

Global Sourcing Policy

Policy Name:	Global Sourcing Policy (GSO)	Policy Number:	GSO 2024-01
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***This policy as written will have certain areas that are pending system configurations however the bridge approval authority (matrix) and purchasing procedures will be implemented prior to systematic workflows.**

Basis for Policy:

EFFECTIVE Date: August 1, 2024

The primary objective of the policy is to provide consistent, simple and effective guidelines for the sourcing of goods and services by INNOVA SOLUTIONS to maximize value for money by striking an optimum balance between benefit, risk and cost.

This policy integrates sustainability principles to ensure our purchasing decisions positively impact the environment, society, and economy.

This policy sets out guidance on how purchasing commitments need to be formulated, reviewed, and approved, for more effective supplier selection and management. Compliance with this policy is required to ensure appropriate expenditure of corporate resources, and to instill a consistent and ethical procurement/sourcing of goods and services. The processes defined in this policy are intended to ensure payments are made only for authorized purchases from approved suppliers.

All our sourcing activity must comply with the following principles:

- The establishment of a clear understanding of the required sourcing process
- Streamlined engagement with the suppliers.



- Environmental Responsibility: Select products and services that reduce environmental impact, including energy-efficient and low-emission options.
- Social Responsibility: Choose suppliers that adhere to fair labour practices, respect human rights, and contribute to social well-being.
- Economic Efficiency: Consider the total cost of ownership, including long-term economic benefits, rather than just the upfront cost.

This Policy applies to all external spend for goods and services for INNOVA SOLUTIONS's Business Units.

Exclusions from this Policy:

- Commission Expenses
- Customer Related Adjustments/Reimbursements
- Customer Settlements (Legal or Otherwise)
- Taxes
- Legal Fees and Expenses
- Utilities
- Rents/Facility Leases other than what's mentioned in Policy # 701-10-30
- Expense Reimbursements
- Hiring/Compensation Related Commitments
- And all insurance expenses (Note based on regional requirements Sourcing team may be asked to assist in EHI)
- Travel & Expense (Reference Employee Travel & Expense Policy)

The following Policies guide the sourcing activities at INNOVA SOLUTIONS and must be adhered to:

- Finance Policy 2023-XX – Purchasing Financial Approval Authority
- Finance Policy 2023-XX – Real Estate Approval Authority (Pending)
- Contracts Policy 2024-XX - (Pending)
- INNOVA SOLUTIONS's Code of Conduct Policy
- Innova Sustainability Policy (2024-25)

Code of Conduct for Sourcing Activities:

- All INNOVA SOLUTIONS employees who are performing duties related to sourcing, purchasing, and procurement must adhere to this policy
- All INNOVA SOLUTIONS employees who participate in the sourcing must ensure the maintenance of full and accurate records and clear audit trails of action, decision and approval relating to the sourcing activity.
- All decisions to financially obligate INNOVA SOLUTIONS require the appropriate level of approvals defined in the Finance Policy 2023-XX Purchasing Approval Authority.
- Individuals involved in the administration or sourcing of goods and services must follow the guidelines set in the Code of Conduct section of “Conflicts of Interest” where it addresses the acceptance of remuneration or any other form of personal gain, favour, services or gifts from a supplier or potential supplier or otherwise maintain a relationship of self-interest with any supplier or potential supplier.
- Pre-existing relationships with a supplier or potential supplier must be disclosed/declared to INNOVA SOLUTIONS GSO before any sourcing activity begins. The Sourcing Department will decide if the individual should or should not participate in the decision-making process of the sourcing activity based on vetting process, including any conflicts of interests regarding employee friends and/or family members working for the supplier or potential supplier.

Compliance:

1. Exceptions to this policy may be with the written approval of INNOVA SOLUTIONS GSO
2. To the maximum extent possible under local law, any individual making an unauthorized purchase may be held personally liable for the total cost of the goods and/or services purchased and may be subject to strict disciplinary action, including termination.
3. Individuals attempting to bypass the intent of the Policy by splitting commitments to avoid the threshold limits in Finance Policy 2023-XX Purchasing Financial Approval Authority may be subject to strict disciplinary action, including termination.
4. Any individual attempting to ignore or failing to comply with stipulations of this Policy, will be in violation of the Sourcing Policy and subject to strict disciplinary action.
5. An order for goods and/or services cannot be placed without the appropriate purchasing documents. The purchasing document cannot be executed by INNOVA SOLUTIONS until all approvals have been documented in INNOVA SOLUTIONS Sourcing system.

Sourcing Engagement:

1. Stakeholders may involve in the sourcing engagements on their own up to the limit specified in the table below but strictly within the remit of the sourcing policy and procedures. For all sourcing engagements above the given threshold INNOVA SOLUTIONS's GSO is to be notified prior to initiation of all third party/supplier and sourcing and is to be actively involved in the development of all third-party purchase engagements and/or contracts. Sourcing team to decide and suggest on the **sourcing/procurement methodology** to be adopted basis the nature of requirement and the extent of the total spend.

Country/Region	Annual Currency Threshold
USA	\$ 15,000
Europe	€ 10000
Australia	\$ 5000
Singapore	\$ 5000
Malaysia	RM 5000
Taiwan	NT\$ 5000
India	₹ 150000

* **Value as specified above** shall be (Total cost of ownership)

***The table shall be updated as our footprint grows**

Competitive Bidding:

1. Competitive bidding is required in all the countries/regions for all purchases as per the value specified in the table above; at least three (3) suppliers should participate in the bidding event.
2. Procurement methodology will vary as per the nature of requirement and the value of the total procurement.
3. Exceptions to competitive bidding, but require proof is to be submitted to INNOVA SOLUTIONS Global Sourcing Office (GSO):
 - a. Proprietary items, such as software or patented products for which there is no comparable substitute.
 - b. Where three (3) alternative sources are not available within a practical distance
 - c. Items included in an executed Master Supplier Agreement
 - d. Materials or services required to respond to a business or health emergency.

Sourcing without Competition:

1. Competition between prospective suppliers is the best way to establish value for money. It reduces the risk of selecting an unsuitable supplier and avoids suggestion of improper or illegal behaviour by Innova Solutions
2. Only in very few exceptional circumstances should a significant requirement be sourced without competition. For instance:
 - 2.1 The expertise required is only available from one source. This may be due to ownership of exclusive design rights or patents but, nonetheless, the specification should be reviewed to ensure that no other product/service would meet user requirements; or
 - 2.2 The warranty on existing assets or IP issues necessitates the use of a particular supplier; or
 - 2.3 In the event of a genuine emergency
3. In all such cases where single sourcing may be needed, Sourcing must be consulted, and its advice sought and followed.
4. The person with the Delegated Authority to sign the contract must approve the decision to single source in writing, prior to giving a commitment to the supplier. Appropriate documentation should be retained.

Supplier Conformance:

1. All suppliers must conform to INNOVA SOLUTIONS's prescribed prerequisites for doing business, such as insurance certificates, compliance with the Patriot Act, sustainable sourcing, solvency and confidentiality agreements. INNOVA SOLUTIONS's Procurement and Vendor Management groups are responsible for evaluating all new vendor requests to make sure the prerequisites are met.

Preferred Suppliers:

1. Preferred suppliers will be used for all purchases in a category where such suppliers have been identified by and/or documented by GSO.
2. A supplier, who has been identified as a Preferred Supplier, will be required to have a Master Agreement in place with INNOVA SOLUTIONS.
3. Preferred supplier shall demonstrate continuous improvement in their sustainability performance.



Sustainable Procurement Guidelines

As part of our commitment to environmental stewardship and social responsibility, our procurement procedures incorporate Sustainable Procurement Guidelines. These guidelines mandate the consideration of environmental, social, and economic impacts in our purchasing decisions. We prioritize suppliers who demonstrate sustainable practices, including reducing carbon emissions, minimizing waste, promoting fair labour conditions and EDI. By integrating these principles, we aim to support a circular economy, encourage innovation, and contribute to a sustainable future. All sourcing activities must align with these guidelines to ensure that our operations reflect our dedication to sustainability and responsible sourcing.

Supplier Diversity:

1. Within the United States it has been a traditional INNOVA SOLUTIONS policy to provide maximum opportunity for the utilization of an eligible M/W/DVBE strategic supplier program. Officially established in 1989, INNOVA SOLUTIONS formalized its longstanding commitment to widespread purchasing practices to actively seek and develop qualified, woman-owned, minority-owned and disabled-veteran owned businesses.
2. INNOVA SOLUTIONS's ongoing goal is to provide a "fair-advantage" to qualified, small, minority, women, and disabled-veteran owned companies.
3. Our M/W/DVBE Program demonstrates our commitment to "Diversity in Action". This is apparent in our business relationships with applicants, employees, suppliers, subcontractors, customers and communities as one of several investments INNOVA SOLUTIONS makes to express our commitment to inclusion.

Purchase Orders (PO):

1. All purchases, except for those on the list below, will need to have a Purchase Order issued to an approved supplier and a purchasing agreement unless otherwise authorized by GSO.
 - a. Procurement-Card – non-IT/SW related transactions below \$15K but will still need advance Business VP and Finance Approval.
 - b. Drug and Background Fees
 - c. VMS Fees
 - d. MSP Fees
 - e. INNOVA SOLUTIONS's online ordering portals with preferred providers, i.e. Office Supplies and promotional products, under specified threshold of \$15K
 - f. Associate Vendors



2. A Purchase Order can only be created by a representative from INNOVA SOLUTIONS GSO, or an agreed upon designate within the AP Department, as necessary.
3. INNOVA SOLUTIONS's standard purchase order ("PO") form satisfies the basic contractual requirements for INNOVA SOLUTIONS's purchase of most goods or services. The PO can be used as either a standalone document or in conjunction with a negotiated agreement such as a Master Purchasing Agreement, Services Agreement, or the Master Corporate Services Agreement. The PO can also be issued with a statement of work, or deal specific document setting out expectations, milestones, specifications, special warranties, and other variable terms.
4. The PO consists of two pages: 1) a first page which contains specific order information (i.e., price, quantity, product IDs, service description, delivery information) along with additional business terms which can include cross references to other relevant documents; and 2) a second page that contains essential terms and conditions. Both pages need to be used in a purchasing transaction.

New Vendor Request:

1. New vendor(s)/supplier(s) are to be evaluated prior to being added to the INNOVA SOLUTIONS Sourcing System.
2. All vendors being considered for inclusion into the INNOVA SOLUTIONS Sourcing System must complete the "Supplier Qualification Profile Form". The completed form is to be submitted to Vendor Management and Sourcing team for review.
3. Only **Vendor Management (Shared Services)** and Sourcing team are authorized to approve a vendor into the INNOVA SOLUTIONS Procurement System.

END of Policy: