

OPERATING AGREEMENT made this 2nd day of March, 2026

Between

The Government of Ontario

And

The Government of Nova Scotia

(in this Operating Agreement, individually a “Party” and collectively the “Parties”)

1.0 Interpretation

1.1 Definitions

1.1.1 In this Operating Agreement, unless otherwise provided:

“Agreement” means this Operating Agreement, and includes any amendments to this Agreement.

“Beverage Alcohol” means a beverage that meets the definitions of liquor in the *Liquor Licence and Control Act, 2019* and the *Liquor Control Act*.

“Consumer” means a person who purchases Beverage Alcohol for personal use and not for resale or commercial use.

“Liquor Control Act” means Nova Scotia’s *Liquor Control Act*, RSNS 1989, c 260, as amended, and any successor statutes.

“LCBO” means the Liquor Control Board of Ontario.

“Liquor Licence and Control Act, 2019” means Ontario’s *Liquor Licence and Control Act, 2019*, SO 2019, c 15, Sched 22, as amended, and any successor statutes.

“NSLC” means the Nova Scotia Liquor Corporation.

“Nova Scotia Producer” means a holder of a manufacturer’s permit issued under the *Liquor Control Act*.

“Ontario Producer” means a holder of a manufacturer’s licence to sell issued under the *Liquor Licence and Control Act, 2019*.

“Producer” means an Ontario Producer and a Nova Scotia Producer.

2.0 Scope

2.1. This Agreement applies to the sale of Beverage Alcohol by,

- a) a Nova Scotia Producer to a Consumer in Ontario for personal use, if the Beverage Alcohol was manufactured in Nova Scotia, and
- b) an Ontario Producer to a Consumer in Nova Scotia for personal use, if the Beverage Alcohol was manufactured in Ontario.

2.2 A Nova Scotia Producer can only sell Beverage Alcohol to an Ontario Consumer pursuant to this Agreement if they are permitted to sell that Beverage Alcohol in Nova Scotia under a manufacturer's permit issued under the *Liquor Control Act*.

2.3 An Ontario Producer can only sell Beverage Alcohol to a Nova Scotia Consumer pursuant to this Agreement if their manufacturer's licence to sell issued under the *Liquor Licence and Control Act, 2019* would permit them to sell that Beverage Alcohol in Ontario.

3.0 Purpose

3.1 The purpose of this Agreement is to facilitate direct to consumer sales of Beverage Alcohol between Producers and Consumers in Parties' jurisdictions in furtherance of the commitments the Parties made in the Memorandum of Understanding Between: The Government of Ontario And The Government of Nova Scotia dated April 16, 2025.

4.0 Extent of Obligations

4.1 Each Party is responsible for compliance with this Agreement by:

- (a) its departments, ministries, and similar agencies of government;
- (b) its other governmental bodies and enterprises;
- (c) any monopoly, non-governmental body, or non-governmental enterprise, whenever exercising regulatory, administrative, or other governmental authority that the Party has delegated to it;
- (d) its monopolies and government enterprises undertaking commercial activities.

5.0 System

5.1 The NSLC will administer the sale of Beverage Alcohol from Ontario Producers to Nova Scotia Consumers.

5.2 In order to sell Beverage Alcohol to a Consumer in Nova Scotia, an Ontario Producer must be authorized by the NSLC in the manner and form established by the NSLC, as may be amended from time to time.

5.3 NSLC will promptly issue authorizations pursuant to section 5.2 to any Ontario Producer that agrees to the terms and conditions of the authorization. NSLC will grant an authorization as soon as reasonably possible after an Ontario Producer has provided all required information and agreed to the terms and conditions of the authorization, provided that Ontario, or the entity in Ontario responsible for issuing licences to Producers, provides NSLC with information required under section 7.3. NSLC will administer the authorizations in accordance with the terms and conditions including, but not limited to, providing reasonable notice to Ontario Producers who do not meet the terms and conditions, and administering any resulting consequences. NSLC authorizations will permit Ontario Producers to sell any products that meet the requirements in section 2.3 without requiring further approvals.

5.4 The LCBO will administer the sale of Beverage Alcohol from Nova Scotia Producers to Ontario Consumers.

5.5 In order to sell Beverage Alcohol to a Consumer in Ontario, a Nova Scotia Producer must be authorized by the LCBO, in the manner and form established by the LCBO, as may be amended from time to time.

5.6 LCBO will promptly issue authorizations pursuant to section 5.5 to any Nova Scotia Producer that agrees to the terms and conditions of the authorization. LCBO will grant an authorization as soon as reasonably possible after a Nova Scotia Producer has provided all required information and agreed to the terms and conditions of the authorization provided that Nova Scotia, or the entity in Nova Scotia responsible for issuing permits to Producers, provides LCBO with information required under section 7.3. LCBO will administer the authorizations in accordance with the terms and conditions including, but not limited to, providing reasonable notice to Nova Scotia Producers who do not meet the terms and conditions, and administering any resulting consequences. LCBO authorizations will permit Nova Scotia Producers to sell any products that meet the requirements in section 2.2 without requiring further approvals.

5.7 The Parties may establish mechanisms for the collection of revenue through mark-ups or charges.

5.8 Each Party agrees to conduct a review within two years of the effective date of this Agreement to evaluate the operation and effectiveness of the system established under this Agreement in facilitating interprovincial Beverage Alcohol sales. The review will consider recommendations for adjustment or improvement, including recommendations related to revenue collection and mark-ups, Producer participation, and consumer access. The Parties may agree to delay their reviews for an additional 12 months if they require more time to obtain relevant information.

5.9 The Parties agree that a Producer is responsible for collecting and remitting any applicable mark-ups and charges to the Province in which the Consumer is located or, in the case of Ontario, to the LCBO where appropriate and in the case of Nova Scotia to the NSLC where appropriate.

5.10 The Parties will take measures as necessary to permit sales of Beverage Alcohol into their Province in accordance with this Agreement.

5.11 This Agreement makes Nova Scotia a participating Province for the purpose of any direct-to-consumer regulatory framework established by Ontario.

5.12 This Agreement makes Ontario a reciprocating jurisdiction for the purpose of any direct-to-consumer regulatory framework established by Nova Scotia.

6.0 Alignment of Definitions

6.1 The Parties believe that a product that is liquor under the *Liquor Licence and Control Act, 2019* or is liquor under the *Liquor Control Act* will also fall within the definition of liquor in the other act.

6.2 In the event that a Party identifies a product that is liquor under *Liquor Licence and Control Act, 2019* but not under the *Liquor Control Act* – or is liquor under the *Liquor Control Act* but not under the *Liquor Licence and Control Act, 2019* – the Parties will consider the appropriate treatment of the product by way of issue resolution under section 11.

7.0 Data Collection and Sharing

7.1 A Party may establish a mechanism to require Producers to provide product and sales data regarding sales into that Party's jurisdiction.

7.2 Each Party agrees that any data reporting requirements imposed on Producers shall be limited to what is reasonably necessary for markup collection and regulatory compliance.

7.3 Each Party will publish or share on request, or direct the entity responsible for issuing licences or permits to Producers to publish or share on request, information that enables the other Party, and LCBO in the case of Ontario, and NSLC in the case of Nova Scotia, to verify a Producer's eligibility to participate in DTC sales.

8.0 Timelines

8.1 This Agreement comes into effect on the date of the last signature by a Party.

9.0 Addition of New Parties

9.1 Any party to the Canadian Free Trade Agreement that is willing to accept the terms of this Agreement may be added to this Agreement on such date as the Parties may agree.

10.0 Amendment

10.1 This Agreement may be amended through written consent of the Parties.

11.0 Issue Resolution

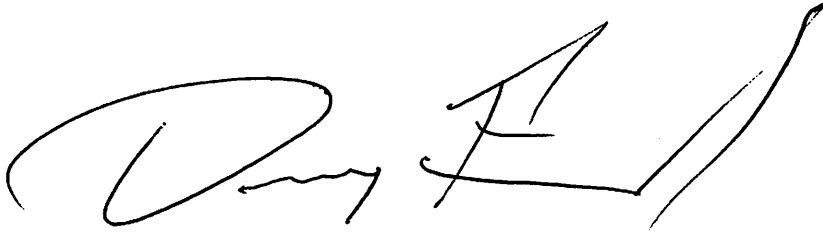
11.1 The Parties shall cooperate to resolve issues arising under this Agreement, including issues regarding the administration of direct-to-consumer sales of Beverage Alcohol by NSLC or the LCBO pursuant to this Agreement.

11.2 The Parties may establish a working group to support the implementation of this Agreement, including to address issues, recommend improvements as needed, and explore additional areas of collaboration to improve diversity of available products in the Parties' jurisdictions.

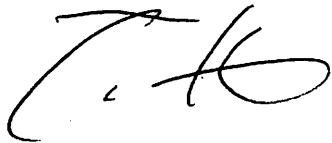
12.0 Termination of the Agreement

12.1 A Party may withdraw from this Agreement after giving 6 months' written notice to the other Party, or Parties, of its intent to do so. The withdrawing Party will endeavour to work cooperatively with the other Party, or Parties, to limit the impact of its withdrawal on Producers and Consumers.

This Agreement is executed this 2nd day of March, 2026

A handwritten signature in black ink, appearing to read 'Doug Ford', with a large, sweeping flourish at the end.

**GOVERNMENT OF ONTARIO, as represented by the Premier of Ontario,
Honourable Doug Ford**

A handwritten signature in black ink, appearing to read 'Tim Houston', with a large, sweeping flourish at the end.

**GOVERNMENT OF NOVA SCOTIA, as represented by the Premier of Nova Scotia and Minister of Trade,
Honourable Tim Houston**