



## **Belt Railway Company of Chicago Policies & Procedures**

**POLICY No:** 16

**POLICY:** Procurement / Purchasing

**Effective:** April 1, 2010

**Revised:** February 9, 2026, December 1, 2022; January 1, 2014; October 1, 2010

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### **PROCUREMENT/PURCHASING POLICY**

#### **SCOPE**

This Policy applies to all employees of Belt Railway Company of Chicago ("BRC"). It applies to the procurement of all materials and services, with different procedures applicable to procurements with annual different annual values.

#### **AUDIT & OVERSIGHT**

Corporate Officers may periodically review compliance with this Policy, including random or targeted review of specific transactions.

#### **VIOLATION OF POLICY**

Violation of this Policy may result in any and all appropriate remedial and/or disciplinary actions, up to and including termination of employment.

#### **PURPOSE & OBJECTIVE**

BRC's Procurement Policy establishes requirements for BRC purchasing and payment of materials and services. The objective of the Procurement Policy is to develop and manage a competitive & stable supply base to support all of the BRC departments with best-in-class quality, total cost, and delivery.

Purchasing goods and services for BRC must be conducted in a competitive environment to ensure that prices paid are fair & reasonable and applied equally to both BRC departments and its business partners. Purchasing activities include obligations for proper transaction documentation, fiscal responsibility, ethical behavior, adherence to applicable laws and regulations, and compliance with other BRC policies.

Procurement provides support to the BRC in the selection, acquisition, use and disposal of goods and services by:

- Maximizing purchasing power by focusing on strategic sourcing and obtaining the best value.
- Leveraging its expertise in contract negotiations and supplier management.
- Streamlining processes and investing in new technologies to provide administrative efficiencies.
- Ensuring that purchases are made in accordance with all applicable BRC policies, and all applicable laws, regulations, codes, and ordinances.
- Minimizing risk exposure while maintaining flexibility in procurement activity.

## **AUTHORITY**

BRC Department Heads are responsible for governing the procurement process, for documenting/saving procurement records in Belt Apps, and for overseeing all procurement activities within their respective departments at the BRC.

## **POLICY REQUIREMENTS**

**ALL** proposed procurements and purchases that may impact the operations of other Departments require an inter-Department meeting prior to the purchase. This requirement applies to all purchases, regardless of the cost.

- **Example:** The Mechanical Department intends to replace a 10W compressor with a 50W compressor. The Mechanical Department must meet with the Communications Department regarding the effect of operating a larger compressor on BRC facilities.

### **Procurements with annual value of \$25,000 or more**

For any purchase or contract valued at \$25,000 or more, the requesting Department must obtain competitive bids and select the contractor based on the following criteria:

- Overall Value: Consider total cost, quality of goods or services, and long-term benefits.
- Vendor Reputation: Evaluate reliability, past performance, and references if available.
- Industry Expertise: Assess the vendor's knowledge and experience within the railroad industry.
- Procurements with annual value of \$25,000 or more may not be made by a non-management employee, even if that non-management employee has access to a Procurement Card ("P-Card").

### **Competitive Bid Process**

Competitive bidding is the process that allows the BRC to properly survey the marketplace and secure goods and services at fair and reasonable prices. The BRC requires that all comprehensive transactions, estimated to value \$25,000 or more annually, be competitively bid, if the desired goods and services cannot be obtained from a current provider that underwent the competitive bid process within the last two (2) years of the date of procurement. There is no minimum number of

bids required. The number of bids should be reasonable and proportionate to the complexity and specialization of the purchase. Highly specialized purchases may require fewer bids due to limited qualified vendors. If bid amounts vary significantly, additional bids should be sought to ensure pricing fairness and market validation.

Within Belt Apps or a shareable folder within Belt's fileserver, Departments must document: 1) the bids received; 2) a summary of the evaluation process based on value, reputation and industry knowledge; and 3) justification for the selected vendor. If not stored within Belt Apps, the CFO and General Counsel must have access to the Department's fileserver folder.

### **Sole Sourcing**

Because a sole source process doesn't include a survey of the marketplace nor competition among suppliers, the Department Head must obtain approval of sole source procurements from the President if it's for goods or services not under contract and/or from a new supplier. BRC's Executives will work with the stakeholder(s) units to determine whether a sole source situation exists and, in such cases, reserves the right to negotiate pricing or solicit additional information.

Procurements with annual value of \$25,000 or more may not be made by a non-management employee, even if that non-management employee has access to a Procurement Card ("P-Card").

### **Procurements from established vendors with annual value of \$25,000 or more**

If the desired goods and services can be obtained from a current provider under an active and approved Master Service Agreement (MSA), a new competitive bid process is not required for the duration of that MSA.

If the desired goods and services can be obtained from a current provider that is not under an MSA, but that underwent a documented competitive bid process within the last two (2) years for those goods and services, a new competitive bid process is not required.

### **Procurements with annual value of less than \$25,000 or more**

For any purchase or contract valued at less than \$25,000 annually, BRC employees are expected to make procurement decisions that meet the Purpose and Objective stated in this Policy. Purchases must also comply with BRC's Code of Conduct Policy which places restrictions on transactions with contractors or vendors with whom an employee has a personal or financial interest. For transactions less than \$25,000 annually, the President, Chief Financial Officer, General Counsel, or the relevant Department head may request to conduct a discretionary, competitive bid process. Unless so requested, purchases with an annual value of less than \$25,000 are not required to be documented within Belt Apps.

Procurements with an annual value of less than \$25,000 may be made by a non-management employee with a P-Card, but only with a manager's pre-approval.

## **CONFIDENTIALITY**

BRC employees must handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations. BRC employees may not tell outside parties the prices, terms, or conditions quoted by other suppliers.

## **MASTER SERVICE AGREEMENTS**

Master Service Agreements (MSA) are encouraged for transactions with suppliers of goods and services that are needed perpetually or for multiple-year durations and that could potentially exceed \$100,000 annually. Authorization of Scope of Work (SOW) documents as addenda to existing MSAs is permitted during the term of an existing MSA.

Unless authorized in advance, contracts will not be automatically renewed (i.e. "evergreen") and will be subjected to a new round of competitive bidding/fair market analysis upon expiration of the stated term of each contract.

## **SIGNATURES**

All contracts that obligate BRC must be reviewed by the General Counsel prior to acceptance.

Only board-elected Corporate Officers are authorized to sign contracts, statements of work (SOWs), or legally binding documents. The BRC is not bound by and does not recognize as binding any promise or obligation made by an unauthorized person.

## **PROCURE-TO-PAY**

Unless a Corporate Officer specifies an alternative ordering process, all purchases of goods and services must be done in an approved process as pre-determined by the BRC. Those processes would include either a purchase order, a P-Card, or web fulfillment tool. See the BRC's P-Card Policy – Policy No. 22 - for intended use and applicability.

## **PURCHASING LIMITS**

Spending limits for employees or managers who have authority to make procurements are defined in the P-Card Policy and Appendix. For purchases over the authorized limit, you must obtain pre-approval from the Chief Financial Officer. Commitments and confirmations to procure from a supplier(s) can only be communicated once the spending limit approvals have been fully formally acknowledged and approved.

## **NEW VENDORS**

The request for a new vendor to be set up must be approved by the Chief Financial Officer. The Supplier's W9, banking information, and remittance, must be accompanied with the request. Acceptance of payment via ACH is the minimum requirement.

## **GRATUITIES/GIFTS FROM SUPPLIERS**

BRC employees should neither solicit nor accept money, loans, credits, entertainment, favors, services or gifts from current or prospective suppliers regardless of the estimated annual value of transactions with that supplier. Such gratuities can give rise to a conflict of interest or the appearance of a conflict of interest, which could result in violation of BRC's Code of Conduct. Acceptance of small gifts of token value is acceptable, provided that the acceptance of such gift would not be perceived as sufficient to influence an employee's decision to engage in business with a current or prospective supplier.

Qualifying meals/entertainment to build business relationships are allowable. However, frequent or excessive entertainment with any vendor representative and/or vendor functions should be avoided. For further information, please refer to BRC Corporate Policy No. 2, Code of Conduct, and No. 13, Employee Business Expense Reporting. For questions regarding application of this section, please contact BRC's General Counsel

### **CURRENT & FORMER EMPLOYEES & RELATIVES**

Former and current employees, or family members of former or current employees, are not qualified suppliers unless specifically disclosed to and approved by each Corporate Officer. If a Corporate Officer is related in any way to a prospective supplier, then the supplier requires prior approval by BRC's Board of Directors.

### **ETHICAL CONDUCT**

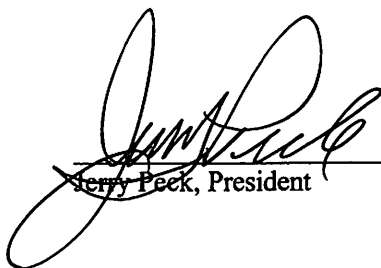
Care must be taken to avoid the intent and appearance of unethical practice, including conflict of interests, in relationships, actions and communications. All procurement activities, conducted on behalf of the BRC, follow the standards outlined in applicable laws, regulations, BRC policies, and Procurement procedures. For more information about the BRC's ethical standards & obligations, see the BRC Corporate Policy No. 2, Code of Conduct for Officers and Managers of the BRC.

### **COMPLIANCE WITH PROCUREMENT CARD PROGRAM**

Procurements made under this Policy using a BRC issued P-Card must comply with all requirements of the BRC's P-Card Program - BRC Policy No. 22.

### **QUESTIONS AND EXCEPTIONS**

Questions regarding this Policy may be directed to BRC's General Counsel. Emergency purchases and requested exceptions must be documented and approved by the General Counsel or designated authority. Justifications for exception requests must include a clear explanation of urgency or uniqueness.

  
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Jerry Peck, President



**The Belt Railway Company of Chicago**  
6900 South Central Avenue - Bedford Park, Illinois 60638-6397

Jerry Peck  
President & General Manager



**The Belt Railway Company of Chicago Code of Conduct for  
Suppliers/Contractors**

The Belt Railway Company of Chicago ("BRC") is committed to high standards of ethical behavior and legal compliance. We have adopted a Code of Conduct for Employees and Suppliers/Contractors that describes the ethical, legal, and procurement standards that the BRC expects in all business relationships. All Suppliers/Contractors should be familiar with this Code and adhere to these principles.

**CODE OF CONDUCT**

**Integrity**

Each supplier/contractor agrees to act with integrity in the performance of services for the BRC as follows:

- Act with integrity, including being honest and candid while still maintaining the confidentiality of information where required or consistent with the BRC's policies.
- Observe both the form and spirit of laws and governmental rules and regulations, accounting standards and BRC policies.
- Adhere to high standards of business ethics. The BRC Code of Conduct defines the ethical and legal principles for employees.

**Conflicts of Interests**

A "conflict of interest" may occur when an individual's private interest interferes or appears to interfere with the interests of the BRC. A conflict of interest can arise when a contractor takes actions or has interests that may make it difficult to perform services for the BRC on an objective and effective basis.

Conflicts of interest should, wherever possible, be avoided. No employee should enter into a transaction or engage in a practice that would influence him or her to act other than in the best interest of the company.

**Compliance**

It is the BRC's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each supplier/contractor to adhere to the standards and restrictions imposed by those laws, rules and regulations when performing services for the BRC.

The BRC is committed to operating in a manner that will protect the environment and human health & safety. BRC employees are required to take a responsible, safe approach to their duties in safeguarding the public and corporate trust.

**Gifts & Business Entertainment**

BRC employees cannot accept anything that might impair, or appear to impair, the employee's ability to perform company duties or exercise judgment in a fair and unbiased manner. Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest must be discussed with the BRC General Counsel.

**Reciprocity**

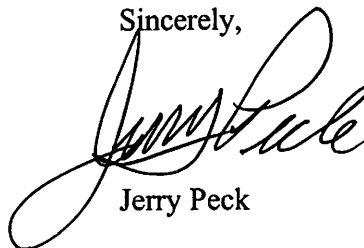
No purchases are contingent upon the contractor/supplier's patronage of the BRC or the purchase of another product or service.

**Reporting and Accountability**

The BRC General Counsel is responsible for applying this Code to specific situations in which questions are presented to him or her and has the authority to interpret this Code in any particular situation. BRC's current General Counsel is Edward DeVries, who can be reached by phone at 773.359.7790 or by email at [edevries@beltrailway.com](mailto:edevries@beltrailway.com). Any contractor who becomes aware of any existing or potential violation of this Code is required to notify the BRC General Counsel promptly. Failure to do so is itself a violation of this Code.

Upon being notified that a violation has occurred, the BRC General Counsel, in consultation with other appropriate Company personnel, will take such action as he deems appropriate, up to and including termination of the relationship with the violating contractor, or, in the event of criminal or other serious violations of law, notification of appropriate governmental authorities.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Peck", with a large, stylized loop at the end.

Jerry Peck