

SERVICE AGREEMENT

**ALBERTA BEVERAGE CONTAINER
RECYCLING CORPORATION**

- and -

**ALBERTA BOTTLE DEPOT
ASSOCIATION**

Implementation Date: August 8th 2016

Approved by the BCMB Board on June 22nd 2016

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SERVICE AGREEMENT

This Agreement made as of [DATE].

BETWEEN:

Alberta Beverage Container Recycling Corporation,
a corporation incorporated under the laws of Alberta
("CSA")

- and -

Alberta Bottle Depot Association
a society incorporated under the laws of Alberta
("ABDA")

The recitals of this Agreement are as follows:

- A. The Regulation provides that Manufacturers shall use and maintain the Common Collection System for recovery and recycling of empty Beverage Containers from Depots and that Manufacturers shall appoint a Collection System Agent with respect to the operation of the Common Collection System.
- B. CSA is the Collection System Agent appointed to act on behalf of Manufacturers.
- C. CSA has been approved as being satisfactory to BCMB and has been operating the Common Collection System up to and including the date of this Agreement;
- D. The Regulation further provides that CSA shall, in accordance with the By-Laws, collect Beverage Containers from Depots.
- E. BCMB is the regulatory authority established under the Environmental Protection and Enhancement Act (Alberta) and the Beverage Container Recycling Regulation to regulate and enhance a leading beverage container system that protects Alberta's environment.
- F. BCMB's CSA By-Law provides that CSA and ABDA shall provide to BCMB a service agreement acceptable to BCMB providing for the following:
 - the times at which and the manner in which Beverage Containers will be collected from Depots;
 - storage and sorting of Beverage Containers pending their collection;
 - the times at which and the manner in which CSA will pay the Depot Operators any amounts required under the Regulation or the By-Laws;
 - any other matters considered necessary.
- G. Upon its approval of this Agreement, BCMB will take all reasonable steps within its authority to see that CSA, ABDA and the Depots comply with this Agreement.

- H. BCMB has confirmed that CSA is authorized to make the deductions from payments to the Depot Operators in accordance with Article 4.4 of this Agreement.
- I. CSA has entered into this Agreement on its own behalf and may retain agents to fulfill its obligations under this Agreement; and
- J. ABDA has entered into this Agreement on behalf of itself and Depot Operators. As specified in their operating permit, each Depot Operator is bound by the obligations placed on them pursuant to this Agreement.

Now therefore in consideration of the mutual covenants herein contained CSA and ABDA agree as follows:

ARTICLE 1 INTERPRETATION

Definitions

Whenever used in this Agreement, the following words and terms shall mean:

- 1.1.1 "Levy" means a charge by BCMB to a Depot, as applicable, for costs associated with monitoring deficiencies related to this Agreement not covered in other fees.
- 1.1.2 "Agreement" means this service agreement, including all schedules.
- 1.1.3 "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 to regulate and enhance a leading beverage container system that protects Alberta's environment.
- 1.1.4 "Beverage Container" means a non-refillable container as defined in the Regulation that has not previously entered the Common Collection System.
- 1.1.5 "Business Day" means one of Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, or Saturday, excluding statutory holidays.
- 1.1.6 "By-Laws" means the by-laws made by the BCMB under section 18 of the Regulation.
- 1.1.7 "Carrier" means an agent engaged by CSA to transport Beverage Containers.
- 1.1.8 "CBill" means a waybill that records a shipment from CSA to a Depot.
- 1.1.9 "Collection System Agent" means the agent appointed by Manufacturers under section 8 of the Regulation and approved by the BCMB.
- 1.1.10 "Common Collection System" means the container collection system in Alberta that does not distinguish Beverage Containers of similar size and material from each other based on the Manufacturer of the Beverage Container.
- 1.1.11 "CRIS Code" means the unique code used to identify separate Material Streams as outlined in Schedule "A".

- 1.1.12 "Depot" means a place operated as a business in Alberta for the collection of Beverage Containers permitted by the BCMB.
- 1.1.13 "Depot Operator" means the owner or operator of a Depot that holds a permit issued by BCMB, excluding Class "D" permits and includes a person acting as a Depot Manager as defined by the BCMB By-Laws.
- 1.1.14 "Day of Depot Operations" means the Business Day that the Depot is open for business based on the information provided by the BCMB to the CSA.
- 1.1.15 "eRBill" means the electronic version of the RBill that includes individual bag information detail for the load that is sent either through a Point of Return Software or through the CSA Web-Portal.
- 1.1.16 "Manufacturer" means a person who manufactures a beverage and includes:
- 1.1.16.1 a person who carries on the business of filling non-refillable containers with a beverage; and
- 1.1.16.2 a person who imports a beverage in a non-refillable container into Alberta for the purpose of distribution or sale in Alberta.
- 1.1.17 "Material Stream" means each category of container for which a specific handling commission is payable as identified in the By-Laws.
- 1.1.18 "Quality Monitoring Tool" (QM Tool) means the BCMB issues management tool used by Depots, ABDA, CSA to track concerns within industry.
- 1.1.19 "Point of Return Software" (POR) is software used by the Depot as defined in the BCMB Depot Operations Bylaw.
- 1.1.20 "Processor" means an agent engaged by CSA to receive and offload Shipment from Depots.
- 1.1.21 "RBill" means a waybill that records a shipment of Beverage Container and/or Shipping Containers from a Depot to CSA.
- 1.1.22 "Regulation" means the Beverage Container Regulation, AR 101/97, as amended or replaced from time to time.
- 1.1.23 "Shipping Containers" means mega-bags, one-way bags, and may include pallets and any other vessels or supplies provided by CSA to each Depot to ship Beverage Containers.

1.2 References

In this Agreement except where expressly otherwise provided or where the context otherwise requires:

- 1.2.1 words in the singular include the plural and vice versa and words importing any one of the masculine, feminine or neuter genders include the other genders;
- 1.2.2 a reference to a statute or regulation or a provision thereof means the statute or regulation or provision as amended or superseded from time to time;

1.2.3 unless otherwise provided a reference to dollars or amounts of money means lawful money of Canada; and

1.2.4 a reference to an article, section, subsection number or schedule shall, unless otherwise stated, be a reference to an article, section, subsection or schedule of this Agreement.

1.3 Headings and Table of Contents

This Agreement is provided with a table of contents and headings and is divided into sections and subsections for convenience of reference only and such shall not affect its construction or interpretation.

1.4 Governing Law

This Agreement shall be interpreted and governed by the laws in force in the Province of Alberta from time to time and any proceedings in respect of it shall be brought and carried on before the courts of the Province of Alberta and all parties attorn irrevocably to the exclusive jurisdiction of such courts.

1.5 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.

1.6 Intent

Recognizing that there is mutual benefit in having industry standards of operation and practice, in searching for continuous improvements in the efficiency and effectiveness of the Common Collection System, and in striving for continuous improvements in the level of service offered to Albertans through the beverage container recycling system of Alberta as a whole, it is the intent of this Agreement to:

1.6.1 capture the individual roles and responsibilities of Depot Operators and CSA with respect to the Common Collection System; and

1.6.2 set out the agreed standards of operation and practice.

1.7 Schedules

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

Schedule "A"	- Approved Beverage Container Counts, Sorts and Shipping Containers
Schedule "B"	- Palletizing Requirements
Schedule "C"	- Shipping Containers
Schedule "D"	- Scheduling of Pick-ups
Schedule "E"	- Bill of Lading Information
Schedule "F"	- Load Reconciliation and Adjustments
Schedule "G"	- Payments
Schedule "H"	- Quality Control ("QC")

ARTICLE 2
NATURE OF RELATIONSHIP

2.1 Work Cooperatively

CSA, ABDA and Depot Operators will work collaboratively together to promote, encourage and foster continual improvements in the Common Collection System.

2.2 Employees

A Depot Operator shall first notify CSA of its intention to hire a person who is also an employee of CSA. CSA shall notify a Depot of its intention to hire a person who is also an employee of that Depot.

2.3 Industry Reporting

CSA and the Depots are required to provide BCMB and industry stakeholders with reliable and verifiable data to measure the success of the Common Collection System.

2.4 No Partnership

Nothing in this Agreement or in the relationship of CSA, ABDA or Depot Operator 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 another party.

2.5 Confidentiality

Certain information within the Common Collection System is critical to the competitive positions of Depot Operators and must be kept confidential. Therefore:

2.5.1 all financial information and information concerning Beverage Container volumes of individual Depots shall be kept confidential by CSA and shall not be disclosed by CSA to anyone that is not BCMB or ABDA, unless required to do so by law or with the consent of the Depot Operator;

2.5.2 if such confidential information is disclosed to BCMB or ABDA, CSA must, along with the disclosure, direct BCMB or ABDA, as applicable, that the information is for internal purposes only and not for further disclosure;

2.5.3 CSA may also provide confidential information to Carriers regarding number of pick-ups, Shipping Containers or information of similar nature, provided that such disclosure excludes Beverage Container volumes of individual Depots, for purposes of establishing Carrier services;

2.5.4 BCMB, ABDA and CSA may aggregate otherwise confidential information and make public such aggregated information;

2.5.5 where CSA acquires information related to a trade secret, process or technique that one or more of ABDA and the Depot Operators keep and identify as confidential and have made known to CSA, CSA shall take all reasonable steps to ensure that the information is not used or released in a form or manner that is likely to undermine the confidentiality of the information or the integrity of the Common Collection System; and

- 2.5.6 where one or more of ABDA and the Depot Operators acquire information related to a trade secret, process or technique that CSA keeps and identifies as confidential and have made known to ABDA/Depot Operator(s), ABDA and the Depot Operator(s), as applicable, shall take all reasonable steps to ensure that the information is not used or released in a form or manner that is likely to undermine the confidentiality of the information or the integrity of the Common Collection System.

ARTICLE 3 ROLE OF DEPOT OPERATORS

3.1 Containers

Depot Operators shall:

- 3.1.1 sort Beverage Containers according to Schedule "A";
- 3.1.2 record the Depot name, sort and number of Beverage Containers on all required parts of the bag tag affixed to each Shipping Container;
- 3.1.3 ensure Shipping Containers are stacked safely for transportation in accordance with Schedule "B";
- 3.1.4 make shipments to CSA in accordance with this Agreement;
- 3.1.5 verify and sign the CBill received from CSA and report variances to CSA in accordance with Schedule "C" through the Quality Monitoring Tool; and
- 3.1.6 comply with the conditions applicable to Depot Operators in respect of Shipping Containers set out in Schedule "C".

In addition to shipping Beverage Containers, a Depot Operator may, with the prior consent of CSA, ship recyclable materials that are not Beverage Containers, on terms to be agreed upon by CSA and that Depot Operator.

3.2 Scheduling, Loading and Receiving

Depot Operators shall:

- 3.2.1 notify CSA of their pick-up requirements in accordance with Schedule "D";
- 3.2.2 ensure that access to the loading door of the Depot is safe and kept free of all obstructions and notify CSA or the Carrier of any weather related obstructions;
- 3.2.3 help guide the trucks/trailers safely into the loading area upon the Carrier's request;
- 3.2.4 be equipped to take receipt of Shipping Containers in a safe manner;
- 3.2.5 facilitate the timely and continuous loading of Shipping Containers on the back of the Carrier's truck/trailer;

- 3.2.6 secure spotted trailers with both a padlock (unless the trailer is backed up to the Depot's loading dock) and pin-lock provided by the CSA;
- 3.2.7 be liable for the contents of the spotted trailer until the trailer has been removed by CSA from the Depot's premises;
- 3.2.8 complete an RBill in accordance with Schedule "E" and submit by fax or electronically to CSA; and
- 3.2.9 accept CSA's off-load tally as the correct record of the shipment if the RBill is missing mandatory detail as outlined in Schedule "E".

ARTICLE 4 ROLE OF CSA

4.1 Shipping Containers

CSA shall provide Shipping Containers as prescribed in Schedule "C" to each Depot to handle each Depot's volume of Beverage Containers. The CSA shall also maintain those Shipping Containers.

4.2 Scheduling and Loading

CSA shall:

- 4.2.1 arrange Carriers to provide for pick-up of Shipping Containers from Depots and will advise the Depot Operators of the Carrier that will service each Depot;
- 4.2.2 direct Carriers to:
 - 4.2.2.1 adhere to the pick-up schedule and, if there are any impending delays, advise the applicable Depot Operator;
 - 4.2.2.2 be equipped to take receipt of Shipping Containers in a safe manner;
 - 4.2.2.3 in the case of a live load, sign RBills acknowledging receipt of the Shipping Containers and verify that the quantity of Shipping Containers matches the RBill;
 - 4.2.2.4 in the case of a spotted trailer, sign RBills acknowledging receipt of the load.
 - 4.2.2.5 provide the necessary pin-locks and padlocks (unless the trailer is backed-up to the Depot's loading dock) when their trailers are spotted at the Depots; and
 - 4.2.2.6 provide keys to the Depot Operator for the padlocks (if appropriate) and the pin-locks.

4.3 Receiving and Reconciliation

CSA shall:

- 4.3.1 receive Shipping Containers delivered by Carriers; and

4.3.2 reconcile Beverage Containers and Shipping Containers received in accordance with Schedule “F”.

4.4 Payments

CSA shall in accordance with the Regulation and Schedule “G”:

4.4.1 reimburse each Depot Operator for the approved refund of each Beverage Container received from the applicable Depot; and

4.4.2 pay each Depot Operator a handling commission in an amount specified in the By-Laws for the Beverage Containers received and properly sorted from the Depot and in respect of which refunds were paid by that Depot Operator.

Such payments shall be reduced by:

4.4.3 an administration fee plus GST set by and payable to ABDA upon CSA having received notice from ABDA;

4.4.4 a per-container levy in accordance with the BCMB By-laws;

4.4.5 enforcement levies that may from time to time be imposed by BCMB in accordance with the BCMB Administrative Compliance By-law; and

4.4.6 any amount remitted or to be remitted to BCMB, at its request, by CSA on behalf of a Depot for any outstanding Levies imposed by BCMB that remains unpaid.

4.5 Third Party Agent

CSA may nominate a third party to act as a Carrier or Processor with of the roles and responsibilities therein. Completion of audits and payment responsibilities will remain with CSA.

ARTICLE 5 DISPUTE RESOLUTION

5.1 Procedure for Individual Depot Disputes

CSA, ABDA and the Depot Operators shall use reasonable best efforts to settle any disputes that arise out of this Agreement. All issues and resolution of those issues shall be documented through the Quality Monitoring Tool. CSA and ABDA consent to individual Depot Operators having status to participate in dispute resolutions under this Agreement. For disputes involving an individual Depot Operator, parties shall seek resolution by following these three steps:

5.1.1 Step One

The Depot Operator and the applicable CSA Operations Manager shall work to resolve all issues on a timely basis. Any disputes at this level will be noted in the QM Ticket as a “Level 1” dispute.

5.1.2 Step Two

If the Depot Operator and the CSA Operations 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, then either party may elevate the dispute for resolution. The Depot Operator may nominate the ABDA to represent the Depot Operator.

5.1.2.1 In the case of the Depot Operator, the Depot Operator will engage the CSA Vice President of Operations to discuss the dispute.

5.1.2.2 In the case of the CSA Operations Manager, the Vice President of Operations will engage the Depot Operator to discuss the dispute.

All disputes at this level will be noted in the QM Ticket as a “Level 2” dispute.

5.1.3 Step Three

If ABDA/Depot Operator and the Vice-President of Operations of CSA 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 of the point of first notification, either party from step two may engage BCMB, whose 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 QM Ticket as a “Level 3” dispute.

5.1.4 Authority, Jurisdiction or Legal Enforcement

Disputes that involve authority or jurisdiction that cannot otherwise be resolved under this Section 5.1 and disputes over matters of legal enforcement beyond the authority of BCMB shall be determined by commencing the appropriate legal proceedings in the Court of Queen's Bench of Alberta.

5.2 Procedure for General Disputes

CSA and ABDA shall use reasonable efforts to settle (i) any and all disputes, differences, controversies, questions or claims arising out of or in any way related to the negotiation, amendment, validity, interpretation, performance, existence, breach, violation or termination of this Agreement regardless of the number of Depot Operators involved, or (ii) disputes under this Agreement that involve more than one Depot Operator, by taking the following steps:

5.2.1 Step One

CSA executive and ABDA executive will work to resolve the issue on a timely basis.

5.2.2 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 BCMB, whose decision shall be binding on the parties, except with respect to authority, jurisdiction or legal enforcement.

5.2.3 Authority, Jurisdiction or Legal Enforcement

Disputes that involve authority or jurisdiction that cannot otherwise be resolved under this Section 5.2 and disputes over matters of legal enforcement beyond the authority of BCMB shall be determined by commencing the appropriate legal proceedings in the Court of Queen's Bench of Alberta.

5.3 Timelines

For purposes of dispute resolution under Article 5, incidences occurring greater than 90 days prior to the first notification in Quality Monitoring shall not be subject to consideration.

**ARTICLE 6
TERM**

6.1 Term

Except as otherwise provided in this Agreement, or as otherwise agreed by CSA and ABDA in writing, the term of this Agreement shall commence on the implementation date once approved by the Board of Directors of the BCMB and shall continue for a period of three years. It is the express intention of CSA 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, CSA and ABDA will commence discussions aimed at that renewal facilitated by the BCMB.

**ARTICLE 7
GENERAL**

7.1 Deductions

ABDA represents to CSA that it has the authority to notify and cause CSA to deduct from payments otherwise due to a Depot Operator an amount as contemplated in Section 4.4.3. CSA, upon following such directions from ABDA, shall not be liable to the Depot Operator for the amount of the deduction. Whether the fee or levy is due and owing by the Depot Operator and the amount of the fee or levy are matters between ABDA and the Depot Operator.

7.2 Notices

Formal notices required or permitted by this Agreement shall be in writing and shall be sent by courier or other personal delivery or other electronic means and shall be directed to or addressed as follows:

If to CSA, to:

Alberta Beverage Container Recycling Corporation
901-57 Ave NE
Calgary, Alberta T2E 8X9
Attention: The President
Fax Number: 430-264-0179
Email: president@abcrc.com

to ABDA, to:

Alberta Bottle Depot Association
Suite 202
17850 – 105 Avenue
Edmonton, Alberta T5S 2H5
Attention: The President
Fax Number: 780-454-0464
Email: president@albertadepot.com

If to a Depot Operator, applicable contact information as provided by the BCMB.

Notice so sent shall be well and sufficiently given and received:

7.2.1 if sent by delivery, when delivered; or

7.2.2 if sent by fax or electronically when confirmed as received.

provided that in each case, notice to the party and not copies sent to others shall be used to determine when notice is deemed given.

7.3 Further Acts

Each of CSA and ABDA shall, at the request of the other, 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.

7.4 Entire Agreement

This Agreement constitutes the entire agreement between CSA, ABDA and the Depot Operators relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understanding, 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.

7.5 Amendments

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

Changes may be made as follows:

7.5.1 By notice, either party shall propose amendments to this Agreement.

7.5.2 Upon receipt of such notice, CSA 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.

7.5.3 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.

7.5.4 Any amendments to this Agreement formalized under this section 7.5 shall be incorporated into the renewal of this Agreement.

7.6 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.

7.7 Waiver

The waiver by any party of strict observance or performance of any term of this Agreement or of any breach of it on the part of the any party shall not be held or deemed to be a waiver of any subsequent failure to observe or perform the same or any other term of this Agreement or of any breach thereof on the part of such party.

7.8 Severability

The determination that any provision of this Agreement is invalid or unenforceable shall not invalidate this Agreement, all of said provisions being inserted conditionally on their being considered legally valid, and this Agreement shall be construed and performed in all respects as if any invalid or unenforceable provisions are omitted provided the primary purpose of this Agreement is not thereby impeded.

7.9 Survival

Any sections of this Agreement, which expressly provide for, or by their nature require, survival after the expiration or termination of this Agreement, shall survive.

7.10 Enurement

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

7.11 Assignment

Except as expressly provided elsewhere in this Agreement, any rights or obligations of this Agreement are non-assignable by any party without the prior permission of all the other parties, such permission not to be unreasonably withheld.

7.12 Time

Time shall be of the essence in this Agreement.

**ARTICLE 8
EXECUTION**

8.1 Execution

IN WITNESS WHEREOF CSA and ABDA have executed this Agreement as of the day and year first above written.


Alberta Beverage Container Recycling Corporation

Per: 

Per:



Alberta Bottle Depot Association

Per: 

Per:

SCHEDULE "A"

Approved Beverage Container Counts, Sorts and Shipping Containers

CRIS Code	Beverage Container	Colour Sort	Shipping Container	Standard Units	Standard Dozens	Bag Tag
1006	Aluminum 0 – 1 Litre		Mega-Bag	2,160	180	Blue
4003	PET Over 1 Litre 	Clear & blue-tint	Mega-Bag	360	30	Purple
4006	PET 0 – 1 Litre 	Clear & blue-tint	Mega-Bag	1,200	100	
4303	HDPE Over 1 Litre 	Natural	Mega-Bag	240	20	Yellow
4603	Plastics (Other) Over 1 Litre	See list below	Mega-Bag	300	25	Orange
4606	Plastics (Other) 0 – 1 Litre	See list below	Mega-Bag	1,800	150	
3003	Glass Over 1 Litre		Glass Bag	420	35	Green
3006	Glass 0 – 1 Litre		Glass Bag	960	80	
5003	Tetra Brik Over 1 Litre		Mega-Bag	420	35	Brown
			One-way Bag	60	5	
5006	Tetra Brik 0 – 1 Litre		Mega-Bag	1,440	120	
6003	Gable Top Over 1 Litre		Mega-Bag	360	30	Grey
6006	Gable Top 0 – 1 Litre		Mega-Bag	900	75	
2003	Bi-Metal Over 1 Litre		Mega-Bag	360	30	Light Blue (Miscellaneous)
			One-way Bag	36	3	
2006	Bi-Metal 0 – 1 Litre		Mega-Bag	1,500	125	
			One-way Bag	180	15	
7006	Drink Pouches 0 – 1 Litre		One-way bag	1,200	100	
7008	Aerosol 0 – 1 Litre		One-way Bag	12	1	
8001	Bag-in-a-Box/ Drink Pouch Over 1 Litre		Mega-Bag	120	10	
			One-Way Bag	12	1	
4023	Plastic One-Way Keg Over 1 Litre		Mega-Bag	36	3	
3501	Ceramics 0 – 1 Litre		One-way Bag	12	1	

1- Depot Operators must use the Shipping Container first listed unless a sufficient quantity has not been received within 30 days of their last shipment of that Material Stream.

2- Bags may be filled by other than these counts provided the total is recorded on all required parts of the applicable tag and on the RBill.

Plastics (Other) Sorts

The Depot Operator shall sort the following material types into the 0-1L Plastics (Other) sort (CRIS Code 4606):

Sort: Plastics (Other) 0-1 Litre			
Material	Size	Sort	Product Code
PET	0-1L	Colour	#1
HDPE	0-1L	White & Colour	#2
HDPE	0-1L	Natural	#2
Polypropylene	0-1L	All	#5
Other Plastics	0-1L	All	#3,#6,#7

The Depot Operator shall sort the following material types into the Over 1L Plastics (Other) sort (CRIS Code 4603):

Sort: Plastics (Other) Over Litre			
Material	Size	Sort	Product Code
PET	Over 1L	Colour	#1
HDPE	Over 1L	White & Colour	#2
Polypropylene	Over 1L	All	#5
Other Plastics	Over 1L	All	#3,#6,#7

SCHEDULE "B"

PALLETIZING REQUIREMENTS

1.0 General provisions:

The Depot Operator shall:

- 1.1 stack mega-bags so that the opening of the bag is on top;
- 1.2 stack two non-glass bags to a pallet, or one non-glass bag on top of a glass bag;
- 1.3 whenever possible, stack two non-glass mega-bags of the same CRIS Code on a pallet;
- 1.4 place one-way bags on top of a full pallet position to be shipped as the top mega-bag on a pallet of two mega-bags;
- 1.5 attach a completed bag tag to each bag as per Schedule "A" that identifies the Depot on the main body of the tag and the quantities in all four boxes;
- 1.6 ensure safety while stacking pallets at the Depot, loading trucks, transit to and handling at the CSA's facilities; and
- 1.7 not load glass bags into the last 4 pallet positions of the trailer.

Mega-bags will be placed on pallets for the purpose of:

- 1.8 protecting the integrity of the Shipping Container;
- 1.9 facilitating accurate counts; and
- 1.10 optimizing shipment space and handling efficiencies.

2.0 Mega-Bags

The Depot Operator shall:

- 2.1 secure each Mega-Bag by placing the pin put through the grommets on all flaps using the hitch pin to retain them.
- 2.2 Attach a bag tag to one of the upper corner loops.

3.0 One-Way bags

The Depot Operator shall:

- 3.1 secure each One-Way bag by using the excess bag material at the top of the one-way bag to tie off the opening.
- 3.2 Attach a bag tag by removing the backing of the tag and affixing the adhesive portion near the top knot of the one-way bag.

SCHEDULE "C"

SHIPPING CONTAINERS

1.0 Management

Shipping Containers used in the Common Collection System shall be managed in a manner that seeks to maximize: safety and efficiency at the individual Depots; the integrity of the load in transit from the Depots; and safety and efficiency at CSA's facilities.

All parties agree to protect the integrity of the Shipping Containers.

CSA will provide an inventory of required Shipping Containers, as mutually agreed upon with each Depot Operator, at no cost to the Depot Operator for use in sorting, storing and shipping Beverage Containers. Depot Operators agree to manage their inventory of Shipping Containers.

2.0 CSA Obligations

CSA shall:

- 2.1 work with each Depot Operator to establish an inventory target based on a reasonable business model;
- 2.2 record all Shipping Containers received from Depots and reconcile to the RBill;
- 2.3 record all Shipping Containers shipped to Depots and reconcile to the CBill;
- 2.4 request that the Depot operator submit their Shipping Container inventory on the last Day of Depot Operations in both March and September of every year, or as requested by CSA;
- 2.5 ensure the quality of the Shipping Containers provided to the Depots by repairing or removing damaged Shipping Containers from circulation;
- 2.6 remove all Beverage Containers, bag tags and foreign materials prior to shipment to the Depot;
- 2.7 at the Depots request, temporarily adjust their inventory target to reasonably manage changes in Beverage Container volumes (i.e. bottle drives, local festivals, etc.);
- 2.8 adjust Shipping Container inventory records to reflect any reported discrepancies from the Depot Operator or by CSA within one Business Day of notification via the original ticket issued by the Depot; and
- 2.9 respond to any requests for Shipping Containers and/or consumables from a Depot Operator within one Business Day including a timeline.
- 2.10 Damaged Shipping Containers identified by CSA shall be culled for repair or disposal.

3.0 Depot Operator Obligations

Each Depot Operator shall:

- 3.1 work with CSA to establish an inventory target based on a reasonable business model;
- 3.2 store all on-site and off-site Shipping Containers in a secure facility that protects the Shipping Containers from the weather;
- 3.3 record all Shipping Containers shipped to CSA on the RBill;
- 3.4 sign the CBill when delivered by the Carrier indicating receipt of the Shipping Containers;
- 3.5 verify all Shipping Containers received from CSA and reconcile to the CBill, reporting all discrepancies with any supporting information to CSA through the Quality Monitoring Tool, within one day after the end of the next scheduled day of Depot Operations or the CBill shall be deemed as correct;
- 3.6 not damage the Shipping Containers provided by CSA and return damaged and unusable Shipping Containers to CSA and record them on the RBill;
- 3.7 request temporary adjustments to their inventory to reasonably manage changes in Beverage Container volumes (i.e. bottle drives, local festivals, etc.);
- 3.8 respond to CSA’s request to verify the Depot Operator’s Shipping Container inventory;
- 3.9 respond to CSA’s request to send their Shipping Container inventory on the last day of business in both March and September of every year, or as needed;
- 3.10 be held financially responsible to CSA for the deemed value of the Shipping Container shortages occurring due to Depot Operator neglect, misuse, loss or consumption; and
- 3.11 order consumable supplies (tags, one-way bags, etc.) online through the ABCRC Depot Operator Login page.
- 3.12 Damaged Shipping Containers identified by the Depot shall be tagged as such and returned to CSA to be culled for repair or disposal.

Deemed value of Shipping Containers:

Mega-bag	\$14.00
Glass Mega-bag	\$14.00
Pallets	\$26.00

4.0 Damaged Shipping Containers

- 4.1 A Shipping Container shall be deemed “damaged” if it has:
 - 4.1.1 holes or tears that cannot contain any applicable Material Stream;
 - 4.1.2 pins or posts missing from the top;

SCHEDULE "D"

SCHEDULING OF PICK-UPS

1.0 Guiding Principles

- 1.1 The intent of scheduling appointments is to ensure that full loads remain at Depots no more than a maximum of two Business Days.
- 1.2 Appointments may be arranged among the Carrier, the Depot, and CSA and will be scheduled on a fair and equitable basis.
- 1.3 A Depot Operator with an appointment will call a minimum of one Business Day in advance of the scheduled pick-up time if the appointment is not required.
- 1.4 The Carrier's arrival at the Depot is based on a plus or minus 1-hour window from the appointment. The number of attendances for pick-up more than 1 hour early or late of the scheduled pick-up time shall be reported by the Depot Operator to CSA via Quality Monitoring.
- 1.5 The minimum load size to be picked up from any one Depot will be pre-determined by CSA in consultation with each Depot Operator.
- 1.6 The Depot Operators will have regard to their minimum load sizes when requesting pick-up of Shipping Containers.

2.0 CSA Direct Depots

Depots within the city limits of either Calgary or Edmonton shall be serviced directly by the CSA for their transportation scheduling.

- 2.1 These Depot Operators will email CSA to advise of their pick-up requirements. Requests are recorded in the order they were received.

Edmonton CSA Direct Depots: CSAdirectedmonton@abcrc.com

Calgary CSA Direct Depots: CSAdirectcalgary@abcrc.com
- 2.2 CSA will fill the following day's schedule on an equitable basis on requests received before 9:30 a.m. If the next Business Day's schedule is full then requests will be booked for the following Business Day. Requests received after 9:30 a.m. will be handled on a first come first serve basis subject to schedule availability.
- 2.3 Appointment times shall be confirmed via email with the Depot Operator prior to 12:00 p.m. for the next Business Day for all Depots who have requested loads. 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.
- 2.4 Trailers may be spotted at Depots Operators through prior arrangements with CSA.

3.0 Carrier Direct Depots

Depots outside of the city limits of Calgary or Edmonton shall be serviced directly by the Carrier for their transportation scheduling.

3.1 Each Depot will be assigned a Carrier by CSA.

3.2 Requests for pick-ups will be arranged directly with the assigned Carrier.

3.3 Upon receipt of the RBill, the Carrier shall arrange for load delivery.

4.0 Transportation Deficiencies

4.1 Depots shall notify CSA of any transportation deficiency through the Quality Monitoring Tool.

4.2 CSA shall work to resolve the reported deficiency within 4 hours of notification and inform the Depot through the Quality Monitoring Tool.

SCHEDULE "E"

BILL OF LADING INFORMATION

Upon completion of the RBill and shipment of the load, the Depot Operator will retain the white (original) copy of the RBill and forward all remaining copies with the Carrier to CSA. The RBill must be submitted by fax or electronically directly to CSA immediately after the load has been picked up by the Carrier.

The RBills shall be completed and signed by both the Depot Operator and the Carrier in accordance with the second page of this schedule.

- 1.0** When generating an eRBill, the Depot will:
 - 1.1.** Provide individual bag information for each Mega-bag including the CRIS Code, Shipping Container used, and quantity of Beverage Containers contained as well as the full number of pallets or empty shipping containers sent on the RBill;
 - 1.2.** Print a minimum of one copy of the eRBill and have both the Depot Operator and Carrier sign it, sending a physical printed copy with the Carrier; and
 - 1.3.** Submit the eRBill immediately after the Carrier departs the Depot
 - 1.4.** In the event that there is an inability to transmit the eRBill:
 - 1.4.1.** The Depot will contact CSA to inform them of the issue;
 - 1.4.2.** the Depot will not attempt to resubmit the eRBill unless directed to by CSA; and
 - 1.4.3.** the Depot will email or fax a copy of the eRBill printed copy to the provided email/fax numbers at CSA

RBILL EXAMPLE

STRAIGHT BILL OF LADING



CARRIER: **A** B / L #: R 000000

TRAILER No: _____ PRO BILL No: _____

At **B** RECEIVED, Subject to the classification and tariffs in effect on date of issue of this Original Bill of Lading. Date MM / DD / YYYY

DEPOT AND LOCATION
 Received at point of origin on this date from the shipper, the goods herein described, in apparent good order, except as noted (contents and condition of contents of packages unknown) marked, consigned, and destined as indicated below, which the shipper agrees to carry and deliver to the consignee at the destination if on its route, otherwise to deliver to another carrier on the route to the destination. It is agreed as to each carrier of all or any of the goods over all or any portion of the route to destination, and as to each party at any time interested in all or any of the goods, that every service to be performed hereunder shall be subject to all the conditions whether printed or written, herein contained, including conditions on back hereof, which are hereby agreed to by the shipper and accepted for himself and his assigns.

Beverage Container Description	Beverage Container Size	CRIS Code	Beverage Containers (Dozens)	Quantity of:			
				Black Bag Code 34	Blue Bag Code 25	One Way Code 27	Pallet Code 9
Aluminum	0 - 1 Litre	1006					
PET (Clear & Light Blue Tint)	0 - 1 Litre	4006					
	Over 1 Litre	4003					
HDPE (Natural)	Over 1 Litre	4303					
Glass	0 - 1 Litre	3006					
	Over 1 Litre	3003					
Gable Top	0 - 1 Litre	6006					
	Over 1 Litre	6003					
Tetra Brik	0 - 1 Litre	5006					
	Over 1 Litre	5003					
Plastics (Other)	0 - 1 Litre	4606					
	Over 1 Litre	4603					
	Drink Pouch	7006					
	Key Keg	4023					
Bi-Metal	0 - 1 Litre	2006					
	Over 1 Litre	2003					
Bag in Box	Over 1 Litre	8001					
Ceramics	0 - 1 Litre	3501					
Aerosol	0 - 1 Litre	7008					
CAPS	N/A	9999					
Sub - Totals							
Returned Shipping Container (Empty unused / Damaged)							
R 000000 Totals							

Please order consumable via the Depot Operators Homepage at www.abcrc.com

Note: product shipped in bulk subject to verification

SHIPPER SIGNATURE: **D** CSA SIGNATURE: **F**

CARRIER SIGNATURE: **E** DATE: MM / DD / YYYY TIME: HH : MM - AM/PM

WHITE: DEPOT COPY

YELLOW: ABCRC COPY

GREEN: CARRIER COPY

ABCRC OFFICE USE ONLY: **G** Payment reference number:
 Date approved by:
 Date approved on: MM / DD / YYYY

RBill Legend

Carrier Completes

	RBill Header information:
A	Required: Carrier name, Trailer number Optional: Pro Bill number

	Carrier signature area:
E	Required: Driver signature, Date of pick-up, Time of pickup

Depot Completes

	Depot header information
B	Required: Depot name, Shipment Date

	Shipment detail area:
C	Required: Number dozens, number of mega-bags, number of glass bags, number of one way bags, and number of ABCRC pallets all itemized by CRIS Code with subtotals and totals.

	Shipper signature area:
D	Required: Depot signature

CSA Completes

	CSA signature area:
F	Required: CSA signature

	CSA office use area:
G	Required: Payment reference number, Approved by, Date approved

SCHEDULE "F"

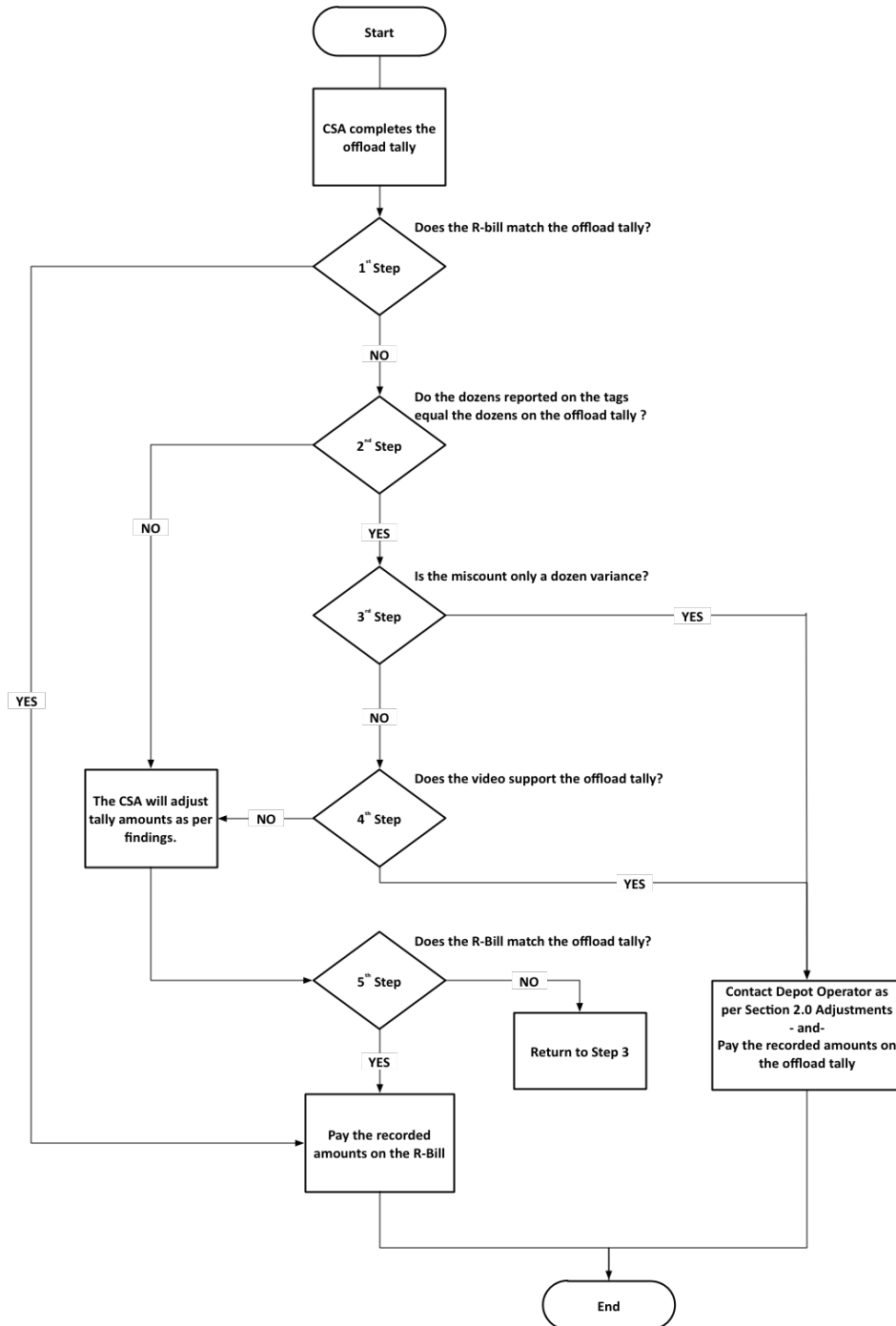
LOAD RECONCILIATION AND ADJUSTMENTS

- 1.0** Load Reconciliation
- 1.1 For every shipment from a Depot Operator CSA will create an offload tally that will consist of:
 - 1.1.1 the quantity and type (CRIS Code) of Beverage Containers in each Shipping Container; and
 - 1.1.2 the quantity and type of Shipping Container received on the load including those Shipping Containers that are damaged or returned empty.
- 1.2 During the offload process CSA will video capture:
 - 1.2.1 the quantity and type of Shipping Containers used; and
 - 1.2.2 the material contained in each bag by placing a container in the handle, except for glass for which CSA shall open the top of the glass bag;
 - 1.2.3 In the case where CSA is unable to video capture, they will revert to a secondary offload tally and capture the elements in 1.2.1 and 1.2.2 and the secondary offload tally will be used in place of the video element in 1.3 step 4.
- 1.3 Once CSA has completed the offload tally CSA will complete the following evaluation:
 - 1.3.1 Step 1 - Does the RBill match the offload tally?
 - 1.3.1.1 if yes, pay the recorded amounts on the RBill.
 - 1.3.1.2 if no, move to Step 2.
 - 1.3.2 Step 2 - Do the dozens reported on the tags equal the dozens on the offload tally?
 - 1.3.2.1 If yes, move onto Step 3.
 - 1.3.2.2 If no, the CSA will adjust the offload tally to match as per findings and move onto step 5.
 - 1.3.3 Step 3 - Is the miscount only on a dozens variance?
 - 1.3.3.1 If yes, contact the Depot Operator as per Section 2.0 Adjustments, and pay the recorded amount on the offload tally.
 - 1.3.3.2 If no, move onto Step 4.
 - 1.3.4 Step 4 - Does the video captured support the offload tally?
 - 1.3.4.1 If yes, pay the recorded amount on the offload tally, contacting the Depot as per Section 2.0 Adjustments
 - 1.3.4.2 if no, CSA will adjust the offload tally to match the video findings and will move onto Step 5.

1.3.5 Step 5 - Does the RBill match the offload tally?

1.3.5.1 If yes, pay the recorded amounts on the RBill.

1.3.5.2 If no, return to Step 3.



2.0 Adjustments

- 2.1 CSA shall communicate all miscount reports and Zone 2 audit summary reports through the Quality Monitoring Tool. Zone 1 audit summary reports will be emailed to the Depot. CSA will issue a miscount report to the Depot if there is any variance between the RBill and the offload Tally.
- 2.2 The Depot Operator will have until the end of the next day of Depot Operations to review the miscount report or Zone 2 audit summary report and note their acceptance or challenge of the report with CSA through the Quality Monitoring Tool. Agreements resolving discrepancies will be documented through the Quality Monitoring Tool.
 - 2.2.1 Once the discrepancy is resolved, the payment will be adjusted to reflect such resolution.
 - 2.2.2 If the Depot fails to contact CSA regarding miscount reports or audit summary reports by the end of the next scheduled day of Depot Operations, CSA will adjust the payment.
- 2.3 The Depot Operator will be contacted by CSA via the e-mail address and phone number provided by the BCMB.
- 2.4 CSA will provide email addresses as well as toll free phone and fax access for Depot Operators.
- 2.5 CSA will make best efforts to contact the Depot Operator during BCMB provided business hours.
- 2.6 Any tickets submitted by either CSA or the Depot after 4 PM will be defined as being sent the next Business Day.

3.0 Mis-tagged Bags and Bags with no tags

- 3.1 If the information contained on the Rbill and tags provided by the Depot allow for a determination of the expected count of the bag with the tag missing then that information will be used to establish the expected count for that bag for the purposes of auditing the bag or paying the Depot for the contents if the bag is not audited.
- 3.2 In the event that the information is not available to determine an expected count for the bag(s) in question, then those bag(s) may be audited by CSA as a target/target audit and the deemed expected count will become the Standard Count as outlined in Schedule "A".
- 3.3 If CSA chooses the untagged bag for audit then the deemed expected count of the bag will be the count determined to apply to the bag based on the previous statements.
- 3.4 CSA will capture an electronic image of each Shipping Container that is mis-tagged or has no tag with both the bag tag and material visible in the image.

SCHEDULE "G"

PAYMENTS

"Payments" includes: deposits, handling commissions, applicable value-added fees, GST on commissions and fees all net of deductions.

CSA shall provide a statement of each load (RBill) received detailing the payment amounts specific to each Beverage Container type received on the load. The amounts for ABDA and BCMB fees will be shown as summary totals for the load.

CSA shall make payments based on the following schedules:

Load reconciled by CSA before 4 p.m. (MST) on:	Payment Processed	EFT Payment
Friday Monday Tuesday	Wednesday	Friday
Wednesday Thursday	Friday	Tuesday

Notwithstanding the above, no more than 9 Business Days shall pass from the date the Carrier picks up a shipment, and CSA has been notified of the shipment, from a Depot Operator to the date of authorization of payment by CSA to its bank. CSA shall notify a Depot Operator by email of any potential delay in payment by the 8th Business Day after receipt of the RBill.

Through the term of this Agreement, all Depot Operator statements will be made available via CSA's secure website.

SCHEDULE "H"

QUALITY CONTROL ("QC")

CSA and the Depot Operators are required to provide BCMB, stakeholders and government with reliable and verifiable data to communicate the success of the Common Collection System. One of the ways of verifying the data is through a QC process.

1.0 Measuring Quality

CSA is required to perform two levels of QC audits and to report the findings to BCMB, ABDA, and the Depot Operator. The first level of QC is on the Common Collection System as a whole and is completed on a totally random basis, commonly referred to as Random/Random. The second level of QC focuses on the performance of individual Depots with the selection of samples from the targeted Depot being random, commonly referred to as Target/Random. It is understood that CSA may target a specific Shipping Container for QC but that the results of this audit will only apply to that Shipping Container and the results will not be extrapolated, referred to as a Target/Target.

Damaged Shipping Containers, as defined in Schedule "C", shall be excluded from audit.

CSA is required to notify a Depot of Shipping Containers from an RBill that are in the QC process by the end of the following Business Day of off-loading the Shipping Containers. The CSA shall communicate audit results within 30 days from the date of notification. If the audit results have not been communicated to the Depot within 30 days of the date of notification, CSA will forfeit the right to make financial adjustments pertaining to the audit and the Shipping Containers will be deemed as not being audited.

1.1. System Performance – Random/Random Sampling

CSA will randomly select throughout every month at minimum a predetermined number of Shipping Containers during the off-load process. There will be no consideration given to the appearance of the mega-bag or the Depot Operator from which it is shipped with the exception of damaged mega-bags based on Schedule C.

The following table summarizes the minimum bi-monthly sample requirement for the measurement of the Common Collection System performance:

Material	CRIS Code	# of Bags
Aluminum 0 – 1 Litre	1006	72
PET 0 – 1 Litre (Clear & light blue)	4006	60
PET Over 1 Litre (Clear & light blue)	4003	60
HDPE Over 1 Litre (Natural)	4303	48
Tetra Brik 0 – 1 Litre	5006	60
Gable Top Over 1 Litre	6003	40
Glass 0 – 1 Litre	3006	40

The contents of the Shipping Container(s) are then counted as per the approved procedure and the results are recorded. The results of the sample group are communicated to the Depot Operator that shipped the Shipping Container(s) and an adjustment to its payment may be made if warranted. The results from these random/random selections cannot be used to extrapolate against the load from the Depot.

The cumulative results from these samples are to be statistically analyzed and a presentation to be prepared by CSA detailing the bi-monthly performance and showing the results for the last twelve months sampling. This presentation is to be provided monthly by CSA to the BCMB and ABDA on the 15th of the following month.

1.2. Depot Performance – Target/Random Sampling

CSA may target a specific Material Stream (CRIS Code) from a Depot Operator when it feels it is required or when directed to do so by BCMB.

The samples from the targeted load must be selected randomly to be representative of the load. There will be no consideration given to the appearance of the mega-bag with the exception of damaged mega-bags based on Schedule “C”.

The target sample size shall be determined by the expected quantity of Shipping Containers of each targeted Material Stream (CRIS Code) on the load.

# of Shipping Containers recorded on the RBill (by CRIS Code)	Target Sample Size
1 - 3	1 bag
4 - 10	2 bags
11 - 20	3 bags
21 - 30	4 bags
31 or more	5 bags

1.2.1 Exceptions

In the event of a reporting error from the Depot Operator either on the RBill or tag information; the samples randomly selected of the affected Material Streams (CRIS Codes) will be considered statistically valid and meet the minimum required for the target sample size.

If more than 50% of the Target Sample Size consists of damaged Shipping Containers, the affected Material Stream (CRIS Code) will not be audited.

If an entry error of the RBill or off-load by CSA occurs, the affected Material Stream (CRIS Code) will not be audited.

1.3. Depot Operator Performance – Target/Target Sampling

CSA may target a specific Shipping Container from a Depot Operator when it feels it is required. The results from these target/target selections cannot be used to extrapolate against the load from the Depot Operator.

2.0 Determining the Audit results

2.1. Mis-tagged Bags (“Majority Rule”)

2.1.1. If a Shipping Container contains a majority of Beverage Containers of a Material Stream (CRIS Code) other than that identified on the tag, the Shipping Container shall be deemed as mis-tagged and shall be re-tagged to the correct Material Stream (CRIS Code), and if CSA is unable to determine the count by means of the process defined in Schedule "F" 3.0, the bag will be deemed to contain the Standard Count, as per Schedule "A".

2.2. Expected Count:

2.2.1. The expected count of any single Shipping Container shall be the quantity reported on the tag attached to the Shipping Container.

2.2.2. If no quantity is reported on the Shipping Container tag, then the expected count shall be the standard units listed on Schedule "A" for the corresponding CRIS Code.

2.2.3. If no tag is on the Shipping Container CSA will attach a tag based on a visual inspection of the contents and if CSA is unable to determine the count by means of the process defined in Schedule "F" 3.0, the bag will be deemed to contain the standard count as per Schedule "A".

2.3. Foreign Material

Foreign material as defined below shall not be paid a deposit refund or handling commission:

2.3.1. Beverage Containers not listed in Schedule "A", not registered, not sold in Alberta, not covered by the Regulation or are not Beverage Containers; or

2.3.2 Any refillable Beverage Container.

2.4 Applying the Results

The results of the audit of Beverage Containers will be classified as either Zone 1 or 2 based upon the percentage variance from the expected count:

Zone	Range	Action Taken by CSA
1	<p style="text-align: center;">Within or equal to +/- 2.5%</p> <p style="text-align: center;">- or -</p> <p>For Over 1 Litre Beverage Containers, within or equal to the greater of 4 Beverage Containers vs +/- 2.5%</p>	<p style="text-align: center;">Quantity: as reported</p> <p style="text-align: center;">HC: paid on reported count</p> <p style="text-align: center;">Deposit Refund: paid on reported count</p>

2	Greater than +/- 2.5%	<p>Quantity: adjusted to actual count (by CRIS Code)</p> <p>HC: paid on actual count of sorted Beverage Containers (by expected CRIS Code)</p> <p>Deposit Refund: paid on actual count of Beverage Containers</p> <p>Adjustment based upon findings to be extrapolated against all Shipping Containers of same CRIS Code on the R-Bill</p>
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In the case of a Zone 1 result CSA will not make any adjustments to the Depot Operator's payment and the audited Shipping Containers will be processed. The Depot Operator cannot challenge the results of a Zone 1 Audit.

In the case of a Zone 2 result CSA shall:

- quarantine all material audited until the Depot Operator has accepted the audit results or the dispute resolution process is complete; and
- communicate results of the audit through the Quality Monitoring Tool to the Depot Operator within two Business Days of the audit being completed. (i.e. the last Shipping Container counted)

The Depot Operator shall communicate its intentions regarding the audit results through the Quality Monitoring Tool by replying to the ticket issued by CSA prior to the end of the next scheduled day of Depot operations stating that they accept or are challenging the audit. Failure by the Depot Operator to communicate its intention regarding the audit results prior to the end of the next scheduled day of Depot operations shall result in their deemed acceptance of the audit.

Where a Depot Operator challenges the result, they will notify CSA through the Quality Monitoring Tool and arrange a time for a recount that will occur within five Business Days of the challenge. A Depot Operator may attend the recount and/or request a representative from the ABDA or BCMB to attend on their behalf. CSA shall communicate results of the recounted audit through the Quality Monitoring Tool publishing to the original ticket within two Business days of the recount being completed.

In regards to audited bags that are challenged by the Depot, CSA will be held to the following tolerance:

- In the case where the expected count in a bag is 400 units or less, the tolerance allowed will be 4 Containers
- In the case where the expected count is more than 400 units, the tolerance allowed will be 1% from the initial published Audit Summary Report

The results of the recount will be applied as follows

- If the recount for a specific bag is found outside of the tolerance, the specific bag will be removed from Quality Control. Any remaining bags in the Target/Random sample group will be deemed Target/Target.
- If the recount is found to be within the tolerance, the recount will stand and the actual count will be as per the recount quantity

3.0 General Quality Control Procedures

The QC area will be kept clean and organized and the automated counters maintained according to a preventative maintenance schedule.

The start-up and preventative maintenance checklist, for the automated counters will be completed a minimum of every two operating hours.

A supervisor will be notified of any problems or concerns immediately and the machine will be taken out of use until the problem has been resolved. All problems will be recorded on the preventative maintenance checklist.

The ABDA acknowledges that the CSA has leased a separate location in Edmonton, Alberta (the "Satellite QC Location"), which premises shall be used by the CSA to complete the QC process for the CSA's Edmonton plant (the "Main Edmonton Plant"). The Satellite QC Location will not be used by the CSA for the QC process applicable to glass Beverage Containers or Beverage Containers compacted through compaction services prior to arrival at the Main Edmonton Plant.

3.1. Bag Selection Procedures

A random selection of Shipping Containers is generated by a computer spreadsheet or off-loading programs for sorts selected for QC.

Once a Shipping Container has been identified, the bottom portion of the tag is to be removed by the checker. The checker will enter the tag number into the off-loading program. The checker will flag the Shipping Container. The flag will be attached either to the handle of the Shipping Container, or the top-left corner of the Shipping Container. It must be clearly visible to the forklift driver.

NOTE: In all instances, the top portion of the tag must remain attached to the Shipping Container until it has been released from quarantine.

If a selected Shipping Container does not have a tag attached to it from the Depot it must be tagged by the checker using a substitute tag, before it is sent for audit. The substitute tag number will be entered into the off-loading program and a comment added to the comment box.

3.2. Automated Counting Procedures

Beverage Containers other than glass may be counted using automated technology.

3.2.1 The process:

3.2.1.1. The area must be inspected for cleanliness and for any loose Beverage Containers before a Shipping Container is emptied for counting.

3.2.1.2. The operator will check the light curtain or electronic eyes for contamination.

3.2.1.3. The operator will reset the counter to zero.

3.2.1.4. For equipment that uses:

3.2.1.4.1. A hopper feed system, the CSA will empty the contents of the Shipping Container into the hopper and place the same Shipping Container at the end of the counting equipment. Prior to starting the

count, the operator will visually inspect the Shipping Container to ensure that all Beverage Containers were emptied into the hopper.

3.2.1.4.2. A tipper feed system, the CSA will count into an empty shipping container. At the end of the audit, the original Shipping Container will be kept with the QC material until it is released for processing. Prior to completing the count, the operator will visually inspect the Shipping Container to ensure that all Beverage Containers were emptied into the tipper.

3.2.1.5. The operator will start the equipment.

3.2.1.6. The operator will monitor the flow of Beverage Containers so as to:

- prevent plugs and piggy-backing of Beverage Containers;
- when required, feed the containers one at time through the counting tubes; and
- remove debris and foreign material; and
- monitor volume of improperly sorted Beverage Containers.
- When the count is complete, the operator will inspect inside the equipment and the area around the equipment to ensure that no Beverage Containers were missed.

NOTE: If there is significant volume of compacted material within a Shipping Container, regardless of the automated counter count, the bag will be directed to a manual counting technology as defined in 3.3.

3.2.1.7. The operator will select the tag number from the QC screen and will record the actual count into the QC program along with any comments or observations in respect to the materials counted (including contaminants, improperly sorted Beverage Containers (CRIS Code), etc.)

3.2.1.8. The operator will then remove the flag from the Shipping Container to indicate that the bag has been counted. The bag tag from the Depot Operator is not to be removed from the Shipping Container until it has been removed from the QC area.

3.2.1.9. Individual bags that are part of a larger sample group of a material stream are not to be removed from quality control until the entire sample group has been completed and the resulting variance is confirmed as being either a Zone 1 or Zone 2.

3.2.1.10. For Shipping Containers that had a Zone 2 result, the Shipping Containers are not to be removed from quarantine until a supervisor authorizes their removal.

3.3. Manual Counting Procedures

3.3.1 Beverage Containers that are hand counted are to be counted into boxes, except for Beverage Containers over 4 liters in size, in which case CSA will count into an empty Shipping Container.

3.3.2 At the end of the audit, the original Shipping Container will be kept with the QC material until it is released for processing.

- 3.3.3 CSA shall select a denomination of units per box and will maintain that denomination throughout the entire audit, with exception to the residual box at the end.
- 3.3.4 The Process:
 - 3.3.4.1 The area will be inspected for cleanliness and for any loose containers before a bag is emptied for counting.
 - 3.3.4.2 The bags contents will be counted directly out of the Shipping Container.
 - 3.3.4.3 The Beverage Containers will be counted into boxes and the full boxes will be stacked onto a pallet.
 - 3.3.4.4 Boxes containing less than the approved numbers of Beverage Containers will be placed on the top row of the pallet (or kept aside).
 - 3.3.4.5 Foreign material & improperly sorted Beverage Containers will be itemized and recorded on the Audit Summary.
 - 3.3.4.6 The operator will select the bag number from the QC screen and will record the can count into the QC program along with any comments or observations in respect to the materials counted (including contaminants, improperly sorted Beverage Containers (CRIS Code), etc.)
 - 3.3.4.7 The operator will then remove the flag from the bag to indicate that the bag has been counted. The bag tag from the Depot Operator is not to be removed from the bag until it has been removed from the QC area and the contents are fed into the processing system.
 - 3.3.4.8 Bags are not to be removed from QC until the Depot Operator has been notified of adjustments and a supervisor authorizes their removal.

4.0 Bag Procedures for the Satellite QC Location

When bag is identified for QC at the Main Edmonton Plant:

- 4.1. the checker will complete the Offload Tally requirements;
- 4.2. the checker will position the selected bag into a sleeping bag with the bag tag facing the open zipper side;
- 4.3. the checker will source a QC bag-seal from the dock supervisor. The supervisor will make notation on the QC Trailer Load Sheet;
- 4.4. the checker will make an entry in the comment field in offload, scan the bag tag, and scan the QC seal;
- 4.5. the checker will secure the bag zipper on all sides;
- 4.6. the checker will attach the QC seal through the zipper eyelets;
- 4.7. the forklift driver will transfer the QC bag to the QC trailer at the main Edmonton plant;

4.8. the supervisor will verify that the QC bag is loaded and make a notation on QC Trailer Load Sheet; and

4.9. the checker will continue with completing the trailer offload.

NOTE: In all instances, if a bag is identified for QC then it must be placed into a sleeping bag within 15 minutes. If a QC bag is left unattended for more than 15 minutes, it will not be eligible for QC selection.

4.10 The QC trailer shall be moved to the Satellite QC Location either when the QC trailer is full or when a transfer of material is required to the Satellite QC Location. When the QC trailer is ready to be moved to the Satellite QC Location, the supervisor will submit the QC Trailer Load Sheet to the Main Edmonton Plant office and place a seal on the rear of the QC trailer.

4.11 If the QC Trailer Load Sheet is transferred between shift supervisors, both supervisors will reconcile the bag count and initial the QC Trailer Load Sheet at the time of hand off between them.

4.12 Upon the receipt of a completed QC Trailer Load Sheet from the supervisor, an office clerk at the Main Edmonton Plant office will:

4.12.1 prepare a bill of lading ("SBill") using the QC Trailer Load Sheet and assign a trailer seal number;

4.12.2 deliver the SBill, a copy of the QC Trailer Load Sheet and the trailer seal to the driver; and

4.12.3 electronically transmit electronic versions of the S-Bill, the QC Trailer Load Sheet and the trailer seal to the Satellite QC Location.

4.13 The offload must be continuous from start to finish and any lunch or coffee breaks must be delayed until the offload has been completed.

5.0 Counting Procedures at the Satellite QC Location

5.1 When a QC trailer arrives at the Satellite QC Location:

5.1.1 the forklift driver will offload QC bags while the supervisor verifies each bag with the QC Trailer Load Sheet. The supervisor conducting this verification will not be the supervisor that reviewed the QC Trailer load Sheet at the Main Edmonton Plant.

5.1.2 This supervisor will confirm that the QC trailer is still sealed and confirm the seal number is correct.

5.1.3 The forklift driver will not remove the seal;

5.1.4 confirm each bag-seal is on the QC Trailer Load Sheet;

NOTE: If a bag-seal is broken, or improperly sealed, then the applicable QC bag will not be processed under these QC procedures other than information purposes at the CSA's discretion.

5.1.5 break each bag-seal (i.e. each retaining seal) and confirm correct bag tag number is located on the QC bag;

5.1.6 record the bag tag number and have another employee remove the shipping bag from the sleeping bag to move the shipping bag to the designated QC counting area;

5.1.7 place all broken sleeping bag-seals, the QC Trailer Load Sheet and the trailer-seal into an extra-large zip lock bag and record the date and S-Bill number on the bag with permanent marker

NOTE: If a QC bag is lost then it will be removed from the QC queue.

5.2 In the designated QC counting area, the shipping bags will be counted and quarantined in accordance with the automated counting procedures under Section 4.2 above or the manual counting procedures under 4.3 above and the results of the audit of Beverage Containers will be classified as either Zone 1 or Zone 2 in accordance with Section 3.0 above;

5.3 The Main Edmonton Plant will be responsible for notifying the applicable Depot Operator of the QC audit results;

5.4 The material will be loaded onto the return trailer (with trailer seal) to the Main Edmonton Plant when either;

5.4.1 a resolution acceptable to the Depot Operator and the CSA has been reached; or

5.4.2 the supervisor will verify that the QC bag is loaded on the return trailer and make a notation on QC Trailer Load Sheet.

The return trailer shall be moved to the Main Edmonton Plant at the CSA's discretion from time to time. When the return trailer is ready to be moved to the Main Edmonton Plant, the supervisor will submit the QC Trailer Load Sheet to the Satellite QC Location office and place a seal on the rear of the return trailer.

Upon receipt of a completed QC Trailer Load Sheet from the supervisor, an office clerk at the Satellite QC Location office will:

5.5 prepare a bill of lading ("SBill") using the QC Trailer Load Sheet and assign a trailer seal number;

5.6 deliver the SBill, a copy of the QC Trailer Load Sheet and the trailer seal to the driver;

5.7 electronically transmit versions of the S-Bill, the QC Trailer Load Sheet and the trailer seal to the Main Edmonton Plant.

NOTE: The quantity of empty sleeping bags returned to the Main Edmonton Plant will be noted separately.

In all cases, for the purposes of Section 4.1.1 or this section 4.4, any bag tags that have fallen off inside the sleeping bag will be re-attached using a stapler.

6.0 Return Procedures at the Main Edmonton Plant

When a return trailer arrives at the Main Edmonton Plant:

- 6.1 a separate offload tally sheet will be prepared at the processing plant and reconciled with the SBill; and
- 6.2 the Main Edmonton Plant office will maintain a tracking inventory to monitor the location of QC bags as they depart the Main Edmonton Plant facility until they are returned for processing.