

SUSTAINABLE PROCUREMENT POLICY

(Applicable to all locations: Vatva GIDC – Ahmedabad & Sayakha – Gujarat)

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Approved by: Managing Director

Preamble

Crystal Quinone Pvt. Ltd. (CQPL) is a manufacturer of fine chemicals, specialty intermediates, dye intermediates and CDMO products at two sites in Gujarat, India. CQPL sources a wide range of raw materials, intermediates, packaging materials, utilities and services from external suppliers, and recognizes that its environmental and social footprint extends into its supply chain. This Sustainable Procurement Policy establishes CQPL's commitments, standards and processes for integrating **Supplier Environmental Practices** and **Supplier Social Practices** into all procurement decisions, in alignment with EcoVadis requirements, the TfS (Together for Sustainability) initiative, and applicable Indian and international standards.

CQPL is a signatory of the United Nations Global Compact (UNGC) and is committed to upholding and advancing the Ten Principles of the UNGC on human rights, labour standards, environmental responsibility and anti-corruption in all its operations and business relationships.

This policy applies to all procurement and supply chain functions at both Vatva GIDC, Ahmedabad and Sayakha sites, and to all suppliers of raw materials, intermediates, packaging, services, utilities, logistics and capital goods.

1. Policy Objectives

CQPL's sustainable procurement programme aims to:

1. Ensure that goods and services procured by CQPL do not cause unacceptable environmental or social harm in the supply chain.
2. Integrate environmental and social criteria into supplier selection, evaluation and ongoing management alongside quality, cost and delivery.
3. Engage suppliers to improve their environmental and social performance over time, supporting a responsible and resilient supply chain.
4. Reduce CQPL's Scope 3 Category 1 (purchased goods and services) GHG emissions by working with suppliers on lower-carbon raw materials and processes.

5. Ensure compliance with all applicable regulations governing supply chain sustainability, chemical sourcing, conflict minerals and responsible trade.
6. Continuously improve sustainable procurement practices through target-setting, monitoring, reporting and stakeholder engagement.

2. Supplier Environmental Practices

2.1 Environmental Requirements for Suppliers

CQPL requires all suppliers — particularly those of raw materials, intermediates and packaging — to demonstrate responsible environmental management. At minimum, suppliers are expected to:

- Comply with all applicable environmental laws and regulations in their country of operation, including those covering air emissions, effluent discharge, hazardous waste management, chemical storage and handling.
- Implement environmental management practices that minimise the generation of waste, air emissions, wastewater and greenhouse gases in their manufacturing operations.
- Manage hazardous chemicals and substances (including SVHC, CMR substances and restricted chemicals) in accordance with applicable regulations (e.g. REACH, CPCB/GPCB rules, BIS standards), and provide accurate Safety Data Sheets (SDS/MSDS) with all chemical deliveries.
- Progressively measure, report and reduce energy consumption and GHG emissions in their operations, in line with the expectations of the Tfs PCF Guideline and ISO 14064/14067.
- Avoid deforestation, biodiversity loss and damage to ecosystems in raw material sourcing and operations, applying a precautionary approach to environmental risks.
- Use water responsibly and protect water quality in their operations and surrounding environments.

2.2 GHG and Carbon Footprint Expectations

Given CQPL's commitment to ISO 14067 Product Carbon Footprint reporting and EcoVadis sustainability ratings:

- CQPL expects key raw material suppliers (particularly those supplying high-spend, high-impact materials such as sulphuric acid, nitric acid, hydrogen, PDMB and other

major intermediates) to progressively provide primary activity data or product-level PCFs to support CQPL's Scope 3 Category 1 calculations.

- CQPL will prioritise suppliers who can demonstrate GHG measurement, target-setting and improvement programmes over time.
- Where suppliers hold third-party sustainability ratings (e.g. EcoVadis, TFS assessments, ISO 14001 certification), CQPL will take these into account as positive indicators in supplier evaluation.

2.3 Chemical and Material Traceability

- CQPL requires suppliers to provide full disclosure of the chemical composition, impurity profile and applicable regulatory status of all materials supplied, to enable compliance with REACH, CPCB/GPCB, customer RSL/MRSL requirements and applicable product safety regulations.
- For conflict minerals (tin, tantalum, tungsten, gold) or other materials subject to supply chain due diligence requirements, CQPL expects suppliers to comply with applicable regulations and to provide traceability documentation on request.
- CQPL gives preference to suppliers who actively work to reduce the use of hazardous substances in their processes and products.

2.4 Packaging and Logistics

- CQPL encourages suppliers to minimise packaging material intensity, use recycled or recyclable packaging, and reduce unnecessary secondary packaging.
- CQPL gives preference to local or regional suppliers where quality, cost and sustainability criteria are equally met, in order to reduce the transport-related environmental footprint of procured goods.
- Suppliers of logistics services are expected to comply with applicable vehicle emission standards and, where feasible, to offer lower-carbon transport options.

3. Supplier Social Practices

3.1 Labour and Human Rights Requirements for Suppliers

CQPL requires all suppliers to uphold the rights and dignity of their workers and to comply with applicable labour laws. Suppliers are expected to:

- Freely choose employment: no form of forced, compulsory, bonded or prison labour shall be used.

- Prohibit child labour: no person below the legal minimum working age shall be employed; no person below 18 years shall work in hazardous processes or conditions.
- Pay wages and benefits that meet or exceed statutory minimum wage requirements, and provide all legally required benefits (ESI, PF, leave entitlements, etc.).
- Maintain working hours within legally permissible limits, ensuring that all overtime is voluntary and appropriately compensated.
- Provide safe and hygienic working conditions in compliance with applicable occupational health and safety laws, and take proactive steps to prevent workplace accidents and occupational illnesses.
- Respect workers' rights to freedom of association and collective bargaining as permitted by applicable law.
- Ensure equal opportunity and prohibit all forms of discrimination on grounds of gender, age, religion, caste, race, nationality, disability, pregnancy or any other protected characteristic.
- Prohibit all forms of physical, verbal, sexual or psychological harassment, abuse or intimidation in the workplace.
- Provide workers with written employment terms, grievance mechanisms and access to remedy for workplace rights violations.

3.2 Human Rights and Community

- CQPL expects suppliers to respect the human rights of all persons affected by their operations, including workers, local communities and vulnerable groups, consistent with the UN Guiding Principles on Business and Human Rights.
- Suppliers sourcing raw materials from regions with elevated human rights risks are expected to conduct appropriate due diligence on their own supply chains.
- CQPL gives preference to suppliers who support local employment, community development and fair trade practices.

3.3 Business Ethics Requirements for Suppliers

- Suppliers are required to comply with applicable anti-bribery and anti-corruption laws, and to maintain ethical business practices in all dealings with CQPL and its stakeholders.
- Suppliers must not engage in anti-competitive conduct, fraud, money laundering or any form of financial crime.

- Suppliers are required to maintain confidentiality of CQPL's technical, commercial and business information shared in the course of the supply relationship.

4. Supplier Code of Conduct

CQPL has established a **Supplier Code of Conduct** that summarises the minimum environmental, social, ethical and quality standards expected of all suppliers. Key suppliers are required to:

- Review, acknowledge and commit to compliance with the CQPL Supplier Code of Conduct as a condition of onboarding and continued supply.
- Extend equivalent standards to their own sub-suppliers and subcontractors where relevant.
- Notify CQPL promptly of any material non-compliance with the Code that occurs or comes to their attention.

5. Supplier Risk Assessment and Classification

CQPL classifies its suppliers into **High**, **Medium** and **Low** sustainability risk categories based on:

- Annual spend and strategic importance to CQPL.
- Nature of goods/services supplied (e.g. hazardous chemicals, high-impact raw materials, logistics, labour-intensive services).
- Country of origin or manufacturing location (considering governance, labour rights and environmental risk indices).
- Known or suspected non-compliance with applicable laws or CQPL's standards.

High-risk suppliers (high spend + high environmental or social impact category) are subject to enhanced engagement, more frequent assessments and priority corrective action follow-up.

6. Supplier Onboarding and Assessment Process

6.1 New Supplier Onboarding

All new suppliers undergo a sustainability screening as part of the onboarding process:

- Completion of a **CQPL Supplier Sustainability Questionnaire** covering environmental management, energy and GHG, water, waste, labour practices, health and safety, ethics and compliance.
- Review of applicable certifications (ISO 14001, ISO 45001, EcoVadis rating, Tfs assessment, BRC, REACH compliance documentation, etc.).

- Desk review of publicly available information on regulatory violations, environmental incidents or labour breaches.

6.2 Ongoing Supplier Evaluation

- **All suppliers** are evaluated on sustainability criteria as part of CQPL's periodic supplier performance review, alongside quality, delivery and cost performance.
- **High-risk suppliers** are subject to a detailed sustainability reassessment at least **once every two years**, which may include:
 - Updated questionnaire responses.
 - On-site audit or third-party audit (e.g. via EcoVadis, TfS, or CQPL's own audit team).
 - Review of regulatory compliance certificates, environmental consents and occupational health records.
- **Medium-risk suppliers** are reassessed at least **once every three years** or upon significant change in their operations or risk profile.
- **Low-risk suppliers** are subject to periodic questionnaire review as part of the standard supplier evaluation cycle.

6.3 Corrective Action and Escalation

- Where a supplier assessment identifies non-compliance with CQPL's environmental or social requirements, CQPL will:
 - Communicate findings to the supplier in writing and agree a time-bound **Corrective Action Plan (CAP)**.
 - Provide reasonable support and capacity building to help suppliers achieve compliance.
 - Monitor progress against the CAP and conduct follow-up verification.
- Where a supplier fails to demonstrate adequate improvement within the agreed timeline, or where serious violations are identified (e.g. confirmed use of child or forced labour, major environmental violations), CQPL reserves the right to suspend or terminate the supply relationship, subject to contractual obligations.

9. General Commitments

Crystal Quinone Pvt. Ltd.

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- This policy is reviewed annually and updated to reflect changes in CQPL's supply chain, applicable regulations and stakeholder expectations.
- This policy is communicated to all employees involved in procurement and to all key suppliers, and is available to customers and other stakeholders on request.
- CQPL will engage with industry bodies and customer sustainability programmes (including EcoVadis and Tfs) to benchmark and continuously improve its sustainable procurement approach.

Approved by: Aniket Shah

Managing Director

Crystal Quinone Pvt. Ltd.

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This revised policy supersedes **Policy 7 (Issue 02, January 2022)**.