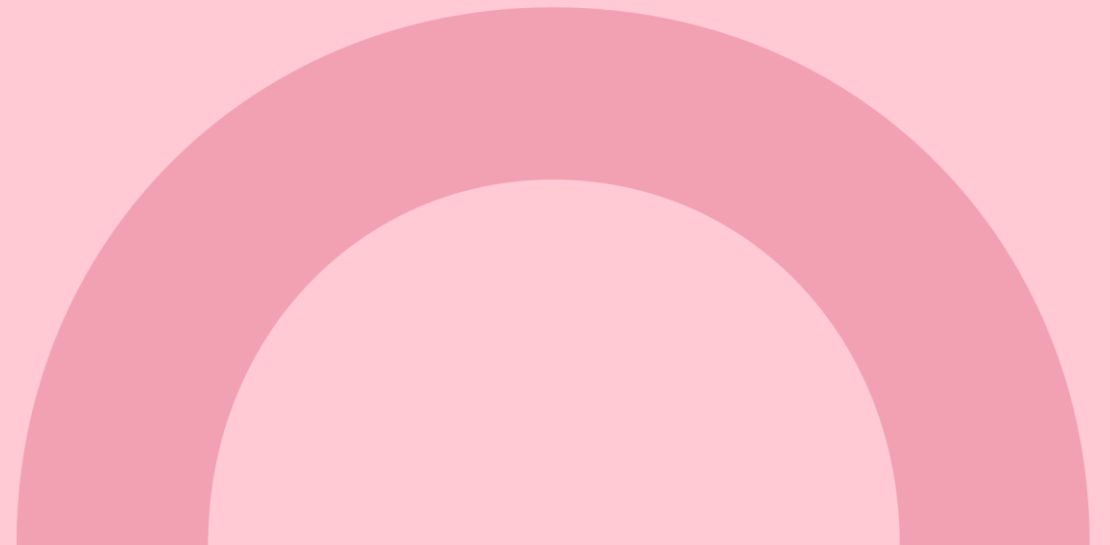


# Pandora guidelines for e-Auctions

2022



# PANDORA guidelines for e-Auctions

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## 1. Purpose of this guideline

- To inform third parties about how PANDORA executes e-Auctions for procurement of goods and services.
- All Third parties as well as PANDORA employees are to comply with the guideline to ensure e-Auctions are executed in a fair, efficient and transparent way for all parties.

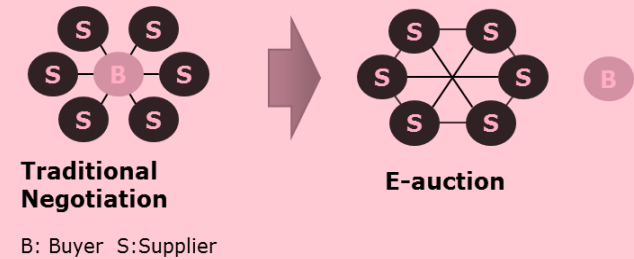
## 2. What is an e-Auction?

WHAT?

- Participating in an e-Auction means taking part in a **real time online price bidding** for goods or services requested by PANDORA.
- The e-Auction is run through the 3<sup>rd</sup> party eSourcing platform SCANMARKET ([www.scanmarket.com](http://www.scanmarket.com) )
- The e-Auction is open for a restricted period of time. Invited participants place bids for the requested goods or services. The supplier with the most competitive bid will be the winner of the e-Auction and business will be awarded based on a set of pre-defined award principles.
- Other parameters will be agreed upfront so the price reflects same

WHY?

- ✓ Very fair & transparent bidding process
- ✓ Quick + efficient process
- ✓ Improved documentation and audit trail of negotiation
- ✓ "Market price" dynamic
- ✓ Removes Geographical Limitations so broadens suppliers scope for business



Different type of auctions.

**English Auction** is often referred to as a "normal" or "reverse" auction. Suppliers place bids for the required good or service and keep on lowering their bids until time runs out. The supplier with the lowest bid will be the winner of the auction.

**Dutch Auctions** - also known as "step" auction. A low initial price for the required good or service is set by the purchaser. The price then increases gradually until the first supplier accepts the current price and thereby wins the auction.

Other auction types, e.g. Japanese

# 3. Scope of e-Auctions

- All categories are in scope for negotiation via E-auction. E-Auctions can be applied to negotiate commodity-type goods as well as more complex goods and services with highly engineered specifications and with direct impact on business operations.
  - E-Auctions have already proven to be a successful enabler in the negotiation of certain goods and services within PANDORA. It is therefore the aim of PANDORA to assess the feasibility of E-Auctions as a support mechanism for all final commercial negotiations and to conduct E-Auctions whenever feasible.
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- In complex spend categories where more parameters than price influence the final decision (e.g. quality, terms, service level, etc), PANDORA will always include these parameters in the auction as a part of a total value model to ensure apples-to-apples comparison of bids from all participants. **The use of E-Auctions as negotiation method is one step in a comprehensive tender process which is executed in close dialogue with our suppliers to identify their total value proposition.**
  - It is not the intent to reduce the level of communication or interaction with Third parties as a result of using E-Auctions. E-Auctions will provide one additional channel for facilitating interaction with our suppliers and will not replace traditional means of communication and interaction.

## 4. Our e-auction principles

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PANDORA aims to maintain the highest level of professionalism and ethics in the use of E-Auctions. To ensure this, all E-Auctions done by PANDORA will comply to our five principles for conducting E-Auctions:

1. E-Auctions are only applied when true competition exist.
2. Awarding principles are developed prior to the E-auction and shared with suppliers.
3. PANDORA will honor the outcome of the E-auction in accordance with awarding principle outlined from the beginning.
4. Only pre-qualified bidders are invited to the E-auction.
5. Whenever possible a value model including non-price factors will be included in the E-auction.

## 5. Roles and responsibilities

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**Pandora Spend owner:** The spend owner is responsible for the acquisition of goods and services and the process applied for this including ensuring compliance to this guideline when E-Auctions are used.

**Sourcing Team:** PANDORA has a dedicated Sourcing team responsible for execution and support of E-Auctions. The Sourcing team provides support and guidance for both suppliers as well as internal PANDORA stakeholders to ensure an efficient process that are executed **in fairness** and in accordance with the guideline outlined and PANDORA values. The Sourcing team will ensure that all third parties are offered a training session prior to participation in an E-auction to ensure clarity on how the technology is working. The Sourcing team will monitor all E-Auctions and address any unexpected issues taking place preventing the e-auction process from concluding in accordance with this guideline.

**E-auction Process Owner:** The Sourcing team in PANDORA is responsible for the E-auction process and guideline including compliance to same. The Sourcing Manager is first level of escalation regarding compliance to the E-auction guideline.

**Suppliers:** Any supplier participating in an E-auction conducted by PANDORA is responsible for familiarizing themselves with this guideline and the technology applied in the E-auction. Any questions on the E-auction should be raised prior to the E-auction taking place and any unclarity during or after the E-auction should immediately be brought to the attention of the Sourcing team and/or PANDORA Spend owner.

**E-auction platform provider:** PANDORA uses third party technology to execute E-Auctions. This third party keeps an audit trail of actions done during live E-Auctions.

## 6. Fairness in the process

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- An event invitation outlining the process of the E-auction will be sent to the invited participants with adequate time to understand and address any questions or concerns. **The same information will be issued to all bidding Third Parties.**
- Participants will be offered **introduction and training to the E-auction platform** to ensure all participants are familiar with how to operate the system as well as the rules of the specific E-auction type and set-up. While recognizing that various suppliers have different levels of familiarity with technology it is the ambition of PANDORA that all suppliers become equally capable of understanding the E-auction platform and that **all suppliers feel comfortable using it.**
- During an E-auction a supplier facing technical difficulties must contact PANDORA immediately and document the problem (e.g. via screen shots). Contact persons are provided before every e-auction event by PANDORA.
- Any commercial unclarity that arises during the E-auction should similarly be addressed immediately by contacting PANDORA.
- After an E-auction there will be a review period specified in the invitation to the e-auction event where suppliers can make PANDORA aware of any technical difficulty experienced during the last minutes of the E-auction preventing the participant from placing a bid. Contact to PANDORA should happen immediately when a technical problem occurs and within the E-auction review period.
- **No commercial negotiations with Third Parties will take place after the E-auction event has been concluded or take place in parallel during an E-auction on the scope of the E-auction outlined in the awarding principles.** In the situation where the E-auction ends without a valid result (e.g. technical issues preventing suppliers from bidding or e-auction price not reaching Reserve price level) as outlined prior to the E-auction, PANDORA reserves the right to re-run the E-auction or conduct additional negotiations off-line.
- In the event one or more participating suppliers make PANDORA aware of technical challenges during an E-auction PANDORA reserves the right to re-run the E-auction to ensure a fair process for all participants.

## 7. Awarding principles

- The process and criteria's for awarding the business will be set by PANDORA prior to any E-auction. All criteria beyond price that plays a role in the overall decision-making will be determined beforehand by PANDORA to ensure an objective negotiation/E-auction and the awarding principles in general must be set and clear for all participants prior to the E-auction.
- Awarding principles may vary between e-auctions and there is no guarantee that the winner of the E-auction gets 100% of the business unless clearly stated in awarding principles shared with the suppliers upfront.

## 8. Awarding of business

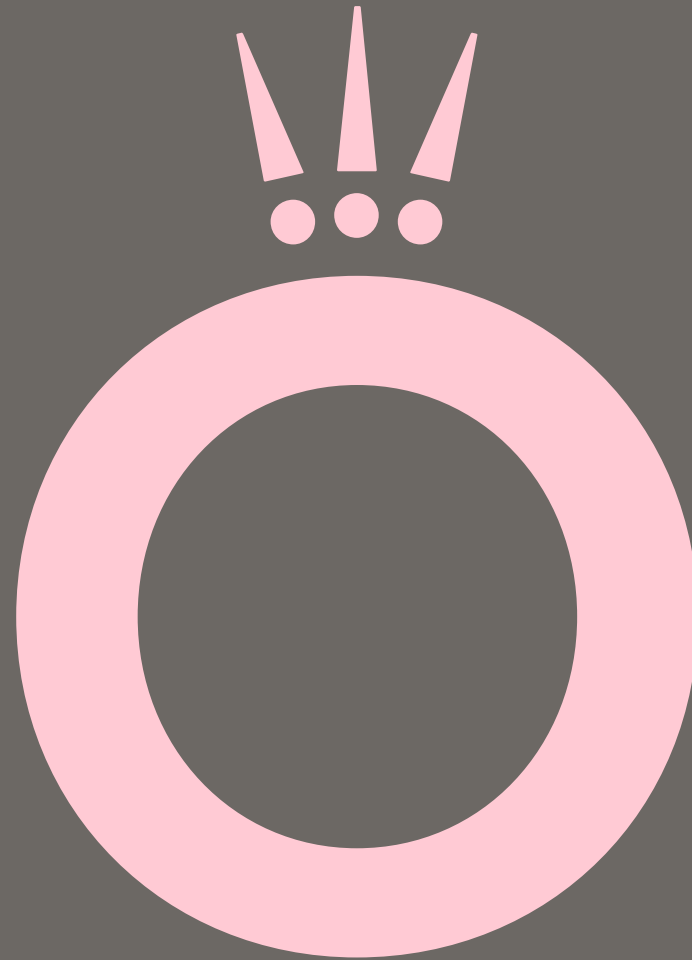
- **PANDORA will honour the result of the E-auction** as outlined in the awarding principles set prior to the E-auction as long as the e-auction has been executed fairly and in accordance with this guideline.
- When the E-auction is done the winner(s) will be contacted directly regarding awarding of the business and/or next steps in the process outlined in the beginning of the E-auction process.
- All participating suppliers receive a notification after the E-auction to confirm that the E-auction process is done.
- All bids placed in the E-auction are considered binding for the supplier. If a supplier is not honoring a winning bid it will lead to disqualification from the E-auction and PANDORA reserve the right to award business to second best offer, re-run the E-auction or if necessary, do traditional negotiation. No supplier will be allowed to place a second bid outside the E-auction in the event a winning bid is not honored by the supplier. It may lead to termination of the business relationship with PANDORA if a supplier is not honoring bids placed in the E-auction.

## 9. Confidentiality

- PANDORA will maintain security and confidentiality in the handling of data. Anonymity will be assured with regard to the bidding information of Third Parties during any E-auction.
- Confidentiality of information is also expected from suppliers. No information related to the E-auction provided by PANDORA before, under or after the e-auction shall be disclosed to any other party. Access to the web-based technology platform is limited to those suppliers invited to the event by PANDORA.
- Attempts to share information with other participants in the E-auction will lead to exclusion and may result in termination of the business relationship with PANDORA.
- Any kind of publicity related to the E-auction that PANDORA has conducted or any reference to the said process may not be issued without the previous consent of PANDORA.

## 10. Expectations of suppliers

- PANDORA expect suppliers to understand the E-auction process and rules before entering any E-auction. All uncertainties must be addressed by the supplier before participating in an E-auction. The responsibility remains with supplier contact person to make sure that he/she is able to make full use of the E-auction platform for the intended purpose.
- It is expected that the bidder from the Third Party has the authority to submit a binding offer(s) on behalf of his/her company during any e-auction.
- PANDORA recommend suppliers to set their bid-strategy for the E-auction upfront to ensure all bids placed during the E-auction are based on conscious choice and a sustainable business strategy.
- We advise suppliers not to allow sound business judgment to be clouded by the emotion that can arise in such a competitive environment, thus compromising their ability to honor the offers made in a contract.
- All suppliers are expected to make PANDORA aware of any inexpediency in the E-auction set-up or process prior or during the E-auction so the E-auction is conducted in accordance with the intent of it.



PANDORA