PROCUREMENT POLICY

1. Purpose

KVMG MOULDING SOLUTIONS PVT LTD is committed to establishing a transparent, ethical, sustainable, and efficient procurement system that ensures the timely procurement of quality materials, products, equipment, and services while supporting operational excellence, customer satisfaction, legal compliance, and Environmental, Social, and Governance (ESG) objectives.

This policy provides the framework for responsible procurement decisions that minimize supply chain risks and promote long-term business sustainability.

2. Scope

This policy applies to:

- All manufacturing facilities
- Corporate Office
- Procurement Department
- Stores Department
- Engineering Department
- Quality Department
- Production Department
- Finance Department
- Approved Suppliers
- Contractors
- Service Providers
- Logistics Partners

3. Objectives

The objectives of this policy are to:

- Ensure procurement of quality materials and services.
- Maintain uninterrupted production.
- Promote ethical procurement practices.

- Integrate ESG principles into supplier selection.
- Ensure compliance with statutory and customer requirements.
- Build long-term strategic supplier partnerships.
- Reduce procurement risks.
- Promote sustainable sourcing.
- Support continual improvement.

4. Procurement Principles

TSHPL shall conduct procurement activities based on the following principles:

- Transparency
- Fair Competition
- Integrity
- Accountability
- Value for Money
- Quality First
- Sustainability
- Compliance
- Supplier Partnership
- Continuous Improvement

5. Procurement Commitment

TSHPL is committed to:

- Procuring only approved materials.
- Selecting competent suppliers.
- Promoting responsible sourcing.
- Supporting environmentally responsible procurement.
- Respecting human rights throughout the supply chain.
- Preventing child labour and forced labour.
- Promoting occupational health and safety.
- Preventing corruption and bribery.
- Encouraging supplier innovation.

- Maintaining complete procurement traceability.

6. Supplier Selection

Suppliers shall be evaluated based on:

- Product Quality
- Technical Capability
- Manufacturing Capacity
- Delivery Performance
- Cost Competitiveness
- Financial Stability
- Customer Reputation
- Legal Compliance
- ESG Performance
- Environmental Compliance
- Occupational Health & Safety Performance
- Business Ethics
- Risk Assessment Results

Only approved suppliers shall be eligible for procurement.

7. Sustainable Procurement

The Company encourages procurement of:

- Recyclable materials
- Environmentally friendly products
- Energy-efficient equipment
- Sustainable packaging
- Low-emission products
- Reusable packaging
- Recycled materials where technically feasible

8. ESG Integration

Environmental, Social and Governance (ESG) considerations shall be incorporated into procurement decisions.

Preference shall be given to suppliers who demonstrate:

- ISO 14001 Certification
- IATF 16949 Certification
- ISO 9001 Certification
- Responsible environmental practices
- Safe working conditions
- Ethical labour practices
- Human rights compliance
- Transparent governance systems

9. Human Rights Commitment

TSHPL shall not knowingly procure goods or services from suppliers involved in:

- Child Labour
- Forced Labour
- Human Trafficking
- Modern Slavery
- Discrimination
- Harassment
- Unsafe Working Conditions

Suppliers shall comply with all applicable labour laws.

10. Environmental Responsibility

Suppliers are expected to:

- Comply with environmental legislation.
- Minimize pollution.
- Reduce greenhouse gas emissions.

- Improve energy efficiency.
- Conserve water.
- Reduce waste generation.
- Promote recycling.
- Manage hazardous waste responsibly.

11. Quality Requirements

All suppliers shall:

- Supply products meeting approved specifications.
- Maintain effective quality management systems.
- Notify TSHPL before process changes.
- Ensure product traceability.
- Prevent non-conforming products.
- Support continuous quality improvement.

12. Ethical Procurement

Employees involved in procurement shall:

- Avoid conflicts of interest.
- Maintain confidentiality.
- Treat suppliers fairly.
- Refrain from accepting gifts, favours, or improper benefits.
- Follow approved procurement procedures.
- Report unethical behaviour immediately.

13. Conflict of Interest

Employees shall disclose any actual or potential conflict of interest related to procurement activities.

No procurement decision shall be influenced by personal relationships or financial interests.

14. Supplier Evaluation

Supplier performance shall be periodically evaluated using criteria including:

- Product Quality
- Delivery Performance
- Responsiveness
- Customer Complaints
- Corrective Action Effectiveness
- ESG Compliance
- Environmental Performance
- Safety Performance
- Commercial Performance

Supplier ratings shall be maintained by the Procurement Department.

15. Procurement Process

The procurement process shall include:

1. Material Requirement Identification
2. Purchase Requisition
3. Supplier Selection
4. Request for Quotation (RFQ)
5. Technical Evaluation
6. Commercial Evaluation
7. Purchase Order Approval
8. Purchase Order Issue
9. Material Receipt
10. Incoming Inspection
11. Supplier Performance Evaluation
12. Payment Processing

16. Risk Management

The Procurement Department shall identify and manage risks related to:

- Supplier dependency
- Material shortages
- Price volatility
- Logistics disruptions
- ESG risks
- Financial instability
- Quality failures
- Regulatory changes

Appropriate mitigation plans shall be established.

17. Supplier Development

TSHPL encourages continual supplier improvement through:

- Supplier Audits
- Performance Reviews
- Technical Support
- Corrective Action Requests
- Supplier Training
- ESG Awareness Programs

18. Legal Compliance

Procurement activities shall comply with all applicable legal, regulatory, and contractual requirements.

Suppliers shall comply with:

- Environmental laws
- Labour laws
- Occupational health and safety regulations
- Anti-corruption laws

- Applicable customer-specific requirements

19. Documentation

The following records shall be maintained:

- Approved Supplier List
- Supplier Evaluation Records
- Purchase Requisitions
- Purchase Orders
- Quotations
- Supplier Agreements
- Supplier Audit Reports
- Supplier Performance Reports
- Corrective Action Records
- Supplier ESG Assessments
- Procurement KPIs

20. Key Performance Indicators (KPIs)

The Procurement Department shall monitor:

- On-Time Delivery (%)
- Supplier Quality Performance (PPM)
- Supplier Approval Rate
- Supplier Audit Completion (%)
- Approved Supplier Coverage (%)
- Supplier ESG Compliance (%)
- Supplier Corrective Action Closure (%)
- Procurement Cost Savings
- Purchase Order Cycle Time
- Supplier Complaint Rate

21. Responsibilities

Top Management

- Approve the Procurement Policy.
- Allocate necessary resources.
- Review procurement performance.

Procurement Department

- Implement this policy.
- Evaluate suppliers.
- Maintain procurement records.
- Monitor supplier performance.

Quality Department

- Verify incoming material quality.
- Participate in supplier evaluations.

Stores Department

- Ensure proper receipt and storage of materials.
- Maintain inventory records.

Finance Department

- Verify payment compliance.
- Monitor procurement expenditures.

All Employees

- Follow approved procurement procedures.
- Maintain integrity in procurement activities.
- Report any unethical practices.

22. Continuous Improvement

TSHPL shall periodically review procurement processes, supplier performance, ESG expectations, customer requirements, and applicable regulations to continually improve procurement effectiveness and supply chain resilience.

23. References

- ISO 9001:2015
- IATF 16949:2016
- ISO 14001:2015
- ISO 20400 – Sustainable Procurement Guidance
- OECD Due Diligence Guidance for Responsible Business Conduct
- UN Global Compact Principles
- Applicable Indian Laws
- Customer-Specific Requirements
- Company Supplier Code of Conduct

24. Review

This policy shall be reviewed annually or whenever there are significant changes in legal requirements, customer expectations, business operations, or organizational strategy.

25. Approval

This Procurement Policy is approved by the Management of Kvmg moulding and is applicable to all procurement activities carried out by the Company.

Prepared by	Approved by
ESG Coordinator	**Director / MD**