

## Procurement Commitment Policy

### **WHAT IS THE INTENT OF THE POLICY?**

This is intended to prevent binding commitments on materials or services without the RPM Center Led Procurement Team having an opportunity to first evaluate if there is an opportunity to:

- leverage the volume for additional benefits across RPM.
- develop our sourcing strategy.
- ensure appropriate inventory management.

### **WHEN IS APPROVAL REQUIRED?**

#### **Approval Required**

Written, verbal or auto renewal that will result in:

1. Commitment to purchase or utilize a service **and**
2. Will result in greater than 90 days of supply, inventory or service **and**
3. Obligates the company to purchase or utilize the product or service **and**
4. Annual spend on product or service is greater than \$25,000.

If all four conditions are met, approval from RPM Procurement Team is required.

### **WHEN IS APPROVAL NOT REQUIRED?**

#### **No Approval Required**

Written, verbal or auto renewal that will result in:

1. Less than 90 days of supply, inventory or service **or**
2. No minimum volume, dollar, quantity or requirements commitment **or**
3. Annual spend on product or service is less than \$25,000 **or**
4. Commitment can be terminated at any time without consequence.

If any of the four conditions apply, approval from RPM Procurement Team is not required.

\* This policy is separate from the new Technology Procurement Policy.

### **HOW DO I GET APPROVAL?**

Please send all new Procurement Commitment Requests to Paul Darwin ([pdarwin@rpininc.com](mailto:pdarwin@rpininc.com)) and for review and approval.

## EXAMPLES TO HELP DETERMINE NEED FOR A REQUEST

1. Resin supplier presents special pricing requiring a commitment to buy a specified quantity that is equivalent to 6 months' supply, on a material with \$600K annual spend.
  - This would require approval.
2. Temporary Labor agreement is due to auto renew for 1 year and cannot be terminated during the 1-year term without penalty. The annual spend on this contract averages \$200K.
  - This would require approval.
3. 2-year agreement requiring purchase of 90% of our requirements for packaging that cannot be terminated early without penalty. The annual spend is over \$1M.
  - This would require approval.
4. Silicone supplier offers end of year pricing on volume that is equivalent to 2 month's supply. The annual spend on this material is \$2M.
  - This would not require approval.
5. 3-year agreement on security monitoring system is due for renewal. Annual spend is \$500.
  - This would not require approval.