

PARTNER Transformation



Key Strategic Pillars - Sustainable Sourcing

Supplier Code of Conduct

- » 100% Coverage of All Contracted vendors
- » Responsible supply chain
- » Trust & Transparency
- » Ethical growth, shared success

Sustainable Procurement Policy

- » Scope 3 assessment
- » Environment, Health & safety
- » Preferential Procurement
 - MSME
 - Vulnerable Categories

Procurement Practices

- » Facility inspection
- » Vendor Meets
- » E-Tendering
- » Sustainability communication
- » Consolidation – 3 PL
- » > 96% Domestic Sourcing
- » 3rd Party Risk assessment

OUR SUPPLIER FRAMEWORK

IHCL has always been a value-driven organisation, adhering to the core values of Integrity, Unity, Responsibility, Pioneering and Excellence as outlined in the Tata Code of Conduct. The Company prioritises communication and collaboration with vendor partners to enlighten and encourage sustainable practices while sharing best practices. To support this, it engages with expert agencies to evaluate our vendor partners on various ESG parameters and facilitate training, capacity-building programmes and knowledge-sharing sessions, guiding them towards a greener and more sustainable future. The Company recognises the importance of continual review and improvement in our sourcing practices to further our sustainable business operations.

Supplier Code of Conduct

The Supplier Code of Conduct outlines the Company's expectations for suppliers regarding governance and management practices, business ethics, labour practices and human rights, as well as environment, health and safety. This code applies to all entities providing products or services to the company, including vendors, contractors, consultants and business partners and encourages them to adopt similar principles in their dealings with their own suppliers.

➤ Supplier Code of Conduct

100%

Coverage of all CMG Contracted Vendors

Principles of Supplier Code



Governance & Management Practices



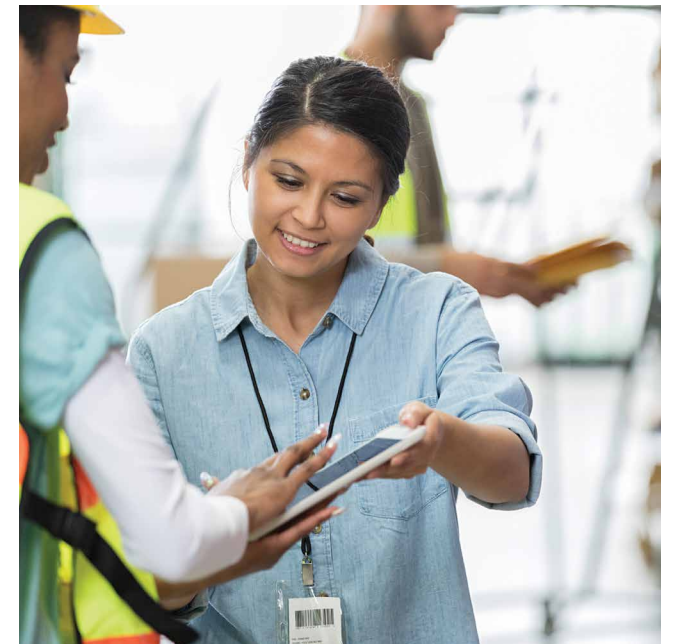
Business Ethics



Labour Practices and Human Rights



Environment, Health & Safety



Purchasing Practices and Compliance

We have established robust sustainable procurement practices that prioritise environmental stewardship and social responsibility. Our commitment to sustainable sourcing is reflected in our comprehensive policies and initiatives, which guide us in partnering with vendors who adhere to high standards of governance, ethics and environmental sustainability.

Statutory Compliance

We have implemented stringent measures to ensure statutory compliance, including the verification of GST payments, ESIC and PF details of third-party manpower supply vendors. These measures ensure that our operations comply with all relevant regulations.

ESG Survey Targeting Scope 3 Emissions

We have conducted an ESG survey focusing on Scope 3 emissions, which encompass indirect GHG emissions occurring outside of our organisation, such as those from purchased goods and services, capital goods, upstream and downstream transportation and end-of-life treatment of sold products. This survey enables us to understand and manage our environmental impact more effectively.

Capability Building Sessions for MSMEs and Vendors from Unorganised Sectors

We are developing capability-building sessions based on the insights gathered from our ESG survey, specifically aimed at supporting MSMEs and vendors from unorganised sectors. These sessions are designed to enhance their skills, improve their business practices and ensure their alignment with our sustainability goals.



PARTNER TRANSFORMATION

SUSTAINABLE PROCUREMENT POLICY

At IHCL, our sustainable procurement policy serves as a guiding framework to ensure statutory compliance and adherence to our standards for mutually beneficial associations. This policy emphasises Product Responsibility, Sustainable Supply Chain and Responsible Sourcing, Prohibition of Child Labour and Prevention of Forced Labour at the Workplace, Environment, Health and Safety (EHS), Preferential Procurement and Supplier Code of Conduct. We prioritise working with MSMEs, Women Entrepreneurs and Vulnerable Categories, allocating a substantial value of our overall purchases to these groups. Additionally, we focus on developing competitive local vendors with the required sustainable certifications, such as the Forest Stewardship Council (FSC).

We invest in our people and partners, enabling continuous learning and building collaborative relationships based on trust and mutual respect. By integrating environmental and social principles in our business practices, we ensure that what comes from the people goes back to the people many times over.

Key Sustainable Procurement Initiatives

- » E-Tendering ensures transparency, automation and real-time monitoring.
- » Established processes for identifying critical vendors, including thorough due diligence on financials, compliance and environmental parameters.
- » Industry-specific ESG Assessment questionnaires developed for supplier assessment.
- » Substituting plastic with sustainable Paper & wooden materials.



SUPPLIER ASSESSMENT

Our vendor and supplier screening and assessment process ensures that all potential partners meet our rigorous standards for compliance and performance before onboarding.

- » Vendor GST, PAN, FSSAI, MSME details are collected through Vendor Information Form and validated before onboarding.
- » Due Diligence audit done through third party auditors - 35 vendors covered in FY 25 and 15 in previous year totaling to 50.
- » ESG Assessments and reference checks of major contracted vendors.

Supplier Evaluation



CONTRACTOR SAFETY PROGRAMME

Our company has established strong contractual obligations to ensure compliance with labour and workforce regulations, including the prohibition of child labour and the enforcement of mandatory safety protocols. We require comprehensive safety documents to be signed as part of every major contract, ensuring that all parties are committed to maintaining high safety standards.

Additionally, we verify that contractors have the necessary CAR policies and workmen compensation insurance in place, further reinforcing our commitment to the well-being and safety of all individuals involved in our operations. By prioritising safety, we aim to create a secure working environment for everyone associated with IHCL.

VENDOR AGGREGATION

By strategically expanding our operational horizons to encompass both third-party logistics (3PL) and Fast Moving Consumer Goods (FMCG), we are poised to achieve exponential growth, driving business value and volume with enhanced efficiencies.

With an expansive portfolio featuring over 500 SKUs and robust partnerships with nearly 40 vendors, our current annual turnover stands impressively at ₹237 crores. This integration holds the potential to redefine our supply chain dynamics, optimising operations and yielding substantial efficiencies. Notably, this initiative is expected to yield a substantial reduction of over 10,000 monthly vendor interactions across our establishments, highlighting discernible cost savings, heightened supply chain efficiency and a commendable reduction in our carbon footprint, all in alignment with our unwavering commitment to sustainable practices.

As we fervently pursue comprehensive integration with our 3PL partner, we envision a future characterised by enhanced scalability and innovative cross-functional opportunities, solidifying our position as industry pioneers in the realm of progressive supply chain practices and driving sustained success.

Third-Party Logistic (3PL)

- » Aggregated supplies to hotels
- » Reduced multiple vendor touch points
- » Reduction in inventory
- » Reduced carbon footprint

>96%
Domestic Sourcing

~20%
MSME Sourcing



SUPPLIER ESG PROGRAMME

The Supplier ESG Program is designed to assess and enhance the environmental, social and governance performance of our suppliers, ensuring alignment with our sustainability objectives and operational priorities.

Enhancing Supplier ESG Assessments

During the year, we launched a survey targeting our top 75% of vendors by procurement spend, utilising a third-party platform. This comprehensive Supplier Assessment was conducted to evaluate the ESG performance of our suppliers through self-assessments, where suppliers filled out questionnaires. This approach not only facilitated the assessment but also ensured alignment with our operational priorities and customer needs.

Sector Identification and Industry Categorisation

We began by identifying the sectors our suppliers operate in and categorised them into ten distinct industries. Understanding the specific challenges and requirements of each industry allowed us to customise our questionnaire to address significant issues for both IHCL and our suppliers. We mapped material issues across all industries, referring to ESG standards, guidelines and regulations such as GRI, SASB, BRSR, DJSI and MSCI among others.

ESG Questionnaire Development

We curated in-depth set of qualitative and quantitative questions, assigning weightage to each question and sub-question to effectively assess supplier performance. To streamline the process, we hosted the questionnaire on a third-party platform, digitising the entire workflow of sending assessments to suppliers and collecting and analysing the results.

Evaluation of Suppliers' ESG Programme Effectiveness

Based on our analysis and insights from the ESG survey, we plan to develop comprehensive capacity-building sessions tailored to the specific needs of our vendors. These sessions will focus on enhancing their skills, improving business practices and ensuring alignment with our sustainability goals.

Vendor engagement

