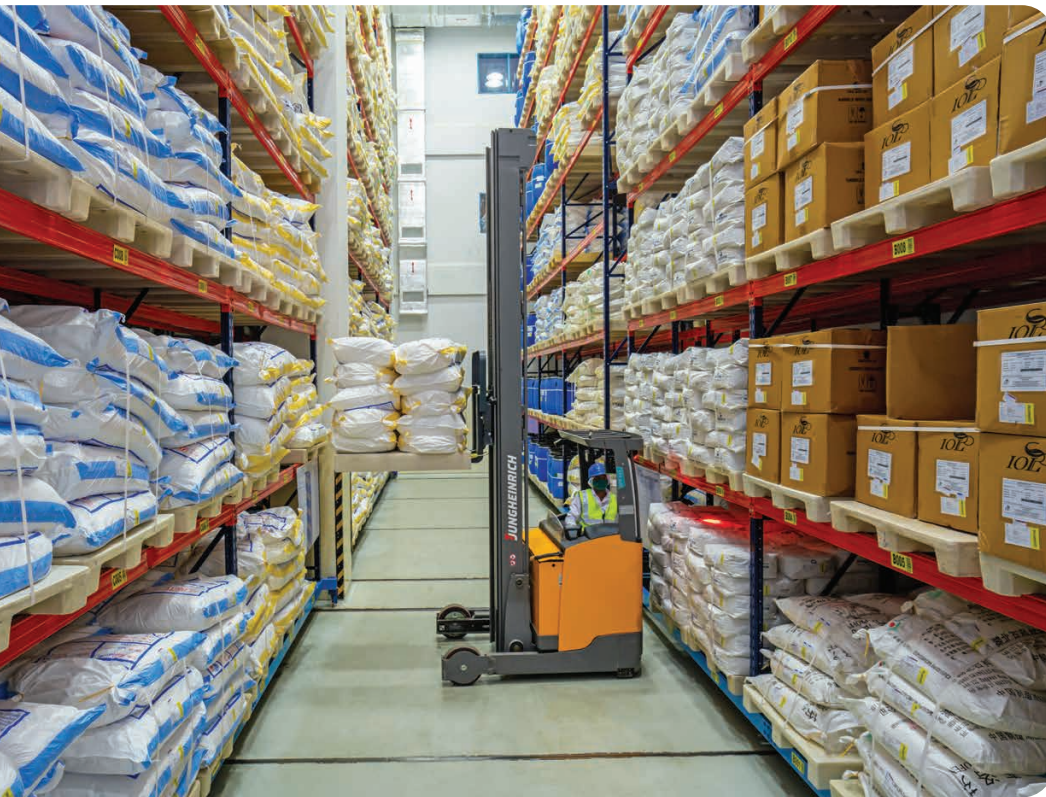




Extending Our Sustainability Commitment across the Supply Chain



The present scenario necessitates an unprecedented urgency to address climate change underscored by IPCC research, calling for immediate transformative actions. Scope 3 emissions from supply chains contribute significantly, with eight key sectors responsible for about 50% of global greenhouse gas emissions, according to the World Economic Forum. To combat this, solutions like circularity, renewable energy, and improved efficiency are crucial. At Granules, we are dedicated to integrating these strategies into our supply chain operations.

At Granules, over 80% of our greenhouse gas emissions are Scope 3. To address this, we launched the Supplier Sustainability Program last year to engage our suppliers in reducing emissions linked to our procurement:

Key expected commitments from suppliers in the Supplier Sustainability Program

Disclose Scope 1, 2, 3 emissions pertaining to Granules' business by the end of 2024

Disclose product carbon footprint of products sold to Granules

Develop & submit Science-Based Targets to the Science-Based Targets Initiative by the end of 2025

Increase renewable energy share in electricity purchased and shift to 100% renewable energy in the next five years





We launched the program with a webinar for our suppliers to raise awareness about greenhouse gas emissions disclosure and our climate action commitment and we have developed Supplier Sustainability Standards outlining key clauses for suppliers to follow, organized by major themes.

Labor & Human Rights

- ▶ Child Labor
- ▶ Modern Trafficking, Human Slavery, and Forced Labor
- ▶ Wages and Remuneration
- ▶ Freedom of Association and Collective Bargaining
- ▶ Fair Treatment and No Discrimination
- ▶ Working Hours
- ▶ Health and Safety

Environment & Sustainability

- ▶ Compliant with Legal and Regulatory Guidelines
- ▶ Climate Change
- ▶ Water Management
- ▶ Waste Management
- ▶ Pollution Prevention
- ▶ Environmental Responsibility
- ▶ Resources Management
- ▶ Handling of Hazardous and Toxic Materials
- ▶ Ethical Business Practices
- ▶ Data Privacy
- ▶ Information Security

Our Supplier Code of Conduct applies to all contractors, suppliers, partners, and internal procurement teams, outlining a comprehensive set of guidelines to mitigate environmental impact. It also defines key expectations in environmental aspects, ensuring responsible and sustainable practices across our supply chain.

- ▶ **Sustainable Sourcing:** Prioritizing suppliers demonstrating environmental sustainability commitment, encouraging natural resource conservation, and minimizing waste
- ▶ **Environmental Compliance:** We expect our suppliers to comply with environmental laws and implement effective environmental management systems.
- ▶ **Carbon Footprint Reduction:** Committed to reach Net Zero Emissions by 2050, we requested our suppliers to disclose their Scope 1, 2, and 3 emissions
- ▶ **Resource Efficiency:** Encouraging suppliers to improve resource efficiency through material, energy, renewable energy and water optimization, waste reduction, recycling, and responsible disposal
- ▶ **Sustainable Packaging:** We encourage our suppliers to use environmentally friendly packaging materials, minimize packaging, use recycled or biodegradable material
- ▶ **Supplier Evaluation and Engagement:** We plan to organize regular environmental sustainability training for suppliers, periodically evaluating their sustainability performance
- ▶ **Transparency and Reporting:** Suppliers are expected with highest transparent and accurate standards, especially in ESH data disclosure.

We are dedicated to creating an environmentally responsible value chain by collecting data on our supply chain's sustainability performance and providing regular updates. We are implementing targeted measures for sustainable procurement to ensure high resource efficiency. Our sustainable sourcing and procurement policy applies to both our procurement team and all suppliers and contractors.

Elements of the Supplier Engagement Program

Labor and Human Rights

- Fair Labor Practices
- No Child Labor
- No Forced Labor
- Freedom of Association

Ethics

- Integrity and Transparency
- Fair Competition
- Compliance

Environment

- Sustainable Materials
- Resource Efficiency
- Environmental Impact

Supplier Engagement and Development

- Supplier Code of Conduct
- Capacity Building
- Monitoring & Auditing

Community and Social Impact

- Local Sourcing

To ensure successful policy implementation, we plan various training programs for employees with regular audits of suppliers implementing our envisaged sustainability goals.

We are committed to sustainable sourcing and maintain high-quality standards in our supplier management processes. We conduct regular training for 90% of our value chain partners on our supplier business code of conduct, which includes the following elements:

- ▶ Ethical conduct and integrity in all business dealings
- ▶ Compliance with human rights standards, ensuring dignity and employee protection
- ▶ Adherence to all environmental regulations and maintain necessary permits and licenses
- ▶ Providing a safe and conducive work environment aligning local and national regulations on Health and Safety Policies/Guidelines
- ▶ Implementing a compliant management system to ensure regulatory laws, manage operational risks, and drive continuous improvement

We have implemented a rigorous quality assessment process for materials sourced through our vendor management system, with tailored qualification questionnaires for each material category. Our vendor management system includes a CSR questionnaire that covers all ESG aspects, ensuring alignment with our sustainability standards. This questionnaire is an integral part of the vendor qualification process, allowing us to assess suppliers on their environmental, social, and governance practices before on-boarding.

In summary, our supply chain sustainability initiative is a collaborative effort between Granules' procurement department and our suppliers to minimize our carbon footprint. We acknowledge the challenges in achieving net zero but are committed to overcoming them through innovative solutions.





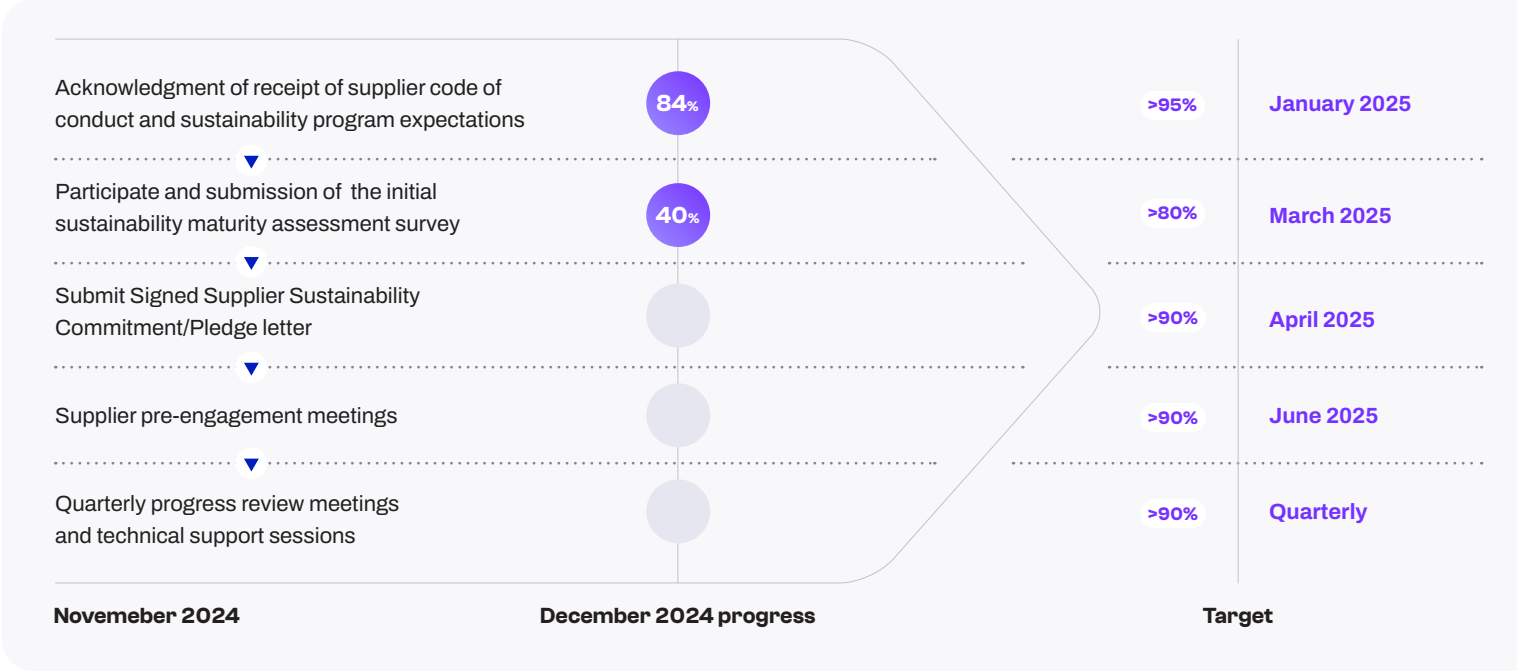
Supplier Sustainability in Action: Progress and Insights

We have rolled out the Supplier Sustainability Program, covering more than 80% of suppliers based on purchase value, to pledge their commitment to shared sustainability goals.

Of these, 84% have acknowledged the initiative and designated a Single Point of Contact (SPOC) to facilitate collaboration.

As part of this program, a survey was launched to assess the current maturity of suppliers across various ESG aspects, including policies, governance structures, sustainability goals, actions, certifications, and compliance.

Approximately 40% of suppliers actively participated in the survey, providing valuable insights into their ESG readiness.



Key Highlights of Supplier Survey

