

RESPONSIBLE SOURCING POLICY

HIKAL LIMITED

Revision Number:

01



Version Control

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01 st April 2025	00	Initial Release
01 st July 2025	1.0	Updates in section 4.4- "Governance issues associated with Procurement"- conduct risk-based due diligence and periodic audits

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Approved by:

Sameer Hiremath,
Vice Chairman & Managing Director

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1. Preamble

The purpose of this Policy is to reaffirm and provide clear direction to Hikal Ltd.'s commitment to establishing and maintaining sustainable, ethical, and responsible business practices across its value chain. Through active collaboration with suppliers, vendors, contractors, and business partners, the Company seeks to integrate sustainability, integrity, and compliance into all purchasing and sourcing activities.

2. Applicability

Hikal Ltd. is committed to reducing the environmental impact of its supply chain by integrating sustainable practices in procurement, manufacturing, transportation, and disposal processes, in collaboration with both domestic and international suppliers. This Responsible Purchasing Policy applies to all employees, stakeholders, contractors, partners, customers, contract workers, and individuals representing the Hikal Limited Group, across all manufacturing units, operational facilities, offices, warehouses, and other premises owned, leased, or managed by the Group as listed below:

Sr. No.	Name	Function	Address
1	Hikal Limited	Registered Office	717 / 718, Maker Chamber V, Nariman Point, Mumbai - 400021
2		Corporate Office	Great Eastern Chambers, Sector 11, CBD Belapur, Navi Mumbai - 400 614, India.
3		Manufacturing Plant	T-21, MIDC. Industrial Area, Taloja - 410 208, District Raigad, Maharashtra, India.
4			A-18, MIDC Industrial Area, Mahad - 402 309, District Raigad, Maharashtra, India.
5			629 / 630-B, GIDC Estate, Panoli -394 116, District Bharuch, Gujarat, India.
6			JIGANI UNIT I: 82/A, KIADB Industrial Area, Jigani, Anekal Taluk, Bangalore - 560 105, India.
7			JIGANI UNIT II: 28, KIADB Industrial Area, Jigani, Anekal Taluk, Bangalore - 560 105, India.
8		Research and Technology (R&T) Centres	Plot No. 3A & 3B, 2 nd Phase, International Biotech Park, Hinjewadi, Pune - 411 057, India.
9		Marketing office	3rd floor, Grey Rock, No.10, 24th Main, J.P. Nagar, 2 nd Phase, Bangalore - 560 078, India.

10		Office	Kyodo Bldg. 503, 1-18 Kanda Sudacho, Chiyoda-ku, Tokyo 101-0041, Japan.
11			Marketing Office, USA
12			Marketing Office, Europe

3. Focus Areas

- Ethical business conduct, including zero tolerance for bribery, corruption, fraud, and conflicts of interest.
- Respect for human rights and fair labour practices, including occupational health and safety, non-discrimination, and freedom of association.
- Environmental protection, including responsible resource use, waste management, emissions control, and pollution prevention.
- Management of social and environmental risks within the supply chain through supplier due diligence and transparency.
- Product quality and supply continuity to meet regulatory and customer requirements.
- Continuous improvement through supplier engagement, performance monitoring, and corrective action implementation.

4. Hikal's Sourcing Commitments

4.1 Goals for Procurement

- We aim to undertake ourselves or collaborate with a recognized external sustainability agency, to assess supplier sustainability performance and benchmark our supply chain against best-in-class practices, with assessment outcomes integrated into supplier performance reviews and improvement actions.
- We aim to integrate sustainability considerations into all sourcing and procurement decisions by systematically evaluating environmental, social, and ethical risks across the supplier's lifecycle.
- We commit to ensuring that all suppliers formally acknowledge and comply with the Supplier Code of Conduct, covering ethical conduct, environmental responsibility, labour practices, and human rights.
- We strive to encourage and influence suppliers to adopt responsible and sustainable practices, including improved energy efficiency, responsible resource use, and fair and ethical labour standards.

- We will promote and implement digital and paperless procurement processes to minimize paper consumption and reduce the environmental impact of procurement operations.
- We aim to build long-term, collaborative partnerships with suppliers to jointly develop sustainable solutions and facilitate the sharing of ESG best practices.
- We commit to conducting periodic supplier self-assessments and risk-based audits of key suppliers to monitor ESG compliance, address identified gaps and drive continuous improvement.

4.2 Environmental issues associated with Procurement

- We aim to prioritize suppliers holding recognized environmental certifications, such as ISO 14001, EMAS, or equivalent standards, as a key criterion within our supplier pre-qualification and onboarding processes.
- We aim to promote local and regional sourcing wherever feasible as a climate-mitigation measure to reduce transportation-related greenhouse gas (GHG) emissions across the supply chain.
- We commit to integrating circular economy principles across our supplier base, encouraging practices related to waste reduction, recycling, and responsible material reuse.
- We strive to encourage and support suppliers in transitioning toward renewable and clean energy sources for their operations and logistics activities.
- We aim to source from suppliers that adopt environmentally responsible packaging solutions, including eco-friendly, recyclable, and biodegradable materials, wherever practicable.
- We aim to strengthen internal procurement capabilities by providing periodic training and awareness programs to procurement personnels on environmental risks, impacts, and sustainability considerations associated with procurement and sourcing activities.

4.3 Social Issues associated with Procurement

- We aim to integrate labour, human rights, and occupational health & safety certifications (e.g., ISO 45001, SMETA, SA 8000, or equivalent social compliance standards) into supplier pre-qualification and risk screening processes to ensure responsible labour practices across our supply chain.
- We aim to prioritize local and regional suppliers wherever feasible to support community development, enhance livelihoods, and reduce supply chain-related environmental impacts.
- We commit to promoting supplier diversity through structured inclusion initiatives that encourage engagement with underrepresented, minority-owned, and small businesses.

- We aim to prevent child labour, forced labour, and human trafficking across all tiers of the supply chain through supplier declarations, contractual commitments, and periodic monitoring.
- We aim to strengthen internal procurement capabilities by providing periodic training and awareness programs to procurement personnels on labour, human rights, and social sustainability risks associated with sourcing activities.

4.4 Governance issues associated with Procurement

- We aim to ensure that all suppliers adhere to high standards of business ethics, anti-corruption, anti-bribery, and regulatory compliance through contractual commitments and supplier onboarding requirements.
- We commit to conducting risk-based due diligence and periodic audits to monitor supplier adherence to governance standards, including ethical conduct, transparency, and anti-fraud measures.
- We commit to promoting awareness and capacity building for procurement personnel on governance risks, ethical sourcing practices, and anti-corruption measures through periodic training programs.

5. Targets

5.1 Targets for Procurement

- We aim to ensure that 100% of active and critical suppliers read, acknowledge, and formally agree to the Supplier Code of Conduct by FY 2027-28.
- We aim to assess at least 70% of active and critical suppliers annually on their environmental, social, and governance (ESG) performance by FY 2027-28 from the baseline of FY 2022-23.
- We aim to ensure that at least 60% of assessed active and critical suppliers are compliant with our ESG requirements by FY 2027-28 from the baseline of FY 2022-23.
- We commit to integrating sustainability criteria into 100% of Procurement decisions by FY 2027-28.
- We strive to ensure annual sustainability performance reporting for at least 50% of active and critical suppliers by FY 2027-28.

5.2 Environmental targets associated with Procurement

- We aim to train 100% of procurement personnel on environmental risks and impacts associated with procurement activities by FY 2027-28.
- We aim to achieve a 5% reduction in total supply chain GHG emissions by FY 2027-28, compared to the FY 2023-24 baseline.

- We plan to ensure that at least 15% of total procurement spend is sourced from suppliers holding ISO 14001, EMAS, or equivalent environmental certifications by FY 2027-28, from a FY 2022-23 baseline.
- We aim to collect and monitor energy consumption and GHG emissions data from at least 50% of active and critical suppliers by FY 2027-28, using FY 2022-23 as the baseline.

5.3 Social targets associated with Procurement

- We strive to increase procurement spend from suppliers holding recognized social and labour certifications by 10% by FY 2027-28, using FY 2022-23 as the baseline.
- We aim to increase local and regional sourcing by at least 10% by FY 2027-28 to support regional economic development and improve community livelihoods, from a FY 2022-23 baseline.
- We plan to train 100% of procurement personnel on labour standards, human rights risks, and responsible sourcing practices by FY 2027-28.
- We commit to resolving 100% of substantiated supply chain-related grievances within defined timelines by FY 2027-28.

5.4 Governance targets associated with Procurement

- We aim to ensure that 100% of active and critical suppliers are screened for ethical risks, including corruption, bribery, fraud, and conflicts of interest, and that business relationships are maintained only with suppliers not associated with substantiated ethical violations by FY 2027-28.
- We aim to conduct business only with suppliers and business partners that demonstrate compliance with applicable laws and ethical standards and are not associated with substantiated cases of corruption, fraud, bribery, or other serious ethical misconduct by FY 2027-28.

6. Governance & Responsibility

6.1 Managing Director

- Provides strategic direction and approves the Responsible Sourcing Policy.
- Allocates resources for implementation, supplier assessments, and improvement initiatives.
- Reviews overall performance and ensures alignment with ESG and business strategy.

6.2 Business Unit (BU) Heads

- Ensure effective implementation of the Policy within their respective business units and operations.
- Drive integration of ESG considerations into procurement decisions, supplier selection, and operational practices at the BU level.

- Collaborate with SCM and ESG teams to ensure compliance with supplier standards, contractual requirements, and due diligence processes.
- Promote awareness and capacity building within teams to strengthen adoption of responsible sourcing practices.

6.3 Head Supply Chain Management

- Reviews Responsible Procurement Policy annually
- Holds overall accountability for policy execution across procurement activities.
- Ensures sustainability criteria are embedded into supplier selection, contracts, and evaluations.
- Oversee risk-based supplier segmentation and prioritization of high-risk suppliers.

6.4 Procurement Managers & Buyers

- Apply sustainability requirements during tendering, negotiations, and purchasing decisions.
- Conduct supplier screening, collect documentation, and track corrective actions.
- Engage suppliers on improvement plans and monitor progress through regular reviews.
- Get trained on environmental risks and impacts associated with procurement activities and responsible sourcing practices.

6.5 Quality Assurance (QA)

- Ensures supplier practices align with GMP, quality standards, and regulatory obligations.
- Conduct risk-based due diligence and periodic supplier assessments/audits.
- Reviews supplier qualifications for materials impacting product quality.

6.6 Executive Director ESG

- Strengthen transparency and traceability within the supply chain.
- Support alignment with external standards and customer expectations (e.g., EcoVadis, SMETA)
- Collaborate with procurement and business teams to integrate ESG into sourcing decisions.

6.7 Head ESG Sustainability & Corporate EHS

- Oversee integration of ESG principles across the supply chain and procurement processes.
- Ensure participation in audits of critical suppliers and validate remediation activities for ESG.
- Monitor and track supplier ESG performance and compliance KPIs.
- Drive corrective action and improvement plans for non-compliant suppliers.

- Build internal capacity through training and awareness on ethical sourcing and governance risks.

6.8 All Employees Involved in Procurement Activities

- Understand and follow this policy in daily decisions.
- Give training to the procurement team and active and critical suppliers.
- Report on suspected violations.

7. Reporting & Monitoring

Implementation of this Responsible Purchasing Policy is monitored through periodic supplier assessments, audits, and performance reviews. Key ESG indicators, compliance status, and progress against targets are reported internally to management on a regular basis and reviewed to identify gaps, corrective actions, and continuous improvement opportunities across the supply chain. Please refer to section 10 of this Policy for the designated channels.

8. Continuous Improvement

We are committed to continual improvement in responsible sourcing practices through systematic evaluation, regular supplier assessments, and implementation of corrective actions. We will periodically review supplier performance, procurement processes, and governance frameworks to identify opportunities for enhanced ethical compliance, transparency, and sustainability performance across the supply chain. Improvements will be driven by supplier engagement, capacity building, internal awareness, and stakeholder feedback, ensuring that responsible sourcing practices strengthen year-on-year.

9. Policy alignments with SDGs



10. Policy Review Mechanism

This Responsible Purchasing Policy is reviewed annually by Supply chain Head to assess its continued relevance, effectiveness, and alignment with applicable laws, regulatory requirements, and evolving ESG expectations. In addition, ad hoc reviews are conducted whenever there are significant regulatory changes, material supply chain risks, business expansions, or identified non-compliances, ensuring the policy remains current and responsive to emerging risks and stakeholder expectations.

11. Grievance Mechanism and Contact Information

In case of any grievance, questions or concerns with regards to the Policy, please reach out to us through the following channels:

External Stakeholders	community_grievance@hikal.com or call at 022-62770299
Internal Stakeholders	employee_grievance@hikal.com Alternatively, grievances may be submitted anonymously by depositing them in the designated complaint/grievance boxes available at all sites

All concerns will be handled with appropriate confidentiality and in accordance with the Hikal's grievance redressal procedures.

12. Disclaimer

This policy is a proprietary to the Hikal limited. Unauthorised use, replication, or distribution of this document or its contents, in whole or in part, is strictly prohibited without prior written consent. The information contained herein is subject to continuous review and updates, and may be modified to reflect evolving business conditions, regulatory requirements or operational strategies. Hikal limited assumes no responsibility or liability for unauthorised reliance on or misinterpretation of this policy.