



## Procurement Policy

### Purpose

Acres Enterprises Ltd is committed in the execution of procurement methods that align with the best value for the company and projects. The department directors are responsible for achieving objectives in line with business plans, specifically focusing on EBITDA and the profitability of projects.

Whilst this document is not intended to address all rules, processes and purchasing activities, this policy is intended to promote an understanding of the authority, roles and responsibilities of those with the Delegation of Authority (DOA) as noted in the Delegation of Financial Signing Authority Policy.

It is key that project expenditure is kept within the project budgets. To minimize waste, it's imperative we execute projects in the most efficient way with minimal overspending.

### Scope

This policy oversees the acquisition of goods, services, equipment, materials, and items pertaining to a project capital expenditure.

### Policy

Individual department directors are responsible to oversee project expense to ensure we minimize waste. Those noted under the Delegation of Authority Policy will be responsible and accountable for expenditure in compliance with the policy.

In accordance with this policy, the Project Manager (PM) and thereafter Director must work with their site supervision groups for the procurement of goods and/or services related to specific projects.

### Procurement Principals

1. Efficient –after consideration of needs, alternative and value engineering enquire the necessary quantity and quality of goods in the most cost-effective manner.
2. Ethical – act in a manner that shows transparency in our process to avoid conflicts between partners and suppliers.
3. Accountable – documentation for all services / goods procured including purchase order management and coding. Upon receipt receive/ payment of goods to align with project forecasts.
4. Quality Value
5. Economical – wherever possible, get quotes from a minimum of 3 suppliers to get the best possible value. Should volume be a factor, review with other project groups needs to achieve best value.
6. Waste Management – where possible avoid waste management through proper planning and execution. Double handling goods or disposal costs can defer any savings made on

purchase.

## Purchasing Thresholds

1. A purchase order is required for ALL orders.
2. All purchases to follow the DOA process noted under the Delegation of Financial Signing Authority Policy.
3. Procurement must be project specific and budgeted for, any variance to the project budget /estimate requires responsible Director (per DOA policy) approval prior to purchase.
4. Ownership approved Return On investment (ROI) will be applicable for all Production, Support 1 and 2 rental vs purchase options per DOA Policy limits for any capital expenditure.
5. Sole source supplier accepted based on the following:
  - a. When ITP, RFP or pricing tenders have been issued and only one response received.
  - b. When specialized items are required.
  - c. When utilizing existing partnerships or items noted under contract terms where suppliers are named by owner.

## Equipment

Equipment purchases that are pre-approved in the Business Plan are triggered by equipment utilization running at minimum of 80%. The purchase of assets (\$10,000+) can only be approved through ownership with further detail to be found in Asset Management plans and policies (confidential to the Executive Team).

Outside equipment rentals are triggered by equipment utilization running at minimum of 80%. Either ownership or both Vice President and Director of Corporate Services must approve ALL outside rentals with copy to ownership.

## Subcontracts

All subcontracts

- + valued over \$750,000
- OR
- + that can effect critical path \*

---

*\* critical path is defined within the construction schedule showing start and finish durations outlining a sequence of activities that must be completed in time in order to complete a project. Any deviation or delay in critical tasks that delay the rest of the project must be reviewed through the contractual process. Any task that is identified as critical within the schedule and not one that can be shown as float must be reviewed and if applicable based on the risk one of the three choices applied for bonding. Any deviation from the bonding options will require Vice President or President written approval*

---

must be reviewed and signed off by the Risk Manager and agree to one of the three options for security preferences (reference SOP B.80 Estimating Execution Building Connected Process).

- i. Irrevocable Letter of Credit for 10% of contract value in excess of \$750,000 from a recognized financial institute naming Acres Enterprises Ltd. (ex. \$1,000,000 bid = \$25,000 LOC)
- ii. 20% Holdback agreement with the Contractor inclusive of 10% for Builders Lien plus additional 10% for performance security to be released through progressive releases on agreed milestones
- iii. Bonding rate consistent with those required through the Prime contract, at a minimum must provide rate for 50/50 Labour/Material and Performance bond. In the event the above conditions do not apply please enter \$0.00 on the bid form.”

Subcontracts above \$30,000 require a CCA contract and a PO. Subcontracts below \$30,000 require a PO only.

## Monitoring and Review

1. The Project Manager along with site supervisor is to review weekly projects expenditures and ensure forecasts are updated to fall in line with project review meetings.
2. As part of project close out, the Project Manager is to report to the Department Director variances. Any variances that will add value to future bids will be provided to the estimators as part of the project close out process.

## Surplus Material

1. All surplus materials to be documented and where possible cost and product transferred to other projects or returned.
  - a. All material stored at the Ranch will be cleaned up with disposal costs spread across previous years projects in March of each year.
2. Prior to ordering materials supervisors to review existing material stock in storage location and utilize where possible.
3. Bi-annual stock-takes on materials and meeting to review disposal etc. to ensure back-load on materials kept to a minimum.

It is the responsibility of all groups associated with projects and procurement on projects to ensure that we receive the best value for product and minimize waste.

Product alternatives and innovation will allow competitive advantages during these times to ensure Acres has provided our clients the most competitive product and we are maintaining margins on our projects.