

Motherson Purchasing Sustainability Guidance

1. Purpose:

At Motherson, we are committed to conducting our business in a socially and environmentally responsible manner. This Purchasing Sustainability Guidance outlines our guidelines and expectations for purchasing decisions to promote sustainable practices, across the three dimensions of Environment, Social and Governance (ESG), support for ethical suppliers, reducing our environmental impact and driving constant improvement. We encourage our suppliers to implement practices as referred under our relevant Group policies inter alia [Supplier Code of Conduct, Environment Policy, and Climate Change Policy etc.](#) The latest versions are accessible under <https://www.motherson.com/company/group-policies>.

In this regard, Motherson is committed to aligning its supplier base with those companies who are equally committed to supplying their goods and services, as well as their manufacturing locations, with a strong focus on sustainability, and can demonstrate active management of their responsibilities towards the environment and their social responsibilities throughout the entire upstream and downstream value chain. Motherson and its purchasing team are committed to gain transparency to ensure that the entire supply chain operates in an ethical, sustainable and socially responsible manner.

2. Scope:

This applies to all suppliers, contractors and sub-contractors across all areas of Motherson's operations.

3. Implementation:

Motherson evaluates the ESG risk exposures of its products and services, and implements procurement and supply chain monitoring processes to eliminate or manage these risks. Within these processes Motherson:

- 3.1. Systematically assess suppliers' ESG performance regularly, considering their environmental, social, and governance practices in order to ensure that suppliers are making progress in adapting their processes, organization, and policies to meet legal, OEM's commitments and Motherson ESG requirements.
- 3.2. Require all suppliers to acknowledge and abide by Motherson relevant Group policies, inter alia Supplier Code of Conduct, Environment Policy, Climate Change Policy, and Purchasing Sustainability Guidance among others.
- 3.3. Require all suppliers to implement new processes and best practices, not solely to ensure adherence to local and international legal requirements relevant to their business activities, but also to minimize negative environmental impacts and to address the environment, safety and health concerns.
- 3.4. Collaborate with suppliers to improve their ESG performance by sharing best practices, providing guidance, and setting improvement targets.
- 3.5. Emphasize prioritizing suppliers that embrace sustainable practices to foster future growth.

- 3.6. Implement a risk-based supplier program that includes engaging with suppliers, conducting regular assessments of progress against established ESG criteria and targets, and reporting on risk, actions, and the effectiveness of the ESG procurement policy.
- 3.7. Work towards continuous improvement in its own purchasing practices and regularly review and update this policy evolving to reflect evolving sustainability and ethical standards.
- 3.8. Encourage suppliers to make available cost effective, environmentally and socially responsible products and services.
- 3.9. Encourage suppliers to create other benefits such as optimizing logistics, use recycled material without compromising any of the technical specification, implementing reusable or returnable packaging and adopting renewable energy practices or low carbon electricity. Additionally, aim to supply only net carbon-neutral production materials.
- 3.10. Encourage suppliers to explore opportunities to reduce not only their carbon footprint but also their overall water consumption and to implement an active waste segregation and waste reduction program.
- 3.11. Require all suppliers to commit to ESG requirements within their supply chain. The supplier is obliged to monitor its sub-suppliers and is responsible for them.

4. Supplier evaluation & performance reporting process:

- 4.1. As part of evaluating potential suppliers, Motherson assigns proper weightage to the social, ethical and environmental performance of suppliers.
- 4.2. Motherson also undertakes detailed assessment high spend suppliers to ensure more in-depth understanding of the social, ethical and environmental business practices of suppliers.

Motherson complies with all applicable laws and regulations related to purchasing and ESG practices. Motherson also establishes mechanisms to measure, monitor and report on its progress towards its defined ESG objectives and its customer requirements / OEM's commitments. In the event of non-compliance by suppliers with the aforementioned ESG objectives, Motherson will require the supplier to take the necessary corrective measures or actions, which, if not successfully implemented within the agreed timeframe, Motherson will take appropriate action to address the situation in order to meet the ESG objectives.

By implementing this Purchasing Sustainability Guidance, Motherson aims to integrate environmental, social, and governance considerations into our procurement processes, contribute to a sustainable supply chain, and create positive social and environmental impacts.