

# **Indovinya - Business Division of Indorama Ventures**

## **Supplier Responsible Sourcing Policy**

**2024**

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Indovinya - Business Division of Indorama Ventures is committed to conduct its business in accordance with all applicable laws, regulations and the highest ethical standards related to Ethics, Social Responsibility, Quality, Environmental, Health, Safety, and Management Systems, and a strategic approach to corporate responsibility. In order to ensure alignment across the supply chain, Indovinya expects its suppliers to adopt similar principles.

Therefore, in line with Indovinya's vision for its suppliers, Indovinya wishes to actively engage its supply chain by the adherence of all its suppliers to its supplier Responsible Sourcing Policy (collectively referred to as the Policy) (previously known as "Supplier Code of Conduct").

### **Scope of application**

The provisions of this Policy set forth Indovinya's expectations from all suppliers with whom it does business or collaborate with, or provide services for. The Policy applies to their employees, parent, subsidiary or affiliated entities, sub-contractors. Ranges of relevant parties included, but not limited to suppliers, external collaborators, service providers, commercial partners.

This Supplier Responsible Sourcing Policy also applies to any sub-contractor(s) to the supplier, providing goods or services to the supplier. The Policy shall be cascaded down to all sub-tier subcontractors. The supplier is fully responsible for ensuring compliance by any such sub-contractor(s) as if it were the supplier itself. Indovinya expects that its supplier will establish and maintain appropriate management system related to the content of this Policy, and that they actively review and monitor their management processes and business operations to ensure they align with the principles set forth in this Policy. To review the progress of suppliers and subcontractors in implementing the Policy, Indovinya may take various supporting initiatives including requesting to self-certify that they comply with the Policy, and in some cases, to conduct on site evaluations and inspections of supplier facilities and those of their sub-contractors. If an audit identifies a violation of this Policy, suppliers shall act promptly to correct the situation to Indovinya's satisfaction. Failure to do so may impact the future ability of a supplier to do business with Indovinya.

### **Legal compliance**

The Policy sets out the standard of business behavior expected of the suppliers, which is ethical and corporately responsible and aims to ensure compliance with applicable laws and regulations. Where there are differences between the standards of the Policy and national laws or other applicable standards, suppliers shall adhere to the more stringent



requirements. At the end of the documents we have a set of compliance questions that all vendors will have to fill out.

Suppliers should adopt risk management procedures and internal audits, for finance and accounting, auditing procedures and training to prevent and correct any illicit behavior or legislation non compliances.

## **Expectations**

Indovinya is committed to working with its suppliers to develop long-term and meaningful relationships based on mutual respect, trust, and understanding of each other's values.

To deliver such commitment, Indovinya Shall:

- Clearly communicate to, negotiate with and conclude agreements with its suppliers in a professional, fair, truthful and transparent manner.
- Uphold its commitments to the terms and conditions of the agreement.
- Respect the rights of suppliers by keeping confidential all their information.
- Assist suppliers to identify activities that are not in line with the requirements and work to improve these conditions
- Work with suppliers to improve their Ethical, Social, Quality, Environmental, Health and Safety standards.

In return, Indovinya expects its suppliers:

- To meet all necessary ethical, social, quality, environmental, health and safety standards and to report back immediately on any product safety issues
- To adhere to the ethical standards of Indovinya's "Supplier Responsible Sourcing Policy."
- To respect and promote our Policy. We recognize that our suppliers are independent businesses. However, the actions of our business partners can be attributed to Indovinya, affecting our reputation we have earned from others. We therefore require that all suppliers meet the standards and promote the principles outlined in this Policy and incorporate them as part of routine improvement activities.

Selection of suppliers will be based on their environmental, social and governance performance, which will be periodically reviewed by Indovinya.

## 1. Ethics

### 1.1 Ethics and legal requirements

- a. **Avoid conflicts of interest:** Suppliers shall comply with applicable laws and regulations concerning bribery, corruption, fraud and any other prohibited business practices. Suppliers must never make or approve an illegal payment to anyone under any circumstances. This applies regardless of whether the undue advantage is offered directly or through an intermediary.
- b. **Gifts, hospitality and expenses:** Each business shall monitor compliance so as to not accept gifts and hospitality that are disproportionate or contrary to local laws. The same goes for the use of confidential or privileged information for the purpose of profit. Employees should notify their line managers prior to making or receiving any hospitality offer. In case of any doubts, employees should consult their line managers before accepting or promising any gift or offering hospitality. The rules for giving gifts and offering hospitality must be clearly established, implemented and communicated, with reasonable limits being set out so that this can be done legitimately and in line with company principles.
- c. **Accurate accounting and business records:** Suppliers will keep and provide to Indovinya upon request accurate records of all matters related to the supplier's business with Indovinya, ensuring that documented information can only be shared in accordance with legal and antitrust provisions. Supplier must commit to paying taxes and not engage in tax avoidance.
- d. **Competition:** Suppliers shall under no circumstances cause or be part of any breach of general or special competition regulations, such as illegal cooperation on pricing (commercial agreements to fix price), illegal market sharing, joining of any type of cartel or any other behavior that is in breach of applicable laws.
- e. **Supply Chain Transparency:** Suppliers are expected to disclose accurate information (within the framework of business relationship) about each step of the supply chain for the raw material / service provided to IVL. When related to critical supply chain issues, all standards related to product traceability must be met according to the norms established for each one.

### 1.2 Proprietary Information

- a. **Intellectual Property:** Any information, written or oral, which the suppliers receive through business dealings with Indovinya, must be kept confidential and never use for personal gain or disclosed to any third parties. In the event that suppliers are required by any competent regulatory authority, applicable law or regulation to disclose any of the confidential information, the supplier shall notify Indovinya in

writing as promptly as the circumstances permit so that Indovina may seek a protective order or other appropriate remedy and/or waive compliance with this requirement. In the event that no such protective order or other remedy is obtained, or Indovina has not waived compliance with the applicable terms, then the supplier may disclose only so much of the confidential information as it is advised by its legal counsel to disclose, and shall provide a copy of all confidential information so disclosed to Indovina. In connection with any such disclosure, the supplier shall use its best efforts to attempt to preserve the confidentiality of such information. This includes both commercial and technical information. Appropriate non-disclosure or confidentiality agreements are and will continue to be used to formalize the process of protecting proprietary information.

- b. **Information Security:** Care must be taken to ensure the integrity and protection of the company's information, their responsible use, and the constant search for security vulnerabilities. Data and registrations of companies and people (clients, external representatives, business partners, suppliers, service providers, or employees) must be used responsibly, privately, and according to legal limits. Management processes, projects and product formulas are the company's intellectual property. They must be handled confidentially and protected against theft and cannot be shared without formal authorization.
- c. **Branding and Usage:** The use or reference to Indovina - Business Division of Indorama Ventures, as a brand, logo, trademarks in advertisements, propaganda or public communications must only occur through formal prior consent given by Indovina, including through external communication departments.

### 1.3 Animal Welfare

Animal testing must be done to the highest level of responsibility, saving animals from any unnecessary suffering. A commitment must be established to test on animals only when required by law, or if there is a scientific basis. Animal testing must be based on an ethical and scientific rationale. Only animals from breeding sites authorized and monitored by veterinary authorities may be used for testing. There may be exceptions when, for example, there are no official breeders, as in the case of livestock and fish, when animals can be acquired from selected livestock and fish farms, if permitted by specific regulations.

### 1.4 Conflict Minerals

There must be a transparent declaration from suppliers to ensure a supply chain free from conflict regions. Ensuring that materials supplied to Indovina are not sourced from minerals and their derivatives originated from conflict regions, once it could directly or indirectly benefit and finance human rights abuses thorough mining or mineral trading.

## 2. Social<sup>1</sup>

### 2.1 Fair Treatment

- a. **Respect Freedom of Association and Collective Bargaining:** Suppliers will respect employees' lawful right of free association, as well as their lawful right to join, form or not to join a labour union or otherwise engage in collective bargaining. Harassment, intimidation and special treatment are not permitted for employees who join associations of their choice and which bargain collectively on their behalf, or as a representative of employees (if permitted by law).
- b. **Diversity and equality:** Suppliers should aim to provide equality of opportunity and treatment regardless of race, color, gender, religion, nationality, sexual orientation, age, or disability. Suppliers are expected to support equal pay for work of equal value. Suppliers must oppose discrimination or intimidation towards employees including all forms. Promoting diversity and inclusion through workplace adjustments is the third module in the ILO's Promoting Equity series and aims to assist employers of all sizes and in all economic sectors, to provide reasonable accommodation at all stages of the employment cycle.
- c. **Do not tolerate harassment in the workplace:** We expect our suppliers to treat all their employees with respect and that all their employees feel safe and shall not be exposed to any type of harassment in their workplace area. Supplier will adopt reasonable and inclusive practices throughout its operations and work to eliminate prejudice, discrimination, bullying and harassment. In addition, we hope that employees will be encouraged to come forward and speak up in good faith without being retaliated against.

### 2.2 Combating Forced Labor

- a. **Appropriate work hours, wages and benefits:** Suppliers will comply with all applicable laws on work hours and overtime, as well as all applicable laws on wages and benefits. The base salary and benefits offered to employees must be fair and paid on time to provide a proper standard of living to employees and their families, and some extra income. Contractual arrangements that may harm workers, or deductions from wages as a punitive or disciplinary measure, are not allowed (except for deductions in legal provisions, stipulated by law).
- b. **Modern Slavery:** Suppliers will not knowingly, directly or as a result of their business activities, engage in Human Trafficking, Forced Labour, Descent Based Slavery, or Debt-Bonded Labour. Workers cannot have their documents withheld or be obliged to repay employers a debt through work (peonage, contractual

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<sup>1</sup> Reference from ILO Declaration on Fundamental Principles and Rights at Work Universal Declaration of Human Rights

bondage, compulsory prison work, modern slavery). A firm and clear position must be established regarding the protection of human rights. All workers, be they full-time or temporary, must have employment contracts that are freely agreed and signed between employer and employee, or as provided for under local law. Likewise, these contracts can be terminated freely by workers

- c. **Child Labor:** Child labor is not tolerated under any circumstances. The minimum age for hiring must respect the legislation in each country, or ILO recommendations, whatever is the strictest. If the supplier employs young people, their working hours must comply with local laws, not interfering with or preventing their education. Employees under 18 years old must not be exposed to dangerous, unsafe or unhealthy jobs or situations.

## 2.3 Safety

- a. **Health and Safety:** Suppliers will make proper provision for the health, safety and welfare of their employees, people, visitors and contractors and those in the community who may be affected by their activities. A safe and hygiene working environment should be provided and safety practice promoted. Suppliers are encouraged to implement a health and safety management system. A Risk Management system must be implemented to assess the hazards (physical, chemical, biological, psychological, and ergonomic) for each activity, including routine or non-routine services. Action must be suggested and implemented to reduce exposure to these risks. Clear and efficient policies and procedures for occupational health and the safety of workers must be established and updated periodically. These policies and procedures must be widely disseminated and communicated. In production units, employees, supervisors, managers and security guards must receive continuous training in relation to workplace risks, as well as measures to protect against exposure to hazardous chemicals. Suppliers and service providers must also be included, ensuring their safety and occupational health.
- b. **Process Security and Emergency Response:** Make data and information available on the safety of production processes, setting out the operational safety limits and the potential dangers of these processes. Guidelines for communications with employee families, government authorities, and the media must be drawn up. Security reviews and reappraisals must be carried out regularly, or after significant changes in processes. The assessment must be carried out by a competent person, documenting and registering the safety measures that have been drawn up and implemented. Have an integrated approach with external emergency services, through partnerships with specialist service providers or public service first responders, such as the local fire department. The information must be shared proactively by all parties. Multidisciplinary teams must carry out periodic monitoring and safety assessments of production processes, deciding on operating procedures for routine and non-routine operations. Concepts relating to safety must be a priority over anything else the organization has to do. Assess the



potential impacts of activities on employees and the local community, taking steps to mitigate or prevent any negative impacts.

### **3. Environment**

#### **3.1 Climate Protection, Waste And Water Management**

Suppliers must comply with all applicable environmental laws, regulations and standards. Suppliers shall take a precautionary approach towards environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. Suppliers shall strive to reduce the impacts of its activities and products on the environment and work and ensure that the development will not affect the local biodiversity. Emergency action plans must ensure that all environmental accidents are promptly stopped in order to minimize their consequences. Systems must be installed to prevent and mitigate spillage and accidental releases into the environment. Service providers for waste collection and disposal, treatment facilities and landfills must be monitored and evaluated periodically. Waste disposal facilities must also be approved. The performance of sustainability programs must be periodically monitored, and reviews and actions must be implemented to foster continuous improvement.

#### **3.2 Product Stewardship**

- a. **Quality Requirements:** A Quality Management System with the appropriate scope for the product or service offered to clients, such as ISO 9001, be implemented and maintained. Quality management must be established. People who are properly trained and competent for such functions shall ensure its performance and execution. "Non-Compliant" products and services, when classified as such, must undergo an investigation process, being registered, processed, and monitored until its completion. All non-compliance analysis must be based on the investigation of its cause, immediate action, and the establishment of action plans.
- b. **Technical Specifications and Product Safety:** All products and services provided to Indovinya will have to meet Indovinya's quality, safety and environmental standards. Suppliers shall not use any substances in their product that is against any applicable laws and regulations in the country of operation. Any product that are or will be supplied to Indovinya will have to be kept in an appropriate environment that will not put the product or personal at risk during transit. Products and services shall be delivered in accordance with the specifications set out in contracts, purchase orders, or specific agreements, in accordance with the quality and safety criteria established. Any intention to change the technical specification of raw material, manufacturing processes or supply chain changes that may impact the products, packaging and services provided shall be announced a minimum of 30 (thirty) days in advance.



- c. **Product Spill:** Prevent and mitigate product spill events in the environment through procedures, infrastructure, and trained personnel.

## **4. Consequence Policy**

### **4.1 Purpose**

To define internal criteria and measures to be adopted when any occurrence of misconduct, non-compliance with the mandatory requirements or non-compliance with the Supplier Responsible Sourcing Policy are detected or reported. The Consequence Policy is subject to reviews and changes in accordance with regulations, applicable laws, policies and internal guidelines.

### **4.2 Application of corrective measures**

The application of corrective actions, administrative measures or penalties of a restrictive or sanctioning nature for suppliers and service providers begins with the identification of irregularities in conduct, either by failure to comply with the requirements in this Supplier Responsible Sourcing Policy. The adoption and continuous improvement of remediation, administrative measures or penalties will always be designed to mitigate the risk associated with business conducted with our suppliers and service providers, so that they do not have conduct themselves in a way not consistent with our values and principles. All the efforts will be of an educational and advisory nature, aiming to identify a generating fact, with no more consequences for the said fact.

### **4.3 Definitions**

#### **CONSEQUENCES**

Remediation, administrative measures or penalties that may be sanctioned as a result of the complaints and /or breaches detected:

- **Corrective actions:** actions designed to improve work processes through the management of processes, systems, and people. They may be related to communication, training, and the creation, revision and implementation of internal or other controls
- **Administrative measures:** administrative consequences that suppliers and service providers will be subject to for the violation of the principles or requirements established in the Responsible Supply Policy.
- **Penalties:** penalties suppliers and service providers will be subject to for violation of the principles or requirements established in the Supplier Responsible Sourcing Policy.

## COMPLAINT

Reporting by any media or means of communication, of a breach of the principles and commitments established in the Supplier Responsible Sourcing Policy.

## BREACH

Any action or omission that is contrary to the principles and commitments set out in the Supplier Responsible Sourcing Policy

The criterion for the application of remediation, administrative measures or penalties will be any failure to comply with the mandatory requirements described in the Supplier Responsible Sourcing Policy. We stress our position regarding the free expression of our suppliers, service providers, and their employees, including any error by an Indovina employee or any person acting on behalf of Indovina. We request that any suspected violations or actual violations be registered.

If any unethical or illegal compliance issues arise that raise any questions, suppliers have the responsibility to bring them forward. To raise concern, suppliers can make reports to:

- [Whistleblower Reporting Channels](#)
- [IVL Whistleblower Policy](#)

If immediate remediation or action is necessary, the supplier must inform Indovina's Procurement area of the plan to be implemented and executed to remedy the breach. The applicable consequences will be managed internally by Indovina, and passed on to and discussed with the suppliers, and may be related to:

- Actions between Indovina and the supplier to leverage performance
- Monitoring and on-site auditing of supplier production units
- Commercial restrictions and reduced volume of purchases and/or services

Indovina reserves the right to terminate its commercial relationship, and may disqualify the Supplier if the deadline established for the implementation of the actions to improve the supplier's performance has passed, or repeated breaches of any of the requirements verified by audit or other monitoring occurs, or if it is not proved that the breach has been resolved.

Indovina's objective is to support and develop its suppliers according to best market practices by acting with respect, good faith, and dignity.

## Appendix<sup>2</sup>

### Definitions and Acronyms

- **Bribery:** Refers to the offering, promising or giving others, or requesting, receiving or agreeing to receive from others, a financial or other advantage to perform improperly a Relevant Function or Activity. This includes facilitation payments with the purpose of expediting or facilitating the performance of a public official or routine administrative action and obtaining or retaining business or any other undue advantage as mentioned elsewhere in this policy.
- **Child:** anyone under 15 years of age, unless national or local law stipulates a higher mandatory school leaving or minimum working age, in which case the higher age shall apply
- **Child Labour:** Any work performed by a Child younger than the age(s) specified in the above definition of a Child.
- **Child Slavery:** Exploitation of children for someone's gain without allowing them their freedom.
- **Confidential Information:** Confidential information refers to information which is not known to the public, or in the public domain. Confidential information includes, but not limit to, non-public information, financial information, commercial information, corporate structures, operations, Trade Secrets, technical know-how, designs, sales and marketing plans, market research, reports, manuals, proposal, pricing, business strategies, customer and supplier lists, assets and liabilities, analyses, forecasts, business studies and development plans, whistleblower reports whether written, transmitted orally, visually, electronically or by any other means, compilations, studies, or documents which contain or are generated from such Confidential Information.
- **Corruption:** Refers to Bribery, extortion, fraud, deception, abuse of power, embezzlement, money-laundering, and other similar activities.
- **Debt-bonded Labour:** Work done to pay off debt with little or no pay and no control over the person's debt.
- **Descent-based Slavery:** Slavery passed on through familial relations and across generations

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<sup>2</sup>Reference: IVL Corporate Governance Manual September 2019

- **Forced Labour**<sup>3</sup>: ILO, Article 2(2) of Convention No. 29 describes five situations, which constitute exceptions to the “forced labour” definition under certain conditions, Compulsory military service, normal civic obligations, prison labour (under certain conditions), work in emergency, situations (such as war, calamity or threatened calamity e.g. fire, flood famine, earthquake)., Minor communal services (within the community)
- **Harassment**: Indovinya identifies the following actions as harassment:
  - Offending or humiliating someone physically or verbally.
  - Threatening or intimidating someone.
  - Making unwelcome jokes or comments about someone’s differences.Sexual harassment includes, but is not limited to, behaviors that:
  - Create a sexually intimidating, unwelcome, hostile, or offensive work environment
  - Could reasonably be thought to put sexual conditions on a person’s job or employment opportunities.
- **Human Trafficking**: The use of violence and coercion to exploit people for the purpose like labour or prostitution.
- **Modern Slavery**: Modern slavery is the severe exploitation of other people for personal or commercial gain. List of topics that Modern Slavery covers are:
  - Human Trafficking
  - Forced and Early Marriage
  - Forced Labour
  - Child Slavery
  - Descent-based Slavery
  - Debt-bonded Labour
- **Product Quality**: This policy extends to raw materials and products of Indovinya and at eliminating any health or environmental impact on its employees, contractors, customers, communities and other Stakeholders. Indovinya will ensure that its products meet the required health and safety standards and/or agreements. To this end, Indovinya will drive the implementation and continuous improvement of safety and health management through communications to the above-mentioned groups to ensure they are empowered to avoid unsafe situations and to respond rapidly to unexpected events.
- **Supply Chain**: The system of suppliers, manufacturing, transportation, distributors, and vendors that exists to transform raw materials to final products and supply these to consumers.

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<sup>3</sup>Reference: *ILO Article 2(2) of Convention No. 29*

- **Supply Chain Transparency:** Supplier disclose information but internally and externally, about what is happening at every stage of the supply chain.
- **Work Hours:** ILO Hours of Work (Industry) Convention, 1919 (No.1) stated that working hours of persons employed in any public or private industrial undertaking or in any branch thereof, other than an undertaking in which only members of the same family are employed, shall not exceed eight in the day and forty-eight in the weeks.