

Responsible Sourcing Program

Partnering for a sustainable future

September 2024





Our commitment to sustainable and responsible sourcing

At Indovinya, we are committed to upholding responsible and sustainable business practices, fully recognizing the impact our operations have on the environment, society, and governance.

Understanding our role within the business ecosystem, we actively work to develop a sustainable supply chain.

Join us on our journey toward achieving responsible sourcing goals.

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Strengthening supplier relationships

Indovinya is a business division of Indorama Ventures, and as producers of solutions used in Home and Personal Care, Crop Solutions, Coatings, Energy & Resources, and other applications, we touch the lives of billions of people worldwide every day.

Our vision is to be a world-class, innovative downstream chemicals company, delivering high-value-added, sustainable solutions for our customers' long-term success. We strive to create value for shareholders, employees, and communities while meeting our sustainability goals.

To ensure that we uphold our responsible business practices, we have joined Together for Sustainability (TfS), where we actively work to develop



a sustainable supply chain, surpass regulatory standards, and address social needs to achieve our responsible sourcing goals.

Partner with us in driving sustainability, and discover how your contributions as a supplier can help shape a more sustainable future for all.



Promoting responsible practices and partnerships

Humanity faces significant challenges related to scarcities in food, water, energy, health, and transportation as the global population approaches eight billion by 2030. To address these challenges, we strive to be a catalyst for change through innovation and collaboration, creating a more sustainable future.

Guided by our purpose of *reimagining chemistry together to create a better world*, we are committed to our sustainability pledge through our 2030 strategy. This comprehensive approach encompasses ambitious goals aimed at utilizing our environmental, social, and governance initiatives to create a positive impact on our planet. We focus on achieving the following:

- Mitigating carbon emissions and enhancing eco-efficiency in our operations
- Fostering the development of innovative and sustainable products
- Caring for the people and stakeholders inside and outside our company.



Explore our **sustainability strategy** on the next page.



Indovinya sustainability strategy



+ SUSTAINABILITY

To meet society and the planets needs through our chemistry.

+ Respect for the planet



Climate Change

- Reduce 30% absolute GHG emissions in Scopes 1 & 2 by 2030 and be Net Zero by 2050 (baseline 2020).
- Reduce absolute scope 3 emissions (category 1) by 15% by 2030 (baseline 2022).
- Implement an action plan to address climate risks by 2030.



Eco-efficient Operations

- Reduce 20% in water withdrawal intensity in water-stressed areas by 2030 (baseline 2022).
- Reduce 10% of hazardous waste generation per ton produced by 2030 (baseline 2022).
- Manage air emissions, water and energy consumption, and leverage the circular economy.



Biodiversity

- Preserve biodiversity within our global operations responsibility.

+ Care for people



Responsible Sourcing

- Assess 95% of critical suppliers on the sustainability performance by 2025.
- Have 80% of critical suppliers in Responsible Sourcing program improve their performance by 2030.



Community Relations

- Support 100,000 people through STEM education by 2030 (baseline 2022).



Human Capital

- Be an increasingly diverse, welcoming and inclusive company, by guaranteeing equal opportunities for all.
- Implement programs to ensure well-being, development, and talent attraction and retention.



Safety

- Maintain and continue to reduce our worldwide process safety events and recordable injury illness rates at industry-leading* levels.
- *ACC medium size peer companies.*

+ Integrity and Governance



Business Ethics and Compliance

- Continue to improve the Compliance Program, focusing on market recognition of Indovinya's commitment to high standards of Business Ethics.



Risk and Crisis Management

- Manage potential risks and threats, ensuring the continuity of our business.

+ Sustainable solutions



Sustainable Products

- Have 15% of revenue from sustainable products* by 2025.
- Have 50% of new products launched from 2025 and beyond classified as sustainable*.

**Using PSA and ICA methodologies as official tools to measure product sustainability performance.*

Let's build the future together.

A future in which our chemistry generates more benefits for the challenges of next generations.

More sustainability adding initiatives and partnerships to reimagine a better world through chemistry.

Indovinya sustainability strategy

Supplier-related commitments



Climate change

- Reduce absolute scope 3 emissions (category 1) in 15% by 2030 (baseline 2022).



Responsible Sourcing

- Assess 95% of critical suppliers on sustainability performance by 2025.
- Have 80% of critical suppliers on Responsible Sourcing program improve their performance by 2030.

How we work with our suppliers

- Reducing vulnerability, increasing business resilience, and limiting the rise in global temperatures to mitigate adverse climate impacts on the planet.
- Integrating social, ethical, and environmental performance factors into the process of selecting suppliers.

Our Responsible Sourcing program

Our Responsible Sourcing program is designed to include all third-party, direct, and indirect suppliers within our supply chain network.

This inclusive approach ensures that our commitment to responsible sourcing is consistently maintained across our supply chain, promoting sustainability and ethical practices throughout our operations.





Collaborating for progress with Together for Sustainability (TfS) and EcoVadis

To advance our mission, we have partnered with Together for Sustainability (TfS) and EcoVadis. Through these collaborative efforts and data-driven assessments, we help our partner companies drive positive change and enhance sustainability performance across their operations and supply chains.

Together for Sustainability (TfS) is a global initiative established in 2011, bringing together leading chemical companies to enhance sustainability practices within the industry's supply chain. The initiative focuses on environmental, social, and ethical aspects, guiding us toward a more sustainable future.



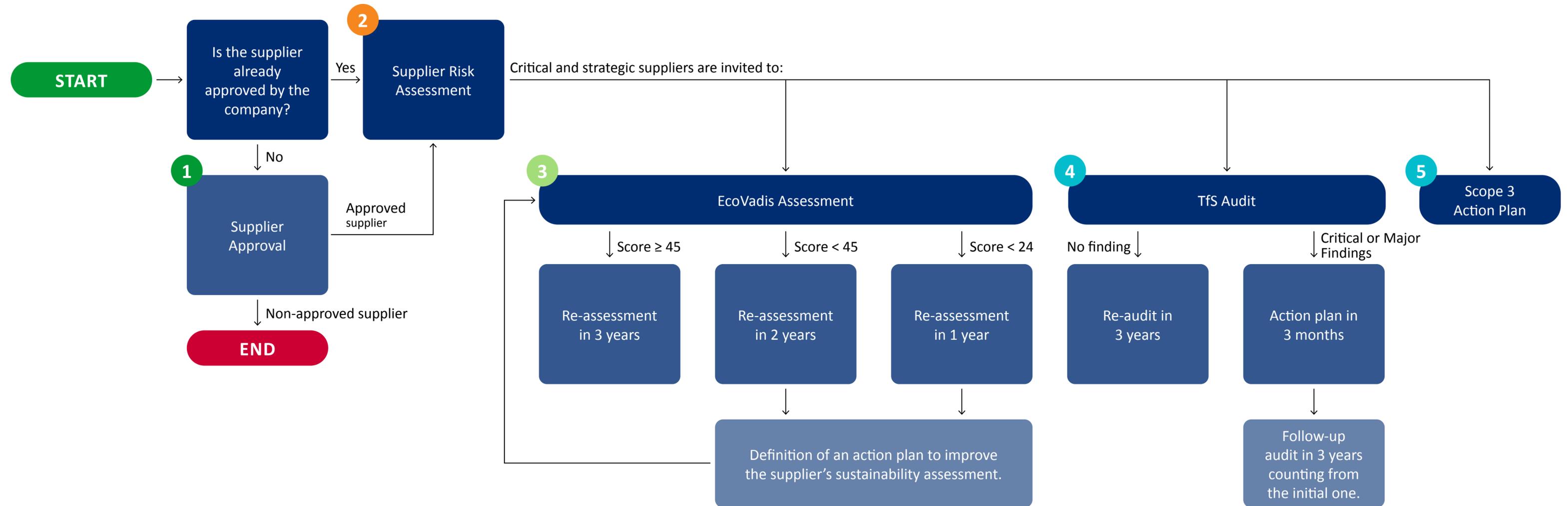
Official supplier evaluation tool of the Together for Sustainability initiative. EcoVadis is answered by Indovinya and is used to evaluate our suppliers. The tool evaluates best practices in sustainability, accelerating companies in terms of environmental, social and governance.





Pathway to sustainable partnerships: Supplier evaluation process

Building on these collaborative foundations, we have developed a comprehensive and cooperative approach to evaluating suppliers. The following flowchart illustrates our criteria and supplier evaluation process:



* Threshold scores may be adjusted per approval of the Sustainability Team.
if the supplier has another sustainability assessment, please reach out your commercial team in order to see if it is valid

Supplier evaluation process

1 Supplier approval

Suppliers are approved based on their adherence to Indovinya's [Responsible Sourcing Policy](#). Additionally, if a supplier is involved in the palm and derivatives chain, they must also comply with our [Responsible Sourcing Policy for the Palm Chain](#).

This approach ensures alignment with Indovinya's sustainability standards and reinforces our commitment to responsible practices across all segments of our supply chain.



Supplier evaluation process

2 Risk assessment

To conduct our assessments, we employ an internally developed tool, the **ESG Risk Evaluation Criteria Matrix**. Suppliers representing a significant portion of the company's expenditures are evaluated using this tool based on various criteria, including:

- Materials incorporated in finished goods
- Single sourcing
- Risk associated with specific goods or services provided
- Country of origin risk
- Customer requirements
- Supplier-specific risks (e.g., performance, exposure)
- Spend
- Substitution operational impact
- Business continuity impact

Based on the criteria outlined above, a risk score of high, medium, or low is assigned to each supplier, and they are categorized as follows:

- **Critical suppliers:** Suppliers classified as high risk in the ESG Risk Evaluation Criteria Matrix.
- **Strategic suppliers:** Suppliers with significant representation in key categories of the ESG Risk Evaluation Criteria Matrix, such as country of origin risk and supplier single sourcing.

Depending on the score, an invitation to participate in the Together for Sustainability (TfS) audit and EcoVadis assessment is extended.



Supplier evaluation process

3 EcoVadis assessment (1/2)

Once a supplier has been selected for the EcoVadis assessment, the evaluation is based on the following factors:

Environmental

- a. Environmental management systems and certifications
- b. Energy efficiency and greenhouse gas emissions reduction initiatives
- c. Water management and conservation practices
- d. Waste management and reduction initiatives
- e. Sustainable sourcing of materials and resources

Social

- a. Labor standards and human rights practices
- b. Diversity, equity, and inclusion initiatives
- c. Community engagement and social responsibility initiatives
- d. Health and safety practices
- e. Supply chain transparency and traceability

Governance

- a. Ethical business practices and anti-corruption measures
- b. Board composition and independence
- c. Executive compensation and accountability
- d. Risk management and compliance systems
- e. Data privacy and security policies



3 EcoVadis assessment (2/2)

The outcome of the EcoVadis assessment directly impacts the reassessment process and the development of an action plan designed to improve the score, as illustrated below:

EcoVadis score	Reassessment	Action plan
≥45	3 years	Not applicable
<45	2 years	Action plan required
<24	1 year	Action plan required

Based on this, if a score above 45 points is achieved in the EcoVadis assessment, a grace period of up to three years will be granted before the assessment needs to be repeated.

However, if a score below 45 points is received, collaboration will be initiated with the supplier to create an action plan aimed at enhancing sustainability practices for the next cycle of EcoVadis responses. This action plan should be completed within two years for scores below 45 points, and within one year for scores below 24 points.



Supplier evaluation process

4 Together for Sustainability (TfS) audit

In addition to the EcoVadis assessment, suppliers are also invited to participate in the Together for Sustainability (TfS) audit.

The TfS audit is not merely a code of conduct or a certification; it is a purpose-built improvement program aimed at mitigating business risks in the supply chain. It is structured around the following essential pillars: **Management, Environmental, Health & Safety, Labor & Human Rights, and Governance Performance**. Additionally, on-site visits and employee interviews are included to help develop and curate a corrective action plan for any nonconformities, if necessary.

If the audit is successfully completed by the supplier without any nonconformities, a validity period of three years is granted. However, if nonconformities are identified during the audit, up to one year is provided for the supplier to implement corrective actions, which will then be subject to verification in a follow-up audit.

Once the nonconformities have been addressed, up to three years from the date of the initial audit is allowed for the supplier to undergo a reaudit.



Audit Result	Action plan in the platform	Re-audit Period
0 findings	Not applicable	3 years
At least 1 finding	3 months	3 years counting from the initial one

Supplier evaluation process

5 Engaging suppliers in reducing greenhouse gas (GHG) emissions

Indovinya's objective is not only to assess the impacts and opportunities within its operations but also to consider the value chain. The selection of suppliers is just one aspect of our approach to sustainability; we also consider their processes, deliveries, and environmental impacts.

Regarding greenhouse gas emissions, we have set a specific target related to scope 3 emissions. Scope 3 encompasses emissions originating from sources not owned or directly controlled by Indovinya, such as those from our suppliers.

Our target is to reduce absolute scope 3 emissions (category 1) by 15% by 2030. To achieve this, we will engage strategic suppliers to join us on this journey. Our approach will involve partnering with suppliers to identify and implement solutions to reduce emissions through process and product improvements, among other measures.





Get in touch and drive responsible sourcing with us

Your participation in our Responsible Sourcing program is essential to our shared success. By actively engaging, you reinforce our commitment to ethical practices, sustainability, and excellence – core values that drive Indovinya’s mission. Together, we can lead the way in responsible sourcing.

For more information or to take the next step, please contact your procurement representative. Let’s continue our collaboration and shape a sustainable, responsible future.