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|  | Manorama Industries Ltd. | Document No. | MI/POL/81/00 |
| | INDIA | Issue Date | 01.08.2024 |
| | Sustainable Procurement Policy | Page 1 of 7 | |

Introduction

At Manorama Industries Limited, we recognize that our role as a leading manufacturer of vegetable-based fats and oils, used in chocolate, confectionery, food applications, and the cosmetic industry, comes with significant responsibility. As we source Sal seed, Shea seed, Mango kernels, Palm oil and many other major materials to produce our final products, we are committed to integrating sustainability into every aspect of our procurement process. This policy outlines our approach to sustainable procurement, ensuring that environmental, social, and economic considerations are embedded alongside traditional procurement criteria such as price, quality, and reliability.

Policy Statement

Our Sustainable Procurement Policy is rooted in our belief that the long-term success of our business is inextricably linked to the health and well-being of the ecosystems and communities from which we source our raw materials. We are committed to ethical sourcing practices that protect the environment, support local communities, and deliver value to our stakeholders. This policy is a cornerstone of our broader sustainability strategy and aligns with global best practices and standards.

Strategic Objectives


We have identified three core strategic objectives that guide our sustainable procurement efforts:

I. Environmental Stewardship:

- **Biodiversity Conservation:** Protect biodiversity in our supply chains by ensuring that sourcing practices do not lead to deforestation, habitat destruction, or loss of biodiversity.
- **Climate Change Mitigation:** Reduce greenhouse gas emissions associated with our supply chain by promoting the use of renewable energy, optimizing transportation, and sourcing from suppliers committed to reducing their carbon footprints.
- **Sustainable Resource Management:** Ensure that the extraction and use of natural resources, such as Sal, Shea, and Mango seeds and kernels, are conducted in a manner that preserves these resources for future generations.

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|--|---------------------------------|---------------------|--------------|
|  | Manorama Industries Ltd. | Document No. | MI/POL/81/00 |
| | INDIA | Issue Date | 01.08.2024 |
| | Sustainable Procurement Policy | | Page 2 of 7 |

II. Social Responsibility:

- **Ethical Labor Practices:** Uphold the highest standards of labor rights within our supply chains, including the prohibition of child labor, forced labor, and discrimination. We will only partner with suppliers who provide fair wages, safe working conditions, and respect for human rights.
- **Community Empowerment:** Support the social and economic development of local communities by sourcing directly from forest dwellers especially tribal women's and from smallholders and cooperatives, particularly those that contribute to the livelihoods of indigenous peoples and women.
- **Fair Trade:** Encourage and prioritize suppliers who adhere to Fair Trade principles, ensuring that producers receive a fair price for their goods and that community development projects are supported.

III. Economic Viability:

- **Cost-Effective Sustainability:** Achieve cost-effective sustainability by identifying and mitigating risks in the supply chain that could lead to financial losses, such as supply disruptions, reputational damage, or regulatory non-compliance.
- **Innovation and Value Creation:** Promote innovation within our supply chain by collaborating with suppliers to develop new, sustainable products and processes that deliver value to both our company and our customers.
- **Long-Term Partnerships:** Build long-term, mutually beneficial relationships with suppliers who share our commitment to sustainability, ensuring a stable and resilient supply chain.

Qualitative Objectives


To achieve our strategic objectives, we have established the following qualitative goals:

Supplier Engagement and Development:

- **Environmental Management Systems:** Actively engage with suppliers to develop and implement robust environmental management systems, ensuring they align with international standards such as ISO 14001, RSPO, and FSC.

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|---|---------------------------------|---------------------|--------------|
|  | Manorama Industries Ltd. | Document No. | MI/POL/81/00 |
| | INDIA | Issue Date | 01.08.2024 |
| | Sustainable Procurement Policy | Page 3 of 7 | |

- **Sustainable Harvesting Practices:** Work with suppliers, especially those involved in the collection of Sal, Shea, and Mango seeds, to implement sustainable harvesting practices that minimize environmental impact and ensure the long-term viability of these resources.
- **Capacity Building:** Provide ongoing training and support to suppliers to enhance their sustainability practices, focusing on areas such as waste management, water conservation, and energy efficiency.

Sustainable Sourcing Guidelines:

- **Raw Material Sourcing:** Develop and implement detailed sourcing guidelines for all raw materials, with specific criteria for environmental and social performance. These guidelines will prioritize the use of certified sustainable materials and require suppliers to demonstrate compliance through third-party verification.
- **Traceability:** Establish full traceability for key raw materials, particularly palm oil, ensuring that we can track the origin of these materials and verify that they are sourced from responsible suppliers.
- **Risk Management:** Identify high-risk suppliers and regions and implement targeted interventions to address environmental and social risks, such as deforestation, peatland degradation, and human rights violations.


Collaboration and Advocacy:

- **Industry Collaboration:** Actively participate in industry initiatives and multi-stakeholder platforms that promote sustainable sourcing, such as the Roundtable on Sustainable Palm Oil (RSPO) and the Global Shea Alliance.
- **Advocacy for Sustainable Practices:** Advocate for sustainable procurement practices within our industry, encouraging other companies to adopt similar policies and practices, and working together to drive systemic change.
- **Public-Private Partnerships:** Engage in public-private partnerships that support sustainable development goals, particularly in regions where we source our raw materials.

Quantitative Targets

In addition to our qualitative objectives, we have set specific quantitative targets to measure our progress:

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| | | | |
|---|---------------------------------|---------------------|--------------|
|  | Manorama Industries Ltd. | Document No. | MI/POL/81/00 |
| | INDIA | Issue Date | 01.08.2024 |
| | Sustainable Procurement Policy | | Page 4 of 7 |

Training and Capacity Building:

- **Employee Training:** Ensure that 90% of our procurement team is trained on environmental and social issues in the supply chain by 2025, with ongoing education to keep them informed of the latest developments and best practices.
- **Supplier Training:** Train 75% of our key suppliers on sustainable sourcing practices by 2026, focusing on those with the greatest potential environmental and social impact.

Sustainable Raw Material Sourcing:

- **Palm Oil:** Achieve 80% RSPO-certified palm oil sourcing by 2025, ensuring that all palm oil used in our products is sustainably produced and free from deforestation, peatland destruction, and exploitation.
- **Shea and Sal Seeds:** Source 80% of our Shea and Sal seeds from certified sustainable sources by 2027, with a focus on supporting smallholder farmers and women's cooperatives.

Carbon and Environmental Footprint:


- **Carbon Emissions Reduction:** Reduce the carbon footprint of our supply chain by 20% by 2027, through measures such as optimizing logistics, reducing waste, and increasing the use of renewable energy in our operations.
- **Waste Reduction:** Decrease supply chain waste by 30% by 2028, focusing on reducing packaging waste, improving resource efficiency, and promoting circular economy principles.

Traceability and Transparency:

- **Traceability:** Achieve full traceability for 90% of our key raw materials by 2026, ensuring that we can verify the origin and sustainability of these materials.
- **Transparency:** Publish annual sustainability reports that detail our progress towards these targets, including metrics on our environmental and social performance, and areas for improvement.

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| | | | |
|---|---------------------------------|---------------------|--------------|
|  | Manorama Industries Ltd. | Document No. | MI/POL/81/00 |
| | INDIA | Issue Date | 01.08.2024 |
| | Sustainable Procurement Policy | | Page 5 of 7 |

Implementation and Governance

To ensure the effective implementation of this policy, we have established a governance framework that includes:

- **Sustainability Steering Committee:** Led by senior management, this committee is responsible for overseeing the implementation of the Sustainable Procurement Policy, setting targets, and monitoring progress. The committee will meet quarterly to review performance, address challenges, and make necessary adjustments.
- **Procurement Team Responsibilities:** The procurement team is responsible for integrating sustainability into their day-to-day operations, including supplier selection, contract negotiation, and performance evaluation. Team members will receive regular training and support to ensure they can effectively implement the policy.
- **Supplier Audits and Assessments:** We will conduct regular audits and assessments of our suppliers to ensure compliance with our sustainability standards. Suppliers found to be non-

compliant will be required to take corrective action, and those who consistently fail to meet our standards may be subject to termination of the business relationship.

- **Monitoring and Reporting:** We will implement robust monitoring systems to track our progress towards the targets outlined in this policy. This includes collecting and analyzing data on environmental and social performance, as well as engaging third-party auditors to verify our results.


Stakeholder Engagement and Collaboration

We believe that collaboration is key to achieving our sustainability goals. As such, we are committed to:

- **Engaging with Suppliers:** We will work closely with our suppliers to build their capacity and encourage the adoption of sustainable practices. This includes regular communication, joint initiatives, and providing access to resources and training.

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| | | | |
|---|---------------------------------|---------------------|--------------|
|  | Manorama Industries Ltd. | Document No. | MI/POL/81/00 |
| | INDIA | Issue Date | 01.08.2024 |
| | Sustainable Procurement Policy | Page 6 of 7 | |

- **Collaborating with Industry Peers:** We will actively participate in industry forums, working groups, and multi-stakeholder initiatives that promote sustainable sourcing practices. By collaborating with other companies, NGOs, and government agencies, we aim to drive industry-wide improvements.
- **Community Involvement:** We will engage with local communities, particularly those in regions where we source our raw materials, to ensure that our procurement practices support their social and economic development. This includes supporting community projects, providing fair compensation, and respecting indigenous rights.

Continuous Improvement and Review


Sustainability is a dynamic field, and we are committed to continuous improvement. We will:

- **Annual Policy Review:** Conduct an annual review of this policy to ensure it remains relevant and effective in addressing emerging sustainability challenges. Any updates or changes will be communicated to all stakeholders.
- **Innovation and Learning:** Stay at the forefront of sustainability by continuously seeking out new knowledge, technologies, and best practices. We will apply these insights to improve our procurement processes and achieve better environmental and social outcomes.
- **Feedback Mechanisms:** Establish feedback mechanisms that allow suppliers, employees, and other stakeholders to provide input on our sustainability practices. This will help us identify areas for improvement and ensure that our policy is responsive to the needs of all stakeholders.

References:

1. ISO 20400:2017 – Sustainable Procurement Guidance.
2. ISO 14001:2015 – Environmental Management Systems.
3. UN Global Compact – Principles on Human Rights, Labor, Environment, and Anti-Corruption.
4. OECD Due Diligence Guidance for Responsible Business Conduct.
5. ILO Conventions.
6. RSPO (Roundtable on Sustainable Palm Oil).
7. Fair Trade Certification.
8. Global Shea Alliance.

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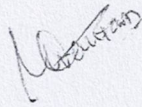
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|--|---------------------------------|---------------------|--------------|
|  | Manorama Industries Ltd. | Document No. | MI/POL/81/00 |
| | INDIA | Issue Date | 01.08.2024 |
| | Sustainable Procurement Policy | Page 7 of 7 | |

9. UN Sustainable Development Goals (SDGs).

10. NDPE (No Deforestation, No Peat, No Exploitation) Policy.

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Manorama Industries Limited.



Gautam Kumar Pal

Director

01.08.2024