

ST. LUCIA ELECTRICITY SERVICES LIMITED



PROCUREMENT POLICY

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ABBREVIATION	ITEM	DESCRIPTION
MD FC CE BDM	Executive Management Team	The Managing Director The Financial Controller The Chief Engineer The Business Development Manager
SMT	Senior Management Team	Heads of Department
PO	Purchase order	A signed order issued to a supplier of goods or services, signed by a designated authorised officer of the Company.
OR	ORDER REQUEST	A signed request by a designated authorised officer of the Company, issued to the Purchasing department to initiate the procurement of a good or service
	Quotation	A non-binding document furnished by a supplier indicating the price to be charged in relation to providing goods or services. Usually furnished at the request of a potential customer.
TEC	Tender Evaluation Committee	A committee comprising designated authorised company

		<p>officers to review competing tenders and to make recommendations on a preferred supplier based on all the information provided and the company's purchasing policy</p>
	<p>"Arm's Length" basis</p>	<p>In instances where the parties to a legally binding agreement are related, the agreement is constructed in substantive form on the same basis as if these parties were independent of each other.</p>
	<p>Tender or Bid</p>	<p>An official submission for consideration by the Company to provide goods and services in accordance with the Company's stated requirements.</p>
	<p>Proprietary item</p>	<p>A service or product that is provided, owned, produced by only one entity or individual.</p>
	<p>Fixed Rate Contract</p>	<p>A contract between the Company and individuals/ companies for the provision of services for certain specified services related to its internal operations.</p>

	Competitive Bids/ Tenders	Bids/ Tenders where these are provided by more than one Company or individual
	Public Bids/Tenders	Bids/ Tenders which are circulated to the general public at large through the various media
	Collusion	An act between parties to a tender offer to engage in certain arrangements to influence the award of a tender
	Non-Competitive purchases	Purchases that are executed without a tender process, usually in instances where the service or product is only available from one supplier (See Proprietary item), or other criteria such as low value.
	Contractor	A Company/ individual providing services to the Company under the terms of a formal contract

ST. LUCIA ELECTRICITY SERVICES LIMITED

PROCUREMENT POLICY

1. GENERAL

St. Lucia Electricity Services Limited (hereinafter referred to as “LUCELEC”) is committed to being a world-class provider of energy and other services as stated in its Vision Statement.

The Company’s Mission Statement states:

“We will provide affordable energy and services that are safe, reliable and environmentally responsible. We will meet the expectations of our stakeholders and employees while being a catalyst for social and economic development in St. Lucia”.

In support of this Vision and Mission statements:

- LUCELEC will procure quality products and services that satisfy its obligations to all stakeholders;
- LUCELEC will rely, to the maximum extent that is practical, on competition as the foundation for its procurement practices to support best quality economic and financial decision making, and to promote efficiency, transparency and accountability.
- Our procurement decisions will be made on the basis of cost, quality, reliability, delivery, vendor support, and safety, adherence to best in class technical and other standards, and other pertinent criteria.
- We will develop strategic relationships with suppliers who are capable of satisfying our requirements, are financially sound, and are committed to continuous improvement and innovation.

- LUCELEC procurement practices will promote ethical behavior and will ensure that all its officers and representatives demonstrate impartiality, fairness, professionalism and confidentiality in all its transactions.

Related policies

This policy operates in tandem with other company policies below:-

- Policy on Signing Authorities
- LUCELEC's Code of Ethics and guidelines
- Procedures for the Purchasing & Stores Section
- Petty Cash Policy
- Policy on Gifts from vendors
- Payment Policy

2. FRAUD

The Company's is committed to ensuring that's its employees perform their functions in a manner that is professional and founded on high ethical standards. To achieve this as it relates to this policy:-

- All staff to which this policy relates must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.
- The Company will not tolerate fraud, impropriety or dishonesty and will carry out a thorough and independent investigation all instances of suspected fraud, impropriety, or dishonest conduct by staff or external contractors
- The Company will take the appropriate action - including dismissal and/or criminal prosecution - against any member of staff or contractors who are found to have engaged or attempted to engage in any unethical or illegal acts.

3. SCOPE

Purchase of the following are covered under this policy:-

- 1) Goods for placement into stock;
- 2) Goods specifically related to Capital programmes;
- 3) Contract services related to the Company's Capital programmes;
- 4) Contract services related to customer financed capital programmes;
- 5) Goods not normally placed in stock due their nature, cost, usage patterns and requirements;
- 6) Professional services;
- 7) Contracts related to the maintenance and improvement of LUCELEC's assets;
- 8) All other service agreements

4. PURCHASE ORDER AUTHORITY LIMITS

Authority limits with respect to the commitment of Company resources will be recommended by the Executive Management Team (EMT) to the Board for its approval. Such authority limits shall be in a manner that is compatible with the overall objectives of this Policy.

5. AUTHORITY FOR COMMITMENT OF COMPANY FUNDS

The authority to commit the funds of the Company is a duly authorised and executed Purchase Order issued by the Purchasing section, except for those instances specifically exempted as identified in this policy.

6. PURCHASING SECTION RESPONSIBILITIES AND AUTHORITY

The Purchasing section is responsible for executing all procurement activities.

In the event that a purchasing activity requires specialized services, the Purchasing section will work with the department concerned to utilize the best procurement practice to obtain the service in accordance with Company guidelines

7. SUPPLIER QUOTATIONS

Supplier quotations, where applicable, must be obtained by fax, email or in writing under proper signature or authority.

In instances where an oral quotation is obtained due to the exigencies of the situation, a formal quotation must be obtained subsequently.

8. TENDER EVALUATION COMMITTEE

There shall be a Tender Evaluation Committee (TEC) to consider and make recommendations on tenders submitted for its consideration in accordance with the expenditure limits as approved by the Board. The committee shall also request that tenders be resubmitted if there is evidence that the tenders were incomplete due to inadequate specifications or other unsatisfactory requirements which were included in the invitation to tenders.

The TEC shall comprise of the following officers or their designates:-

- Purchasing & Stores Manager
- A designated SMT member reporting to the Financial Controller
- A designated SMT member reporting to the Chief Engineer
- A designated SMT member reporting to the Business Development Manager
- General Counsel

TEC decisions shall be by majority vote

Changes to the constitution of the TEC will be determined by the Board of Directors.

8.1 Evaluation of Single Bidder

If only one responsive bid is received in respect of any tender offer from the Company, it shall be evaluated on the same relevant criteria established for the evaluation of bids.

The TEC shall, based on the results of the evaluation above and all information before it, make a final recommendation on whether to award the contract to

the single bidder, reopen the process or to take any other action deemed appropriate in the circumstances.

8.2. Waiver of Tenders

Competitive bids may be waived under the authority of the TEC where the extension of an existing contract awarded in accordance with these procedures for additional goods, works or services of a similar nature where, in its judgement, would clearly be economic and efficient and no advantage would be obtained by further competition

8.3. Conflict of Interest

Members of the Board of Directors, the TEC and all staff members shall be required to disclose any actual or potential conflicts of interest in any purchasing decision under consideration or evaluation, and shall be recused from participation in the decision making.

Failure to disclose any instances conflict of interest by staff will be deemed to be a disciplinary issue to be dealt with under the appropriate authority.

The Company's policy in respect of conflict of interest matters are stipulated in its Ethics Policy which forms an integral part of this Policy.

8.4. Eligibility to Submit Tenders

8.4.1 Participation by affiliates or subsidiaries

Where an affiliate or subsidiary company is allowed to tender or participate in a tender, the affiliate or subsidiary company will be considered on the same basis as any other third party Company and all rates, obligations, evaluations and other considerations will be processed on an "Arm's length" basis.

8.4.2 Provision of goods and works and related services

Where a firm, its affiliates, parent company or subsidiary is a supplier of goods or works (which are the subject of a successful tender), it will normally not be allowed to provide consultancy services related to these goods or works or the management

thereof, to the Company, except for the provision of proprietary goods or works; for the supply of turnkey projects or where these services constitute an integral part of the supply of those goods or works.

8.4.3 Non-competitive (single-source) tender purchases

Procurement by noncompetitive (single-source) purchases may be used only if one of the following conditions applies:

- It is a proprietary item or the services are related with a proprietary item
- Based on a review of available sources it has been determined that the item or service is available only from a single source.
- An emergency exists that would result in the unavailability of electricity to customers or the impairment of the delivery of such services in the event of a national disaster, Act of God or other national emergency requiring an immediate, significant and urgent need for supplies and/or services, such that the need cannot reasonably be met through the approved procurement methods.

In any event these procedures shall be limited to those supplies and/or services necessary to address the emergency during that time period;

9. AWARD OF CONTRACTS

In general, contract awards shall be made to the lowest tender subject to the value tests, vendor qualification, technical requirements and other applicable criteria.

Award of contracts and invitation to tender will be determined based on the Company's approved suppliers, industry knowledge and other factors sufficient to ensure the capability to deliver goods and services to the Company's standards and requirements.

All contracts shall be considered and evaluated as a whole and shall not be disaggregated.

The rationale for the award of all contracts must be documented in all cases; however this will not be shared directly or indirectly with any of the parties which submitted tenders.

All supplier contracts or agreements, where these are required, must be vetted by the Company legal counsel in advance.

Contracts will be executed by the relevant authorized officers in accordance with the authority limits stated in this Policy

10. DIRECT ISSUE FIXED RATE CONTRACTS

This policy recognizes specific conditions and arrangements that pertain to contracts for designated internal services at fixed rates established by LUCELEC.

These comprise:-

- Meter Reading services including disconnection and reconnection of customers
- Transmission & Distribution works
- Internal courier (messenger) service
- Landscaping services

These contracts will be not be subject to a tender process, but will be subject to terms and conditions, including:-

- Criteria for the provision of services,
- Annual performance evaluations
- Market test to establish the reasonability of rates
- Provision for rate reviews on a periodic basis
- Safety and quality of service standards
- Provisions for termination or suspension
- Generally keep to the applicable terms and conditions of the Policy

12. GIFTS FROM VENDORS

The Policy and procedures related to Gifts from vendors should be read in conjunction with this Policy document.

13. PERSONAL PURCHASES

The Company will not carry out purchases on behalf of employees.

14. EXECUTION OF PURCHASE ORDERS

Upon approval in accordance with the approved Purchase Order Authority Limits the Purchasing section shall execute the relevant Purchase Orders for submission to the successful party.

All relevant terms, conditions or other instructions shall be stipulated in the Purchase Order.

15. PAYMENT TERMS

The Company's minimum standard payment terms are 30 Days Net.

Standard terms and conditions applying to payment terms and related matters are contained in the Company's Payment policy which should be read in conjunction with this policy.

16. VARIATION OF PAYMENT TERMS

The Company's standard payment terms will be in accordance with the Company's Payment Policy and any variation will only be approved by the Managing Director (MD) or the Financial Controller (FC).

17. PERFORMANCE REQUIREMENTS

The Company may request Retentions, other withholdings, sureties, Performance Bonds, Guarantees and similar requirements from awardees where, in its opinion issues such as the contract sum, complexity, scope and other relevant factors make it prudent to do so in order to protect its interests.

18. EXCEPTIONS

Exceptions to this Policy will be those approved by the Board of Directors from time to time.

This Policy does not apply to:-

- The purchase, lease or rental of real estate property
- Statutory fees, licenses and other similar outlays related to the above
- The provision of proprietary equipment and the services related thereto

19. AUTHORITY

This policy is issued under the authority of the Board of Directors.

Earl J. Estrado
Financial Controller

Trevor M. Louisy
Managing Director