

Procurement Policy

JENTAYU Group
of Companies



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1. OBJECTIVE

- 1.1. This Procurement Policy - Standard Operating Procedure (SOP) serves as a uniform standard for the Company's procurement function which plays an important role with an objective to promote an effective and efficient procurement procedure to the Group in terms of:
 - 1.1.1. Good governance with reinforcement of high integrity, accountability, fairness and transparency across Group procurement processes.
 - 1.1.2. Enhancing the Group's branding, market reputation and maximizing value creation to the Group; and
 - 1.1.3. Providing high quality, reliable products and services to our customers.
- 1.2. All procurement processes shall be thoroughly evaluated, reasoned, justified and documented for sharing within the Group, where applicable.

2. DEFINITIONS

In this SOP, the words below shall have the respective defined meanings:

Word	Definition
Agent	<i>An entity appointed by the Group to act on its behalf for and on matters which are stipulated by the Group.</i>
CEO	<i>Chief Executive Officer</i>
CFO	<i>Chief Financial Officer</i>
Company	<i>Jentayu Sustainables Berhad or any other subsidiaries of JSB.</i>
Director	<i>A member of the Board of Directors of the Group.</i>
Employee	<i>An employee of the Group.</i>
Group	<i>Jentayu Sustainables Berhad and its subsidiaries.</i>
SOP	<i>Standard Operating Procedure.</i>
Procurement Processes	<i>The procurement processes including product planning, requisition, vendor selection, contract management, vendor evaluation, recommendations, decisions and awards.</i>
Procurement Unit	<i>The department or unit responsible for the procurement processes.</i>
RM	<i>Ringgit Malaysia</i>
Subsidiaries	<i>All companies which are, directly or indirectly, majority-owned by the Group under JSB.</i>
Vendor	<i>A registered entity that has provided, or potentially will provide, goods and services to the Group.</i>
JSB	<i>Jentayu Sustainables Berhad.</i>
Written Solicitation	<i>A formal competitive purchasing request issued to prospective vendors consisting of applicable documents to obtain tenders or proposals.</i>

3. APPLICABILITY AND OWNERSHIP OF THIS SOP

- 3.1. This SOP applies to any procurement amount exceeding **RM 3,500.00** (Ringgit Malaysia Three Thousand Five Hundred only) or other currencies in equivalent value.

(Personal services in the nature of employment contracts and engagement of contract staff are exempted from this Procurement Policy - SOP)

Please note that for **ALL** procurements on the same type of goods, services and works shall always be considered and **calculated in aggregate total value** in order to determine whether the total costs exceeded the above threshold and shall be apply at all times in order to mitigate any potential manipulation to the above predetermined threshold.

For example:

- (a) for project related procurement, the aggregate total value of the procurement shall be the entire tenure of the project costs until successfully handover with certificate of fitness after completion of engineering, procurements, construction and commissioning.
- (b) for recurring procurement of goods, services and contract/non contract works for general office and administrative usage, the aggregate total value shall be a period of one full calendar year.

Any procurement which does not meet the abovementioned minimum threshold, Individual User Departments is allowed to raise its own Purchase Order without getting approval by respective Procurement Unit.

- 3.2. Where applicable, this SOP shall be translated by the relevant Group or the Company Procurement Unit into documented procedures and practice notes for guidance and implementation.

If there is any queries regarding the interpretation or implementation of this SOP, you may refer to the Chief Financial Officer for advice and guidance who are the designated owner of this SOP.

4. CATEGORIES OF PROCUREMENT

Procurement is classified into the following categories:

- 4.1. **Works contracts** include construction and engineering activities involving infrastructure and structures such as buildings, mills, factories, roads, drainage etc. It is also inclusive of mechanical and electrical aspects of works.
- 4.2. **Supply contracts** include the supply of raw, intermediate or finished goods and products for any activity of users. Also included are construction materials, food products, uniforms, vehicles, equipment, spare parts, furniture etc.
- 4.3. **Service contracts** include engagement of manpower, expertise and consultants in the areas of logistics, feasibility studies, research, designing, surveying, management etc. Other services such as repairs, maintenance and cleaning services are minor activities under this category.

5. PROCUREMENT SOP

- 5.1. The Procurement Unit is responsible for ensuring that the procurement process complies with the SOP.
- 5.2. The User Departments are accountable and to ensure that the quality, content, budget and usage of the purchased goods, works and services rendered by the vendors meets the quality, timeline, terms and conditions as per their contractual obligations and standards required by the company.
- 5.3. Under all circumstances, if our intra-Group companies are able to meet the procurement requirements with similar pricing as compared with other quotations and is competent with track record in delivering such quality goods, services and contracts in a timely manner which is at least on par with external vendors, the offer shall always be given to our intra-Group companies.
- 5.4. The following table lay out the number of quotations is required based on the following scale of procurement value:

Procurement Value	Supplies	Services	Works
Up to RM3,500	n/a	n/a	n/a
More than RM 3,500 to RM 100,000	2	2	2
More than RM 100,000 to RM 500,000	3	3	3
More than RM 500,000 to RM 1,000,000	5	5	5
More than RM 1,000,000	Open Tender	Open Tender	Open Tender

- 5.5. For waiver to comply with the minimum number of quotations and tender required under the above 5.4 table, please refer to the relevant approving authority as indicated in the approved Limits of Authority.
- 5.6. Waiver to comply with the minimum number of vendors quotation or tender bids could be recommended for considering under the following conditions:
- 5.6.1 Product or services are licensed under “patent rights reserved” or sole provider in the market region where the item/services is only available from

a single source of vendor e.g., provision of electricity supply by Tenaga Nasional Berhad in Malaysia;

5.6.2 Professional services, where the criteria of selection is based on professionalism, expertise, etc., and such services could not be put to tender and no other comparable service providers is available in the market that is able to carry out such services within the accessible market and it is not costs economical or commercially practical to do so;

5.6.3 Urgency of requirement, where goods/services are needed on an urgent basis arising from factors or circumstances beyond the control of the department concerned (e.g., accident, floods, emergency) and failure to obtain such goods/services in time will affect the smooth running of the Company's business operations with prior approval in writing by the Procurement Head. *Please note that urgent purchases/stock-out due to poor planning in timing of requirement shall not be considered as such and thus, waiver shall not be granted; and*

5.6.4 Intra-Group procurement of goods, works, supplies and services.

5.7. Internal Controls

5.7.1 The Procurement Unit will install and maintain a framework of internal controls over procurement processes in ensuring that more than one person shall be involved in, and responsible for, a transaction from purchasing request to payment;

5.7.2 Approving authority for Tender Plan and Strategy, Evaluation Recommendation and Letter of Award / Purchase Order issuance shall strictly comply with the authorization levels derived from the approved Limits of Authority.

5.7.3 Split purchase (i.e. a potentially single contract or purchase is split into two or more components to avoid exceeding relevant Group and/or Company's Limits of Authority threshold) is strictly prohibited. Kindly refer to Para 3.1 for how to derive the aggregate total of transactions.

5.7.4 A Tender Committee (TC) shall be appointed by the Board or CEO for each procurement which is more than RM 1 million.;

- The permanent members of the TC are as follow:
 - (i) Chairman - CEO
 - (ii) Alternate Chairman - CFO
 - (iii) Finance Department - Manager and above
 - (iv) Procurement Department - Manager and above
 - (v) Risk Management Department - Manager and above.

- The TC Shall be chaired by the CEO or the CFO as alternate.
- In the event of vacancy, or where no such position exists, the CEO may appoint any member of the senior management of the Company that he deems fit shall appoint a Secretary and is responsible to prepare papers relevant to the meeting of the TC. All communications in respect of the tenders should only be made via the Secretary.
- TC shall have a quorum of three (3) but no meeting shall be conducted without the attendance of either the CEO or CFO.
- Decisions made at the meeting must be endorsed by the majority. Where necessary and efficacious, and approved by the Chairman of the TC, decisions could also be made by way of a circular.
- TC shall invite whomsoever is necessary to assist in its deliberation.

Role of TC shall be as follows:

- To ensure tender evaluation exercises are reviewed and conducted in an efficient, effective, transparent and fair manner; and
- To ensure that the tender process and recommendation for a particular award are made in compliance to this procurement SOP.

5.7.5 The TC shall control over disclosure of commercially sensitive information by the Group and shall manage through a legally binding standardized non-disclosure agreement obtained from the Group/Company Legal Department.

5.7.6 The TC shall control over disclosure of commercially sensitive information provided by vendors, but not limited to pre-contract information in terms of pricing,

discounts, rebates, manufacturing processes, historical performance and products' information.

5.8. Registration Requirement of Vendors

5.8.1 All vendors intended to participate in the Group's Procurement process are required to undergo a registration process with the registration authorities as follows:

Category	Registration Authorities
Works	Construction Industry Development Board (CIDB) Malaysia
Supplies	Where relevant and applicable
Services	Where relevant and applicable

5.8.2 This registration requirement is to ensure that the vendors are bona fide, truly committed to the relevant business fields and possesses the relevant competency and capability to carry out the works or supply and to provide the relevant services according to the commercial and industrial standards practices. In this regard, registration may require to collate on the following information:

- Years of experience in business;
- Financial stability by reviewing their audited financial statements.
- Vendor's technical capacity or product quality certifications;
- Physical status of vendor's facilities, if possible;
- Corporate profile and resume of key management, technical team and staff to gauge experience; and
- List of primary customers and their references, where necessary.

5.8.3 Under all circumstances, the subsidiaries of the Group are exempted from registration.

5.9. Conditions of Contract

5.9.1 All forms of procurement contracts must be reviewed and subject to approval by the Legal Department.

- 5.9.2 Where a Purchase Order is used, the Group will have a standard Purchase Order that has been approved as per the Limits of Authority.
- 5.9.3 In general, contract conditions shall be drafted to mitigate the risks associated with the contract fairly, with the primary objective of achieving the most economic pricing being offered and efficient performance of the contract.
- 5.9.4 The procurement contract shall clearly define the scope of supplies, works or services to be supplied or performed, the rights and obligations of the client and of the vendors and should include, inter alia, appropriate provisions for guarantees of performance and warranties, liability and insurance, acceptance, payment terms and procedures, price adjustment, liquidated damages and bonuses, handling of changes and claims, force majeure, termination, settlement of disputes and governing law. Wherever appropriate, standard forms of contract incorporating generally accepted conditions must be used.

5.10. Ethical Conduct

- 5.10.1 All officers, directors, employees or agents who are involved in the Company's procurement activities or dealing with vendors are expected to be fully aware, fully understand and fully agreed with no reservation to comply to the Group's codes of conduct on ethical behavior under the Company's Anti-Bribery & Anti-Corruption Policy (refer [:https://jentayu-sustainables.com/sustainability/#governance](https://jentayu-sustainables.com/sustainability/#governance)) and the Employee Code of Conduct, where applicable.
- 5.9.2 Any attempt by a vendor to gain an unethical advantage, such as the offer of a bribe or inducement in any form should be reported to and file complaint by email to pamela@jentayu-sustainables.com under the Company's whistle blowing policy or you may refer to the Company's website <https://jentayu-sustainables.com/sustainability/#governance> if you suspect that the management or any employees of the Company were involved in inappropriate, unethical or unlawful conduct and practices.

- 5.11. Appendices A and B provide the best practices for tender guideline and strategies for value that can be referred to in the procurement process of the Group.

6. Bursa Compliance-Disclosure of Related Party Transaction

6.1 During the procurement process, if there is any transaction(s) might be involving vendor(s) that is a related party(ies) as define under the Main Market Listing Requirements below, please highlight and inform the CFO immediately for Bursa compliance procedure before accepting the quotations and tabling to the TC or Procurement Head.

6.2 Definition of **Related Party, Related Party Transaction and Major Shareholder** under Main Market Listing Requirements:

- (a) in relation to a corporation, means a director, major shareholder or person connected with such director or major shareholder;
- (b) in relation to a business trust, means the trustee-manager, a director or major shareholder of the trustee-manager, a major unit holder of the business trust or person connected with any of the aforesaid persons;
- (c) in relation to a closed-end fund, means the Managers, a director or major shareholder of the Managers or the closed-end fund, or person connected with any of the aforesaid persons; or
- (d) in relation to a REIT, means the management company, the trustee, a director or major shareholder of the management company, major unit holder of the REIT, or person connected with any of the aforesaid persons.

6.3 **Related party transaction** means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party.

6.4 **Major shareholder** means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is –

- (a) 10% or more of the total number of voting shares in the corporation; or
- (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

APPENDIX A:
BEST PRACTICE TENDER GUIDELINES

Overview of Tender Guidelines

Process guideline

1. A Procurement Plan and Strategy document to be developed and approved prior to issuance of Request for Tender (RFT) or Request for Quotation (RFQ).
2. The RFT or RFQ document is to be prepared and issued based on parameters in Procurement Plan and Strategy document.
3. There must be a minimum number of bids obtained from vendors based on relevant value thresholds, should there be an abstention from a bid by a vendor, a replacement vendor is to be source to ensure that the minimum number of bids are maintained.
4. Submission and receipt of tenders must be in secure environment to ensure confidentiality is protected before and after close of tenders.
5. Opening of bid/quotation witnessed by an Opening Bid Panel
6. Bids received by the closing date must be reviewed, evaluated and recommended by the Tender Committee/relevant authority and recommendation made for the vendor offering the best value outcome.
7. Recommender of purchase to secure endorsement from final approving authority prior to issuance of Purchase Order/Letter of Award.
8. Details of the vendors contacted, bids and evaluation must be recorded on at least a simple spreadsheet or similar document in the Group and/or the Company's record system.

2. Procurement Plan

- 2.1. Initial planning of a procurement process is essential in achieving the desired outcome.
- 2.2. In selecting a procurement methodology (i.e. open or multi-stage tenders) and activities, the Procurement Plan should specifically consider the following:
 - 2.2.1. Strategy to secure and demonstrate best value through the procurement process. This normally means, seeking both price and non-price information in a tender. Best value should also require life-cycle cost estimates for proper comparative analysis of offers. Examples of initiatives to achieve best value are attached in Appendix B;
 - 2.2.2. Provision of notice to stakeholders, including potential vendors, of planned procurement;
 - 2.2.3. The number of service providers required to undertake the work or services;
 - 2.2.4. The availability of a list of suitable pre-qualified or pre-registered vendors, compiled by the Group and/or Company for invitation to bid;
 - 2.2.5. The availability of vendors in the market with the special skills sought, to be invited to bid;
 - 2.2.6. The duration of the tender period to enable vendors to properly price and prepare tenders;
 - 2.2.7. The cost of the procurement process and methods to minimize it; and
 - 2.2.8. The capacity and capability of the Group and/or Company personnel to respond to tender enquiries and to effectively evaluate tenders.
- 2.3. Pre-qualifying vendors for a multi-stage tender process, shall adhere to the following four step process:
 - 2.3.1. Determine key pre-qualification evaluation criteria;
 - 2.3.2. Assign weights to criteria to reflect priority/importance;
 - 2.3.3. Perform evaluation of vendors; and
 - 2.3.4. Select target vendors, determine minimum acceptability threshold for vendors.
- 2.4. The pre-qualification process shall be documented clearly and justified in the Procurement Plan.

2.5. The Procurement Plan should also include a Procurement Evaluation Plan which may cover the following management and technical parameters:

2.5.1. Management:

- Purpose and objectives of the procurement;
- TC shall conduct the tender evaluation received and responsible to shortlist the most suitable bidder;
- Management, organization and resource requirements for the evaluation;
- Confidentiality and probity management arrangements for the evaluation;
- Risks – how and when they will be identified and controlled and how this will be integrated in the evaluation process;
- Schedule of tasks, target completion dates and roles for the evaluation;
- Audit and review arrangements for the evaluation process; and
- Identification of vendors out of contention and the means for promptly informing those vendors.

2.5.2. Technical:

- Information sources that will assist in the evaluation criteria;
- Weighting of evaluation criteria for price and non-price components;
- A scoring and ranking system;
- A method for assessing the cost of departures, and qualifications, and any sensitivity analysis requirements;
- Arrangements for checking vendors' credentials and referees;
- Arrangements for presentations and meetings with vendors; and
- Methods for assessing best value using the above.

2.5.3. The Procurement Evaluation Plan may also:

- Note record keeping procedures and responsibilities;
- Describe the conduct required by the evaluation team including provisions for dealing with any conflict of interest or confidentiality issues;
- Note security procedures, including document handling, storage and long term management; and
- Detail the reports that the evaluation team must make to reviewing and approving authorities.

3. Request For Tenders (RFT)

- 3.1. Approval of Tender Plan must be obtained prior to issuance of RFT. This approval should include confirmation on the availability of funds necessary for any contract and other activity that might arising from the tendering process.
- 3.2. Company requirements must be documented fully and clearly in the RFT to ensure the tendering process achieves the objectives and demonstrates best value to the company.
- 3.3. All qualified vendors must be given equal opportunity to respond to the advertisement or invitations for open RFT's.
- 3.4. Advertisement or invitations must include a brief description of the scope and requirements for the tender, with references made to:
 - 3.4.1. Any mandatory requirements of the tendering process e.g. meetings or site visits;
 - 3.4.2. When tenders close;
 - 3.4.3. Where, when and how RFT documents can be obtained and details of the contact person;
 - 3.4.4. Details on how, where and when tenders may be lodged (e.g. lodgment in a physical tender box, by facsimile or through electronic tendering);
 - 3.4.5. The price of purchasing the RFT documents, where applicable, and payment details;
 - 3.4.6. Disclosure of any agency in-house vendors invited;
 - 3.4.7. Any specific resources required to prepare and lodge a tender (eg: software);
 - 3.4.8. Draw to the vendors' attention that the Group and/or Company is not obliged to accept the lowest or any other tenders, pay or reimburse any expenses

incurred by vendors in the preparation of their bid, and vendors must submit their tenders strictly in accordance with the tender documents; and

- 3.4.9. Notification to vendors in ensuring their full compliance to the Group Procurement Code of Conduct.

Record keeping

- 3.5. The RFT documents and distribution, and other supporting material must be controlled. A record of who has collected the RFT documents, including addendums, must be kept at a single location so that addenda and other notifications can be issued to all prospective vendors.

Tender period

- 3.6. To ensure effective competition, sufficient tender period between the dates when RFT documents are first made available to all vendors and the closing date of the tenders.
- 3.7. A normal tender period for an open RFT shall not be less than 25 calendar days. However, the tendering period for an RFT may be reduced to not less than 10 days under certain circumstances as follows:

3.8.1. Procuring commercially readily available goods, commodities or services;

3.8.2. Urgency substantiated by the procurement unit; and

3.8.3. Procurement of a recurring nature, by a second or subsequent time.

Clarifications and enquiries

- 3.8. The Procurement Unit must nominate a single contact person who understands the procurement process and contract requirements to respond to all enquiries from vendors. All such enquiries should be recorded, noting the time and date, the subject matter and any responses provided.
- 3.9. Any information or advice given to a vendor that clarifies an ambiguity in any aspect of the procurement process or contract requirements must also be communicated promptly in writing to all other prospective vendors. This does not apply to information that is not clarification in nature and linked to a vendor's confidential tender proposal.

Amendments

- 3.10. Where it becomes necessary to amend RFT documents (including any process conditions or arrangements) it must be done in a way that does not unfairly disadvantage or benefit vendors.
- 3.11. Amendments must be advised in a notice, called an addendum and to be issued to all vendors simultaneously.
- 3.12. Each addendum must be stated clearly that it is to be incorporated in the RFT documents and allowed for in the tender. Vendors must confirm in writing, no later than the close of tender, that they have received all such addenda and that allowance has been made for each addendum in their tenders.

4. Submission, Receipt and Opening of Tenders

- 4.1. The Company must have an appropriate open tendering process. This process shall include a Bid Opening Panel consist of a minimum of two (2) persons. The Bid Opening Panel shall be appointed by the respective Group and/or Company Head of Procurement.
- 4.2. All competitive tenders must be sealed and lodged in the company designated tender box, or a tender box approved for use by the company for receiving tendering documents, the details of which must be included in the RFT documents.
- 4.3. Tender boxes, whether physical, facsimile equipment or electronic and subsequent tender handling processes must be secured and ensure that confidentiality is protected before and after closing of tenders. For example:
 - 4.3.1. In the instance of physical tender boxes, the tender box should be properly locked with two individual padlocks, and the respective keys should be separately kept by two authorized persons; and
 - 4.3.2. Tender opening and subsequent evaluations should be conducted in a secure environment (e.g. special bid opening room, no handphones / cameras, etc.)
- 4.4. The Bid Opening Panel must record the receipt of each tender, including the date of opening, the apparent legal entity of the vendor and, where appropriate, prices. Preferably, the Bid Opening Panel must mark any non-electronic tenders with an official stamp and sign the stamp. The Bid Opening Panel must also ensure that the record is signed before tenders are released for evaluation.
- 4.5. Tenders received after the tender closing time are considered a late tender. Late tenders must be identified with the circumstances involved recorded.

5. Evaluation of Tenders

- 5.1. The tender evaluation aims at identifying the best value bid while achieving process integrity.
- 5.2. Tender evaluation must comply with the procurement's SOP.
- 5.3. Tender documents shall specify the relevant factors in addition to the submitted tender price to be considered in tender evaluation and the way they will be applied.
- 5.4. Tender evaluation methodology must take into account:
 - 5.4.1. Whether the tender is subject to qualifications or fully meets the requirements of the RFT documents;
 - 5.4.2. Total costs of ownership, in addition to the tender price such as life-cycle and operational costs; and
 - 5.4.3. Any extra value offered such as better quality, better capacity, better management, early delivery or earlier completion.
- 5.5. The factors other than price to be used for determining the lowest evaluated tender shall be expressed in monetary terms or, where that is not possible for demonstrable reasons, given a relative weight in the evaluation provisions of the tender documents. The tender that delivers the best evaluated value, but not necessarily the lowest submitted tender price, shall be selected for the award.

5.6. Outline of evaluation process is as follows:

Stage	Basic Procedures
<p>Stage 1: Initial Assessment</p>	<p>All tenders must initially be examined to:</p> <ul style="list-style-type: none"> ▪ Confirm the legal entity of each vendor ▪ Decide whether a late tender should be considered further in evaluation ▪ Identify any in-house bids and ensure they are handled with the confidentiality required ▪ Identify non-conformances with the RFT requirements which can be rectified by vendor by providing omitted information or clarification ▪ Identify non-conformances with the RFT requirements which are substantial or incapable of rectification and, therefore, justify not considering the tender further. ▪ Identify any indications of errors or discrepancies in the RFT documents or in the tenders, which may need to be corrected or taken into account in the evaluation and any contract.
<p>Stage 2: Detail Evaluation</p>	<p>During detailed evaluation of tenders, each tender is considered in detail, evaluated and scored or ranked. Comments or issues would be noted.</p> <ul style="list-style-type: none"> ▪ Evaluation team must raise questions with vendors in contention to clarify and confirm the removal of unacceptable departures and qualifications allowing enough time for responses ▪ Presentations and demonstrations, where required, should be managed to make sure all vendors involved are treated equally using a common agenda and/or scenario with explicit time limits, ensuring a written record ▪ Reference checks, not necessarily limited to the vendor's nominated references, should be obtained and considered. ▪ Consideration of vendor's performance information obtained from within the Group may occur ▪ Other independent capability assessment, including financial capacity, may be used when appropriate.
<p>Stage 3: Completion</p>	<p>This stage draws together all the information identified in the evaluation process, completes the assessment of relative value, and finalizes risk management activities.</p> <p>This must be documented in a report recommending the best tender, or tenders, for acceptance, or for inclusion in future stages of the process.</p>

Eligibility of vendors

- 5.7. A contract shall only be awarded to the appropriate legal entities that have the financial resources, and capacity, to deliver the goods or complete the services or works under the contract.
- 5.8. Vendors must be identified by their correct legal entity name such as a registered company name. Trading or business names may be ambiguous if these are shown without the vendor's correct legal name.
- 5.9. Some entities do not have the legal capacity to enter into contracts. Tenders must only be considered from vendors that are able to form a valid contract.
 - 5.9.1. Entities not usually acceptable are those only with business names or trading names without an acceptable legal entity or name; groups of companies (or consortia) without an acceptable legal entity; some trusts; unincorporated partnerships in some cases; or where the entity has a 'Liquidator' or a 'Receiver and Manager' appointed, or has gone into voluntary administration; and
 - 5.9.2. When the vendor is an unknown partnership the vendor should be asked to give a letter signed by each partner confirming that the tender is their tender.
- 5.10. Tenders must be authorized:
 - 5.10.1. For registered companies – by a person known, or purported, to be authorized to do so;
 - 5.10.2. For partnerships – by one or more of the partners “for the partnership”;
 - 5.10.3. Sole trader – by the vendor personally; and
 - 5.10.4. As a joint venture, or acting “jointly and severally” – by appropriate persons from each of the venture parties.

Qualification, non-conformities and departures

- 5.11. Qualifications, non-conformities and departures included in a tender should be considered for their effect on all tenders. It is necessary to quantify the value of tender qualifications and departures to compare tenders.

Late tenders

- 5.12. The evaluator or evaluation team must consider the inclusion or passing over of any late tender when commencing the evaluation process.
- 5.13. Late tenders should not be considered, except when the Procurement unit is satisfied that the integrity and competitiveness of the tendering process has not been compromised. Late tenders may be considered when verifiable circumstances are confirmed by the agency, such as:
 - 5.13.1. Exceptional circumstances, such as the tender being the only tender or a natural disaster affecting all tenders equally, that ensure the integrity and competitiveness of the tendering process would not be compromised by considering the late tender;
 - 5.13.2. The tender left the control of the vendor prior to close of the tenders and confidentiality of the tender was maintained before it was opened;
 - 5.13.3. Control of the confidentiality of tenders before the scheduling of tenders guarantees no enhancement to the late tender occurred using knowledge of the other tenders;
 - 5.13.4. Mishandling by the Procurement unit, delaying lodgment, but no change to the late tender was possible after close of tenders; and
 - 5.13.5. The RFT documents stipulate that lateness is not a bar to consideration.
- 5.14. When it is necessary to clarify or confirm information in a tender by written request or discussions with vendors, the following practices apply:
 - 5.14.1. Do not divulge confidential tender information provided by one vendor to any other vendor;
 - 5.14.2. Do not advise or imply the status of any tender, such as the tender bring 'lowest tender', 'under special consideration', 'not under consideration' or 'rejected' to any vendor;
 - 5.14.3. Frame requests for clarification so they do not result in the vendor gaining any advantage over other vendors;

- 5.14.4. Do not accept amendments to an RFT requirement or the tender price or rates after the closing of tenders, unless this is justified in addressing a qualification in the tender or a change made by the Procurement Unit; and
 - 5.14.5. Meetings should normally only be arranged with the preferred vendor and should not normally be scheduled until all the matters requiring clarification have been identified, and a detailed written agenda can be provided to the vendor.
- 5.15. For meetings with vendors, the following practices should normally apply;
- 5.15.1. Prepare a detailed agenda for the meeting, and provide it to the vendor in a reasonable time before the meeting;
 - 5.15.2. Make it clear at the meeting what further advice and information is needed from the vendor, and set a date for the written submission of the further advice and information;
 - 5.15.3. Confirm all matters that will form part of a contract in writing with the vendor;
 - 5.15.4. Keep minutes of the meeting; and
 - 5.15.5. Resolve all matters at one meeting, where possible.
- 5.16. Any changes to the tender price or rates resulting from the withdrawal or modification of a vendor's qualification and departures must be fully justified and explained in the tender evaluation report and recommendation.

6. Negotiation, Recommendation, Review and Approval

- 6.1. It is ideal and suggested to request copies of the vendor's bank guarantee or any other promissory notes offer to the Company for project related procurements as part of the indemnity in order to protect the Company's financial and operating interest during and after completion of the project.

in the event the vendor fails to meet the contractual obligations, their bank guarantee or promissory notes will be tendered to recover the losses incurred by the company from time to time.

The respective head of project team should be the best person to estimate and propose the value of coverage and the detail terms for the procurement team decision making.

- 6.2. Where there are no acceptable tenders, negotiations may be conducted with the vendor submitting the least unacceptable tender, or the tender who conforms most closely to the requirements and provides best value (the 'best tender').
- 6.3. Where tenders are ranked by a systematic method, for example, by scoring tender prices and other evaluation criteria, the tender with the best ranking would normally be regarded as the 'best tender'.
- 6.4. There are also instances when the Procurement Unit may negotiate with an acceptable preferred vendor to improve outcomes. Any negotiation process should be transparent, recorded and conducted in a manner that does not disadvantage other vendors.
- 6.5. The following general rules apply:
- 6.4.1. The technical representatives will carry out negotiations on technical matters;
 - 6.4.2. The buyer / purchaser will carry out negotiations on commercial matters; and
 - 6.4.3. Where technical and commercial matters are interlinked, negotiations should be in the presence of both the technical and commercial representatives.

- 6.6. The evaluator, or evaluation team, must prepare a written report once the tender evaluation is completed and a preferred vendor has been chosen. This report should describe the evaluation and recommends the outcome of the tender process.
- 6.7. An evaluation report must include a complete account of the evaluation and must be able to withstand independent scrutiny. All members of the evaluation team must sign the report either in support or dissent of the recommendation.
- 6.8. In more complex tender processes that involve unusual circumstances or lead to large contracts, or have risks that require expert attention, an independent expert or expert panel should review the report and process.
- 6.9. The recommendation and any review concurrence would then be submitted to the approving authority.

7. Tender Outcomes

- 7.1. After the tender has been awarded, procurement units must promptly advise unsuccessful vendors, including tendering process that has been suspended or retendering proposed, via a letter on tender process outcome, and decisions such as short listing as they occur. The letter should be signed by an Authorized Personnel.
- 7.2. A record should be kept of the persons involved in the debriefing and the comments made.
- 7.3. Where an unsuccessful vendor seeks information regarding the successful tender, this information should be limited to the information normally publicly disclosed.
- 7.4. Once the approving authority is satisfied with the recommendation provided, and makes an award decision, a contract document must be prepared and the contract awarded or brought into existence.
- 7.5. Contracts may be awarded by issuing a notification of acceptance or letter of award. This notice must be consistent with the proposed contract details identified in the evaluation and recommendation report.
- 7.6. The officer issuing the notification/letter of acceptance or letter of award must ensure that it is communicated to the vendor and seek satisfactory proof that the vendor has received it.
- 7.7. A notification of acceptance or letter of award should:
 - 7.7.1. Be addressed to the entity that tendered, verified as able to enter a contract, and specify the date of the notification or letter, the date of contract commencement and other agreed terms to be included.
 - 7.7.2. Be signed by representative of the approving authority.
 - 7.7.3. Include a unique contract reference, contract title and possible the name of an initial contact officer for management of the contract.
 - 7.7.4. Reference and identify the parts of the RFT documents, including any addenda, that form part of the contract documents; and
 - 7.7.5. Include a reference to, or a listing of, any post-tender correspondence between the Group and/or Company and the vendor and other documents that form part of the contract documents.

8. Monitoring Outcomes

- 8.1. It is advisable to maintain up-to-date records to show the general performance of vendors for the periodic review of the performance of registered vendors.
- 8.2. This record should include all aspects of the work performance which the vendors have carried out for the Group and/or Company in the past.
- 8.3. The information / data to be included should generally comprise the following:
 - 8.3.1. Contract reference number / project reference number.
 - 8.3.2. Name of vendor;
 - 8.3.3. Description of work or services;
 - 8.3.4. Type of contract;
 - 8.3.5. Original value as per tender;
 - 8.3.6. Total agreed variations for the whole project;
 - 8.3.7. Actual final value (including variations);
 - 8.3.8. Quality of materials and workmanship;
 - 8.3.9. Completion on time;
 - 8.3.10. Compliance with contract requirements;
 - 8.3.11. Safety record;
 - 8.3.12. Timely and accurate submission of invoices; and
 - 8.3.13. Comments / Complaints from user departments.

APPENDIX B:
PROCUREMENT PRINCIPLES, BEST PRACTICE AND
STRATEGIES FOR BEST VALUE

1. Procurement Principles and Best Practice

The procurement processes shall adhere to the following procurement principles:

1.1. Best Value

- 1.1.1. The objective of best value is to maximize the difference between the benefits and the total cost of ownership of the purchase.
- 1.1.2. It follows that the delivery of best value is dependent upon the Group's strategies and priorities.
- 1.1.3. Best value is often mistaken for meaning the lowest price, however, in terms of the contracting process, best value requires a balance between price and non-price factors with as much transparency as is reasonably achievable. In this context, price should consider the whole life cost of the purchase as far as it is practicable.
- 1.1.4. Achieving best value requires:
 - Challenging the need for the procurement and the way in which the work/supply/service can be reconfigured.
 - Consultation with key stakeholders; and
 - Ensuring competition in the open market.
- 1.1.5. Achieving the best value for money must be the basis of all procurement decisions within the Group.
- 1.1.6. Any or all bids or offers may be rejected when it does not deliver the best value to the Group.

1.2. Competition

- 1.2.1. Solicitations shall clearly set forth all requirements that the vendor shall fulfill for the bid or offer to be evaluated by the Group and/or Company.
- 1.2.2. In all procurement through open tender or multi-stage tender, the Company shall avoid practices that are restrictive of competition. These include but are not limited to:

- Placing unreasonable requirements on organisations, firms, or individual in order for them to qualify to do business, such as requiring unnecessary experience and excessive bonding.
- Unreasonably narrow contract specifications.
- Unreasonably short time limit to bid.
- Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement; and
- Any arbitrary action in the procurement processes.

1.3. Accountability

1.3.1. Accountability in procurement means being able to explain and provide evidence on the process followed.

1.3.2. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable. Therefore, the processes by which all procurement activities are conducted will be in accordance with the Group's procurement policies and procedures as set out in this SOP as well as related and relevant Group policies and procedures.

1.3.3. Additionally, all director, employee or agent must be able to account for all procurement decisions made over the lifecycle of all products purchased by the Group and provide feedback on them and all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

1.4. Risk Management

1.4.1. Strategies for managing risks associated with all procurement processes must be in place and consistent.

1.5. Probity and Transparency

1.5.1. All Group procurement processes must be conducted in a fair, honest, and open manner, with the highest levels of integrity.

2. Strategies For Best Value

To achieve best value, the company should explore various strategies to reduce the total cost of ownership (TCO) of the products / services / works procured, not just the initial price paid.

Elements of total cost include:

- Initial product costs, including handling and processing costs;
- Operating costs, including maintenance, user support, etc.; and
- Business impact costs, including for example, costs associated with low productivity or user dissatisfaction and with business downtime.

There are four basic levers that the Group can leverage to minimize TCO and achieve best value. The relevance and effectiveness of the levers will vary depending on the characteristics of the products / services purchased. These characteristics will include, for example:

- User requirements (includes both user demand and specifications)
- Consumption patterns across the Group
- The size and frequency of purchases across the Group
- The number of vendors for the product / service; and
- The level to which the product / service is commoditized.

The levers are illustrated in the table below.

Lever	Description of Strategies
<p style="text-align: center;">Manage Vendors Proactively</p>	<p>Each company in the Group should gain a thorough understanding of its vendor base in each key product / service category to identify ways to reduce total cost of ownership.</p> <p>Required analysis includes:</p> <ul style="list-style-type: none"> ▪ The number of vendors in the market, both existing and potential ▪ The number of vendors used; ▪ The prices charged by vendors versus regional / global benchmarks; and ▪ Vendor cost structures <p>The following initiatives could be considered:</p> <ul style="list-style-type: none"> ▪ Intensify competition between vendors, especially during tender process (e.g. expand / review vendor / pre-qualified vendor list, reverse auctions, global sourcing) ▪ Employ best practice standard contract terms (e.g., variation orders based on agreed unit prices, proper insurance coverage, adequate penalties for non-performance, etc.) ▪ Develop tactics that will improve Group negotiating position ▪ Use OEM's, distributors or wholesalers where possible to avoid the need to pay margins to middlemen; and ▪ Reduce cost of doing business by making the Group's dealings with vendors more efficient (i.e. through inventory transfers)
<p style="text-align: center;">Aggregate and Manage Demand</p>	<p>Where possible, the Group should look for economies of scale by aggregating purchases across business unit / subsidiaries, geographies and other Companies within the broader Group, while maintaining security of supply.</p> <p>To minimize over-supply, the volume and frequency of products purchased by the Company should consistently be challenged by the Company Procurement Function.</p> <p>Required analysis includes:</p> <ul style="list-style-type: none"> ▪ Annual spend by division, subsidiary, etc. ▪ Frequency of purchases ▪ Number of vendors used for each product / service category; ▪ Duration of typical contracts <p>The following initiatives could be considered:</p> <ul style="list-style-type: none"> ▪ Consolidate purchases across Business Units / Geographies to increase volume and reduce unit costs; ▪ Use one or two vendors for each product to increase volume per vendor and realize economies of scale; ▪ Employ frame agreements to secure longer term supply of products / services on agreed terms; and ▪ Ensure procurement and demand are aligned by, for example, eliminating ad-hoc buying, documenting actual product demand, and ensuring compliance with contract terms for specific products / services supplied.

Lever	Description of Strategies
<p>Standardize Specifications</p>	<p>Where possible, the Group should standardize product specifications to avoid unnecessary customization costs and provide further opportunities to gain scale benefits.</p> <p>To support this, the Company should actively review the specifications for the products / services they purchase to make sure they best balance the need to meet user requirements while reducing total cost of ownership.</p> <p>Required analysis includes:</p> <ul style="list-style-type: none"> ▪ The number of specification variants used for specific products / categories; and ▪ The number of variations actually needed which will require careful mapping of the way products / services are actually used against the specifications provided by vendors <p>Potential initiatives may be as follows:</p> <ul style="list-style-type: none"> ▪ Minimise specification variations for specific products / services; and/or; ▪ Manage specifications to reduce costs without compromising quality or critical functions.
<p>Share and Outsource</p>	<p>The Group should seek to internally share or outsource non-critical products / services to gain scale economies and/or increase their bargaining power with external vendors.</p> <p>Required analysis includes:</p> <ul style="list-style-type: none"> ▪ Non-core to the business and competitively neutral; ▪ Will reduce TCO if their purchase / use is pooled; and /or ▪ Available from providers (internal and external) at a lower price but at the same or higher quality <p>The following initiatives may be pursued:</p> <ul style="list-style-type: none"> ▪ Share common services, infrastructure and business functions to reduce duplication and improve productivity (e.g. training, property management, etc.) ▪ Outsource non-critical components / products for improved TCO (e.g. support functions such as Finance, Information Technology (IT), and Human Resource (HR))