Vendor Management Policy

Acme Corporation - Procurement Department

Version 1.5 - Effective Date: June 2024

1. Overview

This policy governs the selection, onboarding, and management of vendors. Effective vendor management ensures quality, compliance, and cost efficiency.

2. Vendor Categories

2.1 Strategic Vendors: Critical to operations, annual spend over $1M

2.2 Preferred Vendors: Pre-approved, competitive pricing, proven track record

2.3 Approved Vendors: Completed onboarding, eligible for orders

2.4 Restricted Vendors: Limited use, requires special approval

3. Vendor Selection Criteria

3.1 Quality of products or services

3.2 Competitive pricing and total cost of ownership

3.3 Financial stability and business continuity

3.4 Compliance with regulations and industry standards

3.5 Sustainability and environmental practices

3.6 Data security and privacy capabilities

4. Vendor Onboarding Process

4.1 Submit vendor registration form with business documentation

4.2 Complete W-9 or W-8BEN for tax purposes

4.3 Provide proof of insurance: $1M general liability minimum

4.4 Sign Master Service Agreement and NDA

5. Due Diligence Requirements

5.1 Standard vendors: Basic background check, reference verification

5.2 Strategic vendors: Financial audit, site visit, executive meeting

5.3 Technology vendors: Security assessment, SOC 2 review

5.4 International vendors: OFAC screening, anti-corruption compliance

6. Contract Requirements

6.1 All vendors must have a signed contract before receiving orders.

6.2 Contracts over $100,000 require Legal department review.

6.3 Standard contract term is 1-3 years with renewal options.

6.4 Auto-renewal clauses must include 90-day termination notice.

6.5 Price escalation limited to 3% annually or CPI, whichever is lower.

7. Performance Management

7.1 Quarterly scorecards for strategic vendors.

7.2 Annual reviews for all vendors with spend over $50,000.

7.3 Key metrics: On-time delivery, quality defects, responsiveness.

7.4 Vendors scoring below 70% placed on improvement plan.

8. Risk Management

8.1 Single-source vendors require backup supplier identification.

8.2 Critical vendors must provide business continuity plans.

9. Compliance Requirements

9.1 Vendors must comply with Acme Supplier Code of Conduct.

9.2 Annual certification of compliance required.

9.3 Right to audit vendor facilities with 30-day notice.

9.4 Immediate notification required for data breaches.

10. Vendor Termination

10.1 Performance failures: 30-day cure period before termination.

10.2 Compliance violations: Immediate termination possible.

10.3 Transition assistance required for strategic vendors.

10.4 All company data must be returned or destroyed upon termination.

11. Diversity and Inclusion

11.1 Target: 15% of spend with diverse suppliers.

11.2 Diverse suppliers include: minority-owned, women-owned, veteran-owned.

11.3 Certification required from recognized certifying organizations.

Contact: vendor-management@acme.com

Vendor Portal: https://vendors.acme.com