



# OQ Exploration and Production SAOG Contracts and Procurement Policy



## Document History

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2.0	Feb 2025	Contracts & Procurement	Board of Directors	Clause added for “related party and affiliate transactions” under Section 3.0 <i>Applicability</i>

## TABLE OF CONTENTS

<b>1.0</b>	<b>INTRODUCTION .....</b>	<b>6</b>
1.1	DEFINITIONS AND INTERPRETATION .....	6
<b>2.0</b>	<b>OBJECTIVES OF THIS POLICY .....</b>	<b>12</b>
<b>3.0</b>	<b>APPLICABILITY .....</b>	<b>13</b>
<b>4.0</b>	<b>SCOPE OF THIS POLICY .....</b>	<b>14</b>
<b>5.0</b>	<b>KEY PRINCIPLES .....</b>	<b>14</b>
5.1	TRANSPARENCY.....	14
5.2	FLEXIBILITY .....	14
5.3	EFFICIENCY.....	14
5.4	ACCOUNTABILITY.....	14
5.5	EQUAL OPPORTUNITY .....	15
5.6	TOTAL ECONOMIC VALUE .....	15
5.7	IN-COUNTRY VALUE (ICV) .....	15
<b>6.0</b>	<b>CONFIDENTIALITY AND CONFLICT OF INTEREST .....</b>	<b>15</b>
6.1	CONFIDENTIALITY .....	15
6.2	CONFLICTS OF INTERESTS .....	16
<b>7.0</b>	<b>FINANCIAL LIMITS.....</b>	<b>17</b>
7.1	AWARD RECOMMENDATION .....	17
<b>8.0</b>	<b>ROLES AND RESPONSIBILITIES.....</b>	<b>19</b>
8.1	KEY ROLES AND RESPONSIBILITIES OF THE COMPANY’S BOARD OF DIRECTORS.....	19
8.2	KEY ROLES AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER .....	19
8.3	KEY ROLES AND RESPONSIBILITIES OF INTERNAL TENDER BOARD COMMITTEE .....	19
8.4	KEY ROLES AND RESPONSIBILITIES OF MEM TBC.....	21
8.5	KEY ROLES AND RESPONSIBILITIES OF INTERNAL PROCUREMENT COMMITTEE.....	21
8.6	KEY ROLES AND RESPONSIBILITIES OF THE SECRETARY OF THE INTERNAL TENDER BOARD COMMITTEE.....	21
8.7	KEY ROLES AND RESPONSIBILITIES OF CONTRACTS & PROCUREMENT DEPARTMENT .....	22
8.8	ROLES AND RESPONSIBILITIES OF CONCERNED DEPARTMENT .....	24
<b>9.0</b>	<b>PROCUREMENT AND CONTRACTING METHODS .....</b>	<b>24</b>
9.1	PUBLIC TENDERS .....	24
9.2	LIMITED / SELECTIVE TENDER.....	24
9.3	DIRECT AWARD.....	25
9.4	EMERGENCY PROCUREMENT .....	27
9.5	CONTRACT RENEWALS.....	27
<b>10.0</b>	<b>PROCUREMENT PLANNING .....</b>	<b>28</b>
10.1	DEFINITIONS AND USE.....	28
<b>11.0</b>	<b>TENDER ADMINISTRATION .....</b>	<b>29</b>

11.1	STRATEGY DEFINITION .....	29
11.2	DEVELOPMENT OF TENDER STRATEGY .....	30
11.3	TENDER PUBLICATION .....	31
11.4	TENDER BOND .....	32
11.5	PERFORMANCE BOND .....	32
11.6	TENDER FLOATING PERIOD .....	34
11.7	BID VALIDITY .....	34
11.8	TENDER CONDITIONS .....	34
11.9	PRE-SUBMISSION CLARIFICATIONS .....	35
11.10	BID SUBMISSION .....	35
11.11	BID OPENING .....	36
11.12	TENDER EVALUATION .....	36
11.13	TECHNICAL EVALUATION REQUIREMENTS .....	38
11.14	COMMERCIAL EVALUATION REQUIREMENTS .....	39
11.15	POST-TENDER CLARIFICATIONS .....	39
11.16	NEGOTIATIONS .....	40
11.17	RE-TENDERING AND TENDER CANCELLATION .....	41
11.18	AWARD RECOMMENDATION .....	42
11.19	NOTIFICATION OF INTENTION TO AWARD (NOIA) / LETTER OF AWARD (LOA) .....	42
11.20	UNSUCCESSFUL BID NOTIFICATION .....	42
<b>12.0</b>	<b>CONTRACT FINALIZATION AND ISSUANCE .....</b>	<b>43</b>
<b>13.0</b>	<b>VARIATION ORDERS .....</b>	<b>43</b>
13.1	DEFINITION AND USE .....	43
13.2	GOVERNANCE AND APPROVAL .....	44
<b>14.0</b>	<b>CONTRACT MANAGEMENT .....</b>	<b>44</b>
14.1	DEFINITION AND USE .....	44
14.2	ENABLING CONTRACT MANAGEMENT .....	45
14.3	CONTRACT PERFORMANCE MONITORING AND CONTROL .....	46
14.4	FINANCIAL MANAGEMENT / PAYMENT .....	47
14.5	CONTRACT COMPLETION / CLOSE-OUT .....	47
<b>15.0</b>	<b>REPORTING .....</b>	<b>48</b>



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## 1.0 INTRODUCTION

### 1.1 Definitions and Interpretation

In the context of construing and implementation of this Policy the following definitions and abbreviations shall apply:

#### 1.1.1 Abbreviations

<b>CEO</b>	Chief Executive Officer
<b>C&amp;P</b>	Contracts & Procurement
<b>EPSA</b>	Exploration and Production Sharing Agreement
<b>GCC</b>	Gulf Cooperation Council
<b>HSSE</b>	Health, Safety, Security and Environment
<b>ICV</b>	In Country Value
<b>IDS</b>	Information and Data Systems
<b>IFRS</b>	International Financial Reporting Standards in effect from time to time.
<b>IPC</b>	OQEP's Internal Procurement Committee
<b>ITBC</b>	OQEP's Internal Tender Board Committee
<b>JSRS</b>	Joint Supplier Registration System
<b>MD</b>	Managing Director
<b>MEM</b>	Ministry of Energy & Minerals
<b>MEM TBC</b>	Ministry of Energy & Minerals Tender Board Committee
<b>OIA</b>	Oman Investment Authority
<b>OMR</b>	Omani Rials
<b>PC</b>	Purchase Contract
<b>PO</b>	Purchase Order
<b>STRATEGY</b>	Request for Proposals

<b>RFQ</b>	Request for Quotations
<b>SAOG</b>	Public Joint Stock Companies
<b>SLA</b>	Service Level Agreement
<b>SME</b>	Small and Medium Enterprise
<b>TBS</b>	Tender Board Secretary

### 1.1.2 Definitions

<b>Affiliate</b>	“Affiliate” Or “Affiliated XYZ Co.” shall mean XYZ Co. or any other Company that directly or indirectly through one or more intermediary, controls or is controlled by or is under common control. Control includes the ownership directly or indirectly of at least fifty (50) percent or more of the voting rights in a Company.
<b>Associate</b>	An enterprise (regardless of its legal form) over which a company has significant Influence which is treated as such in accordance with IFRS for the purpose of financial statements.
<b>Bid</b>	An offer submitted by an external party for the execution of works, services or supply of materials in accordance with the approved Procurement and Tendering Procedures (e.g. public tenders, limited tender, single sourcing)
<b>Bid Opening</b>	The process of opening the sealed envelopes including through electronic means containing Bids that are submitted by Bidders during the tendering process.
<b>Bidder</b>	Any vendor, suppliers, contractors and consultancy firms who participates in a tender by submitting a Bid.
<b>Board of Directors or Board</b>	The board of directors in case of closed joint stock Companies or board of managers (where exists) in case of limited liability Companies. For the avoidance of doubt, this excludes OIA board of directors.
<b>Business Continuity</b>	The capability of the organization to continue its operations at acceptable, predefined levels following a disruptive incident.
<b>Code of Conduct</b>	Code of Conduct is designed to ensure consistency in how we conduct ourselves within and outside of OQ. The procedures for handling

	approvals and any potential violations of the Code have been developed to ensure consistency in the process.
<b>Claim</b>	A claim refers to an action (in the form of demand for assertion of rights) by one party of a contract against the other for damages, resulting from the malfeasance of the other which violated their legally binding contract.
<b>Claims Committee</b>	An internal Committee set up to review disputes/claims between OQEP and the contractor, and recommends acceptance or rejection of a claim, negotiation and settlement and to act on behalf of (or) represent OQEP in case the contractor has initiated arbitration proceedings or other legal action related to this claim.
<b>Company</b>	Means 'OQ Exploration & Production (OQEP)'
<b>Company Policies and Procedures</b>	Detailed policies, regulations, processes and other internal control documents applicable in a Company to organize the conduct of its business or support activities.
<b>Completion</b>	Whole of the Work or Service has been completed in accordance with requirements of Contract, with no exceptions or outstanding items.
<b>Concerned Department</b>	The department that plans to procure or enter into contracts in accordance with the provisions of this Policy.
<b>Confidentiality</b>	Maintaining authorized restrictions on access to and disclosure of information, including means of protecting privacy/personal information.
<b>Conflict of Interest</b>	A situation arising when an employee's personal interests may conflict with his/her fiduciary duties or responsibilities because of direct or indirect involvement in the procurement and tendering process.
<b>Contracts &amp; Procurement (C&amp;P Department)</b>	the department in the Company responsible for issuing and managing contracts to Contractors.
<b>Contract Extension</b>	An extension of the contract duration due to circumstances whereby the contractor would be entitled under the contract or law to an extension of time to complete the works, services or delivery of purchases.

<b>Contracts Engineer (CE)</b>	The representative within the Contracts and Procurement Department, appointed by his/her Line Manager to provide support to the CH and CO in the management of a contract in ensuring compliance with the Company's Contracting and Procurement Procedures.
<b>Contracts Holder (CH)</b>	The Contract Holder carries single point responsibility for the overall management/execution of contract activities, from initiation to close-out
<b>Contracts Owner (CO)</b>	A representative, typically from End User Department, who sponsors a contract and is accountable for providing adequate resources to manage the contract and ensure integrity of the Contracts Management process (from strategy to execution).
<b>Contractor (Supplier/Vendor)</b>	Party employed by the Company to provide goods and/or services
<b>Day</b>	Working days excluding weekends and public holidays in the Sultanate of Oman.
<b>Delegation of Authority Manual</b>	The approved administrative and financial authorities assigned by OQEP's Board of Directors.
<b>Effective Date</b>	The date of signing of the Contract.
<b>End User</b>	Person(nel) who may have a delegated role in the execution of the Contract and management of the Contractor, representing the Contract Holder.
<b>EPSA</b>	Exploration and Production Sharing Agreement is an agreement between OQEP and the Government of Sultanate of Oman that specifies OQEP's rights, obligations and commitments towards oil and gas blocks awarded to OQEP.
<b>Executive Management</b>	the CEO including every executive who reports to the Board or to any one of the aforementioned or is authorized/delegated to carry out a function of the Board.
<b>First Degree Relative</b>	In respect of any person, their parents, children or spouse.
<b>Government</b>	refers to Government of Sultanate of Oman
<b>Governance</b>	a set of principles, measures and procedures that achieve institutional discipline in managing the company by defining roles and

	responsibilities of the Board of Directors and Executive Management of the company taking into consideration safeguarding shareholders rights and stakeholders.
<b>In-Country Value (ICV)</b>	The total spend retained in-country that can benefit business development, contribute to human capability development and stimulate productivity in the Omani economy. In short, products made and services provided by skilled Omanis.
<b>Internal Procurement Committee (IPC)</b>	the tender committee that has competencies specified in clause 8.5 of this Policy.
<b>Internal Tender Board Committee</b>	the tender committee whose members are nominated by the Board of Directors.
<b>Policy</b>	this Contracts and Procurement Policy
<b>Procurement and Tendering Procedures</b>	the detailed activities and processes associated with implementing this Policy.
<b>Procurement Plan</b>	the process of identifying and consolidating the expected procurements of the Company for a set period. It includes the entire cycle of procurement from plan to procure with the methods and costs included.
<b>RASCI</b>	RASCI is a functional responsibility chart that provides visualization of the roles and responsibilities within the process including commercial activities, as well as other activities or control points, where a particular requirement is fulfilled through a traceable activity or documented output.
<b>Related Parties</b>	any of the following parties: a. Both members of the Board of Directors and Executives Management of the Company; b. All individuals or Company who Control the Company or have substantial Influence over its decisions, whether inside or outside the Company; c. First Degree Relatives of the natural persons referred to above; and

	d. Companies, sole proprietorships, or a one-person company that is hundred percent (100%) owned by the above-mentioned persons.
<b>Risk Assessment</b>	overall process of risk identification, risk analysis and risk evaluation.
<b>Staff Members</b>	any employee in the Company employed at full time, part time, temporary or contract basis.
<b>Subsidiary</b>	an enterprise (regardless of its legal form) financially and operationally Controlled by a company to gain benefits or incur obligations from its operations which is treated as such in accordance with IFRS for the purpose of financial statements.
<b>Threshold</b>	Refers to a specific numeric value that sets a financial limit or boundary.
<b>Variation Order</b> (also referred as Change Order/Amendment)	an alteration to the terms and conditions of the contract in the form of addition, substitution or omission from the original terms and conditions including the duration of the contract, the value, type, quantities and the specifications of materials or the works or the services subject of the contract during its validity.

### 1.1.3 Interpretation

1.1.3.1 The Company shall have the competence to construe this Policy.

1.1.3.2 In the event of any discrepancy, contradiction or conflict between this Policy and other Company Policies and Procedures, this Policy shall take precedence.

1.1.3.3 In the event of any discrepancy, contradiction or conflict between this Policy and MEM TBC Guidelines related to EPSA transactions, MEM TBC Guidelines shall take precedence.

1.1.3.4 In this Policy, unless the contrary intention appears:

- a. references to clauses, schedules and annexures are to the clauses and schedules of this Policy or annexes to this Policy;
- b. references to any law or legislation include references to any subordinate legislation made under that law or legislation and any amendment to, or replacement of, that law, legislation or subordinate legislation;

- c. the masculine includes the feminine and vice versa;
- d. all references to singular shall include the plural where appropriate; and
- e. “shall” shall be construed as imperative, “should” and “may” shall be construed as permissive.

1.1.3.5 The headings in this Policy are intended to be used for convenience of reference only and shall not affect its interpretation.

## **2.0 OBJECTIVES OF THIS POLICY**

The objectives of this Policy are to:

- a. Set the key principles for procurement, tendering and contracting to ensure openness, equal opportunity and fair competition in the selection of successful bidders;
- b. Provide the Company’s respective Board of Directors, Tender Committees, C&P Department and Staff Members direction in various aspects of the Procurement and Tendering procedures and clarify their roles and responsibilities;
- c. To ensure that the Company’s contracting and procurement policies and mandatory procedures are implemented consistently.
- d. To implement and maintain standard documentation and practices.
- e. To ensure compliance with In-Country Value policy and procedures when procuring materials, goods and services.
- f. To ensure that business ethics are maintained at the highest level in accordance with the Company’s General Business Principles
- g. Conduct contracting and procurement activities in accordance with “best industry practices” setting rigorous standards and procedures which will not only ensure compliance with applicable regulations, corporate policies, ethical, governance, compliance and whistle-blowing requirements, but will also stimulate effective and efficient contracting and procurement

methodologies to deliver the desired outcomes to meet the company's overall business objectives.

### **3.0 APPLICABILITY**

This Policy applies to all employees of the Company engaged in the procurement of goods and services for the Company. Compliance with this Policy is mandatory.

All related party and affiliate transactions undertaken by the Company shall strictly comply with the provisions of the OQEP Related Party Policy. Such transactions shall be subject to review and endorsement by the Board Audit and Risk Committee (BARC) and shall require approval from the Board of Directors or their duly authorized delegate for transactions in the ordinary course of business. Transactions outside the ordinary course of business shall require shareholder approval in accordance with applicable laws and governance requirements.

The provision of this Policy shall not be applicable to:

- a. Agreements with a Government Company such as power supply agreements, agreements for handling, transportation and sale of oil and gas, agreements with PASI, public authorities for water, electricity and telecommunications services;
- b. Arrangements for training courses, seminars and conferences for an individual employee up to a threshold of less than OMR 5,000;
- c. Employee related costs (ERC) transactions such as International Cross Postings/Secondments, Employee benefits, related allowances etc.,

The Policy shall be reviewed at least every two (2) years. In addition to the above minimum review period requirement, this Policy may be updated on an as-needed basis by OQEP to reflect changes in the business, Government or the regulatory environment. Unless delegated, any Revisions/amendments on this Policy shall be initiated by C&P and approved by OQEP Board prior to being circulated and implemented.

#### **4.0 SCOPE OF THIS POLICY**

This Policy shall apply to procurement, tendering and contracting for supply, works and services via any of the following means:

- a. Public tender (open tender)
- b. Limited tender (selective tender)
- c. Direct Award – Sole/Single Source (including for emergencies)

#### **5.0 KEY PRINCIPLES**

The following are the key principles adopted in this Policy:

##### **5.1 Transparency**

‘Transparency’ is defined as clear and understandable policies and processes and their implementation to demonstrate responsible use of funds.

##### **5.2 Flexibility**

‘Flexibility’ is defined as sound Governance in a wide variety of foreseen business scenarios with provisions for handling unforeseen ones. This Policy aims to provide guidance in a wide variety of business scenarios and allow the Company to exercise its best judgement in responding to these different business scenarios to protect its interests.

##### **5.3 Efficiency**

‘Efficiency’ is defined as the execution of the procurement and tendering process in the least possible amount of time that does not bypass internal controls and adheres to the key principles.

##### **5.4 Accountability**

‘Accountability’ is defined as taking ownership and being responsible to stakeholders for all procurement actions. It is essential to preserve public trust and protect the public interest.

## **5.5 Equal Opportunity**

‘Equal Opportunity’ means that all potential and actual Bidders in each tender are given a fair and equal chance to demonstrate their capabilities without any intentional or unintentional preferential treatment to a single Bidder. It implies that the final decision to award a tender will be based purely on the merits of each Bidder’s complete proposal and their fit with the Company’s requirements.

## **5.6 Total Economic Value**

‘Total economic value’ means that the tendering process shall aim to deliver the greatest value for the Company considering quality, cost and time. It recognises a trade-off between these three factors such that the final award may be to the Bidder that provides the greatest value to the Company at an appropriate price.

## **5.7 In-Country Value (ICV)**

‘In-Country value’ refers to the total spent retained in Country that can benefit business development, contribute to human capability development and stimulate productivity in the Omani economy. It is based on the notion that the Company under the purview of this Policy have a responsibility to contribute to national development.

The Company shall comply with the ICV guidelines issued by the government authorities. It shall set roles and responsibilities for the ICV department or ICV focal point as well define annual ICV targets and KPI’s, reporting the status to the respective Tender Committee and Board of Directors.

## **6.0 CONFIDENTIALITY AND CONFLICT OF INTEREST**

### **6.1 Confidentiality**

Confidentiality of the information and the documentation related to the tenders, the Procurement and Tendering Procedures of the respective Tender Committee, that are confidential by their nature or by virtue of the instructions issued thereto needs to be maintained by all parties. Such information and documentation shall remain as commercial-in-confidence and shall not be disclosed to any party not directly involved in

the Procurement and Tendering Procedures except as otherwise permitted in writing by the chairperson of the respective Tender Committee.

## **6.2 Conflicts of Interests**

6.2.1 The provisions of this clause are applicable to all Staff Members involved in the tendering process including the following:

- a. Members of the Company's Board of Directors
- b. Respective Tender Committee members and respective Tender Committee Secretary
- c. Internal Procurement Committee
- d. CEO/MD of the Company
- e. C&P Department
- f. Concerned Department
- g. Claims Committee

6.2.2 Employees are responsible for identifying any potential conflict of interest, and where a conflict occurs, to notify the C&P authorized personnel and remove themselves from the procurement process.

6.2.3 If a conflict of interest is subsequently identified that was not raised to the authorized personnel referred above, this may result in disciplinary action in accordance with the Human Capital Policy.

6.2.4 Any Contractor who executed any of the works in connection with the design of the project or development of framework shall not be invited to participate in the tenders pertaining to the execution of that project unless so invited for the design and implementation of the project thereto in a single tender. Contractor who is involved in the design of the project shall be informed of such restriction at the bidding phase.

6.2.5 All decisions to manage the external Conflict of Interests including decisions towards the disclosure of additional information or the exclusion of Bidders or evaluate Bids or manage contracts resulting from the tendering process or approve invoices shall be solely at the discretion of the respective Tender Committee.

6.2.6 All employees have an obligation to uphold the ethical standards of the Company including familiarizing themselves with the guidelines stipulated in the Code of Conduct Policy, Anti-Bribery and Corruption Prevention Policy Manual and other policies rolled out by the Company.

## 7.0 FINANCIAL LIMITS

The financial limits applicable to Company regarding procurement and tendering are as per following tables:

### 7.1 Award Recommendation

#### Financial Limits – Non-EPSA

Value	Endorsing / Approving Authority			OQEP Board
	Line Manager (C&P)	Internal Procurement Committee	Internal Tender Board Committee	
<b>Award Recommendation: Public/Limited</b>				
OMR 1 < OMR 10,000 (USD 1 < USD 26,000)	A			
≥ OMR 10,000 < OMR 50,000 (≥ USD 26,000 < USD 130,000)		A		
OMR 50,000 and above (USD 130,000 and above)			A	
Above OMR 3,000,000 (USD 7,800,000)			A	*With Board Ratification
<b>Award Recommendation: Direct Award</b>				
OMR 1 < OMR 10,000 (USD 1 < USD 26,000)	A			
OMR 10,000 and above (USD 26,000 and above)			A	
Above OMR 100,000 (USD 260,000)			A	*With Board Ratification

### Financial Limits - EPSA

Value	Endorsing / Approving Authority			
	Line Manager (C&P)	Internal Procurement Committee	Internal Tender Board Committee	MEM Tender Board Committee
<b>Award Recommendation: Public/Limited</b>				
OMR 1 < OMR 10,000 (USD 1 < USD 26,000)	A			
≥ OMR 10,000 < OMR 50,000 (≥ USD 26,000 < USD 130,000)		A		
≥ OMR 50,000 < OMR 770,000 (≥ USD 130,000 < USD 2,000,000)			A	
OMR 770,000 and above (USD 2,000,000 and above)				A
<b>Award Recommendation: Direct Award</b>				
OMR 1 < OMR 10,000 (USD 1 < USD 26,000)	A			
≥ OMR 10,000 < OMR 192,000 (≥ USD 26,000 < USD 500,000)			A	
OMR 192,000 and above (USD 500,000 and above)				A

#### Note:

- The value thresholds shall be adhered to and under no circumstances, transactions to be broken down in order to decrease their value and circumvent the applicable process.
- The EPSA currency is in US Dollars and any future exchange rate fluctuations may impact the OMR threshold qualified above.
- The MEM TBC thresholds referred above are specific to the EPSA's that OQEP has with Government of Sultanate of Oman for Block 60 and Block 48. Any new EPSA may stipulate different value thresholds of MEM TBC approvals for competitive tender and direct awards, in the near future.
- In case the award value exceeds the approval limit of the respective approving authority, then the award shall be approved by the next higher approving authority.
- Ratification means sharing the report to the Board on contract awards.

## **8.0 ROLES AND RESPONSIBILITIES**

### **8.1 Key roles and responsibilities of the Company's Board of Directors**

8.1.1 The roles & responsibilities of the Company's Board of Directors include the following, but not limited to:

- a. To establish, nominate members and approve the terms of reference of the Internal Tender Board Committee and restructure the respective Tender Committee, whenever necessary.
- b. To delegate as required the set of authorities and procedures to the Internal Tender Board Committee.

8.1.2 Periodically request and review relevant information such as reports on tenders and Variation Orders, key performance indicators, cancellation of tenders, etc.

8.1.3 To ensure compliance to the provisions of this Policy, including updating the Company's Policies & Procedures on procurement and tendering, Delegation of Authority and to rectify inaccuracies accordingly.

### **8.2 Key roles and responsibilities of Chief Executive Officer**

8.2.1 The roles & responsibilities of the Chief Executive Officer include the following, but not limited to:

- a. To ensure that the Company's Executive Management develop and implement the necessary Procurement and Tendering Procedures post the Board's approval.
- b. To define the duties and responsibilities for the Procurement Department for the implementation of this Policy.
- c. To approve members of the Internal Procurement Committee including terms of reference.

### **8.3 Key roles and responsibilities of Internal Tender Board Committee**

8.3.1 The Internal Tender Board Committee shall comprise no less than five (5) members including the chairperson, and the deputy selected by the Board of Directors.

8.3.2 In the event that the position of any of the members of the Internal Tender Board Committee becomes vacant, the Board of Directors shall nominate and approve another member to fill that vacancy.

8.3.3 The roles & responsibilities of the Internal Tender Board Committee include the following, but not limited to:

- a. To ensure that all tenders are processed in accordance with the principles of openness, transparency, equal opportunity, equity and free competition.
- b. To ensure that all tenders and Variation Orders are executed based on fair, ethical and transparent grounds.
- c. To select the best Bid within the scope of its authorities.
- d. To submit annual reports about its activities to the Board of Directors. Including about the Variation Orders it issues to the Board of Directors with elaborate information, justifications, summary of facts and detailed figures.
- e. To ensure full compliance with the set of procedures in the whole cycle of the tendering process
- f. To review, follow up and implement the tendering procedures that fall within the scope of the financial powers of the Board of Directors and submit the relevant recommendations to the Board of Directors.
- g. Review and approve the tender strategy, technical and commercial evaluation criteria.
- h. Direct for re-tendering when the results of the original tendering process are not satisfactory;
- i. The Internal Tender Board Committee requires at least two-thirds (2/3) of its total members, including the chairperson or deputy, for a valid meeting. Quorum is rounded up to the next whole number for any fraction between 0.1 and 0.9. Decisions are made by a majority vote of members present, with the chairperson breaking ties; in their absence, the deputy assumes this role.
- j. If both the Chairman and the deputy are absent, the Chairman has the authority to delegate their role to another member of the committee.

- k. Authorize Procurement Function to approach bidders for any amendments/clarifications on their submitted commercial proposals related to prices and terms & conditions.
- l. Any other duties or responsibilities set out in this Policy.

8.3.4 Where a subject is to be referred to the MEM TBC, the subject shall first be referred to and endorsed by the Internal Tender Board Committee.

8.3.5 Additional details are included in the Tender Committee terms of reference.

#### **8.4 Key roles and responsibilities of MEM TBC**

8.4.1 The MEM TBC is a regulatory management process and forum that reviews and endorses certain qualifying contracts and procurement strategies, processes, actions, decision points and awards, covered under EPSA, for and on behalf of the Government of Sultanate of Oman.

8.4.2 Additional details are included in MEM TBC Guidelines.

#### **8.5 Key roles and responsibilities of Internal Procurement Committee**

8.5.1 The roles & responsibilities of the Internal Procurement Committee include the following, but not limited to:

- a. The Internal Procurement Committee shall comprise of no less than three (3) members.
- b. The respective Head of the C&P Department shall chair this Committee.
- c. The Internal Procurement Committee shall assume the same responsibilities as the Internal Tender Committee in connection with the procurement activities that fall within the scope of its financial powers as defined by the Delegation of Authority (DoA).

#### **8.6 Key roles and responsibilities of the Secretary of the Internal Tender Board Committee**

8.6.1 The Internal Tender Board Secretary is a full-time position approved within OQEP's organization structure. The Internal Tender Board Committee Chairman shall endorse the appointment of the Committee Secretary.

- 8.6.1.1 The roles & responsibilities of the Internal Tender Board Secretary include the following, but not limited to:
- 8.6.1.2 Supervise over the tender submissions including opening the commercial proposals and to take the necessary actions along with the concerned Staff Member in accordance with the relevant clauses of this Policy.
- 8.6.1.3 Coordinate between the chairperson of the respective Tender Committee and its members to make the necessary arrangements for the agenda and the meetings.
- 8.6.1.4 Follow up the meetings of the respective Tender Committees and formulate the pertinent decisions, circulars, correspondences and minutes of the meetings and ensure that they are dully filed in compliance with the applicable legal requirements.
- 8.6.1.5 Submit the necessary reports to the Board of Directors, the Executive Management, the respective Tender Committee and the supervisory Company.
- 8.6.1.6 Implement the administrative procedures relevant to the tenders in line with this Policy.
- 8.6.1.7 Perform any other responsibilities as deemed necessary by the respective Tender Committee.
- 8.6.1.8 Additional details are included in the Tender Committee terms of reference.

## **8.7 Key roles and responsibilities of Contracts & Procurement Department**

- 8.7.1 The roles and responsibilities of the C&P Department are as follows, but not limited to:
  - a. Analyse the procurement requirements in coordination with the Concerned Department including specifications, quality, prices, procurement terms and conditions, terms of delivery, development and improvement;
  - b. Identify procurement synergies' opportunities with other OQ Group companies, under the different supply chain categories, wherever applicable. The category selection shall be based on detailed analysis of the Company's spend data taking into account commonality of supplier base,

commonality of internal users, similar specification, input materials, current and future demands and minimal operational disruption.

- c. Consolidate the tender documents and strategy, tender assessment criteria, the list of vendors and the technical assessment and submit the same for review and approval by the respective Tender Committee.
- d. Review the tender documents in order to ensure strict adherence to this Policy as well as other applicable Company Policies and Procedures;
- e. Propose any additional amendment or procedure to existing tender procedures;
- f. Develop and attach the documents and the terms and conditions of each Bid or bidding phase in consultation with the legal department;
- g. Maintain the records and documents pertaining to Bids;
- h. Take the necessary measures to issue the purchase orders or the award using the pre-defined templates for the selected suppliers, contractors and consultancy firms and document them in a designated file for follow up of their implementation.
- i. Publish the invitation for tenders.
- j. Classify and register the suppliers, contractors and consultancy firms and keep the data record updated from time to time.
- k. Manage and facilitate the prequalification process for suppliers, contractors and consultancy firms.
- l. Support the evaluation of Contractors performance, when requested.
- m. Monitor any potential Conflict of Interest or Related Party transaction and take respective actions.
- n. Bid Opening for tenders that fall within the scope of the financial powers of the Internal Procurement Committee.
- o. Technical bids opening for tenders for all thresholds.
- p. The Vice President - Contracts and Procurement approves the Annual Procurement Plan.

## **8.8 Roles and Responsibilities of Concerned Department**

8.8.1 The main role of the Concerned Department is to extend the necessary technical experience during the whole cycle of the Procurement and Tendering Procedures.

## **9.0 PROCUREMENT AND CONTRACTING METHODS**

### **9.1 Public Tenders**

#### **9.1.1 Definition and Use**

9.1.1.1 A public tender is a tendering process that encourages effective competition in the interest of maximising the total economic value and ICV.

9.1.1.2 A public tender is a one that is open to all potential Bidders, whether or not they are registered or prequalified with the Company. Public tenders will be open to all Bidders interested in submitting a Bid. There are two types of public tenders; a local tender and an international tender.

9.1.1.3 A local tender is a one in which participation is confined to companies and establishments enrolled in the commercial registry of the Sultanate of Oman.

9.1.1.4 An international tender is one wherein international companies and establishments not registered in the Sultanate may participate along with companies and establishments enrolled in the commercial registry of the Sultanate of Oman.

#### **9.1.2 Governance and Approvals**

9.1.2.1 The Governance structure shall be in line with the Company Delegation of Authority Manual.

### **9.2 Limited / Selective Tender**

#### **9.2.1 Definition and Use**

9.2.1.1 A limited tender is one wherein participation in the Bid is restricted to specific suppliers, contractors and consultancy firms within or outside the Sultanate who satisfy certain pre-qualified requirements and conditions.

9.2.1.2 A minimum of 3 (three) Bidders shall be invited to a limited tender unless the market has less than three suppliers, a strong justification report shall be submitted for the respective Tender Committee's review and approval.

## 9.2.2 Governance and Approvals

9.2.2.1 The decision to float a limited tender shall be approved by the respective Tender Committee.

9.2.2.2 The invitation to pre-qualify suppliers, contractors and consulting firms to participate in the limited tender shall be submitted through e-tendering platform.

9.2.2.3 The qualification of suppliers, contractors, and consulting firms shall be approved by a decision from the respective Tender Committee.

9.2.2.4 It is permissible to contract by way of a limited tender in cases requiring limiting participation in the tender to specific suppliers, contractors and consultancy firms, whether in the Sultanate or abroad, who meet the required conditions.

9.2.2.5 The respective Tender Committee may recommend converting the limited tender to a direct award in accordance with the provisions of clause 9.3 if it deems that such award is in the interest of the Company and allows it to obtain better offers.

9.2.2.6 All provisions governing public tenders shall apply to Limited tenders.

## 9.3 Direct Award

### 9.3.1 Definition and Use

Direct Award refers to a tender for which only a single Bidder, local or international is invited to submit a quotation for supply works or services needed.

### 9.3.2 Sole Sourcing (Involuntary Single Sourcing)

9.3.2.1 It is permissible to purchase through sole sourcing in cases where the goods or services whose manufacture, import or provision is limited to single supplier and which must be purchased from the place of their manufacture (for example original equipment manufacturers) or that are available only to an individual (for example, an exclusive distributor or provider in the Sultanate of Oman or the GCC).

9.3.2.2 All purchases through sole sourcing shall be carried out by the C&P Department, provided that a certified list of goods, manufacturers and suppliers is available with the department and that the Procurement Plan / strategy is approved in line with the Delegation of Authority Manual based on estimated value of the purchases.

9.3.2.3 If the manufacturer or supplier is unknown to the C&P Department, it shall independently verify that the manufacturer or supplier is the only manufacturer or supplier prior to certification.

### 9.3.3 Single Sourcing (Voluntary Single Sourcing)

9.3.3.1 Procurement, supply, works and services may be executed under the single sourcing clause with the approval of the respective Tender Committee in the following cases:

- a. For technical and advisory works or services that require specific technical knowledge.
- b. In situations where issuing a competitive tender may pose a risk of stopping the activity and lead to substantially greater losses as compared to direct award.
- c. In cases where the Company opts to assign the contract to a specific Bidder, provided that this is supported by a justified commercial study or business case submitted to the C&P Department or the respective Tender Committee for approval.
- d. The financial limits highlighted in Clause 7.0 (Direct Award Financial Limits) shall apply to the respective Tender Committee.

#### 9.3.4 Governance and Approvals

9.3.4.1 The decision to float a Direct Award Tender shall be approved by the respective Tender Committee.

### 9.4 Emergency Procurement

#### 9.4.1 Definition and Use

9.4.2 Notwithstanding clause 10.0 in relation to Procurement Planning, emergency purchases may be executed in cases that are considered emergencies and may if not carried out lead to potential risk to life, safety or the environment and are defined as follows:

- a. Cases that pose an immediate danger to life and safety in situations that constitute, but are not limited to, natural disasters, workplace accidents or any medical condition.
- b. Cases that pose a health risk related to any of the aforementioned cases, leading to immediate, long-term or permanent health risks if not addressed immediately.
- c. Cases that pose a threat to the natural environment, including plants and animals, and that may cause considerable immediate or long-term damage if not addressed immediately.
- d. Cases that lead to a danger resulting from service discontinuity or wide-ranging disruption if not dealt with immediately.
- e. Cases that lead to unplanned and unforeseen business disruptions.

9.4.3 Emergency procurement approvals shall be in accordance with the Delegation of Authority Manual.

9.4.4 Emergency Procurement related to EPSA transactions will require the eventual approval of MEM TBC based on the defined thresholds.

### 9.5 Contract Renewals

#### 9.5.1 Definition and Use

9.5.1.1 The Company may renew a contract through variation order if all of the following conditions are met, in addition to other conditions that apply to single source award:

- a. The renewal is for a contract in which the validity has not expired at the present time.
- b. The Bidder proposes to offer the same or lower prices than the current contract. This is not applicable for new added items under same contract where there are no previous historical purchases.
- c. The prices proposed by the Bidder are equal or less than the prices currently prevailing in the market, subject to independent verification by the C&P Department.
- d. Re-issuing the tender may involve a risk of not obtaining lower prices.

## 9.5.2 Governance and Approvals

9.5.2.1 All instances of contract renewals shall be approved in line with the Delegation of Authority Manual.

## 10.0 PROCUREMENT PLANNING

### 10.1 Definitions and Use

10.1.1 The objective of Procurement Planning is to have coordinated and integrated actions to fulfil the need for goods, services or works in a timely manner and at a reasonable cost. Early and accurate planning is essential to avoid last minute, emergency or ill-planned procurement, which is contrary to open, efficient and effective procurement. In addition, most potential savings in the procurement process are achieved by improvements in the planning stages.

10.1.2 The Company may develop a Procurement Plan before the start of the year, outlining the major requirements for but not limited to supplies, execution of works, transportation, and provision of consultancy services, studies and technical works for the year based on the annual business plan.

10.1.3 Once the information has been collected from all the appropriate sources it shall be consolidated into the overall Procurement Plan. Analysis of the plan provides an opportunity to identify potential consolidation of procurements to achieve realistic

economies of scale, to better utilize resources and to provide an overview of the magnitude of the procurement activity. In addition, when used as a management tool, plans can identify periods of time in which a large percentage of procurement actions are required. This information can assist in planning and distribution of workload between various projects and operational units.

## **11.0 TENDER ADMINISTRATION**

A tender in principle follows a summary of the main stages as follows:

- a. Strategy definition;
- b. RFQ issuance (cost estimates) wherever applicable;
- c. Prequalification (if applicable);
- d. Bidder list preparation;
- e. Tender documents preparation;
- f. Tender / Strategy issuance;
- g. Tendering period;
- h. Bid submission;
- i. Bid Opening;
- j. Tender evaluation;
- k. Post-tender clarifications;
- l. Tender award / acceptance;
- m. Contract documents;
- n. Tender cancellation; and
- o. Variation to contract.

### **11.1 Strategy Definition**

11.1.1 The Concerned Department and C&P Department are responsible for formulating the procurement strategy for the tender. The procurement strategy shall contain the following:

- a. Summary of Scope of Work (including technical and engineering drawing and appendices where required);
- b. Value proposition;
- c. Estimated cost, spend and market analysis (RFQ);
- d. Evaluation criteria;
- e. Tendering type (e.g. public, limited, direct award, etc.);
- f. ICV plan, HSSE and risk assessment;
- g. Contract duration; and
- h. Delivery schedule.

## **11.2 Development of Tender Strategy**

11.2.1 In applying the provisions of this Policy, identical supplies and works or services shall not be split.

11.2.2 The C&P Department shall specify the estimated cost of the required supplies, works or services in the tender for the information of the respective Tender Committee. This cost shall be a benchmark when comparing the prices quoted by the various Bidders.

11.2.3 The strategy shall include the objective and clear specifications for the requirements that are drafted based on the identified needs and shall be clear, comprehensive and free of any bias.

11.2.4 The strategy shall also outline the Bid evaluation criteria and other benchmarks and thresholds that shall be observed during Bid submission. The same evaluation criteria shall be applied at the time of Bid evaluation.

11.2.5 The strategy shall include a section highlighting the criteria that will be used to evaluate ICV for each proposal received with pre-defined weightages assigned for ICV.

The Company shall ring fence certain categories of goods/services to local Omani companies as per OIA ICV guidelines, as well setting optimum ICV requirements in contracts to ensure maximizing value is retained.

For goods and services valued at OMR 10,000 or less, the Company shall award purchase orders or contracts only to Bidders holding a Riyada card issued by the Public Authority

for SME Development, unless an exception is granted by the CEO, which must be reported annually to the Board of Directors.

For goods and services valued between OMR 10,000 and OMR 50,000, the Company shall award contracts to Bidders holding a Riyada card, including a preferential price increase of up to 10%, unless an exception is granted by the CEO, with all exceptions reported annually to the Board of Directors. Additionally, the Company shall allocate no less than 10% of the total procurement spend to SMEs (Riyada card holders).

11.2.6 The Company and their Contractors that are importing goods as part of the tender shall include the use of Omani ports to import goods whenever possible.

### **11.3 Tender Publication**

11.3.1 The C&P Department shall issue an invitation to Bid through e-tendering platform. In addition to this, the C&P Department may decide any other appropriate platform(s) for publishing the tender.

11.3.2 The invitation to Bid shall include the following information:

- a. Tender title (and number if applicable);
- b. The required works or services and their specifications;
- c. How to submit a Bid, the full address and method of delivery ;
- d. Bid submission deadline;
- e. Bid validity period;
- f. Bidding correspondence focal point from the Company's side; and
- g. Any other information considered necessary for the tender.

11.3.3 If the Company intends to alter or change the tender documents after their distribution, such alterations or changes shall be sent to all the Bidders, reasonably in advance of the submission deadline. Any alteration or change shall be in line with original approved scope of work.

11.3.4 For tenders where samples are required to be submitted, there shall be a clear text that provides the specifications of the sample materials including the weight, measure

and size of the samples to be forwarded along with the Bid. These samples shall be sufficiently suitable for the purpose of examination or analysis, if applicable.

#### **11.4 Tender Bond**

11.4.1 The tender bond shall be a fixed amount as indicated in the tender document or calculated at a minimum of 1% of the Bid value.

11.4.2 Except for direct award tenders, tender bond shall be a requirement for all tenders with an estimated value over OMR 1 million.

11.4.3 The following are guiding principles of submitting tender bond:

- a. In case of rate contracts (or other contracts of similar nature), the tender bond, equivalent to a minimum of 1% of the Bid value derived by applying item rates to the quantities mentioned in the tender document, needs to be submitted.
- b. If the Bidder withdraws their Bid before the expiry of the tender deadline, the tender bond furnished shall become the property of the Company without the need for a notice or further measures.
- c. The tender bond shall be returned to the Bidders of the unsuccessful Bids immediately after the expiry of the period set for the validity of the Bid, or before that, if the tender is awarded to a Bidder or is cancelled.
- d. The tender bond shall be returned to the successful Bidder if they submit a performance bond.
- e. Internal Tender Board Committee Secretary shall be the custodian of Tender Bonds.

11.4.4 Waiver of tender bond shall be approved by the respective Tender Committee with strong justifications provided as part of the tender strategy.

#### **11.5 Performance Bond**

11.5.1 Prior to signing the contract or upon issuance of letter of award, the successful Bidder shall provide a performance bond equaling 5% of the total contract value or any fixed amount (or estimated yearly spend for unit rate contracts) within the timeline agreed

with the contractor, to ensure the execution of the contract is in line with the terms or professional indemnity insurance in the case of consultancy firms as per the Bid terms.

- 11.5.2 The successful Bidder will be relieved from the performance bond should they supply the contracted items which are irrevocably accepted by the Company during the period set for the submission of the performance bond.
- 11.5.3 In case that the value of the contract is amended by any way of Variation Order, the value of the performance bond shall be amended as well, prior to signing the Variation Order, in the equivalence of 5% of the total contract value including the Variation Order, within the agreed timeline with the contractor. Any exceptions to this requirement will require the approval of Internal Tender Board Committee.
- 11.5.4 Should the successful Bidder fail to produce the performance bond within the period set out, the respective Tender Committee may cancel the award or the Variation Order by a written notice and the right to the tender security shall be lost without prejudice to the Company right to claim compensation for the damage incurred.
- 11.5.5 The performance bond shall be (including defects liability period) issued from Omani banks and shall remain valid from the date of issue for a period equivalent to the period of the contract or any extended period provided for in the provisions and terms of the Bid documents.
- 11.5.6 At the request of the contractor, the C&P Department may decide to obtain the performance bond from the contractors on annual basis until the expiration of the contract period. However, the project milestones and risk associated therein shall be carefully evaluated before taking a decision. The same shall be applicable for call-off contracts as well.
- 11.5.7 The tender bond and the performance bond shall be issued in favour of the Company for each separate project tender and contract/purchase order (including the defects liability period) given that they shall be secured from a bank registered in Oman. The tender bond and performance bond shall be irrevocable, unconditional, payable on demand and remain valid from the date of issue for a period equivalent to the tendering/contract period or any duration provided for in the provisions and terms of the Bid documents.
- 11.5.8 Retained by C&P Department and released in accordance with Final Completion, Warranty Periods and as per CH instructions.



11.5.9 Waiver of the Performance bond shall be approved by the respective Tender Committee with strong justifications provided as part of the tender strategy.

## **11.6 Tender Floating Period**

11.6.1 The following minimum tender floating periods shall apply to all tenders except for those classified as emergency procurement.

11.6.2 A minimum of twenty-one (21) calendar days shall be set as the deadline for submission of the Bids/proposals in connection with the tenders announced by the Company effective from the date of first made announcement.

11.6.3 The respective Tender Committee may, whenever necessary, request the C&P Department to limit the deadline for the submission of Bids/proposals to less than (21) calendar days, with due consideration to the work requirements in line with the Tender Strategy. The respective Tender Committee may also limit the timescale in cases of limited tender or single sourcing based on its own discretion. This scenario does not apply to the procurement of goods and services subject to hourly or daily price fluctuations.

11.6.4 The deadline for Bid submission may be extended further by means of a decision within the C&P Department before the tender closing date in the e-tendering system. Approval from the Internal Tender Board Committee shall be sought for any further extension after the tender submission deadline is closed in the e-tendering system.

## **11.7 Bid Validity**

11.7.1 The Bid documents shall give an appropriate validity period for the submitted Bids/proposals, identify the base on complexity and circumstances surrounding each tender respectively. However, in all cases, the minimum period shall not be less than thirty (30) calendar days.

## **11.8 Tender Conditions**

11.8.1 The Company shall develop standard terms and conditions that best support the business requirements while protecting the Company from any risks or liabilities as long as they do not contradict or violate any aspect of this Policy.

11.8.2 All Bids shall necessarily include details of any sub-contractors that the Bidder intends to employ in delivering the required works, including relevant certifications, experience, capabilities and capacities.

## **11.9 Pre-Submission Clarifications**

- 11.9.1 Prior to the submission of Bids, the Company's designated C&P focal point shall respond to the Bidders' queries regarding the scope and requirements of the Bid.
- 11.9.2 All replies for any queries and questions raised by each Bidder shall be documented and circulated to all Bidders in compliance with the guiding principles of transparency and equal opportunity.
- 11.9.3 All written communications with Bidders and other external participants shall be routed through appropriate means of communication, as prescribed by the C&P Department.
- 11.9.4 All pre-submission meetings with Bidders shall be facilitated and attended by a representative from the C&P Department for all Bids.
- 11.9.5 An appropriate deadline for pre-submission clarifications shall be set by the C&P Department.
- 11.9.6 Bidders shall address their queries in writing no later than the clarification closing date stipulated in the tender document.
- 11.9.7 All addenda and circulars issued shall be recorded and attached as part of the letter/form of the Bid.

## **11.10 Bid Submission**

- 11.10.1 The Bid shall satisfy the conditions and conform to the instructions contained in the tender notices and documents.
- 11.10.2 The Bidder shall follow the Bid specifications for the supply of materials as per the approved samples and designs submitted by the Company when applicable. Bid submissions, shall be considered a declaration from the Bidder that they have fully acquainted themselves as per the approved specifications.
- 11.10.3 The technical and commercial proposals shall be submitted separately through electronic means and only the technically acceptable bidders' commercial proposals will be opened. The technical evaluation criteria shall be determined according to the nature of work, supply or service described in the Bid documents unless the tender strategy dictates otherwise.
- 11.10.4 As specified in the tender submission documents, Bids shall be received:

- a. At the correct place, date and time.
- b. In writing.
- c. E-tendering platform or via dedicated e-mail.

11.10.5 All Bids submitted post the deadline shall not be considered even if submitted by the Bidder prior to the date set for opening the envelopes.

11.10.6 It is not permissible to have any amendments to the Bid after the set deadline.

### **11.11 Bid Opening**

11.11.1 Except for direct award, Technical Tenders shall be opened first, unless approved otherwise by the approving authority in line with DoA manual.

11.11.2 Technical proposals shall be opened at least on the attendance of respective Contracts Engineer and respective Line Manager.

The Commercial proposals, with respect to the Bids under the responsibility of the respective Tender Board Committee shall be opened by two members of the Internal Tender Board Committee through the Tender Board Secretary.

As for the Bid Opening within the financial powers of the Internal Procurement Committee, they must be opened by a number of employees of the Procurement Department in accordance with the Key Principles of this Policy, with the exception of the procurement employee responsible for the relevant tender.

11.11.3 Tender Board Secretary shall ensure that a valid tender bond has been submitted, prior to opening of commercial proposals, wherever applicable.

11.11.4 Technical proposals shall be checked by Contracts Engineer to ensure that no price information is included.

11.11.5 The Bidder may, within seven (7) days from the Bid Opening dates, submit a request for the correction of any arithmetic mistakes (addition, subtraction, etc.) in their Bid, such requests shall be reviewed and considered subject to the discretion of the respective Tender Committee or the C&P Department.

### **11.12 Tender Evaluation**

11.12.1 Tender evaluation shall be based on the key principles outlined in this Policy particularly the principles of total economic value and ICV.

- 11.12.2 The Concerned Department and the C&P Department shall jointly study, analyse and review the received Bids. They may seek the assistance of individuals with technical understanding to conduct the analysis and submit the results to the respective Tender Committee.
- 11.12.3 The Bids shall meet the technical and commercial specifications set forth in the tender documents. In case any Bid is recommended to be excluded from competition, sufficient justifications shall be given to the respective Tender Committee upon the submission of Bid evaluation report.
- 11.12.4 In case the Bidder provides samples whose conformity to the standard specifications could not be precisely and accurately verified through ordinary testing and examination, such samples shall be dispatched to a specialized technical lab for further testing and examination.
- 11.12.5 The respective Tender Committee shall select the most commercially advantageous Bid from the technically qualified Bidder or as per the guidelines of the approved tender strategy.
- 11.12.6 The respective Tender Committee shall exclude Bids for justifiable grounds in the following cases:
- a. The Bid does not meet the terms and specifications set forth in the tender documents;
  - b. The Bidder is not registered in the commercial registry of the Sultanate of Oman (this does not apply to tenders submitted by international corporations and business);
  - c. The Bid is not accompanied by appropriate tender bond (where applicable);
  - d. The Bidder could not prove their financial position when requested to do so;
  - e. The Bid documents are incomplete or tampered with or did not follow the set bidding process;
  - f. A final court order is issued to establish the insolvency or bankruptcy of the Bidder or a judicial action is taken against him on this ground;

- g. The Bid is in violation of the provisions of the Royal Decree No. 112/2011 on the Law for the Protection of Public Funds and Avoidance of Conflict of Interests.

11.12.7 The respective Tender Committee shall consider excluding any Bidder from engaging with the , for any reasonable time, upon the recommendations of the respective Tender Committee or Concerned Department in the following situations:

- a. Submission of inaccurate information or data;
- b. Use of fraudulent or unscrupulous ways or otherwise to solicit the contract;
- c. Failure to fulfil any condition or honour any obligation under a previously signed contract with the Company.

11.12.8 An evaluation report shall be prepared which will later be used as the basis for the recommendation of award. An evaluation report typically contains but not limited to an executive summary of the evaluation process and its individual steps as outlined above. Any invalidation, rejection, non-compliance, and clarification of Bids shall be stated, including a list with the final ranking of the Bids and the reasoning on how the best Bid was selected.

11.12.9 Risk Assessment shall be performed for contracts above OMR 5 millions to ensure the Company is not vulnerable to unidentified risks and mitigations have been put in place against such risks.

11.12.10 The evaluation team shall sign the evaluation report.

11.12.11 To ensure the integrity of the process and to provide a sufficient audit trail, all stages in the evaluation process shall be documented. All evaluations shall be done without favoritism or bias against any Bidder to ensure a fair and transparent process.

### **11.13 Technical Evaluation Requirements**

11.13.1 The CH shall be responsible for the detailed evaluation of the Technical submission, taking into consideration advice and assistance from all relevant support functions.

11.13.2 The technical evaluation shall be based on the approved evaluation model/criteria. Any other considerations shall be justified and approved by relevant authority as per the Delegation of Authority manual.

- 11.13.3 The CH and members of the evaluation team shall ensure that all Tender information, evaluation, analysis and reports are processed with the highest standards of confidentiality.
- 11.13.4 Post tender clarifications on a technical submission may be requested from the respective bidder as may be required.
- 11.13.5 All post tender correspondence need to be through the respective C&P focal points.
- 11.13.6 Acceptance of the qualified/conditional Tender shall require any technical, commercial or legal qualifications and alternative wording proposed to be scrutinized by the CH and C&P focal point to ensure that the acceptance of the Tender shall not create any additional risk to the Company.
- 11.13.7 Bidders who have not submitted a Bid complying with the tender terms and conditions may be disqualified upon the final decision of the respective Tender Committee. The decision to disqualify a Bidder shall be substantiated by the Concerned Department. Any disqualification shall be finally referred to the respective Tender Committee for approval.
- 11.13.8 The extent of supply of local product and employment of Omani personnel shall be considered in the evaluation process as per the ICV strategy, pre-defined in evaluation model or tender document.
- 11.13.9 All HSSE evaluation criteria and mandates shall be evaluated by respective HSSE department pre-defined in evaluation model or tender document.

#### **11.14 Commercial Evaluation Requirements**

- 11.14.1 The C&P Department shall be responsible for conducting the evaluation of the commercial submissions, taking into consideration assistance from the Concerned Department (if required).
- 11.14.2 Evaluations shall be based on the approved evaluation model and no deviation is accepted unless otherwise approved by the respective Tender Committee.

#### **11.15 Post-Tender Clarifications**

- 11.15.1 After Bid Opening, the Company may hold independent clarification meetings with the Bidders if needed, to understand the Bid submission.

11.15.2 The Company request further clarifications from the Bidders in writing or through the electronic portal through the C&P Department. Such clarifications shall be confined to the scope of work defined in the tender documents and shall not be subject to any amendment. All commercial clarifications with the contractors should be routed through the Tender Board Secretary via electronic portal/email.

11.15.3 If there is any need to amend the scope of work in a tender, the approval of the respective Tender Committee shall be obtained.

### **11.16 Negotiations**

11.16.1 As a general rule, it is not permitted to engage the Bidders in negotiation over prices unless approved by the respective Tender Committee, if it deems fit in the interest of the Company.

11.16.2 After Bid Opening and if approved by the respective Tender Committee, it is permitted to negotiate with the lowest Bidder who is technically qualified with the best offer in accordance with the tender strategy, so as to eliminate any reservations about the Bid further to a justifiable decision from the respective Tender Committee. In the event of their refusal, negotiations may be conducted with the second lowest Bidder.

11.16.3 Following the tender submission, all commercial discussions and negotiations shall be conducted in the presence of the secretary of the Internal Tender Board Committee for tenders that come under their authority.

11.16.4 Allow negotiations with Bidder(s) proposing to use locally manufactured product(s)/services in the Sultanate of Oman if the unit price is 10% higher than the lowest price provided for a non-local product(s)/service or to bring its offer within the preferential price range (less than 10%).

11.16.5 The priority in the tender award phase shall be accorded to Omani-manufactured products(s) listed in the list of goods of Omani origin issued by the Ministry of Commerce, Industry and Investment Promotion and registered with the competent statutory Company that meet the technical specifications and required quality standards. This includes a preferential increased price of up to 10%.

11.16.6 A preferential price of up to 20% increase can be considered to Bidders that are able to demonstrate and commit to the development and manufacturing of new product(s) in Oman “Made in Oman” which are not manufactured by an existing national registered

supplier. The preference shall apply for the contract period and shall not exceed five years.

### **11.17 Re-Tendering and Tender Cancellation**

11.17.1 If the respective Tender Committee has any doubt over any shortfalls in the conduct of the Bid, the respective Tender Committee may rule to re-float the tender.

11.17.2 Where only one Bid has been received through the tendering process or only one Bid has been technically qualified, it is preferred that the tender is re-floated based on the approval of the respective Tender Committee based on justification from the Concerned Department. If the tender is re-floated and only one Bidder has submitted and is technically compliant with the tender requirement, the respective Tender Committee may accept it upon request of the Concerned Department. In case of re-invitation of a limited tender, the period for the submission of Bids may be reduced, based on the business requirement.

11.17.3 The respective Tender Committee may upon recommendation from the Concerned Department convert the tender into direct award with the one Bidder provided that the following two conditions are met:

- a. The work / services required does not allow for re-tendering or where there is no benefit for re-tendering.
- b. The single Bid complies with the conditions and specifications with suitable proposed price.

11.17.4 After floating the tender and before awarding the contract, the respective Tender Committee may cancel the tender if it has decided to no longer need the services. The respective Tender Committee may cancel any tender upon the recommendations of the Concerned Department in the following situations:

- a. If only a single Bid is submitted or if only one Bid is left after the withdrawal of earlier submitted Bids;
- b. If all or the majority of Bids are associated with fundamental reservations;
- c. None of the Bidders meet the minimum qualification requirements;
- d. If the price of the lowest Bid is substantially higher than the prevailing market price and/or exceeds the allocated budget;

- e. The project associated with the tender is cancelled;
- f. When any other serious unforeseeable reason, which the respective Tender Committee deems to be justifiable.

### **11.18 Award Recommendation**

11.18.1 The award recommendation shall contain the following information as a minimum:

- a. Background including brief scope and approved Bidders;
- b. The technical evaluation criteria applied and summary of the results of the technical evaluation of each Bid, including alternatives and completion time, if any;
- c. Price tabulation as submitted in e-tendering portal;
- d. Adjustments to the original Bid price as a result of post tender clarifications;
- e. Summary of the commercial evaluation of each Bid including its ranking;
- f. Conclusion and recommendation.

11.18.2 Once a decision of a tender is taken, the successful Bidder shall be notified of acceptance before the conclusion of the validity period of the Bids.

11.18.3 If practically unattainable, the C&P Department may, request the Bidders to extend the validity period of their respective Bids for a further reasonable time.

11.18.4 The Company shall notify the successful Bidder before the expiry of the validity period of the Bids. The notice shall clearly underline that it is critical to submit the performance bond and occupational insurance policy.

### **11.19 Notification of Intention to Award (NOIA) / Letter of Award (LOA)**

11.19.1 Upon approval of award, a NOIA/LOA shall be prepared, as per the prescribed template, by the C&P Department and signed by the authorized signatory as per the Delegation of Authority Manual.

### **11.20 Unsuccessful Bid Notification**

11.20.1 Following the award of a contract, a notification of unsuccessful Bid shall be sent to the unsuccessful Bidders.



## **12.0 CONTRACT FINALIZATION AND ISSUANCE**

12.1.1 Following the issuance of NOIA/LOA and Bidders confirmation of receipt or acceptance, contract documents are required to be prepared.

12.1.2 The contract document shall be prepared by the C&P Department incorporating the details of the works, services and prices as set forth in the terms and conditions of the Bid as well as penalty clauses, levies and the right of the Company to claim for compensation in case of default of the agreed terms and conditions. This is in addition to the provision of the required insurances and securities in accordance with the provisions of this Policy and all other documentations as per the Company Policies and Procedures.

12.1.3 The contract document shall include the ICV elements in compliance with the Bid submission.

12.1.4 If the final contract document deviates from standard terms and conditions, the legal department shall review and approve the amendments.

## **13.0 VARIATION ORDERS**

### **13.1 Definition and Use**

13.1.1 Variation Order refers to an increase or reduction in the period, value, quality, quantity or specification of the items, works or services covered by the contract within the validity period of the contract, issued by the Company.

13.1.2 A variation to a contract shall become applicable for the following:

- a. Change in scope of work/services
- b. Change in execution of the work/services
- c. Change in resources or facilities required
- d. Rate revisions, where applicable
- e. Extension of time, where applicable
- f. Change in milestone payments
- g. Settlement of a claim arising from the contract, adjusting scope or contract value
- h. Change to the terms and conditions of the contract

## **13.2 Governance and Approval**

13.2.1 Requests for Variation Orders shall be routed through the C&P Department that will monitor the Variation Orders for each purchase order.

13.2.2 After obtaining the respective Tender Committee approvals, variation to contract (VTCs) shall be signed by the Contractor and the Company in accordance with the Delegation of Authority Manual.

13.2.3 The C&P Department, depending on business requirements, may issue Variation Orders with respect to procurements valued up to 10% of the original duration and/or original contract value or OMR 100,000 whichever is less, on cumulative basis, during the period of the contract. This is applicable for items under the authority of the Internal Procurement Committee and Internal Tender Board Committee only. For the calculation of total Variation Order costs to decide the relevant approval authorities, the value of the Variation Order is the joint values of addition and omission (not the net effect) of proposed Variation Order plus the net effect of previous Variation Orders.

13.2.4 If the cumulative value of all Variation Order including the Variation Orders under review is more than or equal to 10% of the value of the original contract value or more than OMR 100,000, in such circumstances the variation value shall be approved by respective Tender Committee.

13.2.5 Refer to Financial Limits Section for more details.

## **14.0 CONTRACT MANAGEMENT**

### **14.1 Definition and Use**

14.1.1 Contract Management is under the accountability of Contracts Owner (CO) of the Concerned Department.

14.1.2 Contract management includes monitoring and documenting performance. Depending on the goods or services procured, regular monitoring of the contract shall be primarily the responsibility of the Concerned Department .

14.1.3 Contract management is a broader and strategic concept that covers the whole procurement cycle including planning, formation, execution, administration and close out of a contract.

14.1.4 The purpose of contract management is to ensure that all parties of the contract are meeting their respective obligations as efficiently and effectively as possible.

14.1.5 The CH is responsible for following up and ensuring that the actions of the Contractor and the Company are in line with the contractual responsibilities, with the support of the C&P Department, and that the Contract is amended to reflect the agreed changes in circumstances.

## **14.2 Enabling Contract Management**

14.2.1 Upon signature of the contract, several steps shall be taken to ensure that roles, responsibilities and obligations are clearly allocated among the parties and sufficient systems and procedures are put in place to monitor performance.

14.2.2 As part of contract hand-over, the contract file shall be opened by the C&P Department and the contract shall be analysed, documenting rights and obligations of each party. Any issues requiring clarification or change of the contract shall be documented in this file.

14.2.3 The following documents normally are part of the contract file:

- a. Original of contract and all amendments.
- b. All related communication with the Bidder (electronic, internal and external correspondence)
- c. Copy of the successful Bid
- d. Award documents
- e. Minutes of meetings
- f. Reports
- g. Contractor assessment report

14.2.4 Once the Contract has been signed and released in the ERP system, the responsibility of managing the contract (post-award) shifts to the concerned End User Department.

14.2.5 The C&P Department ensures that there is a shared understanding in place to monitor and control contract performance and to effectively deal with potential changes and disputes.

### **14.3 Contract Performance Monitoring and Control**

14.3.1 The performance of Contractors of key categories of materials and services shall be evaluated by the Concerned Department. The C&P Department shall support the evaluation.

14.3.2 The following shall, as a minimum, be considered while conducting Contractor evaluation:

- a. Fulfilment of delivery schedule / timely delivery
- b. Compliance with contractual terms and conditions
- c. HSE related performance (where applicable)
- d. Adherence to bond provisions
- e. Quality of materials or services provided in accordance with the contract/PO
- f. Timely response to requests
- g. Any claims against the Company
- h. Failure to disclose information relevant to performance (e.g. bankruptcy, defendant in litigation, etc.)
- i. Contractors' Organizational Resilience to unexpected events and process in place for Business Continuity
- j. ICV adherence

14.3.3 Contractors of key categories of materials and services shall be evaluated at a minimum once every year to check for the quality of product work or service and pricing.

14.3.4 Contractors that consistently perform below expectations may be discarded from any future work after the approval of the respective Tender Committee.

14.3.5 The C&P Department shall identify the need to terminate a contract based upon inputs from Concerned Department (due to either Contractor non-conformance or early termination). The C&P Department shall seek the legal department's feedback to determine the appropriate steps required for initiating the termination and obtain approval from respective Tender Committee.

#### **14.4 Financial Management / Payment**

14.4.1 The Company shall make payment to the Contractor on a timely basis and avoid causing undue cost to the Contractor by unreasonable management of that financial obligation. The responsibility of financial aspects of the contract varies among the Company and includes but not limited to:

- a. Process payments due according to the contract and upon certification by Concerned Department (if required in the contract).
- b. Review financial implications of contract changes, in terms of original costs/outputs and available budget.
- c. Liquidate financial securities – release of tender bonds, performance bonds, advance payment bonds once the reason for requesting them has become moot.

14.4.2 All awarded contracts by the Company to Riyadh card holders shall have payment period not exceeding 15 days from the date the invoice is received.

14.4.3 In case of a disputed invoice, the undisputed amount should be paid within the payment period meanwhile the disputed amounts can be resolved separately.

#### **14.5 Contract Completion / Close-out**

14.5.1 The C&P Department shall ensure that the contract file is properly closed out. The close out process ensures that all contractual obligations have been met, and that residual obligations – such as warranties, guarantees and after-sales service and support are clearly defined in terms of responsibility, liability, procedures and timeframes. contract closeout occurs once the Contractor has fulfilled all contractual obligations. It includes the following key steps:

- a. Review and confirm appropriate action taken according to contract close-out checklists.
- b. Completion of final contract performance report by Concerned Department.
- c. Issue final acceptance on the basis of the Concerned Department report;
- d. Make final financial settlements.
- e. Liquidate/return bonds and/or securities.

- f. Record any residual obligations (warranties, etc.) and advise Concerned Department of procedures.
- g. Close out contract file.

## **15.0 REPORTING**

15.1.1 The C&P Department shall review annual reports of all tenders awarded for those periods, including Contract Extensions, with special attention to purchases executed through Direct Award and Variation Orders. The reports shall include all Bids endorsed by the respective Tender Committee and C&P Department. The reports shall present a summary with relevant facts, figures and analysis along with an itemized listing of all tenders with the following details:

- a. Name of tender
- b. Requesting department
- c. Estimated tender value
- d. Awarded Bid value
- e. Adopted tendering strategy (i.e. public tender, limited tender, direct award, etc.)
- f. Justifications for tendering strategy (if other than public tender)
- g. Purpose and value of Variation Order

15.1.2 The secretary of the respective Tender Committee shall submit a quarterly report on all tenders that have been awarded through direct award, including Contract Extensions to the respective Tender Committee. The reports shall include the details of the tender, the type of direct award (sole source, emergency or single source) and the justifications for direct award. The report shall also include a summary of the relevant facts and figures with a detailed list of these tenders (including direct award tenders issued by the respective Tender Committee). Moreover, the quarterly reports shall be combined and submitted on an annual basis to the Board of Directors.

## DOCUMENT INFORMATION

Title	<b>Contracts &amp; Procurement Policy</b>
Document number	OQEP-PRO-GEN-POL-001-v00.24
Purpose	This Policy business process document intends to achieve the following:  This Contracting & Procurement Manual has been developed with a view of setting guiding principles and rules to be followed for the procurement of goods and services as are required by OQEP for its business activities. Its objective is to formalize the tendering and contracting processes including bid preparation, invitation, bid submission, evaluation, award and variations.
Audience	All OQEP Employees, Internal Tender Board Committee
Category	Operational
Subcategory	Upstream Exploration and Production Function
Effective date	22 <sup>nd</sup> October 2024
Review date	Every 2 years
Process advisor	Acting Vice President – C&P
Approving authority	Board of Directors

## RELATED AND SUPPORTING DOCUMENTS

Policy	Procurement and Tendering Policy for OIA Entities
Process	
Procedures	