Policy for the Responsible Management of Goods and Services

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1. PREAMBLE

This text replaces the policy and procedure - Goods Management adopted on February 6, 2007 #C.A. 2006-2007-3682 and amended by resolutions #C.A.2011-2012-4034, #C.A. 2017-2018-4503 and #C.A. 2018-2019-4571. It was adopted by resolution #2021-2022-xxxx on x November 2021.

With the adoption of this new version, the SADC Papineau-Collines formally integrates social and economic criteria into the procurement process for goods and services, as agreed to in its 2020-2022 Sustainable Development Action Plan and as defined in its policy for the Responsible Management of Goods and Services. In this way, it wishes to demonstrate its commitment to a process aimed at eco-responsible consumption and reinforce the measures already deployed regarding this matter. (See Appendix A for Glossary)

2. OBJECTIVE

General Objective

This Policy is established to define the general parameters and procedures to be followed in reducing the environmental impact regarding:

- The purchase or rental of goods and services;
- Inventory management;
- Disposal of extra assets;
- Acquisition of real estate.

Specific Objectives

The objectives of this policy are also to:

- Define the guiding principles for environmentally responsible procurement;
- Define the purchase of products and services respecting environmental standards;
- Define the purchase of products and services respecting human rights, so as to promote fair and equitable working conditions;
- Require suppliers to be transparent in complying with the policy;
- Raise awareness among employees and stakeholders regarding the importance of consuming and producing in an environmentally responsible manner;
- Contribute to local or regional, social and economic development, whenever possible.

3. SCOPE

This Policy applies to all procurement practices and is not limited to procurement staff. It extends to all employees involved in the organization's purchase cycle, and also applies to suppliers and subcontractors of the SADC Papineau-Collines.

In order to inform and raise awareness regarding the requirements and recommendations stipulated in this policy, the SADC Papineau-Collines will communicate policy on its website. In addition, this policy adds a clause entitled "Sustainable Development" to its call for tenders, inviting suppliers and service providers to consult its policy.

4. BENEFITS

The implementation of this Policy for the Responsible Management of Goods and Services offers multiple benefits, such as cost control, risk control (social, environmental, economic), improved image with stakeholders and customers, and will drive innovation and resilience.

5. PRINCIPLES

General Principles

The purpose of this policy is to ensure the transparency and integrity of the SADC with respect to the purchase or rental of goods and services and the disposal of extra goods, while applying sound management principles.

This policy is also based on the following articles from the Contribution Agreement between the Economic Development Agency of Canada for the Regions of Quebec and the SADC de Papineau-Collines Inc. for the period from April 1, 2019 to March 31, 2024:

Article 5.7.6

"All goods and services acquired by the Agency must be competitively priced. In this regard, the organization shall not split a contract to award different contracts, or pursue any other similar maneuver, in order to avoid using the solicitation mechanism provided for in Section 5.7.7 and Section 2.1 of Annex 4 of this Agreement."

Article 5.7.7

"All contracts for the purchase and lease of goods over **$100,000** and for services over **$50,000** for activities covered by this agreement, shall be awarded to the bidder submitting the compliant bid through competitive bidding most advantageous to the Organization."

Article 5.7.8

"The Agency shall pre-authorize any contract for the purchase and lease of goods over **$100,000** and services over **$50,000** to ensure that it presents the most advantageous compliant bid to the Organization before it is awarded."

Annex 4, Article 2.0 Contracts for Goods and Services

"The Organization shall not enter into a goods and services contract having a market value exceeding $3,000 with a Director or an immediate family member of a Director or with a business in which a Director or an immediate family member of a Director having an interest unless:

i. The decision was made by all members of the Board of Directors or its delegated authority;
ii. The conflict of interest is disclosed by the Director and recorded in the minutes of the Board of Directors meeting or its delegated authority
iii. The Director does not participate in the decision and does not attempt to influence the members of the Board of Directors or its delegated authority
iv. Three (3) separate bids have been submitted;
v. The contract offering the lowest cost or best value is selected, and this after careful consideration of all bids received."

Annex 3, Article 4.0 Property

"4.1 In the event that the Organization wishes to acquire real property, it must first prepare and provide the Agency with a detailed analysis of the reasons for acquiring property and its financing methods, and as well the Organization will have to demonstrate that the purchase will not have a negative impact on its financial situation. This analysis must meet with the Agency's satisfaction and comply with the acquisition of real estate directive developed by the Agency in conjunction with the SADC/CAE network. In addition, the building must be used primarily for the Organization's operations and the building must be used for the Activities of this Agreement.

4.2 All proceeds from the sale or disposition of property owned by the Organization shall be credited to the Organization's Investment Funds."

<u>Sustainable Development Principles</u>

Environmental component:

- Establish an analysis of the need for prior consumption in order to reduce consumption and consequently limit the impact on the environment;

- Reduce at the source through the purchase of durable and reusable goods that limit the acquisition of single-use products;
- Targeting products that limit environmental impact throughout their life cycle and choosing suppliers who integrate LCAs into their decision-making processes. To do this, the choice is made according to the following criteria:

Manufacturing Process
✓ Materials from renewable sources;
✓ Recycled and recyclable materials;
✓ Low toxicity thresholds;
✓ Minimal energy consumption;
✓ Socially equitable products;
✓ Local products to encourage regional economies and minimize transportation costs.

Distribution and Packaging Process
✓ Low greenhouse gas emissions when it comes to transportation;
✓ Reused and recycled packaging.

Consumption Process
✓ Products with long warranties;
✓ Products that consume less energy;
✓ Goods that require fewer consumables;
✓ Products and services with recognized environmental certification.

End-of-life Process
✓ Reusable, recyclable or compostable products;
✓ Resale and donation of used goods and products in a social economy context.

Social Component:

The SADC Papineau-Collines invites its suppliers, subcontractors and its various stakeholders to adopt social principles that respect labor laws and encourages them to buy from suppliers who respect the following principles:

- A salary that complies with Laws and Regulations;
- Employment equity;
- Work conditions that comply with Laws and Regulations;
- Restricted work hours;
- Freedom of association and the right to collective bargaining;
- Abolition of forced labour;
- Abolition of child labour.

6. PURCHASE OR LEASE OF GOOD AND SERVICES

6.1 Local Suppliers

- While respecting the acquisition of goods or services at the most advantageous prices and conditions according to its needs, the SADC must favour the purchase or rental of goods and services from local suppliers in the territory it serves;

- When possible, the purchased or leased goods and services shall favour distribution among local suppliers when such purchases or leases are not subject to the competitive bidding process;

- Any purchase of goods valued at more than $3,000 must be subject to an invitation for tenders, having at least two suppliers. A documented comparative analysis is conducted by the general manager and retained on file for the equipment, professional service or supplier when needed;

- Unsuccessful bids are retained in a file titled: Invitations to Tender-Unscored Bids-Supplier Files. The successful bid is filed in the equipment file under the title: Property Resource Files or Professional Resource Files.

6.2 Purchase of Professional Services

- The purchase of recurring professional services, such as auditing services, must be solicited from two or more suppliers every 5 years. The choice of supplier is authorized by the Board of Directors and adopted by the members at the Annual General Assembly.

6.3 Purchasing Process

- In the case of defective equipment, the Executive Assistant must first verify if the equipment is covered by a service agreement, a bank of hours or a warranty;

- The Executive Assistant shall transmit in writing the purchase order for the goods and services to be purchased, indicating the information regarding the chosen supplier, costs, characteristics, and information on complementary goods and services, in order to compare/justify the choice within the parameters of this Policy;

- Executive management verifies and authorizes the purchase of goods and services;

- Purchases under $5,000 are under the authority of the Executive manager;

- Any decision to purchase or lease goods or services exceeding $5,000 must be authorized by the Board of Directors. This provision does not apply to purchases or leases of goods or services already specifically provided for in the annual operating budget approved by the Board of Directors;

- The request will be forwarded to the selected supplier who meets the criteria of this policy;

- Upon receiving the merchandise, the Executive Assistant verifies that the purchase order, the delivery order and the merchandise received match;

- The duly completed and initialed purchase order, along with the delivery slip, is stapled to the supplier's invoice;

- When the technician or the service provider's representative presents himself, he completes a work order. The executive assistant matches it with the related service request form. The executive assistant transcribes the work done to the logbook in the file entitled: Inventory of movable resources and marks it "OK" to indicate that this step has been completed. She classifies the vouchers, if any, according to whether they refer to a service contract, a bank of hours or a guarantee.

- Any purchase - or expense - that is not subject to this policy or that is not the subject to an invitation for tenders must be accompanied by either an authorization voucher issued by the Executive Director or by a previously negotiated and valid service contract bearing the signature of the Director.

7. CONFLICT OF INTEREST

Unless the conditions set out in Section 2 have been met, the SADC shall not enter into any contract for goods or services with a market value exceeding $3,000 with;

a) a director of the Corporation or an immediate family member of the director;

b) a company in which a director of the Company or an immediate family member is a director, shareholder, member, employee or has a beneficial interest in such company of more than $3,000 or is indebted to such company for more than $3,000.

Notwithstanding the foregoing, the Corporation may enter into a contract for goods and services if:

a) prior to the conclusion of a contract, the situation is presented at the Corporation's Board of Directors meeting to render a decision;
b) at that meeting, the conflict of interest is declared and recorded in the minutes;
c) the director concerned does not take part in the decision, does not attempt to influence it, left the meeting room and his withdrawal is noted in the minutes
d) the Board of Directors decides to conclude the contract.

8. DISPOSAL OF EXTRA ASSETS

Disposal of extra assets must be submitted to general management for approval; market value assessment information must be available and accompany the request for disposal.

The SADC will dispose of its extra assets in accordance with one of the methods listed below:

- **Extra assets with a market value of less than $50 will** be sold to employees on a priority basis. In the event that none of the employees take advantage of this, the said assets will be offered to non-profit organizations working in the territory served by the SADC de Papineau.

- **Extra assets with a market value of more than $50 will** be disposed of in one of the following ways:

  - Long-term loan to a duly constituted non-profit organization operating within the territory served by the SADC. In this case, the form entitled: **Memorandum of Agreement for Equipment Loan** will be duly completed and signed with the organization concerned. This will then be filed in the ***Equipment Loan File***;

  - A sale at market price to any purchaser, including an employee, who is interested in the asset. In such a case, the Executive Director shall ensure that he obtains the necessary information to evaluate the market value and is mandated to negotiate by mutual

agreement with a future buyer. The documents related to the market value evaluation are kept in the file: **Disposal of Assets**.

- **The disposal** of an asset must first be authorized by management.

- **Revenues generated** by the sale must be credited to the SADC's operating budget.

9. UPDATING ASSET INVENTORY

Inventory shall be maintained in an acquired asset registry starting on or after July 1, 2006 and be subject to this policy.

For control purposes, assets that are sold, donated, or disposed of must be maintained in an asset registry indicating:

- The date of the event (purchase, loan or disposal of property);
- The indication that it is a sale, equipment loan or disposal;
- The cost of the acquisition;
- The sale price based upon the market value of each asset at the time of their disposal. The general management is the delegated authority to determine the amount. The market price shall be based upon comparables obtained through used goods sales services or on the estimate made by a specialist dealing in the asset sold. Documentation of the market value appraisal is kept under **Disposal of Assets;**
- The name of the organization receiving an equipment loan. A memorandum of agreement is then signed with the organization and filed under **Equipment Loan**.
- The updated assets inventory is verified once a year during the accounting audit, which takes place at the end of the fiscal year.

For control purposes, during the fiscal year, the inventory shall also include a section on assets donated, sold, disposed of for recycling or scrapped during that period. Proof of disposal shall be maintained under the **Securities Inventory Classification Plan**.

10. ACQUISITION OF REAL ESTATE

If the SADC has plans to acquire real estate, it must comply with clause 4.0 of the present Agreement as cited in point 2 of this policy, as well as clause 1.b) Specific terms and conditions for the Regular Investment Fund:
"However, the Organization may not use the net interest generated by its Regular Investment Fund activities for purchase costs related to land or real estate provided for in Section 1.1(r) of Annex 3 of the Agreement."

11. LIST OF COVERED ASSETS

Assets Covered	Purchasing Criteria
Electronic devices/ Electronic Appliances	Electronics and appliances must be Energy Star qualified.
Office Supplies	White envelopes must contain at least 30% recycled fiber. Other items (notepads, file folders, etc.) must contain at least 10% recycled fiber.
Computer Equipment	Computer equipment must be environmentally certified or EPEAT GOLD.
Paper	Paper must be 100% post-consumer recycled fiber and FSC and/or Ecologo certified.
Sanitary Paper	Sanitary paper (toilet paper, etc.) must be made of 100% recycled fiber.
Paint	Paint must be labeled low VOC or VOC Free.
Cleaning Products	Cleaning products (all-purpose cleaners, hand soap, etc.) must be certified biodegradable, free of phosphates or other chemical products and be Ecologo certified and not contain the words Explosive, Corrosive, Toxic or Flammable.
Disposable Tableware	Disposable tableware must be 100% biodegradable and compostable.

The objectives, and all purchases, will be evaluated on an annual basis using continuous improvement as the objective.

ANNEX A - LEXICON

Life Cycle Assessment (LCA): A method of evaluating the inputs, outputs and environmental impacts of a product in relation to its life cycle (Recyc Québec)

Eco-Responsible Procurement: The integration of environmental, social and economic criteria into the process of purchasing goods and services. (Espace de concertation sur les pratiques d'approvisionnement responsable)

Life Cycle: The stages of a product's or service's life, including the transformation of raw materials, consumption, packaging and distribution, use and end of life.

Sustainable Development: Development that meets current needs without compromising the ability of future generations to meet theirs. Sustainable development is based on a long-term vision that takes into account the inseparable nature of the environmental, social and economic dimensions of development activities. (Sustainable Development Act.)