

Responsible Sourcing Guideline



Jindal Shadeed Iron and Steel
Steel Sohar, Oman



Learning Objectives

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Introduction to JSIS Responsible Sourcing Guideline

The Responsible Sourcing Guideline (RSG) is applicable to all stages of the upstream value chain back to the primary production level. The aim of the RSG is to guide JSIS suppliers in improving their practices where necessary and the JSIS Businesses in the implementation of

- a. international standards and
- b. JSIS' own policies and commitments relating to responsible sourcing.

JSIS RSG was updated in 2018 to reinforce our commitment of working together with suppliers towards a long-term, sustainable and successful future for all parties. The RSG is instrumental in ensuring we deliver our business objectives while making a positive social impact on the lives of hundreds of people in our supply chain(s) around the world and reducing our environmental impact.

The General Principles drive the overall concept as below



JSIS has thousands of suppliers spread across more than 50 countries. More than 80% of our total procurement account for major raw material in the making of the steel. We expect all our major raw material supplier to imbibe the principles of this RSG. Our major raw materials include

1. Pellets, Iron Ore and Concentrates
2. Scrap
3. Cold DRI, HBI
4. Fluxes
5. Ferro Alloys and Noble Alloys
6. Carbon Material
7. Graphite Electrodes

The fundamental principles are:

1. Business is conducted lawfully and with high level of ethics and integrity
2. Work is conducted on the basis of freely agreed and documented terms of employment
3. All workers are treated equally and with respect and dignity
4. Work is conducted on a voluntary basis
5. All workers are of an appropriate age
6. All workers are paid fair wages
7. Working hours for all workers are reasonable
8. All workers' health and safety are protected at work
9. All workers have access to fair procedures and remedies
10. All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively
11. Land rights of communities, including indigenous peoples, will be protected and promoted
12. Business is conducted in a manner which embraces sustainability and reduces environmental impact

General Principles

Continuous improvement

JSIS is committed to continuously increasing the share of raw material and other material sourced in compliance with the RSG. All JSIS suppliers are expected to engage in a process of continuous improvement and to verify their processes and practices against the RSG and JSIS Code of Conduct.

a) Transparency along the value chain

JSIS expects its suppliers to conduct their business with JSIS in an open and transparent way, which includes providing transparency of material flows throughout the entire upstream value chain providing evidence of product identity, with the overall objective to ensure the supply of responsibly produced products. Suppliers provide accurate information on all aspects covered by the RSG.

b) Supplier accountability and supplier support

JSIS expects its suppliers to take ownership and leadership in developing and implementing continuous improvement measures against all aspects of the RSG. As appropriate, JSIS will provide support to suppliers that are not yet able to comply with all aspects of the RSG, but are committed to becoming compliant over time and demonstrate continuous and tangible progress.

c) Credible verification

In its extended value chains, JSIS expects its suppliers to continuously monitor and verify their performance and continuous improvement against the RSG. In the case of high sustainability risks, JSIS reserves the right to verify such monitoring and performance by independent assessments or certification.

General Requirements

1. Legal compliance

Suppliers comply with all applicable laws and regulations. All laws and regulations are complied with in the countries in which the supplier operates. All other applicable international laws and regulations are complied with including those relating to international trade (such as those relating to sanctions, export controls and reporting obligations), data protection and antitrust/competition laws.

2. Bribery

There is a prohibition on any and all forms of bribery, corruption, extortion or embezzlement and there are adequate procedures in place to prevent bribery in all commercial dealings undertaken by the supplier.

3. Conflicts of Interest

All and any conflict of interest in any business dealings with JSIS, of which the supplier is aware, will be declared to JSIS to allow JSIS the opportunity to take appropriate action. Any ownership or beneficial interest in a supplier's business by a government official, representative of a political party or a JSIS worker are declared to JSIS prior to any business relationship with JSIS being entered into.

4. Gifts and Hospitality

Any business entertaining or hospitality with JSIS is kept reasonable in nature, entirely for the purpose of maintaining good business relations and not intended to influence in any way JSIS's decisions about how JSIS awards future business. Gift giving should occur sparingly and always be legitimate and aligned with company policies.

5. Confidential and Competitor Information

All competitor information is obtained and used legitimately and in compliance with all applicable laws and regulations. No attempt is made to divulge to JSIS any information about its competitors. Likewise, JSIS's confidential information must not be shared with any third party unless expressly permitted by JSIS.

6. Financial Records, Money Laundering and Insider Trading

All business and commercial dealings are transparently performed and accurately recorded in the supplier's books and records. There is no actual or attempted participation in money laundering. No confidential information in the supplier's possession regarding JSIS is used to either engage in or support insider trading.

7. Safeguarding Information and Property

JSIS's confidential information, know-how and intellectual property is respected and safeguarded. All information provided by JSIS that is not in the public domain is deemed confidential and it is only used for its intended and designated purpose. All and any personal information about individuals, such as JSIS's consumers or employees, is handled with full respect for the protection of their privacy and for all relevant privacy laws and regulations.

8. Product Quality and Responsible Innovation

Products and services are delivered to meet the specifications and quality and safety criteria specified in the relevant contract documents and are safe for their intended use. Research and development are conducted responsibly and based on good practice and generally accepted scientific, technological and ethical principles.

9. Reporting Concerns and Non-retaliation

All workers (whether directly employed or not) are provided with means by which to raise their concerns about any of these requirements and processes are in place to ensure that workers who raise concerns and speak up in good faith are protected from retaliation.

10. Human rights and labour practices

a. No use of forced or child labour.

- i. There is no use of forced or compulsory labour as per ILO Conventions 29 and 105.
- ii. There is no use of child labour. Child labour refers to work that is mentally, physically, socially, morally dangerous or harmful to children or that improperly interferes with schooling needs as per ILO Conventions 138 and 182.

b. Workers' pay and conditions meet at least legal or mandatory industry standards.

- i. Workers' pay and benefits comply with minimum legal requirements or mandatory industry standards, including any applicable binding collective agreements.
- ii. Working conditions comply with applicable laws and industry norms, including working

c. Freedom of association and collective bargaining is respected, unless prevented by law.

- i. The rights of workers to freedom of association and collective bargaining are respected, consistent with applicable ILO Conventions 87 and 98 and those identified by the United Nations Universal Declaration of Human Rights.

d. Provision of safe and healthy workplace.

- i. Workers are provided with a safe and healthy workplace, including, as applicable, safe housing conditions. As a minimum, potable drinking water, adequate sanitation, emergency exits, essential safety equipment and access to emergency medical care are provided.

e. No discrimination on the basis of gender, race, ethnicity, age or religion.

- i. Hiring and employment practices do not discriminate on the ground of criteria such as race, colour, religion, sex, age, physical ability, maternity, religion, ethnicity, physical conditions or political views as per ILO Convention 111.

11. Environmental impacts

a. Impacts on water are mitigated by implementation of water management plans, and additional measures in waterstressed areas.

- i. Water withdrawal from the environment is minimized and water pollution is prevented.
- ii. Suppliers have carried out impact assessments that include water resource assessments, and are implementing management plans that include water management. Water management takes into account the human right to water as well as environmental flows and water quality.
- iii. Suppliers in water-stressed areas undertake additional measures with the objective of mitigation impacts of water consumption.

d. Suppliers identify and reduce their significant environmental impacts in a process of continuous improvement, which includes, as applicable, the following aspects:

- i. Waste is prevented, reused, recycled, recovered and/or disposed of in an environmentally sustainable way
- ii. Biodiversity is maintained and/or enhanced
- iii. Greenhouse gas emissions are reduced
- iv. Air emissions from processing plants are reduced
- v. Energy is used efficiently

12. No conflict minerals in JSIS steel

JSIS does not use conflict minerals and, upon request, provides customers with certification affirming this.

1) "Conflict minerals" is a term used for minerals derived from areas characterized by large-scale internal strife, where the mining of minerals risks contributing to, or financing, continued conflict and violation of human rights.

What can suppliers expect from JSIS?

- a. JSIS supports long-term sustainable development. It supports the principles regarding human rights, labor standards, the environment and anti-corruption.
- b. These principles have been implemented in JSIS's Code of Conduct. We expect our business partners to adhere to similar principles as in the Code when conducting their own business.
- c. We strive to work with companies that contribute to sustainability and which are ethically, socially, environmentally and financially responsible. With a global supply chain, it is important to assess supplier risks and the ability of suppliers to manage these risks.
- d. We assess our suppliers on the basis of quality, delivery reliability, cost and sustainability.
- e. JSIS commits to ensure the identification, traceability to the origin of suppliers and labelling of the material.