



SUSTAINABLE SOURCING POLICY

Purpose:

Zydus Wellness is committed to fostering sustainable development and aligning our sourcing practices with our core values of **Environmental Stewardship, Social Responsibility, and Sustainable Growth**. This Sustainable Sourcing Policy outlines the expectations and responsibilities of our Suppliers to ensure that all goods and procured services support our sustainability objectives and contribute to a positive impact on the planet, people & communities and promote sustainable agricultural practices.

Policy Scope

This policy applies to our operations, all suppliers (Tier-1 & Non Tier-1), including those providing raw materials, packaging materials, services, and transportation. It establishes clear principles and guidelines for collaboration to meet Zydus Wellness's sustainability goals across the value chain.

❖ Policy Commitments for Suppliers :

▪ **Environmental Stewardship** : Suppliers are expected to;

- ☞ Promote Eco-Friendly Practices : Source raw materials responsibly, reducing environmental pollution and prioritizing renewable and certified materials.
- ☞ Optimize Resource Efficiency : Implement energy-efficient practices, reduce water consumption, and minimize waste generation in production and operations.
- ☞ Reduce GHG Emissions : Work toward reducing carbon footprints by adopting clean technologies and renewable energy sources in operations.
- ☞ Protect Biodiversity : Reduce sourcing from areas that compromise natural habitats and implement practices that protect soil health, flora, fauna, and prevent destruction of ecosystems.
- ☞ Compliance with Regulations: Ensure full compliance with environmental laws, standards, and regulations.

▪ **Social Responsibility** : Suppliers are required to;

- ☞ Uphold Human Rights : Ensure ethical treatment of workers and adhere to fair labour practices, including the prohibition of child and forced labour, as per the laws of the land.
- ☞ Provide Safe Work Environments : Maintain a safe and healthy workplace, implementing safety standards and preventive measures.
- ☞ Support Ethical Employment Practices : Offer fair wages, respect freedom of association, and comply with laws of the land, as applicable.

▪ **Governance and Ethical Practices** : Suppliers must;

- ☞ Uphold Integrity: Conduct business with the highest ethical standards, avoiding corruption, bribery, and unethical practices.
- ☞ Foster Transparency: Maintain accurate and timely disclosures related to ESG compliance.
- ☞ Grievance Mechanisms: Establish accessible systems to address the grievances from Suppliers.

❖ Collaboration for Sustainable Growth

- ☞ Innovation and Partnership: Collaborate with Zydus Wellness on innovation to adopt cutting-edge sustainable technologies and practices.
- ☞ Continuous Improvement: Strive for continual improvement in environmental, social, and governance performance, working closely with Zydus Wellness.
- ☞ Capability Building: Participate in training and workshops organized by Zydus Wellness to align with shared sustainability goals.
- ☞ Impact Measurement: Provide regular data to measure progress against defined sustainability KPIs.

❖ Suppliers Accountability and Implementation

- ☞ Compliance and Audits: Suppliers will be subjected to periodic audits to verify compliance with this policy. Non-compliance will result in corrective action plans, and repeated violations may lead to business discontinuity.
- ☞ Integration with Supplier Qualification Process: Sustainable sourcing criteria will be integrated into the supplier qualification process alongside quality, cost, and delivery parameters.
- ☞ Recognition for Excellence in ESG: Suppliers excelling in sustainable practices will be recognized through Zydus Wellness's Supplier Recognition Program, fostering long-term partnerships.

Conclusion

This Sustainable Sourcing Policy underscores Zydus Wellness's commitment for embedding sustainability into our supply chain. By collaborating with suppliers who share our values and commitments, we aim to drive positive environmental, social, and economic outcomes, ensuring sustainable growth for all stakeholders.

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