Procedure for Procurement, Contractual Engagements and Salary and Salary-Related Payments

Applying to: SNC, SNPI, L28, SUV

Responsibility for Compliance with the Procedure: CFO

1. **This procedure organizes the following subjects:**
* Management of contractual engagements for receipt of goods and services
* Regular controls and reports
1. **Authorized signatories**
	1. **Authorized signatory protocol**

|  |  |  |
| --- | --- | --- |
| **Group A** | **Group B** | **Group C** |
| Terry Castle | Avi Hasson | Ortal Peretz |
| Joshua Levin | Chico Menashe | Rivka Zawi |
|  | Oriel Dagan |  |

**Up to NIS 400,000 (in salaries, up to NIS 1,500,000):**

Either: the signature of two authorized signatories from Group B plus the organization stamp

Or: the signature of one authorized signatory from Group B + the signature of one authorized signatory from Group C plus the organization stamp

**Above this amount:**

Either: the signature of two authorized signatories from Group A plus the organization stamp

Or: the signature of one authorized signatory from Group A + the signature of one authorized signatory from Group B plus the organization stamp

* 1. **Despite what is stated above, it has been decided that the fixed order of signatures will be as follows, by virtue of an internal procedure (corresponding to the aforementioned protocol):**

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|  | **Those signing for an amount up to NIS 400,000 (salaries up to NIS 1,500,000)** | **Those signing for an amount above NIS 400,000 (salaries up to NIS 1,500,000** |
| **Contract approval process (in DocuSign)** | Oriel Dagan (Signatory 1) +\_Avi Hasson (Signatory 2) | Oriel Dagan (Signatory 1) + Avi Hasson Signatory 2) + Joshua Levin (Signatory 3) |
| **Priority internal procurement process** | Internal round of signatures (Director, VP, C level) + Oriel Dagan (Signatory 2) | Internal round of signatures (Director, VP, C level) + Oriel Dagan (Signatory 2) + Avi Hasson (Signatory 3) |
| **Payment process for transfers to local suppliers in the UBANK app group** | Oriel Dagan (Signatory 1) + Avi Hasson (Signatory 2) | Avi Hasson (Signatory 1) + Joshua Levin (Signatory 2) |
| **Payment process for transfers to foreign suppliers in the JP app** | Oriel Dagan (Signatory 1) + Joshua Levin (Signatory 2) | Avi Hasson (Signatory 1) + Joshua Levin (Signatory 2) |
| **Salary payment process in Masav** | Signature on Masav list in DocuSign):Oriel Dagan (Signatory 1) + Avi Hasson (Signatory 2)Signature on Masav using the Mini key:Oriel Dagan (Signatory 1) + Avi Hasson (Signatory 2) |  |

1. **Management of contractual engagements in the receipt of goods and services**
	1. **Basic principles in the** **organizational procurement procedure**
		* 1. **The competition process:**
			2. Contractual engagements up to NIS 35,000 + VAT do not require a price quote process and do not require establishment of a purchase order, but doing so is recommended
			3. Contractual engagements between NIS 35,001 + VAT and NIS 100,000 + VAT require 2 price quotes/approval of a single supplier and the establishment of a purchase order
			4. Contractual engagements above NIS 100,001 + VAT require 3 price quotes/approval of a single supplier and the establishment of a purchase order

\* Approval of a single supplier = a dedicated form in which the reasons are given for the request of the department head regarding why he has not requested receipt of additional or alternate price quotes to choose an offer which is not the cheapest, on professional grounds. The department head, the specific VP, the CFO and the CEO the will sign this approval. **Attachment to this procedure**.

* 1. All the contractual engagements **will be before the execution** of the work by the supplier, and not after the fact. In each contractual engagement, the advance approval of the CFO or the CEO or the chairman is required as well as the confirmation of the procurement client.
	2. In each contractual engagement, irrespective of its amount, the competition process must be gone through as far as possible.
	3. In each contractual engagement, components such as the following must be taken into account: the quality of the product, price, the experience of the bidder, warranty and provision of service after the purchase, recommendations of the supplier and payment terms.
	4. Payment to a supplier will be made against a tax invoice or a pro forma invoice, and in the case of an exempt dealer, against an invoice. A digitally-received tax invoice will be digitally signed.
	5. In every contractual engagement, confirmation of bookkeeping and a confirmation of the amount of tax deducted at source must be received from the supplier or by way of a check at the Tax Authority website prior to the execution of the contractual engagement. If the supplier does not have an exemption from withholding tax at source, the supplier must be contacted and updated in the matter, and it is to be given the opportunity to correct this. If the supplier is interested in a payment at any time, tax must be deducted in accordance with the amount of the tax deduction stated in the above confirmation as required by law.
	6. A contractual engagement will not be permitted with a supplier who is an interested party and/or first-degree relative of any of the members of the board of directors or senior officers in the public benefit company. Such a contractual engagement will be permitted only with the special approval of the board of directors.
	7. Transfers will be executed once every two weeks on Wednesdays in the week of the 15th of the month and on Wednesdays on the week of the 28th of the month.
	8. When opening a supplier, a supplier opening form must be filled out and filed in the accounting system. The supplier opening form will contain the following fields:
* Name of supplier/company
* VAT classification (authorized dealer/company/exempt dealer/non-profit)
* Corporation number
* Address and email
* Contacts
* Details of account for payment together with a check/other confirmation of managing of the bank account of the supplier
	1. Payments by credit card will be made only for payments that cannot be made in any manner other than by credit card. Every payment by credit card will be approved prior to the payment by the CFO and will undergo a round of approvals after the fact.
1. **Management of salary and salary-related expenses**
	1. The closing of hours will be done once monthly on HiBob up to the 21st of the month by the human resources department. The human resources department sends the salary accounting department the information required for calculating the slips, such as a work hour file, list of employees who have ended, benefits, bonuses, etc.
	2. At least three business days before the end of the month, the CFO and the human resources VP receive the required slips and control files (the control files include an analytic comparison between months for various parameters), and a joint meeting is held. The product of the meeting – final slips for execution.
	3. On the first of the month at the latest, a payment is made in the Masav/is transferred in a batch together with the delivery of slips to the employees. The CFO will receive a copy of all the final slips by email as well as the payroll accountant in charge of their documentation in DropBox in a dedicated folder not exposed to the rest of the organization.
	4. By the 15th of each month: the payroll accountant makes a payment and a report of social benefits and institutions, as well as various regulatory reports required by law.
	5. By the 20th of each month: the payroll accountant registers a salary order and overloads for projects with the coordination of the managers and full bank reconciliation.
2. **Follow-up of budget**
	1. Each week, every manager will receive a budget status by email against an update of his execution of follow-up and control.
	2. Every expense in the organization will be associated with an accounting item, a budget item and a project/cost coordinator.
	3. Salary expenses will be loaded once a month by the managers for projects and cost coordinators.
	4. Budget deviations will not be permitted.
3. **Deviations from the budget**
	1. All the contractual engagements will be a part of the planned budget, unless the contractual engagement has been specially approved outside the budget in a manner documented and approved by the CEO.
	2. A manager may transfer amounts within his budget from item to item, without limit.
	3. Different managers are not permitted to transfer between their budgets without the approval of the CEO.
	4. A manager may not deviate from his total budget, and the budget manager has the chief responsibility for complying with the work plan in the framework of the budget.
	5. A procurement order extending over a number of budget years will find expression in the budget according to its share in each year.
	6. A manager who sees that he will not require his entire budget will act to prevent unnecessary budgetary utilization.
4. **Flow chart for the complete procurement procedure**

**File attached**

**Addendum: Single Supplier Form**

**Subject: Professional Opinion in the Framework of the Intention to Sign a Contract with a Single Suppler**

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| --- |
| **Description of the Substance of the Contractual Engagement (Background and Details of the Characteristics of the Goods/Services/Work)** |
| **XXX** |
| **Name of Supplier:** | **XXX** |
| **Supplier Number (P.C./Public Company/Authorized Dealer/Association Number)** | **XXXX** |
| **Estimate/Value of the Contract:** | **XXX** plus VAT |
| **Period of the Contract:** | **XX/XX/XXXX-XX/XX/XXXX** |

**Reasons the supplier is a single supplier (**if necessary, you may attach additional pages and any other relevant document**)**

**Please refer to the following sections:**

**1. The means by which the examinations were carried out to locate additional suppliers and preparation of the opinion**, including details of the sources of information and actions taken (for example, internet search, correspondence with suppliers, meetings or conversations with suppliers, etc.).

**2. Findings of the examination** (if there are additional suppliers in the field of the contractual engagement, give details of the reasons for their lack of suitability to the execution of the contractual engagement with them and the reasons the supplier about which the opinion was written is the single supplier.

**3. Additional reasons and comments**

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| **XXXXXXXXXXXXXXXXXX****XXXXXXXXXXXXXXXXXXXX****XXXXXXXXXXXXXXXXXXXXXXXX****XXXXXXXXXXXXXXXXXXXXXXXXXXX****XXXXXXXXXXXXXXXXXXXXXXXXXXXXX****XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX** |

In light of the reasons given above, we request signing a contract in a process exempt from price quotes.

This opinion is given by virtue of my being the professional authority on this subject.

Respectfully,

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|  |  |  |
| **Signature** | **Position** | **Name of direct manager (author of the request)** |
|  |  |  |
| **Signature** | **Position** | **Name of VP** |
|  | **CFO** | **Oriel Dagan** |
| **Signature** | **Position** | **Name of CFO** |
|  | **CEO** | **Avi Hasson** |
| **Signature** | **Position** | **Name of CEO** |