



LCBO

SUPPLIER CODE OF BUSINESS CONDUCT

August 2017

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1 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, supporting our local communities and delivering value to Ontarians. We are responsible to our customers, employees, suppliers¹, and our owner - the government of Ontario on behalf of the people of Ontario - to build and maintain trusted relationships that are crucial to our reputation and business success.

Integrity, honesty, and transparency have always been central to the way the LCBO operates as an organization. All LCBO employees have a role to play in upholding these values and protecting the LCBO’s reputation. Together with our suppliers, we make the LCBO a very good place to do business. To ensure this collaborative culture continues and thrives, our values must be woven into our daily actions and supported with the right tools and processes.

This Supplier Code of Business Conduct (hereafter, “Supplier Code”) sets out the principles applicable to every supplier that wishes to establish and maintain a business relationship with the LCBO. By promoting these principles and applying measures to encourage compliance, the LCBO is confirming its intention to do business with suppliers that can demonstrate solid business integrity that aligns with LCBO corporate values and also with the high standards of ethical behaviour expected of the LCBO by our owners and stakeholders. The LCBO Employee Code of Business Conduct, which serves as a complement and companion to the Supplier Code of Business Conduct, outlines the obligations that LCBO employees have to each other, customers, suppliers, the Ontario government and Ontario taxpayers.

The LCBO has established this Supplier Code as a tool to assist its suppliers and potential suppliers in carrying out business with the LCBO in an ethical manner. Ethical standards, together with our core values of engaging customer service, social responsibility, excellence, integrity, and health and safety reinforce our corporate culture and guide our behaviour at the LCBO.

2 LCBO CORE VALUES

Similar to the LCBO Employee Code of Business Conduct, this Supplier Code is based on our core values of customer service, social responsibility, excellence, integrity, and health and safety.

- **Customer Service** - We value our customers and are committed to providing engaging customer service. Our people are welcoming, responsible, outgoing, creative and connected; they are the ambassadors of our brand. Our people provide the human touch that creates excellence in the customer experience.
- **Social Responsibility** - Social responsibility is a public trust that we take very seriously. We promote responsible retailing and consumption by informing and educating our customers and stakeholders in the responsible and safe use of the products we sell. Our social responsibility efforts also encompass product quality and safety, environmental initiatives that produce positive change, support of communities we do business in, and partnerships with worthy causes.

¹ Suppliers include suppliers for beverage alcohol products (trade partners) and suppliers for non-alcohol goods and services.

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- Excellence - We embrace innovation and learning. We value the ability to anticipate and respond to a changing business environment, to create solutions for new challenges. We encourage new thinking, the testing of new ideas and adopting proven concepts. We understand the power of community and draw on the strength of people working together.
- Integrity - We operate with integrity, transparency and good faith in all of our interactions. We listen carefully, and treat one another with respect. We are honest, trustworthy and ethical.
- Health and Safety - We value the health and safety of our employees, customers, business partners and the communities in which we operate. Health and safety is an integral part of our daily workplace. We are a good neighbour. We look out for each other, adopting and practicing a safety-first mentality.

3 APPLICABILITY OF THE CODE

This Supplier Code applies to all LCBO suppliers and potential suppliers of a product, good or service intended for sale or for the operation of the LCBO. All LCBO suppliers and potential suppliers are expected to:

- abide by the Supplier Code;
- report violations of the Supplier Code or requests that might constitute violations, using the reporting procedures set out in the Supplier Code; and,
- co-operate with investigations conducted by the LCBO.

This Supplier Code should not be read in lieu of but in addition to the supplier's obligations as set out in any agreements between the LCBO and the supplier. In the event of a conflict between this Supplier Code and an applicable agreement, the agreement shall govern.

4 RESPONSIBILITIES

The LCBO President & CEO (hereafter, the "Ethics Executive") and the LCBO Senior Team are responsible for the implementation of this Supplier Code.

The LCBO Senior Team is responsible for reviewing the Supplier Code on a regular basis to ensure it continues to meet LCBO values and standards. This Supplier Code may be modified from time to time by the LCBO at its discretion.

The LCBO's suppliers are responsible for familiarizing themselves with this Supplier Code and complying with it. The suppliers must inform their employees about this Supplier Code.

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5 PRINCIPLES

The LCBO's suppliers are expected to adhere to the following principles of business integrity:

5.1 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Suppliers or potential suppliers that wish to do business with the LCBO shall abide by all applicable laws and regulations including all federal, provincial and local laws regarding environmental matters, occupational health and safety, labour and employment practices, human rights, immigration, product safety, shipping and product labeling. Suppliers or potential suppliers shall not use workers under the applicable legal age of employment or forced or involuntary labour or engage any supplier, vendor, contractor or partner that uses such workers. Suppliers or potential suppliers shall also comply with applicable LCBO policies.

5.2 ANTI-BRIBERY AND ANTI-CORRUPTION

Suppliers are expected to comply with applicable anti-corruption laws, whether domestic or foreign (including, but not limited to, Canada's *Corruption of Foreign Public Officials Act*) and not engage in any form of corrupt practices including extortion, fraud or bribery. The LCBO also expects suppliers not to offer facilitation payments, i.e., payments to foreign public officials to expedite or secure the performance of any act of a routine nature that is part of that official's duties or functions.

5.3 GIFTS AND ENTERTAINMENT

Accepting a gift or other benefit from a supplier or potential supplier may affect the LCBO employees' judgment or actions, or give the appearance of doing so, even if the employee believes the benefit will not affect their objectivity or impartiality. As public servants, LCBO employees are subject to the rules governing the acceptance of gifts set out in Regulation 381 / 07 under the Public Service of Ontario Act, 2006 (hereafter the "PSOA"), Section 121 of the Criminal Code of Canada, and the LCBO Employee Code of Business Conduct.

As a general rule, LCBO employees must not seek or accept gifts:

- from any person, group or entity that has dealings with or seeks to do business with the LCBO or the Government of Ontario;
- from any person, group or entity to whom the employee provide services as part of their job; or,
- from any person, group or entity that seeks to do business with the LCBO or any other Ministry or public body of the Government of Ontario (as defined in the PSOA), if a reasonable person might conclude that the gift could influence the employee in the performance of his or her duties.

The rules set out in the Regulation under the PSOA require that LCBO employees notify their Ethics Executive if the employee receives such a gift.

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LCBO employees may accept a gift of nominal value given as an expression of courtesy or hospitality if doing so is reasonable in the circumstances. The expression of “nominal value” means generally not more than \$50 and occurs only once or twice a year. In considering whether accepting the gift is reasonable in the circumstances, LCBO employees consider all of the circumstances relating to the gift and the person, group or entity who is giving it, including matters such as:

- whether it could reasonably influence or appear to influence the employee’s judgment or the performance of their duties to the LCBO;
- whether it creates or could create an obligation for the employee or for the LCBO;
- whether it would embarrass the employee or the LCBO if made public; or,
- the frequency of such gifts from the same source and from other sources.

Tickets or invitations to sporting events, concerts, charitable or other similar events, or invitations to trade and industry-sponsored sporting events, such as golf, tennis or hockey events, cannot generally be considered to be of nominal value. The cost associated with sporting events or concert tickets is often substantial, as are the fees associated with golf, etc.

LCBO employees may accept occasional invitations to lunch or dinner provided they qualify as “an expression of courtesy or hospitality” and that acceptance is reasonable in the circumstances. However, LCBO employees must consider the frequency and scale of the hospitality accepted from a particular person or group and whether the hospitality is reciprocal, in the sense that the LCBO employee sometimes reciprocates by paying the next meal expense. LCBO employees must always consider the business purpose for any meal. To monitor the appropriateness of this type of hospitality, LCBO employees must file Trade Function Reports, listing all engagements they attended, and supervisors must review them carefully.

The LCBO asks suppliers or potential suppliers not to place our employees in the difficult position of having to refuse gifts that would place them in conflict with the rules governing the acceptance of gifts outlined in this Supplier Code.

5.4 CONFLICT OF INTEREST

As public servants, all LCBO employees are subject to the conflict of interest rules and have an obligation to perform their duties with impartiality and to avoid situations involving an actual, apparent or potential conflict of interest as set out in Regulation 381 / 07 under the *Public Service of Ontario Act, 2006*. Generally, a conflict of interest arises when an employee’s personal interest conflicts, appears to conflict or could potentially conflict in any way with the interests of the LCBO.

These rules prohibit LCBO employees from:

- using or attempting to use their position to directly or indirectly obtain a benefit themselves, or their spouse, children, or family members, from LCBO suppliers or potential suppliers;
- allowing the prospect of future employment with an LCBO supplier to affect the performance of their duties;
- giving preferential treatment to a supplier, or creating the appearance of giving preferential treatment to a supplier, when performing their duties to the LCBO; and,
- agreeing to (entering into) a contract with a supplier in which he or she or a member of their family has a substantial interest.

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Suppliers shall disclose to the LCBO any situation that could result in actual, apparent, or perceived conflict of interest, including the disclosure of any LCBO employee that has an interest in the supplier's business or any other economic or family ties with the supplier. Suppliers must not try to gain improper advantage or preferential treatment from LCBO employees.

5.5 DISCLOSURE OF CONFIDENTIAL INFORMATION

Within the scope of business relationships with the LCBO, suppliers may have access to LCBO confidential information. Confidential information is defined as any information that is not available to the public and that could result in harm to the LCBO if disclosed or could provide the person to whom it is disclosed an advantage. LCBO suppliers are expected to use and protect LCBO confidential information appropriately.

LCBO suppliers must not:

- Disclose confidential information obtained during the course of their business relationship with the LCBO to any person or entity unless authorized by the LCBO or by law.
- Offer a gift or other benefits directly or indirectly to an LCBO employee in exchange for disclosing confidential information.

6 REPORTING AND ADDRESSING VIOLATIONS

The LCBO is committed to the highest standards of conduct and takes violation of the Supplier Code seriously. The LCBO will investigate alleged improper activities, keeping confidential all information reported and disclosed during the course of investigation to the extent reasonably practicable. Any person with reason to believe that the spirit or principles of this Supplier Code are not being respected by an LCBO supplier or employee is asked to report either to:

- The LCBO Ethics Executive
Office of the President and CEO
55 Lake Shore Blvd. East, 4th Floor
Toronto, Ontario
M5E 1A4
- Or through the LCBO ethics reporting program – ETHICSMATTER: *Let's speak up*. ETHICSMATTER allows LCBO employees and suppliers to report wrongdoing anonymously and confidentially, 24/7 through an independent third party service provider. Suppliers can submit a report through a secure website www.clearviewconnects.com, by calling toll-free to 1-844-845-1570 (within North America) or collect to 1-647-438-6791 (outside North America) to speak to a live operator or leave a voicemail, or by mail to a confidential post office box:
P.O. Box 11017
Toronto, Ontario
M1E 1N0

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The reporting of a violation of the Supplier Code may lead to an evaluation and an investigation if warranted. Depending on the results of the investigation, sanctions may be applied, ranging from a formal warning to immediate termination of the business relationship with the LCBO and possible disqualification from participating in future business opportunities with the LCBO. Furthermore, the LCBO reserves the right to report any suspected illegal activity to the appropriate authorities.