

1. OBJECT INSTRUCTION	2. NUMBER APP-16-26
POLICY- RESPONSIBLE PROCUREMENT	3. DEPARTMENT PROCUREMENT

1. OUR VISION, OUR COMMITMENT

General Dynamics Ordnance and Tactical Systems-Canada inc. is committed to environmental preservation and responsible practices in its procurement policy. Responsible procurement is a procurement method which incorporates environmental criteria in the purchase of goods and services process in order to reduce impacts on the environment. General Dynamics-OTS Canada is committed to improving its procurement practices and raising awareness among its suppliers and employees about responsible procurement with the goal of having them consider various aspects other than price. General Dynamics-OTS Canada wants to ensure that purchases of goods and services achieve its sustainable purchasing objectives.

General Dynamics-OTS Canada is committed to responsible procurement best practices and encourages its suppliers to respect the environment, particularly by implementing a recognized environmental standard and implementing measures to reduce the environmental footprint of their products and services throughout their lifecycle.

2. SCOPE

This policy is primarily an exercise in responsible procurement, promoting local purchasing and respecting the 4 Rs (Reduce, Reuse, Recycle and Recover).

- Preserving local jobs, businesses and suppliers
- Creating a local and regional network promoting diversity, vitality and momentum in the area
- Reducing transportation, greenhouse gases, overpackaging and final waste
- Preserving natural environments and biodiversity
- Contributing to a quality environment preserving health and safety

Responsible procurement is closely related to the disposal of residual matter and involves respecting the 4 Rs. Therefore, this action will lead us to question ourselves about:

- The nature and origin of the product (recycled material, used product, etc.).
- The post-purchase disposal of goods, waste, packaging, etc.
- The recurrence of purchases
- The sustainability of the product, response to the needs, recovery and reuse, etc.
- The recovery of certain products by suppliers (e.g., ink cartridges)

5. REVISION 00	6. PAGE 1 de 8
------------------------------	------------------------------

1. OBJECT INSTRUCTION POLICY- RESPONSIBLE PROCUREMENT	2. NUMBER APP-16-26
	3. DEPARTMENT PROCUREMENT

Therefore, it is important that this policy be applied in conjunction with the internal waste management policy, in cooperation with persons responsible of its enforcement.

3. APPROVAL		
Signature: <u><i>Frédéric Beaudry</i></u> Title: Supply chain Director STA	Signature: <u><i>U. P. Hill</i></u> Title: Environment Coord.	Issued by: <u><i>Y. J. R.</i></u> Title: Dir. Purchasing & integrated business planning
Signature: <u><i>J. Lesage</i></u> Title: Operation support Dir.	Signature: <u><i>de Paul</i></u> Title: Purchasing Senior Manager	Authorization: <u><i>Y. J. R.</i></u> Title: Dir. Purchasing & integrated business planning

Objectives

1. Observe basic procurement principles:
 - Access, competitiveness and equity for suppliers
 - Compliance with legal requirements
 - Observe internal procurement policies and contract management policies, which take precedence over this policy

2. Prioritize, as possible, responsible procurement:
 - By purchasing locally, or otherwise purchasing products and materials manufactured in Quebec or from a Quebec company
 - By purchasing from local or regional suppliers
 - By purchasing from responsible suppliers while using quality and cost criteria, but also environmental and social criteria
 - By purchasing eco-friendly products and services, minimizing social and environmental impacts

3. By creating a list of criteria and tools to guide the decision-making process

4. By informing and raising awareness among employees and suppliers regarding responsible procurement

5. REVISION 00	6. PAGE 2 de 8
------------------------------	------------------------------

1. OBJECT INSTRUCTION	2. NUMBER APP-16-26
POLICY- RESPONSIBLE PROCUREMENT	3. DEPARTMENT PROCUREMENT

4. TASKS AND RESPONSIBILITIES

4.1 Application and enforcement

4.1.1 Application Manager

Unless otherwise indicated, the procurement manager is authorized to enforce this policy, supported by the Department Manager – Procurement. This person may also work with any other member of the procurement team to operationalize it on a daily basis. This person, as well as all other managers, will be responsible for:

- Ensuring the application and monitoring of the responsible procurement policy and its annual action plan
- Informing, raising awareness, training, and assisting employees and various departments
- Ensuring that employees (and requesting parties) comply with the policy
- Ensuring that suppliers are familiar with the policy and promote their use of the policy
- Seeking suppliers and partners and defining new agreements based on the new principles emerging from the policy
- Evaluating purchases based on need, criteria defined in this policy and applicable laws and regulations, including any required research for decision-making (information on the product or the supplier, market conditions, price comparison, etc.).
- Managing annual purchases and orders
- Ensuring the application of equitable procurement principles as well as fair treatment of suppliers
- In collaboration with the environmental coordinator, disposing of residual waste and obsolete or surplus materials in accordance with responsible waste management practices and the laws and regulations, in keeping with our environmental policy

All employees are also responsible for being familiar with this policy and applying this policy in their respective activities. However, employees must not make purchases without the consent of the person authorized to approve expenses as indicated in the delegation of authority matrix in effect OTS-SP-450.

5. REVISION 00	6. PAGE 3 de 8
------------------------------	------------------------------

1. OBJECT INSTRUCTION	2. NUMBER APP-16-26
POLICY- RESPONSIBLE PROCUREMENT	3. DEPARTMENT PROCUREMENT

4.2 Scope of application

Under the criteria and limitations specified herein, this policy applies to all contracts, purchase of goods, professional or technical services or work. Therefore, it does not apply to “direct” purchases of products. The sectors primarily impacted by this policy are:

PRODUCT

- Purchase of vehicles
- Packaging, paper, water, display and communication products
- Housekeeping products
- Laundry products
- Mechanical components for vehicles
- Laboratory supplies
- Uniforms
- Equipment, machines, if applicable

SERVICES

- Snow removal services
- Landscaping (perennials preferred) and lawn mowing (fertilizing, composting)
- Housekeeping
- Recovery and recycling services
- Catering services

4.3 Factors to consider in responsible procurement

Determining the need is crucial to the purchase decision. It helps ensure that the product or service clearly responds to the need and, therefore, prevents overuse. To this end, certain criteria should be considered, particularly:

- Expected function(s)
- Available space or expected location

5. REVISION 00	6. PAGE 4 de 8
------------------------------	------------------------------

1. OBJECT INSTRUCTION	2. NUMBER APP-16-26
POLICY- RESPONSIBLE PROCUREMENT	3. DEPARTMENT PROCUREMENT

- Number of users
- Type of users
- Frequency of use
- Duration of use (temporary or permanent)
- Available short- and long-term budget

Answers to these various questions help guide the decision and direct it toward responsible solutions, for example:

- Reducing the additional production of residual waste (right-sized products, reduction of surplus or waste, etc.)
- Choosing a product suitable for the wear expected so as to reduce replacement frequency or increase the possibility of reuse
- Choosing used, rented or recycled products rather than new products
- Choosing a multi-purpose, adjustable single product, or one that is recoverable for other purposes rather than purchasing several different products
- Choosing products that are easy to use and accessible to all employees
- Etc.

See Appendix 1 for a list of possible questions from requesting parties and/or purchasers.

4.4 Assessing suppliers for sustainable procurement

To this end, qualification of suppliers involves the evaluation of the following:

- Suppliers with environmental or sustainable certification, such as ISO 14001, LEED, BOMA or BCORP
- Suppliers with a company environmental policy
- Suppliers taking action to reduce greenhouse gas emissions
- Suppliers working to reduce the use of resources and their environmental footprint by reducing usage of water, energy and hazardous materials and the amount of waste generated
- Suppliers with a sustainable procurement policy
- Suppliers promoting eco-friendly packaging and transportation

5. REVISION 00	6. PAGE 5 de 8
------------------------------	------------------------------

1. OBJECT INSTRUCTION POLICY- RESPONSIBLE PROCUREMENT	2. NUMBER APP-16-26
	3. DEPARTMENT PROCUREMENT

Each supplier is then assigned a responsible procurement rating, which will then be taken into account for purchase decisions of good and services. See form **APP-16-26F01** for the internal form.

4.5 Assessing calls for tender within the context of the sustainable procurement policy

There are two aspects to consider in responsible procurement: the product aspect and the supplier aspect.

The “product” aspect (or approach) first evaluates the goods or services sought. Social and environmental impacts are minimized throughout the lifecycle of the product or the production of the goods or services. These elements are reviewed using the list of questions that the requesting party or buyer should ask themselves before committing to the purchase of a product.

The “supplier” aspect aims to identify and support companies concerned about the environment and adopting a social and responsible process. To do so, a supplier evaluation is completed using an evaluation matrix. Then, after evaluation of various bids, suppliers with a higher score on the environmental and social aspects benefit from an advantage based on defined evaluation criteria. See forms **APP-16-26F01** and **APP-16-26F02** for evaluation matrices based on the type of purchase and a sample calculation to select a successful bidder.

5. REFERENCES

N/A

6. LIST OF FORMS AND GUIDES

APP-16-26F01	Internal supplier evaluation form
APP-16-26F02	Supplier evaluation grid- sustainable procurement

7. LIST OF APPENDICES

<u>Titles</u>	<u>Appendices</u>
Factors to consider in responsible procurement	Appendix 1

5. REVISION 00	6. PAGE 6 de 8
------------------------------	------------------------------

1. OBJECT INSTRUCTION	2. NUMBER APP-16-26
POLICY- RESPONSIBLE PROCUREMENT	3. DEPARTMENT PROCUREMENT

FACTORS TO CONSIDER IN RESPONSIBLE PROCUREMENT**APPENDIX 1**

1. Have I reviewed the need for goods or services?
2. Do the goods or services identified meet my actual needs or have I selected the highest-performing goods or services?
3. Is the product being used to its maximum capacity?
4. Can the purchase of a product be replaced by a service or rental?
5. Have I properly estimated the quantity I need to avoid wasting resources?
6. Are the goods or services multi-purpose to meet several needs at once and prevent several different purchases?
7. Do the goods contain harmful chemicals (e.g., volatile organic compounds – VOC) and is there a less risky solution for the health and safety of users or the population?
8. Is there a product that uses less resources (water, energy, etc.)?
9. Is there a product that generates less noise or heat?
10. Are the goods at risk of being associated with controversies related to working conditions on the production line? (i.e., textile plants in Bangladesh, minerals from conflict zones)?
11. Does the raw material used to manufacture the product come from renewable (wood, Hevea wood, bamboo, etc.) or non-renewable (plastic made from petroleum, etc.) resources?
12. Have I confirmed that the renewable resource used is not from areas of deforestation, overcutting, or expropriation?
13. Do the manufacturing processes limit greenhouse gas emissions?
14. Do the manufacturing processes limit emissions of pollutants into the water, air or soil?
15. Has transportation been optimized to reduce the number of deliveries and the associated environmental impacts?
16. Is the product easily reusable or recyclable at end of life?
17. Is the packaging reusable or recyclable?
18. Is the packaging recovered by the supplier?
19. Does the product comply with municipal, provincial and national regulations?
20. Is there an eco-friendly or socially responsible alternative on the market?
21. Is the eco-friendly product of equal or better quality than the conventional product?
22. Is the eco-friendly alternative available in sufficient quantities?
23. Is the eco-friendly product more expensive than the conventional product? If so, can I use less of it, group certain needs or increase its useful life?
24. Is the eco-friendly product available from several suppliers or manufacturers?
25. Is there a used product for the purpose or quality sought? (i.e., restored second-hand furniture)
26. Is the product available with recycled contents? (i.e., paper made from 100% recycled fibers)
27. Is the packaging made from recycled materials?
28. Has the product undergone a lifecycle analysis? If so, is it ISO 14040 compliant?

5. REVISION 00	6. PAGE 7 de 8
------------------------------	------------------------------

1. OBJECT INSTRUCTION POLICY- RESPONSIBLE PROCUREMENT	2. NUMBER APP-16-26 3. DEPARTMENT PROCUREMENT
---	--

29. Does the product have an environmental certification? (i.e., Ecologo, Greenseal, FSC, Energy Star, EcoCert – see certifications guide)
30. Does the product have a social certification? (i.e., EcoCert, Fair trade – see certifications guide)
31. What is the useful life of the product recommended?
32. Have I considered the costs of storage, maintenance and use of resources for the entire useful life of the product?
33. Have I considered the transportation costs at the time of the purchase, distribution or disposal of the product?
34. Have I considered the disposal fees (donation, reuse, recycling, landfilling)?
35. Are these costs significant relative to the amount of the purchase?
36. Can these costs be estimated for various alternatives for comparison purposes before purchase?

5. REVISION 00	6. PAGE 8 de 8
------------------------------	------------------------------