



STRENGTH. PERFORMANCE. PASSION



HANZ NATIONAL CREDIT POLICY

(Effective 1 June, 2022)

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Credit Management Services Charter

The Credit Management Support Services function resides within the Quote to Cash function.

The National Credit Policy is intended to cover all Credit related processes through optimisation, simplification and standardisation of Systems, Processes and People, whilst identifying, monitoring and mitigation of risk through strong governance and early intervention credit practice across the customer portfolio. In doing so, to ensure Industry best practice and Customer excellence, aligned to Holcim's core values and strategies.

1. Definitions and Terms

“**Business Unit**” means each of the separate product lines within Holcim namely Aggregates, Concrete, Humes & New Zealand;

“**CFO**” means the Chief Financial Officer of Holcim Business Unit;

“**Group CFO**” means the Group Chief Financial Officer of Holcim Oceania;

“**Head of Q2C**” means the Head of Quote to Cash;

“**Credit Team**” means all staff employed by Holcim (including contractors and consultants) in the capacity of either a Credit Controller, Credit Risk Controller and National Credit Manager;

“**EGM**” means an Executive General Manager of Holcim;

“**Holcim**” means Holcim (Australia) Pty Ltd and its related bodies and acquisitions

“**GM**” means a General Manager of Holcim Business Unit;

“**Levels of Authority**” means the Holcim Business Unit Levels of Authority which are issued annually and are located on the Holcim intranet;

“**QSI**” refers to Holcim’s Quality Service Issue;

“**RM**” means a Regional Manager of Holcim;

“**RSM**” means a Regional Sales Manager of Holcim;

“**NCM**” means a National Credit Manager of HANZ;

2. Introduction

2.1 Purpose

The Purpose of this Policy is to define a uniform approach which is to be followed by Holcim employees (including contractors/consultants) in the granting of and managing credit facilities to/with our customers. This Policy also includes guidelines where appropriate to support a standard approach.

2.2 Objective

2.21 Providing credit to our customers is an aid to sales; however, providing credit involves risk and incurs a financial cost to our business.

2.22 The objective of this Policy is to achieve a balance in maximizing sales and increasing working capital whilst minimizing bad debts and risk.

2.3 Principles

2.3.1 Privacy Policy Framework HANZ Credit process and policy guidelines are in accordance and compliant with Holcims Privacy Policy Framework which can be found on its website.

2.4 Responsibility and Compliance

- 2.4.1 The NCM, EGMs, GMs, RGMs, AMs and All Support Streams within Quote to Cash and the Business are responsible for ensuring compliance with this Policy.
- 2.4.2 Requests for amendments or changes to this Policy are to be forwarded in writing to the NCM. Changes cannot be implemented until approval is granted.
- 2.4.3 The Group CFO issues this Policy (the current version) and relevant appendices on the Holcim Intranet after appropriate stakeholder engagement and agreement.
- 2.4.4 It is important that sound internal control elements are applied when implementing this policy and maintaining rigorous controls around segregation of duties.
- 2.4.5 Table of All Business Units covered by Credit Service Charter:

Business Unit	Capacity	Region
Readymix	Organic	NATIONAL
Aggregates	Organic	NATIONAL
B&F Concrete	Acquired	VIC
Excel	Acquired	QLD
Donmix	Acquired	VIC
Humes	Organic	NATIONAL
New Zealand	Organic	NATIONAL

2.5 Risk Appetite

Holcim’s risk appetite and evaluation of a customer’s credit worthiness will determine the trading terms & limit under which a customer shall trade within Holcim. The key objective is to convert all sales orders into cash within standard trading terms that require payment to be received by Holcim in full (without any set-off) within the approved credit terms.

A Credit facility is offered to facilitate sales, to meet market and customer expectations and provide a competitive advantage to the organization.

Risk shall be assessed & controlled by Risk Assessment Matrix & Guidelines for ALL New & Existing Customers:

- An approved Holcim credit limit.
- Market specific terms of trade (days of credit)
- The Holcim Delegation of Authority
- Credit Process
- Holcim Standard Terms & Conditions (and any amendments thereto) as approved Legal

Risk shall be mitigated by:

- Professional Credit Management processes through the application of sound commercial customer management processes operating in a Continuous Improvement environment.
- Security via Charging/Caveating of Real Property; PPSR Registrations via PMSI's (Purchase Monetary Security Interest & ALLPAP's (All Past & Present Property – No exception)
- Targeted market offer & Business Strategy
- A defined risk escalation process within the business
- Specific Insurance endorsement may be sought across the entire customer's portfolio or specific business segments if deemed commercially feasible.

2.6 Credit Practice

As part of the Credit practice, The Credit and Sales Team will work collaboratively to understand the customer risk profile on the portfolio with a view to managing risk and optimizing sales growth. The Credit Control Team is responsible for management and enforcement of customer approved limits within Policy Guidelines. Credit shall ensure that customer limits are reviewed regularly and communicated to the Sales Team and Customers where approved limits need to be reviewed.

This process will be undertaken regularly and proactively to balance risk and minimize disruption to trade.

2.7 Contractual Documentation Compliance

The Holcim Application for Commercial Credit should be accompanied by a duly completed Deed of Guarantee and Indemnity document by all Current Directors of a Proprietary Company. Exceptions may be sought for additional Guarantees from Shareholders, beneficial owners of the subject entity. Sole Traders & Partnership style businesses are deemed guarantors of proposed risk. The business will ensure that Holcim's exposure to risk is managed by the receipt of enforceable security where deemed necessary.

Duly executed Supply Agreement/Contract adapting to Holcim's Standard Terms and Conditions or any deviations to be approved by the National Contracts Review department.

All new account requests must be accompanied by a Know Your Customer "Physical verification" by the relevant Account Manager in the business unit to confirm that the customer/business is real, and that the account request can proceed. The only exception to physical verification would be where the Account Manager makes a declaration that the customer is known to them. The purpose of this is to mitigate the risk in the event of identity fraud, specifically in relation to individuals/sole traders/partnership businesses and trusts where the trustee is an individual.

Digitalized execution of the credit agreement is acceptable and deemed compliant.

- 2.8 Holcim Credit application & Standard terms of sale to be fully compliant with State and Jurisdiction legislation

2.9 Securitisation

Fully executed/unconditional Deed of Guarantee by all Directors/Spouses/Shareholders & Third Parties (where deemed necessary). This guideline will not apply to publicly listed entities or Large Proprietary Reporting entities as well as Local and Federal Government Departments.

Holcim will exercise its right of registration in line with PPSR guidelines and protocols to retain its security interest for all existing & new Credit Contracts.

2.10 Cyclic Trigger Risk Reviews

Weekly reviews for customers that are nearing or exceeding 60% of their approved limit, work with the respective Account Managers to determine the option to apply for a limit increase or continue to operate within the approved limit with Interim Payments being made as and when appropriate.

2.11 Payment Terms

Holcim Australia and New Zealand's standard payment term is 30 days from the end of the month. Extended payment terms are 45/60 days end of month are considered for trade under approval of delegation authority

2.12 Reciprocal Trade

Trading agreements are also considered where a customer of Holcim is also a Supplier subject to standard commercial trading terms.

3. New Accounts

3.1 Application for Credit

- 3.1.1 All requests for credit must be made online via the online application portal which is linked on the Holcim webpage (hereinafter referred to as "Application")
<https://prod.decisionpoint3.com/veda5/cm/casemanager/landing/Holcim-au-trade/index.htm>
- 3.1.2 The current Holcim Standard Terms and Conditions are available on the Holcim Australia Company webpage. <https://www.holcim.com.au/terms-and-conditions-sale>
- 3.1.3 The Application should be completed by the potential customer in full. Any Application not completed in full will be returned to the customer for completion. New Account Limit requests that fall between the range of \$2,000 - \$50,000 should be redirected to the Zippay Solution to carry risk and reduce maintenance at lower levels of exposure whilst offering benefits of a third party solution. Alternatively, COD arrangements may be sought.
- 3.1.4 Trading without a credit account is on a strictly cash sale basis only.

- 3.1.5 Government departments may have an account activated on receipt of a hard copy purchase order. This purchase order should be filed in place of an Application.
- 3.1.6 Public listed companies may supply their general request for credit information. We may activate an account on this if our terms of trade have been acknowledged and agreed. If Holcim's terms of trade are not acknowledged, then appropriate review of the entity's terms and conditions should be undertaken in consultation with Holcim's contract review department and in-house counsel.
- 3.1.7 If a customer trades across Business Units or interstate, it is not necessary to obtain a separate Application for each Business Unit or in each State.
- 3.1.8 The accuracy and completeness of the information supplied is of paramount importance as it assists in processing the Application quickly and in the event that legal action becomes necessary to recover the debt. The NCM is responsible to ensure this data is complete.
- 3.1.9 Master Data is to notify all new account creations to relevant teams i.e, respective Account Managers and Credit Teams.

3.2 Approval of Account

- 3.2.1 The Credit Risk Controller is responsible for conducting credit checks on the customer as soon as practicable following an Application being received.
- 3.2.2 Recommendations for approval made by credit officers, Account Managers and the NCM are to be documented on the Application. Comments may also be attached to the Application.
- 3.2.3 Final approval authority depends on the value of credit limit to be made available as per the Delegation of Authority (Refer Appendix D - [Proposed Changes to 2020 Delegation of Authority](#))
- 3.2.4 Sanction Risk Checks and Compliance is provided for within the framework of this policy

3.3 Mandatory Supporting Information

3.3.1 All New Accounts

Customer Legal Entity Validation is performed via the Global Hub compliance process checks. Customer incorporation details must be checked via the relevant Corporations Regulatory body in Australia & New Zealand and where a customer is a sole trader, partnership or Trust, the ABN validation is undertaken as part of the compliance checks. Additional information may be sought where the entity is a Trust ie. Trustee Details confirmed via Trust Deed to supply further confirmation of the ability to pay.

3.3.2 Accounts with Limits over \$50,000

- a. Where customers have not previously traded with Holcim, solid trade reference checks to confirm capabilities of servicing credit limit should be conducted. These references should be of similar value to the credit limit required.
- b. Credit Bureau checks or similar background check to confirm no recorded adverse information should be conducted.
- c. Where personal guarantees are relied upon, property searches should be conducted.

3.3.3 Accounts over \$500,000

- a. Financial statements including any obtainable financial projections including cash flows statements should be requested in all instances. Where these are unavailable, a full Credit Bureau report should be conducted. If the customer has a trade history with Holcim (credit limit increase) and other trade references can be obtained to a similar value of credit required and verified, this may eliminate the need for financials.
- b. The following are suggested additional requirements for opening accounts in the absence of financial assessment:
 - i. Where the entity is not a listed reporting entity, and cannot provide financial statements for assessment, further security may be sought,
 - ii. Holcim evaluation of credit risk scorecard.
- a. Personal guarantees should be sought in ALL instances where trading is not by a sole trader or partnership. A personal guarantee gives Holcim the right to pursue payment from the guarantor in the event that the customer defaults in payment. If personal guarantees are not available, the decision to trade should be co-signed by the GM/NCM of the originating business in line with the delegation of authority.
- b. Where a Trust is involved with the Application, personal guarantees should be obtained from the trustees and beneficiaries where possible.

3.4 Credit Limit for New Accounts

- 3.4.1 The customer's credit limit is to be recommended by the Credit Risk Controller and authorized within Holcim's Delegation of Authority and represents the maximum amount that Holcim is prepared to have the customer owing at any one time.
- 3.4.2 The credit limit should not be based solely on the customer's estimated monthly purchases but must include an assessment of the customer's capacity to pay.
- 3.4.3 The size of the credit limit will be influenced by such factors as:
 - i. company structure;
 - ii. financial performance (past 12 months minimum, future purchase projections); analysis of financial statements (profit & loss, balance sheet, cash flow, ratios);
 - iii. capacity and capability of principals, management and clients;
 - iv. condition of assets (such as premises, equipment, etc.);
 - v. analysis of financial statements (profit & loss, balance sheet, cash flow, ratios);
 - vi. customers aging;
 - vii. risk versus benefits;
 - viii. availability of security/assurances (mortgage, charges over business or assets, guarantees);
 - ix. previous trading history and profitability of the account.
 - x. Early intervention Debtor IQ alerts via the relevant Corporations Regulatory body in Australia & New Zealand and Court related information through Credit Bureau.

3.5 Risk Category

3.5.1 Customers are assigned a risk category based on the assessment outcome. The risk categories are as follows:

- a. Government Department.
- b. Blue Chip – Public Companies and Contract Accounts.
- c. Normal Risk.
- d. High Risk – accounts that require a higher than normal level of monitoring.
- e. Administration/Liquid.
- f. Payment Arrangement.
- g. Legal.
- h. Closed.

These risk categories are used to determine when we stop supply in conjunction with credit terms

3.5.2 Overall Risk Assessment Scorecard:

The following five risk ranking/scores apply in the assessment as output by the Corporate Scorecard/Equifax Decision Metrics & financial modeling tool. Additionally the scoring model recommends a pre-approved limit band associated with expiry in line with Holcim guidelines and appetite for commercial risk.

Risk Ranking Score:

Score 1	Low
Score 2	Medium-Low
Score 3	Medium
Score 4	Medium-High
Score 5	High

The Credit Risk Controller utilises a number of criteria to determine the risk. To assist the assessment relating to customer credit risk, qualitative and quantitative analysis will be undertaken.

3.6 Terms of Trade

- 3.6.1 Holcim's standard terms of payment for most credit customers are net cash – thirty (30) days – 45 day term and 60 day term as exception.
- 3.6.2 These terms are to be reinforced, particularly with new customers and they are to be encouraged and educated to pay on time.

3.7 Account Number Allocation and Customer Notification

- 3.7.1 Upon approval of an Application, the online form is completed and sent to GHBS for entry into SAP as a “Sold to Party”. The system will automatically allocate a Customer Account Number to the new account. T
- 3.7.2 The NCM is to be notified by email by GHBS of the new account and will in turn notify the customer and/or each guarantor in writing that the account has been opened (see Appendix A). The Account Manager should also be notified by email by GHBS. This is to be done on the day the account is opened.
- 3.7.3 All original documentation concerning the Application is to be retained by the Credit Team in the Decision Point Case Manager Repository.
- 3.7.4 Declined applicants will be advised in writing confirming our decision via email. The Account Manager will be advised via email. (see Appendix B).

3.8 eZyBiz Customer Self-Serve Portal

New account onboarding process will also incorporate The eZyBiz customer self-service portal account creation for all interaction and document retrieval activities.

3.9 Customer - Methods of Payment

Methods of Payment include Electronic Transfer of Funds via Customer specific Account Locked Box, Zip Pay, BPAY, LOC, TT and Credit/Debit Card via onsite EFTPOS facilities aligned to Credit Card guidelines document and processed through ANZ Merchant Suite Portal. Standard Credit Card Surcharge will apply.

Customer Methods of Payment						
	EFT (Lockbox)	Credit Card	ZipPay	BPay	Letter of Credit (LOC)	Telegraphic Transfer (TT)
Credit Account Customers	✓	✓	✓	✓	✓	✓
Cash Sale Customers			✓			
ZipPay – Customer Accounts			✓			

3.10 RACI Matrix for New Account Application

Refer to Appendix C

4. Maintenance of Accounts

4.1 Revision of Credit Limits

- 4.1.1 A credit limit review can be initiated by either a customer request or a Holcim review. If an adjustment to a Customer's credit limit is required, then an Increase Credit Limit and/or Payment Terms form is to be completed and submitted to the Credit Team for all requests to increase the credit limit. The approval process and Levels of Authority are the same as those for approving new accounts.
- 4.1.2 It is the responsibility of Account Managers to be aware of customer purchase patterns (including volumes) and when additional orders and/or work is obtained. Credit limit exposures should be reviewed regularly as part of standard ledger surveillance by the Credit team and increased/decreased in line with the Customer risk profile.
- 4.1.3 Some points to consider when reviewing a customer's credit limit are:
- a. past purchases;
 - b. previous payment pattern;
 - c. total outstanding;
 - d. age of debt;
 - e. financial statements;
 - f. future expected work;
 - g. capacity to pay;
 - h. type and amount of security available.
- 4.1.4 The Increase Credit Limit and/or Payment Terms form is to be completed by the Account Manager detailing the circumstances and supporting the application with a reason as to why the increase and/or extension is requested, the time frame the increase and/or extension is required for and any relevant project/job related data that may support the application.
- 4.1.5 Once a request for a Customer's credit limit to be increased has been approved, the Account Manager is to be notified.
- 4.1.6 All credit limit increase approvals should be in SAP and Equifax Decision Point 3 for audit requirements. This also applies to all local credit management limit reviews. Data for audit purposes must be kept to ensure compliance. Additionally, all documentation will be stored in the National Credit Services folder in Google Shared Drive as backup.
- 4.1.7 Where credit limit increase requests are declined, the Account Manager will be notified by email and is responsible to either advise the customer that its credit limit has been reached and/or request payment prior to further supply.

4.2 RACI for Credit Limit Increase/Extended Terms

Refer to Appendix C

4.3 Revision of Trading Terms

- 4.3.1 Extended trading terms may be granted to some customers in certain circumstances due to the peculiar nature of our industry. This is not approval of continued supply on overdue accounts but a formal extension of trading terms.
- 4.3.2 An extension should be initiated by the appropriate Account Manager but must be approved in writing and authorized as per the Levels of Authority.
- 4.3.3 The extensions may be permanent or temporary with a specified finishing date.
- 4.3.4 Some points to consider in reviewing trading terms are:
 - a. past history – is there a regular pattern of late payment;
 - b. are the reasons given for the extension valid;
 - c. has the same situation arisen previously;
 - d. size of account and types of product sold;
 - e. state of relationship with the customer;
 - f. security offered over debt;
 - g. current financial position of the customer.

4.4 Reactivation of Closed/ Inactive Accounts

Once deleted through inactivity, an account can only be reactivated if a correct original Application is on file and the relevant credit checks are completed as with a new account. Accounts are deemed Inactive if no trading activity is evidenced in the last 12 months.

5. Credit Risk Review

It is the responsibility of all NCM's to complete a risk review annually of all accounts with a total credit limit of \$500,000 or more and all other accounts should be reviewed as required. The paperwork and approvals associated with this review is to be kept for audit purposes.

A list of relevant accounts to be reviewed will be downloaded by NCM onto a shared drive. \\oc\dfs\Shared National Credit in Citrix in January. The NCM will notify the relevant NCMs of the accounts to be reviewed using the same process as a new account (see clause 3 (New Accounts)).

Upon completion of each review a copy of the approved Credit Risk Review form must be scanned and saved into this drive with the original placed on the relevant Customer file. The review is to be completed by the end of December annually.

6. Billing

- 6.1 All customer billing should occur on the same day as at COB on the day of product delivery and emailed to external customers. Delivery dockets i.e Proof of Delivery (POD) manual or digital, should be housed on the Holcim customer portal for retrieval when required. Daily billing of Invoices are managed by the Global Hub Services team including Debit and Credit Adjustment Notes.
- 6.2 All billing documentation is electronically generated and distributed to the customer network.

7. Collection

7.1 Collection responsibility

7.1.1 The Credit Control Team is responsible for the collection of all outstanding credit customer accounts and should proactively contact the customer for payment in line with the daily and weekly call cycle as well as proactive calls for going past due accounts leading up to the end of the month when payment falls due.

7.2 Credit Limit

7.2.1 Each customer is given a credit limit to cover their purchases across all Holcim, i.e. a national limit and not a Business Unit based limit.

7.2.2 The Account Manager is responsible for collections and manages the customer within their limit.

7.2.3 If a customer exceeds their credit limit, it may be appropriate to request payment to bring the account back under credit limit or consider a temporary or permanent increase in the credit limit (see clause 4.1 (Revision of Credit Limits)).

7.2.4 If the limit increase is declined, the Account Manager will be notified by email and will be responsible to ensure the customer is advised and the account remains under the authorized credit limit.

7.2.5 The Risk Department is to review customer credit limits exceeded on a regular basis. The paperwork and approvals associated with this review are to be filed and available on request for audit purposes.

7.2.6 Weekly Limit Exposure lists to be emailed to Sales Teams for appropriate action to be taken where required. Account Status "on Stop" once the approved limit is reached.

7.3 Customer Refunds

7.3.1 Credit Sales Refunds:

Customer Refunds are initiated by Customers in writing, providing bank details where the account balances are in credit as a result of overpayment of credit notes. Once a request is made in writing, a Credit Controller will verify and submit online refund requisition to the GHUB team who will raise the refund request in SAP. This is then reviewed by the Credit Manager who will then approve the refund request. Once signed off, this will go to Accounts Payable who will then process the refund into the customers' account.

Where an account status is overdue, any excess credits will be allocated against overdue balances before a refund is approved.

7.3.2 Cash Sales Refunds:

Cash Sale Refunds are the results of overpayments or credit notes where stock has been returned or as a result of pricing variances. The billing and payment transactions are initiated by Customer Service teams and Plants. Refund requests are raised by CSC teams and Plants and submitted to the Credit Department for review/processing via the Merchant Suite Online Portal. Where refunds are in excess of the original payment transaction, those will be managed via the EFT process.

7.4 RACI Matrix for Customer Refunds

Refer to Appendix C

7.5 Customer Payments and Allocations

GHBS transaction team is responsible for processing of customer payments on to the accounts. Allocations to be performed in line with supporting documentation, ie. remittances. In the absence of remittances, payments are allocated to the respective account pending follow up of invoice/payment details. This action is to be completed within 1-2 business days. GHBS to work collaboratively with Credit Control teams to follow up remittances where required.

7.6 Stop Supply List

A stop supply list (hereinafter referred to as “SSL” is a list of customers who are outside their agreed credit terms. (With reference to payment Category in master data XD03). Stop Supply lists will be available to all Stakeholders via Self Service Digital platform in the source system SAP. Until full digitalisation is achieved, manual lists are distributed weekly.

7.6.1 Customers are allocated a risk category aligned to the risk profile at the time an account is opened. The risk categories are as follows:

- a. Government Department.
- b. Blue Chip – Public Companies and Contract Accounts.
- c. Normal Risk.
- d. High Risk.
- e. External Administration/Liquidation
- f. Repayment Arrangement.
- g. Legal.
- h. Closed/Marked for Deletion/Inactive.

7.6.2 An overdue debt assessment will be performed by the Credit Controller and SSL is produced for customers that have overdue balances. This list is sent by email to the Account Managers for review on the 2nd working day of the month. Once reviewed, all overdue accounts with no issues will be placed on stop supply by the 2nd working day. It is the Account Managers responsibility to ensure the customer is aware we cannot supply until the account has been settled. This process will move to self service out of source system SAP.

7.6.3 To approve continued supply when an account is outside of terms the following approvals must be obtained with recommendation from CRC in line with the delegation of authority

7.6.4 SSLs will include customers as above and include:

- (a) exceeding their credit limit;
- (b) considered to have liquidity problems;
- (c) outside credit terms

The SSL is not a static process and should be regularly updated to reflect payment received and for any other additions or deletions. This will move to source system digitization in SAP.

7.6.5 A Business Unit should not supply an account on referral in another Business Unit. Where relevant customer terms should be aligned within all business units and any inconsistency must be discussed with the relevant account managers before the account is placed on stop.

7.6.6 If a disagreement arises as to whether a customer should be placed on the SSL or not, the matter is to be referred to the appropriate GM for resolution or to the NCM if requiring cross Business Unit resolution. The NCM is a facilitator to resolve the issue and not the decision maker. If resolution is not obtained, the EGM's are required to sign off on continued supply.

7.6.7 SSLs can be a sensitive issue between the customer and Holcim, and the information must remain confidential. For security reasons the following must be observed:

- a. SSLs are not to be left on open display;
- b. the presence of a customer on a SSL is not to be communicated to anyone other than the customer;
- c. SSLs are not to be shown to anyone except Holcim personnel who are required to action credit issues with customers;
- d. the contents of SSLs are not to be discussed with customers and/or their employees.

Note: the only exception to the above may be for purposes of Credit Reporting Agencies, subject to the Privacy Act (refer to page 3 of the Application for Commercial Credit).

7.6.8 RACI Matrix for Stop Credit

Refer to Appendix C

7.7 Collection Letters and Legal Action

7.7.1 When an outstanding debt exceeds 60 days, collection responsibility reverts to the NCM, who upon assessment may commence formal legal demands for recovery should satisfactory arrangements not be in place. In addition, there may be particular circumstances where legal action may be considered appropriate at an earlier date.

7.7.2 The NCM can employ any legal means at its disposal to recover outstanding monies provided it could be justified on commercial grounds.

7.7.3 Once legal action has commenced and the customer has paid, any further request to trade on a credit basis should be challenged by the NCM and proof of cash flow improvement or security should be sought.

7.7.4 Approval to re-activate trading is required in writing by the relevant GM/RGM.

7.8 Credit Claims/Adjustment Notes

- 7.8.1 Credit claims from customers are to be investigated and processed as quickly as possible in order to maintain customer satisfaction and ensure that the customer's ledger accurately reflects amounts owed by customers.
- 7.8.2 A QSI must be raised by the business representative responsible for investigating the claim and the QSI number recorded on all credit notes raised against this claim.
- 7.8.3 The Credit Claim is raised to a Claims Register by the Global Hub team once all information and reason codes have been provided by the business.
- 7.8.4 Approval of credit notes is subject to the relevant Delegation of Authority.
- 7.8.5 All debit/credit notes are to be released for billing on a daily basis by the Credit Team. This will move to automated process directly aligned to rules predetermined in source system SAP.
- 7.8.6 Daily Credit Reports are made available to all Stakeholders to ensure claims are reviewed, approved promptly and appropriate root cause and corrective action is implemented to reduce the incidence of claims made to Holcim.
- 7.8.7 The relevant QSI number should be recorded on all processed credit notes.

7.9 Banking

- 7.9.1 Currently Credit is driving all customer payments to be made electronically via EFT or Lockbox and converting all Cheque paying customers to EFT.
- 7.9.2 Any Cheques received will be banking weekly until there is full conversion to EFT.
- 7.9.3 Where banking is not performed daily, the Credit Team is to be advised immediately that an overdue account payment has been received to avoid any further unnecessary action being taken against the customer.

7.10 Dishonored Cheques

- 7.10.1 The credit team is to be notified by email promptly of any dishonored cheques and an account block placed on the customer. Every effort is to be made by the Credit Controller to collect and replace funds promptly.
- 7.10.2 Should the amount remain outstanding after five (5) working days and a suitable agreement has not been reached for settlement, the NCM will commence action for recovery. A dishonor fee of \$30.00 is applicable.

7.11 Change of Customer Name, Ownership, Trading Style

- 7.11.1 All changes to customers' trading names, composition of principals or partners, ownership, or trading style must be referred promptly to the NCM and Risk team.
- 7.11.2 The NCM and Risk team will determine what further action, if any, needs to be taken and will pursue this with the customer.

7.11.3 All Master Data changes for customers must go through the appropriate channels of valid requesters to ensure any master data changes are approved by the correct Delegation of Authority.

7.12 Credit Cards

7.12.1 Credit card payments are accepted for payment of customer accounts.

7.12.2 Charges relating to each type of Customer Credit/Debit card payment as applicable. These transactions are processed via the MerchantSuite Credit Card portal.

7.13 Late Stage Recovery/Legal Ledger Management

7.13.1 Credit in conjunction with the business shall determine at which point legal recovery action shall be instigated to affect the recovery of a debt. The approach of Holcim in relation to unpaid debt shall be to litigate unless there is a sound commercial reason not to and after all due process has been followed. In doing so, the business shall consider the merits and costs associated with commencing legal action together with the potential likelihood of success. This occurs once relevant Overdue and Default Notices have been issued in line with Policy guidelines and Dunning Notices.

7.13.2 Where a Liquidator has challenged Holcim for an Unfair Preference Payment, advice will be sought from external Legal in regard to the defense strategy.

7.13.3 A Mercantile Agent (External Debt Collection Agent) may be engaged to collect delinquent debt on behalf of Holcim where a cost benefit is determined. Litigation may commence post this stage if debt settlement has not been achieved.

7.13.4 RACI Matrix for Late Stage Recovery/Legal Action

7.14 RACI Matrix for Collection

Refer to Appendix C

7.15 Collections- Dunning Process

Terms	Dunning	Auto Frequency (Calendar)	Notice to Pay	Templates
30 days EOM	Overdue letter 1	Day 7 past due	Nil	Template 1
30 days EOM	Overdue letter 2	Day 15 past due	7 days	Template 2
30 days EOM	Overdue letter 3	Day 24 past due	7 days	Template 3
45 days EOM	Overdue letter 1	Day 1 past due	7 days	Template 1
45 days EOM	Overdue letter 2	Day 9 past due	7 days	Template 2
60 days EOM	Overdue letter 1	Day 1 past due	7 days	Template 1

Aged Debt	Demand/ Default Notice	Manual Process Frequency (Calendar)	Notice to Pay	Templates
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30 day terms	Letter of Demand	35 days past due	7 days	Template 4
30 day terms	File referred to Third Party Mercantile Agent	42 days past due		Template 5
45 day terms	Letter of Demand	20 days past due	7 days	Template 4
45 day terms	File referred to Third Party Mercantile Agent	27 days past due		Template 5
60 day terms	Letter of Demand	16 days past due	7 days	Template 4
60 day terms	File referred to Third Party Mercantile Agent	30 days past due		Template 5

8. Dispute Resolution

Disputes or queries are lodged by customers which are then logged into the Credit Claim Register by the GHBS team. GHBS will notify the relevant Account Managers regarding the customer dispute/enquiry. The Account Manager will perform a validity assessment of the dispute/enquiry. If an Account Manager rejects the claim, they will notify this to the GHBS and the customer after which the GHBS team will close the rejected claim in the register. If the Account Manager accepts the dispute/query, GHBS will raise a Credit Note for the approved dispute/claim. Following

8.1 RACI Matrix for Dispute Resolution

Refer to Appendix C

9. Bad and Doubtful Debt Management

9.1 Provision for Doubtful Debts: Subject to Holcim's Financial & Accounting framework, Doubtful Debts should be reviewed monthly as part of the Customer Management review process. The doubtful debt provision shall be made up of those customers identified by:

- Having entered or are about to enter Bankruptcy, Administration or Liquidation
- A formal debt repayment arrangement that will require reduction of the outstanding debt over a period of more than 6 months where risk and uncertainty is elevated
- Preference payment action
- Legal action where the recovery period is protracted
- Debt that is uneconomic to pursue
- A Receiver/Manager is appointed
- Overall 120 day aged debt

- 9.2 The Doubtful Debts Register should be maintained with appropriate comment/status provision or % thereof.
- 9.3 The Doubtful debt provision amount will be deducted from the register upon recovery of monies or at the point where the debt is written off to Bad Debts.
- 9.4 Bad debt is an uncollectible balance owed from a customer experiencing financial hardship such as bankruptcy. Non-paying accounts can be written off to bad debt only after the customer has gone out of business, has filed for bankruptcy, or has been placed for collections and payment has not been secured after six months (180 days). Such write-offs must be approved within Holcim's Delegation of Authority. A Bad Debt shall be written off at the point where:
- The customer has been placed in liquidation; or
 - The customer is declared/voluntarily bankrupt; or
 - Receiver/manager appointed and advice received that no dividend potential exists; or
 - The debt is uneconomic to pursue; or
 - Legal action is deemed unsuccessful
- 9.5 **Frequency of Review:** Credit Manager along with Credit Risk Controller to review Doubtful debts based on Ledger Risk Profile at a minimum of quarterly, make recommendations to the Head of Quote to Cash and CFO of the relevant business unit for any adjustments to provisions with supporting details. This is in line with the Minimum Control Standard (MCS).
- 9.6 **Customer Credit balances** review to be performed as part of regular ledger surveillance. Where there are unclaimed credit balances for a period of greater than 12 month with no current trade, these balances will be written back against unclaimed monies in line with current legislation.

10. Cash Sales Generic - Non Account

- 10.1** The Policy for handling Cash Sales, COD's and Cash before Delivery is as follows:
- a. Credit Card – this is the preferred means of payment.
 - b. Cards Accepted – MasterCard, Visa and Amex.
 - c. Credit card transactions to be processed directly online via the MerchantSuite portal
 - d. Cash or Cheques will not be accepted at any branch or plant location
 - e. Zip Pay facility is also available to pay COD transactions
- 10.2 Daily Reconciliations of cash sale accounts are to be maintained by the relevant Customer-facing team at branches or CSC and details forwarded to Global Hub for clearing payments against relevant invoices.
- 10.3 Cash sales are not to be used for account customers on stop supply.
- 10.4 Standard Operating Procedures (SOPs) to support Cash Sale process.

11.Reactivation of Accounts

Where an account has not traded within the last 12 months i.e last invoice date is equal to or older than 12 months the following actions shall take place:

- If the account has been closed or marked for block status, a new credit application shall be required for all reactivation.
- The NCM shall request Credit Risk to complete the standard risk assessment for the account.
- Reactivation process will be triggered within Workflow.

12.Credit & Collection Meetings

- 12.1 Credit Controllers will facilitate weekly meetings to discuss collection updates, limit increases, and dispute resolutions working collaboratively with Account Managers from the region.
- 12.2 NCM facilitates meetings with the GMs to discuss select groups of non-conforming accounts with respective CFO of the business unit.
- 12.3 An updated ATB and meeting agenda items to be produced and distributed at least 24 hours prior to the meeting. A copy of the list is to be forwarded to the NCM. Once automation and self-service has been achieved all live information can be produced directly out of SAP.

13.Retention and Storage of Credit Information

All Applications, credit references, credit limit increase requests, credit reviews together with all information and documentation supplied to assist in the review of a customer's credit status must be filed in the customer file held with the relevant NCM which must be locked securely outside of normal business hours. All documents must be retained in accordance with Holcim's Document Creation & Retention Policy.

14.Reporting

Monthly Reports will be prepared by the Credit Team detailing:

- Overall customer position at the end of the month, reflecting all aged debt beyond 30 days.
- Status of legal accounts ledger;
- High risk accounts of concern;
- Credit limit exceeded accounts report;
- Progress Claims account status
- Aged debt in dispute and status of resolution
- Status of Cash Inflow and for caste for new month in conjunction with Treasury.

15. Relevant Standards and Legislation, Laws and Other Related Compliance

- Australian Accounting Standard ASRB 1020.
- Personal Property Security Register (PPSR) Legislation Australia 2009, New Zealand 1999
- Commonwealth Privacy Act 1988 – General.
- Credit Reporting Code of Conduct (Part IIIA of the Privacy Act 1988).
- Levels of Authority
(<http://rinkernetau/BUs/ExecutiveSupport/FinancialRptGroup/LimitsOfAuthority/default.asp>)
- Holcim Privacy Obligations
(<http://holcimaunet/bus/policymanuals/downloads/credit%20providers%20privacy%20obligations.htm>)
- Holcim Terms of Sale Booklet.
- Holcim’s Document Creation & Retention Policy.
- Holcim Quality Management System (QMS) – PN6.2 – Quality and service issue.
- This Policy is consistent with the provisions of the Australian Corporations Act, applicable Australian International Financial Reporting Standards (A-IFRS) and other mandatory Australian professional requirements (UIGs).

*****The HANZ National Credit Policy, is intended to cover Australia and New Zealand standard Credit Practice whilst adopting any Regulatory & Commercial Jurisdictional differences relating to Compliance that are applicable to each region.***

16.Credit Risk Assessment Matrix

Credit Risk Assessment Guidelines Matrix - 2022

HANZ		Overall Risk Profile	External Credit Bureau Score		Documentation Compliance			Securitisation							Finalisation	
Credit Limit Exposure Bands		Overall Risk Rating (1-5)	Subject Entity Risk Score	Directors Risk Score	Credit Application/Deed of Guarantee & Indemnity (No Modification)	Standard Terms & Conditions	Statement of Assets & Liabilities/Financials	Personal Guarantees - Directors/Shareholders (Declined)	Personal Guarantees - Directors/Shareholders (Unsupported with Real Property)	Personal Guarantees - Directors/Shareholders (Supported with Real Property)	Personal Guarantees - Third Parties/Spouses (Supported with Real Property)	PPSR - PMSI (Retention) & ALLPAP (All Past & Present Property) Subject entity	Non Lapsing Caveat/Equitable Mortgage	First/Second Mortgage	Internal Trading Account Conduct (Sound/Average/Poor)	Approval Decision
0	50,000	<3	Low - Medium	Low - Medium	X	X		X*	X*			X			S or A	Determination Delegation of Authority
50,001	100,000	<3	Low - Medium	Low - Medium	X	X			X*			X			S or A	Determination Delegation of Authority
100,001	500,000	<4	Low - Medium High	Low - Medium High	X	X	X*			X*	X*	X			S or A	Determination Delegation of Authority
500,001	1,000,000	<4	Low - Medium High	Low - Medium High	X	X	X*			X*	X*	X	X*	X*	S or A	Determination Delegation of Authority
1,000,000	>	<4	Low - Medium High	Low - Medium High	X	X	X*			X*	X*	X	X*	X*	S or A	Determination Delegation of Authority
1,000,000	>	5	High	High	X	X	X*			X*	X*	X	X*	X*	S or A	Determination Delegation of Authority

X – Mandatory X* - Determination by Delegation of Authority

Appendices

Appendix A – [New Account Notification](#)

Appendix B – [Declined Application Notification](#)


Appendix C – [RACJ](#)

Appendix D - [2022 Delegation of Authority](#)

Appendix E - [Commercial Credit Application 2022](#)

Note: Development of this Policy is an interactive and ongoing process. It will be updated and modified as required and reviewed annually to take into account business changes, external risk environment, developments and any updates to Credit Legislation in law and best practice.

Policy Submission & Approval Matrix

VERSION	Status	Date	Name	Title	Signature	DESCRIPTION
1.0	Proposed	10.05.2022	Chris Williams	National Credit Manager - HANZ		HANZ NATIONAL CREDIT POLICY
1.0	Endorsement	10.05.2022	Angela Axisa	Head of Quote to Cash - HANZ		HANZ NATIONAL CREDIT POLICY
1.0	Approval	24.05.2022	Phil Wallace	Group CFO - Oceania		HANZ NATIONAL CREDIT POLICY
1.0	Signoff	31.05.2022	George Agriogiannis	CEO - Oceania	HANZ National Credit Policy - Group CEO Oceania - Approval	HANZ NATIONAL CREDIT POLICY