

INSTITUTIONAL CONTRACTING PROCEDURE

I. Purpose

This Institutional Contracting Procedure (“Procedure”) establishes the general review and approval procedure for contracts entered into by authorized members of the University community pursuant to the Institutional Contracting Policy (“Policy”).

The process outlined below is intended to promote the adoption of uniform standards in accordance with applicable laws and regulations, and to ensure the entering into of contractual obligations that best serve the University's operational and strategic interests.

The Glossary of Terms in the Policy provides the definitions of the terms most commonly used in this Procedure.

II. Process for the Development and Review of Contracts

A. Types of Contract Documents

To facilitate the contract development and review process, the University has identified two types of documents: (1) University Contract Templates, (2) Third-Party Contract Templates, and (3) Special Contracts. The University Contract Templates are the first choice when engaging in a contract with a Third-Party. If a Third-Party declines to sign a University Contract Template, the Contract Owner should carefully consider:

- whether doing business with this particular Third-Party would be the most beneficial option for the University, and
- whether there are other Third-Parties that can perform the requested services.

There are different types of contracts depending on the nature of the business engagement and the University's needs. Examples of contracts include:

- professional services;
- purchase and/or rental of a third-party's property or goods;
- memoranda/letters of understanding or cooperation;
- agreements that set terms for acceptance of gifts and donations;
- a rental, sale, use, or lease of the University's property or assets, loans, line of credit financing agreements;
- liability waivers;
- settlement agreements;
- licensing agreements;

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- affiliation agreements;
- nondisclosure agreements;
- instructional agreements;
- assignment of the right of a person, group, or agency to use the University's name, logo, or resources;
- construction contracts and related change orders;
- grants, sponsored programs, proposals, and awards; and
- any other agreement intended to have a binding effect.

1. University Contract Templates

The University has contract templates that should be used whenever possible when entering a contract with a Third-Party. If the University's Contract Templates are used, and no changes are made, then the review process is expedited (see Section II.B, Category I). These templates contain the necessary language to protect and minimize the risk exposure of the University and of employees entering into the contract, if no changes are made.

2. Third-Party Contract Templates

Contracts prepared by Third-Parties are not easily amended and increase the turnaround time due to review requirements and negotiations. The Contract Owner is responsible for negotiations with the Third-Party based upon the General Counsel's review and recommendations.

3. Special Contracts

The University may develop the contract for specific business engagements such as the acquisition or leasing of real property. These contracts may require compliance with regulatory clauses, rigor or format (i.e., deeds, federally sponsored contracts) and must be developed by and/or in consultation with the General Counsel.

B. Risk Category, Required Reviewers, and Review Timelines

At intake, every contract is assigned one of the three Risk Categories described in Policy Section III.B. The table below identifies, for each Category, the minimum required reviewers, additional units that may need to be consulted, and the target turnaround time for a complete submission.

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Category	Minimum Required Reviewers	Additional Consultation (if applicable)	Target Turnaround*
I — Standard	Responsible Unit or Office; General Counsel (expedited review)	Procurement Office, if a Certificate of Insurance is required	2–3 business days
II — Negotiated	Responsible Unit or Office; General Counsel	Procurement Office; Chief Information Officer, Chief Facilities Officer, or other impacted unit, as applicable	5–7 business days
III — Elevated Risk	Responsible Unit or Office; General Counsel; University President or designated University Officer	Board of Trustees or applicable Board committee, where the engagement is reserved to the Board under the Signatory Levels of Authorization Policy	10–15 business days

**Target turnaround is measured in working days from a complete Contract Intake Form and assumes no counterparty delay. Heavily negotiated Third-Party Contract Templates, or contracts requiring Board involvement, may exceed these targets; the General Counsel will communicate revised timing to the Contract Owner.*

C. Review Process

1. The Contract Owner is responsible for the negotiations with the Third-Party and is the party that knows whether the terms and details of the contract are as agreed upon. For this reason, the Contract Owner must review all contracts, whether on a University Contract Template or a Third-Party Contract Template, before submitting the contract for review to the General Counsel.
2. All University Contract Templates and Third-Party Contract Templates must be submitted to the General Counsel for review and approval before signing the contract by the University and the Third-Party.

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3. The Contract Owner must complete the Contract Intake Form, using the University's electronic platform, or in any other electronic format designated by the University, identifying the proposed Risk Category.
4. All Certificates of Insurance and other required documents must be submitted to the Procurement Office, if applicable, for review before signing the contract by the University and the Third-Party.
5. Some contracting engagements must comply with certain legal and regulatory requirements; for instance, federally sponsored projects must comply with the federal Office of Management and Budget Guidance and/or other agency-specific requirements. In such cases, the Contract Owner must ensure that the University Contract Template or the Third-Party Contract Template includes all required terms, conditions, and clauses. The Contract Owner must consult with the General Counsel prior to selecting a University Contract Template or agreeing to a Third-Party Contract Template.
6. Depending on the nature of the engagement, other University units or offices may be impacted and/or could have prior experience with the Third-Party (e.g., the Chief Information Officer must be consulted before purchasing software, or the Chief Capital Officer must be consulted before purchasing furniture for an office). The Contract Owner must consult with those units or offices before entering into and signing the contract.
7. If the Contract Owner and the General Counsel disagree on the Risk Category assigned to a contract, or on the acceptability of a proposed term, the matter is escalated to the University Officer to whom the Responsible Unit or Office reports and, if unresolved, to the President. Category III disagreements involving Board-reserved matters are escalated directly to the President for referral to the Board of Trustees or the applicable Board committee.
8. The Contract Owner is responsible for sending the approved contract to the Third-Party for signature before the contract is signed by the person authorized by the University.
9. The Contract Owner is further responsible for ensuring that the person authorized by the University signs the contract.
10. The Contract Owner is responsible for receiving a fully executed contract signed by the persons authorized by the University and the Third-Party.

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III. Process for the Approval of Contracts

The University's Bylaws establish that the University President has the power and authority to bind the University and, in connection therewith, to execute transactions, sign and deliver agreements, contracts, commitments, and confirmations and any other necessary, desirable, or customary documents, subject to compliance with the Bylaws and the University's policies.

The University President may delegate his authority to any of the University's Officers, except for those contracts expressly reserved for the Board of Trustees or the University President's approval. As a general matter, Category I and II contracts are signed at the University Officer or Authorized Signatory level identified in that Policy, while Category III contracts require the University President's signature or, where reserved, action by the Board of Trustees or the applicable Board committee. The *Signatory Levels of Authorization Policy* is accessible to the University community and the public in the University portal: [https://mi.sagrado.edu/ICS/Docs Institucionales/](https://mi.sagrado.edu/ICS/Docs_Institucionales/), and in the official webpage: <https://www.sagrado.edu/>.

University Officers may delegate their authority - with the University President's prior approval in writing - to another University Officer or Authorized Signatory who is capable of exercising such duty and has sufficient professional qualifications. University Officers who delegate their authority remain accountable for the exercise of such authority. The designee may not delegate his or her authority to another University Officer, employee, or agent.

The University President and the University Officers will send a copy of all written delegations of authority to the Office of Compliance, Audit, and Institutional Integrity, which will keep them in an electronic repository.

The University Officer or designee must comply with the Signatory Levels of Authorization Policy and, if uncertain about the levels of authorization or who should sign a contract, must consult with the General Counsel.

To the fullest extent permitted by law, the University accepts electronic signatures on contracts as legally binding and equivalent to a handwritten signature to signify an agreement pursuant to the *Electronic Signatures in Global and National Commerce Act* ("E-Sign Act"). In the event of doubt as to the validity of electronic signatures, the University Officer or designee must consult with the General Counsel.

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IV. Amendments, Renewals, and Extensions

Any amendment, renewal, or extension that modifies the term, price, scope, liability allocation, or other material provision of an executed contract must follow the same intake, review, and approval process set out in Sections II and III, at the Risk Category appropriate to the modification.

The Contract Owner is responsible for tracking key contract dates, including expiration, renewal, and termination-notice deadlines, and must initiate the review of a renewal, extension, or replacement contract with sufficient lead time before the applicable deadline. Where a contract contains an automatic-renewal clause, the Contract Owner must flag the upcoming renewal to the University Officer in charge of the Responsible Unit or Office to allow time for a decision on whether to renew, renegotiate, or terminate.

V. Annual Performance Evaluation

A. Scope and Trigger

In addition to the review conducted before execution, the Contract Owner must conduct the Annual Performance Evaluation for the ongoing engagements identified below, to ensure that a Third-Party's performance, pricing, and risk profile continue to justify the relationship.

B. Evaluation Process

The Contract Owner must complete the Annual Performance Evaluation Checklist and attach the completed and signed document to the University's SAP contracting module, using the vendor evaluation functionality linked to the Third-Party's vendor master record and the underlying contract. Upon completion, the evaluation must be routed through the SAP contracting module's approval workflow to the General Counsel, and to the Procurement Office where the engagement involves the procurement of goods or services subject to the Policy for the Procurement of Goods and Services.

C. Timing

The Annual Performance Evaluation must be completed on each anniversary of the contract's termination for multi-year engagements, and no later than sixty (60) calendar days before any renewal decision, so that the results are available in time to inform that decision. The SAP contracting module automatically generates a reminder

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notification to the Contract Owner in advance of each due date based on the contract data recorded in the system.

D. Outcomes and Escalation

Depending on the results of the evaluation, the Contract Owner, in consultation with the General Counsel and, where applicable, the Procurement Office, must determine whether to, and must record that determination as the outcome of the evaluation in the SAP contracting module:

- continue the engagement on its current terms;
- renegotiate pricing, service levels, or other terms prior to renewal;
- require a corrective action plan from the Third-Party, with a defined timeline for improvement; or
- decline to renew or proceed to terminate the contract in accordance with its terms.

A pattern of unsatisfactory evaluations, or any single evaluation identifying a material compliance, financial, or reputational concern, must be escalated to the University Officer to whom the Responsible Unit or Office reports and, if unresolved, to the President, and to the General Counsel, consistent with the escalation path in Section II.C.7.

Contract Owner must consult with the General Counsel if he/she knows or believes of a breach of contract. A breach of contract occurs when a Third-Party fails to fulfill its obligations as specified in the contract. A breach may be a minor breach (partial or immaterial), or a material breach (serious violation of the contract). The General Counsel will determine the gravity of the breach and advise the corrective actions. The Contract Owner or the University Officer may not waive a breach of contract without the express authorization of the President or the General Counsel.

E. Recordkeeping

Each completed Annual Vendor Performance Evaluation must be retained within the University's SAP contracting module, attached to the underlying contract and Third-Party vendor master record, consistent with Section VI.

VI. Contract Retention

The Responsible Unit or Office must maintain the contract's physical, signed, and fully executed original with all its exhibits, schedules, and supporting documents, and must

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maintain an electronic copy in the University's centralized electronic repository for a period of seven (7) years counting from the contract's termination date.

VII. Questions About this Procedure

Questions regarding the scope and interpretation of this Policy should be directed to the Compliance, Audit, and Institutional Integrity Office at: cumplimiento@sagrado.edu.

VIII. Reporting Violations

Violations of this Policy should be directed to the Compliance, Audit, and Institutional Integrity Office at: cumplimiento@sagrado.edu.

Any violations of this Policy will be addressed in accordance with the University's policies and procedures. Universidad del Sagrado Corazón reserves the right to interpret this Policy in its administration, implementation, and enforcement. If there is any ambiguity in any provision of this Policy, the University reserves the discretion to interpret it in accordance with the purpose for which it was established, the impact to the University's operations, and good faith, unless otherwise provided by law.



Camelia Fernández Romeu

General Counsel, and Chief Institutional Integrity Officer

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