

Policy for Responsible Supply (PRS)

Issuing Function:

Product Supply Organization, Godrej Consumer Products Limited, India.

Target Audience:

Suppliers to Godrej Consumer Products Limited, India

Policy Ownership and Management**Owner**

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Version	Issued on	Effective from	Purpose of Change
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Purpose and Scope

Our Commitment to Responsible Partnership and Sustainability

Godrej Consumer Products Limited (**GCPL**), one of India's leading indigenous home and personal care enterprise, is dedicated to bringing the goodness of health and beauty to consumers in emerging markets. GCPL's Good & Green vision is to build a more equitable, inclusive and greener world through a business that keeps the people and the planet alongside profit. This vision extends to fostering a skilled workforce, advancing environmental stewardship, and fostering innovation in sustainable product development. At GCPL, our values of trust, ownership, being bold, and respect guide us as we strive to create delight for our stakeholders.

This Policy for Responsible Supply (**PRS**) defines GCPL's commitment to fostering a sustainable and ethical supply chain. It provides a clear framework for suppliers to align with GCPL's Good & Green vision.

Superseding the Sustainable Procurement Policy of 2019, this policy sets the foundation for responsible supply by establishing clear expectations of regulatory compliance, sustainable practices, and collaborative engagement.

Key Focus Areas

This policy outlines the principles that guide GCPL's efforts to build a sustainable supply chain, which are further detailed through its Key Focus Areas.

1. Upholding Human Rights and Ethical Conduct

GCPL is committed to upholding human rights and maintaining the highest standards of integrity and fairness throughout its supply chain. All suppliers are expected to adhere to applicable laws, regulations, and GCPL's policies in this regard, foster ethical conduct and uphold human rights.

2. Environmental Stewardship

As part of its "Green Inspired" foundational commitment, GCPL focuses on creating products and processes that are environmentally friendly, safe, and sustainable throughout their respective lifecycle. This approach emphasizes key areas such as:

- Climate action and reducing greenhouse gas emissions.
- Water conservation and waste management.
- Circularity in resource use, biodiversity protection, and preventing deforestation.

GCPL encourages its suppliers to participate in recognized sustainability initiatives such as the Carbon Disclosure Project (CDP), the S&P Dow Jones Index (S&P DJI), and the Science Based Targets initiative (SBTi). Engagement in these programs supports suppliers in benchmarking their performance, setting and achieving sustainability

targets, and transparently reporting progress. This collective commitment contributes to a more sustainable and resilient supply chain.

3. Fostering Collaboration for Sustainable Impact

GCPL believes in the transformative power of collaboration to drive meaningful and visible changes across the supply chain. To achieve impactful outcomes, industry-wide cooperation and the establishment of standardized, efficient frameworks are essential.

Suppliers are encouraged to engage in innovative and transformative practices that contribute to a resilient, inclusive, and sustainable future, benefiting communities, nature, and all stakeholders involved.

GCPL demonstrates its commitment through partnerships such as the India Plastic Pact, aimed at reducing plastic intensity and promoting circularity within the economy.

By focusing on these key areas, GCPL aims to build a robust and responsible supply chain that not only complies with legal and regulatory requirements but also sets new standards in ethical conduct, environmental stewardship, and social responsibility.

To verify adherence to these principles, GCPL integrates audits and assessments into supply chain evaluations. This ensures that high standards are consistently maintained, and human rights are upheld across all professional engagements.

How to use this Policy

This policy is not a one-size-fits-all document. We recognize that different suppliers may have varying capacities and operational contexts. Here's how you can best utilize this policy:

- **Review the Fundamental Principles:** Understand the core values that guide our expectations for responsible sourcing.
- **Focus on the Requirements Section:** Pay close attention to the Essential Requirements and the corresponding Management Systems you need to implement.
- **Future-Proof Your Business:** Be aware of upcoming mandatory requirements and start planning for compliance.
- **Embrace Leading Practices:** Continuously strive to improve your sustainability performance by adopting the recommended leading practices.

Signed off by

Saurabh Jhawar

Head PSO India and SAARC

Godrej Consumer Products Limited

Date: August 2025

Applicability of Our Policy

Our PRS applies to a broad spectrum of suppliers who provide goods and services to GCPL (the **suppliers**), including:

1. Contract manufacturers.
2. Raw material, packaging material and other suppliers of goods
3. Service providers; and
4. Contractors.

We recognize that promoting sustainable and responsible practices is a collective responsibility throughout the supply chain. We encourage our suppliers to advocate for these principles among their own suppliers. Furthermore, we urge all indirect suppliers to embrace this policy and incorporate its principles in their operations.

Understanding of Key Terms

To ensure clarity, uniform interpretation and to eliminate any ambiguities, it is clarified that the following terms and expressions when used in this PRS shall have the following meaning.

- **Sustainable Procurement:** The acquisition or procurement of goods and services that achieves long-term environmental, social, and economic benefits, integrating sustainability considerations into purchasing decisions to balance cost, quality, and impacts on society and the environment.
- **Green Product:** A product designed and manufactured to minimize environmental impact throughout its lifecycle. This includes use of sustainable materials, reduced energy consumption, and provision of recyclability or safe disposal at the end of its useful life. Green products are crafted to be safe for both the environment and human health.
- **Ethical Conduct:** A commitment to operate with integrity and fairness across all business interactions. This entails adhering to applicable laws and regulations, avoiding corruption and bribery, and maintaining transparency and accountability.
- **Social Responsibility:** The commitment of a business to contribute positively to society, which includes ensuring fair labour practices, supporting community development, and engaging in activities that enhance social welfare. Social responsibility surpasses mere legal compliance, encompassing proactive efforts to improve the well-being of employees, communities, and the broader society.
- **Environmental Sustainability:** Practices that maintain the long-term health and stability of the natural environment, including efforts to reduce greenhouse gas emissions, conserve water and energy, minimize waste, protect biodiversity, and prevent pollution. The objective is to fulfil present needs without compromising the capacity of the future generations to fulfil their needs.

Our Foundational Pillars

Our policy is built on the following four foundational pillars that align with GCPL's vision and values:

- Conflict of Interest
- Bribery, Corruption, Gifts, and Donations
- Confidentiality and Data Protection
- Anti-Competitive and Restrictive Trade Practices

ETHICALLY DRIVEN

SOCIALLY FOCUSSED

- Terms of Employment
- Equal Treatment
- Voluntary Employment
- Age of Workers
- Fair Wages and benefits
- Working Hours
- Freedom of associations and collective bargaining
- Health and Safety
- Land Rights

- Energy Use and Efficiency
- Waste Management
- Measure & Manage GHG Emission
- Reducing Usage of Hazardous and Toxic Materials
- Water Conservation
- Sustainable Packaging
- Biodiversity

GREEN INSPIRED

QUALITY CENTRED

- Product Quality
- Good Manufacturing Practices
- Effective Material Management & Resource Efficiency

To ensure compliance, promote sustainability, and encourage continuous improvement across supply chain, GCPL has established expectations for each foundational principle that suppliers are required to align with. Aligning with these expectations will result in a stronger, more resilient, and responsible supply chain that benefits both our business and the communities we serve.

Our Expectation

- **Essential Requirements:** These represent the requirements that all suppliers are required to mandatorily comply with as a condition of engagement with GCPL. Adherence to these requirements ensures compliance with applicable legal and regulatory frameworks.
- **Procedural Expectations:** These are structured guidelines that suppliers are encouraged to adopt to ensure consistent implementation, maintenance, and monitoring of ethical, legal, and operational requirements. They serve as clear frameworks and processes that support suppliers in meeting *Essential Requirements* and driving continuous improvement in their operations.
- **Leadership-Enabling Practices:** These are practices suppliers are encouraged to adopt beyond compliance, thereby fostering continuous improvement, innovation, and leadership in sustainability. By embracing these practices, suppliers set higher benchmarks and drive positive change across the value chain.

Translation of Pillars and Principles into Expectations

This section converts the foundational pillars and their underlying principles into explicit requirements, expectation and best practices for GCPL's suppliers. It clearly outlines the standards and requirements that each supplier must mandatorily comply with or is encouraged to adopt.

Pillar 1 – Ethically Driven

- a. **Conflict of Interest:** GCPL requires strict adherence to uphold transparency and ethical interactions and believes that proactively addressing potential conflicts of interest is crucial for building strong and mutually beneficial relationships.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Supplier must disclose any ownership or beneficial interest, whether direct or indirect, held in their business or entity by any GCPL employee or worker (including temporary employee / worker).•Supplier must disclose any ownership or beneficial interest in their business or entity, whether direct or indirect, held by a public official	<ul style="list-style-type: none">•Implement comprehensive policies to identify, prevent, and manage conflicts of interest.•Provide regular training on conflict of interest policies to all its employees and management to ensure awareness and compliance.	<ul style="list-style-type: none">•Conduct independent risk assessments and audits to identify and manage potential conflicts of interest, ensuring ongoing compliance and integrity in all business dealings.

- b. **Anti-Corruption:** Suppliers are obligated to adhere strictly to the highest ethical standards, proactively combating all forms of corruption and preventing unethical influences in their interactions with GCPL and throughout their operations. In this context, unethical influences include practices such as bribery, corruption, facilitation fee, kickbacks, offering or receiving gifts, donations, rewards, fees, loans, or any other advantage as an incentive for illegal or unethical business practices.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •Do not engage in any form of bribery, corruption, or unethical payments to obtain or retain business with GCPL. •Accept and/or offer nominal gifts to public officials, which are customarily given and are of commemorative nature. •No gift and/or payment is to be given to a public official to obtain undue favorable performance of official obligations like licenses, approvals etc. •Report any instance of violation of the aforesaid obligations by logging in to www.godrejspeakup.tip-offs.in or writing anonymously to godrejspeakup@tip-offs.in or contacting the Whistleblowing Officer at ve.swaminathan@godrejindia.com or call 18003093972. 	<ul style="list-style-type: none"> •Implement robust anti-bribery and corruption policies and procedures to ensure compliance with legal and ethical standards. •Set a monetary threshold and mandate prior written approval of management to receive or give gifts above such monetary threshold. •Establish a secure and confidential process for employees to report any unethical behavior, ensuring protection and anonymity. 	<ul style="list-style-type: none"> •Engage in public advocacy against corruption and participate in collaborative actions to promote business integrity and ethical practices. •Conduct regular audits and risk assessments to prevent and detect bribery and corruption within the organization.

- c. **Confidentiality and Data Protection:** Confidentiality must be upheld at all times to protect the integrity and privacy of sensitive information, ensuring it is not disclosed without proper authorization. GCPL requires its suppliers to fully comply with mandatory requirements while also implementing structured processes and encourages implementation of best practices to strengthen data security and responsible management, in alignment with applicable laws.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Safeguard and protect GCPL’s intellectual property, trade secrets, and other confidential information.•Use such information solely for its intended and designated purpose.•Collect, process, store, transfer, and dispose of personal data responsibly and in strict compliance with applicable laws.	<ul style="list-style-type: none">•Implement procedures to ensure that all confidential information and personal data is securely stored with access restricted to authorized personnel on a need-to-know basis.	<ul style="list-style-type: none">•Establish comprehensive standards, processes, and governance frameworks for ethical use of data and emerging technologies such as artificial intelligence.•Maintain transparency as to how and why data is collected, processed, stored, transferred, or disposed of, enabling others to make informed decisions regarding their personal information.•Allow third party audits to verify compliance

d. **Anti-Competitive and Restrictive Trade Practices:**

GCPL is committed to promoting stringent adherence to competition laws, ensuring a marketplace that is free, fair, and replete with diverse consumer choices. GCPL requires its suppliers to demonstrate the same level of commitment to these principles, maintaining the highest standards of market fairness and competitive integrity.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Adhere to all applicable laws to foster free and fair competition.•Do not engage in anti-competitive and/or restrictive trade practices.	<ul style="list-style-type: none">•Develop and implement policies and procedures to ensure compliance with all applicable laws.•Provide regular training to employees on anti-competitive practices and compliance requirements to prevent violations.	<ul style="list-style-type: none">•Participate in and support initiatives that promote fair competition and transparent business practices, ensuring an equitable market environment for all stakeholders.

Pillar 2 – Socially Focused

- a. **Terms of Employment:** Clear and fair terms of employment are essential for protecting the rights of employees. GCPL expects its suppliers to provide employment terms that are fair and comply with all applicable legal standards.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Employees and workers should receive written employment contracts which are detailed, fair and presented in a language they understand.•Comply with all legal requirements relating to maternity and adoption leave and provide a reasonable notice period in case of termination or resignation, as applicable.•Comply with all applicable labour and employment laws.	<ul style="list-style-type: none">•Have in place policies for hiring, promotion, termination and grievance management.•Train managers on fair employment practices.•Provide employees clear information regarding their roles, responsibilities and rights.•Maintain up-to-date records in respect of all employees and workers, including relevant personal and employment details.	<ul style="list-style-type: none">•Offer flexible working arrangements to support work-life balance, where feasible.•Offer training and skill development programs to support career growth.•Allow third-party audits to verify compliance.

- b. **Equal Treatment:** Equality and non-discrimination in employment is a fundamental right at work. GCPL encourages suppliers not to discriminate based on race, colour, caste, class, gender, sexual orientation, gender identity, religion, political opinion, nationality, ethnicity, social origin and status, indigenous status, disability, age or any other personal characteristic or status. We encourage suppliers to actively promote respect, dignity, and fairness in all aspects of employment, including recruitment, training, promotion, and workplace interactions, while maintaining a commitment to diversity, equity and inclusion

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •Treat all workers equally with respect and dignity. •Not discriminate in any form. •Do not discriminate in hiring, compensation, promotion, disciplinary actions, or termination. •Prohibit any form of psychological, physical, sexual, or verbal abuse, intimidation, or harassment. •Comply with the POSH Act, 2013, and ensure a safe and inclusive workplace. •Establish a confidential complaint mechanism •submit annual POSH compliance reports as mandated by law. 	<ul style="list-style-type: none"> •Maintain a zero-tolerance policy towards any form of discrimination or harassment. •Provide regular training to employees on non-discrimination, inclusivity, and diversity. This includes training for managers, supervisors, and hiring personnel. •Handle reports of discrimination confidentially and protect workers from retaliation. 	<ul style="list-style-type: none"> •Support diversity initiatives like mentorship programs and diversity councils. •Set and implement specific and measurable targets for achieving gender equality and diversity. •Allow third-party audits to verify compliance.

- c. **Voluntary Employment:** Voluntary employment ensures that all workers engage in their roles freely, without coercion or undue pressure. This commitment to worker autonomy forms the foundation of ethical labour practices including refraining from forced labour. GCPL requires suppliers to uphold this principle, thereby fostering a supply chain where employment remains voluntary, ethical and sustainable.

d.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •All employment must be voluntary and comply with all relevant legal requirements regarding employment practices. •The use of forced, trafficked, bonded, or involuntary labor to be strictly prohibited. •Terms of employment must not restrict or impede voluntary resignation. •Workers should not be required to pay a fee or deposit to supplier for obtaining employment. 	<ul style="list-style-type: none"> •Have clear policies and procedures to prevent trafficked, bonded, or involuntary labor. •Train human resources staff on these policies to ensure proper implementation. 	<ul style="list-style-type: none"> •Engage in industry initiatives to combat forced labor and promote voluntary employment. •Allow third-party audits to verify compliance.

- e. **Age of Workers:** Suppliers are required to ensure that no person below the legal minimum age for employment shall be employed under any circumstances. This will help promote ethical business practices and contribute to the development of future generations.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> • Law of the land in employment must be followed. • Young workers must not carry out any hazardous work. 	<ul style="list-style-type: none"> • Have clear policies on the minimum employment age and for verifying the age of all workers during hiring. • Maintain accurate records of workers' ages. 	<ul style="list-style-type: none"> • Provide safe and appropriate working conditions • Engage in community programs that prevent child labor and promote education. • Allow third-party audits to verify compliance.

- f. **Fair Wages and benefits:** Fair wages are essential for ensuring the well-being and stability of workers. By committing to fair wage practices, suppliers can enhance employee satisfaction and retention.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •Wages must meet or exceed local legal minimum wage standards and should include, overtime pay, benefits, and paid leave, as per applicable laws. •Deductions from wages should only be made if required by law or where workers give written permission for deductions in a language they understand. 	<ul style="list-style-type: none"> •Maintain a written, transparent wage policy communicated to workers in a language they understand. •Keep transparent records of wages paid to workers. •Have a system for workers to report wage issues without fear of retaliation. •Address any identified wage issues promptly with clear action plans. •Engage with workers to understand and address wage concerns. 	<ul style="list-style-type: none"> •Participate in industry initiatives to promote fair wages. •Provide regular reports on wage levels and improvements. •Allow third-party audits to verify compliance.

- g. **Working Hours:** Ensuring fair and regulated working hours is essential for maintaining a healthy, productive, and ethical work environment. We require suppliers to implement clear policies and guidelines regarding working hours for the well-being of their workers and uphold their commitment to ethical business practices.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •Working hours should comply with applicable laws including limits on total working hours with overtime. •Overtime must be voluntary and paid according to applicable laws . •Workers must receive weekly off, holidays and leaves in compliance with applicable laws. 	<ul style="list-style-type: none"> •Maintain and communicate a written policy on working hours, stating overtime is voluntary for all workers. •Train relevant staff on related policies, and keep accurate records of working hours, overtime, and worker consent. •Engage with employees and identify ways to reduce working hours without compromising their ability to earn a living wage 	<ul style="list-style-type: none"> •Promote healthy work-life balance for employees. •Adopt flexible working arrangements, where feasible. •Allow third-party audits to verify compliance.

- h. **Freedom of associations and collective bargaining:** Upholding workers' rights for promoting transparency, accountability, and worker empowerment within the supply chain is important. Suppliers are required to respect and support workers' rights to freedom of association, ensuring fair treatment and constructive dialogue in collective bargaining processes as follows:

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> Workers' right to freely join or form associations of their choice must be respected. Engage in good faith collective bargaining when requested by a recognized worker association. 	<ul style="list-style-type: none"> Ensure representatives of associations can carry out their duties. Train management and staff in relation to association rights and collective bargaining. Address any identified issues related to freedom of association rights promptly with clear action plans. 	<ul style="list-style-type: none"> Foster a cooperative relationship with associations and engage in open and constructive dialogue with associations. Allow third-party audits to verify compliance.

- i. **Occupational Health and Safety:** Maintaining a high standard of health and safety is critical for preventing workplace accidents and ensuring the well-being of employees. Suppliers are required to adopt robust health and safety practices, continuously improve safety measures, and foster a proactive safety culture.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> Adhere to all applicable health and safety rules & regulations, and industry standards to ensure a safe working environment for all workers. Establish and enforce a risk based work permit system to ensure that appropriate controls are in place. Ensure all workers and visitors wear personal protective equipment (PPE), where applicable and are informed of workplace hazards and emergency procedures. Ensure clear signages for emergency evacuations. Guarantee access to free, safe drinking water and sanitation facilities, including clean lavatories / washrooms with handwashing facilities. 	<ul style="list-style-type: none"> Maintain clear health and safety policies, establish key performance indicators, and regularly monitor them for improvement. Conduct regular trainings on health and safety practices and implement systems to identify, report, and mitigate hazards. Develop emergency preparedness plans, conduct drills, and ensure contingency plans are in place for residual risks. 	<ul style="list-style-type: none"> Engage with employees to understand and address health and safety concerns. Allow third-party audits to verify compliance.

- j. **Land Rights:** Respecting and upholding land rights is crucial for ethical business conduct. Suppliers are required to ensure that their operations do not infringe upon the land rights of local communities and indigenous peoples, fostering transparency, fairness, and respect for all stakeholders involved.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Ensure that land acquisition or land use planning or land development is carried out in compliance with applicable laws.•Do not engage in coercive, deceptive, or unfair tactics to obtain land access or ownership.•Provide fair and transparent compensation as per applicable laws in the event of land acquisition.	<ul style="list-style-type: none">•Implement a clear policy on respecting land rights, ensuring it is communicated to all relevant parties.•Maintain records of consultations, consents, and compensations to ensure compliance and transparency.	<ul style="list-style-type: none">•Support the resettlement and livelihood restoration of displaced individuals and communities.

Pillar 3 – Quality Centred

- a. **Product Quality:** Ensuring high quality of products is essential for maintaining customer trust and satisfaction, as well as upholding the reputation of our brand. Suppliers must adhere to stringent quality standards, implementing robust quality control measures and continuously strive for excellence in the products they supply to us.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Ensure compliance with applicable laws and all relevant quality standards.•Products supplied must comply with their specifications and GCPL requirements.•Quality of products must be consistent across all batches.•Evidence supporting claims (such as, 20% recycled plastic in packaging material) should be provided to GCPL.	<ul style="list-style-type: none">•Implement robust quality management systems (QMS) to monitor and control quality in alignment with relevant standards.•Perform regular inspections and tests to ensure product quality.•Maintain accurate records of quality control activities.	<ul style="list-style-type: none">•Continuously engage with GCPL (i) to understand and meet quality expectations and (ii) to improve product quality through innovation and best practices.•Invest in training and development to enhance employees' skills in quality management.•Allow third-party audits to verify compliance

- b. **Good Manufacturing Practices:** Suppliers are required to follow GMP regulations and standards, implement robust manufacturing processes, and continually strive for improvement.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Ensure compliance with applicable Good Manufacturing Practices standards (FDA, WHO, etc.).•Maintain Standard Operating Procedures (SOPs) for all processes, including raw material management, production, packaging, and distribution.•Implement an ERP system to track personnel, materials, and machines at every manufacturing stage.•Maintain high cleanliness, hygiene, and safety standards to prevent contamination and ensure product quality.	<ul style="list-style-type: none">•Maintain comprehensive documentation and record-keeping of all manufacturing activities, including batch records, equipment maintenance logs, and quality control test results.•Provide regular training to employees to emphasize the importance of personal hygiene, proper handling of materials, and adherence to standard operating procedures (SOPs).•Track and monitor efficiency of machines and facilities to ensure optimal performance and prevent issues.	<ul style="list-style-type: none">•Set a time-bound target to move to WCM (World Class Manufacturing), TPM (Total Productive Maintenance), and other applicable advanced manufacturing practices.•Continuously improve manufacturing processes by adopting industry best practices (WCM, TPM) and the latest technological advancements.•Invest in modern equipment and infrastructure for monitoring critical control points.•Allow third-party audits to verify compliance

- c. **Effective Material Management & Resource Efficiency:** Effective material management is essential for ensuring the quality, safety, and sustainability of products. Suppliers are required to adopt best practices for sourcing, handling, and managing materials to minimize waste, ensure compliance with regulations, and maintain high quality and safety standards.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •All applicable standards for sourcing, using, and managing materials must be adhered to. •Documentation and traceability of all materials used in the manufacturing process must be maintained. •Verification must be conducted to ensure that all materials meet their specifications and quality standards before use. •Regular safety audits and risk assessments must be conducted to identify and mitigate potential hazards associated with chemical management. •Material Safety Data Sheets (MSDS) must be readily available for all hazardous chemicals and proper training on their safe use should be provided to employees 	<ul style="list-style-type: none"> •Implement a comprehensive material management system covering procurement, storage, handling, and disposal of materials. •Conduct regular training programs for employees on proper material handling procedures and safety practices. •Maintain accurate records of inventory, usage, and storage conditions. •Maintain optimum stock levels to ensure production is not hampered and supply chain disruptions are minimized. •Implement inventory management systems to track stock levels in real-time and forecast future material requirements. •Ensure timely procurement and replenishment of materials to avoid stockouts and production delays. 	<ul style="list-style-type: none"> •Continuously seek ways to optimize material usage and reduce waste through efficient practices and technological advancements. •Engage with suppliers to ensure sustainable sourcing of materials, including use of recycled or eco-friendly materials, where feasible. •Foster a culture of responsibility and accountability for material management among employees. •Allow third-party audits to verify compliance.

Pillar 4 – Green Inspired

- a. **Energy Use and Efficiency:** To build a sustainable future, responsible energy use is essential across all stages of operations. Efficient energy use helps minimize environmental impact, reduce costs, and improve operational efficiency for organizations. GCPL is committed to partnering with those who implement energy-efficient practices throughout the supply chain.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•Ensure compliance with applicable laws and relevant applicable standards.•Prioritise use of renewable energy (such as solar plant), where feasible, to support sustainable energy use.•Implement energy-efficient practices to minimize energy consumption.•On request by GCPL, submit details of energy consumed in production of goods supplied to GCPL for GCPL's public reporting and verification purposes.	<ul style="list-style-type: none">•Implement an energy management system (EMS) to monitor, control, and reduce energy consumption.•Conduct regular energy audits to identify opportunities for energy savings and efficiency improvements.•Invest in energy-efficient equipment and infrastructure to reduce energy consumption.•Maintain accurate records of energy use and efficiency measures implemented.•Promote energy awareness and conservation among employees through training and engagement.	<ul style="list-style-type: none">•Switch to biomass, where feasible, with NIL adverse impact on food security or livelihood of agricultural communities.•Continuously improve energy efficiency through technological advancements and best practices.•Allow third-party audits to verify compliance.

- b. **Waste Management:** GCPL acknowledges the environmental and economic significance of responsible waste management. By reducing waste generation, improving resource efficiency i.e. increasing recycling, and ensuring responsible disposal, GCPL has been making a substantial contribution to creating a circular economy and a healthier planet.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •Comply with regulations for managing all types of waste, including Plastic Waste, E-waste, Battery Waste, Hazardous Waste, and Solid Waste. •Ensure proper handling, collection, segregation, and recycling or disposal of waste at authorized facilities. •Treat effluents and wastewater according to applicable laws and relevant standards before discharge. •Provide regular training on safe handling of hazardous materials and promote the 5R principles to reduce waste and support circularity. • Provide reports to GCPL on a periodical basis on waste generation, disposal, recycling efforts, including any improvements made. 	<ul style="list-style-type: none"> •Develop clear policies and controls for managing plastic usage and disposal, with periodic updates. •Implement a waste management system and procedures for waste collection, storage, transportation, and disposal. •Conduct regular training programs for employees on proper waste management practices and safety measures. •Maintain accurate records of waste generation, disposal methods, and recycling activities. •Address any waste management issues promptly with clear corrective actions. •Engage suppliers and partners in responsible waste management and sustainable sourcing. 	<ul style="list-style-type: none"> •Minimize waste sent to landfills or for incineration and increase the use of recycled materials. •Foster a culture of waste reduction and environmental responsibility through employee awareness programs. •Support local waste management infrastructure development through initiatives and investments. •Allow third-party audits to verify compliance.

- c. **Measure & Manage GHG Emission:** GCPL is dedicated to minimising environmental impact and promoting a low-carbon future and towards the same, the collaboration and active engagement of suppliers is essential. By measuring and managing greenhouse gas (GHG) emissions across the supply chain, a significant amount of environmental impact can be reduced.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •Suppliers must adhere to all applicable laws and standards related to greenhouse gas emissions. •Wherever feasible, Supplier must transition to renewable energy sources such as solar, wind, and biomass. •Use fuel-efficient logistics and transportation methods to reduce emissions. •Accounting of GHG emissions is a must and should be done as per applicable standards. •On request by GCPL, share product-level GHG emissions data (as per methodology agreed with GCPL) for goods sold to GCPL, to support GCPL in public reporting and verification purposes. 	<ul style="list-style-type: none"> •Have a written policy that addresses climate change through specific actions. •Establish processes to record, track, and periodically report on the progress and effectiveness of climate change actions against concrete targets. •Implement and periodically update a GHG management system to monitor, control, and reduce emissions. 	<ul style="list-style-type: none"> •Engage in carbon offset initiatives to balance out emissions that cannot be avoided. •Collaborate with suppliers and partners to reduce GHG emissions across the entire supply chain. •Fund research and innovation to discover new methods for lowering greenhouse gas emissions. •Develop and implement a time-bound plan to reduce Scope 1, 2, and 3 GHG emissions in line with science-based targets and the Paris Agreement or an equivalent standard. •Ensure GHG data and reduction targets are verified by third-party auditors. •Adopt Science-Based Targets in line with the SBTi framework by building awareness and promoting engagement, supporting long-term sustainability goals. •Allow third-party audits to verify compliance with GHG emission standards and progress in reduction efforts.

- d. Reducing Usage of Hazardous and Toxic Materials:** It is crucial to minimize the use of hazardous and toxic materials in the supply chain to reduce health and environmental risks. GCPL requires all suppliers to replace hazardous materials with safer alternatives, optimize processes, and implement responsible handling practices to ensure the well-being of employees and communities.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none">•All applicable laws must be followed for handling hazardous and toxic materials.•Suppliers must replace hazardous materials with safer alternatives, wherever feasible.•Continuous optimisation of processes must be done to reduce hazardous material use wherever feasible.•On request by GCPL, share product-level hazardous material used in goods sold to GCPL, to support GCPL in public reporting and for verification purposes.	<ul style="list-style-type: none">•Implement systems to track and control hazardous materials.•Regularly train employees on safe handling and reduction practices.•Use appropriate safety measures and protective equipment.	<ul style="list-style-type: none">•Invest in finding safer material alternatives, wherever feasible.•Source environmentally-friendly materials, wherever feasible.•Allow third-party audits to verify compliance.

- e. **Water Conservation:** Acknowledging that water is a limited resource, it is essential to adopt sustainable water conservation practices across the supply chain. This will aid in reducing environmental impact and cutting down on costs. GCPL is committed to responsible water management and requires all its suppliers to participate in this crucial initiative.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> • Comply with applicable laws concerning water usage and effluent discharge. • Proper management, i.e. treatment, recycling of and safe disposal of wastewater, must be done as per applicable laws and relevant standards. • Prevent contamination and erosion, and maintain buffer zones around water bodies. • On request by GCPL, share product-level water footprint data for the goods sold to GCPL, to support GCPL in public reporting and verification purposes. 	<ul style="list-style-type: none"> • Implement a water management system to monitor, control, and reduce water consumption. • Conduct regular water audits to identify opportunities for water savings and efficiency improvements. • Maintain accurate records of water use, conservation measures, and wastewater management. • Address any identified water use issues promptly with clear action plans, including corrective actions and preventive measures. • Foster a culture of water conservation among employees through training and engagement programs. 	<ul style="list-style-type: none"> • Continuously seek ways to improve water efficiency through technological advancements and best practices. • Invest in water-efficient equipment and infrastructure to reduce water consumption. • Implement advanced treatments and optimize water use in stressed areas.

- f. **Sustainable Packaging:** Sustainable packaging means reducing the environmental impact of packaging throughout the product lifecycle by using recycled, recyclable, or compostable materials, and designing packaging that is easy to reuse or dispose of responsibly. GCPL aims to significantly reduce waste and conserve resources by working together with suppliers.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> • Comply with all applicable laws relating to packaging materials' manufacturing, usage, distribution, and end-of-life management. • Packaging materials must be safe and meet agreed specifications. • Recycled content claimed in packaging must be verifiable and traceable basis evidence as per relevant standards. • Packaging must be marked or labeled for better sorting and segregation to facilitate end-of-life management. • On request by GCPL, share data of packaging material and/ or packaging of products sold to GCPL, to support GCPL in public reporting and verification purposes. 	<ul style="list-style-type: none"> • Establish clear policies for sustainable sourcing, production, and disposal of packaging materials. • Increase usage of recycled content in packaging • Provide training to employees on sustainable packaging practices and compliance requirements. 	<ul style="list-style-type: none"> • Produce packaging which is reusable, recyclable or compostable • Allow third-party audits to verify compliance.

- g. **Biodiversity:** GCPL is committed to have a net positive impact on nature and biodiversity. We encourage our suppliers to follow the biodiversity mitigation hierarchy of – avoid negative impacts, minimise impacts with process tweaks, restore land, forests or water bodies that were impacted and offset any adverse impacts to ensure a net-positive impact on biodiversity. We expect our suppliers, and business partners to avoid operations near sites of global or national importance to biodiversity, and adhere to sustainable sourcing or cultivation of agri commodities that have no risk of biodiversity loss.

Essential Requirements	Procedural Expectations	Leadership Enabling Practices
<ul style="list-style-type: none"> •Adhere to all applicable laws related to biodiversity and ecosystem protection, and maintain necessary permits for related activities. •Suppliers of agricultural or aquaculture products must take measures to mitigate the negative impact of their practices on nearby ecosystems. •Actively safeguard rare, threatened, and endangered species within their operations and supply chains. •On request by GCPL, share data on biodiversity efforts to ensure compliance with regulations and support GCPL's reporting needs. 	<ul style="list-style-type: none"> •Set clear policies to prevent deforestation and conversion. •Train employees on biodiversity protection. •Use metrics to track and report on biodiversity health. 	<ul style="list-style-type: none"> •Source raw materials sustainably •Participate in Biodiversity Offsetting programs to compensate for unavoidable impacts to ensure no net loss of biodiversity. •Allow third-party audits to verify compliance.

Our Verification and Assessment Process

GCPL conducts comprehensive assessments and audits for both existing and prospective suppliers on an annual or as needed basis, to evaluate their alignment with the sustainability and ethical standards set forth herein.

We are continually improving our assessment and audit processes to ensure they are compatible with national and international standards and frameworks.

1. Qualification Assessment:

This assessment is a key part of the supplier onboarding process and includes:

- **Self-Assessment Questionnaires:** Prospective suppliers are required to complete detailed questionnaires that assess various operational aspects, business ethics, financial status, compliance with regulatory requirements.
- **Follow-Up Audits:** Based on responses to the questionnaires, GCPL may request the prospective supplier to undergo an audit to evaluate supplier operations and compliance with GCPL standards.
- **Acknowledgment of 3rd Party Audit:** For certain suppliers, GCPL may require audits under recognized standards and frameworks such as SEDEX Members Ethical Trade Audit (SMETA) and EcoVadis. If a prospective supplier has undergone a SMETA or EcoVadis audit in the then preceding 1 year, GCPL may consider the audit report for evaluation instead of conducting a fresh audit.
- **Acceptance of Code of Conduct and Policy:** Suppliers are expected to review and acknowledge GCPL's PRS and GCPL's Code of Conduct.
- **Onboarding:** After successful completion of the above, the supplier may be onboarded by GCPL.

2. Responsible Supplier Assessment

GCPL conducts annual assessments and audits of its suppliers, integrating frameworks such as GRI, BRSR, CDP, and its Code of Conduct. The purpose is to ensure compliance with legal and regulatory requirements and assess the environmental and social performance of our suppliers.

- **Supplier Segmentation:** GCPL segments supplier based on criteria such as High Value Spend Suppliers, Single Source Suppliers, Conflict Material Suppliers, High Emission Intensity and Strategically Important Suppliers.
- **Digital Platform and ESG Questionnaires:** The assessment is carried out using a digital platform and is based on various regulatory and international frameworks.
- **ESG Scoring:** Suppliers are assigned an ESG score based on their responses and the validation and verification of their responses.
- **Corrective and Preventive Action (CAPA) Plan:** Suppliers that achieve a low ESG score or are found non-compliant are required to submit a CAPA plan.

GCPL may make recommendations in relation to the proposed CAPA plan. GCPL may monitor the implementation of these plans to check the readiness for compliance.

- **Follow-up:** Depending on the severity of non-compliance and associated risks, GCPL may require follow-up audits conducted by third-party agencies and suppliers shall facilitate the same. Persistent non-compliance may lead to termination of the business relationship by GCPL.

3. Quality and Product Safety Assessment of Suppliers

GCPL upholds stringent quality standards to ensure the safety and sustainability of all materials and products within its supply chain.

- **Initial Quality Evaluation:** The initial quality evaluation is conducted for new product development and/or when onboarding a new supplier for an existing product. This evaluation is carried out collaboratively by the Quality, Packaging Development Department (PDD) and R&D teams. The primary objective is to assess the suitability of the material or product for production, ensuring compliance with GCPL's quality and safety specifications. Only materials and products that meet these stringent specifications are approved for use.
- **Continuous Quality Assurance:** All manufacturing units associated with GCPL are required to perform routine quality inspections to ensure consistency and adherence to its quality standards. These inspections are conducted daily or upon the receipt of each supply batch, ensuring ongoing compliance with GCPL's quality requirements.

4. Screening and Continuous Monitoring

GCPL actively screens and monitor suppliers to ensure compliance with watch lists, sanctions, and regulatory standards and requirements. This ongoing vigilance will help ensure that GCPL does not engage with parties that are non-compliant or involved in inappropriate activities.

- **Credit Analysis:** *GCPL will review credit ratings and key financial indicators from suppliers' financial statements regularly. This approach will help monitor the overall financial health of suppliers without extensive auditing.*
- **Liquidity Checks:** *Checks of liquidity ratios and cash flow statements will be performed periodically to ensure suppliers maintain adequate financial stability to support ongoing operations.*
- **Regulatory Compliance Screening:** *Suppliers will be screened against a checklist of essential compliance points, including local and international laws and regulations. This ensures adherence to legal standards with minimal administrative burden.*

Addressing Non-Compliance

To ensure a sustainable and ethical supply chain, GCPL ensures compliance through a structured process. In cases any non-compliance is identified at any stage of engagement, GCPL uses the following measures to address the same:

Corrective Action Plans (CAPs)

- **Notification:** Suppliers will be formally notified of any non-compliance identified through audits, assessments, or other monitoring mechanisms.
- **Time-Bound Action Plan:** Suppliers will be required to develop and execute a corrective action plan within a designated timeframe. The plan will outline specific remedial actions, assign responsible individuals, and set deadlines for resolution.
- **Validation and Verification of Implementation:** Based on the severity of the non-compliance, follow-up audits may be conducted to verify the implementation of corrective actions. These audits may be performed by GCPL's internal team or external third-party auditors.
- **Re-entry into Supply Chain:** Once corrective actions have been validated and verified and the supplier is compliant and meets GCPL's standards, they may be considered for reintegration into the supply chain.

Additionally, GCPL reserves the right to suspend and/ or terminate its relationship with any non-compliant supplier or demand the suspension of any non-compliant site, subcontractor, or sub-tier supplier until a corrective action plan is agreed and effectively implemented.

Reporting Non-Compliance

To facilitate reporting of non-compliance issues, GCPL is establishing the following mechanisms for suppliers and stakeholders:

Reporting Mechanisms

- **Dedicated Reporting Channels:** Suppliers and stakeholders may report any non-compliance issues directly to godrejspeakup@tip-offs.in. All reports will be addressed with strict confidentiality.
- **Anonymous Reporting:** GCPL will offer an anonymous reporting option to allow individuals to disclose concerns without fear of retaliation.

Supplier Evaluation & Monitoring

- **Supplier Assessments:** GCPL will implement digital and desktop-based questionnaires for supplier assessments, focusing on key performance indicators (KPIs) and ESG goals.
- **Performance Monitoring:** GCPL will regularly track suppliers' ESG goals and performance, supported by annual self-declaration by suppliers to ensure ongoing compliance and alignment with GCPL's sustainability commitments.

Investigation and Response

- **Prompt Investigation:** GCPL will conduct thorough investigations of all reports to assess the validity and severity of any non-compliance issues reported.

- **Actionable Feedback:** Upon completing investigations, GCPL will provide actionable feedback and guidance to suppliers to help rectify identified non-compliance issues.

Documentation and Record-Keeping

- **Maintain Records:** Suppliers are required to retain all relevant documents and evidence relating to their compliance efforts and any instances of non-compliance. These records must be made accessible to GCPL upon request.
- **Regular Reporting:** Suppliers are also required to submit regular updates to GCPL on the progress of their corrective actions and their overall compliance status.

Oversight

GCPL has a robust governance structure wherein the Supply Chain sustainability is overseen by the Business Heads of each cluster with support from the Management Committee, including representatives from Product Supply Organization, Human Resources and Good & Green.

Board-level oversight is provided by the Board Risk Committee and the Board ESG Committee. These committees meet biannually to assess risks across our supply chain, devise mitigation strategies, identify emerging focus areas, and monitor progress on our action plan.

Annexures

The following principles, standards and conventions were used in preparing this Policy and may be a useful source of additional information:

1. International Labour Organization Conventions
2. Universal Declaration of Human Rights
3. UN Sustainable Development Goals (SDGs)
4. Global Reporting Initiative (GRI) Standards
5. Godrej Industries Group's Good & Green Vision