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# Sustainable Procurement Policy

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Implementation Manual

Version 1.0  
28 January, 2016

*Godrej* | CONSUMER PRODUCTS





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28 January, 2016



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# 1

## Ethically Driven

### 1.1. Business Integrity and Ethics

- a. Conflict of interest
- b. Bribery, corruption, gifts and donations
- c. Confidentiality
- d. Anti-competitive and restrictive

### 1.2. Human Rights

- a. Forced and child labour
- b. Compensation and working hours
- c. Non-discrimination

### 1.3 Accountability and Transparency

- a. Maintaining appropriate financial records

### 1.4 Legal and Regulatory Compliance

## 1. Ethically Driven

### Applicability

We expect all our suppliers to adhere to the mandatory requirements (as stated below) of the 'Ethically Driven' pillar of the Sustainable Procurement Policy ("Policy"). We will not accept any breach of this policy. If you don't currently comply with the mandatory requirements, we expect you to take necessary steps to implement corrective action. We have also listed a few suggested good practices that we strongly suggest you follow.

In cases where standards of the Sustainable Procurement Policy are higher in comparison to the ones set by the law, you should adhere to the Policy. In a rare case, if there is a conflict between applicable laws and the Policy, or there is no local legal requirement, the stricter standard shall apply, so long as it does not violate the local law.

### Reporting

- You should adhere to and share with us on request, all reports and documents required per the laws of the country of operation.
- You should share a written disclosure with us stating that all the principles mentioned under the 'Ethically Driven' pillar are adhered to.
- You should have procedures in place to monitor compliance to the policy. These monitoring activities should be documented and shared with us on request.

## 1.1. Business Integrity and Ethics

### a. Conflict of interest

#### Principle

**Suppliers are expected to report any conflict of interest in any business dealings with GCPL that they are aware of, to allow us the opportunity to take appropriate action. It should be disclosed if any GCPL employee or professional under contract with GCPL may have significant ownership or interest in a supplier's business.**

#### Definitions

*Conflict of interest* is defined as a situation in which a person has interest or is in a position to derive personal benefits from actions or decisions made in their official capacity, including but not limited to financial interest, ownership interest, etc.

#### Mandatory Requirements

- You are expected to disclose, if any employee or professional under contract with us has any significant economic ties, interest or ownership in your business.
- You are expected to report any situation that can be actual, potential or perceived conflict of interest as soon as it is known.
- You are expected to undertake reasonable steps to identify and disclose any conflict of interest.
- We expect you to provide a written disclosure confirming absence of any conflict of interest and that it will be brought to our notice if any conflict of interest occurs in future.

#### Suggested Good Practices

- Have a policy to provide guidance in identifying and handling potential or actual conflict of interest.
- Communicate effectively with your employees to help them in identifying and handling conflict of interest.

✗ You have an immediate family member who has considerable influence on the decision making process in GCPL. This relationship is not disclosed to the organization before executing the contract or work order.

✓ You have a close kin in GCPL who has considerable influence on the decision making process, the same is disclosed to the organization before entering into a business relationship.

### b. Bribery, corruption, gifts and donations

#### Principle

**Suppliers in all commercial dealings with GCPL or otherwise must not receive or offer to make any illegal payments, gifts, bribes, donations or other improper advantage in order to obtain unethical favours for the business. All suppliers must ensure that no action is taken to violate any applicable anti-bribery or anti-corruption laws and regulations in the locations of their operations and make every effort to eliminate all forms of corruption and bribery.**

#### Definitions

*Bribery* is defined as a payment, reward or any kind of advantage offered, promised or provided to any person, group of persons or members of their immediate family in order to gain any commercial, regulatory, or personal advantage. *Corruption* is defined as misuse of position or power gained in official capacity for private gain. *Donations* are defined as any contributions made to influence any decision or gain any business or financial advantage.

#### Mandatory Requirements

- You should not offer or accept any undue advantage such as money, gifts, favors, donations, discounts, services, loans, contracts etc., in order to influence decisions and secure gains for business.
- You should adhere to applicable anti-bribery

- and anti-corruption laws and regulations in the country of operation.
- If our employee requests for an improper advantage, you should refuse it and report to us at the earliest.
- We expect you to undertake all necessary steps to eliminate bribery and corruption in all forms.

#### Suggested Good Practices

- Adopt an anti-corruption and anti-bribery policy, which is communicated across your organisation.
- Set procedures to monitor and review the effectiveness, adequacy and suitability of the policy and review the same as and when required.
- Effectively communicate anti-bribery and anti-corruption practices to your employees.
- Raise concerns about any issue or suspicion of malpractice to us.
- Conduct anti-bribery and anti-corruption training for the senior and mid management.

✗ You make a donation to a charity supported by our team member, who has considerable influence in decisions pertaining to our suppliers with the motive of gaining business advantage.

✓ Our team member approaches you for a personal favour. You deny it and report the same to us.

### c. Confidentiality

#### Principle

**Suppliers shall safeguard and respect GCPL's intellectual property; trade secrets and other confidential, proprietary and sensitive information or data at all times and shall not disclose the same. The information provided by GCPL should be used only for its intended and designated purpose as decided and agreed upon between GCPL and the supplier.**

*Confidentiality* is a set of rules or a promise that limits access or places restrictions on certain types of information. *Confidential information* is defined as information, technical data or know-how including, but not limited to, information relating to company's research, products, software, services, development, inventions, engineering, marketing, techniques, customers, pricing, internal procedures, business and marketing plans or strategies, finances, employees, business opportunities, equipments, drawings, tools, molds, dyes, fixtures, prototypes, material and manufacturing specifications, processes provided to the supplier. *Intellectual property* is intangible property that is a result of creativity, for example literary and artistic works; designs; and symbols, names and images used in commerce.

#### Mandatory Requirements

- You must safeguard GCPL's intellectual property, trade secrets and other proprietary, sensitive and confidential information or data at all times.
- You should, under no condition, disclose directly or indirectly any of our confidential information shared with you.
- You must neither receive nor supply information related to business dealings with us, unless either already legitimately available in the public domain or given with permission.
- You must use the information provided by us solely for designated and intended purpose as decided and agreed.
- Any confidential information shared with you should not be disseminated to your employees, other than those who need to access the information for executing the tasks designated by us.
- You should not duplicate or summarise the information to other parties without written permission from us.
- You are expected to provide a written disclosure to us confirming that you will safeguard our confidential information.

### Suggested Good Practices

Take all reasonable precautions to protect the confidential information from unauthorised access and use.

- ✗ You know critical and confidential information related to the latest product development at GCPL, as you are supplying raw material for it. You share this information with another client to get more business.
- ✓ You ensure that confidential information has a restricted and controlled access. You restrict employees from discussing and sharing confidential information, and train them on the importance of confidentiality and related aspects.

### d. Anti-competitive and restrictive trade practices

#### Principle

**Suppliers must comply with applicable local and international laws to promote free and fair competition and to get business by offering competitive prices and innovative products.**

#### Definitions

*Restrictive trade practices* refer to strategy used by companies to restrict competition in a given market preventing fair competition.

#### Mandatory Requirements

- You must comply with applicable local and international competition laws to promote free and fair competition.
- You must not indulge in cartelization or try to coordinate market conduct with competitors or other business partners in a way that restricts competition.

### Suggested Good Practices

We discourage you from engaging in discussions that constitute anti-competitive strategies like controlling sales, unfair pricing through cartelization, use of restrictive strategies etc.

- ✗ You get into an agreement with our peers/competitors to establish prices convenient for them. All the parties to the agreement thus maintain the prices, which are unreasonable and thus affect free market.
- ✓ Our competitor approaches you to enter into a joint agreement to not do business with certain trade partners and customers. You deny entering into such an agreement, thereby ensuring free market.

## 1.2. Human Rights

### a. Forced and child labour

#### Principle

**Suppliers shall prohibit use of child labour at any stage of their business process. We expect that our suppliers will not employ any person below the age of 15 (or as per local law, whichever is greater). The suppliers must not use forced labour including prison or debt bondage labour, human trafficking or modern day slavery.**

#### Definitions

*Child labour* is defined as work performed by a person younger than the age of 15 or as per local law, whichever is greater. *Forced labour* includes but is not limited to involuntary labour, trafficked labour, indentured labour, bonded labour. *Bonded labour* occurs when the labourer works, often for no or little compensation, to pay off a debt or advance payment owed to the employer or a third party to the employer. *Trafficked labour* is defined as labourer that has been subjected to the use of force, fraud or coercion during any part of the onboarding process - recruitment, harboring or transportation. *Indentured labour* occurs when a person is forced to work because of an agreement made by people in authority of the employee and without the employee's consent.

#### Mandatory Requirements

- You should not engage in child labour or forced labour at any stage of your business process.
- You must at all times comply with the rules and regulations pertaining to human rights applicable in the country of operation.
- You should maintain a record of compliance related issues for labour laws.
- At the time of hiring, you should ask for formal identification and age documentation and a record of the same should be maintained at all times.

- You should not undertake any activity that restricts the labour from leaving your organisation like confiscation of documents etc.
- You should provide a written disclosure to us stating that no child labour or forced labour is being engaged by you in any activity at any stage of your business.

### Suggested Good Practices

- Adopt a public policy prohibiting child labour or forced labour.
- Your employees and security staff must be trained and made aware of all the aspects related to child labour or forced labour and applicable labour laws.
- Provide a point of contact for reporting and resolution of issues related to child labour or forced labour.
- If possible, you may adopt national or international frameworks related to Human Rights and provide a public disclosure of the same.
- Have your operations or facilities audited on Human Rights related parameters.

### b. Compensation and working hours

#### Mandatory Requirements

##### Working Hours

- You should ensure that standard working hours do not exceed limits as prescribed by local laws and regulations.
- You should make sure that any overtime should be voluntary and employees must receive adequate compensation for any overtime worked.
- You should insure that overtime must not exceed the maximum hours allowed by law of the country of operation.
- You should provide employees with adequate breaks, rest periods and days off.
- You should, at all times, comply with any other applicable laws related to work hour and overtime.

- You should maintain necessary documentation with respect to work hours and should furnish the same to us if required.
- You must share a written disclosure with us confirming adherence to all laws and regulations on work hour and overtime.

#### Compensation

- You must ensure that all wages meet the local minimum wage requirements as mandated by the law.
- You should ensure that information regarding legal and company minimum wage rates and related policies are effectively communicated to the employees.
- You should provide your employees with legally mandated benefits (medic insurance, pensions etc.) that they are entitled to.
- You should ensure that employees receive full details regarding deductions for taxes, benefits, etc.
- You should maintain all the necessary documentation pertaining to compensation provided to the employees like payroll records etc. On our request, you should be able to furnish the desired records.
- You should make payments to the employees at regular intervals in accordance with the law and in local currency.
- You should clearly define regular and overtime hours.
- We expect you to share a written disclosure of adherence to all wage and compensation related laws and regulations.

#### Suggested Good Practices

- Have a written policy for working hours, overtime, wages and compensation in accordance with the legal requirements.
- Provide a written document to your employees regarding the working hours in your company.
- If possible, implement good management solutions, such as hiring additional help during peak periods, to ensure that overtime hours are in accordance with the standards defined

- by law.
- Implement a system, such as a sign-up sheet, for employees to volunteer for overtime.
- Use automated tools for tracking working time and payment calculation.
- Inform employees about benefits available to them and provide any help required to avail the benefits.
- Have a system to periodically assess that the wages are sufficient to meet the basic needs of the employees.

- ✗ Excessive overtime without proper rest periods and adequate compensation.
- ✓ Ensure that the overtime is voluntary and no action should be taken against employees who are unable to work overtime.

#### c. Non-discrimination

##### Principle

**Suppliers must ensure there is no discrimination in their hiring and employment practices on the basis of race, colour, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition, etc.**

##### Definitions

*Hiring and employment practices* include but are not limited to recruitment, hiring, training, working conditions, job assignments, pay, benefits, promotions, discipline, termination and retirement.

##### Mandatory Requirements

- You should not accept, support or engage in differential treatment towards employees on the basis of race, colour, gender, age, nationality, religion, pregnancy, sexual orientation, marital status, citizenship, disability, veteran status, medical condition etc.
- Female employees must not be discriminated

- against and they should receive equal treatment, opportunities, and remuneration.
- You should not ask for any information that is discriminatory in nature and irrelevant to the job profile.
- You must comply with all rules and regulations of the country of operation in practicing non-discrimination across all business activities.
- You should provide a written disclosure to us stating that you don't discriminate during any stage of the business processes.

#### Suggested Good Practices

- Have a policy in place against discrimination in the workplace based on gender, age, race etc. and communicate the same to your employees.
- Periodically review the hiring policies to ensure prohibition of discriminatory practices.
- If possible, you can adopt national or international frameworks related to non-discrimination and provide public disclosure for the same.
- Have your operations or facilities audited on Human Rights related parameters.

## 1.3 Accountability and Transparency

### a. Maintaining appropriate financial records

#### Principle

**We expect suppliers to prepare and maintain accounts of business dealings fairly, accurately and in accordance with accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country of operation.**

#### Mandatory Requirements

- You should conduct all business dealings transparently. All financial transactions should be honestly, fairly and accurately recorded in books and records.
- Your financial books, accounts and records must accurately represent the underlying activities and conform to accounting and reporting standards.
- You should adhere to the required guidelines, principles, standards, laws and regulations of the country of operation.
- You should ensure that all accounts, invoices, memoranda and any other related documents and records are prepared and maintained accurately and the same are completed as per the law.
- You should make sure that all required information is available to auditors, government and any other authorized parties.
- We expect you to share a written disclosure stating that all books and records are maintained accurately, honestly and fairly as per applicable guidelines, standards, rules and regulations.

#### Suggested Good Practices

Plan and maintain an automated system for internal accounting.

## 1.4 Legal and Regulatory Compliance

### Principle

***We expect our suppliers to comply with all applicable laws and regulations within the country of operation. All other applicable international laws and regulations should also be complied with. Suppliers should follow guidelines of all the required permits and registrations to be legally compliant at all times.***

### Definitions

*Conflict of interest* is defined as a situation in which a person has interest or is in a position to derive personal benefits from actions or decisions made in their official capacity including but not limited to financial interest, ownership interest, etc.

### Mandatory Requirements

- You are expected to comply fully with all legal requirements relevant to conducting the business in the countries from where the materials are sourced, produced and supplied to us.
- Business license, permits and other documents should be up to date and in order at all times.
- You must have dedicated role holders in staff and a procedure in place to ensure compliance with all rules and regulations at all points of time. These procedures should be updated at regular intervals to accommodate amendments and new laws.
- You should ensure communication of relevant laws to your employees as required.
- You should provide a written disclosure to us confirming compliance with all rules and regulations for conducting the business in the country of operation, manufacturing and sourcing.

### Suggested Good Practices

Measure your performance with respect to

the permits or legal limits and if required, take corrective action.



# 2

## Socially Focused

### 2.1 Responsible Conduct with Stakeholders

- a. Fair dealing with vendors/suppliers
- b. Diversity in workforce
- c. Engage and involve local communities

### 2.2 Employee Health and Safety

### 2.3 Local Community Development Compliance

## 2. Socially Focused

### 2.1 Responsible Conduct with Stakeholders

#### a. Fair dealing with vendors/suppliers

##### Principle

*We encourage our suppliers to conduct all transactions with their business partners in a fair and transparent manner, including fair evaluation, reasonable selection, equal opportunities, fair and free competition for all.*

##### Definitions

*Business Partners* would include suppliers, vendors, distributors and other entities with whom the supplier engages during the course of business.

##### Applicability

This principle of the Policy is applicable to all.

##### Suggested Good Practices

- Ensure fair selection of vendors, suppliers, distributors and other business stakeholders.
- Have a fair procurement policy or code of conduct in place to evaluate suppliers and vendors.
- Have a proper process to address the concerns of your suppliers and vendors.
- Engage with your suppliers and vendors to understand their concerns and address their issues in a fair and transparent manner.

##### Reporting

We encourage you to share your approach and initiatives towards fair dealing with suppliers and vendors with us.

#### b. Diversity in Workforce

##### Principle

*We suggest that suppliers should take initiatives to have a diverse and inclusive workforce in terms of age, gender, experience, ethnicity etc.*

##### Applicability

This principle of the Policy is applicable to all suppliers. This principle encourages you to maintain a diverse and inclusive workforce.

##### Suggested Good Practices

Have a fair hiring policy to maintain the diversity and inclusiveness in the workforce with representation from various sections of the society, including but not limited to gender, socio-economic status etc.

##### Reporting

You are expected to share the details of the hiring policy, grievance redressal system and any initiatives taken to ensure a diverse and inclusive work force.

#### c. Engage and involve local communities

##### Principle

*We encourage our suppliers to address issues and concerns of the community impacted by operations of you and minimise the impact*

##### Definition

A *local community* is a group of interacting people sharing a common environment. The local community is the communities living around the locations of operations of a supplier.

##### Applicability

This principle of the Policy is applicable to all suppliers.

### Suggested Good Practices

- Take initiatives to engage and involve the local communities in order to understand the impact of your operations on them and take necessary actions to minimise the adverse impact.
- Designate a staff member as a public relations manager to oversee the process of communication with members of the community.

### Reporting

- You may document the studies undertaken for impact assessment and mitigation and report them to us.
- You can share the details of the initiatives undertaken for the engagement and involvement of the local community.

## 2.2 Employee Health and Safety

### Principle

***We expect our suppliers to adopt robust and relevant management practices in order to comply with applicable health and safety laws, rules, regulations and industry standards.***

### Applicability

This principle of the Policy is applicable to all suppliers.

### Mandatory Requirements

- You should adopt relevant management practices to ensure compliance with employee health and safety laws and regulations applicable in the geographies where you have a presence.
- You should ensure that employees are provided with a safe and healthy workplace or any other location where production or work is undertaken. The minimum provisions include, reasonable access to potable water and sanitary facilities; fire safety; industrial hygiene; adequate lighting and ventilation; emergency preparedness and response; occupational injury and illness and machine safeguarding.
- You should ensure that your employees' exposure to chemical, biological and physical agents is identified, evaluated, and controlled in a planned and systematic manner.
- You should conduct frequent and periodic training and awareness activities for employees regarding occupational health and safety, and the systems and processes to prevent and address the issues.

### Suggested Good Practices

- Set robust and effective systems and procedures to track and report cases of occupational injury and illness. You should also mention the initiatives taken to address the cause.

- Take reasonable actions to prevent accident and injuries by analysing and minimising risk exposure at your facilities.

### Reporting

- You should share the steps taken towards ensuring compliance with employee health and safety laws and regulations with us.
- If you have undertaken any other initiatives towards ensuring employee health and safety, the same may also be reported to us.

## 2.3 Local Community Development

### Principle

***We understand that our operations not only affect our own communities but also of those who are in contact of our supply chains and our suppliers. Therefore, we encourage our suppliers to undertake steps to collaborate and associate with the local community for economic and social development by providing employment, helping in eradicating poverty and developing skills of local people wherever relevant.***

### Definitions

A local community is a group of interacting people sharing a common environment. The local community is the communities living around the locations of operations of a supplier.

### Applicability

This principle of the Policy is applicable to all suppliers.

### Suggested Good Practices

- Take initiatives to collaborate and associate with local communities and work towards their economic and social development.
- Undertake activities for providing employment, eradicating poverty, developing skills and other community development programmes for the local people.
- Involve your team members in community development programmes to increase cohesiveness between the organisation and the local community.
- Capitalise on local resources i.e. local recruitment, local vendors, local sourcing of raw materials etc.

### Reporting

You can share the details of the activities undertaken for community development with us.

# 3

## Green Inspired

### 3.1 Green Products and Processes

- a. Reducing carbon emission and water intake
- b. Efficient systems and process
- c. Reducing usage of hazardous and toxic materials and substances
- d. Disposal of toxic or hazardous waste
- e. Renewable Energy

### 3.2 Reduce, Reuse, Recycle

- a. Zero waste to landfill
- b. Packaging material

### 3.3 Adopting Green Initiatives and Practices

## 3. Green Inspired

### 3.1 Green Products and Processes

#### a. Reducing carbon emission and water intake

##### Principle

***We suggest that our suppliers identify sources of carbon emission and make progressive efforts towards reducing carbon emissions. Opportunities for reduction in water usage should be identified and measures for water conservation should be implemented.***

##### Definitions

*Carbon Emission* is defined as the emissions of carbon dioxide and other greenhouse gases (GHG) like methane, SOx, NOx etc. happening due to organisation's activities – inside and outside the organisation. *Water Intake* includes the water used by the organisation in its premise – for operational and other purposes. The definition can also extend to the water requirement of the product and services offered by the organisation.

##### Applicability

This principle of the Policy is applicable to suppliers having significant carbon emissions and water intake. This principle would be applicable if the product or service offered by you is at risk due to carbon / GHG emission related legal requirements. This principle is also applicable if your products and services are critically dependent on water or affect a vulnerable water resource.

##### Mandatory Requirements

- You should monitor any carbon and GHG emissions happening due to organisational activities.
- We expect you to compare your carbon / GHG emissions with industry peers and applicable rules and regulations.
- You should monitor the quantity of water

consumed in your premise, for operations and other uses.

- You should monitor the source of water and the possibility of adverse impact on the source and its eco-system.
- You should assess your processes for possibilities of reduction in water consumption.

##### Suggested Good Practices

- Adopt international frameworks like CDP, GHG Protocol, etc. while assessing the carbon / GHG emissions.
- Set time bound targets to reduce carbon emissions.
- If possible, you can look for alternatives in fuel, material and process alternatives to reduce carbon / GHG emission.
- Invest in process improvements / innovation to reduce water consumption.
- Engage and involve your senior management in the initiatives related to carbon emission and water consumption. If possible, a policy may be declared on carbon emission and water usage.

##### Reporting

- You are expected to share carbon emission and water intake related information with us.
- You are expected to share records and documentation related to compliance with applicable laws for carbon emission and water intake.

#### b. Efficient systems and process

##### Principle

***Suppliers should strive towards enhancing the efficiency and performance of the equipments and processes by continual improvement, monitoring and assessment of technology. Good practices***

**should be followed to ensure environmental resources are valued and protected.**

#### Definitions

*Continual improvement* is defined as the process of on-going effort to improve the product, service, process, etc.

#### Applicability

This principle of the Policy is applicable to all suppliers, as efficiency improvement in systems and processes would result responsible utilisation of resources.

#### Suggested Good Practices

- Monitor and periodically assess your systems and processes to understand the impacts and opportunities for improvement.
- Carry out energy audits in your organisation and implement energy efficiency techniques.
- Implement process innovations, productivity enhancements, or latest technologies to improve the efficiency of organisational systems.
- You can adopt a policy and set targets for improving efficiency in processes and systems.

#### Reporting

You may share the details of any energy efficiency and performance initiatives undertaken and the process of monitoring these activities.

### c. Reducing usage of hazardous and toxic materials and substances

#### Principle

***We expect our suppliers to assess their use of hazardous and toxic material and take necessary steps to reduce it, as much as possible. Appropriate substitutes and replacements should be introduced to minimise exposure to such material.***

#### Definitions

*Toxic material* is defined as a substance that can

cause harm if it enters the eco-system.

*Hazardous material* is defined as a substance that can adversely affect the health of handlers, users and individuals with exposure to it. Hazardous material is also a risk to the environment if not handled with precaution.

#### Applicability

This principle of the Policy is applicable to suppliers who have toxic or hazardous substances as raw material, by-product, finished product etc.

#### Mandatory Requirements

- You should monitor the products and process where toxic / hazardous material is used or generated.
- You should monitor the quantity of toxic / hazardous material used or produced on a regular basis.
- You should suffice the legal requirements to use, produce toxic / hazardous material.
- You should document the procedure for handling toxic / hazardous material.
- You should train the staff appropriately to handle toxic / hazardous material.
- All incidents related to mishandling of toxic / hazardous material should be reported and documented by you.

#### Suggested Good Practices

- Explore alternatives in consumables and processes to the reduce use of toxic / hazardous material.
- Adopt a policy and set targets for reducing the use of toxic / hazardous material.

#### Reporting

- You should provide the details of toxic / hazardous material used or produced.
- You can share the initiatives taken to reduce the use of toxic / hazardous material.

### d. Disposal of toxic or hazardous waste

#### Principle

***Toxic waste should be handled with professional guidance and mechanism should be put in place to dispose off the waste to authorised waste processors by the suppliers. Toxic waste should not be allowed outside the premise without proper approval.***

#### Definitions

*Toxic material* is defined as a substance that can cause harm if it enters the eco system.

*Hazardous material* is defined as a substance that can adversely affect the health of handlers, users and individuals with exposure to it. Hazardous material is also a risk to the environment if not handled with precaution.

#### Applicability

This principle of the Policy is applicable to suppliers who have toxic or hazardous substances as waste generated from the product or processes.

#### Mandatory Requirements

- You should monitor the products and process where toxic / hazardous waste is generated.
- You should monitor the quantity of toxic / hazardous waste generated on a regular basis.
- You should ensure all legal requirements are complete for handling toxic / hazardous waste.
- You should document the procedure for handling toxic / hazardous waste.
- You should train the staff appropriately to handle toxic / hazardous waste.
- You should dispose the toxic / hazardous waste to authorised vendors on a regular basis.
- All incidents related to mishandling of toxic / hazardous waste should be reported and documented by you.

#### Reporting

- You should provide the details of toxic /

hazardous waste generated by your products and processes.

- You should share the initiatives taken to reduce toxic / hazardous waste generation.

### e. Renewable Energy

#### Principle

***We recommend our suppliers use renewable sources of energy wherever possible so as to become energy independent and to reduce the impact on the environment. Suppliers should take steps to identify the scope of replacing conventional sources of energy with sustainable and renewable sources in their operations.***

#### Definitions

*Renewable Energy Sources* are those which are naturally replenished such as sunlight, wind, rain, tides, waves, and geothermal heat, etc.

#### Applicability

This principle of the Policy is applicable to all suppliers as use of renewable energy would result in the mitigation of carbon emissions and carbon footprint of the organisation's product and services.

#### Suggested Good Practices

- Monitor the source and quantity of energy consumed at every stage of your operation.
- Minimise the use of conventional sources of energy like coal, oil etc., and adopt environment friendly alternatives of energy like biomass, biogas, etc.
- You may also invest or allocate funds to use renewable energy sources like wind, solar, etc.

#### Reporting

- We encourage you to provide the details of energy consumption the share of renewable energy in the total consumed energy.
- You can share the initiatives taken to replace the existing conventional sources of energy with those of renewable energy sources.

## 3.2 Reduce, Reuse, Recycle

### a. Zero waste to landfill

#### Principle

**Waste to landfill should be analysed and suppliers should try and set targets to reduce the quantity of disposal to landfills. Alternate waste disposal techniques should be adopted in order to reduce the impact on the environment.**

#### Definitions

*Zero Waste* is a philosophy that encourages the redesign of resource life cycles and processes so that all products are reused and no trash is sent to landfills and incinerators.

*Waste to landfill* is one of the techniques of waste management where the waste is disposed or buried at an identified open land.

*Waste management* is a set of activities including the following:

- Collection, transport, treatment and disposal of waste
- Control, monitoring and regulation of the production, collection, transport, treatment and disposal of waste; and
- Prevention of waste production through in-process modification, reuse and recycling.

#### Applicability

This principle of the Policy is applicable to all suppliers, as reducing waste disposal to landfills and adopting better waste management and recycling practices would result in reduced stress on the eco-system and better use of resources.

#### Suggested Good Practices

- Analyse the waste management techniques used by them and ultimate destination of the waste generated by the organisation.
- Explore techniques and technologies to reduce waste to landfill by recycling, re-using or handing over the waste to authorised vendors for appropriate disposal.

- Document the procedure for handling and disposing off the byproducts and waste products in the manufacturing process.
- Design and manage your products and processes to systematically cut down the quantity of waste material.

#### Reporting

- You may provide details of the quantity of waste generated by the organisation and the methods of disposal.
- You can share the details of various waste management practices and monitoring mechanisms implemented in the organisation.

### b. Responsible consumption of resources

#### Principle

**We recommend our suppliers minimise use of all resources, including virgin raw material, in their processes. Suppliers should look for opportunities to reduce resource consumption by improving efficiency, investing in advanced technology, reusing material by innovating products and processes. Supplier should minimise dependence on scarce natural resource by identifying and using appropriate replacements.**

#### Definitions

*Resources* can be defined as all materials used by the organisation from raw material to energy sources. *Virgin raw materials* are resources extracted from nature in their raw form, such as wood or metal ore.

#### Applicability

This principle of the Policy is applicable to all suppliers as a reduction in consumption of resources would reduce the environmental impact.

#### Suggested Good Practices

- Document all the quantity and source of resources used in your processes.
- Document the amount of naturally produced raw material, which is directly consumed in

your products and services.

- Integrate latest innovations/ technologies in the organizational process to improve efficiency and gradually reduce the consumption of natural resources and virgin raw materials.
- Invest in or fund technological advancements which can lead to minimising resource consumption.
- Engage in productivity enhancement activities and find ways to reuse the raw materials in the organizational process.
- Look into various alternatives for virgin materials to be used in your organizational process.

#### Reporting

- We encourage you to provide the details of the monitoring system implemented to track the amount of resources and virgin materials consumed in the organisational process.
- You may share the details of various initiatives taken to replace the use of virgin materials in your processes.

### c. Packaging material

#### Principle

**Suppliers should try and take steps to reduce the environmental impact of their packaging material by developing innovative, practical solutions to modify the design and disposal method to the best possible extent.**

#### Applicability

This principle of the Policy is applicable to suppliers who use packing material for the logistics of their product.

#### Suggested Good Practices

- Take measures to minimise the use of packaging through product and process innovation.
- Optimise your logistics to re-claim and re-use

product packing material.

- Ensure that the packaging materials are non-toxic and made from renewable resources as far as possible.
- Design the packaging for resources recovery or reintegration back into the process after end use.
- Document the disposal strategy for the packaging material after end use.

#### Reporting

You can provide details of the measures taken to reuse, reduce and reclaim packaging materials.

### 3.3 Adopting Green Initiatives and Practices

#### Principle

***In order to monitor the environmentally performance and to become environmental friendly, practices to monitor and minimise environmental impact should be imbibed in an organisation's processes. We recommend that our suppliers inculcate such practices in their operations and start new initiatives to reduce their impact on the environment.***

#### Definitions

*Environmental Performance* is the relationship between the organisation and the environment. It includes the environmental effects of resources consumed, the environmental impacts of the organisational process, the environmental implications of its products and services, the recovery and processing of products and meeting the environmental requirements of law.

*Environmentally friendly* is the term referring to goods and services, laws, guidelines and policies that have reduced, minimal or no harm on the ecosystems or environment.

#### Applicability

This principle of the Policy is applicable to all suppliers.

#### Suggested Good Practices

- Engage your organisation's leadership team to promote environment friendly practices within the organisation to minimise environmental impact.
- Participate in environmentally conscious forums to learn about advancements in technology, which can help reduce the stress on the environment.
- Involve and empower your employees in identifying and implementing environment friendly practices.

#### Reporting

You can provide the details of initiatives undertaken to move towards environment friendly practices.

# 4

## Quality Centered

- 4.1 Quality Management System
- 4.2 Facility and Machinery
- 4.3 Good Manufacturing Practices and Quality Controls
- 4.4 Material Management

## 4. Quality Centered

### 4.1 Quality Management System

#### Principle

*We expect our suppliers to establish an appropriate Quality Management System, have management reviews and internal audits to ensure that they are effective. We prefer that this is put in place by a competent authority like ISO and should comply with all local regulations.*

#### Definitions

Quality Management System (QMS) is a collection of business processes focused on achieving quality in organisation's processes, products and services.

#### Applicability

This principle of the Policy is applicable to all suppliers.

#### Mandatory Requirements

- You should establish a Quality Management System (QMS) within your organisation.
- You should have well-established quality policies, manuals, quality objectives and procedures.
- You should ensure that all employees are trained on QMS for effective implementation.
- You should conduct management reviews in line with QMS at defined intervals.
- You should ensure compliance with the rules, regulations and relevant laws while designing the QMS.
- You should ensure that employees are trained on QMS implementation.
- You should have a process to address all internal and external customer complaints.

#### Suggested Good Practices

- Maintain appropriate procedures for documentation and change control.

- Adopt national and international frameworks to establish QMS.
- Have appropriate mechanisms for tracking quality objectives and KPI.
- Take feedback from the customers on products, processes and services to improve the QMS implementation.

#### Reporting

You are expected to provide the details of QMS implemented in your organisation and the details of any certifications.

## 4.2 Facility and Machinery

### Principle

***We expect our suppliers to have an appropriate layout to manufacture the product and facilitate proper housekeeping and pest control to ensure hygiene, safety and security of their workforce. Suppliers should give utmost importance to all manufacturing equipment by means of qualifying for manufacturing and maintaining as per OEM recommendations.***

### Applicability

This principle of the Policy is applicable to all suppliers.

### Mandatory Requirements

- You should have suitable housekeeping plan to avoid any risk of product contamination or deterioration and to ensure hygiene and security at the workplace. The documentation for the same must be maintained.
- You should have well accepted protocol to qualify equipment for manufacturing and ensure implementation and documentation by authentic function / personnel.
- We advise you to conduct periodic validation/ verification of the installed equipment as per OEM recommendation and acquire appropriate certifications for the same.
- You should have an appropriate preventive maintenance plan for all equipment and ensure adherence to the same.
- You should ensure safety and security at the workplace, shop floor and within your premises.

### Suggested Good Practices

- Review facility maintenance and keep them updated on a regular basis.
- Have annual maintenance contract with OEM for critical equipment.
- Have critical spare inventory.
- Engage competent personnel for safety audit

at periodic interval to identify and address all unsafe conditions and acts.

### Reporting

- You should share the details of equipment qualification report with GCPL.
- You should share any safety accident and incident, which relates to the manufacturing product supplied to GCPL.

## 4.3 Good Manufacturing Practices and Quality Controls

### Principle

***We expect our suppliers to have established manufacturing and packaging operations with proper maintenance of records along with process controls and finish product release programmes.***

### Definitions

*Process control* is an engineering discipline that deals with architectures, mechanisms and algorithms for maintaining the output of a specific process within a desired range. *Finish products* are goods that have completed the manufacturing process but have not yet been sold or distributed to the end user.

### Applicability

This principle of the Policy is applicable to all suppliers.

### Mandatory Requirements

- You should have an authentic product manufacturing directive.
- You should have well defined procedures and documentation for the following
  - Input material testing and qualification
  - Manufacturing and packing processes
  - Finished product testing and approval
- You should have well defined validation protocol to qualify all changes pertaining to manufacturing and packaging.
- You should have an effective process and in-process controls and documentation for all manufacturing and packing process.
- There should be a written procedure for the storage and distribution of the finished products to track the location of a particular batch by labelling, tagging etc.
- You should ensure that your measuring and testing equipment are calibrated as per plan by trained and certified personnel / agencies.
- You should have a protocol to handle non-confirming material at all stages.

### Reporting

- Follow Good Laboratory Practices and train your employees appropriately.
- Comply with all local regulatory requirement as applicable.
- Have a mechanism in place for tracking and investigating any deviations in the products and processes.





## 4.4 Material Management

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### Principle

*We expect our suppliers to have established practices for storage, handling and transportation of raw material, packaging material and finished products. This is to maximise the risk prevention measures through good warehousing practices and proper handling of rejected items.*

### Applicability

This principle of the Policy is applicable to all suppliers.

### Mandatory Requirements

- You should have a proper documented procedure for storage, handling and transportation of raw materials.
- You should follow good warehousing practices and have a mechanism to handle rejected items.

### Suggested Good Practices

Provide training to employees on aspects of good warehousing practices.

### Reporting

- You can provide details of various risk prevention measures undertaken during storage, handling and transportation of raw materials.
- You may share the details of good warehousing practices followed and certifications for the same.