
Procedure for Purchasing and Evaluation of Suppliers

1. Purpose, scope, and users

The purpose of this procedure is to describe the process of evaluation and selection of suppliers (external providers of processes, products, and services) and the purchasing process in order to conform to specified purchase requirements.

This procedure applies to all processes and/or areas (parts of organisation) within the IMS (*Integrated Management System*).

This purchasing process includes but is not limited to: consumables such as office supplies, hardware needed for product, research equipment, and information and communication technology.

This procedure excludes:

- Utilities (electricity, gas, water, etc.)
- Insurance, legal and audit fees
- Investment services
- Personnel services (benefits, wage and salary administration including employment contracts)
- Other purchases, as approved by the Director; and
- Purchases less than \$200

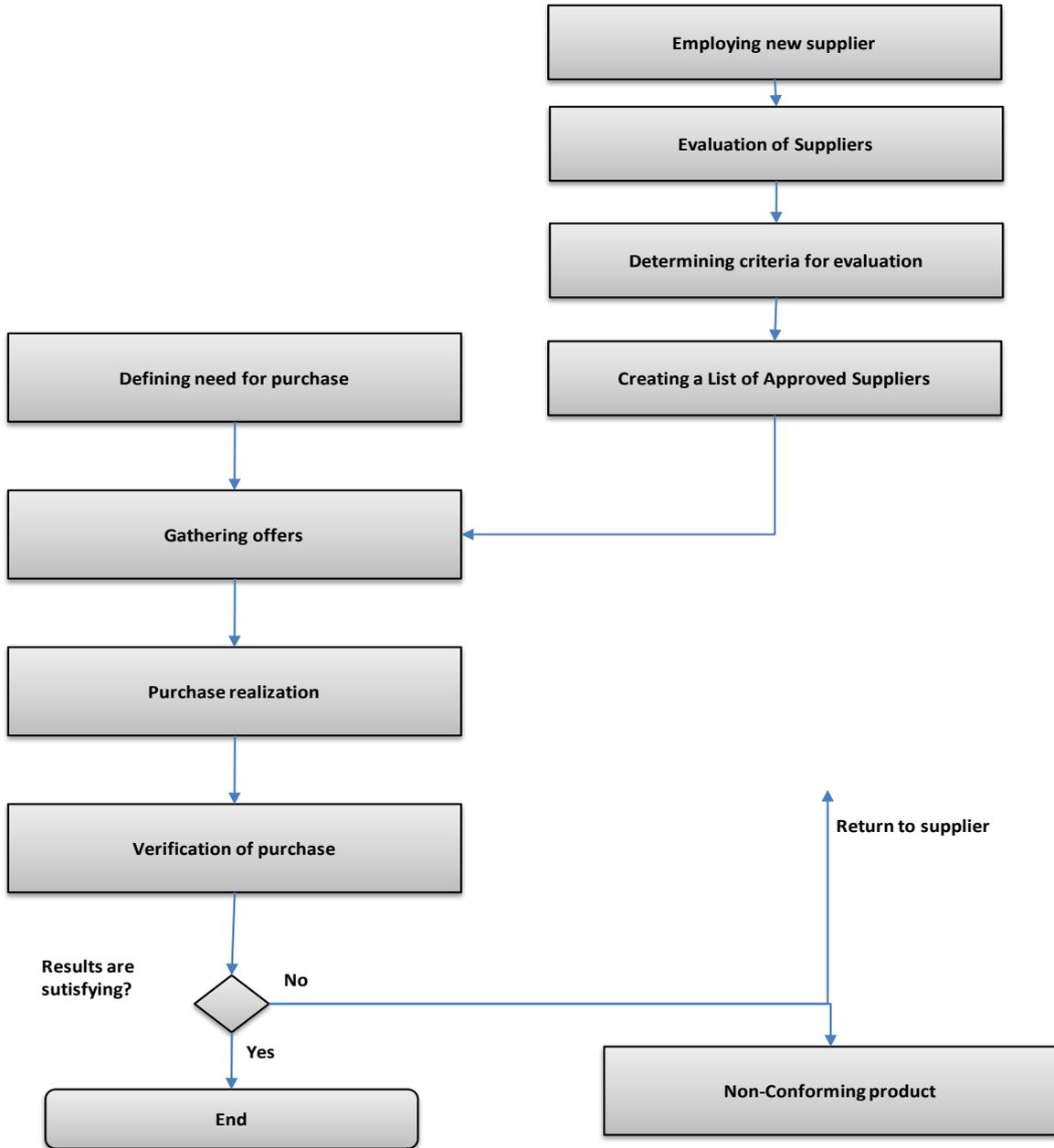
Users of this document are [heads of departments and Purchasing Manager] of Crystele Homes, as well as internal auditors.

2. Reference documents

- ISO 9001:2015 standard, clause 8.4
- ISO 14001:2015 standard, clause 8.1
- ISO 45001:2018 standard, clause 8.1
- Integrated Management System Manual
- Procedure for Design and Development
- Procedure for Production and Service Provision

3. Evaluation and Selection of Suppliers

3.1. Process flow



3.2. Employing New Suppliers and subcontractors

In the case of hiring a new supplier, the Estimator gathers samples of products or supplier’s references. According to gathered data, the Estimator conducts an evaluation of the supplier using criteria described below. If the supplier satisfies these criteria, the test order is taken and then the new

evaluation is conducted by the Estimator. After satisfying the final evaluation, the Estimator records the supplier in the List of Approved Suppliers.

3.3. Evaluating Suppliers and Subcontractors

The Estimator conducts evaluations of suppliers by analysing:

- previous purchasing of goods and services
- technical documentation, catalogues, demo versions, prospectus and other relevant documents about goods and services
- evidence of quality of goods and services
- environmental impact of their activities, products, and services
- occupational health and safety of their activities, products, and services

3.4. Criteria for Selecting Suppliers and Subcontractors

The Estimator conducts the evaluation of suppliers according to the following criteria:

Symbol	Criteria	Range of Points
C	Cost	from 0 to 3
R	Relationship	from 0 to 4
Q	Quality	from 0 to 2
MT	Meet Timeframe	From 0 to 1

The Estimator chooses one point number for each criterion and sums them. Suppliers with more than 5 points are entered in the List of Approved Suppliers.

3.4.1. Quality

Evaluation of shipment quality considers the following parameters: correctness of delivery documents, delivered quantity of product meets requested quantity, damages to product during transport, and delivery time.

Points	Description
2	No complaints on quality
1	The complaints don't affect finished Quality
0	Lot of complaints with small effect on quality

3.4.2. Cost

Points	Description
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3	Price is under average market price
2	Average market price
1	Price is slightly above market price
0	Price is significantly above market price

3.4.3. Relationship

Points	Description
4	Long term positive relationship
3	Have had positive dealing before.
2	We know and have seen service/products/work
1	Recommended from reliable source
0	No Previous Relationship

3.4.4. MT– Meets Timeframe

Points	Description
1	Will always meet the schedule requirements
0	Regularly has problems meeting schedules

3.5. Ranking of Suppliers

Suppliers are ranked according to the previously defined method.

Rank	Description	Points
A	Exceptional	>8
B	Acceptable	6-7
C	Acceptable with monitoring	5
D	Unacceptable	Less than 4

The Estimator updates this data about suppliers in a Checklist for Evaluation of Suppliers once a year. This method does not apply to suppliers who have a monopoly on the market or are designated for use by a customer; such suppliers are entered in the List of Approved Suppliers without evaluation.

3.6. Environmental operational control

Suppliers providing material and services to Crystele Homes must follow environmental legal and other requirements regarding delivery of tools, equipment, and material and appropriate documentation.

Service and material suppliers are obliged to provide MSDS lists (Material Safety Data Sheets or list of dangerous materials) in electronic or paper form for the following materials:

- Chemicals
- Fuels and lubricants
- Gases
- Paints and varnishes

For other materials, the supplier is obliged to notify Crystele Homes if its material contains any dangerous components.

Suppliers that perform a design process for Crystele Homes must be obliged through agreements to follow legal and other requirements related to environmental protection in the design process.

The Estimator informs subcontractors about activities in Crystele Homes performed in case of environmental accidents and incidents. Subcontractors are obliged by contract to follow environmental rules and regulations adopted by Crystele Homes.

3.7. OH&S Operational controls

Suppliers providing material and services to Crystele Homes must follow OH&S legal and other requirements regarding delivery of tools, equipment, material, and appropriate documentation.

Service and material suppliers are obliged to provide MSDS lists (Material Safety Data Sheets or list of dangerous materials) in electronic or paper form for the following materials:

- Chemicals
- Fuels and lubricants
- Gases
- Paints and varnishes
- Paint thinner, solvents
- Means for etching and degreasing
- Hygiene substances
- Office supply labelled as dangerous matter
- Antifreeze and glycol

For other materials, the supplier is obliged to notify Crystele Homes if its material contains any dangerous components.

Organisations that perform a design process for Crystele Homes are obliged, through agreements, to follow legal and other requirements related to occupational health and safety in the design process.

The Estimator informs subcontractors of activities in Crystele Homes performed in case of OH&S accidents and incidents. Subcontractors are contractually obliged to follow OH&S rules and regulations adopted by Crystele Homes.

4. Purchasing

The Estimator will ensure that externally provided processes, products, and services conform to the requirements, and determine the controls to be applied to an external provider when:

- Products and services from external provider are intended for incorporation into Crystele Homes's products and services
- Products and services are provided directly to the customer by external provider on behalf of the organisation
- A process, or part of a process, is provided by an external provider due to an organisational decision

The Estimator ensures that externally provided processes remain within the control of the IMS.

4.1. Defining need for purchase

According to the construction process, the Pre-Construction team creates an internal purchase request and delivers it to the Estimator. Based on the internal purchase request, the Estimator creates a Request and Order for Purchasing and chooses a supplier from the List of Approved Suppliers.

If the supplier cannot deliver goods or service that meet the requirements of the organisation, the Estimator reports to the Director, who makes the final decision whether to accept the conditions of the supplier or to hire another supplier.

When defining the need for a purchase, the Estimator must consider the potential impact of the externally provided processes, products, and services on the organisation's ability to meet customer and applicable statutory and regulatory requirements and the effectiveness of the controls applied by the external provider.

The Estimator communicates to the external provider the organisation's requirements for the approval of the external provider's interaction with the organisation and verification or validation activities that the organisation, or its customer, intends to perform at the external provider's premises.

4.2. Gathering Offers, Selection and Approval of Offers

The Estimator gathers offers from approved suppliers by sending them a Request and Order for Purchasing. If none of the approved suppliers can provide the demanded goods or services, the Estimator sends requests for offer to other suppliers.

Prior to communication with the supplier, the Estimator defines:

- Requirements for processes, products, and services to be provided
- Requirements for approval of products, services, methods, processes, and equipment
- Requirements for release of products and services
- Requirements for competence, including any required qualification of personnel
- Requirements for the external provider's interaction with the organisation
- Requirements for control and monitoring of the external provider's performance to be applied by the organisation
- Requirements for an Integrated Management System

For long-term purchases or purchases of great value, the Construction Manager signs a contract with the supplier.

The Estimator orders goods and services after receiving an offer with precisely defined products and quantities according to the contract or approved offer.

4.3. Realisation of Purchase

The Estimator monitors the purchasing process and notifies the Director if problems occur during the purchasing process (shipment delays, non-conforming product, etc.).

4.4. Verification of Purchased Product, Service or Process

The Site Supervisor ensures that verification or validation activities that the organisation, or its customer, intends to perform are conducted.

4.4.1. Verification of products

The Site Supervisor confirms receiving agreed quantity of goods by signing the supplier's delivery documents that include attests and other evidences of product or service quality.

4.4.2. Verification of services

The Site Supervisor conducts service verification by acquiring evidences from the supplier (references, recommendation letters, certificates, etc.) of his capability to provide the service needed.

5. Managing records kept on the basis of this document

Record name	Code	Storage		Responsibility
		Retention time	Location	
Checklist for Evaluation of Suppliers	12.1	2 years	SharePoint	Estimator
List of Approved Suppliers	12.2	2 years	SharePoint	Estimator

Only the Director or Operations Manager can grant other employees access to the records.

6. Appendices

- Appendix 1 – Checklist for Evaluation of Suppliers
- Appendix 2 – List of Approved Suppliers

7. Change history



Date	Version	Created by	Description of change
19/11/2021	0.1	S.Pauley	Document Creation
2/12/2021	1.0	S.Pauley	Document Approved