Licensed Producer Supply Agreement for Non-Medical Cannabis

This Licensed Producer Supply Agreement for Non-Medical Cannabis (the "**Agreement**") is dated for reference as of **January 1, 2027,** and will be effective as of the last day executed (the "**Effective Date**") and is made between:

His Majesty the King in right of the Province of British Columbia, as represented by the Administrator of the *Cannabis Distribution Act*, SBC 2018, c 28

(the "**Province**")

and

_____

(the "**Licensed Producer**")

The federal government brought the federal *Cannabis Act*, SC 2018, c 16 (the "***Cannabis Act***"), into force on October 17, 2018, *inter alia*, authorizing the distribution and retail sale of non-medical cannabis. The Province has a wholesale distribution system to deliver non-medical cannabis product to authorized or licensed retailers as well as a public retail sales channel.

This Agreement contains separate terms and conditions for each of Central Delivery and Direct Delivery (each as defined below). The Licensed Producer has agreed that different terms and conditions of this Agreement apply depending on whether Cannabis Product (as defined below) is sold to the Province pursuant to Central Delivery or Direct Delivery.

The Province wishes to purchase Cannabis Product from the Licensed Producer and the Licensed Producer has agreed to offer to sell the Cannabis Product to the Province on the terms and conditions set out in this Agreement.

In consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the Province and the Licensed Producer agree as follows:

GENERAL TERMS

The following terms and conditions are applicable to all Licensed Producers.

Interpretation

1. In this Agreement:

(a) "Affiliate" means a party that is any or all of a "related person", an "associated corporation" or an "affiliated person" under the *Income Tax Act* (Canada), RSC, 1985, c.1 (5th Supp);

(b) "Applicable Laws" means the *Cannabis Act*, the *Cannabis Regulations*, SOR/2018-144, the *Cannabis Tracking System Order*, SOR/2019-202, the *Cannabis Distribution Act*, SBC 2018, c 28, the *Cannabis Distribution Regulation*, B.C. Reg. 143/2018, the *Cannabis Control and Licensing Act*, SBC 2018, c 29, the *Cannabis Licensing Regulation*, B.C. Reg. 202/2018, and the *Cannabis Control Regulation*, B.C. Reg. 204/2018 each as amended from time to time; and any new regulations passed under the *Cannabis Control and Licensing Act* or *Cannabis Distribution Act,* together with such other statutes and regulations as may apply within British Columbia to the commercial sale and distribution of non-medical cannabis, including if the context requires the *Excise Act* 2001, SC 2002, c 22, and *Excise Tax Act,* RSC 1985, c E-15;

(c) "Applicable Retailer(s)" means a BC Cannabis Store, CRS or PRS, subject to any restrictions imposed on the Registered Cultivator's Direct Delivery Program registration in accordance with the Direct Delivery T&Cs;

(d) "BC Cannabis Stores" means the public system for retail sales of Cannabis Product to consumers operated by the LDB;

(e) "Business Day" means a day, other than a Saturday or Sunday, on which Provincial government offices are open for normal business in British Columbia;

(f) "Cannabis" has the same meaning as in the *Cannabis Act*;

(g) "Cannabis Accessories" has the same meaning as in the *Cannabis Act*;

(h) "Cannabis Kits" means Cannabis packaged with one or more Cannabis Accessories;

(i) "Cannabis Product(s)" means, collectively, Cannabis, Cannabis Accessories and Cannabis Kits;

(j) "Central Delivery" means the distribution and sale of Cannabis Product through the Province's wholesale warehouse and physical distribution system to BC Cannabis Stores, CRS and PRS;

(k) "CRS" or "Cannabis Retail Stores" means provincially licensed or authorized private Cannabis retail stores operating in BC, not including PRS or any other class of licensed or authorized retail sales channels;

(l) "Direct Delivery" or the "Direct Delivery Program" means the provincial program operated by the LDB to authorize eligible federally licensed processors, cultivators

and nurseries to deliver or cause delivery of Cannabis Product directly to Applicable Retailer(s);

(m) "Direct Delivery T&Cs" means the terms and conditions applicable to participants in the Direct Delivery Program, as may be amended from time to time, and found at the DD Webpage (as defined below);

(n) "Distribution Channel" or "Distribution Channels" means one or both of Central Delivery and Direct Delivery;

(o) "LDB" means the BC Liquor Distribution Branch;

(p) "Product Information" means Cannabis Product information and documentation required for the applicable Distribution Channel including, but not limited to, GS1 Canada product registration files, product pricing information, product attribute information, product potencies, packaging dates, certificates of analysis and Cannabis Product photos;

(q) "PRS" or "Producer Retail Stores" means provincially licensed or authorized private Cannabis retail stores operating in BC in association with Cannabis production facilities operated by holders of federal nursery or cultivation licences; and

(r) "Registered Cultivator" means the holder of a cultivation or nursery licence issued under Section 62 of the *Cannabis Act* or the holder of an industrial hemp licence issued under Section 9 of the *Industrial Hemp Regulations*, SOR/2018-145 who is registered as a cultivator with the Direct Delivery Program and subject to the Direct Delivery T&Cs applicable to cultivators.

2. In this Agreement:

(a) "includes" and "including" are not intended to be limiting;

(b) unless the context otherwise requires, references to sections by number are to sections of this Agreement;

(c) the Licensed Producer and the Province are referred to as "the parties" and each of them as a "party";

(d) "attached" means to this Agreement when used in relation to a schedule, including an annex or appendix;

(e) the headings have been inserted for convenience of reference only and are not intended to describe, enlarge or restrict the scope or meaning of this Agreement or any provision of it;

(f) "person" includes an individual, partnership, corporation or legal entity of any nature; and

(g) unless the context otherwise requires, words expressed in the singular include the plural and vice versa.

Non-medical Cannabis Licence

3. The Licensed Producer represents and warrants that it holds a cultivation, nursery or processing licence issued under Section 62 of the *Cannabis Act* and will take commercially reasonable steps to maintain that license at all times during the Term. If the Licensed Producer holds only a cultivation or nursery licence it expressly represents and warrants that it understands the limitations applicable to the sale of Cannabis to the Province under such licence category and covenants and agrees to adhere to such restrictions in respect of this Agreement.

Central Delivery and Direct Delivery

4. This Agreement applies to both Central Delivery and Direct Delivery. **The Licensed Producer acknowledges and agrees that it is aware of and agrees to be bound by the specific terms and conditions applicable to the Distribution Channel(s) to which it is registered (or otherwise participates in) and that there are important differences between the requirements of each Distribution Channel set out in the Central Delivery terms and conditions in Annex A and Appendix A1 and/or the Direct Delivery terms and conditions in Annex B and Appendix B1 and B2,** and that it is the Licensed Producer's responsibility to be aware of and understand the applicable Distribution Channel eligibility and Cannabis Product registration requirements prior to distributing or selling Cannabis Products in British Columbia.

Term

5. This Agreement will be in effect from the Effective Date and continue until such time as terminated (the "**Term**"). Should the Licensed Producer be registered for both Central Delivery and Direct Delivery, subject to Section 6 of this Agreement, de-registration from one Distribution Channel will not in itself result in a conclusion of the Term should the Licensed Producer continue to operate in good standing under the other Distribution Channel.

Termination

6. The Province may terminate this Agreement by written notice:

(a) If the Licensed Producer acts, or fails to act, in any manner contrary to any provision of this Agreement and fails to remedy such action or inaction within 30 days of receiving notice from the Province to rectify such situation;

(b) Immediately, if the Licensed Producer ceases at any time to be the holder of a licence issued under Section 62 of the *Cannabis Act*;

(c) Immediately, if the Licensed Producer:

i. becomes insolvent, is adjudged a bankrupt or makes an assignment for the benefit of its creditors;

ii. has a receiver appointed in respect of its property in any action, suit or proceeding by or against the Licensed Producer; or

iii. ceases to carry on business;

(d) Within 30 days of the Licensed Producer receiving a notice from the Province that (or otherwise becoming aware of), one or more Affiliated Registered Cultivators supplying the Licensed Producer with Cannabis Product for sale to the Province for Direct Delivery under this Agreement has breached the Direct Delivery T&Cs and/or becomes de-registered from the Direct Delivery Program and is not reinstated as a Registered Cultivator.

7. Notwithstanding anything to the contrary, on the happening of an event under Sections 6(a) or 6(d) of this Agreement, or any time thereafter, the Province may, at its option, elect to do any one or more of the following:

(a) Seek reimbursement of expenses (e.g. for non-sufficient funds or failure to adhere to the Province's supply chain requirements or the terms of a purchase order) the Province may incur as a result of Licensed Producer's actions or inaction;

(b) Charge interest on overdue accounts in accordance with Applicable Laws;

(c) Report the Licensed Producer's non-compliance with this Agreement to the Liquor and Cannabis Regulation Branch;

(d) Withhold the Licensed Producer's registration of any new Cannabis Product;

(e) Require the Licensed Producer to provide a letter of credit from its financial institution;

(f) Pursue any remedy or take any other action available to it at law or in equity; or

(g) Suspend or terminate this Agreement in whole or in part, thereby suspending or terminating, in whole or in part, the Licensed Producer's authorization to conduct sales (in respect of one or both of the Distribution Channels) in accordance with the terms of this Agreement.

The Province has the discretion to take or not take any of the actions listed above. If the Province does not take any action this in no way prejudices its rights to do so in the future in accordance with the terms of this Agreement.

8. This Agreement may be terminated by the Province at any time upon 90 days' prior written notice to Licensed Producer.

Policies and Procedures

9. The Licensed Producer will comply with the Province's policies and procedures for Cannabis Products posted on the Province's Cannabis supplier informational websites for Central Delivery (the "**CD Webpage**"), currently located at https://www.bcldb.com/bcldb-cannabis-supplier-information, and Direct Delivery (the "**DD Webpage**"), currently located at https://www.bcldb.com/bcldb-cannabis-direct-delivery. The location and content of the CD Webpage and the DD Webpage may be updated by the Province from time to time without notice to the Licensed Producer.

Product Information

10. The Licensed Producer will at all times provide Product Information to the Province in accordance with the Province's product and pricing information found on the CD Webpage and/or DD Webpage (as applicable), at the Licensed Producer's expense. The Licensed Producer will provide immediate notice of any change to the Product Information to the Province.

Product Stability

11. The Licensed Producer will not offer to sell Cannabis Product to the Province unless the Cannabis Product is shelf stable and does not require refrigeration, heating, or special handling.

Cannabis Product Sales Data

12. The Province may in its sole discretion provide to the Licensed Producer wholesale and retail sales and data reports for the Cannabis Product and the parties acknowledge and agree that any of such sales and data reports provided to the Licensed Producer under this Agreement will be governed by the terms and conditions of the Cannabis Product Sales Data Terms and Conditions attached to this Agreement as Annex C.

License

13. The Licensed Producer grants the Province a license to use, exhibit, excerpt, reformat, modify, reproduce, publish, publicly perform and transmit via the internet and otherwise use the Product Information. The Province is entitled to make reasonable non-exclusive use of the trademarks and tradenames associated with the Cannabis Product, as determined by the Province in the Province's sole discretion, subject to any reasonable directions or policies communicated to the Province by the Licensed Producer. If the Licensed Producer is not the owner of these trademarks and tradenames, the Licensed Producer will use commercially reasonable efforts to obtain permission for the Province to use such trademarks and tradenames in accordance with this Agreement (and will immediately inform the Province if permission cannot be obtained). If this Agreement is terminated, the Province may continue to use the Product Information, trademarks and tradenames provided by the Licensed Producer until the Province no longer has any Cannabis Product inventory from the Licensed Producer.

14. The Licensed Producer warrants and represents (and it is a condition hereof) that:

    (a) the manufacture, sales, distribution and use of Cannabis Product; and

    (b) the Product Information,

    do not and will not infringe any patent, trademark, copyright, industrial design or other proprietary right, whether domestic or foreign.

Indemnity

15. The Licensed Producer must indemnify and save harmless the Province and the Province's employees, contractors (including subcontractors), and agents from any loss, claim (including any claim of infringement of third-party intellectual property rights), damage award, action, cause of action, cost or expense that the Province or any of the Province's employees or agents may sustain, incur, suffer or be put to at any time, either before or after this Agreement ends, (each a "**Loss**") to the extent the Loss is directly or indirectly caused or contributed to by:

    (a) any negligent act or omission by the Licensed Producer or by any of the Licensed Producer's agents, employees, officers, directors or subcontractors in connection with this Agreement;

    (b) the Licensed Producer's (or its, Affiliate'(s), agent'(s) or assignee'(s) as applicable) manufacture, production, sale under Direct Delivery, shipment or delivery of the Cannabis Product;

    (c) any false or misleading Product Information;

    (d) any failure to maintain storage/safety controls or inventory and records management process, each as required by Applicable Law, in respect of the Cannabis Product;

    (e) any failure by an Affiliated Registered Cultivator of the Licensed Producer or the Licensed Producer to adhere to the terms of the Direct Delivery Program (whether found in the Direct Delivery T&Cs or any other Direct Delivery Program document); or

    (f) any default by the Licensed Producer or breach of its obligations (express or implied) or misrepresentations under this Agreement.

Customer Complaints and Product Recalls

16. The Licensed Producer must investigate any Cannabis Product quality concerns raised by the Province or otherwise received by the Licensed Producer and must acknowledge receipt of the concern and the commencement of an investigation by the Licensed Producer within two Business Days. If the Licensed Producer either: A) receives a report of quality concerns related to a consumer health issue; or, B) in any given three-month period has received five or more reports of quality concerns directly from a CRS or PRS in respect of Cannabis

Product delivered under Direct Delivery, the Licensed Producer must report this to the Province within five Business Days. The Licensed Producer must then provide the Province with regular updates of the investigation and provide such updates promptly upon inquiry by the Province.

17. The Licensed Producer must notify the Province immediately upon the Licensed Producer's recall of any Cannabis Product or upon the Licensed Producer otherwise taking any action to remove a Cannabis Product from retail sale or distribution in British Columbia.

Insurance

18. The Licensed Producer must, without limiting the Licensed Producer's obligations or liabilities and at the Licensed Producer's own expense, purchase and maintain throughout the Term the following insurances with insurers licensed in Canada in forms and amounts acceptable to the Province:

    (a) Commercial General Liability insurance against bodily injury, personal injury and property damage and including liability assumed under this Agreement, based on the class of license and Cannabis Product sold by the Licensed Producer, as follows:

        i. Cannabis Products sold to the Province under a license for micro-cultivation, micro-processing, or a nursery, not less than the following amounts, as applicable to each circumstance:

            A. $2,000,000 inclusive per occurrence for cannabis plant seeds and cannabis plants;

            B. $5,000,000 inclusive per occurrence for dried cannabis or fresh cannabis; and

            C. $10,000,000 inclusive per occurrence for all other Cannabis Products;

        ii. Cannabis Products sold to the Province under a license for standard cultivation or standard processing, or any other applicable license not specifically identified in Subsections (a)(i)(A), (B) or (C), not less than $10,000,000 for all Cannabis Products.

        Such Commercial General Liability Insurance policy shall:

        iii. include the Province as an additional insured;

        iv. be endorsed to provide the Province with 30 days' advance written notice of cancellation or material change, or in the event the Licensed Producer's insurers are unable to endorse any required policy of insurance to provide advance written notice to the Province of material change, the Licensed Producer will provide 30 days advance written notice to the Province of any material change, which includes without limitation a reduction in limits or a non-renewal of any such policy;

v. include a cross liability clause; and

vi. include coverage for products liability specific to cannabis or Cannabis Product.

19. The Licensed Producer must provide the Province with evidence of all required insurance within 10 Business Days of the Province's request in the form of a completed Province of British Columbia Certificate of Insurance.

20. The Licensed Producer must obtain, maintain and pay for any additional insurance which the Licensed Producer is required by law to carry, or which the Licensed Producer considers necessary to cover risks not otherwise covered by Commercial General Liability insurance, in the Licensed Producer's sole discretion.

Public Announcements

21. Any public announcement relating to the parties entering into this Agreement, or a Licensed Producer meeting the conditions for participating in Central Delivery or Direct Delivery, will be arranged in conjunction with the Province. The Licensed Producer will not make any public announcement without the Province's prior approval, which may include an agreement not to make any public announcement prior to the Province making a public announcement.

Compliance with All Laws

22. The Licensed Producer will comply with all Applicable Laws related to the Licensed Producer's obligations under this Agreement.

Governing Laws

23. This Agreement is governed by, and is to be interpreted and construed in accordance with, the laws applicable in British Columbia and any proceedings which may be taken hereunder by the Licensed Producer will be taken in British Columbia.

24. In this Agreement, unless otherwise specified, a reference to a statute by name means the statute of British Columbia by that name, as amended or replaced from time to time.

Contact Information and Delivery of Notice

25. 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, or by e-mail as follows:

(a) to the Province, addressed to:

Position	Director Supply Chain, Cannabis Operations
Address	BC Liquor Distribution Branch 3383 Gilmore Way, Burnaby, BC V5G 4S1
E-mail	cannabis.vendor@bcldb.com

(b) to the Licensed Producer, addressed to:

Name _____
Position _____
Address _____
_____
E-mail _____

26. Any notice mailed will be treated as if received on the fifth Business Day after the date of mailing. Any notice received by 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 4:00 pm.

Change of Address

27. Either party may from time to time give notice to the other party of a substitute contact person, address or email address, which from the date such notice is given, will supersede for purposes of Section 25 of this Agreement any previous contact person, address or email address specified for the party giving the notice.

Assignment

28. The Licensed Producer must not assign any of the Licensed Producer's rights or obligations under this Agreement without the Province's prior written consent, which may be withheld in the Province's sole discretion. Upon providing written notice to the Licensed Producer, the Province may assign to any person any of the Province's rights under this Agreement and may assign to any "government corporation", as defined in the *Financial Administration Act*, RSBC 1996, c 138, any of the Province's obligations under this Agreement.

Set off

29. Without restricting any right of set-off given or implied by law or other provisions of this Agreement, the Province may set off against any sums payable under this Agreement to the Licensed Producer any amount payable by the Licensed Producer to the Province under this Agreement.

Amendments

30. The Province reserves the right to amend the terms and conditions of this Agreement at any time on 30 days' notice to the Licensed Producer. Any amendments to the terms and conditions will be posted on the CD Webpage and the DD Webpage and the Licensed Producer will be notified of the amendments by email. The Licensed Producer acknowledges that amendments to the terms and conditions may occur. Unless the Licensed Producer notifies the Province in writing, within 10 days' of being notified by email of the amendments, that it does not agree with the amendments, the amendments will be deemed to be accepted by the Licensed Producer. If the Licensed Producer does not agree to the amendments, the Licensed Producer may terminate this Agreement upon written notice to

the Province, such termination to be effective at the end of the Province's 30 days' notice period to the Licensed Producer, all without any claim against the Province for losses such amendments or termination may cause the LicensedProducer. Policies and procedures of the Province incorporated into this Agreement by reference may be amended at any time, without notice, and the Licensed Producer is responsible for ensuring it maintains a current understanding of all such applicable policies and procedures.

31. The Licensed Producer may not amend this Agreement (including the terms of any purchase order) unless such amendment is in writing and agreed to by the Province.

Waiver

32. A waiver of any term or breach of this Agreement is effective only if it is in writing and signed by, or on behalf of, the waiving party and is not a waiver of any other term or breach.

Entire Agreement

33. This Agreement (including any Annex or Appendix, modifications, any additional agreements required to give effect to this Agreement, any policies and procedures of the Province that the Licensed Producer is required to comply with under this Agreement, and any purchase orders or instructions issued pursuant to this Agreement) constitutes the entire agreement between the parties as to the supply of Cannabis Product.

Survival of Certain Provisions

34. The following provisions of this Agreement survive beyond the Term: Sections 12 through 14, 18, 19, 20, 22, 23, 25, 26, 27, 33, this section 34, and 35 of the Agreement; Sections 5 and 7 through 15 of Annex A; Appendix A1 (with respect to any outstanding purchase orders), Sections 12 through 18, 20 through 28 of Annex B; Sections 25 and 27 of Annex C; Appendix B1 (with respect to any outstanding purchase under Direct Delivery, as well as, any accrued but unpaid payment obligations, and any other sections of this Agreement (including Annexes, Appendices, or schedules) which, by their terms or nature, are intended to survive termination of this Agreement, will continue in force indefinitely subject to any applicable limitation period prescribed by law, even after this Agreement ends.

Appendices

35. The appendices to this Agreement including any documents attached to, or incorporated by reference into, those appendices form part of this Agreement. This includes any annex to this Agreement.

Time

36. Time is of the essence in this Agreement and, without limitation, will remain of the essence after any modification or extension of this Agreement, whether or not expressly restated in the document effecting the modification or extension.

Remainder Not Affected by Invalidity

37. If any provision of this Agreement or the application of it to any party or circumstance is invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to any other party or circumstance will not be affected or impaired and will be valid and enforceable to the extent permitted by law.

Execution

38. 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 25 of this agreement.

Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

WHEREOF, the parties have, through duly authorized representatives, executed this Agreement as of the Effective Date.

	His Majesty the King in right of the Province of British Columbia, as represented by the Administrator of the *Cannabis Distribution Act*, SBC 2018, c 28
(Signature)	(Signature)
	Erin McEwan
(Name Printed/Typed)	(Name Printed/Typed)
	Administrator
(Title)	(Title)
(Date)	(Date)

Annex A - Central Delivery

The following terms and conditions are applicable to Licensed Producers with Cannabis Product registered with LDB for Central Delivery, having agreed in this Agreement to be bound by the terms of this Central Delivery Annex.

Cannabis Product

1. The Province may purchase Cannabis Product from the Licensed Producer from time to time for Central Delivery.

Purchase Orders

2. The Province will issue a purchase order to the Licensed Producer for each purchase of Cannabis Product and the parties acknowledge and agree that any such purchase order will be governed by the terms and conditions of the purchase order, this Agreement and the terms and conditions attached to this Agreement as Appendix A1 (Central Delivery Purchase Order Terms and Conditions), regardless of whether the Central Delivery Purchase Order Terms and Conditions are attached to the purchase order.

3. The Licensed Producer must acknowledge receipt of the purchase order within one Business Day and provide notice of any variance between purchase order quantities and shipment quantities prior to or at the time of shipping. The acknowledgement will include the estimated time of arrival of the purchased Cannabis Product at its destination, the name of the vessel or carrier, the shipping point and the purchase order number.

4. The Licensed Producer must report to the Province at least once a week its available inventory of Cannabis Product to facilitate the purchase order process.

No Purchasing Obligations

5. The Province will have no obligation or liability to purchase any particular volume of Cannabis Product from the Licensed Producer. The Province does not guarantee that it will purchase any particular volume of Cannabis Product and is not obligated to issue any number of purchase orders to the Licensed Producer. The Province will not be liable to the Licensed Producer for any loss, including but not limited to those losses related to business, revenue, or excess inventory, if the volume of Cannabis Product purchased by the Province or the number of the Province's purchase orders do not meet the Licensed Producer's expectations, or if the Province terminates this Agreement pursuant to Sections 6 or 8 of the Agreement.

Lowest Price

6. The Licensed Producer will charge no more than the equivalent price for the same Cannabis Product sold to other Canadian jurisdictions. This excludes regional variations in tax, shipping costs and region-specific promotions.

Pricing

7. Notwithstanding the price at which the Province purchases Cannabis Product from the Licensed Producer, the Province will set the wholesale price it deems appropriate to sell to both public and private retail channels and such wholesale price may be increased or decreased by the Province from time to time in its sole discretion and without notice to the Licensed Producer.

8. Notwithstanding the terms of the purchase order or the price at which the Province purchased the Cannabis Product from the Licensed Producer, or the Licensed Producer's ability to change the price of its Cannabis Product in accordance with price change policies and timelines as posted on the CD Webpage, in an effort to prevent return of excess Cannabis Product as contemplated by Section 12 of this Annex A (Central Delivery), the Province may contact the Licensed Producer to request a permanent price discount from the Licensed Producer on the excess Cannabis Product inventory stored at the Cannabis DC (as defined in Appendix A1 (Central Delivery Purchase Order Terms and Conditions)) (a "**Permanent Price Discount**").

9. Notwithstanding the terms of the purchase order or the price at which the Province purchased the Cannabis Product from the Licensed Producer, from time to time the Province may allow the Licensed Producer to offer a temporary price reduction for Cannabis Product (a "**Limited Time Offer**"), which will be passed on by the Province to its customers in the form of a lower wholesale price for Cannabis Product purchased during the duration of a Limited Time Offer. Customers of the Province may or may not pass the price reduction on to final consumers through a retail price reduction. In accordance with section 9 of the Agreement, any relevant policies apply.

10. In the event of a Permanent Price Discount or a Limited Time Offer, the Province will calculate the total owing and will charge the Licensed Producer accordingly. Funds owing will be either repaid to the Province by the Licensed Producer or set-off by the Province from any monies owing by the Province to the Licensed Producer. The method of repayment will be chosen at the sole discretion of the Province.

11. Any action taken pursuant to Section 8, 9 or 10 of this Annex A (Central Delivery) will not impact the Province's rights in relation to Sections 12 and 13 of this Annex A (Central Delivery) and will not constitute a waiver by the Province of such rights.

Returns

12. Each of the following is a "**Return Event**" for the purposes of Section 13 of this Annex A (Central Delivery):

    (a) the Cannabis Product inventory is unsaleable or in excess, as determined by the Province in its sole discretion;

    (b) the Cannabis Product does not correspond with the exact requirements of a purchase order;

(c) the Cannabis Product does not comply with the Province's supply chain requirements;

(d) the Cannabis Product is unsatisfactory, defective, non-conforming or fails to meet any warranties or other specifications of the purchase order or the Province; or

(e) the Province cancels the purchase order due to a breach by the Licensed Producer of the terms and conditions of the purchase order, the additional Central Delivery Purchase Order Terms and Conditions or this Agreement.

13. The Province will notify the Licensed Producer of each Return Event. In addition, and without prejudice to any other rights or remedies available to it, the Province may do either or both of the following:

(a) require the Licensed Producer to arrange return shipping for some or all of the returned Cannabis Product;

(b) arrange for the destruction of some or all of the returned Cannabis Product, with or without prior authorization from the Licensed Producer.

All amounts paid by the Province to the Licensed Producer on account of the purchase price of such Cannabis Product together with any costs incurred by the Province in connection with the purchase, receipt, return or destruction of such Cannabis Product will be repaid to the Province by the Licensed Producer or set-off by the Province from any monies owing by the Province to the Licensed Producer as elected by the Province in its sole discretion. Destruction of returned Cannabis Product pursuant to this section 13 is at the Licensed Producer's sole risk, and the Province shall have no obligation to provide access, notice, reporting or supporting documentation to the Licensed Producer in relation thereto.

Payment of Taxes, Fees and Charges

14. The Licensed Producer will be responsible for all applicable taxes, fees and charges imposed by the federal government and provincial government related to supplying Cannabis Product to the Province for the purposes of Central Delivery.

15. In the event that the individual components in a Cannabis Kit are subject to different rates of federal or provincial taxes, the Licensed Producer will provide the Province with a reasonable allocation of price for each of the individual components in the Cannabis Kit, provided that the price allocated for the Cannabis component will not be less than the price of such Cannabis component when sold separately, including when the Cannabis component is a Cannabis Accessory, in which case the price allocated to such Cannabis component will be the same as the price charged to the Province for the individual Cannabis Accessory.

Appendix A1 – Central Delivery Purchase Order Terms and Conditions

Interpretation

1. In this purchase order, unless the context otherwise requires:

   (a) "Cannabis DC" means the Province's distribution centre to which the Purchased Cannabis Product is to be delivered under this purchase order, which location may be changed by the Province from time to time in its sole discretion;

   (b) "Licensed Producer" means the seller of the Purchased Cannabis Product, as identified on the face of this purchase order;

   (c) "Licensed Producer Agreement" means the Licensed Producer Supply Agreement for Non-Medical Cannabis entered into by the Province and the Licensed Producer, as may be amended by the Province from time to time;

   (d) "Province" means His Majesty the King in right of the Province of British Columbia, as represented by the Administrator of the *Cannabis Distribution Act*, SBC 2018, c 28;

   (e) "Purchased Cannabis Product" means the goods which correspond exactly to the specifications on the face of this purchase order; and

   (f) "Receipt" means the Purchased Cannabis Product being received into the Province's inventory management system by the Province scanning the barcode at the Cannabis DC.

2. All capitalized terms not otherwise defined in these Central Delivery Purchaser Order Terms and Conditions, have the meanings given to them in the Licensed Producer Agreement.

Offer and Acceptance

3. This purchase order is an offer to purchase Purchased Cannabis Product (and not an acceptance of any offer to sell Purchased Cannabis Product) which may be accepted only in accordance with these terms and without modification, deletion, addition or alteration. This purchase order is issued by the Province under the Licensed Producer Agreement, the terms of which apply to this purchase order. If the Licensed Producer's acknowledgement, invoice or other form of acceptance of this purchase order states terms additional to or different from these terms, this is a notification of objection to such additional and/or different terms and a rejection of such terms.

4. By acceptance of this purchase order, the Licensed Producer is agreeing to the terms and conditions of this purchase order.

Purchase Order

5. This purchase order authorizes only the purchase of Purchased Cannabis Product and the Province is under no obligation to accept or allow the sale of any goods which do not

correspond exactly to the specifications set out on the face of this purchase order unless the Province consents in writing to a modification or change.

6. The Licensed Producer may request that this purchase order be amended or cancelled by email notice to the Province's cannabis demand planning team, which email address will be provided to the Licensed Producer by the Province and as the Province may update from time to time. The Province may amend or cancel this purchase order (or part of it) on its own initiative before the goods have been prepared for sale and affixed with an excise stamp for British Columbia by the Licensed Producer.

Packaging and Delivery

7. The Licensed Producer will properly package the Purchased Cannabis Product:

   (a) in accordance with applicable federal and provincial laws;

   (b) for safe shipment; and

   (c) in accordance with the supply chain requirements for Purchased Cannabis Product posted on the CD Webpage.

8. The Licensed Producer will not charge the Province for boxing, packaging or crating unless such charge is specifically permitted on the face of this purchase order.

9. The Licensed Producer will arrange for shipment of the Purchased Cannabis Product in accordance with the terms of this purchase order.

Shipping

10. Delivery is DDP (Incoterms 2020) the Cannabis DC address noted on the face of this purchase order. Upon receipt of a purchase order from the Province, the Licensed Producer is responsible for delivery and for the cost of freight to the Cannabis DC. The Licensed Producer bears the risk of damage and/or loss of the Purchased Cannabis Product until Receipt.

11. All Purchased Cannabis Product, including Cannabis Kits, require unique, scannable GS1 Canada bar codes, which incorporate: company prefix, Global Trade Item Number (GTIN), lot number, and packaging date into the scannable code for the case, master carton, and retail selling unit. All Purchased Cannabis Product, including Cannabis Kits, must be registered and maintained in the GS1 Canada central product registry by the Licensed Producer.

12. The Licensed Producer must comply with case configurations set by the Province, as detailed on the CD Webpage.

13. The Licensed Producer must ship Purchased Cannabis Product in tamper evident cases.

Documents

14. At the time of delivery to the Cannabis DC, the Licensed Producer will provide the paperwork specified in the supply chain requirements for Purchased Cannabis Product posted by the Province on the CD Webpage.

Price and Payment

15. The Province maintains a weekly payment cycle. The Province will pay the Licensed Producer for Purchased Cannabis Product in the weekly payment cycle that first occurs after the date that is 30 days after Receipt of the Purchased Cannabis Product by the Province, provided the Licensed Producer has complied with the terms and conditions of this purchase order. Notwithstanding the foregoing, the LDB may in its sole discretion pay the Licensed Producer for Purchased Cannabis Product in an earlier weekly payment cycle.

Force Majeure

16. If an event in the nature of force majeure or any other event reasonably beyond the control of either party (including strikes, lockouts and illegal work-stoppages) which the party primarily affected could not, by reasonable diligence, have avoided, delays or prevents the completion of this purchase order, then the date for completion will be extended or, if the parties cannot agree on an extension date, then this purchase order will be cancelled and neither party will be liable for such delay or failure to complete. Such party will not be relieved of liability, however, unless it has used reasonable diligence to remedy the cause of such delay or failure, although neither party will be obliged to settle any labour dispute if, in its opinion, such settlement is not in its best interest.

Risk

17. The Licensed Producer will assume all risk of damage to or destruction of Purchased Cannabis Product (or part thereof) from any cause whatsoever until Receipt of the Purchased Cannabis Product at the Cannabis DC specified on the face of this purchase order. Title to or property in the Purchased Cannabis Product (or part thereof) will pass from the Licensed Producer to the Province upon Receipt.

Warranties and Representations

18. The Licensed Producer warrants and represents to the Province (and it is a condition hereof) that the Purchased Cannabis Product and any services provided hereunder will correspond to and conform with the relevant specifications on the face of this purchase order, will conform to all samples and Product Information provided by the Licensed Producer, will be new and of the best quality unless otherwise specified on the face of this purchase order, will be fit for the purpose for which they are to be used and will conform in all respects with all applicable government requirements (including general requirements of the Province).

19. The Licensed Producer warrants and represents (and it is a condition hereof) that the Purchased Cannabis Product is free and clear of all liens and encumbrances and the Licensed

Producer has good and marketable title to the Purchased Cannabis Product upon shipment of the same hereunder.

Insurance

20. The Licensed Producer is responsible for purchasing and maintaining Purchased Cannabis Product insurance during shipment.

Cancellation

21. In addition to other rights and remedies the Province may have, the Province may cancel this purchase order (or any part of it) at any time without prior notice upon breach by the Licensed Producer of any express or implied terms herein.

22. The Province will not be liable for any costs expenses or losses incurred by the Licensed Producer as a result of cancellation of this purchase order and the Licensed Producer will not impose a cancellation charge on the Province.

Statutory warranties or condition

23. This purchase order does not exclude implied statutory warranties or conditions on behalf of the Licensed Producer.

Annex B - Direct Delivery

The following terms and conditions are applicable to Licensed Producers with Cannabis Product registered with LDB for the Direct Delivery Program, having agreed in this Agreement to be bound by the terms of this Direct Delivery Annex.

Direct Delivery Definitions

1. In addition to terms defined elsewhere in this Agreement, the following terms have the following meanings in this Annex B (Direct Delivery):

   (a) "Additional Remittance" means all applicable taxes, fees, deposits or and other amounts payable on or in respect of the sale of DD CP to Applicable Retailers to the extent such amounts are not otherwise included in the Wholesale Price;

   (b) "DD CP" means Cannabis Product that the Province has accepted for registration for delivery under the Direct Delivery Program and for which the Province has recorded a Landed Cost;

   (c) "Landed Cost" means the price established by the Licensed Producer for any DD CP at the time of its registration, as may be adjusted at any time in the discretion of the LDB, and which is exclusive of all taxes (other than excise tax), fees, mark-up, container deposit or other similar amounts (unless any such amount is applicable in the determination of the LDB);

   (d) "Licensed Facility" means the regulated facility or facilities used by the Licensed Producer for the processing, packaging, labelling and storage of DD CP and/or other Cannabis Product in accordance with storage and safety controls and/or inventory and records management processes as required by Applicable Law, in respect of the DD CP;

   (e) "PAD Account" means a banking account of a Licensed Producer at a Canadian financial institution governed by the *Bank Act* (Canada), SC 1991, c 46, or in the case of a credit union other than a federal credit union, applicable provincial credit union legislation, to which the Licensed Producer has provided the Province access for the purpose of remitting Remittance Funds;

   (f) "Records" has the meaning set out in Appendix B2 (Records and Reporting Schedule);

   (g) "Remittance Funds" means the net amount receivable by the Province after all transactions in respect of particular DD CP are concluded, calculated in accordance with Section 15 of this Annex B (Direct Delivery);

   (h) "Reporting Requirements and Procedures" means the requirements and procedures with respect to DD CP sales related activities as set out in Appendix B2 (Records and Reporting Schedule);

(i) "Sales Reports" means the reports provided to the Province by Licensed Producers with respect to DD CP sales related activities in accordance with the Reporting Requirements and Procedures;

(j) "Tax Documents" means all Records, Sales Reports, purchase orders, invoices, reconciliations and accounts that may be required from time to time in order for all reporting, remittance and return filing required under the *Excise Tax Act* (Canada) to be completed by the LDB in respect of the purchase and sale of DD CP under this Annex B (Direct Delivery); and

(k) "Wholesale Price" means the Landed Cost together with the then applicable LDB mark-up (and, if applicable, container recycling fees or any other charges or fees applicable as determined by the LDB) as applicable to the DD CP and as may be adjusted at any time in the discretion of the LDB, all in accordance with applicable LDB pricing policies, found at the DD Webpage.

Representations, Warranties and Covenants

2. The Licensed Producer acknowledges, represents, warrants, and where applicable covenants, that:

(a) the Licensed Producer is aware that any Registered Cultivator may be subject to an annual Cannabis production volume cap, and other restrictions with respect to the Applicable Retailers that the Licensed Producer is authorized to deliver directly to;

(b) the Licensed Producer will make reasonable efforts to determine the restrictions applicable to each Registered Cultivator that it works with for the purposes of the Direct Delivery Program and will monitor and adhere to such restrictions where required by the Direct Delivery T&Cs;

(c) the Licensed Producer will take reasonable steps to ensure that its transactions with Registered Cultivators adhere to Direct Delivery production volume cap requirements set out in the Direct Delivery T&Cs and will acquire full and unencumbered title to all Cannabis that is the subject of a transaction with a Registered Cultivator and processed to become DD CP;

(d) all DD CP sold and delivered under this Annex B (Direct Delivery) will originate with the Registered Cultivator that the Licensed Producer identifies in relation to such DD CP during the Cannabis Product registration process under the Direct Delivery Program;

(e) the Licensed Producer will notify the LDB immediately upon any SKU level changes to the DD CP;

(f) all DD CP sold and delivered under this Annex B (Direct Delivery) will be of merchantable quality;

(g) the Licensed Producer will store all DD CP at a Licensed Facility in accordance with all laws and regulations applicable to the storage, handling and transportation of non-medical cannabis. DD CP that has been purchased by an Applicable Retailer and is in transit to (or from, in the case of returns) such Applicable Retailer, must be stored in accordance with Applicable Laws during the course of order fulfillment and transportation. The Licensed Producer must only permit storage during transit of DD CP when such storage is a *bona fide* requirement of transportation logistics. The Licensed Producer acknowledges and agrees that it must not take any steps to maintain any standing inventory of DD CP at a transportation facility or other than at the relevant Licensed Facility. This paragraph does not apply to Cannabis Accessories that are not subject to laws and regulations applicable to the storage of non-medical cannabis, which may be stored at another location;

(h) when transporting or causing the transportation of DD CP at any time pursuant to this Annex B (Direct Delivery), including storage while in transit as set out at paragraph 2(g) of this Annex, and regardless of whether at the time of transportation the DD CP is owned by the Licensed Producer or the Province, the Licensed Producer will take all required steps to ensure that transportation is carried out in accordance with Applicable Laws and standards of transportation applicable in the non-medical cannabis industry;

(i) all costs, risks and liabilities with respect to the DD CP (whether, at the applicable time, title to such DD CP is held by the Licensed Producer or the Province), its sale and any sale proceeds (including losses or damages arising out of the manufacture, transport, storage, sale, return/exchange, damage, destruction or consumption of the Cannabis Product, howsoever caused) are for the Licensed Producer's account until such time as the Applicable Retailer takes physical possession of the DD CP;

(j) at all relevant times, the Licensed Producer will take all adequate and required measures to reduce the risk of DD CP being diverted to any illicit market or activity; and

(k) if the Licensed Producer undertakes any marketing or promotional activity in connection with Direct Delivery and/or DD CP, it will do so in accordance with Applicable Laws and any regulations or policies enacted by applicable regulatory bodies pursuant thereto.

Agreement to Acquire DD CP

3. The Province has discretion to accept or reject any Cannabis Product for registration as DD CP. Only Cannabis Product accepted for registration by the Province, and active in the product inventory management system thereof, may be sold by the Licensed Producer, and will be accepted for purchase by the Province, through Direct Delivery in British Columbia.

4. The Province will issue to the Licensed Producer one or more sets of standing purchase instructions for DD CP with terms and conditions in the form attached as Appendix B1 (Direct Delivery Standing Purchase Instructions Terms and Conditions), as may be revised

from time to time.

5. After the Licensed Producer's receipt of an order from an Applicable Retailer for any DD CP covered by standing purchase instructions (or a similar order from the Province), and immediately prior to the Licensed Producer shipping such DD CP from its Licensed Facility, the Licensed Producer agrees to sell and the Province agrees to buy all rights, title and interest in and to such DD CP and such rights, title and interest are transferred to, and vest in, the Province.

6. The purchase price payable by the Province for DD CP in respect of the sale referenced in section 5, above, is the Landed Cost then in effect.

Authorization to Transfer and Dispose of DD CP

7. This Agreement authorizes and directs the Licensed Producer, as the holder of a federal licence issued under s. 62 of the *Cannabis Act*, to deliver DD CP that is the subject of an Applicable Retailer's order to the Applicable Retailers(s) that ordered that product (or to deliver DD CP as otherwise directed by the Province).

8. This Agreement further authorizes and directs the Licensed Producer to sell such DD CP to the Applicable Retailer at the Wholesale Price as of the date the Applicable Retailer places an order, provided that the Licensed Producer ensures that it charges and collects no more or less than the Wholesale Price plus the Additional Remittance, including:

   (a) all container deposits and container recycling fees in the amount required by the applicable container stewardship organizations; and

   (b) all GST payable on or in respect of the supply of DD CP to Applicable Retailers.

9. The Licensed Producer will be responsible solely for all costs, risk and charges howsoever arising in connection with the transport and delivery of the DD CP to the Applicable Retailer.

10. Upon delivery of the DD CP to the Applicable Retailer, provided the conditions of this Annex B (Direct Delivery) are met, the Province will transfer all of its right, title and interest in and to the DD CP to the Applicable Retailer and the Licensed Producer is authorized to take such steps as are necessary to ensure that this occurs.

11. The Licensed Producer must obtain from each Applicable Retailer full payment at the applicable Wholesale Price, and collect all Additional Remittance applicable, in respect of all DD CP sold, unless otherwise authorized by the Province, and any deficiency in such receipt are solely for the account of the Licensed Producer. The Licensed Producer must collect payment from Applicable Retailers on a prepaid basis (on a cash, debit card, electronic funds transfer (EFT) (including pre-authorized debit agreement) basis only), with payment due prior to delivery, and must ensure full payment is remitted at the time(s) and in the manner required by this Agreement.

Limited Time Offers

12. From time to time, and in accordance with applicable pricing policies, the Province may allow the Licensed Producer to offer a temporary price reduction (a "**Limited Time Offer**") which will be passed on by the Province to its customers in the form of a lower Wholesale Price for the DD CP purchased during the duration of a Limited Time Offer. Customers of the Province may or may not pass the price reduction on to final consumers through a retail price reduction.

13. In the event of a Limited Time Offer, the Province will calculate the total owing and will charge the Licensed Producer accordingly. Funds owing will be either repaid to the Province by the Licensed Producer or set-off by the Province from any monies owing by the Province to the Licensed Producer. The method of repayment will be chosen at the sole discretion of the Province.

Records and Sales Reporting Requirements

14. The Licensed Producer will promptly comply with all requirements set out in Appendix B2 (Reporting Requirements and Procedures).

Calculation of Remittance

15. LDB will calculate the Remittance Funds as follows: the Landed Cost and all applicable taxes, fees and deposits owing from the Province to the Licensed Producer in respect of sold DD CP will be set off against, respectively, the Wholesale Price and the Additional Remittance the Licensed Producer has collected for the Province from the Authorized Retailer in respect of such DD CP.

Remittance of Funds

16. The Licensed Producer must have in place and maintain a PAD Account, with debit access provided to the Province, and enter into such agreements or provide such authorizations in respect of that PAD Account as the Province requires, and must maintain a balance in such PAD Account sufficient for the Province to debit the Remittance Funds from the PAD Account on the schedule required by the Province. If at any time such balance is less than the amount of any invoice received from the Province for an upcoming debit from the PAD Account, the Licensed Producer will promptly take steps to increase the balance in the PAD Account in the amount of any such deficiency.

17. The Licensed Producer must hold all monies, including all cash and monetary equivalents received from the Applicable Retailer(s) for DD CP sold, in trust for the Province until the Province debits the Remittance Funds from the PAD Account.

18. Any shortage or deficiency in the reporting of sales will be treated as funds owed to the Province and the Province may collect any outstanding 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 Province to the Licensed Producer; or

(b) any other form of payment as agreed by the Province.

19. All costs associated with the sale and delivery of DD CP to the Applicable Retailer(s), 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 EFT arrangements and all expenses or losses (including the acceptance of counterfeit monies) due directly or indirectly to the form of payment accepted, are for the Licensed Producer's account.

Returns

20. The Licensed Producer is authorized to accept returns of DD CP directly from Applicable Retailers in accordance with LDB's Direct Delivery Product Returns Policy (Cannabis) at the DD Webpage. This authorization requires the Licensed Producer to investigate the reason for the return and determine if the return will be accepted in accordance with LDB's Direct Delivery Product Returns Policy (Cannabis). In the event that the Licensed Producer accepts the return, it must be reported to the Province in accordance with the Records and Reporting Schedule before the Province will credit the Licensed Producer's account and such credit amount may be offset against any current or future amounts owing by the Licensed Producer to the Province.

Lost Product and Other Deficiencies

21. If the Province determines after a review of DD CP inventory, Records, Sales Reports and/or Tax Documents, or any other records or documents related to this Agreement, that the Licensed Producer is responsible for lost DD CP, has failed to report sales or has inaccurately reported sales to the Province, or has failed to charge or collect the correct Wholesale Price or any other amount applicable under this Agreement (in whole or in part) in respect of any DD CP, the Licensed Producer will be charged for any arrears in Remittance Funds (or any portion thereof and, for certainty, this includes any portion of the Additional Remittance that should have been remitted to the Province) for such lost DD CP or unreported or incorrectly reported DD CP sale, and/or any arrears in Remittance Funds (or any portion thereof) in respect of any deficiency resulting from any inaccurately reported sale of DD CP or incorrect Wholesale Price (in whole or in part). The Remittance Funds (or any portion thereof) charged will be based on the lost DD CP being treated as having been sold at the Wholesale Price (in whole or in part, as applicable) thereof. Such amounts may be collected by the Province by way of set-off from any accounts the Province owes the Licensed Producer howsoever arising, or as agreed by the parties.

Payment of Taxes, Fees and Charges

22. The Licensed Producer will be responsible for all applicable taxes, fees and charges payable on its supply of DD CP to the Province for the purposes of Direct Delivery.

23. The Licensed Producer will collect (and remit to the Province as a component of the Remittance Funds) all applicable taxes, fees and charges imposed by the federal and provincial governments arising from the supply of DD CP to the Applicable Retailer and is liable for any failure on its part to collect the appropriate rate of tax, whether as a result of

the application of a price other than the Wholesale Price, a miscalculation of any component of the Wholesale Price or otherwise, as well as any additional taxes, interest or penalties validly assessed by the Canada Revenue Agency or a similar authority in respect of transactions made pursuant to this Annex B (Direct Delivery).

24. In the event that the individual components in a DD CP Cannabis Kit are subject to different rates of provincial or federal sales tax, the Licensed Producer will provide the Province with a reasonable allocation of price for each of the individual components in the DD CP Cannabis Kit, provided that the price allocated for the Cannabis component will not be less than the price of such Cannabis component when sold separately.

Inspection and Audit Requirements

25. The Licensed Producer must, upon the Province's request, conduct an annual inventory count of all DD CP in its possession or control no matter where situated, as set out in the Records and Reporting Schedule. Such count must be performed at the Licensed Producer's cost, and if specifically requested by the Province, must be conducted by an independent third party qualified to perform such services at the Licensed Producer's cost.

26. The Licensed Producer must submit or make the Records, Sales Reports and Tax Documents available to the Province as directed. In addition to the requirements set out in Section 25 of this Annex B (Direct Delivery), any authorized representative of the Province may inspect, copy, or audit any Records, Sales Reports and Tax Documents at any time.

27. In addition to the count referred to in Section 25 of this Annex B (Direct Delivery) and subject to all Applicable Laws, the Province may at any time conduct an inspection or audit at the Licensed Facility to verify inventory, controls and risk management processes, at the location where the DD CP is stored under the Licensed Producer's possession or control and to verify compliance with the Reporting Requirements and Procedures.

28. If any inspection or audit of the Licensed Facility, Records, Sales Reports or Tax Documents discloses that the Licensed Producer has acted in a manner contrary to the terms and conditions of this Agreement, the Licensed Producer must pay the Province for any expenses incurred in connection with the inspection or audit, and any payment assessed as due and owing as a result of the Licensed Producer's failure to comply, as determined by the Province using reasonable audit standards.

Appendix B1 – Direct Delivery Standing Purchase Instructions Terms and Conditions

Interpretation

1. In these standing purchase instructions, unless the context otherwise requires:

   (a) "Licensed Producer Agreement" means the Licensed Producer Supply Agreement for Non-Medical Cannabis entered into by the Province and the Licensed Producer, as may be amended by the Province from time to time;

   (b) "Province" means His Majesty the King in right of the Province of British Columbia, as represented by the Administrator of the *Cannabis Distribution Act*, SBC 2018, c 28;

   (c) "Purchased DD CP" means DD CP in respect of which a Licensed Producer has received an order from an Authorized Retailer; and

   (d) "Receipt" means acquisition of the Purchased DD CP by the Province at the time it is being prepared for delivery to the relevant Applicable Retailer.

2. All capitalized terms not otherwise defined in these Direct Delivery Standing Purchase Instructions Terms and Conditions, have the meanings given to them in the Licensed Producer Agreement and/or Annex B (Direct Delivery) thereto.

Offer and Acceptance

3. These standing purchase instructions constitute a standing offer to purchase DD CP (and not an acceptance of any offer to sell Purchased DD CP) which may be accepted only in accordance with these terms and without modification, deletion, addition or alteration. These standing purchase instructions are issued by the Province under the Licensed Producer Agreement, the terms of which apply to these purchase instructions. If the Licensed Producer's acknowledgement, invoice or other form of acceptance of these standing purchase instructions states terms additional to or different from these terms, this is a notification of objection to such additional and/or different terms and a rejection of such terms.

4. By acceptance of these standing purchase instructions, the Licensed Producer is agreeing to the terms and conditions of these standing purchase instructions.

Purchase Order

5. These standing purchase instructions authorize only the purchase of Purchased DD CP and the Province is under no obligation to accept or allow the sale of any goods which do not correspond exactly to the specifications set out for purchase under the Direct Delivery program unless the Province consents in writing to a modification or change.

Packaging and Delivery

6. The Licensed Producer will properly package the Purchased DD CP:

   (a) in accordance with applicable federal and provincial laws;

   (b) for safe shipment; and

   (c) in accordance with the supply chain requirements for Purchased DD CP posted on the DD Webpage.

7. The Licensed Producer will not charge the Province for boxing, packaging or crating.

Shipping

8. Receipt occurs at the Licensed Producer's facility, and occurs immediately prior to loading for delivery of the DD CP to the Applicable Retailer's location/address.

9. All Purchased DD CP and Cannabis Kits require unique, scannable GS1 Canada bar codes, which incorporate: company prefix, Global Trade Item Number (GTIN), lot number, and packaging date into the scannable code for the case, master carton, and retail selling unit.

10. The Licensed Producer must comply with case configurations set by the Province, as detailed on the DD Webpage.

Price and Payment

11. The Province will pay the Licensed Producer for Purchased DD CP, provided the Licensed Producer has complied with the terms and conditions of these purchase instructions, and that all such payment and receipt occurs in accordance with the process and pricing formulas stipulated in Annex B (Direct Delivery) of the Licensed Producer Agreement.

Force Majeure

12. If an event in the nature of force majeure or any other event reasonably beyond the control of either party (including strikes, lockouts and illegal work-stoppages) which the party primarily affected could not, by reasonable diligence, have avoided, delays or prevents the completion of any order pursuant to these standing purchase instructions, then the date for completion will be extended or, if the parties cannot agree on an extension date, then the order (or the entirety of these standing purchase instructions, as the case may be) will be cancelled and neither party will be liable for such delay or failure to complete. Such party will not be relieved of liability, however, unless it has used reasonable diligence to remedy the cause of such delay or failure, although neither party will be obliged to settle any labour dispute if, in its opinion, such settlement is not in its best interest.

Warranties and Representations

13. The Licensed Producer warrants and represents to the Province (and it is a condition hereof)

that the Purchased DD CP and any services provided hereunder will correspond to and conform with the relevant specifications on the face of these standing purchase instructions, will conform to all samples and Product Information provided by the Licensed Producer, will be new and of the best quality unless otherwise specified and agreed to by the Province, will be fit for the purpose for which they are to be used and will conform in all respects with all applicable government requirements (including general requirements of the Province).

14. The Licensed Producer warrants and represents (and it is a condition hereof) that the Purchased DD CP is free and clear of all liens and encumbrances and the Licensed Producer has good and marketable title to the Purchased DD CP immediately prior to Receipt hereunder.

Cancellation

15. The Province may amend or cancel these standing purchase instructions (or any part thereof) on its own initiative at any time by providing notice of such amendment or cancellation via e-mail or by a posting at the DD Webpage. Provided cancellation is not as a result of a breach of the Licensed Producer Agreement or these standing purchase instructions by the Licensed Producer, any DD CP orders from Applicable Retailers received prior to the Province's written notice of cancellation of these standing purchase instructions may be fulfilled by the Licensed Producer.

16. Except as contemplated under Section 15 of these Standing Purchase Instructions, the Province will not be liable for any costs, expenses or losses incurred by the Licensed Producer as a result of cancellation of these standing purchase instructions and the Licensed Producer will not impose a cancellation charge on the Province.

Statutory warranties or conditions

17. These standing purchase instructions do not exclude implied statutory warranties or conditions on behalf of the Licensed Producer.

Appendix B2 – Records and Reporting Schedule

The following Records and Reporting Requirements and Procedures are applicable to Licensed Producers with Cannabis Product registered with LDB for the Direct Delivery Program.

The definitions in the Agreement will apply to this Appendix B2 unless indicated otherwise. Any questions regarding the information in this Appendix B2 should be directed to: cannabisreporting@bcldb.com.

Records

1. The Licensed Producer must prepare, keep and maintain, the following information in respect of its participation in the Direct Delivery Program:

   (a) all purchase, sale or similar orders, transaction records, return records and other correspondence received from and delivered to an Applicable Retailer and/or received from and delivered to applicable Registered Cultivators including all records with respect to Additional Remittance collected by the Licensed Producer;

   (b) all reports prepared, delivered or provided in respect of the Licensed Producer's sales under the Program;

   (c) all records of inventory, waybills, transportation and shipping records;

   (d) all records of billing, payment and credits between the Licensed Producer and any Applicable Retailer; and

   (e) such other documents as the Province may from time to time require for Program participation or otherwise request

   (the above being, collectively, the "**Records**").

   All of the foregoing Records may be subject to audit or inspection in accordance with the provisions of Annex B (Direct Delivery).

2. The Licensed Producer must retain all Records, Sales Reports and Tax Documents for a period of 7 years after the end of the year in which the document is created, providing access to same on written request by the Province, including after termination of this Agreement and this obligation survives the termination of this Agreement or any part of it.

Reporting

Reporting Cycle

3. The Licensed Producer acknowledges it must regularly report information about the sales of DD CP to Applicable Retailers in order to fulfill the Licensed Producer's and LDB's regulatory, reporting and revenue collection responsibilities to the provincial and federal

governments. The LDB and the provincial and federal governments use the information provided by Licensed Producers under the Direct Delivery Program for monitoring, reporting, payment processing and financial control purposes.

4. Licensed Producers must report all DD CP sales (and returns) related activities to the LDB on a monthly basis.

5. Reporting must be submitted for any calendar month in which sales or returns are processed. For certainty, reporting for any calendar month in which neither sales nor returns were processed is also required. The LDB must receive all required or requested Sales Reports no later than the fifteenth day following the end of each calendar month (or the week of request as the case may be).

6. Licensed Producers must report any plans to temporarily cease DD CP sales operations to: cannabisreporting@bcldb.com.

Process and Preconditions

7. All reporting must be completed in accordance with the standards, processes and procedures set out at the DD Webpage.

8. Licensed Producers must report all sales of DD CP to Applicable Retailers through the Direct Delivery Program as authorized by this Agreement.

9. SKUs for all DD CP must be registered and active in the LDB's product inventory management system and the Wholesale Prices and Landed Cost thereof must be confirmed by the LDB before Licensed Producers can start selling DD CP. Licensed Producers should not process any sales until the pricing is complete and the LP has received notice from the LDB that the SKU is active for Direct Delivery.

Retail Units and LDB Invoicing

10. All sales of DD CP must be reported in retail selling units as per LDB Cannabis Product registration. For example, if DD CP is registered and priced as a 10-pack of pre-rolls shipping in a case of 24 retail selling units, sales would be reported as the number of 10-pack pre-rolls sold to the retailer.

11. The LDB will provide remittance reports and invoices to the Licensed Producer summarizing the Remittance Funds it will withdraw from the PAD Account.

Validation of Applicable Retailers

12. The Licensed Producer is responsible for ensuring the Applicable Retailer's Liquor and Cannabis Regulation Branch issued licence number is valid and such a customer is eligible to purchase non-medical cannabis by Direct Delivery on the date of the sale.

13. The Applicable Retailer(s) that Licensed Producers sell DD CP to, or receive returns of DD CP from, must have registered for and received a PST (Provincial Sales Tax) registration number.

14. Sales and returns to particular Applicable Retailers must be reported separately in accordance with the standards, processes and procedures set out at the DD Webpage, which includes indicating the Applicable Retailer's Liquor and Cannabis Regulation Branch licence number.

Applicable Retailer Invoicing Requirements

15. The Licensed Producer must not accept any deferred payment terms from Applicable Retailers as all purchases must be pre-paid. The Licensed Producer must ensure that all Applicable Retailers are invoiced such that all amounts are due and payable no later than upon shipment of an order for DD CP (such that in all instances the terms of sale include full pre-payment).

16. The Licensed Producer is authorized to, and must, utilize the GST account number of the LDB on all invoices provided to Applicable Retailers. This authorization is expressly limited to this purpose and the GST account information of the LDB cannot be used for any other purpose.

17. The Licensed Producer may charge Applicable Retailers for transportation costs in connection with the delivery of DD CP. If the Licensed Producer elects to do so, the Licensed Producer **must** issue an invoice for transportation charges that is separate from the DD CP invoice referenced below. The Licensed Producer must utilize its own tax remittance accounts on any such transportation invoice and is responsible solely for the collecting, charging and remittance of any taxes applicable to any shipping charge payable by the Applicable Retailer.

18. For all sale transactions in DD CP, the Licensed Producer must issue invoices to Applicable Retailers. The following information is required for reporting of DD CP sales and each of these fields must be populated in each invoice utilized:

Licensed Producer legal name and address

Vendor Site ID - This 6-digit number is provided by the LDB to identify your account and will remain static as long as your vendor information remains the same. This number is included by the Licensed Producer on Sales Reports submitted to LDB. If a Licensed Producer is producing and shipping DD CP from more than one production facility, the Licensed Producer will have a unique Vendor Site ID for each facility.

Order date – the date a retailer makes an order for DD CP.

Shipping date – the date the DD CP is shipped to a retailer.

Invoice date – the date the invoice is issued.

Container deposit – if applicable, ensure that a container deposit is reported.

Customer number – the Applicable Retailer's license number assigned by the Liquor and Cannabis Regulation Branch or the unique retail store number provided by LDB in the case of BC Cannabis Stores (should they participate as Applicable Retailers).

Customer legal name

LDB SKU – an identification number that will provide information to the system of the DD CP being sold or returned.

Selling Price – Wholesale Price effective on the date of the transaction.

Applicable Taxes – the amount of GST or such other similar taxes as may apply from time to time.

LDB GST Number – 1245 42945 RT0001

Quantity - sold, in selling units.

Unit price – price per unit.

Product Description – a brief description of the product.

Annex C – Cannabis Product Sales Data Terms and Conditions

Interpretation

1. In these terms and conditions, unless the context otherwise requires:

   (a) "Cannabis Product Sales Data" means the cannabis sales and product data collected and stored by the Province and the reports created by the Province from time to time related specifically to the Cannabis Product (including DD CP), where applicable;

   (b) "Portal" means the electronic interface created by the Province for the purpose of transferring Cannabis Product Sales Data between the Province and the Licensed Producer on a computer network;

   (c) "User" means the Licensed Producer and any employees, partners, directors or officers of the Licensed Producer that have been designated by the Licensed Producer through the Website to access the Portal on behalf of the Licensed Producer; and

   (d) "Website" means the Province's website, created for the purpose of the subject matter of these terms and conditions, found at https://www.bcldb.com/cannabis-sales-data, as may be updated and amended by the Province from time to time.

2. All capitalized terms not otherwise defined in these terms and conditions, have the meanings given to them in the Agreement. In the event a term is defined in these terms and conditions and elsewhere in the Agreement, the meaning given to that term in these terms and conditions governs herein.

Delivery and Access

3. The Province will create a separate folder in the Portal for the Licensed Producer and the Province will upload the Cannabis Product Sales Data to the Licensed Producer's Portal from time to time in the Province's sole discretion.

4. The Province will regularly delete the previously uploaded Cannabis Product Sales Data from the Portal as and when determined by the Province in its sole discretion.

5. The Province may modify the delivery method of the Cannabis Product Sales Data from time to time in its sole discretion and without notice.

6. The Licensed Producer will be entirely responsible for accessing and downloading the Cannabis Product Sales Data from its folder before it is deleted, and the Province will not be responsible for reproducing deleted Cannabis Product Sales Data at any time.

7. The Province will assign one administrative user ID and password to the Licensed Producer and the Licensed Producer may then set up Users through the Website, which will allow each User to access the Licensed Producer's folder and allow the User to download the Cannabis Product Sales Data in that folder.

8. The Licensed Producer may designate up to 3 Users, including the administrative user.

9. The Licensed Producer will be entirely responsible for its Users and will use commercially reasonable efforts to ensure that its Users comply with these terms and conditions.

10. The Licensed Producer will take commercially reasonable efforts to maintain the security of the user IDs and passwords at all times and will adhere to all security policies, standards or procedures issued by the Province in relation to the user IDs, passwords and use of the Portal and the Licensed Producer will not at any time:

    (a) permit anyone other than a User to use the user IDs and passwords;

    (b) otherwise divulge, share or compromise the user IDs and passwords;

    (c) use or attempt to use the user IDs and passwords of any other Licensed Producer;

    (d) test or examine the security related to the Portal;

    (e) take any action that might be reasonably construed as compromising, altering or rendering ineffective the Portal; or

    (f) decompile, disassemble or reverse engineer the Portal.

11. The Licensed Producer will immediately notify the Province if any of the user IDs and passwords are lost or stolen, have been used on an unauthorized basis or have been compromised in any way.

12. All user IDs and passwords will remain the property of the Province and may be cancelled or reset at any time by the Province without any notice or liability to the Licensed Producer, the Users or to any other person. The Province is not under any obligation to verify the identity of the Users or any person accessing the Portal with the user ID and password.

13. The Licensed Producer may require software to access the Cannabis Product Sales Data from the Portal and any costs associated with such software will be the responsibility of the Licensed Producer.

14. If the Province becomes aware that the Cannabis Product Sales Data downloaded to the folders inadvertently contains confidential or personal information, then the Province may immediately delete such Cannabis Product Sales Data from the folder and instruct the Licensed Producer to delete such Cannabis Product Sales Data if previously accessed and downloaded by the Licensed Producer. If the Licensed Producer becomes aware that the Cannabis Product Sales Data in the folder contains confidential or personal information, then the Licensed Producer will immediately notify the Province and delete such Cannabis Product Sales Data.

15. Without limiting the generality of the foregoing, the Province assumes no responsibility or liability for any damages to, or viruses that may infect, the Licensed Producer's computer equipment or other property in connection with the Licensed Producer's access to, or use of, the Portal or the Cannabis Product Sales Data.

Prohibited Uses

16. The Licensed Producer is prohibited from accessing the Portal from locations where the content is illegal. The Licensed Producer is solely responsible for determining whether its use of the Portal is lawful in the jurisdiction that it is accessing the Portal from and the Licensed Producer must comply with all applicable laws in that jurisdiction.

17. The Licensed Producer is prohibited from using the Portal or the Cannabis Product Sales Data:

    (a) for any purpose that is prohibited by these terms and conditions;

    (b) for any unlawful purpose;

    (c) for the purpose of violating international, federal, provincial laws or regulations;

    (d) for infringing upon or violating the Province's intellectual property rights or the intellectual property rights of others;

    (e) for uploading or transmitting viruses or any other types of malicious code;

    (f) for collecting or tracking the personal information of others;

    (g) to spam, phish, pharm, pretext, spider, crawl, or scrape any Portal content, including Cannabis Product Sales Data;

    (h) to interfere with or circumvent the security features of the Portal, the Website, any related website, other websites, or the internet; or

    (i) for using the Portal that in any way could damage, disable, overburden or impair the Portal, or interfere with anyone else's use of it.

18. The Licensed Producer acknowledges and agrees that it will not publish, transfer, sell or provide the Cannabis Product Sales Data, in whole or in part, to any third party without the Province's prior written consent, at the Province's sole discretion.

Intellectual Property and Non-exclusive Licence

19. The Province exclusively owns all property rights and intellectual property rights in the Cannabis Product Sales Data, including copyright.

20. The Province grants to the Licensed Producer the non-exclusive right to use the Cannabis Product Sales Data for its own internal business purposes on the terms and conditions set out in this Annex C (Cannabis Product Sales Data Terms and Conditions).

21. The Licensed Producer acknowledges and agrees that it will not acquire any interest in the Cannabis Product Sales Data other than as specified in these terms and conditions.

Errors and Omissions

22. The Province will endeavour to ensure that Cannabis Product Sales Data is as accurate as possible, however the Province will not be held liable for any errors or omissions. The Province reserves the right, at any time and without prior written notice (including after the Licensed Producer has downloaded the Cannabis Product Sales Data), to correct any errors or omissions, and to change or update the Cannabis Product Sales Data if any Cannabis Product Sales Data is inaccurate.

Warranty Disclaimer

23. The Cannabis Product Sales Data is provided "as is" and "as available" without any representation or warranty of any kind, whether expressed, implied or statutory. All implied warranties, including, without limitation, implied warranties of merchantability, fitness for a particular purpose and non-infringement, are hereby expressly disclaimed.

Limitation of Liability

24. Under no circumstances will the Province or its employees, agents, contractors or other representatives be liable to any person for any direct, indirect, special, incidental, consequential, punitive or other damages whatsoever arising out of or in connection with the Licensed Producer's use of the Portal, the Website or the Cannabis Product Sales Data including without limitation any losses or damages whether based in contract, tort (including negligence), strict liability or otherwise, even if the Province has been specifically advised of the possibility of such damages.

Indemnity

25. The Licensed Producer will indemnify and save harmless the Province and the Province's employees, agents, contractors or other representatives from any loss, claim (including any claim of infringement of third-party intellectual property rights), damage award, action, cause of action, cost or expense that the Province or any of the Province's employees or agents may sustain, incur, suffer or be put to at any time (each a "**Loss**") to the extent the Loss is directly or indirectly caused or contributed to by any way by any act or omission by the Licensed Producer or its employees, agents, partners, directors or officers, the Licensed Producer's use of the Portal or the Cannabis Product Sales Data, the Licensed Producer's violation of any law or any violation of these terms and conditions.

General

26. The Province's failure to insist upon or enforce strict performance of any of these terms and conditions will not be construed as a waiver of any such terms or conditions.

27. Sections 6, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27 of this Annex C (Cannabis Product Sales Data Terms and Conditions) and any other sections of these terms and conditions, which, by their terms or nature, are intended to survive the termination of the Agreement, will continue in force indefinitely subject to any applicable limitation period

prescribed by law, even after the Agreement ends.