	SUSTAINABLE PROCUREMENT SOP	
Prepared By: Purchase Team	Revision Date	18/12/2025
Approved By: CPO	Revision No.	00

PURPOSE:

The purpose of this SOP is to define how MTL integrates sustainability into procurement processes by ensuring responsible sourcing, ethical supply chain practices, and compliance with MTL's ESG requirements. This SOP supports long-term value creation, risk reduction, and alignment with MTL's Supplier ESG Policy & Program and Supplier Code of Conduct.

SCOPE:

This SOP applies to:

- All procurement activities across all MTL locations
- All suppliers, vendors, contractors, and service providers
- Procurement, EHS, Quality, and Plant/SBU Heads

This SOP works **in conjunction with:**

- *MTL Supplier ESG Policy & Program* (ESG screening, assessment, corrective actions)
- *MTL Supplier Code of Conduct* (ethics, human rights, labour, safety, and environmental expectations)

DEFINITIONS:

- **Sustainable Procurement:** Procurement that considers environmental, social, and governance (ESG) impacts throughout the supply chain.
- **ESG Screening:** Evaluation of suppliers' sustainability performance and risks.
- **Conflict Minerals:** Tin, Tantalum, Tungsten, and Gold (3TG) originating from conflict-affected regions.
- **High-Risk Supplier:** Supplier with high spending, environmental impact, labor-intensive operations, or located in a high-risk geography

ROLES & RESPONSIBILITIES


Role	Responsibilities
Head – Procurement	Approves policy implementation and monitors performance.
Category Sourcing Managers	Conduct ESG screening, supplier onboarding, evaluations, due diligence.
EHS Department	Support ESG risk assessments, audits, and corrective actions.
Quality Team	Verify supplier compliance for material specifications and certifications.
Suppliers	Comply with MTL ESG requirements, provide data, and implement corrective actions.

PROCEDURE

1. Supplier Onboarding

MTL shall:

- Require all new suppliers to complete ESG questionnaires.
- Obtain acceptance of the Supplier Code of Conduct.

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- Collect declarations confirming non-use of conflict minerals.
- Review legal compliance, licences, human rights practices, labour conditions.

2. ESG Due Diligence

- Procurement will conduct risk-based assessments:
- High-risk suppliers undergo detailed ESG audits.
- Verify environmental, labour, health & safety, and ethical practices.
- Refer to Supplier ESG Policy for full assessment criteria.
- Raise Corrective & Preventive Action Plans (CAPA) where gaps are identified.

3. Contractual Integration

- Contracts must include:
- ESG compliance requirements
- Obligations for reporting emissions, waste, energy data
- Conditions for suspension or termination for non-compliance
- Conflict mineral prohibition clause

4. Supplier Performance Monitoring

MTL shall:

- Use sustainability scorecards to track performance
- Review suppliers annually on ESG metrics
- Conduct site audits when necessary
- Ensure corrective actions are implemented within defined timelines

5. Responsible Sourcing


MTL will:

- Prioritize suppliers with strong environmental performance
- Encourage use of recyclable and low-impact materials
- Promote reduction in packaging and logistics emissions
- Ensure no forced labour, child labour, or discrimination in the supply chain
- Work only with suppliers who maintain safe, healthy working conditions

5.1 REACH Compliance Assessment

MTL ensures compliance with applicable REACH regulations by conducting periodic assessments of restricted substances in procured materials. These assessments are carried out either directly by MTL's EHS and Quality teams or through a qualified third-party agency, depending on material risk.

Suppliers must provide declarations confirming REACH compliance, and MTL integrates assessment outcomes into procurement decisions to ensure safe, compliant, and sustainable materials

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6. Conflict Minerals Management

- MTL does not use conflict minerals in rigid plastic manufacturing. MTL will:
- Obtain declarations from suppliers confirming non-use
- Reject suppliers who source from conflict-affected regions
- Conduct additional due diligence where material risk exists

7. Non-Discrimination in Supply Chain

MTL will ensure that suppliers:

- Do not discriminate based on gender, caste, religion, ethnicity, disability, age, or social background
- Provide equal opportunities and fair employment practices
- Establish grievance mechanisms for workers
- Compliance is monitored through supplier audits and grievance review.

8. Continuous Improvement

MTL will:

- Train procurement teams annually on sustainable procurement practices
- Periodically revise sustainability criteria and risk assessment methods
- Support suppliers through capacity-building sessions

SUSTAINABLE PROCUREMENT TARGET

MTL commits that by FY28:

- **By the end of FY28**, MTL will ensure that at least 50% of strategic and high-spend suppliers (covering a minimum of 25% of total procurement value) meet MTL's sustainable procurement requirements.