



SUSTAINABLE PROCUREMENT POLICY



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1. Introduction

At Aarti Steels International Ltd (ASIL), we recognize the critical importance of sustainability in today's business environment. As a leading player in the steel industry, we understand that our procurement practices have significant impacts on the environment, society, and the economy. Therefore, we are committed to integrating sustainable practices into our procurement processes to ensure that our supply chain not only meets our business needs but also aligns with our broader sustainability goals. Our Sustainable Procurement Policy is designed to guide our efforts in sourcing materials and services responsibly, fostering long-term relationships with suppliers who share our commitment to ethical, environmental, and social standards. This policy aims to minimize our environmental footprint, promote social equity, and drive economic development through thoughtful and deliberate procurement decisions.

2. Scope

This environmental policy applies to all aspects of ASIL's operations, from product development and manufacturing to everyday practices throughout our offices and facilities. It serves as a guide for our workers and employees at all levels; and extends to all the associated stakeholders and contractors. This ensures everyone is involved in achieving our environmental goals.

3. Purpose

Responsible Sourcing

By engaging with suppliers who adhere to strict ethical, environmental, and social standards, thus ensuring sustainability and integrity throughout our supply chain. We Ensure responsible sourcing of materials.

Sustainable Supply Chain

By collaborating with suppliers to implement environmentally friendly processes, reduce waste, and promote social responsibility, ensuring that every aspect of our supply chain contributes positively to our sustainability goals. We Promote sustainable practices within our supply chain.

Environmental Impact

By adopting resource-efficient practices, reducing emissions and waste, conserving natural resources, and continuously improving our environmental performance to contribute to the health and sustainability of our planet. We minimize environmental impact.

**Social Equity**

By ensuring fair labor practices, investing in community development projects, supporting education and training initiatives, and fostering an inclusive and diverse workplace that benefits both our employees and the communities in which we operate. We Support social equity and economic development.

Operational Sustainability

By implementing innovative technologies, optimizing resource use, reducing our environmental footprint, and continuously improving our processes to ensure long-term economic, environmental, and social viability. We Enhance the overall sustainability of our operations.

4. Focus Areas**Resource Efficiency**

- ✓ Achieve a 5% reduction in material waste by the end of FY 2023-2024, and a 10% reduction by the end of FY 2029-30, based on FY 2022-23 levels. To reduce GHG emissions, our aim is to increase the share of renewable energy in total energy consumption to 10% by FY 2029-30 with respect to baseline year FY 2022-23.
- ✓ Increase the procurement of recycled materials by 5% by the end of FY 2023-2024, and by 10% by the end of FY 2029-30, based on FY 2022-23 levels.

Sustainable Materials

- ✓ Ensure that at least 25% of our suppliers are certified for their sustainable practices by the end of FY 2023-2024, and 50% by the end of FY 2029-30, based on FY 2022-23 levels.

Climate Impact

- ✓ Reduce the carbon footprint of our supply chain by 10% by the end of FY 2023-2024, and by 20% by the end of FY 2029-30, based on FY 2022-23 levels.

Fair Labor Practices

- ✓ Ensure 100% of key suppliers comply with fair labor practices by the end of FY 2023-2024, and maintain compliance through FY 2029-30.

Community Engagement

- ✓ Collaborate with suppliers to support at least 3 community development projects by the end of FY 2023-2024, and at least 5 projects by the end of FY 2029-30.

**Diversity and Inclusion**

- ✓ Increase spending on minority-owned, women-owned, and small businesses by 10% by the end of FY 2023-2024, and by 20% by the end of FY 2029-30, based on FY 2022-23 levels.

Value for Money

- ✓ Achieve cost savings of 2% through sustainable procurement practices by the end of FY 2023-2024, and 5% by the end of FY 2029-30, based on FY 2022-23 levels.

Local Sourcing

- ✓ Increase local sourcing of materials and services by 15% by the end of FY 2023-2024, and by 30% by the end of FY 2029-30, based on FY 2022-23 levels.

Innovation and Collaboration

- ✓ Develop at least 1 new sustainable solution in collaboration with suppliers by the end of FY 2023-2024, and at least 3 new solutions by the end of FY 2029-30.

Supplier Assessment

- ✓ Conduct sustainability assessments for 50% of key suppliers by the end of FY 2023-2024, and 100% by the end of FY 2029-30.

Continuous Improvement

- ✓ Organize annual sustainability workshops for suppliers, starting in FY 2023-2024.

Training and Awareness

- ✓ Provide annual sustainability training for all procurement staff, starting in FY 2023-2024.

Sustainability Criteria

- ✓ Integrate sustainability criteria into 50% of tender evaluations by the end of FY 2023-2024, and 100% by the end of FY 2029-30.

Performance Metrics

- ✓ Establish and track KPIs related to the above targets, starting in FY 2023-2024.

Regular Reporting

- ✓ Report on progress towards targets biannually to senior management and include in annual sustainability reports, starting in FY 2023-2024.



5. SDGs Covered

ASIL is committed to achieve the following Sustainable Development Goals:



6. Responsibility

The overall responsibility of enforcing the sustainable procurement policy is vested with the entire management of ASIL. However, the primary responsibility of implementation is of the EHS Manager. The Head of the Department is responsible for overseeing the enforcement of the policy within their teams.

7. Review

The policy is reviewed annually by the Environment Healthy and Safety (EHS) Manager to oversee the effectiveness of our ethics policy and to incorporate the changing market demands and environmental regulations. These reviews help guide improvements, track progress, ensure compliance and uphold our commitment to ethics stewardship.

8. Communication

The policy is communicated to all the employees of Aarti Steels International Ltd. as Corporate Ethics Policy. The updated document is easily accessible through the company website (info@aartisteelintl.com). Official emails are sent to all employees highlighting key aspects of the policy and any updates.

Approved By:

General Manager of Operations