

PADMINI VNA
SUSTAINABLE PROCUREMENT
GUIDELINES

Preface

At Padmini VNA, our focus is on promoting synergy with the environment and society through our products and services that meet the expectations of our customers in terms of quality, performance, and price. We are committed to upholding the highest standards of ethical, societal, and environmental responsibilities as we strive towards becoming a leader in sustainability in the auto-component sector.

As we embark on our journey towards becoming one of the sustainability leaders in the auto-component sector, we seek the support of our large and diverse Padmini VNA family. We will continue to work with fortitude towards our targets, with our core value system firmly in place and pursuing the larger agenda of a greener, inclusive, equitable and economically stable society.

Padmini VNA is committed towards promoting sustainability across its value chain. Through collaboration with our business partners, we aim to enhance business relationships, ensure the highest quality standards, and create a sustainable supply chain. We view our suppliers as an integral part of our company's long-term success. Through collaboration with best-in-class suppliers, we would like our Suppliers/ Business Partners to gain full understanding of our expectations towards sustainable development and good corporate citizenship, to always assure legal compliance, and to work together with Padmini VNA in the spirit expressed in these Sustainable Procurement Guidelines.

We are setting out to improve the sustainability of our supply chain by strengthening our Sustainable Procurement Guidelines. These guidelines aim to ensure that our direct suppliers and other business partners in our value chain understand our approach to environmental and social issues. This document clearly sets out Padmini VNA's requirements for our Suppliers partners and helps them work beyond legal compliance.

Our expectation is that our business partners/suppliers will not only implement necessary policies and procedures at their own company, but they will also promote and ensure the same responsible behavior in their own supply chains.

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Sustainable Procurement Guidelines

It is pertinent that business enterprises are economic organs of society and draw on societal resources. We believe that a company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing environmental and societal sustainability.

At Padmini VNA, we remain committed to advancing the quality of life through the products and services we offer. Therefore, we hope to contribute to the realization of a sustainable society through the following philosophy and activities in addition to implementing thorough management systems.

We and our suppliers/business partners need to work together as a single enterprise. We must maintain close communication, exchanging ideas frankly and coming to terms with each other on all matters of importance. We would like to carry out the following philosophy together with our suppliers/ business partners:

- Organize a culture of trust between workers and management and develop a work climate to promote human development.
- Improve our business operations continuously, always driving innovation and evolution.
- Maintain transparent and two-way communication for auto component manufacturing.
- Go to the source to find the facts to make correct decisions, build consensus, and achieve goals.
- Establish an effective Compliance Management system within the business strategy.

1. Quality and Delivery of Products and Services

Customer Centricity is the core value of Padmini VNA philosophy which drives the importance of quality. We expect that our suppliers and business partners are committed at all levels to achieve high quality in whatever we do, particularly in our products and services which will meet and exceed customer's growing aspirations through:

- a) Innovation in products, processes and services.
- b) Continuous improvement in our total quality management systems.
- c) Teamwork and responsibility.

Also, suppliers and business partners are expected to provide the best possible products at the lowest possible cost. This must also consider providing in the timeliest manner on a stable and long-term basis. Suppliers and business partners need to undertake product development and deploy manufacturing processes that address the customers' needs and wants of today and tomorrow. These include:

- i) Provide a safe environment where workers can concentrate their efforts on manufacturing and make products of good quality.
- ii) Work towards achieving high quality in development and production.
- iii) Contribute to lean efficiency through flexible, error-free execution in preparation for mass production, in mass production, and in delivery.
- iv) Offer the most competitive cost in the world and develop new innovative production technologies to support continuing cost reduction.

2. Environmental Protection

We are committed to demonstrating excellence in our environmental performance on a continuous basis, as an intrinsic element of our corporate philosophy.

To achieve, this we commit ourselves to:

- i. Integrate environmental attributes and cleaner production in all our business processes and practices with specific consideration to substitution of hazardous chemicals and strengthening the greening of supply chain.
- ii. Continue product innovations to improve environmental compatibility.
- iii. Comply with all applicable environmental legislation and also controlling our environmental discharges through the principles of "alara" (as low as reasonably achievable).
- iv. Institutionalize resource conservation in the areas of oil, water, electrical energy, and chemicals.
- v. Enhance environmental awareness of our employees and vendors, while promoting their involvement in ensuring sound environmental management.

At Padmini VNA, environmental protection and preservation is one of the core business practice. As a responsible corporate citizen, we believe that we can improve environmental management not only in our premises but also partner with vendors to ensure that they adopt similar environmental management strategies.

We are continuously working to improve our environmental performance throughout our own operations and count on our suppliers/business partners to take a similar approach. To this end, in addition to ensuring mandatory legal compliance, we expect that our suppliers/business partners take an active approach in environmental initiatives in their business activities. Such environmental initiatives would be, but not limited to:

- Establish the environmental footprint of their operations.
- Develop green management policies to promote conservation of natural resources.
- Monitor the pollution load (emissions, effluents, wastes; hazardous/ non-hazardous/other types, etc.) released in the ambient environment.
- Set targets to reduce water, energy utilization and waste generation from the processes.
- Eliminate the use of single use plastics in the products, processes, component's packaging and comply with Central Pollution Control Board's Plastic waste management rules, as applicable. Wherever it is not possible to avoid plastic packaging, the thickness should be maintained as per applicable laws. Improve environmental performance by adopting pollution prevention strategies.
- Establish a robust Environmental Management System for managing environmental responsibilities efficiently in a way that is integrated into the overall operations.
- Cooperate to collect information on the chemical content of our products and manage our supply chain to comply with general rules for producing, importing, labelling and using chemicals.
- Ensure that all articles and materials that are classified as hazardous have to be packaged, marked, labelled and documented in accordance with all applicable regulations to ensure clear hazard communication. Comply with regulations like REACH — Regulation for Registration, Evaluation,

Authorization and Restriction of Chemicals, if applicable.

- Implement initiatives to reduce the environmental impact throughout the product life cycle of the delivered products.
- Take an active approach to reduce GHG emissions of the delivered products through initiatives such as reducing use of raw materials by reducing the weight of parts, promoting low GHG emission raw materials during production, promoting use of recycling materials and promoting use of renewable materials.
- Monitor the air emissions and maintain emissions into the ambient air within applicable permissible limits.
- Regularly review the energy efficiency performance and adopt relevant improvement measures to reduce the associated resources and consumption in the long-term.
- Reduce the impact on water at their operations as much as possible by implement activities within all their operations that reduce negative impact on water such as reduction of the amount of water used, use of rainwater, recycling water at plants, improving water quality of discharged water and conservation of intake source.
- Improve the re-usability, recoverability and recyclability rate and reduce the volume of waste. Make efforts to expand the use of renewable resources and recycled materials.
- Consider biodiversity and implement initiatives in order to establish a society in harmony with nature.
- Implement measures to minimize noise emissions from their operations. Conduct regular noise assessments to identify sources of excessive noise and implement engineering controls or process modifications to reduce noise levels. Provide proper training and protective equipment for employees who are exposed to high noise levels to prevent occupational health issues. Comply with local noise regulations and standards to ensure noise emissions are within permissible limits.
- Ensure that operations and activities do not negatively impact soil quality. Conduct soil assessments to identify potential contaminants and take necessary actions to prevent soil pollution. Implement practices to minimize soil erosion, such as using appropriate ground covers and erosion control measures. Avoid the use of hazardous chemicals that can harm soil health. If soil contamination is discovered, take remedial actions to restore soil quality in accordance with applicable regulations.

3. Risk Management System

Suppliers must maintain a robust Risk Management system to systematically monitor, tracking, and ensuring adherence to applicable labor, environment, laws, regulations, and customer requirements. This proactive approach fosters ethical labor practices and aligns with our commitment to legal compliance throughout the supply chain.

4. Human Rights

We are continuously working to improve our human rights performance throughout our own operations and count on our suppliers/business partners to take a similar approach. To this end, in addition to ensuring mandatory legal compliance, we expect that our suppliers/business partners take an active approach in human rights issues in their business activities.

4.1. Non-discrimination

Do not discriminate on the basis of personal characteristics protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, age, gender, etc.-with regards to all

aspects of employment, including application process, hiring, promotion, compensation, access to training, job assignment, wages, benefits, discipline, termination and/or retirement.

4.2. Safe and Healthy Working Environment

We believe that safe work practices lead to better business performance, a motivated workforce and higher productivity. Place the highest priority on safety and health programs and policies at work, so that each employee can work without undue concerns and strive to prevent accidents and injuries from happening at work. Support efforts to improve the health of employees through health promotion activities at work, guidance for preventing illness, and other means.

Create a safety culture in the organization by:

- Integrating safety and health matters in all activities.
- Promoting safety and health awareness amongst employees, suppliers and contractors.
- Continuous improvements in safety performance through precautions besides participation and training of employees.
- Ensuring compliance with all applicable legislative requirements.
- Empowering employees to ensure safety in their respective workplaces.

4.3. Freedom of movement & its Restrictions

The supplier must ensure that everyone has the right to freedom of movement subject to any restrictions except those which are provided by law.

4.4. Trainings

The supplier is expected to promote the long-term employability of its employees (direct or indirect). They will recruit new employees on the basis of their personal ability and training and develop them accordingly. Their skills and talents are enhanced by future-oriented training and education programs that are designed to keep their performance and employability levels high over the longer term. As well as concentrating on technical training, courses focus on personal development. Access to further education and training is based on the principle of equal opportunities for all employees.

4.5. Ensuring human Rights

All employee/associates/Apprentices joining the Padmini VNA undergoes Induction training on human rights to which help them understand their rights at work.

5. Compliance within and beyond borders

The Supplier must ensure that there should not be any flow of funds to or from any unknown sources and proper due diligence should be performed to ensure that the source/flow of funds are to/from known sources and through identified channels in compliance with money laundry and other laws applicable for the time being in force. It must be ensured that there is no funding for any illegal purposes.

The Supplier shall comply with the requirements regarding the restrictions related to conflict minerals like 3GT and shall ensure that any product supplied to the Company does not contain any conflict mineral. This should be adhered to at their own company as well as in their supply chains.

6. Corporate Social Responsibility (CSR)

To promote its prosperity and development, and to conduct social contribution activities leading to solution of such challenges in cooperation with the local communities, Padmini VNA takes CSR initiatives. We expect that our suppliers/business partners take an active approach in voluntary CSR initiatives.

7. Forced Eviction and Use of Private or Public Security Forces

We strongly condemn the use of forced eviction or any violation of human rights during the course of business operations. Suppliers must guarantee that their activities do not result in the displacement of communities or lead to any form of coercion or exploitation. Additionally, suppliers are strictly prohibited from employing private or public security forces that engage in human rights abuses or violence against local communities. We encourage suppliers to adopt conflict-sensitive approaches and promote dialogue with local stakeholders to address concerns and avoid potential conflicts arising from their operations.

8. Code of Conduct & Human Rights

Padmini VNA has implemented the Code of Conduct & Human Rights Policy for its employees which is available with the company. We expect all value chain partners to develop and implement a similar Code in their organizations.

9. Legal Compliance

Padmini VNA's suppliers and value chain partners must:

1. Comply with applicable laws and regulations of each country and region as well as the spirit thereof.
2. Establish and implement policies, structure and mechanisms for ensuring and verifying legal compliance including a code of conduct, confidential compliance hotline and training.

10. Export Control and Economic Sanctions

We strictly comply with all international export control and economic sanctions laws and regulations. We are committed to conducting ethical procurement practices by ensuring that we do not participate in any transactions that violate these laws. This includes refraining from engaging in trade with individuals, organizations, or countries subject to economic sanctions, and complying with restrictions on specific goods or technologies. Our procurement team is well-informed and regularly trained to stay up to date with the latest changes in export control and sanctions regulations. Prior to entering contracts with suppliers, we conduct thorough screenings and due diligence to ensure their compliance with these laws.

11. Animal Welfare- We prioritize ethical treatment of animals in our supply chain. Suppliers must adhere to strict guidelines that promote responsible and humane practices, ensuring the well-being of animals throughout their operations. We seek partners committed to animal welfare for a more compassionate and sustainable future.

12. Conflict of Interest

To maintain the highest standards of integrity and transparency in our procurement processes, we strictly prohibit any form of conflict of interest. We expect all employees, agents, and representatives involved in the procurement process to act with impartiality and avoid situations that may create, or appear to create, conflicts between personal interests and the best interests of the organization.

All individuals engaged in procurement activities must disclose any potential conflicts of interest immediately. This includes financial interests, relationships with suppliers, or any other circumstances that could influence their decision-making process. Such disclosures will be reviewed by the appropriate authorities, and necessary actions will be taken to ensure that the procurement process remains fair and unbiased.

13. Confidentiality and Protection of Intellectual Property

Padmini VNA's suppliers and value chain partners are expected to:

- Manage and protect company's confidential information and use such information as per confidential obligations agreed with Padmini VNA. Obtain confidential information concerning other companies only from authorized personnel by legitimate means.
- Ensure disclosure of company's Confidential Information to its subsidiaries, associates, directors, employees and third-party vendors, sub-contractors (collectively, "Affiliates") strictly on a need-to-know basis and only for the purpose of discharging its agreed obligation with the company. Further, also ensure that its Affiliates with whom it shares the Confidential Information are bound by similar confidentiality obligations and shall be absolutely liable for any breach of confidentiality obligations committed by its Affiliates.
- Strive to disclose to stakeholders such information as is pertinent to them, including management, financial condition, environmental preservation, community and social contribution, in a timely and fair manner and to build and maintain positive relationships with stakeholders through open and fair communication.
- Continually monitor and protect all intellectual property of the company against any infringement by others.
- Do not infringe the intellectual property (such as patents, utilities, designs, and trademarks) of others, illegally use such intellectual property or make illegal copies of software or publications.

14. Anti-Bribery

We believe in promoting a fair, transparent, ethical, and professional work environment. We request our suppliers and business partners to comply with following guidelines:

1. Comply with all applicable anti-bribery / anti-corruption laws and regulations, including, without limitation, any relevant foreign laws and regulations which would be applicable, as well as with all other similar applicable laws and regulations.
2. Comply with applicable laws and regulations concerning political donations or contributions and strive to build transparent and fair relationships with political parties or administrative bodies.
3. Do not engage in giving or receiving presents, entertainment or money with customers, suppliers and other business partners in order to acquire or maintain unjust interest or wrongful preferential treatment.
4. Ensure to inform Padmini VNA's management against any such practice adopted by any of the company's employees.

15. Anti-Competitive Behavior

Respect fair competition and conduct every business activity in compliance with the applicable antitrust legislation and provisions. Do not engage in illegal acts against the competition laws and regulations of each country and region including private monopolies, unreasonable restraint of trade (cartel, collusive bidding, etc.) or unfair trade practices.

16. Compliance with Sustainable Procurement Guidelines

In order to ensure and demonstrate compliance with the Padmini VNA's Sustainable Procurement Guidelines, you shall keep a record of all relevant documentation, and provide us supporting documentation upon request. To verify your compliance, we reserve the right to audit and inspect your operations and facilities, at our own cost and upon reasonable notice, with or without the support of a third party. If the results of such an audit or inspection cause us to be of the opinion that you do not comply with Padmini VNA's Sustainable Procurement Guidelines, you shall take necessary corrective actions in a timely manner, as directed by us. If you fail to comply with Padmini VNA's Sustainable Procurement Guidelines, then we may take action against you, including suspending or terminating your activities as one of our suppliers.

17. Vigil Mechanism/Whistle-blower and Grievance Redressal

While the Padmini VNA's Code of Conduct defines the expectations in terms of their integrity and professional conduct, the vigil mechanism defines the mechanism for reporting deviations from the standards defined in the code. The vigil mechanism is implemented as a safeguard to unethical practices. This mechanism is intended to provide mechanism for reporting genuine concerns or grievances and ensure that deviations from the Company's Business Conduct Manual and Values are dealt with in a fair and unbiased manner as provided in Section 177 (9) and (10) of the Companies Act, 2013 and the Companies Rules, 2014.

In the context of our business relationship, if you or your employees believe that the terms of this Padmini VNA's Sustainable Procurement Guidelines are not adhered to, or that Padmini VNA is not acting in accordance with its own Padmini VNA's Sustainable Procurement Guidelines, then we encourage you to raise your concerns via below mentioned reporting channels.

Reporting Channel -

Reporting Channel	Contact Information	Availability
Email	ethics@padminivna.com	24 hours a day
Post	Plot No. 100-101, Sector 35, HSIIDC Udyog Vihar - VII, Gurugram, Haryana 122001	24 hours a day
Web	Available on website	24 hours a day

18. Padmini VNA's Expectation of Suppliers –

We anticipate that these guidelines will assist both our suppliers and Padmini VNA in fostering a shared understanding to proactively implement sustainability initiatives and continue growing as companies that align with societal expectations.

- **Adherence to Guidelines** - Suppliers are required to adhere to these guidelines in conjunction with their "general Purchasing Agreement," integrating these principles into their organizational practices.
- **Establishment of Internal Structure**- Padmini VNA anticipates suppliers to establish an internal framework dedicated to executing sustainability initiatives based on these guidelines, fostering continuous operation and improvement.
- **Comprehensive Distribution within the Supply Chain** - Suppliers must fully communicate these guidelines to sub-tier suppliers throughout the entire supply chain.
- **Confirmation of Guideline Acceptance** Padmini VNA may seek written confirmation from suppliers, signifying their acknowledgment and agreement to the prevailing sustainability guidelines by endorsing the attached Supplier Commitment.
- **Verification of Compliance Status** - To ensure suppliers' adherence to these guidelines, Padmini VNA may request supporting data or require completion of a questionnaire, possibly followed by a site visit. These endeavors will be conducted in the spirit of mutual support and transparent communication for the benefit of both parties.
- **Non-Compliance Measures** - In the event of a compliance breach, Padmini VNA urges suppliers to promptly report all details of the incident. Suppliers are expected to conduct a thorough investigation, root-cause analysis, and implement corrective measures to prevent recurrence. Until these corrective actions are implemented, Padmini VNA reserves the right to temporarily suspend new requests or quotes (RFQs) to the supplier or take other appropriate actions.

19. Supplier Commitment

Padmini VNA may request that all suppliers who receive the “**PADMINI VNA SUSTAINABLE PROCUREMENT GUIDELINES**” submit the “Supplier Commitment” form signed by top management.

By signing this form, the supplier acknowledges having read and accepted all the aforementioned terms and conditions of these guidelines pertaining to all parts, materials or services ordered by or delivered to Padmini VNA.

Supplier name: _____

Supplier Code: _____

Address: _____

Signatory's name: _____

Signatory's function: _____

Signatory's email address: _____

Date: _____