

# Vendor Governance and Procurement Policy

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## 1. Purpose

This Policy establishes CPP Investments' requirements for the engagement of external vendors to provide goods or services to support its investment activities and global operations. The Governance Committee of the Board of Directors of CPP Investments has approved the Policy, which outlines the governance and control environment established over CPP Investments' use of vendors.

## 2. Scope

The Policy applies to all employees of CPP Investments that are involved with the procurement of goods and services on behalf of CPP Investments. The Policy covers vendor related costs across all departments and governs the entire procurement and vendor management lifecycle.

## 3. Principles

The following principles form the basis for the Policy and should be considered in its application:

**Performance Management:** We engage vendors to achieve our commercial objectives. To that end, we set appropriate performance expectations and evaluate the business value of our vendor relationships.

**Risk Management:** We contemplate and mitigate the risk of financial or reputational loss due to vendor selection and non-performance of engaged vendors.

**Cost Management:** We ensure we employ vendors in a cost-effective manner.

Judgment should be exercised in balancing the management of performance, risk and cost.

## 4. Accountabilities

The procurement and vendor management lifecycle is comprised of:



### 4.1 SOURCING

In procuring goods or services to fulfill its mandate, CPP Investments may select the vendor by way of:

- **Request for Proposal (RFP):** A formal competitive sourcing process involving market discovery and soliciting bids/proposals from multiple new or existing vendors.
- **Request for Quotation (RFQ):** A simplified competitive sourcing process involving the solicitation of fee quotes/proposals from two or more existing vendors in an efficient and timely manner.
- **Direct Sourcing:** Engaging a vendor directly where it is determined that an RFQ or RFP will not provide incremental business value or mitigate risk.

Given the time sensitivity and costs associated with a competitive sourcing process such as a RFQ or RFP, CPP Investments may use judgement to identify a limited number of known vendors who can meet business requirements and invite them to participate in the sourcing process, which may include the use of direct sourcing where appropriate.

Vendors will be qualified and selected on a reasoned basis that is not influenced by personal bias, favouritism or any conflicts of interest. Based on the type of goods or services being procured, the selection criteria should appropriately balance performance, risk and cost considerations such as: each vendor’s product quality or service expertise, timeframe for selection, universe of potential vendors, competitive pricing, past performance and procurement experience.

### 4.2 RISK MANAGEMENT

CPP Investments will perform sufficient and appropriate due diligence prior to selecting and onboarding a vendor to ensure all material risks including operational, regulatory and legal risks are mitigated in accordance with CPP Investments’ *Integrated Risk Policy*. Where appropriate, ongoing monitoring and due diligence will be performed to ensure risks are appropriately mitigated throughout the vendor relationship.

#### 4.3 CONTRACT MANAGEMENT

CPP Investments will establish written agreements with vendors for the procurement of goods and services in accordance with guidance provided by the Legal Department. The written agreement should generally include:

- A description of the goods or services to be provided (including scope, quantity and quality expectations);
- The expected time frame for completion or delivery;
- The price (including, where appropriate, fees and expenses), billing and receipt requirements; and
- Other applicable terms as appropriate to mitigate CPP Investments' risks and safeguard its assets.

#### 4.4 PERFORMANCE MANAGEMENT

CPP Investments is responsible for monitoring the on-going performance of its vendors based on risks assessed and the financial or reputational impact to its operations or investment decisions if the vendor does not meet expectations.

#### 4.5 OFFBOARDING

CPP Investments may need to off-board an existing vendor at the end of an engagement or terminate a vendor relationship before the contract expiration. The Legal Department and other subject matter specialists, as appropriate, should be engaged to ensure an appropriate off-boarding process is followed.

## 5. Monitoring & Reporting

Developing, monitoring and enforcing the Policy is the responsibility of the Chief Financial and Risk Officer (CFRO). Any material deviations, will be brought to the attention of the appropriate Committee of the Board of Directors.