


Responsible Procurement Policy

Policy title	Responsible Procurement
Policy number	-
Policy status	Revised
Version number	1
Policy effective date	July 1, 2023
Last reviewed on	July 1, 2021
Next review date	June 30, 2025
Initiated by	Commercial Unit
Reviewed by	Finance Head - Commercial
Approved by	President - Commercial
Annexure(s)	-

	Policy	Page no.	Page 2 of 4
		Version number	1
	Responsible procurement	Policy effective date	July 01, 2023
		Last reviewed on	July 01, 2021
		Next review date	June 30, 2025

1. Purpose

Atul believes that it is in the mutual interest of both, the Company and Suppliers, to meet the present and future requirements of business and society proactively. This includes demonstrating responsibility towards people involved in the manufacturing and delivery of products and services. The Responsible Procurement Policy and the Supplier Code of Conduct sets out the principles for ethical and responsible business conduct. Compliance with the Code is an integral part of the business strategy of the Company.

The Company continuously endeavors to deliver stakeholder value by integrating its organisational Values - Integrity, Understanding, Unity, Responsibility and Excellence in its business operations.

2. Scope

This policy is applicable to all suppliers, contractors, service providers, vendors, distributors, and business partners of Atul.

3. Responsibility

The responsibility of exercising the guidelines as mentioned in the policy vests upon every individual employee involved in procurement and sourcing activity on behalf of Atul Ltd.

4. Policy statement and guideline

Driven by the vision to become a financially robust, dynamic enterprise, known for its products and services and respected for its people, practices, and values across the world, we strive to achieve the following:

- **Statutory and Regulatory compliance:** The supply chain of Atul may pose significant compliance risks. The compliance aspects that may be considered include corruption, fraud, export controls and sanctions, environmental, social and governance (ESG) standards, Financial and tax legislations, Company's Act, labor laws, health and safety laws, amongst others.

It is important to encourage the contractors, suppliers, transporters, service providers and other business partners to ensure total compliance to applicable legal and other requirements that may have an impact on their sustainable development. The "other" requirements include national and international treaties, agreements, protocols, trade association guidelines, etc.

	Policy	Page no.	Page 3 of 4
		Version number	1
	Responsible procurement	Policy effective date	July 01, 2023
		Last reviewed on	July 01, 2021
		Next review date	June 30, 2025

- **Promote local procurement:** Localising supply chain presents an opportunity for social-economic development of a region. Local shipping and storage results into reduction in emissions and energy usage during the transportation and storage of materials. Sourcing locally also helps in building consumer confidence due to an assured supply of raw materials.

Sourcing locally not only helps in improving the bottom-line, it also helps in increasing the economic activity in the region, increase in employment opportunities in local economy and has a positive impact on the livelihood of people in the community.


Atul is committed to give priority to the purchase of locally available materials | products of high quality to minimise the overall environment footprint of the Company within the constraints of quality requirements from the customer.

- **Compliance towards Supplier Code of Conduct:** The Code is prepared to convey the commitment of Atul to engage suppliers whose production processes are responsible and environmentally friendly. The principles expressed in the Code will form the basis of supplier selection and evaluation. The Company expects its suppliers to replicate these standards further down the value chain. It is therefore made available to the suppliers to strengthen the mutual understanding of how these principles must be practiced in day-to-day business, including the advancement of efforts to contribute to better health of people, animals and plants.
- **Supplier monitoring and evaluation:** Sustainable supplier selection is a vital factor in sustainable supply chain management. Sustainable development performance of suppliers must be evaluated based on the monitoring and assessment mechanism. As a part of this, all the new potential suppliers must undergo pre-qualification criteria to comply with the Code.

All existing suppliers must be evaluated on ESG criteria based on the Code in a phased manner.

- **Supplier engagement and communication:** Building high levels of supplier engagement improves efficiency, accuracy and cost effectiveness of all interactions. It is important to consistently align suppliers with the brand, technology and category strategies of the Company.

Objectives of supplier engagements are to improve transparency and availability of procurement-related information to the suppliers. Atul will work with suppliers, vendors and business partners for continual improvement of processes.

	Policy	Page no.	Page 4 of 4
		Version number	1
	Responsible procurement	Policy effective date	July 01, 2023
		Last reviewed on	July 01, 2021
		Next review date	June 30, 2025

- **Circular Economy:** The importance of preserving nature and reducing costs through sustainable waste management practices. To achieve this, we will
 - Incorporate circular economy principles into our procurement processes.
 - Give preference to suppliers that offer products and packaging with a focus on recyclability and reduced environmental impact.

- **Eco-Friendly Transport:** Atul acknowledge the environmental impact of transportation and are committed to reducing our carbon footprint. To achieve this, we will:
 - Adopt initiatives such as milk run systems to optimize transport routes and reduce fuel consumption.
 - Prioritize vehicles that utilize fuels with lower Global Warming Potential (GWP), such as CNG (Compressed Natural Gas), EV (Electric Vehicles), and other environmentally friendly alternatives.
 - Optimize transport vehicle/container utilization by maximizing volume space and minimizing empty trips.

- **Promote procurement from marginalised | vulnerable groups:** We aim to redress various social inequalities on marginalised | vulnerable groups such as
 - Micro, small and medium owned enterprises
 - Women owned enterprises
 - Enterprises owned by disabled individuals

Atul is committed to give priority to the purchase of goods and services from these three marginalised | vulnerable groups and create an enabling environment for such groups to participate in mainstream economy.

5. Policy changes | amendments authorization

Atul is committed to review and update its policy on Supplier Code of Conduct. Any amendment or waiver of any provision of the policy must be pre-approved in writing by the President – Commercial.

6. Policy change(s) history

Version no.	Review date	Description of changes made
0	July 01, 2021	Revised