	POLICY		Author: Ingvild Kornberg
	GLOBAL PROCUREMENT POLICY		Owner: Birgitte Nordvik
	BU: Operations [OPS]	Scope: PGS Group [PGS]	Doc number: POL-OPS-PGS-120
			Subject: Procurement
Reviewers: Joanna Oustad, Silke Hitschke, Christin Steen-Nilsen, Lars Ragnar Mysen, Inger Lise Fagernes, Ole-Kristian Hansen			

1. PURPOSE & SCOPE

Purpose	<p>The purpose of this document is to:</p> <ul style="list-style-type: none"> Outline the requirements relevant for procurement of materials, products and services in PGS. Ensure that PGS has a professional cooperation with suppliers, enabling value creation in a compliant manner.
Scope	<p>This policy applies to:</p> <ul style="list-style-type: none"> All purchasing and logistics activities conducted within PGS, its subsidiaries and affiliates as well as their respective directors, officers, employees, agents, representatives and consultants.

2. RESPONSIBILITIES


VP Global Procurement	<ul style="list-style-type: none"> Responsible for all procurement for PGS fleet and offices. Shall issue procedures for this policy and shall monitor compliance with this policy and procedures.
Business Unit EVPs	<ul style="list-style-type: none"> Each BU shall implement measures to assure and monitor that PGS business is undertaken in compliance with this policy and the procedures.

3. PRINCIPLES

Procurement Objectives	<ul style="list-style-type: none"> Reduce supply chain risk for PGS. Ensure the supply of goods and services at the right quality and quantity, at the right time and place. Capture economies of scale across BU's and track cost bottom line effects. Ensure the best commercial terms and conditions including optimal cash flow. Ensure transparency and complete audit trail in the procurement processes.
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3.1 Corporate Compliance

General compliance requirements	<ul style="list-style-type: none"> PGS's requirements to ethics, anti-corruption, health, safety, environment and quality shall be adhered to throughout the procurement processes.
Anti-Corruption requirements	<ul style="list-style-type: none"> All suppliers shall confirm that they do not violate any Anti-Corruption Laws in connection with their work for PGS (covered in PGS standard Terms and Conditions).
Conflict of Interest	<ul style="list-style-type: none"> Segregation of duties shall be adhered to where no single individual has the authority to execute two or more of the following activities: supplier registration in master data; approval of award recommendation; approval of agreement award; or the release of invoice for payment. Personnel who are disqualified pursuant to conflict of interest regulations in PGS's Code of Conduct must under no circumstances take part in the procurement process without prior written approval by superior.


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3.2 Procurement Processes

Sourcing and Purchasing	<ul style="list-style-type: none"> The two main procurement processes are Sourcing and Purchasing: <ul style="list-style-type: none"> Sourcing; analyzing spend/demand, tendering, contracting, and managing supplier relationship for the best source of supply. Purchasing; Requisition receipt, soliciting competitive bids and order placement/ Call-off towards existing frame agreements, expediting and payment verification.
Competitive Tendering	<ul style="list-style-type: none"> In principle, a minimum of 3 competitive quotes shall be obtained to secure the most optimal technical and cost effective bid.
Requirements for purchases exceeding total value of US\$500 or above	<ul style="list-style-type: none"> A Purchase order (PO) attaching or referring to PGS' General Terms and Conditions for Procurement of Goods and Services; or An approved PGS standard template contract; or Any other type of a negotiated contract document/instrument.
Requirements for purchases exceeding total value of US\$100.000 or above	<ul style="list-style-type: none"> The tendering and contracting process shall be documented in Contiki/IFS and shall clearly show the basis for the supplier selection.
Requirements for purchases exceeding total value of US\$1 million or above	<ul style="list-style-type: none"> A procurement strategy shall be developed by Global Procurement (GP) in cooperation with BU and approved according to (PRO-OPS-PGS-613) PGS Authorization Matrix in procurement matters procedure. For purchases with high risk exposure, a qualification process of new suppliers must be conducted prior to contract commitment, to ensure they meet PGS' quality and delivery requirements.
Exception - Competitive Tendering Exceptions for purchases exceeding total value of US\$100.000 or above	<ul style="list-style-type: none"> Exceptions from competitive tendering principle must be issued in writing with a brief explanation in a (WOR-OPS-PGS-614) Bid Waiver template for approval prior to selection of single source supplier in accordance with (PRO-OPS-PGS-613) PGS Authorization Matrix in procurement matters procedure.

3.3 Delegation of Authority in procurement matters

Authorization rules	<ul style="list-style-type: none"> Authorization rules for the procurement process are outlined in (PRO-OPS-PGS-613) PGS Authorization Matrix in procurement matters procedure. Requisitioner shall seek 1st line assistance from GP in all procurement matters. Approval must be obtained from GP if no relevant PGS standard contract template is being used.
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3.4 Commercial Terms & Conditions

Payment terms	<ul style="list-style-type: none"> Standard payment terms are 45 days from the later of (1) receipt of a correct invoice or (2) proper delivery of the goods or performance of the services.
Delivery Terms	<ul style="list-style-type: none"> Standard delivery terms are Incoterms Free Carrier (FCA)
Cash on Delivery (COD) purchases	<ul style="list-style-type: none"> Cash on delivery (COD) purchases with low value/low risk shall be accepted only under special circumstances (e.g. advances to on-site shore representatives in Acquisition).
Cargo Insurances	<ul style="list-style-type: none"> All cargo with a value higher than US\$5 million going to and from PGS vessels and warehouses requires a separate insurance coverage. This shall be coordinated through GP/Logistics who will liaise with Seahouse Insurance.

3.5 Exemptions

Emergency purchases	<ul style="list-style-type: none"> GP shall be notified immediately after an unplanned situation that requires the immediate purchase and supply of goods or services to avoid stop in production, loss of revenue or HSE critical situations.
Governmental and public charges, property and subscriptions	<ul style="list-style-type: none"> Governmental charges, compulsory taxes, mandatory public charges, lease of property / office rental, electricity, telephone/mobile phone charges, insurances, membership fees, dues & subscriptions and audit fees are exempt from the requirements in this policy.
Fuel	<ul style="list-style-type: none"> Due to the nature of the need for fuel in the operation, fuel products are exempt from the ordinary tendering process and qualification as stated in this policy. Fuel procurement process and policy will be developed and bridged into this document.

4. REFERENCES

Definitions	n/a
Related Documents	<ul style="list-style-type: none"> Global Procurement Processes PRO-OPS-PGS-613 PGS Authorization Matrix in procurement matters procedure WOR-OPS-PGS-614 Bid Waiver template FIN-25.0 Delegation of Authority Policy HSEQ – Contractors Management Site Anti-Corruption Site Contract Management System/Contiki (Templates and Contracts)
Control of Records	<ul style="list-style-type: none"> Procurement contracts with strategic suppliers as defined by Global Procurement - to be archived electronically in the e-Archive for 15 years and hard copy storage for 5 years. Procurement contracts irrespective of value - to be archived electronically in Contiki.