

CORPORATE SUSTAINABILITY POLICY

Building a Sustainable Future | Commitments for Tomorrow

**ESG | ENVIRONMENTAL,
SOCIAL, & GOVERNANCE**

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1. Purpose

At Farmson Basic Drugs Private limited is committed to embedding Sustainability and ESG principles into its business operations and supply chain.

We are committed to integrating environment, social and fair principles to fuel our commitment to deliver high-quality, affordable healthcare solutions, enhance the quality of life of our patients and uplift the communities that we serve.

Our aim is to be an industry leader in implementing sustainable business practices mitigating future risks and maximizing opportunities and reducing any adverse environmental, social, or economic impact on business or society.

2. Scope

This policy is applicable to all operational plants of Farmson Basic drugs Private limited.

3. Policy

Farmson is committed to complying with all relevant rules and regulations. We remain dedicated to our voluntary commitments, including the principles of responsible manufacturing and environmental stewardship.

- ISO 9001: Quality Management Systems (QMS)
- ISO 14001: Environmental Management Systems (EMS)
- ISO 45001: occupational health and safety (OH&S) management system
- Global Reporting Initiative frameworks
- United Nations Sustainable Development Goals (UNSDGs)
- Science Based Targets initiative (SBTi) frameworks
- UN Global Compact (UNGC) Principles
- Pharmaceutical Supply Chain Initiative (PSCI) Principles,
- ILO Conventions

4. ENVIRONMENT AND CLIMATE CHANGE: -

Farmson is take dedicated efforts to **reduce climate change impact** through increased renewable energy usage, reduce energy consumption and protecting natural resources.

4.1. Climate Action:

- Farmson committed to achieving near-term greenhouse gas (GHG) emissions target by 2034, aligned with the Science Based Targets initiative (SBTi) and the 1.5°C pathway outlined in the Paris Agreement.
- Focus on reducing **carbon emissions across the supply chain**, aligned to the global guidelines and the Science-Based absolute & Physical Intensity carbon emission reduction target

4.2. Energy Efficiency

- To achieve sustainable growth, we prioritize the continuous improvement of energy efficiency. We focus on scaling renewable energy adoption and optimizing industrial processes through innovation to minimize our climate impact.

4.3. Water Stewardship

- Focus on an **integrated water management approach** that includes investing in water conservation measures, waste-water treatment, water recycling, and rainwater harvesting to continually reduce net water consumption and improve ground water levels in communities.

4.4. Wastewater Recycling

- The Company prioritizes the treatment and reclamation of wastewater to minimize its environmental impact. Our policy is to implement state-of-the-art treatment solutions, ensuring that discharge quality consistently meets or exceeds regulatory requirements.

4.5. Waste Management:

- We are committed to minimizing waste generation and landfill disposal by prioritizing recycling and circular economy principles. Through targeted waste reduction initiatives, resource recovery, and robust segregation programs, we strive to reduce our environmental footprint and enhance resource efficiency.

4.6. Biodiversity Protection:

- We are committed to preserving natural ecosystems through responsible land management and proactive habitat conservation. Our strategy relies on deep collaboration with local communities, conservation experts, and regulatory bodies to protect and restore biodiversity across all regions of our operation.
- Collaborate with supply chain partners who follow applicable laws and regulations related to deforestation and promoted a move towards “no gross deforestation” and “no net deforestation”.

4.7. Air Pollution Control:

- We are committed to minimizing air emissions by integrating advanced pollution control technologies and rigorous equipment maintenance. Our strategy focuses on reducing particulate matter (PM), volatile organic compounds (VOCs), and other pollutants to protect local air quality and public health

4.8. Circular Economy:

- Promote efficient use of natural resources, reduction in pollution, promotion of sustainable packaging and encourage waste reduction, recycling, and circularity.

4.9. Materials, Chemicals and Waste:

- We are committed to the responsible stewardship of materials, chemicals, and waste across our operations. By prioritizing sustainable procurement and environmentally friendly chemical alternatives, we maintain strict adherence to safety and regulatory standards while advancing circular economy principles through robust waste reduction and recycling strategies.

4.10. Statutory Compliance:

- Comply with all applicable environmental laws across our operations.

5. SOCIAL:

- At Farmson, we champion human rights by ensuring a culture of safety, inclusion, and fairness. We strive to treat every stakeholder with dignity, building a supportive environment that extends through our entire value chain.

5.1 Health & Safe Workplaces:

- We are committed to providing a safe and healthy workplace by strictly following safety laws, conducting regular risk assessments, and providing the training and resources necessary to prevent accidents. By fostering a culture of open communication and continuous improvement, we ensure that every employee is empowered to prioritize their well-being and actively participate in maintaining a hazard-free environment.

5.2 Fair Working Conditions:

- We ensure compliance with labor laws, fair wages, reasonable working hours, and benefits, while promoting open communication on workplace issues. Our commitment fosters a respectful, supportive, and inclusive work environment that values employee well-being.

5.3 Child and Forced Labor:

- Farmson is firmly committed to eradicating child and forced labor across all operations and our supply chain. We strictly adhere to international labor standards and laws, ensuring ethical employment practices. Through rigorous monitoring and partnerships, we work to prevent and eliminate all forms of exploitation, promoting human rights and dignity.

5.4 Freedom of Association:

- Committed to upholding the freedom of association for all employees, recognizing their right to join or form trade unions and engage in collective bargaining. We support an open and inclusive workplace where employees can freely express their opinions and collaborate to promote their interests and well-being.

5.5 Diversity, Equity & Inclusion:

- Committed to creating a workplace where all individuals, regardless of gender, ethnicity, or background, are valued and empowered. By promoting equal opportunities and eliminating bias, we ensure an inclusive environment that drives innovation and growth.

5.6 Non-Discrimination:

- Dedicated to fostering a diverse and inclusive workplace free from discrimination. We are committed to treating all employees with respect and fairness, regardless of their race, gender, age, religion, sexual orientation, or any other characteristic. Our goal is to promote equal opportunities and create a supportive environment for everyone.

5.7 Career Development:

- Committed to supporting career development for all employees. We provide access to training, mentorship, and growth opportunities to enhance skills and advance careers. By fostering a culture of continuous learning and professional development, we empower our workforce to achieve their full potential and contribute to the company's success.

5.8 Customer health & Safety:

- Committed to ensuring the highest standards of safety, quality, and regulatory compliance for all Active Pharmaceutical Ingredients (APIs) manufactured across our facilities. We full alignment with international chemical and pharmaceutical safety standards, including current Good Manufacturing Practices (cGMP) and the Globally Harmonized System (GHS) for hazard communication. We systematically identify, evaluate, and mitigate potential customer health risks throughout the product lifecycle—from raw material sourcing to final distribution—ensuring that all technical safety data, Certificates of Analysis (CoA), and Safety Data Sheets (SDS) are strictly maintained and transparently communicated to our B2B partners.

5.9 Corporate social responsibility (CSR):

- Farmson is committed to corporate social responsibility (CSR) by actively contributing to the well-being of the communities we serve. We prioritize sustainable practices, support local initiatives, and foster partnerships that drive positive social impact. Through our CSR efforts, we aim to create shared value for both society and our business.

6. BUSINESS ETHICS:

- Farmson upholds the highest standards of ethics and integrity in all business practices. All employees and stakeholders are expected to act with honesty, transparency, and accountability, ensuring that decisions are made in alignment with our values and long-term sustainability goals.

6.1 Anti-Bribery & Anti-Corruption (ABAC)

- Farmson strictly prohibits bribery, corruption, and any unethical conduct across its operations and relationships. Employees must comply with applicable laws and internal ABAC policies. Training programs and reporting mechanisms are established to promote transparency and accountability.

6.2 Money Laundering Prevention

- Farmson enforces stringent policies to prevent money laundering and financial crimes. Employees must adhere to all relevant laws and regulations, participate in training programs, and support continuous monitoring to safeguard operations against illegal activities.

6.3 Anti-Competitive Practices

- Farmson promotes fair competition and prohibits anti-competitive behaviour in all business dealings. Compliance with competition laws is mandatory, and employees must ensure ethical conduct in market interactions to foster healthy competition that benefits consumers and strengthens industry standards.

6.4 Conflict of Interest

- Employees must avoid situations where personal interests conflict with the interests of Farmson. Any potential conflict must be disclosed promptly and managed in accordance with company policies to maintain fairness, transparency, and trust.

6.5 Fraud Prevention

- Farmson maintains strong internal controls and reporting mechanisms to detect and prevent fraud. Employees are required to act with integrity, report suspicious activities, and support the company's commitment to safeguarding operations against fraudulent practices.

6.6 Information Security

- Farmson is dedicated to safeguarding the confidentiality, integrity, and availability of its information assets. We enforce robust security policies and practices to protect sensitive data from unauthorized access and breaches. Through ongoing training and awareness initiatives, we foster a culture of security where every employee understands their role in protecting information and upholding stakeholder trust.

7. Sustainable Procurement

- Farmson is committed to sustainable procurement practices that emphasize environmental responsibility, social equity, and ethical labor standards. We collaborate closely with suppliers to ensure that materials and services are sourced responsibly, reducing environmental impact while supporting fair labor practices. By embedding sustainability into our supply chain, we strengthen our corporate responsibility and contribute to a healthier, more sustainable planet.

8. Targets

Climate & Environment	
GHG Emissions	• Near-Term Targets: ○ Farmson committed to reduce absolute scope 1, Scope 2 GHG emission 54.6 % by FY 2034 from a FY 2024 base year. ○ Farmson committed to reduce Scope 3 GHG emissions 61.07 % per tonne of production by FY2034 from FY2024 base year.
Energy	○ Farmson committed to increase the renewable electricity to 100% in FY2030 from FY2024 base year ○ Energy intensity reduction by 10 % by FY 2030 from FY2024 base year. ○ Target ISO 50001 certification by year FY2027 ○ Prioritise renewable energy, energy efficiency and lower-carbon alternatives for future energy-related investments and avoid new investments that increase long-term dependence on fossil-fuel-based capacity, except where required for safety, reliability, regulatory compliance or business continuity.
Water	○ Achieve 30 % Water neutrality by FY 2030 from FY2024 base year ○ Water intensity reduction by 10 % by FY 2030 from FY2024 base year.
Waste	○ Sustaining a hazardous waste recycling and reuse ratio of 92% against the FY 2025-26 baseline.
Stakeholder Engagement & Capacity Building	○ Conduct at least one environmental awareness or capacity-building initiative annually for relevant stakeholders, including employees, contractors, suppliers and/or local communities, covering themes such as climate change, energy efficiency, water stewardship, waste management and circular economy.
Social	
Social	○ Touch 2.6 million lives through CSR programs by FY2030. ○ Foster a safety-first culture and target zero workplace fatality. ○ Achieve gender pay parity by FY2030. ○ Achieve a 100% increase in women's representation across the organization by 2030 compared to FY2024 baseline levels. ○ All plants to be made accessible for physically challenged people.

	○ Ensure equal opportunity in selection and promotion. ○ Ensure 90% compliance of Training need identification calendar. ○ Provide training and career growth opportunities for all employees, with a focus on skill development and leadership capacity-building. ○ Achieve a minimum 14 hours per employee annually training to be impart. ○ Ensure 100 % statutory compliance check for contract labour and applicable contract.
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Business Ethics	
Business Ethics	○ Ensure 100 % of employees are train on Ethics, Human rights, Anti-harassment and non-discrimination training. ○ Upholds a firm zero-tolerance policy towards bribery and corruption and train to 100 % target employees. ○ Ensure Zero data privacy and cyber security breaches. ○ Target ISO 27001 certification by year FY2027. ○ Conduct an annual third-party vulnerability threat assessment, IT & OT security Gap & Convergence Assessment and ensure 90% of high-priority vulnerabilities remediated within 60 days. ○ Conduct annual awareness on cyber safety and information security breaches training to targeted audience within the organization and ensure 100% coverage.
Sustainable Procurement	
Sustainable Procurement:	○ Communication of sustainability Expectations through supplier code of conduct /Supplier Sustainability Program/ Purchase Order to 100 % Suppliers by FY 2028. ○ Target ISO 28001 certification by year FY2027

9. Governance

9.1 Board of Directors:

The Board of Directors of the company ensuring the alignment and embedding of Sustainability initiatives into the company's long-term vision.

9.2 ESG Committee:

The Committee constituted by the Board of Directors helps to enhance the focus on the ESG and sustainability agenda. The ESG Committee of the Board reviews the Sustainability performance periodically and offers strategic guidance.

The Committee is inter-alia responsible for the following:

- a) Formulate and recommend to the Board, a Sustainability Policy covering Environment, Social and Governance (ESG) principles and to recommend proper. changes / modifications to the policy, from time to time.
- b) Review performance on Sustainability goals, targets and strategy and provide guidance to achieve the same.
- c) Review and recommend the Annual Sustainability Report to the Board.

9.3 ESG Committee:

At the Corporate level, the ESG Committee (Comprising of CEO, COO, President BD & Marketing, Company Secretary, VP Finance, VP Marketing, GM CEHS & Sustainability, GM Works) oversees the progress of ESG and sustainability agenda and ensures implementation and adherence. The ESG Committee regularly checks and tracks the Sustainability performance across the organization. The Committee oversees the implementation and management of risks, including the achievement of sustainability goals.

The ESG Committee periodically reviews the policy to ensure its effectiveness and recommend any such revisions to the Board for its approval.

The ESG Committee finds relevant, and material sustainability issues and develops a comprehensive sustainability strategy with goals, targets, mitigation, and adaptation action plans to address them under the aegis of the board committee- Sustainability Committee.

At the Business/Function level, the Sustainability Champions nominated who drawn from corporate functions like EHS & ESG, Supply Chain, Technical, R&D, Corporate Communications, Human Resources to drive the implementation of Sustainability Goals across the organization at an operational level. The Sustainability Champions report the progress of sustainability goals to the ESG Committee on a regular basis.

This Corporate Sustainability Policy approved by Director, who is a member of the ESG Committee and is also a member of Board of Directors.

10. Reporting

The progress on Sustainability goals, actions and other initiatives shall reported to the Sustainability committee during the planned board meetings.

11. Review

This Corporate sustainability policy will be reviewed periodically to ensure its ongoing suitability, alignment with our business strategy, objective, and compliance legal standards, national regulations, and international sustainability frameworks.

- **Every 3 Years Review:** A comprehensive review of the policy will be conducted during

a period of 3 years.

- **Ad Hoc reviews:** Ad Hoc reviews may be initiated in response to significant changes in regulations, emerging sustainability risks or feedback from stakeholders.

The review process involves the following steps to ensure a thorough evaluation and enhancement of the policy:

Data Collection: Relevant data on environment, Social & Governance will be collected from internal sources, external /Internal audit reports and feedback.

- I. **Assessment:** This data will be reviewed to measure how well the policy meets its goals, using KPIs to track our overall performance.
- II. **Feedback:** Feedback from employees, suppliers, customers, and other stakeholders will be considered during the review process. Input will be gathered through surveys, Audits, and engagement forums.
- III. **Legal and Regulatory Compliance:** The policy will be cross-referenced with the latest laws and industry benchmarks to ensure full compliance.
- IV. **Identification of Gaps and Opportunities:** Any gaps in policy implementation or emerging opportunities for Improvement will be identified.
- V. **Policy Updates:** Necessary modifications to the Corporate Sustainability Policy will be proposed to address identified gaps and regulatory updates.
- VI. **Approval:** Proposed updates will undergo an internal review by key stakeholders, including senior management and the Sustainability Committee.
- VII. **Communication:** Following approval, the updated policy will be shared with all relevant parties, such as employees, suppliers, and partners.
- VIII. **Implementation:** The revised policy will be rolled out, and stakeholders will receive guidance on any changes to ensure seamless compliance.
- IX. **Monitoring:** Ongoing monitoring and assessment will continue to track the policy's progress and identify any emerging challenges.

12. Distribution

This policy will be made available to all employees and interested parties.

Next Review Date: 31/03/2029

Approved By



Director & COO



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