

Materials Management Storage Procedure

HBR-GBR-SCM-PRC-0008

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MANAGEMENT OF CHANGE (MOC) FORM

To be completed by the Originator/Owner.

Description			
Type of change	☒ New ☐ Revise ☐ Retire		
BU/hub/asset(s) impacted	☐ All ☐ Indonesia ☐ Mexico ☐ Norway ☐ Vietnam ☒ UK ☐ London ☐ Hub/asset-specific: N/A		
Document scope/ Justification for change	To combine a number of legacy procedures into one new Harbuur Energy procedure.		
Document reviewers required (if applicable)			
Note: Include reviewers from all functions. Global documents to include reviewers from all applicable BUs.			
Change Assessment and Rollout Requirements			
Is there a technical MOC or a Synergi action associated with the document?	☐ Yes ☒ No	If yes, Technical MOC/ Synergi number:	N/A
Criticality	Change Assessment	Rollout Method	Mechanism
☐ High	Significant change with safety and regulatory impact. This may be a safety critical document, a new document or process, or a significant update to existing ways of working.	Tailored and targeted rollout (e.g. workshops, site presentations), as well as e-mail rollout.	Owner and/or OnelImprovement
☐ Medium	Significant change with non-safety/non-regulatory impact. The significance of the changes is enough to require the completion of a communication output (e.g. an e-mail) but not necessarily any additional training.	E-mail with supporting material to facilitate rollout (e.g. PowerPoint slides) to raise awareness and assist understanding of the changes made.	Owner
☒ Low	Changes on the content of controls with no major impact on the business. Format or edit only changes; straight BMS migration process.	E-mail summary/explanation.	Owner
Notes: 1. Refer to Business Management System User Procedure, HBR-GLO-ASR-PRC-0001 impact level assessment. 2. Harbour Energy risk assessment criteria apply. 3. For high criticality UK documents and documents with operational impact, the Owner should plan the rollout with the OnelImprovement team.			

REVISION CHANGE NOTICES

Rev	Date	Location of Change	Brief Description of Change
1	30 March 2023	Throughout.	Issued by Harbour Energy as part of the Harbour Energy BMS Integration Project. Legacy Document Number(s): CHRY-UKO-SCM-PROC-1176, CHRY-UKO-SCM-PROC-1179, CHRY-UKO-SCM-PROC-1014, UK-00594.

DISTRIBUTION

Internal E-mail Distribution

Note: In addition to those with roles and responsibilities within the document, consider Technical Authorities, HSES focal points, offshore roles, etc. For Global documents, include the applicable BU Functional Authorities.

BU/Hub/Asset	Position	Name

External E-mail Distribution

Note: Third-party contractors using the Harbour Energy BMS or accessing via Competent Authority Portal (CAP).

Company	Position/Name	E-mail Address

Hard Copy (Controlled) Distribution

Note: Reserved for emergency documentation (e.g. ERPs, OPEPs, etc.) and Safety Cases.

No	Company or Harbour Energy BU/Hub/Asset	Position/Name	Address

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1.0 PURPOSE

This Procedure provides instruction for effective and efficient materials management to ensure that inventory is properly safeguarded. This includes receipts, transfers and withdrawals being performed accurately and in a timely manner, including the correct customs status of the material.

Inventory balances reflect actual quantities on hand, and all events that affect their underlying valuation, to conform to applicable accounting principles.

Inventory is stored at various contractor facilities and stock is counted annually, in conformance with Inventory Counting Procedure, HBR-GBR-SCM-PRC-0006 [Ref 1].

Conformance with this Procedure ensures that:

- No materials are transferred between sites without the appropriate documentation and subsequent company ERP system movements
- No materials are transferred between partnerships without an approved Surplus Disposal Form, HBR-GBR-SCM-RES-0017 [Ref 2]
- All materials are tracked according to process, either in Systems Applications and Products (SAP), Maximo or other documented databases

2.0 SCOPE

This Procedure applies when any of the following events occur:

- Material is delivered at a receipt and dispatch facility for storage at a central site or contractor facility
- Material is delivered at a receipt and dispatch facility for holding at a central site
- Material is moved from staging and sent for inspection at a contractor facility
- Material is moved from inventory and sent for inspection at a contractor facility

Staged materials are held at the following storage locations:

- Receipt and dispatch facility
- Inventory facility
- Contractor facility

2.1 Deviation

In this Procedure, each requirement that uses the term 'shall' is mandatory and must be satisfied. If a business area is unable to comply with any such mandatory requirement, a request for a dispensation must be approved by the Owner of this Procedure according to the dispensation requirements set out in BMS Document Dispensations Procedure, HBR-GLO-ASR-PRC-0003 [Ref 3].

3.0 GLOSSARY OF TERMS

3.1 Abbreviations

DS	Duty Suspended
FCG	Free Circulating Goods
IM	Item Master
MM	Material Master
MSDS	Material Safety Data Sheet
PO	Purchase Order
SAP	Systems Applications and Products
VHA	Virtual Holding Area

3.2 Definitions

Contractor(s)	The generic term used when referring to a contractor, supplier, vendor, consultant, or any other party with which Harbour Energy executes a contract.
May	A suggestion or consideration.
Shall	A mandatory requirement.
Should	A recommendation. If not followed, alternatives must satisfy the original intent.
Staff	Individuals directly employed by Harbour Energy (irrespective of function, grade, position, asset or location) including all employees, officers, directors, contractors, agency workers and temporary workers.

4.0 ROLES AND RESPONSIBILITIES

4.1 Materials Manager

Materials Manager is responsible for:

- Implementing and monitoring conformance with this Procedure across the United Kingdom (UK), both internally and externally
- Maintaining the materials management requirements defined in this Procedure
- Approving all proposed changes to this Procedure
- Reviewing this Procedure in accordance with applicable timelines

4.2 Materials Management Staff

Materials Management staff are responsible for:

- Conforming with this Procedure
- Notifying the Materials Manager on any improvement or change required to this Procedure

4.3 Receipt and Dispatch Facility

The receipt and dispatch facility is responsible for:

- Updating SAP bin location at the receipt and dispatch facility
- Receiving onsite goods
- Labelling materials at the receipt and dispatch facility
- Completing two-step transfer – Part 1, 313 movement in SAP

4.4 Inventory Facility

The inventory facility is responsible for:

- Updating SAP bin location at the inventory facility
- Labelling materials at the inventory facility
- Completing two-step transfer – Part 2, 315 movement in SAP

4.5 Contractor Facility

The contractor facility is responsible for:

- Updating SAP bin location at the contractor facility, alongside the relevant onshore Materials Controller
- Labelling materials at the contractor facility, alongside the relevant onshore Materials Controller
- Cross-checking inventory at the contractor facility, alongside the relevant onshore Materials Controller

4.6 Materials Controller

The relevant onshore Materials Controller is responsible for:

- Updating SAP bin location at the contractor facility, alongside the contractor facility
- Labelling materials at the contractor facility, alongside the contractor facility
- Cross-checking inventory at the contractor facility, alongside the contractor facility
- Being the point of contact for any unresolvable discrepancies with materials and documentation

5.0 MATERIALS MANAGEMENT STORAGE PROCESS

All inventory being managed on behalf of Harbour Energy is properly safeguarded, with all receipts, transfers and withdrawals properly recorded in a timely manner. In addition, contractors are required to ensure that receipts, transfers, issues and inventory records reflect the correct customs status of the material being stored:

- Free Circulating Goods (FCG)
- Duty Suspended (DS)

Inventory balances shall reflect actual quantities on hand and all events that affect their underlying valuation conform with applicable accounting principles.

5.1 Material Storage and Security

All contractors with a scope of work for storing material or equipment on behalf of Harbour Energy are responsible for the security of both internal and external storage to protect the material and equipment against loss or damage. The storage facility should be secured with only authorised persons having access. Within the storage locations, all Harbour Energy material is required to be segregated from other client/contractor-owned material and clearly marked as belonging to Harbour Energy where appropriate.

5.2 Transfer to Storage Location

Materials received for inventory are held at the receipt and dispatch facility until the scheduled transfer to the inventory facility or to the contractor facility. Pre-notification Form, HBR-GBR-SCM-RES-0015 [Ref 4] (or appropriate consignment paperwork) is completed for all movements to the final storage location and forwarded to the appropriate stakeholders via e-mail.

The receipt and dispatch facility ensures that a two-step storage location to storage location transfer is completed and that the materials are appropriately packaged and labelled prior to loading. All Material Safety Data Sheets (MSDS) and dangerous goods documentation follow the goods.

5.3 Staged Materials

Staged materials are handled in accordance with Materials Management Staging Procedure, HBR-GBR-SCM-PRC-0011 [Ref 5].

5.4 Physical Receipt of Inventory at Inventory Facility

Material is unpacked in the goods receipt area and verified to ensure it matches all attached documentation. If any discrepancies exist that cannot be immediately resolved, materials are quarantined and the relevant onshore Materials Controller notified.

The inventory facility completes the two-step transfer to update the company ERP system and allocates a bin location.

The inventory facility ensures that the materials are labelled with the Material Master (MM) or Item Master (IM) number or with an SAP inventory label, where practical. Whilst locating the new materials, the inventory facility can perform a count of that material and cross check it against SAP/Maximo for their own records for accuracy.

5.5 Physical Receipt of Staged Material

Material is unpacked in the goods receipt area and verified to ensure it matches all documentation. If any discrepancies exist that cannot be immediately resolved, materials are quarantined and the relevant onshore Materials Controller notified.

The inventory facility or the receipt and dispatch facility move the material in SAP or Maximo to its final holding area, ensuring that the picked item location has been correctly updated in the delivery with the bin location.

The facility ensures that the materials are tagged appropriately. A copy of the SAP paperwork may also be attached to the consignment, along with MSDS or dangerous goods documentation and certification, where appropriate.

5.6 Receipt of Harbour Energy Materials at Contractor Facility

All material movements to the contractor facility are documented on a Pre-notification Form [Ref 4] or vendor delivery ticket. The Pre-notification Form [Ref 4]/vendor delivery ticket is copied to the Harbour Energy Materials Controller so they can perform the material movement in SAP.

The contractor marks all materials with Harbour Energy's MM or IM number, where applicable and as detailed on the Purchase Order (PO) or as directed by the Harbour Energy Materials Controller. The contractor also labels Harbour Energy's materials with the relevant plant information and customs status.

5.7 Issue of Harbour Energy Materials from Contractor Facility

All material movements out of the contractor facility are documented on a Pre-notification Form [Ref 4], vendor delivery ticket or SAP-generated delivery document. If this is not done, a non-conformance is raised and reported to the Technical Owner (in accordance with UK Service Improvement Notice Procedure, CHRY-UKO-HSEQ-PROC-1301 [Ref 6]). The Pre-notification Form [Ref 4], vendor delivery ticket or-SAP generated delivery document is copied to the Harbour Energy Materials Controller so they can perform the material movement in SAP.

The Harbour Energy representative requesting the materials (unless otherwise documented in the scope of service) defines any inspection and/or certification requirements for material before they leave the contractor facility. If specific inspection and/or verification is required, it is clearly marked on the documentation and the Harbour Energy representative arranges for the inspection to be carried out.

5.8 Movement to Contractors for Inspection/Repairs

Materials shipped from the staging area to a contractor for inspection or repair may be moved to a new container in a Virtual Holding Area (VHA) or have the bin location updated to ensure the item is tracked correctly by the inventory facility or the receipt and dispatch facility. On return of the materials, the relevant onshore Materials Controller instructs the contractor to quote the SAP delivery number on the consignment paperwork and ensures that SAP is updated to reflect.

Inventory materials shipped from any facility to a contractor for inspection are transferred to subcontractor stock in SAP to ensure that the item is tracked correctly. A PO may then be raised by Harbour Energy. On return of the materials, the relevant onshore Materials Controller handles the transfer back to stock via PO receipt, as appropriate.

5.9 Contractor Material Movement Tracking

The contractor issues a periodic inventory balance report to the Harbour Energy Materials Management staff so they can assure the inventory balance in SAP is reconciled and reflects the physical inventory. Where applicable, contractors also provide monthly reports on repairs and staged materials.

5.10 Export Controllable Items

All export compliance activities are carried out in accordance with UK Customs and Export Compliance Procedure, HBR-GBR-SCM-PRC-0007 [Ref 7].

5.11 Conformance

To ensure the scope of materials management is being adequately performed, Harbour Energy periodically reviews site security and storage conditions, and performs a stock check of physical inventory.

The contractor will be requested to provide assistance to facilitate the stock count.

When completing the physical inventory checks and once the initial count has been completed, any discrepancies are reviewed and a recount carried out if deemed necessary. A reconciliation exercise is conducted to resolve and account for all discrepancies.

An audit report is submitted after each stock check. The report includes, but is not limited to:

- General comments on storage and stock conditions
- Details of the discrepancies (value and line item)
- Findings and actions

Particular attention is paid to areas where frequent adjustments are made, as this is normally a sign of lack of adherence to the processes.

6.0 REFERENCES

Note: *The Harbour Energy BMS document references below are subject to change. The electronic Harbour Energy BMS should be consulted for the most up-to-date revisions.*

1. Inventory Counting Procedure, HBR-GBR-SCM-PRC-0006.
2. Surplus Disposal Form, HBR-GBR-SCM-RES-0017.
3. BMS Document Dispensations Procedure, HBR-GLO-ASR-PRC-0003.
4. Pre-notification Form, HBR-GBR-SCM-RES-0015.
5. Materials Management Staging Procedure, HBR-GBR-SCM-PRC-0011.
6. UK Service Improvement Notice Procedure, CHRY-UKO-HSEQ-PROC-1301.
7. UK Customs and Export Compliance Procedure, HBR-GBR-SCM-PRC-0007.