

SUSTAINABLE PROCUREMENT POLICY

Company Name: Apackaging Group LLC

Effective Date: 01. October. 2023

Last Review Date: 01. January. 2025

Revision: 01

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INTRODUCTION

As a global leader in the cosmetic and beauty packaging industry, A Packaging Group recognizes the critical role it plays in driving sustainable practices throughout its operations. Our commitment to sustainability extends beyond mere compliance; it reflects our deep-seated belief in environmental stewardship, social responsibility, and economic viability.

Through this Sustainable Procurement Policy, we aim to embed sustainability principles into every facet of our procurement processes, from sourcing raw materials to selecting suppliers and managing our supply chain. By prioritizing environmentally friendly materials, ethical sourcing practices, and fostering partnerships with like-minded suppliers, we strive to minimize our ecological footprint while maximizing positive social impacts. This policy underscores our dedication to fostering a more sustainable future for generations to come.

SCOPE

This comprehensive policy applies to all Packaging Group sites globally, encompassing all employees, contractors, subcontractors, and all stakeholders aligned with us.

| Sr. No. | Site | Address |
|---------|-----------------|--|
| 1. | California, USA | 1350 Mountain View Circle 91702 Azusa, CA United States of America |
| 2. | Defiance, Ohio | 25925 Commerce Drive, Defiance, OH 43512 |

POLICY STATEMENT

At A Packaging Group, we are committed to sustainable procurement practices in the cosmetic and beauty packaging industry. Our policy ensures that we prioritize suppliers who uphold environmental, social, and ethical standards, fostering a greener future for generations to come.

PRIMARY FOCAL AREA

1. Environmental Issues:

- **Material Sourcing:** Prioritize eco-friendly materials for packaging, reducing reliance on non-recyclable plastics and harmful substances.
- **Carbon Footprint Reduction:** Seek suppliers with low-carbon production processes, minimizing emissions throughout the packaging lifecycle.
- **Renewable Energy Usage:** Emphasize suppliers utilizing renewable energy sources to

power manufacturing operations, promoting sustainability.

2. Labor practices and Human Rights:

- **Comprehensive Labor Practices:** Ensure supplier compliance with living wages, regulate overtime, implement equal pay policies, and advocate wage transparency for fair compensation.
- **Fair Working Hours:** Ensure suppliers adhere to reasonable working hours, preventing exploitation and promoting work-life balance in production.
- **Supplier Accountability:** Mandate all suppliers uphold human rights standards.

QUALITY-FOCUSED TARGETS

1. Environmental Issues:

- **Eco-Friendly Packaging Integration:** Implement sourcing practices favouring biodegradable materials like plant-based plastics for product packaging in cosmetics manufacturing.
- **Reduced Carbon Footprint:** Strive to minimize emissions by selecting suppliers with sustainable transportation methods for raw materials used in packaging.
- **Avoidance of Single-Use Plastics:** Commit to eliminating single-use plastic components from packaging designs, opting for reusable or recyclable alternatives.

2. Labor practices and Human Rights:

- **Ensure Ethical Labor Practices:** Collaborate with suppliers to enforce fair wages and safe working conditions, prioritizing transparency in the sourcing of materials like biodegradable packaging.
- **Promote Diversity and Inclusion:** Encourage suppliers to embrace diversity in their workforce, supporting initiatives that empower marginalized communities in the production of sustainable packaging materials.
- **Protect Worker Rights:** Advocate for the protection of workers' rights, fostering partnerships with suppliers committed to upholding human rights principles in the manufacturing of cosmetic packaging.

GENERAL SUSTAINABLE PROCUREMENT TARGETS

APG has established clear, time-bound procurement targets to drive sustainability across its value chain.

- By 2030, 100% of APG's suppliers will undergo annual sustainability assessments and audits to verify compliance with environmental, social, and governance (ESG) performance standards.
- By 2030, 100% of all purchased goods and services will be sourced exclusively from suppliers holding recognized sustainability certifications (e.g., ISO 14001, Fair Trade, FSC, or equivalent).
- By 2030, 100% of APG's suppliers will participate in annual sustainability training programs and receive resources to help them meet APG's environmental and social standards.

QUANTITATIVE TARGETS

1. Environmental Issues:

- Increase the procurement of recyclable packaging materials by 20% by 2030, compared to levels recorded in 2023.
- By 2030, reduce packaging waste in our supply chain by 15% compared to the baseline year 2023, integrating eco-friendly materials where feasible.
- Ensure that 90% of packaging materials are sourced from certified sustainable suppliers by 2030, building on 2023's base.

2. Labor practice and Human Rights:

- By 2030, ensure a 20% reduction in labor rights violations across our packaging supply chain, compared to the baseline year 2023.
- Achieve a 15% increase in supplier compliance with fair wage standards by 2030, relative to the 2023 baseline.
- Decrease instances of child labor by 25% within our packaging supply chain by 2030, building upon the 2023 baseline.
- Enhance working conditions, aiming for a 30% improvement by 2030 compared to our baseline in 2023.

ACTION FRAMEWORK:

• Supplier Sustainability Audits:

We conduct regular audits of our suppliers to ensure adherence to environmental, social, and ethical standards, identifying gaps and implementing corrective action plans where necessary.

- **Supplier Training & Engagement:**

We provide training programs and workshops for suppliers to enhance their understanding of sustainable practices, encouraging innovation and collaboration in creating eco-friendly packaging solutions.

- **Responsible Supplier Selection:**

We evaluate suppliers based on sustainability criteria, including carbon footprint, energy use, water management, and compliance with ESG regulations, before onboarding them.

GOVERNANCE & RESPONSIBILITY:

- **Procurement Compliance Office:**

Oversees the implementation of the sustainable procurement policy, ensures all sourcing activities comply with environmental, social, and ethical standards, and reports progress to senior management.

- **Sustainable Procurement Task Force:**

A cross-functional team comprising procurement, ESG, and quality control experts monitors daily purchasing activities to ensure suppliers align with sustainability requirements.

- **Employees & Procurement Teams:**

All employees involved in purchasing decisions receive annual training on sustainable sourcing practices and are encouraged to propose innovative ideas for improving supplier sustainability performance.

REPORTING

As part of our commitment to sustainability and responsible business practices, "A Packaging Group" maintains a robust reporting system to monitor and evaluate our sustainable procurement efforts. Our reporting framework encompasses various metrics and indicators to assess the effectiveness of our sustainable procurement policy and identify areas for improvement. Below is an overview of the key components of our reporting structure.

Environmental Impact Assessment:

- We conduct regular assessments to quantify the environmental impact of our procurement activities.
- Metrics include carbon footprint, water usage, energy consumption, and waste

generation associated with our procurement processes.

- Data is collected from suppliers and internal operations to provide a comprehensive understanding of our environmental footprint.

Supplier Performance Evaluation:

- We evaluate the sustainability performance of our suppliers using predefined criteria aligned with our sustainable procurement objectives.
- Key performance indicators (KPIs) include adherence to environmental standards, social responsibility practices, and compliance with relevant regulations.
- Supplier assessments are conducted periodically to track progress and encourage continuous improvement.

Ethical Sourcing Compliance:

- We monitor compliance with ethical sourcing guidelines to ensure that our procurement practices uphold labor rights, human rights, and fair labor practices.
- Regular audits and assessments are conducted to verify compliance with international standards and industry best practices.
- Non-compliance issues are addressed promptly through corrective actions and supplier engagement initiatives.

Resource Efficiency Metrics:

- We track resource efficiency metrics to optimize resource utilization throughout the procurement process.
- Metrics include material efficiency, water and energy efficiency, and reduction of packaging waste.
- Continuous monitoring helps identify opportunities for resource conservation and waste reduction initiatives.

Stakeholder Engagement and Transparency:

- We engage with stakeholders, including customers, employees, suppliers, and communities, to foster transparency and accountability in our procurement practices.
- Regular communication channels, such as sustainability reports, stakeholder meetings, and feedback mechanisms, facilitate dialogue and collaboration.
- Transparent reporting ensures that stakeholders are informed about our sustainable procurement efforts and their impact on society and the environment.

Performance Targets and Goals:

- We set performance targets and goals to drive continuous improvement in sustainable procurement practices.
- Targets are aligned with industry benchmarks, regulatory requirements, and stakeholder expectations.
- Progress towards achieving targets is monitored regularly, and actions are taken to address any deviations or challenges.

Reporting and Disclosure:

- We communicate our sustainable procurement performance through comprehensive reports that adhere to internationally recognized reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainable Development Goals (SDGs).
- Reports are published annually and made available to stakeholders through our website, corporate communications, and relevant platforms.
- Transparent reporting demonstrates our commitment to accountability and facilitates informed decision-making by stakeholders.

COMMUNICATION & TRANSPAENCY

- The Sustainable Procurement Policy is published on the company's website and shared with suppliers, partners, and other stakeholders through official communication channels such as newsletters, supplier portals, and sustainability reports.
- Procurement teams and employees are regularly updated on policy changes through internal meetings, circulars, and training sessions, with clear expectations to integrate sustainable sourcing practices into their daily operations.

CONTINUOUS IMPROVEMENT

Continuous improvement is a cornerstone of our Sustainable Procurement Policy at A Packaging Group. We recognize that the journey towards sustainability is ongoing and requires constant evaluation and adaptation. Therefore, we are committed to regularly reviewing and enhancing our procurement processes to minimize environmental impact, promote ethical practices, and support local communities.

This involves conducting regular assessments of our supply chain, identifying areas for improvement, and implementing innovative solutions to address any shortcomings.

Additionally, we will actively seek feedback from stakeholders, including suppliers, customers, and industry experts, to ensure that our policies remain relevant and effective. By fostering a culture of continuous improvement, we strive to not only meet but exceed sustainability standards in the cosmetic and beauty packaging industry, driving positive change for the planet and future generations.

SDGS (SUSTAINABLE DEVELOPMENT GOALS) COVERED IN THE SUSTAINABLE PROCUREMENT POLICY



REVIEW MECHANISM

The Procurement Compliance Office is responsible for overseeing the implementation and periodic review of this Sustainable Procurement Policy. The policy will be reviewed annually to ensure its effectiveness, relevance, and alignment with current sustainability standards and regulatory requirements. Any updates or modifications will be communicated to all stakeholders, including suppliers and procurement teams, to reflect operational improvements, market trends, or evolving sustainability challenges.

REVISION HISTORY

| Revision No | Date | Description of Change |
|-------------|------------|--|
| 00 | 01.10.2023 | Initial Release |
| 01 | 01.01.2025 | Updated Revision History, Included Employee Acknowledgment Form & General Sustainable Procurement Targets. |

Last Review Date: 01.01.2025

Next Review Date: 01.01.2026

Approved By:





EMPLOYEE ACKNOWLEDGEMENT – APACKAGING GROUP LLC SUSTAINABLE PROCUREMENT POLICY

I acknowledge that I have received, read, and understood the APackaging Group (APG) Sustainable Procurement Policy. I am aware of the company's firm commitment to responsible sourcing, ethical supplier partnerships, and reducing environmental and social impacts across our supply chain. APG's broader ESG commitments—including resource efficiency, waste reduction, and transparent governance—provide the context within which this policy operates

I understand my responsibilities in supporting this policy, which include adhering strictly to APG's sourcing standards, evaluating suppliers on sustainability criteria (such as recyclability, renewable content, and social compliance), and helping to promote circular economy outcomes through procurement decisions.

I agree to actively engage with suppliers to ensure compliance with policy requirements, participate in relevant training or audits when requested, and contribute ideas for enhancing supplier sustainability performance. Additionally, I will report any concerns about potential non-compliance or ethical issues in procurement and suggest improvements where possible.

By signing below, I confirm my commitment to upholding the APackaging Group Sustainable Procurement Policy and supporting APG's mission to lead with eco-responsible, ethical, and socially conscious procurement practices.

Employee Name: Sara Gerschutz

Employee Signature: Sara Gerschutz

Date: 1/1/25




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Employee Name: Ashley Durling
Employee Signature: 

Date: 1/1/20

