

Sustainable Procurement Policy Verdant Specialty Solutions

1. Introduction

As a global specialty chemical company producing surfactants derived from palm and coconut oil precursors, Verdant Specialty Solutions is committed to sustainable and responsible procurement. Our Sustainable Procurement Policy ensures that all suppliers adhere to ethical sourcing, environmental stewardship, and compliance with regulatory and social responsibility standards. By integrating sustainability into our supply chain, we align with global best practices and continuously strive for improvements in traceability, labor rights, and carbon footprint reduction.

2. Supplier Requirements & Compliance

To maintain a responsible and sustainable supply chain, we require our suppliers to adhere to the following policies and regulations:

- **Regulatory Compliance:** Suppliers must comply with all applicable environmental, labor, and trade laws, including Nonylphenol and Nonylphenol Ethoxylates (NPDE) regulations and the European Union Deforestation Regulation (EUDR).
- **NDPE Commitments:** Suppliers must align with our **No Deforestation, No Peat, No Exploitation (NDPE)** policy, ensuring responsible sourcing practices that prevent deforestation, peatland degradation, and human rights abuses.
- **Human Rights and Labor Standards:** Suppliers must comply with **International Labour Organization (ILO) principles**, ensuring fair wages, safe working conditions, and the elimination of forced and child labor.
- **Occupational Health & Safety (ISO 45001 Compliance):** Suppliers must establish and maintain a health and safety management system that complies with **ISO 45001 standards** to ensure worker safety and well-being. This includes risk assessment, incident prevention, and continuous monitoring of workplace safety conditions.
- **Environmental Responsibility:** Suppliers must adopt sustainable production practices, minimize waste, reduce emissions, and implement water stewardship programs.
- **Carbon Emissions Reporting:** Suppliers must track and disclose their **Scope 1, 2, and 3 emissions**, aligning with Verdant's carbon management strategy and science-based targets (SBTs).
- **Responsible Chemical Management:** Suppliers must phase out hazardous substances and commit to using safer alternatives where feasible.

3. Supplier Traceability & Verification

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To enhance transparency and accountability, we require:

- **100% Traceability of Raw Materials:** Suppliers must provide full traceability for palm and coconut oil-derived precursors by 2026.
- **Periodic Compliance Questionnaires:** Suppliers must complete sustainability assessments to confirm adherence to Verdant's policies.
- **Third-Party Certifications:** Suppliers must provide independent verification through recognized certifications such as **Ecovadis, ISO 14001, ISO 45001, RSPO (Roundtable on Sustainable Palm Oil), or equivalent sustainability benchmarks.**
- **Annual Sustainability Audits:** Verdant reserves the right to conduct on-site inspections and third-party assessments to verify compliance.
- **Corrective Action Plans:** If suppliers are found to be non-compliant, they must take immediate corrective action, with timelines and follow-ups to ensure full remediation.

4. Ethical & Social Responsibility Expectations

Verdant Specialty Solutions expects all suppliers to uphold the highest standards of business ethics and social responsibility. This includes:

- **Anti-Corruption & Business Integrity:** Suppliers must prohibit bribery, extortion, and fraudulent business practices.
- **Diversity & Inclusion:** Suppliers must foster a diverse and inclusive work environment and provide equal opportunities to all employees.
- **Fair Wages & Working Hours:** Suppliers must provide wages that meet or exceed local legal standards and ensure fair working conditions.
- **Community Engagement & Social Impact:** Suppliers must engage with local communities to promote sustainable development and mitigate negative social impacts of their operations.

5. Climate Action & Sustainable Sourcing

Verdant Specialty Solutions is committed to climate action and requires suppliers to:

- **Disclose and Reduce Emissions:** Suppliers must measure and report **Scope 1, 2, and 3 emissions**, setting reduction targets in alignment with Verdant's sustainability goals.
- **Adopt Circular Economy Principles:** Suppliers should minimize waste, increase resource efficiency, and invest in sustainable materials.
- **Support Sustainable Land Use Practices:** Suppliers sourcing palm and coconut oil must comply with deforestation-free commitments and land use management best practices.

- **Implement Energy Efficiency Measures:** Suppliers should invest in renewable energy and energy-saving technologies.

6. Right to Audit & Enforcement Measures

To ensure continued compliance with this Sustainable Procurement Policy, Verdant Specialty Solutions reserves the right to:

- **Conduct Regular Supplier Audits:** On-site and remote audits will be conducted periodically to verify compliance with environmental, labor, and ethical requirements.
- **Request Documentation & Proof of Compliance:** Suppliers must provide relevant sustainability certifications, emissions reports, ISO 45001 certification, and corrective action plans upon request.
- **Suspend or Terminate Contracts for Non-Compliance:** If suppliers fail to meet our sustainability expectations, Verdant reserves the right to terminate contracts and seek alternative suppliers.

7. Alignment with UN Sustainable Development Goals (SDGs)

This policy aligns with the following **United Nations Sustainable Development Goals (SDGs)**:

- **SDG 3 (Good Health and Well-being):** Ensuring safe chemical management and promoting safer workplaces.
- **SDG 5 (Gender Equality):** Advancing workplace diversity and equitable treatment of employees.
- **SDG 6 (Clean Water and Sanitation):** Protecting water resources through efficient management and pollution prevention.
- **SDG 8 (Decent Work and Economic Growth):** Upholding fair labor practices and fostering economic growth in a sustainable manner.
- **SDG 12 (Responsible Consumption and Production):** Encouraging responsible sourcing and waste reduction throughout the supply chain.
- **SDG 13 (Climate Action):** Reducing carbon emissions and promoting sustainable land use practices.

8. Continuous Improvement & Supplier Engagement

Verdant Specialty Solutions is committed to working collaboratively with suppliers to achieve sustainability goals. We will:

- Provide **training and resources** to help suppliers meet our sustainability expectations.

- Establish **supplier performance benchmarks** and incentives for sustainability leadership.
- Encourage **collaboration on innovation** for sustainable raw materials, packaging, and production techniques.
- Publish an **annual report on supplier sustainability performance**, including audit findings, best practices, and progress toward collective goals.

Conclusion

This Sustainable Procurement Policy reinforces Verdant Specialty Solutions' commitment to responsible sourcing and supplier accountability. By requiring adherence to strict environmental, social, and governance (ESG) standards, we ensure that our supply chain aligns with global sustainability objectives. We expect all suppliers to support this policy and actively contribute to a more sustainable future.

Sincerely,
Todd Nelmark
Chief Executive Officer
Verdant Specialty Solutions