APPENDIX 2

STANDARD OPERATING PROCEDURES
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1. INTRODUCTION

Purpose

The Purpose of this document is to elaborate the standard operating procedures for receipt and issuance of equipment from warehouse, SMR, and delivery discrepancy reporting. Further this document will cover the roles and responsibilities of WH staff, Sub-Con and ALC.

2. RECEIVING OF MATERIAL AT WAREHOUSE

- Once the material is received from Custom clearing agent / Local Transporter, warehouse staff will prepare the Goods Receiving Note (GRN).
- GRN will include the fields, which are imperative to be filled by the warehouse staff.
  - GRN Number
  - Date of Receiving
  - Received From
  - Time of Receiving
  - Airway Bill Number
  - Item Code as per Packing List
  - Description as per Packing List
  - Packing List Number
  - Odoo Item Code Number
  - Received QTY
  - Unit of Measurement
  - Number of Packages Received
  - Material Received By: Dedicated Person for Receiving: Name & Signature
  - GRN Prepared By: Documentation Executive: Name & Signature
  - GRN Checked By: Warehouse In-charge/supervisor: Name & Signature
All the above mentioned information related to the equipment is available on each package in the form of Summary Packing Lists & Packing lists attached to each package.

Warehouse staff should cross match the information on Packing Lists that came with the shipment documents & the packing lists that are attached to each package.

All NAK equipment is traceable through “item code”, therefore for receiving the material, item code should be the basis followed by description, Odoo delivery number etc.

Warehouse staff will import the soft copy of GRN into NAK’s Inventory Management system via direct access.

At the time of receipt if any package/or equipment is physically damaged, the warehouse staff will take the pictures of the affected shipment & will report NAK within next 24 hours to NAK Logistics.

Note 1: SECOND PARTY is responsible to store and archive all relevant documents including warehouse receipts from MCI, Packing lists… And provide upon NA request.

Note 2: No document shall be destroyed without NAK approval.

3. MATERIAL ISSUANCE & SMR PROCESS

SOP for Material Issuance:
- Project will submit the duly filled SMRs to SECOND PARTY representative in NAK Office.
- SECOND PARTY rep. after checking all the fields & information will forward the SMR to warehouse.
- Warehouse staff will enter the SMR details in the SMR register to ensure complete tracking of all the requests received.
• Warehouse staff will check the warehouse stock level for the required quantity in the SMR.

• As mentioned earlier, “item code” is the main tracking element for NAK equipment. Therefore warehouse staff will check the required material’s item codes with the available stock’s item codes.

• By segregating the equipment through “item code”, warehouse staff will ensure 100% picking & packing accuracy.

• Warehouse staff will segregate the material & prepare for the issuance.

• In case any material is not available, warehouse staff will immediately contact SECOND PARTY rep. and NAK Logistics to seek guidance.

• Warehouse staff will put “0” in the issued qty column in the SMR & will put the visibility of the unavailable material in the remarks column while responding to the original mail.

• Warehouse staff will coordinate with the partner/subcontractor for the issuance of material.

• After the issuance, warehouse staff will fill the (issued qty & remarks) columns/fields & return the SMR to originator / LC along with the soft copy of D.O.

• DO must contain the following fields
  o DO Number
  o Date and time of Issuance
  o Site ID where material is issued
  o Site Address
  o Region/Zone
  o Item Code
  o Description as per Packing List
  o Odoo Item Code Number
  o Required QTY as per SMR
  o Issued QTY
- Unit of Measurement
- Number of Packages
- Name of the Sub-Contractor: Name of the company
- Name of the Receiving Person: Name, Signature, Date & time
- Material Issued By: Dedicated Person for Issuance: Name & Signature
- DO Prepared By: Documentation Executive: Name & Signature
- DO Checked By: Warehouse In-charge/supervisor: Name & Signature

- 48 hours after the delivery is the deadline for registering any Delivery Discrepancies / Short Deliveries etc. A specified form is attached for registering Delivery Discrepancies.
- After 48 hours of issuance no Delivery Discrepancy/Short Delivery claims will be entertained.
- In case any package or equipment is damaged at the time of issuance, the sub-contractor MUST put remarks on D.O while signing off the delivery confirmation.
- In case nothing is mentioned on D.O by sub-con at the time of signing off & any physical damage is found / reported later on, the sub-contractor will be responsible.
- Warehouse staff will only issue the material after authorization from NAKLogistics.
- DO must be imported directly into NAK Inventory Management System (Odoo) by Duly authorized SECOND PARTY assignee and Hard Copies of DO must be submitted to NAK Logistics on daily basis.
- Cut-off time for Picking Request or Site Material Requests is 3 p.m. during Working Day. Picking Request or Site Material Request given by NAK to SECOND PARTY before cut-off time must be ready to be shipped out during the same Working Day. Picking Request or Site Material Request given by NAK to SECOND PARTY after cut-off time must be ready to be shipped out or picked up on next Working Day before 10 a.m.
4. INVENTORY/WAREHOUSE MANAGEMENT, DOCUMENTATION & REPORTING

Inventory Management

- Warehouse will be divided in following zones and sections
  - Indoor
    - Radio Equipment
    - Antenna Line
    - Installation Material
    - Core Material
    - Transmission Material
    - Returned from site, in case of faulty or extra
  
  - Outdoor
    - Feeder & RG cable reels
    - MW dishes
    - Returned from site, in case of faulty or extra
    - Civil Works Material
    - Gensets

5. WAREHOUSE MANAGEMENT

This section covers the organo-gram for warehouse & Administrative SOPs.
6. ADMINISTRATIVE SOPS FOR WAREHOUSE

- Boards & labels will be placed to clearly indicate different zones & sections of the warehouse.
- Warehouse map showing the passages & different zones will be displayed at the main entrance
- Entry to the warehouse will be strictly restricted to authorized personnel only.
- Upon request, Warehouse working hours & attendance of the resources will be marked & submitted to NAK.
- Warehouse consumed space will be measured daily & reported to NAK on weekly basis.
- Leave & vacations of warehouse key staff to be notified to NAK by SECOND PARTY seven days in advance with proper arrangements of replacements.
- Physical verification of stock will be conducted by warehouse supervisor on daily basis to ensure that correct stock balance is reported all the time.
- Cycle count should be done on quarterly basis i.e.
  - 2\textsuperscript{nd} week of January
  - 2\textsuperscript{nd} week of April
  - 2\textsuperscript{nd} week of July
  - 2\textsuperscript{nd} week of October

- The cycle count can be conducted on 48 hours notice from NAK and should not take more than 3 consecutive days during which time the warehouse stock is frozen..
- No issuance of any material without authorization from NAK Logistics.
- Strictly NO SMOKING in warehouse premises.
- Warehouse documentation will be stored adequately at a secure place.
- Data back-up will be taken on daily basis to avoid any data loss.
- Special emphasis on the accuracy of gate-passes & documentation to ensure the complete track of the transactions.
- Warehouse will be able to operate 24/7 on 48 hours notice.

Note 1: SECOND PARTY should perform stock taking and submit the report for certain group of materials in case of NAK request.

7. INVENTORY REPORTING & DOCUMENTATION

Inventory Reports

- Inventory Reports have to be updated on daily basis to avoid any data back log & delay in reporting which can lead to any dis-information on later stages.
As already mentioned above, “item code” will be the basis of tacking & tracing NAK equipment & it must be recorded correctly & accurately.

Inventory reports would comprise of the following sections.

- **Summary Sheet**
  - It would have all the items & will provide the figures for total received, total issued & total available quantity for each item. There would also be a provision of remarks or comments against each item. This sheet has to be updated on daily basis & the stock balance should be accurate all the times.

- **Receiving Sheet**
  - This sheet will have the total tracking of all the material received in the warehouse till the last update. The source of all the information in this sheet would be GRN. This sheet will be updated immediately when a GRN is generated.

- **Issuance Sheet**
  - This Sheet will have the complete tracking of all the material issued to sub-contractors on number of sites. DO/MIN would be the source of all inputs for this sheet. This Sheet will be immediately updated upon any issuance.

- **Partial Issuance Sheet**
  - This sheet will contain all the information about the partial issuance of material against faulty units etc.

- **Left over material receiving sheet**
  - This sheet will contain all the information about the left over material received from sites.
**DDR Process**
- This Sheet has all the tracking for delivery discrepancies & progress on the solutions.

- Sample inventory report will be provided in separate Annex.

- Fault Report Form (FRF) is a standard NAK document which is filled by the sub-contractor & authorized by NAK personnel for the issuance of material against faulty claims.
- Delivery Discrepancy Report is also a standard NAK document & is used for reporting any delivery discrepancies.

**8. DOCUMENTATION & REPORTING FREQUENCY**
- NAK Inventory Management System update immediately (real time).
- Soft copy of updated & accurate inventory report will be submitted to NAK Logistics on daily basis.
- Hard copies of DO/MIN along with the soft copies will be submitted to NAK Logistics on Weekly basis.
- Once a GRN is generated, soft copy will be immediately submitted to NAK Logistics & Hard copy will be submitted to NAK Logistics within 24 hours of its generation.
- Warehouse working hours & attendance will be submitted to NAK Logistics on daily basis.
- Warehouse space consumption report will be submitted to NAK Logistics on daily basis.
9. TERMS & ABBREVIATIONS

<table>
<thead>
<tr>
<th>SMR</th>
<th>Site Material Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>DO</td>
<td>Delivery Order</td>
</tr>
<tr>
<td>MIN</td>
<td>Material Issuance Note</td>
</tr>
<tr>
<td>FRF</td>
<td>Fault Report Form</td>
</tr>
<tr>
<td>DDR</td>
<td>Delivery Discrepancy Report</td>
</tr>
<tr>
<td>GRN</td>
<td>Goods Receiving Note</td>
</tr>
<tr>
<td>ALC</td>
<td>Account Logistics Coordinator</td>
</tr>
<tr>
<td>Qty</td>
<td>Quantity</td>
</tr>
<tr>
<td>SO</td>
<td>Sales Order</td>
</tr>
</tbody>
</table>

10. Warehouse and Service audits

NAK has the right to arrange audits of the Warehouse and Services during normal business hours, upon forty eight (48) hours prior written notice measured in working days and provided they do not unreasonably disrupt the provision of Services. NAK has the right to require corrective actions based on the audit to be made by SECOND PARTY so as to ensure that the Services conform to the terms of this Appendix and the relevant SOP. SECOND PARTY agrees to undertake any such corrective measures within five (5) working days (unless otherwise agreed with NAK in writing) in order for the Warehouse and Service processes to comply with this Appendix and Services to be provided hereunder. NAK will give a written statement where no changes are required and where the required changes have been made satisfactorily.

For the avoidance of doubt the Parties acknowledge that SECOND PARTY shall not charge any such costs from NAK that might have occurred to SECOND PARTY due to such audit.

NAK has the right to repeat audits until the result is satisfactory to NAK on the terms referred to above and the Frame Agreement. NAK’s statement(s), acceptance(s) or approval(s) shall not relieve SECOND
PARTY of any of its obligations or liabilities under the Frame Agreement, its Appendices or applicable Exhibits.

11. Return to Warehouse

When an installation site is not ready for installation, it will be the NAK subcontractor's responsibility to return all Goods and supporting documents including but not limited to the DO back to the originating Warehouse. NAK’s subcontractor must make an appointment for the return prior to arrival to Warehouse. SECOND PARTY shall perform a detailed receiving inspection on returns against the DO and any other supporting document available to ensure that SECOND PARTY receives all the items belonging to the Site/order. SECOND PARTY shall enter the Goods received back into the Warehouse data management system.

SECOND PARTY will inspect all Packages for damages or shortages. SECOND PARTY will mark the returned Goods with the proper Site ID number and a date when the return was received. In the event there is a discrepancy the SECOND PARTY will follow the discrepancy flow as instructed by NAK. At NAK’s request, SECOND PARTY will repackage and seal the returned material and follow written instructions either to hold the shipment at the Warehouse or return the shipment to a NAK named destination.

12. Key Performance Indicators ("KPI") for Warehousing Services

The Parties agree that they will measure and evaluate SECOND PARTY’s performance of the Services under this Appendix by using methods specified in this Appendix. If there is a need subsequently to amend the Key Performance Indicators ("KPI"), the Parties shall agree on the changes jointly in writing.

Key Performance Indicators ("KPI") are monitored and measured according to the frequency specified in this Appendix. It is SECOND PARTY’s responsibility to gather and record the information needed for the measurement of Key Performance Indicators ("KPI"). SECOND PARTY is responsible for providing ready-made performance reports to NAK in the agreed format and frequency.

13. Key Performance Indicators ("KPI") for Warehousing

SECOND PARTY shall provide Key Performance Indicators ("KPI") for each Warehouse as well as a summary Key Performance Indicators ("KPI") report for every Warehouse combined. Penalty will be calculated based on the summary metrics of every Warehouse.
### 1.1.1.1 Inbound Performance (IP)

**Definition indicator**

The number of incoming shipments received successfully within the target day which is requested by transportation company. Successfully receiving requires that all items of pallets or shipment are available in available IT or WMS system and physical location.

**Parameter:**

- **Definition:**
- **Frequency:** Monthly

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>( M )</td>
<td>Number of incoming shipments received successfully within the target lead-time during the monitoring period.</td>
</tr>
<tr>
<td>( N )</td>
<td>Total number of incoming shipments received during the monitoring period.</td>
</tr>
</tbody>
</table>

\[
IP = \frac{M}{N} \times 100\%
\]

**Purpose of the measurement**

Recording and monitoring the effectiveness of the inbound process and comparison of lead times over different types of inbound processes and systems.

**Recommended Target**

IP = 99.8%

**Consequences on not or over-meeting the target**

Calculated of the service invoicing value of the DOP transactional activities (excluding packing material and other costs) during the quarterly incentive period.

- 98.50% < IP ≤ 99.80%, Penalty = 4.0% of invoicing value
- 98.00% < IP ≤ 98.50%, Penalty = 7.0% of invoicing value
- IP < 98.00%, Penalty = 10.0% of invoicing value

### 1.1.1.2 Inventory Accuracy (IA)

**Definition indicator**

The percentage of the number of items on stock, where the administrative stock available IT or WMS system is equal to the physical stock. Stock is also deemed inaccurate if incorrect description, serial number or location is entered into available IT or WMS system.
\[ I = \text{Number of item pcs counted during monitoring period.} \]

\[ S = \text{Total number of item pcs counted in a cycle count or stock take in available IT or WMS system} \]

\[ M = \text{Number of item pcs with correct description, code and location, and administrative stock in available IT or WMS system is equal to the physical stock.} \]

\[ N = \text{Total number of item pcs in available IT or WMS system} \]

\[
IA = \frac{\sum_{i=1}^{S} Mi}{\sum_{i=1}^{N} Ni} \times 100\%
\]

**Purpose of the measurement**

Registering and monitoring the degree in which the administrative stock is equal to the physical stock (integrity of stock).

**Recommended Target**

\( IA = 100\% \) for goods in Category A and B

\( IA = 99,5\% \) for goods in Category C

**Consequences on not or over-meeting the target**

\( IA < 100\% \) for Items in Category A and B = full compensation of missing items quarterly within the limits agreed in 10.3 Frame Agreement

\( IA < 99,5\% \) for items in Category C = full compensation of missing items quarterly within the limits agreed in 10.3 Fr. Agreement

### 1.1.1.3 Shipping Performance (SP)

**Definition indicator**

The percentage of the number of cubic meters (cbm) handed over to the transportation company within requested date.

Requested date is PGI-date or Planned PGI-date

Deliveries have to be handed over to the transportation company with proper documentation against signature.

**Parameter:**

**Definition:**

**Frequency of measurement:**
\[ M \] Number of shipped cubic meters during the monitoring period.

\[ N \] Total number of requested ready for ship cubic meters during the monitoring period.

\[ SP = \frac{M}{N} \times 100\% \]

**Purpose of the measurement**
Registering and monitoring the degree in which the outbound deliveries are done in time and picked correctly according to the picking orders.

**Recommended Target**

\[ SP = 99.8\% \]

**Consequences on not or over-meeting the target**
Calculated of the service invoicing value of the transactional activities (excluding packing material and other costs) during the quarterly incentive period.

- \( 98.50\% < SP \leq 99.80\% \), Penalty = 4.0\% of invoicing value
- \( 98.00\% < SP \leq 98.50\% \), Penalty = 7.0\% of invoicing value
- \( SP < 98.00\% \), Penalty = 10.0\% of invoicing value

### 1.1.1.4 Exception codes for Warehousing

The following exception codes are used for explanation in performance reporting:

<table>
<thead>
<tr>
<th>Code</th>
<th>Code Name</th>
<th>Negative Content</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>51</td>
<td>Incorrect/unscanned serial number/missing data 1</td>
<td>Failure in Paperwork/ Delayed Delivery</td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>52</td>
<td>Order cancelled by WH operating SECOND PARTY</td>
<td>Delayed Delivery</td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>53</td>
<td>Picked &amp; packed not in time</td>
<td>Delayed Delivery</td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>54</td>
<td>Crate(s) missing in handover</td>
<td>Delayed Delivery</td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>55</td>
<td>No stock on location</td>
<td>Delayed Delivery</td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>56</td>
<td>Blocked Stock 1</td>
<td>Delayed Delivery</td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>57</td>
<td>NAK available IT or WMS system down 1</td>
<td>Delayed Delivery</td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Delayed Delivery</td>
<td>Responsible Party</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>58</td>
<td>NAK available IT or WMS system problems 2 (Slowdown/Malfunction)</td>
<td></td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>59</td>
<td>Transportation booking failure</td>
<td></td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>60</td>
<td>Other SECOND PARTY</td>
<td></td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>61</td>
<td>Failure in pick-up or delivery by Warehouse operating/ logistics SECOND PARTY</td>
<td></td>
<td>SECOND PARTY</td>
</tr>
<tr>
<td>71</td>
<td>Incorrect/unsanned serial number/missing data 2</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>72</td>
<td>PGI formed in available IT or WMS system to Past</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>73</td>
<td>NAK available IT or WMS system down 2</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>74</td>
<td>NAK available IT or WMS system problems 2 (Slowdown/Malfunction)</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>75</td>
<td>Order cancelled by NAK</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>76</td>
<td>No stock in the system</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>77</td>
<td>On hold by request of NAK</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>78</td>
<td>NAK instructions missing</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>79</td>
<td>Demand exceeding target capacity</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>80</td>
<td>Blocked stock 2</td>
<td></td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td></td>
<td>Other NAK</td>
<td>Delayed Delivery</td>
<td>Events beyond SECOND PARTY control</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>81</td>
<td>Delayed Delivery/Partial Delivery</td>
<td>Events beyond SECOND PARTY control</td>
<td></td>
</tr>
<tr>
<td>82</td>
<td>Failure in pick-up or delivery other than Warehouse/logistic operating SECOND PARTY</td>
<td>Events beyond SECOND PARTY control</td>
<td></td>
</tr>
<tr>
<td>98</td>
<td>Failure to be Accepted by NAK</td>
<td>Force Majeure (weather, accidents etc.)</td>
<td>Events beyond SECOND PARTY control</td>
</tr>
</tbody>
</table>