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ANNEXURE 1: RESPONSIBLE PROCUREMENT POLICY

Purpose

KE is committed to sustainable value creation for its business lines, customers, employees, environment, and communities. Responsible procurement at KE shall comply with the company's sustainability objectives and HSEQ policy and guidelines mentioned below:

- <https://www.ke.com.pk/sustainability>
- <https://www.ke.com.pk/download/hseq/HSEQ-Policy-V7-2022-1.pdf>.
- <https://www.ke.com.pk/download/hseq/Corporate-HSEQ-Manual.pdf>.

This policy aims to reinforce this commitment of and ensure that sustainability becomes one of the key decision-making criteria while conducting future procurement and supply chain activities, ensuring business objectives are realized while reducing our environmental impact and making a positive social impact in our supply chain.

KE Supply chain shall support this commitment by:

- Raising awareness, training, engagement and adherence from business partners, suppliers, and stakeholders to this policy.
- Ensuring mandatory acceptance of suppliers on Supplier Code of Conduct available at [Tenders - K-Electric \(ke.com.pk\)](#).
- Developing targets to improve supply chain sustainability, implement sustainability aspects in supplier registration and supplier selection decisions and measure sustainability performance in contracts.
- Managing supplier relationships to collaborate, cooperate and seize opportunities to promote sustainability.

KE recognizes the following sustainability related areas to ensure KE's commitment to sustainable development in collaboration with its business partners, and stakeholders in the supply chain. These are:


- Environment and Climate change.
- Society and Human Rights.
- Governance and Labor practices.

Environment and Climate Change

KE is continuously working on mitigating the negative environmental impact in its operations. We are committed to complying with applicable environmental regulations and expanding efforts to control our carbon footprint.

Material or services sourced from third parties shall meet, as a minimum, country of origin standards for environmental protection. KE shall pro-actively bring about improvements in processes and production to adopt environmentally friendly practices. Exploration and provision of new innovative and sustainable solutions is encouraged, which can satisfy the demand of KE in the given scope of products and/or services in, but not limited to, the following areas:

- Energy management.
- Climate change strategy & initiatives.
- Waste reduction & minimization.

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- Mitigation of hazardous materials.
- Biodiversity & habitat protection.
- Greenhouse gas emissions & carbon footprint.
- Circular economy using 5R principles (refuse, reduce, reuse, recycle & recover). Where applicable, KE shall perform disposal of materials in an environmentally friendly manner.

KE and its partners shall endeavor to:

- Have a proactive and systematic approach in managing operating activities and HSE risks.
- Comply with applicable HSE laws and regulations, and seeking to continuously improve health, safety, and environmental performance.
- Commit and actively contribute to decreasing its environmental footprint by minimizing its use of natural resources, including waste and GHG emissions.

Society and Human Rights

KE respects the human rights and dignity of all people and shall meet the responsibilities of business set out in the UN Guiding Principles on Business and Human Rights. KE aims to conduct its business operations in a socially responsible manner and comply with international best practices.

KE and its partners shall endeavor to:

- Prohibit discrimination and promote equal opportunities for treatment of its employees.
- Forbid slavery, child labor, bonded labor and involuntary work.
- Ensure safe environment and working conditions where no worker is subject to any abuse, harassment, or other form of intimidation.
- Provide fair remuneration and a working environment in line with local and international regulations.
- Report grievances at speakup@ke.com.pk.

Governance and Labor Practices

KE conducts its businesses in accordance with the highest standards of ethical behavior, compliance to local and international legislation while promoting fair labor practices.

KE and its partners shall endeavor to:

- Conduct business ethically with integrity including disclosures of conflict of interest, where applicable
- Promote transparency, fairness, and respect.
- Comply with local and international laws and regulations.
- Establish a strong corporate governance framework.
- Ensure data privacy and confidentiality.
- Exhibit zero tolerance on bribery and corruption.
- Report grievances at speakup@ke.com.pk.