

Godrej Consumer Products Limited

Implementation Manual

Sustainable Procurement Policy

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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"). No breaches on same will be acceptable. Suppliers, who are not in compliance with the mandatory requirements, are expected to take necessary steps to implement corrective action. We have also noted a few good practices for conducting business ethically in this document. We suggest our suppliers to take steps in order to adopt good practices going forward.

In cases where standards of the Sustainable Procurement Policy are higher in comparison to the ones set by the law, supplier 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 if it does not violate local law.

Reporting

- All reporting and documentation requirements as per the laws of the country of operation should be adhered to by the supplier and shared with us on request.
- The supplier should share a written disclosure with us stating that all the principles mentioned under the 'Ethically Driven' pillar are adhered to.
- Supplier should have procedures in place to monitor compliance to the policy. These monitoring activities should be documented and should be 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 supplier is 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

- The supplier is expected to disclose, if any employee or professional under contract with us may have significant economic ties, interest or ownership in supplier's business.
- The supplier is expected to report to us any situation that can be actual, potential or perceived conflict of interest as soon as it is known.
- The supplier is expected to undertake reasonable steps to identify and disclose any conflict of interest.
- We expect the supplier 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.

Good Practices

- We encourage the supplier to put in place a policy to provide guidance in identifying and handling potential or actual conflict of interest involving its supplier.
- The supplier shall communicate effectively with its employees to help them in identifying and handling conflict of interest.

X The supplier has 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 / work order.

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

- The supplier 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.
- The supplier should adhere to applicable anti-bribery and anti-corruption laws and regulations in the country of operation.
- If our employee or professional requests an improper advantage, the supplier should refuse for the same and it should be reported to us at an earliest.
- We expect the supplier to undertake all necessary steps to eliminate bribery and corruption in all forms.

Good Practices

- We encourage the supplier to adopt an anti-corruption and anti-bribery policy which is communicated across the supplier's organization.
- The supplier may put in place procedures to monitor and review the effectiveness, adequacy and suitability of the policy and review the same as and when required.
- We suggest the supplier to communicate effectively to all the employees about anti-bribery and anti-corruption practices.
- The supplier is encouraged to raise concerns about any issue or suspicion of malpractice to us.
- The supplier can also conduct anti-bribery and anti-corruption training for the senior and mid management.

X The supplier makes a donation to a charity supported by member of our team who has considerable influence in decisions pertaining to suppliers with the motive of gaining business advantage.

✓ Supplier is being approached by member of our team to solicit a personal favor. The supplier denies providing the favor and reports the same to the concerned authority.

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.

Definitions

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, dies, 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

- Supplier must safeguard GCPL's intellectual property, trade secrets and other proprietary, sensitive and confidential information or data at all times.
- The supplier under no condition should disclose directly or indirectly any confidential information provided to them as a part of business dealings.

- Supplier 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.
- The supplier must use the information provided by us solely for designated and intended purpose as decided and agreed.
- Any confidential information shared with supplier should not be disseminated to the employees of the supplier other than those who need to access the information for executing the tasks designated by us.
- The supplier should not duplicate or summarize the information to other parties without written permission from us.
- Supplier is expected to provide a written disclosure to us confirming safeguarding of the confidential information.

Good Practices

- The supplier shall take all reasonable precautions to protect the confidential information from unauthorized access and use.

X The supplier knows critical and confidential information related to the latest product development at GCPL, as he is supplying raw material for it. The supplier shares this information with another client to get more business.

✓ The supplier ensures that confidential information has restricted and controlled access. The supplier restricts employees from discussing and sharing confidential information, and trains 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

- Supplier must comply with applicable local and international competition laws to promote free and fair competition.

- Supplier must not indulge in cartelization or try to co-ordinate market conduct with competitors or other business partners in a way that restricts competition.

Good Practices

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

X The supplier gets into an agreement with the 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.

✓ Supplier is being approached by a competitor to enter in to a joint agreement to not do business with certain trade partners and customers. The supplier denies entering into such agreement and thus ensures free market.

1.2 Human Rights

a. Forced and child labor

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 Labor is defined as work performed by a person younger than age of 15 or as per local law, whichever is greater.

Forced Labor includes but is not limited to involuntary labor, trafficked labor, indentured labor, bonded labor.

Bonded labor occurs when the laborer 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 labor is defined as laborer that has been subjected to the use of force, fraud or coercion during any part of the onboarding process - recruitment, harboring or transportation.

Indentured labor 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

- The supplier should not engage in child labor / forced labor at any stage of their business processes.
- The supplier at all times must comply with rules and regulations pertaining to human rights applicable in the country of operation.
- The supplier should maintain a record of compliance related issues for labor laws.
- The supplier, at the time of hiring, should ask for formal identification and age documentation and record of same should be maintained at all times.
- The supplier should not undertake any activity that restricts the labor from leaving employment at the supplier's organization like confiscation of documents etc.
- The supplier should provide a written disclosure to us stating that no child labor/forced labor is being engaged by the supplier in any activity at any stage of business process.

Good Practices

- We encourage the supplier to adopt a public policy prohibiting child labor / forced labor.
- Employee and security staff of the supplier shall be trained / made aware on aspects related to child labor / forced labor and applicable labor laws.
- We encourage the supplier to provide a point of contact for reporting and resolution of issues related to child labor/forced labor.
- If possible, the supplier may adopt national / international frameworks related to Human Rights and provide public disclosure on the same.
- It is suggested that the supplier shall get its operations / facilities audited on Human Rights related parameters.

b. Compensation and working hours

Principle:

We expect suppliers to comply with applicable wage and hour laws, regulations and mandatory industry standards pertaining to minimum wages, overtime pay, working hours and rest periods.

Mandatory Requirements

Working Hours

- The supplier should ensure that standard working hours must not exceed limits as prescribed by local laws and regulations.
- The supplier should make sure that any overtime should be voluntary and employees must receive adequate compensation for any overtime worked.
- The supplier should insure that overtime must not exceed the maximum hours allowed by law of the country of operation.
- The supplier should provide employees with adequate breaks, rest periods and days off.

- The supplier should at all times comply with any other applicable laws related to work hour and overtime.
- The supplier should maintain necessary documentation with respect to work hours and should furnish the same to us if required.
- The supplier must share a written disclosure with us confirming adherence to all work hour and overtime related laws and regulations.

Compensation

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

Good Practices

- We suggest the supplier to have a written policy for working hours, overtime, wages and compensation in accordance with the legal requirements.
- We encourage the supplier to provide written document to employees regarding company working hour policy.
- If possible, the supplier can 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.
- The supplier is encouraged to implement a system, such as a sign-up sheet, for employees to volunteer for overtime.
- We suggest usage of automated tools for tracking working time and payment calculation.
- The supplier is encouraged to inform the employees about benefits available to them and provide help to access them.
- We encourage the supplier to put in place a system to periodically assess that wages are sufficient to meet the basic needs of the employees.

X Excessive overtime without proper rest periods and adequate compensation.

✓ The supplier should ensure that the overtime is voluntary and no action should be taken against employees that 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, retirement.

Mandatory Requirements

- The supplier 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, remuneration.
- The supplier should not ask for any information that are discriminatory in nature and are irrelevant to the job profile.
- The supplier must comply with all rules and regulations of the country of operation on practicing non-discrimination in all business activities.
- The supplier should provide a written disclosure to us stating that no discrimination happens during any stage of the business processes.

Good Practice

- Supplier is encouraged to put in place a policy against discrimination in the workplace based on gender, age, race etc. and is communicated to the employees.
- The supplier is suggested to periodically review the hiring policies to ensure prohibition of discriminatory practices.
- If possible, the supplier can adopt national / international frameworks related to non-discrimination and provide public disclosure on the same.
- The supplier is suggested to get their operations / 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

- The supplier should perform all business dealings transparently and all financial transactions should be honestly, fairly and accurately recorded in books and records.
- The supplier's financial books, accounts and records must accurately represent the underlying activities and conform to accounting and reporting standards.
- The supplier should adhere to legally required guidelines, principles, standards, laws and regulations of the country of operation.
- The supplier should ensure that all accounts, invoices, memoranda and any other related documents and records should be prepared and maintained accurately and should be complete as per law.
- The supplier should make sure that all required information is available to auditors, government and other authorized parties.
- We expect the supplier 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.

Good Practices

- We encourage the supplier to devise 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.

Mandatory Requirements

- The supplier is expected to comply fully with all legal requirements relevant to conducting the business in the countries where 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.

- The supplier 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.
- The supplier should ensure communication of relevant laws to its employees as required.
- The supplier 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.

Good Practices

- We suggest that the supplier to measure their existing performance with respect to the permits/legal limits and take corrective action if required

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 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 suggested to all our suppliers.

Good Practices

- The supplier is suggested to ensure fair selection of vendors, suppliers, distributors and other business stakeholders.
- The supplier is encouraged to have a fair procurement policy / code of conduct in place to evaluate suppliers and vendors.
- The supplier is advised to have a grievance redressed mechanism for its suppliers and vendors.
- The supplier is encouraged to engage with its suppliers and vendors to understand their concerns and address their issues in a fair and transparent manner.

Reporting

- The supplier can share their approach and initiatives towards fair dealing with suppliers and vendors.

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 the suppliers to maintain a diverse and inclusive workforce.

Good Practices

- The supplier is encouraged to 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

- The supplier is expected to share the details of the hiring policy, grievance redress 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 the supplier and minimise the impact.

Applicability

This principle of the Policy is applicable to all suppliers.

Good Practices

- The supplier is advised take initiatives to engage and involve the local communities in order to understand the impact of the supplier's operations on them and take necessary actions to minimize the adverse impact.
- The supplier is encouraged to designate a staff member as a public relations manager to oversee the process of communication with members of the community.

Reporting

- The supplier may document the studies undertaken for impact assessment and mitigation and report to us.
- The supplier 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 our suppliers.

Mandatory Requirements

- The supplier should adopt relevant management practices to ensure compliance with employee health and safety laws and regulations applicable in the geographies where the supplier has a presence.
- The supplier 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.
- The supplier should ensure that their employees' exposure to chemical, biological and physical agents is identified, evaluated, and controlled in a planned and systematic manner.
- The supplier should conduct frequent and periodic training and awareness activities for employees on occupational health and safety and the systems and processes set in place to prevent and address the issues.

Good Practices

- We recommend the supplier to set in place robust and effective systems and procedures to track and report cases of occupational injury and illness and also mention the initiatives taken to address the cause.
- We also suggest the supplier to take reasonable actions to prevent accident and injuries by analyzing and minimizing risk exposure at its facilities.

Reporting

- The supplier should share with us the steps taken towards ensuring compliance with employee health and safety laws and regulations.
- If the supplier has 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, helping in developing skills of local people etc. 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.

Good Practices

- The supplier is advised to take initiatives to collaborate and associate with local communities and work towards their economic and social development.
- The supplier is encouraged to undertake activities for providing employment, eradicating poverty, developing skills and other community development programs for the local people.
- The supplier may involve staff members in community development programs to increase cohesiveness between the organization and the local community.
- The supplier may also capitalize the local resources *i.e.* local recruitment, local vendors, local sourcing of raw materials etc.

Reporting

- The supplier 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

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, SO_x, NO_x etc. happening due to organization's activities – inside and outside the organization.

Water Intake includes the water used by the organization 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 organization.

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 the supplier is at risk due to carbon / GHG emission related legal requirements. This principle is also applicable if the product and service of the supplier are critically dependent on water or affect a vulnerable water resource.

Mandatory Requirements

- The supplier should monitor any carbon and GHG emissions happening due to organizational activities.
- We expect the supplier to compare their carbon / GHG emissions with industry peers and applicable rules and regulations.
- The supplier should monitor quantity of water consumption happening in the organization's premise – due to operations and other uses.
- The supplier should monitor the sources of water drawl and the possibility of adverse impact on the sources and its eco-system.
- The supplier should assess its processes for possibilities of reduction in water consumption.

Good Practices

- It is suggested that the supplier adopt international frameworks like CDP, GHG Protocol etc., while assessing the carbon / GHG emissions.
- The supplier is advised to take up time bound targets to reduce carbon emissions.
- If possible, supplier can look for alternatives in fuel, material and process alternatives to reduce carbon / GHG emission.

- The supplier is encouraged to invest in process improvements / innovation to reduce water consumption.
- We suggest the supplier to engage and involve their 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

- The supplier is expected to share carbon emission and water intake related information with us.
- The supplier is 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 utilization of resources.

Good Practices

- The supplier is encouraged to monitor and periodically assess their systems and processes to understand the impacts and opportunities for improvement.
- The supplier is suggested to carry out energy audits in the organization and implement energy efficiency techniques.
- The supplier is encouraged to implement process innovations, productivity enhancements, or latest technologies to improve the efficiency of organizational systems.
- The supplier can adopt a policy and set targets for improving efficiency in processes and systems.

Reporting

- The supplier 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

- The supplier should monitor the products and process where toxic / hazardous material is used or generated.
- The supplier should monitor the quantity of toxic / hazardous material used or produced on a regular basis.
- The supplier should suffice the legal requirements to use, produce toxic / hazardous material.
- The supplier should document the procedure for handling toxic / hazardous material.
- The supplier 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 the supplier.

Good Practices

- The supplier is suggested to explore alternatives in consumables and processes to the reduce use of toxic / hazardous material.
- We encourage the supplier to adopt a policy and set targets for reducing the use of toxic / hazardous material.

Reporting

- The supplier should provide the details of toxic / hazardous material used or produced.
- The supplier 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

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

Reporting

- The supplier should provide the details of toxic / hazardous waste generated by their products and processes.
- The supplier should share the initiatives taken to reduce toxic / hazardous waste generation.

e. Renewable Energy

Principle:

We recommend our suppliers to use renewable sources of energy wherever possible so as to become energy independent and to reduce the impact on the environment. The 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 organization's product and services.

Good Practices

- The supplier is advised to monitor the source and quantity of energy consumed at every stage of their operation.
- The supplier is suggested to minimize the use of conventional sources of energy like coal, oil etc., and adopt environment friendly alternatives of energy like biomass, bio gas etc.
- The supplier may also invest or allocate funds to use renewable energy sources like wind, solar etc.

Reporting

- The supplier is suggested to provide the details of energy consumption by organization's activities and the share of renewable energy in the total consumed energy.
- The supplier 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 ecosystem and better use of resources.

Good Practices

- The supplier is suggested to analyze the waste management techniques used by them and ultimate destination of the waste generated by the organization.
- The supplier is advised to explore techniques and technologies to reduce waste to landfill by recycling, re-using or handing over the waste to authorized vendors for appropriate disposal.
- The supplier is encouraged document the procedure for handling and disposing off the byproducts and waste products in the manufacturing process.
- The supplier may look at designing and managing his products and processes to systematically cut down the quantity of waste material.

Reporting

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

b. Responsible consumption of resources

Principle:

We recommend our suppliers to minimise use of all resources, including virgin raw material, in their processes. The supplier should look for opportunities to reduce resource consumption by improving efficiency, investing in advanced technology, reusing material by innovating products and processes. The 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 organization 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.

Good Practices

- The supplier is advised to document all the quantity and source of resources used in their processes.
- The supplier is recommended to document the amount of naturally produced raw material which is directly consumed in the organizations products and services.

- The supplier is suggested to integrate latest innovations/ technologies in the organizational process to improve efficiency and gradually reduce the consumption of natural resources and virgin raw materials.
- The supplier is advised to invest in or fund technological advancements which can lead to minimising resource consumption.
- The supplier is encouraged to engage in productivity enhancement activities and find ways to reuse the raw materials in the organizational process.
- The supplier is encouraged to look into various alternatives for virgin materials to be used in their organizational process.

Reporting

- The supplier is encouraged to provide the details of the monitoring system implemented to track the amount of resources and virgin materials consumed in the organizational process.
- The supplier may share the details of various initiatives taken to replace the use of virgin materials in their 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.

Good Practices

- The supplier is encouraged take measures to minimize the use of packaging through product and process innovation.
- The supplier is suggested to optimize their logistics to re-claim and re-use product packing material.
- The supplier is advised ensure that the packaging materials are nontoxic and made from renewable resources as far as possible.
- The supplier is suggested to design the packaging for resources recovery or reintegration back into the process after end use.
- The supplier may document the disposal strategy for the packaging material after end use.

Reporting

- The supplier 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 environmental performance and to become environmental friendly, practices to monitor and minimise environmental impact should be imbibed in 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 organization and the environment. It includes the environmental effects of resources consumed, the environmental impacts of the organizational 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.

Good Practices

- The supplier is encouraged to engage the organization's highest decision making body to promote environment friendly practices within the organizations to minimize environmental impact.
- The supplier is suggested to participate in environmentally conscious forums to learn about advancements in technology which can help reduce the stress on the environment.
- The supplier is advised to involve and empower their employees in identifying and implementing environment friendly practices.

Reporting

- The supplier can provide the details of the initiatives undertaken to move towards environment friendly practices.

4. Quality Centered

4.1 Quality Management System

Principle:

We expect our suppliers to establish appropriate quality management system and have management reviews and internal audits to ensure that the Quality Management System is effective. GCPL preferred that suppliers to have in place a certified Quality Management System by competent authority like ISO and should comply with all local regulations which are applicable for the product supplied to GCPL

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

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

Good Practices

- The supplier is advised to maintain appropriate procedures for documentation and change control.
- The supplier is encouraged to adopt national and international frameworks to establish QMS.
- The supplier is recommended to have appropriate mechanisms for tracking quality objectives and KPI
- The supplier is suggested to take feedback from the customers on products, processes and services to improve the QMS implementation.

Reporting

- The supplier is expected to provide the details of QMS implemented in their 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 its workforce . Suppliers to 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

- The supplier 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.
- The supplier should have well accepted protocol to qualify equipment for manufacturing and ensure implementation and documentation by authentic function / personnel
- The supplier is advised to conduct periodic validation/verification of the installed equipment as per OEM recommendation and acquire appropriate certifications for the same.
- The supplier should have an appropriate preventive maintenance plan for all equipment and ensure adherence to the same
- The supplier should ensure safety and security at the workplace, shop floor and within the premise.

Good Practices

- The supplier is suggested to review facility maintenance and keep them updated on a regular basis.
- The supplier is suggested to have Annual maintenance contract with OEM for critical equipment
- The supplier is suggested to have critical spare inventory
- The supplier is suggested to engage competent personnel for safety audit at periodic interval to identify and address all unsafe conditions and acts

Reporting

- The supplier should share the details of equipment qualification report with GCPL
- The supplier should share any safety accident and incident which related to the manufacturing product supplied to GCPL.

4.3 Good Manufacturing Practices and Quality Controls

Principle:

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

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

- The supplier should have an authentic product manufacturing directive.
- The supplier should well defined procedures and documentation for the following
 - Input material testing and qualification
 - Manufacturing and packing processes.
 - Finished product testing and approval
- The supplier should have well defined validation protocol to qualify all changes pertaining to manufacturing and packaging.
- The supplier should have an effective process & 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 labeling, tagging etc.
- The supplier should ensure that their measuring and testing equipment are calibrated as per plan by trained and certified personnel / agencies.
- The supplier should have a protocol to handle non-confirming material at all stages.

Good Practices

- The supplier is advised to follow Good Laboratory Practices and have their employees appropriately trained.
- The supplier advised to comply all local regulatory requirement as applicable
- The supplier is suggested to put in place mechanism for tracking and investigating any deviations in the products and processes.

Reporting

- The supplier may share the details of various process and in-process controls employed during the manufacture of specific products.

- The supplier can provide the details of corrective and preventive initiatives taken by their organization on finished product non-compliance

4.4 Material Management

Principle:

We expect our suppliers to have in place established practices for storage, handling and transportation of raw material, Packaging material and finished product , this is to maximise the risk prevention measures through good warehousing practices and proper handling of rejected item.

Applicability

This principle of the Policy is applicable to all suppliers.

Mandatory Requirements

- The supplier should have in place proper documented procedures for storage, handling and transportation of raw materials.
- The supplier should follow good warehousing practices and have in place a mechanism to handle rejected items.

Good Practices

- The supplier is suggested to provide training to employees on aspects of good warehousing practices.

Reporting

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