

**FOREST PRODUCTS PROCUREMENT POLICY**  
**Wood Products Procurement Policy**

**November 2008**

**A key tool in our sustainable development approach**

RONA is committed to becoming the sustainability leader in our industry in Canada. Product selection is a key component by which RONA can exercise such leadership. Our responsible purchasing policy already affirms that we will only do business with suppliers and partners who respect both the environment and workers' rights.

At RONA, we have decided to approach sustainability in a holistic manner, mainly through the use of the Life Cycle Assessment approach, a rigorous and responsible process that measures the environmental impact of a product from cradle to grave. This approach aims at avoiding the transfer of negative environmental impacts from one phase of the life cycle to another.

RONA strongly believes that wilderness must be conserved through protection and by ensuring that natural resources stemming from it are managed responsibly so that our children may also enjoy their benefits. We recognize that through the products we sell and also consume as a company, we have a significant role to play in ensuring the sustainability of natural resources and reducing the company's global footprint.

RONA is concerned about the products that we make available to consumers, and the impact these products have on the environment, health and safety – whether this impact is attributable to the nature of the products themselves or to the manner in which they are used.

In addition to respecting both the spirit and the letter of the laws and regulations in the various jurisdictions where we do business, RONA's goal is to encourage responsible practices among consumers in their choice and use of hardware, home renovation and gardening products. As a result, RONA invests significant resources to produce and disseminate information promoting informed consumer choices as well as the use of eco-responsible products, when available.

We are therefore committed to the responsible procurement of forest products for sale in our stores and used by the company's operations, and to the implementation of the following policy.

**Scope of the Policy**

This Wood Products Procurement Policy is the first phase of RONA's Forest Products Procurement Policy and applies to wood products that are sold in all our stores. The second phase of the Company's Forest Products Procurement Policy will consist of the Paper Procurement Policy.

**The Policy**

RONA is committed to conducting business with suppliers who have a proven record of environmental awareness; are progressive in their environmental and sustainable forest management practices; can demonstrate that fibre used is sourced from legal and sustainable forests; do not contribute to deforestation; are committed to continual improvement and proactively address issues related to their activities. RONA values suppliers who integrate the Life Cycle Assessment approach to develop and make products.

## **RONA Wood Products Procurement Policy**

**AS A BUYER OF WOOD PRODUCTS,  
RONA will give preference to suppliers who meet the following criteria.**

### **1.0 Responsible Fibre Sourcing**

#### 1.1 Legal sourcing

RONA will not knowingly purchase wood products that are illegally harvested. For the purposes of this policy, illegally harvested wood is wood obtained in violation of an established legal framework. RONA will diligently verify all complaints in this regard and ask suppliers to implement immediate remedial actions. Failure to comply with RONA's request would lead the company to reconsider its relationship.

#### 1.2 Sustainable forest management third party certification, Fibre traceability and Labelling

RONA will give preference to suppliers who can provide wood products sourced from forests that are certified by a recognized and credible sustainable forest management (SFM) standard or who are seeking such a certification.

We support an inclusive approach to forest certification and recognize the following existing standards:

- Canadian Standards Association (CSA)
- Forest Stewardship Council (FSC)
- Sustainable Forestry Initiative (SFI)
- Other standards endorsed by the Programme for Endorsement of Forest Certification Schemes (PEFC)

Because RONA seeks to provide to its customers sustainable wood forest products, RONA supports certifications that integrate both the environmental and social aspects linked to forest management. RONA specifically recognizes the importance of solid and respectful relationships with indigenous communities and the conservation of biodiversity, two factors that are clearly identified as priorities in the FSC standard. RONA also recognizes that differences in this regard exist between the various certifications and that FSC certification shows higher standards in this matter. Therefore, RONA will give preference to wood certified under the FSC standard, subject to availability and price competitiveness. RONA will also seek improvements to these criteria from all other certifications.

RONA will favour wood products labelling that identifies the above certifications; RONA considers that labelling is an efficient way to inform and educate consumers.

Sustainable forest management certification, fibre traceability and labelling are the most efficient factors in providing RONA assurance that wood products purchased were responsibly harvested.

#### 1.3 Forest and Biodiversity Conservation

RONA recognizes that forests are complex ecosystems and that some forests may have higher conservation value than others. Such a status should be clearly established by recognized experts, based on scientific evidence. RONA will not purchase wood forest products that stem from designated High Conservation Value Forests. In rare circumstances, wood from High Conservation Value Forests may be accepted if it is legally harvested, in accordance with other relevant conservation regulations and requirements; and the supplier takes specific measures to ensure the protection for high conservation values. In such instances, RONA will require that this wood be certified, preferably FSC.

## **RONA Wood Products Procurement Policy**

When purchasing wood that originates from a forest that is considered by certain stakeholders to be endangered, but has not been the object of a high conservation value analysis, RONA will give preference to suppliers who:

- Work towards the conservation of ecological and cultural value of forests;
- Maintain the habitat of forest-dependent species;
- Support the conservation of biodiversity and development of knowledge in this area; and
- RONA will also ask its suppliers to address issues in a proactive way and collaborate with conservation organizations, government, indigenous communities and other groups to identify viable solutions and ensure the long-term sustainability of the forest.

### **2.0 Environmental performance**

#### **2.1 Air and Water Quality**

RONA will give preference to suppliers who can demonstrate that they meet and go beyond the requirements of air and water quality regulations and who embrace a collaborative approach with stakeholders to protect and improve long-term air and water quality.

#### **2.2 Climate and energy**

RONA recognizes the challenges posed by climate change and the need to reduce greenhouse gas (GHG) emission and move to less GHG-intensive energy sources. We will give preference to suppliers who will demonstrate their participation in reducing emission, both in intensity and absolute, improving energy efficiency, who have switched or are in the process of switching to less GHG-intensive energy sources, and who participate, like RONA, in the Carbon Disclosure Project.

#### **2.3 Efficient Use of Resources**

RONA will give preference to suppliers who take action to ensure efficient use of resources in their operations, such as waste reduction, fibre use optimization, reuse and recycling and a decrease in water use in operations.

### **3.0 Social Responsibility**

#### **3.1 People and their communities**

Based on its values and commitment to sustainable development, RONA attaches great importance to people and their communities. Actions in the community as well as long-term relationships with community stakeholders are at the forefront of our social engagement. Therefore, RONA will conduct business with suppliers who guarantee training, health and safety for their employees and their communities, and who support community development.

#### **3.2 Indigenous people**

RONA recognizes that indigenous people and their communities around the world are closely linked to forests from which forest products are derived. When sourcing forest products, RONA will give preference to suppliers who engage with indigenous groups both economically and culturally whenever this engagement is desired by communities. Suppliers should:

- Demonstrate a recognition and respect of indigenous rights by showing:
  - An understanding of the nature of indigenous rights or treaties where they are operating;

## **RONA Wood Products Procurement Policy**

- Evidence of best efforts made to working with indigenous communities in developing or understanding forest management plans; Responsible management or protection of areas where culturally important activities and practices occur.
- Demonstrate the participation of indigenous communities in the forest economy; this may include indigenous people working as employees, contractors or suppliers.

### **4.0 Monitoring and Reporting**

RONA will require its suppliers to monitor and regularly report on this policy criteria and will give preference to suppliers who monitor and regularly report on their broader sustainability performance.

#### **TO IMPLEMENT THIS POLICY, RONA will also:**

##### **5.0 Inform its stakeholders**

RONA will inform and educate its staff, suppliers, shareholders and customers about its commitment to purchase wood that is responsibly and legally harvested and that has a smaller environmental footprint throughout its entire life cycle.

##### **6.0 Implement reporting**

RONA is committed to transparent reporting on progress made in the implementation of this policy and on its progress in achieving its sustainability objectives. Report on the implementation of this policy and its objectives will be done annually and will be communicated to stakeholders. RONA will diligently verify failure on the part of suppliers to provide necessary information and require that they implement remedial actions. Failure to respond to RONA's request would lead the company to reconsider its relationship..

##### **7.0 Look for continual improvement**

Through its collaboration with its different stakeholders (customers, employees, investors, suppliers, governments, indigenous people, communities and non-governmental organizations), RONA is committed to continuing to look for opportunities to improve its Forest Products Procurement Policy and to make improvements to further long-term environmental, social and economic benefits.

## **SPECIFIC OBJECTIVES**

In addition to the criteria provided for the selection of suppliers and the Company's commitment in terms of forest products, RONA has defined specific objectives.

- ✓ Currently, 90% of the commodity SPF lumber (Spruce, Pine, Fir) and WRC (Western Red Cedar) for sale in RONA's corporate and franchised stores is sourced from certified forests; by the end of 2010, the objective is to reach a proportion of 100%.
- ✓ Currently, 95 % of the commodity plywood panel products for sale in RONA's corporate and franchised stores is sourced from certified forests; by the end of 2009, the objective is to reach 100 %.

## **RONA Wood Products Procurement Policy**

- ✓ RONA will also establish a program for its affiliate dealers: the program aims at increasing the proportion of commodity SPF lumber sourced from certified forests that is for sale in the stores of the company's affiliate dealers to 90% by the end of 2011 and at increasing the proportion of commodity plywood panel products that is sourced from certified forests that is for sale in these stores to 90% by the end of 2011.
- ✓ By the end of 2011, we will require all suppliers to provide chain of custody or traceability of their fibre back to the forest area of origin.
- ✓ Currently, 2 % of the SPF lumber for sale in RONA's corporate and franchised stores is sourced from FSC certified forests; by the end of 2009, the objective is to reach 4 %, and by the end of 2012, to reach 25 %, upon availability and competitiveness.
- ✓ Currently, less than 5 % of wood products available in our corporate stores bears a certification label; by the end of 2010, the objective is to reach a proportion of 30%.
- ✓ The Company's Paper Procurement Policy, the second phase of our Forest Products Procurement Policy, will be available by the end of 2009.
- ✓ Scorecards will be developed to have suppliers report on specific performance indicators; a rigorous reporting program and follow-up program will be implemented by the end of 2009, including progress report on their relationships with indigenous peoples and the biodiversity conservation. Suppliers will also need to submit their certification audit report.
- ✓ Progress assessment of this Policy will be reported on an annual basis.
- ✓ This Policy will be reviewed on an annual basis to ensure that it reflects new, arising issues; this will be done through continual collaboration with our stakeholders.