



FY2024 CANNABIS

LISTING POLICY

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INTRODUCTION

The Newfoundland Labrador Liquor Corporation (NLC) has been appointed to oversee the sale, distribution and regulation of Cannabis Products for the Province of Newfoundland and Labrador. The purpose of this document is to outline the policies and procedures surrounding the merchandising of Cannabis including policies on product listings and delistings in Newfoundland and Labrador.

NLC's Cannabis Category Management team are outlined below:



PETER MURPHY

Chief Marketing and Merchandising Officer

VICKI YOUNG

Director of Cannabis and Marketing

JUSTIN METCALFE

Category Manager – Cannabis

ALLISON HORLICK

Assistant Manager – Cannabis

DEBBIE PARROTT

SKU Maintenance Administrator

RHONDA PHILLIPS

Administrative Assistant – Marketing and Communications

APPLICATION PROCEDURE AND TERMS OF LISTING

NLC Category Management will review cannabis categories based on the Cannabis Review Schedule. During the Category Review Process, the NLC will accept product applications from suppliers and agents for new listings in the Newfoundland and Labrador marketplace. As part of this process, Category Management will also measure the performance of current in-market products and select products for delisting.

All product descriptions and specifications must adhere to Health Canada regulations as well as be approved by NLC.

The NLC is committed to ensuring that products purchased and offered embrace diversity and inclusion and do not cause harm or offense to our customers and communities regardless of gender, age, sex, race, class, religion, ethnicity, ability, language, sexual orientation, gender identity and political views.

NLC Category Management will review and evaluate products to ensure they do not cause harm or offense to customers and communities. NLC Category Management, in its sole discretion, reserves the right to determine whether an element of product branding may reasonably be perceived as contravening the above. This includes, but is not limited to, product names, partnership names, brand elements (logos, wording, graphics, images, print and digital artwork, etc.)

CATEGORY REVIEW PROCESS

STEP ONE CALL FOR ORDER

Category to review the category and notify Agents and Suppliers of criteria that they are looking for in the new listings.

STEP THREE REVIEW OF SUBMISSIONS

Applications are reviewed by Category Management. Meetings with Category may be requested at this time.

STEP TWO SUBMISSION & PRESENTATION

Agents and Suppliers are to submit applications for products they wish to list for sale and should include presentations and product pictures.

STEP FOUR FINAL LISTING & DELISTING DECISIONS

Category Management to make final decisions and notify Agents and Suppliers of listings and delistings.

CATEGORY REVIEW SCHEDULE

A copy of the cannabis call schedule is available in the [Suppliers/Trade section of NLC's website](#).

CONSIGNMENT INVENTORY

All product purchased by NLC will be on a consignment basis. Payment will not be made against purchase orders. Purchase orders will be used strictly for the control and receiving of inventory into NLC's distribution center. NLC will only issue payment after the product has been shipped either directly to eCommerce Customers or a Licensed Cannabis Retailer (LCR), and after an invoice is received from Supplier.

COST-OF-SERVICE

Suppliers will be charged a Cost-of-Service fee to cover warehousing, distribution, and inventory management costs. The Cost-of-Service fee will be a percentage of the landed cost of the product and may be adjusted annually and/or as deemed appropriate by NLC to cover the costs of warehousing and distributing product.

NO GUARANTEED SALES VOLUME

- A Term of Listing is not a commitment to purchase nor does NLC provide any guarantee of sales volumes.
- Licenced Producers and Local Agents must work with LCRs to sell product.
- LCRs are free to purchase products at their own discretion.

PRODUCT LIST TYPES

GENERAL LISTINGS

A general listing is a listing given to a product, typically through the Call Schedule process. General listings will be ordered on a regular basis as demand requires.

ONE TIME ORDERS (OTOS)

One Time Order listings can be given to products that are only available for a limited time, on a seasonal basis, specialty allocated products or to test a product in the market before bringing it in on a regular basis.

AD HOC LISTINGS

Ad Hoc listings include products that do not fall within the timelines of the applicable Category Schedule.

TERMS OF DELISTING

The delisting process is typically completed in conjunction with the Call Schedule.

The Supplier may, at its own discretion, delist a product at any time.

NLC reserves the right to delist products at any time and will notify the Supplier of products that have been delisted.

Delisting criteria and delisting decisions are rendered based (but not limited to) the following:

- Market demand
- Product performance
- Category strategy
- Category/pricing trends
- Brand family performance
- Shelf life issues
- Supply issues
- Violation of Authorization

The review process and delisting of product may result in any one of the following:

- Permanent price reduction
- Return to vendor (RTV) of delisted product inventory
- Supplier authorized disposal of delisted product

DELISTED PRODUCT MARK DOWNS

Multiple times throughout the year, permanent price reductions will be offered to Licensed Producers to reduce retail pricing on delisted cannabis products to aid in the sell through of remaining inventory. For any products that decrease in price, the Licensed Producer must reimburse the LCRs for the change in the final retail pricing for all inventory on hand at the time of markdown.

AUTHORIZATION REQUIREMENTS

LISTINGS:

- Final Category Review Schedule and listings decisions require authorization and sign off from the Category Manager of Cannabis, the Director of Cannabis and Merchandising and the Chief Merchandising Officer.
- All Ad Hoc and One-time-Orders require the authorization from the Category Manager, Director of Cannabis and Merchandising and the Chief Merchandising Officer.

DELISTINGS:

- Suppliers may delist products at any time. Notification of any such delists is required to be communicated to NLC Category Management.
- Final delisting decisions from the Category Review Schedule require further signoff from the Category Manager, Director of Cannabis and Merchandising and the Chief Merchandising Officer.
- All individual delistings outside of the Category Review Schedule require authorization from Category Manager.

LOCAL REPRESENTATION

A local agent is defined as an individual or company, residing in Newfoundland and Labrador and represents a supplier's products in province's market. While local representation is not a requirement to conduct business with NLC, the advantages of having an agent in market are significant and highly advised. In a supplier elects not to have a local agent, then the expectation is that the supplier will act as its own agent and complete all necessary duties required.

Local agents work with:

- **Category Management** on listing and delisting decisions. Local agents will also meet regularly with category management to discuss product opportunities and identify any challenges in an effort to maximize sales and profit.
- **NLC Supply Chain** on logistics and ordering. Local agents work closely ensure there is a sufficient level of fresh inventory on hand and available order.
- **LCRs** on products that available for them to sell for store level. Agents can advise of new products and innovation coming to market, as well as communicating relevant product specifications on current inventory available for LCRs to order from the NLC Distribution Centre.