

Independent Store Operator
Information Brochure





Part of Alimentation Couche-Tard



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Founder's Message

When I opened my first store four decades ago, I was optimistic about our future success. But I could not have imagined the structure and scale of today's Couche-Tard! Our roots in a bilingual and multicultural society helped us create a unique business model which balances rigorous, disciplined organizational methods and practices with an open, confident and respectful culture that encourages local operations to flourish.

Over the last four decades, Couche-Tard has undergone three major transformations, emerging stronger each time. First, from a string of convenience stores, without fuel, open 7 a.m. to 11 p.m., we grew into a network with fuel, pioneering 24/7 service. When regulations allowed grocery stores to expand their business hours, Couche-Tard positioned itself, in our second transformation, as a convenience company that sells time, with products for immediate needs and an increasingly recognized brand. In our third transformation, we developed our network in Canada, then into the US and Europe, creating the decentralized business model that drives our success to this day.

With each transformation, we showcased our competitive strengths and truly established our stores as destinations through convenience, proximity and the time we offer customers. In the last year, the astounding growth rate of new technology has been driving the direction of our fourth transformation, which we are entering as we implement digital systems that will integrate big data and artificial intelligence. It's an exciting time to be a retailer!

Millennials are a key demographic for us, both as customers and employees—a generation that influences us and forces us to evolve like no other before it. We are listening to them; customer insights are the wind under our wings in our quest to be the world's preferred destination for convenience and fuel.

Our food offering is constantly evolving to meet tastes and needs throughout our network. Sometimes, super-local ideas can even become super-global successes through our company-wide knowledge exchange and consumer feedback! This year saw many examples from Europe, including Ireland, and from our CST and Holiday acquisitions in North America.

We learn constantly from consumer behaviour. We are creative and nimble, presenting consumers with new choices and services, when they are ready to adopt them. Our ability to target the tipping point where our innovations meet consumer behavioural change has been key to our success.

Accelerating change affects us all. From Boomer social media mavens to teenage YouTube stars, the digital age encompasses everyone and opens up entirely new possibilities for personalization and customization, to woo individuals and to make them feel valued. We will explore all these possibilities, with initiatives that include robotics, artificial intelligence and loyalty programs.



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Together, our teams, our expertise, our culture and our scale equip us to turn these new challenges into success stories in the exciting and ever-changing world of retail. We will continue to grow both organically and through acquisitions, while exercising the outstanding creativity and financial discipline that have delivered on the company's promise through the decades and transformations. All this translates into increasing value for our shareholders, and wonderful new growth opportunities for our people – solid grounds for optimism!

I want to express my deepest gratitude to our customers, our people, our suppliers and our investors, all of whom make this extraordinary journey possible, every day.



Alain Bouchard
Founder and Executive Chairman of the Board



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Couche-Tard / Circle K Timeline & History

- 1970s Alain Bouchard starts by working in his brother's franchise store. After six years in the convenience store industry Alain ventured out on his own and opened his first convenience store in 1980.
- 1980 Official store count = 1.
- 1985 Acquires 11 stores in Quebec bringing with it the Couche-Tard Brand.
- 1986 Total store count 34 and Couche-Tard goes public on the Toronto Stock Exchange.
- 1987 Network grows to 115 stores with the purchase of Depanneur Sept Jours in Quebec.
- 1993 Couche Tard acquires and additional 60 stores from Silcorp Ltd. in Ontario bringing in the first Mac's stores to join the network.
- 1994 Network grows to 304 stores with the acquisition of 86 Perrette stores in Quebec.
- 1997 Acquires 245 Provi-Soir locations in Quebec and 50 Winks locations in Ontario and Western Canada.
- 1999 Couche-Tard makes its largest acquisition to date with the purchase of Silcorp Ltd., bringing an additional 980 stores under the Mac's, Mike's Mart and Beckers banners in Ontario and Western Canada.
- 2001 Couche-Tard acquires the assets of Johnson Oil Company with an addition of 225 stores under the Bigfoot banner marking the entrance of Couche-Tard into the U.S. market.
- 2003 Couche-Tard acquires Dairy Mart stores to further build the U.S market by an addition of 315 stores.
- 2004 Couche-Tard acquires over 2000 Circle K stores in the U.S. bringing its total store count to 4881.
- 2005-2012 Over 1500 additional stores are added to the network under the Circle K banner in Mexico, Vietnam and the South Eastern United States and New Mac's in Atlantic Canada.
- 2012 Couche-Tard makes its move into Europe with the purchase of Stat Oil. Total store count 8,386.
- 2013-2015 220 more locations are added in the United States.
- 2015 Couche-Tard acquires the Pantry in the United States bring the total store count to 10,078.
- 2016 Acquisition of an additional 877 stores in Ontario, Quebec, Ireland, Denmark and Estonia.
- 2017 Couche-Tard gains an additional 1845 stores in the United States, Canada and Estonia.
- 2018 Alimentation Couche-Tard is Canada's largest Company with approximately 105,000 employees worldwide, including corporate and branded employees.



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Circle K's Mission



Circle K Aspiration & Promise



To be the world's preferred destination for convenience & fuel.

All customers have one thing in common, the appreciation of time. Time is the only thing they cannot buy, collect or turn back. We know that time is precious to customers, so we must borrow as little of it as we can and make every visit worth their while. That is our promise, and we never break it.

We care for your time...

Western Canada Vision Model



At Circle K we believe that support staff and the vendors are the foundation that supports our Dealer network.

Independent Store Operator Requirements

- 1. Complete the Mac's Convenience Stores Inc./Circle K application process**
 - Submit a resume to WesternCanadaOpportunities@circlek.com.
 - Pass the interview, tests, reference and credit check.
 - Provide a criminal background check.
- 2. Accepted into New Store Operator Training Course**
 - Cost is non-refundable \$5,500 (plus GST) fee.
 - Details about this deposit will be provided on the training agreement.
- 3. Intensive Training Course**
 - Training is completed in a classroom and a store environment.
 - Training is a minimum of 6 weeks for regular stores or up to 8 weeks for locations with a gas bar.
 - In order to successfully complete the course, an overall testing average of at least 85% must be attained.
 - Follow-up training will be conducted by the Regional Recruitment and Training Managers, the Certified Dealer and the Market Manager.
- 4. Become Independently Incorporated**
 - You will be required to obtain at a minimum the following:
 - Incorporation in your province or Canada
 - Business Number from the federal government
 - GST Registration Number (<http://www.cra-arc.gc.ca>)
 - Registration with the Provincial Workers Compensation Board (WCB)
 - First Aid Certification
 - Provincial Food Safety Permit

***NOTE:** You must also acquire any other licensing, permits and/or certifications deemed appropriate by Mac's Convenience Stores Inc. / Circle K, its subsidiaries, and/or the Provincial or Federal government prior to being assigned a store.*



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- New Store Operators will need to provide Mac's Convenience Stores Inc. / Circle K a Letter of Legal Opinion and a Certificate of Independent Legal Advice to validate their corporation.
Note: This process could cost up to \$1200, depending on lawyer fees (all fees are tax-deductible).
- The corporation will retain its value, as long as it does not go bankrupt.
- You can keep your corporation after you leave Mac's Convenience Stores Inc. / Circle K.

5. Provide up to \$50,000 towards the refundable security deposit

- An additional deposit amount (based on volume) may be required if the location has a gas bar.
- If experiencing inventory "shrink" greater than the income can cover, the difference will come out of the security deposit.
- The security deposit is fully refundable upon termination in accordance to the terms of the contract.

6. Sign a 3-year contract with Mac's Convenience Stores Inc. / Circle K

- The contract specifies that either party must provide 30 days' notice of termination.
- Should either party neglect to provide notice, the other party is owed \$1,000.
- All monies are held for 90 days after termination, until:
 - Accounting is completed
 - A final statement is presented
 - Release forms are signed

Store Operational Responsibilities

1. Staffing

- The staff works for the Independent Operator's corporation, not for Mac's Convenience Stores Inc. / Circle K.
- The Independent Operator's corporation is responsible for paying all staff wages and benefits (these costs are tax-deductible).
- The Independent Operator is responsible for hiring, training and managing the performance of the staff.
- The staff must follow Mac's Convenience Store's Inc. / Circle K's Policies, including but not limited to Tobacco Sales to Minors, Safety & Security, Uniforms and Customer Service.
- The Independent Operator must follow all regulations laid out in the Employment Standards Act and Human Rights Code.

2. Overhead

Mac's Convenience Stores Inc. / Circle K is responsible for the costs associated with:

- All utilities – heat, gas and phone (except for long-distance charges).
- Maintenance services, as directed through the Market Manager.
- Snow and garbage removal.
- Rent and equipment.
- Property and business taxes.
- Cost of inventory purchased.
- Cost of physical inventory counts.



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The Independent Store Operator is responsible for the costs associated with:

- Float monies to establish your operating till, approximately \$750 - \$1500.
- Staff wages and benefits.
- Requests for inventory recounts (beyond what is included in the contract).

Note: This information is for reference only, as the contract will provide official details.

3. Inventory

The Independent Store Operator is responsible for inventory "shrink" (losses) in the store.

- Physical inventory counts are done every 8 weeks by an independent third party.
- Any losses will be charged to the Store Operator on their Dealer Operating Statement.

4. Compliance Standards

- Every period the Market Manager will complete a Store Visit Checklist and supply a copy to the Independent Store Operator.
- A third-party Mystery Shopper will random shop to evaluate the store's customer service, food service and tobacco sales to minors.

5. Support

- The Independent Store Operator will receive follow-up training in the store from the Regional Recruitment and Training Managers, Market Manager and Certified Dealer.
- The Market Manager provides ongoing advice and direction to ensure your success.
- The Merchandising department informs the Store Operator about promotional activities, and provides signage as required.
- The Training Department offers regular courses and seminars throughout the year for both the Independent Store Operator and their staff.
- Independent Store Operators are compensated based on sales (commission), which is variable and can increase or decrease depending on how well the Store Operator manages their business.
- Remittance will be paid every 4 weeks.



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FAQs

After submitting a resume I did not receive a call. When can I expect to?

Due to the high volume of applicants we receive, only those who are deemed qualified will be contacted.

As an Independent Store Operator, will I get paid during training?

No. As an Independent Store Operator, you are not a paid employee of Mac's Convenience Stores Inc. / Circle K and therefore you are not entitled to pay during training.

How long after I apply can I get a store?

There is a recruitment process where each applicant would need to successfully complete a prescreening process and a series of interviews before being enrolled in training.

Once I've successfully completed the New Store Operator Training course, how long will I have to wait before I am offered a store?

It depends on whether there are immediate needs. Please note, that we cannot guarantee when you will be offered a store based on your predetermined geographical preferences.

How much money can I make as an Independent Store Operator with Mac's Convenience Stores Inc. / Circle K?

The potential amount of income you earn is based on several different factors, including but not limited to, your ability to drive sales, manage payroll costs, manage overhead costs, control shrink, etc. Please note that most New Store Operators start off in "lower volume sites" to demonstrate their ability to successfully run a store. After a proven sales record, there is a possibility to transfer to a "higher volume site" depending on your performance and store availability.

Can I own another business while I am an Independent Store Operator with Mac's Convenience Stores Inc. / Circle K?

Yes. You can have another business under the condition that it is not in the same classification as Mac's Convenience Stores Inc. / Circle K or in direct competition with any of our stores. The Independent Store Operators are expected to be 100% dedicated to our stores and ensure Mac's Convenience Store Inc. / Circle K is their primary focus.