

OCS Wholesale Licensed Cannabis Retailer's Handbook

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ONTARIO
CANNABIS
STORE / **WHOLESALE** /

ONTARIO CANNABIS STORE / **WHOLESALE** /



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ONTARIO CANNABIS STORE /WHOLESALE/



SECTION

1

/ INTRODUCTION /

Congratulations on receiving a Retail Licence to sell cannabis in Ontario. As your exclusive provider of cannabis products, our goal at Ontario Cannabis Store (OCS) is to provide you with a wide assortment of legal, tested cannabis products procured through federally Licensed Producers. To offer you the additional convenience of having only one wholesaler, we also carry a broad selection of cannabis-related accessories for your consideration.

Importantly, we also aim to provide excellent service and support for you by offering a Client Service Centre and assigned Account Development Managers.

Our experienced team is available to help you with your account, orders, payments, delivery and product issues.

ABOUT OCS

The Ontario Cannabis Retail Corporation (OCRC), doing business as Ontario Cannabis Store (OCS) and OCS Wholesale, serves as the exclusive distributor of cannabis products in Ontario. The cannabis products we carry are procured from federally Licensed Producers of cannabis and we strictly adhere to federal and provincial law that applies to the distribution of those products.

We sell directly to customers online in the province through OCS.ca. We also supply retailers authorized to sell cannabis by the Alcohol and Gaming Commission of Ontario (AGCO) (“Licensed Retailers”) with the products they need to sell cannabis through physical store locations.

As part of our mandate to distribute cannabis products in a socially responsible and fair way, we operate under the guiding principles of trust, education, safety and openness.

INTERPRETATION

Retailer Agreement

This Retailer’s Handbook is intended to supplement the Retailer Agreement between the OCS and each Licensed Retailer and should be read together with the Retailer Agreement. Nothing in this Retailer’s Handbook will limit the generality of any provisions of the Retailer Agreement.

Definitions

Capitalized terms used, but not defined, in this Retailer’s Handbook have the meanings ascribed to them in the Retailer Agreement. In this Handbook, the terms “we,” “us” and “our” refer to the OCS, and the term “third party” means any person other than the OCS and the Licensed Retailer.

Headings

The division of this Retailer’s Handbook into sections and headings are for convenience of reference only and do not affect the construction or interpretation of this Retailer’s Handbook.

Extended Meanings

In this Retailer’s Handbook: (1) words importing the singular number include the plural and vice versa; (2) words importing any gender include all genders; (3) words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities; and (4) words or abbreviations that have well known technical industry or trade meanings are used herein in accordance with their recognized meanings. In this Retailer’s Handbook, the term “including” means “including without limiting the generality of the foregoing” (and the terms “include” and “includes” have similar meanings).

AS A LICENSED RETAILER DEALING DIRECTLY WITH CONSUMERS, IT IS YOUR RESPONSIBILITY TO COMPLY WITH THE LAWS THAT APPLY TO YOUR BUSINESS AND TO DO YOUR PART IN SUPPORTING THE SAFETY OF THE PUBLIC.

CURRENCY

All references to currency and monetary amounts in this Retailer's Handbook refer to Canadian dollars.

1.1. What Licensed Retailers Need to Know

As a Licensed Retailer of cannabis in Canada, you have joined a highly regulated industry with several bodies and stakeholders that govern the safe distribution and sale of cannabis in Canada and Ontario. Together, we are all ultimately responsible for public safety and we all play a role in upholding the original mandate of cannabis legalization to:

1. Keep cannabis out of the hands of youth; and
2. Eliminate the illegal market.

You are responsible for operating your business according to all levels of legislation. It is important to be familiar with the roles and responsibilities of each governing body and its regulations to help ensure public safety. The government organizations and their roles are:



RESPONSIBILITIES OF GOVERNMENT AGENCIES

HEALTH CANADA

Regulates the production of cannabis. Licensed Retailers should be familiar with the federal Cannabis Act (Canada) and the applicable Canada.ca/cannabis

OCS

Responsible for the wholesale distribution of cannabis products. We are your exclusive source for cannabis products and offer retail support to all Licensed Retailers. ocswholesale.ca

GOVERNMENT OF ONTARIO

Establishes the provincial rules for possession, consumption and sale of cannabis. ontario.ca/cannabis

AGCO

Establishes the rules for licensing, regulating and governing the sale of cannabis through Licensed Retailers in Ontario. Sets operational standards for Authorized Stores to adhere to regulations. www.agco.ca/cannabis/guides/cannabis-retail-regulation-guide

1.2. Understanding Cannabis Law

As noted above, both the federal and provincial governments have a role in determining how cannabis is produced, distributed, sold and possessed. You should familiarize yourself with federal and provincial laws that are pertinent to you as a Licensed Retailer and your operation of an Authorized Store.

PLEASE NOTE: The information about cannabis laws below is non-exhaustive and is included for your information only. It does not constitute legal advice and you are encouraged to seek

independent legal advice to understand your legal obligations and ensure your business is compliant with all Applicable Laws.

FEDERAL CANNABIS LAW

The *Cannabis Act* (Canada) and the regulations made under it establish the legal and regulatory framework that controls the production, distribution, sale and possession of cannabis in Canada. There are many legal prohibitions to understand here, including limits on the amount of cannabis that an individual can possess in public, restrictions on the types of cannabis products that can be sold, and prohibitions on the sale or promotion of products that could appeal to youth. For a Licensed Retailer, it is important to understand how federal cannabis law impacts your business model, such as designing your store, producing signage, communicating with customers, pricing products, and reporting on sales and advertising.

To learn more, visit:

<https://laws-lois.justice.gc.ca/eng/acts/C-24.5/FullText.html>
canada.ca/cannabis

PROVINCIAL CANNABIS LAW

Each province and territory were given the authority to establish certain rules and controls that relate to cannabis products, including how they can be distributed and sold. Ontario's legislative cannabis framework established the OCS as the exclusive cannabis wholesaler to Licensed Retailers authorized and regulated by the AGCO to sell cannabis in Ontario. For Licensed Retailers, it is important to understand two pieces of legislation that particularly impact how you operate your business: the *Cannabis License Act, 2018*, and the *Cannabis Control Act, 2017*.

To learn more, visit:

<https://www.ontario.ca/laws/statute/18c12>
<https://www.ontario.ca/laws/statute/17c26>
ontario.ca/cannabis

For the AGCO Registrar's Standards on operating a legal authorized cannabis store, go to:

<https://www.agco.ca/content/registrars-standards-cannabis-retail-stores>

For information about working with OCS Wholesale, go to:

<https://www.ocswholesale.ca>



/ PRODUCTS & PURCHASING /

Licensed Retailers of cannabis in Ontario may only purchase legal cannabis products through OCS Wholesale. To order from our wide assortment of products, you will be assigned a secure OCS Purchasing Account. Learn more about purchasing products and how we can assist you in this section.

2.1. General Information

Licensed Retailers in Ontario are obligated to purchase all cannabis products exclusively through OCS Wholesale. OCS only purchases cannabis from federally Licensed Producers, who have been authorized by Health Canada to sell quality-controlled cannabis for the legal recreational market. Licensed Retailers may also purchase accessories through OCS Wholesale; however these products may also be purchased directly from third party distributors and manufacturers.

OCS IS THE
EXCLUSIVE
DISTRIBUTOR FOR
LEGAL CANNABIS
PRODUCTS IN
ONTARIO.

Licensed Retailers will make wholesale product purchases through a secure, downloadable Buy Sheet containing product and other details to inform the selection of inventory for their Authorized Store. The OCS Wholesale Client Service Centre team members and Account Development Managers will work with all Licensed Retailers to assist in the order process as required.

2.2. Insurance Requirements

Authorized Cannabis Retailers in Ontario are required to have the appropriate insurance documents in place prior to placing orders with the OCS. Your insurance policy must be held in the name of the Retail Operator Licence holder, and the certificate evidencing your insurance coverage must state the value of Commercial General Liability Insurance in the amount of not less than five million dollars (\$5,000,000) per occurrence, as per section 16.1 of the Retailer Agreement. In addition, the insurance policy must be endorsed to add the Ontario Cannabis Retail Corporation, doing business as Ontario Cannabis Store, as an additional insured with respect to liability arising from the operation of your business; this must also be reflected on your certificate of insurance.

Please note, we will begin to accept insurance coverage of \$5 million per occurrence effective immediately for new Retailers. Existing Retailers may apply this change to one of the following:

- The date you can amend your existing insurance policy with your insurance provider; or
- The date of your next insurance policy renewal.

This change will be incorporated into section 16.1 of the Retailer Agreement once renewed, on or in advance of February 21, 2021.

2.3. Products from OCS

As the exclusive wholesaler for legal cannabis in Ontario, OCS Wholesale secures only legal cannabis products produced by federally Licensed Producers. We have built a robust assortment across all categories, working with large and small suppliers across the country. We work closely with all of them to ensure consistent supply.

We also have a Quality Assurance program to ensure each product adheres to the strict guidelines set by Health Canada.

CANNABIS PRODUCTS

We strive to provide a diverse range of quality-tested cannabis for wholesale purchase. Building on our market knowledge from serving consumers in Ontario, we aim to help meet their needs and expectations for a wide range of products. Based on consumer trends, we are continually expanding our Product Catalogue. The following cannabis product categories are available for purchase:





- Dried flower (bud)
- Milled flower (ground)
- Pre-rolls
- Oils
- Capsules
- Seeds
- Edibles
- Topicals
- Extracts

LICENSED RETAILERS **MAY NOT** BUY CANNABIS FROM ANY SOURCE OTHER THAN OCS

This product category list will be subject to change as we expand our range of cannabis products and as new cannabis products are approved for sale by Health Canada.

ACCESSORIES

We also offer accessories for wholesale purchase as a convenient way for you to access many types and brands of top-quality accessory products. Unlike with cannabis products, we are not the exclusive provider of accessories in Ontario. However, buying accessories from OCS Wholesale will allow you to easily order and receive accessory goods along with your wholesale cannabis order, which should result in efficiencies in delivery cost and time in the ordering and receiving process.

We carry the following categories of accessories:



- Grinders
- Bongs and water pipes
- Hand-held pipes and one-hitters
- Storage
- Papers and filters
- Vaporizers
- Cleaning supplies
- Multi-tools and kits
- Trays
- Infusers
- Dab rigs

2.4. Wholesale Pricing at OCS

WHOLESALE PRICING INFORMATION WILL BE MADE AVAILABLE TO RETAILERS UPON SIGNING THE OCS RETAILER AGREEMENT AND THE CONFIDENTIALITY AGREEMENT (NDA).

2.5. Account

To place an order, each Licensed Retailer and Authorized Store will require a secure OCS Purchasing Account. An OCS Wholesale Client Service Representative will work with you to set up this account, using key information about your business. See chart below. For security purposes, we recommend that you limit access to account login information to only key staff members, such as your Licensed Retail Manager. All orders must be submitted by a holder of a Retail Operator Licence or a Retail Manager Licence.

WHOLESALE PURCHASES
CAN ONLY BE MADE BY
LICENSED RETAILERS
THROUGH A SECURE OCS
PURCHASING ACCOUNT.

TO SET UP AN **OCS PURCHASING ACCOUNT**, THE LICENSED RETAILER IS
REQUIRED TO PROVIDE THE FOLLOWING INFORMATION:

- Legal business name
- Legal address
- Key contact person for finance
- Key contact person for orders
- Banking name, address and account info
- Signed PAD Agreement (per Schedule B in Retailer Agreement)
- General Liability Insurance Certificate (with OCS insured as a certificate holder)
- Store address (for delivery)
- Billing address (if different from store address)
- Retail Operator Licence Number (per AGCO)
- Retail Store Authorization Number (per AGCO)
- Retail Manager Licence Number – if applicable (per AGCO)
- HST number



2.6. Making Purchases: Days and Frequency

OCS will assign an order and delivery schedule for each Authorized Store. Buy Sheets will be available for Licensed Retailers to download on their assigned day of the week as designated by the OCS. Each day the Buy Sheet will be refreshed and made available to applicable retailers in order to give an equal opportunity to purchase supply on hand.

If you wish to place an order, your order sheet must be submitted on your assigned order day by the deadline stated by OCS to receive your shipment that week. We cannot accept any order submissions beyond the deadline. Missing the deadline will result in forfeiting your opportunity to buy products for that week.

Although there is no obligation to order every week, it is important to know that the Buy Sheet of available inventory is likely to change each week, and we cannot guarantee that all products will be available from week to week. Consider your inventory levels and sales to determine your own cadence of ordering. If you do not wish to place an order, our schedule allows you the opportunity to do so the following order cycle. Please note, that we cannot hold specific inventory from week to

week on your behalf. If you are choosing not to place an order on your assigned order day, please inform your Account Development Manager immediately.

The weekly product order schedule is as follows:

OCS WHOLESALE WEEKLY PRODUCT ORDER SCHEDULE
Inventory is updated daily. Ensure you download the latest Buy Sheet on your assigned day.

ASSIGNED ORDER DAY

1. The Buy Sheet will become available to download on your assigned order date. Your order must be submitted on the same day. Client Services will provide you with a specific submission time.
2. OCS Wholesale will process orders and initiate PAD payment on the day of your delivery.
3. OCS Wholesale will pick, pack and schedule orders for delivery.
4. The current week's order will be delivered on the retailer's assigned delivery date.



PUBLIC HOLIDAY: Licensed Retailers whose order date falls on a holiday will have their revised order date communicated to them by the OCS Client Services Team. If your delivery occurs on a holiday or over the weekend, your payment will be processed on the next business day.

IMPORTANT:

- Order schedules will be adjusted for those ordering on assigned dates affected by public holidays.
- Licensed Retailers are not obligated to place an order every week and order cadence can be determined based on delivery needs and location.
- Product cannot be shipped until we receive confirmation that a pre-authorized debit (PAD) has been accepted by our bank.
- Licensed Retailers cannot place a hold on product(s) for future orders.
- Once an order is placed, it cannot be altered or cancelled.
- Orders cannot be placed by phone.

2.7 Making Purchases: How to Place an Order

Before placing your first order with the OCS, your assigned Account Development Manager will meet with you to train you on filling out the Order Sheet. They will be able to walk you through the process and answer any questions you may have about ordering.

STEPS FOR PLACING A WHOLESALE ORDER:

1. Visit OCSwholesale.ca to access the “BUY SHEET” link, located in the top navigation bar. Once you click the link, you will be taken to a secure login page.
2. Log in to your Licensed Retailer account using your login information. If you do not have an account or have an issue logging in, please contact the OCS Wholesale Client Service Centre at 1-877-627-1627.
3. Download the buy sheet to your device. Open the file and add your unique retailer ID to the buy sheet and select wholesale cannabis products and accessories from the available inventory. Fill in your desired quantities in the “TOTALQUANTITY REQUESTED” column.
4. Review your submission for completeness and ensure you have all the funds currently available to meet the payment terms.
5. Please be sure to submit your order on your assigned order day by the deadline stated by OCS or it will not be accepted. Email the completed order to orders@ocs.ca.
6. Await confirmation from OCS Wholesale.

2.8 Making Purchases: The OCS Buy Sheet



OCS Wholesale will administer a manual order process for wholesale purchases made by Licensed Retailers through a spreadsheet called the “Buy Sheet.”

The Buy Sheet is composed of two tabs in one spreadsheet. The first tab, called “BUY SHEET,” is used to select your order quantities, and the second tab, “ITEM CATALOGUE,” provides a detailed listing of products for your review and consideration.

THE ITEM CATALOGUE TAB

Here you will find a comprehensive listing of all OCS Wholesale products. Each product will be categorized according to its type, such as dried flower, oils, pre-rolls, edibles, concentrates etc. and each listing will include the various characteristics of a product, such as its product number, unit size, cannabinoid content, wholesale cost, description, package size and plant type.

To review products, read across each row for the desired information you require to make your selections. For further information, you can consult the Licensed Producer’s website, OCS.ca or other materials as they become available. For visual references of the unit packs, there are product images available via hyperlink on the spreadsheet.

IMPORTANT: Available inventory is continually changing as new products come into stock and others sell down. Order Sheets are updated daily to reflect the latest products available, and not all products listed will be available for purchase each week. Please be sure to download the latest Order Sheet each week and follow the colour legend to understand that week’s available products.

THE BUY SHEET TAB

To select products for order, you may click on the Product Name directly from the “ITEM CATALOGUE” or locate them manually on the “BUY SHEET” tab. To order a product, simply add the quantity desired into the “TOTAL QTY REQUESTED (packs)” column highlighted in yellow on the Buy Sheet.

Before entering your desired quantity for a product, please consider:

- The Pack Size – This is the smallest available quantity you may order, and you must order in multiples of this pack size. (E.g., If one pack contains 12 items, you may order 12, or 24, etc. If you enter an amount between the available pack size, your order will be rounded to the nearest number after submission.)
- The Cost – The cost for each SKU item is listed on a per unit basis. When you select a quantity for order, the Order Sheet will calculate the cost of the case(s) requested.

2.9 Making Purchases: Order Allocations

All product allocations are at the sole discretion of OCS Wholesale. We will endeavour to make as many products available for Licensed Retailers to purchase as possible and Licensed Retailers can request as many of each SKU as they desire.

However, we cannot guarantee all quantities desired will be fulfilled. The quantities available to order by SKU may be limited to ensure each SKU in-stock will be available to each Authorized Store in equitable amounts on the Order Sheet. This amount is noted in a column called "MAX ORDER QTY (packs)." Should one retailer not desire a quantity of an item, it will be carried over to be considered for allocation to those Authorized Stores who may desire additional quantities of the same item.

2.10 Making Purchases: Confirming Your Order

Once we have reviewed your order and have finished allocating available products to those Authorized Stores that are purchasing for the week, you will receive a "Proforma Invoice" via email. Once it is received, you are responsible for verifying that the order listed in the invoice is correct. Please refer to the PAD procedure in section 6.1 of this handbook for payment details. Any discrepancy in the order listed on this notice should be reported immediately to the OCS Wholesale Client Service Centre at 1-877-627-1627.

2.11 Order Adjustment After Submission

We begin picking and packing orders upon receipt. Therefore, once an order is submitted, it may not be changed.

2.12 Emergency Top Up Orders

Licensed Retailers must adhere to all ordering guidelines outlined in the Retailer Handbook. We understand that there may be exceptional circumstances where you might need additional products outside of your assigned order window. The OCS may, in its sole discretion, accept an order from a Licensed Retailer that was submitted outside of their assigned order window (an "Emergency Top Up Order") under the following limited circumstances:

- An increase in customer foot traffic and/or sales compared to the expected weekly or projected seasonal trend has resulted in your Retail store requiring more inventory before your next order.
- Your first order did not meet the demands of your new store opening and you require additional products to continue operating.

Please note, there is no guarantee that you will receive SKUs that fall in the high probability allocation range of 98.5%.



Emergency Top Up Orders are subject to the following conditions:

- All Emergency Top Up Order requests must be made 24 hours in advance of required delivery date.
- All stores are limited to two (2) Emergency Top Up Orders per quarter.
- All Emergency Top Up Orders must meet a minimum order amount of \$20,000.
- All low probability SKUs are not eligible for Emergency Top Up Orders.





/ QUALITY ASSURANCE /

We all play a role in delivering controlled legal cannabis to consumers to avoid undue risk to the public. The OCS oversees the safe distribution of legal cannabis for the province of Ontario. All cannabis sold by OCS is procured from federally licensed and regulated producers who follow strict guidelines. All cannabis products are tested in third-party laboratories to ensure they are free from pesticides, micro-organisms and other items that could be harmful to a person's health. OCS has established a robust quality assurance team that reviews all product documentation received from the laboratories for compliance with Health Canada regulations. This relieves the burden from Licensed Retailers and adds to consumer confidence that product is safe, reliable, and tested.

3.1. OCS Quality Assurance

In alignment with the *Ontario Cannabis Retail Corporation Act* and direction provided by Health Canada under the *Cannabis Act*, the OCS Client Services Team collects information regarding product quality and complaints. We use this information for quality assurance and customer care, to help with the investigation and resolution of complaints, and for fraud prevention purposes. Our suppliers are legally responsible for assuring the quality of their products and investigating all product complaints.

- All cannabis sold by OCS is procured from federally licensed and regulated producers who follow strict guidelines. All cannabis products are tested in third party laboratories to ensure they are free from pesticides, micro-organisms and other items that could be harmful to a person's health
- OCS reviews all product documentation from the laboratories for compliance with Health Canada regulations
- OCS has established a robust Quality Assurance team who provide an additional check on all cannabis products entering the Ontario market to ensure that it is compliant with all applicable regulations.



We all play a role in delivering controlled, legal cannabis to consumers to avoid undue risk to the public. The OCS oversees the safe distribution of legal cannabis for the province of Ontario by reviewing the following:

1. **Label & Package:** Visual examination to confirm format and placement of mandated elements and provide feedback on non-conformances identified and possible resolution
2. **Certificate of Analysis:** Verify product release test results for conformance to specifications and approve and facilitate product shipments/purchase orders

3.2. OCS Vape Vetting Process

The OCS has put in place a strict vetting process to ensure our vape products are held to extremely high standards for quality and safety. The OCS Merchandising and Quality Assurance teams have worked with all Licensed Producers to validate hardware, production, finished product and packaging of vapes and vaping products to ensure all standards are met and consistency is upheld. Products have been evaluated on source flower, distillation method, hardware, terpene source and complexity, as well as overall product potency.

HARDWARE CERTIFICATION

Ensures electrical/mechanical integrity of the device during usage and transportation. These include, but are not limited to: *UL8139, UL1642, CAN/CSA-E62133, UN/DOT38.3.*

HARDWARE COMPONENTS

Ensures screening of potential contaminants. These include, but are not limited to: *Microbials & Toxins, Heavy Metals & Plasticizers migration.*

VAPE FORMULATION

Ensures screening of potential known harmful compounds/by-products. These include, but are not limited to: *Pesticides, Microbials, Heavy Metals, Residual Solvents, Diacetyl, Diacetyl Derivatives, Formaldehydes, Acetaldehydes, Acrolein.*

3.3. Product Destruction Requirements

The *Cannabis Act* and its regulations are not prescriptive with respect to the methods to destroy cannabis and cannabis accessories. Federally Licensed Producers must destroy cannabis and cannabis accessories containing cannabis, in accordance with a method that complies with all federal, provincial and municipal environmental protection legislation applicable to the location where it is to be destroyed. Federally Licensed Producers must also ensure that the destruction of cannabis and cannabis accessories containing cannabis does not result in exposure to cannabis smoke or cannabis vapour.

With regards to cannabis products, the method of destruction must alter or denature the cannabis to such an extent that consumption has been rendered impossible or improbable.

Specific information must be recorded on the destruction of cannabis, including a description of the cannabis, or brand name; the date of destruction; pre-destruction net weight or volume of the product; the address of the location at which the cannabis is destroyed; a brief description of the method of destruction and names of witnesses who witnessed the destruction and a statement that the cannabis was destroyed. This record should be retained for at least two years after the date of destruction.

3.4. Submitting Product Quality Complaints to OCS

OCS works with Licensed Producers on investigating all product quality complaints submitted by Licensed Retailers.

WHAT IS A "PRODUCT QUALITY COMPLAINT"?

1. Any alleged deficiency related to the identity, quality, durability, reliability, safety, effectiveness, labelling, packaging or performance of a product after its release for distribution; or
2. Any product that does not meet the product specification or function in the manner intended.





COMPLAINT TYPE	CATEGORY	REQUIRED INFORMATION TO SUBMIT
PRODUCT	Dry/Poor Quality	Description of issue. Photo of product.
	Weight Variance	Description - Weight of product. Photo of amount of product in container.
	Mould	Description – was mould identified visually or by smell/taste? Photo of mould on the product – make sure its clearly visible.
	Sensory	Description of issue. Photo of product.
	Foreign Matter	Description – describe the foreign material – what is it, where was it found, who found it. Photo of the foreign material.
	Strength	Description of issue. Photo of product – THC/CBD potency on the label.
	Adverse Event	Description of issue – what symptoms were present? How long did they last? How was the product consumed? Was medical treatment sought? Photo of product – lot number.
	Expired	Description of issue. Photo of product.
	Concealed Shortage	Description of issue – how many units were missing? Was the case sealed with green tape? Photo of case label & case of product.
LABEL	Lower than OCS website	Description of issue. Photo of product – THC/CBD potency on the label.
	Higher than OCS website	Description of issue. Photo of product – THC/CBD potency on the label.
	Missing/Incorrect Information	Description of issue – what label/info is missing? Photo of product issue.
PACKAGING	Package/Container Issues	Description of issue. Photo of product issue.
	Excise Stamp	Description of issue. Photo of product issue.
	Seal	Description of issue – which seal on the product? Photo of product issue.
	Empty Container	Description of issue – how was the empty container discovered? (employee or customer return) Photo of empty container – include photo of inside of container & lot #.
PRE-ROLLS	Missing Pre-rolls	Description of issue – how many pre-rolls are missing? Photo of product issue.
	Damaged Pre-rolls	Description of issue. Photo of product issue.
SEEDS	Crushed	Description of issue. Photo of product issue.
	Missing	Description of issue. Photo of product issue.
VAPES	Electrical Issue	Description of issue – include if disposable vape or battery + cartridge? Photo of product issue.
	Liquid Appearance	Description of issue – include if disposable vape or battery + cartridge? Photo of product issue.
	Damaged	Description of issue – include if disposable vape or battery + cartridge? Photo of product issue.
EDIBLES	Incorrect Count	Description of issue. Photo of product issue.
	Broken/Damaged	Description of issue. Photo of product issue.

Note this list is not exhaustive; please connect with OCS Client Services if product is not listed. For more information regarding how to submit a Product Quality Complaint to the OCS please contact the Client Service Team: <https://ocswholesale.frontlinesvc.com/app/ask> or by calling 1-877-627-1627.



SECTION

4

/ RETURNS /

Federal and provincial regulations around the sale of legal cannabis are designed to ensure the safety of the public and consumers. As such, the OCS Wholesale Return Policy is designed to ensure the minimal transfer of cannabis products and favours the safety of all. Read on to learn about our Return Policy and the procedures for making a return claim for cannabis products.

4.1. Product Return Policy

All products purchased through OCS Wholesale are final sale. The OCS Wholesale Return Policy permits the return of product for a credit on your account if one of the three following instances occurs:

1. Products arrive damaged.
2. Products are shipped incorrectly, such as overages or delivery of items not ordered.
3. Products are recalled by Health Canada, the applicable Licensed Producer, an Accessory Supplier or OCS.

The return of products under any other circumstance is not permitted. Please be sure to submit your orders carefully and to check your confirmation upon receipt to avoid any shipping errors. Report any errors in your shipment to the OCS Wholesale Client Service Centre within 7 days of receipt to qualify for a return. You will be expected to send back any approved items to the OCS Wholesale Distribution Centre using the steps outlined in Section 3.3.

IMPORTANT: OCS does not directly produce any cannabis products; all the cannabis products we carry are procured by Licensed Producers, each of which is licensed by Health Canada. As such, OCS cannot directly warrant any products.



RETURNS FOR DAMAGED PRODUCTS OR SHIPPING ERRORS

It is the responsibility of the Licensed Retailer to carefully check all received goods. You are required to notify the OCS Wholesale Client Service Centre within 7 days of receipt if products arrive damaged or do not match your confirmed order.

"Damages" are defined as any cannabis product that is not fit for use, consumption or sale. This includes items that:

- Contain any microbial or chemical contaminants, such as mould or fungus, beyond any limits provided for by law.
- Have visible damage to either the interior or exterior packaging, such as broken or missing seals.
- Have missing or damaged excise stamps (please note: some cannabis products, such as those with less than 0.3% THC, do not require excise stamps).
- Are incorrectly labelled or packaged.

Note that a cannabis accessory that is damaged or defective is not eligible for return but may qualify for a credit at the discretion of OCS Wholesale.

Shipping errors are considered in the circumstances of:

- Incorrect product: Licensed Retailer receives product(s) that do not match the order confirmation.
- Short-shipment: Licensed Retailer receives less product than specified in the order confirmation.
- Overages: Licensed Retailer receives more product than specified in the order confirmation.

YOU ARE REQUIRED TO NOTIFY OCS WHOLESALE CLIENT SERVICE CENTRE OF ANY DAMAGES OR SHIPPING ERRORS, INCLUDING OVERAGES, WITHIN 7 DAYS OF RECEIPT.

RETURNS FOR RECALLED CANNABIS PRODUCT

A product may be recalled by Health Canada, the applicable Licensed Producer, an Accessory Supplier or OCS. In the case of recalled product, please follow the procedures detailed in the Product Recalls section of this Retailer's Handbook.

NOT ALL CANNABIS PRODUCTS WILL HAVE EXCISE STAMPS, SUCH AS PRODUCTS WITH LESS THAN 0.3% THC.

RETURNS FOR RECALLED ACCESSORY PRODUCTS

There are many different types of cannabis accessories and, as a result, recall procedures may vary by product or circumstance. Therefore, when an accessory you have purchased from us is recalled, OCS Wholesale will communicate the specific instructions directly to you.



4.2. Return Credits

If a return request for damaged products or shipping errors is successfully approved and processed by OCS Wholesale, the refunded amount will appear as a credit on your account. Refunds will not be issued by cheque or any other means.

In the case of a product recall, a credit in the full amount of the affected lot you purchased will be applied to your account. The credit is calculated at the price per unit that you paid, including HST, for the product multiplied by the number of units returned or destroyed in accordance with Health Canada's requirements.

Credits will appear on your account after the returned inventory is received and reconciled at the OCS Wholesale Distribution Centre. Should there be a discrepancy between the number of received items and what was reported, the lesser of the two amounts will be credited.

IMPORTANT: Licensed Retailers are responsible for their own customer return policies. OCS Wholesale will not issue credits for customer returns, unless the product is subject to a recall.

YOU MUST NOTIFY THE OCS WHOLESALE CLIENT SERVICE CENTRE AT 1-877-627-1627 WITHIN 7 DAYS OF RECEIPT IF PRODUCTS ARRIVE DAMAGED OR DO NOT MATCH YOUR CONFIRMED ORDER.

4.3. Returning Products: Damages or Shipping Errors

To request a product return, please follow the following procedure:

1. Contact the OCS Client Service Centre at 1-877-627-1627.
2. Provide the necessary details to the Client Service Representative.
3. Await confirmation of approval on the return claim via e-mail.
4. If approved for return, prepare the items for return-delivery on your next shipping day:
 - a. Pack the items in a sturdy, sealed container, fit for shipping. Preferably an OCS box from previous shipments.
 - b. Include one copy of the approved Return Authorization form inside the container.
 - c. Close and seal the containers to ensure the contents will not be displaced during travel.
 - d. Affix a copy of the approved Return Authorization form to the outside of the container.
 - e. If more than one container is required for the return, please label each accordingly (e.g., box 1 of 2 and box 2 of 2).
 - f. Affix the return-shipping label provided in your confirmation e-mail to the containers.
 - g. Ensure the returned items are picked up on your next shipping day by the crew delivering your order.





/ PRODUCT RECALLS /

A product recall is a serious event and must be responded to quickly and carefully. It may occur as a result of a Ministerial Order by Health Canada, the Licensed Producer or Accessory Supplier who produced the product, or OCS. Depending on the nature of the recall, procedures may vary, and it is important to understand your obligations. Read this section thoroughly to understand what is required in the circumstance of a product recall.

- 5.1. General Information** Product recalls occur when products are required to be removed from public consumption for safety reasons. Health Canada may issue a recall for product, or sometimes a Licensed Producer or Accessory Supplier may opt to recall its own product. OCS Wholesale also reserves the right to recall product in select circumstances. In all cases, product recalls are a serious concern and must be dealt with immediately and very carefully.

Recalls may be issued for products that are faulty, dangerous, or non-compliant with federal or provincial laws, policies or standards; or for those that do not conform to all the legally allowable claims of effectiveness, performance characteristics or safety associated with that product.

In the event of a product recall, OCS will communicate directly with Licensed Retailers in a timely manner.

IMMEDIATE RECALL PROCEDURE

IN THE EVENT OF A PRODUCT RECALL, OCS WHOLESALE WILL ISSUE A PRODUCT RECALL NOTICE THROUGH EMAIL, OCSWHOLESALE.CA AND OCS.CA, PROVIDING SPECIFIC INFORMATION ON THE RECALLED PRODUCT.



5.2. Licensed Retailer Responsibilities

A product recall is a serious situation. It is important for Licensed Retailers to take the necessary steps to become familiar with the applicable rules and to have systems in place to respond appropriately for the safety of the public. Failing to appropriately follow the procedures in a recall situation could result in regulatory action taken by the applicable regulators.

Your obligations as a Licensed Retailer include:

1. **Tracking Products:** Every Licensed Retailer requires the ability to track all products in its system by batch or lot. This same system should be able to report on the number of items on hand, sold and returned by customers.
2. **Store Procedures:** Ensure you have a recall procedure in place and that all staff are aware of the urgency of the situation and the steps to take during a product recall.

5.3. Procedure: Recalled Cannabis Products

In the event of a recall, OCS Wholesale will issue a Product Recall Notice by email to each Licensed Retailer. We will also post the notice on OCSwholesale.ca and OCS.ca. After receiving notice of a recall, as a Licensed Retailer, you must follow this procedure:

1. In accordance with the AGCO's Registrar Standards, segregate the recalled cannabis product in a secure storage container, in an area away from customers, with a clearly marked sign that indicates the product is not for sale.
2. Once the product has been removed, contact OCS Wholesale by e-mail to confirm the completion of this step.
3. Publicly post the Product Recall Notice (you received by e-mail) in clear view of customers in your store. Keep the Product Recall Notice posted for 30 days.
4. Complete a report (any digital document) for the recalled SKU and lot, detailing: (a) the number of unsold, unopened recalled units on hand that you are returning; (b) the number

of recalled units sold prior to the recall; and (c) any recalled units that have been returned to your store by customers prior to the recall. Submit your report to wholesale@ocs.ca within 24 hours.

IMPORTANT: If a customer returns a recalled item to your store at any time, the product must be destroyed according to the process outlined under the AGCO Registrar Standards.

5. Pack returning product securely into sturdy, cardboard boxes or similar containers no larger than 24 inches by 24 inches. Re-use OCS boxes from previous shipments if possible. Boxes must be in good condition and fit for shipping. Do not overpack boxes. Securely seal all boxes and ensure to the best of your ability that no product will be damaged or displaced during shipping.
6. Call the OCS Wholesale Client Service Centre at 1-877-627-1627 or e-mail us to arrange a date for pickup of unsold recalled items and confirm the quantity of boxes requiring return labels.
7. The OCS will send you the appropriate number of return labels by e-mail. Once received, print and clearly affix product return labels to each box.
8. When pick-up is complete, your driver will fill out a three-part Bill of Lading with item details and quantities. You will be required to sign off on the Bill of Lading and retain a copy for your records.
9. OCS will issue a refund in the form of an account credit for recalled products once the returned quantities have been verified and reconciled by the OCS Wholesale Distribution Centre 14 business days after receipt of product.



IMPORTANT: The entire product recall process can take up to 30 days to complete, from initial notice through to the issuance of credits.

IMPORTANT TO KNOW

- OCS Wholesale will provide specific instructions for each recall, as situations may vary by product, supplier or circumstance.
- We will arrange pickup of unsold recalled inventory as quickly as possible.
- The destruction of affected products will be the responsibility of OCS.
- Customer-returned products affected by the recalls must be destroyed by the Licensed Retailer according to the AGCO Registrar Standards.
- We will issue a refund in the form of an account credit for the recalled products once the returned quantities are reconciled by the OCS Wholesale Distribution Centre.

5.4. Procedure: Recalled Cannabis Accessories

In the case of a recall issued for accessory products, OCS Wholesale will not pick up the recalled items. Instead, follow steps 1 to 4 above and await detailed instructions from OCS Wholesale on how best to dispose of the affected products.

5.5. Recall Reporting: Recalled Cannabis Products

Cannabis product recalls are a serious matter and are required to be reported to Health Canada and the OCS. OCS will report only on unsold and returned inventory affected by recalls on behalf of all Licensed Retailers.

As a result, it is important to keep accurate records and physically count inventory to confirm the amount on hand, so you're prepared for audits by authorities.

In the event of a recall, your report of affected product, as noted above, must be received by OCS Wholesale within 24 hours of a recall. For cannabis products, we will submit the required Health Canada report on behalf of all Licensed Retailers in Ontario affected by the recall.

5.6. Recall Credits

In the event of a product recall, your OCS Purchasing Account will be credited for the initial cost of the items you ordered. For example, if you ordered a total of 12 recalled units in the affected batch or lot, you will receive a credit for the initial purchase price of all 12 units. OCS Wholesale cannot reimburse shipping costs incurred for the initial order and cannot offer refund cheques.

Licensed Retailers will not incur any shipping charges for the return of the recalled items to the OCS Wholesale Distribution Centre.





SECTION

6

/ SHIPPING & RECEIVING /

The safe and efficient transfer of cannabis products is a top priority for OCS. We are committed to this safe transfer of goods and to ensuring that your Authorized Stores receive orders in an accurate and timely manner. Read on to understand our shipping and receiving policies and your responsibilities as a Licensed Retailer.

6.1. General Information

To ensure the safe, secure and appropriately tracked delivery of cannabis across Ontario, all shipping is provided by an OCS authorized carrier(s). Deliveries can only be made directly to the Authorized Store premises for which the order was placed.

Accessories are also available for purchase through OCS Wholesale and, if purchased, are delivered alongside cannabis products. All transport and delivery-related charges will be captured and managed through OCS Wholesale.

6.2. Conditions for Delivery

To receive shipments, Licensed Retailers must:

1. Advise OCS Wholesale of any timing or access restrictions for deliveries upon account set-up.
2. Ensure there is a clear path to the delivery area, taking into consideration the method of delivery.
3. Be sure to have an authorized staff member(s) present to receive and sign off on the delivery.
4. Advise your OCS Wholesale Account Development Manager of any changes to your delivery requirements or store closures.



IMPORTANT TO KNOW

- OCS will arrange all transportation activities for Licensed Retailers' purchases from the OCS, originating from the OCS Wholesale Distribution Centre.
- Orders made prior to the weekly submission deadlines will be delivered once a week in accordance with the delivery schedule communicated by the OCS Wholesale Account Development Manager.
- To mitigate delays and corresponding carrier fees, Licensed Retailers must accommodate OCS deliveries carried out by an OCS authorized carrier in a timely fashion.
- If a Licensed Retailer is unable to accept an order on the scheduled delivery day, they will be responsible for any additional delivery-related expenses.
- Any delivery-related questions can be answered through the OCS Wholesale Client Service Centre at 1-877-627-1627.

6.3. Delivery Constraints, Special Requirements and Conditions

We will work closely with Licensed Retailers to capture special delivery requirements. Examples of these requirements could be:

- Dock door availability
- Municipal by-law constraints
- Holding-capacity limitations
- Key and emergency contacts

Please notify your OCS Wholesale Account Development Manager at least two weeks in advance of special delivery requirement changes. Any delivery constraints will require documents substantiating the request.

6.4. Cost of Delivery

OCS Wholesale will use a standard transportation rate for Licensed Retailers across the province. The rate will be reviewed regularly and may be adjusted at the discretion of OCS. We will provide notice in advance of changes to the transportation rate.

The transportation rate is inclusive of all surcharges, like fuel and material-handling equipment.

Special material-handling equipment, such as pallets and delivery bins may be used as part of the delivery to Licensed Retailers. To help mitigate increases in the transportation rate, you must send back empty pallets and return all delivery bins to the carrier at the conclusion of your delivery. Please see more information below on returning pallets.

The transportation rate will be communicated by your OCS Wholesale Client Service team.

TRANSPORTATION RATES WILL BE COMMUNICATED BY YOUR OCS WHOLESALE CLIENT SERVICE TEAM.



6.5. Timing of Deliveries

Licensed Retailers will be provided with a weekly order and delivery schedule. Orders that do not meet the order cut-off time may not be delivered until the following order cycle.

If an order or delivery date is affected by a statutory holiday, OCS Wholesale will communicate, in advance, a schedule that mitigates order and delivery disruptions.

IF YOU MISS THE WEEKLY ORDER DEADLINE, YOU WILL BE UNABLE TO RECEIVE AN ORDER THAT WEEK.

6.6. Accepting Deliveries

Licensed Retailers must ensure an authorized staff member is available to receive the shipment, and they must be prepared to:

- Accept Full Delivery: The entire order must be accepted. If you notice a shortage, overage or damage, accept the entire order and clearly mark the discrepancy on all copies of the Bill of Lading (BOL) (see Appendix F in the Retailer Agreement). If a shortage, overage or damage is discovered after accepting a delivery, you will have 7 days to submit a Return Authorization form (see Appendix D).
- Count Cases & Pallets: The number of cases and pallets accepted must be clearly marked on the driver's copy of the BOL; if the total number of cases and pallets received does not match the total on the BOL, make a note of the difference on all copies of the BOL.

- Sign the Bill of Lading: Both the authorized staff member and the driver must sign all copies of the BOL. The BOL includes any proof of delivery (POD) document substituted by the carrier.
- Avoid Delays: The authorized staff member may not delay the driver to conduct a product-by-product inventory check. The accuracy of the order is the responsibility of OCS Wholesale, not the carrier.

IMPORTANT TO KNOW:

- **Please notify the OCS Wholesale Client Service team if there is anything that may disrupt your ability to receive an order. An additional delivery charge may be charged to you if the delivery cannot be completed on the first attempt and a second delivery is required.**
- **Licensed Retailers may not offer incentives to the driver for additional delivery services. All incidents should be reported to an OCS Wholesale Client Service Representative immediately.**

6.7. Return Shipping Process

Return shipping can occur when you have received damaged products, additional products have been shipped in error or there has been a product recall.



In the instance of damaged or mis-shipped products, Licensed Retailers must notify the OCS Wholesale Client Service Centre within 7 days and file a Return Product Claim, using a Return Authorization form. Once we have reviewed and approved the claim, we will arrange for the product to be picked up during the next delivery cycle. Credits will not be issued until the product is received and verified at the OCS Wholesale Distribution Centre.

In the instance of a product recall, products may be destroyed on site according to the AGCO Registrar's Standards and unsold inventory may be returned to the OCS Wholesale Distribution Centre. An OCS Wholesale Client Service Representative will be in contact with the Licensed Retailers for disposition instructions. Please see the Product Recalls section for more information.

AS A LICENSED RETAILER, YOU ARE OBLIGATED TO REPORT DAMAGES OR MIS-SHIPPED ITEMS TO THE OCS WHOLESALE CLIENT SERVICE CENTRE WITHIN 7 DAYS.

6.8. Returning Pallets

It is the Licensed Retailer's responsibility to retain all delivery pallets and return them to OCS Wholesale. They must be returned to the carrier at the next delivery in the same condition in which they were received. OCS Wholesale pallets must be separated from all other pallets, stacked and ready for pickup in the designated receiving area.



/ PAYMENTS & PROCESSING /

Please read this section carefully to understand the terms, policies and procedures for all financial transactions between Licensed Retailers and OCS Wholesale.

7.1. Pre-Authorized Debit Transactions

As part of your onboarding process you are required to sign a Pre-Authorized Debit (PAD) agreement to pay for your orders. You will not be able to order until this, along with the rest of the agreement, has been validated. Once the PAD process is set up you will not be required to initiate any payments for your orders, as we will retrieve the necessary funds directly from your financial institution. To set up a PAD, please ensure you have provided us with the following:

- A signed, PAD Agreement authorizing OCS to retrieve funds from your account (see Schedule B of your Retailer Agreement)
- The name, transit number and address of your financial institution
- The number of your bank account

7.2. Pay at Ship

Licensed Retailers are required to set up a pre-authorized debit (PAD) payment method to pay for their orders. Licensed Retailers will only be charged once the order has shipped from the DC to their retail store. Credits to a Retailer's account due to QA claims will be processed as credits on your OCS Account and can be used towards future orders.

If **your** delivery falls on a weekend or **public** holiday, the PAD payment will be processed on the next business day.

7.3. Payment Failures

If payment fails due to non-sufficient funds, you will be required to fully pay for that order before any future orders will be accepted. If a payment is clawed back, OCS will not allow any orders until you have paid in full. OCS will charge a fee of \$250+HST per NSF/clawback. This represents recovery of the bank fee (\$45) and an administrative charge.

OCS may require retailers to prefund their bank account with the estimated value of their next order in the event of a payment failure. Once confirmation is received that funds have been transferred, you may submit an order to a maximum of the amount prefunded on your account. OCS will use our discretion and evaluate the circumstances on a case-by-case basis when determining whether to require this prefunding and for what duration.

In the event of habitual PAD failures, OCS may need to implement a different protocol requiring a non-interest-bearing security deposit at all times. In extreme cases of non compliance, OCS may escalate the issue to AGCO.

IMPORTANT TO KNOW: The bank account used to transact with the OCS must be associated with the same name on your Retail License from AGCO and therefore your legal agreement with OCS.



7.4. Credits, Refunds and Claims

As described above, you may wish to keep credit on account to pre-pay for your wholesale orders. In this instance, the funds will be kept on account and applied to your next order until depleted. No funds can be issued back to you via cheque or other methods.

In certain circumstances, such as for recalls, or returns for damages or incorrectly shipped items, you may have a refund claim. In any instance where OCS Wholesale owes monies to a Licensed Retailer, the owing funds will be credited to your OCS Purchasing Account and can be applied to your next purchase. Again, we are unable to issue refunds via cheque or other methods.

PAYMENT INQUIRIES

IF YOU HAVE ANY QUESTIONS ABOUT PAYMENTS, [CREDITS](#), REFUNDS OR OTHER FINANCIAL INFORMATION, PLEASE CONTACT OUR **OCS WHOLESALE CLIENT SERVICE CENTRE AT 1-877-627-1627.**





/ REPORTING /

As a Licensed Retailer, you are obligated to submit various reports on sales and inventory to meet the requirements of Health Canada, Statistics Canada and OCS Wholesale.

8.1. Federal Reporting Requirements

As part of its mandate to control and regulate the production, distribution and sale of cannabis, Health Canada requires careful and regular tracking of cannabis inventories and sales across the country. Each province is required to collect and submit monthly sales and inventory information to both Health Canada and Statistics Canada on behalf of its retailers. Therefore, as specified in the AGCO Registrar's Standards, Licensed Retailers must maintain certain records to support this national cannabis tracking system.

As a Licensed Retailer, you will be required to submit monthly reports on your cannabis inventories and sales to the AGCO as specified by the Registrar.

8.2. Reporting Sales to OCS Wholesale

As specified in your Retailer Agreement, you will also be required to report daily sales and inventory information to OCS Wholesale. The data we collect is aggregated, anonymized and used for various purposes, such as identifying consumer needs in the market, determining the type of products and estimating the level of inventory required for the retail market in Ontario. To report this required information to OCS Wholesale, you may either:

- Provide the AGCO with consent to share your completed "Monthly Sales Reporting" template with OCS on your behalf each month; or
- Make arrangements with the OCS Client Services Centre to submit required information directly to OCS by the 5th of every month.

At its discretion, the OCS will share aggregated data with all Licensed Retailers to help identify regional trends, consumer trends and other information that may be useful for selecting product or for other operational business purposes.

Licensed Retailers are encouraged to consult their Retailer Agreement with the OCS to understand their obligations with respect to the data that must be collected and reported to the OCS, including the circumstances under which this data can be shared with third parties.

8.3. Incident Reporting

Notwithstanding section 12.4(a) of the Retailer Agreement, incident reporting to the OCS is not required.

8.4. Other Reporting

- **Recalls:** In the event of a product recall, inventory reports will be required for submission outside of the regular reporting process and will be required within 24 hours. Please see the Product Recalls section of this Handbook for the specific procedure you are required to follow.
- **Ad hoc Reporting:** If additional reporting is required for an immediate or separate purpose, you will be given reasonable notice and provided with specific instructions by your OCS Wholesale Account Development Manager.

