

SUPPLY CHAIN PROCEDURES

1. PURCHASING

1.1. This Central Purchasing Procedure Manual has been compiled to meet not only the requirements of FIDI FAIM 3.2, but to ensure that Elliott Mobility (Pty) Limited maintains a consistent standard for all products and services used by the Elliott branches throughout Southern Africa.

1.2. An approved supplier should comply with as many of the following requirements as possible:

- Be ISO 9001 certified or in the process of obtaining a certification.
- Be ISO 14001:2015 certified or in the process of obtaining a certification.
- Utilise recycled material.
- Achieve a B.B.B.E.E. rating of at least level 3.
- Adhere to all Government Legislative Requirements such as the POPIA Act.

1.3. General

1.3.1. Purchasing of Capital equipment is only authorized by the Chief Operating Officer and the Chief Financial Officer.

1.3.2. Group suppliers for the purchasing of materials, products and services are approved by the Chief Operating Officer and the Board of Directors.

1.3.3. Other suppliers are approved by the Chief Operating Officer responsible for operations.

2. Standardisation

2.1.1. The aim of this Central Buying Procedure is to ensure that efficient and effective procurement delivers best value and that standards are maintained in every region of the company.

- 2.1.2. Standards will be agreed by the Board before a supplier is chosen. The individual suppliers of the agreed products and services will be approved by Head Office Central Purchasing.
- 2.1.3. Where possible, pricing will be identical throughout Southern Africa to give us a single national price for budgeting purposes.

3. Selection and Evaluation of Suppliers

- 3.1.1. The Company has compiled an **Approved Suppliers List** which is maintained by Head Office on our Enterprise Resource Planning (ERP) system (Moveware). This contains all suppliers of products and services that have been approved for use. **All relevant employees have access to this list via the Moveware creditors tab.**
- 3.1.2. Should a new supplier be required to be added to the approved vendor list, then the following procedure will be followed:
 - a) A vendor application form is completed including an evaluation and recommendation to include the supplier on the approved vendor list.
 - b) All the requisite documents (as detailed on the vendor application form) are to be submitted to the CEO responsible for operations for consideration.
 - c) Upon consideration, the COO will approve/deny the application.
 - d) If approval is given, the supplier will be requested to sign a **Service Level Agreement** (SLA) to ensure that the goods and services are delivered as per agreed standards and at agreed prices. The SLA will include clauses such as ordering procedures, invoicing requirements and payment terms.
 - e) A dispute resolution clause is also included to document how any service failures are to be dealt with. Our SLA highlights our commitment to the FIDI Anti-Trust, Anti-Bribery and Anti-Corruption Charter.
- 3.1.3. Once-off / Ad Hoc Suppliers may only be used in emergency cases.

4. BEE Suppliers

- 4.1.1. Elliott Mobility is committed to increase the number of suppliers and spending value with our approved suppliers who have a working Black Economic Empowerment policy in place. These include, but are not limited to: -

- 4.1.2. Black influenced companies – Companies that have a minimum of 26% Black Ownership.
- 4.1.3. Black empowered companies – Companies that have a minimum of 50% Black Ownership. This must also reflect active Black directorship / management of the company.
- 4.1.4. Black owned companies – Companies that have a minimum of 51% Black Ownership.
- 4.1.5. All (BEE) suppliers are audited annually by BEE Auditors.
- 4.1.6. Annual targets are set to increase the spend with BEE companies. Black being defined as Black African, Coloured, Indian and Chinese people.
- 4.1.7. All BEE Suppliers are audited annually by auditors of an economic empowerment rating agency apart from Exempted Enterprises with a turnover less than R 5 million per financial year.
- 4.1.8. See also: Elliott's Preferential Procurement Policy (PPP) for more details.

5. FAIM Standards

- 5.1.1. Certain goods and services are required to meet FAIM standards. These standards are detailed in the FAIM handbook. These standards are included in the evaluation criteria for certain types of suppliers.
- 5.1.2. In the event that a supplier's goods or services are deemed to be below standard, the matter must be reported to the COO responsible for operations by means of a Corrective Action Report (CAR).
- 5.1.3. The matter will be investigated, and the appropriate remedy detailed on the CAR.
- 5.1.4. In the event that the failure is due to the supplier not complying with agreed standards or procedures, then a meeting between the COO responsible for operations and the supplier is to be arranged as soon as possible to discuss the remedial action required to be taken by the supplier.
- 5.1.5. In the event that the supplier cannot/will not affect the remedial action then that supplier will be removed from the list of approved suppliers.

6. Authorizing Purchases / Purchasing Data Protection

- 6.1.1. As purchase order (PO) is produced via Moveware for purchases of Goods and Services (see Financial Manual – Chapter 10 for complete details).

6.1.2. Each Order is appropriately authorized by Managers, Branch Managers or an authorized Deputy in line with the agreed Budget.

6.1.3. A copy of each PO is sent to the appropriate supplier and is retained on Moveware.

7. Verification of Purchased Products and Services

Purchase by buyer

7.1.1. When Products and / or Services are received, the items and / or services are checked by the Buyer against the Delivery Note and the PO to verify that the Order has been correctly delivered.

7.1.2. The Supplier will be notified of any discrepancy in the PO and a CAR is made out detailing the event and any actions that may be required.

7.1.3. No backorders or split orders are permitted.

8. Responsibilities

8.1. It is the Operations manager's or Assistant Operations Manager's responsibility to ensure that Parts, services and or Products match the PO.

8.2. The Branch Managers are authorised to approve purchases from approved suppliers in line with their approved budgets.

9. Records

9.1. A copy of each PO is kept and retained electronically on Moveware for a minimum of five (5) years. This is detailed in our Data Protection Policy.

10. Evaluation of assets and purchasing or replacement thereof

10.1. The company reviews assets on an annual basis during budgeting where replacements of vehicles and other assets are projected.

10.2. During the review process, the economic life of the assets is evaluated and determined in order to motivate the replacement of the asset.

- 10.3. Records of asset maintenance and services are reviewed before recommendations are brought to the Board of directors for approval.
- 10.4. While consideration is given to the replacement of assets due to economic life, repairs and maintenance, availability and uptime, etc., this will only influence the decision to purchase or replace an asset. The final decision will be by the Board of Directors.

This policy will be strictly monitored and enforced.

We the Board of Elliott Mobility (Pty) Ltd accept and endorse the above policy.



Brad Barker

8 Feb 2024

Date