



PAKISTAN NATIONAL SHIPPING CORPORATION PROCUREMENT POLICY



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1.	Introduction	2
2.	Definitions	3
3.	Procurement Planning	7
4.	Sourcing Routes	10
5.	Committees	21
6.	Sourcing Activities	23
7.	Contract Management Activities	26
8.	Commercial Shipping and Related Activities	28
9.	Receipt of Goods/Services/Works	28
10.	Sustainability	29
11.	Asset Disposal	30
12.	General	31

1. Introduction

1.1 Purpose

This policy, in compliance with the provisions of Para 17(2) of the State-Owned Enterprises Act, 2023 (SOE Act), aims to ensure that the Pakistan National Shipping Corporation (PNSC) develops an independent procurement policy that aligns with the norms of the modern shipping industry. The shipping sector encompasses four interconnected markets: the freight market, the new-built ships market, the second-hand or resale market which is considered the acceptable norm in the shipping industry, as the delivery of newly built vessels often takes a significant amount of time, additionally, fluctuations in exchange rates can make new build vessels economically invariably unfeasible, and the demolition market for ships that are no longer in service or do not comply with shipping regulations. Given the unique and dynamic nature of this industry, PNSC, as a strategic organization, must create a multifaceted policy to ensure value for money in the procurement of goods, works, and services, as well as in the disposal of assets.

This policy provides guidelines to promote consistent application of best procurement practices and international standards, ensuring transparency and accountability. The selection, contracting, management, and monitoring of suppliers or service providers will adhere to principles of efficiency, economy, equal opportunity, transparency, sustainability, and value for money. For matters related to commercial shipping and associated activities, please refer to the approved policies and procedures manual and the Internal Control System (ICS) of PNSC.

1.2 Scope

The scope of this policy covers all stages of the procurement process, from need assessment, planning to contract management, ensuring that all activities are conducted in a transparent, competitive, and efficient manner in accordance to SOE Act Section 17 (2). In the case of Commercial shipping and related activities please refer to approved policies and procedures manual & internal control system (ICS) of PNSC.

1.3 Procurement Vision and Mission

Given the unique nature of PNSC's shipping business, PNSC's Procurement Vision is to be recognized as a leader in efficient and transparent procurement practices, obtaining value for money and supporting the organization's strategic goals. The mission of the procurement function is to ensure the timely and cost-effective acquisition of high-quality goods, services, and works while maintaining the highest standards of integrity and compliance with local and international lead practices. The procurement function will strive to foster strong relationships with suppliers, promote sustainable procurement practices, and continuously improve procurement processes.

1.4 Procurement Strategic Priorities

Procurement strategic priorities are aligned with the organization's overall strategic objectives giving the unique nature of the shipping business and associated procurement practices these priorities are designed to ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical:

- 1.4.1 Compliance and Governance: maintaining robust governance frameworks for all procurement activities. Whereas for Commercial Shipping and related activities to be dealt as per shipping industry practices.
- 1.4.2 Value for Money: best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability, price, source, and the combination of whole-life cost and quality to meet the procuring agency's requirements.
- 1.4.3 Transparency and Accountability: Promoting fair and equal opportunity to all prospective bidders, transparency in procurement processes and ensuring accountability at all stages of the procurement cycle.

- 1.4.4 Sustainable Procurement: Incorporating environmental, social, Industrial and economic sustainability considerations into procurement decisions to support PNSC's sustainability goals required to keep the organization growing concern.
- 1.4.5 Supplier Relationship Management: Building and maintaining strong, professional relationships with suppliers to enhance procurement outcomes and foster innovation.
- 1.4.6 Continuous Improvement: Continuously improving procurement processes through the adoption of international lead practices, leveraging technology, and investing in procurement capacity building

1.5 E-Procurement

"e-Procurement" means use of information and communication technologies or digital or electronic means for procurement process; PNSC will also implement an e-procurement system where viable to enhance the efficiency, transparency, and accountability of procurement activities. The e-procurement system will enable electronic submission, evaluation, and management of bids. This system will provide a secure and user-friendly platform for vendors to participate in the procurement process, reducing paperwork and expediting procurement cycles. The e-procurement system will include functionalities such as electronic tendering, online bid submission, and real-time tracking of procurement activities. All e-procurement activities will be conducted in compliance with local & International regulations and industrial lead practices to ensure a fair and competitive procurement environment.

For all local procurements PNSC shall conduct e-procurement activities in accordance with Rule 7A of the Public Procurement Rules as amended from time to time and will utilize digital platforms provided by Public Procurement Regulatory Authority (PPRA) to manage all stages of procurement from planning to contract close-out including electronic tendering, bid submission, evaluation, and tracking. PNSC shall utilize EPADS in compliance with applicable regulations. The objective is to ensure transparency, competitiveness, and accountability throughout the procurement lifecycle.

2. Definitions

2.1 End-user

The end-user is the individual vessel or department or a group thereof within PNSC that will ultimately utilize the goods, services, or works procured. The end-user is responsible for defining the specific requirements and standards needed for the procurement and providing feedback on the performance and suitability of the procured items.

2.2 Goods

Goods means articles and objects of every kind and description whether new or used (used goods are limited to vessels, equipment, machinery, and spares for vessels and shipping only), raw materials, products, scraps, waste material and commodities in any form and includes all type of assets such as immovable property, physical objects in any form or matter, intangible assets, goodwill, intellectual property and proprietary right, as well as service incidental thereto if the value of these services does not exceed the value of such goods. Some common types of Goods typically procured in shipping;

1. Fuel and lubricants (bunkers)
2. Spare parts (engines, pumps, valves, etc.)
3. Ship supplies (provisions, cabin stores, etc.)
4. Navigation and communication equipment
5. Safety equipment (life rafts, fire extinguishers, etc.)
6. Cargo handling equipment (cranes, winches, etc.)
7. Containers and pallets
8. Anchors and chains
9. Paints and coatings
10. Marine hardware (valves, pipes, fittings, etc.)

2.3 Works

"works" means any construction work consisting of erection, assembly, repair, renovation or demolition of a building or structure or part thereof, such as site preparation, excavation, installation of equipment or materials and decoration, finishing and includes incidental services such as drilling, mapping, satellite photography, seismic investigations and similar activities, if the value of those services does not exceed that of the works themselves. It includes all work (other than dredging activities) including construction and maintenance works being carried out over marine waters, on the beach and foreshore areas.

The procurement of works typically requires careful planning, tendering, and contract management to ensure compliance with quality standards, timelines, and legal requirements.

2.4 Services

"Service" means any object of procurement other than goods or works; Services refer to intangible activities or tasks performed by external parties that provide value to an organization. These services may include consulting, legal assistance, training, maintenance, technical support, security, transportation, or any other form of professional, technical, or general service. In the context of procurement, services are acquired to support the organization's operations, enhance its capabilities, or fulfill specific needs. Some common types of services typically procured in shipping;

1. Ship repair and maintenance
2. Dry docking and cleaning
3. Hull cleaning and propeller polishing
4. Cargo handling and stevedoring
5. Tug and towage services
6. Pilotage services
7. Bunkering and fuel supply
8. Ship agency services
9. Logistics and freight forwarding
10. Survey and inspection services
11. Crewing and manning services
12. Waste management and disposal
13. Security services
14. Insurance services
15. Technical consulting and advisory services

Other services includes;

1. Provisioning (food, water, and other essentials for crew)
2. Chartering and brokerage services
3. Weather routing and navigation services
4. Vessel monitoring and tracking services
5. Compliance and regulatory services (e.g., ISM, ISPS, SOLAS)

2.5 Consulting Services:

Means the provision of independent expert advice of a quality at least equal to the applicable professional standards in relation to acquisition of goods services other than consulting services and works.

2.6 Vendor Management

The process of strategically overseeing and coordinating relationships with suppliers to ensure that the procurement of goods, works, and services meets the organization's quality standards, budgetary requirements, and strategic objectives. This process includes selecting and evaluating vendors based on their capability, reliability, and compliance negotiating and managing contracts to establish clear terms, pricing, and performance expectations; continuously monitoring vendor performance against set criteria such as quality, cost, and delivery timelines; and mitigating potential risks that may impact supply chain continuity or compliance. Effective vendor management fosters strong, collaborative partnerships that deliver value, enhance operational efficiency, and support the organization's long-term goals.

2.7 Second-Hand Spares for Vessels

Refers to previously used or pre-owned whether used or otherwise components, parts, or equipment that may have been removed from an original asset, machinery, or system and are available for use or reuse on vessels or for marine use. These spares are typically sourced from dismantled equipment, surplus inventories, or through secondary markets. While second-hand spares may not come with the original manufacturer's warranty, they are often refurbished, inspected or tested to ensure they meet acceptable operational standards and specifications. The use of second-hand spares can offer a cost-effective solution for maintenance, repair, or replacement needs, provided they comply with the organization's requirements. Maintenance, repair, or replacement needs, provided they comply with the organization's requirements.

2.8 Compliance

PNSC (State-owned enterprise) shall maintain independent procurement policies with the approval of the Federal Government, which comply with the Chartered Institute of Procurement and Supply's Global Standards of Procurement and Supply and shall only be responsible for compliance of the provisions of the Para 17 (2) of the SOE Act.

2.9 Delegation of Authority

The delegation of authority in procurement processes involves distributing decision-making powers and responsibilities across different levels of the procurement hierarchy (Refer Financial Matrix and latest version of Power and authorities Matrix and designated authorities for commercial activities at Annexure duly approved by PNSC Board of Directors).

2.10 Vendor/Supplier

A vendor or supplier is any individual or organization that provides goods, services, or works to PNSC in response to procurement activities.

2.11 Bidder

A bidder is any person, vendor or supplier who submits a bid, proposal, quotation, or tender in response to a solicitation or bidding document issued by PNSC.

2.12 Contract

"Contract" means an agreement enforceable by law; A contract is a legally binding agreement between PNSC and a bidder or supplier, outlining the terms and conditions under which goods, services, or works are to be provided.

In the case of Commercial Shipping and related activities please refer to approved policies and procedures manual & Internal Control System (ICS) of PNSC.

2.13 Solicitation or Bidding Document

PNSC shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid. A solicitation or bidding document issued by PNSC to invite bids or proposals from potential vendors or suppliers. This includes Requests for Quotation (RFQ), Requests for Proposal (RFP), Invitations for Bid (IFB), and other similar documents. The solicitation document outlines the requirements, evaluation criteria, and submission instructions for the procurement activity.

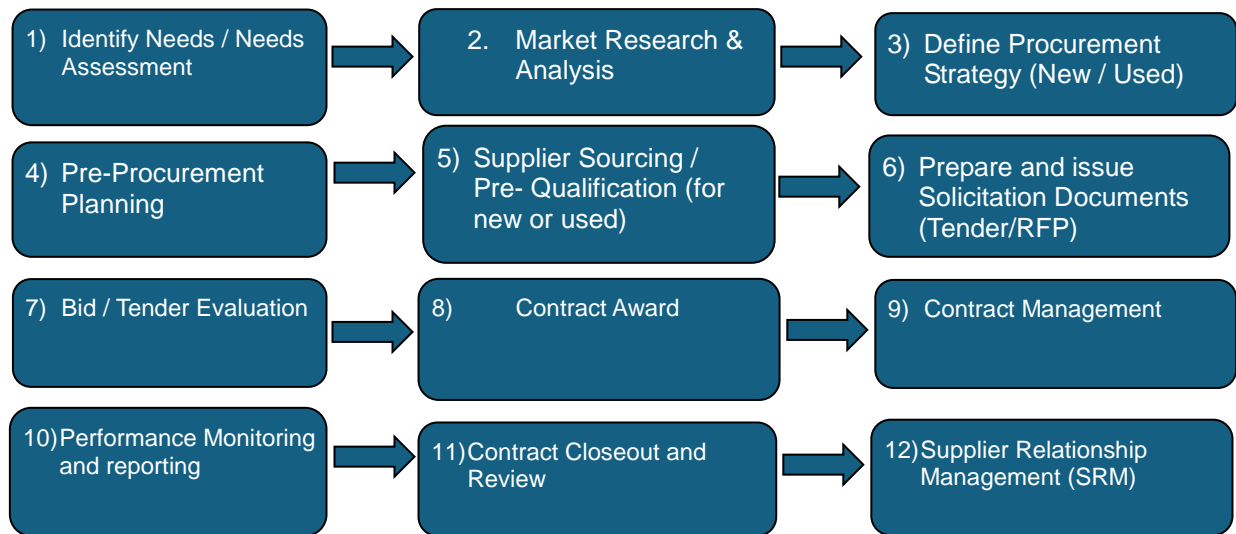
2.14 Tender Committee

A Tender Committee is a group of individuals appointed by PNSC to assess and evaluate bids or proposals received in response to a solicitation document, excluding vessel sale and purchase. The committee conducts technical and commercial evaluations based on predefined criteria to ensure a fair and transparent selection process.

2.15 Procurement Cycle

The procurement cycle encompasses all stages of the procurement process, starting with needs assessment through market research, which forms the basis for subsequent planning. The cycle

continues through to contract award, management, and closeout. Key steps in the procurement cycle include market research, detailed planning, solicitation, evaluation, contract negotiation, and performance monitoring, ensuring that procurement activities are carried out efficiently and in compliance with regulations and best practices.



2.16 Grievances Redressal Committee (GRC):

Any complaint received in writing will be reviewed by a dedicated GRC committee within PNSC comprising of odd number of persons. The committee will investigate the complaints thoroughly and take appropriate actions to address valid concerns. All complaints and their resolutions will be documented meticulously to ensure accountability and continuous improvement in the procurement process. Regular reports on complaints and their resolutions will be submitted to senior management and relevant regulatory bodies to maintain transparency and trust in the procurement system.

The dedicated standing committee responsible for handling procurement complaints is known as the Grievances Redressal Committee (GRC). The representatives included in the GRC are Departmental Head of relevant Procuring department as member, Chief Internal Auditor (CIA) as Secretary and Head of Admin/HR as Chairman of the Committee to ensure impartiality.

In case of a grievance against Admin / HR Department, the committee shall be headed by Executive Director (Finance)/Chief Financial Officer (CFO)

Appeal against decision of GRC may be filed to the Public Procurement Regulatory Authority (PPRA) as per Redressal of Grievances Regulations 2021

2.17 Vessel Sale and Purchase Committee

The dedicated committee responsible for handling sale and purchase (S&P) of vessels. Composition of standing S&P Committee is defined in 5.1

2.18 Classification Societies:

Classification Societies verify compliance of a vessel with all International Regulations (MARPOL, SOLAS, MLC, ILO, etc), and issue certificates. These certificates are verified annually, with a special survey every 5 years. Furthermore, for the procurement of critical second-hand parts, classification societies shall certify critical second-hand spares. PNSC workshop is responsible for ensuring that the procured parts are in good serviceable condition by physical inspection or by review of related documentation. Additionally, the Chief Engineer of the respective vessel must certify that the items have been received and installed on the vessel.

2.19 Block Fee Agreement:

A block fee agreement is a contractual arrangement with Classification societies where a fixed fee is agreed upon in advance for a specific range of services or a set period, regardless of the actual time or resources spent.

2.20 Revenue Items:

Revenue items are goods or services that are consumed or used within a short period, typically within a single fiscal year, and are directly related to the operational activities of the organization. These items are purchased to support day-to-day operations and do not contribute to the creation of capital assets. Examples include office supplies, utilities, repairs, maintenance services, and other recurring expenditures.

2.21 Capital Items:

Capital items are long-term assets purchased for the organization that have a useful life extending beyond one fiscal year and contribute to the organization's capacity to generate revenue or perform its functions. These items typically involve significant investment and include tangible assets such as machinery, equipment, vehicles, infrastructure, and buildings, as well as intangible assets like software or patents. Capital items are usually subject to depreciation over their useful life.

2.22 Vessels:

Every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on water.

2.23 New Built Vessel:

A vessel for which contract is entered into by a party with a shipyard (directly with shipyard or through supplier) as a new building and vessel is delivered by the shipyard to the same party.

2.24 Resale Vessel:

A vessel for which a contract is entered into by a party with a shipyard and while vessel is under construction or prior to deliver, the contract is novated or transferred or sold to another party and the other party ultimately takes delivery of the vessel.

2.25 Second Hand Vessel:

A Second hand vessel is a ship that has previously been owned or operated by another party.

3. Procurement Planning

3.1 Budgeting

All procurement activities at PNSC will be aligned with the organization's approved budget and financial plans based on needs assessment given the unique nature of the shipping and marine business.

3.2 Requisitions and Specifications

At PNSC, any department as per their requirement and within approved budget with approval of their Executive Director or head of the department raising requisitions to initiate the procurement process for works, goods, and/or services. This requirement ensures that procurement activities are formally initiated through a structured and documented process using the ERP system (where applicable). By raising a requisition, user departments provide clear instructions and details which must include clear, complete, and justifiable specifications to support efficient procurement planning and execution, all technical specifications shall be:

Generic in nature;

Non-restrictive and non-discriminatory;

Designed to allow the widest possible competition, without favoring any particular supplier, brand, country of origin, or model.

Where reference to a brand name, model number, or other proprietary detail is unavoidable to ensure clarity, the term "or equivalent" must be used, and justifications must be recorded in writing along with clear criteria for determining equivalence, which will then be reviewed and approved by the procurement team, enabling them to carry out procurement activities efficiently and effectively as per the applicable clauses of this policy

Through the diligent creation and submission of Purchase Requisitions (PRs), PNSC shall enhance the efficiency and effectiveness of their procurement processes, promoting optimal

vendor selection, financial control, and transparent procurement tracking. In the case of Commercial shipping and related activities please refer to approved Policies and procedures manual & Internal Control System (ICS) of PNSC.

3.3 Annual Procurement Plan

PNSC Procurement Department will develop an Annual Procurement Plan (APP) which will outline all planned procurement activities for the coming year, including timelines, estimated budgets, and responsible departments. This plan will be published on PNSC website and on the PPRA website to ensure transparency and wide participation and provide level playing field. Regular reviews and updates of the APP will be conducted to address any changes in procurement needs or market conditions.

Active participation of end-users in the annual procurement planning process is mandatory at PNSC. Close collaboration between the procurement planning process and the annual budgeting process ensures that procurement needs align with the organization's available financial resources.

However, for ad-hoc projects, the project must be approved by PNSC Board of Directors.

3.4 Category Management

A category management approach shall be implemented to streamline the procurement activities. This approach involves grouping similar types of goods, services, and works into categories to manage procurement more effectively. Superintendent Engineer and Manager Spares, Stores, Bunker will oversee each category, ensuring that procurement strategies are tailored to specific market conditions and supplier dynamics. This method will enhance efficiency, leverage economies of scale, and ensure compliance with regulatory standards. In the case of Commercial shipping and related activities please refer to approved policies and procedures manual & internal control system (ICS) of PNSC.

The following tools and techniques will be employed to facilitate effective category management:

3.4.1 Spend Analysis

Spend analysis involves identifying spending patterns and opportunities for cost savings by analyzing procurement data. The purpose of spend analysis is to categorize procurement expenditures and identify areas for improvement. Regular spend analysis will be conducted to ensure efficient allocation of resources and to identify cost-saving opportunities. The Procurement Department will be responsible for leading the spend analysis, with support from the Ship Management Division and PNSC Finance Department. This analysis will serve as the foundation for creating cohesive procurement categories.

3.4.2 Supplier Segmentation

Supplier segmentation classifies suppliers based on their strategic importance and the value they provide to the organization. This process uses criteria such as spend volume, criticality of supply, and supplier performance. The goal of supplier segmentation is to manage relationships effectively and allocate resources where they are most needed, ensuring strategic management of supplier relationships. The Head of Procurement, along with the Procurement Team, will be responsible for supplier segmentation.

3.4.3 Market Analysis

Market analysis is conducted to understand supply market dynamics, identify potential suppliers and assess market trends. The purpose of market analysis is to inform category strategies and sourcing decisions ensuring that PNSC stays informed about market conditions and can make strategic procurement decisions. The Procurement Department, led by the Head of Procurement, will conduct market analysis based on Market analysis vis-à-vis own country's requirements and to support local business community.

3.5 Request for Information and web search

PNSC will utilize the Request for Information (RFI) process as part of its sourcing strategy which will be used to gather information from potential suppliers about their capabilities, products, and services. This information will help PNSC to better understand the market and refine its procurement requirements. The RFI process will be conducted transparently and will include clear guidelines and objectives to ensure meaningful and useful responses from suppliers.

The usage of a Request for Information (RFI) is necessary in specific instances before an end-user can prepare the requisition package. These instances include:

- When the responses from vendors to an RFI will assist PNSC in defining requirements for the subsequent Request for Proposal (RFP). The RFI enables vendors to propose multiple solutions and inform PNSC about available options, which aids in risk mitigation and reducing overall technical requirements.

Upon receiving a request from an end-user, the Procurement Department in collaboration with end user department will conduct the RFI process and provide the results to the end-user, enabling them to prepare the requisition package. However, it is important that such requests are formally submitted by the end-user, and the RFI process must be completed before finalizing the scope and submitting the approved purchase requisition by the end-user. The RFI process shall take sustainability into account, such as:

- The vendor's environmental policies and initiatives.
- The vendor's ability to collect and share Environmental, Social and Governance (ESG) baseline data.
- The vendor's compliance with industry-specific sustainability standards.

3.6 Training

PNSC will implement a comprehensive training program for all staff involved in procurement activities. The training program will cover procurement policies, procedures, ethical standards, and the use of e-procurement systems. Regular training sessions will be conducted to keep the procurement team updated on the latest regulations, best practices, and technological advancements. This initiative will enhance the competency and efficiency of the procurement staff, ensuring that all procurement activities are conducted in a transparent, competitive, and efficient manner. Training records will be maintained to monitor participation and effectiveness. This will be achieved through:

3.6.1 Training programs incorporating governance and accountability standards relevant to state-owned enterprises as outlined in the SOE Act 2023. This includes understanding the roles and responsibilities of various stakeholders, compliance with reporting requirements, and adherence to ethical standards. Emphasis to be placed on ensuring that procurement activities align with the overall governance framework of state-owned enterprises, promoting efficiency and accountability.

3.6.2 Training programs following supplementary guidelines and lead practices to enhance procurement efficiency and ethical conduct. Topics to include risk management, conflict of interest policies, and strategies for ensuring value for money. Practical examples and case studies shall be used to illustrate lead practices in procurement, ensuring that personnel can apply these principles in their day-to-day activities.

3.6.3 Training content to ensure that procurement practices at PNSC meet international standards for professionalism and excellence. Key areas of focus to include strategic sourcing, supplier relationship management, and sustainable procurement practices.

3.7 Tender Publication

Procurements over Five Hundred Thousand Pakistani Rupees value and up to the limit of three million Pakistani Rupees shall be advertised on the PPRA's website in the manner and format

specified by regulation by PPRA from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the PNSC:

Provided that the lower financial limit for advertisement on PPRA's website for open competitive bidding shall be the prescribed financial limit for request for quotations.

All procurement opportunities over three million Pakistani Rupees shall be advertised on the PPRA's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

PNSC may also post all advertisements concerning procurement on their website as well.

PNSC shall ensure that the information posted on the website is complete for the purposes for which it has been posted, and such information shall remain available on that website until the closing date for the submission of bids.

4. Sourcing Routes or Methods of Procurement

4.1 Overview of Sourcing routes

The Procurement Methods at PNSC are structured to ensure adherence to regulatory compliance and to optimize value for money. The principal method employed is open competitive bidding as prescribed at para 4.11 of this policy for the procurement of Goods as defined in para 2.2, Works (Refer Para 2.3) and services (Refer para 2.4).

PNSC may also adopt alternative methods of procurement, including Petty Purchase, Request for Quotation, direct sourcing, negotiated tendering, and Direct Contracting with State Owned Entities as prescribed in this policy.

For consultancy services, PNSC may employ Quality and Cost-Based Selection (QCBS) which is utilized when quality is of primary importance and cost is a secondary consideration; proposals are assessed using a weighted scoring system, and can also employ Quality-Based Selection, Least Cost Selection, and Fixed Budget Selection methodologies based on nature of consultancy.

Each procurement method is governed by specific guidelines and approval processes to uphold transparency and fairness in procurement activities. The Procurement Department, in conjunction with relevant stakeholders, will determine the appropriate sourcing method based on the nature of the procurement and prevailing market conditions.

4.2 Direct Sourcing

Direct sourcing involves purchasing goods, services, or works (As defined in this policy at para 2.2, 2.3 & 2.4 respectively) directly from a supplier or OEM without undergoing a competitive bidding process. The Head of Procurement, with the approval of the competent authority (As per Financial Matrix duly approved by PNSC Board of Directors), will oversee direct sourcing activities to ensure compliance with regulatory requirements and organizational policies as per methods specified below:

4.2.1 Acquisition of Spare Parts or Supplementary Services:

The procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier:

Provided that the same are not available from alternative sources;

4.2.2 Single Manufacturer or Supplier:

Only one manufacturer or supplier exists for the required procurement:

This must be certified in writing by end-user regarding the proprietary nature of the item(s) to be procured and validated by procurement.

4.2.3 Technical Specifications:

Where a change of supplier would oblige the PNSC to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance:

4.2.4 Government Fixed Prices:

When the price of goods, services or works is fixed by the Federal Government or any other authority, agency or body duly authorized by the Federal Government, on its behalf

4.2.5 Motor Vehicles:

For purchase of motor vehicle from local original manufacturers or their authorized agents at manufacturer's price.

4.3 Single Source

This method will be used only in exceptional cases, where it provides clear advantage over competition in following cases (only), namely:-

- (a) for tasks which are natural continuation of previous assignment and where continuity of technical services is unavoidable;
- (b) repeat orders as provided under sub-clause (iv) of clause (c) of rule 42 of Public Procurement Rules, 2004;
- (c) in cases of emergency as provided under sub-clause (v) of clause (c) of rule 42 of Public Procurement Rules, 2004; and
- (d) where only one consultant is qualified or has experience of exceptional worth with reference to clause (c) or (d) of rule 42 of the Public Procurement Rules, 2004;

Procedures for selection under single source selection

- (a) the justification for single source selection method shall be examined in the context of the overall interests of the procuring agency to ensure economy and efficiency and provide equal opportunity to all eligible consultants, therefore, the decision to use single source selection method shall be approved in writing by the Principal Accounting Officer, concerned on recommendation by a Committee; and
- (b) the request for proposals or TOR, as the case may be, shall be issued to the selected consultant and the selected consultant shall be requested to submit a technical and financial proposal upon the receipt of which discussions shall be held between the proposal evaluation committee and the selected consultant and all aspects of its proposal, whether technical or financial, shall be discussed together in order to reach an agreement /contract etc;

4.4 Request for Quotation

PNSC shall engage in this method of procurement only if the following conditions exist, namely:-

- i. Where the value of procurement is more than one hundred thousand Pakistani Rupee but does not exceed Five Hundred thousand Pakistani Rupees PNSC may engage in procurement through request for quotations from GST registered firms (in case of local suppliers only), original equipment manufacturers or authorized dealers, without resorting to bidding.
- ii. the object of the procurement has standard specifications;
- iii. minimum of three quotations have been obtained; and
- iv. the object of the procurement is purchased from the supplier offering the lowest price.

4.4.1 Petty Purchase

PNSC may provide for petty purchases through single quotation where value of the object of the procurement is up to the financial limit of one hundred thousand Pakistani Rupee (100,000), without resorting to bidding or quotations and the contract for the provision of such goods, services or works may be a local purchase order.

In the case of Commercial shipping and related activities please refer to approved policies and procedures manual & internal control system (ICS) of PNSC.

4.5 Request for Proposal

"request for proposal" means set of bidding documents sent to short listed or interested consultants and includes at least:- (i) letter of invitation; (ii) instructions to consultants; (iii) terms of reference; (iv) evaluation criteria; and (v) the proposed contract.

The Request for Proposal (RFP) process is used for complex or specialized procurements where detailed proposals from suppliers are required. The Procurement Department in consultation with user/calling department will develop and issue RFPs. Tender Committee shall evaluate the proposals based on predefined criteria, Terms of Reference (TORs) and negotiate with shortlisted or successful suppliers or consultant for award of contract. The RFP process must emphasize transparency, efficiency, ethical conduct, competition, value for money, proper documentation, traceability, risk management, accountability, and ensuring that procurement practices align with the strategic objectives in procurement processes.

4.6 Chartering of Vessels

The chartering of vessels shall be conducted in accordance with established industry standards and practices, ensuring transparency, competitiveness, and compliance with relevant laws and regulations. The selection process for chartering shall include market research, solicitation of bids from qualified vessel owners or operators, and evaluation of offers based on criteria such as price, vessel suitability, and performance history. All chartering agreements must be documented using standard Charter Party forms or equivalent shipping documents as per industry norms. Additionally, due diligence shall be conducted to verify the legal and financial standing of the contracting parties. In/out chartering requirements & different commercial activities which include but not limited to (Bulk, Tanker, LCL, FCL, Break Bulk, Movement/S&P/ Lease of the container inventory, TEU stuffing/de-stuffing, cargo handling, appointment of the vessel agent/stevedores, hiring of cargo equipment, Yard Handling and other associated activities). The businesses or vessels are normally fixed through broking channels or sometimes directly with owners, charterers, Shipper, traders, MLO, Freight forwarders, NVOCC operators and Liner agents. Once the business or vessel is fully fixed, all the necessary documentation is done as per Policies and procedures manual & Internal Control System (ICS) of PNSC.

Further to above, PNSC has established a comprehensive chartering policy framework as outlined in its Internal Control System and Commercial Division Procedures Manual. This framework is designed to ensure transparency, competitiveness, and compliance in pre-fixture and post-fixture chartering operations.

- Institutional Oversight: Chartering decisions are reviewed by a multi-disciplinary Chartering Committee, ensuring transparency and accountability.
- Defined Pre-Fixture Workflow: A clear sequence of market engagement, offer comparison, and committee review enhances operational integrity.
- Clarity in Roles & Responsibilities: Designations such as DM Chartering, Manager Chartering, ED-C, and CEO are clearly outlined.
- Ethical and Risk Governance: Strong emphasis on ethics, risk assessment, and fair business practices embedded within ICS.
- Record Management: Voyage documentation practices comply with rules, providing robust audit trails.
- Specialized Procedures: Differentiated workflows for Tankers, Bulk, and Slot Business to improve operational precision.

PNSC chartering governance reflects a well-structured, transparent, and mature operational framework, built upon clearly defined procedures, ethical standards, and multi-tiered oversight. The integration of the Internal Control System, Commercial Procedures Manual, and Chartering Committee structure ensures that all pre-fixture and post-fixture activities are conducted with due diligence, fairness, and compliance with applicable regulations. The established workflows and controls effectively support efficient chartering operations, reinforcing PNSC's commitment to good governance and industry best practices.

4.7 Bank Loans (Local & Foreign)

Procurement related to bank loans, both local and foreign, must be through open competitive bidding procedure adhere to the organization's financial management policies and applicable regulatory requirements. The process shall include a thorough analysis of funding needs, market research to identify potential financial institutions, and the solicitation of competitive loan offers. The evaluation criteria shall consider factors such as interest rates, loan terms,

repayment conditions, and the reputation of the financial institution. All loan agreements must be reviewed and approved by the appropriate authority and shall ensure optimal financial outcomes for the organization while mitigating risks.

4.8 Purchase of Bunker from Charter-in Vessels

The purchase of bunker fuel from charter-in vessels shall follow a transparent and competitive process that aligns with the organization's procurement policy. This includes conducting market research to assess current pricing trends, quality standards, and supplier reliability. Bunker purchases must be based on industry-standard practices, ensuring compliance with relevant environmental and safety regulations. The Bunker department shall evaluate suppliers based on price, quality, delivery terms, and past performance. All bunker purchase transactions must be documented appropriately, and any deviations from standard procedures shall be justified and approved by the relevant authority.

In line with international shipping industry practices, the purchase/sale of bunker fuel at the time of delivery/redelivery of vessels, from/to charter-in or charter-out vessels shall follow a transparent process that aligns with the relevant clauses of Baltic and International Maritime Council (BIMCO)'s standard forms.

4.9 Purchase of New Built & Resale Vessel

The purchase of new built and resale vessels involves a comprehensive evaluation of technical and financial proposals from shipbuilders and brokers. The purchase will be undertaken through procedure tabulated below;

Sr. #	Activity	Process
1	Requirement	Type of vessel to be procured would be based on Business Plan of the corporation unless Commercial Division raises recommends changing the type of procurement along with justification to do so
2	Specification of vessel	Technical details/parameters of the vessel(s) are laid down in consultation with Commercial & SM Division
3	Approval by PNSC Board of Directors	PNSC management to seek sanction for inducting a particular type of vessel and allocation of capital budget from Board of Directors of PNSC.
4	Request for Proposal	PNSC Procurement department to advertise in the print and electronic media the broad parameters of the vessel and invite proposals from owners / shipyards / financiers / brokers.
5	Short Listing / Scrutiny	A special Committee nominated by PNSC Vessel Sale & Purchase Committee (composition attached) to scrutinize offers and identify suitable proposal(s)
6	Negotiations of Terms & Conditions	The Vessel Sale & Purchase Committee to settle Price and Terms & Conditions with appropriate conditionality which shall always include PNSC Board of Directors approval for the final conclusion of the deal.
7	Approval by Subsidiary	The Board of relevant subsidiary company to approve the deal after consideration of the case.
8	Final Approval PNSC Board of Directors	The PNSC Board of Directors, after considering Board of Directors approval of relevant subsidiary, accords final approval.
9	Deal	PNSC's Management to confirm the deal after the final approval of the PNSC Board of Directors.
10	Acquisition	PNSC to undertake necessary steps for formalization/execution of contract, payments, etc. for acquisition of vessel.

4.10 Purchase of second hand/used vessel

Reason:

Secondhand vessels generally offer a lower purchase price compared to new ones, which can significantly reduce capital expenditure. Acquiring a secondhand vessel often allows for quicker deployment, as new builds can involve lengthy lead times. Additionally, older vessels typically have a proven track record, enabling buyers to evaluate their operational performance and reliability based on existing data. While new vessels depreciate rapidly, secondhand vessels have already experienced most of their depreciation, potentially offering better long-term value.

Rational why competitive bidding cannot be adopted:

There is no formal market for the sale and purchase of secondhand ships. Entities interested in buying or selling a vessel must approach a sale and purchase (S&P) broker, who acts as a matchmaker. A culture of negotiation is prevalent in this market, and ship owners—both sellers and buyers—are accustomed to discussing flexible prices rather than quoting fixed amounts. Even when a competitive bidding process is initiated, sellers often incorporate a price premium, anticipating negotiations.

Moreover, fluctuating market prices during lengthy inspections and issues raised by buyers regarding the ship's condition can further complicate the process. Uncertainties surrounding the timing and location of delivery add additional incentives for negotiation. As a result, achieving “value for money” through a strictly competitive tendering process may be challenging in this environment.

Purchase second-hand or used vessels requires a thorough market analysis and due diligence to ensure the vessel's condition and compliance with regulatory standards. The purchase will be undertaken through procedure tabulated below;

Sr. #	Activity	Process
1	Requirement	Type of vessel to be procured would be based on Business Plan of the corporation unless Commercial Division raises recommends changing the type of procurement
2	Specification of vessel	Technical details/parameters of the vessel(s) are laid down in consultation with Commercial & SM Division
3	Approval by PNSC Board of Directors	PNSC Management to seek sanction for inducting a particular type of vessel and allocation of capital budget from PNSC Board of Directors.
4	Invitation for Offers	PNSC Procurement Department to advertise in the print and electronic media the broad parameters of the ship and invite offers from owners through Baltic Exchange enlisted ship brokers.
5	Short Listing / Scrutiny	PNSC Vessel Sale & Purchase Committee (composition attached) to scrutinize offers and identify suitable ship(s) for technical evaluation by the Technical Evaluation Team (comprising ED (SM), G.M (MR&S) and Vessel Supdt(s))
6	Technical Evaluation	Technical Evaluation Team to present the results of following inspections before the Vessel Sale & Purchase Committee: (a) PNSC Inspection Team: Physical inspection of the ship by PNSC Inspection Team. (b) Class Records: Ship's history since inception from the records of the Classification Society to which the ship belongs. (c) 3 rd Party Inspection: Physical inspection of the ship by a Classification Society belonging to International Association of Classification Societies other than the Society to which ship belongs.

6b	Third Party Valuation	To involve a third party valuator as per relevant sourcing method for the techno commercial valuation of shortlisted suitable ships
7	Negotiations of Terms & Conditions	The Vessel Sale & Purchase Committee to settle Price and Terms & Conditions with appropriate conditionality which shall always include PNSC Board of Directors approval for the final conclusion of the deal after valuation of vessel through 3 rd party valutors.
8	Re-Capping	The Sale and Purchase Committee to re-cap the terms and conditions at the point where final deal can be made and submit the matter to the Board of Subsidiary Company and PNSC Board of Directors along with Draft Memorandum of Agreement (MoA).
9	Approval by Subsidiary	The Board of relevant subsidiary company to approve the deal after consideration of the case.
10	Final Approval of PNSC Board of Directors	The PNSC Board of Directors, after considering Board Approval of relevant subsidiary, accords final approval.
11	Deal	PNSC's Management to confirm the deal after the final approval of the PNSC Board of Directors.
12	Acquisition	PNSC to undertake necessary steps for formalization/execution of MoA, payments, delivery, registration etc. for acquisition of vessel.

4.11 Open Competitive Bidding:

Open competitive bidding is the principal method of procurement for goods, services, and works. It involves public advertisement of procurement opportunities, issuance of bidding documents, and evaluation of bids based on predefined criteria. The process includes the following steps:

- Preparation and issuance of bidding documents.
- Advertisement of procurement opportunities with appropriate response time.
- Submission and opening of bids.
- Evaluation of bids based on criteria outlined in the bidding documents.
- Award of the contract to the most advantageous bid

The entire process must ensure transparency, fairness, and competitiveness.

Public advertisement of tender opportunities to ensure that all potential suppliers have an equal chance to participate. This includes publishing tender notices in widely accessible platforms, such as official websites and national newspapers with 15 days response time for National competitive bidding (NCB) and 30 days for International Competitive Bidding (ICB).

The procedures for bid submission, opening, and evaluation. It emphasizes the importance of maintaining confidentiality of bids, ensuring fairness in the evaluation process, and selecting suppliers based on predefined criteria.

4.12 Sourcing of Second-Hand Spares

As vessels age, the procurement of brand-new spares becomes increasingly cost-ineffective due to high prices and extended lead times. In such cases, opting for second-hand spares offers a more viable and value-driven solution there are well-established markets in Pakistan and Bangladesh for reliable second-hand spares.

The sourcing of second-hand spares requires careful evaluation to ensure quality compatibility and urgency by the Stores, Spares and Bunker (SSB) Department after approval. SSB will also identify reputable suppliers and ascertain the condition and authenticity of the spares in collaboration with procurement department. This process includes thorough inspections and

adherence to local rules and regulations based on Open competitive bidding or negotiated tendering on the basis of most advantageous solution.

4.12.1 Open Competitive Bidding Process for the Acquisition Of Second Hand Spares:

Sr. #	Activity	Process
1	Requirement	Requirement is raised by Chief Engineer (C.E) of vessel.
2	Specification of spares	Technical details of the spare(s) are laid down in detail and sent to Spares Stores Bunker (SSB) Department.
3	Approval by Management	SSB department to seek approval for procuring a particular type of second hand spare from respective authority as per financial matrix of PNSC.
4	Invitation for Offers	PNSC Procurement Department to advertise in the print and electronic media the detail specification of the spare and invite offers from bidders through open competitive bidding.
5	Short Listing / Scrutiny	PNSC Tender Committee to scrutinize bid(s) and identify suitable spare(s) for technical evaluation by the Technical Evaluation Team (comprising Manager (Workshop), Vessel Superintendent (SM) and Manager (SSB))
6	Technical Evaluation	Technical Evaluation Team to present the results of physical inspections before the Tender Committee. Final recommendation is forwarded to management for approval.
7	Final Approval	The PNSC Management, after considering Tender Committee and Technical Committee recommendations accord final approval. (As per Financial Matrix).
8	Acquisition	Vessel undertake necessary steps for acquisition of spares. PNSC workshop is to certify that procured parts are in good serviceable condition, inspected physically or by review of related documentation if available for local procurement only. While the Chief Engineer of the respective ship is to certify that items have been received in satisfactory condition and installed on board.

4.12.2 Negotiated Tendering under urgency clause For the Acquisition Of Second Hand Spares:

Urgency in the procurement of second hand ship spares arises when there is an immediate need to replace or repair critical components due to an unforeseen breakdown or equipment failure, which threatens to disrupt vessel operations at high seas. In such cases, expedited procurement processes are essential to minimize downtime and ensure that the vessel remains operational, thereby avoiding potential revenue loss or safety risks. In cases requiring the urgent procurement of spare parts, the SSB Department is authorized to employ Negotiated Tendering (competitive dialogue) as a method for negotiating with selected suppliers. This approach efficiently addresses urgent needs for second-hand spares. The SSB Department, in collaboration with the procurement department, will promptly assess potential vendors while ensuring adherence with relevant qualification standards and regulations as far as practicable. This policy facilitates the timely acquisition of essential components, thereby maintaining operational availability without compromising the integrity of the procurement process.

For procurement of second hand parts, PNSC workshop is to certify that procured parts are in good serviceable condition, inspected physically or by review of related documentation (if available) only for items procured locally. While the Chief Engineer of the respective ship is to certify that items have been received in satisfactory condition and installed on board.

4.13 Unsolicited Proposals

"unsolicited project proposal" means any proposal containing a unique and innovative idea and approach, and the same is not submitted in response to any procurement request, however is aligned with the mission and objectives of the procuring agency and is subject to competitive selection process by soliciting counter proposals challenging the initiator's proposal in all the technical and financial aspects.

- 1) An unsolicited proposal received by the PNSC from any individual or agency, private or public, consistent with the mission of the PNSC, shall be assessed by the assessment committee, consisting of at least three technical experts, to be notified by the PNSC. The assessment committee shall ascertain the viability of the proposal. If the proposal is found viable, the procuring agency shall-
 - (a) advertise the proposal for open competition without disclosing the name of the initiator of unsolicited proposal;
 - (b) conduct prequalification process;
 - (c) exempt the initiator of the unsolicited proposal from the prequalification; and
 - (d) award five percent additional weightage to the project proponent in the combined evaluation of his proposal.
- (2) If no other bidder in response to the advertisement submits bid, PNSC may award the contract to the initiator of the proposal.
- (3) In case of bidding competition, if the bid of initiator does not emerge as most advantageous bid, PNSC shall give the initiator an opportunity to make his bid at par with the most advantageous bid, however if the initiator does not want to accept the challenge to match the proposal, he shall be given right of refusal without forfeiture of bid security.
- (4) The proprietary information of the initiator contained in the proposal shall remain confidential and shall not be disclosed to any interested bidder.
- (5) PNSC shall not be responsible for any intellectual property rights accruing to the proposal of the initiator.
- (6) Unless otherwise expressly stated in writing by the initiator, PNSC may, if it considers necessary, disclose any information of the unsolicited proposal or the bidders as part of procurement process.

4.14 Alternative Methods of Procurement:

Various alternative procurement methods can be used under specific circumstances. PNSC will implement these methods as follows:

4.14.1 Emergency Procurement

"emergency" means natural calamities, disasters, accidents, war and operational emergency which may give rise to abnormal situation requiring prompt and immediate action to limit or avoid damage to person, property or the environment and company business;

Emergency procurement is used in situations requiring immediate action to prevent damage or loss. Emergency procurement must be justified and approved by the competent authority. The Procurement Department will ensure that emergency procurement is conducted transparently and efficiently. Declaration of Emergency:

The concerned Executive Director (E.D) must declare that an emergency has arisen. The reasons for making such a declaration must be recorded in writing. Emergency situations must not evolve from delays due to lack of planning by the concerned department.

4.14.1.1 Documentation:

Thorough documentation of the emergency and the justification for bypassing the standard procurement process is required. This ensures transparency and accountability in the emergency procurement process.

4.14.1.2 Approval:

Emergency procurement must be approved by the competent authority as per Financial Matrix DOA, ensuring that the decision to bypass the standard procurement process is justified and in the best interest of the organization.

4.14.2 Repeat Purchases

Repeat purchases are allowed when there is a need to procure additional quantities of goods or services previously contracted. The Head of Procurement must ensure that the terms of the original contract allow for repeat purchases and that this method is used judiciously. Repeat purchases under certain conditions include:

4.14.2.1 Additional Quantities:

Repeat purchases can only be made if the additional quantities do not exceed twenty five percent of the original procurement, however, with related to ship any additional quantities required do not exceed from thirty five percent of the original procurement.

4.14.2.2 Original Contract Terms:

The original supplier or contractor must be willing to supply the additional quantities at the same prices and terms as the original contract.

4.14.2.3 Justification and Documentation:

The need for repeat purchases must be justified and documented, ensuring transparency and accountability in the procurement process.

4.14.3 Competitive Dialogue and / or Negotiated Tendering

Competitive dialogue and negotiated tendering are used for complex procurements where technical proposals are not predefined. The Procurement Department will engage in dialogue with potential suppliers to develop viable solutions. This method will be documented and conducted transparently. Guidelines for competitive dialogue and negotiated tendering include:

4.14.3.1 Specific Research or new Development:

Negotiated tendering can be used when the supplies involved are manufactured purely for the purpose of supporting a specific piece of research, an experiment, a study, or a particular development that is new in PNSC.

4.14.3.2 Exclusive Rights or Intellectual Property:

This method is applicable for technical or artistic reasons, or for reasons connected with the protection of exclusive rights or intellectual property, where the supplies may be manufactured or delivered only by a particular supplier.

4.14.3.3 Urgency:

Negotiated tendering can be used for reasons of urgency brought about by events unforeseeable by the PNSC, and for where the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify urgency must not be attributable to the end user.

4.14.3.4 Negotiation is required for vessel procurement & disposal

If PNSC desirous of using negotiated tendering as a method of procurement must record its reasons and justifications in writing for resorting to negotiated tendering and place the same on record. Competitive dialogue and negotiated tendering are used for complex

procurements where technical solutions are not predefined. Negotiation is required for vessel procurement as specified in chapter 4 clause 10 and disposal as specified in chapter 11 clause 1 due to the complexity, high value, and technical, time constraints specifications involved. The Sale and Purchase Committee (S&P) will engage in dialogue with potential suppliers/buyers to develop viable solutions. This method will be documented and conducted transparently.

4.14.4 Procurement from State-Owned Entities

Procurement from state-owned entities is permissible when it aligns with strategic objectives. The Procurement Department will ensure that the terms are favorable to PNSC. Documentation and justification for using State-Owned Entities will be maintained to ensure transparency and accountability.

Procurement from state-owned entities are allowed under specific conditions:

4.14.4.1 Eligibility:

The organization or body to be engaged in direct contracting must be eligible to perform the required works or render the services.

4.14.4.2 Exclusive Resources:

The organization or body must accomplish the work or services exclusively through its own resources without involving the private sector as a partner, joint venture, or subcontractor.

4.14.4.3 Limited Competition:

In cases where more than one state-owned entity is eligible to perform the works or services, limited competition must be held among them. This is done through soliciting proposals without requiring open advertisement but ensuring reasonable response time for submission of applications or proposals.

4.14.4.4 Price Reasonability:

The PNSC must devise a mechanism to ensure the prices offered by the state-owned entities are reasonable for the award of the contract.

4.15 Classification Society Matters:

- a. For regulatory matters which can only be addressed by classification society, procurement can be made through open competitive bidding between Flag approved IACS classification societies.
- b. For surveys and requirements not covered under Block fee agreement (BFA), standard hourly rates as per tariff area applicable. S.M division can arrange surveyors/Surveys without prior quotation from same class.
- c. For technical approvals where surveys are not involved, prior quotation is required from Class.

4.15.1 Matters not falling under Classification Society jurisdiction:

- a. For matters independent from, classification society jurisdiction, or where any class can be engaged, concerned department of PNSC can approach all Flag approved IACS Societies.
- b. Proposal will be initiated via restricted email, with a time limit.
- c. Most advantageous class can be shortlisted and negotiated.

4.15.2 Block Fee Agreement (BFA):

a. Existing fleet:

- i. Existing fleet: prior to expiry of the BFA of any vessel (every five years), the respective society will be approached for revision in their BFA fee.

- ii. BFA fee of vessels in a different classification society can be shared during this phase for negotiation.
- iii. It is strongly recommended to continue BFA with the previous society, in case the price is not exorbitantly high revised.
- iv. BFA may be exited anytime, if vessel is facing difficulties by class attendance and surveys jeopardizing validity of certifications.,

b. New Ships:

- i. Upon addition of the new build ships, classification society will be either shortlisted in consultation with the shortlisted yard or PNSC may engage in open competitive bidding between Flag approved IACS classification societies.

c. Older Towage:

- i. PNSC upon purchase of older towage will approach their existing classification society for BFA rates or PNSC may engage in open competitive bidding between Flag approved IACS classification societies if deemed advantageous.

d. Transfer of Class (TOC):

- i. In situation, where TOC becomes necessary for any reason, PNSC shall engage in Negotiated tendering as per clause 4.14.3 between Flag approved IACS classification societies.
- ii. Authority for initiating TOC rests with PNSC Management

4.16 Bunker:

Bunker will be procured from prequalified suppliers with following rules.

- i. Pre-qualification will be through Tendering process which will be published on PNSC website and will remain open, PNSC may on need basis pre-qualify new suppliers during continuity of framework agreements with previously pre-qualified suppliers.
- ii. Suppliers will be continually added to the vendor list, provided they meet stringent criteria, including compliance with International Maritime Organization (IMO) regulations and demonstrated reliability.
- iii. Procurement will begin based on requests from vessel Masters, the Commercial Department, Superintendents, or the Bunker Section, with an emphasis on timely market analysis to secure favorable pricing amid market volatility.
- iv. RFQs will be sent to prequalified suppliers, who are then to be evaluated based on both cost and availability.
- v. Contract will be awarded to the most advantageous bidder with owner provided lay-can.
- vi. Quality is maintained through strict adherence to relevant standards and MARPOL Annex VI regulations, with testing done.
- vii. Since the market of bunker is very volatile therefore suppliers provide validity of 10-20 minutes maximum, approval will be solicited through electronic medium and recorded in process.

4.17 Dry-Docking:

- i. The tender process will be announced on the PNSC website and local and international print media, and SM division shall also send the requirements to all potential dockyards through E-mail.
- ii. The tender is not awarded solely based on the lowest price offered, various factors are considered, including opportunity costs, fixed operating costs, fuel charges from

the vessel's port to the yard, and other relevant parameters & availability of docking slot and estimated days of repair also.

- iii. The tender is awarded to the vendor that offers the best overall value based on these comprehensive criteria.
- iv. During dry dock, when machinery undergoes overhauling, different types of spares and services are needed; procurement will be managed through direct sourcing or negotiated tendering, keeping in view very limited time available.

5. Committees

5.1 Vessel Sale and Purchase (S&P) Committee

Composition of the Committee shall be approved by the PNSC Board of Directors and may consist of the following;

1.	CEO (PNSC)	Head of Committee
2.	ED (Commercial)	Member
3.	ED (Special Projects & Planning)	Member
4.	ED (Finance)	Member
5.	ED (Ship Management)	Member
6.	GM (Procurement)	Member
7.	GM (Finance)	Member
8.	GM (Admin / HR)	Member
9.	GM (MR&S)	Member
10.	GM (Commercial)	Member
11.	GM (OPS)	Member
12.	GM (Legal)	Member
13.	Chief Internal Auditor	Member
14.	Manager (PLG)	Member (Secretary)
15.	M (I&C)	Member
16.	M / Suptd. (Tanker)	Member – For Tanker(s) only
17.	M / Suptd. (Bulk Carrier)	Member – For Bulker(s) only
18.	DM / AM (Planning)	Member
19.	Any other PNSC employee with approval of CEO	

5.1.1 Technical Evaluation team for procurement of vessel is as under:

The technical committee shall assist S&P committee in technical appraisal of vessel that shall be consist of following:

- a. Executive Director (S.M)
- b. General Manager (MR&S)
- c. Manager (MR&S)
- d. Any other member nominated by Executive Director (SM)

5.2 Large Expenditure Committee

Prior approval of the Large Expenditure Committee shall be required in all cases other than Bunkers and Tenders where expenditure for any one transaction is likely to exceed Rs 20 million (as amended). The Committee shall comprise the following:

Chief Executive Officer CEO (PNSC)	Chairman
Executive Director (Finance)/ CFO	Member
Executive Director in-charge of proposing Division	Member
General Manager (Procurement)	Member/Secretary

The CEO may at his discretion co-opt such further members as, in the circumstances of each case, he considers necessary.

5.3 Tender Committee

The following tender committees have been constituted for the purpose of inviting tenders, carrying out evaluation of bids received, and for making appropriate recommendation for final approval by the concerned divisional head, Executive Director (Finance)/CFO or Chief Executive Officer (CEO), as appropriate according to the delegated financial powers

Category "A" Up to Rs. 2,500,000/- or 2.5 M

Deputy Departmental Head of the Department Calling Tender	Chairman
Assistant Manager of User Department	Member
Assistant Manager Finance	Member

Category "B" over Rs. 2.5 Million and up to Rs. 5 Million or 2.5 - 5.0 M

Departmental Head of the Department Calling Tender	Chairman
Deputy Manager / Assistant Manager from user Department	Member
Deputy Manager / Assistant Manager Finance	Member

Category "C" over Rs. 5 Million up to 10.0 M or over 5.0 M - 10.0M

General Manager (Nominated by CEO PNSC)	Chairman
Manager / Deputy Manager from User Department	Member
Manager / Deputy Manager Calling Department	Member
Manager / Deputy Manager from Finance department	Member

Capital Expenditure

Subject to the provision of chapter iii of control environment (ICS), for all capital expenditure, the concerned department shall fill in a capital expenditure sanction (CES) form, in this form, Nature of expenditure, its amount and mode of financing shall be given. Further, the amount of Budget available for sanction and already utilized shall be given to ensure that no expenditure exceeds the budgeted amount. The CES shall be approved as under:

ED (FINANCE) UP TO RS. 2,000,000

CEO PNSC ABOVE RS. 2,000,000

5.4 Chartering Committee

In order to lend transparency and have an effective control over chartering operations, a Chartering Committee comprising the following has been constituted for making recommendations to the CEO (PNSC):

Executive Director (Finance) / CFO	– Chairman
Executive Director (Commercial)	– Member
Executive Director (SP&PL)	– Member

5.5 Disposal of Public Asset Committee

a) General Manager (HR/Admin)	: Chairman
b) Manager or Deputy Manager (Admin)	: Secretary
c) Manager or Deputy Manager of Dept. Custodian of Assets	: Member
d) Manager or Deputy Manager Finance Dept.	: Member
e) Deputy Manager Procurement Dept.	: Member

The process of disposing public assets shall be validated and approved based on a disposal of assets report to CEO of PNSC under regulation 2024 "Disposal of Public Assets". Report shall include key details such as the description of the asset being disposed of, its original purchase date and value, current book value, and reason for disposal (e.g. obsolescence, damage, or upgrade). It shall also outline the method of disposal (sale, scrapping, donation, etc.) the party responsible for the disposal, and any proceeds or costs associated with the disposal

6. Sourcing Activities

6.1 Sourcing set-up

Procurement department is responsible for overseeing all sourcing activities. The procurement team will maintain transparency and efficiency in all procurement processes ensuring compliance with local rules and regulations where applicable.

6.2 Needs Identification

A thorough needs assessment to be conducted identifying and documenting specific requirements for each procurement activity. This process will involve consultations with relevant departments to ensure that all needs are clearly defined and justified. The Superintendents or relevant staff will ensure that the identified needs are realistic, considering available resources, delivery timelines, and the anticipated benefits to PNSC.

6.3 Market Research & Vendor Performance Management Tools

Comprehensive market research shall be undertaken by procurement department to identify potential suppliers, understand market trends, and benchmark prices. This research will ensure that the procurement process is competitive and offers value for money. The findings from the market research will inform the procurement strategy, helping PNSC to secure the best possible terms and make informed sourcing decisions.

6.4 Tender Evaluation Criteria

The end-user in consultation with procurement department will develop detailed tender evaluation criteria for each procurement activity. These criteria will encompass both technical and commercial aspects to ensure a fair and transparent selection process. The evaluation criteria will be clearly defined and included in the bidding documents provided to all potential suppliers, ensuring that the evaluation process is objective and transparent.

6.5 Vendor Registration

A vendor registration system (where possible) shall be implemented to ensure that only qualified suppliers participate in the procurement process. This system will maintain a list of registered suppliers who meet the required standards and qualifications.

Qualified suppliers are defined as suppliers who have demonstrated their ability to provide goods, services, or works that meet the organization's specified requirements in terms of quality, cost, delivery, compliance, and reliability. To be considered qualified, suppliers must have a proven track record of performance, financial stability, technical competence, and adherence to regulatory and safety standards. Vendors will be required to apply for registration (where possible), providing necessary documentation to substantiate their capability and reliability.

6.6 Vendor Pre-qualification

A rigorous pre-qualification process for all potential vendors (Where possible and OR except commercial shipping and associated activities) shall be implemented. Where prequalification is necessary or preferred this process will involve evaluating vendors based on their relevant experience, financial stability, technical capabilities (personnel, equipment, plant and appropriate managerial), and past performance. Only vendors who meet the pre-qualification criteria will be invited to participate in the sourcing process, ensuring that PNSC engages with reliable and capable suppliers.

6.7 Invitation to Sourcing Process

PNSC procurement team will issue clear and comprehensive invitations to the sourcing process for all procurement activities. These invitations will include all necessary details such as the scope of work, submission deadlines, evaluation criteria, and any other relevant information. The invitation process will be conducted transparently, ensuring equal opportunity for all potential suppliers to participate.

6.8 Pre-Bid Meeting and Site Visit

End-user department in consultation with Procurement department may organize pre-bid meetings including virtual meetings and site visits to provide potential suppliers with a thorough understanding of the assignment's requirements. These meetings and visits are crucial for clarifying any ambiguities in the bidding documents and allowing suppliers to make informed bids. Minutes of the pre-bid meetings will be recorded and shared with all participating vendors and hoist on PNSC website to ensure transparency and fairness.

6.9 Communication with Vendors

PNSC procurement team will maintain open and transparent communication with all vendors throughout the procurement process. All communications will be documented and conducted in a manner that ensures fairness and transparency. Any queries from vendors will be addressed promptly, and any updates or changes in the procurement process will be communicated to all concerned parties simultaneously.

6.10 Receiving Proposals

PNSC will ensure a secure and transparent process for receiving proposals from vendors via electronic mean or portal or physical submission (where applicable). All proposals must be submitted in sealed or protected packages to maintain confidentiality until the official opening. A clear protocol for receiving, documenting, and storing proposals to ensure that all submissions are handled fairly and securely. The evaluation committee will oversee the process of receiving proposals to ensure adherence to protocols and regulations.

The Head of Procurement will be responsible for coordinating the proposal receipt process and ensuring it aligns with PNSC's policies and regulatory requirements.

6.11 Technical Proposal Evaluation

The tender committee will conduct a thorough evaluation of the technical proposals submitted by vendors. This evaluation will be based on predefined criteria included in the bidding documents. The evaluation process will focus on the technical aspects of the proposals, ensuring that they meet the required standards and specifications. The Tender committee may request management for nomination of experts within or outside PNSC for the technical evaluation, ensuring objectivity and fairness.

6.12 Commercial Proposal Evaluation

The tender committee will evaluate the commercial proposals based on the predefined criteria outlined in the bidding documents. The evaluation will consider factors such as cost-effectiveness, financial stability, and value for money. The commercial evaluation will be conducted transparently, with a clear scoring system to ensure that the best overall proposal is selected.

6.13 Standard Contracts

PNSC Procurement Department will use PPRA standard bid documents/contracts for all procurement activities (except dry-dock, bunkering, vessels purchase & disposal, commercial, technical, shipping and related activities that require industrial bidding and contract documents such as BIMCO forms or other industry standard forms as prescribed) to ensure consistency, transparency, and compliance with legal requirements. These contracts will include all necessary terms and conditions, such as scope of work, payment terms, delivery schedules, and penalties for non-compliance. The use of standard contract terms will help mitigate risks and provide a clear framework for both PNSC and the suppliers.

6.14 Price Negotiations

PNSC shall follow international merchant shipping industry norms thus as a procuring agency may conduct price negotiations in case of procurement of vessels (New built, Resale and second hand), Dry Docking services, second hand spares and for commercial activities with vendors in a fair and transparent manner subsequent to the initial evaluation of proposals as prescribed in bidding document. The purpose of these negotiations will be to negotiate price and finalize the terms and conditions of the contract, ensuring that they align with PNSC's

requirements and provide value for money. All negotiation processes will be documented to ensure accountability and transparency. The Mechanism shall comprise:

- Require floated through NIT vide national and international newspapers and by sending emails to dedicated brokers.
- All responsive bidders through respective process shall be separately and concurrently engaged in price negotiations providing equal opportunity to achieve most advantageous price for PNSC.
- Prevailing market price estimation shall be arrived at by compiling price ideas published by international brokers, Baltic Exchange and other independent credible sources.
- Price estimations may be adjusted to reflect foreseeable costs for docking, repositioning, modifications, transfer of class, subsequent capital costs, etc.
- Price estimation may also take into account cost estimates received from independent third parties or consultants or experts.
- Price estimation may also take into account recent representative transactions reported by international brokers.
- Price negotiation shall be initiated and supervised by respective Committee.
- Price shall be approved by PNSC Board of Directors after taking into account all aspects of the case on transaction to transaction basis.

6.15 Re-tendering

In cases where no satisfactory bids are received, or where the procurement requirements are not met, PNSC Procurement team will initiate a re-tendering process or direct purchase or negotiated tendering in urgent cases on recommendation of Tender Committee or end-user. Re-tendering shall not be regarded as a normally accepted practice and efforts shall be made for the successful conclusion of the first tender.

Re-tendering will follow the same transparent and fair procedures as the original tendering process. The decision to re-tender will be documented, providing clear reasons and justifications of or the action taken. The tender committee will oversee the re-tendering process to ensure adherence to protocols and regulations. The Procurement department will be responsible for coordinating the re-tendering process and ensuring it aligns with PNSC's policies and regulatory requirements. For significant or high-value re-tendering decisions, the final approval may be required from the CEO to ensure strategic alignment and oversight.

6.16 Final Selection & Award

The tender committee will recommend the final selection and award of contracts based on the combined evaluation of technical and commercial proposals. The selection process will be transparent, objective, and based on predefined criteria in the tender document. The contract award will be given to the bidder that provides the most advantageous bid, considering both quality or qualification and cost. The selection and recommendation of award process will be documented and approved by the competent authorities within PNSC.

6.17 Notification of Award

Upon approval of the competent authority as defined in financial matrix (DOA), PNSC procurement team will hoist final bid evaluation report on PNSC website for seven 07 days and after the completion of this period will promptly notify the successful bidder of the contract award. The notification will include all relevant details, such as the scope of work, contract value, and any specific conditions. Unsuccessful bidders will also be informed of the outcome, with feedback provided upon request to ensure transparency and encourage improvement in future tenders.

6.18 Cancellation of the Tendering Process

PNSC Management reserves the right to cancel the tendering process at any stage before the award of the contract. The authority to cancel a tender lies with the Executive Directors depending on the value and significance of the procurement. Any cancellation must be justified with clear reasons and documented accordingly. All bidders will be notified of the cancellation, and any bid securities will be returned promptly.

7. Contract Management Activities

7.1 Advance Payment

Advance payments can be made under specific circumstances where they are necessary and justified. The terms and conditions for advance payments will be clearly defined in the contract, including the amount, payment schedule, and any required guarantees or securities. PNSC will ensure that advance payments are protected by appropriate measures, such as bank guarantees or insurance or o/s payments, (where applicable) to mitigate any financial risks.

7.1.1 Authority for Advance Payments:

7.1.1.1 On recommendation of end-user or tender committee, Head of Procurement will ensure that such payments are justified and comply with all relevant regulations and guidelines. (Whereas for commercial shipping and associated business all payments to be made as per industry practice(s), duly approved by the designated relevant authority and requirement to execute the commercial activity.)

7.1.1.2 Finance Department: The Finance Department will review and verify the terms and conditions for advance payments, ensuring that all financial risks are adequately mitigated.

7.1.1.3 CEO: For any advance payments exceeding Rs. 1,000,000, the final approval may be required from the CEO or as per Financial Authority Matrix defined in ICS of the PNSC, to ensure alignment with PNSC's financial policies and strategic objective.

7.2 Bid Security

Bid security is a financial guarantee provided by a bidder (where applicable) to ensure that they do not withdraw their bid during the validity period and, if awarded the contract, that they will sign the contract and provide any required performance guarantees (where applicable). PNSC may require the bidders to furnish a fixed amount of bid security not exceeding five percent of the estimated value of procurement. Bid Security is typically in the form of a Pay order or bank guarantee or insurance bond and is forfeited if the bidder fails to comply with these conditions.

7.3 Performance Guarantee

Performance Guarantee is a financial guarantee provided by the successful bidder (where applicable) to ensure the fulfillment of their contractual obligations. This Guarantee may not exceed ten per cent of the contract amount or as defined in the solicitation/bidding documents and is held by PNSC until the completion of the contract. It protects PNSC against any potential non-performance or default by the vendor. For Commercial shipping and related activities please refer to approved Policies and procedures manual & Internal Control System (ICS) of PNSC. The Performance Guarantee will be returned upon satisfactory completion of the contract. The conditions and requirements for the performance Guarantee will be detailed in the contract documents.

7.4 Relationship with Vendors

The PNSC Procurement Department is committed to maintaining professional and transparent relationships with all vendors. PNSC will ensure fair treatment of vendors and strict adherence to contractual terms through the use of a Vendor Management System (VMS) or Customer Relationship Management (CRM) software. These tools will facilitate regular communication, performance reviews, and feedback sessions with end users to foster collaborative partnerships.

The VMS/CRM software will be utilized to efficiently manage vendor information, track performance metrics, and maintain a record of all interactions. Any issues or disputes will be promptly addressed through formal channels within the software to maintain trust and ensure the smooth execution of contracts.

7.5 Termination of Contract

PNSC reserves the right to terminate contracts under specific circumstances. Grounds for termination may include non-performance, breach of contract, or other valid reasons. The termination process will be conducted transparently and documented thoroughly. Both parties will be informed of the reasons for termination, and any financial settlements or penalties will be handled as per the terms of the contract.

7.6 Contract Amendments / Deviation

Contracts may be amended only when necessary and justified. Any amendments to the contract must be documented and agreed upon by both parties and signed in the form of an addendum. The following guidelines apply:

7.6.1 Changes Requiring an Addendum:

7.6.1.1 Change in Supplier Details: Amendments due to changes in the supplier's legal name, contact information, or other administrative details.

7.6.1.2 Extension of Time for Performance: Modifications related to the delivery schedule or extension of time to complete the contract, provided they do not fundamentally alter the original scope or objectives of the procurement.

7.6.1.3 Minor Adjustments in Scope: Changes that do not significantly impact the overall scope or deliverables of the contract, such as small adjustments in quantities or delivery methods or any upgraded version due to obsolescence of contracted item that do not affect the core value or intent of the contract.

7.6.2 Changes Requiring a New Procurement Process:

7.6.2.1 Change in Quality or Specifications: Any substantial alteration to the quality standards, specifications or technical requirements of the goods or services that was not part of the original procurement.

7.6.2.2 Change in Price: Any modification that leads to a significant increase in the total contract value or unit prices, which may suggest a lack of competitiveness or fairness.

7.6.2.3 Addition of Supplementary Services or Goods: Introduction of new services or goods that were not included in the original contract scope and that materially change the nature of the procurement.

All amendments will be reviewed and approved based on power matrix to ensure compliance with the initial procurement objectives and legal requirements. Amendments that constitute substantial changes to the contract's terms, scope, or value will trigger a new procurement process to maintain transparency, competitiveness and compliance with procurement regulations.

7.7 Contract Insurance

Suppliers to provide adequate insurance coverage for contracts where required except Commercial Shipping and related activities, that to be covered through P&I club as per industry practice and PNSC existing practice in vogue. This requirement that potential risks are mitigated and that PNSC is protected from financial losses. The specific insurance requirements, including types and coverage amounts, will be detailed in the contract documents. Suppliers must provide proof of insurance before commencing work.

7.8 Contract Compliance

Compliance monitoring shall be conducted throughout the contract duration. Any deviations from the contract will be addressed promptly, with corrective actions taken as necessary.

8. Commercial Shipping and Related Activities

PNSC will manage Commercial Shipping and related activities in compliance with approved Policies and procedures manual & Internal Control System (ICS) of PNSC. The Commercial business activity process will be transparent and competitive, ensuring that all contracts are awarded fairly. Detailed terms and conditions, including rates, duration, and responsibilities, will be clearly defined in the agreements in the form of Charter Parties/Booking Notes/Fixture Notes and Bill of Lading in line with the industry practices globally. PNSC will conduct regular performance reviews and audits to ensure compliance with the agreed terms and optimize the utilization of commercial assets i.e. owned/chartered vessels, slots, SOCs and other owned/hired equipment.

The Commercial Division is responsible for meeting all the requirements of PNSC related to in/out chartering of all kinds of ships (Voyage/Time/Bareboat charterer contracts), booking of containerized (LCL/FCL) cargo and break-bulk cargo spot requirements, managing NVOCC inventory rotation and associated operational matters. The Commercial Division enters the requirement in the market for chartering, booking of containerized (LCL/FCL)/break bulk/IMO class and other all types of cargoes as per industry practices. Negotiating/Dealing officers for each particular shipping activity then negotiate and finalize the business in compliance with approved Policies and procedures manual & Internal Control System (ICS) of PNSC.

Commercial Shipping and related activities are normally performed through MLOs, Freight Forwarders, NVOCCs, Vessel Owners, Vessel Operators, Feeder Operators, Stevedores, Liner Agents, Forwarding Agents, NVOCC agents and brokers channels. Once the business or commercial activity is negotiated and fully fixed, all the necessary documentation is done as per laid down procedures and requirement of all stakeholders. The Charter Parties / Booking Notes / Fixture Notes and Bill of Lading is drawn and passed on to all concerned department for necessary action(s).

8.1 PNSC in promoting and forming, or to otherwise associate with, companies and other bodies corporate, syndicates, partnerships, joint ventures and other organizations in or outside Pakistan for the purpose of advancing directly or indirectly the business of the corporation or for any other purpose which the corporation may find expedient in the performance of its other functions.

For selecting such company(ies), associates or joint ventures shall adopt open competitive bidding procedure as prescribed in this policy. If no company, firm or associate participates within stipulated time PNSC may engage in negotiated tendering or direct contracting subject to approval of the competent authority.

9. Receipt of Goods/Services/Works

9.1 Receipt of goods

A detailed procedure for the receipt of goods shall be established where applicable. Upon delivery, the receiving department and quality control team will inspect all goods against the purchase order and delivery documents to verify quantity, quality, and compliance with specifications. Any discrepancies or damages will be documented, and the supplier will be notified immediately. The receipt process will include proper documentation and acknowledgment of delivery, ensuring transparency and accountability.

9.2 Receipt of Services

A systematic process for the receipt of services shall be implemented. Upon completion of services, the responsible department will conduct an evaluation to ensure that all terms and conditions of the contract have been met. This evaluation will include reviewing service reports, performance records, and any deliverables where applicable. Any deficiencies will be recorded,

and corrective measures will be initiated. Documentation of service receipt or any other document establishing similar meaning will be maintained for transparency and future reference.

9.3 Receipt of Works

A comprehensive procedure for the receipt of works shall be established. Upon completion of the works, a thorough inspection will be conducted to verify that all specifications and standards have been met. This inspection will involve relevant technical staff and will include checking for compliance with safety and quality standards. Any issues identified will be documented and addressed with the contractor. Formal acceptance of works will only be given after satisfactory completion and resolution of any issues.

9.4 Acceptance of goods

PNSC will follow a structured process for the acceptance of goods. After the receipt, the receiving department and quality team (including a member from Finance Department and Procurement Department) will complete inspection of goods, and prepare an acceptance report, documenting the conformity of the goods with the specified requirements. Only goods that meet all specifications and standards will be accepted. Any non-conforming goods will be rejected, and the supplier will be required to replace or rectify them without incurring any cost to PNSC. The acceptance process will be fully documented to ensure transparency and accountability.

10. Sustainability

10.1 General

PNSC is committed to integrating sustainability into all procurement activities. In line with local laws & regulations and international best practices, PNSC will ensure that procurement decisions consider environmental, social, customer requirement in case of commercial activity and economic impacts. The Procurement team will be trained on sustainable procurement principles and will ensure that suppliers adhere to these principles. PNSC aims to achieve long-term value and positive outcomes for society and the environment through sustainable procurement practices.

10.2 Procurement

PNSC will adopt a holistic approach to sustainability, ensuring that all procurement activities align with the organization's sustainability goals. Sustainability considerations will be integrated into the procurement process from planning through to contract management. This includes assessing the sustainability credentials of suppliers, promoting the use of sustainable materials and technologies, and ensuring ethical business practices. Documentation of sustainability efforts will be maintained to demonstrate compliance and continuous improvement.

10.3 Environment

PNSC will prioritize environmental sustainability in its procurement processes. PNSC will seek to minimize environmental impact by selecting suppliers and products that meet high environmental standards. This includes considering factors such as energy efficiency, waste reduction, and the use of recycled materials. Environmental criteria will be incorporated into tender documents and evaluations, ensuring that environmental sustainability is a key consideration in procurement decisions.

10.4 Social

PNSC is committed to promoting social sustainability through its procurement activities. PNSC will ensure that suppliers adhere to fair labor practices, respect human rights, and contribute positively to local communities. The procurement process will include evaluations of suppliers' social practices, including labor conditions, community engagement, and corporate social responsibility initiatives. PNSC will also prioritize suppliers who support diversity and inclusion in their workforce.

10.5 Governance

PNSC will uphold high standards of governance in all procurement activities. PNSC will ensure transparency, accountability, and integrity throughout the procurement process. This includes clear documentation of procurement decisions, regular audits, and adherence to ethical business practices. Governance standards will be communicated to all suppliers, and any breaches of these standards will be addressed promptly and effectively.

10.6 Economy

PNSC will strive to achieve economic sustainability by ensuring value for money in all procurement activities. PNSC will seek to optimize costs while maintaining high quality and performance standards. This includes conducting thorough market research, competitive bidding, and rigorous financial evaluations of suppliers. PNSC will also consider the long-term economic benefits of sustainable procurement practices, such as reducing lifecycle costs and enhancing supplier relationships.

11. Asset Disposal

11.1 Used Vessels

The disposal of used vessels will be conducted ensuring transparency and value for money. PNSC will employ a competitive bidding process under following procedure for the sale of used vessels, with advertisements placed in widely circulated media to attract potential buyers. The process will include a thorough assessment of the vessel's condition and an independent valuation of the vessel will be conducted to determine its market value. The valuation report will be documented and retained for transparency and audit purposes. The final sale will be documented comprehensively to ensure compliance with legal and regulatory requirements. The standing procedure is tabulated below;

Sr. #	Activity	Process
1	Requirement	ED (C) and ED (SM) will jointly assess feasibility of continued operation of the vessel(s) from Commercial and Maintenance point of view and recommends for sale of vessel.
2	Approval by PNSC Board of Directors	PNSC Management to seek approval of sale from the Board of Directors of the Subsidiary Company & PNSC Board of Directors basis commercial and survey status of ship and economic viability of the ship in prevailing freight market and / or regulations relating to particular type of ships. This activity normally comes into play at the end of useful life of the vessel.
3	Invitation for Offers	PNSC Management to advertise in the print and electronic media, the broad parameters of the ship and invite offers from prospective buyers through Baltic Exchange enlisted brokers.
4	Scrutiny	PNSC Vessel Sale and Purchase Committee (composition attached) to scrutinize offers and evaluate same basis market intelligence.
5	Negotiations of Terms & Conditions	The Sale and Purchase Committee to settle the Price and Terms & Conditions with appropriate conditionality, which shall always include PNSC Board of Directors approval for the final conclusion of the deal.
6	Re-Capping	The Sale and Purchase Committee to re-cap the terms and conditions at the point where final deal can be made and submit the matter to the Board of Subsidiary and PNSC Board of Directors along with Draft Memorandum of Agreement (MoA)
7	Approval By Subsidiary	The Board of relevant subsidiary company to approve the sale deal after consideration of the case.

8	Final Approval by PNSC Board of Directors	The PNSC Board of Directors, after considering Board Approval of relevant subsidiary, accords final approval.
9	Deal	PNSC's Management to confirm the deal after the final approval of the PNSC Board of Directors.
10	Delivery	PNSC to undertake necessary steps for formalization/execution of MoA, receipt of payments, delivery to buyers and de- registration of the sold vessel.

11.2 Vehicles

PNSC will dispose of vehicles through a transparent process as outlined in the SOE Act. The disposal method will typically involve public auction or competitive tender to ensure that the best possible price is achieved. All disposals will be documented, including vehicle condition reports, bid evaluations, and final sale details. This process will ensure compliance with local regulations and provide a clear audit trail for accountability.

11.3 Immovable Assets

PNSC will conduct a competitive and transparent process as outlined in the SOE Act, including public advertisement and bidding, to ensure the fair market value of the assets is realized for immovable assets. A thorough appraisal of the property will be conducted prior to disposal, and all transactions will be documented to ensure transparency and compliance with legal requirements. The disposal process will involve relevant stakeholders and be subject to internal and external audits.

11.4 Intangible Assets

PNSC will manage the disposal of intangible assets, such as intellectual property and good will as outlined in the SOE Act. The disposal process will ensure that these assets are valued appropriately and sold through competitive means to achieve the best possible return. Detailed records of the disposal process, including valuations and sale agreements, will be maintained to ensure transparency and compliance with regulatory requirements. Any disposal of intangible assets will be reviewed and approved by the competent authority within PNSC.

11.5 Other Assets

For the disposal of other assets, the process will involve public auction or competitive bidding to ensure transparency and value for money as outlined in the SOE Act. A comprehensive inventory of assets to be disposed of will be maintained, and each disposal transaction will be documented thoroughly. PNSC will ensure that all disposals are conducted in a manner that is fair, transparent and in compliance with local regulations, with appropriate approvals obtained from relevant authorities.

Authority:

- Disposal Committee: A Disposal Committee will oversee the disposal of other moveable, immovable, tangible assets etc. as defined in clause 5.5 of this policy to ensure a balanced and comprehensive approach.
- Procurement Department: The Procurement Department will be responsible for coordinating the disposal process, ensuring it aligns with PNSC's policies and regulatory requirements.
- CEO: For high-value disposals, the CEO may provide final approval to ensure strategic alignment and oversight.

12. General

12.1 Applicable Laws & Standards

PNSC will ensure that all procurement activities comply with the provisions of the Para 17 (2) of the SOE Act. This includes adherence to international regulations, industry standards, and best

practices. PNSC will regularly review and update its procurement policies to align with any changes in the legal and regulatory framework.

12.2 Compliance and Monitoring

PNSC will implement a robust compliance and monitoring system to ensure adherence to Procurement Policies and regulations. As mandated by SOE Act, regular audits, inspections, and reviews will be conducted to monitor compliance. Procurement process is monitored through internal auditors, external auditor (A reputed Audit firm) and Government auditors. Any deviations from established policies and procedures will be addressed promptly, and corrective actions will be taken to prevent recurrence. Compliance reports will be prepared and submitted to the relevant authorities for review.

12.3 Business Ethics

PNSC is committed to maintaining the highest standards of business ethics in all procurement activities. PNSC will enforce a code of conduct that promotes integrity, fairness, and transparency. All employees and suppliers will be expected to adhere to these ethical standards, and any violations will be dealt with strictly. The procurement team will receive regular training on ethical practices to ensure compliance.

12.4 Confidentiality

PNSC will ensure the confidentiality of all sensitive and proprietary information related to procurement activities. All procurement documents, supplier information, and bid details will be handled with the utmost confidentiality. Access to confidential information will be restricted to authorized personnel only, and any breaches of confidentiality will be investigated and addressed promptly.

12.5 Currency

All procurement transactions and contracts at PNSC will be conducted in the currency specified in the bidding/solicitation documents. The currency terms will be clearly defined in the bidding/solicitation documents, ensuring transparency and clarity for all parties involved. For the purposes of comparison of bids quoted in different currencies, the price shall be converted into a single currency specified in the bidding documents. The rate of exchange shall be the selling rate, prevailing on the date of opening of bids specified in the bidding documents, as notified by the State Bank of Pakistan on that day. Any changes to the currency terms during the contract execution will require formal amendments and approvals.

12.6 Archiving

PNSC will maintain an efficient archiving system for all procurement-related documents. All procurement related records (from raising of requirement till completion of transaction) will be archived for major items of permanent assets like buildings, intellectual property, loans, advances, etc., during their useful life and five years after useful life or till all related issues like audits, inquiries, obligations, disposals, have been completed, and for other items till 5 years after disposal / use. Electronic records may be kept for 20 years as applicable.

12.7 Language

All Procurement Documents and communications at PNSC will be prepared in English. If necessary, documents may also be prepared in Urdu or the local language of the procurement site, provided that the original documentation in English or Urdu is retained for legal and reference purposes. In case of any dispute, the original language documents will prevail.

12.8 Standard Document / Bidding Document / Solicitation Documents

PNSC will use PPRA standard documents, bidding documents, and solicitation documents for all procurement activities except dry dock, Bunker, vessel purchase & Disposal and commercial and technical shipping and related activities. Dry-Dock, Bunkering, Vessels Purchase & Disposal, Commercial, Technical, Shipping and related activities require industrial bidding and contract documents such as BIMCO forms or other industry standard forms as prescribed. These documents will be standardized to ensure consistency, transparency, and fairness. The

documents will include all necessary information, such as terms and conditions, evaluation criteria, and submission guidelines relevant form of contract. Any updates or changes to these standard documents will be communicated to all relevant stakeholders to ensure compliance.

12.9 Non-Discrimination and Eligibility

Within the relevant thresholds, the procurement process shall be open on equal terms to all legal and natural persons, regardless of their origin, nationality, gender, or other characteristics, except for those who are excluded in accordance with the criteria outlined in 12.9.1 Exclusions of this policy.

12.9.1 Exclusions

The following entities are excluded from participating in procurement activities with PNSC:

12.9.1.1 Bankrupt Entities: Any service provider or supplier that is bankrupt, in liquidation, or undergoing proceedings for insolvency.

12.9.1.2 Tax Non-Compliance: Any service provider or supplier in breach of obligations related to the payment of taxes, social security contributions, or other mandatory fees as per applicable laws.

12.9.1.3 Professional Misconduct: Any service provider or supplier found guilty of professional misconduct or in breach of its obligations with the procuring agency.

12.9.1.4 Fraud or Corruption: Any service provider or supplier involved in fraud, corruption, bribery, or any activities deemed dishonest or unethical.

12.9.1.5 Criminal Activities: Any service provider or supplier participating in a criminal organization or involved in money laundering, human trafficking, child labor, or similar illegal activities.

12.9.1.6 Banned Providers: All providers banned or debarred by the PPRA or any other regulatory authority, whether international or local.

These exclusions are intended to maintain the integrity, fairness, and ethical standards of the procurement process and to ensure compliance with relevant laws and regulations.

12.10 Blacklisting

(1) PNSC may initiate blacklisting procedures before the PPRA in accordance with the Blacklisting Regulations against any person who

- (a) Has been involved in corrupt and fraudulent practices or convicted under the laws of Pakistan that calls into serious question the honesty of the person; or
- (b) In or in relation to a submission of bids, has knowingly provided false or misleading information or has failed to disclose material information concerning its eligibility or
- (c) Has failed to perform his contractual obligations during the execution of the contract, provided action has been taken by the PNSC under the contract to establish a breach of contract.

(2) The Blacklisting Committee established by the PPRA shall provide an opportunity for the parties to be heard and if the allegations against the bidder are found to be substantiated, shall

- (a) Debar the bidder, for a period prescribed through regulations, from being considered for any procurement contract by any procuring agency; or
- (b) Debar the bidder from participation in any or a certain type of procurement process, subject to any condition the PPRA considers necessary.
- (c) Impose any other penalty i.e. imposition of fine other than debarment keeping in view the gravity of the failure in performance of the contract.

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