

CODE OF ETHICS

THE SOCIÉTÉ DE TRANSPORT DE MONTRÉAL AND ITS EMPLOYEES SERVE THE PUBLIC AND THE COMMUNITY. ONE MUST SEE IN THEIR BEHAVIOUR A DEDICATION TO EXCELLENCE AND INDICATIONS OF EXEMPLARY CONDUCT IN ORDER TO MAINTAIN AND INCREASE THE CONFIDENCE OF THE PUBLIC IN THE **INTEGRITY, OBJECTIVITY AND IMPARTIALITY** OF THE ADMINISTRATION OF THE SOCIÉTÉ.

OBSERVANCE OF THE LAWS AND BY-LAWS

The Société de transport de Montréal, its employees, its administrators, the external members of its various committees as well as all persons called on to do business with it or provide it with services must observe all the laws and by-laws that regulate the activities of the Société 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 regulating the Société, the latter take precedence.

All employees must have reasonable knowledge of the laws and by-laws that apply to the duties that they perform for the Société.

The laws and by-laws relating to the Société's activities are sometimes very complex, and they can also be subject to frequent changes. In case of uncertainty, employees should talk to the Société's secretary and director of legal affairs.

THE SOCIÉTÉ'S COMMITMENTS

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 crucial, and the Société cannot accept any compromise that puts it in jeopardy.

Serving customers with respect and dignity is also an objective to which the Société is committed, and employees must serve as ambassadors in both their behaviour and 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.

THE SOCIÉTÉ'S COMMITMENTS

To its employees

The Société has made specific commitments 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 the employees deal as much with the mission of the company and its management and operating objectives as with the moral principles that must guide the conducting of business.

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, the Quebec Charter of Human Rights and Freedoms. In its hiring policies, as in its relations with its employees, the Société is committed to developing and maintaining practices that are free of discrimination, thus ensuring the recognition of their rights and freedoms for every job applicant and every employee. 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

A company financed from public funds, the Société de transport de Montréal 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 with regard to employees directly involved in this area,

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and it expects exemplary conduct on their part. Any disloyal behaviour would not be excepted. On the other hand, the Société takes all necessary means to ensure the preservation and appropriate use of its property.

Despite the fact that certain of the following provisions are addressed particularly to managers, all employees personally involved in a similar situation must also respect them.

General rules

In requiring that its employees respect this code, the Société would like to stress the importance that it attaches to the integrity of its employees, to the transparency of its management and to its good reputation with clients, suppliers and organizations with which it does business. The Société believes that employees' adherence to rigorous ethical standards can only contribute to developing the transparency of the company's management.

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

Employees must conduct themselves with integrity so as not to undermine the reputation of the Société nor 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 Société could be placed in doubt. 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 Société that are not part of their duties.

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Employees, in the exercise of their duties, must respect individuals for who they are, regardless of their race, colour, age, sex, religion, political convictions, language, national or ethnic origins, social status, sexual orientation or handicap.

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 Société puts the necessary means at their disposal and encourages them to show initiative in the pursuit of their objectives.

The exercise of decision-making power results furthermore in an obligation to be accountable, and in the area of ethics, even more so than in other domains, this responsibility cannot be shared. Employees must thus assume responsibility for their actions.

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 Société.

Employees are in a conflict of interest when they have, or could have, a personal interest at odds with the company's in the outcome of a transaction undertaken for the Société, or an interest that is major enough to affect the independence of their judgement. In such a case, 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 within the Société.

Receiving / giving / exchanging gifts or favours

The act of receiving, for oneself or for 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 regard to the third party who offered or received it. A favour or gift could also be offered with the explicit or implicit goal of influencing the judgement of employees in the exercise of their duties within the Société.

In such circumstances, employees must ask themselves, for example, if the nature or value of the gift, donation or favour is sufficient to influence their decision, under what circumstances they were offered or they made a donation or exchange, and whether or not they would feel a certain embarrassment in admitting that they had received or offered a gift, donation or favour.

The Société therefore expects its employees to demonstrate caution in their relationships with its 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.

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Each situation, however, must 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 offered publicly, and its refusal would be embarrassing;
- d) the invitation is job-related.

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 rights to the employee. It is also appropriate, should this happen, to try one's best to return the gift in a diplomatic manner.

If an employee has doubts about the nature of certain bonuses, the matter should be referred to a superior or to the Société's secretary and director of 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 Société. Employees of the Société must not, therefore, occupy any outside post or job whose requirements could be incompatible with their duties within the Société or could call into question their ability to fulfil these duties objectively.

The Société recognizes, however, that an outside professional activity could constitute an opportunity for personal improvement that could prove profitable for the company to the extent that this activity contributes to improving the competence of the employee or even to enhancing the image of the company. On the other hand, the Société would not approve the exercise of an outside activity that would prevent employees from fully fulfilling their duties, diminish their work performance, harm the Société's reputation or image or would 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 required arrangements before starting the activity outside the company, as well as demonstrate that the activity 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 the employee or a close relative holds a major direct or indirect interest in a company with which the Société carries on business, thus putting their personal interest in conflict with the Société's interest.

The awarding of a contract can also give rise to a conflict of interest if an employee holds financial interests or shares of substantial value in a bidding company.

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In order to avoid such situations, the Société requests that its employees and, in particular, its managers divulge to their superiors all the 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 negotiation with these companies if such an involvement existed.

Situations that can result in conflicts of interest are not limited to those mentioned previously. The Société expects its employees to handle their personal affairs in such a manner so as to avoid any conflict of interest and to be quite vigilant in identifying and preventing any situation where their freedom and independent judgement risk being compromised. Management, therefore, 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 Société, including, in particular, the Société's secretary and director of legal affairs.

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

- 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 in a particular sector in which the employee works;
- if they are securities issued or guaranteed by the Société, a government or a municipality under identical conditions for everyone.

Participation in political life or public life

As far as political parties are concerned, the Société advocates the strictest neutrality for itself and does not make any financial contribution to any party whatsoever. Employees wishing to become involved in the political or public arena and play a role there that is free from partiality or conflicts of loyalty will have to establish the conditions of their participation with management.

The Société considers it normal that its employees are interested in the political or public life and that they are able to express themselves freely on questions in the public interest. Such activities must, however, remain an individual responsibility and commitment and in no way associated with a corporate commitment. As a result, when employees of the Société express themselves on questions of public interest, they must specify that they do so in their own name and not in the name of the Société.

However, this situation is likely to result in a conflict of loyalty. This would be the case, for instance, when questions discussed at the municipal, provincial or federal levels are linked directly to activities or projects in which employees of the Société are participating, or relates to information that they possess but cannot divulge due to their function. In such circumstances, employees must explain to the Société's management committee the nature of their participation in political or public life in order to determine whether or not it is in conflict with the duties they perform.

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 Société.

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Former employees must continue to respect and 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 integrity of the Société and not use any confidential or strategic element to their advantage or to the detriment of the Société or a third party. In this sense, they cannot profit from the fact that they were employees of the Société to obtain a benefit to which they would not have been entitled had they not been in their previous post.

Respect of the Société's rights regarding its property

The employees must respect the Société's rights regarding its property, whether the latter be of a financial, material or intellectual nature. This position forbids the illegal appropriation of property, its inappropriate use or negligence in maintaining it. The funds and property belonging to the Société must only be used for the operational and 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 the use of the Société's materials or equipment for personal use is forbidden except under certain circumstances, which are identified and overseen by the Société.

Employees must also consider information made available to them in the exercise of their duties as the property of the Société in the same way as material and financial resources. Various laws as well as internal policies and guidelines relate to this subject. The Société expects its employees to adhere to these.

Consequently, employees who leave the Société must return all objects, documents or data belonging to the Société 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 Société.

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

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 Société's material or equipment for profit;
- the act of using the Société's materials or equipment for personal use without prior authorization.

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

Respect of the professional code of ethics

On the professional level, the Société expects, of course, 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 the profession. If they are in any doubt, employees should submit the problem to their superior so that together they can come to a satisfactory conclusion.

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

CONCLUSION

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

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

The Société believes, moreover, in the value of communication and dialogue. Employees who have doubts about 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 capable of providing them with the information necessary to make a clear decision, including, in particular, the Société's secretary and director of legal affairs.

The standards set out above reflect the values of the company, and the company expects its employees to adhere to them unreservedly. The act of contravening them would be a breach of a fundamental element of the company and could lead to serious consequences up to and including loss of employment.

The policies, directives and guidelines adopted by the Société on specific subjects complete this Code.