

SERVICE AGREEMENT

THIS AGREEMENT made as of the 6th day of November, 2018

BETWEEN:

ALBERTA BOTTLE DEPOT ASSOCIATION,
("ABDA")

-and-

ALBERTA BEER CONTAINER CORPORATION,
an Alberta corporation
("ABCC")

The recitals of this Agreement are as follows:

- A. The Regulation provides that manufacturers of registered refillable beverage containers shall provide a collection service capable of recovering the manufacturer's empty refillable registered containers from all depots and retailers accepting such containers;
- B. ABCC is a Collection Service Provider (CSP) for empty refillable beer containers. ABCC has been contracted by the Alberta Gaming and Liquor Commission to collect empty refillable beer Containers that contained a beverage manufactured by that manufacturer, or empty Containers that were refillable, but which are no longer refillable that contained a beverage manufactured by that manufacturer;
- C. ABDA is an industry association of universal Depots and has entered into this Agreement on behalf of itself and Permit Holders, and each Permit Holder is bound by the obligations placed on them pursuant to this Agreement as specified in their BCMB Permit; and
- D. During the Agreement's term, BCMB has agreed with the ABCC and the ABDA that it will take all reasonable steps within its authority to make sure that the Permit Holders and the ABCC comply with this Agreement.
- E. In accordance with its Bylaws, the BCMB must approve a service agreement made between a CSP and the ABDA prior to that agreement being in force or effect.

NOW THEREFORE in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1 INTREPRETATION

1.1 Definitions

In this Agreement:

1.1.1 "ABCC" means the Alberta Beer Container Corporation or its agents and subcontractor(s);

1.1.2 "ABDA" or the "Alberta Bottle Depot Association" means the organization that has the authority to represent Depots in Alberta;

1.1.3 "AGLC" or the "Alberta Gaming and Liquor Commission" for purposes of this Regulation is the deemed manufacturer of liquor;

1.1.4 "Agreement" means this service agreement, together with any attached schedules or amendments to this service agreement;

1.1.5 "BCMB" means the Beverage Container Management Board, which is the regulatory authority established under the *Environmental Protection and Enhancement Act* (Alberta) and the *Beverage Container Recycling Regulation* whose mandate is to regulate and enhance a leading beverage container system that protects Alberta's environment;

1.1.6 "BDL" means Brewers' Distributor Ltd.;

1.1.7 "By-laws" means the by-laws made by the BCMB Board in accordance with the Regulation;

1.1.8 "Carriers" means those persons contracted to or employed by ABCC (or its subcontractors) who provide transportation of Containers and Shipping Containers from the Depots;

1.1.9 "Container" means a bottle that has contained a beer product and has been registered with the BCMB in accordance with the Regulation;

1.1.10 "CSP" means a Collection Service Provider for refillable beverage Containers in accordance with the Regulation and By-Laws;

1.1.11 "CSP General Manager" means the General Manager of the CSP program of ABCC as designated by ABCC which may change from time to time;

1.1.12 "CSP Manager" means the Advisor, Empty Containers, as designated by ABCC which may change from time to time;

1.1.13 "Depot" means a place operated as a business for the collection of empty Containers;

1.1.14 "Effective Date" means the effective date of this Agreement;

1.1.15 "ISB" means Industry Standard Bottle, which is an amber refillable 341ml bottle used by domestic Canadian brewers exclusively under contract as per their agreement with Beer Canada;

1.1.16 "Manufacturer" means a person who manufactures beer and includes (i) a person who carries on the business of filling Containers with beer, and (ii) a person who imports beer in a Container into Alberta for the purpose of distribution or sale in Alberta, and the Alberta Gaming and Liquor Commission, or agents appointed by the Alberta Gaming and Liquor Commission and acceptable to the BCMB, are Manufacturers;

1.1.17 "Parties" means the parties to this Agreement and "Party" means either one of them;

1.1.18 "Permit" means a permit to operate a depot issued by the BCMB in accordance with the Regulation and the By-laws;

1.1.19 "Permit Holder" means an individual or corporate entity named in a Permit;

1.1.20 "Private Mold" means a refillable Container that is different from the ISB, as specified by ABCC from time to time and identified in Schedule "A";

1.1.21 "Quality" means the requirements as specified in Schedules "A", "B" and "F";

1.1.22 "Quality Monitoring System" means the system administered by the BCMB for purposes of communication and issue management and resolution;

1.1.23 "RBill" means a waybill that records a shipment from a Depot to ABCC;

1.1.24 "Regulation" means the *Beverage Container Recycling Regulation AR 101/97*; and

1.1.25 "Shipping Container" means pallets and other platforms or containers used for the shipment of Containers.

1.2 Extended Meaning

All words importing the singular number shall include the plural and the plural and the singular, and all references to gender shall include male, female and gender neutral, as the context shall require or imply.

1.3 Articles and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 Meaning of Expressions

"Herein", "hereof" or "hereunder" and similar expressions when used in a section shall be construed as referring to the whole Agreement and not that section only.

1.5 Applicable Law

This Agreement shall be governed by the laws of the Province of Alberta.

1.6 Intent

Recognizing that there is mutual benefit in having: industry standards of operation and practice; continuous improvements in the efficiency and effectiveness of the system; and continuous improvement in the level of service offered to Albertans, it is the intent of this Agreement to:

- (a) capture the individual roles and responsibilities of both the individual Depots within Alberta and ABCC; and
- (b) set out the agreed upon standards of operation and practice.

1.7 Schedules

The following Schedules and Appendices are attached to and form part of this Agreement:

Schedule "A" Approved Beverage Container Sorts
Schedule "B" Palletizing Requirements
Schedule "C" Payments
Schedule "D" Scheduling of Pick-ups
Schedule "E" Shipping Containers
Schedule "F" Quality Control and Adjustments
Appendix "A" Examples of Forms

ARTICLE 2 ROLE OF PERMIT HOLDER

2.1 Containers

The Permit Holder shall:

- 2.1.1 assemble for pickup and ship to ABCC only those empty, refillable, beer Containers that have been registered under the Regulation and that have previously contained a beverage (i.e. are not previously unused Containers);
- 2.1.2 accept and pay the full applicable deposit refunds for Containers that are reasonably identifiable as having contained beer, all in accordance with the Regulation and this Agreement;
- 2.1.3 report any Containers not meeting the Regulation, or suspected of not meeting the Regulation, in accordance with the requirements of the BCMB; and
- 2.1.4 notify ABCC and BCMB staff of any and all information, as it becomes available to the Permit Holder, pertaining to Containers in circulation not meeting the Regulation.

2.2 Sorts and Counts

The Permit Holder shall:

- 2.2.1 sort Containers in accordance with Schedule "A";
- 2.2.2 place Containers into Shipping Containers, after the removal of all tops and lids, for transport to ABCC in accordance with Schedule "A" and Schedule "B";
- 2.2.3 ensure that the required number of Containers are contained within each Shipping Container in accordance with Schedule "A" and Schedule "B".

2.3 Shipping Containers

The Permit Holder shall:

- 2.3.1 ensure that an appropriate inventory of supplies is maintained, based on agreed upon levels in keeping with the guiding principles in Schedule "E", and that requests for replenishing these supplies are made in a proper and timely fashion;
- 2.3.2 ensure each pallet of Containers has the Depot name and date on the coloured tags supplied by ABCC (example in Appendix A). These tags are to be placed on the bottom layer, on the narrow side of the pallet in accordance with Schedule "B" and never affixed to shrink-wrap; and
- 2.3.3 ensure Shipping Containers supplied by ABCC remain onsite at the Depot, are handled with reasonable care and are only used for returning Containers to ABCC (or its subcontractors).

2.4 Scheduling and Loading

The Permit Holder shall:

- 2.4.1 contact ABCC or its Carrier to arrange a mutual agreed upon pick-up schedule as per Schedule "D";
- 2.4.2 ensure that access to the Depot loading door is kept free of all obstructions;
- 2.4.3 help guide trucks safely into the loading area upon the request of a Carrier;
- 2.4.4 complete an RBill for each load; and
- 2.4.5 place palletized product as per Schedule "B" on the back of the truck/trailer to ensure the Carrier's trucks are loaded in a timely manner.

2.5 Permit Holders

Permit Holders shall ensure there is oversight of the day to day operations of the Depot, including the supervision and training of Depot staff.

2.6 Compliance

Permit Holders shall comply with all applicable federal, provincial and municipal legislation, including the Regulation and all applicable BCMB By-laws.

ARTICLE 3 ROLE OF ABCC

3.1 Shipping Containers and Pallets

ABCC shall, in accordance with the procedure described in Schedule "E" hereto:

- 3.1.1 provide sufficient Shipping Containers and supplies to each Permit Holders Depot that is operated in accordance with that Depot's volume requirement and inventory, at agreed upon levels in keeping with guiding principles in Schedule "E";
- 3.1.2 the intent is to replace Shipping Containers and supplies on a one for one basis, based on the requests made by Permit Holders on a one for one basis, as Shipping Containers are delivered to ABCC (or its subcontractors) or its Carrier; and
- 3.1.3 in co-operation with a Permit Holder, adjust a Permit Holder's inventory of Shipping Containers to reflect the changing volume of Container collection at that Depot.

3.2 Scheduling and Loading

ABCC shall, in accordance with the procedure described in Schedule "D" hereto:

- 3.2.1 provide transportation for loads from Depots operating in accordance with a valid Permit;
- 3.2.2 instruct Carriers, and cause the Carriers to:
 - i. adhere to the agreed pick-up schedule and advise Permit Holders of any impending delays;
 - ii. take receipt of pallets on truck/trailer and load in a safe manner; and
 - iii. sign RBill (example in Appendix A) acknowledging receipt of the load of Containers and/or delivery of Shipping Containers.

3.3 Receiving

ABCC shall:

- 3.3.1 receive and count both Containers and Shipping Containers delivered to ABCC (or its subcontractors);
- 3.3.2 reconcile the count to the Permit Holder/Depot's RBill; and
- 3.3.3 in the event of a discrepancy between the counts in 3.3.1 and 3.3.2 contact the Permit Holder via the Quality Monitoring System within four business days of the load being entered into ABCC's system to notify the Permit Holder to resolve any discrepancy found between the count and the Depot's RBill.

3.4 Adjustments

In the event of an adjustment being required, the adjustment will be made in accordance with Schedule “F”.

3.5 Payments

3.5.1 Deposit Refunds and Handling Commissions:

ABCC shall reimburse deposit refunds and pay handling commissions to a Permit Holder in accordance with the Regulation, the BCMB’s By-laws and Schedule “C”.

3.5.2 Third Party Deductions:

In accordance with the Regulations and the BCMB’s By-laws and applicable sales taxes, ABCC shall deduct from each payment to a Depot the appropriate amounts required.

3.5.3 Schedule of Payments:

ABCC shall process payments in accordance with Schedule "C".

3.6 Assignment or Sub-contract by ABCC

ABCC may subcontract all or any portion of ABCC’s rights, duties or obligations set forth in this Agreement (including the Schedules to this Agreement) to BDL or such other person or entity as ABCC may determine. In the event that all or any portion of ABCC’s rights, duties or obligations are subcontracted to BDL, BDL may subcontract all or any portion of such subcontracted rights, duties or obligations to such other person or entity as BDL and/or ABCC may determine. In the event that any portion of ABCC’s rights, duties or obligations set forth in this Agreement are subcontracted by ABCC or BDL, ABCC will advise BCMB and ABDA in writing. Without limiting the foregoing subcontracting rights, ABCC may assign all or any portion of ABCC’s rights, duties or obligations set forth in this Agreement to BDL. In the event that all or any portion of ABCC’s rights, duties or obligations are assigned to BDL, ABCC will advise BCMB and ABDA in writing. Without limiting the foregoing right to assign rights, duties or obligations to BDL, ABCC and/or BDL may assign all or any portion of ABCC’s rights, duties or obligations set forth in this Agreement (including the Schedules to this Agreement) to any other person or entity (an “**Assignment**”) provided that, if ABCC and/or BDL wishes to complete an Assignment, ABCC and/or BDL shall provide to ABDA with written notice of the Assignment not less than thirty (30) days (the “**Assignment Notice Period**”) prior to completing the Assignment. If ABDA has any reasonable concerns with respect to the Assignment, ABDA shall so notify ABCC and/or BDL (as applicable) in writing and ABCC and/or BDL (as applicable) and ABDA shall, without in any way limiting the right of ABCC and/or BDL to complete the Assignment, discuss the concerns raised by ABDA in a commercially reasonable manner during the Assignment Notice Period.

3.7 Alteration or Amendment of Agreement

This Agreement may be altered or amended in any of its provisions when any such changes are reduced to writing and signed by ABCC and ABDA, and approved by the BCMB but not otherwise.

- 3.7.1 Without limiting Section 3.7, if ABCC or ABDA wishes to propose an amendment to this Agreement, the following process will be followed:
- a) By notice, either party shall propose amendments to this Agreement;
 - b) Upon receipt of such notice, ABCC and ABDA shall negotiate in good faith toward an agreement regarding the proposed amendment, including any adjustments to other terms and conditions that arise directly or indirectly from the proposed amendments;
 - c) Upon agreement being reached by the parties, such amendment to this Agreement shall be presented to the BCMB for approval, and once approved, bind the parties to such amendment for the remainder of the existing term of this Agreement;
 - d) If requested by the BCMB in situations where the BCMB determines that the wording of the Agreement is contrary to BCMB By-laws or the Regulation or is being interpreted in a manner which is contrary to the BCMB By-laws or the Regulation, or where the Agreement fails to recognize a material change in the operation of the collection system, ABCC and ABDA shall negotiate in good faith an alternative amendment to this Agreement to be presented to the BCMB for approval. There shall be no amendments to the Agreement without the agreement of both ABCC and ABDA;
 - e) Any amendments to this Agreement formalized under this section shall be incorporated into the renewal of this Agreement.

ARTICLE 4 DISPUTE RESOLUTION

4.1 Procedure for Individual Permit Holder Disputes

ABCC, ABDA and the Permit Holder shall use reasonable best efforts to settle any disputes that arise out of this Agreement that involve an individual Permit Holder's operational issues. Issues raised will be noted and resolution will be documented through the Quality Monitoring System. A Quality Monitoring System ticket must be issued to begin the process of dispute resolution. For disputes involving an individual Permit Holder, parties will seek resolution by following these three steps:

4.1.1 Step One

The Permit Holder and the applicable **CSP Manager** shall work to resolve all issues in a timely manner. Any disputes at this level will be noted in the Quality Monitoring System as a "Level 1" dispute.

4.1.2 Step Two

If the Permit Holder and the **CSP Manager** are not able to agree upon a resolution within 4 business days from the point of first notification or such other time period as agreed upon by them, either the Permit Holder or the **CSP Manager** may engage the ABDA and the **CSP General Manager** to resolve the dispute. Any disputes at this level will be noted in the Quality Monitoring

System as a “Level 2” dispute.

4.1.3 Step Three

If ABDA/Permit Holder and **the CSP General Manager** are not able to resolve the dispute within 7 business days, or such other time period as agreed upon by them, and if the dispute has not been resolved within 30 days from the issuance of the initial Quality Monitoring System ticket, either party from step two may contact the BCMB and request the BCMB resolve the dispute. The BCMB’s decision shall be binding on the parties except with respect to authority, jurisdiction or legal enforcement. Any disputes at this level will be noted in the Quality Monitoring System as a “Level 3” dispute.

4.1.4 Authority, Jurisdiction or Legal Enforcement

Disputes that involve authority or jurisdiction that cannot otherwise be resolved under this Section 4.1 and disputes over matters of legal enforcement beyond the authority of the BCMB shall be determined by commencing the appropriate legal proceedings in the Court of Queen's Bench of Alberta.

4.2 Procedure for General Disputes

ABCC and ABDA shall use reasonable efforts to settle any and all disputes, differences, controversies, questions or claims arising out of or in any way related to this Agreement (other than a dispute involving an individual Permit Holder’s operational issue), or the negotiation, amendment, validity, interpretation, performance, existence, breach, violation or termination of this Agreement by following the steps outlined in this Section 4.2:

4.2.1 Step One

A member of the senior management team of ABCC and a member of the senior management team of ABDA will work to resolve the issue in a timely manner.

4.2.2 Step Two

If the executive representatives are not able to agree upon a resolution within 90 days of the point of first notification or such other time period as agreed upon by them, the dispute will be determined by engaging the BCMB, whose decision shall be binding on the parties, except with respect to authority, jurisdiction or legal enforcement.

4.2.3 Authority, Jurisdiction or Legal Enforcement

Disputes that involve authority or jurisdiction that cannot otherwise be resolved under this Section 4.2 and disputes over matters of legal enforcement beyond the authority of the BCMB shall be determined by commencing the appropriate legal proceedings in the Court of Queen’s Bench of Alberta.

4.3 Status

ABCC and ABDA consent to individual Permit Holders having status to participate in dispute resolutions under this Agreement.

ARTICLE 5 TERM

Except as otherwise provided in this Agreement, or as otherwise agreed by ABCC and ABDA in writing, the term of this Agreement shall commence on the date this Agreement is approved by the Board of Directors of the BCMB and shall continue for a period of three years. It is the express intention of ABCC and ABDA to renew this Agreement beyond this term if they can negotiate acceptable terms. Not later than six months before the end of the term, ABCC and ABDA will commence discussions aimed at that renewal facilitated by the BCMB.

ARTICLE 6 GENERAL

6.1 Representations and Warranties of ABDA

ABDA represents and warrants to ABCC, and acknowledges that ABCC is relying on such representations and warranties in entering into this Agreement, as follows:

- (a) ABDA has full power, capacity and right to enter into this Agreement;
- (b) ABDA has the full power, capacity and right to perform its obligations under this Agreement;
- (c) This Agreement constitutes a legal and binding obligation of ABDA enforceable against it in accordance with its terms and conditions;
- (d) ABDA will perform all of its obligations under this Agreement in accordance with the terms and conditions set out in this Agreement;
- (e) ABDA shall at all times comply with applicable laws, regulations, orders, guidelines and rules while performing its obligations under this Agreement, including the Regulation; and
- (f) ABDA has all necessary licenses and permits that are required in order to lawfully complete or perform its obligations under this Agreement.

6.2 Representations and Warranties of ABCC

ABCC represents and warrants to ABDA, and acknowledges that ABDA is relying on such

representations and warranties in entering into this Agreement, as follows:

- (a) ABCC has full power, capacity and right to enter into this Agreement;
- (b) ABCC has the full power, capacity and right to perform its obligations under this Agreement;
- (c) This Agreement constitutes a legal and binding obligation of ABCC enforceable against it in accordance with its terms and conditions;
- (d) ABCC will perform all of its obligations under this Agreement in accordance with the terms and conditions set out in this Agreement;
- (e) ABCC shall at all times comply with applicable laws, regulations, orders, guidelines and rules while performing its obligations under this Agreement, including the Regulation; and
- (f) ABCC has all necessary licenses and permits that are required in order to lawfully complete or perform its obligations under this Agreement.

6.3 Trademarks

The ABDA, ABCC and their assigns, acknowledge that this Agreement does not confer any rights to the use of any logos, trademarks or intellectual property rights of the other party.

6.4 Confidentiality

All financial information or information respecting volumes of Containers handled by Depots shall not be disclosed by ABCC or ABDA and each of the Permit Holders unless required to do so by law, by the BCMB, or with the express consent and waiver of such confidentiality by the Parties. The foregoing shall not apply to statistical information provided the information is disclosed in a manner that does not identify volumes or financial information applicable to a specific Permit Holders, except where requested by the BCMB.

6.5 Currency

All sums of money expressed in this Agreement are expressed in the lawful money of Canada.

6.6 Time of the Essence

Time shall be of the essence of this Agreement.

6.7 Further Acts

Each of the Parties to this Agreement shall, at the request of the other Party, execute and deliver any further documents and do all acts and things that Party may reasonably require in order to carry out the true intent and meaning of this Agreement.

6.8 No Partnership

Nothing in this Agreement or in the relationship of the Parties hereto shall be construed as in any sense creating a partnership among the Parties or as giving to any Party any of the rights or subjecting any Party to any of the creditors of the other Party. In the performance of its obligations under this Agreement, each of the Parties to this Agreement, including without limitation its directors, officers, agents and consultants, shall be that of an independent contractor and shall in no circumstances be construed to be an employee, agent, or fiduciary of the other Party or to have the rights to make commitments for or on behalf of the other Party except as specifically permitted under this Agreement.

6.9 Entire Agreement

This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether written or oral, of the Parties, and there are no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth herein.

6.10 Amendments

Except as set out in Section 3.7, this Agreement may not be altered or amended in any of its provisions.

6.11 Remedies Not Exclusive

No remedy herein conferred upon any Party is intended to be exclusive of any other remedy available to that Party, but each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing by law or in equity or by statute.

6.12 No Waiver

No consent or waiver, express or implied, by a Party to or of any breach or default by the other Party in the performance by the other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or any other breach or default in the performance of obligations hereunder by such Party hereunder. Failure on the part of a Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues shall not constitute a waiver by any such Party of its rights hereunder.

6.13 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

6.14 Assignment

Except as set forth in Section 3.6 hereof, neither the benefit nor the burden of this Agreement may be sold, transferred or assigned without the prior consent of the other Party.

6.15 Notice

6.15.1 Any notice, election, consent, demand or other communication between the Parties shall be in writing and shall be delivered, emailed, or faxed:

To: Alberta Bottle Depot Association
 #202, 17850 105 Avenue
 Edmonton, Alberta
 T5S 2H5
 Email: president@albertadepot.ca
 Fax#: (780) 454-0464

To: Alberta Beer Container Corporation
 c/o Brewers Distributor Limited
 5900 Explorer Drive
 Mississauga, Ontario
 L4W 5L2
 Email: stewardship@bdl.ca
 Fax#: (905) 361-4290

With copies to:

Director, Finance
 5900 Explorer Drive
 Mississauga, Ontario
 L4W 5L2
 Email: BDLAP@thebeerstore.ca
 Fax#: (905) 361-2814

Senior Manager, Stewardship Recycling & Container Recovery
 The Beer Store/Brewers' Distributor Ltd.
 5900 Explorer Drive
 Mississauga, Ontario
 L4W 5L2
 Email: stewardship@bdl.ca
 Fax #: (905) 361-4220

General Manager
 Brewers' Distributor Ltd.
 11208 – 189 Street
 Edmonton, Alberta
 T5S 2V6
 Email: bdl@bdl.ca
 Fax#: (780) 447-5229

6.15.2 A notice shall be deemed to be delivered:

- (a) on the day it was delivered personally, faxed or emailed,
- (b) three business days after it was mailed by regular post; or
- (c) the day it was delivered by courier or registered mail.

6.15.3 A Party may change their address for notice by providing written notice of such new address to the other Party.

ARTICLE 7
EXECUTION

In witness whereof, the Parties have executed this Agreement as of the day of year first above written. This Agreement may be executed in counterparts.

ALBERTA BOTTLE DEPOT ASSOCIATION

Per:



Name:

Jerry Roczkowsky

Title:

President

ALBERTA BEER CONTAINER CORPORATION

Per:

Name:

Title:

ARTICLE 7
EXECUTION

In witness whereof, the Parties have executed this Agreement as of the day of year first above written. This Agreement may be executed in counterparts.

ALBERTA BOTTLE DEPOT ASSOCIATION

Per: _____
Name:
Title:

ALBERTA BEER CONTAINER CORPORATION

Per: 
Name: Jeremy Chorney
Title: Acting Chair, ABCC

SCHEDULE "A"
APPROVED BEER CONTAINER SORTS

Container Code	Beverage Container	Shipping Container	Unit of Measure	Dozens	Layers
0001	Industry Standard Bottle	Original Box or Repack Tray 24 Dozens per Layer			5 or 7
0044	Non-Usable Industry Standard Bottle				1 or 5
1401	Sleeman Private Mold Bottle				1 or 5
0865	Steam Whistle Private Mold Bottle				1 or 5
0903	Moosehead Private Mold Bottle				1 or 5

A Low-volume Shipping configuration (see Schedule "B" for palletizing requirements) may be utilized by a Depot that does not receive sufficient volumes to complete a pallet within 30 days of the date of the last empty shipment sent out.

** Depots, in accordance with s. 10(1) of the Regulation, may only accept from consumers empty registered containers that are reasonably identifiable as having contained a beverage including a broken or chipped glass bottle such that it is reasonably identifiable as a registered container having contained a beverage. Non-Usable Industry Standard Bottles must be clearly segregated from Industry Standard Bottles destined for re-use. If an insufficient quantity is collected to build a full pallet and/or pallet layer they can be grouped together and commingled on a single pallet layer of Private Mold refillable bottles. Industry Standard Bottles are deemed not eligible for re-use if they are noticeably unclean and/or chipped. Schedule B, section 3.0 provides additional information regarding 'Non-Reusable' Industry Standard bottles.

SCHEDULE "B"
PALLETIZING REQUIREMENTS

1.0 Standard Pallet Requirements:

Standard pallets shall be built with the intent of:

- 1.1 Ensuring safety while stacking pallets at the Depot, loading trucks and handling at ABCC's (or its subcontractor's) processing facilities.
- 1.2 Protecting the integrity of the Shipping Container.
- 1.3 Facilitating accurate counts.
- 1.4 Optimizing shipment space and handling efficiencies.

Cartons should be stacked on pallets in standard blocks or layers according to industry pallet pattern requirements. Layers are alternated so that the cartons will overlap vertically as the pallet is built. This increases the stability of the pallet and helps to protect the integrity of the carton. Pallets should be tied or appropriately shrink-wrapped to ensure stability of the pallet for shipping.

The storage "boxes" vary by container as the original case packaging is used as often as possible (i.e. the containers are sold in a 24-pack box and returned to the Depot in that same box from the consumer, so the original box then holds those bottles on the return trip). Repack cartons can also be used in the event the original container is not available or suitable for shipping. These repack cartons are made of OCC and are approximately 260mm x 385mm x 125mm in dimension. In order to ensure that a pallet is stable, repacks are not to be used on corner boxes of a pallet, and preferably should not make up more than 20% of the overall pallet.

New repack cartons may be introduced from time to time and will be provided in advance of any requirement for a new sort that relies on a repack carton other than the standard carton referenced above.

On behalf of ABCC (or its subcontractor), the Carrier shall advise the Depot of any palletized Containers not complying with the standards as described here and maintains the right to either have the Depot remedy the issue in a timely manner or refuse the Containers until the next scheduled pickup providing the issues have been corrected.

If the last two positions of the trailer are being loaded with pallets of Containers, they should be also shrink-wrapped to provide stability during transport.

2.0 Industry Standard Bottles (ISB)

Container sorting and handling practices undertaken by Depots must be in accordance with this Schedule and this Agreement. The Bottle Handling Guide is provided to each Permit Holder as a resource to assist Depots with visual and suggested practices to enhance Depot efficiency and safety regarding handling, palletizing and shipping. Each Depot must comply with the Bottle Handling Guide. ABCC will update the guide periodically as new container types or sorting requirements are made and will notify ABDA via email for subsequent distribution to Depots. Without limiting the foregoing, each pallet shall be:

- 2.1 stacked 24 dozen to a layer,
- 2.2 made up of five or seven layers or as otherwise agreed to between ABCC and Depot,
- 2.3 tied with twine on top (5th or 7th) and middle layer,
- 2.4 structurally sound and clearly identified by:
 - i. Depot
 - ii. Date

which is to be written on tags supplied by ABCC. These tags are to be placed on the *bottom row* of cases on the *narrow side* of the pallet and never affixed to shrink-wrap.

- 2.5 No Non-Industry cases. ISB can only be returned in appropriate sized brewery cartons or in ABCC-supplied repack trays.
- 2.6 All bottles must be in an upright position.
- 2.7 Cases must be dry, in good condition and not contain snow, garbage or any other foreign material.
- 2.8 In accordance with s. 10(1) of the Regulation, cases will contain only Containers that are reasonably identifiable as having contained a beverage (refer to Schedule A for additional details). As described further below, refillable glass bottles that are dirty, chipped or otherwise non-reusable must be separated from refillable glass bottles that are reusable. Any bottles that are reasonably identifiable as having contained a beverage, but are dirty, chipped or otherwise non-reusable bottles must be palletized in accordance with Section 3.0 below.
- 2.9 All ISB 6-pack cartons in multiples of four are to be “mother-trayed” by placement in a recycled can tray and not left loose.
- 2.10 Twelve, fifteen, or eighteen pack cartons are not to be placed in can trays or repack cartons, but rather palletized in their original cartons.

3.0 Industry Standard Bottles (ISB) 'Non-Reusable' 3.1 Maintain standard counts in boxes and build pallets optimally five-layers high, or less if necessary, as determined by a Depot’s monthly volumes. The option of commingling non-reusable ISB’s with Private Mold refillable bottles on a pallet is available where lower volumes warrant. Wherever necessary, Private Mold/Non-reusable ISBs, should be each grouped together within the pallet. 3.2 Each Container or portion thereof must be placed in a case, to allow for safe and secure handling.

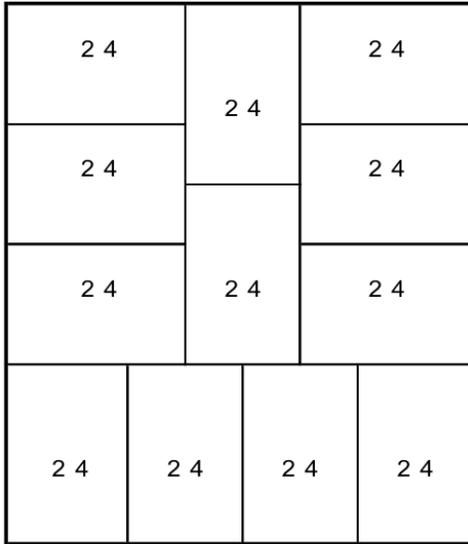
4.0 Private Mold Bottles

Container sorting and handling practices undertaken by Depots must be in accordance with this Schedule and this Agreement. The Bottle Handling Guide is provided to each Permit Holder as a resource to assist Depots with visual and suggested practices to enhance Depot efficiency and safety regarding handling, palletizing and shipping. Each Depot must comply with the Bottle

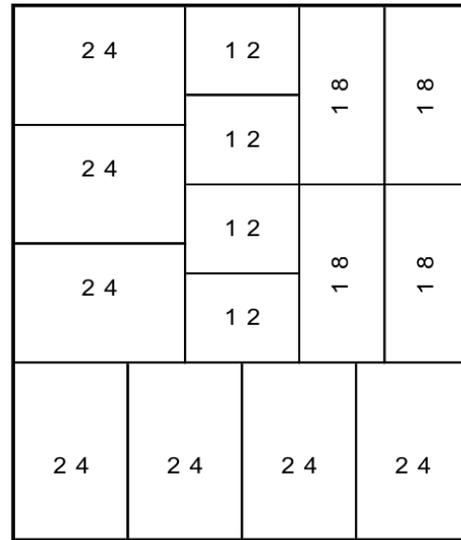
Handling Guide. ABCC will update the guide periodically as new container types or sorting requirements are made and will notify ABDA via email for subsequent distribution to Depots. Without limiting the foregoing, each pallet shall be:

- 4.1 stacked 24 dozen to a layer,
- 4.2 made up of four or five layers as per Schedule "A",
- 4.3 for lower volumes (Containers that would otherwise not comprise a full pallet in a 30-day period) may comprise a single layer in accordance with Schedule A, on a separate pallet on top of a five-layer finished ISB pallet, or as otherwise agreed to between ABCC and Depot,
- 4.4 tied with twine on top and middle layer,
- 4.5 structurally sound and clearly identified by:
 - i. Depot
 - ii. Date which is to be written on tags supplied by ABCC. These tags are to be placed on the bottom row of cases on the narrow side of the pallet and never affixed to shrink-wrap.
- 4.6 All bottles must be in an upright position.
- 4.7 Cases must be dry, in good condition and not contain snow, garbage or any other foreign material.

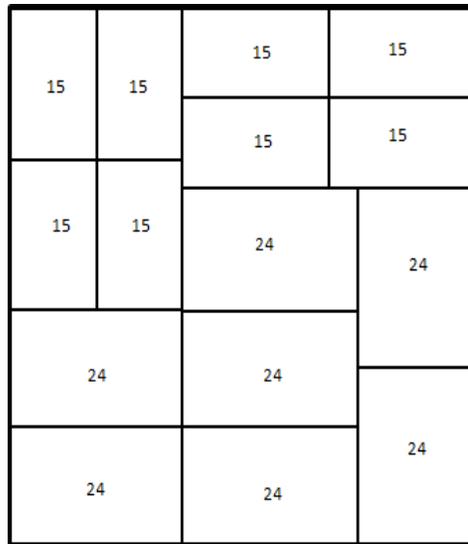
5.0 Suggested Layer Configurations



All 24 Packs



Combination of 12 / 24 & 18 Packs



Combination of 24/15 Packs

SCHEDULE "C"
PAYMENTS

"Payments" include: deposit refunds, handling commissions, G.S.T. on commissions, the required BCMB Container fees or levies and applicable G.S.T. on BCMB Container fees or levies.

ABCC shall make payments based on the following schedules:

Load Received at ABCC	Payment Processed	EFT Payment
Friday Monday Tuesday	Wednesday	Friday
Wednesday Thursday	Friday	Tuesday

Notwithstanding the above, no more than 9 calendar days (excluding statutory holidays) shall pass from the date the Carrier picks up a shipment, and ABCC has been notified of the shipment (via receiving the RBill from the applicable Carrier), from the Permit Holder to the date of authorization of payment by ABCC to its bank.

In the event of a statutory holiday, and with 30 days' notice to Depots, ABCC may make modifications to this Schedule to maintain the format of one payment prior to the weekend and one payment following the weekend.

Payment or statement inquiries may be made to BDLAP@thebeerstore.ca

SCHEDULE "D"
SCHEDULING OF PICK-UPS

1.0 Guiding Principles

- 1.1 The schedule is prepared by ABCC (or its subcontractor) with the intent to recognize the individual needs of each Permit Holder, the transportation logistics, and the needs of ABCC itself or its subcontractor.
- 1.2 Appointments will be scheduled or applied on a fair and equitable basis for all Depots giving consideration to Depot volumes.
- 1.3 The intent of scheduling is to minimize the Containers left at the Depots at the end of business each week.
- 1.4 Service in all regions will be coordinated with ABCC's (or its subcontractor's) pick-up schedule.

2.0 Carrier Direct Depot Appointments

For Carrier Direct Depots, who often are located in rural areas:

- 2.1 Depots are assigned a Carrier who provides equipment to accommodate Depot volumes and frequency of pickups.
- 2.2 Requests for pickups will be arranged directly with the assigned Carrier.
- 2.3 Carrier appointments may be made on a standing schedule or on an ad hoc basis.

3.0 Metro Edmonton

For Depots located in Edmonton:

- 3.1 Depots telephone by noon Friday to advise ABCC (or its subcontractor) of their pick-up requirements for Monday.
- 3.2 Depots telephone by noon Monday to advise ABCC (or its subcontractor) of their pick-up requirements for Tuesday to Friday.
- 3.3 Requests are recorded in the order they were received and a schedule is made up for the following day (week). Pick-ups are scheduled between 8:00 a.m. and 5:00 p.m. daily.
- 3.4 When the pick-up schedule has been filled for the next business day, all remaining requests are scheduled for the next available opening in the week.
- 3.5 Alternatively, standing appointments may be arranged between the Depot and ABCC (or its subcontractor).

- 3.6 Depot pick-ups are based on full trailer loads with a minimum pallet requirement of 24.
- 3.7 Depots may request one partial load pick-up of 12 pallets in the week and ABCC (or its agent and/or subcontractor) may accommodate the request if another Depot in the area also requires a partial pick-up of 12 pallets.

4.0 Metro Calgary

For Depots located in Calgary:

- 4.1 Depots telephone by noon Friday to advise ABCC (or its subcontractor) of their pick-up requirements for Monday.
- 4.2 Depots telephone by noon on a week day to advise ABCC of their pick-up requirements. ABCC will provide the depots with the next available pick up time.
- 4.3 Requirements are recorded in the order they were received and ABCC will create a schedule for the following day or week for Friday requests. Pick-ups will be scheduled between 8:00am and 4:00pm daily.
- 4.4 When the pick-up schedule has been filled for the next business day, all remaining requests are scheduled for the next available opening in the week.
- 4.5 Alternatively, standing appointments may be arranged between the Depot and ABCC (or its subcontractor).
- 4.6 Depot pick-ups are based on trailer loads with a minimum pallet requirement of 12. In agreement with the Depot, ABCC may perform an ad hoc pickup. Such agreement will be completed via email or telephone request and response.

5.0 Transportation Deficiencies

- 5.1 The Depot shall notify the Carrier/ABCC of any transportation deficiency such as known problems with the loading dock, forklift malfunction, etc. as soon as is reasonably possible.
- 5.2 The Carrier/ABCC shall notify the Depot of any delay or transportation deficiency at least 1 hour prior to the appointment via the Quality Monitoring System.
- 5.3 The Carrier/ABCC and the Depot shall work to resolve the reported deficiency within 4 hours of notification.

SCHEDULE "E"
SHIPPING CONTAINERS

1.0 Guiding Principles

- 1.1 Depots, Carriers and ABCC must utilize Shipping Containers to maximize safety and efficiency at the individual Depots, in transit from the Depots, and at ABCC processing facilities and breweries.
- 1.2 All parties will work to protect the integrity of the Shipping Containers. Depots shall handle and store the Shipping Containers in a reasonable and secure manner to minimize damage and loss.
- 1.3 ABCC will provide the required Shipping Containers, as mutually agreed to with each Depot, at no cost to the Permit Holder.
- 1.4 Damaged or unusable Shipping Containers are to be returned to ABCC in a manner easily accounted for and identified on the inbound RBill for credit to Depot inventory levels.
- 1.5 The recycling and/or disposal and replacement of damaged or non-usable Shipping Containers will be performed by ABCC in order to maximize safety and maintain the integrity of the system's inventory.
- 1.6 Shipping Containers supplied by ABCC remain the property of ABCC at all times.

SCHEDULE "F"
QUALITY CONTROL AND ADJUSTMENTS

1.0 Receiving Process & Initial Visual Inspection

1.1 The Carrier (on behalf of ABCC) and Permit Holder will perform a visual inspection of each shipment of Containers and Shipping Containers based on the review criteria set out below prior to loading such program materials into the truck, such review to occur at the time of pick-up:

1.1.1. Pallets are tagged with the Depot's name and shipment date as per Appendix A

1.1.2. The proper quantity of Containers is reflected on the RBill

1.1.3. Containers have been sorted in accordance with the sorting guidelines as outlined in "Schedule B" and the Bottle Handling Guidebook

1.1.4. All material appears free of contamination

1.2 The Carrier (on behalf of ABCC) has the right to refuse pick up of any pallet or pallets of Containers and Shipping Containers that do not comply with proper sorting and preparation of materials set out in the Agreement, or do not conform to the review criteria set out above, or any pallets that the Carrier deems unsafe to transport.

1.3 Once the load has been deemed safe for transport by the Carrier, and the visual inspection has been completed, both the Carrier and the Depot must sign the RBill

2.0 Load Reconciliation

2.1 For every shipment load of Containers and Shipping Containers from a Depot, ABCC, (and/or its agents and subcontractors), will perform a blind receiving count and second visual inspection of such program materials to confirm the following:

2.1.1 The type, size and quantity of Containers and Shipping Containers received

2.1.2 The quality of the Containers (are the containers identifiable as a Container) and Shipping Containers (are the Shipping Containers safe and/or intact) received

2.1.3 The number of pallets received

2.2 Once the shipment load has been counted and inspected, ABCC (and/or its agents and subcontractors), will compare the blind receipt count tally to the RBill:

2.2.1 If the quantities specified on the RBill match the blind receipt count tally (based on number of units, condition/quality of units and compliance with this Agreement), ABCC (and/or its agents and subcontractors), will submit the RBill for payment

2.2.2 If the quantities on the RBill do not match the blind receipt count tally (based on number of units, condition/quality of units and compliance with this Agreement), ABCC (and/or its agents and subcontractors), will contact the Depot as per Section 3 Load Adjustments below

3.0 Adjustments

3.1 In the event that the quantities on the RBill do not match the blind receipt count tally conducted in accordance with Section 2.0 Load Reconciliation above, or in the event that the quantities on the RBill do not match the audit sheet, ABCC or its subcontractor will communicate the discrepancy reports through the Quality Monitoring System within two business days and contact the Depot to investigate the discrepancy. The Permit Holder will be contacted by ABCC, (and/or its agents and subcontractors), via the email address or phone number provided by the BCMB.

3.2 The Permit Holder will have two business day following submission of the discrepancy report through the Quality Monitoring System to review the discrepancy and provide notice of their acceptance or challenge of the discrepancy report by contacting ABCC directly and logging their rejection or acceptance into the Quality Monitoring System.

3.3 Once the discrepancy is resolved between ABCC and the Depot, the payment will be adjusted to reflect the resolution.

3.4 If the Permit Holder fails to note its rejection or acceptance of the discrepancy report to ABCC and in the Quality Monitoring System within two business day following submission of the discrepancy report through the Quality Monitoring System, the Permit Holder will be deemed to have accepted the discrepancy and ABCC, (and/or its agents and subcontractors), will adjust the payment accordingly.

4.0 Quality Control

4.1 At any time, ABCC, including any subcontractors, agents, partner Carriers, warehouse workers and brewer bottle line employees, may provide written feedback to ABDA that identifies non-compliant bottle and/or palletizing conditions observed.

4.2 When ABCC becomes aware of a quality control issue, if it the issue can be attributed to a Depot (i.e. if a pallet in issue is able to be traced back to a specific Depot), a ticket will be opened in the Quality Monitoring System to make the Permit Holder aware of the issue.

4.3 Whenever possible, ABCC will provide the Permit Holder with images of the improperly sorted Containers, or unsuitable Shipping Containers for reference in order to prevent future similar errors in sorting and shipping.

5.0 Formal Audits

- 5.1 In order to ensure ongoing quality of the refillable system, at any time, ABCC (and/or its agents and subcontractors) have the right to verify any Container or Shipping Container shipments against the RBill provided by the applicable Depot (based on both number of units, condition/quality of units and compliance with this Agreement). In order to verify such shipments, ABCC (and/or its agents and subcontractors) may perform formal load audits, meaning a comprehensive and detailed review of each load shipment pallets and each Container and Shipping Container received. The audit review process will be completed at no charge to the Depot and may be conducted at any time and from time to time.
- 5.2 In connection with the audit, ABCC (and/or its agents and subcontractors) will:
 - 5.2.1 Notify the Depot that their shipment load has been selected for an audit using the Quality Monitoring System within two business days of off load
 - 5.2.2 remove any foreign materials, debris and non-program Containers
 - 5.2.3 monitor and record the number of improperly sorted Containers, any Containers with foreign materials or debris, and any Containers that are non-compliant with the terms of this Agreement
 - 5.2.4 make note of any unsafe shipping practices and document with digital images
 - 5.2.5 will inspect the pallet and all Shipping Containers to identify any deficiencies and missed program Containers
- 5.3 The ABCC (and/or its agents and subcontractors) performing the audit will complete a separate container audit sheet which will include the following details:
 - 5.3.1 Depot Name, Date Shipped, applicable Trailer #
 - 5.3.2 Type and size of Containers received and reviewed
 - 5.3.3 Number of pallets received as part of the shipment and the number of pallets audited
 - 5.3.4 Any shipping hazards identified
- 5.4 Once the shipment load has been audited, the ABCC (and/or its agents and subcontractors) will compare the audit sheet to the RBill:
 - 5.4.1 If the quantities on the RBill match the audit results set out on the audit sheet (based on number of units, condition/quality of units and compliance with this Agreement), the ABCC (and/or its agents and subcontractors) will release the load and submit the RBill for payment.
 - 5.4.2 If the quantities on the RBill do not match the audit conclusions set out on the audit sheet (based on number of units, condition/quality of units and compliance with this Agreement), the ABCC (and/or its agents and subcontractors) will contact the Depot as per Section 3 Adjustments above with the containers audited quarantined until the

discrepancy is resolved.

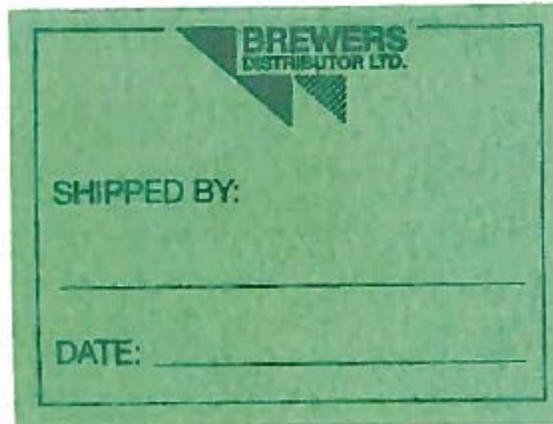
- 5.5 Audit results equal to or greater than 0.5% variance may result in additional audits being conducted as per section 5.3:
- 5.5.1 Two consecutive subsequent audit results of less than 0.5% variance will result in the depot reverting back to the regular process.
- 5.5.2 Any subsequent audit results of 0.5% or greater variance will incur a penalty of \$50 per occurrence on top of any result adjustments and further audits may occur per section 5.5 until two consecutive audit results of less than 0.5% variance occur to cause the depot to revert back to the regular process.

Appendix A – Examples of Forms

Example of Pallet Tag (Note that the “pink tag” is used by Northern Alberta Depots and those Depots shipping to Edmonton, while the “green tag” is used by Depots shipping to Calgary)



A rectangular pink tag with a black border. In the top right corner, there is a logo consisting of a black triangle pointing down and to the right, with the text "BREWERS" in bold above "DISTRIBUTOR LTD." in a smaller font. Below the logo, the text "SHIPPED BY:" is printed, followed by a horizontal line. Further down, the text "DATE:" is printed, followed by another horizontal line.



A rectangular green tag with a black border. In the top right corner, there is a logo consisting of a green triangle pointing down and to the right, with the text "BREWERS" in bold above "DISTRIBUTOR LTD." in a smaller font. Below the logo, the text "SHIPPED BY:" is printed, followed by a horizontal line. Further down, the text "DATE:" is printed, followed by another horizontal line.

