



Discover the World

July 20, 2010

Dear Trade Partners:

RE: Loading Trailers and Inter-Modal Containers

In the Fall of 2007, the LCBO introduced new requirements for all **Continental North American** products to be delivered on 40" x 48" CPC or equivalent pallets. This program has now been fully implemented and has proven highly successful.

Building on this success, we have identified an opportunity to improve the receipt process for "bulk loaded" import products. To help us to achieve improved performance in this area, we are currently in the process of installing new ergonomic inter-modal container de-stuffing equipment at our **Durham Retail Service Centre**. This new initiative is designed to assist us with our efforts to maximize operational efficiencies, enhance employee safety and improve ergonomics throughout our supply chain.

Recently, we have been shipped many import purchase orders with products on pallets, slip sheets or similar materials. Shipments with these materials do not conform to LCBO container loading requirements and impact negatively on the receiving operations within our Retail Service Centres. These materials create safety hazards for employees' manually de-stuffing containers. In addition, these materials cannot be re-used and become excess 'dunnage' that need to be disposed of in an environmentally responsible manner. Both these factors increase costs and slow down the receiving process.

After reviewing our current processes and to support our de-stuffing initiative, it is necessary for us to begin strictly enforcing our container loading requirements for **Non-Continental North American** products. Please refer to Article 3.0, Bulk Loaded Inter-Modal Containers, under the Trailer and Inter-Modal Container section of our *Product Packaging Standards*. An updated copy of these standards is available on-line from our Trade Resource website at http://www.lcbotrade.com/programs_qa_links.htm.

To ensure the effective and safe operation of this equipment, we will be strictly enforcing our requirements for all **Non-Continental North American** products to be "bulk loaded" into containers.

A transitional period will be provided to allow suppliers who are not currently in full compliance time to comply. Some examples of non-compliances include **shipping on pallets, using slip sheets, not loading product in a contiguous manner and not stabilizing loads**. Compliance will be required for all purchase orders issued after November 1, 2010.

Additionally, a system of escalating fines and penalties will be introduced to enforce compliance. Non-compliant fines will commence at a rate of \$500.00 per twenty foot (20') container or \$750.00 per forty foot (40') and will increment at a rate of \$500.00 or \$750.00, respectfully, per container every thirty (30) days thereafter. All associated costs will be debited against the vendor's corporate account and deducted from payment.



Discover the World

Please direct any technical inquiries relating to our requirements to Leonard Franssen, Manager, Quality Services, at 416 864-6732 or via e-mail to leonard.franssen@lcbo.com.

Thank you in advance for your cooperation and support.

George Soleas, M.Sc., Ph.D.
SVP, Logistics & Quality Assurance

Bob Downey
SVP, Sales & Marketing