

April 20, 2017

## Re: LCBO Quality Assurance Service Fees

Dear Client,

At the LCBO, we are proud to provide Ontarians with vast selection of internationally and locally sourced beverage alcohol products that meet federal and provincial regulatory requirements for quality and food safety.

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Manager, Quality Assurance

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With ever expanding sales channels and a growing product portfolio, this past year our internationally acclaimed, dual ISO accredited Quality Assurance Laboratory processed more than 28,000 samples of beverage alcohol products conducting over 630,000 laboratory analyses. At the same time, our Quality Assurance team processed more than 27,000 label reviews and 6,500 package reviews and implemented corrective rework on over 2,000 problem loads to bring product into compliance with LCBO standards. In addition, Quality Assurance, in consultation with Canadian Food Inspection Agency, issued 29 product recalls and supported the safe return of these brands back into the market place.

This ongoing testing ensures all products offered for sale throughout the LCBO's extensive supply chain are authentic, safe to consume and are compliant with all regulatory and LCBO standards for composition, packaging and labelling.

Over the past four years, Quality Assurance successfully maintained the pricing structure while enhancing the services offered: we expanded the spectrum of analyses and invested in technology to develop efficiencies that supported the testing of the diversifying portfolio. Moving forward, Quality Assurance plans to continue this trend and enhance its services. As you can appreciate, these operational improvements together with inflation costs made it necessary to adjust service fees.

Quality Assurance service fees will experience a slight increase as follows:

On June 1, 2017, new fees will come in effect for Quality Assurance services required to address non-conforming products. Key updates are in the areas of product recall, reworking non-compliant pallets, packaging and labels.

On July 10, 2017, new fees will come in effect for the chemical analysis of beverage alcohol products. The standard analysis cost per sample of wine and beer will increase from \$200 to \$225 and from \$175 to \$200 for spirits. Copies of lab testing invoices are now available on *iSupplier* website.

Quality Assurance is committed to providing you with accurate and reliable ISO 17025 accredited analytical testing and supports the LCBO vendors and buyers in the seamless and swift flow of getting products to market.

Third-party Certificates of Analysis will continue to be accepted from laboratories with ISO/IEC 17025 status, accredited in the analysis of alcoholic beverages as described in the Quality Assurance section of [www.doingbusinesswithlcbo.com](http://www.doingbusinesswithlcbo.com).

We remain committed to exceeding your expectations for analytical accuracy, reliability and timeliness of our services. If you have any questions concerning the new fees' increase, please do not hesitate to contact the undersigned.

Sincerely,



Dorina Brasoveanu  
Manager, Quality Assurance



Barb Chapple  
Manager, Quality Services

Cc: Mandesh Dosanjh, Senior Vice President, Supply Chain  
Shari Mogk-Edwards, Vice President Products, Sales and Merchandising

