




Business Ethics Policy

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Approved by	
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Designation	Chief Strategy and Sustainability Officer
Signature	

Our Purpose

Guiding with Integrity to Build Trust and Foster Sustainable Growth

1. Introduction

Granules India Ltd. (Group) is committed to upholding the highest standards of corporate governance, fostering ethical practices, transparency, and accountability across all levels of our organization. We recognize our responsibility to build trust with stakeholders and ensure that our operations reflect integrity, fairness, and sound decision-making. This governance policy aligns with Granules' values of "Guiding with Integrity to Build Trust and Foster Sustainable Growth" and provides a framework for ethical leadership, compliance, and responsible management, guiding our actions toward long-term, sustainable success.

2. Scope

This policy applies to all operations, processes, and products across Granules, including all manufacturing facilities, offices, subsidiaries and supply chain activities. It covers our responsibilities in managing Corruption, Information Security, Conflicts of Interest, Anti-Fraud, Anti-Money Laundering, Anti-Competitive Practices, and Ethical Business Conduct.

This policy is applicable to all employees, workers, contractors, and other stakeholders associated with Granules directly or indirectly. All parties are expected to comply with the principles and practices outlined in this policy to uphold the company's standards of ethical conduct across all aspects of the business.

3. Policy

At Granules, we uphold the highest standards of ethics and integrity in all our business practices. Our commitment to ethical behavior guides our decision-making processes, ensuring transparency, accountability, and respect for all stakeholders. We strive to foster a culture of honesty and trust, essential for sustainable growth and success.

Granules is committed to complying with all relevant rules and regulations, as well as our voluntary commitments, including the

- UN Global Compact (UNGC) Principles
- Pharmaceutical Supply Chain Initiative (PSCI) Principles
- Global Reporting Initiative frameworks
- United Nations Sustainable Development Goals (UNSDGs)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Business Responsibility and Sustainability Reporting (BRSR)
- Companies Act, 2013
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Prevention of Corruption Act, 1988
- Prevention of Sexual Harassment (POSH) Act, 2013
- Whistle Blowers Protection Act, 2014
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights (UNGPs)
- ILO Core Conventions
- ISO 26000:2010 – Guidance on social responsibility, including ethical behaviour in business.
- ISO 37001:2016 – Anti-bribery management system standard.

- Ethical Trading Initiative (ETI) Base Code
- SA8000 – Social accountability standard for ethical workplace practices.
- **Anti-Bribery & Anti-Corruption (ABAC):** Granules is committed to conducting business with integrity, adhering to strict anti-bribery and anti-corruption principles. We prohibit all forms of corruption and unethical behaviour in our operations and relationships. Through robust policies, training, and reporting mechanisms, we promote transparency and accountability, ensuring compliance with all applicable laws and regulations.
- **Money laundering:** Granules is committed to preventing money laundering and ensuring compliance with all relevant laws and regulations. We implement stringent policies and procedures to identify and mitigate risks associated with financial crimes. Through employee training and monitoring, we promote a culture of integrity and transparency, safeguarding our operations from illicit activities.
- **Anti-competitive practices:** Granules is dedicated to fair competition and strictly prohibits anti-competitive practices in all aspects of our operations. We adhere to applicable laws and regulations, promoting ethical behaviour in our market interactions. By fostering a culture of transparency and compliance, we ensure that our business practices support healthy competition and benefit consumers.
- **Conflict of interest:** Granules is committed to maintaining the highest standards of integrity and transparency in all our dealings. We recognize the importance of identifying and managing conflicts of interest to uphold trust and fairness. Employees are expected to disclose any potential conflicts and adhere to our policies, ensuring decisions are made in the best interest of the company and its stakeholders.
- **Fraud:** Granules is dedicated to preventing fraud in all its forms and maintaining the integrity of our operations. We have implemented robust internal controls and reporting mechanisms to detect and address fraudulent activities. By fostering a culture of transparency and accountability, we empower employees to report suspicious behavior, ensuring the highest ethical standards are upheld throughout the organization
- **Information Security:** Granules is committed to protecting the confidentiality, integrity, and availability of our information assets. We implement comprehensive information security policies and practices to safeguard sensitive data from unauthorized access and breaches. Through continuous training and awareness programs, we promote a culture of security, ensuring that all employees understand their responsibilities in protecting information and maintaining trust with stakeholders.

4. Goals & Targets

Baseline: FY 2022-23 marks the starting point for evaluating and improving

- **Business ethics and integrity:**
 - Conduct awareness programs and mandatory code of conduct training
 - Ethical business conduct and Zero tolerance to violations through robust culture building and training.
 - Achieve 90% compliance from key suppliers and business partners in signing anti-corruption agreements by FY 2029-30
 - Provide regular anti-corruption training to employees, ensuring awareness of ethical conduct expectations.
 - Include an update on bribery prevention measures and outcomes as part of the annual report starting in FY 2026-27, tracking progress and ensuring compliance.

- **Remuneration:**
 - Strive to achieve an 85% employee satisfaction rate with remuneration policies, as measured by the annual employee surveys, by FY 2026-27.
 - Implement annual salary reviews to ensure full alignment with market standards, aiming for 100% compliance by FY 2025-26.
- **Sustainability governance:**
 - Adopt sustainability governance across the organization and integrate with the ERM framework
 - Transparency through disclosures on various ESG reporting platforms
- **Data privacy and cyber security:**
 - Conduct an annual third-party vulnerability threat assessment, IT & OT security Gap & Convergence Assessment.
 - Ensure Zero data privacy and cyber security breaches.
 - Target ISO 27001 certification by year FY 2027-28.
 - Conduct annual cyber safety awareness & refresher program for the targeted audience within the organization and ensure 100% coverage.
- **Conflict of interest**
 - Maintain a clear commitment to avoiding conflicts of interest, ensuring all decisions prioritize company interests over personal gain.
 - Require 100% of employees to complete conflict of interest training annually.
 - Audit 100% of procurement contracts of key suppliers for potential conflicts of interest annually.
- **Antifraud Measures:**
 - Uphold high ethical standards across all business activities, requiring honesty and transparency from all employees and partners.
 - Complete fraud risk assessments for all high-risk departments annually by FY 2025-26.
 - Train 100% of employees on fraud detection and prevention policies by FY 2029-30.
- **Anti-Money Laundering:**
 - Implement robust monitoring systems for all financial transactions to detect and flag any suspicious activities.
 - Conduct annual AML training for 100% of relevant employees involved in financial transactions.
 - Enhance employee awareness of money laundering risks through continuous training.
 - Ensure 100% of employees complete annual anti-money laundering training by FY 2025-26, with specialized training for high-risk roles.
- **Anti-Trust and Fair Competition:**
 - Uphold a commitment to fair competition, avoiding practices that unfairly restrict market dynamics.
 - Prevent any actions that could exploit a dominant market position or harm competitors through unfair practices.
 - Train 100% of employees on antitrust and fair competition policies annually, with refresher courses for high-risk departments.

5. Ethical Conduct Guidelines & Practical Examples

1. Anti-Bribery & Corruption

- **Guideline:** Employees must not offer, accept, or solicit bribes, kickbacks, or improper benefits in any form.

- **Example:** A supplier offers a luxury gift in exchange for a procurement contract. The employee must decline the gift and report the incident to the compliance team.

2. Conflict of Interest

- **Guideline:** Employees must disclose any personal, financial, or professional interests that could interfere with their job responsibilities.
- **Example:** An employee's relative owns a company bidding for a Granules India contract. The employee must declare this relationship and refrain from participating in the selection process.

3. Fair Competition & Anti-Trust

- **Guideline:** Employees must not engage in price-fixing, bid-rigging, or monopolistic practices.
- **Example:** Two sales executives from competing companies meet at a conference and discuss setting uniform product prices. This is unethical and illegal, and the employee must report such discussions.

4. Fraud Prevention

- **Guideline:** Employees must not engage in falsifying records, financial misreporting, or deceptive business practices.
- **Example:** An employee exaggerates expense claims for business travel. This is fraudulent behavior and can lead to disciplinary action.

5. Information Security & Data Privacy

- **Guideline:** Employees must protect confidential company, employee, and customer data.
Example: An employee accidentally sends confidential sales data to an external party. They must immediately report the breach and follow corrective measures.

6. Anti-Money Laundering (AML)

- **Guideline:** Employees must ensure that financial transactions comply with legal and regulatory standards.
- **Example:** A client proposes making a payment through multiple small transactions to avoid detection. This is a red flag for money laundering, and the employee must escalate the issue.

7. Responsible Communication & Transparency

- **Guideline:** Employees must communicate truthfully and avoid misleading statements in internal and external communications.
- **Example:** A **marketing** executive should not exaggerate product benefits in promotional materials beyond scientifically validated claims.

8. Whistleblower Protection

- **Guideline:** Employees must report ethical violations without fear of retaliation.
- **Example:** A junior employee notices irregularities in financial reports but fears job loss. They should report through the designated whistleblower channel, which ensures confidentiality and protection.

6. Disciplinary Measures for Policy Violations

Granules India maintains a zero-tolerance policy for violations of its Business Ethics Policy. Any breach, including fraud, corruption, or conflicts of interest, will result in appropriate disciplinary action based on the severity of the offense.

- **Verbal or Written Warning** – Issued for minor infractions or first-time violations.
- **Probation or Suspension** – Temporary restriction from duties based on the severity of the breach.
- **Financial Penalties** – Reduction or withdrawal of incentives, bonuses, or other financial benefits.
- **Termination of Employment** – Dismissal for serious or repeated violations.
- **Legal Action** – If the violation involves unlawful activities, the company may initiate legal proceedings.

7. Governance

At Granules, we seek to foster a robust system of governance founded on the principles of integrity, transparency, and accountability. Our Board and senior management ensure that our governance framework aligns with our core values and principles.

Our Board of Directors is pivotal in overseeing and guiding our governance practices. Comprising experienced professionals from diverse backgrounds, the Board sets the strategic direction and monitors compliance with regulatory requirements and ethical standards. Their leadership ensures that Granules operates with the highest integrity and ethical conduct.

BOARD COMMITTEES

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles that are considered to be performed by members of the Board, as a part of good governance practice.

The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of the Committees are placed before the Board for review. The Chairman of the Committees apprises periodically about the working of the Committees to the Board.

The Board has currently established the following statutory and non-statutory committees:

We have seven Board-level Committees, namely:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Share Transfer and Stakeholders Relationship Committee
4. Sustainability & Corporate Social Responsibility Committee
5. Risk Management Committee
6. Business Review Committee
7. Growth Opportunities Evaluation and Investment Committee

S. No	Name of Committee	Key Role
1	Audit Committee	The primary objective of the Committee is to monitor and provide effective supervision of the management's financial reporting to ensure adequate, accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The Committee oversees the work carried out by the management, statutory auditors and internal auditors about the financial reporting process and the safeguards employed by them.
2	Nomination and Remuneration Committee	The role of the Committee is to oversee the selection of Directors and Senior Management Personnel based on criteria related to the specific requirement of expertise and independence. The Committee evaluates the performance of Directors and Senior Management Personnel and recommends to the Board the remuneration payable to Directors and Senior Management Personnel of the Company. It has also worked with management to review the organization design, plan for upgrading and retaining talent at all levels, review succession plans for key positions and the performance management systems.
3	Share Transfer and Stakeholders Relationship Committee	The Committee looks into various aspects of the interest of the shareholders. The Committee ensures cordial investor relations and oversees the mechanism for the redressal of investors' grievances. The Committee's composition and terms of reference comply with the provisions of section 178 of the Companies Act, 2013 and regulation 20 of the Listing Regulations.
4	Sustainability & Corporate Social Responsibility Committee	The Corporate Social Responsibility Committee has been entrusted with the specific responsibility of reviewing corporate social responsibility programs. The scope of the Committee also includes approving the budget for CSR activities, reviewing the CSR programs, formulation of annual action plan and monitoring CSR spending.
5	Risk Management Committee	The Committee was constituted by the Board of Directors with its prime responsibility to implement and monitor the risk management plan and policy of the Company. The Committee's composition and terms of reference comply with the provisions of regulation 21 of the Listing Regulations as amended from time to time.
6	Business Review Committee	The Board constituted a Business Review Committee to advise on all matters related to the management/operations of the Company. The Business Review Committee meets periodically to review inter alia the operational and financial performance of the Company.
7	Growth Opportunities Evaluation and Investment Committee	The Board Constituted a Growth Opportunities Evaluation Committee to guide the management for exploring various inorganic growth opportunities.

8. Transparency

We are dedicated to monitoring and achieving our sustainability objectives by establishing key performance indicators (KPIs). Each KPI will be tracked at regular intervals, ensuring rigorous evaluation to assess our progress and implement necessary adjustments

We will communicate our progress through our Annual Report, Sustainability Report in accordance with GRI standards, UNGC Communication of Progress (CoP), BRSR disclosure, Ecovadis and CDP Disclosures. We will share our data through platforms such as SEDEX, M2030 and Project Gigaton, ensuring transparency and accountability in achieving our sustainability objectives.

9. Communication

We will engage and collaborate with stakeholders, including employees, suppliers, communities, and customers, to foster a shared responsibility for our Sustainability objectives

10. Review

This policy will be reviewed every two years, or as needed, to maintain alignment with best practices and evolving regulatory standards in governance. The Compliance Officer is responsible for overseeing the implementation and review of this policy. Granules remains committed to continual improvement, adapting our governance strategies in response to new insights, regulatory updates, and industry advancements.

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