

Sheela Foam Limited

Supplier Code of Conduct

2023

Version 1.0

Supplier Code of Conduct

Approved by the Board of Directors/Designated Committee on ____, 2023.

1. Introduction

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

We are committed to the Environmental, Social, and Governance (ESG) principles as contained in the National Guidelines for Responsible Business Conduct, 2018 (NGRBC) and the Sustainable Development Goals provided by the United Nations (UNSDGs).

We believe that adherence to high ESG standards signifies responsible business conduct not just from a regulatory compliance perspective but more so in its being an obligation to the society in general and to its stakeholders. In this journey, we will always endeavor to create sustainable products for the society that simultaneously create value for its business.

2. Objective

The objective of this policy is to lay down the guidelines to be followed by all entities of Sheela Foam in pursuance of its ESG goals.

This policy is aimed at fostering a culture that is sensitive to ESG and raising awareness of our sustainability initiatives internally and externally.

3. Applicability

The guiding framework described in this ESG policy will apply to employees across all units/divisions and subsidiaries of Sheela Foam. Moreover, this policy is also applicable to our suppliers and value chain partners.

4. Business Ethics

We require our suppliers to conduct their business by adopting the highest standards of ethical behaviour. Suppliers should:

- avoid participation in or knowingly benefit from, any kind of corruption, extortion, or bribery.
- adhere to applicable anti-corruption and anti-bribery laws, directives and regulations that govern operations in the countries in which they operate.
- avoid facilitation payments and work towards eliminating it;
- adhere to anti-trust and other competition laws.
- disclose any potential or actual conflict of interest to Sheela Foam Limited.
- adhere to national and international foreign trade control laws pertaining to business transactions with countries, companies, and persons (sanctions), and the transfer of goods and services, software or technology between countries (export controls).
- exercise quality and sustainability due diligence when designing, manufacturing, and testing products;

- adhere to data privacy laws and comply to contractual requirements on confidentiality and information security.

5. **Environment Pillar**

We require our suppliers to integrate environmental considerations in their operations and strive for continuous improvements to mitigate or minimise any adverse impacts on the environment. Suppliers should:

- Comply with all relevant local and national environmental laws as well as international standards, obtain and maintain all the necessary environmental permits, approvals, and registrations.
- Develop and implement effective environmental management systems that support identifying risks, measuring, and monitoring performance, and driving continual improvements to mitigate or minimise environmental impacts emanating from its operations.
- Develop a precautionary principal approach and promote environmentally friendly technologies and processes in their own operations and across the supply chain.
- Commit to proactively undertake initiatives to protect the environment from harm and degradation in relation to their operations.

6. **Working conditions and Employment practices**

We are committed to creating and sustaining a working environment where workers are treated with dignity and respect. We require our suppliers to also adopt and enforce similar workplace practices. Where local laws dictate any additional requirements, those will be applicable along with the requirements mentioned below.

Suppliers should respect and adhere to internationally recognised labour and human rights standards as defined in the principles of the United Nations Global Compact. Suppliers should:

- respect all applicable laws, regulations and international standards related to labour practices and protection of human rights.
- Ensure equal treatment and refrain from discrimination of any form, including on grounds that are prohibited in national laws and international standards.
- Commit to a workplace free of harassment and abuse, and not use, or permit the use of, corporal punishment or other forms of mental or physical coercion, sexual harassment or abuse, nor execute threats of such treatment.
- establish fair disciplinary, grievance and termination procedures; • not employ workers below the age of 15 years or below the age of 16 for work at sea or the locally applicable minimum legal age, whichever is more stringent.
- Ensure that employees, including trainees, under the age of 18 do not undertake night-shift work or work overtime or carry out work that is hazardous or harmful to their physical or mental development;
- Not use or benefit from any kind of forced or involuntary labour and prohibit the use of recruitments fees, deposits, including by recruitment agencies, or other practices that may prevent employees from freely ending their employment.
- Take extra precautions to respect the rights and wellbeing of migrant workers whose rights may be at risk or who may lack access to basic public services.
- Respect the rights of their employees to associate freely, join or not join trade unions and/ or workers' councils, and engage in collective bargaining in accordance with national laws and international conventions.
- Ensure employment terms are clearly understood by workers and are explained verbally or provided in a written contract in a language they understand, as per local regulations and aligned to the provisions of this Code as a minimum;

- Comply with appropriate working hour requirements including overtime, breaks, and rest periods – as established by national law, relevant collective agreements and international standards.
- Adhere to relevant national laws, industry standards and international standards relating to minimum wages, overtime wages, and legally mandated benefits.
- Adhere to relevant national laws, industry standards and international standards for paid sick leave, paid annual leave, and paid parental leave.
- Ensure that security guards operating at suppliers’ premises act in accordance with universally recognised human rights standards including guidelines on the use of force.
- Ensure collection and further processing of employees’ personal data are done in compliance with the applicable data privacy legislation and best practices.

7. Governance Mechanism.

The ‘Risk Management and ESG Committee’ in Sheela Foam reports to the Board of Directors/Designated committee and is responsible for the following: -

- i. Exercising oversight over the company's ESG initiatives.
- ii. Developing company's framework, strategies, activities, objectives, and policies concerning sustainability, which encompasses ESG related matters.
- iii. Periodically reviewing the company's framework, strategies, activities, objectives, and policies related to ESG.
- iv. Ensuring that all material risks and opportunities have been captured in the risk and opportunity mapping study and there is an effective plan in place to mitigate the identified risks and to derive benefit from the opportunities offered.

8. Disclosures

Sheela Foam will publish relevant ESG performance details with respect to our targets on an annual basis through our annual report.

9. Policy Review

This Policy shall be reviewed regularly and updated as required. Any amendments or revocations to the policy will require approval by the Board of Directors/Designated Committee.

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