



Innovating for
affordable healthcare



SUSTAINABLE PROCUREMENT POLICY

Revision Number : 02

Effective Date : 01/10/2024



Sustainable Procurement Policy

Table of Contents

Introduction:	3
Scope:	3
Policy Statement:.....	3
Key Focus Areas:	4
Sustainable Procurement Objectives	4
Sustainable Procurement Commitment Targets.....	7
Governance and Allocation of Responsibilities.....	9
Reporting and Communication Framework.....	10
SDG Alignment.....	11
Review Mechanism	12
Employee Acknowledgement.....	13



Sustainable Procurement Policy

Introduction:

At SHILPA PHARMA LIFESCIENCES LTD, we are committed to ensuring that our procurement practices align with the highest standards of sustainability, ethical conduct, and social responsibility. This policy guides our approach to sourcing materials and services, focusing on environmental preservation, fair labor and human rights practices, and ethical business conduct. Through responsible sourcing, we aim to foster long-term relationships with suppliers who share our values, contributing to a positive social and environmental impact across our value chain.

Scope:

This policy applies to all procurement activities at SHILPA PHARMA LIFESCIENCES LTD,

Sr.No.	Locations
1.	Registered address of SHILPA PHARMA LIFESCIENCES LIMITED Plot No. 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur 584135. Karnataka, India.
2.	Shilpa Pharma Lifesciences Ltd - Unit-1 Plot No.1A & 1A P,1B,2,2A, 2B,3A to 3E ,4A,5A,4B & 5B,Deosugur Industrial Area, Raichur 584170, Karnataka, India.
3.	Shilpa Pharma Lifesciences Ltd 100% EOU – Unit II and R &D Centre Plot No.33, 33A & 40-47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Post, Raichur 584134. Karnataka, India.

It covers all employees, contractors, suppliers, and stakeholders involved in procurement operations.

Policy Statement:

SHILPA PHARMA LIFESCIENCES LTD is committed to sustainable procurement practices that prioritize environmental responsibility, fair labor and human rights standards, and ethical business conduct. We ensure that suppliers meet stringent environmental criteria, promote fair labor practices, and adhere to ethical sourcing standards. By focusing on supply chain resilience and economic sustainability, we aim to support long-term value creation, foster innovation, and contribute to a more sustainable future.



Sustainable Procurement Policy

Key Focus Areas:

- **Environmental Issues:** Prioritize suppliers who demonstrate commitment to reducing environmental impacts through sustainable practices, such as the use of renewable materials, energy-efficient technologies, renewable fuel and renewable electricity.
- **Labor Practices and Human Rights:** Source from suppliers who comply with fair labor and human rights standards, including the prevention of child labor, forced labor, and ensuring safe working conditions.
- **Ethical Issues:** Ensure procurement is conducted with the highest ethical standards, emphasizing transparency, integrity, and adherence to Shilpa Pharma Lifesciences Limited's Code of Conduct.
- **Supply Chain Resilience:** Build a resilient supply chain by collaborating with suppliers who have effective risk management strategies to ensure business continuity.
- **Economic Sustainability:** Support suppliers who offer sustainable, long-term economic practices that foster innovation, value creation, and fair pricing across the supply chain.

Our Objectives

Baseline year: FY 2022-23

- **Environmental Issues**
 - Prioritize suppliers who actively reduce their environmental footprint through energy-efficient technologies, waste reduction, and sustainable resource management.
 - Promote the use of renewable and recyclable materials in procurement to minimize environmental impact.
 - Encourage suppliers to adopt green manufacturing practices and reduce their carbon emissions.
 - Ensure that all suppliers adhere to environmental laws and regulations and have environmental management systems in place.



Sustainable Procurement Policy

➤ Labor Practices and Human Rights

- Source from suppliers who comply with international labor standards, ensuring safe, fair, and equitable working conditions.
- Support suppliers who provide training, health, and safety measures to ensure workers' well-being.
- Ensure no child labor, forced labor, or human trafficking is present in the supply chain by conducting regular audits.
- Promote supplier diversity by encouraging the inclusion of marginalized and underserved communities in the workforce.
- Work with suppliers to establish grievance mechanisms that empower employees to voice concerns safely and fairly.

➤ Ethical Issues

- Maintain transparency in all procurement activities, ensuring that ethical sourcing practices are followed at every stage.
- Work with suppliers who adhere to SHILPA PHARMA LIFESCIENCES LTD's Code of Conduct, ensuring integrity and accountability.
- Promote ethical business conduct by fostering long-term relationships with suppliers based on mutual trust and respect.
- Ensure all procurement decisions are based on fair competition, with suppliers evaluated on quality, price, and sustainability criteria.

➤ Sustainable Procurement Goals

- Conduct sustainability due diligence and risk assessments for all new suppliers prior to onboarding and periodically reassess existing suppliers based on their sustainability performance, business criticality, and risk profile.
- Integrate environmental, labor and human rights, ethical, quality, regulatory compliance, cost, delivery, and sustainability criteria into supplier selection, evaluation, contract award, renewal, and business continuation decisions.
- Classify suppliers based on sustainability risk and apply enhanced due diligence, monitoring, and engagement for high-risk and critical suppliers, where applicable.
- Monitor supplier sustainability performance through supplier self-assessments, documentation reviews, ESG scorecards, audits, site assessments, and periodic performance evaluations to ensure compliance with Company requirements and applicable laws.



Sustainable Procurement Policy

- Encourage suppliers to implement corrective action plans for identified non-conformities and monitor their timely closure to drive continual improvement in sustainability performance.
- Collaborate with suppliers through awareness programs, training, workshops, technical guidance, and knowledge-sharing initiatives to strengthen environmental, social, ethical, and governance (ESG) performance across the value chain.
- Promote responsible sourcing by encouraging the procurement of environmentally preferable, recycled, renewable, responsibly sourced, and resource-efficient materials, wherever technically and commercially feasible.

➤ Governance Goals

- Establish clear accountability for implementing, monitoring, and continuously improving the Sustainable Procurement Policy across all applicable functions.
- Integrate environmental, social, ethical, and governance (ESG) considerations into procurement planning, supplier management, and strategic sourcing decisions.
- Ensure procurement roles and responsibilities are clearly defined and communicated to all relevant employees involved in supplier selection, evaluation, contracting, and performance monitoring.
- Periodically review supplier sustainability performance, procurement risks, and progress against sustainable procurement objectives and targets through management review meetings.
- Promote cross-functional collaboration among Procurement, Supply Chain, Quality, Environment, Human Resources, Compliance, and other relevant departments to strengthen sustainable procurement performance.
- Ensure appropriate resources, competencies, and training are available to employees responsible for sustainable procurement activities.
- Monitor compliance with applicable legal, regulatory, contractual, and Company sustainability requirements throughout the procurement process.

➤ Supply Chain Resilience

- Build a resilient supply chain by selecting suppliers with strong risk management strategies and continuity plans.
- Collaborate with suppliers to identify and mitigate potential disruptions in the supply chain due to geopolitical, environmental, or economic factors.
- Promote the diversification of suppliers to reduce dependency on single sources or regions, ensuring flexibility in the supply chain.



Sustainable Procurement Policy

- Monitor supply chain performance regularly to assess risk exposure and implement corrective actions when needed.

➤ Economic Sustainability

- Focus on sourcing from suppliers who demonstrate long-term economic sustainability and responsible business practices.
- Encourage suppliers to invest in innovation and sustainable technologies that promote efficiency and reduce costs over time.
- Develop long-term supplier relationships that are mutually beneficial, promoting shared value and sustainable growth in the supply chain.

Our Targets

Baseline year: FY 2022-23

➤ Environmental Issues

- Achieve a 10% reduction in the environmental impact (energy, water, emissions, and waste) of procured materials by FY 2030-31.
- Increase the use of renewable materials in procurement by 15% by FY 2030-31.
- Ensure that 80% of new suppliers have environmental management systems (EMS) in place by FY 2030-31.
- Reduce carbon emissions from the supply chain by 8% by FY 2030-31 through improved transportation and logistics practices.

➤ Labor Practices and Human Rights

- Ensure 100% of suppliers comply with international labor standards by FY 2030-31.
- Conduct annual audits of 95% of key suppliers to ensure fair labor practices by FY 2030-31.
- Increase the number of suppliers providing health and safety training to their workers by 10% annually until FY 2030-31.
- Achieve 100% compliance with no child labor or forced labor in the supply chain by FY 2030-31.
- Increase the diversity of suppliers by 5% annually by FY 2030-31, focusing on including minority-owned businesses.



Sustainable Procurement Policy

➤ Ethical Issues

- Achieve 100% supplier compliance with SHILPA PHARMA LIFESCIENCES LTD's ethical sourcing standards by FY 2030-31.
- Reduce the number of ethical incidents in the supply chain by 15% by FY 2030-31 through enhanced supplier monitoring and audits.
- Ensure 100% of procurement contracts include clauses that uphold anti-corruption policies by FY 2027.
- Implement a supplier ethics training program and achieve 90% supplier participation by FY 2030-31.

➤ Sustainable Procurement Goals

- Achieve 100% sustainability screening of all new suppliers prior to onboarding by FY 2030-31.
- Engage 100% of strategic suppliers annually through sustainability meetings, awareness programmes, training sessions, or collaborative improvement initiatives by FY 2030-31.
- Conduct sustainability assessments or audits for at least 95% of identified high-risk and critical suppliers by FY 2030-31.
- Ensure 100% of procurement contracts include sustainability, ethical business conduct, labor and human rights, and environmental compliance clauses by FY 2030-31.
- Achieve closure of at least 90% of supplier corrective action plans within the agreed timelines by FY 2030-31.

➤ Governance Goals

- Achieve 100% assignment of sustainable procurement roles and responsibilities across all relevant functions by FY 2027.
- Ensure 100% of procurement personnel and relevant employees complete annual training on sustainable procurement, responsible sourcing, and ESG requirements by FY 2030-31.
- Integrate sustainable procurement objectives and ESG considerations into 100% of procurement planning and supplier evaluation processes by FY 2030-31.
- Ensure 100% compliance with applicable procurement-related legal, regulatory, and Company sustainability requirements through periodic compliance reviews by FY 2030-31.
- Maintain 100% documented records of supplier assessments, audits, management reviews, corrective actions, and governance decisions by FY 2027.



Sustainable Procurement Policy

➤ Supply Chain Resilience

- Increase the number of suppliers with continuity plans in place by 20% by FY 2030-31.
- Ensure 90% of critical suppliers meet SHILPA PHARMA LIFESCIENCES LTD's resilience standards by FY 2030-31.
- Reduce lead times from suppliers by 8% by FY 2030-31 through improved supply chain coordination.

➤ Economic Sustainability

- Increase the share of procurement from local suppliers by 10% by FY 2030-31.
- Achieve a 5% reduction in procurement costs over the next 5 years by improving supplier collaboration and efficiency.
- Increase the percentage of SMEs in the supply chain by 7% by FY 2030-31, supporting local economic growth.
- Ensure that 80% of suppliers report sustainable financial practices by FY 2030-31.
- Achieve 100% transparency in pricing and procurement contracts by FY 2030-31 to ensure fair business practices.

Governance and Allocation of Responsibilities

The governance structure at SHILPA PHARMA LIFESCIENCES LTD ensures accountability and coordination in achieving the objectives of the Sustainable Procurement Policy, focusing on responsible sourcing and ethical practices.

Board of Directors

- Set and oversee the company's sustainable procurement vision and goals.
- Approve policies and initiatives related to procurement practices and supplier engagement.
- Ensure alignment of procurement practices with overall business and sustainability objectives.

Procurement Manager

- Lead the implementation of the Sustainable Procurement Policy.
- Monitor supplier compliance with environmental, labor, and ethical standards.
- Report on procurement performance, risks, and progress toward targets.

HR Department



Sustainable Procurement Policy

- Ensure fair labor practices are followed within procurement and supply chain operations.
- Work with suppliers to promote diversity, equity, and inclusion.
- Monitor supplier adherence to human rights and labor laws.

Supply Chain Managers

- Manage supplier relationships and ensure compliance with sustainability criteria.
- Assess and mitigate risks related to supply chain disruptions and resilience.
- Promote responsible sourcing, focusing on environmental and social impacts.

All Employees

- Follow sustainable procurement practices in sourcing materials and services.
- Actively engage in promoting ethical, environmental, and social standards within the supply chain.
- Report any non-compliance or ethical concerns related to procurement.

Reporting and Communication Framework

1. Procurement Performance Metrics

- **Annual Evaluations:** Assess key procurement indicators such as supplier sustainability practices, labor standards, and environmental impacts.
- **Monitoring Tools:** Use tracking systems to gather data on supplier compliance and resource usage.
- **Monthly Reviews:** Compare supplier performance against policy targets.

2. Progress Reporting to Management

- **Quarterly Updates:** Report on procurement initiatives and progress to management.
- **KPIs:** Highlight key performance metrics such as supplier compliance with ethical and environmental standards.
- **Corrective Actions:** Address any gaps and implement corrective measures for procurement performance.

3. Supplier Incident Reporting

- **Incident Management:** Establish a system to report and manage procurement-related incidents (e.g., ethical violations, labor issues).
- **Incident Summaries:** Provide monthly summaries and preventive actions.



Sustainable Procurement Policy

- **Supplier Training:** Educate suppliers on compliance with sustainable procurement standards.

4. Stakeholder and Supplier Engagement

- **Supplier Updates:** Regularly communicate progress on sustainable procurement practices and initiatives.
- **Stakeholder Feedback:** Gather feedback to improve procurement practices and address concerns.
- **Partnerships:** Collaborate with suppliers to drive sustainability and ethical sourcing.

5. Employee Engagement and Internal Communication

- **Workshops & Training:** Provide regular training on sustainable procurement practices.
- **Recognition Programs:** Acknowledge employees who contribute to procurement goals.
- **Internal Bulletins:** Share updates on procurement achievements and ongoing initiatives.

SDG Alignment





Sustainable Procurement Policy

Review Mechanism

The Procurement Manager at SHILPA PHARMA LIFESCIENCES LTD will oversee the review of the Sustainable Procurement Policy annually and additionally, as and when required to ensure its effectiveness and alignment with the company's goals. The review will assess progress against procurement targets, incorporate stakeholder feedback, ensure compliance with ethical, environmental, and labor standards, and adapt to any changes in market or regulatory conditions. Any updates or changes will be promptly communicated to all stakeholders to maintain transparency and accountability in the procurement process.

Sr. No.	Date of Revision	Revision History
1	01/10/2024	Added new Procurement Issues and aspects
2.	01/04/2026	Update new Commitments and Targets

Next Review Date: 01/04/2027

Approved By: K.SHARATH REDDY
(Director)

Signature of Approver:



Sustainable Procurement Policy

Employee Acknowledgement

I hereby acknowledge that I have read and understood the Sustainable Procurement Policy of SHILPA PHARMA LIFESCIENCES LTD. I recognize the importance of this policy in promoting responsible sourcing, ethical labor practices, and environmental sustainability. I commit to adhering to its principles, supporting the company's sustainable procurement goals, and ensuring that I actively contribute to responsible sourcing decisions. I also understand my responsibility to report any concerns related to procurement practices and help drive continuous improvement in our supply chain management.

Name: Raghavendra Kumar

Designation: Manager

Signature: [Signature]

Date: 09/04/2026