

SUPPLIER CODE OF CONDUCT

A. INTRODUCTION :

POWERGRID is a Central Public Sector Enterprise primarily operating in Inter-State transmission sector and operates about 85% of country's network. POWERGRID aspires to become a "World Class Integrated Global Transmission Company with Dominant Leadership in Emerging Power Markets ensuring Reliability, Safety and Economy". Towards realizing this vision, POWERGRID is committed to ensure highest standards of health, safety, security & environmental sustainability concomitant with its core values of integrity, fairness, and respect for dignity and potential of individuals.

B. PURPOSE OF THIS DOCUMENT

POWERGRID values relationships with its suppliers as an important and integral part of its value chain and therefore expects the same level of commitment from its suppliers to create a sustainable supply chain of Global Standard. This POWERGRID Supplier Code of Conduct aims to formulate standards, which POWERGRID expects its Suppliers to emulate in their Business Practices and in their contractual relationship with POWERGRID to achieve the goals of various contracts in a more sustainable, ethical and accountable manner. To this end Principles of our Supplier Code of Conduct are reflected in POWERGRID's Conditions of Contract in comprehensive manner.

C. SCOPE & APPLICABILITY

This Supplier Code of Conduct (the "Code") sets forth the minimum standards of business conduct that POWERGRID expects from its suppliers. Suppliers should consider this Code as applicable to their entire supply chain including to their employees, and at the least, shall also require their next-tier suppliers to acknowledge and implement the Code or a substantially equivalent code progressively. Companies doing business with POWERGRID, above the threshold value as decided by POWERGRID, are required to accept and comply with this Supplier Code of Conduct.

For the purpose of this Code, "Supplier" shall mean the firm whose bid to perform any Contract has been accepted by the Purchaser and is named in the Contract Agreement, and includes the legal successors or permitted assigns of the Supplier. Further, the term "Supplier" used under this code shall also mean Contractor in the context of POWERGRID's Contracts.

D. EXPECTATIONS FROM SUPPLIERS

Suppliers must comply with all applicable laws and regulations, the requirements set out in this Supplier Code of Conduct and their contractual obligations to POWERGRID. Detailed specific guidelines are enumerated in POWERGRID's Works and Procurement Policy and Conditions of Contract. POWERGRID expects that its Suppliers shall establish and maintain appropriate management systems related to the content of this Code and actively review, monitor and modify their management processes and business operations to ensure their alignment with the principles set forth in this Code of Conduct.

1. BUSINESS CONDUCT, ETHICS AND GOVERNANCE

POWERGRID is committed to ensure highest standards of governance and ethical principles in its business conduct. To mitigate the ethical risk in its procurement environment, POWERGRID expects that:

- 1.1 Supplier shall not indulge in any type of integrity violations including but not limited to corrupt, fraudulent, collusive, coercive, anti-competitive or obstructive practices.
- 1.2 Supplier shall abide by Code of Integrity for Public Procurement (CIPP) provided in Works and Procurement Policy (Rev10, March 2024) available on POWERGRID Website and Integrity Pact, if signed under a particular contract.
- 1.3 Supplier shall disclose to POWERGRID information regarding potential conflict of interest relating to their activities as POWERGRID's supplier, including disclosure of any interest that a POWERGRID employee may have in its Business.
- 1.4 Supplier shall respect intellectual property of others including POWERGRID.
- 1.5 Supplier shall protect all confidential information provided by POWERGRID and its business partners.
- 1.6 Supplier shall not indulge in anti-competitive practices and adhere to applicable Laws in this regard.
- 1.7 Supplier shall adhere to international trade regulations and export control regulations.
- 1.8 Supplier shall not engage in money laundering activities and comply with Laws and regulations in this regard.

2. **HEALTH AND SAFETY**

It is a constant endeavor of POWERGRID to promote a safe work culture. In this regard POWERGRID expects that:

- 2.1 Supplier shall prioritize occupational health and safety of the personnel employed by it.
- 2.2 Supplier shall take all safety precautions to prevent potential accidents to avoid/minimize any loss of property & aims to have zero loss of life & establish appropriate organizational structures and procedures for the effective management of health and safety risks.
- 2.3 Supplier shall comply with POWERGRID's Safety Policy including execution of Safety Pact Agreement and submission of a Safety Plan in Contracts, wherever applicable . Further, the Supplier shall comply with relevant provisions of applicable laws pertaining to the safety. In case of any discrepancy between statutory requirement and Employer Safety Policy/rules in a Contract, the latter shall be binding on the Contractor unless the statutory provisions are more stringent.
- 2.4 Supplier shall ensure that all workers are sufficiently aware of these risks and appropriately trained on the implementation of control measures.

3. **LABOUR PRACTICES , SOCIAL & HUMAN RIGHTS**

POWERGRID is committed to protection and advancement of social and human rights across its business spectrum. In this regard, it is expected that:

- 3.1 Supplier shall abide by all applicable existing labor enactments and rules made thereunder, regulations, notifications and byelaws of the State or Central Government or local authority, as applicable.
- 3.2 Supplier must not engage in forced or compulsory labor in all its forms. Supplier must not employ: (a) children below 14 years of age or, if higher than that age, the minimum age of employment permitted by the law of the country or countries where the performance, in whole or in part, of a contract takes place, or the age of the end of compulsory schooling in that country or countries, whichever is higher; and (b) persons under the age of 18 for work that, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of such persons.
- 3.3 Supplier shall comply with all requirements of Social Accountability Standards SA8000

- 3.4 Supplier shall provide humane working conditions and fair Remunerations for the work done in compliance to applicable laws and regulations.
- 3.5 Supplier shall provide equal wages for work of equal nature.
- 3.6 Supplier shall respect the personal dignity, privacy and rights of each individual and refuse to make any person work against his or her will.
- 3.7 Supplier shall prohibit behavior in any form of harassment, including sexual harassment, exploitation, mental or physical coercion or verbal abuse of their employees or employees of their contractors including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative.
- 3.8 Supplier shall not make any unlawful discrimination based on religion, race, caste, sex, color, gender or region in hiring and employment practices such as wages, promotions, rewards and access to training.
- 3.9 POWERGRID's Human Rights Policy is available on its website www.powergrid.in. POWERGRID expects its contractor(s) to adhere to the said Human Rights policy and adopt similar policy and practices in their own organization.

4. DIVERSITY & INCLUSION

- 4.1 Supplier shall implement policies and practices that ensure a diverse, inclusive and equitable workplace for all individuals, including minority, women and disabled persons.
- 4.2 Supplier shall provide opportunities for access and growth of entities owned and controlled by MSMEs, minorities, women, disabled persons with emphasis on measurable results and continuous improvement. To this end Suppliers shall carry out vendor development programmes to enhance the capability of such vendors.

5. ENVIRONMENTAL SUSTAINABILITY

POWERGRID strictly follows the basic principles of Avoidance, Minimisation and Mitigation in dealing with environmental issues. POWERGRID is also committed to Sustainable Development Goals (SDGs) of United Nations and has a firm belief that environmental awareness and sensitivity is essential to the sustainability of its business and to the health of the communities, where we live and work. In this regard, POWERGRID expects that:

- 5.1 The Supplier shall abide by all existing enactments on environmental protection and rules made thereunder, regulations, notifications and bye-laws of the State or Central Government, or local authorities, as applicable.
- 5.2 The Supplier shall provide a safe and healthy workplace for all his employees and take all reasonable steps to protect the environment and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as consequence of his methods of operation.
- 5.3 Supplier shall contribute towards reduction of carbon emission, energy efficiency and reduction of Greenhouse gas emission. Towards this end Supplier shall, wherever possible, use energy efficient and durable products, reusable products without significantly affecting the intended use of goods and services.
- 5.4 Supplier shall orient its practices/operations to deliver the products or service that minimize the emissions and discharges of pollutants or generation of waste. Supplier shall institute waste management practices in its premises and POWERGRID sites, wherever it is executing a contract.
- 5.5 Supplier shall obtain and keep current all environmental permits, approvals and registrations.
- 5.6 Supplier shall encourage the development and diffusion of environment friendly technologies through formulation and implementation of suitable business strategies.

6.0 QUALITY MANAGEMENT:

- 6.1 Supplier shall procure goods and services in a responsible manner compliant to approved POWERGRID Quality Plans.
- 6.2 Supplier shall select their own suppliers providing goods and services directly or indirectly to POWERGRID based on them agreeing to adhere to standards comparable to those set forth in this Code; and
- 6.3 When working on POWERGRID sites, Supplier shall subcontract work with prior consent from POWERGRID.

E. IMPLEMENTATION GUIDELINES

To implement this Code Supplier shall progressively

- (a) formulate appropriate policies aligned with this Supplier Code of Conduct of POWERGRID, which should be approved by the most senior level in the organization of Supplier.
- (b) Define and assign roles and responsibilities to chosen employees to implement above policies by formulating requisite procedures
- (c) Communicate about these standards to all employees within the organization and to relevant third parties to create awareness
- (d) Implement the procedures throughout the organization
- (e) Provide sufficient training to employees and relevant third parties
- (f) Monitor compliance to the policies and procedures periodically and obtain feedback
- (g) Implement Whistleblowing policy and mechanism, which may help in enhancing responsiveness of Policy framework in respect of any violation of the Code
- (h) Implement corrective actions based on the feedback received, and

F. COMPLIANCE AND ACCOUNTABILITY

To insure and demonstrate compliance with the POWERGRID's Supplier Code of Conduct, Suppliers shall keep record of all relevant documentation, and provide POWERGRID the same on request. To verify the compliance of Suppliers, POWERGRID reserves the right to audit and inspect the operations/facilities/site of Supplier at its own cost and upon reasonable notice to this effect, with or without the support of the Third party. If the result of such and audit or inspection causes POWERGRID to be of the opinion that Supplier does not comply with this Code, the Supplier shall take necessary corrective actions in a timely manner, as directed by POWERGRID. If the Supplier fails to comply with this Code, then POWERGRID may take action against the Supplier including suspension or termination of activities as POWERGRID's supplier.

G. REVIEW AND AMENDMENT OF SUPPLIER CODE OF CONDUCT

POWERGRID reserves the right to review and amend this Supplier Code of Conduct from time to time to align it with changes in Law and regulations and also to adopt best practices in this regard.

H. REPORTING AND GRIEVANCE REDRESSAL:

Any questions/grievances related to this Code of Conduct can be addressed to the ED (CS) at the email: rkrohilla@powergrid.in

Disclaimer: This is a broad Code of Conduct for our Suppliers which has evolved as a result of our past experiences and evolving expectations from the wider community of us. However, the rights & obligations of the Supplier shall continue to be governed by the provisions of the respective Contract.

References:

1. UN's Guiding Principles on Business and Human Rights
2. International Labour Organisation Principles
3. United Nations Global Compact
4. Universal Declaration on Human Rights

-----End of Appendix-III to SCC-----