



Operating Rules

FINAL - As approved by the Board of Directors on June 1, 2026

Office of the Grocery Sector Code of Conduct (OGSCC)

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I. INTERPRETATION

- a) Terms used herein and not otherwise defined shall have the meaning given to such terms in the Articles, By-Laws or Code. Where terms are not defined in the Articles, By-Laws or Code and they are defined in the Act, they shall have the meaning given to such terms in the Act. Terms defined herein shall have the meanings given to them herein.

- b) In addition, the following terms shall have the following meanings:

“Annual Sales” shall have the meaning set out in the By-Law and can only be amended by amending the By-Law.

“Products” shall have the meaning set out in the Code and can only be amended by amending the Code.

“DRMP” shall have the meaning set out in the Code and can only be amended by amending the Code.

- c) All references to dollars or currency herein refer to Canadian dollars.
- d) Pending a French translation of these Operating Rules being approved by the Board in accordance with the requirements herein, the English version of these Operating Rules shall be paramount in the event of any discrepancy or inconsistency between the English and French versions of these Operating Rules. On approval of the French translation of these Operating Rules by the Board, the English and French versions shall be equally valid and neither shall be paramount.

II. ROLE OF THE BOARD

The role of the Board is strategic in nature, with a focus on governance, policy and high-level strategic decisions. The Board is not an operational board and all operational decisions are delegated to the President and Adjudicator. Each Director has a fiduciary duty to the Corporation, which requires them to act honestly and in good faith with a view to the best interests of the Corporation in respect of all matters involving the Corporation and before the Board. The Board shall ensure that the purposes of the Corporation, as well as the objectives and principles of the Code, as modified from time to time, are upheld.



III. PRESIDENT & ADJUDICATOR

The President & Adjudicator is the most senior employee of the Corporation and shall be the chief executive officer of the Corporation. In general, the President & Adjudicator shall direct and manage all business and affairs of the Corporation. In particular, the President & Adjudicator shall, subject to their employment contract and the direction of the Board:

- a) supervise the carrying out of the policies and orders of the Board;
- b) prepare an annual draft budget for the Corporation, for consideration by the Board;
- c) be authorized from time to time, and within the budget of the Corporation, to employ such persons as the President & Adjudicator may deem necessary for the proper conduct of the affairs of the Corporation, and determine the compensation to be paid therefore;
- d) do all and every such other things and acts pertaining to the role of President & Adjudicator, and shall make such reports, recommendations, and suggestions to the Board as in their judgment will be for the benefit of the business of the Corporation;
- e) be independent of the Board in respect of Complaints and Reports, as set out in the By-Laws; and
- f) be the public face of the Corporation, and proactively communicate with members, governments and the general public.

IV. CRITERIA FOR MEMBERSHIP

- a) For the purposes of Section 2.01(b)(ii) of the By-Laws, to be eligible for and to maintain Class B membership in the Corporation, the Annual Sales of the applicant must have been equal to or less than Three Hundred and Fifty Million Dollars (\$350,000,000.00) in the applicant's immediately preceding fiscal year.
- b) For the purposes of Section 2.01(b)(iii) of the By-Laws, to be eligible for and to maintain Class C membership in the Corporation, the Annual Sales of the applicant must have been more than Three Hundred and Fifty Million Dollars (\$350,000,000.00) in the applicant's immediately preceding fiscal year.
- c) For the purposes of Section 2.1(b)(v) of the By-Laws, to be eligible for and to maintain Class E membership in the Corporation, the Annual Sales of the applicant must have been equal to or less than One Billion Dollars (\$1,000,000,000.00) in the applicant's immediately preceding fiscal year.
- d) For the purposes of Section 2.1(b)(vi) of the By-Laws, to be eligible for and to maintain Class F Membership in the Corporation, the Annual Sales of the applicant must have



been more than One Billion Dollars (\$1,000,000,000.00) in the applicant's immediately preceding fiscal year.

V. ELIGIBILITY CRITERIA FOR DIRECTORS

- a) In accordance with section 5.03 b) i) of the By-Laws which provide for Class A Members to elect two (2) Directors to the Board, Class A Members shall elect two (2) Directors to the Board from among the Class A Members.
- b) In accordance with section 5.03 b) ii) of the By-Laws which provide for Class B Members to elect two (2) Directors to the Board, Class B Members shall elect one (1) Director on the Board from among the Class B Members with Annual Sales equal to or less than \$50 million, and one (1) Director to the Board from among the Class B Members with Annual Sales between \$50 million and \$350 million.
- c) In accordance with section 5.03 b) iii) of the By-Laws which provide for Class C Members to elect two (2) Directors to the Board, Class C Members shall elect two (2) Directors to the Board from among the Class C Members.
- d) In accordance with section 5.03 b) iv) of the By-Laws which provide for Class D Members to elect one (1) Director to the Board, Class D Members shall elect one (1) Director to the Board from among the Class D Members.
- e) In accordance with section 5.03 b) v) of the By-Laws which provide for Class E Members to elect two (2) Directors to the Board, Class E Members shall elect two (2) Directors to the Board from among the Class E Members.
- f) In accordance with section 5.03 b) vi) of the By-Laws which provide for Class F Members to elect three (3) Directors to the Board, Class F Members shall elect three (3) Directors to the Board from among the Class F Members.

VI. CANADA GROCERY CODE

A. Operating Principles of the Corporation regarding the Application of the Canada Grocery Code

The operating principles of the Corporation when it comes to the application of the Code are:

- a) **Objectivity:** Objectivity and procedural fairness will guide the Corporation in all its actions. The OGSCC will start from the assumption that no member wants or intends to work in contravention of the Code.



- b) **Efficiency:** The Code exists to support business and to increase the efficiency and effectiveness of the grocery sector. The industry is fast-moving, so speed in achieving Code compliance and issue resolution is essential.
- c) **Pro-active:** Pro-actively identifying thematic issues and clarifying their status under the Code.
- d) **Light touch:** Retailers and suppliers are readily capable of solving issues themselves if the Code is clear and they understand it. By highlighting and encouraging good practices and discouraging poor practices, the President & Adjudicator will help drive positive behavior change.

B. Role of the Corporation when it comes to the Grocery Sector Code of Conduct

The role of the Corporation when it comes to the Code are:

- a) training & education of Members;
- b) reporting & accountability to Members;
- c) managing the dispute resolution process between Members;
- d) and maintaining a Code that is responsive and relevant to current industry trends.

C. Commercial Relationships Covered by the Code

The following commercial relationships are covered by the Code:

- a) Class A Members selling Products to (i) Class D Members that are acting as Agents of Class E and/or Class F members; or (ii) Class E Members and/or Class F Members.
- b) Class B Members and Class C Members selling Products to (i) Class D Members that are acting as Agents of Class E and/or F Members; or (ii) Class E Members and/or Class F Members.
- c) Class D Members, who are the vendor of record, selling Products to Class E Members and Class F Members.
- d) Class E Members selling Products to Class F Members. Class F Members selling Products to Class E Members.

D. Dispute Resolution Process

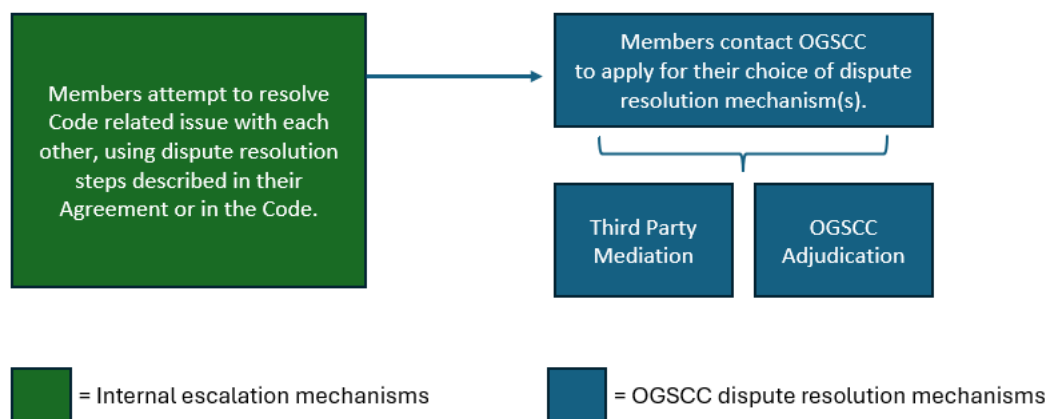
The Corporation shall establish and maintain a Dispute Resolution Management Process (DRMP) to support the resolution of disputes between Members arising from commercial practices governed by the Code. The inaugural version of the DRMP shall be approved by the Board of the OGSCC in accordance with the By-Laws.

The DRMP is developed and administered by the President & Adjudicator and operates in accordance with the principles of fairness, transparency, timeliness, and simplicity. It encourages Members to resolve issues independently wherever possible and provides for a graduated process that may include internal escalation, third-party mediation, and adjudication.

The President & Adjudicator is responsible for maintaining and implementing the DRMP, including its structure, rules, and procedures. Any change to the DRMP, including its structure, rules, manuals and procedures, shall be deemed to be a change to these Operating Rules and must be approved by the Board of the OGSCC in accordance with the By-Laws.

Each year, the President & Adjudicator shall report to the Board on key trends and outcomes related to dispute resolution.

Participation in the DRMP is a condition of membership in the Corporation. Members are expected to engage in the process in good faith and to comply with its procedures and outcomes, including Adjudicator decisions and any related accountability measures.



VII. COMMITTEES AND ADVISORY GROUPS

A. Committees

- a) As set out in the By-Laws, the Board may establish such committees as it deems appropriate with such goals and terms of reference as it deems appropriate. If the Board does not establish terms of reference for any committee, the committee may approve its own terms of reference, subject to the fact that any such terms of reference are subject to approval by the Board.



- b) The Board shall be entitled to admit and remove members of committees and fill vacancies that occur in a committee from time to time. Committee members shall remain in office until the Annual Meeting following their appointment or as otherwise determined by the Board.
- c) Committees have no independent authority, shall not speak on behalf of the Corporation, cannot bind the Corporation in any way and report to the Board.

B. Nominations Committee

In each year where the election of Directors is required, the OGSCC shall issue a call for the nominations to all Members to solicit candidates to serve as Directors. Not less than thirty (30) days following the Annual Meeting of the Corporation, the Board shall appoint a nominations committee, the members of which shall hold office for a term of one (1) year from the date of their appointment, or until their successors are appointed. The nominations committee shall be comprised of six (6) current Directors of the Corporation whose terms are not up for re-election or where their term is up, they have chosen not to run for re-election at that time. The make-up of nomination committee shall be comprised of a minimum of six (6) Directors, one from each class of membership; however, if there is no Director from a membership class willing to serve, the committee will be appropriately composed without representatives from such class. Where there is a Director from a membership class then-serving on the committee, such Director must approve any candidates to serve as a Director from that class in order for such candidate to be placed on the slate. The committee will select its own chair. The primary task of the nominations committee shall be to recruit and secure strong balanced leadership for the Corporation in accordance with the composition of the Board established in the By-Law. In particular, the nominations committee will:

- a) prepare a nominations committee report which shall include a slate of one or more candidates for each Director's office which will be vacant and for which an election is to be held at the Annual Meeting, the slate to be determined in accordance with the OGSCC Nominations and Director Selection Process attached as Appendix A to these Operating Rules;
- b) provide its report to the Board for its consideration at least sixty (60) days before the Annual Meeting each year;
- c) present the nominations committee report to the Members at the Annual Meeting;
- d) make recommendations to the Board regarding nominees for the appointment of Officers on an annual basis; and
- e) make recommendations to the Board regarding nominees to fill vacancies on the Board, in Officer's positions or on committees that occur throughout the year.



C. Grocery Code Advisory Group and Process to Change the Code

The Directors elected by each class of Members shall be entitled to appoint at least one (1) but no more than two (2) representatives from the membership class to the Grocery Code Advisory Group (the “Advisory Group”). The Advisory Group shall be comprised of a minimum of six (6) persons, each of whom shall be affiliated or engaged with a membership class and ensuring representation from all membership classes of which there are members. If there are no volunteers from a membership class, then that class will not be represented on the Advisory Group. The President & Adjudicator or their designate, will be the chair of the Advisory Group.

Each year the Advisory Group shall meet to consider whether any amendments to the Code or Dispute Resolution Management Process (DRMP) are necessary or desirable and, as part of this process, shall review the previous year’s OGSCC annual survey report in respect of the Code. The Advisory Group may or may not recommend changes to the Code or DRMP depending on the review set out above. Any changes to the Code or DRMP recommended by the Advisory Group shall require approval by at least two-thirds (2/3) of all members of the Advisory Group. If the Advisory Group recommends changes to the Code or DRMP, such changes shall be submitted to the OGSCC Board of Directors and Members for approval as set out in the By-Laws. For further certainty, all changes to the Code or DRMP must be approved by the Advisory Group prior to the approval or adoption by the Board and must include a transition period of at least six (6) months. Neither the Board, nor the Members shall approve changes to the Code or DRMP that have not been approved by the Advisory Group, and nothing herein requires the Board or Members to approve changes to the Code or DRMP recommended by the Advisory Group.

Recommendations of Advisory Group related to amendments to the Code or the DRMP that are not approved by the Board may be referred back to the Advisory Group by the Board for further consideration. In such cases, the Board shall provide direction regarding the matters or concerns identified and may request that the Advisory Group address those matters in a subsequent report or recommendation. The Board may also direct the Advisory Group to review and provide recommendations respecting the Operating Rules, or the By-Laws. Recommendations of the Advisory Group related solely to the Operating Rules or By-Laws may be approved by a simple majority vote of the Advisory Group. For greater certainty, nothing in these Operating Rules restricts the authority of the Board under the By-Laws to amend, propose amendments to, or approve changes to the Operating Rules and By-Laws independently of the Advisory Group process.



D. Finance and Audit Committee

The Board may appoint a Finance and Audit Committee to assist the Board in discharging its oversight responsibilities for internal control, financial accounting and reporting practices, the external audit process and material risk management processes. The committee shall consist of a minimum of four (4) to a maximum of six (6) Directors, a majority of whom shall not be Officers. The chairperson of the Committee shall be appointed by the Board on an annual basis and may be removed by the Board in its discretion.

E. Governance Committee

The Board may appoint a Governance Committee to ensure that there is a robust and effective process for evaluating the performance of the Board, committees and advisory groups to ensure that the organization fulfills its legal, ethical, and functional responsibilities. The committee shall consist of a Director from each membership class, provided there is a Director from each such class in office and they are willing to serve on the Governance Committee. The chairperson of the Governance Committee shall be appointed by the Board on an annual basis.

F. Remuneration of Committee Members

Committee members will serve as such without remuneration but shall be entitled to be reimbursed for reasonable expenses incurred in the exercise of their duties provided such expenses are pre-approved by the Chair or the President & Adjudicator.

VIII. AMENDMENTS TO THE OPERATING RULES

Unanimous approval of the First Board is required to approve the inaugural version and modify the Operating Rules prior to the election of the First Elected Board. Following the election of the First Elected Board these Operating Rules shall only be amended by the Board by Special Director Vote.

APPENDIX A: OGSCC Nominations and Director Selection Process

A. Goal

To increase the pool of qualified Director candidates and to provide transparent process for Director selection.

B. Overview

At least one hundred and twenty (120) days prior to Annual Meeting, the Nominations Committee will post and circulate to the Members a call for nominations to the Board. The Nominations committee shall identify the key attributes required on the Board at that time and include or attach this information to the call for nominations to the Board.

The nominations committee shall select candidates based on Director having at least some of the attributes outlined in the Director Competency Matrix below and based on the direction of the Board in respect of such nomination year, if any.

Based on qualifications and balancing the Board membership, the Nominations committee will present its report to the Board at least sixty (60) days prior to the Annual Meeting for consideration. The final slate of nominations determined by the Board will be presented to the Members for a vote at the Annual Meeting.

The Nomination Committee shall be responsible for creating and maintaining/updating a skills matrix that sets out the required or desired competencies for Directors and shall ensure same is updated in each year prior to the call for nominations being circulated to Members.