LCBO

Report for the financial year ended March 31, 2026:

Given the impact of our organization's purchasing power, the Liquor Control Board of Ontario ("**LCBO**") is committed to taking a leadership role 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.

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") requires certain entities doing business in Canada to disclose their efforts to eradicate forced labour and child labour in their supply chains. The LCBO supports the goals of the Act and takes seriously its responsibility to promote sustainable business and labour practices. To address the requirements of the Act, the LCBO discloses the following:

Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

The Act requires reporting entities to describe what steps they have taken in the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods produced or imported into Canada by the entity. As described in greater detail below, the LCBO does not produce goods but does import some of its goods for resale into Canada and has established various corporate policies and due diligence processes to reduce the risk of forced labour and child labour in its supply chains.

Structure, Activities and Supply Chains

The LCBO is a provincial Crown corporation, established in 1927, that is responsible for the sale and distribution of beverage alcohol products throughout the Province of Ontario. The LCBO is incorporated by statute and its structure and mandate are established in the *Liquor Control Board of Ontario Act, 2019*. The LCBO is accountable to the Legislative Assembly of Ontario through the Minister of Finance.

The LCBO has a Board of up to 11 members. Board members are appointed by the Lieutenant-Governor, through Orders-in-Council, on the recommendation of the Premier and the Minister of Finance. Members are appointed for a term of up to five years and terms can be renewed. There are regular, monthly Board meetings.

The LCBO is committed to transparency and is accountable to its stakeholders in various ways, including:

- Our Annual Report, which is required to be tabled in the Provincial Legislature, is available here.
- Our annual Business Plan is available.
- The memorandum of understanding (MOU) between the LCBO and the Ministry of Finance.
- LCBO financial statements are audited annually by the Office of the Auditor General of Ontario and are included in the LCBO annual report and posted separately online.
- Our Annual Impact Report, is available here

The LCBO operates approximately 690 retail stores (in addition to approximately 389 LCBO Convenience Outlet stores operated by its agents) and distributes to over 23,000 wholesale customers including restaurants and bars, grocery stores, convenience stores and duty-free shops. In the financial year ended

March 31, 2026, the LCBO employed approximately 17,000 employees, including full-time, part-time, contract, and seasonal employees at its head office, warehouses, and retail stores.

The LCBO's operations are restricted to the boundaries of Ontario. The LCBO does not produce goods in Canada but does engage in both direct and indirect procurement of goods for its operations. The LCBO's direct procurement activity is limited to beverage alcohol and related products (e.g., paper gift bags, bar accessories, etc.) for sale to retail and wholesale customers in Ontario. These products are sourced domestically and are imported from both elsewhere in Canada and internationally. The LCBO is the importer of record for all beverage alcohol products imported into Ontario, unless an exemption under the *Importation of Intoxicating Liquor Act* applies to the importation. This direct procurement of beverage alcohol and related products is not subject to government procurement rules. As of April 1st, 2026, LCBO is now the exclusive wholesaler for all retail, bars and restaurants selling alcohol. This means that wholesale customers will purchase through LCBO or through an authorized distributor who facilitates sales on LCBO's behalf.

The LCBO also engages in indirect procurement for all other goods required for its operations, and these purchases are subject to government procurement rules. The LCBO's suppliers of these indirectly procured goods are primarily located in Ontario, though they may work with second or third tier suppliers located outside of Ontario, and they may import finished goods produced outside of Ontario for sale to the LCBO. A very small amount of the LCBO's indirect procurement is sourced directly from suppliers located outside of Ontario.

Policies and Due Diligence Processes

The LCBO has a range of corporate policies and processes designed to support ethical business conduct and mitigate the modern slavery risks in its supply chains.

a. LCBO Corporate Policies and Spirit of Sustainability

The LCBO Board has adopted the LCBO Code of Business Conduct (the "**Code of Conduct**") that is based on our core values of engaging customer service, social responsibility, excellence and integrity. The Code of Conduct applies to all LCBO employees and includes policies addressing conflict of interest, confidentiality, the outside activities of employees and officers, gifts and entertainment. All LCBO employees must read, understand, and comply with the Code of Conduct, which requires compliance with other LCBO policies, and compliance must be certified annually, following training which is provided on an annual basis.

Social responsibility has been at the core of the LCBO's mandate for more than 90 years. The LCBO developed the *Spirit of Sustainability*, an enterprise-wide social impact platform designed to drive meaningful change in our communities and to help the LCBO be the industry leader in sustainable practices. As directed by the Ministry of Finance in 2023, the LCBO has evolved its sustainability strategy to align with environmental, social, and governance (ESG) priorities. The Spirit of Sustainability platform ensures the creation of shared value for employees, customers, partners, and ultimately, the province of Ontario, while aligning to current and future regulated reporting standards.

As part of the Spirit of Sustainability platform, the LCBO has implemented a Supplier Code of Business Conduct (the "**Code**"), which holds suppliers accountable to applicable legal requirements and best practice standards regarding, among other things, environmental practices, ethical business conduct, and diversity and human rights. The Code explicitly requires suppliers to respect the fundamental human rights of all

workers and the applicable International Labour Standards maintained by the International Labour Organization. The LCBO requires all suppliers (including both suppliers of beverage alcohol products and suppliers of non-alcohol goods or services) to comply with the Code. The Code was most recently revised in March 2026 and has been updated to better align with our updated sustainability strategy and defines new areas such as environmental standards, quality assurance, health & safety, advertising endorsements, privacy & information security and builds upon established human rights and employment standards outlined.

The Code empowers the LCBO to monitor for compliance by way of verifications, which can include an audit or site visit by the LCBO or a third party, or requests for suppliers to submit information and documentation. Anyone concerned about a supplier's conduct, or a potential breach of the Code, can submit a report anonymously through an independent reporting service. Non-compliance with the Code may result in sanctions up to and including the suspension of the LCBO's relationship with the supplier and possible disqualification from participating in future business opportunities with the LCBO. Additionally, LCBO introduced as non-anonymous ethics@lcbo.com email inbox for inquires of the same nature. The LCBO will investigate all reported violations in a discreet and fair manner and any person who reports breach of the Supplier Code will be treated in good faith. The Supplier Code will be reviewed from time to time to ensure it continues to meet LCBO values and standards.

b. Due Diligence Processes

The LCBO's due diligence processes differ between its direct and indirect procurement activities, given the differences in purchasing scope and applicability of certain legal and procurement requirements.

(i) Direct Procurement

Suppliers are notified of the requirement to comply with the Code in contractual terms governing the LCBO's purchases of beverage alcohol and related products. The Code requirement is also made public on the LCBO's trade website, Doing Business with LCBO.

All beverage alcohol suppliers located outside the Province of Ontario are required to engage an Ontario-based agent to conduct business with the LCBO on the supplier's behalf. Agents are required to hold a Manufacturer's Representative License issued by the Alcohol and Gaming Commission of Ontario ("**AGCO**") and must comply with all licence requirements and enforcement activity conducted by the AGCO on an ongoing basis.

The LCBO's purchasing process is highly competitive and only reputable suppliers are selected. The LCBO regularly monitors its suppliers throughout the term of the governing agreement. Any compliance or performance issues are addressed proactively and directly with the supplier.

(ii) Indirect Procurement

Suppliers are notified of the requirement to comply with the Code in the LCBO's tender documents and this requirement is reflected in the contractual agreement that is entered into with the selected proponent.

For much of the LCBO's indirect procurement, new procurement rules contemplated by the *Building Ontario Businesses Initiatives Act* ("**BOBI**") currently apply. In the financial year ending March 31, 2024, the LCBO developed new standard tender language requiring bidders where feasible to attest to compliance with certain standards, including the requirement that suppliers either meet or exceed Ontario labour standards as reflected in applicable Ontario law.

The LCBO regularly monitors its suppliers throughout the term of the governing agreement. Any compliance or performance issues are addressed proactively and directly with the supplier.

Identifying Forced Labour and Child Labour Risks

The LCBO acknowledges that no industry can be assumed to be entirely free of forced labour and child labour risks and is aware of the need to identify risks in its supply chains. The LCBO is commencing the process for widening the evaluation criteria for identifying potential forced labour and child labour in the supply chain which will support a longer-term risk-based program of work in this area.

Remediation Measures (including Remediation of Loss of Income)

The LCBO has not identified any instances of forced labour or child labour in its supply chains and therefore the question of remediation is not applicable.

Training

When the Code was implemented in November 2020, the LCBO made the document publicly accessible and provided employees with awareness-raising activities about the Code and its related issues and concerns. The Code was also shared with all beverage alcohol suppliers at that time.

Assessing Effectiveness

To assess the effectiveness of the foregoing measures, the LCBO engages in a process of continuous improvement which includes, but is not limited to, periodic reviews of its corporate policies to determine whether updates are warranted, and engagement with third party experts to ensure sustainable, ethical supply chains.

Statement of Approval:

This statement was approved for publication by the Board of Directors of the LCBO on May 8, 2026.

Attestation:

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Carmine Nigro

Title: Chair, Board of Directors

Date: May 8, 2026

Signature:

I have the authority to bind the LCBO.