



The Fine Print: Best Practices for Contracts

While conducting business for Wine Institute, there may be times when you enter into a vendor or services agreement. Because contracts are legally binding agreements, it is essential to understand what contracts are, the key considerations involved, and when to seek review and approval by Wine Institute's Legal Department.

An Overview of Contracts. A contract is a legally binding agreement between two or more parties. It should identify the parties involved, describe the goods or services, and set out each party's responsibilities, payment terms, and the consequences if those responsibilities are not met. Because contracts create legal obligations, only people with proper authority may enter into them. Before entering into any contract on behalf of Wine Institute, check with your supervisor to confirm you are authorized to do so.

Legal Review. The Legal Department should review any contract valued at \$10,000 or more. If helpful, we can always provide feedback on contracts below this threshold too. When negotiating or reviewing contracts, ensure that external parties understand draft agreements are subject to Wine Institute's legal review. Contract renewals and templates, even those previously used, should also be reviewed, as laws and regulations may change over time. Please allow **3–5 business days** for the Legal Department to draft or review contracts. We can review urgent requests when necessary but sufficient lead time is best.

Best Practices. When reviewing and negotiating agreements, carefully follow the Wine Institute's best practices. Keep these factors in mind, as they reflect what the Legal Department typically considers when reviewing a contract.

Checklist: Contracts	
☐ Scope of Work	• Is the scope of work clear, including any goods and services to be provided? Ensure that all key terms are fully documented in the written agreement without reliance on side e-mails, verbal commitments, or informal understandings. Verify that the correct legal names of all entities and individuals are listed and used consistently throughout the agreement. • <u>Note:</u> If any goods or services will be paid for using grant funds, carefully review the applicable grant guidelines to ensure the scope of work and agreement terms comply with funding requirements. Please ensure that the Legal



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	Department has a copy of applicable grant guidelines when submitting contracts for review.
☐ Terms & Termination	• What is the duration of the work or services, and under what conditions, if any, can the contract be renewed? Clearly specify the length of the contract, any deadlines, and avoid automatic renewals unless approved by the Legal Department. • Can the parties end the contract, and what are the consequences if one party fails to comply (breach of agreement)? Consider termination rights for breach of the agreement, as well as the option to terminate for convenience with reasonable notice as needed.
☐ Payment & Final Terms	• What are the expectations regarding fees and payments? The contract should clearly define expectations regarding fees, including how and when payments will be made. All payment terms should be explicitly stated in the contract, with any milestones or deadlines clearly identified. Ensure you coordinate with the Finance & Administration Team to ensure alignment and proper handling of payments.
☐ Risk Allocation & Insurance	• How is risk allocated in the contract? Is there an indemnification provision? Indemnification refers to the broad concept of one party compensating for losses, damages, or liabilities. Indemnification should be mutual where possible. Avoid unlimited liability or broad indemnity for third-party conduct. • Are there any insurance coverage requirements? If so, please consult with the Finance & Administration to ensure adequate insurance coverage.
☐ Compliance & Ethics	• Do the services align with Wine Institute's mission? Ensure that all services comply with Wine Institute's policies and applicable industry laws and regulations and avoid



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	practices that could raise antitrust concerns (e.g., pricing coordination among members).
☐ Intellectual Property	- Does the agreement include provisions addressing Wine Institute’s intellectual property (such as trademarks and copyrights) and that of other parties? If so, clearly define intellectual property ownership and include any applicable branding guidelines. <u>Note</u>: You might consider whether the other party will receive or handle sensitive or confidential information. If so, a confidentiality or non-disclosure provision might be appropriate.
☐ Monitoring	Who is responsible for ensuring compliance with the contract’s obligations? Ensure you have staff monitoring timely receipt of and/or delivery of any contract deliverable and required documentation.
☐ Legal Review & Approval	Have you sent the draft agreement to the Legal Department for review and approval? The Legal Department should review contracts valued at \$10,000 or more. Allow 3–5 business days for review.
☐ Final Copy	- Have you sent a copy of the final, <i>executed</i> agreement (signed by both parties) to the Legal Department? Always send a copy. In line with Wine Institute’s Document and Data Retention Policy, contracts are retained for the life of the agreement plus at least seven years. Loan documents and notes are retained permanently. <u>Tip</u>: Consider using Adobe Sign to execute contracts. It supports electronic signatures and provides a secure, trackable record. For assistance, contact IT.