

CANNABIS STORE

RETAILER DIRECTIVES

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CANNABIS STORE RETAILER DIRECTIVES

1 General Information

1.1 Introduction

The sale of Cannabis at the Location (including from the Location's online retail website, if any) is governed by the following:

- the *Cannabis Act* (Canada);
- the *Criminal Code* (Canada);
- *The Non-Smokers Health Protection and Vapour Products Act* (Manitoba);
- *The Liquor, Gaming and Cannabis Control Act* (Manitoba) and regulations;
- the Retailer's Licence for the Location (which includes the Liquor, Gaming and Cannabis Authority's general terms and conditions for retail Cannabis Licences, the Liquor, Gaming and Cannabis Authority of Manitoba's specific terms and conditions for the type of Licence held, and the Liquor, Gaming and Cannabis Authority of Manitoba's specific terms and conditions for delivery) ;
- the Cannabis Store Retailer Agreement;
- these Cannabis Store Retailer Directives.

Retailers are responsible for familiarizing themselves with the above-listed documents.

Capitalized terms in these Retailer Directives shall have the meanings assigned by the Retailer Agreement.

1.2 Overview/Purpose

These Retailer Directives form an integral part of the Retailer Agreement. The purpose of these Retailer Directives is to communicate expectations and clarify the relationship between the Retailer, the Cannabis supplier and the Manitoba Liquor and Lotteries Corporation (MBLL).

These Retailer Directives support the Retailer Agreement with a standardized approach so all Retailers are following the same directives. MBLL shall be entitled to modify these Retailer Directives from time to time on notice in writing to the Retailer.

In the event that, at any time, there is any conflict or inconsistency among *The Liquor, Gaming and Cannabis Control Act* (Manitoba), the regulations under *The Liquor, Gaming and Cannabis Control Act*, the Retailer's Licence for the Location or the body of the Retailer Agreement and the Retailer Directives, then *The Liquor, Gaming and Cannabis Control Act*, the regulations under *The Liquor, Gaming and Cannabis Control Act*, the Retailer's Licence for the Location, the body of the Retailer Agreement and then these Retailer Directives shall govern, in that order.

1.3 Doing Business with MBLL

The Retailer must complete the following tasks to order Cannabis products from MBLL for the Location:

- sign all related agreements.
- provide MBLL with its licence number issued by the Liquor, Gaming and Cannabis Authority.
- complete a Retailer Information Form providing contact information.
- complete a Pre-Authorized Debit (PAD) form authorizing MBLL to debit the Retailer's bank account.

2 Day-to-Day Operations

2.1 Hours of Operation

The Retailer must comply with all applicable laws, regulations and by-laws in determining the hours of operation of the Location, and must:

- at a minimum, provide the following hours of service to the public each week:
 - eight (8) hours per day, seven (7) days per week (unless restricted by by-law);
- clearly post the hours in such a manner as will enable members of the public to determine the hours of operation from outside of the Location;
- ensure that the hours of operation for the Location are consistent with other retailers in the community.

Hours of operation for online order pick-up must be consistent with the Retailer's Licence for the Location.

2.2 Age Verification

Only legally valid identification is acceptable as proof of age. Legally valid identification for the purpose of checking age is:

- a valid passport;
 - a valid driver's license;
 - a valid identification card issued by Manitoba Public Insurance;
 - a valid Secure Certificate of Indian Status issued by the Government of Canada;
- or
- two valid pieces of government-issued identification, with at least one piece of identification containing a photograph of the person.

If a person is unable to produce the required identification, the Retailer must not sell any Cannabis to that person. Identification that has expired cannot be considered to be valid.

The Location's online retail website (if any) must:

- require customers to self-declare that they are not a Young Person when entering the Location's online retail website; and
- complete age verification at the time payment is received from the customer.

Age verification must also be completed upon delivery of Remote Orders.

2.3 Product Knowledge and Employee Training

Product knowledge is a critical component of the retail experience and essential to displace the Cannabis black market. The Retailer must have a policy or program in place that ensures front-line employees meet customer expectations relating to service and product knowledge. The policy or program must adapt to the changing Cannabis landscape in Canada and Manitoba as it matures, and the policy or program must be made available to MBLL upon request.

2.4 Display of Cannabis

Retailers are prohibited from allowing patrons to physically or directly handle Cannabis products prior to purchase.

A sensory display container (display pod or sniff jar) allows a person to see and smell Cannabis inside the container, but does not allow a person to touch the Cannabis. Where permitted by the Retailer's Licence for the Location, the Retailer may use sensory display containers for the purposes of allowing patrons to examine Cannabis products by sight and smell. The Retailer must ensure Cannabis products remain in sensory display containers when being used for display purposes.

Cannabis products can be put on display in a manner set out in the Retailer's Licence for the Location. A sensory display container must:

- be in the possession of an employee at all times when showing it to customers, or be permanently secured (affixed or tethered) so that it cannot be removed from the Location; and
- have a tamper-proof container that prevents access to the Cannabis product contained within.

Retailers are responsible for maintaining accurate records of all Cannabis products used for display purposes. Retailers must maintain a sensory display log and record the following:

- product code/SKU;
- lot number;
- name of product;
- quantity of product;
- date Cannabis product added to display container; and

- date Cannabis product removed from display container.

Cannabis products that are removed from sensory display containers cannot be sold or given away to any person.

2.5 Non-Cannabis Products

Retailers are permitted to sell peripheral devices and non-Cannabis related products at the Location.

The Retailer must not sell liquor (as such term is defined in *The Liquor, Gaming and Cannabis Control Act*) at the Location.

2.6 Professional Shoppers

MBLL may employ professional shoppers to assess the Retailer's compliance with the Retailer Agreement, including these Retailer Directives. Where required by MBLL, the Retailer must develop and implement an action plan to improve compliance at the Location (including the Location's online retail website, if any).

2.7 Financial Transactions between Cannabis Suppliers and the Retailer

All financial transactions related to retail operations between Cannabis suppliers and the Retailer which would impact the Retailer's Statement of Comprehensive Income (Income Statement or Profit / Loss Statement) must receive prior written approval from MBLL.

3 Sale of Product

3.1 Responsible Selling

Cannabis must be sold in its original package. Employees must ensure that all purchases are concluded before the customer leaves with Cannabis in his or her possession.

The Retailer must not sell more than 30 grams of dried Cannabis, or an equivalent amount of one or more other classes of Cannabis, to a person in a single transaction.

It is the responsibility of the Retailer to ensure that Cannabis product is not sold:

- to a Young Person;
- to a person who is or who appears to be intoxicated;
- to a person who intends to sell or supply the Cannabis to a third party;
- if Manitoba has provided instruction that the Cannabis product is not to be sold;
- if the Retailer suspects or is aware that the product is not safe for consumption or has expired;
- if the product has been recalled.

All employees must complete the appropriate Cannabis Retailer Responsible Service Training Program Certification or any other mandatory program provided by the Liquor, Gaming and Cannabis Authority of Manitoba prior to working in the Location. The Retailer is responsible for ensuring staff training is current and for providing refresher training when applicable. The Retailer must track all staff training.

3.2 Recording of Sale and Receipt of Transactions

The Retailer shall record each and every sale of Cannabis at the time it is made and shall provide proof of purchase and a receipt to each customer. Each receipt must include (without limitation):

- SKU number;
- description; and
- price;

Upon request by MBLL, the Retailer shall provide records of sale and receipts of transactions to MBLL. The Retailer must comply with all reporting requirements required by Canada and shall make these reports available to MBLL upon request by MBLL.

3.3 Retention of Records

The Retailer will prepare and keep, for a period of not less than seven (7) years, original or electronic copies of records for the Location (including the Location's online retail website, if any), such as inventory counts, sales records and shipping documentation (bill of lading and/or packing slips), which would normally be examined by an independent chartered professional accountant pursuant to generally accepted auditing standards. These will include financial statements for the Retailer's Cannabis sales (with Remote Orders listed separately) and the Retailer's Core Business sales (if any), listed separately, including:

- inventory records, purchase records and receipts from sales (point-of-sale-transactions);
- serial numbered sales invoices, if not captured in the point-of-sale system;
- records of products returned to Cannabis suppliers;
- records showing the disposition of any product removed for any reason except sale from the Retailer inventory;
- returns showing payments to the relevant authorities of all amounts collected and remitted in respect of taxes, employee deductions and environmental levies.

3.4 Audit / Inspection

All records required to be maintained pursuant to the Retailer Agreement will be subject to regular review by MBLL representatives to ensure compliance with the Retailer Agreement. The Retailer is required to provide records upon request from MBLL.

The Retailer shall co-operate with any inspection or audit by MBLL representatives.

Inspections or audits may review (but shall not be limited to) sales records, inventory records, and other supporting documentation.

3.5 Remote Orders

The Retailer must provide MBLL an overview of the Remote Order services offered to consumers, including options to fulfill Remote Orders, the Retailer's Cannabis Store locations that are providing remote orders, delivery / shipping methods, and the implemented inventory management tactic to support Remotes Orders.

3.6 Remote Orders – Delivery to Customer

The Retailer must ensure that any delivery of Cannabis product based on a Remote Order is:

- delivered only to the address specified in the Remote Order, which address must be within the Province of Manitoba, and that:
 - it is received by a person who is not a Young Person (in accordance with subsection 2.2 of these Retailer Directives); and
 - the recipient provides written acknowledgement of receipt to the person delivering the Cannabis product.

4 Ordering Cannabis Product

4.1 Ordering

All Cannabis products must be ordered directly from MBLL.

Orders shall be placed and fulfilled as follows:

- The Retailer must submit orders for Cannabis product by completing and e-mailing the “Cannabis - Retailer Order Form” (attached to these Retailer Directives as Schedule “A”) to: CannabisContactCentre@mbll.ca. The “Cannabis - Retailer Order Form” template is on MBLL’s website under “Doing Business with Us / Cannabis Partners”. The “Cannabis - Retailer Order Form” must be fully completed prior to processing.
- Upon receipt of the “Cannabis - Retailer Order Form”, MBLL will confirm product availability.
- MBLL will send a confirmation e-mail acknowledging receipt and that the product is available. If the product is not available, MBLL will contact the Retailer and provide substitute product offerings. The Retailer will confirm the substitute order via e-mail.

- MBLL will issue an invoice to the Retailer for each order (in accordance with subsection 4.2 of these Retailer Directives).
- MBLL will debit the Retailer's account for the amount of the invoice and generate a purchase order to the Cannabis supplier (in accordance with subsection 4.3 of these Retailer Directives).

Retailers must ensure that adequate time is given for delivery. MBLL will provide lead times, minimum order quantities and delivery frequency for each Cannabis supplier. Orders must be placed far enough in advance to cover the preparation time. This is particularly important during a week containing a holiday or other busy seasonal times.

MBLL has the right to specify product allocation and store-specific selection to meet provincial targets and objectives.

Enquiries can be placed through the Cannabis Contact Centre. A Customer Service Coordinator can assist with order placement, provide product support, product out-of-stock status and product and pricing bulletins.

Cannabis Contact Centre

All orders must be placed by e-mail sent to: CannabisContactCentre@mbll.ca. Each Retailer will be assigned scheduled dates for placing orders.

- To contact staff, please call 204-957-2500 Ext. 8710 at the Cannabis Contact Centre between 8:00 a.m. and 4:00 p.m., Monday through Friday (closed holidays).
- Website access and other information can be found at: <https://www.mbllpartners.ca/cannabis-partners/cannabis-retailers-suppliers>
- Orders received after 12:00 p.m. (Noon) will not be processed until the start of the next business day.

4.2 Invoicing

An invoice will be issued to the Retailer for each order. Invoices and credits for all orders placed through MBLL will be generated daily and will be sent out by e-mail, based on the information provided on the Cannabis - Retailer Order Form.

The Retailer must immediately review and confirm the information on the invoice, and notify the Cannabis Contact Centre if there are any issues.

4.3 Payment

After the invoice is issued, MBLL will debit the Retailer's bank account for the invoice amount by Pre-Authorized Debit (PAD). Once the funds have cleared and are in MBLL's control, MBLL will generate a purchase order to the Cannabis supplier.

Questions about payments can be directed to the Cannabis Contact Centre.

4.4 Delivery to the Retailer

Cannabis product will be delivered directly from the Cannabis supplier to the address indicated on the purchase order. Inventory replenishment will be based on weekly deliveries.

MBLL will make reasonable efforts to coordinate the scheduling of deliveries with Retailers to minimize operational impact. Exceptions may occur due to weather, vehicle issues, etc. that are beyond the control of the Cannabis supplier and assigned shipping company. Retailers will receive confirmation of delivery dates upon notification from the Cannabis supplier.

4.5 Delivery Acceptance

The Retailer must ensure that the Cannabis products delivered match in every detail to that described on the shipping document (bill of lading and packing list). The Retailer must immediately notify the Cannabis Contact Centre that the products have been accepted without any discrepancies, accepted with discrepancies noted, or rejected.

The Retailer must immediately inspect the delivery before the driver leaves and note any products that are not in conformance with the shipping document. Inspection should include:

- verify that what was ordered conforms to the shipping document, including the product description, brand, and package size;
- verify the quantity ordered against the quantity shipped or delivered;
- inspect for damage or breakage;
- confirm instructions regarding special handling or packaging were followed;
- verify that the unit of measurement count is correct;
- verify that delivery documentation (packing slip, certifications, etc.) is acceptable;
- verify that packaging integrity is preserved (no leakages, damages, etc.).

When the shipment is inspected and confirmed, the Retailer will sign the shipping document and the driver will provide a copy of the signed shipping document. It is important that the signature be legible. If necessary, the name can be printed as well. Signing the shipping document is acceptance of the order. The Retailer shall e-mail a scanned copy of the signed shipping document to the Cannabis Contact Centre. The Cannabis Contact Centre will acknowledge the e-mail and close the sales order.

When the shipment is inspected and the products are not in conformance with all requirements of the shipping document:

- the Retailer may reject the delivery and immediately communicate the rejection to the Cannabis Contact Centre; or
- the Retailer may accept the delivery, note any discrepancies directly on the shipping document, and immediately communicate the discrepancies to the Cannabis Contact Centre.

Any discrepancies identified after acceptance will be the liability of the Retailer.

4.6 Inventory and Storage

The Retailer must track Cannabis inventory at all times, in accordance with the Retailer's Licence for the Location. The inventory management system must:

- track Cannabis inventory at the Location on an ongoing basis;
- have a point-of-sale system;
- enable the tracking of Cannabis inventory by universal product code (UPC);
- identify all Cannabis available for sale and Cannabis that cannot be sold.

The Retailer must perform cycle counts at scheduled intervals (quarterly, annually).

4.7 Product Returns

Product returns to MBLL will not be accepted except for the following scenarios:

- in the event of a product recall;
- to perform store-to-store transfers.

Cannabis products may be required to be returned due to a product recall. Products subject to a recall notice must be immediately removed from store shelves and any inventory must be removed from the Location's online retail website (if any).

Retailers must contact the Cannabis Contact Centre to make arrangements for disposal (in accordance with subsection 4.8 of these Retailer Directives) or a return to the Cannabis supplier. MBLL will work with the Cannabis supplier to ensure that the cost of the recalled product is recognized.

Store-to-store transfers must be coordinated through the Cannabis Contact Centre to ensure all inventory is tracked to meet seed-to-sale / Cannabis tracking requirements. Shipping and freight charges / fees are the responsibility of the Retailer.

4.8 Disposal of Product

The Retailer must dispose of all Cannabis that cannot be sold because it has been used in display containers or its packaging has been damaged, or due to quality control issues (including recalls where the product is not being returned to the Cannabis supplier), in a manner specified in the Retailer's Licence for the Location. Cannabis product that is being disposed of must be rendered unfit for use or consumption.

5 Regulatory & Legislative Requirements

5.1 Reporting Requirements

Retailers must comply with all seed-to-sale / cannabis tracking or any other requirements imposed by the Government of Canada. Retailers will be required to submit the appropriate inventory documentation to MBLL in a timely manner, on or before the 8th day of each month, in order to meet the monthly reporting deadline.

5.2 Advertising Guidelines

It is the responsibility of the Retailer to ensure that advertisements do not contravene *The Liquor, Gaming and Cannabis Control Act* (Manitoba) and the regulations under *The Liquor, Gaming and Cannabis Control Act*, or the *Cannabis Act* (Canada) and the regulations under the *Cannabis Act*.

Retailers must ensure that Cannabis advertising, marketing and promotional practices in Manitoba balance business needs with consumer choice while promoting moderate, safe and legal consumption.


Retailers must ensure their advertising meets the Canadian Code of Advertising Standards. Please review the Retailer's Licence for the Location regarding advertising and marketing practices.

5.3 Events

Events hosted by the Retailer must comply with *The Liquor, Gaming and Cannabis Control Act* (Manitoba) and the regulations under *The Liquor, Gaming and Cannabis Control Act*, and the *Cannabis Act* (Canada) and the regulations under the *Cannabis Act*.

SCHEDULE "A"

CANNABIS - RETAILER ORDER FORM

	MANITOBA LIQUOR & LOTTERIES CANNABIS - Retailer Order Form (CB1)	Completed Forms to be Emailed to: CannabisContactCentre@mbll.ca		
2018-001				
Order Date: _____ MBL Tracking Number (CB1): _____ Retailer Name: _____ Retailer Number: _____ License Number: _____ Ship To Address: _____ Order Contact Person: _____ Order Contact Phone Number: _____ Alternate Contact Phone Number: _____ Order Contact Email Address: _____ Supplier: _____ SPECIAL INSTRUCTIONS: _____	*MBLL will only process orders by email; orders placed by phone, fax, or in person will not be processed. Only fully completed, typed, excel format orders will be accepted, no handwritten order forms. * A separate form must be submitted for each supplier			
UPC	CASE QUANTITY	PACKAGE / CASE SIZE	SUPPLIER / BRAND	PRODUCT DESCRIPTION