



**POLICY ON RESPONSIBLE AND
SUSTAINABLE PROCUREMENT**

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PREFACE

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JSW Cement Limited (**'JSW'**) has fully acknowledged, through our varied Sustainability Policies, that we are, and shall always be, accountable for the impacts of our activities on the environment, society and the local and national economy. In the context of procurement, this means we must also acknowledge our accountability for the impacts of our supply chains, encompassing what we choose to buy and those from whom we choose to purchase.

In furtherance of this acknowledgement, the Board of Directors has adopted this 'Policy on Responsible and Sustainable Procurement'*.

Background of the Issue

Suppliers** are an essential part of any business's value chain and have the potential to contribute substantially to a business's growth and long-term prosperity and success. However, suppliers also present significant risks to a business through their potential to impact directly on a business's operations and production efficiencies through poor supply performance, and indirectly on a business's brand through association with irresponsible, unsustainable and sometimes illegal/unethical activities and behaviours.

Whilst many businesses exercise controls to mitigate the risks associated with their supply chains (as JSW does), progressive businesses have also recognised and aim to seize upon the many opportunities that exist within the supply chain to promote responsible and sustainable practices that can deliver both mutually beneficial outcomes for supplier and buyer, and for our wider society.

It is the seizing of these opportunities, as much as the mitigation of risks, that should be the focus of any business committed to the concept of responsible and sustainable procurement.

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How it relates to JSW

JSW wishes to collaborate with its suppliers to nurture long-term strategic partnerships in ensuring business sustainability. In this endeavour, it is a pre-requisite for JSW and its suppliers to conduct business in a legal and ethical manner, and in compliance with all applicable laws and regulations. However, we must also work with our suppliers and across our supply chain to bring about improvements across the whole range of sustainability issues that are covered by our Sustainability Framework, and it is towards this goal that we are fully committed.

In pursuance of this stated commitment to work with our suppliers and across our supply chain to bring about improvements across the whole range of sustainability issues, we have adopted a number of aims towards which we will strive.

These aims are supported by a range of actions and improvements through which those aims are to be achieved.

It is our aim:

- to buy, wherever possible, the most sustainable alternative;
- to only ever buy what is needed;
- to constantly seek out the new and the innovative;
- to ensure that all potential suppliers, including local suppliers and small and medium sized enterprises (SMEs), are given a full and fair opportunity to participate;
- to be transparent with regards to our procurement practices and decisions;
- to seek to continually improve our sustainable procurement practices and outcomes;
- to recognise, respect, consider and respond to the impacts that our procurement decisions may have upon our stakeholders, based on dialogue and collaboration;
- to behave ethically in all our procurement activities;
- to avoid bias and prejudice in all our procurement decisions;
- to have respect for, and to abide by, the rule of law and international norms of behaviour;
- to encourage everyone in our supply chains to abide by the sustainable procurement practices.

We strive to the following in relation to the sourcing of our raw materials:

- to source raw materials from suppliers whose policies and practices support the Net zero commitment and UN SDGs
- to achieve full visibility of input material supply chains over time;
- to promote recognised input material programmes to direct and indirect input material suppliers;
- to establish a Chain of Custody in upstream supply chains for input materials that are from responsible sources;
- to report publicly and regularly on efforts undertaken to source input materials responsibly.

To achieve these aims and commitments, we have established within our Sustainability Framework a Sustainable Supply Chain Management Standard through which, three

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distinct mechanisms to achieve the above aims and commitments are implemented across our business. Those are:

- evaluating our suppliers*** (both new suppliers and existing suppliers) and promoting improvement;
- evaluating what we procure;
- promoting a 'culture' of responsible and sustainable procurement across our business.

Key to the operation of our Sustainable Supply Chain Management Standard is our Supplier Code of Conduct (the 'JSW Code'). It is through our Code that JSW:

- defines and communicates JSW's principles in relation to:
 - compliance management (including our expectations regarding suppliers' openness with regards to regulatory breaches);
 - environment (GHG emissions, energy consumption, pollution prevention, waste management, resource efficiency, biodiversity, etc.);
 - human rights (discrimination, harassment, freedom of association, etc.);
 - labour (including forced labor, child labor, working conditions, safety, etc); and
 - business ethics (anti-corruption, anti-competitiveness, conflict of interest, etc.);
- confirms each supplier's commitment to comply with the JSW Code and its provisions (including the commitment to procure their own raw materials with equal responsibility).

Through our Sustainable Supply Chain Management Standard and through our wider Sustainability Framework, we also define:

- the means of assessing the risks associated with the value chain towards environment, social and governance issues;
- mechanisms to encourage suppliers to adopt green initiatives and processes as well as adopt their own sustainable procurement policy and green procurement systems across their own supply chains;
- how we seek to educate suppliers about the environmental and social impacts of their manufacturing processes;
- the means by which we track the progress and effectiveness of this Responsible and Sustainable Procurement Policy and its impacts across all parts of the value chain.

* The definitions of Sustainable Procurement are many and varied. Here at JSW, we define this term as follows: 'Procurement that has the most positive environmental, social and economic impacts possible across the entire life cycle of that which is being procured, and that strives to eliminate or minimise any and all of the procured item's adverse impacts.'

However, we also recognise that whilst there is an explicit 'social' element within the term 'sustainable', we at JSW believe it is important to champion to as great a degree as possible the importance of an approach to procurement recognising issues such as human rights, the rights of indigenous peoples, cultural heritage, labour practices and employment rights, and business ethics, and through that recognition ensuring the approach is as 'responsible' as possible.

That is why we have adopted a policy on procurement that demonstrates clearly our commitment to Procurement that is both Responsible and Sustainable.

** The term 'suppliers', in the context of this Policy, relates to any organisation which provides goods or services to JSW.

*** We aim to ensure that all our suppliers are either covered by our own sustainable sourcing programme (through compliance with our Supplier Code of Conduct) and/or are certified to be compliant with international social and environmental standards.