

Mercy Ships Australia Procurement Policy

Policy owner: Chief Operating Officer

1 Purpose

1.1 This policy provides the framework for MSA to achieve value for money for procurement whilst being ethical, sustainable, fair, inclusive, and free of corruption, nepotism, and conflicts of interest.

2 Legislative context and application

2.1 This Policy is governed by and should be interpreted in accordance with Australian laws and regulations.

2.2 This Policy applies to contracting and procurement activities and is binding upon Board members, management, and staff of MSA, and contractors, consultants, interns, volunteers, and agents while engaged by MSA.

3 Definitions

3.1 'Board member' – a member of the Governing Body.

3.2 'Executive Management' (EMT) – the CEO and direct reports.

3.3 'Staff' – a member of staff or management, permanent or temporary, intern, volunteer, contractor, consultant, or agent of MSA.

3.4 Procurement: The acquisition through purchase or lease of real property, goods, or other products (including intellectual property), works or services.

3.5 Sustainable procurement: Procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimising costs.

4 Policy Statement

MSA procurement involves the expenditure of donor funds. Donors are entitled to be assured that the funds we expend are done so responsibly, sustainably and in alignment with the mission of MSA. Procurement is governed by strict considerations of materiality, probity, transparency, sustainability, and accountability to ensure that the decision-making processes withstands donor & stakeholder scrutiny. To the extent possible, procurement processes will be kept simple to maximise efficiency and reduce costs.

5 Principles

The following principles will guide all procurement activities:

5.1 Fairness, integrity, and transparency: UA conducts competitive procurement in a fair, open, and transparent manner by consistently applying clear policies, regulations, and procedures throughout all stages of transactions.

5.2 Best value for money: The selected offers from a competitive tender should display the optimum combination of quality, whole life cost, effectiveness, and other factors such as social, environmental, and other strategic objectives, to meet end-user needs.

5.3 Economy and effectiveness: Economy and effectiveness mean conducting an efficient supply operation to ensure end-user needs are met

5.4 Sustainability: Sustainable procurement “integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimising costs”. Sustainable procurement encompasses three pillars:

- Economic pillar: Strives for best value for money and the whole life costs (WLC) of a product or service as well as wider support for economic development.
- Environmental pillar: Strives for reduction of the negative environmental impact a product or service has over its whole life-cycle, including issues such as greenhouse gas emissions, preservation of natural ecosystems, waste reduction and management, and air and water pollution.
- Social pillar: Strives for the promotion of human rights, elimination of child labour, promotion of local markets, fair labour conditions and wider ethical issues in supply chain.

5.5 Ethics & Probity: All staff must adhere to high standards of probity in procurement, uphold high standards of integrity and fairness, avoid conflicts of interest, and undertake their duties in accordance with the Code of Conduct

5.6 Equity & Inclusivity: Procurement processes are developed to ensure that suppliers are provided equal opportunity to contract with MSA

5.7 A Robust Procurement Framework: The policy and procurement guidelines provide guidance in achieving the best value for money for MSA whilst adhering to these principles. To the extent possible, procurement processes will be kept simple to maximise efficiency and reduce costs. Key components of the framework are:

5.7.1 Authority Matrix which identifies the levels of authority that specified staff require to select suppliers, manage sustainability criteria, approve, or terminate contracts and payments. Prior to the commencement of any procurement process:

- Funds must exist within an approved budget; and
- The appropriate financial delegate must be aware of the procurement.

5.7.2 Procurement Process & Procedure Guidelines define the procurement processes for different levels of expenditure depending upon the need, complexity, value, and risk. Procedures to be followed are outlined in the guidelines.

Breach of Policy

4.1. Staff involved in procurement should sign and follow the MSA code of conduct, and should ensure that they never expose themselves to a conflict of interests, nor use the procurement process for personal gain

4.2. This Policy should be read and applied in conjunction with MSA financial rules and regulations, Code of Conduct and the Fraud and Corruption policies.