BUSINESS RESPONSIBILTY POLICY OF CARBORUNDUM UNIVERSAL LIMITED

INTRODUCTION

Carborundum Universal Limited (the Company/CUMI) is a public limited company incorporated on 21st April 1954 under the Indian Companies Act, 1913. The equity shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. A constituent of the Murugappa Group, CUMI manufactures and sells a wide variety of Abrasives, Industrial Ceramics, Electrominerals and Refractories across several locations in India and globally. CUMI's integrated operations include mining, power generation, fusioning, manufacturing, marketing and distribution.

Established more than six decades ago, the Company's business is indisputably founded on its core values. The basic principle which guides the business activities of the Company has been derived from following Arthasastra quote:

"The fundamental principle of economic activity is that no man you transact with will lose; then you shall not".

The Company's ethical and responsible behaviour complements its corporate culture. In line with its governance philosophy, CUMI recognizes and owns its responsibilities towards all its stakeholders – customers, suppliers, vendors, investors, employees and the community and strives to create long term sustainable value for their betterment.

The Company and its employees are guided by the spirit of the Murugappa Group, "The Five Lights" in all their activities which represent the values of Integrity, Passion, Quality, Respect and Responsibility.

PURPOSE

Being a public listed company, the Company recognizes that its accountability is not limited only to its shareholders from a financial perspective but also to the larger society in which it operates. Hence, this Policy on Business Responsibility (**Policy**) lays down the broad principles guiding the Company in delivering its various responsibilities to its stakeholders. The Policy is intended to ensure that the Company adopts responsible business practices in the interest of the social set up and the environment so that it contributes beyond financial and operational performance.

SCOPE

The Policy is formulated in accordance with Regulation 34 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This Policy also reiterates the Company's commitment to follow the principles laid down in the National Voluntary guidelines on Social, Environmental and Economic responsibilities of Business published by the Ministry of Corporate Affairs while conducting its business to the extent they are relevant.

AUTHORITY & RESPONSIBILITY

The Managing Director of the Company shall have the authority to oversee and implement this Policy. The Business Heads and functional heads are responsible for implementing the Business Responsibility initiatives stated in this Policy.

This policy may be reviewed and amended from time to time by the Managing Director in line with the changes in the regulatory requirements as well as changes in Company policies and all material changes may be placed before the Board for approval.

EFFECTIVE DATE

This Policy shall be implemented with immediate effect from the date of approval by the Board.

PRINCIPLE WISE POLICIES

The Company shall conduct its business practices/ activities in alignment with the following Key Principles which are broadly based on the Principles envisaged in the National Voluntary guidelines in the interest of social set up, environment and governance:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company is committed to developing governance structures, procedures and practices that ensure ethical conduct at all levels and promoting the adoption of this principle across its value chain. Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, senior management and all employees of the Company. Communication must be transparent and the Company should facilitate access to information about its decisions that impact relevant stakeholders. The Company should not engage in practices that are abusive, corrupt, or anti- competition and should truthfully discharge its responsibility on financial and other mandatory disclosures. Due care should be taken to avoid complicity with the actions of any third party that violates any of the principles contained in this Policy.

CUMI's Right path – a corporate manual setting out the corporate culture lays down the guidelines required to be adhered to by every employee both in letter and spirit. This manual prepared with a view to give clarity on ethical issues, maintain transparency in all dealings and practice ethics in a dynamic business environment shall be adhered by all Employees. The Company's Code of Conduct, Code of Conduct for Prevention of Insider Trading, Diversity policy, Policy on sexual harassment, ethical guidelines on stakeholder dealing, whistle blower policy which are also enshrined in the Right Path shall serve as guiding norm for all employees. The Company shall ensure maximum and relevant disclosure to its various stakeholders as permissible within applicable laws. Compliance awareness of the need to operate in free and open competition without indulging in anti-competitive or unfair practices shall be continuously created amongst the employees.

Any violation of the ethical guidelines shall be viewed strictly leading to disciplinary action. The Human resource division of the Company, the Plant Heads, Unit Heads, Division Heads as well as functional Heads shall in all employee engagement initiatives reiterate the significance of ethical conduct to ensure that this culture permeates in the organization.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company undertakes to assure safety and optimal resource use over the life-cycle of its products. The Company being a material science technology oriented company continuously innovates and strives for optimal resource use over the life cycle of the products it manufactures. While the Company's integrated operations ensures sustainable exploitation of the available resources, conscious efforts shall be made to

ensure that everyone connected with it be it the designers, producers, value chain members, customers and recyclers are made aware of their responsibilities. Conscious efforts to raise the consumer's awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition as well as promotion of safe usage and disposal of its products and services shall be made.

In order to improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations there will be periodical reviews. The Company's Research & Development centres across its businesses will serve as centres of excellence in research strengthening the platform for competency in sustainable growth. The rights of people who may be owners of traditional knowledge, and other forms of intellectual property will be recognized and respected by entering into suitable technical collaboration arrangements. Duly recognizing that over-consumption results in unsustainable exploitation of the planet's resources, the Business units shall commit to promote sustainable consumption, including recycling of resources. The Company's quality policy followed across its business units shall endeavour to bring the best of innovation and technology to its customers and use its capabilities in understanding of customer requirements to deliver better quality as well as make product and process innovations for the betterment of the environment.

Principle 3: Businesses should promote the well-being of all employees

The Company is committed to providing equal opportunities both at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability etc. The Company will respect the right to freedom of association, participation, collective bargaining, and will provide access to appropriate grievance redressal mechanisms. No Business unit shall use child labour, forced labour or any form of involuntary labour, paid or unpaid. Further, the Company will ensure timely payment of fair living wages to meet basic needs and economic security of its employees. The Company will take cognizance of work-life balance of all its employees especially that of women and arrangements shall be made to provide appropriate facilities for the wellbeing of its employees including those with special needs.

The Company will strive to keep the workplace environment safe, hygienic humane, upholding the dignity of the employees including conducting trainings and sending suitable communications on regular basis.

The Company will concentrate on continuous skill and competence upgrading of its employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis besides promoting employee morale and career development through human resource interventions. The Company's strategic pillars for capability development, propelling performance, scaling up capability and the dedicated HR initiatives thereunder shall continue to facilitate constant up gradation of the skill and competency of the employees. The Policy for prevention of Sexual Harassment and the systems and process established thereunder including the internal complaints committee, women welfare committees etc. will ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

The following policies put in place by the Company to ensure well-being of its employees shall be reviewed periodically:

- Right Path
- Diversity policy

- Whistle blower policy
- Leave guidelines
- Travel and mobile policy
- Transfer policy
- Medical schemes and online health monitory system
- Separation policy
- Policy for prevention of sexual harassment
- Training Policy
- Extended maternity leave policy
- TPM policies
- Employee communication policy
- Occupational health and safety policy

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

The Business units should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders and should resolve differences with stakeholders in a just, fair and equitable manner. The Company's Corporate Social Responsibility (CSR) policy will drive the initiatives undertaken by the Company towards the benefit of the disadvantaged, vulnerable and marginalized stakeholders. The systems and process in place to systematically identify stakeholders and for understanding their concerns and for engaging with them will be reviewed from time to time. The feedback mechanism available for shareholders and customers to assess the services levels and other complaints shall follow the spirit laid down herein.

Principle 5: Businesses should respect and promote human rights

The Company appreciates that human rights are inherent, universal, indivisible and interdependent in nature. Conscious efforts to understand the regulatory aspects of human rights both nationally and internationally need to be undertaken and care should be exercised to integrate this aspect with its operations as much as possible. Access to Grievance redressal mechanisms for all individuals impacted by the business shall be provided.

The Company will recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups and the Business units within their sphere of influence shall endeavour to promote the awareness and realization of human rights across their value chain. The Company will strive to abide with the aforesaid principle and discourage violating practices by any third party to the extent possible.

Principle 6: Business should respect, protect, and make efforts to restore the environment

In its effort to respect, protect and restore the environment, the Business units across the Company will utilize its resources in an optimal and responsible manner ensuring sustainability through reduction, re-use, re-cycling and managing waste. Appropriate measures to check and prevent pollution will be undertaken and wherever required assessment of environmental damage, if any, would be taken up with due regard to public interest. Equitable sharing of access and commercialization of biological and other natural resources and associated traditional knowledge would be encouraged. The Company will

also seek to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmental friendly technologies. Suitable processes and systems may be developed with contingency plans and processes that help in preventing, mitigating and controlling environmental damages caused due to the Company's operations. Wherever possible, the Company would be involved in proactive persuasion and support to the value chain extended for adoption of this principle.

Being in manufacturing business, the Company shall at all times be compliant with the applicable environmental laws. The Environment Policy of the Company and the ISO-14001 certification of its facilities shall reiterate its commitment to be an environment friendly organization setting standards in environment management.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

While pursuing policy advocacy, the Company will ensure that its advocacy position is consistent with this Policy and to the extent possible, the trade and industry chambers and associations and other such collective platforms be utilized to undertake such policy advocacy.

As a corporate citizen, the Company shall operate within the democratic setup and constitutional framework. The Company as a part of industry associations/chambers shall strive to make recommendations/ representations before regulators and associations for advancement and improvement of industrial climate in India.

The Company shall strive to perform the function of policy advocacy in a transparent and responsible manner while engaging with all the authorities and will take into account the Company's as well as the larger national interest.

Principle 8: Businesses should support inclusive growth and equitable development

Every Business unit should understand the impact of its operations on social and economic development take appropriate action to minimise negative impact, if any. They should innovate and invest in products, technologies and processes that promote the wellbeing of society.

Business units operating in regions which are underdeveloped shall be sensitive to local concerns and make efforts to complement and support the development priorities at local and national levels. In case any operation causes any displacement of communities, appropriate resettlement and rehabilitation of communities would be facilitated by the Business Units.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

The overall well-being of the customers and that of society must be taken into account while serving the needs of customers. The Company will not indulge in restricting the freedom of choice or free competition either at the time designing, promoting or selling the products.

Care should be taken that all requisite information will be truthfully and factually, disclosed through labelling or other means, including wherever required, the risks to the individual, to society and to the planet from the use of the products, so that the customers can

exercise their freedom to consume in a responsible manner. Where required, customers may be educated on the safe and responsible usage of the products and services. Product Promotions or advertisements shall not be done in a manner which is not misleading or violating the principles of this Policy. Due care and caution to be exercised while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.

The Company's Customer Grievance Redressal mechanism, Shareholder Servicing Policy Whistle Blower Policy etc. which have been laid down shall provide a facility to its customers, shareholders and others to record their grievances/ feedback. Further, grievances can also be addressed to cumibrr@cumi.murugappa.com.

The policy was modified on 9th May 2017.

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