



**SUPPLY CHAIN POLICY  
OF  
JAYASWAL NECO INDUSTRIES LIMITED**

## Preamble

Jayaswal Neco Industries Limited (hereinafter referred to as 'JNIL', or 'The Company'), considers its supply chain as an integral part of its responsibility with regard to sustainable development. JNIL is committed to the highest standards of ethical conduct and social and environmental responsibility. The Company expects its Suppliers to aspire to these same standards in their business operations and, to have their own documented policies and processes in place addressing the matters detailed herein. Additionally, JNIL expects its suppliers to hold their third parties to the same standards. Accordingly, JNIL has created this Supply Chain Policy ("Policy") which sets out the standards expected of any Supplier doing business with JNIL. This Policy sets forth detailed standards and expectations for each Supplier concerning labour and human rights, health and safety, environmental protection, business ethics and management practices.

## Purpose

The purpose of this policy is to ensure that, all Suppliers must adopt and practice the highest level of Environmental, Social and Governance (ESG) standards in terms of their activities, respect for the environment, good corporate governance, regulatory compliance, health & safety, the promotion of diversity and inclusion and respect for human rights.

## Scope

This policy applies to suppliers, contractors and all third parties, including agents, consultants and licensees, who provide goods and/or services to JNIL.

## Definition

**"Company"** means "Jayaswal Neco Industries Limited"

**"Supplier"** means all entities and individuals who supply products, equipment, materials or provide services to JNIL under a contract, agreement or arrangement and also includes agents, sub-contractors and representatives and employees of such Supplier.

**"Supplier Representative"** means any individual who works for a Supplier, whether under a contract of employment or any other contract (written or oral) where an individual undertakes to do personally any work or services for the Supplier and includes, without limitation, Supplier's principals, officers, directors, employees and independent contractors.

**"ESG"** means, Environmental, Social and Governance.

## Policy Statement

This Policy sets out the fundamental values and integrity levels of business conduct that JNIL expects its Suppliers to uphold in all business relationships. All Suppliers engaged in providing products and services to JNIL shall act in accordance with this Policy, which would include aligning guidelines, policies and practices of the Suppliers with this Policy and communicating and enforcing the Policy provisions throughout their organization and across their supply chain, including sub-supplier and sub-contractors of the Supplier.

## **Labour and Human Rights**

### **a) Child Labour Avoidance**

Suppliers shall not use child labour. The term “child” refers to any person employed under the age of 15, under the applicable minimum age for completion of compulsory education or under the minimum age for employment in any particular country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 shall not perform work that is likely to jeopardize the health, safety, or morals of young workers. Suppliers shall not require juvenile workers to work overtime or perform night work. Suppliers shall also comply with all other applicable laws and regulations regarding the employment of minors.

### **b) Voluntary Labour**

Suppliers shall only use voluntary labour and shall not engage in any form of human trafficking or use any type of forced labour including slave, bonded, indentured, involuntary, or prison labour. Involuntary labour includes the transportation, harboring, recruitment, transfer, receipt, or employment of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for the purpose of exploitation. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Workers shall not be required to lodge deposits or identity papers with the supplier’s company (their employer) and shall be free to leave the company after reasonable notice. Suppliers shall ensure that workers’ contracts clearly convey the conditions of employment in a language understood by the workers. Supplier shall not impose unreasonable restrictions on movement within the workplace or upon entering or exiting company-provided facilities. Suppliers shall ensure that any third-party recruitment agencies used to comply with the provisions of this policy and applicable laws.

### **c) Freedom of Association and Collective Bargaining**

As legally permitted, Suppliers shall respect the rights of workers to associate freely with others, form and join or not join labour unions or organizations of their choice, bargain collectively, without interference, discrimination, retaliation or harassment and shall comply with all applicable local and national laws pertaining to freedom of association and collective bargaining. In the absence of formal representation, Suppliers shall ensure that workers have a mechanism in place that facilitates open communication between management and workers and allows workers to report grievances with management regarding working conditions and management practices without fear of reprisal, intimidation or harassment.

### **d) Discrimination**

Suppliers must be committed to a workforce free of harassment and unlawful discrimination. Suppliers shall employ workers on the basis of their ability to do the job and shall not engage in discrimination against any worker on the basis of race, sexual orientation, gender identity, colour, age, gender, maternity, national origin, disability, religion, ethnicity, marital status, political affiliation, or union membership, in hiring and other employment practices such as promotions, rewards and access to training. Suppliers shall not require pregnancy or medical tests, except where required by applicable laws or regulations or prudent for workplace safety and shall not improperly discriminate based on test results.

**e) Wages and Benefits**

Workers should have the ability to earn fair wages, as determined by applicable local laws. Suppliers must comply with all applicable wage and hour laws and regulations, including those relating to minimum wage, overtime and other elements of compensation and must provide all legally mandated benefits. Workers shall be paid at least the minimum legal wage or a wage that meets local industry standards, whichever is greater. Suppliers shall compensate workers for overtime hours at the legal premium rate. Suppliers shall communicate pay structure and pay periods to all workers. Suppliers shall pay accurate wages in a timely manner and wage deductions shall not be used as a disciplinary measure.

**f) Working Hours**

Suppliers must maintain work hours in compliance with all applicable laws and regulations. Further, a workweek shall be restricted to a maximum of 60 hours, including overtime, except in emergencies or unusual situations and workers shall take at least one day off every seven days. Suppliers shall follow all applicable laws and regulations with respect to working hours and days of rest and all overtime must be voluntary.

**g) Humane Treatment**

Suppliers shall treat each worker with dignity and respect. Suppliers shall commit to a workplace free of harassment and abuse and will not engage in or threaten workers with harsh or inhumane treatment, including sexual harassment, psychological harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse. Suppliers shall provide workers with reasonably accessible and clean toilet facilities and potable water. Supplier-provided dining, food preparation and storage facilities shall be sanitary. Worker dormitories provided by Suppliers or labour agents shall be clean and safe and provide reasonable living space with adequate heat and ventilation along with reasonable entry and exit privileges.

## **HEALTH AND SAFETY**

**a) Safe Work Environment**

Suppliers must be committed to the safety and health of their employees and shall provide and maintain a safe work environment by minimizing physical and chemical hazards through proper design, engineering and administrative controls, preventative maintenance, safe work procedures (including lockout/tag out) and ongoing safety training. Suppliers are responsible for assuring that all workers are qualified to perform their work functions safely. Suppliers shall provide workers with appropriate workplace health and safety training in their primary language and health and safety-related information shall be clearly posted in the facility.

**b) Incident reporting**

Suppliers must have procedures and systems in place that allow workers to report health and safety incidents and near-misses, as well as a system to investigate, classify, track and manage such reports. Such procedures and systems must implement all applicable laws and regulations and include provisions to encourage worker reporting and implement corrective actions. Supplier corrective action plans should mitigate risks, provide necessary medical treatment and facilitate workers' return to work.

**c) Hazards of physically demanding tasks**

Suppliers shall identify, evaluate, and control worker exposure to the hazard of physically demanding tasks, including manual material handling, heavy or repetitive lifting, prolonged standing and highly

repetitive or forceful assembly tasks. Suppliers shall integrate this process into the qualification of all new or modified production lines, equipment, tools and workstations.

**d) Personal Protective Equipment**

Workers shall have the right to refuse unsafe work and to report unhealthy working conditions. Workers shall not be disciplined for raising safety concerns. Suppliers shall provide workers with appropriate, well-maintained personal protective equipment and instruction on its proper use.

**e) Emergency Preparedness**

Suppliers must have procedures in place for handling emergencies such as fires, spills and natural disasters. For each potential emergency situation or event, Suppliers shall develop and implement legally compliant emergency plans and response procedures that minimize harm to life, environment, and property and shall include: (i) emergency preparedness, reporting and notification; (ii) evacuation procedures; (iii) training and drills; (iv) appropriate hazard detection and suppression equipment; and (v) adequate exit facilities from job sites.

**f) Quality Requirements**

Suppliers shall meet generally recognized quality standards and contractually agreed quality requirements and standards, in order to provide goods that consistently meet JNIL's and its customers' needs, perform as warranted and are safe and effective for their intended use. Suppliers shall immediately address all major issues that have the potential to negatively affect the quality of goods. Suppliers must inform JNIL about changes of the manufacturing or supply process that have the potential to impact the specification of goods and services provided.

## **ENVIRONMENT**

JNIL firmly believes in long-term sustainable development and environmental protection. JNIL fully complies with all applicable environmental laws. This commitment to environmental protection is reflected in the Company's policies, programs and practices to ensure business operations are run in an environmentally as well as economically responsible manner. JNIL works with suppliers only after reviewing all relevant feedback and assurance that environmental issues are properly addressed and managed. Suppliers shall develop, implement and maintain environmentally responsible business practices, such as seeking ways to conserve natural resources and energy, reduce waste and the use of hazardous substances and minimize adverse impacts on the environment.

**a) Compliance with Environmental Laws**

Suppliers must comply with all applicable environmental laws and requirements, including those relating to obtaining, maintaining and adhering to environmental permits and approvals for the conduct of regulated activities; the management and disposal of hazardous materials; releases of contaminants to the air, soil and water; the protection of natural resources, wildlife and wetlands; the prohibition or restriction of specific substances; and the recycling of materials and environmental claims.

**b) Energy Management**

Suppliers shall undertake reasonable efforts to have management systems in place to continuously improve energy efficiency in their operations. The Suppliers shall also consider the energy consumption of renewable sources and set up systems and processes for the successful implementation of energy management systems.

**c) Water Management**

Suppliers shall undertake reasonable efforts to monitor site water usage, quality and discharges. Suppliers shall undertake reasonable efforts to continuously improve water reuse, recycling, reduction in water uses and wastewater treatment. JNIL expects its suppliers to also develop a water stewardship strategy.

**d) Environmental Permits**

Suppliers shall obtain, keep current and comply with all required environmental permits and shall comply with the reporting requirements of applicable permits and regulations.

**e) Hazardous Materials**

Suppliers shall implement a systematic approach to identify, manage, reduce and responsibly dispose of or recycle hazardous substances and other materials posing a hazard if released into the environment to ensure their safe handling, movement, storage, use, recycling or reuse and disposal. Further, Suppliers shall comply with regulated substance specifications and any applicable laws and regulations prohibiting or restricting the use or handling of specific substances.

**f) Pollution Prevention and Resource Reduction**

Suppliers must strive to reduce or eliminate waste of all types, including water and energy, at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials. Suppliers shall reduce the consumption of energy, water and natural resources by implementing conservation and substitution measures. Supplier shall minimize hazardous substances consumption by implementing reduction and substitution measures.

**g) Air Emissions Management**

Suppliers shall identify, monitor, manage, reduce and responsibly control air emissions emanating from their operations that pose a hazard to the environment, such as volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals and combustion by-products and shall treat as required prior to discharge.

**h) Product Content Restrictions**

Suppliers are to adhere to all applicable laws and regulations and customer requirements regarding prohibition or restriction of specific substances including labeling for recycling and disposal.

**i) Boundary Noise**

Suppliers shall identify, control, monitor and reduce noise generated by the facilities that affect boundary noise levels.

**j) Environmental Consideration in Business Decision-making**

Suppliers are to work with their own sub-suppliers to assess and address environmental and sustainability issues within their supply chains.

**ETHICS, INTEGRITY AND CONDUCT**

Suppliers are expected to conduct business with integrity and mutual respect and to uphold the highest standards of ethics and behavior in every aspect of their businesses, including relationships, practices, sourcing and operations.

#### **a) Business Integrity**

Suppliers shall not engage in and have a zero-tolerance policy regarding corruption, misrepresentation, extortion, embezzlement, kickbacks, bribery and any other type of corrupt actions to obtain or retain business or to obtain an unfair or improper advantage. Suppliers shall abide by the Prevention of Corruption Act, 1998, Prevention of Money Laundering Act, 2002 (PMLA) and all other applicable Acts. Suppliers shall implement monitoring and enforcement procedures to ensure compliance with anti-corruption laws. Suppliers must immediately report to JNIL any circumstance where an officer, director, employee, representative, or agent of JNIL or any of its associates and affiliates has made any improper request or demand that could violate any law. All business dealings, structure, financial situation and performance should be transparently performed and accurately reflected on Suppliers' business books and records in accordance with applicable laws and regulations as well as prevailing industry business practices.

#### **b) Gifts**

Occasional small gifts or modest business entertainment provided by Suppliers or JNIL must not be given with the intent to affect an employee's business judgment and must not give the appearance that judgment may be affected. When doing business with or conducting business on behalf of JNIL, Suppliers may, for legitimate business purposes: (i) offer modest gifts or entertainment to suppliers, customers, or other business associates; or (ii) accept modest gifts or entertainment offered by suppliers, customers or other business associates; provided, however, that in each instance the gift or entertainment is unsolicited, is not and could not reasonably appear to be a bribe, kickback or other illegal or illicit payment, is not given in exchange for any consideration and does not create the appearance, or an actual or implied obligation, that the gift giver is entitled to preferential treatment, an award of business, better prices or improved terms of sale.

#### **c) Intellectual Property**

Suppliers shall respect intellectual property rights and safeguard customer information. Transfer of technology and know-how is to be done in a manner that protects intellectual property rights and in accordance with the most stringent information protection requirements under applicable agreements. Suppliers shall implement processes as well as procedures and exercise due diligence to detect and avoid counterfeit parts and avoid others' intellectual property rights.

#### **d) Conflict of Interest**

Conflicts of interest must be avoided – they can be damaging to the Company's business and reputation, work against the principles of ethical and fair treatment and can contravene the law. Suppliers must voluntarily declare any engagement between its personnel and JNIL that creates or may appear to create a conflict of interest that could affect JNIL's judgment and conflict with JNIL's interests. This shall include circumstances such as where a supplier's employee has a family or personal relationship with a JNIL employee that may represent a perceived conflict of interest.

#### **e) Disclosure of Information**

Suppliers shall accurately record information regarding their business activities, labour, health and safety and environmental practices and shall disclose such information, without falsification or misrepresentation, to all appropriate parties. Falsification of records or misrepresentations of conditions or practices in the supply chain is prohibited.

#### **f) Protection of Identity**

Suppliers shall provide an anonymous complaint mechanism for managers and workers to report workplace grievances. Suppliers shall protect whistleblower confidentiality and prohibit retaliation.

#### **g) Fair Business, Advertising and Competition**

Suppliers shall conduct their business in full compliance with antitrust and fair competition laws that govern the jurisdictions in which they conduct business. Further, suppliers shall uphold standards of fair business, advertising and competition.

#### **h) Privacy**

Suppliers shall commit to protecting the reasonable privacy expectations of personal information of everyone with whom it does business, including other suppliers, customers, consumers, and employees. Suppliers shall comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted or shared.

#### **i) Tax Evasion**

Suppliers must always apply a zero-tolerance policy with respect to any criminal facilitation, including tax evasion and never accept being complicit in facilitating a third party to evade taxes in any jurisdiction. Suppliers shall comply with all tax laws and regulations in the jurisdictions in which they operate and act carefully to prevent themselves and JNIL from being involved, used in, or facilitating tax evasion or other criminal activities. The Suppliers must have reasonable procedures in place to prevent the facilitation of tax evasion and recognize and monitor potential warning signals that could help detect unusual or suspicious activity.

#### **j) International Trade Controls**

Suppliers must comply with export control regulations applicable to their business and provide accurate and truthful information about it to customs and other authorities when required.

### **MANAGEMENT SYSTEM**

#### **ROLES AND RESPONSIBILITIES**

The role lies in our commitment to follow and promote sustainable business practices and create sustainable business value for the stakeholders. JNIL's partners in the value chain, i.e., our suppliers, are accountable for contributing to responsible conduct and operating in a manner that is sustainable and safe. The sustainability team is responsible for reviewing matters covered in this policy that are crucial from the perspective of ensuring a sustainable and responsible supply chain.

#### **a) Audits and Assessments**

Suppliers must complete annual self-evaluations of their facilities and operations and direct their sub-suppliers to ensure such evaluation with this Policy and legal and regulatory requirements



## **b) Documentation and Records**

Suppliers shall have processes to identify, understand and implement applicable laws and regulations and requirements of this Policy. Suppliers shall maintain documents and records to ensure regulatory compliance.

## **c) Corrective Action Process**

Suppliers shall have a process for timely correction of any deficiencies or violations identified by an audit, assessment, inspection, investigation or review.

## **COMMUNICATION OF POLICY**

The Company communicates transparently all necessary and relevant information with all the relevant stakeholders regarding policies and procedures pertaining to the supply chain and related concerns. This Policy shall be available on the website of the Company.

## **GRIEVANCE REDRESSAL MECHANISM**

JNIL has the right to assess Supplier's alignment with the guiding principles mentioned in the policy and their performance with respect to these principles. Audits may be carried out directly by JNIL or through an independent third party to ensure continuous improvement in Suppliers' sustainability initiatives and issues addressed in this policy.

In case of any breach of the terms of this Policy by the Supplier, JNIL reserves the right to terminate all existing arrangements/contracts with the Supplier with immediate effect. In the event of any conflict between the terms of this Policy or any other contract(s) with the Supplier, the terms of the contract shall supersede.

**CORRECTIVE ACTIONS:** The Company expects its Suppliers to engage and improve their sustainability performance to achieve the larger goal of creating a sustainable value chain. Audit reports, corrective action plans and follow-up audits in case of non-compliance with any of the guiding principles mentioned may also take place.

**REPORTING:** Any activity or working condition that is inconsistent with this Policy or which may pose an unacceptable risk to human health, the environment or any of the points mentioned above should be immediately reported to the Company. Suppliers are encouraged to report to the Company any breaches or suspected breaches in their or other Suppliers' breach of principles of this policy or laws applicable to JNIL.

All reports of violations should be made in good faith and must have a reasonable basis and shall not be based on personal bias and conjectures.

The employees, suppliers and other relevant stakeholders of JNIL can securely and anonymously report any suspected or actual violations of the policy at email id: [contact@necoindia.com](mailto:contact@necoindia.com).

The Company has also framed Supplier Code of Conduct in line with this Policy, which shall be circulated to all the Suppliers which outlines the approach of this Policy to function in accordance with the responsible business principles and in compliance with all the rules & regulations.