



# **Responsible Sourcing Policy**

## 1. POLICY STATEMENT

LSKB Aluminium Foils Pvt. Ltd. is committed to practice a continuous improvement approach for understanding and taking appropriate responsibility for any **adverse** environmental, social, and economic impacts of its purchasing. In doing so, we shall consider impacts on a life-cycle basis and prioritize actions according to alignment with company's values, magnitude of impact and compliance with any applicable regulations and supply chain due diligence laws.

## 2. PURPOSE

This Policy is adopted to align company's purchasing with its ESG values and goals and its sustainability commitments. In doing so, we seek to harness the influence of its purchasing to support markets for, and increase accessibility, to more sustainable goods and services including aligning the sourcing with the international guidelines on procurement from the Conflict-Affected & High-Risk Areas as prescribed in (CAHRAs-<https://www.cahraslist.net/>) and other applicable and relevant supply chain due-diligence e.g., OECD Guidelines.

## 3. APPLICABILITY

This Policy applies to all types of Company funded procurements and to all its divisions and employees. Specific employee roles, responsibilities and expectations are further described within this policy.

## 4. POLICY IMPLEMENTATION

In order to practice a continuous improvement approach to understanding and taking appropriate responsibility for reducing the adverse environmental, social and economic impacts of its purchasing, this policy establishes the following implementation hierarchy:

- a. **Core Strategies:** These establish overarching sustainable procurement strategies to implement over time. They provide value-aligned direction to take into account during project and program planning and direction from which to build minimum requirements, best practices and related implementation tools.
- b. **Minimum Requirements:** These are the specific mandatory requirements for a particular goods or service category. These are the actions that support sustainable procurement Core Strategies.
- c. **Leadership Opportunities:** These are developed to identify (optional) opportunities for continuous improvement among stakeholders. They identify how to go beyond Minimum Requirements in a particular good or service category to further reduce adverse impacts.

All employees shall review the Core Strategies and follow the Minimum Requirements when planning and designing projects, developing project and operations budgets, developing asset management plans, writing product and service specifications or standards, selecting materials, making purchasing or supplier

decisions and developing and managing Company contracts and price agreements as applicable to their roles and responsibilities and/or to a specific project.

## **5. CORE STRATEGIES**

For any of the following Core Strategies, it is understood that they shall be undertaken in conjunction with traditional purchasing considerations, such as budget, product/service performance requirements and availability. Core Strategies provide direction for decision making with mandated actions implemented through the Minimum Requirements, but also as needed in the absence of specific Minimum Requirements. Prior to making new purchases, employees are also expected to consider: the need for the purchase; opportunities to extend the life of the existing item or material; and meeting the operational need through a different means (e.g., renting vs. purchasing).

- a. Utilize processes, technologies and products or services that reduce consumption of natural resources or chemicals.
- b. Employ processes, technologies and products or services that reduce waste.
- c. Invest in energy and fuel-efficient products, services and technologies that result in simple paybacks of 5-8 years or less, based on the Total Cost of Ownership.
- d. Invest in processes, technologies, products and services that reduce the sourcing and use of Carbon-Based Fuels.
- e. Seek processes, technologies, products and services that support a Circular Economy, Biodiversity, healthy and resilient natural habitats.
- f. Seek out, specify and purchase products with lower Embodied Carbon than the status quo.
- g. Seek out, specify and purchase products that minimize exposure of Substances of Very High Concern (SVHC) to people and the environment.
- h. Consciously design procurement processes and related programming to support a diverse contractor base, including small, minority and/or women-owned businesses.
- i. Seek out processes, technologies, goods or services that support transparency in either the Company's supply chain or product disposal endpoints or both regarding compliance with Environmental Regulations, Core Labor and Human Rights in the Workplace.
- j. When using social or environmental product labels, seek out social/ecolabels that demonstrate that the product or service was independently certified to a reputable third-party environmental and/or social product or service leadership standard, preferably a multi-attribute standard that evaluates products or services along their entire life cycle.

- k. Whenever possible, utilize Life Cycle Costing methods to determine the full cost of a product, service or design.

## **6. MINIMUM REQUIREMENTS & LEADERSHIP OPPORTUNITIES**

Minimum Requirements and associated Leadership Opportunities for a specific good or service category shall be defined and communicated through the Company's Sustainable Purchasing Guidelines. These Sustainable Purchasing Guidelines shall be maintained and updated by the Techno-Commercial/Procurement Department as needed to keep content current and relevant. Updates to the Sustainable Purchasing Guidelines do not automatically trigger updates to this policy; they may be updated separately and thus more frequently, to maintain relevancy. The Sustainable Purchasing Guidelines shall be shared with potential suppliers as well as internally in the company.

Minimum Requirements shall be based off well-researched and tested practices that are readily accessible and have been confirmed to reduce an adverse impact when well-implemented. They can be adopted from other reputable sources (other public agency, non-profit, subject matter experts, etc.), or developed through a multi-stakeholder engagement process.

Leadership Opportunities shall be well-researched to show that it is reasonable that the proposed action(s) will reduce an adverse impact with relatively low-risk to the Company when well-implemented. It is understood that the action[s] is worth pursuing so long as it aligns with the LSKB's sustainability values, even if the proposed action hasn't been tried or replicated by another public agency at the time it is proposed.

## **7. REPORTING**

- a. To track progress in order to meet this policy's objectives, at a minimum the Procurement Department shall report EHS/Sustainability Department on the following on an annual basis:
  - i. Number of Minimum Requirements established and in use by the company as evidenced by actual solicitations, contracts, and/or procurements.
  - ii. Number of Leadership Opportunities established and practiced by the company as evidenced by actual solicitations, contracts and/or procurements.
  - iii. Number of sustainable procurement trainings provided to employees and number of unique attendees in total. If trainings are provided through an online mode, report on the number of unique completions of the training(s).
  
- b. By the end of year 2026 after the initial effective date of this policy, the Procurement Department shall report to the management on the following in addition to the above minimum reporting requirements:
  - i. For a minimum of three goods and/or services, report on the percent of purchases (by INR value) during the fiscal year that met the Minimum Requirements for that good or service.
  - ii.

- c. By the end of year 2026 after the initial effective date of this policy, the Procurement Department shall publish at a minimum two case studies highlighting a sustainable procurement initiative, project, solicitation/contract undertaken by LSKB Aluminium Foils Pvt. Ltd.; including benefits, lessons-learned and opportunities for continuous improvement.
- d. By the end of year 2026 after the initial effective date of this policy, the Procurement Department shall develop three additional Key Performance Indicators that are meaningful in terms of evaluating the Company's progress in meeting the policy's objectives

## **8. ROLES AND RESPONSIBILITIES**

- a. The Procurement Department shall periodically bring together stakeholders to review and update this policy.
- b. The Procurement Department is responsible for developing and maintaining up-to-date Minimum Requirements & Leadership Opportunities; including bringing together stakeholders to develop and/or implement the Minimum Requirements & Leadership Opportunities as applicable.
- c. All employees are responsible for following the Core Strategies and Minimum Requirements when planning and designing projects, developing project and operations budgets, developing asset management plans, writing product and service specifications or standards, selecting materials, making purchasing or supplier decisions, and developing and managing Company contracts and price agreements as applicable to their roles and responsibilities and/or to a specific project.
- d. The Procurement Department is responsible for developing and providing sustainable procurement training to the employees and other applicable stakeholders.
- e. The Procurement Department is responsible for taking into account these policy requirements when developing departmental and project budgets in order to ensure resources (budget and staff) are available to carry out these policy requirements.
- f. The Procurement Department is responsible for developing and publishing reports according to the requirements in section 7.0 of this policy.

## **9. DEFINITIONS**

- a. **Carbon-Based Fuels** - means coal, natural gas, renewable biomass, petroleum products, and any other product that contains carbon and emits carbon dioxide, methane, nitrous oxide, or other greenhouse gases when combusted, that are used for fuel, heating, cooling, or industrial processes, which processes shall include electricity generation.
- b. **Circular Economy** - Economy that is restorative and regenerative by design and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles.

- c. **Core Labor and Human Rights in the Workplace** - International Labour Organization (ILO) Conventions that the ILO Governing Body has identified as “Fundamental” Conventions, covering subjects that are considered to be fundamental principles and rights at work.
- d. **Embodied Carbon** - The greenhouse gas emissions arising from the manufacturing, transportation, installation, maintenance, and disposal of materials or products.
- e. **Key Performance Indicators** - Critical quantifiable measures of progress toward an intended result.
- f. **Life Cycle** - Consecutive and interlinked stages of a goods or services system, from “cradle to grave”, e.g., from resource generation and raw material acquisition through production, use, and final disposal.
- g. **Life Cycle Costing** – A method for calculating the costs of goods or services throughout their life cycle. It includes total cost of ownership (TCO) and positive or negative externalities which can be monetized, both to the organization and to society.
- h. **Substances of Very High Concern (SVHC):** Substances that may have serious and often irreversible effects on human health and the environment. SVHCs are typically defined as those that have one or more of the following attributes:
  - a. Persistent, Bio accumulative and Toxic (PBT),
  - b. Very Persistent and very Bio accumulative (vPvB),
  - c. Very Persistent and Toxic (vPT),
  - d. Very Bio accumulative and Toxic (vBT), or
  - e. Known or likely to be:
    - i. Carcinogenic,
    - ii. Mutagenic,
    - iii. Reproductive or developmental toxicant,
    - iv. Neurotoxicant or
    - v. Endocrine disrupting.
- i. **Sustainable Procurement** - A process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a life cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, while minimizing damage to the environment.
- j. **Total Cost of Ownership (TCO)** – A method for calculating the full direct cost of a good or service to an organization. It includes the initial cost/price of a good or service, as well associated maintenance, operating and end-of-life costs.
- k. **CAHRAs** - Presents an indicative, non-exhaustive and regularly updated list of Conflict-affected and High-Risk Areas (CAHRAs) (as defined under Regulation 2017/821). The list is to facilitate due diligence efforts of European Union importers of minerals and metals falling under Regulation (EU) 2017/821.

This policy comes in force from the date of approval and shall supersede any such policy or content available before this date in any form.

This policy and its contents shall be reviewed every three years from the date of approval or immediately in the event of any trigger necessitating its review before the scheduled review date.