Control of Externally Provided Products/Services Procedure	Doc No.: QSP-01
	Rev: 04
	Date: 01-04-2025

Prepared by:	Management Representative
Reviewed by:	Regional Operations Manager
Approved by:	Regional Operations Manager

Notice

All rights reserved. These materials are confidential and proprietary to ***Kurita AquaChemie.*** No part of these materials should be reproduced, published in any form by any means (electronic or mechanical, including photocopy or any information storage or retrieval system), nor should the materials be disclosed to third parties without the express written authorization of any of the companies of ***Kurita AquaChemie.***

TABLE OF CONTENTS

1 Purpose 3
2 Scope 3
3 Roles and Responsibilities 3
4 Process Description 3
4.1 External Provider selection & evaluation 3
4.2 Purchase document 4
4.3 Verification Arrangement 4
4.4 Purchase Activity 4
Trading goods 4
Capital purchases 5
Services 5
Petty Cash Purchases 6
4.5 Verification of Purchased materials 6
4.6 Deviations in purchased materials 6
4.7 Disqualification of vendors 6
4.8 Vendor Performance evaluation 7
5 Record 7
6 References 7
7 Procedure Amendment History 7

1 Purpose

To provide the methods for determining, documenting and, when applicable, inspecting external providers (vendors) for compliance with company policies and contract purchasing requirements.

To ensure externally provided products/services conforms to specified requirements. This starts with selection, evaluation and continuous monitoring of appropriate external providers that have the capability and systems to supply goods and services to satisfy company requirements.

2 Scope

This procedure applies to all external providers of products and services that directly affect the quality of the Company's trading goods.

3 Roles and Responsibilities

The Regional Operations Manager and Purchase Manager are responsible for the overall effectiveness of this procedure.

4 Process Description

4.1 External Provider selection & evaluation

4.1.1 Following are some of the criteria for selection and approval of principals/ vendors/ service providers.

- Past Performance
- Sample approval
- ISO 9000 certification
- Customer recommendation
- Competitor information
- Vendor evaluation

4.1.2 Initial list of approved vendors/ service providers has been established based on evaluation of past experience to concerning their ability to meet requirements and performance in past dealings.

4.1.3 Purchase Manager maintains the Approved Vendor's list (AC-PU-01) with revision status, information such as vendor contacts, material/ service approved etc. AVL shall include the service providers such as transporters etc.

4.1.4 The approved vendor's list shall be distributed to all concerned personnel who are involved in releasing of purchase orders.

4.1.5 The inclusion of new vendor/ service providers in the list must be approved by the Purchase Manager

4.1.6 Whenever a new vendor is considered for purchase, gather necessary information in the Vendor pre-qualification form (AC-PU-02) and request to submit the pre-qualification file containing the description of the company profile, experience, previous clients, quality assurance system, qualification and experience of personnel.

4.1.7 The Purchase Manager will review the new vendor/ service providers on basis of prequalification file/ samples provided/references, etc., to decide if the vendor's/service providers can be approved on trial basis, or if the audit at vendor's/ service provider's premises will be required.

4.1.8 If necessary, an audit needs to be conducted, it will be carried out by quality auditors or by third party auditors. Another method followed is to purchase items on trial basis and evaluate the quality of the goods by doing quality assurance checks.

4.1.9 The results of the above evaluation, including the recommended extent of control to be exercised by the auditors.

4.2 Purchase document

4.2.1 All purchase documents must contain clear, unambiguous description of the product purchased, quantity ordered and required delivery time. When applicable, the purchase document shall include the reference to the standards, regulations, codes and other relevant data.

4.2.2 All purchase documents must be reviewed for correctness of data and approved by the Purchase Manager prior to release to the vendors/service providers.

4.3 Verification Arrangement

4.3.1 When the company requires verifying purchased product at vendor premises, the verification arrangement and the method of the product release shall be specified in the purchasing documents. Whenever it is a contractual requirement that the customer and/ or his representative shall verify the purchased goods at vendor's premises, the arrangement for such verification and method of product release shall be specified in the purchase order.

4.3.2 On occasions, the company may choose to visit the vendor's premises to verify the purchased materials and services are suitable for the intended purpose and comply with the specified requirements.

4.4 Purchase Activity

The purchases done in the organisation is classified into 4 sections:

- Trading goods
- Capital purchases
- Services – Transporters, Maintenance etc.
- Petty cash purchases

Trading goods

4.4.1 Purchase Request/ SO will be received from the sales department/ warehouse. Forward RFQ to different vendors based on Purchase Request (AC-PU-03)/Sales Order. After receiving the Purchase Quotations from the vendor, the purchase quotation will be updated and maintain the purchase quotation comparison by using Price Comparison sheet (AC-PU-05). The sales prices will be estimated and the new

product samples, price, etc. are reviewed by the purchase department and if approved, purchase order is raised.

4.4.2 For the items which come under category of stock items, the Stores department monitors the level of stock and raises request to procurement department for raising purchase order. Based on the purchase request (AC-PU-03) received from the Stores, purchase department places purchase order on the vendor.

4.4.3 On receipt of pro-forma invoice/ order confirmation from vendor, the price and other terms and conditions are verified against the purchase order by Manager- Client Support. If any discrepancy is observed, Purchase Manager shall request for revised documents. The L/C is opened on the basis of Pro-forma invoice.

4.4.4 If advance payment needs to be done, then Assistant Manager - Supply Chain shall raise request for advance payment and submit to accounts department.

4.4.5 On receipt of documents from vendor, the Assistant Manager - Supply Chain shall verify the documents against the pro-forma invoice and then shall update the shipment details in the system. If insurance needs to be provided, Purchase Manager shall coordinate with insurance company for necessary arrangements.

4.4.6 The original documents are verified by Assistant Manager - Supply Chain and if any document is missing, he shall follow up for the same.

4.4.7 The documents shall be given to respective operating units for customs clearance and transport arrangements will be done by the respective operating units. A copy of document shall be sent to respective receiving sections in stores/warehouse.

4.4.8 For the CFR consignments, original documents will be sent to the respective consignees for clearance.

Capital purchases

4.4.9 Capital purchases like equipment's, vehicles etc. is purchased against the budgetary allocation made for it. The requisition for any capital purchases shall be submitted by the department head to the board of Regional Operations Managers. The BOD shall discuss it in the management meeting and take appropriate decision.

4.4.10 Purchase Manager shall prepare Purchase Order (AC-PU-04) with clear specification, certificate requirement, delivery conditions etc., and shall send to Finance department for approval.

Services

4.4.11 Whenever maintenance/ repair/ other services needs to be purchased, the purchase department in coordination with respective department head shall decide on the agencies/ companies given in the Approved Vendors List (AC-PU-01).

4.4.12 If a new service provider needs to be selected, it shall be after inspecting and evaluating their capability to do the work. After

satisfactory completion of works on trial basis, they shall be added to the Approved Vendors list.

4.4.13 After completion of work, the delivery note/ service report/ invoice along with the quotation shall be submitted to purchase department to process for release of payment.

Petty Cash Purchases

4.4.14 If the material/ item is urgent and locally available, department personnel shall take verbal approval from respective manager and purchase the item. Then the approval of Manager shall be taken in the invoice, and then it shall be forwarded to accounts for settlement. This is applicable only for purchase of goods in emergency situations.

4.4.15 Petty cash purchases shall be limited for amounts less than 5000 AED. If the amount is more than that approval of Regional Operations Manager and accounts department shall be taken.

4.5 Verification of Purchased materials

4.5.1 While receipt of goods in the stores, the Stores In-charge shall inspect the material quantity and size against the packing list/ delivery documents. If any damage/ wrong size/ shortage are observed, it shall be recorded in the vendors delivery documents and Goods receipt note (AC-LW-01). Stores In charge shall acknowledge on the vendors' documents to indicate the inspection and acceptance.

4.5.2 Stores In charge shall acknowledge on the vendors delivery documents and forward to Purchase department.

4.5.3 After review and acknowledgement by Manager- Client Support, it is forwarded to accounts department for payment settlement.

4.6 Deviations in purchased materials

4.6.1 Any deviation from Purchase order specifications shall be recorded in the Goods receipt note (AC-LW-01) by the Assistant Manager-Supply chain. Copy of Goods receipt note shall be forwarded to Purchase department for review. If the deviation is of major nature, then Purchase Manager shall communicate to the vendor the problem in a formal way.

4.6.2 All vendor related issues (identified from Goods receipt note-shortages, wrong specifications, delays, price variations, etc.) shall be recorded by the Purchase Manager in Vendor monitoring register (AC-PU-03).

4.6.3 Based on detailed in the vendors monitoring register, the vendors are re-evaluated using the vendor rating form (AC-PU-04) into different categories by the Purchase Manager once in a year.

4.7 Disqualification of vendors

4.7.1 Vendors not responsive to correction requests or unable to correct problems with delivery or quality may be disqualified. Vendors who are having rating in the "Poor" category as per the rating form shall be disqualified through a consensus decision between the Quality

Management Representative, Manager- Client Support, Sales Manager and Regional Operations Manager. A report shall be maintained as evidence of such a decision. However, if the vendor is to be retained in the list due to any reason, the reason shall be recorded and maintained in the Approved vendor list (AC-PU-01).

4.7.2 Whenever a vendor is added or deleted from the approved vendors list, it shall be revised and approved by the Manager- Client Support.

4.8 Vendor Performance evaluation

4.8.1 The main objective of the vendor evaluation process is to reduce purchase risk and maximize the overall value of the purchaser. It typically involves evaluating, at a minimum, vendor quality, cost competitiveness, potential delivery performance and technological capability. Some of the other criteria used in the preliminary evaluation of vendors include financial risk analysis, evaluation of previous performance, and evaluation of vendor provided information.

4.8.2 Purchase Manage re-evaluates the performance of the vendor and record it in the vendor Performance Evaluation Form (AC-PU-06)

5 Record

Record	Record Ref	Responsibility
Approved Vendors List	KAC-PU-01	Purchase Manager
Vendor Pre-Qualification Form	KAC-PU-02	Purchase Manager
Purchase Request	KAC-PU-03	Purchase Manager
Purchase Order	KAC-PU-04	Purchase Manager
Vendor Performance Evaluation Form	KAC-PU-06	Purchase Manager

6 References

ISO 9001:2015 Quality Management system Manual
Logistics & Warehousing procedure (QSP-03)
Sales procedure (QSP-04)

7 Procedure Amendment History

Rev #	Date	Page #	Section	Nature of Amendment
01	01-04-2021	All		Incorporating the new company (Kurita AquaChemie FZE) name, its scope and all other information
02	01-04-2022	All		Annual Revision
03	01-04-2023	All		Annual Revision., Footer note changed.
03	01-04-2025	All		Annual Revision.