

# **SAP SRM SUPPLIER'S GUIDELINES**

**2020**

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## 1. General provisions

Severstal group of companies (hereinafter - "Severstal Group") represented by:

- PAO Severstal
- AO Vorkutaugol
- AO Karelsky Okatysh
- AO Olkon
- ZAO Izhora Pipe Mill
- AO Severstal Management
- OAO Severstal-Metiz
- AO Severstal Kanaty
- OOO OSPAZ
- OOO UniFence
- OOO Severstal-Shared Service Center
- OOO Korpanga
- AO Severstal Distribution
- OOO Severstal Project

conducts bid selection procedures (hereinafter also referred to as "procurement procedures") on the electronic platform of the supplier relationship management system SAP SRM (Supplier Relationship Management) located at the following URL <https://procurement.severstal.com/irj/portal> (hereinafter also referred to as "System").

Access to this System enables suppliers and prospective suppliers to qualify and participate in the bid selection procedures (tenders, requests for quotations, reverse auctions) conducted by Severstal Group.

The information in the System can be accessed through the use of common web browsers, including Internet Explorer version 11.0 or higher.

The purpose of the bid selection procedure (procurement procedures) in the System is to select a supplier of goods, works, services or market research.

To participate in the bid selection procedure in the System, Participants must go through the registration process, in the manner provided for herein. Registration of Participants and access to participation in the bid selection procedures in the System is free of charge, electronic signature is not applied.

## 2. Glossary

**Auction (Reverse auction)** – an on-line price reduction procedure.

**Business Partner** - the status of a supplier in the SRM system, which gives him the opportunity to participate in procurement procedures (submit bids).

**Restricted tender** – a procurement procedure to which suppliers are invited by its organizer. Purchasing procedures of this type are visible in the SRM system only to those suppliers, who have been invited.

**Procurement Procedure (PP)/bids selection procedure** – a complex event in the SRM system, aimed to conclude a transaction for the supply of goods, performance of work, provision of services, or market research.

Types of procurement procedures (PP) and methods of work with them are described in detail in the instructions, located at the following URL at Severstal Group's website: <https://www.severstal.com/rus/suppliers/srm/instructions.phtml>

**Pre-qualification Questionnaire** - a questionnaire containing a list of questions for collecting data about the supplier and requesting documents, which is used in the pre-qualification process and is filled out by the supplier.

**Tender** - a method for selecting a supplier, in which prospective suppliers offer prices and delivery terms for a certain product, work, service.

**Supplier Contact** – a contact person to be defined when creating a Supplier. For each external employee of the supplier or participant to the procurement procedure, in addition to the business partner for this company, a contact person is created on whose behalf commercial offers will be submitted.

**Procurement Procedure Organizer** - an employee who carries out the procurement procedure in the SRM system in order to study the market situation and select a supplier to perform work, provide services and supply goods.

**Public tender** – a procurement procedure to which any business partner can participate. A public tender is visible in the SRM system to all the registered suppliers. Suppliers submit their commercial offers for participation in a public tender independently or at the invitation of the buyer.

**Winner** - the participant who submitted the best, based on the analysis results, offer in accordance with the requirements of the procurement procedure.

**Bid** - an offer document, created by a supplier as part of participation in the procurement procedure, containing information necessary to participate in a tender.

**Supplier Accreditation Procedure** - collecting the information and documents from prospective or previously qualified suppliers in order to allow them to view and participate in procurement procedures, as well as to determine their reliability.

**System (SRM electronic trading platform)** – an automated information system for managing relationships with suppliers of Severstal Group, located at the following URL in the Internet <https://procurement.severstal.com/irj/portal>, designed to conduct the bid selection procedure in electronic form for the purchase of goods, works, services for the needs of Severstal Group, or market research.

**System Participant / Supplier** - an external business partner submitting offers for the procurement procedure.

### 3. Supplier's registration and further accreditation in the SRM system

The supplier needs to go through the pre-qualification process, which includes the following steps:

- Participant registration
- Accreditation of a prospective supplier according to a pre-qualification questionnaire
- Releasing vendor (buyer's check)

3.1 A Participant can register in the SRM SLC system through a self-registration procedure in a web interface at the following link [https://procurement-srv.severstal.com/ros\\_ext\(bD1ydSZjPTQwMA==\)/bspwdapplication.do#VIEW\\_ANCHOR-ROS\\_TOP](https://procurement-srv.severstal.com/ros_ext(bD1ydSZjPTQwMA==)/bspwdapplication.do#VIEW_ANCHOR-ROS_TOP)

This link contains a self-registration form. After filling out and sending the self-registration form by the supplier, his status in the SRM SLC system is verified according to the specified company data. If the supplier has not previously been registered in the SRM SLC system, the form is accepted. If the supplier has already been registered in the system, the supplier is automatically notified that his re-registration is denied. After the verification and registration of the form in the SRM SLC system, the supplier is checked according to the established criteria.

In case of negative check results, a prospective supplier has the opportunity to re-register in the system no earlier than 3 months from the date of notification of the check results.

In case of positive check results, a registration notification is sent to the e-mail address specified by the Participant, containing his identifying data for entering the System (temporary username (login) and password). Within 31 days, the Participant is obliged to change the temporary username and password to permanent ones.

The supplier gets access to his Personal Account.

3.2. A link to a pre-qualification questionnaire, which the Participant is requested to fill out, is sent to the email address specified by the Participant.

There are two ways to fill out and submit a pre-qualification questionnaire:

If you have not created an account, you can start filling out the questionnaire by clicking on the link from the email letter;

If an administrator account has been created, then you can start filling out the questionnaire on the platform <https://procurement.severstal.com/irj/portal> at section «Management»-«Qualification»-«New». The types of questionnaires are determined depending on the category for which the supplier is registered at the self-registration step (supplier of goods and materials / service provider).

In addition to answering general and specialized questions of the questionnaires, each potential supplier is obliged to familiarize himself and conclude with Severstal Group the "Agreement on terms and conditions for participation in tendering procedures", as well as answer the "Questionnaire on the availability and implementation of anti-corruption procedures."

After submitting the questionnaire, it is sent to the SAP SRM administrator and reviewed for completeness and correctness of the data provided. If necessary, the reviewer of the questionnaire can request clarifications from the supplier. If a request for clarification is not required, or if all necessary clarifications have been made, the pre-qualification questionnaire is approved and the supplier receives the status "Accredited". The questionnaire is being reviewed for no more than 3 working days. After the approval of the questionnaire, a letter will be sent to the email specified during registration stating that the questionnaire has been approved.

After receiving the status "Accredited", the supplier can view the procurement procedures announced by Severstal Group for the relevant product categories, but cannot participate in them (submit bids).

3.3 When registering a potential supplier to participate in the relevant procurement procedure, the responsible employee of the procurement function of the Company is automatically sent an information message on the registration of a potential supplier for this procedure. The responsible employee of Severstal Group, based on the pre-qualification questionnaire data (including the attached documents) and, if necessary, through a request for additional information, decides if the potential supplier is admitted to procurement procedures (releases the supplier). The supplier is released once for all tender procedures.

After release, a potential supplier can participate in the procurement procedures (submit bids).

3.4 The supplier accreditation procedure is carried out at least once every 18 months from the date of filling out the last questionnaire and repeats the process described in clause 3.2.

In case of failure to provide an up-to-date questionnaire, after 19 months, the accreditation status is automatically removed from the supplier, which makes it impossible for him to participate in procurement procedures conducted by Severstal Group, until the SRM administrator reviews and approves a new questionnaire sent by the supplier.

The supplier fills out a pre-qualification questionnaire corresponding to the category of goods and materials / services, in which the counterparty is declared as a supplier.

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3.5. A registered supplier can add an unlimited number of authorized contact users. Each user is assigned their username and password. In order to add a new user, the supplier indicates his contact information (name, email address, phone number) in the Personal account. Changes are approved on the side of Severstal Group, after which the Supplier assigns a login and password for entering the system to a new authorized user.

The supplier, who has the role of the organization administrator, at any time can initiate the change / removal of the contact person's data from the Personal account in the SRM system, the results of the change are displayed in the Supplier's Personal account. Changing the supplier's data is available in the Personal account if the supplier's tax and banking data have not yet been transferred to the internal systems of Severstal Group. If the data is not available for change, the supplier must contact the organizer of the procurement procedure, with whom the supplier is working, and send him the basis for the changes in the form of an official letter of the organization with supporting documents (where applicable). After making changes, they will be updated in the Personal account of the supplier.

### **4.The procurement procedure for purchasing goods, works, and services**

The following types of procurement procedures are applied - tender, auction (reverse auction).

Suppliers who have received an invitation to participate in the tender are on an equal footing and do not have information regarding the quotations of the participating companies.

4.1 Upon pre-qualification, the Participant has access to the following information about the procurement procedure:

- number of the procurement procedure in the System;
- place and method of the procurement procedure;
- information about the organizer of the procurement procedure (including the name of the company);
- subject of procurement;

- start and end date of the procurement procedure;
- currency of the procurement procedure;
- place of delivery of goods (provision of services, performance of work);
- list and name of the positions, requested amount, possibility of submitting alternative offers;
- notes and attachments;
- additional information depending on the category specifics.

4.2 To announce a procurement procedure, the organizer prepares and approves in the System a notification of the procurement procedure, indicating the method of its implementation, the subject of the procurement procedure (consisting of one or more commodity items and / or items of work, services), the terms of the procurement procedure, and the deadline for submitting bids, with the attachment of necessary technical documentation and other documentation on the procurement procedure (as required).

When a procurement procedure is announced, a notice of it is published in the System in the section "Tenders and auctions". The System automatically distributes invitations to the System Participants invited to participate in this procedure by the purchasing procedure Organizer. The system doesn't perform the automatic distribution of invitations to all the registered Participants or Participants registered for certain categories of goods, works, services.

4.3 To participate in the procurement procedure, the System Participant submits offers in a timely manner, in accordance with the instructions posted at the Severstal Group website:

<https://www.severstal.com/rus/suppliers/srm/instructions.phtml>.

Any Offer must comply with the requirements specified in the procurement procedure and in the procurement procedure documentation.

Any Offer of the System Participant sent through the System, regardless of the method of the procurement procedure, is considered an official offer.

After submitting Offers in the System, confirmation notifications are automatically sent to the Participants.

After the expiration of the deadline for the submission of bids, they are no longer accepted from the Participants or considered.

The System Participant has the right, prior to the expiration of the deadline for submitting offers, to send the procurement procedure Organizer a request for clarification of the provisions of the documentation on the procurement procedure. The contacts of the procurement procedure Organizer are indicated in the procurement procedure.



The procurement procedure Organizer has the right at any time to refuse to conduct it for some items or for all items of the procurement procedure.

4.4 After the deadline for offers submission, the Organizer of the procurement procedure has the right to announce a new stage of the procurement procedure. Participants of the procurement procedure selected by the Organizer based on the results of the previous stage of the procurement procedure are invited to participate in the new stage of the procurement procedure. The procurement procedure Organizer can make changes to the procurement procedure and its documentation, as well as invite additional participants. When the Organizer of the procurement procedure makes changes to the procurement procedure, all the Participants registered for this procedure are automatically informed of it.

4.5. Based on the results of the procurement procedure, the Participants who submitted Offers receive notifications about the results of the procurement procedure, indicating the positions in respect of which the Participant is recognized as the Winner. In case of unreasonable refusal from the submitted Offer, where the Participant is recognized as the Winner, the Supplier shall not be allowed to participate in the procurement procedures in the future. The specified restriction may apply for a period of up to 3 years.

4.6. The agreement (contract) based on the results of the procurement procedure is concluded with the Winner outside the System, in writing.

## **5. Rights, obligations, and responsibility of the system participants and Severstal Group.**

Regardless of the method of registration, the Participant does not have access to the data of other Participants registered on the SRM platform.

From the moment of submission of an application for registration in the System, it is considered that the Participant has familiarized himself with these Guidelines and fully accepted the requirements and procedures specified herein.

When registering, the Participant is obliged to familiarize himself with and apply in his joint activities with Severstal Group the Code business conduct, aimed at building fair, open, and ethical interaction with Partners of Severstal Group. The Code is located at the Severstal Group website in the section "Suppliers – Useful materials" at:

<https://www.severstal.com/rus/suppliers/podryadchikam/poleznye-materialy/>

When registering in the System, the Participant is obliged to provide his current bank details in the "Administration" tab.

Registration of a person may be suspended or canceled in case of violation by the specified person of the requirements of these Guidelines, violation of contractual obligations, or for other justified reasons, in which case this person loses the status of a System Participant.

Participation in procurement procedures on the SRM platform and registration of an Offer is not an acceptance of such an Offer and does not entail obligations for the Supplier and Severstal Group to conclude a supply agreement and / or to supply goods, works, services in accordance with the terms of the Offer (Supplier's offer).

The bid selection procedures (procurement procedures) carried out in the SRM system are not auctions and do not entail legal consequences established by art. 447 - 449 of the Civil Code of the Russian Federation.

The System Participant is responsible for the accuracy of the information posted and sent by him while using the System.

All actions performed by a user duly authorized in the System by login and password are recognized as actions of the relevant System Participant to whom such login and password have been provided and arise his corresponding rights and obligations.

**5.1. A Participant registered in the SRM is obliged to:**

- comply with the provisions hereof when performing any actions in the System;
- provide only reliable and current data and information about his organization / external business partner and employees;

In case of termination of an employee who is a user of the System, the Participant is obliged to notify Severstal Group by sending an information letter to e-mail [srm@severstal.com](mailto:srm@severstal.com).

**5.2. A Participant registered in the SRM is prohibited to:**

- disclose information received through the SRM site, post information about procurement procedures received from the SRM site on other sites;
- transfer to third parties (including the Supplier's employees who are not authorized to act on behalf of the Supplier in the SRM) the login and password for SRM access;
- post attachments to procurement procedures on other sites, use these attachments in any way other than for informational purposes when participating in procurement procedures in the SRM.
- use any automation tools (scripts, robots, bots, etc.) to work in the System and / or extract any data from the System.

In the event if failure to comply with the requirements of these Guidelines entails a violation of the rights and legitimate interests of Severstal Group and / or other legal entities and individuals, including in the case of disclosure of information constituting a commercial secret or subject to protection as personal data, the perpetrators may be brought to property, administrative and criminal liability in accordance with the current legislation of the Russian Federation.

### 5.3. Severstal Group has the right to:

- use the registration data of the System Participant, including the email address, for internal analysis, monitoring, and marketing research;
- check the accuracy of the information provided by the System Participant;
- without prior notice, terminate a System Participant's access for the Personal account in the System in the event of a long (more than 6 consecutive months) absence of the System Participant in the Personal account, as well as if the System Participant has not submitted any Offers for participation in procurement procedures during one year;
- without prior notice, terminate a System Participant's access for the Personal Account in the System in case of detection of anomalous activity (including when using automation tools to work in the System and / or unloading any data from the System);
- without prior notice, terminate a System Participant's access for the Personal Account in the System in case of failure to comply with the provisions hereof or suspend this access until the violations are completely eliminated;
- modernize the System and make changes to the functionality of the System and to these Guidelines. Changes are made unilaterally by Severstal Group, these changes come into force 3 days after the publication of a new edition of the Guidelines on the Internet at:

[https://www.severstal.com/rus/suppliers/srm/general\\_terms.phtml](https://www.severstal.com/rus/suppliers/srm/general_terms.phtml).

## 6. Technical support

Should any questions arise:

- for the technical part, the Participant contacts the SRM support service at the email address [srm@severstal.com](mailto:srm@severstal.com);
- for the commercial part, the Participant contacts the procurement procedure Organizer indicated in the System.