

# LCBO PURCHASE ORDER TERMS AND CONDITIONS

Effective August 1, 2007

The following terms and conditions apply to, and form part of, each purchase order for the purchase of beverage alcohol products ("Purchase Order") issued by the Liquor Control Board of Ontario ("LCBO"). For the purposes of this Purchase Order, any reference to products includes the packaging and labeling of the beverage alcohol products.

## 1. Agreement To Purchase

The Supplier will be deemed to have entered into a binding agreement (the "Agreement") with the Liquor Control Board of Ontario (the "LCBO") upon (a) signing and returning the acknowledgement copy of the Purchase Order; (b) giving the LCBO written notice of acceptance of the Purchase Order; or (c) supplying the product(s) ordered in the Purchase Order. The 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.

## 2. Price/Quantity

The price payable by the LCBO shall not exceed the quoted price shown in the Purchase Order. The Supplier shall provide the LCBO with the benefit of any reduction in the price of any product ordered that is in effect prior to delivery to the LCBO.

Unless otherwise specified in the Purchase Order, all references to monetary amounts shall be in Canadian Dollars.

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

## 3. Payment

Payment will be made to the Supplier at the Supplier's address shown on this Purchase Order unless the Supplier provides the LCBO written instructions to make payment to a third party. Payment will be made by wire transfer to the account identified by the Supplier to the LCBO. Consignment purchase orders, excluding High Volume Consignment, payment will be made to the Supplier within thirty (30) days after depletion in the LCBO warehouse of the last case of product identified on this Purchase Order. For the High Volume Consignment Program Purchase Orders, payment will be made to the Supplier on an ongoing basis for product as it is paid for and removed from the LCBO warehouse. All other Purchase Orders the payment will be due thirty (30) days after the LCBO's receipt at its warehouse of the product(s) in acceptable condition.

All Supplier communications to the LCBO concerning payment should be directed to the LCBO Finance portal, iSupplier located on the website [http://www.lcbotrade.com/accounts\\_payable.htm](http://www.lcbotrade.com/accounts_payable.htm)

## 4 Inspection of Product

All product(s) ordered shall be subject to inspection and acceptance by the LCBO. Such acceptance will be given within a reasonable time after receipt of the product(s) at the LCBO's warehouse, if the product is in satisfactory condition as described herein.

## 5. Unsatisfactory Product

If, at any time before or after paying for the product(s), the LCBO determines in its sole discretion that all or any part of a shipment of any product(s) is unsatisfactory in that such product(s) (a) is not of merchantable quality or is defective in any manner; (b) does not satisfy the provisions of any applicable law of Ontario 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 the LCBO; (e) does not match the quality of the same product(s) previously supplied by the Supplier to the LCBO; (f) is delivered after the date specified for delivery in the Purchase Order; (g) is subject to or may become subject to any claim, allegation, suit or dispute whatsoever including without limitation a claim, allegation, suit, or dispute that the product(s) violates or infringes any trade marks, patents, industrial designs, copyrights or other intellectual property rights of any person or (h) does not otherwise comply with any covenant, warranty or other requirements of this Agreement, then the LCBO may, in addition to any other remedies available at law or in equity or under Section 10(d) upon written notification to the Supplier: (i) 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 LCBO exercises any of such remedies, the Supplier shall fully indemnify the LCBO for all costs including, without limitation, the purchase price of the product(s), import duties and the freight expenses incurred in acquiring and returning the product(s) or any portion thereof.

**6. Cancellation of Purchase Order**

The LCBO reserves the right to cancel this Agreement 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 determined by the LCBO to be unsatisfactory within the meaning of Section 5; (b) by giving fifteen (15) days written notice to the Supplier, where, for any reason beyond the control of the LCBO including without limitation, any reason relating to the marketing of the product(s), the LCBO is unable to complete the purchase of the product(s); (c) upon written notice to the Supplier where the Supplier has failed to comply with any covenant, warranty or provision of the Agreement including failure to adhere to the provisions of the LCBO's Product Management Procedures as published from time to time, or (d) upon written notice to the Supplier where any product(s) has been ordered but has not yet been delivered to the LCBO's carrier. Notice of cancellation may be given by fax, mail, email or personal delivery.

**7. LCBO's Product Management Procedures**

The Supplier must, at all times, comply with the provisions of the LCBO's Product Management Procedures as amended from time to time relating to the product(s) ordered, which shall form part of the Agreement, but such Product Management Procedures shall not limit the rights and remedies of the LCBO contained herein. A copy of such Product Management Procedures may be obtained at [www.lcbotrade.com](http://www.lcbotrade.com).

**8. No Price Discrimination**

The Supplier shall not sell any product(s) ordered to the LCBO at a price (exclusive of taxes, duties and freight) which is higher than the price at which the product, in the same quantity, is being sold by the Supplier to another government liquor board or government purchasing body in Canada, nor shall it sell any product(s) to the LCBO upon terms and conditions respecting sale or delivery which are less advantageous than those offered to other government liquor boards or government liquor purchasing bodies in Canada; nor shall it in any other way discriminate against the LCBO with respect to the sale of the product(s) ordered or any portion thereof. Should the Supplier breach this provision, it shall pay to the LCBO on demand an amount equal to the difference between any amount(s) paid by the LCBO to acquire the product(s) which is in excess of the amount(s) paid by any other government liquor board or government liquor purchasing body in Canada to acquire such product(s).

**9. Title**

Title to and risk of the product(s) shall pass the LCBO upon acceptance thereof by the LCBO but this provision shall not limit the LCBO's rights and remedies under this Agreement. The Supplier will procure all necessary export permits or licenses at the Supplier's sole expense.

## **10. Indemnities**

The Supplier shall indemnify and save harmless the LCBO, its board members, officers, employees, customers, agents, representatives and persons it authorizes to sell the product(s) from and against all liabilities, losses, suits, claims, demands, damages, including consequential damages, and expenses of every kind (including, without limitation, legal fees on a solicitor client basis) arising in any manner (a) from its breach of any covenant, warranty or other provision of the Agreement or (b) from any defect with respect to the product(s), irrespective of time when same is discovered or (c) from any violation or infringement by the product(s) or the Supplier of any trade marks, patents, industrial designs, copyrights or other intellectual property rights of any persons including without limitation from any allegations of such infringement or violation which are made by any person even if such allegations are false or (d) from product(s) which is determined by the LCBO to be unsatisfactory within the meaning of Section 5.

## **11. Warranties**

The Supplier warrants that: (a) the products are of good and merchantable quality and will comply with the provisions of this Purchase Order; (b) the products are fit for the purposes for which the products are intended to be used; (c) the products are transferred to the LCBO with good title free and clear of liens, encumbrances and rights of others; and (d) neither the Supplier nor the products shall violate or infringe the trade marks, patents, industrial designs, copyrights or other intellectual property right of any person.

The foregoing warranties are in addition to and shall not derogate from, any express warranty of the Supplier or any other right or remedy which the LCBO may have under applicable law.

## **12. Assignment**

This Agreement and the rights and obligations hereunder may not be assigned, subcontracted, transferred or ceded by operation of law or otherwise without the consent of the LCBO which may be withheld in its sole discretion.

## **13. Set-off**

Should the Supplier fail to pay or refund to the LCBO any amounts owing by it pursuant to or in connection with this Agreement, when demanded by the LCBO, the LCBO may set-off such amounts against monies owed by the LCBO to the Supplier for other orders for product(s) which it may place with the Supplier.

## **14. Time of Essence**

Time shall be of the essence with respect to this Agreement.

## **15. Applicable Law**

This Agreement shall be governed by the laws of Ontario 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 Ontario, Canada.

## **16. Remedies Cumulative**

The provisions of this Agreement, and the rights and remedies of the parties under this Agreement are cumulative and are without prejudice and in addition to any rights or remedies a party may have at law or in equity; no exercise by a party of any one right or remedy under this Agreement, or at law or in equity, shall operate so as to hinder or prevent the exercise by it of any other right or remedy. No waiver of a breach of any provision herein shall constitute a waiver of any other breach of such provision.

## **17. English Language**

The parties hereto confirm their desire that the Agreements, along with all other documents including all notice relating hereto, be written in English language. Les parties aux presentes confirment leur volonte que cette convention de meme que tous les documents, y compris tout avis, s'y rattachant, soient rediges en anglais.

## **18. Packaging and Labeling (Pre-Packaged Products)**

All products must be packaged in shipping containers (cartons/trays) which meet or exceed the appropriate requirements established under the LCBO's Product Packaging Standards and Canadian Association of Liquor Jurisdictions' Product Identification Standards for use in the Distribution of Beverage Alcohol, as published from time to time. These standards prescribe minimum requirements for package design, strength and constructions, in addition to applicable mandatory markings (including with limitation, U.P.C., shipping containers, EAN bar coding and labeling and standards for tamper evident packaging). All products must conform to the packaging requirements outlined in the LCBO's Product Management procedures as published from time to time. No hay, straw or other fodder packing may be used in a shipment to Ontario. Cases and shipping containers must be sealed in a manner that will plainly show any evidence of tampering.

Unless otherwise specified by the LCBO, the following information must be shown on each end of the case or carton: (a) LCBO Product Number (lettering must be a minimum height of 2.54 cm or one inch); (b) Unit size (in litres or millilitres); (c) Number of units per case; (d) Product Name and Vintage date (if applicable); (e) Product type (e.g. White Table Wine); and (f) LCBO Purchase Order Number (lettering must be a minimum height of 2.54 cm or one inch). Cartons must be of sufficient strength to withstand reasonable storage periods in a palletized warehouse and no head space is allowed between the unit and the cardboard.

## **19. Bulk Alcohol**

Shipments of bulk alcohol must be accompanied by a gauge sheet showing the contents of each cask in litres, the net tare and gross weights and the percentage of absolute alcohol by volume.

Percentage of obscuration is also to be shown for liquors only.

## **20. Advertising Matter, Etc.**

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

## **21. Shipping Documentation**

The Supplier shall provide shipping documentation for the products ("Shipping Documents") for each shipments, including without limitation, a Bill of Lading, Canada Customs Invoice and Certificate of Origin and any other documents required to support a claim (where applicable) for preferred tariff treatment under any applicable international trade agreement. The Supplier shall ensure that all Shipping Documents are fully and accurately completed and are delivered to the carrier or freight forwarder at the time the product are shipped.

## **22. Shipping Pallet Pattern**

If a shipping pallet pattern is designated in the Purchase Order, then the Supplier shall ship in the pallet configuration shown (cases per tier x number of tiers per pallet).

## **23. Type**

If a transportation platform type is designated in the Purchase Order, then the Supplier shall load the products according to such designation. "Type" refers to the platform to be used to transport product, where "C" means clamp loaded, "P" means pallet loaded and "Sn" means slip sheet loaded, where "n" refers to the number of tiers between slip sheets.