

SOURCE-TO-CONTRACT

(PROCESS DESCRIPTION)

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OBJECTIVE:

The objective of the present regulation (hereinafter: Regulation) is to define the standard rules and steps of the sourcing process from requesting to contracting including contract management activities. Standardized processes and related requirements containing in this document shall be applied in case of procurement of non-HC materials, assets and services as best practice.

SCOPE:

This Regulation covers all affected employees of those MOL-Group companies which are involved into matrix operation.

MOL Group

(MOL Plc. and controlled, operative subsidiaries involved into matrix operation.)

DATE OF ISSUE: 12 December 2022

DATE OF EFFECT: 19 December 2022

The provisions of this Regulation are obligatory and binding for affected employees, and all the annulled regulation becomes invalid.

CLASSIFICATION: C2

VERSION 3

APPROVAL ID: 87203

KEY PERFORMANCE INDICATORS AND KEY CONTROLS:

Key Performance Indicator: On-time Sourcing completion

Frame contract quota

Cost reduction

Budget Accuracy (applicable only for Project Procurement)

Key Controls:

- o Sourcing request shall be created by Requestor and approved by superior manager of Requestor
- o Bid Starting Document to be approved by Evaluation Committee

Supplier Selection Document to be approved by LDA approvers

RELATED INTERNAL REGULATIONS

Identifier	Title	Description of Relationship
PROC	Procurement Area Book (PAB)	Procurement AB defines the whole procurement framework including 6 processes. One of them is the Source-to-Contract (S2C) which is regulated in this PD.
PROC3.1_PD1	Demand-to-Delivery Process Description	There are many connection points between the Sourcing and Operational Procurement that are mutually referred to in both document.
CYB1.2_PD1	Cyber Security Compliance	The document describes cyber security principles which have to be followed by all employees of MOL Group.

ANNULMENTS

Identifier	Title	Version Number	Date of Effect
PROC2_PD1	Source-to-Contract	2	21 November 2022

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3 DESCRIPTION OF PROCESSES

There are three **Sourcing Types** based on expected procurement value:

OPERATIONAL SOURCING	< EUR 10 000
SIMPLE SOURCING	EUR 10 000 – EUR 100 000
STANDARD SOURCING	> EUR 100 000

Sourcing process is also classified upon given **Sourcing Category**¹:

- a) **MGC** (MOL Group Company): the supplier is a member company of MOL Group
- b) **Tender**: at least two potential suppliers are invited/participating² in the sourcing procedure
- c) **Sole Source**: only one supplier is invited in the sourcing procedure due to justified reasons.

Based on the above aspects a sourcing process can fall into one of the below procedures:

SOURCING TYPE	SOURCING CATEGORY		
	Tender	Sole Source	MGC
Operational Sourcing (< EUR 10 000)	Operational Tender	Operational Sole Source	Mol Group Company (MGC)
Simple Sourcing (EUR 10 000 - 100 000)	Simple Tender	Simple Sole Source	
Standard Sourcing (> EUR 100 000)	Standard Tender	Standard Sole Source	

As main rule, all Sourcing processes belong to the responsibility of Sourcing team, except for those cases that fall under EUR 10 000 and end up with issuance of an Individual Purchase Order (IPO). These cases shall be managed by Operational Procurement team.

The below table illustrates the split of responsibility between Sourcing team (SOU) and Operational Procurement (OP) team:

SOURCING TYPE	Contract	IPO	Mini Bidding
Operational Sourcing (< EUR 10 000)	SOU	OP	OP
Simple Sourcing (EUR 10 000 - 100 000)	SOU	OP ³	SOU/OP*
Standard Sourcing (> EUR 100 000)	SOU	n/a	SOU

**Allocation based on complexity of the mini bidding⁴ process's subject, to be decided by responsible Category Manager*

The Sourcing process consists of the following process steps:



¹ Detailed definition of each Sourcing Category is available in *Appendix 2*.

² in case of Open Tender

³ Related LDA approvals shall be obtained by SOU via Bonita/Ariba S2C

⁴ Mini bidding is a special purchasing procedure that shall be applied in cases when company has frame contracts for the same scope of services/ materials with multiple suppliers having the unit prices fixed or maximum prices defined, but the exact scope to be delivered is not included in the frame contracts (e.g.: engineering design services) – more details are available in D2D OP PD.

The Sourcing process shall be managed in the following IT systems:

SOURCING TYPE	PROCESS STEPS					
	PROC2.1	PROC2.2	PROC2.3	PROC2.4	PROC2.5	PROC2.6
Operational Sourcing (< EUR 10 000)	ERP*	-			ERP	
Simple Sourcing (EUR 10 000 - 100 000)	ERP*	Bonita + eSourcing/ SAP Ariba S2C**			ERP eSourcing/ Ariba S2C	
Standard Sourcing (> EUR 100 000)	Bonita / SAP Ariba S2C**	Bonita + eSourcing/ SAP Ariba S2C**			ERP eSourcing/ Ariba S2C	

* In lack of ERP or dedicated IT systems Bonita shall be used from EUR 1 000

** To be used in cases where Ariba S2C has already implemented

Detailed process description of each type of Sourcing process applicable are defined in separate flowcharts in the following Sections (5.1-5.3), which are to be applied with additional instructions defined in *Chapter 6*.

There are certain topics, categories when the sourcing procedures can be managed by the Business on its own responsibility⁵. These procedures shall be managed along a simplified process with special rules defined in *Section 5.4*.

All requirements defined in procurement regulations are applicable in case of all Non-HC procurement related sourcing procedures, irrespective of the fact that the given topic is managed by Procurement (Procurement by Procurement) or by Business (Procurement by Business). It is the responsibility of given organisation (Procurement or Business) that the procedures are performed in compliance with the rules defined herein.

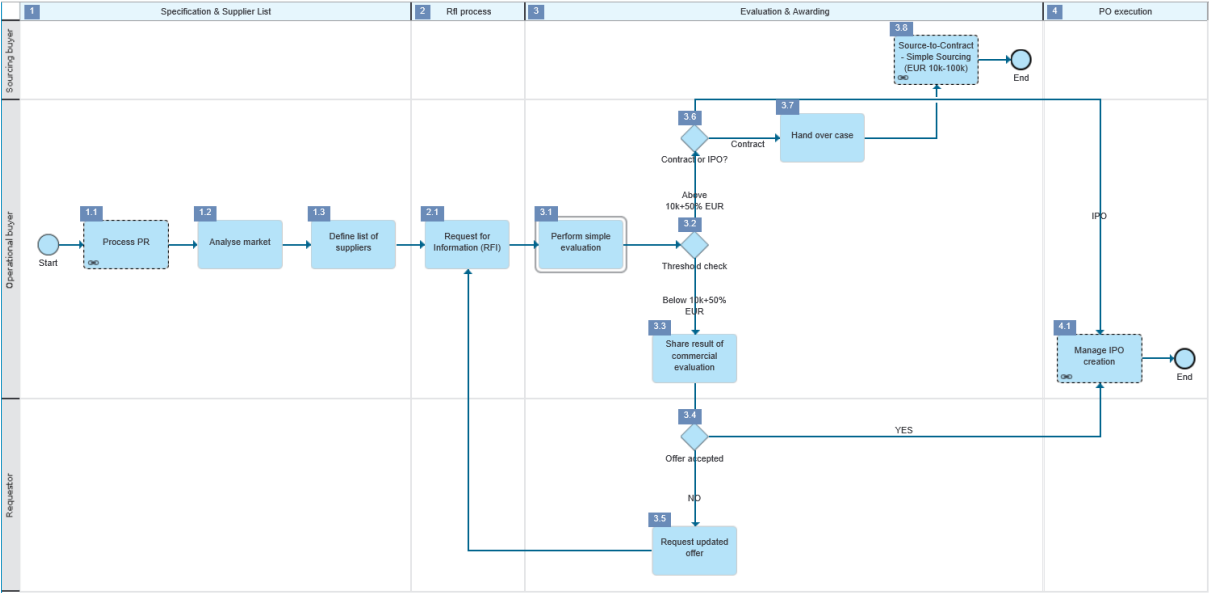
SLA contracts

Management of SLA contracts is the responsibility of service provider MGC without involvement of Procurement. Conclusion of these contracts are subject for LDA approval according to rules specified in LDA IV/f point., Registry and approval in the ERP system is required (where applicable), such obligation is to be managed by the organizational unit receiving the service(s): all services to be delivered via SLA contracts shall be requested via ERP Purchase Order, Performance Verification shall be created and approved in the system prior to the invoice issued.

⁵ these categories are defined in Procurement Area Book

4 PROCESS FLOWCHARTS AND DESCRIPTIONS

4.1 OVERVIEW OF OPERATIONAL SOURCING PROCESS (< EUR 10 000)
(2.1A)

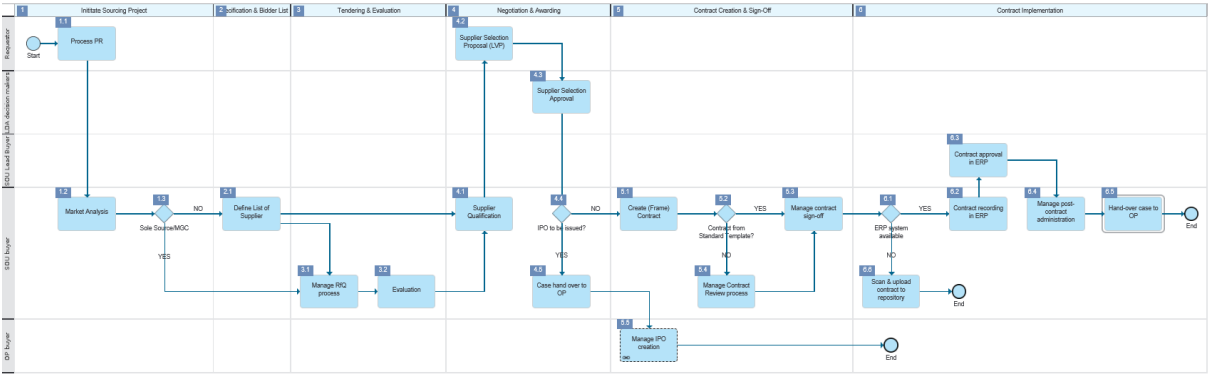


RACI TABLE OF PROCESS: OPERATIONAL SOURCING (2.1A)

#	Process step	Process description	Responsibilities	Connected Documents and Templates
1.1	Process Purchase Request (PR)	The Request is created and approved by Requestor side and then managed by Operational Procurement in accordance with below processes defined in <i>D2D:Operational Procurement PD</i> : <i>Manage PR creation – Stock relevant material (3.2.1.1.1)</i> <i>Manage PR creation – Non-Stock relevant material (3.2.1.1.2)</i> <i>Manage call-off creation (3.2.1.3) – (incl. services not available in catalogue)</i>	R – OP buyer C – Requestor	-
1.2	Analyze Market	Based on request's information Buyer decides the sourcing category: Sole Source, Tender or MOL Group Company (MGC). Buyer checks the technical compliance needs of the request if applicable also the requested delivery date. Tender: performs quick market analysis to identify potential suppliers. Sole Sole/MGC: proceeds with step 4.	R – OP Buyer	
1.3	Define List of Supplier	Process can be managed via simple Rfl ; proposal from at least two suppliers to be requested and evaluated.	R – OP Buyer C - Requestor	-
2.1	Manage simple Rfl	Buyer manages simple Rfl process in given subject with identified supplier(s). Before sending out the Rfl buyer should double check that the technical content does not contain any license protected document.	R – OP Buyer C – SOU buyer I – Category Manager	RfX documents
3.1	Perform simple evaluation	Buyer performs a simple evaluation of received quotes in a simple comparison table. The technically complying offer with the best commercial conditions needs to be ordered.	R – OP Buyer I – Requestor	-
3.3	Share result of commercial evaluation	Buyer share the results of evaluation with Requestor.	R – OP Buyer	-
3.5	Request updated offer	In case Requestor is not satisfied with proposed offer, updated offer can be requested.	R – Requestor	-
3.7	Hand over case	In case the value of offer exceeds EUR 10k+50%, and contract should be concluded, the case is handed over to SOU with complete documentation. SOU continues with the contracting process steps defined under next sections (<i>starting from point 5.1</i>). Handover act has to be audit proof.	R– OP Buyer	-
4.1.	Manage IPO creation	The process is defined in <i>D2D: Operational Procurement PD - Manage IPO (3.2.1.4)</i> .	R– OP Buyer	-

Legend: R – Responsible; A – Accountable; C – to be Consulted; I – to be Informed.

4.2. OVERVIEW OF SIMPLE SOURCING PROCESS (EUR 10 000 – EUR 100 000) (2.1B)



RACI TABLE OF PROCESS: SIMPLE SOURCING (2.1B.)

#	Process step	Process description	Responsibilities	Connected Documents and Templates
1.1	Process PR	The Request is created and approved by Requestor side. Requestor can specify potential supplier(s) in given sourcing subject. See chapter 2.1.1. and 2.1.2 for detailed requirement of Sourcing Request.	R – Requestor C – SOU Buyer	-
1.2	Market analysis	In case the subject of sourcing is not covered by approved Category Strategy, Buyer performs a market analysis. Based on collected market information together with request's information Buyer decides the sourcing category: Sole Source, Tender or MOL Group Company (MGC). Tender: identifies suppliers on the market. Sole Source/MGC: proceed with step 4. <u>Sole Source/MGC:</u> Detailed reasoning has to be determined (Category Strategy, supporting benchmark data etc.)	R – SOU Buyer C – Requestor, Category Manager	
2.1	Define List of Supplier	Potential supplier list to be created for RfQ purposes in consultation with CM and/or Requestor.	R – SOU Buyer C – Requestor, Category Manager	-
3.1	Manage RfQ process	Simple Tender process can be managed via simplified RfQ process via eSourcing/Ariba S2C. The content of the RfQ (Simple Tender documentation) is defined under chapter 2.2.4. Before sending out the RfQ buyer should double check that the technical content does not contain any license protected document. In case the technical content contains any license protected information non-disclosure condition need to be checked before sending out any information for potential bidders. In case of any IT related topic, consultation with Cyber Security is required in advance.	R – SOU Buyer	Tender/RfX documents
3.2	Evaluation	Buyer performs evaluation of received quotes. Applicable evaluation methodology: Simple Comparison Table: due to homogeneous procurement tasks, where technical parameters are typically well-defined and consistent.	R – SOU Buyer C – Lead Buyer	-
4.1	Supplier Qualification	Based on result of evaluation/quotation process the proposed supplier have to go under a supplier qualification process (<i>defined in SLM PD⁶</i>) Corresponding report have to be attached to Supplier Selection Proposal.	R – SOU Buyer C – Lead Buyer	-
4.2	Supplier Selection Proposal (LVP)	Buyer documents and summarizes main actions and figures of the sourcing process together with evaluation results in Supplier Selection Proposal via LVP (Low Value Procurement) workflow in Bonita or in Ariba S2C system. The proposal documentation shall include at least the following information:	R – SOU Buyer, I –Lead Buyer/SOU Manager	-

⁶ Supplier Lifecycle Management Process Description

#	Process step	Process description	Responsibilities	Connected Documents and Templates
		<ul style="list-style-type: none"> general tender information (requestor, subject, estimated value, company scope, invited bidders, evaluation methodology, tender timing) number of received bids technically accepted bidders (reasons for disqualification, if was) price comparison (final ranking, discount rounds) proposed winner, final contract value, saving information, approved Individual Project Proposal (IPP)/System Improvement Requestor (SIR) (if applicable) supplier qualification report. 		
4.3	Supplier Selection Approval	Supplier Selection approval is made in accordance with rules laid down in MOL Group LDA.	R – SOU Buyer, D – LDA decision maker	-
In case (frame) contract will be concluded				
5.1	Create (Frame) Contract	If (frame) contract has to be concluded, SOU Buyer shall follow the Process described in the Contracting and Managing the Breach of Contracts regulation available in <i>chapter PROC2.5</i> .	R – SOU Buyer C – SOU LB	
5.4	Manage Contract Review Process	The contract review process described in the Contracting and Managing the Breach of Contracts regulation must be followed. Contract review process shall be executed in Ariba Contract module where such system is available.	R – SOU Buyer C – Finance/Legal/ HSE /Cyber Security ⁷ C – SOU LB	
5.3	Manage CO sign-off	'4 eye principle' to be applied: contract signature required from both Procurement and Requestor side in accordance with <i>Procurement Area Book (PAB)</i> . <i>Contract Signature Protocol</i> .	A –SOU Buyer R – SOU LB, Requestor's representative	
6.1	CO recording in ERP	As per supplier awarding results, Buyer is responsible for creation of contract record including initiation of master data set up, if needed.	R –SOU Buyer C – Master Data Management expert	
6.2	CO approval in ERP	The contract is to be approved as per defined ERP approval strategy.	R– SOU Buyer	
6.3	Manage post-contract administration	In case of contract modification SOU Buyer to manage changes as contract amendment ⁸ and in the systems as well (incl. obtainment of further LDA approvals, or/and request for master data modification, if needed).	R –SOU Buyer	
6.5	Hand-over case to OP	SOU buyer's responsibility to hand-over the whole contract documentation to OP team ensuring smooth approval -off transaction in the future.	R-SOU Buyer	
6.6	Scan & upload contract	All procurement contracts shall be registered in Ariba Contract module where such system is in place and signed contract shall be stored in the relevant Contract Workspace. In case there is no Ariba Contract module implemented, signed documents shall be uploaded to ERP / document management system, or in lack of those, to any dedicated repository.	R – SOU Buyer	

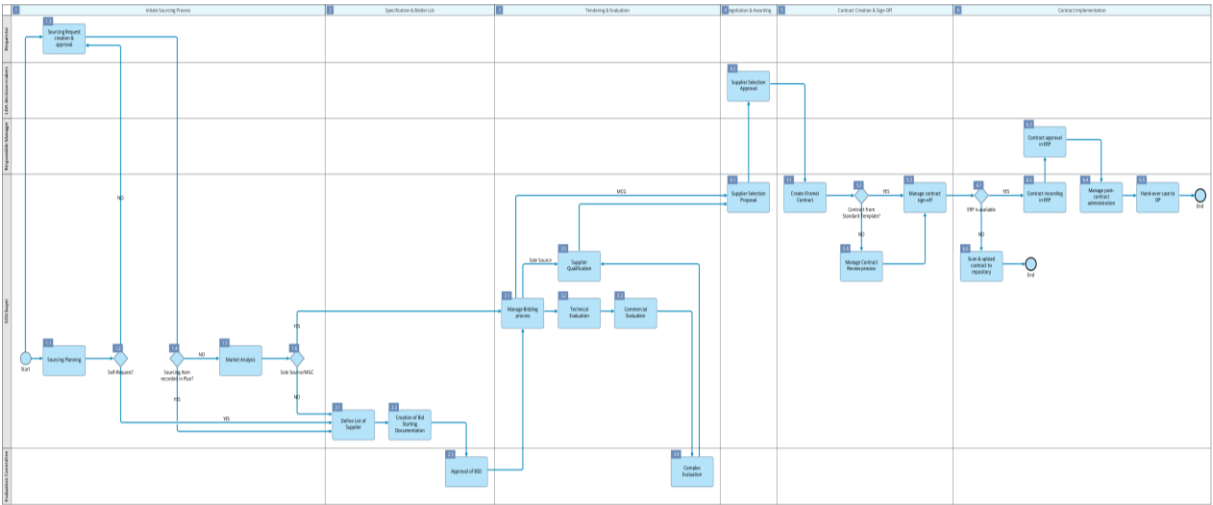
⁷in case of IT related related procedures

⁸ relevant rules and processes described in the Contracting and Management of Breach of Contract must be followed in case of contract amendment



#	Process step	Process description	Responsibilities	Connected Documents and Templates
In case IPO will be issued				
4.5	Case hand over to OP	In case an IPO is to be issued, SOU Buyer forward the case to relevant OP Buyer with all related documentation.	R – SOU Buyer	
5.5	Manage IPO creation	The process is defined in <i>D2D: Operational Procurement PD - Manage IPO</i> . IPO signature rules are defined in PAB.	R – OP Buyer	-

4.3 OVERVIEW OF STANDARD SOURCING PROCESS (> EUR 100 000) (2.1C)



RACI TABLE OF PROCESS: STANDARD SOURCING (2.1C)

#	Process step	Process description (i)	#	Process step
1.1	Sourcing Planning	Rolling sourcing planning includes Category Sourcing plan definition for at least the subsequent 12-month period, its recording and continuous updating in the relevant IT system(s). Category based planning of all go-to-market events is required in all cases when the total value of the subject sourcing event reaches or exceeds Eur 100 thousand.	A – Category Manager R – SOU Buyer R – Demand manager/Requestor	
1.2	Self-request	The sourcing event is initiated by Procurement (SOU or CM) in line with the Sourcing Plan if no further inputs are required from the Requestor. Details of self-requesting are defined under <i>chapter 6 point 2.1.3.</i>	R – SOU Buyer C – Category Manager	
1.3	Sourcing Request creation & approval	The sourcing event can also be initiated by the Requestor via Sourcing Request in accordance with the relevant sourcing plan item of the Category Sourcing Plan and it is approved by the superior of the Requestor. If the Sourcing Request is not in line with the Category Sourcing Plan or it is a non-planned request, it will be processed by Procurement only upon agreement of the responsible Category Manager.	R – Requestor C – SOU Buyer	-
1.5	Market analysis	In case of ad-hoc Sourcing Requests when the subject of sourcing is not covered by the Category Sourcing Plan, Buyer performs a market analysis. Based on collected market information together with request's information Buyer decides the sourcing category: Sole Source, Tender or MOL Group Company (MGC). Tender: identifies suppliers on the market. Sole Source/MGC: proceed with step 3.1.	R – SOU Buyer C – Requestor, Category Manager	
2.1	Define List of Supplier & Set-up EC	The potential supplier list consists of preferred suppliers in the given procurement category. The Category Sourcing Plan shall include the list of suppliers to be contacted. Evaluation Committee (EC) has also to be set up. EC related further instructions are defined under chapter 2.2.2.	R – SOU Buyer C – Requestor, Category Manager	-
2.2	Creation of Bid Starting Document (BSD)	In case of Tender, the Buyer prepares corresponding documentation (content of the Tender Documentation is defined under chapter 2.2.4) and create the Bid Starting Document (BSD) as per rules defined under <i>chapter 2.2.5.</i> and initiate associated approval workflow in Bonita or Ariba S2C system. Predefined Evaluation Methodology: Complex Evaluation Matrix is applicable in case of Standard Tender , where the Technical and Commercial evaluation scoring system is set. Scoring system must reflect the importance of technical capabilities, nevertheless price/cost factor must always be considered with at least equal proportion. As a general rule price/cost weight shall not be less than 50%.	R – SOU Buyer C – Requestor, Category Manager	
2.3	Approval of BSD	The BSD is to be approved by the EC.	R – SOU Buyer D – EC	
3.1	Manage Bidding process	Buyer manages Bidding process in given subject with identified supplier(s) via e-Sourcing or Ariba S2C system. Standard Tender process can be started only by approved BSD document.	R – SOU Buyer	Tender/RfX documents
3.2	Technical Evaluation	It is responsibility of Requestor side (who is part of EC) to perform the technical evaluation of received Bids as per parameters defined in Evaluation Matrix approved in BSD.	R – Requestor A – SOU Buyer	-
3.3	Commercial Evaluation	Upon closing of technical evaluation, the price Bids are going under commercial evaluation performed by Procurement	R – SOU Buyer C – Requestor	-

		side. In this case it is essential to bring all bids to the same technical level to be comparable from price or TCO ⁹ point of view.		
3.4	Complex Evaluation	The complex evaluation is summarizing both results of technical and commercial evaluation. This can indicate further negotiation rounds with shortlisted suppliers to achieve best results. The ranking of bidders is established based on the total scores achieved.	R - EC	-
3.5	Supplier Qualification	The proposed supplier have to go under a supplier qualification process (<i>defined in SLM PD¹⁰</i>) Result has to be indicated or corresponding report have to be attached to Supplier Selection Proposal.	R – SOU Buyer C – Lead Buyer	Supplier Qualification Report
4.1	Supplier Selection Proposal	Buyer documents and summarizes main actions and figures of the sourcing process in Supplier Selection Proposal via SSD workflow..	R – SOU Buyer, I – Lead Buyer/ SOU Manager	-
4.2	Supplier Selection Approval	Supplier Selection approval is made in accordance with rules laid down in MOL Group LDA.	R – SOU Buyer, I – Corporate Security ¹¹ D – LDA decision maker	-
5.1	Create (Frame) Contract	If (frame) contract has to be concluded, SOU Buyer shall follow the Process described in the Contracting and Managing the Breach of Contracts regulation in the role of Intermediary Function. Contract related further information is available in <i>PROC2.5</i> .	R – SOU Buyer C – SOU LB	-
5.4	Manage Contract Review Process	Contract review process described in the Contracting and Managing the Breach of Contracts regulation must be followed. Contract review shall be executed in Ariba Contract Module where implemented.	R – SOU Buyer C – Finance/Legal/ HSE/ Cyber Security ¹² C – SOU LB	-
5.3	Manage CO sign-off	'4 eye principle' to be applied: contract signature required from both Procurement and Requestor side in accordance with <i>Procurement Area Book (PAB) 4.4. Contract Signature Protocol</i> .	A –SOU Buyer R – Authorized representatives	-
6.2	CO recording in ERP	As per supplier awarding results, Buyer is responsible for creation of contract record including initiation of master data set up, if needed. .	R –SOU Buyer C – Master Data Management expert	-
6.3	CO approval in ERP	The contract is to be approved as per defined ERP approval strategy.	A– SOU Buyer	-
6.4	Manage post-contract administration	In case of contract modification SOU Buyer to manage changes as contract amendment ¹³ and in the systems as well (incl. obtainment of further LDA approvals, or/and request for master data modification, if needed).	R – SOU Buyer	-
6.5	Hand-over case to OP	SOU buyer's responsibility to hand-over the whole contract documentation to OP team ensuring smooth call-off transaction in the future.	R- SOU Buyer	-
6.6	Scan & upload contract	All procurement contracts shall be registered in Ariba Contract module where such system is in place and signed contract shall be stored in the relevant Contract Workspace. In case there is no Ariba Contract module implemented, signed documents	R – SOU Buyer	-

⁹ Total cost of ownership

¹⁰ Supplier Lifecycle Management Process Description

¹¹ In cases with procurement value exceeds EUR 1M

¹² in case of IT relevant procurement procedures

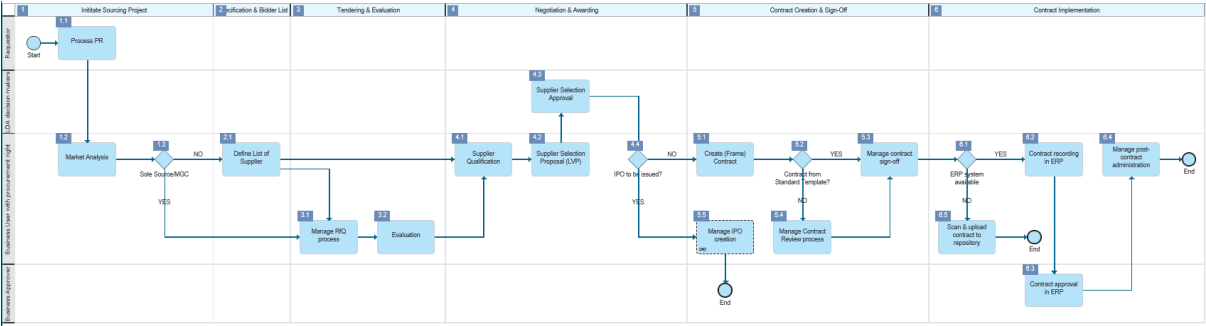
¹³ relevant rules and processes described in the Contracting and Management of Breach of Contract must be followed in case of contract amendment



		shall be uploaded to ERP / document management system, or in lack of those, to any dedicated repository.		
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Legend: **R** – Responsible; **A** – Accountable; **C** – to be Consulted; **I** – to be Informed.

4.4. OVERVIEW OF SOURCING PROCESS PERFORMED BY BUSINESS



RACI TABLE OF PROCESS: SOURCING PROCESS PERFORMED BY BUSINESS

#	Process step	Process description (i)	#	Process step
1.1	Process PR	The Request is created and approved by Requestor side. In case of Procurement by Business (PbB) it is not mandatory to create Request in Bonita/Ariba irrespective of the value, where an ERP is available. Most of the case the Requestor and BU Buyer (Business User with Buyer right) are the same person.	R – Requestor C – BU Buyer	-
1.2	Market analysis	(BU Buyer) performs a market analysis. Based on collected market information Buyer decides the sourcing category: Sole Source, Tender or MOL Group Company (MGC). Tender: identifies suppliers on the market. Sole Source/MGC: proceed with step 4. <u>Sole Source/MGC:</u> Detailed reasoning has to be determined (supporting benchmark data etc.)	R – BU Buyer C – Requestor, Category Manager	
2.1	Define List of Supplier	Potential supplier list to be created for RfQ purposes in consultation with CM and/or Requestor.	R – SOU Buyer C – Requestor, Category Manager	-
3.1	Manage RfQ process	Simple Tender process can be managed via simplified RfQ process. Using of eSourcing/Ariba S2C for this purpose is not mandatory in case of PbB. The content of the RfQ (Simple Tender documentation) is defined under chapter 2.2.4.	R – BU Buyer	Tender/RfX documents
3.2	Evaluation	Buyer performs evaluation of received quotes. Applicable evaluation methodology: Simple Comparison Table: due to homogeneous procurement tasks, where technical parameters are typically well-defined and consistent.	R – BU Buyer	-
4.1	Supplier Qualification	The proposed supplier have to go under a simple supplier qualification process (legal and financial check in officially available company database).	R – BU Buyer	-
4.2	Supplier Selection Proposal (LVP)	Buyer documents and summarizes main actions and figures of the sourcing process together with evaluation results in Supplier Selection Proposal via LVP (Low Value Procurement) workflow in Bonita or in Ariba S2C system. The proposal documentation shall include at least the following information: <ul style="list-style-type: none"> • general tender information (requestor, subject, estimated value, company scope, invited bidders, evaluation methodology, tender timing) • number of received bids • technically accepted bidders (reasons for disqualification, if was) • price comparison (final ranking, discount rounds) • proposed winner, final contract value, saving information, approved Individual Project Proposal (IPP)/System Improvement Request (SIR) (if applicable) • supplier qualification report. 	R – BU Buyer,	-
4.3	Supplier Selection Approval	Supplier Selection approval is made in accordance with rules laid down in MOL Group LDA.	R – BU Buyer, D – LDA decision maker	-
In case (frame) contract will be concluded				

#	Process step	Process description (i)	#	Process step
5.1	Create (Frame) Contract	If (frame) contract has to be concluded, Business shall follow the process described in the Contracting and Managing the Breach of Contracts regulation. Contract related further information and requirements are available in chapter <i>PROC2.5..</i>	R – BU Buyer	
5.4	Manage Contract Review Process	Contract review process described in the Contracting and Managing the Breach of Contracts regulation must be followed.	R – BU Buyer C – Finance/Legal/ HSE /Cyber Security C – SOU LB	
5.3	Manage CO sign-off	In case of contract managed by Business , contract signature required from authorized signatory of the given Business in compliance with <i>Procurement Area Book (PAB) 4.4. Contract Signature Protocol</i> .	R –BU Buyer	
6.1	CO recording in ERP	As per supplier awarding results, Buyer is responsible for creation of contract record including initiation of master data set up, if needed. .	R –BU Buyer	
6.2	CO approval in ERP	The contract is to be approved as per defined ERP approval strategy.	R– BU Buyer	
6.3	Manage post-contract administration	In case of contract modification BU Buyer to manage changes paper based ¹⁴ and in the system as well (incl. obtainment of further LDA approvals,or/and request for master data modification, if needed).	R –BU Buyer	
6.5	Scan & upload contract	All procurement contracts shall be registered in Ariba Contract module where such system is in use by the Business and signed contract shall be stored in the relevant Contract Workspace. In case Ariba Contract module is not used, signed documents shall be uploaded to ERP / document management system, or in lack of those, to any dedicated repository.	R – BU Buyer	
In case IPO will be issued				
5.5	Manage IPO creation	The process is defined in <i>D2D: Operational Procurement PD - Manage IPO</i>	R – BU Buyer	-

Legend: R – Responsible; A – Accountable; C – to be Consulted; I – to be Informed.

¹⁴ relevant rules and processes described in the Contracting and Managing the Breach of Contracts regulation must be followed in case of paper-based contract amendment

5 ADDITIONAL INSTRUCTIONS TO BE APPLIED

PROC2.1. INITIATE A SOURCING PROJECT

2.1.1. SOURCING PLANNING and SOURCING REQUESTING

CATEGORY SOURCING PLAN

Sourcing planning is a category management driven rolling planning exercise covering all planned go-to-market events/sourcing activities in the specific category at least in the subsequent 12-month period. The Category Sourcing Plan includes planned sourcing events which enable the implementation of the approved category strategy. Similarly, in categories without formally approved category strategy the category sourcing planning is led also by the responsible category manager in cooperation with the affected sourcing and requestor units. Sourcing planning is mandatory in case of Standard Sourcing (sourcing value > Eur 100 thousand), however procurement managers of local units can decide to plan sourcing also in lower value ranges.

The Category Sourcing Plan shall be created and continuously maintained in the relevant IT system (Bonita/Ariba S2C). Recording in Ariba S2C is the task of the Category Manager if it is part of an approved Category Strategy. In other cases (no approved Category Strategy, not part of Category Strategy, Bonita execution) recording in the system is the task of the sourcing buyer who has been assigned to the sourcing event as responsible buyer.

The Category Sourcing Plan as recorded in the relevant IT System shall always represent the most up-to-date sourcing plan information. Maintenance of the Category Sourcing Plan is responsibility of the assigned Sourcing Buyer and involves creating new items, updating of previously recorded sourcing plan items according to the most recent information and cancellation of previously recorded but no longer relevant sourcing events from the plan.

Technically, ad-hoc sourcing procedures which were not planned in advance become part of the Category Sourcing Plan upon creation of the Sourcing Request and where Ariba S2C is not in place, in parallel the plan item in Bonita system, but any ad-hoc Sourcing Request can be recorded as a plan item and processed by Procurement only upon agreement of the competent category manager.

CM is accountable for having up-to-date information in the CSP. In order to assure the data quality CM shall check quarterly:

- if existing contract expires in the coming period (min 1,5 year) and the category/topic needs to be covered by contract even in the future and not yet planned;
- the budget approved for the contract is expected to be fully used in the coming period, though the contract is not expiring yet and the value increase is not yet planned;
- certain foreseeable external events or market trends justify a go-to-market action (renegotiation);
- if all planned items had started according to plan

Category Managers shall involve respective Sourcing units in the quarterly revisions and it is SOU responsibility to collect further inputs from Business units in regards of the plan items. The [planning excel template](#) can be used for collecting the available data and as a working file.

In each calendar quarter the Category Sourcing Plan is presented for validation to the Category Board or other BU/FU management forum as defined by the relevant Divisional Procurement Leader. Validation is meant as business management's agreement to the execution of the sourcing procedures in a category under the conditions set out in the Category Sourcing Plan. At this forum it is highly recommended to share a summary of previous quarter and special focus on the next quarter top procedures. Presenting the CSP for validation is responsibility of the CM but in case local BU managers are involved, CM can involve local sourcing to communicate the summary. In case Project related or

other plan items where there is no CM assigned, responsible SOU shall communicate the plan updates towards BU.

SOURCING REQUEST

The Sourcing process can be initiated on the basis of approved Sourcing Request. Standard Sourcing procedures need to be planned as detailed above and the Sourcing Request shall be initiated from the Category Sourcing Plan

The minimum required data content of the Sourcing Request is as follows:

- Technical Scope: Requestor must describe the properties and attributes of its requirement in details according to the preferences. The Technical Scope shall be elaborated in a way that it is clearly understandable for all the potential suppliers and detailed enough to determine the features of the required material or service: specifications, technical parameters, technical drawings, etc. In case of specific requirements on the requested service/work in regards of the service level, skills/education/certification of the service provider's involved employees, quality of the tools or equipment used during the execution, ... etc, it shall be described clearly in the technical requirements. Technical specification must be transparent and in line with CS. It is expressly prohibited to set extra requirements or require unjustifiably strict specifications that can limit the potential pool of suppliers or increase the costs without real benefit.
- CAPEX/OPEX: It shall be defined whether the requested materials/services are CAPEX or OPEX related; if CAPEX, IPP relevant or not.
- Requested volume: The Sourcing Request shall clearly define the quantities/volumes to be purchased, whenever is possible.
- Proposed Bidders: Requestors shall include in the Sourcing Request a list of potential suppliers/partners which will be able to successfully take part in a Tender procedure, or – being a single supplier – shall be selected without bidding; proposed suppliers shall be defined in accordance with Sourcing Plan of relevant CS, if there is implemented.
- Requirement Date: The Requestor shall specify the date when the required service/material must be available. The time schedule of the Sourcing Procedure shall be set according to this information. Planned Contract Signing Date shall be continuously updated on the Sourcing Project in Ariba until the SSD workflow is initiated, but shall not be modified once the SSD workflow has been sent for approval.
- Estimated Value: Based on historical data – if any – or business estimates, the Requestor shall estimate the value of the subject. The value shall be given for the complete scope of the Sourcing Procedure. In case of multi-company tenders involving more MOL Group Company scopes, the value shall be split by Companies.
- HSE Risk Category: The HSE Risk Category (Low; Medium; High or not HSE relevant) of the subject shall be determined by the Requestor and indicated in the Sourcing Request.

Additional requirement in case of Tender

Technical Evaluation Criteria: Requestor shall define the criteria to be considered from technical point of view during supplier selection. If Requestor specifies criteria that only a few (or even one) Bidder can comply with, the Buyer must investigate the situation, and shall ask for proper justification (even from relevant department from superior organization).

Additional requirement in case of Sole Source

Justification for exemption from tender: The case of sole sourcing has to be predefined in Sourcing Plan of relevant CS. In lack of implemented CS, Requestor shall provide a detailed reasoning for these cases.

2.1.2. SOURCING REQUEST CREATION AND APPROVAL

The Sourcing Request shall be created/activated and approved¹⁵ by Requestor's side in accordance with the following rules:

- Sourcing Request are subject for approval of Requestor's cost center owner or line manager
- Sourcing Request creation and approval in Bonita/Ariba S2C is mandatory:
 - if the end product is a frame contract in all cases
 - if there is no ERP or other dedicated IT system for PO management process and the value exceeds EUR 1 000.

	IT system for Sourcing Request Creation & Approval		
	Frame contract requested	Individual Contract requested, Purchase Order requested	
		Where ERP* is in place	Where ERP* is not in place
< EUR 1000	-	ERP	Offline
EUR 1000 < EUR 10 000	Ariba S2C	ERP	Ariba S2C
EUR 10 000 < EUR 100 000	Ariba S2C	ERP/Ariba S2C**	Ariba S2C
EUR 100 000 <	Ariba S2C		
	* or dedicated IT system capable for PO management process		
	** depending on the subject and complexity of the request		

If the Sourcing Request contains the demand of multiple units, then Managers of all affected units shall approve it. If the Requestor and the End-User are not matching (i.e. Functional Procurement), or the Request incorporates multiple BU/FUS' needs than it is the responsibility of the Requestor to obtain the consent of all the End-User(s) for the process. Requestor shall attempt to unify the matching demands, and to submit a consolidated Sourcing Request.

Special requirements in case of investment related Sourcing Request:

In case of CAPEX projects required for Individual Project Proposal (IPP)/System Improvement Request (SIR), Sourcing Request can be submitted by Requestor prior to/ in parallel with the IPP/SIR approval process. The sourcing process can also be started subsequently, keeping the main rule that the Supplier Selection Document (SSD) can be sent for approval if and when the relevant IPP/SIR is duly approved. For detailed rules applicable in case of CAPEX/Project Procurement please go to chapter PROC5.

The Sourcing Request shall be rejected by the (Lead) Buyer if there is a valid Frame Contract for the subject of the Request and the demand can be fulfilled by a call-off from a Frame Contract.

2.1.3. SELF-REQUESTS

Procurement Units are entitled to initiate and execute Sourcing Procedures within its own competence in order to conclude Frame Contracts with suppliers for the supply of materials or the provision of

¹⁵ In case of sourcing activity related to existing contracts (SS-value increase, SS-accession contract, SS-roll-over), the Request is considered as approved if it is initiated from Contract Workspace in Ariba.

services regularly and continuously used by many or all BUs/FUs of the Company. In this case Procurement can gather the technical information from various BU/FU which may be affected, establish evaluation criteria, and also select the potential invitees. Based on demand estimations Procurement also shall assess the frame value. In such cases Sourcing Request creation and approval are not required.

PROC2.2. SPECIFICATION & BIDDER LIST

2.2.1. SOURCING CATEGORY & SOURCING TYPE

In case of Standard Sourcing the Sourcing Category is defined in the Sourcing Plan of relevant CS. In case such Sourcing Plan is not available, and in case of Simple and Operational Sourcing the Buyer receiving the request has to define the proper Sourcing Category to proceed. The classification of sourcing procedure is described under chapter 4.¹⁶

2.2.2. EVALUATION COMMITTEE (EC) - applicable only for Standard Tender

Evaluation Committee (EC) has to be set up in case of Standard Tender. The composition of the EC and the number of EC member are to be optimized ensuring the effective decision-making process.

Members of the EC

The EC is chaired by the nominated representative of Procurement and consist of members delegated by the Requestor/End-User Units, as well as representatives of further Functional Units (e.g. HSE, Security etc.) if applicable. The EC is to be set up as follows:

- The EC shall include minimum one Buyer and Requestor's representative; over a value of **EUR 1 million** minimum *two Buyers* shall take part in the EC (dedicated Buyer is responsible for the end-to-end sourcing process, the other one acts as reviewer keeping 4-eye principle, participating in negotiations if needed etc.)
- If the relevant LDA approver is a member of the EC, the SSD approval workflow shall be approved by the leader one level higher
- Involvement of representative of competent *HSE organization is mandatory* in case of Tenders **with Medium or High HSE risk category**, in the work of the EC in order to ensure the compliance of the process with the relevant internal and external HSE rules and regulations
- The EC may be supported by **other (technical, legal, finance, Cyber Security etc.)** internal or external **experts** who are not members of the EC; they and their roles are also validated in the BSD; external experts have to make proper declaration on not having any conflict of interest in the given subject
- In case of **material procurement**, representative of the *local* organization responsible for *Inventory Management* should be involved as an expert in the work of the EC.

Responsibility of the EC

- Execute the sourcing process
- Define the final evaluation methodology
- Define the list of suppliers to be invited in line with the relevant Category Strategy
- Compile the tender documentation (ItB)
- Perform the evaluation and make proposal for the supplier awarding
- Ensure strict single channel communication keeping the highest level of confidentiality
- Review the HSE risk category and define necessity of HSE qualification audit.

¹⁶ Detailed definition of each Sourcing Category is available in *Appendix 2*.

- Report any suspicion fraudulent case to EC chairman, who is responsible for submitting such case towards competent Security and Compliance Team.

Decision Competencies of the EC

- Modify the Bid Submission Deadline and Tender Schedule
- Invite additional suppliers (without modifying any condition of the Tender)
- Increase the number of Evaluation Committee members with internal or external expert(s)
- Shortlist Bidders
- Request quotation for additional services/materials (without modifying relevant conditions)
- Disqualify Bidders
- Modify HSE risk category
- Approve BSD
- Propose supplier selection

2.2.3. EVALUATION CRITERIA

Suppliers' bids are always evaluated according to a pre-defined evaluation criteria. As main rule the evaluation criteria shall be defined latest by the date of starting the bid evaluation but in case of Standard Sourcing the set of criteria to be applied for supplier selection in a specific category is preferably defined already in the Category Strategy. If the strategy has not been defined yet for a category or the strategy does not include the preferred evaluation criteria, the criteria shall be defined latest by the BSD approval.

It is highly recommended to consider Vendor Post Evaluation (VPE) results (where available) in the evaluation and embed this information into the evaluation criteria.

Disqualification Criteria

Most tenders apply disqualification criteria when a specific ability, attribute, certificate etc. is defined as a pre-requisite for the evaluation of the suppliers' bids. In case of time-driven tenders, non-compliance with the required performance/delivery date could be considered also as a disqualification criterion with proper justification.

Disqualification criteria can also be a ongoing fraud investigation or any identified fraud related issue based on the following guidelines:

- If anti-fraud delict or illegal, non-compliant organizational measures in the process are proven, the supplier will be disqualified by the formal decision of EC
- If fraud investigation is in process, the EC has the right and the responsibility to make decision if they even want to take the risk or not, in consultation with competent Category Manager.

Disqualified Bidders cannot take part in further phases of evaluation process.

Minimal Technical Requirements

In such cases where there are pre-defined minimum technical requirements. These minimum technical requirements can include the aspects that were defined in the Category Strategy or in the Technical Scope. The bid can be considered as technically qualified if:

- it reaches a predefined minimum score during the Technical Evaluation, or
- the total score achieved by the bid during the Technical Evaluation reaches or exceeds the average technical score of evaluated bids, or
- it passes the yes/no type suitability criteria.

Sustainable Development Aspects

The aspect of Responsible Procurement always has to be taken into consideration during the sourcing process: meeting of business needs for materials and services in an environmentally friendly, responsible and ethical way, also meeting of general health, safety and environment protection requirements. Sustainable Development (SD) aspect of given category is also to be defined in the relevant CS. If there is no CS implemented yet in such case, the below guideline shall be applied:

- If all other evaluation criteria are identical
 - the environmentally-friendly/environmentally safer solution shall be preferred;
 - product or service available from a shorter distance are more favorable.
- **Life Cycle Management:** Monitoring and mitigation of potential adverse environmental impacts of a given product from "cradle to grave" that includes product development, impact on biodiversity, health and safety considerations, as well as procurement process standards.

If environmentally-friendly/ safer products/services are favored during the evaluation, it shall be clearly indicated in the SSD.

Total Cost of Ownership (TCO)

During the evaluation **not only the price level** of the subject material or service is taken into account, **but also associated costs** (and in some cases extra benefits, as well as potential revenues) which would arise by a selection of the certain supplier (e.g.: cost of warehousing due to longer lead time; costs of additional replacement/service parts; maintenance or operating cost, including energy consumption cost during the entire life-cycle, replacement of auxiliary equipment or maintenance tools; change of current protocols, licenses, etc.). Categories for which TCO evaluation shall mandatorily be applied and the relevant TCO evaluation models shall be detailed in the relevant Category Strategy. Detailed TCO related instruction is available in *Appendix 3*.

2.2.4. TENDER DOCUMENTATION

MANDATORY ELEMENTS	SIMPLE SOURCING ≤ EUR 100 000	STANDARD SOURCING > EUR 100 000
Simplified Request for Quotation (RfQ) document	X	-
Invitation to Bid (ItB) documentation including Bidding Terms and Conditions	-	X
Technical Scope containing clear definition of all technical requirements including available technical data and information (specifications, technical drawings, technical parameters)	X	X
Price Sheet	-	X
General Terms and Conditions of Purchase (GTCP) ¹⁷	X	-
Draft Contract	-	X
GPDR questionnaire ¹⁸ – mandatory in case of HR and IT related Tenders		
Confidentiality Statement (or Non-disclosure Agreement (NDA))	Optional	X
Subcontractor Registration Datasheet	X	X
Declaration on acceptance of supplier qualification rules ¹⁹	X	X
Declaration on acceptance of GPDR rules	X	X
Declaration on MOL Group's Information Security rules	X	X

¹⁷ Bidders having valid Master Service Agreement (MSA) contract must be allowed to send their offer according to its terms and conditions

¹⁸ Available in *Appendix 5*

¹⁹ only in case of procedures not managed in eBidding module of eSourcing/Ariba S2C system when these declarations are made therein

MANDATORY ELEMENTS	SIMPLE SOURCING ≤ EUR 100 000	STANDARD SOURCING > EUR 100 000
Declaration on acceptance of the HSE Appendix in case of Medium/High HSE risk	x	x
Code of Responsible Procurement	x	x

SPECIAL ELEMENTS

Bid Bond

In exceptional cases involving high value and/or complex procedures Submission of a bid bond as part of the Bid may be required from the bidders.

The bid bond is a financial guarantee provided by the bidder in favor of inquirer in the form of an irrevocable bank guarantee to assure that, should the bidder be successful in the tender, the bidder will execute the contract under the terms agreed during the evaluation and will provide the required performance or payment bank guarantee. The bid bond provides the necessary security to the inquirer guaranteeing that the bidder will enter into contract, if it is awarded.

Inquirer shall be entitled to draw the amount of the bid bond submitted by a bidder if said bidder withdraws its bid during the binding (bid commitment) period, or if the awarded bidder refuses to conclude the contract with inquirer within a reasonable time limit.

If bid bond is requested from the bidders in a tender process the bid bond template with text and condition agreed by the competent Treasury organization shall be attached to the Tender Documentation and the bidders shall be instructed to issue the bid bond accordingly.

Reach/CLP Relevancy

In case of procurement of chemicals falling under the scope of REACH and/or CLP regulation (i.e. products either substance, article or mixture according to REACH Regulation), – which shall be indicated in the Sourcing Request by the Requestor – it shall be stated in the Tender Documentation that the Confirmation of REACH and CLP compliance questionnaire document has to be filled in by the bidder and this document shall be attached to the Bid in order to provide detailed information on the registration of the Product according to REACH Regulation and/or notification according to CLP Regulation. In such case the Confirmation of REACH and CLP compliance questionnaire to be completed and returned by the supplier shall be included in the Tender Documentation.

2.2.5. BID STARTING DOCUMENT (BSD) CREATION AND APPROVAL - applicable only for Standard Tender

Specification phase of Standard Tenders is closing by the approval of BSD by the EC. BSD approval represents EC members consent regarding:

- The scope and schedule of the tender
- The estimated value of the sourcing process
- The list of Suppliers to be invited/participating²⁰
- Evaluation methodology
- Evaluation principle
- Evaluation criteria.

In case of change in any of the conditions enlisted below following the approval of the relevant BSD, it shall be highlighted in the subsequent SSD to LDA decision makers' attention:

²⁰ In case of Open Tender

- change in the composition of the EC;
- change substantially influencing the basic concept, technical content;
- purchase value increase by more than 5%;
- change in the approved evaluation methodology, weighting, set of criteria;
- changes in the list of invited suppliers.

PROC2.3. TENDERING AND EVALUATION

2.3.1. TENDERING

Tendering and other RfP processes managed by Sourcing exceeding EUR 10 000 shall be managed via eSourcing(eBidding)/Ariba S2C system, , where such system functionality is implemented. Where it is not available, for different sourcing procedures (Tender, Sole Source, MGC) the following forms of bid submission can be considered: conventionally (by post), electronically (via e-mail to dedicated e-mail address, via e-mail in password protected files). Any deviations from this rule shall be approved case by case by the relevant Sourcing Manager and this approval shall be attached into the SSD document.

Bids validation is the Sourcing Buyer's responsibility: check the completeness of the required documentation, whether the bidders have submitted all relevant documents in the required form and with data content.

If only one (1) valid (i.e.: evaluable) bid has been received, one of the following scenarios shall be applied based on EC decision:

- The process is continued as a Tender procedure and the bidder will be proposed for supplier selection, but with the special conditions defined in the sourcing category SS – 'Tender with one final Bid' (former Market Situation) category; or
- It is required to re-launch the process with modified details (i.e.: modified technical requirements, invite more Bidders, etc.)

In case two (2) valid (i.e. evaluable) bids are received, the process shall be continued with evaluation; the fact that less than three eligible bids were received shall be recorded in the Supplier Selection Proposal.

Clarification activities are taken place during Bids validation, Technical evaluation and also during Commercial Evaluation. It is always the Buyer's responsibility to send out clarification questions to the Bidders and also to forward their responses to the members of EC. Generally during Clarification (unlike during pre-bid Q&A discussions) the clarification must be sent to the affected Bidder only. If such information would affect multiple Bidders than it shall be submitted for them simultaneously.

e-Auction

If the sourcing event is suitable for auctioning, it is recommended to apply e-auction. The available e-auction types and their descriptions can be found in appendix 9.

In case e-auction is applied, it is mandatory to inform the Bidders about main rules, timing and type of the auction prior to the start of the event. It is highly recommended to organize and run test auction with the participation of the Bidders before the live event starts.

It is highly recommended to include the possibility of running an e-auction event within the tender procedure into the ItB documentation.

Fraudulent Activities – Cartels and Corrupt collusions

The cartel – being the unlawful co-operation of bidders and one of the most serious competition law infringement – is the most serious risk the procurement procedure is exposed to. Proactive identification of assumed cartels by the Buyer is very important during the procurement procedure. When detecting the signs of cartels, preventive measures shall be taken.

If any of the EC members receives information about suspected cartel of bidders the corrupt collusion between bidders and MOL Group employees, or any unlawful co-operation is assumed between the bidders with regard to the given procedure, the given EC member is obliged to report this fact to the Chairman of the EC without delay, who is responsible for submitting such case towards competent Security and Compliance Team.

Upon finding evidence of fraudulent activities the EC shall decide in consent with responsible Category Manager of the following actions (or other proposed arrangement) shall be taken:

- Close the procedure without supplier selection;
- The bidding process is continued with disqualification of bidders suspected to be involved in fraudulent activities;
- The bidding process is continued with extension of the group of bidders etc.

Conflict of Interest Rules

Rules applicable to avoidance of conflict of interests must be observed according to *SEC_1_Security Area Book*.

Involved individuals are expressly liable for disclosing in writing any conflict of interest regarding themselves towards the manager exercising employer's rights. Involved external experts' conflict of interest shall always be examined and stated in writing and submitted to Corporate Security.

In case of sourcing procedures **above 1 million EUR** the competent Security organization shall be informed about the basic details of the sourcing procedure to check conflict of interests in due time.

Competent Security organization:

- in case of Group execution: Group Security
- in case of local execution: relevant local Security

The nominated representative of the competent Security organization shall be involved as additional reader in the relevant Bonita PAW/Ariba approval workflow (BSD in case of Tenders, SSD without BSD in case of Sole Source).

If there is a need for involving an internal expert in the process or if there is a change in the composition of the EC in case of tenders following the BSD approval, the EC Chairman shall inform via e-mail the nominated representative of the competent Security organization about the expert involvement or EC member change.

Cyber Security Requirement

In case of any sourcing process that has (or potentially has) IT and/or Cyber Security relevancy (directly or indirectly), Buyer shall notify responsible IT organization about the initiation of the procedure and requirement set in *Cyber Security Compliance (CYB1.2_PD1)* has to be fulfilled: a Cyber Security questionnaire has to be filled by proposed supplier(s) and the result will be checked by representative of Group Cyber Security Assurance team (Cyber Security) within 5 working days as part of qualification process. In case of contract conclusion, it has to be countersigned by Cyber Security as well. Each contract must contain the Cyber Security clause as an addendum. Further related instruction is defined in Appendix 4.

HSE Relevancy

HSE relevancy of each sourcing procedure shall be examined and evaluated during the entire sourcing process.

Suppliers providing services with **Medium** and **High** HSE risk relevancy have to go under HSE pre-screening, pre-qualification process defined in *PROC_PD4_Supplier Lifecycle Management Process Description*:

- *Medium and High Risk Category*: Bidders must be pre-screened; bidder providing best offer must be also pre-qualified.

In case of “Medium” and “High” HSE risk activity tenders and HSE expert shall be involved (by the Buyer) before the tender invitation to define activity specific HSE tender evaluation criteria and to define the suitable, activity specific HSE Annex to be attached to the draft contract in the technical evaluation process (from HSE aspects).

In case of “Medium” and “High” HSE risk activities, bidders and their involved subcontractor(s) shall be evaluated from HSE aspects (checking the submitted HSE documents proving that the Bidder meets the predefined activity specific HSE tender evaluation criteria).

In case of “High” HSE risk activities, the technical evaluation (from HSE aspects) shall include a HSE audit (regardless of supplier’s existing valid SCC certificate).

Evaluation: HSE evaluation factors must be considered by Evaluation Committee during the establishment of Evaluation framework.

HSE Appendix: In all contracts under which the contracting party and/or related subcontractor enters into MOL Group Company’s territory, the contract has to include the HSE requirements of MOL Group, HSE Appendix has to be attached as acknowledgement such rules. The HSE Appendix must be incorporated in the Draft Contract of the ITB.

HSE Performance Evaluation: HSE performance of suppliers involved in Medium and High risk category contracts are regularly evaluated via supplier performance evaluation process defined in *Supplier Life Cycle Process Description (PROC_PD4)*. It is part of supplier performance evaluation process and the results are to be considered during Supplier Relationship Management as well as Category Management framework

Responsible Procurement: acceptance of Code of Responsible Procurement is mandatory element of the contracts, therefore sharing the Code of RP and collecting the statement of acceptance shall be part of the tender procedure

2.3.2. EVALUATION

The **pre-defined evaluation methodology approved in BSD must be kept** for the whole evaluation procedure.

Technical Evaluation

In case of sourcing procedures under HPC codes for which a technical pre-screening questionnaire is available in the eSourcing system, the technical pre-screening status shall be checked during the technical evaluation. The results of the technical pre-screening shall be part of the Evaluation Matrix. If EC decides about the necessity of a technical pre-qualification audit, its results shall be recorded in the System providing all relevant details. HSE pre-qualification process has to be performed during the technical evaluation phase, if applicable.

In the course of technical evaluation bids are examined from technical compliance point of view. As a general rule, bids shall be evaluated not by comparison, but based on objectively defined technical parameters. There can be cases when different technical specification results in different financial

benefits – and commercial benefits can be objectively measured, technical comparison can be supported.

Commercial Evaluation

During the first round of Commercial Evaluation the Buyer shall make sure that all bidders have made the Price Bid according to the same conditions (e.g.: delivery terms, currency) and according to the requested pricing methodology (e.g.: itemised price list, lump-sum quotation, etc.). **The first round of Commercial Evaluation results in the preliminary ranking of Bidders.**

Documents that contain price-related information (bids, commercial offers, etc.) are expressly subject to confidential treatment. Therefore documents containing price-related information, as a general rule, shall be disclosed with the lowest possible number of people. The Buyer shall prepare price evaluation for decision-making, and if necessary, with the assistance of the EC members. Until the closure of the evaluation and the approval of the SSD, price-related information shall be treated as confidential information, disclosure thereof to any third party who is not EC member, recipient of the SSD workflow with any role, including the recipient's line manager or any professional line manager of the Buyer is considered as violation of confidentiality rules.

Shortlisting

Bids considered as not competitive from a certain point of view after the first round of Commercial Evaluation optionally can be excluded from the further evaluation and only the competitive bids are put on the Shortlist, which is subject to EC decision. In the following step only the shortlisted bidders shall be involved in further actions till SSD approval.

Contract benchmarking

By benchmarking the existing contracts (or previous contracts) in the subject Buyers will better understand the realities and the possible discount they can (and shall) apply for.

In SS and MGC cases it is important to check the benchmarks and include the result of the contract benchmarking in the SSD also, as in the lack of counteroffers it is vital to check the price level of the offer and prove that it reflects market conditions.

Saving reporting

Saving is the cost reduction achieved via sourcing activities and contract (re)negotiations process. It is reported by Sourcing and validated by LDA approvers upon approval of the corresponding SSD. Saving reporting related rules are defined in *Appendix 5*.

PROC2.4. NEGOTIATION AND AWARDING

2.4.1. CONTRACT TERMS NEGOTIATIONS

The basic contractual terms shall be negotiated and agreed upon with the potential supplier(s) before closing the Commercial Evaluation, as certain contractual terms and conditions may have considerable commercial impact to be taken into account when finalizing the Supplier Selection Proposal.

Basic contractual terms to be agreed with the potential winner include minimum the followings:

- Penalties (Liquidated Damages)
- Payment terms
- Guarantee/Warranty conditions
- Limitation of liability (if applicable)
- Governing law
- Contract termination

- HSE appendix with HSE enforcement rules and penalties.

Upon necessity the representatives of Finance and Legal departments shall be involved during the contract negotiation.

Price Negotiations

The objective of price negotiations is to negotiate the best possible price conditions during the Commercial Evaluation. Price negotiations can be managed via correspondence, phone or video conference, in the sourcing system and/or in personal meetings. In all cases the bidder shall be requested to confirm the agreement reached during the negotiations by submitting a modified Price Bid.

Unsuccessful Tenders And Repeated Procedures

If a procurement procedure proves to be unsuccessful due to the fact that there is a substantial gap between submitted bids and expectations defined in the Tender Documentation, or no valid Bid was received, the only solution is to declare the tender process as non-successful and start a new procedure.

If Bid prices are varying considerably, or the proposed prices are too high compared to the planned/approved budget then it is the responsibility of the EC to decide whether to clarify the reasons with the bidders or to suggest the LDA approvers to declare the procedure unsuccessful and initiate a repeated sourcing procedure.

Evidently, prior to the commencement of the repeated procedure, the Tender Documentation shall be reviewed to eliminate traps, defects and shortcomings. Corresponding Bonita/Ariba documents shall be cancelled with detailed case explanation.

2.4.2. LDA APPROVAL OF SUPPLIER AWARDING

General

Suppliers awarding shall be performed upon decision-making rules defined under MOL Group LDA, chapter 'Non-value chain procurement of materials, assets and services' in case of sourcing procedures with value above EUR 10 000. . Cases below 10kEUR shall be approved according to PAB provisions.

There are additional rules of decision-making in Procurement Area Book Appendix 3 that shall be considered for supplier awarding process.

The approval process is to be initiated by the responsible Buyer and approvals shall be obtained in the appropriate procurement approval workflow in the relevant system (Bonita/Ariba S2C).

The value to be considered for the definition of the proper LDA approver level shall be defined based on the rules set in LDA.

Business Owner side 2nd and 3rd level decisions (D) are always made by Group decision makers, 4th level decisions and below are to be made either by Group or Local decision makers depending on which unit (Group or Local) acts as Requestor side in the sourcing process.

Individual or frame contract(s) can be concluded/IPO can be issued only upon due approval of SSD by LDA approvers. In the SSD the approvers shall be properly informed about the qualification results of the supplier(s) proposed for contracting by attaching the supplier qualification report.

In case a bidder with *"Not supported for contracting"* qualification result is proposed for contracting Buyer shall call LDA approvers' attention to this fact in the proposal documentation providing reasons for proposing the supplier for contracting despite the negative qualification results.

If – despite all efforts of the Buyer - the qualification status of the supplier to be selected for contracting is missing and the supplier is reluctant either to register online or to provide the completed qualification questionnaire in hard copy, this fact has to be made known to the LDA approvers during the approval process so that they could make their relevant decisions upon due evaluation of the potential risks.

Functional Procurement

In case of functional procurements (falling under the professional responsibility of functional organisations – described by MOL Group DTR), if the budget owner Business Unit will act as Business Owner, entitled to make Decision (D) the Business Owner is responsible for informing and involving the competent Functional Unit at the beginning of the sourcing process.

In case the Functional Unit is the budget owner, the Decision (D) shall be made by the Functional Unit as Business Owner.

Exceptions

Generally, in case of procedures that do not result in contract value increase or/and scope decrease, except for the validity extension of frame contracts, LDA approval is not required.

In case of SLA contacts concluded between two MOL Group Companies, rules defined in LDA IV./f shall be followed.

Offer management (Shop supply)

Approval of supplier contracts related supply goods for re-selling in Service Stations (SeS) is in the competency of Retail Offer Management by default, the rules defined herein only applicable in cases when shop supply related procedures are managed by Procurement.

PROC2.5. CONTRACT CREATION AND SIGN-OFF

Upon due approval of SSD, a document embodying the contractual relationship with selected supplier must be concluded. The rules set forth in the Contracting and Managing the Breach of Contracts regulation shall be observed during the entire contracting procedure.

There are global standard contract templates continuously created by Group Legal and Group Procurements, which are published and available on the Legal Microsite of MOL Group via the [Procurement Template Contract Database](#).

If group level standard contract is available for the particular sourcing topic, that standard contract must be used to ensure aimed standardization and empower MOL Group negotiation power.

The acceptance of the Code of Responsible Procurement is mandatory element of the contract and shall be embedded to one-off contracts as well.

2.5.1 LETTER OF INTENT (LOI)

Letter of Intent (LOI) is an official document expressing the intention of the parties (or one party) to enter into a contractual relationship.

Once a LOI is issued, either the contract has to be concluded or the LOI shall be terminated if no agreement is reached by the parties. The contracting parties shall endeavor to conclude the contract within the shortest possible period of time. LOI must contain clear reference to the RfQ and reference to the essential terms and the bid of the supplier received during the procedure.

If the contracting parties decide to start the relationship with signing a LOI as tool allowing the parties to start the contractual performance, the LOI shall clearly define the exact scope of services to provide or goods to deliver in the period until the contract is concluded, including also the countervalue of such services and goods and the conditions of settling payment. For further rules of Letters of Intent, please also consult the Contracting and Managing the Breach of Contracts regulation.

2.5.2 TYPES OF CONTRACT

Individual Purchase Order (IPO)

IPO is a contractual document eligible to embody the relationship between the parties and the rights and obligations in connection with the purchase. It is always accompanied with the General Terms and Conditions of Purchase (GTCP). The Order shall be confirmed – including confirmation of acceptance of the GTCP – by the supplier.

Individual Contract (ICO)

ICO are concluded for an exactly defined financial, technical and timing scope. The Individual Contract contains the amount of service/material to be performed/supplied, the total value of the contract and the exact deadlines and milestones of performance.

Frame Contract (FCO)

FCO are concluded in case of multiple orders are planned to be issued for the same material/service supply by the same supplier within a definite period of time. FCO are containing the terms and conditions regarding the performance, the technical requirements and unit prices of the subject services/materials. Frame Contracts shall be concluded for a definite period of time with fix expiry date, contracts for indefinite term are not supported. Frame Contracts are subject to utilization by Call-Off PO issuance (i.e.: purchasing process).

Master Service Agreement / Master Product Supply Agreement (MSA/MPSA)

MSA/MPSA are agreements between the parties fixing the general terms and conditions of purchase without fix contracted scope, only the list of services, products which could possibly be purchased from the Contractor is contained therein. Neither price list nor technical scope shall be included in the Master Agreements.

Primary purpose of Master Agreements is to ease contracting procedure between the parties, because further Frame or Individual Contracts can be concluded with reference to the Master Agreement without further contract terms negotiations.

Conclusion of MSA/MPSA contracts are not subject for LDA approval but require approval and countersignature of Legal and Finance.

For further information on these types of contracts, please also consult the Contracting and Managing the Breach of Contracts regulation – please note that “Master Service Agreements” are referred to as Intra-Group Service Agreements therein.

2.5.3 CONTRACT TYPE BY PURPOSE

Umbrella contract

“Umbrella” type Contracts are concluded in order to regulate the relationship between a single Supplier or multiple Suppliers and multiple MOL Group Companies and to allow the conclusion of further Individual or Frame Contracts on the basis of the Umbrella contract. Umbrella contracts should always define the list of MGC who are entitled to join the agreement by concluding an Accession contract. In order to facilitate accession, Group-level umbrella agreements and necessary accession contract templates should be prepared in English.

Accession Contract

Accession contracts are Frame or Individual Contracts concluded with reference to a specific Umbrella contract. Each MOL Group Company (except the main contracting entity of the Umbrella contract) included in the scope must conclude its own accessing ICO or FCO in order to establish an eligible contractual relationship with the Supplier(s).

Standalone Contract

All contracts which have no umbrella-accession hierarchy shall be considered as Standalone contracts. These contracts are concluded by the MOL Group Company, as a contracting entity, which the sourcing

was executed for. The so MOL Group Company enters into contract on its own behalf for its own scope only.

Mirror Contract

Mirror Contracts are concluded in case if a MOL Group Company has a valid contract for the subject of the sourcing (even an Umbrella Contract), and another MOL Group Company intends to join the subject contract but accessing is not possible due to any reasons. In this case, Mirror contract shall be concluded, meaning that a separate Individual or Frame Contract shall be concluded with the same supplier with the main terms and conditions matching the terms and conditions of the existing contract.

2.5.4 CONTRACT REVIEW PROCESS

For the contract review process, the Process described in the Contracting and Managing the Breach of Contracts regulation must be followed.

Contracting process shall be managed in Ariba Contract module where this functionality is available.(Ariba Contract usage is optional for RACI3 buyers.)

The Contract Draft shall be prepared and attached to the Tender Documentation by default. The wording should be prepared considering the specialties of the sourcing subject and Contract Draft shall be reviewed by Finance and Legal before publishing it to Bidders as part of the Tender Documentation.

If as a result of the contractual negotiations with the supplier the Contract Draft is to be modified, all changes shall be made in a visible way for Contract Reviewers (from Finance, Legal, Cyber Security Assurance, HSE, Requestor side),

Provision of financial guarantees associated with performance of contracts may be necessary both on the customer and the supplier side. As applicable, types and forms of financial guarantees required and preferred by the MGC shall be stated by Finance (Treasury) during financial review.

In case the Finance and Legal reviews were initiated parallelly, Buyer must consolidate the reviewer's modification proposals. Generally all proposals should be considered, but if Buyer has concerns about the relevancy of a proposed modification, then he/she must discuss it with the reviewer.

If there is discrepancy between the reviewers, then Buyer must attempt to investigate and discuss it with the parties. If discrepancy cannot be cured, then the proposal preferred by the Requestor shall be kept and applied.

The modified contract draft then shall be forwarded to the Supplier for review and approval. Should the supplier have further modification requests due to the modifications introduced by internal Contract Reviewers, then the review process must be repeated again.

Contract countersignature process shall also be managed in Ariba Contract module via the dedicated approval workflows.

Review and countersignature of contract amendments

Review and countersignature process of contract amendments shall be managed in line with the provisions of Contracting and Managing the Breach of Contracts regulation.

According to the Contracting and Managing the Breach of Contracts regulation (Point 3.6, #6 and 7: Decision on Type of Approval Process c/iv) Contract amendment **must be sent to Finance** for review and sign-off in case of modification of the agreed goods or services and their specifications, if such modification does not entail further change in other terms and conditions (like deadlines, penalties, certificate of acceptance, invoicing provisions, documentation provisions, etc.)

In case of Procurement contracts the above defined financial review and sign-off is not required if the newly agreed goods or services remain in the same category as the original agreement. To define if

elements are within the original category or not, Level2 (4 digit) HPC shall be considered for materials and Level3 (6digit) HPC in case of services.

Contract Signature

Contract signature process shall be executed according to the Contract Signing Protocol defined in PAB. In case an e-signature solution is available, electronic signature shall be prioritized and Buyers strive for onboarding the suppliers. There are different types of e-signatures and proper type shall be defined by the Buyer based on the Signature Type Matrix (appendix 10). Contracts over EUR 10 mil can be signed through a Qualified electronic signature or a paper based contract.

If the contract object is constructions, real estate purchase or license agreement (industrial property rights), or contain reservation of the ownership, right of pre-emption, surety bond, subsidiary loan, assumption of guarantee, arbitration clause, advance re-payment guarantees, performance bonds, mother company guarantees, the Buyer shall consult Legal and Finance Expert to decide on the appropriate signature form.

Contract Repository

Signed contract documents (ICO and FCO) shall be saved and stored in the dedicated Contract Workspace in Ariba Contract module or if Ariba Contracting is not in place, to the relevant Document (Contract) Management system. If there is no Document Management IT system, it shall be stored in a dedicated repository.

In case of Ariba integrated e-signature solution a copy of the signed document is automatically sent to the dedicated folder of the Ariba Contract Workspace, but Buyer has an obligation to check the existence of the document and uploading a copy in case it is missing.

In addition to the above provisions, local rules might be applied for archiving paperbased documents.

PROC2.6. CONTRACT IMPLEMENTATION – handover phase from S2C to D2D

Before ERP recording of the IPO, ICO or FCO the availability of the necessary ERP master data related to selected supplier and material/service to be purchased shall be checked. If any of the above master data is missing the creation of the necessary master data shall be initiated by

- the Buyer who managed the sourcing process – in case of frame contracts;
- Requestor – in case of ICO or IPO²¹

in accordance with rules defined in *Material Data Management's* regulations.

Frame contracts must be recorded in the ERP system (where applicable) on item (article) level and with all required settings in order to enable automatic call-off process where it is technically feasible. In case new items (articles) is purchased from a supplier with existing contract, master data for this item (articles) have to be created and added to the existing contract. Material group level registration of frame contracts is not supported.

After closing of sourcing process and contract conclusion with proposed Supplier(s), it is responsibility of Buyers who manage the sourcing process to record the contract(s) in the relevant ERP systems and to manage all associated tasks.

In case of SAP environment:

In order to assure transparency and data accuracy each Procurement Group Code for each document shall be set considering on behalf of which executing procurement organization the document is issued.

²¹ In case of MGC having SAP, material and service master data request are managed on Group level

2.6.1. MASTER DATA CHECKING AND CREATION

Before ERP recording of the IPO, ICO or FCO the availability of the necessary ERP master data shall be checked:

- The selected Supplier has a supplier number in the ERP vendor master
- The material to be purchased has a material number in the ERP material master, or
- The service to be purchased has a catalogue item/service number in the ERP catalogue or service master, or
- An asset number has already been created for the asset to be purchased.
- The payment terms are also set according to the contract as the ERP will pick the payment terms from the master data for the incoming invoices and use it for the invoice posting as well as the payments.

If any of the above master data is missing the creation of the necessary master data shall be initiated by the Buyer or by the requestor according to the relevant Master Data Management regulations (*Vendor Master Data Management Creation/Modification Work Instruction Material Master Data Maintenance, Service Master Data Management Working Instructions*).

2.6.2. CREATE CONTRACT DOCUMENTS IN ERP²²

Contract documents (IPO, ICO, FCO) have to be recorded in relevant ERP systems. Buyer must make sure that the value does not exceed the value approved during the SSD approval. In case the SSD value was defined and approved including a prolongation option, the value indicated in ERP as contract amount shall be the value for the original period. In case the validity is extended according to the prolongation option, the contract amount can be increased with the additional approved budget reserved for the prolonged period.

In case of contract modification, the records in ERP shall be updated with special focus to validity period, budget and line item with price information. In case of validity extension when the approved budget for the extended period is lower then the remaining open budget, reducing the contract amount is required. (Details of the relevant approval rules can be found in 2.6.5.)

Auto-PO process enablement²³:

Sourcing buyer shall make decision whether a material is eligible to be purchased via Auto-PO process. In such case FCO shall be recorded in the system with the following conditions and with related system set-up:

- material ID and unit price are specified in the FCO
- the given material is linked to only one contract (one supplier is available for the material)
- there is no additional cost (e.g. shipping expenses) or discount for the material
- auto PO relevancy set up in vendor master data (R: VMD),
- material auto PO relevancy set up in material master data (R: MMD),
- contract parameter settings in SAP (R: Sourcing),
- certain IT job has to be assigned (R: IT department),
- in case of catalogue item: contract number, contract item and price set up (R: MMD).

2.6.3. CONTRACT BUDGET REALLOCATION

If multiple suppliers are awarded for a certain part of the scope, budget reallocation between suppliers can be initiated by both Procurement and Requestor/End-User sides. Reallocation shall be approved by responsible Sourcing Manager, provided

²² where procurement functionality of ERP system is implemented

²³ applicable in case of ERP system where Auto-PO functionality is implemented

-
- approved overall SSD value is not exceeded and,
 - possibility of budget reallocation was indicated and approved during SSD approval.

If the above conditions are not met, re-approval is required according to the actual SSD approval protocol in place.

2.6.4. CONTRACT MAINTENANCE

Contracts can be modified only in writing with due observance of Contracting and Managing the Breach of Contracts regulation .

For contract maintenance, the rules described in the Contracting and Managing the Breach of Contracts regulation must also be followed.

If the contracted scope changes and/or the contract value increases the contract amendment shall be approved as Sole Source– Value increase category by LDA approvers. In case of scope change covering new contract item, necessary step in creation of such item's master data in the contract have to be managed by responsible Sourcing Buyer.

It is the responsibility of Sourcing buyer to monitor the utilization and validity of relevant contract in order to ensure the business continuity, however Category Sourcing Planning driven by the Category Managers shall also consider expiring contracts or budget utilization ratio and plan the necessary procedures. It is highly recommended to set and apply the notification functionalities of the available IT systems, such as Contract expiry notification in Ariba Contracting, and using the reports provided to the Procurement Community.

Only contracts in effect can be amended, following the expiry date there is no possibility to amend a contract.

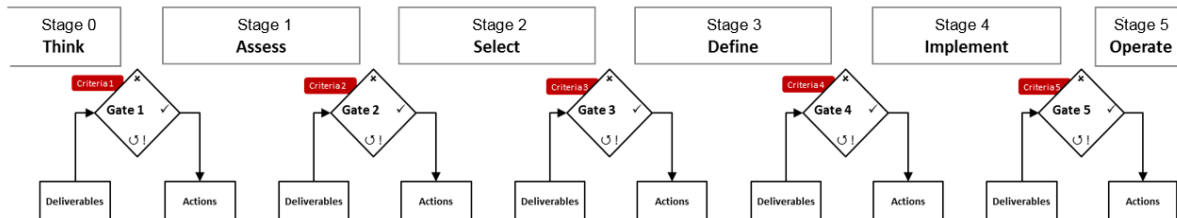
2.6.5. APPROVAL RULES IN CASE OF CONTRACT MODIFICATION

- All contract changes resulting in contract value increase are subject to approval according to MOL Group LDA.
- Validity extension is subject to LDA approval, detailed rules are in PAB appendix 3.
- Scope change and Unit Price changes which otherwise do not trigger an overall contract value increase are not subject to LDA approval but provisions of PAB appendix 3 (Procurement related Decisions) shall be applied.

PROC5 CAPEX/PROJECT PROCUREMENT

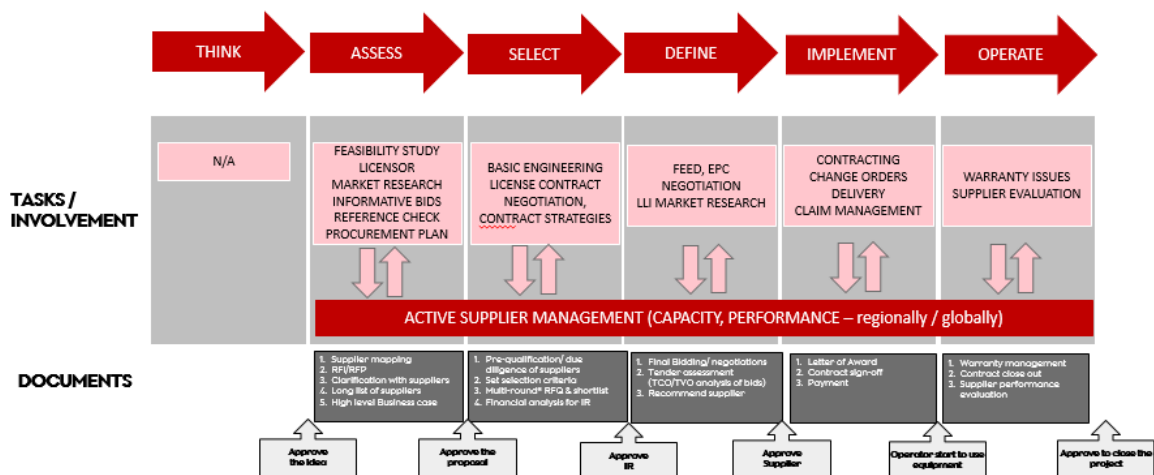
The project lifecycle, from idea to completion, is divided into six stages in the so-called MOL Group Stage Gate Process. There are clearly defined responsibilities, activities and deliverables for each Stage with checkpoints, so-called “Gates”, between Stages (*Stage Gate and Project Governance* regulations are describing specific requirements of Stage Gate process in MOL Group).

The following chart shows the overall process with the defined stages and gates.



Each stage in the Group Stage Gate Process is responsible for producing a set of deliverables that serve as an input for the decision of the Gatekeeper at the end of the given stage.

Procurement involvement in the stage gate process is required from **Assess** till **Operate** phase.



The main procurement deliverables are defined below for each gate as instruction to support the successful completion of investment projects.

The Gatekeeper is a representative of the business organization and is the ultimate decision-maker at each stage gate. The standard positions (managerial level) of the Gatekeepers are specified in Group Project Management regulation for each type of projects (Class1, Class2, Class3).

It is highly recommended to involve Procurement function already in stage **ASSESS** to ensure that only feasible and aligned solutions are presented at Gate 2 – the project implementation strategy should be already decided (EPC, E+PC,..).

The stage **SELECT** is used to detail the project scope including the definition of process parameters/process guarantees:

- If Contract is concluded with licensor of technology – requestor is obliged to define the process guarantees upon mutual consensus with licensor,
- If Contract is not concluded directly with licensor of technology – requestor is obliged to find out if there is any valid license connected with works, etc.

Depending on the project implementation strategy (EPC or E+PC) the IPP requesting CAPEX for entire project is approved in Stage Gate 3 or afterwards during Gate 4. In case of CAPEX projects bidding procedures can be started prior to IPP approval – such exception has to be approved by local Downstream Director and Procurement (represented by Head of Project Procurement). Procurement (represented by CAPEX Procurement Manager) must be inserted as one of the countersignatures on the IPP/ SIR Cover Page. Every IPP/CR must contain a Sourcing Plan prepared and/or validated by the competent Procurement Unit, indicating all the sourcing activities (and their timings) for the entire project/program life cycle. Procurement Leaders shall establish the practice of delegating procurement representative to the Investment Committee (IC) meeting if the nature of the Project so requires, in order to closely follow up the Procurement related requirements of each Project.

So the project procurement plan should be defined at Stage gate 3 or during stage **DEFINE** at latest as this stage should provide a solid design and implementation, a definition of resources required with accurate cost and schedule estimates. The Procurement starting meeting is organized by responsible person from requestor side with participation of procurement, legal, HSE and other relevant functional competencies. The main objectives of this meeting are to nominate the Evaluation committee members, to define the evaluation criteria, to clarify the technical requirements, obtain the information . It is also expected that the contract draft shall be prepared at Stage gate 4 (If not, the contract draft shall be prepared at latest until the ItB is sent out to suppliers).

Final investment decision shall be made at Stage gate 4 following the Quality Assurance review (QAR). Group/Local Procurement representatives shall participate on QAR together with Project Owner, Project Manager, Group/Local Investment and other supporting departments.

Stage **IMPLEMENT** is used to realize and commission the project and complete handover to its end user for operation. The majority of spending takes place in this stage, often through engineering, procurement and construction contractors.

The main task for Procurement in stage **IMPLEMENT** is to conclude the contracts for work packages. Before conclusion of contract the tendering process shall take place resulting in selection and approval of contractors.

Sourcing request including the detailed technical specification shall be obtained from Requestor in Bonita/Ariba S2C. Based on information agreed on Procurement Starting Meeting and received in Sourcing Request the responsible buyer prepares the BSD in the system which is subsequently approved by EC members.

Special requirement of investment related sourcing process:

- It is proposed to apply Total cost of evaluation method in implementation tenders
- EIR direction need to be take into consideration during evaluation in case if EIR relevant projects
- buyer and requestor need to check the know-how protected relevancy and if non-disclosure agreement is required between licensor and potential bidder that it should be managed between licensor and potential bidder before ITB and before discussion about any technical details.
- Contractual quality requirement needs to be defined by requestor and must be checked by buyer,
- list of BOM relevant equipment need to be defined by requestor and must be checked by buyer.

Site visits represent the important part of bidding process at project procurement and should be held upon bidder's request (or Requestor's initiation) in order to clarify circumstances and requirements before bids submission. Requestor is obliged to organize the site visit internally (prepare the site with

technicians etc.), Procurement should organize the site visit with external suppliers. That means that requestor should not communicate with supplier without procurement involvement.

For the Technical Evaluation the EC member(s) from Requestor side is responsible. Requestor should communicate the result of technical evaluation to his superior to make the SSD approval process smoother and quicker.

Commercial evaluation (without price) can be done in parallel with Price evaluation. Price offers received in first round can be shared with Requestor to confirm that price includes all technical aspects. After the correctness and completeness of price offer is confirmed by Requestor, the price offers received in next rounds are confidential.

In case of high HSE risk category, the bidder who provided the best bid according to the EC proposal, must undergo pre-qualification in compliance with rules defined in Supplier Lifecycle Management Process Description. Companies with valid SCC or VCA certificates shall be preferentially invited to tenders for work/projects defined as high HSE risk. If Company does not have SCC or VCA certificate (in category HIGH risk) it is possible to conclude contract only in case when company's result in HSE audit/pre-audit was positive. In the contract with relevant Company shall be stated condition (with penalty included) of receiving SCC or VCA certification latest before the planned starting date of HSE high risk works.

The last stage in project lifecycle is **OPERATE** when the test runs and guarantee runs of delivered project are performed. The most important tasks for procurement in this stage are connected with management of possible claims.

- CAPEX procurement must support operate phase by requesting BOM list (Bill of material) for BOM relevant equipment from suppliers and contractors.
 - If BOM list is available for the specific equipment within MOL Group than the entire lifecycle of the equipment can be managed more easily (spare parts management, maintenance, replacement etc.). This is the main reason that all of us have to focus on this BoM relevant task
- performance acceptance article of the contracts should be amended with the requirement of submission of BOM, as pre-requisite for acceptance/performance verification
- It is possible to connect the supply of BOM list to a final payment milestone (5%) after handover-takeover procedure to avoid the risk of delay in investment performance
- The below contract attachments shall be included in the ITB and into the contracts:
 - Bill of Martial template (must be delivered in electronic format)
 - Required technical specifications for the acquisition of BoM lists.

6. APPENDICES

Appendix number	Appendix title
Appendix 1	List of modification
Appendix 2	Sourcing Categories
Appendix 3	TCO requirements
Appendix 4	Cyber Security requirements
Appendix 5	GPDR Questionnaire
Appendix 6	Savings
Appendix 7	Abbreviations
Appendix 8	Procurement’s internal process taxonomy
Appendix 9	Guide to e-Auction types
Appendix 10	Signature type matrix
Appendix 11	Requirements for the Quality Assurance of Service and Material Supplies

LIST OF MODIFICATIONS

Version No.	Description of change	Date of effect
1	New version	8 February 2021
1.1	Appendix 9 is updated with annulled local regulations	15 March 2021
2	Update of the regulation with the usage of new IT functionalities, such as e-signature, e-auction, contract repository in Ariba and update of relevant process steps	21 November 2022
3	Update the AES signature usage limit	19 December 2022

Sourcing Categories

The classification of given Sourcing Category is in responsibility of the Sourcing Buyer:

1.) MOL Group Company (MGC)	
DESCRIPTION	<p>Supply of the service or material is covered by a MOL Group Company, which is different from the Requestor's Company. Sourcing from another MOL Group Company is highly supported, if it brings mutual benefits for the parties.</p> <p>Buyers shall perform market analysis [RfQ], check accuracy of Transfer Prices with the relevant BU/FU and negotiate the price with supplier company based on this information.</p>
2.) Tender	
DESCRIPTION	<p>Potential suppliers are invited to an open or closed tendering procedure, where they are requested to submit their quotation with the best commercial conditions they can offer in line with the required technical parameters.</p> <p>At least two Bidders must be available and invited in order to categorize the procedure as a Tender.</p>
3.) Sole Source (SS) Categories	
3.1 Sole Source – Accession Contract	
DESCRIPTION	<p>The subject of the Request has already been contracted by another MOL Group Company with favourable terms and it is more beneficial to join this contract instead of individual tendering.</p> <p>Two cases can be differentiated:</p> <ol style="list-style-type: none"> The valid contract was initially concluded as an Umbrella Contract; then an Accession Contract shall be concluded, meaning that the original agreement is extended to the Requestor company. The valid contract was initially concluded as a Standalone contract; then a Mirror Contract shall be concluded, meaning that a separate contract shall be concluded for the Requestor company with the same terms and conditions. The terms and conditions of the Accession Contract/Mirror Contract shall be the same as in the Umbrella/Standalone contract (except for conditions where changes are necessary due to local regulatory environment).
3.2 Sole Source – Strategic Partnership	
DESCRIPTION	<ol style="list-style-type: none"> The current supplier has been selected for the delivery of a certain type of products/services by a strategic decision. Supplier's products have wide compatibility with other assets in use, or its service is binding by license fees. Therefore the switch from the given supplier would cause high financial or technological damage and would raise total cost of ownership due to other connecting technologies replacement. Supplier has established deep technological (or even financial) collaboration with MOL Group beyond the expectable regular contractual cooperation. Supplier provides additional benefits besides the regular contractual agreement (e.g.: tailor made technologies, processes; out of schedule delivery upon request; etc.) and handles MOL Group as a high-priority customer. <p>If Buyer realises during benchmarking/RfI that the market can offer more competitive conditions, then a Tender procedure shall be initiated.</p>
3.3 Sole Source – RfI to RfQ	
DESCRIPTION	<p>This Sole Source category shall be used when an RfI procedure is transformed to an RfQ procedure and it is closed with a supplier selection. Application of this SS category is</p>

	<p>supported only in exceptional cases only if it is fully justified both from business rationality and efficiency point of view.</p> <p>This SS Category shall be avoided during Annual Planning as the application is clearly a condition of unforeseeable happenings during RFI procedures.</p> <p>Regardless of the value the preliminary approval of the Procurement Director/Manager is always mandatory.</p>
3.4 Sole Source – Change Order/Scope change (Existing contract modification – With or without Tender antecedent)	
DESCRIPTION	<p>The Request can be fulfilled by the modification of an existing contract's technical scope (e.g. adding new items) i.e.: the technical content, the assortment or the specifications of products / services changes and the change order results in contract value increase.</p> <p>For Individual Contracts technical parameters of the original contract shall be changed due to an unforeseen event: it most frequently occurs in the case of CAPEX investment projects, IS developments, E&P explorations or maintenance activities.</p> <p>If a new material / service belonging to the contracted category is added to the scope of the Frame Contract, no additional approval is required, but if a material / service belonging to another category is included in the contract, the scope change need to be approved by the responsible category manager(s).</p>
3.5 Sole Source – Roll Over /Contract validity extension	
DESCRIPTION	<p><u>Individual Contract:</u> If there is no value increase, and provided that the performance deadline/delivery date was not an evaluated criterion during the evaluation and the supplier selection, the relevant LDA approval can be skipped.</p> <p><u>Frame Contract:</u> Validity extension of frame contracts need to be approved according to MOL Group LDA in all cases (with or without value increase). Approvers need to be defined based on the estimated contract value for the extended period.</p>
3.6 Sole Source – Value Increase (Existing contract modification – With or without Tender antecedent)	
DESCRIPTION	<p>The approved budget of the currently valid Frame Contract has been spent, but the term of the contract is still valid (not expired). The contract budget shall be extended in order to cover the requests until the end of the contract term.</p> <p>Due to unforeseen additional volumes, insufficient knowledge about future demands at the time of original SSD approval or due to price increase because of contractual price revision methodology (e.g.: regular or index based) the remaining frame value will not cover the demands for the remaining period until contract expiry.</p> <p>All contract changes resulting in contract value increase are subject to approval according to MOL Group LDA.</p>
3.7 Sole Source – Urgency	
DESCRIPTION	<p>Urgency category applies when a Tender procedure cannot be completed due to time limits set by the Requirement Date. Application of the category shall be avoided by proper planning and timing.</p> <p>It can be used for 'New' and 'Planned' Cases according to the following:</p> <ul style="list-style-type: none"> - <u>New</u>: Category can be applied only when the demand and the complete subject emerged suddenly and unpredictably, and requestor could not foresee it even with the deepest foresight. There were no IPP / EB proposal created for the subject, and the Annual Planning was not possible on the basis of historical data. Detailed justification shall be

	<p>required from the Requestor regarding the consequences and the possible effects of the lack of requested material/asset /service.</p> <ul style="list-style-type: none"> - <u>Planned</u>: Urgency category could be applied only for delay in Technical Scope preparation and solely for exceptional cases, when Requirement Date cannot be shifted due to justified reasons, or financial loss may be caused to the Company. <p>Buyer is responsible for negotiating the best possible conditions with the supplier and must endeavour to conclude the Contract/IPO by the required deadline, so that the Requirement Date could be met. In Urgency category the timing might have priority over contractual conditions. Frame Contract cannot be concluded as a result of Urgency sourcing category.</p>
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3.8 Sole Source – Emergency

DESCRIPTION	<p>Emergency sourcing category is reserved for accidental, emergency, crisis, disaster, catastrophic and force majeure cases. An unpredictable event established a situation, when prompt actions are necessary in order to avoid further damage in assets and the environment, and to protect the safety of people being potentially affected (e.g.: oil spill). Both HSE and Business related issues are included.</p> <p>Requestor sending a detailed description of imminent risks, and a verbal – and after verbal approval, a written – assessment of incurred and expected material loss. After this communication, the required work can be commenced and carried out, but all process approvals shall be obtained retroactively and generated documents recorded. Buyer shall procure the material/asset/service in the scope of the Request from the first available source with the shortest deadline without any obligation for market analysis or contract benchmark. Frame Contract cannot be concluded as a result of Emergency sourcing category.</p>
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3.9 Sole Source – Monopole Supplier

DESCRIPTION	<p>There is only one single supplier available to provide the requested subject. The use of the given supplier is either regulated by law or dictated by state authorities; supplier owns patent rights of the service, equipment or material which cannot be substituted; natural monopoly exists in the market.</p> <p>Before choosing the Monopole Supplier category Buyers shall seek for potential suppliers, and must investigate the legal necessity of using one particular supplier (state regulations, acts) as well as the reason for irreplaceability (technical justification, even from superior departments).</p> <p>Frame Contracts can be concluded but only for 1+1 (1 year fix + 1 optional year) year period, but after 1 year the market shall be analysed again. Longer contract period could be considered also if it evidently would result in higher benefits, although longer contract term shall be approved by LDA approvers – based on proper justification – during SSD approval workflow.</p>
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3.10 Tender with one final bid (Passive)

DESCRIPTION	<p>This category shall be applied when a Tender procedure ends up with one single supplier who can be selected. The cause could be either technical, geographical or market specific.</p> <p>This category is considered as a sole source and reported accordingly.</p> <p>The term of frame contracts shall be limited to 1+1 (1 year fix + 1 optional year) years and the market shall be checked before the expiry of the first contractual year. Deviation from this rule is allowed only with approval of Head of Category Management</p>
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3.11 Sole Source – Renegotiation

DESCRIPTION	This category is applicable when there is a valid frame contract in place that is subject to negotiate again in order to alter or change previously agreed terms.
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3.12 Sole Source – Direct Buy

DESCRIPTION	This category is applicable only in case of GMP/IATF relevant procedures where Customer is defining the source/supplier of the material/service and Sales has contacted Procurement with such requirement. For further details please see PROC_PD1_ Supplementary regulation for IATF/GMP relevant procurement procedures.
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Total Cost of Ownership (TCO)

1. DEFINITIONS

Total lifecycle:

This is the time interval through which services are used or materials, assets or equipment are planned to be used. Before the evaluation process this time period is to be determined by the Requestor together with the expert responsible for Technical specification of the given material, asset or service.

Historical cost:

It is an inevitable single expense of purchasing materials and assets or using services, including direct and indirect installation costs (e.g. energy using during the implementation of the investment, etc.), that is known during the selection process of suppliers/contractors.

TCO:

The value which is calculated using the formula shown under *Section 4* below, including direct and indirect purchase costs as well as the discounted costs incurring during the lifecycle

Costs of procurement and investment implementation:

- price of materials, assets or services
- cost of delivery
- installation cost (upgrading the energy using if necessary)
- costs of packaging
- cost of certification
- costs of start up
- parts in stock for the start up
- spare parts for the maintenance during 2 years of operation
- mandatory contracting for maintenance/services in order to have a valid warranty (it can be free of charge or fix priced)
- cost of planning and (authority) permits
- costs of accredited measurements and trial run for a specified period of time
- duties
- etc.

Life-cycle cost:

It is the sum of energy, maintenance and other operation related expenses through the total lifecycle:

- energy consumption costs
- maintenance costs
- other costs:
 - costs of operation
 - utility costs
 - storage and handling costs
 - license fees
 - training costs
 - development and refurbishment costs
 - technical/ expert support fees
 - costs of losses due to planned turnaround
 - penalty (by the supplier, contractor or buyer)
 - HSE emergency costs
 - costs related to environmental protection
 - administration costs
 - stocking cost of spare parts

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- o expert supervision, on-line support
 - o chemicals additives
 - o accessibility period of spare parts (contractual obligation) etc.

2. THE OBJECTIVE OF TCO METHOD

This methodology supports the calculation of procurement and investment related expenses during the whole period of ownership. In a given period of time the total cost of a specific material, asset or service can be calculated in this way, so besides the direct and indirect costs of supply it contains all the costs incurring during the lifecycle. The purpose of this method is to take as many conditions (direct and indirect) into account as possible expressed in the form of cost for the whole previously estimated lifecycle.

Another objective of the methodology is to highlight the technical content and to take demands related to operation (energy consumption included), maintenance, refurbishment and development into account during the selection process. In this way the most cost-efficient decision can be made for the Requestor while comparing the total value of the alternatives including the basic sourcing value, estimated costs of operation and maintenance.

3. SCOPE OF TCO METHODOLOGY

Applicant of TCO method is mandatory in case of procurement procedures exceeding EUR 20 000 and deal with materials, assets or services that are relevant from EMS (Energy Management System) point of view. In such case when TCO method is not feasible to apply, justification has to be defined in the Sourcing Request by the Requestor.

Examples for investments and procurements relevant from EMS point of view:

- Mechanical materials, equipment: pumps, compressors, fans, electric engines, turbines, heat exchangers, aggregators
- Technological units: combustion units, hydrocarbon vapour recovery units, tail gas utilization units, catalysts (operating temperature)
- units of facilities: air conditioners, water heaters, air handler units, gas furnaces, fans, coolers, lighters, perlators, heating units, investments using renewable energy, greenfield investment, means of transportation
- IT relevant devices
- Vehicles, elevators, transportation and material transfer equipment
- etc.

In general TCO method is supported where it is feasible to apply, it should be considered and decided together with the Requestor in the following cases:

- investment projects (Growth/ Efficiency improvement / Sustain/ SD&HSE and Legal Compliance/ Other)
- refurbishment, reconstruction, replacement of equipment, intensification
- procurement of materials for production
- procurement of spare parts
- IT projects, procurement of IT devices
- etc.

4. TCO EVALUATION METHODOLOGY

Total life-cycle period

The definition of total life-cycle period is one of the basic criteria. It is not identical to the contracted period, as they may differ from each other. During definition of total life-cycle period the following aspects have to be considered:

- verify whether that this data of a given material, asset or service is available in local maintenance documentation or relevant database
- in case of such data is not available, it has to be defined by Requestor side who is responsible for technical specification if given material, asset or services.

EMS criteria

In case of EMS relevant procurements, those parameters ensuring the energy efficiency of the procured material, equipment or service are mandatory to be defined in the technical specification provided by Requestors.

During the technical evaluation Bidders' proposals are reviewed and decided by the member of Evaluation Committees from Requestor side whether they are complying with these predefined requirements. After the commercial evaluation, the calculated TCO value of the different proposals shall be taken into consideration and the proposal with the lowest TCO value should be proposed for selection.

TCO calculation

The calculation of TCO is based on the data (costs during the lifecycle) provided by the Suppliers in the proposal as per specification defined by the Requestor. The provision of such data is obligatory as part of the Tender, otherwise it can result in exclusion from the tender.

The examination, validation and assessment of these data are the responsibilities of the Evaluation Committee in order to keep the supplier selection objective.

In case significant differences are found between the bids in a particular cost group, a detailed cost data analysis must be performed by Requestor side (maintenance technician) with the involvement of the responsible Buyer.

The correct cost data shall be recorded by Requestor in the TCO value calculation file, which is available HERE:

<https://sps.mol.hu/sites/ISO50001/kulsoinfo/SitePages/Kezdőlap.aspx>

It is the responsibility of the Buyer to record the total purchasing value, which serves the basis of TCO value calculation for comparison purposes.

Evaluation of Bids:

During the technical evaluation, the Evaluation Committee assesses the fulfillment of the EMS criteria.

The commercial evaluation of bids submitted on the basis of the technical evaluation must be carried out using the TCO evaluation method for EMS relevant procurements with value exceeding EUR 20,000.

It is the responsibility of the Evaluation Committee is to check the correctness of the TCO value during the TCO evaluation and to carry out the supplier selection process based on the calculated / obtained TCO values. If the calculation of TCO of two or more proposals results in the same value, the proposal with the lower energy consumption is to be preferred.

Basic TCO calculation formula:

$$TCO = C_0 + \sum_{i=1}^n \frac{K_i}{(1+r)^i}$$

C_0 - Price (including all related expenses occurring until the takeover at the place of operation)

K_i - Operation expenses of assets during the defined lifecycle

n - The last year of the lifecycle

r - Weighted average capital cost (WACC)

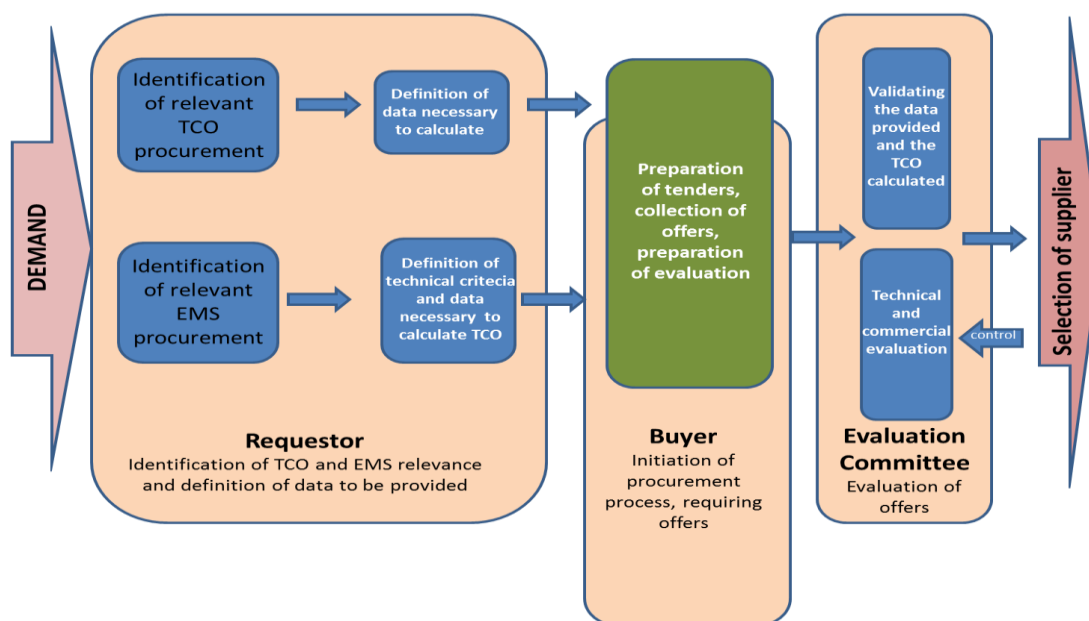
The data required to perform the calculation are available HERE:

<https://sps.mol.hu/sites/ISO50001/kulsoinfo/SitePages/Kezdolap.aspx>

In case of the investment of systems with high technical complexity, the net present value (NPV) is calculated as part of the project implementation. The proposals of the related procurements are to be evaluated and selected according to TCO methodology.

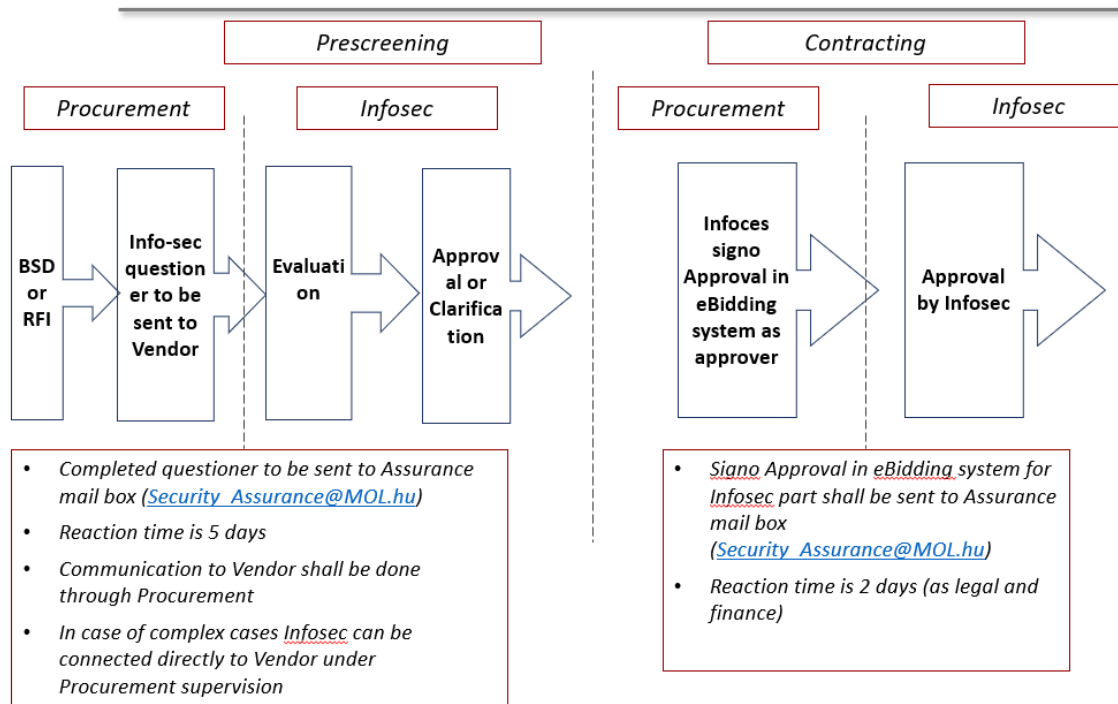
5. TCO based procurement flowchart

Procurement process according to TCO method



Cyber Security Requirements

INFOSEC ASSURANCE INVOLVEMENT INTO PROCUREMENT PROCESS



MOL-InfoSec-Questionnaire_2019.xlsx

Cyber Security Questionnaire:



MOL-InfoSec-Requirements_2019.docx

Cyber Security contract appendix:

GPDR Questionnaire



Appendix 5 - GPDR
Questionnaire

Savings

1. MAIN PRINCIPLES

1.1. A Saving is not reported unless the financial benefit can be reasonably measured or estimated

Some procurement activity may provide financial benefits that are difficult to quantify with a reasonable degree of certainty (e.g. a safety initiative that provides a reduced probability of injury). In these instances Procurement may provide qualitative information to the client BU/FU but a financial benefit is not quantified.

1.2. A Saving is not reported unless the financial benefit is the direct result of Procurement initiatives

If Procurement sources an item that increases production, Procurement would only report the financial benefit of the sourcing activity. The benefit of increased revenue would not be reported by Procurement unless Procurement was instrumental in identifying the opportunity. However, when a financial benefit is the result of a joint effort of BU/FUs and Procurement Unit, the financial benefit is to be reported in total without splitting the benefits between the involved BU/FU and Procurement Unit. Calculations of financial benefits are based on prices before tax.

1.3. Savings are to be Planned and to be Realized

1.3.1. **Plan:** a Saving target is to be estimated (planned) for each planned sourcing procedure. . Categorization of Saving and basic info about the foreseen calculation method to be provided in the Procurement Plan in Bonita Manage and Maintain application.

1.3.2. **Realize:** a **Saving** achieved as a result of a sourcing procedure needs to be reported on the Bonita PAW SSD or LVP form or in Ariba S2C respectively, enclosing the detailed saving calculations. In case the saving potential has been identified as a result of an initiative which is not subject to approval according to the MOL Group LDA (e.g. cost saving from contract renegotiation), the Realized Saving shall be reported on the specified Bonita form only when the relevant agreement had been signed by both parties. Savings are subject to validation by LDA approvers (Requestor BU/FU and Procurement).

1.4. Saving on frame contracts extending over one-year period shall be reported only for one year

Saving calculations may consider the total contract term and quantify the expected/identified saving potential for the entire contract term, but only the Saving calculated for one year of the contract term shall be reported either as Planned or Realized Saving (annualized saving).

The same approach shall be followed in case of TCO (Total Cost of Ownership) or TVO (Total Value of Ownership) based financial benefits; the calculations may refer to the entire lifecycle, but annualized financial benefit is to be reported and not the total benefit over the term of the contract.

1.5. Saving from Mini Bidding procedures is considered as incremental Saving on the Frame Contract

Saving from Mini Bidding procedures can be reported as an incremental saving on the frame contract, although the Realized saving can only be reported as a one-off saving. Double reporting of financial benefits to be avoided, i.e. in such cases the frame contracted conditions shall be considered as baseline.

1.6. Savings from intercompany transactions are applicable only when the conditions below are fulfilled:

- the awarded MOL Group subsidiary is replacing a current vendor due to preferable conditions

- the achieved savings don't result revenue decrease on the awarded MOL Group subsidiary's side.

2. SAVING CATEGORIES

2.1. Cost Reduction

Cost Reduction means a decrease of the currently proposed costs compared to historical/existing cost as a result of improved (unit) prices achieved through negotiations with suppliers (e.g. newly negotiated unit price is lower than the previous unit price). Cost Reduction can also achieve in case a new supplier is involved or new replacement product is detected that resulted in lower price of such material/service.

Cost Reduction has a direct EBITDA/EBIT/Cash Flow effect and in relevant cases can be reflected in the P&L of the affected Company.

Calculation formula for Cost Reduction:

$$\text{Cost Reduction} = [\text{Last contract Price} + \text{Market Adjustment} - \text{Current contract Price}] \times \text{Actual Procurement Volume}$$

Last contract Price: Price concluded in the last contract of the given material/service, averaged by weight.

Current contract Price: New negotiated price, averaged by weight.

Market Adjustment:

- Market Adjustment Factor (MAF) is applicable only in case clear Market index is available in the given category
- Market index is subject to pre-approval of Global Category Manager
- Market Adjustment factor is to be defined and approved in Global Category Strategy
- Market price development period is from last contract price negotiation time to current price negotiation time;
- Market index for each category need to be approved firstly;
- Market index impact to price depends on its weight in cost driver;
- Some non-cost driver index can consider in market adjustment.

The list of market index to be used in given category is available on the dedicated sps site: [LINK](#)

Actual Procurement Volume: Fixed volume (estimated) of the given material/service (quantities from the relevant business plan where applicable).

2.2. Volume Rebates/Discount

Volume Rebates or Discounts are realized through the term of the contract by decreasing the total product costs, even if the individual unit price is at the same previous level.

Calculation formula for Volume Rebates/Discount:

$$\text{Volumen Rebates/Discount} = \text{Agreed Rebate per Unit} \times \text{Actual Procurement Volume}$$

Agreed Rebate per Unit: Agreed term concluded in contract

Actual Procurement Volume: Fixed volume (estimated) of the given material/service (quantities from the relevant business plan where applicable).

2.3. TCO/Value-in-Use Improvement

TCO/ Value-in-Use Improvement is the financial benefit of initiatives that reduce TCO cost via price improvements, e.g. lower maintenance cost etc. These benefits may only be reported provided the financial benefit can be reasonably quantified and has been realized or realization is certain.

Calculation formula for TCO/Value-in-Use Improvement:

$$\text{TCO/Value-In-Use Improvement} = [\text{Current Operation Cost(TCO)} - \text{New Operation Cost (TCO)}] \times \text{Actual Procurement Volume}$$

Current Operation Cost (TCO): Physical cost (freight, manhour, material consumption), facility cost (energy, gas, fuel etc.), other maintenance costs which is due currently

New Operation Cost (TCO): Decreased operation costs due to price improvements of such operational elements

Actual Procurement Volume: Fixed volume (estimated) of the given material/service (quantities from the relevant business plan where applicable).

3. SAVING VALIDATION

Saving are subject to validation both by Requestor BU/FU and Procurement. Validation shall mean confirmation of the followings:

- Business case/model is in line with Saving policy;
- Premises/indexes used for the calculation are in line with latest versions.

Validation by Requestor BU/FU and Procurement:

- Saving calculation is to be validated via approval workflow of the relevant Bonita document (LVP/SSD) by LDA approvers together with other supplier selection related information, documentation
- Saving related information is to be highlighted in the LVP/SSD document to call attention of LDA approvers
- Saving template filled with relevant calculation details shall be attached to the corresponding Bonita PAW document/Ariba S2C approval workflow.

Abbreviations

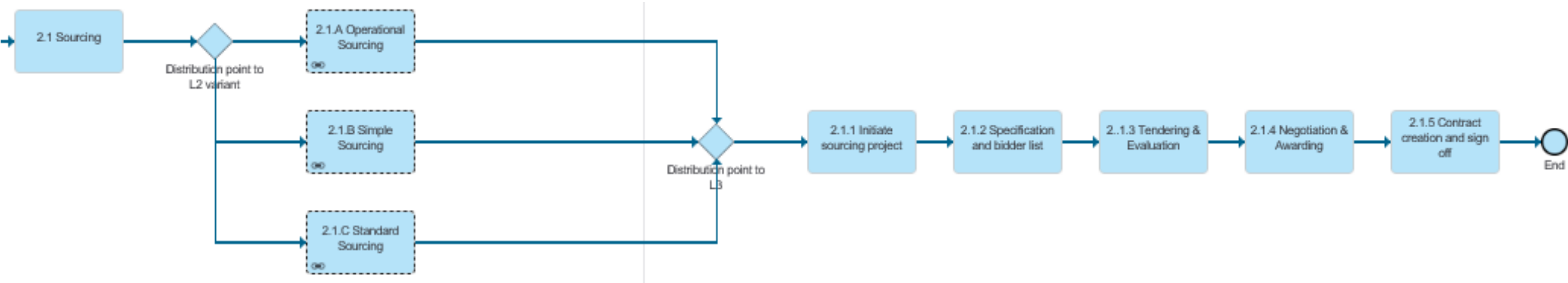
Abbreviation	Expression
<i>BoM</i>	Bill of Material
<i>BU</i>	Business Unit
<i>BSD</i>	Bid Starting Document
<i>CM</i>	Category Manager
<i>CPO</i>	Chief Procurement Officer
<i>CR</i>	Change Request
<i>CS</i>	Category Strategy
<i>CSS</i>	Contract Summary Sheet
<i>EC</i>	Evaluation Committee
<i>EOQ</i>	Economic Order Quantity
<i>EPC</i>	Engineering, Procurement, Construction
<i>ERP</i>	Enterprise Resource Planning
<i>FCO</i>	Frame Contract
<i>FU</i>	Functional Unit
<i>GR</i>	Group
<i>GTCP</i>	General Terms and Conditions of Purchase
<i>HSE</i>	Health, Safety, Environment
<i>IC</i>	Investment Committee
<i>ICO</i>	Individual Contract
<i>IPO</i>	Individual Purchase Order
<i>IPP</i>	Individual Project Proposal
<i>ITB</i>	Invitation to Bid
<i>LDA</i>	List of Decision Authorities
<i>LVP</i>	Low Value Procurement
<i>MAF</i>	Market Adjustment Factor
<i>MGC</i>	MOL Group Company
<i>MRP</i>	Material Requirement Planning
<i>PAB</i>	Procurement Area Book
<i>PO</i>	Purchase Order
<i>PD</i>	Process Description
<i>PR</i>	Purchase Request
<i>PRM</i>	Performance Review Meeting
<i>PROC</i>	Procurement
<i>RACI</i>	Responsible-Accountable-Consulted-Informed
<i>Rfi</i>	Request for Information
<i>RfQ</i>	Request for Quotation
<i>RoL</i>	Reorder Level
<i>QAR</i>	Quality Assurance Review
<i>SBR</i>	Strategic Business Review
<i>SD</i>	Sustainable Development
<i>SIR</i>	System Improvement Request
<i>SQS</i>	Supplier Qualification System
<i>SRM</i>	Supplier Relationship Management
<i>SS</i>	Sole Source
<i>SSD</i>	Supplier Selection Document
<i>SCM</i>	Supply Chain Management
<i>SSM</i>	Stock and Storage Management
<i>TCO</i>	Total Cost of Ownership
<i>VMI</i>	Vendor Management Inventory
<i>VPE</i>	Vendor Performance Evaluation

Procurement’s internal process taxonomy

Process hierarchy of Source-to-Contract with reference numbers (only for procurement organization usage)

Adobe Acrobat
PDFXML Document

Procurement (Group Level 3)	1. Plan to Strategy	
	2. Source to Contract	2.1.A. Operational Sourcing 2.1.B. Simple Sourcing 2.1.C. Standard Sourcing
	3. Demand to Delivery	
	4.Supplier Lifecycle & Relationship Management	
	5. CAPEX / Project Procurement	
	6. Management Processes	



	English Basic and TCO	Bid transformation	Dutch	Japanese
Price	descending	descending	ascending	descending
	<u>Price goes down according to suppliers' bids</u>	<u>Price goes down according to suppliers' bids</u>	<u>Price goes up within defined intervals by defined amount / percentage</u>	<u>Price goes down within defined intervals by defined amount / percentage</u>
Additional Cost Terms	<u>Can include additional cost terms for suppliers to bid on (ex. Shipping costs)</u>	<u>Total Cost includes adjustment factors defined by the buyer that are not visible for the suppliers</u>	<u>Additional cost terms are not defined. The price per unit/total cost shall include everything</u>	<u>Additional cost terms are not defined. The price per unit/total cost shall include everything</u>
Winner	lowest bidder	lowest bidder	first bidder accepting	last man standing
Number of participants	multiple <u>(minimum 2)</u>	multiple <u>(minimum 2)</u>	one/multiple	one/multiple
Pressure	medium-high (depending on number of participants and market feedback)	medium-high (depending on number of participants and market feedback)	high	medium
Market feedback	yes (several options)	yes (several options)	Moderate (<u>time interval count down clock, bid adjustment, actual price, final winning price</u>)	confidential (<u>time interval count down clock, bid adjustment, actual price, supplier's own final price</u>)
	Ex.: <u>Ranking, Lead bid visibility, bid graph, countdown clock, Traffic lights</u>	Ex.: <u>Ranking, Lead bid visibility, bid graph, countdown clock, Traffic lights</u>		
<u>Nr. of offers received via eAuction</u>	<u>From all participants</u>	<u>From all participants</u>	<u>Only from the winner</u>	<u>From all participants</u>

Signature type matrix

SIGNATURE TYPE	SIMPLE ELECTRONIC SIGNATURE (SES)	ADVANCED ELECTRONIC SIGNATURE (AES)	QUALIFIED ELECTRONIC SIGNATURE (QES)	PAPER BASED NON ELECTRONIC SIGNATURE
DEFINITION	The most basic electronic signature available. Only the signer's email address is required where the document is sent for signature. The signature happens by opening the e-mail and click in the required field of the document.	Compared to SES, AES includes an additional user authentication step: a signer will be asked to add the unique, system generated access code as the last step of the signing process.	A qualified electronic signature is an advanced electronic signature which is additionally created by a qualified signature creation device and is based on a qualified certificate for electronic signatures, it is equivalent to a handwritten signature.	Traditional paper based signature
VERIFICATION TYPE	NONE	SMS	device with a qualified certificate	NONE
DOCUMENT TYPE	<ul style="list-style-type: none"> Intra-Group contract/SLA NDA (depending on the value of the information, paper based signature/AES might be needed for NDA, based on business decision) 	<ul style="list-style-type: none"> Frame contract, Individual contract and LOI below EUR 10 M* 	<ul style="list-style-type: none"> Frame contract, Individual contract and LOI above EUR 10 M MSA 	

*Contracts of constructions, real estate purchase or license agreement (industrial property rights) contracts or containing reservation of the ownership, right of pre-emption, surety bond, subsidiary loan, assumption of guarantee, arbitration clause, advance re-payment guarantees, performance bonds, mother company guarantees are subject to further discussion with Legal and Finance Expert to decide on the appropriate signature.

REQUIREMENTS FOR THE QUALITY ASSURANCE OF SERVICE AND MATERIAL SUPPLIES



Annex No. 1.1. MOL
GROUP - Requireme