SUSTAINABLE PROCUREMENT FRAMEWORK

DEEPAK NITRITE LIMITED
Alembic city, Fermenter House Vadodara

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ABRREVIATION

SDG	:	Social Development Goal
CSR	:	Corporate Social Responsibility
BRSR	:	Business Responsibility and Sustainability Report
GRI	:	Global Reporting Initiative
CDP	:	Carbon Disclosure Project
EMS	:	Environmental Management System
SBTi	:	Science-Based Targets initiative
TCO	:	Total Cost of Ownership
LCA	:	Life Cycle Assessment
UNGC	:	United Nations Global Compact
GHG	:	green House Gas
DNL	:	Deepak Nitrite Limited
NDS	:	Deepak Nitrite Limited Nandesari
DHJ	:	Deepak Nitrite Limited Dahej
APL	:	Deepak Nitrite Limited Roha
TSD	:	Deepak Nitrite Limited Taloja
HSD	:	Deepak Nitrite Limited Hyderabad

S.No.	ACTIVITIES
1.0	**INTRODUCTION**
	Deepak Nitrite Limited (DNL) is committed to creating value through responsible chemistry. As a leading player in the Indian chemical industry, our procurement function plays a critical role in ensuring operational efficiency, quality, cost-effectiveness, compliance, and sustainability. This Procurement Strategy outlines the framework through which DNL manages its procurement activities in alignment with its business objectives, stakeholder expectations, and sustainability commitments.
2.0	**OBJECTIVES**
	• Ensure reliable, cost-effective, and timely sourcing of goods and services. • Strengthen supplier partnerships to drive innovation and resilience. • Integrate sustainability, ethics, and compliance in all procurement decisions. • Support local and inclusive procurement wherever feasible. • Manage supply chain risks proactively, including ESG risks. • Contribute to the company's climate and environmental goals.
3.0	**SCOPE**
	Sustainable procurement at Deepak Nitrite Limited is applicable for all Sites and refers to the process of integrating environmental, social, and ethical considerations into all stages of the procurement lifecycle, from planning and supplier selection to contract management and disposal. The scope includes: • Raw materials, goods, and services sourced for operations, R&D, and support functions • Vendor evaluation and prequalification based on ESG performance • Procurement planning that includes life cycle costing and total cost of ownership • Tendering and bidding processes that factor in sustainability alongside price and quality • Supplier development and capacity building in line with sustainability principles • Contract clauses and performance monitoring aligned with global standards such as SDGs, UNGC, and the Paris Agreement This approach aims to minimize negative environmental and social impacts, support human rights, ensure compliance with legal and ethical standards, and contribute to DNL's broader sustainability goals.

4.0 PROCEDURE

4.1. DEFINITIONS AND ACRONYMS

- **Sustainable Procurement** – Procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle.
- **Life Cycle Costing (LCC)** – The process of evaluating the total cost of ownership, including acquisition, operation, maintenance, and disposal costs.
- **ESG** – Environmental, Social, and Governance criteria used to assess the sustainability of suppliers.
- **Stakeholders** – Individuals or organizations that are affected by or can affect procurement decisions (e.g., suppliers, customers, communities).
- **Value Chain** – All activities and parties that contribute to the value creation of a product or service, from raw material sourcing to end use.
- **Due Diligence** – A process to identify, prevent, mitigate, and account for how actual and potential adverse impacts are addressed.
- **SDGs** – Sustainable Development Goals established by the United Nations to address global sustainability challenges.
- **UNGC** – United Nations Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles.
- **Paris Agreement** – A legally binding international treaty aiming to limit global warming to well below 2°C, with efforts to keep it to 1.5°C.
- **GHG** – Greenhouse Gases that contribute to global warming (e.g., CO_2, CH_4, N_2O).

4.2. GENERAL

a) The Supply Chain Management (Head) is responsible for the strategic direction of procurement.
b) Procurement is managed by a centralized team with support from plant/site-level procurement units.
c) Oversight is provided through cross-functional collaboration with Legal, R&D, EHS&S, Sustainability, and Finance.
d) Strategic suppliers are reviewed quarterly by a cross-functional Supplier Governance Committee.
e) Implement Total Cost of Ownership (TCO) and Life Cycle Costing (LCC).
f) Leverage volume consolidation and long-term contracts for cost savings.
g) Follow ISO 20400 guidelines to integrate environmental, social, and governance (ESG) criteria.
h) Engage with suppliers on reducing carbon footprint, energy use, and waste.

i) Preference for suppliers adhering to REACH, GHG Protocol, and EcoVadis-rated partners.
j) Assess supplier risks including geopolitical, financial, operational, and ESG.
k) Maintain a critical supplier list and conduct periodic risk assessments.
l) Develop contingency sourcing strategies for high-impact materials.
m) Use ERP (SAP) for procure-to-pay processes.
n) Explore digital sourcing, supplier dashboards, and analytics to improve transparency.
o) All procurement activities comply with the DNL Code of Conduct and Supplier Code of Conduct.
p) Zero tolerance for bribery, conflict of interest, or non-compliance with human rights and labour laws.
q) Develop long-term, transparent relationships with strategic suppliers.
r) Conduct regular supplier audits and capability assessments.
s) Encourage supplier innovation and co-development projects.

4.3 Procurement Process Overview

Stage	Activities
Planning & Budgeting	Annual procurement plans aligned with business goals
Sourcing	Market intelligence, e-tendering, RFQs, prequalification
Evaluation	Techno-commercial analysis, ESG screening, risk profiling
Contracting	Negotiation, legal vetting, inclusion of sustainability clauses
Procurement Execution	Order placement, tracking, receiving, invoicing
Performance Monitoring	Supplier scorecards, feedback, audits, CAPA

4.4 Supplier Categorization Framework

Category	Criteria
Strategic Suppliers	High spend, long-term criticality, innovation partners
Preferred Suppliers	Reliable, compliant, consistent performance
Approved Suppliers	Qualified vendors meeting basic requirements
Watchlist Suppliers	Performance or compliance concerns under monitoring

5 KEY FEATURES

Alignment with SDG Goals, National Goals and DNL Goals.

6 RESPONSIBILITY

A: Accountable, I: Information; R: Responsible; C: Consultation

Activities	Sustainability Team	Site Procurement Team	Corporate Procurement Team	Head – Supply Chain Management
Strategic direction of procurement	I	I	I	A/R
Sustainable Procurement	I	R	R/A	-
Strategic suppliers quarterly review		I	R	A
Develop Supplier Code of Conduct	R	-	A	A
Conduct Supplier ESG Assessment	R	R	A	-

7.0 INTERFACE WITH OTHER ELEMENTS

Alignment with SDGs and National Goals

DNL's procurement framework contributes to:

- **SDG 12** – Responsible Consumption and Production
- **SDG 13** – Climate Action
- **Make in India** – by encouraging local sourcing

Paris Agreement – by aligning suppliers to climate targets

8 MONITORING AND CONTROL

Continuous Improvement

- Annual review of procurement policies and supplier base.
- Adoption of new technologies for enhanced transparency.
- Inclusion of stakeholder feedback to improve procurement effectiveness.

Corporate Procurement Team shall monitor the implementation of this procedure.

9 METRICS

S.No.	KPIs
1	% of procurement spend assessed for ESG risks
2	% of spend with diverse and local suppliers
3	% of compliant suppliers based on audits or self-assessments
4	Number of supplier development programs executed

10 RECORDS

The following records shall be maintained as a minimum.

- Supplier Declaration of Compliance Format

11 FORMATS AND ANNEXURES

S.No.	Annexure Title	Annexure
11.1	Supplier Assessment Questionnaire	PDF Supplier Assessment Questio

12 REFERENCES

ISO20400, EcoVadis

Head - Supply Chain Management

April 01, 2025