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**Exide Industries Limited**

**Sustainable Sourcing & Procurement Policy**

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## TABLE OF CONTENTS

1.0	Introduction
2.0	Policy Statement
3.0	Legal and Regulatory Framework
4.0	Objectives of the Policy
5.0	Guiding Principles
6.0	Procurement Framework
7.0	Implementation Plan
8.0	Reporting and Communication
9.0	Review and Revision
10.0	Case Studies and Best Practices
11.0	Conclusion
12.0	Annexure
13.0	Version History

## 1. Introduction

- 1.1. **Background:** Exide Industries Limited prioritizes economic growth with environmental and social responsibility in its global supply chain.
- 1.2. **Purpose of the Policy:** Guiding Exide's procurement, this policy commits to sustainable sourcing and inclusivity, aligning with ethical business practices.
- 1.3. **Scope of the Policy:** Universally applicable to all procurement activities—goods, services, and works—dedicated to inclusivity, fairness, and sustainability for Tier-1, Tier-2 & Tier-3 activities.

## 2. Policy Statement

- 2.1. **Commitment to Sustainable Sourcing:** Exide commits to sustainable practices, minimizing ecological impact, upholding ethical labor, and contributing to global development.
- 2.2. **Integration with Corporate Values:** Aligned with integrity, innovation, and responsibility, this policy embeds sustainable sourcing as a part of the fundamental core values of the company.

## 3. Legal and Regulatory Framework

- 3.1. **Compliance:** Committed to upholding compliance with international and local laws in procurement, empowerment, and sustainable sourcing.
- 3.2. **Alignment with Guidelines:** Aligning practices with government guidelines on procurement, social responsibility, and sustainability for harmonized global corporate citizenship.
- 3.3. **Reporting and Documentation:** Adherence to robust reporting, maintaining accurate records of procurement and sustainable sourcing initiatives.

## 4. Objectives of the Policy

- 4.1. **Economic Development:** Contributing to overall economic development by supporting historically disadvantaged businesses and fostering cross-cultural capacity-building.
- 4.2. **Environmental Stewardship:** Minimizing environmental impact through sustainable sourcing and collaborating with suppliers to reduce carbon footprint.
- 4.3. **Social Responsibility:** Fulfilling global social responsibility through fair labor practices, safe working conditions, and support for community initiatives.
- 4.4. **Innovation and Quality:** Encouraging innovation and quality by collaborating with diverse suppliers for enhanced product efficiency.

## 5. Guiding Principles

- 5.1. **Fair Competition:** Upholding fair competition, ensuring equal opportunities for suppliers worldwide.
- 5.2. **Transparency and Accountability:** Maintaining transparency and accountability through clear communication and regular vendor performance evaluations.
- 5.3. **Collaboration:** Fostering collaboration and partnerships with suppliers, industry organizations, and communities for an inclusive and sustainable supply chain.

- 5.4. Continuous Improvement:** Committing to continuous improvement by regularly reviewing and enhancing procurement and sustainable sourcing practices.
- 5.5. Risk Management:** Implementing risk management strategies to mitigate potential risks, ensuring a stable and resilient global supply chain.
- 5.6. Non-payment of taxes, fees, and royalties due to governments:** Exide ensures that all taxes, fees, and royalties related to mineral extraction, trade and export are paid to governments by the supply chain partners.
- 5.7. Bribery and fraudulent misrepresentation of the origin of minerals:** Exide is committed to not offering, promise, giving, or demanding any bribes.
- 5.8. Money laundering:** Exide supports contributing to the effective elimination of money laundering where we identify a reasonable risk of money laundering while sourcing materials

## **6. Procurement Framework:**

### **6.1. Vendor Evaluation Criteria:**

#### **6.1.1. Ownership and Empowerment:**

- Promote inclusion of women-owned businesses (WBE) by sourcing diverse suppliers from certified bodies and/or associations for women-owned businesses, supplier selection processes that consider local and/or global women-owned companies
- Promote inclusion of diverse suppliers, such as minority-owned (MBE), disability-owned (DBE), veteran-owned (VBE), disabled veteran-owned (DVBE), lesbian/gay/bisexual/transgender-owned (LGBT BE), black owned, and any other business which ownership is held by members of underrepresented groups
- Evaluate diversity in management roles.

#### **6.1.2. Local Content and Development:**

##### **Local Sourcing -**

- Determine local procurement percentage and commitment to local economies.
- Contribute to local economic development and skills.

#### **6.1.3. Employment Equity:**

##### **Workforce Composition:**

- Evaluate demographic representation and promote diversity.
- Invest in training and career growth.

#### **6.1.4. Environmental Impact:**

##### **Environmental Practices:**

- Ensure compliance with environmental regulations.
- Adopt resource-efficient practices and control emissions.

#### **6.1.5. Sustainable Product Sourcing:**

##### **Supply Chain Traceability:**

- Implement traceability systems and adhere to certifications.
- Ensure ethical sourcing across the supply chain.

#### **6.1.6. Eco-friendly Packaging:**

##### **Sustainable Packaging:**

- Maximise eco-friendly materials and innovative packaging solutions.
- Collaborate for minimising environmental impact.

#### **6.1.7. Energy Efficiency:**

##### **Energy Management:**

- Implement energy-efficient technologies.
- Invest in and use renewable energy sources.

#### **6.1.8. Waste Reduction and Recycling:**

##### **Waste Management:**

- Implement programs to reduce waste.
- Participate in recycling initiatives and innovate in recycling processes.

#### **6.2. Capacity Building:**

- Exide Industries commits to capacity-building and mentorship programs for historically disadvantaged suppliers.
- Tailored programs addressing the unique needs and challenges of emerging businesses in diverse regions.

#### **6.3. Sustainable Sourcing Framework:**

##### **6.3.1. Environmental Impact Assessment:**

- Suppliers must assess and provide evidence of environmental impact.
- Due consideration for suppliers committed to reducing footprint across regions.

##### **6.3.2. Supply Chain Traceability:**

- Exide mandates traceability of global products and materials.
- Suppliers urged to adopt traceability for ethical sourcing.

##### **6.3.3. Eco-friendly Packaging:**

- Suppliers are encouraged to use global eco-friendly materials.
- Collaborate for sustainable packaging meeting regional standards.

##### **6.3.4. Energy Efficiency:**

- Suppliers are urged to adopt global energy-efficient practices.
- Collaboration for energy-saving initiatives aligning with relevant standards.

##### **6.3.5. Waste Reduction:**

- Suppliers must implement waste reduction and recycling within their practices.
- Actively seek innovative waste management solutions complying with regional dynamics.

## **7. Implementation Plan:**

### **7.1. Phased Approach:**

- Phased implementation to address unique challenges and opportunities in each region.
- Each phase is tailored to specific procurement and sustainable sourcing needs in different markets.

### **7.2. Key Responsibilities:**

- Clear roles assigned to individuals and departments in the global procurement process.
- Training programs to ensure stakeholder awareness and understanding, considering cultural variations.

### **7.3. Training Programs:**

- Continuous training for global procurement employees, recognizing cultural diversity.
- Supplier education on procurement and sustainable sourcing expectations, adapted to linguistic and cultural contexts.

### **7.4. Monitoring and Evaluation:**

- Establishment of Mechanisms: Robust monitoring mechanisms implementation.
- Global Progress Tracking: Tracking of sustainable sourcing progress globally.
- Identification of Improvement Areas: Proactive assessment to identify and address implementation challenges.
- Regular Audits for Compliance: Conduct regular audits ensuring policy adherence.
- Continuous Feedback Loop: Establish a feedback loop for stakeholders, fostering adaptability.
- Data-Driven Decision Making: Use data for informed decision-making and optimization.
- In essence, monitoring and evaluation ensure Exide Industries upholds ethical procurement and sustainable sourcing globally.

## **8. Reporting and Communication:**

### **8.1. Internal Reporting:**

- Regular generation of internal reports on procurement and sustainable sourcing performance.
- Communication of key performance indicators to relevant departments and global management.

### **8.2. External Reporting:**

- Transparent communication of procurement and sustainable sourcing initiatives to external stakeholders.
- Reports made available to regulatory bodies, stakeholders, and the public as required.

### **8.3. Stakeholder Engagement:**

- Active pursuit of stakeholder engagement to gather feedback and insights on policy effectiveness.
- Collaboration with stakeholders for continuous improvement.

## **9. Review and Revision:**

### **9.1. Regular Audits and Assessments:**

- Conduct regular audits and assessments to evaluate policy effectiveness.
- Consider and implement recommendations for improvement.

### **9.2. Feedback Mechanisms:**

- Establishment of feedback mechanisms for input from employees, suppliers, and other stakeholders.
- Provide access to grievance reporting mechanism to all stakeholders affected by our operations and supply chains partners, and promote reporting of suspected incidents associated with any of the risks covered in this Policy
- Analysis of feedback to make necessary revisions.

### **9.3. Continuous Improvement Initiatives:**

- Core focus on continuous improvement initiatives.
- Revision of the policy as needed to reflect changing industry standards, regulatory requirements, and organizational goals.

## **10. Case Studies and Best Practices:**

### **10.1. Success Stories:**

- Sharing success stories of procurement and sustainable sourcing initiatives.
- Highlighting positive impact on communities, the environment, and business operations.

### **10.2. Industry Benchmarks:**

- Regular review of industry benchmarks and best practices.
- Benchmarking against industry leaders to guide continuous improvement efforts.

### **10.3. Lessons Learned:**

- Documentation of lessons learned from previous initiatives and experiences.
- Use of lessons learned to inform future decision-making and policy enhancements.

## **11. Conclusion:**

### **11.1. Recapitulation of Key Points:**

- Summarization of key points, objectives, and commitments of the policy.
- Reiteration of the importance of procurement and sustainable sourcing to Exide Industries Limited's overall strategy.

**11.2. Future Outlook:**

- Brief discussion of the company's future outlook in terms of expanding procurement and sustainable sourcing initiatives.
- Commitment to ongoing improvement and adaptation to meet evolving challenges and opportunities.

**12. Annexure:**

Supplier Code of Conduct

**Version History**

Version Number	Date of Enforcement
V1.0	1 <sup>st</sup> April 2024



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