

## 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@rpminc.com](mailto:pdarwin@rpminc.com)) and cc: Ranj Virk ([rvirk@rpminc.com](mailto:rvirk@rpminc.com)) 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.