

## END CAP PROGRAM | GUIDELINES

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## 1. Introduction

- 1.1. The End Cap Program (ECP) is an optional service that allows participating brewers the opportunity to advertise on an end cap in participating self serve format locations of The Beer Store (TBS) across Ontario and online as a curated omnichannel promotional package (Appendix 1 and 2).
- 1.2. Brewers are responsible for a) designing advertising for their promotion using TBS supplied templates and criteria b) supplying product to participating stores for the display.
- 1.3. TBS is responsible for a) reviewing and approving product and advertising b) managing the print production and shipping of advertising to stores c) managing the online advertising d) setting up product displays and advertising in stores and e) replenishing product displays over the 4 week cycle.
- 1.4. The ECP calendar consists of 13, 4-week cycles and 4 zones based on geographical proximity for a total of 104 windows per year (13 cycles x 4 zones x 2 brewer displays).
- 1.5. The rate card includes in-store and online promotional placements along with the costs described in section 1.3 assuming full booking of all zones each cycle (Appendix 2). In the event the program is not fully subscribed, the rate card will not apply and fees will be quoted separately.
- 1.6. Only those stores listed with the approved brand(s) and pack(s) will participate in the program. All stores may not carry the brand(s) and pack(s) in accordance with the Store Listing Policy. Fees will not be adjusted to reflect a reduced number of participating stores as a consequence of not being listed. Refer to section 6.5 for substitution protocol.
- 1.7. TBS reserves the right to modify or cancel any part of the End Cap Program with 30 days written notice.
- 1.8. These Guidelines and all communication related to the End Cap Program are for the sole use of The Beer Store and for the reference of those brewers participating in the program.
- 1.9. The safety and security of customers, staff and company assets take precedence over merchandising and marketing initiatives.
- 1.10. All brewers interested in booking this program must subscribe through the survey link in the announcement email before the noted deadline. The final draft order and agenda will be announced to those who have subscribed.

## 2. Window Allocation, Assignment and Draft Process

- 2.1. Windows are allocated to brewers based on total brewer provincial sales through TBS (including Home Consumer, Licensee and 50% of sales to LCBO, Agency and Retail Partner, excluding Cider sales) for the most recent 12 month period (Appendix 3). All data is reviewed, indexed and updated annually.
- 2.2. Any brewer with a window allocation equal to or greater than the number of cycles (13) will be assigned specific windows in order of market share and as determined by The Beer Store based on the principle of maximizing exposure across zones and cycles. Such brewers will receive notice of their assignments and will agree to accept or decline the windows before the noted deadline.
- 2.3. All other brewers that have earned a window allocation will participate in the draft to select their windows (Appendix 4).
- 2.4. Small brewer provincial sales are indexed so that small brewers are allocated 20% or 21 windows in this program.

- 2.5. An individual small brewer with sales that exceed 5% of the total provincial sales described in section 2.1 will be allocated a number of windows proportionate to their provincial sales. An individual small brewer with sales of less than 5% of the total provincial sales will be allocated up to 5% of the total program windows according to their indexed share with the total number of windows reserved per year not to exceed 5%.
- 2.6. Any small brewer who does not earn at least 1 window according to their indexed market share will participate in the small brewer draft. Small brewer draft windows are included in the 20% of total ECP windows that are reserved for small brewers.
- 2.7. The number of windows reserved for small brewers in each zone will be prorated based on the total number of draft windows available in each zone.
- 2.8. The draft for un-assigned windows is structured as a series of rounds. For round 1, brewers are placed in descending order of market share with a maximum selection of 3 windows per brewer. For subsequent rounds, brewers are placed in descending order of remaining windows with a maximum selection of 3 windows per brewer. Brewers with an equivalent number of remaining windows will then be placed in descending order of market share. The minimum selection for any brewer is one window.
- 2.9. The small brewer draft occupies the last position in round 1. The maximum and minimum selection for any brewer in the small brewer draft is one window. Priority is determined in the following manner:
  - 2.9.1. First priority to brewers that applied for the program in the previous year but did not have an opportunity to participate in the draft (according to the order of the previous year).
  - 2.9.2. Second priority to brewers applying for the first year (a random draw will determine the draft order).
  - 2.9.3. Third priority to brewers that applied for the program in the previous year and participated in the draft but declined the opportunity (according to the order of the previous year).
  - 2.9.4. Fourth priority to brewers that participated in the program in the previous year (according to the order of the previous year).
- 2.10. Any windows remaining following the completion of the draft (Appendix 4) will be offered to brewers in descending order of market share, in a final round, to a maximum of 1 window per selection to all interested small brewers, then to all interested large brewers, then back to all interested small brewers again subject to 2.5. This process will repeat until all windows are reserved.
- 2.11. Any brewer earning assigned windows will forfeit the windows if they a) decline the windows or b) if they fail to accept the windows before the noted deadline. Any brewer earning draft windows will forfeit the windows if they a) decline the windows b) do not participate in the draft to reserve the windows or c) participate in the draft but fail to select their windows within the required time frame. Brewers provided with the opportunity to participate in this program may accept or decline any or all offered windows at their discretion.
- 2.12. In the event of a brewer merging with or being acquired by another during the term of this program, the resulting entity (brewer) will retain the display windows originally allocated to or reserved by that brewer for the remainder of the program term.
- 2.13. The draft process for any reserved window(s) for which a brewer has cancelled (Section 3.1) will be offered in increments of one window per brewer in descending order of market share, first to interested brewers not already offered a window in the same brewer category (e.g. small brewers) subject to Section 2.5 and then to the alternate brewer category (e.g. large brewers). Any remaining windows will be offered next to brewers in descending order of market share. If a brewer accepts a window with minimal lead time before the start of the program, the brewer accepts all responsibility to comply with Section 3.2.

- 2.14. Following acceptance of a window, a brewer may re-assign the window to another brewer with which it has a registered agency relationship pursuant to applicable liquor regulations. There will be no impact to the draft order for either brewer.
- 2.15. Depending on brewer interest, it may not be possible to provide every brewer with a window in the program due to the limited number of windows available.

### **3. Planning and Timelines**

- 3.1. Cancellations for reserved windows must be received by TBS in writing 16 weeks before the activation is scheduled to begin. The brewer will be charged in full according to the rate card if this deadline is not met. Small brewers will still be designated a “participating” brewer for the next year’s draft (Section 2.9.4) and will not be provided with a replacement window. Cancelled window reservations will be offered to other brewers in accordance with Section 2.13.
- 3.2. Participating brewers will agree to comply with a workplan, as defined by TBS, that will ensure product and advertising are in market and online on time. Any brewer that fails to meet the deadlines detailed in the workplan will be subject to incremental fees that will be charged in addition to the rate card. Any additional print material required outside of the scope of this program such as price adjustment stickers or reprinted advertising will also be subject to incremental fees that will be charged to the brewer in addition to the rate card.
- 3.3. Participating brewers will receive a summary notification of brand packs 2 weeks before the start of each cycle.
- 3.4. Rate card fees will be charged to the brewer proportionately during the month(s) of the activation on the weekly brewer statement.

### **4. Product and Inventory**

- 4.1. Each promotion can consist of 1 or more brand packs allowing brewers to showcase a selection of beer. The ECP brands can be featured on concurrent programs (EDP, FDP, Discovery) in different stores and can repeat for consecutive cycles in the same zone featuring a different pack and promotion.
- 4.2. To promote a stable and secure display, singles must be positioned on the top shelf and when stacked must be contained in a tray for stability.
- 4.3. Brewers can expand their listings into stores in advance of the activation subject to applicable listing policies and fees. When a brand pack is not listed at a store, the protocol described in section 6.5 will be followed.
- 4.4. To promote an eye-catching and creative display without overloading the stores with inventory, TBS has defined display quantity maximums for standard pack sizes (Appendix 5). Other standards will be defined as required.
- 4.5. All product will be displayed as shipped from the brewer. TBS reserves the right to remove plastic wrap from product or inner packs from mother cartons for a fee which will be in addition to the rate card.
- 4.6. Brewers are responsible for ensuring product supply is available 3 weeks before the in-market date for store ordering 2 weeks prior.
- 4.7. Display inventory is not included in the calculation of store capacity.

## 5. Display Model and Advertising

- 5.1 The End Cap Program is a curated promotional package including in-store and online advertising (Appendix 1).
  - 5.1.1. In-Store Promotion: Includes product merchandised on a 3'x2' footprint end cap with a shelf positioned at a standard height and a frame mounted on the back panel featuring a 3'x2' poster customized with brewer designed artwork. Each participating store will accommodate 2 facings (left side and right side), half an end cap per booking. Designation and placement of the displays is determined solely by TBS as dictated by store format, operational requirements and customer flow. All displays elevate the product from the floor to prevent damage.
  - 5.1.2. Digital Promotion: Includes Email Sponsorship Tier 4.
- 5.2. As part of the workplan (Section 3.2), brewers are responsible for designing advertising for their promotion using TBS supplied templates. Artwork composition and copy is subject to review and approval by TBS. Brewer and brand content is restricted to the approved brewer, brand(s) and pack(s) and all pricing references must comply with the TBS Pricing Communication Policy. Once approved, final artwork files will be transferred to TBS to manage a) printing and shipping of advertising to participating stores and b) online advertising.
- 5.3. Advertising, legal and regulatory compliance for brewer supplied artwork is the sole and absolute responsibility of the brewer supplying the artwork. TBS reserves the right to remove any signage at the request of an applicable regulatory authority and no program fee refund will be payable for brewer non-compliance. Brewers will indemnify and hold harmless TBS for any non-compliance.

## 6. Display Merchandising

- 6.1. TBS is responsible for loading the product onto the displays and setting up the advertising. A digital price ticket will be programmed and positioned on the top shelf by TBS for each brand pack.
- 6.2. Each product display will have a maximum height of 4 feet. The perimeter of each product display must be covered to a height of 18" (approximately 2 equivalent, 341ml industry standard bottle stacked cases) to prevent a trip hazard. Product may overhang the display by a maximum of 1" on each side (where applicable) and only if required for a safe and stable display as dictated by product dimensions.
- 6.3. For activations featuring multiple brand packs, stock will receive equal representation on the display.
- 6.4. Provided sufficient stock is available, TBS will replenish the product displays twice daily and ensure that the displays do not sell down below approximately 18" of product (2 rows of equivalent 341ml industry standard bottle stacked cases).
- 6.5. When an approved brand pack is not listed, out of stock or sells down below 18" and cannot be replenished the following protocol is in place. Advertising will remain on display only if the promoted content is consistent with the product on display.
  - 6.5.1. For activations featuring multiple packs - the display will be constructed with the available packs.
  - 6.5.2. For activations featuring 1 pack - the display will be constructed with a substitute product as determined by the Store Manager by following this protocol in priority order: a) same brand, alternate pack b) same brewer, alternate brand c) same brewer category (small or large)
- 6.6. TBS will replace missing and/or damaged signage as needed by stores.
- 6.7. At the conclusion of each cycle, TBS will remove all product from display and transport it to the stock room. Signage will be removed and recycled.

# Appendix 1: Visuals

## IN-STORE\*

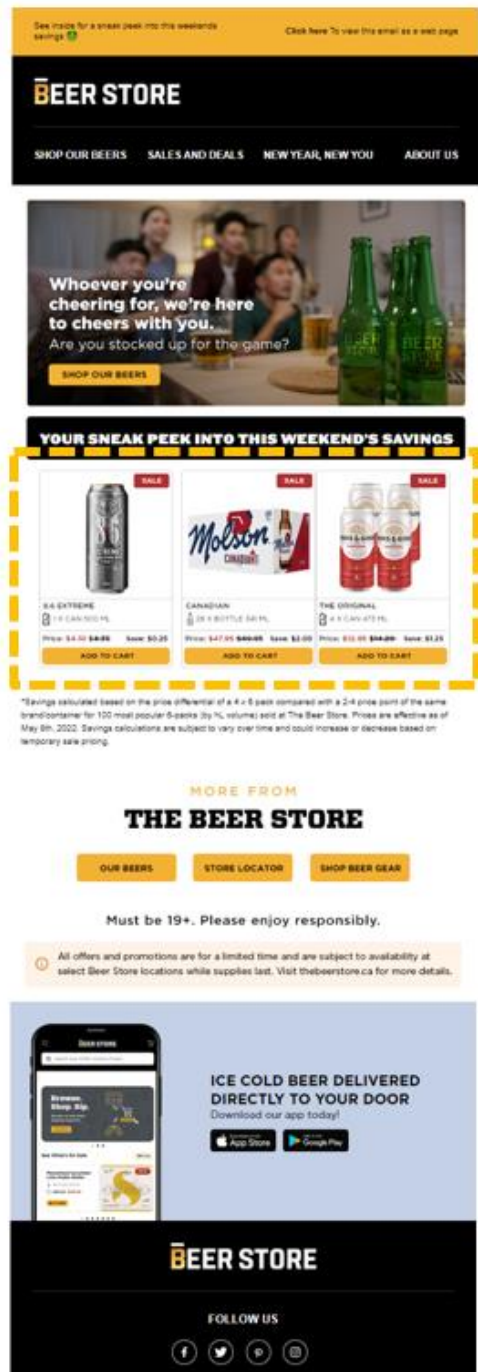
**End Cap Display**  
 3'x2' product footprint  
 3'x2' advertising



\*Image shows 6' end cap with 2 brewer opportunities, (booked separately), each with a 3'x2 footprint.

## DIGITAL\*

**Email Sponsorship**  
 Tier 4



\*For placement only, subject to change

## Appendix 2: Rate Card

4-WEEK CYCLES	ZONE 1		ZONE 2		ZONE 3		ZONE 4	
	LEFT SIDE	RIGHT SIDE	LEFT SIDE	RIGHT SIDE	LEFT SIDE	RIGHT SIDE	LEFT SIDE	RIGHT SIDE
<b>1 Jan. 1 - 28</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375
<b>2 Jan. 29 - Feb. 25</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375
<b>3 Feb. 26 - March 24</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375
<b>4 March 25 - April 21</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375
<b>5 April 22 - May 26</b>	\$3,150	\$3,150	\$4,050	\$4,050	\$4,500	\$4,500	\$4,050	\$4,050
<b>6 May 27 - June 23</b>	\$3,150	\$3,150	\$4,050	\$4,050	\$4,500	\$4,500	\$4,050	\$4,050
<b>7 June 24 - July 21</b>	\$3,150	\$3,150	\$4,050	\$4,050	\$4,500	\$4,500	\$4,050	\$4,050
<b>8 July 22 - August 18</b>	\$3,150	\$3,150	\$4,050	\$4,050	\$4,500	\$4,500	\$4,050	\$4,050
<b>9 Aug. 19 - Sept. 15</b>	\$3,150	\$3,150	\$4,050	\$4,050	\$4,500	\$4,500	\$4,050	\$4,050
<b>10 Sept. 16 - Oct. 13</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375
<b>11 Oct. 14 - Nov. 10</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375
<b>12 Nov. 11 - Dec. 8</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375
<b>13 Dec. 9 - Jan. 5</b>	\$2,625	\$2,625	\$3,375	\$3,375	\$3,750	\$3,750	\$3,375	\$3,375

**\*Announced April 5:**

Please note an operational update to TBS promotional cycle timing in an effort to drive efficiencies with advertising & promotional planning and executions this year for all participating Brewers. Cycle 5 will extend by one week and all cycles thereafter will shift by one week to align closer to LCBO cycles. Brewers who have booked into programming this calendar year have received a personal notification from TBS.

**Appendix 3: Window Allocation**

	<b>BREWER</b>	<b># WINDOWS</b>	<b>ASSIGNED</b>	<b>DRAFTED</b>
<b>LARGE BREWERS</b>	Labatt Breweries	39	39	
	Molson Coors Brewing	31	31	
	Sleeman Breweries	7		7
	Carlsberg Canada	4		4
	Diageo Canada	1		1
	Royal Unibrew	1		1
<b>SMALL BREWERS</b>	Moosehead Breweries	5		5
	Steam Whistle Brewing	4		4
	Muskoka Cottage Brewery	2		2
	Flying Monkeys Brewery	1		1
	Minhas Craft Brewery	1		1
	Nickel Brook Brewing	1		1
	Ace Beverage Group	1		1
	SMALL BREWER DRAFT	6		6
		104	70	34



**Appendix 4: Preliminary Draft Order**

<b>ROUND</b>	<b>ORDER</b>	<b>BREWER</b>	<b>#WINDOWS</b>
1	1	Sleeman Breweries	3
	2	Carlsberg Canada	3
	3	Moosehead Breweries	3
	4	Steam Whistle Brewing	3
	5	Diageo Canada	1
	6	Royal Unibrew	1
	7	Muskoka Cottage Brewery	2
	8	Flying Monkeys Brewery	1
	9	Minhas Craft Brewery	1
	10	Nickel Brook Brewing	1
	11	Ace Beverage Group	1
	12	SMALL BREWER DRAFT	6
2	1	Sleeman Breweries	3
	2	Moosehead Breweries	2
	3	Carlsberg Canada	1
	4	Steam Whistle Brewing	1
3	1	Sleeman Breweries	1

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## Appendix 5: Display Quantity Maximums

(Use these standards to calculate display quantity maximums for other pack sizes)

<b>CONTAINER</b>	<b>PACK SIZE</b>	<b>END CAP</b>
BOTTLES	24 x 341ml bottles	20 cases
CANS	24 x 473ml cans	22 cases
	30 x 355ml cans	22 cases
	24 x 355ml cans	30 cases

## Appendix 6: Term Dictionary

<b>activation</b>	a brewer display approved by TBS, consisting of product and advertising featured in a group of stores (zone) for a 4-week cycle
<b>brand pack</b>	a unique brand + pack + volume + container combination (e.g. ABC Lager 24 pack x 341ml bottles)
<b>brand</b>	a 3 or 4 digit merchandise category
<b>brewer</b>	the party named in the signed User Agreement
<b>cycle</b>	one of 13, 4-week cycles as defined on the Rate Card
<b>end cap</b>	end aisle merchandising space in select self serve stores designated for brewer marketing initiatives as detailed in these guidelines
<b>large brewer</b>	a brewer with annual worldwide production greater than 400,000 hl.
<b>launch pack</b>	a new brand or pack introduced into TBS
<b>pack</b>	a pack + volume + container combination (e.g. 24 pack x 341ml bottles)
<b>poster advertising</b>	advertising featured in a frame on the End Cap display model with custom artwork designed by the brewer using a TBS supplied template, subject to TBS review and approval, and produced/shipped to participating stores by TBS
<b>promotional pack</b>	a change to the standard package e.g. contest, in-case, offer, on-case etc.
<b>retail price</b>	the total price of the product to the consumer
<b>round</b>	a round in the draft process
<b>sale</b>	a reduction in price, advertised at TBS for a 4-week period
<b>single containers</b>	single bottles or cans (not wrapped in packs)
<b>small brewer</b>	a brewer with annual worldwide production less than or equal to 400,000 hl. For greater certainty, Moosehead is designated a small brewer.
<b>User Agreement</b>	a User Agreement between a manufacturer of beer and TBS providing for the listing of the manufacturer's products for sale through TBS
<b>window</b>	one cycle x zone combination
<b>window reservation</b>	a window (cycle x zone) chosen by the brewer and confirmed by TBS as part of the assignment and/or draft process
<b>zone</b>	1 of 4 ECP zones (geographic areas), each consisting of a selection of TBS stores as detailed in the store list