

Sustainable Procurement Policy

Shree Cement Limited (hereinafter referred as 'Shree Cement' or 'SCL' or 'the Company') intends to integrate sustainability principles into its procurement practices. Also, through the Sustainable Procurement Policy, the Company expects its suppliers to abide by the Supplier Code of Conduct, available as Annexure to this policy.

Policy Commitments:

As part of its operations, Shree Cement Limited intends to make its procurement practices more sustainable by:

- Complying with all the applicable laws, and regulatory requirements.
- Protecting and safeguarding confidential information including sensitive personally identifiable information of its supply chain partners, as per regulatory requirements.
- Identifying risks in the procurement process and developing mitigation mechanisms.
- Screening of suppliers on social and environmental parameters as part of supplier onboarding process.
- Defining suppliers as critical and non-critical as per pre-defined criteria which includes volume of procurement, non-substitutable nature and other suitable parameters.
- Carrying out assessments of suppliers based on SCL's supplier assessment framework.
- Integrating results of supplier assessments into onboarding process, with consideration for suppliers from local geography and from vulnerable groups.
- Awareness generation and training of supply chain partners on principles defined under this policy.

Policy Governance:

Heads of procurement functions dealing with different types of procurement are responsible for overlooking the implementation of this policy. Any grievances towards non-compliance of this policy can be reported through the grievance mechanism as defined in the Stakeholder Engagement Policy of SCL.

Policy Approval

This Policy was approved by the Board of Directors of Shree Cement at its meeting held on 22nd May 2023 and supersedes all prior policies in this matter.

Annexure

Supplier Code of Conduct

Shree Cement (hereinafter referred to as 'Shree', 'SCL' or the 'Company'), strives to attain growth by integrating sustainability practices across the value chain. Its vision focuses on overall betterment of the society. In order to progress towards long-term sustenance collaboratively, the Company expects its value chain partners and suppliers to incorporate sustainable practices in their own operations.

I. Scope and Applicability

In this Supplier Code of Conduct (here after called as 'Code'), SCL has laid down its expectations from its value chain partners - suppliers or vendors (here after called as 'Suppliers').

With a vision to create a more sustainable society, SCL encourages all its Suppliers to also have their own Sustainable Procurement policies for their suppliers.

II. Expectations

1. Labor and Human Rights:

The Company expects all its Suppliers to comply with the following at their premises:

- (a) Encourage all employees and workers to treat everyone with dignity and respect.
- (b) Exhibit intolerance towards discrimination on the grounds of gender, age, religion, race, caste, color, ancestry, marital status, sexual orientation, nationality, health status, economic or social situation, property, political or other opinion, or disability at workplace or for employment.
- (c) Refrain from violating human rights and forbid involuntary, forced, or child labor practices.
- (d) Prohibit human trafficking across the value chain.
- (e) Commit to a harassment free and abuse free workplace, both sexual and non-sexual.
- (f) Provide employees and workers with safe and hygienic working conditions. Also, comply with all applicable laws and regulations in the areas of operations with regards to working hours and overtime.
- (g) Compensate employees and workers fairly and solely on the basis of their performance, competencies and skill set and as per provisions of applicable law.
- (h) Conduct awareness programs and trainings on various topics under the labor and human rights for the employees and workers.
- (i) Uphold applicable human rights standards and labor practices and provide a mechanism for reporting any concerns or violations pertaining to human and labor rights anonymously.

2. Health and Safety:

SCL ensures that the Suppliers it onboards also abide by safety and health standards at their premises:

- (a) Install appropriate controls, safe work procedures and necessary protective measures to mitigate any form of health and safety risk in the workplace and to prevent accidents or occupational illness.
- (b) Provide a healthy and safe work environment for its employees and workers.
- (c) Ensure necessary safety equipment is present across all workplaces such as fire safety equipment, emergency aid kits, and facilitate emergency responses/escapes such as fire exits, medical help/ambulance services.
- (d) Conduct trainings on safety protocol, workplace risk or hazardous materials for all employees and workers.

3. Ethics and Integrity:

To ensure that ethical practices and behavior transpires across the value chain, the Company encourages its Suppliers to:

- (a) Maintain a record of all business transactions as per the necessary regulatory requirements.
- (b) Conduct business in accordance with the competition laws of the country or countries of operations.
- (c) Protect and safeguard confidential information, especially personal and sensitive information, of employees, business partners, customers, or any other third party as per the regulation.
- (d) Inform in case of a conflict of interest and disclose if any of our correspondents, officials, have any interest or economic ties with the supplier's business.
- (e) Comply with anti-bribery and anti-corruption practices.
- (f) Conduct awareness programs and trainings on ethical business practices for employees and workers.
- (g) Provide and inform the employees and workers on reporting mechanisms to anonymously file a complaint on any form of ethical violation.

4. Environmental Impact

SCL is conscious of the impact its activities have on the natural resources, biodiversity, and the climate. Additionally, the company complies with national and international environmental laws. Abiding by the same, and to protect the environment from any potential negative impact, the company expects its Suppliers to monitor the following at their premises:

- (a) Monitor and track their environmental footprint including Greenhouse Gas (GHG) emissions and promote efficient operational use of resources such as energy, water, and other materials.
- (b) Promote and practice circular economy principles and efficient waste management throughout their process
- (c) Ensure that they are compliant and well within the permissible environment standards and statutory laws of the country or countries of operations.
- (d) Take necessary measures in order to minimise the impact their activities have on the surrounding biodiversity.
- (e) Initiatives to ensure Green / Eco friendly Environment at workplace.

5. Product Quality

SCL believes in offering its customers superior quality product and services, while not compromising on the safety and quality standards throughout the process. On similar lines, the company would like to ensure that this sanctity is maintained throughout the value chain and hence expects the same level of commitment to quality from its Suppliers.

- (a) Ascertain the quality of the product or service, and immediately report issues that could negatively impact the end user or the brand reputation.
- (b) Adhere to good manufacturing practices and testing protocols.
- (c) Comply with product safety regulations and communicate all relevant product handling requirements.
- (d) Along with correct labelling, transparently share all aspects about health, safety, and environment related information of the products.
- (e) Test the products as per approved standards. Ensure calibration of lab equipment / measuring tools as per approved schedule.

III. Enforcement

The Suppliers are expected to comply with the principles mentioned in this Supplier Code of Conduct and assess their own performance against the points stated.

In case of any violations which are found or reported, SCL will provide the Supplier time and offer support in remediating the concern or challenge. Only in cases where the remediation is not done as per plan or for some reason not addressed, SCL holds rights to terminate the relationship or blacklist the violating Supplier.

Furthermore, in scenarios where the supplier is abiding by the Code and there is a conflict between a national law and an international standard, the national regulation will prevail while respecting the international standard to the maximum extent feasible.