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ADAPTATION OF NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT

FOR AUTOMOBILE MANUFACTURING SECTOR

DISCLAIMER

This document titled "Adaptation of National Guidelines on Responsible Business Conduct for Automobile Manufacturing Sector" has been prepared by the School of Business Environment, Indian Institute of Corporate Affairs (IICA), pursuant to the mandate given by the Advisory Committee constituted by IICA for the sectoral adaptation of the National Guidelines on Responsible Business Conduct (NGRBC) for the Automobile Manufacturing Sector. It is intended solely for informational and knowledge-dissemination purposes and does not constitute legal, regulatory, financial, or professional advice. The Core Elements, definitions, and recommendations presented herein are based on the suggestions and feedback of the Advisory Committee, inputs from stakeholder consultations, and secondary research conducted by the School of Business Environment, IICA.

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Message from the Director General & CEO, Indian Institute of Corporate Affairs

It gives me great satisfaction to present this document *"Adaptation of National Guidelines on Responsible Business Conduct for Automobile Manufacturing Sector"*, prepared by the School of Business Environment, Indian Institute of Corporate Affairs (IICA), under the aegis of the Ministry of Corporate Affairs, Government of India.

The National Guidelines on Responsible Business Conduct (NGRBC), endorsed by the Hon'ble Prime Minister and released by the Ministry of Corporate Affairs with the technical support of the Indian Institute of Corporate Affairs, have over the years, provided Indian industry with a robust and universally applicable framework for embedding responsible business practices into governance, strategy, and disclosure. As India's economy diversifies and matures, there is a growing recognition that sectoral realities call for more contextualised guidance, one that speaks directly to the specific value chains, risk profiles, and stakeholder expectations of individual industries. The automobile manufacturing sector, given its scale, its extensive supplier ecosystem, and its centrality to India's manufacturing and employment landscape, is an apt fit for such an exercise.

This adaptation has been made possible through the dedicated efforts of the Advisory Committee whose collective deliberation has lent this document both credibility and practical relevance. I extend my sincere appreciation to the School of Business Environment for steering this initiative, and to all stakeholders who contributed their time, expertise, and insight. I am confident that this document will serve as a valuable reference for automobile manufacturers, policymakers, investors, and other stakeholders seeking to strengthen responsible business conduct within the sector, and that it will encourage similar sector-specific efforts across other industries as India continues to build a more mature and inclusive ESG ecosystem.

Shri Gyaneshwar Kumar Singh, Director General & CEO,
Indian Institute of Corporate Affairs, Ministry of Corporate Affairs,
Government of India

Message from the Head, School of Business Environment, Indian Institute of Corporate Affairs

The School of Business Environment, Indian Institute of Corporate Affairs, is pleased to present the Sectoral Adaptation of the National Guidelines on Responsible Business Conduct (NGRBC) for the Automobile Manufacturing Sector. This publication reflects the School's commitment to advancing responsible business conduct by translating the NGRBC into practical, sector-specific guidance that supports enterprises in embedding sustainability, accountability and responsible governance across their operations and value chains.

The automobile manufacturing sector, with its complex value chains, technological innovation, resource intensity and transition towards cleaner mobility, presents unique opportunities and challenges. These Guidelines interpret the nine principles of the NGRBC in the context of the sector's specific operational realities while preserving the integrity and intent of the national framework.

Developed through extensive research and stakeholder consultations, the publication draws upon the valuable contributions of industry, experts, institutions and the Advisory Committee. I sincerely acknowledge their guidance and thank the team at the School of Business Environment for their dedicated efforts in developing this important resource.
These Guidelines are intended to serve as a practical supplement to the NGRBC, enabling enterprises to strengthen governance, due diligence, stakeholder engagement, value-chain management and sustainability performance. As the sector advances towards cleaner technologies, circularity and resilient growth, responsible business conduct must remain integral to long-term competitiveness and value creation.

I hope this publication will serve as a valuable reference for industry, policymakers, researchers and other stakeholders, and contribute to India's journey towards a more responsible, sustainable and globally competitive corporate sector.

Dr. Garima Dadhich,
Associate Professor & Head, School of Business Environment,
Indian Institute of Corporate Affairs, Ministry of Corporate Affairs,
Government of India

PREFACE

This document presents the Adaptation of the National Guidelines on Responsible Business Conduct (NGRBC) for the Automobile Manufacturing Sector, developed by the Indian Institute of Corporate Affairs (IICA) under the Ministry of Corporate Affairs, Government of India. It is the product of a structured exercise to translate the nine principles of the NGRBC which is a framework of universal applicability, into sector-specific responsible business conduct guidance that reflects the distinct value chain, ESG risk profile, and operating realities of India's automobile manufacturing industry.

The Guidelines have been developed through a rigorous multi-stakeholder process, guided by an Advisory Committee constituted specifically for this purpose. The Advisory Committee brought together expertise from government ministries, regulatory bodies, industry associations, trade unions, academic institutions, and independent subject-matter experts. Its deliberations shaped the scope of the adaptation, the identification of material ESG themes for the sector, and the calibration of the Core Elements to be actionable across the full spectrum of enterprises i.e. from large OEMs to Micro and Small suppliers, while maintaining alignment with the NGRBC's foundational principles and with India's BRSR disclosure framework. It is hoped that these Guidelines will serve as a reference point for the automobile manufacturing industry, for policymakers and regulators seeking to strengthen ESG accountability in the sector, and for investors, business partners, and civil society engaging with India's automotive value chain on responsible business conduct.

IICA intends for this adaptation to serve as a model for similar exercises across other high-impact sectors, contributing to a broader architecture of sector-specific responsible business conduct guidance in India.

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The School of Business Environment (SBE), Indian Institute of Corporate Affairs, served as the Secretariat to the Advisory Committee, supporting its deliberations, research, stakeholder consultations, and coordination activities. These Guidelines have been prepared under that Secretariat function, drawing on primary research, analysis of BRSR disclosures of listed automotive sector companies, and inputs received through the Advisory Committee's meetings and associated stakeholder engagements.

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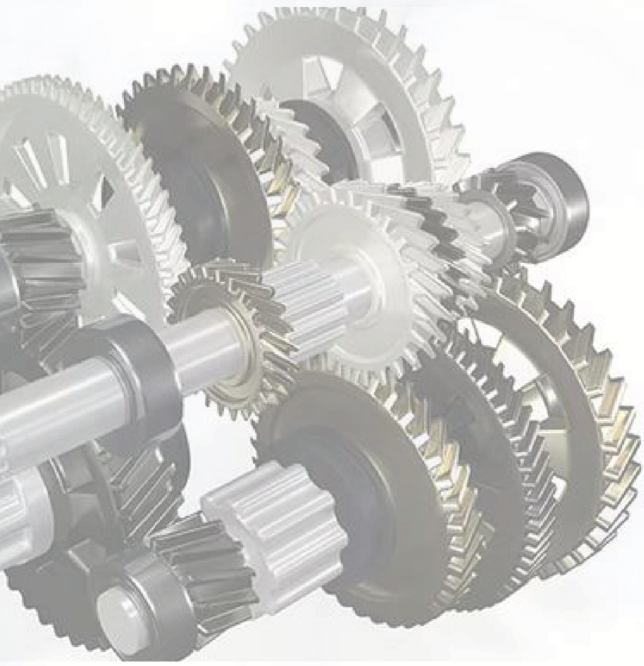
CHAPTER I
Introduction



1.1 BACKGROUND

In 2019, the Ministry of Corporate Affairs (MCA), Government of India, released the National Guidelines on Responsible Business Conduct (NGRBC) to guide businesses on what constitutes responsible conduct in the Indian context. The NGRBC represented an updated iteration of the 2011 National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs), and incorporated a range of significant global and domestic developments that had emerged in the interim including the Sustainable Development Goals (SDGs), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Paris Agreement on Climate Change, and the Companies Act, 2013. Consistent with the spirit of the NVGs, the NGRBC is designed to encourage businesses to go beyond mere regulatory compliance in the conduct of their affairs. Underscoring its significance, the NGRBC carries a message from the Hon'ble Prime Minister and a foreword from the then Minister of Finance and Corporate Affairs.

1.2 OUTLINE OF THE NCRBC

The NGRBC is built around nine thematic pillars of business responsibility, referred to as Principles, which are interdependent, interrelated, and indivisible. Each Principle comprises three components:

- An Introductory Statement, articulating the essence of the Principle
- A Brief Description, narrating the key aspects underlying the Principle
- Core Elements, which set out the specific actions a business must undertake to align itself with the Principle

1.3 ABOUT SECTORAL ADAPTATION OF THE NCRBC

The NGRBC was conceived as a generic, high-level document, cutting across all business sectors and applicable uniformly, from large companies to small and micro enterprises. This is most evident in the articulation of its actionable components, the Core Elements. However, it could not be expected that every company, across every sector, would be equally positioned to act on each Core Element, since some may simply not be relevant to a given business. It was therefore envisaged that "sector supplements" or "sector guidelines" would be developed to adapt the NGRBC to individual sectors for contextualising the guidance and making it more readily actionable for businesses within that sector. Such sector-specific adaptations may, in turn, enable regulators to tailor the associated disclosure format of the Business Responsibility and Sustainability Report to better suit the sector in question.

Government initiatives such as the Production-Linked Incentive (PLI) scheme, FAME, BS VI emission norms, and Bharat NCAP are driving domestic manufacturing and the shift toward clean mobility. Although it remains modest in overall terms, at roughly 2.5% of car sales, against a target of 30% by 2030, electric vehicle (EV) adoption is growing rapidly with approximately 20% year-on-year in 2024. Key sectoral challenges include emissions, energy consumption, waste management, and risks embedded in global supply chains.

1.4 ABOUT THE AUTOMOTIVE SECTOR IN INDIA

India's automotive sector is a significant contributor to the national economy, accounting for 7.1% of GDP and 40% of manufacturing output. The sector employs approximately 37 million people and, as of 2023, ranks as the world's fourth-largest automobile producer. It spans the manufacture, distribution, and sale of two-wheelers, passenger and commercial vehicles, and a rapidly expanding EV segment with two-wheelers alone comprising 75% of the market.

1.5 ABOUT THE AUTOMOTIVE MANUFACTURING SECTOR VALUE CHAIN

The Indian automotive manufacturing sector comprises the following key participants:

- OEMs (Original Equipment Manufacturers), responsible for design and final vehicle assembly
- Suppliers, who provide a wide range

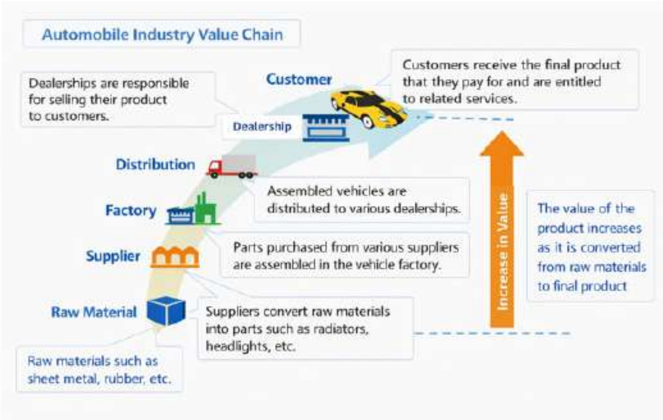
of components, products, and sub-assemblies to OEMs. These may be classified in several ways:

→ By Tier: Tier 1 suppliers supply directly to OEMs; Tier 2 suppliers supply to Tier 1 suppliers, and so forth

→ By Size: Large, Medium, Small, and Micro

- Dealers and After-Sales Service Providers, offering sales and support services
- Recyclers and End-of-Life Handlers, managing vehicle disposal and material recovery

The value chain begins with research and development, proceeds through product design, manufacturing, logistics, and marketing, and culminates in vehicle servicing and eventual recycling. Each stage carries distinct ESG risks ranging from high emissions in manufacturing, to labour welfare concerns among lower-tier suppliers, to limited traceability and accountability in waste management.

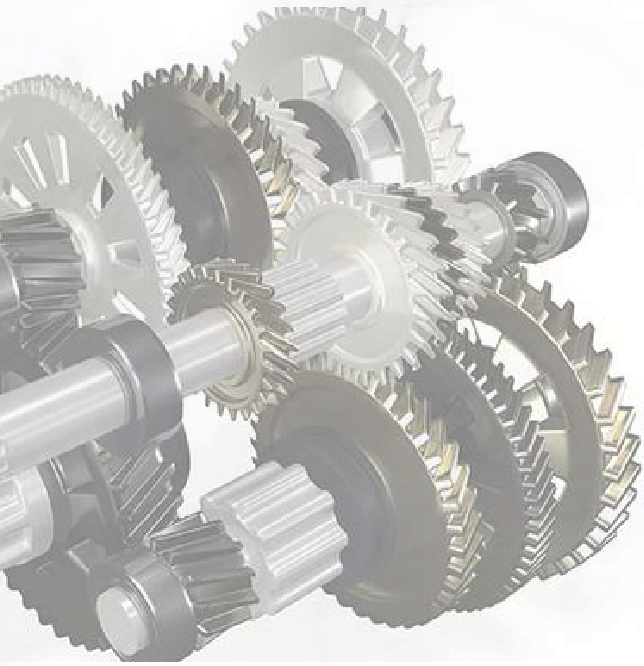


Based on the concept of value chain analysis by Michael Porter (1985)

1.6 SCOPE OF THE GUIDELINES

The Advisory Committee decided to focus on two sets of players within the automotive industry: (1) manufacturers of two- and three-wheelers, passenger vehicles, and commercial vehicles, collectively referred to in the industry as Original Equipment Manufacturers (OEMs); and (2) Suppliers, with particular emphasis on Tier 1, Tier 2, and Tier 3 Suppliers, given their significant impact on the sector and its stakeholders. Suppliers of fuel, specifically diesel, petrol, and electricity have been excluded from the scope of these Guidelines, as have distribution channels. Within the Core Elements, a distinction has been drawn on the basis of supplier size, in recognition of the fact that Small and Micro enterprises and, in certain cases, Medium enterprises have limited capacity to undertake all the tasks outlined therein.

CHAPTER II
Core Elements



PRINCIPLE 1:

"Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable."

BRIEF DESCRIPTION

This Principle recognizes that ethical behaviour in all operations, functions and processes, is the cornerstone of businesses guiding their governance of economic, social and environmental responsibilities. The Principle emphasizes that disclosures on business decisions and actions that impact stakeholders form the fundamental basis of operationalizing responsible business conduct and should be accessible to all relevant stakeholders. It recognizes that businesses are an integral part of society and that they will hold themselves accountable for the effective adoption, implementation, and the making of disclosures on their performance with respect to the Core Elements of these Guidelines. The Principle further emphasizes that the governance structure of the business should ensure this, in line with SDG 16.

CORE ELEMENTS

S. No.	Updated Core Element
1.	All **OEMs and all Suppliers** should have a Governance Structure, responsible for ensuring that the entity's operations are in alignment with all the Principles of NGRBC. For those Entities, registered as Companies, the Governance Structure shall comprise the Board of Directors. Entities in the Automobile Manufacturing Sector, registered as Sole Proprietorships, LLPs, Cooperatives, Producer Companies or any similar legally constituted entity should put in place such a Governance Structure comprising at least 2 persons and can also include independent persons from outside the organisation. Where possible, at least 1 woman should be included in the Governance structure.
2.	The governance structure of **OEMs and Large Suppliers** should develop and put in place structures, policies and procedures that promote this Principle, prevent its contravention and effect prompt and fair action against any transgressions.

S. No.	Updated Core Element
3.	The Governance Structure of **OEMs and Large Suppliers** should ensure that the Principles of these Guidelines are understood, adopted and implemented throughout the operations of their business.
4.	The Governance Structure of **OEMs and all Suppliers** should also support, promote and enable the adoption of this Principle by their immediate direct suppliers.
5.	The Governance Structure of **OEMs and all Suppliers** should disclose and communicate transparently and enable access to information about the policies, procedures, performance, and decisions of their enterprise, that impact their stakeholders, especially those that are most at risk including but not limited to communities that are vulnerable and marginalised. The disclosures by Suppliers that are Small or Medium Enterprises may be less detailed than for OEMs and Large Suppliers and in line with the BRSR lite, recommended by the Ministry of Corporate Affairs in its Report of the Committee on BRR.
6.	The Governance Structure of **OEMs and all Suppliers** should take responsibility for meeting all its statutory obligations in line with the spirit of the law, enabling fair competition and ensuring it treats all its stakeholders in an equitable manner.
7.	The Governance Structure of **OEMs and all Suppliers** should ensure that the business avoids complicity with the actions of any third party that violates any of the Principles contained in these Guidelines.
8.	The Governance Structure of **OEMs and Large Suppliers** should put in place appropriate structures, policies and procedures to address conflicts of interest involving its members, employees, value chain partners and related parties.

S. No.	Updated Core Element
9.	The Governance Structure of **OEMs and Large Suppliers** should put in place appropriate structures, codes, policies, and procedures including a whistleblower policy aligned with Anti-Bribery and Anti-Corruption (ABAC) Principles to ensure that the business does not engage in illegal and abusive practices, bribery and corruption, and ensure timely and fair action in case such transgressions are detected. Businesses should set up processes to objectively establish the veracity of claims by whistleblowers, take corrective action where found correct and publicly disclose with evidence where they have been found to be false or misleading.
10.	The Governance Structure of **OEMs and all Suppliers** should ensure that the business contributes to public finances (income tax, GST and any other taxes or cesses in place) by timely and complete payment of all applicable taxes in the letter and spirit of the laws and regulations governing such payments ensuring tax transparency.
11.	The governance structure of **OEMs and Large suppliers** should ensure the setting of a process to map their entire value chains and monitor the performance of their Tier 1 and 2 suppliers to enable traceability, accountability and sustainability risk oversight.

PRINCIPLE 2:

Businesses should provide goods and services in a manner that is sustainable and safe.

BRIEF DESCRIPTION

This Principle recognizes the proposition of SDG 12, that sustainable production and consumption are interrelated, contribute to enhancing the quality of life and towards protecting and preserving earth's natural resources. The Principle further emphasizes that businesses should focus on safety and resource-efficiency in the design and manufacture of their products, and use their products in a manner that creates value while minimizing and mitigating its adverse impacts on the environment and society through all stages of its life cycle, from design to final disposal. Over time, businesses should embrace the idea of circularity in all its operations. In order to do so, the Principle encourages businesses to understand all material sustainability issues across their product life cycle and value chain.

CORE ELEMENTS

S. No.	Updated Core Element
1.	a. **OEMs and Suppliers** of proprietary products should, in designing and producing automobiles and spare parts, endeavour to ensure that processes and technologies are deployed which are resource efficient, low GHG emitting and non-polluting to minimize adverse environmental and social impacts. b. **OEMs and all Suppliers** should, in making available goods and services, endeavour to ensure that processes and technologies are deployed to minimize adverse environmental and social impacts.
2.	**OEMs** should provide their customers and other stakeholders with adequate information about environmental, safety and other social issues and impacts across product life cycle from design to disposal. This may be done through appropriate and relevant tools such as certifications, labels, ratings and other communication and disclosure platforms including reports, websites, etc.

S. No.	Updated Core Element
3.	**OEMs and major component suppliers** of batteries, metal, rubber and plastic parts (including tyres) etc. should increasingly take responsibility for the safe collection, reuse and recycling of their products at end of life so as to build a circular economy as a part of their extended producer responsibility.
4.	**OEMs and Large Suppliers** should put in place appropriate policies, procedures and mechanisms to embed sustainable sourcing practices across their Tier 1,2 and 3 supply chains. This should cover both environmental and social issues such as use of low GHG emitting processes, fair labour practices, local sourcing where feasible etc. In the case of Suppliers that are Micro, Medium and Small enterprises, care should be taken to assess that their suppliers comply with the laws and do not use child and forced labour in their operation. For micro, small, and medium enterprise (MSME) suppliers, particular attention should be given to ensuring that their operations and those of their sub-suppliers comply with national laws and international labour standards. This includes: • Respecting freedom of association and the right to collective bargaining; • Eliminating all forms of forced or compulsory labour; • Prohibiting child labour in any form; • Eliminating discrimination in employment and occupation; and • Providing a safe, healthy, and dignified working environment.

PRINCIPLE 3:

Businesses should respect and promote the well-being of all employees and workers, including those in their value chains.

BRIEF DESCRIPTION

This Principle encompasses all policies and practices relating to the equity, dignity and well-being, and provision of decent work (as indicated in SDG 8), of all employees engaged within a business or in its value chain, without any discrimination and in a way that promotes diversity. The principle recognizes that the well-being of an employee also includes the well-being of her/his family.

CORE ELEMENTS

S. No.	Updated Core Element
1.	The Governance Structure of **OEMs and all Suppliers** should ensure that the business complies with all regulatory requirements pertaining to its employees and workers, and that there are systems and processes in place to encourage and enable this to be done by its value chain partners (in the case OEMs) and supply chain partners (in the case of Suppliers).
2.	**OEMs and all Suppliers** should ensure equal opportunities to all employees and workers at the time of recruitment, during the course of employment, at the time of career progression on the basis of qualifications, existing and new skills acquired and experience and at the time of separation without any discrimination. In the case of OEMs, Large and Medium enterprises, recognition of Prior Learning certificates must also be taken into consideration at the time of recruitment and career progression.
3.	**OEMs and all Suppliers** should promote, respect and enable the right to freedom of association, participation of workers, and collective bargaining of all employees and workers including contract and casual labour, and provide access to appropriate grievance redressal mechanisms.

S. No.	Updated Core Element
4.	**OEMs and all Suppliers** should not use child labour, coercive or forced labour, or any form of involuntary labour, paid or unpaid.
5.	**OEMs and all Suppliers** should provide a workplace environment that is healthy, safe, hygienic and accessible to the persons with disability and which upholds the dignity of the employees and workers. This should be done in consultation with employees, workers and their representatives.
6.	**OEMs and Large Suppliers** should put systems and processes in place to support the work-life balance and family-friendly policies of all its employees and workers.Suppliers that are Micro, Small or Medium Enterprises should endeavour to put these systems in place.
7.	**OEMs and all Suppliers** should ensure fair, timely and transparent payment of wages and entitlements in a time-rated manner, (statutory or as agreed through collective bargaining, including overtime etc.) through formal channels such as banking, digital transfers etc, for all categories of their employees and workers.
8.	**OEMs and all Suppliers** should aspire to pay living wages to meet basic needs and economic security of all employees and workers, including casual and contract labour.
9.	**OEMs and Large Suppliers** should ensure continuous upgradation of skill and competence of all employees and workers by providing access to necessary learning opportunities, on an equal and non-discriminatory basis, and should proactively support their workforce through changes in technology (e.g., companies transitioning out of internal combustion engine technologies should pay special attention to this, ensuring that their workforce and those in their supply chains are equipped to deal with these new and emerging technologies), climate change, economic shifts, and evolving industry practices following the just transition principles. They should promote career development through human resource interventions ensuring fair and inclusive access to trainings, re-skilling and up-skilling, job-transitions, and lifelong learning opportunities. Suppliers that are Micro, Small or Medium Enterprises should endeavour to undertake the above-mentioned steps and actions.

S. No.	Updated Core Element
10.	**OEMs and all Suppliers** should create systems and practices to ensure a humane workplace free from violence and all forms of harassment (including mental, physical and sexual harassment), a workplace where employees and workers feel safe and secure, with adequate provisions for grievance redressal.
11.	**OEMs and Large Suppliers,** should implement structured apprenticeship and internship programmes aligned with national frameworks and guidelines, ensuring a safe and inclusive learning environment, compliant with the regulations. Apprentices and interns should be given priority in recruitment to facilitate their transition into formal employment.
12.	**OEMs and all Suppliers** should develop policies and practices that promote affirmative action for employees and workers belonging to excluded and marginalized groups including migrant workers. This includes taking positive action to support employment creation, ensure equality and non-discrimination, promote inclusive employment, invest in workforce skilling, and maintain responsible industrial relations through social dialogue and collective bargaining to foster sustainable growth. Suppliers that are Medium, Small or Micro Enterprises should endeavour to the above.
13.	**OEMs and Large Suppliers** should take informed consent for collection and use of data to ensure confidentiality and use of data for only the intended purpose for which it was collected.

PRINCIPLE 4:

Businesses should respect the interests of and be responsive to all its stakeholders.

BRIEF DESCRIPTION

This Principle recognizes that businesses operate in an eco-system comprising a number of stakeholders, beyond shareholders and investors, and that their activities impact natural resources, habitats, communities and the environment. The Principle acknowledges that it is the responsibility of businesses to ensure that the interests of all stakeholders, especially those who may be vulnerable and marginalized, are protected. The Principle further recognizes that businesses have a responsibility to maximize the positive impacts and minimize and mitigate the adverse impacts of its products, operations, and practices on all their stakeholders.

CORE ELEMENTS

S. No.	Updated Core Element
1.	The Governance Structure of the **OEMs and Large Suppliers** should ensure that they identify and list their stakeholder groups and rights-holders, especially including the most disadvantaged and marginalised amongst them.
2.	Governance Structures should ensure that the **OEMs and Large Suppliers** acknowledge, assume responsibility, and are transparent about the impact of their policies, decisions, products and associated operations on all stakeholder groups (including supply chain partners and customers) and the natural environment.
3.	**OEMs and Large Suppliers** should periodically and regularly engage its stakeholder groups, understand their expectations and concerns, define the purpose and scope of the engagement, consult with them in developing policies and processes that impact them, and commit to resolving any differences and redressing grievances in a just, fair and constructive manner.
4.	**OEMs and Large Suppliers** should enable all stakeholders to benefit fairly from the value generated by them, and any conflicts or differences arising from the impact of operations or the sharing of the value generated by them should be resolved in a just, fair and equitable manner.

PRINCIPLE 5:
Businesses should respect and promote Human Rights

BRIEF DESCRIPTION

This Principle recognizes that human rights are rights inherent to all human beings, and that everyone, individually or collectively, is entitled to these rights, without discrimination. It further recognizes that human rights are inherent, inalienable, interrelated, interdependent and indivisible. The Principle is inspired, informed and guided by the Constitution of India and the International Bill of Rights and recognizes the primacy of the State's duty to protect and fulfil human rights.

The Principle is further informed and guided by the UN Guiding Principles on Business and Human Rights in its articulation of the responsibility of businesses to respect human rights. It affirms that the responsibility of businesses to respect human rights requires that it avoids causing or contributing to adverse human rights impacts, and that it addresses such impacts when they occur. The Principle urges businesses to be especially responsive to such persons, individually or collectively, who are most vulnerable to, or at risk of, such adverse human rights impacts.

CORE ELEMENTS

S. No.	Updated Core Element
1.	The Governance Structure **of OEMs and Large Suppliers** should ensure that they make all their employees and workers aware of the human rights content of the Constitution of India, relevant national laws and policies, the International Bill of Human Rights, and their application to businesses as outlined in the UN Guiding Principles on Business and Human Rights, Fundamental Principles and Rights of Workers (FPRW) and Tripartite Declaration of Principles concerning Multinational (and National) Enterprises and Social Policy. It should also ensure that responsibility for addressing such impacts is assigned to the person/position at appropriate level and function within the business, and designate a Business and Human Rights Focal Point for oversight of all related matters, either full-time or as additional responsibility of an executive from an existing function who is knowledgeable of/trained in Business & Human Rights. Suppliers that are Medium, Small or Micro Enterprises should display basic rights of workers provided by the above documents in a prominent way and in languages that their workers are familiar with.

S. No.	Updated Core Element
2.	The Governance Structure of **OEMs and all Suppliers** should ensure that have in place such policies, structures and procedures that demonstrate respect for the human rights of all stakeholders impacted by its business. **OEMs and Large Suppliers** should undertake HRDD in their operations and proportionate to the risk for Tier-1 suppliers, and assist Small and Medium Enterprises to do HRDD. to identify, prevent, mitigate and be accountable for how they address adverse human rights impacts.
3.	The Governance Structure of **OEMs and all Suppliers** should ensure that their businesses, where they are causing, contributing or otherwise linked to adverse human rights impacts, take preventive and corrective actions to address such impacts.
4.	**OEMs and Large Suppliers** should promote the awareness and realization of human rights on an ongoing basis across its value chain partners (in the case of OEMs) and supply chain partners (in the case of all Suppliers).
5.	**OEMs and all Suppliers** should ensure that all individuals and groups whose human rights are impacted by them have easy access to simple, fair, confidential and effective grievance redressal mechanisms, both internal and external, that address these grievances in a time-bound manner.

PRINCIPLE 6:

Businesses should respect and make efforts to protect and restore the environment

BRIEF DESCRIPTION

This Principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well-being of society. The Principle emphasizes that environmental issues are interconnected at the local, regional and global levels, which makes it imperative for businesses to address issues like pollution, biodiversity conservation, sustainable use of natural resources and climate change (mitigation, adaptation and resilience) in a just, comprehensive and systematic manner.

These are aligned with SDGs 11, 13, 14 and 15. The Principle encourages businesses to assess environment impacts of its products and operations and take steps to minimize and mitigate its adverse impacts where these cannot be avoided. The Principle encourages businesses to adopt environmental practices and processes that minimize or eliminate the adverse impacts of its operations and across the value chain. The Principle encourages businesses to follow the Precautionary Principle in all its actions.

CORE ELEMENTS

S. No.	Updated Core Element
1.	The Governance Structure of **OEMs and all Suppliers** should ensure that they formulate appropriate policies, procedures and structures to assess, measure and address its adverse impacts on the environment at all its locations, at all stages of its life cycle from establishment to closure. Special care should be taken where these impacts occur in eco-sensitive areas.
2.	**OEMs and all Suppliers** should develop appropriate strategies for sustainable and efficient use of natural resources and manufactured materials, giving due consideration to expectations and concerns of all stakeholders.
3.	**OEMs and Large Suppliers** should define measurable key performance indicators and targets to monitor their performance on environmental aspects such as water, air, land-use, forest, energy, material, waste, biodiversity, built environment and so on and design and implement action plans to achieve these targets.

S. No.	Updated Core Element
	Suppliers that are Medium, Small or Micro Enterprises should monitor and record their performance on environmental aspects such as water, air, energy, material and waste.
4.	**OEMs and all Suppliers** should focus on addressing climate change through mitigation and adaptation measures, and build climate resilience in line with India's Nationally Determined Contributions and the National/State Action Plans on Climate Change. Suppliers that are Large and Medium enterprises should regularly make available to their supply chain partners, successful interventions taken by them to mitigate GHG emissions and build resilience to counter climate change. Suppliers that are Small or Micro Enterprises should learn from their principals and customers and adapt and adopt these practices where possible.
5.	**OEMs and all Suppliers** should learn from industry best practices for promoting reduction, reuse, recycling and recovery of material and resources, and encourage and motivate its stakeholders, including consumers and business partners, to do the same. **OEMs and Large Suppliers** should regularly make available to their supply chain partners, successful interventions taken by them to promote reduction, reuse, recycling and recovery of material and resources. Suppliers that are Small or Micro Enterprises should learn from their principals and customers and adopt these practices where possible.
6.	**OEMs and all Suppliers** should seek to improve their environmental performance by adopting innovative, resource-efficient and low-carbon technologies and solutions resulting in lower resource footprint, reduced material consumption and more positive impact on the environment, economy and society.

PRINCIPLE 7:

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

BRIEF DESCRIPTION

This Principle recognizes that businesses operate within specified national and international legislative and policy frameworks, which guide their growth and also provide for certain desirable restrictions and boundaries.

The Principle recognizes the legitimacy of businesses to engage with governments for redressal of a grievance or for influencing public policy. The Principle emphasizes that public policy advocacy must expand public good.

CORE ELEMENTS

S. No.	Updated Core Element
1.	The Governance Structure of **OEMs and all Suppliers** should ensure that their advocacy positions are consistent with the Principles contained in these Guidelines and publicly disclosed.
2.	**OEMs and all Suppliers** should undertake policy advocacy through trade and industry chambers and associations, and other similar collective platforms. Businesses must avoid direct one-on-one meetings with policy-makers on matters that potentially impact the whole sector.
3.	**OEMs and all Suppliers** should ensure that its policy advocacy positions promote fair competition and are aligned with all principles of NGRBC.

PRINCIPLE 8:
Businesses should promote inclusive growth and equitable development.

BRIEF DESCRIPTION

This Principle recognizes the challenges of social and economic development faced by India, and builds upon the national and local development agenda as articulated in government policies and priorities. This is particularly significant in zones affected by social disharmony and low human development. The Principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country with a specific focus on disadvantaged, vulnerable and marginalized communities, as articulated in Section 135 of the Companies Act, 2013. The Principle also emphasizes the need for collaboration amongst businesses, government agencies and civil society in furthering this development agenda in line with SDG 17.

The Principle reiterates that business success, inclusive growth and equitable development are interdependent.

CORE ELEMENTS

S. No.	Updated Core Element
1.	**OEMs and Large Suppliers** shall ensure that the business takes appropriate actions to minimize any adverse impacts that it has on social, cultural and economic aspects of society especially for the marginalized communities arising from land acquisition and use, construction of facilities and operations.
2.	**OEMs and all Suppliers** should assess, measure and understand their impact on social and economic development and respond through appropriate action to prevent, minimize and mitigate its negative impacts on society.
3.	**OEMs and Large Suppliers** should innovate and invest in products, technologies and processes that promote the well-being of all segments of society, including vulnerable and marginalized groups.

S. No.	Updated Core Element
4.	**OEMs and Large Suppliers** should respond to national and local development priorities and understand the needs and concerns of local communities, particularly vulnerable and marginalised groups and in regions that are underdeveloped, while designing and implementing their CSR programmes. All businesses, particularly **Micro and Small enterprises** located in geographic or sectoral clusters or in industrial estates, should endeavour to work collaboratively with other businesses in the cluster to address common development needs and challenges.
5.	**OEMs and Large Suppliers** should make efforts to minimize the negative impacts of displacement of people and disruption of livelihoods through their business operations and where displacement is unavoidable, this process must be undertaken in a humane, participative, informed and transparent manner, where just and fair compensation is paid to those impacted.
6.	**OEMs and Large Suppliers** should respect all forms of intellectual property and traditional knowledge and make efforts to ensure that benefits derived from such knowledge are shared equitably.

PRINCIPLE 9:

Businesses should engage with and provide value to their consumers in a responsible manner.

BRIEF DESCRIPTION

This Principle is based on the fact that the basic aim of a business entity is to provide goods and services to its consumers that are safe to use, and in a manner that creates value for both.

The Principle recognizes that consumers have the freedom of choice in the selection and usage of goods and services, and that the enterprises will strive to make available products that are safe, competitively priced, easy to use and safe to dispose of, for the benefit of their consumers.

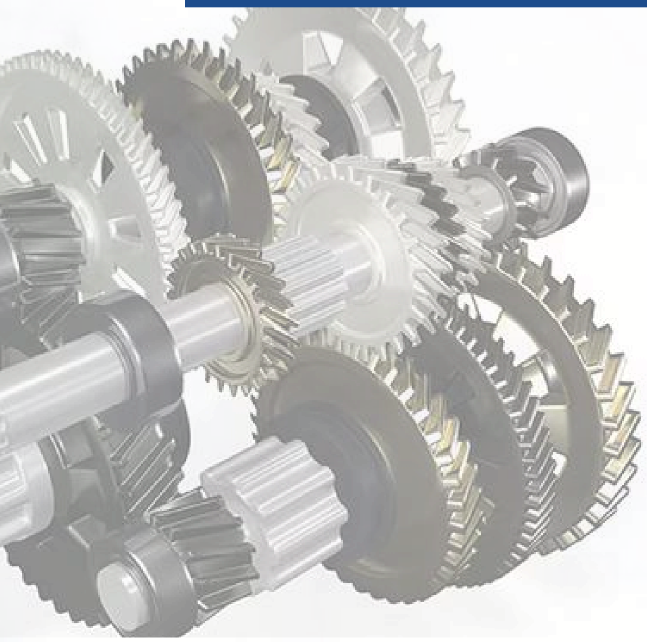
The Principle also recognizes that businesses should play a key role, along with other relevant stakeholders, in mitigating the adverse impacts that excessive consumption of its products may have on the overall well-being of individuals, society and our planet, in line with SDG 12.

CORE ELEMENTS

S. No.	Updated Core Element
1.	Governance Structures of **OEMs** should ensure that the **OEMs** minimizes and mitigates any adverse impact of automobiles and post-sale services on consumers, the natural environment and society at large. This includes establishing effective product recall mechanisms to address safety or quality issues, ensuring consumer protection and continuous improvement.
2.	**OEMs and all Suppliers** should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
3.	**OEMs** should disclose all information accurately, through labelling and other means, including the risks to the individual, to society, and to the natural environment, from the use of the products, so that the consumers can exercise their freedom to consume in a responsible manner.

S. No.	Updated Core Element
4.	**OEMs and Large Suppliers** that sell spare parts directly to retail consumers should protect and manage consumer data including connected vehicle usage data in a way that does not infringe upon their right to privacy.
5.	**OEMs** should make consumers aware of, and provide information and guidance to them on safe and responsible usage, maintenance and disposal of their products (including reuse and recycling).
6.	**OEMs** should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the Principles in these Guidelines.
7.	**OEMs and all Suppliers** that sell spare parts directly to retail consumers should provide appropriate grievance redressal mechanisms that are transparent and accessible, to address consumer concerns and feedback in a timely manner including product recall.

CHAPTER III
Description & Explanation of Key Terms



Some of the key terms used in this document are described here. These descriptions are only indicative. They have been selected based on a review of Indian and international definitions, and their applicability in the context of these Guidelines.

1. Anti-bribery and Anti-Corruption

ABAC is the organizational commitment to prevent and eliminate bribery (offering or accepting undue benefits to influence improperly) and corruption (abuse of power for private gain), enforcing zero tolerance, ethical conduct, and compliance with local and international laws . It includes due diligence, confidential reporting, audits, training, and protection from retaliation to ensure transparency and societal well-being.

2. Accountable

Being responsible and answerable for their actions, willing to explain them to others, and taking ownership of all repercussions if so required.

3. Apprenticeship

Apprenticeship is a combination of on-the-job training and related instruction in which workers learn the practical and theoretical aspects of a highly skilled occupation. Apprenticeship programs can be sponsored by individual employers. joint employer and labour groups, and/or employer associations.

4. Career Progression

The process of making progress to better jobs.

5. Circular Economy

This is an alternative to a traditional linear economy (make, use, dispose), in which resources are used for as long as possible, the maximum value is extracted from them whilst in use, after which products and materials are recovered and regenerated at the end of each service life. The idea of a circular economy is called circularity. It is also referred to as "cradle- to-cradle".

6. Collective Bargaining

Negotiating between the employees' organization and employer's organization; management in good faith with a view to agree on terms and conditions of work and / or settlement of disputes and grievances of employees represented by a representative body of employees.

7. Complicity

Refers to involvement of the business in violations of any of the Principles and Core Elements by third parties connected with its operations. It is generally made up of the following:

- An action or omission (failure to act) by a business, or individual representing a business, that 'helps' (facilitates, legitimize, assists, encourages, etc.) another, in some way, to perpetrate a violation
- The business was or should have been aware that its action or omission could provide such help
- Complicity may be direct, beneficial or silent.

8. Consumer

A person or business that buys products ornservices for personal use, resale or use innproduction and manufacture. It also includes the user of the product or service other than the buyer.

9. Disclosure

An organization's practice of reporting to all stakeholders on its economic, environmental and social impacts. It also presents the organization's values and governance model and demonstrates the link between its strategy and its commitment to sustainable development.

10. Discrimination

An understanding that every individual is unique and therefore embracing and respecting the differences on account of, but not limited to, caste, creed, sex, race, ethnicity, age, colour, religion, disability, socio-economic status or sexual orientation.

12. Employee

A person employed, directly or by or through any agency (including a contractor}, whether for remuneration or not, for carrying out activities of the organization or any part thereof, incidental to or connected with those activities, in pursuance of the organization's stated objectives. It would also include those who undertake these activities outside of the business's premises including their own homes.

13. Equity

An approach which recognizes the need, plans and delivers a fair and equivalent opportunity across stakeholders to engage gainfully from their interactions with the business.

14. Ethical

Individual or collective behaviour that is in accordance with accepted written and / or unwritten codes of principles and values that govern decisions, actions and conduct within a business in the context of a particular situation and is consistent with accepted norms of behaviour.

15. Family Friendly Policies

Family-friendly policies are defined as those policies that help to balance and benefit both work and family life that typically provide three types of essential resources needed by parents and caregivers of young children: time, finances and services.

Four Sets of Policies:

1. Paid Parental Leave to Care for Young Children
2. Supporting Breastfeeding
3. Affordable, Accessible and Quality Childcare
4. Child Benefits
5. Flexible Work Arrangements
6. Healthcare Benefits.

16. Freedom of Association

Workers and employers, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization.

17. Governance

Governance refers to the ethical conduct of business and the framework through which organizations make decisions,operate to achieve objectives, and ensure openness, fairness, integrity, and accountability to all stakeholders. It involves balancing the interests of shareholders, employees, communities, and the environment, thereby enhancing economic efficiency and contributing to long-term survival, growth, and societal well-being. The governance structure is the formalized system of oversight that ensures these principles are upheld. This includes the Board of Directors in companies, partners in partnership firms, or the owner in sole proprietorships, who are ultimately responsible for transparent decision-making, accountability, and responsiveness to stakeholders.

18. Grievance Redressal Mechanism

Mechanism for any stakeholder individually or collectively to raise and resolve reasonable concerns affecting them without impeding access to other judicial or administrative remedies. The mechanism should be:

- Clear, transparent and have
- independent governance structures
- Accessible
- Predictable
- Equitable
- Based on dialogue and mediation

19. Harassment

This refers to a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence orrepeated, that is unwanted by the recipient that results in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment.

20. Humane Workplace

A humane workplace should have a safe, healthy, and well-maintained environment that prioritizes the well-being, comfort, and productivity of workers. It adheres to occupational safety and health standards by ensuring proper infrastructure, hygiene, ventilation, lighting, and ergonomic workstations.

21. Intellectual Property (IP)

Refers to creations of the mind, such as inventions, literary, musical and artistic works, and symbols, names, images, and designs used in commerce, for which its owners or generators are granted certain exclusive rights under the corresponding national laws. Common types of IP include patents (inventions), copyrights, trademarks, industrial designs, software, geographic indications and trade secrets, etc.

22. Involuntary Labour

All work or service that is extracted under the menace of penalty. Alsoincludes terms such as forced labour, bonded labour and modem slavery.

23. Just Transistion

It means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, especially those whose lives and livelihoods will be adversely affected, creating decent work opportunities and leaving no one behind. A just transition involves maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights.

24. Large Enterprise

A large enterprise is typically an entity that does not meet the criteria for Micro, Small, and Medium Enterprises (MSMEs).

25. Living wages

A wage sufficient for a family to meet its basic needs and which provides some ability to deal with emergencies.

26. Marginalized Communities

Marginalized communities refer to groups of people who experience social, economic, and/or political exclusionor discrimination based on characteristics such as race, ethnicity, gender, sexual orientation, socioeconomic status, disability, or religion.These communities often face systemic and often inter-generational disadvantages, limited access to opportunities, and unequal treatment in various aspects of life, including education, employment, healthcare, housing, and criminal justice.

27. Medium enterprise

Medium enterprise are those where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

28. Micro enterprise

Micro enterprise are those where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.

29. Original Equipment Manufacturer (OEMs)

An Original Equipment Manufacturer (OEM) is a company that designs, manufactures, markets, and assembles and sells automobiles by sourcing parts from various suppliers.

30. Participation of Workers

Situation where workers are involved in some way in the decision making process of a business organization. Worker participation can take many forms. There might be a consultative council in the company where trade unions and management meet regularly to discuss points of mutual interest. Workers can be organized in quality circles and meet regularly in small groups to discuss ways in which their work could be better organized.

31. Product

Any good or service produced for introduction to trade or commerce, possessing intrinsic value and capable of delivery to a consumer in tangible form, intangible form or a combination thereof.

32. Product Life Cycle

This refers to all the stages of a product from extraction or acquisition of raw materials through manufacturing and processing, distribution and transportation, use and reuse, recycling and disposal. In the case of services, it refers to all activities and processes from the design to delivery.

33. Proprietary Products

A Proprietary Product shall mean any product, process, technology or service currently being marketed, sold, licensed or developed by the business that legally owns the patent or intellectual property of the said product. It covers all such products that it either manufactures directly or is manufactured by its license.

34. Recognition of Prior Learning (RPL)

RPL is a process of assessment of an individual's prior learning. This provide opportunities to this category of workforce- without formal educational certification but with benchmarked vocational skills to join academic and career pathways and thereby make skills aspirational.

35. Rights-holders

Individuals or social groups that have particular entitlements in relation to specific entities or individuals having a particular obligation or responsibility to respect, promote and realize human rights and to abstain from human rights violations.

36. Small Enterprise

Small enterprise are those where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees.

37. Stakeholders

Individual or group concerned or interested with or impacted by the activities of the businesses and vice-versa, now or in the future. Typically, stakeholders of a business include, but is not limited to, its investors/shareholders, employees (and their families), customers, communities, value chain members and other business partners, regulators, civil society actors, and media.

38. Supply Chain

A supply chain is an entire system of producing and delivering a product or service, from the very beginning stage of sourcing the raw materials to the final delivery of the product or service to end- users.

The supply chain lays out all aspects of the production process, including the activities involved at each stage, information that is being communicated, natural resources that are transformed into useful materials, human resources, and other components that go into the finished product or service.

39. Sustainability

The outcome achieved by balancing the social, environmental and economic impacts of business. It is the process that ensures that business goals are pursued without compromising any of the three elements.

40. Sustainable

Being aligned with the tenet of meeting the needs of the present without compromising the ability of future generations to meet their own needs.

41. Sustainable Sourcing

Sustainable sourcing is the integration of social, ethical, environmental and commercial performance factors into the process of selecting suppliers and in their continued engagement and relationship.

42. Tax Transparency

Presenting easily understandable

information on the broader economic contributions a taxpayer makes by paying or collecting taxes in the environment in which they operate.

43. Tier 1, 2 & 3 Suppliers

- Tier 1 Supplier directly supplies parts or assemblies or labour to Original Equipment Manufacturers (OEMs).
- A Tier 2 Suppliers supply parts or assemblies to tier 1 suppliers.
- A Tier 3 Supplier supplies parts or assemblies to tier 2 suppliers. Typically Tier 2 & 3 do not supply labour directly to Tier 1.

44. Traditional Knowledge

This refers to any indigenous technical, ecological, scientific, medical or cultural knowledge which is not necessarily documented but is in use by or generally known to communities and considered as common, universal knowledge. Typical examples include antiseptic properties of neem, turmeric, etc.

45. Transparent

Being open about decisions and activities that affect society, the environment and the economy, and the willingness of businesses to communicate information in clear, accurate, honest, timely and complete manner.

46. Value Chain

Value Chain collectively refers to all entities and individuals who supply goods and services as well as those that transfer finished products to the customer. In the case of OEMs, it also includes the dealership network that sells vehicles and provides after-sales service to customers.

48. Vulnarable and Marginalized Groups

Group of individuals who are unable to realize their rights or enjoy opportunities due to adverse physical, mental, social,economic, cultural, political, geographic or health circumstances. These groups in India can be identified on the basis, inter alia, of the following:

- Gender and transgender
- Age

- Descent/identity/ethnicity (caste, religion, scheduled castes, scheduled tribes)
- Occupation (displaced, landless small /marginal farmers, migrant workers)
- Persons with disability
- Political or religious beliefs

49. Workplace

Place(s) where activities of the organization are carried out in pursuance of its stated objectives.

50. Work-life Balance

Broad concept including proper balancing of "work" (career and ambition) on one hand and "life" (pleasure, leisure, family and spiritual development) on the other. Related, though broader, terms include "lifestyle balance" and "life balance".

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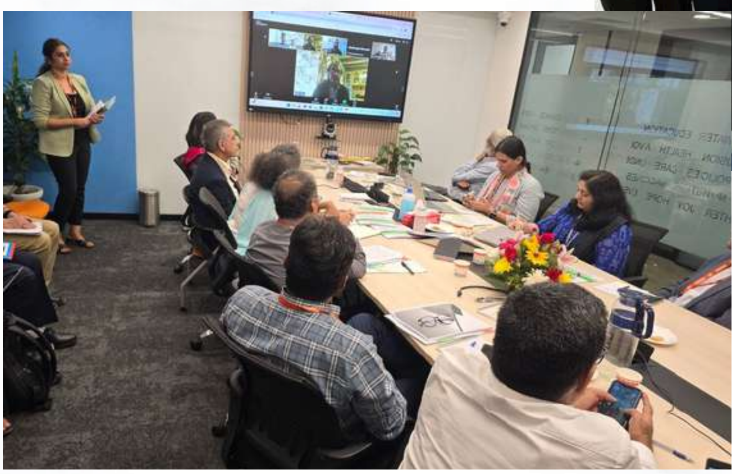
SNAPSHOTS OF THE PROCESS



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About IICA & the School of Business Environment

The Indian Institute of Corporate Affairs (IICA) is a premier institution under India's Ministry of Corporate Affairs, dedicated to advancing corporate governance, sustainability, and responsible business conduct. Through research, capacity building, and policy engagement, IICA works to align India's corporate ecosystem with global standards of transparency and accountability.

The School of Business Environment (SBE) has been focusing on promoting the responsible business ecosystem in the country, by supporting the growth of the corporate sector in India especially in the forward-looking areas of Environment-Social-Governance (ESG), Corporate Social Responsibility (CSR) and Business and Human Rights (BHR). The School has emerged as an important catalyst towards policy development, advocacy, research, capacity building and consulting needs pertaining to the Responsible Business Conduct in India.

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