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June 1st, 2011

To: All Trade Associations

Re: LCBO Lightweight Glass Wine Standard – Implementation Date

Further to my letter of April 29, 2010, I am writing to advise you that we have identified the implementation date for the lightweight glass standard for 750 ml. wines at the LCBO.

We have made good progress over the past two years since we initiated the lightweight glass program and we already have over 150 SKU's that have achieved our maximum bottle weight target of 420 grams for the 750 ml. bottle size. However, and as noted before, this initiative will include the establishment of a firm deadline for implementation.

As a reminder, the lightweight glass project has been undertaken in order to reduce the collective carbon footprint of the products we purchase while also providing ergonomic benefits for our Retail and Logistics employees by reducing the overall weight of cases handled. Working collaboratively with the trade and with the glass industry, we are at a point now where there is sufficient access to lightweight glass throughout the world and suppliers have been given adequate notice to prepare their plans for implementation.

The following is a summary of key pieces of information that can be used by suppliers to assist with production planning and discussions with glass suppliers.

Implementation Date

All purchase orders issued after January 1, 2013 will be required to comply. This will apply to 2011 or later vintage dated wines for products sourced from northern hemisphere wineries and 2012 or later vintage wines from southern hemisphere wineries. All non-vintage wines including fortified wines are also expected to comply by January 1, 2013.

Glass weight maximum for LCBO Products and VINTAGES Essentials (non-Hock bottles)

The maximum glass weight will be 420 grams for wines packaged in non-Hock 750 ml. bottles at or below a retail price of \$15. We believe this price point provides flexibility for 'premium' wines to maintain a more upscale image consistent with customer expectations. The only exemptions for wines priced under \$15 will be for small volumes of VINTAGES niche products and specialty purchases with annual order volume not exceeding 350 - 9L cases.

The \$15 maximum may be adjusted in future to be consistent with price inflation.

Hock Bottles

Given its traditional taller shape, there are currently only limited options for lightweight glass Hock bottles. As a result, we have set a higher limit of 450 grams for this container format. It's our expectation that the wines shipped in Hock bottles will be varietals traditionally shipped in that kind of bottle e.g. Riesling, Gewurztraminer. The 450 gram Hock maximum limit may be reduced in future if lightweight Hock bottles become more widely available.

Champagne/Sparkling wines

Champagne/Sparkling wines will be exempt due to product pressure considerations but we would encourage suppliers to take weight out of these types of bottles wherever possible.



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Premium wines

For all wines with retail prices \$15 or over, we would still encourage suppliers to reduce weight of bottles. Given the environmental impact associated with producing, shipping and recycling glass, we'd ideally like to see all of our containers come down in weight. While we do not anticipate the development of a standard maximum weight for \$15 or over wines at this time, favourable consideration will be given to product offers that are lower in weight.

Glass Weight Tolerance

The LCBO will permit a tolerance of 15 grams to allow for occasional manufacturing variances. However, the vast majority of bottles shipped per sku must adhere to the 420 gram limit.

Our objective with the lightweight glass initiative is first and foremost to reduce our collective environmental impacts. Weight is not the only factor to consider with regard to the impact of packaging on the environment so we would not, for example, encourage suppliers to source glass manufactured at a greater distance (with attendant freight footprint impacts) than is currently the case.

As also indicated in my April 29, 2010 letter, we will be developing strategies to market the environmental benefits of lightweight glass with our customers. Ontarians are becoming increasingly more knowledgeable about the impacts of excess packaging, so this should not be a difficult story to tell. We're also producing a video to educate the trade, our staff and media about the benefits of lightweight glass.

If you haven't seen it yet, please check out our 2010/11 LCBO Sustainability Report which profiles the lightweight glass initiative along with the range of other environmental programs at the LCBO. This report is located at <http://www.lcbo.com/enviro/index.shtml>.

We are very appreciative that Trade Associations and many individual suppliers have indicated their support for this initiative and the proposed implementation date.

In the interim, please do not hesitate to contact the respective Category Managers in WINES and VINTAGES or our Quality Assurance department if you have any questions or wish to discuss new lightweight glass initiatives.

Yours sincerely,

Bob Downey
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