



CORPORATE AFFAIRS & COMMUNICATIONS

INDUSTRY POLICY

6.10 Producers' Giveaway Policy

March 1, 2018

1. POLICY STATEMENT

The purpose of the Producer Giveaway Policy is to ensure all revenues due to the NSLC from producers and/or their representatives for employee issue giveaway and promotional giveaways are accounted for, and to prevent the risk of inducement arrangements between producers and/or their representatives and licensed establishments.

2. OBJECTIVES

To control and monitor the flow of liquor products that are used by producers for employee issue and/or promotional giveaways.

To ensure that all revenues due to the NSLC are paid on a regular and timely basis.

3. DEFINITIONS

"Employee Issue" indicates regular contractual approved allotments of liquor products given to employees of a liquor producer. Allotments are usually given on a periodic basis established by the producer's employment contract.

"Customer Complaint" indicates product replacement given to a customer who returns faulty product directly to the producer or to the NSLC. This does not pertain to licensees or permit holders.

"Hospitality Room product" indicates liquor distributed under a Hospitality Room Permit issued by the NSLC and reported on the Retail Sales Mark- up Allocation form (RSMA).

"Internal usage" is defined as:

- Spillage
- Breakage
- Samples for tasting, including manufacturers' on-site Hospitality Room
- Laboratory testing
- Customer Complaints
- Employee Issue

Approval date: May 2015

Effective date: May 2015

Approved by: Finance/P&PA

Administrative update: October 9, 2018

4. DIRECTIVES

4.1 Employee Issue

By nature of the producer’s employment contract, employees of the producer may be entitled to an allotment of the producer’s product for personal consumption.

Method of Distribution: Employee Issue product may be distributed by one of three methods. The producer may distribute:

- a. Product directly from their on-site retail store (quantity must be reported on the Retail Sales Mark-up Allocation form or RSMA)
- b. Vouchers redeemable directly at the NSLC retail stores to cover the employee allotment. The producer may issue vouchers to employees as a means of distributing the Employee Issue of product. The appropriate guidelines for vouchers, outlined in this document, should be followed.
- c. Pre-paid credit cards used at the NSLC retail stores.

4.2 Customer Complaint

Product purchased from the NSLC network must be returned through the NSLC, with the exception of kegs ordered by licensees outside of the Halifax Regional Municipality. These kegs must be returned through the Alcohol and Gaming Division.

Product purchased directly from a producer through an on-site retail store must be returned directly to the producer for replacement/reimbursement.

4.3 Promotional Giveaway

The producer or supplier may engage in product giveaways for promotional purposes provided the following guidelines are met:

- a. General Customers: The producer may offer free product to general customers by means of a voucher redeemable at any NSLC outlet or the producer’s retail outlet, if one exists. All promotional giveaways to the general customer must be by means of a voucher, and the vouchers must conform to the guidelines stated in the “Voucher” section.
- b. Teams and Community Events: The producer may donate promotional product to teams and community events through vouchers redeemable at the NSLC or for the supplier to purchase directly from the NSLC and distributing it. Adequate notice must be provided to the store where product will be picked up so that extra stock may be ordered if necessary. Arrangements must be made with the store in advance for a pick-up time agreeable to both the store and representative.
- c. Licensees: Product giveaways to licensees are not permitted. Please see Appendix A: “Inducements”.

4.4 Hospitality Room

A supplier or producer may operate a Hospitality Room on the producer’s premise provided that a valid permit is obtained. The following guidelines govern Hospitality Room sampling of product:

- a. Premise: The premise shall be constructed and maintained at the producer’s expense and in a manner and condition satisfactory to the NSLC for the purpose of maintaining a quality facility.
- b. Insurance: The producer shall maintain appropriate insurance for the Hospitality Room and shall provide and maintain liability insurance in respect of all persons who enter the premise and for all products sampled. The company shall indemnify the NSLC of and from and against all action, suits, claims and demands which may be brought against or made upon the NSLC from and against all loss, costs, charges, damages and expenses which may be incurred, sustained or arising from the operation of the producer’s Hospitality Room and the consumption of products pursuant thereto.
- c. Employee Requirements: All employees of the producer who handle or otherwise distribute products in the Hospitality Room shall be at least the age of majority.
- d. Patrons (Intoxication): The producer shall not serve products to any person who is intoxicated.
- e. Patrons (Age of Majority): The producer shall not serve products to any person under the age of majority.

4.5 Vouchers

The following guidelines govern the design, purchase, issue, and redemption of vouchers in Nova Scotia: The Producer is Responsible for the Following:

- a. Issue product vouchers for customer complaint, employee issue and promotional giveaways.
- b. Have vouchers pre-printed with control numbers and a designated character code.
- c. Ensure each voucher contains:
 - Producer name or identification.
 - Package Size - 6, 12, 24 or other package size as listed.
 - Package formats - bottle or can.
 - List of products available, where applicable, at the same retail price.
 - Authorized signature line and customer signature line.
 - Control number.

- The words “Exchange for Specific Manufacturer Product Only”.
 - Security features that ensure voucher will not be duplicated.
 - The words “Not Redeemable for Cash”.
- d. Promptly pay for all vouchers and other promotional product when billed by the NSLC.
- e. The producer is responsible for the cost of producing initial vouchers and any reorders.
- f. Producer will indicate the person or community event receiving the product(s) on a separate log document.
- g. Maintain a log of voucher control numbers issued to each sales representative.
- h. Maintain a log of product transferred to the hospitality room and submit with Retail Sales Mark-up Allocation form or RSMA.

4.6 The NSLC is Responsible for the Following:

- a. The NSLC is responsible to ensure the cashier transactions, which include vouchers, are balanced and reconciled by the manager on a daily basis. Produce a periodic billing document to vendors for the amount of the redeemed vouchers.
- b. Keep redeemed vouchers at head office for future reference. The redeemed vouchers will be shredded after 7 years.

4.7 General Guidelines

- a. Redemption: All customer complaints and promotional products purchased at the NSLC can be redeemed at the NSLC. All customer complaints and promotional products purchased at an on-site retail store, can be redeemed at the on-site store.
- b. Product Transported by Representative: Representatives are to have a receipt of purchase from the NSLC with them to cover all unopened products in their vehicles. Such receipts make the “purchase” legitimate and indicate that the product has been purchased from the NSLC.

4.8 Compliance

Non-compliance with the above rules and procedures may result in the revocation of the permit and disciplinary action.

Appendix A Inducements

Below are activities that are prohibited by producers.

- Oversampling of consumers
- Customer vacations where the producer is not present and there is no business purpose.
- Customer cash
- Customer rebates or discounts
- Product to customers
- Customer gifts (ex – electronics, clothing, watches, motorcycles, boats, jet skis, etc.).
- Staff incentives tied to increasing producer volume or share in account. This does not include staff training and compensation for training.