

Sudarshan Chemical Industries Limited

ENVIRONMENT, SOCIAL, GOVERNANCE (ESG) Policy

Empowering Change with Sustainable Solutions



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Introduction

Sudarshan Chemical Industries Limited (*hereafter referred to as 'Sudarshan', 'We', 'Our'*) is a globally leading color solutions provider. With a strong global outreach and experience, we recognize that operating responsibly is a must to ensure business sustainability and growing together for a sustainable future. We are committed to ethical and sustainable business operations.

Background to ESG Policy

At Sudarshan, we are driven by our core organizational values of Respect, Entrepreneurship, Agility, Passion, and *Seva*, which guide our business operations and strategy. In line with our vision of a sustainable future, we are committed to creating long-term value for all our stakeholders and a positive impact on the environment. We have adopted an ESG Strategic Framework which stems from our key material topics and focus areas which are crucial to our business operations. Our strategic framework is guided by our ESG Vision - 'To be the global leader in the pigment industry by operating responsibly and growing sustainably'. Furthermore, to create an enabling environment, we have adopted the mission 'Being the inspirational leader of the colorants industry delivering breakthrough results for all our stakeholders through reliable and sustainable solutions'.

In light of this, we at Sudarshan, have adopted a comprehensive Environment, Social, and Governance Policy (*hereafter referred to as 'ESG Policy', 'The Policy', 'Policy'*), which highlights our policy commitments across various focus areas, and provides a framework for achieving our sustainability objectives in our operations across the globe. The policy is guided by our mission to lead in sustainable solutions, wherein we aim to incorporate ESG criterion into our operations to enhance our long-term value creation.

Scope and Applicability

This Policy is applicable to all our business operations across our value chain unless specified otherwise across all geographies. It extends beyond our manufacturing operations to our supply chain partners as well cross-borders. All directors, executives, employees, consultants, suppliers, workers, and interns whether part-time or full-time, fixed term, or trainee of Sudarshan, with partial or full access to our systems and information infrastructures shall abide by this Policy.

References Frameworks

The policy commitments have been developed and aligned with the international and national frameworks:

- Global Reporting Initiative (GRI)
- National Guidelines on Responsible Business Conduct (NGRBC)
- United Nations Sustainable Development Goals (UNSDGs)
- Universal Declaration of Human Rights (UDHR)
- United Nations Global Compact (UNGC)

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- Principles of Responsible Care

Other globally accepted frameworks and recommendations with respect to ESG metrics and performance.

Our ESG Commitments:

A. Principle 1: Integrity, Ethics, Transparency, Accountability

(We are committed to conducting and governing ourselves with integrity, and in a manner that is Ethical, Transparent and Accountable)

- We are committed to ensuring the highest level of ethical, sustainable and transparent business practices across our business operations and promote the same in our value chain.
- We strive for a business culture of continuous improvement and sustainable competitiveness in consideration of ethical standards.
- To ensure compliance with legal requirements, business ethos and values, we have put in place a dedicated 'Code of Conduct – Employee' and 'Code of Conduct for Directors and Senior Management Personnel¹' that all the Directors, Senior Management, and Employees must abide by to ensure adequate safeguards against fraud and corruption at all levels.
- We endeavor to communicate all the requisite information (*including our activities, targets and performances*) in a transparent manner to all concerned and provide access to information across the entire value chain to requisite stakeholders.
- We are committed to comply by all statutory obligations, enabling fair competition and ensuring equitable treatment of all stakeholders. To ensure this, we have Whistle Blower Vigil Mechanism Policy² to ensure equal treatment and empower all our employees and directors to report any unethical activities witnessed within Sudarshan.
- We have appropriate structures, codes, policies and procedures in place to ensure our employees do not engage in or promote practices which are corrupt, abusive, and anti-competitive. However, we ensure timely and fair action if any such case is identified and reported.
- All our employees, Key Managerial Personnel (KMPs), and Board Directors shall adhere to the guidelines and norms prescribed by Sudarshan for accepting and giving gifts.
- We are committed to competing fairly in business transactions, corporate dealings and collaborating with competitors to ensure adherence to the anti-competitive behaviour and to comply with appropriate laws and regulations.
- We are adopting appropriate measures including structure, policies and procedures to identify the potential conflict of interest in business transactions and take measures to avoid any such conflicts. We shall adopt requisite due diligence mechanisms in this aspect for all our Directors and KMPs.
- We conduct periodic risk/vulnerability assessments for unethical business conduct and take mitigation measures accordingly.
- We engage with value chain partners for the promotion of ethical business conduct.

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- We have a zero-tolerance policy for the violation of principles of ethical business conduct across our business operations.
- We monitor and review all business aspects and processes for quality and performance as a part of our key business targets and strategic planning.

B. Principle 2: Product Stewardship

(We provide goods and services in a manner that is sustainable and safe)

- We are conscious of integrating sustainable sourcing practices in our procurement and supply chain management and intend to reduce our dependency on single sourcing.
- To support our responsible supply chain initiative, we have integrated our processes to ensure the screening of our suppliers on environmental and social aspects.
- We prefer local suppliers and vendors after ensuring quality and sustainability value propositions.
- We encourage our suppliers and service providers to adopt standards comparable to our policies. Our preferred suppliers are either ISO 14001 or ISO 45001 compliant.
- We are committed to ensuring that all our products and services comply with applicable regulations and laws.
- We continuously develop new products and services for customers, while ensuring safe usage of the products over the entire lifecycle for customers, employees, public and environment.
- We endeavor to assess and measure the environmental and social impacts of our products *(to the extent applicable)* and ensure safety and optimal resource-efficiency through minimization and mitigation of adverse impacts over the lifecycle of our products, including recycling of materials wherever possible.
- We are committed to continuously focus on product and process innovation to enhance product safety and reduce our environmental footprint through intervention of low carbon process and technological advent.
- We are committed to providing transparent, accurate, and timely communication *(through ratings, certification, reports, website etc.)* to our relevant stakeholders across value chain with respect to the safe usage, responsible disposal of our products, environmental and social issues and impacts across product life cycle from design to disposal stage.
- We are committed to recycling and reusing packaging materials. We use recyclable packaging materials and encourage our customers to recycle packaging materials locally to maximize sustainability benefits.
- In case of any product recall or query, we have an processes in place to reclaim/ dispose of the product, on a case-to-case basis as appropriate
- We envision covering all our critical suppliers (assessed based on risk and spend) under ESG assessment by FY 2027.

C. Principle 3: Well-Being of Employees

(We respect and promote the well-being of all employees, including those in our value chains)

- At Sudarshan, we are committed to fostering a great workplace with an environment free from all forms of physical and verbal abuse and any form of harassment.
- We ensure well-being of our employees, including well-being of his/her family.

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- We ensure equal opportunities for our employees during recruitment, employment and during separation with Sudarshan without any discrimination
- We maintain up-to-date data records of our recruitment, trainings and promotions to ensure transparency for employees and their career progression within Sudarshan.
- We envision to be recognized as an equal opportunity and inclusive employer to all our employees and all qualified applicants for employment, without any discrimination based on disability, race, caste, origin, ethnicity, religion, color, ancestry, marital status, gender, sexual orientation, age, nationality, birth, language, property and political opinion. We promote gender diversity and focus on striving to attract and retain the best talent across all functions and levels.
- We prioritise and maintain a safe workplace by adherence to our Prevention of Sexual Harassment at Workplace (POSH) Policy³ that mandates training for all employees and sets up an Internal Complaints Committee to address any reported incidents.
- We are committed to providing a safe and enriching environment to drive and maintain eco-efficient business operations and operating in compliance with all statutory provisions on occupational health and safety.
- We aspire to be an 'accident-free workplace' which entails a continuous improvement in our operational safety, thereby, fostering a safety culture.
- We ensure the adoption of suitable safety practices to prevent injury and ill health by ensuring an injury-free workplace with a mindset of zero tolerance towards any incident or injury.
- We are committed to promoting the rights of people with special abilities in alignment with our Human Right Policy⁴, thereby, providing an inclusive work culture.
- We are committed to the adoption of fair remuneration practices, equal pay for equal work and adherence to local regulations on minimum wages.
- We promote and respect right to freedom of association, participation of workers and collective bargaining of all employees and workers with appropriate grievance redressal mechanism in place.
- We do not tolerate any form of child labour, forced labor, involuntary contract work or any other form of compulsory labour performed against person's will or consent. We also expect our business partners to comply as a minimum with ILO Convention No. 138 (*Minimum Age Convention, 1973*) concerning minimum age for admission to employment and work, and Convention No. 182 (*Worst Forms of Child Labour Convention, 1999*) to eliminate the worst forms of child labour
- We strive to strike a balance between health and professional responsibilities by setting priorities and effective work planning.
- We ensure fair, timely and transparent payment of statutory wages of our employees and workers.
- We aspire to pay fair living wages to our employees and workers through annual living wage assessment indicating our commitment to fair compensation and ensuring responsibility towards employee well-being.

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- We ensure continuous upgradation of skills and development of our employees through training and learning modules and resources.

D. Principle 4: Respect for and responsiveness to all stakeholders

(We respect the interests of and are responsive to all our stakeholders)

- We at Sudarshan are committed to adopting a robust stakeholder engagement process by identification of critical stakeholders and prioritizing the creation of long-term value to achieve scalable and inclusive growth.
- We ensure to address the needs and expectations of our critical stakeholders, that are identified through a comprehensive stakeholder engagement mechanism.
- Though stakeholder engagement is a continuous process, we have identified our critical stakeholders and they inter-alia include the Board, regulatory bodies, shareholders, employees, vendors, customers, and the communities in which we operate.
- Our stakeholder engagement framework highlighted below provides our channels and frequency of engagement with our stakeholders, ensuring sustainable business operations across our value chain.

S. No.	Stakeholder Group	Purpose and Scope of Engagement	Channels of Engagement	Frequency of Engagement
1	Board of Directors	• Understanding and addressing company concerns • Business operations and company performance • Economic value generated and distributed	• Board Meetings • Board Committee Meetings • Meeting with Independent Directors • Shareholders' Meeting	• Annually • Quarterly • Need Based
2	Communities	• Understanding & addressing their concerns • Local community upliftment • SUDHA (Sudarshan's Holistic Aspirations) initiatives	• Community meets • Employee volunteering • Need assessment survey • Social media	• Annually • Quarterly • Monthly
3	Customers	• Value addition • Quality and perfection • Customer-centric R&D • Transparency and trust • Customer Health & Safety	• Customer portal, email, & phone communication • Customer visits • Conference & exhibitions • Social media	• Annually • Quarterly • Monthly • Daily
4	Employees & Contractual Workforce	• Communicate on business goals, values, & principles • Facilitate learning & developing • Track key performance indicators • Grievance redressal	• Organization-level communication • Department-level communication • Individual-level communication • Social media	• Annually • Quarterly • Monthly • Daily
5	Industry Forums and Peers	• Collaborative and mutual learning • Relationship building	• Industry forum meetings • Executive committees • Social media	• Annually • Need Based
6	Media	• Product promotion • Timely disclosure and dissemination of accurate and relevant information to society and community	• Media forums • Press releases • Social media	• Annually • Need Based

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S. No.	Stakeholder Group	Purpose and Scope of Engagement	Channels of Engagement	Frequency of Engagement
7	Shareholders/Providers of Capital	- Information to shareholders - Return on investment - Transparency & Disclosures	- Annual report - Investor relation - Investor presentations - Press releases - Stock Exchange Disclosures - Social media	- Annually - Quarterly - Monthly - Event-based
8	Regulatory Bodies	- Regulatory compliances - Relationship building - Discussions on major investment plans - Understanding upcoming regulations and policies	- Annual report - Press releases	- Annually - Quarterly
9	Vendors & Suppliers	- Building supplier relations - Supply chain sustainability - Competitive pricing	- Vendor portal - Vendor visits - Email & phone communications - Conferences and exhibitions - Social media	- Weekly for critical suppliers - Monthly

E. Principle 5: Respect and Promote Human Rights

(We respect and promote fundamental human rights)

- At Sudarshan, we are committed to protecting and promoting human rights protection and ensuring adherence to the Universal Declaration of Human Rights (UDHR), and other applicable local and global norms, regulations and statutes.
- We have a stringent Grievance Redressal Mechanism in place for protection of Human Rights of our employees by addressing concerns and providing resolutions.
- We proactively comply with all applicable statutory, regulatory, and other requirements of labor laws to ensure that our employees are fairly and reasonably paid, and that the remuneration structure is compliant with the statutory obligations of the jurisdiction.
- We respect our employees' rights to freedom of speech, expression, peaceful assembly, association, joining trade unions and collective bargaining. We do not discriminate against any employee or worker for participation in such activities that are in accordance with mutually agreed norms and frameworks.
- Our Human Right Policy recognizes, respects and values differences of our workforce and value chain partners based on race, religion, caste, gender, age, nationality, disability, and any other characteristics, and ensure zero tolerance towards discrimination in any form.

F. Principle 6: Respect, protect and restore the Environment

(We respect and make efforts to protect and restore the environment)

- At Sudarshan, we intend to implement initiatives to continuously reduce environmental, safety and health risks in the production, storage, distribution and usage of our products and the disposal of waste.

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- Towards ensuring environmental sustainability, we are committed towards the efficient use of energy and resources and continuous improvement of our systems and processes to minimize the impact of our business operations on the environment.
- We estimate, manage, and monitor our scope 1, scope 2, and scope 3 greenhouse gas (GHG) emissions, to be in alignment with our decarbonization plans.
- We are further committed to effectively managing our energy footprint, thereby, taking appropriate measures to diversify the energy mix to move towards renewable and clean sources of energy in operations, improve energy efficiency, and reduce reliance on fossil fuels.
- We are committed to improving efficient water usage and reducing our freshwater withdrawal in our own business operations, along with our value chain partners. We are also focused on increasing the usage of recycled and reused water. In this endeavor, we are adopting various water-saving measures, such as rainwater harvesting, the use of recycled effluent, and condensate recovery.
- We encourage the adoption of principles of circular economy throughout our business operation, as a critical measure to responsible waste management.
- We intend to explore the possibilities for reusing and recycling waste wherever possible along with the inclusion of solutions for resource efficiency. We are committed to operating our business on the principles of the 4Rs, i.e., Reduce, Reuse, Recycle, and Responsible Disposal.
- At Sudarshan, we ensure that all our products are manufactured in accordance with emerging regulations, best-in-class standards and timely delivery, to fulfil the needs of our customers. We strive to ensure the safe use of our products throughout their value chain beyond regulatory requirements.
- We guarantee meeting stakeholder expectations through continuous improvement in use of high-quality raw material and globally networked quality assurance.
- We conduct periodic comprehensive risk assessment of our operations and products. Also, local and global emergency organization ensure emergency management and response.
- We are committed to ensuring the integration of sustainability in our products right from the product conception stage by adopting the 'stage-gate' systems of new product development.
- We are committed to continuously monitoring and improving effluent management, thereby, adopting measures to minimize the adverse impact of effluent on our biodiversity.
- We are further committed to adopting measures to understand the potential ecological, and ecosystem risks, and thereby, identify mitigation measures.

G. Principle 7: Responsible and Transparent Policy Advocacy

(We engage with regulators and public in a manner that is responsible and transparent)

- We are committed to actively engaging with our industry peers, associations, and other relevant bodies for peer learning and promoting industry cooperation for collaborative & inclusive growth and development, for a sustainable future for all.
- We make sufficient efforts to ensure that our advocacy positions are consistent with the principles and core elements, enhancing business responsibility, fair competition transparency and respect for human rights.

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- In the best interest of our critical internal and external stakeholders, we shall provide inputs in policy-making decisions to various governmental authorities and agencies which concern the business and society in general, either directly or through the trade and industry chambers and such other collective platforms.

H. Principle 8: Promote Inclusive Growth and Equitable Development

(We are committed to promoting inclusive growth and equitable development)

- At Sudarshan, our Corporate Social Responsibility (CSR) model provides us with a guiding framework to be socially accountable to all our stakeholders, specifically the local communities where we operate.
- Our employees are trained to assume CSR responsibility in their respective function lines, level of authority and qualification.
- Our CSR policy⁵ aims to guide our efforts to contribute positively to the society.
- We are committed to working on the principles of delivering sustainable impact and work consistently to create a better living standard and environment for the people of the community.
- We are committed to the growth and development of marginalized sections of the society. We strive to create a conducive business environment to achieve this objective.
- We strive to participate in local economic development by preferring local suppliers and vendors after ensuring quality, competitiveness, and sustainability value propositions.

I. Principle 9a: Provide value to customer responsibly

(We engage with our customers and strive to create value for them in a responsible manner.)

- We are committed to delivering safe and quality products to our consumers.
- We engage with our customers continuously to understand their needs and align our operations to fulfil the identified needs in a responsible manner. We are also compliant with ISO 9001.
- Our products are commercialized after undergoing detailed assessment on key environmental, process safety and customer well-being considerations
- We recognize importance of data privacy and have Information Security Policy⁶ to protect sensitive information with integrity
- We disclose all information accurately on our products for consumers to consume responsibly

J. Principle 9b: Data Security

(We are committed to strengthening our information management system to ensure the integrity and security of data)

- We are committed to data protection and data confidentiality to ensure the protection of our information assets from unintentional modification or breaches.
- We ensure the adoption of the best-in-class systems and processes for continual improvement for maintaining data integrity across our business operations.

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- We are committed to a robust cyber-security and information security system that is aimed to prevent unauthorized access and misuse of the private information of relevant stakeholders.
- We have adopted appropriate measures like sensitization and training on data security, Vulnerability Assessment and Penetration Testing (VAPT) of our systems, access control systems, and firewalls to prevent unauthorized access to our data systems as well as customer data.
- We remain transparent in our efforts and engage with stakeholders on periodic basis.
- We remain committed to constantly upgrade our products manufacturing efficiency as per consumer requirements and ESG evolving requirements.
- Our customer can contact us through our website⁷, to report any complaints related to privacy and data security concerns as a part of our grievance redressal process.

Governance Framework:

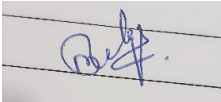
We will devise and adopt an appropriate framework towards the enforcement of the commitments as mentioned in this Policy and its implementation framework will periodically be reviewed by Sudarshan, to incorporate the evolving national and global frameworks. We will adopt appropriate measures to ensure ESG data integrity through internal and external assurances.

ESG Policy Review: The ESG Policy will be reviewed on an annual basis by the ESG Steering Committee, to ensure relevance, applicability and effectiveness

Revision History:

Sr No	Title of Policy	Earlier Issue No.	Earlier Effective date	Current Issue No.	Current Effective Date	Reason for change	Approving authority (Name)
01	ESG Policy	00	01 October 2023	01	01 April 2025	Effective date and revision number included	• Chief Sustainability Officer • Chairman and Managing Director
02	ESG Policy	01	01 April 2025	02	01 June 2025	Branding as per One Sudarshan Company	• Chief Sustainability Officer • Chairman and Managing Director

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Prepared by: ESG Team Lead	Checked by: Chief Sustainability Officer	Approved by: Chairman and Managing Director
		
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