



# Sustainability

Report 2014-15



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## Statement from **Managing Director**

### **Dear Stakeholders,**

We at Mahindra Sanyo are delighted to present our 2nd Sustainability Report to you. The journey continues to make us learn together, to challenge us in many spheres yet satisfy us to progressively embed sustainability in the very rubric of our business processes and their outcomes. We continue to climb up the learning curve of understanding the interrelatedness, interconnectedness and interdependence of economic, environmental and societal capitals for the long term value creation of the business. This integrated thinking way helps us to progress towards achieving our vision to become the most admired, successful and socially responsible special steel manufacturer in India by 2019.



The rolling sustainability roadmap that captures our aspiration as an organization gives birth to project aspect document in each area of business materiality and their enablers – to set short term goals and achieve it within the long term roadmap framework. We have set ambitious goals of achieving 50% reduction in water consumption and pollution level by 2019 while we aim to reduce our Scope 1 GHG emissions by 60% by 2019. The project design and execution excellence of each aspect is rested with a cross functional team with participating members across the organizational hierarchy. The material issues in the roadmap are dynamic recognizing current issues and emerging issues as captured from interacting with our various stakeholders, internal and external. The progress is reviewed by the Business Excellence Cell and the Senior Management Team regularly in order to support the aspect teams to achieve their goals.

The progress made in the year under consideration has been in step with our aspiration. Starting with the substantial reduction in environmental footprints, working in collaboration with customers and suppliers in the value chain on social sustainability, designing way forward for renewables in our energy mix, building capacity for inclusive growth in the informal sector and bringing positive changes in the community in which we operate in the realm of education, women empowerment and environmental awareness – it has had been a year of realization that we need not build a business case for sustainability but sustainability drives our business cases.

We are more motivated and committed than ever before as we undertake the sustainability journey forward in Mahindra Sanyo. As we move forward we know that the challenges will multiply but we firmly believe that we together with our stakeholders will continuously drive our initiatives on the technology and empathy frontiers to achieve our company vision in a world we want.

You are welcome to read the standalone, GRI G4 aligned (core), externally assured Sustainability Report for FY 14-15 from Mahindra Sanyo Special Steel.

**Uday Gupta**



## Business Outlook

India is one of the leading producers of Steel at global level. The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. India is expected to show robust growth in steel use in the coming years due to its domestic economy, massive infrastructure needs and expansion of industrial production. This growth is mainly driven by construction and automobile industries.

The overall scenario is expected to improve in near future. India demand will pick up pace. After two years of contraction, steel demand is likely to improve thanks to a rise in demand from the automobile sector and recovery in the construction industries, prospects look brighter for steel industry in the years to come. The World Steel Association expects continued recovery in steel demand in 2014 and projects global steel usage to increase 4% in 2015. Improving demand is also expected to perk up steel prices.

Mahindra Sanyo operates in the alloy steel industry which is a specialised industry contributing to about 10% of total steel production in India. In spite of relatively tiny share, alloy steel, a value added product is vitally important segment of Indian steel industry finding its use in specialised area like automotive, engineering, defence, railways and textile sectors. With automotive industry being a major customer for alloy steel and India fast becoming a global hub for automobile industry, the future prospects are bright for alloy steel makers.

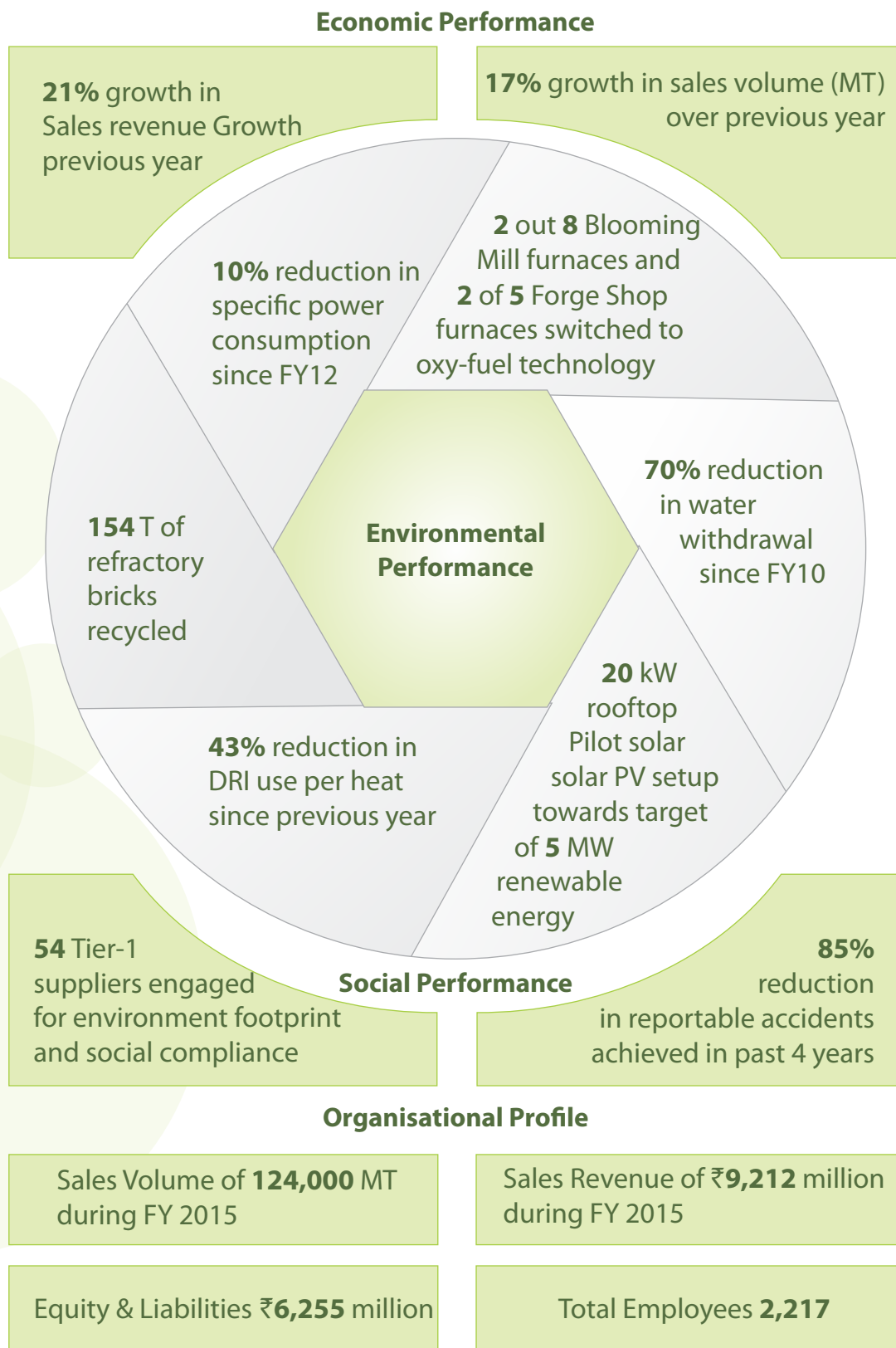
## The Resurgence Story

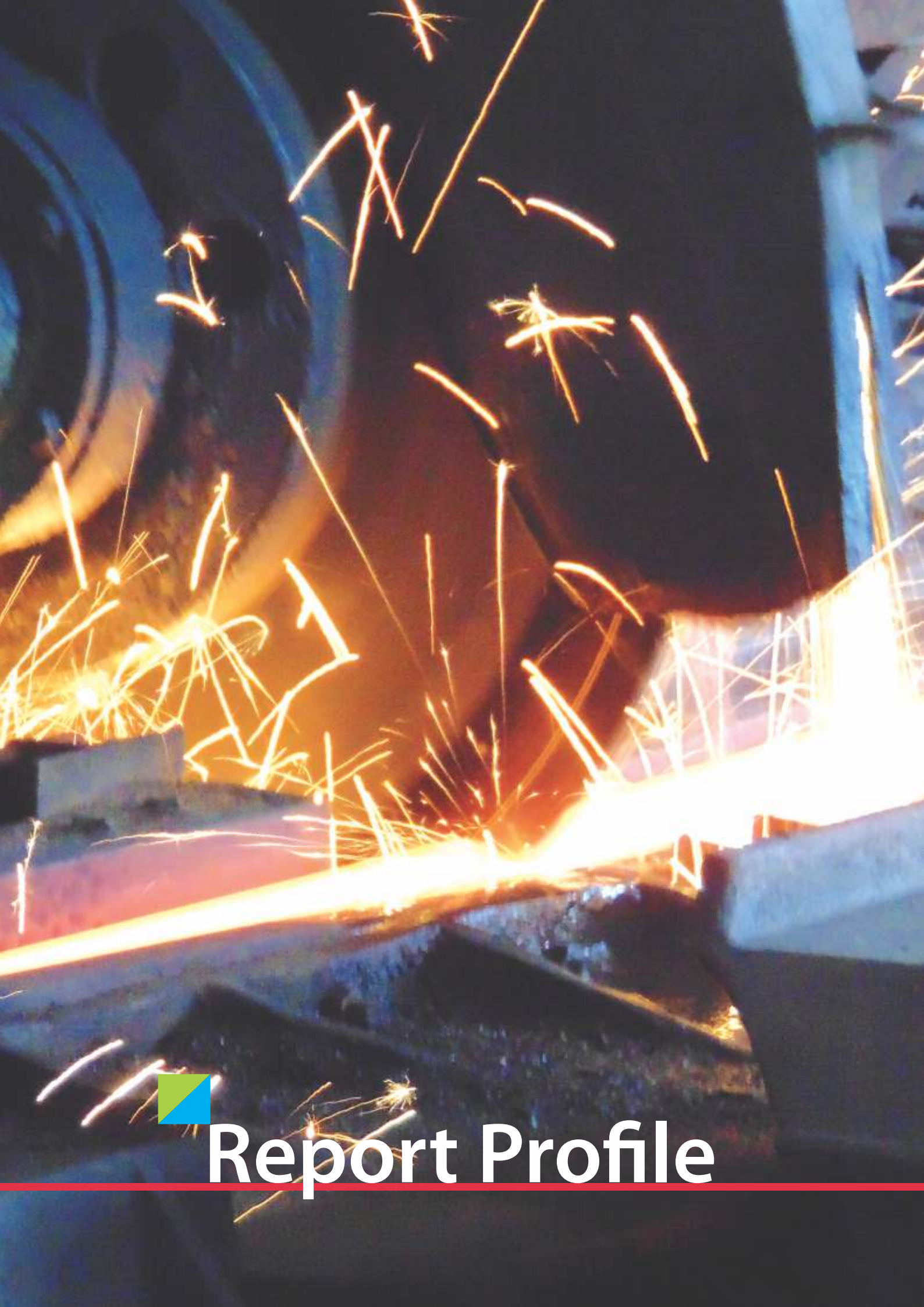
Past few years have been testing times for all the sectors in general and steel industries in particular. Amidst the turbulent market scenario, Mahindra Sanyo has scripted a story of resurgence during the year 2014-15. Past year has resulted in a healthy growth in sales revenues as well as volumes for us. This has been possible due to concerted efforts of all members of Mahindra Sanyo fraternity.

Mahindra Sanyo continues to increase its focus on exploring business opportunities in the Tool and dies; Oil, Gas & Mining and Power generation sectors both domestically and for exports. New areas like renewable energy sector are also been explored. Similarly the Rings business is also focusing on improving its export business by adding new international overseas Original Equipment Manufacturer (OEM) of Bearings. These OEMs prefer MSSSPL Rings since it has a captive steel source and the approval of steel and rings can happen together. The company is committed to achieve the stated objectives productivity and enhancement of both cost and quality to international standards to enable it to achieve its full business potential.

We have set our focus brining about improvements in the areas of quality, process efficiency & productivity and at the same time continue to initiate steps towards deployment of resource available, work towards reduction of cost of production & improvement of overall performance. We are also aware of the need to expand our reach and tap new markets and hence have accorded importance to enrichment of product mix to move up in value added products with the support from our JV partners Sanyo Steel ( Technology leaders in Alloy Steel) & Mitsui (One of the world's largest Trading & Investment organization).

# Sustainability Highlights





# Report Profile



## About Mahindra Sanyo Report Profile

Mahindra Sanyo Special Steel Private Limited (MSSSPL), is a subsidiary of Mahindra & Mahindra Ltd. (M&M). We are prominent manufacturer of alloy steel products and rings and have manufacturing plant located in Khopoli, District Raigad, Maharashtra. Our registered office is located at Mahim, Mumbai.

We produce special alloy steel through Electric Furnace (EAF) route where steel scrap is the main raw material. Other raw materials include pig iron, sponge iron, lime, coke, ferro alloys etc. while electrodes, refractories, fuel and energy make up other inputs. We cater steel requirements for capital goods industries mainly in Automotive, Engineering, Oil and Gas, Tool & Die, Power Generation & Bearing sectors with various downstream shapes and conditions i.e. as cast, rolled, forged, heat treated, rings and gear blanks.

Mahindra & Mahindra Ltd. holds 51% of share capital of the Company while Sanyo Special Steel Co. Ltd. Japan and Mitsui & Co. Ltd. Japan hold 29% and 20% of the share respectively. Sanyo Special Steel is a technology leader in alloy speciality steel, Mitsui is one of global trading & Powerhouse – Mahindra Sanyo is well poised to offer world class products to its valued customers locally and globally.

This sustainability report for the year 2014-15 is our second annual Sustainability Report. This report is a communication of our sustainability commitments and performance and intended for our valued stakeholders. Continuing the approach of previous Sustainability Report for 2013-14 prepared for internal communication, we have adopted the reporting guidelines of Global Reporting Initiative (GRI) G4 for structuring the contents of this report. Efforts have been made to address the triple bottom line of Sustainability and information has been presented in balanced and transparent manner covering the economic, environmental and social aspects.

This reports presents performance and initiatives of the organisation during the reporting period of 1st April 2014 to 31st March 2015. Financial information has been presented from Annual Report . There have been no significant organisational and supply chain changes during reporting period. The information in the report has been presented while referring to reporting principles of GRI G4 guidelines on content ensuring stakeholder inclusiveness, sustainability context, materiality and completeness as well as following the principles defining report quality. Specific standard disclosures as well as metals and mining sector supplement have been referred to while defining material aspects and reporting on indicators. The reporting boundary is limited to the products manufactured by Mahindra Sanyo and covers the operations at Khopoli, Maharashtra. There was no physical presence outside Khopoli during the reporting period. All the aspects reported except for CSR activities – which is material outside the organisation – have been determined to be material within the organisation. We are currently in the process of understanding the upstream and downstream impacts of operations. We have already completed Life Cycle Assessment for majority of our products and engaging with key suppliers through structured supplier engagement process. We intend to develop further understanding to be able to reasonably report upon these aspects.

We have organised the contents of this report as per the “In Accordance – Core” option of the Reporting Guidelines. This report and its contents have been externally assured.



## The Team



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Business Excellence Cell

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**Komal Mangaonkar**

Sr. Executive  
Business Excellence Cell

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## Mahindra Sanyo Special Steel Pvt. Ltd.

Jagdish Nagar, Khopoli 410 216, District Raigad, Maharashtra, India

### Products and Applications

Our products find their applications in automotive, agriculture, machinery oil & gas and other engineering industry where they are used for variety of purposes such as for producing crankshaft, gears, bearings, valves bodies, tools etc. We offer our products to customers spread across India through our strategically located sales and marketing presence. Markets of northern and western India account for 34% and 38% of our sales while rest of India accounts for the balance sales. We are amongst top players in these region.

The Ring Rolling business is forward integration for our steel business. It caters to the bearing industry and also automotive parts manufacturing industries both in "as forged" and/or "green machined condition". We manufacture rings through closed die forging as well as seamless ring rolling processes.

### Our Presence in Various Sectors

Tool & Die Steel

Auto / Forge

Bearing

Engineering

Railways

Oil & Gas

Mining

### Our Presence in Various Sectors

As Cast Ingots



Blooms



Rolled Round Bars



### Downstream Products by Our Customers

Crank Shafts



Gears



Bearings



Valves

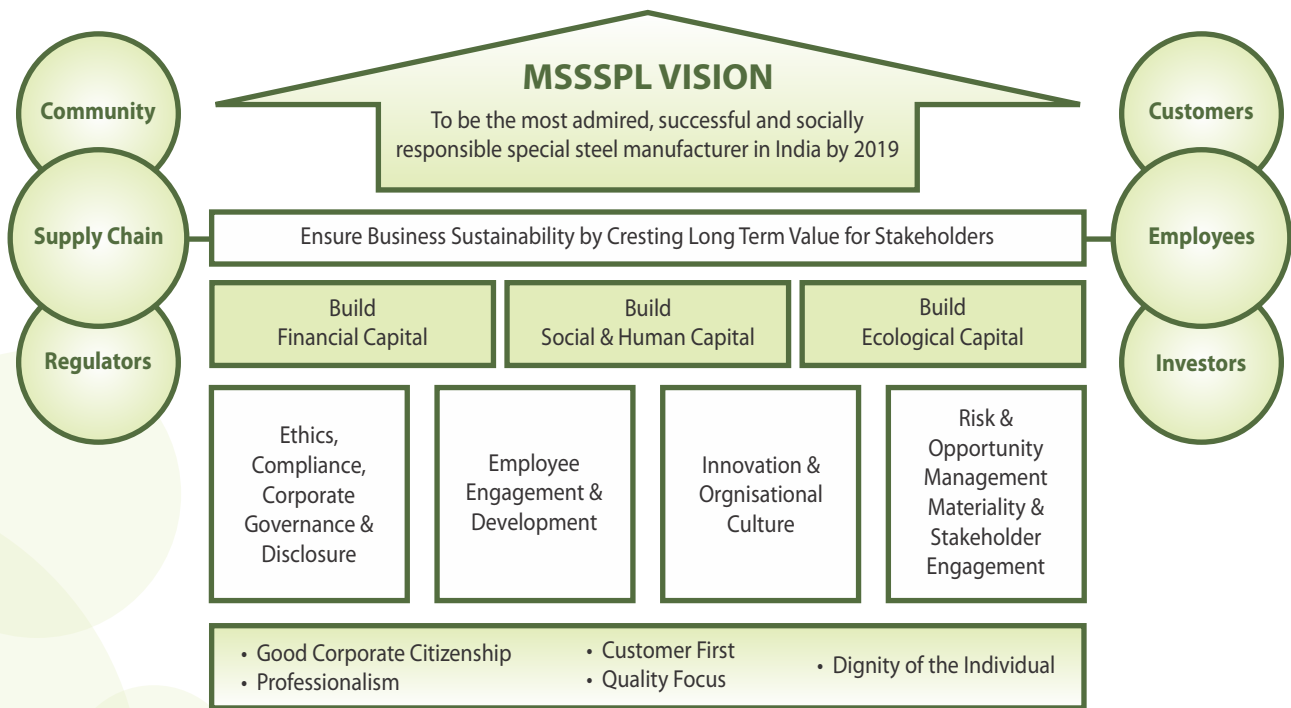


Flanges



# Mahindra Sanyo

## Business Sustainability Framework



Mahindra Sanyo has adopted an inclusive sustainability framework amalgamating the business objectives with purposeful value creation for stakeholders. Being a part of the Mahindra Group, we have based our sustainability framework on the Group core values of corporate citizenship, professionalism, customer centricity, quality and upholding dignity of the individual. These principles act as guidance in our sustainability journey. Our sustainability outlook rests on the three pillars which represent our striving to create and nurture financial capital, social and human capital and ecological capital. We have linked our sustainability targets to the company vision of being the most admired, successful and socially responsible special steel manufacturer and this is evident from the holistic ingraining of sustainability approach in our business activities.





### MSSSPL's Sustainability Journey

The vision statement of MSSSPL is to become the most admired, successful and socially responsible special steel manufacturer in India by 2019. It has chosen the path of sustainability to achieve this goal and is working on issues such as power and oil saving, installation of renewable energy, water conservation, waste-to-wealth conversion through circularity, reducing resource intensity for minimizing extraction by way of recycled inputs and yield improvement, stakeholder engagement and Life Cycle Analysis. Targets have been set for each of these material aspects which are reviewed regularly by the top management.



We have developed one point learning framework which brings together the various sustainability guidelines and amalgamates them into a unified framework for Mahindra Sanyo. Interlinkages have been established with our Balanced Score Card and Management Processes ensuring that sustainability approach is firmly imbibed by the organisation and becomes integral to our business activities.

### **BHAG Goals**

Driven by our sustainability vision, we have taken up ambitious goals in the areas of key sustainability aspects. Through these goals, set against the baseline of our performance for FY 2013, we envisage to go beyond excellence and demonstrate our sustainability commitments not just through words but visible actions and quantified results.

- Specific Water Reduction by 70% by 2019
- Reducing Scope-1 GHG Emission by 60% by 2019
- 50% Reduction in Pollution Level by 2019
- 20% use of Renewable Energy by 2019
- Zero Waste by 2025





# Corporate Governance

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## Corporate Governance

Mahindra Sanyo has recognised sound corporate governance as an integral part of organisational philosophy. We firmly believe that good governance practices are vital for long-term success of business and have hence followed in all our activities and operations. In order to meet our business goals, we have established a robust governance structure which is an amalgamation of policies, guidelines and control mechanisms. These allow us to march towards achieving our strategic objectives while ensuring that we respond to and satisfy the needs and expectations of our stakeholders. Being part of the Mahindra Group, we are proud to have inherited governance practices which have evolved with the ever-changing business demands and challenges. We have well defined Codes of Conduct which is applicable to our employees as well as Directors. These Codes have been communicated to all employees and are also available on our website for ready access to our stakeholders. Our disclosure practices are in complete adherence to the Corporate Governance Philosophy and we believe in setting high standards of ethical values, transparency, integrity and a disciplined approach to achieve business excellence.

### Composition of Board

The Board of Directors which also acts as top governance body is composed of experts having vast knowledge, expertise and experience in their respective functional areas. As on 31st March 2015, the Board comprises of 8 Directors and along with other senior management manages the day to day activities of the Company. The Managing Director is part of the Board as an executive director and functions under the overall supervision of the Board. Further details in Board of Directors are available in our Annual Report.

*The constitution of Board as on 31st March, 2015 is as given below:*

| S. No. | Name of Director            | Executive / Non-Executive | Independent / Non Independent |
|--------|-----------------------------|---------------------------|-------------------------------|
| 1      | Mr. Shriprakash Shukla      | Non-Executive             | Non Independent               |
| 2      | Mr. Uday Gupta              | Executive                 | Non Independent               |
| 3      | Mr. Sanjay Joglekar         | Non-Executive             | Non Independent               |
| 4      | Mr. Nobuyuki Tanaka         | Non-Executive             | Non Independent               |
| 5      | Mr. Kozo Takahashi          | Non-Executive             | Non Independent               |
| 6      | Mr. Tomofumi Osaki          | Non-Executive             | Non Independent               |
| 7      | Mr. Daljit Mirchandani      | Non-Executive             | Independent Director          |
| 8      | Ms. Jayashree Vaidhyanathan | Non-Executive             | Independent Director          |

### Internal Financial Controls

Mahindra Sanyo has established adequate control mechanisms to ensure that all the departments and business processes comply with internal policies as well as applicable laws and regulations. These controls also enable us to accurately track and report financial transactions. We have instituted an internal audit system which is conducted by an independent firm of Chartered Accountants so as to cover various operations on continuous basis. Summarized Internal Audit Observations/ Reports are reviewed by the Audit Committee on a regular basis. The finance and accounts functions of the Company are well staffed with qualified and

experienced members. The internal controls are complemented, on an on-going basis, by an extensive program of internal audits being implemented through-out the year.

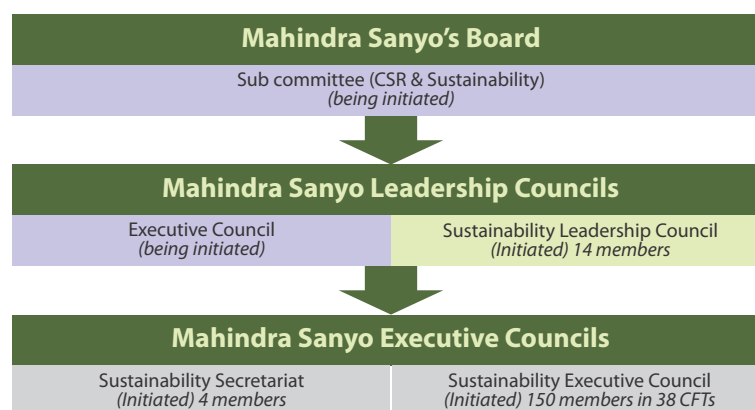
### Code of Conduct

We recognise that as a business, we are accountable to our stakeholders through all our actions and activities. In line with our corporate vision, the Board has laid down two separate Code of Conduct which are applicable to Board Members and Senior Management and employees of the Company respectively. All the Board members and employees of the organisation abide the principles laid down in the Code of Conduct.

Our other Policies and Codes are

### Sustainability Governance Framework

We are of the opinion that for any organisation to be truly sustainable, the drive for sustainable development should percolate throughout the hierarchy of the organisation. It is for this reason that we have developed a multi-tiered sustainability governance framework. Such a structure has allowed us to make employee from the senior management to those on shop floor to be a part of our sustainable development journey.



Mahindra Sanyo's Board of Directors constitute the highest governing body responsible for taking decisions on environmental, social and economic impacts/issues. In order to ensure that ethos of sustainable development is embedded firmly within the organisation, we have established linkages of sustainability aspects with our business focus areas as well as balanced scorecard. This has allowed us to define responsibility at each hierarchy level for achieving sustainability targets.

The very concept of sustainability is interdisciplinary. At Mahindra Sanyo, governance for sustainable development is about understanding the initiatives that our valued employees and co-partners are already undertaking and to decipher the inter linkages among environmental, economic and social issues. It involves taking stock of experiences, analyzing trends, gaining insight of causative factors and recognizing the character of interactions among these issues. Consequently, the highest governance body (namely, Mahindra Sanyo's Board of Directors) and the executives and officers on Mahindra Sanyo's Sustainability and Leadership Councils play a continual role in the development, approval, and updating of the organization's purpose, value

or mission statements, strategies, policies, and goals related to economic, environmental and social impacts. The review of environmental, economic and social impacts, risks and opportunities is conducted on a quarterly basis. Aided by its Sustainability and Leadership Councils, Mahindra Sanyo's Managing Director, Mr. Uday Gupta, ensures that all material aspects are covered and formally reviews and approves the Company's Sustainability Report

### Memberships and Associations

Mahindra Sanyo is the founding member and first Indian steel manufacturer to be part of **India GHG Programme**, being spearheaded by World Resources Institute (WRI, India), The Energy and Resources Institute (TERI) and Confederation of Indian Industry (CII). The India GHG Program acts as a "Centre of Excellence" for benchmarking of GHG emissions in India.

Mahindra Sanyo is also first amongst Indian steel makers and Mahindra to be part of WRI's (USA) initiative **Aqueduct Water Risk Atlas**. One of the major objectives of this initiative is to map water risks and vulnerability.

Mahindra Sanyo has participated in senior individual capacity of Industrial Working Group [IWG] of **Sustainability Accounting Standards Board (SASB)** for establishing the Standard for non-renewable resources in the iron and steel segment.

As a member of the Green Power Market Development Group (GPMDG), India, Mahindra Sanyo is partnering towards developing effective renewable energy purchase approach for industries

Mahindra Sanyo is a policy maker member for India operations of Alliance for integrity which is a business driven multi stakeholder initiative promoting integrity in the economic system and improving the frame work conditions for compliant and clean business.

Mahindra Sanyo is also collaborating with leading organisations, consultants and forums for sharing and building upon the knowledge on sustainable development





# Stakeholder Engagement

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# Stakeholder Engagement

Mahindra Sanyo, erstwhile Mahindra UGINE Steel Company, has completed over five decades of existence and over the course of journey, has interacted with innumerable individuals and entities. We recognise all those who have interest or concern in our business and are impacted or have an impact, potentially or actual, by our activities as our stakeholders. In order to gauge the feedback from our stakeholders, we have developed a comprehensive stakeholder engagement mechanism with an objective to interact with various stakeholder groups on periodic basis. Over the years, this approach has gotten embedded in our business practice and we have a structured approach towards stakeholder engagement.

Listening to our stakeholders' view gives us an opportunity to understand their interests and expectations. This perceptions provide inputs which guide us while taking decisions which will directly or indirectly affect these stakeholders. Such an engagement goes a long way in helping us to mitigate risks, resolve any conflicts which may have crept in and ensures that fully compliant with various regulatory requirements.



| Stakeholder Group                 | 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 drop-boxes, joint meeting with labour unions | Weekly, Monthly, Quarterly, Annually      | Remuneration, training and skill development, career progression, health & safety, workplace grievances | Robust HR policies, effective & transparent communication, training activities, grievance redressal mechanism |
| Suppliers                         | Supplier meets, engagement workshops, assessment questionnaires, quality & sustainability audits  | Quarterly, Annually                       | Supplier satisfaction, on - time payment, environmental issues, labour practices                        | Sustainability data collection, trainings 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) Program, Customer Satisfaction Survey, Research & development                      |
| Community                         | Interaction of villagers, Meetings with municipal corporation groups, Community visit of top management   | As required (Planning on quarterly basis) | Employment, healthcare, education, infrastructure, sustainable livelihood                               | JCMM Primary School, ITI collaboration, Mahila Bachat Gat, Health camps                                       |
| State & Central Regulatory Bodies | Meetings with pollution control board representatives, plant visits and inspections   | 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 **Assessment**

We understand that it is not sufficient to merely capture feedback from stakeholders for identification of issues. It is equally important to systematically rate and prioritise the identified issues so as to enable decision-making on issues which need to be addressed first and be accorded higher importance. Realising the fact that no organisation can claim to prioritise the stakeholder needs and expectations without their involvement, we have adopted a participative approach of materiality assessment for rating and prioritisation of the issues. Materiality Assessment is a framework which prioritises the issues related to all the three pillars of sustainability and ranks them according to their perceived importance as well as impact of these issues on the business.

Materiality testing at Mahindra Sanyo is carried out in a multi-phase and iterative way

- Our in-house sustainability teams review this listing and then prepare a bi-lingual format (in the native language, Marathi, and English) to capture stakeholder views and expectations about the shortlisted Material Aspects for a given reporting year.
- After receiving stakeholder inputs on the potential Material Aspects, the teams compile the results of the stakeholder engagement to rank/prioritize/shortlist the Material Aspects for the given reporting year. Ranking/prioritization occurs with a given set of questions in mind. For example, "Is the potential aspect already mentioned as important by stakeholders?", "Is the potential aspect connected to relevant laws, regulations, international agreements or voluntary agreements with strategic significance to Mahindra Sanyo or our stakeholders?"



- The shortlisted Material Aspects are finally plotted on the 9-grid risk–opportunity matrix. The indicators necessary for monitoring each Aspect are crystallized after consultation with the relevant management teams, thus ensuring that resources are allocated strategically to all identified Material Aspects and that all relevant stakeholders are apprised of the performance of the Company. The choice of Material Aspects is reviewed senior management team.

We have carried out this materiality assessment during the year 2014-15. This exercise is an evolving iteration of the materiality assessment we conducted during 2013. As part of this, we interacted with a total of 193 stakeholders spread across 24 identified stakeholder groups, including 97 internal stakeholders and 96 external stakeholders. In order to identify the stakeholder groups to engage, we performed an internal stakeholder prioritisation. This was based on parameters such as the influence of stakeholders on our business, the impact of our business on these groups as well as future considerations on their impact and influence. Selection of issues to be included in the materiality assessment was done by referring to the results of the materiality assessment carried out previously. On top of this, we added issues which have been highlighted by our peer companies as well as global standards such as GRI and SASB. Collating the important issues, we came up with a list of issues relevant to our business and then sought responses from stakeholders on their perceived importance.

As for capturing business impact of the issues and rating their importance on the basis of importance to business, Mahindra Group and subsequently Mahindra Sanyo has a list of 12 sustainability issues which impact our business and feature in our decision-making for business. All the aspects reported except for CSR activities (GRI Aspect: Local Communities) – which is material outside the organisation – have been determined to be material within the organisation.

| Top Aspects from Materiality Assessment                                     | MSSSPL Sustainability Focus Areas                                 | Linkage with GRI Aspects                 | Reported GRI G4 Indicator |
|---|---|--|---------------------------|
| Product Quality   | Balanced Score Card & manufacturing & QA departmental goal sheets | Product & Service Labelling              | G4-PR5                    |
| Career Planning (Right person at right job, Job alignment)                  | MCARES improvement action plan                                    | Training & Education / Employment        | G4-LA9                    |
| Reduce / Reuse/Recycle waste  | Improve Waste Management  | Effluents & Waste                        | G4-EN23                   |
| Product Cost  | Improve Resource Intensity & recycled inputs                      | Economic Performance / Materials         | G4-EC1 / G4-EN1           |
| Product delivery  | Balanced Score Card & manufacturing & marketing goal sheets       | Customer Privacy                         | G4-PR8                    |
| Market presence / Market share  |   | Market Presence / Economic Performance   | G4-EC5 / G4-EC1           |
| Increase SOB in top 10 customers  |   | Product & Service Labelling              | G4-PR5                    |
| Rain water harvesting   | Improve Water Management  | Water                                    | G4-EN8                    |
| Energy efficiency improvements  | Improve Energy Efficiency   | Energy                                   | G4-EC3                    |
| Employee Health & safety  | Improve Employee Safety   | Occupational Health & Safety             | G4-LA6                    |
| Management Accountability   | Management Accountability   | Corporate Governance                     | Standard Disclosures      |
| Energy Securitization (Guaranteeing energy availability as per requirement) | Renewable energy  | Energy                                   | G4-EN3                    |
| Process innovation  | The Mahindra Way practices  | Products & Services                      | G4-EN27                   |
| Skill improvement   | Skill Development   | Training & Education                     | G4-LA9                    |
| Air Quality and Green House Gas emission                                    | GHG Footprint reduction   | Emissions                                | G4-EN15                   |
|   | Sustainable Supply Chain  | Supplier Environmental Assessment        | G4-EN32                   |
|   |   | Supplier Assessment for Labour Practices | G4-LA14                   |
|   |   | Supplier Human Rights Assessment         | G4-HR10                   |





# Environmental Excellence

## Environmental Excellence

Minimising the impact of our operations on the environment has always been a prime objective and this motive has figured on top while taking business decisions. We understand the environmental concerns resulting out of steel production process and have been continually taking efforts to mitigate them. As part of our commitment towards the environment, we have setup robust processes for environmental management. We have identified key environmental indicators which are monitored on periodic basis. This helps in tracking our performance and timely intervention in areas such as greenhouse-gas emissions, energy intensity, resources efficiency, air emissions, effluent discharge, waste management etc. We have also implemented environment management systems which plays a critical role in ensuring a structured approach towards environment conservation.

We have recognised the need for an institutional framework which will enable us to achieve our environmental sustainability objectives. In this regard, we have setup implementation framework as follows:

- CGHGP has developed an institutional framework where there is flow of information and decision from top to bottom based on the level of the authority of the person(s) handling the responsibility
- The aspect team is a cross functional team drawn from all concerned departments with comprises of the mentor, leader and co-leaders along with members in the team to achieve the desired outcomes among the relevant stakeholders.
- The personnel in the team are identified based on the skill set and the seniority required towards achieving the objectives of this policy.
- This team is given a mandate of implementation with a 3-5 year roadmap, with a clear cut action plan on outcomes whose performance will be reviewed by Business Excellence Cell and COO, MD, every quarter.
- The implementation of CGHGP in line with the sustainability triple bottom line as stated above is the responsibility of the top management who will be assisted by the Business Excellence Council, implementation team and subsequently guide them ably to achieve the outcomes as stated in this policy.
- The top management will ensure that the team entrusted with the task of implementing this policy are provided the required resources, manpower and the like.
- Assistance is sought from external agencies to the extent the roles assigned for partnership by MSSSPL.

### Resource Intensity and Recycled Inputs

The recyclable nature of steel along with already established properties contribute towards it being a preferred material of choice for meeting the requirement of industries and infrastructure in sustainable manner. Given the fact that it is possible to collect and recycle steel scrap into production, there is great potential in reducing the environmental burden from life cycle perspective. Our current mix of inputs for steelmaking includes steel scrap along with sponge iron (Direct Reduced Iron (DRI)) and pig iron. Considering the life cycle perspective, we have recognised the need to reduce our dependence on sponge iron and pig iron and our production route which involves Electric Arc Furnace (EAF) allows us to maximise the use of steel scrap for steel production. In fact, recycled scrap forms bulk of our input raw material and we have been successful in



bringing down the DRI consumption from 7 MT/heat for FY 2014 to 4 MT/heat for FY 2015. We envisage to bring this down further mitigating the life cycle impacts of our steel.

To achieve this objective we have started with identifying barriers and improvement potential in terms of process, layout, material handling and movement. We are also actively looking at opportunity to upgrade / modify the current practices for improved efficiency. Adopting interventions right from process level to that of management approach, we are confident of being able to maintain positive improvement trend for resource intensity.

| Raw Material Consumption (kt) | 2013-14 | 2014-15 |
|-------------------------------|---------|---------|
| Semi Manufactured Goods       |         |         |
| Cement                        | 0.60    | 0.70    |
| HMS Local / Import            | 33.12   | 46.28   |
| Pig Iron                      | 34.35   | 42.04   |
| Sponge Iron                   | 18.42   | 15.12   |
| Steel Scrap Shredded          | 20.06   | 22.39   |
| Associated Materials          |         |         |
| LPG                           | 0.22    | 4.21    |
| Liquid Oxygen                 | 4.38    | 6.58    |
| Lime / Dolomite               | 7.30    | 10.12   |
| Hot-top Mould                 | 0.62    | 1.11    |
| Refractories                  |         | 1.36    |

## Energy Management

Steel production is an energy intensive business and input cost for energy account for major chunk of our operational costs. In order to improve operational efficiency and reduce our environmental we have set a target to achieve one-fifth renewable energy in the secondary energy mix by way of solar/wind/hydro sources. We also have set a target to reduce specific secondary energy electricity by one-fifth in the next four years.

We have already started our journey in this direction by progressively reducing specific electricity reduction through several process intervention in the plant and well as adopting efficient technologies. We are also increasing the renewable energy usage for energy needs have already installed solar panels of 20 kW in the main building of our campus. This is a humble beginning which we have made towards our objective of augmenting 8 MW energy from renewables. From the solar panels operational since January 2015, we have generated 5539 kWh electricity during the reporting period.

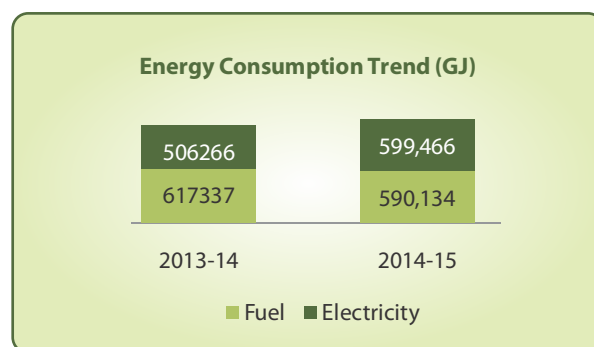
We are fully aware of the fact that the journey towards achieving this target can result only by collective action of all employees as well as through building partnerships with external agencies. We also identified the need to enhance capacity within the organisation for which we are taking following steps:

- Capacity building on renewable energy sources and their adoption
- Training on importance of waste heat recovery projects

- Awareness campaign for the need of new technology across the steel plant
- Understanding the advantages of biomass energy and ways to derive biomass from waste
- Capacity build up in supply chain to motivate our suppliers to embrace renewable energy
- Adoption of new technology towards better energy efficiency

For calculating the energy consumption and GHG emissions, we have used calorific values and emission factors from IPCC.

| Energy Consumption (2014-15) | Quantity (kl) | Energy (GJ) |
|------------------------------|---------------|-------------|
| FO                           | 14,891        | 5,71,501    |
| HSD                          | 77.9          | 2,798       |
| LDO                          | 392           | 15,835      |
| Grid Electricity             |               | 5,99,466    |
| Solar Electricity            |               | 19.9        |
| Total Energy Consumed        |               | 11,89,620   |



The increase in fuel consumption is on account of increase production which has seen our sales volume rise by nearly 17% to reach 124,020 MT. In comparison, this has resulted in only 6% increase in energy consumption which has actually brought down the specific energy consumption in 2014-15 at 9.59 GJ/t compared to 10.57 GJ/t for previous year.

We have taken up several energy conservation measures within our premises as part of efforts to bring down specific energy consumption and reduce our dependence on conventional sources of energy. There is a dedicated cross functional team with well-defined hierarchy of mentors, team leaders and team members who are working towards identification and implantation of these conservation measures. Some of these initiatives are:

- Included electrode regulation in the electric arc furnace, this has helped to achieve reduction in electrode, refractor and power consumption
- Reduction in power consumption by reducing Maximum Demand delay through installation of SCADA and Programmable Logic Control (PLC) system

- Right sizing of water pumps in the plant through trimming of impellers. This has led to reduction in plant power consumption for water pumping
- Energy savings through process route changes. In house annealing process started in forge shop instead of Heat Treatment (HTFS) for few grades. This has avoided temperature loss of material
- Heat treatment cycle time reduction for 7 grades in Heat Treatment Shop (HTFS) without affecting the product quality
- Power saving through installation of transparent sheets on plant roof top

There has been overall energy saving of around 2.7 million kWh during the year due to various energy saving initiatives and measures taken.

### Greenhouse Gas Emissions

We understand that the journey towards achieving the target of GHG reduction can be achieved by collective action of all stakeholders as well as partnering with external agencies that have expertise and knowledge in this domain. So accordingly capacity building as well as training needs has been identified to achieve the requisite strength within the organisation, such as the following:



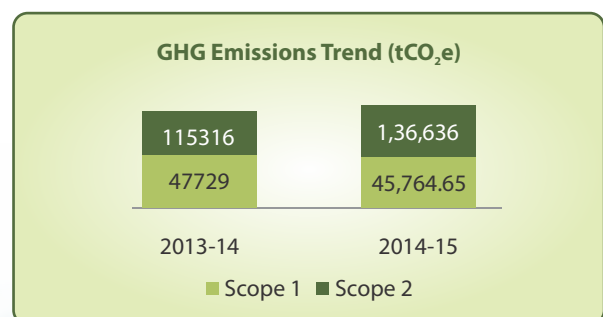
- Capacity building on GHG emission calculation internally by identifying personnel
- Successful submission of CDP report through external experts
- To set up a standard format and procedures to collect Scope 3 data through external agencies/experts
- To comply with the standards requirement of ISO 14064, ISO 14044 (Calculation method of carbon dioxide emission intensity from iron and steel production) and train personnel internally towards the same
- Expose the personnel involved in the GHG emission reduction by allowing them to attend various seminars both nationally and internationally

Even though our GHG emissions have increased by about 12% compared to this last year, this is attributable to increased energy consumption due to higher production. Rise in scope 2 emissions is due to the increasing emission factor of electricity grid mix. We have been able to bring down Scope 1 GHG emissions considerably from 361 kgCO<sub>2</sub>e/t for 2013-14 to 294 kgCO<sub>2</sub>e/t during 2014-15 while scope 2 emissions have also reduced from 870 kgCO<sub>2</sub>e/t to 860 kgCO<sub>2</sub>e/t during the same period.

We are making concerted efforts towards eliminating use of any types of ozone depleting refrigerants. The quantities of ozone depleting substances and their associated global warming potential is negligible compared to our total GHG emissions.

| Scope 1 GHG Emissions (tCO <sub>2</sub> e) | 2014-15   |
|--|-----------|
| FO   | 44,379.22 |
| HSD  | 208.041   |
| LDO  | 1,177.39  |
| Total Scope 1 Emissions                    | 45,764.65 |

| Scope 2 GHG Emissions (tCO <sub>2</sub> e) | 2014-15  |
|--|----------|
| Grid Electricity                           | 1,36,636 |







**Water Conservation**



**Employment and Labour Practices**



**Waste Management**



## Water Conservation

We have set ourselves a target to become water neutral by 2020 and to provide employees continued access to hygienic and safe drinking water. A roadmap has been drawn to achieve the water neutrality by 2020 wherein appropriate steps will be undertaken to reduce industrial lift from both river water and rain water towards water conservation, construction of check dam to store rain water or roof water. We have adopted triple approach of consumption reduction, conservation and recycling to steadily reduce the fresh water consumption over the years. Surface water from the river stream is the only source of water apart from the harvested rain water. We have some borewells inside plant premises for contingency purpose but have not been used during the reporting period.

A canal flows through the colony which carries the storm water during monsoon season. We have built a check dam in order to harvest the rain water. As a result of this initiative, we have been successful in achieving zero uptake of river water during monsoon months meeting our water requirements from the harvested rain water. Along with this several measures such as technological, engineering interventions are being adopted to reduce water consumption during the steel making process. We are also continuously monitoring and enhancing the quality of drinking water through upgrade of existing systems. Our persistent efforts have borne fruit we have been able to reduce river water withdrawal for industrial top up from 3.80 m<sup>3</sup>/t for 2013-14 to 3.23 m<sup>3</sup>/t for 2014-15.

We understand that recycling of water is the need of hour can play a vital role in reducing dependence on fresh water resources. In order to achieve this, we have taken up the task to connect all toilets in the township and industrial area with the existing sewage treatment plant (STP). Our STP recycles the domestic effluent generated in the colony which is being used for horticulture and other purposes.

| Water Withdrawal (m <sup>3</sup> ) | 2013-14  | 2014-15  |
|------------------------------------|----------|----------|
| Surface Water                      | 6,57,228 | 7,13,925 |
| Rain Water                         | 79,977   | 59,172   |

# Waste Management

It is our target to reduce industrial waste by half from the present generation and increase the reuse and recyclable waste in the production. This target is aligned with our vision to build our image as an admired organisation and recognised for socially responsible actions.

In order to achieve this target, we have identified important thrust areas and have taken up initiatives such as aiming zero for hazardous waste production in our operations, enabling a responsible e-waste management system such that recycle and safe disposal of e-wastes is implemented, increasing the recycle or reuse of manufacturing output by modifying or innovating on the manufacturing process and progressively reducing the dumping of wastes in landfill. One of the major waste generated from our operations is the slag. Currently, bulk of this goes to the landfill. In line with our sustainability target of diverting waste away from landfill, we are in the process of setting up a slag crusher which will allow us to make the slag useful for cement manufacturers to whom we plan to sell the slag. On one hand, this will allow us to divert waste from landfill and also earn from disposal of waste, while on the other substitution of other raw materials with slag at cement kiln helps reduce the environmental burden associated with cement production process. We are also recycling the spent refractories by sending them to the refractory manufacturer who in turn recycles them into fresh refractories. Glass wool is currently declared as hazardous waste as per pollution control board consent. The same shall be categorised as non-hazardous when the consent is renewed in 2016. Oil soaked waste includes oily rags. Spent ion resins are disposed once in 3 years as per applicable rules. Used filter bags are used for collecting dust and are non-hazardous in nature.

| Hazardous Waste                   | Disposal Mode | 2013-14 | 2014-15 |
|-----------------------------------|---------------|---------|---------|
| E - Waste [kg]                    | Recycled      | 770     | 830     |
| Oil / Oil Waste [m <sup>3</sup> ] | Recycled      | 6.15    | 0.86    |
| Containers [unit]                 | Recycled      | 705     | 1,541   |
| Glass Wool / Scrap [kg]           | Incinerated   | 780     | 860     |
| Oil Soaked Waste [kg]             | Incinerated   | 2,400   | 1,928   |
| Oil Sludge [t]                    | Incinerated   | 4.37    | 0       |
| Battery Waste [unit]              | Recovery      | 177     | 0       |



| Non-Hazardous Waste                                    | Disposal Mode        | 2013-14 | 2014-15 |
|--|----------------------|---------|---------|
| Cable / Wires Scrap [t]                                | Sold                 | 2.37    | 1.78    |
| Magnesia Carbon Bricks / Scrap [t]                     | Reused / Sold        | 153.76  | 216.75  |
| Scraped Motors [t]                                     | Sold                 | 6.5     | 16.82   |
| Slag Dross & Scaling [t]                               | Sold                 | 5,318.2 | 4,626.2 |
| Copper / Copper Scrap [kg]                             | Reused               | 35.25   | 5.61    |
| Used lime powder [t]                                   | Reused               | 0       | 23.02   |
| Wood / Wood Scrap / Waste [t]                          | Reused               | 13.48   | 3.28    |
| Alumina Refractory Waste [t]                           | Recycling            | 24.49   | 34.6    |
| Slide Gate, Ladle Plates, Concast Refractory Waste [t] | Recycling            | 29.02   | 125.66  |
| Grinding Wheel / Scrap [t]                             | Recycling            | 25.76   | 24.85   |
| Graphite / Graphite Electrodes / Scrap [kg]            | Recovery             | 6.04    | 4.06    |
| Slag Boulder W/Skull [t]                               | Recovery / landfill  | 137.45  | 225.09  |
| Broken BP Refractories [t]                             | Recovery             | 289.7   | 272.56  |
| EBT / EAF Slag [t]                                     | Landfill             | 22,399  | 23242.2 |
| LF Slag [t]  | Landfill             | 5,869.9 | 5750    |
| Cardboard / Paper Scrap [t]                            | Disposal (recycling) | 2.3     | 40.14   |

## Employment and Labour Practices

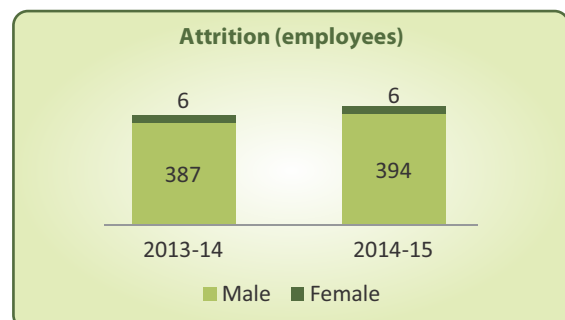
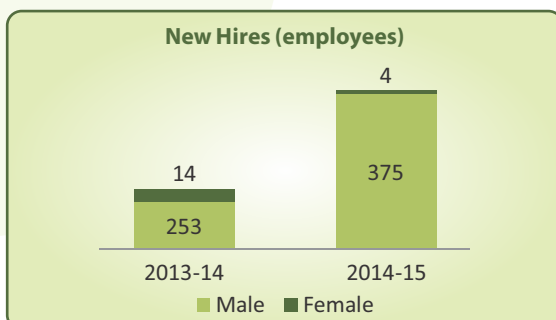
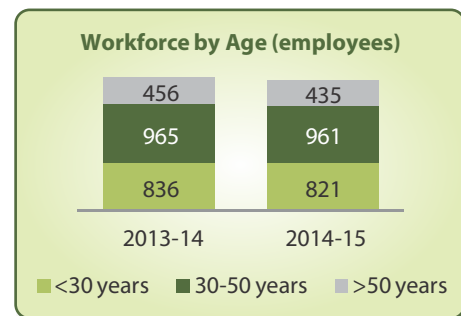
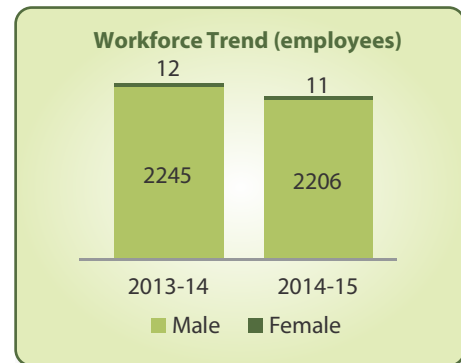
Our human capital is the most valued asset and we strive to provide them a platform to build a successful and rewarding career. We have designed our human resource management approach to foster their development and we recognize them from time to time to boost the morale and motivation. We have also instituted robust feedback mechanisms in form of Employee Engagement activities (through MCARES Survey) to assess the effectiveness and to improve their overall engagement. We have adopted the concept of The Mahindra Way (formerly known as the Mahindra Quality Way) and are working closely with the Mahindra Management Development Centre and Mahindra Institute of Quality (MIQ) by actively participating in the programmes organized by them. There is no seasonal variation in the workforce.

| Workforce by Gender  | Male        | Female    | Total       |
|----------------------|-------------|-----------|-------------|
| Fixed Term Contract  | 11          | 2         | 13          |
| Junior Management    | 396         | 3         | 399         |
| Middle Management    | 66          | 0         | 66          |
| Others               | 110         | 3         | 113         |
| Senior Management    | 18          | 0         | 18          |
| Third Party Contract | 1228        | 3         | 1231        |
| Workmen              | 377         | 0         | 377         |
| <b>Total</b>         | <b>2206</b> | <b>11</b> | <b>2217</b> |

| Workforce by Age     | <30 years  | 30-50 years | >50 years  |
|----------------------|------------|-------------|------------|
| Fixed Term Contract  | 5          | 0           | 8          |
| Junior Management    | 148        | 189         | 62         |
| Middle Management    | 1          | 47          | 18         |
| Others               | 113        | 0           | 0          |
| Senior Management    | 0          | 11          | 7          |
| Third Party Contract | 554        | 626         | 51         |
| Workmen              | 0          | 88          | 289        |
| <b>Total</b>         | <b>821</b> | <b>961</b>  | <b>435</b> |

| Hiring and Attrition | Hiring     |          | Attrition  |          |
|----------------------|------------|----------|------------|----------|
| By Gender            | Male       | Female   | Male       | Female   |
| <b>Total</b>         | <b>375</b> | <b>4</b> | <b>394</b> | <b>6</b> |

| Hiring and Attrition | Hiring     |             |           | Attrition  |             |           |
|----------------------|------------|-------------|-----------|------------|-------------|-----------|
| By Age               | <30 years  | 30-50 years | >50 years | <30 years  | 30-50 years | >50 years |
| <b>Total</b>         | <b>355</b> | <b>22</b>   | <b>2</b>  | <b>256</b> | <b>102</b>  | <b>42</b> |



The rate for new hires and attrition for 2014-15 was nearly 17% and 18% respectively.



Providing equal opportunity to every employee regardless of gender, caste, race or colour has always been embedded in the business approach of Mahindra Sanyo. As a result, we do not discriminate among employees based on gender. Decisions concerning the remuneration and salaries are purely based on merit. There is no difference between basic salaries for male and female at any position within the organisation. We have been taking necessary steps towards increasing gender diversity through improved hiring practices to ensure selection of diverse talent. We strive to enact HR policies and practices which mandate fairness and equity for all employees. All employees and workers are paid wages which are well above the minimum wages notified as per local laws. We also ensure that contractors are making payments to their workforce as per defined minimum wages. 100% employees are covered as part of collective bargaining agreement.

At Mahindra Sanyo, we recognize the fact that continual training and skill development are critical for the growth of the employees as well as the organization. Keeping this in view, we conduct regular training programs for officers and workmen through internal and external professionals, experts in various areas of operations and selectively sends officers to attend Business Education Programs of reputed Institutions to improve their skills and knowledge. Our approach to imparting training is participative in nature and we actively seek feedback from employees and their managers to ascertain the training needs and setup training calendar accordingly. Training Needs Identification (TNI) exercise along with PMS is conducted before start of every new performance cycle. The Head of Department or Reporting Manager has been assigned the responsibility for identifying the training needs for employees after discussing the performance and skill required. Different types of trainings which are conducted are:

|  |
|--|
| Human rights at workplace              |
| First aid awareness                    |
| Safety Awareness & Disaster Management |
| OHSAS & EMS Awareness                  |
| Health Awareness                       |
| Positive Work Culture                  |
| TPM, TMW, 5S, QC, FMEA, POKA YOKE      |
| Company Vision Mission                 |

We have sound training evaluation system. In addition to immediate training feedback of every training, Post training evaluation is conducted for all trainings after three months. Employees are assessed on a six point scale by their respective Head of Departments on various parameters like employee's performance improvement, change in attitude, behaviour and use of acquired skills. We have developed a rating index for evaluating effectiveness of the training. Every training undergone by an employee is rated on this scale and the outcome allows us to decide on whether there is need for retraining or if any improvement plan is required. Such an objective approach has allowed us to take informed decisions to meet the training needs which are aligned with business requirements and employee aspirations.





| Employee Training    | Hours of Training |        | Employees |        | Average Training Hours per Employee |        |
|----------------------|-------------------|--------|-----------|--------|-------------------------------------|--------|
|                      | Male              | Female | Male      | Female | Male                                | Female |
| Fixed Term Contract  | 0                 | 0      | 11        | 2      | 0.00                                | 0.00   |
| Junior Management    | 3176              | 26     | 396       | 3      | 8.2                                 | 8.67   |
| Middle Management    | 2416              | 2      | 66        | 0      | 36.61                               | -      |
| Others               | 494               | 76.5   | 110       | 3      | 4.49                                | 25.50  |
| Senior Management    | 1810              | 0      | 18        | 0      | 100.56                              | -      |
| Third Party Contract | 2457              | 0      | 1228      | 3      | 2.00                                | 0.00   |
| Workmen              | 1667              | 0      | 377       | 0      | 4.42                                | -      |

The approach towards skill development at Mahindra Sanyo has been centred on the objective of enabling the employees to continue learning and gain knowledge in their field of work. To this effect, additional qualification scheme has been introduced for employees to acquire additional qualification like energy manager and auditor's certification. In addition to skill mapping and assessment on yearly basis (to identify skill gaps of all employees), we are developing skills required for steel industry in students of local ITIs under MPTA scheme. Validation of the commitment and skills of the youngsters is evident from the fact that till date, 63 ITI graduates have been absorbed as permanent employees by Mahindra Sanyo.

Mahindra Sanyo values the fact that periodic, transparent and fair review and evaluation of the employees' performance is important towards ensuring their professional growth. To achieve this, we have developed KRA methodology to set targets and evaluate the employees against them. All executive employees are covered under this program. Reporting Managers are advised to have a performance discussion with employee before evaluating to understand the actual performance. Employees also undergo mid-year assessment to understand the track of identified KRAs or any change in KRAs.

All permanent employees and contract workmen are covered under PF Act, Gratuity & Various Insurance scheme. Subsidised canteen food and other facilities are provided to all permanent employees and contract workmen. We are also providing accommodation facility within our campus to permanent employees.

We have devised human Resources policies that are comprehensive and based on the best of the prevailing HR practices. The performance evaluation and management process continues to be the backbone of all HR activities and is based on an appropriate goal-setting process.

We encourage all employees and workers to participate in fair and transparent feedback system called "BindassBol" (talk candidly) for sharing views, concerns and opinions.



# Safety

# Safety

We have developed a comprehensive safety management system in order to ensure a safe workplace for every employee. As a matter of fact, it is our philosophy that nothing is more important than the safety and health of the employee who work at Mahindra Sanyo. This philosophy of ours is demonstrated through the safety and health principles which we have adopted and have embedded in our day-to-day activities:

- All injuries and work-related illness can and must be prevented.
- Management is responsible and accountable for safety and health performance.
- Employee engagement and training is essential.
- Safety is a condition of employment.
- Excellence in safety and health supports the business results.
- Safety and health must be integrated in all business management processes.

In order to continually evaluate our working conditions and resolve any observed issues before they result in an accident, we conduct safety inspection and audits on periodic basis. These are carried out not only by our internal teams but we also engage external agencies for the same. Having been certified as per OHSAS 18001 and ISO 14001 EMS, we conduct external audits on annual basis while internal audits are conducted twice a year. We also regularly arrange safety awareness trainings and workshops such as disaster management, safety at workplace and home for all employees, families and contract workmen. In order to inculcate safe working practices among employees and make safe working culture as part of the routine, safety month, fire safety month and environment day are organised every in the month of March, April and June respectively. We also organise refresher safety trainings and monthly safety reviews as per schedule. We are tracking all safety related parameters through well-defined systems. These are reported below. We are also tracking absenteeism related data periodically but it is not available currently as per the requirements of GRI guidelines. We would be reporting this in the future reports.

| Safety Statistics (2014-15)                                 | Gender | Permanent Employees | Contract Employees | Others   |
|---|--------|---------------------|--------------------|----------|
| <b>Manhours Worked (hrs)</b>                                | Male   | 21,81,504           | 31,55,152          | 1,90,320 |
|   | Female | 8,944               | 10,192             | 624      |
| <b>Accidents (numbers)</b>                                  | Male   | 1                   | 8                  | 0        |
|   | Female | 0                   | 0                  | 0        |
| <b>Lost Days (days)</b>                                     | Male   | 120                 | 375                | 90       |
|   | Female | 0                   | 0                  | 0        |
| <b>Fatalities (numbers)</b>                                 | Male   | 0                   | 0                  | 0        |
|   | Female | 0                   | 0                  | 0        |
| <b>Lost Time Injury Rate<br/>(per million hours worked)</b> | Male   | 0.46                | 2.53               | 0        |
|   | Female | 0                   | 0                  | 0        |
| <b>Lost Day Rate<br/>(per million hours worked)</b>         | Male   | 55.01               | 118.85             | 472.89   |
|   | Female | 0                   | 0                  | 0        |



Realising that the ethos of safe working practices need to become instinctive in nature for employees, we have constituted Central Safety Committee as well as setup several Cross Functional Teams comprising of senior, middle, junior management employees and workmen. Central Safety committee comprises of representative from Trade Unions members and committee leaders. They are involved in planning and implementation of various safety initiatives and organizing of Safety & Fire months. They also undergo on site and off site safety training. The committee is involved in planning and execution of safety initiatives at departmental and organizational level.





## Preserving Biodiversity

Mahindra Sanyo's manufacturing facility is located at the base of Sahyadri Mountains in Khopoli which comes under the Khalapur Taluka of Raigad District in Maharashtra. The lush green campus of Mahindra is surrounded by wide variety of plant, animal and microbial species. The region is part of Western Ghats of India and is known for its rich biodiversity. A wide variety of flora species ranging from algae, fungi, herbs, shrubs and trees can be found in the campus of Mahindra. Most commonly occurring trees in the campus include Mango, Jamun, Rain Tree, Ashok, Peepal, Karanj, Gulmohar, Nilgiri, Acacia, Babul, Jackfruit, etc. Apart from the wide variety of species growing in natural environment there are small patches of the garden within the entire campus that contains a number of plants which are grown and maintain by several gardeners assigned specially for their maintenance. This includes plant such as

Banana, Mariegold, Shrubs, and Bougainvillea, wild variety of plant species and many others plants of aesthetic value.

There are several small gardens outside the Blooming Mill where around 20 varieties of tree species are growing including herb, shrub and trees. Apart from varied shrubs and trees growing in the entire campus there are several variety of creepers growing alongside the walls and on trees as parasites. These are also known for improving the aesthetic beauty of surroundings.

We maintain a nursery with our campus which has all the species of plants growing in the campus including Teak, Peepal, Gulmohar, Mango, Mariegold, etc. It covers all the plants growing within the premises of Mahindra that ranges from small sized shrubs including bougainvillea to large sized trees including Eucalyptus, Banyan and Rain Tree.

Setting up of this small biodiversity park is our humble effort towards preserving the natural treasure which has been bestowed in the region.



## Supplier Assessment

Mahindra Sanyo Special Steel believes in the sustainable business. The aim is to act responsibly and be accountable for our actions. That is why, we at our operations try our best to have a positive and long lasting impact on the three important aspects: **Environment Sustainability, Social Sustainability and Governance (ESG).**

The aim is not just to identify the hotspots and improvement opportunities or to manage risks in supply chains. The participation and support allows for identifying the positive impacts and how these positivity's can be strengthened, while the risks of negatives can be better managed. In that way it can be a source of inspiration for product innovation business driver and sustainability.

As a policy to engage with our stakeholders specially our suppliers we have made them sign and agree to our Supplier's Code of Conduct (COC). This practice has been adopted for all the new suppliers added during the year 2014-15.

We expect our supplier's to comply with these requirements as a condition to do business with MSSSPL. We have a huge bank of suppliers and every year suppliers are shortlisted for the audit on the basis on the share of business or the nature of business. In case of nature of business priority is given to the suppliers who are manufacturers than traders. For the year 14-15 on the same parameters 53 suppliers were shortlisted out of which 23 (43%) were taken up as a task for audit and development.

Once the supplier qualifies the product sample test and other preliminary enquiry and scrutiny only then they are considered to be a permanent supplier. Once eligible to be taken in as the approved supplier, they are made to sign the Code of Conduct which is a comprehensive document of the working procedures and priorities with MSSSPL. The Code of Conduct in its broad purview contains "Minimum Standards" & "Qualifying Standards".

The standards are grouped into three main areas: **Environment; Labour & Business Ethics.** Components of Child labour, Discrimination, Forced Labour, Harassment or Inhumane treatment, Working hours & Salary, Health & Safety Anti-Bribery, Conflict of Interest, Gifts & Hospitality, Right to privacy, Information Security, Emergency Preparedness Planning, Chemicals & Hazardous material, Air emissions, Greenhouse gas emissions, Minimize waste Maximize recycling etc.

In case the suppliers are identified of non-compliance over the qualifying standards while signing the contract they are expected to have targets and action plan for reaching the qualifying standards and in the process we work sincerely with our suppliers to help them bridge the gaps and reach the targeted goals

The supplier's capacity building on various issues new to them is taken care off and they are motivated and encouraged through the timely recognitions and awards. The capacity building of the suppliers in past has been taken up the company along with collaboration with the BSI. In fact the company has its own internal auditors trained on BS8903. The company also has its auditing SAQ's prepared with the help of BSI.

Besides supply chain policy the interaction with the suppliers down all the tiers gradually is in tune with the **Vision** of the company **"To be most admired, successful and socially responsible steel manufacturer in the country by 2019".**

## Economic Performance

In the past three to four years, the continuing global issues such as slow growth in developed economies and a cooling of emerging economies have severely impacted the steel industry. Global overcapacity coupled with stiff competition from cheaper imports and from domestic producers have resulted in excess supply which is keeping the product cost low.

As a result, the Steel business continues to increase its focus on exploring business opportunities in the Tool and dies; Oil, Gas & Mining and Power generation sectors both domestically and for exports. New areas like renewable energy sector are also being explored. Similarly the Rings business is also focusing on improving its export business by adding new international overseas Original Equipment Manufacturer (OEM) of Bearings. These OEMs prefer our Rings since we have an advantage of captive steel source and the approval of steel and rings can happen together. We are committed to achieve the stated objectives productivity and enhancement of both cost and quality to international standards to enable it to achieve its full business potential.

The overall scenario is expected to improve in near future with Indian demand expected to drive the growth. After two years of contraction, steel demand is likely to improve thanks to a rise in demand from the automobile sector and recovery in the construction industries, prospects look brighter for steel industry in the years to come. The World Steel Association expects continued recovery in steel demand in 2014 and projects global steel usage to increase 4% in 2015. Improving demand is also expected to perk up steel prices.

| Economic Performance (million ₹) | 2013-14 | 2014-15 |
|----------------------------------|---------|---------|
| Revenues                         | 7695    | 9277    |
| Operating Costs                  | 7415    | 8869    |
| Employee Wages and Benefits      | 556     | 576     |
| Payment to Providers of Capital  | 0       | 0       |
| Payments to Government           | 14      | 19      |
| Community Investments            | 0       | 0       |
| Economic Value Distributed       | 7986    | 9464    |
| Economic Value Retained          | -291    | -187    |





# Social Responsibility



## Social Responsibility

We take our commitment to social responsibility very seriously. Our CSR commitments are diverse and span the fields of health, education and women's empowerment. We are fully aware of our responsibilities towards the society and the community members residing in the vicinity of our operations. We have established a structured mechanism for ensuring periodic dialogue with communities and regularly take their feedback in terms of needs, expectations and concerns. Our CSR activities are driven by the requirements of the needy and we ensure that benefits are reaching the last mile by monitoring and reviewing the progress at regular intervals.

### Health-related CSR initiatives

Our employees are our most valuable resources. We constantly strive to better the social living statuses of our employees and their families with easily accessible world-class medical treatments and frequent medical check-ups. To this end, the Company has a well-equipped in-house medical centre, housing a full time doctor,



a part-time doctor, three assistants, a pharmacist, an attendant and an ambulance. Our employees and their family members can avail this medical care, thus resulting in a healthy workforce, high employee engagement, and improved productivity.

Mahindra Sanyo has contracted with some of the most renowned medical institutions, like the Ruby Hall Clinic (Pune), Dhirubhai Ambani Hospital (Lodhivali) and Nanavati Hospital (Mumbai) for treatments for major illnesses, and Sancheti Hospital (Pune), Hardikar Hospital (Pune) and Purohit Hospital (Panvel) for trauma-related cases.

We understand the importance of being proactive in our health measures. We unfailingly conduct frequent health camps for free medical check-ups of our employees and their family members. We attempt to shield our employees from contracting occupational diseases on our premises by taking pre-emptive and precautionary measures. These health camps provide us the opportunity to constantly monitor employees engaged in dangerous work. We also conduct regular health awareness programs for employees and their family members.

### Education-related CSR initiatives

We show our concern and gratitude to the local community by focusing our efforts on its holistic growth primarily through education and other various skill-building measures. We have undertaken numerous high-impact social activities to shape the lives of countless children by empowering them with quality education.

From providing the young in our community ready access to education with JCMM school, to introducing the Earn and Learn Scheme for ITI students, we aim to be a positive influence for all students within the community throughout their learning years.



### Women's Empowerment

Proactive efforts are made Mahindra Sanyo to encourage, catalyse and provide women from the community around the plant toward undertaking steady income generation activities. The purpose is to help women, often a marginalized section of the society, to secure sustainable livelihood opportunities.

The Company accomplishes this by

- Empowering employees' spouses to form MahilaBachat Gats (Ladies Small Group Activities), which are supported by the company
- Encouraging small business enterprises to be run and managed by women
- Purchasing food items from the Mahila Bachat Gats for the Mahindra Sanyo canteen



### Employee Social Options (ESOPs)

An organization's output is only the sum total of its employee's endeavours. Our family of associates mirror our commitment for the betterment of the society of which we are an integral part of. Our Employee Social Options Program is designed to connect our associates with our fellow in-need citizens and the underprivileged section of the society. It is an ongoing initiative through which our employees make a significant contribution to many lives.

Our employees can opt to focus their activities around the needs of health, education and environment apart from taking up several local initiatives over the year. From generously donating money and belongings to helping children with their educational needs, our employees continuously strive to create a lasting impact with their various social endeavours.







# Product Stewardship



## Product Stewardship

Our commitment towards delivering highest quality product is summarised in our mission statement: “To supply high quality special steels to meet growing demand and to contribute to customers’ competitiveness”

Our core value proposition continues to be the quality leader in its chosen market segments. The inherent product quality is tailored to the target segment as the demanded quality characteristics vary by the end user requirements. The quality consistency in turn improves product performance at customers’ end thereby becoming the key value driver for customer satisfaction. We periodically take feedback from customers of comprehensive set of parameters such as and the customer satisfaction scores have been above our benchmark, with mean score being 8.02 out of 10, for the reporting period. We are also aware of the concerns of customers related to the critical products and custom specifications which they share with us. We have a systematic framework to ensure that none of the critical specifications are compromised. There have been no complaints of customer privacy breach during 2014-15.

In order to achieve and maintain our leadership in market the top management has lined up the following measures to achieve the said targets as follows

- To Brand our products & Company to outside world as a socially responsible company.
- To Collate & understand various initiatives under sustainability
  - Internal capacity building between team members.
  - Develop organizational awareness through training on sustainability initiatives.
- Identify & develop environmental friendly products through Innovation.
- To certify these environmental friendly products as ‘Green products’.
- Keep a track on competition about Product Responsibility Initiatives.

We understand that in a constantly evolving market, we need to upgrade our technology to meeting the demands of our customers. We have hence taken several proposed developments initiatives such as:

- Modernisation of QA laboratory through installation of new analytical instruments like carbon-sulphur apparatus and XRF
- Installation of advanced AMLC in line with available technology for continuous casting process modernisation and CC bloom quality improvement
- Installation of casting trolley for quality improvement of bottom pouring products

As a result of having adopted modern and efficient technologies, we have been able to derive several benefits. Some of the modern technology adoptions and accrued benefits are as follows:

- New Hardening and tempering furnaces: This will help to achieve homogeneity in structure and properties
- Installation of automatic ultrasonic testing setup: For enhancement in capacity and quality of ultrasonic testing
- Use of bio-diesel in place of LDO: Cost reduction
- Oxy-fuel in steel re-heating furnaces: Cost reduction, less burning losses



# Abbreviations

|        |  |
|--------|--|
| AMLC   | Automatic Mould Level Controller                         |
| BHAG   | Big Hairy Audacious Goals                                |
| CC     | Continuous Cast  |
| CGHCP  | Corporate GreenHouseGas Policy                           |
| CII    | Confederation of Indian Industry                         |
| COC    | Code of Conduct  |
| CSR    | Corporate Social Responsibility                          |
| CTP    | Customer Touch Point                                     |
| DRI    | Direct Reduced Iron                                      |
| EAF    | Electric Arc Furnace                                     |
| EMS    | Environment Management System                            |
| FMEA   | Failure Mode Effects Analysis                            |
| FY     | Financial Year   |
| GHG    | Green House Gases  |
| HR     | Human Resources  |
| HTFS   | Heat Treatment & Finishing Shop                          |
| IPCC   | Intergovernmental Panel on Climate Change                |
| ITI    | Industrial Training Institute                            |
| JCMM   | Jagdish Chandra Mahindra Memorial                        |
| JV     | Joint Venture  |
| KRA    | Key Result Areas   |
| LDO    | Light Diesel Oil   |
| MCARES | Mahindra Career Alignment Recognition Empowerment Strive |
| MDG    | Millennium Development Goals                             |
| MIQ    | Mahindra Institute of Quality                            |
| MTPA   | Metric Tons Per Annum                                    |
| MT     | metric ton   |
| NAPCC  | National Action Plan on Climate Change                   |
| NSDC   | National Skill Development Corporation                   |
| NVG    | National Voluntary Guidelines                            |

|       |   |
|-------|---|
| OEM   | Original Equipment Manufacturer                         |
| OHSAS | Occupational Health and Safety Assessment Specification |
| PF    | Provident Fund  |
| PV    | Photo Voltaic   |
| QA    | Quality Assurance                                       |
| QC    | Quality Control   |
| SAQ   | Supplier Assessment Questionnaire                       |
| SASB  | Sustainability Accounting Standards Board               |
| SCADA | Supervisory Control and Data Acquisition                |
| SOB   | Share of Business                                       |
| STP   | Sewage Treatment Plant                                  |
| TERI  | The Energy Research Institute                           |
| TMW   | The Mahindra Way  |
| TNI   | Training Needs Identification                           |
| TPM   | Total Productive Maintenance                            |
| UNGC  | United Nations Global Compact                           |
| WBCSD | World Business Council for Sustainable Development      |
| WRI   | World Resources Institute                               |
| XRF   | X-Ray Fluorescence                                      |





# Independent Assurance Statement

## Introduction & Engagement

TÜV India Private Limited was commissioned by Mahindra Sanyo Special Steels Private Limited (hereafter MSSSPL 'the Company') Management to carry out an independent assurance engagement on the company's sustainability report (hereinafter 'the Report'). This assurance engagement has been conducted against the Global Reporting Initiative (GRI G4) - Sustainability Reporting Guidelines & AA1000AS (2008) Protocol for verification of the Sustainability Report. The verification was conducted in February-March 2016. MSSSPL opt for external assurance first time for FY 2014-2015. The Report covered the sustainability initiatives taken by MSSSPL for the Period 01 April 2014 to 31 March 2015.

TÜV 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 & reporting the information presented in the web based & printed Reports, including the website maintenance & its integrity. TÜV responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative & qualitative information (sustainability Performance) disclosed by the management in the Report. This assurance engagement is based on the assumption, that the data & the information provided to TÜV are complete & true.

## Scope, boundary & limitations of Assurance

The scope of the assurance includes the Economic, Environmental & Social disclosures in the report as per Core disclosures required in GRI G4; In particular the assurance engagement included the following:

- Verification of the application of Report content, principles as mentioned in GRI G4 & the quality of information presented in the Report over the reporting period (01 April 2014 to 31 March 2015)
- Review of the policies, initiatives, practices & performance described in the Report
- Review of the disclosures made in the Report against the requirements of GRI G4 & AA1000AS (2008), with a type 01, moderate level of assurance
- Verification of the reliability of GRI G4 Performance Indicators
- Specified information is selected based on materiality determination & meaningful to the intended users
- Confirmation of the fulfilment of GRI G4 guidelines; 'in accordance' Core criteria, as declared by the management of MSSSPL

The reporting boundary is based on the internal & external materiality assessment predominately covering the MSSSPL, Khopoli, District Raigad, Maharashtra plant including the key supply chain activities. The reporting aspect boundaries are as set out in the Report covering the sustainability performance of MSSSPL. As part of sustainability verification, TÜV's assurance team visited MSSSPL, Khopoli, Dist. Raigad, Maharashtra, India in February 2016.

Our engagement did not include assessment of the adequacy or effectiveness of MSSSPL's strategy or management of sustainability related issues & during the assurance process, TÜV 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 & referred in the report & was not included in the scope & boundary of verification & assurance. No external stakeholders were interviewed as a part of the sustainability engagement for the period 2014-15.

## Verification Methodology

This assurance engagement was planned & carried out in accordance with the GRI G4 & AA1000AS (2008). The Report has been evaluated against the following criteria:

- Adherence to the principles of Stakeholder inclusiveness, Materiality, Responsiveness, Completeness, Reliability & Neutrality; as prescribed in GRI G4 & AA1000AS (2008)

## Sustainability Assurance Service



- Application of the principles & requirements of GRI G4 for its 'in accordance' Core criteria, including the material aspects of the Metals & Mining Sector Disclosures

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

- TÜV reviewed the approach adopted by MSSSPL for stakeholder engagement & materiality determination process
- TÜV verified the sustainability-related statements & claims made in the Report & assessed the robustness of the data management system, information flow & controls
- TÜV examined & reviewed documents, data & other information made available by MSSSPL for the reported disclosures including Disclosure of Management Approach & performance indicators
- TÜV Conducted interviews with key representatives including data owners & decision-makers from different functions of the Company during the site visit (February 2016)
- TÜV performed the sample-based reviews of the mechanisms for implementing the sustainability related policies, as described in the sustainability Report of MSSSPL
- TÜV verified sample-based checks of the processes for generating, gathering & managing the quantitative data & qualitative information included in the Report for the reporting period
- TÜV performed limited internal stakeholder engagement to verify the qualitative statements made in the report

### Opportunities for Improvement

The following is an extract from the observations & opportunities for improvement reported to the Management of MSSSPL & are considered for drawing our conclusion on the Report; however they are generally consistent with the Management's objectives: extend the materiality determination system & continuously monitor & evaluate the material issues at site level.

#### Opportunities are as follows:

- Sustainability – Establishment & implementation of System Management, documentation & effective implementation, Integration with existing ISO system
- Strengthen the systematic data monitoring & verification mechanisms to cover all performance indicators across the value chain, which will assist in further improving the quantitative & qualitative data for sustainability reporting
- Initiative for optimizing the specific fuel/electricity/water consumption & strive for Carbon Neutrality
- The procedure of stakeholder engagement can be strengthen to address feedback mechanism
- System documentation of Social Aspect needs to strengthen
- Company may refer schedule VII of the companies act 2013 for future scaling up of CSR activities

### Conclusions

The Sustainability Report 2014-15 is prepared based on GRI G4 Reporting Principles & Standard Disclosures for 'in accordance' GRI G4 Core. In our opinion, based on the scope of this assurance engagement, the disclosures on sustainability performance reported in the Report along with referenced information provides a fair representation of the material aspects, related strategies, performance indicators & meets the general content & quality requirements of GRI G4- Core.

- **General Standard Disclosures:** TÜV are of the opinion that the reported disclosures generally meet the GRI G4 reporting requirements for 'in accordance' Core reporting
- **Specific Standard Disclosures:** TÜV are of the opinion that the reported disclosures generally meets the GRI G4 reporting requirements for 'in accordance' Core based on GRI G4 covering generic Disclosures on Management Approach (DMAs) & Performance Indicators for identified material Aspects as below:

#### Economic

|         |  |
|---------|--|
| G4 EC 1 | Direct Economic Value Generated & Distributed  |
| G4 EC 5 | Ratio of Standard Entry Level Wage by Gender Compared to Local Minimum Wage at Significant Locations of Operations |





### Sustainability Assurance Service

#### Environmental

|          |  |
|----------|--|
| G4 EN 1  | Materials used by Weight or Volume   |
| G4 EN 3  | Energy Consumption within in the Organization  |
| G4 EN 8  | Total water Withdrawal by Source   |
| G4 EN 15 | Direct Greenhouse Gas (GHG) Emissions (Scope 1)  |
| G4 EN 23 | Total Weight of waste by Type & Disposal Method  |
| G4 EN 27 | Extent of Impact Mitigation of Environmental Impacts of Products & services  |
| G4 MM 2  | The number & Percentage of total sites identified as requiring Biodiversity Management Plans according to the stated Criteria & number & Percentage of those sites with Plans in Place |
| G4 EN 32 | Percentage of New supplier screened using Environmental Criteria   |
| G4 EN 33 | Significant Actual & Potential Negative Environmental Impacts in Supply Chain & Actions Taken  |

#### Social

##### Labor Practices & Decent Work

|          |   |
|----------|---|
| G4 LA1   | Total number & Rates of New Employee Hires & Employee Turnover by age Groups, Gender & Region   |
| G4 LA5   | Percentage of total workforce in joint Management – Worker health & safety committees that help & Monitor & advise an Occupational health & safety programs |
| G4 LA6   | Type Of Injury And Rates Of Injury, Occupational Diseases, Lost Days, And Absenteeism, And Total Number Of Work-Related Fatalities, By Region And By Gender |
| G4 LA7   | Workers with high incidence or high Risk of Diseases Related to their occupation  |
| G4 LA 8  | Health & Safety Topics Covered in Formal Agreements with Trade Unions   |
| G4 LA 9  | Average Hours Of Training Per Year Per Employee By Gender, And By Employee Category   |
| G4 L A14 | Percentage Of New Suppliers That Were Screened Using Labor Practices Criteria   |
| G4 MM4   | Number Of Strikes And Lock-Outs Exceeding One Week's Duration, By Country   |

##### Human Rights

|         |   |
|---------|---|
| G4 HR 1 | Total Number & Percentage of Significant Investment Agreements & Contracts that Include Human Right Clauses or that underwent Human Right Screening |
| G4 HR10 | Percentage of New Suppliers that were screened using Human Rights Criteria  |

##### Society

|        |  |
|--------|--|
| G4 SO1 | Percentage Of Operations With Implemented Local Community Engagement, Impact Assessments, And Development Programs |
|--------|--|

##### Product Responsibility

|        |   |
|--------|---|
| G4 PR5 | Results of Survey measuring Customer Satisfaction   |
| G4 PR8 | Total number of substantiated Complaints regarding Breaches of customer Privacy & Losses of Customer Data |

TÜV have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' & 'Needs Improvement'

**Stakeholder Inclusiveness:** The stakeholder identification & engagement process is well documented & implemented through the MSSSPL Sustainability Assurance Programme & the Report brings out key stakeholder concerns as material aspects of significant stakeholders. In our view, the level at which the Report adheres to this principle is **Acceptable**.

**Materiality:** The process of materiality assessment has been carried out based on the requirements of GRI G4, considering Aspects that are internal & external to the Company's range of business. The Report fairly brings out aspects & topics & its respective boundaries for the diverse operations of MSSSPL. In our view, the level at which the Report adheres to this principles is **Good**.

**Responsiveness:** TÜV consider that the responses to material aspects are fairly articulated in the report i.e. disclosures on MSSSPL's policies & management systems including governance. In our view, the level at which the Report adheres to this principle is **Acceptable**.

**Completeness:** The Report has fairly disclosed the General & Specific Standard Disclosures including the Disclosures on Management Approach covering the sustainability strategy, management approach, monitoring systems & sustainability performances indicators against the GRI G4, 'in accordance' Core option. In our view, the level at which the Report adheres to this principle is **Acceptable**.

## Sustainability Assurance Service



**Reliability:** The majority of data & information verified at the MSSSPL's Office in the factory premises by TÜV's assurance team & found fairly accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation & aggregation errors & these errors have been corrected. Hence, in accordance with GRI G4 & AA1000AS (2008) for a type O1, moderate level assurance engagement, TÜV conclude that the sustainability data & information presented in the Report is fairly reliable & acceptable. In our view, the level at which the Report adheres to this principle is **Acceptable**

**Neutrality:** The disclosures related to sustainability issues & performances are reported in a neutral tone, in terms of content & presentation. In our view, the level at which the Report adheres to this principle is **Acceptable**.

### TÜV's Competence & Independence

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

For & on behalf of TÜV India Private Limited

Manojkumar Borekar  
Project Manager & Reviewer  
Head – Sustainability Assurance Service  
TÜV India Private Limited



Date: 28 March 2016  
Place: Pune



# GRI G4 Content Index



| General Standard Disclosures                      |          |                    |  |
|---|----------|--------------------|--|
| General Standard Disclosures                      | Page no. | External Assurance | Description  |
| <b>Strategy and Analysis</b>                      |          |                    |  |
| G4-1  | 3        | 49-52              | Statement from the most senior decision-maker of the organization.   |
| <b>Organisational Profile</b>                     |          |                    |  |
| G4-3  | 7        | 49-52              | Name of the organization.  |
| G4-4  | 8        | 49-52              | Primary brands, products, and/or services.   |
| G4-5  | 7        | 49-52              | Location of organization's headquarters.   |
| G4-6  | 7-8      | 49-52              | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. |
| G4-7  | 7        | 49-52              | Nature of ownership and legal form.  |
| G4-8  | 8        | 49-52              | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).   |
| G4-9  | 5,7      | 49-52              | Scale of the reporting organization.   |
| G4-10   | 31       | 49-52              | The total number of employees by employment contract and gender  |
| G4-11   | 32       | 49-52              | The percentage of total employees covered by collective bargaining agreements  |
| G4-12   | 7,38     | 49-52              | The organization's supply chain  |
| G4-13   | 7        | 49-52              | Significant changes during the reporting period regarding size, structure, or ownership.   |
| G4-14   | 9-11     | 49-52              | Whether and how the precautionary approach or principle is addressed by the organization   |
| G4-15   | 11       | 49-52              | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses                                   |
| G4-16   | 15       | 49-52              | Memberships of associations (such as industry associations) and national or international advocacy organizations   |
| <b>Identified Material Aspects and Boundaries</b> |          |                    |  |
| G4-17   | 7        | 49-52              | All entities included in the organization's consolidated financial statements or equivalent documents  |
| G4-18   | 19-20    | 49-52              | The process for defining the report content and the Aspect Boundaries  |
| G4-19   | 21       | 49-52              | All the material Aspects identified in the process for defining report content   |
| G4-20   | 20       | 49-52              | For each material aspect, whether the Aspect is material within the organization   |

| General Standard Disclosures  | Page no.        | External Assurance | Description  |
|-------------------------------|-----------------|--------------------|--|
| G4-21                         | 20              | 49-52              | For each material aspect, whether the Aspect is material outside the organization  |
| G4-22                         | No restatements | 49-52              | The effect of any restatements of information provided in previous reports, and the reasons for such restatements  |
| G4-23                         | 7               | 49-52              | Significant changes from previous reporting periods in the Scope and Aspect Boundaries   |
| <b>Stakeholder Engagement</b> |                 |                    |  |
| G4-24                         | 18              | 49-52              | List of stakeholder groups engaged by the organization   |
| G4-25                         | 19-20           | 49-52              | Basis for identification and selection of stakeholders with whom to engage   |
| G4-26                         | 18-20           | 49-52              | Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group  |
| G4-27                         | 18              | 49-52              | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting         |
| <b>Report Profile</b>         |                 |                    |  |
| G4-28                         | 7               | 49-52              | Reporting period (such as fiscal or calendar year) for information provided  |
| G4-29                         | 7               | 49-52              | Date of most recent previous report (if any)   |
| G4-30                         | 7               | 49-52              | Reporting cycle (such as annual, biennial)   |
| G4-31                         | 8               | 49-52              | The contact point for questions regarding the report or its contents   |
| G4-32                         | 7               | 49-52              | The 'in accordance' option the organization has chosen, the GRI Content Index for the chosen option, the reference to the External Assurance Report, if the report has been externally assured |
| G4-33                         | 7               | 49-52              | Organization's policy and current practice with regard to seeking external assurance for the report  |
| <b>Governance</b>             |                 |                    |  |
| G4-34                         | 13-14           | 49-52              | The governance structure of the organization, including committees of the highest governance body  |
| <b>Ethics &amp; Integrity</b> |                 |                    |  |
| G4-56                         | 14,             |                    |  |
| <b>MSSSPL Website</b>         | 49-52           |                    | The organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics   |

| General Standard Disclosures                  |          |           |                    |   |
|---|----------|-----------|--------------------|---|
| DMA and Indicators                            | Page no. | Omissions | External Assurance | Description   |
| <b>Category: Economic</b>                     |          |           |                    |   |
| <b>Material Aspect: Economic Performance</b>  |          |           |                    |   |
| G4 DMA  | 39       | -         | 49-52              | Disclosure on Management Approach   |
| G4 EC1  | 39       | -         | 49-52              | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. |
| <b>Material Aspect: Market Presence</b>       |          |           |                    |   |
| G4 DMA  | 32       | -         | 49-52              | Disclosure on Management Approach   |
| G4 EC5  | 32       | -         | 49-52              | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.  |
| <b>Category: Environmental</b>                |          |           |                    |   |
| <b>Material Aspect: Materials</b>             |          |           |                    |   |
| G4 DMA  | 23-24    | -         | 49-52              | Disclosure on Management Approach   |
| G4 EN1  | 24       | -         | 49-52              | Materials used by weight or volume.   |
| <b>Material Aspect: Energy</b>                |          |           |                    |   |
| G4 DMA  | 24-25    | -         | 49-52              | Disclosure on Management Approach   |
| G4 EN3  | 25       | -         | 49-52              | Energy consumption within the organisation  |
| <b>Material Aspect: Water</b>                 |          |           |                    |   |
| G4 DMA  | 29       | -         | 49-52              | Disclosure on Management Approach   |
| G4 EN8  | 29       | -         | 49-52              | Total water withdrawal by source.   |
| <b>Material Aspect: Emissions</b>             |          |           |                    |   |
| G4 DMA  | 25-27    | -         | 49-52              | Disclosure on Management Approach   |
| G4 EN15                                       | 27       | -         | 49-52              | Direct greenhouse gas emissions (Scope 1)   |
| <b>Material Aspect: Effluents and Waste</b>   |          |           |                    |   |
| G4 DMA  | 30       | -         | 49-52              | Disclosure on Management Approach   |
| G4 EN23                                       | 30       | -         | 49-52              | Total weight of waste by type and disposal method.  |
| <b>Material Aspect: Products and services</b> |          |           |                    |   |
| G4 DMA  | 23,45    | -         | 49-52              | Disclosure on Management Approach   |
| G4 EN27                                       | 23,45    | -         | 49-52              | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.  |

| DMA and Indicators                                     | Page no. | Omissions | External Assurance | Description   |
|--|----------|-----------|--------------------|---|
| <b>Supplier Environmental Assessment</b>               |          |           |                    |   |
| G4 DMA   | 38       | -         | 49-52              | Disclosure on Management Approach   |
| G4 EN32  | 38       | -         | 49-52              | Percentage of new suppliers that were screened using environmental criteria   |
| <b>Category: Social</b>                                |          |           |                    |   |
| <b>Labour Practices and Decent Work</b>                |          |           |                    |   |
| <b>Material Aspect: Employment</b>                     |          |           |                    |   |
| G4 DMA   | 31       | -         | 49-52              | Disclosure on Management Approach   |
| G4 LA1   | 31       | -         | 49-52              | Total number and rates of new employee hires and employee turnover by age group, gender, and region   |
| <b>Material Aspect: Occupational Health and Safety</b> |          |           |                    |   |
| G4 DMA   | 35-36    | -         | 49-52              | Disclosure on Management Approach   |
| G4 LA6   | 35       | -         | 49-52              | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.                                 |
| <b>Material Aspect: Training and Education</b>         |          |           |                    |   |
| G4 DMA   | 32-33    | -         | 49-52              | Disclosure on Management Approach   |
| G4 LA9   | 33       | -         | 49-52              | Average hours of training per year per employee by gender and by employee category.   |
| <b>Supplier Assessment for Labour Practices</b>        |          |           |                    |   |
| G4 DMA   | 38       | -         | 49-52              | Disclosure on Management Approach   |
| G4 LA14  | 38       | -         | 49-52              | Percentage of new suppliers that were screened using labour practices criteria  |
| <b>Human Rights</b>                                    |          |           |                    |   |
| <b>Material Aspect: Investment</b>                     |          |           |                    |   |
| G4 DMA   | 38       | -         | 49-52              | Disclosure on Management Approach   |
| G4 HR1   | 38       | -         | 49-52              | Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening. |
| <b>Supplier Human Rights Assessment</b>                |          |           |                    |   |
| G4 DMA   | 38       | -         | 49-52              | Disclosure on Management Approach   |
| G4 HR10  | 38       | -         | 49-52              | Percentage of new suppliers that were screened using human rights criteria  |
| <b>Society</b>   |          |           |                    |   |
| <b>Material Aspect: Local Communities</b>              |          |           |                    |   |



| DMA and Indicators                                    | Page no. | Omissions | External Assurance | Description   |
|---|----------|-----------|--------------------|---|
| G4 DMA  | 41-43    | -         | 49-52              | Disclosure on Management Approach   |
| G4 SO1  | 41-43    | -         | 49-52              | Percentage of operations with implemented local community engagement, impact assessments, and development programs. |
| <b>Product Responsibility</b>                         |          |           |                    |   |
| <b>Material Aspect: Product and Service Labelling</b> |          |           |                    |   |
| G4 DMA  | 45       | -         | 49-52              | Disclosure on Management Approach   |
| G4 PR5  | 45       | -         | 49-52              | Results of surveys measuring customer satisfaction.   |
| <b>Material Aspect: Customer Privacy</b>              |          |           |                    |   |
| G4 DMA  | 45       | -         | 49-52              | Disclosure on Management Approach   |
| G4 PR8  | 45       | -         | 49-52              | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.        |





**Mahindra Sanyo Special Steel Pvt. Ltd.**

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