

SERVICE AGREEMENT

**ALBERTA BEVERAGE CONTAINER
RECYCLING CORPORATION**

- and -

**ALBERTA BOTTLE DEPOT
ASSOCIATION**

Implementation Date: September 1, 2019

Approved by the BCMB on August 28, 2019

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SERVICE AGREEMENT

This Agreement made as of August 27, 2019.

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 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 Containers from Depots;
- E. BCMB's Collection System Agent ("CSA") By-Law provides that CSA and ABDA shall provide to BCMB a service agreement acceptable to BCMB which, among other things, prescribes the manner and frequency of Container collections by CSA and prescribes the manner and frequency of payments to Permit Holders by CSA and addresses any other matters related to the efficient operation of the Common Collection System;
- F. 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;
- G. BCMB has confirmed that CSA is authorized to make the deductions from payments to the Permit Holders in accordance with Article 4.4 of this Agreement;

- H. CSA has entered into this Agreement on its own behalf and may retain agents to fulfill its obligations under this Agreement; and
- I. ABDA has entered into this Agreement on behalf of itself and Permit Holders, whether such Permit Holders are ABDA members. As specified in their respective Permits, all Permit Holders are bound by the obligations placed on them pursuant to this Agreement, whether such Permit Holders are ABDA members.

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

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Terms that are defined in BCMB By-laws have the same meaning when they are used in this Agreement. Otherwise, other than those defined terms or unless the context otherwise requires, the following definitions shall apply:

- 1.1.1 “Actual Counts” is the quantities of Deemed Count and Non-Targeted Container code counts found during the audit process;
- 1.1.2 “Agreement” means this service agreement, including all schedules.
- 1.1.3 “Business Day” means the hours from 8 am – 4 pm, local time, on a day that the CSA is open for business to receive from Depots and is intended to be every day of the year except for the following statutory holidays and any new holidays to be observed in the Province of Alberta, whether proclaimed by the provincial or federal government:

New Year’s Day	Family Day	Good Friday
Victoria Day	Canada Day	Civic Holiday (August)
Labour Day	Thanksgiving Day	Remembrance Day
Christmas Day	Boxing Day	
- 1.1.4 “Carrier” means an agent contracted by CSA to transport Containers.
- 1.1.5 “CBill” means a waybill that records a shipment from CSA to a Depot.
- 1.1.6 “Common Collection System” shall have the meaning ascribed to such term under BCMB’s Collection System Agent (CSA) By-law.
- 1.1.7 “Container Code” means the unique code used to identify separate Material Streams as outlined in Schedule “A”.

- 1.1.8 “Container Weight” means the total weight of a container group alone excluding any receptacle that holds the containers.
- 1.1.9 “Contents” means the Whole Container and Cullet contained with a Shipping Container.
- 1.1.10 “Cullet” means the remaining broken glass, including necks, found inside a Shipping Container after all Whole Containers and debris are removed.
- 1.1.11 “Cullet Weight” means the weight of the Cullet alone excluding the weight of any receptacle that contains the Cullet;
- 1.1.12 “Day of Depot Operations” means the hours from 8 am – 4 pm on any Business Day that the Depot is open for business based on the information provided by the BCMB to the CSA.
- 1.1.13 “Deemed Count” means the equivalent Whole Containers converted from the weight of allowable cullet.
- 1.1.14 “Depot” shall have the meaning ascribed to such term under the BCMB’s Depot By-law, but for the purposes of this Agreement, shall exclude any Class D Depot.
- 1.1.15 “eRBill” means the electronic version of the RBill that includes individual bag information detail for the applicable load that is sent either through a point of return software or through the CSA web-portal.
- 1.1.16 “Expected Count” will be the number of Containers reported by the Depot on the bag tag, or determined by the CSA in accordance with the terms of the Service Agreement in accordance with the defined process for untagged bags, or mis-tagged bags;
- 1.1.17 “Gross Converted Cullet Count” means a notional unit count of glass containers that is established by applying a pre-determined conversion factor to the Cullet Weight.
- 1.1.18 “Gross Weight” means the total weight of all the Contents, debris and Shipping Containers before the Contents are sorted.
- 1.1.19 “Industry Leadership Committee” (ILC) means the committee formed by agreement among CSA, BCMB and ABDA and comprised of the Presidents of those entities.
- 1.1.20 “Live Load” means a load whereby the Carrier and Depot co-load the trailer in accordance with Section 3.2 of the Agreement.
- 1.1.21 “Manufacturer” shall have the meaning ascribed to such term under BCMB’s Collection System Agent (CSA) By-law.

- 1.1.22 “Material Stream” shall have the meaning ascribed to such term under BCMB’s Handling Commission Review By-law.
- 1.1.23 “Non-System Container” means a Container that has not been sold in Alberta and is therefore not eligible for a Deposit Refund.
- 1.1.24 “Non-Beverage Container” means a bottle, can, plastic cup or paperboard carton or a package made of metal, plastic, paper, glass or other material, or a combination of them, that has never contained a beverage.
- 1.1.25 “Non-Target Container” means a Container from any material stream other than the Target Container code.
- 1.1.26 "Permit Holder" 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.
- 1.1.27 “QMS” (“QMS”) means the customer response management system, presently through Zendesk, managed by the BCMB that allows all parties to issue a service ticket to other parties in the system.
- 1.1.28 “RBill” means a waybill that records a shipment of Containers and/or Shipping Containers from a Depot to CSA.
- 1.1.29 “Refillable Container” means a beverage container that are refilled by the manufacturer and collected and paid for by collection service provider. These containers are not the responsibility of the CSA.
- 1.1.30 “Sample Group” is the minimum quantity of bags selected from a Target Container code deemed to be representative of the total number of Target Container bags on an R-Bill.
- 1.1.31 “Shippers Load & Count” means the designation that reflects the Depot prepared the load without the Carrier’s involvement and is to be recorded by the Carrier on the RBill for any shipment that was not a live load or was loaded by the Depot onto a Spotted Trailer.
- 1.1.32 “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 Containers.
- 1.1.33 “Spotted Trailer” means a transport trailer provided by the CSA, when requested by the Depot at the Depot’s permitted location, and agreed to by the CSA, for the Depot to load at their convenience and for the Carrier to transport to the CSA when scheduled.

- 1.1.34 “Target Container” code means the Container code material stream indicated on the bag tag or as applied due to missing tags, mis-tags or majority rule.
- 1.1.35 “Tare Weight” means the total weight of all Shipping Containers including mega-bag, pallets, and boxes when used including the weight of any debris found in the Shipping Containers.
- 1.1.36 “Total Count” means the sum of the Whole Count of the Expected Container code and the Deemed Count.
- 1.1.37 “Whole Container” means containers that are undamaged, or with a chip no larger than the size of a dime.
- 1.1.38 “Whole Count” will be the number of whole glass Containers, that match the expected Containers, counted by CSA.

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 Permit Holders 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 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”	Non-Glass Container Quality Control (“QC”)
Schedule “I”	Glass Container Quality Control (“GQC”)

ARTICLE 2
NATURE OF RELATIONSHIP

2.1 Work Cooperatively & Comply with BCMB Bylaws & Policies

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

CSA, ABDA and Permit holders agree that this agreement is intended to comply in all material aspects with all relevant bylaws and policies of the BCMB.

2.2 Employees

A Permit Holder 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 Permit Holder 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 Mutual Confidentiality

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

2.5.1 all information disclosed to or otherwise received by ABDA, Permit Holders, CSA or any one of them in connection with the operation of the Common Collection System, including, without limitation, all financial information, quality control audit results, information concerning Container volumes of individual Depots, shall be kept confidential;

2.5.2 With respect to any information, referred to in section 17(1) of the Regulation acquired by the BCMB that may be with respect to information related to a trade secret, process or technique that ABDA, Permit Holders, CSA or anyone of them otherwise keeps confidential, CSA and ABDA acknowledge that the BCMB will keep such information in a manner that does not undermine the confidentiality of the information;

- 2.5.3 each of ABDA, Permit Holders and CSA covenant and agree to not disclose information received by it from BCMB, ABDA, Permit Holders, or CSA provided it shall not be considered a breach of this confidentiality obligation if:
- 2.5.3.1 the information is or becomes public information, without violation of this Agreement by the party that received the information, provided however, that confidential information shall not be deemed to be public information merely because it is embraced by general disclosures to the public or general knowledge in the possession of BCMB, ABDA, Permit Holders, CSA;
- 2.5.3.2 CSA discloses confidential information to BCMB or ABDA with respect to a Permit Holder, or any of them, under the strict condition that CSA directs BCMB or ABDA, as applicable, that the information is for internal purposes only and not for further disclosure;
- 2.5.3.3 CSA discloses confidential information to Carriers regarding number of pick-ups, Shipping Containers or information of similar nature, provided that such disclosure excludes Container volumes of individual Depots, for purposes of establishing Carrier services;
- 2.5.3.4 the party that received confidential information has obtained the prior consent of BCMB, ABDA, Permit Holder, or CSA as applicable, to disclose such confidential information, provided that such party comply with all terms or conditions imposed on any permitted disclosure; or
- 2.5.3.5 any disclosure of confidential information that is required by law, if disclosure is strictly limited to the information that must be disclosed;
- 2.5.4 notwithstanding the foregoing, ABDA and CSA may aggregate otherwise confidential information and make public such aggregated information. In addition, ABDA and CSA acknowledge that BCMB may aggregate confidential information and makes public such aggregated information from time to time;
- 2.5.5 where CSA acquires information related to a trade secret, process or technique that one or more of ABDA and/or any Permit Holder keeps and identifies as confidential and have been 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/or any Permit Holder acquire information related to a trade secret, process or technique that CSA keeps and identifies as confidential and has made known to ABDA or such applicable Permit Holder(s), ABDA and or such applicable Permit Holder(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 PERMIT HOLDERS

3.1 Containers

Permit Holders shall:

- 3.1.1 sort Containers according to Schedule “A”;
- 3.1.2 record the Depot name, sort and number of 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 QMS; and
- 3.1.6 comply with the conditions applicable to Permit Holders in respect of Shipping Containers set out in Schedule “C”.

In addition to shipping Containers, a Permit Holder may, with the prior consent of CSA, ship recyclable materials that are not Containers, on terms to be agreed upon by CSA and that Permit Holder. Notwithstanding the foregoing, a Permit Holder may not claim payment of a Deposit Refund or a handling commission with respect to a Non-Beverage Container in a manner that contravenes the Regulation or the By-laws.

3.2 Scheduling, Loading and Receiving

Permit Holders 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, storage yard and other applicable access areas of the Depot are safe and kept free of all obstructions and notify CSA or the Carrier, prior to their next scheduled appointment, of any weather-related obstructions;

- 3.2.3 ensure that all employees who may be directed by the Permit Holder to help guide trucks/trailers safely into the loading area upon the Carrier's request are properly trained to execute that function safely not only to avoid unnecessary loss or damage to the trucks/trailers, but also to support the health and safety of both Permit holder and carrier employees;
- 3.2.4 be equipped to take receipt of Shipping Containers in a safe manner, including, without limitation, the use of personal protection equipment and compliance with applicable occupational health and safety requirements;
- 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 trailers that are to be left on the Depot's premises 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 such trailers left on the Depot's premises until the trailer has been removed by CSA from the Depot's premises, it being noted that the custody of Containers transfers from the Permit Holder to CSA upon removal by CSA of the Containers 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 offload 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 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 Permit Holders 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 Permit Holder;
- 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 trailer that is loaded while the Carrier waits, 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 based upon Shipper's Load and Count;
- 4.2.2.5 provide the necessary pin-locks and padlocks (unless the trailer is backed-up to the Depot's loading dock) for spotted trailers; and
- 4.2.2.6 provide keys to the Permit Holder 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 Containers and Shipping Containers received in accordance with Schedule "F".

4.4 Payments

CSA shall in accordance with the Regulation and the payment process set out in Schedule "G":

- 4.4.1 reimburse each Permit Holder for the approved refund of each Container received from the applicable Depot; and
- 4.4.2 pay each Permit Holder a handling commission in an amount that is payable in accordance with section 13(b) of the Regulation for the Containers received and properly sorted from the Depot and in respect of which Deposit Refunds were paid by that Permit Holder.

Such payments shall be reduced by:

- 4.4.3 fees that are set by and payable to ABDA, by its members, upon CSA having received written notice from the Permit Holder;

- 4.4.4 any fees, in total or on a per-container basis, that may from time to time be imposed by BCMB in accordance with BCMB's Fee By-law from one or all Permit Holders; and
- 4.4.5 any amount remitted or to be remitted to BCMB, at its request, by CSA on behalf of a Permit Holder for any outstanding fees imposed by BCMB that remains unpaid.

Notwithstanding anything to the contrary contained in this Agreement, ABDA shall be liable for and shall indemnify and hold harmless CSA from any claims, losses or damages that CSA may suffer because of any dispute between ABDA and a Permit Holder that is an ABDA member regarding the status of such Permit Holder's ABDA membership and/or ABDA's authority to receive administration fees.

4.5 Third Party Agent

CSA may contract a third party to perform any of its duties or obligations under this Agreement (including without limitation, receiving, offloading or otherwise processing shipments from Depots and to act as a Carrier) provided that CSA remains accountable and responsible for such duties and obligations. Notwithstanding the generality of the foregoing, CSA shall not utilize a third party to complete audits or make applicable payments contemplated under this Agreement.

ARTICLE 5 DISPUTE RESOLUTION

5.1 Dispute Resolution Principles

- 5.1.1 CSA, ABDA and the Permit Holders shall use reasonable best efforts to settle any disputes that arise out of this Agreement.
- 5.1.2 CSA, ABDA and the Permit Holders shall record any dispute in QMS to establish a fixed record reviewable by all related parties.
- 5.1.3 For purposes of dispute resolution under this Article 5, incidences occurring greater than 45 Business Days prior to the first notification in the QMS shall not be subject to consideration.

5.2 Procedure for Individual Depot Disputes

Permit Holders issues and resolution of those issues shall be documented through the QMS. Prior to raising a dispute under this section 5.2, CSA must have established a deadline for an individual Permit Holder to respond to CSA's concern through the QMS and such Permit Holder must have defaulted on its obligation to

respond by such deadline. ABDA, CSA and individual Permit Holders that are ABDA members, or the individual Permit Holder each consent to either ABDA or the individual Permit Holder to have status to participate in dispute resolutions under this Agreement.

For disputes involving an individual Permit Holder, parties shall seek resolution by following these three steps:

5.2.1 Step One

The Permit Holder and the applicable CSA Operations Manager shall work to resolve all issues on a timely basis. If the timelines set out in this Agreement, or as otherwise agreed to by the parties to the dispute, are not met, the issue will be deemed a dispute. Any disputes at this level must be noted in the QMS as a “Level 1” dispute.

5.2.2 Step Two

If the Permit Holder and the CSA Operations Manager are not able to agree upon a resolution within 4 Days of Depot Operations 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 Permit Holder that is an ABDA member may request ABDA to represent the Permit Holder.

In the case of the Permit Holder, the Permit Holder will engage the CSA Vice President of Operations to discuss the dispute.

In the case of the CSA Operations Manager, the Vice President of Operations will engage the Permit Holder to discuss the dispute.

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

5.2.3 Step Three

If ABDA/Permit Holder (or, ABDA when nominated by a Permit Holder that is an ABDA member) and CSA’s Vice President of Operations are not able to resolve the dispute within 7 Days of Depot Operations, 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 the parties agree to engage the BCMB to render a decision on the dispute.

Regardless of the timelines in 5.2.1 to 5.2.3, for Permit Holders who operate for 24-hours or less in a week, the parties agree to expedite resolution of any issue within 21 calendar days. If the parties unanimously agree, such 21-calendar day period may be extended.

5.3 Procedure for General Disputes

For general disputes, CSA and ABDA acknowledge and agree that BCMB may participate in resolving disputes from time to time to track and/or raise industry-wide issues that are to be resolved for the betterment of the Common Collection System. 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 the negotiation, amendment, validity, interpretation, performance, existence, breach, violation or termination of this Agreement regardless of the number of Permit Holders involved, or (ii) disputes under this Agreement that involve more than one Permit Holder, by taking the following steps:

5.3.1 Step One

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

5.3.2 Step Two

If the representatives are not able to agree upon a resolution within 30 days of the point of first notification or such other time period as agreed upon by them, the representatives will engage the Industry Leadership Committee to resolve the issue on a timely basis.

5.3.3 Step Three

If the Industry Leadership Committee is not able to facilitate a resolution within 30-days of the date on which the Industry Leadership Committee is engaged, the dispute will be determined by engaging the BCMB. The BCMB's decision may only be appealed by either party under the rights and remedies set out in section 5.3.4 below; otherwise, the BCMB's decision shall be binding on the parties.

5.3.4 Binding Arbitration Option

If there is any dispute not involving a matter of authority, jurisdiction or legal enforcement that cannot be resolved under the procedures identified in sections 5.3.1 to 5.3.3 above to the satisfaction of the parties and CSA and ABDA unanimously consent to proceed with arbitration (such consent not to be unreasonably withheld), such dispute maybe submitted to and shall be settled by arbitration. The arbitration shall be conducted by a single arbitrator, mutually agreed upon by CSA and ABDA. If CSA and ABDA are unable to agree upon an arbitrator, the arbitration shall be conducted by a single arbitrator appointed by a Justice of the Court of Queen's Bench of Alberta upon the application of either CSA or ABDA. The decision of the arbitrator shall be final and binding upon the applicable parties and there shall be no appeal therefrom. The arbitration shall be conducted in either Edmonton or Calgary, Alberta,

in accordance with the provisions of the Arbitration Act (Alberta), as amended from time to time.

5.4 Authority, Jurisdiction or Legal Enforcement

Disputes that involve authority or jurisdiction that cannot otherwise be resolved under sections 5.2 or 5.3; 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 in either Edmonton or Calgary, Alberta.

5.5 Timelines

For purposes of dispute resolution under Article 5, incidences occurring greater than 45 days prior to the first notification in the QMS 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 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 Permit Holder an amount as contemplated in section 4.4.3. CSA, upon following such directions from ABDA, shall not be liable to the Permit Holder for the amount of the deduction. Whether the fee is due and owing by the Permit Holder and the amount of the fee are matters between ABDA and the Permit Holder.

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

If 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 Permit Holder that is not a member of the ABDA:

To the applicable contact information as provided by the BCMB.

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

7.2.1.1 if sent by delivery, when delivered; or

7.2.1.2 if sent 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 Permit Holders 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 ^{SEP}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

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

1- For the Beverage Container Sorts which have multiple options of Shipping Containers identified the Permit Holder 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.

The Depot Operator shall sort the following material types into the 0-1L Plastics (Other) sort (Container 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 (Container 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 Permit Holder 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 Container 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 Permit Holder 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 Permit Holder 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 the 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 Permit Holder, at no cost to the Permit Holder for use in sorting, storing and shipping Containers. Permit Holders agree to manage their inventory of Shipping Containers.

2.0 CSA Obligations

CSA shall:

- 2.1 work with each Permit Holder 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 Permit Holder submit their Shipping Container inventory within the last 7 Business Days 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 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 Container volumes (i.e. bottle drives, local festivals, etc.);
- 2.8 adjust Shipping Container inventory records to reflect any reported discrepancies from the Permit Holder 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 Permit Holder within one Business Day including a timeline.

Damaged Shipping Containers identified by CSA shall be culled for repair or disposal.

3.0 Permit Holder Obligations

Each Permit Holder 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 and/or damage;
- 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, initialing beside each Bundle Seal that it has been received, and the number of pallets received;
- 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 QMS, by the end of the next Day of Depot Operations or the CBill shall be deemed as correct;
- 3.6 not damage the Shipping Containers provided by CSA, including, without limitation, damage such as the cutting of baffles, 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 Container volumes (i.e. bottle drives, local festivals, etc.);
- 3.8 respond to CSA's request to verify the Permit Holder'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 Permit Holder neglect, misuse, loss or consumption; and
- 3.11 order consumable supplies (tags, one-way bags, etc.) online through the ABCRC Permit Holder Login page.

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	\$17.00
Glass Mega bag	\$16.75
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;
 - 4.1.3 closure flaps missing; or
 - 4.1.4 broken boards such that the pallet cannot be handled by a pallet jack or forklift.

**Alberta Beverage Container
Recycling Corporation**

COMBINATION SHORT FORM
OF STRAIGHT BILL OF LADING - RAIL EXPRESS MERCHANDISE RECEIPT
ADOPTED BY RAIL FREIGHT AND EXPRESS CARRIERS SUBJECT
TO THE JURISDICTION OF THE BOARD OF TRANSPORT COMMISSIONERS FOR CANADA

ISSUED AT SHIPPERS REQUEST

Depot: Permit Holder Name
Carrier: Carrier Name
Shipped: Date
Trailer No.:

Qty	Shipping Container	Unit Cost	Total
40	Mega Bag	\$16.00	\$640.00
0	Glass Bag	\$16.50	\$0.00
26	Pallet	\$16.70	\$434.32
Replacement Cost of this Order			\$1,074.32

ProBill:
Consumables Shipped with this Order
Other Comments

Bag Serial Nos.

Mega Bag

Bundle Serial No.: 00017146

2018-02-100-002963	2017-04-100-004561	2017-11-100-048829	2017-11-100-049025	2017-08-100-026032
2017-04-100-000589	2018-02-100-004595	2017-05-100-010824	2017-04-100-002783	2018-08-100-014626

Bundle Serial No.: 00017272

2017-05-100-011802	2017-11-100-048597	2017-04-100-002001	2018-07-100-012584	2017-04-100-000237
2018-07-100-012048	2018-07-100-014097	2017-05-100-013734	2017-04-100-000252	2018-02-100-001840

Bundle Serial No.: 00017783

2018-02-100-002496	2017-04-100-002922	2017-06-100-022555	2018-07-100-010032	2017-05-100-014198
2017-06-100-020269	2017-04-100-004668	2017-04-100-002565	2017-06-100-024595	2017-05-100-011980

Bundle Serial No.: 00017805

2017-06-100-020156	2017-05-100-014948	2017-05-100-014589	2017-05-100-012279	2017-05-100-013931
2017-04-100-000458	2018-02-100-004814	2018-02-100-000357	2017-05-100-010749	2017-11-100-047001



CARTON SHIPPER _____

CHECKER _____



CARRIER _____

AUTHORIZED DEPOT SIGNATURE _____



C-Bill Number _____

(This Document when Issued as a Rail Bill of Lading is to be signed by the Shipper and Agent of the Carrier Issuing same.)

**Carrier
Completes**

D Required: Permit Holder's Initial beside each bundle seal.

B Required: Carrier Signature

**Depot
Completes**

C Required: Depot Signature

CSA Completes

A Required: Header information, Summary Information, Seal and bundle
bar codes, CSA signature

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 Permit Holder 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 Permit Holder to CSA via the QMS.
- 1.5 The minimum load size to be picked up from any one Depot will be pre-determined by CSA in consultation with each Permit Holder.
- 1.6 The Permit Holders will have regard to their minimum load sizes when requesting pick-up of Shipping Containers.

2.0 CSA Direct Depots

- 2.1 Depots within the city limits of either Calgary or Edmonton shall be serviced directly by the CSA for their transportation scheduling.
- 2.2 These Permit Holders will email CSA to advise of their pick-up requirements using the following email addresses with "Pick-Up" as the subject line. Requests are to be recorded in the order they were received.

St. Albert 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 Permit Holder 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 left at a Depot's premises for loading through prior arrangements with CSA.

3.0 Carrier Direct Depots

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

3.2 Each Depot will be assigned a Carrier by CSA.

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

3.4 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 QMS.

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

4.3 CSA shall record and report to BCMB the number of reported deficiencies resolved more than 4 hours after CSA receives notification of such deficiencies.

4.4 Spotted Trailers

4.4.1 CSA Responsibilities:

4.4.1.1 A Spotted Trailer may be spotted at a Depot through prior arrangement with CSA.

4.4.1.2 CSA when considering the approval of a Spotted Trailer will evaluate the fleet availability, the Depot's Container volume, accessibility, access and additional system cost of provided a Spotted Trailer.

4.4.1.3 Provide the padlock & pin-locks to the Depots.

4.4.1.4 Carrier will sign the RBill receiving the trailer and leave a copy in the depot document box.

4.4.1.5 Carrier will sign the RBill acknowledging that it was a Shippers Load & Count or Live Load.

- 4.4.2 Permit Holder Responsibilities:
- 4.4.2.1 secure spotted trailers with a padlock (unless the trailer is backed up to the Depot's loading dock) and pin lock provided by the CSA;
 - 4.4.2.2 must ensure that they have enough secure space to drop and switch trailers safely to complete the spot.
 - 4.4.2.3 for Permit Holders with only a single door available they must ensure that they can load other product (i.e.: refillables) out of the other Depot doors if requesting a spotted trailer.
 - 4.4.2.4 ensure that the mega-bags and load is secured with the equipment supplied by the Carrier.
 - 4.4.2.5 ensure keys for padlocks and pin-locks are kept safe and secure and returned when requested by the CSA or Carrier.
 - 4.4.2.6 Load the spotted trailer and be responsible for any damages and costs associated with the trailer being spotted at their location.
 - 4.4.2.7 perform a trailer inspection on its arrival (sides, roof, and floor) and note any damage via QMS to the CSA.
 - 4.4.2.8 ensure that they provide a document box for Carrier paperwork outside of their depot that is accessible to the Carrier after hours to retrieve and drop any necessary paperwork.
 - 4.4.2.9 Permit Holder will ensure that when shipping RBills the carrier is provided the RBill with the load signed by the depot indicating what the depot loaded.
 - 4.4.2.10 Email back signed CBills from spot loads using the following email addresses with "CBill" as the subject line.

Depots shipping to St. Albert: CSAdirectedmonton@abcrc.com

Depots shipping to Calgary: CSAdirectcalgary@abcrc.com

SCHEDULE "E"

BILL OF LADING INFORMATION

Upon completion of the RBill and shipment of the load, the Permit Holder 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 by the Permit Holder and signed by both the Permit Holder and the Carrier in accordance with the second page of this schedule.

Average Load Weight

As per the "Alberta Traffic Safety Act: Bill of Lading and Conditions of Carriage Regulation", the Permit Holder is required to provide a weight for the shipment on the RBill. Based on industry data, the below table may be used for approximate average weights for the purposes of filling out this field.

# of Pallet Positions	Weight (kg's)	Weight (lbs.)
13	2,025	4,464
20	3,115	6,867
22	3,427	7,554
24	3,738	8,241
26	4,050	8,928

1.0 When generating an eRBill, the Depot will:

- 1.1 Provide individual bag information for each mega bag including the Container Code, Shipping Container used, and quantity of 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 Permit Holder 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.

2.0 If there is an inability to transmit the eRBill:

- 2.1 The Depot will contact CSA to inform them of the issue;
- 2.2 the Depot will not attempt to resubmit the eRBill unless directed to by CSA; and
- 2.3 the Depot will email or fax a copy of the eRBill printed copy to the provided email/fax numbers at CSA

Bill Charges To: Alberta Beverage Container Recycling Corporation, 901 57th Ave. NE, Calgary, AB, T2E 8X9

STRAIGHT BILL OF LADING

- Deliver to (Check Ship To Plant):
- ABCRC Calgary: 901 57th Ave NE
Calgary, AB, T2E 8X9
 - ABCRC St. Albert: 14 Richardson Drive
St. Albert, AB, T8N 7W4

Depot: _____
 Depot Address: _____
 Depot City: _____

B/L#: **R 734001**

CARRIER: _____ TRAILER No: _____ PRO BILL No: _____ Date: _____

Received at point of origin on this bill of lading, the goods herein described, in apparent good order, except as noted (contents and condition of contents of packages unknown) marked, consigned, stored and delivered as indicated below, which the carrier agrees to carry and deliver to the consignee at the destination if on Par route, otherwise to deliver to another carrier on the route to the destination. The carrier shall be liable for the goods over all or any portion of the route to destination, and also each party at any time intervening in or any of the goods, that every service to be performed hereunder shall be subject to all the conditions whether printed or otherwise, herein contained, including conditions on back hereof, which are hereby agreed to by the shipper and accepted for himself and his assignee or governed under other contractual arrangements.

RECEIVED, Subject to the classification and tariffs in effect on date of issue of this Original Bill of Lading.

Containers				Quantity of:			
Description	Size	Code	Units	Mega Bag Code 100	Glass Bag Code 200	One Way Code 300	Pallet Code 400
Aluminum	0 - 1 Litre	1006					
PET (Clear & Blue Tint)	0 - 1 Litre	4006					
	Over 1 Litre	4003					
HOPE (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 Pouches 0-1 Litre	7006					
	Plastic One-Way Keg Over 1 Litre	4023					
Bi-Metal	0 - 1 Litre	2006					
	Over 1 Litre	2003					
Bag-in-a-Box/Drink Pouch	Over 1 Litre	8001					
Ceramics	0 - 1 Litre	3501					
Aerosol	0 - 1 Litre	7008					
Sub - Totals							
Returned Shipping Container (Empty unused/ Damaged)							
R 734001 Totals							
Total Shipment Weight (lbs):							

Please order consumables from Depot Operators Homepage at www.abcrc.com Note: product shipped in bulk subject to verification.

DEPOT/ SHIPPER SIGNATURE: _____	CSA SIGNATURE: _____
CARRIER SIGNATURE: _____	PICK UP DATE: M / DD / YYY TIME: ____-AM/PM
CARRIER/ SHIPPING NOTES:	
ABCRC OFFICE USE ONLY: Special Notes : _____	Date approved by: _____ Date approved on: MM / DD / YYYY

WHITE: DEPOT COPY

YELLOW: ABCRC COPY

GREEN: CARRIER COPY

RBill Legend

Carrier Completes

A	RBill Header information: Required: Carrier name, Trailer number, Load Weight Optional: Pro Bill number
E	Carrier signature area: Required: Driver signature, Date of pick-up, Time of pickup

Depot Completes

B	Depot header information Required: Depot name, Shipment Date, Deliver to Plant Destination
C	Shipment detail area: Required: Number of units, number of mega bags, number of glass bags, number of one-way bags, and number of ABCRC pallets all itemized by Container Code with subtotals and totals. Weight to be either approximate or based on average per Container Code weight.
D	Shipper signature area: Required: Depot signature

CSA Completes

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

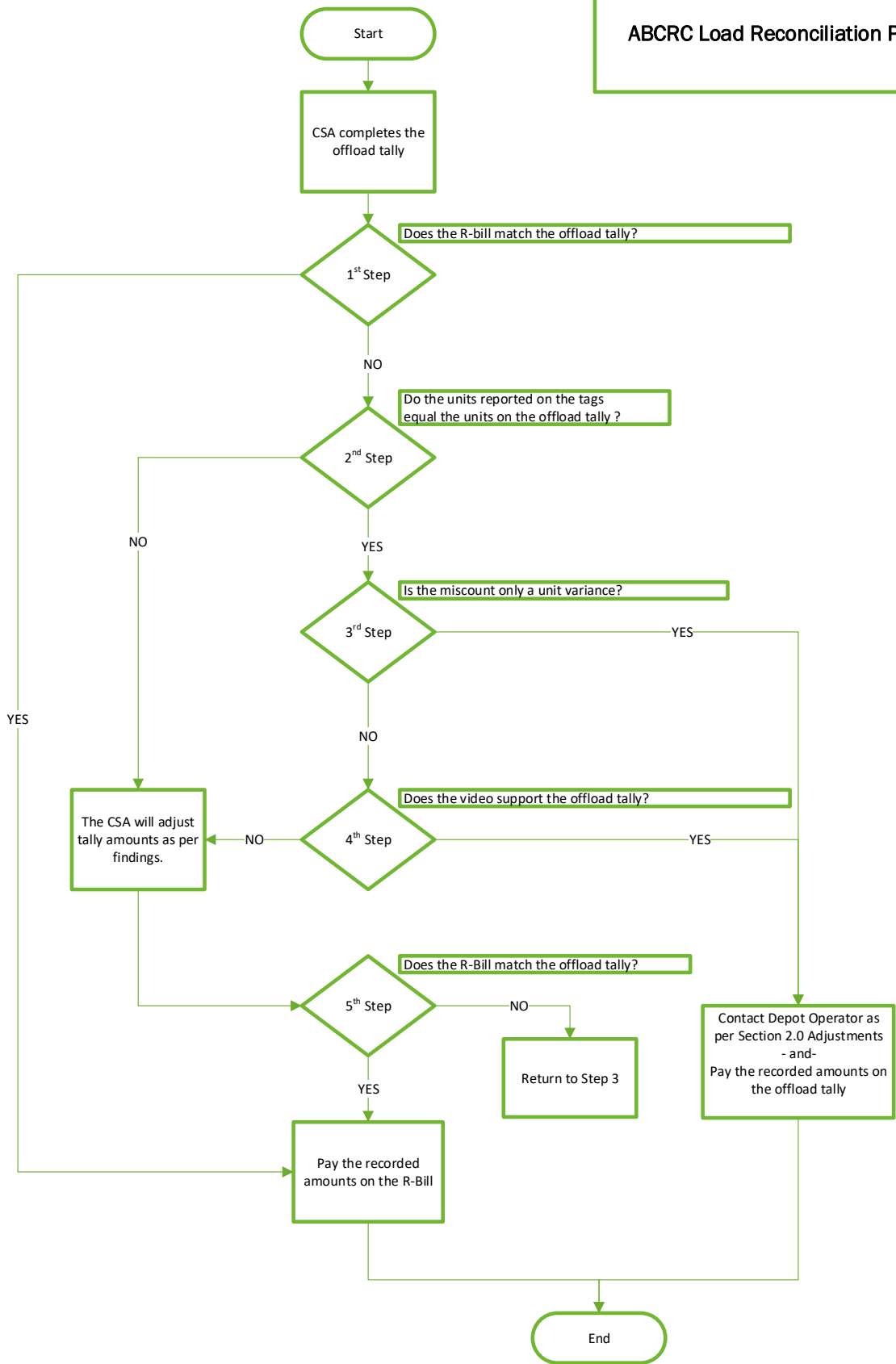
SCHEDULE "F"

LOAD RECONCILIATION AND ADJUSTMENTS

- 1.0 Load Reconciliation
 - 1.1 The CSA will ensure that their video camera that will record the offload is in working order, and if it isn't then the CSA will complete an independent secondary offload tally and capture the elements in paragraphs 1.2.1 and 1.2.2 below and the secondary offload tally will be used in place of the video element in paragraph 1.2, step 3 below.
 - 1.2 For every shipment from a Permit Holder CSA will create an offload tally, either by video or by independent tally sheet, that will capture the following information:
 - 1.2.1. the type (Container Code) of Containers in each Shipping Container and will evidence this to the camera or secondary tally by placing a Container from the bag into the bag handle for non-glass Containers; or, for glass Containers opening the top of the glass bag;
 - 1.2.2. the quantity and type (Container Code) of Containers in each Shipping Container;
 - 1.2.3. the quantity and type of Shipping Container received on the load including those Shipping Containers that are damaged or have been returned empty;
 - 1.2.4. the unique serial number noted on the bag tag; and
 - 1.2.5. the unique serial number noted on the Shipping Container.
 - 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 units reported on the tags equal the units on the offload tally?
 - 1.3.2.1. If yes, move to Step 3.
 - 1.3.2.2. If no, the CSA will adjust the offload tally to match as per finding and move onto Step 5.
 - 1.3.3. Step 3 – Does the video, or secondary tally, capture support the offload tally?

- 1.3.3.1. If yes, pay the recorded amount on the offload tally, contacting the Depot as per section 2.0 Adjustments.
- 1.3.3.2. If no, CSA will adjust the offload tally to match the video findings and will move onto Step 4.
- 1.3.4. Step 4 – Does the RBill match the offload tally?
 - 1.3.4.1. If yes, pay the recorded amounts on the RBill.
 - 1.3.4.2. If no, return to Step 2.
- 1.4. Any variance from the RBill will be communicated in a Miscount Report and will include the following:
 - 1.4.1. Container Code Variance
 - 1.4.2. Quantity Variance
 - 1.4.3. Shipping Container Variance
 - 1.4.4. Bag Tag Variance
 - 1.4.5. Where the depot provides detailed information on a per Shipping Container basis, the Miscount Report will reflect a similar level of detail.
- 1.5. If the CSA cannot provide video evidence, or secondary tally, the Depot will be paid based upon the original RBill amounts.

ABCRC Load Reconciliation Process



2.0 Adjustments

- 2.1. CSA shall communicate all miscount reports and Zone 2 audit summary reports through the QMS. 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 Permit Holder will have until the end of the next scheduled 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 QMS. Agreements resolving discrepancies will be documented through the QMS.
 - 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 Business Day, CSA will adjust the payment.
- 2.3. The Permit Holder will be contacted by CSA via the e-mail address and phone number provided to the BCMB.
- 2.4. CSA will provide email addresses as well as toll free phone and fax access for Permit Holders.
- 2.5. CSA will make best efforts to contact the Permit Holder during BCMB provided business hours.

3.0 Untagged Bags & Mis-Tagged Bags

- 3.1. If during the offload process the CSA discovers a Shipping Container that either has no bag tag attached or has a bag tag/Container Code that does not match the Material Stream removed from the Shipping Container, the CSA shall:
 - 3.1.1. In the case of a missing tag, attach a missing tag bag tag commonly known as an "8899" bag tag, or
 - 3.1.2. In the case of a bag tag that does not match the sample Container removed from the Shipping Container, attach a mis-tag bag tag commonly known as an "8888" bag tag.
- 3.2. CSA shall open the top of each Shipping Container with an 8888 or 8899 bag tag and capture an electronic image of the material.

- 3.3. During the reconciliation process, the CSA shall determine the expected count of the bag tag attached in step 1.1 by:
 - 3.3.1. referencing the information on the RBill and/or bag tags and information provided by the depot, by using a process of elimination to determine what the expected count of the Shipping Container should be.
 - 3.3.2. If this process is not successful, or more than one 8888 or 8899 bag tag in a single Container Code has been applied on a R-Bill, then the deemed expected count will become the Standard Count as outlined in Schedule A for the 8888 or 8899 Shipping Containers on the load where the determination in 1.3.1 is unsuccessful.
- 3.4. Shipping Containers with an “8888” or “8899” bag tag may be selected for audit at the discretion of the CSA, and if they are selected for audit, they shall only be audited as a target/target audit type.

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 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 Permit Holder to the date of authorization of payment by CSA to its bank. CSA shall notify a Permit Holder 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 Permit Holder statements will be made available via CSA’s secure website.

SCHEDULE “H”

NON-GLASS CONTAINER QUALITY CONTROL (“QC”)

CSA and the Permit Holders 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 Permit Holder. The first level of QC is on the Common Collection System 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 Permit Holder 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	Container 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

Material	Container Code	# of Bags
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 Permit Holder 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 Container Code from a Permit Holder at its discretion 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 Container Code on the load.

# of Shipping Containers recorded on the RBill (by Container Code)	Target Sample Size
1 - 3	1 bag
4 - 10	2 bags
11 - 20	3 bags

# of Shipping Containers recorded on the RBill (by Container Code)	Target Sample Size
21 - 30	4 bags
31 or more	5 bags

1.2.1 Exceptions

In the event of a reporting error from the Permit Holder either on the RBill or tag information; the samples randomly selected of the affected Container 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 Container Code will not be audited.

If an entry error of the RBill or off-load by CSA occurs, the affected Container Code will not be audited.

In the case where BCMB directs CSA to audit a previously audited bag, the results of the subsequent audit will have no financial or Compliance implications for the Depot.

1.3. Permit Holder Performance – Target/Target Sampling

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

2.0 Determining the Audit results

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

2.1.1. If a Shipping Container has been tagged with an “8888” or “8899” tag and has been selected for audit at the discretion of the CSA then the type of Containers that represent a majority of the Containers in the Shipping Container shall be deemed to be the expected Container Code

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 by the Depot on the Shipping Container tag, or if the Shipping Container has been tagged with an “8888” or “8899” tag, then the

expected count shall be determined by means of the process defined in Schedule “F” 3.0.

2.3. Foreign Material

Foreign material is defined as any vessel, or other object that does not comply with the definition of a Container, or is a refillable Container.

2.4. Applying the Results

The results of the audit of 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>Within or equal to +/- 2.5%</p> <p>Or</p> <p>For non-glass Over 1 Litre Containers, the greater of 4 Containers vs +/- 2.5%</p>	<p>Quantity: as reported</p> <p>HC: paid on reported count</p> <p>Deposit Refund: paid on reported count</p>
2	<p>Greater than +/- 2.5%</p>	<p>Quantity: adjusted to actual count (by Container Code)</p> <p>HC: paid on actual count of sorted Containers (by expected Container Code)</p> <p>Deposit Refund: paid on actual count of Containers</p> <p>Adjustment based upon finding to be extrapolated against all Shipping Containers of same Container Code on the RBill</p>

In the case of a Zone 1 result CSA will not make any adjustments to the Permit Holder’s payment and the audited Shipping Containers will be processed. The Permit Holder 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 Permit Holder has accepted the audit results or the dispute resolution process is complete;
- Communicate results of the audit through the QMS to the Permit Holder within two Business Days of the audit being completed (i.e. the last Shipping Container being counted); and
- Commits to not recounting the Shipping Container(s) (except at the direction of BCMB) once the results of the audit have been communicated to the Permit Holder.

The Permit Holder shall communicate its intentions regarding the audit results through the QMS 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 Permit Holder 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 the Permit Holder challenges the result, they will notify CSA through the QMS and arrange a time for a recount that will occur within five Business Days of the challenge. The Permit Holder will advise the CSA at least 24-hours in advance of the scheduled challenge which person(s) will be attending on behalf of the Depot. CSA shall communicate results of the recounted audit through the QMS publishing to the original ticket within two Business days of the recount being completed.

In regard 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.

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

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 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 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 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 Containers to:

- prevent plugs and piggy-backing of 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 Containers.
- When the count is complete, the operator will inspect inside the equipment and the area around the equipment to ensure that no 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 section 3.3 below.

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, non-target Container Code, NBC, 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 Permit Holder 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. Containers that are hand counted are to be counted into boxes, except for 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 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 Containers will be placed on the top row of the pallet (or kept aside).

3.3.4.5. Quantities of Non-System Containers, Non Beverage Containers, and Containers that have been improperly sorted 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, non-target Container Code, NBC, 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 Permit Holder 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 Permit Holder has been notified of adjustments and a supervisor authorizes their removal.

SCHEDULE "I"

GLASS CONTAINER QUALITY CONTROL ("GQC")

CSA and the Permit Holders 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 glass data is through a defined QC process.

- 1.0 The Quality Control Compliance policy of the BCMB provides that the Collection System Agent ("CSA") is required to submit an audit protocol to the BCMB for approval. The following is the protocol ("Protocol") that will be followed with regards to audits of glass Containers and prescribes the processes by which:
 - 1.1. bags will be selected from shipments received by CSA;
 - 1.2. Depots will be notified of the audit results, and any adjustments;
 - 1.3. Depots will be able to challenge the results of any Zone 2 audit; and,
 - 1.4. any other matters considered necessary by the BCMB.
- 2.0 ABCRC is the CSA appointed by the Manufacturers and approved by the BCMB;
- 3.0 All capitalized terms not defined in this Protocol shall have the meanings set forth in the Service Agreement unless the context otherwise requires.

2. GENERAL PROVISIONS

- 2.1. CSA, ABDA and Permit Holders agree that recovered glass Containers are best sorted, processed and shipped intact but in practice some degree of breakage can occur. The Permit Holder will take reasonable commercial measures during the collection, sorting and processing of these Containers at the Depot so as to limit the amount of breakage to within the tolerance levels established by the Industry Leadership Committee.
- 2.2. Whole Containers are to be hand counted into boxes, except for Whole Containers over 4 liters in size, in which case CSA may count into an empty Shipping Container. CSA shall select a denomination of units per box and will maintain that denomination throughout the entire audit, with exception to the residual boxes for each sort.
- 2.3. At the end of the audit, the original Shipping Containers will be kept with the QC material until it is released for processing.
- 2.4. Any cullet found in the Shipping Container will be transferred to an empty box(es) and weighed.

- 2.5. The Industry Leadership Committee may update the conversion factors and the limits used in the determination of the Deemed Cullet Count from time to time.
- 2.6. It is understood that some of the definitions from the Service Agreement flow forward to this Protocol and that the definitions contained in this Protocol apply only to this Protocol and do not back flow into the Service Agreement.

3. BAG SELECTION PROCEDURES

- 3.1. There are three classification of glass audits that will be conducted by the CSA. A Random/Random Audit which will follow the existing protocol outlined in the Service Agreement; a Target/Random Audit whereby the CSA, on its own or at the request of the BCMB, will target a depot but randomly select an appropriate sample of Shipping Containers; and a Target/Target audit will result when an individual Shipping Container containing glass, that has not been selected previously as a randomly selected bag, is selected for audit.
- 3.2. A random sample of Shipping Containers will be selected automatically by the NAV program based upon expected Shipping Containers listed on the eR-bill or R-bill provided by the Depot.
- 3.3. Once a Shipping Container has been identified, the bottom portion of the tag will 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 will remain attached to the Shipping Container until it has been released from quarantine.

- 3.4. 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 NAV and a comment added to the comment box.

4. SAMPLE GROUP

- 4.1. CSA may target a specific Material Stream (Container code) from a Depot when it feels it is required or when directed to do so by BCMB.
- 4.2. 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 except for damaged mega-bags based on Schedule C of the Service Agreement.
- 4.3. The target sample size shall be determined based on the expected quantity of Shipping Containers of each targeted Material Stream (Container code) expected on the load (see table below).

# of Shipping Containers recorded on the RBill (by Container 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

5. COUNT & WEIGHT DATA COLLECTION

- 5.1. The area will be inspected for cleanliness and for any loose Containers before the audit begins.
- 5.2. The CSA shall obtain and record on a bag by bag basis of the:
 - 5.2.1. Gross Weight;
 - 5.2.2. Tare Weight;
 - 5.2.3. The Whole Container count of:
 - 5.2.3.1. Target Container code;
 - 5.2.3.2. Non-Target Container code(s);
 - 5.2.3.3. Refillable Container;
 - 5.2.3.4. Non-System Beverage Container;
 - 5.2.3.5. Non-System Non-Beverage Container; and
 - 5.2.4. Net Cullet Weight

6. Manual Counting Procedures

- 6.1. Containers that are hand counted are to be counted into boxes, except for Containers over 4 liters in size, in which case CSA will count these into an empty Shipping Container.
- 6.2. At the end of the audit, the original Shipping Container will be kept with the QC material until it is released for processing.
- 6.3. CSA shall select a denomination of units per box and will maintain that denomination consistently throughout the entire audit, with exception of the residual box at the end.
- 6.4. The Process:
 - 6.4.1. The area will be inspected for cleanliness and for any loose Containers before a bag is emptied for counting.

- 6.4.2. The bags contents will be counted directly out of the Shipping Container.
- 6.4.3. The Containers will be counted into boxes and the full boxes will be stacked onto a pallet.
- 6.4.4. Boxes containing less than the approved numbers of Containers will be placed on the top row of the pallet (or kept aside).
- 6.5. Quantities of Non-System Containers and Non-Beverage Containers, and Containers that have been improperly sorted will be itemized and recorded on the Audit Summary.
 - 6.5.1. The operator will select the bag number from the QC screen and will record the Container count into the QC program along with any comments or observations in respect to the materials counted (including contaminants, improperly sorted Containers (Container code), etc.)
 - 6.5.2. The operator will then remove the flag from the bag to indicate that the bag has been counted. The bag tag from the Permit Holder 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.
 - 6.5.3. Bags are not to be removed from QC until the Permit Holder has been notified of adjustments and a supervisor authorizes their removal.

7. Conversion of Cullet

- 7.1. If the audit of an individual bag of glass Containers results in a volume of cullet:
 - 7.1.1. Equal to or less than the Maximum Allowable Cullet identified in section 7.2, then there will full conversion of the cullet utilizing the factors approved by ILC;
 - 7.1.2. Greater than the Allowable Cullet identified in section 7.2, then there will be no conversion of any cullet in the bag.

7.2. Allowable Cullet:

Effective Date	Allowable Cullet
September 1, 2019	the actual cullet found to a maximum of 30 kg.
November 1, 2019	the actual cullet found to a maximum of 25 kg.
January 1, 2020	an amount agreed to by ILC using the Prosolve methodology

8. Adjustments to the Deemed Count for each individual bag:

- 8.1. If the Whole Count exceeds the Expected Count then the Deemed Count will be set to zero; or

- 8.2. If the Total Count exceeds the Expected Count then the Deemed Count will be reduced so that the Total Count will be equal to the Expected Count
- 8.3. If the variance between the Total Count and the Expected Count results in a percentage variance between -0.01% and -4.99% there will be no adjustment to Deemed Count; or
- 8.4. If the variance between the Whole Count and the Expected Count results in a percentage variance between -5.00% and -100.00% then the Deemed Count will be reduced to zero.

9. Audit Variances

- 9.1. If the final variance of the audit group between the Expected Count and the Total Count of the audit group is between -2.50% and +2.50% the result will be deemed a Zone 1 and the Permit Holder will be paid based upon the expected count for each bag in the group.
- 9.2. If the final variance of the audit group between the Expected Count and the Total Count of the audit group is outside of the limits of Zone 1 as described in section 10 above, then the result will be deemed a Zone 2 result and the following adjustments may be made if applicable:
 - 9.2.1. All refillables, and non-system Containers (beverage or non-beverage) will not be eligible for compensation;
 - 9.2.2. All non-glass Containers found will be compensated for the deposit value only.
 - 9.2.3. Unlabelled Containers will be treated in accordance with allowances that are established by the BCMB.

10. Extrapolation of Audits Results

- 10.1. Any results from a Random/Random or Target/Target Audit will apply solely to the bag that was counted and not be subject to extrapolation;
- 10.2. All Target/Random Zone 2 results (a variance outside of the range of -2.50% to +2.50%) will be eligible for extrapolation across the remaining bags on the load from which the bags were sampled from, if a proper Sample Group was selected, and the extrapolation will be based on the total cumulative results of the Sample Group selected from the individual RBill for the Container code.

11. Communicating of Payment Amounts and Extrapolation of Results to Depots

- 11.1. In the case of a Zone 1 result CSA will not make any adjustments to the Permit Holder's payment. A Zone 1 result may not be challenged by the Permit Holder, or ABDA.
- 11.2. In the case of a Zone 2 result CSA shall:

- 11.2.1. quarantine all materials and Shipping Containers audited until the Permit Holder has accepted the audit results or the dispute resolution process is complete; and
- 11.2.2. communicate results of the audit through the QMS to the Permit Holder within two Business Days of the audit being completed (i.e. the last Shipping Container counted).
- 11.3. The Permit Holder shall communicate its intentions regarding the audit results through the QMS 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 Permit Holder 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.
- 11.4. Where a Permit Holder challenges the result, they will notify CSA by responding to the QMS ticket initiated by ABCRC and arrange a time for a recount that will occur within five Business Days of the challenge. A Permit Holder may attend the recount and/or request a representative from the ABDA to attend on their behalf.
- 11.5. CSA shall communicate results of the recounted audit through the QMS publishing to the original ticket within two Business days of the recount being completed.
- 11.6. Regarding the audited bags that are challenged by the Depot, CSA will be held to the following tolerance as published on the Audit Summary Report:
 - 11.6.1. In the case where the expected count in a Shipping Container is 400 units or less, the recount amount must be within +/- four (4) Containers of the Deemed Count; or
 - 11.6.2. In the case where the expected count in a Shipping Container is more than 400 units, the recount amount must be within +/- 1% of the Deemed Count.
- 11.7. The results of the recount will be applied as follows:
 - 11.7.1. If the recount for a specific Shipping Container is found outside of the tolerance, the specific bag will be removed from Quality Control. Any remaining bags in a Target/Random sample group will be deemed Target/Target.
 - 11.7.2. 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.