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PROCUREMENT POLICY

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1.0 PURPOSE

CEDA's Procurement Policy ("Policy") is designed to ensure that company expenditures are managed in a cost effective manner and support governance requirements of CEDA and our stakeholders.

This Policy provides guidance regarding the use, requirements and principles of public procurement while supporting the sustainable procurement goal.

CEDA is committed to the following principles of public procurement that serve as the foundation of all public procurement:

- Open
- Fair
- Sustainable
- Transparent
- Consistent
- Effective
- Efficient
- Competitive

2.0 DEFINITIONS

AGREEMENT means a contractual arrangement between CEDA and a pre-approved supplier, where the supplier agrees to provide certain Goods or Services on an "as required" basis, during a particular period of time, at a predetermined price or discount, generally within a pre-defined dollar limit.

APPROVED SUPPLIER LIST –means suppliers that have gone through a prequalification process and are listed on the CEDA Supply Chain portal

BEST VALUE means Goods or Services, solicitations for Goods, Services, Construction or Facilities offered to CEDA will be evaluated not only on purchase price and life cycle cost considerations, but also environmental considerations, social considerations, effectiveness of delivery, servicing, and the capacity of the supplier to meet other criteria as stated in the solicitation documents.

BUYER (s) means any Employee that is authorized to purchase Goods or Services on behalf of CEDA

BUYER PERFORMING STRATEGIC PROCUREMENT is an Employee using a procurement process that continuously improves and re-evaluates the purchasing activities of CEDA in order to maximize the company's buying power.

BUYER PERFORMING TACTICAL PROCUREMENT is an Employee who executes routine administrative tasks which include but are not limited to requesting quotes, placing orders, expediting, on a reactive basis, outside of the context of an enterprise-wide focus and without pursuing continuous improvement or contribution to specific senior management goals.

EVP means Executive Vice President, Corporate Services of CEDA

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CEDA (also referred to as Company) means CEDA International Corporation and its subsidiaries – all entities forming part of the CEDA Group of Companies.

CEDA BUSINESS means all work-related activities engaged in by Employees

CEDA SUPPLY means designated Employees responsible for reviewing Terms and Conditions and service supplier prequalification

CENTRALIZED BUYERS or Central Purchasing, is the group of procurement professionals reporting and solely directly into CEDA Services & Projects LP. They conduct both Strategic and Tactical Procurement activities.

CONSTRUCTION means a construction, reconstruction, demolition, repair, or renovation of a building, structure, road or other engineering or architectural work. It does not include professional consulting Services related to a construction contract, unless they are included in the procurement.

DECENTRALIZED BUYERS or Decentralized Purchasing refers to Buyers located remotely, who have a reporting structure into the Business Unit. They conduct only tactical procurement activities.

DELEGATION of AUTHORITY (DOA) means the policy found in the CEDA Admin Manual under Finance and Authorization for Expenditures.

EMPLOYEE (s) means, for the purpose of the Procurement Policy, any person employed on a full-time, part-time or temporary basis by (i) CEDA, or (ii) independent contractors of CEDA providing Services to CEDA or on behalf of CEDA.

FACILITIES OR BUILDING LEASES All building lease requirements covering the conveyance of the right to use tangible building property for a specified period of time in return for rent.

GOODS materials, furniture, merchandise, equipment, stationery, and other supplies required by a department for the transaction of its business and affairs, and include Services that are incidental to the provision of such supplies.

LEADER means any person who has direct accountability for an Employee or group of Employees which includes but not limited to Senior Vice President, Directors, Business Unit Controller, or Managers.

LIFE CYCLE COSTING is a type of analysis that goes beyond the purchase price and also considers the costs of items which includes but not limited to shipping, packaging, disposal of packaging, energy use, maintenance, warranty, equipment parts, repairs, consumable supplies, disposal, and training costs.

MICROSOFT DYNAMICS AX is the ERP (enterprise resource planning software) solution adopted by CEDA

MR Material Requisition is document that specifies the type and quantity of materials that are to be acquired identifying the specific job or project to which the costs of the materials are to be charged.

MSA stands for Master Service Agreement, contract entered by two or more parties. Only the centralized Strategic Buyers can facilitate the execution of a MSA.

P-CARD – CEDA Corporate Credit card

PROCUREMENT – is the acquisition of Goods, Services or works from a third party supplier

PROCUREMENT PLAN – the detailed strategy document for a complex contracting strategy that requires Senior Management approvals.

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PO Purchase Order

REQUISITIONER originates the request for a purchase of Goods and/or Services

REQUEST FOR INFORMATION (RFI) are used to solicit information (may or may not include pricing) prior to the preparation of specifications for a complex purchase of Goods or Services. Purchases are not made from an RFI.

REQUEST FOR PROPOSAL (RFP) are generally used for purchases that are estimated to be \$25,000 or greater, but can be used for projects of lesser value. The RFP contains usually Terms and Conditions, bidding information, a SOW that identifies a particular problem or goal which CEDA wishes to solve or obtain. Responses from bidders must be returned by a specified date and time.

REQUEST FOR QUOTATION (RFQ) is a business process created with the purpose of inviting suppliers to provide information regarding Goods and/or Services. RFQs are best suited to Goods and Services that are standardized and commoditized in nature, as this makes each supplier's RFQ comparable. The Buyer will seek a minimum of three written quotations and an award will be made to the supplier whose quotation is most advantageous to CEDA.

RTA is the Recommendation to Award and is an approval/signature tool that summarizes the outcomes of negotiations and internal CEDA evaluations and the overall strategy of why the respective supplier is selected.

SERVICES are a provision of service required by CEDA but does not include Services provided by an employee of a department through a personal Services contract.

SOW is a description of the work required for the procurement of Goods and/or Services. Also referred to as a Statement of Work or Scope of Work, the SOW provides suppliers with a better understanding of the Buyer's expectations.

SUSTAINABLE PROCUREMENT involves taking a holistic approach to obtain best value for CEDA. This will be done by integrating the following considerations to the procurement process:

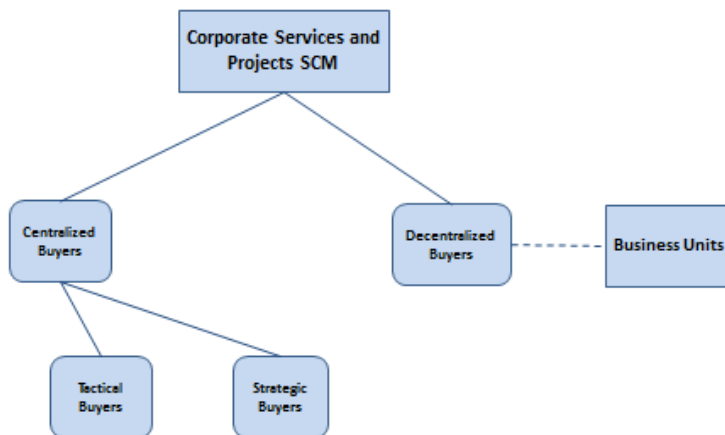
- Environmental considerations: e.g. Green House Gas Reduction, Waste Reduction, Toxic Use Reduction
- Economic considerations: e.g. Life Cycle Cost, Fiscal Responsibility, Support for the Local Economy
- Social considerations: e.g. Employee Health and Safety, Inclusiveness and Fair Wage, Health Promotion
- Socioeconomic considerations: An approach to contracting that means that, "everything being equal", CEDA will give first consideration to an Aboriginal enterprise, followed by a company that is local to the region, followed by a company from out of the region in which the contract is being awarded.

TERMS AND CONDITIONS set out the contractual obligations of the parties who have entered into an Agreement for Goods and/or Services

TOTAL RECORDABLE INCIDENT FREQUENCY (TRIF) is the current standard for statistical incident analysis based on statistics information during a period of a year.

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3.0 ORGANIZATIONAL STRUCTURE



4.0 POLICY

When procuring Goods or Services Employees will act according to the following rules or guidelines:

1. The Buyer and Requisitioner will perform sufficient and appropriate due diligence in accordance with CEDA Policies as well as being accountable for the procurement process.
2. The Requisitioner is responsible for clearly identifying “What” is required to purchase, including providing all necessary specifications and technical drawings, as well as identifying “When” the Goods and/or Services are required. The Requisitioner will complete the MR, and will outline all details of the request including cost allocation for the purchase. The Requisitioner may recommend a supplier and shall provide a completed MR document to the Buyer;
3. If necessary, the Buyer will further consult with the Requisitioner to establish that all requirements are met.

Procurement is responsible for determining the supplier “Who” we will procure/buy from and the “Where” (location, i.e. Edmonton versus Houston, TX).

Matrix of Responsibility

Position	Areas of Responsibility	
Requisitioner	What	When
Buyer	Where	Who

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Requisitioner: is responsible for determining “What” to purchase and “When” to purchase the product or service is required

Buyer: is responsible for determining “Where” to purchase and “Who” to purchase from

4. The Buyer will qualify and select suppliers on a reasonable basis which appropriately balances the considerations relevant to a decision which include but are not limited to: nature of Goods or Services being procured; timeframe for selection; universe of potential suppliers; past procurement experience; available information about potential suppliers; and probable price variations acting at all times in accordance with the parameters of this policy.
5. The Buyer will determine if this is a service or material supplier. If a material supplier is requested, the Buyer will select the supplier and check to verify if the supplier is in AX. If the material supplier is in AX or on the Approved Supplier List the Buyer will be able to issue a Purchase Order and or contract engaging CEDA Supply for further contractual requirements. The Purchase Order and/or contract must be approved by the proper DOA. If the material supplier is not in AX or on the Approved Supplier List, the Buyer must provide CEDA Supply with the Supplier's information. CEDA Supply will review the information, and if approved CEDA Supply will forward the information to Accounts Payable who will complete a Credit Application on the Supplier and will add the Supplier to AX. If CEDA Supply deems the material supplier unfit in any way they will advise the Buyer to change suppliers.
6. If a Service Supplier is requested the Buyer will review the Approved Supplier List and verify Supplier Status, if the Supplier is approved the Buyer can issue a Purchase Order or will engage the CEDA Supply for any further Contractual Requirements. If the Supplier is not on the Approved Supplier List, the Buyer will work with the Supplier to make sure CEDA Prequalification Requirements are met by obtaining a copy of the following documents from the Service Supplier:
 - WCB Clearance Letter WCB Premium Rate Statement
 - General Insurance Certificate (min 2M)
 - Auto Insurance (optional required only if supplier drives on site)
 - Note: Any exceptions must be pre-approved by CEDA Supply

The Buyer will forward a copy of the documents to CEDA Supply who will review the documentation and will advise Buyer if the documentation provided is sufficient to approve the Supplier. If Supplier is approved, CEDA Supply will update the Approved Supplier List and scan copies of documents to the CEDA Supply files. If not approved CEDA Supply will inform the Buyer who will have to engage the Supplier to remedy the situation, or the Buyer may choose an alternate supplier.

Once a supplier has been approved CEDA Supply will communicate to Accounts Payable to create the supplier in their files if required.

Once a supplier is approved, the Buyer will issue a Purchase Order and/or engage CEDA Supply for any further contractual requirements. The Buyer will obtain the suppliers acceptance of CEDA's proposed Term and Conditions. The PO or Agreement must be signed by proper DOA.

7. Buyers will select the suppliers by one of the following methods:

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- (a) direct source selection; or
- (b) request for proposal; or (only to be used by centralized strategic buyers)
- (c) request for information; or
- (d) request for quotation.

8. Buyers will ensure suppliers have reasonable notice and opportunity to respond to the solicitation. When using a request for proposal or a request for quotation, CEDA will qualify the supplier through a competitive process; the process may be open to all suppliers, open to pre-qualified suppliers, or to a combination thereof.

Note: Solicitation activities are not required when CEDA has an MSA or a similar preferred agreement in place (i.e. MRO Supplies).

9. Buyers are to consider local or regional suppliers and aboriginal businesses. "Everything else being equal", Buyers will, where possible, award in the following order: CEDA affiliates (OMERS controlled), aboriginal firms, then local firms, then regional firms.

10. When an MSA or other preferred agreement is not in place the Buyer must request quotes from the following number of supplier (per PO) to ensure competitive advantage

- (a) <\$5K request quote from at least one supplier – verbal quotes accepted to be followed up with an e-mail as a minimum;
- (b) \$5K - \$25K request quotes from at least two suppliers; and
- (c) >\$25K request quotes from at least three suppliers

Expenditures (POs) in excess of \$100,000k must be sent to the Centralized Buyers for review and processing.

11. Centralized Buyers will adhere to a purchasing system in which all the departments of CEDA with a wide geographical distribution will make centralized purchases finding the best deals suppliers in such a way to avoid duplicity of orders and will promote benefits arising from the high volume bulk discounts, lower transportation and inventory management costs and improved supplier performance and relationships.

Decentralized purchases will occur when departments and branches purchase separately and individually and total expenditure does not exceed \$100,000. Decentralized Purchasing will service immediate CEDA Business requirements.

Decentralized Buyers are able to process any expenditure to suppliers in which MSAs are in place that reference the relevant SOW.

For repeat expenditures, Decentralized Buyers are responsible for notifying the centralized team to review for applicability of establishing a master agreement.

Solicitation documents must accurately reflect the SOW.

12. Enter into an appropriate written agreement (i.e. Purchase Order or MSA) with the supplier of Goods and/or Services which may include:

- (a) A SOW or requirements which describes:

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- (i) The Goods or Services to be provided (including scope, quantity and quality)
 - (ii) The individual(s) responsible (where applicable) for delivering the Goods or Services;
 - (iii) The objectives to be attained (where applicable); and
 - (iv) The time frame for completion or delivery (where applicable);
- (b) The price (including, where appropriate, fees and expenses agreed to;
 - (c) The billing and receipt requirements;
 - (d) Where appropriate, details of the operations and policy constraints such as confidentiality expectations and;
 - (e) Other applicable terms considered appropriate in the circumstance;
 - (f) Where the purchase exceeds \$500K a Recommendation To Award (RTA) is required, and contract Terms and Conditions (establish MSA) must be utilized;
 - (g) DOA approvals are required for every PO and guidelines will be followed based on the dollar value of the purchase; the purchase cannot proceed without DOA approvals in place;
 - (h) In the case where service supplier is requested, the Buyer will ensure that the supplier contracted has been prequalified. The Buyer will follow a risk base approach and will engage suppliers with similar, safety focused values; the Buyer will ensure that service suppliers are prequalified;
13. For each procurement, CEDA Supply Chain will conduct itself in accordance with other applicable CEDA Policies.
14. Where applicable Requisitioners and Buyers will use Microsoft Dynamics AX (ERP) to process the requisitions, purchases and issue POs, to comply with transparency and reporting procedures. The only exception will be when AX is not available due to lack of internet access or power outages.
15. The Buyer is to provide a copy of a written Agreement to the supplier (including terms and conditions). When issuing a CEDA PO, CEDA standard Terms and Conditions must be issued along with the PO. Modifications to CEDA's PO Terms and Conditions are not allowed without prior written consent of CEDA Supply. CEDA Supply will seek advice as required from the CEDA legal department regarding revisions to CEDA Terms and Conditions. CEDA Terms and Conditions are located on the "oneCEDA" intranet. The Buyer will obtain the Suppliers acceptance of Terms and Conditions prior to the PO being performed.

It is recommended for the purchase of high dollar materials, the request for medium to high risk Services, and instances where failure to deliver to the Terms and Conditions of the PO may cause significant risk to CEDA's Business, that the Buyer will have the Supplier sign/authorize the PO, its Terms and Conditions, and that Supplier provide an executed copy back to CEDA.

Note: CEDA does not have a commercial commitment in effect with the supplier until:

- The supplier has provided written authorization of the agreement; or
- The supplier has acknowledged the agreement, either by shipping/delivering Goods/materials, or by commencing provision of Services.

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- If you need to make an amendment to an existing PO, cross out the information to be changed ensuring the original details are legible and update the PO with the new details. By doing so you will also be updating the commercial commitments. Once all needed updates have been made on the original PO, this must be sent back to the supplier/vendor for additional signature to confirm the new commercial commitments. While doing so, ensure the date has been updated on the PO and that the revised internal DOA approvals have been provided via authorized signature.

In some instances it may be easier / provide better clarity, to issue an additional PO – this must be determined on a case by case basis, but always ensuring that proper approvals and complete documentation are in place.

16. For small material purchase (<\$100), the CEDA P-card can be utilized to facilitate purchases. This is not applicable for inventory replenishment orders and purchases that are reimbursable by Clients and these purchases must adhere to *CEDA's Business Expense Account Policy*.

17. Compliance, Accountability and Reporting Responsibilities

- Compliance

Employees are required to comply with the Procurement Policy and Guidelines. Each Senior Vice President is responsible for ensuring that Employees within his or her supervision comply with the Procurement Policy.

- Reporting

The EVP of CEDA Services and Projects LP will report on compliance with this Procurement Policy on an annual basis at a minimum.

- Accountability

The head of each department is responsible for ensuring compliance with this Policy. The appropriate authority as set out in the DOA (Delegation of Authority) must approve the procurement in consultation with CEDA Supply.

Employees of each department must adhere to this Policy. Failure to comply with the Policy may result in the withdrawing of procurement authority from an individual within a department.

5.0 CEDA TERMS AND CONDITIONS

CEDA Terms and Conditions must be attached with every Purchase Order sent to a supplier unless it has been confirmed that the supplier has a valid and executed MSA in place and this MSA can be referenced as needed. Supplier acceptance signature of CEDA's Terms & Conditions should be noted on the PO.

6.0 ACCOUNTABILITY

Packing Slips

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- Must be retained as proof of delivery of Goods before payment can be made and must be submitted to Accounting along with the completed PO documentation package for approval and payment;
- All employees who are receiving Goods regardless of location need to ensure they are receiving and retaining packing slips in order to confirm they received the items and quantities ordered. Employees are required to review, sign and return these packing slips directly to Purchasing before payment is Processed;

New Suppliers

- All requests for new suppliers are to be sent to CEDA Supply who will review the information provided and will approve or reject the Supplier. If approved, CEDA Supply will contact the Accounts Payable supervisor who will complete necessary Credit Applications and will add the Supplier to CEDA's Supplier List.

Purchasing and Receiving

- As per CEDA guidelines, a Purchaser can buy and receive Goods as long as they are never the approver or in any way involved in the invoicing process. Conversely, an approver cannot be engaged in any of the procurement process.

Initiator of the Requisition

- It is the responsibility of the person creating the requisition to ensure this document is complete and contains all required details, and attached supporting documentation as required, before the buyer is able to act; and
- It is the responsibility of the person creating the requisition to ensure all details are accurate and to inform the Buyer if any of these details have to be modified or need to change due to changes within the project.

Project Manager

- The assigned Project Manager is responsible to review the contents of any requisition relating to their projects and verify the accuracy of the information provided as the Project Manager is ultimately held accountable for his/her project costs.

DOA Approval Levels

- DOA approvals are required based on dollar value and details of the purchase; and
- Purchasing cannot proceed without DOA approvals in place.

CEDA Terms and Conditions must be attached with every PO sent to a supplier unless it has been confirmed that the supplier has a valid and executed MSA in place and this MSA can be referenced as needed. Supplier acceptance signature of CEDA's Terms & Conditions should be noted on the PO.

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7.0 BREACH OF POLICY

If any CEDA Employee breaches this this Policy or fails to comply with this Policy, it may result in disciplinary procedures up to and including termination for cause. Such breaches include but are not limited to, engaging in unauthorized procurement activities contrary to this Policy, failing to follow the contract review process, or failing to perform a review that the EVP determines in its sole discretion that should have been completed.

8.0 APPROVAL HISTORY

Effective Date: October 2014

Approved: October 2014

Amended _____