



## Responsible Raw and Subsidiary Material Procurement Policy

### 1. Purpose and Scope

#### **Purpose**

This policy outlines Modern Tooling Solution's commitment to responsibly sourcing raw and subsidiary materials (such as packaging, consumables, and additives) used in our production processes. We aim to ensure ethical, safe, legal, and sustainable procurement practices that support product quality, environmental care, and human rights.

#### **Scope**

This policy applies to:

- All direct and indirect raw material and subsidiary material purchases
- All suppliers, vendors, and contractors involved in the supply chain
- All departments involved in procurement, quality, and inventory management

### 2. Policy Objectives

- Ensure all sourced materials meet applicable legal, quality, and environmental standards
- Support traceability, transparency, and accountability across the supply chain
- Avoid sourcing materials associated with human rights abuses, environmental degradation, or unethical practices
- Promote responsible consumption and supplier partnerships

### 3. Key Commitments

#### 3.1 Legal and Regulatory Compliance

- All materials must comply with relevant national/international laws (e.g., REACH, RoHS, BIS standards, etc.)
- Follow all trade, customs, safety, and environmental regulations

#### 3.2 Ethical Sourcing

- Materials must not be sourced from regions involved in conflict mining, forced labor, or child labor
- Suppliers must adhere to labor rights, fair wages, and safe working conditions

#### 3.3 Quality and Safety Assurance

- Only approved, verified materials are to be procured, aligned with product specifications and customer requirements



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- Maintain complete documentation including Material Safety Data Sheets (MSDS), test reports, and compliance certificates

## 3.4 Environmental Responsibility

- Give preference to materials with lower environmental impact (e.g., recyclable, biodegradable, energy-efficient)
- Avoid materials that contribute to pollution, deforestation, or hazardous waste

## 3.5 Supplier Assessment and Development

- Evaluate and select suppliers based on ethical, quality, financial, and environmental criteria
- Conduct periodic audits or assessments of critical/raw material vendors
- Work with suppliers to improve their practices and compliance when needed

## 3.6 Traceability and Documentation

- Maintain records of origin, batch, and supplier traceability for all key inputs
- Implement systems for supplier tracking, approval, and performance review

## 4. Roles and Responsibilities

- **Procurement Team:** Ensure vendor compliance with this policy and maintain sourcing integrity
- **Quality and R&D:** Validate and approve incoming raw materials and support alternate sourcing if needed
- **Suppliers:** Comply with all contractual, ethical, and regulatory requirements
- **Top Management:** Oversee policy implementation and strategic procurement decisions

## 5. Step-by-Step Procurement Instructions

### 5.1 Material Planning

- The Production Planning and Control (PPC) team provides monthly/quarterly material forecasts.
- Procurement team analyses current stock, lead time, and vendor capacity before initiating purchase.

### 5.2 Vendor Sourcing and Approval

1. Conduct market research or use registered vendors from AVL.
2. New vendors must complete the Supplier On boarding Form and submit:
  - Company Profile
  - PAN, GST, and other regulatory certifications
  - Product datasheets and test reports
  - ESG compliance declarations
3. Procurement and Quality team conduct factory/site visits (if applicable).



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## 5.3 Request for Quotation (RFQ) and Evaluation

- RFQ sent to at least three vendors with clearly defined specs, volume, and delivery terms.
- Comparative evaluation on:
  - Cost
  - Quality certifications
  - Delivery time
  - ESG practices
- Scoring sheet used to record evaluation rationale.

## 5.4 Purchase Order (PO) Issuance

- PO generated in ERP system and reviewed for approval based on value thresholds.
- Terms include:
  - Payment terms (30/60 days)
  - Delivery timelines and locations
  - Quality clauses
  - Penalties for non-compliance

## 5.5 Delivery and Inspection

- Goods received are checked for:
  - Quantity vs PO
  - Physical damage
  - Batch numbers and manufacturing dates
- Samples tested in lab (if required) for chemical/physical properties.
- Rejected goods documented and returned per procedure.

## 5.6 Vendor Evaluation and Review

- Biannual supplier performance reviews covering:
  - Delivery punctuality
  - Quality scores
  - Responsiveness and support
  - ESG compliance
- Underperforming vendors placed on probation or blacklisted.

## 6. Resources and Tools

- **ERP Platform:** SAP
- **Barcode/RFID System:** For real-time inventory tracking
- **Testing Equipment:** Moisture analysis, MFI report.
- **Documentation Systems:** SharePoint or cloud storage for procurement records



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## 7. Compliance Standards

Procurement must comply with the following regulations and standards:

### National Regulations:

- **Indian Contract Act, 1872**
- **Factories Act, 1948**
- **Legal Metrology Act, 2009**
- **Hazardous and Other Wastes (Management and Trans-boundary Movement) Rules, 2016**
- **Goods and Services Tax (GST) Act, 2017**

## 8. Time Frame and Deadline

Activity	Time Frame
Monthly Procurement Planning	By 25th of each month
RFQ Process	Within 7 working days from requisition
Vendor Evaluation	Biannually (April & October)
Material Quality Testing	Within 24 hours of delivery
Payment Processing	Within 15–30 days post-approval or as per agreed terms
Policy Review	Annually or post major regulatory update

## 9. Documentation and Record Keeping

All documentation must be stored securely (digitally or physically) and made available during internal or external audits.

### Mandatory Records:

- Supplier On boarding Forms and approvals
- Purchase Orders and delivery notes
- Quality inspection reports and material test certificates (MTCs)
- Rejection and return reports
- Vendor scorecards
- Payment invoices and bank records

### Authorized by:

Managing Director –

Date:

Signature: