

LCBO

CONVENIENCE OUTLET

Manual

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Introduction

The LCBO Agency Store Program began issuing authorizations to operators (“**Operators**”) for the establishment of “**Government Stores**” in 1962 and was subsequently rebranded as the “LCBO Convenience Outlets Program (the “**Program**”) in 2019.

The LCBO Convenience Outlet Program provides access to beverage alcohol to communities (each a “**Community**”) that lack convenient access to a LCBO retail store location and delivers economic benefits to such Communities, through revenue generation, employment, and an overall broadening of each Community's business base.

Under the Program, the LCBO may authorize persons (Operators) to sell Liquor, along with other goods, to the public at retail stores in Ontario (“**Convenience Outlets**”), as agents of the LCBO, pursuant to the *Liquor Control Board of Ontario Act, 2019* (the “**LCBO Act**”) as the same may be amended or replaced from time to time.

This LCBO Convenience Outlets Manual (“**Manual**”) is a reference guide for Operators. Any questions with respect to the Program and/or this Manual can be directed to your Client Service Coordinator. Convenience Outlets sell beverage alcohol to the public at the same prices charged at regular LCBO retail stores, The Beer Store and other retail outlets.

The responsibilities associated with each Convenience Outlet are outlined in the agreement between the applicable Operator and the LCBO (the “**Agreement**”) for the applicable Community. Operators must adhere to all the requirements set out in the Agreement in operating the Convenience Outlet in the Community. Failure to comply with the policies and procedures in this Manual or in the Agreement could result in suspension or termination of the Agreement.

The Liquor Control Board of Ontario Act & Liquor Licence and Control Act

The Operator's employees who work in the Convenience Outlet must meet the requirements of the LCBO Act and the *Liquor Licence & Control Act, 2019* (“**LLCA**”). Operators are required to familiarize themselves with the LCBO Act and the LLCA and must comply with the applicable sections and regulations under those acts. Copies of the acts can be obtained by accessing the Ontario government internet website (www.e-laws.gov.on.ca), by phone/fax, mail order or by picking it up in person.

It is a serious offence to knowingly sell or supply beverage alcohol to minors or intoxicated individuals. Any Operator or any employee of an Operator who sells beverage alcohol to an underage or intoxicated person may be held legally liable. The Operator must advise the LCBO Convenience Outlets Department immediately, in writing, of any charges laid against their staff for violating the Act or the LLCA.

Under the LLCA no person under the age of 19 may purchase or attempt to purchase beverage alcohol and no person shall sell or supply beverage alcohol to a person under the age of 19.

Customers of a Convenience Outlet who are suspected to be 25 years of age or younger must be asked to provide valid government issued photo-identification (“**ID**”).

The list of acceptable IDs is as follows:

- LCBO BYID Card
- Ontario Driver's License
- Canadian Citizenship Card
- Canadian Passport
- Canadian Armed Forces ID Card
- Permanent Resident Card

- Secure Certificate of Indian Status Card

If a customer presents their Ontario Health Card to you as proof of age, you can accept it. However, you cannot request this form of ID.

Please see the Challenge and Refusal training module and ID Check guides for more information.

Customers who appear to be purchasing beverage alcohol for a minor or an apparently intoxicated person **must** be refused service. Employees must refuse the sale of alcohol if they witness any of the following:

- an exchange of money between a potential customer and a minor.
- an exchange of money between a potential customer and an intoxicated individual.
- overhearing a conversation in which a minor or intoxicated individual is requesting a second party to purchase alcohol on their behalf.
- A minor or intoxicated individual handling beverage alcohol at the point of sale. (Please refer to the Challenge & Refusal Workday Training module and Check ID guides for more information).

Information **must be recorded** for both instances of “challenged-served” and “challenge-refusal to serve”, as described above, on the Challenge and Refusal App. Operators are required to download and use the app to report on a periodic basis in accordance with the LCBO fiscal calendar.

[C&R Online Application](#)

[C&R App Support Document](#)

Onboarding

Training

All employees of the Operator who might be handling beverage alcohol at the Convenience Outlet must be eighteen (18) years of age or older.

The following training requirements must be completed by all employees of the Operator prior to selling beverage alcohol to the public. The LCBO will grant access for each Operator employee to complete the required training programs online, as described below.

The LCBO has an online resource called “Workday”, which is a learning management system that can be accessed by the Operator and its employees, to complete the following required training:

Challenge & Refusal Online Training

- The Challenge & Refusal Training program outlines the proper way to deal with identification requirements, purchasing on behalf of underaged individuals, under the age of 25 and checking for intoxication.
- Instances of Challenge and Refusal may be reported using an [LCB 2463 – Challenge and Refusal Report Form](#), at point of sale, or directly in the Challenge and Refusal App. If LCB 2463 Challenge and Refusal Report form is used at the point of sale, this information must be entered into the Challenge and Refusal app prior to the end of the period Challenge and Refusals must be reported on the Challenge and Refusal App every period. See [LCBO Fiscal Calendar](#) for period start dates and reporting deadlines.

QA Product Recall

The LCBO Convenience Outlets Department may from time to time recall certain products that are offered for sale in the Business Premises (“**QA Product Recalls**”)

- Notice of QA Product Recalls will be provided via email and text message alert. It is the operator’s responsibility to monitor the email address and/ or registered QA cell phone number provided to the LCBO Convenience Outlets Department to ensure they do not miss any potential QA Product Recall communications.
- Operators must respond to QA Product Recalls by completing and returning the provided forms or text responses within 3 hours and must comply with any instructions provided by LCBO Convenience Outlets Department.
- Further instructions will be provided including arrangements made for pick-up of the recalled products by LCBO and once product is received, a refund will be issued to the Operator.
- Operators cannot destroy recalled products.
- In the event of a Class 1 QA Product Recall, LCBO Convenience Outlets who actioned the QA Recall via text message will be emailed the required public notice messaging and Class 1 QA Recall labels to be affixed within the LCO and on affected sealed product respectively. The designated client service coordinator for each text message respondent will follow-up to ensure the signage has been duly affixed to affected sealed stock, and throughout the Convenience Outlet as necessary.

QA Non- Saleable Returns

Non-saleable products and what you need to do when customers return these products. By following the correct process, you'll quickly identify what products can go back on your shelves for resale and what products need to be processed as complaints.

You'll be helping to maintain our safety standards and keep your inventory accurate.

WHAT IS NON-SALEABLE?

Accept non-saleable products as returns and then complete the complaint form and claims app process. Never place them back on the shelf.

What goes back on the shelf and what doesn't?

- Determine the customer type: Special Occasion Permit (SOP) - means all products in saleable condition go back on the shelf for re-sale.
- Regular Customer
These container and product types are SALEABLE, so when they are returned unopened they are processed as a saleable return, and then place back on the shelf:
canned or glass bottles of cider and ready-to-drink (RTD)
glass bottles of wines, spirits, fortified wines

What is NON-SALEABLE:

Container types:

- All PET/polyethylene terephthalate containers (including spirits, ready-to-drink, coolers, wines and liqueurs). PET containers are made of plastic and are usually clear in colour. They weigh less than traditional glass bottles and don't shatter when dropped.

Tetra Packs & Flexi-pack containers. Tetra and Flexi packs are made of from paper, plastic, aluminum foil, or any combination of these materials and its shape can easily change when filled or during use.

- Wine in a box (Bag-In-A-Box) container. This box is made from cardboard or corrugated fiberboard, which supports the plastic bag/bladder filled with wine. The wine flows out from a plastic push-release valve.
- Product types:
Cream-based liqueurs
Beer, any format or size
- When non-saleable products are returned, complete the LCB 2457 form and submit via the claims app. Do not place the products back on the shelf for re-sale. Complete the complaints form and submit via the claims app.
If any of these products listed above are OPENED, process them as a regular customer complaint, showing the customer's reason for the return.

QA Product Quality Complaints

The LCBO sells millions of products each year and a small fraction are returned due to quality concerns. In rare cases, some of these products may present a potential health risk to consumers.

Processing the Complaint

Many product quality complaints will be a result of products simply tasting “off”. When this happens, the customer is issued a refund, Convenience Outlet/ Retail Store Customer Product Quality Complaint Form (LCB 2457) is completed and submitted via the LCBO B2B Claims Application.

You need 2 pieces of information to log into the Claims Return App:

1. Username: The username is the email that was provided by: LCO@lcbo.com
2. Password: If you can't remember the password, click Forgot Password

A receipt is not required for the return. If the customer presents a receipt, then the amount on the receipt must be refunded.

All Returns Quality Complaints require customer name and address information which must be entered into [Convenience Outlet/ Retail Store Customer Product Quality Complaint Form \(LCB 2457\)](#). Validate information by requesting valid photo identification.

Creating an Accessible Workplace for Everyone

Operators shall review the requirements of Accessibility for Ontarians with Disabilities Act.

The *Accessibility for Ontarians with Disabilities Act, 2005* (or the “AODA”) is a provincial law. Its goal is to make Ontario accessible for people with disabilities by 2025 by developing and enforcing accessibility standards.

The accessibility standards are the legal requirements that organizations in Ontario must follow to become more accessible to people with disabilities. They address key areas of daily life, including:

1. customer service
2. information and communications
3. employment
4. transportation
5. design of public spaces

The standards are found in the Integrated Accessibility Standards Regulation which was established under AODA.

LCBO Convenience Outlets Manual will be required to be reviewed on an annual basis by and referred to as needed by Operators.

All Operators must complete an LCBO Employee Confirmation Form 2404 and send the same to convenienceoutlets@lcbo.com. Information with respect to all Operator employees must be included in this form and kept up to date for all employees, new hires and those employees that are no longer employed. It is the Operator's responsibility to inform the LCO Department of any changes in staffing at the Business Premises.

Training must be refreshed and completed annually by all Operators and their employees.

Opening Checklist

The following is a list of items that Operators of a Business Premises must complete prior to commencing the sale of Liquor:

- Signage (External Sign(s), Information Sign(s), Responsible Service Program (5), *Sandy's Law* (2), Hours of Operation and Convenience Outlet Certificate)- see below for additional detail.
- Operator's email address provided to the LCBO is active.
- Accessible phone number during Operator's business hours.
- All of Operator's employees have completed mandatory Workday training described above; and
- The Operator should work with their assigned Client Service Coordinator to place their initial stock order.

External Sign

The Operator must display, on its Business Premises, the LCBO Convenience Outlet sign provided by the LCBO. This sign must be affixed in the location designated by the LCBO.

The LCO Department provides the Operator with a standard external sign (the "**Standard External Sign**"), free of charge. However, the sign is to be affixed to (and removed from, as applicable) the Business Premises at the Operator's expense.

If an Operator wishes to use any additional LCBO external signs, which vary from the Standard External Sign, or wishes to erect an LCBO highway sign, the Operator must, at its sole expense, submit proof of artwork, which meets LCBO brand guidelines and receive written approval from, the LCBO prior to displaying or erecting any such signs. The LCBO brand guidelines are posted on the Doing Business with LCBO Wholesale website. The Operator must pay the costs incurred for additional and/or any non-Standard External Signs.

The LCBO reserves the right to demand the removal, at the Operator's expense, of any LCBO sign that does not meet LCBO brand guidelines.

Information Sign

The Information Sign, as provided to the Operator by the LCBO, contains information for customers regarding social responsibility and product returns and must be posted within the Designated Premises of the Business as per the Operator's floorplan. (See Schedule A of the Agreement).

Social Responsibility

Sandy's Law Mandatory Pregnancy Warning Sign

Under Ontario Regulation 745/21 (General) of the LLCA, Operators are required to prominently display warning signs regarding consumption of alcohol during pregnancy, for customers.

LCBO recommends that Operators post these signs on their "Community bulletin boards" and at checkout counters to ensure the compliance with this mandatory signage requirement.

It is mandatory that Operators post their Sandy's Law posters in a highly visible and prominent area.

Responsible Service Program

These signs must be posted within the Designated Premises (see Schedule A of the Agreement) as well as within the cashier area. This signage indicates to check for government-issued identification, intoxication, and 2nd party purchases for a minor. Operator employees should be requesting and verifying identification if the customer appears to be under the age of 25. Operator employees should refuse to serve if the customer appears to be intoxicated or purchasing on behalf of a minor.

Hours of Operation Decal

A decal kit is available from the LCO Department. Please post your hours of operation in the Designated Premises or front door of the Business Premises. It is important to adhere to your posted hours of operation. If the hours of operation for the Convenience Outlet change, please advise the LCO Department by email.

Convenience Outlet Certificate

The LCBO will provide a Convenience Outlet Certificate that must be displayed in the Designated Premises or within the cashier area of the Business Premises.

Store Layout

Beverage alcohol must be displayed in the approved Designated Premises of the Business Premises, as defined in the floor plan in Schedule A of the Agreement. The Convenience Outlet is considered an adjunct service to the Operator's main business operations. Except as may be specifically set forth herein with respect to "cross-merchandising", beverage alcohol must be physically segregated from other goods in the Business Premises and at no time can beverage alcohol be the main focus of the business. Always refer to the Agreement for the approved floor plan.

The Operator will not carry out any renovation, alteration or improvement to the Business Premises that may impact to Designated Premises in any way without the prior written approval of the LCBO. Beverage

alcohol must not be accessible outside the selling hours as mandated by the Alcohol and Gaming Commission of Ontario (“**AGCO**”).

Hours of Sale of Beverage Alcohol

The Operator's Convenience Outlet should be open to the public for a minimum of eight (8) hours per day for six (6) days per week, one of which must be Saturday. Hours of operation for the sale of beverage alcohol must comply with the acceptable hours of operation as outlined by the AGCO, which are from 7 A.M. – 11 P.M. The hours must be displayed on the door of the Operator's Business Premises.

Where the Operator operates a seasonal business, the LCBO may, in its discretion, authorize reduced hours of operation, where the LCBO determines that it is warranted given local demand. The Operator shall be responsible for informing the LCBO of any changes to the Convenience Outlet's hours of operation.

Selling on Holidays

Under the [Retail Business Holidays Act](#), retail businesses must be closed on the following holidays:

- Victoria Day
- Canada Day
- Labour Day
- Thanksgiving
- Good Friday
- Easter Sunday
- Christmas Day
- New Year's Day
- Any other public holiday declared by proclamation of the Lieutenant Governor to be a holiday for the purposes of the *Retail Business Holidays Act*.

If Operators wish to be open during these holidays, Operators shall be responsible for obtaining approval from their municipality, which may have specific by-laws or holiday closing requirements for retail businesses. It is the Operator's responsibility to retain any letters of approval.

If the Convenience Outlet is located within an unorganized territory or township where there is no municipal organization, Operators are not permitted to sell on the above holidays unless permitted to do so by regulation under the *Retail Business Holidays Act*. Please direct all holiday-related inquiries to the Ministry of Public and Business Service Delivery.

Category Placement

Strategically placed product categories in the Convenience Outlet present a uniform look that mirrors the LCBO retail stores and creates the opportunity to increase your business. Products must be placed by category not by manufacturer. In addition, the Operator must:

- Ensure that all the space in the Designated Premises of the Convenience Outlet (approved floorplan in Schedule A of the Agreement) is used to its greatest advantage to offer customers an excellent shopping experience.
- Apply best shelf management practices (see below for additional details on the placement of products); and
- Work with their assigned Client Service Coordinator, who can advise on product placement and ways to increase business.

Arrange wines by sets on the shelving in order of flow from front of store (nearest) to back of store (farthest): Ontario, B.C., USA, New Zealand/Australia, Chile/Argentina, Sparkling, SE Europe, Germany, France, Italy then Fortified Wines. This method encourages browsing.

Place spirits on the perimeter wall shelving in order of flow from the front (nearest) to back (farthest): Vodka, Gin, Rum, Brandy, Scotch, Whisky then Liqueurs. This creates a high impact. Position beers and coolers (Ready to Drink products) in the farthest corner on either shelving units. This positioning draws traffic through the store for impulse sales.

Wines:

Ontario wines should be the first “Product Set” that a customer sees when looking at your wine display. Subsets within the Ontario wine set can flow as follows: (front to back) VQA, White Varietals, Red Varietals, White Blends, Rosé, and Red Blends.

We have found that identifying the country of origin for wines increases sales. Placing white and red wines side-by-side, with white wines leading, gives each country greater prominence.

Placing families of products under a brand name, such as Jackson Triggs or Carlo Rossi, together, makes shopping easier for customers.

Spirits:

By placing white spirits (ex. vodka) closest to the front of the store, and dark ones (ex. whisky) farthest to the back of the store, you can create the basic flow of the “Spirits Category”.

Beer & Ready to Drink:

Placing products by size format, such as putting all the single canned products together and all the multi pack products together, has proven to be more operationally efficient.

When you put out single unit products, if possible, merchandise them in their original tray packaging to reduce product handling.

Keep the country of origin and the brand families together within each product format.

If you have fridge space, you can duplicate the products within it, onto additional block pile spaces. These are usually your highest volume products.

Shelf Management

Products with various size formats should always have a “right-hand trade up” (i.e. largest size to the right). Products should have a minimum of 2 facings.

1. 9 facings maximum for 750 ml products
2. 6 facings maximum for 1.5 L products



Figure 1

Consider merchandising a variety of products (See Figure 2) instead of multiple size formats of the same brand (Figure 1)



Figure 2

Merchandise enough products on the shelf to maintain a “Ready for Business” look between deliveries.

1. Each facing should always be at least 2 items deep
2. Products should always be faced up to the front of the shelf (i.e., front label facing out).
3. Products and shelving should always be kept clean.

Shelf Product tags (bin tags) should be situated under the center of each product location.

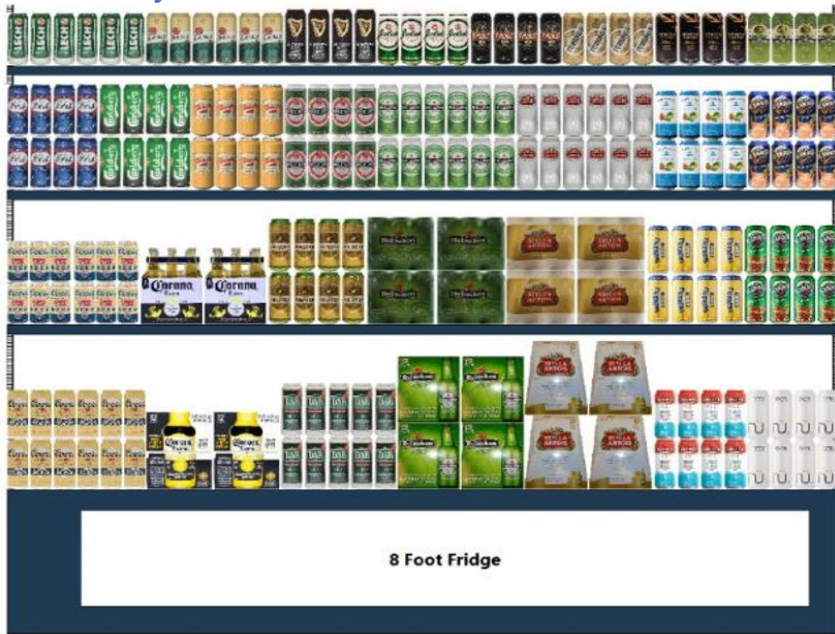
The facings given to a single SKU should be based on the product’s popularity and prominent sales.

The shelf ranking is determined by estimating average customer sightlines and accessibility to the shelf as shown in the diagram below.

Sample Plano-Guides *Spirits & Wine – Shelving*

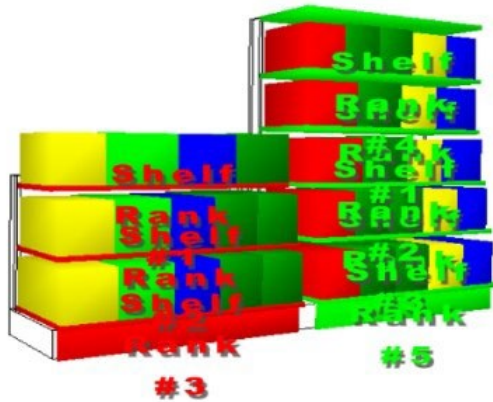


Beer & Ready to Drink – Cooler Section



4 X 4 Seasonal Display examples (16 Sq. Ft.) to be used to showcase seasonal products or sale items.

Waterfall



4 Ft. x 4 Ft. Block pile/ Table

2 Ft. X 8 Ft. Block Pile/ Table

Price Changes

Operators will be advised of increases or decreases in the selling price of products purchased from the LCBO by means of the LCBO Lexmark Bintag program (“Lexmark”) and Price Bulletins, which are located on Doing Business With LCBO website – [Wholesale Pricing | LCBO Convenience Outlets Agency Operators | Doing Business with LCBO](#)

Bintags

Bin Tag Training

Operators will be provided with access and training on the Lexmark system upon joining the LCO Program. Details will be provided as part of the Operator’s onboarding package.

Using Bintags

Bintags must be printed using the Lexmark system. It is required that Operators check Lexmark every day to identify any changes/updates to price. Price changes are uploaded seven (7) days in advance and specific, tailored bintag price batches are created by Lexmark based on your store inventory. Ensure your store inventory is up to date with all products sold at your Convenience Outlet. Regular price changes and item changes are permanent changes, therefore, once you print the bintag, you must replace the current label on the shelf with the new printed label. Limited Time Offer (“LTO”) or Super Saver (“SS”) price changes are sale prices with a start and end date. Sale bin tags can be placed in front of regular price bin tags until end of LTO period.

Daily, the Operator or its Personnel must log into Lexmark and print all applicable bintag batches, including:

1. Change the price label on the products / selling units affected by the price change.

2. Remove and replace the bintags.
3. For LTOs, prices must be changed on the effective date of the offer.

If you require cardstock for bintags, email convenienceoutlets@lcbo.com

Please note that, if you are setting up a POS system and require a list of all LCBO products along with LCBO # and UPC code, these files, in excel or pdf format, can be found on the Doing Business With LCBO website at [the Convenience Outlet Price Bulletins page on the Doing Business with LCBO website.](#)

The Operator **must** ensure that the prices charged in their Convenience Outlet are accurate. In the event of a price discrepancy between Lexmark and the LCBO.com, pricing from Lexmark is to be followed as it is the most up to date pricing information.

Product Assortment

All brands of Liquor products carried by the Operator must be purchased from your LCBO supplying source. The LCBO delivers each inventory order purchased from the designated LCBO supplying source to the Operator, at the Business Premises.

The LCBO keeps track of all brands purchased by the Operator to ensure that a representational selection of LCBO listings is being carried by the Convenience Outlet.

An Operator's Convenience Outlet may carry:

1. Any wine, spirit, or imported beer currently listed with the LCBO on the LCO Catalogue. The catalogue will change often to reflect delisted products, poor sellers and to offer new products.
2. Any Domestic Beer made available by The Beer Store ("TBS") and listed by the LCBO.
3. Domestic beer not available through The Beer Store, for identified Southern LCO Agreements only.
4. Non-alcoholic or alcoholic promotional products paired with an inventory product ("**Value Add Products**"). Supplier representatives may visit LCBO Convenience Outlets to provide non-alcoholic or alcoholic Value Add Products on certain LCBO approved products in stock in the Convenience Outlet. Operators should only have enough Value Add Products to accommodate their current stock of promotional products, and a supplier cannot leave additional quantities of Value Add Products for future orders. Value Add Products cannot be sold separately by the Operator and must be picked up by the supplier representative once the promotion has ended.

An Operator's Convenience Outlet may not carry:

1. "Bad Label" stock received from the LCBO. This refers to products from which the labels have been torn off or are missing, etc. Immediately contact LCO@lcbo.com upon this occurrence.
2. LCBO gift cards.

Operators are not permitted:

1. to sell to licensees (as defined in the LCBO Act or LLCA).
2. to redeem LCBO Gift Cards for the payment of beverage alcohol nor to sell them to customers.
3. All beverage alcohol products must be sold to customers of the Convenience Outlet in the same selling unit that the Operator purchased from the LCBO, The Beer Store or Ontario beer producer, and must be sold at the prices indicated by the LCBO.
4. to redeem "Supplier Vouchers" (i.e., coupons from manufacturers of Liquor) as the LCBO cannot reimburse Operators for such vouchers. Customers wishing to redeem Supplier Vouchers must do so at an LCBO Retail Store.

5. to exchange or request a refund for a brand that Operator no longer wishes to offer for sale at its Convenience Outlet. However, an exchange or refund is permitted if the product has been removed from sale because of an LCBO Product Recall, or if a customer has complained and returned the product.
6. Operators will not be allowed to charge any fees in connection with any merchant agreement or direct payment agreement (credit / debit surcharges) in relation to the sale of beverage alcohol to the customer.

Purchasing Beverage Alcohol

Spirits, Wine, and Imported Beer

Imported and domestically produced spirits, wine and imported beer must be purchased from the designated LCBO supplying source.

Domestic (Ontario) Beer

Operators awarded the Northern LCO Agreements must purchase domestically produced beer from the designated LCBO supplying source.

Operators awarded the Southern LCO Agreement must purchase domestically produced beer from The Beer Store using their online ordering system. Unless the item is only carried by the LCBO, then the LCO may purchase directly from the designated LCBO supplying source.

Where a particular brand of Ontario Beer is manufactured by a brewer licensed by the Alcohol and Gaming Commission of Ontario ("AGCO") but is not listed by The Brewers Retail Inc. (TBS) or the LCBO ("Unlisted Ontario Beer"), the Operators awarded the Southern LCO Agreement may purchase such Unlisted Ontario Beer directly from the manufacturers of such Unlisted Ontario Beer. The manufacturer of such Unlisted Ontario Beer must provide uniform pricing for their products.

Prior to making any order of Unlisted Ontario Beer, the Operator should adopt and implement a written recall procedure for such Beer with the individual manufacturers. The Operator shall provide a copy of any such recall procedure(s) upon request.

Operating Procedures

Ontario Deposit Return Program (ODRP)

The Operator shall accept and redeem empty beverage alcohol containers in accordance with the Ontario Deposit Return Program established by the Government of Ontario and as administered by TBS, as the same may be amended from time to time (the "ODRP"). The Operator shall sort containers and secondary packaging in such a manner as may be directed by TBS and shall store empty containers in a segregated area of the Business Premises. The Operator shall enter such contracts or arrangements as may be required by TBS in connection with the ODRP.

Empties must be accepted during the hours retail beverage alcohol is sold. Operators may limit empty returns to 3 days a week (one of these days must be Saturday), however, signage must be posted so customers are aware of these terms.

Audit Compliance

As part of the LCBO's commitment to quality customer service, there are a minimum of four (4) Convenience Outlet audits per fiscal year. Audits may be scheduled up to 24 hours in advance or auditors may show up

unannounced. Refusing the audit will result in a non-compliance letter. The authorized Operator/Designate must be on site to help facilitate the audit and answer questions.

Audits are all encompassing and may include, without limitation, an examination and review of cash register receipts and books and records of accounts. It is the Operator's responsibility to ensure that all financial records are maintained and available. Cash register receipts must be available for the fiscal year and available based on date of sale. Audits may also focus on store operations, inventory, pricing, signage, and training.

Each audit will be reviewed by the LCBO Convenience Outlets department and, if there are any corrective actions required, the Operator will receive a letter describing the required corrective actions and the steps to resolve them. These letters will remain on file for the duration of the term of the Agreement.

For more information on the auditing process, please see the following link: [CSC 505 Audit Checklist \(April '24 Update\).pdf](#).

Non-Compliance Letters

Non-compliance letters can be issued for, but not limited to the following reasons:

Incidents shall be escalated in the following manner:

1st Incident (Non-Compliance Letter)

When an Operator is found to be non-compliant, a non-compliance letter will be issued to the Operator outlining the non-compliance, the corrective action required and the outcome for any future recurrences.

2nd Incident (2nd Non-Compliance Letter)

Where it is found that the Operator is non-compliant for the same issue again, the Operator will be informed of this second recorded incident, resulting in a **second non-compliance letter**. The second non-compliance letter will be issued to the Operator outlining the non-compliance, the corrective action required and informing the Operator that, upon the occurrence of any future recurrences, their ordering account will be placed on hold and the Operator will not be permitted to place orders.

3rd Incident (3rd Non-Compliance Letter & Accounts placed on Hold – 15 Day Period)

Where it is found that the Operator is non-compliant for the same issue again, the Operator will be informed of this third recorded incident, resulting in a **third non-compliance letter and a hold** on their ordering account and no sales.

The LCBO Manager of the Program will call the Operator and advise that the Agreement will be put on hold for a period of fifteen (15) days, effective immediately. The Operator must rope off the Designated Premises in the Business Premises, discontinue selling beverage alcohol immediately and will not be able to place orders during this time. If it is discovered that the Operator is selling during the 15-day period, the Agreement will be terminated, effective immediately.

4th Incident (4th Non-Compliance Letter & Suspension 30 Day Period)

Where it is found that the Operator is non-compliant for the same issue again, the Operator will be informed of this fourth recorded incident, resulting in a **fourth non-compliance letter and a suspension** of the Agreement.

The LCBO Manager of the Program will call the Operator and advise that the Agreement will be put on hold for a period of thirty (30) days, effective immediately. The Operator must rope off the Designated Premises of the Business Premises, discontinue selling beverage alcohol immediately and will not be able to place

orders during this time. Arrangements will be made to return all inventory to the designated LCBO supplying source and TBS. If the Operator does not return the inventory, the Agreement will be terminated effective immediately.

5th Incident (Termination of Agreement)

The termination procedures shall be conducted in accordance with the terms and conditions of Section 15 in the Agreement between the LCBO and the Operator.

Loyalty and Rewards Program

Aeroplan loyalty program runs exclusively in LCBO retail stores and does not apply in Convenience Outlets.

Cross Merchandising

Beverage alcohol may be located within the approved Designated Premises, along with complimentary items such as gift bags and certain other products; provided graphics contained thereon are not marketed to children.

However, packaged drinking games such as “beer pong” and energy drinks cannot be displayed in or near the Designated Premises.

Depending on the approved floor plan of the Convenience Outlet (see Schedule B of the Agreement) and space restrictions, there may be two (2) designated areas for the display of beverage alcohol (i.e., LCO shelving display at front of Business Premises, beer cold room in rear). In addition, smaller format bottles are permitted behind the cash to prevent theft.

A cold room with dairy doors and shelving units may be shared, but the dairy and alcohol products must not be mixed and must show a clear distinction (i.e. dedicate one door to beverage alcohol, and one to dairy).

The Operator may be permitted to group beverage alcohol products together with or without other sundry items for re-sale at the Convenience Outlet (i.e., gift baskets). The Operator is only permitted to sell gift baskets in the LCO area as per the approved floorplan in Schedule B of the Agreement.

Selling the Business

When an Operator intends to sell the Business Premises to a third party, they must provide the LCBO Convenience Outlets Department with written notice at least sixty **(60) days before** entering into a contract or agreement for such sale.

The LCBO may be in a position to offer the buyer a *Temporary Agreement*, once the sale of the Business Premises is officially closed and the application from the new owner is approved by the LCBO. If a Temporary LCO Agreement is issued to the new owner, the existing saleable stock must be re-purchased by the new owner.

The Operator selling the Business Premises must ensure that the Agreement is not represented or offered in any terms of the sale, including as a condition of sale of the business.

It is important to note that an Agreement is **not transferable, in full**, to a new owner of the Business Premises. A Temporary LCO Agreement must be issued instead.

NOTE: This sale of business process can take anywhere from 6 to 8 weeks to complete.

Temporary LCO Agreement

The Temporary LCO Agreement, issued for a six (6)-month term, permits the new owner of the Business Premises (following the completion of the sale) to buy and sell beverage alcohol at the Convenience Outlet until a successful applicant is appointed through a formal RFP competition issued by the LCBO for the applicable Community.

A Temporary LCO Agreement is no longer valid once a successful applicant is appointed to be the Operator for that Community.

The **prospective buyer** of Operator's Business Premises:

1. Provides the proposed closing date of the purchase/sale of the Business Premises to the LCO Department.
2. Completes the application, the Personal History Form(s), background checks, and floor plan, as instructed by LCBO, and return all forms to the LCO Department.
2. Provides certificate of insurance to LCBO Convenience Outlets Department for review and approval.
3. Completes all Workday training modules prior to proposed sale date.

On closing day for the sale, the LCO department will issue an inventory list for the buyer and seller to take a physical inventory of the remaining stock at the Business Premises. The buyer and seller must agree and sign off on the final inventory and email it to convenienceoutlets@lcbo.com. The LCO Department will email the amount the buyer must pay to the seller and provide proof of payment to ConvenienceOutlets@lcbo.com.

The seller must send official confirmation to the LCO Department that the sale of the Business Premises has closed, by providing a letter from the applicable lawyer, and the LCO Department will send **an Acknowledgement of Termination of Agreement and Release** to the seller and a *Temporary LCO Agreement* to the buyer.

The new owner of the Business Premises (the buyer) must sign the *Temporary LCO Agreement* and send it back to the LCO Department via email at convenienceoutlets@lcbo.com.

Upon receipt of the signed *Temporary LCO Agreement*, the LCO Department will email the buyer and the designated supplying source, advising that the buyer is able to sell beverage alcohol and purchase and sell new stock on a temporary basis (i.e. only until the RFP competition for that Community is finalized).

PLEASE NOTE- In the event that a Temporary LCO Agreement expires, and no RFP has been held for that Community, the Operator may receive an extension letter(s) until an RFP is held for their community.

Seasonal Closures

When an LCO closes for the season, the Operator must advise the LCO Department, in writing, at least two (2) weeks prior to the closing date. It is the Operators responsibility to ensure inventory levels have been reduced or sold prior to closing for the season. The LCBO will no longer accept returns of beverage alcohol.

Special Occasion Purchases

Operators should have the ability to include SOP information on their POS system. If this is not available, the Operator **must** record this number on customer copy of the receipt.

Special Occasion Permit Returns

SOP Customers may return sealed products that are in saleable condition to the same Operator from which they were bought provided:

- The product being returned is accompanied by the Special Occasion Purchase Receipt
- The return is made within thirty (30) days of purchase.

SOP customers may return PET (plastic) containers, cream-based liquors, beer, Tetra Pak, Flexipack, and bag-in-a-box products provided they are considered saleable. However, these products must be fully examined to ensure the products are authentic and in saleable condition prior to being returned to the Operator's inventory for resale.

Claims & Returns

LCBO B2B Claims Application

For products purchased from the depots all Returns, Customer Complaints, Breakage/Shortage and Product Recall claims will need to be submitted into the LCBO B2B Claims application: <https://lco-claims.lcbo.com/>

If you require login information or assistance with your claims, please contact the Wholesale team by emailing LCO@lcbo.com or your client services coordinator.

Contact Information

If you have any questions or concerns, email LCO@lcbo.com regarding:

- Order inquiries including delivery
- Invoice and payment inquiries including VersaPay
- Return request including missing items and damage on delivery

For the LCBO to communicate effectively with its Operators, including urgent notifications (such as product recalls), Operators must at all times have a working cellphone and/or telephone, WiFi Internet access, and access to email at the Business Premises. It is recommended that the Operator have an active email address that all LCO Department staff can access for communications to and from the LCBO. For example, a Gmail account that has the Operator's number (12345@gmail.com).

An LCBO Client Service Coordinator will be assigned to you to assist with your day-to-day operations and answer any questions.

It is the Operator's responsibility to ensure that their contact information is always current and to contact the LCO Department should any of their contact information change.

LCBO Convenience Outlets Department 876
100 Queens Quay, 9th Floor
Toronto, ON M5E
0C7
Convenienceoutlets@lcbo.com

Fax No. 416-864-7654

Resetting Password

To reset the password associated with your AS (operator number) @lcbo.com username, please contact the IT Service Help Desk at (416) 864-2550.