

Procurement Operating Policy

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Direct links to other relevant Policies, Standards, Procedures or Guidance notes:

- Procurement Procedure
- Procedure to Pay (P2P) workflow
- Procurement Risk Assessment
- Due Diligence Operating Policy
- Anti-Corruption and Integrity Operating Policy

Version Control

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<i>OPP004</i>	<i>Head of Operations</i>	<i>17-06-2021</i>	<i>PIDG Owners</i>
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1. Purpose

This policy reflects the PIDG's commitment to fair practices and sets out the objectives, the overall approach, key principles, and guidance for the acquisition of works, supplies, and services by PIDG. It is intended to control, guide, and serve as a reference for all procurement within PIDG.

2. Scope

This Policy applies to all activities undertaken by, or on behalf of PIDG. This policy applies to all:

- PIDG Companies;
- PIDG People; and
- PIDG Recipients.

3. Roles and Responsibilities

The PIDG Board is responsible for approving this policy following the recommendation of the Risk Committee and is accountable to the PIDG Owners for the management of procurement activities undertaken by and on behalf of PIDG.

The Risk Committee is responsible for reviewing this policy and ensuring the adequacy of PIDG's arrangements concerning procurement and monitoring compliance with this Policy.

The Global Head of Operations is responsible for the implementation of this Policy together with its associated procedures. The PIDG CRO has overall responsibility for overseeing the investigation of all procurement complaints and concerns. The Global Head of Operations shall periodically report to the Risk Committee on the adequacy and effectiveness of PIDG's procurement arrangements.

Each PIDG Company shall:

- be responsible for ensuring its compliance with this Policy and associated standards and guidance as issued by PIDG Ltd from time to time, and
- take reasonable steps to ensure that equivalent arrangements are put in place in respect of each Service Provider and PIDG Recipient (where appropriate) to ensure their compliance with this Policy or another policy consistent with the principles of this Policy.

The following roles are also involved in the procurement process (see Procedure document for further details):

Team or title	Role in PSP	Comments
Procurement Manager	PSP custodian and SME advisor to contract managers and other stakeholders	
Global General Counsel	Contract review and approval, including, Terms & Conditions	Or delegated rep
CFO	Contract review and approval, including, but not limited to; payment terms and adherence to Delegated Authority Matrix (DAM)	Or delegated rep
Head of department/function	Contract Signatory and/or Manager	Or delegated rep, dependent on contract value
Business Integrity	Due Diligence for Projects	
Compliance	Due Diligence for Corporate Activity	

4. Policy

4.1. Context

PIDG is exposed to a range of risks. The Risk Committee has approved PIDG's risk management framework, which outlines the interaction between different policies and the overall governance framework that ensures requisite policies and frameworks to mitigate risk are established and adhered to. The framework identifies the need to manage procurement risks, supplier risks, and other related risks.

This policy outlines the framework for procurement-related activities across PIDG.

All PIDG's procurement-related activities are managed and coordinated within suitable thresholds to manage procurement and supplier risks. These thresholds are detailed in Appendix 1.

4.2. VfM

All procurement activity requires a proportionate consideration of relevant costs and benefits, an assessment of risks, and non-price related factors such as sustainability, quality, economic, environmental, and social considerations. Price as a standalone measure is not always the best indicator of value for money. The best mix of economical purchase, efficient conversion from inputs to outputs, and effective achievement of outcomes throughout the use of the goods and services must be considered. Further guidance on VfM is detailed in the Procurement Procedure.

4.3. Fairness

Open and competitive procurement is PIDG's preferred procurement approach. Procurement activities must be transparent to ensure that suppliers and potential suppliers are treated fairly throughout the process and that all potential bidders receive the same information at the same time.

4.4. Transparency

PIDG must be transparent in procurement activities. This means that all material steps in the procurement process must be documented appropriately to provide a clear audit trail, evidencing decisions made and enable appropriate reporting of procurement activities and that bidders and potential bidders will receive the same information.

4.5. Compliance

PIDG's procurement activity must not support organisations involved in criminal activity such as fraud, corruption or human rights abuses including forced labour and modern slavery. Reasonable risk-based evaluation must be carried out on suppliers and business relationships will be responsibly managed with appropriate action taken where improper practices come to light. Bidding documents should include wording requiring bidders to confirm that they have not been sanctioned or found guilty of any form of misconduct by any public authority or international organisation (or equivalent) within the preceding five (5) years.

PIDG procurement activities shall be conducted in compliance with any relevant national/local laws and in accordance with appropriate internal authorisation and delegated authorities.

4.6. Disaggregation

It is not acceptable for PIDG to evade the application of a procurement procedure or the requirement for competition by splitting contracts or purchase orders with the same supplier for the same or for a substantially connected subject matter.

4.7. Accountability

PIDG holds those involved in the procurement process accountable for their actions (or inactions).

4.8. Procurement Approach

Procurement shall take the most appropriate approach to meet the business and/or project objectives and outcomes, considering the context and the risk, materiality, counterparty, type of works, goods, or service to be performed or procured, value, term and complexity of the procurement. See Appendix 1, below.

4.9. Panel/Framework Agreement

Panels/Framework Agreements may be established by PIDG with suppliers for the provision of works, supplies and services following a competitive tender process.

4.10. COI

PIDG requires all parties involved in the procurement process not to have a conflict of interest unless such a conflict has been resolved in a manner acceptable to PIDG. PIDG will require bidders to confirm in the bidding process that the bidder has no actual or perceived conflict of interest in respect of the bid and to disclose the nature of the actual or perceived conflict of interest.

4.11. Eligibility

PIDG encourages firms and individuals from all countries to bid for its works, supplies and services, subject to rules on eligibility and participation and the commercial operations and requirements of the businesses.

4.12. Complaints

PIDG will implement mechanisms for resolving procurement-related complaints. PIDG shall endeavour to address such complaints objectively and in a timely manner, with transparency and fairness. PIDG also sets out its commitment to investigate and resolve complaints and concerns in the Concerns and Complaints Procedure.

4.13. Health, Safety, Environmental, and Social (HSES) considerations

When undertaking procurement, PIDG shall endeavour to consider the requirements of its HSES Policies and Standards and shall adopt good industry practice principles for environmentally and socially sustainable procurement where appropriate for material works contracts. To achieve this PIDG will, as appropriate, seek to:

- incorporate HSES considerations, standards and requirements in procurement planning, technical specifications, scope of work and tender documents;
- incorporate applicable terms into all bidding documents and contracts; and
- review, where applicable, the HSES arrangements of suppliers of goods, works and services in its evaluation of bids and offers.

4.14. Due Diligence

All new material suppliers will be subject to risk-based due diligence which will be proportionate to the materiality, value and intended term and complexity of the proposed contract. The due diligence will be carried out in advance of placing orders or entering contracts to provide a better understanding of the supplier and support procurement decision-making. PIDG will check all bidders against relevant sanctions lists including, the EU, the UK and the World Bank's Listing of Ineligible Firms and Individuals in accordance with the PIDG Anti-Corruption and Integrity Operating Policy.

Due Diligence will be carried out by the Business Integrity team for projects and by the Compliance team for all other corporate activities. If a contractual commitment is 12 months or longer then the due diligence must be refreshed and documented every 12 months.

4.15. Record Keeping

PIDG shall maintain adequate records to fulfil its regulatory obligations and to meet its business purposes. Personal data obtained in any procurement process shall only be processed in accordance with applicable data protection legislation and for the specified purposes; no other use may be made of the data, unless permitted under other law, or the party to whom the data relates provides their consent in accordance with applicable data protection legislation.

4.16. Awareness and Training

PIDG shall ensure that all PIDG People, i.e. directors and employees and those working for and on behalf of PIDG, are aware of their obligations in relation to procurement. PIDG shall ensure that all PIDG People complete the designated training in the timescale directed and more targeted training is provided for those occupying relevant roles.

5. Further Information

If you have any further questions relating to this policy, you should speak to the Global Head of Ops or a member of the procurement team.

Appendix 1: Procurement Methods and Thresholds

	Contract Value (in US \$ exclusive of VAT)	Procurement Method	Detail	Waiver approved by ³
1.	Up to \$30,000	Direct contracting permitted	Where competitive sourcing is not reasonably practicable, it is acceptable to single source (i.e. go direct to one supplier), but the PIDG Company must be able to demonstrate value for money, including by way of market sounding.	N/A
2.	Over \$30,000 up to \$220,000	Request for Quotations (RFQ)	<p>The RFQ should produce at least three competitive quotes. A value for money evaluation must be carried out. This means a competitive exercise which takes into account proportionality of time, cost and benefit.</p> <p>Where appropriate and practicable, such an exercise may be advertised through appropriate channels, including the PIDG Company or PIDG website, or may be by inviting specific candidates to submit proposals/bids.</p> <p>At least three candidates should be invited to take part in the exercise who should all receive the same information regarding the procurement. If only one or two suppliers respond, it is reasonable to proceed if it is possible to conclude that they will deliver the service/ goods effectively and provide value for money. If this is not possible, requests should be made for proposals from additional suppliers.</p>	Global Head of Operations
3.	Over \$220,000	Competitive tendering exercise (prequalification, if appropriate) and advertising	A competitive process must be undertaken with the aim of receiving at least three tenders from potential suppliers. Subject to compliance with confidential undertakings, the procurement process shall include advertising through appropriate channels, including the PIDG Company or PIDG website. Other channels such as local government gazettes, trade magazines and websites may also be appropriate. Buyers may also invite specific suppliers to submit tenders provided that the same information regarding the procurement is received by all tenderers. Suppliers should be given at least 10 working days to return a completed tender.	Global Head of Operations

NOTE: In determining whether or not to grant a waiver, the Global Head of Operations may consult with other members of the Group Exco or PIDG Executives.