

TERMS OF REFERENCE (TOR) BOARD TENDER AND PROCUREMENT COMMITTEE (BTPC)

INSTITUT KEUSAHAWANAN NEGARA BERHAD (INSKEN)

1. OBJECTIVES OF THE COMMITTEE

- 1.1** Oversee all procurement activities to ensure they are conducted transparently and efficiently;
- 1.2** Develop, review, and enforce procurement policies and procedures;
- 1.3** Ensure compliance with relevant laws and organizational policies;
- 1.4** Evaluate and approve major procurement contracts;
- 1.5** Manage procurement risks to protect the organization's interests; and
- 1.6** Promote best practices in procurement to achieve value for money.

2. COMPOSITION OF THE COMMITTEE

- Members of the BTPC shall be appointed by the Board of Trustees (BOTs) and shall consist of not less than three Trustees, all of whom must be independent, BOTs.

- Where the members for any reason are reduced to less than three, that Board shall within three months of the event, appoint such number of new members as may be required to make up the minimum number of three members.

- 2.1** At least one member of the Committee must meet the criteria i.e.:
 - (i) Members should possess relevant expertise and experience in areas such as finance, procurement, legal, and governance. They should have a thorough understanding of INSKEN's mission, values, and strategic objectives

- (ii) Members should demonstrate high ethical standards and integrity, with a commitment to transparent and accountable procurement practices.
- (iii) Members must be able to dedicate sufficient time and resources to fulfill their responsibilities effectively.

- 2.2 The Board shall elect a Chairman from the Committee who shall be an Independent Trustee.
- 2.3 The term of office and performance of the Committee shall be reviewed by the Board to determine whether the Committee has carried out its duties in accordance with its terms of reference.
- 2.4 No alternate Trustees shall be appointed to the BTPC.

3. AUTHORITY OF THE COMMITTEE

The Committee is authorized by the Board to:

- 3.1 Develop and approve comprehensive procurement policies and procedures that align with best practices and regulatory requirements. Ensure these policies are consistently applied across the organization.
- 3.2 Review and approve contracts and procurement decisions up to a predefined financial threshold. For contracts exceeding this/her threshold, make recommendations to the Board for final approval.
- 3.3 Provide strategic oversight and direction for all procurement activities. Ensure that procurement strategies align with the organization's objectives and that processes are efficient, transparent, and deliver value for money
- 3.4 Make Recommendations to the Board on Procurement-Related Matters
- 3.5 Engage External Experts and Consultants when necessary
- 3.6 Initiate and conduct investigations or audits into procurement practices and activities to ensure compliance with policies and detect any instances of fraud, mismanagement, or inefficiency.

- 3.7 Establish and implement procedures for monitoring and evaluating the performance of suppliers and contractors. Ensure that suppliers meet their contractual obligations and maintain high standards of quality and service.; and
- 3.8 Ensure that all procurement activities adhere to high ethical standards and that any conflicts of interest are identified and managed appropriately. Promote a culture of integrity and accountability within the procurement function.

4. FUNCTIONS OF THE COMMITTEE

The functions and responsibilities of the Committee are as follows:

4.1 Policy Development and Oversight

- 4.1.1 Develop, review, and approve procurement policies and procedures to ensure they are current and effective.
- 4.1.2 Conduct regular policy reviews to incorporate changes in regulatory requirements and industry best practices.
- 4.1.3 Ensure that procurement policies promote fair competition, transparency, and accountability.

4.2 Procurement Planning and Strategy

- 4.2.1 Oversee the development of an annual procurement plan that aligns with INSKEN's strategic objectives and budget.
- 4.2.2 Evaluate and approve procurement strategies that ensure cost-effectiveness, quality, and timely delivery of goods and services.
- 4.2.3 Monitor the implementation of procurement plans and strategies to ensure they are on track and meeting objectives.

4.3 Tender and Contract Management

- 4.3.1** Ensure that tendering processes are transparent, competitive, and conducted in accordance with established policies and procedures.
- 4.3.2** Review and approve tender documents, bid evaluations, and contract awards.
- 4.3.3** Oversee the management of contracts to ensure compliance with terms and conditions, and resolve any disputes that may arise.

4.4 Reporting and Communication

- 4.4.1** Prepare and present regular reports to the Board of Directors on procurement activities, performance, and any issues or risks.
- 4.4.2** Ensure that procurement activities and decisions are effectively communicated to all relevant stakeholders.
- 4.4.3** Maintain transparency in procurement reporting to build trust and confidence among stakeholders.

4.5 Ethical Standards and Compliance

- 4.5.1** Promote and enforce high ethical standards in all procurement activities, ensuring that all actions are conducted with integrity and accountability.
- 4.5.2** Ensure compliance with organizational policies, legal requirements, and ethical guidelines.
- 4.5.3** Address any conflicts of interest or unethical behavior promptly and effectively, maintaining the highest levels of integrity within the procurement function.

4.6 Supplier Relationship Management

- 4.6.1** Foster strong relationships with key suppliers to ensure reliable and high-quality supply of goods and services.

4.6.2 Develop and implement strategies for supplier development and performance improvement.

4.6.3 Conduct regular reviews and assessments of supplier performance to ensure they meet the organization's standards and expectations

5. COMMITTEE MEETINGS

5.1 The Committee shall convene meetings as and when required, during the financial year of INSKEN

5.2 The number of Committee meetings held a year and the details of attendance of each individual member in respect of meetings held should be disclosed in the annual report.

5.3 The Chairman, or the Secretary of the Committee on the request of any member, Internal Auditors or the External Auditors, shall at any time summon a meeting of the Committee by giving reasonable notice. It shall not be necessary to give notice of a Committee meeting to any member who at the time is overseas.

5.4 No business shall be transacted at any meeting of the Committee unless a **quorum of minimum two members** is satisfied.

5.5 The Chairman of the Committee shall chair the Committee meetings and in his/her absence, the members present shall elect one amongst themselves to be the Chairman of the meeting.

5.6 In appropriate circumstances, the Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting.

5.7 Officers of INSKEN or others as necessary may be invited to attend meetings where the Committee considers their presence necessary.

5.8 All recommendations of the Committee shall be submitted to the Board for approval.

- 5.9 A Committee member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this/her causes insufficient Trustees to make up a quorum, the Committee has the right to appoint another one or more Trustee(s), who meet the membership criteria.
- 5.10 The Committee, through its Chairman, shall report to the Board after each meeting.
- 5.11 Subject to the provisions of these Terms of Reference and Memorandum and Articles of Association of INSKEN, the Committee shall establish its own procedures for meetings.

6. SECRETARY OF THE COMMITTEE

- 6.1 The Secretary of the Committee shall be the Company Secretary
- 6.2 The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all members of the Committee and appointed Internal Auditor at least three working days before each meeting together with the relevant papers.
- 6.3 The Secretary shall promptly prepare the written minutes of the meeting and distribute it to each member. The minutes of the Committee meeting shall be confirmed and signed by the Chairman of the meeting at the next meeting.
- 6.4 The minutes of each meeting shall be entered into the minutes book kept at the registered office of the Company under the custody of the Company Secretary. The minutes shall be available for inspection by members of the Board, external auditors, internal auditors, and other persons deemed appropriate by the Company Secretary.

7. DISCLOSURE

- 7.1** The Committee shall assist the Board in making disclosures concerning the activities of the Committee, in the Report of the Board Tender and Procurement Committee, to be issued in the annual report.
- 7.2** The Board requires all Trustees to submit a Disclosure of Interest to avoid any conflict between their personal interests and the interests of the Company. In the event of a conflict, either perceived or actual, this/her Disclosure of Interest shall be submitted to the Chairman of the Committee with a copy to the Company Secretary.

8. REVISION OF THE TERMS OF REFERENCE

- 8.1** Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall be presented to the Board for its approval.
- 8.2** Upon the Board's approval, the said revision or amendment shall form part of these Terms of Reference, which shall be considered duly revised or amended.