

VENDOR INFORMATION MANUAL



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NWC Vendor Information

INTRODUCTION

The North West Company L.P. (NWC) operates under many different banners including:

- Northern / Northmart stores in northern communities in Canada
- Giant Tiger stores in southern markets – Western Canada
- AC Value Centers in Alaska, USA
- Crescent Multifoods – Wholesale produce, meat and grocery distributor.
- Inuit Art Marketing, Fur Marketing Branch (FMB), *Selections* Catalogue, Motorized Parts and Distribution and Odd Lots Discount Centre

The North West Company's growth and success is largely due to the professional business relationships we have been able to develop with our vendor partners. Together we have worked towards providing superior and reliable services consistent with our Mission Statement ...

“The North West Company is a leading retailer and distributor of everyday consumer goods and services to remote communities, rural towns and urban neighbourhoods”

and, our purpose ...

“To create superior long term investor value by enhancing the value we offer to our customers, our employees and the communities we serve.”

It is important in our continuing business relationship that vendors understand the importance we place on service. Our staff is equally cognizant of our commitment in this regard and will work with you to develop the most efficient cost effective programs possible.

To our customers, we want to be known for providing a superior in-stock selection of food and everyday needs at the quality level they want, supported by accessible credit services, a broad range of direct order products and services and caring relationships ... all at a fair, competitive price.

In order to deliver, we need your cooperation in providing the same service we promise our customers including shipping our orders complete, error free, and on time.

Remember that everything contained in this Agreement, and any other information given to you by The North West Company is confidential and should be treated as such. Please read all of the information thoroughly. If you are unable to comply, please advise us immediately to that effect via registered mail at:

The North West Company
77 Main Street
Winnipeg, MB R3C 2R1 Canada
Attn: Dale Carter

MERCHANDISING

DISPLAYS

It is The North West Company's policy not to pay for merchandise fixtures or P.O.P materials unless negotiated with the Category Manager. A sample of displays should be forwarded to the Category Manager for approval.

PRICE INCREASES

The North West Company requires written notice 90 days prior to vendor initiated price increases. All price increases must be sent to the appropriate Category Manager for consideration. If accepted, the Category Manager will notify you with the effective date.

PRODUCT INFORMATION CHANGES

As a supplier, the first step towards accurate, standardized data is a valid license for your Company Prefix, used to build your UPCs or bar codes. We encourage you to renew your Company Prefix by contacting the Electronic Commerce Council of Canada at 1 800 567-7084 or info@eccc.org.

The Electronic Commerce Council of Canada (ECCC) is a not-for-profit industry-led association established to promote and maintain global standards for the identification of goods, services, locations and related e-commerce communication such as bar code issuance and maintenance. As a participating member of the worldwide EAN·UCC system, ECCC represents Canada in the continuing development of the global language of business.

The North West Company has amended our standard terms and conditions of trade to include valid Company Prefix licenses and communication through EDI. Thank you for helping The North West Company improve the efficiency of our supply chain.

The North West Company is also implementing product listing through ECCnet, Canada's National Product Registry, as part of our e-Commerce strategy to synchronize our data. ECCnet is Canada's online, standardized product registry for synchronized data exchange. ECCnet is a service offering of the not-for-profit Electronic Commerce Council of Canada and operates on a cost recovery basis. Product listing through ECCnet is a standard term and condition of trade in the Grocery and Pharmacy sectors in Canada. To begin implementing ECCnet in your organization, contact the Electronic Commerce Council of Canada at 1 800 567-7084 or info@eccnet.org.

VENDOR AGREEMENTS

All vendor agreements are negotiated annually (or as agreed upon) between the Category Manager and the vendor and represent individual contracts.

INVOICING

Information regarding substitution, discontinued merchandise, cost differences, etc., for Direct Ship and Distribution Centre orders, **must be communicated directly to the respective Category Manager prior to shipping.**

DISTRIBUTION CENTRE INVOICE PROCEDURES

Compliance with the following invoicing procedures will assure prompt payment of your invoices.

Distribution Centre Shipments – General Invoice Procedures

- Mail one original invoice or credit memo to:

The North West Company
Accounts Payable
77 Main Street
Winnipeg MB R3C 2R1
Canada

Note: *Any invoice sent directly to a store will result in non-payment of that invoice.*

- One purchase order (P.O.) per invoice.
- A unique invoice number is required on all invoices. Our Accounts Payable system audits for duplicate invoice numbers. If you use an invoice number more than once, your invoice will be rejected as a duplicate billing, causing delay or non-payment of your invoice.

Our objective is to eventually manage all invoicing via EDI.

Supplemental to the general invoicing procedures already outlined, the following procedures apply when shipping merchandise to our distribution centre:

- Our automated matching system requires that the NWC purchase order number be shown on **ALL** vendor invoices and packing slips. Packing slip number is optional.
- In order to expedite the processing and payment of invoices, list the items on the invoice in the **same sequence as they appear on NWC purchase order.**
- NWC will pay your invoice for merchandise shipped to our distribution centre based upon the best of your invoice terms or terms indicated on our purchase order. Please refer to your vendor agreement for specific payment terms.
- The purchase order will detail the current costs, payment terms, and freight terms based on the agreed stated minimum with your company and the shipment of goods shall be deemed as acceptance of such terms and conditions. Any deviation to the agreed terms for pricing, descriptions, sku number, freight or payment terms will not be accepted unless submitted and agreed to by the appropriate NWC Category Manager. The Category Manager must approve any and all requests for priority shipments.

DIRECT SHIP INVOICE PROCEDURES

Compliance with the following invoicing procedures will assure prompt payment of your invoices.

Store Direct – General Invoice Procedures

- Mail one original invoice or credit memo to:
The North West Company
Accounts Payable
77 Main Street
Winnipeg MB R3C 2R1
Canada
- One purchase order (P.O.) per invoice per location.
- A unique invoice number is required on all invoices. Our Accounts Payable system audits for duplicate invoice numbers. If you use an invoice number more than once, your invoice will be rejected as a duplicate billing, causing delay or non-payment of your invoice.

Our objective is to eventually manage all invoicing via EDI.

Supplemental to the general invoicing procedures already outlined above, the following procedures must be observed when shipping merchandise direct to any of our store locations or routing such order through our warehouse as an enclosure.

Direct Ship Invoices and Credit Memos for Merchandise

- a) **SINGLE STORE DIRECT SHIPMENT** must include, in addition to NWC head office address, the complete store information as illustrated in the example below:

| | | | |
|----------|---|----------|--|
| Bill to: | The North West Company 77 Main Street Winnipeg MB R3C 2R1 Canada | Ship to: | Northern Store #100 Aklavik General Delivery NT X0A 0A0 Canada |
|----------|---|----------|--|

- b) **MULTIPLE STORES DIRECT SHIPMENT** must include, in addition to NWC head office address, the complete store information as illustrated in the example below:

| | | | |
|----------|---|----------|---|
| Bill to: | The North West Company 77 Main Street Winnipeg MB R3C 2R1 Canada | Ship to: | Northern Stores Multiple Stores (see attached) Accounts Payable 77 Main Street Winnipeg MB R3C 2R1 Canada |
|----------|---|----------|---|

- c) **DESTINED FOR A SPECIFIC STORE BUT ROUTED VIA NWC WAREHOUSE** must, in addition to the information shown on all Direct Ship Invoices in the “ship to” area of the document, identify NWC as the original consignee, as illustrated in the example below:

Bill to: The North West Company
77 Main Street
Winnipeg MB R3C 2R1
Canada

Ship to: The North West Company
Winnipeg Logistics Service Centre
100 Murray Park Road
Winnipeg MB R3J 3Y6
Tag: Northern Store #100 Aklavik
General Delivery NT X0A 0A0
Canada

Shipping Direct To Multi Stores On One Purchase Order

For vendors shipping an assortment for one purchase order to several stores, an exception will apply to the invoice procedures. This exception is for **select vendors only** and must be agreed to by the appropriate NWC Category Manager.

In addition to the general invoice procedures already outlined above the following procedures will apply:

- A unique invoice number is to be issued for each purchase order. If necessary, more than one invoice can be issued to cover a large P.O.
- In the ‘Ship To’ section of your invoice please indicate: **Multiple Stores (see attached)**.
- Attach NWC multiple store distribution sheet to the original invoice.
- Item numbers and quantities **must be an exact match** to our NWC purchase order.
- If for any reason items shipped do not match the NWC purchase order, the vendor **must notify the Category Manager PRIOR to shipping**.

Should the invoice and distribution sheet (attached to invoice) not match the NWC purchase order, this could result in a delay or non-payment of your invoice.

ADDITIONAL INVOICE REQUIREMENTS

- If complete information is not provided, the invoice is subject to a charge of 10% of the invoice value. Minimum charge is \$50.00 per invoice.
- For all food direct orders, a packing slip must be sent to the store with the product.
- Unit costs are to be shown on the packing slip (Foods only).
- If there are any price problems, it is the vendor’s responsibility to work with the Category Manager to solve any and all disputes.
- NWC will pay the direct ship and distribution invoice based upon your invoice terms or P.O. terms if applicable. Any extended terms given to a store, other than on the purchase order, must be indicated on the invoice. To highlight such arrangements, the purchase order number must be prefixed with the letter “AP”.

- Direct ship and distribution invoices will be accepted for processing through NWC up to forty-five (45) days after invoice date. After 45 days will require Proof-of-Delivery.
- The invoice date must correspond with the shipment date.
- List the VPN number or SKU/UPC number with description in the same sequence as they appear on the NWC purchase order.

INVOICE CORRESPONDENCE

Correspondence concerning invoices, adjustments, debit memos, disputes, etc., must be mailed

to: The North West Company
 Accounts Payable
 77 Main Street, Winnipeg MB R3C 2R1 Canada

If required, a monthly statement may be requested.

INVOICING TERMS AND PROCEDURES

Payment due date and special deliver terms must be clearly indicated on the invoice. Invoice totals must be shown as gross totals, not net totals after deducting cash discounts.

CHARGE-BACKS

NWC will debit fees and charges for non-performance to vendors, as outlined in this agreement.

EDI INVOICING

It is our intent to begin implementing EDI orders/invoicing. Our EDI coordinator will be in contact with all vendors as we roll out this process. Please see the Electronic Data Interchange section on Page 27 for more details on the transition plan.

SHIPPING, PACKAGING, AND LABELLING REQUIREMENTS FOR VENDORS

GENERAL

Following these procedures will ensure your merchandise is processed through our distribution system as efficiently and accurately as possible. It will also help eliminate costly and potential delays in getting your merchandise to our stores.

The North West Company expects complete on-time shipments; backorders are expensive, create extra paperwork, and delay getting merchandise to our stores.

BILL OF LADING

Store number, store name, purchase order/shipment number and actual weight (in pounds or kilograms clearly identified) must be typed clearly in the body of the bill of lading (BOL). Separate bills of lading are required for each destination/consignee.

All shipments shipped on one day and consigned to the same destination must be combined on one bill of lading. Exceptions will apply where some products require temperature control in which case two bills of lading will be accepted. The BOL must show a detail of cartons for each purchase order number that has been combined in the consolidated shipment. In other words, if you combine purchase orders on a BOL, each purchase order must be itemized on the BOL and the P.O. number must be clearly marked on each carton or package in numbers at least one inch high, where such numbers can be accommodated. Special orders must be referenced on the bill of lading if shipped with a regular stock order. Special shipping instructions must also be clearly identified, for example 'Winter Road'.

CARRIER SELECTION

The North West Company has selected a group of quality, stable 'Less Than Truckload' (LTL) carriers because they provide the best overall value to NWC and our vendors in delivering merchandise to our stores and logistics/consolidation centres. Using The North West Company's preferred carriers will ensure timely delivery of your merchandise. Refer to the routing indicated on each NWC purchase order.

Please refer to The North West Company Routing Guide for more detailed information on carrier selection. Excess freight charges for shipments by an unauthorized carrier, services not requested, or by not following routing instructions will cause freight charges to be debited to your account. Failure to meet delivery deadlines particularly for goods being forwarded to our stores via seasonal shipping – that is Barge, Sealift, Winter Road, or Air Charters will result in excess freight charges being debited to your account.

DIRECT SHIP SHIPPING

All authorized direct vendors are to follow shipping instructions specified on the purchase order/shipping guide. All direct shipments must be accompanied by a packing slip in each box. Should the direct vendor fail to follow the specified shipping instructions or meet delivery deadlines excess freight charges will be charged to the vendor's account.

On shipments that are prepaid, the vendor's choice of carrier will generally be respected. However, for shipments that are collect, the vendor must follow the shipping instructions on the purchase order/shipping guide.

CARTON MARKINGS

Warehouse – General Merchandise

No more than one purchase order must be packed in any carton. All cartons must be clearly marked with the NWC purchase order number, the vendor product/style number, size and color breakdown, where applicable, the quantity per carton and any special markings that indicate special handling required.

Multiple cartons, each marked as required, may be combined into one shipping container, in which event that shipping container must have indicated on it The North West Company purchase order numbers, carton quantities, and any special instructions as requested. The carton containing the packing slip must be clearly identified as 'Packing Slip Enclosed.'

Dangerous Goods and Consumer Commodities must have the appropriate hazard warnings and UN numbers clearly identified on all cartons in accordance with the Transportation of Dangerous Goods regulations.

Warehouse - Grocery

Each carton must clearly identify the product, pack size of the product, quantity per case, numeric case code and bar code for the case code. Any special handling instructions must be clearly identified on each carton. **'Expiry' and 'Best Before' dates must be clearly indicated on at least one side of each carton.**

Any goods requiring temperature control including protection from freezing must be identified as such on the carton and on the bill of lading. It is recommended that temperature requirements be clearly stated on the cartons as a guideline. Failure to identify goods in this manner will result in your account being charged for the value of the goods, freight and any excess freight to replace the goods in the event the carriers move goods without temperature controls and the goods are unsellable as a result.

Multiple cartons, each marked as required, may be combined into one shipping container, in which event that shipping container must have indicated on it The North West Company

purchase order numbers, carton quantities, and any special instructions as requested. The carton containing the packing slip must be clearly identified as **‘Packing Slip Enclosed’**.

Dangerous Goods and Consumer Commodities must have the appropriate hazard warnings and UN numbers clearly identified on all cartons in accordance with the transportation of dangerous goods regulations.

Direct to Store – General Merchandise

No more than one Purchase Order must be packed in any carton. All cartons must be clearly marked with the NWC Purchase Order number. Any special handling instructions must be clearly identified on each carton. Enclose one packing slip in **each box**. For example if there are five boxes for one order, then five packing slips are required.

Multiple cartons, each marked as required, may be combined into one shipping container, in which event that shipping container must have indicated on it The North West Company Purchase Order numbers, carton quantities, and any special instructions as requested. The carton containing the packing slip must be clearly identified as **‘Packing Slip Enclosed’**.

Dangerous Goods and Consumer Commodities must have the appropriate hazard warnings and UN numbers clearly identified on all cartons in accordance with the Transportation of Dangerous Goods regulations.

Direct to Store – Grocery

Each carton must clearly identify the product, pack size of the product, quantity per case, numeric case code and bar code for the case code. Any special handling instructions must be clearly identified on each carton. **‘Expiry’ and ‘Best Before’ dates must be clearly indicated on at least one side of each carton.**

Any goods requiring temperature control including protection from freezing must be identified as such on the carton and on the bill of lading. It is recommended that temperature requirements be clearly stated on the cartons as a guideline. Failure to identify goods in this manner will result in your account being charged for the value of the goods, freight and any excess freight to replace the goods in the event the carriers move goods without temperature controls and the goods are not sellable as a result.

Multiple cartons, each marked as required, may be combined into one shipping container, in which event that shipping container must have indicated on it the store’s purchase order number or shipment number, carton quantities, and any special instructions as requested. The carton containing the packing slip must be clearly identified as **‘Packing Slip Enclosed’**.

Dangerous Goods and Consumer Commodities must have the appropriate hazard warnings and UN numbers clearly identified on all cartons in accordance with the transportation of dangerous goods regulations.

CARTON ADDRESS LABELLING

General Merchandise – Direct and Warehouse

A standard 3” by 5” label is required and each box shipped must have a label affixed to the side of each carton. The address label must clearly show the full final destination address, purchase order number and number of pieces in the shipment. Should the shipment be for shipping via searift, barge, winter road or air charter this must be included on the bill of lading and the address label. For those stores serviced by air the 3-letter airport code must also be shown on the carton address label.

A listing of air stores complete with airport codes that are to be used can be found in the **APPENDIX** section of this manual along with a sample carton address label for your reference. Also, note that any additional special instructions must also be included on the label.

Grocery – Direct Ship to Store

Each Carton must be labeled or stamped with “Northmart / Northern Store” name and number for each destination. A cross reference to store shipment number or purchase order number is helpful but not required.

Dangerous Goods and Consumer Commodities (GM and Grocery) must have the appropriate hazard warnings and UN numbers clearly identified on all cartons in accordance with the transportation of dangerous goods regulations. For store destinations identified as ‘air stores’, the IATA dangerous goods documentation must accompany the shipment. The shipment will be refused and/or penalties will be applied in cases where documentation is missing. The minimum penalty applied for no documentation is \$50.00.

FREIGHT CLAIMS

Claims for shortage and damage will be handled as follows:

- a) FOB Destination Freight Prepaid: Claim to be filed by Vendor
- b) FOB Origin Freight Collect: Claim will be filed by The North West Company

ON-TIME DELIVERY

Merchandise must be shipped to allow for its arrival at our distribution centres during the shipping window specified on the purchase order. We reserve the right to cancel an order or refuse a shipment if it does not arrive as scheduled, regardless of FOB terms.

It is the vendor's responsibility to ensure delivery appointment times are booked and adhered to for delivery to our facility in Winnipeg and Edmonton or our consolidation centers in Montreal, and Toronto or other locations as specified on the purchase order. Failure to book delivery appointments will result in your delivery being refused and the responsibility to rebook will be with the vendor. The phone numbers required to book delivery appointments are available on the purchase order and in our shipping guide. When calling for appointments the vendor is requested to provide a vendor name, valid purchase order number, and the number of cartons/skids being delivered. For appointments for shipments for furtherance directly to stores, the store name and number will also be required.

The North West Company Encourages Communication with our Marketing Groups

The success of The North West Company relies on our suppliers delivering product on time and as specified on the P.O. Without this commitment, the result will be lost sales and unhappy customers. It is important for the vendor to note that the NWC Marketing department will refuse delivery of the order, impose a "Late Fee Penalty", or return the merchandise to vendor in accordance with the following:

1. Penalty equal to 10% of the cost of goods being received if orders are accepted past the due date on the Purchase Order.
2. Penalty equal to the production costs (if applicable) associated with Advertising (flyer space) and Selections Catalogue page production costs.
3. Refuse delivery or return the shipment to the vendor at the vendor's expense, including any administrative costs associated with storing, receiving, and accounting for the merchandise.

It is understood that there are situations where product delays or substitutions are unavoidable.

If an order is going to be late, incomplete or items substituted, vendor must contact the Category Manager or Supply Chain Planner prior to shipment. Contact information is provided in the signature box at the bottom of each purchase order.

STORAGE

In the event it becomes necessary to accept merchandise substantially in advance of the 'Expected Arrival Date' (more than two weeks), and such arrangements can be accommodated, a storage fee of \$25 per month (or portion thereof) per pallet will be assessed. This fee is viewed as an accommodation charge and is to be arranged in advance of merchandise arrival.

REPLENISHMENT STANDARDS

Vendors must ship all orders 100 % complete within the time frame specified on the purchase order. If the vendor cannot ship complete, notification must be made within 24 hours of receiving the order. Contact information is provided on each P.O.

Purchase orders must ship as written. The North West Company will not accept any item that does not have the exact stock number, color, size, UPC or pack configurations. There will be no exceptions without prior approval from the Supply Chain Planner or Category Manager.

FORECASTING

The Supply Chain Planner will work with vendors in determining future stock requirements. Forecasting requirements should be communicated to the Supply Chain Planner on a timely basis – a good forecast requires vendor input and ownership of this forecast belongs to both the Supply Chain Planner and Vendor.

BACKORDER POLICY

The North West Company expects complete shipment within the ‘expected arrival’ guidelines as outlined on the NWC purchase order. In the event a backorder is necessary to complete a shipment, the vendor is responsible for any excess backorder shipping charges that are incurred.

Backorder notification must be communicated as follows:

- Contact the appropriate Supply Chain Planner or Category Manager whose name and contact number appear at the bottom of the purchase order. **Notification of any shortages or backorders must be made within 24 hours.**
- Cancellations or order acknowledgements must also be communicated in the same manner.

PACKING OF MERCHANDISE

Each NWC purchase order must be processed, packed and assembled as a unique unit, but may be shipped with other purchase orders on the same bill of lading. All NWC purchase order numbers must appear on the bill of lading. Purchase orders cannot be mixed within cartons.

Whenever possible (usually volume driven), merchandise is to be unitized, shrink-wrapped, using a 40” x 48” wooden pallet. The total height of the merchandise and pallet cannot exceed 78”. Pallet height exceptions are permitted but only for product that will not be damaged by stacking higher. Wherever possible, reasonable full use of the cube capacity must be utilized. For food items, the vendor is required to meet Tie Hi instructions. For most food items this can be no more than a 48” pallet height including the pallet – exception is paper products, such as toilet tissue, which can be the standard 78” height. In cases where the vendor has not shipped according to Tie Hi requirements and has not provided an outside labor resource, one will be booked by NWC and the costs charged back to the vendor. Floor loaded grocery deliveries will also require a swamper at the expense of the vendor or carrier unless otherwise negotiated.

Pallets must be numbered, shrink-wrapped and show NWC purchase order number. The location of the packing slip must be noted on the bill of lading. Ship one sku per pallet whenever possible. Pallets of merchandise should include a slip-sheet between layers of different skus to speed receipt and put away.

Purchase orders containing 50 or more cartons and weighing 50 or more pounds per carton must be palletized. A pallet exchange program can be initiated through our Logistics Service Centre.

For all unitized shrink-wrapped shipments, the bill of lading must be written as follows:
“(number) shrink-wrapped pallets said to contain (number) pieces”. **Do not break shrink-wrap.**

If a packing slip cannot be located, a faxed request will be issued. If no response within 48 hours, a handling and administration fee of \$50.00 will be automatically charged to the vendor's account.

Merchandise requiring specific temperature controls must be identified as such and the temperature required must also be noted on each carton, bill of lading and packing slip. Failure to identify the aforementioned clearly will result in your goods being shipped in an uncontrolled environment. Should this result in the spoilage of your product the cost of goods, freight costs and handling costs will be deducted from your account. Those vendors shipping to stores where **Food Mail** is used are to temperature label products in compliance with the Canada Post Corporation guidelines. Failure to do so will result in spoilage costs, freight and handling costs being deducted.

Products requiring specific temperature controls must be delivered in the appropriate temperature controlled environment and in the expected condition. If goods are delivered in an environment that is not compliant with the temperature controls specified on the cartons, bill of lading and packing slip, your shipment will be refused and replacement shipments will be the vendor's responsibility to deliver to our stores at the vendor's expense. The North West Company will, at their discretion, randomly sample inbound shipments to the Winnipeg Logistics Service Centre (WLSC) to ensure goods are being delivered at the correct temperatures. Should the goods fail to meet the temperature requirement, the goods will be refused and replacement shipments will be the vendor's responsibility to deliver to the appropriate stores in a timely manner.

All goods must be packed in good quality strong boxes in order to withstand the rigors of northern shipping and repeated handling – cartons should be packed full with no void spaces, without over loading.

Special packaging may be required for perishable items (such as but not limited to ice cream, produce, dairy products, plants and flowers, etc.) on a store specific basis. Please contact the appropriate Category Manager for your instructions.

PACKING SLIP

The packing slip must be clearly located on the outside of a designated carton. This packing slip must be on the first carton of each shipment in a 'Packing Slip Enclosed' pouch. A second copy of the packing slip must be enclosed in the first carton of each purchase order.

There must be a separate packing slip for each purchase order. Each packing slip must contain the following information:

- Purchase Order Number
- Style/Item Number – Vendor Product Number – UPC Number – NWC SKU number
- Total Quantity and Quantity by Style/VPN (quantity by color size breakdown where applicable)
- Total Weight
- Invoice Number for Cross Referencing
- Total Cartons shipped per packing slip
- Skus backordered or cancelled, if any.
- All substitutions must be noted on the Packing Slip as “Approved Substitution”.

PALLET CHARGES

Charges for pallets will not be accepted unless previously negotiated with the appropriate Category Manager. Pallet charges that have been agreed to must be billed with the original invoice.

RECEIVING APPOINTMENTS

Shipments are accepted at our receiving docks by appointment only. If delivery is being made by your truck or common carrier, advise your driver or carrier that they must request a delivery appointment at least 24 hours before the expected delivery time. All deliveries require driver-assisted unloading. Unscheduled deliveries may result in an extended waiting period. The North West Company will not be responsible for redelivery charges that may result.

When calling for an appointment, the following information must be available:

- **Vendor / Carrier Name**
- **Purchase Order Number**
- **Store Number**
- **Number of Cartons and Pallets**
- **Actual Weight and Cube for each Purchase Order**

To book an appointment call the number indicated on the purchase order. Appointments can be booked **between 6:00 AM – 10:30 PM local time** daily Monday thru Friday. Our facility in Winnipeg (WLSC) at 100 Murray Park Road received between 6:00 am – 2:30 pm Monday to Friday. Appointments will not be scheduled until all of this information is made available.

PERISHABLE ENCLOSURE (X-DOCK) SHIPMENTS

Our facility in Winnipeg (WLSC) at 100 Murray Park Road receives between **10:00 AM – 2:00 PM local time** daily Monday thru Friday perishable store specific shipments without appointment. The receiving schedule is available by contacting WLSC at the appointment phone

number indicated on the shipping guide. This receiving schedule is day and store specific; please read it carefully. The NWC Category Manager will make you aware if your products fall into the aforementioned group. Please note failure to deliver within the parameters of the receiving schedule can result in your shipments being refused and it will then become the vendor's responsibility to deliver to the store in a timely manner at the vendor's expense.

SORTING

All merchandise must be packed in the proper size and colour breakdown as negotiated with the Category Manager. All 'prepacks' must contain the proper quantity/sku breakdown. If merchandise is received with a different breakdown, The North West Company will:

- a) Re-sort the merchandise and charge-back to the vendor a \$25.00 per hour sorting fee (minimum \$25.00) plus a \$50.00 administration and handling fee.

AND

If, after sorting, an improper size, color, or sku quantity breakdown remains, the excess will be returned to the vendor at their expense plus an additional \$50.00 charge-back as a handling fee.

OR

- b) Return entire shipment at the vendor's expense and administer a \$50.00 handling and administration fee.

Note: *Should goods be delivered to the Consolidation Centres or WLSC in an unsorted manner NWC will contact the vendor and make them aware of the problem. The vendor may, at their discretion and within 24 hours, provide swampers to unload and sort the load at WLSC, remove the load from WLSC and return it to WLSC in a sorted manner (a new delivery appointment must be made). The vendor may also arrange with WLSC to provide swampers in which case the vendors will bear the cost of the swampers (deducted from the vendors account).*

This will also be applied in instances where Tie Hi instructions are not followed. Floor loaded grocery deliveries will require a swamper at the vendor or carrier's expense unless otherwise negotiated.

CHARGE-BACKS ARE NOT DESIRABLE – ACCURACY IS MANDATORY.

DATING

Product containing 'Expiry' or 'Best Before' dating is expected to have acceptable dating upon receipt. The 'Expiry' or 'Best Before' dating must be in plain language on the outside of shipping carton. If goods do not meet NWC's requirements they will be refused. Please refer to your vendor agreement for minimum dating allowable.

RESTOCKING CHARGES

The North West Company **WILL NOT** pay for restocking charges unless specifically negotiated with the appropriate Category Manager and included in the vendor agreement.

VACATION CLOSINGS

If the vendor's shipping facilities are closed for extended periods of more than three business days (other than national holidays), please notify the Supply Chain Performance Planner or Category Manager in writing ninety (90) days prior to that closing so that orders may be placed and their delivery guaranteed.

RETURNED GOODS POLICY

The North West Company pays for or qualifies for the pre-payment of all incoming merchandise but will not honor any freight or handling charges related to returned merchandise. Our policy on returns is to ship all returns collect, unless otherwise agreed upon with the appropriate Category Manager. Returned merchandise may be non-conforming, defective or damaged, or overages.

The North West Company will charge a handling fee, currently \$50.00, for returning merchandise to a vendor. This handling fee will be applied, but is not limited, to the following situations:

- shipments returned at vendor's request;
- duplicate shipments being returned;
- wrong merchandise shipped by vendor and returned;
- shipment of merchandise after cancellation of purchase order (see P.O.);
- product being returned for repacking;
- recalled merchandise returns; and,
- return merchandise pre-ticketed with another retailer tag.

No handling fee will be applied to discontinued or overstocked merchandise being returned.

Note: *FOOD ORDERS (direct to store or warehouse distributions) vendor over shipments or incorrect product shipments will not be paid or returned to vendor.*

MINIMUM ORDERS/PRIORITY SHIPMENTS

The NWC purchase order details current costs, payment terms, and freight terms based on the agreed stated minimum with your company. In order to avoid charge-backs for pricing discrepancies, freight terms, or payment terms, do not accept stock orders for less than the minimums agreed upon between vendor and Category Manager. Any deviation to the agreed terms for pricing, descriptions, sku number, freight or payment terms must be brought to the attention of the appropriate Category Manager prior to the shipment of merchandise.

INTERNATIONAL SHIPMENTS – USA

The shipment of international shipments can be quite time-consuming and costly if certain criteria are not followed. It is the vendor's responsibility to ensure all documentation, declarations, etc., that are required for a shipment be compliant with CRA (Canadian Revenue Agency) regulations. Failure to comply with CRA regulations that in turn delay shipments or require additional follow up by either Livingston Customs Brokers or The North West Company, will result in \$50.00 USD being deducted from your account.

Shipments from the United States to The North West Company require the following documents:

- a) **Bill of Lading**
- b) **Canada Customs Invoice or Commercial Invoice indicating Country of Origin**
- c) **NAFTA certificate (USA)**

One copy of these documents should accompany the goods shipped and one copy must be faxed to **our** Customs Broker – Livingston International. If these documents are not made available and additional costs are incurred by The North West Company in obtaining these documents, either in the form of higher duty rates or in storage fees, these will be charged back to the vendor along with a \$50.00 administration and handling fee.

Route all shipments to The North West Company as per the instructions on the purchase order

Note: See "Shipping Guides" section for more details on international and domestic shipping.

SEALIFT

To facilitate the shipment of your product to Northern Stores during the Sealift/Barge season (approx. mid-May to mid September) please note the following guidelines as set out by The North West Company.

1. Each shipping carton must be marked with store name, store number (3-digits), NWC purchase order number, and **VIA SEALIFT/BARGE** in bold letters.
2. Packing slips should be attached to the outside of cartons.
3. For pallet load shipments, the pallet must be shrink-wrapped, capped and labeled with the purchase order number, number of cartons, **VIA SEALIFT/BARGE** in bold letters and destination (i.e. store name and number plus NWC consolidation facility) clearly visible.
4. For products classified **dangerous goods**, it is the **vendor's responsibility** to ensure all cartons are properly manifested, packed and labelled to meet regulations.
5. Bill of lading/pro bill must show routing via sealift/barge, gross shipping weight, number of cartons per store and NWC purchase order number. Appropriate paperwork must accompany shipments from outside Canada to clear customs.

6. If the shipment is FOB vendor’s warehouse, do not use the term ‘collect’ on pro bills with your shipping agent rather request ‘3rd party billing’ to our accounts payable office in Winnipeg.
7. Delivery appointments are required at NWC’s logistics service centre where sealift/barge shipments will be amalgamated for furtherance to the stores concerned (see list on Page 25). Please read NWC’s purchase order carefully to ascertain delivery location.

Winnipeg Logistics Service Centre

Appointment phone # 204–831-3725
 The North West Company
 100 Murray Park Road
 Winnipeg MB R3J 2Y6

Delivery appointments are also required at our Edmonton warehouse and our contracted consolidators in Toronto, Montreal and Valleyfield: Please read the NWC purchase order carefully to ascertain delivery location.

Edmonton

780–443-5921
 Exel
 12386 - 184th Street
 Edmonton AB T5V 0A5

Toronto

905–793-6460 or 1-888-818-7771
 Gardewine North
 321 Orenda Road
 Brampton ON L6T 1G4

Montreal

1–888-878-9229
 TST Overland Express
 10325 Avenue Ryan
 Dorval QC H9P 1A2

Valleyfield

450–377-0187
 NEAS Cargo Service Centre
 950 Boulevard Cadieux
 Port of Valleyfield
 Valleyfield QC J6T 6L4

8. Send invoices directly to Accounts Payable, The North West Company, 77 Main Street, Winnipeg MB R3C 2R1 Canada. Invoices should not be sent to our warehouses, outside consolidators or our stores. In other words, your paperwork (**or EDI transmission**) should reflect:

| Sold To | Ship To | Bill To |
|---|--|---|
| The North West Company 77 Main Street Winnipeg MB R3C 2R1 Canada | NWC Store #xxx, Store Name VIA SEALIFT/BARGE c/o WLSC or Consolidation Point <i>as shown in Point #7 above</i> | Accounts Payable The North West Company 77 Main Street Winnipeg MB R3C 2R1 Canada |

NWC Sealift / Barge Stores

Listed numerically by 3-digit store number. Store(s) denoted with an asterisk (*) may or may not have a sealift/barge subject to anticipated volume of freight, insufficient warehouse facilities at store, weather variables, and various other factors.

| Store # | Store Name & Province | Store # | Store Name & Province |
|---------|------------------------|---------|-----------------------|
| 100 | Aklavik NT | 370 | Kangiqsujuaq QC |
| 102 | *Albany ON | 371 | Kangiqsualujjuaq QC |
| 103 | Akulivik QC | 372 | Kangirsuk QC |
| 104 | Arctic Bay NU | 376 | *Kashechewan ON |
| 106 | *Attawapiskat ON | 378 | Kuujjuaq QC |
| 120 | Baker Lake NU | 382 | Kuujjuaraapik QC |
| 140 | Qikiqtarjuaq NU | 406 | Kimmirut NU |
| 150 | Cambridge Bay NU | 468 | Norman Wells NT |
| 152 | Cape Dorset NU | 510 | Pangnirtung NU |
| 158 | Chesterfield Inlet NU | 514 | Paulatuk NT |
| 168 | Clyde River NU | 528 | Pond Inlet NU |
| 170 | Kugluktuk NU | 534 | Puvirnituk QC |
| 172 | Coral Harbour NU | 552 | Rankin Inlet NU |
| 224 | Arviat NU | 560 | Repulse Bay NU |
| 248 | Fort Good Hope NT | 584 | Salluit QC |
| 256 | Tulita NT | 590 | Sanikiluaq NU |
| 294 | Gjoa Haven NU | 596 | *Severn ON |
| 310 | Hall Beach NU | 608 | Taloyoak NU |
| 324 | Ulukhaktok (Holman) NT | 636 | Tuktoyaktuk NT |
| 340 | Igloolik NU | 645 | Umiujaq QC |
| 346 | Inukjuak QC | | |
| 350 | Iqaluit NU | | |

MISCELLANEOUS

WHISTLE BLOWING POLICY

The North West Company is committed to maintaining high standards of openness, honesty, and accountability. The purpose of this policy is to ensure that any supplier of The North West Company can confidentially raise concerns, in good faith, which relate to financial controls, accounting controls, auditing matters, or alleged illegal or fraudulent behavior.

To report an incident, dial 1-877-557-5559, send regular mail to the Manager, Internal Audit, 77 Main Street, Winnipeg MB R3C 2R1, or send an email to WBinfo@northwest.ca. In the event that the incident relates to the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), or any member of the Internal Audit staff, such report should be made in writing to The Chair of the Audit Committee, c/o 77 Main Street, Winnipeg MB R3C 2R1

ENVIRONMENTAL POLICY STATEMENT

The North West Company is committed to Sustainable Development and to the preservation of the Environment. Our goal is to apply our shared values to assist in protecting the environment and in particular the sensitive ecological areas of the North in which we conduct our business; and to satisfy the environmental concerns and expectations of our customers, investors, and the public.

In pursuit of our goal, we will:

- maintain environmental awareness through continued employee education and training;
- comply with all environmental laws at each location in which we operate;
- maintain and monitor our facilities to minimize operational failures and any potential environmental affects from such failures;
- manage responsibly our waste streams, employing recycling efforts wherever the workable opportunity exists;
- foster environmental awareness in the communities in which we operate; and
- communicate our environmental performance to customers, the communities in which we operate, our shareholders, and government regulators.

MATERIAL SAFETY DATA SHEETS

Federal and provincial regulations require manufacturers and distributors of certain products, manufactured from or containing hazardous material, to provide Material Safety Data Sheets (MSDS). Vendors must provide an original MSDS, where required, on each product The North West Company purchases. These documents must be made available before the product can be received at the distribution centre.

Definitions and requirements change frequently and it is the vendor's responsibility to keep this material current and to remain in compliance with Regulation 52/88 of the Manitoba Work Place Safety and Health Act W210.

All vendors shipping direct to stores (that is goods consigned direct to a store even though it may cross dock at a consolidator or WLSC) goods deemed to be dangerous goods as defined by IATA (International Air Transport Association) must complete the necessary dangerous goods documentation and accept liability for same. The stores requiring the aforementioned dangerous goods documentation are identified on the shipping guide with the 3-letter airport code. Should a shipment be refused by the air carrier due to incorrect packaging, labeling or documentation the vendor will be responsible to correct the situation at their cost or NWC will correct and deduct from the vendor costs incurred, at NWC's discretion.

ENVIRONMENTAL HANDLING CHARGES

Vendors must notify The North West Company Category Manager if their product is subject to any environmental handling charges. This information must be provided for all applicable provinces and territories. As new eco fees are introduced in various provinces, the vendor is responsible for providing the relevant information as to the product(s) impacted and the applicable fee to the Category Manager.

ELECTRONIC DATA INTERCHANGE (EDI)

It is The North West Company's goal to utilize Electronic Data Interchange (EDI) with all vendors for all documents that can and are being replaced with electronic communication in the industry (e.g. invoice, purchase order, shipping notices, remittance advice, item information, etc.). At the present time our efforts are contained to the 850 and 997 Transaction Sets, however, we plan to expand our initiatives in the future and will contact you accordingly.

The North West Company complies with the ANSI X 12 EDI standards. Additional information on the X 12 standards can be obtained from the Data Interchange Standards Association, Inc, 1800 Diagonal Road, Suite 355, Alexandria, Virginia 22314-2852, or telephone 703-548-7005, or by contacting the EDI Council of Canada, 5401 Eglinton Avenue West, Suite 203, Etobicoke, Ontario, M9C 5K6, telephone 416-621-7160. Your participation in The North West Company's EDI Program requires commitments by you to receive and send data within the ANSI X 12 format.

For additional information about our program, call NWC's EDI Coordinator at telephone number 204-934-1426.

UNIVERSAL PRODUCT CODE (UPC)

The North West Company is committed to scannable bar codes on all products at point of sale, and ultimately for use in receiving shipping containers. To ensure that the system is effective, it is **MANDATORY** that every item sold to The North West Company is UPC coded. The Category Manager responsible for the particular product must approve any exceptions.

To assist you in meeting our requirements please contact Electronic Code Council of Canada or visit their website at <http://www.eccc.org>.

Product Information

The North West Company recognizes that exchanging inaccurate data through EDI can severely diminish any efficiency gained in automating transactions. To ensure that we realize the full benefits of EDI, The North West Company and our trading partners should exchange accurate, standardized product listing information.

As a vendor, the first step towards accurate, standardized data is a valid license for your Company Prefix, used to build your UPCs or bar codes. We encourage you to renew your Company Prefix by contacting the Electronic Commerce Council of Canada at 1 800 567-7084 or info@eccc.org.

The Electronic Commerce Council of Canada (ECCC) is a not-for-profit industry-led association established to promote and maintain global standards for the identification of goods, services, locations and related e-commerce communication such as bar code issuance and maintenance. As a participating member of the worldwide EAN·UCC system, ECCC represents Canada in the continuing development of the global language of business.

The North West Company has amended our standard terms and conditions of trade to include valid Company Prefix licenses and communication through EDI. Thank you for helping The North West Company improve the efficiency of our supply chain.

- UPC bar codes must be test scanned to ensure the numbers match the bar code.
- If you receive a purchase order from us with the wrong UPC number, do not ship but call the Category Manager for a revised order or authorization to ship against the existing order.

Errors Subject to Administration Fee

If a vendor fails to advise The North West Company of discrepancies and a UPC problem occurs due to vendor error, an administration fee will be assigned. Examples of errors subject to administration fees are as follows:

- Vendor substitutes merchandise on a P.O. without authorization from the Category Manager
- Merchandise received is marked with a UPC assigned to a different sku.
- Merchandise received does not have a bar code.

- Bar codes do not scan (e.g. they are illegible or a colour that cannot be read by the scanner).
- Bar code bars and spaces represent a different UPC than the human readable code (numbers below the bar).

TERMS AND CONDITIONS OF PURCHASE

ACCEPTANCE

Every purchase order communicated to seller is subject to all terms and conditions contained herein and shall apply to all purchases made by buyer. Seller shall be bound by this order and all of its terms and conditions upon its written acknowledgement or acceptance of this order, or upon the delivery of all or any part of the products or services ordered. Any waiver, alteration, or modification of the terms and conditions of this order must be in writing and signed on behalf of the buyer by its authorized agent in order to be binding on buyer. Buyer is not bound by any printed or other material on seller's acknowledgement forms, invoices, or other documentation, which attempt to impose conditions and terms in conflict with this order. Buyer will have the right at its option to refuse delivery of goods which do not comply with order and packing instructions, or to charge back to the seller an amount representing average processing costs incurred as a result of any non-compliance with any invoicing and packing instructions or other conditions of this order.

DELIVERY

Time is of the essence in this order, and if delivery of items is not completed within the period provided, error free and complete as ordered, the buyer reserves the right, without liability, to reject the order and apply penalties as outlined in the 'On Time Delivery' paragraph found on page 16 of this manual.

EXPENSE OFFSET POLICY

It is The North West Company's policy to recover costs it incurs due to suppliers not complying with NWC's terms and conditions, standards and procedures. Without limitations, NWC will debit the vendor's account for expense offset charges as per the following:

- incorrect FOB terms;
- incorrect routing;
- non-consolidation of shipments onto one bill of lading as specified;
- incomplete information on bill of lading, packing slip or invoice;
- failure to mark cartons or goods as required;
- substitutes or over shipments;
- incorrect preticketing;
- invoices issued prior to goods shipped; and,
- identified losses and any other aspect whereby the terms and conditions of this agreement are not followed.

The supplier agrees that any credit balance will be paid to NWC upon written request.

You shall dispute, by separate written letter, the accuracy of our remittance form within forty-five (45) days after the mailing of such form, failing which you shall be conclusively deemed to have accepted such remittance as accurate for all purposes.

INSPECTIONS

All products and services purchased are subject to final inspection and approval by buyer at destination. Items not accepted will be held for seller's disposition or returned to seller, both at seller's expense. Seller is obligated to replace rejected products and services except when specifically notified in writing to the contrary by buyer. All concealed damage claims will be charged back to seller. Payment for any products or services shall not be deemed an acceptance. Payments made to the seller for products or services properly rejected by buyer shall be immediately refunded to buyer.

WARRANTY

Seller (in addition to all warranties implied by law, none of which may be negated, restricted, limited, excluded, or modified by seller) warrants that all products and services covered by this order will be in strict accordance with the following:

- a) Goods are free from any defects whatsoever including without limitation, color fastness, variations of color, and defects in assembly.
- b) Goods are fit for the normal use for which they were made and intended, including, without limitation, consumer use.
- c) Goods have been properly labeled as to content as required by the Canadian Labor Code, the Food and Drug Act, and similar federal and provincial laws, rules and regulations and have been labeled, advertised, and invoiced in accordance with the requirements of the Consumer Packaging and Labeling Act, the Trade Marks Act, the Textile Labeling Act and any and all other federal and provincial government laws, including, without limitation, Quebec's Charter of the French Language, and the respective rules and regulations there under.
- d) Goods are not misbranded, falsely labeled or advertised, or falsely invoiced within the meaning of any local, provincial, or federal laws and amendments thereof now in force.
- e) Goods will comply with all specifications contained in the purchase order and will be of comparable quality as all samples delivered to NWC.
- f) Reasonable and representative tests made in accordance with the requirements of whatever standard method of test for flammability of clothing textiles as may be used by the Canadian Standards Association and such governmental agencies.
- g) Goods do not infringe upon or violate any patent, copyright, trademark, trade name, unfair competition laws or, without limitation, any other property law or the rights belonging to others.
- h) All weight, measures, sizes, legends, or descriptions printed, stamped, attached, or otherwise indicated with regard to goods are true and correct, and conform and comply with all laws, rules, regulations, ordinances, codes and/or standards relating to said goods of local, provincial or federal government.

- i) Goods are not in violation of any other laws, ordinances, statutes, rules or regulations of Canada or any provincial or local government or any subdivision or agency thereof.

In the event that NWC determines in its sole and absolute discretion that any of the within warranties have not been complied with:

1. NWC may, at any time, return goods for full credit or refund at the supplier's expense;
2. refuse delivery of any such orders; and,
3. cancel any such orders prior to delivery.

In respect of any goods rightfully rejected or returned by NWC, there shall be charged to the supplier, all expenses incurred by NWC handling of goods (packing, unpacking, examining) at a rate of 10% of each occurrence.

In the event of store claims, goods will be returned to vendor at the vendor's expense or destroyed on sight (vendor's discretion). The above noted handling costs will apply.

RECALLS

Seller shall provide notice of all recalls by government order or otherwise and indemnities as set out below.

INSURANCE

Seller shall obtain, maintain in effect, and provide evidence satisfactory to buyer of product liability and all other appropriate insurance including for services to be performed by the seller under or in connection with this order in or about the premises of the purchaser or outside the seller's place of business, as applicable to accidents or occurrences resulting in total or in part from the provision of, use, transportation, storage, or condition of seller's products or services, including personal injury coverage and for subrogated claims permitted under worker compensation or other applicable legislation, either by means of a broad form vendor's endorsement with buyer named as addition insured, or by directly naming buyer on the policy itself. Such coverage shall be in such amount as is commercially reasonable, and said policy or vendor's endorsement will contain no exclusions, such as repacking or relabeling exclusions, to invalidate this purpose. Seller is responsible at its cost for insuring the product to the FOB point for full replacement value, including freight, and seller shall file and pursue all claims for loss of damage. Seller and its insurer shall provide to buyer thirty (30) days prior written notice of non-renewal cancellation or other changes in seller's coverage which may impair or otherwise effect buyer rights hereunder.

PATENTS/TRADEMARKS/COPYRIGHTS

Seller warrants, represents, and guarantees that all products and services do not infringe any actual or alleged patent, design, trade name trademark, service mark, copyright, or trade secret or other similar right with respect to goods purchased hereunder, including without limitation, on labels, tickets and other printed material related thereto. When expressly authorized hereon, seller may use any off buyer's trademarks, trade names, service marks, trade secrets, patents or copyrights, provided that such use is limited exclusively in connection with the products or services supplied to buyer hereunder and seller agrees to stop making such use upon notice from buyer.

INDEMNIFICATION

Seller shall indemnify and hold harmless buyer and its officers, directors, shareholder, employees, customer, successors and assigns from and against any and all loss, liability, damages, costs, attorneys' fees or other incidental expenses of any kind and nature whatsoever, on account of any and all claims, suits, judgments and costs for or arising out of

- a) bodily injury or death to any person or for any loss or damage to or destruction of property arising out of any actual or alleged defects in the products or services described in the order;
- b) any actual or alleged breach by seller of its express or implied warranties;
- c) seller's actual or alleged negligence, willful misconduct, or strict liability resulting from or relating to the products or services described on the order;
- d) assuring compliance or in adding or assisting compliance with any mandate of any governmental agency relating to any product or service which becomes subject to a corrective action plan, consent agreement or order requiring recall, replacement, or the refund of purchase price of any product or service, whether at the wholesale, retail or consumer distribution level, or any voluntary action taken in respect of the same; and,
- e) actual or alleged infringement of any patents, proprietary designs, trademarks, trade names service marks, trade secrets, or copyrights relating to the products or services described on the order.

In the event of any claim, demand, action or proceeding being commenced against buyer, or its officers, directors, shareholders, employees, customers, successors, or assigns by reason of any of the above matter, buyer agrees to give seller prompt written notice. Seller agrees to assume the defense of any and all such claims and suits and shall pay all costs and expenses, including incidental attorneys' fees thereto.

USE OF DATA

Seller agrees that it will not use or disclose any data, design or any other technical or proprietary information belonging to, furnished by or accumulated for, or on behalf of buyer, except as necessary in the performance of this order of buyer or as required by law. Upon buyer's request such data, designs or any other technical or proprietary information and any copies shall be returned to the buyer.

EQUIPMENT

Unless otherwise specified the necessary special tools, dies, or other equipment shall be furnished by and at the expense of the seller. If so specified and if a charge is made to buyer for tools, dies, or other equipment, they are, unless otherwise expressly agreed upon in writing, the property of buyer and are for the sole use of buyer and are subject to removal and delivery to buyer at any time upon demand by buyer at seller's expense.

PAYMENT

Invoices will be paid only upon receipt of products and services acceptable to buyer and provided by seller under a properly executed purchase order.

PRICES

If higher prices are to be charged for this order than the lowest prevailing prices and proportionately equal to the most favorable terms available to any other entity for like goods and services purchased from seller at the time of acceptance hereof, the seller must notify the buyer and receive buyers' written approval of such higher prices before accepting or filling this order. No prices hereunder shall be subject to any duties, fees, or governmental impositions whatsoever unless specifically authorized in writing by buyer.

Pricing discounts will be calculated from date invoice is received in proper form or from date proper products or services are received and accepted by buyer whichever is later.

PACKING MATERIALS

No charge for packing or storage will be allowed unless stated. Buyer is not responsible for the failure to return any container or other packing material, or the property of seller or any vendor, for which charge is made by seller unless such returnable articles are shown on packing lists and Invoices.

FREIGHT

Seller is responsible for all compliance with all laws, regulations, tariffs, and contracts affecting the freight. Seller will be charged for excess transportation charges resulting from failure to follow instructions, to ship in accordance with routing instruction, to classify products properly or to pack according to requirements or to take any action necessary to assure lowest transportation charges.

TAXES

Seller agrees to apply any taxes imposed by law upon or on account of the products or services purchased unless otherwise agreed. If any excise or other similar or different tax is included in the amount paid to the seller for the products or services described in the order and if such tax or

any part thereof is refunded to the seller, then the seller shall immediately pay the buyer the amount of such refund.

ASSIGNMENTS

Seller shall not assign any of its rights or obligations without buyer's prior written consent.

CANCELLATION

Buyer reserves the right to cancel a purchase order in whole or in part at any time by written, telegraphic, or electronic notice to the seller at its address as shown on the face of the order. Upon cancellation, for whatever reason, buyer shall be liable to the seller only for the amount of unpaid invoices for deliveries made and accepted in accordance with the purchase order prior to cancellation and shall not be liable for any penalty or other charges in connection with such cancellation. If the order herein specifies buyer's requirements for any period at the prices herein stated, buyer reserves the right if the market price of the products or services declines, or if buyer is offered similar products or services of comparable quality at a price less than the price stated on the order, to cancel the unfilled portion of this order unless seller timely meets the lower prices.

REMEDIES

The remedies of buyer reserved herein shall be cumulative and additional to any other or further remedies provided by law or equity.

INSOLVENCY

In the event of the insolvency or bankruptcy of the seller or should any proposals be made by the seller to its creditors regarding postponement of payment of its debts any purchase orders held by the seller may be cancelled in whole or in part at the buyer's sole option at any time prior to delivery.

AUTHORIZED VENDOR AGREEMENT

The terms of the Authorized Vendor Agreement acknowledged by the seller in writing at the outset of the relationship with the buyer are hereby incorporated by reference.

WAIVER

Buyer's waiver of any default by the seller shall not constitute a waiver of any other subsequent or concurrent default or breach, nor of any remedy given by law, in equity, or provided for hereunder.

APPLICABLE LAW

A contract resulting from the acceptance of an order is to be enforced and interpreted under the laws of the Province of Manitoba without regard to Manitoba conflict of law provisions. The parties agree that the courts of the Province of Manitoba shall be exclusive jurisdiction and venue for such enforcement and interpretation, and if suit becomes necessary to submit to the exclusive jurisdiction of such courts.

CHOICE OF LANGUAGE/LANGUE CHOISI:

Les parties déclarent qu'elles ont demandé que cet acte soit rédigé en anglais. (The parties declare that they requested that this agreement be written in English.)

TICKETING

SOFTGOODS

The main objective and one of the most important factors in ticketing is the location of each ticket. They must be accessible for both the customer and the cashier and we must be consistent in using the same location on like items (i.e. shirts).

The following guidelines will help achieve this objective:

Tops

Tickets must be fastened to the collar label with a 1” Swift-a-tach.

Pants, Skirts and Shorts

Garments that are hung front out or sideways, the ticket must be fastened on the belt line on the left side of the pant, located 2” from the outer edge with a 1” Swift-a-tach.

Exception: If the pant has a brand name label attached, the ticket should be fastened next to the Brand label.

Outerwear

Tickets must be attached on the left sleeve at the cuff with a 1” Swift-a- tach.

Footwear

Ticket must be fastened to the left shoe with a 5” Swift-a-tach securing the ticket to an eyelet. Footwear must also be joined together with a 9” Secure-a-tach.

Exception: Footwear with no laces should be secured together with a 3” Secure-a-tach with the ticket on the left shoe. Footwear with a manufacturer information tag should be ticketed on the same shoe using a 5” Swift-a-tach. In the case of rubber boots, affix the attacher ticket to the back of the left boot.

Vendor Ticketed Merchandise

Pre-ticketed merchandise received from vendors must have the same location as specified above.

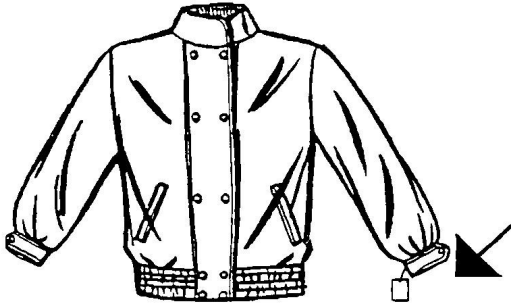
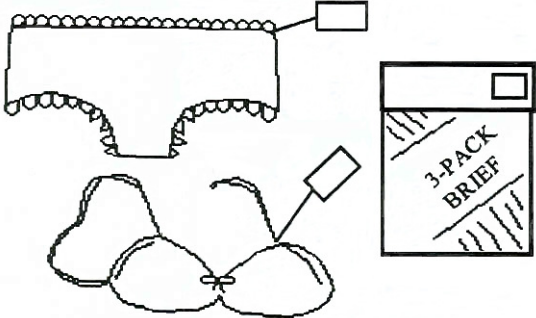

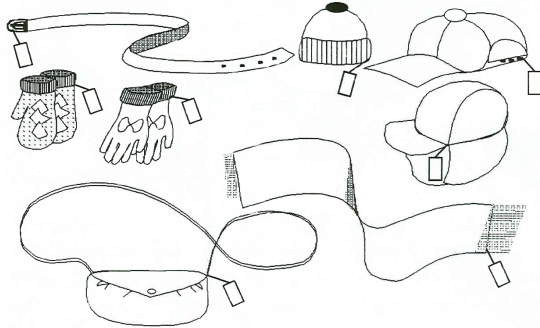
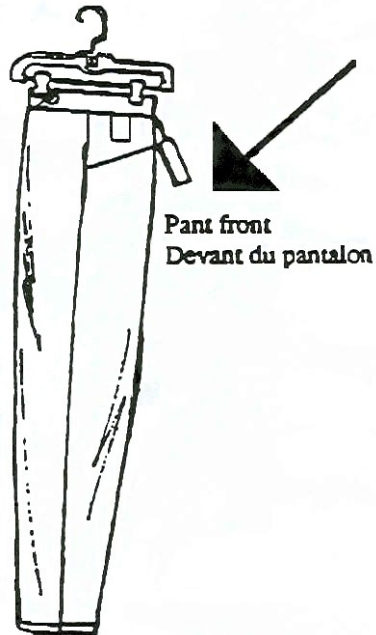
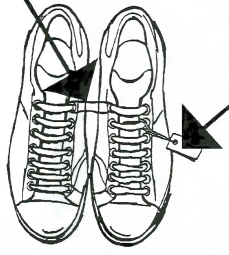
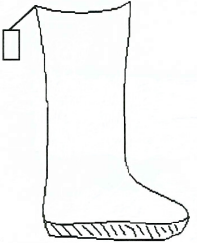
Special Items:

- **Bras** must be ticketed under the left side cup on the seam.
- **Panties** must be ticketed on the left front waistband
- **Halter-tops** must be ticketed on the seam.
- **Accessories** must be ticketed on the seam.

Note: *All tickets must indicate the size and number of pieces if two or more. Only change the location of the ticket on pre-ticketed merchandise if it helps the customer’s ability to shop the garment.*

Position of Tickets

Following sketches indicate where to ticket merchandise.

| | |
|---|---|
|  <p>Ticketing Outerwear</p> |  <p>Ticketing Undergarments</p> |
|  <p>Ticketing Tops</p> |  <p>Ticketing Accessories</p> |
|  <p>Ticketing Pants</p> |  <p>Ticketing Footwear</p>  <p>Ticketing Rubber Boots</p> |

SHIPPING – Domestic Routing Guide

Do not deviate from these instructions unless specifically directed in writing by The North West Company traffic department. See General Merchandise Shipping Guides for stores that are provided at the back of this manual.

PREFERRED CARRIERS

The North West Company has selected a group of quality, stable LTL carriers because they provided the best overall value to The North West Company. The use of preferred carriers will ensure timely delivery of your merchandise into our stores and Distribution Centre.

Should a North West Company preferred carrier not be the designated carrier, please inform that transport company that their driver **MUST** help unload their trailer.

If there is a difference between the routing instructions on an NWC purchase order and the routing instructions contained herein, contact The North West Company at 204-934-1457 should clarification call be required. Please ensure the NWC purchase order number is available.

SHIPMENTS TO THE WINNIPEG DISTRIBUTION CENTRE

ALL SHIPMENTS ARE TO BE ROUTED AS PER NWC'S SHIPPING GUIDE. If there is a difference between the routing guide and the purchase order contact NWC for clarification and ensure you have the NWC purchase order number handy for reference.

PREPAID - Shipments being routed in a prepaid manner FOB the location specified on the purchase order may be shipped via the vendor's choice of carrier as long as the freight costs are not NWC's responsibility and shipments are delivered on time.

INSURANCE

The vendor is responsible, at its cost, for insuring the product to the FOB point for full replacement value including freight and will file and pursue all claims for loss or damage. Where the FOB point is not the final destination the vendor will follow the instructions on NWC's purchase order and shipping guide.

SHIPPING WINDOWS

Requested shipping window dates must be followed. We reserve the right to refuse a shipment if it is made outside the shipping window, regardless of FOB terms.

BILL OF LADING

Purchase order numbers must be typed clearly in the body of the bill of lading. All shipments shipped on one day, and consigned to the same destination, must be combined on one bill of lading containing the following:

- number of cartons that have been included in the consolidated shipment,
- each purchase order must be itemized on the BOL and NWC's P.O. must be clearly marked on each carton or package in numbers at least one inch high.
- total weight of shipment (lbs or kgs)

CARTON MARKINGS

Ensure The North West Company (or Store) number, address, and purchase order number are clearly shown on all shipping cartons and packing slips.

MULTIPLE SHIPMENTS

Multiple shipments on the same day must be combined on one master bill of lading if going to one destination. On the master BOL each purchase order must be shown separately.

HEATED SERVICE

For merchandise that is subject to damage from freezing, heated service must be provided as necessary, and all bills of lading notated accordingly. Products requiring heated service are to be shipped separately and may not be combined with any other products. Frozen product will be refused at our Winnipeg Logistics Service Centre and returned to origin freight collect.

DANGEROUS GOODS

Proper product description, complying with dangerous goods legislation, must be used. (See section on Material Safety Data Sheets)

WEIGHTS/MEASURES

Accurate weights and shipment cube must be recorded on every bill of lading.

NON-COMPLIANCE

Excess freight charges for shipments by an unauthorized carrier, services not requested, or by not following routing instructions will cause freight charges to be debited to vendor's account and will attract a \$50 administrative fee.

SHIPPING – International Routing Guide

PREFERRED CARRIERS

The NWC purchase order specifies the carrier to be used from the USA for shipments purchased FOB USA.

SHIPMENTS TO THE WINNIPEG DISTRIBUTION CENTRE

For shipments from the USA that are ordered FOB our Winnipeg DC or other Canadian consolidation center, it is the vendor's responsibility to arrange transportation at the vendor's expense and be responsible for the importation of the goods into Canada, that is, the vendor is the importer of record.

For shipments from the USA that are FOB the vendor's facility, please follow shipping instructions on NWC's purchase order and use Livingston International as the brokerage firm. It is the vendor's responsibility to ensure all appropriate documentation is completed to ensure compliance with CCRA regulations.

CUSTOMS BROKER

Our customs broker is listed below and you should feel free to contact them with any problems or questions. We recommend that, at the time of shipment, vendor's mail or fax a copy of export documents directly to the customs broker, to speed up the customs clearance process.

| | |
|--------------------------|--------------------------|
| Livingston International | Telephone 204-373-2182 |
| P.O. Box 338 | Fax 204-373-2163 |
| #2-389 Goshen Avenue | Contact: Lisa Grocholski |
| Emerson MB R0A 0L0 | |
| CANADA | |

DOCUMENTATION REQUIRED

The Canada Customs Invoice or the Commercial Invoice MUST state the country of origin of each product item. For items showing the United States, Canada, or Mexico as country of origin, include a Certificate of Origin and the appropriate NAFTA certificate.

NON-COMPLIANCE

Excess freight charges for shipments by an unauthorized carrier, services not requested, or by not following routing instructions will cause freight charges to be debited to the vendor's account and will attract a \$50 administrative fee.

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APPENDIX A

SAMPLE GENERIC CARTON LABEL

Size approx 3"x5"

| | |
|---|--|
| FROM: COMPANY NAME STREET ADDRESS 1 STREET ADDRESS 2 CITY PROV P.O.STAL CODE Ph # | |
| Airport Code: | |
| NORTHERN STORE STORE NAME Store # ADDRESS 1 TOWN NAME PROV P.O.STAL CODE | |
| P.O. # | |
| Piece Count _____ OF _____ | |

Examples of carton labels for a sampling of Northern/NorthMart stores

| | |
|---|------------|
| FROM: ABC Company PO Box 45 123 Main Street Brandon MB R3C 2R1 Ph # 204-987-6543 | |
| Airport Code: | YCO |
| NORTHERN STORE Store # KUGLUKTUK c/o GENERAL DELIVERY KUGLUKTUK NU X0B 0E0 170 | |
| P.O. # | |
| Piece Count _____ OF _____ | |

| | |
|---|------------|
| FROM: ABC Company PO Box 45 123 Main Street Brandon MB R3C 2R1 Ph # 204-987-6543 | |
| Airport Code: | XGR |
| NORTHERN STORE Store # KANGIQSUALUJJUAQ BOX 30 KANGIQSUALUJJUAQ QC J0M 1N0 371 | |
| P.O. # | |
| Piece Count _____ OF _____ | |

| | |
|---|--|
| FROM: ABC Company PO Box 45 123 Main Street Brandon MB R3C 2R1 Ph # 204-987-6543 | |
| Airport Code: | |
| NORTHERN STORE Store # LABRADOR CITY 500 VANIER – Labrador Mall LABRADOR CITY NL A2V 2W7 396 | |
| P.O. # | |
| Piece Count _____ OF _____ | |

| | |
|---|--|
| FROM: ABC Company PO Box 45 123 Main Street Brandon MB R3C 2R1 Ph # 204-987-6543 | |
| Airport Code: | |
| NORTHERN STORE Store # NAKINA BOX 90 – 7 Railway Street KUGLUKTUK NU X0B 0E0 460 | |
| P.O. # | |
| Piece Count _____ OF _____ | |

APPENDIX A

This blank page is inserted to permit the printing of the manual on a duplex laser printer.

APPENDIX B**LISTING OF AIRPORT CODES**

Following is a numerical listing of Northern Stores showing the airport code for those who require this information to be shown on their carton labels, etc.

| STORE INFO | | | CODES | |
|------------|---------------------|------|---------|------------|
| # | Name | Prov | Postal | Airport |
| 100 | Aklavik | NT | X0E 0A0 | YKD |
| 102 | Albany | ON | P0L 1H0 | YFA |
| 103 | Akulivik | QC | J0M 1V0 | YKO |
| 104 | Arctic Bay | NU | X0A 0A0 | YSR |
| 106 | Attawapiskat | ON | P0I 1A0 | YAT |
| 120 | Baker Lake | NU | X0C 0A0 | YBK |
| 124 | Bearskin Lake | ON | P0V 1E0 | NE3 |
| 128 | Berens River | MB | R0B 0A0 | YBV |
| 138 | Brochet | MB | R0B 0B0 | YBT |
| 140 | Qikiqtarjuaq | NU | X0A 0B0 | YVM |
| 150 | Cambridge Bay | NU | X0B 0C0 | YCB |
| 152 | Cape Dorset | NU | X0A 0C0 | YTE |
| 154 | Cartwright | LB | A0K 1V0 | YCA |
| 156 | Cat Lake | ON | P0V 1J0 | YAC |
| 158 | Chesterfield Inlet | NU | X0C 0B0 | YCS |
| 168 | Clyde | NU | X0A 0E0 | YCY |
| 170 | Kugluktuk | NU | X0B 0E0 | YCO |
| 172 | Coral Harbour | NU | X0C 0C0 | YZS |
| 185 | Deer Lake | ON | P0V 1N0 | YVZ |
| 224 | Arviat | NU | X0C 0E0 | YEK |
| 242 | Fond du Lac | SK | S0J 0W0 | ZFD |
| 244 | Fort Chipewyan | AB | T0P 1B0 | YPY |
| 246 | Deline | NT | X0E 0G0 | YWJ |
| 248 | Fort Good Hope | NT | X0E 0H0 | YGH |
| 252 | Fort McPherson | NT | X0E 0J0 | ZFM |
| 256 | Tulita | NT | X0E 0K0 | ZFN |
| 278 | Fox Lake | AB | T0H 1R0 | EC3 |
| 294 | Gjoa Haven | NU | X0B 1J0 | YHK |
| 296 | God's Narrows | MB | R0B 0M0 | YGO |
| 300 | God's River | MB | R0B 0N0 | ZGI |
| 310 | Hall Beach | NU | X0A 0K0 | YUX |
| 324 | Ulukhaktok (Holman) | NT | X0E 0S0 | YHI |
| 340 | Igloolik | NU | X0A 0L0 | YGT |
| 346 | Inukjuaq | QC | J0M 1M0 | YPH |
| 348 | Inuvik | NT | X0E 0T0 | YEV |
| 350 | Iqaluit | NU | X0A 0H0 | YFB |
| 354 | Island Lake | MB | R0B 2H0 | YIV |
| 370 | Kangiqsujuaq | QC | J0M 1K0 | YWB |
| 371 | Kangiqsualujjuaq | QC | J0M 1N0 | XGR |
| 372 | Kangirsuk | QC | J0M 1A0 | YKG |
| 373 | Kasabonika | ON | P0V 1Y0 | YAQ |
| 376 | Kashechewan | ON | P0L 1S0 | ZKE |
| 377 | Keewaywin | ON | P0V 3G0 | PV8 |
| 378 | Kuujuuaq | QC | J0M 1C0 | YVP |
| 382 | Kuujuaraapik | QC | J0M 1G0 | YGW |
| 397 | Lac Brochet | MB | R0B 2E0 | ZWH |
| 406 | Kimmitut | NU | X0A 0N0 | YLC |

APPENDIX B

LISTING OF AIRPORT CODES (cont'd)

Continuing listing of Northern Stores showing the airport code for those who require this information to be shown on their carton labels, etc.

| STORE INFO | | | CODES | |
|------------|---------------------|------|---------|------------|
| # | Name | Prov | Postal | Airport |
| 408 | Lansdowne House | ON | P0T 1Z0 | YLH |
| 412 | Little Grand Rapids | MB | R0B 0V0 | ZGR |
| 458 | Nain | NL | A0P 1L0 | YDP |
| 468 | Norman Wells | NT | X0E 0V0 | YVQ |
| 491 | Old Crow | YT | Y0B 1N0 | YOC |
| 494 | Oxford House | MB | R0B 1C0 | YOH |
| 510 | Pangnirtung | NU | X0A 0R0 | YXP |
| 514 | Paulatuk | NT | X0E 1N0 | YPC |
| 522 | Pikangikum | ON | P0V 2L0 | YPM |
| 528 | Pond Inlet | NU | X0A 0S0 | YIO |
| 529 | Poplar Hill | ON | P0V 3E0 | PV7 |
| 530 | Poplar River | MB | R0B 0Z0 | ZNG |
| 534 | Puvirnituq | QC | J0M 1P0 | YPX |
| 552 | Rankin Inlet | NU | X0C 0G0 | YRT |
| 558 | Red Sucker Lake | MB | R0B 1H0 | YRS |
| 560 | Repulse Bay | NU | X0C 0H0 | YUT |
| 564 | Rigolet | NL | A0P 1P0 | CZ2 |
| 572 | Weagamow Lake | ON | P0V 2Y0 | ZRJ |
| 578 | Sachigo Lake | ON | P0V 2P0 | ZPB |
| 582 | St. Theresa Point | MB | R0B 1J0 | YST |
| 584 | Salluit | QC | J0M 1S0 | YZG |
| 588 | Sandy lake | ON | P0V 1V0 | ZSJ |
| 590 | Sanikiluaq | NU | X0A 0W0 | YSK |
| 596 | Severn | ON | P0V 1W0 | YER |
| 598 | Shamattawa | MB | R0B 1K0 | ZTM |
| 607 | South Indian Lake | MB | R0B 1N0 | ZSN |
| 608 | Taloyoak | NU | X0B 1B0 | YYH |
| 609 | Tadoule Lake | MB | R0B 2C0 | YBQ |
| 614 | Stony Rapids | SK | S0J 2R0 | YSF |
| 636 | Tuktoyaktuk | NT | X0E 1C0 | YUB |
| 645 | Umiujaq | QC | J0M 1Y0 | YUD |
| 658 | Webequie | ON | P0T 3A0 | YWP |
| 668 | Wunnumin Lake | ON | P0V 2Z0 | KL3 |

APPENDIX C

SAMPLES OF SHIPPING GUIDES

Examples of the six shipping guides produced for product emanating from Montreal, Toronto, Winnipeg, Edmonton, Calgary and Vancouver can be obtained electronically on the company's website in the Vendor Information section. Alternatively, vendors can request a copy of individual shipping guides by contacting an NWC Category Manager or the Supply Chain Services department.

APPENDIX C

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