

RESPONSIBLE PROCUREMENT POLICY





Responsible Procurement Policy

Introduction

Sustainability is a crucial aspect of Aarti Drugs Ltd (ADL) strategy. ADL recognizes the importance of integrating sustainability principles into its supply chain to be a responsible player in the industry. A responsible supply chain is vital for business integrity, reputation protection, and ensuring uninterrupted material supply for production. ADL's commitment to a sustainable supply chain aligns with its strategy of achieving growth while prioritizing sustainability.

ADL's policy underscores its dedication to promoting sustainability in procurement and supply chain operations. It outlines the organization's commitment to integrating environmental, social, and governance (ESG) practices into its supply chain. ADL aims to continuously collaborate with its business partners to enhance sustainability practices and fortify the supply chain.

Scope:

This Policy covers all our business operations, including our subsidiaries that we directly control. It applies to our manufacturing sites, warehouses, offices, and R&D facilities, as well as to our employees, contractors, visitors, and other business partners at these locations. We also encourage our business partners outside our direct control but involved in our value chain to adhere to the standards outlined in our Policy.

Our Policy:

At Aarti Drugs Limited, we are dedicated to:

- Encouraging our business partners (contractors, suppliers, transporters, service providers) to fully comply with all relevant legal and other requirements that significantly impact Occupational Health, Safety, Environment, Quality, and other relevant ESG (Environmental, Social, and Governance) aspects.
- Prioritizing procurement from local sources of high quality to minimize our overall environmental impact and maintain supplier diversity.
- Procuring goods and services only from suppliers who adhere to ADL's supplier code of conduct.
- Assessing business partners based on environmental, climate change, and social impact criteria, in addition to quality criteria, during onboarding or vendor registration.
- Promoting awareness of responsible procurement and sustainability among buyers and business partners to continuously improve processes within the boundaries of the ADL Supplier Code of Conduct.



- Allocating sufficient financial and human resources to ensure continual improvement in supplier sustainability management systems and practices throughout the procurement life cycle.
- Communicating our Responsible Procurement policy and sustainability performance to employees, business partners, the community, and other interested parties to establish a feedback channel for regular input.
- Establishing benchmarks, monitoring, and reviewing objectives and targets for Responsible Procurement performance, and continually improving them through the implementation of effective supplier sustainability management programs.

Implementation

The Policy is implemented through the framework of Aarti Drugs Management Systems.

Responsibility

The ADL Board, Chief Procurement Officer and members of the Environment and Sustainability Department of ADL are responsible for creating, implementing, and overseeing the Policy, ensuring alignment with local laws and relevant standards.

Governance

The Policy is governed by the Environment and Sustainability Department of ADL.

Review

The Responsible Procurement policy will be periodically reviewed to address emerging risks, issues, and trends in our sector and operating environment, ensuring its relevance. The policy will undergo review every five years by default.

Prakash M Patil
Chairman and Managing Director

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