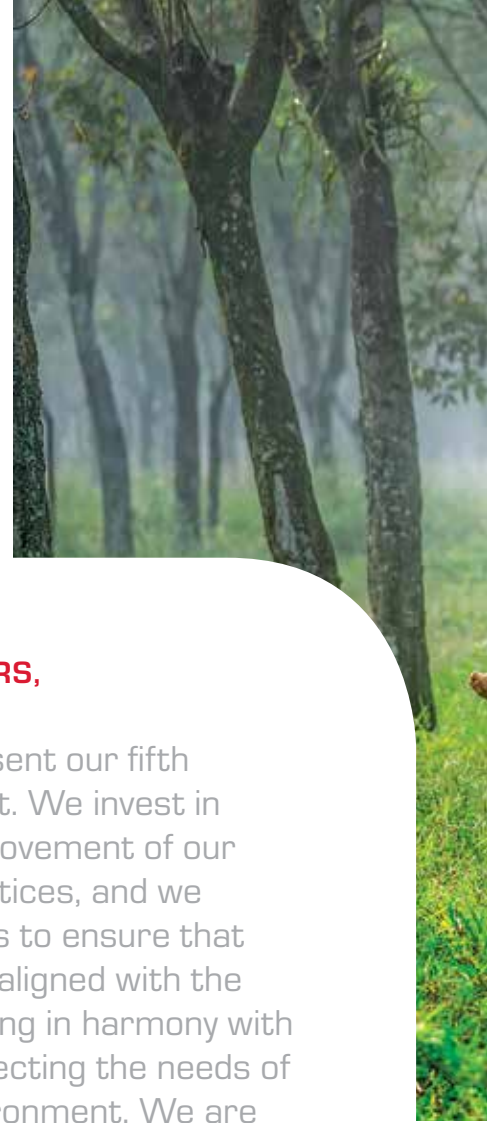
Message from the Managing Director



DEAR STAKEHOLDERS,

I am pleased to present our fifth Sustainability Report. We invest in the continuous improvement of our processes and practices, and we engage our partners to ensure that our performance is aligned with the challenge of producing in harmony with the planet and respecting the needs of people and the environment. We are aware that we have an important role as drivers for the development of the regions where we are present.

By continually investing in innovation, safety and environmental stewardship, as well as collaborating with industry and trade associations to share best practices, we are raising the profile of our industry as a sustainable business, while nurturing a highly talented workforce for today and tomorrow.





PLANET CARE

We have taken several important first steps towards building a cleaner and greener future. Our focus remains on ensuring low carbon emissions, greenhouse gas mitigation and better environmental protection through green management, pollution, dust and waste control and rainwater harvesting to reduce our footprint. Introduction of various energy-efficient operating practices to our systems has helped lower energy intensity in production, thereby reducing production cost, fossil fuel consumption and abating emission of greenhouse gases. Our overall energy consumption intensity for FY2018 stood at 6.90 GJ/MT.

In our constant effort to reduce water use, we are evaluating solutions for both conservation and reuse. MSSSPL has seen 27% reduction in specific water consumption in the last five years.

PEOPLE APPROACH

We foster an inclusive and diversified work environment. We aim to be an employer of choice, by inspiring our workforce as well as enabling them to develop professionally. We promote a work culture that is growth-focussed and performance-driven. We ensure an encouraging and bias-free workplace through our policies and practices encompassing human rights, ethics and transparency.

In line with our commitment to avoid any harm to our workforce, we have provided protection in areas of Safety, Health and Environment (SHE). Further, we conducted 9,388 man-hours of training devoted to various aspects of safety.

It is our firm belief that developing and delivering sustainability practices through changing market requirements is possible solely through innovation and partnerships along the value chain with our suppliers, contractors and customers. This is critical in helping us future-proof our business.

REACHING THE LAST MILE

Our work towards the empowerment of our neighbouring communities has gained more focus and drive, with greater commitment to delivering better results. During the year, the total beneficiaries from our health-related activities stood at 714 and 421 through our education related activities.

I thank the management, employees and partners of MSSSPL for obtaining the results reported here. I invite everyone to learn more about our journey towards an increasingly sustainable development.

Regards,
Uday Gupta

Sustainability at MSSSPL

SUSTAINABILITY GOVERNANCE

Sustainable development is the key tool to build a brighter tomorrow. At MSSSPL, sustainable development includes great focus on detail at every phase and level of work in projects to deliver equitable growth that protects the environment, nurtures social commitments and drives economic progress.

MSSSPL aims to integrate sustainability into every facet of its business. We understand that sustainability can be actualised when it is not treated in isolation but incorporated into the core business activities and aligned with the strategy of the Company. In line with this broader vision, we have taken up initiatives across various functions to create a holistic approach towards a sustainable tomorrow. We are working towards internalising environmental and social costs and benefits to reflect them in our risk management as a quantifiable measure.



"Mahindra Sanyo Special Steel has taken a giant step forward by becoming the first steel company worldwide to have its Science Based Targets approved by the Science Based Targets Initiative. This has been possible because of the work that the team has been doing over the last few years. With clear action plans to reduce emissions, I am sure MSSSPL will overachieve its targets despite being in a hard to abate sector. I wish the team all the very best and look forward to their continued success."

Mr. Anirban Ghosh,
Chief Sustainability Officer, Mahindra Group



BUSINESS SUSTAINABILITY POLICY FRAMEWORK

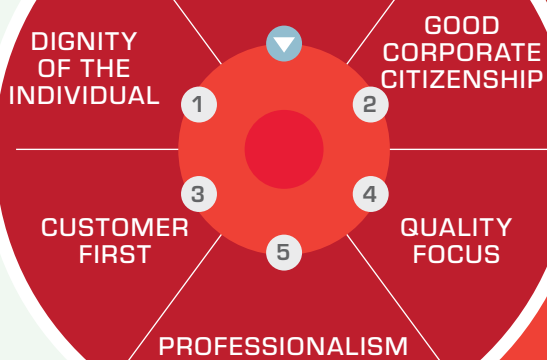
MSSSPL considers its business sustainability policy an institutional framework for planning, implementing and monitoring its commitment towards sustainability as a core business strategy.

The policy is implemented to achieve business sustainability by augmenting environmental performance and improving the overall well-being of our stakeholders. This underpins our vision: 'To be the most admired, successful and socially responsible special steel manufacturer in India by 2019.'

BUSINESS VISION

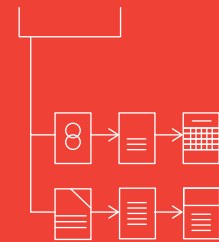
TO BE THE MOST ADMIRERD, SUCCESSFUL AND SOCIALLY RESPONSIBLE SPECIAL STEEL MANUFACTURER IN INDIA BY 2019

CORE VALUES



AIM OF BUSINESS SUSTAINABILITY POLICY FRAMEWORK

Achieving business sustainability by augmenting environmental performance and ensuring overall well-being of stakeholders through continuous innovation.



STRATEGIC

BUSINESS SUSTAINABILITY: PILLAR-SPECIFIC GOALS

Augmented environmental performance by optimising energy consumption, conserving water and recycling waste, efficiently using a circular approach.



Boast is too grand. Try Back overall well-being of employees and community through continuous education, skilling and engagement.



Continue to strive for profitable growth of the Company founded by actively building a culture of ethics, respecting fair labour practices and advancing optimal resource utilisation.

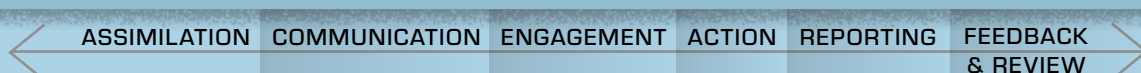


OPERATIONAL

CORE OPERATING PRACTICES



IMPLEMENTATION



STAKEHOLDER ENGAGEMENT

At MSSSPL, we have built effective relations with stakeholders – customers, employees, investors, suppliers, NGOs and communities. Stakeholder engagement plays an important role in developing a robust business strategy for the organisation, by understanding their perspectives on the issues that matter to MSSSPL.

The stakeholder engagement process has assisted MSSSPL in identifying and understanding the expectations and interests of stakeholders who can significantly affect the business operations of MSSSPL, and vice versa.

STAKEHOLDER ENGAGEMENT PROCESS



STAKEHOLDER ENGAGEMENT METHODS

| ENGAGEMENT MECHANISM | FREQUENCY OF ENGAGEMENT | KEY CONCERNS RAISED | RESPONSE MECHANISMS ADOPTED |
|---|---|---|---|
| EMPLOYEES | | | |
| Meetings at department level and one-to-one interaction, performance review, internal publications, suggestion boxes, joint meetings with labour unions | Weekly, Monthly, Quarterly, Annually | Remuneration, training and skill development, career progression, health and safety, workplace grievances | Robust HR policies, effective and transparent communication, training activities, grievance redressal mechanism |
| SUPPLIERS | | | |
| Supplier meets, engagement workshops, assessment questionnaires, quality and sustainability audits | Quarterly, Annually | Product quality, cost, complaints, value creation | Sustainability data collection, training and workshops, grievance redressal mechanism |
| CUSTOMERS | | | |
| Plant visits, top management interaction, customer meets | Quarterly, Annually | Product quality, cost, complaints, value creation | Customer Touch Point (CTP) Programme, Customer Satisfaction Survey, Research and Development |
| COMMUNITY | | | |
| Interaction with villagers, meetings with municipal corporations, community visit of top management | As required (planning on quarterly basis) | Employment, healthcare, education, infrastructure, sustainable livelihoods | JCMM Primary School, Industrial Training Institute collaboration, Mahila Bachat Gat, health camps |
| STATE AND CENTRAL REGULATORY BODIES | | | |
| Meetings with Pollution Control Board representatives, plant visits and inspections, factory inspector, labour department | Annually, as required | Environmental compliance, workplace safety, other regulatory compliances | Management systems deployment, monitoring KPIs, periodic reporting |
| INDUSTRY ASSOCIATIONS | | | |
| Conferences, meetings, seminars | Annually, as required | Industry policies, economic scenario, regulations | Active participation, capacity building of representatives |

MATERIALITY ANALYSIS

MSSSPL continues to use the principle of materiality for defining the social and environmental aspects that matter most to the organisation and stakeholders.

MSSSPL embraces materiality assessment as a central principle for driving sustainability reporting. This has enabled us to improve our business strategy by focusing on issues that matter to us and our stakeholders. We are faced with a wide range of environmental, social and economic aspects that impact or influence the decisions of key stakeholders. In this document, we have reported on those sustainability topics which are relevant to us.



MATERIALITY MATRIX

The compilation of both the internal risk score (assessment of the risk for MSSSPL) and external risk score (assessment of risks to stakeholders based on Datamaran's sources and the risk survey's score) led to the following materiality matrix that categorises issues by level of importance. Materiality thresholds are the dividing line between material and immaterial information. Recognition materiality thresholds distinguish between what is recorded and what is not recorded in the accounts.



OPERATIONAL

Investment in the Environment

1. Recycling, Waste Management & Reduction
2. Climate Change & Energy Management
3. Air Emissions
4. Water
5. Renewables & Alternatives

Investment in Health and Safety

1. Occupational Health and Safety

Investment in Employees

1. Employee Engagement
2. Employee Development/ Career Planning



STRATEGIC SUSTAINABILITY IMPACTS

1. Business Growth & Profitability
2. Product Quality & Innovation
3. Process Innovation



MATERIALITY THRESHOLD

- | | |
|------------------------------------|--------------------------------------|
| 1. Supply Chain Management | 5. Business Ethics & Anti-corruption |
| 2. Materials Management | 6. Biodiversity |
| 3. Human Rights | |
| 4. Community Support & Development | |

SUSTAINABILITY STRATEGY

There is growing global consensus that SDGs advance a set of forward-looking, ambitious developmental targets that cannot be met by government alone and need active private sector engagement. It has also been recognised that they offer a great opportunity for businesses to evolve models and operational plans for sustainable operations. A number of pioneering businesses internationally and in India are already developing internal strategies to demonstrate their alignment with the SDGs.

As a responsible corporation, we are working in line with these SDGs, with strong focus on social and environmental performance as indicated in the strategic priorities of

the Company. Therefore, all of MSSSPL's sustainability (materiality) related issues (aspects) have been linked with specific SDG targets, to ensure that the implementation of the business sustainability policy contributes towards SDGs. This also helps the Company monitor and report the progress.

The aspects have also been linked to GRI indicators.

Please refer to our first standalone report on SDG alignment at the link below:
<http://www.mahindrasanyo.com/medias-room/annual-sdg-report.html>



THE UN SUSTAINABLE DEVELOPMENT GOALS





"We believe in a culture of transparent dialogue with all our stakeholders to amicably resolve issues and build strong relationships. This lays the foundation for getting our environmental and social licence to operate our business."

- Niranjana Purandare,
Head - Business Excellence Cell & HR

SUSTAINABILITY PERFORMANCE VERSUS TARGETS

| ASPECTS | UNIT OF MEASUREMENT | COMMITMENT FY2013 -FY2022 | FY2018 (TARGET) | FY2018 (ACTUAL) | GRI STANDARD LINKAGE |
|---|--|---------------------------------|---|----------------------------|---|
| ENERGY EFFICIENCY IMPROVEMENT – ELECTRICITY | KWH/Ton | 20% | 12% | 13% | |
| ENERGY EFFICIENCY IMPROVEMENT – FURNACE OIL | Ltr/Ton | 37% | 29% | 24 % | |
| WATER CONSERVATION | M ³ /Ton | 45% | 37% | 37% | 303 - Water |
| GREENHOUSE GAS REDUCTION | CO ₂ e Kg / Mt Scope 1 CO ₂ e Kg / Mt Scope 2 | 41% Scope I 47% Scope 2 | 28% Scope I 17% Scope 2 | 26% Scope I 14% Scope 2 | 305- Emissions |
| SAFETY STANDARD IMPROVEMENT | Reportable accidents | 0 | 0 | 0 | 403 - Occupational Health and Safety |
| SUCCESSION PLANNING AND SKILL DEVELOPMENT | No. of retirements replaced | 256 | 130 | 130 | |
| EMPLOYEE ENGAGEMENT | Employee Satisfaction Score MCARES (Score on scale of 1-5) | 4.75 | 4.15 | 4.04 | 401 - Employment |
| RENEWABLE ENERGY AND WASTE HEAT RECOVERY | % of total KWH Consumed | 29% | 7% | 4% | 302 - Energy |
| ENVIRONMENT LIFE CYCLE ANALYSIS | Assess environmental impact performance | Every 3 years | Perform Organisation LCA for FY2017 | Work in progress | |

Mission Future with Steel

Being a core sector, expansion of the steel industry reflects the overall economic growth of an economy in the long-term. Its fortunes are dependent on the growth of user industries like automobiles, consumer durables and infrastructure. The Indian steel sector enjoys advantages of domestic availability of raw materials. Iron ore is also available in abundant quantities. This provides major cost advantage to the domestic steel industry.

The Government's thrust on infrastructure is a positive for steel demand. Within infrastructure, significantly higher capital expenditure earmarked for affordable housing, power transmission and railways is

likely to augment steel demand. Given that the sector is freight-intensive, investments in railway capacity would help the industry in addressing transportation bottlenecks over a longer term. Overall, the impact on the iron and steel sector remains moderately positive.

The construction and infrastructure sector accounts for about 60% of the total steel consumption in the country. Thus, increased allocation towards this sector is expected to increase the demand for steel during the year.

Within infrastructure, significantly higher capital expenditure earmarked for affordable housing, power transmission and railways is likely to augment steel demand.



"We believe in a holistic business view with sustainability as an integrated aspect of our corporate governance. Continuing with this tradition, we will strive to maintain good governance on the pillars of equity, transparency and accountability."

- Sudhir Yagnik, Chief Financial Officer

SUPPORTING INDUSTRY AND ECONOMIC GROWTH WITH SUSTAINABLE STEEL

At MSSSPL, we are conscious of the role steel plays, both as a product and an industry, in the local and national economy. Large amounts of steel are required for growth of infrastructure, with rise in steel consumption linked to economic growth.

The 'Make in India' initiative is expected to witness significant investments in construction, infrastructure, automobile, ship building and power sectors. This will stimulate steel demand and benefit domestic steel producers. The use of cost-efficient and competitive 'Indian-made steel' will pave the way for infrastructure development and construction activity in the country. We registered 14% growth in sales volume and 17% in revenue in FY2018. Due to intense competition and pressure on pricing, we face challenges in improving our economic performance.

CONTRIBUTING TO NATIONAL INFRASTRUCTURE WITH STEEL

Indian steel sector's contribution to the Gross Domestic Product of the country was nearly 2% during FY2016. The alloy steel industry witnessed major shifts in its structure in the last 15 years. Besides this, the market has experienced new entrants through the mini blast furnace route with Direct Reduction Sponge Iron (DRI) facility and rapid expansion of iron ore mining.

Use of molten metal in electric arc furnace (EAF) is cost effective compared to the traditional scrap-based EAF producers. Whereas alloy steel growth in 1990-2008 was 8%, after 2008 the growth has slowed down due to surplus capacity pressure on margin. Ingot route products have been replaced by large-size continuously cast products. Further, blast furnace-led integrated/ semi-integrated players with cost advantage increasingly capturing market share into traditional alloy steel segments.



We develop and deliver higher performance steel products to our customers in the automobile sector, including Mahindra and Mahindra, TATA, Maruti Suzuki and more.

We are consistently developing a wide range of higher performance steel products to continue delivering high-quality steel to our customers in the automobile sector including Mahindra and Mahindra, TATA, Maruti Suzuki and more. An important sector that relies heavily on steel is the railways. Indian Railways procure steel from Mahindra Sanyo for axle application. Last year, we supplied 14% of steel produced to support India's railway infrastructure.

We consistently strive to supply high-quality steel, in the form of forged, rolled, cast and bright, peeled bar of steel and steel rings to crucial industries like bearings, automotive and farm equipment, oil and gas industry.

PRODUCT INNOVATION TO MEET NEW NEEDS

MSSSPL is the preferred supplier of many multinational and domestic customers as well as the Government in the automobile, power generation and railways sectors for over 50 years. We have established a strong reputation for the quality of our products and services which, together with our reach and presence, position us as a leading manufacturer of special steel long products.



"We envisage our company to create a progressive legacy for our only silent stakeholder – Environment. Our endeavours for this reporting period revolved around creating a culture of care for nature's assets and necessary technological interventions to go green and sustain. The way forward is predicted by our strategic decisions towards a positive footprint aligned with our investments for various environmental initiatives. In fact the progress is indicated by reduction in Water footprint by 27% from last 5 years. The journey of protecting and sustaining the environment is continuous."

- Dilip Pachpande, COO



Mission Future with steel:
14% growth in sales volume
17% growth in revenue



We provide steel products to a multitude of key vehicle manufacturers and component suppliers, including for crank-shafts, connecting rods, etc.

We strive to solve our clients' toughest challenges through best-in-class technological capabilities and the conviction to improve. The will to push the frontiers of innovation brings fresh thinking for implementing better solutions. We execute exponential technologies and enhance client experience showcasing what they don't see today. This makes our clients future-ready for exploring newer possibilities. As a client-centric Company, we value their experience as well as the security of their data. We have modern controls to combat imminent risks of the new technological wave and ensure data privacy and security.

SUPPORTING CUSTOMER PRODUCT DEVELOPMENT AND COMPETITIVENESS

CLIENT CENTRICITY

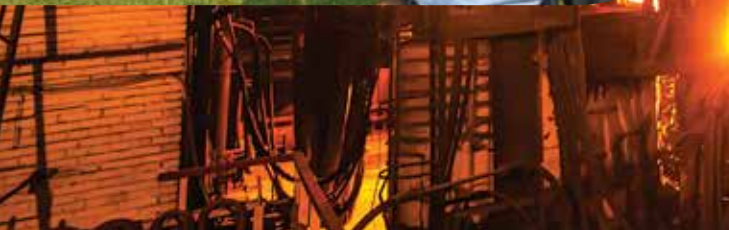
Our clients are the cornerstone of our business and we endeavour to deepen our long-lasting relationships with them through deliverables that are unparalleled in quality. Innovation is at the heart of our business strategy as we seek to solve challenges for the future. We leverage our talent and expertise in the domain to provide the best products in the market.

Based on the quality of the products we deliver and the integrated work with our customers, our service not only reduces the total cost of operations by streamlining the supply chain but also improves product reliability, maximises safety, minimises the environmental impact of operations and extends the service life of materials.

- MSSSPL has partners in different regions to liaise with appropriate authorities to obtain local approvals, country-specific quality certifications, reach out to potential customers and facilitate in serving them with our products
- Customer visits, plant visits and facility audits with customer groups are an effective engagement mechanism and relationship-building approach
- The senior leadership of the Company regularly interacts with dealers and customers at different forums to get a deep understanding of their current and future needs

CLIENT FEEDBACK MANAGEMENT

Through our unique Customer Touchpoint Programme (CTP), we understand expectations from our products beyond the agreed technical contracts. We analyse the processing of our steel in the customer's manufacturing setup. This process enhances client satisfaction by creating an environment open for feedback, resolving the complaints received and augmenting the organisation's ability to improve its services. It enhances client loyalty and improves confidence in our commitment.



Mission Future with Responsibility

MSSSPL is committed to minimising the environmental footprint of its operations and products. We are well-positioned to abate environmental impact as we use the best available technologies at our sites and our investments in new facilities build in best practices in the design phase. We continue to work on improving our energy efficiency as part of our improvement drive. The energy intensity rate at our steelmaking sites showed a slight improvement this year and is starting to gradually resume the downward trend we had before the market downturn.

Our energy efficient operating practices have helped lower energy intensity in our manufacturing process, optimise production cost and reduce carbon footprint. We regularly measure and report our emissions performance to the Pollution Control Board for statutory compliance and follow procedures for improving performance.

ENVIRONMENTAL STEWARDSHIP

We recognise that we have a social and economic responsibility to reduce our footprint and to engage constructively with our stakeholders on climate change issues. Our Energy and Carbon Policy commits our operations to adopting and maintaining global best practices in carbon and energy management and minimising greenhouse gas (GHG) emissions. We use technology to maximise efficiencies and take steps to diversify our energy portfolio and water sources.

Driving energy reduction further, MSSSPL adopted the RISE strategy of 'Accepting No Limits' and benchmarked itself internationally. This was supported by detailed Life Cycle Analysis study and Badische Stahl-Engineering GmbH (BSE) benchmarking reports and guidelines. A detailed plan was adopted where the Steel Melting Shop was identified as the key energy consuming area.

The projects identified included reduction of cycle time at Steel Melting Shop coupled with reduction in delays and optimisation of scrap mix, electrode regulation, trimming of cold-well impellers, installation of transparent rooftops, heat treatment furnace revamping, suggestion scheme projects, etc. As part of internal capacity building, we also appointed a Bureau of Energy Efficiency (BEE) certified energy

manager. This resource is available to conduct energy audits across the Mahindra Group companies.

Several approaches have led to our strategy for GHG emissions:

- Focus on the use of technology for maximising energy efficiency at our operational locations
- Decrease dependency on conventional fuel-based power and improve our portfolio of alternative and renewable energy
- Update business management systems to allow accreditation to the energy standard ISO 50001
- Adapt Oxy fuel technology in chamber furnaces, which has resulted in lower carbon emissions from our operation
- Switching fuel from furnace oil to natural gas to reduce GHG emission

STACK EMISSION (MT)

| SOURCE | FY2016 | FY2017 | FY2018 |
|--------|---------|---------|---------|
| SPM | 4,844 | 3,838 | 4,050 |
| Nox | 601 | 505 | 945 |
| Sox | 332,596 | 304,252 | 354,075 |

SCOPE 1, SCOPE 2 AND SCOPE 3, EMISSIONS (tCO₂e/YEAR)

| | FY2016 | FY2017 | FY2018 |
|---------|---------------|---------|-----------|
| SCOPE 1 | 38,122 | 40,080 | 47,326 |
| SCOPE 2 | 113,352 | 124,435 | 142,566 |
| SCOPE 3 | Not evaluated | 211,027 | 244,082 * |

*Increase in Production figures over last FY2017

2% reduction in specific GHG emission (tCO₂e) per MT of production.

CASE STUDY 1 UPGRADATION OF STEAM EXHAUST SYSTEM AT CONTINUOUS CASTING (CC)



CHALLENGE

Inadequate capacity of steam exhaust system which leads to structural damage.

SOLUTION

The 10-year-old blower was renewed with the help of mechanical maintenance and the impeller with stainless steel material was changed for steam application.

BENEFITS

- Lower steam emission prevents structural damages in CC area and reduces the hydrogen level
- Healthy environment for operators due to absence of steam emissions at CC
- Under the waste to wealth programme, the old blower of LRF FES/suitable ducting of existing layout was used
- Net savings of ₹2 million

“A sustainable business has purpose beyond profit. It operates in a way that ensures the health and resilience of society and environment. It leverages the power of brand to influence and drive a systematic shift towards a sustainable world. MSSSPL is the first company in India to set a science-based target to deliver products and services that will result in sustainable outcomes across the entire value chain. It demonstrates the Company's strong commitment to lead in combating climate change.”

– Chirag Gajjar, Lead Mitigation, WRI India.

MSSSPL has a target of achieving 29% energy consumption through renewable sources by 2022.

ENERGY MANAGEMENT

Energy is a material issue for our operations and renewable energy is a key focus area from the climate change perspective. Introduction of various energy-efficient operating practices in our systems has helped lower energy intensity in production, thereby reducing production cost, fossil fuel consumption and emission of greenhouse gases. As part of our focus on circular economy, we are guided by the principle of 3 Rs - Reduce, Recycle and Reuse. We are exploring ways to derive more value from recycling and reuse of wastes and byproducts in our value chain to optimise material conservation.

MSSSPL has a target of achieving 29% electricity consumption through renewable energy sources by 2022. All options are being explored to augment renewable energy share either through own generation or purchase of green power. Our activities are aligned with the aspect vision of renewable energy and GHG roadmap, reviewed and validated by the top management.

MSSSPL has further decided to switch fuel from furnace oil to natural gas in all furnaces by 2020, which will result in 10% fuel saving.

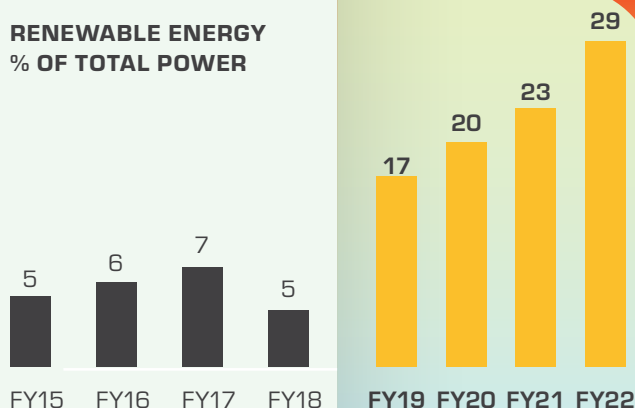
WATER MANAGEMENT

We recognise that water is a precious natural resource which plays an important role in manufacturing operations. We realise the challenges in balancing increased industrial activities and our responsibility to optimise water consumption. We have taken a number of steps for water conservation including waste-water utilisation and rainwater harvesting in our quest for minimum water consumption. Our water requirements are met through groundwater. Over the years, we have progressively reduced groundwater consumption in our operations.

Aligned with the SDG goals for water conservation, MSSSPL has taken the following actions:

- Conducted a water audit to understand and measure our water situation
- Implementation of water audit suggestions
- Converted all underground piping to above-ground for better maintenance
- Connected all machine water outlets to closed loop system
- Various projects for rainwater harvesting such as:
 - Use of check dam water for direct industrial use
 - Use of rooftop water for industrial top-up
- 37% reduction in freshwater intake over FY2013**
- Rainwater harvesting saved 40,917 M³ in FY2018**
- Pumping energy saved in monsoon season

RENEWABLE ENERGY % OF TOTAL POWER



ENERGY CONSUMPTION BY SOURCE (GJ)

| SOURCE | FY2016 | FY2017 | FY2018 |
|-------------|---------|---------|---------|
| FUEL | 494,627 | 530,156 | 632,942 |
| ELECTRICITY | 528,182 | 576,544 | 655,574 |
| RENEWABLE | 30,859 | 27,714 | 31,037 |

2% reduction in energy (GJ) intensity per MT of production in last 3 years.

WATER WITHDRAWAL BY SOURCE (CUBIC METER)

| SOURCE | FY2016 | FY2017 | FY2018 |
|---------------|---------|---------|---------|
| SURFACE WATER | 717,277 | 624,654 | 650,443 |
| RAINWATER | 44,265 | 36,474 | 40,917 |

27% reduction in specific water (M³) consumption per MT of production in last three years.

In support of SDG 6 for water conservation, we completed the following projects in FY2018:

- Main Receiving Station (MRS) basement water (which comes through seepage from oxygen plant vaporiser cooling water) pumped in for hot well top-up.
(Water saving up to 20 m³/day)
- Blooming scale pit water connected to cold well through direct piping.
(Water savings up to 150 m³/day)
- Water saving project at plant and colony washbasins by fixing flow aerators.
(Water saving up to 40 m³/day)

WASTE MANAGEMENT

Our plant has been designed on the concept of zero-discharge for processed water. Water is recycled after primary treatment, followed by chemical dosing in some cases. We do not discharge any wastewater to any body of water. We are committed to adequately treating effluents and strictly monitor water to ensure minimum discharge for conserving the environment and sustainability of natural resources. MSSSPL has taken on the ambitious target of achieving Zero Waste to Landfill certification from a third party for its operational unit.

Below are the major activities conducted in the last five years:

1. Reduction in landfill rate
2. Increase in recycling or reuse
3. Rethreading of EBT & LF graphite electrodes, thereby reducing the wastage of graphite electrodes
4. Developed vendor for selling LF, EBT slag and other slag waste for reuse/construction work instead of landfilling (FY2018 selling qty: 9,267 MT)
5. Collection of metallic scrap from other waste from plant periphery. Reuse of metallic scrap for melting in FY2018 was 1,242 MT
6. Establishment of slag crushing unit in FY2018 for metal recovery from LF/EBT slag for reuse and non-metallic slag disposal to other vendors for reuse in concrete mix and construction work



Disposal of solid waste generated from steel industry processes is a major concern.

We have demonstrated our commitment by training employees in waste management techniques, encouraging employee suggestions, providing resources for 3R activities and measuring and monitoring waste generation and recycling. Measurement and reporting of waste reduction and achievement of cost saving goals have helped in improving results and sustained development of the steel plant.

MAJOR ACTIVITIES IN WASTE REDUCTION:

- Reduction in the generation of commercial waste (e.g., stationary, paper, packaging)
- Shop-wise plastic buckets for waste collection
- Central waste storage yard
- Feasibility of pellet project from garden waste
- Re-using used lubricating oil after filtration
- Audit of stores regarding compliance with requirements related to waste
- Alternative for hazardous waste
- Maintaining scrap quality index

SUPPLY CHAIN MANAGEMENT

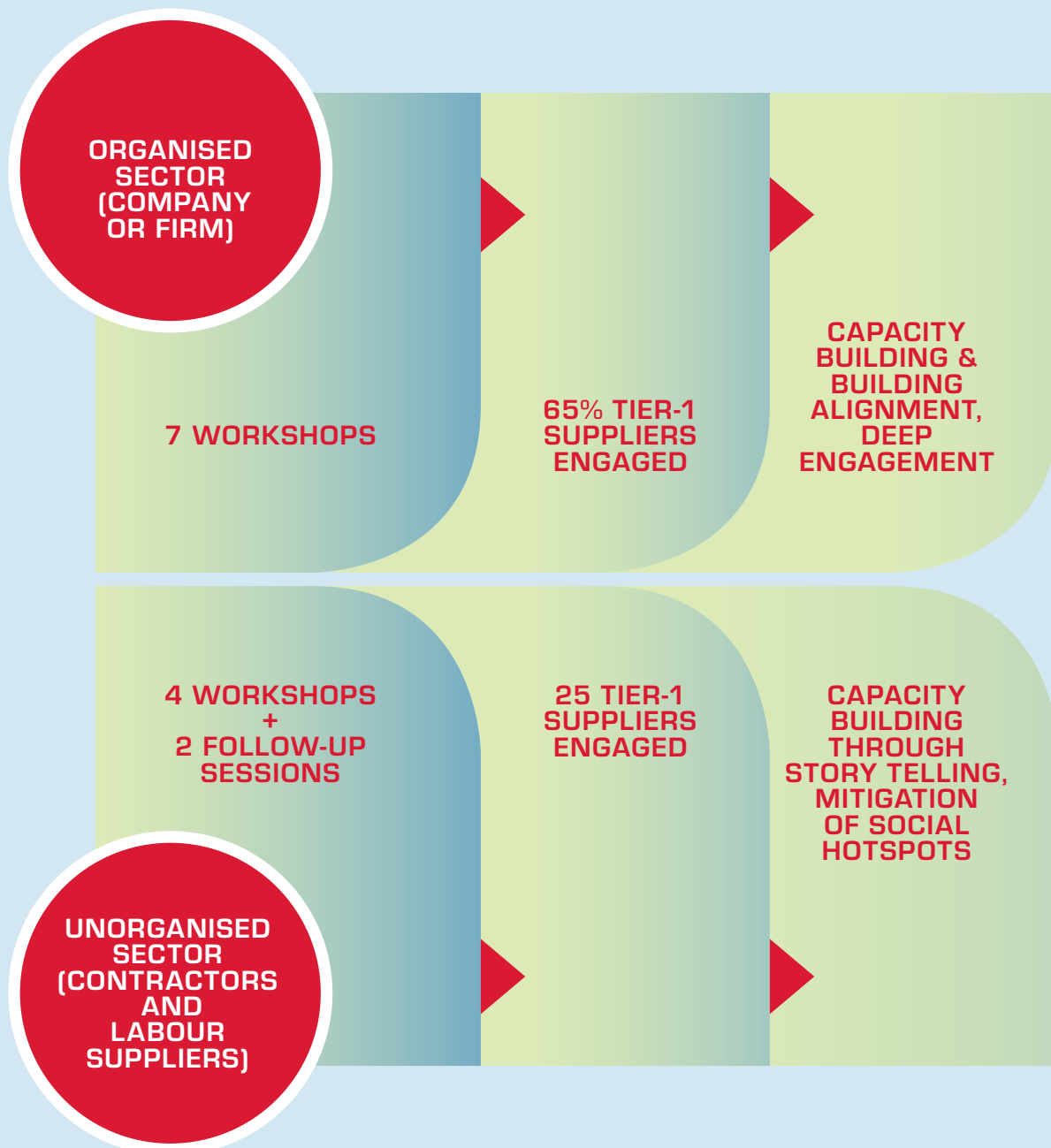
We are in a business which has a long supply chain from raw materials to finished products, involving suppliers, service providers and customers. In our sustainability journey, we ensure all materials, processes, products and services are managed responsibly during the entire cycle of operations. Strengthening of social and environmental standards in the supply chain management is one of the drivers in this roadmap. Our supply chain is defined as the range of activities required to bring a product from raw materials, through the different phases of production involving a combination of physical transformation, value addition and input services, to delivery to customers. We follow the guidelines of BS 8903 and UNGC BSR (Business for Social Responsibility) for Sustainable Supply Chain Management.



"We aim to drive excellence and sustainable long-term value throughout our supply chain by emphasising on green initiatives and developing the green acumen in our suppliers. We are examining key elements of sustainable operations and expect to implement new actions to help achieve the Sustainable Development Goals also in our Ring Plant operations."

- Krishna Mandke, CEO Rings

SUPPLIER ENGAGEMENT SUMMARY



SUPPLY CHAIN SUSTAINABILITY

Our supply chain management process follows several steps to ensure that raw materials of desired quality are procured at competitive costs and delivered on time. Our procedures include:

As a regular practice, we remain in constant touch with the market to gather information and fine-tune our decisions accordingly.

Robust vendor registration and contract protocol



Procurement through approved vendors



Performance rating of vendors



Satisfaction survey of vendors pre-despatch inspection



Value in use study



Suppliers' meet for feedback



"Mahindra Sanyo is driven by the CEO's in-depth understanding of the nuances of the business in a complex global steel industry environment and his personal passion and expertise on how sustainability is deeply intertwined with their business. This has led to a commitment to sustainability that is reflected in their superior sustainability performance and competitive differentiation.

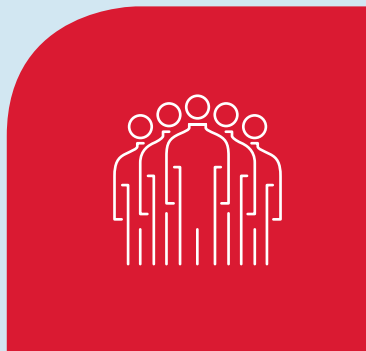
Mahindra Sanyo actively engages thought leaders and peers in the industry and leads sustainability forums globally to collaborate around sustainability for responsible business. They have successfully embedded sustainability in all aspects of business through sustained stakeholder engagement and astute understanding of risks and opportunities. Mahindra Sanyo tracks material ESG indicators against its 5-year rolling roadmap and most recently have had their Science-Based Targets approved by SBTi. Systematic approach to performance monitoring along with conscious initiatives to manage and mitigate impacts have resulted in cost benefits for the Company.

Mahindra Sanyo exemplifies The Mahindra Way and The Mahindra Group's commitment to sustainability from the highest levels of the organisation to the rest of the extended enterprise."

- Ankush Patel

[Co Founder & CEO at Treeni Sustainability Solutions]

ENGAGING EMPLOYEES



At MSSSPL, our management policies are designed to inculcate the practice of 'people first' at the centre of our commitment. Our ambition is to remain the employer of choice by providing all our employees equal opportunity, equity and fairness, and a culture of openness, trust and diversity. It remains our constant endeavour to nurture our human resources through a well-planned, structured process of learning and training to develop their potential and improve productivity.

Our well-established management system of performance appraisal, reward and recognition and welfare support helps create an integrated work culture. It is committed to protecting the privacy of individuals in business and professional activities.

EMPLOYEE PROFILE AS AT MARCH 31, 2018

WORKFORCE BY GENDER

| ROLE | MALE | FEMALE | TOTAL |
|--------------------|-------|--------|-------|
| MANAGEMENT | 604 | 12 | 616 |
| TRAINEES | 116 | 0 | 116 |
| CONTRACTUAL LABOUR | 1,392 | 3 | 1,395 |
| WORKMEN | 372 | 0 | 372 |
| TOTAL | 2,484 | 15 | 2,499 |

WORKFORCE BY AGE-GROUP

| ROLE | < 30 YEARS | 30 - 50 YEARS | > 50 YEARS | TOTAL |
|--------------------|------------|---------------|------------|-------|
| MANAGEMENT | 179 | 371 | 66 | 616 |
| TRAINEES | 116 | 0 | 0 | 116 |
| CONTRACTUAL LABOUR | 724 | 627 | 44 | 1,395 |
| WORKMEN | 0 | 160 | 212 | 372 |
| TOTAL | 1,019 | 1,158 | 322 | 2,499 |

ATTRITION BY GENDER (NUMBER AND RATE)

| DETAILS | MALE | FEMALE | TOTAL |
|---------|------|--------|-------|
| FY2017 | 27 | 0 | 27 |
| FY2018 | 38 | 8 | 46 |

EMPLOYEE CAPABILITY BUILDING

We consciously strive to attract and retain the best people in the industry. Our strategic HR planning originates from our long-term business plans. We align our skillset requirements to plan our HR initiatives accordingly for capacity and capability building of our workforce.

At MSSSPL, we are fully committed to providing a conducive work environment which is safe, healthy and secure in terms of adequate infrastructure and facilities, by:

- Providing healthy work environment, especially in the manufacturing location to reduce the impact of environmental and allied factors
- Ensuring safety at workplaces, road and rail movement in and around the plant area
- Ensuring environment compliance in the plant and office areas
- Essential amenities in line with the provisions of the governing regulations and best practices of the M&M Group

WORK-LIFE BALANCE

We make conscious and ongoing efforts to encourage a healthy lifestyle balance at our workplaces. The Company provides facilities and organises various cultural events, games and activities to promote work-life balance for employees.

The important activities as part of the Company's welfare calendar include:

- Annual picnic, annual sports events
- Recreation room for employees and workmen
- Family get-together on New Year and beginning of financial year
- Various inter-departmental sports events

GRIEVANCE MECHANISMS AND REMEDIATION

At MSSSPL, we believe in having a free-access culture to enable free-flowing grievance redressal for our employees. The Company has put in place an effective grievance redressal mechanism under its workforce engagement system to deal with concerns in areas of labour, human rights, environment, safety, diversity and equal opportunity and remuneration. Grievances are captured through various sources – morning meetings, grievance forums one-to-one interaction, email, IT-enabled kiosks at various locations, etc. The grievances are collated, monitored, analysed and feedback is provided to concerned employees. Significant and material issues are referred to the HR committee for policy decisions. Employee concerns and grievances are analysed on a case-to-case basis within a defined timeline to ensure a definite redressal.

TRAINING AND DEVELOPMENT



The training and development needs for capability and capacity building of our manpower are determined in the integrated HR planning framework, in line with the short- and long-term plans of the Company. Employees' individual competency development plans are addressed using the people development architecture. Our integrated HR system addresses the developmental needs of all segments of our people – officers, supervisors, workmen and contract workmen, and encompasses all key organisational requirements of skill, competency building, development of knowledge, improving customer focus, health, safety, environment and business ethics, contributing to MSSSPL's overall performance improvement.

Training requirements for supervisors and workmen are determined through skill matrix identification, whereby plans are developed on critical training needs for current and future requirements and enhanced capability building, keeping in view any planned technological changes and business growth prospects of the organisation.





"Thinking ahead of the time, we are working towards retaining talent by engaging them passionately and by enhancing their leadership capabilities while simultaneously creating avenues for their career growth. We want our talented workforce to tap the enormous opportunities available at MSSSPL and consider their long-term association with us for business sustainability."

- Avinash Somvanshi - Head PIR/HR/EHS/CSR

MAJOR PROCESS IMPROVEMENTS IMPLEMENTED TO ENHANCE SKILLS

Skill development – Permanent Workmen

Attainment of business objectives is delivered through people. IR plays a crucial role in building skill and capabilities of workmen in coordination with respective departments.

Skill Mapping

We have adopted the Black Circle approach to assess the skill level of our workmen. Skill mapping uses a four-scale matrix: 1 is Learner, 2 is Practitioner, 3 is Expert and 4 is Trainer. This assessment is done every year to evaluate the progress of a workman year-on-year.

| | YEAR | SCALE | | | |
|--------------------------------------|--------|--------------|-------------------|-------------|--------------|
| | | 1 Learner | 2 Practitioner | 3 Expert | 4 Trainer |
| NO. OF EMPLOYEES / % OF EMPLOYEES | FY2016 | 3/1% | 85/19% | 218/49% | 137/31% |
| | FY2017 | 1/0% | 91/24% | 186/48% | 109/28% |
| | FY2018 | 0/0% | 86/25% | 173/50% | 85/25% |
| TOTAL | | 1,019 | 1,158 | 322 | 2,499 |



Training Need Identification Process

To identify function-specific training needs, the training need identification process is further revised based on inputs from HODs and Section Heads. The following issues were identified in the existing process:

- No training provided based on customer requirements
- Lack of attendance of workmen for classroom training
- Need for more on-job training

To address these issues, we have started identifying customer-specific training for workmen, increased on-job training and utilised free time (during shutdowns/delays) for classroom training.

Annual Training Plans

Based on training need identification, the **Annual Training Plan** is rolled out through **Monthly Training Calendar** on the 25th day of every month.

This approach helps plan trainings in advance as well as ensure timely communication to stakeholders through various training MIS such as coverage and remaining employees for specific training as per the identified training needs.

Execution of Trainings (Fulfilment of needs):

Trainings are conducted as per:

- I. Plant-specific priorities
- II. Organisational needs
- III. Regular trainings on quality management
- IV. Behavioural trainings
- V. Major focus was to have functional trainings. **In FY2018, more than 50% trainings for workmen were functional trainings**

Training needs are fulfilled through classroom training and practical trainings (on-the-job training).

Cultural Change Drive:

In FY2018, we initiated transformational change movement with the help of Senior HR/IR experts, in addition to internal initiatives like Meet Ur HR, Works Committees, Skill/Will analysis etc. Meet Ur HR, is a two way communication tool between HR team and other departments, carried out for six major departments and 70% of the concerns raised by the employees or departments are addressed.



This effectiveness of training process is seen through the Mcarees survey results, and the trend of employee feedback scores is as follows:

QUESTION ASKED

I believe that my sector is developing/grooming employees to take on future responsibilities.

| FY2015 SCORE | FY2016 SCORE | FY2017 SCORE | FY2018 SCORE |
|-----------------|-----------------|-----------------|-----------------|
| 3.92 | 4.03 | 4.19 | 4.07 |

For Executives:

- **Capability Building Training**

At MSSSPL, there are three phases of training.

1 Training Need Identification

Systematic and carefully planned process for effective and efficient identification of training needs is adhered to.

- The process of training needs identification is clubbed with the performance appraisal process to have the skillset aligned to the role and for alignment with Company objectives.
- The training needs are categorised as 'Functional', 'Behavioural' and 'Awareness'
- Department-wise training need identification is carried out

2 Training Need Fulfilment

Since we are following a need-based approach, programme invitations only go to employees with identified needs. The effort is to provide training need fulfilment and ensure higher training coverage of employees. The training designs are based on business needs; powerful training delivery methods are used; the training design and delivery is aimed at improving learning retention and application.

3 Post training

Training Effectiveness has two sections – Programme Evaluation (reaction-level feedback) and Training Evaluation (after-training effect). Training evaluation and superior review for some of the important training programmes is conducted.

Training

| TRAINING HOURS | MALE | FEMALE | AVERAGE HOURS (MALE) | AVERAGE HOURS (FEMALE) |
|--------------------|-------|--------|----------------------|------------------------|
| MANAGEMENT | 604 | 12 | 27 | 67 |
| TRAINEES | 116 | 0 | 8 | 0 |
| CONTRACTUAL LABOUR | 1,392 | 3 | 11 | 4 |
| WORKMEN | 372 | 0 | 9 | 0 |

OCCUPATIONAL HEALTH AND SAFETY

In line with our Group vision, health and safety remains our topmost priority. Our continued efforts aimed at enhancing safety standards and processes to minimise safety risks and reduce health hazards, are aligned with our focus to be the industry benchmark. Strong emphasis is laid on enhancing the behavioural safety of the entire workforce, including the employees of service providers. A safe working culture is further promoted through communication and reviews at various forums. We train our people to work safely and are committed to continual improvement in our Safety and Occupational Health performance.

At MSSSPL, every work is assessed with respect to its safety, hazard quotient and carried out as per procedural norms, checklists, work permits and using necessary personal protective equipment.

Strict compliance to regulatory practices and periodic training and evacuation drills support the improvement initiatives in safety and health. The safety culture is reinforced through the implementation of the Environment, Safety, Health and Quality policy and commitment and accountability of the senior leadership.



SAFETY TRAINING

Safety training includes:

- Behavioural safety
- Safety induction, standards and processes
- Job-specific personal safety trainings

SAFETY INITIATIVES TAKEN DURING YEAR FY2018

- OHSAS-18001-2007 internal audit completed
- OHSAS-18001 surveillance audit-1 completed
- Celebration of safety month – March 2018
- Safety Activity Rate (SAR) linkages to department accident/incident rate, unsafe condition and unsafe acts
- HOD contact time increased on shop floor with respect to EHS issues
- Regular review of Hazard Identification Risk Assessment (HIRA)
- Safety induction training and on-job training made compulsory for new employees
- Safety refreshing training calendar prepared and implemented
- Technical trainings arranged for contractual employees by internal/external agencies
- Motivational events/gifts to employees for enhancing safety culture
- Internal/external safety audits done, and observation closed within stipulated timeframe
- Mahindra Yellow Belt (MYB) project completed for reduction of hand and finger injury
- The Mahindra Safety Way assessment carried out
- Metal casting trolley installed
- 100 MT Cap crane installed to carry metal ladle
- Internal vehicle replacement for safe material movement
- Special safety training provided to key person to develop the safety leadership on line management safety
- Zip crane provided to CNC for easy material handling
- Statutory compliance met on time

| ASPECT GOAL | UOM | FY2016 | | FY2017 | | FY2018 | | FY2022 |
|--------------------------------|-----|--------|--------|--------|--------|--------|--------|--------|
| | | Plan | Actual | Plan | Actual | Plan | Actual | |
| REPORTABLE ACCIDENTS | Nos | 2 | 1 | 2 | 2 | 0 | 0 | 0 |
| NON-REPORTABLE ACCIDENTS | Nos | 1 | 2 | 1 | 0 | 0 | 2 | 0 |
| FIRST-AID INJURIES | Nos | 105 | 97 | 78 | 55 | 50 | 63 | 30 |
| SAFETY PERFECT DAYS | Nos | 22 | 21 | 23 | 24 | 25 | 21 | 28 |
| INCIDENTS | Nos | 15 | 25 | 15 | 36 | 24 | 20 | 5 |
| SAFETY @ MAHINDRA LEVEL | Nos | 4 | 4 | 5 | 3 | 4 | 3 | 5 |
| NEAR-MISS RECORD | Nos | 225 | 75 | 125 | 124 | 500 | 201 | 100 |
| SPECIFIC ABSORPTION RATE (SAR) | Nos | 12 | 12.5 | 14 | 15.3 | 16 | 15.8 | 20 |

COMMUNITY INVOLVEMENT



We are driven to positively influence the communities in which we operate around the world. Mahindra Sanyo's CSR initiatives are focused on:

- Education
- Health
- Women Empowerment

SOCIAL

- Two new Self-Help Groups (SHGs) formed on self-rolling basis
- Total beneficiaries from health-related activities are 714, education-related activities: 421
- Organised road-safety awareness programme for JCMM school students
- Organised three-month skill base tailoring and computer training programme for nearby communities
- Through stakeholder engagement programme, we reached 175 stakeholders in FY2018 compared to 129 in FY2017

EDUCATION

ESOPs training programme

The CSR department organised 'One day Social Ambassadors Training Workshop' for ESOPs volunteers. The training was a grand success and was provided by Mr. Amit Dhalwale (Manager-CSR, HO) and Mrs. Esha Bhatiya (Asst. Manager-Corporate HR) on career counselling for school students. A total of 13 ESOPs volunteers benefited from this workshop.



120

STUDENTS AND TEACHERS
BENEFITTED FROM THE
PROGRAMME

Children's Day Celebration

We celebrated 14th November as Children's Day under project Sahyog in Janta School, Lowjee. The theme chosen for this occasion was 'Swachhata'. The awareness was provided by Dr. Anil Gaikwad (Health and Hygiene) and Mr. Arjun Nanaware (Safety).

127

STUDENTS BENEFITTED FROM
THE ROAD-SAFETY AWARENESS
PROGRAMME

Road-safety awareness programme

Under project Sahyog, a road-safety awareness programme was organised in JCMM School on January 20, 2018, with the help of our Regional Transport Officer (Khopoli) Mr. Patil and Mr. Tove (Traffic Inspector), who provided information about the traffic department, traffic rules, fines and road safety. Total Beneficiaries: 127 Students of JCMM School, Khopoli.

HEALTH

We frequently conduct health camps to monitor the health status of employees engaged in dangerous work and prevent occupation-related injuries and illnesses. Among other specialised camps were:

- Women's health awareness programme
- Diabetes and BP detection and awareness camp
- Senior citizen general health check-up camp
- Blood donation camp
- Bone density camp

5

HEALTH CAMPS

90

BENEFICIARIES

SWACHH BHARAT ACTIVITY

- MSSSPL organised Swachh Bharat Abhiyan activity at Khopoli railway station to create awareness about sanitation and cleanliness
- We distributed 20 dustbins to Nagarsevak at security main gate to ensure cleanliness
- Swachh Bharat play and awareness session was conducted at MRC Club in Khopoli

24

VOLUNTEERS

500

BENEFICIARIES



WOMEN EMPOWERMENT

MSSSPL organised awareness programmes in city/state with Lowjee ladies group about CSR work, future planning, SHG activities and their benefits and various Government department roles and schemes.

Tailoring training programme

MSSSPL organised a three-month skill-based tailoring training programme at MRC Club, Khopoli, in collaboration with Government Polytechnic, Pen. Mr. Avinash Somvanshi (VP-HR) inaugurated the training programme and motivated the participants.

Bank awareness programme

MSSSL conducted a bank awareness programme at MRC Club offering information on loan schemes. The awareness programme was also conducted in RDCC Bank.

Computer training programme

MSSSL organised a three-month free computer training programme at MRC Club, Khopoli, in collaboration with Government Polytechnic at Pen. Mr. Pramod Ingle (General Manager-ITS) inaugurated the training programme and motivated the participants.

44

WOMEN BENEFITTED FROM THE
TAILORING TRAINING PROGRAMME

45

WOMEN BENEFITTED FROM THE
BANK AWARENESS PROGRAMME

ETHICAL CONDUCT



Integrity is a core value of our Company and we treat employees, customers, suppliers, the public, and investors with respect and fairness. Our Directors the Executive Team, and every employee is responsible for adhering to our Code of Conduct, all applicable laws and regulations, and maintaining our high standards of ethical behaviour and business practices.

Our Board of Directors, in line with our corporate vision, has laid down two Codes of Conduct, covering business ethics, management, accountability, reporting, communication, competition, compliance and community, among others. The first Code is for the Members of the Board and senior management and covers business practices and principles of behaviour that help conduct business activities in accordance with applicable laws and regulations. The second Code of Conduct, for our employees, outlines the organisational policies aimed at maintaining the highest standards of corporate conduct. It emphasises that the members of the Mahindra Sanyo family should be equally concerned about their responsibility towards all stakeholders and maximising profits and shareholder value. Both Codes are publicly available on our website.

We at Mahindra Sanyo are committed to conducting business in an ethical manner and in compliance with the applicable legal and regulatory requirements. As part of our Ethics and Fair Governance practices, we developed several internal policies, procedures and guidance documents on the following topics. These policies are intrinsically linked to our Code of Conduct documents.

1. Anti-trust and Competition
2. Conflict of Interest
3. Gifts and Entertainment
4. Prevention of Fraud and other Corrupt Practices
5. Protecting Confidential Information

These topics were chosen after a risk assessment process and were created to maintain a safe and secure workplace, prevent discrimination and build customer and supplier loyalty. An Apex Council and an Ethics Committee consisting of top management were also set up as part of this initiative.

We have adopted a top-down approach ensuring that training sessions for all heads of departments are conducted before the executives are addressed.

Interactive awareness and training sessions regarding the content of policies, the processes for their enforcement and the setting up of detection and monitoring mechanisms are held for executives. They are taught to recognise unethical behaviour that they or the people around them may consciously or unconsciously commit, and how to report it. Our Whistleblower System ensures complete confidentiality for the person reporting any transgression. While no such transgression has been reported yet, our proactive approach and strong stance against unethical behaviour has been appreciated both by our employees and by external stakeholders.

Our work in the area of Ethics and Governance has been recognised by international organisations like Alliance for Integrity, an initiative by Die Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The initiative created to promote and strengthen compliant behaviour in the private sector is a business-driven multi-stakeholder effort that involves the private sector, civil society, political organisations and international institutions. Our Company's representatives have taken part in consultation processes and stakeholder meetings to provide local contextualisation for their work, provide inputs into the design of their pilot 'Business for Integrity In Action', and to share our journey in an attempt to sensitise the participating enterprises about the nuances of anti-corruption compliance and to enable them to employ practical approaches to fight and prevent the risk of corruption.

"Mahindra Sanyo has embedded sustainability in its business strategy which is reflected through pioneering initiatives such as declaration to science-based targets, carrying out social and environmental Life Cycle Assessment (LCA) and developing value chain-based sustainability KPIs with short and long-term targets."

- Dr. Rajesh Singh, Managing Director, Thinkstep Sustainability Solution Pvt Ltd

Independent Assurance Statement

Introduction and Engagement

Mahindra Sanyo Special Steel Private Limited (hereafter 'MSSSPL' or 'the Company') commissioned TUV India Private Limited (TUVI) to conduct the independent assurance of MSSSPL's sustainability report (hereinafter 'the Report'), which includes "limited assurance" of MSSSPL's sustainability information for the applied reporting period. This assurance engagement has been conducted against the Global Reporting Initiative Standards and AA1000AS (2008) Protocol (Type 1, Moderate Level) for verification of the Sustainability Report. The verification was conducted in September 2018 at MSSSPL Khopoli. MSSSPL opted for external assurance for forth time. The Report covers MSSSPL's sustainability information for the 01 April 2017 to 31 March 2018 period.

Scope, Boundary and Limitations of Assurance

The scope of the assurance includes the Environmental and Social disclosures in the report as per "Core" option required in GRI Standards. In particular assurance engagement included the following

- Verification of the application of the Report content, and principles as mentioned in the GRI Standards, and the quality of information presented in the Report over the reporting period (01st April 2017 to 31st March 2018);
- Review of the policies, initiatives, practices and performance described in the Report;
- Review of the disclosures made in the Report against the requirements of the GRI Standards and limited level of assurance;
- Verification of the reliability of the GRI Standards Performance Indicators (as identified under materiality test);
- Specified information is selected based on the materiality determination and needs to be meaningful to the intended users;
- Confirmation of the fulfillment of the GRI Standards; 'in accordance' with the Core criteria, as declared by the management of MSSSPL

The reporting boundary is based on the internal and external materiality assessment covering the MSSSPL, Khopoli, District Raigad, Maharashtra plant. The reporting aspect boundaries are as set out in the Report covering the sustainability performance of MSSSPL. The reporting aspect boundaries are as set out in the Report covering the sustainability performance of MSSSPL.

Our engagement did not include assessment of the adequacy or effectiveness of MSSSPL's strategy or management of sustainability related issues and during the assurance process, TUVI did not come across limitations to the scope of the agreed assurance engagement. The financial disclosures in the Report are based on the audited financial statements issued by the Company's statutory auditors. Further, Tax transparency report was not discussed and referred in the report and was not included in the scope and boundary of verification and assurance. No external stakeholders were interviewed as a part of the sustainability engagement for the period FY 2017-2018.

Verification Methodology

This assurance engagement was planned and carried out in accordance with the GRI Standards. The Report has been evaluated against the following criteria:

- Adherence to the principles of Stakeholder inclusiveness, Materiality, Completeness, Sustainability context, Accuracy, Balance, Reliability, Comparability, Clarity and Timeliness; as prescribed in the GRI Standards
- Application of the principles and requirements of the GRI Standards for its 'in accordance' Core criteria



During the assurance engagement, TUVI adopted a risk-based approach, concentrating on verification efforts on the issues of high material relevance to MSSSPL's business and its stakeholders. TUVI has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In doing so:

- TUVI reviewed the approach adopted by MSSSPL for the stakeholder engagement and materiality determination process. TUVI performed limited internal stakeholder engagement to verify the qualitative statements made in the Report;
- TUVI verified the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- TUVI examined and reviewed the documents, data and other information made available by MSSSPL for the reported disclosures including the Disclosure on Management Approach and performance indicators;
- TUVI conducted interviews with key representatives including data owners and decision-makers from different functions of the Company during the site visit;
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability related policies, as described in MSSSPL's Sustainability Report;
- TUVI verified sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report for the reporting period

Opportunities for Improvement

The following is an extract from the observations and opportunities for improvement reported to the Management of MSSSPL and are considered in drawing our conclusions on the Report; however they are generally consistent with the Management's objectives.

Opportunities are as follows:

- MSSSPL can strategize to overcome the pitfalls to achieve the sustainability aspect performance
- MSSSPL can apply the outcome of LCA study of product to ensure the mitigation plan
- MSSSPL can report the status of Science based targets
- MSSSPL can evaluate Social assessment as per ISO 26000 followed by third party verification
- MSSSPL can opt for third party assessment of supply chain
- MSSSPL can verify the GHG emission by accredited third party firm
- Long term plan of renewable energy shall be considered as High Level Materiality by considering ambitious plan
- Reason for increase in non-reportable accidents and first aid cases can be reported to make the report aligned to 'balanced principle' of the GRI Standards
- MSSSPL shall undertake the product carbon footprint as per requirements of ISO 14067:2018, Greenhouse gases(Product Carbon footprint - Requirements and guidelines for quantification)
- Mahindra and Mahindra Group targeted to go carbon neutral by 2040, the alignment of MSSSPL along with the targets needs to be monitored and reported to stakeholders
- Employee turnover is higher in women with decrease in the overall engagement score. Reasons for the same can be listed with the future course of action
- A more scientific process of succession and career progression can be incorporated to be prepared for an unforeseen gap in leadership

Conclusions

The Sustainability Report was prepared based on the GRI Standards Reporting Principles and Standards Disclosures 'in accordance' with Core option. In our opinion, based on the scope of this assurance engagement, the disclosures on sustainability performance reported in the Report along with the referenced information provides a fair representation of the material aspects, related strategies, and performance indicators, and meets the general content and quality requirements of the GRI Standards Core option.

- **Disclosures:** TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements for 'in accordance'- Core reporting criteria. Organization referred the General disclosure to report contextual information about an organization while Management Approach is discussed to report the management approach for each material topic

- **Topic Specific Standards:** TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements for 'in accordance' - Core reporting criteria.

Below disclosures and topic specific material aspects are verified by assurance team

| | |
|--|----------------------------|
| General Disclosures | |
| Organizational profile | 102-1 to 102-13 |
| Strategy | 102-14 |
| Ethics and integrity | 102-16 |
| Governance | 102-18 |
| Stakeholder engagement | 102-40 to 102-44 |
| Reporting practice | 102-45 to 102-56 |
| Management Approach | |
| Management Approach | 103-1 to 103-3 |
| Specific Disclosures | |
| Environment | |
| Materials | 301-1, 301-2 |
| Energy | 302-1, 302-2, 302-5 |
| Water | 303-1, 303-2, 303-3, |
| Emissions | 305-1, 305-2, 305-4, 305-7 |
| Effluents and waste | 306-2 |
| Social | |
| Employment | 401-1, 401-2, 401-3 |
| Labor/ Management Relations | 402-1 |
| Occupational Health and Safety | 403-1, 403-2, 403-3, 403-4 |
| Training and Education | 404-1, 404-2, 404-3 |
| Incidents of discrimination and corrective actions taken | 406-1 |

Limited Assurance Conclusion: On the basis of the procedures we have performed, nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement is not prepared, in all material respects. TUVI found the sustainability information is reliable in all material respects, with regards to the reporting criteria ("Core") of GRI Standards.

TUVI did not perform any assurance of procedures on the prospective information, such as targets, expectations and ambitions, disclosed in the Sustainability Information. Consequently, TUVI draws no conclusion on the prospective information. This assurance statement has been prepared in accordance with the terms of our engagement. Limited level assurance engagement with respect to sustainability related data involves performing procedures to obtain evidence about the Sustainability Information. The procedures performed depend on the practitioner's judgment, but their nature is different from, and their extent is less than, a reasonable level assurance engagement. It does not include detailed testing of source data or the operating effectiveness of processes, internal controls and consequently they do not enable us to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable level assurance engagement.

TUVI has evaluated the Report's adherence to the following principles with respect to the requirements of the GRI Standards.

Stakeholder Inclusiveness: Stakeholder identification and engagement is carried out by MSSSPL on a periodic basis to bring out key stakeholder concerns as material aspects of significant stakeholders. In our view, the Report meets the requirements.

Sustainability Context: MSSSPL established the relationship between sustainability and organizational strategy within the report, as well as the context in which disclosures are made.

Materiality: The materiality assessment process has been carried out, based on the requirements of the GRI Standards, considering aspects that are internal and external to the Company's range of businesses. The Report fairly brings out the aspects and topics and its respective boundaries of the diverse operations of MSSSPL. In our view, the Report meets the requirements.

Completeness: The Report has fairly disclosed the General and Specific Standards Disclosures, including the Disclosure on Management Approach, covering the sustainability strategy, management approach, monitoring systems and sustainability performance indicators against the GRI Standards, 'in accordance' Core option. In our view, the Report meets the requirements.

Reporting Principles for defining report quality: The majority of the data and information was verified by TUVI's assurance team at MSSSPL's premises and found to be fairly accurate. Some inaccuracies in



the data identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and these errors have been corrected. Therefore, in accordance with the GRI Standards and limited level assurance engagement, TUVI concludes that the sustainability data and information presented in the Report is fairly reliable and acceptable. In our view, the Report meets the requirements. The disclosures related to sustainability issues and performances are reported in a balance and clear in terms of content and presentation. In our view, the Report meets the requirements.

TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. The intended users of this assurance statement are the management of MSSSPL. The Management of the Company is responsible for the information provided in the Report as well as the process of collecting, analyzing and reporting the information presented in the web-based and printed Reports, including website maintenance and its integrity. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information (Sustainability Performance – environmental and social indicators) disclosed by MSSSPL in the Report. This assurance engagement is based on the assumption that the data and the information provided to TUVI are complete and true.

TUV's Competence and Independence

TUVI is a global provider of sustainability services, with qualified environmental and social assurance specialists. TUVI states its independence and impartiality with regard to this assurance engagement. In the reporting year, TUVI did not work with MSSSPL on any engagement that could compromise the independence or impartiality of our findings, conclusions and recommendations. TUVI was not involved in the preparation of any statements or data included in the Report, with the exception of this Assurance Statement. TUVI maintains complete impartiality toward any people interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service
TUV India Private Limited

Date: 15/10/2018
Place: Pune, India
Project No : 8115510036
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GRI Content Index

| GRI Standard | Topic Specific Disclosures | Page No |
|--------------|--|------------|
| 102-1 | Name of the organisation | 1 |
| 102-2 | Activities, brands, products and services | 2 |
| 102-3 | Location of headquarters | 2 |
| 102-4 | Location of operations | 2 |
| 102-5 | Ownership and legal form | 4 |
| 102-6 | Markets served | 2 |
| 102-7 | Scale of the organisation | 2 |
| 102-8 | Information on employees and other workers | 24 |
| 102-9 | Supply Chain | 22 |
| 102-10 | Significant changes to the organisation and its supply chain | 22 |
| 102-11 | Precautionary principle or approach | 12 |
| 102-12 | External initiatives | 3 |
| 102-13 | Membership of associations | 3 |
| 102-14 | Statement from senior decision-maker | 6-7 |
| 102-16 | Values, principles, standards and norms of behaviour | 2 |
| 102-18 | Governance structure | 4 |
| 102-40 | List of stakeholder groups | 10 |
| 102-42 | Identifying and selecting stakeholders | 10 |
| 102-43 | Approach to stakeholder engagement | 10 |
| 102-44 | Key topics and concerns raised | 11 |
| 102-45 | Entities included in the consolidated financial statements | 2 |
| 102-46 | Defining report content and topic boundaries | 2 |
| 102-47 | List of material topics | 11 |
| 102-48 | Restatements of information | 2 |
| 102-49 | Changes in reporting | 2 |
| 102-50 | Reporting period | 2 |
| 102-51 | Date of most recent report | 2 |
| 102-52 | Reporting cycle | 2 |
| 102-53 | Contact point for questions regarding the report | Back cover |
| 102-54 | Claims of reporting in accordance with GRI Standards | 2 |
| 102-55 | GRI Content Index | 36-38 |
| 102-56 | External assurance | 32-35 |

| GRI Standard | Topic Specific Disclosures | Page No |
|-----------------------------------|--|---|
| MANAGEMENT APPROACH | | |
| 103-1 | Explanation of the material topic and its boundary | In each respective chapter there are no limitations with respect to boundary for all material aspects |
| 103-2 | The management approach and its components | |
| 103-3 | Evaluation of the management approach | |
| ECONOMIC PERFORMANCE | | |
| 201-1 | Direct economic value generated and distributed | 3 |
| 201-4 | Financial assistance received from the government | No financial assistance received |
| INDIRECT ECONOMIC IMPACTS | | |
| 203-1 | Infrastructure investments and services supported | 14-15 |
| 203-2 | Significant indirect economic impacts | 14-15 |
| ANTI-CORRUPTION | | |
| 205-1 | Operations assessed for risks related to corruption | 31 |
| 205-2 | Communication and training about anti-corruption policies and procedures | 31 |
| 205-3 | Confirmed incidents of corruption and actions taken | 31 |
| ANTI-COMPETITIVE BEHAVIOUR | | |
| 206-1 | Legal actions for anti-competitive behaviour, anti-trust and monopoly practices | No incidents |
| ENERGY | | |
| 302-1 | Energy consumption within the organisation | 20 |
| 302-5 | Reductions in energy requirements of products and services | 20 |
| WATER | | |
| 303-1 | Water withdrawal by source | 20 |
| EMISSIONS | | |
| 305-1 | Direct (Scope 1) GHG emissions | 18 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 18 |
| 305-4 | GHG emissions intensity | 18 |
| 305-7 | Nitrogen oxides (NOX), Sulphur Oxides (SOX) and other significant air emissions | 18 |
| EFFLUENT AND WASTE | | |
| 306-2 | Waste by type and disposal method | 21 |
| ENVIRONMENTAL COMPLIANCE | | |
| 308-1 | New suppliers that were screened using environmental criteria | 22 |
| EMPLOYMENT | | |
| 401-1 | New employee hires and employee turnover | 24 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 26-27 |

| GRI Standard | Topic Specific Disclosures | Page No |
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| LABOUR/MANAGEMENT RELATIONS | | |
| 403-1 | Workers representation in formal joint management worker health and safety committees | 28 |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities | 28, We do not track absenteeism |
| TRAINING AND EDUCATION | | |
| 404-1 | Average hours of training per year per employee | 27 |
| 404-2 | Programmes for upgrading employee skills and transition assistance programmes | 26-27 |
| NON-DISCRIMINATION | | |
| 406-1 | Incidents of discrimination and corrective actions taken | 25 |
| PUBLIC POLICY | | |
| 415-1 | Political contributions | Zero contributions |
| CUSTOMER HEALTH AND SAFETY | | |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | No incident of non-compliance |



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