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Author(s)	Chantelle Shumaker, Manager – Supply Chain
Approver	Bruce Miller, VP – Supply Chain
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Originator	Chantelle Shumaker, Manager – Supply Chain
Reviewer(s)	Bruce Miller, VP – Supply Chain

1. Scope

This Procedure describes the rules under which Cardholders may use their Company Procurement Card ("P-Card") for Company purchases and provides information associated with responsibilities, acceptable charges, maintenance, reconciliation, and auditing.

2. Purpose

The purpose of this Procedure is to provide guidance to Cardholders regarding allowable Company purchases, the process for submitting expense reports, and related roles and responsibilities for P-Cards.

The P-Card is a low cost and convenient alternative procurement method for purchasing a low dollar value and low risk business related goods and services for the Company. The P-Card eliminates the need to execute a Contract or Standard Purchase Order and invoice processing associated with transactions.

3. Definitions

Definitions for some of the terms used in this Procedure is included at the end of this document.

4. Related Policies and Procedures

Business Ethics and Corporate Policies
Procurement Policy
Contract Management Procedure
Fleet Management Procedure

5. Responsibilities

5.1 Cardholder

- Review and sign Procurement Card Application and Cardholder Acknowledgement of Responsibilities Form.
- Maintain the security of the P-Card.
- Report purchases using the Company expense report system available on our intranet (at "CRC Connect"), prior to month end close.
    - Provide accurate accounting information on monthly expense reports.
    - Provide receipt/backup documentation that includes itemized purchase details for each purchase.
    - Provide pre-approval from Vice President of Supply Chain Management for all exceptions.
    - Submit only one (1) expense report per month.
- Provide all details for purchases if requested during an audit.
- P-Cards should not be used for personal purchases. Employees must reimburse Company or pay the Authorized Bank directly for such personal purchases and may result in termination of P-Card privileges.

5.2 Cardholder Supervisor

- Identify the appropriate Cardholders authorized to receive and use the P-Card based on job responsibilities.
- Ensure that Cardholder agrees and adheres to the Company Procurement Card Procedure.
- Sign Cardholders Procurement Card Application.
- Review and approve Cardholders monthly purchases through Company expense report system, prior to month end close.

5.3 Expense Help Administrator

- Reconcile monthly charges to monthly statements.
- Payment of monthly invoice to the Authorized Bank.
- Post expenses to the appropriate general ledger accounts based on accounting information provided by the Cardholder.
- Daily administration of Procurement Card transactions including processing Cardholder applications, handling transfers, canceling service due to termination or misuse, and auditing transaction receipts.
- Review disputed charges, notify Cardholders of missing receipts when audited, notify Cardholders if receipts are not received, notify Cardholders and Cardholder Supervisors if reports are not done by the end of the month.
- Maintain expense reports and receipts for one (1) year on-site plus five (5) years off-site.
- Complete audit review of ten percent (10%) of all P-Card expense reports received monthly, validating charges are adequately supported.
- Generate and provide monthly P-Card reports to Company Supply Chain Management department.
- Generate and provide monthly reports to Company management, upon request.

- Notify the Supply Chain Management Administrator of all new Cardholders.
- Provide training and assistance to Cardholders for monthly expense reports in the Company expense report system.

Note: Reports and audits will be two (2) months prior to current month.

5.4 Supply Chain Management Administrator

- Create and maintain Procurement Card Procedure.
- Send email to all new Cardholders and Cardholders Supervisors, outlining Procurement Card Procedure and key points of contact.
- Conduct post-payment audits on Cardholders expense reports to monitor Procurement Card utilization per Procurement Card Procedure, as outlined in section 10 of this Procedure.
- Provide monthly P-Card utilization and audit reports to the Vice President of Supply Chain Management.
- Approve requested single transaction and monthly P-Card limit increases in excess of default limits as listed in section 8.4 of this Procedure. Maximum approval authority of ten thousand dollars ($10,000)/single transaction and twenty-five thousand dollars ($25,000)/monthly limits.

Note: Reports and audits will be two (2) months prior to current month.

5.5 Vice President of Supply Chain Management

- Provide pre-approval for any exceptions to this Procedure.
- Approve requested single transaction and monthly P-Card limit increases in excess of Supply Chain Management Administrator authority as listed in section 8.5 of this Procedure.
- Provide monthly P-Card utilization reports to all Company Vice Presidents.
- Provide monthly P-Card audits to Cardholder Supervisors as outlined in section 10 of this Procedure.
- Review Authorized Bank Contract every three (3) years for the following areas:
    - Terms and Conditions
    - Rebates
    - Payment Cycles
    - Interest Rates

5.6 Authorized Bank

- Issue P-Card to Cardholders, mailing to Cardholder address listed on Procurement Card Application.
- Provide twenty-four (24) hour service for Cardholder inquiries and disputes.

6. Allowed Purchases

The P-Card may be used for purchasing the following items, provided there is no Contract or Standard Purchase Order in place with the supplier:

- Government permits
- Automotive parts and repairs
- Vehicle registration and license plates for Company assigned vehicles
- Gasoline for Company assigned vehicles and equipment if vehicle fuel card is not available
- Office supplies
- Office deliveries such as water, coffee, mats
- Catered meals for in-office business related meetings
- IT related supplies: USB flash drives, CD/DVD Blank Media, ergonomic equipment, laptop carrying cases
- Phone accessories
- Subscriptions
- Publications/books (one time purchase)
- Sales/marketing aids
- Flowers for Bereavement
- Employment aids
- Courier and express services
- Packaging material
- Employee Personal Protective Equipment ("PPE"), such as boots, clothing, hardhats, eyewear
- Training, conferences, and seminars when T&E Cards are not accepted.
- Critical maintenance, repair and operating supplies that do not require warranty
- Laboratory equipment and research supplies
- Non-high risk off-site services that do not require guarantee of workmanship
- Non-high risk office related services that do not require guarantee of workmanship and have the following characteristics:
    - Routine services
    - No risks involving damage to property or injuries of people
    - Supervised access to Company's offices

Cardholder shall use their best judgment to determine if non-high risk off-site services are perceived as imposing any risk to the Company or its equipment and employees.

Examples of office services are pest control, carpet cleaning, office repairs, routine maintenance, and routine plumbing, all with supervised access.

Cardholder shall contact the Supply Chain Management Administrator if there is any question as to whether a purchase is appropriate, or service(s) qualifies as non-high risk.

While the purchase types above are allowed, Cardholders Supervisor may restrict use of the P-Card to specific categories within this list as they deem necessary.

7. Unallowed Purchases

The P-Card may not be used for Personal use.

The P-Card may not be used for any purchases of items or services specifically covered by a Contract or Standard Purchase Order or to circumvent established Supply Chain Management channels, unless pre-approved by the Vice President of Supply Chain Management.

The following purchases are not allowed:

- Items allowable under the Travel and Entertainment Policy such as:
  - Personal auto usage
  - Rental cars
  - Airline travel
  - Hotels and other accommodation
  - Employee/business meals and entertainment (catered meals for in-office business related meetings are allowable)
  - Training, conferences, and seminars (unless T&C is not accepted)
  - Other business expenses
- Critical maintenance, repair and operating supplies that require warranty, guarantee of workmanship
- Gasoline for Company assigned vehicles and equipment if vehicle fuel card is available
- Inventory replenishment
- Employee awards
- Cash advances
- Cash equivalents such as gift cards
- Gifts
- Charitable contributions/donations
- Payment to or on behalf of joint interest partnerships
- Tax payments
- Purchases from a foreign supplier
- Real estate rental or lease
- On-site field services
- High-risk office related services
- Raw materials
- Chemicals
- Waste disposal services
- Capital equipment
- Construction services
- Demolition services
- Transportation and logistics services
- Computer and communication equipment
- Software

Computer Equipment, Communication Equipment, and Software may be purchased by IT Department Cardholders. Requests for items under these categories should be directed to the IT Department.

Cardholder shall contact the Supply Chain Management Administrator if there is any question as to whether a purchase is appropriate.

8. P-Card Management

8.1 Obtaining a Card

To request a P-Card, the Procurement Card Application and the Cardholder Acknowledgment of Responsibilities Form must be completed and signed by the Cardholder Applicant.

Cardholder Applicant's signature on the Procurement Card Application and Cardholder Acknowledgement of Responsibilities Form indicates that the Cardholder Applicant understands the intent and agrees to adhere to the Procurement Card Procedure.

Cardholder Applicant's Supervisor must sign the Procurement Card Application to authorize the account to be established.

Signed Procurement Card Application and the Cardholder Acknowledgment of Responsibilities Form must be forwarded to the Expense Help Administrator for processing. The Authorized Bank will not set up accounts without the proper Company authorization.

Cardholder Applicant will receive their P-Card within 10 days after the processing of the Procurement Card Application, at the address listed on the form.

Cardholder Applicant should notify the Expense Help Administrator if the new P-Card is not received.

8.2 Card Activation

For security reasons the P-Card is issued inactive. The P-Card will have a label with the activation instructions. Only the Cardholder whose name appears on the P-Card is authorized to activate the P-Card.

8.3 Restriction on Types of Purchases

Certain categories of suppliers have been "blocked" based on Merchant Category Codes ("MCC") and any attempt to use the P-Card with these suppliers will be declined.

Restricted supplier types include, but are not limited to, airline transportation, hotels, car rental agencies, and computer/IT equipment. These restrictions have been implemented to support this Procedure and to protect the interests of the Company and its Cardholders.

Certain MCC codes are automatically blocked as part of the service from the Authorized Bank, including ATM/cash advances and business travel and entertainment purchases.

8.4 Transaction Dollar/Monthly Spending Limits

Each P-Card will be assigned a single dollar transaction limit. Any single transaction purchase attempted with a total sales price exceeding the limit will be declined by the Authorized Bank's authorization system. A single transaction purchase in excess of the transaction amount authorized may not be split into smaller amounts or multiple periods to meet transaction limits.

Each P-Card will have a total monthly cycle spending limit. As purchases are made using the P-Card, transactions are posted against the monthly spending limit as part of the

authorization process. Once the sum of all purchases (net of credit adjustments) exceeds the monthly spending limit, additional purchases will be declined. The monthly spending limit will again be available to all Cardholders at the beginning of the next monthly cycle (16th of the month).

The default limits for all P-Cards are set at two-thousand dollars ($2,000)/single transaction and ten-thousand dollars ($10,000)/month. Cardholder Supervisors may request lower limits at their discretion.

Cardholder is responsible for knowing both their assigned single dollar transaction limit and their monthly cycle spending limit.

8.5 Transaction Dollar/Monthly Spending Limits Increases

Limit increases must be sent to the Supply Chain Management Administrator with the following:

- Explanation for the increase, including detail of purchase.
- Permanent or temporary limit increase.
- Written approval from the Cardholder Supervisor.

The Supply Chain Management Administrator will review and approve requests up to ten-thousand dollars ($10,000)/single transaction and twenty-five thousand dollars ($25,000)/monthly limits.

All limits in excess of these amounts will require the review and approval of the Vice President of Supply Chain Management.

Expense Help Administrator will process the limit increase once approval is received from the Supply Chain Management Administrator.

8.6 Sales and Use Tax

Sales and Use Tax will be monitored through the use of the transaction receipts. Cardholders should not provide tax exempt or direct pay tax ID numbers to suppliers.

8.7 Receipts and Supporting Documentation

All purchases must be supported by store receipts, Authorized Bank's charge slips, shipping details, etc. All receipts must include itemized detail of purchase and be submitted with each monthly P-Card expense report created in the Company expense report system for reconciliation, auditing, and tax purposes. In addition, these documents will be necessary to resolve billing and shipping disputes. Typically, an itemized store receipt and Authorized Bank's charge slip is provided to the Cardholder at the point of sale. With phone or mail order purchases, the Cardholder should request the supplier to:

- Clearly mark packages as Procurement Card Transactions.
- Provide an itemized receipt.
- Label packages with Cardholder's name and shipping address (including Mail Code)
- Attach invoice transaction detail including purchase price, sales tax, and packing specifics.
- If a receipt is lost or misplaced, the Cardholder should request a duplicate receipt. If no duplicate can be obtained, a Missing Receipt Form must be signed by the Cardholders Supervisor and be included with the other receipts.

8.8 Bill Payment

On a monthly basis, the Expense Help Administrator will receive a central invoice from the Authorized Bank that consolidates all spending activity for the Cardholders during the billing period. The invoice will provide individual transaction detail segregated by Cardholder name and account.

The Expense Help Administrator Accounts Payable is responsible for making timely payments to The Authorized Bank and will be responsible for posting Cardholder charges to the general ledger account code as indicated on the expense report.

Individual Cardholder will not be responsible for paying the Authorized Bank's bill.

Cardholder is responsible for reconciling their account in Company expense report system and providing accurate account code information.

8.9 Disputed Transactions

A disputed purchase transaction can result from failure to receive goods, fraud, misuse, altered charges, defective materials, incorrect amounts, duplicate charges, unprocessed credits, or supplier errors.

The Cardholder may identify purchases that were billed but were not received or ordered as a disputed item when creating an expense report in Company expense report system.

It is the Cardholders responsibility to resolve any discrepancies by following the procedures outlined below:

- Contact the supplier directly to notify them of the dispute.
- If the supplier agrees that an error has been made, the supplier will credit the Cardholders account. This should be noted to ensure that the appropriate credit is received.
- If the Cardholder is unable to resolve the dispute with the supplier, the Cardholder should immediately contract the Authorized Bank to report a dispute.

All disputes must be submitted to the Authorized bank at the latest within the month that the charge appears in Company expense report system. The Authorized Bank will resolve the dispute within the next ninety (90) days. Any item in dispute will be placed in suspense on the Cardholders account by the Authorized Bank.

8.10 Return and Exchange Procedures for Purchases

The Cardholder must ensure that any debts or credits expected as a result of returned or exchanged goods are accurately reflected Company expense report system. The Cardholder should follow the procedures outlined below:

- Contact supplier to confirm instructions for returning merchandise.
- Maintain all relevant documentation.

9. Account Maintenance

9.1 Address and Name Changes

Cardholder must contact the Authorized Bank directly to make the necessary changes.

9.2 Lost or Stolen Cards

In the event of a lost, stolen, or compromised P-Card, the Cardholder must immediately contact the Authorized Bank. The Cardholders account will immediately be closed, and a replacement card will be issued within forty-eight (48) hours to the Cardholder.

In addition to contacting the Authorized Bank, the Cardholder is responsible for notifying the Cardholder Supervisor. The Expense Help Administrator can assist if there is an issue with the Authorized Bank issuing a replacement P-Card.

9.3 Card Renewal

Prior to P-Card expiration, the Cardholder will automatically be issued a new card to ensure uninterrupted service.

9.4 Cardholder Separation or Termination

Upon Cardholder separation or termination of employment with Company, the Cardholder Supervisor must:

- Collect the P-Card from the Cardholder and destroy immediately.
- Collect all receipts for final report.
- Notify the Expense Help Administrator.
- Create final expense report in Company expense report system.

10. P-Card Purchase Auditing

The Supply Chain Management department will perform a monthly audit review on P-Card purchases submitted in the Company expense report system using the following criteria:

- Perform data analytics on P-Card transactions to determine potential violations to the Procedure. These data analytics may include:
    - Review suppliers, charge descriptions, and/or dollar values to determine if any additional transactions appear to have unallowable charges.
- Where necessary, review expense reports and backup documentation to validate exceptions.
- Provide summarized spend by employee and expense type.

If any purchases are identified as unallowed charges, the Vice President of Supply Chain will send purchase details to Cardholder Supervisors and Internal Audit department, notifying them of the unallowed charge.

Unallowed charges may result in termination of P-Card privileges.

Note: Reports and audits will be two (2) months prior to current month.

Definitions

Term	Definition
Contract	Written document between the Company and a Registered Supplier that contains legal terms and conditions, commercial terms, such as scope of work, term, technical specifications, rates, and invoicing instructions.
Authorized Bank	The bank chosen by the Company to issue the P-Cards.
Cardholder	The Company employee or contractor that uses the P-Card in accordance with this Procedure.
Cardholder Applicant	The Company employee or contractor that is applying for but has not yet received a P-Card.
Cardholder Acknowledgement and Responsibilities Form	The form that shall be completed, along with Procurement Card Application, by a Company employee or contractor in the process of obtaining a P-Card and found in the Procurement Card Application located in Exhibit B and the Company's intranet website (at "CRC Connect"). Procurement Card Application
Cardholder Supervisor	The Cardholders direct Supervisor at Company whether Cardholder is an employee or a contractor of Company.
Company	California Resources Corporation and any subsidiary or entity that it directly or indirectly owns or controls a majority of the voting rights and/or equity interest.
Expense Help Administrator	The person(s) designated by the Finance department as described in section 5.3 of this Procedure.
Expense Report System	The system through which P-Card activity is received from Authorized Bank, Cardholder expense reports are submitted/approved, and expense to Company general ledger accounts through processing of expense statements.
P-Card	The Procurement Card as defined in section 2.0 of this Procedure.
Procurement Card Application	The form that shall be completed by a Company employee or contractor in the process of obtaining a P-Card and found in the Procurement Card Application located in Exhibit B and the Company's intranet website (at "CRC Connect"). Procurement Card Application
Standard Purchase Order	A one-off procurement that contains complete specifications such as price, quantity, and clearly defined payment and delivery timelines.
Supply Chain Management Administrator	The person(s) designated by the Supply Chain Management department as described in section 5.4 of this Procedure.
T&E Card	The Company card used to reimburse Company employee travel and entertainment expenses as outlined in the Travel and Entertainment Policy.