



# THERMAX GROUP SUSTAINABLE SOURCING POLICY

# Thermax Group Sustainable Sourcing Policy



## Contents

1	Introduction & Purpose of the Policy .....	3
2	Scope of the Policy .....	3
3	Our Sustainability Approach.....	4
4	ESG Expectations from Business partners .....	5
4.1	Occupational Health and Safety .....	5
4.2	Labor and Human Rights .....	5
4.3	Environmental Sustainability.....	5
4.4	Business Integrity and Ethics .....	6
4.5	Emergency preparedness.....	6
4.6	Compliance with Applicable Laws / Regulations / Government Orders .....	6
4.7	Conflict of Interest .....	6
4.8	Product and Service Quality .....	6
5	Implementation.....	7
6	Evaluation and Assessment.....	7
7	Reporting Violations .....	7
8	Consequences of any Violation .....	7
9	Annexure.....	8

## Thermax Group Sustainable Sourcing Policy

**THERMAX**

### 1 Introduction and Purpose of the Policy:

With sustainable energy and environment solutions at our core, we strive to build a better tomorrow through our innovative offerings enabling more and more industries and businesses to mitigate their environmental impact, build a greener world and shape a prosperous future. Aligned with our corporate philosophy, 'Conserving Resources, Preserving the Future', Thermax, in its efforts to incorporate sustainable development within its sourcing operations, is committed to develop sustainable value chain involving all its supply chain partners.

We believe that our vision for a better tomorrow is not possible without a strong and sustainable supply chain.

Towards realizing this objective, Thermax is committed to the Sustainable Sourcing Policy that aligns our goals with our valued business partners and promotes a culture of responsibility towards sustainability in all our stakeholders.

### 2 Scope of the Policy:

This policy applies to all the immediate supply chain partners supplying both goods and services to Thermax and its domestic / overseas subsidiaries or joint venture companies. The supply chain partners include, but are not limited to:

- 1) Vendors, suppliers
- 2) Sub-contractors,
- 3) Labor contractors,
- 4) Site contractors
- 5) Engineering sub-contractors
- 6) Service Providers
- 7) Traders, Agents, Consultants
- 8) Any other entities or persons having a business relationship with and provide, sell, or seek to sell any kinds of goods or services to Thermax or any of its subsidiaries, affiliates, or divisions.

The Policy is prepared ensuring adherence to applicable laws and in line with international standards such as ISO, ILO (International Labor Organization), and NGRBC (National Guidelines on Responsible Business Conduct – released by Govt. of India)

We may require our supply chain partners to provide information, participate in training, and perform other activities in connection with this policy before, during or after supply of goods or services.

We are committed towards collaborating with our supply chain partners and improving their processes for responsible procurement based on global best practices. Thermax will offer its expertise in establishing, validating, knowledge sharing and improvement of suppliers' HSE management system. Aligning our business partners with this policy is a journey of continuous improvement and not a one-time event.

### 3 Our Sustainability Approach

Thermax, in its efforts to incorporate sustainable development within its sourcing operations, is committed in developing a sustainable value chain involving its vendors, contractors and channel associates (collectively referred to as supply chain partners). Towards realizing this objective, Thermax counts on the support of its supply chain partners to:

- Comply with the applicable laws, regulations and government orders relating to labor practices, human rights, gender equality and environmental norms. Create Zero tolerance for any form of forced or compulsory child labor, slavery, racism, and human trafficking directly or through contracted labor at supply chain partners' sites.
- Sign a Code of Conduct for Thermax Group's supply chain partners to honor sustainable practices and adopt principles and practices which are in line with Thermax policies.
- Adhere to occupational health and safety laws and regulations to minimize risks and prevent injuries and accidents to the supply chain partners' employees working at their sites.
- Source environment-friendly and socially responsible products and services by conserving natural resources, reducing waste and emissions by adopting energy efficient processes through Reduce, Reuse and Recycle.
- Carry out appropriate risk assessments and due diligence to promote ethical business practices and policies.
- Ensure appropriate and relevant information and instruction is made available to supply chain partners on sustainability.
- Ensure effective supply chain partner management systems in place and conduct evaluation of competency and sustainability performance prior to contract approval and throughout contract duration.
- Ensure that supply chain partner relationships are maintained in a fair, proper, and transparent manner.
- Develop and Promote business to suitable Micro, Small and Medium Enterprises and to the supply chain partners local to our plants and sites, wherever applicable.

#### 4 Environmental, Social and Governance Expectations from Supply Chain Partners:

We expect all our supply chain partners to comply with the provision of this policy as well as the Supplier Code of Conduct attached below in the annexure of this policy. It is our endeavor to continuously engage with our supply chain partners to improve the processes in respect to the policy:

##### 4.1 Occupational Health and Safety:

Thermax endeavors to create hazard-free workplaces in all its locations for its employees, vendors, contractors, and others working in Thermax locations by applying high standards of occupational health and safety. Thermax strives to assure the safety of its products and solutions through its product and solution development processes.

Each supply chain partner is responsible for complying with the safety instructions including risk control measures, for using personal protection equipment when required, and for reporting on any shortcomings regarding safety instructions or protection measures while they are in Thermax premises or Thermax controlled sites. Thermax also encourages all its supply chain partners to follow sound Occupational health and safety in their own premises.

We expect our supply chain partners to adopt suitable management practices in respect of health and safety which provide a high level of safeguarding for their workers and contractors. We are committed to ensuring zero harm to our employees and our supply chain partner's employees.

##### 4.2 Labor and Human Rights

Thermax supports and respects the protection of human rights and Labor rights as defined in the relevant laws of the country / State / Local Area in which it is operating. Every supply chain partner is required to abide by all laws, rules, regulations, and principles applicable to its country or State or Local Area of operation, concerning human and Labor rights.

Thermax does not accept any form of forced or compulsory Labor, or the use of child Labor. All business partners are required to follow these principles in their businesses.

##### 4.3 Environmental Sustainability

We expect supply chain partners to maintain effective policies, processes, and procedures to manage their environmental impact and reduce harmful emissions. We continuously explore opportunities to work with business partners offering solutions that have a relatively favorable environmental footprint. Supply chain partners are expected to encourage all activities aligned to circular economy principles to eliminate waste and pollution, circulate products and materials, and regenerate nature.

## Thermax Group Sustainable Sourcing Policy

**THERMAX**

### 4.4 Business Integrity and Ethics

Supply chain partners will not, directly or through any other person or firm, offer, promise, or give to any of Thermax Group's employees or to any third person any material or other benefit which he / she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the dealings with Thermax.

Supply chain partners will not enter into any undisclosed agreement or understanding, whether formal or informal regarding prices, specifications, certifications, any other matter that restricts healthy competitive environment or introduces cartelization when dealing with Thermax.

Supply chain partners will not commit any offence under the relevant Laws as applicable to the location; further the Vendor will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by Thermax as part of the business relationship, regarding plans, technical proposals, and business details, including information contained or transmitted electronically.

We encourage our supply chain partners to raise concerns, report any conflict of interest or business conducted against the Supplier Code of conduct under Thermax's Whistle Blower Policy to report grievances.

### 4.5 Emergency preparedness:

We encourage our supply chain partners to have adequate emergency preparedness and response plans for safeguarding their employees, operations, and security of supply in times of natural events, major catastrophe, pandemic disease, and unforeseen events.

### 4.6 Compliance with applicable laws / regulations / government orders:

All business and other activities of Thermax shall be carried out strictly in compliance with all applicable laws / regulations / government orders and under the principles of good corporate citizenship in each country where Thermax is present.

It is mandatory for each supply chain partner to comply with the requirements of all those laws and regulations that apply to the supply chain partner's workmen, staff, premises, business practices and to its relationship with Thermax.

### 4.7 Conflict of Interest:

In case of any close relative (blood relatives, in-laws, cousins etc.) of any key officials of the supply chain partner working in Thermax, the supply chain partner is required to promptly disclose the same to Head - Corporate Sourcing Group who shall make sure that the concerned close relative is not directly involved in any dealings with that supply chain partner.

### 4.8 Product and Service Quality:

Supply chain partners shall ensure adherence to professional and industry standards and supply the goods and services with due care and diligence by utilizing individual experience, training, and skills to meet the contract requirements.

## Thermax Group Sustainable Sourcing Policy

**THERMAX**

### 5 Implementation:

It is mandatory for every supply chain partner who is dealing with Thermax to adhere to this policy and the acceptance of the Code of Conduct prepared in line with this policy for Thermax Group supply chain partners.

Supply chain partners cannot start and continue business with Thermax without accepting the Code of Conduct in totality, without any reservation / deviation which forms part of this policy.

### 6 Evaluation and Assessment

Thermax shall time to time evaluate and assess the critical supply chain partners through assessment questionnaires, Surveys, Audits, or routine follow up visits, as and when necessary. The partners shall extend necessary help in all such visits / audits and participate in the surveys or filling up of assessment forms. Thermax believes in working with business partners who share the same values and commitment to sustainability goals. We strive to establish a transparent supply chain that meets our minimum Health and Safety, Human Rights, Ethical and Environmental standards.

We support relevant supply chain partners to mitigate risks or shortcomings through training, knowledge sharing, upgrading, or strengthening of their management systems. We seek to build leverage into new and existing business relationships through policies, codes of conduct, contracts, and written agreements from time to time. Disengagement from the supply chain partner shall be used as a last resort, only in cases where mitigation efforts have not been successful.

### 7 Reporting violations:

Any Thermax supply chain partner becoming aware of any violation of this policy or code of conduct either by any Thermax employee or any other stakeholder, must report the same to the attention of:

**Chairperson / Managing Director**

**Address:** Thermax House, 14, Pune-Mumbai Road,  
Wakdewadi, Shivajinagar, Pune 411 003 India

**E-mail:** [tlgovernance@gmail.com](mailto:tlgovernance@gmail.com)

(Thermax will investigate all reported matters with discretion. Thermax shall not take any adverse action, as a result of such reporting, against any vendor reporting in good faith what he or she believes to be a genuine violation of this code.)

### 8 Consequences of any violation:

Violation of this policy may lead to any or all the following actions:

- 1) Written Warning
- 2) Recovery of the losses/damages
- 3) Termination of contract and Debarring

9 Annexure

Code of Conduct for Thermax Group Supply Chain Partners

**For Thermax Group**



**Authorized Signatory**

**Name: Ashish Bhandari**

**Designation: Managing Director & CEO**

**Reviewed and updated on 15<sup>th</sup> April 2024**