

Sustainable Procurement Policy

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INDEX

1. Objective and Goal

- 1.1. Objective
- 1.2. Goal

2. Principles of Sustainable Procurement Policy

2.1. Ethically Driven

- 2.1.1. Business Integrity & Ethics
- 2.1.2. Human Rights
- 2.1.3. Accountability & Transparency
- 2.1.4. Legal & Regulatory Compliance

2.2. Social Focused

- 2.2.1. Responsible conduct with stakeholders
- 2.2.2. Employee Health & Safety
- 2.2.3. Local community Development

2.3. Green Inspired

- 2.3.1. Green products & processes
- 2.3.2. Reduce, Reuse, Recycle
- 2.3.3. Adopting Green initiatives & practices

2.4. Quality Centered

- 2.4.1. Quality Management System
- 2.4.2. Facility & machinery
- 2.4.3. Good Manufacturing Practices & Quality Controls
- 2.4.4. Material management

3. Implementation of the policy

3.1. Applicability & Implementation

3.2. Collaboration with External Sustainability Ratings Agency

3.3. Assessment Process:

- 3.3.1. Role of Suppliers
- 3.3.2. Role of External Agency
- 3.3.3. Key metrics for assessing the suppliers
- 3.3.4. Documentation Needed from suppliers by the ratings agency
- 3.3.5. Corrective & Preventive Action Plan (CAPA) for suppliers

3.4. Key Performance Indicators Measured by Syngene

- 3.5. Monitoring and Reporting
- 3.6. Consequence Management

4. Annexure

1. Objective and Goal

1.1 Objective

“Syngene considers addressing the environmental impact as a fundamental purpose to protect and restore the planet’s health to protect and improve people’s health. We are committed towards social impact and strive for sustainability across all functions, including Sourcing and Procurement.”

Procurement in the present business world looks beyond compliance matters and pursuit Sustainable Procurement as a core business requirement which enables an opportunity to optimize cost, create value and eliminate various types of risks.

Measuring and accounting for how our suppliers impact the natural world is an emerging necessity. We are collaborating with our business partners to understand and measure the environmental impact to meet industry standards.

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 environmental, ethical, social, and economic practices
- Identifying and moderating risks associated with our procurement process
- Communicating the policy with stakeholders, internal and external, and raising awareness among our suppliers

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:

- Environment
- Business Ethics
- Labour and Human Rights
- Sustainable Procurement

Our Sustainable Procurement Policy has been drafted in alignment with the terms outlined in the Supplier Code of Conduct. For detailed guidelines, please refer to our Supplier Code of Conduct (<https://bit.ly/3u71a42>).

1.2 Goal

Our primary goal is to collaborate with our suppliers to accelerate environmental, ethical and social improvements across the value chain. Syngene seeks to realise its goal through annual assessment of its top suppliers for conformance against the principles under its Sustainable Procurement Policy.

Syngene envisions to assess suppliers covering at least the top 80% of the annual spend into the assessment program by end of FY 2023.

Note: Syngene will consider exclusion of suppliers providing professional services from the assessment on a case-to-case basis.

2. Principles of Sustainable Procurement Policy

2.1 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.

2.1.1 Business Integrity and Ethics

a. Bribery, corruption, gifts, and donations

Suppliers in all commercial dealings with SYNGENE or otherwise must not receive or offer to make any illegal payments, gifts, bribes, donations, or other improper advantage 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. Suppliers are mandated to comply with SYNGENE's Anti-Bribery Anti-Corruption policy via submission of appropriate documentation sought at the onboarding stage or on formal request.

b. Conflict of interest

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

c. Anti-competitive and restrictive trade practices

Suppliers must comply with all applicable local and international laws to promote free and fair competition and to get business by offering competitive prices and innovative & quality products.

d. Intellectual Property and Confidentiality

Suppliers shall safeguard and respect SYNGENE's intellectual property, trade secrets and other confidential, proprietary, and sensitive information or data always and shall not disclose the same. The information provided by SYNGENE should be used only for its intended and designated purpose as decided and agreed upon between SYNGENE and the supplier.

2.1.2 Human Rights

Human rights are fundamental rights and freedoms that every human being is entitled to, regardless of nationality, race, sex, ethnicity, language, religion, or any other status.

Syngene plans to align its strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and to take actions that advance societal goals. In honoring our commitment, we are committed to prevent and mitigate human rights violations impacting our Operations. Our approach to human rights risks is aligned with international standards, industry best practices, and expert assessment.

Syngene's human rights policy focuses on addressing risks that could have the most severe impact on people including our customers, colleagues, the employees of our suppliers and business partners, and the communities in which we operate. Our responsibility to respect human rights extends throughout our operations including our diverse global supply chain of numerous local, third-party vendors.

e. Forced and child labour

Suppliers shall prohibit use of child labor 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 the local laws. The suppliers must not use forced labor including prison or debt bondage labor, human trafficking, or modern-day slavery.

f. 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, rest periods & applicable perks.

g. Non-discrimination

Suppliers must ensure there is no discrimination in its hiring and employment practices based on race, color, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition etc.

2.1.3 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.

2.1.4 Legal and Regulatory Compliance

We expect our suppliers to comply with all applicable laws and regulations within their land of law. All other applicable international laws and regulations should also be complied with. Suppliers should always follow guidelines and adhere to all the required permits and registrations to be legally compliant.

2.2 Social Focused

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 the same. Health and safety are integral parts of a broader environment and workforce sustainability strategy that reduces the risk of harm to colleagues and helps them remain healthy, safe, engaged, and productive.

2.2.1 Responsible Conduct with Stakeholders

a. Fair dealing with 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.

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.

d. Supplier diversity

Syngene empowers the regional vendors with small businesses by sourcing products and services from them. It is the intent of Syngene to ensure that small, disadvantaged, women-owned, veteran, service-disabled veteran and diverse businesses like minority, woman owned are given equal opportunity to participate in business dealings. To assure that a fair proportion of opportunities from Syngene are available to small and diverse business partners, whenever possible.

2.2.2 Employee Health and Safety

We expect our suppliers to adopt robust and relevant management practices 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 any potential risks. We expect our suppliers to:

- Maintain effective management of inherently high-risk operations.
- Ensure the health and wellness of colleagues by carefully managing workplace exposure.
- Have rigorous procedures and controls to protect employees from exposure to chemicals.
- Ensure supplier adherence to our safety norms and requirements

2.2.3 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, engage and associate with the local community for economic and social development by providing employment, helping in eradicating poverty and illiteracy, helping in developing certain skills of local people etc. to make them self-employed.

2.3 Green Inspired

Environmental concerns are no more issues of tomorrow but 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. We realize that the scope and nature of operations of our suppliers vary and hence emphasis on these principles may vary accordingly.

2.3.1 Green Products and Processes

a. Reducing carbon emission and water intake

We suggest that our suppliers identify sources of carbon emission and make progressive efforts towards reducing carbon emissions and its impacts. Opportunities for reduction in water usage should be identified and measures for water conservation, like Rainwater harvesting should be implemented in a pragmatic and feasible manner.

b. 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.

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. In case of violation against the local laws or industry regulations, Syngene reserves the right to terminate business or blacklist the supplier for further association at its discretion.

d. Disposal of toxic waste

Toxic waste should be handled with professional guidance and a robust mechanism

should be put in place to dispose-off the waste to authorized waste processors by the suppliers as per the local law. Toxic waste should not be allowed outside the premise without proper and legitimate approval. In case of violation against the local laws or industry regulations, Syngene reserves the right to terminate business or blacklist the supplier for further association at its discretion.

e. Renewable energy

We recommend our suppliers to use renewable sources of energy wherever possible and create new opportunities through innovations 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.

2.3.2 Reduce, Reuse and Recycle

f. Zero waste to landfill

Waste to landfill should be measured, analyzed, and suppliers should try and set targets to reduce the quantity of disposal to landfills. Alternate waste disposal techniques should be adopted to reduce the impact on the environment. In case of violation against the local laws or industry regulations, Syngene reserves the right to terminate business or blacklist the supplier for further association at its discretion.

g. 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.

h. 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.

2.3.3 Adopting Green Initiatives and Practices

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.

2.4 Quality Centred

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

2.4.1 Quality Management System

We expect our suppliers to establish quality objectives, policies, manuals, procedures and have in place a Quality Management System. The suppliers should comply with local regulations, registrations, have trainings, management reviews and internal audits to ensure that the Quality Management System is effective. In case of violation against the local laws or industry regulations, Syngene reserves the right to issue warning, penalize or take necessary action for the supplier as per the Syngene Quality Management System.

2.4.2 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.

2.4.3 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. In case of violation against the local laws or industry regulations, Syngene reserves the right to issue warning, penalize or take necessary action for the supplier as per the Syngene Quality Management System.

2.4.4 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 all items especially rejected items.

3. Implementation of the policy

3.1 Applicability and Implementation

We acknowledge that our suppliers fall under different categories in terms of scale, the product/service supplied, the raw materials used, organization structure, and geographies of operation. Our policy is designed to accommodate these nuances while maintaining the

appropriate compliance requirements.

3.2 Collaboration with External Sustainability Ratings Agency

Syngene collaborates with a globally renowned external sustainability ratings agency to assess our suppliers, benchmark against best-in-class practices and drive improvement through customized feedback. All approved suppliers will be rated by the agency and the assessment results will be incorporated for discussions in the supplier performance management process.

3.3 Assessment Process

All suppliers adhering to Syngene’s Sustainable Procurement policy are required to undergo the following steps as part of the assessment process conducted annually:

- Create a company profile to provide details of industry, size, location etc.
- Questionnaire and Data Collection – answer multilingual assessment survey & upload documentation
- Expert Analysis – agency will perform the audit and analysis with its CSR experts, to generate final scorecards
- Share and improve – agency will share results, a corrective action plan, and the supplier can collaborate online with the agency to drive improvement

3.3.1 Key metrics for assessing the suppliers



3.3.2 Documentation needed from suppliers by the external agency for compliance (not exhaustive):

- Environmental policy
- Waste management policy
- Anti-corruption policy
- Operating procedures
- Internal trainings
- Actions described in CSR reports
- CSR certifications (ISO 14001, OHSAS 18001)
- KPIs reported in Annual Reports, CSR Reports
- Monitoring of KPIs in internal excel database

3.4 Key Performance Indicators Measured by Syngene

Syngene envisions to enroll suppliers covering top 80% of the annual spend into the assessment program by end of FY 2023. Syngene uses the following key performance indicators to measure & report the progress on a quarterly basis:

- % of suppliers assessed on ESG parameters (*goal: top 80% spend suppliers by end of FY 2023*)
- % of suppliers compliant against ESG parameters (*goal: top 75% of the suppliers assessed*)
- % of suppliers contributing to top 80% of annual spend, trained on Sustainable Procurement practices (*goal: top 80% spend suppliers*)

Note: Syngene will consider exclusion of suppliers providing professional services from the assessment on a case-to-case basis.

Syngene mandates its buyers to be well-versed with the Sustainable Procurement practices and compliance goals. Relevant trainings are conducted on a periodic basis, and the coverage is tracked and reported using the following key performance indicator:

- % of buyers trained (*goal: at least 75% of the total buyer strength, measured every 6 months*)

3.5 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.

3.6 Consequence Management

Syngene reserves the right to terminate business or blacklist the supplier in case of violation or non-compliance with the local laws, industry regulations or any mandatory requirements as

stated in this policy document or in the Supplier Code of Conduct.

The assessment score published by the ratings agency is primarily used to demonstrate conformance to the standards outlined in the Sustainable Procurement Policy and Supplier Code of Conduct. In some instances, Syngene uses the score as a measure of supplier performance when making commercial business decisions.

Suppliers are mandated to demonstrate the actions in the following years as per the criteria outlined below:

- For suppliers scoring 29 or less – reassessment in the following year with demonstrated improvements required. Syngene reserves the right to consider for further reassessment, terminate business or blacklist the supplier in case the score is 29 or less on reassessment in the following year.
- For suppliers scoring between 30 and 44 – reassessment in 2 years' time with follow up on highlighted areas in the action plan. Syngene reserves the right to consider for further reassessment, penalize or terminate business with the supplier in case of no improvement on reassessment after 2 years.
- For suppliers scoring 45 or above – reassessment in 3 years

Syngene considers scores above 45 as compliant as per its Sustainable Procurement Policy.

4. Annexure

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

1. Syngene International Limited's Code of Conduct
[Syngene_Insider-trading-Code_Final.pdf \(syngeneintl.com\)](#)
2. International Labour Organisation Conventions
[Conventions and Recommendations \(ilo.org\)](#)
3. Universal Declaration of Human Rights
[Universal Declaration of Human Rights | United Nations](#)