

Procurement Policy

POLICY #FRA-02-01

FINAL

1. PURPOSE

The purpose of this policy (the “Procurement Policy”) is to:

- (a) ensure that Goods, Services and/or Consulting Services are acquired by OLG in the most economical and efficient manner through a process that is fair, open, transparent, responsibly and effectively managed, geographically neutral and accessible to qualified vendors, subject only to those allowable exceptions and exclusions to competitive procurement as outlined in Appendix A of OLG’s Procurement Requirements and Procedures document (the “Procurement Procedures”);
- (b) achieve value for money;
- (c) specify the responsibilities of OLG employees and business units involved in the Procurement process; and
- (d) ensure that OLG complies with its obligations under applicable statutes and regulations, applicable trade agreements, applicable government directives, and internal governance requirements outlined in Appendix A of this Procurement Policy.

The Procurement Procedures set out additional specific requirements to ensure consistency in the management of Procurement processes and decisions.

2. APPLICATION AND SCOPE

This Procurement Policy applies to the Procurement of all Goods, Services and Consulting Services by OLG, subject to the following exemptions:

- (a) the retention of outside legal services;
- (b) the acquisition, including purchase or lease, of real property¹;
- (c) non-legally binding agreements (for example, Memoranda of Understanding); and
- (d) agreements whereby OLG provides any form of assistance, including grants, loans, equity infusions and guarantees.

3. GOVERNANCE

Acquisitions of Goods, Services and Consulting Services by OLG are governed by legislation, regulations, applicable government directives and internal governance requirements. The Government of Ontario is a

¹ The exemption does not include the Procurement of real estate services, such as real estate brokerage services or services related to conducting due diligence in relation to real property, which are covered by this Procurement Policy.

party to certain domestic and international trade agreements for which OLG is considered a covered entity (the “Trade Agreements”). Where applicable, OLG must also conduct its Procurements in a manner which adheres to the Trade Agreements. Applicability of the requirements under the Trade Agreements to specific Procurements are determined by their prescribed threshold amounts of Procurement Value as set out in the Procurement Procedures.

Refer to Appendix A of this Procurement Policy for a listing of applicable legislation, regulations, applicable government directives and Trade Agreements, which may be amended from time to time.

4. GUIDING PRINCIPLES

Procurement activities are to be undertaken in accordance with the following guiding principles:

- (a) **Vendor Access, Transparency, and Fairness.** Access for qualified vendors to compete for OLG business must be open and the Procurement process must be conducted in a fair and transparent manner providing equal treatment to vendors;
- (b) **No Conflict of Interest.** Conflict of interest, both real and perceived, must be avoided during the Procurement process and the ensuing Agreement. Any actual, perceived or potential conflicts of interest by OLG employees or the Board, must be declared and dealt with in accordance with OLG’s Code of Business Conduct and Conflict of Interest Rules. Vendors have an ongoing obligation to disclose actual, perceived or potential conflicts of interest that may arise over the course of a Procurement or term of an Agreement and must comply with any mitigation measures required by OLG. Failure to disclose and/or comply may result in disqualification of a vendor from a Procurement process. Relationships that result in continuous reliance on a particular vendor for a particular kind of work are not to be created;
- (c) **Responsible Management.** The Procurement of Goods, Services and Consulting Services must be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes, and procedures;
- (d) **Geographic Neutrality and Reciprocal Non-Discrimination.** OLG is subject to Trade Agreements outlined in Appendix A to this Procurement Policy and must ensure that access for suppliers to compete for business is geographically neutral with respect to other jurisdictions that practice reciprocal non-discrimination with Ontario²;
- (e) **Protection of Personal and Sensitive Information.** Any collection, use, storage and disclosure of personal or other confidential information contemplated in a Procurement process or a subsequent contractual arrangement must comply with applicable privacy legislation; and
- (f) **Value for Money.** Goods, Services and Consulting Services must be procured in an effective, efficient, economical and ethical manner in consideration of OLG business requirements, alternatives, timing, supply strategy, and Procurement method.

² Under the CFTA only, OLG may accord a preference for Canadian value-add or may limit tendering to Canadian Goods, Services or vendors in accordance with the requirements of the CFTA. The preference for Canadian value-added means the premium (not greater than 10 percent), that may be awarded by OLG in the scoring of submissions for Canadian value-add, not the required level of Canadian content.

5. GENERAL REQUIREMENTS

General requirements for all Procurements are listed below. For more specific requirements and procedural requirements, refer to OLG's Procurement Procedures.

1. OLG Business Units must undertake Procurement planning activities in consultation with Enterprise Procurement in order to:
 - (a) identify and prioritize the Goods, Services and/or Consulting Services required to meet OLG's business needs; and
 - (b) identify opportunities to achieve process and scale efficiencies across the organization pertaining to the acquisition of Goods, Services and/or Consulting Services.
2. All information technology (software, hardware and related services) acquisitions must adhere to OLG's Information Technology Standards when selecting, procuring or implementing information technology infrastructure, technology or related services.
3. Business Units, in consultation with Enterprise Procurement, must determine the Procurement Value of each Procurement covered by this Procurement Policy and the Procurement Procedures in order to determine the recommended Procurement methods and obtain the appropriate level of procurement approval authority as set out in Section 2 of Appendix A of the Procurement Procedures. The value of a Procurement must not be reduced in an attempt to avoid the application of other requirements of the Procurement Policy, including requirements related to Procurement method, level of procurement approval authority or reporting obligations.
4. Follow-On Agreements and non-competitive contract extensions or renewals must comply with this Procurement Policy and the Procurement Procedures.
5. Business Units must obtain all necessary approvals prior to commencing a Procurement, including but not limited to: Executive Leadership, Board of Directors or the appropriate levels of Government approvals, where required.
6. In determining how a Procurement will be carried out, all applicable sources of supply available to OLG should be considered, including internal OLG resources. Where it has been determined that internal OLG resources are not available to fulfill the business requirement, potential sources of supply to fulfill a Procurement are as follows:
 - (a) competitive Procurement process;
 - (b) non-competitive Procurement process (including: single source, sole source or limited tendering process) only where one of the allowable exceptions set out in Section 2 of Appendix B of the Procurement Procedures applies;
 - (c) through a Mandatory Central Common Service (e.g., Advertising, Public and Media Relations, and Creative Communication Services);
 - (d) VOR Arrangements established by OLG;
 - (e) applicable Provincial VOR Arrangements and Volume Licensing Agreements (VLAs) as established

by the Ministry of Government and Consumer Services (MGCS);

- (f) other collaborative government purchasing vehicles for which OLG is an eligible purchaser; and
- (g) participation with the Provincial Government, specific government agencies, other applicable public entities or other jurisdictional lottery organizations in co-operative purchasing arrangements where it is economically advantageous to do so.

Refer to the Procurement Procedures for additional details regarding these Procurement methods.

7. If the value of a Procurement increases (a “Procurement Value Increase”), the Business Unit must ensure it has obtained the appropriate procurement approval authority and has used the appropriate Procurement method as set out in Section 2 of Appendix A of the Procurement Procedures.
8. Following the Procurement process, the responsibilities of both OLG and the successful vendor must be formally defined in a signed written Contract before the provision of Goods, Services and/or Consulting Services begins.
9. Where applicable, OLG must conduct its Procurements in a prescribed manner in accordance with the procedural obligations set out in the government procurement chapters and annexes of the associated Trade Agreements where the Procurement is deemed a Covered Procurement.
10. Where applicable, OLG promotes Indigenous economic development by increasing contracting opportunities for businesses owned by First Nation, Metis and Inuit people. The Trade Agreements contain provisions that exclude Procurements in respect of Indigenous peoples from the obligations set out in the respective chapter on government procurement.
11. OLG shall not engage in any practice that undermines or is inconsistent with this Procurement Policy, the Procurement Requirements or Procedures or the requirements under the Trade Agreements.

6. DISPUTE RESOLUTION

OLG has a procurement dispute process to respond to complaints from vendors participating in an OLG procurement process. This procurement dispute process ensures that procurement complaints are addressed and resolved quickly and efficiently. Further information about the dispute resolution process and submitting a claim form can be found at: <https://about.olg.ca/working-with-us/procurement/>.

7. ROLES AND RESPONSIBILITIES

ROLE	RESPONSIBILITIES
Employees	<ul style="list-style-type: none"> ▪ Read, understand, and adhere to the Procurement Policy when engaged in a Procurement. ▪ Where applicable and advised by Enterprise Procurement, participate in any related procurement process training when engaged in in the Procurement. ▪ Ensure that they are fully aware of their obligations and adherence to the OLG Code of Business Conduct and the OLG Conflict of Interest Rules as it specifically relates to the Procurement process, and disclose any actual, perceived or potential conflict of interest to Procurement. Conflicts of interest that cannot be managed or mitigated may result in the removal of an individual from any further involvement in the applicable Procurement process. ▪ Ensure complete confidentiality and maintain the Corporation's integrity with respect to the applicable Procurement process.
Line of Business	<p>Engaging Enterprise Procurement early in the Procurement process to allow adequate time to:</p> <ul style="list-style-type: none"> ○ determine the most appropriate source of supply and Procurement method; and ○ conduct and complete the required Procurement process, including competitive and non-competitive Procurements. <p>Engaging Enterprise Procurement to commence Procurement processes before any party either enters into any discussion or negotiations with any vendors or any work begins or any Agreement is executed.</p> <ul style="list-style-type: none"> ▪ Developing and approving business requirements, deliverables and evaluation criteria for Procurements. ▪ Providing sufficient and knowledgeable resources to participate in the execution of Procurements. ▪ Considering and incorporating any subject matter expert's recommendations/advice in the development of Procurements and Agreements. ▪ Preparing business cases at minimum for non-competitive Procurements. Business cases for competitive Procurements may also be required. ▪ Prior to undertaking any Procurement of Goods, Services and/or Consulting Services that may result in the collection, storage, transmission and/or release of personal or sensitive information, Business Units must conduct a risk assessment that includes a privacy impact assessment and threat risk assessment. ▪ Obtaining all necessary approvals for Procurement-related activities from OLG's Executive Leadership, OLG's Board of Directors, and the appropriate levels of government. ▪ Managing Contracts within their Business Unit to ensure contractual obligations are met and payments are made appropriately based on Goods, Services and/or Consulting Services received. ▪ Determining the Procurement Value of specific individual Procurements in accordance with the Trade Agreements

Legal Services	<ul style="list-style-type: none"> ▪ Preparing and/or reviewing Contracts when engaged by Enterprise Procurement, including any required amendments. ▪ Participating in Contract negotiations (particularly for complex and/or high value transactions) when engaged by Enterprise Procurement. ▪ Reviewing and/or assisting with the preparation of Procurement documents when engaged by Enterprise Procurement. ▪ Providing legal advice and guidance in connection with Procurements and Contract management activities, as appropriate, including the identification of legal risks and potential mitigations ▪ Providing legal advice regarding the Procurement Policy and Procurement Procedures. ▪ Preparation of Procurement and Contract template documents and conducting training for Enterprise Procurement.
Enterprise Procurement	<ul style="list-style-type: none"> ▪ Reviewing and maintaining the Procurement Policy and Procurement Procedures. ▪ Recommending procurement approval authority levels as set out in Section 2 of Appendix A of the Procurement Procedures. ▪ Providing communication, advice, guidance and training to the Business Units on the application of the Procurement Policy and the Procurement Procedures. ▪ Ongoing monitoring and reporting of Procurement compliance. ▪ Operating and managing Procurement systems including electronic tendering. ▪ Conducting all Procurements covered by this Procurement Policy. ▪ Developing co-operative purchasing plans with other public bodies. ▪ Engaging internal stakeholders and subject matter experts including OLG Corporate Compliance, Legal Services, Risk Management, IT, Finance and New Initiative Compliance Engagement (NICE) team to provide advice, guidance and assistance with Procurements, as needed. ▪ Providing oversight and supporting the development of periodic and ongoing Procurement planning with Business Units. ▪ Leading strategic sourcing initiatives throughout the Procurement lifecycle. ▪ Determining appropriate Procurement methods. ▪ Releasing and managing competitive Procurement documents. ▪ Establishing and managing a process to permit exceptions to the requirement to conduct a competitive process as approved in accordance with the Procurement Procedures. ▪ Confirming appropriate approvals are obtained for Procurements. ▪ Managing the retention of Procurement-related records.

POLICY OWNER

Vice President, Enterprise Procurement

POLICY APPROVAL

Approver	Date
Pinder Basi, Chief Financial & Risk Officer	March 27, 2024
Executive Leadership Team	May 31, 2022

REVISION / REVIEW HISTORY

Revision / Review Date	Updated By	Summary of Revision / Review
April 1, 2024	Enterprise Procurement	<ul style="list-style-type: none">Amended to include applicability of: (i) Fighting Against Forced Labour and Child Labour in Supply Chains Act; and (ii) Building Ontario Businesses Initiative Act
September 1, 2023	Enterprise Procurement	<ul style="list-style-type: none">Alignment with revised OPS Procurement Directive
June 1, 2022	Policy Services	<ul style="list-style-type: none">Supersedes Corporate Procurement Policy #CP-02-03-015

APPENDIX A: LEGISLATION, REGULATIONS, DIRECTIVES, TRADE AGREEMENTS AND INTERNAL GOVERNANCE DOCUMENTS

Legislation, Regulations, Directives and Internal Governance Documents:

- (a) the Memorandum of Understanding between the Minister of Finance and OLG;
- (b) Section 3 and Section 8 of the *Ontario Public Service (OPS) Procurement Directive* (December 2014), as issued by Management Board of Cabinet and amended from time to time (the “Procurement Directive”);³
- (c) the *Procurement Directive on Advertising, Public and Media Relations, and Creative Communications Services* (July 2009), as issued by Management Board of Cabinet and amended from time to time (the “Advertising Directive”);⁴
- (d) the *Supply Chain Management Act* (Government, Broader Public Sector and Health Sector Entities), 2019.
- (e) OLG operates in accordance with applicable laws, including the *Gaming Control Act*, 1992 and the *Ontario Lottery and Gaming Corporation Act*, 1999.
- (f) *Accessibility for Ontarians with Disabilities Act* (AODA), 2005, S.O. 2005 c.11 as amended
- (g) *Financial Administration Act*, R.S.O 1990 c.F.12 as amended
- (h) *Freedom of Information and Protection of Privacy Act*, R.S.O 1990 c. F.31 as amended
- (i) *French Languages Services Act*, R.S.O 1990 c.F.32 as amended
- (j) *Public Service of Ontario Act* (PSOA), 2006, S.O. 2006, c.35 Sched. A as amended
- (k) *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 as amended
- (l) *Building Ontario Businesses Initiative Act*, 2022, as amended

³ For greater clarity, OLG is classified as an “Operational Enterprise” under the Province of Ontario Agency Establishment and Accountability Directive and is included as an “Other Included Entity” for the purposes of the Procurement Directive. As an “Other Included Entity”, OLG obligations under Section 3 and Section 8 of the Procurement Directive apply in respect of Procurement of all Goods, Services and Consulting Services, except for Advertising, Public and Media Relations and Creative Communications Services, which are covered by the Advertising Directive.

⁴ In respect of advertising, public and media relations and creative communications Services.

Trade Agreements:

Trade Agreements for which OLG is considered a covered entity include:

- (a) the Canadian Free Trade Agreement (the “CFTA”), of which OLG is subject to Chapter 5 of the CFTA and is categorized as “Crown corporations, government enterprises, and other entities that are owned or controlled by a Party through ownership interests” for covered Procurements outlined in Article 504(3)(c).
- (b) the Ontario-Quebec Trade and Cooperation Agreement (the “OQTCA”), a comprehensive bi-lateral agreement with the Province of Quebec, of which OLG is subject to Chapter 9 of the OQTCA and is categorized as “entities of a commercial or industrial nature and energy entities” for covered Procurements outlined in Annex 9.1.
- (c) the Canada-European Union (EU) Comprehensive Economic and Trade Agreement (the “CETA”), of which OLG is subject to Chapter 19 of the CETA and is categorized as “provincial and municipal government-owned entities of a commercial or industrial nature” for covered Procurements outlined in Section A of Annex 19.3 of CETA.
- (d) Canada-UK Trade Continuity Agreement (the “Canada-UK TCA”), of which OLG is subject to Chapter 19 of the Canada-UK TCA and is categorized as “provincial and municipal government-owned entities of a commercial or industrial nature” for covered Procurements.
- (e) the Agreement on Labor Mobility and Recognition of Qualifications, Skills and Work Experience in the Construction Industry (2006) between the Government of Ontario and the Government du Québec, as amended from time to time.

APPENDIX B: DEFINITIONS

Agreement or Contract: means the formal written legal agreement/contract for Goods, Services and/or Consulting Services that is entered into with a vendor, at the conclusion of a Procurement process or otherwise, including any schedules and extracts from a bid or proposal that are incorporated therein, as applicable.

Business Unit: means an OLG division or department with a purchasing requirement for Goods, Services and/or Consulting Services.

Covered Procurement: means a Procurement which meets or exceeds the thresholds of the Trade Agreements and therefore is subject to the procurement obligations as set out in the Trade Agreements.

Central Common Service: means those services available to be provided by one ministry or agency to all other ministries and agencies that have been designated by the Ministry of Government and Consumer Services as Central Common Services.

Consulting Services: means the provision of expertise or strategic advice that is presented for consideration and decision-making, such as:

- (a) management consulting (e.g., helping OLG improve its performance, primarily through the analysis of existing problems and development of plans for improvement. This includes organizational change management assistance and strategy development);
- (b) information technology consulting (e.g., advisory services that help clients assess different technology strategies, including aligning their technology strategy with their business or process strategy);
- (c) technical consulting (e.g., activities related to actuarial science, appraisal, community planning, health sciences, interior design, realty, security, social sciences);
- (d) research and development (e.g., investigative study for the purpose of increasing the available store of knowledge and/or information on a particular subject);
- (e) policy consulting (e.g., the provision of advisory services to provide policy options, analysis and evaluation); and
- (f) communication consulting (e.g., the provision of strategy and advice in conveying information through various channels and media).

For greater clarity, Consulting Services does not include:

- (a) services in which the physical component of an activity would predominate, for example, services for the operation and maintenance of a facility or plant, surveying, temporary help services, training/education instructors, employee/placement, or auditing services; or
- (b) licensed professional services provided by medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries in their regulated capacities.

Follow-On Agreement: means

- (a) an extension or renewal of an Agreement that is entered into following a Procurement process conducted in compliance with this Procurement Policy, provided that the original Procurement process set out the terms and conditions of the extension or renewal, including the number of renewal terms and the conditions for exercise of such renewal terms; or

- (b) an amendment to an Agreement that is entered into following a Procurement process conducted in compliance with this Procurement Policy to add additional goods and/or services, provided that such goods and/or services were included in the scope of goods and/or services set out in the Procurement process.

Goods: means, in relation to procurement, moveable property (including the costs of installing, operating, maintaining or manufacturing such moveable property) and includes raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form, unless they are procured as part of a general construction Agreements.

Procurement: means any contractual or commercial arrangement involving the acquisition of Goods, Services and/or Consulting Services through purchase, rental, lease or conditional sale; or where a value or benefit has been conferred by OLG to a successful vendor in exchange for Goods, Services and/or Consulting Services or revenue to OLG.

Procurement Directive: is defined in clause (b) of the Legislation, Regulations, Directives section to Appendix A of this Procurement Policy.

Procurement Policy: is defined in Section 1 of this policy.

Procurement Procedures: is defined in Section 1(a) of this Procurement Policy.

Procurement Value: is defined in Section 2.2 of the Procurement Procedures.

Services: means, in relation to procurement, the provision of all services other than Consulting Services or services procured as part of a general construction Agreements.

Trade Agreements: is defined in Section 3 of this Procurement Policy.

Vendor of Record (VOR) Arrangements: is a procurement arrangement that authorizes one or more qualified vendors to provide Goods, Services and/or Consulting Services, for a defined period of time, on terms and conditions, including pricing, as set out in the resulting VOR Agreement.