

Fair Trade Policy

Objective:

The objective of our Fair Trade Policy is to promote and uphold fair trade principles and practices throughout our supply chain. We aim to contribute to sustainable development, support ethical labour practices, and create positive social and environmental impacts on the communities involved in our business operations. This policy guides our commitment to fair and transparent supplier selection, fair pricing mechanisms, ethical labour provision, continuous training, and rigorous compliance and monitoring through third-party audits.

Policy Statement:

At Shriram Pistons and Rings Limited, we are dedicated to conducting our business in a socially responsible and sustainable manner. We believe in promoting fair trade practices that respect human rights, protect the environment, and foster economic development in the regions where we operate. We are committed to maintaining fair and transparent relationships with our suppliers, subcontractors, and all stakeholders involved in our supply chain.

Scope of Policy:

The Fair Trade Policy is applicable to all aspects of our business operations and supply chain activities. It sets forth the principles and guidelines that govern our commitment to fair trade practices, ethical labour standards, environmental sustainability, and social responsibility. The scope of our Fair Trade Policy encompasses the following areas:

- **Supply Chain:**

The policy applies to all stages of our supply chain, including sourcing raw materials, manufacturing, packaging, transportation, and distribution. It covers suppliers, sub-contractors, manufacturers, and any other entities involved in the production and delivery of goods and services.

- **Product Sourcing and Procurement:**

The policy extends to the sourcing and procurement process, ensuring that suppliers and partners adhere to fair trade principles and ethical practices. We prioritize working with suppliers who are Fair Trade certified or demonstrate a commitment to fair and sustainable practices.

- **Ethical labour Practices:**

Fair labour standards are a fundamental aspect of our policy. It covers all workers within our supply chain, ensuring fair wages, reasonable working

hours, and safe working conditions. We uphold the rights and dignity of workers, and we do not tolerate any form of forced or child labour.

- **Environmental Sustainability:**

We strive to minimize our environmental impact and promote sustainability throughout our operations. The policy encourages responsible resource management, waste reduction, and eco-friendly practices.

- **Fair Pricing Mechanism:** The policy establishes fair and transparent pricing mechanisms that support equitable compensation to suppliers and encourage sustainable business relationships. We aim to strike a balance between fair prices and maintaining affordable and competitive products for consumers.

- **Community and Social Development:**

Our commitment to fair trade extends to the communities where we operate and source our products. We support community development initiatives that empower local communities, improve livelihoods, and foster economic growth.

- **Training and Capacity Building:**

We provide training and capacity-building opportunities to our suppliers and workers to promote fair trade practices, ethical standards, and environmental consciousness.

Continuous education is encouraged to enhance the knowledge and awareness of fair trade principles.

- **Auditing and Monitoring:**

To ensure compliance with the Fair Trade Policy, we conduct regular internal audits and monitoring of our supply chain activities. We also engage in third-party audits to provide independent assessments of our practices.

- **Partnerships and Collaboration:**

We collaborate with stakeholders, including suppliers, NGOs, industry organizations, and consumers, to collectively promote fair trade principles and positive social and environmental impacts.

The scope of our Fair Trade Policy reflects our commitment to responsible and ethical business practices that prioritize people and the planet. As part of our corporate responsibility, we aim to make a positive difference in the lives of workers, communities, and the environment through fair trade initiatives.

Plan of Action:

- **Supplier Selection & Evaluation (including Sub-contract)**

- **Supplier Selection:** We prioritize working with suppliers who demonstrate a commitment to fair trade principles, ethical labour practices, and environmental sustainability. Our selection process will consider the supplier's compliance with relevant fair trade certifications, standards, and codes of conduct.
- **Fair Evaluation Criteria:** We establish fair evaluation criteria for suppliers, which include factors such as labour conditions, wages, working hours, health and safety standards, and respect for human rights. Environmental practices, including waste management and resource conservation, are also considered.
- **Supplier Engagement:** We engage in transparent and constructive dialogue with suppliers to understand their practices better and encourage continuous improvement. Suppliers will be encouraged to share their sustainability initiatives and action plans.
- **Sub-Contractors:** Our fair trade principles extend to sub-contractors involved in the production and supply of goods or services. We expect our direct suppliers to ensure that sub-contractors adhere to the same fair trade standards and principles.

- **Fair Trade Policy: Fair Pricing Mechanism**

- **Transparent Pricing:** We have established a transparent pricing mechanism that provides fair compensation to suppliers, covering production costs, labour, and a reasonable margin for sustainable growth. Prices will be determined based on mutual understanding and respect between our company and suppliers.
- **Long-Term Relationships:** We aim to build long-term relationships with our suppliers, fostering trust and fair negotiation practices. Frequent price changes or renegotiations will be avoided, except under exceptional circumstances.
- **Affordable Consumer Prices:** While ensuring fair compensation to suppliers, we will strive to maintain affordable and competitive prices

for our consumers. The fair pricing mechanism will strike a balance between sustainability and accessibility.

- **Fair Trade Policy: Ethical Labour Providing**

- **Fair Wages and Benefits:** We are committed to providing fair wages that meet or exceed local legal requirements and are in line with industry standards. Employees will receive benefits and incentives that support their well-being and quality of life.
- **Safe and Healthy Working Conditions:** We prioritize providing a safe and healthy work environment for all employees, free from hazards and risks. Health and safety measures will be implemented and regularly monitored.
- **Worker Rights and Dignity:** We respect the rights and dignity of all workers and prohibit any form of discrimination, harassment, or forced labour. Employees will be treated with fairness, respect, and equal opportunities for growth.

- **Fair Trade Policy: Training**

- **Supplier Capacity Building:** We will provide training and capacity-building opportunities to our suppliers to enhance their understanding and implementation of fair trade principles. Training programs will focus on ethical labour practices, environmental sustainability, and social responsibility.
- **Employee Development:** Our commitment to fair trade extends to our employees, who will have access to training and development opportunities to foster their skills and career growth.
- **Internal Compliance Audits:** We will conduct regular internal compliance audits to assess adherence to fair trade policies and standards. The audit results will be used to identify areas of improvement and take corrective actions if necessary.
- **Third-Party Audits:** We will engage independent third-party auditors to conduct objective assessments of our fair trade practices. Third-party audits will provide an unbiased evaluation of our performance and promote transparency.



- **Monitoring and Reporting:** Continuous monitoring and reporting of fair trade initiatives will be carried out to track progress and identify opportunities for enhancement. We will share relevant information with stakeholders to demonstrate our commitment to fair trade practices.

The Fair Trade Policy is an integral part of our corporate values, and all employees, suppliers, and stakeholders will be expected to uphold its principles. The policy will be reviewed periodically to ensure its effectiveness and alignment with evolving fair trade standards.

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