

# GLOBAL PROCUREMENT POLICY



DECEMBER 2020

***BIC***<sup>®</sup>

## TABLE OF CONTENTS

<b>PAGE 3</b>	<b>1. Background and Purpose</b>
<b>PAGE 3</b>	<b>2. Scope</b>
<b>PAGE 4</b>	<b>3. Key Definitions/Acronyms</b>
<b>PAGE 5</b>	<b>4. When do I engage Procurement?</b>
<b>PAGE 7</b>	<b>5. How soon should I Involve Procurement?</b>
<b>PAGE 7</b>	<b>6. How do I Procure Goods and Services Without Procurement Involvement?</b>
<b>PAGE 8</b>	<b>7. Standard Contracts</b>
<b>PAGE 9</b>	<b>8. Delegation-of-Authority (DOA)</b>
<b>PAGE 9</b>	<b>9. Payment Terms</b>

## 1. BACKGROUND AND PURPOSE

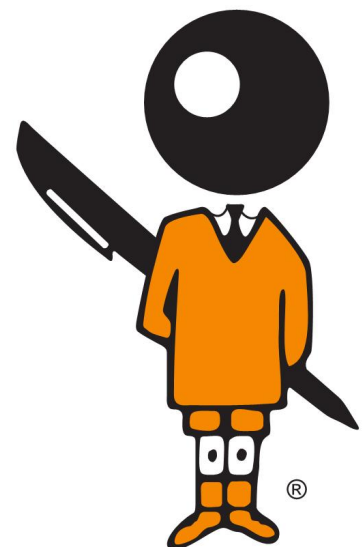
The purpose of implementing this Global Procurement Policy (“Policy”) is to ensure good practices around the management of BIC’s external spend to suppliers, the supplier selection process, adherence to the BIC Supplier Code of Conduct, and so that procurement continuously is delivering value to the business.

The Policy sets out the circumstances when internal approval is needed for any external spend to suppliers. In such circumstances, you must utilize the Procurement team support and resources. In case you are not required to involve the Procurement team, this document also provides guidance, a framework, and self-service tools to support your procurement activity.

A team member may not bind any BIC entity to a commitment that has not first been approved in accordance with this Policy.

## 2. SCOPE

This Policy applies to the procurement of all goods and services globally, regionally, and locally.



### 3. KEY DEFINITIONS/ACRONYMS

- a. Contract: Is a legally binding agreement that recognizes and governs the rights and duties of the parties to the agreement. A contract states the provisions and conditions of the services, functions, or activities to be performed, or the goods to be provided, by a supplier as well as the consideration to be paid by the purchaser.
- b. Master Services/Supply Agreement (“MSA”): Any Contract intended to have multiple SOWs (as defined below) covering multiple locations which governs the overall relationship
- c. Scope-of-Work (“SOW”): Services defined for work-for-hire and fees governed by a Master Services Agreement (“MSA”)
- d. Amendment: Any modifications to the existing agreement, i.e. “Extension”, “Change in Service(s)”, “Renewal”, “Pricing”, “Rebate”, MOU “Memorandum-of-Understanding, LOI “Letter-of-Intent”
- e. NDA (Non-disclosure agreement): An agreement containing confidentiality obligations
- f. Contract Value: Total Value of Contract over the complete term
- g. Delegation-of-Authority (“DOA”): Internal policy used to establish authority limits for the authorization and approval of commitments of all entities within BIC or the disposition of company assets
- h. Signing a contract: Refer to the DOA process

## 4. WHEN DO I ENGAGE PROCUREMENT?

You must involve a Procurement team member in any of the following cases in section 4 (a) or (b) below (Contract value and/or business risk):

### A. THE CONTRACT VALUE EQUALS OR EXCEEDS:

REGIONS	CURRENCY THRESHOLDS
Global Contract	>=100K EUR
NAM	>=100K EUR
EMEA - LAM - APAC/INDIA	>=50K EUR
Raw Materials and Capex	Always, no currency minimum

**Note:** Regardless of Contract value, it is recommended to obtain three (3) quotes when engaging all suppliers.

### How do I know the value of my Contract?

The Contract value is simply the price BIC will pay for goods or services during the full term of the Contract.

The amount to be considered as the Contract value is the total amount payable by the company over the full term of the Contract (for example, one year, two years, etc.). Example: A company signing a rental agreement for three (3) years at 100K€ rental per year; the amount basis for the approval limit in this case is 300K€.

## B. THE CONTRACT IS “BUSINESS CRITICAL” OR REPRESENTS A “SIGNIFICANT BUSINESS RISK.”

### How do I assess if my Contract is business critical or represents a business risk?

If you can answer “yes” to the following questions, then the Contract is likely to be business critical or represent a risk and you should engage Procurement:

- a. Is the supplier the only supplier of these goods and services (i.e., the single or sole source of goods and services)?

The primary difference between a single source supplier Contract and a sole source Contract is choice. When you deal with a single source supplier, you can compare different suppliers based on factors such as price and quality. After evaluating those options, you choose the single source supplier that best matches your wants and needs. In contrast, a sole source supplier does not give you any options because that supplier is the only supplier that can provide you with the products and goods you need. In other words, that supplier is the sole source of the product you need, so you must make a deal with that supplier, even if costs more than you want to pay.

- b. If the supplier stopped supplying the business, would it be difficult or take time (e.g., 60 days or more) to find a new supplier?
- c. If the supplier stopped supplying, or suspended production, would it have an impact on business continuity?
- d. Will the supplier develop new technology, formulation, proprietary or creative information (i.e., intellectual property, including images, adverts, new product ideas, digital creative) for BIC?





## 5. HOW SOON SHOULD I INVOLVE PROCUREMENT?

Involve Procurement at the earliest opportunity and before you have selected your supplier. The Procurement team will support you through the following:

- a. Identification and selection of potential suppliers
- b. Selection of the appropriate BIC standard Contract or country specific standard Contract (Supplier standard Contracts can be used, with exception)
- c. Negotiation of commercial terms with the supplier
- d. Involvement and liaison with the Legal Team on Contract terms
- e. Development of Contract
- f. Creation of Service Level Agreements and Key Performance Indicators with penalties tied to them to ensure suppliers are fully engaged and BIC is a high priority
- g. Supplier on-boarding: Financial background checks, review supplier risk to the market, proper set-up with JDE for payment, categorization of type of supplier, etc.
- h. Supplier Relationship Management (SRM): Management of strategic suppliers partnering with stakeholders to ensure successful supplier relationship

## 6. HOW DO I PROCURE GOODS AND SERVICES WITHOUT PROCUREMENT INVOLVEMENT?

Where Procurement involvement is not required under this policy, you must take the following steps:

- a. Once you define your need, aim to find, and evaluate through various sources, a minimum of 3 potential suppliers.
- b. Before any propriety information is shared with suppliers, the supplier must sign an NDA, unless one already exists with such supplier. This will protect any confidential and commercially sensitive information (reach out to Procurement for support with NDAs).
- c. Draft a SOW that clearly sets out requirements and expectations to send to the shortlist of suppliers with a request for their proposal or quotation. Include the standard BIC Contract template for the goods or services that need to be procured. Make sure a standard pricing template is included, so each supplier's response can be evaluated fairly and equally. SOW should only include services and fee schedule; all other terms and conditions are in Contract templates and on PO. (Please reach out to Procurement Team for assistance and templates, if needed).

- d. Using BIC's standard template scorecard, evaluate the responses and select a supplier. Involve Procurement if there are any questions or a need to discuss any aspect of the supplier's responses (e.g., pricing, negotiate fees and incorporate more services/goods at no additional cost).
- e. Before communicating or awarding the business, make sure all the necessary internal approvals are collected, including approvals required by the DOA.
- f. Confirm with accounting if the supplier is already set-up in the supplier master file and, if not, make sure to follow the creation of a "New Supplier Set-up Process" for the respective region to add it into the system. This process is needed for raising the respective Purchase Order.
- g. Complete the Contract template (provided by Procurement) and involve the Procurement team if the supplier wants to edit the Contract terms and conditions or BIC's Purchase Order terms and conditions.
- h. Before signing the Contract, you must complete the "Contract Summary Sheet" (provided by Procurement) and confirm approval of each internal stakeholder. The Contract Summary Sheet is only for "internal" purposes for final execution according to DOA requirements. Ensure to store it for your records.
- i. After the Contract has been signed by the supplier, obtain BIC signatures consistent with the DOA Contract, send the supplier a copy of the signed Contract and SOW then keep a copy of the original Contract for storage in accordance with record retention guidelines.
  1. Send fully executed Contract to [ProcurementQuestions@bicworld.com](mailto:ProcurementQuestions@bicworld.com)
  2. Request a Purchase Order number and provide it to the supplier once the Purchase Order has been approved. Suppliers should not start working for BIC until they have received an approved Purchase Order number.

## 7. STANDARD CONTRACTS

BIC has its own preferred standard Contracts- refer to Procurement for a template.

While the suppliers will often want to use their own standard Contracts. it is recommended to use BIC's standard Contracts. If the Supplier requires its own Standard contracts, please reach out to Procurement for support.



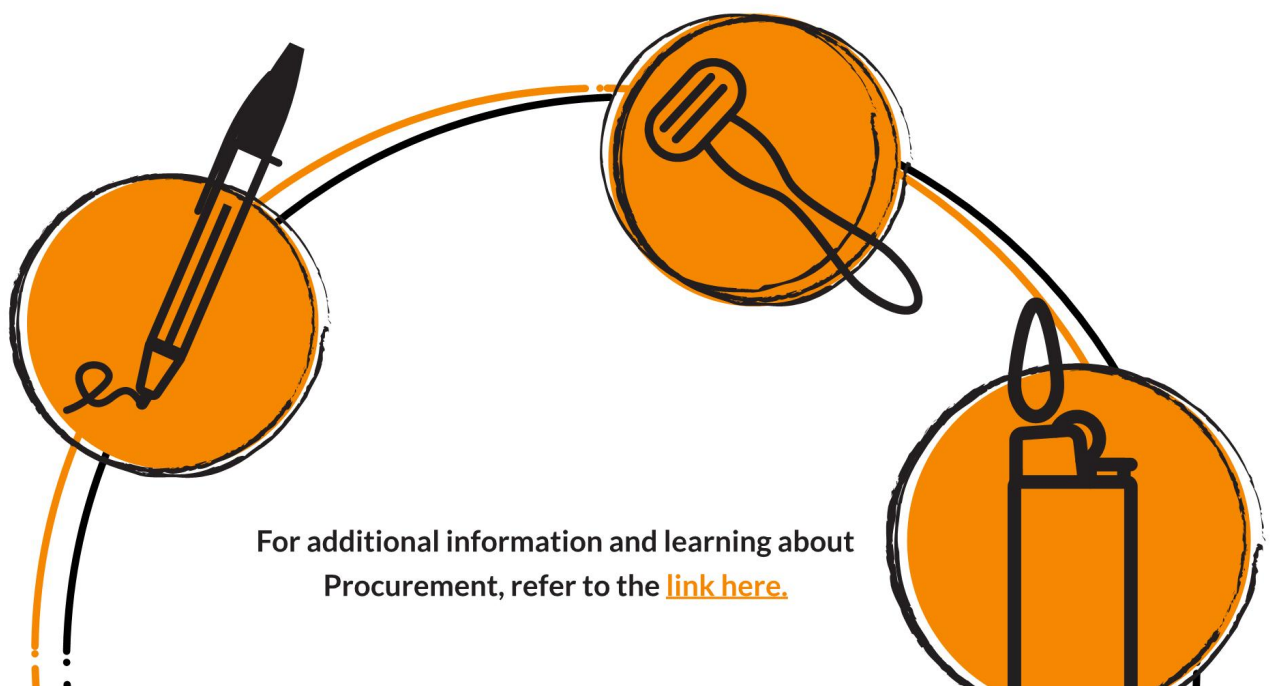
## 8. DELEGATION-OF-AUTHORITY (DOA)

The objective of this procedure is to establish authority limits for the authorization and approval of commitments and expenditure of all entities within BIC.

It is important you follow the DOA which allows authorization of the commitment of spend resulting in the signing of the contract.

## 9. PAYMENT TERMS

Payments are 60 days from receipt of the invoice date, except where jurisdiction does not permit. If a supplier requests less than 60 days terms such deviation from the standard 60 days, must be reviewed by Procurement for any exceptions.



For additional information and learning about Procurement, refer to the [link here](#).

***BIC***<sup>®</sup>