



SUSTAINABLE PROCUREMENT POLICY

(Approved by Board of Directors in its 135th Board Meeting held on 18th March 2024)

SUSTAINABLE PROCUREMENT POLICY

1. Introduction

Indian Railway Catering and Tourism Corporation Ltd (the “Company” or “IRCTC”) is dedicated to achieve its goals of lawful and fair business practices by incorporating various ESG considerations into its supply chain decision making such as respect for human rights, business ethics, and environmental friendliness of products and services. In today's rapidly evolving global landscape, the concept of sustainability has transcended mere environmental considerations to encompass broader societal and economic impacts. We recognize that our procurement practices have a significant role to play in shaping a more sustainable future. Hence, it is with great commitment and purpose that we introduce our Sustainable Procurement Policy.

2. Scope

At IRCTC, we are committed to integrating sustainability into all aspects of our procurement processes. We aim to minimize adverse social, environmental, and economic impacts while maximizing positive contributions.

- 2.1. This policy (Sustainable Procurement Policy) sets out the principles/procedures based on which the procurement under the Company will be made.
- 2.2. The policy governs the procurement of goods, materials, stationery, services etc. required under the Company.

3. Objectives

The company strives to incorporate the following factors into its purchasing decisions:

- 3.1 To ensure that resource-efficient and low-carbon processes and technologies are used to reduce negative environmental and social effects.
- 3.2 To encourage suppliers to ensure that they operate their facilities in compliance with all applicable environmental laws, regulations, obligations, safeguards, and controls to prevent health and safety risks and with an endeavour to go beyond the compliances.
- 3.3 To encourage suppliers to ensure eco-friendly manufacturing with minimum and environmentally compatible/recyclable packaging.

4. Definitions

- 4.1. **Social responsibility** is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders and is integrated throughout the organization and practised in its relationships.
- 4.2. **Stakeholder** individual or group that has an interest in any decision or activity of an organization.
- 4.3. **Stakeholder engagement** activity undertaken to create opportunities for dialogue between an organization and one or more of its stakeholders, with the aim of providing an informed basis for the organization's decisions.
- 4.4. **Due diligence** process through which organizations proactively identify, assess, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of decision-making and risk management.
- 4.5. **Labour practices** are practices relating to work performed within, by or on behalf of the organization, including subcontracted work.
- 4.6. **Procurement** activity of acquiring goods or services from suppliers.

5. Policy statements

5.1 Ethical Conduct

Prevention of Corruption

We acknowledge that corruption poses a significant threat to the integrity of procurement processes and can have detrimental effects on society as a whole. Therefore, we are resolute in our commitment to prevent corruption in all its forms within our procurement practices.

- a) The Company shall adhere strictly to anti-corruption laws and regulations, both locally and internationally.
- b) The Company believes in zero tolerance for bribery, kickbacks, or any other form of corrupt practices, whether involving public or private entities.
- c) The Company shall ensure a robust due diligence process to assess the integrity of suppliers, ensuring that they do not engage in corrupt activities.

Prevention of Bribery

Bribery can erode trust, distort competition, and hinder economic development.

- a) The Company shall prohibit any form of bribery, whether it involves giving or receiving bribes.
- b) The Company shall educate the employees and partners about the legal and ethical implications of bribery.
- c) The Company shall maintain transparent financial transactions and accounting records to ensure compliance with anti-bribery laws.

Conflicts of Interest Management

We recognize that conflicts of interest can compromise objectivity and fairness in procurement decisions. To address this, the Company shall commit to:

- a) Identifying and managing conflicts of interest among our employees, ensuring that they do not influence procurement decisions.
- b) Maintaining a robust policy that requires employees to disclose any potential conflicts of interest promptly.
- c) Taking appropriate measures to mitigate and resolve conflicts of interest when they arise.

5.2 Social Responsibility

Human Rights

The Company shall ensure that our procurement activities comply with all relevant laws, regulations, national and international standards related to sustainability and social responsibility.

- a) The Company shall not engage in, support, or be complicit in any human rights abuses, including but not limited to discrimination, harassment, or violence.
- b) The Company shall respect the rights and dignity of all individuals and strive to ensure that our procurement practices do not infringe upon these rights.

Child Labor

- a) The Company strictly opposes child labour and will not knowingly engage with suppliers or partners that employ children in violation of national and international labour standards.
- b) The Company shall conduct thorough due diligence to ensure that our supply chain is free from child labour, and we support efforts to eradicate this practice globally.

Forced Labor

- a) The Company unequivocally condemns forced or compulsory labour in any form and commits to not engaging with suppliers that use such practices.

- b) The Company maintains a zero-tolerance policy towards forced labour, ensuring that all workers in our supply chain have freely chosen their employment.

Fair Wages and Labor Conditions

- a) The Company shall respect the labour rights of workers throughout our supply chain. This includes the right to fair wages, safe working conditions, reasonable working hours, and the freedom of association and collective bargaining.
- b) The Company supports safe and healthy working conditions and will actively work with suppliers to eliminate hazardous conditions and protect workers' well-being. We ensure that our suppliers and partners adhere to labour standards consistent with national and international norms and regulations.

Equal Opportunity and Non-Discrimination

- a) The Company believes in equal opportunity for all, regardless of race, gender, religion, age, disability, or any other characteristic protected by law.
- b) The company shall ensure discrimination in any form is strictly prohibited within the organization and throughout the supply chain.

Supply Chain Transparency

- a) The Company shall actively seek transparency in the supply chains, work with suppliers to ensure they adhere to ethical labour practices and human rights standards.
- b) The Company shall assess and monitor the suppliers' performance in these areas, and corrective actions shall be taken when necessary.

Due Diligence and Supplier Engagement

- a) The Company shall conduct due diligence to assess the human rights and labour rights practices of our suppliers. This includes regular assessments, audits, and transparency measures.
- b) The Company shall engage with suppliers to collaborate on improving social responsibility practices, providing guidance and support as needed.

5.3 Environment Responsibility

The Company shall minimize the environmental impact of our procurement activities by promoting the use of sustainable materials, products, and services. We shall also strive to reduce waste, energy consumption, and greenhouse gas emissions associated with our procurement processes.

Sustainable Materials, Products, and Services

- a) The Company is dedicated to promoting the use of sustainable materials, products, and services throughout our procurement processes. This includes

considering the lifecycle, environmental impacts of the goods and services we procure.

- b) The Company actively seeks suppliers and partners who share our commitment to sustainability and offer environmentally friendly alternatives.

Waste Reduction

- a) The Company acknowledges that waste generation contributes to environmental degradation. To address this, we prioritize waste reduction in our procurement practices.
- b) The Company encourages the use of reusable, recyclable, and eco-friendly packaging and materials.
- c) The Company seeks to minimize the generation of non-recyclable and non-biodegradable waste in our procurement processes.

Sustainable Water Use

- a) The Company shall monitor and measure water consumption and discharge to identify opportunities for reduction.
- b) The Company shall implement water-efficient technologies and practices.
- c) The Company shall conserve water resources through reuse and recycling where feasible.
- d) The company shall ensure wastewater be characterized, monitored, controlled, and treated as required prior to discharge or disposal.
- e) The company shall routinely monitor its wastewater treatment systems and water tanks to ensure optimal performance and regulatory compliance.

Energy Efficiency

- a) The Company strives to reduce energy consumption associated with our procurement activities. This includes optimizing transportation and logistics to minimize energy use and emissions.
- b) The Company explores energy-efficient technologies and practices in our procurement operations.

Greenhouse Gas Emissions Reduction

- a) The Company is committed to reducing greenhouse gas emissions associated with our procurement processes. This involves measuring, reporting, and mitigating emissions.
- b) The Company shall work with suppliers to assess and reduce the carbon footprint of the products and services we procure.

Sustainable Supply Chain

- a) The Company shall extend our commitment to environmental responsibility to our supply chain by collaborating with suppliers who adhere to sustainable and eco-friendly practices.

- b) The Company shall expect our suppliers to demonstrate their environmental commitment and continuously work towards reducing their environmental impact.

Compliance with Environmental Laws and Regulations

- a) The Company shall adhere to all applicable environmental laws, regulations, and standards related to procurement and supply chain management.
- b) The Company shall actively monitor changes in environmental legislation and adjust our procurement practices accordingly.

5.4 Economic Responsibility

Cost-Effective Purchasing Decisions

- a) The Company shall commit to making cost-effective purchasing decisions that provide value for our organization while considering the long-term impacts on sustainability and social responsibility.
- b) The Company shall recognize that cost-effectiveness goes beyond initial purchase prices and includes factors such as total cost of ownership, product durability, and life cycle analysis.

Support for Local and Diverse Suppliers

- a) The Company actively supports and engages with local and diverse suppliers as part of our sustainable procurement practices.
- b) The Company believes in fostering economic growth within our communities and promoting supplier diversity as a means to create economic opportunities for underrepresented groups.

Fair Trade Practices

- a) The Company shall commit to fair trade practices that ensure equitable and ethical relationships with our suppliers. This includes fair and transparent pricing, prompt payment terms, and ethical negotiation practices.
- b) The Company actively seeks to partner with suppliers who share our commitment to fair trade principles and support ethical and sustainable business practices.

Supplier Collaboration

- a) The Company shall collaborate closely with our suppliers to identify opportunities for mutual economic growth and sustainability.
- b) The Company shall engage in open and constructive dialogue with suppliers to ensure alignment with our economic responsibility principles and promote shared value creation.

Local Economic Impact

- a) The Company recognizes our role as a contributor to the local economy and strive to maximize the positive economic impact of our procurement activities.
- b) The Company prioritizes sourcing goods and services locally whenever feasible, which helps create jobs, support local businesses, and reduce the carbon footprint associated with transportation.

6. Training and Capacity Building

- a) The Company shall communicate our sustainable procurement policy and practices to our stakeholders, including employees, customers, suppliers, and the public. We shall be transparent about our progress and challenges in implementing this policy.
- b) The Company shall provide resources, guidance, and training to our suppliers to help them align with our social responsibility objectives.
- c) The Company shall continually assess and improve our sustainable procurement practices by incorporating feedback and learning from our experiences.

7. Monitoring and Reporting

IRCTC shall regularly monitor and report on its sustainable procurement performance. This includes:

- a) **Supplier Sustainability Assessments:** Periodic assessments of supplier sustainability performance.
- b) **Sustainability Reports:** Annual sustainability reports detailing progress made in sustainable procurement efforts.
- c) **Stakeholder Communication:** Regular communication of sustainability achievements and challenges to stakeholders.

8. Amendment and Interpretation

CMD will be the Competent Authority to interpret the policy or any provision thereof, this Policy can be changed, modified, or abrogated at any time by the Board of Directors of the Company.

9. Conflict of Interest

Everyone who participates in the company's procurement process should make sure they have no conflicts of interest with the procurement in question. Goods and service providers must maintain their professionalism, objectivity, and impartiality.

10. Grievance Redressal

Any complaints about any aspect of the procurement process may be delivered at any time to the HODs of the relevant Departments. The Recipient shall promptly and satisfactorily resolve all complaints in order to promote an open, fair, and transparent procurement process. Refer to grievance redressal policy for external stakeholders.

11. Review and Revision

This policy will be reviewed annually and updated as necessary to ensure its continued alignment with ISO 26000, ISO 20400, and evolving best practices in sustainable procurement.

12. Compliance

This Sustainable Procurement Policy signifies IRCTC's commitment to responsible and ethical procurement practices that positively impact society, the environment, and our business operations. All employees, suppliers, and stakeholders are expected to uphold and support this policy along with the policies as adopted by the Ministry of Railways. Non-compliance with this policy may result in appropriate corrective actions, including but not limited to supplier re-evaluation and training for employees.
