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## Sustainable Sourcing Policy

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### **Introduction**

At Dwarikesh Sugar Industries Limited (DSIL) our commitment to sustainability extends beyond the procurement of materials and services.

### **Objective**

The objective of our Sustainable Sourcing Policy is to integrate environmental, social, and economic considerations into our procurement processes, thereby promoting responsible sourcing practices, reducing environmental impact, supporting local communities, and ensuring the long-term sustainability of our operations.

At DSIL, we believe to advocate holistic wellness and drive positive change. We recognize our responsibility to conduct business in a manner that respects the environment, promotes social equity, and upholds high ethical standards. Our commitment to Environmental, Social, and Governance (ESG) principles is integral to our corporate ethos and guides our interactions with stakeholders, including suppliers, sellers, service providers (collectively called as “Suppliers”) and partners.

### **Our Approach:**

At DSIL, our commitment extends to integrating ESG principles into every facet of our operations, including the management of our supply chain. We firmly believe that through collaborative partnerships with our suppliers, we can foster sustainable and responsible industry practices. Our approach prioritizes transparency, accountability, and continual improvement, aiming to minimize our environmental footprint, promote social responsibility, and uphold governance standards.

### **Scope/Applicability:**

This Policy applies to all suppliers, service providers of DSIL, and the extended supply chain partners regardless of their size, location, or industry. We expect all entities in our supply chain to adhere to these principles and actively support our efforts to promote sustainability and responsible business practices.

## **Responsibility:**

The Head of Procurement holds responsibility for the implementation of the Sustainable Sourcing Policy ensuring that sustainable practices are integrated into procurement practices. This includes fostering collaboration with Suppliers, monitoring compliance, and driving continuous improvement.

## **Sustainable Procurement Principles:**

DSIL promotes sustainable procurement practices by:

1. Prioritizing suppliers who demonstrate a commitment to ESG principles.
2. Encouraging the use of environmentally sustainable materials and processes.
3. Supporting suppliers who engage in fair labor practices and promote diversity and inclusion.
4. Collaborating with suppliers to identify opportunities for innovation and improvement in sustainability performance.

## **Environmental Protection:**

1. **Resource efficiency:** We strongly encourage our suppliers to prioritize the utilization of renewable resources and adopt strategies that effectively minimize resource consumption, encompassing energy, water, and raw materials, across all facets of their operations.
2. **Water and Waste Management:** Implementation of ISO 14046 Water footprint - Principles, requirements, and guidelines is highly recommended Suppliers and implementing water conservation methodologies and measures and enhance recycled water utilization. Implementing waste reduction strategies, promoting recycling initiatives, and exploring opportunities for waste-to-energy conversion to minimize the environmental impact of their operations.
3. **Climate Change:** Implementation of climate conservation initiatives like reducing GHG emissions through increasing renewable energy share, reducing carbon footprint along with energy saving and energy efficiency measures.
4. **Biodiversity Conservation and Land use:** Suppliers are encouraged to measure the impact of their operations on local ecosystems and biodiversity, and take steps to minimize habitat destruction, deforestation, and other activities that threaten biodiversity.

## **Addressing Social Concerns:**

1. **Labor Rights and Fair Employment Practices:** Suppliers can consider upholding the rights of workers, including fair wages, safe working conditions, and the right to freedom of association and collective bargaining. Discrimination, forced labor, child labor, and any form of exploitation are strictly prohibited.

2. **Community Engagement and Development:** We encourage our suppliers to actively engage with local communities, fostering an understanding of their needs, concerns, and priorities. Furthermore, we urge suppliers to contribute to community development initiatives, encompassing areas such as education, healthcare, and infrastructure projects.
3. **Employee Wellbeing and Safety:** Suppliers must prioritize the health and safety of their employees by implementing ISO 45001 standards for occupational health and safety management systems as a mandatory compliance. This includes providing proper training, safety equipment, and conducting regular risk assessments.
4. **Supply Chain Diversity and Inclusion:** Suppliers are encouraged to promote diversity and inclusion within their supply chains, including supporting minority-owned, women-owned, and disadvantaged business enterprises.

#### **Ethical Issues:**

1. **Transparency and Accountability:** Suppliers must conduct their business with honesty, integrity, and transparency, accurately representing their products, services, and financial information, and providing timely and accurate reporting to stakeholders.
2. **Anti-corruption and Bribery:** Suppliers must adhere to strict anti-corruption policies and procedures, including prohibiting bribery, kickbacks, and other forms of unethical behavior, and implementing robust internal controls to prevent corruption within their organizations.
3. **Data Privacy and Security:** Suppliers must protect the privacy and confidentiality of personal and sensitive information, including customer data, by implementing appropriate data privacy and security measures following applicable laws and regulations.
4. **Intellectual Property Rights:** Suppliers must respect the intellectual property rights of others and ensure that their products and services do not infringe upon the patents, trademarks, copyrights, or other intellectual property rights of third parties.
5. **Fair Competition:** Suppliers must compete ethically in the marketplace, avoiding anticompetitive practices such as price-fixing, collusion, or market manipulation, and adhering to all applicable competition laws and regulations.

#### **Supply Chain Standards:**

Suppliers are expected to adhere to high standards of ethical conduct throughout their operations. This includes but is not limited to:

1. Compliance with all applicable laws and regulations
2. Respect for human rights and labor standards
3. Promotion of workplace health and safety
4. Protection of the environment
5. Transparency and integrity in business practices

**Implementation of the Policy:**

DSIL will work closely with suppliers to facilitate the implementation of this Policy. This includes providing guidance, resources, and support to help Suppliers understand and meet the requirements outlined in the Policy.

**Monitoring Mechanism:**

DSIL will implement a monitoring mechanism to assess suppliers' compliance with this Policy and Supplier Code of Conduct. This may include regular audits, reviews of documentation, and communication with Suppliers to address any areas of concern or non-compliance.

**Policy Review:**

This Policy undergoes an annual review to maintain its relevance and effectiveness. Adjustments are made as needed to align with changes in the business environment, legal requirements, or industry standards. This Policy has been reviewed and approved by the Board of Directors of DSIL.

**Issuing Authority: Approved in Board meeting held on 30<sup>th</sup> April 2024**