

Merck Animal Health Customer Service Commitment

Merck Animal Health, operating in Canada as a division of Intervet Canada Corp., is committed to being the best Animal Health company in Canada. A big part of being the best is to provide our clients with unrivaled customer service, and to ensure we continuously provide second to none products and services.

Our Customers

Merck Animal Health customers include distributors, veterinarians, veterinary clinics, feed mills, hatcheries, government agencies and non-profit organizations.

Merck Animal Health is committed to the health and well-being of animals under the care of our customers.

Animal Care

The health and well-being of animals under our customers' care is our number one priority. If, for whatever reasons, medical results do not meet expectations when using a Merck Animal Health product, please call our Company Order Management Center at 1-866-683-7838.

Product Care

Merck Animal Health takes the utmost care and precautions to ensure that all its products are stored, handled and shipped in a manner that protects the products' integrity and quality. In turn, this assures you and your customers that Merck Animal Health meets the needs of the animals under your care.

Customer Service

The purpose of this document is to provide our customers with a document that outlines our policies and processes. Our goal is to keep our policies and processes as customer-friendly as possible while maintaining our collective responsibilities to regulatory, animal welfare and environmental policies.

Questions and Follow-Up

If you have any questions or need clarification regarding our products, please call your sales representative or our Company Order Management Center at 1-866-683-7838.

Standard Terms and Conditions

These terms and conditions (“**Terms and Conditions**”) of sale are effective as of [**July 1st, 2017**] and: (1) govern all direct purchases of animal health products (the “**Products**”) of Intervet Canada Corp., doing business as Merck Animal Health (the “**Company**”) by veterinary distributors authorized in writing by the Company to distribute Products in Canada (“**Authorized Distributors**”), by duly licensed veterinarians in Canada, over-the-counter distributors and veterinary pharmacies (collectively, the “**Purchasers**”); (2) have precedence over any conflicting or inconsistent terms contained in any quotation, purchase order, acknowledgement, invoice or other document issued by anyone other than the Company; and (3) may not be altered or amended by any other documents except as provided at Section 17.1 hereunder. Acceptance of the Company’s Product by Purchaser and/or the express or implicit acceptance of the present Terms and Conditions, either verbally or in written form, signify Purchaser’s acceptance of and agreement to be bound by these Terms and Conditions.

1. Payment Terms and Remittance

- 1.1 Terms of payment will be as specified on the invoice and must be paid as specified from the date of invoice.
- 1.2 Neither anticipation allowance nor interest for early payment of invoices is available under any circumstances. Deductions resulting from an audit of Purchaser’s books and all other claims are unauthorized if made beyond twelve months from the original invoice payment date or claim date.
- 1.3 The Company may charge an amount equal to 1.5% per month (18% per annum) on the amount of any unpaid balance calculated from the date the payment is due until the payment is received in full by the Company. Such interest rates are subject to change without notice based on prevailing rates.

2. Standard Pricing

- 2.1 Prices for Products sold exclusive of all applicable taxes shall be as set out in the Company’s current price list at the time of sale by the Company and as set forth in Appendix A hereunder. The Company reserves the right to increase or otherwise change prices for Products at any time without further notice. Unless otherwise determined in writing by the Company in its sole discretion, the Company will not accept claims for retroactive adjustment following any price decreases.

3. Minimum advertised price

- 3.1 All participants to the annual reward program are asked to follow the Merck Animal Health’s suggested pricing, as the minimum advertised price in any form, digital or printed. This price is defined as the vet price list or other promotional pricing in place at a given time. Merck Animal Health reserves the right to: 1) refuse the payment of any reward or 2) recalculate any previous or future reward payments, all at Merck Animal Health’s sole discretion.

4. Order Requirements

- 4.1 Unless the Company otherwise agrees in writing, the Company requires for veterinarians/ pharmacists and OTC retailers a minimum net order of \$2,000 as specified in the Company’s current price list. Orders not conforming to the dollar minimum will be subject to a \$200 shipping

and handling charge. The Company, at its sole discretion, may make exceptions to these requirements for new Product placement or for Products requiring special distribution or handling.

- 4.2 A \$200 deposit will be charged per liquid nitrogen (LN) can when the order is processed. All LN Cans should be returned in good condition to our warehouse and upon return, said deposit will be refunded. In the rare situation where the LN can is not returned 6 months after purchase, an invoice will be sent to the purchaser for the full value of the tank which is set at \$1850. Upon return of the LN can, the full amount will be credited to the purchaser if the LN can is in good condition and can be re-used.

5. Order Acceptance Policy

- 5.1 All orders placed with the Company by Purchaser are subject to the approval of the Company. The Company may in its sole discretion refuse any order. The obligation of the Company to supply any Product is at all times furthermore subject to the condition that the Company is able to make or obtain a sufficient supply of such Product. The Company shall not, under any circumstance, incur any liability whatsoever for any delays in delivery or any incapacity, inability, refusal or default to supply any Product.
- 5.2 Purchaser's receipt of an electronic or other form of order confirmation does not signify the Company's acceptance of Purchaser's order, nor does it constitute a confirmation of an offer to sell. Every effort will be made to ship orders in single lots; on occasion however, this may not be possible (for example, due to inventory shortage).

6. Sale of Product in the province of Quebec

- 6.1 The Company may only sell Products to veterinary clinics, feed mills and approved veterinary pharmacies residing in the Province of Quebec. Veterinary pharmacies must be in good standing with the *Ordre des pharmaciens du Québec* (the "OPQ") and by placing an order, each veterinary pharmacy residing in the Province of Quebec represents and warrants that it is in good standing with the OPQ.

7. Delivery, Title and Risk of Loss

- 7.1 Unless otherwise mutually agreed to by the Company and any particular Purchaser, the Company shall, in its sole discretion, determine the time, route and carrier of all shipments of Products.
- 7.2 The Company will pay transportation costs, except those costs that result from Product returns, special routing requested by Purchaser, or required special transportation arrangements. If special delivery services are requested by Purchaser or required, the difference between the Company's standard transportation charges and the charges for special delivery services may be added to Purchaser's invoice.
- 7.3 Title to the Products and risk of loss shall pass to the Purchaser as follows:
- (a) upon delivery to the Purchaser's designated receiving location by the Companies selected carrier; or
 - (b) upon delivery to the carrier at the Company's shipping dock when the Purchaser has arranged for transportation of the Products; or

- (c) upon delivery to the carrier at the Company's shipping dock when the Purchaser changes the carrier's delivery timing by more than twelve (12) hours, while the Products are in transit.
- 7.4 In the case of Sections 7.3(b) and 7.3(c) above, the Company shall not be responsible for Products in the possession of a carrier, and shall not be liable for any failure to deliver by the carrier, or loss or damage in transit and shall be under no obligation to replace Products so lost or damaged. In such cases, all claims for failure to deliver, or for loss or damage in transit, must be made by the Purchaser against the carrier.
- 7.5 Upon Purchaser's request, the Company will assist in providing proof of delivery documentation, provided that said Purchaser's request is made within ninety (90) days from date of invoice.
- 7.6 It shall be the Purchaser's responsibility to report to the Company any incorrect Products shipments or any Products damaged during shipment, within five (5) working days of delivery to Purchaser's or local carrier's depot, to the Company Order Management Center at 1-866-683-7838 or by fax to 1-888-498-4444. Purchaser shall indicate all immediately visible damages to Products on the carrier's bill of lading before signature by Purchaser of said bill of lading. The Company shall not assume responsibility for any claim by Purchaser for incorrect Products shipment or Products damaged during shipment if Purchaser does not strictly comply with the foregoing. Under no circumstances are Products to be given to the carrier or any other third party for salvage or resale.

8. Temperature-Controlled Shipments

- 8.1 Shipment of vaccines or any other Products that require special temperature handling will be shipped on specific days. For further details, please contact the Company Order Management Center at 1-866-683-7838.

9. Special Orders

The products that are brought to Canada via special orders such as Single Entry Permit (SEP) and Emergency Drug Release (EDR) are *not* eligible for returns. It is also expected that any special orders brought to our Canadian warehouse will be purchased in its entirety by the requesting customer. Failure to order the total product quantity prior to the expiry date then the customer will be charged for the remaining unit(s) even though the product will need to be destroyed.

10. Return Policies

10.1 General Conditions – Products Returned for Credit.

- (a) Only products purchased from the Company or from an Authorized Distributor are eligible for return under this policy. Products returned under this policy must be returned to the entity from which they were purchased.
- (b) All returns must be accompanied with documentation identifying the Purchaser's name, address, Product name and Product code, quantity of goods returned and reason for the return. All Product returns must be approved by the Company's Order Management Center (call 1-866-683-7838) prior to return. Freight for return must be prepaid by the Purchaser.

- (c) For Products purchased directly from the Company, the Purchaser shall proceed to return authorized returns to the following address:

**Lynden International Logistics Co.,
Attn: Merck Returns Dept.
10 Corrine Court
Vaughan, Ontario L4K 4T7**

10.2 Eligible Products. Products eligible for return and credit under this policy include the following, and must not be specifically listed in Section 10.3 as ineligible:

- a) recalled Products;
- b) defective Products;
- c) expired Products returned within 90 days after the expiry date; and
- d) partial trays/packs will be allowed for the following “expired” vaccines only which shall be credited:

069092	Encevac[®] T w/Havlogen[®] 10x1ml	036486	Prestige[®] V w/Havlogen[®] 10x1ml
035127	Encevac[®] TC-4 w/Havlogen[®] 10x1ml	094938	Prestige[®] V + WNV[®] 10x1ml
155638	Encevac[®] T+WNV 10x1ml	030791	Prestige[®] II w/Havlogen[®] 10x1ml
108144	EquiNile[™] w/Havlogen[®] 10x1ml	069141	Prodigy[®] w/Havlogen[®] 10x2ml
032396	EquiRab[®] w/Havlogen[®] 10x1ml	069151	Super-Tet[®] w/Havlogen[®] 10x1ml
197763	Flu Avert[®] I.N. 10x1ml		

- e) Exceptionally: a credit of 100% of the current list price will be authorized for a return of partial trays/packs for the “expired” vaccines below:

065277	Nobivac[®] Feline 2-FeLV 25x1ds	099895	Nobivac[®] Lyme 25x1ds
157058	Nobivac[®] Canine Flu Bivalent 25x1ds		

10.3 Non-Eligible Products. The following products are not be eligible for return or credit:

- a) Products returned after 90 days following the expiry date;
- b) Products provided free of charge for any reason;
- c) Products without original label;
- d) Products not expired;
- e) Products damaged by fire or water, obtained through bankruptcy, obtained illegally or by diversion, illegally imported into Canada or otherwise distressed;
- f) Products that have been unduly subjected to, or exposed to, extreme changes in temperature or improper storage conditions;
- g) Products not in their original package;

- h) Products expressly sold or given on a non-returnable basis;
- i) partial bottles/cartridges/syringes not allowed with the exception of those listed above;
- j) pesticides; and
- k) narcotics.

10.4 Value of the Credit Note

- a) Eligible Products returned under this policy shall be credited at 75% of the current list price.
- b) Unless otherwise specified, short dated Products purchased with (4) months or less before expiry, shall be credited at 100% of the invoiced price.
- c) The Company reserves the right to deduct the shipping charges and applicable taxes from the credited transaction in the event that Products are not returned prepaid, and the Purchaser shall have no right to offset these amounts or any other amount due and owing to the Company, from any invoiced amount issued by the Company.

10.5 Policy Regarding Return for Destruction

To meet the Company's collective responsibilities to the environment, Products not eligible for credit may be returned. The Company will destroy these Products in accordance with Good Manufacturing Practices. Products must be returned freight pre-paid.

11. Use, Storage and Transportation

- 11.1 All Products must be used, stored and transported in accordance with the specific conditions contained in the respective Products' monograph(s) or instructions for use. In particular, vaccines and other temperature sensitive Products must be handled and stored by Purchaser in a manner that ensures that these Products are maintained at temperatures set out in their respective Products' monograph(s) or instructions for use.
- 11.2 The Purchaser is fully responsible for ensuring that it has the proper facilities in place for the appropriate storage, handling and distribution of all ordered Products. The Purchaser shall fully comply with all applicable laws and regulations and take all necessary precautions to prevent Products from falling into the hands of those who may not lawfully possess or handle Products. Purchaser warrants and agrees not to stock any counterfeit goods, diverted Products, Products that are illegally imported into Canada, expired Products, or Products that have been used, opened, repackaged, or otherwise tampered with.
- 11.3 The Purchaser agrees not to delete, destroy, or alter in any manner trademarks and other proprietary rights and intellectual property or trade notices, markings and legends of the Company on the Products as delivered by the Company.
- 11.4 Unless specifically authorized in writing by the Company, the Products may not be re-sold nor donated, for salvage or otherwise, by the Purchaser to any third party.

12. Limitation of Liability

- 12.1 The liability of the Company under any order shall not, under any circumstances whatsoever, exceed the amount of the invoice price paid or payable thereunder for the Products sold and delivered thereunder. The Company shall not be liable for any indirect, consequential, special, incidental, exemplary or punitive damages or similar damages or losses of any nature whatsoever, including, without limitation, for any loss of clientele, sales or profits, regardless of whether arising from breach of contract, warranty, tort, delict, quasi-delict, strict liability or otherwise and, even if the Company is advised of the possibility of such damage or loss or if such damage or loss could have been reasonably foreseen.

13. No Export or Trans-Shipping for Export

- 13.1 The Products purchased from the Company may only be sold in Canada and are not for export. No license, express or implied, is granted with respect to these Products under intellectual property rights existing under the laws of the United States of America or any other country. Exporting, or permitting the export of these Products may violate laws and infringe intellectual property rights in other countries. Purchasers may not at any time either directly or indirectly export out of Canada any of the Company products. This includes not selling, facilitating the sale of, transferring, or distributing products to any person or entity whom the Purchaser has reason to believe, or reasonably ought to have reason to believe, will or may export the Company products out of Canada. In addition to all other rights and remedies available to the Company, the Company may, in its sole discretion, limit or refuse to make further sales to a Purchaser (and its affiliates) which fails to comply with this policy.

14. Breach of Terms and Conditions

- 14.1 Any breach of these Terms and Conditions may result in the Company refusing all further sales, or revoking its approval of sales by Authorized Distributors, of the Company products to that person. Should the Company have reason to believe that a Purchaser is in breach of these Terms and Conditions, pending completion of any investigations it chooses to carry out, the Company reserves the right, in its sole discretion, to suspend or refuse further sales to a Purchaser, or if that Purchaser is supplied by Authorized Distributors, to suspend or refuse its approval of sales by such Authorized Distributors.
- 14.2 The Company shall have the right, without prior notice to the Purchaser, to inspect and audit all of the Purchaser's business, accounting and supporting records, which in the Company's reasonable opinion are necessary for purposes of determining the Purchaser's compliance with the Company's Terms and Conditions. The Purchaser shall fully co-operate with the Company and any parties hired by the Company to conduct any such inspection or audit.

15. Credit Policy

- 15.1 If the Company at any time reasonably doubts Purchaser's financial viability, the Company may decline to make shipments hereunder except upon receipt of cash payment in advance or security or other proof of financial viability satisfactory to the Company. Remedies provided herein shall be in addition to, and not instead of, other remedies available at law.
- 15.2 The Company reserves the right to refuse credit terms to any Purchaser that, in the Company's sole determination, does not disclose appropriate information including, without limitation, annual financial information. In addition, should the Company have reason to believe

that the Purchaser, in the Company's sole discretion, is or intends to breach these Terms and Conditions, the Company reserves the right to immediately suspend any credit terms granted to Purchaser or refuse further sales to said Purchaser.

16. Exclusion of Course of Performance

- 16.1 No course of performance, course of dealing, or usage of trade shall be admissible to contradict, supplement or explain these Terms and Conditions.
- 16.2 Neither Purchaser nor the Company's acceptance or acquiescence in a course of performance or course of dealing under these Terms and Conditions shall be admissible to modify, waive, supplement, or explain these Terms and Conditions, even if that party is aware of the course of performance or course of dealing and has an opportunity to object to it.

17. Changes to Terms and Conditions

- 17.1 The Terms and Conditions set out in this document are subject to change, from time to time, at the Company's sole discretion with notice only for any material changes. Notice of any changes may be given to Purchaser by fax, e-mail or other electronic means. Any order for the Company products made after receipt of such a notice is subject to the Company's Terms and Conditions then in effect.

18. General Provisions

- 18.1 To the extent the Purchaser is an Authorized Distributor, the provisions set out in Supplement A hereto shall also apply.
- 18.2 To the extent the Purchaser is an over-the-counter distributor, Supplement B shall also apply.
- 18.3 Under no circumstances may the Purchaser unilaterally impose any terms, conditions, prices or extra charges upon the Company without its prior written consent and authorization.
- 18.4 The Company shall not be liable for delays, failure or omissions due to any cause beyond its control. Liability shall not attach no matter how causes beyond the Company's control arise, and so long as the cause is not due to the Company's own negligence and the cause cannot be overcome by the exercise of appropriate due diligence. Causes beyond the Company's control include, but are not limited to, labour disturbances, riots, fires, earthquakes, floods, storms, disorders, hostilities, expropriation or confiscation of properties, failure or a delay of carriers, interference by civil or military authorities, whether legal or de facto, acts of God. However, none of the foregoing shall negate or excuse any obligation to pay any invoice for Products when due.
- 18.5 The Company shall not be held liable for failure to fulfill any contract or supply any material in full or in part. Furthermore, in no event shall the Company be liable to Purchaser for any special, indirect, incidental or consequential damages, including non-restrictively, lost business, revenues or profit or failure to realize expected savings, arising out of, or as the result of the Company's actions, inactions, omissions or negligent conduct.
- 18.6 Purchaser shall comply with all applicable federal, provincial, local and other laws and regulations relating to the Products.

- 18.7 In these Terms and Conditions, unless the context otherwise requires, words (including defined words) importing the singular include the plural and vice versa and words importing gender include all genders.
- 18.8 The preamble and any appendix to these Terms and Conditions are incorporated by reference herein and form an integral part hereof.
- 18.9 Purchaser shall not transfer, assign or subcontract any of its rights or obligations hereunder, without the Company's prior written consent. Purported transfer, assignment or subcontract by the Purchaser shall not be binding on the Company, without such consent. The Company may freely sell, transfer, assign, subcontract or otherwise make any other arrangement regarding its rights, titles and interests in and under these Terms and Conditions.
- 18.10 If any provision of these Terms and Conditions is held invalid or unenforceable, it shall be so held to the minimum extent required by law and all other provisions shall remain valid and enforceable.
- 18.11 The laws of the Province of Quebec shall govern these Terms and Conditions without giving effect to the conflict of law doctrine of any jurisdiction. Purchaser irrevocably (i) attorns and submits to the exclusive jurisdiction of the courts of Quebec, judicial district of Montreal, in any action or proceeding arising out of or relating to these Terms and Conditions and (ii) waives objection to the venue of any action or proceedings in such court or any argument that such court provides an inconvenient forum. The choice of forum set forth in this Section 18.11 shall not be deemed to preclude the enforcement of any judgment obtained in such forum or the taking of any action under these Terms and Conditions to enforce the same, in any appropriate jurisdiction.