



ArcelorMittal

ARCELORMITTAL SOUTH AFRICA

EME DEVELOPMENT & REGISTRATION INFORMATION

APRIL 2015

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Purpose

- The purpose of this document is to inform all EME suppliers of ArcelorMittal's integrated procure-to-pay procedures in order to be aligned with our vendor registration, procurement, warehousing and payment requirements.
- The abovementioned procedures are set out in the Supplier Guide and General Conditions of Purchasing.
- To motivate EMS's to register on ArcelorMittal's Enterprise and Suppliers Development program.
- To refer all potential suppliers to the Suppliers Guide on ArcelorMittal's WEB site.
- To assist EME's with information where to apply for mandatory certificates for registration on ArcelorMittal's Vendor database.

Vendor Registration



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- The first point of entry to the procurement system is to be registered as a Vendor on the ArcelorMittal database.
- Potential EME`s are invited to register themselves on our Enterprise and Supplier development database by completing an application form that can be obtained from the following web address:
<http://www.arcelormittalsa.com/Procurement/EnterpriseandSupplierdevelopment.aspx>
- Completed “Application for Enterprise or Supplier Development” form to be send electronically to the following email address: bbbee.sa@arcelormittal.com
- A Project Team will evaluate and approve the applications and request Vendor Management to register new suppliers by completing a M36c request form. Vendor Management will forward an Application Pack to potential new vendors.
- The following documentation forms part of the Application Pack:
 - Vendor Application Form
 - PAYE SARS questionnaire
 - Electronic payment transfer instruction
 - Code of Responsible sourcing questionnaire (Refer copy in Suppliers Guide)
 - General Condition of Purchasing (Refer copy in Suppliers Guide)
 - 37.2 Written Agreement on Occupational Health and Safety (Refer copy in Suppliers Guide)

Mandatory Certificates and Agreements



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- The fully completed application pack with the following requested certificates and agreements to be send back to Vendor Management for evaluation.

1. Registration at Register of Companies.

Suppliers may apply themselves or appoint an Accounting Officer or Lawyer to apply for registration at the Registrar of Companies. Copies of the following certificates need to be attached with the Application Pack as proof of registration:

- Private Company (CM1 Certificate of incorporation)
- Public Company (CM6 Certificate of incorporation)
- Trust (Trust deed, appointment of trustees by the master of the High Court and signed letter from trustees stating the names of the beneficiaries)
- Sole Proprietor (SA Identification documentation of owner / proprietor)

2. Value Added Tax (VAT)

Suppliers must apply at their nearest SARS Office for VAT registration if their turnover exceeds the threshold amount of R 1 Million. A copy of the VAT registration or exemption certificate need to be attached to the Vendor Application Pack if you apply for registration on ArcelorMittal South Africa`s database.

Mandatory Certificates and Agreements (Continue)



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3. Tax Clearance Certificate.

All ArcelorMittal local vendors must be registered for Tax at SARS. Suppliers have to obtain Tax Clearance Certificates from their nearest SARS Office. Updated Certificates need be forwarded annually to Vendor Management, on or before the expiry date, in order to update the vendor's profile.

A Tax Clearance Certificate (TCC) is issued by SARS confirming that all Tax registration, Tax returns and Tax payments (Including Income Tax, VAT and Employees Taxes like PAYE and SITE) are up to date on the day the certificate is issued. Tax Clearance Certificates are not area restricted and are valid for a period of twelve months from date of issue.

Types of TCC:

- TCC – Tender, where the taxpayer wants to apply for a tender. (Code 1)
- TCC – Good Standing, where taxpayer needs conformation that all Taxes are in order. (Code 2)

Mandatory Certificates and Agreements (Continue)



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4. Letter of Good Standing – Compensation Fund

Entities that employ one or more employees are legally obliged to be registered at the Compensation Commissioner, a division of the Department of Labour. Be informed, Letter of Good Standing will be issued only to employers who meet the following criteria:

- Employers must be registered with the Fund as per section 80 of the Compensation for Occupational and Diseases (COID) Act
- Employer must have submitted all returns of earnings as per section 82 of the COID Act
- Employers must be fully assessed as per section 83 of the COID Act
- Employers must have paid / settled all outstanding debt as per section 86 of the COIS Act

Employers that have not yet been assessed by the Compensation Fund will first be assessed up to the current assessment year, and are expected to pay all assessments in order to meet the criteria set out above. This process assists the Compensation Fund in finalising all assessment backlogs.

For effective and sufficient service, employers are encouraged to make use of the online facility and register on the ROE Website (www.labour.gov.za)

Updated Certificates need be forwarded annually to Vendor Management on or before the expiry date in order to update the vendor database.

Mandatory Certificates and Agreements (Continue)



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Good Standing Certificates can electronically be extracted from the Compensation Fund`s WEB.

5. Letter from Financial Institution

Our Financial Department require an official letter from suppliers Financial Institution to confirm their banking details as stated in the Electronic Payment Transfer Instruction.

6. BBBEE Certificate

A valid BBBEE certificate, from a SANAS Accredited institution, must be attached to the application pack. Suppliers BBBEE status need to be confirmed, as it is ArcelorMittal`s requirement not to do business with suppliers that are on a higher status (Level 5 – Level 8) as Level 4.

If a EME suppliers turnover is less then the threshold of R 10 million, a confirmation letter from his accounting officer is required to confirm the turnover.

Mandatory Certificates and Agreements (Continue)



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7. Additional Certificates

Certificates obtained from statutory or professional bodies are required if you apply to perform one or more of the following services:

- Repairs to lifting equipment (LME / LMI)
- Repairs to electrical equipment / wiring (Certificate of compliance)
- Structural welding, etc. Welding institute / ISO 3834.
- Transport – Drivers PDP's
- Pest Control – Registration certificate from department of Agriculture
- Civil Construction – CIBD & NHRBC registration where applicable

8. SHEQ Accreditation / Compliance

Accreditation certificates for the following Management Systems must be submitted before performing any work on ArcelorMittal site:

- Quality Management System (ISO 9001:2008)
- Environmental Management System (ISO 14001:2004)
- Health and Safety Management System (OSHAS 18001:2007)

Mandatory Certificates and Agreements (Continue)



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Vendor Management will audit all suppliers who apply for on-site work, to confirm compliance to the SHEQ management systems, before registration or linked to any on-site item masters.

If a vendor plan to perform work on site he still needs to do general and plant specific safety inductions in the area he is going to perform the work.

A safety file also needs to be compiled that complies with ArcelorMittal 17 point safety requirements before a permit to work or order will be issued to the vendor

Vendor Performance Evaluation



- Vendors performance, based on the following criteria, are evaluated monthly:

Evaluation Characteristics:	Possible Score
On Time Delivery	15%
Non-Conformance Requests	10%
Sheq Systems Compliance:	30%
Quality	
Health & Safety	
Environmental	
Good Standing from CC	10%
TAX Clearance Certificate	10%
Responsible Sourcing	5%
BBBEE Compliance	20%
TOTAL SCORE	100%

- Continuous substandard performance could lead to the blocking of a vendor`s code or reduction of orders placed on the company
- Vendors should be informed monthly of their performance in order to take corrective actions in time

Non Conformance Requests (NCR`s)

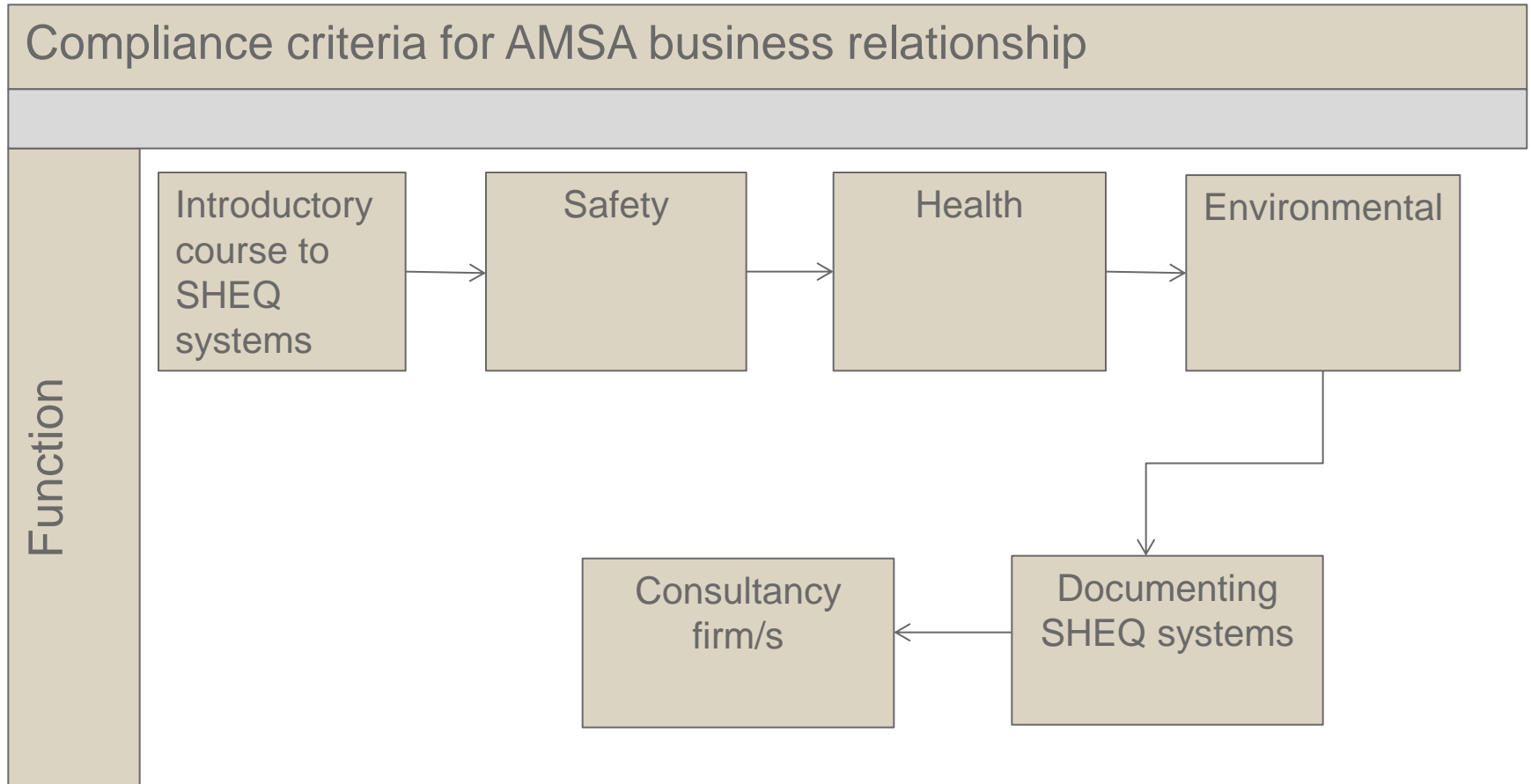


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- ArcelorMittal follow the cradle to grave principle where a responsible person is allocated to manage and finalize outstanding non-conformance reports
- The following departments are responsible for finalizing NCR`s:
 - ✓ SHERQ Specialists =SHE related incidents (Including Traffic Offences)
 - ✓ Procurement Officers and Co-ordinators =Late delivery, price variances and on-site 603...orders
 - ✓ Vendor Specialists =Shut Down related NCR`s
 - ✓ Quality Inspectors - Warehousing =Specification variances (reconditionable items and spares) and deviations from PO specifications
 - ✓ Commodity Specialists & Senior Commodity Specialists =Commodity Contracts
 - ✓ Capital Consultants & Senior Capital Consultants =Capital projects
 - ✓ Contract Specialists & Senior Contract Specialists =Contracts (Including Transport related NCR`s)
- Suppliers need to respond within seven days from receiving an official NCR. All NCR`s should be finalized within 30 day`s of issuing
- Vendors will be blocked if there is a NCR trend or a Vendor`s corrective actions are not being adequately addressed
- A zero-tolerance approach is followed regarding transgression of a cardinal rule

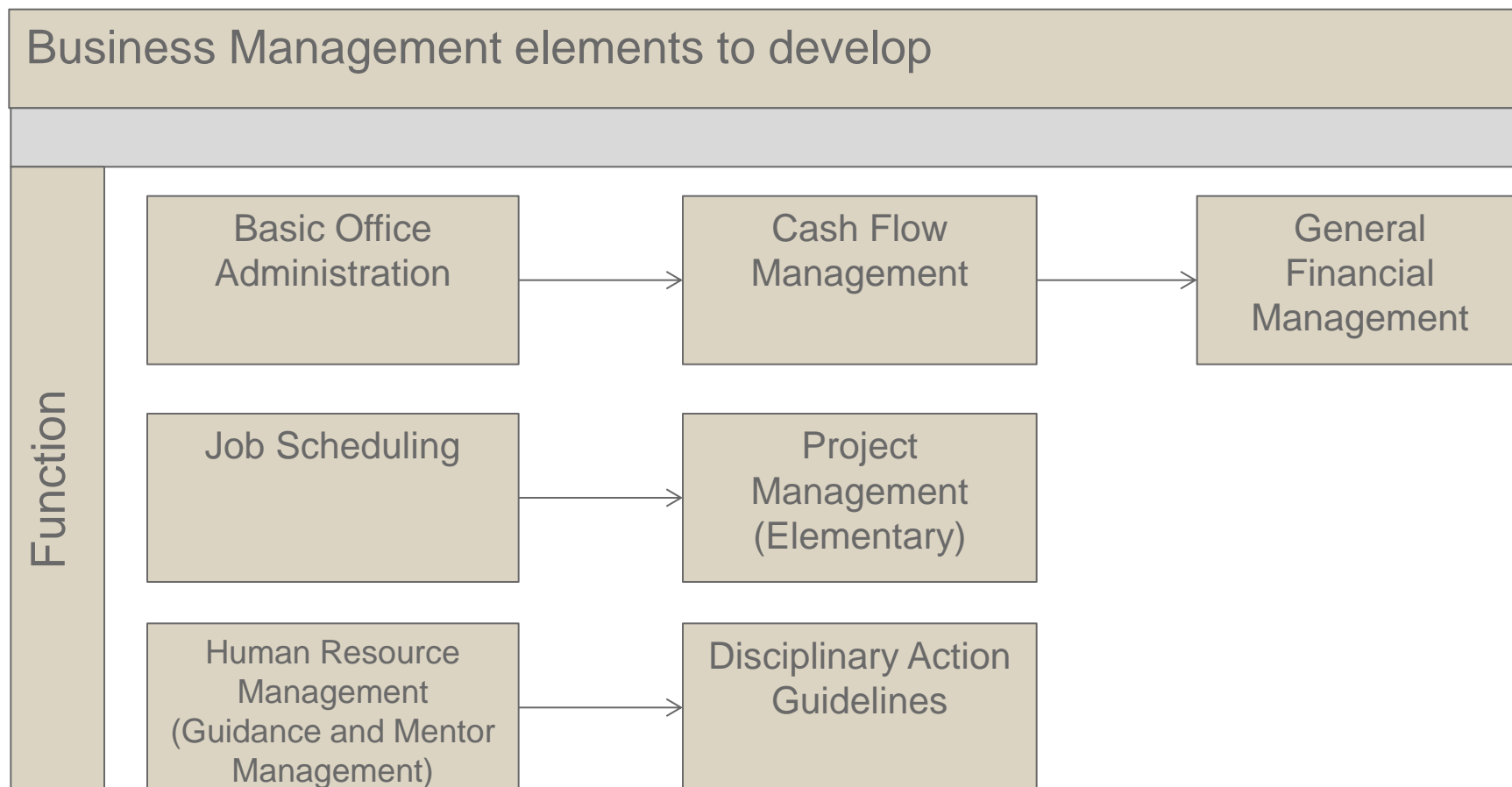


Areas of Impact



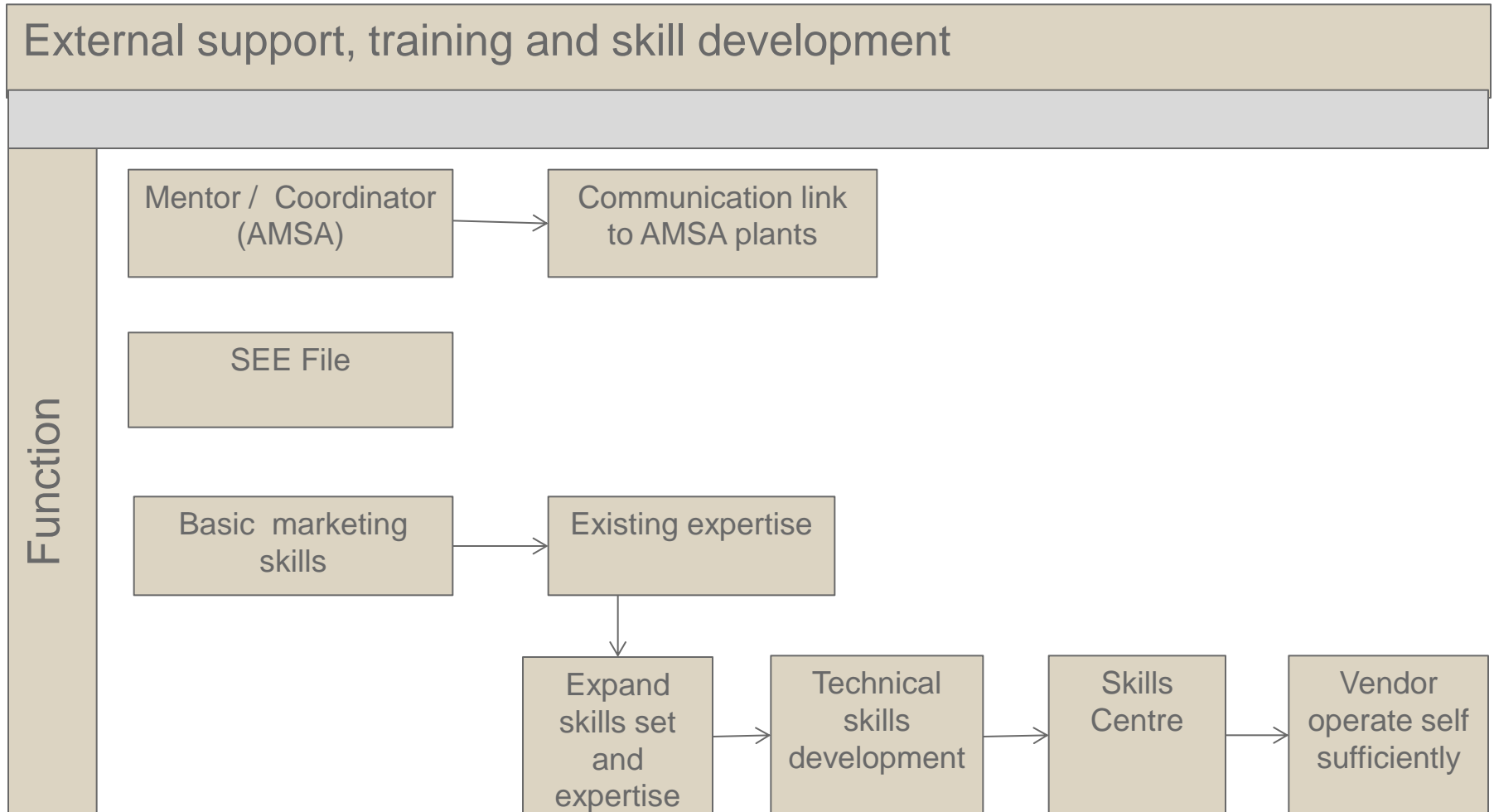


Areas of Impact





Areas of Impact



Areas of Impact



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- **Introduction to SHEQ systems (Safety Health Environmental Quality)**
 - AMSA will support in obtaining a useful course / training program
 - Vendor to plan, budget and attend the identified course
 - Vendor will apply course information in day to day operation of the enterprise

- **Documenting of the SHEQ management systems (Safety Health Environmental Quality)**
 - AMSA will support in obtaining consultancy firms that can support the vendor in developing documented SHEQ management systems
 - Vendor to plan, budget and contract the consultancy firm
 - Vendor will apply resources to implement and maintain the documented SHEQ systems ESD

- **General Office Administration management**
 - AMSA will support in obtaining a useful course / training program
 - Vendor to plan, budget and attend the identified course
 - Vendor will apply course information in day to day operation of the enterprise

Areas of Impact



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- **Cash Flow management**
 - AMSA will support in obtaining a useful course / training program
 - Vendor to plan, budget and attend the identified course
 - Vendor will apply course
- **General Financial management**
 - AMSA will support in obtaining a useful course / training program
 - Vendor to plan, budget and attend the identified course
 - Vendor will apply course information in day to day operation of the enterprise formation in day to day operation of the enterprise
- **Job Scheduling**
 - AMSA will support in obtaining a useful course / training program
 - Vendor to plan, budget and attend the identified course
 - AMSA mentor to support vendor in doing effective scheduling of work / tasks within plant environment and schedules4. Vendor will apply course in

Areas of Impact



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- **Project Management (elementary)**

- AMSA will support in obtaining a useful course / training program
- Vendor to plan, budget and attend the identified course
- Vendor will apply course information in day to day operation of the enterprise. AMSA mentor to support vendor in project management activities formation in day to day operation of the enterprisers

- **Human Resource management**

- AMSA will support in obtaining a useful course / training program
- Vendor to plan, budget and attend the identified course
- Vendor will apply course information in day to day operation of the enterprise
- Vendor will place focus on mentoring its own employees to establish a sound work culture
- Vendor will compile and use an employment contract with his employees
- Vendor will identify the skill set required for his enterprise and source and appoint to strengthen or remedy the situation

Areas of Impact



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- **Disciplinary guidelines**

- AMSA will support in obtaining a useful course / training program
- Vendor to plan, budget and attend the identified course
- Vendor will apply course information in day to day operation of the enterprise
- Vendor will establish disciplinary rules for the enterprise
- Vendor will include disciplinary rules in the employment contract of employees⁶. Vendor will constantly apply the disciplinary rules to establish a disciplined work culture

- **Utilize AMSA Coordinator**

- AMSA will be allocating resources in the form of a enterprise coordinator to the vendor
- Vendor will closely work with coordinator to establish a first line of contact with AMSA plants on a technical level

Areas of Impact



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- **Utilize AMSA Mentor**
 - AMSA will be allocating resources in the form of a enterprise mentor to the vendor establishing a working relationship with AMSA plants
 - Vendor will closely work with the mentor to establish a relationship with AMSA plants on an organisational level
- **Basic marketing skills**
 - AMSA will support in obtaining a useful course / training program
 - Vendor to plan, budget and attend the identified course
 - Vendor will apply course information in day to day promoting of the enterprise on the plants
- **Existing expertise and skill set**
 - Vendor will focus mainly on promoting the existing skill set of the enterprise on the plants
 - Vendor will ensure the expertise level are maintained through internal and refresher training

Areas of Impact



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- **Expanding the expertise level and skill set**
 - Vendor will identify the scarce skill set within the AMSA industry
 - AMSA Mentor will support the vendor with this identification of the scarce skill set and expertise
 - Vendor to plan, budget and attend the identified course
 - Vendor will focus on promoting the expanded skill set of the enterprise on the plants
- **Use of a Skill centre**
 - Vendor will identify the scarce skill set within the enterprise itself
 - AMSA Mentor will support the vendor with this identification of the scarce skill set and motivation to attend Skill centre courses
 - Vendor will ensure the expertise level are maintained through internal and refresher training
 - Vendor will focus on promoting the expanded skill set of the enterprise in the private sector also
- **Self sufficient**
 - Vendor ensure that it can operate independently (with the minimum support from mentor and coordinator) within the AMSA environment
 - Vendor will ensure that clients are obtained in the private sector as a form of diversification