 Lee Pharma Limited	LEE PHARMA LIMITED		
	Reg Office: SY. No. : 257 & 258/1, Door No : 11-6/56-C, Opp : IDPL Factory, Moosapet, Balanagar (Post), Hyderabad – 500 037, India		
	TITLE: Policy on ECG Based Supplier Selection Criteria		
	Policy No: LPHRGNP-022-00	Effective Date: 01-04-2025 Review Date: 31-03-2027	Page 1 of 3

1.1 Objective: The goal is to embed ESG principles into supplier selection to ensure ethical sourcing, environmental stewardship, and social responsibility across Lee Pharma’s supply chain.

1.2 Scope: This framework applies to all suppliers, including those providing raw materials, packaging, logistics, and outsourced services, regardless of geography or size.

1.3 Alignment: The criteria are aligned with Lee Pharma’s internal policies, ESG strategy and broader sustainability commitments, ensuring consistency with national and global standards.

2. ESG Framework Overview

2.1 Environmental: Evaluates suppliers on their efforts to reduce emissions, manage waste, conserve resources, and adopt sustainable technologies and practices.

2.2 Social: Assesses labor practices, human rights adherence, diversity and inclusion efforts, and community engagement initiatives.

2.3 Governance: Focuses on ethical business conduct, transparency in operations, anti-corruption measures, and responsible corporate governance.

3. Environmental Criteria

3.1 ISO 14001 Compliance: Suppliers must be certified or demonstrate equivalent environmental management systems to ensure structured sustainability practices.

3.2 Carbon Footprint & Targets: Preference is given to suppliers that measure and report their GHG emissions and have clear reduction goals aligned with science-based targets.



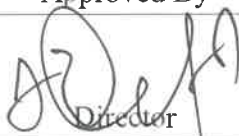
3.3 Waste & Recycling: A robust waste management system, including recycling and hazardous waste handling, is essential for environmental compliance.


3.4 Renewable Energy Use: Preference is given to suppliers using clean energy sources and sustainable raw materials to reduce environmental impact.

3.5 Water Management: Suppliers must implement water-saving technologies and prevent contamination of local water bodies through responsible discharge practices.

4. Social Criteria

4.1 Fair Wages & Safety: Suppliers must provide fair compensation and maintain safe, hygienic working conditions in compliance with labor laws.

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4.2 No Child/Forced Labor: Strict adherence to international conventions prohibiting child labor and forced labor is mandatory.

4.3 Diversity Equity & Inclusion (DEI): Suppliers should promote diversity, equity, and inclusion across their workforce and leadership structures.

4.4 Community Engagement: Active participation in local development projects and social initiatives is encouraged to foster positive community relations.

4.5 Labor Standards Compliance: Suppliers must align with ILO conventions and UN Global Compact principles to ensure ethical labor practices.

5. Governance Criteria

5.1 Anti-Corruption Policies: Suppliers must have documented policies and training programs to prevent bribery, fraud, and unethical conduct.

5.2 Transparency: Clear ownership structures, financial disclosures, and ESG reporting are required to ensure accountability.

5.3 Data Privacy: Suppliers must safeguard sensitive data through robust cybersecurity protocols and compliance with data protection laws.

5.4 Board Diversity: A diverse and accountable leadership team is preferred to promote inclusive decision-making and ethical governance.

5.5 ESG Disclosures: Suppliers should report ESG performance using recognized frameworks like GRI, SASB, or CDP to ensure comparability and transparency.



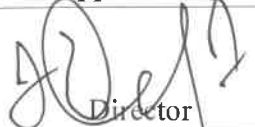
6. Supplier Assessment Process


6.1 Pre-screening: Initial evaluation includes ESG risk mapping based on geography, industry, and past performance using public data and databases.

6.2 Self-assessment: Suppliers complete a detailed ESG questionnaire covering environmental, social, and governance metrics.

6.3 Verification: On-site and or virtual audits and third-party certifications validate the accuracy of self-reported ESG data and practices.

6.4 Scoring: ESG performance is scored using a weighted system that integrates sustainability with cost, quality, and delivery metrics.

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7. ESG Clauses in Contracts

7.1 Reporting Requirements: Suppliers must submit periodic ESG performance reports and improvement plans to maintain transparency.

7.2 Audit Rights: Lee Pharma reserves the right to conduct ESG audits and assessments to ensure ongoing compliance and risk mitigation.

8. Monitoring & Continuous Improvement

8.1 Annual Reviews: Supplier ESG performance is reviewed annually to track progress and identify areas for improvement.

8.2 Training & Capacity Building: Lee Pharma may offer ESG training and resources to help suppliers enhance their sustainability practices.

8.3 Innovation Collaboration: Suppliers are encouraged to co-develop sustainable solutions and technologies with Lee Pharma.

8.4 Corrective Actions: Underperforming suppliers must submit and implement corrective action plans to address ESG gaps.

9. Risk Management & Resilience

9.1 ESG Risk Mapping: Suppliers are assessed for ESG risks based on location, industry, and operational practices to prioritize mitigation efforts.




9.2 Business Continuity: Suppliers must have contingency plans to manage disruptions caused by environmental or social crises.

9.3 Climate Adaptation: Suppliers should demonstrate strategies to adapt to climate-related risks such as floods, droughts, or regulatory changes.

9.4 Supplier Diversification: Lee Pharma aims to diversify its supplier base to reduce dependency and exposure to ESG-related risks.

10. Review and Update

This ESG based supplier selection criteria is reviewed internally as per the review date mentioned for adherence and updated (if necessary) for applicability, relevance, and effectiveness.

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