

LIQUOR CONTROL BOARD OF ONTARIO SUPPLIER CODE OF BUSINESS CONDUCT

INTRODUCTION:

Our mission at the Liquor Control Board of Ontario (hereafter “**LCBO**”) is to be a best-in-class, customer-first, responsible retailer and wholesaler of beverage alcohol, while supporting our local communities and delivering value to Ontarians.

At the LCBO, we are taking a leading stance with respect to the ethical, social and environmental practices of the beverage alcohol industry. We are committed to driving and supporting meaningful change in our business, for our partners, and ultimately for our consumers and the communities in which they live.

Integrity, honesty and transparency are central to the way in which the LCBO operates and we expect the same of the people, companies and other entities who provide goods, services and/or deliverables to the LCBO (“**Suppliers**”).

This Supplier Code of Business Conduct (hereafter, “**Supplier Code**”) sets out the LCBO’s expectations of every Supplier, including Suppliers of goods for sale and goods & services not for sale, who wishes to establish and maintain a business relationship with us. We expect our Suppliers to act in an ethical manner, be guided by the LCBO’s core values and to not only comply with the letter of the Supplier Code, but also with its spirit and intent.

This Supplier Code is not to be read in lieu of but *in addition to* the Supplier’s obligations as set out in any policy or agreement with the LCBO. Where there is an agreement in place with the LCBO and a Supplier, and there is any inconsistency with this Supplier Code, the terms of that agreement will govern. The LCBO also expects the Supplier Code to apply *in addition to* applicable legislation and regulations - as we believe that the LCBO and its Suppliers should aspire beyond simply complying with local laws - but should endeavor to meet the global standards and conventions referenced in this Supplier Code in a collective pursuit to enhance our ethical, social and environmental conduct.

This Supplier Code applies to all LCBO Suppliers including their directors, owners, employees, agents, partners and subcontractors who provide goods and/or services to the LCBO. For greater certainty, the actions of a Supplier’s directors, owners, employees, agents, partners and subcontractors will constitute actions of the Supplier in the context of this Supplier Code.

SUPPLIER CODE OF BUSINESS CONDUCT

1. **Compliance with Laws**

At a minimum, Suppliers will comply with all applicable laws and regulations of the jurisdictions in which they operate.

2. Employment Standards

LCBO expects that Suppliers will respect the fundamental human rights of all workers and also the International Labour Standards (including those applicable to migrant workers) maintained by the International Labour Organization. These standards include that Suppliers:

- will not employ any person aged below the local legal minimum employment age;
- will not use forced, coerced, or involuntary labour;
- will ensure working hours do not exceed legal limits;
- will ensure employees are provided with the necessities to perform work in a healthy and safe environment;
- will recognize employee's rights to freedom of association and collective bargaining;
- at a minimum, pay their workforce the legal minimum wage and overtime wage for hours worked; and
- will ensure their workforce is paid on a regular basis.

3. Respect and Diversity/Human Rights

Suppliers will treat their employees and persons with whom they do business with respect and dignity. Suppliers will promote an inclusive, respectful and safe workplace and will not tolerate harassment, discrimination, workplace violence, retaliation and other disrespectful and inappropriate behaviour.

Suppliers will not discriminate in hiring or employment on grounds that are prohibited by applicable laws. These include of race, colour, ethnic origin, age, gender, gender identity, sexual orientation, family status, pregnancy, religion, social origin, disability or medical condition.

4. Environment

The LCBO recognizes the importance of working collaboratively with its Suppliers to promote environmental sustainability to help reduce our collective footprint. The LCBO expects that environmental protection is a priority for all Suppliers. Suppliers are encouraged to work towards minimizing their impact on the environment by establishing and adopting policies and procedures, to help ensure the sustainability of natural resources and to reduce greenhouse gases generated by operations.

5. Ethical Business Conduct

The LCBO expects Suppliers will conduct business to a high ethical standard and that they will:

- not offer or provide gifts to LCBO employees, other than of nominal value as permitted by the [LCBO Employee Code of Business Conduct](#);
- not disclose confidential information obtained during the course of their business relationship with the LCBO;

- not try to gain improper advantage or improperly impact on any LCBO's employee's ability to make sound, impartial and objective decisions on behalf of the LCBO and will disclose any actual or potential conflict of interest to the LCBO;
- comply with all applicable laws on corruption, bribery and prohibited business practices and will not make, offer, receive or approve of any bribe, kickback or other type of improper payment; and
- keep accurate and reliable financial and business records to ensure legal and regulatory compliance.

SUPPLIER RESPONSIBILITIES:

In addition to adhering to this Supplier Code, Suppliers are required to keep documentation in order to verify compliance with the Supplier Code. Suppliers shall provide requested documentation to LCBO.

In addition, Suppliers are responsible for:

- reviewing, understanding and educating their employees and subcontractors regarding the Supplier Code;
- reporting violations of the Supplier Code or requests that might constitute violations; and
- cooperating with investigations and audits conducted by or on behalf of the LCBO.

If LCBO receives notice or becomes aware of any violation of the Supplier Code, LCBO has the right to conduct an investigation. LCBO may remove the supplier's products and goods for sale or stop services during an investigation. Any such steps taken in connection with an investigation related to an alleged or potential Supplier Code breach will not constitute a delisting of the Supplier's products and will not be subject to the right of appeal under the LCBO's Product Management Policy and Procedures. Egregious violations of the Supplier Code may warrant immediate response from the LCBO.

LCBO may verify the compliance with the Supplier Code. Verification by LCBO may be conducted by way of an audit by LCBO (or a third party designated by LCBO) who may visit the Supplier's facilities. Suppliers are required to submit to such audits and be transparent about their operations. LCBO personnel (or a third party designated by the LCBO) may also visit Supplier facilities to monitor progress of any improvement programs in place. Any additional expense incurred by the LCBO as a result of such audit, including hiring a third party, will be at the expense of the Supplier.

SANCTIONS

Based on the results of any investigation or audit, LCBO may apply sanctions where a supplier fails to comply with the Supplier Code, including:

- requiring corrective action;

- requiring documentation to confirm corrective actions have been completed;
- issuing a formal warning;
- increasing frequency of Supplier audits;
- suspension of its relationship with the supplier; and
- possible disqualification from participating in future business opportunities with LCBO.

The LCBO will report any suspected illegal activity to the relevant authorities, as appropriate.

The LCBO acknowledges that some non-conformances to the Supplier Code may take time or additional support or justification options to resolve. In such cases, the LCBO will work with Suppliers within a reasonable time frame to allow the Supplier to implement effective procedures or controls.

If the Supplier fails to take immediate steps to correct the non-conformance, the LCBO may terminate its relationship with the Supplier, including removing products, goods, or services from point of sale or use.

REPORTING VIOLATIONS

Anyone with reason to believe that the Supplier Code has been breached, or that the spirit or principles of this Supplier Code are not being respected by a LCBO Supplier are asked to report either to:

1. Clear View

Clear View is a confidential and anonymous reporting service that connects people and organizations. It is a safe and easy way to provide confidential information.

Website: www.clearviewconnects.com

Phone: Toll-free to 1-844-845-1570 (within North America) or

Phone (outside North America): 1-647-438-6791

Mail: Post office box: P.O. Box 11017 Toronto, Ontario M1E 1N0.

2. The LCBO Ethics Executive

Mail:

Office of the President and CEO

55 Lake Shore Blvd. East, 4th Floor

Toronto, Ontario, M5E 1A4

The Supplier Code will be reviewed from time to time to ensure it continues to meet LCBO values and standards. The Supplier Code may be modified at any time by the LCBO at its discretion.