

5 PURCHASING

SUBJECT: Conditions of Purchase
Liquor

**NSLC
PURCHASING MANAGEMENT
POLICY & PROCEDURES**

REVISION: May 1, 2003
SECTION: PB-015

Procedures

1. Areas of Responsibility

It is the responsibility of the Purchasing Division to:

- a.) Notify all suppliers of the policy & procedures or any amendments there of. This is normally done when the purchase order is issued.
- b.) Alert suppliers and other NSLC departments when such conditions have been breached and take expedient corrective action.

Personnel in the Purchasing, Merchandising and Finance Divisions should be aware of these conditions in their entirety.

2. Guidelines

- 2.1 NSLC reserves the right at all times to cancel an order and void the contract if upon testing of the products delivered it is determined that said products are defective in any manner or do not comply with federal and provincial standards established by law or regulation for beverage alcohol of that description.

NSLC reserves the right to cancel a contract if the goods delivered are not equal to the quality of the goods evaluated for listing.

NSLC reserves the right at all times to not accept any product that does not comply with the conditions and terms of the NSLC's Listing Policy or other conditions and schedules as stated on the official purchase order issued for such product.

The liability for all costs, expenses, loss or damage resulting from such rejections will be assigned at the discretion of the NSLC.

- 2.2 NSLC purchase orders must be acknowledged by telex, facsimile or other forms of communications within ten (10) days of receipt by the supplier. If acknowledgment is not received within the ten (10) days, the NSLC assumes shipment of the goods by the supplier as acceptance of the conditions and terms of the purchase order which will not be subject to revision by the supplier after that date.

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2.3 Price quotations provided by suppliers will remain in effect and apply to all purchase orders until a valid written notification of price change is received from suppliers. Written notification must be received from the supplier by the Pricing Coordinator 30 days prior to effective date and will be subject to normal pricing policy considerations. The NSLC reserves the right to reject any or all price changes.

2. Guidelines (con't)

2.4 NSLC will not accept an increase in the price of goods on a particular purchase order after acceptance, confirmation or shipment by supplier of the order.

2.5 Suppliers shall honor prices on outstanding purchase orders issued prior to, but still outstanding after the effective date of a price change. The NSLC will accept price decreases at any time and will implement those decreases immediately on all orders issued or outstanding after the effective date. If the supplier's invoice has not reflected the reduced price it will be changed to match the purchase order.

2.6 NSLC reserves the right at all times to pay in the currency stated on the original purchase order.

2.7 All supplier price change notices must be submitted to the attention of the Pricing Coordinator on the form provided by the NSLC.

2.8 NSLC shall consider as canceled and not being shipped, any product that is short shipped or unavailable on a purchase order.

The supplier shall notify the NSLC of anticipated shortages to quantities required on the purchase order in advance of shipping, allowing the NSLC to adjust the order to maximize load capacity.

Where suppliers fail to inform the NSLC of shortage, the NSLC reserves the right to bill suppliers for costs which are considered in excess of normal freight costs per case, based on quantities originally requested on the purchase order.

Suppliers must follow shipping instructions on the purchase order. Deviation from instructions must be confirmed by the NSLC in writing.

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Suppliers are liable for all additional freight costs if shipping instructions are not adhered to.

- 2.9 The rights and obligations of the parties hereto these conditions of purchase shall be governed and construed in accordance with and by the laws of the province of Nova Scotia.
- 2.10 The supplier will indemnify and save the NSLC, its officers, agents and employees, harmless from any and all claims, demands, actions, judgements, damages, losses (including economic and consequential losses), liabilities, injuries (including death), expenses, legal costs and expenses (including solicitor/client costs), or obligations resulting from or connected with (whether directly or indirectly or by reason of a willful or negligent act or omission or otherwise) the manufacturer, production, shipment or delivery of the product (or part thereof), or anything done or
2. **Guidelines (con't)**

- 2.10 permitted or omitted to be done by the supplier or its contractors, employees or agents, or any default by the supplier (or any of those persons) or breach of its obligation (express or implied) hereunder.
- 2.11 All goods must conform to the Trade Mark Act.
- 2.12 **Packing** - Case markings showing the Canadian Standard Product Code (CSPC) number - Bottle size in milliliters - Number of bottles per case - Product name and purchase order number or production date must be shown on each end of the case. Cases must be sealed in a manner that will plainly show any evidence of tampering.
- 2.13 **Invoices** - The original and one (1) copy of Canada Customs Invoice and the original and one (1) copy of suppliers commercial invoice must be dispatched to the Traffic/Customs Department as soon as the goods have left suppliers warehouse.

Percentage of alcohol by volume must be shown on each copy of the commercial invoice. This invoice must show the average weight and contents of the cases and carriers must be informed of actual weights and cubic measurements.

A separate invoice is required for each purchase order. The purchase order number, size of the bottle, cost per case and the extended cost for each

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product, and CSPC. number assigned to each product must be shown on each invoice. The invoice must also show a grand invoice total with any additional charges to be paid by the NSLC.

- 2.14 **Terms Of Payment** - Payment will be made within 30 days from receipt of goods at our warehouse in the currency and price stated on the purchase order (Unless Terms are granted and signed by both parties via a Guaranteed Sales Agreement).
- 2.15 **Advertised Matter** - or novelties of any sort must not be enclosed in cases or attached to bottles shipped to the NSLC without prior approval from the Promotions Manager. Suppliers and or agents are liable for any and all costs associated with ad material packed in our containers.
- 2.16 This Purchase Order is a legally binding contract and all goods shipped on receipt of this document must fully meet all terms and conditions stated herein* or referred to on this document. Failure to comply to the terms and conditions of this document can result in the rejection of goods received. Rejections based on this contract will result in no loss or costs to the NSLC.

2. Guidelines (con't)

*The following list represents the Product and Service specifications of the NSLC:

- 1.1 Laws and Regulations of the Federal Department of Corporate and Consumer Affairs.
- 1.2 Laws and Regulations of the Federal Department of Health and Welfare.
- 1.3 Laws and Regulations of the Nova Scotia Department of Health.
- 1.4 The Canadian Standard Packaging Code (CSPC).
- 1.5 The Canadian Trade Mark Act.
- 1.6 The Nova Scotia Litter Abatement Act.
- 1.7 The NSLC Listing Policy.
- 1.8 The NSLC Conditions of Purchase Policy.
- 1.9 The NSLC Labelling Standards.
- 1.10 The NSLC Packaging Standards.
- 1.11 The NSLC Carton Specifications.
- 1.12 The NSLC Case Marking Specifications.
- 1.13 The NSLC Tamper Evident Standards.
- 1.14 Service Standards issued by the NSLC to facilitate and harmonize the sale and delivery of goods between the NSLC and its vendors.