



# ACG GROUP

-Supplier Assessment Report

## EXECUTIVE SUMMARY

ACG (Associated Capsules Pvt. Ltd.) is a global leader in pharmaceutical manufacturing solutions, headquartered in Mumbai, India. The company specializes in producing hard gelatin and HPMC (vegetarian) capsules, pharmaceutical machinery, and integrated packaging systems. As one of the world's largest capsule manufacturers, ACG provides comprehensive end-to-end solutions for oral solid dosage forms, including empty capsules, capsule filling machines, blister packaging films, and engineering solutions for pharmaceutical production lines.

With manufacturing facilities across Asia, Europe, North America, and South America, ACG serves the pharmaceutical, nutraceutical, and healthcare industries across more than 138 countries, establishing itself as a critical supplier within the global pharmaceutical supply chain.

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### ASSESSMENT SCOPE & OBJECTIVES

#### Engagement Overview:

ACG engaged Bureau Veritas Industrial Services (India) Pvt Ltd. (BVIS) to conduct an independent Environmental, Social, and Governance (ESG) Supplier Assessment of total of 12 critical suppliers providing their services to different businesses branch of ACG. The assessment evaluated the organization's ESG-related frameworks, practices, and workforce management mechanisms to determine alignment with internationally recognized ESG standards and ACG's supplier assessment guidelines.

#### Assessment Criteria:

The assessment was conducted using the Bureau Veritas ESG Assessment Protocol, which aligns with ACG's comprehensive Supplier Assessment Guidelines.

#### Assessment Process:

The Supplier Assessment was conducted by BVIS team between 26<sup>th</sup> February 2026 to 7<sup>th</sup> April 2026. The details of suppliers with audit dates are provided in *Table 1*.

The assessment was conducted according to the above-mentioned assessment criteria.

The objective of the assessment was to determine conformance to the defined assessment criteria.

The assessment was started with an opening meeting attended by the Plant Head & all auditees where the assessment scope, criteria, methodology, sampling principle & confidentiality clause were explained. The possible outcomes of the assessment were also explained.

Business	No. of Critical Suppliers
Logistics	2
ACG Capsules	4
ACG Packaging Material	2
ACG Engineering	2
ACG Inspection	2

*Table 1: Branches of ACG along with No. of Critical Suppliers Assessed.*

The positive observations, assessment findings and opportunity for improvement were shared with the auditees in the closing meeting attended by the Concerned HOD's and concerned auditees. It was informed that all BVIS assessors are bound by a confidentiality agreement with Bureau Veritas Certification and that any information that we may come across during the assessment process will be strictly kept as confidential and not disclosed to any third party without prior consent from the organization.

## 1. COMMON STRENGTHS ACROSS SUPPLIER PORTFOLIO

### 1.1 Environmental Pillar

#### Regulatory Compliance & Licensing

- All manufacturing suppliers maintain current environmental licenses (Factory Licenses, Consent to Operate, hazardous waste authorizations) with zero historic gaps over the past three years.

#### ISO 14001:2015 Certification Achievement

- Suppliers (8 out of 12) portfolio holds internationally recognized environmental management certification.

#### Renewable Energy Adoption Leadership

- Suppliers (5 out of 12) demonstrate exceptional renewable energy integration.
- **Strategic Significance:** Portfolio leaders exceed industry benchmarks, demonstrating technical and financial feasibility.

#### Water Conservation Infrastructure

- Suppliers (9 out of 12) implement rainwater harvesting and recharge systems.

#### Effluent Treatment Plant (ETP) Operations

- All manufacturing suppliers with liquid discharge operate on-site treatment facilities.

## 1.2 Social Pillar

### ISO 45001:2018 Certification

- Manufacturing suppliers (7 out of 9) maintain internationally recognized OHS management systems.

### Zero Child Labour & Forced Labour Compliance

- Universal compliance with prohibition policies and age verification protocols

### Statutory Minimum Wage Compliance

- All suppliers meet or exceed statutory minimum wage requirements with transparent payment mechanisms
- **Payment Transparency:**
  - Monthly pay slips with detailed breakdowns
  - Overtime payment compliance verified through salary registers
  - Biometric attendance systems for accurate working hours tracking

### Comprehensive PPE Provision

- Universal provision of Personal Protective Equipment to employees, contractors, and visitors.
- **Standard PPE:** Safety shoes, helmets, goggles, gloves, masks, aprons (role-specific)

### Annual Health Checkups & Insurance

- Suppliers (10 out of 12) provide comprehensive health benefits.

### Prevention of Sexual Harassment (POSH) Framework

- Suppliers (10 out of 12) establish Internal Complaints Committees and awareness training.

### 1.3 Governance Pillar

#### Zero Regulatory Violations

- All suppliers maintains clean compliance record with no warnings, fines, or prosecutions across ESG domains in past five years
- **Significance:** Demonstrates commitment to regulatory adherence and proactive compliance management

#### Business License Currency

- All required business licenses (GST, MSME, Factory Registration, industry-specific permits) current and readily available
- **Verification:** No historic gaps in licenses or approvals over past three years

#### Internal Audit Functions

- Suppliers (11 out of 12) maintain internal audit mechanisms (in-house or outsourced).
- **Scope Coverage:**
  - Financial controls (universal)
  - Governance compliance
  - Operational processes

#### Anti-Bribery & Corruption Policies

- Suppliers (8 out of 12) portfolio establish formal anti-corruption frameworks.

#### Whistle Blower Mechanisms

- Suppliers (7 out of 12) provide confidential reporting channels.

## **2. COMMON AREAS FOR IMPROVEMENT**

### **2.1 Environmental Pillar**

#### **Scope 3 Emissions Tracking Absence**

- The percentage of comprehensive Scope 3 emissions monitoring of suppliers need to be increased.

#### **ISO 50001:2018 Energy Management Certification**

- The initiation must be taken to increase the ISO 50001:2018 certification of critical suppliers.

#### **Water Intensity Monitoring Absence**

- The monitoring of calculation & report of water intensity to be improved.

#### **Environmental Training Documentation**

- The environmental training programs evident at the supplier end. However, the programmes can be conducted in a structured manner and maintained the records of the same.

## 2.2 Social Pillar

### Human Rights Policy, Diversity & Inclusion Policy

- The awareness with respect to human rights policies, diversity & Inclusion policies to be strengthened and initiation needs to be taken for conducting the human rights due diligence.

### Responsible Sourcing Policy

- All the suppliers need to establish comprehensive responsible sourcing policies covering conflict minerals and animal welfare

### ISO 45001:2018 Certification

- It is preferable by all the suppliers to complete ISO 45001:2018 certification to strengthen & follow systematic Occupational Health and Safety Management Systems (OHSMS)

### Health Insurance & Health Checkup

- The health insurance coverage can be extended for drivers and loaders in addition to the regular employees if possible.

### POSH Committee & Training

- The awareness with respect to POSH Act. requirements, impacts to be provided to all the suppliers

## 2.3 Governance Pillar

### Anti-Bribery & Corruption Policy

- The awareness with respect to anti bribery & Corruption policies, whistle blower mechanisms, and disciplinary procedures to be strengthened.

### Formal Risk Management Process

- The structured frameworks for identifying, assessing, and mitigating governance-related business risks to be established.

### Internal Audit Function

- Internal audits need to be strengthened with respect to following areas
  - Financial controls unverified; fraud and embezzlement risks elevated
  - Governance compliance unmonitored; policy violations undetected
  - Operational inefficiencies unidentified; process improvements missed
  - Regulatory compliance gaps undetected until external audits or inspections

### ESG/Sustainability Committee

- The initiation of ESG/Sustainability Committee needs to be reviewed by the management to improve ESG performance in following areas.
  - ESG strategy and performance
  - ESG risks (climate change, water scarcity, human rights violations, corruption)
  - ESG performance targets
  - ESG reporting



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**Date: 29<sup>th</sup> April 2026**