

Sustainable Procurement Policy

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Recommended By: PI Sustainability Council

Approved By: - Board of Directors

Sustainable Procurement Policy

1. Introduction

PI Industries Limited ("Company") recognizes the need and benefits of practicing sustainable procurement. The Sustainable Procurement Policy ("the policy") is intended to reflect our commitment to hold ourselves to the highest standards of responsible sourcing, fair labor practices, and minimizing environmental impact and expect our suppliers to align with these principles.

2. Objective

We aim to create a resilient and ethical supply chain that positively contributes to our global community. This policy aligns with our commitment to environmental stewardship, social responsibility, and economic vitality while conducting fair and transparent business as a Responsible Care organization. We strive to integrate sustainability considerations into our procurement processes, fostering a culture of responsible sourcing, resource efficiency, and ethical supply chain management. Furthermore, Responsible Care serves as a focal point for our sustainable procurement objectives, prioritizing excellence in environmental, health, safety, and promoting supplier diversity, we aspire to mitigate environmental impacts, enhance social well-being, and drive long-term value for our stakeholders. The implementation of a sustainable procurement policy will ensure competitive bids, innovative solutions in supplier management, and the development of a sustainable supply chain, all of which collectively contribute to creating lasting impact across and beyond our value chain.

3. Approach

PI is dedicated to responsible practices aligned with the UN Global Compact and Sustainable Development Goals, focusing on clean energy, waste management, emissions reduction, community empowerment and human rights. Upholding high ethical standards through a comprehensive [code of conduct](#), we continually improve sustainability efforts. Transparency and accountability are central to our approach, with clear guidelines and metrics to measure progress. We prioritize ESG aspects in the supply chain and seek suppliers who share our commitment to sustainability, while proactively addressing issues through a risk-based approach and spending criteria. Through stakeholder engagement, we prioritize environmentally responsible products and services, delivering quality while upholding social responsibility and demonstrating business ethics. Recognizing the synergetic nature of these partnerships, we strive to lead by example in sustainable procurement practices by collaborating with suppliers and engaging our workforce, emphasizing responsibility throughout contributing positively to both our business success and the broader sustainability agenda.

4. Scope

This policy is applicable to PI Industries Limited for procurement from the suppliers of the company.

5. Implementation

1.Commitment delivery mechanism:

Enlist the mechanism for delivery/ implementation. For the entities on which policy holds applicable,

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- PI is committed to improving sustainability across the value chain and accompanying suppliers in this journey of improving their sustainability performance. This commitment involves charting a path while working closely with our suppliers to develop a supplier ESG program involving, but not restricted to, the below mentioned aspects
 - Environment – GHG emissions, Waste Management, Resource Efficiency and conservation
 - Social – Human Rights, Forced Labor, Child Labor, Working Conditions, Health and Safety, Discrimination and Harassment, Freedom of Association and Collective Bargaining
 - Governance – Conflict of interest, Anti-corruption, Anti-competitiveness
- PI will include environment, social and governance aspects in our supplier assessments and supplier onboarding through questionnaire /vendor registration form with the possibility of assigning a minimum weight to ESG metrics for supplier selection and contract awarding
- PI shall engage in continuous dialogue with suppliers to identify and improve procurement practices contributing to the negative impacts in the supply chain
- PI has drafted a code of conduct for its suppliers and we anticipate our suppliers to align their operations with the principles delineated in this policy and the Supplier Code of Conduct accessible through the link below <https://www.piindustries.com/wp-content/uploads/2023/06/Supplier-Code-of-Conduct-New.pdf>
- The Supply Chain Management (SCM) team of PI shall regularly review the purchasing practices with suppliers to ensure alignment with the Supplier Code of Conduct
- PI shall conduct screening exercises to determine significant suppliers and understand supply chain risks and dependencies from an ESG and business operations perspective. The risks can be country-specific, sector-specific, or commodity-specific
- PI's supplier assessment and development process shall include either desk assessments or on-site assessments, formulation of supplier's improvement action plans using established standards and methodologies
- PI shall engage suppliers for awareness, trainings, and information to suppliers to improve their ESG performance and technical support for the implementation of improvement action plans
- As a part of the ESG programme for suppliers PI aims to show appropriate recognition and appreciation for successful implementation of the programme by our suppliers to remediate the significant actual and potential negative social and environmental impacts

Sustainability

- Actively promote sustainability practices, such as reducing, reusing, and recycling, as well as green initiatives, throughout the Value Chain in collaboration with business partners and service providers to establish a sustainable business model.
- Implement innovative solutions aimed at reducing carbon emissions, improving energy efficiency and continually work towards minimizing the environmental impact, ensuring sustainability is at the forefront of our operations.

Human

- PI is dedicated to fostering awareness of sustainable procurement within the organization and will deliver suitable training to the relevant employees. All end-users and respective departments of the organization are responsible for purchasing of products and services shall adhere to this policy to the best possible extent.



PI Industries Limited

- Enhance safety awareness and practices across the value chain to safeguard the well-being of individuals working within our operations, promoting a culture of safety and continuous improvement.
- Uphold human rights principles by actively following a non-discrimination policy, ensuring fair compensation, and working hours, and strictly prohibiting any form of forced or child labor.
- Supply chain diversity is of great importance for PI, and we aim to progress in the engage responsibly with various stakeholders while encouraging locally based suppliers and promote economic inclusion with aspects such as SME's, women suppliers and suppliers who recruit members of vulnerable groups/marginalized communities, etc.

Governance

- Enforce strict adherence to applicable rules, regulations, and legal requirements at every stage of the value chain, fostering a culture of compliance to uphold ethical and legal standards.
- Maintain a high level of accountability and transparency by adhering to appropriate financial reporting standards as mandated by the laws and regulations specific to each country in our value chain.
- Plan due diligence exercises to prevent, mitigate and address actual and potential negative social impacts in the supply chain and have a determined type, system, scope and frequency of the diligence/assessment exercise.

Procurement of capital assets, office products, and consumable supplies:

- Compliance to all relevant international/national/local regulatory compliance standards and requirements
- Intrinsically safe designs including all safeguards and controls to prevent any health and safety risks to people
- Designed for environment with extended product life, reusability, recyclability and use of recycled content
- Involve or encourage lesser consumption of resources like energy, water, and other natural resources
- Extended producer responsibility with "take-back/ buy-back "policy
- Minimum and environmentally compatible / recyclable packaging
- Certification and eco-labels for products where applicable

2. Monitoring and Reporting

- Incorporation of relevant ESG metrics in Vendor Registration Forms
- Conducting regular sustainability assessments of suppliers
- Conducting onsite audits
- Identification of the high-risk/significant suppliers
- Collaborating with significant suppliers to mitigate sustainability risks

The policy document shall be made publicly available on the website of the company. We expect our suppliers to also adhere by a monitoring and reporting mechanism, and to communicate it further through the organization and supply chain, wherever necessary, to ensure an effective implementation of the policy.

3. Breach Reporting/ Grievance Redressal and Feedback:

The Sustainability Council, with oversight of the Board of Directors, will oversee the implementation of this policy. We follow a policy of non-retaliation and support the reporting of susceptible breaches. In case of any grievance, the reporting can be done by any stakeholders anonymously through our whistleblower policy.



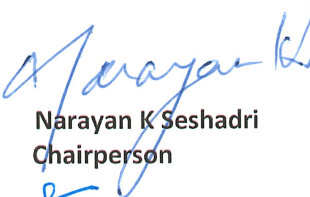
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6. Review

- i) The Sustainability Council will review the policy periodically to comply with changes in the external and internal environment which will include an assessment of the effectiveness of the policy.
- ii) The Sustainability Council will discuss the revisions required and recommend any such revisions to the Board for approval.

Date: May 21, 2024

Place: Mumbai


Narayan K Seshadri
Chairperson