Chromewell Engineering Private Limited

Sustainable Procurement & Responsible Sourcing Policy

POLICY NO: CW-SCM-001 | VERSION: 4.0

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1. Document Information:

Document Details		Governance
Policy Owner: Purchase Manager	**Scope:** All procurement activities of Chromewell Engineering including direct materials (steel, chemicals), indirect materials, services, and capital equipment. Covers all Tier 1 suppliers and, for high-risk categories, Tier 2, and smallholder suppliers.	**Reviewed & Approved By:** CEO & CFO
Secondary Owner: Head of Compliance	**Applies To:** All procurement decisions and supplier relationships. All product categories and procurement values. Specific provisions apply to high-risk suppliers and smallholder / micro-enterprise suppliers.	**Review Cycle:** Annual – Once a year

2. Purpose

Chromewell Engineering Pvt Ltd recognises that our environmental and social impact extends beyond our own factory gates and into our supply chain. The materials we source - steel, aluminium, copper alloys, chemicals, and surface treatment services - have environmental and human rights implications from extraction to delivery. Our OEM customers require that we manage these risks as a condition of supply.

The EU Corporate Sustainability Due Diligence Directive (CSDDD) and CSRD ESRS S2 require that companies identify, prevent, mitigate, and account for human rights and environmental impacts in their value chains. This policy establishes Chromewell's sustainable procurement framework to meet these obligations while building a resilient, high-quality supply base - including practical support for smallholder and micro-enterprise suppliers.

This policy is aligned with:

- EU Corporate Sustainability Due Diligence Directive (CSDDD) - Directive 2024/1760/EU
- ISO 20400:2017 - Sustainable Procurement
- GRI 308: Supplier Environmental Assessments (2016) and GRI 414: Supplier Social Assessments (2016)
- CSRD ESRS S2 - Workers in the Value Chain
- UN SDG 12 - Responsible Consumption and Production
- UN Global Compact - Principles 1–10 (including anti-corruption in supply chain)
- OECD Due Diligence Guidance for Responsible Business Conduct

3. Scope

This policy covers all Chromewell Engineering procurement activities including:

- Direct materials: steel, copper, chemicals, surface treatment consumables, and other raw materials and components
- Indirect procurement: logistics, packaging, maintenance, IT, professional services, and utilities
- Capital equipment: machinery, tooling, and manufacturing technology
- Outsourced processes: sub-contracted pickling, coating, machining, electroplating, shot blasting, heat treatment, and assembly

Special provisions apply to:

- High-risk suppliers: identified through risk assessment based on sector, material, and spend.
- Smallholder and micro-enterprise suppliers: those with fewer than 5 employees or turnover below INR 25 lakhs who supply surface treatment, secondary processing, or material inputs to Chromewell

4. Key Objectives and Targets

Chromewell Engineering defined both qualitative objectives and quantitative targets for procurement issues from its own operations and from its supply chain.

Procurement Issue	Key Objectives	Target (2025–2027)
Supplier Code of Conduct Coverage	Require all Tier 1 suppliers to formally acknowledge and commit to Chromewell's Supplier Code of Conduct, which sets minimum standards for environmental, labour, ethics, and human rights performance.	100% of Tier 1 suppliers sign Supplier Code of Conduct by December 2025 New suppliers: CoC signed before first purchase order issued CoC acknowledgement renewal: every 3 years
Supplier ESG Assessment	Systematically assess the environmental, social, and governance performance of direct suppliers, prioritising high-risk suppliers by country, sector, and spend.	80% of spend assessed by ESG criteria annually by 2026 High-risk suppliers: 100% assessed annually by 2026 Supplier assessment: top 20 suppliers by spend assessed by 2026
Smallholder Supplier Development	Provide structured capacity-building support to smallholder and micro-enterprise suppliers to help them meet environmental and social standards, recognising their limited resources and technical capacity.	Smallholder supplier mapping: completed by June 2025 Capacity-building programme for smallholder suppliers: operational by December 2025 At least 10 smallholder suppliers supported through development programme annually from 2026
Sustainable Material Sourcing	Prioritise materials with certified sustainable credentials - recycled content, responsible sourcing schemes, conflict mineral-free - where technically and commercially feasible.	Recycled steel content in raw material: tracked and disclosed annually Conflict minerals (3TG): CMRT filed for all applicable products annually Sustainable material sourcing assessment: conducted annually
Green Procurement	Embed environmental criteria - energy efficiency, chemical compliance, packaging sustainability, and lifecycle carbon - into procurement decision-making alongside cost and quality.	Environmental criteria embedded in supplier scorecard: by December 2027 Green procurement assessment for major capital equipment purchases: 100% by 2026 Single-use plastic in packaging: eliminated from supplier deliveries by 2027
Supplier Performance Improvement	Use supplier scorecards, development plans, and regular dialogue to continuously improve supplier ESG performance - prioritising improvement over exclusion for willing suppliers.	Supplier ESG scorecards: operational for Tier 1 suppliers by December 2025 Improvement plans: in place for all suppliers scoring below threshold Supplier exclusions due to ESG non-compliance: last resort after documented improvement failure

5. Governance and Allocation of Responsibilities

Clear accountability is assigned at every level of Chromewell Engineering's ESG Governance Structure. The table uses a RACI framework (Accountable, Responsible, Consulted, Informed).

Role / Designation	RACI Level	Department	Key Responsibilities Under This Policy
CEO	Accountable (A)	Executive	Final approval. Sets the commitment that sustainability is a non-negotiable procurement criterion alongside cost and quality. Approves any supplier relationship continuation where significant ESG non-compliance has been identified.
Purchase Manager	Primary Owner (R)	Procurement	Day-to-day ownership of sustainable procurement. Manages supplier CoC programme, ESG assessments, supplier scorecards, CMRT filing, green procurement integration, and smallholder supplier development programme.
Head of Compliance	Primary Owner (R)	Compliance	Manages CSDDD human rights due diligence legal obligations, REACH substance compliance in procurement, ELV supplier declarations, and conflict minerals regulatory compliance.
Compliance Executive	Secondary Owner (R)	Compliance	Organizes Capacity building for Suppliers and conducts Sustainability Assessment/ Survey and Customer supply chain sustainability questionnaire responses.
EHS Executive	Consulted (C)	EHS / Operations	Provides environmental criteria for supplier assessment (REACH, chemical management, waste handling). Conducts supplier environmental site assessments for high-risk suppliers.
Quality Manager	Consulted (C)	Quality	Integrates ESG criteria into supplier qualification and PPAP processes. Manages supplier audit schedule including sustainability elements.
Finance / CFO	Consulted (C)	Finance	Reviews ESG risk in supplier financial assessments. Approves budget for supplier development programme and sustainability assessments.

RACI: A = Accountable (signs off, one person only) · R = Responsible (does the work) · C = Consulted (input required) · I = Informed (kept in loop).

6. Policy Commitments

6.1 Supplier Code of Conduct

Chromewell's Supplier Code of Conduct sets minimum requirements in five areas:

- Labour and human rights: prohibition of child and forced labour, fair wages, working hours, safe conditions, freedom of association - aligned to ILO core conventions
- Environment: compliance with applicable environmental law, management of chemical and hazardous waste, GHG reduction commitment
- Business ethics: zero tolerance for bribery and corruption, accurate record-keeping, no anti-competitive behaviour
- Health and safety: workplace safety management aligned to ISO 45001
- Supply chain: cascading these requirements to the supplier's own Tier 2 suppliers

6.2 Supplier ESG Assessment Process

- New suppliers complete an ESG pre-qualification questionnaire before onboarding; high-risk new suppliers require on-site assessment before first order
- Existing suppliers are assessed annually through a standardised ESG questionnaire covering the five Supplier CoC dimensions
- Supplier ESG scores are integrated into the supplier scorecard alongside quality and delivery performance

6.3 Smallholder Supplier Development

Chromewell recognises that exclusion of smallholder suppliers who cannot immediately meet ESG standards is socially harmful and commercially disruptive. Our approach is development-first:

- Smallholder suppliers are mapped by environmental and social risk category and receive tailored support: site visits, guidance documents in local language, training sessions, and connection to government support schemes
- Improvement timelines of 12–24 months are set with smallholder suppliers, with regular check-ins
- Exclusion is the last resort, taken only when a smallholder supplier refuses to engage with the improvement programme or a violation is severe and immediate

6.4 Conflict Minerals and Responsible Material Sourcing

- A Conflict Minerals Reporting Template (CMRT) is filed annually for all products containing 3TG minerals (tin, tantalum, tungsten, gold) and submitted to OEM customers as required
- Recycled and certified sustainable material content is tracked in raw material procurement and disclosed in the annual Sustainability Report
- Green procurement criteria - energy efficiency, chemical compliance, recyclable packaging - are formally included in supplier selection and tendering processes

7. KPI Monitoring and Reporting

The following KPIs are tracked by the ESG Working Group, reported quarterly to the ESG Steering Committee, and published annually in the Chromewell Sustainability Report

KPI / Indicator	Target	Measurement Method	Cadence	Owner
Supplier CoC Signature Rate - Tier 1	100% by December 2025	Procurement records	Annual	Purchase
Spend Assessed by ESG Criteria	80% of spend by 2026	Supplier scorecard data	Annual	Purchase
High-Risk Suppliers Assessed Annually	100%	Assessment records	Annual	Purchase
Top 20 Suppliers assessed	100% by 2026	Assessment records	Annual	Compliance Executive
Smallholder Supplier Map Completed	By June 2025	ESG records	Annual	Purchase
Smallholder Suppliers in Dev. Programme	≥ 10 annually from 2026	ESG records	Annual	Compliance Executive
CMRT Filed for Applicable Products	100% annually	Procurement records	Annual	Head of Compliance
Recycled /Secondary Steel Content (%)	Tracked and disclosed	Material purchase records	Annual	Compliance Executive

8. Policy Review Mechanism

This policy is reviewed annually every April by the Head of Compliance with formal approval by the CEO/CFO. Interim review is triggered by:

- significant supplier non-conformance or human rights finding,
- CSDDD implementation guidance,
- OEM customer supply chain requirement change, or
- conflict minerals regulatory update.

Version	Date	Author	Approved By	Summary of Changes
1.0	July 01, 2021	Purchase Manager/CFO	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Initial issue
2.0	May 03, 2022	Purchase Manager/CFO	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Minor edits on the Quantitative targets
3.0	June 05, 2025	Purchase Manager/CFO	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Updated to v3.0: KPI has been revised
4.0	Jan 14,2026	Purchase Manager/CFO	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Added related policies with clear accountability and ownership

9. Compliance, Non-Conformance, and Disciplinary Action

- Procurement staff who bypass ESG criteria in supplier selection without documented justification are subject to disciplinary action
- Suppliers found to be in material violation of the Supplier CoC are placed on corrective action plans; persistent non-compliance results in deselection
- Concerns about supply chain misconduct are reported
- “Report a concern” form available on ChromeNet as an anonymous grievance redressal mechanism and, we have a dedicated hotline number published on the website to report any concern anonymously.

10. Related Documents and References

Internal policies:

- CW-SCM-002 - Supply Chain Due Diligence & Human Rights Policy
- CW-ETH-002 - Anti-Bribery & Anti-Corruption Policy (supplier anti-corruption requirements)
- CW-CL-008 - Child Labour, Forced Labour & Human Trafficking Policy
- CW-ENV-006 - Hazardous Substances, Chemicals & REACH Policy
- CW-ENV-008 - Product End-of-Life & ELV Compliance Policy
- CW-ETH-003 - Whistleblower Protection & Speak-Up Policy

External standards:

- EU Corporate Sustainability Due Diligence Directive (CSDDD) - Directive 2024/1760/EU
- ISO 20400:2017 - Sustainable Procurement
- GRI 308: Supplier Environmental Assessments (2016) and GRI 414: Supplier Social Assessments (2016)
- CSRD ESRS S2 - Workers in the Value Chain
- OECD Due Diligence Guidance for Responsible Business Conduct (2018)
- UN Global Compact - Principles 1–10

11. Formal Approval and Sign-Off

This policy has been prepared, reviewed, and formally approved:

Prepared By	Reviewed By	Approved By
Name: Mr. Sanjay Bhosure **Designation:** Purchase Manager **Date:** Jan 2026 **Signature:**	**Name:** Ms. Risha Naik **Designation:** CFO **Date:** Jan 2026 **Signature:**	**Name:** Mr. Amardeep Mardhekar **Designation:** CEO **Date:** Jan 2026 **Signature:**

FOR FURTHER INFORMATION:

CW-SCM-001 - Sustainable Procurement & Responsible Sourcing Policy

Issued Date: July 01, 2021

Updated: Jan 14, 2026

This policy is issued under the authority of the CEO & CFO of Chromewell Engineering Pvt Ltd. It supersedes v3.0 (June 2025). For further information or advice, please contact a Chromewell Finance or Compliance Officer or Chromewell's Board or Directors.