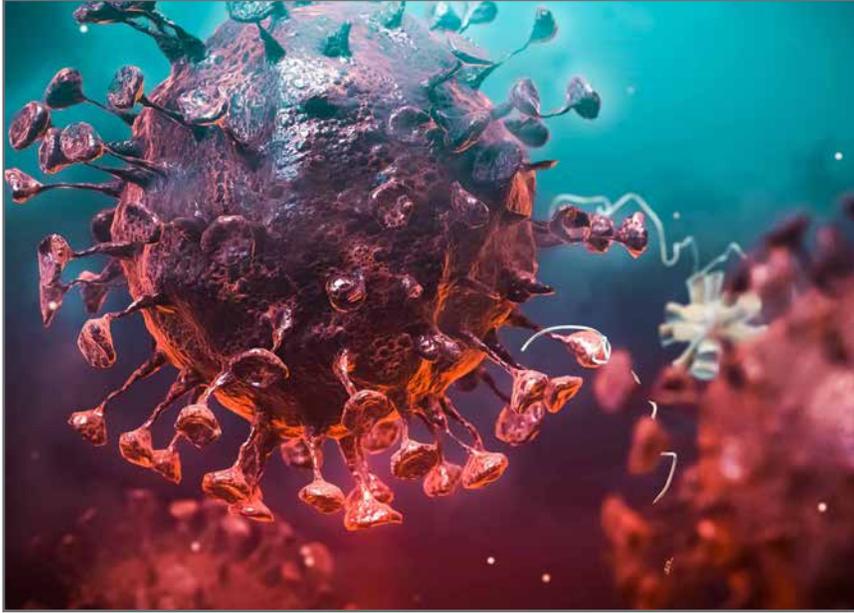


ACCOUNTABILITY · SERVICE · INTEGRITY · PERFORMANCE EXCELLENCE



Virginia Alcoholic Beverage
Control Authority



Responding to the COVID-19 Challenge

Safety and Preparedness Measures for Employees and Customers

On March 23, in response to the growing spread of COVID-19, Governor Ralph Northam issued Executive Order #53 closing non-essential businesses across the commonwealth. As an essential business, the Virginia Alcoholic Beverage Control Authority (ABC) took action to ensure the safety of its nearly 4,000 employees and the thousands of daily customers shopping in its 388 stores throughout the state.





A COMMITMENT TO CLEAN STORES

By reducing store hours for customers, ABC staff had time to thoroughly clean and disinfect stores. In addition to daily cleaning efforts, store associates focused attention throughout the day on the most frequented areas such as checkout counters and bathrooms, and high-touch surfaces such as door handles and knobs. In stores where cases of COVID-19 were suspected or confirmed, the store was closed and professionally cleaned by an outside contractor before being reopened.



PERSONAL PROTECTION EQUIPMENT

The Authority went into action immediately by placing hand sanitizer at all registers for customer and employee use in early March. ABC made an initial purchase of 140 cases of chemical products for disinfecting and sanitizing on March 23, 2020. During the following four weeks ABC secured and distributed 270,000 disposable masks, 10,500 cloth masks, 5,000 boxes of gloves, over 2,000 bottles of hand sanitizer, 1,200 face shields, 1,150 Plexiglas shields (one for each store register and warehouse use), 800 five-gallon drums of hand sanitizer, 2,500 packets of disinfectant cleaning solution and 32 55-gallon drums of bleach that was converted to 1,600 one-gallon jugs and 850 spray bottles. In addition to these acquisitions, retail regional managers and individual purchasing officers made numerous purchases of cleaning and disinfecting supplies out in the field. Since May 2, ABC acquired an additional 200,000 disposable masks, 64,100 gloves, and 400 5-gallon containers of hand sanitizer for future distribution.

The cleanliness and safe operation of ABC stores remain a priority. All ABC employees were required to wear facemasks as of May 1. This requirement was not limited to stores but extended to employees in the Authority's central office and warehouse located in Richmond.



WAREHOUSE EMPLOYEE SAFETY

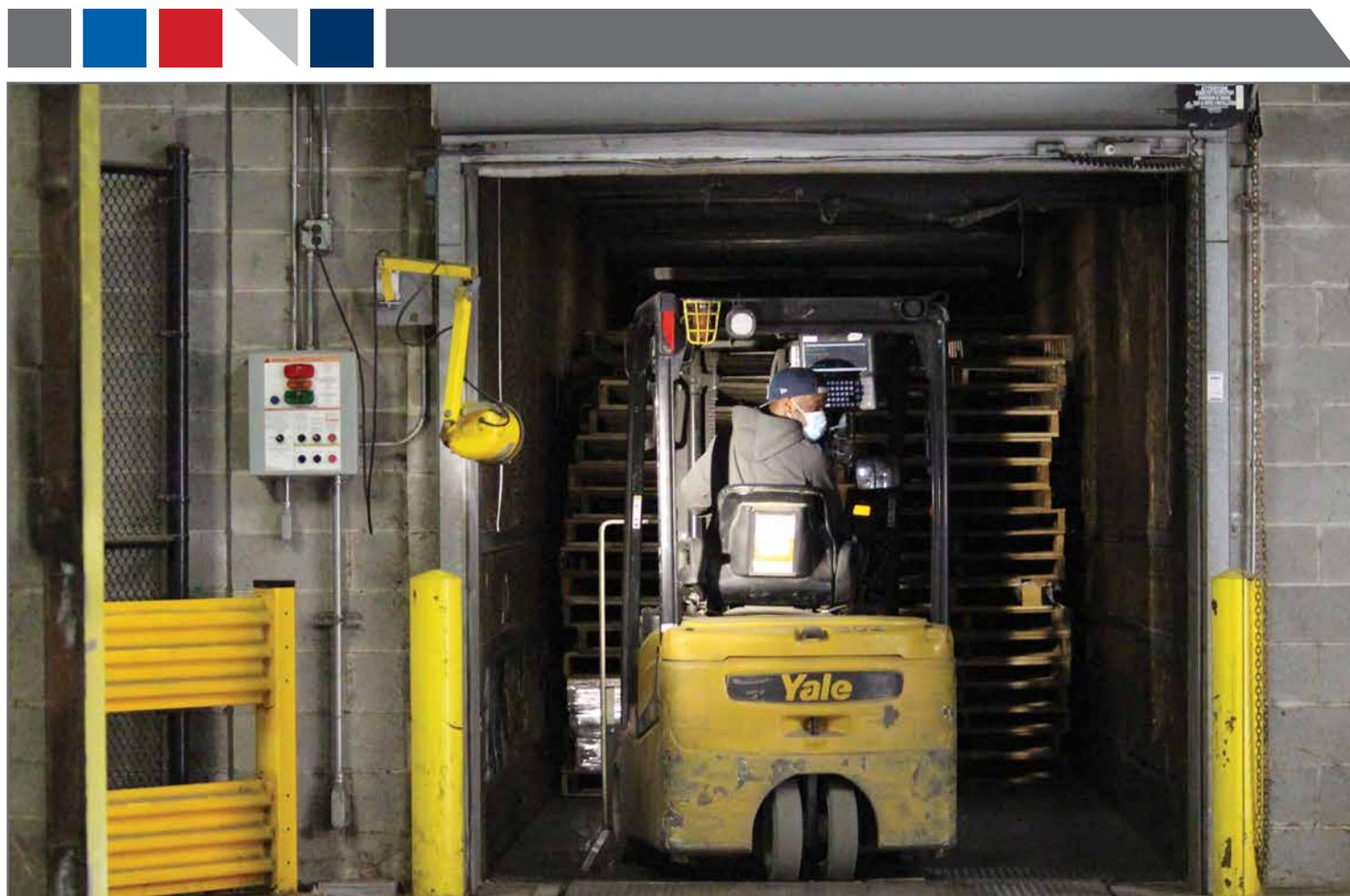
Daily operations in the Authority's warehouse were significantly altered in reaction to the pandemic. ABC discontinued use of the turnstile which allowed employees to enter and exit the facility because it was a frequently touched surface. The Authority's security team monitored employees arrivals and departure to ensure warehouse safety. Additional work stations were added in certain areas to allow for social distancing and to eliminate the sharing of equipment. Employees were provided with supplies and instructed on how to clean equipment at the start and end of their shift.

Employees began to voluntarily wear homemade facemasks, stitched by other ABC employees, weeks before they were required to do so. To reduce the threat of additional exposure for employees, ABC began providing complimentary daily lunches, purchased from local restaurants, to warehouse employees and other essential employees working at central office.

The warehouse implemented additional cleaning protocols. Hand sanitizer and a germicidal cleaner were provided to employees for use at work stations. Employees wiped down forklifts with a bleach solution following every shift. Additional janitorial staff were brought on-site to spot clean and disinfect frequently touched areas. After first break, lunch and last break the shipping platforms and the lunch room high touch areas were cleaned.

An outside vendor performed additional deep cleaning on the weekends. Shipping platforms, pick modules rails, de-palletization, bottle pick and receiving and other high touch areas were cleaned by a professional firm.

After identifying the initial positive test of a COVID-19 case in the warehouse, the work area of the employee (bottle pick) was closed down. Staff members along with the patient quarantined, and the bottle pick area resumed operations after two and a half weeks when staff members returned to work.





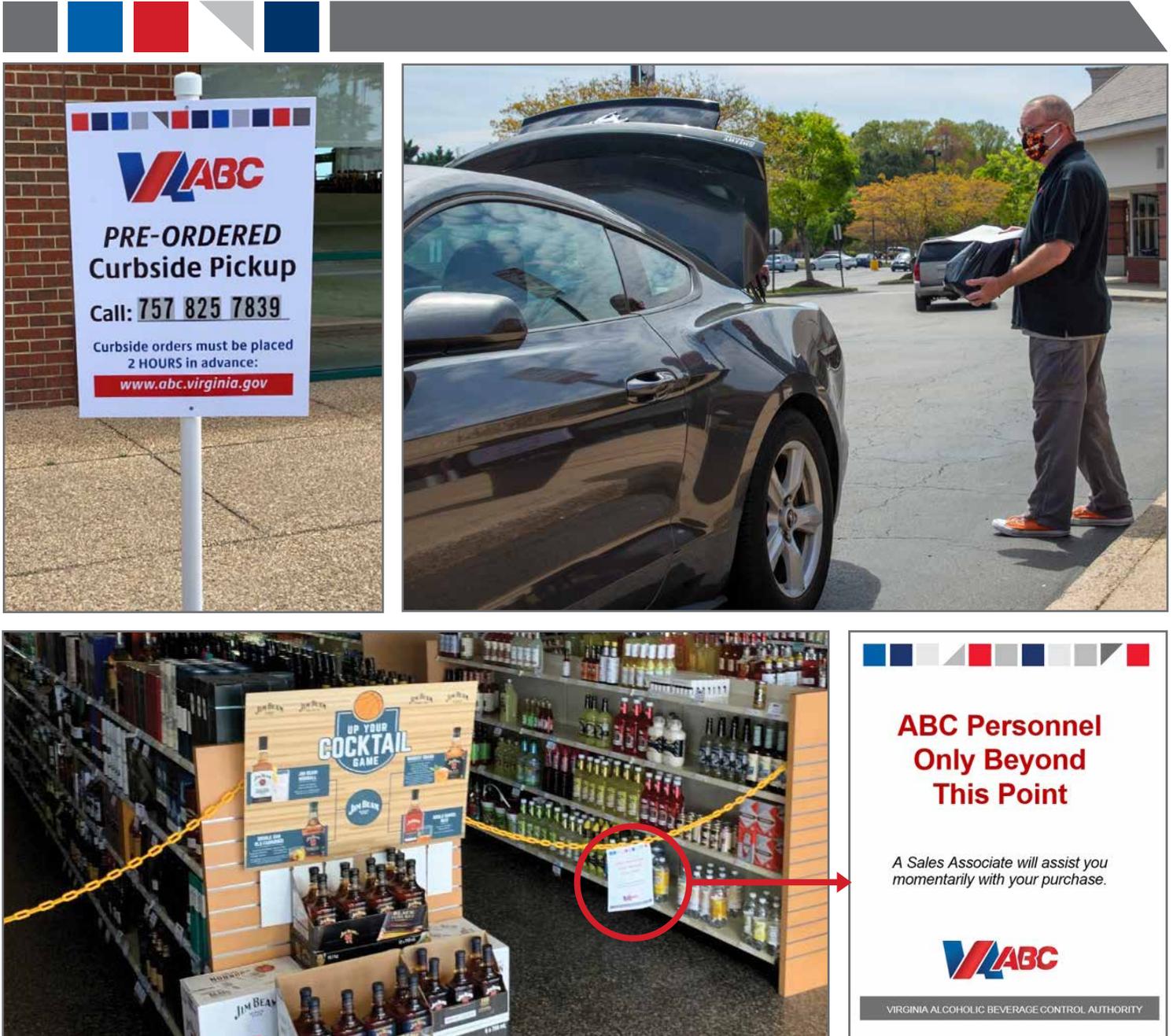
CHANGES TO RETAIL OPERATIONS AND THE ADDITION OF SERVICE OPTIONS

In an effort to comply with social distancing recommendations and maintain safety for customers and employees, the Authority limited the number of customers in a store at one time to no more than 10 to encourage social distancing. Stores also installed social distancing markers to ensure customers stand at least six feet apart from one another. In addition, 25% of stores provided modified counter service where customers stood at a safe distance from others at the front of the store while ABC employees retrieved products at their request.

ABC also adjusted its business model and phased in curbside pickup at nearly all of its stores. The new service allows for contactless pickup of spirits, Virginia wines and mixers from select ABC stores the same day the order is placed, as long

as inventory of the selected products is available in the store. The initiative was piloted on April 17 at a Richmond store, and by May 27, 370 stores across the commonwealth offered this service.

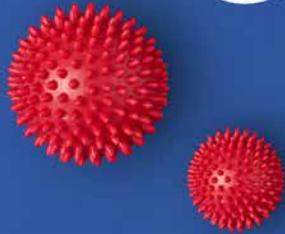
The Authority is also actively developing a pilot program to test the concept of shipping spirits, wine and mixers to customers' homes, reinforcing its commitment to social distancing. Virginia ABC remains committed to safely serving individual customers and licensed businesses.





Virginia Alcoholic Beverage
Control Authority

COVID-19 UPDATES



COMMUNICATING WITH EMPLOYEES AND STAKEHOLDERS

Following its crisis communications guidelines, ABC initiated a direct dialog with employees, customers and other key stakeholders. In the first eight-week time period more than 100 different CEO messages, media alerts, news releases, internal newsletter stories, Twitter posts and other messages were drafted by the Authority's communications team. Since March 13 when ABC sent its initial CEO message to employees, more than 20 COVID-19 updates have been sent to every ABC email account. Likewise, since the Authority sent its first message to customers and industry partners on that same day, it has reached out with an additional nine messages.

ABC stood up a specific COVID-19 page on its website for customers, industry partners and the general public that saw more than 41K visits in its first six days, with more than 218K page visits by the end of week eight. The page included regularly updated and expanded FAQs, current (as well as previously posted) customer/industry partner messages, a list of ABC stores closed because of the pandemic and a detailed explanation of every regulation change ABC initiated to ease concerns for businesses licensed to sell or serve alcohol.

The Authority also stood up a COVID-19 page on its SharePoint site to ensure employees had the latest information on health and safety related operational changes.

ABC utilized its Twitter account, @VirginiaABC, as its official social media platform for COVID-related messaging. The Authority issued 15 news releases, responded to 108 COVID-related media inquiries and participated in more than a dozen TV and radio interviews with media outlets across the state all in an effort to be transparent about the impact of the pandemic on Virginia ABC.

Employees from ABC's communications and web areas participated in daily leadership calls and met virtually twice a day in the morning and at the close of business for regular standups to stay on top of changes that needed to be shared on the above platforms.





FINANCIAL OUTLAY

In addition to the provision of PPE and the establishment of enhanced cleaning protocols, ABC's retail and warehouse teams faced numerous staffing challenges. Increasing employee absences due to self-quarantines and the use of Public Health Emergency Leave (PHEL), led ABC to hire more than 800 new store associates and an additional 30 temporary and eight part-time employees in the warehouse. New social distancing requirements as well as the need to cross-train employees resulted in a slower-paced operation which adversely effected the efficiency of warehouse. Before the onset of COVID-19, the warehouse performed with less than a hundred employees. The current environment requires 20-25% more staffing to match prior levels of efficiency. Further, several work units in retail operations, logistics and enforcement implemented service commitment pay, or hourly wage increases, to acknowledge and reinforce the changes employees made to keep themselves and customers safe from harm.

ABC's commitment to employee and customer safety came with associated expenses. Process changes were also made to properly account for costs related to cleaning and sanitization, employee service commitment pay, PPE, daily cleaning supplies, Plexiglas, signage, employee use of PHEL, and the development of new services such as curbside pickup and home delivery. ABC estimates expenditures nearing \$3.0 million for implementation of the above precautions and customer service initiatives.