

LCBO

TRADE DAY

2022

Agenda



1

Global Supply
Chain Update

2

Vendor Performance
Program Update

Global Supply Chain Update

Nick Nanos

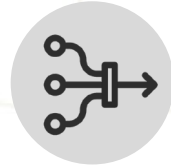
Chief Supply Chain Officer

Supply Chain & Wholesale, LCBO

Agenda



Current Challenges



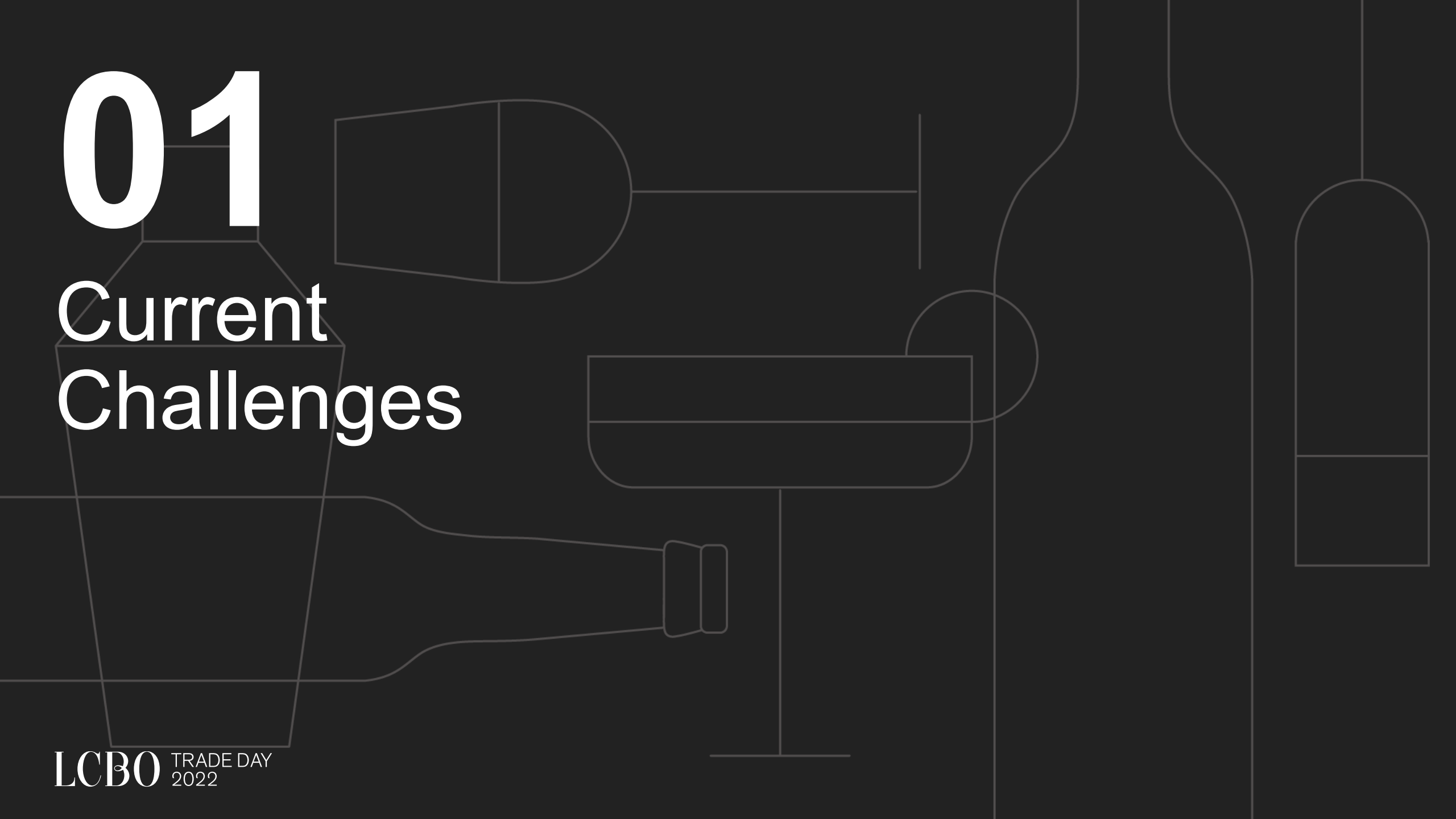
Our Supply
Chain Strategy



The Path Forward

01

Current Challenges



Unprecedented Supply Chain Disruption



Pennsylvania enforces 2-bottle limit on some booze due to supply chain disruptions



Backup at ports causing alcohol shortages across US



Supply chain issues lead to alcohol shortage



Supply chain delays could mean you'll soon be paying more for craft beer and wine



Post-Covid Global Economy Falters Due to Inflation and Supply Chain Woes



New Supply Chain Risk: 22,000 Dockworkers Who May Soon Strike

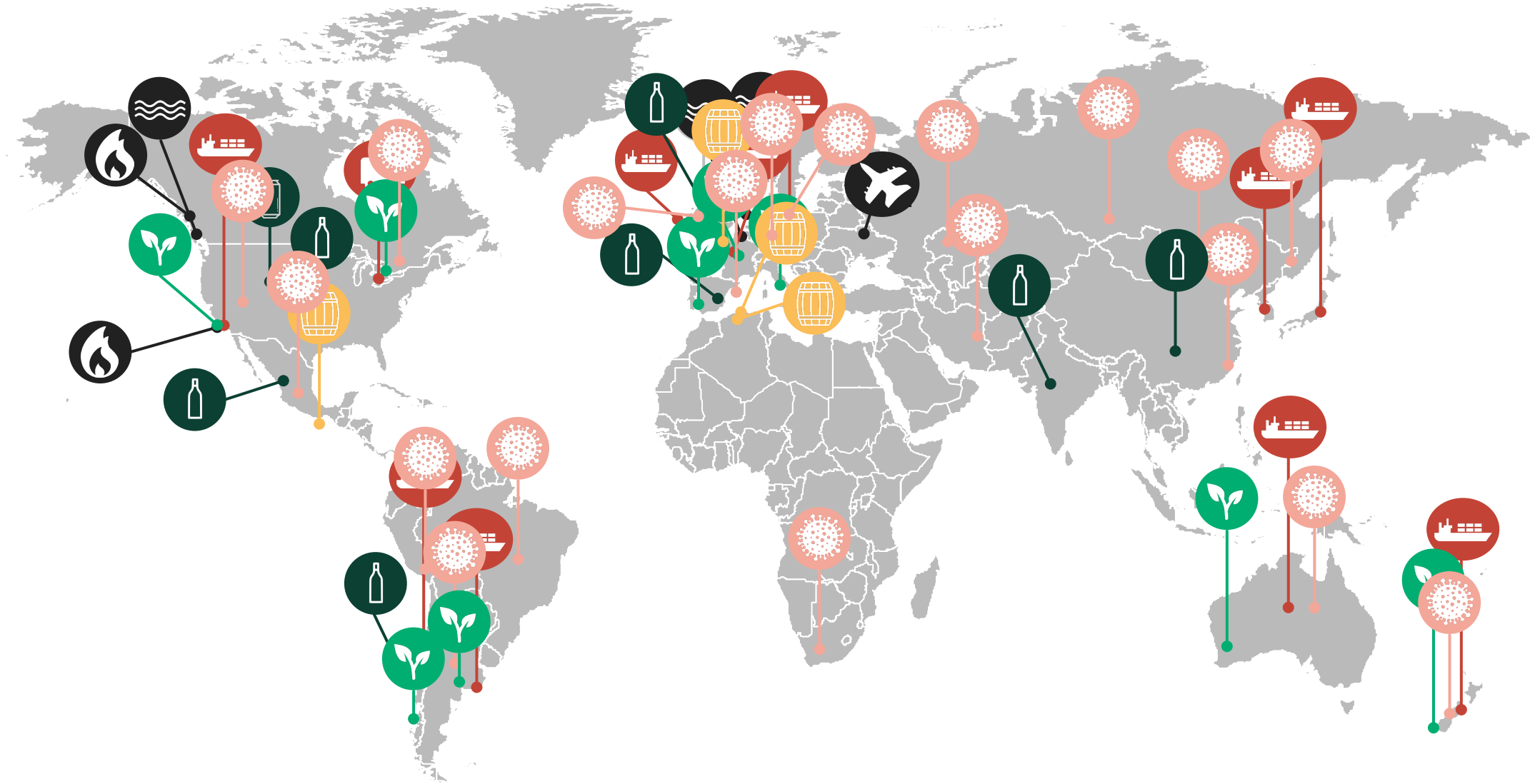


GM to Idle Truck Plant For Two Weeks Over Chips Shortage

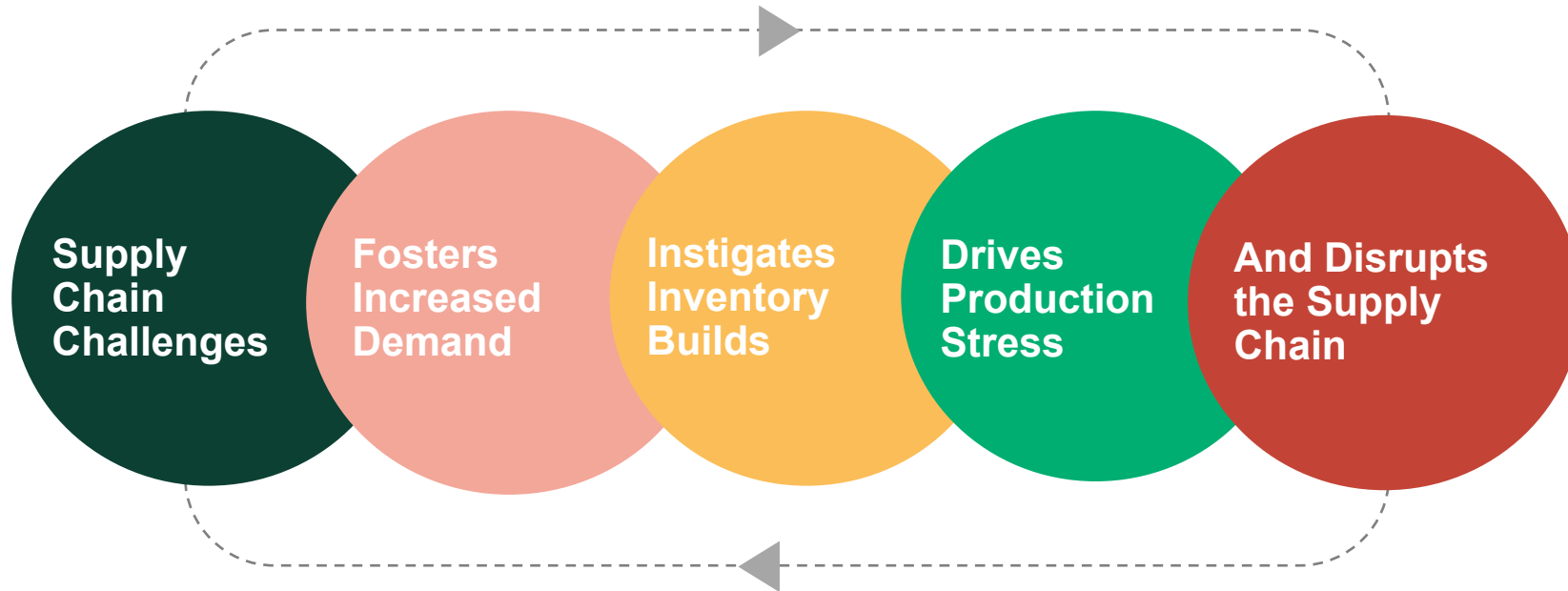


Shanghai's 2-stage COVID lockdown may make getting containers 'almost impossible'

LCBO's Global Supply Chain



The “Snowball Effect”



Myriad of factors impacting the supply chain, creating disruption and uncertainty

Impacts all vendors in the supply chain, large and small

02

Our Supply Chain Strategy



Our Supply Chain Strategy



Early Buy Strategy



Supply Chain Monitoring



Communication and Collaboration



Early Buy Strategy



Summer

Anticipate increased flow of Beer and RTD products in LCBO warehouses starting in P13 FY22



Holiday

Two-step approach to mitigate impact of increased lead-times

Imported products:
Start inventory build in P7 by increasing Periods of Supply (POS) relative to previous years

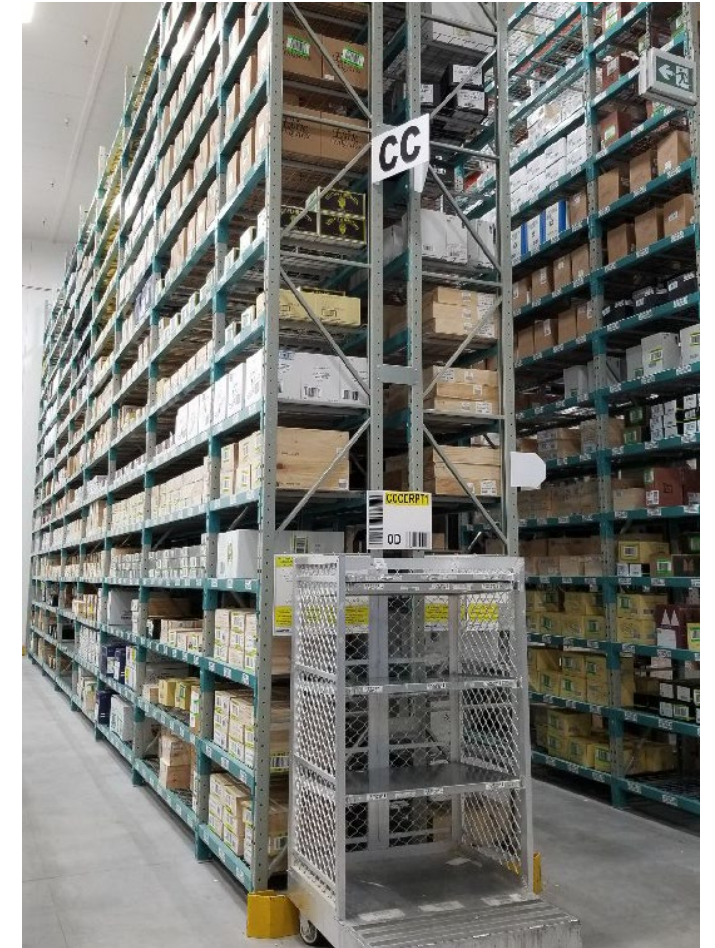
Domestic products:
Similar approach of increasing POS, starting in P8



Post Holiday

Bring forward purchases in Q4 to support promotional activity for key dates including:

- Valentine's Day
- St Patrick's Day
- Easter



Supply Chain Monitoring

Continuous and frequent monitoring of multiple logistics variables to anticipate potential challenges and de-risk the supply chain

- Transportation Network issues
- Production Challenges
- Climate Change
- COVID
- Geo/political events





Communication and Collaboration

Ensure proper flow of information and products:

Share information and data in real time

Stay connected: Collaborate with Category and Inventory Management teams on the best actions for mitigation

Product in limited supply...

Production challenges ahead...

03

The Path Forward



The Short Term

Actions to improve backlogs and increase capacity

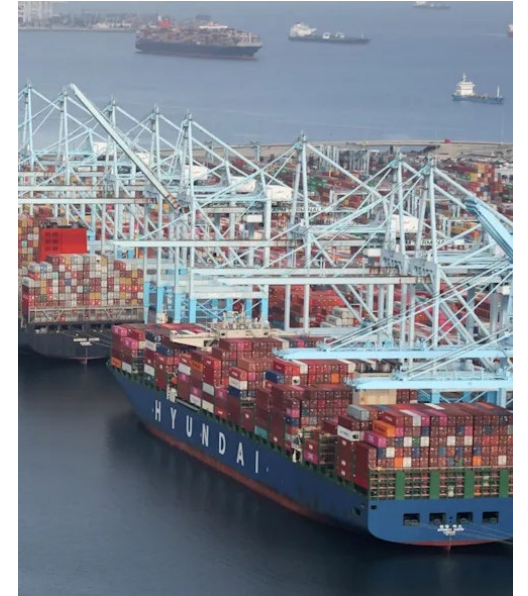
- Extend working hours/days/shifts
- Adjust stacking height regulations

Investment in equipment may ease port congestion and sailing reliability

- Vessels
- Containers



Negotiations on West Coast pose a significant risk



The Long Term

Investment in Port Infrastructure

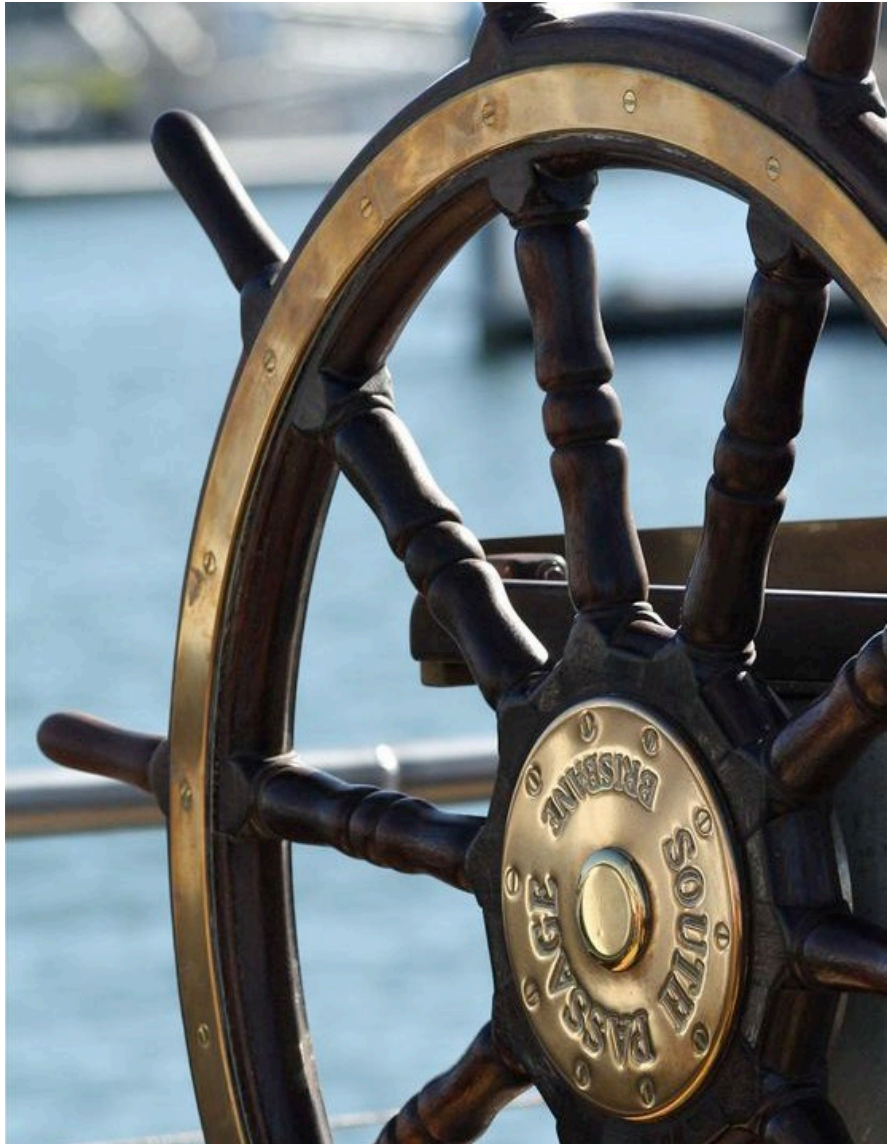


Regionalization



Technology





Navigating Through Uncertain Times

- We need to strengthen the **collaboration** between our Trade partners and LCBO...
- To deliver increased supply chain predictability and transparency but more importantly, to deliver an excellent customer experience across all channels
- **Resilient, responsive and ready** to navigate what's ahead

Vendor Performance Program Update

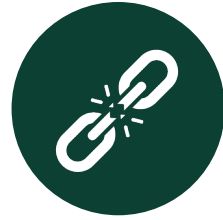
Juan Lastra

Vice President Inventory Planning
Supply Chain & Wholesale, LCBO

Agenda

- 1** Program Introduction
- 2** Program Objectives
- 3** Program KPIs
- 4** Implementation Roadmap and Timeline
- 5** KPI Target
- 6** Collaboration

Vendor Performance Program Introduction



**Mitigate Supply
Chain Disruption**



**Alignment with Best
Practices**



**Customer
Centricity**

Vendor Performance Program Vision and Objectives

Vision

To ensure our customers
**get the products they
want when they want them**

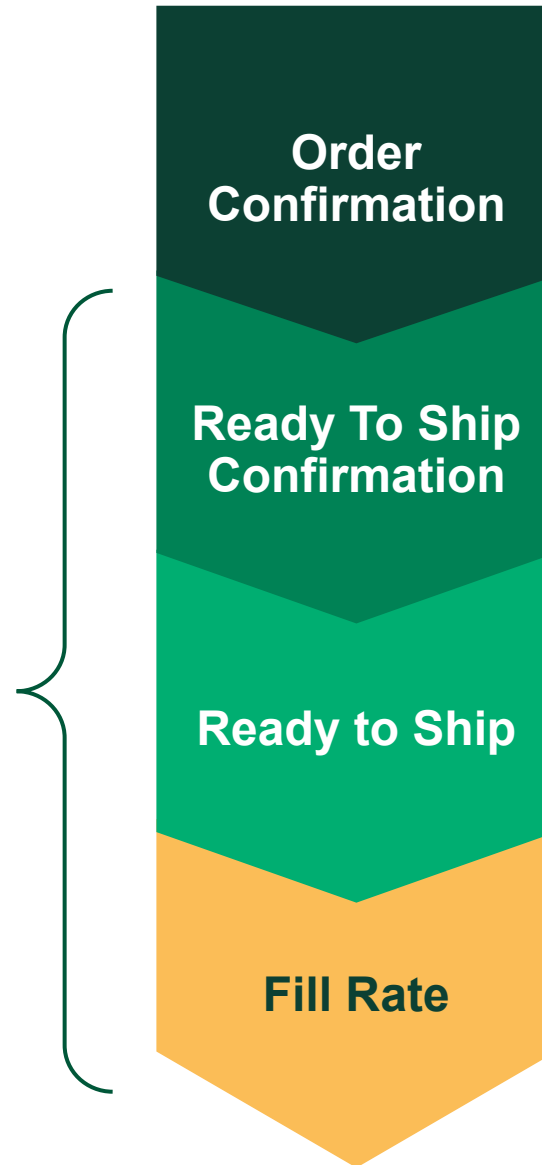
To fulfil this vision, **all
elements of our Supply
Chain must work together**

Objectives

- Promote high standards of performance
- Drive continuous improvement
- Establish a collaborative approach and fluid communications
- Periodically review program results

Vendor Performance Program KPIs

On-Time and In-Full (OTIF) Calculation



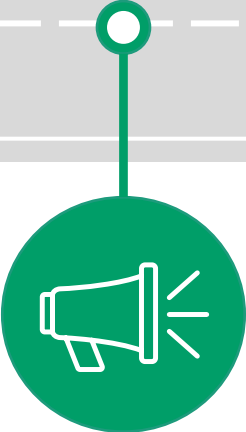
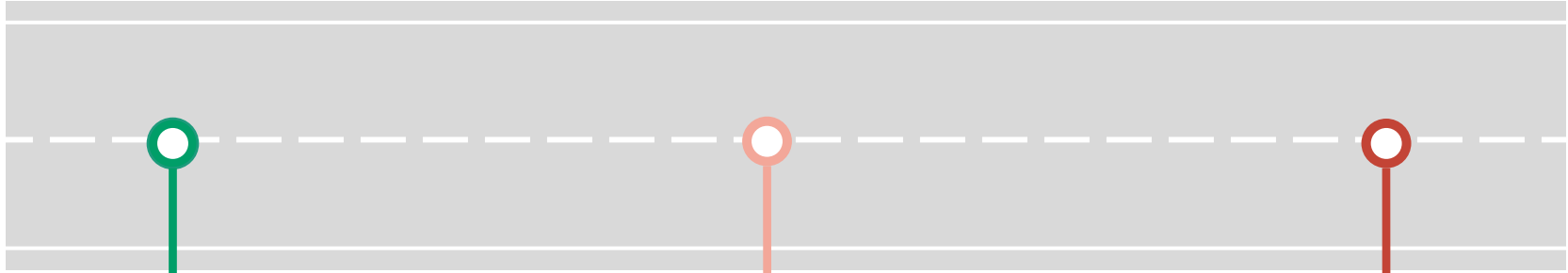
Vendor partners must confirm receipt of Purchase Orders issued

Vendor partners must confirm when they are ready to ship

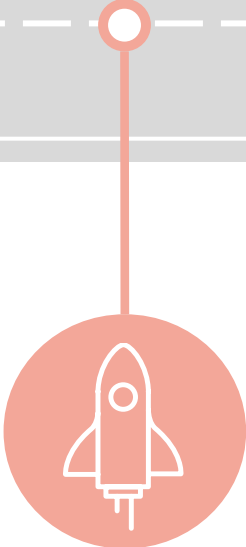
Based on confirmations, LCBO compares the Ready to Ship date to the requirement date in the Purchase Order

Once the Order arrives in the warehouse, LCBO compares the quantity received to the quantity ordered in the Purchase Order

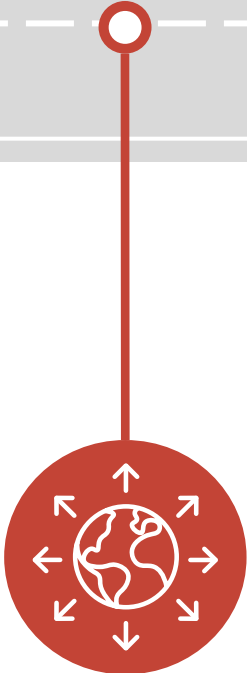
Vendor Performance Program Roadmap



MAY 3
Program
Announcement
at Trade Day



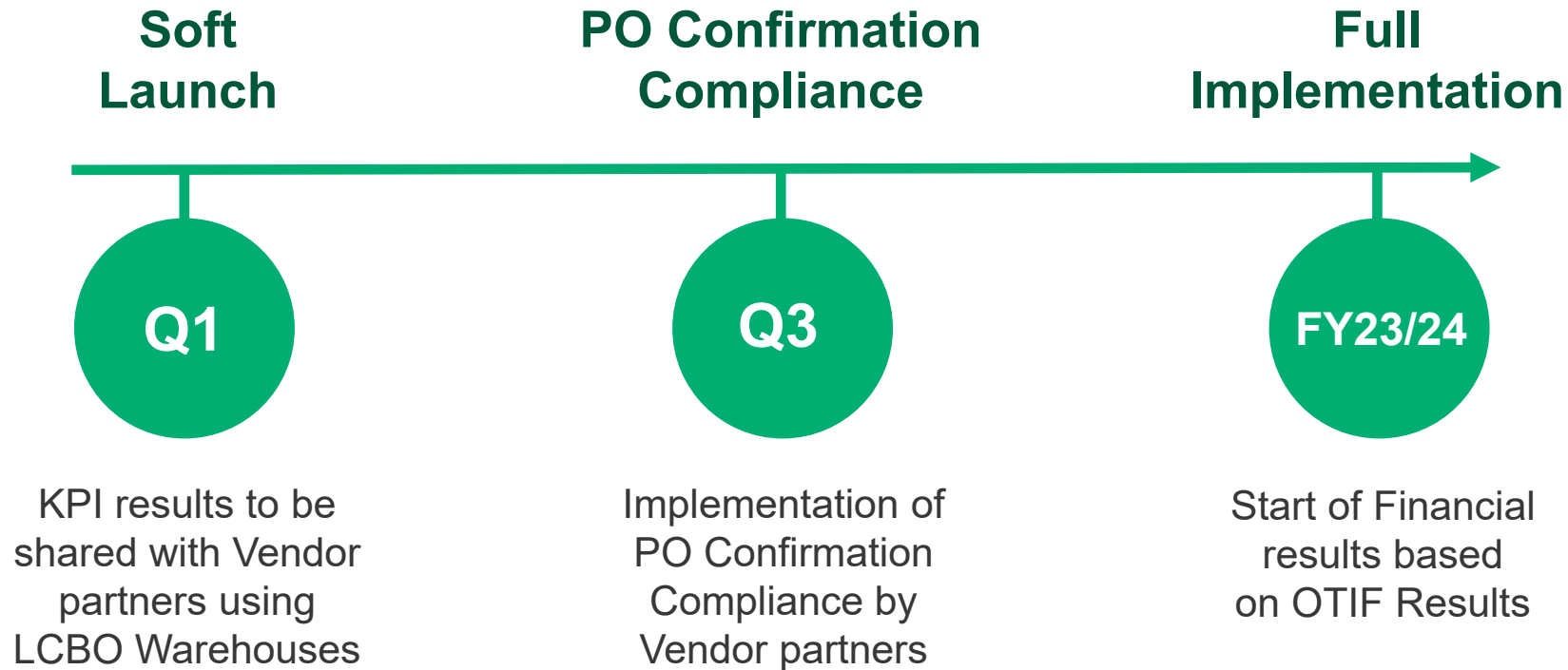
JUNE 1
Program Launch
P1-2 FY23
Warehoused Products



TIMING TBD
Program Expansion
to Direct
Delivery Products

Vendor Performance Program Timeline

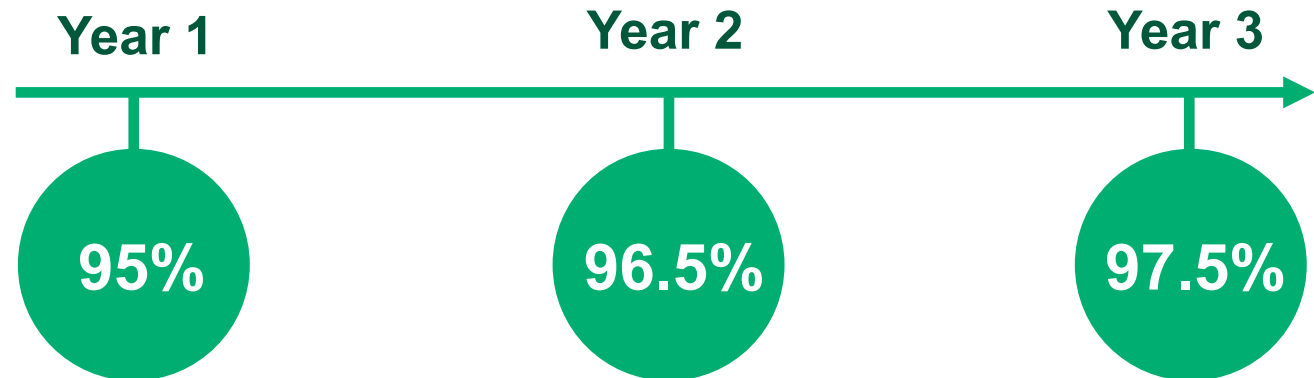
During Fiscal Year 22/23 LCBO will start program roll out in three waves



Vendor Performance Program OTIF Target

OTIF Target

- Goal of program will evolve; LCBO will continuously evaluate it to keep current with market trends
- Industry best practices are established at 97.5%+
- Initial target for the program is 95% as On-Time and In-Full, inclusive of data compliance



Collaboration

Continuous collaboration between LCBO and our Vendor partners will drive program success



Thank You!

