



Procurement Policy

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1. Scope

1.1. Overview

The BDC procurement policy (the “Policy”) describes and communicates to the public, Suppliers and BDC employees the values, fundamental principles and set of activities that govern the procurement of goods and services by BDC, including construction contracts, throughout the entire Procurement cycle.

The Policy applies to all contracts for the procurement of goods and services between BDC and a Supplier, subject to any exclusions authorized by the Policy Owner. The subsidiary BDC Capital is also subject to the Policy.

1.2. Regulatory Requirements

The Policy aligns with BDC’s governance framework and complies with the legislation and agreements on the opening of public procurement that apply to BDC’s procurement activities, namely, the Canadian Free Trade Agreement, the Canada-European Union Comprehensive Economic and Trade Agreement and the Canada-United Kingdom Trade Continuity Agreement (collectively, the “Agreements”).

The Policy aligns with the Greening Government Strategy (GGS), a Government of Canada directive.

The Policy also recognizes the dynamic environment in which BDC operates, to allow it to function as a federal financial Crown corporation.

2. Principles

BDC’s goods and services procurement practices and activities are carried out in accordance with the following principles (the “Principles”). From defining its needs to the awarding and management of its contracts, to potentially the disposal of its goods and services, these Principles are at the heart of BDC’s decisions related to the procurement of goods and services. Furthermore, the procurement practices and activities must also reflect BDC’s strategic values and priorities. BDC aspires to measure its procurement performance based on these Principles.



2.1. Ethics and Compliance

Procurement activities are conducted transparently, impartially, with integrity and fairness, in accordance with relevant laws, the Agreements and BDC's Code of Ethics.

2.2. Strategic Sourcing

BDC embraces strategic procurement practices by consolidating its needs in order to obtain, for example, the most advantageous costs and conditions, and by centralizing its procurement and contract management activities within internal units that have the expertise required to implement this Policy.

BDC prefers medium-and long-term contracts, to maintain its internal efficiency and benefit from its investments, with a view to sound management.

2.3. Responsible Procurement

BDC conducts its procurement activities with a focus on responsible procurement, contributing to the achievement of its sustainable development goals. Responsible procurement consists of integrating environmental, social and economic considerations into the procurement process to reduce environmental impact, promote social well-being and strengthen financial sustainability. BDC aims to reinforce the support provided for its employees and to measure, evaluate and communicate its progress regarding responsible procurement.

2.3.1 Buy Canadian

Subject to its obligations under the Agreements, BDC wishes to prioritize the procurement of its goods and services from Canadian Suppliers, in order to contribute to Canada's prosperity and socio-economic development. Where permitted, BDC may use procurement and Supplier selection strategies that enable the realization of Buy Canadian. BDC may also regionalize its procurement, to generate positive impacts in Canadian regions, communities, provinces or territories, and to reduce its environmental footprint by sourcing locally.

2.3.2 Supplier performance and commitment

2.3.2.1 Supplier approach

BDC wishes to collaborate with Suppliers of goods and services that are committed to adopting sound environmental and social practices and to investing in continuous improvement in this regard, as well as with Suppliers whose mission or legal form is oriented towards sustainable development (e.g., social economy enterprise or non-profit organization). BDC will work with Suppliers that do not use forced or child labour in their supply chain.



To this end, BDC may require its Suppliers to have, for example, a sustainable development policy, a responsible procurement policy, a quality management system, or a health and safety program, an employment equity, human rights protection, or employee wellness program.

i. Supplier diversity and inclusion

BDC is committed to creating a diverse, equitable and inclusive supply chain. As such, BDC has implemented its Supplier Diversity program to encourage Suppliers from under-represented communities, such as Indigenous Peoples, women, Blacks, LGBTQ2+, people with physical limitations or other disabilities, and visible minorities, to participate in the procurement process. B Corp organizations, veteran-owned businesses and small and medium-sized enterprises are also taken into consideration in the Supplier Diversity program.

2.3.2.2 Goods/services approach

BDC's objective is to select goods or services that offer the best environmental or social performance throughout their lifecycle.

i. Environmentally responsible goods and services

- BDC aims to procure goods and services that uphold principles of the Circular economy, including but not limited to Reduction at source, Reuse and recycling.
- BDC aims to execute procurement processes for goods and services that reduce waste and eliminate, for example, the unnecessary use of plastics, especially single-use plastics.
- BDC may consider criteria related to the reduction of greenhouse gas emissions.
- BDC may also consider environmental impacts on ecosystems, by requiring Suppliers to hold relevant certifications or recognitions regarding the goods and services acquired.

ii. Accessibility

BDC ensures that the acquisitions of goods and services are suitable for people with disabilities.

2.3.3 Official languages

As a Crown corporation subject to the *Official Languages Act* in Canada, BDC must ensure that its procurement activities comply with the related obligations.



2.4. Fair Quality, at a Fair Price

With a view to sound management, control of its expenses and obtaining the best value, BDC seeks a balance of fair quality and fair price in its procurement activities.

To achieve this, BDC takes particular care to properly and rigorously assess its procurement needs and, where appropriate, uses competition among Suppliers, negotiation, total cost of ownership, or any other relevant means to satisfy the principle of fair quality at a fair price. BDC implements appropriate controls before making a payment to a Supplier, to ensure that the goods received, or services rendered are of fair quality at a fair cost.

2.5. Efficiency

BDC seeks efficiency in its procurement processes, by adopting strategic procurement and bid evaluation strategies that are suited to the target markets, the anticipated competitive dynamics and the inherent risks. For example, BDC might decide to limit the evaluation of certain bids, in whole or in part, based on rules already established before the bids are evaluated.

2.6. Sound Risk Management

BDC uses a Supplier Risk Management process based on the responsibility of the Supplier and the accountability of BDC employees throughout the Procurement cycle.

BDC takes into account the risks associated with its procurement activities and the related mitigation measures, and may in particular:

- Analyze the risks associated with its procurement strategies, bid evaluation and contract award decisions.
- Require access to a sufficient number of qualified Suppliers to maintain the required level of expertise and reduce concentration risk.
- Ensure that the selected Supplier is competent to perform satisfactorily (attested by references or, where required, its previous experience) and has sufficient financial and other resources to deliver goods or services in the time and of the quality required.
- Establish requirements and deliverables for the use, collection, management and destruction of the corporate, personal, confidential, or commercial information of BDC, its Suppliers or its clients.
- Require Suppliers to provide any certifications, warranties, insurance or other appropriate contractual commitments, including those related to security of information or physical locations, continuous monitoring, information storage locations and personnel access.
- Perform all necessary due diligence, including in relation to conflict of interest, legal sanctions, integrity and probity, and registration in public and tax registries.



3. Doing Business with BDC

Suppliers that wish to do business with BDC can:

- Consult and respond to public tenders on platforms authorized by the Government of Canada, including www.MERX.com and www.canadabuys.canada
- Register in BDC's Supplier Registry and, if applicable, participate in the Supplier Diversity program, to maximize opportunities to be solicited, particularly through invitations to tender or other means.

In addition to the above methods, to promote a healthy rotation of Suppliers and the development of its business partnerships, BDC may invite Suppliers based on references received, other means or various searches.

BDC may exclude Suppliers from its procurement processes for reasons such as bankruptcy or insolvency, misrepresentation, significant or persistent weaknesses in the performance of one or more previous contracts, serious offences, professional misconduct or acts or omissions that undermine the commercial integrity of the Supplier or credible allegations to this effect.

3.1. Performance Evaluation

BDC may evaluate a Supplier's performance by providing comments, requests for improvement or adjustments to its provision of services or delivery of goods. In the event of unsatisfactory performance by the Supplier, a default for which the Supplier is responsible or any other reasonable grounds demonstrating the Supplier's inability to perform a contract, BDC may refuse to invite a Supplier to tender or consider its bid.

3.2. Complaints

A Supplier that has a concern or feels it was unfavourably treated in a procurement process may contact BDC or file a complaint, using the mechanisms and contact information provided and posted on BDC.ca.



4. Document Ownership and Approval Levels

The Policy is reviewed regularly, at least once every three (3) years, by the President and Chief Executive Officer and is submitted to the BDC Board of Directors for approval, on the recommendation of its Audit and Review Committee.

The Chief Financial Officer is responsible for the administration, revision, interpretation and application of the Policy.

All exceptions to the Policy must be submitted for approval to the Chief Financial Officer or the Chief Financial Officer's delegate.

5. Requirements and Activities

5.1. Solicitation Methods

BDC primarily uses the following solicitation methods to procure its goods and services to meet its needs:

- Requests for information and calls for interest
- Requests for prequalification
- Calls for tenders
- Single sourcing



The decision concerning which solicitation method will be used is made on a case-by-case basis, depending on the procurement file, in accordance with the Policy Principles.

5.1.1 Requests for information and calls for interest

BDC may use request for information or call for interest, public or by-invitation, to benchmark its procurement needs and ensure that its needs are appropriate for the respective markets. Calls for interest may also be used to explore Suppliers' interest in participating in a project, call for tender or contract. A request for information or call for interest does not necessarily result with the awarding of a contract.

5.1.2 Requests for prequalification

BDC may issue a public or by-invitation request for prequalification, with the aim to create a list of Suppliers capable of meeting some of its needs.

5.1.3 Calls for tenders

BDC uses the following two types of calls for tenders:

- **Open Call for Tenders (OCT)**, which is a method of solicitation and competitive bidding open to all Suppliers, subject to the openness to the public markets concerned.
- **Invitation to Tender (ITT)**, which is a method of solicitation and competitive bidding addressed to a limited number of Suppliers, selected by BDC, based on the competitive dynamics of each market.

Below the opening thresholds for the public markets set out in the Agreements, BDC may proceed with an open call for tenders while restricting the market opening to certain regions or provinces of Canada, with a view to stimulating competition, ensuring Supplier rotation, fostering community economic benefits or developing new business partnerships.

5.1.4 Single sourcing

For all **cases defined in the Agreements in which public procurement markets do not apply**, BDC may negotiate directly or by any other solicitation method with one or more Suppliers.

For the **exceptions** identified in the Agreements, BDC may limit the public market or negotiate directly or through an invitation to tender with one or more Suppliers.

5.1.5 Summary of main solicitation methods

Table 1 below describes the main solicitation methods used by BDC to award contracts.



Table 1: Main solicitation methods based on contract value

		Solicitation method based on contract type		
Contract value	Market opening required	Good	Service	Construction
Less than \$100,000	Canada or regionalization	Any		
From \$100,000 to less than \$627,200*	Canada or regionalization	ITT	ITT	ITT
From \$627,200 to less than \$6,685,000*	Canada and Europe	OCT	OCT	ITT
\$6,685,000 and up*	Canada and Europe			OCT

* The thresholds indicated above are those in effect on the date of adoption of this Policy and are subject to indexation, as provided in the applicable Agreements.

5.2. Publication Deadlines

While respecting its obligations under the Agreements, BDC sets its publication deadlines for its procurement processes by considering factors such as the nature and complexity of the acquisition, the significance of the anticipated subcontracting, the time required to submit bids or the technical requirements necessary for evaluation.

5.3. Evaluation and Negotiation Methods

BDC evaluates bids by considering both price and quality components. In certain cases authorized under the Policy frameworks, quality alone may be used as the deciding criterion leading to the award of a contract.

When the decision to award a contract is based, in whole or in part, on the assessment of quality, rather than solely price compliance, BDC may set up a selection committee, which has the power to make recommendations. The composition of the committee and its governance rules are based on recognized best practices in public procurement, in accordance with the Policy Principles, including the principle of ethics and compliance.

BDC may, as part of a call for tenders, negotiate with the Bidder or Bidders selected after the evaluation process.



At the conclusion of the evaluation and negotiation process, if any, the contract may be awarded to the lowest compliant Bidder, in the case of price compliance, or to the Supplier or Bidder whose offer is the most advantageous based on best value for money, with the understanding that in all cases, BDC is never required to accept either the lowest price or any of the bids received.

5.4. Disclosure and Transmission of Information

For **open requests for prequalification** subject to the Agreements, BDC publicly discloses the list of qualified Suppliers, including, at minimum, the duration of the list's validity and the awarding of contracts resulting from the open prequalification. For **open calls for tenders** subject to the Agreements, BDC publicly discloses the award of the contract within the prescribed time frame after the contract is signed. This public disclosure includes, at minimum, the name and address of the Contractor, the nature of the goods, services or work subject to the contract, the date of award and the amount of the contract.

5.5. Disposal of Unused Goods and Services

After first assessing the value of a good or service it wishes to dispose of, BDC selects the appropriate method of disposal for unused goods and services (sale, exchange, donation or other) based on the best cost-benefit and the Principles, making any necessary adjustments. The choice of disposal method is determined on a case-by-case basis. The Agreements do not apply to this activity.



6. Definitions

Unless otherwise specified, the following terms have the definitions shown in the table below.

Term	Definition
Bidder	Supplier submitting a bid in response to a call for tenders.
Buy Canadian	<p>BDC defines Buy Canadian as any contract awarded to a Supplier with a place of business in Canada where that contract involves either:</p> <ul style="list-style-type: none">- Goods in their natural state wholly obtained in Canada, wholly produced in Canada solely from goods which were wholly obtained in their natural state in Canada or of which the last substantial processing occurred in Canada; OR- Services or construction work where 70% or more of the quoted price is assigned to natural persons residing in Canada
Circular economy	<p>A circular system of production, exchange and consumption aimed at optimizing the use of resources at all stages of the lifecycle of a good or service, reducing the environmental footprint and contributing to the well-being of individuals and communities, including through the procurement of goods or services that:</p> <ol style="list-style-type: none">1) Are remanufactured, reconditioned or made of recyclable, recycled or used raw materials2) Consume less energy in their initial manufacture or in their use or emit fewer gases that are harmful to health and the environment3) Are reusable or recyclable at their end of life
Contractor	Any Supplier or Bidder to which a contract is attributed or awarded.
Procurement cycle	Includes all activities and operations related to the procurement of a good or service, from the initiation of the procurement requirement to the end-of-life management of acquired goods and services.
Reduction	Reduction at source involves choosing non-consumption or consumption that limits waste. The goal is to identify and quantify needs before fulfilling them, because the best waste is waste that is not generated.



Reuse and recycling	Particularly in the end-of-life management of goods, before elimination or disposal, reuse and recycling are intended to give a second life to goods in order to prolong their useful life, including by selling them or donating them in accordance with a predetermined hierarchy, in line with the Policy Principles.
Supplier	<p>Any person, company, corporation or other entity that could become a Bidder or Contractor under the Policy and consequently provide goods and services to BDC.</p> <p>A Supplier is not an agent, partner or employee of BDC and remains an independent Contractor at all times.</p>

Christian Settano

Chief Financial Officer

- END OF POLICY-



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