

ANBL PURCHASE ORDER TERMS AND CONDITIONS

EFFECTIVE 08/24/2017

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 Alcohol New Brunswick Liquor (“**ANBL**”). For the purposes of this Purchase Order, any reference to products includes the packaging and labelling of the beverage alcohol products. The terms and conditions set out in this Purchase Order apply to purchases by ANBL for products for sale through its retail channels, through its wholesale channels, or both, as applicable.

SECTION A. Terms and Conditions applicable to every Purchase Order. (The terms and conditions in Section A below apply to every Purchase order issued by ANBL.)

1. AGREEMENT TO PURCHASE: The Supplier will be deemed to have entered into a binding agreement (the “**Agreement**”) with ANBL upon: **(a)** signing and returning the acknowledgement copy of the Purchase Order; **(b)** giving ANBL written notice of acceptance of the Purchase Order; **(c)** supplying the products 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. Any Supplier proposal for additional or different terms or conditions or any attempt by the Supplier to vary the terms and conditions in this Agreement by any means will be considered as proposals for addition to this Agreement and will not be binding unless expressly agreed to in writing by ANBL.

2. PRICE/QUANTITY: The price payable by ANBL shall not exceed the quoted price shown in the Purchase Order. The supplier shall provide ANBL with the benefit of any reduction in the price of any product ordered that is in effect prior to delivery to ANBL.

If “Ex Cellar” is specified, the price includes 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 includes all charges (including, without limitation, customs clearance and transportation) up to and including loading on board vessel at the designated port of shipment. If “FCA (Forwarder’s Warehouse)” is specified, the price includes all charges (including, without limitation, customs clearance and transportation) up to and including delivery to the designated warehouse.

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 ANBL. 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 ANBL buyer. ANBL will be deemed to have accepted the changes or substitutions proposed by the Supplier only upon ANBL issuing a revised Purchase Order corresponding to the changes or substitutions proposed by the Supplier. ANBL assumes no obligation for products shipped in excess of quantities ordered hereunder and may return any excess products to the Supplier at the Supplier’s expense.

3. PAYMENT: Unless other payment terms are specified in the Purchase Order, payment will be due thirty (30) days after the receipt of the product(s) in acceptable condition by **(a)** ANBL at its warehouse; or **(b)** by ANBL's customer (on behalf of ANBL) at the applicable Ship to Location. Payment will be made to the Supplier. Payment will be made by electronic funds transfer unless the parties agree otherwise.

4. SET-OFF: Should the Supplier fail to pay or refund ANBL any amounts owing by the Supplier to ANBL, whether pursuant to or in connection with the Agreement or otherwise, when demanded by ANBL, ANBL may set-off such amounts against any amount that is or becomes payable by ANBL to the Supplier for other orders for product(s) which ANBL has placed or may place with the Supplier. ANBL, in its sole discretion, may set-off any amount that is or becomes payable by the Supplier to ANBL, whether in connection with the Agreement or otherwise, against amounts that become payable to the Supplier under the Agreement.

5. INSPECTION OF PRODUCT: All product(s) ordered shall be subject to inspection and acceptance by ANBL, or where applicable, ANBL's customer (on behalf of ANBL). Such acceptance will be given within a reasonable time after receipt of the products at ANBL's warehouse or applicable Ship to Location, if the products are in satisfactory condition as described herein.

6. UNSATISFACTORY PRODUCT: If, at any time before or after paying for the product(s), ANBL determines in its sole discretion that all or any part 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 New Brunswick or Canada; **(c)** does not comply with 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 ANBL; **(e)** does not match the quality of the same product(s) previously supplied by the Supplier to ANBL; **(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 trademarks, patents, industrial designs, copyrights or other intellectual property rights of any person; **(h)** does not correspond with the description of the products in the Purchase Order; or **(i)** does not otherwise comply with any covenant, warranty or other requirements of the Agreement, then ANBL may, in addition to any other remedies available at law or in equity or under Section 17(d), upon written notification to the Supplier: **(A)** return to the Supplier, at the Supplier's risk and expense, all or any portion of the shipment that is unsatisfactory; or **(B)** refuse any portion of the shipment which is unsatisfactory and dispose of same at the Supplier's expense, unless within ten (10) days after being notified by ANBL that the products are unsatisfactory the Supplier requests ANBL to return the unsatisfactory products to the Supplier, at the Supplier's risk and expense. Notwithstanding clause (B) in the preceding sentence, ANBL is not required to return unsatisfactory product that has been transferred from an ANBL warehouse to an ANBL retail store or other Ship to Location and ANBL may, in its sole discretion and without Supplier's approval, dispose of such unsatisfactory product, at the Supplier's expense. Where ANBL exercises any remedy provided in this section, the Supplier shall fully indemnify ANBL for all costs including, without limitation, the Landed Cost of the product(s), the freight expenses incurred in returning the product(s) or any portion thereof and expenses incurred disposing the product(s) or any portion thereof. ANBL reserves the right to charge the Supplier a reasonable fee for inspecting and handling unsatisfactory products. "**Landed Cost**" means the total amount paid by ANBL to acquire the product, including the purchase price, transportation and freight charges and any taxes, levies, duties or charges ANBL is required by law to pay.

7. NON-COMPLIANCE WITH PURCHASE ORDER REQUIREMENTS: Without limiting Section 6 or any other remedies available to ANBL, the Supplier shall pay the applicable ANBL handling and administration fee if **(a)** the Supplier supplies product(s) that do not comply with this Purchase Order, **(b)** the Supplier supplies products that do not comply with the product information previously provided to ANBL, **(c)** the Supplier requests a change to this Purchase Order after this Purchase Order was issued. These handling and administration fees are set out in the ANBL Schedule for Non-Compliance to Purchase Order Terms and Conditions, which is available on the ANBL website.

8. CUSTOMER PRODUCT RETURNS: If, at any time, an ANBL customer returns an opened container(s) of the product to ANBL because the product is unsatisfactory for any reason, then the Supplier shall refund to ANBL the amount equal to the Landed Cost of the returned product(s), promptly after receiving written notification from ANBL to do so. This remedy is in addition to any other remedies available at law or in equity or under Section 17(e).

9. CANCELLATION OF PURCHASE ORDER: ANBL reserves the right to cancel the 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 ANBL to be unsatisfactory within the meaning of Section 6; **(b)** by giving fifteen (15) days written notice to the Supplier, where, for any reason beyond the control of ANBL including, without limitation, any reason relating to the marketing of the product(s), ANBL 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 covenant, warranty or other provision of the Agreement including failure to adhere to the provisions of ANBL's ANBL Listing Policy and 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 ANBL's carrier, or applicable Ship to Location. Notice of cancellation may be given by fax, mail, personal delivery or email.

10. ANBL'S LISTING PROCEDURES AND REGULATIONS: The Supplier must at all times comply with the provisions of ANBL's Listing Procedures and Regulations as amended from time to time, relating to the product(s) ordered, which shall form part of the Agreement, but such Listing Procedures and Regulations shall not limit the rights and remedies of ANBL contained herein. A copy of the above-mentioned document may be obtained from ANBL upon request in writing or at the ANBL website at ANBL.com

11. NO PRICE DISCRIMINATION: The Supplier shall not sell any product(s) ordered to ANBL 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 control board or government liquor purchasing body in Canada; nor shall it sell any product(s) to ANBL upon terms and conditions respecting sale or delivery which are less advantageous than those offered to any other government liquor control boards or government liquor purchasing bodies in Canada; nor shall it in any other way discriminate against ANBL with respect to the sale of the product(s) ordered or any portion thereof. Should the Supplier breach this provision, it shall pay to ANBL on demand an amount equal to the difference between any amount(s) paid by ANBL to acquire the product(s) which is in excess of the amount(s) paid by another government liquor boards or government purchasing body in Canada to acquire such product(s).

12. PACKAGING AND LABELLING (PRE-PACKAGED PRODUCTS): All products must conform to the requirements established under (a) ANBL's Listing Procedures and Regulations, as published from time

to time (the “**ANBL Listing Procedures and Regulations**”), (b) the Canadian Association of Liquor Jurisdictions’ Product Identification Standards for use in the Distribution of Beverage Alcohol, as published from time to time (the “**CALJ Product Standards**”), all of which (collectively, the “**Packaging Standards**”) form part of this Agreement. Without limiting the foregoing, **(a)** all selling units must conform to the packaging and labelling requirements in ANBL Listing Procedures and Regulations, and **(b)** selling units must be packaged in shipping containers (cartons/trays) which meet or exceed the applicable requirements established under ANBL Listing Procedures and Regulations and the CALJ Product Standards. The Packaging Standards prescribe minimum requirements for package design, strength and construction, in addition to applicable mandatory markings (including without limitation, UPC, shipping containers, 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, straw or other fodder packing may be used in a shipment to New Brunswick. The Packaging Standards are available on the ANBL website at anbl.com. If ANBL receives any products that do not comply with the Packaging Standards, then ANBL may, at its option, take corrective measures to bring such products into compliance with the Packaging Standards. The Supplier shall reimburse ANBL for all costs incurred by ANBL to bring such products into compliance with the Packaging Standards. ANBL reserves the right to charge the Supplier a reasonable fee for bringing such products into compliance with the Packaging Standards.

13. ADVERTISING MATTER, ETC.: Unless approved in advance by ANBL, advertising matter or novelties of any sort must not be enclosed in cases or attached to bottles (excluding approved neck tags and approved value-add items) or shipped in ANBL containers. Unsolicited shipment of non-alcohol items in ANBL containers is prohibited.

14. SHIPPING DOCUMENTATION: The Supplier shall provide shipping documentation for the products (“**Shipping Documents**”) for each shipment, including without limitation, a Bill of Lading, Canada Customs invoice and a 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 products are shipped.

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

16. NOTICES AND COMMUNICATIONS: Any communications (including notices) that are required or permitted under the Agreement may be given electronically by e-mail. The parties agree that communications given in such manner are acceptable as a signed writing.

17. INDEMNITIES: The Supplier shall indemnify and save harmless ANBL, 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 from or connected with (directly or indirectly): **(a)** its breach of any covenant, warranty or other provisions of the Agreement; **(b)** any defect with respect to the product(s), irrespective of the time when same is discovered; **(c)** any violation or infringement by the product(s) or the Supplier of any trademarks, patents, industrial designs, copyrights or other intellectual property rights of any person including without limitation from any allegations of such infringement or violation which are made by

any person even if such allegations are false; **(d)** the manufacture, production, shipment or delivery of the products by the Supplier and any of its employees, agents and subcontractors; **(e)** product(s) which is determined by ANBL to be unsatisfactory within the meaning of Section 6; and **(f)** the negligence or other wrongdoing of the Supplier and any of its employees, agents and subcontractors including the violation of any applicable laws.

18. 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 purpose for which the products are intended to be used; **(c)** the products are transferred to ANBL 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 rights of any other 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 ANBL may have under applicable law.

19. TITLE: Title to and risk of the product(s) shall pass to ANBL upon delivery of the product(s) to the delivery point specified in this Purchase Order and (a) acknowledgment of receipt by ANBL at the ANBL warehouse; or (b) acknowledgment of receipt by ANBL's customer (on behalf of ANBL) at the Ship to Location. Any such acknowledgment shall not constitute acceptance of the product(s). This provisions shall not limit ANBL's rights and remedies under the Agreement. The supplier will procure all necessary export permits or licenses at the Supplier's expense.

20. ASSIGNMENT: The Agreement and the rights and obligations thereunder may not be assigned, subcontracted, transferred or ceded by operation of law or otherwise without the express consent of ANBL which may be withheld in its sole discretion. For wholesale orders, the Supplier may engage subcontractors for delivery of products. The Supplier is responsible for all acts and omissions of its subcontractor(s). The use of a subcontractor does not relieve the Supplier from any liability or obligation under this Agreement.

21. TIME OF ESSENCE: Time shall be of the essence with respect to this Agreement.

22. APPLICABLE LAW: The Agreement shall be governed by the laws of The Province of New Brunswick and Canada, excluding the United Nations Convention on Contracts for the International Sale of Goods. Any legal proceeding relating to the Agreement shall be submitted to the exclusive jurisdiction of the Courts of the Province of New Brunswick, Canada.

23. REMEDIES CUMULATIVE: The provisions of the Agreement, and the rights and remedies of the parties under the 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 the 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.

Section B. Additional Terms and Conditions for products purchased by ANBL for sale through its retail channels (The terms and conditions in Section B below are in addition to the terms and conditions in Section A).

24. PRICE ADJUSTMENTS (ESTIMATED RETAIL PRICE). ANBL has established the retail selling price (including applicable bottle deposit) at which ANBL intends to initially offer the products through its retail channels (**the “Estimated Retail Price”**). The Estimated Retail Price is available by accessing the ANBL’s new item submission system (**BevHub**). This section does not limit the ANBL’s right to establish a different retail selling price of the Product. The price specified in this purchase order is based upon an estimate of the price required to achieve the Estimated Retail Price, using the ANBL standard pricing and mark-up policy in effect at this time. If the actual ANBL retail selling price, calculated as of the date that the ANBL receives the products at its warehouse in New Brunswick, using the standard pricing and mark-up policy in effect at that time (the “Actual Retail Price”), is different than the Estimated Retail Price, then the price in this purchase order will be automatically adjusted to the extent necessary to produce the Estimated Retail Price. For example, but without limiting the foregoing, adjustments to the price may be required as a result of fluctuations in foreign currency exchange rates or in shipping rates between the purchase order date and the date that the products are received by ANBL. ANBL will notify the Supplier whenever an adjustment to the price is required under this section. An adjustment to the price is not required if the ANBL, in its sole discretion, decides to revise the Estimated Retail Price so that it corresponds to the Actual Retail Price.

25. SALES TARGET REBATE: The Supplier shall pay ANBL a rebate if ANBL’s sales of the product do not meet or exceed the applicable sales level described in this section.

a. Products listed as part of ANBL’s Experience Program. This paragraph applies if the products are sold through ANBL’s “Experience Program”. If ANBL does not sell 75% of the products received by ANBL within 90 days after the date on which the ANBL makes the products available for distribution to its retail stores, the remaining product will be transferred to ANBL’s Depot location for liquidation. The supplier will be charged 15% of the retail price (per bottle) for all inventory transferred to the depot location (including store and any applicable warehouse inventory).

b. All Other Products: This paragraph applies if the products are sold through sold through an ANBL sales channel other than “Experience”. ANBL has established quarterly sales targets based on sales trends and suppliers’ forecasts for various beverage alcohol product. A Sales Target is not a representation, warranty, guarantee or other agreement regarding the volume of products that ANBL will purchase from the Supplier during any ANBL fiscal year. If the Total Sales of the product do not exceed the Sales Target/agreed-upon forecast for the applicable product group, then the Supplier may be required, at the sole discretion of ANBL, to pay ANBL a rebate of 25% of the price paid by ANBL for all warehouse and retail inventories of the product remaining on hand at that time and for any inventories on-order at the time that the rebate is calculated.

c. ONE-TIME PURCHASES – SALES EXPECTATIONS: ANBL strives to work with the agent and supplier community to maximize potential sales of seasonal and one-time offer opportunities to provide customer with innovation and trial of new brands and seasonal impulses. These products are meant to be in market for short measured time, ideally 30-60 days, and the forecast and sell-through date will be agreed upon by the supplier and ANBL before a listing will be granted. Below is a list of guidelines to be used by all parties to ensure steps are being taken to optimize the business need of variety, while ensuring all parties are protected from the risk of an overabundance of product that would need to be liquidated after the desired time in market. Guidelines for One-Time product listings: **(a)** Each supplier/sales agent will

provide a sales forecast to the Category Manager for each SKU listed, broken down by month, as part of the listing offer, **(b)** The forecast is reviewed by the Category Management department and is either accepted as submitted or returned to the supplier/sales rep with the suggested revisions. If ANBL decides to purchase a quantity exceeding the forecast given from the agent/supplier, ANBL will be responsible for the liquidation of product above-and-beyond the original forecast submitted. **(c)** Once the forecast is agreed upon, Supply Chain will ensure that the proper orders are placed in a timely manner. **(d)** Once the product is released into the market, Category management will complete a monthly date sensitive review and forward all products in jeopardy of not meeting their sell-through targets to the appropriate agent/supplier. **(e)** A product with remaining inventory after the agreed upon selling period will be liquidated and the discount up to 25% of retail will be changed back to the supplier on an FOB Reduction.

d. EXCEPTION: Despite the foregoing, section 26 does not apply if **(a)** there is a prior written agreement between ANBL and the Supplier regarding rebates that are payable if the Sales Targets are not attained, or **(b)** ANBL expressly waives this rebate requirement in writing.

26. DELISTINGS: ANBL will conduct delisting reviews in conjunction with the Application Review Schedule. If a particular product category is reviewed four times per year for listing opportunities, it will be reviewed at the same time for the purpose of identifying products for potential delisting. ANBL also reserves the right to delist a brand at any time if deemed to be in the best interest of ANBL. Once it has been determined that a product will be delisted provincially, the Agent/Supplier of that brand will be notified in writing of the Corporation's decision. At this point the product will be identified as having been delisted, any outstanding purchase orders will be cancelled and no further purchase orders will be issued. Permanent listings (GL, CS, and TP) delisted during their first 24 months in market will be marked down 25% at the suppliers expense. Depending upon the individual circumstances, alternate arrangements may be made with regards to moving delisted stock out of the ANBL system. Please contact ANBL for details. In the event that a Supplier does not agree with the Corporation's delisting decision, a Letter of Appeal may be sent to the Director of Marketing and Category Management for consideration. All decisions rendered by the Director of Marketing and Category Management are final. Store Managers will conduct periodic reviews of their individual store portfolio in order to identify brands that may be discontinued at store level. Once this review has been completed, any brands that remain identified for delisting will no longer be carried in that store.

27. STALE-DATING/TIME-SENSITIVE PRODUCTS: Upon receipt of product, ANBL will inspect to ensure a minimum of 75% of the product's original shelf-life remains. Products with a stated shelf life of 6 months or less must have a minimum of 75% upon receipt. Products with a stated shelf life greater than 6 months must arrive with a minimum of 5 months remaining. ANBL will complete a monthly date sensitive review and forward all products in jeopardy of stale-dating to the appropriate agent/supplier. Category Management will discuss options to prevent stale-dating with the agent/supplier including, but not limited to: LTOs, sampling, and increased store distribution. If the product stale-dates and we are required to destroy and discard the product, the agent or supplier will be billed the duty paid landed case cost in addition to the disposal cost for each case destroyed.

28. CONFIRMATION BY SUPPLIER: Within one (1) Business Day of the Supplier's receipt of the Purchase Order, the Supplier shall provide ANBL with confirmation of receipt and ability to supply and deliver the products specified in the Purchase Order, failing which the Supplier will be deemed to have confirmed and accepted the Purchase Order.

29. DELIVERY TO ANBL CUSTOMER: Where an ANBL customer and Ship to Location are set out in the Purchase Order, the Supplier shall deliver the product(s) directly to such ANBL customer at such Ship to Location. Unless otherwise agreed to in writing by ANBL, all delivery costs are included in the price of the product(s). The Supplier shall deliver the product(s) in accordance with the delivery instructions set out, provided that if no delivery date is provided, the Supplier shall deliver the product(s) no later than fourteen (14) days from the date of this Purchase Order. Prior to any delivery to an ANBL customer, the Supplier must confirm the quantities and SKUs being delivered to ANBL no later than twenty-four (24) hours prior to delivery. Deliveries made to ANBL customers without notice to the ANBL may be refused by ANBL customers. Where required by ANBL, the Supplier shall provide ANBL with the information reasonably requested by ANBL to track such deliveries. Where an ANBL customer and Ship to Location is set out in the Purchase Order, the Supplier is solely responsible for the delivery of products and the ANBL will not accept any costs, charge, surcharges, penalties or fines relating to the delivery of products by the Supplier.