



Supplier Code of Conduct

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1.0 Introduction

Aarti Industries Ltd (AIL) believes that it is in the mutual interest of both AIL and its suppliers (business partners) to meet the present and future requirements of business and society. This includes demonstrating responsibility towards the people involved in the manufacturing and delivery of products and services.

In order to make its position clear to all suppliers, AIL has established the AIL Code of Conduct for Suppliers (the “Code”). The Code describes AIL’s requirements as per Aarti Management System (AMS) for suppliers. As a condition of doing business with AIL, we expect suppliers to comply with these requirements. It is AIL’s intention to maintain this Code in a spirit of constructive dialogue and in partnership with suppliers, for the mutual benefit of both parties.

2.0 Purpose

It is created to explicitly state the Aarti Industries Ltd.’s desire to engage suppliers whose production processes are responsible and environmentally friendly.

3.0 Scope

AIL adheres to “Responsible Sourcing Policy” and this code outlines expectations of “to be adhered to” by the suppliers. All suppliers of AIL are expected to receive, understand and conform to all the components of the code, as stated in the document.

4.0 Level of Standards

AIL expects that suppliers adhere to all applicable laws, rules, and regulations and strive to achieve both the international and industry best practices. The provisions as set forth in this Code of Conduct provide the minimum standards that have to be met in order to be an approved supplier to AIL and the qualifying standards that AIL also expects a supplier to meet in the near

future, but not necessarily before being approved as a supplier to AIL. Suppliers are also expected to provide free access to AIL and are affiliated to visit and inspect the state of affairs.

- **Minimum Standards**

The minimum standards must be fulfilled before being approved as a supplier. The existing suppliers will be placed in the “probation” (*period of maximum Two years*) list if they fail to meet the minimum standards. AIL will jointly work with such suppliers to place them in the active list by achieving minimum standards in the shortest possible time.

AIL recognizes that reaching all the standards established in this Code of Conduct is a dynamic rather than a static process and encourages suppliers to continually improve their performance metrics. In case any non-compliance suppliers are expected to communicate the same to AIL management.

5.0 Eligibility of the Supplier Code of Conduct

The provisions of this Code of Conduct set forth the minimum standards of all suppliers and their sub-suppliers in the supply chain. The suppliers shall ensure that their relevant sub-suppliers meet the principle in this Code of Conduct or a relevant set of principles.

6.0 The Code of Conduct

All suppliers of AIL are expected to receive, understand and conform to all the components of the code, as state below:

- **Compliance with Laws**

Suppliers shall comply with all applicable local, state and national level laws and regulations in which their operations are conducted and to this effect, they will provide evidence when asked. Supplier shall comply with all applicable laws and regulations relating to land usage for their business activities.

- **Labor practice and standards:**

- **Child Labour**

We do not tolerate child labor in our supply chain. Suppliers must avoid any sort of child labor in their business operations consistent with the International Labour Organization's (ILO) core labor standards and the United Nations Global Compact principles. If the local minimum-age law stipulates a higher age for work or mandatory schooling, the higher age applies.

- **Forced Labour**

The Code does not permit forced or involuntary labor at the Supplier. This includes forced prison work; work on a forced contract, slavery and other forms of work, which are done against one's will or choice. AIL does not tolerate employment which confines the employee in unreasonable debt bondage etc.

- **Discrimination**

AIL respects cultural differences and does not do business with a Supplier if the Supplier practices discrimination at work based on race, religion, gender, age, nationality or sexual orientation, expression or marital status.

- **Harassment, Harsh or Inhumane Treatment**

AIL requires its suppliers to create and maintain an environment that treats all employees with dignity and respect and will not use any threats of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse. No harsh or inhumane treatment of any kind is tolerated, not is there to be the threat of any such treatment.

- **The Right to Organize and Collective Bargaining**

The Supplier must not interfere with the worker's right to form and join unions or to bargain collectively. This means that the Supplier must recognize his employees' right to choose whether or not to associate with or establish any organization including labor organizations. If trade unions are not allowed in the area of operation, or only state-authorized organizations are allowed, the Supplier shall facilitate alternative measures to allow employees to access management to discuss work-related matters.

- **Freely Chosen Employment**

We do not tolerate slavery, or forced or compulsory labor and human trafficking in our supply chain. Bonded, indentured, or involuntary prison labor is also not accepted. Practices such as withholding personal property, passports, wages, training certificates, work, or any other document for inappropriate reasons are not acceptable.

- **Maximum Working Hours and Living Wages**

Working time for suppliers' employees shall not exceed the maximum set by the applicable national law and by ILO standards. Compensation shall be paid to employees regularly, in a timely manner and in full according to applicable laws and must comply with applicable national wage laws. Compensation and benefits should aim at providing living wages to the employees and their families. Suppliers are expected to provide their employees with fair and competitive compensation and benefits and to support equal pay for work of equal value. It is recommended that suppliers offer their employees ample training and educational opportunities.

- **Inclusion and Diversity**

Equal treatment of all employees must be a fundamental principle of the supplier's corporate policy. Typical discriminatory treatment takes into consideration – consciously or unconsciously – irrelevant characteristics of an employee such as age, disability, ethnicity, family status, gender, gender expression, gender identity, genetic information, national origin, physical characteristics, political affiliation, pregnancy, religion, social origin, sexual orientation, union membership, or any unlawful criterion under applicable law. Suppliers shall ensure that their employees are not harassed in any way. ALL encourages suppliers to provide an inclusive and supportive working environment by exercising diversity when it comes to their employees. Likewise, ALL encourages suppliers to have an active Supplier Diversity Program by engaging with diverse-owned businesses.

- **Working Conditions**

Adequate work conditions shall be available at work place that includes access to drinking water and sanitation facilities, and sufficient rest area and security. ALL encourages suppliers to support and respect the right to rest and leisure of their employees in balancing their work and private lives, including applicable leaves

- **Civil War Zones:**

Any of their raw material from countries having civil war zones in a manner which directly or indirectly finances or benefits armed groups in the Covered Countries. AIL is committed to not source these countries

- **Health & Safety**

Suppliers shall adequately protect their employees against chemical, biological and physical hazards. Physically demanding tasks and conditions in the workplace, as well as risks associated with infrastructures used, must be adequately managed to protect their employees. Suppliers shall provide appropriate controls, safe work procedures, adequate maintenance and necessary technical protective measures to mitigate health and safety risks in the workplace and to prevent accidents and occupational illnesses. In addition, suppliers shall provide employees with appropriate personal protective equipment. Safety information relating to any identified workplace risk or hazardous materials – including compounds in intermediate materials – shall be available to educate, train and protect workers from hazards. A safe and healthy working environment shall include as a minimum the provision of drinking water, adequate lighting, temperature, ventilation, and sanitation and, if applicable, safe and healthy company living quarters.

Suppliers shall have safety programs in place for managing and maintaining all their production processes in accordance with the applicable safety standards. Programs shall be appropriate to facility and process risks. Suppliers shall appropriately communicate, disclose, and manage hazards inherent in their processes and products to ensure that affected or potentially affected third parties are protected. Likewise, major incidents shall be analyzed and communicated in a timely fashion. For hazardous installations and processes, the supplier shall regularly conduct specific risk assessments and implement

measures that prevent the occurrence of incidents such as chemical releases, fires, or explosions.

Suppliers must comply with product safety regulations, label products properly and communicate product-handling requirements. They shall provide to relevant parties the applicable documentation containing all necessary safety-relevant information for all hazardous substances in case of a legitimate need. This includes product information, safety data sheets, notification or registration confirmation, uses and exposure scenarios. Suppliers proactively and transparently share information about the health, safety, and environmental aspects of their products with all relevant parties.

Suppliers must have systems in place to address transport incidents and shall comply with all applicable rules and regulations with respect to all modes of transportation.

Suppliers should strive to implement management systems and guidelines..

- **Conflict material from Covered Countries**

AIL requires it's a supplier not to source tin, tantalum, tungsten or gold (the "Conflict Minerals") from the Democratic Republic of the Congo or the adjoining countries (the "Covered Countries") in a manner which directly or indirectly finances or benefits armed groups in the Covered Countries. AIL is committed to not source from these "Conflict Minerals" from "Covered Countries".

- **Business Ethics**

- **Anti-bribery**

The Company has a zero-tolerance approach to acts of bribery and corruption, by employees or anyone acting on behalf of the Company. Bribery and corruption are recognized as barriers to sustainable development and free trade. AIL does not accept these practices and therefore does not offer or accept any kind of undue payment in any of our business transactions. The supplier shall act accordingly.

- **Conflict of Interest**

Suppliers must ensure that if the Supplier's employee or his or her family member has a relationship with an AIL employee who can make decisions that will affect

the supplier's business, then the supplier must disclose these types of relationships to concerned AIL companies before entering into negotiations. Suppliers are not authorised to represent AIL brands without written approval from AIL management.

- **Fair Competition**

Suppliers shall conduct their business in line with fair competition and in accordance with all applicable antitrust laws.

- **Trade Controls**

Suppliers must comply with export control regulations applicable to their business and provide accurate and truthful information about it to customers and other authorities when required. Supplier must prohibit insider trading by virtue of being a supplier and in knowledge of privileged information about AIL.

- **Gifts and Hospitality**

Suppliers must have a policy whereby their employees or representatives are required to refrain from accepting or giving any significant gift from or to client (and potential client) organization. The supplier must have established criteria for determination of what constitutes a significant gift.

- **Security Management**

Suppliers must ensure the secure use and distribution of information and data in their workplace. Suppliers must maintain physical and electronic security for all confidential information received from AIL for fulfilling their commitment. Suppliers' employees must use extreme care in protecting the confidential and proprietary information of any kind from AIL. Supplier shall respect AIL patented invention and in no case shall violate it, any violation in this regard will be considered as serious non-compliance.

Suppliers shall have security management practices in place in order to secure their people, equipment and assets.

- **Political Activity**

Suppliers should desist making use of AIL's association with them for any political gain or use the name of AIL to participate in political campaigns.

- **Money Laundering**

Suppliers shall have appropriate measures in place to ensure that the company does not, even inadvertently, accept forms of payment that are known or suspected to be means of laundering money. Any incident of money laundering will be considered as a serious non-compliance.

- **Environment**

Suppliers should strive to implement management systems and guidelines to improve environment performance.

- **Chemicals and Hazardous Materials:**

Supplier shall ensure that chemicals and hazardous materials are handled, stored and disposed of in an environmentally safe way.

- **Green House Gases and Air Emissions:**

Suppliers shall ensure that air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled, treated and reported as required by law prior to discharge. Green house Gases from the operations shall be accounted, reported and measures shall be taken for its reduction

- **Waste & Emissions**

Suppliers shall ensure the safe and compliant handling, storage, transportation, disposal, recycling, reuse and management of waste, air emissions and wastewater discharges. Any activity that has the potential to adversely impact human or environmental health shall be appropriately managed, measured and controlled. The release of hazardous substances shall be minimized. Special attention shall be given to active ingredients. Suppliers shall prevent or mitigate accidental spills and fugitive emissions of hazardous materials.

- **Energy management**

Energy management with a focus on minimizing the waste of energy shall be applied in all business operations. Suppliers should strive to implement management systems & guidelines. Suppliers are encouraged for the adoption of renewable energy in their overall mix of energy used.

- **Natural Resources Conservation and Climate Protection**

Suppliers shall use natural resources (e.g. water, sources of energy, raw materials) in an economical way and preserve them. To ensure the conservation of renewable natural resources, suppliers shall promote the application of broadly recognized sustainability standards and certifications that have been developed by multiple stakeholders. Negative impacts on the environment and climate caused by the suppliers or in their supply chain shall be minimized or eliminated at their source.

Suppliers are encouraged to be in line with circular economy principles such as material reduction, substitution, collection, sharing, maintenance, reuse, redistribution, refurbishment, remanufacturing and recycling. Suppliers shall engage in the development and use of environmentally and climate-friendly products, processes and technologies.

Suppliers shall ensure and demonstrate continuous environmental improvements, including a reduction in raw materials, energy, emissions, discharges, noise, waste, hazardous substances and reliance on natural resources by means of clear targets and improvement policies.

- **Bio diversity**

The Suppliers should aim to effectively protect and preserve the biodiversity and ecosystem services including no gross deforestation.

- **Animal Testing**

Suppliers shall not get involved in animal testing for their products, It shall only take place where absolutely necessary as part of the regulatory authorisation process to commercialise the product.

- **Local Community**

To promote responsibility for the communities they operate in, suppliers should listen to the concerns of local residents and provide for healthy and safe living conditions. The support of local job creation, local sourcing, education provisioning and infrastructure development is encouraged.

- **Emergency Preparedness, Risk Information**

Suppliers shall make safety information on identified workplace risks to employees and contractors available. They shall be correspondingly trained to ensure they are adequately protected at all times. Suppliers shall identify and assess relevant risks and emergency situations in the workplace, public neighborhood and company-provided living quarters. Their potential impact shall be minimized by implementing appropriate fire protection, effective emergency plans, regular drills and response procedures. Supplier shall have an offsite emergency plan in place. Periodic communications, and awareness shall be done across nearby communities.

- **Training and Competency**

Suppliers shall have learning and development framework for their workforce. Suppliers are encouraged to have training programmes for skills upgradation.

Suppliers will develop, implement, and maintain appropriate training measures to allow their employees to gain an appropriate level of knowledge and understanding of the applicable principles of the AIL Supplier Code of Conduct, the applicable laws and regulations, and generally recognized standards.

7.0 Governance

Suppliers shall develop, implement, use, and maintain management systems and controls related to the content of the AIL Supplier Code of Conduct. Suppliers shall maintain documentation necessary to demonstrate conformance with the principles outlined in the AIL Supplier Code of Conduct.

Suppliers shall implement mechanisms to regularly identify, evaluate, and manage risks in all areas addressed by the AIL Supplier Code of Conduct and with respect to all applicable legal requirements.

Suppliers shall demonstrate their commitment to continuous improvement by setting performance objectives, executing implementation plans, and taking necessary corrective actions for deficiencies identified by internal or external assessments, inspections, and management reviews. Suppliers are expected to handle all grievances without prejudice.

8.0 Evaluation and follow up

Suppliers will be asked to provide information as & when required regarding the status of their performance against the standards in this Code of Conduct. Based on this information, the suppliers will be evaluated and the results will be measured and compared. AIL may conduct on-site evaluations and inspections of the supplier's facilities in order to review the progress towards these standards. AIL encourages the suppliers to evaluate and follow-up their sub-suppliers as the information about their compliances with this Code of Conduct might be required by AIL to assess the risk & opportunities in the entire supply chain. All the information obtained from such evaluations will be kept strictly confidential.

9.0 Grievance address

In case of any grievance suppliers may have, they can write a mail to sustainability@aarti-industries.com for addressing the grievance.

10.0 Zero Tolerance

It is mandatory that all suppliers comply with the above aspects of the Code of Conduct. Supplier Code of Conduct to be communicated to all suppliers during engagement/negotiations.

11.0 Compliance to Supplier Code of Conduct

By signing this Code of Conduct, Suppliers agree to comply with the requirements stated in this Code of Conduct. Aarti Industries Ltd reserves the right, upon reasonable notice, to check the compliance. All supplier have to provide their concurrence on AIL Supplier Code of Conduct as per the format attached in **Annexure 1**

12.0 Amendment History

Sr. No.	IssueNo.	Revision No.	Effective Date	Reason for Change	Prepared By	Validated By	Authorised By
01	01	01	December 2024	Addition of Working conditions and animal testing	Vishal Panindre	Mahesh Diyora	Prasanta Gupta

Annexure 1

Supplier shall provide acknowledgement on receipt of Supplier Code of Conduct and Adherence to AIL supplier code of conduct. It shall be printed on Supplier Company LetterHead and signed by an Authorized person from Supplier. Signed copy shall be submitted to the AIL procurement team.

Acknowledgement format

To,

Chief Projects & Procurement Officer
Aarti Industries Limited,
3rd floor, Block No 1, Keval Corporate Park,
Opp. Chhani GEB Sub Station Channi Road,
Channi, Vadodara, Gujarat 390002 India.

<Supplier Name> hereby acknowledge that we have read and understand the supplier Code of Conduct of Aarti Industries Ltd. Company will adhere to the clauses mentioned in the supplier code of conduct.

Company hereby acknowledge that AIL's supplier code conduct is communicated to all concerned personnel within our organization.

Company understand that violations of the AIL supplier code of conduct may result in disciplinary action including suspension of agreement with AIL.

Supplier Information	Aarti Industries Ltd
<Company Name> Company address	
Authorised Signature	Authorised Signature
Name of person Designation of person Email ID Date	Name of person Designation of person Email ID Date

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To,
Vice President Purchase,
Aarti Industries Limited,
71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road,
Mulund (W), Mumbai- 400 080 India.

<Supplier Name> hereby acknowledge that we have read and understand the supplier Code of Conduct of Aarti Industries Ltd. Company will adhere to the clauses mentioned in the supplier code of conduct.

Company hereby acknowledge that AIL's supplier code conduct is communicated to all concerned personnel within our organization.

Company understand that violations of the AIL supplier code of conduct may result in disciplinary action including suspension of agreement with AIL.

Supplier Information	Aarti Industries Ltd
<Company Name> Company address	
Authorised Signature	Authorised Signature
Name of person Designation of person Email ID	Name of person Designation of person Email ID
Date	Date