

## **SHRIRAM PISTONS & RINGS LIMITED: NEW DELHI**

### **Sustainable Procurement Policy**

#### **1. Preamble:**

Shriram Pistons & Rings Limited (SPRL) is committed to embedding sustainable procurement throughout its supply chain to foster long-term value creation. This policy outlines our framework for achieving excellence in Environmental, Social, and Governance (ESG) practices, aligning with global standards and industry benchmarks.

#### **2. Scope**

This policy applies to all procurement activities conducted by SPRL and its subsidiaries, covering:

- a) Suppliers and Partners:** All vendors, contractors, and service providers involved in the procurement of goods and services.
- b) Products and Services:** Both direct (production-related) & indirect (non-production-related) purchases, including third-party logistics and consulting services.
- c) Geographical Coverage:** All locations and operations of SPRL globally.
- d) Key Focus Areas:** Environmental management, labour and human rights, governance, and sustainable development.

#### **3. Policy Guidelines:**

To ensure sustainable procurement, SPRL follows these comprehensive guidelines:

##### **a) Environmental Criteria:**

- Prioritize suppliers with robust environmental performance aligned with SPRL's sustainability objectives.
- Integrate environmental considerations, such as energy efficiency, emissions reduction, and waste management, into supplier evaluations.

##### **b) Life Cycle Assessment (LCA):**

- Conduct detailed LCAs for products and services to evaluate their environmental impact.
- Assess resource consumption, energy efficiency, and waste generation to make informed, eco-friendly procurement decisions.

**c) Compliance with Standards:**

- Require all suppliers to adhere to applicable environmental regulations and standards.
- Emphasize responsible sourcing practices, effective waste management protocols, and environmentally friendly manufacturing processes.
- Ensure suppliers uphold human rights, labour rights, and ethical practices, with a strict prohibition on forced or child labour.
- Adhere to relevant laws, regulations, and international standards regarding procurement, environmental protection, and human rights.

**d) Collaboration and Innovation:**

- Foster partnerships with suppliers to promote innovation in sustainable practices.
- Share knowledge, best practices, and technological advancements to drive continuous improvement across the supply chain.

**e) Supplier Monitoring and Continuous Improvement:**

- Conduct regular audits and provide actionable feedback for continuous improvement.
- Regularly evaluate and improve procurement practices, fostering innovation through collaboration with suppliers.
- Introduce periodic training programs to enhance supplier understanding of sustainability practices.

**f) Social Responsibility:**

- Uphold labour rights and fair-trade practices across the supply chain.
- Encourage suppliers to engage in community development initiatives in their regions of operation.

**g) Essential Sustainability Topics for Suppliers:** SPRL expects all suppliers to address and integrate the following key sustainability topics:

- Environment: Manage energy consumption, emissions, and waste. Set clear and measurable reduction targets.
- Labor and Human Rights: Protect employees' rights and comply with labor laws and regulations in all operating regions.
- Health and Safety: Ensure employee safety and well-being by adhering to established health and safety standards.
- Transparency and Governance: Proactively address red flags, including human rights violations or non-compliance with legal and ethical standards.

- **Sustainable Supply Chain Initiatives:** Participate in recognized sustainability programs such as EcoVadis/ CDP, or the Responsible Business Alliance to enhance accountability and continuous improvement.

#### **4. Procurement Process:**

SPRL has developed a structured procurement process to ensure suppliers meet sustainability objectives.

**a) Key Inquiries for Preferred Suppliers:** As part of ongoing dialogue and assessments, SPRL evaluates suppliers' sustainability efforts by seeking answers to the following:

- **Environment:**
  - Do you use renewable power in your production sites, warehouses, or offices? Please provide details.
  - Have you established and publicly reported Scope 1 and 2 emissions? Provide relevant links.
  - Have you set energy or emission reduction targets? If yes, share details.
  - Are your targets aligned with the Science Based Targets initiative (SBTi)? Please elaborate.
  - Have you committed to waste reduction goals (e.g., landfill reduction, increased recycling)? Provide specifics.
- **Labor and Human Rights:**
  - Do you comply with labour laws and regulations in all operating regions?
- **Health and Safety:**
  - Do you follow specific health and safety standards? If yes, which ones?
- **Suppliers, Red Flags, and Non-compliance:**
  - How do you ensure compliance with labour and environmental laws in your supply chain?
  - Do you train personnel to address red flags and identify non-compliant suppliers?
  - What corrective measures do you take for suppliers not meeting expectations?
- **Sustainable Supply Chain Initiatives:**
  - Are you a member of sustainability programs like Responsible Business Alliance, CDP, or EcoVadis

**b) Acknowledgment of Supplier Code of Conduct:** Preferred suppliers are encouraged to formally acknowledge SPRL's Supplier Code of Conduct, with written acknowledgment as a best practice.

## **5. Accountability and Reporting**

- Suppliers must sign SPRL's Supplier Code of Conduct and provide annual progress reports.
- SPRL may publish a Sustainability Report highlighting progress and areas for improvement depending on the performance

## **6. Governance:**

SPRL will conduct annual reviews of this policy to ensure its relevance, effectiveness, and alignment with international standards and best practices. Outcomes of these reviews will be documented, and any necessary amendments or enhancements will be promptly implemented.

The Chief Procurement Officer is responsible for promoting awareness, understanding, and compliance with the policy throughout the organization.

### **Approving Authority:**

Sd/-

**Krishnakumar Srinivasan**

**MD & CEO**

**Effective Date: April 1, 2025**