



POLICY FOR THE LOBLAW SMALL SUPPLIER PROGRAM

The following outlines our policy for the Loblaw Small Supplier Program ("**Program**") which applies to eligible small suppliers (referred to here as "**you**", "**your**", or "**Small Supplier**") of Loblaw's Inc. ("**Loblaw**") and Shoppers Drug Mart Inc. ("**SDM**") (referred to collectively here as "**our**", "**we**", "**us**" or "**Loblaw Companies**"). SDM and Loblaw are subsidiaries of Loblaw Companies Limited ("**LCL**").

This policy supplements LCL's Standard Terms and Conditionsⁱ or any similar written terms and conditions you have in place with LCL regarding the supply of product. By virtue of being recognized as a Small Supplier by us and for as long as you remain eligible for the Program, you will benefit from the terms and conditions of this policy. The Program is effective as of January 1, 2024.

1. INTRODUCTION

LCL recognizes the unique circumstances of Small Suppliers and is making a commitment to be the best retail partner in Canada for Small Suppliers, to help provide our customers with more product choice. The Program provides our Small Suppliers with certain benefits, to make it easier to work with LCL and to support getting your products on our shelves.

2. PROGRAM ELIGIBILITY

LCL will determine in its sole discretion the Program eligibility criteria, which criteria may be changed from time to time in LCL's sole discretion and upon written notice to you.

An eligible supplier is a fully on-boarded supplier with LCL that is in good standing and: (i) remains within the Program's annual purchase volume thresholds for the specific category of products in the Program; and (ii) whose annual aggregate company revenue falls within the Program's maximum annual revenue thresholds.

LCL may rely upon its own data as well as reputable third-party data, to verify whether a new or existing supplier meets the Program eligibility criteria. Your eligibility for the Program will be re-assessed annually.

3. PROGRAM HIGHLIGHTS

- i. **Faster payments:** All amounts invoiced in accordance with our policies and procedures by Small Suppliers will be paid within seven (7) days;
 - a. **For Electronic Data Interchange (EDI) Suppliers** – Payment will be issued provided that invoices are submitted through the EDI System on a timely basis, and you follow all the requirements as outlined in the Supplier Carrier Policy Standard Operating Procedure (SOP).
 - b. **For Non-EDI Suppliers** – Payment will be processed based on the date that our stores receive your product into our system, and you follow all the requirements outlined in the SOP.

- ii. **Dedicated Small Supplier Team:** We want to give you the support needed when supplying products to us, so we have a dedicated Small Supplier Team to address your inquiries, and provide experienced direction for the timely, efficient, and effective resolution of matters involving our supply arrangements.
- iii. **Supply chain and related industry programs:** To provide you with an opportunity to get your products on our shelves and to consumers more easily, the Program includes financial supports and adjustments to certain supply chain and industry-related programs, as further set out below:
 - Exemption from certain supply chain fees and compliance programs;
 - Exemption from listing fees; and
 - In the first year after being onboarded as a Small Supplier with LCL, the Program includes:
 - i. A commitment to carry your products for at least six (6) months in one or more of our stores for the first year following onboarding;
 - ii. A one-time subsidy with respect to GS1's Global Data Synchronization Network (GDSN) (which is required to capture product data attributes). The GS1 GDSN subsidy will apply to up to ten (10) articles/ products that you supply. The GS1 (GDSN) amount initially paid by you will be reimbursed by LCL, as a subsidy through our normal processing of invoice payments; and
 - iii. A one-time subsidy with respect to the initial setup fees up to five hundred dollars (\$500) for the Electronic Data Interchange (EDI) system (which allows for electronic invoicing and payment processing with LCL). The EDI fee amount initially paid by you will be reimbursed by LCL, as a subsidy through our normal processing of invoice payments.

4. PROGRAM GRADUATION

Suppliers who no longer meet the Program's eligibility criteria will be gradually transitioned to our standard LCL's Standard Terms and Conditions over a reasonable time period to ensure there is minimal disruption to our business relationship. During this transition, we will connect with you to discuss the details of how and when the standard supplier terms and conditions will begin to apply to you. Following your graduation from the Program, our relationship will continue to be governed by our Standard Terms and Conditions or any similar written terms and conditions in place with you, without reference to the Program.

5. FOR MORE INFORMATION

For any additional questions about the Program or this policy, contact the Small Supplier Team at smallsupplier@loblaw.ca.

Further details on the Program are available at https://www.loblaw.ca/en/small_supplier/.

Reminder – the *Loblaw Supplier Communication Standard of Conduct* governs all your interactions with us and is available through the Supplier Portal, published on the loblaw.ca website (<https://www.loblaw.ca/en/supplier/>), or can be requested from your Loblaw Companies Category contact or the Small Supplier Team.

END NOTES:

ⁱ “Standard Terms and Conditions” means Loblaw Companies’ Supplier Terms and Conditions and Vendor Buying Agreement (STC/VBA).