

NLC Supplier Code of Conduct for Responsible Procurement

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Introduction

The Newfoundland and Labrador Liquor Corporation (NLC) is determined to carry out its activities lawfully and ethically by adopting responsible social practices. NLC's supply chain is a critical component of the company's business operation and plays a critical role in its success.

Integrity, honesty, and transparency are central to the way NLC operates as an organization. All NLC employees have a role to play in upholding these values and protecting the NLC's reputation. Together with our suppliers, we make the NLC a respected place to do business. To ensure this collaborative culture continues and thrives, our values must be woven into our daily actions and supported with the right tools and processes.

In an effort to constantly improve its performance in terms of corporate responsibility, NLC actively seeks to conduct business with suppliers that share the company's commitment and proactively integrate responsible practices into their activities. NLC implements its responsible procurement approach as part of a continuous improvement strategy and aims to collaborate with suppliers within a framework of transparency to adopt ethical and respectful business practices.

Scope

This Supplier Code of Conduct for responsible procurement ("Code of Conduct") is aimed at all NLC suppliers of goods and services.

Under this Code of Conduct, the term supplier refers to NLC's direct suppliers (their own suppliers across the supply chain), supplier agents, representatives and employees.

NLC reserves the right to amend this Code of Conduct at any time.

Principles

This Code of Conduct is based on rules of conduct, commercial practices and NLC's comprehensive corporate responsibility approach, as well as on the principles set out within this document.

NLC recognizes its suppliers must conduct their business according to their objectives, corporate values, local legislative framework and that the attainment and upholding of responsible procurement standards constitute an ongoing long-term commitment.

Still, NLC expects all suppliers to:

- Take every reasonable measure to adopt behaviours and practices that are in line with the principles set out in this Code of Conduct
- Be in a position to demonstrate the ways in which they apply the principles of the Code of Conduct

The principles set out in the Code of Conduct will be applied in a targeted manner based on the specific issues associated with the different types of products and services purchased by NLC. These principles

are in addition to the NLC product and service selection criteria (e.g. price, quality, availability) that are already in effect.

The purpose of this guide is to communicate with and assist our vendors in doing business with NLC. We want to have a mutually rewarding relationship with our vendors; this document is designed to help achieve this.

Business Ethics

NLC expects suppliers to manage their commercial operations according to the most stringent standards of ethical business, integrity and equity. The NLC has established this Supplier Code of Conduct as a tool to assist its suppliers and potential suppliers in carrying out business with the NLC in an ethical manner.

The NLC reserves the right to use information gathered during the normal course of business to make decisions on the suitability of suppliers and potential suppliers to commence or continue business with the NLC. The NLC reserves the right to conduct audits and/ or investigations of suppliers and potential suppliers. Suppliers who do not wish to conduct business with the NLC or have not conducted business with the NLC can opt out of such audits and/ or investigations.

The NLC reserves the right to use information gathered from other Jurisdictions and/ or industry reports to inform NLC decisions regarding the suitability of suppliers and potential suppliers.

NLC suppliers must therefore:

- Comply with all applicable laws, regulations, guidelines and refrain from engaging in any form of corrupt practice, including extortion and fraud
- Ensure the protection of the confidential and personal information they receive from NLC and only use this information as part of their business relations with NLC
- Comply with intellectual property rights relating to the products and services they provide to NLC
- Never place a NLC employee in a situation that could compromise his/her ethical behaviour or integrity or create a conflict of interest
- Divulge all actual and potential conflicts of interest to NLC
- Disclose to NLC any behaviour deemed unethical on the part of a NLC employee

Compliance with applicable Laws and Regulations

Suppliers or potential suppliers who wish to do business with the NLC shall abide by all applicable laws and regulations including all federal, provincial and local laws regarding environmental matters, occupational health and safety, labour and employment practices, human rights, immigration, product safety, shipping and product labeling. Suppliers or potential suppliers shall also comply with applicable NLC policies.

Anti-Bribery and Anti-Corruption

Suppliers are expected to comply with applicable anti-corruption laws, whether domestic or foreign (including, but not limited to, Canada's Corruption of Foreign Public Officials Act) and not engage in any

form of corrupt practices including extortion, fraud or bribery. The NLC also expects suppliers not to offer facilitation payments, e.g. payments to foreign public officials to expedite or secure the performance of any act of a routine nature that is part of that official's duties or functions.

Supplier Representative Responsibilities

A Supplier Representative is an employee of a manufacturer, distributor, or agency who is registered with the NLC. These individuals are the voice of the supplier's organization: the Representative discusses with the NLC, products and related promotional opportunities, and is the conduit for communications with the supplier.

To become a registered representative, applicants must complete the Registered Representative Application Form and follow the instructions for submission. The following guidelines shall be complied with:

- Any potential conflict of interests must be immediately declared as part of the initial and ongoing registration (e.g. have any association, financially or otherwise, with an NLC employee, NLC licensed establishment or similar store affiliated in any way with the NLC). Any change in this status must be reported to the NLC from the present time to the renewal of the application.
- A representative shall only maintain such liaison with NLC stores or personnel as the NLC allows. All activities of the representative must reflect the contents of the Liquor Control Act, Regulations, Policy Guidelines, and any other standards of practice set by the NLC.
- No one selling or purchasing product(s) from the NLC professionally shall directly or indirectly pay or offer to pay any commission, profit, or remuneration or make any gift to any member or employee of the NLC, nor to their spouses or to anyone on behalf of said employee or spouse.
- A representative will offer no inducements to anyone professionally associated with the NLC. This includes arms-length transactions, which are not permitted with anyone acting on behalf of any such agent, licensee or NLC staff. The intent is to eliminate any arrangements based on sales volume between parties.
- Unless the NLC otherwise directs, a Registered Representative cannot control, directly influence or interfere with the purchase, delivery, or sale of any product purchased on a valid license or permit.
- Failing to abide by the provisions of the Liquor Control Act, Regulations, and NLC guidelines may result in the following disciplinary action: Prosecution, delisting of products for specific periods, suspension of promotions, cancellation of permit (or manufacturer, etc.), suspension of manufacturer's deliveries, or suspension/cancellation of the Registered Representative's privileges.
- It is the Representative's responsibility to make themselves aware of any policy guidelines and regulations of the NLC. If you have any questions about these guidelines, please contact the Chief Operating Officer or the Director of Merchandising.

Gifts and Entertainment

The NLC asks suppliers or potential suppliers not to place our employees in the difficult position of having to refuse gifts that would place them in conflict with the rules governing the acceptance of gifts outlined in this Supplier Code.

Accepting a gift or other benefit from a supplier or potential supplier may affect the NLC employees' judgment or actions, or give the appearance of doing so, even if the employee believes the benefit will not affect their objectivity or impartiality.

As a general rule, NLC employees must not seek or accept gifts:

- From any person, group or entity that has dealings with or seeks to do business with the NLC or the Government of Newfoundland and Labrador;
- From any person, group or entity to whom the employee provide services as part of their job; or,
- From any person, group or entity that seeks to do business with the NLC or any other department or public body of the Government of Newfoundland and Labrador, if a reasonable person might conclude that the gift could influence the employee in the performance of his or her duties.

NLC employees may accept a gift of nominal value given as an expression of courtesy or hospitality if doing so is reasonable in the circumstances (e.g. a gift received as part of a welcoming package at a professional conference with multi-jurisdictional and/ or industry partners). The expression of "nominal value" means generally not more than \$50 and occurs up to twice a year. In considering whether accepting the gift is reasonable in the circumstances, NLC employees consider all of the circumstances relating to the gift and the person, group or entity who is giving it, including matters such as:

- Whether it could reasonably influence or appear to influence the employee's judgment or the performance of their duties to the NLC;
- Whether it creates or could create an obligation for the employee or for the NLC;
- Whether it would embarrass the employee or the NLC if made public; or,
- The frequency of such gifts from the same source and from other sources.

Tickets or invitations to sporting events, concerts, charitable or other similar events, or invitations to trade and industry-sponsored sporting events, such as golf, tennis or hockey events, are not generally considered to be of nominal value. However, participation in events held in conjunction with multi-jurisdictional and/ or industry partners may receive prior approval.

NLC employees may accept occasional invitations to lunch or dinner provided they qualify as "an expression of courtesy or hospitality" and that acceptance is reasonable in the circumstances. However, NLC employees must consider the frequency and scale of the hospitality accepted from a particular person or group and whether the hospitality is reciprocal, in the sense that the NLC employee sometimes reciprocates by paying the next meal expense in accordance with NLC **Business Related Meal Expenses Policy** ([Policy No. 500-004](#)) and **Travel Expense Claims Policy** ([Policy No. 500-003](#)). NLC

employees must always consider the business purpose for any meal. To monitor the appropriateness of this type of hospitality, NLC employees must file Trade Function Reports (See Appendix: Trade Function Report Template) for all engagements they attended, and supervisors must review them carefully.

Conflict of Interest

As public servants, all NLC employees have an obligation to perform their duties with impartiality and to avoid situations involving an actual, apparent or potential conflict of interest. Generally, a conflict of interest arises when an employee's personal interest conflicts, appears to conflict or could potentially conflict in any way with the interests of the NLC.

These rules prohibit NLC employees from:

- Using or attempting to use their position to directly or indirectly obtain a benefit themselves, or their spouse, children, or family members, from NLC suppliers or potential suppliers;
- Allowing the prospect of future employment with an NLC supplier to affect the performance of their duties;
- Giving preferential treatment to a supplier, or creating the appearance of giving preferential treatment to a supplier, when performing their duties to the NLC; and,
- Agreeing to (entering into) a contract with a supplier in which he or she or a member of their family has a substantial interest.

Suppliers shall disclose to the NLC any situation that could result in actual, apparent, or perceived conflict of interest, including the disclosure of any NLC employee that has an interest in the supplier's business or any other economic or family ties with the supplier. Suppliers must not try to gain improper advantage or preferential treatment from NLC employees.

Confidentiality

Within the scope of business relationships with the NLC, suppliers may have access to NLC confidential information. Confidential information is defined as any information that is not available to the public and that could result in harm to the NLC if disclosed or could provide the person to whom it is disclosed an advantage. NLC suppliers are expected to use and protect NLC confidential information appropriately.

NLC suppliers must not:

- Disclose confidential information obtained during the course of their business relationship with the NLC to any person or entity unless authorized by the NLC or by law; Offer a gift or other benefits directly or indirectly to an NLC employee in exchange for disclosing confidential information.

Worker's Rights

This principle of the Code of Conduct covers all the workers in NLC's supply chain, regardless of their status (seasonal, casual, part-time, full-time; local or migrant). Particular emphasis is placed on the work conditions of more vulnerable workers.

NLC expects its suppliers to provide products and services that are based on practices that ensure workers are treated with dignity, respect and equity in a healthy and safe work environment that provides decent conditions and is free of abuse.

At minimum, NLC requires suppliers comply with the labour laws and regulations that apply in the jurisdiction in which it operates. Still, it is recognized that certain jurisdictions that supply the company with products and services do not have such laws or that there are gaps in existing laws and their enforcement. In light of this situation, NLC considers it important to guide its suppliers' practices to ensure respect for workers in its supply chain.

In order to do so, NLC looks to recognized international standards, specifically labour rights and principles such as those set out by the International Labour Organization (ILO).

NLC expects suppliers to adhere to the following standards and principles.

Child labour

NLC expects suppliers to refrain from relying on child labour. The term child refers to any person under the age of 16. However, should local legislation establish a minimum age between 14 and 16 years old, this minimum age shall be accepted, especially in the agricultural sector where it is a common practice. NLC considers it important to foster the complete physical and mental development of children and aims to eliminate all forms of child exploitation.

Forced and compulsory labour

NLC expects suppliers to refrain from relying on forced and compulsory labour. Employees shall not work under any threat of penalty or punishment. All tasks must be undertaken out of the employees' own free will. In addition, employees must be able to leave the workplace at the end of their shift, keep their identity documents and work permits in their possession and leave their position after providing reasonable notice.

Freedom of association and the right to collective bargaining

NLC expects suppliers to recognize freedom of association and the right to collective bargaining, regardless of the jurisdiction in which they operate. Employee representatives shall not be subject to discrimination or harassment. NLC expects suppliers to establish open, respectful dialogue with its employees, thus fostering a healthy work environment.

Discrimination in employment

NLC supports the principles of diversity and equality and expects suppliers to refrain from discriminating against their employees for any of the following reasons: age (except as provided by law), ancestry, colour, race, citizenship, civil, marital or family status (including single status), ethnic or national origin,

place of origin, gender identity, gender expression, language, disability or handicap, political convictions, record of offences (in employment only), religious belief or creed, sex (including pregnancy and breastfeeding), sexual orientation, social condition or any other legally prohibited grounds for discrimination in the hiring process and every aspect of work life.

Respect for obligations under work relationships

Suppliers must set out terms and conditions for hiring and dismissal that are in compliance with applicable laws. Employees must have access to documents outlining these terms and conditions in the local language or in the language spoken by the employees.

Occupational health and safety

Suppliers must provide their employees with a healthy, hygienic and safe work environment and must take all measures to prevent work-related injuries, illnesses and accidents. When accommodations are provided, they must be clean, hygienic and safe. Suppliers must implement clear occupational health and safety procedures, including the attribution of the responsibility of these procedures to an executive, and should provide occupational health and safety training for employees on a regular basis.

Working hours

With regard to working hours, suppliers must comply with national laws or industry or international standards, whichever provides the best protection to ensure the health, safety and wellbeing of employees. A regular workweek should not exceed 48 hours, excluding any overtime, which must be reasonable and remunerated. Employees shall be entitled to at least one day of rest per week.

Wages and benefits

The wages and benefits paid out to employees for a workweek must meet or exceed the minimum legal wage, industry standards or collective agreement if applicable; whichever is most beneficial to the employee. The employee must be paid on a regular basis and receive a pay slip. Suppliers shall not withhold salaries as a disciplinary measure without notifying the employees in advance.

Implementation and Compliance

Enforcement of the Code

NLC Chief Operating Officer shall ensure the application of the Code of Conduct by the suppliers with which all NLC departments do business.

The Director of Merchandising and the Director of Enterprise Risk Management shall oversee its implementation and, when required, support the executive team in the Code of Conduct's uniform application.

Compliance and application of the Code

The Code of Conduct is an integral part of the business agreement that governs NLC's relations with each of its suppliers. NLC bases compliance and the application of the Code of Conduct on a rigorous, transparent, collaborative and continuous improvement approach with suppliers.

To ensure compliance and the application of the Code of Conduct, NLC reserves the right to follow up with direct and indirect suppliers through a range of implementation tools (used according to the situation):

- Supplier self-assessment questionnaires
- Ongoing improvement program
- Audits by NLC or a third party

In addition, confidential mechanisms to report issues are available:

- By telephone at 1-855-484-2273 (toll-free). An independent firm handles all the calls (service in French or English).
- By mail (with the reference Confidential) to NLC, Director of Enterprise Risk Management, 90 Kenmount Road, St. John's, NL, A1B 1V1
- By e-mail to NLCSupplier@nliquor.com

Supplier Responsibility

NLC encourages suppliers to implement policies, codes of conduct or management processes that account for the principles set out in this Code of Conduct. NLC considers it to be the responsibility of suppliers to comply with the principles set out in the Code of Conduct across their supply chains and carry out relevant follow-ups with their own suppliers.

The practices adopted by suppliers must be verifiable. Suppliers must be able to provide NLC with documents attesting to their compliance with the Code of Conduct upon the company's request.

To ensure the optimal implementation of the Code of Conduct, NLC also encourages suppliers to inform the company of the measures taken to enhance their corporate practices and share their suggestions on how NLC can best contribute to the implementation of the principles set out in the Code of Conduct. NLC expects to be informed by suppliers of any obstacles to the application of this Code of Conduct.

Non-Compliance

Should a supplier fail to comply with the Code of Conduct, NLC reserves the right to require corrective actions. In the case of a serious failure to comply, NLC may reconsider its business relationship with the supplier. Furthermore, the NLC reserves the right to report any suspected illegal activity to the appropriate authorities.

Appendix: Trade Function Report Template

Date of Event:	
Location of Event:	

Purpose of Event (business value):

Post Event Report: