



Environment, Social and Governance (ESG) Policy

ACG Group



Title	Environment, Social and Governance (ESG)Policy		
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Process Owner:	Sunil Kumar	*Email-id*	Sunil.kumar@acg-world.com
<i>*In case of any doubts or clarifications on this policy, please reach out to your Business HR Head. If in case you still need further clarifications, please feel free to contact the process owner. *</i>			

Introduction

ACG is the world's largest integrated provider of oral dosage solutions, serving over half of the top 100 global pharmaceutical and nutraceutical companies. Guided by our purpose of "Make it Better," ACG is committed to advancing access to quality medicines, while ensuring a healthier and more sustainable future. Our expertise lies in capsules, equipment, packaging and supply chain traceability.

We at ACG recognize that success is built on a foundation of responsible environmental stewardship, sound governance practices and social responsibility. We remain focused on innovating and ensuring that our operations and practices create a positive impact on the society and the communities we operate within. Through this policy, we aim to build a framework that is transparent and accountable, and which creates lasting value for our stakeholders. This ESG Policy establishes our commitment to uphold the highest standards of sustainability.

Scope and Applicability

Our ESG policy applies across all ACG operations worldwide, including our workforce, suppliers, contractors, customers, communities and other stakeholders. It is intended to have a broad impact on both internal and external stakeholders.

This ESG Policy applies to:

- Own Operations: The policy covers all of ACG's owned and operated facilities, offices and sites globally.
- Suppliers: This policy is applicable to our suppliers across our value chain. We expect them to adhere to the principles that are laid out in this policy, including compliance with environmental regulations, ethical business conduct, respect for human rights and fair labor practices, prohibition of modern slavery and responsible resource use. We encourage our suppliers to implement sustainability initiatives in their operations.
- Customers: We are committed to engaging with our customers and relevant stakeholders in a responsible, transparent and respectful manner. We will ensure that our products, services and interactions reflect our values and build long-term trust.

We are dedicated to executing this policy throughout our businesses and joint ventures where ACG holds operational control or significant influence. This includes all departments, divisions and levels of our

organization. If any due diligence, mergers and acquisitions occur in the future, this policy shall also be applicable to them as well.

Internal Referencing

- Human Rights Policy
- Business Ethics Policy
- EHS Policy
- Posh Policy
- Diversity and Inclusion Policy
- Third Party Code of Conduct

Governance, Endorsement and Oversight

This ESG Policy is formally endorsed by the Chairperson of the Group Sustainability Committee and is overseen by the CEOs and respective CXOs. The Group Sustainability Committee provides strategic direction, ensures policy alignment with the company's long-term objectives, and holds ultimate accountability for its effectiveness. The Group Sustainability department is responsible for implementation in coordination with relevant business units.

Objectives

- To establish a clear framework for embedding ESG principles into all our business activities, risk management and long-term value creation processes.
- To articulate our commitments to minimize environmental impacts, promote inclusive and fair equitable social practices and ensure robust corporate governance.
- To provide the right guidance to our leadership, our associates and our partners in making decisions that will align with our over-arching sustainability goals.
- To strengthen stakeholder trust in our company by demonstrating a proactive approach to managing prevalent and emerging ESG risks and opportunities.
- To ensure our compliance with all applicable laws, regulations, ESG standards and frameworks.

ENVIRONMENTAL

ACG has committed to be NetZero by 2050 in alignment with SBTi roadmap. The commitment has been validated by SBTi

Environment, Health and Safety

At ACG we:

- Comply with regulatory requirements & legislation which relate to Environment, Health, Safety and Sustainability aspects besides continually improving and monitoring the Environment, Health & Safety performance by adapting to innovative technologies and processes.
- Assess environmental impact, health and occupational risk and hazard associated with product, process, activities, and services. We continually assess training needs for associates and engage them through various E, H, S, & S initiatives.

- Prevent injury & work-related illness besides Environmental pollution by eliminating hazards, reducing occupational risks and impact to environment.
- Conduct all our operations in a safe manner which minimizes adverse effects on the environment and prevents the wasteful use of natural and other resources such as electricity, water, power, carbon fuels, etc., wherever possible.
- Consult and encourage participation of relevant stakeholders to conduct sustainable Environment, Health & Safety practices and business initiatives.
- Protect the environment and health and safety of our associates by complying with health, safety and environmental regulations in each jurisdiction in which we operate.

Environmental targets on GHG, waste, water and energy are updated on our webpage: <https://www.acg-world.com/>

Climate Change Mitigation

We regularly evaluate and manage our climate-related risks, encompassing physical risks such as extreme weather incidents, and facilitate the implementation of measures to enhance our resilience. We also identify potential impacts of climate change on our operations and implement mitigation and adaptation measures.

Our approach entails the following:

- Setting measurable objectives and targets aimed at reducing environmental impacts and driving continuous improvement across all operations.
- Providing training for our associates to understand the impacts the company has on the environment and ensuring that environmental responsibility is embedded at all levels across our operations.
- Raising awareness for both internal and external stakeholders about our environmental management systems and impacts.
- Committing to avoid all value chain operational activities near sites containing globally or nationally important biodiversity and achieve net-positive impact on biodiversity by setting biodiversity targets.
- Defining biodiversity-related targets for priority areas to work towards no net loss and ensuring a mitigation hierarchy to manage and reduce biodiversity impacts systematically.
- Conducting a biodiversity risk assessment to identify, assess and address potential biodiversity-related risks across our operations and value chain.
- Engaging with our stakeholders to collaborate on conservation efforts through our biodiversity initiatives.

Water and Effluents Management

We are committed to maintaining sustainable water stewardship and responsible effluent management across all ACG operations.

Our approach entails the following:

- Adopting initiatives aimed at reducing the usage of water and implementing water-saving technologies to reduce overall water consumption in our operations

- Implementing technologies for effluent management while monitoring the quality of discharged water
- Prioritizing water conservation efforts and initiatives in water-stressed regions

Waste Management

We aim to incorporate recyclable or reusable packaging materials and prioritize biodegradable packing materials in our operations to mitigate the environmental impact associated with our drug packaging.

Our approach entails the following:

- Reducing waste through implementation of green chemistry principles, including the utilization of less toxic and more readily recyclable solvents in our manufacturing process.
- Managing our hazardous and non-hazardous waste responsibly while ensuring compliance with relevant environmental laws and regulations.

Energy Efficiency

We are committed to ensuring efficient energy and resource use across all our operations. We aim to optimize our energy consumption by adopting best available technologies and improving our processes at regular intervals.

Our approach entails the following:

- Promoting use of new equipment and systems across our operations
- Adopting renewable energy sources to minimize the dependence on use of fossil fuels and reduce our carbon footprint.
- Supporting our associates and stakeholders in energy conservation practices.

Resource Use and Efficiency

We collaborate with suppliers to minimize carbon emissions related to the sourcing and transportation of raw materials.

Our approach entails the following:

- Ensuring our suppliers adhere to our Third-Party Code of Conduct in an effort to minimize waste and environmental impact
- Optimizing our logistics efforts and transportation mechanisms to reduce waste and enhance efficiency.
- Integrating resource efficiency principles into our product design and packaging practices.
- Continuously monitoring, measuring and improving resource utilization to minimize environmental impact.

SOCIAL

Employee Health and Safety

We implement comprehensive health and safety management systems, perform regular risk assessments, and ensure the provision of essential safety equipment across the organization for all associates and workers. We comply with all relevant OHS international standards, regulations, voluntary programs and applicable collective agreements on OHS.

Our approach entails the following:

- Consulting with and involving workers in the development, implementation and continuous improvement of our OHS policies and procedures.
- Committing to improve the performance and effectiveness of our OHS management system.
- Setting clear prioritization frameworks and action plans to address OHS risks proactively.
- Monitoring, setting and continually enhancing measurable health and safety performance indicators across operations to drive accountability and improvement.

Protection of Human Rights

- We will conduct our businesses in a fair and equitable manner, meeting our social responsibilities as a direct and indirect employer and we will respect the human rights of all our stakeholders respecting the United Nations Declaration on Human Rights.
- We compensate associates competitively relative to the industry and the local labor market. We follow applicable wage, work hours, overtime and benefits laws in the countries where we operate, or, in the absence of such laws, in compliance with international labor standards.
- We are committed to engaging in dialogue with stakeholders on human rights or labor rights issues related to our business where appropriate, taking the view that local issues are most appropriately addressed at the local level
- The following action/(s) will not be tolerated and will be termed as a violation of policy: Intimidating actions, racial/religious slurs, jokes, or other comments in the workplace that create, promote, or permit an offensive or inappropriate work environment. This includes all forms of communication, physical or electronic and written or verbal or gestures. Discrimination in any manner in hiring, compensation, access to training, promotion, termination, or retirement.
- We provide and maintain a workplace that is free from violence, harassment, intimidation, and other unsafe or disruptive conditions due to internal and external threats. We consider absolutely unacceptable any type of harassment or harassing behavior, such as that related to ethnic origin, gender or other personal characteristics, which have the purpose and effect of violating the dignity of the person to whom such harassment or behavior is addressed.
- This Policy shall be circulated to internal and external stakeholders through specific communication initiatives. Training initiatives will be carried out in order to ensure that the Policy is properly understood by all ACG associates. Respect and preserve the culture and heritage of the local communities including socially vulnerable groups which are impacted by our operations and

work towards developing a constructive relationship with such groups and local communities, seeking broad-based support for our operations.

- We prohibit the use of all forms of forced labor, and any form of human trafficking.
- We do not employ child labour, and we do not employ people younger than that established or starting work by the legislation of the place where the work is carried out and, in any case, younger than fifteen, unless an exception is expressly provided for by international conventions and by local legislation. We are also committed to not establishing or maintaining working relationships with suppliers that employ child labour. We have standard processes to verify age and eligibility to work.
- We respect freedom of association and the right to collective bargaining in accordance with local laws, enabling associates to join a union and voluntarily negotiate. We are committed to cooperating with associate representative organizations and to having meaningful and constructive relationships with trade unions at the local and national level. We engage in social dialogue at the regional and global level and have entered into bi-partite agreements that advance the rights of workers.
- We recognize health and safety in the workplace as a fundamental right of associates and a key element concerning the sustainability of the Group. We provide and maintain a safe and healthy workplace and comply with applicable safety and health laws, regulations, and internal requirements.
- ACG strives to be an equal opportunity employer, and all associates will be treated with respect and dignity and judged solely on their performance irrespective of their race, religion, caste, gender, age, disability, HIV/AIDS status, and any other characteristic.
- We promote and uphold the fundamental human rights in accordance with national and international standards, including Indian, Brazilian, European & other laws of the land, where we operate in.
- Fostering a workplace culture that actively promotes diversity, equity, respect and dignity for all individuals.
- Conduct human rights due diligence across operations and the value chain to proactively identify, prevent, and mitigate adverse human rights impacts

For more details refer to our Human Rights Policy.

Prevention of Sexual Harassment

This policy for 'Prevention and redressal of sexual harassment at the workplace' expressly details the organizational stand on sexual harassment and prescribes the measures that are to be taken primarily by management and associates in order to prevent and redress this violation. Though this policy is based on 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act' of 2013, the policy covers all forms of sexual harassment faced by all associates, not just women. This policy is meant to protect women, men and people with gender fluid and non-confirming identity and will be invoked to redress sexual harassment faced by anybody.

For more details refer to our Prevention and Redressal of Sexual Harassment at Workplace.

Human Capital Management

We foster an inclusive work environment that aims to attract and retain talent across diverse backgrounds, skills and culture.

Our approach entails the following:

- Conducting regular surveys to assess our employee development outcomes, develop effective performance indicators and improve our feedback mechanisms
- Enhancing motivation in our workforce and helping career advancement by implementing measures such as professional development programs and training and mentorship initiatives
- Fostering a culture of regular engagement, innovation and well-being to drive high performance.
- Enhancing our Diversity, Equity and Inclusion (DEI) Mechanisms by embedding DEI principles across every stage of the employee journey, ensuring fair access, opportunities and support in talent acquisition, retention, career progression, maternity and parental care, travel and stay, health and hygiene, and awareness building through training and sensitisation.

For more details, refer to our DEI Policy.

Community Engagement

We aim to understand the needs of our community and ensure that programs are executed in line with their priorities and address local issues effectively.

Our approach entails the following:

- Assessing impact of our community engagement initiatives through stakeholder feedback, participation metrics and regular outcome-based evaluations to ensure long-term and effectiveness.
- Encouraging volunteering and participation in community programs for our associates to foster shared value creation.

Ethical Raw Material Sourcing

We prioritize and engage with suppliers that use environmentally and socially responsible business practices and uphold ethical business conduct while complying with laws and regulations.

Our approach entails the following:

- Tracking the origins of raw materials to ensure supply chain traceability and selecting suppliers with strong sustainability practices, including transparent reporting on sourcing origins and methods.
- Making sure that suppliers maintain the same high levels of quality and safety for preserving product integrity all through the supply chain.

- Engaging with suppliers in capacity-building initiatives to strengthen their sustainability practices and encourage continuous improvement.

GOVERNANCE

Product Safety and Quality

We, at ACG, ensure compliance with GMP standards and all applicable regulatory obligations to maintain product quality and safety. Through our strong quality management system (QMS) we ensure thorough testing and inspections to identify and prevent any deviations or irregularities throughout the production process.

Our approach entails the following:

- Disseminating accurate and clear information about our products and services to our customers so as to enable them to make informed decisions.
- Maintaining an effective traceability system and recall procedure to quickly address any quality or safety concerns.
- Ensuring all communications about our products and services are accurate and not misleading

Financial Performance

We are committed to be compliant with the letter and spirit of all applicable tax laws and regulations in the jurisdictions in which we operate.

Our approach entails the following:

- Committing to not artificially shift profits or transfer any value created from our core business activities to low- or no-tax jurisdictions for the purpose of tax avoidance.
- Committing not to engage in tax structures or transactions that lack genuine commercial purpose or economic substance.
- Committing to apply the arm's length principle to all related-party transactions and follow OECD guidelines and local laws in setting transfer prices.
- Committing not to use secrecy jurisdictions or so-called "tax havens" for the purpose of tax avoidance, nor support or facilitate aggressive tax planning.
- Reporting on all our contributions, sponsorships or any financial relationships with healthcare professionals transparently and in accordance with applicable industry regulations.

Responsible Supply Chain Management

Our approach entails the following:

- Conducting due diligence assessments for critical suppliers to guarantee adherence to ESG standards.

- Collaborating with suppliers, partners and stakeholders to enhance ESG performance and establish a more sustainable supply chain.
- Ensuring secure working conditions and the right to freedom of association for workers throughout the supply chain.
- Ensuring that suppliers must proactively identify and mitigate workplace health and safety risks, in compliance with national laws and international standards
- Ensuring all suppliers to conduct business ethically must disclose any actual or potential conflicts of interest as well as implement fair business practices, refraining from anti-competitive and anti-corruption behaviour
- Implementing supplier code of conduct ensuring the supply chains are free from forced labour and child labour.
- Ensuring that the supplier code of conduct preventing discrimination and harassment as well as addressing fair wages, safe working conditions as well as commitment to sustainability and human rights throughout the supply chain.
- Encouraging our suppliers to prioritize reduction, reuse and recycling while managing waste responsibly through disposal methods that are compliant with local regulations.
- Ensuring that our operations do not contribute to deforestation, suppliers are expected to promote biodiversity protection through responsible land-use practices and support for land conservation efforts.
- Promoting resource efficiency within suppliers by encouraging them to adopt practices that optimize the use of natural resources.
- Monitoring and reporting supplier's greenhouse gas emissions, to encourage them in reducing their carbon footprint.
- Encouraging improvement in energy consumption through the adoption of efficient technologies and renewable energy sources.

Grievance Management

At ACG Group, we are committed to upholding the highest standards in ESG performance. This policy establishes a structured grievance mechanism to support transparent, ethical and timely resolution of ESG-related concerns.

The grievance process is underpinned by:

- Transparency & Accountability
- Accessibility & Non-discrimination
- Timeliness & Responsiveness
- Confidentiality & Whistleblower Protection
- Impartiality & Fairness

Grievance Channels:

Stakeholders may submit ESG grievances via:

- Email: info.sustainability@acg-world.com

Whistleblowers can report through any of the following secure, confidential methods:

- Dedicated Email: businessethics.committee@acg-world.com

In writing: Marked “Confidential” to the Head of Compliance at ACG

Business Ethics

- ACG is committed to ethical behavior and values. It is among its first priorities to establish a corporate and working culture that enhances the value of ethics and promote individual responsibility as well. To this effect, the Company has established a Business Ethics Policy, which sets the highest standards for business conduct related to ethical behavior.
- The purpose of the policy is to establish the basic standards of ethical business conduct and provide guidance to detect and prevent any violation of ACG Group’s policies and procedures, and the law. It outlines the responsibilities of all the involved parties to establish sound decision-making while dealing with misconduct allegations, during the Investigation process conducted by the appointed OMBUDSMAN & Business Ethics Committee.
- The policy is globally applicable to everybody who works in or with ACG which includes associates, trainees, interns, retainers, contractors, sub-contractors, non-permanent staff, third-party associates, and all those who are engaged by the Company, whether the terms of engagement are expressed or implied. In addition, the policy also governs the conduct with customers, competitors, and various business providers.

For further information, please refer to the Business Ethics Policy on Zing HR.

Training & Capacity Building

ACG provides regular training on this policy to:

- All our associates (as part of the Code of Conduct & Induction)
- All our workers (as part of onboarding, ongoing development and safety programs)
- Our Supply chain partners (via compliance onboarding and supplier audits)
- Our Business Partners (as part of the partner onboarding process and joint venture agreements)
- Our customers (as part of client engagement and partnership programs)

These trainings are conducted at regular intervals and are updated to reflect changes in any regulations and emerging ESG risks. The effectiveness of our trainings is periodically evaluated through feedback received, assessments conducted and our compliance monitoring mechanisms.

Disclosure:

ACG is committed to sharing the progress on its environmental, social and governance targets through its sustainability reports and other ratings such as EcoVadis, S&P CSA. The annual sustainability report is aligned with GRI framework and is assured by independent third party.

Policy Review

The company will review the ESG Policy on a biannual basis or more frequently, if required. The continuous review mechanism will ensure the effectiveness and relevance of the policy along with its alignment with evolving regulatory requirements and stakeholder expectations. The review process shall involve key stakeholders, including senior leadership members, associates, supply chain partners and external advisors, to assess the policy’s impact and identify areas for improvement.

The Group Sustainability Committee shall be responsible for approving the updates made to the policy and for the communication of the same across all sites and partners. Necessary updates and revisions will be communicated to relevant stakeholders, ensuring transparency in the implementation of changes.

Contact

For questions, appeals, or feedback on this policy, please contact:

Email: info.sustainability@acg-world.com

Website: <https://www.acg-world.com/>

Mailing Address: 4th floor, Scitech Centre,

7, Prabhat Nagar, Jogeshwari West,

Mumbai-400 102

Terms and Abbreviations

Sr. No.	Terms and Abbreviations	Meaning
1	ESG	Environmental, Social, And Governance
2	GHG	Greenhouse Gas; emissions contributing to global warming.
3	UN	United Nations
4	ILO	International Labour Organization
5	GMP	Good Manufacturing Practices
6	SDG	Sustainable Development Goals
7	QMS	Quality Management Systems