



SOLVAY

asking more from chemistry®

Solvay Purchasing Process (SPP) HANDBOOK 2016

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Introduction



Mission of the Purcha

In **partnership** with the GBUs and Functions, Purchasing and Supply Chain Excellence (PSCE) will **create additional value** through simple and clear purchasing processes and **excellence programs** managed by a global network of **talented people**



This handbook explains how the purchasing strategy is defined and presents the Solvay Purchasing Process (SPP). Moreover, detailed procedures are available to support the ISO accreditations and a deeper understanding of our processes for newcomers and interested internal customers.



We aim at developing sustainable relationships with our Suppliers in order to deliver value added and innovative solutions to our Businesses.

Our purchasing organization is designed to animate the entire Purchasing Professional Family in order to support our businesses and functions in terms of competitiveness and growth.

Our organization is a matrix model: with a central function responsible for multiple domains and overall decision making and a part of the purchasing resources are hierarchically managed by the Global Business Units (strategic Raw Materials and site representatives) and a part by Solvay Energy Services.

The SPP has been designed as a simple and flexible process to manage the different steps and purchasing needs of the businesses while providing a platform to ensure that our corporate values with both our internal and external stakeholders are upheld.



Kristian Saksida

Senior Executive
Vice President

Group General Manager
Purchasing and Supply
Chain Excellence

Furthermore, we have a category management approach. These category strategies are further increasing the maturity of purchasing within Solvay and are filling our future pipeline of REBITDA and cash opportunities as well as improving security of supply and stimulating innovation.

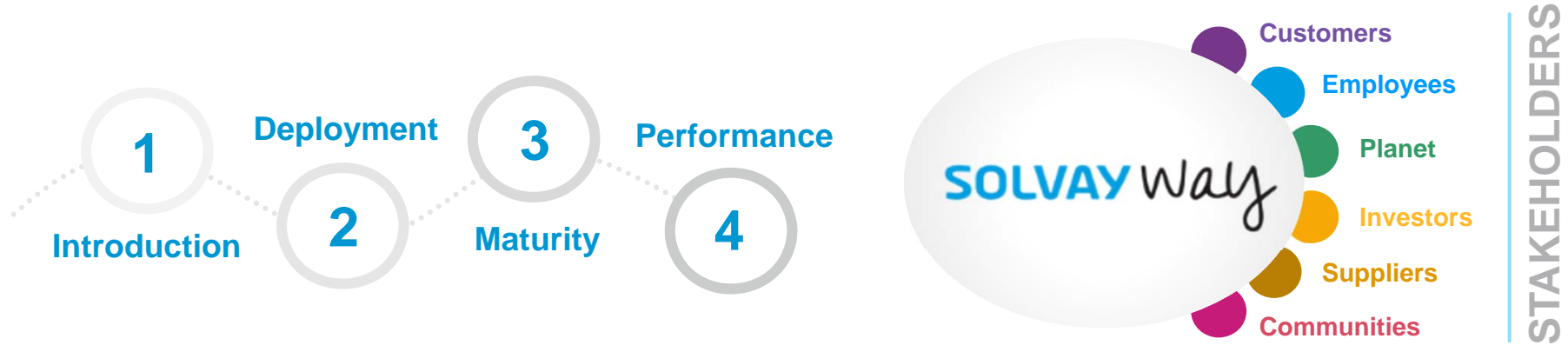
Our core competency is represented by a highly professional network of buyers and supported by a common way of working articulated by the Solvay Purchasing Process (SPP).

With your professional collaboration we will certainly keep simplifying and improving our processes and shaping Purchasing Excellence.

Kristian Saksida

Solvay Way a driver for progress

A company-wide continuous progress tool – aligned with ISO 26000 – integrates social, environmental and economic aspects into the companies management and strategy

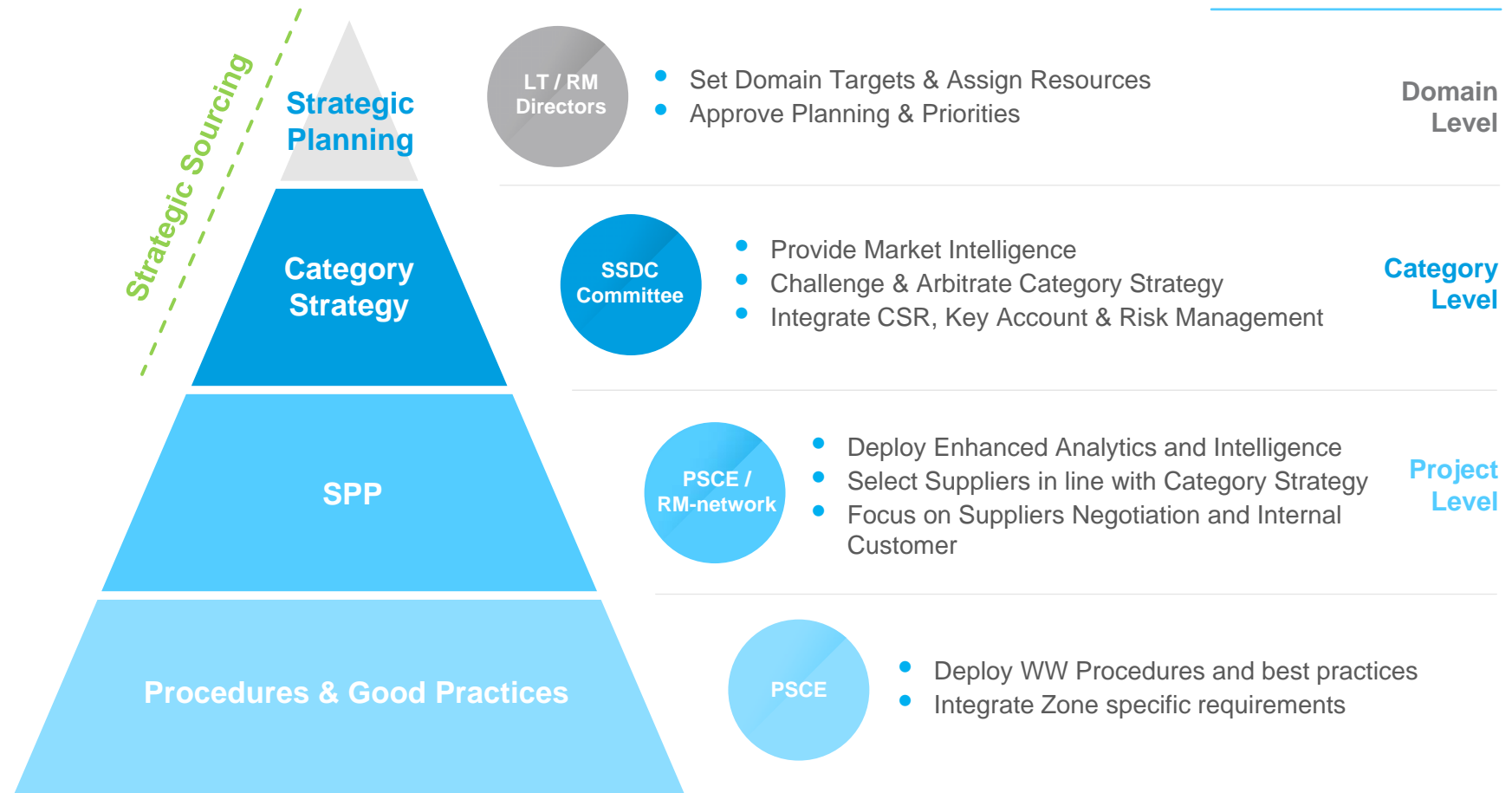


Our **Suppliers**, one of the six stakeholders of the Solvay Way program, play a crucial role in the Solvay Purchasing Process (SPP). A **balanced relationship** with our suppliers forms the basis for mutual value-creation through innovation and close cooperation.

Adherence to our **Supplier Code of Conduct** is considered to be of utmost importance for building sound relationships and promotion of sustainable purchasing practices.

Strategic Sourcing linked with SPP

Role description



Solvay Purchasing Process Map, Requirements & Resources

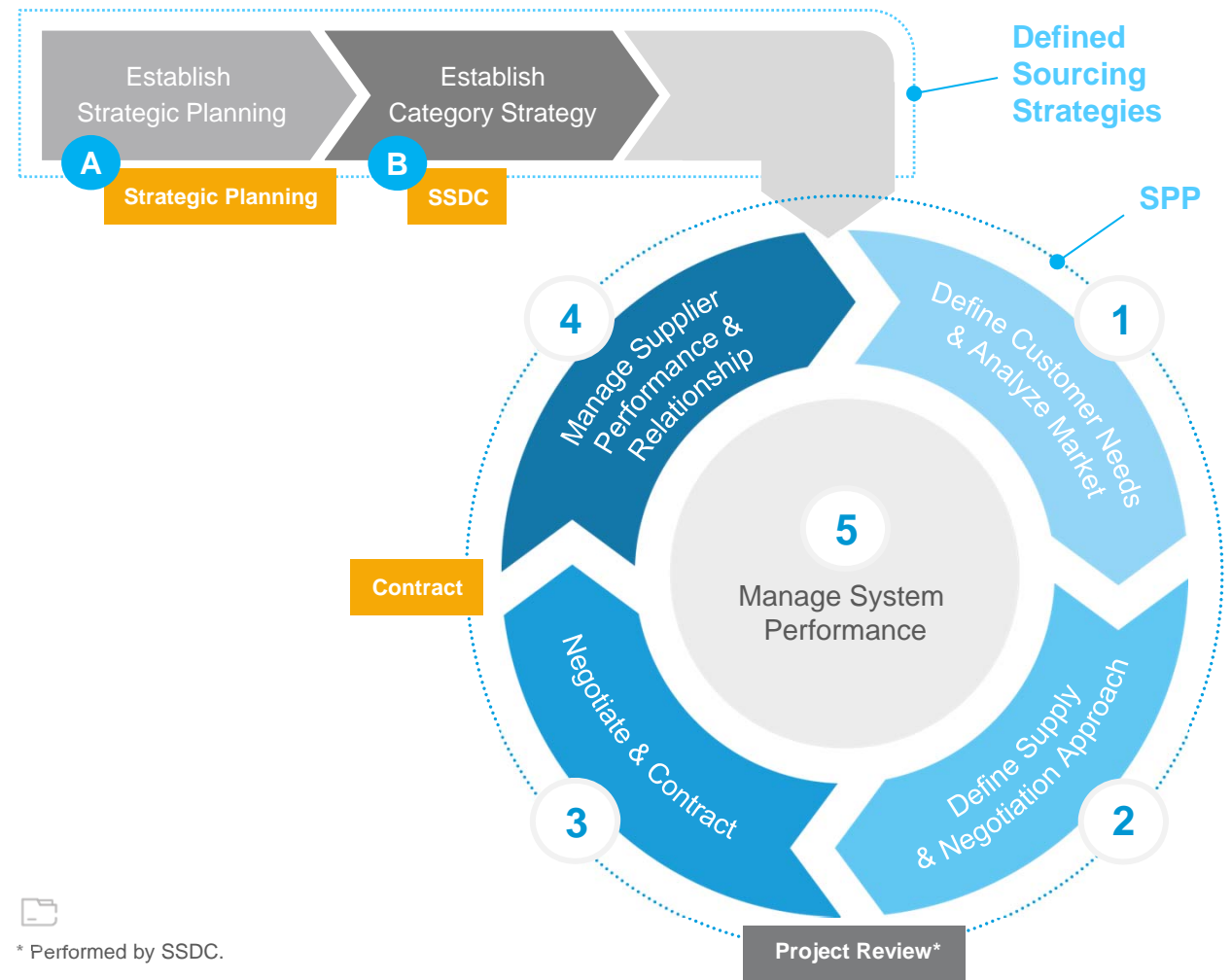
REQUIREMENTS

- GBU / Function needs and priorities
- ISO 9001 & other International Standards
- Sustainable Development Solvay Way
- Corporate & Business Strategies and Governance
- Safety & Environment Solvay Care Mgt. System (SCMS)

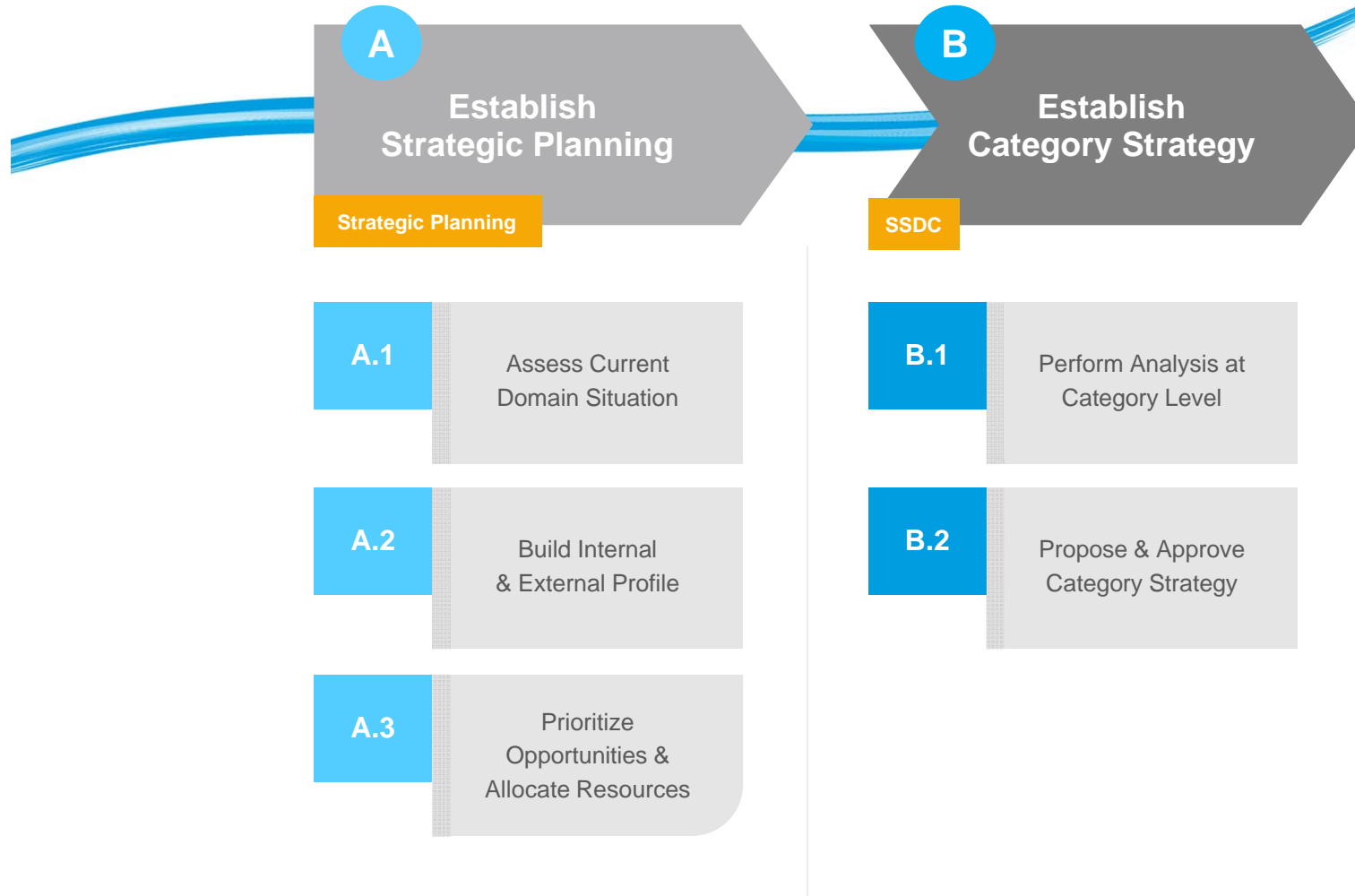
RESOURCES

- Information Systems
- Document & Data Management
- Human Resources

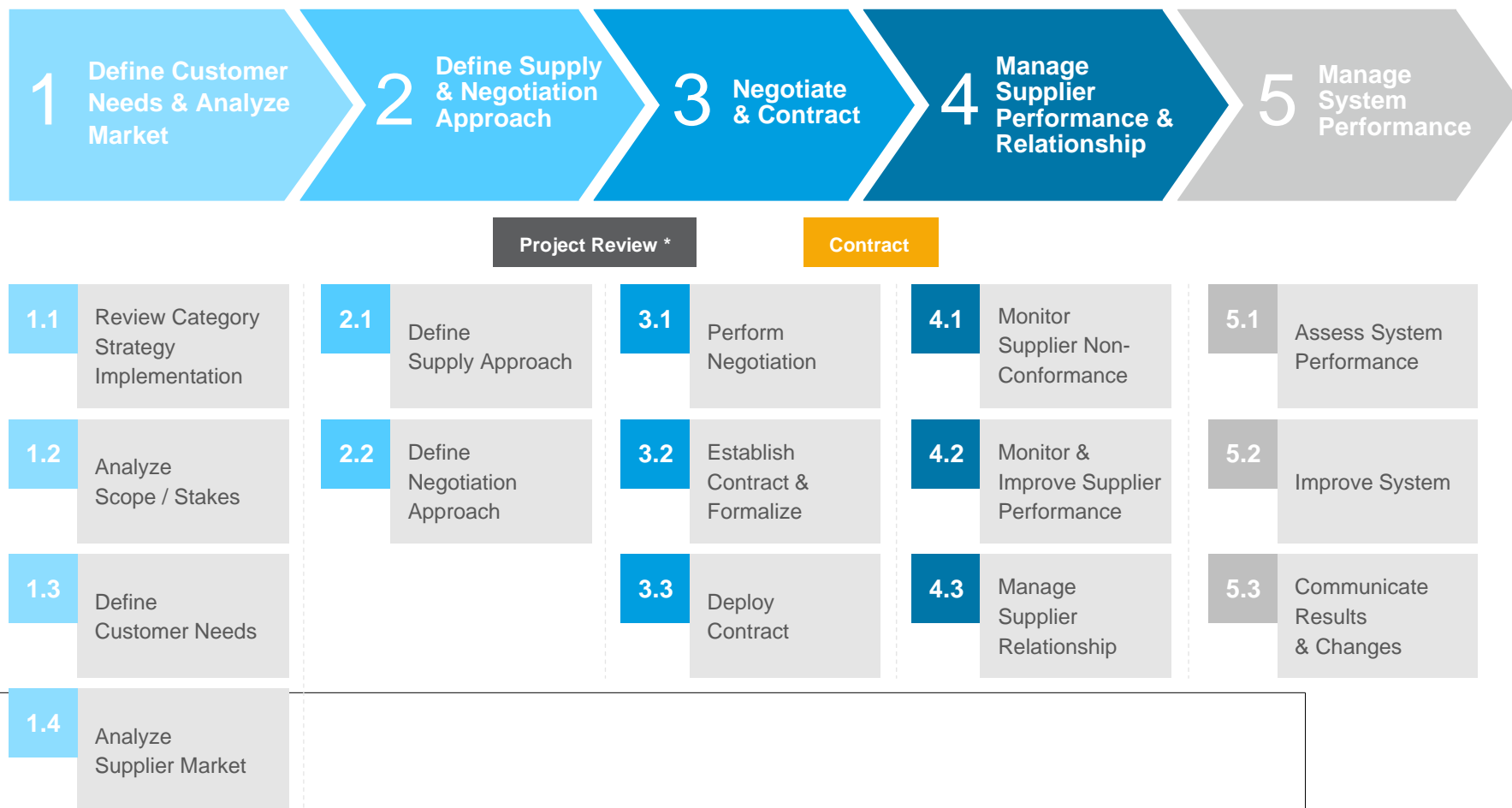
PROCESS MAP



Strategic Sourcing Definition



Solvay Purchasing Process (SPP)



 * Performed by SSDC.

How should you read the process maps?



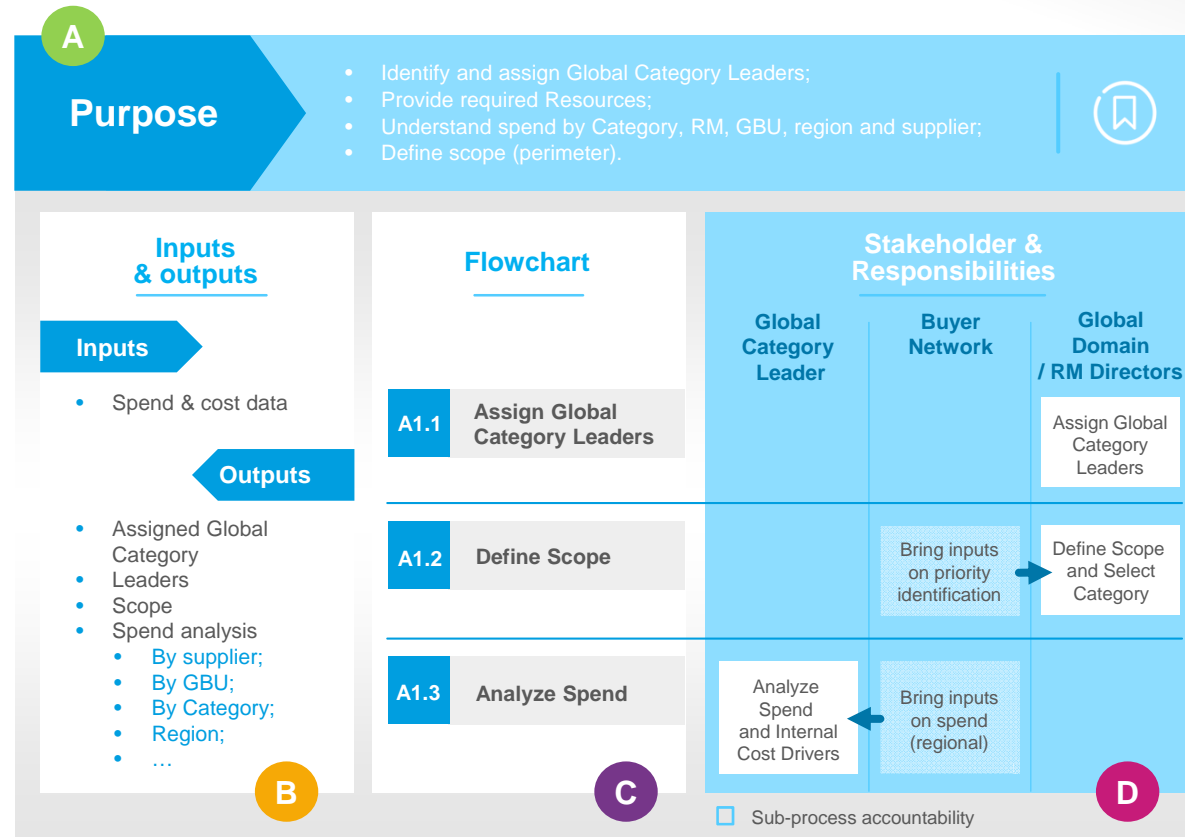
This page sets out the structure of process maps. For each of the processes, the following is detailed:

In the header part

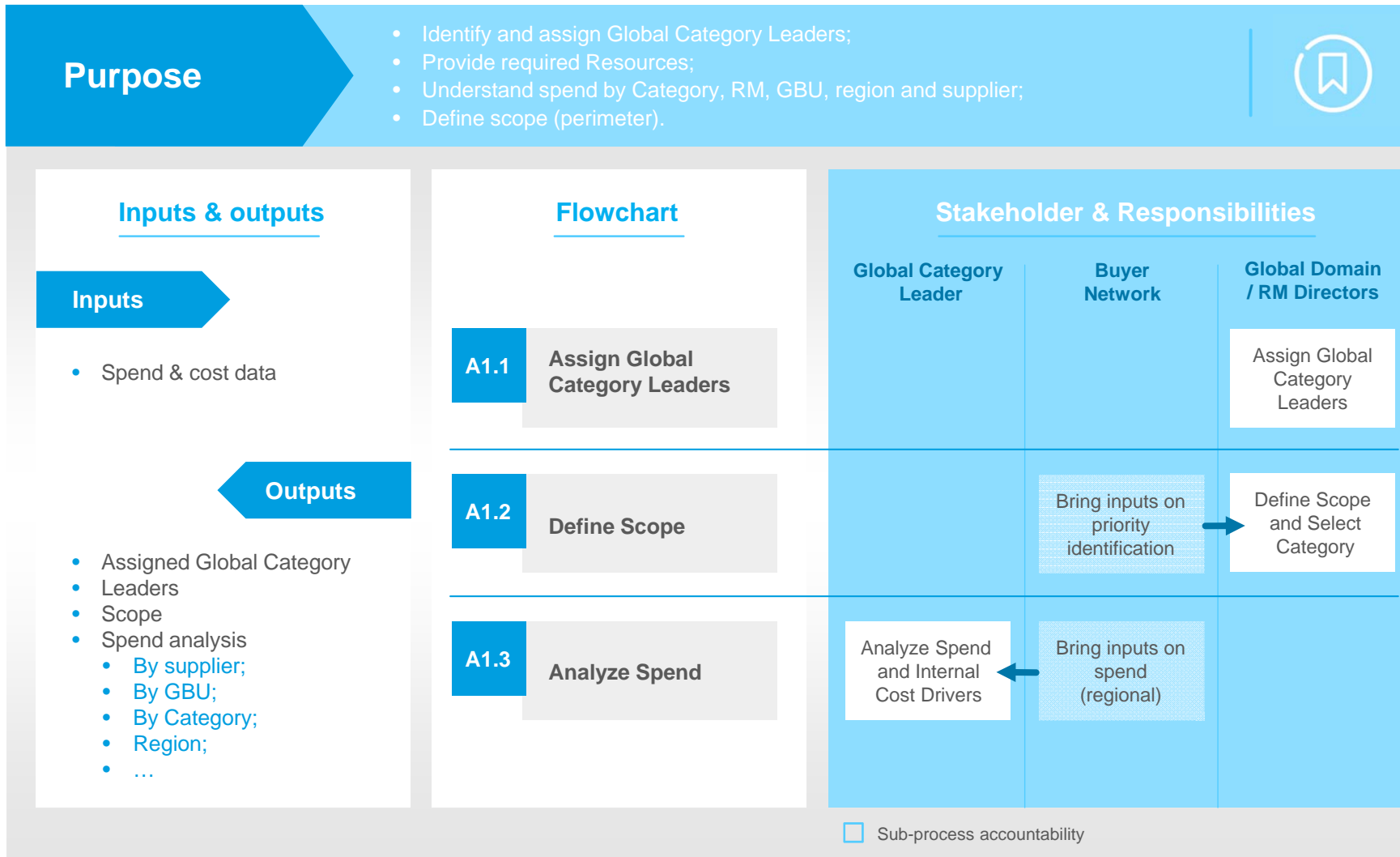
- A Purpose**
The aims of the process

In the central part

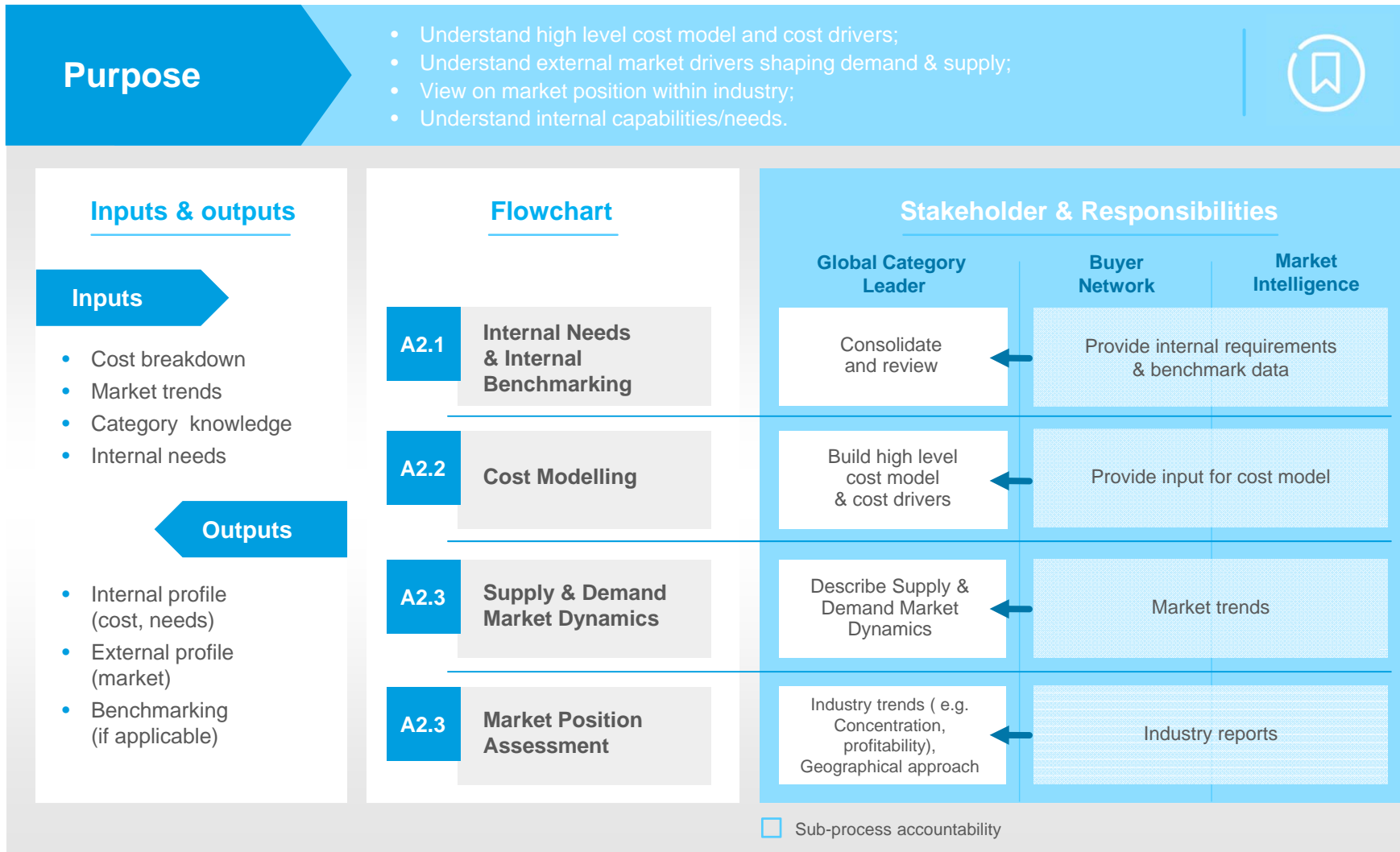
- B Inputs & outputs**
Potential inputs and outputs of the process
- C Flowchart of the process**
The stages by which our operational performance is structured
- D Stakeholders & responsibilities**
Customers for who we purchase supplies or services



A1. Assess Current Domain Situation



A2. Build Internal & External Profile



A3. Prioritize Opportunities & Allocate Resources

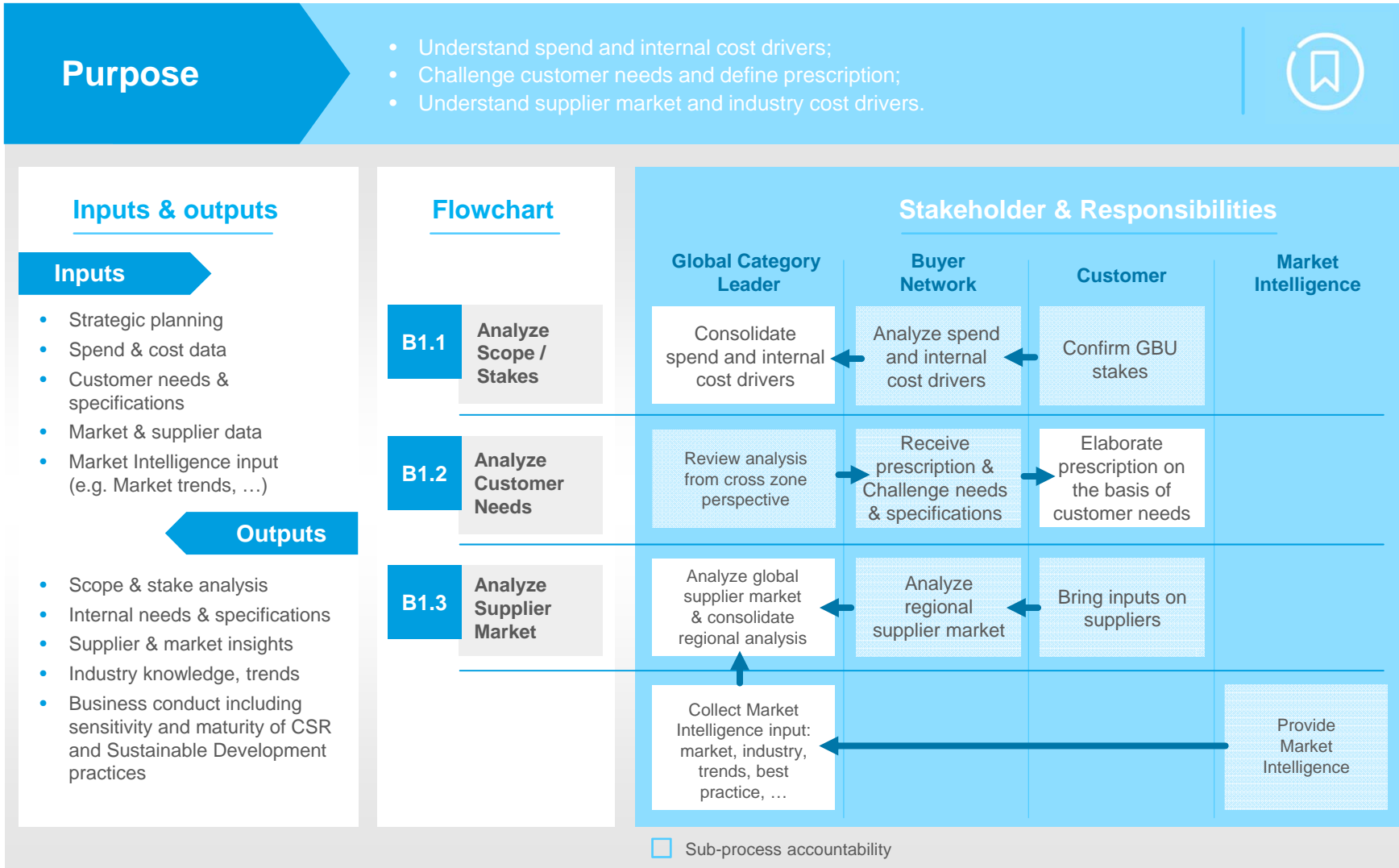
Purpose

- Identify Opportunities to reduce TCO;
- Define Sourcing Approach based upon complexity;
- Identify additional analysis to be performed by Market Intelligence;
- Prioritize Opportunities and Allocate Resources.

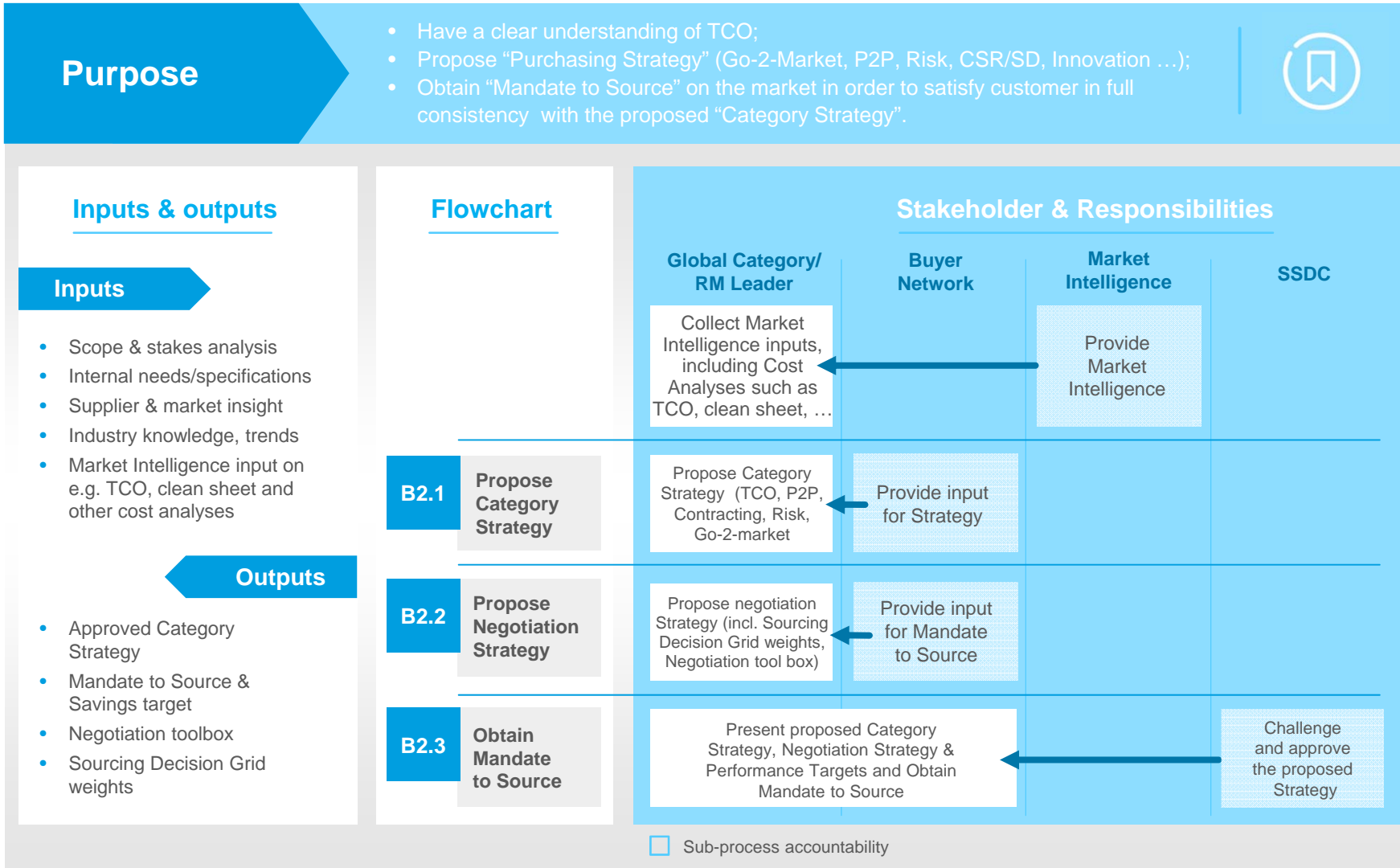
<u>Inputs & outputs</u>	<u>Flowchart</u>	<u>Stakeholder & Responsibilities</u>																										
<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px; text-align: center; font-weight: bold;">Inputs</div> <ul style="list-style-type: none"> Internal Profile (cost, needs) External Profile (market) Benchmarking (if applicable) <div style="background-color: #0070C0; color: white; padding: 5px; margin-top: 10px; text-align: center; font-weight: bold; transform: rotate(180deg);">Outputs</div> <ul style="list-style-type: none"> Sourcing Approach (Speed, Strategic, Deep) Defined Opportunity list List of additional analysis to be performed by Market Intelligence Prioritization and resource allocation 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">A3.1</td> <td style="padding: 5px; text-align: center;">List Opportunities</td> </tr> <tr> <td style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">A3.2</td> <td style="padding: 5px; text-align: center;">Define Sourcing Approach</td> </tr> <tr> <td style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">A3.3</td> <td style="padding: 5px; text-align: center;">Deploy Analysis Diamond</td> </tr> <tr> <td style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">A3.3</td> <td style="padding: 5px; text-align: center;">Prioritize & Allocate Resources</td> </tr> </table>	A3.1	List Opportunities	A3.2	Define Sourcing Approach	A3.3	Deploy Analysis Diamond	A3.3	Prioritize & Allocate Resources	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%; text-align: center; padding: 5px;">Global Category Leader</th> <th style="width: 33%; text-align: center; padding: 5px;">Global Domain/ RM Director</th> <th style="width: 33%; text-align: center; padding: 5px;">Leadership Team / RM Directors</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px; text-align: center;">Identify Opportunities to reduce TCO</td> <td style="padding: 5px; text-align: center;">Validate & Prioritize Identified Opportunities</td> <td></td> </tr> <tr> <td style="padding: 5px; text-align: center;">Propose Sourcing Approach based upon Category criticality and market complexity</td> <td style="padding: 5px; text-align: center;">Validate Sourcing Approach: Speed, Strategic or Deep Sourcing</td> <td></td> </tr> <tr> <td style="padding: 5px; text-align: center;">Propose suggested additional analyses to support SPP execution</td> <td style="padding: 5px; text-align: center;">Validate additional analysis to be performed</td> <td></td> </tr> <tr> <td></td> <td style="padding: 5px; text-align: center;">Present Prioritized Opportunities, Sourcing Approach and Analysis Diamond</td> <td style="padding: 5px; text-align: center;">Validate outcome and assign resources</td> </tr> </tbody> </table>	Global Category Leader	Global Domain/ RM Director	Leadership Team / RM Directors	Identify Opportunities to reduce TCO	Validate & Prioritize Identified Opportunities		Propose Sourcing Approach based upon Category criticality and market complexity	Validate Sourcing Approach: Speed, Strategic or Deep Sourcing		Propose suggested additional analyses to support SPP execution	Validate additional analysis to be performed			Present Prioritized Opportunities, Sourcing Approach and Analysis Diamond	Validate outcome and assign resources			
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Sub-process accountability

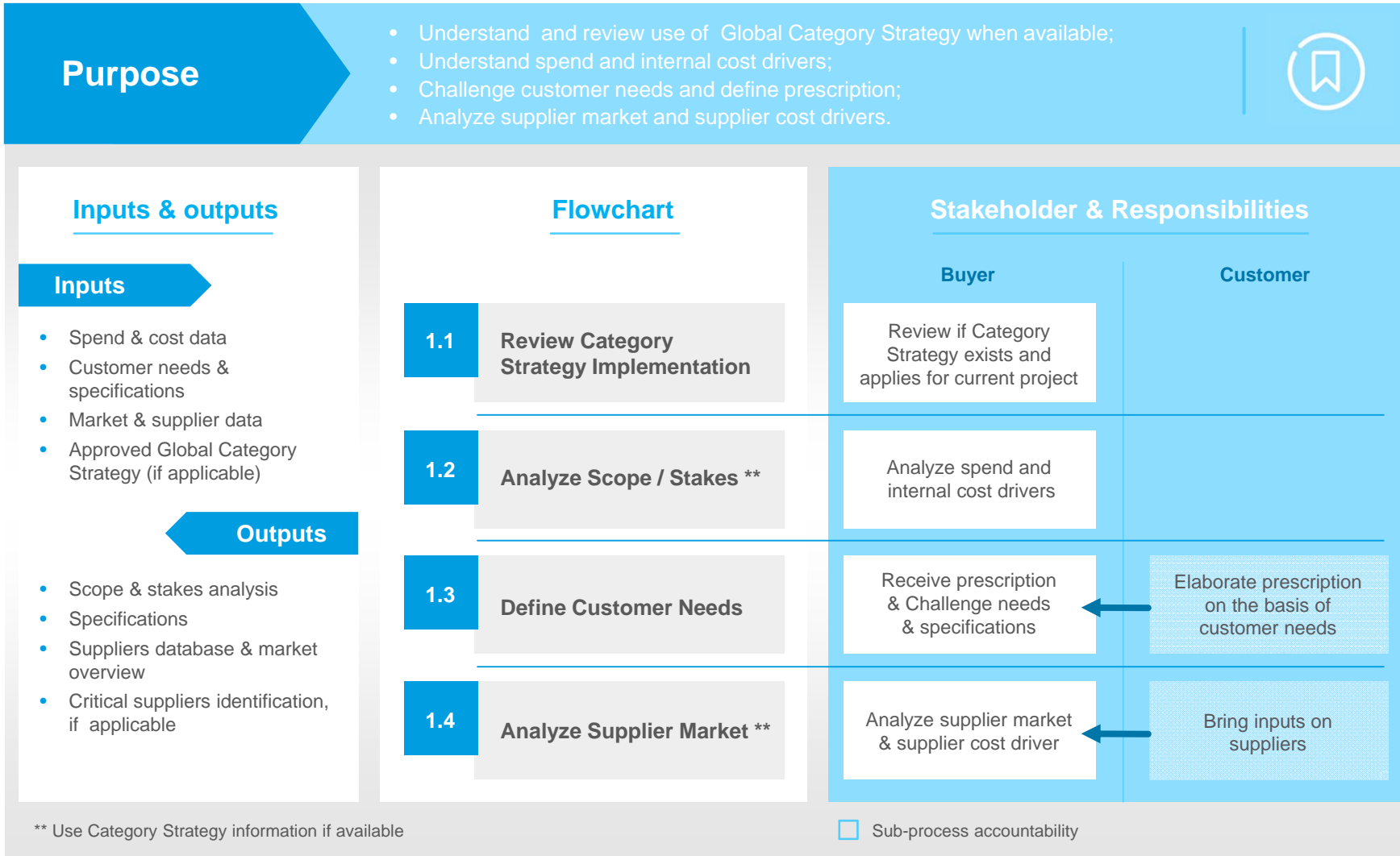
B1. Perform Analysis at Category level



B2. Propose & Approve Category Strategy



1. Define Customer Needs & Analyze Market



2. Define Supply & Negotiation Approach

Purpose

- Identify the best suppliers on the market in order to satisfy customers in full consistency with Supply Approach.

🔖

Inputs & outputs

Inputs

- Expiring contract
- Identified critical suppliers
- CSR-results (CSR-questionnaire, TFS-assessments, ...)
- Bidder list
- Scope & stake analysis
- Specifications
- Supplier database & market Overview
- Approved Global Category Strategy (if applicable)

Outputs

- Supply and Negotiation Approach

Flowchart

```

graph TD
    A[2.1 Define Supply Approach] --> B[2.2 Review Negotiation Approach]
    B --> C{In line with Category Strategy?}
    C -- Yes --> D[Go to 3.1]
    C -- No --> E[Project Review*]
    E -- Approved --> D
    E -- Rejected --> A
    
```

Stakeholder & Responsibilities

Buyer	SSDC
Define Project Supply Approach inline with Category Strategy (if applicable)	
Review Negotiation Approach	
Check if proposed Supply and Negotiation Approach and performance targets are in line with existing Category Strategy	Challenge and approve the proposed Tactics if no Approved Category Strategy exists

* Performed by SSDC.

Project Review required when:

- Project > 500k€⁽¹⁾ and proposed strategy is not compliant to an existing Category Strategy
- Project > 500k€⁽¹⁾ and no Category Strategy exists.

Sub-process accountability

(1) For Speed Sourcing/CAPEX threshold is > 2M€

3. Negotiate & Contract

Purpose

- Negotiate supplier proposals to maximize value creation for the Solvay Group;
- Ensure that the negotiated benefits, customer needs / risks are covered by the contract;
- Ensure proper contract implementation (approvals, signature, communication, storage and deployment).

		Stakeholder & Responsibilities		
Inputs & outputs	Flowchart	Contract Approver(s)	Buyer	Customer
<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px; text-align: center;">Inputs</div> <ul style="list-style-type: none"> Negotiation Mandate with agreed Negotiation Strategy & target savings Sourcing Decision Grid weights Negotiation toolbox Contract & clauses template, approved by Legal Purchasing Approval Matrix Supplier Code of Conduct <div style="background-color: #0070C0; color: white; padding: 5px; margin-top: 10px; text-align: center;">Outputs</div> <ul style="list-style-type: none"> Awarded supplier's; classified as "critical" or not Signed, shared & deployed contract Updated Contract Management Tool 	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px; font-weight: bold;">3.1</div> <div style="background-color: #D3D3D3; padding: 10px; margin-bottom: 10px; text-align: center; font-weight: bold;">Perform Negotiation</div> <hr/> <div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px; font-weight: bold;">3.2</div> <div style="background-color: #D3D3D3; padding: 10px; margin-bottom: 10px; text-align: center; font-weight: bold;">Establish Contract & Formalize</div> <hr/> <div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px; font-weight: bold;">3.3</div> <div style="background-color: #D3D3D3; padding: 10px; margin-bottom: 10px; text-align: center; font-weight: bold;">Deploy Contract</div>	<div style="background-color: #0070C0; color: white; padding: 10px; font-weight: bold;">Contract Approver(s)</div>	<div style="background-color: #0070C0; color: white; padding: 10px; font-weight: bold;">Buyer</div>	<div style="background-color: #0070C0; color: white; padding: 10px; font-weight: bold;">Customer</div>
		<div style="background-color: #D3D3D3; padding: 10px; font-size: 0.9em;">Approve Contract, respecting Purchasing Approval Matrix thresholds</div>	<div style="background-color: #D3D3D3; padding: 10px; font-size: 0.9em;">Execute Supply Strategy (RFP,...) and negotiate by Ensuring full compliance with the Category Negotiation Mandate</div>	<div style="background-color: #D3D3D3; padding: 10px; font-size: 0.9em;">Informed about new contract terms & conditions by the buyer</div>
		<div style="background-color: #D3D3D3; padding: 10px; font-size: 0.9em;">Deploy Contract</div>		
		<div style="background-color: #FFA500; padding: 10px; font-weight: bold; font-size: 0.8em;">Connection with SBS Procure-to-Pay</div>		
		<input type="checkbox"/> Sub-process accountability		

4. Manage Supplier Performance & Relationship

Purpose

- Continuously improve supplier performance and supplier relationship to create value for the Solvay Group.



Inputs & outputs

Inputs

- Agreed upon terms & conditions
- Supplier Non-Conformance
- Supplier Performance Assessments reports
- Customer feedback
- Supplier feedback
- SBS Procure-to-Pay: Issues, Reports & Supplier Data (Externalized process)

Outputs

- Value creation for Solvay Group (Cash, Cost, Risk mitigation & Innovation)
- Optimized operational processes
- Improved relations with Suppliers
- Innovation
- Every Buyer Every Visit
- SBS Procure-to-Pay: Reports & Supplier Data (Externalized process)

Flowchart

4.1 Monitor Supplier Non-Conformance

4.2 Monitor and Improve Supplier Performance

4.3 Manage Supplier Relationship

Stakeholder & Responsibilities

Leadership Team/ RM Directors

Buyer

Customer

Performance & Quality

Support Supplier Non-Conformance process

Register & Treat Supplier Non-Conformances; Initiate & Drive Corrective Action*

Provide guidance on process deployment & Consolidate reports

Lead supplier evaluation, initiate & follow-up supplier action plans

Provide feedback on Supplier Performance

Provide guidance on process deployment & Consolidate reports

Assign Key Account Managers

Develop Supplier Relation

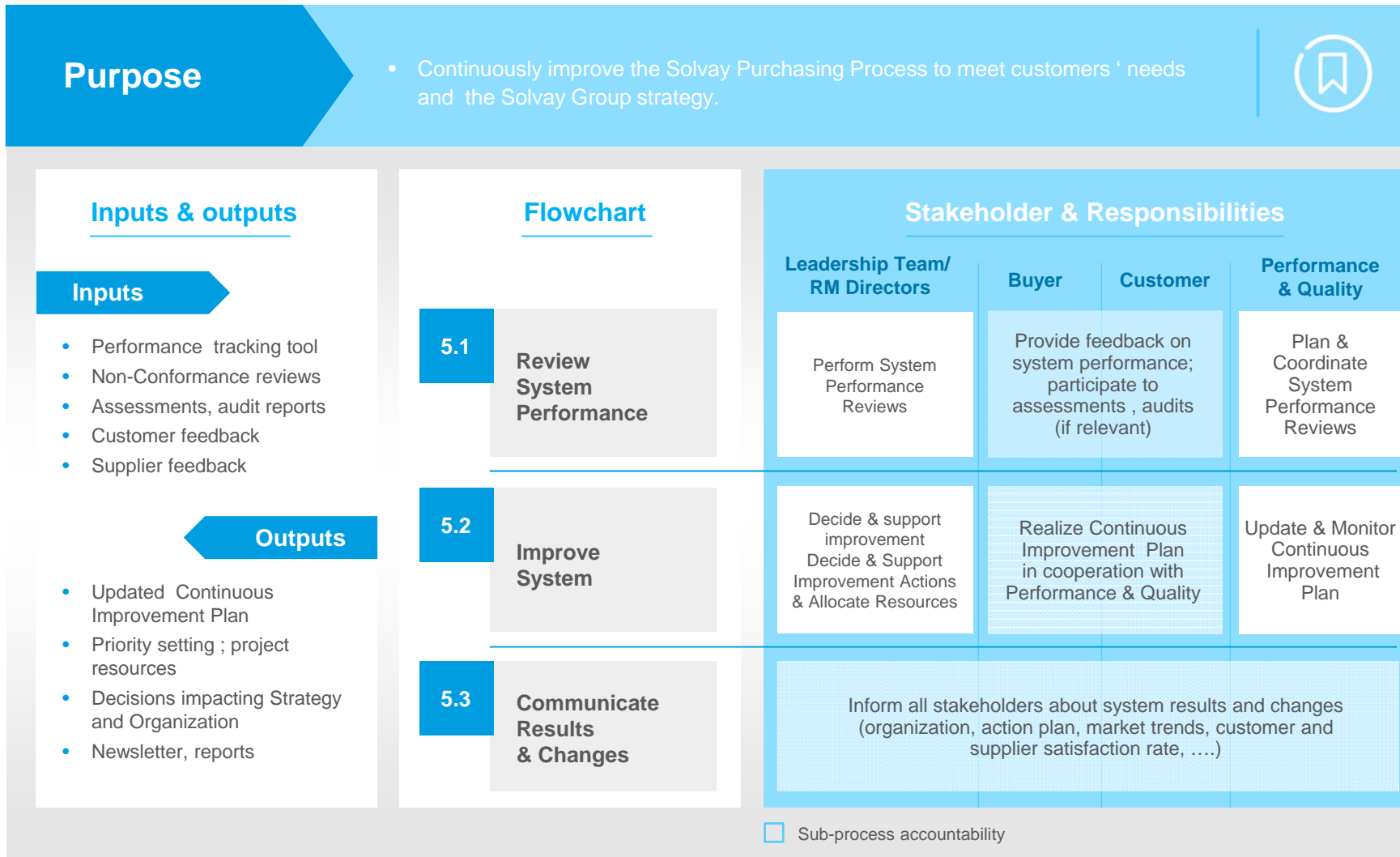
Support Relation Development

Manage Supplier Tools, Data & Registrations

* Done by P&Q for LATAM

Sub-process accountability

5. Manage System Performance



Glossary



CSR	Corporate Social Responsibility
GBU	Global Business Unit
ISO	International Standard Organization
LT	Leadership Team
PSCE	Purchasing and Supply Chain Excellence
P₂P	Peer to Peer

RFQ	Request for Quotation
RM	Raw Material
SCMS	Solvay Care Management System
SD	Sustainable Development
SSDC	Strategic Sourcing Decision Committee
SPP	Solvay Purchasing Process
TCO	Total Cost of Ownership
WW	Worldwide

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