

# Code of Ethics

Supplier



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# MESSAGE FROM RONA MANAGEMENT

Since its creation in 1939, RONA has derived strength from a shared vision and deeply rooted values to which we all bound. Service, unity, respect, search for the common good and sense of responsibility are more than words: these values represent a collective and individual commitment.

RONA's values and Code of Ethics count among the reasons why our customers, employees, investors, and all business partners (suppliers) place their trust in us. They know that RONA's business is conducted according to the highest standards of professionalism, honesty and integrity.

Notwithstanding these shared values, the fast pace of change in today's world and the accelerated growth of our business make it necessary and desirable to draw up a set of written rules to which we can refer.

Thus, this Code of Ethics sets out the principles and standards applicable to every entity that wishes to establish or maintain a commercial relationship with RONA. It applies to RONA Inc. and its subsidiaries, franchised and affiliated stores and concerns the commercial and contractual negotiations and agreements between a supplier or potential supplier of a product or service intended for sale or for the operation of the corporation and a representative authorized to negotiate and establish commercial agreements or contracts on behalf of RONA, including, in particular, merchandisers, buyers, vice-presidents and managers or other employees, agents or any third party mandated by RONA.

RONA firmly believes in the soundness of the business ethics principles that underpin this Code and relies on all its vendors' adherence.

# 1. INTRODUCTION

In addition to complying with the spirit and letter of the laws and regulations of the various jurisdictions where it operates, RONA inc and its subsidiaries (hereafter “RONA”) conduct their activities based on the highest standards of professionalism, honesty and integrity. RONA’s ethics and values (service, unity, respect, search for the common good and sense of responsibility) justify the confidence that its customers, employees, investors, suppliers and other business partners place in it.

The concept of ethics relies on integrity, good business management and the personal responsibility of each person in carrying out his duties.

This Supplier Code of Ethics (hereafter, the “Code”) sets out the principles and standards applicable to every entity that wishes to establish or maintain a commercial relationship with RONA. By promoting these standards and principles and applying measures to encourage compliance therewith, RONA is confirming its intention to do business solely with suppliers that can demonstrate solid business integrity. RONA also has an employee Code of Ethics that sets out the principles and standards that must be respected by all employees, directors and officers of RONA and its franchised and affiliated stores.

RONA has also established a Responsible Procurement Policy that applies to all products and services offered in the RONA stores, as well as goods and services used by the company. This Policy shall be observed by all RONA’s suppliers and their subcontractor. A copy of this Policy is available at the following Website: <https://vendors.rona.ca>.

# 2. SCOPE

This Code applies to RONA and concerns the commercial and contractual negotiations and agreements between a supplier or potential supplier of a product or service intended for sale or for the operation of the corporation and a representative authorized to negotiate and establish commercial agreements or contracts on behalf of RONA, including, in particular, merchandisers, buyers, managers, vice-presidents and other employees of RONA as well as agents and any third party mandated by RONA (hereafter, “RONA Representative(s)”).

The terms and conditions negotiated by RONA with a supplier shall also apply to RONA’s franchised and affiliated stores. This Code shall therefore apply to all suppliers that interact directly with RONA’s franchised and affiliated stores.

This Code applies to RONA’s direct suppliers, such that RONA’s direct suppliers shall ensure that their suppliers and subcontractors who provide goods or services directly or indirectly to RONA comply with the terms of the Code.

The first-line suppliers contemplated in this Code are the corporations or individuals that provide RONA with a final product (distributor, importer or manufacturer) or service, as well as consultants and any employee, agent or intermediary acting on behalf of a supplier.

## 3. RESPONSIBILITIES

The Executive Vice Presidents and Senior Vice Presidents shall be responsible for the implementation of this Code within their respective sector.

Each RONA manager shall have the responsibility to explain to his personnel the conduct expected from suppliers and to ensure that personnel negotiate and do business only with suppliers who respect this Code.

This Code shall be kept up to date by a committee made up of representatives from the Merchandising, Internal Audit and People and Culture departments. This Code may be amended from time to time by RONA, at its discretion.

## 4. PRINCIPLES

This Code deals with ten principles of business integrity that RONA suppliers must adhere to, which principles are hereinafter set out:

### 4.1 APPLICABLE LAWS AND REGULATIONS

#### International legal instruments and guidelines

In addition to complying with the spirit and letter of this Code, suppliers shall comply with recognized international legal instruments and guidelines dealing with business ethics.

These include:

- 1) The United Nations Convention against Corruption (2005), which prohibits “passive” corruption, extortion and bribery in the private as well as the public sector.
- 2) The OECD Guidelines for Multinational Enterprises, which recommend that companies implement measures relating to the main risk areas, including bribery and extortion (OECD Guidelines for Multinational Enterprises, Chapter VII, 1999, updated 2011). The OECD Council has also issued recommendations to take action against the corruption of foreign public officials in international commercial transactions (Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions, 2009, amended 2010).
- 3) The United Nations Global Compact, which encourages businesses to adopt, support and apply, in their sphere of influence, a set of fundamental values, including working against corruption (Global Compact, principle 10).
- 4) The Business Principles for Countering Bribery developed by representatives of the private sector, trade unions and non-governmental organizations (NGOs) under the auspices of Transparency International. These principles offer detailed guidelines for defining and implementing a corporate anti-corruption program.
- 5) Canada’s legislative contribution to international efforts to criminalize the corruption of public officials, as set out in the Corruption of Foreign Public Officials Act, in force since February 14, 1999 (S.C. 1998, c. 34).

## National laws and regulations

National ethics laws and regulations exist in most of the countries in which RONA's suppliers operate. In addition to complying with the spirit and letter of this Code, suppliers or potential suppliers that wish to do business with RONA shall act ethically in accordance with the laws and regulations in force in all jurisdictions in which they operate. Without limiting the generality of the foregoing, RONA's suppliers shall comply with all applicable laws, orders, decrees, codes, standards, rules and regulations in force in Canada and in the various provinces, municipalities and territories, including, without limitation, the Criminal Code (R.S.C. 1985, c. C-46).

### 4.2 IMPROPER PAYMENTS

RONA's relations with its suppliers are based on legality and transparency. Suppliers shall not offer bribes, kickbacks or monetary compensation of any kind whatsoever to any RONA Representative, or to his friends and relatives, in order to obtain or maintain a business arrangement or to obtain an improper advantage.

The definition of corruption is broad, and there are two principal types of corruption. "Active" corruption is the act of proposing, directly or indirectly, an offer, a promise, a gift, a present or an advantage of any kind whatsoever in order to have someone do or refrain from doing something. "Passive" corruption is the act of requesting or accepting, directly or indirectly, an offer, a promise, a gift, a present or an advantage of any kind whatsoever in order to do or refrain from doing something.

No one may offer bribes, kickbacks or monetary compensation of any kind whatsoever to a Canadian or foreign public official.

### 4.3 GIFTS, INVITATIONS AND FAVOURS

In order to establish and maintain transparency and trust with its business partners, RONA does not allow RONA Representatives to accept gifts, gratuities, favours or personal benefits from RONA's business partners, except in certain situations of limited scope and when the value in question is minimal. Consequently, suppliers or potential suppliers shall not offer gifts or favours to RONA Representatives, except where the supplier is an existing supplier and the gift is unsolicited, is of minimal value, is related to an exceptional circumstance and is in no way related to a negotiation, commercial agreement or contract.

The expression "minimal value" means the relatively low value of an item, and an exceptional circumstance is one that occurs only once or twice a year. In every such case, the gift or favour must not be such that it could be perceived as being of a nature that could unduly influence the recipient. A gift worth less than CAD\$50, such as a promotional item bearing the supplier's logo, is an example of an acceptable item.

Invitations to a local cultural or sports activity or to a recognition activity for customers of an existing supplier are also considered acceptable gifts or favours as long as these events are occasional and a representative of the supplier is present. These activities must be of a reasonable length and value. For example, a hockey night with a supplier during the regular season would be acceptable, but an F1 Grand Prix weekend would not.

Any award or gift received at an activity with a supplier shall be subject to the standards of this Code.

In all these cases, RONA Representatives shall declare any gifts or favours received, of any value, to their immediate supervisor or to the Vice President of their sector. If the gift or favour is deemed to be inappropriate, or if the gift or favour could compromise the impartiality of RONA or RONA Representatives, the supervisor in question shall decide on the appropriate action under the circumstances.

Gifts of money or the equivalent (cheques or gift cards, credit or payment cards), of any value, are never acceptable.

Meals with a supplier and a RONA Representative for business purposes must be occasional and the length and cost of these meals must be reasonable. RONA encourages the RONA Representatives to pay for their share during a business meal with a supplier, it being understood however that the RONA Representatives shall always pay their share in case of a business meal with a potential supplier or during negotiations with a supplier, during a request for proposal process or in any situation that could give rise to a potential conflict of interest.

No travel of any nature may be offered by a supplier to a RONA Representative. Any business travel required due to certain circumstances shall be discussed with the appropriate RONA Vice President. In these cases, the sharing of costs between RONA and the supplier shall be the subject of a documented decision in order to avoid any real or perceived conflict of interest.

Likewise, RONA wishes to inform its suppliers that the Code of Ethics that applies to RONA Representatives prohibits them from making an order directly from a supplier for personal purposes or soliciting a discount, favour, benefit or gift for personal use.

Solicitations to suppliers for donations, gifts, sponsorships or financial contributions for charitable organisations (e.g., the RONA Foundation) shall be made officially, in writing, after having been authorized by the appropriate managers.

## **4.4 PROTECTION OF RONA'S ASSETS**

RONA may, from time to time, authorize its suppliers to access its stores in order to install products or shelving or for other purposes. Under no circumstances should merchandise available for sale in the store be used by a supplier as a tool or material in such situations, unless such merchandise has been purchased and duly paid for by the supplier at the cash of the store. Likewise, any materials or tools borrowed by supplier from RONA in these situations shall remain on site at the store.

## **4.5 CONFLICT OF INTEREST**

Before entering into an agreement with RONA and at all time during their business relationship with RONA, the suppliers or potential suppliers shall disclose to RONA all available information concerning any actual or potential conflict of interest, including the disclosure of financial interests of any RONA Representative in an entity belonging to a supplier or to one of its subsidiaries or affiliated companies. Upon the occurrence of a conflict of interest, the suppliers shall forthwith disclose it to RONA.

A conflict of interest occurs when the private interests of an individual interfere (or appear to interfere) with RONA's interests. Such conflicts of interest may result from situations including, but without limitation, certain types of relationships between a RONA Representative and a customer, supplier, competitor, family member or friend. There is a conflict of interest when the parties in a relationship give or receive (or appear to give or receive) unfair advantages or preferential treatment. A conflict of interest may also occur when a RONA Representative or a member of his family receives undue personal benefits arising from the RONA Representative's position in the corporation.

## **4.6 DISCLOSURE OF FINANCIAL INFORMATION**

Suppliers shall record, make public and provide financial information to RONA in an honest, complete and accurate manner, in compliance with applicable laws.

Suppliers shall create, store and dispose of business documents in full compliance with all applicable legal and regulatory requirements.

## **4.7 INTELLECTUAL PROPERTY**

Suppliers and potential suppliers shall respect all applicable laws and regulations related to intellectual property.

The supplier warrants, at all times, that it is the holder of all intellectual property rights related to the products supplied by it to RONA and that said rights do not infringe in any way any actual or alleged trademark, patent, design, trade name, copyright or trade secret or any right or entitlement of any third party.

The supplier acknowledges that all patents, designs, trade names, trademarks, copyrights, trade secrets and other intellectual property rights owned by RONA are the sole property of RONA.

## **4.8 PROTECTION OF CONFIDENTIAL INFORMATION AND PERSONAL INFORMATION**

Within the scope of their business relationship with RONA, suppliers will and may have access to Confidential Information. For purposes of this Code, the term "Confidential Information" shall mean all information concerning RONA and its directors, officers, employees, representatives, mandataries, agents, partners, dealers, suppliers and/or customers, which is communicated to suppliers orally or in writing, as well as any other information concerning RONA about which the suppliers may have knowledge within the scope of their business relationship with RONA, including, without limitation, the terms and conditions of commercial agreements and contracts entered into between RONA and suppliers as well as all documents, materials, data, inventions, applications, software, methods, know-how and other information of a strategic, commercial, marketing, technical, financial, legal or other nature pertaining to RONA's operations. However, "Confidential Information" shall not include information that was in the public domain when it was provided or becomes part of the public domain other than pursuant to a breach of the principles set forth in this Code.

Suppliers shall ensure that the Confidential Information is protected and, to that effect, suppliers shall not, directly or indirectly, give access to the Confidential Information, disclose it or allow its disclosure to anyone whomsoever, unless RONA has given its express authorization to the contrary. Suppliers shall use the Confidential Information solely for purposes of performing their obligations for the benefit of RONA and they shall refrain from using said Confidential Information, whether directly or indirectly, for their benefit or for the benefit of a third party or in a manner contrary to the interests of RONA.

Furthermore, certain Confidential Information, if made public, could have an effect on the price of the corporation's securities or could probably be considered material by investors in deciding to buy, sell or trade in such securities. For example, investors may rely on such information to buy, trade or sell RONA shares or securities of third parties that do business with RONA. It is illegal for a supplier or a member of the supplier's immediate family to buy, sell or otherwise trade in securities based on such Confidential Information. Moreover, it is illegal to communicate such Confidential Information to other persons who might buy, sell or otherwise trade in securities.

RONA places the utmost importance on the privacy of its customers, employees and suppliers. RONA's practices with regard to the collection, use and communication of personal information respect the privacy laws applicable in Canada and its provinces, including, without limitation, the Personal Information Protection and Electronic Documents Act (S.C. 2000, c. 5). Suppliers and potential suppliers shall also respect all applicable privacy laws.

Unless a supplier has obtained the prior express authorization of RONA's External Communications Department, it shall not use RONA's name or trademarks or make any statement or issue any comment to the media or the public regarding any matter involving RONA's operations or its business relationship with RONA. Furthermore, suppliers shall not, by act or omission, adversely affect RONA's image or reputation in any manner whatsoever.

## **4.9 RULES OF COMPETITION**

Suppliers and potential suppliers shall comply with all antitrust and other competition laws applicable in their places of production and/or business, including, without limitation, the Competition Act (R.S.C. 1985, c. C-34). For example, suppliers shall not participate in agreements among existing or potential competitors relating to price fixing or price maintenance, allocation of sales, territories, customers and markets or restrict the production or supply of a product. Suppliers and potential suppliers shall avoid bid rigging, abuse of a dominant position or the use of deceptive trade practices.

## **4.10 GOVERNANCE**

It shall be the responsibility of each RONA supplier or potential supplier to ensure that the standards and principles of this Code are respected and to ensure that management mechanisms exist within the supplier to ensure compliance with the Code. It shall also be the responsibility of suppliers to take the necessary measures to deal with any violation of the Code.

RONA expects suppliers to give all employees concerned a copy of this Code or a copy of their own code of ethics if it reflects the spirit and letter of this Code. Suppliers shall also implement management practices to ensure their ability to comply with the content of this Code, based on the applicable laws and regulations in their place of production and/or business. By way of example, RONA suggests that suppliers establish and keep an up-to-date list of applicable laws and regulations and train their key employees regarding its content and, in particular, the fines and other consequences applicable in the event of a violation. RONA also suggests that suppliers establish a mechanism for reporting and following up on violations, as appropriate.

RONA encourages its suppliers to give a copy of this Code, or their own code of ethics, to all of their appropriate subcontractors.

## 5. IMPLEMENTATION AND COMPLIANCE OF THE CODE BY SUPPLIERS

RONA requires that all its suppliers abide by the principles and conditions set forth in this Code. RONA is aware that a supplier may also be in violation of the spirit and letter of this Code before a formal business relationship with RONA has been established. RONA therefore invites any potential supplier that wishes to offer its products and services to examine this Code and comply with its spirit and letter.

When a commercial supply agreement or contract is established between RONA and a supplier, RONA may require that such supplier declares in writing that it has read this Code and that all its business dealings with RONA are and shall remain in compliance with the principles and conditions set out herein. As previously mentioned, it is the responsibility of the Executive Vice Presidents and Senior Vice- Presidents of RONA to implement this Code within their respective sector, and as such they have the responsibility to require that all their suppliers respect the principles and conditions set out in this Code, including by way of a specific contractual provision included in the commercial supply agreements and other contracts intervened between RONA and the suppliers.

## 6. REPORTING VIOLATIONS

A supplier or any person with reason to believe that the spirit or letter of this Code is not being respected by a RONA Representative or supplier shall report this situation to RONA. To do so, the person may communicate directly with a management member of the RONA sector with which the person does business or with RONA's Internal Audit department.

The person may also communicate anonymously and confidentially with ClearView Connects, RONA's ethics hotline, through its website at [www.clearviewconnects.com](http://www.clearviewconnects.com), under the "Supplier's Code of Ethics related issues" category, or by phone: 1-866-353-7662.

It is understood that every reported violation of this Code shall be examined and RONA's Internal Audit department shall be informed of every case that merits RONA's attention. Likewise, it is understood that RONA shall not penalize or discriminate against anyone for reporting in good faith an act committed by a RONA Representative or supplier that is potentially against the rules of this Code.

## 7. VIOLATION OF THE SUPPLIER CODE OF ETHICS

Any violation of this Code shall be considered serious, whether or not the acts were committed for the sake of convenience or whether or not they led to a loss or a benefit for RONA or any other party.

As with any violation of RONA's employee Code of Ethics, which may lead to disciplinary measures up to and including dismissal, any violation of this Code shall lead to an investigation. Depending on the results of the investigation, sanctions shall be applied, from a formal warning to termination of the business relationship with RONA. Furthermore, RONA may report any suspect criminal activity to the appropriate authorities.



RONA