Overview of Procure to Payment Policy, Procedures & Processes

Document No: SPR-30

Revision: 06

26 March 2025

Author	Approved
31 MARCH 2025 **Edwin Ramlakan** **Group Inventory Manager** 31 March 2025 **Sihle Xulu** **Procurement Analyst**	31 March 2024 **Roxanne Stegen** **Head of Procurement**

Section/ Paragraph Number	Rev No	Amendment	Date	Signature
Entire Document	06	New document format	25/03/2025	
Page 5-6	06	Redefined the scope and included the business need, scope and glossary	25/03/2025	
Page 7	06	Included the process flow diagram	25/03/2025	
Page 8-9	06	Included notes to users	25/03/2025	
Page 18	06	Site visit procedure	25/03/2025	
Page 26-34	06	Inclusion of vendor selection procedure, onboarding procedure, contract management procedure, business process authority matrix.	25/03/2025	
Page 35	06	Updated Turtle - Gap Analysis Process Control	25/03/2025	
Page 37	06	Appendix 1 new version inserted and old version removed.	25/03/2025	
Page 38-41	06	Site visits required documents and register	25/03/2025	

HULAMIN
OPERATIONS

TABLE OF CONTENTS

A-D : Purpose, Scope, Responsibility & Introduction to P2P Process

1. Identification of the Business Need
2. Capture in Maximo
3. Breakdown Procedure
4. Off-Site Repair (OSR) Procedure
5. RFQ, Adjudication & PO Award
6. Site Visit Procedure
7. Three Quote Requirement & Single Sourcing
8. Create Purchase Order (PO)
9. Receipt of PO (Physical Goods)
10. Receipt of PO (On-site Services) – Completion Certificates
11. Payment of PO (3-Way Match)
12. Supplier Selection Process
13. Vendor On-boarding Process
14. Contract Management
15. Turtle Diagram
16. Flow Diagram

A. Purpose

This document summarises the procedure that governs the activities that should be followed for the procurement of any goods or services for Hulamin Limited and all of its subsidiaries, operating entities or departments (collectively referred to as "Hulamin").

It is Hulamin's intention not to have an overly burdensome procurement process, but rather to balance the critical need for good governance and procurement best practice, with the business need for an efficient and timeous purchase cycle, whilst also meeting the procurement objectives outlined in the separate Procurement Policy document.

The Hulamin Procurement Policy provides guidance for the development of this Procedure document. In the case of any perceived ambiguity, or discrepancies between the Policy and this Procedure, the Policy will take precedence.

It is Hulamin' s Procurement Policy to procure goods and services in a fair, transparent and ethical manner, using sound business practices, from sources that provide maximum value for each expenditure, taking into consideration price and other commercial terms, BBBEE status, delivery lead times, quality, reliability, service, technical or engineering requirements, and environmental sustainability criteria, as applicable.

This SPR-30 P2P procedure is supported by additional procurement and stores procedures, including: (i) Supplier Management procedures (SPR-54), (ii) Enterprise and Supplier Development Policy (SPR-33), (iii) Stores and Inventory procedure (SPR-31), and (iv) various smaller and specific internal procurement operating procedures.

B. Scope

This Procedure applies to the procurement of all goods and services for the account of Hulamin, and directs that all procurement activities be performed by qualified individuals specifically delegated the authority and accountability for procurement functions.

End-users and Procurement must work closely together to deliver optimal procured outcomes. The earlier that End-users involve the Procurement team in any sourcing requirement, the better the likely outcome.

C. Responsibility

It is the responsibility of all Hulamin employees involved in the P2P cycle, as 'End-users' and Procurement, to ensure that they are familiar with, understand and comply with the Hulamin Procurement Policy and Procedures.

The role of the End-user in the procurement process:

Procurement starts and ends with the End-user, as they play a vital role in determining the business need whilst also striving to achieve best value and ensuring that the procurement policy objectives are met, specifying the requisition adequately, and ensuring that goods and services are delivered as per the PO requirements.

In this document 'Buyer' refers to the procurement person that executes the procurement process.

D. An introduction to the Procure-to-Pay (P2P) process – The procurement of any good or service begins with an End-user requisition

There are two separate process routes that can be utilised to create a requisition:

(i) the Material Requisition (MR) route,

(ii) the Work Order (WO) route,

Some of the processes are identical for both routes. Where there are differences in the processes, these are described in more detail.

Note to End-users :

Generally speaking, an MR is created for non-maintenance related requirements, e.g. IT, stationery, training etc., whilst a WO is created for maintenance related requirements where plant or machinery is assigned to an asset location in Maximo.

*An MR should **never** be used for an off-site repair or a mechanical breakdown.*

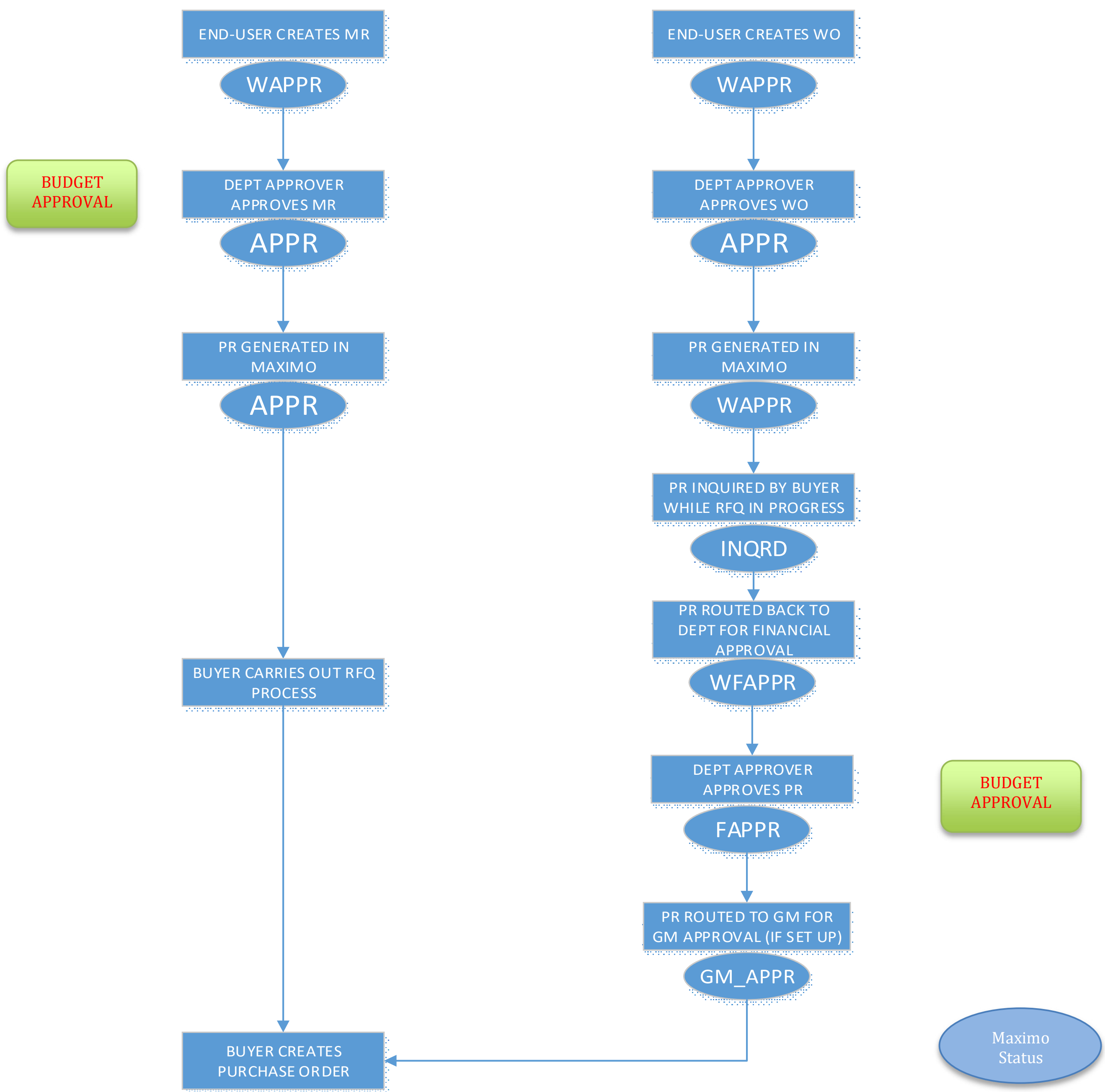
Glossary:

MR = Material Requisition	*WO = Works Order*
PR = Purchase Requisition	*PO = Purchase Order*

= *IMPORTANT GUIDANCE NOTE FOR END USERS*

Diagram 1: MR and WO to PR and PO workflow and Maximo status changes

INPUT: END-USER IDENTIFIES A NEED



OUTPUT: APPROVED PURCHASE ORDER IS SENT TO THE VENDOR

Procedure	Responsibility
1. Identification of the Business Need	End-user
The End-user in the department (area) identifies the need for a certain item or service and must define the relevant technical specifications / scope of work before loading a requisition into Maximo.	
Note to End-users: - *it is the responsibility of the End-user (not Procurement or the Supplier) to provide a detailed specification / scope of work in Maximo, which will enable both Procurement and vendors to understand what needs to be procured or quoted on.* *Requisitions that are inadequately described may be rejected by the Buyer (by PR cancellation) as it makes procuring them very difficult, if not impossible, and usually leads to avoidable delays.*	
There are significant benefits for all stakeholders in <u>purchasing contracted items</u>, as it streamlines the purchasing process, reduces lead times from requisition to delivery, and reduces costs.	
Note to End-user: End-users should always check if the item is: *(i) available in stores as a stock (inventory) item, or* *(ii) is on contract on Maximo.* *This is done by searching under all stock and contracted items, by description, or searching for a particular supplier in Maximo (using the Maximo search functionality).*	End-user  *(Critical step: End-Users to support itemization / contracting process for repeat spend items)*
If the item is available in stores or on contract, a material requisition (MR) or works order (WO) MUST be created for that particular item (i.e., add that item number to the MR or WO). A 'free-text' requisition is NOT permitted.	

Procedure	Responsibility
i) This is critical for the following reasons / benefits: - Quicker process: drawing items from Stores, rather than purchasing them directly from the supplier, is far quicker. Saves time: the items in Maximo already have the necessary technical specifications captured so there is no need for the End-user to provide this detail when capturing the MR / WO. - Working Capital constraints: The business can not afford to be storing items that are not being used/drawn. - Lower cost: the items available on Maximo are generally contracted items which Hulamin procures at contract prices, rather than off-contract “free text” purchases which would typically be more expensive. - Spend analysis & management: it is much easier to track and analyse spend on ‘items’ in Maximo, rather than ‘free-text’ purchases where the description of the item is determined by the End-user creating the MR / WO; which varies greatly from one End-user to another.	
ii) Stores Stock Items: - Items are loaded as stock items on instruction from an End-user. - The End-user is the owner of the item and must ensure that: i. the description is adequate and correct in all respects ii. the MIN/MAX MRP levels are correct and updated as changes in consumption occur	End-user
- Purchasing is responsible to ensure that the lead times are correct and updated as these change.	Purchasing
iii) Loading of Contracts in Maximo - For Stores Stock items, and where repeat purchases have been identified for non-stock items, Buyers must ensure to have these loaded as contracts in Maximo. - ALL RFQ’s for contract purposes must be issued, and quotes received, via the central Procurement mailboxes in MS Outlook.	Buyer

Procedure	**Responsibility**
- Following the RFQ adjudication process, a Request for Authorization (RFA) form must be completed and authorized within the Limits of Authority framework. - Every contract loaded (or revised / amended) in Maximo, must have a mandate in the form of : - an approved RFA form, filed in the Request Contract Authorizations folder and entered in the RFA Register. - other written mandate signed, or approved on e-mail, within Limits of Authority - an approved Purchase Requisition for the full value of the contract, from which the contract has been generated, for Foreign Value contracts and lease/rental contracts only. - A contract may only be cancelled or suspended within its original validity period, only with the approval of the Head of Procurement. - Contract line items may not be inserted as "free-text" – all contract lines must be entered with an item number (stores stock item number, non-stock "N" number or service item "S" number, obtained from Stores)	Buyer
iv) Free Text Purchases: If the required item is not available in stores or contracted as an item in Maximo, only then should a 'free-text' purchase be entered. In this instance the End-user needs to enter all the relevant technical details for the item(s) or service(s) required, including technical specifications and/or scope of work, into the MR or WO, as well as the quantity required, and an estimated value (for MR's only). If the required details are not entered into the MR / WO, the procurement process will be delayed as the Buyer will either REJECT the PR (by cancelling it), or will need to source these details from the End-user before requesting quotations from suppliers.	End-user

<table>
<tr><th>Procedure</th><th>Responsibility</th></tr>
<tr><td>
2. End-user Captures onto Maximo and Submits the MR/WO into Workflow

<u>A. Material Requisition (MR) process:</u>

The Line Manager checks and approves the MR which then converts into an approved PR. Line Management (LM) needs to check:
- If the MR is for an item in Maximo, or is a ‘free-text’ purchase.
- If it is for an item in Maximo, LM approves the cost within limits of authority.
- If a ‘free-text’ MR, LM confirms that the necessary technical specifications or scope of work is included, and if LM is satisfied with the specified requirements, quantity, and cost, then LM approves within limits of authority.
- If a ‘free-text’ MR has been created, the Line Manager should first check if an item is on Maximo, if an item is a stores stock item, reject the MR and request the End-user to correct the MR by deleting the “material” line and inserting the correct stock code under the item field, then resubmit the MR for approval.
- If a ‘free-text’ MR does not contain the relevant technical specifications, or a scope of work is not detailed, the Line Manager should reject the MR and request the End-user to correct it by amending the MR line details, adding attachments if necessary, and then resubmit for approval.
- Upon approval of the MR, a PR in APPR status is generated and workflows to a Buyer.
- The Buyer will create a PO from the approved PR after carrying out the required procurement process, and may change the vendor in the PO and/or adjust the value (within the prescribed limit of 10% above the approved PR value), dependent on the outcome of the Buyer’s sourcing (RFQ or RFP) & adjudication process.
</td><td>
Line Manager

Buyer

End-User
</td></tr>
</table>

HULAMIN
OPERATIONS

Procedure	Responsibility
Auto generation of the PO when on contract: If the Originator of the MR selected a contract item, then the PO is automatically generated and sent to the supplier when the MR is approved by the Originator’s Line Manager. Note: There is no need for Buyer involvement in this instance (3 Quotes) as the pricing for contracted items has already been negotiated for a certain period. This makes for a faster purchasing cycle and illustrates the benefit in the End-user working with Procurement to increase contract coverage.	End-User
End-users can support this process by identifying contract opportunities and ensuring that adequate scopes of work / technical specifications or drawings exist.	Line Manager
<u>B. Works Order process:</u> - The above Line Manager checks for MRs applies equally to the work order (WO). - On approval of WOs, PRs are automatically created dependent on the mix of item, materials and services specified, and the recommended suppliers populated. The PRs are in ‘waiting approval’ (WAPPR) status and automatically workflow to a Buyer in Procurement, who is responsible for sourcing quotations as detailed below. - The Buyer changes the PR status to Inquired (INQRD) while he / she is busy with the RFQ process. - The Buyer inputs the negotiated pricing and the selected vendor into each PR and submits it back into workflow for approval within the limits of authority by Line Management. **<u>Note:</u>** No additional quotations should be attached to the PR once the Buyer has entered the negotiated pricing and sent back the PR for financial approval.	Buyer

Procedure	Responsibility
The PR status is changed to "WFAPPR" on being submitted into workflow by the Buyer and can only be approved or rejected by Line Management. Once approved, the PR status changes to "FAPPR". Changes to fields on the PR are then not possible as this would affect the agreed purchase value. This is a further reason why it is imperative that the End-user correctly defines the need on the WO.	Line Manager
The PR is then routed to the departmental General Manager to approve or reject (if this approval step is activated in Maximo). Once approved, the PR status changes to "GM_APPR" and the PR is routed back to the Buyer for order placing, or automatically converts into an approved PO if the items specified are contracted. (If the GM Approval step is de-activated in Maximo, the PR is routed to the Buyer in FAPPR status for order placing).	Head of Department

HULAMIN
OPERATIONS

3. Breakdown Orders

Under normal operating conditions, **no Supplier is permitted to make deliveries onto site without a valid Hulamin order number**. Security enforces this by not letting Suppliers through the main gate to make deliveries during office hours unless they have a valid Hulamin order number, and similarly Stores do not accept deliveries without a valid Hulamin order number.

End-user

In a breakdown situation that occurs after hours, there is no Buyer available for the plant to work with to ensure that an order is placed in the prescribed manner prior to delivery of the goods. In this instance, a breakdown procedure is required that allows Suppliers to deliver goods without a valid Hulamin order number, but this requires certain controls to be in place as described in the procedure below.

Breakdown Procedure:

- After-hour order placement or deliveries are not to be encouraged, however it is recognized that due to the nature of our 24-hour operations, real "breakdown" situations can occur.

- For mechanical breakdowns that occur outside of normal working hours, a BDM type works order (WO) must be raised in Maximo by the **End-user**, or an OSR type WO, should the item need to be repaired off-site (Ref : OSR Process).

- The service or supply of goods is to be awarded to a suitable Supplier, with such Supplier being one that would normally provide such services or supply such goods and is already loaded as an **approved Hulamin Supplier in the system.**

Security

- The responsible engineer or manager (designated **End-user**) in the area concerned should procure the critical item(s) as a priority under the breakdown condition, in accordance with company Authority matrix/limits, and arrange for emergency delivery thereof.

- The **End-user** should contact Security (Ext. 6637) at the Main Store entrance only to inform them that a breakdown has occurred and that a delivery from that particular Supplier is expected (provide Breakdown Certificate number, description of what is to be delivered, quantity to be delivered, Supplier from whom the delivery is expected and approximate time of delivery).

- **Delivery is only to be effected via the Main Store entrance (7 Barnsley Road). Nothing is to move through the main reception area or through any other gate.**	
- When the Supplier arrives at the Main Store entrance **only** (and does not have a valid Hulamin order number), Security will first confirm whether an emergency delivery has been logged in the Security Breakdown Register for that particular Supplier, and if so, will proceed with the steps detailed below.	
- The vehicle will be allowed entry to site, and delivery is to be made to the specified area.	End-user
- The **End-user** will need to accept delivery, and sign for receipt on the delivery note in line with the actual delivery received.	
- The **End-user** and the Supplier will then be required to complete and sign the breakdown certificate in the department. ALL fields in the Breakdown Certificate MUST be filled in, **clearly** and **legibly** (esp. **DATE and TIME**).	Supplier
- The **Supplier** must, upon exit from the Hulamin Main Store gate, • return one original copy of the Breakdown Certificate and Delivery Note to the Security Officer.	
- The **Security officer** will then, • Check the completeness and details thereof, • Complete the entry in the Security Breakdown Register. • Stamp the breakdown certificate and complete the stamp with the required information, prior to allowing exit.	Security officer
- These documents will be processed by the Stores Receiving and Procurement Departments on the next working day during working hours.	
Important: EMERGENCY PROCUREMENT If a breakdown occurs or other emergency requirement arises during normal working hours, the responsible Buyer **must** be involved in the Supplier selection process, and is to communicate a formal PO to the Supplier for the urgent requirement/s. If an area is unsure of which Buyer to contact, they are to contact their Area Buyer who will then assist them further.	

HULAMIN
OPERATIONS

End-users may not make any commitments to a Supplier on Hulamin's behalf during normal working hours <u>even in a breakdown situation.</u>

4. Off-Site Repair (OSR) Process

- An Off-Site Repair (OSR) is deemed necessary when a Hulamin asset requires a repair, overhaul, modification, etc. that must be carried out at a vendor's premises.

- For such requirements, the **End-user** must raise an OSR type Works Order in Maximo. **Gate Permits / MSO documents are NOT permitted for this purpose.**

- A detailed description of the asset (brand, model, serial number, etc.) as well as the scope of work required must be entered in the WO line by the **End-user**.

- On approval of the WO, a PR (Purchase Requisition) is generated and routed via workflow to Stores personnel. The system also generates an OSR Collection Document, which also contains the PR number.

- The **End-user** must,

  - **send the OSR Collection Document to the vendor** (e-mail / other)
  - make arrangements for the vendor to collect the asset/s listed in the document.

- The **vendor** (or their designated courier) must,
  - present the OSR Collection Document to Security at the **Main Store Entrance, 7 Barnsley Road**, Camps Drift, as proof that they are entering site for an OSR collection.

  No other entrance or exit may be used for OSR's.

  - The vendor will enter site with the document, and this will be filled in and signed by both the vendor and **End-user**.
  - The vendor will then proceed with the asset/s and the signed document to the Main Store, where the asset/s will be examined against the information on the OSR Collection Document, and then dispatched in Maximo.

- A Gate Release document is then generated by Maximo, also containing the PR number.
  - Three copies are stamped and signed by the Stores OSR Clerk and the vendor, and two copies are handed to the vendor.
  - The Stores OSR Clerk retains one copy of the Gate Release document and the original OSR Collection document for filing.

HULAMIN
OPERATIONS

- The vendor proceeds to the CD Store exit, where Security does a second basic check of the documents and assets being removed. If all in order, • a Security Officer will also sign both copies of the Gate Release document, hand one copy to the vendor for their records, and retain one copy which is returned to Stores for filing. - The PR, after being dispatched : • will automatically workflow in Maximo to the relevant Buyer, • who will request a quote from the vendor using the PR number as a reference. • The vendor will assess, strip and quote on the work to be done on the asset, as per the **End-user's** instruction, and submit the quote to the relevant Buyer. - The Buyer may : • Request quotes from alternate vendors, • or may request that the items taken, be returned to site, based on various factors. In any instance where the work is not awarded to the vendor that the item was dispatched to, this will be communicated and discussed with the End-user. - Once the Buyer has received the quote/s required, a PO will be issued to the chosen vendor. The Buyer will make arrangements to have the item/s moved, should it be necessary to do so. - The vendor will, • deliver the repaired / overhauled / modified item to the Main Store accompanied by a Delivery Note. • After the item has been inspected by Stores Receiving (correct item & quantity against Delivery Note against Purchase Order), the Delivery Note will be stamped and signed by Stores. • The item will then be delivered by the vendor or Stores Driver to the **End-user**, who must carry out a detailed external inspection, and if satisfied, will accept the item and sign the Delivery Note. - The vendor or Stores Driver : • will return the fully signed Delivery Note to Stores Receiving, who will then receipt the document against the Purchase Order in Maximo. • The vendor will be paid against the invoice submitted for this PO, as per the payment terms loaded in Maximo. Should the item be found to be defective or fail when put in use, the **End-user** must notify the Buyer immediately. The Buyer will engage the vendor, with the **End-user's** input, to take the necessary steps to rectify the situation.	

Procedure	Responsibility
5. RFQ Adjudication & PO Award This step involves many sub-process steps to ensure that the commercial process is conducted in an ethical, fair and objective manner. Only the key steps/requirements have been included in this summary. Refer to the Procurement Policy guiding principles. **<u>Request for Quotation (RFQ) / Request for Proposal (RFP)</u>** For non-contracted items, the Buyer will need to request quotes/proposals from potential Suppliers based on the specifications and/or scope of work provided by the Originator (End-user) which must be in Maximo (and NOT on e-mail). **<u>Sourcing Process</u>:** The applicable Buyer within the Procurement department will conduct the sourcing process by issuing a RFQ or RFP inviting <u>relevant</u> and suitable Suppliers to submit a quotation or proposal for the goods or services requested. It is imperative for a fair RFQ process that all participating Suppliers have access to the same information in order for the process to be fair to all bidders. *[Note: an RFQ process is deemed unfair, nor does it deliver best pricing, if relevant Suppliers are not invited. The need for having 3+ Suppliers is not a 'tick box exercise'.]* **RFQ Threshold:** Buyers are required to issue an RFQ for all PRs greater than the approved RFQ threshold value, as approved by the CFO and communicated to Buyers in writing from time to time. PRs under the approved RFQ threshold value require a single quote from the historically lowest cost (Suitable) Supplier.	Buyer Originator / End-user Buyer/ Commodity Owner

HULAMIN OPERATIONS

Procedure	Responsibility
6. Site Visit Procedure Wherever possible, sourcing should happen with a detailed specification or Scope of Work supplied by the **End-user**, without the need for a site visit. Site visits should be kept to a minimum, as they are costly and time-consuming for Suppliers, and in many cases, can reduce the size of the pool of Suppliers able to quote. The **End-user** may be asked to justify why a site meeting is necessary. When it is absolutely necessary for Suppliers to view the task, site, item, machinery, building, etc. to be quoted on : 1. The **End-user** must first enter a Purchase Requisition (via Works Order) starting with the words **"Site Visit"** in the main description of the PR in Maximo. 2. The **End-user** must include at least a basic **Scope of Work** to the PR and have it available to present to the Vendors attending the Site Visit. 3. The **Buyer**, **End-user** and other technical or quality support personnel should work together to develop an approved list of Suppliers to be involved in the process. This may include previously approved Suppliers, as well as potential new Suppliers that may have been identified as market contenders, to participate in the process. 4. The **Buyer** will then issue the prescribed Site Visit Invitation (Annexure A) copied and pasted into an e-mail, with ALL fields populated. The invitation must have the PR number as a reference in the subject line. 5. The relevant End-user and the central mailbox, sitevisit@hulamin.co.za must be on copy. 6. This must be issued at least 3 days before the date of the Site Visit. 7. The **Buyer** is responsible for arranging access to site for the vendor representatives attending the site visit. 8. The **End-user** or nominated representative must be present at the site meeting, and he/she must keep a site meeting Attendance Register (Annexure B), which must be completed and signed by all attendees. This must then be attached to the PR by the **End-user**.	End-user Buyer, Originator, Support Personnel

Procedure	Responsibility
9. Vendors must be instructed to submit quotes by the deadline given, to sitevisit@hulamin.co.za **ONLY**, with the PR number as the reference in the quote AND in the subject line of the e-mail in which it is sent. 10. The Buyer will retrieve the quotes from the central mailbox after the deadline and process the PR into a PO.	
7. Three (3+) Quote Requirement and Single Sourcing A minimum of 3 quotes is to be obtained by the Buyer for any off-contract purchases, unless the PR value is below the RFQ threshold value, or a single source approval exists. The vendors included in the RFQ must be suitable suppliers of the item / service and include the last supplier as well as all OEM or authorized distributors and agents. The role of Procurement is to ensure that they have scanned the market for new and better Suppliers. A Buyer must include any potentially better vendor that they are aware of in the next RFQ. **'Sole' sourcing** • from a particular Supplier is only acceptable when there is an approved and documented justification that only **a single Supplier is capable of supplying** • the requirement (e.g. OEM Supplier or sole agency/exclusive distributor letter, signed by the designated Purchasing Manager/s). **'Single' sourcing** requires an approved Single Source Waiver (SSW) to be authorised through workflow by ALL required parties , as determined by the value of the SSW. 'Single' sourcing is when sourcing from a particular Supplier is required, and **where other potential sources exist**. • A Buyer may issue a PO with a single quote, by referring to a previous PO for the identical item/s, provided that the previous PO was compliant with above requirements, and the quote used to award that PO is less than three months old and is still valid.	Buyer  Buyer

Procedure	Responsibility
• If the quote is more than three months old, a new RFQ must be issued, irrespective of whether the quote hasn't expired. *<u>Definitions</u>:* *Sole Source = only one Supplier exists that can supply.* *Single Source = more than one Supplier could potentially supply, but Hulamin elects to only source from one Supplier for some specific reason, typically temporarily.*	
End-users / Originators must not approach Suppliers directly for quotations; this is the exclusive role of the procurement department. End-users / Originators may need to approach a Supplier to obtain information relating to their requirement and/or indicative budgetary pricing (one quote maximum is permitted), prior to creating the PR. However, this is not to be seen as a substitute for an appropriate, objective and fair sourcing process conducted by the procurement department. Note to End-users: This protects all stakeholders. Suppliers are given greater assurance that the RFQ is fair, and End-users are protected from perceptions and accusations of unethical favouritism in the awarding decision.	End-user
The Buyer shall analyse the quotations received for conformance to the RFQ/RFP specifications, terms and conditions, quality requirements and any other information that may be missing or unclear. Missing information may be obtained, but must always be confirmed in writing by the Bidder.	Buyer
<u>Adjudication:</u> In analysing the quotations/proposals received, the Buyer will complete the commercial evaluation, and where necessary will involve the Originator, approver or other technical personnel in evaluating the bids from a technical and quality perspective. This is particularly important for a new item/requirement and/or a new Supplier, or where a long-standing historical Supplier is being replaced with a new Supplier. ✓ A request must be made by the End-user in instances where the End-user, or other technical person needs to be involved in a technical evaluation of offers received.	Buyer / End-User / Technical Team

HULAMIN
OPERATIONS

Procedure	Responsibility
✓ If the request is approved, the Buyer will schedule an adjudication meeting. The Supplier that can, • provide the required goods or services according to the stated technical specifications, • achieves the highest overall adjudication score based on the bid evaluation criteria, which includes - cost/pricing, - BBBEE level, - technical scoring is the one that should be selected. Refer to the Procurement Policy for guidelines. For contract RFQs, and PO's with a value >R500k, • an adjudication matrix is prepared by the Buyer which weights, • technical, commercial and BBBEE criteria. • The successful bidder is notified after a Request for Authorisation (RFA) is obtained from Procurement Management, Executive, Exco or Board, as per the Contracts Authority Matrix. For all contract RFQs and RFPs, or where a PR value is known to be >R500k, • bids are to be sent to the central Procurement mailboxes only, and may not copy any Hulamin person. This is to ensure that they remain unopened until after the closing date.	End-user Buyer
8. Create Purchase Order The Buyer selects the PR for **PO creation**, and inserts the **agreed delivery date**, corrects any errors, and inserts the purchase price and any relevant special terms or conditions from the winning bid. <u>Note</u>: The Buyer may NOT amend any part of a PR line description, without written instruction from the PR creator.	Buyer

HULAMIN
OPERATIONS

Procedure	Responsibility
Note : Where a PO has been issued for items where there are deposits applicable for containers returned / to be returned (eg. drums, totes, gas cylinders,etc), the Buyer must enter a negative line in the PO for the value of the deposits, to facilitate the processing of the credit note once received. **Top Up PR:** If the selected bid/proposal, or any addition/alterations to the original scope, exceed the approved purchase requisition value by more than 10%, • the Buyer may not proceed to order the requirement. • A 'Top-Up' PR must first be requested from the End-user so that the order value is within 10% of the mandated spend value on the combined PRs. • The top-up PR must reference the original PR number or the PO number in the main description field.	
Foreign purchase procedure: Where the PR calls for supply of goods that would need to be imported, the Buyer will first create a contract on Maximo so as to enable payment prior to receipt, by means of a payment schedule, and then generate a release order and insert the relevant forward cover rate of exchange secured for the transaction. The purchase order is then approved within purchase order limits of authority.	Buyer Limits of Authority
Auto email of PO to Supplier: On approval of the PO, the PO is e-mailed in PDF format by the Buyer directly from Maximo, with a copy to the Originator. In the case of the PO being raised off a contract in Maximo, the PO is auto e-mailed to the Supplier in PDF format on approval, with a copy to the Originator.	Maximo

HULAMIN
OPERATIONS

Procedure	Responsibility
9. 'Receipt' of the Purchase Order (Physical <u>Goods</u>) 'Receipting' (also known as 'MRR') is the process of verifying and capturing onto Maximo the actual receipt of the Goods or Services. In the case of goods or items, these are receipted by the Store's Receiving Team or similar function at decentralised sites. In the case of Services, see separate section below. The Security team plays an important role in accepting Supplier's delivery vehicles and trucks, prior to letting them proceed to Stores. The physical receipt of goods must only happen through the main store at 7 Barnsley Road, the Hulamin weighbridge for bulk deliveries, or to other Hulamin geographically dispersed sites such as Richards Bay Cast house and Hulamin Containers. **<u>Deliveries are not to be made through reception areas or directly to End-users</u>.**	Security / Stores Geographically Decentralised Sites 

HULAMIN
OPERATIONS

Procedure	Responsibility
<u>Bulk Deliveries:</u>	
Bulk deliveries that require a weighbridge certificate to prove the delivered weight, may be affected through the weighbridge entrance to the plant and will be stopped at the boom by Security who verifies that a valid delivery is taking place, stamps the delivery documentation with a blank receiving stamp and directs the delivery to the required destination on site. Examples of bulk deliveries include LPG, lacquers, oils, diesel and aluminium metal. The trucks are weighed across the weighbridge situated at the main entrance to the site. After offloading or decanting the bulk load on site the truck is weighed out and a weighbridge certificate authenticating the actual delivery (In vs Out weight) is produced.	Weighbridge
The bulk delivery being affected through the main entrance to the plant is directed to, and proceeds to, the delivery point on site, typically a production area, where the stamped documentation is <u>signed by a responsible representative</u> in the area accepting the load being delivered. This documentation is to be handed back to the driver of the delivery vehicle after signature, for return to Security on exiting the main gate.	End-User
Security provides the stamped and signed delivery documents to stores receiving who capture the receipt onto Maximo.	Security
Security should not permit deliveries, other than bulk deliveries that require a weighbridge certificate, to be received through the main gate entrance and should direct such deliveries to Stores.	Security
The individual signing for any direct delivery in the Plant (i.e. not to Stores) is responsible to check that: • the goods being received are being <u>delivered to the correct place</u>, • the goods being received <u>match the description</u> of the goods listed in the delivery document, • that the <u>quantity</u> as evidenced on the delivery documents is matched by the quantity of physical goods being received. Instances	End-user

Procedure	Responsibility
of deviation are to be recorded on the delivery documentation, which are followed up by the Store's receiving team. • that the quality of the goods being received is acceptable. Note: this is not possible in all instances and varies based on the nature of the goods and how they are packaged. In effect, some goods can only be checked upon usage. This is the final important role that an End-user plays in executing good procurement practice. **Important: Signing acceptance for deliveries without checking is not acceptable.**	End-user
The driver of the delivery vehicle returns to the main entrance to the plant, where Security will check that the delivery documentation has been signed for in the plant. If not, the driver will be sent back into the plant to secure the necessary signature before being permitted to exit the plant.	Driver Security
During office hours Stores Receiving take possession of a copy of the signed delivery documentation and the weighbridge ticket. Outside of office hours Security take possession of a copy of the signed delivery documentation and the weighbridge ticket, and hold the documentation for Stores Receiving to collect the next day. The driver is permitted to exit the site and retain at least one copy of the signed delivery documentation and the weighbridge ticket.	Stores Receiving Driver

HULAMIN OPERATIONS

Procedure	Responsibility
Deliveries to Stores: Deliveries to Stores are received in the receiving area and checked with the documentation being stamped and signed for by a Stores Receiving representative who takes possession of the delivery.	Stores Receiving
• Inventory / Stores Stock Items: If the goods delivered are Stores stock items, they are inspected by the Inventory Controller and then binned in the Store.	Inventory Controller
• Direct Deliveries: If the goods delivered are not stock items, Stores first check the physical delivery and paperwork (verify quantity and description), against the order requirements on Maximo before stamping and signing the delivery note, then affecting delivery to the Originator in the plant who signs for acceptance of the goods received (verify quantity and description), which acceptance record is filed by Stores.	Stores Receiving End-User
Whether delivered through the main gate or to stores, the Receiving Clerk captures the delivery onto the Maximo system by selecting the relevant order and order lines, inputting the actual quantity delivered, the MRR captured date, the actual delivery date, and the relevant document number. The delivery documentation is scanned onto Maximo and matched to the invoice by Creditors at a later date once the invoice is received.	Receiving Clerk Creditors department
10. Receipt of Services on Site – Completion Certificate • For all plant services that have been rendered on site, a Completion Certificate (CC) needs to be filled in and signed off by the responsible plant person, and handed to the Supplier. **NB : ALL fields must be populated, clearly & legibly.**	End-User

Procedure	Responsibility
***__Note to End-users__**: only the individuals appointed by Area Management are permitted to sign off CCs. These individuals do not have to have a letter of authority, as the value of the service rendered is not known to them. Instead, they must be technically competent to provide Hulamin with the assurance that the service was conducted as per the PO description / scope of work.* ***Under no circumstances are End-users permitted to issue CC books to Suppliers**.* *Supplier job cards are **not** a substitute for a Hulamin CC.*	Area Manager End-User 
• Stores Receiving will **not** accept CCs signed off by individuals not on the approved list from the Area Management.	Stores Receiving
• In signing off the completion certificate, the responsible person is doing so on behalf of Hulamin, and is accepting the service provided as being complete and in accordance with the requirements in the Purchase Order (Scope of Work).	End-User
• The Supplier is responsible for attaching the CC to the job card or invoice and providing both documents to the main Store for receipting purposes.	Supplier
• Where hours have been worked under Hulamin supervision, the time keeping records are to be used to substantiate the quantum of the invoiced amount and a CC must be signed off denoting the percentage status of completion, if the services are ongoing (e.g. for monthly contracted services).	End-user
11. Payment of the Purchase Order / 3-Way Match Upon receipt of a Supplier's invoice, the Creditors Clerk (or the BOT in the case of Robotic Process Automation) matches the (i) invoice to the (ii) receipt (MRR) and the (iii) PO on Maximo for the physical delivery of goods (the '3-way match'). Where the value on the PO matches the value on the invoice, the invoice is processed and paid.	Creditors Department Buyer

HULAMIN
OPERATIONS

Procedure	Responsibility
If there is no match, then the query is referred back to the responsible Buyer to resolve.	

12. Supplier Selection Process

The main criteria to be considered in vendor selection are as detailed below, however, the requirement being procured will determine the importance of any or all of these factors and each purchasing transaction should be assessed separately to determine the important factors applicable to the specific transaction :

- **Quoted Pricing** - The policy is to obtain the best value at the lowest possible cost, this may not be equal to the lowest price offered. The vendor's track record on pricing changes should also be considered, does the vendor keep prices constant and competitive.
- **Technical Abilities** - Does the vendor have the technical abilities in machinery, technology, knowledge, technical backup, and manpower & infrastructure to service the company's requirements.
- **Timely Delivery** - Continual and prompt delivery is required. The size of vendor stock-holding, storage space, despatch facilities and geographical position and availability of logistical services as well as the preparedness to deliver outside normal trading hours should be assessed.
- **Supporting Services** - Where durable equipment is purchased the extent to which a vendor can provide services such as installation, maintenance, repair, training and spares into the future is important as extensive support can lower operational costs and increase effectiveness.
- **Financial Position** - The aspects to be considered include the stability and increase of sales over time and net profit, liquidity, solvency and inventory turnover to determine the financial position of a vendor. (Credit bureaus and banks as well as yearend financial statements are good sources of information.)
- **Attitude & Customer Service** - The vendor who shows a genuine interest and willingness to assist and co-operate is the better vendor. Vendors who appear over keen or show no interest may in the first instance be unstable and in the second uninterested in meeting requirements.
- **Management Calibre** - The calibre of the organization's management largely determines if the vendor will survive and prosper. The reputation of a vendor

HULAMIN
OPERATIONS

Procedure	Responsibility

should be examined to determine whether the business is conducted honestly and fairly.
• **Labour Relations** - The stability and morale of a vendor's employees is often a confirmation of sound management and business operations. Unhealthy labour relations pose a risk over delivery and quality.
 	
Other key factors for consideration on Strategic sourcing
 	
- Risk Assessment in terms of Product Conformity and Uninterrupted Supply
- Current Quality and Delivery Performance
- Evaluation of their Quality Management System
- Multi-Disciplinary decision Making
- ISO 22000, equivalent or inhouse quality management system for vendors supplying to the food grade areas.
- Volume of Automotive Business
- Product or Service Complexity
- Project Management, Development and Manufacturing Capabilities
- Change Management and Business Continuity Planning
    - Product trials (If required by QA)
    - Internal audit assessment
    - Unannounced audits
    - As a minimum ISO 9001: 2018 within second year of supply, if the vendor is classed as a Strategic Vendor.
 	
    - The evaluation of a vendor may take different forms dependant on the products or services being offered by the vendor. Branded name products of known and acceptable quality will require less evaluation than for products manufactured or produced to specific order.
 	
    - Vendors offering branded name products shall typically be assessed on their inventory holding, ability to deliver promptly, pricing, quality controls, backup services, whether they are an agent or producer etc.
 	
    - Vendors offering to manufacture or produce to order would by their nature require more stringent assessment and machinery	

HULAMIN
OPERATIONS

Procedure	Responsibility
capability, technical capabilities, management calibre, labour relations, financial position, as well as the factors assessed for branded name vendors would also require investigation. Typically this type of assessment will be applied to engineering firms who construct, fabricate or machine to technical drawing. - Vendors offering to supply raw materials and or consumables that could affect the quality of products produced by the company will apart from the assessment criteria for the two categories of vendors already covered also be assessed on their customer base, their technical backup nationally and internationally, their in-house quality systems and their ability to enter into long term supply arrangements. Typically these vendors would also be expected to provide quality assurance documentation with each delivery affected. i.e. certificates of analysis, test certificates, mechanical properties certificates, certificates of conformance, etc.	

13. Vendor On-boarding Process

This process applies to the onboarding of all Vendors with the exception of Vendors for below directly paid transactions:

- Municipal service charges,
- South 32 - primary metal supplier,
- Taxes to SARS,
-
- Employee non payroll related re-imbursements, including death benefit pay outs,
- Donations,
- Bursaries/ Study Aids,
- Insurance,
- Board member remuneration reimbursements and fees,
- Shareholder payments,
- Intercompany transfers,
- Subscriptions
- Seminars and Conferences
- Miscellaneous other - that are reviewed and approved from time to time by both the Head of Procurement and General Manager: Financial Risk.

These types of accounts will be approved for loading by Finance.

PROCESS

- All new vendor requests , will be directed to the commodity or services Buyer, or procurement specialist if related to a Strategic Commodity (i.e. Metals, Packaging, Petrochemicals, Capex, Etc).

- The Buyer will send the Vendor Application – Appendix A form to the requestor, to be completed in full and returned with supporting documents.

- The Buyer will assess the information in above form, and decide to proceed with, or decline the application, including, but not limited to the following guidelines:
- Is this an existing vendor (active or dormant in Maximo) ?

  - If active, scrap new application and supply Maximo vendor account details to requestor

  - If dormant, request the below documents

    - valid BEE Certificate/Affidavit
    - Letter from Bank less than 3 months old, confirming bank details.
    - Company Registration documents (CIPC)
    - SARS Tax Compliance Pin
    - Company profile (updated, to gauge if the vendor is still offering the same service).

- Submit Appendix A with the supporting documents requested above to the Procurement Analyst to carry out compliance checks.

- LNPC verification.

- Check if the vendor is not on the vendor restricted list, if restricted HOP needs review the risks if still exist.

- SARS check

- Check if the vendor's tax status is compliant or non-compliant.

The Buyer will then send the Head of Procurement a request to approve re-activation of the vendor account with the below as minimum supporting documents

- Passed LNPC (or signed off by HOP if RED/high risk)
- Bank confirmation that is within 3 months & an oracle screen shot of banking details proving to be identical to the letter.
- Passed SARS check (or signed off by HOP & Tax HOD if RED/high risk)
- Passed AVS (Treasury/ Finance to provide where banking details are to be amended)

If the vendor is not a resident of our oracle approved vendor list or proves to be a more preferred vendor over the existing vendors.

- The buyer with the support of the requestor prepares the reasons & motivations supporting loading of the new vendor, or does it make more sense to use existing vendors ?

- The vendor selection criteria is to be followed as precedence and once all the vendor selection guidelines are met then the onboarding procedure may proceed.
- Check against IATF criteria- where applicable.
- The new vendor applications will the same process as the dormant vendor except for the GPM re-activation authorization but as a substitute will follow the below authorization process.

- If all in order with above check, the Buyer will first get the ESD Manager and then ALL 3 Procurement Management signatures (Head of Procurement, Group Purchasing Manager & Senior Category Manager) on Appendix A to support his / her decision. If not approved by the ESD manager, Head of Procurement must sign off to proceed or identify alternate vendor.

- If approved to proceed with the application, the Buyer will forward the Supplier Take-on Form to the Vendor. If the application was declined, the Buyer will notify the requestor as such on e-mail. File documents in Vendor Applications Rejected folder.

- Once a completed Supplier Take-on Form has been received, the Buyer will complete the Checklist on the last page of the form.

- If any items on the checklist are missing or invalid, the Buyer will request the missing or valid replacement items.

- Review the on-boarding forms to ensure that the supplier has responded to the PSP questionnaire included on the forms on Page 4 :

Do you employ three or more full-time employees who are engaged in rendering the service on a full-time basis throughout the year of assessment (excluding the shareholders of the company, members of a close corporation, beneficiaries of a trust and their connected persons) ?	**YES / NO** *(delete inapplicable)*
In the event that this application is successful, would 80% or more of your income be derived from Hulamin, in respect of the current tax year ?	**YES / NO** *(delete inapplicable)*

- Where the supplier's response to question 1 is NO, OR the response to question 2 is YES, the form should be sent to the Tax Department for further assessment.

- Where the supplier's response to question 1 is YES, AND the response to question 2 is NO, the Buyer may proceed with the procurement processes.

- Combine all documents into a single PDF document.

- Submit for 3 signatures from Procurement Management.
- Once fully signed, the Buyer will attach the document to an e-mail to finance in the approved format, to load account in Oracle, with the Requester on copy. If not approved, communicate such to the requestor and vendor. File documents in Vendor Applications Rejected folder.
- File the approved document in the Vendors Approved for Loading folder (Local or Foreign) on the Purchasing server, for the current year.

NB : For Foreign Vendor Applications, the following will be excluded :
The BEE Certificate in Step 2, Steps 4, 9, 10 & 11 in totality & the ESD manager signature in Step 5.
The Checklist in Step 7 is on Page 3 instead of the last page.

14. Contract Management

Source to Contract Process

The process encompasses the activities such as identifying a need for a product or services to be secured in a contract with the supplier. this includes but not limited to sourcing strategy, obtaining quotes, negotiating with suppliers and awarding of contract.

Objective

Performance requirements to effectively execute sourcing and contract management activities for non-traded goods and services. These activities are t00he responsibility of the procurement department.

- **Sourcing strategy and planning**

Categories of spend must be analysed to enable the definition of an annual sourcing strategy and an authorised quarterly Sourcing Plan that includes contract establishment opportunities must be prepared for each category under strategic procurement. The process followed includes the following :

- Assigning responsibility for each category.
- Assess the category spend and evaluate the need for a contract establishment or renegotiation opportunity for all categories with an annual forecast spend greater than R5,000,000.00
- Establish contracts for all suppliers with an annual forecast spend greater than R10,000,000. This does not apply to the permitted exclusions outlined in the Procurement Policy.

HULAMIN
OPERATIONS

• Update the Supply Sourcing Plan quarterly using the performance management tool and obtain approval from the Senior Management

- **RFx – preparation**

Tender preparation, the market engagement approach and the tender evaluation process must include
business inputs to maximise Hulamin's competitive advantage. The process followed includes the following.

• Obtain the specifications and scope of work from the Contract Owner.
• Develop the commercial, technical and BBBEE requirements and include all minimum requirements affecting performance and service delivery
• Compile the tender documentation and include the Hulamin's standard contract terms and conditions.
• Document the tender evaluation process agreed with the Contract Owner prior to the issue of the tender.
The evaluation process must:
− be based on objective, pre-determined qualitative and quantitative criteria.
− include an assessment of a supplier's quality, financial and technical capabilities, based on business-defined criteria and procedures
− be performed by a cross-functional evaluation team that includes those who defined the tender specifications and scope of work and those who participated in defining the commercial requirements.
• Use the Purchasing Drive to store the tender documentation, market engagement approach, list of invited
suppliers and the tender evaluation process.

- **Tender management – supplier engagement and evaluation**

Suppliers must be treated in an equal manner to encourage potential suppliers to submit tenders and maintain a competitive environment.
• Issue suppliers with the same information and time to respond to tender requests.
• Proposal(s) must be received via email and opened by an authorised procurement email address as identified in the tender document.
• Evaluate tenders based on the defined evaluation process.
• Involve the Contract Owner and other relevant stakeholders in the post-evaluation supplier negotiations as defined in the RFx preparation process.

- **Contract authorisation, execution and implementation**

The contract must be authorised though the Request for Authorisation (RFA), stored and monitored to ensure that the supplier continually meets business requirements.

• The contract execution must comply with the requirements in GP024 Group Procurement Policy and Procurement Objectives by ensuring the following:
- Evaluation of the Economic Effectiveness of the award and contract
- Consideration for the Hulamin Preferential Procurement Objectives

- Document the recommendation for contract award (RFA) and include if applicable sole source justification and endorsement.
- Obtain authorisation in accordance with the approval matrix and Letters of Authorisation
- Award the supplier or service provider in accordance with one or more of the following options.
  - A purchase order
  - The Price agreement
  - A letter of Award for purchase transaction valid for 12 months or more
  - A Service Level Agreement for Rate Based or Onsite Service Contractors
  - A mutually Binding contract agreement for supply and services awarded for a period of 24 months or more
- Store all contract-related documentation in the Purchasing Folder and record the authorisation and contract in the applicable registers

• Create a system contract in the ERP system (Maximo) aligned with the approved RFA and commitment. Verify that the exact period and value entered is the same value that was recorded when obtaining authorisation (i.e. as documented in the RFA document).

• Provide the Contract Owner with the following information:
- Contract Service level agreement and relevant commercial terms of the goods and/or services
- Purchase method, whether it is Oracle direct processing, Maximo Price or Purchase Contract

• **Contract monitoring**

The commercial and operational elements of the contract must be monitored to validate that the terms and
conditions and supplier performance continue to meet business objectives.

• Monitor the contract expiry date, percentage of contract utilisation (percentage of actual spend compared to the contract value) on Maximo or applicable ERP system
• Strategic suppliers must also be monitored in accordance with the Supplier Management Procedure SPR 54.
• For contracts that include a price review framework, update prices in Maximo timeously

• **Contract Variation and/or Amendment**

The contract or commitment can be amended in in accordance with the Hulamin objectives and requirements. The amendment can be the term, the price, and scope of the contract.

• Determine the business need for the contact amendment or variation. The amendment can be triggered by the end user, the supplier, or the procurement
• Determine the value of the amended contract/commitment for the total amendment
• Negotiate the applicable change with the supplier or service provider
• Obtain *authorisation* for the additional contract/commitment using the RFA and in accordance with the additional *value* and term of the commitment. Notify the role that

originally approved the contract/ commitment, purpose of the amendment, and business impact of the amendment
• Store the approved the Purchasing Folder and record the authorisation and contract in the applicable registers
• Document the contract/ commitment appendix, obtain mutual sign off and or acceptance by the supplier or service provider.

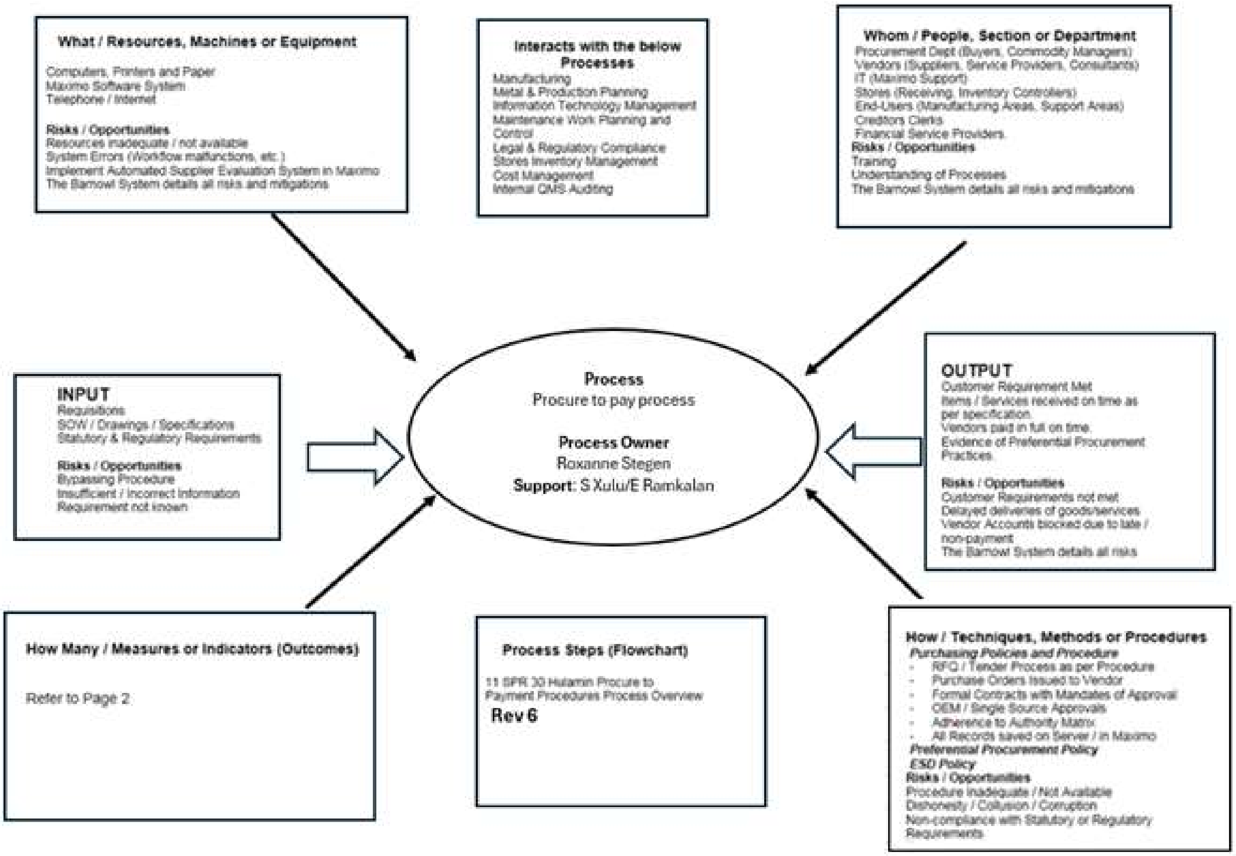
• Update milestone reminders in the applicable ERP (Maximo) to align with the amendment.

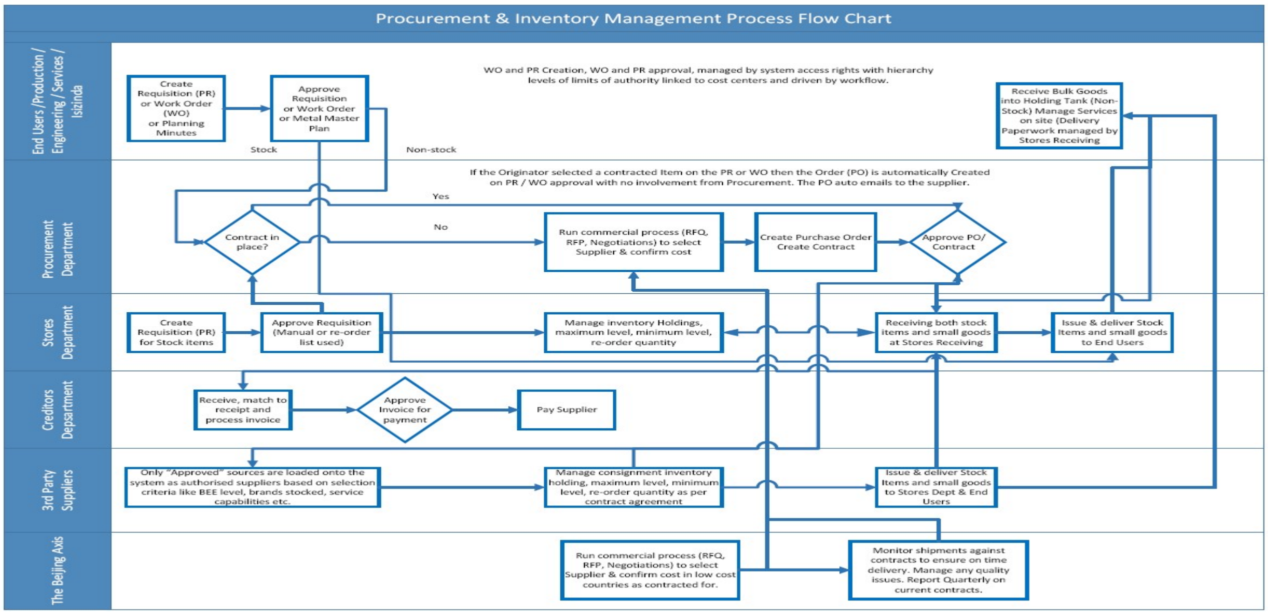
• **Closing or terminating contracts and commitments**

All contracts and commitments must be appropriately closed out or terminated in the ERP System to maintain an accurate view of contracts and commitments across Hulamin.

• Closing a contract/commitment that has expired
- Confirm that all contractual obligations have been met and outstanding payments finalised in accordance with the agreement
- Mark contracts/commitments as 'closed' or 'suspended' in the ERP System within 28 working days of confirming that all outstanding payments have been finalised.
•Terminating a contract/commitment
- Notify the end user of the intent to terminate before commencing the termination of any contract/commitment.
• Follow the termination clause where one exists. If there is not a termination clause, document the notice with a minimum of 30 days or in accordance with the terms and conditions of the contract/commitment.
• Obtain acknowledgement of the termination from the counterparty (where appropriate).
• Confirm that all contractual obligations have been met and outstanding payments finalised in accordance with the agreement/commitment
• Obtain written authorization from the Head to Procurement to terminate / suspend the contract.
• Mark contracts/commitments as 'closed' or suspended in the ERP system and store supporting documentation in the Purchasing Folder, such as the termination notice and counterparty acknowledgement, within 28 working days of being terminated.

HULAMIN
OPERATIONS




Procurement & Inventory Management Process Flow Chart
End Users /Production / Engineering / Services / Isizinda
Procurement Department
Stores Department
Creditors Depsartment
3rd Party Suppliers
The Beijing Axis
WO and PR Creation, WO and PR approval, managed by system access rights with hierarchy levels of limits of authority linked to cost centers and driven by workflow.
Create Requisition (PR) or Work Order (WO) or Planning Minutes
Approve Requisition or Work Order or Metal Master Plan
Stock
Non-stock
Receive Bulk Goods into Holding Tank (Non-Stock) Manage Services on site (Delivery Paperwork managed by Stores Receiving
If the Originator selected a contracted Item on the PR or WO then the Order (PO) is automatically Created on PR / WO approval with no involvement from Procurement. The PO auto emails to the supplier.
Yes
No
Contract in place?
Run commercial process (RFQ, RFP, Negotiations) to select Supplier & confirm cost
Create Purchase Order Create Contract
Approve PO/ Contract
Create Requisition (PR) for Stock items
Approve Requisition (Manual or re-order list used)
Manage inventory Holdings, maximum level, minimum level, re-order quantity
Receiving both stock items and small goods at Stores Receiving
Issue & deliver Stock Items and small goods to End Users
Receive, match to receipt and process invoice
Approve Invoice for payment
Pay Supplier
Only "Approved" sources are loaded onto the system as authorised suppliers based on selection criteria like BEE level, brands stocked, service capabilities etc.
Manage consignment inventory holding, maximum level, minimum level, re-order quantity as per contract agreement
Issue & deliver Stock Items and small goods to Stores Dept & End Users
Run commercial process (RFQ, RFP, Negotiations) to select Supplier & confirm cost in low cost countries as contracted for.
Monitor shipments against contracts to ensure on time delivery. Manage any quality issues. Report Quarterly on current contracts.

How Many / Measures or Indicators (Outcomes)

Buyer Performance measured on BI System :

- Count & Value of Free Text Requisition lines
- Count & Value of Order Lines on Contract

To drive increased contracted spend. Implies well managed spend and adds value. Increased ease and speed of creating PO from approved PR

- Average Material Request PR APPR to PO APPR
- Average Work Order WAPPR to PO APPR
- Average OSR WAPPR to PO APPR

Above days measured to check that Buyers are acting timeously to meet plant requirements

Vendor Performance and Evaluation on BI system and Commodity Dashboards

- Percentage of PO's Fully Delivered & Delivered on Time

To check that vendor delivery performance is aligned to order terms and plant requirements

- BBBEE Vendors at Level 4 or better
- BBBEE Spend

To measure whether BBBEE spend is aligned to company objectives. Striving to better score & increase spend
Vendor Performance measures assist with meeting certain requirements in the quarterly Vendor Evaluation

NOTE : Above measures on BI system can be drilled down into, to review individual transactions contributing to the score.

Maximo Reports analysed weekly iro. Outstanding PR's and PO's

- PR Ageing Report
- Approved PR's Not Yet Actioned
- Stores Re-order PR's
- Overdue PO's Awaiting Approval
- Approved PO's Not Sent

Risks / Opportunities

Performance Indicators / Software System not adequate
Inaccurate Data
The Barnowl System details all risks and mitigations

HULAMIN
OPERATIONS

Authorization Limits for Senior Procurement Managers

1. Single Source Waiver (SSW) – After Exco Member Signature
    a. Senior Category Managers (Materials / Services) or Group Inventory Manager (Stores Items) PLUS Head of Procurement Irrespective of Value

2. All OEM and Exclusive Agent / Distributor letters
    a. Senior Category Managers (Materials / Services) or Group Inventory Manager (Stores Items) PLUS Head of Procurement Irrespective of Value

    Criteria - The Letter MUST :
    - originate from the OEM
    - state that the vendor is the only/sole/exclusive distributor/agent.
    - be dated and signed
    - state the period applicable
    - state the brand or list the items covered by the nomination

3. Approval of a Purchase with Less than 3 Quotes (Excluding Number 1 & 2 Above)
    a. < R250,000 : Senior Category Managers / Group Inventory Manager
    b. >= R250,000 : Head of Procurement to Co-sign

4. Approving Vendor Application Forms (Local or Foreign)
    a. Head of Procurement and Two more (Senior Category Managers and/or Group Inventory Manag only) – Also Applies to Appendix A (Motivation)

5. Approval of Credit Limit Increase letters, and Credit Terms
    a. < R1m : Commodity Managers
    b. < R5m : Senior Category Managers / Group Inventory Manager
    c. >= R5m : Head of Procurement

6. Change of Payment Terms
    a. Change of invoice payment terms: Senior Category Manager or Head of Procurement
    b. Change of supplier payment terms on Oracle / Maximo.
        i. <R1m : Senior Category Managers / Group Inventory Manager
        ii. >=R1m : Head of Procurement

7. Advance Payments (Pre-receipt)
    a. <R500k : Senior Category Managers / Group Inventory Manager
    b. >=R500k : Head of Procurement

HULAMIN
OPERATIONS

8. Direct Payments via Oracle
    a. Head of Procurement

9. Price Variances
    a. < R1,000 : All Buyers
    b. < R10,000 : Commodity Managers
    c. < R50,000 : Senior Category Managers / Group Inventory Manager
    d. >= R50,000 : Head of Procurement

10. Discounts Lost
    a. < R10,000 : Senior Category Managers
    b. >= R10,000 : Head of Procurement

11. Reversal of Receipts
    a. Head of Procurement / Senior Category Managers / Group Inventory Manager

12. Unclose Purchase Orders
    a. Head of Procurement / Senior Category Managers / Group Inventory Manager

13. Changes / Addition of Vendor Contact Details in Maximo
    a. Commodity Managers / Senior Category Managers / Group Inventory Manager

14. Changes of Vendor Company Details (Bank/Name/Reg No/Etc) & Vendor Account Re-activations in Oracle
    a. Head of Procurement

15. Buyer Limit of Authority (LOA) Letter Approvals
    a. Head of Procurement (for all Procurement)
    b. CFO (for Head of Procurement)

16. Sale of Assets e.g. Staff Sales and Scrap
    a. Group Inventory Manager

NB : For Metals Procurement, the Commercial Manager: Metals & Recycling has the same approval rights and limits as the Senior Category Managers above.

HULAMIN
OPERATIONS

<u>ANNEXURE A</u>

INVITATION TO ATTEND A SITE VISIT

Good Day,

You are hereby invited to attend a site meeting at Hulamin as per the details below :

REFERENCE (PR NUMBER) :	
DATE :	
TIME :	
VENUE :	
HULAMIN CONTACT PERSON :	
CONTACT NUMBER :	
CONTACT E-MAIL :	
PPE REQUIREMENTS :	

JOB DESCRIPTION :	
SCOPE OF WORK :	

DEADLINE TO SUBMIT QUOTE :	

Kindly address any questions to, and confirm your attendance / non-attendance with the contact person listed above.

NOTE : WHEN SUBMITTING YOUR QUOTE FOR THIS SITE VISIT, IT MUST BE SUBMITTED TO <u>sitevisit@hulamin.co.za</u> <u>ONLY, WITH THE PR NUMBER REFERENCED IN THE QUOTE AND THE SUBJECT LINE OF YOUR E-MAIL !</u>

Thank you.

HULAMIN
OPERATIONS

ANNEXURE B

SITE MEETING ATTENDANCE REGISTER

Date : ………………………………………………………….
Time: ………………………………………………………….

PR Number : ………………………………………………. **Job Description :**
………

Hulamin Representative	Co. No.	Contact No.	Email address	Signature
Supplier Name	**Representative**	**Contact No.**	**Email address**	**Signature**

HULAMIN
OPERATIONS

ANNEXURE C

SECURITY BREAKDOWN REGISTER										
DATE	IME LOGGE	BD CERT NO	END USER NAME	DEPT NO	DECRIPTION OF ITEM(S)	QTY	SUPPLIER	ELIVERY TIM	DRIVER NAME	EXIT TIME
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H
/ /25	H							H		H