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CEDA CONTRACTING REQUIREMENTS

Approved by: CEDA Executive Team 16-06-2020

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1. PURPOSE

This CEDA Contracting Requirements Policy establishes CEDA's risk profile and associated standard contract terms and conditions requirements for when CEDA enters into contractual engagements, corporately or with Clients and with Suppliers / Subcontractors.

Questions or clarifications relating to this policy should be directed to the Director, Contracts Management.

2. SCOPE

This policy is applicable across all regions, divisions, entities and affiliates of CEDA.

All Client contracts, regardless of scope or spend value, (i.e. master service agreements, contracts, service orders, bids / RFPs, client purchase orders, etc.) must be sent to the Contracts Development team to the email inbox CEDAContracts@cedagroup.com for review and processing per the **Delegation of Authority Policy**. Quotations issued by CEDA to clients without an existing form of contract must be based on and include **CEDA's Sales Order Terms and Conditions**. Any reviews of work releases under existing Client contracts will be coordinated by the respective Regional Contract Management representatives ("Contract Sustainment and Compliance"). All reviews will be supported by Contracts Development, Operations, Proposals, and Business Development prior to formalizing rate schedules, contract changes or negotiations.

All requests for and provided forms of Supplier contracts (i.e. subcontracts, DSP, PSP, consultant, owner-operator, agency, horizontal services, corporate services (IT), equipment rentals, master purchase agreements) for the provision of services must be sent to the Contracts Development team to the email inbox CEDAContracts@cedagroup.com for review and processing. Supplier engagements under \$50k, supplier engagements which leverage CEDA's standard purchase order terms and conditions, or those supplier engagements for goods, or customs clearances will be coordinated directly with CEDA Supply Chain. Engagement of suppliers across identified key spend categories are to be coordinated with CEDA Category Management.

All corporate contractual engagements (i.e. Letters of Intent (LOI), Memorandum of Understanding (MOU), Non-Disclosure Agreements (NDA), Joint Venture (JV) Agreements, Licensing Agreements, Exclusivity Agreements, Settlement Agreements, etc.) and facility leases or associated matters should be directed to the Director, Contracts Management and to CEDAContracts@cedagroup.com. All finance, banking, or other acquisition or divestment agreements, bonds, letters of credit, or parent company guarantees will be internally reviewed by Finance with engagement by Director, Contracts Management or engagement of CEDA's external counsel as required.

3. CEDA CONTRACTING TERMS AND CONDITIONS REQUIREMENTS

The following are to be applied upon the initial review of all Agreements for discussion with the client or supplier contracting parties. Deviations to the standard contracting terms must have an associated mitigation plan and corresponding approval from applicable CEDA senior management and Director, Contracts Management.

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Terms & Conditions		CEDA Standard Contracting Requirement	Potential Deviation	Approval Required for Deviation
1.	Payment Terms	Net 30 days to Net 45 days from client receipt of invoice. ALL milestone based payment terms must be reviewed and accepted by CEDA Finance. CEDA will not accept pay when paid clauses under any circumstances.	- Discount for early payment - Longer payment terms (i.e. Net 60 or Net 90) - Pay when paid	VP, Finance and CFO
2.	Warranty	Services to be performed in a good and workman like manner in accordance with the scope and any specifications. Inspection based acceptance upon completion or immediate re-performance of services. CEDA should not warrant any services that cannot be practically warranted. Warranty periods on Goods should be in alignment with the warranty offered from the manufacturer. Refer to CEDA's Service Warranty Matrix to determine appropriate service warranty per scope of work. Warranty periods in supplier contracts should be back to back with CEDA's prime contract.	- Defined warranty term required for cleaning services. - Goods warranty periods which extend past manufacturer warranty. - Initial warranty period with a re-work warranty period exceeding 18-24 months.	Endorsement by Director, Contracts Management Approval by Regional VP or VP FMM or EVP, Operations based on commercial value for DOA approval. EVP, Operations or VP FMM if total warranty period exceeds 24 months.
3.	Waiver of Consequential Losses / Damages	ALL contracts must contain a full waiver of consequential damages for CEDA, or a mutual waiver of consequential damages. For supplier contracts a waiver of consequential damages is preferred.	- No waiver - Carve-out of lost profits	Endorsement by Director, Contracts Management and Regional VP Approval by CFO and CEO
4.	Limit of Liability	ALL contracts must contain a limit of liability with acceptable carve-outs (reference CEDA's Contracting Legal Instruction). The limitation can range from the value of the work to a defined reasonable maximum of CEDA's insurance limits based on an assessment of risk associated with the Work and profitability. CEDA prefers to limit to the value of the Work or a maximum aggregate liability cap less than the maximum insurance limits required under contract, to prevent CEDA's potential out of pocket exposure for claims.	- No liability cap - Unacceptable carve-outs to the limit of liability - Exposure to entirety of CEDA's corporate insurance program - Limit of liability significantly	Endorsement by Director, Contracts Management, VP, Finance and Regional VP Up to \$5M approval by FMM VP or EVP Operations, >\$5M approval by CFO

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Terms & Conditions		CEDA Standard Contracting Requirement	Potential Deviation	Approval Required for Deviation
		Knock for knock liability and indemnity structures can be acceptable; however, may require a liability cap to be placed on them to further limit potential exposure. (reference CEDA's Contracting Legal Instruction) For supplier contracts / subcontracts, CEDA must flow down its liability limits from the applicable client prime contract and ensuring it is not 'standing in front' of excess subcontractor liability.	exceeds value of the Work.	
5.	Indemnity	CEDA will not accept responsibility (provide an indemnity) for the Client's negligence or contributory negligence in any contract as it is not a CEDA controlled action. Knock for knock liability and indemnity structures can be acceptable; however, may require a liability cap to be placed on them to further limit potential exposure. (reference CEDA's Contracting Legal Instruction)		Director, Contracts Management with engagement of VP, Finance or external counsel as required.
6.	Insurance	The following are the maximum insurance limits which can be agreed to under the Delegation of Authority Policy: - Employers Liability – per statutory limits. - Automobile - \$2M/occurrence. - Commercial General Liability - \$5M/occurrence - Sudden and Accidental Pollution - \$5M/occurrence - Professional Liability Insurance – Preference is to strike; however, \$2M/occurrence can be accepted with the requirement that the associated contractual language indicates that the insurance coverage is 'as required'. Supplier insurance limits are to be back to back with CEDA's prime contract with the client.	- Request for Property Insurance or Builder's All-Risk Insurance - Higher limits - Exposure to umbrella insurance over and above the agreement per occurrence requirements - Request for limits on an annual claims made basis.	Any contract which requests additional insurance coverage limits requires the engagement of CEDA Insurance and approval of the VP, Finance:
7.	Audit	For single interactions or call out based work, audit period should be limited to between 24-	Audit periods extending past 3 years for call-out	Endorsement by Director,

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Terms & Conditions		CEDA Standard Contracting Requirement	Potential Deviation	Approval Required for Deviation
		36 months from completion of CEDA's Services. For larger revenue contracts or Master Service Agreements, can accept up to 5 years with a request to include an annual audit reconciliation. Audit access and audit rights on lump sum, fixed or unit rates and labour rate build components should be limited. Supplier contract audit rights are to be back to back with CEDA's prime contract with the client.	work and 5 years for MSAs. - Audit rights to fixed rate component or lump sum rate build-ups.	Contracts and VP, Finance Approval by CFO
8.	HSE Prime Contractor	CEDA will not accept the HSE-related role of "Prime Contractor" on a Client site unless a complete HSE Management Plan, Project Execution Plan, Subcontractor Plan, and Material Management Plan are provided to CEDA senior management (i.e. VP, Group Operations; VP, HSE, etc.) for review and approval in conjunction with the inclusion of appropriate risk management strategies.		Endorsement by EVP, Operations or VP FMM and Regional VP, and VP, HSE Approval by CFO and CEO
9.	Statute of Limitations, Applicable Laws and Statutory Requirements	In accordance with applicable legislation - 2 year statutory period.	- Statute of limitations period continues for 4 year - Statute of limitations period extends for more than 2 years after an audit period.	Director, Contracts Management
10.	Jurisdiction / Governing Law	For Canadian contracts, governing law or jurisdiction should be Alberta. For US based contracts, governing law or jurisdiction should be Delaware.		Director, Contracts Management
11.	Punitive or Liquidated Damages	CEDA will not accept punitive or liquidated damages and will only do so on a case by case basis as approved by CEDA Finance.	- Request to include liquidated damages or performance guarantees (i.e. schedule guarantee)	Endorsed by VP FMM or EVP, Operations and Director, Contracts Management Approved by CFO

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Terms & Conditions		CEDA Standard Contracting Requirement	Potential Deviation	Approval Required for Deviation
12.	Financial Security	CEDA will not provide a blanket requirement for financial security (i.e. bond, letter of credit, parent company guarantee) and will only do so on a case by case basis as approved by CEDA Finance.		Endorsed by FMM VP or EVP, Operations, and Director, Contracts Management Approved by VP, Finance and CFO
13.	Change Management	All long term or larger value contracts that CEDA enters into should include an ability for CEDA to request changes to the contract based on adjusted scope or changed conditions and an ability for CEDA to be compensated for the change. Adjustments to the WORK are NOT to proceed WITHOUT a fully executed Change Order and approval from the CLIENT. SUBCONTRACTORS are not to proceed with changes WITHOUT a fully executed Change Order from CEDA and corresponding change order from the CLIENT if applicable.		
14.	Dispute Resolution	All significant agreements (i.e. long term MSAs) CEDA enters into should include a mechanism for dispute resolution outside of the courts.		Director, Contracts Management
15.	Termination / Cancellation	All agreements CEDA enters into should include a right for CEDA to either terminate or cancel the work. Client termination and cancellation rights should at a minimum include the opportunity for CEDA to cure a default and be entitled to recover costs up to termination and reasonable demobilization costs.	- No termination or cancellation clause.	Approval by Regional VP or VP, FMM or EVP, Operations based on commercial value for DOA approval.
16.	Force Majeure	All significant agreements (i.e. MSAs) CEDA enters into for staged or longer term work should include an appropriate force majeure clause which enables CEDA to suspend or terminate and provide cost relief mechanism for dispute resolution outside of the courts.		Director, Contracts Management

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4. ACCOUNTABILITIES AND APPROVALS

See **Delegation of Authority Policy** for definition of the appropriate personnel to approve and execute the contract.

If any CEDA personnel violate any requirements of this document, such person shall be subject to CEDA disciplinary procedures up to and including termination for cause. Such violations include but are not limited to: engaging in unauthorized contracting activities contrary to this document, failing to follow the contract review process, or failing to perform a review that the President and Chief Executive Officer, or Chief Financial Officer or applicable Regional VP determines in their sole discretion should have been completed.

5. SUPPORTING DOCUMENTS

Document Name
Delegation of Authority Policy
Supply Chain Policy
Procurement Policy
Sales Order Terms and Conditions
Purchase Order (US & CDN)
Contracts Client Development Process Flow
Supplier Contracts – Development BEA Cycle

6. REVISION RECORD

Revision Date	Section Affected	Changes Made
16Jun2020		New Document Issued

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