PURCHASE ORDER (PO) ISSUANCE PROCEDURE

1. Introduction

A purchase order (PO) is a formal document issued by a buyer to a supplier, indicating the type, quantity, and agreed price for products or services. It serves as a legally binding contract once accepted by the supplier.

2. Scope

The purpose of adopting the Purchase Order (PO) issuance process is to ensure that all purchases (excluding utilities) are properly authorized and documented before engaging any vendor.

This process helps maintain financial control, ensures compliance with organizational policies, and provides a clear record of all transactions.

This procedure applies to all companies within the group and all departments currently using SAP (Luxemburg, UK, Italy, US).

3. Approval Rules

The PO must be approved according to the following hierarchy:

- **Level 1:** Purchases up to € 250,000 must be approved by the Managing Director

- **Level 2:** Purchases between € 250,001 and € 500,000 must be approved by the Managing Director and the Country Head of Finance.

- **Level 3:** Purchases above € 500,000 must be approved by the Managing Director, the Country Head of Finance and the Group CFO or designated executive.

Segregation of Duties: Ensure that the person creating the PO is not the same person approving it to maintain internal controls and prevent conflicts of interest.

4. Steps in the Purchase Order Process

Buyers should follow these steps to ensure proper issuance of Purchase Orders:

- **Identify Needs:** Begin by determining the specific goods or services required. This may involve internal discussions to clarify details and quantities needed.

- **Contact Vendor:** Once the needs are identified, reach out to the vendor to request a detailed quote. Ensure the quote includes all necessary information, such as item descriptions, quantities, prices, and delivery terms.

- **Review Quote:** Carefully review the quote received to ensure all information is correct and complete. If necessary, request clarifications or additional details from the vendor.

Buyers must fill out the form provided in **Attachment A** with all necessary details and supporting documentation provided by the vendor (where applicable), and submit it to the person designated for issuing POs within the organization.

5. **Issue the Purchase Order (PO)**

- **Create PO:** Designed persons use SAP app "Create Purchase Order" to create the PO. Make sure to include all required information (see section 7).

- **Authorization:** Once the PO is created, submit it for approval to the designated authority within the organization. It is important that the PO is electronically authorized by the appropriate personnel before proceeding.

- **Record Keeping:** Maintain a copy of the authorized PO for internal records. This helps ensure there is clear and accessible documentation for all transactions.

6. **Confirm the Activity with the Vendor**

Only when the PO is approved, Buyer can engage the vendor following these steps:

- **Send PO:** Send the authorized PO to the vendor via email, or the vendor's preferred method. Ensure the vendor receives the PO in a timely manner.

- **Confirmation:** Follow up with the vendor to confirm receipt of the PO. It is important to ensure the vendor acknowledges and agrees to the terms specified in the PO.

- **Schedule Activity:** Coordinate with the vendor to schedule the delivery of goods or performance of services as indicated in the PO. Make sure all dates and details are clearly communicated and agreed upon.

7. **Required Information on the PO**

   a) **Vendor Name:**

   - Clearly state the name of the vendor.

   b) **Description of Activity:**

   - Provide a clear and detailed description of the goods or services to be provided. Include item numbers, specifications, and any other relevant details.

   c) **Project name:**

   - Where applicable - Specify the name of the project to which the expense is related.

   d) **Execution Date (Delivery date):**

   - Specify the date when the work will be performed or when the goods will be received. Include any deadlines or critical delivery dates.

   e) **Quantity and Amount:**

   - Indicate the quantity of goods or services. Provide the unit price and total amount to be paid. Include any applicable taxes, shipping costs, or other charges.

f) **With-holding Tax Information:**

- Indicate whether the vendor is subject to withholding tax. Provide the applicable tax rate and any relevant tax identification numbers.

g) **Payment Terms:**

- Specify the payment terms agreed upon with the vendor (e.g., net 30 days, advance payment). Include any discounts for early payment or penalties for late payment.

h) **Delivery Instructions:**

- Provide detailed delivery instructions, including the delivery address and contact person. Include any special handling or packaging requirements.

i) **Contact Information:**

- Include the contact information of the person responsible for the PO within the organization. Provide the vendor with a point of contact for any questions or issues.