

TERMS AND CONDITIONS

Retail Cannabis Licence

Retail Cannabis – General

Licensees are responsible to comply with all general retail terms and conditions; terms and conditions specific to the type of licence held; and any terms and conditions specific to delivery.

1.0 Definitions

“Act” means The Liquor, Gaming and Cannabis Control Act and includes regulations made under the Act.

“advertisement” means anything prepared by or on behalf of a regulated person that is intended to promote liquor or cannabis sales or participation in a lottery.

“age-restricted cannabis store” means a cannabis store that young persons are prohibited from entering and in which measures specified by the executive director must be implemented to prevent persons outside the store from viewing the interior of the store.

“cannabis” means cannabis as defined in the Cannabis Act (Canada).

“cannabis store” means the premises specified in a retail cannabis licence where the retail sale of cannabis is authorized.

“controlled-access cannabis store” means a cannabis store in which cannabis and cannabis packages and labels are stored behind a counter or behind shelving with covers that prevent persons from viewing them. Customers in the store are not allowed to view or access cannabis and any cannabis packages until after purchase.

“executive director” means the executive director of the Liquor, Gaming and Cannabis Authority of Manitoba.

“inspector” means:

- a) an inspector appointed or designated under section 119 or 120 of the Act; and
- b) a member of a police service.

“intoxication” for the purposes of the Act, a person is intoxicated if their mental or physical capabilities are significantly affected by liquor, cannabis or other drug, or by any other substance.

“LGCA” means the Liquor, Gaming and Cannabis Authority of Manitoba.

“licensee” means a person, business entity or association of persons holding a licence issued by the LGCA. In these terms and conditions it means the holder of a retail cannabis licence.

“MLLC” means the Manitoba Liquor and Lotteries Corporation.

“organic solvent” means an organic compound that is explosive or highly flammable, including petroleum naphtha and compressed liquid hydrocarbons such as butane, isobutane, propane and propylene.

“person” includes an organization, association, group or partnership, corporation or any other business model.

“remote order” means an order for the purchase of cannabis that has been submitted on the Internet or by another method approved by the executive director.

“retail area” means the area of the cannabis store set out in the retail cannabis licence where members of the public may be present.

“sell” means to supply for any type of consideration, remuneration or benefit, whether direct or indirect, and includes to offer for sale or display for sale.

“storage area” means the area of a cannabis store set out in the retail cannabis licence where cannabis that is not available for immediate sale in the retail area is stored.

“young person” means a person under the age 19 years.



2.0 General

2.1

A retail cannabis licence authorizes the licensee to sell cannabis on a retail basis:

- a) to customers at the premises specified in the licence; and
- b) for delivery from the premises specified in the licence, based on remote orders received by the holder.

2.2

The licensee can only sell the classes of cannabis authorized for sale under the Cannabis Act (Canada).

2.3

The licensee must not sell organic solvents at the cannabis store.

2.4

The licensee must ensure that cannabis is sold from the cannabis store in accordance with the Act and that the cannabis store is operated in accordance with the Act.

2.5

The licensee may only sell cannabis purchased from MLLC.

2.6

A separate retail cannabis licence is required for each location where a person operates a cannabis store.

2.7

The licensee may operate from an additional or different location for a specified period of time with the prior written authorization of the executive director.

2.8

No proprietary rights accrue with a licence.

2.9

Every advertisement prepared by or on behalf of a licensee must comply with the Canadian Code of Advertising Standards established by Advertising Standards Canada and the applicable requirements of the Cannabis Act (Canada).

2.10

The executive director may, by written notice, require the licensee to post public service notices prepared, provided or approved by the LGCA on topics such as responsible cannabis consumption and the dangers of driving after consuming

cannabis both in the cannabis store and on the cannabis store website.

2.11

The licensee must ensure that every purchaser of cannabis receives written materials respecting cannabis that have been approved by the LGCA.

2.12

The executive director may, at any time, add, vary, repeal or substitute terms and conditions of a licence.

2.13

The licensee must continue to comply with any terms and conditions or requirements under which the retail store was licensed unless otherwise authorized by the LGCA.

2.14

The licensee must ensure they comply with all federal or provincial enactments and municipal by-laws.

2.15

A licence shall be cancelled immediately if the licensee's cannabis store agreement under section 101.3 of the Act is terminated, and shall be suspended immediately if the licensee's agreement under section 101.3 of the Act is suspended.

2.16

All required fees must be paid and required information submitted as directed by the LGCA.

3.0 Operations

3.1

The licensee is responsible for the conduct of all of the licensee's employees while the employees are acting in the course of their duties.

3.2

The licensee must establish and maintain a policy that sets out conduct that would prevent a person from being employed by the licensee or that requires the termination of a person's employment with the licensee.

3.3

The licensee must conduct appropriate background checks on a prospective employee to determine if the person has engaged in conduct set out in the employee security screening policy.



3.4

The licensee must not employ a person who has engaged in conduct set out in the employee security screening policy.

3.5

The licensee must provide all amendments to the employee security screening policy as soon as practicable after the amendments are made.

3.6

The licensee must ensure that if a person who appears to be under 19 years of age:

- a) attempts to enter an age-restricted cannabis store; or
- b) attempts to purchase cannabis at a cannabis store;

a cannabis store employee must require that person to produce one of the authorized types of identification set out in 3.7 that confirms that the person is 19 years of age or older.

3.7

If a licensee requires a person produce identification, the licensee may only accept one of the following types of valid identification belonging to that person:

- a) a passport;
- b) a driver's licence;
- c) an identification card issued by Manitoba Public Insurance;
- d) a Secure Certificate of Indian Status issued by the Government of Canada;
- e) a NEXUS card;
- f) a Canadian Armed Forces identification card;
- g) a possession and acquisition licence issued under the *Firearms Act* (Canada);
- h) a Manitoba Métis Federation citizenship card;
- i) two pieces of government-issued identification, with at least one piece of identification containing a photograph of the person.

3.8

If the person refuses or is unable to produce the required identification, the licensee must require the person to leave the cannabis store and must not sell cannabis to the person.

3.9

A licensee must not allow a person to consume cannabis in a cannabis store.

3.10

The licensee must ensure that any person who is involved in the sale of cannabis has successfully completed a training course specified by the executive director.

3.11

The licensee must keep the retail cannabis licence posted in a conspicuous place in the cannabis store.

3.12

The licensee that operates a website must post the retail cannabis licence number in a conspicuous place on the website.

3.13

Cannabis must not be sold in the cannabis store:

- a) from 12:00 midnight until 8:00 a.m.; and
- b) from 12:00 midnight until 1:00 p.m. on Remembrance Day.

3.14

The licensee may store cannabis at a location outside the cannabis store only if the executive director has given written approval authorizing cannabis storage at that location.

3.15

Sections 3.16 to 3.24 apply to security at the cannabis store and authorized off-site storage location.

Security

3.16

The licensee must install and maintain a video surveillance system at the cannabis store that:

- a) is in continuous operation;
- b) detects power outages;
- c) records all interior areas of the cannabis store, including the storage area;
- d) records all exterior entrances to the cannabis store, or, if the cannabis store is located within larger premises operated by the licensee, all exterior entrances to those premises;
- e) records the area of the cannabis store where sales transactions are concluded;
- f) produces a clear colour image of all areas under surveillance and is capable of reproducing clear colour images from surveillance recordings; and
- g) provides a date and time stamp on each recorded frame.

3.17

The licensee must retain all video surveillance records for a period of 120 days.

3.18

The licensee must post a sign in a prominent location within the cannabis store that advises that a video surveillance system is in operation at the cannabis store.



3.19

The licensee must ensure that the surveillance system and all storage devices:

- a) are securely stored; and
- b) are only accessible to authorized persons.

3.20

The licensee must also comply with all licence-specific security terms and conditions stated in part 8 of the terms and conditions.

3.21

The licensee must ensure that the storage area of a cannabis store is locked at all times.

3.22

The licensee must ensure that only cannabis store employees may enter or access the storage area of the cannabis store except as stated in 3.23.

3.23

The licensee may allow a person 19 years of age or over, who is not a cannabis store employee to enter or access the storage area if:

- a) prior to entering or accessing the storage area, the person presents identification that confirms their name to a cannabis store employee; and
- b) the person is accompanied at all times by a cannabis store employee.

3.24

The licensee must keep a daily record of:

- a) the cannabis store employees who are on duty that day; and
- b) the name of any person who is not a cannabis store employee who enters or accesses the storage area that day, and the time that person entered or accessed the storage area.

and retain these records for a period of one year.

3.25

The POS software system security must include:

- a) designated access controls/transaction authorizations for staff and management;
- b) designated administration rights and/or authorizations to add/delete UPC codes, void transactions and transfer inventory;
- c) unique login or password requirements for all employees; and
- d) user approval/deletion protocol.

Display and Sale of Cannabis

3.26

The licensee must ensure that customers at the cannabis store are not able to handle cannabis at any time before it has been purchased.

3.27

The licensee can only sell or deliver cannabis if:

- a) it is in the same packaging as when it was delivered to the cannabis store;
- b) the original packaging has not been opened, unsealed or damaged in any way; and
- c) all labels on the original packaging are in place, have not been modified in any way and are not obscured.

3.28

The licensee must not sell more than 30 g of dried cannabis, or an equivalent amount of one or more other classes of cannabis to a person in a single transaction.

3.29

The licensee must not sell more than 4 cannabis plants to a person in a single transaction.

3.30

The licensee must not allow any person other than a cannabis store employee to sell cannabis in the cannabis store.

3.31

The licensee must not accept a customer return of cannabis, except in the case of cannabis that is the subject of a recall or quality control issues.

3.32

The licensee cannot sell cannabis if:

- a) it has been used in a display container;
- b) its packaging has been damaged; or
- c) the cannabis has quality control issues and the licensee must dispose of the cannabis.

Disposal

3.33

All cannabis awaiting disposal must be kept in a part of the storage area separate from sellable cannabis.

3.34

The licensee must ensure that any cannabis is destroyed using a method that alters or denatures the cannabis to such an extent that consumption of the cannabis is rendered impossible or improbable.

Remote Orders

3.35

The licensee may only accept online remote orders that are submitted to a website operated by the licensee.



3.36

The licensee must ensure that all reasonable measures are taken to prevent persons under 19 years of age from submitting remote orders.

3.37

The licensees must ensure that payment for a remote cannabis order is processed by the licensee before the cannabis is sent for delivery from the cannabis store.

3.38

The licensee must not place more than 30 g of dried cannabis, or an equivalent amount of one or more other classes of cannabis, in a single package for delivery to a customer.

3.39

The licensee must use a method of delivery that ensures:

- a) tracking of the package during transit,
- b) receiver of package signs for package prior to taking possession;
- c) safekeeping of the package during transit.
- d) age verification of the receiver prior to delivery of package to ensure receiver is 19 years of age or older;
- e) delivery of package only delivered to a person at the address specified in the remote order;
- f) the package is not delivered to a person that appears to be intoxicated.

Delivery

3.40

The licensee may only deliver cannabis from the location of their retail store as stated in their licence.

3.41

A licensee must not:

- a) deliver or transport cannabis; or
- b) send, or cause to be sent, a package, parcel or other container containing cannabis to a young person.

3.42

The licensee may have an employee of the licensee deliver cannabis according to the terms and conditions set out in part 9.

3.43

The licensee must make a written request to the LGCA prior to using a third-party delivery service to deliver cannabis in Manitoba.

3.44

The licensee must ensure that a third-party delivery service delivering cannabis on the licensee's behalf complies with the third-party delivery standards provided to the licensee upon approval by the LGCA.

3.45

The licensee is responsible to ensure that any employee delivering cannabis on behalf of the licensee is aware of and complies with the terms and conditions of delivery.

3.46

The licensee must ensure that a third-party delivery service returns all undeliverable cannabis to the retail store.

4.0 Inspections

4.1

For the purposes of determining compliance with the Act, an inspector may at any reasonable time, without a warrant, enter:

- a) any business premises of a licensee; and
- b) any other premises other than a dwelling where the inspector has reasonable grounds to believe that records or things relevant to the administration or enforcement of the Act are kept.

4.2

The licensee or person in charge of the cannabis store being inspected or having custody or control of the relevant records or things must:

- a) produce or make available to the inspector all records and things that the inspector requires for the inspection;
- b) provide any assistance or additional information, including personal information that the inspector reasonably requires to perform the inspection; and
- c) answer questions related to the purpose of the inspection that are asked of them by the inspector.

4.3

The licensee must not obstruct or hinder, or make a false or misleading statement to, an inspector who is exercising powers or performing duties under the Act.

5.0 Offences and Compliance

5.1

It is an offence to sell cannabis without holding a valid licence issued by LGCA.



5.2

It is an offence to contravene a provision of the Act or these terms and conditions.

5.3

The licensee must not give, sell or otherwise supply cannabis to another person who is not authorized to sell cannabis if they know that the other person intends to sell the cannabis in contravention of the Act.

5.4

The licensee must not give, sell or otherwise supply cannabis to a person who is or who appears to be intoxicated.

5.5

The licensee must not give, sell or otherwise supply cannabis to a young person.

5.6

The licensee who is the subject of a compliance order must comply with the order.

5.7

Unless the compliance order is appealed, a licensee who is ordered to pay an administrative penalty must pay the amount of the penalty to the LGCA within the time specified in the order.

5.8

The executive director can suspend or cancel the licence if the licensee fails to comply with an order.

5.9

The licensee is guilty of an offence under this Act who:

- a) contravenes a provision of this Act; or
- b) knowingly makes a false statement in an application for or renewal of a licence, permit or approval or in any record, return or report required under this Act.

5.10

The licensee who is guilty of an offence under this Act is liable on conviction:

- a) in the case of an individual, to a fine of not more than \$100,000, imprisonment for up to one year, or both; and
- b) in the case of a corporation, to a fine of not more than \$500,000.

5.11

If a corporation commits an offence under this Act, a director or officer of the corporation who authorized, permitted or acquiesced in the commission of the offence is also guilty of an

offence and is liable on conviction to the applicable penalties set out in 5.10(a), whether or not the corporation has been prosecuted or convicted.

6.0 Change in Control and Notification Obligations

6.1

A transfer or assignment of a licence is not valid without the written consent of the executive director.

6.2

A licence ceases to be valid if there is a prescribed change in control of the licensee, unless the executive director approves the proposed change in accordance with the regulations.

6.3

Unless approved by the executive director, a licence ceases to be valid if:

- a) the licensee sells, assigns or transfers its assets through which it carries out the activities authorized by the licence;
- b) 10% or more of the shares, or any class of share, of the following are sold, assigned or transferred:
 - (i) a licensee that is a corporation; or
 - (ii) a corporation that effectively controls the business of a corporation that is a licensee;
- c) a person becomes or ceases to be a partner of a licensee that is a partnership;
- d) a person becomes entitled to any of the profits from the licensed activity or becomes liable for any obligations incurred from the licensed activity; or
- e) a person loans or advances or causes to be loaned or advanced money or any thing of value, with or without security, to the licensee.

6.4

To seek the executive director's approval of a change described in 6.3, the licensee must, at least 10 days before the proposed change is to occur:

- a) apply to the executive director in writing; and
- b) provide any information requested by the executive director.

6.5

The licensee shall notify the executive director in writing prior to amending the originally approved cannabis store floor plan.



6.6

If a licensee contracts with a person to manage the cannabis store where the person is receiving profits from the sale of cannabis, the LGCA must approve the person and the licensee must provide the LGCA a copy of the management agreement upon request.

7.0 Recordkeeping / Reporting

7.1

The licensee must immediately notify the LGCA in writing of:

- a) any change in the principals of the licensee, or change to the authorized signatory of the licensee responsible for the agreement;
- b) any change of the licensee's name;
- c) any change of the licensee's permanent address;
- d) any change of the licensee's address for service.

7.2

The licensee must notify the LGCA of any matter which the licensee can reasonably assume to be of consequence to the LGCA.

7.3

The licensee must provide such further information as required by the LGCA.

7.4

The licensee must maintain and produce records as set out by the executive director.

7.5

The licensee must submit records and reports in the form required by the executive director.

7.6

The licensee must, upon request, provide the authority with access to specified records or surveillance recordings that the licensee is required to keep.

Inventory and Sales Records

7.7

The licensee must maintain an inventory management system that:

- a) tracks cannabis inventory at the cannabis store on an ongoing basis;
- b) has a point-of-sale system;
- c) enables the tracking of cannabis inventory by universal product code (UPC); and
- d) identifies all cannabis available for sale and cannabis that cannot be sold.

7.8

The licensee must maintain records respecting the following:

- a) cannabis received;
- b) cannabis available for sale;
- c) cannabis sold;
- d) cannabis that is not available for sale due to usage in display containers, damage to packaging or quality control issues;
- e) cannabis subject to a recall;
- f) cannabis disposed of;
- g) any additional matters specified by the executive director.

7.9

The licensee must maintain the records set out in 7.8 for the period of two years.

7.10

The licensee must retain all source documents necessary to support the records set out in 7.8 for a period of two years.

7.11

The licensee must keep records of inventory counts and sales and supporting documentation for two years.

7.12

The licensee must provide the executive director with reports on the matters set out in 7.8, in the form and by the deadline specified by the executive director.

7.13

The licensee must notify the executive director as soon as reasonably practicable after discovering inventory discrepancies.

Available in alternate formats, upon request.

