



Engineering Procedure

SAEP-133

4 January 2006

Instructions for the Development
of "Regulated Vendors List" Engineering Standards

Document Responsibility: Consulting Services

Saudi Aramco DeskTop Standards

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1 Scope

- 1.1 This Saudi Aramco Engineering Procedure (SAEP) is mandatory and presents the minimum criteria and responsibilities for the development and maintenance of Regulated Vendors Listing (RVL) Engineering Standards, which include all applicable commodity items (9COMs).
- 1.2 This procedure applies to the development and maintenance of Company-wide RVL Engineering Standards. Relevant SAP-based RVLs shall be developed and maintained according to this procedure.

2 Applicable Document

The following Saudi Aramco document is referenced within this procedure:

GI-0860.000

*Approval of National Manufacturers and
Utilization of their Products*

3 Definitions and Abbreviations

Terms or abbreviations within this document are defined below:

Alternate Manufacturer: A potential manufacturer that is not in the established RVL or has previously been granted one-time approval(s).

AOC: Aramco Overseas Company, AOCL for Leiden Office and AOCT for Tokyo Office

ASC: "Aramco Services Company"

ID: "Inspection Department", Dhahran, Saudi Arabia

National Manufacturers: As defined by GI-0860.000.

PD: "Purchasing Department", Dhahran, Saudi Arabia

Q-Info Record: SAP-based records containing quality specifics about a manufacturer and its linked 9COM items, e.g., approval status (approved, disapproved, approved with limitations, on-hold, etc.).

PDM: Project Department Manager

RDM: Responsible Department Manager (e.g. CSD, P&CSD)

RSA: Responsible Standardization Agent

RVL: Regulated Vendors Listing

SCC: Standards Committee Chairman

SAP: Saudi Aramco corporate database that includes approved manufacturers.

SAP QM: Quality Management function of SAP.

SAP QMC20: SAP-based routine for Vendor Plant Evaluation/Administration RVL Approval Cycle.

ZQ-0025: SAP-based transaction that generates Manufacturing Plants Approval Status report.

ZQ-0054: SAP-based transaction that generates Cycle time report on RVL listing revisions (addition or deletion) addressing 9COM(s) and/or vendors.

4 Responsibilities

- 4.1 The relevant SCC shall be responsible for the overall development and maintenance of the RVL standard. The SCC is also responsible for recommencing approval/disapproval of revisions to the RVLs.
- 4.2 The relevant RDM shall approve revisions to the RVL standards and the SAP-based RVLs. The RDM shall also approve manufacturers on a one- time basis.
- 4.3 The ID, PD, relevant RSAs and the relevant SCC shall process RVL workflows in SAP to execute revisions to the RVLs in accordance with routines defined in SAP.
- 4.4 ID is responsible to maintain the approval of SAP-based RVLs.
- 4.5 Each January, the Standards Coordinator shall issue a report, utilizing ZQ-0054 transaction, to the Corporate Services Committee (CSRC) summarizing, from the previous year, the manufacturers' listing addition and deletion revisions for all the RVLs.

5 Instructions

- 5.1 RVL Engineering Standard shall be created for equipment or material where Saudi Aramco control over the selection is necessary to control issues such as quality, technology or life-cycle cost.
 - 5.2 A manufacturer will be considered for addition to or removal from the SAP-based RVL utilizing SAP QMC20. The party requesting the revision of a RVL shall initiate the relevant SAP workflow containing proper justification(s) for the proposed action. The request must be approved by a Division Head or a Project
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Manager level employee of the party requesting the revision to be considered for further processing.

Commentary Notes 5.2:

Examples of "Proper Justification" for addition would be insufficient number of current suppliers; supplier is national manufacturer, added-value considerations, etc.

Examples of "Proper Justification" for removal would be continued unresponsiveness to Saudi Aramco or its contractors, failure to perform (e.g., non-performance of purchase order obligations such as unacceptable delays or failure to comply with specified requirements.), deterioration of financial condition or production capability, falsification or forgery of records or documents, discontinuation of an approved product line, poor after sales service, poor manufacturing quality, etc.

- 5.3 The workflow will be forwarded to the SCC for review. The SCC shall respond to the party requesting the revision within two weeks from the date of receipt of the request. SCC shall notify the party advising if the request is acceptable or not.
- 5.4 If the SCC considers the addition, removal or one time approval request to have sufficient justification, the following evaluation processes shall be completed:
- i) Technical Review by RSA,
 - ii) Commercial Review by the designated purchasing office, i.e., PD, ASC, AOC.
 - iii) Quality Review by the designated purchasing office, i.e., ID, ASC, AOC.

Commentary Note 5.4:

GI-0860.000 should be used as a resource when evaluating national manufacturers.

- 5.5 Based upon the results of the evaluation, the SCC shall complete the RVL workflow which will be forwarded automatically to the RDM for review. After RDM's review, the SAP-based RVL will be automatically updated in accordance with the approved revisions.
- 5.6 Deviation from the established RVLs for the use of an alternate manufacturer, as defined in this procedure, may be allowed on a case-by-case basis, i.e., limited to a specific purchase order. Such business decision shall be established jointly by the party requesting the deviation (PDM or Proponent) and the RDM in the best interest of Saudi Aramco, technically and commercially. The party requesting the deviation and the RDM shall endeavor to act in a timely manner

on facilitating the evaluation process. For the endorsement of a purchase from an alternate manufacturer, all of the following requirements shall be fulfilled:

- 5.6.1 Evaluation process shall be initiated utilizing SAP QMC20 transaction, upon approval of the Proponent or PDM. Failure to seek approval prior to placing such an order will result in issuance of an NCR.
 - 5.6.2 The party requesting this deviation (PDM or Proponent) must:
 - a) Invite all RVL manufacturers for bidding.
 - b) Show sufficient and clear proof that all invited RVL manufactures would not accommodate Saudi Aramco business needs. All supporting documents shall be submitted to the RDM for assessment and consequently determining the validity of the deviation. Such documentation shall include but not limited to:
 - i) Request for quotation (RFQ) documents.
 - ii) Written responses to the RFQ from all invited RVL, including acceptance/ declination to bid with reasons and bid quoted equipment delivery dates.
 - iii) Technical and/or commercial bidding-disqualification documents for RVL manufacturers.
- Note: The need for additional requirements shall be determined by the RSA on a case-by-case basis.*
- c) Commit to provide, as applicable, all necessary support by enforcing and monitoring closely the implementation of feasible control measures established according to paragraph 5.6.3 of this procedure.
- 5.6.3 RDM and ID shall jointly establish, as applicable, feasible control measures to ensure quality acceptance of the item(s) to be produced by the alternate manufacturer.
- 5.6.4 All review and approval requirements indicated in paragraphs 5.3 through 5.5 above shall apply in the evaluation of the alternate manufacturer.

Commentary Notes 5.6:

- 1) *Examples of "Proper Justification" for considering alternate manufacturers would be insufficient number of current suppliers to meet business needs, declination of RVL manufacturers; supplier is national manufacturer, added-value considerations, etc.*

- 2) *Previously granted one-time approval(s) of an alternate manufacturer does not constitute a valid justification for placing further purchase order(s) with the manufacturer.*

5.7 Purchasing RVL item(s) from a manufacturer with an "ON-HOLD" status in the SAP system is prohibited, unless such a deviation is mandated by a business decision for a specific purchase order. Such business decision shall be jointly established by the party requesting the deviation (PDM or Proponent) and the RDM who all shall endeavor to act in a timely manner on facilitating the evaluation process. For the endorsement of a purchase from an "ON-HOLD" manufacturer, all of the following requirements shall be fulfilled:

5.7.1 Evaluation process shall be initiated utilizing SAP QMC20 transaction, upon approval of the Proponent or PDM. Failure to seek approval prior to placing such an order will result in issuance of an NCR.

5.7.2 The party requesting this deviation (PDM or Proponent) must:

- a) Invite all RVL and alternate manufacturers, as defined in Section 3 of this procedure, for bidding.
- b) Show sufficient and clear proof that all invited RVL and alternate manufacturers would not accommodate Saudi Aramco business needs. All supporting documents shall be submitted to the RDM for assessment and consequently determining the validity of the deviation. Such documentation shall include but not limited to:
 - i) Request for quotation (RFQ) documents.
 - ii) Written responses to the RFQ from all invited RVL and alternate manufacturers, including acceptance/declination to bid with reasons and bid quoted equipment delivery dates.
 - iii) Technical and/or commercial bidding-disqualification documents from all invited RVL manufacturers and potential alternate manufacturers.

Note: The need for additional requirements shall be determined by the RSA on a case-by-case basis.

- c) Commit to provide all necessary support by enforcing and monitoring closely the implementation of feasible control measures established according to paragraph 5.7.3 of this procedure.

5.7.3 RDM and ID shall jointly establish readily feasible control measures to ensure quality acceptance of the item(s) to be produced by the "ON-HOLD" manufacturer.

- 5.7.4 All review and approval requirements indicated in paragraphs 5.3 through 5.5 above shall apply in the evaluation of the "ON-HOLD" manufacturer under consideration.

Commentary Notes 5.7:

- 1) *"ON-HOLD" status is assigned to a manufacture, which has been originally approved, but whose technical or manufacturing capabilities and/or quality system have/ has deteriorated to an extent that would jeopardize the reliability of the item(s) produced by the manufacturer. Therefore, consideration of such manufacturer for a purchase should be pursued, only if deemed absolutely necessary, diligently.*
- 2) *Previously granted approval(s) of an "ON-HOLD" manufacturer does not constitute a valid justification for placing further purchase order(s) with the manufacturer.*

- 5.8 RVL Manufacturing Plants Approval Status reports can be generated through SAP transaction ZQ0025.
- 5.9 A report identifying approved RVL(s) based on SAP data base shall be issued to Saudi Aramco contractors by down loading it onto a CD ROM.
- 5.10 Local manufacturers shall always be considered for evaluation as potential RVL manufacturers regardless of the number of current RVL listed vendors. Evaluation cycle for local manufacturers shall be in accordance with chart 1 of this document.
- 5.11 Sufficient number of vendors with strategic geographical distribution for RVL-based commodities shall be maintained to ensure availability of reliable and competitive vendors. Following guidelines shall be employed to achieve this objective:
- 5.11.1 Maintain a minimum of two (2) approved manufacturers per commodity per location (ASC, AOCL & AOCT).
 - 5.11.2 To the extent possible, the two (2) approved manufacturers are preferred not to be from the same country or belong to the same parent company.
 - 5.11.3 Exceptions will be evaluated and possibly made on a case-by-case basis in agreement with RSA for considerations related to:
 - a) Commodities with no potential manufactures available.
 - b) Commodities that require a lot of spare parts and/or extensive after-sale service.

- c) Commodities with a number of local manufactures where adequate competition is maintained.

6 Style Guideline

- 6.1 The title of the Standard shall be "Regulated Vendors List for [*discipline specific*] Equipment".
- 6.2 To provide consistency, the standard shall be written and sectioned as indicated below: The italicized words within the square brackets are discipline specific instructions for the writer of the standard.

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1 Scope

This standard identifies acceptable manufacturers for SAMSS Class [*insert discipline specific numbers*] materials.

2 Conflicts and Deviations

2.1 Any conflicts between this standard and other applicable Saudi Aramco Engineering Standards (SAESs), Materials System Specifications (SAMSSs), Standard Drawings (SASDs), or industry standards, codes, and forms shall be resolved in writing by the company or buyer representative through the [*RDM*] Saudi Aramco, Dhahran, Saudi Arabia.

2.2 Direct all requests to deviate from this standard in writing to the Company or Buyer representative, who shall forward such requests to the [*RDM*], Saudi Aramco, Dhahran. The [*RDM*] shall follow internal Company procedure **SAEP-133** to process the request.

3 References

The following is a summary of the Saudi Aramco documents and industrial standards that have been mentioned within this standard:

Saudi Aramco Engineering Procedure

SAEP-133

Instructions for the Development of a "Regulated Vendors List" Engineering Standard

Saudi Aramco Materials System Specifications

[Insert discipline specific specifications]

4 Definitions

Terms shown in bold font within this document are defined below:

Acceptable: Approval is not required to place a purchase order for the product. After the order has been placed, the supplier of this product must ensure compliance with all aspects of the purchasing contract (e.g., must meet the Saudi Aramco Materials System Specification).

Approval: Written authorization by the [RDM] Saudi Aramco, Dhahran, Saudi Arabia.

9COM: "Commodity Number".

License Agreement: A contract between a supplier and an owner of rights to an equipment design, allowing a supplier to either (1) assemble the equipment using all the pieces provided by the design owner or (2) assemble the equipment using a combination of pieces provided by the design owner and pieces manufactured by the licensee to the design owner's detailed drawings / specifications. The contract between the licensor and licensee would (1) required the licensee to follow the licensor manufacturing procedures and be routinely audited by the licensor for compliance and (2) require the equipment to be marketed and labeled using the licensor's brand name.

Made: Created from raw materials and/or assembled by the manufacturer.

Manufacturer: Can be either (1) the owner of the brand name of the equipment or (2) a licensee that has a license agreement.

RVL: Regulated Vendors Listing

SAMSS: "Saudi Aramco Materials System Specification".

Supplier: The person/company, etc., who is responsible to provide the equipment to Saudi Aramco.

5 General

5.1 Procurement of a product made by a manufacturer not listed in the RVL Manufacturing Plants Approval Status report is not allowed without approval. Requests for approval of an alternate manufacturer must be supported by documentation identifying how the alternate manufacturer would better serve Saudi Aramco over the manufacturers listed in this standard.

Commentary Note:

If the request to procure from an alternate manufacturer is not approved, the approval authority is under no obligation to present the reasons for the refusal.

5.2 RVLs are SAP-based and can be accessed through SAP transaction ZQ0025. "RVL Manufacturing Plants Approval Status" report that can be generated by the same transaction includes:

5.2.1 RVL-based products, linked to the manufacturer in the given category, including 9COM number(s), description(s), etc.

5.2.2 Q-Info limitations addressing approval coverage, manufacturing aspects, item(s) being manufactured under License Agreement, etc.

5.2.3 Address by specific location, i.e., "City" and "Country": Only products made in the specific plant location(s) or area(s) are listed.

6 Applicable 9COM Listing

[The list of applicable 9COMs should be presented within this section. Reference shall be made to acceptable SAP-based manufacturers' listing. The key information that must be included with each listing is the following:

Equipment Description: Description addressing equipment general function with applicable specifics such as dimensional limitations, material of construction, configuration, etc.

9COM: The 9COM number.

Specification: Applicable material specification.

The following is an example of a listing containing the key information described above.]

Equipment Description: Pressure Vessel; Carbon Steel and Low Alloy, wall thickness greater than 76mm (3 in)

9COM: 6000002521

Specification: 32-SAMSS-004

30 September 2001
30 June 2005
4 January 2006

Revision Summary

Major revision.
Minor revision.
Minor revision.