

Sheela Foam Limited

ESG Policy

Version 1.0

2024

Environmental, Social and Governance (ESG) Policy

(Approved by the ESG & Risk Management Committee on 20 Feb 2024)

1. Introduction

Sustainability management is an integral part of our business at Sheela Foam Limited (“Sheela Foam” or “We”). It is embedded in the company’s Vision of practicing “the values of integrity, reliability, proactiveness & transparency and doing business with a smile, for customer delight and a commitment to the society”.

We believe in adherence to high ESG standards being a fiduciary responsibility in conducting our business, and not merely a legal one. We are committed to Sustainability as an obligation towards all our stakeholders in general and towards the society in particular. In our growth journey, we will always endeavor to create sustainable products for the society that simultaneously create a value for our business.

We are committed to the ESG principles as contained in the [National Guidelines on Responsible Business Conduct, 2018 \(NGRBC\)](#), promulgated by the Ministry of Corporate Affairs, India that is dovetailed with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

2. Objective & Applicability of the Policy

The objective of this policy is to lay down a guiding framework to be followed by all the units/divisions and subsidiaries of Sheela Foam in pursuance of our ESG path and goals. This policy is aimed at fostering an organizational culture that is sensitive to ESG, embedding ESG in all our business processes and making a commitment on sustainability to all our stakeholders. It is desirable that our suppliers and value chain partners also adhere to the parts of this policy that are applicable to them in letter and spirit.

3. Sheela Foam’s ESG Principles

- (a) **Ethical Governance**. We have embraced Integrity as a Core Value in our organization and are committed to conduct business and govern ourselves ethically and with integrity. Our corporate governance will remain fully transparent to our internal and external stakeholders across the value chain with due regard to the need for confidentiality of sensitive information. We will shoulder accountability for any adverse impact on the society due to our business decisions and do our utmost to mitigate such adverse impact.
- (b) **Reduce, Reuse and Recycle**. We foresee Waste Management as an integral part of our business, whereby we conserve our natural resources and leave minimum negative impact on our Environment. We aim to completely avoid any raw materials and emissions that can cause any harm to the environment and work towards ever greater energy efficiency. We are committed to reduce generation of waste and reuse or recycle whatever waste is generated, where we cannot eliminate it completely. We have adopted the **Five ‘S’** (Sort, Set, Shine, Standardize and Sustain) Philosophy in our day to day working and thinking to increase efficiency, reduce wastage and increase productivity.
- (c) **Care for People**. Our employees are pivotal part of our business operations, and we are committed to provide diverse, equitable, inclusive, safe and happy work environment to them. We continue to engage in equitable development of the society by supporting marginal and vulnerable group of people through our Corporate Social Responsibility (CSR) activities.
- (d) **Product Stewardship**. We make products for everyday life, that are designed to offer comfort and help improve health of the people and the society. We will constantly endeavor, in our R&D

efforts and innovations, to add value to our products by constantly engaging with our customers and value chain partners, with a focus on making them sustainable and safe from sourcing of raw materials till their end-of-life disposal.

- (e) **ESG as an Organizational Culture.** With a paperless office and Leeds Platinum-rated corporate office building, the management has led by example to develop an ESG culture in all its units and encourage all its employees to embed ESG in their thinking and actions. We believe that ESG has to start from the individual and it will be our constant endeavour to imbibe every individual working in or with our company with an ESG mindset. The company is committed to make ESG a part of its DNA.

4. **ESG Governance Mechanism**

The 'Risk Management and ESG Committee' with members from the Board of Directors, which includes the Managing Director and the Director Operations of Sheela Foam, exercises oversight and operational control over the company's ESG initiatives. It meets regularly to set company's ESG goals, budget and implementation timelines, and monitors progress and results. The Committee ensures that all material risks and opportunities with regard to ESG are correctly mapped and mitigated or exploited to the advantage of our stakeholders through effective plans.

5. **Environment Pillar**

We are committed to following responsible environmental practices that reduce our carbon footprint and have a positive impact on the environment.

(a) **Our Commitments and Initiatives**

- i. We strive to produce safe and long-lasting products and develop environment friendly design and production techniques that optimize our resource utilization, like use of VPF (Variable Pressure Foaming), a volatile particle-free technology for foam production that also results in lesser chemical consumption.
- ii. We work to reduce our carbon footprint across our value chain from procurement of raw material to distribution of the final product as demonstrated through initiatives like use of compressed foam packing, capacity building at suppliers end, use of CNG and battery-operated vehicles for transport of finished goods and WIP inventory respectively.
- iii. We follow efficient processes to minimize waste by reducing scrap foam in our units and utilizing it to make innovative new products with re-bonded foam. We promote circularity by using recycled Polyols extracted from mattresses at the end of their life and supporting industry initiatives for environment-friendly disposal of end-of-life foam products. We use recyclable PE packaging materials for delivery of our products. We are committed to work closely with the Government and Industry agencies for reducing single use plastic, reusing and recycling plastics.
- iv. We promote use of green technology and practices in our office/plant buildings. The company Corporate Head Office building at NOIDA, a LEEDS Platinum certified Green Building, bears testimony to our intent of caring for the environment.

(b) **Key Focus Areas**

- i. **Energy Efficiency.** The company will constantly endeavor to reduce the use of energy through energy efficient processes and increase the use of renewable energy sources to meet its requirement.

- ii. **Technology Improvement.** We are focused on investing in R&D and innovations to upgrade our production and packaging process with latest techniques that are cost efficient and eco-friendly. We will also lead and support all initiatives taken by the Foam Industry in this field.
- iii. **Greening Initiatives.** We will continue to make efforts towards preserving, restoring, and revitalizing the natural environment through actions like undertaking tree plantation and effective water management to include water conservation and rain water harvesting.

6. **Social Pillar**

We ensure the well-being of all our stakeholders through a healthy workplace environment, awareness training and skill enhancement, administrative support, constructive engagement, prompt grievance redressal, regular communication and transparent working.

(a) **Our Commitments and Initiatives**

- i. We are committed to provide safe and fair working conditions for all our workers and employees with zero tolerance to discrimination and harassment at workplace, through clearly laid down policies ([Anti-Discrimination Policy](#) and [Anti-Harassment Policy](#)) and procedures, backed up with a robust grievance redressal mechanism.
- ii. We foster a conducive work environment for our employees with an emphasis on high standards of integrity and workplace discipline. The successful of our efforts is borne out by the fact that we have received the “Best Place to Work” certification for many years in a row till now.
- iii. We practice and promote equity, inclusiveness, and diversity among our employees. These are key drivers of human resource management in Sheela foam, right through the recruitment process and during employment with the company in different cross-functional teams. A comprehensive [DEI policy](#) exists in this regard with suitable redressal mechanism in case of any violation.
- iv. We ensure fair labour practices to include fair wages and equal opportunities for all our workers & employees, in compliance of Govt. rules and regulations.
- v. We respect human rights and human dignity and endeavor to promote the same within the entire value chain of Sheela Foam. The company guidelines in this regard are contained in its [HR Policy](#), and we have inculcated these values in our employees through regular awareness programmes.

(b) **Key Focus Areas**

- i. We aim to raise environment consciousness and commit to accountability by providing right and relevant information to our customers about the products, customer rights and methodology of safe usage through labels/catalogue/warranty cards/usage manual/personal interaction etc.
- ii. We are constantly exploring innovative designs for our products for highest quality and maximum comfort of our customers without compromising on the safety aspects during production, transportation, use and end of life disposal.
- iii. Through a ‘Safety First’ culture as enshrined in our Occupational Health and Safety policy ([OHS policy](#)), we will always strive to maintain least injury rate, zero fatality rate and zero Lost Time Injury Frequency Rate .

- iv. Our CSR initiatives will continue to be focused on skill development, emotional well-being, and preventive health care for underprivileged and marginal groups, having been very well received. The [Policy of Sheela Foam Limited towards Society](#) describes the focus of works towards elevating the living standards of effected communities and supporting their development through our CSR initiatives.

7. Governance Pillar

Our Governance Commitments are anchored in an ethical conduct, transparency in functioning, and accountability for our actions to all stakeholders. We comply with all regulatory provisions and applicable legislation for environmental protection, health & safety, employment & labour welfare, and corporate governance.

(a) Our Commitments and Initiatives

- i. We are committed to maintain highest ethical standards and transparency in our operations and avoid any Conflict-of-Interest situation.
- ii. We have zero tolerance towards corrupt, abusive, and anti-competitive practices, as unambiguously spelt out in our [Code of Conduct](#).
- iii. We have a robust corporate governance framework in place to identify and deal with the ESG risks and opportunities.
- iv. The conduct of the management is governed by clearly defined policies on [Board Charter & Committee Charter](#), [Vigil mechanism & Whistle Blower Protection](#), [Risk Management](#), [Related Party](#), [Familiarization](#) and [Code of Insider Trading](#).

(b) Key Focus Areas

- i. We will constantly engage with our stakeholders on sustainability issues and find environment friendly solutions through strategic collaboration with our industry peers.
- ii. We will measure and disclose our sustainability performance in line with the applicable national and global reporting frameworks. The disclosures will be honest, complete and accurate.
- iii. There will be no infringement of Intellectual Property Rights of any party, by our company, while pursuing any new technology.
- iv. We are committed to promote and practice responsible ESG practices throughout our value chain and not become a party to ESG violations by any of our Value Chain Partners.
- v. Security of all business data and private data in respect of our employees and clients held with us will be ensured.

8. Disclosure

Sheela Foam will publish its ESG performance details as [Business Responsibility and Sustainability Report](#), in the format issued by SEBI (Security and Exchange Board of India), through an integrated Annual Report. The disclosure will include KPI's like Scope 1 emissions, Scope 2 Emissions, Energy intensity and waste and water recycled at various manufacturing plants. Our contribution towards community development will be reflected as the number of direct beneficiaries from our CSR activities. Occupational Health & Safety will be tracked and disclosed as LTIFR (Lost Time Injury Frequency Rate). The training of employees

on business code of conduct and other policies will be tracked as percentage employees covered in each training. The integrated annual report will also contain key actions taken and initiatives implemented on field to achieve these KPI. Besides the Annual report, Key ESG Initiatives and achievements will be regularly updated on the **Sustainability Page** on the company website.

9. Policy Review

This Policy shall be reviewed regularly and updated as required to accommodate feedback from our stakeholders and any new legal provisions or technology. Any amendments or revocations to the policy will require approval by the Company Board of Directors.

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