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February 16, 2016

Name

Address

Email

**Operating Agreement**

Between:

Name (BDL #00000) (LRS Operator)

- and -

Brewers Distributor Limited (“BDL”)

This letter serves to establish the terms and conditions of an operating agreement between the Parties for the collection of empty beverage containers in the province of British Columbia.

**Obligations of the Parties**

The LRS Operator agrees that they will collect empty glass beer and cider bottles, as well as domestic and import beer cans (“Beer Containers”), and will ship these empty Beer Containers to BDL or its agent. These Beer Containers are to have been sold in British Columbia and appear to not have been processed previously or not contained beer.

The LRS Operator agrees to, at all operating times; accept unlimited returns of empty Beer Containers from consumers and to pay these individuals the full cash refund of the deposit on the Beer Containers, as required by BC law.

The LRS Operator agrees to sort and ready to ship Beer Containers in compliance with BDL requirements, as established from time to time. All refillable bottles within cases must be sorted according to type. All Import and Non-refillable bottles may be mixed. Palletizing requires all ISB cases be positioned at the base or bottom with 24 dozen per layer and all minor brands placed on top. Determined by return volume, less than full pallet amounts may be shipped. Cans require no sorting however returns must properly fill the shipping container(s), if provided.

BDL agrees to reimburse the LRS Operator for deposit refunds and to pay the LRS Operator a handling commission of $0.18 per dozen Beer Containers.

BDL agrees to provide the LRS Operator with the appropriate inventory of supplies and shipping containers to comply with BDL sorting requirements. The LRS Operator agrees to inform BDL in a timely manner of any replenishing of supplies that are needed.

BDL agrees to receive and count both empty Beer Containers and shipping containers.

BDL agrees to reconcile the count to the LRS Operator’s bill of lading.

**Term of the Agreement**

The natural duration of this operating agreement will be one (1) year from the date of execution and, with the mutual consent of both parties, will continue automatically for a further four (4) year period.

Either party may terminate this agreement at any time by providing thirty (30) days written notice or the agreement may be terminated if either party defaults on its obligations, as set out above. In such an instance, the non-defaulting party shall inform, in writing, the defaulting party of the failure to perform. The defaulting party will then have fourteen (14) days to remedy this failure. If the failure to perform is not remedied within that time, the non-defaulting party may terminate this agreement, effective thirty (30) days from the date on which the defaulting party first received notice to remedy such default.

The locations to which notice shall be served are as set out above for the LRS Operator and, for BDL, to:

Jace Hunter   
Advisor, Container Returns   
Brewers’ Distributor Limited  
1711 Kingsway Ave.  
Port Coquitlam, British Columbia, V3C 0B6  
jace.hunter@bdl.ca

Linda Fritz

Senior Manager, Stewardship Recycling & Container Recovery

5900 Explorer Drive

Mississauga, Ontario, L4W 5L2

[linda.fritz@thebeerstore.ca](mailto:linda.fritz@thebeerstore.ca)

Aaron Sanderson  
Director, Finance  
5900 Explorer Drive  
Mississauga, Ontario, L4W 5L2  
[aaronsanderson@thebeerstore.ca](mailto:aaronsanderson@thebeerstore.ca)

**Adjustments**

Should there be a discrepancy between the count given by the LRS Operator and the count made by BDL; BDL will contact the LRS Operator to resolve the discrepancy. Upon agreement of the adjustment, BDL will net the adjustment amount against any monies owing the LRS Operator on their next invoice following the adjustment agreement.

**Dispute Resolution**

If the Parties cannot reach an adjustment agreement, or if any other dispute arises between them, the Parties will look to resolve the dispute through discussions, either in person or over the phone.

If these discussions do not lead to a resolution, the Parties will communicate in writing to establish the facts of the dispute and undertake best efforts to reconcile the dispute in a timely manner.

In the event that the above procedures do not produce a resolution, the parties are subject to binding arbitration following procedures and an arbitrator agreeable to both parties.

**Assignment**

BDL may assign or delegate all or any portion of BDL’s rights, duties or obligations set forth in this agreement to such other party as BDL may determine. BDL will advise the LRS Operator in writing of any assignment.

**Confidentiality**

Any financial information or information respecting volumes of Beer Containers handled by the LRS Operator shall not be disclosed by BDL or the LRS Operator unless required to do so by law or with the express consent and waiver of such confidentiality by the Parties. Confidentiality does not apply to statistical information, provided the information is disclosed in a manner which does not identify volumes or financial information applicable to a specific LRS Operator.

**Agreed** to this \_\_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_.

**LRS Operator**

Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 Authorized signature

**BDL TBS**

Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
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Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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