



TITLE Policy on Contracts for the Acquisition or Leasing of Goods and Services;	APPROVAL Board of Directors	DATE OF INITIAL APPROVAL 22-10-1993
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ISSUING BUSINESS UNIT Finance and Operations	OTHER BUSINESS UNITS INVOLVED All EVPs	
OBJECTIVE(S) <ul style="list-style-type: none"> • Oversee the process for acquiring or leasing goods and services. • Ensure transparency in contracting processes and compliance with regulatory obligations. • Ensure complete and fair treatment of suppliers and opportunities for participation in invitations to tender. 		

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1. DEFINITIONS

The definitions of several expressions used in this policy are provided in Appendix 1.

2. SCOPE

This policy applies to any contract concluded by CDPQ for the acquisition or leasing of goods and services, except:

- contracts to acquire, hold, manage or receive property or a right constituting an investment, or to carry out a financial or other operation provided in its act of incorporation;
- contracts concluded with a subsidiary or between subsidiaries;
- legal or expert services contracts for legal purposes;
- contracts concluded within the context of support or funding for a project of a philanthropic or business development nature, such as a donation or sponsorship.

3. GENERAL PRINCIPLES

3.1. Transparency, equity and sound management

Transparency, equity and sound management are the principles that shall guide the process of awarding contracts. Application of these principles is ensured by:

- A uniform purchasing process and knowledge of that purchasing process on the part of suppliers.
- Equal opportunity for suppliers who satisfy the criteria of the call for tenders by invitation and the use of objective criteria for evaluating bids.
- Obtaining goods and services that meet the criteria of quality and advantageous costs.

3.2. Price

The lowest qualifying bid will not necessarily be accepted, unless price is the sole determining factor. Accordingly, CDPQ reserves the right to evaluate submissions not only based on price, but also based on the value for money when its needs require additional quality or specific expertise.

3.3. Environmental, social and governance (ESG) considerations

CDPQ aims to deal with suppliers who adopt responsible ESG practices. In this context, CDPQ places priority on acquisition of goods and services that are in line with its ESG strategy.

CDPQ fosters an environment accessible to handicapped persons. In this respect, CDPQ will consider, when relevant, suppliers that offer such solutions.

3.4. Québec suppliers

CDPQ promotes the use of Québec suppliers, while ensuring sound competition between suppliers and in compliance with the applicable rules for awarding contracts.

3.5. Language Policy

CDPQ's Language Policy promotes the quality and use of French in its activities in Québec. Any supplier selected by CDPQ for the acquisition of goods and services shall comply with the terms of CDPQ's Language Policy applicable to suppliers.

3.6. Compliance and reporting program

This policy aims to promote reporting based on accountability of the officers of CDPQ and on the proper use of funds. Accordingly, CDPQ has implemented a compliance program and an information security policy for which reporting is prepared on a regular basis.

4. GENERAL PROVISIONS RELATED TO CONTRACTS

Any supply of goods and services shall be subject to a contract that must:

- have a term that is fixed or limited by the nature of the mandate, unless it is a framework agreement which can be for an indefinite term;
- include a financial commitment or, in the case of an open contract, a maximum or estimated amount for fees and expenditures;
- be formalized in a document in writing if it is for CAD 25,000 or more, before any taxes using the applicable Consumer Price Index;
- be concluded by the person(s) empowered to do so under the delegation of authority or a proxy.

A contract may be entered into by mutual agreement or following a call for tenders by invitation based on the award terms and conditions established in this policy.

4.1. Determining the subject and scope of a contract

Before awarding a contract, an employee must define the needs to be filled. The employee must evaluate the different possibilities to satisfy the identified needs, that is, he must identify the suppliers, evaluate the costs and time frames, contract length, and determine their feasibility and assess their cost-benefit ratio.

If necessary, the employee may issue a request for information from suppliers according to section 9 of this policy.

An employee may not consciously divide, allocate its needs or amend a contract with the intention of evading obligation or following the procedure of the call for tenders by invitation or to evade any other obligation stemming from this policy.

4.2. Contract model

CDPQ makes available to its employees contract models drafted by Legal Affairs. The employee may also use another contract model with equivalent conditions.

4.3. Cloud computing services and personal information

Procurement, Legal Affairs and Corporate Security must be involved in awarding contracts for cloud services and for any contract involving access to or the transmission of personal information held by CDPQ.

4.4. Review by Legal Affairs

Any framework agreement or contract of CAD 100,000 or more, including any contract related to a framework agreement or any renewal of a contract of CAD 100,000 or more, must be reviewed by Legal Affairs, except in the following situations:

- 4.4.1 Service proposal resulting from an IT services outsourcing contract handled according to the framework agreement with the supplier;
- 4.4.2 Service agreement or proposal (or purchase order) resulting from a framework agreement for which (i) Procurement is involved in the review and (ii) the CDPQ template is used without any modification to the legal clauses and (iii) no personal information held by CDPQ is made accessible or transmitted by CDPQ; or
- 4.4.3 Renewal of a contract if no change is made to the legal clauses and that only the prices and duration are modified.

5. CONTRACT CONCLUDED FOLLOWING AN INVITATION TO TENDER¹

5.1. General conditions of application

When estimating the amount of the contract to determine if there will be a call for tender upon invitation, only the initial duration of the contract shall be considered, without taking into account potential renewal options likely to bind CDPQ.

In general, an invitation to tender must be used for the following contracts:

Categories of the type of contract	Amount
Supply contracts	\$100,000 or more
Professional services contracts	\$200,000 or more
Accommodation services contracts	\$200,000 or more

If the type of contract involves more than one category of expense, it must be concluded in compliance with the rules applicable to the expense category representing the majority of the estimate amount in the contract.

5.2. Responsibility for choosing suppliers

The employee is responsible for the choice of suppliers that he invites to bid. He must be able to justify and defend his choices, particularly with respect to the suppliers' ability to carry

¹ Exceptions to the procedure for invitations to tender are described in section 5.3 of this policy.

out the mandates, in particular taking into account the distinctive characteristics of the market, the complexity of the product or services and the time frame.

Only Procurement may, in collaboration with the employee and to help him choose the suppliers that he invites to bid, issue a notice inviting any potential supplier to express his interest in participating in a call for tenders.

Exceptionally, Procurement may exclude a supplier identified by an employee from an invitation to bid process. In such a case, Procurement must send the employee, in writing, the reasons for the exclusion.

5.3. Exceptions to the procedure for invitations to tender

The application of one of the exceptions to the invitation to tender as detailed in section 5.3.1 must be justified and noted in the file, recommended by the employee and authorized by the Executive Vice-President in question or by the Executive Vice-President and Chief Financial and Operations Officer if the employee who requests such an exception is an Executive Vice-President.

5.3.1. Situations likely to give rise to an exception

- a) A contract concluded in an emergency because the security of persons or the protection of the property or assets (including the return) of CDPQ is at stake;
- b) A contract concluded with a sole supplier, with a supplier in a monopoly situation or with a supplier who has rare skills in a leading-edge area of expertise or expert knowledge of the organization;
- c) A contract requiring confidentiality to ensure or maintain protection of the property or assets (including the return) of CDPQ;
- d) A contract for which an invitation to tender would not serve the interests of the depositors (for example, if a change in supplier would involve substantial costs), provided the following three (3) conditions are met:
 - the current supplier provides a satisfactory quality of service;
 - a comparative analysis is conducted regularly to ensure that the prices remain competitive;
 - a call for tenders has been made within the past five (5) years.

5.3.2. Types of contracts likely to give rise to an exception

- a) Maintenance of equipment, particularly specialized software, or repairs or professional services that must necessarily or preferably be performed by the supplier of the goods or plans, or by its authorized representative, for relevant reasons;
- b) Procurement with a supplier accredited by the Centre d'acquisitions gouvernementales, d'Infrastructures technologiques Québec;
- c) Services of a caterer accredited by the manager of the building housing CDPQ;

- d) Consultation or use of information collected and collated by the supplier or belonging to the supplier, including memberships to research firms or with suppliers of market data;
- e) Services of an artist or the acquisition or leasing of works of art;
- f) Purchase or rental of advertising space on billboards, in print media, online on websites and on social media outlets, or radio or television time;
- g) Financial or banking services, fiduciary services, financing, compensation, securities settlement or borrowing;
- h) Contract with an insurance broker or an insurance contract for which the services of a broker were retained;
- i) Loan of services concluded with a public body within the meaning of section 3 of the Act respecting access to documents held by public bodies and the protection of personal information;
- j) Contract for which a procedure to analyze the best product to meet the needs was conducted within the framework of project management in information technologies;
- k) Contract (lease) for the leasing of space in a building;
- l) Upgrading or renewal of a licence for software already implemented and a support and maintenance contract or a third-party agreement arising from the implementation of such software;
- m) Recruitment of employees or placement agencies;
- n) Exercise of renewal options set out in the initial contract or extension of a contract that was initially subject to an exception set out in section 5.3.1, up to a maximum cumulative term of five years.

5.3.3. Other possible exception

CDPQ may grant an exception to the procedure for invitations to tender for a genuine and valid reason that is not included in the exceptions set out in sections 5.3.1 and 5.3.2. Recourse to such an exception shall be subject to a recommendation written by the Executive Vice-President concerned and approved by the President and Chief Executive Officer or the Executive Vice-President and Chief Financial and Operations Officer.

5.4. Rules governing the procedure for invitations to tender

The rules governing the procedure for invitations to tender are presented in Appendix 2 of this policy.

5.5. Optional application of the procedure for invitations to tender

An employee may choose to proceed by invitation to tender even if the contract is of an amount lower than one of those set in 5.1 or when an exception provided in section 5.3 applies.

6. CONTRACT ENTERED INTO BY MUTUAL AGREEMENT

The awarding of a contract entered into by mutual agreement must be subject to a process of negotiation with the supplier to obtain the goods or services at market conditions. The negotiations must specifically focus on cost, quality of the goods and services, delivery time frame, and the supplier's work methods.

7. CONFLICT OF INTERESTS

All employees must be thorough and impartial while during the supplier selection process and throughout the negotiations with him. He shall not be placed or place himself in an actual or apparent conflict of interest. Accordingly, the employee shall refer to the Code of Ethics and Professional Conduct for Officers and Employees of the Caisse.

8. ELIGIBILITY FOR PUBLIC CONTRACTS

CDPQ may not conclude contracts with suppliers listed in the register of enterprises ineligible for public contracts (Registre des entreprises non admissibles aux contrats publics or RENA). In addition, any bidder having obtained approval to conclude public contracts from the Autorité des marchés publics must submit a copy with its submission.

9. REQUEST FOR INFORMATION FROM SUPPLIERS

With the assistance of Procurement, an employee may decide to use a process of requesting information from potential suppliers, prior to the procedure for invitations to tender, to inquire about the products and services offered on the market as well as their potential costs. This process shall not replace the procedure for invitations to tender and shall be conducted according to the general principles of this policy.

10. CALL FOR TENDERS FROM AN INVITATION TO TENDER

Certain calls for tender by invitation aim to "prequalify" the suppliers for potential services that will be subject to subsequent bids. In such a case, Procurement will ensure that only the prequalified suppliers will be invited during subsequent call for tenders. In the event that no bidder is selected following a call for tender, Procurement may authorize a new call for tender from suppliers that were not prequalified.

11. POLICY ADOPTION AND UPDATE PROCESS

This policy is submitted to the Board of Directors for approval. It is revised regularly by Procurement and at least every three years.

APPENDIX 1: DEFINITIONS

In this policy, unless otherwise indicated by the context, the following expressions and words are defined as follows:

- **Call for tenders by invitation:** A competitive process involving three or more suppliers (unless there is an exception) in order to select the goods and/or services that best meet the needs expressed. The form of the invitation to tender may be adapted to the context (e.g. invitation to tender request for proposals, request to bid, call for bidders or any other form or the process approved by Procurement and Legal Affairs).
- **Supply contract:** Contract for the purchase or lease of movable property (tangible or intangible) that may include the cost of installation, use, operation and maintenance of the purchased or leased property.
- **Accommodation services contract:** Contract for the rebuilding, refit, maintenance, renovation, repair, modification or demolition of a structure attached to a building requiring specialized labour from the construction field, excluding the services of architects and designers, which are included in professional services.
- **Professional services contract:** Contract for the production of intellectual work in a specialized field. Its performance usually requires a university education or specific technical training as well as specific knowledge, including the application of methods and practices corresponding to the area of expertise involved.
- **Open contract:** Supply contract whereby CDPQ undertakes, for a given period, to make acquisitions or cause acquisitions to be made from a supplier that undertakes, during that period, to supply the required goods or services as they are needed, at the agreed prices and conditions.
- **Supplier:** Any physical person, business, company cooperative or corporation carrying on operations of a commercial nature, whether for its own account or for that of a physical person or a corporate person that it represents.
- **Bid:** Proposal in writing from a supplier to sell or lease identified goods or services, at a price or according to a prearranged pricing procedure, with set terms and conditions, for a specific period of time.

APPENDIX 2: RULES GOVERNING THE PROCEDURE FOR INVITATIONS TO TENDER

RULES OF THE PROCEDURE OF INVITATIONS TO TENDER

Involvement of Procurement

The employee must communicate with Procurement prior to initiating any invitation to tender. He may not proceed alone. Procurement and the employee shall agree on the form of the process based on the context.

Number of suppliers

Invitations to tender shall be addressed to at least three (3) suppliers. If there is sufficient competition in Québec, the invitation to tender should be restricted to Québec suppliers.

When suppliers from outside Québec are invited to bid, the evaluation grid must include a “Québec supplier” criterion.

Treatment of suppliers

The invited suppliers shall enjoy consistent and equitable treatment in terms of the information provided to them. To that end, all relevant information provided to one supplier shall be provided to the other invited suppliers. In the event that CDPQ decides to change the scope of its invitation to tender, it will notify the invited suppliers of this by the means deemed appropriate.

Qualification of suppliers

Only bids submitted by suppliers with the required qualifications, authorizations, permits, licences and registrations required and meeting the key conditions specified in the invitation to tender shall be considered. Exceptionally, the selection committee may decide otherwise and justify its decision in writing.

SELECTION TERMS AND CONDITIONS

The selection terms of a tender described below apply to cases where price is not the only evaluation criteria used.

Selection committee

The employee forms a selection committee, responsible for evaluating the bids received as part of the invitation to tender procedure, irrespective of the value of the contract.

This committee is composed of at least three (3) members, of whom at least one (1) is from outside the Executive Vice-President group concerned. The external member should have no hierarchical connection with the other members of the selection committee.

An employee from Procurement is an invited member of the committee. As a rule, the employee from Procurement does not participate in assessing the bids received, in order to maintain his independence.

A member must act as committee secretary. Each member of the committee must play an active part in the decision.

Decision-making committee

When Procurement considers it necessary to involve management in an invitation to tender, it may decide to create a decision-making committee based on the size of the contract to be awarded or its potential value. The composition of this committee shall be determined by Procurement jointly with the selection committee.

The decision-making committee must confirm or deny the recommendation of the selection committee. If the decision-making committee denies the selection committee's choice, the latter shall address the comments received and resubmit its recommendation.

Member impartiality

Members of the selection and decision-making committee (depending on the case) must be rigorous and impartial; they must not be or place themselves in a real or apparent conflict of interest. Accordingly, they shall refer to the Code of Ethics and Professional Conduct for Officers and Employees of the Caisse.

Use of an evaluation grid

The evaluation grid shall include a minimum of four (4) criteria established by the employee and validated by the selection committee. Each criterion shall be weighted according to its importance in the performance of the contract.

The decision-making committee (if there is one) must also validate the evaluation grid (criteria and their weighting) and the suppliers invited prior to sending the invitation to tender.

Each member of the selection committee evaluates the tender using an evaluation grid. The supplier that receives the highest evaluation (through the average of all members' evaluations), and following the decision-making committee's process (if applicable), will be awarded the contract.

Receipt of a single offer

If only one qualifying bid is received, the selection committee shall evaluate whether it is advantageous to conclude a contract with the supplier or to restart the process.

Right to terminate the process

CDPQ reserves the right to terminate the process at any time and is not committed to accepting any of the bids received.