

## SUSTAINABLE PROCUREMENT POLICY

We, at "NEOGEN CHEMICAL LTD." (NCL) recognize its responsibility to minimize negative impacts on human health and the environment ethical trading while supporting a diverse, equitable, and vibrant community and economy. We recognize that the types of products and services we buy, have inherent social, human health, environmental and economic impacts.

This Sustainable Procurement Policy is intended to:

- Identify those sustainability factors that shall be incorporated into procurement decisions.
- Provide implementation guidance by prequalification & evaluation of all vendors.
- Empower employees to be innovative and demonstrate leadership by incorporating sustainability factors into procurement decisions.
- Complement specific sustainability goals and related policies.
- Communicate our commitment to sustainable procurement.

Our employees will procure materials, products or services in a manner that integrates fiscal responsibility, social equity, and community and environmental stewardship.




## SUSTAINABLE PROCUREMENT POLICY

### The principles

#### 1. 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.

#### 1.1. Business Integrity and Ethics

##### a. Conflict of interest

Suppliers are expected to report any conflict of interest in any business dealings with NCL that supplier is aware to allow us the opportunity to take appropriate action. It should be disclosed if any NCL employee or professional under contract with NCL may have significant ownership or interest in a supplier's business.

##### b. Bribery, corruption, Gifts and Donations

Suppliers in all commercial dealings with NCL 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.

##### c. Confidentiality

Suppliers shall safe guard and respect NCL' 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 NCL should be used only for its intended and designated purpose as decided and agreed upon between NCL and the supplier.

##### d. 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.

#### 1.2. Human Rights

##### a. 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 any person below the age of 18 (or as per local law, whichever is greater). The suppliers must not use forced labour including prison or debt bondage labour, human trafficking or modern-day slavery.



## SUSTAINABLE PROCUREMENT POLICY

### **b. 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.

### **c. Non-discrimination**

Suppliers must ensure there is no discrimination in their hiring and employment practices on the basis of race, colour, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition, etc.

## **1.3. Accountability and Transparency**

### **a. Maintaining appropriate financial records**

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.

## **1.4. 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.

## **2. Social Focused**

We are committed towards 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.

### **2.1. Responsible Conduct with Stakeholders**

#### **a. 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.

#### **b. 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.



## SUSTAINABLE PROCUREMENT POLICY

**c. 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.

### **2.2. 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 accident and injuries by analyzing and minimizing risk exposure.

### **2.3. Local Community Development**

We understand that our operations not only affect our own communities but also of 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.

## **3. Green Inspired**

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 environmental 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.

### **3.1. Green Products and Processes**

**a. Reducing emissions and water intake**

We suggest that our suppliers identify sources of emissions (CO<sub>2</sub>, Other Greenhouse Gases, SO<sub>x</sub>, NO<sub>x</sub> 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.

**b. Efficient systems and process**

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.



## SUSTAINABLE PROCUREMENT POLICY

### **c. 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.

### **d. 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 processors by the suppliers. Toxic waste should not be allowed outside the premise without proper approval.

### **e. 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.

## **3.2. Reduce, Reuse and Recycle**

### **a. 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.

### **b. 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, reusing material by innovating products and processes. The supplier should minimize dependence on scarce natural resource by identifying and using appropriate replacements.

### **c. 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.

## **3.3. Adopting Green Initiatives and Practices**

To monitor the environmental performance and to become environmental 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.



## SUSTAINABLE PROCUREMENT POLICY

### **4. Quality Centered**

Ensuring quality and adherence to manufacturing and product standard is of prime importance to us.

#### **4.1. Quality Management System**

We expect our suppliers to establish quality objectives, policies, manual, procedures and have in place a certified Quality Management System by competent authority like ISO. The suppliers should comply with local regulations, registrations, have trainings, management reviews and internal audits to ensure that the Quality Management System is effective.

#### **4.2. Facility and Machinery**

We expect our suppliers to give utmost importance to equipment design, installation, maintenance and 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.

#### **4.3. 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 program.

#### **4.4. 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.

### **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, 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.



Page 6 of 7

## **SUSTAINABLE PROCUREMENT POLICY**

### **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 NCL or any one acting on behalf of NCL 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 NCL website. Please refer whistleblower policy.



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**Managing Director**