

SAPIA Procedure on the appointment of a Single Supplier for Joint Oil Industry HSSE related projects

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SAPIA PROCEDURE ON THE APPOINTMENT OF A SINGLE SUPPLIER FOR JOINT HSSE RELATED INDUSTRY PROJECTS

INTENT

This procedure is intended to guide SAPIA members on the appointment of a single supplier for joint oil industry Health, Safety, Security and Environmental (HSSE) related projects that pose little or no competition risk. It is intended that SAPIA will provide high-level guidance and oversight, to ensure that the procurement process is fair and transparent and complies with the procedure set out.

SCOPE

This procedure is intended for SAPIA members in South Africa (SA) and for HSSE related projects where HSSE risks need to be jointly managed by the Industry. The procedure will not cover internal company procurement processes. This procedure will cover the interfaces where SAPIA HSSE and SAPIA members are involved. The project management function will always be carried out by a SAPIA member involved in a joint project.

EXCLUSIONS

SAPIA is not responsible for the regulatory compliance associated with such joint projects. Compliance with the South Africa regulatory framework and compliance to the internal policies and procedures of SAPIA members, remain the responsibility of SAPIA members that are involved in the project. All costs associated with the projects will be carried by the SAPIA Members involved.

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PROCUREMENT PROCEDURE

A) Pre-Procurement

1. A terms of reference (TOR) for any joint project, a Working Group must be established, legally reviewed and signed-off before the commencement of any joint procurement.
2. The TOR will provide guidance on purpose, composition, cost distribution, project management, dispute resolution amongst other requirements for the joint project.

B) Procurement

1. The procurement process will be led by the project manager for the project. The project manager is an employee of a SAPIA Member who is involved in the joint project. The project manager may be rotated for projects that extend for many years. In most cases the 'housekeeper' for joint facilities will be the project manager. The project manager can be jointly agreed by Members.
2. The internal procurement processes of the SAPIA member who is the project manager, will be followed. The exception to this process will include procurement made by SAPIA directly.
3. HSSE standards of the SAPIA member who is the project manager, will be followed.
4. Once the Working Group agrees that the services of a third party is required, the following actions will commence:
 - a. The internal procurement processes of the project manager will commence.

- b. A scope of work for the task will be agreed and signed –off by the Members involved. The scope will also include the task requirements, key performance indicators, cost distribution, payment requirements, timelines, contact focal point, etc.
- c. A contractor selection criterion is predetermined and will include amongst others; technical, HSSE, commercial, and other ranking criteria. See example in Appendix A.
- d. SAPIA Members will submit 3-5 preferred suppliers to SAPIA HSSE in order of preference. In exceptional circumstances, there may be less than 3 suppliers.
- e. SAPIA HSSE will consolidate the submissions and rank the suppliers based on the preference shared by the Members. SAPIA will share the consolidated information to the Working Group.
- f. The Working Group agrees on the supplier shortlist. The shortlist is then submitted to the project manager to continue with the internal procurement process. In the case where there is continuation of a task and a new supplier is not required, Members will need to submit a motivation. This motivation is then submitted to the project manager for the internal company process for deviation to be followed.
- g. Once the project manager receives the request for information from the suppliers, an adjudication panel consisting of SAPIA HSSE and the Working Group is set up.
- h. The suppliers then present their submissions to the Working Group in person or via teleconferencing facilities. This allows for clarification, questions, etc. Legal and procurement representatives are invited to the presentations and while their attendance is not compulsory, it is preferred.
- i. Working Group members then score the supplier. Only one submission per Member is accepted. Submissions are made to the procurement representative of the project manager. SAPIA HSSE must be copied in on submissions. The scores are then consolidated by the procurement representative of the project manager.

- j. The final results are shared and discussed. Once agreed, the project manager then commences with the remaining elements of the internal procurement process.
- k. A contract is agreed by all Working Group members. Working Group Members can make inclusions into the contract to ensure their specific requirements are met. Once agreed, all parties then sign the contract.
- l. The project manager will make the appointment and inform the supplier.
- m. Working Group members must ensure that invoices are paid timeously.

C) Post - Procurement

- 1. Contractor performance and management is conducted by the project manager with the support of the Working Group. Progress and deliverables must be tracked and any issue must be addressed with the supplier via the project manager.
- 2. Working Group Members must ensure that feedback on draft reports are given within reasonable timeframes.

End.

APPENDIX A: EXAMPLE OF SELECTION CRITERIA AND RANKING

Tender adjudication criteria		Weight (%)
COMMERCIAL (PRICE)		30%
BBBEE		10%
HSSE		10%
Technical		50%
Description of the proposed team, project manager and the relevant experience of each team member		5%
Organisational Description and capabilities to support and deliver the project (Sufficient staff, years, experience and other resources)		10%
References: Previous experience in similar projects by company and staff (Auditing/Assessments)		5%
Methodology, Project plan and ability to complete the task timeously, within budget as per requirements (Is the plan realistic?)		5%
Marine oil spill response (Tier 1 -3) and experience within the Oil and Gas Industry		10%
Ability to provide a comprehensive report with recommendations that the sector can implement (previous examples)		10%
Offered innovative solutions resulting in cost saving or improved delivery of services		5%