

Procurement Policy

Section 1: Purpose and Principles

1.1 Purpose

The purpose of this Policy is to set out the principles and high level processes governing Kinetic's group procurement activities which are conducted on behalf of its GPO Members.

1.2 Principles

Kinetic is committed to conducting its group procurement activities in accordance with the following principles:

- a) Compliance and consistency with legal standards and best practices in Canadian public procurement;
- b) Affording equal access to all qualified suppliers through open, fair and transparent competitive processes;
- c) Non-discrimination and geographic neutrality in accordance with GPO Members' trade treaty obligations;
- d) Achieving best value for GPO Members through the use of appropriate procurement formats based on recognized best practices; and
- e) Ensuring adherence to the highest standards of ethical conduct.

Section 2: Definitions

2.1 Defined Terms

Terms used in this Policy and related protocols are defined as follows:

"bid" means a submission in response to a solicitation document, and includes proposals, quotations, or responses.

"bidder" means a supplier that submits a bid, and includes proponents and respondents.

"Business Lead" means the individual responsible for working with the Procurement Lead to provide the subject matter expertise in a particular procurement process.

"competitive process" means the solicitation of bids through a publicly posted solicitation document.

“Compliance Checklist” means the form attached to the Competitive Solicitation Protocol to be used to confirm compliance with applicable Kinetic policies and protocols in the conduct of a competitive solicitation process;

“deliverables” means any goods, services or construction, or combination thereof.

“GPO Member” means a legal entity that has executed a Kinetic membership agreement.

“Kinetic” means Kinetic GPO Inc.

“Legal Counsel” means Kinetic’s legal advisors.

“Master Agreement” means a master agreement entered into between Kinetic and the selected supplier(s).

“Master Agreement Administrator” means a Kinetic representative assigned to the management of a Master Agreement.

“Purchase Agreement” means an agreement for purchase of deliverables between a GPO Member and a supplier that has entered into a Master Agreement with Kinetic.

“Procurement Group” means the division or unit responsible for conducting Kinetic’s procurement processes.

“Procurement Group Head” means the individual officer or representative who is responsible for the Procurement Group.

“Procurement Lead” means the representative of the Procurement Group responsible for managing a particular procurement process.

“procurement plan” means the plan developed by Procurement Lead and the Business Lead at the outset of a procurement process.

“Procurement Review Committee” (the **“PRC”**) means the committee established by Kinetic for the purposes of considering and making determinations on procurement-related matters, including determinations under the Procurement Protest Protocol.

“solicitation document” means the document issued by Kinetic to solicit bids from bidders.

“supplier” means a person carrying on the business of providing deliverables.

Section 3: Ethical Conduct and Conflicts of Interest

3.1 Conduct and Conflicts of Interest

Kinetic's procurement activities will be conducted with integrity and all individuals involved in Kinetic's procurement activities will act in a manner that is consistent with the principles of this Policy.

"Conflict of interest", when applied to the activities of Kinetic or its representatives, means any situation that could cast doubt on a Kinetic representative's ability to be unbiased and fair in the exercise of their official duties. For greater certainty, "Conflict of Interest" includes a potential, actual or apparent conflict of interest.

All Kinetic representatives involved in a procurement process, as well as any outside consultants or other service providers participating in the procurement process on behalf of Kinetic, must declare any potential, actual or apparent Conflict of Interest and, as applicable, must comply with any instructions or directions issued by Kinetic in the management of the Conflict of Interest, which may include recusal.

Where a Conflict of Interest, or any other matter that calls into question the integrity of a procurement process, arises or is discovered, the procurement process will be suspended until the issue is resolved to Kinetic's President's satisfaction.

3.2 Supplier Conduct and Bidder Conflicts of Interest

Kinetic requires its suppliers to act with integrity and conduct business in an ethical manner. Kinetic may refuse to do business with any supplier that has engaged in illegal or unethical bidding practices, has an actual or potential conflict of interest or an unfair advantage in any solicitation process or fails to adhere to ethical business practices.

(a) Illegal or Unethical Bidding Practices

Illegal or unethical bidding practices include:

- bid-rigging, price-fixing, bribery or collusion or other behaviours or practices prohibited by federal or provincial statutes;
- offering gifts or favours to Kinetic's officers, representatives or any other agent or representative of Kinetic with a view to influencing the design, conduct or outcome of solicitation processes;
- engaging in any prohibited communications during a procurement process;
- submitting inaccurate or misleading information in a procurement process; and

- engaging in any other activity that compromises Kinetic’s ability to maintain the integrity of the procurement process.

Kinetic’s Procurement Lead must report any suspected cases of collusion, bid-rigging or other offenses to Legal Counsel.

(b) Bidder Conflict of Interest

All bidders participating in a procurement process must declare any perceived, possible or actual Bidder Conflicts of Interest.

The term “Bidder Conflict of Interest”, when applied to bidders or suppliers, includes any situation or circumstance where:

- i. in the context of a procurement process, the bidder has an unfair advantage or engages in conduct, directly or indirectly, that may give it, or be seen to give it, an unfair advantage relative to other bidders in the process, including but not limited to (i) having, or having access to, relevant confidential information of Kinetic that is not available to other suppliers, (ii) communicating with any person with a view to influencing preferred treatment in the procurement process (including but not limited to the lobbying of decision makers involved in the procurement process), or otherwise (iii) engaging in conduct that compromises, or could be seen to compromise, the integrity of an open, fair and competitive procurement process or render that process non-competitive or unfair; or
- ii. in the context of performance under a potential contract, the bidder’s other commitments, relationships or financial interests (i) could, or could be seen to, exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement, or (ii) could, or could be seen to, compromise, impair or be incompatible with the effective performance of its contractual obligations.

Where a contractor is retained to directly or indirectly participate in the development of a solicitation document or the specifications for inclusion in a solicitation document, that contractor will not be allowed to respond or to participate in the response, directly or indirectly, to that solicitation document.

(c) Ethical Business Practices

In providing deliverables to GPO Members, suppliers are expected to adhere to ethical business practices, including:

- performing all contracts in a professional and competent manner and in accordance with the terms and conditions of the contract and the duty of honest performance;

- complying with all applicable laws, including safety and labour codes (both domestic and international as may be applicable); and
- providing workplaces that are free from harassment or discrimination.

Section 4: Non-Discrimination and Geographic Neutrality

To ensure its procurement practices align with the procurement-related trade treaty obligations of all GPO Members, Kinetic will conduct its procurements using open competitive processes in a transparent and impartial manner that is consistent with the principles and procedural rules under Canada's domestic and international trade treaties as reflected in Kinetic's Competitive Process Protocol.

Section 5: Roles and Responsibilities

Specific responsibilities pertaining to all stages of a procurement process, from the initial planning stage through to the management of contracts with suppliers, are detailed in Kinetic's Policy and related protocols and procedures. The general roles and responsibilities delegated to Kinetic's officers and representatives are set out below.

(a) President

It is the role of the President, or their designate, to manage Kinetic's procurement operations. In fulfilling this role, the President, or designate, is responsible for:

- Ensuring the consistent application of this Policy;
- Developing procurement strategies and continually analyzing GPO Members' requirements and spending patterns to identify opportunities for more strategic sourcing;
- Researching, developing, updating and communicating procurement protocols, procedures and templates to keep pace with emerging due diligence standards and ensure compliance with the changing requirements arising from new or amended trade treaties or legislation;
- Addressing any issues or concerns that arise in respect of a procurement process and seeking guidance, support and advice of Legal Counsel, as required; and
- Providing adequate and appropriate orientation, training and tools to representatives and others involved in procurement activities.

(b) Procurement Lead (procurement-specific)

A Kinetic representative will be assigned as the Procurement Lead for each procurement. The Procurement Lead assigned to a particular procurement is responsible for:

- Coordinating the procurement planning process and engaging internal or external subject matter experts, as necessary, in preparing the procurement plan and the detailed requirements and specifications for inclusion in the solicitation document;
- Developing, in consultation with the subject-matter experts, a fair and transparent evaluation plan consistent with applicable trade treaties, principles of transparency and best practices;
- Ensuring that the solicitation document is drafted and assembled, and the process is conducted, in accordance with this policy and related protocols; and
- Leading bidder debriefings in accordance with Kinetic’s Bidder Debriefing Protocol;
- Ensuring all Kinetic competitive solicitation processes comply with the requirements of this policy and all related protocols including completing and signing the Compliance Checklist and ensuring the filing and maintenance of supporting documents for ease of review by Kinetic members or other parties.

(c) Business Lead (as required)

A Business Lead with subject matter expertise in the deliverables may, as appropriate, be assigned to a procurement. Where a Business Lead is assigned, they are responsible for:

- Working with the Procurement Lead to prepare the procurement plan;
- Preparing the detailed requirements and specifications for inclusion in the solicitation document, in consultation with additional subject matter experts, as required;
- Developing, in consultation with the Procurement Lead, a fair and transparent evaluation plan, including the method for evaluation and selection and the criteria that will be considered in the evaluation;
- Assisting the Procurement Lead in preparing responses to bidders’ questions during the competitive process;
- Confirming that bids satisfy any minimum mandatory technical requirements or specifications and participating in the evaluation of bids as a member of the evaluation team; and

- Assisting the Procurement Lead, as required, with conducting bidder debriefings.

(d) Master Agreement Administrator

The President will appoint a Master Agreement Administrator to administer and manage each Master Agreement between a supplier and Kinetic. The Master Agreement Administrator assigned to a particular procurement is responsible for:

- Managing the Master Agreement in accordance with its terms and conditions and this Policy;
- Liaising with GPO Members that enter into Purchase Agreements under the Master Agreement; and
- monitoring and reporting on key performance indicators, as applicable.

(e) Legal Counsel

It is the role of Legal Counsel to provide legal advice and assistance on Kinetic's procurement activities and its relationships with suppliers. In fulfilling this role, Legal Counsel is responsible for:

- Advising the Procurement Group, as required, on legal issues arising from procurement activities, and reviewing and approving specific solicitation documents and related documentation referred for legal review by the Procurement Group Head;
- Providing advice on the finalization of contracts and agreements, and reviewing and advising on proposed changes to Kinetic's standard terms and conditions, legal agreements and solicitation document templates; and
- Providing legal advice and counsel in the event of a contract dispute or legal challenge flowing from a procurement process.

(f) Procurement Review Committee

Kinetic will establish a Procurement Review Committee (PRC) for the purpose of making determinations under the Procurement Protest Protocol, and for considering and providing input on other procurement matters that may be referred to it by the team assigned to a particular procurement. The Procurement Review Committee should generally consist of the President and at least one other senior-level officer of Kinetic. Legal counsel will provide guidance and advice to the Procurement Review Committee, as required.

Section 5: Procurement Process

5.1 Stage 1 –Procurement Planning

Effective procurement planning is essential to ensure effective results and to limit risk to Kinetic and the GPO Members. At the start of any procurement process, before drafting any documents, the Procurement Lead and, as applicable, the Business Lead will engage in a planning process to determine the appropriate solicitation document format, and develop the requirements, pricing structure, evaluation plans, and contracting format for the procurement.

The Procurement Lead, or as applicable, the Business Lead will prepare a clear and concise initial mapping statement describing the procurement project and, if necessary, engage additional subject matter experts to assist in the development of clear requirements and detailed specifications for the deliverables. Subject matter experts engaged to assist in the foregoing shall not be permitted to bid on the procurement.

5.2 Stage 2 – Solicitation Document Assembly

The information contained in the procurement plan and the template for the selected format will be used to assemble the solicitation document. The following will be confirmed before the solicitation document is finalized:

- (a) The most up-to-date template is used;
- (b) All material information relevant to the procurement has been disclosed;
- (c) The requirements and specifications are designed to encourage open, fair and transparent competition, and are not to be written in a way that unduly restricts suppliers from bidding;
- (d) All evaluation and selection criteria that will be considered in the evaluation of bids and selection of suppliers are disclosed;
- (e) The appropriate Master Agreement template, containing terms and conditions approved by Legal Counsel, is included;
- (f) There is alignment between the technical requirements and specifications, the pricing structure (where applicable) and the evaluation criteria;
- (g) Administrative matters such as procurement process dates, contact information and requirements for obtaining the solicitation document have been included, where appropriate; and

- (h) The procurement process timetable allows a reasonable timeframe for bidders to respond.

The President and other senior officers of Kinetic, as applicable, in consultation with Legal Counsel, where appropriate, will review and approve the public notices and final solicitation document prior to issuance.

5.3 Stage 3 – Competition and Selection

All competitive processes will be conducted in accordance with Kinetic’s Competitive Process Protocol. This Protocol is designed to ensure that the competitive process adheres to all domestic and international trade treaty obligations applicable to procurement by public sector entities in all levels and sectors of government across all jurisdictions in Canada. The Protocol will be updated, as necessary, to incorporate new or revised procedural requirements from new or amended trade treaties, as well as developments in legal standards and best practices in Canadian public procurement.

The Procurement Lead is responsible for managing all communications with bidders or suppliers from the time the solicitation document is issued until the Master Agreement has been executed. A single point of contact will be designated in the solicitation document. Any other officer or representative or any other individual who receives inquiries from bidders or suppliers will direct those bidders or suppliers to the designated contact person.

5.4 Stage 4 – Contract Finalization

The selected bidder(s) will enter into the Master Agreement included in the solicitation document. The Procurement Lead will notify the selected bidder(s) and arrange for the execution of the Master Agreement by the selected bidder(s) in accordance with the process set out in the solicitation document.

5.5 Stage 5 – Post-Contract Award Process

5.5.1 Procurement Notification

Following the execution of the Master Agreement(s), Kinetic will notify unsuccessful bidders in a timely manner and publish the notice of award identifying the successful bidder(s) on the tendering site(s) the solicitation was first advertised and on Kinetic’s website. The notice of award will include at least the following information:

- (a) a description of the deliverables;
- (b) Kinetic’s name, address and webpage address;
- (c) the name(s) and address(es) of the successful supplier(s); and
- (d) the date of award.

5.5.2 Debriefings

Unsuccessful bidders may request a debriefing. When requested, debriefings will be scheduled and conducted in accordance with Kinetic's Bidder Debriefing Protocol.

5.5.3 Procurement Protests

Suppliers may formally protest the outcome of a procurement process. Procurement protests must be initiated and will be managed and responded to in accordance with Kinetic's Procurement Protest Protocol.

5.6 Stage 6 – Contract Management and Supplier Performance Tracking

5.6.1 Contract Management

Any Master Agreement entered into by Kinetic will be managed by a Master Agreement Administrator appointed by the President.

Legal Counsel will be consulted regarding all matters pertaining to contract interpretation and application, and for any changes, extensions, renewals or amendments required to be made to any executed Master Agreement.

5.6.2 Contract Amendments and Extensions

Master Agreements will only be amended in accordance with the terms and conditions of the Master Agreement. Adjustments to the scope of the Master Agreement will only be approved if the adjustment is directly connected to or incidental to the original scope of the opportunity set out in the solicitation document. No extensions or amendments will be made that expand the contracting opportunity beyond what was contemplated under the terms of the contract and the original solicitation document. All amendments to an existing Master Agreement will be appropriately documented.

5.6.3 Contract Disputes

All potential contract disputes with suppliers will be managed in accordance with the terms and conditions of the contract. The Master Agreement Administrator will ensure that potential disputes are proactively managed and appropriately escalated. Written copies of all communications and correspondence with suppliers concerning a contract dispute will be maintained by the Master Agreement Administrator. Master Agreements will only be terminated prior to the expiry date with the involvement of Legal Counsel.

5.6.4 Supplier Performance

The performance of a supplier under a Master Agreement will be monitored and tracked by the Master Agreement Administrator.

Section 6: Procurement Record Keeping and Reporting

6.1 Procurement Record Keeping

Kinetic will ensure that bidder and supplier information submitted in confidence as part of a procurement process is adequately protected and kept in a secure location only accessible by those individuals directly involved with the procurement project.

The maintenance, release and management of all procurement records will be in accordance with Kinetic's internal policies and procedures on document management.

The Procurement Lead is responsible for ensuring that all documentation relating to the procurement is properly filed and maintained in the procurement project file. The following are the minimum requirements of what should be kept in each procurement project file:

- i. Original copies of all final solicitation documents;
- ii. Records of any communications with bidders or potential bidders;
- iii. Copies of all addenda;
- iv. Copies of all original bids received from bidders;
- v. All records of evaluation processes, including evaluator notes and final scores;
- vi. Copy of any notes in respect of a negotiation process;
- vii. Copies of notices of selection issued to successful bidders; and
- viii. Copies of debriefing or procurement protest procedure requests and outcomes.

The documentation and all data necessary to trace the process conducted electronically must be maintained for at least 7 years from the contract award date.

6.2 Reporting

The President will prepare and submit to Kinetic's Board of Directors, an annual report summarizing Kinetic's procurement activities for the year including the purchase of goods and services by GPO Members pursuant to Purchase Agreements.

7. Reviews and Amendments

Kinetic shall review this Policy at least annually with a view to ensuring it always reflects current trade agreement requirements and best practices. Amendments may only be made with the approval of the President.