NUNAVUT TUNNGAVIK INC.

PROCUREMENT POLICY

Approved by the Board of Directors in September 2005
*Last amended in January 2022**
*(*Approved to take effect on April 1, 2023)*

I. OBJECTIVE

Procurement is the process by which Nunavut Tunngavik Inc. ("NTI") acquires goods and services. The integrity and efficiency of NTI's procurement process affects its credibility. Inuit enrolled under the *Nunavut Agreement* must have confidence that NTI funds are spent in the best interests of Inuit.

It is NTI's policy to:

(a) Provide operating departments with goods and services of the quality and quantity required, as efficiently as possible, and at the lowest overall cost and best value for NTI;

(b) Foster the development of Inuit Firms registered on NTI's Inuit Firm Registry;

(c) Foster the employment and training of Inuit by Inuit Firms and non-Inuit Firms.

II. APPLICATION AND AUTHORITY

Except as otherwise provided in this and the Expenditure Policy, this Policy shall be adhered to by all NTI departments and employees as Contract Authorities, and apply to all procurement of goods and services at NTI. For greater certainty, this Policy does not apply to employment agreements subject to the Human Resources Manual and contributions subject to the Contribution Policy. For the purpose of this Policy, a Contract Authority refers to a NTI department or an employee with proper spending authority or otherwise authorized to procure goods or services. Except as specifically authorized by NTI policies, NTI Members including the Board of Directors, the President and Vice-President shall not procure goods or services on behalf of NTI or participate in procurement decisions.

Spending authority for procurement is provided in the Expenditure Policy.

III. METHOD OF PROCUREMENT

For the purposes of this Policy, where individual expenditures form part of a larger overall commitment related to a larger overall event or task, the Contract Amount refers to the total amount of money being committed. The procurement requirements stated in this Policy may not be circumvented by spreading out the total commitment over multiple fiscal years or multiple contracts (e.g., dividing the development of a policy into multiple stages such as research, engagement, drafting, etc.).

For the purposes of this Policy, a Competitive Method includes the following:

(a) A request for proposal (RFP) that is publicly advertised and open to all firms (Open RFP);
(b) A RFP that is publicly advertised and open to Inuit Firms only (Restrictive RFP);
(c) An invitational RFP to two or more potential contractors on a Standing Offer List;
(d) An invitational RFP to two or more Inuit Firms on a Standing Offer List;
(e) For procurement in Categories (3) and (4) below only, an invitational RFP to two or more potential contractors some of which are not on a Standing Offer List. For a potential contractor that is not on a Standing Offer List to receive an invitational RFP, the potential contractor must be an Inuit Firm, and the Contract Authority must first assess and determine that the potential contractor has the capacity to provide the required goods or services, and obtain the approval of the Chief Financial Officer; or
(f) For procurement in Categories (3) and (4) below only, an invitational RFP to two or more potential contractors that meet the criteria in (e) above and are Inuit Firms.

For any Open RFP or Restrictive RFP, the notice should also be circulated to all Inuit Firms on NTI's Inuit Firm Registry that may have the capacity to provide the required goods or services.

In the event of an invitational RFP, at least half of the potential contractors/invitees shall be Inuit Firms, unless all Inuit Firms on the Standing Offer List with the capacity to provide the required goods or services have received an invitation. A Contract Authority is encouraged to restrict an invitational RFP to Inuit Firms only.

RFPs shall be prepared using templates approved by the Chief Executive Officer based on recommendations of the Chief Financial Officer and the Legal Department. Any substantial changes to a template shall be reviewed by the Chief Financial Officer and the Legal Department.

For greater certainty, except as otherwise approved by the Board of Directors in exceptional circumstances, NTI shall not use bids or tenders to procure goods or services.

A Contract Authority may establish one or more Standing Offer Lists based on specific categories of goods or services that NTI may need on an ongoing basis, containing a list of contractors with a standing offer agreement with NTI, after public call(s) for expression of interest and proper evaluation of the qualifications and prices of the contractor(s). No additions may be made to a Standing Offer List without another public call. Where applicable and beneficial, a Contract Authority is encouraged to use other procurement tools such as a request for qualifications or a request for quotes. A Standing Offer List may be updated from time to time following another public call, and shall be updated at least once every three (3) years.

The following process shall be followed when procuring goods or services:

<u>Category (1) – Goods or Services with a Contract Amount of $100,000 or more</u>

An applicable Competitive Method shall be used in respect of any procurement of goods or services having a value of $100,000 or more.

For any Category (1) procurement, an Inuit Firm shall be given preference over a non-Inuit Firm whenever there are one or more Inuit Firms capable of supplying the desired goods or services at a competitive price. A Contract Authority is strongly encouraged to use a Restricted RFP.

For any procurement with a Contract Amount of $500,000 or more, the RFP must include an Inuit Benefit Package covering one or more of the following topics (where applicable) to demonstrate how Inuit will benefit from the potential contract. The Inuit Benefit Package will account for an additional 10% of the overall available points.

(a) Use of Inuit labour;
(b) Inuit training and skill development;
(c) Sub-contracting to Inuit Firms; and
(d) Investment in local communities.

Where appropriate, a Contract Authority may mandate the content of the Inuit Benefit Package.

Category (2) – Goods or Services with a Contract Amount above $25,000.00 but under $100,000

A Contract Authority may procure goods or services with a Contract Amount above $25,000.00 but below $100,000 without using a Competitive Method, provided that the supplier is on a Standing Offer List.

For any Category (2) procurement, an Inuit Firm shall be given preference over a non-Inuit Firm whenever there are one or more Inuit Firms on the relevant Standing Offer List capable of supplying the desired goods or services at a competitive price. A Contract Authority is strongly encouraged to use an applicable Competitive Method, especially an invitational RFP restricted to Inuit Firms.

Category (3) – Goods and Services with a Contract Amount of $25,000 or less

A Contract Authority may procure goods or services with a Contract Amount of $25,000 or less without using a Competitive Method or the Standing Offer Lists.

For any Category (3) procurement, whenever there are one or more Inuit Firms capable of supplying the desired goods or services at a competitive price, an Inuit Firm should be awarded the contract, unless there is a clear justification for not using an Inuit Firm, in which case the approval of the Chief Executive Officer or the Chief Financial Officer will be required. A Contract Authority is encouraged to use a Competitive Method, especially an invitational RFP restricted to Inuit Firms.

Category (4) – Specialized Goods and Services

Notwithstanding anything provided to the contrary in this Policy, a Contract Authority may procure Specialized Goods or Services without using a Competitive Method or the Standing Offer Lists.

For the purpose of this Policy, Specialized Goods and Services include the following:

(a) insurance against a liability;
(b) banking, financial and investment services;
(c) employee pension, group insurance and other similar benefits;
(d) office leases;
(e) residential leases;
(f) auditing services;
(g) legal services; and
(h) contracts between NTI and related Inuit organizations.

For any Category (4) procurement, an Inuit Firm shall be given preference over a non-Inuit Firm whenever there are one or more Inuit Firms capable of supplying the desired specialized goods or services at a competitive price or if a Competitive Method is used. A Contract Authority is encouraged to use a Competitive Method, especially an invitational RFP restricted to Inuit Firms.

IV. EVALUATION OF PROPOSALS

All procurement where a Competitive Method is required shall be screened, reviewed and assessed by an ad hoc evaluation committee consisting of the Contract Authority and at least two other employees.

When an Open RFP, a Restrictive RFP or an invitational RFP is used, NTI may reimburse an Inuit Firm for its time and expenses in preparing the RFP (the "Cost Reimbursement") if the RFP is screened in for review and assessment by the evaluation committee. The Chief Executive Officer shall approve the amount of the Cost Reimbursement for a RFP before its finalization that will apply to IFPs from Inuit Firms that are screened in, taking into account factors such as the Contract Amount and the complexity of the matter.

For any procurement where a Competitive Method is used,

(a) Inuit Firms will receive an adjustment (Inuit Firm Adjustment) of not less than 20% on the fees and expenses component of the contract proposal. The fees and expenses component generally should not be less than 30% of the overall available points. The Inuit Firm Adjustment shall not be applied to any portion of the contract proposal where the work is to be subcontracted to a non-Inuit Firm. The Inuit Firm Adjustment may be applied to those contract proposals made by non-Inuit Firms with respect to any portion of the contract proposal where the work is to be subcontracted to an Inuit Firm.

(b) Contract proposals demonstrating the use of Inuit labour (directly or through sub-contractor) will receive up to 20% of the overall available points. In order to receive the adjustment for use of Inuit labour, contract proposals must include details concerning proposed use of Inuit labour by the proponent and all sub-contractors. Additional reporting will be required from the successful proponent on the actual use of Inuit labour after the contract is awarded, and failure to implement the proposed Inuit labour target may result in penalties. Being an Inuit Firm is not a pre-condition to receiving points under this category.

V. MONITORING

The Contract Authority is required to monitor contractual performance to ensure a contractor fulfills commitments related to the Inuit Benefit Package or use of Inuit labour. All contracts shall contain penalty provisions with proportional penalties for failure to follow commitments on the Inuit Benefit Package or use of Inuit labour including black-listing the contractor on a temporary or permanent basis for failure to use reasonable efforts to follow the commitments. Contracts may also contain bonus provisions for performance exceeding the contractual commitments related to the Inuit Benefit Package or use of Inuit labour.

VI. CONFLICT OF INTEREST

Procurement decisions shall always be "arm's length" transactions. All officers and employees involved in procurement decisions must ensure that the requirements of NTI's Conflict of Interest policies are strictly adhered to.

VII. EXEMPTION

The Contracting Committee, consisting of members of the Contribution Committee provided in the Contribution Policy, may exempt any proposed procurement decision with a Contract Amount of $500,000 or less from the provisions of this Policy except for section VI – Conflict of Interest, and the Board of Directors or the Executive Committee, with recommendations of the Contracting Committee, may exempt any proposed procurement decision with a Contract Amount exceeding $500,000 from the provisions of this Policy.

The Chief Executive Officer shall make a report of all exemption decisions to the Board of Directors on at least an annual basis.

VIII. GUIDELINES

The Chief Executive Officer may make guidelines to implement this Policy including appropriate penalty and bonus provisions stated in Part V.

IX. REVIEW

The Policy shall be reviewed every five (5) years. Nothing in this section shall prevent the Chief Executive Officer from reviewing the Policy on a more frequent basis.