



Responsible Procurement Policy

Effective Date: 12-2-2024

Version: 1.0

Approved by: Managing Director

1. Objective

This Responsible Procurement Policy establishes the principles and practices by which KSH Automotive Pvt. Ltd. (hereafter “KSH”) conducts ethical, sustainable, and socially responsible procurement. Our goal is to ensure that all goods and services procured support our corporate values, minimize environmental and social risks, and promote respect for human rights throughout the supply chain.

2. Scope

This policy applies to:

- All employees and departments engaged in procurement or vendor selection
- All suppliers, subcontractors, agents, and service providers (hereafter "Suppliers")
- All tiers of the supply chain, including direct and indirect sources of raw materials, components, packaging, and services

3. Policy Commitments

KSH commits to integrating Environmental, Social, and Governance (ESG) considerations into procurement activities, specifically:



3.1 Human Rights & Labor Standards

- Uphold internationally recognized human rights as defined by the **UN Guiding Principles on Business and Human Rights**
- Prohibit forced labor, bonded labor, and child labor (under the ILO Convention)
- Ensure working conditions meet national labor laws and international standards
- Promote fair wages, working hours, and freedom of association

3.2 Environmental Sustainability

- Promote sustainable practices including:
 - Efficient use of natural resources
 - Waste minimization
 - Hazardous chemical management
 - Carbon emission reductions aligned with our Climate Strategy
- Encourage sourcing of eco-friendly, recyclable, or biodegradable materials

3.3 Business Integrity

- Zero tolerance for bribery, corruption, fraud, money laundering, or unfair business practices
- All procurement decisions shall be made based on integrity, fairness, and business merit
- Suppliers must not offer gifts, hospitality, or incentives to influence KSH procurement decisions

4. Responsible Sourcing of Minerals

KSH is committed to ethical sourcing of minerals used in its products and expects its suppliers to ensure that minerals do not contribute to conflict or human rights violations.

4.1 Covered Minerals

This includes, but is not limited to:

- **Tin, Tantalum, Tungsten, and Gold (3TG)**
- **Cobalt, Lithium, Nickel, Mica**, and other critical minerals used in automotive and electronic components



4.2 Supplier Expectations

Suppliers must:

- Identify smelters and refiners in their mineral supply chains
 - Conduct due diligence aligned with the **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals**
 - Disclose country of origin information and submit conflict minerals reporting templates (CMRT / EMRT)
 - Avoid sourcing from high-risk areas unless mitigated by validated traceability systems or certified sources
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5. Supplier Obligations

All suppliers must adhere to the following:

5.1 Legal and Regulatory Compliance

- Comply with all applicable local, national, and international laws
- Obtain and maintain all required certifications, licenses, and permits

5.2 ESG Compliance

- Sign and adhere to the **KSH Supplier Code of Conduct**
- Respond accurately and timely to ESG audits, assessments, and questionnaires
- Notify KSH of any material ESG incident, litigation, or regulatory violation

5.3 Continuous Improvement

- Demonstrate commitment to ongoing sustainability improvements
 - Participate in supplier capacity-building programs where required
 - Engage in corrective actions when non-conformities are identified
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6. Procurement Due Diligence Process

6.1 Pre-Qualification

- All new suppliers are screened through ESG pre-qualification criteria
- Risk assessment includes geography, material criticality, sector risk, and track record

6.2 Evaluation and Auditing

- Periodic audits of high-risk suppliers will be conducted
- Third-party verification may be required for sensitive supply chains (e.g., conflict minerals)

6.3 Risk Management

- Suppliers found in violation of this policy may be subject to:
 - Probationary agreements
 - Suspension or termination of contracts
 - Reporting to regulatory authorities if warranted
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7. Governance and Accountability

- The **Procurement Department**, under the guidance of the **ESG Committee**, is responsible for policy implementation and monitoring
 - The **Compliance Team** will investigate reported breaches or grievances
 - **Training** will be provided to procurement staff and key suppliers on responsible sourcing practices
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8. Grievance Mechanism

KSH provides an accessible and confidential grievance mechanism for stakeholders, employees, and suppliers to report:

- Violations of this policy
 - Human rights abuses
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- Environmental hazards
- Fraud or unethical behavior

Report to:

 **Email:** [Insert grievance@ksh.com or esg@ksh.com]

 **Hotline:** [Insert Number]

 **Mailing Address:** [Insert ESG Compliance Office Address]

All concerns will be handled with discretion and without retaliation.

9. Policy Review and Updates

This policy will be:

- Reviewed **annually** or in response to significant legal or operational changes
- Updated to reflect evolving best practices and regulatory requirements
- Re-communicated to all stakeholders after each revision

10. References

- OECD Due Diligence Guidance for Responsible Mineral Supply Chains
- UN Guiding Principles on Business and Human Rights
- ILO Core Conventions
- ISO 20400: Sustainable Procurement
- KSH Automotive Code of Conduct
- Global Reporting Initiative (GRI) Standards

. **Reviewed and Approved by:**



Mr. Yongsung Kim
Managing Director