

Overview and Scope

This document sets out company policies and business rules for purchasing and payment of suppliers. The document is designed to encompass all non-payroll related expenditure commitments made by the company. If the correct way to handle any particular expenditure commitment is not clearly covered by this policy, please ensure you seek clarification from the Chief Financial Officer, Accountant, or the Managing Director.

Purchasing involves the commitment of the company to expenditure and liabilities. It is essential that all staff involved in the purchasing process follow these policies and rules. Furthermore, it is essential that all new staff that are responsible for making purchases are familiar with this document from the start of their time with the company.

The policies and rules in this document are designed to ensure that the purchasing procedures work as efficiently as possible, while ensuring that tight internal controls are maintained. Internal controls are essential to ensure that payments are only made to suppliers for amounts required to conduct business and to minimise the risk of fraud and overpayment.

This purchasing policy and rules cover the following purchases:

- Raw and packaging materials
- Consumables
- Finished goods (sub-contract)
- Services
- Marketing, trade marketing and sponsorship commitments
- Non-stock items (e.g. stationery and engineering spares)
- Capital items

Policies

1. Purchase orders are to be raised in NetSuite for ALL purchases from all suppliers except for orders for items exempted from this policy. A list of these exemptions can be found in Appendix 1.
2. Purchase orders may only be authorised by people specifically approved to do so. A list of authorised persons and their back-ups are listed in Appendix 2. The authorised persons and the limits are to apply to all purchase orders.
3. It is the responsibility of each authorising person to ensure that the following minimum information is completed on all purchase orders:
 - Supplier details
 - Date of order
 - Requested date of delivery or completion date
 - Goods and/or services to be purchased
 - Total value of goods and services to be purchased (and currency if overseas purchase)
 - Clear and concise description of goods or services purchased.
4. Purchase orders can only be made to approved suppliers. Approved suppliers are suppliers who have been set-up in the NetSuite system.
5. All stock items and non-stock goods or services on NetSuite purchase orders, must be receipted into the NetSuite system within 48 hours of the goods being physically received or the service being completed.
6. Two quotes must be obtained for all purchases over AUD 5,000 in value except where:
 - There exists a preferred supplier agreement or supply contract for the item
 - There is only one supplier of the item
7. All payments are to be made from the Adelaide Office.
8. All expense claims must be approved by the claimant's manager and any expense claim exceeding \$500 per claim must be approved by the Managing Director before submitting it to HR for payment.
9. All credit card payments are to be submitted and approved using the expensify system. Please refer the Credit Card Policy for further details.
10. All payments require two of the following as a signatory:
 - Chief Financial Officer or
 - Managing Director or
 - Group Systems Manager.
11. Where FX contract (FEC) is held for a currency, the FX contract must be used. FX contracts can only be entered into by the Chief Financial Officer, or in their absence by the Accountant.

Business Rules

The following are general business rules relating to the purchasing process:

1. Where an item has been received or a service has been rendered and has been ordered using the NetSuite purchase order system, the Proof of Delivery (POD) is to be recorded in the system within 48 hours of receipt.
2. Although a manager may delegate the completion of an order or requisition, it remains the responsibility of managers to approve the order and to ensure details are properly completed.
3. All invoices must be given to accounts payable (AP) within 48 hours of arrival at any SL site. For remote sales offices and warehouses, invoices are to be emailed to the SL Adelaide AP department. Ensure that the invoices are appropriately authorised by the manager.
4. Other key purchasing documents must be forwarded to accounts payable as quickly as possible following completion of receipt:
 - Supplier delivery docket
 - Completed manual purchase order second copies are to be collected by AP regularly
5. All orders for travel must be pre-approved by the traveller's manager. Expenses relating to air travel, hotels, taxis or rental cars are to be approved by the Managing Director prior to commitment of the expense through the Corporate Travel system. Accounts in Adelaide will organise the booking using the Corporate Travel system.
6. Before purchasing or making a commitment to a new supplier, a supplier maintenance form is to be completed and approved by the Accountant or the CFO. Except in special circumstances 30 days EOM day terms are required to be provided by all new suppliers. Whenever a new supplier is added, attempts should be made to deactivate an existing supplier unless a back-up supplier is needed.
7. Significant expenditure commitments i.e. commitments in excess of AUD1,000 must be discussed with the Managing Director before any commitment or contractual obligations are made. This includes major repairs and maintenance, trade marketing/co-op, sponsorships, legal action and other non-stock purchase commitments of over AUD1,000. In absence of the Managing Director, the CFO can approve the expenditure.
8. All Marketing or sponsorship activities are to be discussed with the Managing Director prior to commencement of formal discussions with proposed contracted parties. In most instances, a marketing project overview will need to be prepared prior to approval by the Managing Director.
9. Any repairs and maintenance activity costing greater than AUD1,000 is to be discussed with the Managing Director prior to placing a confirmed purchase order with the proposed contracted parties.
10. All capital expenditure projects greater than \$1,000 each require authorisation from the Managing Director and expenditure in excess of \$10,000 requires the Managing Director and the Board, prior to the expenditure being committed to.
11. No person, except the Managing Director, authorised to approve purchase orders or invoices in appendix 2, may approve expenditure on their own company vehicle. All such expenditure must be approved by the person's manager or the Chief Financial Officer.
12. Every effort should be made to pay all suppliers within their trading terms.

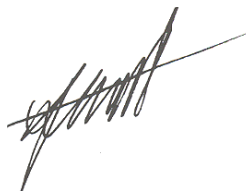
Sustainable Purchasing

In line with our ISO 14001 Environmental Management System, Stair Lock aims to practice sustainable procurement to reduce the adverse environmental, social and economic impacts of purchased products and services throughout their entire life cycle.

When purchasing timber raw materials for our staircase components, Stair Lock shall only source timber from sustainable and renewable sources harvested using responsible forest practices. Suppliers will be assessed for their environmental credentials and priority of selection and approval as a preferred supplier shall be placed on suppliers with existing environmental credentials (ISO, FSC, PEFC etc). Credentials are to be recorded and verified for each raw materials supplier and the products purchased from them.

Example of Green/sustainable purchasing for specific items:

- E0 MDF instead of E1
- FSC/PEFC rated timber
- Recycled or FSC labelled paper



Approved by:

Edward Lloyd, Managing Director

4 September 2023

Appendix 1 – Purchase Order Exemptions

Below is a list of goods and services, which do not require a purchase order. All other purchases must have orders raised prior to the supply of goods and/or services.

- Water
- Telephone and mobile phones
- Electricity
- Inward freight for raw and packaging materials and finished goods
- Outward freight for finished goods
- Customer rebates. All rebates must be covered by a written rebate agreement.
- Rates and taxes
- Customs charges, duties and tariffs associated with the import or export of goods or materials
- Rents and leases
- Contracted security arrangements
- Expense claims
- Payroll and other employment related expenses
- All statutory payments
- Legal and accounting services
- One time/off purchase from a new supplier
- Internet expense
- Recurring contract expense

Appendix 2 – Expenditure authority levels

Type of purchase	Purchase limit (AUD)	PO raised by	Approver	Backup Approver
Raw materials and imported products	< \$ 50,000 per	Purchasing		
	> \$50,000 & < \$100,000 per	Purchasing Officer	Production Manager	
	> \$ 100,000 per	Purchasing	Production	Managing Director
Outsourced goods & services (sub-	< \$ 50,000 per	Purchasing		
	> \$ 50,000 per	Purchasing	Production	Managing Director
Outsourced (States)	> \$ 2,500 per order	State Managers	Managing Director	Financial Controller
Packaging material		Purchasing Officer		
Factory consumables		Purchasing Officer		
Repairs & Maintenance	< \$ 1,000 per order	Purchasing Officer	Production Manager	Group Product & Service Manager
	> \$ 1,000 per order	Purchasing Officer /Production	Financial Controller	Managing Director
Stationary (on-line)		A/P Officer	Financial Controller	Group IT Manager
Services - Factory	< \$ 1,000 per order	Purchasing Officer	Production Manager	Group Product & Service Manager
	> \$ 1,000 per order	Production Manager	CFO	Managing Director
Services - office related	< \$1,000 per order	Group Product & Service		
	> \$1,000 per order	Group Product & Service	Managing Director	Financial Controller
Services - sales related	< \$1,000 per	National Sales		Financial Controller
	> \$1,000 per	National Sales	Managing Director	Financial Controller
Marketing/Advertising	Any amount	National Sales Mgr	Managing Director	Financial Controller
Consumables & Services - states	< \$1,000 per	State		
	> \$1,000 per	State	Managing Director	Financial Controller
IT related	< \$1,000 per	Group IT		Financial Controller
	> \$1,000 per	Group IT	Managing Director	Financial Controller
Capital expenditure	< \$1,000 per	Managers	Nil	Financial Controller
	> \$1,000 per	Managers	Managing Director	Financial Controller
	> \$10,000 per	Managers	Managing Director	

The limits above excludes GST and taxes.

The above authority levels relate to all commitments to expenditure, whether or not a purchase order is required to be raised.

When approving purchase orders and the value of an order or invoice exceeds the value shown above, the orders are to be forwarded to the Managing Director for approval. Whenever the Managing Director is not available for a day or more, the Chief Financial Officer is permitted to sign in place of the Managing Director.

Managers must also be aware that expenditure is also limited in line with budgeted amounts. Any expenditure over and above the levels in the budget must be approved by the Managing Director.