

# LCBO

## **Grocery Operations**

### **Policies & Procedures Manual for Authorized Grocery Store Licensees\***

Version 2.1. August 2023

*\*Formerly Policies & Procedures Manual for Authorized Grocery Store Operators prior to November 29, 2021*

## Welcome!

As the wholesaler of record for all beverage alcohol products\* sold to licensed grocery stores\*\* in Ontario, we are committed to serving you as our valued customers and have implemented simple and clear procedures and practices to help you pursue new market opportunities for your business.

This manual is intended to be a resource only for those eligible grocery store licensees who have successfully been awarded Wholesale Supply Agreements with the LCBO (described therein as “Vendor”) and obtained permission from the Alcohol and Gaming Commission of Ontario (AGCO) to sell beverage alcohol products in their licensed retail stores.

It is designed to provide a basic understanding of the way in which the wholesale marketplace operates in Ontario between grocery store licensees, manufacturers of eligible products, the LCBO, and The Beer Store (TBS).

As a dedicated department inside the LCBO, Grocery Operations has prepared this manual to help you understand who to contact to help serve your needs and what to expect in terms of ordering and receiving beverage alcohol products for sale in your stores.

The LCBO, in collaboration with its supply and wholesale partners, will be continually streamlining and evolving its processes and systems. Detailed and up-to-date information on specific programs, deadlines and the use of various web-based systems can be found on our trade website for licensed grocers [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com).

The requirements in Ontario Regulation 746/21 (“the Regulation”) made under the Liquor Licence and Control Act, 2019 are set out in this manual for ease of reference. In the event of a conflict or inconsistency, the provisions of the Regulation will prevail which can be found at <https://www.ontario.ca/laws/regulation/r21746>.

*\*Refers to beverage alcohol products an eligible grocery store licensee and wine boutique is authorized to sell under the AGCO issued licence.*

*\*\*Refers to grocery store licensees and wine boutiques authorized to sell under the AGCO issued licence. Reference to “Vendor Organization” in the QA Alert Portal and LCBO B2B Claims Application shall have the same meaning as licensee.*

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# **SECTION 1**

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## **INTRODUCTION**

# **INTRODUCTION**

## **LCBO Mission**

We are the socially responsible, performance-driven, innovative beverage alcohol wholesaler, helping ensure a wide assortment of products make their way to Ontario consumers in a safe and responsible manner and we are committed to working collaboratively with all of our trade partners in doing so.

As it relates to the wholesale market, we very much consider ourselves as a conduit to opportunity by helping to facilitate a product ordering and delivery program that helps manufacturers of eligible products and grocery store licensees pursue retail market sales for beverage alcohol products in Ontario.

## **LCBO Grocery Store Licensee Policies & Procedures Manual**

The Grocery Store Licensee Policies and Procedures Manual provides eligible and licensed grocery stores with the basic information required to conduct wholesale business with the LCBO.

This manual does not change any obligations or requirements that are set out in:

- a. a licensee's Wholesale Supply Agreement (WSA) with the LCBO
- b. its licence to sell beverage alcohol products issued by the Alcohol and Gaming Commission of Ontario (AGCO) including any condition applicable to the licence
- c. the laws and regulations applicable to selling beverage alcohol products in grocery stores or Wine Boutiques in Ontario outlined in the Regulation.

## **Communication/Notice of Change**

Notice of any significant changes in policy and/or procedures contained in this document will be communicated in advance.

# ROLES AND RESPONSIBILITIES

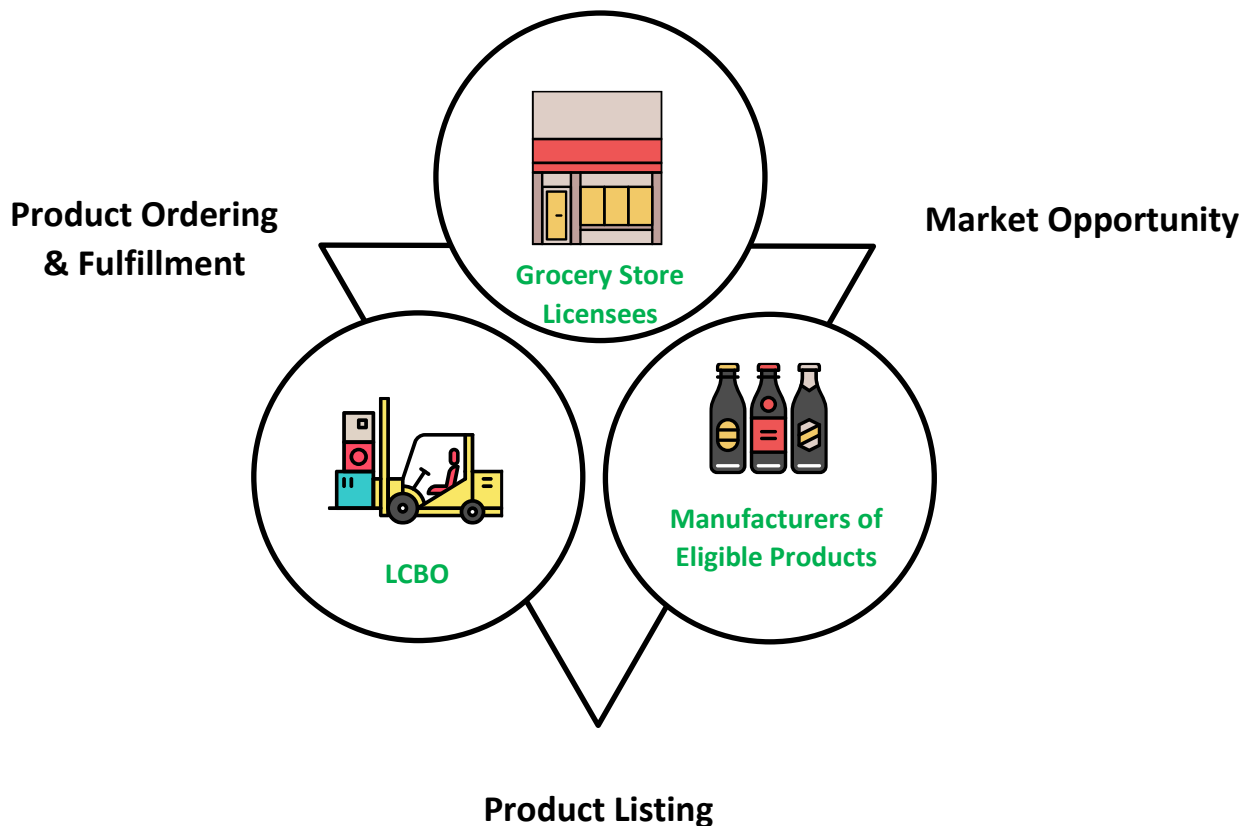
## The Marketplace

The grocer and wine boutique marketplace is made up of interconnected relationships between the LCBO for wholesale operations, grocery store licensees as business customers and manufacturers of eligible products as the source of supply for eligible beverage alcohol products.



## The Working Relationships

The basis of how grocery store licensees, beverage alcohol manufacturers and the LCBO connect and activate their business relationships is illustrated below. The core activity between grocery store licensees and the LCBO centers on ensuring a smooth-running product ordering and fulfillment process is established. To enable that, the LCBO provides manufacturers of beverage alcohol with the ability to list eligible products for wholesale purchase by licensees. In turn, for licensees and manufacturers of eligible products to maximize their shared market opportunities, a constructive and ongoing working relationship between licensees and manufacturers of eligible products should focus on sales, marketing, and product planning.





## **SPECIFIC RESPONSIBILITIES**

### **LCBO Responsibilities:**

1. All orders for grocery store licensees (grocers and wine boutiques) are placed with the LCBO.
2. All payments to suppliers are made by the LCBO.
3. Responsible for performing the role of sole wholesaler of all eligible beverage alcohol products to grocery store licensees in the province of Ontario.
4. Responsible for providing listing services and systems to manufacturers of eligible products to access the grocery and wine boutique market.
5. Responsible for the ongoing administration and maintenance of the eligible product catalogue for grocery store licensees.
6. Responsible for processing returns and claims.

### **Grocery Store Licensee Responsibilities:**

This applies specifically to eligible grocery stores and wine boutique licensees who have acquired a Wholesale Supply Agreement from the LCBO per the terms outlined in the Regulation.

1. Responsible for all purchasing decisions on brand and quantity of eligible beverage alcohol products ordered from LCBO for final retail sale by licensee.
2. Responsible for following the legislation applicable for sale of eligible beverage alcohol products in grocery stores and wine boutiques.
3. Responsible for adhering to the LCBO Policies & Procedures Manual for Authorized Grocery Store Licensees.
4. Responsible for choosing product assortment for each licenced store.
5. Responsible for working directly with suppliers on sales and marketing plans.
6. Responsible for paying the LCBO for eligible products received.

### **Manufacturers of Eligible Products Responsibilities:**

1. Responsible for manufacturing products, making products available for wholesale through the LCBO and setting retail prices.
2. Responsible for pursuing sales and marketing business relationships and opportunities directly with grocery store licensees.
3. Responsible for adhering to the LCBO Purchase Order Terms and Conditions.
4. Responsible for adhering to the LCBO Policy & Procedures Manual for Wholesale to Authorized Grocery Store Licensees.
5. Responsible for adhering to the LCBO's Supplier Code of Business Conduct.
6. Responsible for adhering to LCBO packaging and labelling requirements and standards.

### **Supplying Sources**

All orders are placed with the LCBO and then fulfilled via multiple deliveries and multiple deliverers. Grocery store licensees will receive deliveries from multiple supplying sources based on the brand of eligible product ordered. The supplying source of each product is identified in the product catalogue.

The LCBO, TBS, or one or more of the Ontario beer, cider, or wine manufacturers supply and deliver products manufactured in Ontario. Imported beer, cider and wine products are supplied and delivered exclusively by the LCBO.

## LCBO GROCERY OPERATIONS

In order to fully serve grocery store licensees in the most customer-focused manner, the LCBO has a dedicated department comprising all of the most important functional roles related to facilitating grocery and wine boutique operations.

### **Grocery Operations *is* involved in the following kinds of activities:**

- Business-to-Business wholesale transactions
- Enabling access between manufacturers of eligible products and licensees
- Facilitating product listing and order flow
- Financial processing
- Fulfillment facilitation

### **Grocery Operations *is not* involved in the following kinds of activities:**

- Consumer target marketing strategies and plans
- Product category management
- Licensee sales and marketing plans
- LCBO sales and promotions appearing in LCBO retail stores
- Determining wholesale product mix

## Roles and Contacts

### Customer Service

Responsible for wholesale customer general and account inquiries, IT applications, orders and claims and returns. The following are all customer service contacts administered within Grocery Operations:

<b>General Inquiries - Customer Care</b>	Visit <a href="http://www.lcbowholesaleoperations.com">www.lcbowholesaleoperations.com</a> and click on the customer care link or access at <a href="https://helloLCBO.com/app/grocery_ask">https://helloLCBO.com/app/grocery_ask</a>  416-365-5842 or 1-833-840-6272
<b>Administration, Invoicing, Claims &amp; Returns, Product Recalls and Report &amp; Form Submissions</b>	<a href="mailto:lcboagroceryoperations@lcbo.com">lcboagroceryoperations@lcbo.com</a>  416-365-5842 or 1-833-840-6272

### Account Management

Responsible for establishing and building productive working relationships with licenced grocery retailers and providing value added service to store licensees. Support grocer's strategic direction and meeting business objectives including sales targets.

### Product Catalogue Administration

Responsible for overall administration of the product catalogue hosted in the Grocery Management System (GMS) at [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com). Functions include product information updates, pricing and promotion information and working with suppliers on listing of eligible products.

## **Inventory Management**

Responsible for logistics related to orders placed via the LCBO, including transfer of information to supplying sources (TBS and Ontario manufacturers of eligible products), coordination of delivery information for orders shipped from LCBO warehouses and receiving grocery store licensee demand forecasts.

## **Financial Administration**

Responsible for processing grocery store licensee account registrations, issuing invoices to grocery store licensees, processing payment to suppliers, resolving any discrepancies between licensee receipts and shipments from supplying sources and processing debit/credit notes related to claims, returns and product quality issues.

## **Grocery Operations Website**

The LCBO has established a website specifically for grocery store licensees. It is designed to provide the most up-to-date information as well as access to web-based systems used to conduct business with the LCBO.

The website is *Doing Business with LCBO* and the URL or address for your web browser is [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com). The website serves as the primary form of communication via posting of information, documents, and bulletins. Grocery store licensee specific content can be accessed by following the *Store Operators* link from the homepage. All forms referenced in this manual are available online on this site. A link to the Grocery Management System (GMS) is available on this site.

The Grocery Operations website can also be accessed from the LCBO website at [www.lcbo.com](http://www.lcbo.com) by clicking on *Doing Business with LCBO/Wholesale/Grocery Operations*.

We strongly encourage all licensees, suppliers and agents who conduct business with the LCBO to review [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) regularly, as it is updated often and contains the most up-to-date version of this manual, forms, program information, planning tools and other business information.

## **Agents**

Agents are often used by manufacturers of beverage alcohol products. Grocery store licensees should expect to be in frequent contact with them as part of their ongoing business relationships with manufacturers of eligible beverage alcohol products related to sales, marketing, product strategies, plans and definitions. Agent names will be included with any of their respective products that are presented in the LCBO product catalogue.

Agents are authorized by the AGCO and are licenced after meeting their requirements.

Specifically, Ontario Regulation 746/21 made under the Liquor Licence and Control Act, 2019 requires Agents to be licensed by AGCO for the purposes of soliciting orders of liquor in Ontario on behalf of a manufacturer of eligible products.

Agents may only canvass for, receive, take, or solicit an order for the sale of eligible products on behalf of a manufacturer but cannot sell the eligible products. Please note that a “manufacturer” for these purposes means a person who produces the eligible product for sale. However, all orders for eligible beverage alcohol products are placed with the LCBO.

## **SECTION 2**

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### **REGISTERING WITH THE LCBO AS A WHOLESALE CUSTOMER**

## GETTING SET-UP

In order to register as a wholesale customer with the LCBO licensed grocery stores and wine boutiques are required to follow these steps:

### Step 1

Access the *Store Licensees* specific section of [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com).

### Step 2

Select the *Forms* heading and download two (2) **required** forms:

#### 1. Customer Profile Form

- The Customer Profile form is to be completed for invoicing and billing purposes.

#### 2. GMS IT Access form for Authorized Store Licensees

- Grocery store licensees are required to complete a GMS IT Access form, providing usernames for access to the system through which orders are placed and invoices downloaded.
- It is the licensee's responsibility to ensure the user access information is current.

### Step 3

Complete the two (2) required forms with the necessary licensee information.

### Step 4

Submit the completed forms via email to [lcbogroceryoperations@lcb.com](mailto:lcbogroceryoperations@lcb.com).

Once registered as a wholesale customer, an LCBO generated store number(s) is assigned to the licensee's location(s). The LCBO store number is a four digit, five thousand series number (i.e., 5999). **The LCBO store number is to be referenced in all communication with the LCBO.**

For more information, watch the video How to Become a Customer on [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) by selecting *Store Licensees/Job Aids & Training Materials*.



## **SECTION 3**

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### **ELIGIBLE PRODUCT SPECIFICATIONS**

## ELIGIBLE PRODUCTS

The summary below is provided for information purposes and does not change or amend any requirements of the Regulation. Grocery store licensees should review the Regulation carefully and ensure they become aware of any amendments or changes as required.

The catalogues presenting eligible beverage alcohol products by class of licence are available in the Grocery Management System (GMS). It is the grocery store licensee's responsibility to ensure they are ordering product from the product catalogue appropriate to their specific store licence.

The Regulation stipulates a number of product display requirements for specific classes of licences. It is the grocery store licensee's responsibility to meet these display requirements. The product catalogue provides identifying product attributes to assist licensees in meeting these statutory display requirements which can be found in the Regulation.

### **Beer: Grocery Store Licensees**

The licensee must not sell or offer to sell beer in containers having a volume of more than 750 millilitres.

The licensee must not sell or offer to sell beer that is a malt-based beverage.

The licensee must not sell or offer to sell beer if:

- i. the beer contains alcohol that was obtained other than by the fermentation of an infusion or decoction of barley, malt and hops or of any similar products, and
- ii. the alcohol described in subparagraph (i) increases the total alcohol content of the beer by more than 0.5 of 1 per cent by volume.

The licensee must not sell or offer to sell beer if the total alcohol content of the beer exceeds 7.1 per cent by volume.

The licensee must not sell or offer to sell beer in packages with more than six (6) containers and must not offer a discount or a rebate in respect of purchases of more than six (6) containers.

The licensee must not sell or offer to sell a brand of beer if the licensee or any of its affiliates has a direct or indirect financial interest in the brand or a trademark under which the beer is marketed.

### **Cider: Grocery Store Licensees**

The licensee must not sell or offer to sell cider in containers having a volume of more than 750 millilitres.

The licensee must not sell or offer to sell cider if the total alcohol content of the cider exceeds 7.1 per cent by volume.

The licensee must not offer a discount or a rebate in respect of purchases of more than six (6) containers.

The licensee must not sell or offer to sell a brand of cider if the licensee or any of its affiliates has a direct or indirect financial interest in the brand or a trademark under which the cider is marketed.

### **Wine: Grocery Store Licensees**

The licensee must not sell or offer to sell wine in containers with a volume of more than four (4) litres.

The licensee must not sell or offer to sell wine with alcohol content greater than 18 percent by volume.

The licensee must not sell or offer to sell cream wines.

The licensee must not sell or offer to sell wine beverages.

The licensee must not sell or offer to sell fortified wine.

The licensee must not sell or offer to sell a brand of wine if the licensee or any of its affiliates has direct or indirect financial interest in the brand or a trademark under which the wine is marketed.

The licensee is not permitted to sell wine (excluding cider) that has a lower price, by size, than presented in section 89 of the Regulation. (See Appendix for a table of Grocery Wine Floor Prices)

### **Wine: Wine Boutiques**

The catalogue presenting eligible beverage alcohol products for purchase by wine boutiques is available in the Grocery Management System (GMS). It is the wine boutique's responsibility to ensure they are ordering product from the product catalogue appropriate to their specific store licence.

The wine boutique must not sell or offer to sell cider with an alcohol content greater than 7.1 percent by volume.

The wine boutique must not sell or offer to sell wine with an alcohol content greater than 18 per cent by volume.

The wine boutique must not sell or offer to sell wine beverages.

### **Key points related to eligible products listed by manufacturers:**

- Suppliers decide what products are made available to grocery store licensees.
- For the various wine licences, it is the supplier that decides under which licence a product will be made available (i.e., beer and wine and/or wine boutique).
- Eligible products do not have to be carried by LCBO stores to be available for licensees.
- Suppliers can choose to make imported eligible products currently available at the LCBO and/or TBS (in the case of beer) available to licensees.
- Suppliers may exclude eligible products from sales to licensees that are available at LCBO stores.
- The LCBO administers an open and ongoing product call for Ontario manufacturers of eligible products to list products.
- Grocery store licensees cannot pack-up or break-down a selling unit.

## **QUALITY ASSURANCE**

As the wholesaler of beverage alcohol to licensed grocers and wine boutiques in the province of Ontario, the LCBO is responsible for ensuring products offered for wholesale are in compliance with the LCBO Product Packaging Standards and Chemical Guidelines, which are based on federal and provincial compositional labelling requirements. Failure to comply may result in a products removal from the product catalogue.

## **SOCIAL RESPONSIBILITY**

The LCBO plays a role in ensuring all eligible beverage alcohol products available for sale in Ontario are screened for market appropriateness and adherence to social responsibility parameters. The LCBO's major framework for review (brand, imagery, text and format) is based on AGCO's guidelines as they are enshrined in regulations. Should a product raise concern, the extent of the LCBO's review will be based on AGCO guideline requirements.

## **DISCONTINUED AND DELISTED PRODUCTS**

### **Discontinued Products**

Suppliers can choose to discontinue a product at any point in time. Suppliers may also choose to cease offering a product to grocery store licensees or a particular class of wine licence (i.e., beer and wine or wine boutique).

When a product is discontinued by the supplier, it is removed from the catalogue given that it is no longer available from the supplying source. Grocery store licensees are advised by an update to the product catalogue file available at [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com).

### **Delisting of Products**

Reasons for delisting a product include seasonality, product quality, a change to case pack, selling unit volume, format or alcohol content or the retail price of a wine product falling below floor price. The LCBO provides notice of delisted products by an update to the product catalogue file available at [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com).

From time to time an imported product may be delisted by the LCBO due to sales performance at LCBO or TBS (in the case of beer product). Should this situation arise, the LCBO will provide notice to licensees as such.

Products may be delisted if suppliers are not compliant with LCBO policies.

## **SECTION 4**

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### **PRODUCT PRICING AND PROMOTIONS**

# PRODUCT PRICING

## Uniform and Minimum Pricing

Beverage alcohol products sold by grocery store licensees under various classes of licences must meet legislated requirements concerning uniform and minimum pricing. Uniform price requires the price for a particular product to be the same throughout the province. Minimum prices are the lowest prices that beverage alcohol products can be sold.

## Beer and Wine Licence: Grocery Store Licensees Only

Grocery store licensees authorized to sell wine are not permitted to sell containers of wine (excluding cider) where the retail price of the wine is below a minimum price specified in section 89 of the Regulation.

### Key points related to product pricing:

- The retail price for all eligible beverage alcohol products sold to the public will be as determined by suppliers.
- The retail price includes the container deposit and applicable taxes.
- All regularly listed beverage alcohol retail prices end in either “0” (zero) or “5” (five) (i.e., \$3.10 or \$3.15).
- Pricing is communicated and administered by the LCBO.
- Pricing will be the same through all retail channels.
- Grocery store licensees authorized to sell wine are subject to a grocery specific floor price.
- Annually on March 1<sup>st</sup>, the minimum retail prices for all beverage alcohol categories will increase in accordance with Ontario Regulation 750/21 made under the Liquor Licence and Control Act, 2019, and may result in changes to retail prices.
- Annually in April excise rates on beverage alcohol will be automatically adjusted by the Consumer Price Index. This increase will be applied to the landed cost of products, where applicable, and may result in changes to retail prices.
- From time to time, changes in beverage alcohol pricing may occur as a result of federal and/or provincial government direction.



## **Price Changes**

Licensees will be notified of price changes seven (7) days in advance of the price change taking effect in the product catalogue to allow for time required to modify store merchandising materials.

Licensees will be notified of price changes by a price bulletin posted on [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com).

## **Emergency Price Changes**

In the event of an emergency price change, prices will be corrected and updated overnight in the product catalogue. An alert will be sent out to all licensees advising of the change.

# PROMOTIONS

## Limited Time Offer (LTO)

Limited Time Offers (LTOs) provide suppliers and grocery stores licensees with an opportunity to build excitement and awareness and generate increased sales volume by offering a discount on a product. Participating products are available six (6) weeks in advance of the promotion start date and a twelve (12) month calendar of LTO dates is published on [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com).

## LTO Policy

1. LTOs start on Mondays and end on Sundays, running for four (4) weeks.
2. There can be no more than four (4) LTOs per SKU in any LCBO fiscal year (April 1 – March 31).
3. Suppliers apply to the LCBO for an LTO and LCBO approves. The LTO becomes effective across all sales channels at the same time (LCBO, TBS (for beer products), grocery, wine boutiques).
4. Grocery store licensee participation in LTOs is **mandatory**, not optional.
5. Sales margins are preserved during an LTO because they are funded by suppliers.

## Imported Beer Limited Time Offer

From time to time, suppliers will run LTOs on imported beer that is available at TBS. These LTOs can run weekly for up to four (4) weeks starting on a Monday and ending on Sunday. They can run up to a maximum of sixteen (16) weeks per year.

To execute these LTOs, suppliers submit a price change to the LCBO two (2) weeks in advance of the LTO effective date. The LCBO can only provide seven (7) days notice for these LTOs based on the shorter timeframes. Grocery store licensees will be notified in the product catalogue and by a price bulletin posted on [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com).

## **Super Sales and One Day Sales**

Super Sales are exceptions to the four (4) week LTO duration and typically occur around holidays or long weekends (Canada Day, One Day Sale) or on specific product categories such as Wine Deal of the Week.

They follow the same policies and rules as LTOs but are shorter in length. The duration depends on the nature of the Super Sale itself but will always be shorter than four (4) weeks.

An up-to-date calendar of promotional periods is available at [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com). Participating products are available on the website a minimum of six (6) weeks in advance of the promotion start date.

Price changes related to Super Sales will be posted in a price bulletin on [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) at least seven (7) days in advance.

## **Promotions Credit Calculation**

Grocery store licensees will be credited based on the sales of items on promotion during the promotional period. The calculation will be based on the number of selling units sold multiplied by the promotional discount amount for each promotional item, adjusted for HST, and licensee discount. **This is identified in detail in Section 5 of the Wholesale Supply Agreement**

Stores who do not report sales to the LCBO by the communicated deadlines will **not** be eligible for promotional credits.

## LOYALTY OR REWARD PROGRAMS

Air Canada's Aeroplan loyalty program runs exclusively in LCBO retail stores and does not transfer into licenced grocery stores or wine boutiques. Should grocery store licensees pursue their own loyalty or rewards marketing programs they are subject to Liquor Licence and Control Act, 2019 regulations.

### Advertising and Promotion Requirements

The AGCO sets requirements for liquor advertising, promotion, sampling and giving of liquor and sets prohibitions on inducements. The law regarding these matters is contained in the Liquor Licence and Control Act, its Regulations and the Registrar's Interim Standards and Requirements for Liquor (Interim Standards). All Suppliers and Agents must comply with these and all other applicable laws.

The AGCO also publishes "Advertising Guidelines", which are appended to the Interim Standards. The Interim Standards may be downloaded from their website or obtained from their offices. Please visit the AGCO's Website, [www.agco.on.ca](http://www.agco.on.ca) to access the Interim Standards.

When advertising and/or promoting the sale of a product, the Supplier/ Agent must comply with the provisions outlined in the appended Advertising Guidelines. Failure to do so may result in the LCBO discontinuing its purchase of a product(s).

### Key points related to promotions and loyalty or rewards programs:

- Under no circumstances can wine products for sale under the beer and wine licence through a grocery store licensee fall below the grocery floor price.
- No cross-promotions with other items are allowed.
- Loyalty rewards can be earned on purchases of eligible beverage alcohol products.
- Eligible beverage alcohol products cannot be purchased by redemption of loyalty program rewards (points, cash or otherwise).
- Trade spending on sales and marketing is not permitted.
- No retail-level discounts or rebates for multiple package buying.
- No pack up pricing.

## **Special Occasion Permits**

Ontario Regulation 747/21 made under the Liquor Licence and Control Act, 2019 does not permit the sale of beverage alcohol products by grocery stores or wine boutique operators to Special Occasion Permit holders.

A Special Occasion Permit (SOP) is required for the sale and service of beverage alcohol at special occasions. Permits are currently issued by the LCBO and regulated by the AGCO. SOP applications are available online through the **iAGCO** portal. Alcohol for the event must be purchased in Ontario under the SOP through an authorized government store.

## **SECTION 5**

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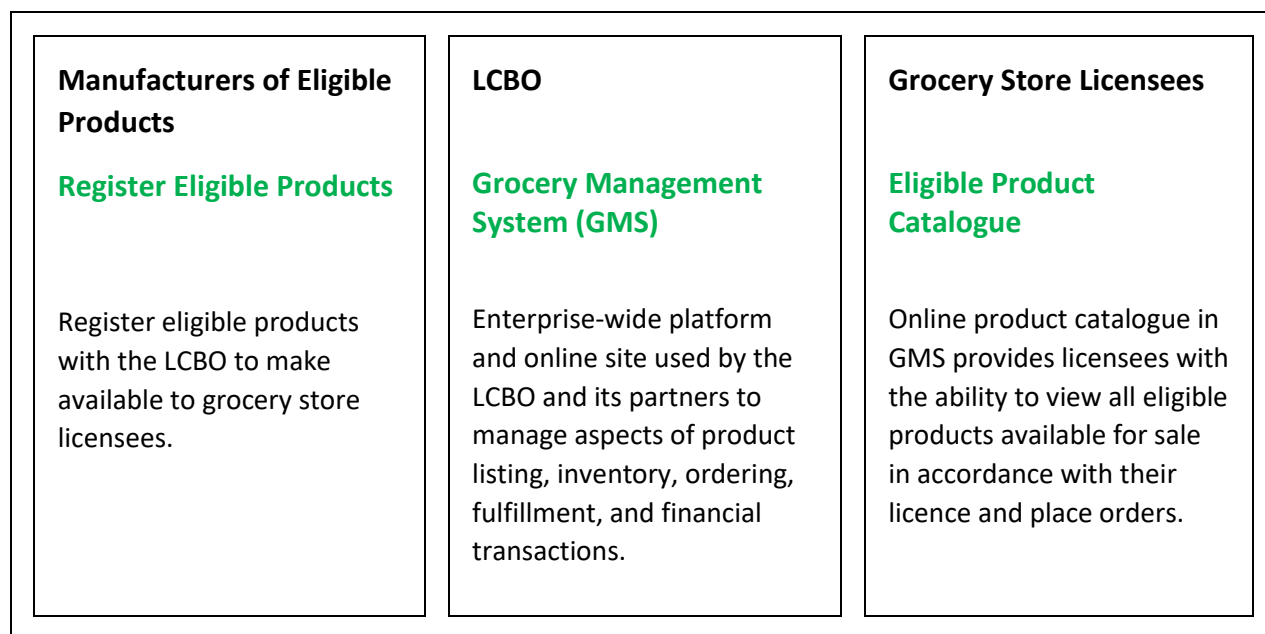
### **SELECTING ELIGIBLE BEVERAGE ALCOHOL PRODUCTS FROM THE PRODUCT CATALOGUE**

## PRODUCT CATALOGUE

The LCBO has designed a system that connects the eligible beverage alcohol products that a supplier lists for sale with a product catalogue functionality to be used by grocery store licensees as per their class of licence to place orders. This system facilitates the following functions:

1. Suppliers of eligible beverage alcohol identify products to be listed for grocery store licensees. All products are to be made available to all licensees as per their licence, no exclusive products nor private label brands.
2. Grocery store licensees view available products and place their orders via a catalogue of all eligible beverage alcohol products.
3. LCBO posts eligible beverage alcohol products to the catalogue (updated daily) and processes all orders and transactions.

All products are presented fairly and uniformly across all licensees as per their class of licence according to the standardized product details provided by suppliers. The following chart demonstrates how this system coordinates the listing and ordering of products:



## **Product Catalogue Details**

The product catalogue presents eligible beverage alcohol products to licensees as per the class of licence. For example, a licensee authorized to sell beer and cider products only has access to the catalogue which presents eligible beers and ciders for sale in a grocery store. As a further example, a wine boutique only has access to the catalogue which presents eligible VQA wines manufactured by other Ontario wineries.

The product catalogue is accessed via a secured portion of [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) using an assigned username and password. The product catalogue is available to licensees as a self-serve solution and the format is downloadable as a CSV file and in Excel file format.

Eligible beverage alcohol products presented in the wholesale catalogue will include information on item details, pricing, and LTOs. Updates to products on the catalogue are posted daily.

The catalogue contains Ontario manufactured eligible beverage alcohol products and imported eligible beverage alcohol products currently available at LCBO and/or TBS (for beer products) that suppliers have chosen to make available for sale to grocery stores or wine boutiques.

If a product, either domestic or import, has not been ordered by a grocery store licensee within six (6) months of posting to the catalogue, the LCBO reserves the right to remove the product from the catalogue. LCBO reserves the right to remove products from the catalogue if suppliers are not compliant with LCBO policies.



## **PRODUCT DISPLAY REQUIREMENTS**

As per the Regulation, different classes of licences (i.e., beer and cider, beer and wine, wine boutique) are subject to product display requirements related to product attributes such as producer size, country production size or, in the case of wine, meeting certain definitions such as quality assurance wine for example.

The product catalogue description clearly identifies the item attributes of each eligible beverage alcohol product to assist grocery store licensees in meeting the product display requirements.

It is solely the licensees' responsibility to ensure that they are in compliance with the regulatory requirements. The LCBO product catalogue will provide licensees with the necessary information to meet these requirements.

A product's specifications in the catalogue is reflective of what is provided by the supplier. It is the supplier's responsibility to provide the LCBO with accurate and complete product information to maximize data integrity.

## **SECTION 6**

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### **ORDERING, DELIVERY AND OPERATIONAL LOGISTICS**

## ORDERING ELIGIBLE PRODUCTS

All orders for eligible beverage alcohol products are placed with the LCBO through Grocery Management System (GMS). LCBO will fill orders through various supplying sources. Regardless of supplying source, the LCBO will track shipments originating from supplying sources and inform grocery store licensees.

### Order Fulfillment by Supplying Source

Eligible domestic beverage alcohol products are supplied by the LCBO, TBS (applies to domestic beer only) or Ontario manufacturers of eligible beverage alcohol products. The supplying source is identified in the product catalogue. Eligible imported beverage alcohol products are supplied exclusively by the LCBO.

### Minimum Order Quantity

Supplying sources may require reasonable minimum order quantities (MOQ) to fulfill deliveries which is communicated by the supplying source.

### Deliveries and Lead Times by Supplying Source

Grocery store licensees will receive deliveries from multiple supplying sources based on the brand of eligible beverage alcohol ordered; either through LCBO, TBS, authorized third party logistic providers (3PL's) or from one or more of the Ontario manufacturers of eligible beverage alcohol products.

**LCBO:** The typical time required from placing to receiving an order from the LCBO is up to seven (7) days. To ensure delivery within the lead time, orders must be placed by the time and date communicated from the LCBO.

**TBS:** The typical time required from placing to receiving an order from TBS is up to seven (7) days.

**Ontario Manufacturers:** The typical time required from placing to receiving an order from Ontario manufacturers is up to fourteen (14) days.

# DELIVERY GUIDELINES

The following delivery guidelines apply to all grocery store licensee orders:

- Product(s) can ship in quantities less than or equal to the purchase order amount.
- Product(s) will not:
  - Be backordered,
  - Be substituted by other product(s) to top-up an order, nor replace unavailable product(s)
- The supplying source is responsible for arranging delivery to the grocery store licensee.
- The supplying source cannot substitute products during the fulfillment and delivery process.
- The supplying source cannot attempt a second delivery for products that were originally unavailable.
- All deliveries will be freight prepaid by the supplying source, FOB ship-to location.

## Delivery Charges

Grocery store licensees will not impose on any supplying sources any penalties, fees, charges or surcharges for late delivery, non-compliant deliveries, breakages, non-compliant pallets or fillrates.

As per the Regulation, if the licensee charges a fee to manufacturers of eligible beverage alcohol products for providing distribution and warehousing services, the fee must be calculated in the same manner for all manufacturers and must be made publicly available.

# ORDERING, DELIVERY AND RECEIVING PROCESS

The following chart illustrates the steps along the ordering and fulfilment process, reflecting detailed timing for the main stages of the process prior to product receipt.

<b>LCBO or TBS Shipping (up to 7 days)</b>				
<b>Ontario Manufacturer Shipping (up to 14 days)</b>				
<b>ORDERING 1-3 days, 1-3 days</b>				
Licensee selects and orders from catalogue of eligible products	LCBO acknowledges receipt of order	LCBO confirms inventory availability and estimated delivery with Licensee		
<b>SHIPPING 2-3 days, 6-10 days</b>				
Order is picked and readied by Supplying Source	LCBO sends ASN to Licensee	Order in transit to licensed store or distribution centre (DC)		
<b>RECEIVING 1 day, 1 day</b>				
Delivery received by Licensee	Licensee submits Weekly Receipt report to LCBO or deemed receipt process	LCBO issues invoice to Licensee	Licensee pays LCBO	LCBO pays Supplying Source

<b>PROCESS STEP</b>	<b>ACTIVITY</b>
<p><b>Select and order product from eligible beverage alcohol product catalogue.</b></p>	<p>Licensees select product from the eligible beverage alcohol product catalogue.</p> <p>Licensees place an order online to the LCBO via the secured portion of <a href="http://www.lcbowholesaleoperations.com">www.lcbowholesaleoperations.com</a>.</p>
<p><b>LCBO acknowledges receipt of order</b></p>	<p>LCBO sends licensees a system-generated automatic acknowledgement for all orders placed.</p>
<p><b>LCBO confirms inventory availability and estimated delivery</b></p>	<p>LCBO facilitates the confirmation of inventory and estimated delivery date with supplying sources.</p> <p>LCBO electronically sends the information provided by the supplying source to the licensee within 48 hours.</p>
<p><b>Order is picked and readied by supplying source</b></p>	<p>Supplying source fulfills order and prepares compliant shipping documentation.</p>
<p><b>LCBO sends Advance Shipping Notification (ASN)</b></p>	<p>LCBO electronically sends ASN provided by the supplying source to the licensee 24 hours prior to delivery.</p>

<p><b>Order in transit to licenced store or distribution centre (DC)</b></p>	<p>Order is shipped from the supplying source to the licensee as per the delivery specifications.</p>
<p><b>Order is delivered and received by licensee</b></p>	<p>Delivery of the order to the licensee as agreed upon with supplying source.</p> <p>Licensee receives the order.</p>
<p><b>Licensee submits weekly Receipt report to LCBO or follows 'deemed receipt' process</b></p>	<p>Licensees are required to submit a weekly receipt report to the LCBO by Tuesdays at 12:00 PM. Forms submitted via email to <a href="mailto:lcboagroceryoperations@lcbo.com">lcboagroceryoperations@lcbo.com</a></p>
<p><b>LCBO issues invoice to the Licensee</b></p>	<p>LCBO issues invoices in electronic format to the licensee.</p>
<p><b>Licensee pays invoice to LCBO</b></p>	<p>Payment by licensee to LCBO in accordance with Wholesale Supply Agreement.</p>
<p><b>LCBO pays supplying source</b></p>	<p>LCBO issues payment to supplying source for order received by licensee.</p>

Refer to the LCBO Grocery Management System (GMS) Grocery Portal User Manual found at [www.lcbo-wholesaleoperations.com](http://www.lcbo-wholesaleoperations.com) by selecting *Store Licensees/Job Aids & Training Materials* for more information for more information on LCBO's Grocery Management System (GMS).

## Receiving Orders

Orders arrive with two (2) copies of the Bill of Lading (BOL) and Packing slip. One set of documents will be kept by the grocery store licensee and one returned with the driver. The BOL is the legal document used for invoicing purposes. To ensure proper invoicing, the following are recommended steps to take when receiving orders:

1. Check to ensure the PO#, Store # and Store Name on the BOL corresponds to an order for the licenced store.
2. Note if a seal was present on the delivery truck and its condition and number.
3. If there are visible damages to product(s), mark this on the BOL and return the unsaleable product with the driver.
4. If any mispicks are identified, mark on the BOL and return the product(s) with the driver.
5. If shortages are identified, mark on the BOL beside the product(s) that was shorted.
6. Where a complete count is not practical, write "Subject to Count" (STC) on the BOL, i.e., the driver will not wait for a full count and the order is greater than ten (10) cases.
7. A full count is required for deliveries of ten (10) cases or less. STC will not be accepted for deliveries of ten (10) cases or less.
8. Sign and date the BOL.

Return one copy of the signed BOL with the driver. **To ensure proper invoicing refer to Section 8 Claims and Returns for further details.**



## Refusing Delivery of Order

Grocery store licensees **may** refuse delivery if an order arrives where:

1. **Incorrect order:** the order was not placed by the store, i.e., the PO#, Store Number or Name do not belong to the licenced location.
2. **Non-eligible product(s):** product(s) delivered are not eligible for grocery, i.e., spirits, non-compliant wines, beers, and ciders.
3. **Incorrect product(s):** product(s) received do not match order, i.e., cans instead of bottles.
4. **Outside lead time:** product(s) are delivered outside the communicated lead times, i.e., products arrive twenty (20) days after the order was placed.
5. **Damaged product(s):** product(s) arrive in unsaleable condition, e.g., broken bottles, dented cans, pallet overturned, etc.
6. **Overages:** the supplying source delivers more product(s) than ordered, i.e., grocer orders one (1) case and supplying source delivers three (3) cases. The licensee is only required to accept the ordered product(s).
7. **Non-compliant shipping documentation:** shipping documentation does not meet requirements. Documents must contain the store number, store name, PO#, LCBO item number and case quantity delivered per item.

Delivery of an order **cannot** be refused by a grocery store licensee where:

1. **Within lead times:** ordered product(s) arrive within the communicated lead times.
2. **Overstocks at store:** accepting the ordered product(s) would lead to excess inventory at the licenced location.
3. **Short Shipments:** ordered product(s) are short shipped.

## **PALLET EXCHANGE PROGRAM**

Grocery store licensees are required to accept deliveries on pallets used by the LCBO and TBS.

Pallets that need to be returned to the supplying source will be administered by each supplying source. Supplying sources will work directly with each delivery location to facilitate the return or exchange of company owned pallets.

The LCBO utilizes different pallet pools in its pallet exchange program namely LCBO (yellow), TBS (green), CHEP (blue), PECO (red) and the orange pallets (formerly CPC). The licensee is expected to accumulate pallets received from LCBO and pallet returns will vary by pallet pool.

- 1.** For LCBO (yellow) and orange pallets: the licensee is to return the empty pallets to LCBO through the carrier on the next shipment and/or delivery.
- 2.** For TBS (green): to be returned to TBS; licensee is to arrange with TBS.
- 3.** For CHEP (blue): to be returned to CHEP; licensee is to arrange with CHEP.
- 4.** For PECO (red): to be returned to PECO; licensee is to arrange with PECO.

The grocery store licensee can use the inbound pallet BOL for the empty pallet returns to LCBO by completing section "3" of the pallet BOL. The licensee will re-issue the pallet BOL and ensure that the driver of the LCBO Carrier has verified the quantities and signed the pallet BOL.

The grocery store licensee must sign all received and returned pallet BOLs and must keep copies for their records.

## **SECTION 7**

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### **PAYMENT PROCESS AND TERMS**

## PAYMENT PROCESS

### Letter of Credit

Grocery store licensees are required to provide the LCBO with a letter of credit from a Canadian Chartered Bank as security of performance of a licensee's payments. If a licensee does **not** provide a letter of credit to the LCBO, satisfactory arrangement to the LCBO for payment on receipt of the invoice for the eligible beverage alcohol products may be arranged. To make such arrangements contact [lcboagroceryoperations@lcbo.com](mailto:lcboagroceryoperations@lcbo.com)

### Invoicing

Invoices are generated based on mandatory grocery store licensee provided receipts, which are due every Tuesday by 12:00 pm noon. Payment is due to the LCBO in accordance with the payment terms indicated on the invoice.

If a licensee does **not** provide their weekly receipts by the noon Tuesday deadline, invoices will be generated based on shipment quantities indicated by the supplying sources. The process of generating invoices based on shipment quantities indicated by supplying sources is referred to as "deemed receipt" or "deemed to be received".

Grocery store licensees will receive one invoice per purchase order (PO) per week unless arrangements have been made with the LCBO to receive one invoice per split PO (i.e., per shipment). Contact [lcboagroceryoperations@lcbo.com](mailto:lcboagroceryoperations@lcbo.com) for further details.

Invoices will be made available to authorized users in the GMS Portal for self-service viewing and download. A GMS IT Access form is required to obtain invoicing access. When new invoices are available, an email notification is sent to the emails provided on the form.

To access invoices, authorized users can sign into the secure GMS account and select *My Account* in the top right corner. In the left navigation there are two options:

### **1. Invoice Summary**

A listing of all invoices by date will be available for download in one batch. Regular weekly invoices, adjusting invoices and LTO invoices are available for download. This includes invoices for all stores the user has access to view.

### **2. Invoice Details**

Invoices are individually listed by invoice number and grocer purchase order. Regular weekly invoices, adjusting invoices and LTO invoices are available for download. A searchbar is available, and invoices may be searched by attributes including Invoice Number, PO number and amount and store number.

If no errors or discrepancies are noted by the grocery store licensee within five (5) days, the invoice will be deemed correct. Claims submitted after the five (5) days will **not** be accepted.

Any variances between shipping and delivery reports will be investigated by LCBO. Where requested by the LCBO, the grocery store licensee must provide copies of delivery documents (i.e., signed Bills of Lading) within three (3) business days.

Payments must be remitted electronically to the LCBO. Remittance details must be either included within the EFT payment or emailed separately to [accounts.receivable@lcbo.com](mailto:accounts.receivable@lcbo.com) to ensure timely and accurate payment application. LCBO banking details will be provided to grocery store licensees upon registration.

## **SECTION 8**

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### **CLAIMS AND RETURNS**

## CLAIMS AND RETURNS

All sales of eligible beverage alcohol products made to grocery store licensees under the Wholesale Supply Agreement are final. Grocery store licensees may make a request to the LCBO to:

1. Return unopened, saleable eligible beverage alcohol product(s) to the supplying source.
2. Claim for reimbursement for damaged, unsaleable product(s) received from a supplying source.
3. Claim for short shipments or over shipments.
4. Claim reimbursement for product quality related issues:
  - a. Product recalls
  - b. Product quality complaint returns
5. Claim reimbursement for wine floor price product recall (Beer and wine grocery store licence only).
6. Claim reimbursement for sampling (Wine Boutiques only).

The following applies to **all** claims and returns:

- Claims and returns **must** be initiated by the grocery store licensee.
- LCBO is the **only** vendor that issues credits to grocery store licensees. Supplying sources are not permitted to issue credits to grocery store licensees.
- **All** returns must be approved by the LCBO. Once approved, the supplying source (i.e., LCBO, TBS, or Ontario manufacturers of eligible beverage alcohol products) and the grocery store licensee will mutually agree on a time for pick-up of the returned products.
- Reimbursement for all claims and returns is based on the original purchase price and is issued via credit memo by the LCBO.
- No returns are to be made to LCBO retail stores.
- Beverage alcohol products damaged by grocery store licensees are ineligible for returns.

Refer to the LCBO B2B Claims Application Store Licensee User Manual found at [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) by selecting *Store Licensees/Job Aids & Training Materials* for information on how to submit a claim or return to LCBO. For more information, watch the video *How To Submit A Claim On The LCBO B2B Claims Application* on the website.

## 1. Returns of Saleable Product

A request to return saleable product may be made when:

### a) Shipment Error Occurs

The product is in saleable condition and a shipment error was made by the supplying source. Examples include, but are not exclusive to:

- Picking errors
- Over shipment

### b) Other

The product is in saleable condition but returned for other reasons. Examples include, but are not exclusive to:

- Grocery store licensee out of business
- Licence suspended

Saleable condition means that the product:

- Is unopened with evident seals, labels and original packaging intact and with no visible tampering
- Is in its original condition
- Is in its original selling unit (for example, a full case)
- Has no evidence of age related deteriorations
- Is not stale-dated

To request a product return due to a shipment error:

1. If a return is being requested due to an error within **72 hours** of receipt of an order, a claim must be submitted by:
  - Submitting a Return/Refund claim in the LCBO B2B Claims Application, including a copy of the signed Bill of Lading



2. If a return is being requested due to another reason a claim must be submitted by:
  - Submitting a Return/Refund claim in the LCBO B2B Claims Application, including a copy of the signed Bill of Lading
3. Upon receipt, the LCBO reviews the request (confirmed against the Bill of Lading) and informs the grocery store licensee if the return is approved or declined via the LCBO B2B Claims Application.
4. If the return is approved, the supplying source (LCBO, TBS, or Ontario manufacturer) of a pending return coordinates with the grocery store licensee to mutually agree on a time and arrange for pickup of the returned products.
5. All returns must be in original packaging and/or shipping container (i.e., cartons or trays). When a product is returned because of a supplying source error, freight charges, if necessary, are covered by the supplying source.
6. In the case of a return of saleable product for reasons other than shipping error, a reasonable restocking fee may be applied to the purchase price of the returned product.
7. Upon pickup, the driver must sign two (2) copies of the pickup authorization. One (1) copy must be kept with the store licensee as evidence of the pickup, while the other copy is returned with the driver. Once the product has been picked up, send a copy of the signed pickup authorization to [lcboagroceryoperations@lcbo.com](mailto:lcboagroceryoperations@lcbo.com).
8. Once LCBO receives confirmation from the supplying source that the returned product has been received, a credit memo is issued by the LCBO.

Failure to report a claim may result in the grocery store licensee being liable for payment of the product.

## 2. Claims for reimbursement for damaged and unsaleable product

### a) Damaged and unsaleable product discovered *during* receiving

Where the grocery store licensee identifies damaged or unsaleable product during receiving, the product may be refused. Damaged or unsaleable product must be marked on the signed BOL provided to the driver. **The grocery store licensee must indicate this on their weekly receiving report.** If this is not inputted on the weekly receipt log, a claim must be filed within **72 hours** of delivery.

If the damaged or unsaleable product is discovered at the time of receipt:

- Mark the damages on both copies of the Bill of Lading (BOL)
- Sign the Bill of Lading
- Have the driver sign the Bill of Lading
- To ensure the licensee is not invoiced for the product, report the damages either by:
  - Weekly receipt reporting file – see Section 8 Mandatory Weekly Reports, *or*
  - Submit a claim through the LCBO B2B Claims Application
- Send damaged or unsaleable product back with the driver

Failure to mark the damage on the signed BOL provided to the driver may result in the grocery store licensee being liable for payment of the product.

### b) Damaged and unsaleable product discovered *after* receiving

Within **72 hours** of delivery, claims must be made for damages or unsaleable product, including:

- Goods received in bad order (e.g., short in case, dry breaker, stale dated upon receipt)
- Defective product
- In-transit damage not identified at time of receipt (e.g., breakage, frozen or heated load)
- Unsaleable inventory found while unloading or stocking shelves

To file a claim:

Submit a new claim in the LCBO B2B Claims Application by selecting Breakage/Shortage/Overage, completing the required information and selecting the *Breakage* claim category. Supporting documentation, including clear photos of the damage, are required to process the claim. Failure to report a claim may result in the grocery store licensee being liable for payment of the product.

### **Destruction of damaged and unsaleable inventory**

Unless the LCBO provides specific instructions for the return of eligible beverage alcohol products to a supplying source in connection with a claim, grocery store licensees are responsible for the destruction of damaged and unsaleable beverage alcohol products.

Grocery store licensees must ensure that the destruction of damaged or unsaleable beverage alcohol products is carried out in a manner consistent with applicable environmental protection laws, regulations, practices, and safeguards given the nature of the product being destroyed.

Damaged and unsaleable beverage alcohol products may not be discarded as garbage or waste. Grocery store licensees may contact the LCBO for information concerning third parties that offer destruction services for beverage alcohol products.

### 3. Claims for short shipments or over shipments

#### a) Short shipments or over shipments discovered *during* receiving

Where the grocery store licensee identifies a shortage or overage during receiving, this must be marked on the signed BOL provided to the driver. **The grocery store licensee must indicate the shortage or overage on their weekly receiving report.** If the shortage or overage is not inputted on the weekly receipt log, a claim must be filed within **72 hours** of delivery.

To file a claim:

Submit a new claim in the LCBO B2B Claims Application by selecting Breakage/Shortage/Overage, completing the required information and selecting the *Shortage* or *Overage* claim category. Supporting documentation including clear photos of the overage are required to process the claim. Specific instructions will be provided upon review of the claim, if required.

Failure to mark the shortage on the signed BOL provided to the driver may result in the grocery store licensee being liable for payment of the product.

#### b) Short shipments or over shipments discovered *after* receiving

Within **72 hours** of delivery, claims must be made for short shipments or over shipments discovered after receiving. The claim must be made regardless of the amounts the store licensee inputs as received on their weekly receiving report.

To file a claim:

Submit a new claim in the LCBO B2B Claims Application by selecting Breakage/Shortage/Overage, completing the required information and selecting the *Shortage* or *Overage* claim category. Supporting documentation, including clear photos of the overage are required to process the claim. Specific instructions will be provided upon review of the claim, if required.

Failure to report a claim may result in the grocery store licensee being liable for payment of the shorted product.

#### 4. Product Quality Issues

a) **Product Recalls** are initiated by the LCBO on behalf of the Agent or Supplier. There are three (3) types of product recalls:

1. **Class 1:** May pose an “immediate or potential health hazard”.
2. **Class 2:** Non-health risk; a situation where the use or exposure to a non-compliant product is not likely to have adverse health consequences or where the probability is remote.
3. **Action Required Alert:** Product quality problems that present no known issues or hazard (may also be referred to as a product withdrawal).

When the LCBO has confirmation of a recalled product, **specific instructions will be provided to the grocery store licensee by the LCBO via email regarding:**

- Action to be taken by the grocery store licensee regarding the recalled product, and
- Making a claim for reimbursement to the LCBO if applicable

When the LCBO has confirmation of a recalled product, grocery and wine boutique head offices, and if applicable, grocery franchisee locations, will receive a QA Alert via email from [quality.services@lcbo.com](mailto:quality.services@lcbo.com). Specific instructions will be provided in the QA Alert regarding:

1. Required Acknowledgement of the QA Alert within **three (3) hours** of receipt, and
2. Reporting affected inventory within **one (1) week** of recall date to make a claim for reimbursement to the LCBO, if applicable

For more information, review the LCBO QA Alert Portal Store Licensee User Manual and Return Portal for QA Alert Product Recalls Store Licensee User Manual found at [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) by selecting *Store Licensees/Job Aids & Training Materials*.

## 1. Acknowledging QA Alert

All QA Alerts issued by the LCBO require acknowledgement even if there is no affected product in stock. Acknowledgement of the QA Alert is required within **three (3) hours** of receipt. Grocery and wine boutique head offices are responsible for reporting on behalf of their corporately owned stores and distribution centers. Owners of franchisee locations are responsible for reporting for their own stores unless corporate franchisor has expressly assumed responsibility for franchisee locations. Acknowledging a QA Alert is completed through the LCBO's online QA Alert Portal. The link to the QA Alert Portal is provided in the QA Alert.

## 2. Reporting affected inventory

Reporting affected inventory to the LCBO is completed in the QA Alert Portal. Grocery store licensees must enter the number of units of affected product(s) via manual input or file upload. It is recommended that grocery store licensees report affected inventory within three (3) business days for timely destruction or return of product to LCBO. The QA Alert Portal is accessible for **one (1) week** after the QA Alert to allow grocery store licensees to update inventory information should the affected number of units change.

Grocery store licensees reporting affected inventory of recalled product can submit a claim to the LCBO for reimbursement. Two options for which reimbursement will apply are:

- i. Return recalled product to LCBO, or
- ii. Destruction of recalled product on site, if applicable

### i. Return recalled product to LCBO

To return recalled product to LCBO, submit a new claim in the LCBO B2B Claims Application by selecting Product Recall, completing the required information, and selecting to return product. Upon receipt of the request, the LCBO reviews and, if approved, issues an email to the store licensee from [ProductRecall@LCBOReturn.com](mailto:ProductRecall@LCBOReturn.com). The email includes a Return Authorization to the LCBO and link to arrange for recalled product to be picked up by LCBO's designated carrier. Grocery store licensees will be asked to complete shipping details, print a manifest and carefully attached a label to each sealed carton. LCBO's designated carrier will pick up the recalled product. Upon return, a credit is issued for the number of units of recalled product returned to the LCBO.

## **ii. Destruction on site**

To destroy recalled product on site, submit a new claim in the LCBO B2B Claims Application by selecting Product Recall, completing the required information, attaching clear photos of the recalled product, and selecting to destroy product. Upon receipt of the request to destroy on site, the LCBO reviews and informs the store licensee if the claim is approved or declined via the LCBO B2B Claims Application. Once approved, the grocery store licensee is responsible for the safe destruction of recalled product. Destruction must be witnessed by internal management personnel consistent with the retailer's internal policies and procedures. Credit is issued for the number of units of recalled products approved for destruction as reported in the LCBO B2B Claims Application.

It is at the discretion of the LCBO to determine the recalled products that are suitable for on site destruction. The type of product recall will be taken into consideration.

Grocery store licensees must ensure that the destruction of beverage alcohol products is carried out in a manner consistent with applicable environmental protection laws, regulations, practices, and safeguards given the nature of the product being destroyed.

Damaged and unsaleable beverage alcohol products may not be discarded as garbage or waste. Grocery store licensees may contact the LCBO for more information concerning third parties that offer destruction services for beverage alcohol products.

Grocery store licensees shall maintain and keep records of the destruction for a period of one (1) year from the date the destruction is carried out. The LCBO reserves the right to inspect any documentation relating to the destruction. The LCBO shall provide the grocery store licensee with at least ten (10) business days prior notice of its requirements for such inspection.

b) A **Product Quality Complaint** may or may not require further investigation and refund or exchange to a retail customer is based on grocery store licensees' return policies.

- Customers general complaints do not generally require further investigation and include (but are not limited to):
  - Off colour
  - Off odour
  - Off taste
  - Sediment in bottle
- Product Quality Complaints requiring further investigation include (but are not limited to):
  - Alleged illness
  - Property damage
  - Personal injury
  - Customer requests for investigation

Product quality complaints require the completion of the **Beverage Alcohol Product Quality Complaint** form. Refer to the instructions on the form for reporting product quality complaints that require investigation. In cases where the return of product is due to a customer complaint, complete the form and email to [lcboagroceryoperations@lcbo.com](mailto:lcboagroceryoperations@lcbo.com). The grocery store licensee must advise the retail consumer that:

- The personal information collected is protected in accordance with the Freedom of Information and Protection of Privacy Act; and,
- The information is required in the event the LCBO finds it necessary to contact the retail consumer regarding the complaint

If the grocery store licensee issues a refund to the customer, the licensee may submit a request to the LCBO to be reimbursed by completing the **Beverage Alcohol Product Quality Complaint** form (**including** valid proof of purchase information from the customer) and emailing it to [lcboagroceryoperations@lcbo.com](mailto:lcboagroceryoperations@lcbo.com).

The form can be found on [www.lcbo.com/wholesale/operations](http://www.lcbo.com/wholesale/operations) by selecting *Store Licensees/Forms*.



## 5. Wine Floor Price Product Recall: Beer and Wine Grocery Store Licence Only

Wine sold by a grocery store licensee is subject to a grocery floor price. The wine floor price is governed by the Regulation. In the event that a wine product's retail price falls below the regulated floor price **specific instructions will be provided to the grocery store licensee by the LCBO via email regarding:**

- Action to be taken by grocery store licensee for the recalled product, and
- Making a claim for reimbursement to the LCBO via the LCBO B2B Claims Application, if applicable

## 6. Sampling Program Claim: Wine Boutiques Only

Wine Boutiques can apply to be refunded the cost of up to ten (10) bottles per Stock Keeping Unit (SKU) per store per LCBO fiscal year for wine manufactured by other wineries (i.e., non-wine boutique owner wine).

To claim a credit under the sampling program, Wine Boutiques must complete the **Sampling Program Refund Authorization Form for Wine Boutiques** and remit to the LCBO at [lcbogroceryoperations@lcbo.com](mailto:lcbogroceryoperations@lcbo.com) no later than the fiscal year end March 31 for the current year.

The form can be found on [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) by selecting *Store Licensees/Forms*.

## **SECTION 9**

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### **MANDATORY WEEKLY REPORTS REQUIRED FOR SUBMISSION TO THE LCBO**

## MANDATORY WEEKLY REPORTS

Grocery store licensees are obligated as per their Wholesale Supply Agreement (WSA) to submit reports to the LCBO. These reports are **mandatory**. **Grocery store licensees are encouraged to refer to the Section 13 of the WSA for full details.**

Templates for the reports are available at [www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com) by selecting *Store Licensees/Forms*. All fields contained in the reports are **mandatory** for completion and submission details are provided with each form.

There are three (3) reports for grocery store licensees to complete and submit to the LCBO:

1. Weekly Sales Report
2. Weekly Received Shipment Report
3. Monthly Demand Forecast

### 1. Weekly Sales Report

Grocery store licensees are **required** to submit a report to the LCBO containing all eligible beverage alcohol product retail sales information, represented in selling units, on a weekly basis (based on Sunday to Saturday week).

Grocery store licensees are to submit via email to [lcbogroceryoperations@lcbo.com](mailto:lcbogroceryoperations@lcbo.com) by 12:00 pm on the following Tuesday (except when the Tuesday is a holiday and report is due on the Monday by 12:00 pm). The report is in an Excel file format (XLS).

### 2. Weekly Received Shipment Report

The Weekly Received Shipment report identifies all eligible beverage alcohol products received by PO, SKU and store location represented in cases, on a weekly basis (based on a Sunday to Saturday week).

Grocery store licensees reporting receipt of products must submit an excel file format (XLS) report to [lcbogroceryoperations@lcbo.com](mailto:lcbogroceryoperations@lcbo.com) by 12:00 pm on the following Tuesday (except when Tuesday is a holiday and report is due on the Monday by 12:00 pm), or record Receipts in GMS.

If a product is **not** received, grocery store licensees must report a received quantity of '0' (zero) as an acknowledgement of non-receipt.

If a grocery store licensee does **not** provide their weekly receipts by the noon Tuesday deadline, invoices will be generated based on shipment quantities indicated by supplying sources, based on the estimated delivery date.

Receipts may also be entered directly into the Grocery Management System (GMS). To enter receipt into GMS:

1. Sign into GMS and select "My Account."
2. Select the relevant PO and click "View Status."
3. Enter the received quantity and received date for each SKU on the PO
4. Confirm by selecting "Notify."

LRROC6Ams	August 19, 2016	Details	Order shipped	\$11,508.68	Re-Order				
LRROC6Ams	Supplying Source	Orders	Available	Preliminary Delivery Date	Estimated Delivery Date	Shipped Qty	Received Date	Received	Deemed Receipt
Boxer Ice+ SKU : 0184143	LCBO	23	23	21-Aug-2016	23-Aug-2016	0			
Bavaria Holland Beer 6 Pk-C (Mid Cone) SKU : 0676429	LCBO	34	34	21-Aug-2016	23-Aug-2016	0			
Budweiser 710ml SKU : 0679449	TBS	54	54	21-Aug-2016	20-Aug-2016	0			
Brewmaster Craft Pack Lake Of Bays 4x473ml SKU : 0448126	LAKE OF BAYS BREWING	23	23	21-Aug-2016	20-Aug-2016	0			
Wanderroot Cider SKU : 0456608	LCBO	54	54	21-Aug-2016	23-Aug-2016	0			
Hopping Mad Cider Radler SKU : 0453282	LCBO	30	30	21-Aug-2016	23-Aug-2016	0			

### 3. Monthly Demand Forecast: LCBO supplied beverage alcohol products only

Grocery store licensees will provide the LCBO with demand forecasts identified by the LCBO store operator number for all Authorized Products by week and by SKU by cases for the upcoming 6 (six) months period. Unless the LCBO provides other instructions, forecasts will be provided by the first Sunday in each month. The report is in an Excel file format (XLS). Reports are submitted via email to [lcboagroceryoperations@lcbo.com](mailto:lcboagroceryoperations@lcbo.com).

# APPENDIX

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## **GLOSSARY OF TERMS**

### **AGCO**

The Alcohol and Gaming Commission of Ontario is the regulating body for the sale of beverage alcohol in the province of Ontario.

### **ADVANCE SHIPPING NOTIFICATION (ASN)**

An advanced shipping notification is created when an order is released for shipping and defines which product is being shipped and in what quantity and expected delivery.

### **AUTHORIZED THIRD PARTY LOGISTICS PROVIDERS (3PL's)**

An organization authorized by the LCBO to act on behalf of supplying sources in the areas of warehousing, order picking, order consolidation, and final delivery. Authorized 3PL's are contracted by Ontario manufacturers to engage in some or all of these activities and can be expected to be making deliveries to grocery stores for some products.

### **BILL OF LADING (BOL)**

The legal document representing delivered quantities by the supplying source and received quantities by the grocery store licensee.

### **CREAM WINE**

An alcoholic beverage made from wine and added milk ingredients.

### **ELIGIBLE BEVERAGE ALCOHOL PRODUCTS**

Include wine, beer and cider products as defined by the Regulation. Eligible products for each individual licensed grocery and wine boutique location(s) are defined in the Wholesale Supply Agreement.

### **FORTIFIED WINE**

Wine to which an alcoholic distillate has been added.

## **GROCERY MANAGEMENT SYSTEM (GMS)**

Grocery Management System is the system by which grocery store licensees place orders for eligible beverage alcohol products.

## **GROCERY FLOOR PRICE FOR WINE**

Minimum price, by size, at which wine products can be sold by a grocery store licensee under a wine licence. The complete version of the table below can be found in Section 89 of the Regulation.

<b>Container size (in millilitres)</b>	<b>Retail Price (in dollars)</b>
50 or less	\$0.85
200	\$3.35
250	\$4.10
300	\$4.80
375	\$5.90
400	\$6.20
500	\$7.60
600	\$9.00
720	\$10.65
750	\$10.95
1000	\$14.05
1500	\$20.15
2000	\$25.90

<b>2250</b>	<b>\$28.75</b>
<b>3000</b>	<b>\$37.90</b>
<b>4000</b>	<b>\$49.35</b>

**LCBO**

The Liquor Control Board of Ontario is a Crown Corporation retailing a full assortment of beverage alcohol products across the province of Ontario and providing wholesale service to licenced grocery stores, wine boutiques, bars/restaurants, duty free operators and LCBO Convenience Outlets/Agency stores and The Beer Store.

**LCBO B2B CLAIMS APPLICATION**

An online application used by grocery store licensees to submit claims for damages, shortages, product recalls and to request product returns.

**LCBO GROCERY OPERATIONS**

Fully dedicated department inside the LCBO to serve grocery store and wine boutique customers and partner with manufacturers of eligible beverage alcohol products.

**LTO**

Limited Time Offer.

**MALT BASED BEVERAGE**

An alcoholic beverage that is produced from a base of malt blended with juice, water, carbon dioxide or flavouring and that does not have the aroma or taste commonly attributed to beer.



## **ONTARIO REGULATION 746/21**

Regulation regarding the sale of eligible beverage alcohol products in licenced grocery stores and wine boutiques found at <https://www.ontario.ca/laws/regulation/r21746> (as the same may be amended from time to time).

## **QA ALERT**

An email notification from the LCBO to grocery store licensees outlining specific actions to be taken on recall beverage alcohol product(s).

## **QA ALERT PORTAL**

An online application used by grocery store licensees to acknowledge a QA Alert and report quantity of recalled product to the LCBO.

## **QUALITY ASSURANCE WINE**

Wine (excluding cider) that is designated as meeting the quality control standards of a statutory appellation of origin regime that certifies, in the aggregate, less than 50 million litres of wine (excluding cider) annually.

## **SMALL PRODUCERS**

### **Brewery**

Brewers with worldwide production of less than 400,000 hectolitres of beer in volume per year.

### **Cidery**

Cider manufacturers with worldwide production of less than 25,000 hectolitres of cider in volume per year.

### **Winery**

Wine manufacturer with worldwide sales less than 375,000 litres of wine per year.

**SUBJECT TO COUNT (STC)**

May be indicated by a receiver on the BOL where a complete count is not practical. A full count is required for deliveries of ten (10) cases or less. STC will not be accepted for deliveries of ten (10) cases or less.

**SUPPLIER**

Manufactures product and makes products available for wholesale through the LCBO and sets product pricing.

**SUPPLYING SOURCE**

Supplies and delivers eligible beverage alcohol products to grocery store licensees as directed by LCBO.

**TBS**

The Beer Store.

**WHOLESALE SUPPLY AGREEMENT (WSA)**

Agreement of business terms between the LCBO and licenced grocers/wine boutiques for the wholesale of eligible beverage alcohol products.

**WINE BEVERAGE**

A wine-based cocktail or an alcoholic beverage that is produced from a base of wine that may have added to it flavouring or flavouring preparation, juices, colour, and sugar, that does not have the aroma or taste commonly attributed to wine and that is available in a spirits-based version.