

Procurement and Vendor Risk Management policy

Statement

Procurement must be managed transparently.

Suppliers must be provided with fair consideration and opportunities to compete and do business with FCC.

Procurement decisions must be documented and be able to stand the test of public scrutiny. When purchasing goods and services, procurement spend thresholds define the procurement processes which must be followed. Procurement spend thresholds are defined in the table below:

Dollar value	Requirements
\$0 to \$50,000	Non-competitive procurement process
>\$50,000	A competitive procurement process will be utilized
>\$500,000	Opportunity notice for the procurement must be posted publicly (buyandsell.gc.ca)

When estimating the value of an upcoming procurement, employees must consider the full value, including renewals or extensions over the term of the contract.

To manage vendor risk to risk appetite, the following must be adhered to:

- Procurement activities must be assessed for strategic importance, financial value and level of risk including the degree to which a vendor relationship could affect business operations, customers, reputation, profitability and compliance with applicable laws and regulations. Diligence must be applied commensurate to the risk to FCC.
- Vendor materiality must be assessed prior to selection and must consider the following:
 - vendor selection must balance quality and cost to achieve the best value
 - vendor selection must be made in the best interests of FCC
 - vendor contracts must incorporate appropriate controls to address identified risks that can be contractually mitigated
- Vendor management and monitoring activities must be performed throughout the contract lifecycle

Trade agreements

As a public entity, FCC must ensure its trade agreement obligations are met. In the spirit of both the Canadian Free Trade Agreement (CFTA) and the Comprehensive Economic Trade Agreement (CETA), FCC is committed to using open, non-discriminatory and transparent procurement practices and will not unfairly or unnecessarily obstruct, inhibit or complicate the participation of suppliers in competitive procurement processes for any reason, including, but not limited to:

- the location where suppliers operate or where goods or services are produced
- commercial or technical requirements inhibiting supplier participation
- the timing of the procurement itself
- specification of volumes or delivery schedules which deliberately create barriers for suppliers to meet the requirements
- the use of financial means or incentives that create unfair advantage of one supplier to the others
- the imposition of language requirements other than the official languages of Canada

To ensure trade agreement obligations are met, FCC must publicly post an opportunity notice for all procurements with a value greater than \$500,000 (on buyandsell.gc.ca).

Scope

This policy applies to all FCC employees, contractors and consultants.

Objective

Effective procurement and vendor risk management ensures sufficient controls are in place to manage vendor relationships, and that FCC retains ultimate accountability for services or activities being performed by a vendor on its behalf. The objective of the policy is to manage the risks associated with procuring goods or services and to manage any risks transferred to vendors within FCC's overall risk appetite throughout the lifecycle of the vendor relationship.

Effective: September 24, 2018
 Review: Director, Financial Management
 Approval: Operational Risk Management Committee