

Standard of Conduct

Subject:

Supplier Communication with Loblaw

Procedure Number: L08.17.2020	Who does this Standard of Conduct apply to? Applies to all suppliers of Loblaw Companies Limited and its Canadian subsidiaries (collectively “Loblaw”), that supply finished goods or services to Loblaw for resale, except PC Financial Services, Marketplace and Loblaw Media.
Issue Date: September 2020 <small>Replaces previous version issued: January 2019</small>	

1.0 What is this standard about?

This Standard of Conduct outlines the communication standards applicable to suppliers that supply finished goods or services to Loblaw for resale. The Standard of Conduct must be followed by all such suppliers when dealing with us, including when sharing, discussing, accessing, using or disclosing information, and with respect to any Loblaw information such suppliers may receive, in the course of our business dealings, including with respect to pricing, costing, volumes, assortment, planograms, recipes, formulas, innovation, contracts and preferred arrangements.

2.0 Why your conduct matters

Compliance with competition law is a priority for Loblaw. Loblaw maintains a Competition Law Compliance Program (“**Compliance Program**”) and this Standard of Conduct is an important component of it, to help minimize risk of non-compliance with competition laws.

In particular, competition law prohibits influencing the market either through entering into direct agreements with suppliers to do so, by a customer acting as a facilitator between suppliers, or by a supplier facilitating an agreement between competing retailers. When dealing with Loblaw, information sharing may generate competition law risk if improper information is used, shared, accessed or discussed in our business dealings.

All suppliers and their personnel who engage with Loblaw must adhere to the supplier obligations under the Compliance Program (including this Standard of Conduct), as provided to you by Loblaw and as may be amended from time to time. The Compliance Program sets out our expectations of how suppliers and their personnel must deal with Loblaw.

Violations of applicable competition law requirements can create legal, regulatory, and reputational risks for both Loblaw and our suppliers. As a result, your adherence to this Standard of Conduct protects you as well as Loblaw and its colleagues from serious consequences of non-compliance.

3.0 Your responsibility

Suppliers and all of their personnel that transact with Loblaw are responsible for being aware of and complying with this Standard of Conduct. This includes, but is not limited to, the following obligations:

- Advise all supplier personnel, on an ongoing basis, about this Standard of Conduct before they engage with any Loblaw colleagues;
- Ensure your personnel understand and acknowledge the terms of this Standard of Conduct; and
- Seek clarification from your Loblaw Vendor Captain, as required.

This Standard of Conduct is available on our Vendor Portal. As a supplier, you are required to certify acceptance of the terms of this Standard of Conduct annually in our Vendor Portal.

4.0 Your conduct when communicating with Loblaw

4.1 Suppliers **MUST NOT** discuss or request Loblaw non-public (i.e. future) retail pricing information or ask Loblaw to respond to any suggested retail prices supplier may provide, except:

- Where Loblaw has contracted a supplier to pre-price items. Where non-public (i.e. future) retail prices are shared by Loblaw with suppliers in this circumstance, the supplier must sign a Loblaw Non-Disclosure Agreement (“NDA”) prior to information being shared.
- Where suppliers’ goods are pre-priced (not at Loblaw’s request), pre-pricing should be disclosed, but Loblaw will not confirm its non-public (i.e. future) retail pricing.

Suppliers’ communication with Loblaw relating to cost of goods should solely include cost of goods (including promotional rebates) and case volume, except as otherwise permitted under this Standard of Conduct.

4.2 Suppliers may suggest a retail price (Manufacturer Suggested Retail Price (“MSRP”) or Feature Suggested Price (“FSP”)). However, all retail pricing decisions remain within Loblaw’s sole discretion and Loblaw will not confirm its non-public (i.e. future) retail prices. Supplier documents, including emails, containing any suggested retail price should be marked clearly, “Retail pricing is at the sole discretion of the retailer”.

4.3 Loblaw may share non-public (i.e. future) innovation about its products and services with those suppliers developing products or services for Loblaw. Where Loblaw product and service innovation is shared with a supplier, the supplier must sign a Loblaw NDA, prior to information being shared.

4.4 Suppliers **MUST NOT** provide, or offer to share with Loblaw, another retailer’s or another supplier’s non-public, confidential, commercially sensitive or proprietary business information.

- For example, this would include but is not limited to, non-public (i.e. future) retail pricing, costs, acceptance of cost increases, terms of supply, promotional plans, sales plans or strategies, business plans or strategies, production or sales volumes, forecasts, trade secrets, discounts, payment terms, customers, terms of sale, market shares, advertising restrictions, market allocation, marketing plans, supplier relationships, or levels of output.

- 4.5 Suppliers MUST treat Loblaw confidential information in accordance with the requirements of any confidentiality agreements between the parties, including but not limited to, Loblaw's standard supplier terms and conditions ("STC") and/or a Loblaw NDA. Even where a Loblaw NDA is not signed, suppliers MUST NOT share Loblaw's non-public, confidential, commercially sensitive or proprietary business information with any third party, including, without limitation, any other retailer or supplier, or any franchisee of Loblaw.
- 4.6 Franchisees of Loblaw, including Associate-owners of Shoppers Drug Mart pharmacies, are competitors of one another and of Loblaw corporate-owned stores. As such, franchisees own and operate their businesses independently. Suppliers MUST NOT share any non-public, confidential, commercially sensitive or proprietary business information of a Loblaw franchisee with Loblaw or any other Loblaw franchisee.
- 4.7 Suppliers must adhere to ALL of the following conditions if a supplier provides Loblaw with information and analysis about current and historical retail activity of Loblaw and other retailers, and makes recommendations to Loblaw based on such information:
- a) Loblaw must specifically request such information or it's offered by you to Loblaw and Loblaw specifically agrees to receive such information;
 - b) It is based on publicly available data or data that is lawfully purchased but does not contain confidential information of another retailer; AND
 - c) It is submitted to Loblaw in writing and is clearly and prominently marked, "*Retail pricing is at the sole discretion of the retailer*".
- Further, any discussions that take place remain subject to the standards outlined in this Standard of Conduct.
- In the absence of the foregoing, you must not discuss such information with Loblaw nor present such information to Loblaw.
- 4.8 Suppliers that have a direct sales channel to consumers (e.g. a brick & mortar or e-commerce retail operation that sells the same products you sell to Loblaw) must not discuss the supplier's non-public (i.e. future) commercial retail plans or strategies with Loblaw. Communication with Loblaw must be through your dedicated team (e.g. sales, supply chain, marketing) and not through the personnel responsible for your retail operations.
- 4.9 Suppliers' personnel that have been appointed as Loblaw Vendor Advisors or Supply Chain Embedded Resources, must sign a Loblaw NDA and comply with, as applicable, the Vendor Advisor Guidelines, the Supply Chain Embedded Vendor Guidelines, as well as this Standard of Conduct.
- 4.10 In accordance with Loblaw's internal IT policies, Loblaw colleagues do not use texting, instant messaging or other social media outlets for work purposes. Accordingly, suppliers should only communicate with Loblaw colleagues for work purposes through company email, phone or via in-person conversations.
- 4.11 Suppliers must comply with this Standard of Conduct as well as observe their own company's antitrust or competition law compliance standards. Suppliers must proactively address differences between their compliance standards and Loblaw's

Compliance Program by coming to an agreement on how to resolve such issues with the Loblaw Vendor Captain. We expect suppliers to uphold the same values and principles of business conduct as Loblaw does, including as they relate to ethical and safety standards. A copy of our Supplier Code of Conduct is available on the Loblaw Companies Limited website.

- 4.12 Suppliers should consult with their company's legal counsel concerning any compliance issues and follow their advice. By supplying this Standard of Conduct, Loblaw is not providing legal advice or establishing any solicitor-client relationship with you.
- 4.13 Loblaw has a defined incident management and escalation process to deal with incidents of non-compliance with this Standard of Conduct and violations of applicable competition laws.

Incidents will be monitored, suppliers/supplier personnel will be notified of any non-compliance and the supplier shall remediate the breach by taking appropriate actions to prevent future breaches. Failure by the supplier to promptly remediate breaches will trigger escalation of the incident, dependent on the nature and frequency of current and past incidents. Corrective action may include, without limitation, written warnings and/or potential review of the supplier relationship.

5.0 The bottom line

Failure to comply with this Standard of Conduct may adversely impact a supplier's continuing business with Loblaw, up to and including removal of the supplier's personnel from the respective Loblaw account and/or discontinuation of the supplier relationship. Where suppliers fail to adhere to this Standard of Conduct, issues will be reported to Loblaw's Compliance Program mailbox.

6.0 What other documents should I look at?

Available on Vendor Portal:

- Loblaw Policies for National Brand Suppliers
- Shoppers Drug Mart Policies for National Brand Suppliers
- LCL Policies for Control Brand Suppliers
- Loblaw Supplier Code of Conduct

7.0 Questions

If you have any questions, need clarity or have feedback with respect to this Standard of Conduct, please reach out to your primary Loblaw contact.

8.0 Reporting

All suppliers are required to report any non-compliance with this Standard of Conduct and with the *Competition Act* to the Loblaw Competition Law Compliance mailbox CompetitionCompliance@loblaw.ca. If you have knowledge of, or suspect unethical practices or conduct, speak up by reporting to the Integrity Action Line (1-800-525-7868 or www.integrityactionline.com).