

SUSTAINABLE SOURCING POLICY



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 (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 regulation

Scope of the Sustainable Sourcing Policy

The Sustainable Sourcing Policy for **Paushak Limited** will focus on ensuring that sourcing practices align with sustainability principles. This policy aims to integrate environmental, social, and governance (ESG) considerations into the supply chain while maintaining product quality and safety. **The policy focuses on areas where Paushak Limited directly engage with customers, such as marketing advertising, and product information.**

1. Inclusion of Key Functions: The policy applies to all procurement activities related to raw materials, packaging, and services necessary to produce specialty chemicals and intermediates.
2. Supplier Standards: Establishes clear sustainability standards that suppliers must meet, including compliance with environmental regulations, ethical labor practices, and responsible sourcing of raw materials.
3. Third-Party Compliance: Policy Extends to third-party suppliers, contractors, and logistics providers, ensuring they adhere to the company's sustainability criteria throughout the supply chain.
4. Legal Compliance: All sourcing activities will comply with relevant laws and regulations regarding chemical manufacturing, environmental protection, and labor rights across all operational regions.
5. Sustainable Practices: Encourages sustainable practices in sourcing processes, including minimizing waste, reducing carbon footprint, and utilizing renewable resources where possible.
6. Transparency in Supply Chain: Promotes transparency regarding the origin of raw materials and production methods, enabling traceability and accountability in sourcing practices.

7. Risk Assessment: Implements a risk-based approach to evaluate suppliers based on their sustainability practices, environmental impact, and adherence to health and safety standards.
8. Training and Development: Provides training for procurement teams on sustainable sourcing principles and best practices to ensure informed decision-making in supplier selection.
9. Customer Communication: Ensures that customers are informed about the sustainability aspects of sourced materials used in products, including their environmental impact and life cycle assessments.
10. Feedback Mechanisms: Establishes channels for suppliers and customers to provide feedback on sustainability practices, fostering continuous improvement in sourcing strategies.

The Guiding Principles

01. 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 Paushak Ltd that the supplier is aware of to allow us the opportunity to take appropriate action. It should be disclosed if any Paushak Ltd, employee or professional under contract with Paushak Ltd. may have significant ownership or interest in a supplier's business.

(b) Bribery, corruption, gifts and donations

Suppliers in all commercial dealings with Paushak Ltd. or otherwise must not receive or offer to make any illegal payments, gifts, bribes, donations or other improper advantages in order to obtain unethical favours 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 safeguard and respect Paushak Ltd. 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 Paushak Ltd. should be used only for its intended and designated purpose as decided and agreed upon between Paushak Ltd. 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 15 (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.

(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. Suppliers shall also provide a workplace free from discrimination and harassment. This includes prohibiting any form of inhumane treatment, physical abuse, sexual harassment, and verbal intimidation.

(d) Support for Vulnerable Groups:

Special attention should be given to protecting the rights of vulnerable groups, including women, minorities, and individuals at risk of exploitation or discrimination.

1.3. Accountability and Transparency

(a) Transparent Reporting

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. This also includes an annual sustainability report that details sourcing practices, highlights sustainability initiatives, and provides an overview of progress made as well as challenges encountered.

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.

02. 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 organisation 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

Suppliers should implement policies that promote diversity and inclusion in their workforce, ensuring equal opportunities for all individuals, regardless of gender, ethnicity, or background.

(c) Engage and involve local communities

Suppliers are encouraged to source materials locally whenever feasible, thereby supporting local businesses and contributing to the economic development of their communities.

(d) Training and Capacity Building

Suppliers are required to provide training programs for their employees on social responsibility and ethical practices, enhancing their understanding of sustainable sourcing principles.

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 through providing necessary personal protective equipment (PPE). Suppliers must also establish clear protocols for reporting and addressing workplace hazards, as well as mechanisms for employees to voice concerns without fear of retaliation.

By fostering a culture of safety and accountability, suppliers contribute not only to the protection of their employees but also to the overall sustainability goals of Paushak Limited, enhancing productivity and community trust.

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.

03. 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 realise 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 usage

Suppliers shall identify sources of emissions (CO₂, Other Greenhouse Gases, SOX, NOX and Particulate Matter) and make progressive efforts towards reducing these emissions by implementing energy-efficient technologies and practices in their operations.

Suppliers shall identify opportunities to reduce water usage across their operations and implement practical measures to promote water conservation as part of their sustainability practices by adopting optimize water-efficient technologies, improving water management practices and reducing wasteful consumption. Regular monitoring and reporting of water usage and conservation efforts should also be incorporated to track progress and ensure continuous improvement.

(b) Efficient systems and process

Suppliers should strive towards enhancing the efficiency and performance of the equipment and processes by conducting periodical maintenance, implementing continuous improvement, monitoring and assessing technological advancements. Compliance with established practices is essential to ensure environmental resources are valued and protected.

(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 minimise exposure to such material like using environmentally friendly chemicals and materials that have a lower impact on human health and the environment, aligning with green chemistry principles.

(d) Disposal of toxic waste

Supplier shall implement effective waste management systems that ensure proper segregation, treatment and disposal of hazardous materials in compliance with all relevant regulations. Toxic waste shall be handled with professional guidance and that mechanism are in place for its disposal through authorized waste processors. Toxic waste should not be allowed to leave the premise without proper approval, ensuring compliance with all relevant regulations and safeguarding environmental and public health.

(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 analysed 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 minimise 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 minimise dependence on scarce natural resource by identifying and using appropriate replacements.

(c) Design for Sustainability

Suppliers should design products and packaging with sustainability in mind, ensuring that they can be easily recycled or reused at the end of their life cycle. This includes using materials that are compatible with existing recycling processes.

3.3 Adopting Green Initiatives and Practices

To effectively monitor the environmental performance and enhance sustainability, it is essential for organizations to integrate practices that minimize environmental impact into their processes. We encourage our suppliers to adopt such practices within their operations and to initiate new initiatives aimed at reducing their environment footprint.

04. Quality Centered

Ensuring the highest quality and adherence to manufacturing and product standards is our top priority.

4.1 Quality Management System

We expect our suppliers to establish robust quality management and assurance systems such as ISO 9001 certification, to systematically manage and monitor the quality throughout the production process. The suppliers shall adhere to local regulations and registrations requirements, conduct 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 Machinery & Equipments design, installation, maintenance and ensure proper validation/verification of the same.

The suppliers shall 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 maintain established manufacturing and packaging operations with proper maintenance of records, robust controls and comprehensive product release program in place..

Suppliers are expected to implement continuous improvement processes to enhance product quality, including regular evaluations of manufacturing practices and quality control measures.

4.4 Material Management

We expect our suppliers to implement established practices for sustainable storage, handling and transportation of raw material. This include maximizing the risk prevention measures through effective warehousing practices and ensuring the proper management/handling of rejected item to minimize environment impact and promote resource efficiency.

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 organisation 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 on the initiatives they have to ensure compliance with this Policy. Suppliers should establish effective monitoring and reporting mechanisms, along with management systems, w to effectively implement and manage these initiatives. Continuous improvement in performance related to adherence to this policy is essential, and suppliers should focus on setting measurable goals and regularly assessing their progress to enhance their sustainability practices..

Continuous Improvement

We are committed to ongoing improvement in our Sustainability Sourcing Policy. We will regularly review and update this Policy to ensure its effectiveness and alignment with evolving legal and ethical standards. Additionally, we will maintain a record of the Policy's version history to document any changes and demonstrate our commitment to continuous improvement.

Contact Information

For any questions or concerns related to this Sustainability Sourcing Policy, please contact @emailID/contact info.

Disclaimer

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Signed and authorized by Designated Person



Mr. Chintan Gosaliya

COO-Paushak