

BREWERS RETAIL INC.

USER AGREEMENT

THIS AGREEMENT is made this [redacted] day of [redacted], 202[redacted]
(the “**Commencement Date**”) by and between:

BREWERS RETAIL INC., a corporation existing under the laws of the
Province of Ontario
 (“**BRI**”)

OF THE FIRST PART

- and -

[redacted], a corporation existing under the
laws of [redacted]
 (“**Brewer**”)

OF THE SECOND PART

WHEREAS:

- (a) BRI owns and operates outlets for the sale and distribution of Beer in the Province of Ontario;
- (b) BRI receives directly from the Brewer or purchases from the LCBO Beer brewed by Brewer from time to time; and
- (c) Brewer desires to sell Beer through the BRI system and desires BRI to perform and BRI has agreed to perform the Basic Services described herein;

NOW, THEREFORE, for good and valuable consideration, the Parties agree:

ARTICLE ONE

INTERPRETATION

1.1 Definitions

As used herein,

- (a) “**Accounting Period(s)**” means, the accounting period or periods specified by BRI from time to time for the determination and remittance of payments to Brewer;
- (b) “**Act**” means the *Liquor Control Act*, R.S.O. 1990, c. L.18, as amended from time to time, and the regulations there under as amended from time to time;
- (c) “**Agreement**” means this user agreement and all amendments made hereto in accordance with the provisions hereof;
- (d) “**Applicable Laws**” means any statute (including without limitation, the Act), regulation, by-law and order or requirement of any competent authority affecting or relating in any way to the keeping, storage, display, packaging, labeling, advertising, promotion, ordering, offering for sale or purchase of Beer through BRI, including in, on or from premises of BRI;
- (e) “**Basic Services**” means those services described as such in Schedule A;
- (f) “**Basic Service Fees**” means the fees charged by BRI with respect to the provision of Basic Services;
- (g) “**Beer**” has the meaning that it has for purposes of the *Liquor Licence Act*, R.S.O. 1990, c. L.19;
- (h) “**Brewer Remit**” means an amount equal to the aggregate sales price of all Beer of Brewer sold through BRI during a particular Accounting Period less (i) all amounts paid or payable to the LCBO by BRI for the purchase of such Beer, if applicable (ii) all amounts paid or payable on account of Taxes in respect of such purchases upon the sale of such Beer through BRI, and (iii) the amounts contemplated in Section 6.1(d), provided however that the Brewer Remit shall be adjusted to reflect, in respect of Beer of Brewer in the inventory or custody of BRI, changes from time to time in the applicable sales price of Beer and/or Taxes; except as noted in Schedule C;
- (i) “**BRI Policy Manual**” means the document containing BRI’s standard operating policies applicable to the Brewer as amended from time to time and posted on the BRI Website;

- (j) **“BRI Website”** means the portion of BRI’s website that is accessible only to Brewers that sell through BRI;
- (k) **“Business Day”** means any day, other than Saturday or Sunday, on which the principal commercial banks in Toronto, Ontario are open for commercial banking business during normal business hours;
- (l) **“Container”** means a bottle, can, keg, or other receptacle for holding Beer;
- (m) **“Container Deposit”** means the deposit for Containers as specified in BRI’s standard deposit policies in effect from time to time;
- (n) **“Elected Services”** means those services requested, from time to time, by Brewer, which BRI has agreed to perform that are not Basic Services;
- (o) **“Empty Container Purchase Fee”** means the charge that is applied to all Beer products listed for sale by BRI and that are also sold to any legally approved sales channel other than BRI by any party, including BRI or the Brewer, and where the fee for BRI Basic Services has not been applied;
- (p) **“Empty Container Disposal Fee”** means the charge that is applied to cover BRI’s costs of disposing Containers not returned to the Brewer;
- (q) **“Keg Float”** means all of the BRI-owned 58.6 litre single aperture kegs for use in the sale of draught Beer in the Province of Ontario;
- (r) **“LCBO”** means the Liquor Control Board of Ontario;
- (s) **“Licensee”** means a Person that holds a liquor sales license or special occasion permit issued under the *Liquor Licence Act* (Ontario);
- (t) **“Master Framework Agreement”** means the master framework agreement between BRI, Labatt Brewing Company Limited, Molson Canada 2005, Sleeman Breweries Ltd. and the Province of Ontario dated September 22, 2015;
- (u) **“New Beer Agreements”** means the Master Framework Agreement, the Shareholders Agreement, the ODRP Agreement, the Provincial Rights Agreement and the Termination Agreement (as such terms are defined in the Master Framework Agreement);
- (v) **“Non-Standard Kegs”** means kegs that are used to dispense draught Beer, other than Standard Kegs;
- (w) **“Non-Standard Container”** means a container that is not a Standard Bottle, Standard Keg or Standard Can;

- (x) **“Non-Refillable Bottle”** means a bottle that the manufacturer of Beer or other person who initially fills the container with Beer does not intend to refill, but does not include a Beer bottle that is recognized as an Industry Bottle as described in Schedule B;
- (y) **“Non-Standard Refillable Bottle”** means bottles used by Brewers for the containment and sale of their Beer which are refillable but are not Standard Bottles;
- (z) **“Old Code Amount”** means an amount equal to the inventory value of Beer, as determined by BRI, including all taxes and levies excluding HST, which since purchased by BRI, has become Old Code Beer based on BRI’s review of the Brewer’s prescribed available for sale date for such Beer, plus BRI’s Old Code Disposal Fee in effect from time to time;
- (aa) **“Old Code Beer”** means Beer that remains unsold by BRI past the Brewer’s prescribed available for sale date for such Beer;
- (bb) **“Old Code Disposal Fee”** means the charge that is applied by BRI when Brewer does not remove Old Code Beer from BRI and BRI is required to dispose of such Old Code Beer;
- (cc) **“Ontario Bottle Allocation Agreement”** means the agreement entered into between BRI and such brewers as become a party to such agreement from time to time, in the form attached hereto as Schedule B;
- (dd) **“Other Private Retail Outlets”** means privately operated retail outlets that retail beer and/or other liquor products;
- (ee) **“Pallet Deposit”** means the deposit for Pallets specified in BRI’S standard deposit policies in effect from time to time;
- (ff) **“Pallets”** mean the pallets owned by BRI from time to time and having the name Brewers Retail Inc., or the Beer Store marked thereon and used for the transportation and storage of Beer;
- (gg) **“Parties”** means, collectively, the Brewer and BRI and **“Party”** means any one of them;
- (hh) **“Person”** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, limited liability company, unlimited liability company, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court and, where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

- (ii) **“Shareholders Agreement”** means the shareholders agreement made January 1, 2016 between BRI, Labatt Brewing Company Limited, Molson Canada 2005, Sleeman Breweries Ltd. and each Qualifying Brewer Shareholder;
- (jj) **“SKU”** means a stock keeping unit, based on brand identification, Container type and package size;
- (kk) **“Standard Can”** means a 355 mL can of Beer;
- (ll) **“Standard Bottle(s)”** means the refillable bottle described in Section 1 of Schedule B – Ontario Bottle Allocation Agreement as the “Industry Bottle”;
- (mm) **“Standard Keg”** means single aperture kegs of 58.6 litre capacity which are owned by BRI from time to time and used to dispense draught Beer; and
- (nn) **“Taxes”** means the Harmonized Sales Tax and all other taxes, levies or duties imposed on BRI or required to be remitted by BRI in respect of the sale of Brewer’s Beer.

1.2 Additional Definitions

- (a) Additional definitions used in this Agreement:

Definition:	Where Defined:
Bottle Allocation	Schedule B-2
Industry Bottle	Schedule B
Ontario Float	Schedule B
Standard Mould Bottle Agreement	Schedule B
Statement	Section 5.2
Technical Agreement	Schedule B-1
Technical Committee	Schedule B-1

ARTICLE TWO

LISTING POLICY AND PROCEDURES

2.1 User Agreement

Brewer agrees to sign this Agreement to sell Beer at BRI. Brewer agrees that services other than Basic Services, such as Elected Services, will not be provided by BRI unless this Agreement is signed by Brewer and returned to BRI.

2.2 Listing of Current SKUs

BRI agrees, subject to Brewer's compliance with Section 2.3, to continue to list all SKUs of Brewer, if any, listed by BRI as at the date of this Agreement, subject to the provisions of the listing policy contained in the BRI Policy Manual.

2.3 Listing Policy

Brewer agrees to be bound by and comply with all requirements of BRI's standard listing policies in effect from time to time, which are contained in the BRI Policy Manual.

2.4 Listing Administration Fee

Brewer agrees to pay to BRI a listing administration fee for each SKU, other than a SKU referred to in Section 2.2, which Brewer requests BRI to list. Such listing administration fee shall be posted on the BRI Website and is subject to increase in accordance with Section 5.1.

2.5 LCBO Approval

Notwithstanding the provisions of Sections 2.1, 2.2, 2.3 and 2.4, Beer may only be sold through BRI if the LCBO or other relevant government authority has approved such Beer for sale in the Province of Ontario. The Brewer shall provide evidence to BRI that such approval has been obtained, furnish any such other information as BRI may request as evidence of such approval and promptly notify BRI if that approval has conditions imposed upon it or if the approval is suspended or withdrawn.

2.6 Compliance with Laws

The Brewer shall ensure that it is at all times in compliance with all laws and regulations applicable to its Beer, including but not limited to product labeling and packaging. If a Brewer wishes to use a trademark or logo of BRI, it must obtain BRI's prior written permission.

ARTICLE THREE

BASIC SERVICES PROVIDED BY BRI

3.1 Basic Services

BRI shall perform the Basic Services for Brewer in accordance with the terms hereof and for the fees set forth in Section 5.1 hereof, as may be revised from time to time in accordance with the provisions of the Shareholders Agreement.

3.2 Change of Basic Services by BRI

BRI may, from time to time, withdraw, change, expand, restrict or otherwise alter the nature of and scope of Basic Services which it makes available to all brewers, as a result of changes in the business or regulatory environment within which BRI operates. BRI may also decline to perform certain Basic Services at its sole discretion from time to time, provided that such services are discontinued for all brewers. BRI shall provide Brewer with written notice of such changes and any such change, expansion, restriction or alteration shall become effective within 30 days after such written notice or such earlier or later date as is required by Applicable Laws and Brewer shall be bound by such changes.

3.3 Elected Services

Brewer agrees that it will be obliged to enter into a separate agreement with BRI with respect to the provision of Elected Services requested, from time to time by Brewer, which BRI has agreed to perform and the payment of the fees associated with these Elected Services and other non-basic service fees charged by BRI.

ARTICLE FOUR

CONTAINERS, PALLETS AND DEPOSITS

4.1 Containers

- (a) If Brewer supplies Beer in Non-Standard Refillable Bottles or Standard Bottles, Brewer shall make satisfactory arrangements with BRI to periodically, at its expense, pick up or arrange to pick up empty Non-Standard Refillable Bottles or Standard Bottles at the BRI distribution centres and/or store locations to which Brewer's Beer had been fully delivered as advised by BRI from time to time.
- (b) If Brewer supplies Beer in any Container other than Non-Standard Refillable Bottles or Standard Bottles, such containers shall become the property of BRI upon their return to BRI for a deposit refund and BRI shall dispose of such empty Containers, and Brewer shall pay to BRI the applicable Empty Container Disposal Fee.
- (c) If Brewer supplies Beer in Standard Bottles, Brewer agrees to become a party to the Ontario Bottle Allocation Agreement and abide by the provisions thereof.
- (d) If Brewer supplies Beer in Non-Standard Refillable Bottles, Non-Refillable Bottles or Non-Standard Kegs, such bottles or kegs shall be sufficiently distinguishable from Standard Bottles or Standard Kegs or other non-standard

bottles and kegs so as to enable BRI to easily sort such bottles from Standard Bottles or Standard Kegs or other non-standard bottles or kegs.

4.2 Old Code Beer

In respect of Brewer's Beer which becomes Old Code Beer, either:

- (a) Brewer shall pick up such Old Code Beer at BRI's store locations as soon as practicable after notification of the existence thereof by BRI; or
- (b) BRI shall dispose of such Old Code Beer, at Brewer's expense if the beer is not picked up by the Brewer within 30 days of the beer becoming Old Code Beer.

Brewer shall pay to BRI the Old Code Amount, if applicable, as calculated at the time such Old Code Beer is so picked up or disposed of. Such Old Code Amount shall be paid in the manner contemplated in Section 5.2.

4.3 Deposits

Brewer shall be obligated to pay to BRI the applicable Container Deposit for the Accounting Period in which such Container Deposit was redeemed by BRI for the return of Containers in which the Brewer's products were sold. Such Container Deposits shall be paid in the manner contemplated in Section 5.2.

4.4 Pallets

Brewer shall be obligated to pay to BRI the applicable Pallet Deposit upon receipt of a pallet from BRI, where such fee is posted on the BRI Website and may be amended from time to time. Such Pallet Deposit shall apply to all brewers and shall be paid in the manner contemplated in Section 5.3.

4.5 Kegs

Brewer may use the Keg Float owned by BRI subject to signing and adhering to the Single Aperture Keg Agreement as posted on the BRI Website.

ARTICLE FIVE

FEES, DEPOSITS AND OTHER COSTS

5.1 Basic Service Fees

Brewer shall pay to BRI service fees and Taxes applicable thereon in respect of Basic Services. Basic Service Fees shall be posted on BRI's Website and shall be established in accordance with the provisions of the Shareholders Agreement.

5.2 Accounting and Payment

BRI shall provide an accounting statement (the "**Statement**") to Brewer in respect of all sales, services and deposits relating to Brewer and Brewer's Beer in a particular Accounting Period at the same time as similar statements are provided to all other brewers. The Statement shall state the Brewer Remit for the particular Accounting Period and all amounts owing by Brewer to BRI as listed in Schedule C. BRI reserves the right to offset amounts owing within the Brewer Remit process and the amount outstanding will be settled by either Party by the terms outlined in Schedule C.

5.3 Pallet Deposits

At the end of each fiscal quarter of BRI, the Statement prepared in respect of the Accounting Period ending on such date shall include the negative or positive balance in respect of Pallet Deposits between BRI and Brewer. Any amounts owing to BRI shall be deducted from the Brewer Remit in respect of such Accounting Period and any positive balance shall be paid by BRI to Brewer by cheque or other legal means accompanying such Statement and any negative balance after deduction from Brewer Remit shall be paid by Brewer to BRI.

5.4 Empty Container Purchase Fees

Brewer shall pay to BRI any Empty Container Purchase Fees established by BRI from time to time. To facilitate application of this fee to the Brewer, the Brewer agrees to furnish BRI with its sales data, by Container and Container size, in channels where BRI Basic Service Fees are not applied unless BRI is already in possession of such sales data or the data is provided by the LCBO. For greater certainty, Empty Container Purchase Fees apply to sales through the LCBO, Other Private Retail Outlets and the purchase of Beer by Licensees from the LCBO since sales in these channels are not subject to BRI Basic Service Fees.

5.5 Non-Standard Containers

Brewer shall pay to BRI any fees established by BRI from time to time relating to Non-Standard Containers listed for sale in BRI whether those Non-Standard Containers are sold through BRI or through another legally authorized sales channel in Ontario. To facilitate application of this fee, the LCBO and Brewer, as applicable, shall report to BRI its aggregate sales by Container and by Container size as determined by BRI standard policies as amended from time to time. For greater certainty, Non-Standard Container fees apply to all Beer sales in Ontario in all channels.

ARTICLE SIX

COVENANTS

6.1 Covenants of Brewer

Brewer hereby covenants to and in favour of BRI as follows:

- (a) Brewer agrees to indemnify, defend and hold harmless BRI and its affiliates and their respective officers, directors, employees and agents of and from every claim, demand, loss, expense, occasioned or in any way caused by or resulting from any product of Brewer or the package containing same, save and except for any claim, demand, loss, expense caused by or resulting from the gross negligence of BRI or its employees or agents;
- (b) Brewer shall effect and maintain with a reputable insurer having assets of not less than CAN \$1 billion, appropriate insurance including product liability insurance and comprehensive general liability insurance naming Brewer and BRI as named insureds providing coverage of at least CAN \$5 million for any one occurrence arising with respect to every such claim, demand, loss or expense referred to in clause 6.1(a) above and all damages and costs related thereto and, on the first Business Day of May in each year and, from time to time, on request of BRI, will furnish BRI with a certificate of insurance and such other information as BRI may request as evidence of such insurance;
- (c) Brewer shall at all times comply with Applicable Laws in connection with the production of and sale through BRI of Beer and in respect of all dealings by Brewer with BRI. A Brewer shall at all times brew its own Beer at facilities owned by it and shall notify BRI if this ceases to be the case for all Beer that it manufactures; and

- (d) Brewer shall pay to BRI an amount equal to the cost incurred by BRI in maintaining insurance as required by the LCBO and in maintaining accounts receivable insurance, from time to time. Such cost shall be shared by all brewers on a pro rata basis. Brewer agrees that such amount may be deducted from the Brewer Remit in respect of the Accounting Period in which such cost is incurred by BRI.

ARTICLE SEVEN

TERMS AND TERMINATION

7.1 Term

This Agreement shall commence on the Commencement Date and remain in force until December 31 of the year in which it was signed and shall renew automatically for successive one-year terms unless either Party provides the other Party with at least six months' prior written notice that such Party does not wish to renew the Agreement in which case this Agreement shall terminate at the end of the then current term.

7.2 Termination by a Party

Notwithstanding Section 7.1, this Agreement may be terminated by written notice of termination given by a Party to the other Party if any of the following events occur:

- (a) upon breach by such other Party of any term, condition or provision to be observed or performed by such Party hereunder where such breach has not been rectified within 30 days of receipt of written notice identifying the breach;
- (b) if the other Party makes an assignment in bankruptcy or a petition in bankruptcy is filed against the other Party, if the other Party becomes bankrupt or insolvent or avails itself of any legislation that may from time to time be in force which is of advantage to a bankrupt or insolvent person, if a trustee, liquidator, receiver, manager or custodian is appointed with respect to any of the property or assets of any such Party or if a writ of execution or similar process is obtained against the other Party and is not satisfied within 30 days of the issuance thereof; or
- (c) any legislative or policy change by the Government of Canada or the Government of Ontario or their agents relating to the regulation and control of the sale of Beer in Ontario that has a negative impact on such Party.

7.3 Termination by BRI

Notwithstanding Sections 7.1 and 7.2, this Agreement may be terminated by written notice by BRI to Brewer if Brewer violates any term, condition or provision of this Agreement or the BRI Policy Manual to be observed or performed, where such breach has not been rectified within 30 days of receipt of written notice identifying the breach.

7.4 Effect of Termination

Following termination by Brewer or BRI all further obligations of the Parties under this Agreement shall terminate, except as contemplated in Section 5.2, which shall survive such termination.

7.5 Accounting

Upon termination of this Agreement, a final accounting report will be completed by BRI and delivered to the Brewer within 90 days of such termination and BRI and Brewer shall make all necessary financial adjustments and payments to give effect to the termination of this Agreement within 90 days following receipt of such accounting report as prepared by BRI. Any dispute or difference that arises between the Parties hereto as to the amount of any financial or other calculation or adjustment as prepared by BRI shall be settled in the manner specified in Section 8.3.

7.6 Entire Agreement

This Agreement together with the New Beer Agreements constitutes the entire Agreement between the Parties pertaining to the subject matter of this Agreement and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to that subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, pertaining to that subject matter. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement.

7.7 Independent Legal Advice

The Parties acknowledge that they have entered into this Agreement willingly with full knowledge of the obligations imposed by the terms of this Agreement. The Parties acknowledge that they have been afforded the opportunity to obtain independent legal advice and confirm by the execution of this Agreement that they have either done so or waived their right to do so, and agree that this Agreement constitutes a binding legal obligation and that they are estopped from raising any claim on the basis that they have not obtained such advice.

ARTICLE EIGHT

MISCELLANEOUS

8.1 Notices

Any notice required or permitted to be given hereunder shall be in writing and shall be sufficiently given if personally delivered, mailed, postage prepaid and registered, or sent by fax or other means of electronic communication and addressed -

- (a) if to BRI, at:

The Beer Store
12258 Coleraine Drive
Bolton, Ontario
L7E 3A9
Email: roy.benin@thebeerstore.ca
Attention: President

- (b) if to Brewer, at:
Address: _____

Email: _____

Attention: _____; or

- (c) to such other address as the Party to which such notice is to be given shall have notified (in accordance with the provisions of this Section) as its substitute address for the purposes hereof.

Any notice, waiver, direction or other instrument aforesaid if delivered personally shall be deemed to have been given on the day in which it was delivered, if mailed shall be deemed to have been given on the fourth Business Day following the day on which it was mailed and if sent by fax or other electronic means of communication, on the day of transmittal thereof. If the Party giving any notice knows or reasonably ought to know of any difficulty with the postal system which might affect the delivery of mail, such notice shall not be mailed but shall be given by personal delivery or fax or other electronic means of communication.

8.2 Amendments and Waivers

BRI may amend this Agreement by providing 30 days' written notice of the amendment to Brewer. Brewer is bound by this Agreement and subsequent amendments. Brewer is required to sign and deliver any amended Agreement to BRI within 30 days of request by BRI, failing which BRI may withhold any payments due to Brewer and/or elect not to perform any or all of the Basic Services until Brewer has complied with this requirement. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give such waiver and, unless otherwise provided in the written waiver, shall be limited to the specified breach waived.

8.3 Dispute

Disputes shall be settled in accordance with Schedule D.

8.4 Force Majeure

No Party hereunder shall be responsible to the other Party for any delay or failure to fulfill the terms of this Agreement if such failure or delay results from an act of God, an act of a public enemy, an act of sabotage, riot, fire, flood, explosion or other catastrophe, an accident, a freight embargo or any other cause beyond the reasonable control of the Party whose failure or delay is to be excused.

8.5 Assignment

Neither this Agreement nor any interest in it may be assigned by Brewer without the prior written consent of BRI. Any sale or other disposition or granting of any interest in Brewer or any series of transactions whereby a change in control in Brewer is effected shall be deemed to be an assignment of this Agreement to which this Section 8.5 applies; in the case of a corporation "control" shall have the meaning set out in the *Business Corporations Act*, 1990 (Ontario). BRI shall be entitled to assign this Agreement without the consent of Brewer.

8.6 Governing Law and Attornment

This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Brewer hereby attorns to the exclusive jurisdiction of the courts of Toronto, Ontario.

8.7 Canadian Dollars

All references herein to dollars are to the lawful currency of Canada.

8.8 Successors and Assigns

The provisions of this Agreement shall endure to the benefit of and be binding upon the successors and assigns of BRI and subject to the consent of BRI having first been obtained, the successors and assigns of Brewer.

8.9 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

[Signature pages follow]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement under seal as of the Commencement Date.

BREWERS RETAIL INC.

By: _____
Name: Roy Benin
Title: President

[_____]

By: _____
Name: _____
Title: _____

c/s

By: _____
Name: _____
Title: _____

SCHEDULE A

Basic Services Currently Available from BRI

Basic Services

BRI will provide Basic Services in respect of the sale of Beer in BRI's retail outlets and for sales through BRI to Licensee consumers, embassies and special occasion permit customers. "Basic Services" will be comprised of the following:

- ordering stock from Brewer;
- receiving palletized stock at distribution centres or retail outlets;
- selling over the counter at retail outlets;
- processing orders from and delivering to Licensee, special occasion permit holders and embassies;
- collecting empty containers from and refunding deposits to retail customers and Licensees;
- palletizing empty containers;
- rotating stock; and
- providing periodic information to Brewer on sales of SKUs per store.

SCHEDULE B

Ontario Bottle Allocation Agreement

- (1) For the purpose of this Ontario Bottle Allocation Agreement (“**Allocation Agreement**”), the term “Industry Bottle” shall be as defined in the Standard Mould Bottle Agreement (“**SMBA**”), as amended from time to time.
- (2) Schedule B1, Purchasing Section, as attached, describes the procedure to be followed in order to purchase Industry Bottles.
- (3) The Brewer agrees to be bound by the provisions of the Purchasing Section as set forth in Schedule B1 to this Allocation Agreement.
- (4) For the purpose of this Allocation Agreement, “Ontario Float” will be defined as the quantity of empty Industry Bottles in the possession of BRI at any given point.
- (5) Subject to the Brewer’s ability to apply for and possibly obtain an exemption from BRI from such requirements, the Brewer must withdraw Industry Bottle glass from the Ontario Float in direct proportion to the share that the Brewer’s products, which are sold in the Industry Bottle, have of the total Ontario sales for all products sold in the Industry Bottle.
- (6) If the Brewer is party to this Allocation Agreement, it agrees to pick up empties at the BRI retail store requested by BRI within the time frame set by BRI, from time to time.
- (7) BRI will calculate the Industry Bottle Allocation for each Brewer as per the method described in Schedule B2 attached.
- (8) At a minimum of once annually, or at the request of any Brewer that is a party to this Agreement, the Brewer will reconcile its accumulated over/short position as determined by the calculation described in Schedule B2. Brewer is responsible for effecting the reconciliation by either: (i) delivering sufficient Industry Bottles to BRI, or (ii) picking up from BRI sufficient Industry Bottles, to remedy the over or short position. In the event that the Brewer does not affect the required reconciliation described above, BRI reserves the right to revert over/short positions to zero on an annual basis.
- (9) The Brewer may terminate its participation in the Allocation Agreement by providing BRI with 12 months’ prior written notice. Before the date of termination specified in such notice, BRI may require the Brewer to purchase, and remove from BRI at the Brewer’s expense, that Brewer’s allocation of Industry Bottle glass as determined by BRI. Purchase price will be the deposit value of such bottles.
- (10) The cessation of sale of a Brewer’s products in the Industry Bottle for a period of 3 or more consecutive months (for reasons other than a force majeure) will be deemed a termination of this Allocation Agreement by that Brewer. In such instances Section 9 above will apply.

SCHEDULE B-1

Ontario Bottle Allocation Agreement

Purchasing Section

- (1) Bottles will be purchased only from approved suppliers and in accordance with the specifications outlined in the “Technical Agreement”. A list of approved suppliers will be maintained by the Technical Committee and by BRI.
- (2) All bottle supply contracts must be based on supplier acceptance of critical defects as defined in the Technical Agreement.
- (3) The Brewer will be responsible for the purchase of new bottles required to establish its float requirements.
- (4) The Brewer will be responsible for the purchase of bottles to maintain the float on an ongoing basis.
- (5) The Brewer will notify BRI of the occurrence of critical defects detected in bottles supplied by any mutual source, providing complete detail related pallet identification, etc.
- (6) Arrangements between individual brewers and their suppliers as to price, payment terms, etc., will be negotiated separately and on a confidential basis.

SCHEDULE B-2

Ontario Bottle Allocation Agreement

Determination of Brewer Bottle Allocation

- (a) Sales of a brand converted to or introduced in the Industry Bottle, are updated into the calculation of the over/short position each week commencing six (6) weeks after sales of that brand in the Industry Bottle have begun. The sales for weeks 1 to 6 are not included in the calculation.
- (b) The quantity of empty Industry Bottles returned to a brewer will be included in the calculation of the Bottle Allocation (over/short position) immediately upon such return.
- (c) The over/short position will be produced weekly and will be based on brand sales and empties returned accumulated on a BRI fiscal year to date basis up to and including the prior week.
- (d) The fiscal year to date over/short position for each Brewer will be maintained within the lesser of
 - a) 100,000 equivalent dozens; or
 - b) 13 weeks average sales of that brewer's products packaged in the Industry Bottle.
- (e) Any over/short position greater than the limits described herein will be brought into balance over the following weeks.
- (f) Fiscal year-to-date sales and empty returns will be reset to zero commencing with each new fiscal year. A brewer's accumulated over/short position may continue over the fiscal year end or until it has been brought into a balanced position if requested by the brewer and agreed to by BRI. Otherwise, over/short positions will revert to zero as per the conditions set forth in Section 8 of Schedule B.

SCHEDULE C

Payment Terms

1. **Inventory Valuation Pricing**

As part of its ordinary course inventory acquisition policies, BRI pays LCBO in exchange for the supply of imported Beer. Similarly, when a Brewer increases or decreases the price of a particular import SKU and BRI has this SKU in its inventory, BRI pays or charges the Brewer an incremental amount. BRI shall not be required to pay Brewer for any Beer that in BRI's reasonable view is priced at an unrealistic level that is intended to provide Brewer with a form of financing for Beer that is unlikely to be sold in the ordinary course.

2. **Components of Brewer Remit Adjustments**

The components of the Brewer Remit adjustments include but are not limited to: Basic Service Fees, Container Deposits, Old Code Amounts, Pallet Deposits, Empty Container Purchase Fees and duties incurred within the Accounting Period.

3. **Settlement of Brewer Remits**

- a. Brewer Remits net of adjustments, as contemplated in Section 2 above, must be paid in full, no later than the fourth Friday following the end of the applicable Accounting Period for import SKUs.
- b. Brewer Remits net of adjustments, as contemplated in Section 2 above, must be paid in full, no later than ten days after the sale of Beer received by BRI on a consignment basis.
- c. BRI reserves the right to amend such payment terms as may be dictated by future events.

SCHEDULE D

Dispute Resolution

1. Definitions and Interpretation

- (a) **Definitions** – Unless otherwise defined in this Schedule, all terms defined in the Agreement which are used in this Schedule have the same meaning as provided for those terms in the Agreement. Where used in this Schedule, unless the context or subject matter otherwise requires, the following words and phrases shall have the meaning set forth below:

“**Act**” means the *Arbitration Act, 1991* (Ontario) or the *International Commercial Arbitration Act* (Ontario), as applicable;

“**Approved Arbitrator**” means a retired judge of the Supreme Court of Canada, Ontario Superior Court or Court of Appeal or a senior qualified lawyer who is impartial and independent of the Parties;

“**Arbitration Tribunal**” means the arbitrator appointed pursuant to Section 2 of this Schedule;

“**Court**” means the Ontario Superior Court of Justice;

“**Dispute**” means any matter which a Party, in accordance with the Agreement, submits to arbitration in accordance with the terms of this Schedule;

“**Procedures**” means the arbitration procedures described in this Schedule; and

“**Schedule**” means this schedule of arbitration procedures.

- (b) **Governing Law and Jurisdiction** – The seat of the arbitration shall be Toronto, Ontario and all Disputes referred to arbitration (including the scope of the agreement to arbitrate, the law relating to the enforcement of the agreement to arbitrate, any relevant limitation periods, the law governing the procedure of the arbitration, the law relating to available remedies, set-off claims, conflict of laws rules and claims to costs and interest) shall be governed by the laws of the Province of Ontario.

- (c) **Time** – In the computation of time under the Procedures or an order or direction given by the Arbitration Tribunal pursuant to this Schedule, except where a contrary intention appears or the Parties otherwise agree:

- (i) where there is a reference to a number of days between two events, those days shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, even if they are described as clear days or the words “at least” are used;

SCHEDULE D - Page 2

Dispute Resolution

- (ii) where the time for doing any act under this Schedule or any order or direction given by the Arbitration Tribunal expires on a day which is not a Business Day, the act may be done on the next day that is not a Business Day; and
- (iii) delivery of a document or notice provided for in this Schedule or any order or direction given by the Arbitration Tribunal made after 5:00 p.m. (Toronto time) or at any time on a day which is not a Business Day, shall be deemed to have been made on the next Business Day.

2. Commencement of Arbitration

- (a) Any Party (or Parties) (collectively, the “**Claimant**”) may commence arbitration of a Dispute by delivering a written notice (a “**Notice of Arbitration**”) to the Party (or Parties) against whom the Claimant seeks a remedy (collectively, the “**Respondent**”). Where a Dispute arises which involves more than one Respondent, the Claimant may commence arbitration of the Dispute by delivering a Notice of Arbitration to each Party that is a Respondent. Where the Notice of Arbitration alleges breach of this Agreement by the Corporation, the Province shall be provided with a copy of such Notice of Arbitration by the Corporation within 10 days of receipt of the Notice of Arbitration.
- (b) In the Notice of Arbitration, the Claimant shall describe the substance of the Dispute and name three individuals whom the Claimant is prepared to appoint as arbitrator, each of such individuals to be an Approved Arbitrator.
 - (i) Within 10 days of receipt of the Notice of Arbitration, the Respondent shall by Notice to the Claimant agree to the appointment of one of the three individuals named by the Claimant or provide the Claimant with a list of three other individuals who are Approved Arbitrators.
 - (ii) Within 10 days of receipt of the Respondent’s list, by Notice to the Respondent, the Claimant shall agree to the appointment of one of such individuals, or provide a further list of three Approved Arbitrators. The Parties shall continue to exchange lists of three Approved Arbitrators in this fashion until the Arbitration Tribunal is appointed.
 - (iii) If the Arbitration Tribunal is not appointed within 30 days of the initial receipt by the Respondent of the Notice of Arbitration, either Dispute Party may provide copies of the exchanged lists to the Independent Directors, who shall appoint the Arbitration Tribunal by majority vote.

SCHEDULE D - Page 3

Dispute Resolution

- (c) Where any Party is a party to two or more pending arbitrations in relation to the same Dispute, such Party may apply to the Court for the consolidation of such arbitrations and other Parties to such arbitrations shall agree to the consolidation on such terms as the Court shall consider just.
3. **Arbitration Procedures** – The following procedures shall apply to the arbitration of any Dispute, except as the Parties may otherwise agree or as the Arbitration Tribunal otherwise directs:
- (a) Within 20 days of the appointment of the Arbitration Tribunal, the Claimant shall deliver to the Respondent and the Arbitration Tribunal a written statement (the “**Complaint**”) concerning the Dispute setting forth, with particularity, the full names, descriptions and addresses of the Parties, the nature of the Complaint, the allegations of fact supporting the Dispute submitted for arbitration and the relief or remedy sought.
- (b) Within 30 days after the delivery of the Complaint, the Respondent shall deliver to the Claimant and the Arbitration Tribunal a written response (the “**Answer**”) to the Complaint setting forth, with particularity, its position on the Dispute and the allegations of fact supporting the Answer.
- (c) If the Respondent fails to deliver an Answer within the time limit referred to in Section 3(b), the Respondent shall, subject to Section 3(f), be deemed to have admitted the allegations of fact alleged in the Complaint and have accepted the Claimant’s entitlement to the relief and remedy set out in the Complaint.
- (d) Within 10 days after the delivery of any Answer, the Claimant may deliver to the Respondent and the Arbitration Tribunal a written reply to that Answer, setting forth, with particularity, its response, if any, to the Answer.
- (e) If the Respondent wants to submit any other Dispute to the Arbitration Tribunal it may, within the time provided for the delivery of the Answer to the Complaint, also deliver to the Claimant and the Arbitration Tribunal a counter-complaint (the “**Countercomplaint**”) setting forth, with particularity, the nature of the Countercomplaint, the allegations of fact supporting the Countercomplaint and the relief or remedy sought, for the Arbitration Tribunal to decide. Within 20 days of the delivery of a Countercomplaint, the Claimant shall deliver to the Respondent making a Countercomplaint and the Arbitration Tribunal a written response to such Countercomplaint (the “**Response to Countercomplaint**”) setting forth, with particularity, its position on the Countercomplaint and the allegations of fact supporting the Response to Countercomplaint. If the Claimant fails to deliver a Response to Countercomplaint within such 20 day period, the Claimant shall be deemed, subject to Section 3(f), to have admitted the allegations of fact alleged in the Countercomplaint, and have accepted the Respondent’s entitlement to the

Dispute Resolution

relief and remedy set out in the Countercomplaint. Within 10 days after the delivery of a Response to Countercomplaint, the Respondent may deliver to the Claimant and the Arbitration Tribunal a written reply to such Response to Countercomplaint setting forth, with particularity, its response to such Response to Countercomplaint. Any Dispute submitted to arbitration in accordance with this Section 3(e) shall be governed by, and dealt with as if it were the subject of a Notice of Arbitration, that shall be determined by the same Arbitration Tribunal as part of the same arbitration proceeding as the Notice of Arbitration.

- (f) The time limits set for the delivery of the documents referred to in Sections 3(a) to 3(e) inclusive may be extended by agreement of the Parties or by the Arbitration Tribunal for such period, on such terms, and for such reasons as the Arbitration Tribunal may determine upon application made to the Arbitration Tribunal in writing by either the Claimant or the Respondent on Notice to the other, with such application being made either before the expiry of the time limit in issue or within two days after such expiry, and the Arbitration Tribunal may relieve the applying Dispute Party of the consequences of its failure to comply with the time limit in issue, provided, however, that the other Dispute Party shall be given an opportunity to make submissions on the application.
- (g) Within 20 days following the completion of the steps set out in Sections 3(a) to 3(e) of this Schedule, a Dispute Party may, upon Notice to the other Dispute Party and to the Arbitration Tribunal, request the Arbitration Tribunal to give directions and make any order which is, in the discretion of the Arbitration Tribunal, reasonable regarding any procedural matters which properly should be resolved before the arbitration proceeds further, including the amendment of any pleadings, the provision of particulars, the production of documents and the need for examinations for discovery in connection with the arbitration, either by way of oral examination or written interrogatories, and a determination as to the manner in which evidence shall be presented to the Arbitration Tribunal (by way of agreed statement of facts, sworn evidence and transcripts of cross-examinations on such sworn evidence or viva voce, or some combination thereof). In making any order or giving any direction in respect of any procedural matter the Arbitration Tribunal may impose such terms as are reasonable in order to ensure the completion of the arbitration in a timely manner. The Notice requesting any direction or order pursuant to this subsection shall state the direction or order sought and set out the reasons for seeking such direction or order. Nothing in this Section shall be taken to limit the jurisdiction of the Arbitration Tribunal to deal with procedural matters in accordance with the Act.

SCHEDULE D - Page 5

Dispute Resolution

- (h) If no Dispute Party has requested directions in accordance with Section 3(g), the Arbitration Tribunal shall give directions regarding the further procedural steps in the arbitration, including any production of documents, any examinations for discovery, and the nature of any hearing (“**Hearing**”). In making any order or giving any direction in respect of any procedural matter the Arbitration Tribunal may impose such terms as are reasonable in order to ensure the completion of the arbitration in a timely manner. Each of the Parties shall have an opportunity to make oral submissions to the Arbitration Tribunal in respect of such procedural steps.
 - (i) Unless the time for making an award is extended by agreement of the Parties or by court order, the Arbitration Tribunal shall make an award within 60 days after completion of any Hearing or other final procedural step in which evidence or argument are provided to the Arbitration Tribunal. The award shall be in writing and shall state the reasons on which it is based. Executed copies of all awards shall be delivered by the Arbitration Tribunal to each Dispute Party as soon as is reasonably possible.
- 4. **Agreement to be Bound** – No individual shall be appointed to the Arbitration Tribunal unless he or she agrees in writing to be bound by all provisions of this Schedule.
- 5. **Arbitration Tribunal Discretion** – Subject to the Act, the Agreement and this Schedule, the Arbitration Tribunal may conduct the arbitration in such manner as the Arbitration Tribunal considers appropriate.
- 6. **Interim Relief** – At the request of any Dispute Party to the arbitration, the Arbitration Tribunal may take such interim measures as the Arbitration Tribunal considers necessary in respect of the Dispute, including measures for the preservation of assets, the conservation of goods or the sale of perishable goods. The Arbitration Tribunal may require security for the costs of such measures.
- 7. **Remedies** – The Arbitration Tribunal may make final, interim, interlocutory and partial awards. An award may grant any remedy or relief which the Arbitration Tribunal considers just and equitable. The Arbitration Tribunal shall state in the award whether or not the Arbitration Tribunal views the award as final or interim, for purposes of any judicial proceedings in connection with such award.
- 8. **Experts** – The Arbitration Tribunal shall not, without the written consent of the Parties to the arbitration, appoint any expert or other consultant or retain any counsel to advise him or her.

SCHEDULE D - Page 6

Dispute Resolution

9. **Appeal** – The award of the Arbitration Tribunal shall be final and binding on the Parties to the arbitration, and shall not be subject to any appeal to court, even on questions of law. An appeal on any question of fact, law or mixed fact and law may be made to an appeal arbitration tribunal composed of three arbitrators (the “**Appeal Arbitration Tribunal**”), who shall be chosen through the process set out in paragraph 2 of this Schedule. The procedures to be applied by the Appeal Arbitration Tribunal shall be determined by that tribunal as it considers appropriate. The award of the Appeal Arbitration Tribunal shall be final and binding and shall not be subject to any appeal to court or to any other arbitrator, even on questions of law. The Appeal Arbitration Tribunal may grant interim relief. The Appeal Arbitration Tribunal may dismiss the appeal, or give the award that it finds the Arbitration Tribunal should have given.
10. **Costs of Arbitration** – The fees and expenses of the Arbitration Tribunal and any Appeal Arbitration Tribunal and costs of the arbitration facilities shall be periodically billed to and paid in equal proportions by the Parties to the arbitration as the Arbitration proceeds. The Arbitration Tribunal and any Appeal Arbitration Tribunal shall have the power to award costs, including the fees and expenses of the Arbitration Tribunal and costs of the arbitration facilities, the fees and expenses of the Beer Ombudsman (as such term is defined in the Master Framework Agreement) in connection with any mediation of the same Dispute and costs of the mediation facilities, and the legal fees of an opposing Dispute Party in the mediation and the arbitration upon hearing submissions by any Dispute Party requesting same, and any responding submissions from the other Dispute Party. All of these costs shall be awarded to the successful party on a full indemnity basis, as such term or equivalent amended term is used in the *Rules of Civil Procedure*.
11. **Interest** – The Arbitration Tribunal shall award pre- and post-judgment interest on any damages awarded to the successful party in accordance with the *Courts of Justice Act* (Ontario).
12. **Notices** – All Notices and all other documents required or permitted by this Schedule to be given by any Dispute Party to the arbitration to the other shall be given in accordance with Section 8.8 of the Agreement. All Notices and all other documents required or permitted by this Schedule to be given by any Dispute Party to the arbitration to the Arbitration Tribunal shall be given in accordance with the Arbitration Tribunal’s instructions.
13. **Confidentiality** – The existence of the arbitration and any element of the arbitration (including an appeal) shall be confidential. Confidential information regarding the property, business or affairs of any Dispute Party that is disclosed during the arbitration shall be kept confidential by the Arbitration Tribunal, any Appeal Arbitration Tribunal and all other Dispute Parties.