

Spirit of Sustainability: Good Partnerships

LCBO



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For the Good of Ontario



LCBO SPIRIT OF
SUSTAINABILITY

Spirit of Sustainability (SoS) is the LCBO's enterprise-wide social impact platform designed to create a more sustainable future for Ontario by supporting the province's social and environmental needs. It's our bold commitment to drive meaningful change in our communities, be the industry leader in sustainable practices and take better care of our planet – all for the good of Ontario.

As one of the largest purchasers of alcohol in the world, we feel a responsibility to lead by example and take action. This is why we are integrating sustainability across our business and recognizing partners who do the same. Not just because it's what is expected of us, but because if we take care of today, we'll have more to cheers to tomorrow.

We're excited to continue working with you, our valued trade partners, to catalyze positive change in the beverage alcohol industry and beyond.

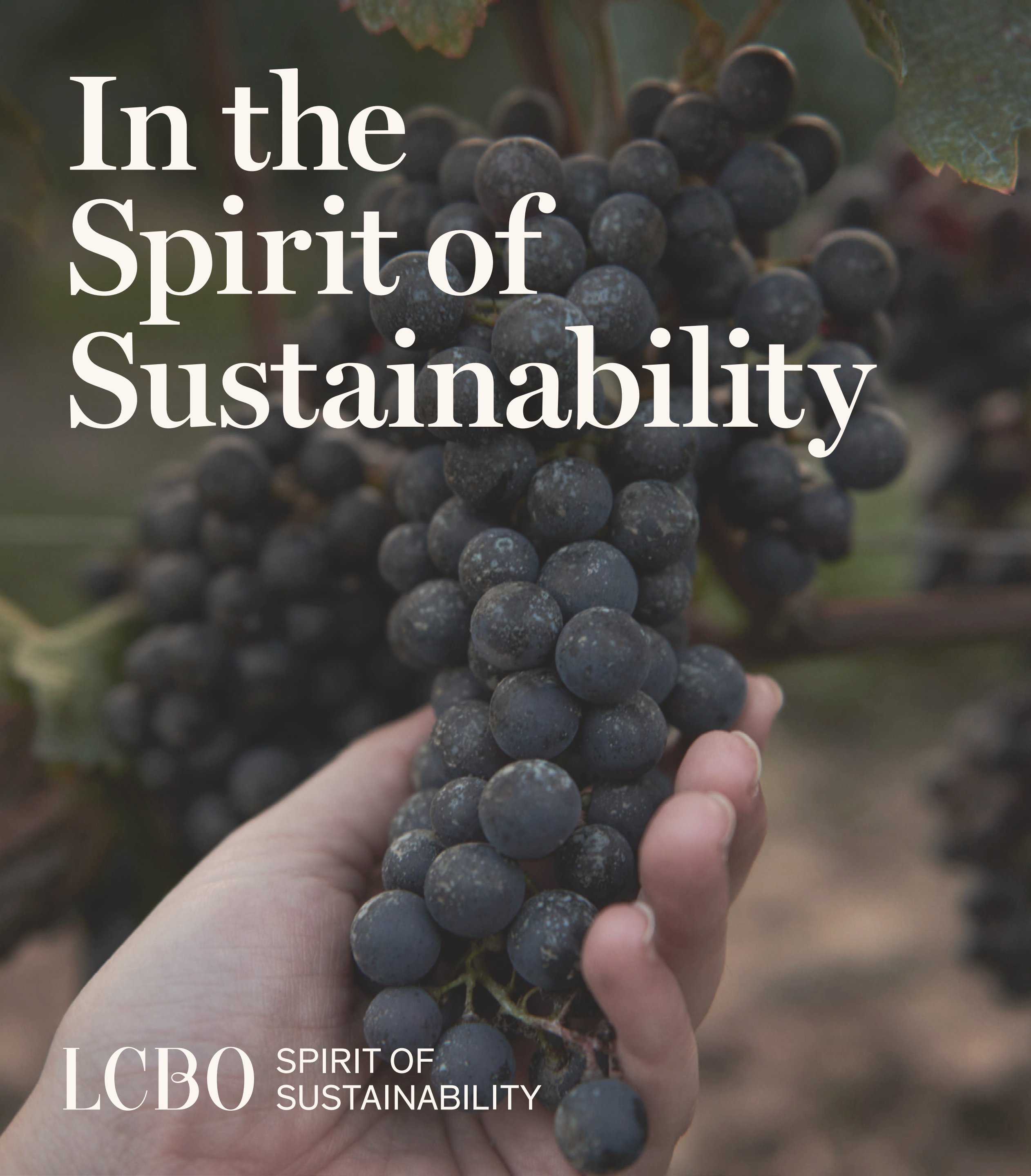
Here's to our shared successes and advancing sustainability for the good of Ontario.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Soleas".

George Soleas
President & Chief Executive Officer





In the Spirit of Sustainability

At the LCBO, sustainability is more than a buzzword. It's a commitment that will benefit everyone, from the lives of our customers and communities to the health of the planet.

We want customers to feel confident that the LCBO is pushing the industry forward in a positive direction.

Spirit of Sustainability's efforts focus on three strategic pillars.

1

Good People



Focuses on improving the wellbeing of our customers, employees, and communities.

2

Good Planet



Advances practices that minimize the environmental impacts our business creates.

3

Good Partners



Aims to catalyze positive change within our industry.

Commitment Scorecard

Each of our pillars has clear, enterprise-wide goals that allow us to measure our impact and ensure our efforts are pushing the industry and province forward.

Good People

We're committed to improving the wellbeing of our customers, employees and communities across Ontario.

Safe and Informed Consumption

Responsible retailing practices that protect public safety and empower individuals to make positive drinking choices for their health and well-being.

Thriving Communities

Building communities where all individuals have equitable access to essential resources needed to live happy, healthy lives, regardless of gender, age, sex, race, class, religion, ethnicity, ability, language, sexual orientation, or gender identity.

Engaged Employees

Supporting an energized and mobilized employee population who feels connected to the mission and values of their employer, is physically and mentally supported, takes pride in their work, and is empowered to achieve and exceed their goals.

Good Planet

We're committed to minimizing our impact on the environment.

Waste & Energy Reduction

Advance practices that reduce the energy used and waste generated by business operations and product offerings.

Responsible Supply Chains

Innovate to establish environmentally conscious standards across the production, transportation and distribution of products.

Good Partners

We're committed to improving the sustainability of the industry through leadership and partnerships.

Influence Industry Standards

Empower industry to promote inclusive social and environmental practices and share knowledge to advance sustainability.

Recognize Good Partners

Champion diverse suppliers, partners and products who are making strides in sustainability.

Enhance Industry Diversity

Utilize resources to increase opportunities for diversity in the industry.

What This Means For You.



The health and well-being of our customers, employees and communities remains our top priority, as seen through **Good People** and our commitments to safe and informed consumption, thriving communities and engaged employees. The LCBO continues to champion responsible retailing practices that protect public safety and works with partners to empower individuals to make positive drinking choices. We also provide a powerful platform for registered charities to fundraise for initiatives that improve the lives of countless Ontarians.

Through the commitment of our employees and the generosity of our customers, we're able to contribute to organizations and initiatives making a real impact in our communities, and we are proud to recognize partners who do the same. We are incredibly proud to announce that in 2020, we raised **over \$13 million** to address urgent community needs, an outstanding result for such a challenging year. You can find more details on our strategic charitable partners and the social issues supported in our [Impact Report](#).

We believe that the choices we make every day can - and should - ensure we are doing everything we can to minimize our impact on the environment. **Good Planet** is brought to life through our commitments to increase our operations' sustainability, from energy and waste reduction to supporting more responsible supply chains.

We know that sustainable products and practices are important to our customers, particularly solutions to wasteful product packaging. Over the coming years, the LCBO will continue to implement programs and campaigns that minimize our environmental impacts, from packaging innovation to waste reduction to incentivizing sustainable behaviours. We encourage all partners to do the same.

We believe that with our trusted partners, we can catalyze positive change in the beverage alcohol industry. **Good Partnerships** is brought to life through our commitments to influencing industry standards, recognizing the work of our Good Partners, and enhancing industry diversity.



1

Influence Industry Standards

As one of the largest providers of beverage alcohol, we are uniquely positioned to empower our partners and stakeholders to adopt inclusive social and environmental practices and share knowledge to advance sustainability. We continue to develop and implement sustainability standards that influence all of our internal and external business practices. This includes our updated Supplier Code of Business Conduct, which helps us make choices that align with our values and recognizes the importance of working collaboratively with our partners to create a more sustainable Ontario.

2

Recognize Good Partners

We cannot fulfill our commitments alone, which is why we celebrate and recognize Good Partners, who are already making strides in sustainability. Our commitment to Recognize Good Partners acknowledges the fantastic work our Trade partners and suppliers are doing to advance the sustainability of the industry – whether through diversity and inclusion, community investment, or environmental practices.

3

Enhance Industry Diversity

The LCBO is committed to enhancing diversity and inclusion within the alcohol industry and creating communities where all individuals have equitable access to opportunity. We will continue to meaningfully integrate diversity & inclusion into the SoS strategy, demonstrating our accountability while deepening our commitment to drive equitable impact across Ontario.

Supplier Code of Business Conduct

Our updated Supplier Code reflects our commitment to improve the sustainability of Ontario and the beverage alcohol industry by setting standards and leading by example. It outlines the expectations of every supplier who wishes to maintain a business relationship with the LCBO, holding our suppliers accountable to best practice standards regarding, among other things, the environment, ethical business conduct, diversity, and human rights. It aims to provide our partners with a clear understanding of their responsibilities, as well as the consequences for violations of the Supplier Code. We have also worked diligently to create a clear process for classifying and dealing with violations that put the LCBO at risk, which is highlighted in the Code, including LCBO's ability to conduct third-party audits and suspend its relationships with suppliers during an investigation. As an LCBO Trade Partner, you are responsible for adhering to our updated Supplier Code, educating your employees, agents, partners and subcontractors on the changes, and reporting violations to the LCBO if and when they arise. You can find the LCBO's Supplier Code of Business Conduct [here](#).





Lightweight Bottle Program

Since the program launched a decade ago, the LCBO has reduced annual waste by more than 6 million kg. Our Lightweight Bottle Program continues to broaden and today includes all glass bottles sized 1000-1500 mL and 750 mL glass bottles with a retail value of less than \$16.00. This program not only reduces waste and carbon emissions through more sustainable distribution, it also supports the health and well-being of our Retail and Supply Chain employees through the ergonomic benefits associated with reduced case weight handling. Given our success to date, we will continue to evolve the program with maximum weight limits for more glass bottles. By April 2022, these limits will be in place for all products retailing for less than \$19.00.



Good News from our Good Partners

As part of our COVID-19 response, we created the Good News from our Good Partners Content Series to celebrate the work our partners are doing to support communities during a very challenging time. Our partners and customers were so engaged in the series that we have decided to make this an always-on feature of SoS communications.

Spirit of Inclusion Initiative

Through *Spirit of Sustainability*, we're committed to championing equitable representation and building communities where all individuals have access to the opportunities they need to thrive. That's why we launched the Spirit of Inclusion Initiative, a program designed to create opportunities for diverse women to enter, advance and thrive in the beverage alcohol industry. Through Good Partnerships with Ontario education institutions, charitable organizations, and trade partners, we will provide bursaries and scholarships, facilitate mentorship relationships, and identify paid co-op placements for diverse women who are looking to begin or advance their careers in the winery, brewery, and distillery fields.

We invite you to join LCBO in our vision to enhance diversity in the beverage alcohol industry by identifying established professionals to be mentors, providing employment opportunities to programs students, donating to the Spirit of Inclusion Initiative through one of our post-secondary institution partners, and empowering diverse women within your organizations. For more information, please see the [Sustainability page on DBWL](#) or reach out to your Category Manager.



Measuring Impact



To ensure that *Spirit of Sustainability* is making a measurable impact on the beverage alcohol industry and Ontario, we have worked with LCBO departments to set measurable KPIs that will help us achieve our SoS commitments. Year over year, we will be measuring and reporting on the progress and impact we have made through *Spirit of Sustainability* initiatives.

To capture and showcase our SoS 2019/20 achievements, we developed our first SoS [Impact Report](#). Not only did we achieve our Year One objectives, but we also demonstrated the value of an integrated enterprise-wide social impact strategy. From enhancing partner relations, pivoting to respond to urgent community needs during crisis, and engaging our employees in important conversations during difficult times, SoS has driven impact while supporting the LCBO brand and strategic priorities. Please take the time to review our Year One Key Performance Indicators in the Impact Report to understand how your business operations, supply chains and products can help us drive progress towards our commitments.

Get Involved

We know we can't accomplish these objectives alone. Our Merchandising Team will continue to share more details on these exciting opportunities and the role each of us has to play in moving these important issues forward. Please reach out to your Category Manager if you would like more information on *Spirit of Sustainability* and how you can deepen engagement as a Good Partner.

Find out more about the *Spirit of Sustainability* on [lcbo.com](https://www.lcbo.com) and on [Doing Business with LCBO](#).

For the Good of Ontario

“The possibility of what we can accomplish working alongside our partners fills me with optimism. This is only the beginning.”

— George Soleas