



PRINCIPLES OF SUPPLIER CODE OF CONDUCT

Grasim Industries Limited ("Grasim" or "the Company") is in the business of production of Pulp & Fibre, Textiles, Chemicals, Paints, Insulators, and B2B E-Commerce, etc. Grasim is a value-driven organisation. As a value-driven organisation, our core Principles of Integrity, Commitment, Passion, Seamlessness, and Speed build a solid foundation for all our actions and decisions. Our Group Purpose is to "Enrich lives, by building dynamic and responsible businesses and institutions, that inspire trust. Our Group Purpose and values form the foundation for all actions and decisions within our business. We place particular emphasis on integrity, ensuring fairness in quality, efficiency, and credibility across all aspects of our operations. This includes the selection of suppliers of goods and services and timely payments to our suppliers and service providers, without any undue influence or personal favoritism.

GRASIM'S COMMITMENT TO THE PRINCIPLES OF SUPPLIER CODE OF CONDUCT:

Grasim has developed binding Principles of the Supplier Code of Conduct ("Principles") to outline our expectations regarding business integrity. Sustainability is a crucial aspect of our decision-making process, and we treat our suppliers as partners in achieving sustainability in our supply chain. We are committed to collaborating with our suppliers and, if necessary, assisting them in developing sustainability practices. To realise this vision, we expect our suppliers to comply with applicable laws and to adhere to Environmental, Social and Governance standards. The principles are aligned with global best practices such as Safety, Health, Environment, Human rights, and Ethical and Fair business practices. We expect our suppliers to comply with the attached Principles laid out in Annexures. We require suppliers, vendors, contractors, consultants, agents, and other providers of goods and services who engage with Grasim to adhere to these Principles.

We are further committed to creating a resilient and viable supply chain, capable of navigating risks and capitalising on opportunities presented by external legal, technical, economic, environmental and societal megatrends. As part of our business future-proofing program, we aim to actively engage and partner with our Suppliers and initiate discussions on our approach, and collaborate on collective actions to build sustainable business models together.

In dealing with vendors, no decision and/or action will be influenced by any personal favour and/or any extraneous factor other than in the normal course of business.

SCOPE:

Embodying the above, the Principles are prepared to cover all Suppliers of goods and services, contractors and their employees, vendors, traders, agents, dealers, distributors, consultants, agents, intermediaries, etc. (collectively referred to as "Supplier" or "Suppliers") who do business with the Company or intend to do business with the Company.

COMMITMENT OF THE SUPPLIERS:

Suppliers shall ensure compliance with all applicable laws, rules, regulations, the principles, processes, policies, and procedures developed to ensure compliance with all applicable laws, industry regulations, and private contracts governing the actions of the organisation. In addition, there may be business-specific Supplier Code of Conduct and other Terms and Conditions of engagement that the supplier is expected to comply with which the Company shall update from time to time. Suppliers must self-monitor and demonstrate their compliance with the principles. Suppliers shall actively audit and manage their day-to-day management and share reports with the Company upon request.

Suppliers shall establish a process to identify the applicable regulations of supplier code of conduct and to track any amendments or updates to these regulations that may impact their compliance with these Principles. Suppliers shall identify all relevant compliance obligations related to sustainability issues, including laws, regulations, permits, agreements, and commitments. They should also consider laws and regulations in countries where products will be sold and adhere to relevant international standards and commitments appropriately. All associations and interactions will be on a principal-to-principal basis.

Apart from the Principles, the compliance requirements include, but are not limited to, the following as applicable:

- Laws and regulations (federal, state and local);
- Permits, licenses, or other forms of authorization;
- Orders, rules, or guidance issued by regulatory agencies;
- Judgments of courts or administrative tribunals;
- Treaties, conventions and protocols;
- ABG Sustainable Business Framework;

In addition, where national laws of the jurisdiction and these Principles differ, we follow the higher standard. Where national laws and the Company's high standards conflict, we respect the national law while seeking to honour the higher standard.

The minimum standard Principles that the supplier is expected to conform to are given in the attachment.

IMPLEMENTATION

To ensure compliance with these Principles and the business-specific Supplier Code of Conduct and Terms and Conditions of Engagement, the Company may, at its discretion carry out surveys, audits and/or inspections.

If any violation is identified, the supplier in question may, at the discretion of the Company, be given time to rectify the problem, with the Company's assistance wherever possible. If the issue is not resolved effectively and within an acceptable timeframe, the Company reserves the right to terminate its business relationship with the violating supplier and blacklist them.

GRIEVANCE REDRESSALS

- All employees, contractors and subcontractors of the Supplier can report non-compliance with these Principles directly to the Company through email at 'bc.grievance@adityabirla.com'.
- The Company strongly supports a culture of open and transparent communication and reporting of concerns/issues for suppliers and their workers without fear of retaliation against those who report actual or suspected breaches.
- Suppliers should circulate and publicize the Company's grievance redressal contact.

The Principles of Supplier Code of Conduct was approved by the Board on 22nd May 2024.

This policy shall be reviewed periodically for its suitability and updated as necessary.



Harikrishna Agarwal
Managing Director, Grasim Industries Limited
22nd May 2024

ANNEXURE

1.1 Human Rights & Labour

1.1.1 Forced Labour & Human Trafficking

- Supplier should not engage in or benefit from, in any manner whatsoever, forced or compulsory labour. Any labour without free consent including but not limited to unpaid or indentured servitude (Indentured servitude is a labour contract where an individual will work to repay an indenture or loan over some time, commonly several years), labour under abuse or threats of physical abuse or otherwise, or labour under any form of harassment would be deemed as forced labour.
- Supplier shall not engage in any manner whatsoever with any entity that practices or is known to practice forced labour as defined above.
- Supplier shall ensure that employees, workers, contractors, or subcontractors across its supply chain are not subjected to arbitrary harassment measures such as confiscation of passport, withholding of wages, or unreasonable penalties.
- Supplier should provide training to all their employees, contractors and subcontractors in their local languages to raise awareness of issues of forced labour and encourage reporting of violations to the relevant government authorities, the respective supplier and the Company.

1.1.2 Child Labour

- Suppliers are strictly prohibited from benefiting from or utilising in any manner, including as employees, contractors or subcontractors, child labour that violates the local laws and regulations.
- Irrespective of the local regulations, suppliers are not permitted to utilise or engage children under the age of 16 or the legal minimum age for employment.
- Workers below the age of 18 or the legal minimum age of employment are not permitted to undertake any work that is mentally, socially, physically, or morally harmful or any work that could interfere with their schooling needs.
- The supplier shall be responsible for ensuring compliance with child labour laws across its associated stakeholders. Supplier shall formulate and circulate relevant policies to raise awareness for child labour and encourage reporting of violations to the relevant government authorities, the respective suppliers and the Company.
- The supplier must take immediate action to remove any children found performing labour in its supply chain and ensure they have access to education.

1.1.3 Anti-Discrimination & Human Treatment

- Suppliers shall ensure that employees and workers are not discriminated based on race, nationality, regionality, affinity, colour, religion, caste, creed, affiliation, gender, sexual preferences, age, physical ability, political preferences, pregnancy, marital status, or family status.

- Suppliers must ensure fair and non-discriminatory practice in all aspects including hiring, promotions, assignments, wage hikes, training, and termination.
- Suppliers shall ensure that their workers, contractors, and applicants are not subject to arbitrary and discriminatory medical tests like HIV tests, genetic tests, pregnancy tests or tests that may be used to determine a person's mental health status.
- Suppliers are expected to treat their workers, contractors, and applicants with dignity and respect. They must not be subjected to any form of or threat of physical, psychological, sexual, or verbal harassment.
- Suppliers shall ensure workers, contractors and applicants are provided with a safe and healthy working environment.
- Suppliers should avoid imposing arbitrary or dehumanising sanctions on workers, contractors, or employees, including denying them access to necessities like drinking water, public facilities, and common areas such as restrooms during their breaks or leisure time.
- Suppliers shall formulate, communicate, and establish rules and standards for workplace behaviour and humane treatment of their employees and their supply chain based on accepted international, national, or industry standards. Any violation of the rules and standards should attract appropriate disciplinary action and sanctions.
- Suppliers shall proactively initiate diversity initiatives and take measures to improve inclusivity in the workplace.
- Suppliers shall avoid procuring or sourcing from vendors and/or areas known to be associated with any human rights violation.

1.1.4 Working Hours, Wages & Benefits

- Suppliers shall ensure compliance with applicable minimum wage regulations and working hours regulations across their supply chain.
- Suppliers shall ensure proper communication of wages, benefits, wage schedule, overtime wage and working hours with appropriate documentation to their employees, contractors, and subcontractors.
- Suppliers shall ensure adherence to working hours and timely payment of overtime wages whenever appropriate. Overtime should be voluntary, and the worker should not face retaliation for refusal to do overtime work.
- Suppliers are required to allow their workers adequate rest. Workers are entitled to a minimum of 24 consecutive hours per week as rest.
- Suppliers shall not withhold or deduct wages for any reason, including disciplinary actions or recruitment fees, unless it is required by law, or the worker gives their express written consent.
- Suppliers shall provide workers with transparent employment records including attendance and payroll records.
- Suppliers should formulate and communicate long-term compensation for their workers that specifies the expected growth in wages and benefits growth.

1.1.5 Freedom of Speech, Association & Collective Bargaining

- Suppliers shall ensure that every worker is entitled to their free speech to the extent permitted by law.

- Unless restricted by law, suppliers must allow workers to exercise freedom of association and collective bargaining for occupational interests including the right to form, join and/or refuse to join associations, unions, or organisations.
- Suppliers shall not interfere or influence, including through incentives, sanctions, or discrimination, decisions of employee/s or their associations.
- Suppliers shall ensure that workers do not face retaliation for reasonable expression of their beliefs or opinions.
- Suppliers must prevent and protect employees from being targeted or discriminated against for exercising their freedom of association.
- Suppliers shall establish a process for grievance redressal to resolve disputes, and internal complaints and ensure transparent communication amongst employees, their representatives, and the management. Suppliers should ensure that employees are provided with appropriate protection through measures like anonymity while raising concerns.
- Suppliers should pro-actively promote and facilitate the exercise of collective rights by the employees including but not limited to providing representatives with a communication channel to the management and allowing associations to organize their activities on the premises.

1.2 Environment

1.2.1 Environmental Laws & Record-Keeping

- Suppliers shall ensure compliance with all applicable environmental laws and regulations across their supply chain.
- Suppliers must take measures to minimise their environmental impact, and document, review, and track their efforts to ensure their effectiveness. If there are any significant environmental impacts, suppliers are required to share the details with the Company.
- Suppliers should maintain all necessary and up-to-date environmental permits, approvals registrations and reporting requirements. These records should be available for inspection by the Company as and when required.
- Suppliers should try to obtain ISO 14001 or equivalent certification for environment management systems.

1.2.2 Hazardous Substances

- Suppliers shall ensure compliance with all relevant laws and regulations for the use, storage and disposal of hazardous materials including chemicals.
- Suppliers shall put in place measures to prevent or mitigate accidental exposure to or spills of hazardous substances. These measures should be periodically collated and reported to the Company.

1.2.3 Circularity – Sourcing & Recycling

- Suppliers shall comply with local laws and regulations on waste disposal, waste segregation, waste treatment and recycling.
- Suppliers must ensure transparency by tracking any materials or products sourced throughout the supply chain including their origin and production facility.

- Suppliers shall ensure that all materials are sustainably sourced and adhere to all applicable laws and regulations throughout their supply chain. Tracking information on the materials should be made available to the Company.
- Suppliers should utilize measures such as waste management, materials substitution, segregation & labelling, to increase the recyclability of materials and reduce waste.
- Suppliers should strive to use recyclable or compostable packaging materials.
- Suppliers must strive to create and implement a comprehensive zero-waste plan and periodically report its progress to the Company.

1.2.4 Environmental Impact

- Suppliers shall adhere to all applicable laws and regulations regarding environmental pollution, including but not limited to laws on deforestation, biodiversity conservation, greenhouse gas emissions, wastewater discharge, and any other relevant laws.
- Suppliers are prohibited from conducting any operations within areas including buffer zones that are recognised as globally or nationally important for their biodiversity. This includes but is not limited to, protected areas such as national parks, wildlife reserves, and other areas designated for conservation purposes.
- If a supplier is operating in areas that are near critical biodiversity, they must apply the mitigation hierarchy, which includes avoiding impacts on biodiversity where possible, minimizing impacts where avoidance is not possible, restoring any damage caused, and offsetting any residual impacts.
- Suppliers shall actively reduce the usage of resources and materials that threaten biodiversity and/or encourage deforestation. Suppliers shall not make use of any resource that has a long-term impact on biodiversity.
- Suppliers shall recognize the risks of climate change and take proactive measures to minimise and manage their impact. Suppliers should assess the potential physical risks posed by climate change, including but not limited to natural disasters and extreme weather events, and develop contingency plans to mitigate the impact of such risks on their operations, supply chains, and the environment.
- Suppliers are required to track and report on all emissions generated, this includes emissions from transportation, manufacturing, and other relevant sources. This information should be available in a clear and easily understandable format and include all relevant data such as the quantity of emissions, the emission source, and the period in which the emissions were generated. Furthermore, the supplier must provide this information to the Company upon request.
- Suppliers shall take active steps to reduce the use of non-renewable sources in their energy use either through reducing consumption through improving energy-efficiency or utilizing alternative non-polluting sources of energy. Suppliers should define an action plan to monitor and reduce air pollution and greenhouse gas emissions in their supply chain.
- Suppliers are expected to ensure efficient use of natural resources such as water and energy.
- Suppliers shall monitor and reduce freshwater consumption and wastewater generation by measures such as reducing water use, reuse, and recycling, appropriate wastewater treatment, and rainwater harvesting.
- Suppliers should strive to reduce the adverse environmental impact of their supply chain.

1.3 Occupational Health & Safety

1.3.1 Occupational & Mental Health

- In accordance with local laws and regulations, suppliers shall ensure that employees, contractors, and subcontractors are provided with a safe and healthy working environment including but not limited to:
 - a. First Aid & Emergency Medical Response
 - b. Compliance with the WASH pledge for general sanitation and hygiene including unrestricted access to toilets and potable water, and sanitary food preparation, eating and storage facilities.
 - c. Medical facilities including routine medical checks and vaccination.
 - d. Access to gender-specific changing rooms and dormitories if provided.
 - e. If the supplier is not able to provide such amenities, a clear rationale with a proposed alternative should be formalized with the employees and made available.
- Suppliers shall conduct risk assessments to identify, evaluate, and control worker exposure to any chemical, physical and biological agents according to the hierarchy of controls through proper design, engineering, and administrative controls. Suppliers shall protect workers' health by adopting appropriate personal protective equipment.
- Suppliers shall conduct risk assessments to identify, evaluate, and control worker exposure to the hazards of physically demanding tasks, including, but not limited to, manual material handling, repetitive lifting, awkward postures, prolonged standing and or highly repetitive assembly tasks.
- Occupational health concerns of workers should be tracked, investigated and documented. Suppliers shall provide adequate compensation, monetary or otherwise, to workers who suffer from occupational health concerns. These incidents should be adequately documented and made available to the Company for inspection.
- Suppliers shall clearly post health and safety-related information in the workplace that complies with local laws and industry standards (apply the highest standard) in employees' primary language.
- Suppliers must take a proactive approach to minimize occupational illness including tackling mental health concerns and concerns related to ergonomics.

1.3.2 Safety

- In accordance with local laws and regulations, suppliers shall ensure the safety of all employees, contractors, subcontractors and visitors.
- Suppliers should routinely carry out safety risk assessment checks in their supply chain.
- Suppliers shall routinely inspect machinery to reduce the risk of accidents. Suppliers should also undertake adequate measures such as the installation of barriers, engineering controls, and physical guards to reduce workers' exposure to safety hazards.
- Suppliers must ensure adequate training and safeguards for employees involved in handling hazardous materials.
- Suppliers shall provide workers with regular training in health and safety procedures in their local language.
- Work-related injuries of workers should be tracked, investigated, and documented. Suppliers should provide adequate compensation, monetary or otherwise, to workers who

suffer from work-related injuries. These incidents should be adequately documented and made available to the Company for inspection.

- Suppliers should try to obtain ISO 45001 or equivalent certification for safety management systems.

1.3.3 Emergency Preparedness

- Supplier shall maintain compliance with all local laws and regulations on emergency hazards for example fire safety, leakages and others, and also for natural disaster and crisis management.
- Suppliers should ensure adequate preparation, such as unlocked and clear exits, installation of smoke alarms, marking safe assembly places and evacuation plans for disasters or emergencies.
- Suppliers shall routinely conduct training and drills for their workers to ensure adequate disaster response.
- Suppliers should prepare emergency response plans and brief workers in advance to ensure the safety of workers during emergencies.

1.4 Governance

1.4.1 Business Ethics – Anti-Money Laundering, Conflict of Interest, Sanctions & Fair Competition

- Suppliers shall ensure compliance with applicable local laws and regulations including anti-money laundering laws, financial laws, taxation laws, competition laws, antitrust laws, sanctions laws, anti-bribery laws and insider trading regulations.
- Suppliers should not be involved in money laundering, tax evasion or other criminal activities.
- Suppliers shall always recognize and monitor potential warning signals that could help detect unusual or suspicious activity.
- Suppliers should uphold a high level of business ethics in their conduct including maintenance of business records.
- Suppliers shall avoid actions or conditions that could result in a conflict of interest, actual or perceived. Any instance of such conflict must be reported to the Company.
- Suppliers should not indulge in uncompetitive practices such as price fixing or cartelization.
- If the Company staff or former employees have participated in the procurement process, suppliers shall not offer them employment for one year following separation from service.
- The Suppliers shall ensure that their business practices comply with all relevant laws, directives, and regulations concerning embargoes, sanctions, economic sanctions, and restrictions on the transfer of parts, components, technical data, and services to third parties. It is imperative that suppliers furnish accurate and comprehensive information in this regard.
- The Suppliers shall ensure that their employees have authorization to access or use the Company assets, properties, information, and intellectual rights for official purposes only, according to the terms of the Supplier's engagement with the Company.
- Handle and store all documentation securely, protecting sensitive information from unauthorized access, use, or disclosure.

- Adhere to the Company's specific requirements and protocols for documentation management, including retention periods, file naming conventions, and any non-solicitation policies related to Grasim employees.
- The Suppliers shall maintain accurate and complete records related to its products, processes, services, and systems as applicable, and shall make such records available to the Company upon request for assessment purposes.

1.4.2 Bribery, Kickback & Corruption

- Supplier shall not engage in corruption, extortion, embezzlement, or bribery to obtain an unfair or improper advantage. Supplier shall abide by all applicable anti-corruption laws and regulations of the countries in which it operates and applicable international anticorruption conventions.
- Supplier shall not give or receive any financial benefits, meals, entertainment, or any other benefit to improperly influence actions performed or decisions taken in good faith. Any action, regulatory or otherwise, initiated against the supplier due to improper behaviour must be immediately reported to the Company.
- Suppliers should maintain an internal investigation mechanism to identify and penalize instances of improper conduct by workers, contractors or subcontractors.
- Suppliers should provide periodic internal training to prevent instances of improper conduct.
- Suppliers must compete in an independent, open and fair manner and not knowingly enter into business arrangements that eliminate or discourage competition, or that provide them with an improper competitive advantage.

1.4.3 Privacy, Intellectual Property, Confidentiality & Data Protection

- Suppliers shall ensure compliance with relevant laws and regulations concerning privacy, intellectual property, and data protection across their supply chain.
- Suppliers should ensure the creation, maintenance, storage and disposal of data including business records, employee information and intellectual property. maintaining confidentiality and compliance with local laws and regulations.
- Suppliers shall ensure adequate cyber security measures for data protection based on industrial standards. Suppliers should regulate internal access to sensitive data including records of employees, intellectual property, or other critical and sensitive documents from the Company.
- Suppliers shall immediately inform relevant stakeholders including their workers and the Company in case of a security breach or a data leak or any manner of compromise in the integrity of the data including intellectual property of the Company.
- Suppliers must obtain prior permission from the Company before using the Company logo or products. Additionally, suppliers must not misuse the Company logo or misrepresent its products. Any engagement in malicious propaganda is strictly prohibited.

1.4.4 Monitoring, Audit & Compliance

- Suppliers shall ensure compliance with these Principles by their employees, contractors and subcontractors.

- Suppliers shall comply with all applicable local, national, and international regulations and standards related to the environmental, health, and safety labelling of their products. This includes but is not limited to requirements for hazard communication, product labelling, and the provision of safety data sheets.
- Workers should have access to an appropriate platform with adequate safeguards such as anonymity to report violations of these Principles.
- Suppliers are advised to create their sustainability policies that are consistent with the Company policies and ABG Sustainable Business Framework. Alternatively, suppliers may choose to directly implement Company policies to ensure their practices meet our expectations.
- Suppliers should create and implement a whistleblower policy to protect whistleblowers against retaliation.
- The Company reserves the right to conduct Audits on its Suppliers at its discretion subject to prior intimation of the same) either online, in physical mode at the Supplier's premises or via hybrid mode. To ensure due diligence, Grasim shall require the Suppliers to participate and undertake:
 - i. Self-declaration
 - ii. Due diligence scanning
 - iii. Online assessments
 - iv. 3rd party audits
- The Company shall make attempts at enhancing compliance procedures in collaboration with its Suppliers. However, in case the Suppliers fail to cooperate and comply with the requisite compliances, the Company shall have the right to take appropriate actions, including but not limited to the termination of the Business relationship with the concerned Supplier.
- Without limitation, audits may include Environmental, Social and Governance (ESG) parameters, Sustainability, Social compliance, Ethical Compliances, Information security, Business continuity, applicable Statutory and regulatory compliances and adherence to other contractual commitments (SLAs, quality of delivery etc.).
- Suppliers should periodically prepare a consolidated report on compliance with these Principles and information on instances of violation and investigation into such violations.

1.5 Community

1.5.1 Community Engagement

- Suppliers should engage the local communities to foster their social and economic development.
- Suppliers should bring about tangible improvements in the educational, cultural, social and economic well-being of the local communities.
- Suppliers are expected to proactively address and resolve community grievances by implementing effective measures.