

POLICY NUMBER: 9.55AZ
PAGE: 1 OF 4
SUBJECT: AZ Restricted Sales Policy
ORIGINATING DEPARTMENT: AZ Division HR/Training Department
ISSUE DATE: 11/10/16
SUPERSEDES: 11/05/14
APPLIES TO: Store and Non Store Employees

I. Policy

Federal, State, and local agencies govern the laws and regulations relating to the sale of certain restricted merchandise, including such items as alcohol, tobacco, tobacco products (E-Cigarettes, lighters, rolling papers, cigars, chewing tobacco, smokeless tobacco, etc), adult magazines/videos; and/or allowing someone to buy non-food products with food stamps, etc. Any violation of these laws, when restricted merchandise is sold illegally, can result in very serious consequences for the employee and Circle K. Outlined below are defined Circle K procedures for properly handling restricted sales merchandise.

II. Daily Action Steps to be completed at Store Level

Pro-active measures should be fully implemented when handling all restricted sales.

- A. All new Store Employees will be initially trained in the New Employee Training Program [NETP] on Techniques of Alcohol Management [TAM] and other Restricted Sales Products which includes tobacco.
- B. All Store Managers and Store Employees will be re-TAM'd in full compliance with state regulations and requirements to include all restricted sales items.
- C. All Store Managers will speak directly to employees daily concerning all restricted sales procedures, emphasizing that every employee is reading and signing the Daily Safety Sheet. All employees must initial next to their name on the restricted sales log on a daily basis.
- D. In the absence of a Store Manager, the Store Assistant or Lead CSR must ensure that all Store Managers' directions are adhered to.
- E. All age-restricted products [alcohol, tobacco, tobacco products, lighters, rolling papers, cigars, chewing tobacco, smokeless tobacco, adult magazines/videos, etc.] require proper identification. The IDs must be scanned through the appropriate register prior to asking the customer for payment.
- F. Employees are restricted to selling five (5) cartons of cigarettes to one customer per day.
- G. Employees are restricted from purchasing any alcohol products while working and/or during their shift.
- H. Any notification of a violation that is received at store level is considered a Five Minute Rule notification.
- I. All Market Managers need to review schedules with the Store Managers for Friday and Saturday nights [peak business demands in most stores] to ensure that highly qualified employees and/or management are working these shifts to minimize our exposure.

III. Liquor/Tobacco/Tobacco Products Shop/Sting Alert at Store Level:

If the store has a liquor/tobacco/tobacco products shop/sting alert then the following steps should occur at the store level.

- Store employee will call the Store Manager immediately
- Store Manager will call the Market Manager
- Market Manager "all text" the Region Market Managers
- Market Manager calls the ROD
- ROD calls other RODs to heighten everyone's awareness

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IV. Action Steps to be followed by Market Manager

- A. Daily Action Steps to be completed by the Market Manager
 - Daily compliance calls to be made to the store by the Market Manager or by employees on duty to the Market Manager between 4:00 p.m. and 7:00 p.m.; Market Manager will maintain a call-in log for review by the ROD at any time.
 - During each store visit, Market Manager will ensure that the restricted sales log is current and signed; Market Manager will initial and date each page after review.
 - Market Manager will ensure that all age-restricted products are scanned accurately per policy.
 - Market Manager will observe the store employee handling age-restricted selling procedures when possible.
 - When leaving the store, Market Manager will remind all employees on duty to "Be Safe and Ask for Proper ID."
- B. Weekend Action Steps to be completed by the Market Manager
 - Daily compliance calls to or by every store between 3:00 p.m. and 4:00 p.m.
 - Market Manager will ensure that all stores have received or made compliance calls on Friday, Saturday, and Sunday.
- C. Liquor/Tobacco/Tobacco Shop/Sting Alert Action Steps to be completed by the Market Manager
 - Market Manager will notify every store in the District to reinforce Circle K's policies, procedures and state regulations.

V. Corrective Actions for internal and/or external (BARS) Restricted Sales Compliance Failure

- A. Store Level Employees
 - The following actions must be taken for any employee or employees that fails an internal/external compliance check:
 - 1st failure: Written corrective action (counseling notice) for the individual that failed and all store employees must attend re-TAM (Techniques of Alcohol Management) Training.
 - 2nd failure: Written corrective action (counseling notice), one week suspension (unpaid) up to and including termination for the individual who failed and all store employees must attend re-TAM (Techniques of Alcohol Management) Training.
 - 3rd failure within the year: Any employee or employees that receive three (3) Restricted Sales Compliance failures within a twelve month time frame will be terminated and be considered not eligible for rehire.

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VI. Corrective Actions for Alcohol Restricted Sales Violations

A. Store Level Employees

- Any Store employee or employees that receive a restricted sales violation will be terminated and be considered not eligible for rehire.
- All steps in **VIII** must be followed in addition to the employee termination.

VII. Corrective Actions for Restricted Sales Violations (Includes but not limited to Warning letters and/or citations from Food and Drug Administration, Attorney General or any other State/Government agencies regarding tobacco or other restricted sales items). This excludes Alcohol Restricted Violations – see VI.

A. Store Level Employees

- Any Store employee or employees that receive a restricted sales violation, the following will apply:
 - 1st Violation: Written corrective action [counseling notice]; One week unpaid suspension (7 days) beginning on Friday and ending on Thursday.
 - 2nd Violation within the same rolling twelve months of the previous violation: Termination and will be considered not eligible for rehire.

VIII. Additional Corrective Actions for Store Manager and/or Market Manager for all Restricted Sales Violations.

A. Store Manager (including MITs and Multi-Managers)

- If all steps, actions and policies are followed to 100% and verified by the Retail Operations Director (ROD), Loss Prevention Department and Human Resource Department, then the following will apply:
 - All store employees need to attend re-TAM (Techniques of Alcohol Management) Training
 - 1st Violation: Written corrective action [counseling notice]; Loss of \$150 for SM and \$28 for SA Quarterly Bonus Program
 - 2nd Violation within the same quarter of the previous violation: Written corrective action [counseling notice] up to and including termination. Loss of entire SM & SA Quarterly Bonus achieved for that quarter.

B. Market Manager

- If all action steps/policies are fully implemented with 100% compliance:
 - 2nd Violation:
 - Written corrective actions [counseling notice] if violation is within a 6 month time frame in the same market.
 - Loss of \$500 MM Quarterly Bonus if two violations are received within the same quarter.
 - Retail Operations Director [ROD] will implement action to ensure all restricted sales procedures are fully implemented and executed per plan

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- o 3rd Violation within a twelve month time frame:
 - Total investigation conducted by ROD, Loss Prevention Department and HR Department. Substantiated investigation results in:
 - Written corrective actions [counseling notice]
 - Loss of bonus for the quarter if three or more violations are received within one quarter in a Market.
- o 4th Violation within a twelve month time frame:
 - Total investigation conducted by ROD, Loss Prevention Department and HR Department. Substantiated investigation results in:
 - ✓ Written corrective actions [counseling notice]
 - ✓ One week suspension (unpaid)
 - ✓ Options may include demotion up to and including termination

Based upon the severity of the circumstances discovered during any restricted sales violation investigation, a demotion and/or termination could result at any time, at the discretion of Circle K management.