

APPENDIX C
Craft Distillery – Criteria

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To be a Craft Distillery, as a British Columbia Licensed Manufacturer:

- 1) All of your Product* is fermented and distilled at your Licensed Establishment using 100% BC agricultural inputs.
- 2) Your total annual production of Product is:
 - a) less than 50,001 litres per year and therefore mark-up free/no remittance. If your Licensed Establishment is under common ownership and/or common management with other licensed establishments with distillery licences, the combined production of all distilleries will be used to determine compliance with the 50,000 litres production limit. In order for one to qualify for a Craft Distillery that is mark-up free/no remittance designation, all distilleries under common ownership and /or common management** must meet the criteria. Your Products must be produced utilizing traditional distilled spirit making techniques. Production of spirit cooler products or other highly processed products are not permitted. The use of neutral grain spirits in the production of any Products is not permitted; or
 - b) greater than 50,000 litres per year but less than 100,001 litres and therefore a Transitioning Craft Distillery and mark-up/ remittance will be paid in accordance with the rates set out in Appendix D. If your Licensed Establishment is under common ownership and/or common management with other licensed establishments with distillery licences, the combined production of all distilleries will be used to determine compliance with the Transitioning Craft Distillery production limit. In order for one to qualify for a Transitioning Craft Distillery, all distilleries under common ownership and /or common management** must meet the criteria. Your Products must be produced utilizing traditional distilled spirit making techniques. Production of spirit cooler products or other highly processed products are not permitted. The use of neutral grain spirits in the production of any Products is not permitted.
- 3) Licensed establishments producing liquor that do not meet the above criteria for a Craft Distillery will be classified as a Commercial Distillery subject to the terms and conditions of the LDB's agreement with Commercial Distilleries.

The LDB retains the right, in its sole discretion, to determine if a licensed establishment with a distillery license meets the criteria for a Craft Distillery including a Transitioning Craft Distillery.

* Product” means the Liquor manufactured by you at your Licensed Establishment to its final, finished, saleable state intended for consumption, whether in bulk or packaged form, ready for purchase.

** Common ownership and/or common management, in relation to two or more licensed establishments with distillery licences means:

- Any shareholder holds 20% or more of the common shares of each licensed establishment with a distillery licence and/or;
- The licensed establishments have common directors and/or officers who collectively hold 50% of the votes at any director's meetings or who share two or more senior employees who direct the licensed establishments distillery business and/or;
- A licensed establishment with a distillery licence owns shares in another licensed establishment with a distillery licence.