

# Terms and Conditions of Purchase

· **AGREEMENT TO PURCHASE** - The Supplier will be deemed to enter into a binding agreement ("this agreement") with the Newfoundland Labrador Liquor Corporation ("NLC") upon either: (a) giving NLC written notice of acceptance of this Purchase Order or (b) supplying the Products ordered herein. This Agreement is subject to all the terms and conditions contained in this document, which will supersede and take precedence over any conflicting provisions of any document submitted by the Supplier.

**Supplier Code of Conduct for Responsible Procurement** – suppliers and agents are encouraged to familiarize themselves with the NLC's Supplier Code of Conduct for Responsible Procurement on the [Suppliers/Trade](#) section of NLC's website.

· **PRICE/QUANTITY**-The price payable by NLC shall not exceed the quoted price shown on the face hereof. The Supplier shall provide NLC with the benefit of any reduction in the price of any product ordered that is in effect prior to delivery to NLC.

If "Ex-Works" is specified, the price will include only the cost of the products, which shall be made available for shipment from the Supplier's warehouse. If "FOB (Port)" is specified, the price will include all charges (including, without limitation, customs clearance and transportation) up to and including loading on board vessel at the designated port of shipment.

**The Supplier shall not change the specific quantity or bottle size ordered nor make any substitutions without the written prior consent of NLC.** Requests to change quantities or bottle sizes or to make substitutions must be communicated, before shipping the products ordered, to the attention of the appropriate NLC buyer. NLC will be deemed to have accepted the changes or substitutions proposed by the Supplier only upon NLC issuing a revised Purchase Order corresponding to the changes or substitutions proposed by the Supplier.

· **PAYMENT**– Unless other payment terms are specified on the face of the purchase order, payment will be due thirty (30) days after receipt at NLC's warehouse of the products in acceptable condition. Payment will be made to the Supplier at the Supplier's address shown on the face hereof unless the Supplier provides NLC written instructions to make payment to a third party. NLC's preferred method of payment is via Electronic Funds Transfer (EFT). Please complete the EFT form and return to [Accounts.Payable@nliquor.com](mailto:Accounts.Payable@nliquor.com).

· **INSPECTION OF PRODUCT** - All product(s) ordered shall be subject to inspection and acceptance by NLC.

· **UNSATISFACTORY PRODUCT** - If, at any time before or after paying for the product(s), NLC determines that all or part of a shipment of any product(s) is unsatisfactory in that it (a) is not of merchantable quality or is defective in any manner; (b) does not satisfy the provisions of any applicable law of Newfoundland & Labrador or Canada; (c) does not comply with any federal or provincial standards established for products of that description; (d) does not match the sample of the same product(s) previously submitted to and approved by NLC; (e) does not match the quality of the same product(s) previously supplied to NLC; (f) is delivered after the date specified for delivery on the face hereof; or (g) does not otherwise comply with the requirements of this Agreement, then NLC, may, in addition to any other remedies available at law or in equity, upon written notification to the Supplier: (i) refuse and return to the Supplier, at the Supplier's risk and expense, all or any portion of the shipment that is unsatisfactory; or (ii) refuse any portion of the shipment which is unsatisfactory and, with the Supplier's approval, dispose of same at the Supplier's expense; provided that where the NLC exercises any of such remedies, the Supplier shall fully indemnify NLC for all costs including, without limitation, the purchase price of the product(s) and the freight expenses incurred in acquiring and returning the product(s) or any portion thereof. Unsatisfactory product that is disposed of by the NLC will be billed back at landed cost plus \$4.00 per case to cover the cost of disposal.

· **DATE SENSITIVE** – Date sensitive products should have at least two-thirds (2/3<sup>rd</sup>) of their projected shelf-life remaining on receipt. Products in NLC Distribution Center within 14 calendar days of their projected shelf-life will be deemed expired and removed from sale. Expired product will be disposed of in an environmentally friendly manner and the supplier will be billed back at landed cost plus \$4.00 per case to cover the cost of disposal.

· **DELISTING/MARKDOWN POLICY** - Any general list product that is delisted may be subject to a markdown at the supplier's expense to clear out remaining inventory. The markdown will be 25% of the landed cost of the product. The new retail will be based on the markdown. For further clarity, suppliers should consult NLC's Listing & Delisting Policy & Procedure manual on the [Suppliers/Trade](#) section of NLC's website.

· **CANCELLATION OF PURCHASE ORDER**-NLC reserves the right to cancel an order in whole or in part at any time without liability and at the Supplier's expense and risk: (a) upon written notice to the Supplier, where the shipment or any part thereof is

unsatisfactory; (b) by giving fifteen (15) days written notice to the Supplier, where, for any reason beyond the control of NLC including, without limitation, any reason relating to the marketing of the product(s), NLC is unable to complete the purchase of the product; (c) upon written notice to the Supplier where the Supplier has failed to comply with any provision of this Agreement; (d) upon written notice to the Supplier where any product(s) has been ordered but has not yet been delivered to NLC's carrier. Notice of cancellation may be given by fax, e-mail, or regular mail.

· **INDEMNITY**-The Supplier shall indemnify NLC, its customers, agents, and other persons it authorizes to sell its product(s) against all liability, loss, damages, including consequential damages, and expenses of every kind (including, without limitation, legal fees) arising in any manner from its breach of any provision of this agreement or from any defect with respect to the product(s), irrespective of the time when the defect is discovered.

· **WARRANTIES**-The Supplier warrants that: (a) the products are of good and merchantable quality; (b) the products are transferred to NLC free and clear of liens, encumbrances, and rights of others. The foregoing warranties are in addition to and shall not derogate from, any express warranty of the Supplier or any other right or remedy NLC may have under applicable law.

· **OFF-SET** – Should the Supplier fail to pay or refund NLC any amounts owing by it pursuant to or in connection with this agreement, when demanded by NLC, NLC may off-set such amounts against monies owed by NLC to the Supplier for other orders for products(s) which it may place with the Supplier.

· **INFRINGEMENT** – The Supplier will be responsible for any infringement of any trademark, patent, industrial design, or copyright arising out of the purchase of the products by NLC hereunder, and agrees to indemnify and save harmless NLC, its customers, agents, and other persons it authorizes to sell the product(s) from and against all damages and expenses arising there from.

· **APPLICABLE LAW** – This agreement shall be governed by the laws of Newfoundland and Labrador and Canada, excluding the United Nations Convention on Contracts for the International Sale of Goods. Any legal proceeding relating to this Agreement shall be submitted to the exclusive jurisdiction of the Courts of the province of Newfoundland and Labrador, Canada.

· **PACKAGING AND LABELLING** - On the labels affixed to containers of wines, beers and spirits the percentage of alcohol by volume at 20C/68F must be indicated on the label along with the net contents as required under applicable Federal and Provincial laws and regulations. All products must be packaged in shipping containers (cartons/trays) which meet or exceed the appropriate requirements established under the Canadian Association of Liquor Jurisdictions' Product Identification Standards for use in the Distribution of Beverage Alcohol. These standards prescribe minimum requirements for package design, strength and construction, in addition to applicable mandatory markings (including without limitation, Universal Product Code (UPC), Shipping Container Code (SCC), EAN bar coding and labelling and standards for tamper evident packaging). Shipping containers must be sealed in a manner that will plainly show any evidence of tampering. No hay or straw or other fodder packing may be used in a shipment to Newfoundland and Labrador. Additional information regarding Product Labelling Requirements can be found on the [Suppliers/Trade](#) section of NLC's website.

· **NON-COMPLIANT PACKAGING** - In instances of non-compliance with packaging and/or labelling standards NLC will charge a minimum \$50 administration fee, plus an additional \$50 per hour to bring products up to standard.

· **Case Weights** – The maximum case weight for shipping containers is **18.9 kg or 41.6 lbs**. Shipping containers found to be in excess of this weight will be assessed a non-compliance penalty and/or may be dismantled and re-packed to be brought into compliance. Non-compliance penalties and/or rework charges are debited against the supplier's corporate account and deducted from payment.

· **PALLETIZATION** – All products manufactured or packaged and delivered within Continental North America must be delivered on CHEP or equivalent pallets. Pallets shall contain no more than one Stock Keeping Unit (SKU). Partial pallets may be stacked provided each pallet contains no more than one SKU and the tiers are in even increments, e.g., each tier contains an equal number of shipping containers.

Maximum Pallet Height is 62" (height of pallet plus product).

· **ADVERTISING MATTER** – Advertising matter of any sort must not be enclosed in cases or attached to bottles (excluding approved neck tags) or shipped in NLC containers. Unsolicited shipment of non-alcohol items in NLC containers is prohibited.

· **SHIPPING DOCUMENTATION** – All shipping documentation concerning the transportation of the products, including without limitation a commercial invoice, and certificate of origin where appropriate, should be provided to the carrier or freight forwarder at the time the products are shipped.