

# Sheela Foam Limited Sustainable Procurement Policy

2023

Version 1.0

## Sustainable Procurement Policy

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 Procurement Policy will apply to vendors, suppliers, contractors, sub-contractors, service providers and other value chain partners.

Sheela Foam Limited (SFL) is committed to adopt an inclusive approach towards sustainability that encompasses the activities of its supply chain partners (“Supplier”) such as Vendors, Contractors, Sub Contractors, Service Providers, etc.

### 4. Responsibilities of SFL

SFL shall endeavour to:

- i. Facilitate training and capacity building programmes that propagate awareness of sustainability.
- ii. Consider regulatory compliance to critical environmental and social requirements as the key criteria in evaluation and onboarding of supply chain partners.
- iii. Encourage supply chain partners to implement management systems that focus on guiding principles outlined in this policy.
- iv. Institutionalise sustainability considerations in all sourcing or procurement decisions.
- v. Give preference to suppliers with better track records on sustainability performance.

## 5. Guiding principles for Sustainable Procurement

### i. **Business Integrity**

- a) **Honesty, integrity, and fairness:** The Supplier shall recognise the importance of honesty, integrity, and fairness in conducting its business.
- b) **Compliance with laws and regulations:** The Supplier must comply with the applicable laws and regulations of the countries in which it operates.
- c) **Anti-bribery:** The Supplier must not offer, give, request, or accept payments, payments in kind, bribes, 'kickbacks', secret commissions, gifts, or favours of any kind regardless of their value.
- d) **Privacy and Information:** The Supplier must respect the privacy of individuals and laws relating thereto, with respect to the collection, processing, and management of personal data.

### ii. **Labour Standards**

- a) **Non-discrimination:** The supplier shall not discriminate in hiring and employment practices on the grounds of criteria such as race, creed, disability, gender, marital or maternity status and religion.
- b) **Forced Labour:** The Supplier must under no circumstances use or in any other way benefit from forced labour and shall not utilize factories or production facilities that force work to be performed by unpaid or indentured labourers.
- c) **Child Labour:** The use of child labour is strictly prohibited. The Supplier acknowledges the right of every child to be protected from economic exploitation and will respect the laws of each country in which it operates regarding minimum hiring age.
- d) **Working Hours:** The Supplier must ensure that its employees work in compliance with all applicable laws and mandatory industry standards pertaining to the number of hours and days worked.
- e) **Compensation:** The Supplier's employees must receive compensation and benefits that comply with applicable laws and, where relevant, with binding collective agreements, including those pertaining to overtime work.
- f) **Human Rights:** The Supplier shall promote equal opportunities and fundamental human rights for all employees.

### iii. **Health & Safety**

The Supplier shall provide a safe and healthy work environment for its employees, contractors and visitors and ensure that this is supported by adequate safety programs in accordance with applicable laws and regulations.

### iv. **Environment**

The Supplier must manage its operations in an environmentally responsible manner and ensure compliance with related laws and regulations applicable in the country where products or services are manufactured or delivered.

## 6. **Assessments**

SFL has the right to assess suppliers' alignment to the guiding principles mentioned in the policy and their performance with respect to these principles. Audits may be carried out directly by SFL or through an independent third party to ensure continuous improvement in suppliers' sustainability initiatives.

## 7. **Corrective actions**

SFL expects its suppliers to engage and improve their sustainability performance to achieve the larger goal of creating a sustainable value-chain. Audit reports, corrective action plans and follow up audits in case of non-compliance with any of the guiding principles mentioned may also take place.

**8. Governance and oversight**

Sustainable Procurement at SFL is the responsibility of the Procurement team. The results of the supply chain audits are analysed, aggregated and reported to senior management.

**9. Reporting**

Suppliers are encouraged to report to SFL any breaches in their compliance to the principles of this policy, as the focus is on continuous improvement. Suppliers are also expected to report on their progress regarding the recommendations of the corrective action plan.

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