

SERVICES AGREEMENT

THIS AGREEMENT is made effective as of the 30th day of June, 2007,

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the **LIQUOR DISTRIBUTION BRANCH** of the Ministry of Public Safety and Solicitor General, with an office at 2625 Rupert Street, Vancouver, British Columbia V5M 3T5

("LDB");

AND:

ENCORP PACIFIC (CANADA), with an office at 206 – 2250 Boundary Road, Burnaby, BC V5M 3Z3

("Encorp").

WHEREAS:


A. Encorp is an agency within the meaning of the British Columbia *Recycling Regulation* (the "**Regulation**"), and has an approved plan (as defined in the Regulation) in respect of used beverage containers (as such plan may be amended from time to time, the "**Stewardship Plan**");

B. Encorp has been appointed as the agency within the meaning of the Regulation for producers (as defined in the Regulation, and herein "**Producers**") of wine, spirit and non refillable beer, cider and cooler bottles of the types set out in Schedule "A" hereto (the "**Containers**");

C. The LDB will collect and remit to Encorp of all: (i) deposits to be collected from purchasers or Producers of Containers throughout British Columbia in amounts as are required by the Regulation from time to time ("**Deposits**"); and (ii) container recycling fees ("**CRFs**") from purchasers or Producers in an amount per container sold in British Columbia as set out in Schedule "A" hereto ("**CRFs**"); and

D. Encorp will pay to LDB certain handling fees for each Container returned to government operated liquor stores in British Columbia ("**GLS**") and made available for pick-up by Encorp in an amount per Container as set out in Schedule "A" hereto ("**Handling Fees**").

IN CONSIDERATION of the mutual promises contained in this Agreement, the parties agree as follows:


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SECTION 1 INTERPRETATION


- 1.1 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the parties to this Agreement submit and attorn to the exclusive jurisdiction of the Courts of the Province of British Columbia.
- 1.2 **Headings.** The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.
- 1.3 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, oral or written, by and between the parties with respect to the subject matter of this Agreement.
- 1.4 **Severability.** Should any provision of this Agreement be void or unenforceable it shall be severed from this Agreement and the remainder of this Agreement shall remain in full force and effect and shall be interpreted and construed as if the stricken provision had never formed part of this Agreement.

SECTION 2 DEPOSIT AND CRF COLLECTION AND REMITTANCE

- 2.1 **Collection and Remittance of Deposits and CRFs.** LDB shall collect and remit to Encorp all Deposits and CRFs as follows:
- (a) In respect of Deposits and CRFs advanced on estimated sales occurring from the beginning of any LDB financial period and the end of the second week of the LDB financial period, by 14 business days after the end of the second week of the LDB financial period; and
 - (b) In respect of Deposits and CRFs on sales occurring for the entire LDB financial period less the estimated amount advanced for the first two weeks, by fourteen business days following the end of that LDB financial period.
- 2.2 **Determination of CRFs.** Encorp may amend the amount of the CRFs once per year, and shall provide three months written notice thereof to the LDB. On receipt of such notice by the LDB, Schedule "A" hereto shall be deemed to have been amended accordingly. Changes to CRFs will be implemented on April 1 of each year or on a date mutually agreed to by Encorp and LDB.

SECTION 3 SORTING AND HANDLING FEES

- 3.1 **Sorting.** The LDB will, in a neat and timely manner, package, sort and prepare for pick-up by Encorp, containers in volumes and packages as agreed to by LDB and Encorp.
- 3.2 **Handling Fees.** LDB may invoice Encorp for Handling Fees twice per LDB financial period; once for Handling Fees for estimated GLS returns from the beginning of the


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LDB financial period to the end of the second week of the LDB financial period, and a final billing for the entire LDB financial period less the amount advanced for the first two weeks. Encorp shall pay the undisputed amounts of all such invoices within fourteen business days of receipt.

3.3 **Determination of Handling Fees.** Handling fees will be reviewed annually and may be modified based on mutual agreement by the parties taking into consideration such factors as inflation, quality and level of compliance to the sorting specifications and changes in the number of containers returned to government liquor stores.

3.4 **Corrections.** When Encorp and LDB agree that there have been errors in the amount of deposits, CRFs or handling fees paid by one of the parties to the other, the parties shall correct the payments promptly.

SECTION 4 TERM AND TERMINATION


4.1 **Term.** Subject to earlier termination pursuant to 4.2, the term of this agreement (the "**Term**") commences on June 30, 2007 and continues through to and includes March 31, 2012 ("**Initial Term**"), provided however, the Term shall automatically be extended thereafter for successive two year periods (each, a "**Renewal Term**") unless and until either party provides written notice of termination to the other at least six months before the expiry of the Initial Term or the then current Renewal Term, in which event the Term shall expire at the end of the Initial Term or the then current Renewal Term as applicable.

4.2 **Termination.**

- (a) Either party may terminate this Agreement for convenience at any time, without penalty or default, on six (6) months' prior written notice to the other.
- (b) Either party may terminate this Agreement at any time, without penalty or default, in the event the other party is in material breach of this Agreement, immediately on written notice to the party in breach.
- (c) In the event of a termination of this Agreement pursuant to this Section 4.2, the rights and obligations of the parties hereunder shall survive the termination of this Agreement but only to the extent arising from or in connection with the period before termination.

SECTION 5 GENERAL

5.1 **Notice.** Any communication which any party is required or wishes to make to any other party pursuant to this Agreement will be effective and valid only if in writing and actually delivered (including by facsimile) to the other party at the address of such party set out at the beginning of this Agreement or at such other address as such party may from time to time

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designate by notice delivered in accordance with this subsection. Notice will be deemed given when received or if delivery is refused on the date delivery is so refused.

5.2 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors.

5.3 **Time of the Essence.** Time is expressly declared to be of the essence of this Agreement.

5.4 **Waiver.** Any waiver by a party or any failure on a party's part to exercise any of its rights in respect of this Agreement shall be limited to the particular instance and shall not extend to any other instance or matter in this Agreement or in any way otherwise affect the rights or remedies of such party.

5.5 **Further Assurances.** The parties agree to execute and deliver all such other and additional instruments or documents and to do all such other acts and things as may be necessary to give full effect to this Agreement.

5.6 **Counterparts.** This Agreement may be executed in one or more counterparts or by facsimile transmission and if so executed such counterparts or facsimile transmissions shall be read and construed together as if they formed one document.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first above written.

ENCORP PACIFIC (CANADA)

**HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH
COLUMBIA, as represented by the
LIQUOR DISTRIBUTION BRANCH of
the Ministry of Public Safety**

Per:



Per:



Print Name:

Bill Chan

Print Name:


Roger Bissoondatt


Date:

JULY 9 2007

Date:

June 27, 2007


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SCHEDULE "A"

Container Category	Container Recycling Fees (CRFs)	Handling Fees
Glass Wine & Spirit <=1L	\$0.09	\$0.030
Glass Wine & Spirit >1L	\$0.12	\$0.030
Non-Refillable Beer, Cider, Cooler Glass <=1L	\$0.06	\$0.025
Non-Refillable Beer, Cider, Cooler Glass >1L	\$0.07	\$0.030
Plastic, Tetra Pak, Cartons <=1L	\$0.02	\$0.030
Plastic, Tetra Pak, Cartons >1L	\$0.07	\$0.030
Bag in Box >1L	\$0.00	\$0.070

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AMENDMENT

THIS AMENDMENT is effective as of the 4th day of September 2016.

BETWEEN

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the General Manager of the LIQUOR DISTRIBUTION BRANCH (the "LDB")

AND

ENCORP PACIFIC (CANADA) ("Encorp")

BACKGROUND

The parties entered into a Services Agreement effective as of the 30th day of June, 2007, as amended from time to time (the "Agreement").

The parties have agreed to modify the Agreement in the manner set out in this Amendment to be effective as of the date first written above.

AGREEMENT

In consideration of the covenants and agreements contained in this Amendment, the parties agree as follows:

(1) Section 3.1 of the Agreement, Sorting, is deleted and the following is substituted therefor:

"3.1 Sorting.

- (a) The LDB will, in a neat and timely manner, package, sort and prepare for pick-up by Encorp, Containers in volumes and packages as agreed to by LDB and Encorp.
- (b) The LDB will be implementing a new point-of-return system ("**POR-System**") on a GLS-by-GLS basis, which will result in the LDB being able to provide Encorp with more accurate reporting of Containers picked-up by Encorp from each GLS, in which case the parties will perform the obligations as set out in Schedule "B" hereto for each GLS after the LDB has provided written notice for that GLS in accordance with Section 3.3 (b)."

(2) Section 3.3 of the Agreement, Determination of Handling Fees, is deleted and the following is substituted therefor:

"3.3. Determination of Handling Fees.

- (a) Base Handling Fees: The base Handling Fee rates payable by Encorp to the LDB under this Agreement are as set out in Schedule "A" hereto.
- (b) Increased Handling Fees: Once the LDB has implemented the POR System in a particular GLS, the LDB will provide Encorp with written notice. As of the date of such notice, Encorp will pay the LDB Handling Fees for Containers handled by that GLS at the applicable rate set out in Schedule "A" hereto plus 3.0%."

(3) Section 4.1 of the Agreement, Term, is deleted and the following is substituted therefor:

"4.1 Term. Subject to earlier termination pursuant to Section 4.2, the term of this Agreement commences on June 30, 2007 and continues through to and including March 31, 2020 (the **"Term"**)."

(4) Section 5.1 of the Agreement, Notice, is amended by adding "or electronic transmission" after "facsimile".

(5) After Section 5.6 of the Agreement, Counterparts, the following new section is added:

"5.7 Confidentiality. Encorp must treat as confidential all information accessed or obtained by it (whether verbally, electronically or otherwise) as a result of this Agreement, and not permit its disclosure or use without the LDB's prior written consent except:

- (a) as required to perform Encorp's obligations under this Agreement or to comply with applicable laws; or
- (b) if it is information that is generally known to the public other than as result of a breach of this Agreement.

(6) Schedule "A" of the Agreement is deleted and Schedule "A" as attached hereto is substituted therefor.

(7) After Schedule "A" of the Agreement, Schedule "B" as attached hereto is added.

(8) In all other respects, the Agreement is confirmed.

(9) This Amendment may be executed by a separate copy of this Amendment being executed by, or on behalf of, each party and that executed copy being delivered to the other party by a method provided for in Section 5.1 of the Agreement or any other method agreed to by the parties.

SIGNED AND DELIVERED on the 22 day of September, 2016 on behalf of the LDB by its duly authorized representative:

Signature 

Print Name Roger W. Bissuandatt CFO.

SIGNED AND DELIVERED on the 22 day of September, 2016 by or on behalf of Encorp by its duly authorized signatory:

Signature 

Print Name BILL CHAN

SCHEDULE "A"
CONTAINER TYPES AND FEES

Encorp SKU	Container Type	Container Recycling Fees (CRF)*	Base Handling Fees			
			Sept. 2016	April 1, 2017	April 1, 2018	April 1, 2019
7225	Wine & Spirits Glass ≤ 1L	\$ 0.11	s.21			
7230	Wine & Spirits Glass > 1L	\$ 0.16				
7125	Non-Refillable Beer & Refreshments Glass ≤ 1L	\$ 0.07				
7130	Non-Refillable Beer & Refreshments Glass > 1L	\$ 0.23				
3025	Glass Dealcoholized	\$ 0.09				
1010	Aluminum Dealcoholized	\$ 0.01				
7325	Plastic, Tetra Pak, Pouches ≤ 1L	\$ 0.04				
7330	Plastic, Tetra Pak, Pouches > 1L	\$ 0.08				
7430	Bag in Box > 1L	\$ 0.01				
7435	Non-Refillable Keg > 1L	\$ 1.80				

* CRF is reviewed on an annual basis and is subject to change as per section 2.2 of this Agreement.

SCHEDULE "B"
POR SYSTEM

1. The LDB will sort Containers into separate bins/bags at each GLS according the categories below:

Category	Container Type
Non-Refillable Mixed Glass	Wine & Spirits Glass <=1L
	Wine & Spirits Glass >1L
	Beer & Refreshments Glass <=1L
	Beer & Refreshments Glass > 1L
	Dealcoholized Glass <=1L
Non-Glass, Mixed Containers	Dealcoholized Aluminum <=1L
	Plastic, Tetra, Pouch <=1L
	Plastic, Tetra, Pouch >1L
Bag-in-Box	Bag-In-Box >1L
Non-Refillable Keg	Non-Refillable Keg >1L

- At time of pick-up, the LDB will provide Encorp with a report detailing the quantity of Containers being picked-up by Container type, by bin/bag.
- The LDB will tag each bin/bag with a unique label which has an identifier corresponding to how information on that bin/bag is identified in the report described in Section 2 of this Schedule "B".
- Encorp will periodically perform physical counts of the Containers being picked-up from GLS locations to ensure the quantity of Containers actually picked-up corresponds with the quantities stated on the reports as described in Section 2 of this Schedule "B".