Sustainable Procurement Policy

Introduction

Actylis, a leading global manufacturer and sourcing expert of critical raw materials and performance ingredients for the life sciences and specialty chemicals markets, made its debut in September of 2022. The company combined the previous entity, Aceto, and 10 industry specialists into an integrated global ingredient powerhouse and is the culmination of an ambitious initiative to address the major unmet need for better and more dependable access to critical raw materials and performance ingredients essential for the manufacture of highly regulated products in key industries.

At Actylis, our first and most important value is to always do what is right and we strongly believe our sustainability journey should be good for our planet, our communities, our people, our customers, and suppliers as well as for our business. Our sustainability strategy is built on following three key pillars –

1. Ensuring environmental and social standards in our supply chain.
2. Monitoring carbon emissions and reduce our climate impact.
3. Care for our products' environmental footprint.

These key pillars are further supported by three secondary commitments –

4. Protect and develop our people.
5. Limit the environmental impact of our facilities.
6. Work ethically.

Towards this we are committed to maintaining highest standard of sustainable procurement practices in our supply chain and set a near term goal that **by 2028, all key strategic suppliers must operate above an acceptable level of sustainability performance in line with UN sustainable development goals.**

In addition, this Policy complements Actylis' overall Sustainability Strategy and other sustainability policies, that guide all our employees in our daily work and requires that we be responsive to risks and concerns related to sustainability. These important documents should be reviewed carefully and read together.

Fundamentals

About this Policy

Actylis' global operation including a vast global supply chain, makes it particularly vulnerable to the environmental, social, and governance impact from the suppliers on its operations and business outcome. It is paramount for Actylis to maintain its commitment to the principles of sustainability throughout the supply chain in order to limit the impact of its business operations on the planet.

This Policy formalizes Actylis' commitment to supporting the principles of sustainability in its supply chain. As a part of this policy, Actylis' global procurement teams regularly select, support, and evaluate suppliers, ensuring highest level of sustainability standards across its global supply chain. The suppliers' performance evaluation on sustainability is carried out using precise indicators of environmental, social, and ethical criteria, ensuring suppliers' commitments in the field. The policy is based on principles such as -

- Monitoring the product carbon footprint of raw materials & ingredients and application of sustainable, low-carbon production practices.
- Monitoring the environmental and social issues involved in each supply sector.
- Ensuring that the International Labor Organization's principles for good working conditions and human rights are respected throughout the supply chain.
- Preservation of biodiversity and forests.

Who is covered by this Policy?

This Policy applies to all employees and executives of Actylis and any of its subsidiaries around the world. All Actylis employees are responsible for always understanding and abiding by this Policy.

In addition, this Policy applies to all business partners who provide services to Actylis directly related to obtaining, retaining, or facilitating business or handling its business matters ("Third Parties"). Such Third Parties may include, but are not limited to, distributors, agents, brokers, suppliers, consultants, resellers, contractors, and professional service providers. It is expected that these obligations be communicated clearly to all such Third Parties and contractually required wherever possible. Sample contract language is available from the Legal Team.

Who administers the Policy and can answer my questions?

Actylis' procurement team, is responsible to administer, review, and update this Policy as necessary. It is also the responsibility of every Actylis Company leader to ensure that all employees in his or her respective departments understand and abide by the Policy.

If you have any questions, concerns, or would like to discuss anything related to this Policy, please contact Varun Vijay Rao, Chief Procurement Officer, at vrao@actylis.com.

Sustainable procurement statement

A. SUPPLIER CONTRACTS

All supplier contracts must include a sustainability clause in suppliers' contracts with minimum requirements on social and environmental performance. All procurement buyers and related department must ensure that this clause is signed and committed by suppliers.

B. SUPPLIER CODE OF CONDUCT

All suppliers must sign a "supplier code of conduct" document that includes key requirements on sustainable supply chain. All procurement buyers and related department must ensure that all existing as well as newly empaneled suppliers sign the document and adhere to the requirements.

C. SUPPLIER RISK ASSESSMENT

Procurement team must implement a more rigorous risk assessment of suppliers and the supply chain with specific environmental, social, and ethical standards, depending on specific country requirements. This must be conducted at a regular frequency or as per the business needs from time to time.

D. SUPPLIER EVALUATION AND AUDIT

All suppliers must be evaluated for the sustainability credentials and made sure of higher standards in order to retain the supplier contracts. Procurement team must audit each supplier at least once every three years to ensure that these standards are maintained.

E. COMPLIANCE AND MONITORING

Suppliers must comply with all laws, regulations, rules, guides, ordinances, and any applicable standards to the business. Procurement team and related departments must ensure that suppliers assist Actylis with its compliance by making a reasonable, good-faith effort to answer to any questions and to provide all materials as requested by Actylis or Actylis' subcontractors.

F. ENVIRONMENT

Procurement team must make sure that suppliers comply with all applicable local environmental legislation in all areas of operations and supply chain. This includes –

- obtaining and maintaining all legally required permissions and licenses for their operations and commercial activities.
- Applying appropriate environmental management systems to minimize environmental exposure and risks and work to continuously improve environmental performance.
- Promoting safe and environmentally sustainable development, manufacturing, transport, use, and disposal of their products by measurable means that are eligible to make efficient use of resources.

- Applying energy-efficient and environmentally friendly alternatives to existing technologies wherever possible and reduce waste as well as emissions to the environment.
- Applying best efforts to minimize any negative impact on biodiversity, climate change and water scarcity on their facilities.

G. LABOR AND HUMAN RIGHTS

Procurement team must make sure that all suppliers comply with all Labor and Human Rights standards in accordance and compliance with the Conventions and Recommendations of the International Labor Organization (www.ilo.org), and that the suppliers -

- Do not accept forced, bonded or prison labor.
- Uphold the freedom of association and the right to collective bargaining.
- Provide for minimum wages according to local legislation and ensure equal pay remuneration.
- Uphold the local legal or contractually agreed-upon limit on hours worked, including voluntarily and paid overtime work.
- Do not employ under-age or child labor as described in article 2.4. of the Age Convention 138 and Worst Forms of Child Labor Convention 182 of the ILO.
- Establish and implement a child labor policy including instructions and routines ensuring that no child labor is employed.
- Provide a safe and healthy work environment to their employees and contractors.

H. ETHICS AND GOVERNANCE

Procurement team must make sure that all suppliers comply with all applicable anti-corruption laws, rules, and regulations, including but not limited to the U.S. Foreign Corrupt Practices Act (FCPA) and those enacted under the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. This includes - suppliers training their employees to ensure that they recognize any situation of bribe and report on it without compromise to Supplier's management.

I. PALM OIL AND PALM-BASED PRODUCTS SOURCING

Actylis supports the Roundtable on Responsible Palm Oil (RSPO) vision of transforming the palm oil industry and related RSPO Principles as well as the RSPO Shared Responsibility Requirements. With the engagement suppliers involved in the production of palm oil, Actylis is committed to –

a) Protecting natural forests, natural ecosystems and biodiversity from deforestation and conversion.
b) Respecting human rights including those of indigenous people, local communities, workers, and smallholders.
c) Upholding highest standards of transparency on progress towards no-deforestation, no-conversion, and respect to human rights commitments.

The procurement team must aim to implement above commitments on 100% of the sourced palm oil and palm-based products through following actions within the supply chains –

1. Source from deforestation and conversion free palm oil supply chains.
2. Continue to support RSPO as a mechanism to mainstreaming sustainable palm oil by sourcing exclusively from RSPO members and sourcing 100% certified RSPO palm oil.
3. Provide supply chain transparency in the palm oil supply chain through traceability.
4. Engage with direct suppliers, including the requirement of time-bound plans to meet policy commitments, address potential supply chain risks and support best practices.
5. Encourage suppliers to minimize greenhouse gas emissions (GHGs) linked to palm oil production/processing and to report on progress.
6. Support the livelihoods of smallholder growers and the local sustainable development of communities.
7. Review of this policy and implementation plan with targets and actions in the areas outlined above.