



Responsible Procurement Policy

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1.0 Preamble:

In line with our commitment to ensuring sustainability lies at the heart of our operations, we also strive for a sustainable supply chain through sustainable procurement practices. Employing sustainable procurement not only helps us to advance our environment and social responsibility, it also strengthens the resilience of our supply chains.

The APL Sustainable Procurement Policy outlines the principles and responsibilities that guide our company's approach to procurement beyond that of reliability, quality, and competitive pricing. It serves as a guidance document that defines our goals and expectations surrounding all procurement activities within our firm beyond requirements stipulated by relevant laws, regulations, and international standards. We expect that our employees, and in particular all employees engaged in procurement activities on behalf of APL, uphold the standards set out in this policy. Similarly, we expect that our suppliers and subcontractors are committed to responsible and sustainable ways of business operations and adhere to the principles laid out in this policy document. In cases of non-compliance or a lack of reform upon identification of non-compliance, APL may choose to discontinue those commercial relationships.

2.0 Scope of Application:

This policy applies to all procurement activities carried out by Aarti Pharmalabs Limited, and to all employees (including full-time, part-time, and contractual staff members) employed by the procurement department.



3.0 Responsibility

The head of the procurement department is responsible for ensuring that this policy is made available to and acknowledged by all employees of APL. The Head of procurement department is responsible for implementing the appropriate measures to uphold the commitments outlined in this policy, reviewing it as necessary to ensure its relevance and effectiveness. All employees of APL are responsible for reading and understanding the following policy and for its implementation whenever engaging in procurement activities.

4.0 Communication

This policy shall be disseminated to all employees of APL via the company's intranet and shared with all new hires of the procurement department during the onboarding process. Any significant changes made to the policy shall also be shared with all employees via email and the intranet.

We will also communicate this policy at our webpage to make it transparent to the public.

5.0 Our Commitments

At APL, we strive to ensure that the suppliers we engage are as responsible and sustainable as possible. As such, our preference is to work with firms that are committed to responsible working practices and demonstrate values that promote environmental and resource conservation.

5.1 Our Sustainable Environment Practices

APL endeavours to ensure our supply chain is clean, green and responsible. This begins from the extraction and use of any natural resources or the sourcing of minerals to the



use of energy and water resources and the handling of hazardous and non-hazardous waste.

We expect the suppliers we engage with to be environmentally responsible and sustainable, and to minimise their negative impacts on the environment as much as possible. Specifically, we expect our suppliers to be mindful of at least some of the following in their operations:

- Adhere to all applicable international and national environmental laws and regulations
- Monitor and track their GHG emissions, and set targets to reduce their emissions where possible
- Conduct sustainability assessments to review their company environmental practices
- Reduce the use of resources (including water and energy) where possible
- Improve the efficiency of their use of resources, including by switching to alternative forms of energy such as renewable energy sources
- Identify, assess and reduce their impacts on biodiversity where possible
- Properly and responsibly manage the release of hazardous and non-hazardous waste, including the treatment of wastewater prior to its release into the environment
- Ensure staff attain proper environmental and sustainability training
- Identify and address any other environmental risks, including the risk of potential spills and releases to the environment

Similarly, we believe the buyers who work closely with our suppliers hold a significant responsibility in ensuring the sustainability of our supply chain. As such, we strive to ensure all employees in our procurement team are well equipped with the necessary

knowledge on sustainable procurement. Similarly, we also strive to further emphasise on the gravity of this issue by including a segment on sustainable procurement within the performance appraisal of our buyers. Finally, in the case where violations of these standards have occurred, we encourage our buyers to report these cases of non-adherence. Upon which, we will work closely with our suppliers to redress these breaches and improve their environmental management systems and practices.

5.2 Our Sustainable Social Practices

In line with our goal to achieve a sustainable supply chain and to maintain a safe and inclusive workplace for our employees, APL also strives to promote and safeguard the same labour standards for our suppliers. This includes ensuring safe work environments, good working conditions, inclusive workspaces free of discrimination and harassment, fair compensation, the right to collective bargaining and the prohibition of the use of forced, bonded or indentured labour as well as child labour. Specifically, we expect our suppliers to be mindful of at least some of the following:

- Conduct risk assessments and implement protocols and standards of procedures for safety risks and hazards to ensure a safe work environment for all employees
- Provide appropriate equipment, facilities and services to protect the safety and well-being of employees, especially those exposed to safety hazards
- Provide fair and timely remuneration, including appropriate compensation for overtime work
- Ensure the freedom of association by protecting the right of all employees to participate in employee representative bodies, trade unions, or organisations
- Actively prevent the use of forced, bonded or indentured labour, including involuntary prison labour



- Actively prevent the use of child labour

In the same vein as our environmental practices, our buyers have a similar responsibility to ensure the protection of labour rights in our supply chain. On this note, we also strive to ensure all employees in our procurement team are trained with knowledge in the integration of social issues in procurement. In the event of non-adherence to these social standards, capacity-building training will be conducted for our suppliers to better understand ways to protect the rights of their employees and maintain good working conditions for all.

To further promote both environmental and social responsibility in our procurement practices, we have set the following targets:

General

- By FY 2029-30, to ensure 50% of suppliers have undergone on-site audit based on ESG supplier evaluation assessment.
- By FY 2029-30, to ensure 100% evaluation of key starting material suppliers have undergone ESG supplier evaluation assessment.

Environmental

- By FY 2029-30, ensure 50% of key starting material suppliers we engage are compliant with ISO 14001.
- By FY 2029-30, ensure 50% of key starting material suppliers engaged have attained training certification in environmental management.
- By FY 2029-30, ensure 100% of the APL procurement team has attained a training certification in sustainable procurement.

Social

- By FY 2029-30, ensure 100% of suppliers have adopted policy & declaration about no child labour.
- FY 2029-30, ensure 100% of suppliers engaged have provided fair and timely remuneration to all employees.



6.0 Review Mechanism

The relevance and effectiveness of this policy document shall be reviewed at least once annually by the management of Aarti Pharmalabs Limited.

7.0 Annexures

7.1. [Single Page Policy Statement](#)

8.0 Amendment History

Sr. No.	Issue No.	Revision No.	Effective Date	Reason for Change
1	01	00	Nov 2022	Demerger from Aarti Industries Ltd.
2	02	01	April 2024	Quantitative targets added.