

Supplier Sustainability at Motherson



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Supplier Sustainability at Motherson

Introduction

At Motherson, we are committed to operating our business in a socially and environmentally responsible way. We partner with suppliers who share this commitment and proactively manage their Environmental, Social, and Governance (“ESG”) responsibilities across their value chains. Transparency and collaboration are key to ensuring that our supply chain functions responsibly and sustainably. This document provides a framework that outlines Motherson’s expectations for Supplier sustainability practices and complements the specific Motherson policies that address these areas in greater detail. Suppliers shall comply with all requirements set forth in this framework and the referenced policies as a binding contractual obligation.

As used in this document, ‘**Motherson**’ shall mean and include Samvardhana Motherson International Limited (“**SAMIL**”) and all companies, associate companies, subsidiaries, joint ventures, affiliates, and any other entities directly or indirectly connected to, managed by, or operating under the brand, direction, or control of SAMIL, whether through equity interest, contractual arrangement, or otherwise.

Purpose

The purpose of this Supplier sustainability document is:

- To contribute to improve practice and to avoid and minimize negative environmental or social impacts; and
- To promote ethical business conduct and ensure respect for human rights across the value chain.

Scope

- This document applies to all suppliers, consultants, vendors, dealers, contractors, and service providers (collectively referred to as “**Suppliers**”) who deliver goods or services to Motherson.
- It encompasses both new and existing Suppliers and is applicable throughout the Supplier lifecycle with Motherson i.e., from qualification to supply of goods or services and during ongoing evaluation.

The Group Sustainability, Group Strategic Purchasing and Divisional Purchasing teams of Motherson jointly oversee the implementation and periodic review of this document.

Principles

Motherson’s Supplier sustainability approach is guided by the principles of Environmental, Social, and Governance (“ESG”) responsibility and is fully aligned with the Ten Principles of the United Nations Global Compact (“**UNGC**”) pertaining to human rights, labour, environment and anti - corruption as well as applicable environmental, social, and governance laws and regulations across the jurisdictions in which Motherson operates.

This document integrates and complements Motherson’s existing policies. Suppliers are required to familiarize themselves with these policies and operate in accordance with Motherson’s overarching sustainability commitments.

Supplier Code of Conduct

All Suppliers are required to review, acknowledge, and agree to the Motherson Supplier Code of Conduct as a condition of doing business with Motherson. By agreeing to the Supplier Code of Conduct, Suppliers confirm their understanding of and commit to uphold the principles outlined in it, including compliance with all applicable laws, respect for human rights, protection of the environment, and adherence to the highest ethical standards.

Motherson requires Suppliers to ensure that these same standards are cascaded to their own sub-suppliers and business partners, fostering responsible practices throughout the extended supply chain. Suppliers shall include provisions substantially equivalent to this framework in their written agreements with all sub-suppliers and shall actively monitor and enforce compliance. Suppliers shall provide Motherson with evidence of such compliance, including copies of relevant contractual provisions and monitoring reports, within such time period as may be notified by Motherson to the Supplier. Suppliers shall grant Motherson the right to audit sub-supplier compliance directly where Suppliers fail to provide satisfactory evidence.

Environmental Responsibility:

Suppliers are required to comply with all relevant environmental laws and regulations and to actively minimize their environmental footprint. This includes implementing systems and practices to improve resource efficiency, reduce waste, emissions, and energy consumption, and ensure responsible management of hazardous materials. Suppliers are also encouraged to adopt renewable energy sources, promote circular economy initiatives, and contribute to Motherson's broader objectives of reducing greenhouse gas (GHG) emissions across the value chain, including setting science-based targets where feasible.

Social Responsibility:

Suppliers shall respect and uphold internationally recognized human rights and labour standards, including those set forth in the International Labour Organization (ILO) core conventions and the UN Guiding Principles on Business and Human Rights. Suppliers shall ensure fair treatment of all workers, prohibiting forced, bonded, or child labour, and maintaining safe and healthy working conditions in compliance with applicable occupational health and safety laws, including applicable workplace safety regulations. Suppliers must also uphold freedom of association and collective bargaining rights, promote diversity, and inclusion in the workplace, and contribute positively to local communities.

Ethics and Governance Responsibility:

Suppliers must conduct business with the highest standards of integrity and transparency. They are required to comply with all applicable laws and regulations, including those related to anti-bribery, anti-corruption, and fair competition. Suppliers must respect intellectual property rights, safeguard confidential information, comply with applicable data protection laws and ensure the responsible sourcing of materials. Motherson expects Suppliers to maintain governance systems that align with Motherson's Code of Conduct and support ethical business conduct throughout the supply chain.

Supplier Evaluation and Performance Reporting Process

- As part of the Supplier evaluation process, Motherson assigns appropriate weightage to the social, ethical, and environmental performance of its Suppliers. A detailed assessment is undertaken for critical Suppliers to gain deeper insights into their social, ethical, and environmental business practices. Motherson reserves the right, upon reasonable prior notice, to audit or assess the Supplier's compliance with this Supplier Sustainability Framework, the Motherson Supplier Code of Conduct, and applicable environmental, social, and governance (ESG) requirements. Such audits may be conducted by Motherson or by an independent third party appointed by Motherson.
- The Supplier shall provide full cooperation in connection with any such audit, including granting access to relevant facilities, personnel, records, policies, and documentation reasonably required to verify compliance.
- Suppliers are evaluated by an independent third-party organization (currently **EcoVadis**) using a methodology that covers environmental matters, labor and human rights, ethics, and sustainable procurement. Motherson retains sole discretion over the evaluation process and methodology and any summary of evaluation criteria made available to Suppliers shall be for informational purposes only and shall not create any obligation on Motherson to modify, delay or justify its evaluation outcomes. In cases where a Supplier's score does not meet the expected level, then without prejudice to Motherson's absolute and unconditional right to not proceed with the Supplier or to terminate the engagement at its sole discretion, Suppliers are required to implement corrective actions, as directed by Motherson, and demonstrate measurable improvements within an agreed timeframe.
- In the event a Supplier does not attain a minimum score of **45 / 100** (currently with EcoVadis), corresponding to a '**Good**' performance level, within 12 (twelve) months of the initial assessment, Motherson reserves the right, in its sole discretion, to suspend such Supplier from eligibility for future business until such time as the required performance level is achieved, with Motherson providing notification of such suspension at the time it takes effect.
- Where a third-party evaluation is not available, Suppliers may be requested to complete a self-assessment questionnaire aligned with Motherson's sustainability standards and the UNGC principles. Motherson retains full discretion to determine the scope, format, and content of such questionnaires, and may use, share, and disclose information provided therein for any purpose related to its sustainability framework, including reporting, auditing, regulatory compliance, and group-level oversight.

Responsible Sourcing and Conflict Minerals

Motherson is committed to responsible sourcing of materials and requires its Suppliers to do the same. Suppliers must conduct risk – based due diligence on their supply chains to identify, prevent and mitigate risks in their supply chains, particularly when sourcing from conflict-affected or high-risk areas, in accordance with applicable supply chain due diligence legislation.

Suppliers shall perform such due diligence in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and provide relevant declarations or certifications upon request promptly and in the format specified by Motherson.

Failure to comply with Motherson's policies pertaining to responsible sourcing of materials, including the provisions of the Supplier Code of Conduct or to provide adequate transparency may result in the immediate review, suspension, or termination of the business relationship at Motherson's sole discretion.

Continuous Improvement and Capacity Building

Motherson encourages Suppliers to pursue continuous improvement by setting measurable sustainability goals and integrating ESG considerations into their business strategies. Motherson supports Suppliers through training sessions, knowledge-sharing initiatives, and collaborative programs designed to enhance sustainability capabilities and foster long-term partnerships based on shared values.

Non-Compliance

In the event of non-compliance by Suppliers with Motherson's Environmental, Social, and Governance (ESG) requirements, then without prejudice to Motherson's right to terminate the engagement, the Supplier shall be required to implement appropriate corrective measures within a timeframe to be mutually agreed upon in writing, which shall be reasonable considering the nature and severity of the non-compliance. Motherson will monitor the implementation of these actions to ensure that the necessary improvements are effectively achieved. Should the Supplier fail to demonstrate adequate progress or compliance within the stipulated period, Motherson reserves the right to take appropriate action, which may include temporary suspension, reduction of business allocation, or termination of the business relationship, at Motherson's sole discretion, depending on the severity of non-compliance. Further, in cases of severe violations, constituting good cause for immediate termination, including but not limited to violations related to human rights, abuses, bribery, corruption, fraud, or significant environmental harm that violates applicable environmental laws, Motherson may immediately disqualify the Supplier from any existing or further business engagement, subject to any existing purchase orders and supply agreements, and without liability for any consequential damages to the Supplier arising from such disqualification.

Motherson complies with all applicable laws and regulations governing purchasing and ESG practices. It further maintains systems to measure, monitor, and report its progress toward defined ESG objectives and customer requirements. By implementing this Supplier Sustainability framework, Motherson integrates environmental, social, and governance considerations into its procurement processes, contributes to a sustainable supply chain, and creates positive social and environmental impacts.

Through this global framework, Motherson aligns its diverse supply chain with shared sustainability values while respecting local contexts and regulations. This document complements all other applicable policies, and it shall be adhered to in addition to those policies.

References:

1. [Motherson Group Policies](#)
2. [Motherson Supplier Portal](#)