



## Sustainable Procurement Policy

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### Our Purpose

*Healing Lives responsibly through pioneering green science*

## 1. Introduction

At Granules, our commitment to sustainability extends beyond our operations to encompass our entire supply chain. As a leading pharmaceutical company, we recognize the critical role our procurement practices play in advancing environmental, social, and governance (ESG) goals. Our *Sustainable Procurement Policy* is designed to embed responsible sourcing principles into our procurement processes, ensuring that our suppliers align with our values of environmental stewardship, ethical conduct, and social responsibility. This policy supports our broader mission of "healing lives responsibly through pioneering green science" and contributes to our pursuit of the UN Sustainable Development Goals (SDGs), particularly those related to responsible consumption, climate action, and reduced inequalities.

## 2. Scope

This policy applies to all procurement activities across Granules, including direct and indirect materials, services, and capital expenditures. It covers our entire supplier network, from raw material suppliers to service providers, and applies to all global operations and facilities. The policy sets forth expectations and standards for our suppliers in key areas such as:

- **Environmental Responsibility** – Minimizing environmental impact, reducing greenhouse gas emissions, and promoting sustainable resource use.
- **Human Rights and Labor Practices** – Upholding fair labor practices, promoting diversity and inclusion, and ensuring safe and ethical working conditions.
- **Business Ethics** – Adhering to high standards of integrity, transparency, and anti-corruption.
- **Supply Chain Resilience** – Promoting long-term partnerships that support innovation, risk management, and continuous improvement.

## 3. Policy

At Granules, we are committed to embedding sustainability at the core of our procurement practices, recognizing that our supply chain plays a pivotal role in advancing our mission of "healing lives responsibly through pioneering green science." Through this *Sustainable Procurement Policy*, we pledge to uphold the highest standards of environmental, social, and ethical responsibility across all our sourcing activities.

### Our commitments include:

- Granules is committed to complying with all relevant rules and regulations, as well as our voluntary commitments, including the
  - Supplier Compliance Audit Network (SCAN) program
  - UN Global Compact (UNGC) Principles
  - Pharmaceutical Supply Chain Initiative (PSCI) Principles
  - Science Based Targets initiative (SBTi) frameworks
  - Global Reporting Initiative frameworks
  - United Nations Sustainable Development Goals (UNSDGs)
  - Task Force on Climate-related Financial Disclosures (TCFD)
  - ISO 20400:2017 – International standard for sustainable procurement, offering guidance on integrating sustainability into procurement practices.
  - UN Guiding Principles on Business and Human Rights (UNGPs)
  - OECD Due Diligence Guidance for Responsible Business Conduct
  - Ethical Trading Initiative (ETI) Base Code
  - SA8000 – Social accountability standard

- **Responsible Sourcing:** Prioritizing suppliers who adhere to sustainable practices, respect human rights, and demonstrate social responsibility.
- **Environmental Stewardship:** Minimizing environmental impact through conscious sourcing decisions that protect natural resources and biodiversity.
- **Ethical Business Practices:** Ensuring integrity, transparency, and accountability throughout the procurement process, with zero tolerance for corruption or unethical conduct.
- **Environmental Compliance:** Collaborating with suppliers to comply with all relevant environmental regulations and promoting continuous improvement in environmental performance.
- **Innovation and Sustainable Product Development:** Encouraging innovation that drives the development of sustainable products and solutions, enhancing long-term value for stakeholders.
- **Labor and Human Rights:** Upholding fair labor practices, ensuring safe working conditions, and respecting the rights and dignity of all workers across our supply chain.
- **Carbon Footprint Reduction:** Actively working with suppliers to reduce greenhouse gas emissions and support the transition to a low-carbon economy.
- **Resource Efficiency:** Promoting efficient use of energy, water, and raw materials to minimize waste and enhance sustainability across the supply chain.
- **Sustainable Packaging:** Prioritizing the use of environmentally friendly packaging materials and designs that reduce waste and support circular economy principles.
- **Supplier Engagement:** Building long-term, collaborative partnerships with suppliers to foster mutual growth, sustainability, and innovation.
- **Transparency and Reporting:** Regularly monitoring, measuring, and reporting our procurement sustainability performance, ensuring accountability and continuous improvement.

#### 4. Goals & Targets

- Communication of sustainability Expectations through supplier code of conduct /Supplier Sustainability Program/ Purchase Order to 100 % Suppliers
- Obtain Signatory on Climate & Environment commitment goals (Pledge) covering 85% of Supply value by FY 2025
- Ensure 100% of key suppliers adhere to Granules' Supplier Code of Conduct
- Conduct annual audits of 100% of high-risk suppliers to verify compliance to the supplier code of conduct once in 3 years.
- Engage 100% of strategic suppliers for awareness and training on responsible sourcing practices
- Roll out supplier sustainability framework, identify strategic suppliers, and engage them to adopt and share on following climate targets by FY 25.

1	<b>Disclose Carbon Footprint</b>	Disclose Scope 1, 2, and 3 emissions related to Granules business by the end of 2024.
2	<b>Commitment to Science Based Target Initiative (SBTi)</b>	Develop and submit a science-based target to the SBTi by the end of 2025.
3	<b>Declare Product Carbon Footprint (PCF)</b>	Provide Product carbon footprint (PCF) for products and facilities for business with Granules
4	<b>Commit to Accelerating Renewable Energy Adoption</b>	Increase renewable energy in the electricity purchase and to 100% renewable energy within next 5 years.

- Reduce environmental impact across the supply chain through supplier engagement and innovation.
- Foster a culture of ethical practices across the supply chain.
- Ensure fair labor practices and safe working conditions throughout the supply chain.
- Engage 75% of key suppliers in carbon reduction initiatives by 2028
- Encourage suppliers to adopt innovative solutions for sustainable product development.

## 5. Governance:

<b>Senior Leadership Team:</b>	<ul style="list-style-type: none"> <li>• Oversees the overall implementation of the Sustainable Procurement Policy and ensures alignment with the company's strategic goals.</li> <li>• Approves sustainable procurement policies, sets performance targets, and monitors overall progress.</li> <li>• Ensure the implementation, adherence, and enforcement of this policy.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Understand and uphold the principles of this policy in their procurement-related activities. Report any concerns or violations to the appropriate authorities within the company.</li> </ul>
<b>Procurement Department:</b>	<ul style="list-style-type: none"> <li>• Ensure compliance with this policy in all sourcing and procurement activities. Evaluate and select suppliers based on their adherence to our sustainability standards.</li> <li>• Engage with suppliers, monitor compliance, and promote sustainable practices.</li> </ul>
<b>Suppliers and Business Partners:</b>	<ul style="list-style-type: none"> <li>• Adhere to the principles outlined in this policy and the Supplier Code of Conduct. Demonstrate a commitment to sustainable and ethical practices.</li> </ul>

## 6. Transparency

We are committed to maintaining transparency by monitoring and reporting on our sustainable procurement objectives through key performance indicators (KPIs). Each KPI will be regularly reviewed to ensure continuous improvement and accountability in our procurement practices.

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.

## 7. Communication

We will actively engage with stakeholders—including suppliers, employees, customers, and communities—to ensure alignment with our sustainable procurement objectives and foster a culture of shared responsibility and ethical sourcing.

## 8. Review

This policy will be reviewed every two years, or as needed, to ensure it aligns with best practices and evolving regulatory standards in sustainable procurement. The Head-Supply Chain Management leads the review of the Sustainable Procurement Policy at Granules India. Granules remains committed to continual improvement, adapting our procurement strategies in response to new insights, regulatory updates, and industry advancements.

***End of the document***