

Sangster's Health Centres & Sangster's Organic Market

Retail Operations & Policy Manual

Section 1: The Company

- 1.01 Welcome Statement
- 1.02 Company History
- 1.03 Company Philosophy
- 1.04 Benefits of a Franchise
- 1.05 Why Sell Sangster's Brand
- 1.06 Compliance with the Franchise
- 1.07 Policy Statement
- 1.08 Support Franchise Directory
- 1.09 Store Listing

Section 2: Employee Benefits

- 2.01 Employment Classifications
- 2.02 Direct Deposit
- 2.03 Health and Dental Insurance
- 2.04 Holidays
- 2.05 Vacations
- 2.06 Educational Assistance Program
- 2.07 Short Term Sick Leave
- 2.08 Unemployment Insurance
- 2.09 Worker's Compensation
- 2.10 Extended Leave of Absence
- 2.11 Bereavement Leave
- 2.12 Jury Duty
- 2.13 Staff Purchases

Section 3: Employment Policies

- 3.01 Bulletin Boards
- 3.02 Complaint Procedures
- 3.03 Disciplinary Policy
- 3.04 Employment Referrals
- 3.05 Employment Separation Policy
- 3.06 Employment Status/Training Period
- 3.07 Equal Employment Opportunity
- 3.08 Orientation and Training
- 3.09 Outside Employment
- 3.10 Performance Evaluations

- 3.11 Personal Records
- 3.12 Promotions and Transfers
- 3.13 Reference Requests
- 3.14 Sexual Harassment
- 3.15 Suggestions
- 3.16 Confidentiality Agreement

Section 4: Attendance & Pay

- 4.01 Absenteeism and Tardiness
- 4.02 Compensations Plan
- 4.03 Meal and Rest Breaks
- 4.04 Overtime
- 4.05 Pay Periods and Pay Cheque
- 4.06 Payroll Deductions
- 4.07 Recording Hours Worked
- 4.08 Reimbursement of Expenses
- 4.09 Scheduling of Work Hours
- 4.10 Unscheduled Store Closing
- 4.11 Use of Personal Car

Section 5: Company Regulations

- 5.01 Alcohol and Drugs
- 5.02 Confidentiality
- 5.03 Ethics
- 5.04 Parking
- 5.05 Personal Appearance and Attire
- 5.06 Personal Property
- 5.07 Smoking
- 5.08 Solicitation
- 5.09 Summary of Company Rules
- 5.10 Telephone Use
- 5.11 Visitors/Restricted Areas

Section 6: Safety & Security

- 6.01 Accidents and Injuries
- 6.02 Apprehending Shoplifters
- 6.03 Maintenance and Emergency Procedures
- 6.04 Preventing Employee Theft
- 6.05 Preventing Shoplifting
- 6.06 Reporting Employee Theft
- 6.07 Robberies
- 6.08 Safety Regulations/Fire Protection
- 6.09 Key Privileges
- 6.10 Theft Alert System

Section 7: Customer Service & Training

- 7.01 Clientele Development
- 7.02 Dealing with Customers
- 7.03 Free Rewards Program
- 7.04 Conversion Rate
- 7.05 Customer Requests for Merchandise
- 7.06 Holding Merchandise for Customers
- 7.07 Special Orders and Back Orders
- 7.08 Mystery Shoppers
- 7.09 Assisting Customers with Returns
- 7.10 Cash & Cheque Transactions
- 7.11 Store/Brand Standards: Training
- 7.12 Sales Standards: Training
- 7.13 Opening Procedures
- 7.14 Closing Procedures
- 7.15 Training – Sales Introduction
- 7.16 Training - Sales: Who is Your Sangster's Customer
- 7.17 Training - Sales: Identifying Personalities
- 7.18 Training - Sales: Retail Sales Professional Process
- 7.19 Training Sales: Greetings/Opening a Sale
- 7.20 Training - Sales: Probing/Asking Questions - Engaging

- 7.21 Training - Sales: The Demonstration - Hopes and Dreams
- 7.22 Training - Sales: The Trail Close - Hopes and Dreams
- 7.23 Training - Sales: Handling Objections/Closing the Sale
- 7.24 Sales Training: Sales Counter & Up-selling
- 7.25 Sales Training: Sangster's WOW Factor

Section 8: Payments & Transactions

- 8.01 Acceptable Forms of Payment
- 8.02 Coupons
- 8.03 Gift Cards
- 8.04 Invoices - Receiving
- 8.05 Retail Returns & Exchanges
- 8.06 Reporting Your Sales to the Mall Office
- 8.07 Monthly Franchise Reports and Graphs

Section 9: Retail Store Operations

- 9.01 Franchise Support Representative
- 9.02 Floor Maintenance
- 9.03 Store Cleanliness and Appearance
- 9.04 Work Hours
- 9.05 Float
- 9.06 Paid Outs – Till Expenses
- 9.07 Product Knowledge
- 9.08 New Product Suggestions
- 9.09 Illegal Products
- 9.10 Approved Companies and Multi-Level Products
- 9.11 Security Seals
- 9.12 Rain Cheques
- 9.13 Short-dated Product Management
- 9.14 Inventory Levels & Controls
- 9.15 Monitoring the Competition
- 9.16 Price Comparing

- 9.17 Corporate Discounts
- 9.18 Pricing Policy
- 9.19 Restore Warehouse Terms & Conditions
- 9.20 Freight Policy (Restore)
- 9.21 Damaged Goods (Restore)
- 9.22 Shipping and/or Invoicing Errors
- 9.23 Testers, Samplers and Gift Baskets (Restore)
- 9.24 Sampling Saturdays
- 9.25 Customer Returns (Restore)
- 9.26 Over-stocked Items (Product Returns)
- 9.27 Expired Product Returns (Restore)

Section 10: Marketing & Advertising

- 10.01 Spending Money to Make Money
- 10.02 Advertising Royalty
- 10.03 Advertising Assistance
- 10.04 Advertising and Marketing Definitions
- 10.05 Where Do I Begin to Advertise?
- 10.06 Successful Ads
- 10.07 Designing Ads
- 10.08 Identifying Bad Advertising
- 10.09 Print Ads – Mag & Newspaper
- 10.10 Radio Ads
- 10.11 Radio and Newspaper Market Research
- 10.12 Setting up Accounts and Volume Contracts
- 10.13 Co-op Funds
- 10.14 Flyer Distribution & Pre-Orders
- 10.15 Setting Up a Mail-Out Schedule
- 10.16 Sangster's Web-Site
- 10.17 Franchise Review
- 10.18 Ordering Business Cards, Name Tags
- 10.19 Sample Promotions
- 10.20 Merchandising the Store
- 10.21 Shelving and Products
- 10.22 Grand Opening/Grand Re-opening

Section 11: Hiring & Job Responsibilities

- 11.01 Sales Person Job Responsibility Checklist
- 11.02 Assistant Manager Job Responsibility Checklist
- 11.03 Manager's Job Responsibility
- 11.04 Interview Questions & Application Form

Section 12: Franchisee Operations

- 12.01 Balancing your Monthly Bank Statement
- 12.02 Electronic Funds Transfer Questions and Answers
- 12.03 GST/HST and PST
- 12.04 GST/HST and PST Returns
- 12.05 Credit Applications
- 12.06 Interact Bank Machine
- 12.07 Payroll
- 12.08 Preparing Financials
- 12.09 Allowable Purchases
- 12.10 Setting an Advertising Budget
- 12.11 Royalty Disbursement
- 12.12 Annual Franchise Convention
- 12.13 Phone, Fax and Internet Hook-Ups
- 12.14 Store Layout
- 12.15 Insurance
- 12.16 Business License
- 12.17 Lease
- 12.18 Percentage Rent
- 12.19 Franchise Renewals
- 12.20 Franchise Referral Program
- 12.21 Franchise Referral Form
- 12.22 Re-Franchising an Existing Store

WELCOME TO SANGSTER'S ORGANIZATION:

- **SANGSTER'S HEALTH CENTRES**
- **SANGSTER'S ORGANIC MARKET**
- **SANGSTER'S HEAD OFFICE**
(FRANCHISE, CORPORATE, DISTRIBUTION)

Sangster's wishes you a warm "Welcome Aboard"! We are a Company attempting to create a pleasant working environment for all of our employees. We hope that all of our employees will work together for the benefit of the Company. We also hope that your employment with us is pleasant and mutually beneficial.

Whether you work in our Franchise Stores, Corporate Stores, Head Office or Distribution, each employee is considered an important link in the company.

PURPOSE OF MANUAL

This Retail Operations & Policy Manual outlines the various policies and procedures at **Sangster's Retail Outlets**. A few of these policies from sections 2-6 can be amended or altered by our franchise operators, but the majority can only be altered by written amendment or authorization by Head Office management.

All employees are expected to be familiar with and abide by the policies contained in this Manual; and all employees with the authority to administer these policies are to do so fairly and consistently.

Employees who have questions about anything presented in this Manual should see their supervisor for clarification and explanation.

In 1960, Wallace Sangster purchased “Northern Health Foods” in Saskatoon, Saskatchewan from a man who had purportedly cured himself of cancer by ingesting huge amounts of alfalfa in tea and tablet form. At the age of 17, Roy Sangster followed in his father’s footsteps and founded his own company, Sangster’s Health Centres, in 1971. The original location, in Yorkton, Saskatchewan remains in operation to this day.

By the late 70’s, the percentage of the population that purchased health foods was very small and growing rapidly. Seeing the potential, Roy made the decision to franchise and the first franchise store opened in Saskatoon in 1978. On the strength of Sangster’s exclusive brand of natural health products, the franchise grew to its current size. In 2004, Sangster’s Health Centres was acquired by Planet Organic Health Corporation. POH was a large Canadian organic grocery chain based in Edmonton, with the vision of creating a natural health company that incorporates manufacturing, distribution and retail all under the same umbrella.

In January 2008, Roy and Pat Sangster announced their retirement and Darryl Sangster was named as President of the Sangster’s division. By 2010 Darryl bought the company back from Planet Organic Health Corporation.

August 2017, Roy and Pat Sangster repurchased the company because they wanted the franchise system to come back to its original roots; the “**Sangster’s Family**” vision where the Sangster’s franchisees and customers are family.

Nature of our Business:

Providing vast knowledge and safe natural remedies for the prevention of disease, **Sangster’s** occupies a unique position in the industry. Sangster’s introduction and development of over 340 exclusively labeled products (vitamins, mineral, herbs, proteins, natural body care and organic foods) helped catapult Sangster’s name and product into a large number of Canadian households. From a solid base in Saskatchewan, Sangster’s has become a national brand name with franchise stores across Canada.

Major Achievements:

2017 - Awarded Seven-Time Recipient of the Franchisees' Choice Award from the Canadian Franchise Association (2011-2017).

2016 - Awarded Six-Time Recipient of the Franchisees' Choice Award from the Canadian Franchise Association (2011-2016).

2015 - Finalist for the SABEX Award in Marketing

2015 - Awarded Five-Time Recipient of the Franchisees' Choice Award from the Canadian Franchise Association (2011-2015).

2014 - Awarded the Franchisees' Choice Award from the Canadian Franchise Association (CFA).

2013 - Awarded the Franchisees' Choice Award from the Canadian Franchise Association (CFA).

2013 - Awarded "Organic Certified" for the Manufacturing facility

2013 - Finalist for the "Leadership" Award by North Saskatoon Business Association (NSBA)

2012 - Awarded the Franchisees' Choice Award from the Canadian Franchise Association (CFA).

2012 - Awarded "The New Direction" in Manufacturing by North Saskatoon Business Association (NSBA) award

2011 - Awarded the Franchisees' Choice Award from the Canadian Franchise Association (CFA).

2009 - Won the Canadian Franchise Association (CFA) Award of Excellence in franchising. The ultimate prize in Canadian franchising which is given annually to the franchise system that has developed the strongest, most mutually rewarding relationships with its franchisees. The winning franchise system is decided based on direct feedback of its Canadian franchisees.

2001-2006 - numerous marketing and business awards from CFA and Sabex

Media Highlights:

Sangster's have been featured in many magazines such as:

May/June 2015 Canadian Business Journal magazine featured article about Sangster's retail development

Mar/Apr 2014 Franchise Canada magazine cover story on health and wellness movement

Mar/Apr 2013 Canadian Natural Health Retailer (CNHR) cover story on Sangster's Organic Markets

January 2013 Cover Feature in Great Canadian Franchise Success Stories

Mar/Apr 2011 Franchise Canada magazine featured article about Sangster's leadership

Dec 2010	<u>Canadian Natural Health Retailer (CNHR)</u> magazine featured article
Nov/Dec 2009	<u>Franchise Canada</u> magazine featured on the cover as CFA's Award winner
Summer 2009	<u>Canadian Opportunities</u> magazine featured article on the CFA Award of Excellence
May 2009	<u>Saskatoon Star Phoenix</u> newspaper highlight article on the CFA Award of Excellence
May 2009	<u>Yorkton This Week</u> newspaper highlight article on CFA Award of Excellence
Mar/Apr 2009	<u>Canadian Natural Health Retailer (CNHR)</u> magazine feature article on new store design & three generations of Sangsters in the health food industry
Jan/Feb 2009	<u>Canadian Retailer</u> magazine article on new store design
May 2008	<u>Profit</u> magazine quoted Darryl Sangster on challenges franchisor face
May/June 2003	<u>Canadian Business Franchise</u> magazine featured on the cover
Mar/Apr 2001	<u>Canadian Business Franchise</u> magazine featured on the cover
2001	<u>Franchise Canada</u> magazine featured on the cover

Current Activities:

• **Research & Development:**

Sangster's exclusive brand of products is continually working to expand its product line. The Research and Development team aims to develop products that are unique and are of the highest quality available. Dr. Elvis Ali, ND was added to our Research & Development team in January 2013.

• **Marketing:**

Sangster's has developed a blog on-line for franchisees and managers to stay connected and are only a "click" away from the most recent resource materials, advertising and marketing tools.

Sangster's also developed an electronic monthly newsletter for our customers that can be customized for each individual store.

Sangster's focus is to have a strong online presence with Facebook, Twitter and Instagram.

• **Franchising:**

Sangster's is currently searching markets in Canada to further develop with the goal of supporting growth through strategic market penetration.

Sangster's is committed to doing everything possible to provide its customers with superior services and products that meet real needs and provide lasting value.

An essential element of the value **Sangster's** offers its customers is the quality of service these customers can expect from our stores. Providing customer satisfaction that exceeds our customer's expectations is our number one priority and results from the attention given to each element of service we provide.

This is why everything we do comes back to **our mission statement**:

"To provide natural choices through quality products and educated advice for a healthy lifestyle."

Sangster's achieves these exceptional levels of customer satisfaction by:

- ✓ providing merchandise of superior quality and value that best meets the needs of our customers.
- ✓ staffing stores with friendly, motivated and trained salespeople.
- ✓ maintaining clean and neat merchandised displays, making it easier for our customers to shop in our stores.
- ✓ upholding the principle that no sale is final until the customer is completely satisfied.
- ✓ acting with mutual trust and understanding to fully protect our customers' interests.
- ✓ promising to fulfill every commitment made to a customer on time.
- ✓ staying flexible and demonstrating a sense of urgency to effectively respond to changing customer needs.
- ✓ building a high level of quality and performance into everything we do so that we will gain the respect and loyalty of our customers.
- ✓ recognizing each person's contribution that results from exceptional performance.

Sangster's is committed to giving each customer excellent service that encourages loyalty. This high standard has built **Sangster's** from its initial single store to a Canada wide franchise. Through the successful pursuit of our company's philosophy and the continued contribution of our people, we expect our company to achieve and sustain a leadership share in the marketplace, and as a result, our stores, our people and the communities in which we live and work will flourish and grow.

Our Core Values:

We recognize value as “a measure of those qualities that determine merit, desirability, usefulness, and importance.” We value our customer’s health, and strive to provide top quality supplements that will aid in the healing process of their ailments.

Educating our customers to live a preventative lifestyle through the use of natural remedies and helping them find a solution to their health problems is our most important cause for doing business. Our company’s purpose is to exceed our customer’s perceived expectations of a “health food store” experience, by providing Sangster’s customers with more. Our customers crave professional advice and we will provide each customer the opportunity to shop, enjoy and exit the store educated and thoroughly impressed at what they have just learned and the experience they just had.

What sets us apart from our competition is our desire to provide our customers with a better understanding of how our products can provide a health solution. Our largest asset and the one that places us above our competition is our 45 years of experience in the health food and franchise industry. We continue to work with and support many of our preferred suppliers who continue to provide a high quality product for us to offer to our customers.

Beliefs:

We recognize that it is our responsibility to train, educate and produce knowledgeable staff with whom we wish to fulfill our goal of providing a solution to our customer’s ailments. It is our responsibility to our customers that we provide educated staff whom are capable of meeting the needs of each customer, while portraying a professional image.

We want each and every customer to know that Sangster’s cares about your individual health needs. Trust Sangster’s Brand products, for we vow to produce the highest quality available. Value our staff’s advice, for their knowledge is very credible and will help aid in the healing process of your ailments.

We want each and every employee to know that Sangster’s cares about your individual employment needs. You are a very valuable member of this company, one who is on the front lines portraying the Sangster’s image. As a member of Sangster’s you are in a very respected position that requires dedication and commitment to providing a healthy solution for our customers.

We expect anyone working at a Sangster’s location to present themselves as professionals that provide healthy choices and advice for our customers. We expect our retailers to maintain a well-stocked store by presenting multiple facings of our popular products, and single facings of our slower moving products. We expect those retailers to follow the guides that are in place within our manuals, whose purpose is to create a synergistic working environment amongst all staff in all the Sangster’s stores. The policies, procedures, practices and benefits described in the manuals are intended to simplify and organize aspects of our business.

Priorities:

We want our customers to know, feel and recognize that when they visit **Sangster's**, they are the most important person in the world and we care about their individual health needs. To treat every customer as if they were your relative (grandmother, grandfather, mother, father, etc) and we want you to treat them all with care and respect.

When satisfying our customers and their shopping needs, it sometimes means going that extra mile. Do it and let Sangster's Head Office know about the extra mile you went to satisfy one of our customers. At **Sangster's** we like to recognize those who go beyond expectations to meet their customer's needs.

Franchising is the most efficient, effective, and profitable marketing and distribution system in the world. Sangster's business strategy enables both the Franchisor and the Franchisee to fulfill their goals and objectives. Sangster's goal is to increase market share by getting and keeping customers. The strengths of Sangster's are the Sangster's Brand, Sangster's operating system, and the ongoing support which Sangster's provides to its Franchisees. This system is designed to be consistent with the obligations in the Franchise Agreement to ensure that the Franchisee and the Franchisor are working together to build a successful business partnership. Sangster's franchise systems are tried, tested, and true for 45 years. Using progressive and forward thinking we are improving, changing and adapting to our Franchisees and customer's needs.

100 Benefits of Being a Sangster's Franchisee:

1. A team of professionals passionate, accountable and focused on your business;
2. Central point of contact providing solutions for issues and answers to questions;
3. Multiple store visits each year by our trained representatives;
4. To contact suppliers or advertising reps when necessary on behalf of the franchisees;
5. We ensure our franchisees remains our focus and our Head Office Staff assist other departments when necessary;
6. Encourage Franchise consistency so customers have the same experience in each store;
7. Develop new products to bring to marketplace;
8. Find trends and help catch or control negative trends before they become problems;
9. Maintain the POS (Point of Sale) system and troubleshoot/solve issues with and for our franchisees;
10. Call the retail stores to keep in contact and communicate;
11. Maintenance and protection of Sangster's logo and other intellectual properties;
12. Reinforce company identity;
13. Assist our Franchisees on the sales floor and help conduct in-store demos;
14. Advice and help implementing procedures of loss prevention;
15. Provide advice and coaching for staffing and human resources;
16. Continuous attention paid to building brand awareness in existing markets;

17. Provide support tools including product courses that are updated regularly to help our Franchisees;
18. Regular sales and product knowledge training for both franchisees and staff;
19. Provide ongoing advice on promotions designed to increase customer traffic;
20. Professional advice to help determine the best areas to advertise for each store;
21. New products are added to Sangster's brand product line throughout the year;
22. National brand products and lines are continuously added to distribution division;
23. Sangster's Preferred Supplier List is negotiated and updated annually to provide best available discounts to franchisees;
24. Regular staff trainings and regional seminars are conducted for our retail staff as well as the public;
25. Professional business cards and name badges are quickly and easily provided;
26. Fun and exciting contests and prizes are provided to our franchisees, staff and retail customers throughout the year;
27. Guaranteeing Quality Assurance (QA) standards are met for all products;
28. Guaranteeing Natural Health Product Designation (NHPD regulations are met so that products being sold at store level are credible);
29. Sharing existing training plans and custom building new ones with our franchisees;
30. Quick, professional and easily accessible letterhead;
31. Helpful assistance in keeping your Financials up to date;
32. Sharing ideas and suggestions that could benefit your store directly;
33. Offer advice and coaching on improving profit margins;
34. Open and honest relationships are built through regular communication with franchisees;
35. Listen to what our franchisees have to say and implement ideas throughout the system to benefit everyone;
36. Continuous Point-of-Sale (POS) training in order to become a more efficient owner;
37. In-store merchandising assistance and advice for eye-catching results;

38. Creative bulk discounting program available for discounting in-store product displays without sacrificing margin;
39. Professionally build and supply product brochures and pamphlets;
40. Custom bag stuffers for your store;
41. Regular supply of franchise reports to help monitor your success and coach if necessary;
42. Assistance in training your new sales staff or manager;
43. Provide scripts and tips for calling customers or sending surveying letters;
44. Financial, business and cash flow help, assistance or advice;
45. Assistance in developing yearly advertising plans for each franchisee;
46. Regularly supply our franchisees with both product and attractive brand posters for in-store use;
47. Custom built in-store signage available;
48. Custom built or stock ready banners to use in your store;
49. Planning and executing social media marketing;
50. Custom design of print ads;
51. Professional radio script for individual stores;
52. Professional design of multi media for all national sales and events;
53. Case by case customized market analysis;
54. Regular use of the entire company's data base;
55. Professionally designed direct mailings to entice and target existing customers;
56. Store specific local promotions and marketing assistance;
57. Custom floor plan drawing and designing of stores;
58. Professionally designed billboards for sales, promotions and branding;
59. Clean and professionally presented product packaging and labelling;
60. Use of power point presentations to re-train store staff;
61. Website presence and customized store data;

62. Custom built press releases on demand;
63. Individual marketing planning and consulting;
64. National company advertising and marketing planning;
65. Local media buying (TV, radio, newspaper) support and assistance;
66. Production coordination and pricing for printed materials;
67. Customized mass email marketing;
68. Regular inter-company communications;
69. Annual Franchise Convention designed to help build upon your existing business;
70. Worry-free sales flyers designed, printed, and distributed for our franchisees;
71. Customer Appreciation Day planning and execution for our franchisees;
72. Sourcing and prepping secondary supplies such as clothing, pillboxes, mugs etc. for local store branding initiatives;
73. Assistance to stores with local level mailings, emailing, advertising procurement etc;
74. Providing individualized coupons for stores;
75. Assorted graphic design across all media for special one-offs as requested by franchisees;
76. Designing and implementing franchising advertising in new and existing markets;
77. Tradeshow booth design and promotional literature;
78. Strong on-line presence with Facebook, Twitter, and Instagram;
79. Assisting franchisees to the correct person /department to address their specific question;
80. Correspondence with our franchisees is maintained promptly;
81. Provide franchisees with advice regarding their Accounts Receivable (A/R) and Accounts Payable (A/P);
82. Ensuring Distribution Centre (Restore Holdings) product orders are shipped correctly within 24 hours;
83. Process franchisees credits in quick and timely fashion;
84. Answer product questions from consumers, franchisees and staff;
85. Provide franchisees with 'Ask the Expert' Q & A' articles for local advertising;
86. Provide free product samples and gift baskets to our franchisees;

- 87. Provide franchisees with factual data on trending product or customer behaviours;
- 88. Provide a profitability model that consistently works to increase profits to our franchisees;
- 89. Centralized warehouse offers fast receipt of orders;
- 90. Franchisees and staff have access to the company's manufacturing facility for guided tours;
- 91. Franchisee advisory board helps provide 'front line' communication to the franchisor;
- 92. Flexibility to carry all national brands in addition to Sangster's brand;
- 93. Fast customer service advice;
- 94. Assistance in negotiating lease renewals;
- 95. Assistance in renovation and store build outs when the time comes to 'refresh' the retail environment;
- 96. Relocation assistance if ever needed;
- 97. Free Rewards Program that executes innovative customer loyalty marketing for all our customers across Canada;
- 98. Minimal investment to join Sangster's;
- 99. You are never alone;
- 100. More profits

Any or all of these benefits are available to Sangster's franchisees and you are encouraged to contact HEAD OFFICE to take advantage of them.

Sangster's Brand products are independently tested and certified for Purity, Potency, and Quality as well as competitively priced. Building on the strength of Sangster's Brand recognition is one of your strongest assets and a major part of the franchise. Using your product knowledge, you will be able to show the features and benefits of the Sangster's Brand to your customers who will become accustomed to the brand quality. Building on Sangster's Brand quality will build brand recognition which will help increase your market share by getting and keeping customers who rely on Sangster's Brand products. This builds goodwill, which will result in the customer being the best form of marketing. You reduce the impact of your competition because they will not have Sangster's Brand products. This also leads to increasing the number of customers and the profits.

1. **QUALITY You Can Count On!** - We're tough to please because we want the best for our customers. We take extreme care and consideration to find manufacturers who can meet our high standards and maintain consistent quality of our Sangster's brand. This means your customer gets the best product and the best value for their hard earned dollar every time they buy our Sangster's Brand. We Guarantee It!
2. **Manufactured with Care!** - When we put our name on the package it has to be good. We know every time you see a Sangster's product, it has been put to the test and we always pass with flying colors. Only Canadian GMP (Good Manufacture Practices) approved facilities with the highest standards available are used to manufacture our Sangster's Brand Products. Every time you sell a Sangster's Brand Product you can reassure your customers that the products have been tested and retested by third party experts and are the best that they can buy.
3. **Designed to Fit Your Customers Needs!** - We never quit trying to give you the best products possible. New ideas. Improved formulas. That is why we can offer you special products for women, children, men, and athletes and we don't stop there.
4. **Freshness Guaranteed!** - You never have to worry about how fresh our products are! We use industry standard expiration dates. We only buy small amounts of raw materials when we make our products. A lot of manufacturers buy large quantities ... that sit and age between orders. Our products are always made with fresh ingredients ... which gives you the best quality possible!

5. **Brand Recognition and Loyalty!** – Since 1971, Sangster's has done a tremendous thing called **Brand Recognition**. Across Canada, Sangster's has built a reputation of quality health products and we continue to build on that today. It is up to all of us to promote the brand name "Sangster's". One of your objectives is to make your customers brand loyal. Remember your customers must come back to your store to purchase Sangster's Brand products. They **cannot** buy them at any other health store, grocery store, drug store, or department store. Sangster's is the **only** company who **can** give you this guarantee.

Instilling these 5 points of selling Sangster's brand for you and your staff makes it easy to fulfill Sections 6.1 (t) and 6.2 (c) of your Franchise Agreement that requires the Franchisee "to carry a minimum quantity of at least two (2) bottles of each Franchise System Brand of Product (each available SKU) at all times." It also requires of the Franchisee that "at least fifty percent (50%) of its monthly purchases of Products (by cost) shall be supplied by Franchisor (Restore Holdings o/a Sangster's) and shall consist of proprietary Products bearing or associated with the Trade-marks specifically manufactured, warehoused, packaged or labeled by or for Franchisor."

In order to maintain the high quality and uniform standards, methods, procedures, techniques and specifications associated with the system and the trade marks, and to promote and protect the goodwill associated there within, all Franchisees must comply with their obligations as they are written in the Franchise Agreement. The obligations in the Franchise Agreement are to ensure that the Franchisee and Franchisor are working together to build a successful business partnership. This partnership builds on an already successful business strategy and brand name. If one Franchisee tries to do something that is not allowed in our system it reflects on all other locations and that will not be tolerated.

A major goal of **Sangster's** is to keep our employees informed of current policies and updated information. We feel that this **Retail & Operations Manual** is one way we can accomplish this goal.

The policies and guidelines contained in this manual may be changed or amended by Head Office at any time, with or without notice. This **Retail & Operations Manual** supersedes all past, written or verbal, expressed or implied policies, handbooks, standards, benefits and programs outlined within it. The same applies to all company policies and procedures not referred to in this Manual.

PROCEDURES:

- All franchisees and employees shall be expected to read this Manual in its entirety.
- Employees will then be expected to sign a statement that they have done so and understand that all procedures and policies pertain to them.
- Although the Manual is readily available in all stores for employees to review at any time, it will not be removed from the store for any reason.
- The Manual has been prepared so that when policies change, the old policy page can be removed and the new policy page inserted. Prompt replacement of outdated pages will help to keep the Manual current.
- All policies, practices, procedures and benefits described in this Manual may be improved, modified, changed or discontinued upon posted notice by **Sangster's** head office.
- Changes to policies, practices, procedures and benefits will be made through memos. New or updated policies or procedures will be distributed to each store along with a memo. The updated information shall be read by every Franchisee and employee then inserted into the Policy and Procedures Manual.
- **Sangster's** expects all franchisees and employees to understand all modifications and changes made to the Manual. In this regard, every employee shall be asked to sign a memo accompanying the changes acknowledging his or her review and acceptance of the changes. It is understood, however, that a franchisee or employee's signature is not necessary for the terms to be effective. All franchisees and employees are expected to abide by all the rules and regulations whether or not he or she signs the memo.

- All policy and procedure changes are intended to simplify, organize or clarify aspects of the business. If you are not able to understand the purpose of a policy or the function of a change, please communicate to your manager or Franchisee. Head Office is ready and willing to address your questions and ensure clarification.
- Nothing in the Retail & Operations Manual is to be construed as a guarantee of hours or days of work or continued or permanent employment.
- All employees of **Sangster's** are employed at-will. No employee has the authority to modify the at-will status either verbally or in writing.

Sangster's supports the development and maintenance of relationships with Franchisees/Managers which enhances openness of communication. Productivity of Franchisees/Managers and service to customers are most effectively accomplished when all people involved feel free to talk, ask questions and voice concerns.

PROCEDURES:

1. Problem Resolution

- a. Franchisees/Managers who have concerns about the franchise, conditions of the franchise or any issues which they feel require Sangster's attention are encouraged to discuss the issues with the appropriate person indicated in the Support Franchise Directory.

2. Support Franchise Directory

- a. All Franchisees/Managers are encouraged to use Sangster's Support Franchise Directory as a resource. Each department and their representatives serve a unique role in assisting Franchisees, Managers and Employees.
- b. The following list of issues represents most of the areas in which the Merchandising Department assists Franchisees/Managers and the Company:
 - Buying store inventory
 - Merchandising store inventory
 - Management and control of store inventory
 - Planning store and product promotions
 - Selling store inventory
- c. The following list of issues represents most of the areas in which the Marketing and Sales Promotion Department assists Franchisees/Managers and the Company:
 - Advertising your store location
 - Displays (interior, exterior, windows and signs)
 - Planning and executing national promotions
 - Public relations

- d. The following list of issues represents most of the areas in which the **Operations Department** assists Franchisees/Managers and the Company:
- Restore Holdings sales/customer service
 - Purchasing for Restore Holdings
 - Shipping and receiving of Restore Holdings inventory
 - Restore Holdings stock/warehouse
- e. The following list of issues represents most of the areas in which the **Franchise Systems Department** assists Franchisees/Managers and the Company:
- Company memos / newsletters
 - Interpreting personnel policies and procedures
 - Orientation and training
- f. The following list of issues represents most of the areas in which the **Finance and Control Department** assists Franchisees/Managers and the Company:
- Accounting and record keeping
 - Budgeting
 - Credit and collections
 - Inventory control
 - Merchandise statistics and information
 - Sales audits

**Sangster's Franchise Office
SUPPORT STAFF DIRECTORY**

Merchandising Department			
Function	Title	Location	Phone /Extension
Buying Store Inventory	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Merchandising Inventory	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Management of Inventory	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Planning Store Promotions	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Selling Inventory	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135

Marketing and Sales Promotion Department:			
Function	Title	Location	Phone /Extension
Advertising your Location	Marketing Coordinator	Head Office	1-877-653-4481 Ext. 136
Planning & Executing National Promotions	Marketing Coordinator	Head Office	1-877-653-4481 Ext. 136
Public Relations	Marketing Coordinator	Head Office	1-877-653-4481 Ext. 136

Operations Department			
Function	Title	Location	Phone /Extension
Restore Holdings Sales	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Purchasing for Restore Holdings	Purchaser	Head Office	1-877-653-4481 Ext. 124
Shipping and Receiving	Warehousing Manager	Head Office	1-877-653-4481 Ext. 124

Franchise Systems Department			
Function	Title	Location	Phone /Extension
Memo's/Blog/ Newsletters	Advertising	Head Office	1-877-653-4481 Ext. 136
Interpreting Policies and Procedures	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Training	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135

Finance and Control Department			
Function	Title	Location	Phone /Extension
Accounting and Record Keeping	Admin. Assistant & Financial Controller	Head Office	1-877-653-4481 Ext. 130, 131
Budgeting	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Credit and Collections	Admin. Assistant & Financial Controller	Head Office	1-877-653-4481 Ext. 130, 131
Inventory Control	Purchaser	Head Office	1-877-653-4481 Ext. 124
Merchandise Statistics & Info	Franchise Rep	Head Office	1-877-653-4481 Ext. 132, 135
Sales Audits	Admin. Assistant & Financial Controller	Head Office	1-877-653-4481 Ext. 130, 131

The store listing is of each store, their address, phone and fax numbers and emails along with the contact person either the manager or franchisee. This list is updated with any changes to managers, franchisees or locations.

