



## **Hacienda Riquelme Community of Owners**

### **Procurement Policy & Procedure**

#### **1. Purpose**

This document sets out the Procurement Policy & Procedure, including financial limits and tender policies, to be followed by the Hacienda Riquelme Golf Resort (HRGR) Community of Owners. The purpose of the document is to clearly set out the requirements for HRGR procurement activities performed on behalf of the General Community and Sub-communities (Buildings). It is designed to deliver value for money and to be legally compliant and transparent to all HRGR owners.

All HRGR Board members and Administration Support Team (AST) employees are required to comply with this HRGR Procurement Policy & Procedure. Compliance by all persons involved in procurement activities will:

- Protect persons from making decisions that could have a negative impact for themselves and/or HRGR Owners.
- Enable the legal and ethical standards expected by HRGR Owners to be met.
- Reduce risks, including health and safety risks, that may threaten HRGR, our Owners or our Suppliers as they will be identified, managed, and mitigated.
- Result in procurement activities that are fully accountable and auditable.
- Provide HRGR Owners with quality services and products in an economically effective manner.

***HRGR Procurement Policy is set out in Section 4; and the Procurement Procedure is described in Section 5.***

#### **2. Definitions**

Definitions of key terms are:

**HRGR Board** – The collective group of eight (8) Phase Presidents appointed by the Building Presidents within their Phase following the individual Sub-Community Annual General Meetings.



**General Community Administrator (GC Administrator)** – The individual appointed annually by the HRGR Board, in accordance with the Statutes, Article 28.  
**Administrative Support Team (AST)** – The individuals appointed by the Resort President to assist the GC Administrator in the effective Self Administration of the HRGR Community.

**Single Source Justification (SSJ)** – a form to be used in circumstances (e.g., specialist services or repetitive works or services) when it is not possible, or advisable, to have more than one tenderer. The SSJ form should be completed and approved by a unanimous vote by the HRGR Board (for General Community tenders) or the Building President and respective Phase President (for Sub-community tenders).

**Phase Presidents** – The individuals appointed annually by the Building Presidents in each respective Phase.

**Building Presidents** - The individuals appointed annually by the respective Building Owners at the Sub-Community Annual General Meeting (or Extraordinary General Meeting should a Building President resign during the course of the year).

### **3. Scope**

This Policy & Procedure underpins governance of all HRGR procurement activities and applies to all HRGR Board Members, Building Presidents, and AST employees. It applies to all levels of the HRGR Community of Owners organization participating in the HRGR Self Administration scheme for all procurement, contracting or supplier related activity unless a Sub-community opts out as described in this section below.

Procurement may take place at two levels – General Community or Sub-community. This policy will be used for General Community level procurement and, it is also recommended for use in Sub-community procurement (for those Sub-communities that are participating in the HRGR Self Administration scheme). However, Sub-communities may elect to use a different



approach if they so wish. If a Sub-community wishes to procure through the AST, but not use this procedure, the Building President must provide the General Community Administrator (GC Administrator) with a copy of the procedure the Sub-Community wishes to follow.

#### **4. Procurement Policy**

This section describes the HRGR procurement policy. The responsibility for implementing this policy lies with the GC Administrator and the AST, who, following receipt of a request, will initiate, coordinate and close out the procurement process. The HRGR Board will monitor adherence to the policy and review it from time to time.

##### **4.1. Competitive Bidding**

In order to obtain the best range of proposals and competitive market related pricing, it is HRGR policy to initiate procurement activities using competitive bidding whenever possible. Any exception to competitive bidding shall be duly documented on a Single Source Justification (SSJ) form; all SSJ forms will require approval by the Resort President.

##### **4.2. Supplier Qualification**

HRGR policy is to determine supplier suitability using a qualification process that includes, but is not limited to, the following factors: quality of product/service; health and safety legal compliance; corporate legal compliance; demonstrated customer satisfaction in the particular scope of supply; employee training; and ethics policy.

##### **4.3. Sub-community Delegation of Authority**

Building Presidents may authorise their Phase President or the General Community President to represent them in procurement decisions. This will be appropriate if similar work is to be carried out across Sub-Communities and/or Phases. This must be confirmed in writing at the beginning of the procurement process.

##### **4.4. Owner Nominated Suppliers**

If an owner would like to recommend a supplier who they believe would be an asset to HRGR,



then they should submit the supplier details to the GC Administrator for consideration in the next relevant procurement opportunity.

#### **4.5. Code of Conduct**

When engaging with suppliers each HRGR Board member, AST employee or Building President must follow the following code of conduct principles:

- Comply with laws, regulations, external standards, and internal procedures
- Treat suppliers and subcontractors fairly, transparently, and impartially
- Ensure that mutual commitments are respected
- Protect personal data and the confidentiality of all information exchanged
- Foster awareness of, and meet, HRGR's commitments with regard to ethical and privacy standards, sustainable development, and social responsibility
- Avoid any conflict of interests that may undermine objective and independent decision making
- Report any situation that does not comply with these rules

#### **4.6. Confidentiality**

There are no circumstances in which it is acceptable for anyone to disclose HRGR supplier, pricing, or other contractual information to another party.

#### **4.7. Conflicts of Interest**

A situation in which a person engaged in HRGR procurement activities has a personal interest in a current or potential supplier, and they have influence over the appointment of that supplier to deliver to HRGR, will constitute a conflict of interest.

A conflict of interest could also be seen to arise if:

- the person could benefit financially from the supplier selection; either directly or indirectly
- using the supplier compromises the overall cost and/or quality of the supply
- the person has a friendship or personal acquaintance at the supplier.



Anyone with a potential conflict of interest in a current or potential supplier must declare the nature of their interest to the GC Administrator and the Resort President at the earliest opportunity. This will normally result in the person having no further involvement in the procurement or purchasing activities relating to that supplier. This preserves the best interests of HRGR and our owners; and serves to protect the person from potential suspicion of misconduct and resulting investigation.

Any person who suspects a conflict of interest between a HRGR Board member, or an AST employee, and a supplier has a responsibility to report their concerns to the GC Administrator and the Resort President.

#### **4.8. Bribery, Corruption and Legal Compliance**

All persons engaged in procurement activities are reminded of HRGR's requirements for ethical commitment as set out in HRGR's Ethics policies. Everyone is required to comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption. If a person has any reasonably founded suspicions of activity that could be construed as bribery, complicity, corruption, anti-competitive or cartel-like activity, the person is required to report it to the Resort President.

There are no circumstances in which it is permissible for anyone to break or risk breaking applicable laws or regulations. Any reasonably founded suspicions a person has that the procurement policy has been breached, or of other illegal activity, must be reported to the Resort President.

At HRGR safety is our key priority and we expect our supply chain, and their supply chain tiers, to maintain the highest standards for all goods we supply. We understand the potential risks concerning the supply of counterfeit, fraudulent and suspect Items within the supply chain, and we, therefore, only choose suppliers that can demonstrate the quality and source of the goods required.



## **5. Procurement Procedure**

This section sets out the procedural stages to be followed within the procurement lifecycle.

The AST must be consulted as soon as a requisition need is identified, and no commitment should be made to any supplier prior to completion of the appropriate procurement stages and written approval has been given by the designated approver. The GC Administrator will provide direction in terms of the most appropriate procurement option and qualified suppliers and contractors to invite for competitive bids.

### **5.1. Requisition Need Identification**

The need to purchase materials, equipment, works, or services can be identified by a Building President, a Phase President, the GC Administrator, or an AST member. This could be due to a planned or reactive need. When identified, the requestor should engage with the GC Administrator who will confirm if an existing contracted supplier could fulfil the need and, if not, will work collaboratively with the requestor to source the right supplier.

### **5.2. Scope of Supply/Work**

The requestor is responsible for specifying what is needed as they are the person with knowledge of the requirement. The requestor should document what goods or services are required, including quantity, location and time required. Requirements should be comprehensive, written in plain English or Spanish, and be non- prescriptive with respect to the procurement outcome.

In order to encourage innovative responses from suppliers, the AST may review the specification with the requestor to ensure quality requirements are fit for purpose and check to determine if the need is consistent with the scope of any existing supply contracts.

For small value items, less than €1000, the GC Administrator may select a supplier without going to tender.



### 5.3. Define Sourcing Approach

The AST will advise on the most suitable sourcing approach and a minimum of two like-for-like quotes from independent and qualified suppliers must be sought. If there is only 1 quote or the item/service has been single sourced, then a SSJ form must be approved by the Resort President, unless it is a small value item <1000€.

The review of sourcing approaches will take into consideration various factors including, but not limited to, competitiveness of the supply base, speed with which the supply is needed, the scale and duration of supply. Alternate supply markets will be considered whenever appropriate such as not for profit, small and medium enterprises, and local suppliers.

All suppliers or contractors should be legally registered in Spain with the Tax Office and Social Security

When tendering is required, the following guidelines should be followed although it is recognised that there may be circumstances (e.g., specialised services) when it is not possible to have the stated number of tenders.

#### **General Community Procurement**

Estimated Contract Value	<1000€	1000€ - 5000€	>5000€
Minimum No. of Tenders	1	2	3

#### **Sub-community (Building) Procurement**

Estimated Contract Value	<1000€	1000€ - 5000€	>5000€
Minimum No. of Tenders	1	2	3



#### 5.4. Invitation to Tender

The AST will competitively source suppliers to fulfil requirements and will compile, and issue, the Invitation to Tender documents.

It will be advantageous for all suppliers to agree to HRGR Terms and Conditions – which might include consistent clauses from existing contracts or purchase orders - with the opportunity to negotiate clauses (by exception) during the tender evaluation process. HRGR Legal advisers will review and agree all Terms & Conditions proposed by a tenderer prior to contract finalisation and signature.

#### 5.5. Evaluation of Tenders

All tender proposals from contractors will be sent to the GC Administrator, or AST, in a sealed envelope, or as an attachment to an email, by the deadline date in the tender invitation document. Tenders will not be opened until the deadline has passed. The appropriate number of Presidents (as detailed below) will be invited to join a tender opening panel and tenders will not be opened prior to all members of the panel being present, either in person or via Zoom.

### General Community Procurement

Estimated Contract Value	<1000€	1000€ - 5000€	>5000€
Tender Opening Panel	GC Administrator or AST	GC Administrator, or AST, + 1 Phase President	GC Administrator + 2 or more Phase Presidents
Award Approval	General Community President		



## **Sub-community (Building) Procurement**

Tender Opening Panel	GC Administrator, or AST, &/or Building President
Award Approval	Building President

All tenders received will be reviewed by the GC Administrator, or AST, for compliance with the instructions in the Invitation to Tender. Separate, independent technical and commercial evaluations of valid tenders will be performed by persons assigned by the Resort President. The GC Administrator, or AST, will prepare and issue any clarification questions to tenderers in consultation with the members of the technical and commercial evaluation teams.

### **5.6. Award Recommendation and Approval**

On completion of the technical and commercial evaluations, the GC Administrator, or AST, will prepare a tender summary with a recommendation for approval by the approver designated in section 5.5.

### **5.7. Award of Contract or Purchase Order**

Following evaluation of tenders, contracts or purchase orders will be awarded to the supplier best able to demonstrate:

- meeting our stated requirements
- similar values and ethics to HRGR's
- required Health & Safety practices
- innovative proposals that meet the need
- meeting our Sustainability needs
- market competitive pricing

The contract duration must not exceed 3 years; any exceptions must be approved by a unanimous vote by the HRGR Board.

All signed copies of contracts must be retained by the AST to update the Contracts log. AST



will retain hard copies in a locked cupboard at the HRGR Administration Offices and save soft copies within SharePoint.

#### **5.8. Contract or PO Commencement**

No work is to commence on contracts or POs until the contract documents are signed by both parties; or until an email exchange takes place between the GC Administrator, or AST, and the selected tenderer which confirms: (a) acceptance of the tender pricing; and (b) the agreed terms and conditions.

#### **5.9. Contract Administration**

The GC Administrator, assisted by the AST, will be responsible for all contract administration activities.

All invoices will be certified for payment by the GC Administrator (as arithmetically correct and according to terms of the contract) and approved by the Sub-Community, Phase or General Community President as appropriate.

Payment for materials, equipment, components, labour, or services required as part of the contracted work will only be paid on submission of the original invoice.

No invoice will be paid until the certificate showing payments are up to date with the Social Security and Tax Office is provided by the contractor to the GC Administrator.

#### **5.10. Monitor Supplier Performance**

The AST will bring together all available information in order to monitor and manage the performance of HRGR suppliers.

Supplier performance against contracted commitments will be measured and monitored on an ongoing basis by the AST and the requisitioning party.

The GC Administrator and the AST have a responsibility to help improve suppliers' overall



performance by highlighting any poor performance to the HRGR Board.

HRGR supports the principle of working with suppliers to resolve performance or other issues and strengthening relationships rather than cancelling contracts and appointing replacements. Supplier under performance affecting items such as delivery, quality and/or sustainability will be managed closely by the AST and the requisitioning party, and where required a Performance Improvement Plan with clear objectives and targets will be implemented to support as well as manage the supplier. However, failure by the supplier to work cohesively with HRGR to achieve the contracted service levels will result in termination as per the contract.

## **6. Contract Renewal**

Up to six months before a contract end date, the GC Administrator will review the ongoing need with the requisitioning party for the contract and, if the need remains, commence the procurement lifecycle again. However, if the HRGR Board unanimously deems that a contractor's performance is acceptable to the Community, the contract may be renewed without going to tender. In this event the contract must be re-tendered prior to the termination of the renewal period.

## **7. GC Administrator Assigned Authority**

The GC Administrator may approve the purchase of the following items without prior approval of any President; however, the relevant President must be informed by the GC Administrator of such expenses in advance of purchase:

1. Small value recurring expenses (e.g., post, burofax, recorded deliveries, wastewater pumps, electricians, plumbers, garage doors, drain cleaners, general maintenance items such as light bulbs, locks, handles etc).
2. Items and services up to 1000€.
3. Emergency repairs as required.

Any other purchase expenses must be approved by the appropriate President.



## **8. Document Storage**

All supplier agreements/amendments, orders, sourcing/tender documents, specifications, analysis criteria, supplier responses exchanges re: negotiations, any related electronic documents and communication must be saved on SharePoint. No agreements are to be stored within local offices, folders/ hard drives. Contracts must be kept for 7 years after expiry. The AST is responsible for keeping the contract log up to date to reflect status re: live, expired, archived, disposed/destroyed, and keep the hard copies within a lockable cupboard and soft copies saved within SharePoint.