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OCT 03 2019

Mr. Carmine Nigro
Chair
Liquor Control Board of Ontario
55 Lakeshore Boulevard East
Toronto, ON
MSE IA4

Dear Mr. Nigro:

I am pleased to write to you in your capacity as Chair of the Liquor Control Board of Ontario (LCBO). Pursuant to the requirements of the Agencies and Appointments Directive (AAD), this letter sets out my expectations for the LCBO for 2020-21 and beyond.

Ontario's board-governed agencies are vital partners in ensuring the delivery of high-quality services to Ontarians. The people of Ontario depend on you to provide leadership to the LCBO's board, management and staff. Together with your fellow board members, we rely on you to establish the goals, objectives, and strategic direction for the LCBO, consistent with its mandate, and our government's policies and direction.

Pursuant to the *Liquor Control Act*, the LCBO is mandated to control, sell, authorize the sale of, and distribute alcohol responsibly; and deliver net profits to the Consolidated Revenue Fund, among other obligations. In addition, fulfilling the government's commitment to improve choice and convenience for beverage alcohol consumers is one of the priorities highlighted in the government's 2019 Budget and 2018 Speech from the Throne.

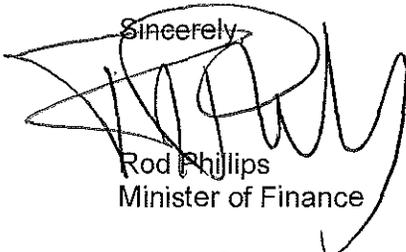
In terms of deliverables, LCBO will:

- Support the Beverage Alcohol Review including the implementation of any changes informed by this review;
- Support the continued rollout of LCBO Convenience Outlets;
- Develop a long-term business model that considers modernizing marketplace opportunities to ensure the LCBO remains competitive and dynamic;
- Consider further opportunities to take advantage of bulk purchasing to reduce costs and drive efficiencies;
- Consider opportunities for red tape reduction;

- Consider opportunities to engage with partners to support social responsibility related to alcohol consumption;
- Meet LCBO's mandate to maximize net income and value to the Province within the parameters of government direction and LCBO's social responsibility mandate;
- Maximize value for taxpayers through revenue generation while reducing costs, driven by operational efficiencies and asset optimization;
- Help shape a more sustainable Ontario and promote local Ontario products;
- Manage the operational, strategic and financial risks encountered by the LCBO, to help ensure the LCBO and government meet our financial and social objectives as they relate to the control and sale of alcohol;
- Adhere to directives and policies regarding expenditure management and executive compensation; and,
- Submit to the Ministry a business and financial plan for 2020-21 to 2023-24 and a year-end report outlining the financial and operational results for 2019-20, each of which will meet the requirements of the AAD and the updated Memorandum of Understanding between the LCBO and Ministry of Finance.

I thank you and your fellow board members for your service.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rod Phillips', is written over the word 'Sincerely,'. The signature is stylized and somewhat illegible.

Rod Phillips
Minister of Finance

- c: George Soleas, President & Chief Executive Officer, Liquor Control Board of Ontario
Greg Orencsak, Deputy Minister of Finance
Nancy Mudrinic, Associate Deputy Minister, Ministry of Finance