



Reg. No.: 199801011581 (467709-M)

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## **BOARD TENDER COMMITTEE TERMS OF REFERENCE**

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(as at 24 November 2023)

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## **1.0 PURPOSE**

The Board Tender Committee (BTC) is established as a committee of the Pharmaniaga Berhad (Pharmaniaga) Board of Directors (Board) to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by Pharmaniaga and its subsidiaries (Pharmaniaga Group).

## **2.0 COMPOSITION AND APPOINTMENT**

- 2.1 Members of the BTC shall be appointed by the Board and shall consist of not less than three (3) Pharmaniaga Board members.
- 2.2 No alternate Director shall be appointed as a member of the BTC.
- 2.3 The Chairman of the BTC shall be a Non-Executive Director appointed by the Board.
- 2.4 Members of the BTC may relinquish their membership in the BTC with prior written notice to the Secretary. If a member of the BTC resigns or for any reason ceases to be a member of the BTC resulting in non-compliance with the requirement on the minimum number of members as stated in Clause 2.1 above, then the Board shall, as soon as possible, but not later than three (3) months from that event, appoint such number of new members as may be required.
- 2.5 A Management Tender and Procurement Committee ("MTPC") is established to support the BTC by evaluating and recommending for decisions the applications received by Pharmaniaga for tender and procurement.
- 2.6 The MTPC will be guided by Pharmaniaga policy and requirements stipulated under the Limits of Authority ("LOA").

## **3.0 AUTHORITY**

The BTC is authorised by the Board to review, deliberate, approve and award tenders for purchases of fixed assets, stocks and award of tender:

- a) Approve purchase and award of contracts fixed assets (above RM5,000,000 and up to RM20,000,000)
- b) Approve purchase of stock (only for products/ stocks not in concession) (above RM3,000,000 and up to RM5,000,000); and
- c) Approve award of tender (private sector) (above RM3,000,000 and up to RM20,000,000)

In the event of inconsistencies between the LOA and the TOR, the LOA shall prevail.

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#### 4.0 FUNCTIONS AND DUTIES

The BTC has the following responsibilities, subject always to the direction and counsel of the Board:

- 4.1 Oversee that the tender process is carried out in accordance with the Group Procurement Policies & Authorities procedures;
- 4.2 Review and ensure that the tender evaluation criteria is comprehensive and allows maximum competition amongst vendors;
- 4.3 Award tenders based on merit, always allowing for qualitative considerations and competitive pricing where practical and feasible;
- 4.4 Review the adequacy of the Tender Evaluation Report which incorporates both the technical and commercial evaluation. The Tender Evaluation Report to be prepared by user department and reviewed and endorsed by MTPC.
- 4.5 Deliberate on the Tender Evaluation Report and recommend actions as appropriate:
  - 4.5.1 award to the vendor as recommended; or
  - 4.5.2 recommend price renegotiation benchmarking against the lowest bidder or market rate; or
  - 4.5.3 award to a vendor(s) other than the one recommended and support with reason(s); or
  - 4.5.4 propose specification change and to proceed with new tender or to request resubmission quotation on changes only or to renegotiate; or
  - 4.5.5 to keep-in-view or to cancel the tender with supporting reason(s)/ justification(s).
  - 4.5.6 suggest other viable solution that fits the purpose of the proposal that is in the best interest of Pharmaniaga.  
*Note: For related parties' transactions, decisions must then refer to Pharmaniaga's policy on related party transactions or recurrent related party transactions.*
  - 4.5.7 participate in the negotiations and/or site visits if such actions will assist in the decision making; and
  - 4.5.8 review and approve the Tender Evaluation Report and highlight any concerns or irregularities in the tender.

## **5. MEETINGS**

### **5.1 Frequency**

- 5.1.1 The BTC shall meet on a need basis.
- 5.1.2 The Head of Procurement shall attend meetings of the BTC as a permanent invitee unless otherwise decided by the Chairman. The Chief Financial Officer (CFO) of Pharmaniaga shall normally be invited to attend the meetings.
- 5.1.3 Other members of the Board may attend the meetings upon the invitation of the BTC. Heads of Business Units and/or Heads of Departments may be invited to the meetings when necessary.

### **5.2 Notice and Agenda**

- 5.2.1 The Secretary shall issue and circulate the notice of BTC meetings confirming the venue, time and date at least five (5) working days before each meeting to the BTC members and all those who are required to attend the meeting.
- 5.2.2 The agenda for each meeting including relevant documents and information requested by the BTC shall be circulated at least five (5) working days before each meeting to the BTC members and all those who are required to attend the meeting.
- 5.2.3 The BTC meeting agendas shall be the responsibility of the Chairman with input from the members. Where necessary, the agenda shall include input from the Managing Director, CFO and Head of Procurement of Pharmaniaga.
- 5.2.4 The Chairman may also invite other members of Management and other persons to participate in this process, if necessary.

### **5.3 Quorum**

The quorum for a meeting of the BTC shall be two (2) members one of which must be a Non-Executive Director. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

**5.4 Voting**

- 5.4.1 All resolutions of the BTC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the BTC shall have a second or casting vote.
- 5.4.2 A BTC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

**5.5 Meeting Minutes**

- 5.5.1 The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the BTC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each BTC meeting to ensure proper follow through.
- 5.5.2 Minutes shall be distributed to BTC members within three (3) weeks from the meeting. The minutes shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- 5.5.3 Copies of minutes of each meeting shall be distributed to all members of the Board.
- 5.5.4 Copies of minutes of each meeting shall be distributed to the Head of Procurement of Pharmaniaga to ensure proper key actions are acted upon.
- 5.5.5 The BTC, through its Chairman, shall update the Board on the activities undertaken by the BTC at the Board meeting held after each BTC meeting.

**5.6 Meeting Mode**

- 5.6.1 A meeting shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the BTC. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- 5.6.2 The BTC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the BTC duly convened.

Approval of the BTC obtained by a BTC Circular Resolution must be signed or approved by all BTC members subject to 5.4.2. Any such Circular Resolution may consist of several documents in like form each signed by one or more BTC members.

## **5.7 Secretary**

- 5.7.1 The Secretary to the BTC shall be the Group Secretary or a person recommended by the Group Secretary and approved by the Board.
- 5.7.2 The Secretary shall organise and provide assistance at BTC meetings and have the following key responsibilities:
- ensure meetings are arranged and held accordingly;
  - assist the Chairman in planning the BTC's activities;
  - draw up meeting agendas in consultation with the BTC Chairman and draft its schedule of activities for the financial year;
  - ensure structured communication channels between the Board and the BTC;
  - ensure proceedings of meetings are recorded and the minutes circulated in a timely manner, and reviewed by the BTC before disseminating them to the Board;
  - maintain the minutes; and
  - ensure BTC recommendations presented to the Board are supported by papers that explain the rationale for the BTC's recommendations.

## **6.0 ANNUAL PERFORMANCE ASSESSMENT**

- 6.1 The BTC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in this Terms of Reference and report the results to the Board.
- 6.2 The Board shall review the composition, performance and effectiveness of the BTC and each of its members annually to determine the effectiveness of the BTC and each of its members in carrying out the duties as set out in this Terms of Reference.
- 6.3 All such assessments shall be properly documented.

## **7.0 REVIEW OF THE TERMS OF REFERENCE**

The BTC shall recommend any changes to its Terms of Reference in such manner as the BTC deems appropriate to the Board for approval. The Terms of Reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Pharmaniaga Group that may affect the BTC's role.