



Procurement Policy

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**Approved by: Alexandre Tarini, Vice President, Supply
Chain**

Document details

Document properties	
Document owner	Vice President Supply Chain
Name of the document	Olymel – Procurement Policy
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Point of contact for questions	Corporate Purchasing Director

Implementation and modifications

The manager of the Procurement Department is responsible for keeping the Procurement Policy (the “Policy”) up to date, interpreting its content, ensuring its application and revising it on a regular basis to make minor or necessary corrections following organizational changes, changes in titles or changes to competitive bidding thresholds.

Olymel's Vice President, Supply Chain, is responsible for approving directives or other guidelines resulting from the Procurement Policy, in compliance with and within the limits set out in this Policy.

Monitoring and control of versions

Version	Author	Approver	Effective date	Modified or added section(s)
1.0	Strategic Procurement Function	Alexandre Tarini	June 3, 2024	Creation of the policy

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Notes:

The masculine form is used to keep the text as simple as possible.

The reference currency is the Canadian Dollar.

1. Objectives and Scope of the Policy

1.1 Objectives of the Policy

Olymel's Corporate Procurement Policy has three types of objectives:

01	State the guiding principles governing the acquisition of goods and services by Olymel
02	Present the general rules of governance and management applicable to purchasing processes, in order to standardize Olymel practices
03	Describe the distribution of responsibilities between the main stakeholders involved in the purchasing process, in order to promote smooth collaboration

1.2 Scope

All procurement categories must comply with the guiding principles and general rules of competitive bidding and procurement. The statement of these guiding principles is intended as a useful guide for its readers, while mentioning the main exceptions that may apply.

This Policy applies to the entire organization, including all Olymel partnerships.

This Policy covers the strategic purchasing and procurement procedures, performance management and supplier risk management processes, as well as the contracting process (see *diagram in section 2.1, which provides an overview of the processes*).

1.3 Olymel's Guiding Principles for Procurement

The procurement of goods and services is governed by a number of guiding principles that are expected to guide procurement strategies and practices, consistent with Olymel's overall strategy.

Guiding Principles	Examples of implementation conditions
Fair treatment of suppliers	- By providing equal opportunities to suppliers in the tendering process. - By adopting an objective approach during the comparison and evaluation of bids. - By the impartiality of decisions that lead to the award of contracts.

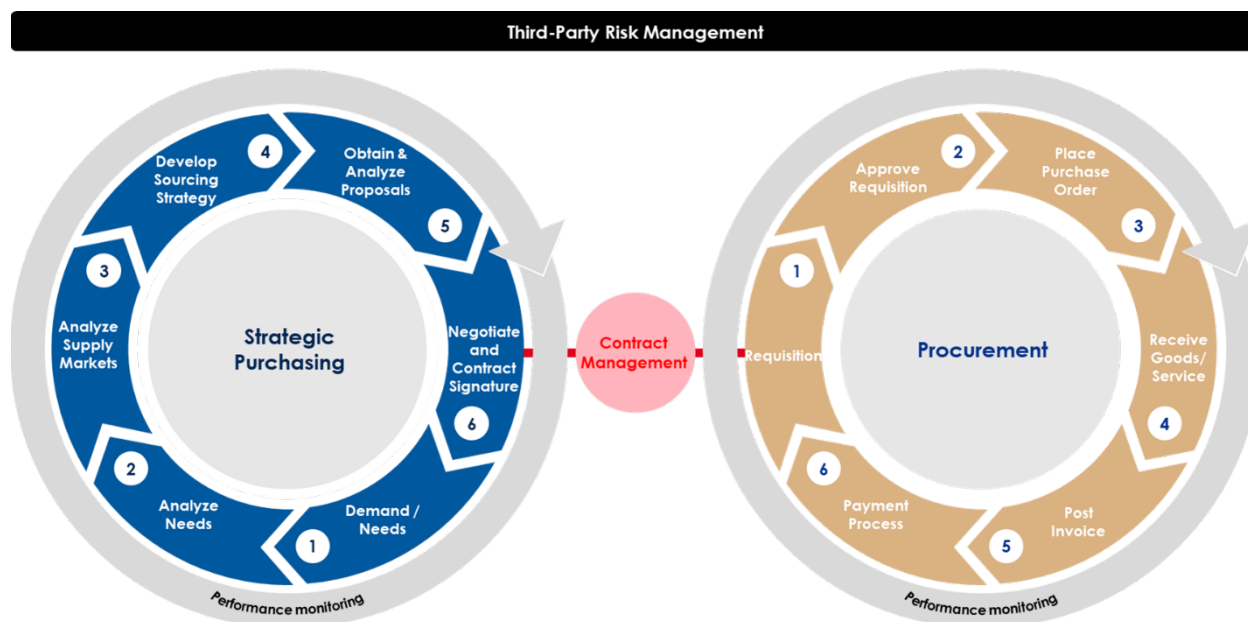
Guiding Principles	Examples of implementation conditions
Process Compliance and Transparency	• By implementing a standardized procurement process. • By distributing this process, as well as any necessary information, to suppliers.
Healthy Competition	• By identifying and implementing efficient business practices adapted to Olymel's business needs and procurement context, making it possible to carry out procurement activities in accordance with the organization's mission. • By clarifying competitive bidding rules, maximizing the value obtained for the organization.
Collaboration and Role Segregation	• By having separate roles, each stakeholder focuses on their role and responsibilities and is thus able to maximize their contribution to Olymel's overall strategic objectives. • Full stakeholder collaboration maximizes the value of each of the business units involved.
Sustainable Partnerships	• Procurement practices are conducted in such a way as to develop sustainable business relationships with the company's strategic suppliers, with a view to continuous improvement of business relationships and with the aim of helping to strengthen Olymel's strategic positioning.
Ethics and Integrity	• Procurement practices follow standardized procedures and comply with the principles of business ethics and the organization's Code of Ethics. • By ensuring objectivity, transparency, and the fair treatment of all Olymel suppliers.
Sustainable Development and Corporate Social Responsibility	• Procurement is conducted with suppliers who adopt practices that are aligned with Olymel's strategic objectives with respect to the pillars of sustainable development of Olymel's Corporate Social Responsibility Policy.
Pooling a Selection of Purchasing Categories	• By promoting the use of so-called "standard" products for similar uses, to minimize inventories, improve Olymel's purchasing power and reduce administrative costs. • By encouraging the grouping of supplies between business units to take advantage of the best possible prices and conditions and to standardize the product or service purchased.
Optimization of Total Purchase Cost	• By maximizing economic value considering the costs of acquisition, use and disposal, while complying with the requirements related to quality, deadlines, the Environmental Policy, and responsible purchasing.

Guiding Principles	Examples of implementation conditions
Animal Welfare	- By complying with the regulations in effect and the industry recognized codes of practice regarding animal welfare. - By requiring the training of suppliers who handle live animals.

2. Process and Key Roles

2.1 Process Overview

An overview of key procurement processes is shown below, including key activities carried out by the key stakeholders involved at Olymel.



Process	Description
Strategic Purchasing	Strategic purchasing is a structured approach to selecting suppliers based on Olymel's needs. This involves analyzing needs, evaluating suppliers, and negotiating contracts to reduce costs, improve quality and mitigate risks.

Process	Description
Supplier Management	Supplier management consists of selecting and managing suppliers according to predefined criteria. It focuses on building long-term relationships, improving communications, monitoring performance, and creating value for Olymel and its suppliers.
Contract Management	Contract management covers the entire life cycle of the contract, from its creation to its expiry. It streamlines contract processes, ensures compliance, mitigates risks and optimizes contract performance.
Third-Party Risk Management	Risk management identifies, assesses, and mitigates risks associated with suppliers. This involves due diligence, risk assessment and ongoing monitoring of contracts to protect operations and stakeholders.

2.2.1 Supplier Management Process

Approval of New Suppliers – With the exception of suppliers covered by the list of exemptions, when new suppliers are created, it must be in response to a call for tenders conducted according to the conditions, processes and tender rules stipulated in this Policy as well as any applicable procedures (accreditation necessary to work in the food sector, procedure for subcontractors working in factories). All new ingredient and packaging suppliers must be audited by Olymel's Supplier Program Management department before any purchases are made.

Approved Supplier – Supplier with an annual or multi-year agreement with Olymel, created in the procurement system. This agreement may be in the form of a contract or a price list and must be entered in the agreements directory. Some suppliers have a privileged collaboration status due to specifications defined with them. More broadly, Olymel may use preferred suppliers for all purchases related to predetermined categories, to capture the value of contracts and negotiated prices.

Supplier Compliance – Suppliers are required to comply with the organization's Code of Ethics and to comply with the rules and obligations required by Olymel (i.e. confidentiality agreement, insurance certificate, solvency). The objective is to ensure the ability of each supplier to adhere to the principles and requirements according to which Olymel does business with its suppliers.

Supplier Contribution to Sustainable Development – Olymel will establish an environment that values the development of a diversified supplier base that promotes the creation of social and environmental benefits in their value chain, in line with the sustainable development pillars of Olymel's Corporate Social Responsibility Policy.

Ethics in the Supplier Relationship – Consistent with the fundamental principles set out above, ethical considerations affecting the supplier relationship seek to provide clear guidance, in particular for the handling of conflicts of interest, the promotion of a diversified supplier base that is open to markets and, more specifically, regarding the acceptance of gifts or benefits from suppliers.

Management Principles – Supplier management is in accordance with the governance framework and rules established and distributed by Procurement. It is based on an organization-specific classification of suppliers and relies on evaluation processes and tools adapted to each type of supplier.

Performance Monitoring and Improvement of Suppliers – Supplier performance must meet the specified and negotiated requirements. Procurement will therefore collaborate with the internal partner to evaluate performance. The contracts will identify the relevant key performance indicators.

Procurement is expected to identify, in collaboration with internal partners, opportunities for improving the goods and services procured from key suppliers. More specifically, the opportunity to implement continuous performance improvement plans targeting certain suppliers may be examined.

These performance improvements may result in lower administrative costs and increased value for Olymel (i.e., better service levels or improved quality of goods, without increasing costs).

2.3 Roles and Responsibilities of Stakeholders

Stakeholders	Roles
Procurement	The Procurement Team is actively involved in the development of all requests for quotation or calls for tender, excluding the supply of live animals, prior to ratifying a contract. This department provides a support role for internal customers throughout the procurement process and in the event of a dispute.
Legal	Legal advises and provides support on the legal components of the award and management of procurement contracts, with the commercial aspects handled by Procurement and Finance. The department drafts or validates the changes to standard contract templates. It recommends the position to be taken in terms of custom contract proposals or amendments to standard contract templates by suppliers, as may be relevant.
Accounts Payable	Accounts Payable collaborates at the final stages of the procurement process, for activities related to invoicing of the goods and services acquired.
Internal Customers	Internal Customers collaborate with procurement specialists at the stage of defining requirements and during negotiations and, where applicable, for the handling of disputes.
Finance	Finance is involved in the procurement process for budgetary approval and control purposes.

Stakeholders	Roles
Sustainable Development and Corporate Social Responsibility	The Sustainability Department plays a role in supporting strategic purchasing and procurement with respect to the environmental, social and governance strategy. It ensures that Procurement complies with environmental, social and governance (ESG) best practices, in support of Olymel's Corporate Social Responsibility Policy.

3. Methods and Rules

3.1 Competitive Bidding Rules

General Rules of Competitive Bidding – A formal competitive bidding process will be implemented beyond a certain amount and/or for a selection of procurement categories, in order to stimulate competition and thus optimize the value generated for Olymel through contracts established with suppliers. Some exceptions apply and must be validated through an exception process.

Threshold	Method	Minimum Number of Bidders
Competitive Bidding Rules for all Procurement Categories		
Estimated total annual value less than \$25,000	Quotation	1
Estimated total annual value greater than \$25,001 and less than \$250,000	Call for tenders	2
Estimated total annual value greater than \$250,000	Call for tenders	3
Special Cases: Competitive bidding rules for major disbursements (MD)		
\$10,000 to \$25,000	Quotation	1
\$25,000 to \$250,000	Call for tenders	2
Over \$250,000	Call for tenders	3

Exceptions – Certain circumstances present specificities or constraints that justify derogating from the competitive bidding rules established by this Policy. The following cases could constitute circumstances justifying a derogation from the procurement processes established by this Policy: Emergencies, existence of a single product or supplier or in a monopoly situation, confidential nature of the purchase of goods and/or services, purchases led by a third party. In order to confirm the exception, an email must be sent with the justifications to the Corporate Purchasing Manager, as well as to the Vice President, Supply Chain for authorization.

Contract Splitting – A business unit or sector of activity may not split its requirements to evade the obligations of the Policy.

3.2 Authorization Levels

3.2.1 Signing of Contracts

The signing of contracts must follow Olymel's Delegation of Authority Policy.

3.2.2 Term of Contracts

All contracts must cover a maximum period of 3 years, with an additional one-year renewal option. No renewal will be possible after this.

3.2.3 Financial commitment (delegation of authority) for expenses

Expense authority is restricted to given roles and/or hierarchical levels, to ensure a satisfactory level of authority and responsibility to move ahead with Olymel's financial commitments as presented in Olymel's Delegation of Authority Policy.

3.3 Use of Purchase Orders

Invoices received without a purchase order ("PO") will not be processed and will be returned to the person who sent the request. Certain circumstances and/or categories of procurement are exceptions and are not covered by a purchase order. See table below:

Mandatory purchase order preceded by a requisition		Purchase order <u>not</u> required
Well-defined recurring purchase	Purchase order with limit (Blanket PO)	Invoicing associated with a contract (i.e. recurring activity with milestones)
	Voucher from a catalog order	
Ad hoc and non-recurring purchase		Purchase paid by the employee, then reimbursed by Olymel

Use of the “No PO, No Pay” policy is encouraged in order to:

- Ensure better control of expenses.
- Optimize efficiency within the organization by using the new tools available.
- Maximize opportunities and savings in the different supply channels.

Emergency procurement is a potential exception to the no payment without purchase order (No PO No Pay) rule. It will be verified and subject to a compliance report.

Some exceptions apply, including procurement where the purchase order is processed in a system other than Coupa.

3.4 Payment Methods

Payments must usually be made by bank transfer with prioritized payment terms on the 20th of the month following the invoice date. In some cases, an early payment discount may apply.

4. Appendices

1 Links to related documents

This Policy refers to or relies on other policies, forms or other documents, which can be accessed through the links below.

No.	Policy, document or form	Access link
1	Employee Code of Ethics	 RH004_Code de conduite_FR.pdf
2	Policy on Delegation of Authority	 Olymel_Politique de délégation d'autorit
3	Major Disbursements Policy	 mmobilis ...
4	Corporate Social Responsibility Policy	 Politique Responsabilité E...

No.	Policy, document or form	Access link
5	Environmental Policy	 1.9 Politique REV_RH010 Envi...