



# SUPPLIERS SUSTAINABILITY PROGRAM

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Sustainability & Climate Change  
A Shared Challenge, A Shared Solution



# What's Inside

- Leadership Message
- Purpose, Vision, Values
- Climate Commitment
- Sustainable Supply Chain Pledge
- Supplier Sustainability Info Pack
- Supplier Code Of Conduct



# MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR

## *Pursuing Purpose-led Growth*

Sustainability is embedded in our decision-making processes, including procurement decisions, to prioritize long-term environmental and social considerations alongside our business objectives.

**Dr Krishna Prasad Chigurupati**  
Chairman & Managing Director



# OUR PURPOSE & VISION



## Purpose:

Healing lives responsibly through pioneering green science



## Vision:

To establish ourselves as a world leader in green chemical and pharmaceutical industry by harnessing cutting-edge technologies to enhance quality of life.



## **Message From Granules Leadership**

Dear Valued Partners,

Welcome to the Supplier Sustainability Program! We are thrilled to introduce this important initiative, which highlights our shared commitment to sustainability and responsible business practices.

As our world faces pressing environmental and social challenges, we at Granules understand that our supply chain plays a crucial role in achieving our sustainability goals. Through our collective efforts, we can create a meaningful impact not only within our organization but also across the industries we engage with and the communities we serve.

This program invites you, our valued suppliers, to collaborate closely with us in integrating sustainability into every aspect of our operations. We are committed to providing you with the necessary tools, resources, and support, including training and best practice sharing, to help you meet our sustainability standards.

We seek partners who are equally dedicated to reducing environmental impact and enhancing ethical practices. Moving forward, our supply chain decisions will be influenced by your commitment and progress in sustainability.

Together, we can build a supply chain that exemplifies excellence in sustainability, one we can all take pride in. Thank you for your dedication to this important cause. Let's work together toward a more sustainable future!



**Mr. Sanjay Kumar**  
**Chief Strategy & Sustainability Officer**



**Mr. Riaz Ahmed**  
**Sr. VP & Head Supply Chain**

An aerial photograph of a dense forest with a variety of green trees. A blue banner with rounded ends is positioned horizontally across the middle of the image, containing the title text in white. The forest floor is visible through the canopy, showing some brown trunks and patches of lighter green.

# **SUPPLIER CODE OF CONDUCT**

## ***Greening the Chain: Partnering for a Sustainable Future***

At Granules, we are guided by a profound purpose: Healing lives responsibly through pioneering green science. Our vision is to lead the way in the green chemical and pharmaceutical industry, utilizing cutting-edge technologies to elevate the quality of life for all. Rooted in our purpose and vision are our core values: Challenging Limits, Futuristic Thinking, Customer Driven, Empowering Employees, Quality Everywhere, and Environmental Stewardship.

As a company deeply committed to sustainability, we recognize that our supply chain plays a pivotal role in our journey towards a more sustainable future. Suppliers are essential partners in our efforts to achieve our sustainability commitments, including our pledge to attain Net Zero emissions by 2050 and our alignment with the Science-Based Targets initiative (SBTi). Moreover, we are steadfast in upholding the principles espoused by esteemed organizations such as the International Labour Organization (ILO), Pharmaceutical Supply Chain Initiative (PSCI), and United Nations Global Compact.

Our Suppliers Code of Conduct serves as a framework to ensure that our suppliers align with our values, commitments, and principles. It outlines the standards and expectations we have for our suppliers in areas such as labor practices, environmental sustainability, ethical conduct, and human rights.

By adhering to this code, our suppliers demonstrate their commitment to upholding the same high standards of integrity, responsibility, and sustainability that we hold ourselves to. Through collaborative efforts with our suppliers, we strive to create a supply chain that not only delivers quality products but also promotes environmental protection, social responsibility, and ethical business practices. Together, we can build a healthier, more sustainable future for generations to come.

In this Supplier Code of Conduct :

- "Granules" refers to Granules India Limited or any of its subsidiaries, as applicable.
- "Supplier" denotes any company, partnership, or individual that furnishes goods or services to Granules.
- "Worker" encompasses any individual employed, hired, engaged, or utilized by the Supplier in conducting its business.
- "Subcontractor" pertains to the Supplier's agents and subcontractors enlisted to fulfill its obligations to Granules.
- "Supplier Vendors" includes any suppliers and vendors of the Supplier directly relevant to the goods or services supplied by the Supplier to Granules, thereby constituting Granules' extended supply chain.

Each Supplier is obligated to adhere to the Code and ensure that its Workers and Subcontractors are familiar with it and comply with relevant provisions. The Code will be integrated into our supply agreements, with each provision considered a material term of any Supplier agreement. Suppliers are required to inform their Supplier Vendors about this Code and strive to include equivalent provisions in contracts with them. In cases where there is a conflict between applicable laws or regulations, agreements between Granules and the Supplier, and the provisions of this Code, the Supplier must meet the highest standard.

Granules reserves the right to amend this Code periodically, and Suppliers must comply with the latest version.

### **Supplier Code of Conduct:**

Granules expects all its suppliers to adhere to strict ethical standards and uphold the following principles outlined in the Supplier Sustainability Standards:

## **Labour and Human Rights:**

### **1. Child Labour:**

Suppliers shall not employ individuals under the legal working age according to local laws and regulations. They must verify the age of all workers and provide access to education and training opportunities for workers of legal working age.

### **2. Modern Slavery, Human Trafficking, and Forced Labour:**

Suppliers shall not engage in any form of modern slavery, human trafficking, or forced labour. They must conduct due diligence to ensure that all workers are employed voluntarily and are not subjected to coercion or exploitation. Suppliers shall provide workers with fair and transparent employment contracts that clearly outline their rights and responsibilities.

### **3. Wages and Remuneration:**

Suppliers shall pay workers fair wages that meet or exceed legal minimum wage requirements. They must ensure timely payment of wages and provide workers with transparent and understandable wage statements. Suppliers shall not unlawfully withhold wages or use wage deductions as a form of punishment.

### **4. Freedom of Association and Collective Bargaining:**

Suppliers shall respect the right of workers to freely associate and join trade unions or other worker organizations. They must not interfere with workers' rights to engage in collective bargaining or negotiations with management. Suppliers shall establish grievance mechanisms to address workers' concerns and facilitate open dialogue between workers and management.

### **5. Fair Treatment and No Discrimination:**

Suppliers shall provide equal employment opportunities to all individuals regardless of race, gender, religion, nationality, age, disability, sexual orientation, or any other protected characteristic. They shall prohibit all forms of discrimination, harassment, and retaliation in the workplace and implement policies and procedures to prevent discrimination and promote diversity and inclusion.

### **6. Working Hours:**

Suppliers shall comply with legal limits on working hours and provide workers with regular rest periods and breaks. They shall not require workers to work excessive overtime hours, and overtime work shall be voluntary. Suppliers shall maintain accurate records of working hours and overtime and ensure compliance with relevant laws and regulations.



## **7. Health and Safety:**

Suppliers to Granules must adhere strictly to health and safety laws, regulations, and standards governing their operations. This entails conducting regular hazard assessments to identify potential risks, implementing effective control measures to mitigate these risks, and providing comprehensive training and awareness programs for workers. Suppliers should actively engage workers in health and safety decision-making processes, establish incident reporting and investigation procedures, and develop emergency preparedness plans. Continuous improvement efforts, including regular audits and evaluations, are essential for enhancing health and safety performance. Suppliers are also responsible for ensuring that contractors and subcontractors adhere to the same health and safety standards. Granules reserves the right to monitor compliance and take appropriate actions in cases of non-compliance to uphold the safety and well-being of all stakeholders involved.

## **Environment S Sustainability**

## **8. Compliance with Legal and Regulatory Requirements:**

Suppliers of Granules are expected to comply with all applicable local, national, and international laws, regulations, and standards related to their operations. This includes but is not limited to labor laws, environmental regulations, health and safety standards, and product quality requirements.

## **9. Climate Change:**

Suppliers must recognize the impact of climate change and commit to reducing their carbon footprint. They should implement measures to minimize greenhouse gas emissions, promote energy efficiency, and transition to renewable energy sources wherever possible. Suppliers are encouraged to set targets for reducing their carbon emissions and regularly report on their progress.

## **10. Water Management:**

Suppliers must manage water resources responsibly to minimize consumption, prevent pollution, and protect water quality. This includes implementing water conservation measures, treating wastewater before discharge, and ensuring compliance with local water regulations. Suppliers should also monitor and report on their water usage and implement initiatives to improve water efficiency.

## **11. Waste Management:**

Suppliers are required to implement effective waste management practices to minimize waste generation and promote recycling and reuse. This includes segregating waste streams, implementing waste reduction initiatives, and ensuring proper disposal of hazardous waste. Suppliers should comply with relevant waste management regulations and seek opportunities to reduce their environmental impact.

## **12. Pollution Prevention:**

Suppliers must take proactive measures to prevent pollution of air, water, and soil. This includes implementing pollution control technologies, monitoring emissions, and implementing best practices to minimize environmental pollution. Suppliers should conduct regular environmental audits to identify areas for improvement and take corrective actions as necessary.

## **13. Environmental Responsibility:**

Suppliers are expected to demonstrate environmental responsibility in all aspects of their operations. This includes minimizing environmental impact, conserving natural resources, and protecting biodiversity. Suppliers should implement environmental management systems to track their environmental performance and continuously improve their environmental practices.

## **14. Resources Management:**

Suppliers must manage natural resources responsibly to minimize waste and promote sustainability. This includes optimizing resource use, reducing energy consumption, and minimizing water usage. Suppliers should implement measures to improve resource efficiency, such as using recycled materials and adopting sustainable practices in their supply chain.

## **15. Handling of Hazardous and Toxic Materials:**

Suppliers must handle hazardous and toxic materials safely and responsibly to prevent accidents and minimize environmental impact. This includes implementing proper storage, handling, and disposal procedures for hazardous substances and providing training to employees on safe handling practices. Suppliers should comply with all relevant regulations governing the handling of hazardous materials and work to eliminate or reduce the use of toxic substances where possible.

# **Business Ethics S Data Privacy and Information Security**

## **16. Ethical Business Practices:**

Suppliers are expected to conduct their business operations with the utmost integrity, honesty, and transparency, adhering strictly to all relevant laws, regulations, and industry standards. They must refrain from participating in any form of corrupt practices, bribery, extortion, or unethical behaviour. Additionally, suppliers are required to maintain accurate and truthful records of all business transactions and financial activities, ensuring compliance with accounting and reporting standards. Furthermore, they should actively cultivate a culture of integrity and ethical behaviour within their organizations, emphasizing values such as honesty, fairness, and respect for all stakeholders.

### **17. Data Privacy:**

Suppliers are expected to uphold the privacy and confidentiality of Granules' proprietary information, customer data, and any other sensitive information shared with them throughout their business engagement. This entails implementing suitable measures to safeguard sensitive data from unauthorized access, disclosure, or misuse. Additionally, suppliers must adhere to all pertinent data protection laws and regulations, including the General Data Protection rules and other applicable privacy laws in their operating jurisdictions. They are required to obtain explicit consent from individuals before collecting, processing, or sharing their personal data, ensuring that such data is solely utilized for legitimate business purposes.

### **18. Information Security:**

Suppliers are required to establish comprehensive information security protocols to protect Granules' information systems, networks, and data assets from cybersecurity risks, vulnerabilities, and attacks. This involves maintaining stringent access controls, encryption mechanisms, and other technical safeguards to thwart unauthorized access, data breaches, or cyber incidents. Additionally, suppliers must conduct regular assessments of information security risks, perform security audits and penetration tests, and continually update their security controls to address evolving threats and vulnerabilities. In the event of a security breach or data incident, suppliers must promptly notify Granules and take immediate remedial actions to mitigate the impact and prevent recurrence.



# GRANULE'S CLIMATE COMMITMENT

What We're Doing and How You Can Help

## About the climate commitment :

At Granules, our purpose of "healing lives responsibly through pioneering green science" drives every aspect of our operations. As part of this commitment, we have developed a Supplier Sustainability Program to engage our partners in achieving shared climate and environmental goals. This program reflects our dedication to sustainable practices, and we seek the same level of commitment from our suppliers. Together, we can lead the industry in reducing environmental impact and fostering responsible stewardship of natural resources, ensuring a healthier future for both people and the planet.

### Granules Climate Commitment & Goals

#### At Granules, we are committed to the following:

##### **1. Transparency and disclosure**

- Establish Baseline for Scope 1 and 2 and Scope 3 including all our subsidiaries
- Disclose our Scope 1 & Scope 2 emissions annually
- Disclose our Scope 3 emissions annually

##### **2. Accelerating transition to renewable energy through PPAs, Solar rooftop, and RECs, as per following ambition**

- 50% renewable electricity in FY 25
- Achieve 100% renewable electricity in FY 26

##### **3. Set science-based target to the SBTi**

- Reduce Scope 1 & 2 absolute emission by 42% by FY 30
- Reduce Scope 3 absolute emission by 42% by FY 30
- Achieve Net Zero by 2050

##### **4. Climate & Environment Risk Assessment**

- Climate risk analysis for all facilities by FY 25
- Water risk assessment for all facilities by FY 25
- Climate risk analysis for all strategic supplier by FY 25

## We are in this together

Your commitment to sustainability is crucial to achieving our climate goals and our shared success. More than 84% of our emissions come from the scope 3, specifically through purchased goods and services.

As a valued partner, we ask you for your commitment to the following pledge:



### 1. Disclose Carbon Footprint

Disclose Scope 1, 2, and 3 emissions related to Granules business by the end of 2024.



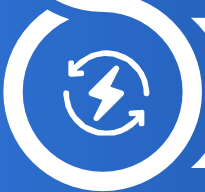
### 2. Commitment to Science Based Target Initiative (SBTi)

Develop and submit a science-based target to the SBTi by the end of 2025.



### 3. Declare Product Carbon Footprint (PCF)

Provide Product carbon footprint (PCF) for products sold to Granules.



### 4. Commit to Accelerating Renewable Energy Adoption

Increase renewable energy in the electricity purchase and to 100% renewable energy within next 5 years.



# **SUSTAINABLE SUPPLY CHAIN PLEDGE**

**Your commitment to sustainable supply chain**

Please Take print on Company Letter head & Do not delete Granules Logo  
(Remove this comment before Print)



Dear Granules Team,

We, [Supplier Name] covering our business with Granules, fully align with Granules's vision on climate change and the imperative to tackle carbon emissions. As a trusted supplier to Granules, we recognize the pivotal role we play in Granules's Scope 3 decarbonization journey. Together, we can reduce emissions by working on our shared commitment to climate action and supporting a net-zero future.

We hereby acknowledge and agree that we will adhere to the below commitments outlined in the *Granules Sustainable Supply Chain Pledge for Climate*:

1. Disclose Scope 1, 2, and 3 emissions related to Granules business by the end of 2024.
2. Develop and submit a science-based target to the SBTi by the end of 2025.
3. Provide Product carbon footprint (PCF) for products sold to Granules.
4. Increase renewable energy in the electricity purchase and to 100% renewable energy within next 5 years.

I authorise Granules to use our company logo on any platforms internally or externally such as website, social media, and sustainability report owned by Granules, when referencing granules Sustainable Supply Chain Program Pledge.

Granules is hereby granted authorization to utilize the logo depicted below:

[Please attach company logo. Please note if the use of your logo is a challenge, this section can be deleted.]

Signed,

Position

Date.





# **BUILDING KNOWLEDGE**

**Enhancing Awareness on Sustainability  
and Climate Impact (Info Pack)**



**The Supplier Sustainability Program Info Pack covers several key topics, including:**

- **Greenhouse Gases and Climate Change:** Understanding the impact of greenhouse gases on the environment.
- **Limiting Global Warming to 1.5°C:** The significance of this target and why it is crucial for the planet.
- **Climate Crisis:** Highlighting the current state of the climate crisis and the lack of significant progress in addressing it.

**Understanding Emissions:**

Scope 1: Direct emissions from owned or controlled sources.

Scope 2: Indirect emissions from the generation of purchased electricity.

Scope 3: All other indirect emissions, especially those from purchased goods and services.

- **Granules' Emissions Disclosure:** Our commitment to transparency in reporting Scope 1, Scope 2, and Scope 3 emissions.
- **Scope 3 Emissions:** Emphasizing that emissions from purchased goods and services dominate our carbon footprint.
- **Calculating Emissions:** Providing practical approaches and guidance for suppliers to measure their emissions accurately.

## A. Greenhouse Gases and Climate Change

Greenhouse gases (also known as GHGs) are gases in the earth's atmosphere that trap heat. That's what keeps the earth's temperature at an average 14°C (57°F). Without this greenhouse effect, temperatures would drop to as low as -18°C (-0.4 F); too cold to sustain life on earth.

The main greenhouse gases are Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (NO<sub>x</sub>), the three industrial fluorinated gases - hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF<sub>6</sub>).

Climate change can be a natural process where temperature, rainfall, wind and other elements vary over decades or more. In millions of years, our world has been warmer and colder than it is now. But today we are experiencing unprecedented rapid warming from human activities, primarily due to burning fossil fuels that generate greenhouse gas emissions.

Scientists agree greenhouse gases are the cause of global warming and climate change. Human activities especially since the Industrial Revolution, are responsible for larger quantities of greenhouse gases into the atmosphere.

## B. Limiting Global Warming to 1.5°C: what it means and why it matters

Global temperature changes are typically measured against the average temperature over a historical, pre-industrial baseline of 1850-1900.

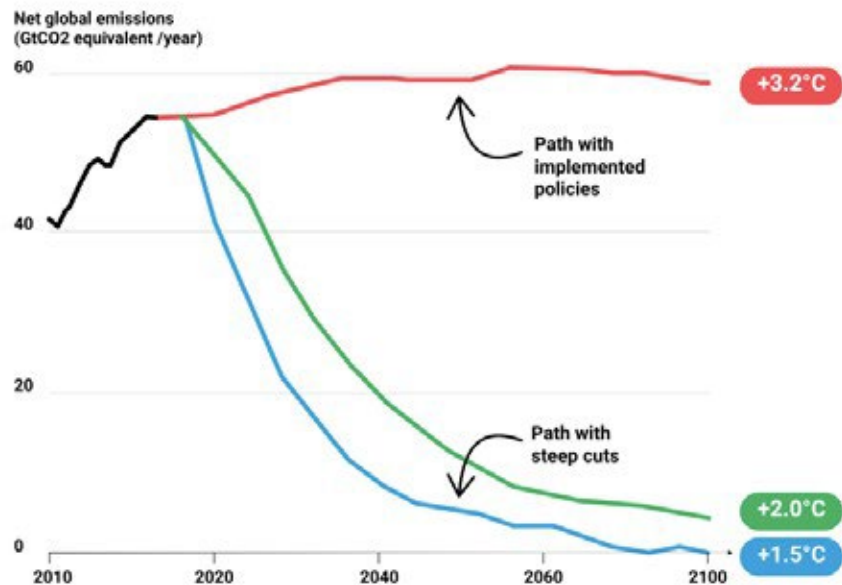
The science is clear: to avert the worst impacts of climate change and preserve a liveable planet, global warming needs to be limited as much as possible and as a matter of urgency. Every fraction of a degree of warming matters. With every additional increment of global warming, changes in extremes and risks become larger.



Failing to do so will lead to increasingly frequent and dangerous extreme weather events including severe flooding and heatwaves. At COPs 26, 27, and 28, countries expressed their firm resolve to pursue efforts to limit global warming to 1.5°C

## CLIMATE FACTS

If we act now, steep cuts to greenhouse gas emissions can limit global warming

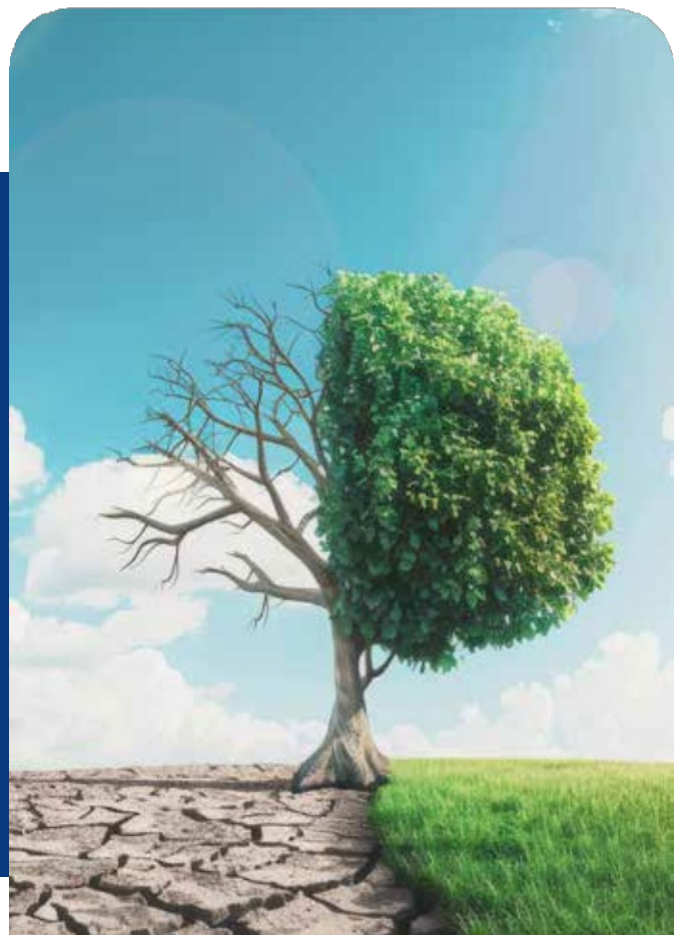


Source: IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. A Report of the Intergovernmental Panel on Climate Change.

### C. We are in a climate crisis, and we are not making significant progress

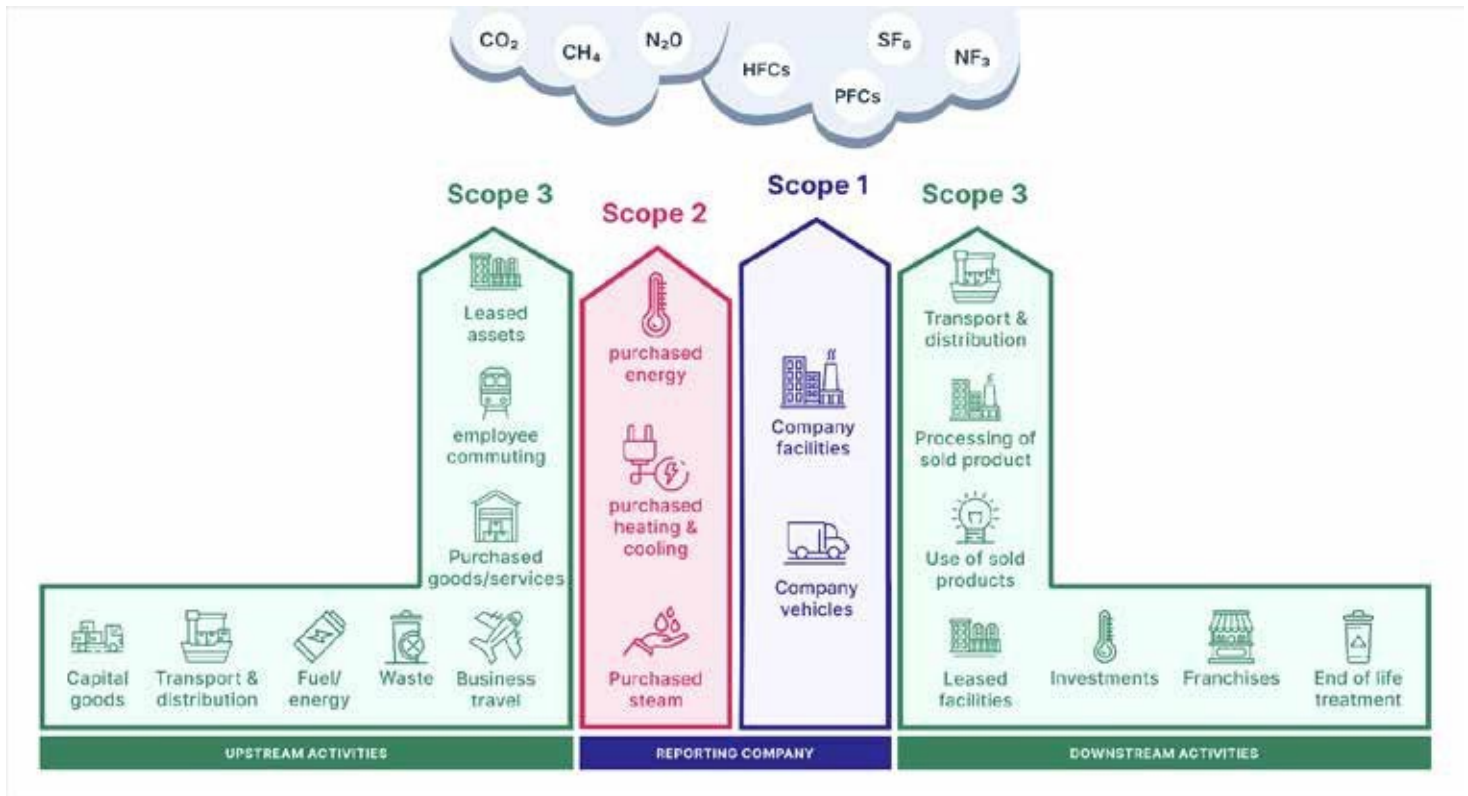
Global CO<sub>2</sub> emissions, largely from fossil fuels, continue to rise and reach record levels. The global average temperature for the most recent 10-year period, from 2014 to 2023, is estimated to be the warmest 10-year period on record, at around 1.2°C above the pre-industrial level.

Temperatures between July 2023 and June 2024 were the highest on record, creating a year-long stretch in which the Earth was 1.64C hotter than in preindustrial times.



## D. Understanding Emissions: Scope 1, Scope 2, and Scope 3

To effectively manage and reduce emissions, it's important to understand the three types of greenhouse gas (GHG) emissions: Scope 1, Scope 2, and Scope 3.



### Scope 1: Direct Emissions ("Burn")

**Definition:** These are direct emissions from sources owned or controlled by the organization. If your company directly pays for the fuel or owns the asset, it falls under Scope 1.

**Examples:** Fuel combustion in company vehicles, heating oil for buildings, fuel used in manufacturing equipment.

### Scope 2: Indirect Emissions from Purchased Energy ("Buy")

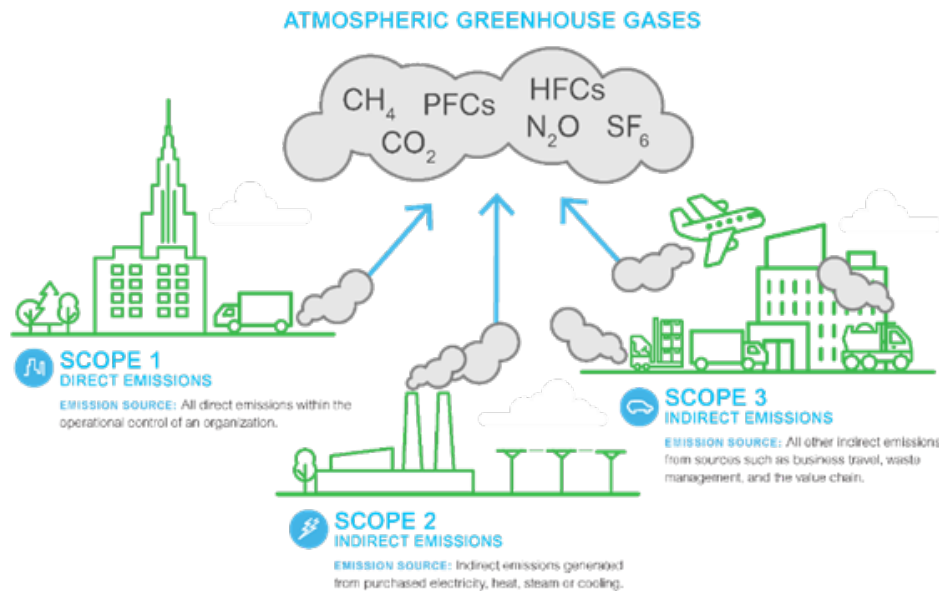
**Definition:** These are indirect emissions from the generation of purchased energy consumed by the organization. Although your company consumes the energy, it is generated offsite, making these emissions indirect.

**Examples:** Purchased electricity, steam, heating, and cooling.

### Scope 3: Other Indirect Emissions ("Beyond")

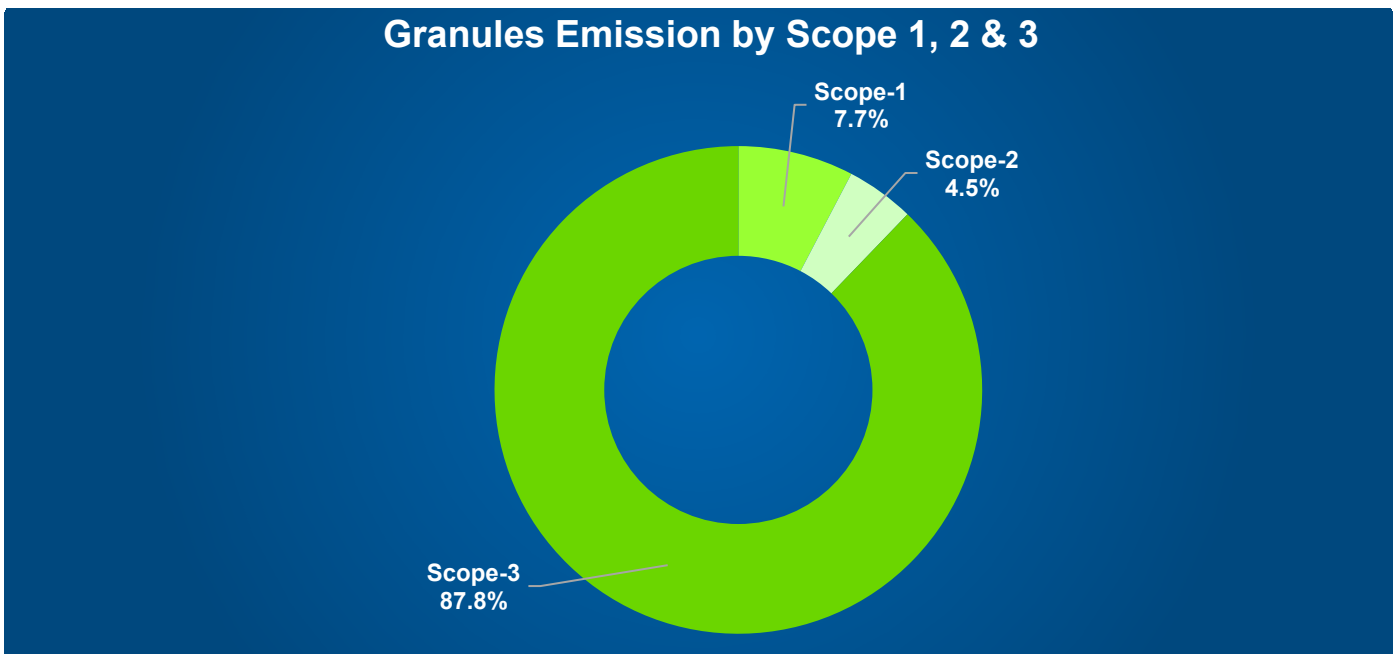
Definition: These are all other indirect emissions that occur in the value chain of the reporting company, both upstream and downstream. Scope 3 emissions encompass a wide range of activities and are often the largest and most challenging to measure. There are 15 categories of scope 3 emissions and most of your emissions will likely be scope 3.

Examples: Emissions from the production of purchased goods and services, transportation and distribution, waste disposal, business travel, and employee commuting.

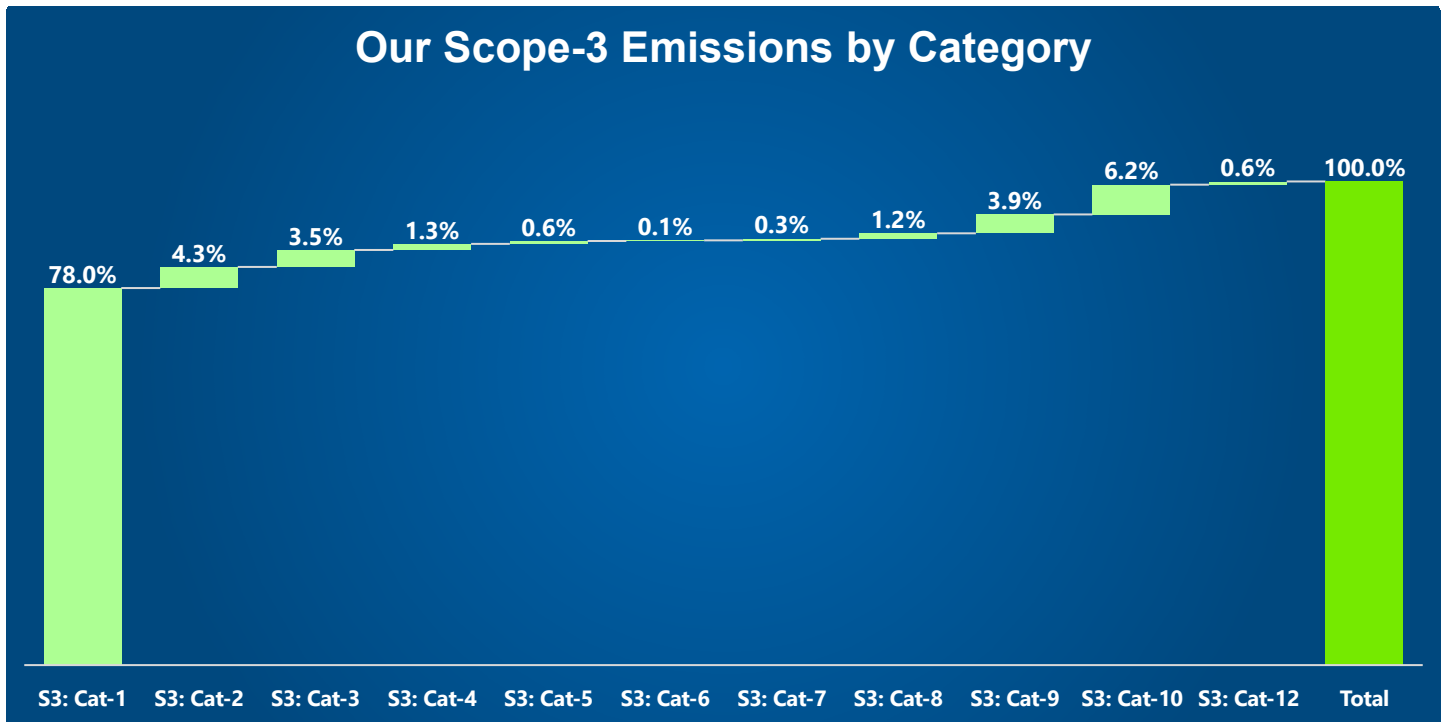


### E. Granules Disclosure on Scope 1, Scope 2 and Scope 3 emissions

At Granules, we're breaking down our emissions to understand better and address our carbon footprint. The following charts provides the detail profile of our carbon footprint.



## Our Scope-3 Emissions by Category



### F. Scope 3 emissions, especially from our purchased goods and services is the dominant part of our carbon footprint

68% of our overall carbon footprint, and 78% of our scope 3 emissions, comes from our suppliers. We are also a growing company, we need to decarbonize faster to meet aspirations of our stakeholders- our customer & consumers, our Investors and Shareholders, Our people, Regulators and community at large. We are accelerating our renewable adoption; however, we would need your support and active participation to reduce our scope 3 emission.

### G. Calculating Emissions: A Practical Approach

Calculating Scope 1, Scope 2, and Scope 3 emissions involves three key steps: gathering activity data, applying emission factors, and following the guidelines of the Greenhouse Gas (GHG) Protocol.

Scope 1 emissions require data on the amount of fuel combusted directly by your operations, such as coal for boilers, gasoline for vehicles or natural gas for heating. Multiply this activity data by the appropriate emission factors-values that convert fuel usage into CO2 equivalents—to determine your direct emissions.

Scope 2 emissions are calculated by gathering data on the consumption of purchased electricity, steam, heating, and cooling. This data is then multiplied by emission factors specific to the type and source of energy, considering the energy mix and efficiency of the generating facilities. The GHG Protocol provides standardized methods for these calculations, ensuring that your results are accurate and comparable across different sectors.

Scope 3 emissions are more complex, encompassing a wide range of indirect activities. To calculate these, you need data on everything from raw material extraction to product disposal. Each category within Scope 3 has its own set of emission factors. By consistently using the GHG Protocol's guidance, you can systematically approach the challenge of quantifying these emissions, ultimately gaining a comprehensive view of your environmental impact.

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