

Sustainable Procurement Policy

For Amara Raja Energy & Mobility Limited



AMARA RAJA

Gotta be a better way

Function

Procurement Department

Target Audience

Suppliers to Amara Raja Energy & Mobility Limited

Approver

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Preface

Amara Raja Energy & Mobility Limited (ARE&ML) is the Pioneer and Leading Manufacturer of Maintenance Free Valve Regulated Lead Acid Batteries (VRLA) and Automotive Batteries in India. ARE&ML has been serving for the prestigious organization like Department of Telecommunication, Indian Railways, State Electricity Board and Major Automotive OEMs in India.

We firmly believe that entrepreneurs have an underlying responsibility towards empowering underprivileged people and advancing social goals and also believes that every entrepreneur is to be a social worker first.

Core Purpose	Group Vision	ARE&ML Vision
To transform our increasing spheres of influence and to improve the quality of life by building institutions that provide better access to better opportunities, to more people...all the time	Through the Amara Raja Way, We will continually redefine business to Deliver High Social Impact, by Anticipating Future Trends, Building Preferred Brands and Leveraging Talent & Technology.	Through the Amara Raja way and through enduring progressive partnerships we will be a Global Leader in Batteries and Battery Technologies and a dominant player in the Indian Ocean Rim.

The Amara Raja Way:

 AMARA RAJA Gotta be a better way	Values	Color	Element	Mind State
	Innovation	Burgundy	Space	Synthesizing
	Excellence	Magenta	Wind	Disciplined
	Entrepreneurship	Orange	Fire	Creative
	Experiences	Blue	Water	Spiritual
	Responsibility	Green	Earth	Respectful & Ethical
"Gotta be a Better way" <u>BETTER</u> - Its' not a word. <i>It is a higher calling</i>				

One of the imperative pillars of the ARE&ML is Amara Raja Way. It is based on the principle of shared value, a concept that promotes policies and operating practices that enhance the competitiveness of a company while also improving economic and social conditions in the communities in which it operates.

ARE&ML Group believes that companies can help solve critical social issues while enhancing their competitive advantage. As part of this vision, we have undertaken numerous initiatives under healthcare, education, environment, renewable energy and vocational training and have adopted sustainability and shared value as an intrinsic part of our business operations in order to achieve our vision.

ARE&ML has always promoted high ethical standards of professional and personal conduct by our team members and business associates. All of our team members and business associates must be committed to integrity in all aspects of their activities and comply with all applicable laws, regulations and internal policies.

We have laid down a Code of Ethics and Business Conduct (https://www.amararaja.com/about/code_of_ethics) to improve overall compliance as well as to further the scope of good Corporate Governance with an ethical and transparent process in managing the affairs of the Company. We aim to ensure that our business operations are managed in accordance with the aforementioned Code of Conduct.

Sustainable Procurement

To achieve our goals and ensure ethical conduct, it is empirical that our suppliers share our values and vision; and raise the sustainability standards in our supply chain. We 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 business.

In line with our commitment, we have developed a Sustainable Procurement Policy (SPP), which is an extension of our values and is applicable to all our suppliers. We expect our suppliers to operate in accordance with the principles as outlined in this Policy and adhere to all applicable laws and regulations.

This Policy outlines our expectations with regards to ethics, business integrity, human rights, health and safety, environment, the local community and quality of product and operations. We will periodically review the policy to ensure that it continues to help us move towards our vision.

We encourage our suppliers to review this information and ensure that the principles and practices outlined in the Policy will be reflected in your on-going business dealings with us.

We expect you to communicate the Policy throughout your organization as appropriate. Let us move together towards an ethically driven, socially focused, green inspired and quality centered supply chain.



P. Murali Mohan Reddy
Associate Vice President Biz Supply Chain
Amara Raja Energy & Mobility Limited

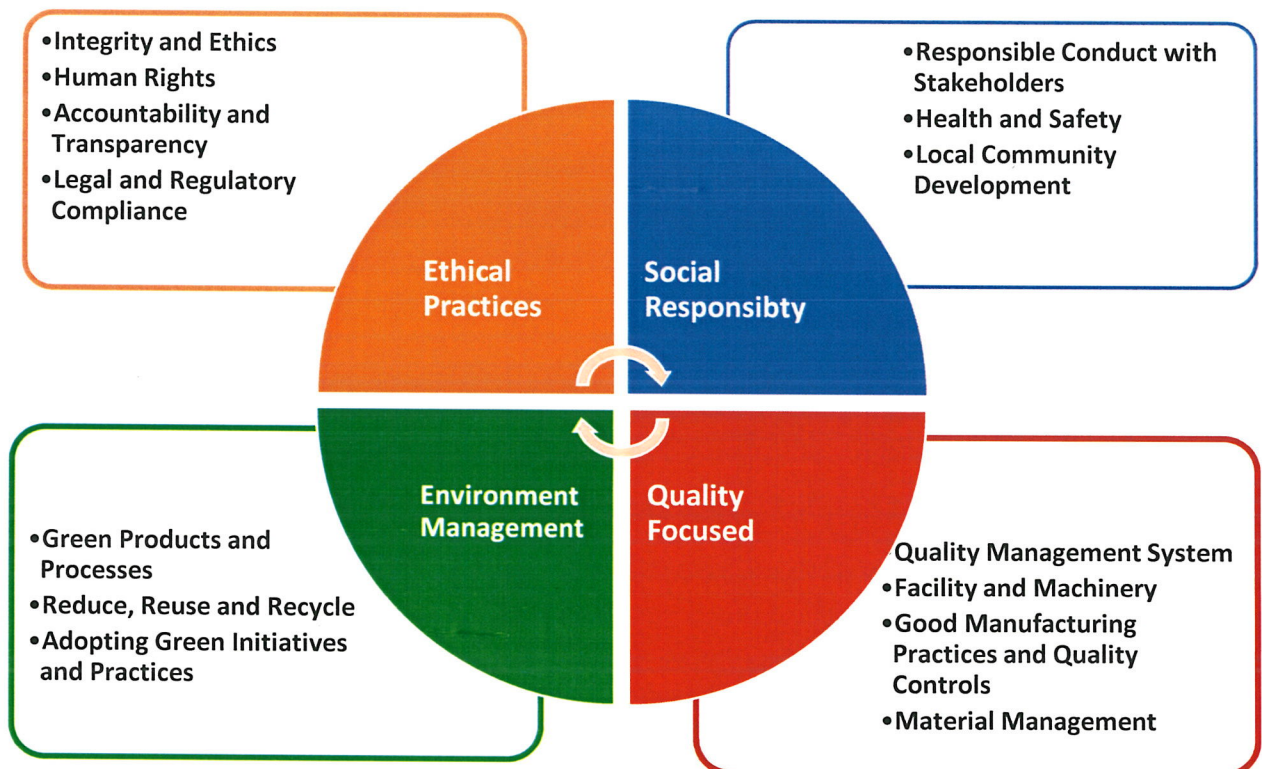
Last Review Date: 21st July 2024

Next Review Date: 21st July 2025

Scope:

This policy applies to all AREML employees, suppliers, contractors, business partners, and third-party vendors engaged in procurement activities across global operations. It encompasses supplier selection, material sourcing, product lifecycle management, responsible disposal practices, and procurement governance, ensuring adherence to sustainability standards and ethical business practices.

Sustainable Procurement Policy



The Principles

1 Ethical Practices

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

1. Integrity and Ethics

a. Avoiding Conflict of interest

Suppliers are expected to report any conflict of interest in any business dealings

with ARE&ML that supplier is aware of to allow us the opportunity to take appropriate action. It should be disclosed if any ARE&ML employee or professional under contract with ARE&ML may have significant ownership or interest in a supplier's business.

b. Bribery, corruption, gifts and donations

Suppliers in all commercial dealings with ARE&ML or otherwise must not receive or offer to make any illegal payments, gifts, bribes, donations or other improper advantage in order to obtain unethical favors for the business. All supplier's must ensure that no action is taken to violate any applicable anti-bribery or anti-corruption laws and regulations in the locations of their operations and make every effort to eliminate all forms of corruption and bribery.

c. Confidentiality

Suppliers shall safeguard and respect ARE&ML's intellectual property, trade secrets and other confidential, proprietary and sensitive information or data at all times and shall not disclose the same. The information provided by ARE&ML should be used only for its intended and designated purpose as decided and agreed upon between ARE&ML and the supplier.

d. Anti-competitive and restrictive 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.

1.2. Human Rights

a. Child labor

Suppliers shall prohibit use of child labor at any stage of their business process. We expect that our suppliers will not employ any person below the age of 15 (or as per local law, whichever is greater).

b. Compensation and working hours

We expect suppliers to comply with applicable wage and hour laws, regulations and mandatory industry standards pertaining to minimum wages, overtime pay, working hours and rest periods.

c. Non-discrimination

Suppliers must ensure there is no discrimination in their hiring and employment practices on the basis of race, color, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition etc.

1.3. Accountability and Transparency

a. Maintaining appropriate financial records

We expect suppliers to prepare and maintain accounts of business dealings fairly, accurately and in accordance with accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country of operation.

1.4. Legal and Regulatory Compliance

We expect our suppliers to comply with all applicable laws and regulations within the country of operation. All other applicable international laws and regulations should also be complied with. Suppliers should follow guidelines of all the required permits and registrations to be legally compliant at all times.

2 Social Responsibility

We are committed towards supporting sustainable development and business practices. Sustainable practices now have grown to encompass social performance criteria as well. We believe that an organization should play a significant and beneficial role within the local community and society in general. We are contributing towards social and economic development of the communities in which we operate and expect our suppliers to take steps towards the same.

2.1 Responsible Conduct with Stakeholders

a. Fair dealing with vendors/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.

b. Diversity in workforce

We suggest that suppliers should take initiatives to have a diverse and inclusive workforce in terms of age, gender, experience, ethnicity etc.

c. Engage and involve local communities

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

2.2 Health and Safety

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

2.3 Local Community Development

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

3 Environment Management

Environmental concerns are no more issues of tomorrow but are real challenges that need to be addressed today. We aim at making our value chain environmentally 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, product or services. We realize that the scope and nature of operations of our suppliers vary and hence emphasis on these principles may vary accordingly.

3.1 Green Products and Processes

a. Reducing emissions and water intake

We suggest that our suppliers identify sources of emissions (CO₂, Other Greenhouse Gases, SO_x, NO_x and Particulate Matter) and make progressive efforts towards reducing these emissions. Opportunities for reduction in water usage should be identified and measures for water conservation should be implemented.

b. Efficient systems and process

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.

c. 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.

d. Disposal of toxic waste

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

e. Renewable energy

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

3.2 Reduce, Reuse and Recycle

a. 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.

b. Responsible consumption of resources

We recommend our suppliers to minimize use of all resources, including virgin raw material, in their processes. 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 resource by identifying and using appropriate replacements.

c. 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.

3.3 Adopting Green Initiatives and Practices

To monitor the environmental performance and to become environmental 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.

4 Quality Focused

Ensuring quality and adherence to manufacturing and product standard is of prime Importance to us.

4.1 Quality Management System

We expect our suppliers to establish quality objectives, policies, manual, procedures and have in place a certified Quality Management System by competent authority like ISO/IATF. The suppliers should comply with local regulations, registrations, have training, management reviews and internal audits to ensure that the Quality Management System is effective.

4.2 Facility and Machinery

We expect our suppliers to give utmost importance to equipment design, installation, maintenance and ensure validation/verification of the same. The suppliers should have in place proper housekeeping and pest control to ensure hygiene, safety and security of its workforce.

4.3 Good Manufacturing Practices and Quality Controls

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

4.4 Material Management

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

Quantitative Targets:

AREML has established ambitious targets to enhance sustainability within its procurement framework:

Environmental Sustainability in Procurement:

- Increase recycled Lead & Lead Alloys in production to 84.31%.
- Increase recycled Polypropylene Copolymer in production to 20%+.
- Improve battery recycling collection rate to 70% for Automotive and 60% for Industrial Batteries as per BWMR 2022

Labor Practices and Human Rights in Procurement:

- Conduct audits of **100% of high-risk suppliers** for labour rights compliance by **2025**.
- Ensure **100% of suppliers align with AREML's fair wage and ethical labour policies by 2025**.

Implementation of Policy

Applicability and Implementation

We understand that our suppliers fall under different categories in terms of their scale, the product/service they supply, the raw materials being used by them, their organization structure and geographies of operation.

Keeping these factors in mind, we have designed the Policy in a manner that it works for the whole supplier base, although the level and type of compliance will vary depending on the type of the supplier and the principles applicable to them.

We expect our suppliers to set in place internal policies, governance structures, systems, processes and take any other relevant measures to ensure adherence with this Policy. The suppliers are expected to disclose to us the goals set by them and the measures undertaken by them for each of the various principles underlined in this Policy. We will work with our suppliers to identify issues that do not meet our expectations and help them in addressing the gaps identified, if any. Specifics related to applicability of principles and their implementation is provided in the Sustainable Procurement Guide for Suppliers.

Monitoring and Reporting

We expect our suppliers to monitor and report the initiatives undertaken by them with regards to ensuring adherence to this Policy. We recommend our suppliers to place monitoring and reporting mechanisms and management systems, wherever required to effectively implement and manage such initiatives. The suppliers should focus on continuously improving their performance with regards to compliance with this Policy.

Reporting on Breaches

We support and encourage those who report actual or suspected breaches without any fear of revenge. Any failure to comply with this Policy (including any failure by a team member of ARE&ML or anyone acting on behalf of ARE&ML to so comply), of which the supplier is aware, should be immediately reported through our anonymous whistle-blower process, details of which can be found on the ARE&ML (<https://www.amararaja.com/>) to do so will be a breach of this Policy

Roles and Responsibilities:

- Chief Procurement Officer (CPO): Oversees Green Procurement Policy implementation and alignment with corporate sustainability targets.
- Sustainability and Compliance Team: Monitors supplier sustainability compliance, conducts audits, and evaluates procurement practices.
- Procurement Managers: Integrate sustainability considerations into supplier selection and procurement decision-making.
- Suppliers: Comply with AREML's green procurement standards, participate in audits, and continuously enhance sustainability practices.

Inferences

The following principles, standards and conventions were used in preparing this Sustainable Procurement Policy and may be a useful source of additional information:

1. International Labor Organization Conventions
2. Universal Declaration of Human Rights
3. ARE&ML Industries Limited's Code of Conduct
4. Amara Raja Way
5. Conflict Minerals/REACH/ROHS regulations