



INDO COUNT INDUSTRIES LIMITED

SUSTAINABLE PROCUREMENT POLICY



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Preface:

At Indo Count we are focused to consistently create value for our consumers and conserve natural resources at the same time. We strive to protect the environment in which we operate, minimizing the negative sustainability impacts of raw materials on our surroundings, creating a sustainable supply chain and contributing to a greener tomorrow.

Efficient and sustainable supply chain management is what we believe drives us. We are associated and certified with SAC (Sustainable Apparel Coalition) for two of our facilities at Gokul Shirgaon and Kagal. Using the HIGG Index suite of tools, we assess and score our supply chain and our products' sustainability performance periodically. The HIGG Index provides a comprehensive overview that enables us to make significant changes to benefit our factory employees, local communities, and the environment

Philosophy:

At Indo Count, responsibility and sustainability are ingrained in our philosophy and culture. Our products, processes and worldwide operations are designed to create value for all our stakeholders. We ensure sustainability across our value chain right from procurement to packaging, we act responsibly, balancing profitability with environmental and societal commitments.

The philosophy of fostering stability and sustainability is embedded in our DNA. This helps us nurture and contribute to the development of our employees and communities. We have always encouraged our employees to engage in continuous learning and grow. We continue to contribute to enhance lives and build communities wherever we operate.

Keeping in view of the larger SDGs the Company intends to make special efforts in the areas of environment and sustainability. We believe that a sustainable environment is a better place for business to grow. Going forward we will work on innovative models of environment care and will work towards following a green approach in everything that we do to contribute to the environment.

Sustainable Procurement:

To achieve our goals and ensure ethical conduct, it is imperative that our suppliers share our values and vision; and raise the sustainability standards in our supply chain. We acknowledge that the long-term sustainable development of our suppliers is critical to our joint success and we value our relationship with suppliers who share the same approach and vision towards doing business.

In line with our commitment, we have developed a Sustainable Procurement Policy (Policy), which is

an extension of our values and is applicable to all our suppliers. We expect our suppliers to operate in accordance with the principles as outlined in this Policy and adhere to all applicable laws and regulations. This Policy goes beyond mere compliance with the law by drawing upon internationally recognised standards in order to identify and define best practices from across the globe.

This Policy outlines our expectations with regards to ethics, business integrity, human rights, health and safety, environment, the local community and quality of product and operations.

We will periodically review the policy to ensure that it continues to help us move towards our vision. We encourage our suppliers to review this information and ensure that the principles and practices outlined in the Policy will be reflected in your on-going business dealings with us. We expect you to communicate the Policy throughout your organisation as appropriate. Let us move together towards an ethically driven, socially focused, green inspired and quality centered supply chain.

ESG Initiatives:

Our endeavour is not only towards business growth but also to ensure environmental stewardship and social upliftment. Our efforts are underpinned by our strong commitment to sustainability. As a responsible corporate, we strive to minimise the negative impact on the environment, operate the business with good governance principles and contribute to the well-being of community





SUSTAINABLE PROCUREMENT POLICY:

1.0 SUPPLIER ETHICS AND COMPLIANCE POLICY:

Indo Count Industries Ltd. (ICIL) is committed to the highest standards of business ethics and integrity in dealings with suppliers and other parties. In particular, we expect all of our suppliers to conduct themselves with the same high standards of honesty, fairness and personal integrity as ICIL and its employees, to maintain eligibility to conduct business with ICIL.

This Policy applies globally to all ICIL suppliers, including their employees, agents, and representatives. A "supplier" refers to any entity providing goods or services to ICIL. Suppliers are fully responsible for ensuring that any subcontractors, agents, or third parties they engage also comply with this Policy. This policy covers all departments and personnel involved in the procurement, use, and management of raw materials within ICIL, as well as suppliers and third-party partners.

1.1. Compliance with Law:

Suppliers' personnel must comply with all applicable laws, regulations, and ICIL policies, including any government contractual requirements passed down through supplier contracts with ICIL. We are committed to adhering to all relevant Indian laws and regulations related to raw material sourcing and use. Additionally, we will follow international standards and agreements on responsible sourcing, such as the United Nations Global Compact.

1.2. Management System:

Suppliers will maintain a management system designed to ensure compliance with applicable laws, regulations, ICIL requirements, and corporate social responsibility policies.

1.3. Labor and Human Rights:

Suppliers will commit to upholding workers' human rights, ensuring they are treated with dignity and respect in line with international standards. This includes voluntary work, prohibition of child labor, fair wages and working hours, humane treatment without harassment, coercion, or discrimination, and the freedom of association for all employees.

We are dedicated to respecting and supporting the fundamental human rights of all individuals impacted by our raw material sourcing activities. We strictly oppose and will not tolerate forced labor, child labor, or any form of exploitation or discrimination, and we expect our suppliers and business partners to adhere to these same high standards.



1.4. Health and Safety:

Suppliers will strive to maintain a safe and healthy work environment that promotes occupational safety by minimizing worker exposure to potential hazards, implementing emergency plans and response procedures, adopting procedures and systems to mitigate occupational injury and illness, minimizing worker exposure to industrial chemical or biological agents and taking proper safety measures, protecting workers from the potential harm caused by overwork or hazardous equipment and ensuring a sanitary working and living environment.

1.5. Environmental Responsibility:

Our suppliers recognize the importance of environmental responsibility and will comply with all applicable laws and regulations by obtaining necessary environmental permits, reducing waste and discharges, managing hazardous substances, monitoring and treating emissions, and adhering to labeling and recycling standards.

ICIL is dedicated to minimizing the sustainability impacts of the raw materials used in our operations, including a thorough evaluation of their environmental impact, such as carbon footprint, water usage, and waste generation. We will implement measures to mitigate these impacts as much as possible.

1.6. Bribes or Kickbacks:

Suppliers will not offer, promise or provide to any ICIL employee a kickback, favor, cash, gratuity, entertainment or anything of value, directly or indirectly, to obtain favorable treatment from ICIL. ICIL employees are similarly prohibited from soliciting such favors from suppliers. This prohibition extends to the offering, promising or giving of any favors to any family members of both suppliers' and ICIL employees or with any other persons with whom suppliers have or ICIL employees have significant personal relationships in exchange for obtaining or retaining ICIL's business.

1.7. Conflicts of Interest:

Suppliers will not enter into a financial or any other relationship with an ICIL employee (or any person with whom an ICIL employee has a significant personal relationship) that creates any actual or potential conflict of interest for ICIL. Suppliers understand that a conflict of interest arises when an ICIL employee's personal interests or activities may affect, or be perceived to affect, the employee's judgment in acting in the best interests of the Company. It includes using one's position, or confidential information gained by virtue of one's position, or corporate time, material, or facilities for personal gain or advancement. All such conflicts must be disclosed and corrected. Even the appearance of a conflict of interest can be damaging to ICIL and to suppliers and are to be disclosed and approved in advance by ICIL management.



1.8. Unfair Business Practices:

Suppliers will not fix prices or rig bids with suppliers' competitors. Suppliers will not allocate customers or markets with suppliers' competitors, or exchange current, recent, or future pricing information with their competitors. Suppliers will otherwise comply with all applicable antitrust and competition laws and regulations.

1.9. Anti-Corruption Laws:

Suppliers understand their obligation to maintain the highest standards of integrity in all business interactions. Any and all forms of corruption, such as bribery, extortion or embezzlement, directly or indirectly, are strictly prohibited. Suppliers will act in accordance with local and international laws and regulations regarding anti-corruption.

1.10. Protecting Company Assets:

The suppliers shall not misuse the assets of ICIL, they shall be employed primarily for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

1.11. Securities Transactions and Confidential Information:

If the supplier becomes aware of material, non-public information relating to ICIL or its business, it may not buy or sell ICIL securities or engage in any other action to take advantage of that information, including passing that information on to others. In addition, if the supplier becomes aware of material, non-public information about any other company, including ICIL customers, suppliers, or other business partners, that is obtained by virtue of the supplier's interaction with ICIL, then the supplier may not buy or sell that company's securities or engage in any other action to take advantage of that information, including passing that information on to others.

1.12. Reporting and Ethical Concerns:

The supplier shall promptly notify ICIL regarding any known or suspected improper behavior relating to its dealings with or on behalf of ICIL, by email to: ethics@indocount.com. Reported concerns will be treated confidentially without retaliation.



2.0 SOCIAL FOCUS

We are committed towards supporting sustainable development and business practices. Sustainable practices now have grown to encompass social performance criteria as well. We believe that an organisation should play a significant and beneficial role within the local community and society in general. We are contributing towards the social and economic development of the communities in which we operate and expect our suppliers to take steps towards same. Our sourcing ethos is dedicated to mitigating social risks and eliminating any negative social impacts that may arise from our sourcing practices.

2.1. Responsible Conduct with Stakeholders:

a) Fair dealing with vendor/suppliers

We encourage our suppliers to conduct all transactions with their business partners in a fair and transparent manner including fair evaluation, reasonable selection, equal opportunities, fair and free competition for all.

b) Diversity in workforce

We suggest that suppliers should take initiatives to have a diverse and inclusive workforce in terms of age, gender, experience, ethnicity etc.

c) Engage and involve local communities

We encourage our suppliers to address issues and concerns of the community impacted by operations of the supplier and minimise the impact.

2.2. Employee Health and Safety:

We take care of our employees and ensure their welfare at every stage. They remain the nucleus of our thought processes.

We have established and implemented ISO 45001: 2018 management system, the world's international standard for occupational health and safety (OH&S) to expand occupational health and safety practices of the Company, eliminate hazards and minimise OH&S risks & system deficiencies.

The Company has developed a proactive safety culture wherein we focus not only on known hazards but also identify sources or situations that have the potential to cause harm. Our safety framework is designed in such a manner that it identifies potential threats or hazard and alerts immediately. The Company has developed various Safety Policies like OHS improvement, SOPs, work instructions, daily record-keeping and reporting. All activities are carried out on a routine basis and ensure adherence to the Safety Management System.



2.3. Water and Sanitation:

Clean drinking water and maintaining good hygiene are important for a healthy life. We have provided clean drinking water through water purifiers and RO systems in and around Kolhapur. This has benefited over 1 lakh people.

2.4. Mobile Medical Vans:

We facilitate free health check-ups and primary healthcare through 4 mobile medical vans reaching more than 100 remote rural villages and urban slums. These vans are fully equipped with various medical facilities and with a team of doctors and paramedics for primary treatment and care as well as referral. These Vans have benefitted more than 3.5 lakhs people since inception.

2.5. Improving Hospitals Infrastructure:

Indo Count has been actively working towards infrastructure development of the district hospitals in local areas. Our initiatives are focused towards upgrading the public health facilities in hospitals viz. maternity wards, cardiology wards and AIDS centers.

3.0 ENVIRONMENTAL CONCERNS

We aim at making our value chain environmental friendly and responsible. We are committed to complying with the requirements of local laws and regulations related to environment in the countries and regions in which it operates and from where it sources any material, product or services. We realise that the scope and nature of the operations of our suppliers vary and hence emphasis on these principles may vary accordingly.

a) Reducing emissions and water intake

We suggest that our suppliers identify sources of emissions (CO₂, Other Greenhouse Gases, SO_x, NO_x and Particulate Matter) and make progressive efforts towards reducing these emissions. Opportunities for reduction in water usage should be identified and measures for water conservation should be implemented.

b) Efficient systems and process

Suppliers should strive towards enhancing the efficiency and performance of the equipment and processes by continual improvement, monitoring and assessment of technology. Good practices should be followed to ensure environmental resources are valued and protected.



c) Reducing usage of hazardous and toxic materials and substances

We expect our suppliers to assess their use of hazardous and toxic material and take necessary steps to reduce it, as much as possible. Appropriate substitutes and replacements should be introduced to minimise exposure to such material.

d) Disposal of toxic waste

Toxic waste should be handled with professional guidance and mechanism should be put in place to dispose-off the waste to authorised waste processors by the suppliers. Toxic waste should not be allowed outside the premises without proper approval.

e) Renewable energy

We recommend our suppliers to use renewable sources of energy wherever possible so as to become more energy efficient and energy independent. The suppliers should take steps to identify the scope of replacing conventional sources of energy with sustainable and renewable sources in their operations.

3.1. Reduce, Reuse and Recycle:

a) Zero waste to landfill

Waste to landfill should be analysed and suppliers should try and set targets to reduce the quantity of disposal to landfills. Alternate waste disposal techniques should be adopted in order to reduce the impact on the environment.

b) Responsible consumption of resources

We recommend our suppliers to minimise use of all resources, including virgin raw material, in their processes. The supplier should look for opportunities to reduce resource consumption by improving efficiency, investing in advanced technology, reusing material by innovating products and processes. The supplier should minimise dependence on scarce natural resources by identifying and using appropriate replacements.

c) Packaging material

Suppliers should try and take steps to reduce the environmental impact of their packaging material by developing innovative, practical solutions to modify the design and disposal method to the best possible extent.

3.2. Adopting Green Initiatives and Practices:

In order to monitor the environmental performance and to become environmental friendly, practices to monitor and minimise environmental impact should be imbibed in organisation's processes. We recommend that our suppliers inculcate such practices in their operations and start new initiatives to reduce their impact on the environment.



4.0 QUALITY CENTRED

Ensuring quality and adherence to manufacturing and product standards is of prime importance to us.

4.1. Quality Management System:

We expect our suppliers to establish quality objectives, policies, manuals, procedures and have in place a certified Quality Management System by a competent authority like ISO. The suppliers should comply with local regulations, registrations, have training, management reviews and internal audits to ensure that the Quality Management System is effective.

Increasing the Use of Third-Party Verified Raw Materials:

The Company will prioritize the use of raw materials that are third-party verified for sustainability. This includes materials certified by reputable standards such as Organic Textile Standard (GOTS) (can include other certifications) and other recognized certification bodies.

- Procurement practices will be aligned with these certifications to ensure the authenticity and integrity of sustainability claims and maintaining traceability.
- Self-Assessment Questionnaire (SAQ) – suppliers are requested to complete an SAQ, offering detailed information about the raw materials sourced, business and their partnership with Indo Count
- Increasing the use of sustainable raw material to 30% by 2026

Increasing the Use of Recycled Raw Materials:

ICIL is committed to increasing the proportion of sustainable raw materials including recycled raw materials in our supply chain. This includes materials that are post-consumer or post-industrial recycled content.

- Increasing the use of recycled packaging materials to 100% by 2030

4.2. Facility and Machinery:

We expect our suppliers to give utmost importance to equipment design, installation, maintenance and ensure validation/verification of the same. The suppliers should have in place proper housekeeping and pest control to ensure the hygiene, safety and security of their workforce.

4.3. Collaboration with External Stakeholders:

- ICIL will actively collaborate with external stakeholders, including industry groups and regulatory bodies, to stay informed about and adopt best practices for sustainable raw material sourcing.
- Engagement with external stakeholders will include participation in sustainability forums, industry initiatives, and collaborative projects aimed at advancing sustainable raw material practices.



4.4. Good Manufacturing Practices and Quality Controls:

We expect our suppliers to have in place established manufacturing and packaging operations with proper maintenance of records along with process controls and finish the product release programme.

4.5. Material Management:

We expect our suppliers to have in place established practices for storage, handling and transportation of raw material and to maximise the risk prevention measures through good warehousing practices and proper handling of rejected items.

IMPLEMENTATION OF POLICY

Our policy addresses the diverse needs of our suppliers, considering their scale, products, materials, organizational structures, and geographies. It applies universally, with varying compliance requirements based on supplier categories.

Responsibilities:

ESG/CSR Committee: Provides guidance on best practices, tracks sustainability progress, and engages with external stakeholders.

All Employees: Adhere to the policy principles and report any non-compliance.

The committee will monitor the progress of our sourcing commitments/targets and ensure they are met within the allocated timeline.

Suppliers must establish internal policies and systems to comply with this policy, disclose their goals and measures, and address any identified issues with our support. ICIL will conduct capacity-building sessions for all our suppliers to raise awareness of our sustainability practices and foster a culture of sustainability.

Monitoring and Reporting

Suppliers are expected to monitor and report their adherence to this Policy, implementing management systems for effective compliance and continuous improvement.

- The Company will ensure supply chain transparency by tracking the origin and processing of raw materials and enhancing traceability.
- The Company will avoid sourcing of raw materials from or near globally or nationally critical biodiversity sites, such as protected areas and wildlife reserves.
- Due diligence procedures will be in place to prevent sourcing from environmentally sensitive areas, with mitigation strategies for identified risks.
- Training sessions for internal stakeholders on their roles in sustainable raw material sourcing will be organized, fostering a culture of sustainability and encouraging sustainable procurement practices.