



Sustainable Procurement Policy

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At Himadri Speciality Chemical Ltd. (HSCL), we recognize our responsibility to make sustainable business decisions that have a positive impact on the environment, society, and the overall well-being of our stakeholders. As part of our commitment to sustainability, we have initiated this policy to guide our procurement practices and ensure that we engage with suppliers who share our values. To facilitate and ensure sustainable sourcing / procurement for all the product lines of Himadri Speciality Chemical Ltd (HSCL) following key elements will be considered under all circumstances:

1. Human Rights
2. Fair Labor Practices
3. Environment & Circular Economy
4. Ethical Sourcing

HSCL recognizes the crucial role that its Suppliers play in creating value in the products and services that HSCL ultimately provides to its customers.

We rely on our Suppliers to provide, in a consistently timely manner, materials, products, and services which are of the highest quality and meet all the specific contractual obligations and specifications set out in written agreements.

We also expect our Suppliers to operate in a manner that is appropriate, in terms of their ethical, legal, environmental, and social responsibilities. Compliance with the requirements listed below will be a key consideration in the selection of suppliers.

a) Scope

This policy applies to all suppliers providing HSCL with goods and/or services either used by HSCL in its manufacturing and/or sold directly to HSCL' customers, including resale to suppliers. It applies to suppliers, their agents and their sub-contractors. It is the responsibility of the supplier to verify and monitor compliance against this Policy at their operations and sub-contractor source operations.

In the event of any conflict between the provisions of this manual and the terms and conditions of a specific written agreement between HSCL and a supplier, the terms and conditions of such written agreement will govern.

b) Employees and Human rights

HSCL recognises international human rights standards where it operates. Employees should be dealt with in good faith and based on respect for the dignity of the individual.

In particular, HSCL suppliers must:

- Not tolerate the use of, or benefit from, child labour or forced / compulsory labour; not participate, whether directly or indirectly in any form of human trafficking or slavery,
- Refuse any form of corporal punishment,
- Refuse to tolerate any form of physical, sexual, psychological, or verbal harassment or abusive behaviours,
- Provide a safe working environment that maintains the employees' physical health or mental well-being.
- Ensure equal opportunities and non-discrimination in all matters of staff appointment, selection and promotion, whether on the basis of race, colour, nationality, culture, ethnic origin, religion, gender, sexual orientation, age, disability or any other reason not related to job performance or prohibited by applicable law
- Remunerate employees commensurate with their skills and experience, ensuring at least minimum living wages that comply with the applicable legal minimum and allow acceptable living conditions,

- Respect applicable labour laws, and guarantee freedom of association and the right to collective bargaining,
- Maintain an effective social dialogue and procedures to resolve work-related disputes.
- Avoid excessive work hours, and comply with legislation.

c) Ethical and compliant business practices

HSCL suppliers are expected to comply with all applicable laws, rules and regulations, as well as applicable international conventions, whether in terms of environment, labour and human rights, and business practices. Suppliers must adhere to ethical and fair business practices, when dealing with their customers, competitors, employees, and their own suppliers. Suppliers must engage in fair competitive behaviour, avoiding practices such as price control and collusion, competition restraining, or market segmentation. Suppliers are expected to take appropriate measures to avoid any actual or potential conflict of interest, for their company as well their employees. If conflicts of interest cannot be avoided, the supplier must declare the conflict or potential conflict immediately to their contact in HSCL. HSCL will not tolerate any bribery or corrupt practices of any kind in the conduct of our business. To achieve this:

- No employee nor any person acting on behalf of HSCL, its agents, suppliers, joint venture partners or others will, either directly or indirectly, offer, provide, request or accept payments or anything of value to any person, including suppliers or Government representatives, as a bribe or inducement to secure any improper business advantage.
- We will not make facilitation payments, unless our, or another's, personal safety is at risk.

- Our participation in entertainment and extension of hospitality will always be part of normal business activity, be reasonable considering all relevant circumstances, be proportionate and appropriate, and not give rise to a perception of a corrupt purpose.

Suppliers will not disclose or otherwise use confidential information of or about HSCL or business associates without the written consent of HSCL. If a Supplier identifies an unethical or illegal practice by HSCL or one of its representatives, it is encouraged to contact HSCL directly by email.

d) Environment

HSCL is committed to reducing the impact of its activities on the environment, with a special focus on greenhouse gas emissions and the reduction of waste. HSCL expects its suppliers to also commit to reducing their environmental footprint.

In particular, suppliers must:

- take appropriate measures to prevent accidental pollution,
- Implement a monitoring of their energy consumption and greenhouse gas emissions and build plans to reduce them. Suppliers will upon request provide details of their Scope 1 and Scope 2 emissions, globally and for each family of product supplied to HSCL,
- implement a monitoring of the waste material generated by their activities and build plans to reduce them,
- Respect product legislations, especially in terms of registration and labelling of products.

e) Quality

The quality of products manufactured by HSCL is critical to the performance of our customers, and in particular to the safety of their employees and installations, the energy consumption of their process and their CO2 emissions, and the quality of their own products. The quality of incoming materials and products is critical to the quality of our own products. HSCL expects suppliers to ship materials and products which are in conformity with the applicable HSCL requirements and specifications. Suppliers are expected to maintain a strong and thoroughly documented Quality Management System, including in particular:

- Complete product documentation, including but not limited to the product's location of origin and that of its component parts or feedstock, safety data sheets, and documentation relating to the handling and disposal of hazardous materials, if applicable.
- Control plans ensuring the conformity of processes and products to their specifications. In the event of any deviation, the supplier must obtain prior written acceptance and approval from HSCL before making shipment of any product.
- Containment actions, at the supplier's expense, to protect customers in case of any product nonconformity. Non-conforming products will be returned to the supplier at their expense or disposed of by the supplier at their expense. Any cost incurred by HSCL will be reimbursed in full.
- Investigation using the 8 Disciplines (8D) methodology of customer complaints - formalized by HSCL in a Supplier Corrective Action Request (SCAR) - and implementation of corrective actions to prevent reoccurrence. SCARs can be raised for a variety of reasons, including, but not limited to, late deliveries, material not meeting HSCL specifications and requirements, or packaging defects.

f) Business Continuity

Suppliers are expected to develop and maintain Business Continuity Plans, containing contingency plans to satisfy HSCL' requirements in the event of significant supply chain disruptions, utility interruptions, labour shortages, and equipment failures.

g) Documentation and Verification

Suppliers are expected to implement all internal procedures, tools, and documentary evidence to demonstrate that they comply with the principles listed in this document

- **Supplier due diligence:** Suppliers may be required to provide additional information as requested by our Compliance team. This can include, but is not limited to, ownership information, registration number, business activity information and supply chain information for the purpose of due diligence. Suppliers are requested to provide such information when requested, as this will be taken into consideration for the selection of or continued use of suppliers and failure to provide requested information could result in rejection of suppliers.
- **Supplier assessments:** Suppliers may be invited to complete questionnaires related to the present document, visited by HSCL representatives to carry out assessments, or requested to respond to inquiries and assessments undertaken by a third-party provider on behalf of HSCL. The results of any such assessment will be openly shared with the supplier. Suppliers are requested to participate in these, as they will be taken into consideration for the selection of suppliers.

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