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# Enriching the Lives of Manitobans



2017/18 Corporate Responsibility Report

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Manitoba Liquor & Lotteries exists to enrich the lives of Manitobans by making the greatest possible contribution to the economic and social well-being of our province. In addition to the products and services we offer, the money we earn stays in Manitoba and is used to support provincial programs and initiatives that touch everyone who lives here. Our strong commitment to corporate responsibility drives everything we do – from how we run our business, to how we serve our customers and communities.

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### About This Report

This is our first annual Corporate Responsibility Report, covering business activities in our liquor, gaming and entertainment lines of business during our 2017/18 fiscal year, which ended on March 31, 2018. All financial data are in Canadian dollars.

We are reporting in accordance with the Global Reporting Initiative (GRI) Standards Core option. The Standards are widely used around the world to help organizations report consistently and transparently on their most critical economic, environmental and social priorities, performance and impacts. A GRI Content Index is included on page 41 for easy reference to specific topics within the report and on our website. In addition to disclosures developed by the GRI, we have included disclosures that are specific to our sector and reflect metrics we use to measure our continued progress.

For more information, please see our 2017/18 Annual Report available on our [website](#).



# About Us

Manitoba Liquor and Lotteries Corporation is a Crown corporation of the Province of Manitoba.

We are responsible for the distribution and sale of liquor, for providing gaming and entertainment experiences in Manitoba and, upon its legalization, for the supply and distribution of cannabis to private retail vendors. Our core mandate is to provide revenue to the Government of Manitoba to support provincial programs and initiatives in areas such as health care, education, social services, housing and infrastructure. We employ more than 3,000 people in our Liquor Marts, casinos, gaming centre, distribution centres, and corporate offices in Winnipeg, Brandon and Morris.



## Liquor:

Operate more than 60 Liquor Mart and Liquor Mart Express stores across Manitoba

Supply approximately 1,900 licensees including restaurants and bars, private hotel beer and rural liquor vendors, and specialty wine stores



## Gaming and Entertainment:

Own and operate Club Regent Casino and McPhillips Station Casino in Winnipeg, manage and operate gaming at the Shark Club Gaming Centre

Deliver online gaming for Manitobans on PlayNow.com

Operate a network of approximately 6,600 video lottery terminals (VLT)

Distribute lottery tickets to more than 900 private retailers

Host functions and concerts at Club Regent Event Centre



## Cannabis:

Perform central order processing and distribution of cannabis from Health Canada licensed producers to private retailers

## RESPONSIBILITY

**Operating responsibly is as important to us as making a profit. We recognize the potential risks associated with our products and the importance of encouraging healthy and sensible use and mitigating potential harm. Two percent of our anticipated net income is committed to social responsibility initiatives, including consumer information, research and treatment.**



# Leadership Q&A

## An interview with Polly Craik, Chair, Board of Directors, and Peter Hak, President and Chief Executive Officer



Peter Hak,  
President and  
Chief Executive  
Officer

Polly Craik,  
Chair, Board  
of Directors

**Q** What drives our strong commitment to corporate responsibility?

**A** As a Crown corporation, we have a mandate and a responsibility to make the greatest possible contribution to the economic and social well-being of our province. Our priority is to generate revenue for the Province of Manitoba, with a major focus on doing so in a socially responsible manner.

Good corporate responsibility practices are also good business practices. For example, helping people use our products and services in a sensible, low-risk way builds a sustainable customer base. Similarly, taking action on social and environmental issues helps us create goodwill, attract young talent and appeal to the growing number of consumers who want to buy from responsible organizations.

**Q** What do you see as the most important areas that we need to focus on from a corporate responsibility perspective?

**A** Acting ethically and being accountable are essential for earning and keeping Manitobans' trust – and will always be a top priority. We also need to continue our strong efforts to engage with stakeholders, support our business partners, communities and employees, and reduce our environmental footprint. In most cases, we've been doing great things, but haven't reported on them until now. Just as importantly, we must do all that we can to encourage our customers to use our products sensibly.

**Q** How is your approach to corporate responsibility evolving?

**A** We are always looking to improve the way we work. We just completed an employee survey that will identify ways to improve employee satisfaction. We will use the insights to plan for and make the

necessary changes. Similarly, our customer satisfaction levels are very high, but we'll still look to improve them. We have also made strides in our relationships with our commercial retail partners. Happily, we're continuing to work through common areas of interest together.

We won't know the full impact of the legalization of cannabis for some time. However, we are actively working with many partners to prepare for our role.

**Q** What would you most like the readers of our first corporate responsibility report to remember?

**A** They can be assured that when they buy our products and services, the money they spend comes back to them by way of health care, education, social services and more. We're making our province stronger, together.



# New Regulation on Cannabis

The sale and consumption of recreational cannabis is expected to become legal in Canada in the fall of 2018.



This is a major shift in public policy that is expected to have broad social and economic implications. While Bill C-45, the *Cannabis Act*, will legalize cannabis across the country, it will be largely up to the provinces and territories to determine how cannabis will be sold and regulated there.

The Manitoba government introduced the *Cannabis Harm Prevention Act* to target drug-impaired driving and send a clear message that driving under the influence of cannabis is dangerous and unacceptable.

The government has also introduced legislation setting out where and how legal cannabis may be sold in our province. The legislation is aimed at keeping cannabis out of the hands of youth and reducing the influence of the black market. Among the key features:

- Cannabis will only be sold through licensed private retailers.
- All cannabis sold in retail stores must be purchased from Liquor & Lotteries.
- Individuals must be aged 19 or older to buy, possess or use cannabis.
- The maximum amount allowed for possession is 30 grams.
- Growing cannabis at home for recreational purposes is prohibited.
- Municipalities may hold referendums to ban retail stores in their boundaries.

## What We're Doing

We will secure and track the supply of non-medical cannabis sold in Manitoba maintaining a high level of control and preventing diversion to the black market.

Cannabis products will be sourced and managed through a central order processing system from licensed suppliers and, in the short term, securely shipped direct from supplier to retail.

Early in 2018, we issued a call for listing to secure a safe and adequate supply of cannabis products for retail sale in anticipation of the implementation date. The call for listing provided a process to develop a catalogue of available products and engage with retailers to determine inventory requirements for the first year of operation.

We'll be in a position to provide more details on this new development in our *2018/19 Corporate Responsibility Report*.

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# Our Approach to Corporate Responsibility

We recognize that our business activities affect society and the environment, and we must continually demonstrate responsible practices in a respectful, ethical and fully accountable manner, keeping in mind the best interests of our stakeholders. For us, making a profit will always go hand in hand with operating responsibly.



Bev Mehmel,  
Director, Corporate  
Responsibility

Gerry Sul,  
Vice President,  
Corporate Services

## Message from our Director, Corporate Responsibility

Liquor & Lotteries is committed to being a sustainable business that makes a positive impact for all Manitobans, including our customers, the public, local communities, employees, business partners and treatment providers. We do this by operating responsibly, by earning money for the province, by contributing to the social fabric of Manitoba, and by being environmentally responsible.

Part of operating responsibly is helping customers use our products and services in a sensible, low-risk way. Like the rest of our corporate responsibility programs, this is not an *add-on* or a *nice to have*. It's critical to fulfilling our mandate and it's in our long-term business interest. A sustainable business model needs customers who can gamble or drink alcohol in a sensible way over the course of their adult lives. We're proud that as a result of our ongoing diligence and collaboration with leading experts, our practices are among the best in our industry.

This report gives us an opportunity to share all that we're doing in the area of corporate responsibility and for Manitobans to hold us accountable for our results. As we continue to evolve and grow, rest assured that integrity, responsibility, and a commitment to balancing financial results with social and environmental performance will remain cornerstones of our business.

Bev Mehmel  
Director, Corporate Responsibility



# Our Approach to Corporate Responsibility

*(continued)*

## Stakeholder Engagement and Materiality

In 2017/18, we completed an assessment to identify the topics that matter most to our stakeholders and present the greatest potential impacts to our business. Our assessment included:

- Research to identify what our industry peers focus on.
- Online surveys and interviews with Liquor & Lotteries' executives and external stakeholders (e.g. business partners, academia and non-governmental organizations) to understand their priorities and expectations.
- An internal workshop to validate Liquor & Lotteries corporate responsibility priorities.

From this process, we've identified seven corporate responsibility priorities, which are discussed beginning on page 9.

## Operating Responsibly



## Being Good Business Partners



## Making Significant Economic Contributions



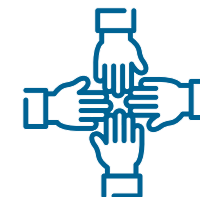
## Reducing our Environmental Footprint



## Strengthening Local Communities



## Being a Great Place to Work



## Focusing on Customer Well-being



## ENGAGING WITH STAKEHOLDERS

We engage regularly with a wide range of Manitobans to ensure we're focused on the right things – appreciating that different groups have different priorities and expect different things from us. A summary of our 2017/18 engagement activities and key topics is provided on page 38.

# 3 public meetings

held in Dauphin, Thompson and Winnipeg to report on our recent activities and answer community questions. This meets the *Crown Corporations Governance and Accountability Act* and also gives us the opportunity to engage with Manitobans.

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## Our Approach to Corporate Responsibility

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### Awards, Accreditations and Memberships

Our efforts have been recognized through a number of awards and accreditations. We are also an active member of various industry bodies. Here are some of our key achievements and affiliations.



### Memberships

These are affiliations where we hold a position, participate in projects or on committees, provide substantive funding and/or find strategic value.

Advertising Association of Winnipeg

BOMA Manitoba

Bullfrog Power

Canadian Association of Liquor Jurisdictions

Canadian Centre for Diversity and Inclusion

Canadian Country Music Association

Canadian Malting Barley Technical Centre

Canadian Partnership for Responsible Gambling

Conference Board of Canada

Economic Development Winnipeg, Inc.

Gaming Security Professionals of Canada

Gaming Standards Association

Gartner

Information and Communication Technologies

Association of Manitoba

International Entertainment Buyers Association

Interprovincial Lottery Corporation (ILC)

ILC Canadian Responsible Gambling Association

Local and Provincial Chambers of Commerce

Manitoba Restaurant and Foodservices Association

Manitoba Safety Council

Multi-Material Stewardship Manitoba

QNET Manitoba Quality Network

Quest International User Group

Restaurants Canada

Retail Council of Canada

Skål International Winnipeg Chapter

The Institute of Corporate Directors –

Manitoba Chapter





# Operating Responsibly

As a Crown corporation, Liquor & Lotteries has a high level of accountability and oversight.

We know that we must go above and beyond to maintain the trust and confidence of Manitobans. That's why we adopt leading practices and corporate standards that are validated by audits and accreditations, and we promote a culture of integrity and ethical behaviour where every employee is encouraged to do the right thing in every situation.

## Governance

Liquor & Lotteries is responsible for the distribution and sale of liquor, and for providing gaming and entertainment experiences in Manitoba, per *The Manitoba Liquor and Lotteries Corporation Act* (the "Act"). The Liquor and Gaming Authority of Manitoba is the government agency that regulates these products in the province.

We report to the province through a Board of Directors appointed by the Lieutenant Governor in Council.

The board is responsible for carrying out the corporation's responsibilities under the *Act* and for administering its business and affairs. In keeping with our Corporate Responsibility Policy, management submits reports on corporate responsibility outcomes and compliance at least once a year through the board's Strategy, Planning and Governance Committee.

## Our Purpose

**Enrich the lives of Manitobans:** Liquor & Lotteries strives to make the greatest possible contribution to the economic and social well-being of our province.

## Our Key Elements

**Perform profitably and sustainably:** Sound business practices that strengthen our profitability – allowing us to maximize funding available for health care, education and other services Manitobans rely on.

**Champion innovation:** A vibrant ownership culture that celebrates innovation – supporting and challenging our employees to continuously improve all aspects of our operations.

**Be progressive:** Products and experiences that keep pace with evolving preferences and market trends – ensuring Manitobans' expectations for choice, quality, value and social responsibility are consistently exceeded.

**Engage Manitobans:** Meaningful relationships with Manitobans – engaging Manitobans both as customers and citizens to ensure all aspects of Liquor & Lotteries' operations reflect the needs, expectations and interests of those to whom we are ultimately accountable.



## Our Values

We aspire to live these values in all that we do to enrich the lives of Manitobans.

### Caring

Everyone Matters – We care about each other, our communities and the environment by being genuine, responsible and considerate.

### Collaborative

Better Together – We work together in an open, respectful way to produce and deliver outstanding results.

### Customer focused

Great Experiences – We listen to our internal and external customers so we can anticipate, understand and respond to their needs.

### Creative

Courage to Explore – We foster an environment of idea sharing, continuous learning and improvement, and push beyond what we have today to what is possible tomorrow.

### Committed

Keeping Promises – We take pride and ownership in making and meeting our commitments.



### Key Policies, Programs and Procedures

As a Crown corporation, we must adhere to an abundance of laws and regulations. It is the responsibility of the President & CEO, along with the executive management team, to ensure appropriate policies and controls are in place. Here are select examples of corporate policies, programs and procedures that guide our activities:

Key Policies, Programs and Procedures	Description
Employee Code of Conduct	<ul style="list-style-type: none"> <li>Sets out minimum expectations for all employees related to business ethics and integrity (including privacy and conflicts of interest), human rights, labour standards, environment and anti-corruption.</li> <li>Requires that employees report all violations of the Code to the person they report to, the Vice-President, Human Resources, or the designated officer for matters related to whistleblower concerns.</li> <li>Breach of the Code may result in disciplinary action up to and including dismissal.</li> </ul>
Accessibility Policy	<ul style="list-style-type: none"> <li>Ensures equal access and participation for people with disabilities in accordance with <i>The Accessibility for Manitobans Act (AMA)</i> and related Regulations and current provincial legislation.</li> </ul>
Anti-Money Laundering Policy	<ul style="list-style-type: none"> <li>Outlines our responsibilities in regards to the <i>Proceeds of Crime Money Laundering and Terrorist Financing Act</i> for casino gaming and informs employees of their obligations for compliance.</li> <li>In addition to identifying patrons who conduct transactions over \$10,000 in a 24-hour period, the corporation is mandated to prepare suspicious transaction reports, which are submitted to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).</li> </ul>
Corporate Responsibility Policy	<ul style="list-style-type: none"> <li>Sets out what we mean by <i>corporate responsibility</i> and the scope of its application within the corporation.</li> </ul>
French Language Services Policy	<ul style="list-style-type: none"> <li>Sets out our expectations under the <i>Francophone Community Enhancement and Support Act</i>, which establishes, in law, existing administrative structures and tools used to serve the francophone community.</li> </ul>
Procurement policies	<ul style="list-style-type: none"> <li>Supplier Code of Conduct sets out the ethical work expectations of companies that manufacture products for or provide services to us, and ensures suppliers are supporting international labour laws and human rights along the supply chain.</li> <li>Incorporates the principles and guidelines of Manitoba's <i>Sustainable Development Act</i>.</li> <li>Procure to Pay Policy emphasizes the principles of fairness, transparency and sustainability.</li> </ul>
Product integrity	<ul style="list-style-type: none"> <li>Mitigates risks that new products could pose to our customers and our corporate reputation.</li> <li>All gaming products are tested and third-party certified, and receive technical integrity approval from the Liquor and Gaming Authority of Manitoba.</li> <li>Comprehensive liquor quality control program includes ad hoc third-party liquor product testing.</li> </ul>
Public meetings	<ul style="list-style-type: none"> <li><i>Crown Corporations Governance and Accountability Act</i> requires that we hold three annual public meetings to report on our activities and results, and give the public the opportunity to ask questions and voice concerns.</li> </ul>

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# Making Significant Economic Contributions

Liquor & Lotteries has the privilege of putting Manitobans' money back to work in the community.

The better we do as a company, the more we can give back to the province to support health care, education and other essential community services. In addition to funding provincial priorities, we create local jobs, partner with local businesses, and support community programs – all of which build the economic and social capacity of our province.



Liquor & Lotteries employee and family volunteering at the Manitoba Marathon.

## Our Approach

Our liquor, gaming and entertainment lines of business provide revenue for the Government of Manitoba and stimulate economic activity in communities across the province.

**Partners** – We work collaboratively with our business channel partners to support and encourage the growth of Manitoba's hospitality industries. We greatly value our relationships with local liquor producers; liquor licensees, agents and suppliers; VLT siteholders; lottery retailers; gaming product suppliers; as well as other local businesses. Currently in Manitoba:

- Licensed beverage room VLT siteholders operate under a tiered structure in which they retain some of the net win from VLTs.
- Hotel beer vendors earn a margin on the sale of beer for off-premises consumption and receive a fee to collect empty beer containers from the public. Smaller beer vendors may also be eligible for an annual low volume discount (based on sales) that can be used to upgrade their operations.
- Privately-owned liquor vendors earn a margin on the sale of beverage alcohol in rural areas where it is not feasible for us to open a Liquor Mart location.
- Six stand-alone specialty wine stores and two specialty food and wine stores operate under agreements with Liquor & Lotteries.
- Lottery retailers receive a base commission on the sale of lottery tickets and are eligible for additional commissions based on sales volumes and prize redemptions.

**First Nations** – First Nations VLT siteholders retain a percentage of net win from the VLTs, which contributes to social and economic benefits and opportunities within First Nations communities. We ensure the conduct and management responsibilities are met at First Nations casinos.

**Communities** – We contribute directly to communities by sponsoring the festivals and events that enhance life in our province. We also help support charities and non-profit organizations through our coin box program at Liquor Mart checkout counters, by donating used assets, and by encouraging volunteerism among our current and former employees and their families and friends.

**Social responsibility** – Under the Act we commit two percent of anticipated net income to social responsibility initiatives. External organizations receiving funding provide year-end or program-end reporting, which includes a summary of each program and identifies how the money contributed to the program's success.



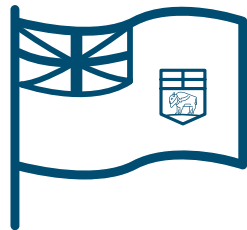


# Making Significant Economic Contributions

(continued)

Here's a snapshot of 2017/18:

## Province of Manitoba



**\$610.4 million**

for provincial programs and initiatives related to health care, education, social services, housing and infrastructure

## Partners



**Manitoba hotel and restaurant industry**

**\$100.2 million**

**First Nations VLT siteholders**

**\$62.8 million**

**Private liquor retailers**

**\$18.1 million**

**Lottery retailers**

**\$17.1 million**

from commissions, contributions, margins, or handling fees

## Local Communities



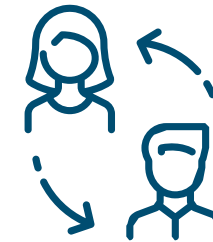
**\$3.2 million**

went to community sponsorships

**\$3.9 million**

went to the Bingo Volunteer Program in support of community, charitable and non-profit organizations

## Social Responsibility



**\$12.0 million**

to support responsible gambling and responsible alcohol consumption programs, including research and treatment

## Winners



**\$121.2 million**

to lottery players

**\$4.7 billion**

to VLT players

**VLT payout percentages**

**93%** customer payout

**7%** revenue to Liquor & Lotteries

**\$2.3 billion**

to casino electronic gaming players

**Casino payout percentages**

**92%** customer payout

**8%** revenue to Liquor & Lotteries

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## Making Significant Economic Contributions

*(continued)*

### Recent Achievements

#### Supporting local craft liquor manufacturers

As of March 2018, Manitoba has 15 local craft liquor manufacturers. This includes 11 craft breweries and brew pubs, two micro distilleries and two cottage wineries. Sales of craft products are steadily rising along with the growth in manufacturing capacity.

What's great about this is that it both satisfies Manitobans' passion for craft products and has a ripple effect across our province – creating local jobs and opportunities in agriculture, trades, hospitality and tourism.

We formed a dedicated team to help craft liquor manufacturers navigate the pricing, listing, distribution and marketing activities needed to bring their products to market. We also created [ManitobaBrewHub.ca](http://ManitobaBrewHub.ca), a one-stop shop for information on how to become a craft liquor manufacturer in Manitoba. For many businesses, these initiatives are just the boost they need to succeed.



Growler Station at a Liquor Mart.

### 2017/18 FINANCIAL HIGHLIGHTS

**Total revenue of \$1,418.8 million was up 4.3% from 2016/17 due to the following:**

**\$16.5 million**

**Casino revenues increased by \$16.5 million (7.0%)**

**\$13.0 million**

**Video Lotto revenues increased by \$13.0 million (3.7%)**

**\$28.1 million**

**Liquor operations revenues increased by \$28.1 million (3.6%)**

**Allocation to the Province of Manitoba:**

**\$610.4 million**

**Up 4.1% from 2016/17**

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## Making Significant Economic Contributions

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### Handcrafted in the Heart of Winnipeg

Located in the heart of Winnipeg, [Capital K Distillery](#) is Manitoba's first family owned and operated producer of handcrafted spirits. Its first product, Tall Grass Vodka, was proudly launched in the fall of 2016, followed by Tall Grass Gin, Tall Grass Espresso Vodka and Tall Grass Dill Pickle Vodka in 2017.

Capital K Distillery's craft distilling process begins with controlled hand milling of locally grown grain. They take pride in selecting only the best Manitoba grains for their craft spirits, infusing their products with a distinctly Manitoba flavour.

"We're off to a good start," said Jason Kang, founder and owner of Capital K Distillery. "And the liquor operations team has been with us for a large part of the way. They've helped us navigate licensing requirements and fill out the necessary forms for getting a Liquor Mart listing. They provide sales support and share market intelligence with us."



We're off to a good start. And the liquor operations team has been with us for a large part of the way.



*Jason Kang, Founder and owner of Capital K Distillery*

We are glad to play a role in helping new entrepreneurs succeed. We want them to grow and contribute to the vitality of local economies and communities.

"The challenge for us now is to get the word out," said Kang. "People are familiar with craft breweries, but most don't know there's a craft distillery in the heart of Winnipeg." To tackle this, Capital K Distillery offers guided tours and has a tasting room for guests. Manitoba Liquor & Lotteries is also proud to stock its product and answer any questions that customers may have about it. It's not difficult to recommend Capital K to shoppers: in February it won four awards at the Canadian Artisan Spirit Competition.



Jesse Hildebrand (General Manager) and Jason Kang (Founder) of Capital K Distillery.

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# Strengthening Local Communities

We want to see strong, vibrant communities in Manitoba.

That's why we directly support a wide range of community events, over and above the money we give to the province. We create opportunities for our employees to help out in the organizations and neighbourhoods they care about. Giving back is what Liquor & Lotteries is really all about, and we show it through our community efforts.

# 87%

**of employees agree that we make positive contributions to communities in Manitoba**

## Our Approach

We support more than 350 charitable, non-profit and community organizations each year through a variety of programs.

Our sponsorship program is our main vehicle for community support. It focuses on event-based sponsorships that give us the opportunity to build understanding of who we are and what we do for Manitoba, while supporting health, social issues, arts, culture and community, sport, diversity, sustainable development and key business partnerships.

Each year, our employees can choose from an array of volunteering opportunities provided through our sponsorship program. Two of the most popular are with Winnipeg Harvest and Siloam Mission (see page 37). In addition, we recognize employees' volunteer contributions to communities through our Rewarding Employee Action and Participation (REAP) program. Employees can volunteer with a registered charity or community sport group of their choice and, as a result, earn funds for their charity or for KidSport Manitoba. As well, employees can participate in the Charity of Choice program, a charitable initiative that provides up to \$200,000 over two years to Manitoba charities or non-profits chosen by our employees (see page 17).



Our charitable giving covers a variety of programs including a used asset donation program that provides as many organizations as possible with items that we can no longer use. Charities may also apply to have coin boxes placed in our Liquor Marts for a one-month period.

Positive feedback from the community organizations we work with is a key measure of our success. There's nothing better than hearing that we've made a difference to these organizations and the people they serve. We also keep a close eye on how we're doing by tracking our community investment dollars, employee volunteer hours and public opinion of our community contributions.



Liquor & Lotteries volunteers at the Manitoba Marathon finish line.

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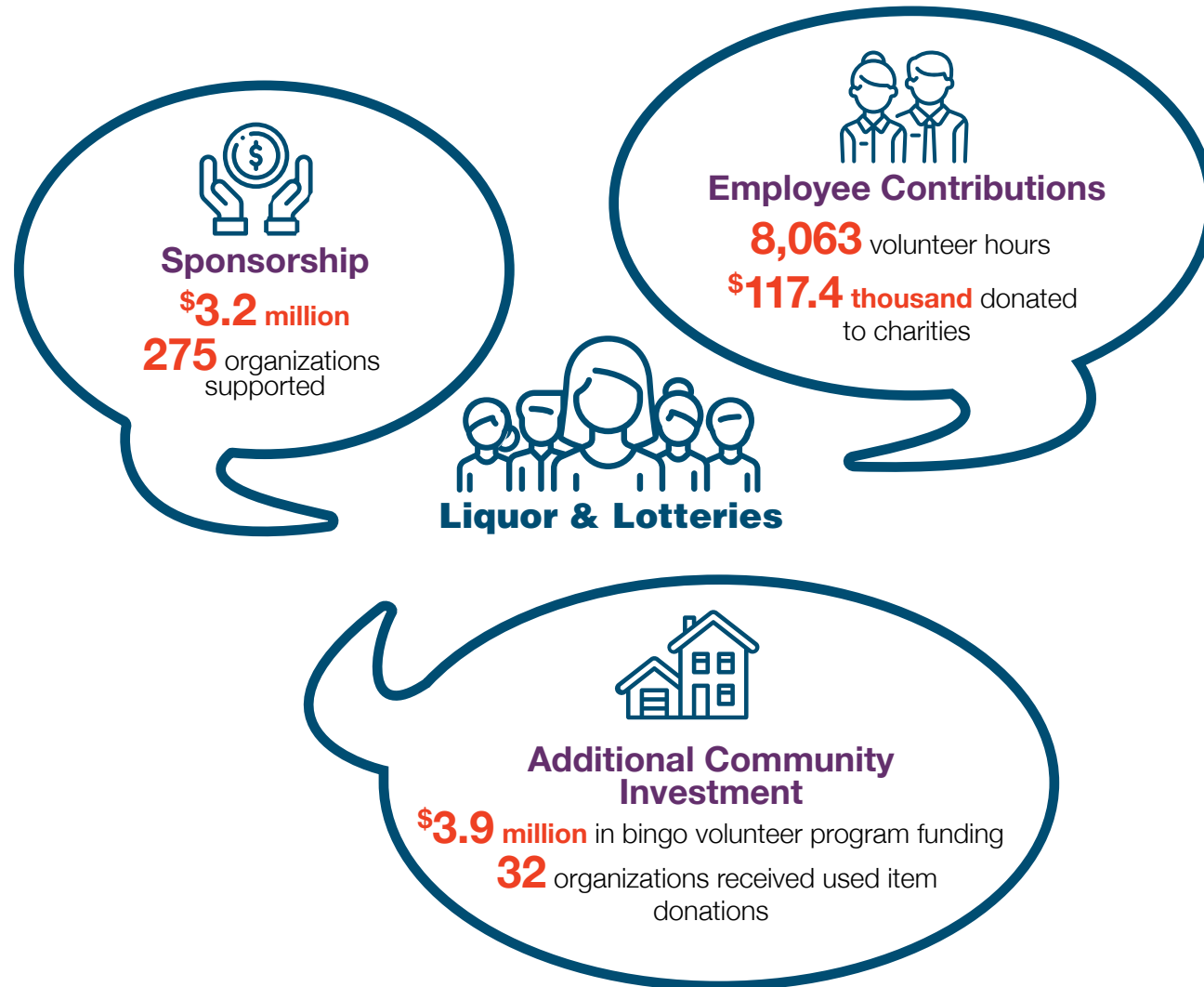


## Strengthening Local Communities

*(continued)*

### How We Support Communities

We partner with communities in meaningful, impactful ways that can add lasting value to the lives of Manitobans. Here's how we helped in 2017/18:





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## Strengthening Local Communities

*(continued)*

### Recent Achievements

#### Canada Summer Games

Winnipeg hosted the 2017 Canada Summer Games and we played a big role in supporting the event. As a partner, our corporation participated in the Torch Run, and volunteered at the Games and at the Liquor & Lotteries Jeux du Canada Games Festival at The Forks.

The Festival welcomed more than 15,000 guests a day and featured headlining and emerging artists from across Canada. Guests visiting our tent had the opportunity to participate in interactive activities such as making custom postcards and trading pins.

As the presenting partner of the Canada Summer Games Sports Equipment Legacy Program, we ensured that equipment used at the games was donated to local sport organizations to assist with the development of future Olympians and create access to sporting equipment in communities.



Liquor & Lotteries volunteers at the 50th Canada Summer Games.

#### Charity of Choice

Charity of Choice is an employee-driven program that provides up to \$200,000 over two years to three charities chosen by employees in each of three categories (province-wide, local Winnipeg and local rural).

We fund the program by donating money based on the number of volunteer hours accumulated by current and former employees and their families and friends during the year and by matching funds raised through payroll donations and internal fundraising campaigns.



Liquor & Lotteries volunteers ready to hand out treats at the Manitoba Stampede in Morris, Manitoba.

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## Strengthening Local Communities

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### **Celebrating Culture, History and Heritage in Churchill**

Aurora Winterfest has been a staple of life in Churchill, Manitoba for more than 50 years. It's a one-week festival that brings residents and tourists together near the end of March to celebrate the culture, history and heritage of what locals call "the most unique community in Canada."

The event features local artists fiddling, square dancing, singing and jigging. There's drumming, snow sculpting, igloo building, dog mushing and other traditional winter activities. "We encourage residents to come up with different ideas and we're open to all suggestions as long as there are volunteers to carry them out," said Louise Lawrie, a lifelong Churchill resident and festival organizer.

Liquor & Lotteries has sponsored the Aurora Winterfest for the past several years. Our funds are earmarked for the hundred or so volunteers needed to make each year's event hum. They're used to cover the costs of workshops and a wrap-up celebration for the volunteers.

"Each year brings a different story," said Lawrie. "Last year, we had a snowstorm that kept people in their homes for five days, so we had to add a second week. Two years ago, a woman and her two sons visiting from Britain insisted on walking back to their hotel on a very cold night once the fireworks display had wrapped up, even though we offered them a warm tundra buggy. They said they wanted to get the full northern experience. We were more concerned that they arrived back safe and sound, which they did!"

It's these kinds of events that make Manitoba special and we're happy to be able to support them.



Enjoying the beautiful sky in Churchill, Manitoba.

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# Focusing on Customer Well-being

As fellow Manitobans, we care about our customers' well-being and commit to helping them use our products responsibly and reducing risk of harm.

We understand the importance for our province and its people, and we know it's in our long-term business interest to build a healthy, sustainable customer base.

## Our Approach

We strive to offer high-quality products and services that people enjoy. Doing so requires an organization-wide commitment to helping customers make healthy, sensible choices about our products and services – and ensuring treatment and support are available for those who need it. Here are the key elements of our approach:

**Gaming sensibly** – Our responsible gambling program has earned Level 4 certification in the World Lottery Association's Responsible Gaming Framework, the highest possible level. To achieve this standard, the external assessors looked at how well we've integrated responsible gambling into our staff training, retailer program, game design, advertising and marketing, player education, treatment referral, and measurement and reporting processes.



*GameSense* is all about helping people make informed choices by teaching them how games really work, dispelling myths, and offering tips, tools and information for limiting spending and keeping gaming fun. Information is available at all lottery ticket centres, on all VLT machines and on PlayNow.com. In addition to customer information, we have a *GameSense* website and *GameSense* Info Centres, staffed by *GameSense* advisors on the gaming floors at McPhillips Station and

Club Regent casinos. Customers can try our interactive resources that explain randomness, house advantage and what it costs to play over time. *GameSense* advisors can also provide support and assistance for people concerned about their gambling, if needed.



*GameSense* Information Centre at Club Regent Casino.

# 63%

**of Manitoba gamblers can identify (unaided) at least one valid strategy for gambling responsibly**

**7,475 individuals stopped by a *GameSense* Info Centre, of which there were:**

- 1,372 information visits
- 1,702 basic interactions
- 220 support option interactions
- 217 staff visits
- 3,964 special event attendees



## Focusing on Customer Well-being

(continued)

**Drinking sensibly** – Through a wide range of initiatives, campaigns, programs and partnerships, we encourage our customers to make responsible and informed choices about alcohol. Through our *DrinkSense* program, we promote the following key messages on an annual basis in an effort to help our customers avoid alcohol-related harms:

- *With Child Without Alcohol* is dedicated to Fetal Alcohol Spectrum Disorder (FASD) awareness and prevention.
- *Little Talks Can Have A BIG Impact* (formerly *Be the Influence*) is dedicated to helping parents discuss alcohol and future choices with their kids.
- *Be UnDrunk* is dedicated to reducing binge and excessive drinking among young adults.
- *DrinkSense Tips* is dedicated to promoting various aspects of Canada's Low Risk Drinking Guidelines and helping customers align their consumption to those guidelines.



*DrinkSense* information appears in all Liquor Mart locations.

# 82%

**of Manitoba alcohol consumers can identify (unaided) at least one strategy they use to reduce alcohol-related risks**



## Focusing on Customer Well-being

*(continued)*

**Helping people with problems** – For most people, gambling and drinking is part of socializing, entertainment and fun. However, for some, it can become a problem. We support people who are concerned about their drinking or gambling by referring them to helplines, treatment providers, debt counsellors and other support services. We also offer a Voluntary Self-Exclusion program that supports a person’s decision to take a break from gambling in our facilities or on PlayNow.com.

In addition, we fund organizations that deliver problem gambling and alcohol addiction services in Manitoba. This includes funding to the [Addictions Foundation of Manitoba](#) to provide gambling and alcohol awareness and treatment services across the province. We also fund [Marymount](#) to provide specialized services for youth with alcohol and drug issues, and [Community Financial Counselling Services](#) to provide quick access to financial counselling specialists who can assist in developing debt management plans in relation to gambling problems.



**\$7.7 million**

**to Addictions Foundation of Manitoba\***

**\$185.4 thousand**

**to Community Financial Counselling Services**

**\$190.0 thousand**

**to other addictions prevention and research funding**

\* A portion of this amount was allocated to Marymount.

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## Focusing on Customer Well-being

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**Employee training** – Our employees take social responsibility training through a mix of in-person, online and on-the-job learning:

- Casino staff are trained to help players get accurate information on how gaming works and answer questions about the Voluntary Self-Exclusion program and Problem Gambling Helpline.
- Liquor Mart staff are trained in age identification and not selling to intoxicated persons or adults buying for minors.

**Industry training** – Employees at liquor vendors, beer vendors and VLT sites receive training through the Liquor and Gaming Authority of Manitoba on the responsible sale of alcohol, VLT responsible gambling and player information, and problem gambling services. Our lottery retailer training focuses on age identification requirements, player information and the availability of problem gambling support services.

**Research** – We use research results to make evidence-based decisions and improve the quality and effectiveness of our programs. Research and program evaluations are conducted on our own and with partners provincially and across Canada.

# \$1.35 million

**committed to support Fetal Alcohol Spectrum Disorder (FASD) research through the Canada-Israel International Fetal Alcohol Consortium at the University of Manitoba since 2014**

# 94%

**of Liquor Mart customers are satisfied with their overall experience**



# 83%

**of Casinos of Winnipeg customers are satisfied with the casinos**

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## Focusing on Customer Well-being

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### Support When It's Needed

AFM is a Crown agency that provides addictions services and support to Manitobans through 28 offices and five adult residential facilities. In 2017 alone, AFM served 18,385 clients and reached more than 42,500 people through educational workshops and presentations on substance abuse and addictions.

We provide funding to AFM that goes towards various gambling and liquor programs and services, including the Manitoba Addictions Helpline, the Problem Gambling Helpline and the Starfish Project, a unique addictions service for youth living with FASD who are involved with the justice system and have problematic substance use.

“We have a close relationship with the corporation that has evolved over the years,” said Dave Grift, AFM’s Director. “We used to do more collaborative projects, especially around responsible gambling, but now that their programs are firmly established, we each focus on what we do best. They are responsible for getting out the message about drinking or gambling responsibly and we focus on treatment if somebody has a problem.”

“I expect we’ll continue in much the same way going forward, although we are anticipating some ripples through the system once cannabis is legalized. The other area we’re exploring is around financial counselling services for our in-house clients. While programs exist for gamblers with financial problems, there needs to be something similar for people with substance abuse problems.”

“It’s good to know we have a partner that supports AFM and trusts us to use the money they provide where it’s needed most.”

“  
It’s good to know we have a partner that supports AFM and trusts us to use the money they provide where it’s needed most.”  
”

*Dave Grift, AFM’s Director*



## Focusing on Customer Well-being

(continued)

### Helping Manitobans Make Healthy Choices

**Helping Manitobans make healthy choices includes educating customers on how to use our products sensibly, and refusing them service if they are underage or show signs of intoxication. Here's how we did in 2017/18:**



#### Employee and Industry Training

All casino and Liquor Mart employees take social responsibility training. Liquor vendors, beer vendors and VLT site staff receive social responsibility training through the LGA. Lottery retailers are trained on selling responsibly.



#### Gambling Sensibly

GameSense customer information, GameSense website and two GameSense Info Centres



#### Drinking Sensibly

DrinkSense customer information, DrinkSense website and multi-media campaigns



#### Customers



#### Age Checks and Refusal of Sale

Casino ID checks: 169,528

Casino entry refusals:

- 2,671 improper or no ID
- 289 minors
- 466 showing signs of intoxication

Liquor Mart ID checks: 825,720

Liquor Mart purchase refusals:

- 15,563 improper or no ID
- 18,690 showing signs of intoxication



#### Helping People with Problems

Voluntary Self-Exclusion program, funding alcohol and gambling addiction services, referral to treatment and support





# Being Good Business Partners

A large part of our success comes from having excellent business partners who share our commitment to bringing quality products to Manitobans and to contributing to the economic and social well-being of our communities. Fostering win-win partnerships with them is essential to sustaining our growth and overcoming some of the common challenges we face.

## Our Approach

Our business partners range from suppliers to retailers, industry associations, restaurants and bars, and local craft liquor manufacturers. We work with them in different capacities to increase the vitality of Manitoba's tourism, entertainment and hospitality industries, local beer and liquor production and supply, and other local businesses.

Our [Supplier Code of Conduct](#) outlines the ethical performance expectations of companies that manufacture products for, or provide service to, Liquor & Lotteries. We operate under the principle that our purchasing should be fair, open and transparent. We promote responsible and sustainable procurement by considering for each good or service:

- Quality, availability, price and functionality over the entire lifecycle.
- Environmental impacts such as resource conservation, environmental protection, and reduction of waste and pollution.
- Social aspects including workers' rights, working conditions, poverty eradication and capacity building.
- Accessibility of a product or service as part of our procurement process.



## LIQUOR SALES BY CHANNEL

**54%**  
Liquor Marts and Liquor Mart Express

**46%**  
Commercial retail partners including bars and restaurants, etc., hotel beer vendors, rural liquor vendors and specialty wine stores

With retail business partners contributing to nearly half of all liquor sales in Manitoba, our dedicated commercial retail partners team works with our partners to grow our respective businesses. Commercial customer sales managers assist private beer vendors with assortment considerations, merchandising and renovation ideas. They offer licensee support on product trends, special programs, wine lists and cocktail cards, and product procurement. They also provide first point of contact and support to help local manufacturers succeed (see page 13).

We offer similar support to lottery retailers, with dedicated sales representatives available to help retailers maximize revenue opportunities through product mix, promotions, merchandising and sales incentives.

In the first phase of cannabis legalization, there will be four private retail organizations selling cannabis in the province. The number of stores and locations where each group will be allowed to operate is being worked out. There will be opportunities for other retail organizations to sell recreational cannabis in Manitoba in the future.

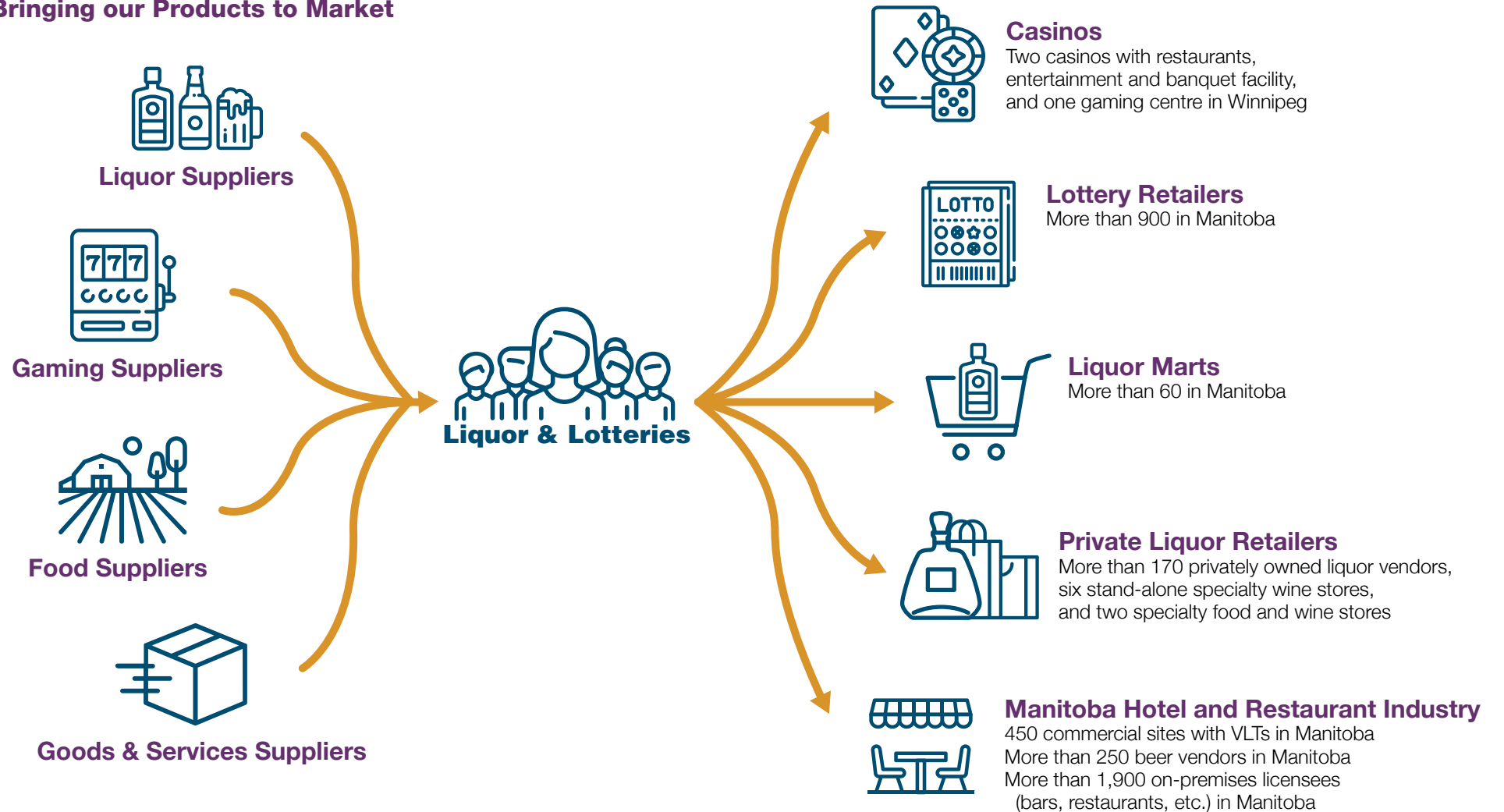




# Being Good Business Partners

(continued)

## Bringing our Products to Market





## Being Good Business Partners

(continued)

### Recent Achievements

#### Siteholders and VLTs

Since 1991, when video lottery terminals were first installed in the province, Manitoba's hotels and restaurants have collectively earned almost \$1.1 billion operating them. There are currently 450 commercial sites and approximately 6,600 VLTs installed. We pay all capital costs and ongoing equipment maintenance. Commissions are paid to siteholders based on the site's VLT revenues.

#### Liquor supply chain

We're always looking to make our liquor supply chain processes as efficient as possible for everyone involved. As the wholesaler and distributor of liquor in Manitoba, we list products from around the world that are ordered by more than 1,700 commercial customers.

In 2017/18, we tackled a project to resolve some industry pain points, which resulted in a new listing process for Liquor Marts.

To keep our Liquor Mart product offering fresh, we list new products every month and hold delisting sales three times a year. In 2017/18 alone, this resulted in more than 1,100 new products being added and more than 850 products being removed from our shelves.

We now place greater emphasis on scheduled calls for listings and have added an innovative products program to replace *ad hoc* product pitches. These changes enhance the speed to market for new products, while reducing costs traditionally borne by the industry.

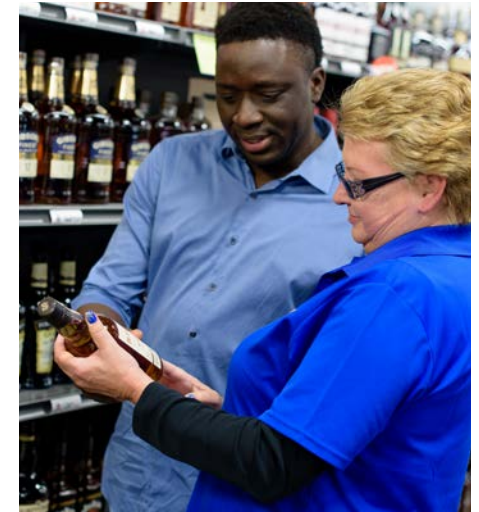
Two industry meetings were organized to discuss the changes, one of which included a small group discussion on topics tabled by independent local industry representatives regarding specific challenges facing their brands.

#### Sustainable procurement

Over the years, we've adopted minimum sustainability requirements for a number of commonly purchased goods and services. Among them, we require:

- 25% locally sourced food in casino restaurants (based on dollar spend).
- All computers, laptops and multifunction devices meet or exceed the criteria associated with EPEAT Silver certification.
- Paper products purchased are Forest Stewardship Council (FSC) certified to support sustainable forestry practices.
- At least 25 Fairtrade certified products are offered in Liquor Marts.

Approximately 11,300 kg of Fairtrade coffee was purchased and served to our guests in our casinos and offices in 2017/18.



# 60%

**of rural liquor vendors and hotel beer vendors are satisfied with all of the services we provide them. We know this gives us room to improve.**

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## Being Good Business Partners

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### Partners in Change

The Manitoba Hotel Association (MHA) is one of our longstanding and valued business partners. Together, we're often part of Manitobans' celebrations, family reunions and community functions.

MHA members include privately-owned hotel beer vendors – who sell beer across the province – as well as hotels that are VLT siteholders.

“We're important to each other, but at times we also compete against each other, which can be especially challenging for smaller hotels,” said Scott Jocelyn, MHA President and Chief Executive Officer. “Treating each other respectfully and keeping the lines of communication open are essential for making our relationship work.”

Through our newly created Commercial Retail Partners Department, we're working to strengthen our relationship with the MHA and its members. We also engage with the MHA and the Manitoba Restaurant Association in forums such as the VLT Redistribution Committee. With the help of Committee members, we recently improved the process for communicating with siteholders when VLTs need to be relocated.

“As consumer demographics and preferences change, we're all thinking about how we need to evolve. By sharing research, discussing industry trends and partnering on initiatives, we put ourselves in the best position to grow our respective businesses, even if we're on different sides of an issue at times,” Jocelyn explained. “I look forward to our continued collaboration.”



As consumer demographics and preferences change, we're all thinking about how we need to evolve.



*Scott Jocelyn, MHA President and Chief Executive Officer*

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# Reducing our Environmental Footprint



With pressures on our planet mounting, governments, communities, businesses and citizens need to work together to protect it – for now and for future generations.

We believe that environmental stewardship is not only achievable and the right thing to do – it also makes good business sense.

## Our Approach

For more than 10 years, we've been integrating environmental and social requirements into all business decisions and across all operations. Requirements have been embedded into our corporate strategy, business planning and annual budgeting processes, departmental programs and procedures, staff training, procurement and more. Environmental stewardship is considered the responsibility of all employees and a lot of effort goes into ensuring it remains top of mind. Here are some of our key programs:

## Product stewardship

We are a "product steward" under Manitoba's Packaging and Printed Paper Stewardship Regulation. This means that every year we provide funds to the province to cover 80% of the cost to manage the waste materials generated in residential communities through empty liquor and beverage containers, packaging materials, and lottery and marketing products.

## Waste management

We have a number of waste minimization and collection programs. In addition to mixed recycling and composting programs in office areas, there are single-stream collection programs for managing waste materials generated in our liquor distribution, sales and casino operations including electronics recycling, casino restaurant food composting and light bulb recycling to name a few.

Our liquor distribution centre acts as the recycling hub for all Liquor Marts in the Winnipeg region. Cardboard, glass and mixed recycling materials are returned to the distribution centre where the items are managed as commodities and sent to local recycling companies. The distribution centre is also responsible for sending unsellable liquor, which may have been frozen during transport or is past its shelf life, to a liquids processor for recycling.

**\$862.9** thousand

**remitted to Multi-Material Stewardship Manitoba in 2017/18 to cover our residential waste management obligation**

**485** tonnes

**of cardboard collected from Liquor Marts and distribution centre in 2017/18. The environmental benefits associated with this one initiative are equal to:**

- **Saving 8,247 mature trees**
- **Removing 384 vehicles off the road**
- **Diverting 211 truckloads of waste from the landfill**
- **Saving 67,918 bathtubs filled with water**

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## Reducing our Environmental Footprint

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### Energy use and greenhouse gas emissions

For the 60 buildings in our portfolio, we closely monitor energy consumption and continually work to improve energy efficiency through renovations, preventive maintenance, and equipment upgrades and optimization such as adding sensors and controls.

The largest source of direct greenhouse gas (GHG) emissions related to our buildings is natural gas used for heating in the winter. Because we enjoy abundant hydroelectricity in Manitoba, emissions associated with electricity are low.

Our second largest direct source of GHG emissions is fleet fuel consumption. Our vehicles are equipped with a telematics system to capture details to improve fuel efficiency, optimize routes and plan maintenance schedules. Armed with this information, we have developed a no idling directive and our fleet drivers have fine-tuned their driving habits. Collectively, they have reduced their idle time by 50% since 2015.

Our largest source of indirect GHG emissions is associated with the purchase of paper products, mainly retail bags for our Liquor Marts and paper used to create lottery tickets for sale at retail locations throughout the province.

To help address the issue of GHG emissions, we've chosen 100% green natural gas for 25 Winnipeg Liquor Marts through Bullfrog Power. This means that Bullfrog Power's generators inject green natural gas into the national pipeline to match the amount of conventional natural gas used by these locations. This purchase reduces our GHG footprint and supports renewable energy sources across Canada. We buy carbon offsets to compensate for the remainder of our annual GHG emissions inventory.



### Harvesting cattails

A portion of our carbon offset funds is used to support renewable energy research projects in our province, such as the International Institute for Sustainable Development's (IISD) nutrient bioenergy project. This project assesses the viability of harvesting, drying and pelletizing cattail biomass from marsh systems and using this renewable energy source for space heating. In fact, this project has multiple positive outcomes for the Lake Winnipeg watershed, including capturing phosphorous from waterways and enhancing wetland habitat. You can learn more on the [IISD](#) website. Compensating for emissions through the annual purchase of carbon offsets (such as Made in Manitoba cattail biomass) is equivalent to removing about 975 cars from the road.

### Water

We're making strides in reducing our water-related impacts in part through our commitment to integrate sustainable building features into all renovation projects. This includes installing low-flow water fixtures in kitchens and washrooms and using EcoLogo-certified cleaning products to minimize harm to lakes and rivers.

We belong to a Lake Friendly working group that has developed lake-friendly practices for schools, cottages, farms, municipalities and businesses to reduce nutrient loading into Lake Winnipeg. You can learn more on the [Lake Friendly](#) website.

**Liquor & Lotteries volunteers at the litter cleanup along Omand's Creek.**

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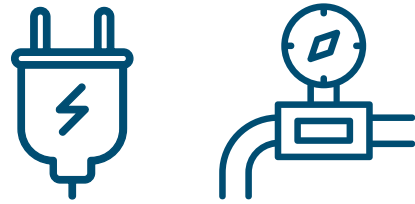


## Reducing our Environmental Footprint

*(continued)*

### Our Environmental Scorecard

We work hard to reduce our environmental impacts every way we can. Here's a snapshot of what we've achieved (calendar years):



**Energy (GJ/m<sup>2</sup>)**  
**Year 2012 – 3.63**  
**Year 2017 – 3.31**

▼ **8.8% reduction**

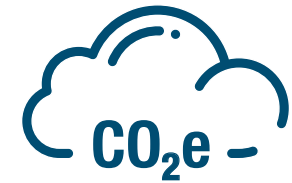
Actual source energy use intensity trend – energy bills (electricity, natural gas and propane) benchmarked using Energy Star® Portfolio Manager



**Water (m<sup>3</sup>)**  
**Year 2012 – 85,058**  
**Year 2017 – 66,981**

▼ **21.3% reduction**

Actual water usage data for all metered buildings – water utility bills



**GHG (g CO<sub>2</sub>e/\$\*)**  
**Year 2012 – 7.96**  
**Year 2017 – 6.97**

▼ **12.4% reduction**

Greenhouse gas emissions (Scope 1 + Scope 2 + Scope 3) calculated using WRI's GHG Protocol Corporate and Accounting Standard (2018). Revenue adjusted for inflation using Statistics Canada, Consumer Price Index, by province (base year 2012)

\* Adjusted for inflation

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## Reducing our Environmental Footprint

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### Looking for High-Value Uses for Collected Glass

Each year, about 8,000 tonnes of liquor-related glass bottles are collected in residential Blue Box recycling programs throughout the province.

“Because of the technical and economic difficulties associated with glass recycling, most glass bottles collected through residential blue bin programs are being crushed and used as road fill aggregate or as daily landfill cover,” said Donna Dagg, Manager of Sustainable Development at Liquor & Lotteries.

“Collected glass currently has a low or negative commodity value, so there is no economic incentive to improve glass collection rates in the residential or commercial sector. One possible solution is to work through the technical difficulties and produce higher-value end products with the collected glass, making glass recycling an economically attractive business in Manitoba.”

To explore this idea, we are providing funding to the University of Manitoba Engineering Department to study cost-effective recycling solutions for glass collected in Manitoba:

- One of these projects currently underway will determine the effectiveness of using collected glass as a filter media in the final wastewater treatment stage to improve wastewater quality before it is discharged to the environment.
- An additional three-year project is underway to determine if zeolites, which are used in commercial applications as catalysts or absorbents, can be efficiently synthesized from glass using non-conventional energy sources.



“

One possible solution is to work through the technical difficulties and produce higher-value end products with the collected glass, making glass recycling an economically attractive business in Manitoba.”

”

*Donna Dagg, Manager of Sustainable Development at Liquor & Lotteries*



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# Being a Great Place to Work

Our employees bring to life our purpose of making the greatest possible contribution to the economic and social well-being of our province.

By creating a work environment where employees can continuously learn, develop and thrive, we benefit as a business and society benefits from their increasing capabilities and contributions.



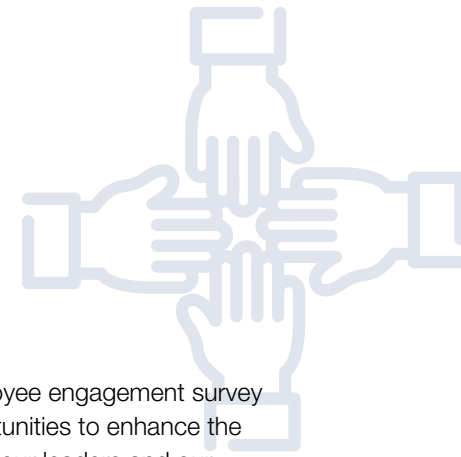
Being a Great Place to Work

## Our Approach

Liquor & Lotteries was selected as one of Manitoba's Top Employers for 2018. Some of our winning attributes include our focus on diversity and inclusion, employee volunteer programs, and benefits that include maternity leave top-up payments. Here are a few more of the elements that drive employee engagement and make us a great place to work:

### Training and development

We believe in providing a superior level of training and development opportunities for all stages of a person's career. There are job placement, co-op, apprenticeship and skilled trade training programs, offered in partnership with educational institutions such as Red River College, the University of Winnipeg, and the University of Manitoba – in addition to in-house training and online courses. We also offer tuition reimbursement and career planning services.



Our 2016 employee engagement survey identified opportunities to enhance the effectiveness of our leaders and our communications. A number of training opportunities and programs were developed and sourced to build a coaching culture and enhance communication in the organization, which resulted in marked improvements in both areas in the 2018 engagement survey.

"I was very happy to participate in the *Coaching as a Leader* course," said Shelley Tinck, Director of Operations, McPhillips Station Casino. "I learned to listen to my casino employees. Understanding the importance of taking time and giving employees opportunities to be heard was a transformative moment for me and for the company."

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## Being a Great Place to Work

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### Diversity and inclusion

We strive to build a culture of trust and respect, and believe that diversity strengthens our ability to innovate, grow and provide excellent customer service. We have a dedicated team within Human Resources to implement diversity and inclusion programs as well as our Joint Diversity Network made up of employees from across the organization who are passionate about bringing diversity and inclusion to life.

Our employees have embraced the many opportunities to get involved. For example, we hosted three screenings of Gord Downie's *The Secret Path* to learn more about the history of residential schools in Canada, which were well attended. On International Women's Day we hosted two events at which four women in senior leadership in our organization discussed their career paths and work experiences in a panel format. Employees are also encouraged to volunteer at diverse cultural and community events.

# 51:49

### Female-male employee ratio

#### Health and safety

Keeping our employees safe and healthy is a collective effort that's important to everyone. We have eight joint workplace health and safety committees that conduct inspections and investigations, help us identify programming needs and monitor our progress. They also provide consultation on ergonomics and safety features during office and store renovations or new builds.

# 34 visits

**conducted by our Corporate Investigations team to Liquor Mart stores in 2017/18 to discuss safety and security measures. We also enhanced security camera coverage inside and outside our stores.**



Group of employees at Club Regent Casino.

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## Being a Great Place to Work

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### Our Workforce

**Liquor & Lotteries is ranked among Manitoba's Top Employers. We're proud to have a workplace that represents the diversity of Manitobans and helps employees realize personal growth and success.**



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## Being a Great Place to Work

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### Recent Achievements

#### Peer partners

We implemented the Peer Prevention Program to empower employees to provide confidential mental health support and resources. The program recognizes that peers are often the first to notice subtle changes in a colleague's demeanour and can respectfully inquire about their well-being in a casual, low-key manner that may be more readily accepted than a formal inquiry by a manager or supervisor.

Ten peer partners have been trained in appropriate communication techniques and available resources. The program does not replace professional mental health services or deal with performance or work-related issues otherwise addressed through existing organizational channels or unions. Rather it's intended to help employees care for one another and increase access to services.

#### Circles for Reconciliation

In 2017/18, we became the first corporation to adopt the Circles for Reconciliation program, a grassroots initiative that aims to establish trusting, meaningful relationships between Indigenous and non-Indigenous peoples as part of the *94 Calls to Action from the Truth and Reconciliation Commission*. In 2017/18, small groups of Indigenous and non-Indigenous staff met weekly for 10 weeks in facilitated discussion circles. Each gathering focused on a specific theme such as residential schools, Indigenous spirituality, Métis people and the meaning of land. A staff member was trained to be a facilitator so that we can continue the program on our own within the organization. Nineteen employees have participated in the program so far, and more sessions are planned for the next year.

#### Welcoming interns

Each year, paid interns work with us in different capacities. Some are summer students looking to gain experience in their field of study. Others come to us through our newcomers, Indigenous and persons with disabilities internship programs, which are designed to give participants general experience by working at one of our corporate offices, casinos or Liquor Marts.



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## Being a Great Place to Work

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### Our Culture of Caring

Being connected to volunteer opportunities in their communities is a big part of what our employees like about working for us. For many, helping out at Siloam Mission in Winnipeg is at the top of the list. Groups of employees have been volunteering there since 2011, and they've seen first-hand how important Siloam Mission is to the hundreds of people it serves each day.

“Siloam Mission is a place where people experiencing homelessness can get all of their needs met,” said Judy Richichi, Director of Major Gifts and Corporate Relations at Siloam Mission. “We say that hope begins with a meal, and we serve meals to 400 to 500 people three times a day. Once inside our doors, they have access to all of our programs and services, including clothing programs, emergency shelter, transition services (which includes case management and supports), employment readiness, arts and wellness, spiritual care and a full health centre.”

“Every area is supported by volunteers. We need 45 people a day just to operate the meal program. In total, we have more than 8,000 volunteers helping us each year with everyone doing what they can. They're the wind beneath our wings.”

Liquor & Lotteries volunteers take 10 shifts a year, with up to 20 people pitching in at a time. They mainly prepare and serve meals, but they also help out in any other areas where needed.



Liquor & Lotteries volunteers at Siloam Mission.

“The Corporation has shown that they're dedicated to walking beside us. They're a gold partner in our Partners for Change program and have donated \$120,000 over the years, along with used items such as security cameras for one of our housing facilities and our new dining room. Their employees have formally logged 1,236 volunteer hours, but we know they've actually put in many more.”



“It's always exciting for us to have a corporate partner.”

*Judy Richichi, Siloam Mission Director of Major Gifts and Corporate Relations*

“It's always exciting for us to have a corporate partner. It helps foster a culture of caring within their organization and plants seeds for other companies. The concept of people helping people carries back into the workplace and then again into the community.”

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# Engaging Stakeholders

Stakeholder Group	Engagement Activities	Key Topics Raised
Employees and Labour Unions	Your Voice Employee Survey Employee training programs Employee wellness programs Benefit program (CHOICES) Diversity programs Benefit Information Day Contests through recognition program (ERRP) Family education scholarships Take Our Kids to Work Day Division and Department meetings Dedicated email groups and intranet Union meetings Intranet and employee newsletter	<ul style="list-style-type: none"> <li>• Support during organizational changes</li> <li>• Enhancing employee communication</li> <li>• Increased internal training opportunities (employee and leadership)</li> <li>• Performance management program (Performance ROAD)</li> <li>• Enhancing self service technology</li> <li>• Safety and health</li> <li>• Salaries and benefits/grievances/bargaining/investigations</li> <li>• Expansion of operations hours when required</li> <li>• Discontinuance of existing programs</li> </ul>
Customers	<i>GameSense</i> and <i>DrinkSense</i> programs Complaints management process Targeted customer information/e-newsletters Surveys and focus groups Websites and social media Annual Public Meetings	<ul style="list-style-type: none"> <li>• Events and promotional information</li> <li>• Customer information about healthy and sensible use of products</li> <li>• Customer assistance</li> <li>• Legalization of cannabis</li> <li>• Liquor Mart development</li> <li>• Corporate updates</li> </ul>

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# Engaging Stakeholders

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Stakeholder Group	Engagement Activities	Key Topics Raised
Community Groups	<ul style="list-style-type: none"> <li>Sponsorship and charitable programs</li> <li>Sponsorship participation at events</li> <li>Employee volunteerism</li> <li>Used item donations</li> <li>Coin Box program in Liquor Marts</li> <li>Public awareness campaigns</li> <li>Meetings, phone calls and email correspondence</li> <li>Research</li> <li>Websites and social media</li> </ul>	<ul style="list-style-type: none"> <li>Financial proceeds</li> <li>Changes to community support programs, criteria and funding</li> <li>Implication of new provincial environmental legislation</li> <li>Provincial options for carbon offsets</li> </ul>
Disability Groups	<ul style="list-style-type: none"> <li>Meetings, phone calls and email correspondence</li> <li>Advisory committees</li> <li>Community event attendance</li> </ul>	<ul style="list-style-type: none"> <li>Accessible customer service</li> <li>Training</li> <li>Compliance with accessibility legislation</li> <li>Employment of persons with disabilities</li> <li>Work placements and internships</li> <li>Eliminating barriers</li> </ul>
First Nations	<ul style="list-style-type: none"> <li>Meetings, phone calls and email correspondence</li> <li>First Nations VLT siteholder support re: updated information, training, business improvement suggestions</li> </ul>	<ul style="list-style-type: none"> <li>Financial distributions</li> <li>First Nations VLT program</li> <li>First Nations casinos</li> </ul>
Government	<ul style="list-style-type: none"> <li>Briefing materials</li> <li>Standing committee meetings</li> <li>Information requests</li> <li>Regulatory submissions</li> <li>Meetings, phone calls and email correspondence</li> <li>Websites and social media</li> <li>Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>Issues management</li> <li>Operational information</li> <li>Industry training (<i>Smart Choices</i> Responsible Service training program)</li> <li>Cannabis planning</li> <li>French Services Strategic Plan</li> </ul>

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## Engaging Stakeholders

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Stakeholder Group	Engagement Activities	Key Topics Raised
Retailers, Business Partners and Associations	<ul style="list-style-type: none"> <li>Assessments based on mandatory policies/requirements</li> <li>Tradeshaw sponsorships</li> <li>Meetings, phone calls and email correspondence</li> <li>Websites and social media</li> <li>Business Partners Survey</li> <li>VLT siteholder and lottery retailer support regarding updated information, training, business improvement suggestions</li> </ul>	<ul style="list-style-type: none"> <li>Social Reference Pricing</li> <li>Introduction of LGA's <i>Smart Choices</i> Responsible Service training program</li> <li>Increasing/maintaining VLT sales</li> <li>Promoting VLT policies and regulations</li> <li>Replenishment of Scratch Ticket inventory, merchandise support, training and lottery business improvements</li> </ul>
Industry	<ul style="list-style-type: none"> <li>Canadian Association of Liquor Jurisdictions meetings</li> <li>Interprovincial Lottery Corporation meetings</li> <li>Meetings, phone calls and email correspondence</li> <li>Websites and social media</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration and consistent approaches on industry issues and opportunities</li> <li>Development of National Responsible Gambling Benchmarks</li> </ul>
Treatment and Prevention Organizations	<ul style="list-style-type: none"> <li>Funding</li> <li>Public awareness campaigns</li> <li>Conferences and educational events</li> <li>Meetings, phone calls and email correspondence</li> <li>Research</li> <li>Websites and social media</li> </ul>	<ul style="list-style-type: none"> <li>Fetal Alcohol Spectrum Disorder (FASD) National Symposium</li> <li>Addictions services</li> <li>Financial distributions</li> <li>Expert opinions</li> </ul>



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# GRI Content Index – Core

(non-core indicators and non-material topics are hidden)

GRI Standard	Disclosure	Liquor & Lotteries Response
GRI 101: Foundation		
General Disclosures		
GRI 102: General Disclosures	Organizational profile	
	102-1 Name of the organization	Manitoba Liquor and Lotteries Corporation
	102-2 Activities, brands, products, and services	About Us, p. 3
	102-3 Location of headquarters	Contact Us, p. 58
	102-4 Location of operations	About Us, p. 3
	102-5 Ownership and legal form	About Us, p. 3
	102-6 Markets served	About Us, p. 3
	102-7 Scale of the organization	About Us, p. 3
	102-8 Information on employees and other workers	Being a Great Place to Work, p. 33
	102-9 Supply chain	Being Good Business Partners, p. 25
	102-10 Significant changes to the organization and its supply chain	New Regulation on Cannabis, p. 5
	102-11 Precautionary Principle or approach	Operating Responsibly, p. 9 Liquor & Lotteries' requirements under the provincial <a href="#">Sustainable Development Act</a> are based upon the precautionary principle.
	102-12 External initiatives	Awards, Accreditations and Memberships, p. 8 Key Policies, Programs and Procedures, p. 10
102-13 Membership of associations	Awards, Accreditations and Memberships, p. 8	

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GRI Standard	Disclosure	Liquor & Lotteries Response
GRI 101: Foundation		
General Disclosures		
GRI 102: General Disclosures	<b>Strategy</b>	
	102-14 Statement from senior decision-maker	Leadership Q&A, p. 4
	<b>Ethics and integrity</b>	
	102-16 Values, principles, standards, and norms of behaviour	Operating Responsibly, p. 9 Key Policies, Programs and Procedures, p. 10
	<b>Governance</b>	
	102-18 Governance structure	Governance, p. 9 <a href="#">Structure and Governance</a>
	<b>Stakeholder engagement</b>	
	102-40 List of stakeholder groups	Engaging Stakeholders, p. 38
	102-41 Collective bargaining agreements	92% of Liquor & Lotteries' employees are unionized
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement and Materiality, p. 7
	102-43 Approach to stakeholder engagement	Engaging Stakeholders, p. 38
	102-44 Key topics and concerns raised	Engaging Stakeholders, p. 38
	<b>Reporting practice</b>	
	102-45 Entities included in the consolidated financial statements	Manitoba Liquor and Lotteries Corporation MLC Holdings Inc.
102-46 Defining report content and topic Boundaries	About This Report, p. 2	
102-47 List of material topics	Stakeholder Engagement and Materiality, p. 7	
102-48 Restatements of information	This is Liquor & Lotteries' first Corporate Responsibility Report.	

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GRI 101: Foundation		
General Disclosures		
GRI 102: General Disclosures	102-49 Changes in reporting	This is Liquor & Lotteries' first Corporate Responsibility Report.
	102-50 Reporting period	April 1, 2017 – March 31, 2018 is the reporting period for performance data.
	102-51 Date of most recent report	This is Liquor & Lotteries' first Corporate Responsibility Report.
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	<b>Contact Information, p. 58</b>
	102-54 Claims of reporting in accordance with the GRI Standards	<b>About This Report, p. 2</b>
	102-55 GRI content index	<b>GRI Content Index, p. 41</b>
102-56 External assurance	Liquor & Lotteries has elected not to have this report or its data assured externally and does not have policies relating to Corporate Responsibility report assurance.	

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Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach	103 – Management Approach	<p><b>Making Significant Economic Contributions, p. 11</b></p> <p><b>Making Significant Economic Contributions, p. 12</b></p>
	GRI 201: Economic Performance	<p>201-1 Direct economic value generated and distributed</p> <p>Revenue – \$1,418.8 million</p> <p>Operating costs – \$86.3 million</p> <p>Employee wages and benefits – \$168.2 million</p> <p>Wages and benefits paid to over 3,000 employees.</p> <p>Allocation to the Province of Manitoba – \$610.4 million</p> <p>For provincial programs and initiatives related to health care, education, social services, housing and infrastructure:</p> <p><a href="#">Liquor &amp; Lotteries 2017–2018 Annual Report</a></p>
	Public opinion	56% of Manitobans are aware of and value Liquor & Lotteries’ contributions to the Province of Manitoba.
	Revenues to the Manitoba hotel and restaurant industry	<p><b>Making Significant Economic Contributions, p. 12</b></p> <p>Manitoba hotel and restaurant industry – \$100.2 million</p> <p>VLT commissions and contributions and hotel beer vendor margins and handling fees</p>
	Revenues to First Nations VLT siteholders	<p><b>Making Significant Economic Contributions, p. 12</b></p> <p>First Nations – \$62.8 million</p> <p>VLT commissions and contributions</p>
	Revenues to lottery retailers	<p><b>Making Significant Economic Contributions, p. 12</b></p> <p>Lottery retailers – \$17.1 million</p> <p>Agreements with lottery retailers</p>
	Private liquor retailers	<p><b>Making Significant Economic Contributions, p. 12</b></p> <p>Private liquor retailers – \$18.1 million</p> <p>Agreements with private liquor retailers and specialty wine stores</p>
	Players’ winnings	<p><b>Making Significant Economic Contributions, p. 12</b></p> <p>\$121.2 million to lottery ticket players</p> <p>\$4.7 billion to VLT players</p> <p>\$2.3 billion to casino electronic gaming players</p>

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GRI 200 Economic Standard Series		
Indirect Economic Impacts		
GRI 103: Management Approach	103 Management Approach	<p><b>Making Significant Economic Contributions, p. 11</b></p> <p><b>Making Significant Economic Contributions, p. 12</b></p> <p><b>Strengthening Local Communities, p. 15</b></p> <p><b>How We Support Communities, p. 16</b></p>
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	<p>Community programs – \$7.1 million</p> <p>Of which:</p> <p>\$3.2 million went to community sponsorships</p> <p>\$3.9 million went to Bingo Volunteer Program funding</p> <p>275 community, non-profit and charitable organizations supported</p> <p>32 organizations received used asset donations</p> <p>\$117.4 thousand was donated by employees through annual charitable campaign</p> <p>301 employees*</p> <p>554 total volunteers (including family and friends)*</p> <p>8,063 total volunteer hours (including family and friends)*</p> <p>* Number of volunteers is based on 2017 calendar year.</p> <p>Funding support for social responsibility programs and addiction services (liquor and gambling) – \$12.0 million</p> <p>Funds support responsible gambling and responsible alcohol consumption programs, including research and treatment.</p>
	Public opinion	44% of Manitobans are aware of and value Liquor & Lotteries' contributions to communities.
Procurement Practices		
GRI 103: Management Approach	103 Management Approach	<p><b>Being Good Business Partners, p. 25</b></p> <p><b>Key Policies, Programs and Procedures, p. 10</b></p> <p>Website: <a href="#">Doing Business with Us</a></p>
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	<p>The Manitoba provincial government has made <a href="#">procurement commitments</a> under several trade agreements.</p> <p>These agreements ensure intraprovincial access to opportunities for suppliers. As a Crown corporation, we comply with the agreements and do not apply local supplier preferences in our procurements.</p> <p>For business reasons, our casino restaurants, a significant component of casino hospitality services, support a number of customer trends including offering local food. To ensure customer satisfaction, we request our contracted Food Supplier source at least 25% of food products (based on total food spend) as local, using the "<a href="#">Buy Manitoba</a>" definition of local as the criteria.</p> <p>In the 2017 calendar year, the casino restaurants purchased \$3.4 million worth of food from suppliers of which approximately 27% was sourced locally.</p>

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Material Topics																										
GRI 300 Environmental Standards Series																										
	Energy																									
GRI 103: Management Approach	103 Management Approach	<b>Reducing our Environmental Footprint, pp. 29–32</b>																								
GRI 302: Energy	302-1 Energy consumption within the organization	<p>Total consumption for 2017 calendar year:</p> <p><b>Building-related consumption:</b></p> <table> <tr><td>Natural gas:</td><td>59,770 GJ</td></tr> <tr><td>Propane:</td><td>247 GJ</td></tr> <tr><td>Electricity:</td><td>153,910 GJ</td></tr> <tr><td>Diesel for generators:</td><td>521 GJ (13,461 L)</td></tr> <tr><td>Maintenance equipment gas:</td><td>84 GJ (2,427 L)</td></tr> <tr><td>Maintenance equipment diesel:</td><td>175 GJ (4,535 L)</td></tr> <tr><td><b>Total for buildings:</b></td><td><b>214,707 GJ</b></td></tr> </table> <p><b>Fleet vehicle fuel consumption:</b></p> <table> <tr><td>Gasoline:</td><td>10,988 GJ (317,027 L)</td></tr> <tr><td>Diesel:</td><td>531 GJ (13,733 L)</td></tr> <tr><td>Ethanol:</td><td>695 GJ (29,450 L)</td></tr> <tr><td><b>Total for fleet:</b></td><td><b>12,214 GJ</b></td></tr> <tr><td><b>Total (building + fleet):</b></td><td><b>226,921 GJ</b></td></tr> </table> <ul style="list-style-type: none"> <li>• Diesel for back-up generators and maintenance equipment fuel data is obtained from fuel consumption invoices.</li> <li>• Fleet fuel consumption data is collected through GEOTAB, a fleet telematics system.</li> <li>• Building-related heating and cooling data is generated through ENERGY STAR® Portfolio Manager.</li> <li>• Gasoline, diesel and ethanol related fuel consumption is converted to GJ using the Government of Canada, National Energy Board online Energy Conversion Tables.</li> </ul> <p>Note: 302-1 does not include fuel consumption associated with liquor distribution from the Distribution Centre to Liquor Marts. Contracted services emissions data related to this service is included in the greenhouse gas inventory.</p>	Natural gas:	59,770 GJ	Propane:	247 GJ	Electricity:	153,910 GJ	Diesel for generators:	521 GJ (13,461 L)	Maintenance equipment gas:	84 GJ (2,427 L)	Maintenance equipment diesel:	175 GJ (4,535 L)	<b>Total for buildings:</b>	<b>214,707 GJ</b>	Gasoline:	10,988 GJ (317,027 L)	Diesel:	531 GJ (13,733 L)	Ethanol:	695 GJ (29,450 L)	<b>Total for fleet:</b>	<b>12,214 GJ</b>	<b>Total (building + fleet):</b>	<b>226,921 GJ</b>
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<b>GRI 302: Energy</b>	302-4 Reduction of energy consumption	<p>Liquor &amp; Lotteries measures reductions in energy consumption using intensity-based targets for building-related heating, cooling and operations, and absolute targets for fleet fuel consumption.</p> <p><b>Buildings:</b> Energy intensity targets benchmarked using ENERGY STAR® Portfolio Manager (all figures in GJ/m<sup>2</sup> (weather-normalized)). Building-related energy consumption includes electricity, natural gas and propane usage.</p> <table border="1"> <thead> <tr> <th></th> <th>2010 (base year)* GJ/m<sup>2</sup></th> <th>2017 GJ/m<sup>2</sup></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Casinos</b></td> </tr> <tr> <td>Club Regent</td> <td>7.80</td> <td>6.15</td> </tr> <tr> <td>McPhillips Station</td> <td>7.99</td> <td>6.74</td> </tr> <tr> <td colspan="3"><b>Corporate Office w/ Warehouses</b></td> </tr> <tr> <td>1555 Buffalo Place</td> <td>1.51</td> <td>1.57</td> </tr> <tr> <td>Central Services</td> <td>1.88</td> <td>1.83</td> </tr> <tr> <td>VLD Brandon</td> <td>1.60</td> <td>1.38</td> </tr> <tr> <td>VLD Morris Wagon Trail</td> <td>1.65</td> <td>1.33</td> </tr> <tr> <td colspan="3"><b>Corporate Offices</b></td> </tr> <tr> <td>Empress</td> <td>4.25</td> <td>3.63</td> </tr> <tr> <td>Milt Stegall</td> <td>2.62</td> <td>1.89</td> </tr> <tr> <td>St. James</td> <td>2.30</td> <td>2.21</td> </tr> <tr> <td>VLD Morris Main St</td> <td>4.02</td> <td>2.47</td> </tr> <tr> <td><b>Liquor Marts – Average</b></td> <td>2.07 (38 LMs)</td> <td>1.96 (51 LMs)</td> </tr> </tbody> </table> <p>Liquor &amp; Lotteries continues to improve the efficiency of buildings through renovations, preventive maintenance, equipment upgrades and optimization (e.g., adding sensors/controls) and energy-use monitoring. Conservation and efficiency initiatives are budgeted and implemented by Property Services and recorded by Sustainable Development.</p> <p>* Calendar 2010 was selected as the base year due to completeness of data for all buildings.</p> <p><b>Fleet Vehicles:</b> Fleet vehicle fuel consumption derived from GEOTAB, a fleet telematics system. All figures presented in litres.</p> <table border="1"> <thead> <tr> <th></th> <th>2015 (base year)* Litres</th> <th>2017 Litres</th> </tr> </thead> <tbody> <tr> <td>Gasoline</td> <td>333,106</td> <td>317,027</td> </tr> <tr> <td>Diesel</td> <td>10,194</td> <td>13,733</td> </tr> <tr> <td>Ethanol</td> <td>30,944</td> <td>29,450</td> </tr> <tr> <td>Total</td> <td>374,244</td> <td>360,210</td> </tr> </tbody> </table> <p>Reductions in fuel consumption were attributed to changes in driver habits. Drivers focused on reducing vehicle idling time. GEOTAB metrics showed a 50% reduction in idling time from 2015.</p> <p>* Calendar 2015 was selected as the base year. Installation of telematics in fleet vehicles in 2015 allowed accurate tracking and monitoring of consumption.</p>			2010 (base year)* GJ/m <sup>2</sup>	2017 GJ/m <sup>2</sup>	<b>Casinos</b>			Club Regent	7.80	6.15	McPhillips Station	7.99	6.74	<b>Corporate Office w/ Warehouses</b>			1555 Buffalo Place	1.51	1.57	Central Services	1.88	1.83	VLD Brandon	1.60	1.38	VLD Morris Wagon Trail	1.65	1.33	<b>Corporate Offices</b>			Empress	4.25	3.63	Milt Stegall	2.62	1.89	St. James	2.30	2.21	VLD Morris Main St	4.02	2.47	<b>Liquor Marts – Average</b>	2.07 (38 LMs)	1.96 (51 LMs)		2015 (base year)* Litres	2017 Litres	Gasoline	333,106	317,027	Diesel	10,194	13,733	Ethanol	30,944	29,450	Total	374,244	360,210
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<b>GRI 300 Environmental Standards Series</b>																										
	Meeting Manitoba Government Green Building Policy objectives	In accordance with the Manitoba Green Building Policy we are constructing a 600m <sup>2</sup> Liquor Mart in Thompson which will meet LEED Silver standards.																								
<b>Emissions</b>																										
GRI 103: Management Approach	103 Management Approach	<b>Reducing our Environmental Footprint, pp. 29–32</b>																								
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	<p>Scope 1 emissions are calculated on an annual basis (calendar year). The base year for emissions is 2012. Base year 2012 was selected to reflect completeness of data for the merged organization. The selected approach for consolidating GHG emissions by Liquor &amp; Lotteries is operational control. Gases included in the CO<sub>2</sub>equivalent (CO<sub>2</sub>e) are CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub> and HFCs.</p> <table border="1"> <thead> <tr> <th>Scope 1 – Direct Emissions</th> <th>Metric tons CO<sub>2</sub>e 2012 base year</th> <th>Metric tons CO<sub>2</sub>e 2017</th> </tr> </thead> <tbody> <tr> <td>Stationary combustion – Natural gas</td> <td>3,144.84</td> <td>2,927.90</td> </tr> <tr> <td>Stationary combustion – Propane</td> <td>14.10</td> <td>38.30</td> </tr> <tr> <td>Stationary combustion – Diesel for back-up generators</td> <td>31.01</td> <td>37.15</td> </tr> <tr> <td>Stationary combustion – Maintenance fuel</td> <td>26.44</td> <td>20.17</td> </tr> <tr> <td>Mobile combustion – Fleet</td> <td>1,059.33</td> <td>957.12</td> </tr> <tr> <td>Fugitive emissions – Refrigerants</td> <td>36.24</td> <td>70.37</td> </tr> <tr> <td><b>Total Scope 1</b></td> <td><b>4,311.96</b></td> <td><b>4,051.01</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Methodologies – Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.</li> <li>• Emission factors for natural gas and propane sourced from ENERGY STAR® Portfolio Manager/Natural Resources Canada.</li> <li>• Fleet fuel emission factors are based on the GLEC Framework for Logistics Emissions. Diesel and maintenance equipment fuel emission factors are based on the Climate Registry Default Emission Factors Table for transport fuels – March 2017.</li> <li>• Global Warming Potentials for refrigerants are obtained from the Greenhouse Gas Protocol GWP Values sheet – AR5 column and manufacturer spec sheets.</li> </ul>	Scope 1 – Direct Emissions	Metric tons CO <sub>2</sub> e 2012 base year	Metric tons CO <sub>2</sub> e 2017	Stationary combustion – Natural gas	3,144.84	2,927.90	Stationary combustion – Propane	14.10	38.30	Stationary combustion – Diesel for back-up generators	31.01	37.15	Stationary combustion – Maintenance fuel	26.44	20.17	Mobile combustion – Fleet	1,059.33	957.12	Fugitive emissions – Refrigerants	36.24	70.37	<b>Total Scope 1</b>	<b>4,311.96</b>	<b>4,051.01</b>
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	305-2 Energy indirect (Scope 2) GHG emissions	<p>Scope 2 emissions are calculated on an annual basis (calendar year). The base year for emissions is 2012. Base year 2012 was selected to reflect completeness of data for the merged organization. The selected approach for consolidating GHG emissions by Liquor &amp; Lotteries is operational control. Gases included in the CO<sub>2</sub>equivalent (CO<sub>2</sub>e) are CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub>.</p> <table border="1"> <thead> <tr> <th>Scope 2 – Indirect Emission</th> <th>Metric tons CO<sub>2</sub>e 2012 base year</th> <th>Metric tons CO<sub>2</sub>e 2017</th> </tr> </thead> <tbody> <tr> <td>Electricity use</td> <td>148.17</td> <td>149.89</td> </tr> <tr> <td><b>Total Scope 2</b></td> <td><b>148.17</b></td> <td><b>149.89</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Methodologies – Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.</li> <li>• Emission factors for electricity sourced from ENERGY STAR® Portfolio Manager/Natural Resources Canada.</li> <li>• Base year recalculation was conducted for Scope 2 in 2016 due to changes in electricity emission factors for Manitoba Hydro electricity.</li> </ul>	Scope 2 – Indirect Emission	Metric tons CO <sub>2</sub> e 2012 base year	Metric tons CO <sub>2</sub> e 2017	Electricity use	148.17	149.89	<b>Total Scope 2</b>	<b>148.17</b>	<b>149.89</b>															
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GRI Standard	Disclosure	Liquor & Lotteries Response																					
Material Topics																							
GRI 300 Environmental Standards Series																							
GRI 305: Emissions	305-3 Other indirect (Scope 3) GHG emissions	<p>Scope 3 emissions are calculated on an annual basis (calendar year). The base year for emissions is 2012. Base year 2012 was selected to reflect completeness of data for the merged organization. The selected approach for consolidating GHG emissions by Liquor &amp; Lotteries is operational control. Through operational control, Liquor &amp; Lotteries has an opportunity to manage or influence the GHG emissions associated with the selected Scope 3 Categories noted below.</p> <p><b>Scope 3 – Upstream and Downstream Emissions</b></p> <table border="1"> <thead> <tr> <th></th> <th>Metric tons CO<sub>2</sub>e 2012 base year</th> <th>Metric tons CO<sub>2</sub>e 2017</th> </tr> </thead> <tbody> <tr> <td>Cat. 1 – Purchasing goods &amp; services (paper products)</td> <td>2,290.20</td> <td>3,261.56</td> </tr> <tr> <td>Cat. 5 – Waste generated in operations (landfilled waste from buildings)</td> <td>1,781.00</td> <td>240.54</td> </tr> <tr> <td>Cat. 6 – Business travel (employee vehicle and air travel)</td> <td>292.05</td> <td>123.39</td> </tr> <tr> <td>Cat. 9 – Transportation &amp; distribution of liquor from Distribution Centre (DC) to Liquor Marts</td> <td>862.68</td> <td>1,166.21</td> </tr> <tr> <td>Cat. 12 – End-of-life treatment of sold products (paper products landfilled)</td> <td>91.00</td> <td>127.00</td> </tr> <tr> <td><b>Total Scope 3</b></td> <td><b>5,316.93</b></td> <td><b>4,918.70</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Methodologies and guidance for calculating Scope 3 emissions are based on <a href="#">WRI's Technical Guidance for Scope 3 Emissions</a>.</li> </ul> <p><b>Emission Factors</b></p> <ul style="list-style-type: none"> <li>The Environmental Paper Network's paper calculator was used to calculate emissions associated with purchasing paper products. Solid waste emissions were calculated using the EPA WARM model v14, March 2016 (solid waste emissions not available using Environment Canada's GHG Emissions Calculator). Brady Road Landfill upgraded to include a methane collection system for flaring in 2014. Therefore, Landfill Gas Recovery with Flare is selected through the model for current inventory year.</li> <li>Air travel emissions calculated using the ICAO calculator include assumed stopovers for that flight (when direct flights are not available). Emissions calculated are based on one passenger. Assume all flights are round trip.</li> <li>Fuel consumption was divided based on Statistics Canada's <a href="#">2009 Canadian Vehicle survey</a>.</li> <li>Calculating GHG emissions for freight forwarding and logistics services in accordance with <a href="#">EN 16258</a>.</li> <li>GLEC <a href="#">Framework for Logistics Emissions Methodologies</a>.</li> </ul> <p>Note: All liquor distribution trucks are assumed to use diesel fuel only and therefore will use the CO<sub>2</sub>e WTW emission factor for diesel/biodiesel. Downstream transportation mission – trucks for rural Liquor Marts are assumed to have a 30/70 ratio for city and highway driving. Delivery schedules are based on the Liquor &amp; Lotteries master schedule provided by Liquor &amp; Lotteries Replenishment and Logistics.</p>		Metric tons CO <sub>2</sub> e 2012 base year	Metric tons CO <sub>2</sub> e 2017	Cat. 1 – Purchasing goods & services (paper products)	2,290.20	3,261.56	Cat. 5 – Waste generated in operations (landfilled waste from buildings)	1,781.00	240.54	Cat. 6 – Business travel (employee vehicle and air travel)	292.05	123.39	Cat. 9 – Transportation & distribution of liquor from Distribution Centre (DC) to Liquor Marts	862.68	1,166.21	Cat. 12 – End-of-life treatment of sold products (paper products landfilled)	91.00	127.00	<b>Total Scope 3</b>	<b>5,316.93</b>	<b>4,918.70</b>
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Material Topics								
GRI 300 Environmental Standards Series								
GRI 305: Emissions	305-4 GHG emissions intensity	<b>CO<sub>2</sub>e/\$ Revenue</b>						
			<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
		Total greenhouse gas emissions (Scope 1 + Scope 2 + Scope 3) (g)	9,770,967,044	9,774,617,124	9,198,157,095	9,319,119,667	8,656,687,461	9,105,033,469
		Revenue adjusted for inflation (base year 2012 = 100%)	\$1,227,546,000	\$1,204,050,881	\$1,216,783,862	\$1,248,822,412	\$1,261,166,823	\$1,306,611,624
		<b>g CO<sub>2</sub>e/\$</b>	<b>7.96</b>	<b>8.12</b>	<b>7.56</b>	<b>7.46</b>	<b>6.86</b>	<b>6.97</b>
		<p>Note: Adjusted for inflation using Statistics Canada, <a href="#">Consumer Price Index</a>, by province (Manitoba) base year 2012.</p> <ul style="list-style-type: none"> <li>• GHG emissions intensity ratio for the organization: grams/dollar revenue generated</li> <li>• Organization-specific metric (the denominator) chosen to calculate the ratio: revenue generated</li> <li>• Types of GHG emissions included in the intensity ratio: all Scope 1, 2 and 3 emissions</li> <li>• Gases included in the calculation: CO<sub>2</sub>e</li> </ul>						
	305-5 Reduction of GHG emissions	<p>Since base year 2012, the following reductions have occurred:</p> <p>Scope 1 261 metric tons</p> <p>Scope 2 No change</p> <p>Scope 3 398 metric tons</p>						



GRI Standard	Disclosure	Liquor & Lotteries Response																																				
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GRI 300 Environmental Standards Series																																						
	Effluents and Waste																																					
GRI 103: Management Approach	103 Management Approach	<b>Reducing our Environmental Footprint, pp. 29–32</b>																																				
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	<p>Liquor &amp; Lotteries has a number of waste minimization and collection programs at the Casinos, Liquor Marts, Corporate Office and Warehouse locations. In addition to the mixed recycling programs in the office areas, we have specific collection programs to manage the materials generated through liquor distribution, sales and casino operations. The table below provides the weight of both the hazardous and non-hazardous materials of significance generated from liquor and gaming operations.</p> <table border="0"> <tr> <td><b>DC unsellable liquor recycling program</b></td> <td style="text-align: right;"><b>2017 calendar year</b></td> </tr> <tr> <td>Unsellable liquor</td> <td style="text-align: right;">131,563 litres*</td> </tr> <tr> <td>Glass (associated with unsellable liquor)</td> <td style="text-align: right;">5.2 metric tons</td> </tr> <tr> <td>Aluminum cans (associated with unsellable liquor)</td> <td style="text-align: right;">948 kg</td> </tr> </table> <p>* 10,525 litres of ethanol was produced of which 6,315 litres was used to make windshield wiper fluid. All ethanol production effluent is processed through a wastewater treatment system.</p> <table border="0"> <tr> <td></td> <td style="text-align: right;"><b>2017 calendar year</b></td> </tr> <tr> <td></td> <td style="text-align: right;"><b>annual weight</b></td> </tr> <tr> <td></td> <td style="text-align: right;"><b>(metric tons)</b></td> </tr> <tr> <td><b>Single stream collection programs</b></td> <td></td> </tr> <tr> <td>Cardboard (restaurant supplies and liquor distribution/sales)</td> <td style="text-align: right;">639</td> </tr> <tr> <td>Electronics</td> <td style="text-align: right;">13.3</td> </tr> <tr> <td>Lightbulbs</td> <td style="text-align: right;">1.7</td> </tr> <tr> <td>Scrap metals</td> <td style="text-align: right;">28.8</td> </tr> <tr> <td>Building construction materials (concrete)</td> <td style="text-align: right;">64.8</td> </tr> <tr> <td>Building construction materials (steel)</td> <td style="text-align: right;">85.6</td> </tr> <tr> <td><b>Composting program</b></td> <td></td> </tr> <tr> <td>Organics collection for casino restaurants and corporate offices</td> <td style="text-align: right;">169</td> </tr> <tr> <td><b>Landfill</b></td> <td></td> </tr> <tr> <td>Non-diverted materials</td> <td style="text-align: right;">560</td> </tr> </table> <ul style="list-style-type: none"> <li>• No other disposal methods such as reuse, energy recovery, deep well injection, or incineration are applicable to our operations.</li> <li>• Lightbulb weights were estimated using the Table of Volume to Weight Conversion of Recyclable Materials, California Integrated Waste Management Board, 2007.</li> <li>• Liquor &amp; Lotteries also has established collection and recycling programs to capture all depleted batteries, spent cooking oil, pens and cigarette butts. No weight metrics are available for these programs. We also have an asset and item disposal program to manage surplus and end-of-life items such as furniture.</li> </ul>	<b>DC unsellable liquor recycling program</b>	<b>2017 calendar year</b>	Unsellable liquor	131,563 litres*	Glass (associated with unsellable liquor)	5.2 metric tons	Aluminum cans (associated with unsellable liquor)	948 kg		<b>2017 calendar year</b>		<b>annual weight</b>		<b>(metric tons)</b>	<b>Single stream collection programs</b>		Cardboard (restaurant supplies and liquor distribution/sales)	639	Electronics	13.3	Lightbulbs	1.7	Scrap metals	28.8	Building construction materials (concrete)	64.8	Building construction materials (steel)	85.6	<b>Composting program</b>		Organics collection for casino restaurants and corporate offices	169	<b>Landfill</b>		Non-diverted materials	560
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GRI 300 Environmental Standards Series		
Environmental Compliance		
GRI 103: Management Approach	103 Management Approach	<b>Reducing our Environmental Footprint, pp. 29–32</b> <b>Key Policies, Programs and Procedures, p. 10</b>
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Management is expected to be compliant with the laws and regulations applicable to their areas of responsibility. An annual compliance assessment is performed by management. There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations during the 2017/18 year.
Supplier Environmental Assessment		
GRI 103: Management Approach	103 Management Approach	<b>Being Good Business Partners, p. 25</b>
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Liquor & Lotteries purchases a significant quantity and a wide variety of goods and services in order to operate. A number of the goods and services that are required are produced within complex supply chains that could present environmental and human rights risks. As part of the competitive procurement process, Liquor & Lotteries sets out the ethical performance expectations to all potential suppliers involved in the competition process within a <a href="#">Supplier Code of Conduct</a> . Suppliers offering uniforms and clothing must also meet specific responsible manufacturing for clothing requirements. Liquor & Lotteries also places into bid documents specific requirements that contribute significantly to Sustainable Development. Below is a list of areas that have mandatory requirements: Casino food purchasing (prepared and sold to customers in restaurants); beverage – coffee; beverage – retail liquor options; electronic and lightbulb recycling; cleaning products; organic collection; ban single-use plastic items; flooring, furniture, paints, adhesives; forestry products; clothing/uniforms; computers, laptops and multifunction devices; promotional items.
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach	103 Management Approach	<b>Being a Great Place to Work, pp. 33 and 34</b>
GRI 401: Employment	401-1 New employee hires and employee turnover	A merger of two employee data management systems occurred in the 2017/18 year. As a result, Liquor & Lotteries is not able to report on this standard. This will be included for 2018/19.

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GRI 400 Social Standards Series		
Occupational Health and Safety		
GRI 103: Management Approach	103 Management Approach	Being a Great Place to Work, pp. 33 and 34
GRI 403: Occupational Health and Safety	403-1 Workers' representation in formal joint management-worker health and safety committees	<p>Liquor &amp; Lotteries has eight joint Workplace Safety and Health Committees with representation from the applicable bargaining units. The committees aid Liquor &amp; Lotteries in the prevention and reduction of injuries to employees and customers. They assist in identifying hazards, recommend and monitor safety and health programming initiatives, while conducting inspections and investigations into incidents within our properties as required. They meet quarterly to discuss progress made on these initiatives. As such, members have a heightened awareness of safety, health, and site-specific presences.</p> <p>An employee co-chair is selected by the employee members on the committee, and management is assigned by the site locations for proactive participation in safety and health matters.</p> <p>Additionally, Liquor Mart's workplace safety and health representatives conduct these duties within the storefront.</p>
Training and Education		
GRI 103: Management Approach	103 Management Approach	Being a Great Place to Work, pp. 33 and 34
GRI 404: Training and Education	404-1 Average hours of training per year per employee	<p>Total employees – 3,222</p> <p>Total hours of training for all employees: 51,789 hours</p> <p><b>By gender:</b>                      Female: 25,486 hours                      Male: 26,303 hours</p>
Diversity and Equal Opportunity		
GRI 103: Management Approach	103 Management Approach	Being a Great Place to Work, pp. 33 and 34

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GRI Standard	Disclosure	Liquor & Lotteries Response			
Material Topics					
GRI 400 Social Standards Series					
GRI 405: Diversity and Equal Opportunity	405-1 Diversity	Employees – 3,222 total			
		<b>Gender</b>	<b>Women</b>	<b>Men</b>	
			1,640	1,582	
		%	50.9%	49.1%	
		<b>Age</b>	<b>&lt;30</b>	<b>30–50</b>	<b>&gt;50</b>
			673	1,595	954
	%	20.9%	49.5%	29.6%	
	<b>Employment Equity Categories</b>	<b>Visible Minority</b>	<b>Indigenous</b>	<b>Persons with Disabilities</b>	
		966	297	117	
	%	30.0%	9.2%	3.6%	
Local Communities					
GRI 103: Management Approach 2016	103 Management Approach	<b>Making Significant Economic Contributions, p. 11</b> <b>Making Significant Economic Contributions, p. 12</b> <b>Strengthening Local Communities, p. 15</b> <b>How We Support Communities, p. 16</b>			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	<a href="#">203-2 Significant Indirect Economic Impacts</a>			
	413-2 Operations with significant actual and potential negative impacts on local communities	Alcohol and gambling can impact society so it is important to have programs in place to mitigate any potential negative impacts on customers and communities. <i>DrinkSense</i> , <i>GameSense</i> , community engagement and contributions, employee engagement in the community and environmental initiatives all contribute to customer and community well-being.			
		<b>Focusing on Customer Well-Being, p. 19</b>			

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Material Topics		
GRI 400 Social Standards Series		
	Customer Health and Safety	
GRI 103: Management Approach	103 Management Approach	<b>Focusing on Customer Well-being, p. 19</b>
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	<p><b>Gaming Integrity</b></p> <p><b>Electronic Gaming:</b> LGA requires electronic gaming devices and progressive and/or community bonusing configurations to be tested and certified by an independent laboratory and to meet technical standards. Liquor &amp; Lotteries must verify all critical files as indicated in the independent laboratory certification prior to being offered for play. Successful test results must be provided to LGA within five business days of the testing. 100% of casino and VLT games are independently certified. 100% of casino and VLT games are approved by LGA.</p> <p><b>Lottery:</b> Western Canada Lottery Corporation (WCLC) develops, tests, and audits (internal and external) lottery games (Draw-Based, Scratch 'n Win, and Sports products) to ensure the technical/game integrity for all products.</p> <p><b>PlayNow:</b> All games managed by PlayNow.com meet LGA requirements, as well as British Columbia Gaming Policy Enforcement Branch (GPEB) requirements. These games are certified by an independent laboratory and meet strict technical standards.</p> <p><b>Liquor Quality:</b> The Canadian Food Inspection Agency (CFIA) legislation requires producers to be responsible for the safety of all consumables, compliant with labelling guidelines and the effective recall of non-compliant items. Tamper-proof seals are used during transport and Liquor &amp; Lotteries is notified when there is an issue:</p> <ul style="list-style-type: none"> <li>• There is an inspection of product from affected loads to ensure product has not been tampered with or damaged.</li> <li>• The carrier is responsible for the investigation.</li> </ul> <p>The Purchase Order Terms and Conditions outline several points related to safety of products:</p> <ul style="list-style-type: none"> <li>• Labelling must be CFIA compliant.</li> <li>• Product must be compliant with Health Canada and the Food and Drug Act and Regulations.</li> <li>• The producer/supplier warrants and certifies that the beverage alcohol does not contain any contaminants, chemical or otherwise, or foreign materials which render the product unacceptable by Canadian standards.</li> </ul> <p>Liquor &amp; Lotteries has a comprehensive Quality Control program in place.</p> <ul style="list-style-type: none"> <li>• When quality concerns arise Liquor &amp; Lotteries will work with the supplier and local agent to take corrective action.</li> <li>• When safety concerns arise Liquor &amp; Lotteries will work with Health Canada, the supplier, and local agent to take corrective action.</li> </ul> <p>Liquor &amp; Lotteries uses third-party product testing on an ad hoc basis. Liquor &amp; Lotteries performs visual inspections at receipt for nonconformities. Liquor &amp; Lotteries participates in industry training and conferences related to quality assurance and quality control.</p>

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GRI 400 Social Standards Series		
GRI 416: Customer Health and Safety	Customer Behaviours	63% of Manitoba gamblers can identify (unaided) at least one valid strategy for gambling responsibly. 82% of Manitoba alcohol consumers can identify (unaided) at least one strategy they use to reduce alcohol-related risks.
	Identification Checks and Intoxication (Casino and Liquor Mart)	<b>Casinos</b> 169,528 casino ID checks 2,671 persons refused due to improper or no identification 289 minors refused entrance 466 persons showing signs of intoxication refused entrance  <b>Liquor Mart</b> 825,720 Liquor Mart ID checks 15,563 persons refused due to improper or no identification 97% compliant in asking for ID through Mystery Shops 18,690 persons showing signs of intoxication refused service 13 unsuccessful liquor home deliveries due to improper or no identification, and intoxication
	Lottery Retailer Mystery Shop Results	<b>Lottery Retailer Mystery Shop Results</b> 90% compliant in verifying customer age 93% compliant in following procedure for validating winning tickets
	GameSense Info Centre Visitation	<b>GameSense Info Centre Visitation</b> 1,372 information visits 1,702 basic interactions 220 support option interactions 217 staff visits 3,964 special event attendees
	GameSense and DrinkSense Awareness	22% of Manitoba gamblers are aware of the GameSense brand (aided). 27% of Manitoba alcohol consumers are aware of the DrinkSense brand (aided).
	Customer Satisfaction	94% of Liquor Mart customers are satisfied with their overall experience. 83% of Casinos of Winnipeg customers are satisfied with the casino. 37% of VLT customers are satisfied with the VLTs they played.



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GRI 400 Social Standards Series		
Marketing and Labeling		
GRI 103: Management Approach	103 Management Approach	<b>Focusing on Customer Well-being, p. 19</b>
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	All Liquor & Lotteries' points of sale have <i>GameSense</i> or <i>DrinkSense</i> information. All product advertising has social responsibility message <b>18+</b> ENJOY RESPONSIBLY on products, as required by LGA.
Customer Privacy		
GRI 103: Management Approach	103 Management Approach	<b>Key Policies, Programs and Procedures, p. 10</b>
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero complaints concerning breaches of customer privacy. Notice from Ombudsman Office regarding one employee's challenge of data breach – ruling in Liquor & Lotteries' favour (no data breach). Zero identified leaks, thefts or losses of customer data.
Socioeconomic Compliance		
GRI 103: Management Approach	103 Management Approach	<b>Key Policies, Programs and Procedures, p. 10</b>
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Management is expected to be compliant with the laws and regulations applicable to their areas of responsibility. An annual compliance assessment is performed by management. There were no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area during the 2017/18 year.

# 2017/18 Corporate Responsibility Report

We welcome your feedback on our Corporate Responsibility Report.

## Manitoba Liquor & Lotteries

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This report will be available in alternate formats.

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