



MANDATE OF THE BEER OMBUDSPERSON

AUGUST 30, 2017

I. GENERAL

1. Mandate

The independent beer ombudsperson (the “**Beer Ombudsperson**”) of the Beer Store (“**TBS**”) is responsible for hearing complaints from brewers and customers regarding Operational Issues (as defined below) relating to TBS¹ and mediating certain disputes², all in accordance with the terms of the unanimous shareholders agreement dated January 1, 2016 entered into between TBS and its shareholders, as amended from time to time (the “**Shareholders Agreement**”). If there is any inconsistency between a provision in this Mandate and a provision in the Shareholders Agreement, the provision in the Shareholders Agreement will govern.

II. PROCEDURAL MATTERS

1. Qualifications

The Beer Ombudsperson must meet the following qualifications:

- (a) he or she is an Ontario resident;
- (b) he or she has the appropriate level of experience and expertise to perform the duties of an ombudsperson, as well as a mediator of commercial arrangements; and
- (c) he or she does not have a direct or indirect material relationship with an Industry Participant (as defined in Appendix A) or any of its Affiliates (as defined in Appendix A) or the Province of Ontario or any of its agencies that could reasonably be expected to interfere with the exercise of that person’s independent judgment as the Beer Ombudsperson.

2. Appointment and Removal

- (a) The Beer Ombudsperson will be appointed from time to time by a majority of the Independent Directors (as defined in the Shareholders Agreement) then in office.³
- (b) The Beer Ombudsperson may be removed by a majority of the Independent Directors then in office.
- (c) Any vacancy occurring by reason of the death, disqualification, inability to act, resignation or removal of the Beer Ombudsman will be filled by a nominee selected, and at a time to be determined, by a majority of the Independent Directors then in office.

¹ Section 6.6(a) of the Shareholders Agreement.

² Section 8.2 of the Shareholders Agreement.

³ Section 6.6(a) of the Shareholders Agreement.

3. Term

The Beer Ombudsperson will be appointed by the Independent Directors for a term of three years, beginning on the date of his or her appointment. The Beer Ombudsperson may serve for successive terms, provided that no Beer Ombudsperson will serve for more than nine years following the date of his or her original appointment.

4. Nature of Engagement

- (a) Consistent with this Mandate, and notwithstanding anything else herein to the contrary, in order to afford the Beer Ombudsperson the necessary degree of independence and autonomy to carry out his or her responsibilities under this Mandate, the Beer Ombudsperson shall not be (and shall not be considered to be) an “employee” of TBS.
- (b) The Beer Ombudsperson will not be expected to devote himself or herself exclusively to the responsibilities set out in this Mandate and may be otherwise engaged or employed provided that such other engagement or employment does not conflict with his or her responsibilities under this Mandate.
- (c) The Beer Ombudsperson will be provided with premises, telephone, computer and other equipment and supplies and will be allocated human resources assistance at TBS’s offices, as are necessary for him or her to fulfil the responsibilities set out in this Mandate.
- (d) The Beer Ombudsperson will not have the power to direct TBS employees or to contract on behalf of TBS, or, except as specifically contemplated in this Mandate, to otherwise use or deploy TBS resources.

5. Compensation and Expenses

- (a) In addition to the resources provided to the Beer Ombudsperson under Section 4(b), reasonable compensation and out-of-pocket expenses of the Beer Ombudsperson will be paid by TBS in accordance with TBS’ policies.
- (b) The Independent Directors will by majority vote assess the performance of and, acting reasonably and in consultation with the Board (as defined in the Shareholders Agreement), determine the compensation of the Beer Ombudsperson from time to time.⁴
- (c) The Beer Ombudsperson will comply with TBS’s expense policies. Any expenses not expressly covered by such policies will be subject to the prior approval of a majority of the Independent Directors, acting reasonably and in consultation with the Executive Committee.

6. Reporting to the Independent Directors

The Beer Ombudsperson will report to the Independent Director at least annually on all significant matters he or she has considered and addressed and with respect to such other matters that are within his or her responsibilities.

⁴ Section 6.6(c) of the Shareholders Agreement.

7. Mandate Review

The Board will review and assess the adequacy of this Mandate on an annual basis. Any changes to this Mandate must be approved by the Board, including the approval of a majority of the Independent Directors then in office.

III. RESPONSIBILITIES

1. General

- (a) The Beer Ombudsperson will act as impartial and objective sounding board and mediator on matters relating to TBS.
- (b) While fulfilling his or her responsibilities set out in this Mandate, the Beer Ombudsperson will not act in any manner that interferes with the business and operations of TBS.

2. Hearing Complaints Regarding Operational Issues

- (a) The Beer Ombudsperson will hear complaints (“**Complaints**”) from brewers and customers about issues relating solely to the day-to-day business operations of TBS (“**Operational Issues**”) with a view to resolving Complaints through advice and discussion and by exploring available options. For clarity, Operational Issues do not include: (i) matters typically reserved for consideration by a board of directors, including the development and implementation of corporate policies and other strategic matters; and/or (ii) matters relating to the proper operational performance and discharge of Board approved policies and strategies.
- (b) The Beer Ombudsperson will act independently and will not act as a representative of the complainant, the Province of Ontario, TBS or its shareholders, or of users of the TBS system.
- (c) The Beer Ombudsperson will require that every Complaint made to the Beer Ombudsperson be made initially in writing.
- (d) If, in the course of the hearing of any Complaint, it appears to the Beer Ombudsperson that the Complaint is not related to Operational Issues relating to TBS, the Beer Ombudsperson shall refuse to hear the matter further. More specifically, if the subject-matter of the Complaint is trivial, the Complaint is frivolous or vexatious or is not made in good faith or the complainant does not have a sufficient personal interest in the subject-matter of the Complaint, the Beer Ombudsperson shall refuse to hear the matter further. If the Beer Ombudsperson is not permitted in accordance with this above or otherwise decides, in his or her discretion, not to further hear a Complaint, the Beer Ombudsperson will inform the complainant in writing and may, if he or she thinks fit, state the reasons therefor.
- (e) The Beer Ombudsperson may hear or obtain information from such persons as he or she thinks fit, and may make such inquiries as he or she thinks fits with a view to resolving the Complaint. It is not necessary for the Beer Ombudsperson to hold any hearing and no person other than TBS is entitled as of right to be heard by the Beer Ombudsperson.
- (f) The Beer Ombudsperson shall maintain in confidence the existence and nature of all Complaints and shall not comment publicly on the details of any Complaint. However, the Beer Ombudsperson may include in his or her annual report a summary of the types of Operational Issues that were the subject of Complaints received during the prior year.

- (g) If the Beer Ombudsperson is unable to resolve a Complaint, it may be submitted to the dispute resolution process established pursuant to Section 8.2 of the Shareholders Agreement.⁵

3. Mediation of Disputes under the Shareholders Agreement⁶

- (a) If a controversy or dispute arising out of or relating to the Shareholders Agreement, including its validity, existence, breach, termination, construction or application, or the rights, duties or obligations of any party thereto or any other legal relationship associated with or arising from the Shareholders Agreement (a “**Dispute**”) is not initially resolved in accordance with Section 8.2(b) of the Shareholders Agreement, the Beer Ombudsperson will assist the disputing parties to attempt to reach an equitable solution through mediation in accordance with Section 8.2(c) of the Shareholders Agreement.
- (b) The Beer Ombudsperson is not authorized to impose a decision or resolution of the Dispute on the disputing parties in the course of the mediation.
- (c) The Beer Ombudsperson may conduct the mediation in such manner as he or she considers appropriate provided that it is conducted in a manner contemplated in Section 8.2 of the Shareholders Agreement.
- (d) Under the Beer Ombudsperson’s supervision, any settlement reached by the disputing parties during the mediation will be confirmed in writing.
- (e) The existence and any element of any mediation will be confidential and will be subject to the confidentiality provisions in Section 8.1 of the Shareholders Agreement. Confidential information regarding the property, business or affairs of any disputing party that is disclosed during the negotiation or mediation will be kept confidential by the Beer Ombudsperson and all other disputing parties as if Section 8.1 of the Shareholders Agreement included such information within the definition of “Confidential Information”.
- (f) Unless the disputing parties agree to an unequal allocation of costs, the fees and expenses of the Beer Ombudsperson with respect to the mediation and costs of any mediation facilities will be periodically billed to and paid in equal proportions by the disputing parties as the mediation proceeds. Where a Dispute is referred to arbitration under the terms of the Shareholders Agreement, the costs of the mediation will be awarded by the arbitration tribunal pursuant to the procedures set out in the Shareholders Agreement.
- (g) Any Dispute not resolved in its entirety pursuant to Sections 8.2(b) and (c) of the Shareholders Agreement will be referred to and determined by arbitration as set out in the Shareholders Agreement.

4. Annual Reporting and Public Communications

- (a) The Beer Ombudsperson will report to the Independent Directors at least annually⁷ on his or her activities and his or her observations regarding the operations of TBS.

⁵ Section 6.6(b) of the Shareholders Agreement.

⁶ Sections 8.2(b) and (c) of the Shareholders Agreement.

⁷ Section 6.6(c) of the Shareholders Agreement.

- (b) If the Beer Ombudsperson anticipates including an adverse comment about TBS in his or her annual report, the Beer Ombudsperson will inform the Board of the nature of the intended comment and allow the Board the opportunity to respond before including such comment in the annual report.
- (c) The annual report of the Beer Ombudsperson will be made available to the public on TBS's website after its approval by the Independent Directors and presentation to the Board.⁸
- (d) The Beer Ombudsperson will only comment publicly on matters relating to TBS through the annual report, unless otherwise authorized in advance by the Board.

5. Records

The Beer Ombudsperson will maintain records of:

- (a) all Complaints received by the Beer Ombudsperson and all Disputes referred to mediation by the Beer Ombudsperson, including copies of all documents provided to and prepared by the Beer Ombudsperson; and
- (b) all regular reports provided to the Independent Directors and the Board,

for a period of seven years following completion of the Beer Ombudsperson's hearing of a Complaint or mediation of a Dispute or provision of a report, respectively.

⁸ Section 6.6(c) of the Shareholders Agreement.

Appendix A

Definitions

“Affiliate” means, with respect to a party, any person, firm, corporation, partnership (including general partnerships, limited partnerships and limited liability partnerships), limited liability company, joint venture, business trust, association or other entity that directly or indirectly Controls, is Controlled by or is under common Control with such party.

“Industry Participant” means any person, trade association or trade union involved in the beverage alcohol industry in Ontario including, for clarity, Canada’s National Brewers, the Original Owners, any other Qualifying Brewers or any of their Affiliates.