



**KPJ HEALTHCARE BERHAD
TENDER COMMITTEE**

(Previously known as Development & Procurement Committee)

TERMS OF REFERENCE

1. INTRODUCTION

The Tender Committee ("TC"), previously known as the Development and Procurement Committee (DPC), is established as a committee of KPJ Healthcare Berhad (KPJ) Board of Directors (the Board).

The Committee is appointed by the Board of Directors of the Group for the purpose of overseeing the tendering process and monitoring the hospital development and expansion projects of the Group.

2. OBJECTIVES

TC or the Committee is established as a committee of KPJ Healthcare Berhad (KPJ) Board of Directors (the Board). The Committee is appointed by the Board of Directors of the Group for the purpose of overseeing the procurement process and monitoring the hospital development and expansion projects of the Group which covers :-

- i. New and Existing Hospital development and expansion.
- ii. New and Existing Infrastructure (e.g. Facilities & IT).
- iii. Hospital or Healthcare Equipment's.
- iv. Service Contract (Facility Management & Maintenance Services).
- v. Procurement processes related to (i), (ii), (iii) & (iv) above.

The principles for the Development of Hospital and its related infrastructure are to ensure that the initiation, design, planning, organization, implementation, execution and control meets the objective of an enabling and efficient operating Hospital that is focused on high standard of patient care, treatment, delivery, quality and service. This has to be done within the acceptable budget, time and quality in reference to Para 2 (i), 2(ii), 2(iii) and 2(iv) above.

The principles, objectives and method of procurement to be implemented should be in line with KPJ's corporate governance, vision, mission and values.

The principles of Procurement are: -

- i. Accountability.
- ii. Transparency.
- iii. Optimum Value.
- iv. Just and fair.

The main objectives of Procurement are listed below: -

- i. Best offer for KPJ's Group of Companies.
- ii. Growth of the KPJ's Group of Companies.
- iii. Effective acquisition of assets and technologies.
- iv. A means to achieve KPJ's strategic objective.

The Procurement Strategies adopted by KPJ covers: -

- i. Direct purchase.
- ii. Quotation.
- iii. Tender – selective or open.
- iv. Direct Negotiation.

The Committee objectives are as follows: -

- i. To ensure that all Hospital Development and expansion including Infrastructure projects and/or refurbishment are implemented to enable a standard of patient care as agreed by the Board, within budget and time.
- ii. To ensure openness, integrity and accountability in the Group's activities to safeguards the rights and interest.
- iii. To review and examine all related matters and make necessary recommendation to ensure it is aligned to the Group's strategy.

3. COMPOSITION

- i. The Committee shall be appointed by the Board from amongst their number and shall consist of at least three (3) members.
- ii. The Committee may invite other members of KPJ Management or staff or external parties to attend and participate in the meeting of the Committee where necessary.
- iii. The Committee may at its discretion appoint and include a consultant and/or advisor in areas where necessary, and/or it believes requires specialized skills, as a member of the committee or to assist in its oversight role.

4. MEETINGS – FREQUENCY, QUORUM AND MINUTES

- i. The Committee shall meet at least 4 times annually and at such other times as the Committee deems to be appropriate.
- ii. The quorum of the Committee shall be 3 members.
- iii. The minutes of the meeting shall be action oriented and record the deliberations and decisions of the Committee. The minutes shall include compiled Board instructions as Matters Arising for discussion to ensure proper follow through.
- iv. The minutes of the TC meeting shall be circulated within two (2) weeks after the meeting.
- v. The conclusiveness to conduct a decision through circular resolution/normal meeting shall be made by the Chairman after receiving recommendation from the Management.
- vi. Circular resolution papers may be circulated manually or electronically but in all cases security measures shall be ensured to protect confidentiality of circulated information and submission of individual member's decisions.

5. AGENDA

- i. The notice and agenda of Committee Meeting shall be issued and circulated confirming the venue, time and date at least three (3) working days before each meeting to the committee members and all those who are required to attend the meeting.
- ii. The relevant documents and information shall be circulated at least three (3) working days before each meeting to the committee members and all those who are required to attend the meeting. However, documents related to the tender process will be distributed during the meeting.

- iii. The meeting agenda shall be the responsibility of the Chairman with input from the members. The Chairman may also invite members of Management and other persons to participate in this process, if necessary.

6. DUTIES AND FUNCTIONS

The duties and functions of the committee, at best endeavors, shall cover the objectives of this Term of Reference and will include but not limited to the following: -

- i. To provide oversight to the initiation, planning and development of new Hospital up to licensing including infrastructure and equipment.
- ii. Monitor projects and/or refurbishment works are implemented according to the budget approved by KPJ Board.
- iii. Ascertain and report to the KPJ Board on the progress and major challenges and issues faced that would have implications on the objective of the project.
- iv. Solicit input from medical consultants, where necessary, for the project planning.
- v. Enquire with the Project Manager and Project Consultants on the necessary measures employed to ensure the quality of work and finishes according to the specifications.
- vi. Review the strategies and process of procurement and awarding tenders for contract work to ensure that the contracts are fair, transparent and full of integrity.
- vii. Make enquiry and recommend to the Board for approval any Variation Orders (VOs) on the projects already approved, if the amount exceeded the total budget approved by the Board.
- viii. Visit building sites to view the completed projects or during work under progress as and when deemed necessary.
- ix. Inform and advise KPJ Board on any matters of concern.
- x. Approved qualified consultants, tenderers or any tender or quotation.
- xi. Review and recommend to the Board for approval of the Group's procurement policies.
- xii. Oversee and monitor the overall implementation of the Group's Procurement Policy Guidelines and review the efficiency and effectiveness of the Company's procurement process.

7. LIMIT OF AUTHORITY

TC on tender awards has the authority to approve procurement proposals on hospital development based on the limit of authority as approved by the Board, as follows: -

7.1 Construction Projects

- i. Approve purchase and award of contracts/tender for the amount between RM1.0 million to RM20.0 million.
- ii. Approve Variation Order for up to 10 percent (%).
- iii. Approve Supplementary Letter of Acceptance and Loss and Expense.
- iv. Approve Extension of Time (EOT), and Loss and Expense.
- v. Approve abortive fee of Consultants up to RM1.0 million. For clarification, if the project is aborted totally, TC will endorse the management recommendation for KPJ Board approval.
- vi. Approve any variation of contract.

7.2 Equipment and Services

Approve procurement of equipment or services for amount between RM1.0 million to RM5.0 million.

Note: For equipment, the value refers to individual item. As for the services contract, it refers to the value of contract regardless of tenure.

7.3 IT

Approve procurement of IT hardware and software for amount between RM1.0 million to RM5.0 million.

7.4 Consultancy

Approve appointment of consultants as follows: -

- i. Construction – for project above RM5.0 million.
- ii. Others (e.g. IT) – for project above RM1.0 million.

7.5 Notwithstanding of the above:-

- i. For an amount above the abovementioned, TC will endorse the management recommendation for the KPJ Board of Directors' approval.

- ii. For an amount below the above- mentioned, the authority of approval is to follow the Management's level of authority as approved by the Board.

8. REPORTING TO THE BOARD

The Chairman of the Committee shall report to the KPJ Board following each meeting. The report will cover on the matters as set out in the Committee's duties and functions.

9. ACCESS TO INFORMATION

The Committee has the right to obtain all information necessary for the performance of its duties and functions including obtaining independent professional or other advice.

10. REVIEW

The terms of reference shall be reviewed on an annual basis to ensure that it reflects the current best practices in TC.

11. WRITTEN RESOLUTION

- i. Decision by the TC may be made via written resolution.
- ii. Decision made via written resolution is deemed effective after being executed by majority of the members who are present in Malaysia.

All decisions and / or approvals made via written resolution shall be presented at the subsequent Committee meeting for notation.