

# HCLTech Procurement Policy

## Revision History

Version	Review Date	Reviewer	List of Changes	Approver
1	May 2022	Sandeep Kumar	HR Policy & Compliance	Yuvraj Singh
2	Sep 2023	Sandeep Kumar	Updated to align with HCLTech Brand Guidelines	Yuvraj Singh
3	Jan 2024	Sandeep Kumar	Updated to include Sustainability Guidelines	Yuvraj Singh

## Objective

Trust and Transparency are two of HCLTech core values. These core values, coupled with our obligations to our customers, suppliers, employees, and communities form the foundation of this Procurement Policy. This policy will ensure that the appropriate controls, processes, and fiduciary rigor are applied in all HCLTech purchasing of goods and services.

## Scope

This policy applies to all purchasing of goods and services in support of HCLTech internal business operations or in support of providing goods and services to HCLTech customers.

## Applicability

This policy applies to all Partners/Suppliers and stakeholders of HCLTech and all its worldwide subsidiaries (“HCLTech”). By default, all acquired entities will be governed by this policy unless HCLTech declares otherwise.

## Policy Guidelines

All suppliers must review and abide by our Code of Business Ethics and Conduct policy (COBEC) and our Anti-Bribery and Anti-Corruption policy (ABAC). These guidelines set forth the minimum standards and practices that HCLTech suppliers are required to uphold. For more details, please visit our policy document using below URL: <https://www.HCLTech.com/investors/governance-policies>

## Guiding Framework

HCLTech supports the United Nation Global Compact's Ten Principles in the areas of human rights, labor, environment, and anti-corruption. HCLTech is committed to embed these principles in its strategy, culture, and value chain. All the Partners/Suppliers and stakeholders of HCLTech are expected to operate in accordance with this Policy and adhere to all applicable laws and regulations.

### 1) Human Rights and Labor

#### a. Prevention of Forced Labor/Child Labor/Human Trafficking

- Suppliers shall prohibit use of child Labor at any stage of their business process. Under no circumstances, suppliers will employ any person below the age of 15 (or as per local law, whichever is greater). The suppliers must strictly refrain from forced labor, human trafficking, or modern-day slavery.
- Suppliers shall provide requisite training to its employees, vendors, and workers on Child Labor, Forced Labour/ Human trafficking, and Modern Slavery.

#### b. Compensation and working hours

- Subject to all local laws and regulations, workers are not required to work more than the regular and overtime hours allowed by law of the country where the workers are employed.

#### c. Fair Wages

- All workers are provided with a total compensation package that includes wages, employer's operations, overtime pay, benefits and paid leave which meets or exceeds the legal minimum standards or appropriate prevailing industry standards, whichever is higher, and compensation

terms established by legally binding collective bargaining agreements are implemented and adhered to.

**d. Freedom of Association and Employee Representation**

- Subject to all local laws and regulations, all workers have the right to form and join organizations of their own choosing without prior authorization.

**e. Equality of Treatment**

- All workers are treated with respect and dignity. There is no discrimination in access to employment, training and working conditions, on grounds of race, color, sex, age, religion, political opinion, national extraction, sexual orientation, disability, or social origin.
- Suppliers shall take steps to ensure equal pay for equal work without discrimination.
- Suppliers shall provide requisite training to its employees, vendors, and workers on sexual harassment.

**2) Environment**

In all applicable cases, Suppliers should be able to demonstrate environmental policies and management systems sufficient to ensure continuous improvement in environmental performance. Suppliers should be able to demonstrate at any point:

- Ability to monitor and review environmental performance.
- Awareness of potential environmental risks inherent in their production, service, or sourcing activities
- Implementation of mechanisms and processes in place to mitigate or minimize potential environmental risks.
- Degree to which products and services have been designed with environmental considerations in mind.

Suppliers should seek to:

- Minimize the use of energy, water, and raw materials where practical.
- Maximize the use of recyclable and renewable materials including energy where possible.
- Make practical efforts to minimize waste and dispose of it in a safe, efficient, and environmentally responsible manner in line with the local laws.
- Avoid contamination of the local environment and ensure that emissions, air, noise and odor pollution is, as a minimum, within nationally defined limits.
- Adopt net zero goals.
- Provide requisite training to its employees and workers on environment related topics.

**Commitment to Health and Safety:**

- Suppliers must provide clean, safe, and healthy working environment for all employees and contractors.
- Suppliers must comply with all applicable, legally mandated standards for workplace health and safety in the countries in which they operate or engaged and
- HCLTech encourages Suppliers to implement industry best practices.
- Suppliers shall be able to demonstrate health and safety policies to ensure wellbeing of its workers and employees.

- Suppliers shall provide requisite training to its employees and workers on health and safety including mental wellbeing.

### **3) Anti-corruption**

#### **a. Prohibition on Corrupt Behavior**

- Suppliers must operate with honesty and integrity.
- Suppliers must not engage in bribery, corruption, paying kickbacks, acting unethically, or giving any form of gift, entertainment, or anything of value to secure an unfair advantage, whether in dealing with the organization or an individual.
- Suppliers must not engage in any unethical business activity or arrangements with any HCLTech employee.
- Suppliers shall provide requisite training to its employees, vendors and workers on anti-corruption and bribery.

#### **Other Guiding Principles**

##### **a. Confidentiality**

- Suppliers shall safeguard confidential, proprietary, and sensitive information or data always and shall not disclose the same. The information provided by HCLTech should be used only for its intended and designated purpose as decided and agreed upon between HCLTech and the supplier.
- Suppliers shall ensure legal and ethical use of HCL Tech assets by their employees. In case of any security incident, suppliers shall contact [infosecincidents@hcl.com](mailto:infosecincidents@hcl.com)
- Suppliers shall provide requisite training to its employees, vendors and workers on cybersecurity and data privacy.

##### **b. Anti-competitive and restrictive trade practices**

Suppliers promote free and fair competition and to get business by offering competitive prices and innovative products and services.

##### **c. Local Community Development**

Suppliers should ensure that an effective communication channel with local communities is maintained, and appropriate mechanism is established for raising and resolving grievances received from local community.

##### **d. Product/Service Quality and Safety**

Suppliers shall ensure that the quality of product/service that it provides to HCLTech are as per requirements of the contract terms and conditions.

##### **e. Business Continuity**

Suppliers shall ensure availability of services in the event of any disaster or emergency event. Suppliers shall ensure that there are systems and a plan in place to ensure recovery of services.

#### **f. Confidentiality**

Suppliers shall ensure legal and ethical use of HCLTech assets by their employees. In case of any security incident, suppliers shall contact infosecincidents@hcl.com

Suppliers shall provide requisite training to its employees, vendors and workers on cybersecurity and data privacy.

#### **g. Sustainable/Preferential Procurement**

HCLTech shall encourage suppliers to source locally and from Micro, Small and Medium enterprises.

#### **h. Management systems**

HCL Tech shall encourage suppliers to get relevant ISO certifications (ISO 14001, 45001, 27001 etc.).

HCL tech shall encourage suppliers to conduct risk assessment on issues like human rights, cybersecurity, anti-bribery, corruption, anti-competitive practices, etc.

#### **i. Reporting**

- Suppliers are expected to set up systems to record and report on ESG related data as per HCLTech requirements with a high degree of accuracy.
- The ESG related data will be based on the regulatory requirements, as applicable and other global ESG reporting standards and frameworks requirements.
- The Suppliers are also encouraged to report on the above data publicly (for example, on a website or a publicly available report)

## **Supplier Onboarding**

#### **Third Party/Subcontractor Engagement**

The third-party subcontractors hired by HCLTech suppliers shall adhere to the procurement policy and shall not engage in any violation of this policy.

All partner/supplier onboarding require Due Diligence and approvals as per HCLTech Standard Operating Procedures and approval process.

#### **Due Diligence**

HCLTech will evaluate the appropriateness of each supplier to assess if the supplier is fit for engagement. Depending on the specific goods / services, this may include reviewing their financial strength, ownership, customer set, scope of business, geographic coverage, corporate social responsibility, sustainability, employee health and safety record, reputation, reference checks, and other business requirements. Suppliers will be reviewed on a periodic basis under our Supplier Performance program.

#### **Conflicts of Interest**

No sourcing award will be granted to an entity for which a member of the “selection team” or their family members have a vested interested. If there is any ambiguity, the concern should be raised to the procurementconcerns@HCL.com mailbox.

## Customers as Suppliers

HCLTech may award business to suppliers who are current or prospective customers.

## Supplier Diversity

Consistent with both HCLTech vision as a socially responsible business and our position in the global marketplace, HCLTech supports the development of and may give special consideration to small, local, and diverse businesses. The definition of “diverse” is often specific to the country, however, it typically will include local minority, gender, veteran, sexual orientation, disability, economically disadvantaged, and other under-represented segments of a population.

## Blacklisted Suppliers

At times, existing suppliers may be suspected of questionable activities, practices, or ethics. In consultation with Internal Audit, the HCLTech GPS Department may determine to temporarily or permanently “blacklist” a supplier. A blacklisted supplier will be prohibited from receiving new business from HCLTech and all current business will be terminated as soon as possible.

## Sourcing

All sourcing awards require approval from Procurement and Functional team as defined in our SOPs and approval process.

## Competition

Transparent and auditable competition is crucial to validating and ensuring that HCLTech receives the most value from its purchasing transactions while being consistent with this and other policies. This doesn't always mean that the lowest bid is selected, but that the one which appropriately balances cost, value, risk, quality, speed, availability, and other qualitative factors is chosen.

## Supplier Negotiations

To maintain the sanctity of the negotiation process, all commercial discussions between HCLTech and a supplier must be conducted by Global Procurement Services (GPS) organization. Sourcing artifacts are required to be maintained and stored for post-award review, as defined in the SOPs.

## Compliance with Applicable Laws and Regulations

- Suppliers must operate in full compliance with all applicable laws and regulations of the country and locale in which the supplier is engaged.
- Supplier will comply with the requirements of any applicable laws, statutes and regulations relating to the provision of the Services and comply with all applicable laws relating to health and safety, environment, data privacy, personal data, trans-border data flow and data protection, export, re-export and import, ethical and fair practice, human rights, anti-corruption, anti-competitive, conflict of interest and insider trading.

## Approvals

As a mandate, suppliers are expected to follow “No PO No Work” policy of HCLTech. No services or goods should be delivered without valid Purchase Order or signed contract irrevocably committing HCLTech to the transaction in question. Prior to the commencement of any service, delivery of any goods, or HCLTech incurring any financial obligation, approval will be required as per our approval process.

## Contracts / Signature

For certain transactions, Purchase Orders must be supplemented by a signed agreement (“Contract”). Templates, guidelines, and checklists may be developed for specific purchasing scenarios, countries, and / or categories, known as Contracting Standards. All Contracts must be approved by Legal and Procurement as per respective approval matrix.

## Performance Management / Auditing

Suppliers will be evaluated periodically depending on several factors such as criticality, business volume, maturity, customer requirements, and / or past performance. They will be assessed across several dimensions such as their account management, service delivery, quality, pricing, invoicing practices, contracting practices, innovation, and / or other important aspects. In addition, suppliers may be audited to ensure compliance and adherence to their contractual obligations. HCLTech may conduct announced or unannounced on-site inspections at supplier premises to monitor compliance with the Policy guidelines. Suppliers must maintain all documentation necessary to demonstrate compliance with the Procurement Policy on site and cooperate with HCLTech employee or third-party monitoring firms in connection with such inspections. In case of any discrepancy observed during the audit process, suppliers shall prepare and implement remedial action plans in areas identified as unsatisfactory. Remedial action plans shall be implemented within a stipulated period as mutually decided between HCLTech and the supplier.

## Training

Suppliers shall attend the necessary trainings, workshops and communication sessions conducted by HCLTech. Suppliers should nominate members from the concerned department for attending these sessions.

## Who Should I Contact for any Concern?

HCLTech is committed to help Suppliers and Partners comply with policies and processes. We periodically review this policy to evaluate its relevance, to monitor compliance and to drive continuous improvement. HCLTech welcomes feedback and encourages dialogue with any interested party. In case your organization have any question or concerns regarding policy or guidelines, you may post your concerns at [procurementconcerns@hcl.com](mailto:procurementconcerns@hcl.com). This will be reviewed and addressed appropriately. HCLTech’s whistleblower policy is also extended to its suppliers which clearly lays out the process for reporting of any grievance. You may write to raise your grievance at [whistleblower@hcl.com](mailto:whistleblower@hcl.com). Also, refer to the Whistle Blower policy for more details on the reporting process.



**HCLTech** | Supercharging  
Progress™