

CODE OF ETHICS

For employees, administrators,
partners and suppliers

A word from management

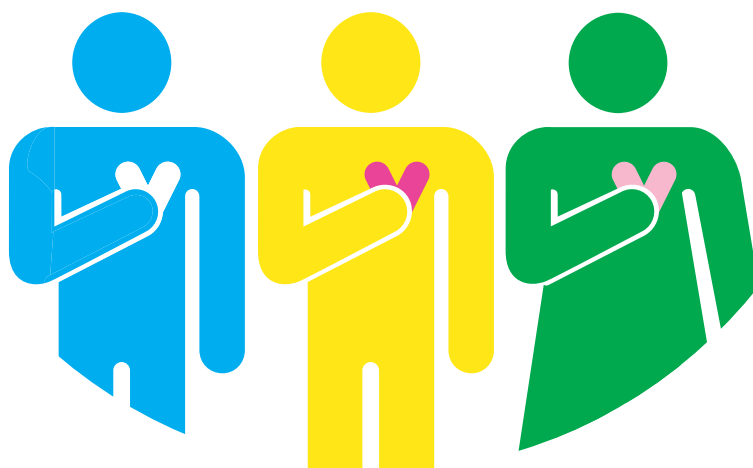
At the STM we are proud of the work accomplished by all employees on a daily basis to enable hundreds of thousands of people to travel quickly and reliably in an ecological and safe manner. Our commitment to being a leader in the area of public transit encourages us to do even better. And when we talk about achieving excellence, the way we conduct ourselves and operate the network are key elements.

A public administration, to an even greater extent, demands rigour and transparency. As employees, we must demonstrate integrity in every action we take so as to preserve the company's image and maintain the bond of trust with our clients, our suppliers and our partners. It is part of our individual responsibility.

A dedication to honesty and the willingness to act for the common good is at the core of the STM's Code of Ethics. This reference tool highlights our common values and the standards of conduct that ensue from them.

Ethics are of primary importance at the STM. Whatever the nature of your concerns or questions on this subject, consult your immediate superior or even speak directly to the Secretary General and Executive Director – Legal Affairs.

Thank you for your commitment and support.



Part 1 **Ethics Guide**

This section presents the STM's vision in terms of ethics and defines the values of the company. Employees should familiarize themselves with it as a way of introduction to the subject before referring to the code.

Ethics at the STM

Ethics is linked to the concern for doing the right thing and also assumes a moment of reflection with the view of taking the proper action. To put it simply, ethics is defined as the search for the appropriate conduct in a given situation. Ethics takes into account the particularities and complexities of a situation and aids in the search for solutions. It allows for a fair decision in the uncertainty of the moment.

As the rules cannot cover every eventuality, ethics can be a valuable aid in circumstances such as the following:

- *There are no rules or laws applicable to the current situation.***
- *Rules as well as associated laws and directives exist, but they do not indicate the behaviour to adopt.***
- *It's a grey zone or a new situation where I feel uneasy about the choices I have.***

The provisions in the Code of Ethics do not cover the fine points of each individual's behaviour. This Guide also allows employees to reflect and to act appropriately in the most delicate situations.

A question of trust above all

In the case of a difficult decision, the Société believes that its employees are in a position to carry out a fair analysis of the situation and to act based on their judgement as it relates to the Société's values.

First of all, here are a few questions to ask yourself and to guide your decision.

- *Will my decision unnecessarily affect the person(s) concerned?***
- *Would I want someone to act this way with me?***
- *Will my decision increase or decrease the trust that employees, clients or even citizens have in the Société?***
- *Would I be able to justify my decision to my colleagues, my superior, citizens or other stakeholders (clients, suppliers, municipal organisations, governments)?***
- *Am I about to set a precedent that I would not want to see repeated?***
- *Should I ask for advice before proceeding?***

The answers to these questions are a determining factor in the choice of the best approach to take.

STM values

Awareness of the company's values can also prove useful in identifying the appropriate conduct, as they constitute permanent points of reference.

The five company values on which the Code of Ethics is based are teamwork, rigour, respect, responsibility and transparency. They act more as a reference rather than as specific instructions for the behaviour to follow in a given situation. The company's values should inspire the conduct adopted in our day-to-day actions and thus enable us to establish a harmonious work environment.

Teamwork

The STM is committed to promoting a culture based on solidarity, the sharing of expertise and the enjoyment of team-based work through the establishment of "win-win" relationships and through the development of company interests and objectives as a group.

Rigour

The STM is committed to building a culture of rigour based on actions and the respect of commitments and where constancy, quality and precision are the gauges of our success.

Respect

The STM is committed to promoting a culture of listening, information-sharing and respect for individuals, who are free to express divergent opinions, as well as for the STM's property.

Accountability

The STM is committed to promoting a culture of accountability that involves the setting of clearly-defined roles and responsibilities, the taking of ownership and a responsible attitude by managers and employees.

Transparency

The STM is committed to promoting a management style defined through clear objectives, commitment and exemplary conduct in our actions and decisions, through dealing with the reality without omitting or masking the facts and through clear communication of the situation to the executive, to managers and to employees.

Part 2 Code of Ethics



The Société de transport de Montréal and its employees serve the public and the community. Their behaviour must reflect a dedication to excellence and exemplary conduct in order to maintain and increase the public's trust in the integrity, objectivity and impartiality of the Société's administration.

Observance of laws and regulations

The Société de transport de Montréal and its subsidiary Transgesco S.E.C., its employees, administrators, the external members on its various committees as well as all people that do business or provide services to it must observe all the laws and regulations that govern the Société's activities as well as the provisions set out in this Code of Ethics. In the event of a conflict between the specific provisions in this code and the Société's collective labour agreements or the laws governing it, the latter take precedence.

Every employee must have reasonable knowledge of the laws and regulations that apply to the duties they perform for the Société.

The laws and regulations relating to the Société's activities are sometimes very complex, particularly as they can be subject to frequent changes. In case of uncertainty, employees should talk to the Société's Secretary General and Executive Director of Legal Affairs.

The Société's commitment

To its clientele

The Société de transport de Montréal places customer service at the top of its list of priorities and expects its employees to adhere unreservedly to this commitment and to the directions the company takes to achieve it. The safety of individuals is critical, and the Société cannot accept any compromise that puts this in jeopardy.

Serving clients with respect and dignity is also an objective to which the Société is committed, and employees must serve as ambassadors, both in their behaviour and in their attitude. Employees must also be sensitive to the reality of the diversity of the population served by the Société as well as to its multicultural character. Consequently, no form of racial profiling will be tolerated.

To its employees

The Société has made a specific commitment to its employees: fair and equitable treatment without discrimination in hiring and employment; work that uses their talents and aptitudes and promotes their development; favourable working conditions comparable to those in other like or similar companies; a safe work environment as well as efficient channels of information and communication.

In order for employees to adhere to its objectives, the company must clearly communicate its expectations to them. Communications from management to employees deal as much with the company's mission and its management and operating objectives as with the moral principles that must guide the way business is conducted.

To individual rights and freedoms

The Société's equal access program is evidence of its adherence to the *Charte des droits et libertés de la personne du Québec*. In its hiring practices, as in its relations with its employees, the Société is committed to developing and maintaining practices that are free of discrimination, thus ensuring that the rights and freedoms of every job applicant and every employee are recognized.

Employees of the Société who act against these principles through racist or discriminatory attitudes or behaviour would demonstrate a serious lack of ethics.

To its property

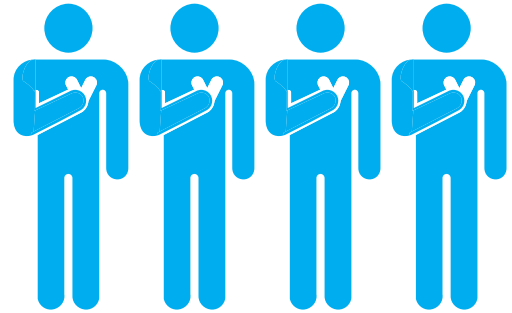
The Société de transport de Montréal, a company financed from public funds, manages considerable material and financial resources. It does everything in its power to collect and process its receipts in full. Because it collects fares from the travelling public, the Société establishes very strict rules of conduct for employees directly involved in this area and expects exemplary conduct on their part.

Any disloyal conduct would not be excepted. On the other hand, the Société takes all necessary steps to ensure the preservation and appropriate use of its property.



Employee standards of ethics

General rules



The STM recognizes the concern of its employees to do the right thing. This is why it asks them to respect this code. Through it, the STM wants to stress the importance it attaches to the integrity of its employees, the transparency of its management and to its good reputation with clients, suppliers and the organizations with which it does business. The STM believes that adherence by employees to rigorous ethical standards can only help in developing transparency in the company's management.

Employees must carry out the tasks related to their duties efficiently. They have an obligation to be accountable for their actions and decisions. To this end, the STM puts the necessary means at their disposal and encourages them to show initiative in the pursuit of their objectives.

Employees must conduct themselves with integrity so as not to undermine the reputation of the STM or compromise its capacity to carry out its functions without external pressures. Employees must therefore at all times avoid placing themselves in situations where their integrity or that of the STM could be brought into question. They must take justified and justifiable actions that they would be in a position to defend publicly should the need arise. They must refrain from creating obligations for the STM that are not part of their duties.

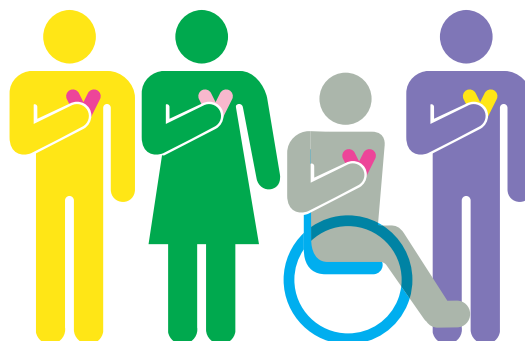
While some of the following provisions are addressed to managers in particular, any employee personally involved in a similar situation must respect them as well.

The exercise of decision-making power results in a further obligation to be accountable. In the area of ethics, even more than in other areas, this responsibility cannot be shared. Employees must therefore take responsibility for their actions.

The very nature of the company and its activities makes it subject to public scrutiny of its administrative practices and its management results. The conduct of managers and the reasons they provide in support of a direction or a management decision are likely to be closely scrutinized by a public that demands sound use of the funds managed by public entities.

Respect for the individual

Employees, in the exercise of their duties, must respect individuals for who they are, without distinction, exclusion or preference based on race, colour, sex, pregnancy, sexual orientation, civil status, age, religion, political convictions, language, ethnic or national origins, social status, disability or the use of a means to alleviate this disability.



Conflicts of interest

Employees have a personal obligation with regard to the company. They must refrain from having interests or maintaining relationships that could be or appear to be prejudicial to their employer.

Employees must not only avoid actual conflicts of interest but also any situation likely to create a conflict of interest or the appearance of a conflict of interest that could tarnish their reputation or that of the STM.

Employees are in a conflict of interest when they have, or could have, in the course of a transaction conducted for the STM, a personal interest that goes against an interest of the company, or that is major enough to affect the independence of their judgement. In such a situation, their loyalty to the company risks being compromised by the real or potential benefits that they could realize from the transaction.

Generally speaking, employees must avoid any investment, interest or association likely to affect their judgement or impartiality in the exercise of their duties with the STM. The members of the Board of Directors, the external members of the board's technical committees and the members of the extended management committee, through their responsibilities, have an added obligation in this regard.

They must declare annually and in writing the various interests they hold that could bring about a conflict or an appearance of conflict with the duties of their position at the STM. In addition, they must inform the Secretary General and Executive Director – Legal Affairs if their situation changes during the year.

Accepting / giving / exchanging gifts or favours

The act of accepting (for oneself or others including close relatives), giving or exchanging gifts or favours (even symbolic) can give rise to a situation of dependence on or at least uneasiness with the third party who offered or received it.

A favour or gift could also be offered with the explicit or implicit objective of influencing the judgement of employees in the exercise of their duties for the Société. In such circumstances, employees must ask themselves, for example, if the nature or value of a gift, donation or favour is sufficient to influence their decision, under what circumstances they were offered or made a donation or exchange, and whether or not they would feel a certain embarrassment in admitting that they had accepted or offered a gift, donation or favour.

The STM therefore expects its employees to demonstrate caution in their relationships with suppliers and stakeholders and to ensure that their independence and freedom of judgement are in no way influenced or biased by any kind of benefit whatsoever.

Each situation must, however, be considered individually. One must take into account certain particularities such as:

A. the inexpensive nature of the gift

B. refusal of the gift would be considered hurtful for cultural reasons

C. the gift is presented in public and refusing it would be embarrassing

D. the invitation is job-related

E. the non-repetitive nature of the event

When a gift of significant value is accepted for cultural reasons or reasons of protocol, it must be given to the administration and not be considered as belonging by right to the employee. Should this occur, it is also appropriate to return the gift in a diplomatic manner.

If an employee has doubts about the nature of certain gratuities, the matter should be referred to an immediate superior or to the Secretary General and Executive Director - Legal Affairs.

Outside professional activities

The exercise of a professional activity outside the company can give rise to a conflict of interest if this activity is prejudicial to the work for which an employee is remunerated by the STM. Therefore, employees of the STM must not occupy any outside post or job whose requirements could be incompatible with their duties within the STM or could call into question their ability to fulfil these functions objectively.

The STM recognizes, however, that an outside professional activity could constitute an opportunity for personal improvement that could prove beneficial to the company to the extent that this activity increases the employee's competence or even raises the company's image. On the other hand, the STM would not approve an outside activity that would prevent employees from fully assuming their responsibilities, diminish their professional performance, harm the reputation or image of the STM or be likely to result in a conflict of interest.

It is incumbent upon employees to obtain the approval of their superior and to make the necessary arrangements prior to starting the activity outside the company as well as to demonstrate that it is not prejudicial to their regular work.

Ownership of shares and financial interests

Employees must abstain from making any investment that risks affecting the impartiality of their decisions. The latter could be compromised if an employee or a close relative holds a major direct or indirect interest in a company with which the STM does business, thus putting a personal interest in conflict with the interest of the STM.

The awarding of a contract can also give rise to a conflict of interest if an employee has financial interests or holds shares of a substantial value in a bidding company. In order to avoid such situations, the STM asks its employees, and managers in particular, to divulge all financial, commercial or business interests that they hold personally or that one of their close relatives holds personally, in cases where such interests could be in conflict with their professional obligations. Moreover, in such cases, the employees would have to exclude themselves from any contract negotiations with these companies if such an involvement existed.

Situations that can lead to a conflict of interest are not limited to those mentioned previously. The STM expects its employees to handle their personal affairs in such a manner so as to avoid any conflict of interest and to be vigilant in identifying and preventing any situation where their freedom and independent judgement risk being compromised. Therefore, management recommends to its employees that they be open and frank with their immediate superior and that they not hesitate to consult other resource personnel within the STM including, in particular, the Secretary General and Executive Director – Legal Affairs.

In the following situations, the holding of securities or financial interests would not have any consequence if:

- ***its extent in all probability does not place the employee in a conflict of interest situation***
- ***its nature or extent is common to the general population or to a particular sector in which the employee works***
- ***they are securities issued or guaranteed by the STM, a government or a municipality under identical conditions for everyone***

Participation in political or public life

The STM considers it normal for its employees to be interested in political or public life and to be able to express themselves freely on questions of public interest without, however, compromising their loyalty to the company.

Such activities, though, must remain an individual responsibility and commitment and be in no way associated with a corporate commitment. Consequently, when STM employees express themselves on questions of public interest, they must specify that they do so on their own behalf and not on behalf of the STM.

Employees are responsible for avoiding conflicts of loyalty that can sometimes be associated with such situations. This would be the case, for instance, when questions discussed at the municipal, provincial or federal level are linked directly to activities or projects in which STM employees are participating, or relate to information that they possess but cannot divulge due to their function. In such circumstances, they must advise the Secretary General and Executive Director – Legal Affairs of the nature of their participation in political or public life. The latter will then be able to advise them on the actions to take to help them play an impartial role that does not present a conflict of loyalty with their functions at the STM.



Rules applicable to post-employment

The professional obligations of employees and their loyalty and integrity continue after they cease to hold a job or perform functions at the STM.

Past employees must continue to respect and to ensure the protection of certain information that they might have become aware of in the context of their duties. They must continue to respect the STM's integrity and not use any confidential or strategic information belonging to the STM to their advantage or to the detriment of the STM or a third party.

In this sense, they cannot profit from the fact that they were employees of the STM to obtain a benefit to which they would not have been entitled had they not been in their previous post. Consequently, they cannot, in the 12 months following the end of their mandate at the STM, occupy a position as an administrator or director of a corporate entity, or a job or any other function, such that they or any other person could derive undue benefit from their work at the STM.

At any time, a past employee of the Société can consult the Secretary General and Executive Director – Legal Affairs on questions related to ethics and the STM.

Respect of the STM's rights regarding its property

Employees must respect the STM's rights regarding its property, whether the latter be of a financial, material or intellectual nature. These rights forbid the illegal appropriation of property, its inappropriate use or negligence in maintaining it. Funds and property belonging to the STM must be used only for the operational or administrative purposes for which they were intended. Any other use must be subject to a prior agreement with the appropriate authority.

All employees must assume their responsibilities and demonstrate through their behaviour that they respect that which is made available to them but does not belong to them. They must remember that use of the STM's materials or equipment for personal use is forbidden except under certain circumstances, which are identified and overseen by the STM.

Employees must also consider information made available to them in the exercise of their duties as the property of the STM in the same way as material and financial resources. There are laws as well as internal policies and directives dealing with this subject. The STM expects its employees to adhere to them.

Consequently, employees who leave the STM must return all objects, documents or data belonging to the STM such as identity cards, access cards and keys, tools, mobile phones and pagers, credit cards, books and manuals, computer material or software, databases or any other property of the STM.


Whether it is a question of accounts to be verified, expenses to be committed to or even expense claims, employees must demonstrate judgement and ensure that the STM receives maximum benefit for the sums expended, in other words, ask themselves what the value received is versus the money spent. A superior does not need to approve expenses or sign the supporting documents as long as there is no doubt that these expenses are justified and the amounts are correct. Any employee who has the responsibility for dispensing, committing to or processing the STM's funds has an obligation to ensure that these sums are used exclusively for the day-to-day management of the STM's business.

Some examples of the improper use of property or illegal appropriation of funds are:

 ***the falsification of expense accounts, accounting journals, ledgers***

 ***the act of paying a supplier for services not rendered***

 ***the act of using the STM's materials or equipment for profit***

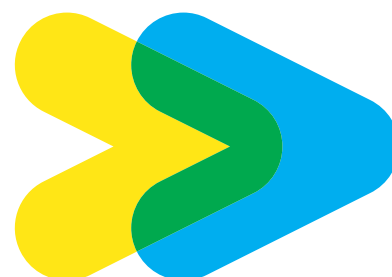
 ***the act of using the STM's materials or equipment for personal use without prior authorization***

The STM believes in the honesty of its employees. It feels that the compliance measures outlined previously are designed as much for the protection of individuals as for the protection of the company. In return, it expects its employees to handle the STM's funds and property with the same respect and care as they would their own.

Respect of professional codes of ethics

On the professional level, the STM naturally expects that employees already regulated by a professional code of ethics will observe the ethical standards of their membership group and ensure that their professional actions conform to the standards of their profession. If they are in any doubt, employees should present the problem to their superior so that together they can find a satisfactory solution.

Similarly, the STM's policy, save for cases of gross fault, is to indemnify its employees against any loss or damages that they could suffer — and indemnify them against any civil suit brought against them by a third party — for acts or omissions committed in good faith in the exercise of their duties for the STM.



Conclusion

General in their formulation, the standards of ethics set out here constitute more of a statement of guidelines rather than a precise guide to the behaviour to adopt in a specific situation.

Where the possibility of conflict exists, the STM believes that its employees are in a position to carry out an appropriate analysis of the situation and make the best decision based on their judgement and on the circumstances.

The STM believes, moreover, in the value of communication and dialogue. Employees who have doubts regarding the behaviour to adopt in a given situation should, before making a decision, discuss it with their immediate superior and, if necessary, with the department or individual able to provide them with the necessary information to make a clear decision including, in particular, the Secretary General and Executive Director – Legal Affairs.

The standards set out above reflect the values of the company. The act of contravening these standards could lead to the imposition of various measures depending on the nature of the acts committed. Without necessarily being applied consecutively, these could take the form of a reprimand; the return of a donation, hospitality, a benefit received or the corresponding value of same; a suspension; or, ultimately the termination of employment with the Société.

The policies, directives and guidelines adopted by the STM on specific subjects complement this Code.



STM CODE OF ETHICS
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