

Hollard.

Hollard Group
Procurement Governance Policy



1. Purpose

1.1 The purpose of this Procurement Governance policy is to establish:

- 1.1.1 proper rules and disciplined procurement activities, and
- 1.1.2 effective oversight and governance.

This supports: creating meaningful value; maximizing profitability; a sustainable supply chain; securing a better future through Hollard's spend contribution; excellent service to internal stakeholders (and by implication policy holders and brokers); and ensuring BEE procurement transformation. As such it defines:

- 1.1.1 overarching accountabilities and authority;
- 1.1.2 decision making criteria and communication;
- 1.1.3 a suite of subordinate procurement policies; and
- 1.1.4 affirms the organisational responsibilities for good procurement governance and the transparency of related activities.

1.2 Implications

- 1.2.1 Policies introduce measures of control, inform organisational practices, require a more consultative approach, and promote effective audit trails. Consequently, this avoids unilateral decision making and actions, an essential component of good corporate governance.

2. Objectives

The objectives of this policy are to:

- 2.1 Introduce an overarching procurement governance framework that promotes a reputation for good governance, corporate responsibility, ethical behaviour and fair treatment of suppliers, whilst enhancing Hollard's competitive position and reputation;
- 2.2 Build sustainable supply partnerships that enables Hollard's chosen strategy whilst minimising risk;
- 2.3 Create overall supply chain value for Hollard, specifically in respect of profit, growth and Preferential Procurement;
- 2.4 Promote effective collaboration and relationships between Procurement and the respective Hollard BUs and the Centre (comprising OSU's, Shared Services and Corporate Services) – i.e. internal customers and stakeholders - and functioning as the conduit for suppliers and service providers to engage with Hollard;
- 2.5 Enable both Claims and Non-Claims procurement;
- 2.6 Inform the development of a suite of mutually supportive subordinate policies that govern the entire spectrum of Hollard's procurement activities;
- 2.7 Define the Delegations of Authority for the procurement of goods, services and assets;
- 2.8 Protect Hollard's interests and ensure the prudent use of Hollard's financial and other resources associated with all procurement activities;
- 2.9 Ensure that Hollard is compliant with the requirements of the Financial Sector Code and other relevant legislation/regulations in respect of its procurement activities.

3. Glossary

- 3.1 Words and expressions relevant to Hollard's procurement practices, policies and procedures are defined in Annexure A: Procurement and Related Glossary.
- 3.2 Note: References to 'Hollard's Procurement Function' includes the collective of procurement capabilities and resources to execute on both Non-Claims Procurement and Claims Procurement commodities.

4. Scope

- 4.1 This policy applies in respect of all purchases undertaken with funds under the control and administration of the Hollard Group in South Africa, with the exception of third parties (such as brokers) who are authorised to procure on Hollard's behalf. It is applicable to all entities (the Centre, Business Units, Divisions, Departments and Branches) and employees undertaking procurement activities within Hollard Group and includes both claims and non-claims related procurement.

5. Policy Statements

5.1 Policy Formulation and Custodianship

- 5.1.1 Hollard Group develops and maintains a suite of procurement policies that:
 - 5.1.1.1 Establishes the standards and business rules against which all Procurement activities are conducted and measured;
 - 5.1.1.2 Is stored in a centrally controlled policy repository;
 - 5.1.1.3 Vests the authority to undertake procurement activities in Authorised Procurement team members and other authorised persons where required.
- 5.1.2 The Group Executive: Group Services and Head of Claims Procurement are the joint custodians of all Hollard Procurement Policies, and may delegate specific responsibilities in respect of the formulation and maintenance of procurement policies;
- 5.1.3 Where there is a choice between a current and known leading practice, the latter is defaulted to unless there is a compelling business case not to do so;
- 5.1.4 Stakeholders are always consulted on policies that (a) affect them and which (b) they are expected to implement, particularly where different approaches to achieving the same goal may impede operational efficiency and/or induce risk.

5.2 Procurement Policy Framework

- 5.2.1 A list of subordinate policies emanating from this policy is set out in Annexure B: Subordinate Procurement Policies. This list and commensurate policies are periodically updated to ensure that they reflect that most current procurement standards and business rules.

5.3 Procurement Mandate and Authority to Procure

- 5.3.1 Hollard's Procurement Function is mandated to procure:
 - 5.3.1.1 all claims-related commodities and services, and
 - 5.3.1.2 all non-claims related commodities and services (capital and other projects, maintenance, repair and operational related requirements);
- 5.3.2 Only Authorised Procurement team members and other specifically authorised personnel are permitted to procure on behalf of Hollard. Such authority is formally delegated in writing to an Authorised Procurement team members or an authorised person. The use of POCs and the authorities relating to POCs is dealt with in terms of a separate policy in this regard;
- 5.3.3 The Hollard Claims Procurement and Non-Claims Procurement functions are required to provide procurement thought leadership, act as a trusted advisor to their stakeholders and promote the efficient and effective procurement of goods and services through the application of leading procurement practices. They furthermore support the activities of the BIDCO in its mandate to provide overall procurement governance as set out in section 5;
- 5.3.4 Hollard's Procurement Function is the custodian of all supplier and commodity purchasing master data and collects and maintains such data current on an ongoing basis.

5.4 The Bid Committee (BIDCO)

5.4.1 Mandate of the BIDCO

- 5.4.1.1 The BIDCO is a Procurement Governance Structure providing oversight on purchases and disposals in terms of the BIDCO Terms of Reference, and further in support of the Procurement Governance requirements in section 5.5 below.

5.4.2 Purpose of the BIDCO

The purpose of the BIDCO is to:

- 5.4.2.1 Adjudicate and provide governance oversight of all commercial bids and proposals (*whether solicited or unsolicited*), in respect of Operational Expenses (*but excluding*

Underwriting Expenses (such as operational expenses relating to commission payments, administration fees and binder fees), in terms of the frameworks set out in Annexure C: Tables 1, 2, 3 and 4;

- 5.4.2.2 Make recommendations to the appropriate higher authority (as set out in Annexure C: Delegations of Authority) for the award of contracts emanating from such bids/proposals.

5.4.3 Responsibilities of the BIDCO

- 5.4.3.1 The detail responsibilities of the BIDCO are set out in Annexure D: BIDCO Terms of Reference.

5.4.4 Composition of the BIDCO:

- 5.4.4.1 BIDCO members are formally appointed by the BIDCO Chairperson and comprise Senior Management representatives;
- 5.4.4.2 The BIDCO composition comprises members as defined in paragraphs 2.3 and 2.4 of Annexure D: Bid Committee (BIDCO) Terms of Reference.

5.5 Procurement Governance

5.5.1 Enterprise Delegation of Authority Framework

- 5.5.1.1 The primary Delegation of Authority for all relevant personnel is set out in the first instance in the context of budget formulation and approval in the Enterprise-wide Delegation of Authority Framework. (Refer to section 6.3 “Links to Other Relevant Hollard Group Policies”).

5.5.2 Subordinated Procurement Delegation of Authority

- 5.5.2.1 In respect of all procurement-related activities, the delegations of authority are further guided by the following:
- The need to Contract with suppliers;
 - The need to Transact with suppliers;
 - The group’s Procurement Strategy, particularly with regards to Preferential Procurement; and
 - The Commodity concerned;
- 5.5.2.2 In addition to the provisions above in 5.5.2.1, a Bid Committee (BIDCO) serves to support the business in respect of procurement comprising significant spend, risk and/or contractual longevity, as well as ensuring compliance with Hollard’s procurement governance requirements. (Refer also to section 5.4 regarding the BIDCO).

5.5.3 Submission of Intended Procurement to the BIDCO

- 5.5.3.1 Annexure C: “Delegations of Authority” sets out the conditions under which any intended contractual arrangement is submitted to the oversight of the BIDCO. The only exception to such requirement is where:
- There is no impact on an existing supplier/(s), AND
 - No existing supplier can suitably service the need, AND
 - The new entrant demonstrates sufficient capability, AND
 - The Procurement Strategy is not negatively impacted in terms of Preferential Procurement, Spend and Coverage, AND
 - There is no Impact on the Procurement Strategy for that Commodity;
- 5.5.3.2 The above exceptions appear in **Table 1: Supplier vs. Commodity Procurement Matrix of Annexure C: Delegations of Authority**. Such exceptions must be effectively confirmed in the Business Requirements Definition prior to engaging the supplier concerned.

5.5.4 Authority to Contract With Suppliers

5.5.4.1 The authority to contract with suppliers is determined by both the anticipated contract value as well as the contract term. This is set out in the following tables of **Annexure C: Delegations of Authority**:

- Table 1: Supplier vs. Commodity Procurement Matrix
- Table 2: Authority to Contract and Transact
- Table 3: Approval Authorities Based on Contract Term and Value
- Table 4: Delegations of Authority (Opex Expense Mandates) (where the contract term and value are not explicitly covered by Table 3);
- **NOTE:** In the event of any conflict between Tables 2 and 3, and the information contained in the Delegation of Authority Mandate document named “Hollard Group DoA Mandate _ Board Approved 12 March 2019”, the information contained in the Delegation of Authority Mandate prevails. **It is the onus of the reader to ensure compliance with the Delegation of Authority Mandate prescripts.**

5.5.5 Authority to Transact

5.5.5.1 Authority to transact with suppliers is subject to the nature of the transaction viz. authorisation of the spend to be incurred and the authorisation for payment. In the case of Non-Claims Procurement, this refers to the Purchase Order and Invoice Settlement authorisations respectively, and in the case of Claims Procurement, this refers to the Claims Authorisation and Claims Settlement authorisations respectively. This is set out primarily in **Table 1: Supplier vs. Commodity Procurement Matrix** of **Annexure C: Delegations of Authority**.

5.5.5.2 It is not permitted to split anticipated expenditure in order for individual transactions to fall within lower authorisation limits. All authority limits are per connected transaction.

5.6 Ethics and Fraud

5.6.1 Hollard takes a zero-tolerance stance against corruption, fraud, misconduct and/or any dishonesty. Consequently, the principles of unquestionable ethical business conduct are non-negotiable. Those involved in any aspect of procurement must ensure that both they and Hollard’s suppliers they are responsible for engaging with adhere to and are bound by (inter alia) the following specific policies:

- 5.6.1.1 Staff and Contractor Conflict of Interest & Gift Policy Draft;
- 5.6.1.2 Financial Crime Risk Management (FCRM) Policy;
- 5.6.1.3 Disclosures Policy.

5.7 Procurement Stakeholders

5.7.1 Procurement seeks to continually improve the overall customer experience within the procurement value chain, whilst maintaining productive relationships with the following key stakeholders:

- 5.7.1.1 Hollard Group Executive Committee
- 5.7.1.2 Hollard Group BUs and the Centre (internal customers)
- 5.7.1.3 Hollard Group Strategic Partners (e.g. Brokers and other channel partners)
- 5.7.1.4 Enterprise and Supplier Development Function
- 5.7.1.5 Hollard’s Legal Function
- 5.7.1.6 Hollard’s Internal Audit Function and FCRM
- 5.7.1.7 Any Hollard Group entities wishing to utilise the services of the Hollard Procurement function;
- 5.7.1.8 Hollard’s Suppliers.

5.8 Management Information

5.8.1 The Procurement function provides regular reports detailing performance against agreed procurement objectives. Such information includes details on spend, customer experience (Voice-of-the Customer Surveys), BEE transformational spend and compliance, maverick spend and policy compliance issues. In the case of Non-Claims Procurement, the monthly management report is submitted to the Group Executive: Group Services. In the case of Claims Procurement, the monthly management report is submitted to the Chief Executive Officer - Hollard Insure and/or the Executive Head Operations - Hollard Insure as required.

5.9 Implementation

5.9.1 Acknowledgment of Ownership

- 5.9.1.1 The Group Executive: Group Services is accountable for oversight on all Hollard Group Procurement Policies;
- 5.9.1.2 The Group Executive: Group Services and respective Heads of Procurement (Claims and Non-Claims) are jointly the process owners of all procurement policies;
- 5.9.1.3 All authorised procurement team members and other employees authorised to undertake procurement activities are required to comply with and implement all aspects of procurement policies relevant to their individual scope of responsibility in terms of their employment agreements and mandates.

5.9.2 Communication

- 5.9.2.1 The periodic introduction of new procurement policies or amendments to existing policies are communicated using the following means:
- 5.9.2.2 On the organisation's intranet and/or shared drives;
- 5.9.2.3 In the central policy repository;
- 5.9.2.4 During the 'Nothing Rhymes With Purple' (NRWP) induction process for new employees;
- 5.9.2.5 Via e-mail in the case of new and policy amendments;
- 5.9.2.6 During periodic policy refresher training.

5.9.3 Training

- 5.9.3.1 Training procurement team members prior to the release of any new procurement policy is mandatory;
- 5.9.3.2 During the NRWP induction of new employees, employees are given access to, and where necessary training on, all procurement policies. It is at the discretion of the new employee's direct manager to determine whether such training is required;
- 5.9.3.3 Amendments to existing procurement policies are communicated via e-mail to all procurement team members to alert them of such amendments;
- 5.9.3.4 The official Procurement Glossary covering all technical, unique, discipline specific terms and acronyms used in any of the procurement policies is hyperlinked to all procurement policies.

5.10 Monitoring and Compliance

5.10.1 Monitoring

- 5.10.1.1 Policies are monitored in the following ways:
 - Periodic reviews by the respective Heads of Claims and Non-Claims Procurement;
 - Ongoing review and self-assessments by procurement team members and other authorised personnel responsible for implementing procurement policies;
 - Periodic audits by Internal Audit;

- Line Management feedback on policy implementation, compliance and user-friendliness;
- Results of 'Voice-of-the-Customer' surveys (Procurement's internal customers).

5.10.2 Statutory Compliance

- 5.10.2.1 Compliance with any statute is by implication considered policy, regardless of whether or not such statutes are reduced to or included in a policy. Where any doubt exists about any aspect of statutory compliance, Hollard Group's Legal Department is consulted.

5.10.3 Policy Compliance

- 5.10.3.1 Compliance with this Procurement Governance Policy and all its subordinate procurement policies is mandatory for all Hollard procurement team members and other authorised persons, whether a full time or part-time employee.
- 5.10.3.2 Non-compliance with, abuse of, or the intentional circumvention of, any procurement policy is dealt with in accordance with the applicable disciplinary codes and actions prescribed by Hollard's Human Resource Management function. Such disciplinary action is taken without prejudice to any other course of action available to Hollard, and this may include dismissal and the institution of civil and/or criminal law procedures.
- 5.10.3.3 Annexures to this policy are interpreted as policy statements.

5.11 Approval and Review

- 5.11.1 This policy is approved by the Hollard Group Exco, and accordingly reviewed on a three-year cycle basis.

5.12 Procurement Policy Auditing

5.12.1 Auditability

- 5.12.1.1 Systems, processes and/or procedures are in place to provide for the capturing and maintenance of accurate records of all procurement transactions, activities and material decisions, to allow for verification and validation thereof by auditors or any other duly authorised person.
- 5.12.1.2 All Hollard Group Procurement Policies are audited by the Internal Auditors on a periodic basis, but on not less than a three-year cycle for any individual policy. Policy auditing covers the following aspects:
- Alignment between organisational strategy and Procurement policies;
 - Alignment between the Purpose of this policy and all other sections of this policy;
 - Alignment between this policy and subordinate Procurement policies, process and procedures;
 - Compliance with policy (including associated processes and procedures);
 - Analysis of gaps between current practices and those stipulated by Hollard's Procurement policies;
 - current practices and generally accepted industry-leading procurement practices;
 - Assessment of risks associated with the policy content and implementation thereof and the associated actual or potential impact of such risks;
 - The production of an Audit Report that includes Findings, Observations and Recommendations (for any remedial or preventative actions to be taken).

6. Applicable Supporting and Reference Documents

6.1 Applicable Regulatory and Governance Frameworks

- 6.1.1 Section 217 of the Constitution of South Africa (Requires that Hollard's procurement activities are conducted in a manner that is equitable, transparent, competitive, efficient, and cost-effective);

- 6.1.2 Amended Financial Services Sector Code in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013;
- 6.1.3 Guidelines of the South African Insurance Association (SAIA) and the South African Insurance Crime Bureau (SAICB).

6.2 Links to Hollard Group Procurement Policies

- 6.2.1 Refer to Annexure B: List of Subordinate Procurement Policies.

6.3 Links to Other Relevant Hollard Group Policies

- Group Delegation of Authority
- Financial Crime Risk Management (Approved 26 Jul 2018)
[This policy references fraud, theft of company assets, cyber-crime, conflicts of interests and bribery and corruption.]
- Graft (Undated, No Approval Authority Listed)
[This policy references the giving and receiving of gifts and awards.]
- Access to Information (Undated, No Approval Authority Listed)
[This policy references information that is held by another person and that is required for the exercise or protection of any rights]
- Anti-Money Laundering (Undated, No Approval Authority Listed)
[This policy references compliance with the obligations placed on the Company by the Financial Intelligence Centre Act, (FICA)]
- Protected Disclosures (Undated, No Approval Authority Listed)
[This policy references disclosure of information by employees relating to criminal and other irregular conduct in the workplace]
- Regulation of Interception and Provision of Communication-Related Information (Undated, No Approval Authority Listed)
[This policy references the Authority to Intercept and Monitor Telecommunications]
- Regulatory, Compliance and Corporate Governance (Undated, No Approval Authority Listed) (Undated, No Approval Authority Listed)
[This policy references Hollard's committed to principles of good corporate governance and business ethics]
- Hollard Values (Undated, No Approval Authority Listed)
[This policy references Hollard's commitment to good corporate governance and high standards of behaviour]
- Conflict of Interests (Dated 01 Sep 2014, No Approval Authority Listed)
[This policy references disclosures about pertinent personal relationships and business interests in order to preserve the integrity and reputation of Hollard]
- Disclosures ((Dated 01 Sep 2014, No Approval Authority Listed)
[This policy references the need to disclosure personal circumstance which may impact on one's ability to perform their job and represent Hollard's business effectively]
- Polygraph Testing
[This policy references the need to maintain trust (in respect of access to confidential information) between employees, partners, suppliers, and anyone else associated with Hollard]
- Debarment (Dated 29 Nov 2017, No Approval Authority Listed)
[This policy references the failure to comply with the FAIS regulations]
- Enterprise-wide Delegations of Authority

6.4 Links to Other Reference Material

- 6.4.1 Annexure A: Procurement and Related Glossary
- 6.4.2 Annexure B: List of Subordinate Procurement Policies
- 6.4.3 Annexure C: Delegations of Authority
- 6.4.4 Annexure D: BIDCO Terms of Reference

Annexure A: Procurement and Related Glossary

Term	Definition
30% Black woman empowered	Means an entity in which: <ol style="list-style-type: none"> 1. Black women hold more than 30%, but less than 51%, of the exercisable voting rights determined in Code series 100; 2. Black women hold more than 30%, but less than 51% of the economic interest as determined in Code series 100; and 3. Has earned all the points for net value in Statement 100.
30% Black Woman Owned	Means an Entity in which: <ol style="list-style-type: none"> 1. Black woman hold at least 30% of the exercisable voting rights as determined under Codes series 100; 2. Black people hold at least 51% of the economic interest as determined under Code series 100 and; 3. Has earned all the points for the Net Value under statement 100 of the Generic Codes.
51% Black Owned	Means an Entity in which: <ol style="list-style-type: none"> 1. Black people hold at least 51% of the exercisable voting rights as determined under Codes series 100; 2. Black people hold at least 51% of the economic interest as determined under Code series 100 and; 3. Has earned all the points for the Net Value under statement 100 of the Generic Codes.
Acceptance of Tender	The award in writing of a contract to a tenderer in response to his tender proposal, price or quotation, which award may be inclusive of any conditions determined by Hollard.
Authorised Procurement Team member	An Authorised Procurement Team member is a Procurement employee (buyer/ commodity specialist/manager) who has been deemed to have sufficient training and experience to: <ol style="list-style-type: none"> 1. execute, support and/or approve procurement strategies; 2. awarding or modify orders or contracts; and 3. who has been formally delegated with such authority in writing.
Accredited Verification Agency	An accredited verification agency is one that has fulfilled all prescribed legislative requirements for operating as a verification agency in terms of the B-BBEE Act and/or any other applicable legislation.
Approved Procurement Framework	The Approved Procurement Framework refers to this Procurement Governance Policy and all subordinate procurement policies thereto, and where approved, all relevant internal Process Control Manuals (PCMs), processes and procedures, and associated delegations of authority. This also includes any other mandatory legislative and policy frameworks that govern and have a direct impact on the Hollard Group's procurement operations.
Broad-Based Black Economic Empowerment (B-BBEE)	Black Economic Empowerment as defined by government in its strategy for broad-based black economic empowerment, subsequent legislation and codes of practice.
BEE Certificate	Means a certificate issued by BEE Verification Agent validating a supplier's BEE Status, that is SANAS accredited.
BEE Transactions	All transactions for the acquisition, by Black people, of direct ownership in an existing or new entity (other than an SME) in the financial or any other sector of the economy and/ or Joint ventures with debt financing of or other form of credit extension to and equity investments in BEE companies (other than SME's).

Term	Definition
Bid Committee (BIDCO)	The Bid committee as defined in the BIDCO Terms of Reference (see Annexure D herein).
Black Designated Groups	Means: <ol style="list-style-type: none"> 1. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution; 2. Black people who are youth as defined in the National Youth Commission Act of 1996; 3. Black people who are persons with disabilities as defined in the code of good practice on employment of people with disabilities issued under the Employment Equity Act; 4. Black people living in rural and under-developed areas.
Black-Owned	An entity in which black people hold at least 51% of the exercisable voting rights as determined under Codes series 100. Black people hold at least 51% of the economic interest as determined under Code series 100 and have earned all the points for the Net Value under statement 100.
Black People	Black People is a generic term which means Africans, Coloureds, and Indians, who: <ol style="list-style-type: none"> 1. are citizens of the Republic of South Africa by birth or decent or; 2. became citizens of the Republic of South Africa by naturalization: <ol style="list-style-type: none"> 2.1 before 27 April 1994; 2.2 on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalization prior to that date; <p>The word “black” when used in conjunction with other words, shall have the same implication.</p>
Black Women-empowered Enterprises	Companies that have a minimum black woman ownership of 30%.
Broad-Based Black Economically Empowered Supplier	Means a supplier that complies with the requirements of the B-BBEE Act and its codes of good practice.
Broad-based Black Ownership	Where an empowerment shareholder represents a broad base of members such as employees (to the extent that the options have actually been exercised), collectives and/or communities, or where benefits support a target group, for example Black women, people living with disabilities and the youth. Shares are held directly or indirectly through non-profit organisations and trusts. At the same time, directors and management of the groups should predominantly comprise Black people.
Cross Functional Team (CFT)	A team made up of Procurement representatives and subject matter experts from the various Business Units (BU’s) and Organisational Support Units (OSU’s).
Claims Procurement Department	The department that executes claims-related procurement operations/purchases within Hollard Insure. These purchases can be identified as: <ol style="list-style-type: none"> 1. critical (high complexity/risk with low impact/cost) 2. strategic (high complexity risk with high impact/cost) or 3. leveraged (low complexity/risk with high impact/cost) <p>and where the requirements can be consolidated and procured via enabling/framework agreements, in order to achieve standardisation and realise significant savings opportunities.</p>
Closing time	The deadline (time and date) specified in tender documents for the receipt of tenders.

Term	Definition
Collusion	Competitors or suppliers agreeing on (amongst others): <ol style="list-style-type: none"> 1. certain levels of pricing in agreed locations, areas, regions or provinces; 2. quantity/volume allocations per competitor/supplier; 3. refraining from normal market competitive practices; 4. taking or not taking certain actions such as responding to requests for bids (quotes, proposals, tenders) or requests for information; 5. etc.
Company	A company registered in terms of the Companies Act 2008 as amended.
Confidential	Means any information or data which by its nature or content is agreed to be or identifiable as confidential and/or proprietary to Hollard and/or any third party, and specifically refers to sensitive information relating to Hollard's strategic objectives and planning for both its existing and future business needs.
Conflict of Interest	Conflicting interests as defined in the Conflict of Interests Policy, which for example, may arise when one's personal interests: <ol style="list-style-type: none"> 1. conflicts with one's responsibility to act in the best interest of Hollard 2. influences one's behaviour and decision-making 3. impairs one's ability to exercise fair judgment 4. compromises (or potentially compromises) one's ethical conduct 5. affects one's ability to perform one's job properly influences one's actions to the detriment of Hollard.
Contract/Agreement/Service Level Agreement (SLA)	A formal and legally binding agreement entered into by Hollard with a Supplier, on conclusion of acceptance of a Supplier's tender, proposal, offer or quotation, and which defines the terms and conditions, rights, duties and obligations of the parties.
Contract Manager/Claims Manager	A Contract Manager/Claims Manager is the Hollard representative or a person assigned by Hollard, to manage and administer the post-award phase of the procurement process.
Cost Centre Owner	The Cost Centre Owner is the duly authorised person responsible for managing the financial affairs of a Cost Centre (e.g. a business owner); This person may be the actual End-User or the Manager of the End-User who is responsible for ensuring that any procurement requested or financial commitment made on the cost centre he/she manages is approved by him/herself based on a valid need and availability of the necessary funds to ensure that the procurement is neither wasteful nor irregular, and is in accordance with the requirements of the Approved Procurement Framework.
Cross-Functional Team (CFT)	A cross-functional team consists of a group of business owners/End-Users and other subject-matter experts pertaining to a specific commercial/procurement transaction. A CFT is assigned by the Procurement Team member to ensure that execution of the agreed procurement strategy is commercially, technically, legally, and financially sound. Cross-functional teams are led and coordinated by the Procurement Team member. Cross-functional teams must, as minimum, comprise technical, financial, BEE/ESD and procurement representatives, for purposes of strategy development, tender evaluations and negotiations.
Delegated Authority	Any person/persons/committee delegated with authority to commit financial resources, as more fully laid out in the Delegations of Authority (see Annexure C: Delegations of Authority)
Delegation of Authority (DOA)	The granting of authority to specific persons/committees in terms of the Delegations of Authority set out in Annexure C: Delegations of Authority.
Direct ownership	Ownership of an equity interest together with control over all of the voting rights attached to that equity interest.

Term	Definition
Emergency Purchases	Emergency purchases relate to purchases of an urgent nature arising from: <ol style="list-style-type: none"> 1. threats to human life or safety 2. threats to interruptions in the provision of product to customers 3. the threat of major expense to Hollard. 4. purchases in respect of breakdowns of a serious nature that relate specifically to the continuous production and/or safety of Hollard's operations.
Employee	Means any person, excluding an independent contractor, who works for Hollard and who receives, or is entitled to receive, any salary.
Empowering Supplier	Means a B-BBEE compliant entity, complying with all regulatory requirements of the country and meeting: <ol style="list-style-type: none"> 1. at least three of the following criteria if it is a large enterprise or 2. at least one of the following criteria if it is a QSE: <ol style="list-style-type: none"> 2.1 At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local suppliers in SA, for service industry labour cost are included but capped to 15%. 2.2 Job Creation – 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained. 2.3 At least 25% transformation of raw material/beneficiation which include local manufacturing, production and/or assembly, and/or packaging. 2.4 Skills transfer – at least spend 12 days per annum of productivity deployed in assisting black EMEs and QSEs beneficiaries to increase their operation or financial capacity. 2.5 At least 85% of labour costs should be paid to South African employees by service industry entities. 2.6 Or other applicable conditions included by specific sector codes.
End-User/Business Owner Role	The End-User/Business Owner is responsible for providing adequate descriptions and quantities for planning and procurement of business needs within his sphere of responsibility. The End-User/Business Owner is also responsible for quick response to any requests for clarification by or through the relevant procurement department within Hollard Insure. Since the purchases are based on an End-User's request and are paid for by the End-User's cost centre or project, the End-User has the responsibility and authority to determine that Hollard's needs will be met before a recommendation is made to a Delegated Approval Authority or before an order/contract is placed, by providing his/her written consent to the recommendation being presented to the Delegated Approval Authority.
Exco	The Group Executive Committee or the Executive Committee of the respective Hollard Entities, as the context dictates.
Exempted Micro Enterprise (EME)	Means an entity with a total annual revenue of up to R10 million.
Financial Sector Charter (FSC)	The Black Economic Empowerment Charter for the financial sector, as promulgated on 1 December 2017.
Fronting	Means a deliberate circumvention or attempted circumvention of the B-BBEE Act and the Codes, by any supplier in a bid to secure business from Hollard.
Fruitless and Wasteful Expenditure	Means expenditure that has been made in vain and which could have been avoided had reasonable care and due diligence been exercised.
FTE	Means Full Time Employee (or Full Time Equivalent Resource)

Term	Definition
General Manager: Compliance and Operations	The General Manager: Compliance and Operations is an official of Hollard Insure appointed by the Head: Claims Procurement to manage commercial risk and governance matters relating to the Approved Procurement Framework, including matters relating to the grounds for reconsideration of supplier registration statuses.
Hollard Group	Means the South African-based operations of: The Hollard Insurance Company Ltd. (with registration number: 1952/003004/06) and the Hollard Life Assurance Company Ltd. (with registration number: 1993/001405/06), and its autonomous Business Units – Hollard Insure (Short Term Business), Hollard Life (Life and Related Business) and Partnerships; as well as Hollard Specialist Life Ltd. (with registration number: 1994/001332/06) and Hollard Specialist Insurance (with registration number: 1966/007612/06).
Irregular or Maverick Expenditure	This means expenditure incurred by Hollard in contravention of the Approved Procurement Framework (also referred to as 'Maverick Spend')
MSA	Means a 'Master Services Agreement' – an umbrella agreement which clearly articulates the principle Terms and Conditions agreed to between the Parties. (Typically this is accompanied by a Service Level Agreement or SLA, containing the specific/special Terms and Conditions pertaining to the transaction-specific arrangement between Hollard and the Supplier. This may be a separate subordinate agreement, or may be an Appendix to the Master Services Agreement.)
Non-Claims Procurement (NCP) Department	The department that executes non-claims related procurement operations/purchases within the Hollard Group (previously known as MRO Procurement). These purchases can be identified as: <ol style="list-style-type: none"> 1. critical (high complexity/risk with low impact/cost) 2. strategic (high complexity risk with high impact/cost) or 3. leveraged (low complexity/risk with high impact/cost) and where the requirements can be consolidated and procured via enabling/framework agreements, in order to achieve standardisation and realise significant savings opportunities.
NCP Procurement Manager	Means the Manager responsible for the strategic and operational management of the procurement or supply chain management department/unit of the Hollard Group of companies.
OSU's (also CU)	Refers to Organizational Support Units – these are centre-led entities in place to provide specialist support to the entire Hollard organization.
PO	Purchase Order
Preferential Procurement	Means the system of preference applied to purchasing from Black owned/Black woman owned and related categories of Suppliers.
Procurement Category or Commodity Manager	The Procurement Manager that is responsible for ensuring that purchase requests/requisitions (PR's) are entered in the procurement system or received by Procurement and are dealt with expeditiously, efficiently and effectively. He/she is responsible for the performance quality of the procurement function. This includes reduced turnaround times regarding resolution of procurement transactions/PR's, consolidation of requests to achieve economies of scale and optimisation of savings opportunities where possible, ensuring training and accreditation of Procurement Team members, liaison with End-Users as internal customers, performance measurement against specified key performance indicators and standards, and quality assurance of the formal recommendations made to Delegated Approval Authorities.
Procurement Lead	The relevant Procurement Manager or Procurement Functionary responsible for conducting the RFX process, from inception to evaluation and the making of recommendations emanating therefrom.

Term	Definition
Procurement Spend	Means all Claims and Non-Claims related procurement expenditure as per FSC definitions to acquire goods and/or services including capital expenditure, but excluding: <ol style="list-style-type: none"> 1. expenditure classes covered elsewhere in the FSC, for example, salaries and wages. (Contract staff are regarded for this purpose as the company's own staff and are excluded.); 2. public sector spend where there is a natural monopoly or duopoly; 3. rental and property purchases; 4. all commissions payable in the normal course of selling financial products and services; 5. social investment expenditure and donations.
Procurement Team	Procurement functionaries and managers in the Claims and Non-claims Procurement Departments, and other authorised persons, responsible for procurement activities within the Hollard Group.
Qualifying Small Financial Institution	A financial institution/entity with a total annual revenue of more than R10 million but less than R50 million.
Quotation or quote	A written offer in response to an invitation to submit a quotation. (RFQ)
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotation
RFx	A generic term used to describe the following sourcing mechanisms: <ol style="list-style-type: none"> 1. RFI: Request for Information; 2. RFP: Request for Proposal; 3. RFQ: Request for Quote; <p>Which may collectively also be known as 'Bids' or 'Commercial Bids'.</p>
Risk and Governance/ Compliance Official	A Risk and Governance/Compliance Official is an official of Claims Procurement who is responsible for the management of commercial risk and governance/compliance matters relating to the Approved Procurement Framework, within Hollard Insure.
Scorecard	Means the balanced scorecard in respect of the FSC. Such scorecard forms an integral part of the FSC, and provides an objective and broad-based set of measurement indicators for the purposes of measuring BEE progress within Hollard.
Services	Means the provision of labour only, labour and goods or labour and equipment combined and knowledge based on expertise.
Service Level Agreement	Means the agreement containing the specific/special Terms and Conditions pertaining to the transaction-specific arrangement between Hollard and the Supplier. Such agreement typically includes (without limitation): <ol style="list-style-type: none"> 1. A detail description of the deliverables/services; 2. A detail description of the required service levels; 3. The system of service credits and penalties; 4. Fees/Rate Cards; 5. Reporting requirements. <p>This may be a separate subordinate agreement to a Master Services Agreement, or may be an Appendix to the Master Services Agreement.</p>
SMMEs	Means: <ol style="list-style-type: none"> 1. Qualifying Small Enterprises; 2. Exempt Micro Enterprises; and 3. Micro Enterprises as defined in the FSC.

Term	Definition
Spend	Payments made to third parties (excluding Hollard employees) in exchange for products, services and information.
Strategic Procurement Initiative	Hollard's procurement initiatives that focus on sustainable cost reduction, efficiencies and transformational third party spend.
Supplier(s)	Any natural person or juristic entity that is a potential supplier or current supplier of services and/or products to Hollard - also known as a 'Supplier', 'Vendor' or 'Service Provider' inter-changeably in Hollard.

Annexure B: List of Subordinate Procurement Policies

The list below represents those policies which are subordinate to this Procurement Governance Policy, but nevertheless an essential component of the overall Procurement Governance Framework. This list is updated as the need for the development of additional policies are identified. The current iteration of this policy contains the following list of 6 subordinate policies.

1. Preferential Procurement Policy
2. Sourcing Policy
3. Contracts Policy
4. Supplier Development Policy
5. Supplier Onboarding Policy
6. Supplier Performance and Relationship Management Policy
7. Source-to-Pay Policy

Annexure C: Delegations of Authority

Table 1: Supplier vs. Commodity Procurement Matrix

		Supplier	
		New	Existing
Commodity	Existing	<input type="checkbox"/> IF: <ul style="list-style-type: none"> {No existing supplier can suitably service the need, <u>AND</u> New Entrant demonstrates sufficient capability, <u>AND</u> No Impact on Existing Supplier/s <u>AND</u> No Impact on Procurement Strategy for that Commodity <u>AND</u> No Impact on Overall Procurement Strategy} 	<input type="checkbox"/> IF: <ul style="list-style-type: none"> {Existing Supplier <u>AND</u> Existing Commodity}
		<input type="checkbox"/> THEN: <ul style="list-style-type: none"> {Action = Business Proceeds to Appoint Supplier} 	<input type="checkbox"/> THEN: <ul style="list-style-type: none"> {Action = Refer to TRANSACTIONAL layer of Table 2}
		<input type="checkbox"/> ELSE: <ul style="list-style-type: none"> {Action = Refer to BIDCO⁽¹⁾} 	<input type="checkbox"/> ELSE: <ul style="list-style-type: none"> {Action = Check other Supplier and Commodity Combinations}
	New	<input type="checkbox"/> IF: <ul style="list-style-type: none"> {New Supplier <u>AND</u> New Commodity} 	<input type="checkbox"/> IF: <ul style="list-style-type: none"> {Existing Supplier <u>AND</u> New Commodity}
		<input type="checkbox"/> THEN: <ul style="list-style-type: none"> {Action = Refer to BIDCO⁽²⁾} 	<input type="checkbox"/> THEN: <ul style="list-style-type: none"> {Action = Refer to BIDCO⁽³⁾}
			<input type="checkbox"/> ELSE: <ul style="list-style-type: none"> {Action = Check other Supplier and Commodity Combinations}

Notes:

- (1): 'Refer to BIDCO' in this instance means that should any hurdle not be cleared (as described in the 'IF' statement), then the matter must be referred directly to the BIDCO for discussion and adjudication, which may involve triggering a sourcing processes being entered into. The Head (Claims Procurement) may at his/her discretion, determine that it does not go directly to BIDCO first, but refer the matter straight to a competitive sourcing process instead;
- (2, 3): 'Refer to BIDCO' in these two instances means that a sourcing process must be conducted (as guided by the Sourcing Policy i.r.o. competitive and non-competitive procurement) and where necessary (as defined in the Sourcing Policy), referred to the BIDCO for adjudication and subsequent approval in terms of the Group Delegations of Authority. (See also Tables 2 and 3 for further guidance).

Table 2: Authority to Contract and Transact

		Non-claims Procurement	Claims Procurement
Authority to contract with suppliers (See Table 3)	Duration (Table 3 Column "A")	BIDCO (Oversight) Authority (per D.O.A.'s) <i>(See Table 3 for Contract Duration and Annualized Contract Value for Relevant Delegation of Authority)</i>	
	Value (Table 3 Column "B")		
Authority to transact operationally	Authorisation of spend to be incurred by:	Purchase order	Claims authorisation
	Authorisation for payment?	Invoice settlement	Claims settlement

Table 3: Approval Authorities Based on Contract Term and Value

Non-Claims Procurement

Contract Term (A)	Annualised Contract Value (B)	Approved Authority	Comment
> 5 Years	< R10m	Group Exco	Commodity Owner + BIDCO
3-5 Years	< R6m	BU EXCO or Centre Function EXCO Head	Commodity Owner + BIDCO
1-3 Years	< R2m	Divisional CFO or Other EXCO Members	Commodity Owner + BIDCO
< 1 Year	< R1m	See Table 4 hereunder	Commodity Owner

Claims Procurement

1. In the case of Claims Procurement:
 - 1.1 where the potential value of a contract is practically unknown/indeterminable up front and where the contract term is **no longer than 3 years**, the approval authority is the **Head Claims Procurement**;
 - 1.2 where the potential value of a contract is practically unknown/indeterminable up front and where the contract term is **longer than 3 years**, the approval authority is the **Executive Head Operations (Hollard Insure)**;
 - 1.3 where the potential value and duration of a contract is practically determinable up front, the same approval authorities as for Non-Claims Procurement above apply.

NOTES:

- 1) (A) & (B) IN Table 3 refer to **Table 2**
- 2) In the event of any conflict between Tables 2 and 3, and the information contained in the Delegation of Authority Mandate (document name “Hollard Group DoA Mandate _ Board Approved 12 March 2019”), the information contained in the Delegation of Authority Mandate prevails. **It is the onus of the reader to ensure compliance with the Delegation of Authority Mandate prescripts.**

Table 4: Delegations of Authority (Opex Expense Mandates)

Mandates (Contract Value over the Duration of Contract)	Approvals Required	Designation
Up to 50m and above*	2	Group CEO and Group CFO
Up to R30m	2	Group CFO and BU CEO (or CU Head)
Up to R10m	2	BU CEO (or CU Head) and BU CFO (or CU CFO)
Up to R2m	2	BU CFO (or CU CFO) and Other BU Exco Member (or CU Manco)
Up to R1m	1	Direct reports to BU CEO (or CU Head) or equivalent
Up to R500K	1	Departmental Snr Manager/s
Up to R300K	1	Department Middle Manager/s or Executive Assistant/s
Up to R10K	1	Departmental Junior Manager/s or Executive Assistant/s
Up to R5K	1	Other Personal Assistant/s

Note:

* Or up to budgeted limit, where approved budget is over R50m, otherwise, any single transaction in excess of R50m requires approval by the Group Board, as outlined in the Approval Limits Schedule (Annexure B of the Hollard Group DoA Mandate _ Board Approved 12 March 2019).

Annexure D: Bid Committee (BIDCO) Terms of Reference

1. Purpose and Mandate

1.1 Purpose

The purpose of the Bid Committee (BIDCO) is to:

- 1.1.1 Adjudicate and provide governance oversight of all commercial bids and proposals (whether solicited or unsolicited), in respect of Operational Expenses (but excluding Underwriting Expenses such as operational expenses relating to commission payments, administration fees and binder fees), in terms of the frameworks set out in Annexure C: Tables 1, 2, 3 and 4;
- 1.1.2 Make recommendations to the appropriate higher authority (as set out in Annexure C: Delegations of Authority) for the award of contracts emanating from such bids/proposals.

1.2 Mandate

In terms of its governance oversight role with respect to 1.1 above, the BIDCO is mandated to:

- 1.2.1 Ensure that due process has been followed in compliance with Hollard's procurement policies, processes and procedures;
- 1.2.2 Make recommendations to the appropriate higher authority (as set out in Annexure C: Delegations of Authority) for the award of contracts emanating from such bids/proposals;
- 1.2.3 Ensure compliance with and the implementation of the Procurement Governance Policy and relevant aspects of the Framework of Subordinate Procurement Policies;
- 1.2.4 Ensure compliance with and the implementation of all Approved Procurement Processes and Procedures;
- 1.2.5 Ensure adherence to these Terms of Reference as detailed herein.

2. Constitution of the BIDCO

2.1 Appointment of BIDCO Chairperson

- 2.1.1 The chairperson for each BIDCO is selected based on the commodity concerned, i.e. based on what Hollard intends on procuring. This decision is made by the respective heads of Claims or Non-Claims Procurement. If, depending on the circumstances and commodity concerned, it is necessary for the head of Claims or Non-Claims Procurement to be appointed as BIDCO Chairperson, such appointment must first be approved by their respective line manager or Divisional Exco member.
- 2.1.2 The Chairman is required to be independent with respect to the transactions being adjudicated at the BIDCO. The chairperson of the BIDCO is deemed to be an independent person by virtue of complying with the following requirements:
 - 2.1.2.1 The chairperson has signed a declaration of interest which clearly shows they have no conflict of interest with the procurement process to be undertaken;
 - 2.1.2.2 The chairperson has no voting rights regarding the outcome of the BIDCO's proceedings;
 - 2.1.2.3 The chairperson strictly adheres to their role and mandate as defined in the BIDCO's Terms of Reference.

2.2 Appointment of BIDCO Members

- 2.2.1 BIDCO members are formally appointed in writing (using a letter of appointment, which may be done via email) by the BIDCO Chairperson;
- 2.2.2 The minimum number of members of the BIDCO is set out in 2.5 below, and there may be more than one commercial, financial and technical member appointed to the BIDCO in order to ensure that enough members are available from which to form a Quorum at any given time;
- 2.2.3 The letter of appointment states the name, position, role of the individual and the date of appointment to the BIDCO.

- 2.2.4 BIDCO members confirm their participation by signing the aforementioned letters of appointment conferred by the appointed Chairman, and also acknowledge these Terms of Reference by affixing their signature to and dating a copy of these Terms of Reference;
- 2.2.5 Any changes to these Terms of Reference require all members (including the Chairperson and Alternate Chairperson) to acknowledge the amended Terms of Reference by affixing their signature to and dating a copy of the amended Terms of Reference;
- 2.2.6 It is required as far as reasonably possible that BIDCO members are independent of the Chairman and do not have direct line management reporting relationships with him/her;

2.3 BIDCO Composition

- 2.3.1 The composition of the BIDCO is as follows:

Members	
(1)	Chairperson: A Senior Manager within the BU or the Centre.
(2)	The Procurement Lead who conducted the RFX process.
(3)	A senior member of Business (i.e. the Demand Owner – who may also be the ‘Technical’ representative).
(4)	A senior member of Finance.
(5)	A senior member of Legal.
(6)	Co-opted members, observers and visitors.
(7)	Secretariat.

2.4 Co-opted members, observers and visitors

- 2.4.1 Co-opted members, Observers and Visitors may be invited to participate in BIDCO meetings on a case-by-case basis as needs so determine. Such participants will act in an ex-officio capacity, do not participate in voting and decision making, and serve only in an advisory capacity;
- 2.4.2 Roles of the aforementioned parties listed in 2.4.1 would typically include:
 - 2.4.2.1 Subject Matter Experts;
 - 2.4.2.2 Analysts or Researchers;
 - 2.4.2.3 Developmental roles (training related);
 - 2.4.2.4 External 3rd Parties such as consultants or contractors acting in an advisory capacity;

2.5 Quorum

- 2.5.1 A Quorum of the BIDCO comprises at least the following members:
 - 2.5.1.1 The Chairperson or Alternate Chairperson;
 - 2.5.1.2 A Senior member of Business (i.e. the Demand Owner);
 - 2.5.1.3 The Procurement Lead;
 - 2.5.1.4 A Senior member of Finance, Legal or FCRM;
- 2.5.2 Co-opted members, observers, and visitors not counted towards the Quorum, but may still be invited to participate in a BIDCO meeting comprising only Quorum members;

2.6 Voting Rights

- 2.6.1 All appointed members have voting rights, except for the Chairperson (as set out in 2.1.2.2) above;
- 2.6.2 Co-opted members, observers and visitors do not have voting rights;
- 2.6.3 The Secretariat has no voting rights.

2.7 Secretariat

- 2.7.1 Minute taking and the keeping of records of minutes is a service that the secretariat provides;

- 2.7.2 Secretariat services are provided by the Procurement function of Hollard. The Secretariat managing and coordinating the activities and records of the BIDCO must be a duly suitable person appointed for such purpose, within Non-Claims Procurement or Claims Procurement (as the case requires), in order to ensure independence and to provide advice consistent with the Approved Procurement Framework;
- 2.7.3 The BIDCO Secretariat retains all signed letters of appointment for purposes of compliance, monitoring and control, and such letters of appointment may be inspected by any Senior Hollard Manager who has reasonable need to do so;
- 2.7.4 The Secretariat must be present at all sitting BIDCO meetings.

3. Duties and Responsibilities of the BIDCO

3.1 The BIDCO's responsibilities are to:

- 3.1.1 Adjudicate and provide governance oversight of all commercial bids and proposals (whether solicited or unsolicited), in respect of Operational Expenses (but excluding Underwriting Expenses (such as operational expenses relating to commission payments, administration fees and binder fees), in terms of the frameworks set out in Annexure C: Tables 1, 2, 3 and 4;
 - 3.1.2. Make recommendations to the appropriate higher authority (as set out in Annexure C: Delegations of Authority) for the award of contracts emanating from such bids/proposals;
 - 3.1.3 Recommend the award of business to one or more suppliers per commercial bid (RFx) transaction;
 - 3.1.4 Recommend negotiations with short-listed suppliers emanating from a commercial bid (RFx) transaction;
 - 3.1.5 Recommend mandated negotiations with a sole supplier without a prior commercial bid;
 - 3.1.6 Ensuring compliance with and implementation of relevant aspects of the Procurement Governance Policy and the suite of subordinate Procurement Policies (collectively the Procurement Policy Framework) for all matters brought to the BIDCO;
 - 3.1.7 Formally record all decisions taken at an official formal meeting where a Quorum is present;
 - 3.1.8 Submit commercial bid (RFx) Evaluation Reports or Submissions for consideration on a Round Robin basis only in documented exceptional circumstances where a formal meeting cannot be convened due to logistical and/or timing constraints, provided that:
 - 3.1.8.1 A Quorum approves the Round Robin prior to execution thereof, which approval may be undertaken electronically via email, and recorded by the Secretariat;
 - 3.1.8.2 A quorum of members is available to conduct the Round Robin process;
 - 3.1.8.3 Round Robin communications are restricted to appointed BIDCO members only, and if necessary any co-opted members;
 - 3.1.8.4 Round Robin communications are held via electronic means (email) with a full audit trail of such communications and resulting decision;
 - 3.1.8.5 The Secretariat coordinates the Round Robin and records the decision of the Round Robin process.
 - 3.1.8.6 Decisions taken during a Round Robin to recommend a supplier is awarded business are ratified at the next sitting of the BIDCO;
 - 3.1.9 Examine the recommendation made by the Procurement Lead and, considering all factors that may influence the procurement/disposal, decide whether to recommend that Hollard enters into a contractual commitment with the recommended supplier/s;
 - 3.1.10 Request additional information not contained in the Evaluation Report or Submission, and the BIDCO may at its discretion, call for the original documents for verification of certain aspects of the transaction;
- 3.2 All duly appointed members of a BIDCO must without exception sign a 'Conflict of Interest' declaration. Any conflicts of interests as defined in the Conflict of Interest Policy, which BIDCO members or the Chairperson may have with respect to a particular transaction being adjudicated must be declared upfront, and any person declaring a conflict of interest must immediately recuse themselves from any further involvement in that transaction. No exception to this rule is permitted;

- 3.3 In respect of the BIDCO, a conflict of interest also includes circumstances where:
- 3.3.1 there exists a direct line management interest in a particular submission;
 - 3.3.1.1 In such case, the member may present the recommendation to the BIDCO as part of the presentation team making the recommendation, but forfeits any voting rights regarding the approval/rejection/modification of the recommendation;
 - 3.3.2 a BIDCO member or Chairperson is a signatory to the Procurement Transaction Approval Form.
- 3.4 All recommendations made by the BIDCO must be:
- 3.4.1 fully recorded and documented, in order to create a detailed audit trail;
 - 3.4.2 concluded by an 75% vote where only a Quorum of members is present;
 - 3.4.3 concluded by at least a simple majority of all member present where there are more members than a Quorum present.
- 3.5 In order to facilitate the process, the recommendation of the BIDCO is minuted by the Secretariat, and ratified and signed-off by the Chairman at the next sitting of the BIDCO;
- 3.6 The Secretariat is required to distribute the final signed minutes to all BIDCO members as well as the relevant Procurement Managers for audit trail purposes of records/audit trail and execution alignment where necessary;
- 3.7 The Secretariat of the BIDCO ensures that all records pertaining to requests and approval of transactions are filed and stored electronically;
- 3.8 BIDCO meetings are to be regularly scheduled and where necessary also scheduled on an ad-hoc basis for specific initiatives.

4. Meeting Arrangements

The following meeting arrangements apply:

Item	Arrangements
Notice of the meeting	<ul style="list-style-type: none"> • Notice of intended meeting to be circulated at least 7 business days prior to the planned meeting date; • The Secretariat electronically notifies all concerned off the time and place where the meeting is to be held, as well as the provisional agenda. The minutes of the previous meeting will be enclosed and members are required to provide the Secretariat with input by the nominated closing date in order to finalise the agenda. Should no response be received by this time it will be assumed that the members agree with the provisional agenda items.
Agenda	<ul style="list-style-type: none"> • At least 3 business days prior to the planned meeting date, the Secretariat provides the complete agenda pack electronically to all members; • Members who prefer a hard copy must inform the Secretariat accordingly.
Attendance register	<ul style="list-style-type: none"> • An attendance register will be circulated by the Secretariat at the beginning of each meeting. Every member present must sign the attendance register. The attendance register is proof of attendance for purposes of the minutes.
Confirmation of Minutes	<ul style="list-style-type: none"> • An ordinary meeting, after being constituted and opened, commences with reading and confirming (by means of the chairperson signing) the minutes of the previous meeting(s). The draft minutes must be a true reflection of the previous meeting, containing all views expressed under the heading "Noted". The draft minutes are regarded as read where a copy of the draft minutes are timeously provided to members prior to the meeting. • Any objection to the minutes is raised and properly dealt with before the minutes are confirmed. Should it not be possible to resolve the objection at that sitting of the BIDCO, the minutes will be signed off with a note appended to it excluding the item objected to, which item shall be required to be resolved with 7 calendar days after such sitting of the BIDCO, failing which, a special meeting of the BIDCO is constituted to resolve and minute such outcome.

Item	Arrangements
Apology	<ul style="list-style-type: none"> An apology will be noted when a member electronically submits it to the Secretariat and/or the Chairperson, no less than one business day prior to the meeting. Members absent from the meeting without above mentioned apology are noted as “absent without apology”. The views of a member who is unable to attend a meeting may be submitted in writing but may not count as a vote of such member.
Recording of meeting	<ul style="list-style-type: none"> At the opening of the meeting, the Chairperson indicates that a recording will be made for minute purposes. The audio file is deleted after signed confirmation of the draft minutes at the next meeting.
Round Robin Process	<ul style="list-style-type: none"> The Chairperson may electronically submit urgent matters for consideration in between scheduled meetings on a Round-Robin basis. A Quorum of members approves the matter to be executed on a Round-Robin basis. The Secretariat facilitates this process. At least two thirds of members must electronically confirm their involvement in the process by giving feedback, approval or non-approval. For a Round Robin process, a two thirds majority is required for any resolution to be passed, and is recorded in the minutes for ratification at the next meeting.
Records management	<ul style="list-style-type: none"> All records of the BIDCO (terms of reference, membership list, agendas, minutes, attendance register, correspondence, etc.) will be kept electronically (on Share) and hard copy and the hard copy within a document management system. Committee members have automatic access to all records of the committee. All other interested parties must complete a request form in terms of the Promotion of Access to Information Act, which will be assessed in terms of the prescriptions contained in the Act.