

Policy:	Procurement Policy		
Cognition World Policies – Version Control:			
Version	Author	Date	Change / Update
1.0	TDM	Q2 2019	n/a
2.0	TDM	Q4 2022	Align with new contractual obligations
2.1	TDM	Q1 2025	Updated to align with our Anti-slavery and Corruption Policy

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### 1- Context

This policy sets out our Procurement Policy. This policy is designed to contribute to a more efficient, ethical, and beneficial operation. We aim for procurement consistency and standardisation to optimise control and improve transparency and improved supplier relationships.

### 2- Purpose

This policy:

- defines the purpose and scope of the procurement policy.
- emphasises its role in guiding procurement activities to achieve our organisational goals.
- demonstrates our commitment to:
  - o Our ethical and legal obligations and compliance with applicable laws and regulations.
  - o Reducing risk by scrutinising our supply chain
  - o Ensuring compliance with legal and regulatory requirements.
  - o Promoting transparency and accountability in procurement processes.
  - o Achieving cost-effectiveness and value for money.
  - o Supporting sustainability and ethical sourcing practices.

### 3- Relevant Key Stakeholders

The key stakeholders typically involved in the core procurement process may include:

- o Finance / Procurement team members
- o Department Function heads / Directors
- o End-users of procured goods/services

### 4- Our 4 Stage Procurement Processes

Our four stage process includes:

- 1) **Needs Assessment:** Identify and document organisational needs.
- 2) **Vendor Selection Procedure:** criteria for evaluating suppliers

- a) Preliminary research risk assessment to understand & evaluate supplier's background, financial stability risk, reputation, scope and fit our requirements and standards.
  - b) Compliance review of paperwork, certificates & agreements to verify compliance with regulatory, legal, and company-specific requirements
  - c) Evaluate approval parameters: checklist to appraise a new supplier to verify performance, reliability, pricing, reputation and compliance to reduce risk/fraud.
  - d) Contract finalisation: Negotiate pricing, delivery dates, and other contractual parameters to guarantee mutual understanding and agreement
  - e) Supplier Onboarding: upon PO generation, supplier onboarding requires financial & contact information and business details incorporated into our systems
  - f) Vendor Performance Reviews: evaluate performance to ensure adherence to above.
- 3) Solicitation:** Our typical methods for soliciting bids or proposals are:
- a) Request for Proposal (RFP )
  - b) Request for Quotation (RFQ
  - c) Invitation to Bid (ITB) / Request for Bids (RFB
- 4) Contract Management:** procedure for negotiating, executing, and monitoring contracts:
- 1. Contract Negotiation
    - a) Preparation: define objectives & non-negotiable terms, translate into a draft document
    - b) Negotiating: present priorities & concerns, express intention to build mutual understanding.
    - c) Problem Solving: find compromises or explore alternatives to reach acceptable solutions.
    - d) Finalising: Agree key points, then review and revise the contract, and seek mutual benefit.
  - 2. Contract Execution
    - a) Contract Drafting: Outline agreed-upon terms and conditions clearly.
    - b) Contract Review & Negotiation: address concerns and ambiguities.
    - c) Contract Finalisation: no further changes are needed, document is ready for signatures
    - d) Contract Signing: Verified signatories indicate their commitment against an execution date
    - e) Post-Signature: Parties fulfil their obligations outlined in the contract
  - 3. Contract Monitoring
    - a) Centralise: all contract data in one place for access and tracking dates and deadlines
    - b) Measure: define KPIs to track performance compliance throughout the contract lifecycle
    - c) Track Invoices: Regularly assure accuracy, timeliness, and consistency with contract terms
    - d) Review: Monitor important dates and evaluate progress against KPIs

## 5- Vendor Management Guidelines

Our guidelines for managing vendor relationships:

- 1. Regular performance evaluations against industry standards metrics:
  - a) Quality: defect & return rates, adherence to specifications & regulatory requirements
  - b) Delivery Performance: delivery and lead time reliability, quantity accuracy
  - c) Cost and Financial Stability: pricing, cost efficiency, discounts & financial stability
  - d) Customer Service and Relationships: capabilities. Responsiveness & feedback
  - e) Innovation and Scalability: new solutions, technologies or added value
  - f) Risk Management: compliance, security, reliability and contingency
- 2. A procedure for onboarding new suppliers.
  - a) See our 4 Stage Procurement Processes
- 3. Criteria for maintaining or terminating vendor relationships
  - a) Gather evidence that vendor failed to achieve expected business outcomes
  - b) Conduct final contract review, mapping out the provisions needed
  - c) Termination communication clarifying intent to end services,
  - d) Vendor Offboarding: remove access to systems, data, and infrastructure

## 6- Policy Implementation – Procurement Principles

- Staff involved in procurement ensure they understand our procurement procedures.
- We share updates or changes to the policy during our team meetings
- We identify potential risks in procurement activities (e.g., supply chain disruptions)
- We outline mitigation strategies for serious risks
- We conduct a risk assessment prior to contract signing.
- We emphasize adherence to ethical standards and compliance with regulations.
- We report unethical behaviour or violations of the procurement policy.
- We involve key stakeholders during the policy development to gain input and buy-in.
- We maintain thorough documentation of all procurement activities to support transparency and accountability.

## 7- Raising a Concern

- At the earliest possible opportunity, every staff member has a duty to report any suspected or actual incident of breaching this policy that he or she becomes aware of
  - Employees must report any such incident in the first instance to the CEO.
  - Contractors/ 3<sup>rd</sup> parties, must report such incidents to our Chief Commercial Officer.

## 8- Relevant Links:



Anti-Bribery &  
Corruption Policy - VC