

<b>SHILPA PHARMA LIFESCIENCES LIMITED</b>	
<b>STANDARD OPERATING PROCEDURE</b>	
Document No: SOP/PR/GEN/001/01	Issue Date: 08/07/23
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Supersedes: SOP/PR/GEN/001/00	Next Review: June-2025
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<b>TITLE: SUPPLIERS ENVIRONMENTAL &amp; SOCIAL ASSESSMENT</b>	

**1.0 Purpose:**

The purpose of this procedure is to identify and evaluate Key Suppliers and Service Providers (KSPs) to discuss with the current sustainable procurement requirement related to EHS, Labor, Human Rights and Ethics, vis-à-vis our “Code of Conduct” through periodic assessments to encourage good supply chain practices by integrating environmental and social sustainability in our procurement processes.

**2.0 Scope:**

This procedure is applicable to KSPs of Shilpa Pharma Lifesciences Limited.

**3.0 Definitions/ Abbreviations:**

**3.1 Definitions:**

3.1.1 **Procurement:** Activity of acquiring goods and/or services from suppliers.

3.1.2 **Sustainable procurement:** Procurement that has the most positive environmental, social, and economic impacts possible over the entire life cycle. It involves the sustainability aspects related to the goods or services and to the suppliers along the supply chains. Sustainable procurement contributes to the achievement of organizational sustainability objectives and goals and to sustainable development in general.

3.1.3 **Key Suppliers & Service Providers (KSPs):** KSPs are critical, strategic, and high-potential suppliers who contribute significantly to the procurement process in terms of transaction values or numbers of orders in the last two years. SPI strives to work collaboratively with the KSPs to continually improve the supply chain capabilities and competitiveness in the areas of environmental and social current good practices besides cost, quality, time, and technology for the mutual benefit of both the customer and the supplier.

3.1.4 **Life Cycle:** Consecutive and interlinked stages of goods and/or services system, from raw material acquisition or generation from natural resources to final disposal. The word “product” includes “goods or services”.

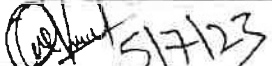


3.1.5 **Life Cycle Approach:** Consideration of life cycle in decision-making or development processes.

**3.2 Abbreviations:**

SOP : Standard Operating Procedure

HoD : Head of Department

EHS : Environment Health and Safety

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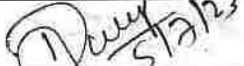

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SCM	: Supply Chain Management
SAQ	: Self-Assessment Questionnaire
P&A	: Personnel and administration
CAP	Corrective Action Plan
KSP	Key Suppliers & Service Provider
PO	Purchase Order/Service Order/Work Order
PSCI	Pharmaceutical Supply Chain Initiatives
MoCA	Ministry of Corporate Affairs
Gol	Government of India
PR	Purchase Department

#### 4.0 **Responsibility:**

##### 4.1 Responsibilities:

S No	Activity	Responsibility
a	Identify KSPs for environmental and social assessment.	PR(SCM)/P&A/ EHS
b	Share Self-Assessment Questionnaire (SAQ) to KSPs, collect the duly filled SAQ from KSPs and share the same with P&A/EHS.	PR(SCM)
c	Review of duly filled SAQ by P&A/EHS and reverting back to PR(SCM) with review comments for further assessment/audit.	P&A/EHS
d	Arrange virtual/on-site assessment on mutually agreed dates and communicate the same to concerned team.	PR(SCM)
e	Virtual/On-site assessment of KSPs by P&A/EHS and reverting back to PR(SCM) with assessment report along with recommendations for improvement, if any.	P&A/EHS
f	Share assessment report to KSPs and collect corrective action plans (CAPs) with supporting documents for closed CAPs.	PR(SCM)
g	Periodic review of CAPs implementation by KSPs and revert back to KSPs through PR(SCM) on CAPs closure status.	P&A/EHS/PR (SCM)
h	REACH requirement for imports/exports of chemicals to the EU countries.	Marketing/PR(S CM)
i	Periodic internal audit and management reviews.	PR(SCM)/P&A/ EHS

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

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### 5.0 Accountability:

- 5.1 The accountability for implementing this SOP lies with the HoDs of PR (SCM)/P&A/EHS as per their responsibilities.
- 5.2 The accountability for the effective implementation of this SOP lies with the Top Management.

### 6.0 Procedure:

- 6.1 Sustainable procurement involves the sustainability aspects related to the goods or services and to the suppliers along the supply chains. It contributes to the achievement of sustainability objectives, goals and to sustainable development in general. The process followed for sustainable procurement is as described in the following sections.
- 6.2 Identify and shortlist KSPs to be assessed as per the definition mentioned in 3.1.3. Depending on the nature of business, the buying team will coordinate with EHS/P&A to freeze the final list of KSPs to be assessed.
- 6.3 KSPs will be assessed once every alternate year. Qualification for any repeat order to KSPs in subsequent year should consider last year's assessment report and CAPs closure status.
- 6.4 Buying team will share the SAQ with KSPs for providing relevant information along with supporting documents. Duly filled SAQ to be sent to Buyer by KSP at least one week before the assessment date.
- 6.5 Assessment can be virtual or on-site depending on business criticality and nature of business as mutually agreed and agenda for assessment will be shared by PR(SCM) in advance.
- 6.6 Assessment report with recommendations will be shared to KSPs within seven working days of assessment completion by PR(SCM) and follow-up reviews will be done annually.
- 6.7 Buying team should follow-up and collect the action plan for closure of observations within one month of sharing the assessment report.
- 6.8 Training of Buying Team on Sustainable Procurement will be carried out once a year.
- 6.9 Training of KSPs on Sustainable Procurement will be carried out in alternate years through virtual mode.
- 6.10 Assessed KSPs who fail to comply with the recommendation within the reasonable time frame may be moved to non-preferred category/delisted after ensuring supply chain continuity through alternate approved KSPs.

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6.11 The commitment for meeting Environmental and Social aspects shall be integrated in the purchase order (PO) along with Code of Conduct.

6.12 Compliance with REACH Regulations: SPL's marketing and PR (SCM) departments check and ensure that REACH compliance requirements are met while importing any chemicals from the EU countries or exporting any product to the EU countries.

6.13 The effectiveness of the implementation of the sustainable procurement practices shall be periodically assessed through internal audits and management reviews to identify good practices and continual improvement opportunities.

### 6.14 KPIs & Objectives

KPI 01: Training of Buyers on Sustainable Procurement

Objective 01: 100% of Buyers to be trained on Sustainable Procurement by FY2324.

KPI 02: Training KSPs on Sustainable Procurement.

Objective 02: 100% of KSPs to be trained on Sustainable Procurement by 2030.

KPI 03: Key Suppliers CSR Assessment

Objective 03: 100% of KSPs to be assessed on Sustainable Procurement by 2030.

### 7.0 Related References/Documents :

7.1 GRI 308:Supplier Environmental Assessment, 2016

7.2 GRI 414: Supplier social assessment,2016

7.3 Suppliers Code of conduct

7.4 The PSCI Principles


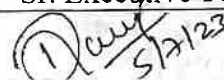
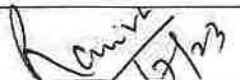
7.5 Sustainable Procurement Policy

7.6 SAQ for Environmental & Social Assessments : FM-PR-001

7.7 KSP's Environmental & Social Assessment Report : FM-PR-002

### 8.0 Distribution record:

S.no	Department/Block	No. of copies	Remarks
1.	Purchase department	01	-
2.	EHS	01	-
3.	P&A	01	-

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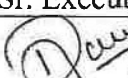
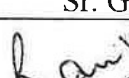
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**TITLE: SUPPLIERS ENVIRONMENTAL & SOCIAL ASSESSMENT****9.0 Revision record:**

S No	Revision Status	Details of Revision	Effective date	Remarks
1	00	First Issue	27.01.23	---
2	01	SOP revised by updating section 7.0 related documents		---

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