



**LIQUOR  
DISTRIBUTION  
BRANCH**

**AGREEMENT RELATING TO THE DIRECT SALE AND DELIVERY OF BRITISH COLUMBIA  
MANUFACTURED PRODUCT – COMMERCIAL WINERY**

This agreement is dated for reference March 19, 2019 is effective the day the Manufacturer is licensed by the Liquor and Cannabis Regulation to manufacture Products covered by this Agreement.

BETWEEN: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA as represented by the General Manager of the LIQUOR DISTRIBUTION BRANCH  
3383 Gilmore Way  
Burnaby, BC V5G 4S1  
(the “LDB”)

AND:

\_\_\_\_\_  
Name of Holder of Winery Licence

\_\_\_\_\_  
Name of Winery Establishment for which a Winery Licence is issued

\_\_\_\_\_  
Address of Holder of Winery Licence

\_\_\_\_\_  
Address of Winery Establishment

(the “Manufacturer” or “you” or “your” as the context requires)

WHEREAS:

- A. The Manufacturer is licensed by the Liquor and Cannabis Regulation Branch to manufacture a specific type of liquor and is authorized by the LDB to directly sell and deliver that liquor to specific customers in the Province of British Columbia.
- B. You are classified as a Commercial Winery by the LDB.
- C. Your sale of liquor you manufacture and your accounting of such sales must be in accordance with the terms and conditions set out in this Agreement.
- D. This Agreement is authorized under Section 5 of the *Liquor Distribution Act*.

FOR GOOD AND VALUABLE CONSIDERATION, THE PARTIES AGREE AS FOLLOWS:

**Definitions and Authorization**

- 1. For the purposes of this Agreement any capitalized terms have the meaning set out in the Definitions found in Appendix B or as defined in the Applicable Laws unless indicated otherwise.

2. This Agreement authorizes you, as a holder of a Manufacturer Licence, to sell your Product to your Manufacturer Retail Store, Wholesale Customers and Hospitality Customers in British Columbia under the terms and conditions set out in this Agreement.
3. For greater certainty, this Agreement, while authorizing the sale of your Product to your Manufacturer Retail Store, is not applicable to any sales you make to your allowable retail customers through your Manufacturer Retail Store, including sales to Special Event Permittees.
4. As a Manufacturer, you acknowledge/warrant that:
  - a. You are licensed as a manufacturer under the Applicable Laws;
  - b. You are registered for sales taxes that apply to the Product that you sell. You will charge, collect and remit appropriate taxes directly to the relevant tax authorities including all federal or provincial taxes that may be collectable on any of your sales transactions. You accept liability for unpaid taxes and any related penalties or interest;
  - c. All Product will be of merchantable quality;
  - d. You will store your Product at your Licensed Establishment or Warehouse and will provide written notification of Warehouse locations as set out in the Reporting Requirements and Procedures;
  - e. All costs, risks and liabilities with respect to your Product, its sale and any sale proceeds (including losses or damages arising out of the manufacture, transport, storage, sale return/exchange, destruction or consumption of Product) are for your account; and
  - f. You are not authorized to sell any other type or kind of liquor other than Product of your Licensed Establishment, unless otherwise authorized by the LDB, Liquor and Cannabis Regulation Branch or under the Applicable Laws.

### **Sale and Delivery of Product**

5. All Products you sell in the province must be registered with the LDB.
6. Subject to Section 7, you may sell Product to Wholesale Customers and deliver such Product to them and any sale must be at the Wholesale Price.
7. You may only sell BC VQA Product to Duty Free stores and, subject to Applicable Laws and LDB policies, you are free to set your own prices for sales of BC VQA Product to Duty Free stores provided that each store is charged the same price.
8. You may sell Product to your Manufacturer Retail Store on Consignment and deliver such Product to them and any sale must be at the Wholesale Price.
9. You may sell Product to Hospitality Customers and deliver such Product to them and any sale must be at the LDB Established Retail Price.
10. Subject to Section 10.1, you must obtain from each Wholesale Customer and Hospitality Customer full payment for all Product sold prior to transferring possession of such Product to the purchaser, unless otherwise authorized by the LDB.

- 10.1 For Wholesale Customers that are Grocery (Wine on Shelves) Licensees, you must obtain from each of these Wholesale Customers, full payment for all Product sold within 10 days of transferring possession of such Product to the purchaser, unless otherwise authorized by the LDB.
- 10.2 You must obtain from your Manufacturer Retail Store, full payment that is due and owing to the LDB for all Product sold on Consignment, unless otherwise authorized by the LDB.
11. You must have in place and maintain a PAD Account and at least once per week you must deposit into your PAD Account the Remittance Funds received that week for all Product sold.
  - 11.1 Subject to Section 13, you must hold all monies, including all cash and monetary equivalent of all non-cash forms of payment you accept (e.g. credit card receipts, debit card receipts) from Wholesale Customers, your Manufacturer Retail Store and Hospitality Customers, received for Product sold, in trust for the LDB until the LDB debits the Remittance Funds from your PAD Account.
12. The LDB will pay you a commission equivalent to seven percent (7%) of the value of sales (not including sales of your BC VQA Product) of your Product sold at the Wholesale Price to Wholesale Customers, and your Manufacturer Retail Store.
  - 12.1 The LDB will pay you a commission equivalent to seven percent (7%) of the value of the sales (not including sales of your BC VQA Product) of your Product sold at the LDB Established Retail Price to Hospitality Customers.
13. By way of set-off, you will retain your proceeds from the sale of Product, including the cost of the Product sold, and any commissions due and owing to you, pursuant to Sections 12 and 12.1, from the funds described in Sections 10, 10.1 and 10.2. For greater clarity, your proceeds from the sale of Product will be equal to the funds described in Sections 10, 10.1 and 10.2 less the Remittance Funds.
14. Any shortage or deficiency in the weekly reporting of sales will be treated as trust funds owed to the LDB and the LDB may collect the Remittance Funds due and owing to the LDB in respect of those sales by:
  - a. set off from any payments, howsoever arising, owing by the LDB to you; or
  - b. any other form of payment as agreed to by the LDB.
15. All costs associated with the sale and delivery of Product to Wholesale Customers, your Manufacturer Retail Store and Hospitality Customers, the reporting of such sales, including all costs of compliance with any processing requirements, service fees or bank charges for the acceptance/use of debit or credit cards and all expenses or losses (including the acceptance of counterfeit monies) due directly or indirectly to the form of payment accepted, are for your account.

### **Records and Sales Report Requirements**

16. You must create and retain the Records.
17. You must provide Sales Reports to the LDB.
18. You must retain the Records, Sales Reports and Excise Documents for a period of six years.

## **Inspection and Audit Requirements**

19. You must conduct an annual inventory count on March 31, of all Product in your possession or control physically located in British Columbia no matter where situated in the province, as set out in the Reporting Requirements and Procedures. Such a count must be performed at your cost, and if specifically requested by the LDB, must be conducted by an independent third party qualified to perform such services at your cost.
20. You must submit or make the Records, Sales Reports and Excise Documents available to the LDB as we direct. Any of our authorized representatives may inspect, copy, or audit any Records, Sales Report and Excise Documents at any time.
21. In addition to the count referred to in Section 19, the LDB may at any time conduct an inspection or audit at your Licensed Establishment or Warehouse to verify inventory at the location where Product is stored or under your possession or control and to verify compliance with the Reporting Requirements and Procedures.
22. If any inspection or audit of your Licensed Establishment, Warehouse, Records, Sales Reports or Excise Documents discloses that you have acted in a manner contrary to the terms and conditions of this Agreement, you must pay us the expenses associated with the inspection or audit, and any payment assessed as due and owing as a result of your failure to comply, as determined by the LDB using reasonable audit standards.

## **Product Losses**

23. If the LDB determines after a review of Product inventory, Records, Sales Reports and/or Excise Documents, that you are responsible for Lost Product, you will be charged mark-up for such Lost Product. The mark-up charged will be based on the Lost Product being treated as having been sold to you at the LDB Established Retail Price. In addition you will be charged for the container deposits, container recycling fees and applicable taxes associated with the Lost Product. Such amounts may be collected by the LDB by way of set off from any amounts the LDB owes you, howsoever arising or as otherwise agreed by the parties.

## **Insurance and Indemnity**

24. You must purchase and maintain sufficient insurance, as a reasonably prudent business operator, to cover your liabilities under this Agreement and to ensure your ability to indemnify the LDB in accordance with the terms of this Agreement. You must provide the LDB with a copy of your Certificate of Insurance upon request.
25. You must indemnify and save the LDB (including its employees, agents or contractors) harmless from all losses, damages, claims, actions, causes of actions, costs, and expenses (including legal expenses) that the LDB may suffer or be put to at any time which are in any way based upon or arise out of this Agreement including any of your acts or omissions or those of your employees, officers, directors, agents or contractors.

## **Non-Compliance and Termination**

26. If you:
- a. no longer are licensed by the Liquor and Cannabis Regulation Branch as a Licensed Establishment;
  - b. do not hold or deposit the Remittance Funds as required under this Agreement;
  - c. do not provide the Sales Reports as required under this Agreement;
  - d. do not provide Records or Excise Documents, or allow an inspection or audit of your Licensed Establishment or Warehouse as required under this Agreement;
  - e. do not hold an annual inventory count as required under this Agreement; or
  - f. act in a manner contrary to any other provision of this Agreement and do not remedy such actions within 30 days of receiving notice from the LDB to rectify your actions;
- (each an “Event of Default”), then the LDB may take one or more of the actions set out in Section 26.1.
- 26.1 On the happening of an Event of Default, or at any time thereafter, the LDB may, at its option, elect to do any one of more of the following:
- a. by written notice to you, require that the Event of Default be remedied within a time period specified in the notice;
  - b. seek reimbursement for expenses (e.g. for NSF) the LDB incurs as a result of the Event of Default;
  - c. charge interest on overdue accounts in accordance with Applicable Laws;
  - d. report your noncompliance with this Agreement to the Liquor and Cannabis Regulation Branch;
  - e. withhold your registration of any new Product;
  - f. require you to provide a letter of credit from your financial institution;
  - g. pursue any remedy or take any other action available to it at law or in equity;
  - h. suspend this Agreement thereby suspending your authorization to conduct sales in accordance with the terms of this Agreement; or
  - i. terminate this Agreement thereby revoking your authorization to conduct sales in accordance with the terms of this Agreement.
27. The LDB is not responsible for any losses you may suffer as a result of the LDB electing to take any one or more of the actions outlined in Section 26.1 including suspension and/or termination of this Agreement, made in good faith, based on the information available to the LDB at the time those actions were taken.

## **Information**

28. You and the LDB will have access to and receive information about each other and others including information about sales to customers. The LDB is subject to provisions of the *Freedom of Information and Protection of Privacy Act*. You acknowledge that all or part of the information you are required to keep, may be information deemed to be under the control of the LDB and may be subject to the provisions of *Freedom of Information and Protection of Privacy Act* if a request is made to the LDB for such information.
29. You consent to the exchange of any information related to your storage, sale and delivery of Product with entities that may have need of this information for the operation of their own programs including but not limited to the Liquor and Cannabis Regulation Branch, and provincial Consumer Taxation Branch and will execute any further documents necessary to allow such exchange to occur.

## General

30. This Agreement is governed by, and is to be interpreted and construed in accordance with the laws applicable in British Columbia.
31. You must comply with the Reporting Requirements and Procedures as revised from time to time as applicable to your type of manufacturing facility.
32. You must comply with all Applicable Laws, and any other applicable laws, statutes, regulations, bylaws, orders, directives, policies and procedures of general application imposed by the LDB or its General Manager, or by any other governmental authority (federal, provincial or municipal) which affects the importation, transport, manufacture, storage, sale, delivery or consumption of liquor or in any way related to the performance of the services you provide.
33. This Agreement and its terms and conditions which authorize you to sell and deliver Product reflect current government policies applicable to your type of manufacturing facility. Government policies, however, may be changed without prior notice to you. Should such policies change, all or part of the terms and conditions in this Agreement may be revoked or unilaterally changed by the LDB to reflect the then current policies in place. You will be notified of changes in the terms and conditions that affect your type of manufacturing facility in due course. You acknowledge that these changes may occur and agree to either adhere to any revised terms and conditions, or that this Agreement will be terminated, all without any claim against the LDB for losses such revisions or termination may cause you.
34. Any trust funds, debts or amounts owed by you to the LDB, howsoever arising, will survive the termination of this Agreement and any other sections of this Agreement which, by their terms or nature are intended to survive the termination of this Agreement will continue in force indefinitely, even after this Agreement ends.
35. If any term or condition of this Agreement cannot be enforced, the provision is to be considered separate and removable from this Agreement.
36. You must not assign any of your rights under this Agreement without the LDB's prior written consent, but the LDB may assign all or any part of this Agreement without your consent.
37. A waiver of any term or breach of this Agreement is effective only if it is writing and signed by or on behalf of, the waiving party and is not a waiver of any other term or breach.

38. This Agreement and its Appendices (Appendix A Reporting Requirements and Procedures and Appendix B Definitions) form the entire agreement between the parties and should a conflict arise between the wording of this Agreement and the wording in the Appendices, the wording of this Agreement will take precedence.
39. Any communications related to this Agreement (including any notice provisions) may be made by prepaid mail (assuming no work stoppage by Canada Post), hand-delivered, by facsimile or e-mail as follows:

to the LDB, addressed to:

Chief Financial Officer, Finance, LDB  
3383 Gilmore Way  
Burnaby, BC V5G 4S1  
Facsimile: (604) 775-0536  
Email: [regemail@bcldb.com](mailto:regemail@bcldb.com)

to the Manufacturer, addressed to:

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Address \_\_\_\_\_  
  
Phone \_\_\_\_\_  
Facsimile \_\_\_\_\_  
E-mail \_\_\_\_\_

40. Any notice mailed will be treated as if received on the fifth business day after the date of mailing. Any notice received by facsimile or e-mail, will be treated as received on the same day of sending if received before 4:00 pm, or on the next business day, if received after 4:00pm.
41. Notwithstanding the date of execution and delivery of this Agreement, this Agreement will be effective as of the day you are licensed by the Liquor and Cannabis Regulation Branch to manufacture Products covered by this Agreement.

42. This Agreement may be entered into by a separate copy of this Agreement being executed by, or on behalf of, each party and that executed copy being delivered to the other party by a method provided for in Section 39.

Agreed to by the parties:

**Province of British Columbia as represented by the Liquor Distribution Branch**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

**Manufacturer**

Manufacturer Name \_\_\_\_\_  
Authorized Signatory (1) \_\_\_\_\_

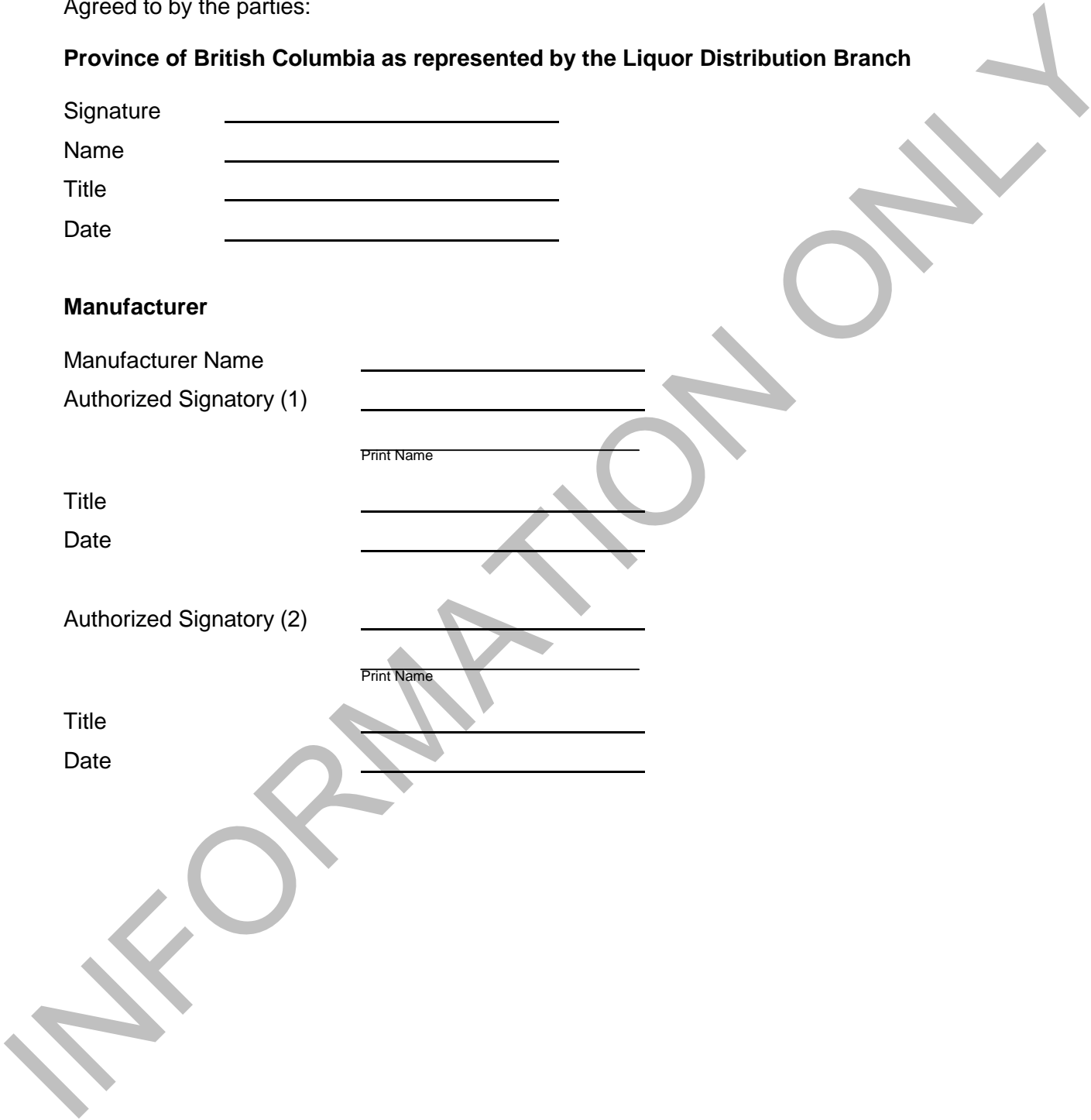
Print Name \_\_\_\_\_

Title \_\_\_\_\_  
Date \_\_\_\_\_

Authorized Signatory (2) \_\_\_\_\_

Print Name \_\_\_\_\_

Title \_\_\_\_\_  
Date \_\_\_\_\_





# Appendix A

## Commercial Winery – Reporting Requirements and Procedures

### 1. Introduction

The purpose of this Appendix A is to describe the Reporting Requirements and Procedures of the LDB with regard to operating a Commercial Winery in British Columbia.

The definitions in the Agreement will apply to this Appendix A unless indicated otherwise.

Any questions regarding the information in this Appendix A should be directed to:

Liquor Distribution Branch  
Finance Department, Wholesale –  
Private Distributors Reporting  
3383 Gilmore Way  
Burnaby, BC V5G 4S1

or by Email: [wpdr@bcldb.com](mailto:wpdr@bcldb.com)  
Phone: 604-252-7564

### 2. Winery Reporting

As a Commercial Winery, you are required to regularly report information about the sales of your Product and your annual packaged product movement. Sections 2 and 3 of this Appendix A describe in detail why, when, how and what you need to report.

#### 2.1 Why report

The LDB requires you as a Commercial Winery to report information on your sales of your Product to your customers in British Columbia in order to fulfill the LDB's reporting and revenue collection responsibilities to the provincial government.

The LDB and the provincial government use the information you provide for monitoring, reporting, and financial control purposes.

#### 2.2 When to report

It is important that you report your sales in a timely manner. LDB reporting is done based on a Financial (Fiscal) Year calendar which is different from a calendar year:

- Fiscal year begins on April 1 and ends on March 31 of the following year,
- Each fiscal year is comprised of 12 fiscal periods,

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### Commercial Winery – Reporting Requirements and Procedures

- Each fiscal period is based on 4-5 full weeks (except last period which always ends on March 31), and
- Each fiscal week spreads from Sunday through Saturday.

A current copy of the Financial (Fiscal) Year calendar can be found here: [www.bclddb.com/direct-sales-web-reporting-user-guides](http://www.bclddb.com/direct-sales-web-reporting-user-guides).

You are required to report to the LDB on your sales-related activities, including if you did not process any sales or returns in any given week. The LDB must receive all your Sales Reports no later than the first business day of the week following each week of sales.

If you plan to temporarily cease sales operations for a longer period, please email Data Management.

### **2.3 How to Report**

Unless you have been authorized by the LDB to report in another manner, all reporting must be done online through the Internet via the LDB application used for reporting, namely the Direct Sales Web Reporting (DSWR).

DSWR is a very simple and intuitive application that uses a secured gateway built by the provincial government to grant business and individuals on-line access to various provincial government services.

LDB has developed very comprehensive user manuals for DSWR system that are available here: [www.bclddb.com/direct-sales-web-reporting-user-guides](http://www.bclddb.com/direct-sales-web-reporting-user-guides)

The application can be accessed from the following page:  
<http://www.bclddb.com/doing-business-ldb/direct-sales-reporting>

For any new Commercial Winery, shortly after signing of your Agreement, you:

- will be assigned a LDB Store Number to use when reporting;
- will receive by email the full package of instructions on how to register, access, and use the DSWR application; and
- will be offered to schedule an optional web-based training session on using the DSWR reporting application.

Please note that you need to apply for a BCeID account through [www.bceid.com](http://www.bceid.com) to start reporting. The registration process may take up to 4 weeks, so please apply in advance to avoid delays.

If you are using a bookkeeping service to assist you with reporting and filing, you need to register your company as well as your representatives for BCeID first, and then grant your representatives permission to use online services on your behalf.

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## **2.4 What to report**

### **2.4.1 General Rules on Sales Reporting**

The rules listed below are applicable to reporting sales to all customer types. Rules specific to individual customer groups are listed in sections 2.4.2 through 2.4.5. See Exhibit A for rules on pricing for each customer type.

1. You are required to report sales of Product by your Commercial Winery to your Wholesale Customers, Manufacturer Retail Store and Hospitality Customers as authorized by this Agreement.
2. Do not report your sales to the BC Government Liquor Stores and LDB Distribution Centres.
3. Do not report your sales outside of British Columbia. You must, however, keep all the records related to all sales and dispositions of your Product for annual filing of the Packaged Product Movement Summary attached as Exhibit C and possible audit.
4. Do not report sales to Ship Chandlers as they are treated as export shipments out of British Columbia.
5. If you are selling your BC VQA Product on consignment through the BC VQA Stores, do not report these sales to the LDB. The BC Wine Institute will report these sales to the LDB on your behalf, at the Wholesale Price as if you were selling to those stores directly. However, keep the records of your inventory on consignment at all BC VQA Stores you use to store your inventory as required in Section 3, Reporting of Packaged Product Movement. If you are selling your BC VQA Product to BC VQA Stores directly (i.e. not on consignment), report these sales to the LDB in accordance with section 2.4.3 of this Appendix.
6. Product is to be transferred from the Commercial Winery to your Manufacturing Retail Store on Consignment. You must report your sales of Product sold from your Manufacturer Retail Store to the retail customer at the Wholesale Price. These sales must be reported using your Commercial Winery store number or winery agency store number, as the case may be. See Section 2.4.2 for further explanations on how to report sales to your Manufacturer Retail Store.
7. When transferring Product to your Winery lounge or special event areas operated under endorsements to your Manufacturer Licence, report the transfer as a sale to a Hospitality Customer at the LDB Established Retail Price using your Manufacturer Licence number. Do not report your sales made to retail customers from your Winery lounge or special event endorsement.
8. You may use Product for sampling, donations and/or to provide to employees even if you do not have a Manufacturer Retail Store. If you have a Manufacturer Retail Store, all Product used for any of these purposes must be reported as a sale to your Manufacturer Retail Store using your Commercial Winery store number. If you don't have a Manufacturer Retail Store, all Product used for any of those purposes must be reported as a sale using your Commercial Winery store number. See Section 2.4.2 for further explanations on how to report sales to your Manufacturer Retail Store.

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9. You may sell Product to a Special Event Permittee if you have a Manufacturer Retail Store, and all Product sold to a Special Event Permittee must be reported as a sale to your Manufacturer Retail Store using your Commercial Winery store number.
10. You may only sell Product at farmers markets if you have a Manufacturer Retail Store. Product sold at farmers markets must be reported as a sale to your Manufacturer Retail Store using your Commercial Winery store number. See Section 2.4.2 for further explanations on how to report sales to your Manufacturer Retail Store.
11. Your Product SKUs must be registered and the Wholesale Prices and LDB Established Retail Prices must be established by the LDB before you can start selling these Products. You should not process any sales until the pricing is complete.
12. All sales must be reported in selling units as per LDB Product registration. If Product is registered and priced as a 2-bottle gift set then for each unit sold, the quantity reported must be '1', and the price provided for a 2-pack set.
13. The container recycling fee is included in the Wholesale Price, and in the LDB Established Retail Price.
14. You must collect and remit a container deposit on all your sales to Wholesale Customers, your Manufacturer Retail Store and Hospitality Customers as per the rate schedule established by the container stewardship organizations effective on the date of transaction. Please see the Container Deposit Schedule, currently in effect: [www.bcldb.com/direct-sales-web-reporting-user-guides](http://www.bcldb.com/direct-sales-web-reporting-user-guides). The LDB will transfer the container deposit to the container stewardship organization on your behalf.
15. If your Commercial Winery reported a sale in a metal refillable keg you must collect the container deposit from your Wholesale Customers, Manufacturer Retail Store and Hospitality Customers and report it to the LDB. The LDB will include the refillable keg deposit in the payment back to you; therefore, when the net payment is collected from you, the refillable keg deposit reported on sales of Product will be offset by the refillable keg deposit amount paid back to you so the net cash impact will be nil.
16. The reporting is done by creating sales documents and compiling these sales documents into a batch before submission. You can include documents from prior periods into a batch; for example, you can correct errors or report missing transactions from prior periods, however you cannot report sales transactions for future dates. Once your batch has been submitted and passed through the LDB systems, you will receive the following email notifications:
  - LDB Cost Details for Direct Sales report listing the supplier cost of Product, BC VQA markup reimbursement, commission payments, applicable GST and any refundable deposits pertaining to the reported sales; and
  - LDB Pre-Authorized Debit (PAD) Settlement Notification report indicating the amount to be withdrawn from your PAD Account.
17. Please refer to the Exhibit A for the taxes and price applicable to each customer type.

Please refer to the following sections for reporting requirements on sales to specific types of customers.

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**2.4.2 Reporting Sales from and Returns to Manufacturer Retail Store**

1. You must report to the LDB all sales of Product from, and returns of Product to, your Manufacturer Retail Store and these sales and returns must be reported using your Commercial Winery store number.
2. What you report as a sale to your Manufacturer Retail Store should include:
  - Products sold through your Manufacturer Retail Store to retail customers;
  - Products sold at farmers markets to retail customers;
  - Products you have used for donations, sampling, or providing Product to employees; and
  - Products sold to Special Event Permittees.
3. You must have registered and received a PST (Provincial Sales Tax) registration number to be able to sell Products from your Manufacturer Retail Store.
4. If the sale price of a Product within a reporting period has not changed, you can report net sales (sales net of returns) for the period by the Product SKU on a single sales document. Alternatively, you can report each sale and return transaction individually as you process them.
5. The following information is required for online reporting for your Manufacturer Retail Store:
  - **Store number** – enter your reporting store number.
  - **Document type** – identify if this is a sale or return.
  - **Transaction date** – the date when the original sale occurred (system pricing in effect according to date).  
If you report all **net** (value of sales less returns) sales on a single document, you can use the last day of the reporting week as a transaction date. The date defines the price being in effect for all transactions reported on this document.
  - **Invoice reference number** – a reference number that uniquely identifies the sale or return document.
  - **Original invoice number** – only for returns – a reference number that was used in the original sale of the Product.
  - **Customer number** – use your reporting store number or your winery agency store number as assigned by the LDB if you have an off-site store. For example, if you report your sales as a store number 999, select a customer number '999' to report your sales from your Manufacturer Retail Store.
  - **Customer type** – use “MOS” Manufacturer Retail Store or “WAS” Winery Agency Store if you report sales to your off-site store. Do not use this category of reporting if sales are under your Winery lounge endorsement or sold under a special event endorsement as these sales are treated as sales to Hospitality Customers.
  - **Payment method** – ‘cash’.
  - **SKU** - an identification number that will provide information to the system of the Product being sold or returned.
  - **Price** - Wholesale Price per selling unit excluding taxes.
  - **Quantity** – quantity sold in selling units.

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- **Container Deposits** - container deposits you collected. Please note that the LDB reporting system will calculate the deposit amount owed but you may want to compare it with the amount you collected to identify any errors.
- **Return Reason Code** – code which identifies the reason the Product is being returned – for information purposes only.

#### 2.4.3 Reporting Sales and Returns to/from Wholesale Customers

1. The Wholesale Customer's Liquor and Cannabis Regulation Branch issued licence number must be valid and such a customer must be eligible to purchase alcohol for resale on the date of the sale.
2. The Wholesale Customer that you sell your Product to, or receive returns of your Product from, must have registered for and received a PST (Provincial Sales Tax) registration number.
3. Each individual sale or return must be reported on a separate document, indicating the Wholesale Customer's Liquor and Cannabis Regulation Branch licence number. For Rural Agency Stores or Wine stores, indicate the LDB issued store number.
4. The reporting must be completed using the Wholesale Price and tax effective on the date of the sale.
5. The following information is required for online reporting for Wholesale sales:
  - **Store number** – enter your reporting store number.
  - **Document type** – identify if this is a sale or return.
  - **Transaction date** – the date when the original sale occurred (system pricing in effect according to date).
  - **Invoice reference number** – a reference number that uniquely identifies the sale or return document.
  - **Original invoice number** – only for returns – a reference number that was used in the original sale of the Product.
  - **Customer number** – the Wholesale Customer's license number assigned by the Liquor and Cannabis Regulation Branch, or a store number for Rural Agency Stores or Wine Stores as assigned by the LDB.
  - **Customer type** - (e.g. Licensee Retail Store, Rural Agency Store etc.) based on the information in Exhibit A.
  - **Payment method** – 'cash'.
  - **SKU** - an identification number that will provide information to the system of the Product being sold or returned.
  - **Selling Price** - Wholesale Price effective on the date of the transaction.
  - **Quantity** - sold, in selling units.
  - **Container Deposits** - container deposits you collected. Please note that the LDB reporting system will calculate the deposit amount owed based on the sales reported but you may want to compare with the amount you collected to identify any errors.
  - **Return Reason Code** – code which identifies the reason the Product is being returned.

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**2.4.4 Reporting Sales and Returns to/from Duty Free Stores**

1. Only BC VQA Products are allowed to be sold directly by the Commercial Winery to the Duty Free stores.
2. The Duty Free store's customer numbers for all Duty Free stores are listed in Exhibit B.
3. Each individual sale to, and return from, a Duty Free store must be reported on a separate document, indicating the Duty Free store customer number.
4. The reporting must be complete using the price you set for BC VQA Product sold to Duty Free stores, effective on the date of the sale. You must charge all Duty Free stores the same price for each BC VQA product, and the price you set is subject to Applicable Laws.
5. Please refer to the Exhibit A for the Duty Free store customer type indicator and pricing. Sales to Duty Free stores are tax exempt.
6. No container deposits are to be collected on sales to Duty Free stores.
7. The following information is required for online reporting for Duty Free store sales
  - **Store number** – enter your reporting store number.
  - **Document type** – identify if this is a sale or return.
  - **Transaction date** – the date when the sale or return occurred.
  - **Invoice reference number** – a reference number that uniquely identifies the sale or return document.
  - **Original invoice number** – only for returns – a reference number that was used in the original sale of the Product.
  - **Customer Number** – Please see Exhibit B for Duty Free store Customer numbers.
  - **Customer type** – Duty Free store.
  - **Payment method** – 'cash'.
  - **SKU** - an identification number that will provide information to the system of the Product being sold or returned. Only BC VQA Products are eligible for these sales.
  - **Price** - Free Price as of the date of the transaction provided it was the same price offered to all Duty Free stores. The price you set is subject to Applicable Laws.
  - **Quantity** - sold, in selling units.
  - **Return Reason Code** – code which identifies the reason the Product is being returned.

**2.4.5 Reporting Sales and Returns to/from Hospitality Customers**

1. The Hospitality Customer's Liquor and Cannabis Regulation Branch issued licence number must be valid and such a customer must be eligible to purchase alcohol for resale on the date of the sale.
2. The Hospitality Customer must have registered and received a PST (Provincial Sales Tax) registration number.

## Appendix A Commercial Winery – Reporting Requirements and Procedures

3. Each individual sale or return must be reported on a separate document, indicating the Hospitality Customer's Liquor and Cannabis Regulation Branch licence number.
4. The following information is required for online reporting for Hospitality Customer sales
  - **Store number** – enter your reporting store number.
  - **Document type** – identify if this is a sale or return.
  - **Transaction date** – the date when the original sale occurred (system pricing in effect according to date).
  - **Invoice reference number** – a reference number that uniquely identifies the sale or return document.
  - **Customer number** – the Hospitality Customer's license number assigned by the Liquor and Cannabis Regulation Branch. For your winery lounge or special event endorsement areas, use your Liquor and Cannabis Regulation Branch issued Manufacturer License number.
  - **Customer type** - Hospitality (LIC) based on information in Exhibit A.
  - **Payment method** – “cash”.
  - **SKU** - an identification number that will provide information to the system of the Product being sold or returned.
  - **Price** - LDB Established Retail Price as of the date of transaction.
  - **Quantity** - sold, in selling units.
  - **Container Deposits** - container deposits you collected. Please note that the LDB reporting system will calculate the deposit amount owed based on the sales reported but you may want to compare it with the amount you collected to identify any errors.
  - **Return Reason Code** – code which identifies the reason the Product is being returned.

### 3. Reporting of Packaged Product Movement

#### 3.1 Purpose

As a Commercial Winery, you are required to report, on an annual basis, the movement of your Product in the province. The Packaged Product Movement Summary form is attached as Exhibit C to these Reporting Requirements and Procedures. This report is used by the LDB to ensure that your Product is duly accounted for. Any unaccounted Product will be dealt with further in the explanation below.

#### 3.2 Report Completion

##### 3.2.1. Generally

- **For the Period:** The annual period covered is April 1 to the following March 31. Enter the appropriate year. If the Commercial Winery is a new manufacturer, the reporting period is from the date you began your operations to March 31.



## Appendix A

### Commercial Winery – Reporting Requirements and Procedures

- **Types of Products:** You must separately account for the following categories of Product that relate to your Commercial Winery's operation.
  - BC VQA Product,
  - All other Wine (not BC VQA), and
  - Ciders and refreshment beverages (wine-based).
- **Unit of Measure:** Litres

#### 3.2.2. For each Type of Product you report, you need to complete the following details:

##### Opening Inventory – Packaged Product

Report the total litres of Product you store in any of your Warehouses (including any inventory stored in your Manufacturer Retail Store) and in any Warehouses which store your Product for you including BC VQA Stores storing your BC VQA Product on Consignment located in the province as at the beginning of business on April 1 (the start of your 12 month reporting period).

##### Total Additions

- **Production:** Report the total litres of Product produced at your Licensed Establishment and packaged product produced by others during the 12 months ending March 31.
- **Packaged Product Produced by Others:** Report the total litres of Product other British Columbia manufacturers made for you during the 12 months ending March 31.
- **Product Returns:** Report the total litres of Product your customers returned to you. For the subsequent disposition of the returned Product, include these movements of your inventory in the appropriate columns of the Packaged Product Movement Summary (for example: include it in the "Breakage, defective, other write-offs" column if you destroyed it or include it in "Total shipments in BC" if you resold it.)
- **Total Additions:** This is a calculated total arrived at by adding– 'Production', 'Product Returns' and 'Product produced by others'.

##### Total Packaged Product Available

This is a calculated total arrived at by adding the 'Opening Inventory' and 'Total Additions'.

##### Total Packaged Product Shipments Out of BC

- **Shipments to Other Provinces:** Report the total litres of Product you shipped outside of British Columbia but within Canada. For example: You would include any shipments you made to another province in this total. Ensure you include the litres you physically shipped to other Canadian provinces during the 12 month reporting period which may not necessarily be the same as the volume you sold during the same time period (as is the case when Product is held in other provinces on a consigned basis).
- **Shipments Out of Canada:** Report the total litres of Product you physically shipped out of Canada during the 12 months covered by the Packaged Product Movement Summary.
- **Note:** Any sales made in British Columbia to Ship Chandlers during the 12 months covered by the Packaged Product Movement Summary should be included in the 'Shipments Out of Canada' column.

## Appendix A

### Commercial Winery – Reporting Requirements and Procedures

#### **Total Packaged Product Available in BC**

This is calculated by deducting the volume reported as 'Shipments to Other Provinces' and 'Shipments Out of Canada' from the volume reported as 'Total Packaged Product Available'.

#### **Total Shipments in BC (BC Sales)**

Report the total litres of Product you physically shipped in BC including LDB distribution and Wholesale/ Hospitality customers (including any Product you used for sampling, donations or provided to employees and any shipments made to the LDB) during the 12 months covered by the Packaged Product Movement Summary.

#### **Total Packaged Product Deductions**

Report any Product you "wrote off" either by destroying or through "breakage" or inventory count adjustments. You must complete the individual sub-column as appropriate.

- **LDB Exempted Deductions:** If an unusual event occurs at the manufacturing facility or its Warehouses which results in the loss of Product, such as a major forklift accident in the Warehouse or shelving collapsed, the LDB will consider exempting these deductions from mark-up. However, each exemption must be approved by the LDB in writing.
- **CRA Claimed Deductions:** If you reported any of the destroyed Product to the Canada Revenue Agency (CRA) to claim back the excise duties you paid, you must separately report the volume in this field.
- **Other Breakage, Adjustments & Write-offs:** Report the total litres of Other Breakage, Adjustments & Write-offs not included in Total Shipments in BC (BC Sales).

#### **Total Deductions**

This is a calculated sum of LDB Exempt Deductions, CRA Claimed Deductions and Other Breakage, Adjustments & Write-offs.

#### **Closing Inventory**

- **Calculated:** This is calculated by deducting the 'Total shipments in BC (BC Sales)' and 'Total Other Deductions' from the 'Total Product Available in BC' column of the Packaged Product Movement Summary.
- **Physical:** You are required to physically count the inventory of Packaged Product on March 31 each year, you have on hand in any Warehouse (which includes any Warehouses that store your product and/or, inventory stored in your Manufacturer Retail Store and/or winery lounge and/or special event area and/or BC VQA Stores which store your Product for you on consignment) in British Columbia. The inventory that you physically counted (converted to litres) should be reported in the 'Closing Inventory – Physical' column of the Packaged Product Movement Summary.

Ensure you retain the inventory count sheets which record the inventory physically counted on March 31 along with your inventory records.

#### **Difference**

This is calculated by deducting the 'Closing Inventory – Calculated' total from the 'Closing Inventory – Physical' total reported on the Packaged Product Movement Summary.

## **Appendix A**

### Commercial Winery – Reporting Requirements and Procedures

#### **LDB Shrinkage Allowance Calculation**

The shrinkage allowance takes into account an acceptable volume of Product that may be consumed or written-off in BC due to normal manufacturing and warehousing activities. By allowing this, a manufacturer does not have to fully document each instance of breakage/destruction which may occur. The rate depends on the annual production volume of the manufacturer. The current rate of the LDB shrinkage allowance is 1.75% of 'Total Calculated Packaged Product Moved in BC' for the annual production of packaged wine-other products, and 0.50% for packaged cider and refreshment beverage products' annual production.

#### **Self-Assessment Calculation**

This portion of the Packaged Product Movement Summary calculates the Total Deductions Subject to LDB Mark-up. If the amount is positive, you owe the LDB mark-up because your non-sale inventory deductions exceed the LDB shrinkage allowance. The LDB will invoice you to recover the mark-up value based on the LDB Established Retail Price of the excess volume of the unaccounted movement of inventory.

#### **Other**

With the submission of your Packaged Product Movement Summary report, you must provide the LDB a listing of all the Warehouses located in British Columbia where you stored any of your Product as at March 31.

### **3.3 Report Submission**

The completed Packaged Product Movement Summary form and your listing of Warehouse locations must be sent to the LDB by June 30 to the attention of following address:

BC Liquor Distribution Branch  
Attention: Finance Department – Regulatory and  
Compliance 3383 Gilmore Way  
Burnaby, BC V5G 4S1

or Email to: [regulatory.reports@bcldb.com](mailto:regulatory.reports@bcldb.com)

The LDB performs regular audits of Packaged Product Movement Summary reports submitted by manufacturers. If you are selected for an audit, the LDB will normally contact you in advance and make arrangements for the audit.

## **4. Information the LDB provides to the Commercial Winery**

1. The information the LDB will provide you includes the following:

- Current versions of the LDB Financial Calendar and Container Recycling Fees and Deposits Schedule can be found online at [www.bcldb.com/direct-sales-web-reporting-user-guides](http://www.bcldb.com/direct-sales-web-reporting-user-guides); and

## Appendix A

### Commercial Winery – Reporting Requirements and Procedures

- Every month, approximately 10 business days after financial period end, you will receive by email a Statement of Account. This provides you with a summary of all settlement and credit activities of direct delivery sales reported from the previous month.
- On each batch submission, you will receive the following by email:
  - LDB Cost Details for Direct Sales report listing the supplier cost of Product, BC VQA markup reimbursement, commission payments, applicable GST and any refundable deposits pertaining to the reported sales; and
  - LDB Pre-Authorized Debit (PAD) Settlement Notification report indicating the amount to be withdrawn from your PAD Account.
- In addition, the lists of Wholesale Customers and Hospitality Customers with their PST and registration and licence status to ensure your sales are qualified for a PST-Exemption is available by email.

## 5. Winery Records

1. As a manufacturer producing and handling Product in British Columbia, you are also required to maintain adequate business records that clearly demonstrate your ability to account for all the Product you handle.
2. At a minimum, the records you maintain and retain need to be sufficient so that any reasonable third party reviewing your records can determine the following regarding your Product (Wine, ciders, wine-based refreshment beverages, etc.):
  - The amount you currently store anywhere in British Columbia, including identifying the specific Warehouses. As a manufacturer, you are required to physically count your inventory at the close of business on March 31 each year. Also, you are required to retain your physical count sheets that clearly identify the Product you counted at each of your Warehouses.
  - The amount you produced in your Licensed Establishment.
  - The amount a third party produced and/or bottled on your behalf.
  - The contents of your BC VQA Product. That is, your records need to be sufficient so that you can reasonably demonstrate that any of your wine designated as BC VQA Product contains only British Columbia grapes.
  - The amount you used for donations, sampling, or provide to employees.
  - The amount you disposed of for quality control purposes, breakage or general destruction.
  - The amount that you shipped out of British Columbia including sufficient documentation to clearly evidence that this Product physically left British Columbia.
  - The amount that you sold to your authorized customers in British Columbia.
3. All the records referred to above must be retained at your Licensed Establishment office(s) in British Columbia unless otherwise authorized by the LDB. These records must be kept for a period of not less than six years following the end of each calendar year.

## **Appendix A**

### **Commercial Winery – Reporting Requirements and Procedures**

4. You must cooperate with any authorized representative of the LDB who conducts an inspection or audit, including making all your records available, allowing access to any premise wherein your Product is stored, and signing a Consent Form allowing for 3<sup>rd</sup> party verification of records, if requested by the LDB.
5. If the inspection or audit referred to above discloses a breach of the Agreement, you must pay the costs and expenses of the inspection or audit and any payments assessed as due and owing, as determined by the LDB using reasonable audit standards.

INFORMATION ONLY

**Appendix A**  
Commercial Winery – Reporting Requirements and Procedures

**Exhibit A – Customer Types and Pricing**

The Table below provides the applicable customer types, pricing and tax to be collected on your sales, reported and remitted to the LDB.

Customer type	Code in DSWR	Pricing	TAX
Manufacturer Retail Store (on-site store)	MOS	Wholesale	GST
Winery Agency Store (off-site store)	WAS	Wholesale	GST
Independent wine store*	WIN	Wholesale	GST
Hospitality	Licensee	LDB Established Retail Price	GST
Licensee Retail Store*	LRS	Wholesale	GST
Rural Agency Store	RAS	Wholesale	GST
Grocery (Wine on Shelves) Licensee	GRC	Wholesale	GST
Duty Free Store	DFS	Price set by the Commercial Winery provided the same price is offered to all Duty Free stores. Price subject to Applicable Laws	N/A
BC VQA Store on purchase model only	VQA	Wholesale	GST

\* includes this type of licensee operating within a grocery store

**Appendix A**  
Commercial Winery – Reporting Requirements and Procedures

**Exhibit B - Duty Free Stores**

<b>Store / Customer Number</b>	<b>Duty Free Store Name</b>	<b>Location</b>
900545	DOUGLAS CROSSING DUTY FREE STORE	SURREY, BC
900611	ALDEASA DUTY FREE STORE	RICHMOND, BC
900646	OSOYOOS DUTY FREE STORE	OSOYOOS, BC
900711	VICTORIA DUTY FREE STORE	SIDNEY, BC
900737	TOBACCO PLAINS DUTY FREE STORE	GRASMERE, BC
900810	WEST COAST DUTY FREE STORE	SURREY, BC
900869	KELOWNA DUTY FREE STORE	KELOWNA, BC
900885	ALDERGROVE DUTY FREE STORE	ALDERGROVE, BC
900919	HUNTINGDON DUTY FREE STORE	ABBOTSFORD, BC
900976	KINGSGATE DUTY FREE STORE	KINGSGATE, BC

**Exhibit C – Packaged Product Movement Summary**

Packaged Product Movement Summary																																						
Store Number: [REDACTED]																																						
Name of Winery: [REDACTED]																																						
<p align="center"><b>Packaged Product Movement Summary - BC Winery Manufacturer</b> For the Period: April 1, 2017 to March 31, 2018 (All amounts in litres)</p>																																						
Type of Packaged Product	Total Additions			Total Packaged Product Shipments out of BC			Total Packaged Product Shipments in BC			Total Packaged Product Deductions			Closing Inventory Packaged Product																									
	Opening Inventory Packaged Product	Total Production (including transfers from other BC Wineries)	Packaged Product Returns	Total Additions	Total Packaged Product Available	Shipments to Other Provinces	Shipments out of BC	Total Packaged Product Shipments in BC	Total Shipments of Packaged Product to Wholesale & Hospitality Customers in BC (including your Manufacturer Retail Store for on-premise consumption)	Total Shipments in BC (BC Sales)	DB Exempted Deductions (Note c)	CRA Claimed Deduction (Note d)	Other breakage, write-offs	Total Deductions	Calculated	Physical	Difference (Note f)																					
Column reference:	A	1	2	B = 1+2+3	C = 4+5	D	E	F = G+H	G	6 = 7+8+9	4	5	6	H = 4+5+6	J = F-G-H	J	K - L																					
Packaged wine - 100% BC VQA																																						
Packaged wine - other																																						
Packaged cider & refreshment beverages (Note a)																																						
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**Notes:**

- Packaged cider & refreshment beverages: Please note that wine-based refreshment beverages can only be direct delivered to your Manufacturer Retail Store and bunged/corked.
- Total direct shipments of packaged product to wholesale & hospitality customers in BC including your Manufacturer Retail Store (Column G2): All product packaged by the reporting winery must be included in this schedule. For example, if bulk product is packaged on a contract basis for a 3rd party, this production must be included under column 1. The subsequent shipment of this packaged product should be recorded under column 2 or 3 if shipped out of B.C. or in Column 6 if shipped within B.C.
- LDB exempted deductions (column 4): If an exempt event occurs at the manufacturing facility or its warehouses which results in the loss of Packaged Product inventory, you must separately report the volume in this field. The LDB will consider exempting these deductions from markup. However, each exemption must be approved by the LDB in writing.
- CRA claimed deductions (column 5): If you reported any of the destroyed Packaged Product to the Canada Revenue Agency (CRA), to claim back the excise duties you paid, you must separately report the volume in this field. Only the portion of Excise tax exemptions for ciders/coolers claimed as destroyed/defective Product should be included.
- Physical (column J): Please enter the physical inventory count as of March 31 for all Packaged Product in the Province of BC. This includes Packaged Product inventory at your manufacturing facility, on-site store and any warehouse which store your Packaged Product. You are required to complete a physical inventory count on March 31 of each year.
- Difference (column K): If column K is negative, this means there is an error in the schedule. The LDB does not provide a markup benefit for such errors. If column K is positive, we recommend that you review the schedule for possible errors. If no error is found, this means there is some unaccounted movement of Packaged Product and LDB markup will be charged on the unaccounted Packaged Product.

Prepared by: [REDACTED]  
Name: [REDACTED]  
Date: [REDACTED]



## Appendix B Commercial Winery - Definitions

In this Agreement:

- a) "Agreement" means this agreement and the attached Appendices;
- b) "Applicable Laws" means *the Liquor Distribution Act, Liquor Control and Licensing Act* and the *Excise Act* and any regulations under those statutes and includes any amendment or replacement of those statutes and regulations from time to time;
- c) "BC VQA Product" means Wine made from 100% BC grapes which has received the British Columbia VQA designation;
- d) "BC VQA Store" means a Wine store licensed under the Applicable Laws which licenses are held by the British Columbia Wine Institute;
- e) "Consignment" means an arrangement whereby you transfer possession of Product to your Manufacturer Retail Store with payment at the Wholesale Price due and owing to the LDB upon sale of Product from the Manufacturer Retail Store to a retail customer, unless otherwise authorized by the LDB;
- f) "Event of Default" means any of the events set out in Section 26 of this Agreement;
- g) "Excise Documents" means any documents required under the *Excise Act* or its Regulations;
- h) "Grocery (Wine on Shelves) Licensee" means a licensee who is permitted to sell Wine from shelves in a grocery store and, for greater clarity, means a BC VQA Store that is not on a consignment model and is situated in a grocery store and a Special Wine Store Licensee, as licensed under the Applicable Laws;
- i) "Hospitality Customer" means:
  - i. a caterer being a person holding a caterers licence or a licensee whose licence contains a catering endorsement, issued under the Applicable Laws,
  - ii. any business which operates an establishment which has been issued a liquor primary licence, a liquor primary club licence, a food primary licence or similar license under Applicable Laws, and
  - iii. any holder of a Manufacturer's Licence for its business conducted under a lounge or special event endorsement issued under the Applicable Laws;
- j) "LDB Established Retail Price" means the retail price set by the LDB for Product to be sold to Hospitality Customers;
- k) "Licensed Establishment" means your place or premises within which is any area where liquor is manufactured or served;
- l) "Lost Product" means Product:
  - i. which was under your possession or control,
  - ii. which is in excess of the allowable shrinkage set for your manufacturing facility type as set out in the Reporting Requirements and Procedures, and
  - iii. which cannot be accounted for by you;
- m) "Manufacturer Licence" means a winery Licence issued under Applicable Laws;

## APPENDIX B

### Commercial Winery - Definitions

- n) "Manufacturer Retail Store" means your on-site retail store that you are allowed to operate as a result of an endorsement on your Manufacturer Licence, and where applicable, your off-site retail store operating with a winery agency store licence;
- o) "PAD Account" means your pre-authorized debit account with your financial institution which you have designated in your Pre-Authorized Debit (PAD) Agreement with the LDB into which you will place Remittance Funds for all Product sold in accordance with this Agreement;
- p) "Product" means:
  - i. Wine manufactured by you, including Wine packaged by you or at your direction,
  - ii. product made from Wine and by using a method and that does not involve the fermentation of that product, including such product packaged by you or at your direction,
  - iii. Wine purchased in bulk by you and packaged while under your ownership, or control, registered and sold by you under a brand or marketing name owned by you, or
  - iv. packaged Wine purchased by you from a winery provided that it is labeled, registered and sold under a brand or marketing name owned by you;
- q) "Records" means the records necessary for your type and size of business, as a prudent business operator, which would enable you to account for your Product, how it was produced, and how it is disposed of, including those records described in the Reporting Requirements and Procedures;
- r) "Remittance Funds" means the net sale proceeds due and owing to the LDB less any commissions due and owing to you, and includes the mark-up owing on the Product, container deposits, container recycling fees and GST on the mark-up and the container recycling fees;
- s) "Reporting Requirements and Procedures" means the reporting requirements and procedures attached as Appendix A to this Agreement;
- t) "Sales Reports" means the reports you are required to make about your sales of Product to Wholesale Customers, your Manufacturer Retail Store, Special Event Permittees and Hospitality Customers as described in the Reporting Requirements and Procedures;
- u) "Special Event Permittee" means a licensee issued a special event permit under Applicable Laws;
- v) "Warehouse" means any and all warehouses and other locations in British Columbia where your Product is stored prior to being transferred on Consignment or sold;
- w) "Wine" means liquor obtained by the fermentation of natural sugar content of fruits or other agricultural products, containing sugar, including honey and milk;
- x) "Wholesale Customer" means:
  - i. Duty Free stores licensed by Canada to operate in the province, provided you have been authorized by the LDB to sell to Duty Free stores,
  - ii. Licensee Retail Stores as licensed under the Applicable Laws,

**APPENDIX B**

Commercial Winery - Definitions

- iii. Wine stores as licensed under the Applicable Laws and includes a Grocery (Wine on Shelves) Licensee, and
- iv. Rural Agency Stores being agency stores as defined under Applicable Laws.
- y) "Wholesale Price" means the LDB wholesale price applicable to a Wholesale Customer and applicable to Product sold to your Manufacturer Retail Store.

INFORMATION ONLY