SUSTAINABLE PROCUREMENT POLICY

AQUAPHARM CHEMICAL LIMITED

www.aquapharm-india.com

Aquapharm Chemical Limited
Registered Office: 9th and 10th Floor, Amar Synergy, 12B, Sadhu Vaswani Road, Pune - 411 001, Maharashtra, India.
Branch Office: 31 Netaji Subhas Road, Kolkata - 700 001, West Bengal, India.
P: +91 20 6609 0000 I **F:** +91 20 2605 3396 I **E:** pcbl.investor@rpsg.in I **W:** www.aquapharm-india.com I **CIN:** U20299PN2024PLC227198

Note: With effect from 1 January 2025, Aquapharm Chemicals Private Limited stands amalgamated with Advaya Chemical Industries Limited
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SUSTAINABLE PROCUREMENT:

To achieve our goals and ensure ethical conduct, it is empirical that our suppliers share our values and vision; and raise the sustainability standards in our supply chain. We acknowledge that long-term sustainable development of our suppliers is critical to our joint success and we value our relationship with suppliers who share the same approach and vision towards doing business.

In line with our commitment we have developed a Sustainable Procurement Policy, which is an extension of our values and is applicable to all our suppliers. We expect our suppliers to operate in accordance with the principles as outlined in this Policy and adhere to all applicable laws and regulations. This Policy goes beyond mere compliance with the law by drawing upon internationally recognised standards in order to identify and define best practices from across the globe.

This Policy outlines our expectations with regards to ethics, business integrity, human rights, health and safety, environment, the local community and quality of product and operations.

We will periodically review the policy to ensure that it continues to help us move towards our vision. We encourage our suppliers to review this information and ensure that the principles and practices outlined in the Policy will be reflected in your on-going business dealings with us. We expect you to communicate the Policy throughout your organization as appropriate. Let us move together towards an ethically driven, socially focused, green inspired and quality centered supply chain.

We understand that procurement performance improvement is a continuous process and recognize the contribution of our suppliers in our journey to become more sustainable.

Mr. Vijay Joshi
Chief Operating Officer
Aquapharm Chemical Limited

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SUSTAINABLE PROCUREMENT POLICY:

Through this procurement policy, we intend to make our operations more sustainable by:

- Upholding the laws and regulations of the respective countries we operate in
- Endorsing highest standards of economic, social, ethical and environmental practices
- Identifying and moderating risks associated with our procurement process
- Communicating the policy to stakeholders (internal and external) and raising awareness among our suppliers
- Ensuring that our critical suppliers are screened through sustainable assessment and are assessed on CSR issues; 80% of our suppliers will be assessed by March 2028.
- Increasing the direct sourcing of input material from MSMEs/small producers by 3% from the baseline financial year 2023 (April 2023 - March 2024) by March 2028.
- Training critical suppliers on sustainable procurement; 80% of our critical suppliers to be trained on sustainable procurement by March 2028.

In accordance with our commitment to the highest standards, we also expect our suppliers to aspire to the same standards in their business operations, including but not limited to:

1. ENVIRONMENT:

Environmental concerns are no more issues of tomorrow, but are real challenges that need to be addressed today. We aim at making our value chain environmentally friendly and responsible. We are committed to comply with the requirements of local laws and regulations related to environment in the countries and regions in which it operates and from where it sources any material, product or services. We realize that the scope and nature of operations of our suppliers vary and hence emphasis on these principles may vary accordingly.

- Green Products and Processes
  - Reducing emissions and water intake - We suggest that our suppliers identify sources of emissions (CO_2, other GHGs, SOX, NOX and Particulate Matter) and make progressive efforts towards reducing these emissions. Opportunities for reduction in water usage should be identified and measures for water conservation should be implemented.
  - Efficient systems and processes - Suppliers should strive towards enhancing the efficiency and performance of the equipment and processes by continual improvement, monitoring and assessment of technology. Good practices should be followed to ensure environmental resources are valued and protected
  - Reducing usage of hazardous and toxic materials and substances - We expect our suppliers to assess their use of hazardous and toxic material and take necessary steps to reduce it, as much as possible. Appropriate substitutes and replacements should be introduced to minimize exposure to such material

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- Disposal of toxic waste - Toxic waste should be handled with professional guidance, and mechanism should be put in place to dispose-off the waste to authorized waste processers by the suppliers. Toxic waste should not be allowed outside the premise without proper approval.
- Renewable energy - We recommend our suppliers to use renewable sources of energy wherever possible so as to become more energy efficient and energy independent. The suppliers should take steps to identify the scope of replacing conventional sources of energy with sustainable and renewable sources in their operations.

- Reduce, Reuse and Recycle
  - Zero waste to landfill - Waste to landfill should be analyzed and suppliers should try and set targets to reduce the quantity of disposal to landfills. Alternate waste disposal techniques should be adopted in order to reduce the impact on the environment.
  - Responsible consumption of resources - We recommend our suppliers to minimize use of all resources, including virgin raw material, in their processes. The supplier should look for opportunities to reduce resource consumption by improving efficiency, investing in advanced technology, and reusing material by innovating products and processes. The supplier should minimize dependence on scarce natural resource by identifying and using appropriate replacements.
  - Packaging material - Suppliers should try and take steps to reduce the environmental impact of their packaging material by developing innovative, practical solutions to modify the design and disposal method to the best possible extent.
  - Digital communication and processes - To reduce usage of paper, save trees and conserve environment, suppliers should take steps to make their process digital, starting from submitting quotes/tender, raising digitally signed invoices and acceptance of payments electronically.

    Organization shall ensure to increase purchases of recycled input materials by 10% (by value) by March 2028 from the baseline financial year 2023-24.

- Monitoring of Green Initiatives and Practices

  In order to monitor the environmental performance and to become environmentally friendly, practices to monitor and minimize environmental impact should be imbibed in organization's processes. We recommend that our suppliers inculcate such practices in their operations and start new initiatives to reduce their impact on the environment.

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2. SOCIAL FOCUSED:

We are committed to supporting sustainable development and business practices. Sustainable practices now have grown to encompass social performance criteria as well. We believe that an organization should play a significant and beneficial role within the local community and society in general. We are contributing towards social and economic development of the communities in which we operate and expect our suppliers to take steps towards same.

- Responsible Conduct with Stakeholders
  - Fair dealing with vendors/suppliers - We encourage our suppliers to conduct all transactions with their business partners in fair and transparent manner including fair evaluation, reasonable selection, equal opportunities, fair and free competition for all.
  - Diversity in workforce - We suggest that suppliers should take initiatives to have a diverse and inclusive workforce in terms of age, gender, experience, ethnicity etc.
  - Engage and involve local communities - We encourage our suppliers to address issues and concerns of the community impacted by operations of the supplier and minimize the impact.
- Employee Health and Safety

  We expect our suppliers to adopt robust and relevant management practices in order to comply with applicable health and safety laws, rules, regulations and industry standards. The suppliers are also encouraged to conduct training and awareness activities for employees on health and safety. We also suggest suppliers to take reasonable actions to prevent accidents and injuries by analyzing and minimizing risk exposure.
- Prevention of Sexual Harassment (POSH)

  We believe that any sexual harassment at the workplace or other than workplace if involving employees is an offence. So, we encourage and expect our suppliers to adopt robust and relevant management practices in order to provide a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment.
- Local Community Development

  We understand that our operations not only affect our own communities but also those who are in contact of our supply chains and our suppliers. Therefore, we encourage our suppliers to undertake steps to collaborate and associate with the local community for economic and social development by providing employment, helping in eradicating poverty, helping in developing skills of local people etc. wherever relevant.

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3. ETHICALLY DRIVEN:

We conduct our business activities in a fair and transparent manner with honesty, integrity, high ethical & moral standards and respect for human rights. We strongly believe that high ethical standards are essential for sound business relationships. We expect our suppliers to share this commitment while conducting their business.

- Business Integrity and Ethics
  - Fraud, bribery, corruption, gifts and donations - Suppliers in all commercial dealings with Aquapharm Chemical Limited (ACL) or otherwise must not receive or offer to make any illegal payments, gifts, bribes, donations or other improper advantage in order to obtain unethical favors for the business. All suppliers must ensure that no action is taken to violate any applicable anti-bribery or anti-corruption laws and regulations in the locations of their operations and make every effort to eliminate all forms of corruption and bribery
  - Conflicts of interest - Suppliers are expected to report any conflict of interest in any business dealings with ACL that supplier is aware of to allow us the opportunity to take appropriate action. It should be disclosed if any ACL employee or professional under contract with ACL may have significant ownership or interest in a supplier's business
  - Confidentiality - Suppliers shall safeguard and respect ACL's intellectual property, trade secrets and other confidential, proprietary and sensitive information or data at all times and shall not disclose the same. The information provided by ACL should be used only for its intended and designated purpose as decided and agreed upon between ACL and the supplier.
  - Anti-competitive and restrictive trade practices - Suppliers must comply with applicable local and international laws to promote free and fair competition and to get business by offering competitive prices and innovative products
- Human Rights
  - Forced and child labour - Suppliers shall prohibit use of child labour at any stage of their business process. We expect that our suppliers will not employ children that falls into the definition of The Child and Adolescent Labour (Prohibition and Regulation) Act of 1986, Republic of India and/or International Labour Organization Convention as defined by United Nations. The suppliers must not use forced labour including prison or debt bondage labour, human trafficking or modern day slavery
  - Compensation and working hours - We expect suppliers to comply with applicable wage and hour laws, regulations and mandatory industry standards pertaining to minimum wages, overtime pay, working hours and rest periods
  - Non-discrimination - Suppliers must ensure there is no discrimination in their hiring and employment practices on the basis of race, color, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition etc.

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Organization ensures to get 90% (by value) of suppliers' adherence to the Supplier's Code of Conduct by March 2028.

- Accountability and Transparency
  We expect suppliers to prepare and maintain accounts of business dealings fairly, accurately and in accordance with accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country of operation.
- Legal and Regulatory Compliance
  We expect our suppliers to comply with all applicable laws and regulations within the country of operation. All other applicable international laws and regulations should also be complied with. Suppliers should follow guidelines of all the required permits and registrations to be legally compliant at all times.

4. QUALITY CENTERED:

Ensuring quality and adherence to manufacturing and product standards are of prime importance to us.

- Quality Management System
  We expect our suppliers to establish quality objectives, policies, manual and procedures. The suppliers should have in place a certified Quality Management System by IAF accredited agencies. The suppliers should comply with local regulations, registrations, have training, management reviews and internal audits to ensure that the Quality Management System is effective.
- Facility and Machinery
  We expect our suppliers to give utmost importance to equipment design, installation and maintenance. Suppliers should ensure validation/verification of the same. The suppliers should have in place proper housekeeping and pest control to ensure hygiene, safety and security of its workforce.
- Good Manufacturing Practices and Quality Controls
  We expect our suppliers to have in place established manufacturing and packaging operations with proper maintenance of records along with process controls and finish product release programmed.
- Material Management
  We expect our suppliers to have in place established practices for storage, handling and transportation of raw material and to maximize the risk prevention measures through good warehousing practices and proper handling of rejected item.

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IMPLEMENTATION OF POLICY:

Applicability and Implementation

We understand that our suppliers fall under different categories in terms of their scale, the product/service they supply, and the raw materials being used by them, their organization structure and geographies of operation. Keeping these factors in mind, we have designed the Policy in a manner that it works for the whole supplier base, although the level and type of compliance will vary depending on the type of the supplier and the principles applicable to them. We expect our suppliers to set in place internal policies, governance structures, systems, processes and take any other relevant measures to ensure adherence with this Policy. The suppliers are expected to disclose to us the goals set by them and the measures undertaken by them for each of the various principles underlined in this Policy. We will work with our suppliers to identify issues that do not meet our expectations and help them in addressing the gaps identified, if any. Specifics related to applicability of principles and their implementation is provided in the Sustainable Procurement Guide for Suppliers.

Monitoring and Reporting

We expect our suppliers to monitor and report the initiatives undertaken by them with regards to ensuring adherence to this Policy. We recommend our suppliers to place monitoring and reporting mechanisms and management systems, wherever required to effectively implement and manage such initiatives. The suppliers should focus on continuously improving their performance with regards to compliance with this Policy.

Reporting on Breaches

We support and encourage those who report actual or suspected breaches without any fear of retaliation. Any failure to comply with this Policy (including any failure by a team member of ACL or anyone acting on behalf of ACL to so comply), of which the supplier is aware, should be immediately reported through our anonymous whistle-blower process, details of which can be found on the ACL website (https://aquapharm-india.com).

REFERENCE:

The following principles, standards and conventions were used in preparing this Sustainable Procurement Policy and may be a useful source of additional information:

1. International Labour Organization Conventions
2. Universal Declaration of Human Rights
3. ACL's Supplier Code of Conduct
4. ACL's Human Right Policy
5. ACL's ISO 20400

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RESPONSIBILITIES:

- The responsibility of adherence to this policy rests with top management
- He/she is responsible for ensuring that this policy is communicated to and is executed at all locations of operations
- The implementation of the policy is to be assessed by our Internal Auditor

MONITORING AND REVIEW:

- Compliance with the policy shall be ensured by audit team under the supervision of top management
- The policy will be reviewed at least once a year
- Any amendments made in the policy at any point of time shall be communicated to all the personnel concerned and will be uploaded in the official website

Issuing Function:

Procurement Department

Target Audience:

Suppliers to AQUAPHARM CHEMICAL LIMITED

Rohit Narang

ROHIT NARANG
CHIEF EXECUTIVE OFFICER (CEO)
AQUAPHARM CHEMICAL LIMITED

CONTACT INFORMATION:

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ABHIJIT DIXIT (VICE PRESIDENT-SCM) | dixit.abhijit@aquapharm.net

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