

# حديد الإمارات أركان

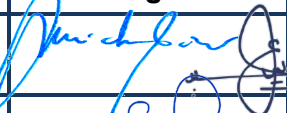


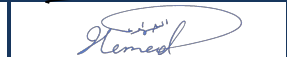
## emirates steel arkan

Integrated Management System

### Supply Chain Management Policy

SCD-GR-PC-001

Issue No. 6; 01.03.2024

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## 1. PURPOSE

- 1.1 The purpose of this policy is to outline the main activities performed by Supply Chain Management Department, ensuring transparency and adequate levels of service to the end users.
- 1.2 SCM will always act in the best interest of Emirates Steel Arkan - Steel Unit, considering and avoiding the disruption of business operations.

## 2. SCOPE

This policy is applicable to all sections, functions, processes and stakeholders of Supply Chain Management Department within ESA Steel Unit

## 3. DEFINITIONS / ABBREVIATIONS

Abbreviations	
BoD	Board of Directors
ESG	Environmental, Social, and Governance
GCEO	Group Chief Executive Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CCO	Chief Commercial Officer
COO	Chief Operating Officer
DoA	Delegation of Authority
ESA	Emirates Steel Arkan
SCM	Supply Chain Management Department
PRC	Procurement Committee
VP	Vice President

## 4. RESPONSIBILITIES

- The primary responsibility for reviewing and revising this policy rests with the Chief Commercial Officer and the SCM Vice President. The Supply Chain Management Policy will be reviewed and amended as and when required to ensure reflection of contemporary

business practices, Emirates Steel Arkan's - Steel Unit operational philosophy and evolving business requirements.

- The responsibility for implementing the policy lies with the Vice President SCM
- This policy is endorsed by the ExCo/GCEO, approved by the Board of Directors (BOD) of **ESA** and signed off by the authorized signatories. Any amendments, changes and revisions shall be authorized accordingly.

## 5. DESCRIPTION

### 5.1 OBJECTIVES

**5.1.1** The vision of SCM is to provide a world-class supply chain management service in support of the company's mission by creating value through strategic sourcing, efficient processes, and professional service.

**5.1.2** SCM mission is to effectively support, and be a key enabler of, ESA operational and financial objectives by delivering significant, year-on-year bottom line benefits whilst meeting or exceeding all business requirements – including availability, quality, service and innovation – thus directly contributing to the continuous improvement of ESA ambitions for competitive advantage and business growth.

**5.1.3** SCM objective is to support all end users with procurement, planning and logistics activities. In performing these functions, SCM will direct its efforts into channels which will further enhance the overall objectives and performance of ESA.

**5.1.4** The specific objectives of SCM Department are:

- Ensure timely delivery and an uninterrupted flow of required products and services to the operations;
- Progressively improve the quality of the services and optimize costs;
- Progressively improve the sustainability and the resiliency of the ESA global supply chain
- Develop reliable and effective supply sources;
- Work in partnership with suppliers developing mutually beneficial relationships;
- Optimize Inventory to ensure proper material availability and service level but at the same time minimize impact on the cash flow;
- Effectively plan and manage all company shipments, inbound and outbound;
- Endeavor that all safety requirements are fulfilled by our partners;
- Ensure reliability, adequacy and accuracy of all recorded information;

- Maintain adherence with the company policies, directions and statutory requirements, and;
- Adhere to applicable local and international rules and regulations.

## 5.2 RESPONSIBLE SOURCING

**ESA** aim to do business in a way that protects and enhances the lives of workers across our supply chain, while preserving the environment – and therefore we commit to the Responsible Sourcing of our products and services. As this extends beyond the boundaries of our own operations, we collaborate with our suppliers to ensure that they too conduct their business and operations responsibly and in a sustainable manner.

To deliver upon this commitment, at ESA we have established specific requirements, in relation to Workers Protection that all our suppliers and sub-suppliers are required to meet.

ESA Responsible Sourcing Commitment consists of the following requirements:

- Ethics
- Workers Protection Standards
- The fundamental principles and rights at work
- Environment, Health, and Safety
- Legal compliance
- Management systems
- Supply chain management
- Stakeholder engagement
- Complaints & prosecutions
- Climate change and energy
- Resource use
- Site stewardship
- Water
- Waste management
- Transport impacts
- Employment & skills

- Local communities
- Financial stability
- 

### 5.2.1 ETHICS

All SCM Department employees shall strictly observe the stipulations on the ESA Code of Conduct, Ethics and Whistle Blowing Policy (CEO-PC-003) when performing their activities and functions, as well as:

- Strictly follow company policies and procedures;
- Act with integrity, competence, diligence, respect and in an ethical manner internally and externally;
- Promote the integrity and viability of SCM activities for the ultimate benefit of ESA;
- Ensure impartiality and transparency on all relationships;
- Obtain the maximum value for the services provided, granting all suppliers and end users due consideration;
- Ensure confidentiality and accuracy of every piece of information received, issued and/or recorded, and;
- Conduct business in an atmosphere of good faith and proper due diligence.

SCM should promote the reputation of ESA for fairness:

- By declining to take unfair advantage in any situation.
- By rejecting unsolicited revision of bids after their submission, insisting on receiving the best competitive price and holding the bidder to it, and.
- By ensuring discussions and disclosed information are fair and clear.

### 5.2.2 WORKERS PROTECTION STANDARDS

In line with our Sustainability Policy, ESA workers protection standard is based

- ESA Sustainability Policy and UK CARES Responsible Sourcing Certification Scheme BES 6001
- The International Labour Organization's (ILO) Fundamental Principles and Rights at Work. These principles cover core workers' rights such as freedom of association, the elimination of forced labour, and no discrimination. Countries confirm their commitment to these by building them into national legislation.

- United Nations Global Compact. The United Nations Global Compact is a strategic initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labor, the environment, and corruption.

We continuously engage with our suppliers to ensure that together, we can make a valuable contribution to the wellbeing of our people and protection of the environment, and that all our business practices are conducted ethically. Our anonymous “Violation Reporting” available on Emirates Steel Arkan website is an open door for suppliers, communities, and employees to help us on our journey towards sustainability.

**ESA** contractors and suppliers, and their sub-contractors and sub-suppliers, are expected to conduct their business ethically and protect the rights and wellbeing of their workers by complying firstly with local and national laws and then to the following requirements of ESA principles. In the event of any changes to national laws, this will supersede any internal requirements.

### 5.2.3 THE FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK

#### 1. Child labour

- No children under the age of 15 years old or the minimum age for completion of compulsory education, whichever is the highest, are employed either directly or indirectly by the contractor
- No children under the age of 18 are employed for hazardous, dangerous or exhausting work, work detrimental to their health, or after 8 pm
- Children under the age of 18 do not work overtime

#### 2. Discrimination at work

- All employees are treated fairly and without discrimination during recruitment and employment
- All employees may perform their religious obligations without restriction or hindrance
- There is no discrimination against employees with special needs or medical conditions, unless it impacts their ability to perform their role

#### 3. Forced labour

- Employees are provided with voluntary and full freedom of movement related to their employment and are not bound by any financial threats, such as penalties or loss of rights and privileges
- The contractor may safeguard employees' personal documents and/or belongings with their permission, without any form of threat or intimidation, provided they can be returned directly to them within five hours
- Employees are not subject to any form of exploitation and no employment fees or commissions are paid by them or their family prior to employment

- All employees are informed of their rights and obligations related to employment and termination

#### 4. Working hours

- A normal work week is no more than 48 hours per employee with the exception of certain services
- Overtime is always voluntary and does not exceed 2 hours per day, unless it is for preventing the occurrence of a gross loss or severe accident
- One off-day as minimum per week is provided
- Pauses of up to one hour per five hours is provided
- Employees are provided with annual leave equal to or above national laws
- Transparent and accurate records of employees' attendance are recorded by the contractor

#### 5. Remuneration

- Comprehensive final offers of employment are agreed in writing prior to employment
- Subsequent changes to employment contracts are mutually agreed and documented
- Employees' net remuneration is equal to or above the legal minimum wage, with total agreed deductions not exceeding the limits specified in the relevant applicable laws
- Legally mandated benefits, such as employees' compensation and medical insurance, are provided
- Employees are paid regularly as contractually agreed, either monthly or weekly and on time, without illegal deductions or penalties
- The contractor provides accurate and detailed remuneration information to the employees, and maintains accurate current and historical payroll records

#### 6. Freedom of association

- Employees are provided with an opportunity to express their concerns and expectations collectively or individually without discrimination and retaliation
- Employees may, within the allowances of local and national laws, bargain collectively without discrimination or retaliation

#### 7. Harassment

- Employees are protected from any form of physical, verbal or emotional harassment, or the threat thereof
- Employees can appeal against disciplinary actions free from any threat of punishment or retaliation

#### 8. Conflict minerals and indigenous people

- Where applicable, the rights to property and land of indigenous people are protected within the framework of Free, Prior and Informed Consent
- The supplier does not source any materials or products containing minerals from conflict-affected regions impacting workers' rights

#### 9. Conflict-affected and high-risk areas

- ESA will not tolerate any contribution directly or indirectly to armed conflict, human rights abuses, or risks for workers and communities in conflict-affected or high-risk areas

#### 10. Communication

- Workers should always be communicated to in a language they fully understand

### 5.2.4 ENVIRONMENT, HEALTH, AND SAFETY

Health & Safety is the top most priority for ESA and our suppliers are expected to share the same priority. In addition to aiming for zero accidents, ESA is committed to reducing its environmental impact across its operations.

ESA suppliers, and sub-suppliers, are expected to comply firstly with local and national laws and then with the Environment, Health, and Safety Rules and Conditions. Detailed requirements are available for ESA HSE requirements.

#### 5.2.5 LEGAL COMPLIANCE

- Comply with all applicable laws and regulations.
- All ESA contractors, suppliers, and other stakeholders shall comply with the laws and regulations of the region of their operations as well as regulations applicable to provide materials or services to ESA. All stakeholders shall comply with the responsible standard requirements applicable for their scope of activities, specifically the requirements, and commitments to responsible sourcing.

#### 5.2.6 MANAGEMENT SYSTEMS

- Have systems in place to operate in a legal, efficient, and financially sustainable manner with continual improvement in the management of quality, health and safety, the environment, and human resources.
- Demonstrate management system(s) in compliance with responsible sourcing requirements and commitment to certify the system in accordance with ISO 9001, 14001, 45001 (or equivalent) by an accredited third-party certification body (or Conformity Assessment Body).

#### 5.2.7 SUPPLY CHAIN MANAGEMENT



- Communicate and work constructively with the supply chain to deliver sustainable policies and practices.
- Published Code of Conduct for its suppliers. Adherence with the code shall be an obligation for all suppliers. The code shall be regularly reviewed and approved by senior management.
- For the constituent material supply chain as identified as traceable in Supply Chain Management Requirements, shall have in place a documented risk assessment and undertake due diligence in relation to the potential for environmental and social risks. The risk assessment and due diligence shall be reviewed at regular intervals appropriate to the operations.

#### **5.2.8 STAKEHOLDER ENGAGEMENT**

- Identify stakeholders affected by the activities of the organization and its supply chains, ensure responsible engagement with them to address their needs, expectation, and concerns .

#### **5.2.9 COMPLAINTS & PROSECUTIONS**

- Operate with transparency and record and report all complaints and prosecutions and associated corrective actions.

#### **5.2.10 CLIMATE CHANGE AND ENERGY**

- Use energy efficiently in the production of materials and products and minimise the emission of greenhouse gases associated with these processes. Reduce fossil fuel consumption and utilise renewable sources of energy.
- Establish a policy, supported by a documented management system, for the monitoring and reduction of the intensity of its greenhouse gas emissions. This aspect may be managed within the scope of an existing management system.
- Shall quantify the following: Scope 1 greenhouse, and Scope 2 greenhouse gas emissions associated with their operations.

#### **5.2.11 RESOURCE USE (as applicable)**

- Recognize the need to use all materials in the most appropriate and sustainable manner.
- Establish a policy, supported by a documented management system, for the monitoring and reduction of the energy intensity of those operations over which it has financial and/or operational.
- Establish targets set for the reduction of energy usage, relative to output over time. Targets are approved by senior management and progress against targets is reviewed regularly.
- Report to its stakeholders on the intensity of the energy usage of its operations. Reporting shall include levels of energy usage relative to output over time, and hereafter reported on an annual basis.

- Shall have external verification of its energy information and data (preferred)
- Developed and implemented an action plan for the continual reduction of use of energy from fossil fuels and for the increase of use of energy from renewable energy sources within their operational control.

#### 5.2.12 SITE STEWARDSHIP (as applicable)

- Be responsible stewards of sites used by preventing pollution and recognising the importance of national heritage, ecological value and biodiversity during use and after the end of life of each site.
- Develop and implement a biodiversity action plan to protect and enhance the natural environment and biodiversity. The plan shall include controls to minimize impacts, remediation measures and actions to increase biodiversity.
- Report to stakeholders on demonstrable actions taken biodiversity action plan

#### 5.2.13 WATER (as applicable)

- Use water efficiently to minimize demand on potable water supplies, and treat process water and site run-off effectively to mitigate against pollution risks.
- Establish targets for the reduction of the intensity of water usage, relative to output over time. Targets are approved by senior management and progress against targets is reviewed regularly
- Report performance to stakeholders. Reporting shall include the intensity of their water usage or abstraction (as quantified for the compulsory clause) and reported on an annual basis.
- External reports verification of its water information and data (preferred)

#### 5.2.14 WASTE MANAGEMENT (as applicable)

- Manage all waste streams effectively by adopting the waste reduction hierarchy and minimise waste incinerated and disposed of to landfills without energy or material recovery.
- Establish a policy, supported by a documented management system, for the diversion of waste from landfills or incineration without energy recovery in accordance with the waste hierarchy.
- Provide evidence that all controlled waste arising from its operations is stored, transported, and treated such that risks to human health and the environment are minimized and that all local regulatory requirements are fulfilled
- Set targets set for the reduction of waste, relative to output over time, and for the diversion of waste from landfill or incineration without energy recovery. Targets are approved by senior management and progress against targets is reviewed regularly.
- Report performance to stakeholders. Reporting shall include levels of waste production relative to output over time and comparison to industry benchmarks (where available), and thereafter reported on an annual basis.

- Shall have external verification of its waste information and data (preferred)

#### 5.2.15 TRANSPORT IMPACTS (as applicable)

- Recognize the social and environmental impacts of transportation and the need to adopt appropriate strategies to reduce adverse impacts.
- Establish targets for the reduction of environmental and social impacts associated with the transport of the assessed product(s), goods and people involved in its operations. Targets are approved by senior management and progress against targets is reviewed regularly.

#### 5.2.16 EMPLOYMENT & SKILLS

- Continue to support sustainable communities by providing employment and economic activity through fair operating practices and recognize the importance of developing a skilled and competent workforce.
- Establish a policy, supported by a documented management system, for the learning and development of its employees and carry out regular reviews of its performance.
- Responsible Sourcing awareness/training shall be evidenced in all relevant professional and functional training; and the organization shall operate an induction program which refers explicitly to aspects related to health and safety, human rights, sustainability, corporate responsibility, and business ethics.
- Have appropriate & transparent human resource practices for recruitment, contract, fair wages & working hours.
- Report to stakeholders on its performance relating to the learning and development of its employees.
- Have external verification of their learning and development information and data (preferred)
- Establish a policy, supported by a documented management system, for enhancing the diversity and inclusiveness of its workforce, and carry out regular reviews of its performance.

#### 5.2.17 LOCAL COMMUNITIES

- Liaise effectively with the local community and strive to develop mutual understanding and respect.
- Establish a policy, supported by a documented management system, to identify and consult with local community stakeholders directly affected by the activities and operations of the organization.
- Have written procedures to record all complaints from local community stakeholders and any subsequent and associated actions including prosecutions.
- Carry out regular reviews of its performance in terms of local community relationships, liaison activities and complaints incidents.

- Report annually on local community engagement, liaison activities and complaint incidents to stakeholders on an annual basis.
- Have external verification of its local community engagement, liaison activities and complaint incidents (preferred).
- Establish a policy, supported by a documented management system to promote local sourcing of products and services; and the use of local staff and expertise where appropriate and practical.

### 5.2.18 FINANCIAL STABILITY

- Manage for long term financial performance. Provide stability and enable long term investment in social and environmental aspects which underpin the economy.

### 5.2.19 Suppliers' Responsible Sourcing self-assessment

*The self-assessment (SCD-GR-FM-046)* shall be completed by suppliers to determine whether they are in compliance with the ESA supply chain policy.

**5.2.20** A positive relationship is to be encouraged between ESA, its internal end users and its suppliers. This should be maintained through the following activities:

- Keeping suppliers and end users informed of any changes within the company's policies, procedures and terms and conditions;
- Participating in fair negotiations, where all suppliers may compete equally for the business;
- Adhering to the rules laid down in this policy, as well as other existing company policies and procedures, when dealing with issues and/or disputes;
- Supporting end users at all times in their needs, and;
- Meeting all key stakeholders regularly to discuss issues, improvements and opportunities, jointly.

**5.2.21** SCM Department employees are required to disclose to the VP SCM any conflict of interest with any potential suppliers / contractors / entities with whom they are dealing directly prior to awarding any purchase order / contract. Such disclosure is to be recorded in the respective purchasing file.

**5.2.22** It is the responsibility of each member of the SCM Department to ensure that the company does not enter into any commitment in the event of the existence of a conflict of interest.

**5.2.23** ESA is committed to preventing anti-competitive practices by adhering to fair competition principles, promoting transparency and accountability, and complying with all applicable laws and regulations.as per its Environmental, Social, and Governance (ESG) policy (GCEO-GR-PR-001).

### 5.3 **PROCUREMENT**

#### 5.3.1 **General**

- Supply Chain Management is the only authorized area within ESA to make commitments for the purchase of goods and/or services necessary for the company's operations. However, end user can purchase direct as per emergency procedure (SCD-GR-PR-010).
- Other ESA Departments normally are not allowed to perform the following activities including, but not limited to:
  - Asking for firm quotations or price offers;
  - Negotiating offers directly, and;
  - Approving/Signing Contracts/Purchase Orders.
- Requests for price estimates are allowed for budgeting purposes only.
- As an exception, ESA departments may contact suppliers directly if an emergency is identified outside of regular working hours with the correct approvals as per the DoA and as clarified in the Emergency Procedure (SCD-GR-PR-010). In such cases, SCM must be notified at the earliest possible opportunity.
- SCM may perform purchasing processes based on historical/planned demand and/or approved purchase requisitions. Purchasing processes, however, do not represent a direct purchasing commitment. A formal commitment to purchase depends on an approved purchase requisition, as per the DoA requirements, at all times.
- Minimum of three valid quotations shall be sought at all times. However, purchasing processes, where at least five reputable and specialized suppliers were invited but less than three quotations were received, as evidenced in writing, shall be deemed as full processes and do not require single source approvals. Only proper justification and the endorsement of the SCM VP are required.
- According to the DoA, all purchases of goods and/or services must be approved as per its respective authority limits.
- All purchase decisions/approvals must be formally registered.
- No Purchase Order or Contract may be split into different values with the intention to reduce the approval limits or avoid additional approvals.

- SCM shall apply the best market practices in their activities, developing processes and procedures to ensure that goods and/or services are secured to meet ESA' current and future needs.
- SCM must act proactively, whenever possible, searching for possibilities of creating consolidated contracts for goods and/or services, in order to better support ESA Operations.

### **5.3.2 Purchasing Commitments – Purchase Orders/Contracts**

#### **5.3.2.1 Request for Quotations (RFQ)**

- Purchases of goods and/or services through RFQs must be aligned with the approved procurement procedures and the DoA Manual.
- RFQs shall be conducted among selected suppliers which are pre-qualified by the Supplier Risk & Assurance team, in line with ESA approved procedure and criteria (SCD-GR-PR-011).
- SCM should invite a sufficient number of suppliers in order to attract a minimum of 3 valid quotations, whenever possible.
- Quotations will be evaluated fairly and ethically at all times. Quotations shall only be rejected with reasonable justification, such as not meeting ESA' technical requirements or failure to comply with significant ESA' commercial conditions. In all cases, the approval by the corresponding level of authority of the conducted evaluations, as per the DoA, is required.

#### **5.3.2.2 Negotiations**

- Negotiations will be conducted by SCM with the support of the End User, if necessary.
- Major purchases and contract/amendments which require PRC endorsement as per DoA may be conducted by two or more persons appointed by the VP Supply Chain Management or as instructed by the GCEO.
- All received quotations will be evaluated in a fair and ethical manner.
- Advanced payments are not part of ESA' standard payment terms and should only be accepted in special conditions, as per the DoA approval levels.

#### **5.3.2.3 Purchase Orders**

- Purchase orders are purchasing commitments and shall be approved as per the authority limits specified in the DoA.

#### 5.3.2.4 Contracts

- Letters of Award may be issued to confirm placement of an order to a supplier prior to issuing a formal contract for the same.
- SCM shall prepare the contract documents (including all schedules/attachments) for the contract award.
- Procurement shall prioritize the use of the standard terms and conditions for all contracts. Such documents may be reviewed by the Legal Advisor on a periodic basis to ensure alignment with the company's needs and requirements.
- Any necessary changes to the commercial aspects must be reviewed and approved by the SCM management.
- Any necessary changes to the standard terms and conditions must be reviewed and approved by the Legal Department.
- Any changes with legal implications must be reviewed and discussed with the Legal Department.
- Whenever possible, contracts must have defined appropriate clauses for liquidated damages, breaches of contract, delay damages, performance guarantees and termination.
- The contract shall be signed according to the DoA levels of authority, and its validity period shall be clearly stated at all times.

#### 5.3.2.5 Relationship

- SCM team will ensure that each supplier performs responsibly, safely, and completely in accordance with the SCM policies, procedures and terms and conditions.
- ESA shall take all the necessary steps to enable its suppliers to fulfill their purchase order's/contract's commitments as they are directly accountable for their performance.
- At the same time, it is in ESA' best interest that suppliers are motivated to meet its expectations for quality and performance/delivery.

#### 5.3.2.6 Claims

- In case of any existing claim concerning suppliers, SCM team will work proactively, interacting/negotiating with the respective supplier in order to reach an agreement, always taking into consideration the company's needs and best interests.

### 5.4 Supplier Risk & Assurance

#### 5.4.1 Supplier Pre-qualification and Qualification

- A process for pre-qualifying and effectively qualifying suppliers shall be conducted by the Supplier Risk & Assurance team to ensure that goods and/or services are procured only from qualified & approved suppliers.
- SCM shall ensure that all the suppliers registered with ESA are fully qualified, of good repute and of a solid financial standing for their respective activities, bearing in mind that the qualification for a certain activity does not necessarily mean qualification for any other activity.
- Supplier Risk & Assurance team will blacklist suppliers, whenever applicable as per the Supplier Pre-qualification, Qualification and Performance Evaluation Procedure (SCD-GR-PR-011) and keep records with all related information. Blacklisted suppliers may not participate in any purchasing process. Awarding a purchase order or a contract to a blacklisted supplier shall only be possible under special circumstances, with reasonable justification/documentation and the approval of the SCM VP.

#### **5.4.2 Performance Evaluation**

- A process for performance evaluation will be conducted for current suppliers. SCM is responsible for managing the evaluation process in a timely manner, analyzing the results, contacting and informing suppliers of their results & required actions for any improvements, and archiving the respective data.
- Supplier Risk & Assurance team will evaluate suppliers with the support of end users, buyers, managers, and H&S representatives, as may be applicable. The criteria for performance evaluation shall be defined by Supplier Risk & Assurance team.

#### **5.4.3 Supplier Satisfaction**

- In the spirit of continuous improvement, once a year ESA will ask its suppliers to evaluate their satisfaction in a survey. Supplier Risk & Assurance team will be responsible for analyzing the information received and sharing the feedback received with any involved area/department and the Exco.

### **5.5 S&OP – Sales and Operations Planning**

#### **5.5.1 Demand Planning**

- Based on inputs from Sales, Marketing departments, analyses of historical and seasonality trends and intelligence from the market and forecasting institutions, Demand planning prepares the forecast for the horizon of the 12 months is consolidated for respective product and market that is then broken down to family level in Anaplan software and is basis for volume/revenue EBITA forecast for the respective fiscal year.



- Revenue forecast must consider latest prices approved by pricing committee and volume forecast expectation inputs per market must be aligned with Sales and Marketing department at monthly demand review forums.
- Orders already reflected in SAP and in the orderbook must be considered in the projection replacing the forecast in the short-term horizon.
- Estimated balance or free stock at the end of current month and respective next month capacity per Product group/RM will be communicated by Demand planning team to the Sales team before the current month is over in order to book those quantities with orders.
- DP follows up on weekly basis with Sales team on issues related to not having enough orders to fill in the S&OP plan/budget as well as on orders not released yet due to pending LC or pre-payments. Escalations are taken to weekly cross-functional operational drumbeat and actions take to close respective gaps.
- DP is also responsible for consolidation of HSM order book requirements and updates other departments about the order book status 3 times/week.

### 5.5.2 Production Planning

- Based on inquiry from customers communicated to Sales, Draft of the rolling schedule is prepared, and preliminary delivery dates based on estimated cargo readiness date (estimated rolling date + Lead time needed for quality release, rectification, dispatch preparation) is communicated by Sales team back to customers based on confirmation from production planning, considering capacity, rolling campaigns and minimum order quantities.
- Sales team then after confirmations from customers create orders in the system with respective LDS (Last Day of Sales) and after that the rolling schedule as well as primary production plan is adjusted capturing all orders placed by customers.
- Any production issues affecting order deliveries must be communicated by production planning to all functions during the Weekly S&OP Execution Meeting and Cross Functional Operational Drumbeats.
- Mitigation plan is prepared by Production Planning based on inputs from other functions, production plan is adjusted, and final revised LDS is communicated to the customer by the Sales team.

### 5.5.3 Material planning

- Based on production schedule of SMPs/DRPs, material requirements are defined by Production Sections and Material Planning department calculates quantities and requested delivery timelines for materials, considering material requirements, current material stocks and upcoming deliveries already scheduled.
- Then Material planning and procurement follow up with suppliers to adjust deliveries accordingly and get confirmations from them on respective delivery dates.
- Any delivery delays resulting in material availability issues have to be followed-up with Vendors by Material Planning team and if not, improvement they have to be escalated to Procurement Department.

#### 5.5.4 Logistics Planning

- **Based on production schedule Logistics Planning calculates estimated dispatch date considering estimated rolling dates, lead times needed for quality release, rectification, pairing/crimping (for Sheet Piles), sorting of the stock and delivery preparation.**
- **The information about dispatch for all the orders for the respective month are captured in the Dispatch Plan and it is communicated by Logistics Operations as well as the Sales Team to customers on weekly basis.**
- **It is also the basis for estimation of invoicing quantity for the respective month reported at weekly S&OP Execution meetings.**
- **Aggregated Dispatch Plan is also communicated by Logistics Planning team to transportation providers in order to secure sufficient number of trucks for respective dispatch quantities in the Dispatch Plan.**
- **Any longer term issues with trucks availability must be communicated to vendors by Logistics Operations team and if no improvement escalated to Procurement department.**

#### 5.5.5 SHIPPING & LOGISTICS OPERATIONS

**5.5.5.1** Shipping and Logistics (S&L) will manage all import shipments to support ESA operations, as well as all export shipments, providing support and quality services to ESA customers.

- 5.5.5.2** S&L will ensure transparency and accuracy of all information provided to international agents, transportation companies, government institutions and any other entity to whom data is forwarded.
- 5.5.5.3** Goods will be transported and temporarily stored (if needed) according to their urgency requirements and their material type.
- 5.5.5.4** Cost reduction shall be an important driver for all logistics decisions. Cargo should be consolidated, and air shipments should be avoided, whenever possible.
- 5.5.5.5** Controlling and following up on inbound shipments of raw materials shall be too of the main activities of the S&L team in order to avoid large demurrage costs.
- 5.5.5.6** Whenever possible, contracts will be negotiated with procurement, freight forwarders, marine surveyors, transporters and any other logistics partner in order to reduce costs and improve the quality of service.
- 5.5.5.7** S&L shall be responsible for requesting, receiving and analyzing all documents from ESA' suppliers to guarantee the customs' clearance process.
- 5.5.5.8** In case of outbound shipments, S&L will issue all the necessary documents such as provisional invoices and packing lists, forwarding them to the appropriate personnel so that the cargo may be cleared at customs.
- 5.5.5.9** S&L must ensure that all shipments charges are correct before forwarding them for approval and payment.
- 5.5.5.10** S&L will interact constantly with the Procurement team to assure shipments will arrive within the agreed lead time.
- 5.5.5.11** S&L is also part of the Iron Ore Pellets Committee (IOP Committee), responsible for planning, scheduling and coordinating shipments to secure the supply of IOP and optimize inventory levels.
- 5.5.6 Weight Bridge**
- 5.5.6.1** Weighbridge section is responsible for all inbound and outbound material movement process & internal by-product weighment.
- 5.5.6.2** It captures the tare & gross weight of each outbound customer truck.
- 5.5.6.3** It is also converting the ILO (Initial Loading Order)' to customer delivery note with attaching all necessary documents including MTC (Material Test Certificate).

## 6. SUPPORTING DOCUMENTS

Document Name	Reference Number
Environmental, Social, and Governance (ESG) Policy	GCEO-GR-PR-001
Whistle Blowing Policy	CEO-PC-003
Delegation of Authority	CEO-PC-010
Purchasing Procedure	SCD-GR-PR-002
Single Sourcing Procedure	SCD-GR-PR-009
Emergency Procedure	SCD-GR-PR-010
Supplier Pre-qualification, Qualification and Evaluation Procedure	SCD-GR-PR-011
Nonconformity Identification and Control Procedure	SCD-GR-PR-026
Shipping and Logistics Procedure	SCD-GR-PR-014
The self-assessment	SCD-GR-FM-046

## 7. ISSUE HISTORY

Issue No.	Date	Page / s	Cause of Revision
0	25.04.2013	All	First Issue
1	06.11.2014	All	Changes in the Organization Structure
2	27.03.2016	All	Re-written to match with current structure, responsibilities & practices
3	18.05.2020	5,6,8,10,11	Updates to match with current practice
4	15.07.2022	2,5,7,13	Updates to match with current practice
5	05.05.2023	All	Removed dispatch, added new clauses for the Weighbridge process, and replaced ES with ESA
6	01.03.2024	All	<ul style="list-style-type: none"> <li>- Added BRE Environmental and Sustainability Standard, BES 6001: Issue 4.0; for Responsible Sourcing, added S&amp;OP process, covered Responsible steel requirements, and referred to ESG policy.</li> <li>- Added S&amp;OP – Sales and Operations Planning</li> </ul>