



June 29th, 2012

Ministry of Labor Citizens' Services and Open Government
c/o Reception Desk
2nd Floor, 563 Superior Street, Victoria, British Columbia, V8V 1T7

Attention: Pelle Agerup

Subject: Negotiated Request for Proposal for Proposal for the Distribution of Liquor Project Procurement No. SATP-301 including any amendments (the "NRFP")

The enclosed Proposal is submitted in response to the above-referenced NRFP. Through submission of this Proposal, we confirm that we have carefully examined the NRFP documents including the information relating to material disclosures and have a clear and comprehensive knowledge of the required services and agree to the evaluation and negotiation process as described in the NRFP and the NRFP process terms as described in the Declaration.

We represent and warrant that to the best of our knowledge all of the information contained in the Proposal is true and accurate.

We acknowledge and agree that:

- (a) The NRFP process will be governed by the Declaration;
- (b) Our pricing information is submitted in the form prescribed by the NRFP;
- (c) Inaccurate, misleading or incomplete information, including withdrawn or altered pricing, could adversely impact the evaluation, ranking or contract award process under the NRFP;
- (d) Engaging in any Conflict of Interest activity or breaching the confidentiality provisions of the Conflict of Interest Declaration may result in our disqualification from the NRFP process;
- (e) The Province make no representation, warranty or guarantee as to the accuracy of the information contained in the NRFP, the Service Bundles or any addenda;
- (f) We have read and understand all addenda issued by the Province prior to submitting this Proposal;
- (g) Any information provided in this Proposal, even if it is identified as being supplied in confidence, may be disclosed where required by law or if required by order of a court or tribunal; and

(h) The Province may disclose, on a confidential basis, the information contained in this Proposal to the Province's advisers retained for the purpose of evaluating or participating in the evaluation of this Proposal.

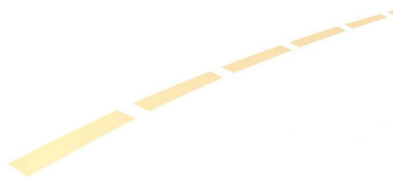
We acknowledge that the enclosed Schedule "A" Conflict of Interest Declaration has been prepared in accordance with the prescribed instructions.

Yours truly,

Metro Supply Chain Group

A handwritten signature in dark ink, appearing to read "M. Graham".

Martin Graham
Group President



Metro Supply Chain Group
1401 Creditstone Road, Concord, Ontario, L4K 4N7
T: 905-738-5577 F: 905-738-5227

Negotiated Request For Proposal

The Distribution of Liquor Project

SATP-301

British Columbia



Submitted by



June 29th, 2012

“CONFIDENTIAL”

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PREFACE

Metro Supply Chain Group, parent company of Centric Retail Logistics (The Proponent), has enclosed our Proposal in response to the Negotiated Request for Proposal for Proposal for the Distribution of Liquor Project Procurement No. SATP-301 including any amendments (the "NRFP"). Thereafter, Centric Retail Logistics will be known as, 'Metro'

INTRODUCTION / EXECUTIVE SUMMARY

Metro Supply Chain Group is pleased to enclosed our Stage 2 response to the Negotiated Request for Proposal (NRFP), SATP-301. We can confirm that we have thoroughly reviewed the information provided and developed our proposal to meet the requirements of the NRFP. We have worked to adhere to all specified requirements governing the NRFP process and accept all terms and conditions outlined in Stage 2 of the process.

Metro Supply Chain Group is a Canadian owned and operated company that has delivered customized supply chain solutions for over 36 years. The Group has extensive and unique capabilities in Retail/Wholesale distribution working for some of Canada's largest Fortune 500 companies; including, Loblaw, Honda, Pepsico and RONA. We pride ourselves on being Canada's premier service provider and seek customer aligned and vested relationships. Our corporate mission remains:

"Delivering the best possible service at the lowest cost" today and tomorrow.

We understand the complexities associated with The Distribution of Liquor Project and the goals that the BCLDB are looking to achieve. We realize the high profile nature of the project, the sensitivities that surround its implementation and the multitude of stakeholders that must be considered. We recognize the vital importance of achieving the following:

- lower distribution costs
- deliver service guarantees
- create an environment of labor stability
- deliver a solution that is 'future proofed'
- ensure a seamless transition from existing infrastructure.
- gain and maintain close and positive relationships with all stakeholders

Our solution is derived from analysis of information provided in the NRFP process. We have analyzed this in the context prescribed by the NRFP document. Using our broad experience of global logistics practice and the Canadian market, we have studied a number of potential solutions which are designed to meet the goals of the project.

We believe our proposal is compelling and that Metro is the best positioned to deliver long term success and a true partnership with the BCLDB. In selecting Metro the Province will realize true value through;

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Our detailed proposals are contained in the main body of the document and are prepared in line with the format required by the NRFP.

Metro thanks the BCLDB for the opportunity to participate.

1 (8.2.1) PROPONENT CAPABILITY**1.1. (8.2.1 a) Proponent Profile**

Each Proponent should include a corporate profile that details background information on the Proponent and any subcontractors, including for each year they were (and subcontractors, if any) established, corporate ownership and hierarchy, jurisdiction, corporate strategic direction, area of recognized expertise in the market place, and an overview of the corporate information including size, revenues, market and geographic presence. Each Proponent should demonstrate its ability to manage long-term business relationships and contractual engagements by providing examples where the Proponent has successfully done so and by describing the methods and processes applied.

1.1.1. Business Information**Corporate Name & Address**

Metro Supply Chain Group Inc.
1002 Sherbrook Street West, Suite # 2000
Montreal, Quebec
H3A 3L6
Tel: 514-333-5500
Fax: 514-333-8215
Web: www.metroscg.com

**Respondents Entity Status**

Centric Retail Logistics Inc. is a subsidiary of Metro Supply Chain Group Inc. (Metro Group). The Metro Group is privately held and is headquartered in Montreal. Operating over 9 million square feet of warehousing facilities in British Columbia, Alberta, Ontario, Quebec, Nevada and North Carolina.

Establishment Date

Founded in 1974, incorporated under the laws of Canada, and located at 1002 Sherbrooke Street West, Suite # 2000 Montreal, Quebec, H3A 3L6

Total Number of Employees (as of June 25th, 2012)

	TOTAL
Direct Labour	2,451
Temporary/Part Time	263 / 535
TOTAL	3,249 *

*Includes new operation as of August 12th, 2012 as outlined later in our response.

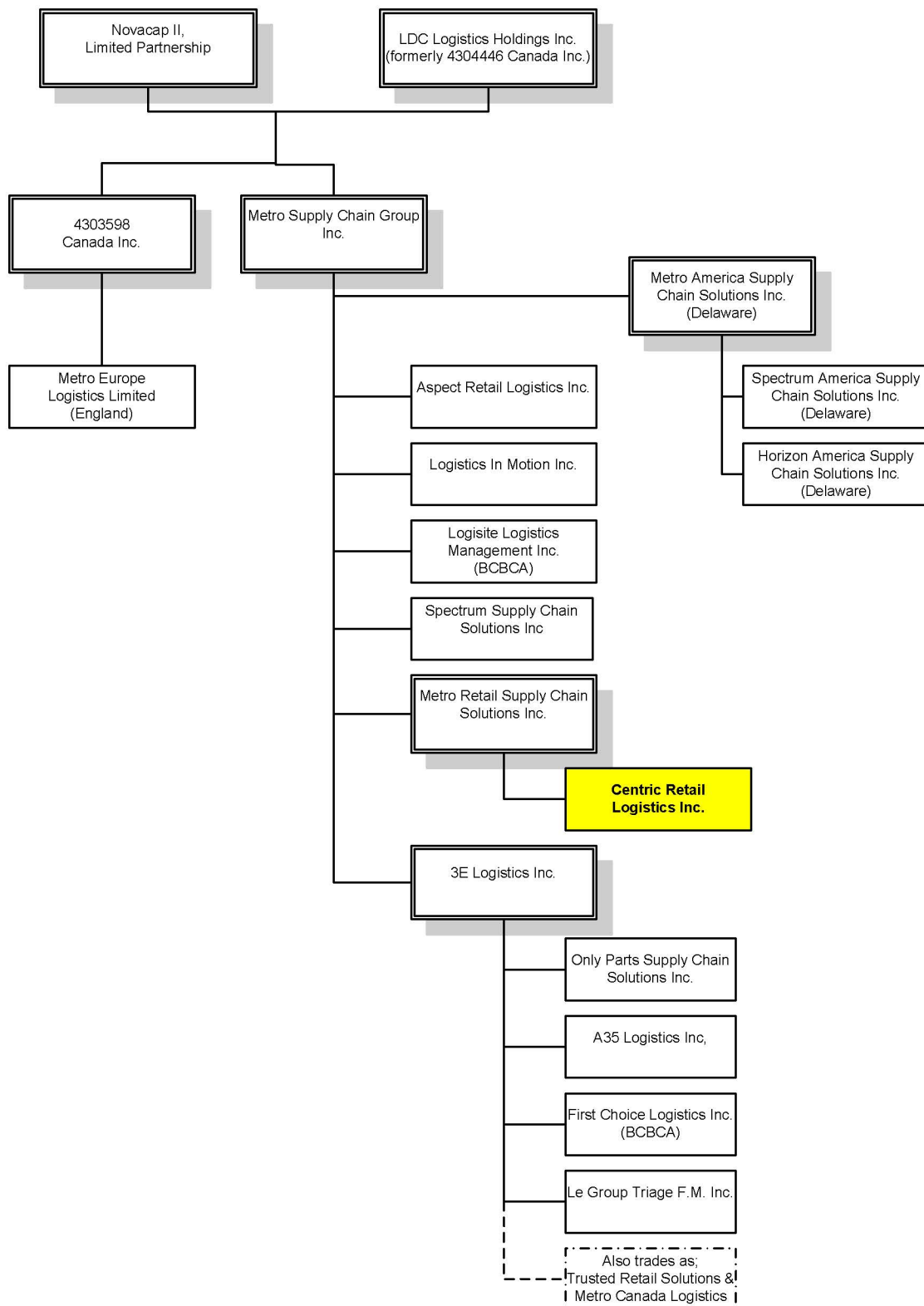
Subcontractors

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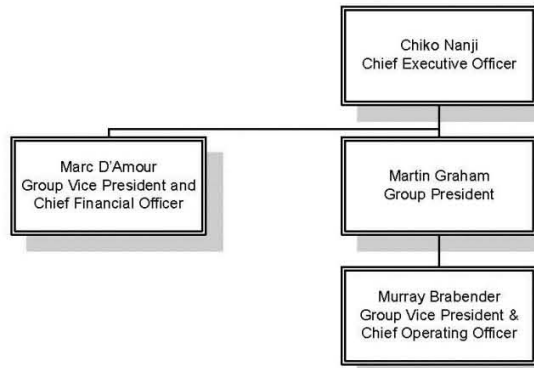
Corporate Structure

See following page

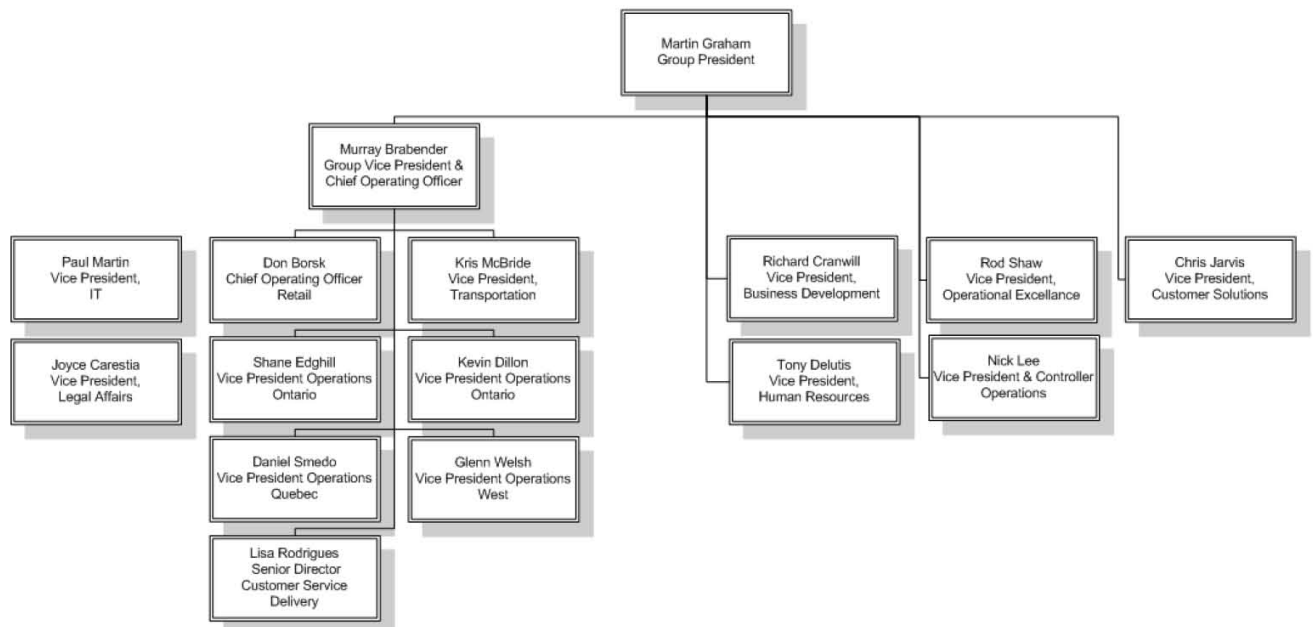
Metro Company Structure January, 2012



Corporate Executive



Senior Management



1.1.2. Corporate Strategic Direction

Metro Supply Chain Group plans to double its size – targeting \$500 Million.

This growth will be realized in three primary ways; creating solutions for new name accounts, creating solutions for additional services to existing relationships and acquiring existing competitors where synergy and new capability and/or geographical coverage adds value to our stakeholders.

Growth will be in four primary vertical markets; Retail/Wholesale Distribution Services, Consumer Packaged Goods Distribution Services and Co-packing, Service Parts Distribution Services and E-Commerce Fulfillment Services.

Geographic growth areas will be Western Canada, the Continental United States, Ontario and China.

Metro is a leader in the Canadian Third Party Logistics (3pl) Market and is the largest Canadian owned 3pl. Group competence in solution design, operational excellence/service delivery and continuous improvement supported by industry leading Tier 1 system applications is widely recognized in the Retail/Wholesale and Consumer Packaged Goods industry.

We stand firmly behind our statements of intent

We Only Exist to Support our Customers with the Best Possible Service at the Lowest Possible Cost

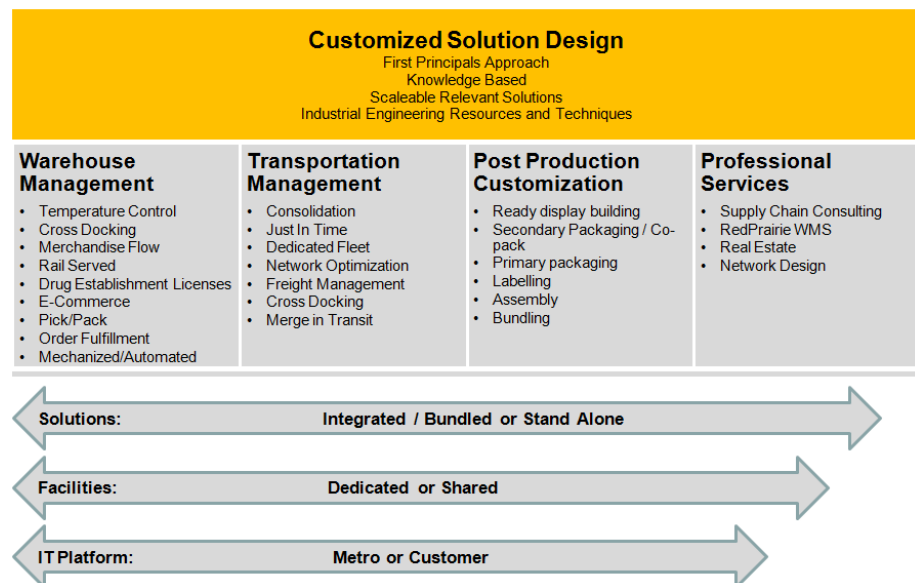
Our Customers Expect Real Thought Leadership from us in Ways That Add Tangible Benefit to Their Business

We seek to be regarded as the premier 3PL provider in North America

A cross section of existing customer relationships are identified below by customer Logo and the vertical market they reside in.



An overview of the Groups' services and approach to Customized Solutions, Facilities and IT Platforms is outlined below.



1.1.3. Managing Customer Relationships

Metro prides itself in developing long-term business relationships with its customers and has a strong track record in achieving this.

One of the key components to building long-term relationships is our service sensitive culture, focused on the customers' business. The Program is known as **"Our Way"** which is under pinned by four key value sets/focuses; **Our Customer, Our Team, Our World and Our Company.**

This program is integral to the company's overall high performance culture focused on the customer.

A good example is the successful transition and turnaround of the Loblaw DC in Pickering, Ontario following our takeover of the operation in 2010. Productivity has improved by 10% and all service KPIs were improved from below standard to meet or exceed standard. Loblaw has subsequently recognized this with an extension of the site to almost double the volume handled. The Health & Safety record for the site has vastly improved as well. The power of this program has been included in our solution to BCLDB.

Our Customer	Our Team	OurWorld	OurCompany
<ul style="list-style-type: none"> • Service excellence and meeting our customer commitment is 'Our Way' • We will understand, respect and anticipate our customers' needs • We look for ways to say "Yes" • Our relationships will be open and honest 	<ul style="list-style-type: none"> • Without compromise, we all contribute to maintaining a safe and clean work environment • We recognize and respect the impact our attitudes and actions have on each other • We promote open communications and support high levels of participation • Our culture celebrates success, diversity, milestones, team spirit and fun 	<ul style="list-style-type: none"> • We are socially responsible and work with likeminded organizations • We challenge our thinking and actions to positively affect our impact on the environment • We promote and support employee driven social initiatives • We uphold and comply with all legislation 	<ul style="list-style-type: none"> • We continually challenge ourselves to improve the business • We deliver the promise – solution, service and cost • Metro SCG is successful, profitable and growing • We attract and retain the best people • We are held in high regard for our thought leadership and industry expertise

Our Blue Chip customer base contains long term stable customers that enjoy a rock solid relationship characterized by high levels of KPI performance, customized solutions to their business with winning engineered solutions day 1 followed by an ongoing pursuit of continuous improvement in the areas of cost and service.

Many existing customers award our Group additional business without going to RFP, based on trust and proven performance including Loblaw, Pepsi & Honda.

The basis for long-term business relationships and contractual engagements is relationship management. The Vice President of Operations, Western Canada is accountable to foster, maintain and grow the customer relationship through a philosophy of “Clients for Life”, an approach to understand and deliver on customer expectations in addition to monthly review meetings, quarterly review and continuous improvement update meetings and annual strategy setting meetings.

Specific examples would include;

- **Ocean Spray**
 - Customer for over 15 years
 - Recently awarded 3rd DC in Nevada, US
- **Lindt & Sprungli Chocolates**
 - Customer for over 10 years
 - Supported their growth from market entry to a market leading position
 - Contract now extending to 2021
- **ConAgra**
 - Long term customer since 2003
 - Supported significant customer growth and service improvement in the Canadian market
 - Recent acquisition of DelMonte Canada by ConAgra will see a doubling in the size of the relationship
- **Rona**
 - Customer since 2005
 - Developed from a regional to a national support service, which includes import centre, seasonal warehousing and DC support.

To build successful long-term business relationships we deploy discipline processes and programs that include the following key features;

1. Monthly Business Review Meetings

Metro shall establish and chair mutually agreed upon monthly business review meetings. The objective of these meetings is to:

- a. Recognize strategic shifts in business plans and service level requirements
- b. Review KPI performance and affect productivity and efficiency adjustment actions as required
- c. Examine statistics derived from available systems reporting (labour productivity, KPIs other performance reports as may be developed from time to time)
- d. Action customer feedback
- e. Review gain sharing initiatives

2. Quarterly Business Meetings

Metro shall schedule mutually agreed upon quarterly business review meetings as follows:

- a. Metro will issue an agenda for the meeting one week prior to the meeting
- b. Agenda is expected to include:
 - i. Review of KPI performance
 - ii. Review of strategic shifts in business and service level requirements
 - iii. Review and reconciliation of billing
 - iv. Review and reconciliation of gain sharing
 - v. Examine statistics derived from available systems reporting
 - vi. Action customer feedback
- c. Metro manages these approaches utilizing typical project management methodology

3. Independent Review/Survey

An independent impartial firm, Tenacity International, is commissioned to perform “Fresh Eyes Reviews” with approximately 8 key representatives of the customer representing key facets of the business. The interviews are documented, analyzed and used to set additional strategies aimed at customer satisfaction. This process uncovers details from the customer perspective as to;

- a. How are we living up to the clients’ expectations?
- b. How good are the relationships between the people representing the organization?
- c. How effective is the delivery of our technical services?

When asking “why Metro?” customers typically respond with:

- Commitment to operational excellence
- Surpassing customer expectations
- Superior relationship management
- Relevant expertise in large logistics start-ups and takeovers
- Proven start-up performance; on time, on budget, on quality
- Mitigating Risk, getting it right for the customer Day 1
- Scalable and demonstrated solutions
- Strong and stable team driven by Customer Focused Culture
- Best in class information technology capabilities
- Engineered methods and performance tracking
- Commercial Terms that drive the desired outcomes/behaviors

Large enough to serve... small enough to care

1.2. (8.2.1. b) Demonstrated Exp. In Large Scale Warehousing & Wholesale Dist.

Each Proponent should provide examples of experience in providing a warehousing and wholesale distribution service and explain how the Proponent is suited to delivering the required Distribution Services.

Metro is experienced with large-scale warehousing and distribution operations as evidenced throughout the document. Our solutions are customized to each customer’s requirement and unique business needs.

Critical areas in delivering the solution for BCLDB include;

- People management expertise for which Metro can demonstrate significant capabilities in both organized and non-union operations with sites from a handful of team members to over 1,000. The commitment to the “**Our Way**” culture underpins the proven approaches and methods used to engage the team and drive performance. This is cited as a primary motivator when customers approach us.

- IT expertise with a 10-year track record of installing and operating the Tier 1 RedPrairie System. We are the largest, most knowledgeable Canadian operator of the system and are frequently cited by RedPrairie as a reference and demonstration site for their potential customers.
- An enviable reputation for delivering smooth **seamless** start-ups **on time** and **on budget** using project management in the IPaG process described later in this document, all of which is followed with ongoing continuous improvement and relationship management.

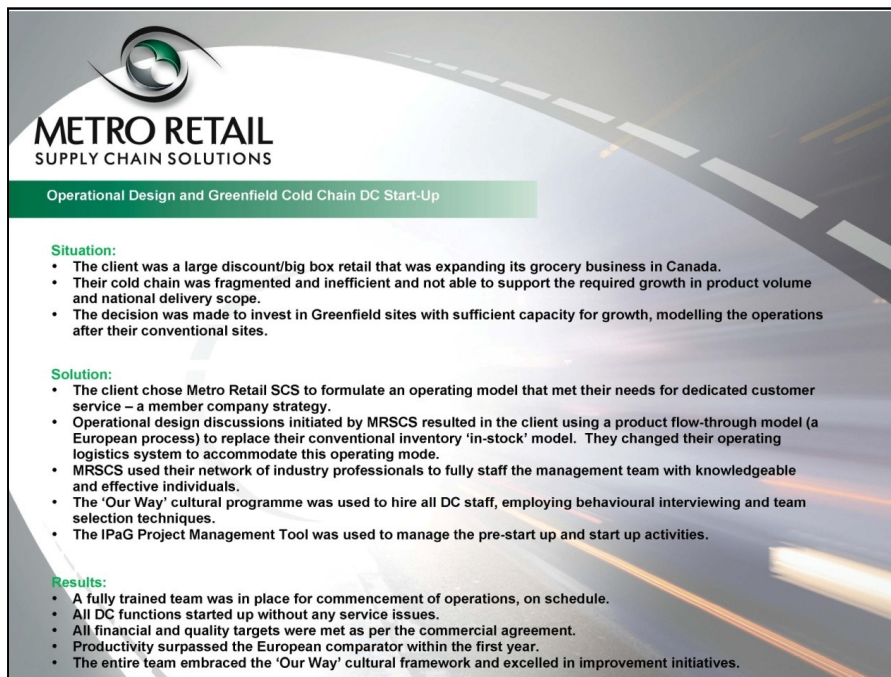
1.2.1. Case Studies

Centric (Mississauga, Ontario – Calgary, Alberta)

The Centric Operation initially set up for WalMart encompassed 300,000 square feet of multi temperature space in Mississauga as a Greenfield project with an associate headcount of approximately 300 and full transportation management of store deliveries to approximately 50 super stores.

We transformed the traditional design of buying and stocking inventory for approximately two weeks to a FLOW model where product received was cross-docked and shipped within 24 to 48 hours.

This site was also the kick off site for the “Our Way” Culture program.



METRO RETAIL
SUPPLY CHAIN SOLUTIONS

Operational Design and Greenfield Cold Chain DC Start-Up

Situation:

- The client was a large discount/big box retail that was expanding its grocery business in Canada.
- Their cold chain was fragmented and inefficient and not able to support the required growth in product volume and national delivery scope.
- The decision was made to invest in Greenfield sites with sufficient capacity for growth, modelling the operations after their conventional sites.

Solution:

- The client chose Metro Retail SCS to formulate an operating model that met their needs for dedicated customer service – a member company strategy.
- Operational design discussions initiated by MRSCS resulted in the client using a product flow-through model (a European process) to replace their conventional inventory 'in-stock' model. They changed their operating logistics system to accommodate this operating mode.
- MRSCS used their network of industry professionals to fully staff the management team with knowledgeable and effective individuals.
- The 'Our Way' cultural programme was used to hire all DC staff, employing behavioural interviewing and team selection techniques.
- The IPaG Project Management Tool was used to manage the pre-start up and start up activities.

Results:

- A fully trained team was in place for commencement of operations, on schedule.
- All DC functions started up without any service issues.
- All financial and quality targets were met as per the commercial agreement.
- Productivity surpassed the European comparator within the first year.
- The entire team embraced the 'Our Way' cultural framework and excelled in improvement initiatives.

Honda (Montreal, Quebec – Markham, Ontario – Calgary, Alberta)

The Honda site is relevant to reference as a large scale network that Metro took over in stages; first designing a solution in Calgary and then being awarded Toronto and Montreal based on delivering outstanding results and relationship management.

The operations are all time sensitive (same day) deliveries to Honda Retail outlets with a high demand for accuracy and quality result.



METRO CONSUMER LOGISTICS

Large Automotive Manufacturer

Situation:

- A leading manufacturer of cars, trucks, ATV's, motorcycles, marine engines and several other products.
- In 2009, the manufacturer sent out an RFP to outsource their parts distribution centers located in Vancouver, Toronto and Montreal.
- The manufacturer is known and recognized for high quality products and service. On time delivery and order fill rates are of the highest importance to their dealers.

Solution:

- Metro Consumer put together a solution to transfer their Vancouver operation to Calgary. This was achieved with a seamless implementation and faultless start up.
- The manufacturer awarded the Western Canada business to Metro Consumer.

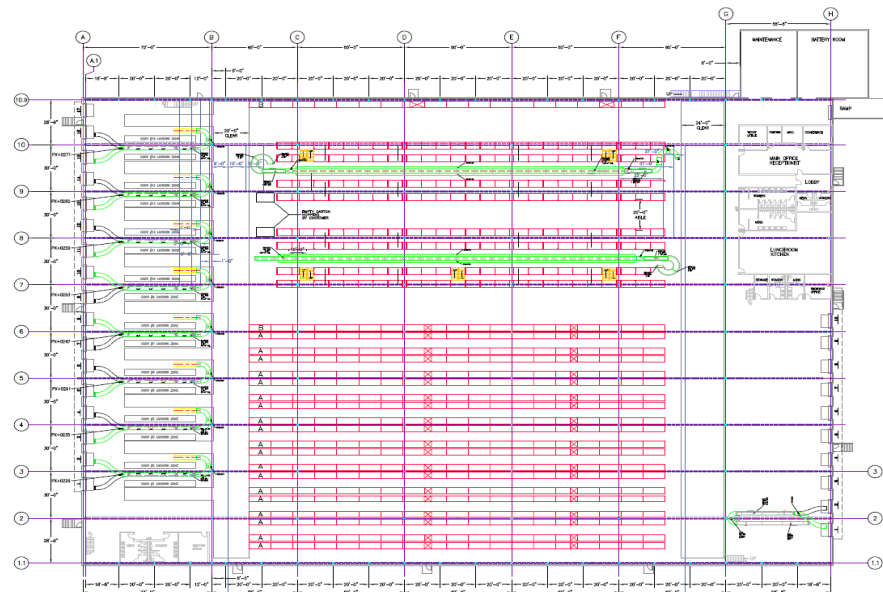
Results:

- Following 1 year of operating the Calgary Distribution Center, the manufacturer requested Metro Consumer to put together solutions for both Montreal and Toronto for start up in 2011.
- Metro Consumer took over both Toronto and Montreal operations in February 2011 with no impact on service levels to the dealers.

	Calgary	Toronto	Montreal
Sq. Ft.	137,600	212,000	165,000
SKUs	90,000	90,000	90,000
FTE's (Floor)	31	39	39
Lines/Day	4,000	6,000	6,000

Spectrum America (Artemiss, United States)

We recently started up a 130K sq. ft. mechanized facility handling clothing for a catalogue / Internet retailer. The installed Dematic system employs two three-level pick towers with one continuous pick path for both case and unit picking. The outbound conveyor sorts to a series of ground level packing stations where GOH (goods on hanger) and high value accessories are merged. The system has a 40K SKU capacity in two towers. The facility is currently operating on the existing client WMS, however, plans are in place to convert the system to the Metro WMS to achieve greater inventory control and operational efficiencies.



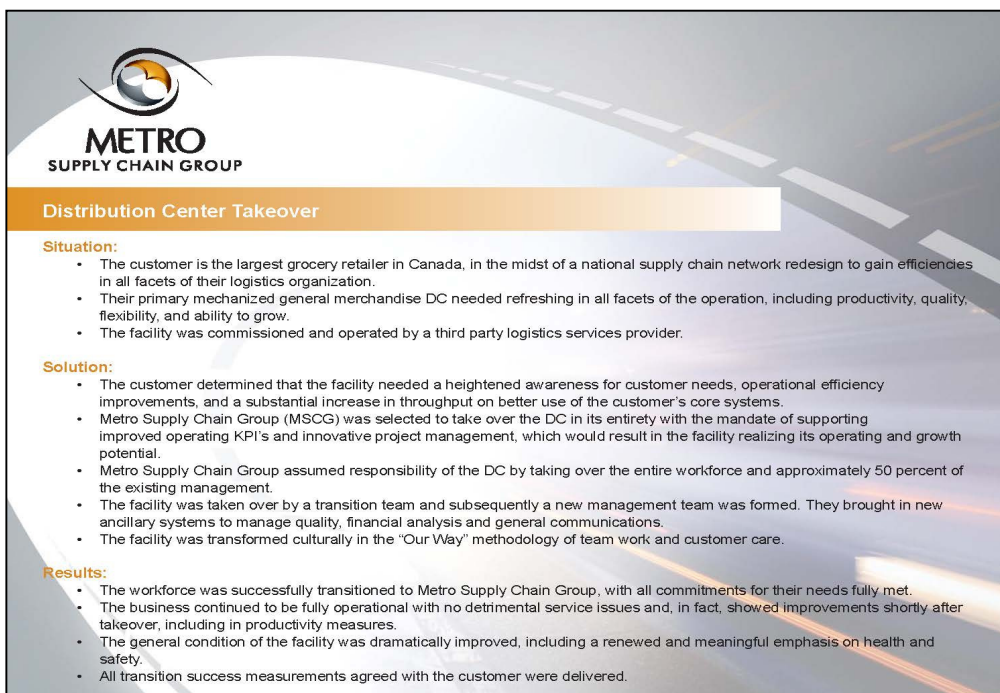
Two three-level pick towers in a new start up operation operated by Metro.

1.3. (8.2.1. c) Demonstrated Experience With Transitioning Services

Each Proponent should describe relevant experience (including subcontractors if any) in transitioning services.

Aspect (Loblaw, Pickering, Ontario)

- This operation and subsequent takeover is relevant in all aspects of this response
- Size (756,000 sq. ft.), scope, mechanization and takeover of an existing operation of 450 employees from Exel, a global 3pl.
- As we improved the operation over the past 18 months, Loblaw has seen renewed confidence in the site and it's management, a 200,000 sq. ft. expansion with an additional 150 jobs has been announced.
- As a result of our success delivering results in this takeover, Loblaw has just awarded yet Metro another large site in Ontario. This time the takeover is from Atlas Cold Storage, the site is 1.3 million square feet and 2.5 million cases per annum, unionized by CAW (Canadian Auto Workers) with over 1,000 employees. The transition will be effective August 12th, 2012



METRO
SUPPLY CHAIN GROUP

Distribution Center Takeover

Situation:

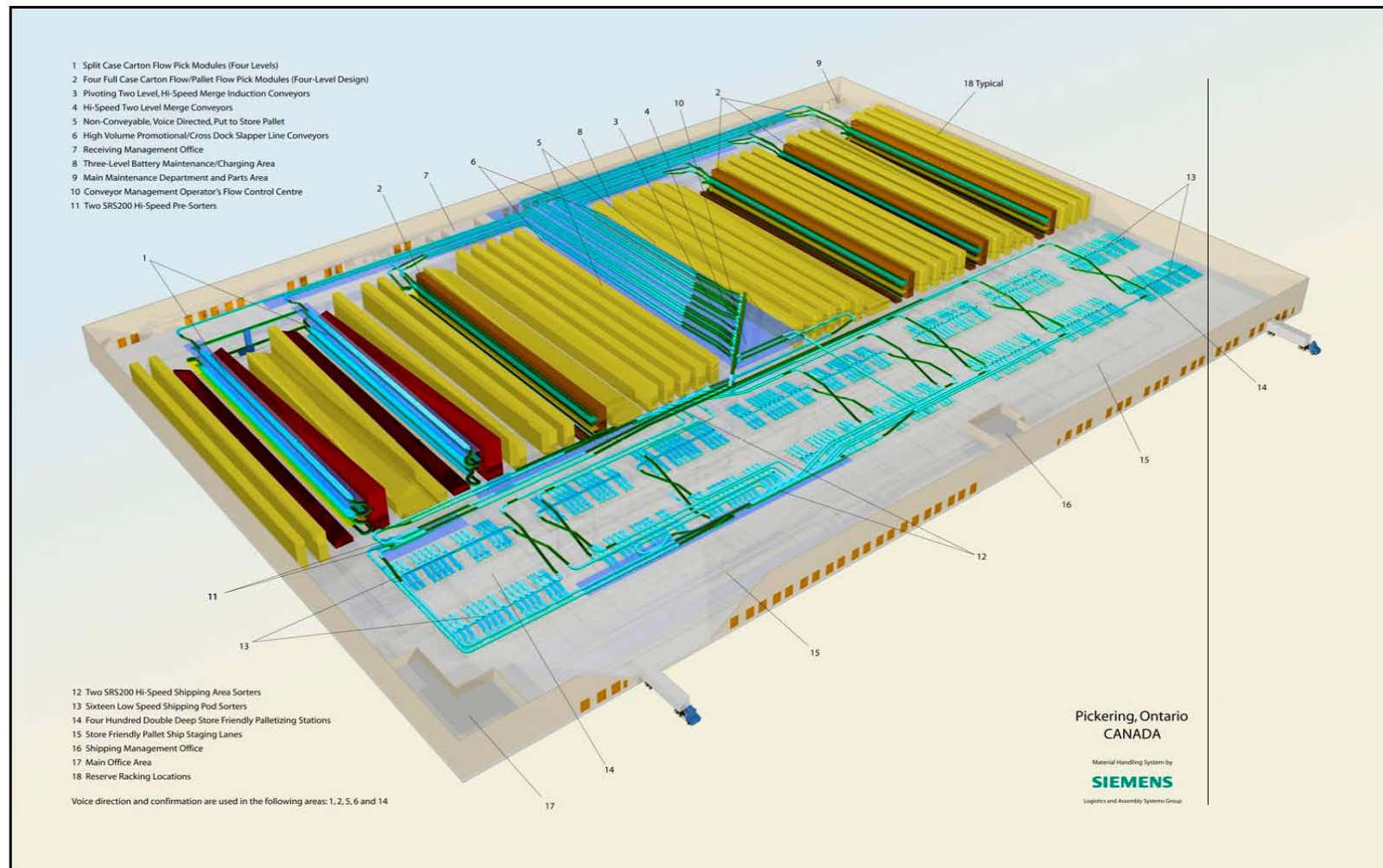
- The customer is the largest grocery retailer in Canada, in the midst of a national supply chain network redesign to gain efficiencies in all facets of their logistics organization.
- Their primary mechanized general merchandise DC needed refreshing in all facets of the operation, including productivity, quality, flexibility, and ability to grow.
- The facility was commissioned and operated by a third party logistics services provider.

Solution:

- The customer determined that the facility needed a heightened awareness for customer needs, operational efficiency improvements, and a substantial increase in throughput on better use of the customer's core systems.
- Metro Supply Chain Group (MSCG) was selected to take over the DC in its entirety with the mandate of supporting improved operating KPI's and innovative project management, which would result in the facility realizing its operating and growth potential.
- Metro Supply Chain Group assumed responsibility of the DC by taking over the entire workforce and approximately 50 percent of the existing management.
- The facility was taken over by a transition team and subsequently a new management team was formed. They brought in new ancillary systems to manage quality, financial analysis and general communications.
- The facility was transformed culturally in the "Our Way" methodology of team work and customer care.

Results:

- The workforce was successfully transitioned to Metro Supply Chain Group, with all commitments for their needs fully met.
- The business continued to be fully operational with no detrimental service issues and, in fact, showed improvements shortly after takeover, including in productivity measures.
- The general condition of the facility was dramatically improved, including a renewed and meaningful emphasis on health and safety.
- All transition success measurements agreed with the customer were delivered.



A highly mechanized solution dedicated to serving the entire general merchandise categories for Loblaw nationally.

Aspect (Loblaw) site specifications:

- 756,000 sq. ft. total (250,000 sq. ft. extension underway)
- 40' Ceiling Height
- 30 Receiving Doors
- 50 Shipping Doors
- Servicing 1,200 Stores
- Pallet Capacity - 55,000 LPNs
- 450 Full Time Employees (150 additional jobs)
- Flexible Staffing Model
- Sunday 7:00 a.m. to Friday Midnight

**1.4. (8.2.1.d) Demonstrated Experience in Inv., Demand & Delivery Mgt.**

Using examples, each Proponent should demonstrate relevant capability in inventory management including large scale product warehousing, order processing and management, product stocking, assembly, demand aggregation and logistics/ delivery on a scale similar to the size served by the Warehouses.

Metro has broad experience in inventory management disciplines, demand planning methodologies, and existing clients that rely on Metro for delivery management.

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2 (8.2.2) CORPORATE & FINANCIAL CAPABILITY

Each Proponent should describe where and when it has been engaged as a service provider with a financial obligation similar to the size of this opportunity.

Examples would be preferred and if possible, where the services were similar to the In Scope requirement. Each Proponent should provide sufficient information on current financial stability and solvency, and a strategy for ensuring corporate and financial capacity to deliver the Distribution Services over the term of the Agreement.

As a Group we have complex and sophisticated solutions, which are akin to the requirements of BCLDB, which include;

- Honda – Metro supports all their service parts needs nationally (sites of over 100,000 SKU's with quick response needs) from a network of three Distribution centers
- Lindt Chocolate – Metro has supported Lindt's significant growth in the Canadian market with flexible and responsive solutions to an operation that;
 - At peak employs over 350 team members
 - Custom packages over 65% of the manufactured product received on site
 - Is highly seasonal and has proven strategies to deal with the variability of requirements

To answer more specifically the needs for engagements / services provided with a similar financial obligation we have outlined 3 relevant examples below.

1. WalMart - cold chain contract for the start-up of two circa 400,000 sq. Distribution Centers in Toronto and Calgary supporting chill and frozen foods needs of WalMart stores nationally.
2. Loblaw National Retail Slow Moving Goods Distribution Center (over 20,000 SKU's) – contract to operate a site in Toronto of 756,000 sq. employing over 450 team members. The success of this contract has seen the building of an additional 200,000 sq. to double the volume to around 1.5m cases per week.
3. Loblaw Regional Retail Distribution Center – contract to operate a site in Toronto of in excess 1.3m sq. and employing over 1,000 team members across multiple temperature zones (chill, frozen and ambient). This operation handles in excess of 2.5m cases per week

Metro Retail Supply Chain Solutions Inc. is a subsidiary of Metro Supply Chain Group Inc. (the "Metro Group"). The Metro Group is a privately held Canadian company and headquartered in Montreal, Quebec. We are not permitted to provide financial statements by our controlling shareholder and its limited partners. However, in order to assist you in your request, please note that the Group was established in Montreal in 1974; our auditors are KPMG and we have always had "clean audit opinions" on our financial statements. Selected financial data are as follows:

Year	Revenues (in \$ millions)	EBITDA (in \$ thousands)
2009	222	9,008
2010	204	5,510
2011	221	8,644

At year-end 2011, shareholder capital was in excess of \$33 million.

We have two principal shareholders, (i) Novacap LLP, a private equity company based in Montreal, Quebec, controls approximately 52% of the company and has been a shareholder since 2005. Novacap has been in business for over 25 years and has over \$800 million in assets under management. Further details about Novacap can be found on their website (www.novacap.ca). Its Unit Holders comprise some of the most significant financial institutions / pension funds in Canada of which include:

<ul style="list-style-type: none"> • Caisse de dépôt et placement du Québec (CDP Capital) 	<ul style="list-style-type: none"> • Manulife Capital • Sun Life
<ul style="list-style-type: none"> • Axa Investment Management 	<ul style="list-style-type: none"> • Kensington Capital Partner
<ul style="list-style-type: none"> • Bank of Montreal 	<ul style="list-style-type: none"> • Desjardins Financial Group
<ul style="list-style-type: none"> • National Bank of Canada 	<ul style="list-style-type: none"> • University of Montréal
<ul style="list-style-type: none"> • Bank of Nova Scotia 	<ul style="list-style-type: none"> • Canadian Broadcasting Corp
<ul style="list-style-type: none"> • Crédit Agricole Asset Management 	

(ii) Mr. H. Nanji, our CEO and a member of the company's founding family, controls approximately 43% through a personal holding company. Mr. Nanji has been involved in the business for over 30 years. The balance of the equity is owned by three of the senior executives.

More information and assurances such as banking and audit references can be provided at a later stage. Both WalMart and Loblaw (the examples cited above) carried out similar due diligence exercises and were fully satisfied by the financial stability of the company.

The strategy for ensuring corporate and financial capacity to deliver the Distribution Services over the term of the Agreement includes;

- Providing the services through a company exclusive to the BCLDB contract.
- Providing the services on a fully open and transparent accounting basis so as to satisfy BCLDB that the funding / cash flows are robust.
- Providing BCLDB an annual financial 'healthcheck' report through an independent auditor agreed by both parties.

This approach is in line with a desire for total transparency to demonstrate our integrity in all aspects of the contract. Metro will allow this to take place at a very detailed level. The use of an auditor/independent party will ensure full access of even confidential information with adequate safeguards for both parties.

It is also reasonable that such a critical supply chain / service to BC finance and the public should be structured / established in such a way to ensure that any critical failure by its logistics service provider allows BCLDB to step into the business and take control of all the required systems and assets (including people) and continue the service. Metro is committed to providing this.

3 (8.2.3) DISTRIBUTION SERVICES**3.1. (8.2.3. a) Warehousing Plan**

Proponents should describe in detail their warehousing plan to manage the volume of inventory on an annual basis. The warehousing plan proposed should reflect the Distribution Services model being proposed by the Proponent taking into consideration the opportunities for supply chain improvements/ optimization and the goals and expected benefits outlined in Section 3.2 for this DLP. Proponents should detail the physical property, ownership (whether owned or leased) internal business processes, staff shift cycles and numbers, warehouse management technology, control measures, available floor space, compliance with regulations, location, current warehouse volume and capacity, existing customers and any other information needed to fully describe the Proponent's warehouse to be used for delivery of its proposed Distribution Services. Historical LDB volume data as well as supplier touch points is provided in Appendix E and can be used as reference. The warehouse plan should be consistent with the proposed plan for the Distribution Services.

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3.2. (8.2.3. b) Beverage Alcohol Supply Chain Optimization

Proponents should consider opportunities for optimization in the supply chain as Described in Section 5 and describe how their optimization recommendations augment their proposed Distribution Services solution and how they address the goals and expected benefits described in Section 3.2.

In its NRFP the BCLDB cited one of its main objectives as seeking:

“Creative options from Proponents that will optimise the beverage alcohol supply chain and reduce the logistical touch points in the process”

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3.3. (8.2.3. c) Inventory Mgt. Plan Considering Wholesale & Retail Structure In B.C.

Proponents should detail their inventory management plan considering the proposed supply chain optimization plan. The inventory plan should include all aspects of inventory management and include details such as how inventory tracking takes place, processes for compliance with provincial and federal policy and regulations, adjustments tracked (e.g. real time), product tracking and updates, capacity planning, inventory rotation, quality assurance processes (e.g. bar codes, packaging), pallet control and safety compliance. Proponents should also explain their proposed demand management processes detailing replenishment strategies (including issuing purchase orders). The proposed inventory management plan should be compatible with the scope and volume of Product supply that the Proponent will be required to deliver within established KPI's.

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3.4. (8.2.3. e) Delivery Scheduling Management

Proponents should describe their delivery and schedule management processes and explain how their proposed business processes will ensure effective delivery scheduling management (e.g. freight management) and shipping tracking (e.g. pallet bar code packing documents, fleet monitoring) for delivery of Product from the Proponent.

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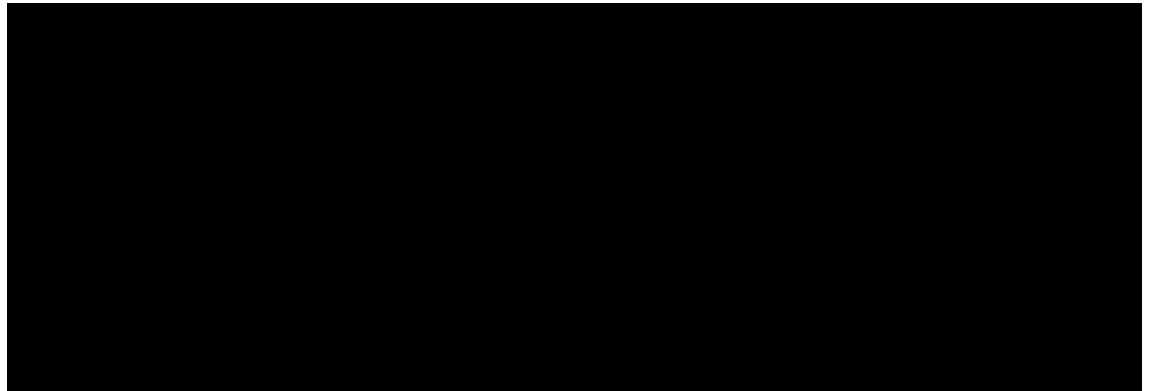
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3.5. (8.2.3. f) Distribution Services & Key Performance Indicators

Proponents should describe their proposed Distribution Services to suppliers/ Agents, GLS and Wholesale Customers. Proponents should also describe how their Distribution Services will meet industry standards for distribution and warehouse operations including the KPI's provided in Appendix E and as described in Section 5.2.2.8. Proponents should also propose remedies in the event the KPI's are not achieved.

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3.6. (8.2.3. g) Order Processing Including Help Desk

Proponents should explain how the customer order processing function would be integrated into their proposed Distribution Services order taking and processing functions. Based on the scope and volume of orders the LDB currently handles and depending on the Distribution Services model proposed, Proponents should detail their order taking business processes, the technology used, integration with the Proponents' warehouse information technology systems, structure of the customer services desk, current throughput, number of clients and any other information needed to explain the Proponents' proposed order taking and processes to be used for the Distribution Services.

Contact Center & Order Management

The wholesaler and agent order management component of our solution provides our business partners the best tools to manage their interactions with the operations. By offering the latest in on-line order management, order history and inventory visibility, our customers get the information and service they need when they need it from a variety of devices.

Often customer support operations are so segmented that associates are unable to access information or take the necessary steps to remedy an issue. Our solution is based on the RedPrairie Commerce suite and gives call center agents and other customer-service representative's full visibility to real-time order status and the tools they need not only to avoid problems but also to resolve those that arise.

This solution set provides tracking of transactions and is tightly integrated to the RedPrairie WMS, thereby providing real-time insight into inventory. Customer service representatives will have up-to-date information;

- Customer profile management
- Case and task management
- Order lifecycle management
- Automatic escalation and alerts
- Returns management (credit or exchange)
- Cross-channel inventory availability
- Detailed product, cross-sell and up-sell information

The e-Commerce application provides agents, wholesaler and GLSs, a functionally rich web presence, using advanced search functionality, cross-channel fulfillment support and complete product information. e-Commerce feature allow users to:

- Create multiple Price Books as per customer segmentation and associate products with the Price Books
- Offer flat or differential type volume discounts while generating invoices for customers
- Attach product-specific documents such as marketing collateral, license agreements etc.,
- Customize the products page layout, fields, and related list views as per your organization's requirements
- Create groups of products and services for users to browse
- Customize website templates using advanced assortment management tools
- Make use of highly personalized content
- Smartphone, tablet and mobile access

The following illustration shows the capability of the solution used by a private vendor of wines and how current web-based technology can create a community for all stakeholders.

Personalized product recommendations are rules-based and capable of considering many data points, including both individual and "crowd" preferences.

Will I like this?
Find out now!

If you like this, you will LOVE these...
Clos du Gaimont Vouvray Sec 2006
Gaimont Vouvray c. 2007
Turckheim Pinot d'Alsace 2005

Do you like clean and crisp wines, like Pinot Grigio for example?
YES NO

Virgin Wines Auctions
All of our wines are covered by our money-back guarantee.

"Hot auction" banners promote good values and create a sense of urgency

What is hot RIGHT NOW

- Rich People Drink 99% off RRP £1
- Cape Crusaders Mixed Case 60% off RRP £31
- Clean and Crisp Pinot Grigio Case 52% off RRP £34
- Perfect Rosé Case 100% off RRP £6

Auctions you should be bidding on

Auction	Case	Bids	Price	Time Left
Big Bold Aussie Shiraz				minutes 47 seconds
Chateau de la Roche Pomerol - 1st Growth				minutes 47 seconds
Perfect Rosé Case				minutes 47 seconds
Chateau La Roche Pomerol - 1st Growth				minutes 47 seconds
Highest Rated Whites Case		3	£31.00	15 hours 25 minutes 47 seconds
Cape Crusaders Mixed Case		2	£31.00	15 hours 25 minutes 47 seconds
Great White Wines Made by Small Farms		2	£33.01	15 hours 25 minutes 47 seconds
Dom Perignon Champagne		11	£61.00	19 hours 10 minutes 47 seconds
Grigio Case		2	£34.01	15 hours 25 minutes 47 seconds

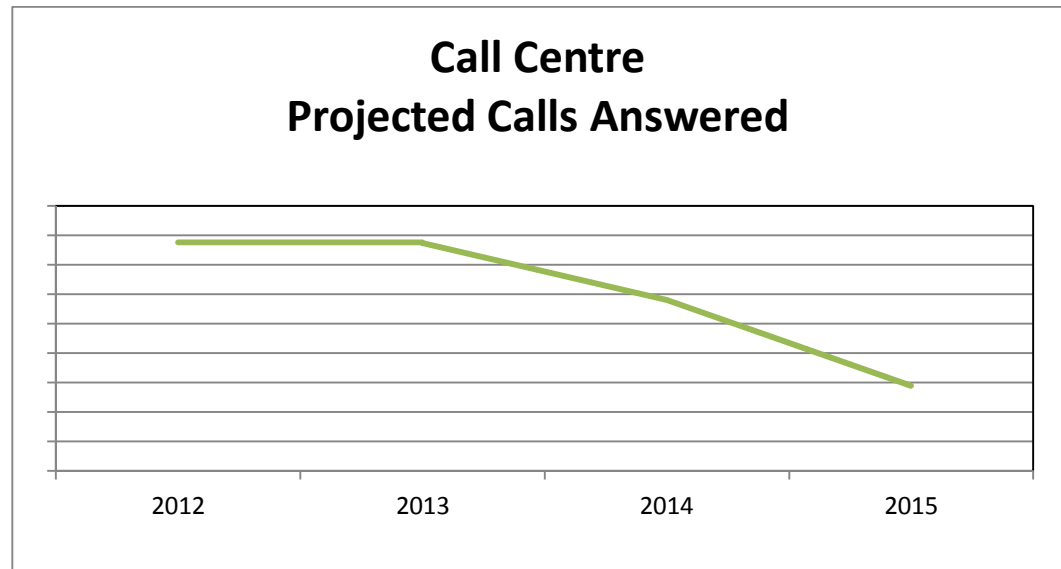
Creative collections at auction encourage experimentation and build excitement

Auctions help creative merchandising take flight with Virgin Wines

The agent/wholesaler process for product ordering and management is represented the a streamline 5 step process illustrated below;

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Customer Call Centre

Traditionally deploying a call center across multiple sites and geographies required long lead times and expensive specialized infrastructure. By deploying and virtual call center technology, we have the flexibility to scale during peak season without incurring costs when call center agent stations are not needed. The virtual solution allow rapid expansion of call center to additional locations and other than the acquisition of agent phone, all other services are on a pay per use basis making the virtual call center solution based on Ring Central, a cloud business phone system solution. An externally IP Voice, powered by RingCentral, provides customers the rich functionality of a business phone system without the high cost or complexity of a traditional on-premise hardware PBX. Additionally, it is designed to meet the new business needs of the mobile and distributed workforce, with features and functionality that legacy hardware PBXs cannot provide.

With the standard call distribution features listed below, the call center will deliver increased business flexibility and improved agent productivity:

- Music On Hold (MOH)
- Queue Management
- Geographical Routing
- Real Time Reporting
- Quality Monitoring

Centralized Service Desk

MSCG - Centralized Service Desk's primary aim is to deal with service requests and to restore normal service to users as quickly as possible in the event of a technical fault, minimizing the negative impact to the business.

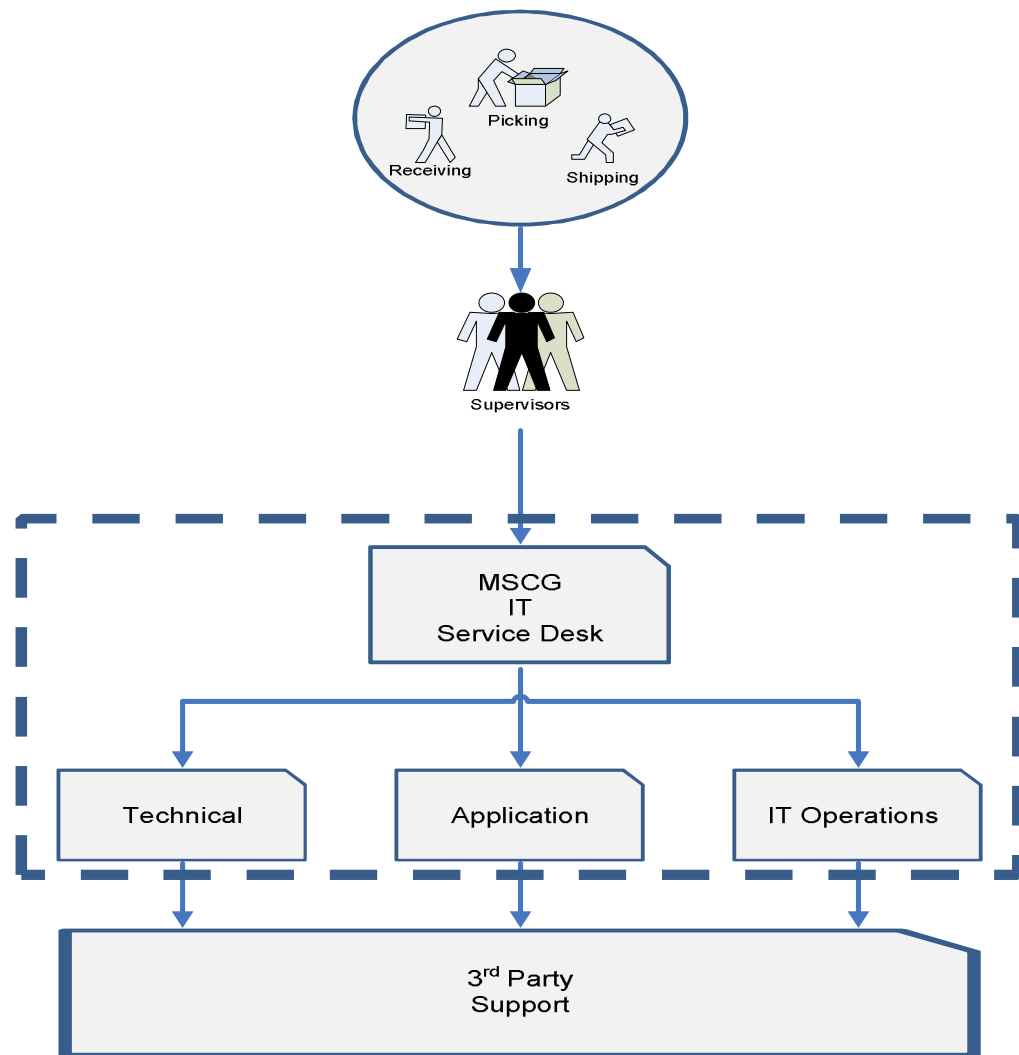
- All incidents are logged into a tracking system, with relevant details, including categorization, prioritization and resource allocation.

- First-line support, (application specialists/desktop support) conduct an initial investigation and diagnosis.
- If they cannot resolve the reported incident within agreed timescales, the incident/request is escalated to more specialized resources.
- Users are kept informed of the status of their reported incident, notifying them of impending changes or agreed outages.

Service level targets for overall incident-handling resolution times are agreed based on business need so as to support the SLA targets.

Responsibility for transaction error support will be automatically handled through MSCG's monitoring tools and event management system, triggering an incident to the Service Desk.

MSCG IT Service Support Model



3.7 (8.2.3. h) Systems Integration & Reporting

Proponents should describe their current systems infrastructure and propose a plan for integration with the Ministry/ LDB's systems so that master data management processes (product, vendor, customer data) and warehouse shipping information (e.g. shipping scheduling data) can be seamlessly shared and wherever possible available for real time viewing by the Ministry/ LDB. Proponents should explain their sales order capture technology (e.g. centralized order management system so that electronic orders from the GLS and Wholesale Customers can be logged and tracked) as well as procedures for real time sharing of warehouse receipts for inventory updates and customs and excise reporting as well as real time viewing of available inventory within the Proponents' overall supply chain. Proponents should also explain their purchasing system application solution and explain how it will interface with the Ministry/ LDB's systems. Proponents should explain what processes and procedures they have or will put into place so as to comply with the Province's privacy and information technology policy in delivery of their proposed Distribution Services.

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4 (8.2.4) GOVERNANCE & STAKEHOLDER RELATIONSHIP PLAN

4.1. (8.2.4. a) Service Delivery Governance Structure & Plan

Proponents should propose a governance and stakeholder relationship plan and detail how they intend to work with the Ministry/ LDB in managing and resolving issues and in ensuring smooth delivery of the Distribution Services.

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4.2. (8.2.4. b) Stakeholder Relations Plan

Proponent should propose a stakeholder relation plan and explain how they intend to work with the Ministry/ LDB in ensuring that all stakeholder needs related to delivery of their proposed Distribution Services are met.

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5 (8.2.5) TRANSITION PLAN INCLUDING RAMP UP SCHEDULE**5.1. (8.2.5. a) Distribution Services Transition Strategy (including ramp-up schedule)**

Proponents should propose a transitioning strategy for the warehousing and wholesale distribution operations (including any proposed supply chain optimization opportunities) from the LDB to the Proponent. Proponents should demonstrate that their strategy will take into account key aspects of transitioning from the LDB to the Proponent such as: tasks, timelines, milestones, resources, risks, contingency plans, locations, facilities, systems, data, tools, equipment, assumptions and management methods. Proponents including use of the Warehouses for transition purposes should clearly articulate how the Warehouses would be used, for how long and what Operational Assets would be required. NRFP SATP-301 Page 53

Transition Plan:

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5.2. (8.2.5 b) Change Management Plan

Proponents should provide a change management plan outlining tasks and processes considering transfer of the LDB distribution function (including any proposed supply chain optimization opportunities) to the Proponent.

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6 (8.2.6) RISK MANAGEMENT & BUSINESS CONTINUITY**6.1. (8.2.6 a) Risk Management Plan**

Proponents should propose a risk management plan considering their proposed role as distributor of Product to GLS and Wholesale Customers. The Province is interested in the Proponents' experience in the management of risk from a delivery services perspective. Proponents are asked to demonstrate, using past operations service delivery examples, where risks were assumed by the Proponent and reasons for allocation of risk between the Proponent, subcontractors and the customer.

We mitigate risk through the following initiatives:

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6.2. (8.2.6. b) Business Continuity Plan

Proponents should propose a business continuity plan in the event their proposed Distribution Services are disrupted. The business continuity (including disaster recovery) plan should outline processes and procedures that would be put into effect so that Key Performance Indicators are maintained where possible and that Product supply to GLS and Wholesale Customers is minimally impacted.

Business continuity planning is the creation and validation of a practiced logistical plan for how an organization will recover and restore partially or completely interrupted critical (urgent) functions within a predetermined time after a disaster or extended disruption. (Source: Wikipedia)

BCP is considered a business-wide issue, not just an IT issue and for Metro is addressed as follows;

Metro will work with the BCLDB to develop a business continuity plan that provides the desired amount of protection at the right cost and the plan will remain confidential.

The business impact analysis looks at key business processes and identifies threats and desired Recovery Point Objectives and Recovery Time Objectives.

Threat Analysis and Solution Design depends on level of acceptable risk. This process would fully involve The BCLDB to agree on risk level and acceptable mitigation strategy.

Implementation & Maintenance are critical components and will need to be developed and tested in concert with you to ensure successful deployment should it become necessary.

In the event of a business disruption Associates are trained as part of our New Associate Orientation Program, Health and Safety Training program and Standard Operating Procedures. In an effort to ensure the safety of all associates and Metro and its clients' property we have established procedures that must be followed at all times.

Proper preparation and associate training is the most effective form of preventing associate injury, destruction of physical property and maintaining data integrity in the event of a threat. As such, Metro has developed an Associate Emergency Preparedness and Response Plan for its sites. The Associate Emergency Preparedness and Response Plan is one component of Metro's disaster recovery plan.

The Emergency Preparedness and Response Plan for the Site(s) consist of:

- i. A set of Standard Operating Procedures.
- ii. All associates briefed on the contents of the Emergency Preparedness and Response Plan.
- iii. Clarify roles and train those associates who have direct responsibilities that they will be required to perform.
- iv. Communication plan by senior management to associates in the event of a public transit strike or medical epidemic/pandemic, as well as other threats that may impede associates from reporting to work.
- v. High Level Map describing the site and the major traffic routes in and out of the site.
- vi. Internal Emergency Contact Information including:
 - a) Senior Management
 - b) Site Management
 - c) Site First Responder / First Aider (minimum of 2 individuals at each site)
 - d) A comprehensive list of site Management/Associates trained in First Aid CPR

The contact information of Emergency Services – Fire, Ambulance, Police, Poison Control, Spill Response, Ministry of Environment, Ministry of Labor and Workplace Safety & Insurance Board.

A Corporate plan was completed June 2010 and to be reviewed September 2012. Site / Customer Business Continuity Plan(s) are customer specific with multiple dates. The test result report is shared with the Executive Team and or the customer where relevant and appropriate actions plans / timelines are created.

- **Threat Analysis**

Threats to be considered include: Fire, Flood, Hurricane and other extreme weather, Terrorist attack, Utility Cyber Attack, and Disease.

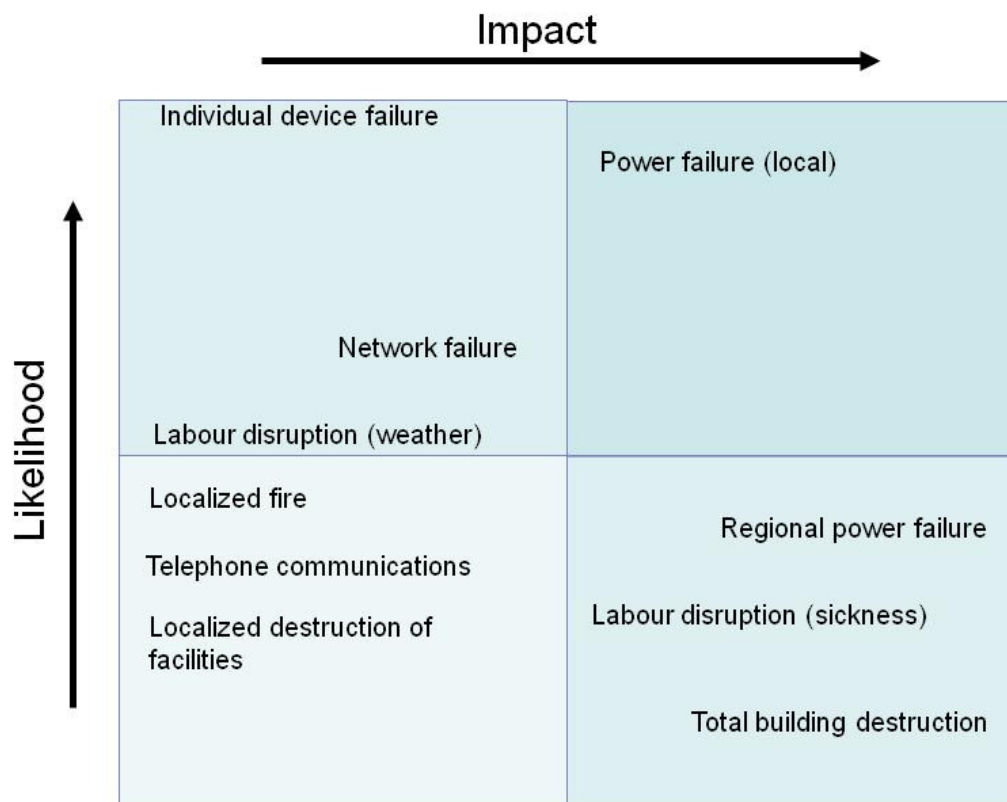
Threats are analyzed in terms of their impact on People, Power and Plant. Threats are classified as to likelihood and impact and placed in one of four quadrants (chart on next slide).

High likelihood, high impact threats need to be addressed on a high priority basis.

High likelihood, low impact threats and Low likelihood high impact threats are addressed on a medium priority basis.

Low likelihood, low impact threats are addressed on a low priority basis.

Threat Analysis Classification



Based on the classification table above, in which we rank the likelihood and impact of the threats, we have included a Toronto based operation as an example to illustrate the process.

HIGH Priority

1. Power Failure (local) – power to the GTA DC and possibly the immediate neighborhood is interrupted but power is available to stores and other stakeholders in the supply chain.
 - This is a likely and high impact scenario worthy of some investment to ameliorate risk.
 - Dedicated backup (diesel) generator to provide approx. 50% of normal usage capacity to permit key electrical operations to continue while optional usage (e.g. conveyors) is curtailed.
 - Requires UPS on all servers with capacity to allowing time for uninterrupted switch to backup generator.

MEDIUM Priority

1. Individual Device Failure
 - For scanners, workstations, etc. – Supply of spare equipment kept on site with technicians capable of component replacement.
 - For conveyor failure, fallback is manual operation.
2. Network Failure
 - Connection to BCLDB ERP
 - *Primary connection (T1 for VPN connection over Internet or leased line)*
 - *A secondary connection (Cable, ADSL) should be available and the data cable should enter the building through different demarcation point from the primary connection.*
 - *Spool/print a daily pick list for potential fallback to manual process.*
 - Local Area Network
 - *Servers should be high availability servers with RAID 5 and UPC.*
 - *A spare server, already configured, should be available to support manual failover.*
 - *Daily backup of all files with local and offsite storage regimen.*
 - *Redundant equipment in communications room (network hub, routers, etc.)*
3. Regional Power Failure
 - An interruption of power to the GTA DC and a significant region around the GTA DC, which includes a majority of stores and other stakeholders in the supply chain.
 - *An example is the northeast blackout of 2003 that affected an estimated 10 million people in the Canadian province of Ontario and 45 million people in eight U.S. states.*
 - *Although quite serious in terms of business impact, there is very little that can be done within the GTA DC to ameliorate the impact of the problem.*
 - *Critical operations with the GTA DC could be maintained, e.g. security and communications, using backup diesel generation.*

4. Labor Disruption (sickness)
 - An epidemic or near epidemic affecting employees at GTA DC. A similar incident occurred 2003 with the SARS outbreak and predictions of influenza or other pandemic keeps this threat a reality, if not likelihood.
 - *Depending on the extent of the epidemic, some or all employees could be affected. As with electrical power failure, the response will depend on the extent of the incident. If the threat extends to stores and suppliers also, then there is little point in a significant GTA DC response, other than keeping the lights burning.*
 - *If the impact of the epidemic is localized to the Greater Toronto Area, then we would probably be restricted from bringing in workers from other areas to staff the GTA DC (and probably hard-pressed to find workers willing to come).*
 - *If conditions dictate, an option is to relocate to alternate warehouse facility outside of the affected area.*
5. Total Building Destruction
 - Although this scenario is extremely unlikely, the impact is very serious and must be planned for.
 - *Alternate warehouse facilities should be identified to be made available on a temporary basis in the event of such catastrophe.*
 - *The potentially significant cost of maintaining this contingency must be discussed with the client to determine whether it makes business sense.*

LOW Priority

1. Labor Disruption (weather)
 - Most likely a severe snow storm; possibly flood preventing or restricting access to the GTA DC.
 - *Situation is likely to last only a day or two at max. An option to house a minimum staff compliment within the GTA DC for at least one overnight period. This requires on-site supply of cots, food and water.*
2. Localized Destruction of Facilities
 - For example a localized fire in part of the GTA DC or heavy equipment knocking out part of a wall.
 - *The affected area would be isolated and operations moved to alternate location within the GTA DC. Product not damaged by the incident would be moved, provided it is safe to do so. Damaged devices/equipment would be replaced with spare parts available on site.*
3. Telephone Communications
 - Loss of primary telephone communications. The assumption is that the primary telephone capability is analog lines into local PBX.
 - *The telephone infrastructure is extremely reliable in this area. Any interruption of service is likely to be caused by local incidents.*
 - *The incoming line should be split and have two drops to the building through different demarcation points. This would permit easy failover to the backup line in the event that the primary line is cut.*
 - *Additional backup to the telephone system can be provided by cell phone or VOIP, provided the Internet connection is not also affected.*

6.2.1. IT Business Continuity Plan

As the distribution center becomes operational, ensuring that critical business functions are available under all conditions. Ongoing process to ensure that necessary steps are regularly taken to not only to identify probable accidents, disasters, emergencies, and/or threats but to take the steps necessary to avoid them. It also involves (1) assessment of the probable effect of such events, (2) development of recovery strategies and plans, and (3) maintenance of their readiness through personnel training and plan testing.



Security must be the top priority in managing Information Technology. For most organizations, law mandates security, and conformance to those mandates is investigated regularly in the form of audits. Failure to pass security audits can have financial and management changing impacts upon an organization.

There are various levels of Authentication, Authorization and Accounting (AAA) in our environment. The first level is at the OS level and second at the application. All users are setup with their username and password and then assigned access permissions to the resources which determine what activity they can perform.

Access Control (authorization) at the application, screen, function and element levels:

The authorization in application is setup through ROLES, which determines the privileges a user has to execute various tasks with READ/WRITE/DELETE access. There is also an option to set access control for various screens and forms and functions as well as to restrict/permit fields them. Users for the purpose of capacity and trend analysis use logs generated by accounting functionality for monitoring activity and tracking of network resource consumption.

The use of protocols such as SSH and SSL keep the data in transit secured while the sensitive data records are kept encrypted in databases.

Physical entrance to the facility is restricted by a three-tier physical challenge system. This level of security ensures that any tenant, visitor or contractor must pass BioMetric, PIN Code and Card Access verification to enter.

The premises is monitored 24/7 with numerous sensors that monitor motion, passage and other variables to ensure that specific areas are not entered or penetrated where restricted or forbidden access is deemed. These critical points are all monitored 24/7 by Chubb Securities.

Facility utilizes state of the art fire detection and suppression systems including Honeywell's Notifier platform.

7 (8.2.7) LABOUR RELATIONS & STAFF SUCCESSORSHIP PLAN**7.1. (8.2.7. a. & b.) Labour Relations Strategy and Successorship Plan**

It is a requirement of this NRFP that the successful Proponent adhere to the Memorandum of agreement signed between the government of BC and the BCGEU. Proponents should provide a labor relations strategy consistent with the terms of the memorandum of agreement outlining how they intend on engaging with impacted staff should they be the Selected Proponent. Proponents should detail impacts to their internal operating structure and plans to manage the introduction of BCGEU staff into their organization.

Proponents should reference the human resource information provided in Appendix I and based on the terms of the memorandum of agreement, provide a staffing plan describing the types and numbers of staff the Proponent expects they would hire. Proponents should describe how they would structure their internal processes to accommodate BCGEU staff transferred to the Proponent.

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Core Business Strategy 'Our Way'



- The focus of our business is our customer and the results we deliver.
- What we stand for is our commitment to our customer.
- What we value is at the heart of our business - our culture.
- Our capabilities are the strengths and tools that give us competitive advantage.



Metro as an organization engages all new team members in our cultural program, The "OUR WAY" Program.

The approach model is shown below and is based upon an initial start of attracting the right people, rewarding them appropriately and developing them properly within the business. However any new employee is taken through the program.

In order to engage high quality and loyal team members we will offer a combination of competitive remuneration, a great physical working environment (clean and safe) and a great place to work (team based culture).

Our experience has taught us that we must start with competitive rewards that balance budgetary factors with local conditions and a desire to not have any disruptive outside influences within the workplace.

Ensuring the 'Our Way' culture is a business imperative for our operation.

- Robust training in 'doing it right' from our SOP initiative. Initiating both team and individual job standards.
- Honest communications with both the team and individuals about their performance in both productivity and quality matters.
- Regular individual personal review program – starting with a 30, 60, 90, 180, 365 day review for new team members, then stabilizing on a 6 month review.
- Continual 'on the floor' coaching and observation to ensure the importance of high performance is a priority.

- Maintaining a clean, well-equipped workplace – remove barriers to good performance. We reinforce participation in continuous improvement as positive attributes to demonstrate in the workplace (through personal recognition).
- The daily team member engagement is based on our 'Team Values', outlined in the principles below.
 - We recognize and respect the impact our attitudes and actions have on each other.
 - We promote open communications and support high levels of participation.
 - We acknowledge individual strengths, needs and opportunities for personal development.
 - Our culture celebrates success, diversity, milestones, team spirit and fun.
- To deliver the success we need our business has three essential elements
 - People, and the need for them to deliver to their potential,
 - Processes, that will provide the guidelines and reference points for us all and
 - Technology that will encourage simplicity and efficiency.

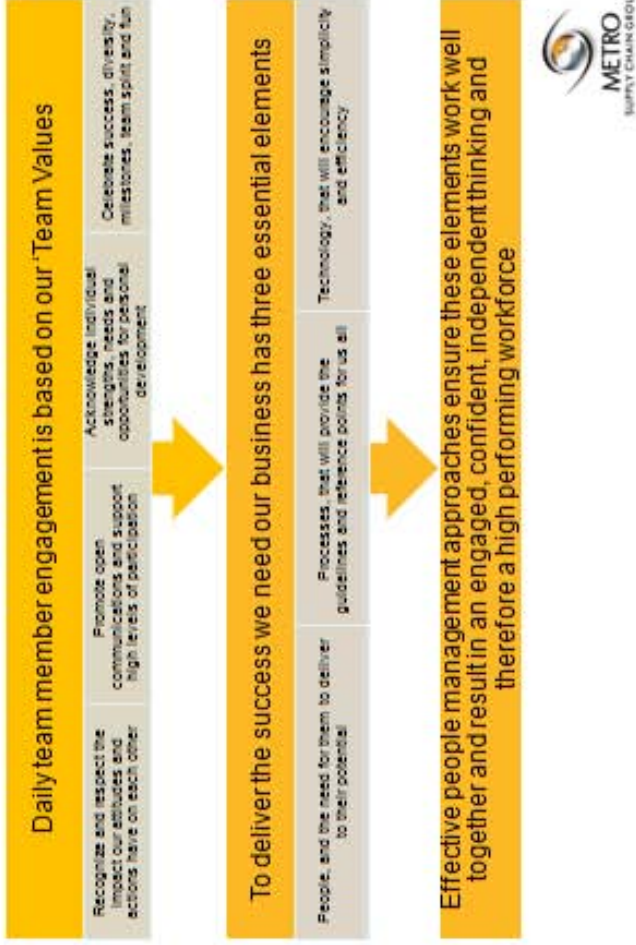
It is effective people management approaches embedded into how we work that will ensure these elements work well together and result in an engaged, confident, independent thinking and therefore high performing workforce.

We strive to ensure that our people can be engaged with the clear reference of a simple and straightforward deal between them, our team members and us as their employer. This deal means that we offer support, development and fair and equal opportunities in return for effort and performance.

We ensure we set clear expectations as to our requirements in terms of adopting our ways of working, and also deliver on the promise we make to enable people to conduct themselves appropriately. This is initially demonstrated through an investment - for all team members - in training that demonstrates to them what we value and therefore what they can expect from us.

We have core modules in place for Our World, Our Customer, Our Team and Our Company. These will be amended and made relevant for each start up operation. There will be a consistency in the contents between each operation, but with the flexibility of ensuring the contents are right according to the nature of each workforce and what is expected of them.

Culture



Culture



People Strategy

Metro Group people strategy is designed to enable the key outputs that our clients need from us and the unique solutions we bring - speed to full ramp up, customer focused staff and a high performance culture. OUR WAY guides this strategy through our philosophy and aspirations, what we value and our core capabilities.



Metro will have Human Resource and management personnel on site at its location in Vancouver to facilitate the following:

1. Introduction to Metro and the broader group of member companies such that employees will have a snapshot of the scope of the company and employment opportunities beyond the BCLDB distribution business.
2. Acquisition of confidential employee information for the purpose of payroll, benefit and pension enrollment.
3. Facilitate one-on-one meeting as required, town hall meetings, focus group meetings and liaison with employees on personal matters.
4. Trouble shooting hotline where employees will be able to contact an HR representative if there are any unanticipated difficulties in any aspect of the transition to Metro.

Our dedicated HR team will work with the HR team from the Province to ensure a smooth transition of the health and welfare plans and pension enrolment/continuation. With full notice of the collective agreement provisions there should be little dispute with respect to the benefits and levels of remuneration of the transferred employees and our corresponding obligation to meet those.

Once we have achieved a plan for each individual we will review the terms and condition of employment with the Province, Union and each individual to ensure accuracy. In the event of any discrepancy, we will work with all stakeholders to quickly resolve any disputes. Our team has had previous experience in assuming contracts with the associated employee complement and we do not envision any difficulty in managing a smooth transition.

Metro does not see any negative impacts on our current internal operating structure as a result of this transition. Our proposed solution calls for a new distribution center that does not have any pre-existing collective agreements which avoids;

- Remuneration and benefits conflicts and discrepancies
- Seniority right conflicts within the distribution center
- Potential labour disruption, strike and work stoppage by one of the unions.
- Conflicts between the multiple unions given changes within the distribution center
- The challenges of operating with multiple Collective Agreements in a single distribution center.

8 (8.2.8) FINANCIAL MODEL & PRICING SUBMISSION

Proponents are required to complete the following:

- a) Section 8.2.8.1 Financial Model; and*
- b) Section 8.2.8.2 which includes the template provided as Appendix K.*

8.1. Financial Model

Proponents should describe their proposed financial model by responding to the following requirements:

- a) Describe the proposed economic model and how the proposed economic model supports the goals identified in Section 3.2 , and the eight (8) financial objectives provided in Section 5.5;*

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b) Describe all investments (e.g. transition costs, asset purchases, infrastructure, facilities, hardware, software, etc.) required to deliver the proposed Services. For each investment provide:

- i. The associated dollar amount and timing of the investment; and***
- ii. The proposed recovery mechanism, timing of such recovery and associated dollar amounts.***

Responses to (i) and (ii) above are to be provided within Appendix K.

Please see Appendix K Pricing Submission Template for a complete list of investments and associated dollar amounts, term of investments, assumptions and description of the recovery method.

- c) *Describe the proposed pricing models for each proposed Service, including but not limited to:*
- i. *The underlying drivers that may impact pricing, and how pricing may be impacted as a result of changes in the drivers;*
 - ii. *How the services pricing and pricing components will be impacted by changes in scale;*
 - iii. *The approach and plan for addressing changes to the underlying drivers; and*
 - iv. *Any commitments and constraints that are part of the proposed pricing (e.g. volume floors and/or ceiling, order minimums, etc).*

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- d) *Describe the proposed approach for handling the cost of inflation, on an annual basis, by listing the services to be adjusted for inflation and the mechanism for such an adjustment.*

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- e) ***Describe the approach for transferring the services at the termination at the Agreement to either, the Ministry/ LDB or another service provider in a manner that is efficient and ensures Distribution Services are not interrupted to GLS, Wholesale Customers, suppliers and Agents.***

In addition, describe the costs the Ministry/ LDB would be responsible for in the event of:

- i. Expiry of the term of the Agreement;***
- ii. Termination by the Ministry/ LDB for convenience; or***
- iii. Termination for force majeure event***

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8.2. Pricing Submission

Proponents are required to submit their pricing for all proposed Distribution Services by completing Appendix K. Proponents are to follow the instructions contained within Appendix K.

When developing the proposed pricing, Proponents are to take into account the 'normalizing modeling assumptions' listed below.

Normalizing modeling assumptions

The following normalizing modeling assumptions are provided to Proponents solely to guide the preparation of their cost models and subsequent pricing submission for the purpose of evaluating comparable Proposals. The Province reserves the right to vary these assumptions during negotiations with the Selected Proponent.

- a) Prices for the proposed Distribution Services become effective on the services commencement date of April 1, 2013.*
- b) The term of the Agreement is 10 years from the services commencement date.*
- c) Distribution Services prices should exclude applicable sales taxes (e.g. PST/GST).*
- d) Proponents will operate in a PST/GST sales tax environment and should price input costs accordingly.*
- e) All prices are in Canadian dollars.*
- f) Payment for the Distribution Services provided will be made to the Service Provider based on the following payment terms:*
 - Domestic Product – net 30 days; and*
 - Import Product – net 15 days.*
- h) Annual Product volumes are as described in Appendix E.*
- i) There is no annual Product volume growth.*
- j) Prices for the first 24 months of the term of the Agreement are considered best and final.*
- k) Prices for months 25 to 120 exclude inflation adjustments.*
- l) All RS&W employees, as per Appendix I, accept offers of employment with the Service Provider. NRFP SATP-301 Page 56*
- m) The Service Provider will be responsible for all transferred employees and associated costs and liabilities of the transferred employees as of the service commencement date.*
- n) Proposed Distribution Services will be based on the Key Performance Indicator metrics and levels described in Appendix E and as further referenced in Section 5.2.2.8 and Section 8.2.3(f).*
- o) Any existing third party contracts in place with the LDB to deliver the current distribution services will cease as of the service commencement date and such contracts will not be available to the Service Provider.*
- p) Proponents electing to use the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse during the proposed service transition period will completely vacate such premises no later than March 31, 2015.*

- q) Proponents electing to use the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse during the proposed services transition will provide their own operational assets and equipment required to deliver the proposed Distribution Services.*
- r) Proponents electing to use the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse during the proposed services transition will be charged a rental fee by the Ministry/LDB. The rental fee will be provided in the VDR. Proponents should document any additional assumptions used in the development of the Distribution Services prices in Appendix K.*

Appendix K is included as a separate Excel file, "Metro Appendix K - Proponent Pricing Submission - locked" as part of our response package.

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Pages 132 through 140 redacted for the following reasons:

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9 (8.2.9) REFERENCES

Proponents are required to provide a list of all contracts, over \$1M in contract value, they have held with the BC government over the past three years. The Province will conduct reference checks on these contracts as described in Section 5.6.1. If the Proponent does not have any contracts with the BC Government in the past three years then please confirm that is the case. The Province intends on validating statements made by the Proponent in this reference check. Proponents are also to provide three references that the Proponent has with current customers (See Section 5.6.2). Proponents should detail the contact name, phone number, and the duration and description of projects or operations service delivery. Proponents will be notified by the Province before any of these references will be contacted. In addition, the Province, at its sole option, may undertake further reference checks by contacting other corporate and project references in addition to the ones provided by the Proponent.

- *Please coordinate reference calls with Mr. Richard Cranwill to allow scheduling with our customers. Email: rcranwill@metroscg.com or Bus # 905-760-4422.*

Contract with B.C. Government

Metro has never had a contract over \$1 Million with the B.C. Government. We do have a contract with the Government of Ontario for Pandemic Supplies, Storage and Distribution. Reference information is included below.


LOBLAWS – Pickering, Ontario

Regional Distribution Solution (Retail)

Length of Relationship: 2 Years

Contact: Frank Merkley

Tel: 416-523-7983



METRO
SUPPLY CHAIN GROUP

Distribution Center Takeover

Situation:

- The customer is the largest grocery retailer in Canada, in the midst of a national supply chain network redesign to gain efficiencies in all facets of their logistics organization.
- Their primary mechanized general merchandise DC needed refreshing in all facets of the operation, including productivity, quality, flexibility, and ability to grow.
- The facility was commissioned and operated by a third party logistics services provider.

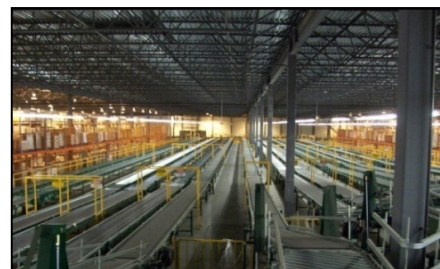
Solution:

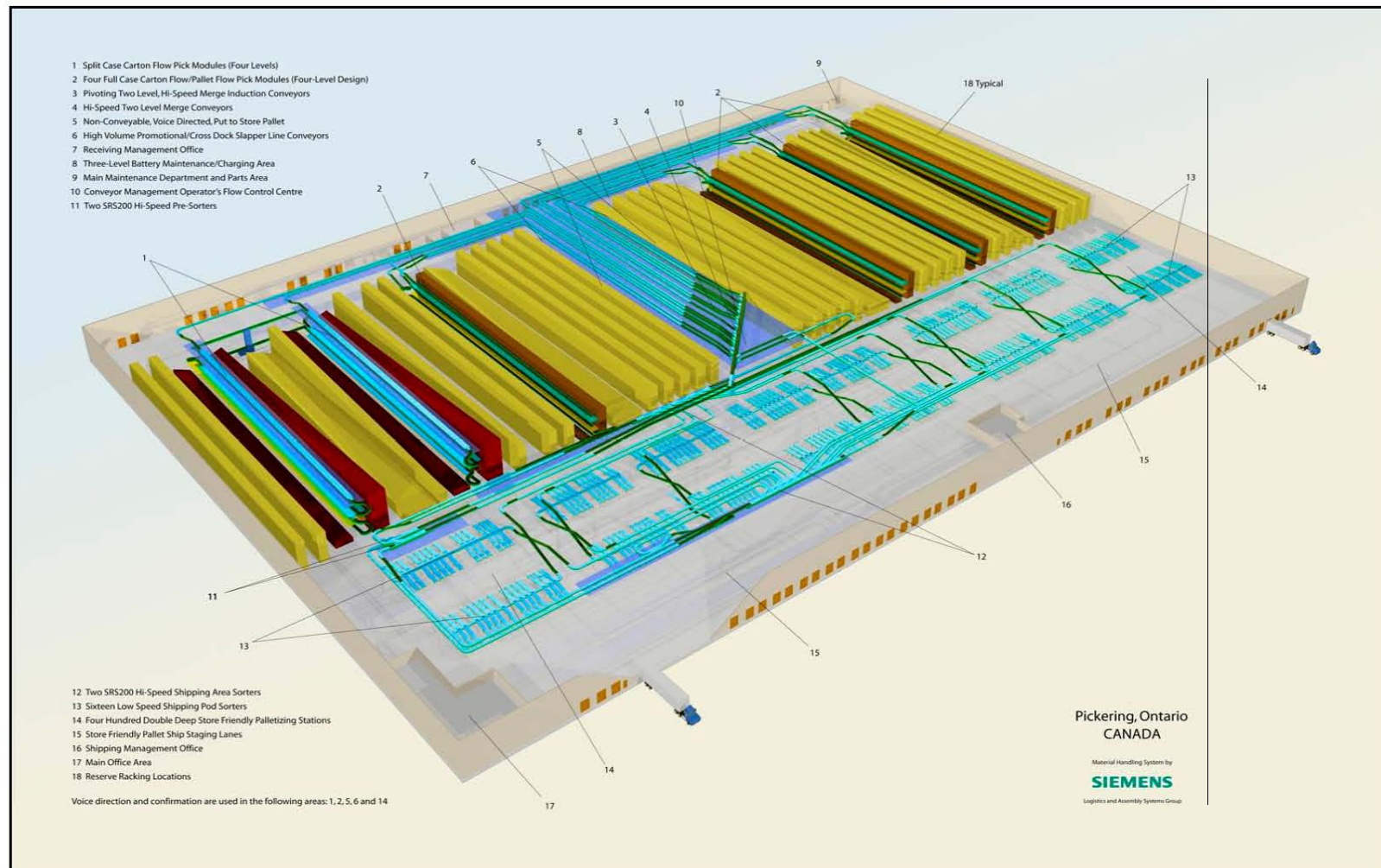
- The customer determined that the facility needed a heightened awareness for customer needs, operational efficiency improvements, and a substantial increase in throughput on better use of the customer's core systems.
- Metro Supply Chain Group (MSCG) was selected to take over the DC in its entirety with the mandate of supporting improved operating KPI's and innovative project management, which would result in the facility realizing its operating and growth potential.
- Metro Supply Chain Group assumed responsibility of the DC by taking over the entire workforce and approximately 50 percent of the existing management.
- The facility was taken over by a transition team and subsequently a new management team was formed. They brought in new ancillary systems to manage quality, financial analysis and general communications.
- The facility was transformed culturally in the "Our Way" methodology of team work and customer care.

Results:

- The workforce was successfully transitioned to Metro Supply Chain Group, with all commitments for their needs fully met.
- The business continued to be fully operational with no detrimental service issues and, in fact, showed improvements shortly after takeover, including in productivity measures.
- The general condition of the facility was dramatically improved, including a renewed and meaningful emphasis on health and safety.
- All transition success measurements agreed with the customer were delivered.

- 756,000 sq. ft. total (250,000 sq. ft. extension underway)
- 40' Ceiling Height
- 30 Receiving Doors
- 50 Shipping Doors
- Servicing 1,200 Stores
- Pallet Capacity - 55,000 LPNs
- 450 Full Time Employees (150 additional jobs)
- Flexible Staffing Model
- Sunday 7:00 a.m. to Friday Midnight





A highly mechanized solution dedicated to serving the entire general merchandise categories for Loblaw nationally.

HONDA (Calgary, Alberta; Markham, Ontario; Montreal, Quebec)

Parts Distribution (Automotive)

Length of Relationship: 2 ½ years

Contact: Jeff Stralak

Tel: 905-888-8110

- Multiple Sites (national)
- Large in scope
- Fast moving product, shipped to Honda retail sites
- High quality deliverable



METRO CONSUMER LOGISTICS

Large Automotive Manufacturer

Situation:

- A leading manufacturer of cars, trucks, ATV's, motorcycles, marine engines and several other products.
- In 2009, the manufacturer sent out an RFP to outsource their parts distribution centers located in Vancouver, Toronto and Montreal.
- The manufacturer is known and recognized for high quality products and service. On time delivery and order fill rates are of the highest importance to their dealers.

Solution:

- Metro Consumer put together a solution to transfer their Vancouver operation to Calgary. This was achieved with a seamless implementation and faultless start up.
- The manufacturer awarded the Western Canada business to Metro Consumer.

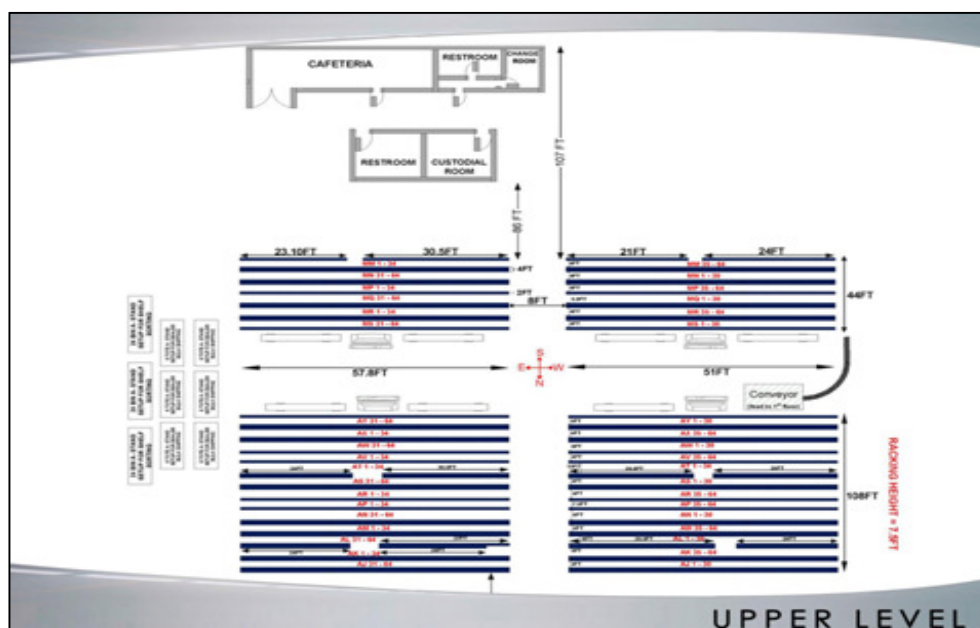
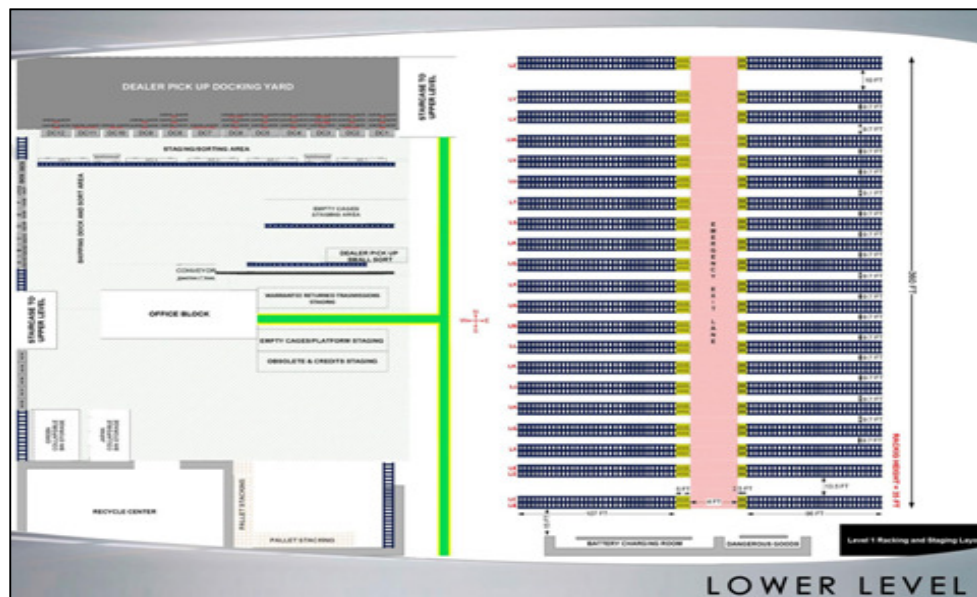
Results:

- Following 1 year of operating the Calgary Distribution Center, the manufacturer requested Metro Consumer to put together solutions for both Montreal and Toronto for start up in 2011.
- Metro Consumer took over both Toronto and Montreal operations in February 2011 with no impact on service levels to the dealers.

	Calgary	Toronto	Montreal
Sq. Ft.	137,600	212,000	165,000
SKUs	90,000	90,000	90,000
FTE's (Floor)	31	39	39
Lines/Day	4,000	6,000	6,000

Markham, Ontario Facility

- 276,000 sq. ft.
- 35' Ceiling Height
- 9 Shipping Doors
- 5 Receiving Doors
- 12 Dealer Pick Up Doors
- Servicing 223 Auto Dealers
- Servicing 244 Powerhouse Dealers
- Lines shipped per day 5,200 – 6,700
- Lines received per day 2,000+
- More than 90,000 skus



PETSMART

Transportation Services

Length of Relationship: 3 ½ years

Contact: Chris Walsh

Tel: 623-587-2608

**MINISTRY OF HEALTH (Toronto, Ontario; Milton, Ontario)**

Emergency Response (Healthcare)

Length of Relationship: 3 ½ years

Contact: Paul Matheson

Tel: 416-212-5212

Milton Facility

100,000 sq. ft.

Pallet Positions – 12,500

Vaughan Facility

100,000 sq. ft.

Pallet Positions – 12,500

- After an extensive review of the 3PL Market, the Ontario Ministry of Health awarded Metro
- A multiyear contract for the storage and distribution of 25,000 pallets of Pandemic Emergency Response Supplies.
- Solution involved setting up two sites that could as required in the future to accommodate expected growth within the inventory being held. The inventory was split into two locations on separate power grids to reduce risk and to allow for disaster recovery if required for any reason.
- Sites have been entirely racked to the specifications of the Ministry product.
- Metro was chosen due to cost effectiveness, depth and breadth of resources, executive commitment, Information Technology capability, engineering and design capability and relationship built with the Ministry during the RFP process
- During the recent N1H1 Pandemic, we provided kitting and Transportation services to thousands of Doctors offices, Health Clinics and Hospitals.

A1. DATA DERIVATION – BASE SCENARIO

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Pages 148 through 153 redacted for the following reasons:

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A2. DATA PROVIDED – REVIEW OF USE

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A3. BUDGET RECONCILIATION

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Calculated Field	Participant Inputs	Do not Modify	Example
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1. Proponents are to provide the names and descriptions of all the services and associated prices that Supplier and Agents would be charged.

2. Proponents are to document all General Assumptions related to service prices proposed in this tab.

3. Proponents are also to document all Services specific assumption in each Service and Prices table

4. For each proposed service, Proponents should provide the related service price, and the following underlying price components:

Direct Labour	Office Supplies and Equipment	Technology (software applications and hardware)	Distribution Facilities Lease	Distribution Facilities Maintenance
Distribution Equipment Lease	Distribution Equipment Maintenance	Investment Recovery	Overhead Labour	Others

Note: the proposed service price is the sum of all price components

0 An acceptable pallets include CHEP or CPC pallet 48"x40" four-way entry.

[illegible]

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#	Service	Description of service and components	Assumptions	Type	S 21	Unit Prices										
						Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
107	Demand Forecasting					\$										
Cost Components	Direct Labour (Salaries & Benefits)					\$										
	Office Supplies and Equipment					\$										
	Technology (software applications and hardware)					\$										
	Distribution Facilities Lease					\$										
	Distribution Facilities Maintenance															
	Distribution Equipment Lease															
	Distribution Equipment Maintenance															
	Investment Recovery															
	Overhead Labour					\$										
	Others					\$										
	Total					\$										