



TERMS AND CONDITIONS OF THE PURCHASE ORDER AND SHIPPING INSTRUCTIONS

TERMS AND CONDITIONS OF THE PURCHASE ORDER

THE PARTIES HERETO AGREE AS FOLLOWS:

1. PURPOSE

Subject to the terms and conditions set out herein, the Société des alcools du Québec (SAQ) agrees to purchase the goods described in this purchase order and to pay the entire amount agreed upon, to the supplier.

2. ACCEPTANCE OF CONDITIONS

By accepting the order or part thereof, the supplier undertakes to comply with all the terms and conditions thereof.

The supplier further undertakes to comply with all the terms and conditions of the *Purchasing and Merchandising Policy*, which form an integral part of this purchase order. The supplier expressly acknowledges having taken cognizance of such terms and conditions.

The SAQ will not be bound by any condition proposed by the supplier in accepting or receiving this order unless it consents thereto.

3. GENERAL CONDITIONS

As soon as you receive this order, please provide us your acceptance concerning the quantities, prices, SCC codes, number of bottles per case, as well the official shipping date.

Please note that by accepting the shipping date on the order, you accept all responsibilities and you are committed to have available your goods in your warehouse for that date. To confirm the actual shipping date, please contact our carrier. The name of the designated carrier will be indicated on the shipping instructions which will be transmitted after the approval of the order.

4. TERMS OF SALE

The purchase order is governed by *Incoterms 2000*. Where the purchase order is addressed to a Canadian supplier, the conditions pertaining to the exportation and importation of goods and to the payment or non-payment of the export or import duties, taxes or charges do not apply. For imported products, the costs of completing export customs formalities are payable by the supplier.

5. REFUSAL OF GOODS

The SAQ reserves the right to refuse any product delivery performed by a carrier other than the carrier it designates, any unordered product, any defective product, any product that is not consistent with the product sample submitted to and accepted by the SAQ or that is not consistent with the products previously supplied, or, in the case of products purchased without a sample and without an analysis report, any product that does not comply with the standards applied by the SAQ, any product that does not have chemical or organoleptic characteristics that are compatible with their origins, or any delivery of products whose labels it has not approved.

The SAQ reserves the right to carry out any required correction to a label at the supplier's expense as long as these fees are reasonable.

In the event of refusal of products, the SAQ shall keep them, at the supplier's expense, until the supplier has given its instructions regarding their return or disposal.

Should the supplier fail to give adequate instructions within thirty (30) days following the refusal notice, the SAQ may dispose of the products when that is possible or cause them to be destroyed at the supplier's expense, in which case the SAQ shall be entitled to compensate all the losses it has sustained and the expenses it has incurred out of the moneys or payments, present or future, payable to the supplier.

No product that is refused by the SAQ may be replaced by the supplier without the issuance of a new purchase order by the SAQ.

6. FEES FOR IRREGULARITIES

The supplier shall pay the fees to the SAQ when he does not comply with the condition of the order that he has confirmed. The details of these irregularities and fees are available on line on the website www.saq.com and they are an integral part of the purchase order.

In order to collect this compensation, the SAQ may deduct the fees from any amount that is payable to the supplier.

7. PAYMENT

The SAQ shall make its payments within thirty (30) days following the receipt of the goods at its warehouses, subject to the supplier's compliance with the other conditions of this purchase order and acceptance of the goods.

However, a payment will be deemed to be late only if the payment period is more than sixty (60) days from the date set out in the preceding paragraph to calculate the period of thirty (30) days. In such case, the SAQ will, upon the supplier's specific request, pay interest at the base rate on the amount of such payment commencing on the first late day.

A supplier that claims interest shall transmit its claim, together with all required vouchers, within sixty (60) days of receipt of the payment deemed to be late, on pain of forfeiture of its right.

When the SAQ refuses products, it shall deduct an amount corresponding to the price of the refused products as well as all other charges from the amount owing to the supplier.

8. EXACT DELIVERY

This purchase order is issued for an exact quantity of products, and no additional quantity shall be invoiced to the SAQ without its authorization prior to shipment from the supplier's warehouse.

In the event that the SAQ agrees to pay for additional quantities of products prior to shipment from the supplier's warehouse, no cost, except for the price of the products, shall be invoiced to the SAQ.

In the event of delivery of a lower quantity than that ordered, the SAQ shall invoice the supplier for an amount corresponding to the dead weight resulting from a cost per case exceeding that of the initial order.

9. SHIPPING INSTRUCTIONS

The supplier undertakes to deliver the goods in accordance with the SAQ's shipping instructions. The supplier expressly acknowledges having taken cognizance of such instructions.

10. APPLICABLE LAW

This purchase order and its interpretation, enforcement, application, validity, and effects are subject to the applicable laws in force in the province of Québec and in Canada, which laws shall govern in whole or in part all of the provisions hereof.

The parties agree, as regards any claim or legal proceeding for any reason whatsoever in respect of the purchase order, to choose the judicial district of Montréal, province of Québec, Canada, as the appropriate place to hear the said claims or legal proceedings, to the exclusion of any other judicial district that may have jurisdiction over such dispute in accordance with the provisions of the law.

11. MODIFICATION

The SAQ may modify the order prior to the scheduled shipment date. Such modification shall be free of charge if it is effective within sixty (60) days prior to the scheduled shipment date.

12. CANCELLATION

The SAQ may cancel this order at any time, in whole or in part, at the expense and risks of the supplier in the event of the supplier's non-compliance with the conditions of this purchase order, including the specified delivery times.

In addition, the SAQ may, without any reason, cancel the order upon the notice given sixty (60) days prior to the scheduled shipment date.

13. ASSIGNMENT

This order shall not be assigned, except with the written authorization of the SAQ.

14. OFFICIAL LANGUAGE

Notwithstanding the fact that the supplier may read this purchase order or any other reference document in a language other than French, the SAQ and the supplier expressly acknowledge that this purchase order is entered into in French and that only the French version hereof or of any other reference document shall constitute the agreement that is binding on the parties.

SHIPPING INSTRUCTIONS

15. EXPORT LICENCE

Subject to the agreed-upon terms and conditions of transportation suppliers shall obtain, at their own risk and cost, any export licence or other official authorization and shall carry out all customs formalities required to export goods, if applicable.

16. LOADING OF MERCHANDISE

- 16.1 The supplier shall affix the seal(s) supplied by the carrier (or, failing that, by the supplier) on each loading unit door.
- 16.2 The supplier shall load the total quantity of cases for all orders in accordance with the delivery instructions (packing slip).
- 16.3 The supplier shall load the goods in the type of equipment specified in the delivery instructions (packing slip).
- 16.4 The supplier shall be responsible for stowing the goods when they are purchased FCA – Supplier's Warehouse.
- 16.5 Unless the parties agree otherwise, cases loaded in a container:
- 16.5.1 Shall not be placed on pallets.
 - 16.5.2 Shall be made of wood or paperboard.
 - 16.5.3 Shall be strong enough to be placed on pallets at unloading without any additional support or packaging.
 - 16.5.4 When several items are loaded in the same container, identical items shall be grouped together. To allow for individual unloading, items shall be grouped in an uninterrupted fashion, crosswise initially and then forward toward the container doors. Cases shall always be loaded in the container so as to protect the items from any damage that could occur during transportation.
 - 16.5.5 Should the supplier fail to comply with the above requirements, it shall be liable for all costs incurred by the SAQ to correct the situation.
- 16.6 For all items originating in North America and loaded in a trailer or intermodal container, the cases shall be placed on pallets in order to allow mechanical loading and unloading, and the pallets shall be secured with shrink wrap. Each item shall be palletized according to its pallet pattern. Suppliers shall provide the measurements (size and weight of the cases) for each item sold. Once approved, the pallet pattern may not be changed without authorization. The SAQ must be informed of any change in the case measurements for an item.
- 16.6.1 Note that the size and weight of each unit, excluding the height of the pallet, may not exceed:
 - Length: 48" + $\frac{3}{4}$ " (1,257 mm)
 - Width: 40" + $\frac{3}{4}$ " (1,054 mm)
 - Height: 64" (1,630 mm)
 - Weight: 3,000 lb (1,360 kg)
 - 16.6.2 Only CPC-type pallets or the equivalent (CHEP, TBS, EURO, BLOC – 48" x 40") free of any quality defects may be used. The SAQ does not grant any value to the supplier or reimburse it for these pallets, except for CPC-type pallets.
- 16.7 For all items originating in North America and loaded in a trailer or intermodal container, when the carrier is present at the loading, free time of one (1) hour per 9,000-kg block of goods is allowed, up to two (2) hours, beyond which the supplier shall be charged demurrage at the rate in effect at the SAQ.

16.8 The SAQ may amend these shipping instructions at any time and set out other terms and conditions when an exceptional or special situation arises.

17. TRANSMISSION OF DOCUMENTS

The supplier shall send two copies of the commercial invoice and the documents certifying that the customs formalities for export have been duly completed, along with any required certificates of origin or age to the following address:

Société des alcools du Québec
Douanes et accise
905, avenue De Lorimier
Montréal (Québec) CANADA
H2K 3V9

The shipping manifest (or bill of lading), showing the names of the shipper, consignee, carrier, quantities, brand names, weight, product description, order number(s) and seal number(s), shall be sent to the following address:

Société des alcools du Québec
Approvisionnement et transport
Centre de distribution de Montréal
7500, rue Tellier
Montréal (Québec) CANADA
H1N 3W5

If agreed to in advance by the SAQ, the supplier may send the above-mentioned documents electronically, replacing them with an equivalent message transmitted via electronic data interchange (EDI).

The carrier designated by the SAQ may ask the supplier for the commercial invoice. In such cases, the supplier is obligated to give the invoice to the carrier. For customs clearance to proceed properly, the commercial invoice must include a clear description of the products shipped (purchase order number, type of product, colour, percentage of alcohol, number of ml, quantity of bottles, country of origin, unit value, total value, currency.) If any information is missing, the customs clearance for the products will be delayed.

18. PALLETIZATION AGREEMENTS

The SAQ reserves the right to require the supply of goods by container or pallet in advance. Under an agreement between the two parties, the cases ordered for pre-selected items may be placed on pallets, allowing them to be loaded and unloaded mechanically. The pallets must be secured by three layers of shrink wrap, sealed at the pallet base. In addition, the specified number of cases per row and the total number of cases per pallet must be complied with, from loading to unloading, in conformance with the agreement between the parties. Lastly, the pallets must be in a format agreed upon beforehand, and the SAQ will neither grant nor refund the supplier any value for them.

The pallet patterns agreed to by the parties are usually optimized according to the pallet dimensions mentioned below. The maximum height accepted in our warehouses is 1,757 mm (1,630 mm net). The maximum weight is 1,360 kg. The SAQ determines the maximum number of pallets and cases that the loads can contain based on the weights and volumes allowed in the import region or under the transportation agreement, and will order the items accordingly.