

EXHIBIT M

KSBE AND KSBE ORGANIZATIONS PROCUREMENT GUIDING PRINCIPLES

This statement applies to the Kamehameha Schools Bishop Estate ("KSBE"), Kamehameha Activities Association ("KAA") and to all entities within the Consolidated Group (KAA and the Consolidated Group are collectively referred to as "KSBE Organizations").

It is the policy of the KSBE and the KSBE Organizations to obtain supplies, services, equipment, and facilities through purchase, contract or lease to meet the various requirements at the most reasonable and competitive prices following established, prudent business practices. Procedural responsibilities should be appropriately divided to ensure that good internal controls are maintained and practiced.

Purchasing and Contracting Objectives

A. Goods, Supplies and Other Tangible Products

1. Obtain the maximum value for goods acquired through competitive bidding, price quotes and volume contract pricing. Where and when justified, utilize sole sourcing agreements with vendors to increase value and service to the organization.
2. Achieve an appropriate balance between control and efficiency to emphasize procurement efforts on large dollar, complex and organization-wide transactions.
3. Conduct business with reputable and qualified vendors by conducting thorough and periodic reviews of vendor qualifications, performance and solvency.
4. Educate, inform and assist organizational users on procurement policies, procedures and concepts to assure consistent procurement practices.

B. Professional Services

1. Obtain services from the most qualified and competitively priced vendor from a list of pre-qualified vendors (where practicable). Consideration must also be given to past vendor performance, vendor stability, availability and uniqueness of the service being provided.
2. A list of reputable and qualified vendors will be developed and maintained by conducting thorough and periodic reviews of vendor qualifications, performance and solvency.

Use of Standard Process

All purchasing, contracting and leasing regardless of cost must follow the established procurement process, to include a review of possible alternative products and sources; review of total cost of purchase to include replacement cycle, maintenance cycle, etc.; and documentation and justification of the selection within a bidding process. Exceptions to this bidding process will occur only in limited situations (that will be defined in each company's procurement policies). Exceptions to this bidding process will be clearly defined. Should exceptions occur, documentation will be maintained setting forth the specific facts. The decision and related documentation will be approved pursuant to a system that ensures appropriate internal controls.

Service Provider Qualifications

The qualifications of all service providers (consultants, outside counsel, etc.) must be verified prior to the awarding of a contract by the unit most capable and appropriate in determining such qualifications. The contracting unit is responsible to ensure that this verification process has occurred in an objective manner and thus provides good internal control. The verification check will include, but not be limited to:

- obtaining information related to the education, training and work experience of key members
- seeking referrals from other clients about performance record to include overall quality of product and/or quality of services – dependability, flexibility, follow-up, timeliness and ease of the invoicing process
- verifying the financial solvency of the person or firm
- observing all applicable policies relating to, and in prevention of, any conflicts of interest between the staff member/Trustee and the service provider.

Additional responsibility for segregation of duties must be established to ensure that good internal control practices are followed:

- Responsibilities for purchasing, receiving and payment will not reside within the same authority.
- Independent verification of procedures will be conducted periodically by the internal auditor.

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