

# Sustainable & Responsible Procurement

## OVERVIEW

Our raw materials are procured locally from Ras Al Khaimah, and from Europe, India, Indonesia, Thailand & Malaysia. We focus on procuring raw materials of the highest standard that meet our sustainability criteria. Our Sustainable & Responsible Procurement efforts are focused on 4 different streams.

- First, we ensure verification of all our new suppliers through self assessment questionnaires to ensure our requirements for quality, health & safety and labour practices are being met, such as zero child labour. Further, we conduct audits of all our strategic suppliers.
- Second, we work towards increasing the % of our local suppliers and local raw materials.
- Third, we undertake R&D to reduce the volume of imports in our production.
- Fourth, we place a heavy focus on procuring packaging material that is recycled or recyclable.

## 1. SUPPLIER VERIFICATION & AUDITS

We place high importance on dealing with suppliers who conduct ethical business practices and our focus is ensuring that at a minimum our suppliers have adequate health and safety stands in place and do not partake in child labor. Prior to becoming a supplier for our Company, it is mandatory for all key suppliers to complete a Supplier Assessment Questionnaire, which outlines the minimum requirements for quality, environmental practices, health and safety and ethical standards. We will continue to work on our supply chain strategy, so it continues to meet the demands of the business and is in line with our stakeholder values.

Questions are related to availability of Health and Safety Policy, risk assessments, monitoring, MSDS, accident reporting and records, PPE, evacuation procedures, on-site machinery safeguards, first aid, fire & safety precautions, noise pollution control and worker training. We also conduct audits of all our strategic suppliers such as our high volume and high risk suppliers

## 2. LOCAL PROCUREMENT

75% of our suppliers were local in 2023. Further, in 2022, we also reduced our freight emissions by 35,170.6 tons CO<sub>2</sub>e, by avoiding imports of 256,265 tons of raw materials per annum. This initiative continued into 2023. Additionally, in 2023, we avoided imports of 20,000 tons of raw materials, bringing our total savings in freight emissions to 36,297.8 tons.

## 3. R&D TO REDUCE IMPORTS

In 2023, we have reduced the overall imported raw materials consumption by 4.07% (GP) compared to 2022. Through R&D and intensive formulations we have successfully reduced the imported raw materials to 78.5% along with increment in Local raw materials to 6%.

## 4. PACKAGING

In 2023, all 80% of all our packaging material is recycled and/or recyclable, and we are working towards increasing this figure.

36,297.8 tons  
CO<sub>2</sub>e saved from avoiding imports of  
256,265 tons of raw materials annually

Reduction of imported materials to

78.50%

through intensive R&D

80%

of all our packaging is recycled  
and/or recyclable

75%

of our suppliers are local.

### Initiatives for 2024

We are currently working towards developing Supplier Guiding Principles to improve sustainability within our supply chains.

# Technological Innovation in Production

## SMART FACTORY

We continuously invest in state-of-the-art manufacturing technologies and sustainability programs, as outlined in the Environment section of this report. Improving energy and water efficiency, and increasing the application of circular economy in our operations has been a primary focus.

To support our efforts, in 2023, we launched a Smart factory in Ras Al Khaimah. The factory will support maximizing and optimizing efficiency during production and enable us to realise significant savings in energy consumption and emissions.

We also invested in a digital plant for our sanitary ware division, that includes up-to-date heat exchanger kiln systems, that give us capabilities for hydrogen conversion and waste heat recycling in the future. This plant will be operational in 2024.

## DIGITAL TRANSFORMATION ROADMAP

In 2023, our focus on digital transformation remained steadfast, guided by the principles of innovation, productivity enhancements, and cost optimization. Building upon the Industry 4.0 framework, we continued to deliver strategic IT initiatives aimed at enhancing our global footprint and streamlining processes. Notably, we achieved significant milestones, including the consolidation of SAP instances in India, Bangladesh, and the UK. This consolidation facilitated better resource allocation and utilization within our IT infrastructure, leading to improved efficiency and reduced environmental impact. As a result, we successfully decreased our approximate CO<sub>2</sub> equivalent emissions by 18.075 kg per day.

Moreover, our commitment to information security was reinforced with the attainment of ISO 27001:2013 certification, further bolstering our resilience against cyber threats. Additionally, our global IT team underwent restructuring to align roles with organizational goals and foster collaboration across regions. Leveraging the Cloud First/Multi Cloud policy, we continued the migration of IT infrastructure to cloud environments, enhancing reliability and availability. Initiatives such as the implementation of Metaverse for the retail segment underscored our commitment to embracing emerging technologies. Furthermore, our strategic focus on consolidating ERPs to SAP S4 HANA was reinforced through rollout and implementation projects in the UK, India, and Bangladesh, signaling our dedication to modernizing IT processes and infrastructure on a global scale.