

Your Obligations in the Franchise Agreement

5. Your obligations

5.1 Pre-conditions to start of business

You must not start **your business** without our consent until:

- a) you and **your associates** have signed this agreement, and all the **transaction documents** that we require;
- b) the **development works** are finished to the **standards** we require;
- c) you have enough **stock** to start **your business**;
- d) you have enough qualified staff to start **your business**;
- e) you have all the consents, permits and licences required by law to start **your business**;
- f) you have installed and displayed all **signs** we require.

5.2 Your obligations

- a) During the **franchise term** you must in connection with **your business**:
 - i) act in good faith and honestly;
 - ii) properly account for **your turnover**;
 - iii) keep your business open for trading during the core trading hours of the building or centre in which **the store** is located or as we or the lessors of **the store** reasonably state;
 - iv) have **your manager** or at least one qualified manager working in **the store** during core trading hours;
 - v) have one of **your associates** at **the store** during core trading hours for direct supervision of **your business** for at least 20 hours a week, unless we have waived in writing this requirement, as in the case of a **The Coffee Club store** being managed by us or an approved **manager**;
 - vi) supply all **food** and **beverages** required by us from the then current **food** and **beverage** menu approved for **your business**;
 - vii) adopt, introduce and serve any new **food** or **beverages** we may require as soon as possible after we introduce any new **food** or **beverage** item to be served as part of any current **food** and **beverage** menu;
 - viii) sell only **food** and **beverages** we have approved, but ensure that you do not breach the permitted use clause under **your store premises agreements**;
 - ix) make sure that all chef's choices of **food** or **beverages** are appropriate and meet with our approval;
 - x) except for pre-prepared or pre-cooked **food** or **beverages**, make and prepare fresh any **food** or **beverages** that form part of the approved **food** and **beverage** menus that we require to be prepared in **the store** for sale from **your business** and make sure that **food** and **beverages** are generally as fresh as possible;
 - xi) follow the **food** and **beverage** recipes and menus that we reasonably state;
 - xii) observe all reasonable recommendations we make as to the way **food** and **beverages** are to be made, prepared, packaged, presented and served;
 - xiii) promote and maintain safety and hygiene in the handling, preparation, storage, cooking, service, supply, transport and delivery of all **foods** and **beverages**;

- xiv) if we ask, date code **food** and **beverage** ingredients in line with the **food** and **beverage manuals** or as we may reasonably state;
- xv) safely and properly prepare, handle, store, serve, supply, deliver or use **food** and **beverage** ingredients and take all reasonable steps to make sure that the **food** and **beverages** you supply from **your business** are safe to eat or drink;
- xvi) conduct any training programs as required by the **manuals**, as reasonably required by the franchisor, and that are reasonably needed to keep **your business** operating reasonably efficiently;
- xvii) install and use the **electronic equipment** we require;
- xviii) make sure that **electronic equipment** is played at the volumes and times we reasonably require;
- xix) pay any fees payable for the public performance, broadcast or display of copyrighted works;
- xx) record details of accidents, injuries or illnesses to anyone, property or vehicles;
- xxi) conduct **your business** so that it does not cause risks to the health and safety of employees, non-employees or members of the public;
- xxii) permit inspections of **your business** upon reasonable notice to **your manager** or **your associates**, except that mystery shopping programs can be done without notice and we or our employees may undertake up to five unannounced surprise visits during each year of the **franchise term**;
- xxiii) permit, allow and take part in any mystery shopper program and pay for the reasonable costs of that program including the reasonable costs of any **food** or **beverages** bought as part of the mystery shopper program so long as the cost of the mystery shopper program does not exceed \$750.00 plus **GST** per year;
- xxiv) comply with reasonable requisitions and recommendations issued by us after any inspection of **your business** or arising out of the mystery shopper programs;
- xxv) give us reasonable help with test marketing, consumer research and mystery shopper programs;
- xxvi) do regular stocktakes of your **stock**;
- xxvii) pay your creditors within their usual trading terms, unless there is a bona fide dispute with the creditor and use your best efforts to try to resolve disputes between you and your creditors as soon as reasonably possible;
- xxviii) pay the relevant authority all relevant **taxes** and charges imposed upon you or **your business**, unless there is a genuine dispute the subject of an appropriate appeal;
- xxix) use your best efforts to try to resolve complaints about you, **your business** or your employees in a reasonable, fair and lawful manner and give us details of any **food** poisoning complaints made to you or your employees in connection with **food** or **beverages** supplied by **your business**;
- xxx) refund to us within 14 days, any money paid to your creditors by us or our associates (even if you have not asked us to pay your creditors);
- xxxi) keep **the store** (including any toilets and restrooms) clean, tidy and in good repair and in a safe condition;
- xxxii) keep clean and sanitised **food** and **beverage** preparation equipment, benches, cooking utensils, tableware and other equipment coming into contact with **food** and **beverages**;
- xxxiii) not allow your employees to smoke in **the store**;

- xxxiv) comply with the **system and standards**;
- xxxv) you must comply with the food hygiene program we have implemented and pay the **HACCP fee** associated with the establishment and maintenance of the food hygiene program;
- xxxvi) comply with any zoning or signage requirements relevant to **the store or your business**;
- xxxvii) comply with laws including safety, health, sanitation, workplace, child labour laws, immigration laws, environmental, employment, fair trading and tax laws applying to or affecting you, **your business, the store**, your employees and the activities of your employees and other workers;
- xxxviii) keep **your business name** registered with any register or person we require; and
- xxxix) keep enough **stock** of fresh **food** and **beverage** ingredients we require or that are needed to make and supply the menu **foods** and **beverages** to meet market demand.

b) During the **franchise term** you must in connection with **your business** make sure that:

- i) **your associates** and employees act professionally;
- ii) **your business** is operated efficiently;
- iii) the salary of **your associates** does not reduce your working capital and affect the ordinary operation of **your business** or your ability to pay your debts when due;
- iv) all your employees and workers wear the uniforms or clothing we approve;
- v) all merchandise, paper goods, packaging, point of sale material and **marketing materials** have been approved by us; and
- vi) **your manager** or **your associates** go to conferences, meetings and seminars we require.

c) Before or during the **franchise term** you must, if we ask:

- i) sign and return to us or our lawyers, forms for registration, surrender, cessation or transfer by you of **your business name**;
- ii) give us a list of all names, addresses and phone numbers of your creditors;
- iii) suspend or stop the supply from **your business** of **food, beverages**, goods or services if any of them:
 - A. do not comply with the **system and standards**; or
 - B. are likely to be a serious health risk or danger to members of the public; or
 - C. are prohibited or restricted by law.

5.3 The Coffee Club VIP Club promotions

a) During the **franchise term** you must, to the full extent permitted by law:

- i) take part in and honour all The Coffee Club VIP Club customer and member promotions;
- ii) promote and encourage membership amongst customers of The Coffee Club VIP Club;
- iii) honour The Coffee Club VIP Club customer promotions, discounts, privileges, give-aways and other membership benefits we state;
- iv) distribute current The Coffee Club VIP Club application forms from **the store** and collect any such forms handed in at **the store** and pass them on to us for processing;
- v) distribute at and from **the store** any The Coffee Club VIP Club promotional literature we require;

- vi) account and pay to us any membership fees received by you from The Coffee Club VIP Club members or customers; and
- vii) exhibit a The Coffee Club VIP Club board in **the store** and keep the information on the board updated with details we require (such as “The Coffee Club VIP Club winning member of the month”).
- b) During the **franchise term** we may end The Coffee Club VIP Club program upon reasonable notice to you.
- c) You and **your associates** agree that we will own, maintain and control a **database** of The Coffee Club VIP Club customers and members and we may use that **database** in any way we see fit.

5.4 Restrictions

During the **franchise term** you must not in connection with **your business** or **the store**, without our written consent:

- a) trade under a trade or business name we have not approved;
- b) supply **food, beverages**, goods or services that are not approved in the **manuals**, do not meet the **system** or **standards**, or may damage the **system, image**, our or your reputation;
- c) use ingredients in the making of **food** or **beverages** after the recommended expiry date of the item has passed;
- d) do anything that may give rise to industrial action against you or other operators of **The Coffee Club stores**;
- e) use, publish, sell or distribute **marketing materials** that we have not approved;
- f) permit the broadcast from any television, video or audio equipment, or otherwise display inside or outside **the store** any material that is obscene, illegal or likely to cause offence to actual or potential customers of The Coffee Club stores;
- g) keep vending machines, gaming or pinball machines, video games or rides;
- h) make material changes to the inside and outside of **the store**, its decor, get up or appearance; and
- i) display or use **trade names, trade marks, signs**, decor or getup that we have not approved.