

Sustainable Procurement Policy

1. INTRODUCTION

Piramal Pharma Limited (PPL) commits to implementing sustainability principles throughout its supply chain, integrating four key aspects: Climate & Environment, Labour & Human Rights, Sustainable Procurement, and Business Ethics & Integrity. These pillars define Piramal Pharma's sustainable business growth. This is applicable to Piramal Pharma Limited globally including Piramal Pharma Solutions, Piramal Critical Care and Consumer Products Division.

This policy is intended for our business partners comprising of suppliers, service providers, and subcontractors. They play a vital role in upholding the effectiveness of this policy for sustainable business growth and continual improvements. This policy governs business partners to support PPL in the Net Zero journey while maintaining sustainable and ethical business practices. PPL encourages business partners to adopt and implement frameworks such as Pharmaceutical Supply Chain Initiative (PSCI) principles, EcoVadis, and Carbon Disclosure Project (CDP). Our partners shall comply with country-specific and/or applicable international obligations while meeting the following requirements:

2. OUR SUSTAINABILITY FRAMEWORK

2.1 Climate and Environment

Energy, Air emissions and Carbon footprint

- To comply to the applicable environmental permits, licenses, information registrations and restrictions, and to follow operational and reporting requirements.
- To ensure environmental performance in terms of monitoring of energy consumption and air emissions.
- ISO certification on environment and energy management systems will be given due consideration.
- Encouraged to quantify carbon footprint based on globally acceptable standards and report the same to PPL annually.
- Encouraged to develop action plan and reduce scope 1 and scope 2 emission on a continual basis.

Water usage and conservation

- To monitor & report water usages, wastewater generation, water pollution level, and water treatment & recycling.
- To ensure 0% spillage and leakage of untreated wastewater to environment during storage, movement, processing, and treatment.
- To comply with relevant regulatory requirements of wastewater discharge.
- To strive for reduction in consumption of water and freshwater intake.
- To strive for water neutrality, adopt rainwater harvesting, new-age technologies for recycling and treatment of wastewater.

Managing waste and improving the efficiencies

- To prevent or mitigate accidental spills, including discharge of any toxic substance, active pharmaceuticals ingredient (API) into the environment.

- To ensure safe handling, movement, storage, reuse, recycling, disposal, and management of waste. Wherever possible adopt alternate waste disposal techniques to reduce the impact on the environment.
- To replace hazardous substances with less hazardous alternatives.
- To ensure waste shall not create any adverse impact on human, animal, marine life and water bodies, endangered species, local ecosystems, and biodiversity.
- To ensure processes and guidelines to guarantee highest level of human safety through training and mock drill.
- Encouraged to use refrigerants with zero ozone layer depletion potential and lower global warming potential.
- To submit Environment Health and Safety (EHS) performance annually to PPL.

Circular economy for Sustainable sourcing and traceability

- To adopt responsible sourcing principles and conduct due diligence on the sourcing of raw materials, ensuring traceability of all sourced materials.
- To comply with customer health & safety requirements relating to packaging material and products.
- To ensure that transportation of any consignment abides by all applicable laws and regulations.
- To strive towards continually reducing the energy and resource consumption by improving efficiency.
- Encouraged to adopt innovation across processes to develop environmentally friendly products.
- To integrate 5R (Refuse, Reduce, Reuse, Repurpose, Recycle) based solutions across supply chain management.

3.0 Labour and Human Rights

Working conditions and non-discrimination

- To ensure that workplace is free from harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse of workers and free of any threats at workplace.
- To ensure no discrimination against workers in any form.
- To ensure adequate working conditions in their supply chain with appropriate due diligence and monitoring.
- To comply with all applicable laws and mandatory industry standards pertaining to minimum wages, overtime pay, bonus, welfare policies, and legally mandated benefits.
- To ensure right of freedom to choose the employment.
- To ensure access to potable water at workplace.

Freedom of Association and Right to collective bargaining

- To ensure the business and its suppliers shall respect worker's rights, to associate freely, seek representations and to join labor unions or workers council/ Association for bargain collectively, without unlawful interference.
- To facilitate open communication and direct engagement with workers (social dialogue) to resolve workplace, workplace safety and compensation issues are encouraged.

Forced labour and child labour

- To ensure zero tolerance against indulging practices to include forced labor, bonded or indentured labor, prison labor or human trafficking.
- To not employ or engage forced labor (paid or unpaid) in any form in its business or with sub-contractors or suppliers. Adopt to forced labor rules as defined by International Labour Organization (ILO).
- To ensure the age limit for the labor is strongly adhered across the supply chain, i.e., either directly employment or indirectly employment through supplier's sub-contractors.
- To ensure that minimum age of the worker for admission to activities that can jeopardize the health, safety or morals of young persons shall not be less than 18 years.
- To ensure annually review of forced labor compliance across business operation & across the supply chain.
- Ensure reporting of reviews to concerned regulatory authority periodically as per requirement of national or international law.

Governance structure and responsibilities

- To ensure awareness and training on health and safety of the workforce involved in hazardous activities.
- To have in place policies, structures and procedures that demonstrate respect for human rights of all stakeholders impacted its business directly or through supply chain.
- To establish a grievance redressal mechanism for addressing any human rights concern that may arise within the employees, laborer and within its supply chain.
- ISO 26000 will be beneficial during due diligence activities.

Accessibility and local community

- To respect the rights of the local communities around their sites including the right to clean and healthy environment.
- To ensure local development priorities and concerns of local communities while designing and implementing their Corporate social responsibility programs.

4.0 Sustainable Procurement**Material and Procurement**

- To ensure the procurement of materials shall be done responsibly and ethically, due diligence shall be carried out for procurement of sustainable sourcing.
- To track and report on the presence or use of conflict minerals (including tantalum, tin, tungsten, and gold) in the parts, components, or materials.
- ISO 20400 will be beneficial during due diligence.
- To procure certified sustainable palm oil (CSPO)
- Encouraged to conduct a third-party verification process for palm oil production based on trial indicators for no deforestation, no development on peat, no exploitation; from oil producers from where palm oil is directly sourced.

- Encouraged to diversify suppliers in value chain.
- To implement the action plan to reduce the impact on EHS.

Social Governance and Continual Improvement

- To conduct safety training for awareness & protection of workers at workplace exposed to risk of chemical, biological, hazards & physically demanding tasks.
- To ensure appropriate training curriculum for skill development and capacity building. Develop an effective communication strategy for supply chain network.
- To ensure the transparent and public reporting of effective management practices on Environment Social and Governance (ESG).
- To demonstrate conformance & compliance with applicable regulations.
- To identify & assess all types of emergency situations and implement emergency response plans.
- To identify improvement actions, including effective complaint investigation, internal audit, and corrective action processes.
- To ensure continual improvement by setting performance objectives and goals, executing implementation plans.
- Encouraged to adopt the ISO 9001 and ISO 45001 standards, those will be beneficial during due diligence.

5.0 Business Integrity and Ethics

Business Integrity and Fair Competition

- To conduct the business with highest ethical standards.
- To ensure implementation of zero tolerance anti-bribery mechanism to prevent incidents (private or public bribery, corruption or gifts, illegal political contributions, illicit payments, prohibit money laundering & terror financing).
- To comply with all applicable laws and regulations within the country of operation.
- To ensure financial books and records in compliance with applicable accounting principles.
- Ensuring disclosing any potential conflicts of interest to prevent conflicts and maintain ethical conduct.

Animal Welfare

- To treat animals used in testing activities in an ethical and humane manner. To adopt the alternatives techniques wherever possible which are scientifically valid and acceptable to regulators.
- Encouraged to implement the 3Rs: Replacement of animals; Reduction of the number needed; and Refinement of procedures to minimize distress.

Data Privacy and Security

- To respect trade secrets and other confidential, proprietary, and sensitive information or data at all times.
- To implement management and security systems to protect products, components, ingredients from the risks of adulteration or theft for the purpose of illegal resale.
- To safeguard and ensure protection of data privacy, protection of IPR & compliance with cyber security. ISO 27001 will be beneficial during due diligence.

Compliance with Conflicts, Sourcing, Product & Regulations

- To perform due diligence on sourcing all ingredients to promote sustainable procurement across supply chain.
- To implement management systems to minimize the risk of adversely impacting on the rights of patients, donors, including their rights to access their information.
- To abide the rules, regulations, restrictions, comply with trade sanctions issues by UN, US, and other country.
- Prohibit employees from insider trading, whether for their or another's profit.
- To ensure protection of whistleblowers' confidentiality.

6.0 Enforcement

The policy will be implemented in accordance with the supplier guiding principles and the supplier code of conduct.

PPL encourages business partners to report any concerns, illegal activities, or failures to meet the expectations outlined in this Policy document

For more details contact Piramal Pharma Ltd. Procurement Team.



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