

## Management measures for the supply of raw materials and auxiliary materials

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### Chapter I General Provisions

**Article 1** In order to further strengthen the supply management of raw materials and auxiliary materials of the company, to meet the needs of modern enterprise production and operation and the requirements of the market economy, these regulations are formulated in accordance with the Measures for the Administration of Material Purchase and the actual situation of the company.

The scope of the second supply management: the production department of Miyan Toys.

**Article 2** The raw materials and auxiliary materials referred to in these Provisions refer to the production materials other than the fixed assets management in the daily production and operation within the scope of supply and management, including: raw materials (all kinds of fabrics, fillers, sewing threads, needles, various types). Ribbon accessories, all kinds of label stickers, zipper accessories, plastic buckles, plastic eyes and nose, packaging materials), auxiliary materials (including spare parts, spare parts, equipment, fire safety equipment, labor insurance supplies, office supplies, etc.).

**Article 3** Principles of supply management: optimize processes, scientific decentralization, pragmatic and efficient, centralized management, and reduce costs.

**Article 4** Establish a supply management work leading group:

Leader: General Manager

Deputy Leader: Deputy General Manager of Production and Security, Deputy General Manager of Chief Accountant

Members: Minister of Enterprise Management, Minister of Financial Management, Minister of Lean Production, Minister of Logistics Center, Minister of Audit and Supervision, Minister of Market Development

The leading group has an office with the main responsibility of being responsible for the daily work of raw material and auxiliary materials supply management. The office is located in the Market Development Department.

### **Chapter II Preparation and Approval of Material Application Plan**

**Article 5** The materials unit shall prepare the “Monthly Material Application Plan Form” according to the actual needs of production, maintenance, scientific research projects and office, and report the next month's material application plan before the 8th of each month (holiday extension):

1. When the materials unit plans to declare materials, it should strengthen the scientific foresight of the plan, improve the accuracy and rationality of the plan, and report enough auxiliary materials for the next month to add a material application plan once a month.

2. Auxiliary materials not related to production are not allowed to declare additional plans (such as office supplies, etc.) in principle; only production-related auxiliary materials may be changed due to various unforeseen special reasons, such as changes in procurement plans or urgent procurement. Applicant plan additional plan, and detailed description of the additional material name, specification model, quantity, technical standard, indicating the reason for the declaration and the time limit for repurchase, the time limit for repurchase is generally not less than 3 days (except for processed parts and special requirements) ).After the additional plan is approved by the company's supervisor, report to the logistics center planner;

3. The material application plan reported by the materials unit needs to briefly explain the reasons or uses. Important and special materials must be accompanied by detailed information to mark the performance and specifications of the products;

**Article 6** The materials unit shall be responsible for the materials application plan prepared and report to the competent functional department for approval. The division of labor of the competent functional departments is: production, maintenance materials, spare parts application plan is approved by the production department; scientific research project material application plan is approved by the Ministry of Science and Technology; instrumentation application plan is approved by

the physical and chemical instrumentation center; fire safety equipment, labor insurance supplies application plan Approved by the Ministry of Safety and Environmental Protection; the office supplies application plan is approved by the company office.

**Article 7** After the application for the material application plan is approved, it shall be reported to the planning staff of the logistics center for unified collection.

### **Chapter III Preparation of Procurement Plan**

**Article 8** The planners of the logistics center shall, in accordance with the company's production plan and the inventory situation, fully meet the production and maintenance needs, in accordance with the inventory funds do not exceed the standard, do not generate new backlog and raw material reserves, the contract concluded After comprehensively balancing the situation and market price conditions, the next month's "Material Procurement Plan" will be formulated by the 11th of each month;

**Article 9** If the company's production schedule changes or the market conditions fluctuate greatly, the company's supervisors may change or add materials procurement plans after approval;

**Article 10** The planning staff of the logistics center shall, based on the principle of centralized economic procurement, comprehensively apply for a balanced material application plan. The material procurement plan prepared shall have accurate requirements for the material type, specification, quantity (requires the current stock quantity) and technical standards. Materials need to be stated to prevent material backlogs or unnecessary waste. After the material procurement plan was approved by the logistics center, it will be reported to the Market Development Department on the 12th.

### **Chapter IV Implementation and Approval**

**Article 11** After receiving the material procurement plan, the Market Development Department shall, within 2 working days, determine the variety and price of the tendered procurement materials according to the results of the annual

bidding, and prepare the "Tendering Materials Purchasing Form" to report to the leaders of the Market Development Department. Procurement immediately after approval by the company's executive leadership;

**Article 12** The material procurement plan that is not within the scope of the tender shall be inquired by the inspector to the qualified supplier in accordance with the relevant provisions of the Procurement Control Procedures, and the quality comparison work shall be completed within 7 working days and the materials shall be prepared. Purchasing ratio comparison table, on the 23rd, reported to the company's price audit department to determine the supplier.

**Article 13** The company's price review department shall determine the supplier according to the "Procurement Control Procedures" and the "Material Purchasing Ratio Comparison Table" prepared by the inquiries, according to the quality, price, reputation and resource status, and report it before the 23rd. Market Development.

**Article 14** On the 25th of each month, the Market Development Department organizes a quality parity review meeting (holiday extension). The audit meeting is attended by all members of the company's supply management work leading group, and the "Material Purchasing Comparison Price Selection Table" is reviewed. Through the material procurement plan after the collective review of the quality parity review, the price auditor of the market development department will prepare the "Material Purchase Form" within 2 working days, and report it to the leaders of the market development department and the company's business leaders for approval;

**Article 15** The "Materials Purchasing Form" after approval shall be retained by the Enterprise Management Department, the Finance Department, and the Logistics Center, and the procurement shall be performed by the purchaser of the Market Development Department.

**Article 16** For the material procurement of the temporary supplementary plan, the inquiring agent shall make an inquiry to the qualified supplier according to the relevant provisions of the Procurement Control Procedure, and prepare the "Material Purchasing Ratio Comparison Table", which shall be reviewed by the leaders of the Market Development Department. It shall be reported to the price review department for review, and finally the purchase may be carried out after approval by

the company's supervisor.

**Article 17** The purchaser of the Market Development Department must strictly follow the "Materials Purchasing Form" to the designated unit for procurement. All purchased materials must be contracted first, and the contracted personnel must obtain the approval of the leaders of the market development department before signing the contract. When signing a contract, it is necessary to strictly control the expenditure on material prepayments and avoid business risks to the greatest extent.

**Article 18** If, in the event of a contract signing, the director of the market development department is unable to promptly review the case due to reasons such as a business trip, the telephone may be requested to contact the leader for approval. The oa network may be first used for contract review and signing to ensure the timely execution of the contract.

**Article 19** The functional department of the company's contract review shall strengthen its understanding and service to the market in its daily work. It shall complete the signing of the contract within the working day of the contract uploading. If it cannot complete the signing, it shall explain it to the legal affairs office. A unified interpretation by the marketing department to the legal affairs office. If it is still impossible to sign after the explanation, the audit and supervision department will take the lead in organizing the contract signing department to conduct research on the market, and make the research conclusion within 3 days, and the market department will execute or cancel the contract according to the conclusion.

**Article 20** If a contract is changed during the execution of the contract, the head of the market development department shall examine and sign the contract and re-assess the contract. Due to the reasons of the company or the supplier, the unilateral cancellation or cancellation of some of the contracts, after consultation and negotiation with the other party, may be invalidated or partially revoked by the competent director of the company.

#### **Chapter V Determination of Qualified Suppliers**

**Article 21** The selection and evaluation of qualified suppliers of raw materials is

mainly determined by the "Supplier Management Procedures" in the company's quality management system.

**Article 22** The determination of qualified suppliers of auxiliary materials shall be determined in accordance with the provisions of the Company's Measures for the Administration of Suppliers.

**Article 23** The company's management of qualified suppliers shall be implemented in accordance with the provisions of the Measures for the Administration of Suppliers.

#### **Chapter VI Inspection, Acceptance, and Storage**

**Article 24** After the materials are purchased into the company, the purchasers of the market development department shall promptly handle the inspection procedures, and the physical and chemical instrumentation center shall timely inspect the purchased materials according to the original and auxiliary materials inspection and operation procedures. The logistics center shall check and accept the materials that have passed the inspection according to the "Regulations on the Acceptance of Materials Acceptance";

**Article 25** After the materials are inspected and accepted, the procedures for warehousing shall be handled in a timely manner. The logistics center arranges unloading of the main raw materials that have passed the inspection in time.

**Article 26** The unqualified raw materials shall be implemented in accordance with the relevant provisions of the "Control Procedures for Nonconforming Products" in the company's quality management system; the unqualified materials shall be processed by the Market Development Department in time for return or exchange procedures.

#### **Chapter VII Settlement**

**Article 27** The purchaser of the Market Development Department shall promptly handle the acceptance and purchase of invoices and the invoices;

**Article 28** The procurement business within the month shall be settled in principle within the month, and the supply invoice provided by the finance department to the

procurement personnel (must be a VAT invoice, special circumstances shall be approved by the company's supervisor), shopping list, materials The original vouchers such as the warehousing order shall be recorded in time after being verified;

**Article 29** When paying, the payment shall be handled in accordance with the provisions of the company's fund payment management.

### **Chapter VIII Penalty**

**Article 30** The Market Development Department shall make an inquiry to the qualified supplier in accordance with the relevant provisions of the Procurement Control Procedures, complete the comparison and quality comparison work, and prepare the "Material Purchasing Comparison Price Selection Table", and organize the comparative price comparison at the specified time. The review meeting will be deducted from the responsible unit for 50 **Performance Score** per holiday (the holiday will be postponed).

**Article 31** Units that do not participate in the quality parity review meeting and those that are temporarily required to participate but do not participate shall be deducted 50 **Performance Score** for each relevant unit.

**Article 32** The market development department shall, in accordance with the supplier determined by the company's supply management leading group, prepare the "Materials Purchasing Form" within 2 working days, and deduct the responsible unit for 50 **Performance Score** each day (evening holidays).

**Article 33** The market development department shall strictly purchase the materials in accordance with the approved Materials Purchasing Form, and if it does not purchase according to the designated unit, it shall find a unit with a penalty of 200 **Performance Score**.

**Article 34** The procurement plan reporting unit shall conscientiously do a good job in the procurement plan for the current month, reduce the additional plan for material procurement as much as possible, and make more than one additional purchase plan per month, and deduct the responsible unit for 100 **Performance Score**.

**Article 35** The competent functional departments must strictly control and control the consumption of production, maintenance, office and other materials. If the control is not strict enough to meet the production, maintenance and other requirements that affect normal production or cause material backlog, The competent functional department is 100 **Performance Score**/time, and the deduction plan is 100 **Performance Score**/time.

**Article 36** The logistics center shall communicate with the plan reporting unit and the competent functional department in combination with the inventory situation, and comprehensively apply for a balanced material application plan. If the plan fails to report too little or too much, it cannot meet the production, maintenance and other requirements, which may affect normal production or cause materials. The backlog, deducting the logistics center 100 **Performance Score** / time.

**Article 37** After the materials arrive at the factory, the inspection department shall promptly organize the inspection. If the inspection is not timely or fails to be inspected according to the original and auxiliary materials inspection and operation procedures, the responsible unit shall be deducted 100 **Performance Score**/time.

#### **Chapter IX Supplementary Provisions**

**Article 38** The material procurement department may formulate procurement management measures for individual materials in accordance with these Measures.

**Article 39** These Measures shall be interpreted by the Market Development Department of the Company.

**Article 40** These Measures shall be implemented as of the date of issuance