

# OCS Wholesale Authorized 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 the Ontario Cannabis Store 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 selection of cannabis-related accessories for your consideration.

As an Authorized Retailer, you can expect to receive support from our dedicated OCS Customer Service Centre team and your assigned Customer Relationship Manager. Our experienced team is available to support you with your accounts, orders, payments, delivery and product issues.

## ABOUT THE OCS

The Ontario Cannabis Retail Corporation, doing business as the 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 supply retailers authorized to sell cannabis by the Alcohol and Gaming Commission of Ontario (“AGCO”) (“Authorized Retailers”) with the products they need to sell cannabis through physical Authorized Cannabis Store locations. In addition to operating OCS.ca, the province’s online cannabis retailer that delivers to consumers in every corner of Ontario, we maintain [Good All Around](#), our social impact platform. As part of our commitment to fostering a socially responsible cannabis industry, this platform connects Ontarians to the benefits of legal cannabis through investments in socially responsible initiatives, partnerships and fact-based, accessible education.

## INTERPRETATION

### Retailer Agreement

This Retailer’s Handbook (the “Handbook”) is intended to supplement the Retailer Agreement between the OCS and each Authorized 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 Authorized Retailer.

### Headings

The division of this Handbook into sections and headings is for convenience of reference only and does not affect the construction or interpretation of this Handbook.

### Extended Meanings

In this Handbook:

1. words in the singular include the plural and vice versa; words importing any gender include all genders;
2. 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
3. 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 AN AUTHORIZED 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.

### 1.0. What Authorized Retailers Need to Know

As an Authorized Retailer of cannabis, 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 responsible for public safety, and we all play a role in supporting the Government of Ontario's objectives for cannabis legalization, which include:

1. keeping cannabis out of the hands of children and youth; and
2. combatting the illegal market.

You are responsible for operating your business in accordance with all applicable law. 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. Authorized Retailers should be familiar with the federal *Cannabis Act* (Canada) and applicable regulations.  
[Cannabis - Canada.ca](https://www.cannabis.ca)

### OCS

Responsible for the wholesale distribution of cannabis products. We are your exclusive source for cannabis products and offer retail support to all Authorized Retailers.  
[OCS Wholesale – A Resource for Licensed Retailers in Ontario](#)

### GOVERNMENT OF ONTARIO

Establishes the provincial rules for possession, consumption and sale of cannabis.  
[Cannabis | Ontario.ca](https://www.ontario.ca/cannabis)

### AGCO

Establishes the rules for licensing, regulating and governing the sale of cannabis through Authorized Retailers in Ontario. Sets operational standards for Authorized Cannabis Stores to adhere to regulations.  
[Cannabis Retail Regulation Guide | Alcohol and Gaming Commission of Ontario \(agco.ca\)](https://www.ontario.ca/agco)

SECTION

2



## / PRODUCTS & PURCHASING /

Authorized Retailers of cannabis in Ontario may only purchase legal cannabis products through OCS Wholesale. To order from the OCS Wholesale Catalogue, you need to set up an online account on the OCS Business-to-Business (“B2B”) Portal. In this section, we’ll go over the process for ordering products.

## 2.0. General Information

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

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

Authorized Retailers make wholesale product purchases through the secure OCS B2B Portal, where they can browse the OCS Wholesale Catalogue and place orders for their Authorized Cannabis Store. The OCS Customer Service Centre team members and Customer Relationship Managers will work with all Authorized Retailers to assist with the ordering process as required.

## 2.1. Insurance Requirements

Authorized 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, including non-owned automobile, as well as products and completed operations, employer's liability, personal and advertising liability, and severability of interests and cross liability coverages 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 the Ontario Cannabis Store, as an additional insured and certificate holder with respect to liability arising from the operation of your business; this must also be reflected on your Certificate of Insurance.



**PLEASE NOTE:** Authorized Retailers must maintain their insurance coverage, as per section 16.1 of the Retailer Agreement, and will be required to show proof of their insurance renewals to the OCS upon request, and upon renewal of insurance only if the insurer or coverages have changed. Failure to comply with this requirement or provide proof of a valid insurance policy could result in Retailer accounts and orders being placed on hold.

Your insurance must meet the following requirements:

- List the Cannabis Retail Operator Licence ("CROL") name as the insured
- Name the OCS as an additional insured beneficiary and the named certificate holder
- Refer to the OCS as "Ontario Cannabis Retail Corporation, doing business as the "Ontario Cannabis Store"
- Not include any other named additional insured beneficiaries
- Use the correct address for the OCS: 200-4100 Yonge Street, Toronto, Ontario M2P 2B5
- Include in the Certificate of Insurance the complete address of the Cannabis Retail Store Authorization ("CRSA"), that is, the Authorized Cannabis Store, as an insured location
- Include in the Certificate of Insurance the effective insurance date, which is on or before the day of the Authorized Cannabis Store's first order
- Include in the Certificate of Insurance a minimum of five million dollars (\$5,000,000) per occurrence of Commercial General Liability insurance and non-owned automobile

coverage, as well as products and completed operations, employer’s liability, personal and advertising liability, and severability of interests and cross liability coverages

- Include in the Certificate of Insurance the following statement, which pertains to the cancellation, change or non-renewal of the insurance policy:

*If the Commercial General Liability Policy(ies) identified above are cancelled or changed to reduce the coverage outlined on this Certificate during the period of coverage as stated herein, or if the policy(ies) will not be renewed, thirty (30) days prior written notice by registered mail will be given by the Insurer(s) to the Ontario Cannabis Retail Corporation operating as the Ontario Cannabis Store at the address provided for notice and communication in the Contract between the Insured and the Ontario Cannabis Store.*

- Have the Certificate of Insurance signed by the insurance provider

For more information on banking, insurance and pre-authorized debit (“PAD”) requirements, visit the [Wholesale Learn](#) site.

## 2.2. Account UPDATED

To place an order, each Authorized Retailer and Authorized Cannabis Store will be required to onboard to the OCS B2B Portal. An OCS Senior Customer Service Representative will work with you to set up this account using key information about your business. Once onboarded, you will be able to add multiple users to your account. Please refer to the OCS B2B Portal Retailer Guide for more information. For security purposes, we recommend that you limit access to account login information to only key staff members, such as your Authorized Retail Manager. All orders must be submitted by someone holding a Retail Operator Licence or a Retail Manager Licence.

You must maintain the most up-to-date contact information to ensure consistent communication between the OCS and your Authorized Cannabis Store. If at any time your general or banking information changes, you must promptly notify the OCS Customer Service Centre team.



WHOLESALE PURCHASES  
CAN BE MADE ONLY  
BY AUTHORIZED  
RETAILERS THROUGH  
THE OCS B2B PORTAL.

**TO SET UP AN OCS B2B PORTAL ACCOUNT, THE AUTHORIZED RETAILER MUST PROVIDE THE FOLLOWING INFORMATION:**

### General Information

- Legal business name
- Legal address
- Key contact person for finance
- Key contact person for orders
- Authorized Cannabis Store address (for delivery)
- Delivery contact information
- Authorized Cannabis Store logo
- Billing address (if different from Authorized Cannabis Store address)
- CROL – Cannabis Retail Operator Licence Number (per the AGCO)
- CRSA – Cannabis Retail Store Authorization Number (per the AGCO)

### Banking Information

- Banking name, address and account info
- Signed PAD agreement (per Schedule B of the Retailer Agreement)
- General Liability Insurance Certificate (with the OCS insured as a certificate holder)
- Void cheque or direct deposit form from your financial institution, including the following:
  - the CROL or CRSA or both names as an account title
  - the financial institution name, account number, transit number and institution number that match the PAD agreement
  - the official financial institution document, other than a void cheque, signed and stamped by the bank and dated within the last six (6) months
  - pre-printed void cheques (not handwritten)

The OCS Customer Service Centre team is available Monday to Saturday, 9 a.m. to 5 p.m. EST, at 1-877-627-1627 or through [Live Chat](#). Please have your Store ID and Account Number ready for validation. For reference, your Store ID is located in your OCS B2B Portal account, and your Store ID can be found on a Bill of Lading or the label on a received shipment.

### 2.3. Products from the OCS

We have built a robust assortment across all categories and work closely with large and small suppliers across the country to ensure consistent supply.

#### CANNABIS PRODUCTS

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



- Dried Flower
- Pre-rolls
- Vapes
- Extracts
- Concentrates
- Edibles
- Beverages
- Topicals

This product category list will be subject to change as we expand our range of cannabis products.

#### 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.





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

## 2.4 Wholesale Pricing at the OCS UPDATED



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

## 2.5. Flow-Through

The Flow-Through program offers an additional distribution channel, allowing for a broader assortment of cannabis products. Authorized Retailers can order from an expanded catalogue of Retailer-exclusive items that are not stored in the OCS Distribution Centre. These items will ship from the Licensed Producer and will “flow through” the OCS warehouse to the Retailer.

Flow-Through items will be tagged as such in the OCS B2B Portal and can be filtered when you are building your order.

With the Flow-Through program, Licensed Producers manage and upload the total amount of products available for all Authorized Retailers to order on a weekly basis. Flow-Through inventory for each order cycle can be viewed on the OCS B2B Portal every Tuesday after 12:30 a.m. Lead times between order placement and delivery may differ for Flow-Through items as item fulfillment is based on the Licensed Producer’s capacity to ship requested products to the OCS. Delivery lead times for Flow-Through SKUs will be clearly indicated on the OCS B2B Portal to help you plan accordingly.

Separate invoices will be generated for Flow-Through orders and in-stock orders. The format of the account statement will remain the same.

**PLEASE NOTE:** Authorized Retailers on prefund terms must prefund the value of their order through a wire transfer or bank draft deposit one (1) business day before placing an order. The prefunding of an order is considered complete once the funds are received by the OCS.

## 2.6. Making Purchases: Days and Frequency UPDATED

The OCS will assign an order and delivery schedule for each Authorized Cannabis Store. You will be required to place your order on your assigned day of the week as designated by the OCS.

Along with your assigned order day, all stores will have the opportunity to take advantage of an additional Flow-Through order window every Monday from 1 p.m. to 5 p.m. **This additional order window is for Flow-Through orders only.** More detailed information and FAQs can be found in this [printable resource](#).

Any orders you submit must be submitted on your assigned order day or additional Flow-Through order window by the deadlines stated by the OCS. We cannot accept any order submissions beyond the deadlines. If you have any questions about your product assortment or inventory, please contact your Customer Relationship Manager.

Although you do not have to place an order every week, it is important to know that 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 ordering cadence. If you do not want to place an order one week, you can place one the following week if you'd like.

**PLEASE NOTE:** We cannot hold specific inventory from week to week on your behalf. The weekly product order schedule is as follows:



### OCS WHOLESALE WEEKLY PRODUCT ORDER SCHEDULE

Inventory is updated every day. Leading up to your assigned order day, you can browse our OCS Wholesale Catalogue on the OCS B2B Portal at any point in the week.

#### ASSIGNED ORDER DAY

1. Your Order and Delivery Window are displayed on the OCS B2B Portal.
2. On your assigned order date and during the additional Flow-Through window, you must submit your order through the OCS B2B Portal by the specified submission time.
3. Once your order has been processed, your Sales Order Confirmation will be displayed on the OCS B2B Portal. (Sales Order Confirmations for Flow-Through products will be processed after the additional Flow-Through order window closes.)
4. OCS Wholesale will pick, pack and schedule orders for delivery.
5. You will be charged when the product is shipped from the OCS Distribution Centre.
6. You will receive your order on the date and time displayed on the OCS B2B Portal.

**PUBLIC HOLIDAYS:** During holiday weeks, your assigned order day, additional Flow-Through order window and delivery day may change from your normal schedule. Please note: Payments will not be processed on statutory holidays. Your payment will be processed the next business day.

To help you prepare for any temporary changes to your order or delivery day as a result of holidays, please review the B2B Portal Calendar regularly.

## IMPORTANT:

- Order schedules will be adjusted for those ordering on assigned dates affected by public holidays.
- Authorized Retailers are not obligated to place an order every week, and order cadence can be determined based on delivery needs and location.
- Authorized Retailers cannot place a hold on products for future orders.
- After the order submission deadline, once an order is placed, it cannot be altered or cancelled.
- You can place orders only through the OCS B2B Portal.
- If an Authorized Retailer is on a prepayment plan, the OCS must confirm that it has received the funds needed to pay for this order before it can move from submitted to pick or pack.

### 2.7. Making Purchases: How to Place an Order

Your assigned Customer Relationship Manager will provide you with a step-by-step guide on how to place your first order on the OCS B2B Portal.

### 2.8. Order Adjustment After Submission

Stock keeping units ("SKUs") on the B2B Portal are categorized as Click-to-Buy or Lottery.

Once you submit an order for a Click-to-Buy SKU, you are responsible for purchasing it, and the order for that SKU cannot be edited after submission. Authorized Retailers can add to their order until the cut-off time is displayed on the OCS B2B Portal.

You can add or remove Lottery SKUs from an order at any point before the Order Window closes.

We begin picking and packing once the prescribed Order Window closes, so once your Order Window closes, you cannot change your order.

If you are having issues submitting orders through the OCS B2B Portal on your assigned order day, please contact the OCS Customer Service Centre team prior to the cut-off time. To make the investigation more efficient, we ask that you take screenshots of the issue you are experiencing.

**PLEASE NOTE:** Contacts received after the cut-off time will be considered a late submission and will not be accepted.

### 2.9. Out of Cycle Orders

Authorized 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 Out of Cycle Order from an Authorized Retailer submitted outside of their assigned Order Window 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 Authorized Cannabis Store requiring more inventory to continue operating before your next order.
- Your first order did not meet the demands of your new Authorized Cannabis Store opening and you require additional products to continue operating.

**Note:** An Out of Cycle Order cannot be placed if your regular order has yet to be delivered. Out of Cycle Orders will be assessed case by case based on the following criteria:



- Rationale for the Authorized Cannabis Store's Out of Cycle Order request
- The date that the Authorized Cannabis Store last received a wholesale shipment from the OCS
- The average order value (\$) over the past ten (10) weeks compared to the Out of Cycle Order value
- A list of any previous Out of Cycle Order requests submitted by the Authorized Cannabis Store

**Note:** The bank account used to submit an Out of Cycle Order must be in good standing for the order to be completed (that is, no missing payments or balance owing).

Out of Cycle Order requests must be made through the OCS Customer Service Centre one (1) business day (24 hours) before the desired fulfillment date. Once an Authorized Retailer has placed an Out of Cycle Order, it cannot be cancelled.

#### Additional Fees

- **Out of Cycle Order Processing Fee** – A five-hundred-dollar (\$500) fee, plus HST, will be assigned to each Out of Cycle Order that the OCS fulfills. The OCS may waive this fee at its sole discretion.
- **Additional Transportation Fee** – The Authorized Cannabis Store will be required to absorb any additional transportation costs related to their request.

#### Out of Cycle Order Delivery Lead Times

- Out of Cycle Orders are not expedited and follow the same delivery lead times as your weekly replenishment order.



### 2.10. Entity Changes and Other Offboarding Activities

The OCS will not process entity changes or any other offboarding activities, including a location closure, while an order is in transit. Any orders in progress, including Flow-Through orders, must be delivered and any related payments must be made to the OCS before the OCS can process the changes.

In addition to the notice requirements in your Retailer Agreement, you must notify:

- the OCS Customer Service Centre team at least twenty-one (21) business days before any offboarding activities occur; and
- the OCS and the AGCO of any offboarding processes in accordance with the AGCO Registrar's Standards.

### 2.11. CRSA/CROL Expiry

If your CROL or CRSA expires, the OCS will put your account on hold the day after expiry, and any pending orders will be cancelled.

You can apply to the AGCO to renew your CROL or CRSA. For more information on licence renewal, please visit the [AGCO website](#).

SECTION

3



## / 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 the OCS sells is procured from federally licensed and regulated producers who follow strict guidelines. Health Canada guidelines require all cannabis products to be tested in third-party laboratories to ensure they are free from unauthorized pesticides, micro-organisms and other items that could be harmful to a person's health. The 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 Authorized Retailers and adds to consumer confidence that products are safe, reliable and tested.

### 3.0. OCS Quality Assurance

In alignment with the *Ontario Cannabis Retail Corporation Act* and direction from Health Canada under the *Cannabis Act (Canada)*, the OCS Customer Service Centre 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 the 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 unauthorized pesticides, micro-organisms and other items that could be harmful to a person's health.
- The OCS reviews all product documentation from the laboratories for compliance with Health Canada regulations.
- The 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:

**Label and Package:** Visually examine format and placement of mandated elements and provide feedback on non-conformances identified and possible resolution

**Certificate of Analysis:** Verify product release test results for conformance to specifications and approve and facilitate product shipments and purchase orders

### 3.1. 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: *UL 8139, UL 1642, CAN/CSA-E62133, UN/DOT 38.3.*

#### HARDWARE COMPONENTS

Ensures screening of potential contaminants. These include, but are not limited to, micro-organisms and toxins, heavy metals and plasticizers migration.

#### VAPE FORMULATION

Ensures screening of potential known harmful compounds and by-products. These include, but are not limited to, pesticides, micro-organisms, heavy metals, residual solvents, diacetyl, diacetyl derivatives, formaldehydes, acetaldehydes and acrolein.

### 3.2. Product Destruction Requirements

Refer to the AGCO Registrar's Standards for Cannabis Retail Stores for information on [destruction of cannabis products](#).

### 3.3. Submitting Product Quality Complaints to the OCS UPDATED

WHAT IS A PRODUCT QUALITY COMPLAINT?

Product quality complaints include:

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.
2. Any product that does not meet the product specification or function in the manner intended.
3. Any product that contains any microbial or chemical contaminants, such as mould or fungus, beyond any limits provided for by law.
4. Any products that 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.
5. Any products that are incorrectly labelled or packaged.



The OCS works with Licensed Producers to investigate all product quality complaints submitted by Authorized Retailers. If approved, these complaints may be eligible for credit. The OCS will contact Authorized Retailers with the results once the investigation process is complete.

For more information on how to correctly submit a product quality complaint, please refer to the [Submitting a Product Quality Assurance Claim](#) article on the [Wholesale Learn](#) site. **All product quality complaints must be submitted through the [online form](#) within forty-five (45) days of receiving the delivery of the item(s) in question, and original packaging must be included with every claim.**

**PLEASE NOTE:** Not all investigations will result in credit approval. All complaints regarding accessories should be directed to the accessory supplier.

For more information on how to submit a product quality complaint to the OCS, please contact the OCS Customer Service Centre team through the [Wholesale Learn](#) site 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 consumers and the public. As such, the OCS Wholesale Return Policy is designed to ensure minimal transfer of cannabis products. Read on to learn about our Return Policy and how to make a return claim for cannabis products.

#### 4.0. Product Return Policy

All products purchased through OCS Wholesale are final sale. The OCS Wholesale Return Policy allows you to return products for a credit on your account if one (1) of the three (3) following circumstances occurs:

1. Products arrive damaged
2. Products are shipped incorrectly (for example, there are overages, or items are delivered that you didn't order)
3. Products are recalled by Health Canada, a Licensed Producer, an Accessory Supplier or the OCS

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

Product returns under any other circumstances are not permitted. Please submit your orders carefully and check your confirmation upon receipt to avoid any shipping errors. To qualify for a return, report any errors in your shipment to the OCS Customer Service Centre team within forty-eight (48) business hours of receipt. Due to the urgency of these shipping errors, you must notify the OCS Customer Service Centre team by phone or chat. Send back any approved items to the OCS Wholesale Distribution Centre using the steps outlined in Section 4.2.



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

#### RETURNS FOR DAMAGED PRODUCTS OR SHIPPING ERRORS

You should carefully check all goods you receive from the OCS. You must notify the OCS Customer Service Centre team within forty-eight (48) business hours 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 have visible damage to either the interior or exterior packaging, such as broken or missing seals.

**PLEASE NOTE:** A damaged or defective cannabis accessory 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: You receive products that do not match the order confirmation.
- Short shipment: You receive less product than specified in the order confirmation.
- Overages: You receive more product than specified in the order confirmation.

YOU MUST NOTIFY THE OCS CUSTOMER SERVICE CENTRE TEAM OF ANY DAMAGES OR SHIPPING ERRORS, INCLUDING OVERAGES, WITHIN FORTY-EIGHT (48) BUSINESS HOURS OF RECEIPT.

#### RETURNS FOR RECALLED CANNABIS PRODUCT

A product may be recalled by Health Canada, a Licensed Producer, an Accessory Supplier or the OCS. In the case of recalled products, please follow the procedures detailed in Product Recalls (Section 5).

## RETURNS FOR RECALLED ACCESSORY PRODUCTS

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

## RETURNS FOR A STOP SALE NOTIFICATION ISSUED BY A LICENSED PRODUCER

Licensed Producers may initiate stop sale notifications for products they deem necessary to remove from further distribution. In most cases, this means that there are no health risks associated with the product(s) and that any defects identified may affect only a small percentage of products. In the case of a stop sale notice, OCS Wholesale will communicate the specific instructions directly to you for next steps for all unsold products and for any products that have already been sold to customers. Authorized Retailers can follow the product quality complaint process for logging these claims.

## ACCEPTABLE PRODUCT PACKAGING DATES

We work with our Licensed Producers to ensure a consistent supply of fresh products for Ontario customers. As part of this effort, the OCS continually receives shelf study data on products and information on packaging innovations to better address concerns around cannabis product freshness. Based on this information, we have refined our product acceptance guidelines regarding products with packaged-on dates received at our Distribution Centre. In addition, the OCS will stop delivering products to our retail partners and OCS.ca that do not meet the packaged-on requirement.

To be transparent, we are providing Authorized Retailers with the OCS Acceptance Guidelines for packaged-on dates for all product subcategories.



| Product Subcategory        | OCS Delivery Guidelines for Producers |  |
|----------------------------|---------------------------------------|--|
|                            | Inbound to OCS Distribution Centre    | Outbound to OCS.ca or Authorized Cannabis Stores |
| Dried Flower and Pre-Rolls | 4 months                              | 9 months   |
| Vapes                      | 6 months                              | 12 months  |
| Concentrates and Extracts  | 6 months                              | 12 months  |
| Edibles                    | 4 months                              | 12 months  |
| Beverages                  | 6 months                              | 12 months  |
| Topicals                   | 6 months                              | 12 months  |
| Seeds                      | 6 months                              | 12 months  |

### 4.1. Return Credits

If a return request for damaged products or shipping errors is successfully approved and processed by the OCS Customer Service Centre team, 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.

When you return affected units to the OCS Wholesale Distribution Centre, credits will appear in your account after we receive and reconcile the returned inventory. If there is a discrepancy between the number of received items and what was reported, the lesser of the two (2) amounts will be credited.

**IMPORTANT: Authorized 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.**

Due to the urgency of these shipping errors, you must notify the Customer Service Centre at 1-877-627-1627 or via chat within forty-eight (48) business hours of receipt if products arrive damaged or do not match your confirmed order.

#### **4.2. Returning Products: Damages or Shipping Errors**

To make a damage or shipping errors claim, please follow these steps:

1. Contact the OCS Customer Service Centre team.
2. Provide the necessary details to the Customer Service representative.
3. Await email confirming approval of the return claim and await next steps.
4. If approved for return, prepare the item for return delivery on your next shipping day:
  - a. Pack the item in a sturdy, sealed container, fit for shipping, preferably an OCS box from previous shipments.
  - b. Include one (1) copy of the approved Return Authorization form inside the container.
  - c. Close and seal the container 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 (1) container is required for the return, please label each accordingly (for example, box 1 of 2 and box 2 of 2).
  - f. Affix the return shipping label provided in your confirmation email to the containers.
  - g. Ensure the returned items are picked up on your next scheduled delivery day by the crew making the delivery.

If you have received an overbox labelled for another Retailer, please refer to the steps outlined in Section 6.4: Accepting Deliveries.



SECTION

5

## / 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 the 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.

## 5.0. 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 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, the OCS will communicate directly with Authorized 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.



## 5.1. Authorized Retailer Responsibilities

A product recall is a serious situation. It is important for Authorized 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 an Authorized Retailer include:

**Tracking Products:** Every Authorized 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.

**Authorized Cannabis 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.

## 5.2. Procedure: Recalled Cannabis Products

In the event of a recall, the OCS will issue a Product Recall Notice by email to each Authorized Retailer. We will also post the notice on OCSwholesale.ca and OCS.ca. 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.

After receiving notice of a recall, as an Authorized Retailer, you must follow this procedure:

1. In accordance with the AGCO's Registrar's 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. Publicly post the OCS Product Recall Notice (received by email) in clear view of customers in your Authorized Cannabis Store. Keep the Product Recall Notice posted for thirty (30) days.

3. Submit a report through our online form for the recalled SKU and lot, detailing:
  - a. the number of unsold, unopened recalled units on hand;
  - b. the number of recalled units sold prior to the recall; and
  - c. any recalled units that have been returned to your Authorized Cannabis Store by customers prior to the recall. Submit your report through our online form within twenty-four (24) hours. For more details on how to submit, please refer to the article [Submitting a Product Quality Assurance Claim](#).

**IMPORTANT: If a customer returns a recalled item to your Authorized Cannabis Store at any time, the product must be destroyed according to the process outlined under the AGCO Registrar's Standards.**

4. The OCS will provide guidance on a case-by-case basis for next steps for unsold products that are quarantined as a result of the recall, taking into consideration the scope and type of recall. The OCS may ask the Authorized Retailer to destroy unsold product in accordance with the AGCO Registrar's Standards or ask for unsold products to be shipped back.
5. If the OCS requests unsold products to be returned to the OCS Wholesale Distribution Centre, please securely pack all products for return into sturdy cardboard boxes or similar containers no larger than twenty-four (24) inches by twenty-four (24) inches. Reuse OCS boxes from previous shipments if possible. Do not overpack boxes, and please ensure that boxes are in good condition and fit for shipping. 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 Customer Service Centre team at 1-877-627-1627 or [email 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 email. Once received, print and clearly affix product return labels to each box.
8. When pickup 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.

**IMPORTANT: The entire product recall process may take up to thirty (30) days to complete, from initial notice through to the issuance of credits. This will be evaluated on a case-by-case basis.**

**PLEASE NOTE:** Steps 5 to 8 are at the sole discretion of the OCS. You may be instructed to destroy the affected product(s) in accordance with the AGCO Registrar's Standards.



### **IMPORTANT**

- OCS Wholesale will provide specific instructions for each recall, as situations may vary by product, supplier or circumstance.
- If required, we will arrange pickup of unsold products as quickly as possible or instruct the Authorized Retailer to destroy any unsold inventory according to the AGCO Registrar's Standards.
- Customer-returned products affected by the recalls must be destroyed by the Authorized Retailer according to the AGCO Registrar's Standards.
- We will issue a refund in the form of an account credit for the recalled products.

### **5.3. 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.

### **5.4. Recall Reporting: Recalled Cannabis Products**

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

As a result, you must keep accurate records and physically count inventory and destruction records of any recalled products.

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

### **5.5. 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 twelve (12) recalled units in the affected batch or lot, you will receive a credit for the initial purchase price of all twelve (12) units. OCS Wholesale cannot reimburse shipping costs incurred for the initial order and cannot offer refund cheques.

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



SECTION

# 6



## / SHIPPING & RECEIVING /

We are committed to the safe and efficient transfer of goods and to ensuring that your Authorized Cannabis Stores receive orders in an accurate and timely manner. Read on to understand our shipping and receiving policies and your responsibilities as an Authorized Retailer.

## **6.0. General Information**

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

Accessories are also available for purchase through OCS Wholesale and are delivered alongside cannabis products. OCS Wholesale captures and manages all transport and delivery-related charges.

### **6.1. Conditions for Delivery**

To receive shipments, Authorized Retailers must:

1. Advise the OCS Customer Service Centre team 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. Ensure an authorized staff member is present to receive and sign off on the delivery throughout the delivery window the OCS provides.
4. Advise the OCS Customer Service Centre team of any changes to your delivery requirements or Authorized Cannabis Store closures.





## IMPORTANT

- The OCS cannot accommodate special requests for changes to order days or delivery days. This rule helps us better serve the entire network of Authorized Cannabis Stores in Ontario to ensure efficient routing and mitigate increases in delivery costs for all Authorized Retailers.
- The OCS will arrange all transportation activities for Authorized Retailers' purchases from the OCS, originating from the OCS Wholesale Distribution Centre.
- Your order will be delivered once a week on your designated order day as communicated on the OCS B2B Portal.
- To avoid delays and corresponding carrier fees, Authorized Retailers must accommodate OCS deliveries in a timely fashion.
- Authorized Retailers must be available to accept their delivery throughout the duration of the delivery window indicated on the B2B Portal, including delivery windows outside of Authorized Cannabis Store hours. If an Authorized Retailer is unable to accept an order on the scheduled delivery day, they will be responsible for any additional delivery-related expenses.
- The OCS will endeavour to waive delivery fees when we are unable to deliver during your specified delivery window (whether early or late) unless delivery delays are caused by inclement weather. Weather-related delays are not eligible for delivery fee waivers.
- If you have any delivery-related questions, please contact the OCS Customer Service Centre team by calling 1-877-627-1627 or visiting [learn.ocswholesale.ca](https://www.learn.ocswholesale.ca).
- Unsuccessful deliveries on an Authorized Retailer's scheduled day due to circumstances outside of their control (weather, carrier delays, Distribution Centre delays or other unforeseen circumstances) will be reattempted the next available business day. It is expected that the Authorized Cannabis Store will accommodate the updated delivery window provided by a Client Service Centre representative. If the reattempted delivery is not possible (deemed by the OCS) on the following day, a Client Service Centre representative will inform the Authorized Cannabis Store of the updated day and time.
- Please notify the OCS Customer Service Centre team at least two (2) weeks in advance of any special delivery requirement changes (for example, by-law restrictions, road closures during the delivery day, street festival or parade), or if your key delivery contacts change. The OCS requires documents substantiating any delivery constraint request.

## 6.2. Delivery Constraints, Special Requirements and Conditions

We will work closely with Authorized Retailers to capture special delivery requirements, such as:

- dock door availability
- municipal by-law constraints
- holding-capacity limitations
- key and emergency contacts

Please notify the OCS at least two (2) weeks in advance of special delivery requirement changes, or if your key delivery contacts change. Any delivery constraints will require documents substantiating the request.

## 6.3. Cost of Delivery

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

The transportation rate includes all surcharges, such as fuel and material-handling equipment.

Special material-handling equipment, such as delivery bins, may be used as part of the delivery to Authorized Retailers. To help mitigate increases in the transportation rate, you must return all delivery bins to the carrier at the end of your delivery.

**IMPORTANT:** There is a two-hundred-dollar (\$200) minimum or eight (8) cents per unit standard shipping fee for all regular Stocked wholesale, plus applicable taxes. This does not include accessories. If eight (8) cents per unit equals more than the flat rate of two hundred dollars (\$200), you will be charged accordingly depending on the number of units purchased.



## 6.4. Accepting Deliveries

Authorized Retailers must ensure an authorized staff member is available to receive the shipment, even if it is outside their hours of operation, and must be prepared to:

- **Accept Delivery:** If you notice a discrepancy, accept the order and clearly mark the discrepancy on all copies of the Bill of Lading (see Appendix F in the Retailer Agreement). If a shortage or overage is discovered after accepting a delivery, you will have two (2) business days (48 hours) after receiving your shipment to submit your claims to the OCS Customer Service Centre team through [chat](#) or [email](#), or by phone. If you notice product with visibly damaged outer packaging, do not accept the item; reject it, and the refunded amount will appear as a credit on your account.
- **Incorrect Delivery:** If you receive a delivery that is addressed to another Authorized Retailer, notify the OCS Customer Service Centre team **immediately** through [chat](#) or [email](#) the same day the incorrect delivery is received. Once the claim has been validated by the OCS Customer Service Centre team, you will be notified of the secondary pick-up window that will aim to occur within the same day but will be based on carrier availability. If you opened an overbox, please re-seal it before releasing the shipment to the carrier.

**Note:** If you are unavailable during the secondary pick-up of the incorrect delivery, a standard claims process will be enacted.

- **Overbox Count:** The number of overboxes must be clearly marked on the driver's copy of the Bill of Lading. If the total number of overboxes received does not match the total on the Bill of Lading, make a note of the difference on all copies of the Bill of Lading.

- Sign the Bill of Lading: Both the authorized staff member and the driver must sign all copies of the Bill of Lading. The Bill of Lading includes any proof of delivery 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.

**Note:** The OCS authorized carrier is responsible for bringing the delivery to the threshold of the Authorized Cannabis Store.

**IMPORTANT:**

- You may be charged an additional delivery fee if the delivery cannot be completed on the first attempt and a second delivery attempt is required. Please notify the OCS Customer Service Centre team if there is anything that may disrupt your ability to receive an order.
- Authorized Retailers may not offer incentives to the driver for additional delivery services. All incidents should be reported to an OCS Client Service Centre representative immediately.



**6.5. 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.

If products are damaged or if you receive products you did not order, notify the OCS Client Service Centre within two (2) business days (48 hours) 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 week’s scheduled delivery day, even if you haven’t placed an order for delivery the next week. Credits will not be issued until the product is received and verified at the OCS 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 Distribution Centre, if applicable. An OCS Client Service Representative will be in contact with the Authorized Retailers for disposition instructions. Please see Product Recalls (Section 5) for more information.

AS AN AUTHORIZED RETAILER, YOU MUST REPORT DAMAGES AND MIS-SHIPPED ITEMS WITHIN FORTY-EIGHT (48) BUSINESS HOURS TO THE OCS CLIENT SERVICE CENTRE.

**6.6. Year-End Inventory Count**

Due to provincial audit requirements, the Distribution Centre must close annually for several days for year-end inventory processes. The OCS will let you know these dates, and any subsequent impacts to order and delivery cadences, with enough notice to allow you time to plan your operations.



## / PAYMENTS & PROCESSING /

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

## 7.0. Pre-Authorized Debit Transactions

As part of your onboarding process, you must complete a PAD agreement to pay for your orders. You will not be able to order until the OCS has validated the PAD agreement. 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. You must include the following in the PAD agreement:

- CROL name
- CROL number
- Current date (within the last six (6) months)
- Address 1, which must be the CROL or CRSA address and should match exactly or can be a personal home address or legal firm address, or similar.
- Address 2, which must be the address of the financial institution and must match the void cheque or other official banking document.
- The financial institution name, account number, transit number and institution number, which all must match the information on the void cheque or official financial institution document.
- An authorized signatory's signature. Typed signatures are accepted only if they are accompanied by a verified digital signature.



For more information on banking, insurance and pre-authorized debit requirements, visit the [Wholesale Learn site](#).

### 7.1. Pay at Ship

Authorized Retailers will be charged only once the order has shipped from the Distribution Centre. Credits to your account due to quality assurance claims will be processed as credits on your OCS Account and can be used toward future orders.

If your order is shipped from the Distribution Centre on a weekend or public holiday, the PAD payment will be processed on the next business day.

### 7.2. Payment Failures

If payment for an order fails or if a payment is clawed back, the OCS in its sole discretion may require full payment of any outstanding order balance before any future orders can be placed. While a CRSA account is on hold, new orders may not be accepted and any orders that have not shipped may be withheld or cancelled. The OCS may release the hold if the Authorized Retailer confirms that the outstanding funds are available for PAD recapture.

PAD recapture will be made one (1) business day after the OCS is made aware of the initial PAD failure. A fee of one hundred and fifty dollars (\$150), plus HST, will be charged per payment failure or clawback. This process will be followed for the first two (2) payment failures or clawbacks within twelve (12) months.

If a third payment failure or clawback occurs within twelve (12) months, the OCS must receive the PAD recapture funds before the hold is removed. This takes an average of two (2) business days after PAD recapture. Therefore, the CRSA account may remain on hold for at least two (2) business days after the PAD recapture.

If a fourth payment failure or clawback occurs within twelve (12) months, the CRSA account will be placed on prefund terms. The initial prefund term is three (3) months. Under this term, the CRSA account will be required to prefund, through a wire transfer or bank draft deposit (cash deposits are not acceptable), the estimated value of their next order, at least one (1) business day before placing their order. The prefunding for each order is considered complete only when the OCS receives the funds.

Accounts placed on prefund terms will abide by the same requirements stated above for orders placed during the additional Flow-Through order window. The OCS will require prefunding through wire transfer or bank draft deposit (cash deposits are not acceptable) of the value of each order at least one (1) business day prior to placing an order.

If a payment failure occurs after the initial three (3)-month prefund term, the OCS may initiate a second or extended prefund term or require a non-interest-bearing security deposit, for a period determined solely by the OCS.

Further, if a CRSA account associated with the CROL holder is put on prefund terms, all CRSA accounts associated with the CROL holder may be placed on similar prefund terms.

The OCS reserves the right to evaluate the circumstances of the CROL on a case-by-case basis at any time to determine if it needs to make more immediate changes to the payment terms.

**IMPORTANT:**

- The bank account you use to transact with the OCS must be associated with the same name on the CROL from the AGCO and the OCS Retailer Agreement.
- Do not upload PAD information to the B2B Portal without engaging with the OCS Customer Service Centre team.
- If your banking information changes, please contact the OCS Customer Service Centre team to make an update. However, changes to your banking information should be completed before a new order is placed.

### **7.3. Credits, Refunds and Claims**

As described above, you may wish to keep credit on account to prepay 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 by 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. Any funds owing from OCS Wholesale will be credited to your OCS Purchasing Account and can be applied to your next purchase.

**Payment Inquiries:** If you have any questions about payments, credits, refunds or other financial information, please contact the OCS Customer Service Centre team at **1-877-627-1627**.



SECTION

8



## / REPORTING /

As an Authorized Retailer, you must submit various reports on sales and inventory to meet the requirements of Health Canada, Statistics Canada and OCS Wholesale.

## 8.0. 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 Authorized Retailers. Therefore, as specified in the AGCO Registrar's Standards, Authorized Retailers must maintain certain records to support this national cannabis tracking system.

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

### 8.1. 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 can either:

- provide the AGCO with consent to share your completed "Monthly Sales Reporting" template with the OCS on your behalf each month; or
- submit required information to the OCS directly each month.

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

Please consult your Retailer Agreement to understand your 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.

### 8.2. Incident Reporting

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

### 8.3. 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 twenty-four (24) hours. Please see Product Recalls (Section 5) for the specific procedure you are required to follow.
- **Ad hoc reporting:** If additional reporting is required for an immediate or separate purpose, your OCS Wholesale Customer Relationship Manager will provide you with specific instructions and give you reasonable notice.



# / ADDENDUM /

## Retailer Code of Conduct & Communication Guidelines

### **Purpose**

The Ontario Cannabis Store (“OCS”) is committed to building and maintaining trusted and compliant relationships with Authorized Retailers. We strive to achieve a high level of customer satisfaction and always appreciate your constructive feedback and input to help us improve our service to you.

The purpose of this Retailer Code of Conduct & Communication Guidelines (the “Retailer Code”) is to provide the standard of behaviour and conduct we expect from you in your communications with the OCS to ensure a safe and compliant working environment for our respective employees. For greater clarity, the OCS includes its contracted carriers or other service providers with which Authorized Retailers directly engage.

This Retailer Code forms part of the Retailer Handbook.

### **Application**

This Retailer Code applies to all Authorized Retailers, including their Authorized Cannabis Store staff and consultants (collectively referred to as “You” or “Your” throughout this document).

### **Mutual Respect**

When You communicate with the OCS, whether by phone, text, email, online chat or in person, we expect You to treat OCS employees with respect, dignity and integrity at all times. We hold our employees to the same high standard in relation to their communications with You.

The following is a non-exhaustive list of behaviours that will not be tolerated:

- physical violence
- verbal abuse
- use of profanity
- harassment
- intimidation tactics and/or threatening behaviour or remarks
- malicious or harmful statements about others or the OCS
- public disclosure of confidential information



## Communication Guidelines

The following guidelines will govern communications between You and the OCS.

*Information that the OCS will **not** share with You:*

- We will not share or discuss with You any non-public, confidential, commercially sensitive or proprietary information that belongs to another Retailer. Some examples of the type of non-public, confidential, commercially sensitive, proprietary information we will not share about another Retailer includes, but is not limited to, the following:
  - sales revenue
  - current or future retail pricing
  - current or future promotional strategies or promotional timing
  - product volumes
  - product assortment details
  - merchandising strategies
  - Authorized Cannabis Store rankings
  - operational details including order and delivery days
  - staff information
  - contact information
- We will not recommend or suggest a retail price (MSRP) for any Authorized Cannabis Store, nor will we implement any restrictions on an Authorized Cannabis Store's pricing model. All retail pricing decisions remain at Your sole discretion.
- We will not provide advice or recommendations to assist You with any decision relating to the strategy of Your operations including product assortments, pricing, promotional timing, store expansion, merchandising, inventory, and so on.
- We will not discuss the timing of another Authorized Cannabis Store's promotions with You, and we will not suggest that You change the timing of a promotion because of our knowledge of another Authorized Cannabis Store's promotional timing.
- We will not provide You with contact information for a Licensed Producer.
- We will not discuss any non-public, confidential, commercially sensitive or proprietary information regarding OCS.ca.



*Information that You should **not** share with the OCS:*

- Do not discuss Your e-commerce pricing, volumes, plans or strategies.
- Do not discuss another Authorized Retailer's e-commerce pricing, volumes, plans or strategies.
- Do not share any non-public, confidential, commercially sensitive, or proprietary information belonging to any of our cannabis accessory competitors, even if they have requested that You share it with the OCS. Some examples of the type of information about OCS cannabis accessory competitors You will have or may be privy to, and that You may not share with the OCS are:

- Their prices to You or their other customers
- Their contract terms with You or their other customers
- Their rebate structures with You or their other customers
- Their sales plans or strategies with You or their other customers
- Their non-public product innovation
- Their production volumes, sales volumes or forecasts with You or their other customers

### Violations

The OCS takes violations of this Retailer Code very seriously and will not tolerate its contravention.

As this Retailer Code forms part of the Retailer Agreement, any violation constitutes a material breach of the Retailer Agreement and may result in remedial action against You, up to and including suspension or termination of the Retailer Agreement.

### Disciplinary Process

Where a violation of the Retailer Code has been identified, the OCS will proceed with the following four (4)-phase disciplinary process. *Note: all decisions will be made in the OCS's sole and absolute discretion, taking all available and relevant information into consideration:*

#### Phase 1 – Notice

- The OCS will provide You with written notice (“Breach Notification”) that You are in breach of the Retailer Code. The notice will include details of the breach and will remain on Your account for a rolling period of three hundred sixty-five (365) days.

#### Phase 2 – Communication Restriction Period

- If you receive two (2) Breach Notifications within a rolling period of three hundred sixty-five (365) days, You will be notified that all Your future communications to the OCS will be forwarded to the legal department for processing for a period of thirty (30) days (the “Communication Restriction Period”). During this time, You will **not** have access to Your designated Customer Relationship Manager and response times will be delayed.
- If You do not receive an additional Breach Notification during the Communication Restriction Period, You will be permitted to resume communication with Your Customer Relationship Manager and the OCS Client Service Centre.

#### Phase 3 – Suspension

- If You receive three (3) Breach Notifications within a rolling period of three hundred sixty-five (365) days, Your account may be suspended for fourteen (14) days, and You will be unable to submit wholesale orders to the OCS.
- If You receive four (4) Breach Notifications within a rolling period of three hundred sixty-five (365) days, Your account may be suspended for an additional thirty (30) days, and You will be unable to submit wholesale orders to the OCS.



*Phase 4 – Termination*

- If You receive five (5) Breach Notifications within a rolling period of three hundred sixty-five (365) days, the OCS reserves the right to terminate Your Retailer Agreement.
- Each Breach Notification remains on your file for a rolling period of three hundred sixty-five (365) days.
- The use, or threat of use, of physical violence may result in the immediate termination of Your Retailer Agreement.
- If Your Retailer Agreement has been suspended or terminated, the OCS will notify the AGCO.

**Questions?**

If You have any questions, need clarity or have feedback, please contact

[inquiries@ocs.ca](mailto:inquiries@ocs.ca).

