



## PURCHASE ORDER TERMS AND CONDITIONS

Effective: 2020 April 20

Updated: 2024 September 27

The following terms and conditions apply to, and form part of, each purchase order for the purchase of cannabis products (“Purchase Order”) issued by Cannabis NB (“CNB”). For the purposes of this Purchase Order, any reference to products includes the packaging and labelling of the cannabis products. The terms and conditions set out in this Purchase Order apply to purchases by CNB for products for sale through its retail channels, through its wholesale channels, or both, as applicable.

The terms and conditions below apply to every Purchase Order issued by CNB.

- 1) **APPLICABILITY.** This Purchase Order, together with any documents incorporated herein by reference, constitutes the sole and entire agreement of CNB and the party to whom this Purchase Order is addressed on the face of this Purchase Order (the “Supplier”) with respect to the Purchase Order, and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations, and warranties, and communications, both written and oral, with respect to the subject matter of the Purchase Order. The Purchase Order expressly limits Supplier's acceptance to the terms of the Order. These Terms prevail over any terms or conditions contained in any other documentation and expressly exclude any of Supplier's general terms and conditions of sale or any other document issued by Supplier in connection with this Order. No change to this Purchase Order is binding upon CNB unless it is in writing, specifically states that it amends this Purchase Order, and is signed by an authorized representative of CNB.
- 2) **LANGUAGE.** All documents and notices including and resulting from the Purchase Order are drawn up in English. A French version of this document and other notices will be made available upon request from the Supplier. Tous les documents et avis y compris les bons de commande sont rédigés en anglais. Une version française de ces documents sont disponibles si le fournisseur en fait la demande.
- 3) **AGREEMENT TO PURCHASE:** The Supplier will be deemed to have entered into a binding agreement (the “Agreement”) with CNB upon the earlier occurrence of: (a) giving CNB written notice of acceptance of the Purchase Order; or (b) 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 CNB.
- 4) **PRICE/QUANTITY:** The price payable by CNB shall not exceed the price shown in the Purchase Order. The supplier shall provide CNB with the benefit of any reduction in the price of any product ordered that is in effect prior to delivery to CNB. The price includes all charges (including, without limitation, excise 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 unit size ordered nor make any substitutions without the prior written consent of CNB. Requests to change quantities or unit sizes or to make substitutions must be communicated, before shipping the products ordered, to the attention of the appropriate CNB buyer. CNB will be deemed to have accepted the changes or substitutions proposed by the Supplier only upon CNB issuing a revised Purchase Order corresponding to the changes or substitutions proposed by the Supplier. CNB 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. Forecasts shared by CNB, except for quantities cited in a Purchase Order as firm, are preliminary and non-binding. CNB makes no representation or warranty as to the quantity of products that it will purchase and nothing herein shall be interpreted to create any minimum purchase or future purchase obligations under this Purchase Order. If over or under ship there can be a penalty applied outlined in the Cannabis NB Fee Schedule found at: <https://www.cannabis-nb.com/Industry/>.

5) **ONE-TIME PURCHASES:** CNB will work with the Supplier in good faith to maximize potential sales of a Seasonal Offer and/or One-time Offer (OTO). These products are meant to be in market for a short, pre-determined amount of time. CNB makes no representation or warranty to the quantity of products that it will purchase on subsequent Purchase Orders, or that any subsequent Purchase Orders will be issued.

6) **PAYMENT:** Unless other payment terms are specified in the Purchase Order, payment will be due thirty (30) calendar days following the later of (a) the receipt of the Supplier's Invoice, or (b) the receipt of the product(s) in acceptable condition by CNB at a store location; or by CNB's third party warehouse (on behalf of CNB) 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. The Supplier may request 14-day payment terms by contacting [product@cannabis-nb.com](mailto:product@cannabis-nb.com). Expedited payments will be processed for a fee equal to 3% of the Purchase Order invoice total. Upon enrolment for 14-day payment terms, all Purchase Order invoice payments will be subject to the expedited payment fee until CNB receives a formal written request from the supplier to revert to 30-day terms.

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

8) **ESTIMATED RETAIL PRICE:** CNB will established the retail selling price (including HST and, where applicable, bottle deposit) at which CNB intends to initially offer the products through its retail channels. CNB will set retail prices in good faith that they are competitive and in consideration of the Manufacturers Suggested Retail Price (MSRP). This section does not limit CNB's right to establish a different retail selling price of the Product.

9) **PRODUCT RANKING:** On a quarterly basis, CNB will evaluate sales performance. Any products considered by CNB to be underperforming or slow moving will be subject to a retail price reduction and all related costs of this price reduction will be invoiced to the Supplier. If sales performance does not improve within 90 days, products may be subject to further price reduction or may be returned to the Supplier, in CNB's sole discretion and at the Supplier's expense. All invoice balances owed to CNB must be paid in full by the Supplier before any new Purchase Orders will be issued.

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

11) **UNSATISFACTORY PRODUCT:** If, at any time before or after paying for the product(s), CNB 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 CNB; (e) does not match the quality of the same product(s) previously supplied by the Supplier to CNB; (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, then CNB may, 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. CNB is not required to consolidate any unsatisfactory product that has been transferred from a CNB warehouse to a CNB retail store for return to the Supplier. The Supplier shall fully indemnify CNB for all costs including, without limitation, the Landed Cost of the product(s), and the freight expenses incurred in returning the product(s). CNB reserves the right to charge the Supplier a reasonable fee for inspecting and handling unsatisfactory products. "Landed

Cost” means the total amount paid by CNB to acquire the product, including the purchase price, transportation and freight charges and any taxes, levies, duties or charges CNB is required by law to pay.

12) **SHELF-LIFE:** Unless otherwise agreed to in writing by CNB, the Supplier will take reasonable steps to ship Products no more than 90 days post- package date to maximize the shelf-life of CNB stock. If the product stale-dates and CNB is required to destroy and discard the product, the Supplier will be billed the landed cost in addition to the disposal cost for each unit destroyed.

13) **CUSTOMER RETURNS:** CNB will process a product exchange, product return and/or grant a refund to any customer if CNB determines in its sole discretion that all or any part of the product is defective or unsatisfactory. CNB shall return any defective or unsatisfactory products to the Supplier. The Supplier shall fully indemnify CNB for all costs including, without limitation, the Landed Cost of the products, and the freight expenses incurred in returning the products.

14) **NON-COMPLIANCE WITH PURCHASE ORDER REQUIREMENTS:** Without limiting Section 7 or any other remedies available to CNB, the Supplier shall pay the applicable CNB 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 CNB, (c) the Supplier requests a change to this Purchase Order after this Purchase Order was issued, (d) the quantities shipped do not match the quantity requested on the Purchase Order, and/or (e) the Supplier delivers the product(s) to the incorrect location . These handling and administration fees are set out in the CNB Fee Schedule, which is available on the CNB website at [cannabis-nb.com](http://cannabis-nb.com).

15) **CANCELLATION OF PURCHASE ORDER:** CNB reserves the right to cancel the Purchase Order in whole or in part without liability and at the Supplier’s expense and risk. Notice of cancellation will be provided within 2 Business Days following: a) the date of delivery on the email containing the Purchase Order; or b) the date of electronic confirmation of delivery by email of the Purchase Order. Notice of cancellation will be given by email.

16) **CNB’S PRODUCT REQUIREMENTS:** The Supplier must at all times comply with the provisions of CNB’s Product Requirements as amended from time to time, relating to the product(s) ordered, which shall form part of the Agreement, but such Product Requirements shall not limit the rights and remedies of CNB contained herein. A copy of the above-mentioned document may be obtained from CNB upon request in writing or at the CNB website at [cannabis-nb.com](http://cannabis-nb.com). If CNB receives any products that do not comply with the Product Requirements, then CNB may, at its option, take corrective measures to bring such products into compliance with the Product Requirements. The Supplier shall reimburse CNB for all costs incurred by CNB to bring such products into compliance with the Packaging Standards. CNB reserves the right to charge the Supplier a reasonable fee for bringing such products into compliance with the Product Requirements. The CNB Product Requirements document is available on the CNB website at [cannabis-nb.com](http://cannabis-nb.com).

**17) COMPLIANCE WITH THE NEW BRUNSWICK CLEAN ENVIRONMENT ACT:**

**A. PACKAGING AND PAPER PRODUCTS**

The Producer is required to register as a Brand Owner for any secondary packaging with Recycle NB under the Packaging and Paper Products program by visiting the web address: <https://www.recyclenb.com>.

The Producer is further obligated to enter and maintain a brand owner agreement with an agent approved by Recycle NB for the collection and recycling of secondary packaging in New Brunswick. This agreement will require the Producer to regularly report on packaging and remit fees to the agent.

**B. BEVERAGE CONTAINERS**

The Beverage Containers Act and the Clean Environment Act require producers selling beverages to register with Recycle NB as a Brand Owner for the Beverage Containers program by visiting the web address: <https://www.recyclenb.com>.

Producers are required maintain an agreement with an agent approved by Recycle NB for the collection and recycling of beverage containers in New Brunswick. This agreement will require the Producer to regularly report on the quantity and types of beverage containers being distributed.

Until April 1, 2024, Producers registering with Recycle NB are required to register all beverage containers with the Department of Environment and Local Government using the following link: Beverage Container Registration Form to ensure compliance with the Beverage Containers Act. After April 1, 2024, under the Clean Environment Act, Producers will only have to register with Recycle NB and an approved agent.

18) **WARRANTIES:** The Supplier warrants that: (a) the products are of good and merchantable quality and will comply with the provisions of these Terms and Conditions; (b) the products are fit for the purpose for which the products are intended to be used; (c) the products are transferred to CNB with good title free and clear of liens, encumbrances and rights of others; (d) the product(s) are free from defects in material and design; (e) the product(s) will conform to the applicable specifications, samples and other requirements set forth by CNB; and (f) 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. These warranties survive any delivery, inspection, acceptance, or payment of or for the product(s) by CNB. These warranties are cumulative and in addition to any other warranty provided by law or equity. The foregoing warranties are cumulative and are in addition to and shall not derogate from, any express warranty of the Supplier or any other right or remedy which CNB may have under applicable law or in equity.

19) **ADVERTISING MATTER, ETC.:** Unless approved in advance by CNB, advertising matter or novelties of any sort must not be enclosed in cases or attached to units.

20) **SHIPPING DOCUMENTATION:** The Supplier shall provide shipping documentation for the products ("Shipping Documents") for each shipment, including without limitation, a Bill of Lading. 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. The Purchase Order number must appear on all shipping documents, shipping labels, bills of lading, invoices, correspondence, and any other documents pertaining to the Purchase Order.

21) **DELIVERY PROCESS:** All Products ordered by CNB must be delivered directly by the Supplier or their designated carrier to the Ship Location noted on the purchase order. The designated delivery person must be 19 years of age or older. The designated delivery person must present photo company ID and a Bill of Lading at the Ship to Location either to the appropriate contact at CNB's third-party logistics center or at the store delivery-door.

22) **TITLE:** Title to and risk of the product(s) shall pass to CNB upon delivery of the product(s) to the delivery point specified in this Purchase Order and (a) acknowledgment of receipt by CNB at a CNB retail store; or (b) acknowledgment of receipt by CNB's third party warehouse (on behalf of CNB) at the Ship to Location. Supplier bears all risk of loss or damage to the product(s) until such an acknowledgment is received. Any such acknowledgment shall not constitute acceptance of the product(s). These provisions shall not limit CNB's rights and remedies under the Agreement. The Supplier will procure all necessary permits or licenses at the Supplier's expense.

23) **PACKAGING:** All product(s) shall be packed for shipment according to CNB's instructions or, if there are no instructions, in a manner sufficient to ensure that the products are delivered in undamaged condition and in accordance with applicable law and industry standards. Packaging shall also be compliant with all Federal and Provincial regulation at the time of delivery.

24) **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.

25) **NO PUBLIC ANNOUNCEMENTS OR TRADEMARK USE:** Neither Party nor any of its Representatives shall use the names or trademarks of the other Party or (orally or in writing) publicly disclose, issue any press release or make any other public statement, or otherwise communicate with the media, concerning the existence of this Agreement or the subject matter hereof, without the prior written approval of the other, except if and to the extent that such Party is required to make any public disclosure by Law. Neither Party nor any of its Representatives shall disclose any details related to CNB markup structure, Purchase Order pricing, and/or Product Retail pricing (orally or in writing) to any person, nor publicly disclose, issue any press release or make any other public statement, or otherwise communicate with the media about CNB pricing.

26) **DISCLOSURE OF CNB SALES DATA:** The Supplier expressly consents to the disclosure and use by CNB of CNB's sales data including: Any product attribute that is already publicly disclosed by the Supplier either via the website of CNB, or via the website of the Supplier, or by means of any other public notice issued by the Supplier; The quantity of units of any Product sold by CNB; Sales Transaction Data. The Supplier consents to the disclosure and use of this sales data and only this sales data in accordance with these terms. The Supplier agrees that this information does not constitute confidential information.

27) **CONFIDENTIAL INFORMATION:** All non-public, confidential, or proprietary information of CNB, disclosed by CNB to Supplier, whether disclosed orally or disclosed or accessed in written, electronic, or other form or media, and whether or not marked, designated, or otherwise identified as "confidential," in connection with the Purchase Order is confidential, solely for the use of performing the Purchase Order and may not be disclosed or copied unless authorized by CNB in writing. Upon CNB's request, Supplier shall promptly return all documents and other materials received from CNB.

28) **INDEMNITIES:** The Supplier shall indemnify and save harmless CNB, its board members, officers, employees, customers, agents, representatives and persons it authorizes to sell the product(s) from and against all liabilities, losses, injuries, suits, claims, demands, damages, including consequential damages, and expenses of every kind (including, without limitation, legal fees on a solicitor client basis), and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers, 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 CNB 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.

29) **INSURANCE:** The Supplier shall, at the Supplier's own expense, maintain and carry in full force and effect at least Commercial General Liability with limits no less than \$5,000,000 for each occurrence and \$5,000,000 in the aggregate, including bodily injury and property damage and products and completed operations and advertising liability. On CNB's written request, the Supplier shall provide CNB with copies of the certificates of insurance and policy endorsements. Supplier shall provide CNB with thirty (30) days' advance written notice in the event of a cancellation or material change in Supplier's insurance policy. Except where prohibited by law, Supplier shall require its insurer to waive all rights of subrogation against CNB's insurers and CNB.

30) **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 CNB which may be withheld in its sole discretion. 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.

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

32) **TERMINATION:** CNB may terminate this Purchase Order, in whole or in part, at any time with or without cause for undelivered products on fourteen (14) days' notice. In addition to any remedies that may be provided under these terms and conditions, CNB may terminate this Purchase Order with immediate effect upon written notice to the Supplier, either before or after the acceptance of the product(s), if Supplier has not performed or complied with any requirement of this Purchase Order, in whole or in part. If the Supplier becomes insolvent, is generally unable to pay, or fails to pay, its debts as they become due, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, liquidation, reorganization, arrangement, or assignment for the benefit of creditors, then the CNB may terminate this Purchase Order with immediate effect upon written notice to Supplier. If CNB terminates the Purchase Order for any reason, Supplier's sole and exclusive remedy is payment for the product(s) received and accepted by CNB prior to the termination.

33) **APPLICABLE LAW:** The Agreement shall be governed by the laws of The Province of New Brunswick and the federal rules of Canada applicable therein. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods does not apply to this Purchase Order.

34) **RELATIONSHIP OF THE PARTIES:** The relationship between the parties is that of independent contractors. Nothing contained in the Purchase Order shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever. No relationship of exclusivity shall be construed from this Purchase Order.

35) **GENERAL COMPLIANCE WITH LAW:** The Supplier shall at all times comply with all Laws applicable to this Agreement, Supplier's operation of its business and the exercise of its rights and performance of its obligations hereunder. Supplier shall obtain and maintain in effect all the licences, permissions, authorizations, consents, and permits necessary for the performance of its obligations under this Agreement. Supplier shall not engage in any activity or transaction involving the Products, by way of transport, use or otherwise, that violates any Law.

36) **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.