



# Vendor Compliance Policy

July 2023

## Contents

|  |    |
|--|----|
| <b>Manual Version</b> .....                                      | 4  |
| <b>Purpose</b> .....   | 6  |
| <b>Doing Business with RONA</b> .....                            | 7  |
| <b>Program Overview</b> .....                                    | 8  |
| <b>Section A: Vendor Compliance Requirements</b> .....           | 12 |
| <b>1.1 On-Time Shipments</b> .....                               | 12 |
| <b>1.2 Fill Rate</b> .....                                       | 16 |
| <b>1.3 Merchandise Pickup</b> .....                              | 19 |
| <b>1.4 – A. Core Carrier (Domestic Ground Shipment)</b> .....    | 20 |
| <b>1.4 – B. Cross Border Compliance</b> .....                    | 20 |
| <b>1.5 Shipping Documents</b> .....                              | 21 |
| 1.5.1 Delivery Document Requirements .....                       | 21 |
| 1.5.2 Cross Border Documents .....                               | 22 |
| <b>1.6 Appointments</b> .....                                    | 23 |
| 1.6.1 Setting an Appointment – Requirements .....                | 23 |
| 1.6.2 Delivering a Shipment – Appointment Requirements.....      | 24 |
| <b>1.7 Product State</b> .....                                   | 25 |
| 1.7.1 Bar Coding: .....  | 25 |
| 1.7.2 Packaging: .....   | 26 |
| 1.7.3 Load Quality & Product Integrity: .....                    | 26 |
| <b>1.8 General Provisions for Deliveries</b> .....               | 28 |
| 1.8.1 Standard Delivery Requirements.....                        | 28 |
| 1.8.2 Vendor Prepared Cross Docking Deliveries .....             | 30 |
| <b>1.9 CHEP Pallets</b> .....                                    | 31 |
| <b>2.0 Merchandise Return Policy</b> .....                       | 32 |
| <b>2.1 Product Introduction &amp; Modification</b> .....         | 33 |
| 2.1.1 Hazardous Products.....                                    | 33 |
| 2.1.2 Creations and Modification of Products and/or Prices ..... | 33 |
| 2.1.3 Ecofees.....   | 34 |
| 2.1.4 Respect of RONA Responsible Procurement Policies .....     | 35 |

**2.2 Vendor Display Setups and Store Resets** ..... 36

**2.3 Escalating Fines** ..... 37

**Section B: Appendix** ..... 38

3.1. Non-Compliance Notification Program ..... 38

3.2. Distribution Center List ..... 39

3.3 Vendor Prepared Cross Dock Stores with Restrictions on Shipments..... 40

3.4 Ecofee Policy ..... 41

3.5 RONA Canada Wood Policy ..... 43

3.6 RONA Canada Safer Chemicals Policy ..... 45

3.7 RONA Human Rights Policy Statement ..... 47

## Manual Version

| Version | Date of Update | Changes & General Comments   |
|---------|----------------|--|
| 1.0     | 5/10/2019      | This is version 1.0 of the harmonized RONA vendor compliance manual. Going forward, if any changes are made to RONA's vendor compliance requirements, this manual will be updated accordingly, and specific changes will be detailed in this table.  |
| 1.0.1   | 5/14/2019      | <ul style="list-style-type: none"> <li>Minor typos corrected on pages 13 and 14.</li> </ul>  |
| 1.0.2   | 7/26/2019      | Added back the Policy Ecofees section from the older version of the RONA harmonized <i>Domestic Handbook – Supplier logistics and procurement</i> .  |
| 1.1     | 1/24/2020      | <ul style="list-style-type: none"> <li>Added a reference to RONA's online exclusive guide on Page 6.</li> <li>Updated the clarity of several fine descriptions and requirements:               <ul style="list-style-type: none"> <li>1.1 – On Time Shipping</li> <li>1.2 – Fill Rate</li> <li>1.3 – Merchandise Pickup</li> <li>1.6 – Appointments</li> <li>1.7 – Load Quality &amp; Product Integrity</li> </ul> </li> <li>Added further clarifications to sections 1.1 &amp; 1.2 in regards to how minimum fine values work.</li> <li>Adjusted the fine value of the shipping document fine in section 1.5.</li> <li>Adjusted the response period requirement of the merchandise return policy in section 2.0.</li> <li>Added a new section -3.1- to explain how the non-compliance fine notification program works.</li> <li>Added contacts for Ecofees, Hazardous Materials and Responsible Procurement Policies</li> <li>Clarifications on Hazardous Materials in Table 1.3 under 1.7, also in sections 1.5.1, 1.7.2, 1.8.2, 2.1 and 2.1.2 .</li> <li>Clarifications on collaboration requirements towards suppliers in ecofee management in section 2.1.3 and correction of the contact in Ecofee policy in section 3.4.</li> <li>Added section 2.1.4 about the mandatory respect by suppliers of RONA Responsible Procurement Policies in Appendix.</li> </ul> |
| 1.1.1   | 3/24/2020      | <ul style="list-style-type: none"> <li>Minor clarification updates to Section 1.3 and referenced Section 1.6 for timeframes regarding pick-up dates.</li> </ul>  |
| 1.1.2   | 6/17/2021      | <ul style="list-style-type: none"> <li>Minor clarification update to sections 1.7 and 2.1.2 to add the need to provide RONA, for all of its products, with the barcode information (unit and packaging levels) and country of origin.</li> </ul>   |
| 1.1.3   | 10/6/2021      | <ul style="list-style-type: none"> <li>Section 3.2 has been updated to include contact information for BDC Rocky View (X4).</li> </ul>   |
| 1.1.4   | 10/22/2021     | <ul style="list-style-type: none"> <li>Section 3.2 has been updated to include contact information for Crossfield (F1) in Alberta.</li> </ul>  |

|       |            |  |
|-------|------------|--|
| 1.1.5 | 11/23/2021 | <ul style="list-style-type: none"> <li>The Milton Annex and St-Hyacinthe (J1) contact details have been updated in Section 3.2.</li> </ul>   |
| 1.1.6 | 1/13/2022  | <ul style="list-style-type: none"> <li>The Milton Annex contact details have been updated in Section 3.2.</li> </ul>   |
| 1.1.7 | 9/6/2022   | <ul style="list-style-type: none"> <li>The Milton (M1) and Boucherville (99) contact details have been updated in Section 3.2.</li> </ul>  |
| 1.1.8 | 3/10/2023  | <ul style="list-style-type: none"> <li>Minor changes to reflect RONA. Minor clarification updates of the examples in section 1.1-1.2 as well as section 1.6.1. The Milton (X3) contact details replaced the ones from the Annexes.</li> <li>Added requirement and penalty regarding the use of the OTM system for pickup requests in section 1.3.</li> </ul> |
| 1.1.9 | 6/14/2023  | <ul style="list-style-type: none"> <li>Addition of transactional policy for CHEP pallet management in section 1.9.</li> </ul>  |

**\*All mentions of RONA in this manual include its accompanying banners: RONA, Réno-Dépôt and Lowe’s Canada.**

## **Purpose**

RONA is committed to providing its customers with outstanding shopping experiences whether they shop in stores or online. The key to RONA's ability to accomplish these experiences is inventory depth and overall product availability. As such, RONA has recently made investments in seasonal inventory readiness, in-stock performance and PRO business initiatives. RONA has also invested in new, integrated supply chain systems that are dependent on complete shipments and timely delivery of product. These investments and RONA's continued focus on an omni-channel strategy require a renewed emphasis on vendor compliance.

Your commitment to consistently follow RONA's Vendor Compliance Policy is critical to ensuring we have the right products in the right places at the right times to meet customers' needs and deliver an unparalleled shopping experience. By working together and achieving established performance standards, we will better support the needs of our customers and grow our mutual business.

Thank you in advance for your ongoing support, commitment, and collaboration.

## Doing Business with RONA

Suppliers will first need to set-up accounts in order to fully access all of the information found on the supplier's portal linked below. The link for setting up your account can be found below:

RONA Vendor Account: <https://vendors.RONA.ca/support>

Once registration is complete, you will have full access to the portal below.

### Supplier's Portal:

RONA: [RONA Vendor Homepage](https://vendors.RONA.ca) (vendors.RONA.ca)

It is imperative that you review and understand this manual as well as the documents and resources governing RONA's vendors, available at the supplier's portal linked above. The link contains all the necessary vendor onboarding information, including but not limited to:

- Vendor Requirements & Onboarding Checklists
- Vendor Routing Guides – Sections 1.1 and 1.4 of this manual make reference to the routing guides.
- Product Introduction & Modification procedures
- Legal notifications
- Online Exclusive Operational Guide
- Electronic Data Interchange (EDI) & Transport Management Systems (TMS) usage

**This manual assumes you already have an understanding of the aforementioned topics covered at the RONA Vendor Homepage.** To improve ongoing communication with our vendors, we have created several mailboxes that vendors can contact should they have questions regarding compliance requirements. This includes requests for details about warnings or fines or any disputes you may have for non-compliance. The mailboxes will be monitored by the distribution centers on a daily basis. Below is a breakdown of our communication channels.

### Compliance Mailboxes:

**Questions Regarding:** Distribution Center Requirements, Supply Chain Performance Metrics, Transportation Requirements, Merchandising Requirements (Tables 1.1 to 1.4):

- [VendorPerformance@RONA.ca](mailto:VendorPerformance@RONA.ca)

**Questions Regarding:**

- Ecofees : [Ecofee@RONA.ca](mailto:Ecofee@RONA.ca)
- Responsible Procurement Policies : [ecoproducts@RONA.ca](mailto:ecoproducts@RONA.ca)
- Hazardous Materials : [hazmatcanada@lowes.com](mailto:hazmatcanada@lowes.com)

## Program Overview

Tables 1.1 to 1.5 below are a quick reference guide to all applicable vendor compliance requirements. Under the “Compliance Requirement Type” column of the table, you may click on each section number to be brought to that non-compliance type’s respective area within the manual. These sections are far more detailed in their descriptions of each non-compliance type, providing in-depth examples and breakdowns of every compliance requirement. The tables are divided by compliance requirement types, and each table pertains to the mailbox a supplier should contact should they have any vendor compliance related questions.

**Table 1.1:** Supply Chain Performance Metrics: Compliance Requirements

| Compliance Requirement Type                              | Compliance Name                                  | Description  | Examples   | Fine   |
|--|--|--|--|--|
| <b>On-Time Shipping *</b><br><a href="#">Section 1.1</a> | Replenishment (98% Compliance Threshold)         | Each purchase order that is late will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above replenishment fines. It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting.                | Out of 150 purchase orders, 18 arrived 3 days after the requested delivery date; therefore, the overall compliance would be $132/150 = 88\%$ , which is below the compliance threshold of 98%. | 10% of the value of late PO  |
|  | New Stores (100% Compliance Threshold)           |  | Same scenario as presented above, except that the compliance threshold is now 100%. Therefore, even if only 1 PO was received late, there would still be a fine.                               | <b>For New Stores:</b> 20% of PO value per late PO                   |
|  | Special Order/Online (100% Compliance Threshold) |  |  | <b>For Special or Online Orders:</b> 10% of late PO value            |
| <b>Fill Rate *</b><br><a href="#">Section 1.2</a>        | Replenishment (98% Compliance Threshold)         | Each purchase order that is not received in full will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above replenishment fine. It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting. | 100 units were issued but only 96 of those units were received. This results in 96% compliance, which is below the threshold.  | 10% of value units not received                                      |
|  | New Stores (100% Compliance Threshold)           |  | Same scenario as above, except that the compliance threshold is now 100%. Therefore, even if only 1 unit was not received, there would still be a fine.  | <b>For New Stores:</b> 20% of value units not received               |
|  | Special Order/Online (100% Compliance Threshold) |  |  | <b>For Special or Online Orders:</b> 10% of value units not received |



**Table 1.2: Transportation Compliance Requirements**

| Compliance Requirement Type  | Compliance Name         | Description  | Examples  | Fine   |
|--|-------------------------|--|---|--|
| <b>Merchandise Pickup</b><br><a href="#">Section 1.3</a>                       | Loading Time            | When picking up at supplier: If the loading time exceeds the time limit allocated by RONA, a fee shall be payable to RONA.   | Load time exceeded.   | \$100 per Labour Hour to correct (per Event)                       |
|  | Merchandise Readiness   | When picking up at supplier: Merchandise must be ready and compliant for pick-up at the time of the appointment.   | The merchandise is not available for pick-up, or there are loading errors present.  | \$500 per Event  |
|  | OTM system              | The pickup requests must be done using RONA's Oracle Transportation Management (OTM) system.   | The OTM system is not used for a pickup request.                                    | \$500 per PO   |
| <b>Core Carrier and Cross Border Compliance</b><br><a href="#">Section 1.4</a> | Core Carrier Compliance | All vendors must develop relationships with RONA's Preferred Carriers as it is required for vendors to follow the Routing Requirements for routing shipments into and out of RONA Stores and Distribution Centers. | Routing requirements were not met and/or misrouting occurred.                       | \$1,000 per occurrence plus charges for recovery of excess freight |
|  | Cross Border Compliance | Failure to follow specified Cross border requirements on both prepaid and collect shipments will result in fines of \$100 per Purchase Order.  | Cross border requirements were not met.   | \$100 per PO   |
| <b>Shipping Documents</b><br><a href="#">Section 1.5</a>                       | Shipping Documents      | The supplier and/or carrier is responsible for providing 2 copies of the packing slip, bill of lading, and master bill of lading (only for vendor prepared cross dock deliveries).                                 | The supplier does not provide all the necessary documents at the point of delivery. | \$500 per Event  |
| <b>Appointments</b><br><a href="#">Section 1.6</a>                             | Valid PO                | Delivery appointment will only be granted to valid POs.  | The supplier doesn't have a valid PO.   | \$500 per Event  |
|  | On-Time Arrival         | The supplier must meet the date and time of the scheduled appointment, within a 30-minute window.  | The supplier misses the appointment, the date, and/or misses the 30-minute window.  |  |

**Table 1.3: Distribution Center Compliance Requirements**

| Compliance Requirement Type                         | Compliance Name         | Description  | Examples   | Fine   |
|---|-------------------------|--|--|--|
| <b>Product State</b><br><a href="#">Section 1.7</a> | Non-Compliant barcoding | All vendors are required to have a scannable Universal Product Code (UPC) label, or other such labeling as RONA may require from time to time, affixed to products.    | Product was received with un-scannable UPC labels.       | \$1,000 per PO + \$10 per label (min \$100 per PO) |
|   | Non-RONA Merch          | For each purchase order containing non-RONA merchandise, a fine of \$100 may be applied per labour hour it takes to correct. This merchandise will be field destroyed. | A shipment was received containing non-RONA merchandise. | \$100 per labour hour to correct                   |

|   |  |   |   |  |
|---|--|---|---|--|
|   | Non-Compliant Packaging                | All cartons must be packed on the pallet with the barcode (Interleaved 2 of 5 or UPC) facing outward. Receiving personnel must be able to scan the barcode without breaking down the cartons on the pallet. The packaging and pallets of hazardous materials must comply to the <a href="#">Transportation of Dangerous Goods Act</a> . | Cartons were improperly packaged onto pallets, thus requiring rework.                                       | \$1,000 per PO + \$100 per hour to correct |
|   | Load Quality & Product Integrity       | Ensure that goods are loaded properly and safely in trailer to avoid the breakage of any goods during transport.  | The merchandise is not safely loaded and/or is found to be damaged at the point of receipt.                 |  |
| <b>General Provisions for Deliveries</b><br><br><a href="#">Section 1.8</a> | Complete PO                            | All orders (incl. courier service) must be sent "complete". All PO's products must be delivered the same day and in one truck. If product cannot fit in one truck, or the delivery cannot be made on the requested date, the vendor must contact RONA and create a new PO # for each additional truck.                                  | A single purchase order is delivered by many trucks.  | \$1,000 per PO                             |
|   | SKU Splitting                          | Each SKU in the PO must be shipped on its own pallet and must not be packed on different pallets, unless the quantity requested is too large and requires it.   | SKU split into multiple pallets.  |  |
|   | SKU Mixing                             | If 2 or more POs are shipped in the same trailer because unit quantities allowed it, SKUs from those POs should not be mixed on the same pallet.  | SKUs from different POs mixed on the same pallet.   | \$1,000 per Delivery                       |
|   | VPCD – Palletize by Store              | For Vendor Prepared Cross Docking Deliveries: All products must be palletized per store. Products for different stores shouldn't be mixed onto the same pallet.   | The supplier fails to consolidate all products destined for a store.  | \$1,000 per Event                          |
|   | VPCD – Pallet Standards Identification | For Vendor Prepared Cross Docking Deliveries: Each pallet shall respect the standards identification.   | The supplier fails to clearly identify the pallets according to RONA's standards.                           |  |
| <b>CHEP Pallets</b><br><br><a href="#">Section 1.9</a>                      | Merchandise on CHEP                    | CHEP type pallets must be used at DCs and in stores. For a full list of site specific pallet requirements, please see <a href="#">Appendix 3.2</a> .  | Merchandise is delivered on non CHEP pallets.   | \$1,000 per Event                          |
|   | CHEP Standards                         | The standards for product placement on CHEP pallets must be followed. These are elaborated upon in greater detail in Section 1.9.   | The supplier does not meet the standards applicable to product placement on CHEP pallets.                   |  |
| <b>Merchandise Return Policy</b><br><br><a href="#">Section 2.0</a>         | Merchandise Return Policy              | For goods to be returned, RONA will send a notification to the supplier to discuss a return. The supplier has five (5) business days to respond to the notification. After responding, the supplier has five (5) business days to send the return authorization number and schedule a pick-up of the merchandise.                       | The supplier does not respond on time, provide a return authorization number on time or schedule a pick-up. | \$1,000 per Event                          |

**Table 1.4: Merchandising Compliance Requirements**

| Compliance Requirement Type   | Compliance Name              | Description  | Examples  | Fine  |
|---|------------------------------|--|---|---|
| <b>Product Introduction &amp; Modification</b><br><br><a href="#">Section 2.1</a> | Product Introduction Sample  | Supplier must provide a sample (with finalized packaging) of any new product upon request.   | Supplier doesn't provide a sample within the required time frame.                               | \$1,000 per SKU   |
|   | Product Introduction Form    | Product Introduction Form information must be correct and provided on time as per the requested date. A 2-day grace period is allowed.   | Some information is missing or incorrect or the form was not provided within the grace period.  | \$500 per Event for incorrect information. After the 2-day grace: \$100 per day for the first 2 days \$500 per day thereafter |
|   | Product Modification         | Approval is needed and a notification must be sent to RONA if changes are made to certain aspects of a product. Changes to packaging, materials, colour, the manufacturing process, or even product discontinuation are some examples. A more detailed overview can be found in Section 2.1. | The supplier doesn't notify RONA of changes to the product packaging.                           | \$2,000 per Event   |
| <b>Vendor Displays and Resets</b><br><br><a href="#">Section 2.2</a>              | Display Materials            | It is required that vendors provide RONA with displays for setups and resets, on time.   | Displays required for facilitating the reset or setup are not provided by the agreed upon time. | \$500 for not providing display materials. \$100 for every day late.  |
|   | Incorrect Materials          | Vendors need to provide RONA with POGs (plan-o-grams), signage, pricing details, and display materials that accurately match the product or display environment, on time.  | Signage for product is in a different language than what was agreed upon.                       | \$500 for incorrect POGs, signage, pricing, or display materials. \$100 for every day late.                                   |
|   | Vendor Driven Reset Schedule | In the case of vendor driven resets, vendors need to adhere to the agreed upon schedule. Vendors must also accurately execute the agreed-upon planogram.   | Vendor doesn't start or finish according to the agreed upon reset schedule.                     | \$100 for every day late (to get to correct planogram).   |

**Table 1.5: Escalating Fines**

| Compliance Requirement Type                                | Description   | Examples  | Fine   |
|--|---|---|--|
| <b>Escalating Fines</b><br><br><a href="#">Section 2.3</a> | After a vendor's first month with a non-zero fine total, subsequent monthly fine totals will have additional fines attached based on the number of previous non-zero fine months the vendor was held to during the fiscal year. | This fine would take effect after a vendor's second month with a non-zero fine total. | \$500 to \$3000 on Top of Monthly Fine<br><br>*see section 2.3 |

## Section A: Vendor Compliance Requirements

This section of the manual explores all of the vendor compliance requirements in greater detail.

### 1.1 On-Time Shipments

**For Freight Collect Shipments:** Purchase orders must be tendered to the carrier by the required ship date or by a revised date established by RONA’s Transportation.

**For Freight Prepaid Shipments:** Purchase orders must arrive by the requested delivery date indicated. The vendor is required to schedule pickup of all purchase orders in accordance with the requirements described in section 1.6 of the Vendor Compliance Policy as well as the Routing Guides found on the [supplier’s portal](#). Vendors must communicate with RONA’s Transport departments for full details on routing requirements.

**Compliance Threshold:** On a **monthly basis**, all purchase orders will be evaluated by RONA against the stated requirements to establish a compliance percentage. The required compliance percentage thresholds are listed below.

REPLENISHMENT: Compliance Threshold of 98%

NEW STORE/RESET: Compliance Threshold of 100%

SPECIAL ORDER SALES/ RONA.CA: Compliance Threshold of 100%

**Applicable Fines:** Each purchase order that is late will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above replenishment fines. **It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting.** The fines are outlined in the table below:

**Table 2:** On-Time Shipments – Freight Collect & Prepaid Shipment Compliances & Fines:

| Compliance                                  | RONA Fine   |
|---|---|
| <b>Replenishment: 98% compliant</b>         | 10% of late PO value, with a minimum fine value of \$250        |
| <b>*New Stores: 100% compliant</b>          | 20% of PO value per late PO, with a minimum fine value of \$250 |
| <b>Special Order/Online: 100% compliant</b> | 10% of late PO value, with a minimum fine value of \$250        |

In regards to the above table, please note that:

- Stores are considered new until 6 weeks after their opening.
- If the compliance threshold is not met, and the percentage value of the late POs is found to be less than \$100, then a fine will not be applied.

**Grace Period:** On-time performance is measured based on a 2-day grace period, so purchase orders that are 3 or more days late will be considered non-compliant. Please note that the 2-day grace period should not be considered as part of the targeted lead time; they are strictly grace days, not lead time days.

## **Example #1 – Freight Collect REPLENISHMENT:**

RONA issued 150 collect purchase orders.

- 141 purchase orders shipped by the required ship date.
- 7 purchase orders were delivered within the 2-day grace period.
- 2 arrived 3 days after the requested delivery date.
- 148 purchase orders met the compliance threshold, and 2 purchase orders did not meet the compliance threshold because they were delivered 3 days late; therefore, the overall compliance calculation is:
  - $\frac{148}{150} = 98.67\%$  overall compliance, thus, the compliance threshold was met and no fines would be assessed.
- The 7 purchase orders that were delivered within the 2-day grace period did not count against the compliance threshold.

## **Example #3 – Freight Collect REPLENISHMENT:**

RONA issued 220 purchase orders.

- 200 purchase orders were shipped by the required ship date.
- 20 were delivered 3 days after the requested delivery date.
- Therefore, the overall compliance calculation is:
  - $\frac{200}{220} = 91\%$  overall compliance, thus, the compliance threshold was not met.
- Fines would be assessed for the 20 purchase orders that were 3 days late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order is valued at \$10,000.
- Fine equals:  $\$10,000 \times 20 \text{ Purchase Orders} \times 10\% = \$20,000$ .

## **Example #2 – Freight Prepaid REPLENISHMENT:**

RONA issued 200 purchase orders.

- 197 purchase orders arrived by the requested delivery date.
- 3 arrived 3 days after the requested date.
- Therefore, the overall compliance calculation is:
  - $\frac{197}{200} = 98.50\%$  overall compliance, thus, the compliance threshold was met and no fines would be assessed.

## **Example #4 – Freight Prepaid REPLENISHMENT:**

RONA issued 100 purchase orders.

- 86 purchase orders arrived by the requested delivery date.
- 2 purchase orders were delivered within the 2-day grace period.
- 12 arrived 3 days after the requested delivery date indicated.

- 88 purchase orders met the compliance threshold, and 12 purchase orders did not meet the compliance threshold because they arrived 3 days after the requested delivery date; therefore, the overall compliance calculation is:
  - $\frac{88}{100} = 88\%$  overall compliance, thus, the compliance threshold was not met.
- Fines would be assessed for the 12 purchase orders that were late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order is valued at \$10,000.
- Fine equals  $\$10,000 \times 12 \text{ Purchase Orders} \times 10\% = \$12,000$ .

### **Example #5 – Freight Collect NEW STORE/RESET:**

RONA issued 7 purchase orders.

- 4 purchase order was shipped by the required ship date.
- 3 purchase order was delivered 4 days later than the requested delivery date.
- 4 purchase orders met the compliance threshold and 3 purchase orders did not meet the compliance threshold because they were 4 days late; therefore, the overall compliance calculation is:
  - $\frac{4}{7} = 57\%$  overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 3 purchase orders that were 4 days late.
- Each purchase order is valued at \$10,000.
- Fine equals:  $\$10,000 \times 3 \text{ Purchase Orders} \times 20\% = \$6,000$ .

### **Example #6 – Freight Prepaid NEW STORE/RESET**

RONA issued 5 purchase orders.

- 3 purchase orders arrived by the requested delivery date indicated.
- 2 purchase orders arrived 3 days later than the requested delivery date.
- 3 purchase orders met the compliance threshold and 2 purchase orders did not meet the compliance threshold because they arrived 3 days later than the requested delivery date; therefore, the overall compliance calculation is:
  - $\frac{3}{5} = 60\%$  overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 2 late purchase orders.
- Each purchase order is valued at \$10,000.
- Fine equals:  $\$10,000 \times 2 \text{ Purchase Orders} \times 20\% = \$4,000$ .

### **Example #7 – Freight Collect SPECIAL ORDER SALES/RONA.CA:**

RONA issued 10 purchase orders.

- 8 purchase orders were shipped by the required ship date.
- 2 purchase orders were delivered 3 days later than the requested delivery date.

- 8 purchase orders met the compliance threshold and 2 purchase orders did not meet the compliance threshold because they were delivered 3 days later than the requested delivery date; therefore, the overall compliance calculation is:
  - $\frac{8}{10} = 80\%$  overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 2 purchase orders were delivered late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each late purchase order was valued at \$10,000.
- Fine equals:  $\$10,000 \times 2 \text{ Purchase Orders} \times 10\% = \$2,000$ .

### **Example #8 – Freight Prepaid SPECIAL ORDER SALES/RONA.CA**

RONA issued 20 purchase orders.

- 16 purchase orders arrived by the requested delivery date.
- 4 purchase orders arrived 4 days later than the requested delivery date
- 16 purchase orders met the compliance threshold and 4 purchase orders did not meet the compliance threshold because they arrived 4 days later than the requested delivery date; therefore, the overall compliance calculation is:
  - $\frac{16}{20} = 80\%$  overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 4 purchases that arrived late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order was valued at \$10,000.
- Fine equals:  $\$10,000 \times 4 \text{ Purchase Orders} \times 10\% = \$4,000$ .

### **Example #9 – Minimum Fine Threshold**

RONA issued 10 purchase orders.

- 8 purchase orders arrived by the requested delivery date.
- 2 arrived 3 days after the requested delivery date.
- 8 purchase orders met the compliance threshold, and 2 purchase orders did not meet the compliance threshold because they arrived 3 days after the requested delivery date; therefore, the overall compliance calculation is:
  - $\frac{8}{10} = 80\%$  overall compliance, thus, the compliance threshold was not met.
- Fines would be assessed for the 2 purchase orders that were late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order is valued at \$100.
- Fine equals  $\$100 \times 2 \text{ Purchase Orders} \times 10\% = \$20$ . However, since the fine value is below \$100, no fine would be issued. If the POs were instead valued at \$1,000, the calculation would yield \$200 but the fine applied would be \$250 due to the minimum fine value stipulated in Table 2.

## 1.2 Fill Rate

Fill rate is defined as the total quantity of all units received divided by the total quantity of all units ordered on the original purchase order by RONA. All overages (i.e. a vendor ships more units than we ordered) are factored out of this calculation.

**Compliance Threshold:** On a **monthly basis**, all purchase orders will be evaluated by RONA against the stated requirements to establish a compliance percentage. The required compliance percentage thresholds are listed below.

REPLENISHMENT: Compliance Threshold of 98%

NEW STORE/RESET: Compliance Threshold of 100%

SPECIAL ORDER SALES/ RONA.CA: Compliance Threshold of 100%

**Applicable Fines:** Each purchase order that is not received in full will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above the replenishment fine. It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting. Furthermore, it is required that vendors notify RONA -through normal channels of communication- of expected missing products in replenishment orders, as this will allow the business to react accordingly. Vendors should be aware that even if a missing product notification is sent to RONA, the compliance threshold will still take into account the missing products. The fines are outlined in the table below:

**Table 3: Fill Rate – Compliances & Fines**

| Compliance                                  | RONA Fine   |
|---|---|
| <b>Replenishment: 98% compliant</b>         | 10% of value units ordered but not received, with a minimum fine value of \$250 |
| <b>*New Stores: 100% compliant</b>          | 20% of value units ordered but not received, with a minimum fine value of \$250 |
| <b>Special Order/Online: 100% compliant</b> | 10% of value units ordered but not received, with a minimum fine value of \$250 |

In regards to the above table, please note that:

- Stores are considered new until 6 weeks after their opening.
- If the compliance threshold is not met, and the percentage value of unreceived items is found to be less than \$100, then a fine will not be applied.

**Example #1 - REPLENISHMENT:**

RONA issued 100 purchase orders for a total of 10,000 units.

- Each purchase order was for 100 units.
- 98 purchase orders were received complete (9,800 units were ordered and received as requested).



- 2 purchase orders were received incomplete (For each purchase order of 100 units, RONA only received 50 units).
- In total, 9,900 units were received.
- As shown below, the compliance threshold was met:
  - $\frac{9900}{10000} = 99\%$  overall compliance, thus, the compliance threshold was met and no fines would be assessed.

### **Example #2 - REPLENISHMENT:**

RONA issued 250 purchase orders for a total of 25,000 units.

- Each purchase order was for 100 units.
- 230 purchase orders were received complete (23,000 units were ordered and received as requested).
- 20 purchase orders were received incomplete (For each of these 20 purchase orders of 100 units, RONA only received 10 units, for a total of 200 units).
- In total, 23,200 units were received.
- As shown below, the compliance threshold was not met:
  - $\frac{23200}{25000} = 92.80\%$  overall compliance, thus, the compliance threshold was not met.
- Fines would equal 10% of the total value of the units ordered, but not received.
- Each unit is valued at \$100.
- Fine equals:  $\$100 \times 1800$  (*units ordered, but not received*)  $\times 10\% = \$18,000$ .

### **Example #3 - NEW STORE/RESET:**

RONA issued 2 purchase orders for a total of 100 units.

- Each purchase order was for 50 units.
- 1 purchase order was received complete (50 units were ordered and received as requested).
- 1 purchase order was received incomplete (50 units were ordered, but only 25 units were received).
- In total, 75 units were received.
- As shown below, the compliance threshold was not met:
  - $\frac{75}{100} = 75\%$  overall compliance, thus, the compliance threshold was not met.
- Fines would equal 20% the value of the units ordered, but not received (minimum of \$250).
- Each unit is valued at \$30.
- Fine calculation for New Store is:
  - $\$30 \times 25$  (*units ordered, but not received*)  $\times 20\% = \$150$ .
- Since \$150 is less than the \$250 minimum, the new store fine would be \$250.

### **Example #4 - SPECIAL ORDER SALES/RONA.CA:**

RONA issued 2 purchase orders for a total of 10 units.

- Each purchase order was 5 units.
- 1 purchase order was received complete (5 units were ordered and received as requested).
- 1 purchase order was received incomplete (5 units were ordered, but only 3 units were received).
- In total, 8 units were received.
- As shown below, the compliance threshold was not met:
  - $\frac{8}{10} = 80\%$  overall compliance, thus, the compliance threshold was not met.
- Fines would equal 10% of the total value of the units ordered, but not received.
- Each unit is valued at \$250.
- Fine equals:
  - $\$250 \times 2$  (*units ordered, but not received*)  $\times 10\% = \$50$ .
- Since this resulting value is less than \$100, no fine would be issued. However, if each unit was valued at \$1,000, the calculation would yield \$200 but the fine applied would be \$250 due to the minimum fine value stipulated in Table 3.

### 1.3 Merchandise Pickup

When picking up merchandise at the supplier, the following points apply:

- By written agreement between the supplier and RONA or according to the commercial agreement, RONA can pick up orders from the supplier. The supplier must arrange the details of the pick-up with RONA’s transportation department. If any details are incorrectly submitted, they must be re-submitted. In terms of arranging the pick-up:
  - The pick-up request must be made through the RONA’s Oracle Transportation Management system (OTM).
  - Pick-up requests should not be made on the same intended day of the pick-up. Please refer to Section 1.6 for required timeframes regarding the required pick-up dates.

- **Loading Time:** Loading time must not exceed the allocated amount, as shown in the table to the right.

| Loading time allocated at the supplier |                  |
|--|------------------|
| Number of pallets                      | Time limit (min) |
| 1 -10                                  | 30               |
| 11-20                                  | 60               |
| More than 20                           | 120              |

- **Applicable Fines:** For loading delays exceeding allocated time, added to what is written in the commercial contract between both parties in the event of a default, one hundred dollars \$100 per hour will be charged to the supplier and must be payable from supplier to RONA.

- **Merchandise Readiness:** Merchandise must be ready and compliant for pick-up at the time of the appointment.
  - There should not be any loading errors (i.e. missing or additional pallets).
  - Merchandise should be accessible; the responsibility in case of breakage, theft or snow removal is the responsibility of the supplier.

- **Applicable Fines:** If the merchandise is not ready in time for pick-up and there are loading or accessibility errors, the supplier will be charged \$500 for non-compliance.

- **Oracle Transportation Management (OTM) System:** The pickup requests must be made using RONA’s Oracle Transportation Management (OTM) system.

- **Applicable Fines:** If the pickup request is made not using the RONA’s OTM system, a fine of \$500 may be applied for each non-compliant purchase order.

## 1.4 – A. Core Carrier (Domestic Ground Shipment)

Vendors must follow the Routing Requirements for routing shipments into and out of RONA Stores and Distribution Centers.

- It is *required* that all COLLECT LTL and TL shipments be tendered to RONA's Preferred Carriers. *Where required\**, PREPAID LTL shipments may also need to be tendered to RONA's Preferred LTL Carriers.

\*Please refer to Appendix Section 3.2, column 4 of the table for specific core carrier requirements. This column indicates the shipment types (collect or prepaid) that RONA requires core carrier service for.

Each vendor must review Routing Requirements for inbound shipments into Stores and Distribution Centers, for inbound shipments into New Stores, and for all returns and resets involving any of RONA's locations. Once again, Routing Guide information can be found at the [supplier's portal](#).

**Applicable Fine:** Fines up to \$1,000 per occurrence plus the recovery of excess freight charges may be assessed for failure to meet the compliance threshold. Misroute fines and recovery charges apply for both prepaid and collect shipments into and out of RONA locations.

## 1.4 – B. Cross Border Compliance

**Applicable Fine:** Failure to follow Cross border requirements on both prepaid and collect shipments will result in fines of \$100 per Purchase Order.

## 1.5 Shipping Documents

Below are the mandatory documents for all deliveries and the information they must contain.

### **1.5.1 Delivery Document Requirements**

**Packing Slip Requirements:** Packing slips must contain the following information:

- RONA item numbers and model numbers
- Case size (number of units/Case)
- Supplier product code detailed
- Required date for final destination
- PO Number
- Store Number
- Name of carrier
- Bill of lading number
- Product description
- Number of crates or packages
- Number of units ordered and number of units shipped
- The List of hazardous materials compliant with the [Transportation of Dangerous Goods Act](#).

**Bill of Lading Requirements:**

- RONA PO number(s)
- Sender contact information
- Consignee contact information
- Shipment contents (i.e. number of pallets)

**Master Bill of Lading Requirements:** Master Bills of lading must contain the following information. Please note that this is only required for vendor prepared cross dock deliveries.

- # of the PO (s) included in the trailer
- # of each PO and destination store
- Number of pallets for each store

**Multiple Document Copies:** Two (2) copies of the documents referred to above are mandatory. The first copy shall be visible and firmly attached on the outer part of the parcel, crate, or the last pallet loaded. The second copy is given to the driver, who hands it over to the receiving clerk/gatehouse or places it in the designated box.

- If an advanced shipping notice is given, the packing slip is not required.

**Applicable Fine:** By not adhering to the requirements in Section 1.5.1, a fine of \$500 may be applied on an event basis.

### **1.5.2 Cross Border Documents**

For cross-border deliveries, if documents are missing, if required information in documents is missing, or if they are inaccurate, RONA reserves the right to refuse the receipt of the goods. As previously mentioned in Section 1.4 – B. there is a fine of \$100 per Purchase Order for cross border non-compliance.

**1.6 Appointments**

**1.6.1 Setting an Appointment – Requirements**

When delivering shipments with a prepaid carrier, vendors are required to book a delivery appointment with RONA. Depending on the origin and destination of the shipment, it is suggested that vendors book appointments enough in advance so that they can reserve an appointment slot that respects the due date of the PO. The table below provides general guidelines for when to book an appointment based on the origin and destination of the shipment.

Should a vendor book an appointment outside the suggested timeframe, and find that the only appointment slot available is one after the PO’s due date, the vendor is considered at fault, and the late PO will affect that vendor’s monthly on time shipping performance, as described in [Section 1.1](#). However, if a vendor books an appointment within the suggested timeframe, but there are no appointment slots available by the PO’s due date, the vendor’s on-time shipping performance will not be negatively impacted.

Please note that the same principle applies when shipments are to be delivered via a collect carrier. Vendors must request a pickup within the timeframes noted in Table 4 below. This means that not only should the request be submitted within these timeframes, but the requested pickup date from the vendor must also be within these times. If the vendor requests a pickup date that is outside of these timeframes, and the order is delivered late to our store or DC, they will be considered at fault, and the late PO will affect their monthly on time shipping performance.

**Table 4:** Suggested Times to Book Appointment Requests (Collect & Prepaid)

| <b>Origin / Destination</b>                             | <b>Suggested Time to Book an Appointment</b>      |
|---|---|
| From East to East & West to West                        | At least 48 hours before the PO’s due date.       |
| From the US, to the same zone (East/East, West/West)    | At least 7 days before the PO’s due date.         |
| From the US, to a different zone (East/West, West/East) | At least 10 days before the PO’s due date.        |
| Between East and West Canada                            | At least 10 days before the PO’s due date.        |
| From the Maritimes                                      | At least 15 days before the PO’s due date.        |
| Vendor Prepared Cross Dock Deliveries                   | Add 4 business days to the above suggested times. |

When booking an appointment with RONA, the following information is required:

- PO #
- Vendor Name & Number
- Carrier Name
- Load Type (i.e. LTL/TL)
- Pallet Count
- CUBE
- Vendor Contact Name
- Vendor Contact Info
- Carrier Contact Info

**Valid PO:** An appointment will only be given to **valid POs**. If the trailer contains more than one PO, each one must be valid and registered to the e-mail of the respective distribution centers, indicated in the [Distribution Center List](#) in the Appendix section of this manual. Making an appointment for in-store direct deliveries must be done directly with the store.

**Applicable Fine:** If the prepaid carrier arrives at a RONA distribution center with an invalid and unregistered PO, a fine of \$500 may be applied per event.

**On-Time Arrival:** When a vendor books an appointment with RONA, they must respect the date and time of the appointment. If the vendor or carrier designated by the vendor is unable to meet this appointment within a 30-minute window, they must notify their contact in the Transportation Department ahead of time. In the event of a late appointment, reception of merchandise can be delayed or canceled.

**Applicable Fine:** If the supplier does not meet the time of the distribution center appointment within a 30-minute window, or does not meet the date of the appointment, a fine of \$500 may be applied per late appointment.

## 1.6.2 Delivering a Shipment – Appointment Requirements

- When delivering prepaid shipments, the vendor must ensure that their appointment is set according to procedures, regardless of whether the delivery is fulfilled by a vendor selected carrier or by the vendor itself.
- The carrier chosen by the vendor that fails to comply with the appointment requirements must contact the vendor to make the necessary corrections and ensure that the carrier complies with the vendor requirements in the future.
- **The vendor must ensure that transit time is included in the total delivery time negotiated in the commercial agreement.** Any exceptions must be communicated to RONA.



## **1.7 Product State**

### **1.7.1 Bar Coding:**

RONA requires all vendors to have a scannable Universal Product Code (“UPC”) label affixed to products - including the products’ packaging- according to GS1 Canada’s specifications or any such other specifications RONA may designate.

- A scannable UPC label or another label designated by RONA shall be affixed to each unit of each product sold by the vendor.
- The UPC label shall also be incorporated into the graphic design of the product packaging, or as otherwise required by RONA. For example, for individual ceramic tile pieces, not only must each tile piece have affixed a separate UPC label, but also the packaging for the product (master carton) must also have a UPC label.
- The UPC must be clearly visible on each product. RONA accepts only UPC Version A, UPC Version E, EAN 8 and EAN 13 barcode symbologies at point of sale.
- All standard shipping containers (master cartons, bundles, pallets, inner packs, etc.) containing fixed multiples of the same item must have an Interleaved 2 of 5 (UPC Shipping Container Code), or such other coding as RONA may require from time to time, placed on packaging according to the Uniform Code Council’s specifications or any such other specification designated. RONA uses this barcode symbology at the point of receipt.
- All cartons must be packed on the pallet with the barcode (Interleaved 2 of 5 or UPC) facing outward. RONA’s receiving personnel must be able to scan the barcode without breaking down the cartons on the pallet.
- All barcodes must have human readable characters that include a number system character and a check digit. The model number or RONA item number, and unit count contained within each level of packaging must be printed in human readable form.
- It is the responsibility of each supplier to provide RONA with barcode information on the unit and all of its shipping packaging (inner pack, case and pallet) in order to enable distribution and resale of its products.

### **Applicable Fines:**

- A fine of \$1,000 may be applied for each purchase order containing non-compliant bar coding.
- A recovery charge of \$10.00 per label, with a minimum charge of \$100, will be applied to cover labor charges for printing and applying new labels for each occurrence of bar-coding non-compliance.
- A fine of \$100 may be applied for every labour hour it takes to correct a purchase order containing non-RONA merchandise. This merchandise will be field destroyed or disposed of at vendor’s expense.

### **Example:**

RONA issued 1 purchase order.

- 100 units of 1 item was received with incorrect labeling.

- Fines would be assessed for the non-compliant PO and for the replacement labels.
- Fines would equal \$1,000 per non-compliant purchase order plus \$10 per label (minimum of \$100).
- Calculation of the fine would be as follows: \$1,000 for the non-compliant purchase order + 100 units x \$10 per label = total fine of \$2,000

## 1.7.2 Packaging:

In terms of packaging requirements:

- Vendor must not ship products with loose pieces and/or inner packs.
- Cartons must be packaged with UPC codes facing outwards.
- The product must be shipped with a carton.
- Identification for each product should comply with federal and provincial laws and regulations applicable, including but not limited to bilingual packaging (French and English). See details at the following links:
  - CANADA: [http://www.laws.justice.gc.ca/eng/regulations/C.R.C.%2C\\_c.417/index.html](http://www.laws.justice.gc.ca/eng/regulations/C.R.C.%2C_c.417/index.html)
  - QUEBEC: <http://www.legisquebec.gouv.qc.ca/en/showdoc/cs/C-11>
- All hazardous materials defined by the [Transportation of Dangerous Goods Act](#) must be packaged and labelled in compliance with this Act and its regulations.
- It is the responsibility of each supplier to provide RONA with barcode information on all of the unit's shipping packaging (inner pack, case, and pallet) in order to enable distribution of its products.

### Applicable Fines:

- A fine of \$1,000 may be applied for each purchase order containing a product with non-compliant packaging, as per the requirements above.
- A recovery charge of \$100 per hour will be applied to cover labor and equipment required to bring product packaging into compliance.

For all products shipping direct to RONA's Stores, the following fines will apply\*\*\*:

- A fine of \$1,000 may be applied for each purchase order containing non-compliant bar coding.
- A fine of \$5,000 may be applied for each purchase order containing a non-RONA merchandise. This merchandise will be field destroyed.

\*\*\* RONA's Merchandising and Logistics Teams may apply additional fines and recovery charges if a vendor fails to resolve bar coding or source tagging issues in 24 hours.

## 1.7.3 Load Quality & Product Integrity:

The supplier must ensure that goods are loaded properly and safely in trailer. Often times when products are not loaded properly (i.e. incorrect TI-HI), there is a risk that the products will be damaged during transport. More importantly however, it poses a safety concern for whoever eventually has to unload the product from the trailer.

Load quality and product integrity requirements include (but aren't limited to) the following (please be aware that during the vendor onboarding process, a complete list of palletization and shipping guidelines will be given to vendors, and will also be available on the supplier's portal. [Appendix 3.2](#) lists all of the RONA distribution centers and their pallet requirements.):

- Product must not excessively overhang off pallets. The maximum allowable overhang is 1" on either side of the shortest side of the pallet.
- Products must be loaded securely so that they do not fall over during transport or during the unloading process.
  - Products such as ladders or insulation that arrive on pallets must be securely strapped to the pallets.
  - With wood deliveries to flatbed facilities in particular, they must be tightly strapped to transport blocks.
  - Correct TI-HI must be maintained for stable loads.
- Product should not arrive in a damaged state.
- Product should not arrive on low grade pallets.
- Loads should not pose a safety concern to the unloaders. Some examples are:
  - Nails sticking out of pallets.
  - Products that aren't strapped together and/or to their pallets.
  - Unsafe stacking heights of products.
  - Heavy products leaning against the trailer that risk falling over when the doors are opened.

**Applicable Fines:** If merchandise is not safely loaded and/or arrives damaged at its destination:

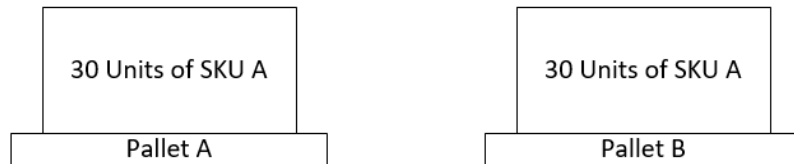
- A fine of \$1,000 may be applied per PO.
- A recovery charge of \$100 per hour will be applied to cover labor and equipment required to bring load quality and product integrity into compliance.

## 1.8 General Provisions for Deliveries

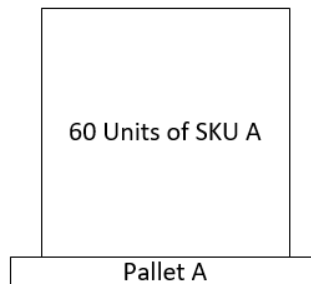
### 1.8.1 Standard Delivery Requirements

- **Complete PO:** All products mentioned in the PO must be delivered on the same day and in one truck. If there are too many products and they cannot all fit in a single truck, or if the delivery can't be made on the requested date, the vendor must contact RONA and create a new PO # for each additional truck.
  - **Applicable Fine:** If a PO does not arrive complete in a single day, or if a single PO arrives in multiple trailers, a fine of \$1,000 may be applied per PO.
- **SKU Splitting:** Each SKU in a PO must be shipped on its own pallet and must not be packed on different pallets, unless the quantity requested is too large and requires it. Example 1 below covers this scenario. However, if the quantity of SKUs ordered is very low, (i.e. 5 units of SKU A and 6 units of SKU B) those SKUs can be shipped on the same pallet provided they are sorted into different sections on the pallet and not arbitrarily mixed together.

**Example 1:** Assume that a PO contains 60 units of SKU A. A pallet can fit 60 units of SKU A. An example of non-compliance for this requirement would be if 30 units of SKU A arrived on Pallet A, and 30 units arrived on Pallet B, as shown below.



The correct way this product should have been loaded is as follows:

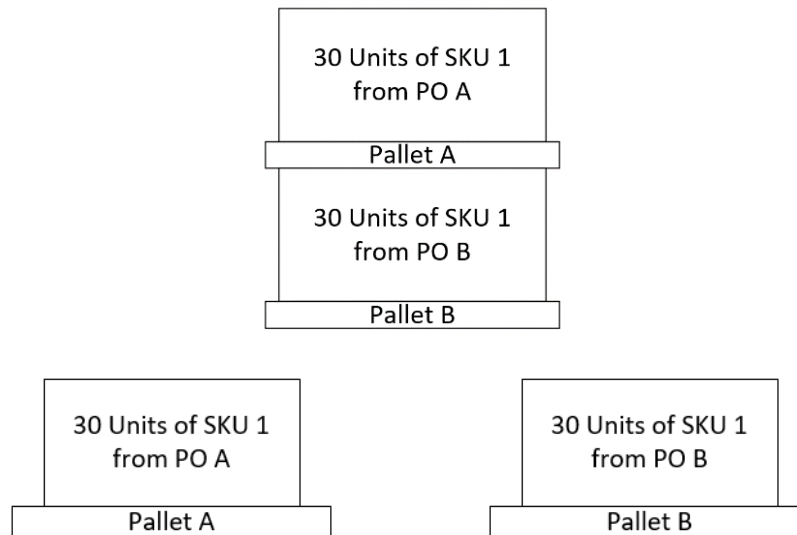


However, if 80 units of SKU A were ordered, then it would have been fine to put 60 units on Pallet A and 20 units on Pallet B, as the quantity ordered was too large to fit on a single pallet.

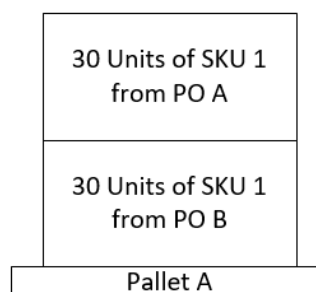
- **Applicable Fine:** As per example 1 above, if a SKU is shipped on multiple pallets when the quantity does not require it, a fine of \$1,000 may be applied per PO.

- **SKU Mixing:** If 2 or more POs are shipped in the same trailer because unit quantities allowed it, SKUs from those POs should not be mixed on the same pallet. Example 2 below covers this scenario.

**Example 2:** Assume that 2 POs are shipped in the same trailer because unit quantities allowed it. PO A contains 30 units of SKU 1, and PO B also contains 30 units of SKU 1. The units should be shipped on separate pallets as per the diagrams on the following page. If merchandise weight bearing limits permit, pallets can be stacked on top of one-another.



What should not be done is mixing SKUs from different POs on the same pallet, even if those SKUs are the same. The diagram below illustrates this point.



- **Applicable Fine:** As per example 2 above, if SKUs from different POs are shipped on the same pallet, a fine of \$1,000 may be applied per delivery.
- For mixed pallets (not applicable to Vendor Prepared Cross-dock), products must be side by side, ideally on the same row.
- Each supplier or carrier's vehicle (tractor, trailer or truck) may be inspected by RONA's Safety and Loss Prevention Department upon arrival at a DC or shop. If the supplier refuses to comply, access to the site will be denied.

- Anyone who behaves inappropriately while on RONA property shall immediately be escorted out by the Safety and Loss Prevention Department.
- All orders shipped by courier service (ex. UPS, Purolator) must be shipped complete or will be refused upon reception.

## 1.8.2 Vendor Prepared Cross Docking Deliveries

- Vendor prepared cross docking delivery merchandise must arrive at its final destination, in-store, and be received at requested date, even if it passes through one of RONA's distribution centers.
- **Important:** There are 7 superstores with shipping restrictions ([Appendix 3.3](#)) whose vendor prepared cross docking delivery orders don't go through RONA distribution centers. They must be shipped via carriers in the road guide (routing guide available on supplier's portal).
- **VPCD – Palletize by Store:** All products on the PO destined to go to a store have to be palletized per store. Products for different stores shouldn't be mixed onto the same pallet.
  - **Applicable Fine:** If products meant to go to different stores are loaded onto the same pallet, a fine of \$1,000 may be applied per event.
- **VPCD – Pallet Standards Identification:** Each pallet shall be identified with a placard that meets the following requirements:
  - Store #
  - PO #
  - Pallet Count (i.e. Pallet 1 of 4, Pallet 2 of 4, etc.)
  - Vendor Name (Ship-From Vendor Name)
  - Vendor Contact Phone #
  - Should be printed on 8.5" x 11" paper and securely affixed to each pallet.
  - Text should be in Arial or Times New Roman font.
  - Minimum 22-point font size (helps RDC employees easily identify during unloading/shipping process).
  - The individual vendor prepared cross dock (VPCD) placards need to be affixed to product on pallet under layer of shrink wrap.
  - Do not tape placards to outside of shrink wrap – it will get torn off or lost!
  - All labels and placards necessary to transport Hazardous Materials must be applied on pallets according to the [Transportation of Dangerous Goods Act](#).

**Applicable Fine:** If pallets are not clearly identified as per the requirements listed above, a fine of \$1,000 may be applied per event.

- Only the number of pallets or packages listed on the documents mentioned in [Section 1.5](#) will be accepted. A final check will be made by a manager when the products are received at their final destination.
- If there is a discrepancy between the quantity on the packing slip and the one received at the DC, RONA will advise the Logistics Department to take the necessary measures.

**1.9 CHEP Pallets**

**Merchandise on CHEP:** For any information regarding the CHEP pallet program, the supplier can contact CHEP Canada (514 745-2437). RONA holds a valid contract with CHEP Canada. CHEP pallets must be used at distribution centers and stores **unless otherwise indicated or if delivering appliances or overseas shipments**. [Appendix 3.2](#) lists all of the RONA distribution centers and their pallet requirements.

**Applicable Fine:** If merchandise is delivered on non-CHEP pallets, a fine of \$1,000 may be applied per event.

**CHEP Standards:** The supplier must comply with the CHEP pallet usage standards as described below. In case of default, non-compliant pallets will be returned to the supplier’s expenses. The standards for the products placement on CHEP pallets shall be as follows (\*VPCD = Vendor Prepared Cross Dock):

| Width (in/cm) | Length (in/cm) | Height (in / cm)         | Max weight        | Max weight / box*: | Max truck weight      | VPCD height |
|---------------|----------------|--------------------------|-------------------|--------------------|-----------------------|-------------|
| 40 / 101.6    | 48 / 121.9     | 48 / 121.9 (with pallet) | 2750 lbs./1250 kg | 55 lb./25 kg       | 64 900 lbs./29 500 kg | 8 foot      |

**Example of CHEP Pallet Usage Standards:** A screw box (non-unitary and multiple quantities inside) of 30 packages of 1kg will be reduced to contain a maximum of 25 containers to respect the maximum weight of 25 kg. A box (unit) of a 40-gallon hot water tank can’t be reduced to respect the maximum weight of 25 kg.

**Applicable Fine:** If merchandise delivered on CHEP pallets does not meet the CHEP pallet usage standards listed in this section, a fine of \$1,000 may be applied per event.

Furthermore:

- All pallets must be loaded without overflowing.
- Merchandise on a CHEP pallet shall be “stretch-wrapped” to prevent losses and breakage in transit.
- If the goods can’t be loaded onto a CHEP pallet properly, supplier shall contact the Logistics Department or the receiving site to find out how to optimally palletize the products. Supplier must ensure that the pallet used has capacity to support the weight of goods and complies with other standards.
- RONA returns CHEP pallets to CHEP Canada. Vendor liability for the rental of CHEP pallets ceases when the delivery reaches a DC or store. CHEP pallets can be stacked in a trailer if the weight and / or height and nature of the product allow it.

**Standards for CHEP pallet transactions in the MyCHEP system:** Suppliers must comply with the transactional standards described below to carry out a transaction in our various CHEP accounts. Here are the standards to follow:

All transactions to RONA CHEP accounts must contain a valid purchase order (PO) in the ‘OTHER REFERENCE’ section. The RONA purchase order contains seven (7) digits.

 SHIPMENT DATE

2023 - 05 - 01  

 REFERENCE

Reference

 OTHER REFERENCE

Other Reference

| Sender | Receiver | Date of Dispatch | Reference 1 | Reference 2 | Reference 3 |
|--------|----------|------------------|-------------|-------------|-------------|
| ABC    | XYZ      | 20220630         | 899XXXXXXXX | 12345678    | XXXXXXXXXX  |

**Applicable penalty:** If the transaction does not comply with the standards of use described in this section, we will, in collaboration with CHEP, reverse the transactions. The supplier will have to regenerate a transaction with a valid purchase order.



## 2.0 Merchandise Return Policy

- Return policies are specific to each supplier, but all suppliers must take back any non-compliant, defective, damaged product or with a manufacturing defect, at the supplier's expense (including the transport and handling charges). If it is impossible for the supplier to take back a product, the supplier will reimburse all related fees paid by RONA.
- For goods to be returned, RONA will contact the supplier to notify them about the merchandise. The supplier has five (5) business days to respond to this notification. Once an agreement has been made, the supplier will have five (5) business days to send the return authorization number and schedule a pick-up of the merchandise.
  - **Applicable Fine:** If the supplier does not respond to RONA's notification on time, does not provide a return authorization number on time, or schedule a pick-up, a fine of \$1,000 may be applied per event.

## **2.1 Product Introduction & Modification**

In the “**Doing Business with RONA**” section of this manual, it is mentioned that complete details of product introduction and modification -among other vendor onboarding information- can be found on the supplier’s portals: RONA Vendor Homepage. It is important to be aware that there are non-compliance fines for not satisfying the requirements of product introduction and modification. The following requirements must be adhered to:

### **2.1.1 Hazardous Products**

All products of the Workplace Hazardous Materials Information System (WHMIS) (Hazardous Products Act), Transport Regulation ([Transportation of Dangerous Goods Act](#)), Consumer Chemicals Regulations (Hazardous Materials Regulations), chemicals and consumer containers, pesticide (Pest Control Products Act), and fertilizers (Fertilizer Act and Regulations) are considered hazardous. As such:

1. Complete the Hazardous Materials section of the Product Introduction Form for each product creation.
2. All hazardous products must be accompanied by a material Safety Data Sheet, available in French and English.
3. Ensure the Material Safety Data Sheets comply with the requirements of WHMIS 2015 - GHS. See details on the Canadian Center for Occupational Health and Safety website: [https://www.ccohs.ca/oshanswers/chemicals/whmis\\_ghs/general.html](https://www.ccohs.ca/oshanswers/chemicals/whmis_ghs/general.html)
4. Complete the dangerous goods transportation data in the product introduction sheet for any product regulated under the Transportation of Dangerous Goods Act of Canada.
5. Failure in complying with points 1 to 4 above may result in blocking the creation of the product.

### **2.1.2 Creations and Modification of Products and/or Prices**

- **Product Introduction Sample**: A sample of any new product must be provided during the product introduction phase of vendor onboarding if requested. This is needed for inclusion in the database where each product is listed (name, description, photo, product number "SKU") and to create electronic and circular catalogs. All associated costs are borne by the supplier and deducted from payment, according to the guidelines for vendor onboarding.
  - **Applicable Fine**: If the supplier does not provide a sample of the new product upon request, a fine of \$1,000 per SKU may be applied.
- **Product Introduction Form**: In addition to a sample, vendors need to ensure that the product specifications they indicate on the product introduction form are accurate and that the form is submitted by the agreed upon date. A 2-day grace period is allowed, but thereafter, vendors will be fined for being late. The form will need to include details such as: crate/pallet size, minimum purchase quantity, product size, packaging details and dimensions, bar codes of the unit and all of its shipping

packaging (inner pack, case and pallet), country of origin, hazardous material information and any requested information in the Form.

- **Applicable Fine:** If the product introduction form is missing information, has incorrect information, or was not submitted on time, a fine of \$500 per event may be applied for incorrect information. Also, after the 2-day grace period for submission, vendors will be charged a fee of \$100 per late day, up to 2 days. After 2 days, vendors are charged a fee of \$500 per late day.
- **Product Modification:** A notification to, and an approval from RONA is required if changes are made to certain aspects of a product, as briefly outlined below (a full list of details is available on the supplier's portal, and is covered during the vendor onboarding process):
  - Changes to product packaging.
  - Changes to design elements of the product (components, materials, colour, specifications).
  - Corrections to any discrepancies of previous product models.
  - Changes in the manufacturing/production process (changes in tools, equipment, location, etc.).
  - Discontinuing of a product.
  - Potential price change of a product.
  - Change in Safety Data Sheet (SDS) or any data concerning a regulated hazardous material.

**Applicable Fine:** If a supplier does not notify RONA of product modification prior to any shipment, a fine of \$2,000 may be applied on an event basis.

### 2.1.3 Ecofees

RONA complies with the legislation on Extended Producer Responsibility in the management of environmental expenses. The introduction on the market of product thus governed entails the shared responsibility with the supplier to declare and pay the associated Eco-fees; see the RONA Eco-Fees Policy in [Appendix 3.4](#). The Supplier acknowledges having read it, consents and agrees to comply with it, including, without limiting the foregoing, all the Supplier's payment obligations to RONA or others.

The supplier must:

- Inform RONA of all changes or new registration to a Stewardship program at [ecofee@RONA.ca](mailto:ecofee@RONA.ca).
- Complete the requested data in the Product Introduction Form.

**Applicable Fine:** If a supplier does not notify RONA nor provide compliant requested data, fines of section 2.1.2 can be applied.

## 2.1.4 Respect of RONA Responsible Procurement Policies

RONA has communicated rigorous corporate policies to reduce the environmental and social impacts of the products sold to our customers. All new and existing products sold in its network must comply with these policies.

The policies include:

- Vendor code of conduct
- [3.5 RONA Wood Policy](#)
- [3.6 RONA Safer Chemicals Policy](#)
- [3.7 RONA Conflict Minerals Policy Statement](#)
- [3.8 RONA HUMAN RIGHTS POLICY STATEMENT](#)

All these policies can be found on the supplier's portal:

- RONA: [RONA Vendor Homepage](#) (vendors.RONA.ca)

RONA will inform its suppliers with updates of its policies via email communications, updates of the supplier's portal and this Policy.

The supplier must:

- Read the policies and ensure all products sold to RONA comply to these policies.
- Provide all data requested in the Product Introduction Form to confirm the compliance of its products to RONA policies.
- Provide any documentation proving compliance during audits or surveys.
- Provide access to its facilities during on field audits.

**Applicable Fine:** all non-compliance of products to these policies represent a breach of compliance with the conditions of the Vendor Code of Conduct and with the supplier's Master Buying Agreement. It could generate the stop of sale of the non-compliant product or the end of the business relation.

Questions on Responsible procurement policies can be sent to [ECOProducts@RONA.ca](mailto:ECOProducts@RONA.ca).

## 2.2 Vendor Display Setups and Store Resets

Effective in store resets and vendor display setups are crucial to the continued success of RONA and its vendors. As such, it is important that vendors adhere to the following requirements:

**Display Materials:** In order for merchandisers to understand how vendors want their products to be displayed, vendors need to provide relevant and accurate planograms, signage, and pricing details, on time.

- **Applicable Fine:** A fine of \$500 per Event may be applied for not providing display materials, as well as a fine of \$100 for every day late.

**Incorrect Materials:** Vendors must also provide RONA with accurate displays (agreed upon colour, size, etc.) for setups and resets, on time. In terms of relevancy and accuracy:

- Vendor provided displays must adhere to the agreed upon specifications that the vendor and RONA established. Specifications include factors such as colour, display size, text size, font style, etc.
  - Planograms (POGs) need to include the accurate details for product placement, product number, brand, and description. POGs must also be relevant to the store environment in which they are being displayed: correct store & correct language.
  - Signage and pricing details need to be relevant to the SKU. Additionally, they need to match the environment in which they were intended for: correct store & correct language.
- **Applicable Fine:** A fine of \$500 per Event may be applied for incorrect POGs, signage, pricing, or display materials, as well as an additional fine of \$100 for every day late.

**Vendor Driven Reset Schedule:** In the case of vendor driven resets, it is important that vendors adhere to the agreed upon schedule. Additionally, vendors must also accurately execute the agreed upon planogram.

- **Applicable Fine:** If a vendor does not start or finish according to the agreed upon reset schedule, a fine of \$100 may be applied for each late day (to get the correct planogram).

## 2.3 Escalating Fines

Vendors will be charged an extra fine for recurring events of non-compliance. After a vendor's first month with a non-zero fine total, subsequent monthly fine totals will have additional fines attached based on the number of previous non-zero fine months the vendor was held to during the **fiscal year**. Fines start at \$500 and increase in increments of \$250, up to a total of \$3,000. Once the next fiscal year begins, the escalating fines are reset.

### Example #1 – First Non-Compliance of the Cycle

- During the first month of the fiscal year, a vendor is found to be non-compliant in terms of barcoding for 100 units in a PO. **This results in their first non-zero fine total of the fiscal year**, so there wouldn't be any additional escalating fines for the billing of this first month.
- The calculation of the fine would be as follows: \$1,000 for the non-compliant purchase order + 100 units x \$10 per label = total fine of \$2,000

### Example #2 – Subsequent Non-Compliances During the Fiscal Year

- During the fifth month of the fiscal year, a vendor does not provide all the required information at the time of an appointment and is therefore non-compliant as they do not meet the requirements established in Section 1.6. **This is the third month of the fiscal year where they had a non-zero fine total** (meaning they previously had 2 months where non-compliant events occurred).
- The calculation of the fine total for this fifth month would be as follows:
  - \$500 for the non-compliant appointment + **\$750 as an escalating fine** (since they previously had 2 non-zero months during the cycle) = Total Fine of **\$1250**

### Example #3 – Maximum Escalation Fine

- During the twelfth month of the fiscal year, a vendor delivers one PO across multiple trailers instead of delivering that PO in one truck (or creating another PO if all the product could not fit in one truck), meaning that they did not meet the compliance requirements established in Section 1.8. **This is the twelfth month of the fiscal year where they had a non-zero fine total** (meaning they previously had 11 months where non-compliant events occurred).
1. The calculation of the fine total for this twelfth month would be as follows:
    - \$1,000 for the non-compliant delivery + **\$3,000 as an escalating fine** (since they previously had 11 non-zero months during the cycle) = Total Fine of **\$4,000**

## Section B: Appendix

### 3.1. Non-Compliance Notification Program

In an effort to prevent recurring instances of the same types of non-compliant events, RONA has a notification program that informs vendors of any detected non-compliant events prior to being fined.

In terms of how the program works:

1. At the start of the month, vendors may receive two e-mail notifications detailing compliance results for the previous month. For example, at the beginning of the month of November, a vendor could receive two e-mails indicating their compliance results for the month of October.
  - One e-mail will detail the results of the vendor's on-time shipping and fill rate performance metrics, indicated in Table 1.1.
  - The other e-mail will list occurrences of non-compliance for the policies indicated in Tables 1.2 to 1.4. This notification e-mail will include information on the type of non-compliance, the date of the occurrence, the purchase order number, the item numbers, etc. This e-mail will only be sent if non-compliant events were detected during the previous month.
2. Following the notifications, vendors will have a 2 week period to respond to the e-mails should they have any questions.
3. At the end of the month, vendors may receive two debit memorandum e-mails corresponding to the notifications sent at the start of the month. This will depend on whether the performance metrics were met and/or whether there were any occurrences of non-compliance for the policies in Tables 1.2 to 1.4. If this is the case and fines *were* reported in the start of month notifications:
  - The performance metrics debit memo e-mail will stipulate the fine total based on Tables 2 and 3.
  - The non-compliance debit memo e-mail will stipulate the fine total based on the number of non-compliant occurrences for the policies in Tables 1.2 to 1.4.

### 3.2. Distribution Center List

\*For pick-up requests, suppliers should contact their transportation coordinator or refer to the routing guide.

| Distribution Center                               | Address  | Appointments   | Core Carrier Requirements                         | CHEP Pallets Required?                              |
|---|--|--|---|---|
| <b>Boucherville (99)</b> Québec                   | 220, chemin du Tremblay<br>Boucherville QC J4B 8H7<br><b>Phone:</b> 514-599-5900 / <b>Fax:</b> 514-599-2531    | 90990.rendez-vous@RONA.ca  | Collect LTL & TL Shipments                        | Yes   |
| <b>Terrebonne (88)</b> Québec                     | 2055, boul. des Entreprises,<br>Terrebonne QC J6Y 0B7<br><b>Phone:</b> 450-477-0739 / <b>Fax:</b> 450-477-2645 | receptionterrebonne@RONA.ca  | Collect LTL & TL Shipments                        | Yes   |
| <b>Steeles Avenue (Halton Hills) (80)</b> Ontario | 11 000 Steeles Avenue Halton Hills ON L9T 2X8<br><b>Phone:</b> 905-876-4118 / <b>Fax:</b> 905-876-9993         | dc80.receiving@RONA.ca<br><b>Phone:</b> 905-876-4118, x233         | Collect LTL & TL Shipments                        | Yes   |
| <b>St-Hyacinthe (J1)</b> Québec                   | 2855, rue Vanier St-Hyacinthe QC J2S 8Y2<br><b>Phone:</b> 450-778-1737 / <b>Fax:</b> 450-778-2049              | Entrepot.St-Hyacinthe@RONA.ca                                      | Collect LTL & TL Shipments                        | Yes   |
| <b>Calgary – Main (83)</b> Alberta                | 2015 60th Street SE, Calgary AB T2B 3T9<br><b>Phone:</b> 403-235-7650 Option 1 / <b>Fax:</b> 403-235-0869      | DC83.Receiving@RONA.ca<br><b>Phone:</b> 403-235-7657 Option 1      | Collect LTL & TL Shipments                        | Yes   |
| <b>Rocky View (X4)</b> Alberta                    | 111 High Plains Trail, Rocky View County, AB T4A 3M6<br><b>Phone:</b> 403-235-7657 Option 2                    | Receiving.RockyView@RONA.ca<br><b>Phone:</b> 403-235-7657 Option 2 | Collect LTL & TL Shipments                        | Yes   |
| <b>Crossfield (F1)</b> Alberta                    | 16 McCool Crescent Crossfield AB T0M 0S0<br><b>Phone:</b> 403-946-4643 / <b>Fax:</b> 403-946-4734              | Receiving.Crossfield@RONA.ca<br><b>Phone:</b> (403) 946-2375       | Collect LTL & TL Shipments                        | Yes   |
| <b>Dick's Lumber (86)</b>                         | 16659 Fraser Highway, Surrey, BC V4N 4G7<br><b>Phone:</b> (604) 882-6321                                       | <b>Phone:</b> (604) 882-6321                                       | N/A   | N/A   |
| <b>NFI (87)</b>                                   | 6810 40 Street SE, Calgary, AB T2C 2A5<br><b>Phone:</b> (403) 236-3484   | <b>Phone:</b> (403) 236-3484                                       | Collect LTL & TL Shipments                        | Yes   |
| <b>Milton (M1)</b> Ontario                        | 8450 Boston Church Road, Milton, Ontario, L9T 8E4<br><b>Phone:</b> 905-636-4791                                | Appointments3110@Lowes.com   | Collect LTL, TL Shipments & Prepaid LTL Shipments | No, see: <a href="#">Palletization Requirements</a> |
| <b>Milton (X3)</b> Ontario                        | 7095 Fifth Line, Milton, Ontario, L9T 2X8  | DCX3.Receiving@RONA.ca   | Collect LTL, TL Shipments & Prepaid LTL Shipments | N/A   |



**3.3 Vendor Prepared Cross Dock Stores with Restrictions on Shipments**

| <b>Banner</b>      | <b>Store</b> | <b>Address</b>             | <b>City</b>    |
|--------------------|--------------|----------------------------|----------------|
| RONA Le Regional   | 41190        | 435 Chemin McConnell, QC   | Gatineau       |
| RONA Home & Garden | 33150        | 274 Talbot St. West, ON    | Leamington     |
| RONA Home & Garden | 33690        | 535 McNeely Avenue, ON     | Carleton Place |
| RONA Home & Garden | 33730        | 165 Primeway Drive, ON     | Welland        |
| RONA Home & Garden | 33780        | 359 South Service Road, ON | Grimsby        |
| RONA Home & Garden | 55310        | 1452 Bath Road, ON         | Kingston       |

## 3.4 Ecofee Policy

RONA is committed to comply with legislation on extended producer responsibility and to stewardship program management in Canada, also called environmental handling fees or ecofees programs. These programs request that brand owners and producers bringing new products to market subject to this legislation are legally responsible for ecofees payment and reporting in accordance with legislation. This responsibility being shared between RONA and each of its suppliers, this policy aims to clearly define responsibilities of each parties.

According to the trade agreement signed with RONA and the *RONA Vendor Compliance Policy*, the supplier must respect this policy and follow the actual guidelines:

- **The supplier** will clearly identify a contact person responsible for stewardship programs.
- **If the supplier has a place of business in the province having a stewardship program and that its products are covered by the stewardship program or if the supplier is registered to such program on a voluntary basis**, the supplier must report and pay the ecofees for all products of the supplier's brands sold in the RONA network.
- **If the supplier does not have a place of business in the province having a stewardship program, that its products are covered by the stewardship program and that the supplier is not registered to such program on a voluntary basis**, RONA reports and pays the ecofees related to the supplier branded products sold in stores of the RONA network of stores. In this case, the supplier authorizes RONA to claim to the supplier and the supplier is committed to pay RONA within the time prescribed by RONA an amount equal to (i) the amounts assumed by RONA for all products of the supplier's brands sold in the RONA network and (ii) the administration fees established at the discretion of RONA. In addition, in this case, the supplier will not include any amounts related to stewardship programs in the price of the affected products it sells to RONA.
- **RONA reports and pays the ecofees for all sales of its private brand** products sold in the RONA network (See attached list of RONA private brands).

**A supplier may diverge to the terms of this policy only if it has signed a remitter's agreement with RONA** which is in a form acceptable to RONA and applicable. The supplier then undertakes to sign such a remitter determination agreement with RONA if required by the stewardship program.

**In all cases, the supplier must inform RONA of its registration status to stewardship programs** by contacting [ecofee@RONA.ca](mailto:ecofee@RONA.ca) and immediately notify RONA if this status change, and to supply promptly, at the reasonable request of RONA, any information relating to the supplier, its products and stewardship programs.

**RONA** shall have the right, at any time and from time to time, to make any amendment, suppression and addition to this ecofee policy for which the supplier has been informed by a written notice.

## List of company private brands:

|                 |                 |                 |                  |
|-----------------|-----------------|-----------------|------------------|
| RONA            | UBERHAUS PRO    | KOBALT          | STAGREEN         |
| RONA ECO        | PRO-PULSE       | ALLEN + ROTH    | RELIABILIT       |
| HAUSSMANN       | RONA COLLECTION | PROJECT SOURCE  | HARBOR BREEZE    |
| RONA OLYMPIQUE  | RONA X-PERT     | BLUE HAWK       | HOLIDAY LIVING   |
| HAUSSMANN XPERT | FACTO           | STYLESELECTIONS | GATEHOUSE        |
| CONCEPT         | NORDIK          | UTLITECH        | GARDEN TREASURES |
| RONA COMMERCIAL | UBERHAUS SELECT | PORTFOLIO       | EVERTRUE         |
| UBERHAUS        | VITALIUM        | AQUASOURCE      | TOP CHOICE       |
| UBERHAUS DESIGN | RENO-DÉPÔT      | UTILITECH       |                  |

## List of the programs in which RONA is registered:

|                                       |                                      |                                       |
|---------------------------------------|--------------------------------------|---------------------------------------|
| AB - ABCRC - Beverage containers      | MB - MARRC - OIL                     | ON - RPRA - Packaging (Blue Box)      |
| AB - Alb. Recycling - Electronics     | MB - Product Care - HHW              | ON - RPRA - ITT/AV                    |
| AB - Alb. Recycling – Oil             | MB - Product Care - Light Recycle    | ON - RPRA - HSP                       |
| AB - Alb. Recycling - Paint           | MB - TSMB - Tires                    | ON - RPRA - Batteries                 |
| AB - Alb. Recycling - Tire            | NB - EPRA - Electronics              | ON - RPRA - Lighting                  |
| BC - BCUOMA - Oil                     | NB - ENCORP - Beverage Containers    | ON - RPRA - Tires                     |
| BC - Call2Recycle - Batteries         | NB - Product Care - Paint            | QC - EPRA - Electronics               |
| BC - Recycle BC - Packaging (PPP)     | NB - REC NB - Tires                  | QC - GoRecycle - Électroménagers      |
| BC - ENCORP - Beverage Containers     | NB - SOGHUOMA - OIL                  | QC - Call2Recycle - Batteries         |
| BC - EPRA - Electronics               | NB - Circular Materials - Packaging  | QC - Écoteinture - Paint              |
| BC - CESA - Small Appliances          | NL - EPRA - Electronics              | QC - EEQ - Packaging (PPP)            |
| BC - Product Care - HHW               | NL - MMSB - Beverage Containers      | QC - Product Care - RecycFluo         |
| BC - Product Care - Light Recycle     | NL - MMSB - Tire                     | QC - Revenu Quebec - Pneus            |
| BC - MARR - Major Appliances          | NL - Product Care - Paint            | QC - SOGHU - OIL                      |
| BC - OPEIC - Outdoor Power Equipment  | NL - UOMA - OIL                      | SK - MMSW - Packaging (PPP)           |
| BC - Product Care - Smoke & CO Alarms | NS - Divert NS - Beverage Containers | SK - Call2Recycle - Batteries         |
| BC - TSBC - Tires                     | NS - Divert NS - Tires               | SK - EPRA - Electronics               |
| MB - Call2Recycle - Batteries         | NS - EPRA - Electronics              | SK - Min of Fin - Beverage Containers |
| MB - CBCRA - Beverage Containers      | NS - Product Care - Paint            | SK - Product Care - Paint             |
| MB - MMSM - Packaging                 | NS - UOMA - OIL                      | SK - SARRCC - OIL                     |
| MB - EPRA - Electronics               | ON - Stewardship Ontario - Packaging | SK - TSS - Tires                      |

**List of programs where, if the supplier is a brand owner and has a place of business in the province where the goods are supplied, the supplier must report and pay the ecofees.** The list below can be expected to change depending on the provincial regulatory evolution.

|                                   |                                  |
|-----------------------------------|----------------------------------|
| BC - CSSA (RecycleBC) – Packaging | ON - CSSA (Blue Box) – Packaging |
| SK - CSSA (MMSW) – Packaging      | ON – SO – MHSW                   |
| MB - CSSA (MMSM) – Packaging      | ON - OTS – Tires                 |
| QC - EEQ – Emballage              | ON - AMS – Oil                   |

### 3.5 RONA Wood Policy

Updated February 2023

RONA inc. Wood Sourcing Policy is intended to inform the public and suppliers of our philosophy and commitments. This policy is applicable to RONA inc. (hereinafter “RONA”).

As a leading Canadian home improvement company, RONA purchases significant amounts of wood and recognizes the important role the world’s forests play. Forests are crucial to life on the planet, supporting plant and animal life; capturing and storing greenhouse gases; and providing food, water, fuel, medicine and livelihoods to billions of people around the world. RONA is dedicated to protecting these critical resources, and we want to do our part to protect them by adopting responsible practices. Trees are a critical part of our business, so ensuring a long-term, sustainable source of wood is paramount. In addition, we want to hold ourselves and our suppliers to high standards.

#### **Scope**

This policy applies to all products containing wood that are sold in RONA stores in Canada (hereinafter “Wood Products”).

#### **Commitments**

- RONA will achieve 100 percent Forest Stewardship Council (FSC) certification for all Wood Products sourced from identified regions at risk.

Regions at Risk\*

|                            |                   |
|----------------------------|-------------------|
| Amazon Basin               | East Africa       |
| Atlantic Forest/Gran Chaco | Eastern Australia |
| Borneo                     | Greater Mekong    |
| Cerrado savanna            | Papua New Guinea  |
| Chocó-Darién moist forests | Sumatra           |
| Congo Basin                | Russian Far East  |

*\*This list is updated in conjunction with our network of non-profit partners.*

- By 2025, 100% of RONA Wood Products will be purchased from a responsible source, thus either certified or from a controlled source.

## Guiding principles

RONA recognizes that environmental and socioeconomic issues often are directly related to forest products and, as a responsible corporate citizen, we take addressing these issues seriously. Our wood sourcing policy aims to contribute to environmental protection and to adopt ethical business practices.

RONA commits to source wood that:

- comes from a known source;
- is legally harvested and traded;
- does not threaten high conservation value or high carbon stock forests;
- does not come from deforestation or other ecosystem conversion, which leads to biodiversity loss, including that of rare, threatened and endangered species;
- is harvested and produced in a way that recognizes and upholds indigenous and other local community rights and customs;
- is harvested and produced ensuring that human and worker rights are protected, including decent and humane working conditions and no forced labor.

For RONA, a responsible source is either 1) certified or 2) controlled:

1. RONA recognizes the following certifications: FSC and all the certifications recognized under the Program for the Endorsement of Forest Certification (PEFC), including the Sustainable Forestry Initiative (SFI). RONA gives preference to FSC-certified Wood Products when they are available and meet product performance and business requirements.
2. In circumstances where wood product is not sourced from a certified forest, the supplier must prove that its product comes from a controlled source and demonstrate evidence of compliance with RONA inc. Wood Sourcing Policy.

RONA will continue to engage with a diverse set of stakeholders including NGOs, regulators, peers and academia to ensure our wood sourcing policies and practices are focused on the most critical risks and to identify additional ways that RONA can help to promote sustainable forestry practices.

- RONA is committed to reviewing this policy on an annual basis and will revise as necessary.
- Additionally, RONA is committed to develop verification and reporting processes to provide annual updates on progress against our targets.

## **3.6 RONA Safer Chemicals Policy**

Updated February 2023

The RONA inc. Safer Chemicals Policy is intended to inform the public and suppliers of our philosophy and commitments. This policy is applicable to RONA inc. (hereinafter “RONA”).

Chemicals play a major role in people’s daily lives. There has been a growing concern that there are chemicals that can be persistent and build up in the environment and have adverse human and environmental health effects. While regulations are being strengthened, certain concerns remain unregulated. As a responsible corporate citizen, RONA takes product safety and environmental sustainability very seriously. To manage chemicals responsibly, RONA implements this Safer Chemicals Policy through a number of strategic actions and commitments.

### **Policy**

- RONA will continue to adhere to applicable chemical regulations as they are strengthened to restrict chemicals of concern.
- RONA will continue to foster supply-chain relationships and encourage suppliers to disclose chemicals to RONA to better understand chemicals in the products and packaging RONA sells and how they impact product and environment.
- RONA will strive to protect the health of RONA customers, employees, and environment by systematically identifying, reducing, and eliminating chemicals of concern and substituting them with safer alternatives wherever commercially feasible.
- RONA will actively drive the identification and availability of safer alternatives to its entire operations, including RONA stores and offices.
- RONA will continuously improve its engagement with supply chain partners to ensure requirements are understood and acted upon in a reasonable timeframe.
- RONA will strive to enhance consumer confidence in the products RONA sells in Canada through making available an increasing number of eco-products that incorporate safer chemicals.
- RONA will review this chemical policy at least on an annual basis and report progress in its annual corporate responsibility report.

**Action Plan**

To support this chemical policy, RONA will take several actions to ensure progress:

- RONA will develop a framework to systematize the process of assessing chemicals and managing chemical risks. Chemical risks can be managed in several ways and may include requiring disclosure of chemicals in RONA’s products, reducing or eliminating toxic chemicals from RONA’s products or packaging, better educating consumers on product safety, and/or driving innovation by encouraging suppliers to transition to safer alternatives and green chemistry solutions.
- RONA will take a collaborative approach to understand and manage chemicals in the products RONA sells, including utilizing inputs from third-party subject matter experts, internal and external stakeholders, supply chain partners, and consumers. RONA will also continue to partner with credible NGOs, associations and industry partners to stay informed of current concerns.

RONA is committed to evolving and improving these action plans to ensure continuous improvement over time.

**Commitments**

| Product Category | Commitment   |
|------------------|--|
| Flooring         | <ul style="list-style-type: none"> <li>• All vinyl flooring is free of ortho-phthalates.</li> <li>• All indoor wall-to-wall carpet is free of triclosan, organotins, ortho-phthalates, vinyl chloride, nonylphenol ethoxylates, coal fly ash, formaldehyde, added heavy metals.</li> <li>• All indoor residential carpet and rugs are free of PFAS chemicals.</li> </ul> |
| Insulation       | <ul style="list-style-type: none"> <li>• All fiberglass insulation products are free of brominated flame retardants, halogenated flame retardants, antimony trioxide, formaldehyde, and added heavy metals.</li> </ul>   |
| Lawn & Garden    | <ul style="list-style-type: none"> <li>• All our on-shelf pesticides and live goods are free of neonicotinoid pesticides.</li> </ul>   |
| Paint            | <ul style="list-style-type: none"> <li>• All paint remover products are free of methylene chloride and N-Methyl-2-Pyrrolidone (NMP).</li> <li>• All interior and exterior water-based wall paints are free of triclosan, isocyanates, formaldehyde, lead and heavy metals.</li> </ul>  |
| Cleaning         | <ul style="list-style-type: none"> <li>• All fabric protection sprays are free of PFAS chemicals.</li> </ul>   |

## 3.7 RONA Human Rights Policy Statement

Updated January 2020

RONA is committed to fostering a company that recognizes and respects human rights in all aspects of our business, regardless of sex, race, color, religion, national origin, age, disability, marital status, gender identity or expression, sexual orientation, genetic information, military, veteran status, and any other characteristic protected under law. RONA seeks to respect and promote human rights when engaging with associates, subcontractors, suppliers, customers, and other partners. RONA expects the same from its vendors. We will do this, as appropriate, through proactive engagement, monitoring, certification, and contractual provisions. Suppliers operating in or procuring from areas where we identify our most severe risks will be the key focus of this engagement. With this commitment, RONA adopted this Human Rights Policy (“Policy”) and supports the fundamental principles of Human Rights, as defined by the “Universal Declaration of Human Rights”. In addition, RONA aligns with the principles set forth in the United Nations Global Compact, the International Bill of Human Rights (including the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR)), and the International Labor Organizations (ILO) Declaration on Fundamental Principles and Rights at Work. This Policy applies to all associates, vendors, suppliers, customers, subcontractors, and other partners who provide services and goods to RONA.

### **Statement**

RONA conducts a corporate-wide human rights review at least annually. RONA focuses on promoting fundamental rights through associates, customers, communities and supply chain workers.

- **Associates:** RONA associates are vital assets to the company. RONA Business Code of Conduct requires associates to uphold the highest safety and ethical standards, and to create a safe and non-discriminating environment for RONA associates, visitors and customers.
- **Customers:** RONA aims to serve customers, not only by providing excellent products, but also to safeguard their human rights.
- **Communities:** RONA is committed to fostering an environment where individuals are treated fairly, valued, respected, safe and inspired to serve customers and the community.
- **Supply chain workers:** RONA serves customers, but also serves those who serve customers. Suppliers should treat workers throughout the supply chain with integrity and respect and adhere to the Vendor Code of Conduct, which requires RONA suppliers to protect workers’ human rights throughout the supply chain. Human trafficking, child labor and forced labor are strictly prohibited and enforced with a zero-tolerance policy. RONA also requires all suppliers and vendors to comply with RONA Vendor Safety Standards, which are outlined in RONA vendor safety expectations.

Additional References: [RONA Ethics and Compliance Policies](#) including Vendor Code of Conduct and RONA Code of Business Conduct and Ethics.



## **Implementation**

RONA continually evaluates and reviews our approach to human rights and how to best detect human rights risks. We believe that working through external initiatives and partnerships is often the best way to address shared challenges for operating our business responsibly. Where any events may impact RONA commitments to human rights, RONA will assess the risk, conduct an investigation if needed, and provide a solution or action for remediation. We will continue to track and publicly report on progress on an annual basis in RONA Corporate Sustainability Report.

RONA conducts training and development programs to foster open communication, inclusion and ensure equal employment opportunities for all. Associates receive regular anti-discrimination and anti-harassment workplace training and, annually verify compliance with the Code of Business Conduct and Ethics. Our vendors receive responsibility training focused on the Vendor Code of Conduct and RONA compliance program.

## **Reporting Channel**

RONA expects any stakeholders of RONA business to report or address any human rights concerns through any of the following channels:

- Telephone: 1-800-309-5859
- NAVEX Global:
  - Website (option to report anonymously): [www.ethicspoint.com](http://www.ethicspoint.com)
  - [Telephone: 800-784-9592 for the U.S. and Canada; 10-800-120-1239 for Southern China; 10-800-712-1239 for Northern China; 800-964214 for Hong Kong; 001-8008407907 or 001-866-737-6850 for Mexico; 00801-13-7956 for Taiwan; 1-800-80-8641 for Malaysia; 001-803-011-3570 or 007-803-011-0160 for Indonesia; 120-11067 for Vietnam; 001-800-12-0665204 for Thailand; 000-800-100-1071 or 000-800-001-6112 for India; 01800-9-155860 for Colombia; 0800-8911667 for Brazil or 503-619-1883 for use internationally](tel:8007849592)