

PATEL ENGINEERING LTD.

# POLICY

## Sustainable Sourcing

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*Approved by:*



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## Sustainable Sourcing Policy

### **Preamble:**

To achieve our goals and to ensure ethical conduct, it is empirical that suppliers share our values and vision and raise the sustainability standard in our supply chain. We encourage and acknowledge that long term sustainable development of our suppliers is critical to our joint success, and we value our relationship with suppliers who share the same approach and vision towards doing sustainable business.

This policy outlines our expectations with respect to ethics, business integrity, human rights, health and safety, environment, the local community and quality of products and operations.

Patel Engineering Limited will periodically review the policy to ensure it continues to help us move towards our vision. Patel Engineering Limited encourages its suppliers to review this information and ensure that the principles and practices mentioned in this policy will be a guideline in your ongoing business dealings with Patel Engineering Limited.

We expect that this policy to be communicated throughout your organization and other stakeholders who have direct relationships with our supply chain.

### **Principles:**

#### **1) Ethically Driven:**

We conduct our business activities in a fair and transparent manner with honesty, integrity, high ethical and moral standards, and respect for human rights. We strongly believe that high ethical standards are essential for sound business relationships in our supply chain. We expect our suppliers to share this commitment while conducting their business with Patel Engineering Limited.

#### **a. Business Integrity and Ethics**

- i. **Conflict of Interest:** Suppliers are expected to report any conflict of interest in any business dealing with Patel Engineering Limited that supplier is aware of to allow us the opportunity to take appropriate action. It should be disclosed if any Patel Engineering Limited employee or professional under contract with Patel Engineering Limited may have significant ownership or interest in a supplier's business.
- ii. **Bribery, Corruption, Gifts and Donations:** Suppliers in all commercial dealings with Patel Engineering Limited, or otherwise must not receive or offer to make any illegal payment, gifts, bribes, donations or other improper advantage in order to obtain unethical favor for the business. All suppliers must ensure that there should not be any violation of anti-bribery and anti-corruption laws and they will make every effort to eliminate all forms of corruption and bribery.
- iii. **Confidentiality:** All the suppliers shall safeguard and respect Patel Engineering Limited intellectual property or trade secrets and other confidential, proprietary, sensitive information or data at all times and shall not disclose the same. The information provided shall be used only for its intended and designated purpose as decided between supplier and Patel Engineering Limited.
- iv. **Anti-Competitive and Trade Practices:** Suppliers must comply with applicable local and international laws to promote free and fair competition and to get business by offering competitive prices and innovative products.

**b. Human Rights**

- i. **Forced and Child Labor:** Supplier shall prohibit use of child labor at any stage of their business process. Patel Engineering Limited expects that the supplier will not employ any children below the age of 18. The supplier must not use any forced labor including debt bondage labor, human trafficking, or modern days slavery.
- ii. **Compensation and Working Hours:** Patel Engineering Limited expects suppliers to comply with applicable wage and working hours laws, regulations and mandatory industry standards pertaining to minimum wages, overtime pay, working hours and rest period according to law of the land.
- iii. **Non-Discrimination:** Supplier must ensure that there is no discrimination in their hiring and employment practices on the basis of race, color, gender, age, religion, sexual orientation, marital status, nationality, disability, veteran status, medical condition etc.

**c. Transparency and Accountability**

- i. **Maintaining appropriate financial records:** We expects suppliers to prepare and maintain accounts of business dealings fairly, accurately and in accordance with the financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country.

**d. Legal and Regulatory Compliance**

- i. We expect our suppliers to comply with all applicable laws and regulations of the country. It is expected that suppliers should also always follow guidelines of all required permits and authorizations.

**2) Focus on Social Governance**

We are committed towards supporting sustainable development and business practices. We believe that our organization shall play a significant and beneficial role within the local community and society in general.

We are contributing towards socio-economic development of the communities in which operate and expect our stakeholders to take steps towards their engagement with society.

**a. Responsible Conduct with Stakeholders****i. Fair Dealing with Vendors and Suppliers:**

We encourage our suppliers to conduct all transactions with their business partners in fair and transparent manner including fair evaluation, reasonable selection, equal opportunities, fair and free competition for all.

**ii. Diversity in Workforce:**

We suggest that suppliers should take the initiative to have diverse and inclusive workforce in terms of age, gender, experience, ethnicity as per the diversity and inclusion policy of Patel Engineering Limited

**iii. Engage and Involve Local Community:**

We encourage our suppliers to address issues and concerns of the community impacted by the operations of the suppliers and minimize the impact.

**b. Employee Health and Safety**

We expect our suppliers to adopt robust and relevant management practices to comply with applicable health and safety laws, rules, regulations, and industry specific standards. The suppliers are also encouraged to conduct training and awareness activities for employees in health and safety. We also suggest suppliers take reasonable actions to prevent accidents and injuries by analyzing and minimizing risk exposure.

**c. Local Community Development**

We understand that our operations not only affect our own communities but also of those who are in contact with our supply chain and our suppliers. Therefore, we encourage our suppliers to undertake steps to collaborate and associate with local community for socio-economic development by providing employment, helping in eradicating poverty, helping in developing skills of local people etc. wherever relevant.

**3) Green Inspired**

Environmental concerns are no longer the issues of tomorrow but are real challenges that need to be addressed today. We aim at making our value chain environment friendly and responsible. We are committed to comply with the requirements of local laws and regulations related to environment in the countries and regions in which it operates and from where it sources any material, products, or services. We realize that the scope and nature of operations of our suppliers vary and hence emphasis on these principles may vary accordingly.

**a. Green Products and Processes****i. Reducing Carbon Emission and Water Intake**

We suggest that our suppliers identify sources of carbon emission and make progressive efforts towards reducing carbon emissions. Opportunities for reduction in water usage should be identified and measures for water conservation should be implemented.

**ii. Efficient Systems and Processes**

Suppliers should strive towards enhancing the efficiency and performance of the equipment and processes by continual improvement, monitoring and assessment of technology. Good practices should be followed to ensure environmental resources are valued and protected.

**iii. Reducing usage of Hazardous and Toxic Materials and Substances**

We expect our suppliers to assess their use of hazardous and toxic material and take necessary steps to reduce it, as much as possible. Appropriate substitutes and replacements should be introduced to minimize exposure to such material.

**iv. Disposal of Toxic Waste**

Toxic waste should be handled with professional guidance and a mechanism should be put in place to dispose of the waste to authorized waste processors by the suppliers. Toxic waste should not be allowed outside the premise without proper approval.

**v. Renewable Energy**

We recommend our suppliers to use renewable sources of energy wherever possible to become more energy efficient and energy dependent. The suppliers should take steps to identify the scope of replacing conventional sources of energy with sustainable and renewable sources in their operations.

#### 4) Reduce, Reuse and Recycle

##### i. Zero Waste to Landfill

Waste to landfill should be analyzed and suppliers should try and set targets to reduce the quantity of disposal to landfills. Alternate waste disposal techniques should be adopted to reduce the impact on the environment.

##### ii. Responsible Consumption of Resources

We recommend our suppliers minimize use of all resources, including raw material in their process. The supplier should look for opportunities to reduce resource consumption by improving efficiency, investing in advanced technology, reusing material by innovating products and processes. The supplier should minimize dependence on scarce natural resources by identifying and using appropriate replacements.

##### iii. Packaging Material

Suppliers should try and take steps to reduce the environmental impact of their packaging material by developing innovative, practical solutions to modify the design and disposal method to the best possible extent.

#### 5) Adopting Green Initiatives and Practices

To monitor the environmental performance and to become environmentally friendly, practices to monitor and minimize environmental impact should be imbibed in organization's processes. We recommend that our suppliers inculcate such practices in their operations and start new initiatives to reduce their impact on the environment.

#### 6) Quality centered

Ensuring quality and adherence to manufacturing and product standards is of prime importance to us.

##### i. Quality Management System

We expect our suppliers to establish quality objectives, policies, manual procedures and have in place a certified quality management system like ISO 9001. The suppliers should comply with local regulations, registrations, have training, management reviews and internal audits to ensure that the quality management system is effective.

##### ii. Facility and Machinery

We expect our suppliers to give utmost importance to equipment design, installation, maintenance and ensure validation and verification of the same. The suppliers should have in place housekeeping and pest control to ensure the hygiene, safety, and security of their workforce as per prevalent standards and laws.

##### iii. Good Manufacturing Practices and Quality Control

We expect the suppliers to have in place established manufacturing and packaging operations with proper maintenance of records along with process controls and finish product release program.

##### iv. Material Management

We expect our suppliers to have in place established practices for storage, handling, and transportation of raw materials and to maximize the risk prevention measures through good warehousing practices and proper handling of rejected items.