

Melzer Chemicals Pvt. Ltd. **Sustainable Procurement Policy**

Introduction

Melzer Chemicals Pvt Ltd (Melzer) is a specialty chemicals manufacturer based in India, established in the year 2000 serving diverse industries both domestically and globally. Melzer has its manufacturing unit at Kurkumbh (Maharashtra), India and its corporate office in Pune, India. Melzer also has an Innovation Centre in Navi Mumbai and a Microbial Lab catering specifically to the needs of our customers. Melzer is a leading manufacturer of Biocides, Polymers, and Specialty Chemicals, serving a broad spectrum of Industrial Applications. Our largest product portfolio is dedicated to the Oil & Gas sector, where we supply a wide range of specialty and performance-enhancing chemicals. Melzer is recognized globally for adhering to the highest environmental standards in the production of all our products.

At Melzer, 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 –

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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 2030, 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 Melzers' 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

Melzers' 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 Melzer 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 Melzers' commitment to supporting the principles of sustainability in its supply chain. As a part of this policy, Melzers' procurement teams regularly select, support, and evaluate suppliers, ensuring highest level of sustainability standards across its 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 Melzer. All Melzer employees are responsible for always understanding and abiding by this Policy.

In addition, this Policy applies to all business partners who provide services to Melzer 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?

Melzers' procurement team, is responsible to administer, review, and update this Policy as necessary. It is also the responsibility of every Melzer 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 Mr. Sanjeev Mane (Purchase – Head), at s.mane@melzerspeciality.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 make 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 Melzer with its compliance by making a reasonable, good-faith effort to answer to any questions and to provide all materials as requested by Melzer or Melzers' 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

The 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

Melzer 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, Melzer 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.

J. CONFLICT MINERALS

Melzer is always conscious to create the best Sustainability from the operations, which will take care of humans and the Nature. We strive to ensure that all materials used in our products originate from socially and environmentally responsible sources. We do not condone any activity that fuels conflict, leads to serious environmental degradation, or violates human rights.

As a part of responsible supply chain initiative - Melzer Chemicals has its policy of not using conflict minerals (Tin, Tantalum, Tungsten or Gold) that contribute to acts against humanity that are produced in the Democratic Republic of the Congo and its adjoining countries.

A. General provisions

1. Melzer Chemicals Pvt. Ltd. acknowledges that conflict minerals (tin, tantalum, tungsten, and gold) originating from the DRC and its adjoining countries as high-risk materials.
2. It is our policy to avoid such conflict minerals that directly or indirectly finance or benefit from these conflict-affected regions.
3. Melzer Chemicals Pvt. Ltd fully supports the US Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and is committed in its efforts to support the Conflict-Free Smelter Program Initiated by the Electronic Industry Citizenship Coalition (EICC).

B. Implementation of Conflict Mineral Control System

1. Melzer Chemicals Pvt. Ltd. Will exercise due diligence of all suppliers of material containing conflict minerals and perform risk assessment.
2. Melzer Chemicals Pvt. Ltd will ensure conflict minerals is not required in any form in its process.
3. Melzer Chemicals Pvt. Ltd will communicate company policy pertaining to conflict minerals to its suppliers on a regular basis.
4. Any transaction where the mineral is found or suspected to originate from a conflict-affected region will be immediately terminated.
5. Management will oversee the control structure and assume authority and responsibility over the system. They will conduct regular internal checks to ensure due diligence for the suppliers is executed.
6. Conduct regular education and training for the personnel involved in the procurement process.