

IN-DEPOT COMPACTION SERVICES AGREEMENT

**ALBERTA BEVERAGE CONTAINER
RECYCLING CORPORATION**

- and -

ALBERTA BOTTLE DEPOT ASSOCIATION

Dated: October 29th, 2014

BCMB Board Approved December 10, 2014

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IN-DEPOT COMPACTION SERVICES AGREEMENT

This Agreement made as of October 29th, 2014.

BETWEEN:

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

- and -

Alberta Bottle Depot Association,
an Alberta Society
("ABDA")

The recitals of this Agreement are as follows:

- A. The Service Agreement entered into between ABDA and ABCRC is the governing framework for the operation of the Common Collection System.
- B. ABCRC is the Collection System Agent appointed to act on behalf of beverage manufacturers and approved by BCMB to operate the Common Collection System.
- C. The Service Agreement provides ABCRC, ABDA and the Depot Operators will work together cooperatively to promote, encourage and foster continual improvements in the Common Collection System.
- D. ABDA, on behalf of the Depot Operators, wishes to establish uniform fees, terms and conditions upon which the Depot Operators provide Compaction Services to ABCRC and to outline the terms and conditions upon which the Selected Depots will provide Compaction Services to ABCRC.

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

- 1.1.1 "Act" means the *Environmental Protection and Enhancement Act* (Alberta).
- 1.1.2 "ABDA" means the Albert Bottle Depot Association which is the entity that represents Depots in Alberta and of which the Selected Depot is a member.

- 1.1.3 "Agreement" means this In-Depot Compaction Services Agreement, including the recitals and any and all schedules, as may be amended from time to time.
- 1.1.4 "BCMB" means Beverage Container Management Board, the incorporated body under the laws of Alberta established as a management board within the meaning of section 175(jj) of the Act for the purpose of exercising the powers and carrying out the duties conferred or imposed on it pursuant to the Act, the Regulation and the By-law in respect of Beverage Containers.
- 1.1.5 "Beverage Container" means a non-refillable container as defined in the Regulation that has not previously entered the Common Collection System.
- 1.1.6 "By-laws" means the by-laws made by BCMB under section 18 of the Regulation.
- 1.1.7 "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.
- 1.1.8 "Compaction Services" means those services described in Schedule "A".
- 1.1.9 "Depot" means a place operated as a business in Alberta for the collection of empty Beverage Containers.
- 1.1.10 "Depot Operator" means the owner or operator of a Depot that holds a permit issued by BCMB, excluding the class "D" permits and includes a person acting or purporting to act on behalf of the permit holder.
- 1.1.11 "Handling Commissions" means the fees approved by the BCMB paid by ABCRC to depots for Beverage Containers received from depots.
- 1.1.12 "Regulation" means the Beverage Container Recycling Regulation, AR 101/97, as amended or replaced from time to time.
- 1.1.13 "Selected Depot" means the Depot owned or operated by a Selected Depot Operator.
- 1.1.14 "Selected Depot Operator" means a Depot Operator that has been approved by ABCRC to provide Compaction Services pursuant to the terms and conditions of this Agreement.
- 1.1.15 "Service Agreement" means the service agreement between ABDA and ABCRC and approved by the BCMB, as may be amended or replaced from time to time.
- 1.1.16 "Standards" refer to the minimum and/or maximum standard compaction ratios for the Compaction Services, as set out in Schedule "A".
- 1.1.17 "Value Added Fee" means the handling commission approved by the BCMB to be paid by ABCRC in compensation to a Selected Depot for providing Compaction Services.

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;
- 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;
- 1.2.5 to the extent definitions in this Agreement are referred to as being in the same as in the Service Agreement, if those definitions in the Service Agreement are amended from time to time, those same definitions in this Agreement will be similarly amended.

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 both 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 Schedules

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

Schedule "A" – Description of Compaction Services, Standards & Value Added Fees

Schedule "B" – Offer and Acknowledgement

Schedule "C" – Confirmation

ARTICLE 2 ROLE OF THE SELECTED DEPOTS

2.1 Authorized to Negotiate

ABDA hereby confirms to ABCRC that it is authorized to negotiate with ABCRC the terms of this Agreement, on behalf of the Selected Depots.

2.2 Offer and Acknowledgement

A Depot Operator who would like to provide Compaction Services to ABCRC in accordance with this Agreement shall send a signed copy of the Offer and Acknowledgment in the form of Schedule "B" to ABDA and ABCRC.

2.3 Eligibility

ABCRC will provide information to the approved third party necessary to generate a list of Depots that are eligible to provide Compaction Services to ABCRC. The eligibility list will identify Depot eligibility by Depot, Class of Equipment, and material. The third party list will be agreed to jointly by BCMB, ABCRC, and ABDA. The list of eligible Depots may be updated from time to time.

2.4 Confirmation

ABCRC will assess all signed Offer and Acknowledgements received in the form of Schedule "B" from Depot Operators against the eligibility list. If approved, and determined by the BCMB as being in good standing with the BCMB, ABCRC will confirm with the Depot Operator and ABDA in the form of Schedule "C". ABCRC's approval of a Depot Operator shall not be unreasonably withheld or delayed.

These signed Schedules will constitute the offer and acceptance of, and collectively bind the parties by the terms of this Agreement.

2.5 Representations and Warranties

By agreeing to provide Compaction Services on the terms and conditions of this Agreement, each Selected Depot Operator represents and warrants to ABCRC that it has the facilities, the capacity and the expertise to provide and maintain the Compaction Services.

2.6 Not Exclusive

The Confirmation of the Selected Depots is not exclusive and ABCRC may, at its sole discretion, engage other businesses to provide mobile Compaction Services or similar services. However, ABCRC shall not compensate any Depot Operator for Compaction Services other than a Selected Depot Operator.

2.7 Service Agreement

The Compaction Services are in addition to any obligations that the Selected Depot Operators (or any of them) might have under the Service Agreement.

2.8 Standards

Each Selected Depot Operator agrees that it will provide the Compaction Services in a manner that meets the Standards prescribed in Schedule "A".

2.9 Equipment and Infrastructure

Each Selected Depot Operator agrees to maintain its plant and equipment used to provide the Compaction Services in good safe running order. Each Selected Depot Operator will conduct all required safety inspections of its equipment at least as often as required by applicable law.

2.10 Accountability and Transparency

Each Selected Depot Operator agrees to use the same level of skill, care and caution that a reasonable prudent person would take when providing the Compaction Services. Each Selected Depot Operator agrees to allow ABCRC to review and observe its processes, procedures and facilities during normal working hours, upon reasonable prior notice, as they pertain to the Compaction Services.

2.11 Enforcement

ABDA shall not have any responsibility or liability related to the performance of Compaction Services by any Selected Depot Operator other than, at the request of ABCRC, ABDA will use all reasonable efforts to assist ABCRC with the enforcement of this Agreement against any Selected Depot Operator in breach of this Agreement.

ARTICLE 3 FEES

3.1 Payment of Fees

In consideration for providing the Compaction Services, ABCRC shall pay to each Selected Depot the value added fees outlined in Schedule "A". All payment of value added fees and related amounts shall be made by ABCRC directly to the Selected Depots.

3.2 GST

ABCRC shall pay Goods and Services Tax, where applicable, to the Selected Depot Operator on all value added fees payable under this Agreement.

3.3 Payment Terms

The value added fees payable under this Agreement shall be paid at the same time and in the same manner as fees paid to the Selected Depots under the Service Agreement.

3.4 Review and Adjustment

The value added fee listed in Schedule "A" will be reviewed, and adjusted if appropriate, within 6 months after the BCMB approves any new Handling Commissions. Such reviews will be conducted by the BCMB. The pricing model initially used to set the value added fees will continue to be

used for subsequent adjustments and will be based upon incorporating updated factors from the most recent BCMB Handling Commission.

ARTICLE 4

TERM AND TERMINATION

4.1 Term

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

4.2 Termination Events

Notwithstanding the term expressed in section 4.1, this Agreement may be terminated:

- 4.2.1 by either party if the other party is in material breach of its covenants under this Agreement and such material breach has not been cured or remedied within 30 days of notice being given to the party in breach; or
- 4.2.2 by either party if the other party ceases or takes any overt act to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or sale of all or substantially all of its assets, or proposes a compromise or arrangement to or with its creditors; or
- 4.2.3 by either party if BCMB determines that the Value Added Fees should be consolidated with the Handling Commissions.
- 4.2.4 if the BCMB Board of Directors withdraws its approval of this Agreement.

ARTICLE 5

PARTIAL TERMINATION

5.1 Opting Out

A Selected Depot Operator may at any time terminate its status as a Selected Depot Operator and opt out of this Agreement. To opt out of this Agreement the Selected Depot Operator shall provide 1-month's notice to that effect to both ABCRC and ABDA. In such cases the Selected Depot Operator shall be paid for the Compaction Services it provides until the effective date of the termination of its status as a Selected Depot Operator.

5.2 Termination of a Selected Depot

ABCRC may terminate a Selected Depot Operator's rights under this Agreement whereupon that Depot will cease to be a Selected Depot if:

- 5.2.1 that Selected Depot Operator is in material breach of its covenant to provide Compaction Services under the terms and conditions of this Agreement other than as provided for in Schedule "A", and such material breach has not been cured or remedied within 30 days;
- 5.2.2 that Selected Depot Operator's ability to provide and maintain Compaction Services has been materially and adversely impaired such that it no longer qualifies for approval under the approval criteria; or
- 5.2.3 that Selected Depot Operator ceases or takes any overt act to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or sale of all or substantially all of its assets, or proposes a compromise or arrangement to or with its creditors.

ARTICLE 6 FORCE MAJEURE

6.1 Force Majeure

Neither party shall, nor shall any Selected Depot Operator, be considered to be in default under this Agreement nor liable to the other party for damages, for non-performance due to:

- 6.1.1 curtailment or shutdown of operations due to fire, storm, flood, explosions, mechanical breakdowns, riots, civil commotion, war, strikes, lockouts, labour disturbances, acts of government agencies or authorities, acts of God or for other similar reasons reasonably beyond the control of such party; or
- 6.1.2 failure or delay in deliveries or pickup due to weather conditions, fire, strikes, or other labour disturbances, disputes or labour stoppage, mechanical breakdown or other causes reasonably beyond the control of a party, or of a transportation agency.

If the occurrence of such an event shall result in either party or any Selected Depot Operator being prevented from performing any obligation (other than the obligation to make payment of any money), such party who is unable to perform shall give notice to the other party as soon as reasonably possible stating the anticipated duration of the effect of such event. All such parties shall use all reasonable means to reduce the consequences of such event. In all cases where the Selected Depot Operator is the party who is unable to perform, ABCRC shall pay all value added fees for Compaction Services provided by the Selected Depot, whether before or after any such event of force majeure.

ARTICLE 7 DISPUTE RESOLUTION

7.1 Dispute Resolution Procedure for individual Selected Depot Operators

ABCRC and the applicable Selected Depot Operator shall use reasonable best efforts to settle any disputes that arise out of this Agreement and, for disputes involving an individual Selected Depot Operator, by following these three steps:

- 7.1.1 Step One: The Selected Depot Operator and ABCRC's area manager shall work to resolve all issues on a timely basis.
- 7.1.2 Step Two: If step one fails to bring about a resolution within 3 business days from the point of first notification, either party from step one may engage ABDA and/or the Vice-President of Operations of ABCRC to try to arrive at a resolution.
- 7.1.3 Step Three: If step two fails to bring about resolution within 5 business days, or 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.

7.2 Dispute Resolution Procedure for General Disputes

For disputes under this Agreement, which are of a more general nature, the following steps shall be used:

- 7.2.1 Step One: ABCRC's executive and ABDA's executive will work to resolve the issue on a timely basis.
- 7.2.2 Step Two: If step one fails to bring about resolution within 90 days of the point of first notification, either party from step one may engage BCMB, whose decision shall be binding on the parties, except with respect to authority, jurisdiction or legal enforcement.

7.3 Authority, Jurisdiction or Legal Enforcement

Disputes that involve authority or jurisdiction that cannot otherwise be resolved or on matters of legal enforcement beyond the authority of BCMB shall be referred to Court of Queen's Bench of Alberta for resolution.

7.4 Status of Selected Depot Operators

ABCRC and ABDA consent to individual Selected Depot Operators having status to participate in dispute resolutions under this Agreement.

7.5 Timelines

For purposes of dispute resolution under this article 7, occurrences that, when notice is first given, are greater than 90 days shall not be subject to consideration.

ARTICLE 8 GENERAL

8.1 Notices

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

If to ABCRC, to:

Alberta Beverage Container Recycling Corporation
901 – 57 Avenue N.E.
Calgary, Alberta T2E 8X9
Attention: The President
Fax Number: 403-264-0179
Email: president@abcrc.com

If to the ABDA, to:

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

If to a Selected Depot, to the address of that Selected Depot indicated in the tombstone data provided by the BCMB

or such other address(es) as either party may notify to the other party for this purpose or any updated address in respect of a Selected Depot as provided by BCMB. Notice so sent shall be well and sufficiently given and received:

8.1.1 if sent by delivery, when delivered; or

8.1.2 if sent by email, fax or other electronic means 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.

8.2 Entire Agreement

This Agreement and the Service Agreement contain the entire understanding between the parties relating to the subject matter herein contained, and supersedes all prior oral and written understanding, arrangements and agreements relating thereto. Any amendment to this Agreement must be in writing and signed by all parties.

8.3 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.

8.4 Variation

Any variation, alteration or waiver of any of the rights or obligations of the parties under this Agreement must be in writing from and signed by the parties. ABCRC and ABDA may, from time to time, negotiate changes to the terms of this Agreement. Any and all changes agreed to by ABCRC and

ABDA will be promptly sent to all Selected Depot Operators. If the changes are unacceptable to any Selected Depot Operators then those Selected Depot Operators may opt out of this Agreement in accordance with section 5.1. Those Selected Depot Operators who do not opt out will be bound by the changes and all other terms of this Agreement.

8.5 Waiver

The waiver by either party of strict observance or performance of any term of this Agreement or of any breach of it on the part of the other 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.

8.6 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.

8.7 Further Assurances

The parties shall from time to time execute and deliver all such other and further deeds, documents, instruments and assurances as may be necessary or required to carry into force and effect the purpose and intent of this Agreement.

8.8 Assignment

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

8.9 Change of Control

If a change of control of a Selected Depot Operator occurs, that Selected Depot will cease to be a Selected Depot unless the new Depot Operator submits another Offer and Acknowledgement and ABCRC accepts such Offer and Acknowledgement. Eligibility for the new Depot Operator may be limited to the period remaining on the 10-year minimum term of the previous Selected Depot Operator at that location as identified on Schedule "C". For purposes of this section change of control means a sale, lease, or transfer of all or substantially all of the assets related to the Depot or the sale or transfer of a majority of the shares in the capital of the Selected Depot Operator or the issuance of a new permit number by BCMB in respect of a Selected Depot Operator.

8.10 Enurement

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

8.11 Independent Contractors

In connection with this Agreement, each party, including each Selected Depot, is an independent contractor and does not have any authority to bind or commit the other parties. Nothing in this Agreement shall be deemed or construed to create a joint venture, partnership, fiduciary or agency relationship between the parties, or with any Selected Depot Operator, for any purpose. Notwithstanding the foregoing, the ABDA shall be entitled to provide ABCRC with any notices set out herein on behalf of a Selected Depot from time to time and such notices shall be binding upon the applicable Selected Depot.

8.12 Time

Time shall be of the essence in this Agreement.

**ARTICLE 9
EXECUTION**

9.1 Execution

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

Alberta Beverage Container Recycling Corporation

Per: _____



Alberta Bottle Depot Association

Per: _____



SCHEDULE "A"
COMPACTION SERVICES, STANDARDS & VALUE ADDED FEES

The Compaction Services are the compaction of Beverage Containers of the material streams listed in the table below. Standards to be met by the Selected Depot, the mega bag Standard count, and the Value Added Fee payable by ABCRC for each material stream to be compacted are as follows:

For Depots using Class 1 Equipment (Example: NexGen with compression cone):

CRIS Code	Beverage Container type and size	Minimum Standard Compaction ratio	Maximum Standard Compaction ratio	Standard count in each mega bag	Value Added Fee per unit
4009	PET Over 1 litre (Clear & Light Blue)	5.00 : 1	7.50 : 1	1,800	0.7136¢
4007	PET 0-1 litre (Clear & Light Blue)	5.10 : 1	7.55 : 1	6,120	0.2730¢
4309	HDPE Over 1 litre (Natural)	4.50 : 1	6.75 : 1	1,080	1.4275¢
6009	Gable Top Over 1 litre	5.70 : 1	8.55 : 1	2,052	0.8425¢
5007	Tetra Brik 0-1 litre	5.00 : 1	7.50 : 1	7,200	0.2149¢

For Depots using Class 2 Equipment (Example: NexGen w/o compression cone):

CRIS Code	Beverage Container type and size	Minimum Standard Compaction ratio	Maximum Standard Compaction ratio	Standard count in each mega bag	Value Added Fee per unit
1007	Aluminum 0-1 litre	3.10 : 1	4.65 : 1	6,696	0.2362¢
4009	PET Over 1 litre (Clear & Light Blue)	2.91 : 1	4.37 : 1	1,056	0.7085¢
4007	PET 0-1 litre (Clear & Light Blue)	1.94 : 1	2.91 : 1	2,328	0.2742¢
4309	HDPE Over 1 litre (Natural)	2.64 : 1	3.96 : 1	636	1.4140¢
6009	Gable Top Over 1 litre	2.93 : 1	4.38 : 1	1,056	0.8364¢
5007	Tetra Brik 0-1 litre	2.20 : 1	3.30 : 1	3,168	0.2149¢

For Depots using Class 3 Equipment (Example: SARCAN MMF):

CRIS Code	Beverage Container type and size	Minimum Standard Compaction ratio	Maximum Standard Compaction ratio	Standard count in each mega bag	Value Added Fee per unit
1007	Aluminum 0-1 litre	3.00 : 1	3.50 : 1	6,480	0.1506¢
4009	PET Over 1 litre (Clear & Light Blue)	2.00 : 1	2.25 : 1	720	0.8666¢
4007	PET 0-1 litre (Clear & Light Blue)	1.60 : 1	2.00 : 1	1,920	0.2596¢
4309	HDPE Over 1 litre (Natural)	2.00 : 1	2.25 : 1	480	1.0740¢
6009	Gable Top Over 1 litre	2.00 : 1	2.25 : 1	720	0.8666¢
5007	Tetra Brik 0-1 litre	2.00 : 1	2.25 : 1	2,880	0.1622¢

For any new technology the BCMB will evaluate and, if appropriate, establish a new fee schedule for that technology.

The compacted Beverage Containers will be shipped to the designated Plant in appropriate shipping containers and will be subject to the same reconciliation and quality assurance provisions as set out in the Service Agreement, with the provision that the 'expected count' for any bag of compacted containers that is missing a tag shall be determined based upon (i) the information contained on the RBill and the other bags of like material shipped; or, (ii) as the Standard Count in the tables above. Compacted materials cannot be shipped in one-way bags.

IMPORTANT NOTE: VALUE ADDED FEES WILL ONLY BE PAID BY ABCRC TO THE SELECTED DEPOT IN RESPECT OF THOSE MATERIAL CATEGORIES NOTED IN SCHEDULE 'B'. FROM TIME TO TIME BY MUTUAL AGREEMENT BETWEEN THE ABDA (ON BEHALF OF A SELECTED DEPOT) AND ABCRC, THE PARTIES CAN PROPOSE UPDATES TO THE LIST OF COMPACTIBLE MATERIALS AND ASK THE BCMB TO APPROVE APPROPRIATE FEES TO REFLECT THE ADDITIONS.

Compaction Ratio Maintenance

The foregoing are the Standards to which the Selected Depot Operator compacting Beverage Containers must comply. Depots will use best efforts to completely fill each mega bag prior to shipment to the Plant and must achieve the Minimum Standard Compaction ratio and must not exceed the Maximum Standard Compaction ratio for the designated Class accepted in Schedule "B" for the rolling 3-month monitoring period in order to be eligible for payment of the Value Added Fees for that Class.

A Depot may ship bags of co-mingled compacted and non-compacted containers on occasion provided they continue to achieve the Standards for the rolling 3-month monitoring period and providing that at least 50% of the Standard count for compacted containers is shipped in every bag.

Monitoring

Start Up

First and second months after installation of equipment and shipment of first compacted containers shall be the designated test phase and monitoring will be done for information purposes only;

At the completion of the third month after the first compacted containers have been shipped, ABCRC shall monitor the compaction on a rolling 3-month basis (i.e. for the first 3-months of service) and report the results to the Depot Operator. These initial results shall be non-actionable by ABCRC. (For Depots compacting prior to October 1, 2014, this period shall be deemed to have been completed as of November 30, 2014)

Ongoing Monitoring (All Depots)

After the start-up period has ended, (i.e. the start of the fourth month) ABCRC shall monitor the compaction ratio for each depot on a rolling 3-month basis and report the results to the Depot Operator and the BCMB. Poor results will be subject to Actionable Remedies.

Actionable Remedies

Results for a depot failing to meet the Standards, that is below the Minimum Standard Compaction ratio or above the Maximum Standard Compaction ratio, for a specific material, for their designated Class will be entered into the Quality Monitoring Database.

- A first offense will be subject to a 'first warning' issued to the Depot Operator from the BCMB.
- A second consecutive month of results, drawn from the Ongoing Monitoring by ABCRC, failing to meet the Standards for a specific material, for their designated Class will result in a 'second warning' to the Depot Operator and a levy from the BCMB.
- A third consecutive month, drawn from the Ongoing Monitoring by ABCRC, of results failing to meet the Standards will result in ABCRC being authorized to reduce the Value Added Fee being paid to Depot Operator by 50% until such time as they meet the Standards for three consecutive months.
- A fourth consecutive month failing to meet the Standards will result in a review of the Depot Operator's performance where the Depot Operator will be required to be present before the next scheduled Industry Leadership Committee (the "ILC") meeting. The ILC may recommend to the BCMB Board that they issue a levy against the Depot Operator or temporarily suspend payment of Value Added Fees to the Depot Operator for Compaction Services until corrective measures are taken.

A Depot Operator that receives 3-"first warnings" within a 12-month period shall be subject to a levy from the BCMB.

The Selected Depot may apply compaction to Beverage Containers of other types and sizes other than those specified in this Schedule, with the exception of glass types and sizes. If the Selected Depot does so, it will be without compensation from ABCRC unless previously agreed to.

SCHEDULE "B"

OFFER AND ACKNOWLEDGEMENT

TO: Alberta Beverage Container Recycling Corporation ("ABCRC")

AND TO: Alberta Bottle Depot Association ("ABDA")

RE: Offer to provide Compaction Services

The undersigned Depot Operator hereby offers to provide Compaction Services to ABCRC under the In-Depot Compaction Services Agreement and for its Depot to become a Selected Depot and bound by the terms of the In-Depot Compaction Services Agreement, to the same extent as if a signatory thereto, with all of the rights and obligations of a Selected Depot Operator under the In-Depot Compaction Services Agreement. This offer is open for acceptance by ABCRC in accordance with Section 2.3 of this Agreement. The offer, if accepted by ABCRC, shall be communicated to the undersigned, and ABDA, by way of confirmation in the form attached as Schedule "C" to the In-Depot Compaction Services Agreement.

If this offer is accepted by ABCRC, the undersigned acknowledges that the undersigned:

1. will be recognized as a Selected Depot Operator under the In-Depot Compaction Services Agreement;
2. will be bound by the terms of the In-Depot Compaction Services Agreement, to the same extent as if a signatory thereto; and
3. will provide to ABCRC Compaction Services in accordance with the In-Depot Compaction Services Agreement for the following materials:

CRIS Code	Beverage Container type and size	Equipment Class*	Depot Initials	ABCRC Initials
1007	Aluminum 0-1 litre			
4009	PET Over 1 litre (Clear & Light Blue)			
4007	PET 0-1 litre (Clear & Light Blue)			
4309	HDPE Over 1 litre (Natural)			
6009	Gable Top Over 1 litre			
5007	Tetra Brik 0-1 litre			

* If equipment has not been tested and approved in Alberta proof of compaction capabilities will be required to determine which Class the equipment will be grouped in.

The undersigned acknowledges that it has been given a copy of the In-Depot Compaction Services Agreement, has been given time to review that agreement and understands its terms and conditions.

The Compaction Services to be provided by the undersigned shall only apply to the Beverage Container types and sizes specified in the table above.

The address to send all notices and confirmations to the undersigned for purposes of section 8.1 of the Agreement is:

The undersigned and ABCRC may from time to time agree to add to or subtract from this list of Beverage Container types and sizes. The agreement to change this list shall be in writing, dated and signed by both parties, with a copy sent to ABDA and a copy attached to this Offer and Acknowledgement.

Signed at _____, Alberta, and dated _____.

Name of Depot Operator

Signature

SCHEDULE "C
CONFIRMATION

TO: ● Depot Operator

AND TO: Alberta Bottle Depot Association ("ABDA")

Alberta Beverage Recycling Corporation ("ABCRC") hereby confirms eligibility and accepts the Offer and Acknowledgement attached dated ● and confirms that ● Depot Operator is approved to provide Compaction Services under the In-Depot Compaction Services Agreement dated October 29th, 2014 between ABCRC and ABDA. ● Depot Operator is hereby recognized as a Selected Depot under the In-Depot Compaction Services Agreement and ABCRC agrees to receive compacted material from the Selected Depot for not less than 10 years.

Dated ●

Alberta Beverage Container Recycling Corporation

Per: _____

– OR –

ABCRC hereby rejects ● Depot Operator's Offer and Acknowledgement dated ● to become a Selected Depot Operator under the In-Depot Compaction Services Agreement dated October 29th, 2014 between ABCRC and ABDA.

The Offer and Acknowledgement has been rejected due to:

☐ The Depot not being eligible according to the third party list identified in Section 2.3; or

☐ The BCMB has identified that the Selected Depot is not in good standing.

Dated ●

Alberta Beverage Container Recycling Corporation

Per: _____