



October 23, 2015

To: All Beverage Alcohol Trade Associations

Re: Pallet Announcement and Updates

Dear Trade Partner:

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With the closure of the Canadian Pallet Council (CPC), LCBO Logistics and Quality Assurance staff have undertaken a number of measures to provide suppliers of Continental North American product with more options for sourcing compliant 40" x 48" pallets. Significant strategies to date include:

- 1) collaborating with a number of US and Canadian pallet manufacturers to develop and publish LCBO specifications for both *stringer* and *block* pallets;
- 2) ensuring LCBO standards align with specifications from approved pallet rental companies;
- 3) negotiating a supplier agreement with PECO Pallet that enables LCBO to accept delivery of palletized goods on PECO 40" x 48" Block pallets; and
- 4) working with CHEP to explore opportunities to enhance the pallet rental program currently offered to LCBO suppliers.

As a result of these efforts, LCBO suppliers now have the following options when choosing compliant pallets:

- Participate in the CHEP pallet rental program shipping on CHEP stringer or CHEP block pallets;
- Participate in the PECO pallet rental program shipping on PECO block pallets;
- Continue to use TBS block pallets to ship beer products; or
- Have pallets custom built to the new LCBO specifications (attached). Note that custom built pallets would be treated as one-way pallets with no possibility of credit or return to suppliers.

LCBO will continue to accept deliveries from suppliers with inventory of CPC pallets with the understanding that CPC pallets are now only one-way pallets. LCBO will no longer track, credit or return CPC pallets to suppliers.

I remind all LCBO suppliers and agents that, as a condition of purchase, it is the supplier's responsibility to ensure compliance with all LCBO packaging standards.



These standards include: shipping on compliant pallets, with all SKU's palletized in their assigned Ti-Hi, sufficient anti-skid cohesive/adhesive applied between each tier to maintain a Coefficient of Friction (CoF) of between 0.8 and 0.92, and the top tier poly-strapped or tie-roped. In addition, no extraneous materials, e.g., Kraft board, paper sheers or poly-film is permitted to be placed between the top deck boards of the pallet or between the pallet tiers.

Please refer to the LCBO's Product Packaging Standards for additional information pertaining to our requirements. The standards are available online at: <http://www.doingbusinesswithlcbo.com>

Please share this information with your members ASAP. It is extremely important that all suppliers of product shipping from within Continental North America are fully compliant to avoid unnecessary delays in receiving products and charges for rework.

Thank you for your cooperation and assistance in this matter. You members may direct any questions to me or Michael Gieck, Assistant Manager Quality Services, michael.gieck@lcbo.com or 416-846-6733.

Sincerely,



Stephen Cater
Director, Quality Assurance

cc: George Soleas, Executive Vice President
Ian Loadman, Acting Director, Corporate Affairs
Nick Nanos, Director, Traffic, Customs & Excise
Leonard Franssen, Manager, Quality Services
Michael Gieck, Acting Assistant Manager, QS Logistics