

CSA OPERATING AGREEMENT

BEVERAGE CONTAINER MANAGEMENT BOARD

- and -

ALBERTA BEVERAGE CONTAINER RECYCLING CORPORATION

Effective Term: November 1, 2018 to October 31, 2023

Last Amended: November 24, 2021

TABLE OF CONTENTS

ARTICLE 1 - INTERPRETATION	5
1.1 Definitions	5
1.2 References	5
1.3 Headings and Table of Contents	5
1.4 Governing Law	5
1.5 Meaning of Expressions.....	6
1.6 Intent	6
1.7 Schedules	6
ARTICLE 2 - NATURE OF RELATIONSHIP	6
2.1 Work Cooperatively and Collaboratively	6
2.2 Confirmation of the CSA	6
2.3 No Partnership	6
2.4 Confidentiality.....	6
ARTICLE 3 - ROLE OF THE BCMB	7
3.1 Industry Governance.....	7
3.2 Industry Leadership.....	8
ARTICLE 4 - ROLE OF THE CSA	8
4.1 Regulatory Compliance.....	8
4.2 Industry Leadership.....	9
4.3 Marketing	9
4.4 Access to Facilities.....	10
4.5 Sustainable Operations and the Container Recycling Fee	10
4.6 Payments	11
ARTICLE 5 - TERM	11
5.1 Terms and Termination	11
5.2 Industry Performance Standards and Evaluation	11
5.3 Replacement Agreement	12
ARTICLE 6 - DISPUTE RESOLUTION	12
6.1 Procedure.....	12
ARTICLE 7 - GENERAL	12
7.1 Notices	12
7.2 Further Acts.....	13
7.3 Entire Agreement	13
7.4 Amendments	13

7.5	Remedies Not Exclusive	13
7.6	Waiver	13
7.7	Severability.....	13
7.8	Survival	14
7.9	Enurement.....	14
7.10	Assignment	14
7.11	Time	14
ARTICLE 8 - EXECUTION		15
8.1	Execution	15

CSA OPERATING AGREEMENT

This Agreement made as of the 1st day of November, 2018.

BETWEEN:

Beverage Container Management Board,
a society incorporated under the laws of Alberta
(the "BCMB")

- and -

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

The recitals of this Agreement are as follows:

- A. The BCMB regulates the beverage container system of Alberta, of which the Common Collection System is one component, pursuant to the Regulation;
- B. 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;
- C. The Regulation provides that the Collection System Agent appointed to act on behalf of Manufacturers must be satisfactory to the BCMB;
- D. The CSA is the Collection System Agent appointed to act on behalf of Manufacturers;
- E. The BCMB has approved a Service Agreement between the CSA and the ABDA, on behalf of the Depots, which complies with the By-laws and outlines certain duties and obligations owed by the CSA to Depots and owed by Depots to the CSA in relation to the Common Collection System;
- F. As required by the CSA By-law, the BCMB and the CSA entered into an operating agreement dated as of November 1, 2018, which expires October 31, 2023;
- G. The CSA operates the Common Collection System to the BCMB's satisfaction and is reapproved to operate the Common Collection System as of the date of this Agreement; and
- H. The BCMB and the CSA wish to enter into this Agreement in accordance with the CSA By-law to evaluate the CSA in relation to established performance standards.

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- 1.1.1 "Agreement" means this CSA Operating Agreement, including all schedules.
- 1.1.2 "Compliance Fee" means a charge by the BCMB to the CSA for costs associated with monitoring deficiencies related to this Agreement not covered in other fees.
- 1.1.3 "CRF" is the fee charged by the CSA to Manufacturers that is intended to represent the net cost to recover and process a Container in Alberta, and to ensure that Alberta maintains an effective and sustainable recycling system.
- 1.1.4 "Material Stream" means each category of container for which a specific handling commission is payable as identified in the By-laws.
- 1.1.5 "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.

Unless otherwise indicated, terms that are defined in the Collection System Agent By-law have the same meaning when they are used in this Agreement.

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 CSA performance standards, evaluating the CSA against those performance standards and continually improving the efficiency and effectiveness of the Common Collection System, and the level of service offered to Albertans through the beverage container system of Alberta as a whole, it is the intent of this Agreement to:

- 1.6.1 capture the individual roles and responsibilities of the BCMB and the CSA with respect to the Common Collection System;
- 1.6.2 evaluate the CSA against established performance standards; and
- 1.6.3 continuously review and improve performance standards for the CSA.

1.7 **Schedules**

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

Schedule "A"	Fees
Schedule "B"	Information and Reporting
Schedule "C"	Evaluation against Performance Standards

ARTICLE 2 - NATURE OF RELATIONSHIP

2.1 **Work Cooperatively and Collaboratively**

The CSA and the BCMB will work together cooperatively and collaboratively to promote, encourage and foster continual improvements in the Common Collection System.

2.2 **Confirmation of the CSA**

The BCMB hereby confirms that, as of the date of this Agreement, the CSA is satisfactory to the BCMB as the Collection System Agent appointed by the Manufacturers with respect to the operation of the Common Collection System.

2.3 **No Partnership**

Nothing in this Agreement or in the relationship of the CSA and the BCMB 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.

2.4 **Confidentiality**

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

- 2.4.1 where the BCMB acquires information referred to in section 17(1) of the Regulation and the information related to a trade secret, process or technique that the Depot permit holder, the CSA or Manufacturer otherwise keeps confidential, the BCMB 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;
- 2.4.2 all financial information and information concerning Container volumes of individual Depots shall be kept confidential by the CSA and the BCMB. The CSA is bound by the Service Agreement and shall be bound by this Agreement to not disclose such confidential information unless required to do so by law or with the consent of the Depot permit holder. The BCMB shall not disclose such confidential information unless required to do so by law or with the consent of the Depot permit holder;
- 2.4.3 if such confidential information is disclosed to the BCMB, the CSA must, along with the disclosure, direct the BCMB that the information is for internal purposes only and not for further disclosure;
- 2.4.4 The CSA may aggregate otherwise confidential information and make public such aggregated information; and
- 2.4.5 The CSA and the BCMB shall keep as confidential all trade secrets, processes or techniques that either learns of as a result of its position within the Common Collection System.

ARTICLE 3 - ROLE OF THE BCMB

3.1 Industry Governance

In conjunction with the powers and duties conferred or imposed upon it by the Regulation, the BCMB shall, without limiting the breadth of its activities and obligations outside of this Agreement:

- 3.1.1 establish By-laws in accordance with article 18 of the Regulation;
- 3.1.2 approve the Collection System Agent appointed by Manufacturers if satisfactory to the BCMB;
- 3.1.3 maintain a registry of Containers;
- 3.1.4 monitor, inspect and evaluate the performance of the CSA in accordance with the By-laws and this Agreement including Schedules "B" and "C";
- 3.1.5 notify the CSA of the issuance, cancellation or modification to permits issued to Depot permit holders; and
- 3.1.6 work cooperatively and collaboratively with the CSA to continuously review and improve performance standards for the CSA.

3.2 Industry Leadership

As an industry participant and leader, the BCMB shall:

- 3.2.1 focus the industry on continuously increasing return rates and recycling rates;
- 3.2.2 establish the ILC for the purpose of identifying important issues relating to the Container recycling industry, agreeing on strategies for addressing those issues, and cooperating in the implementation of those strategies for the benefit of the beverage container system;
- 3.2.3 provide the CSA with a copy of its annual business plan, once it has been approved by the Minister of Environment;
- 3.2.4 where appropriate, invite the CSA to participate in industry or BCMB committees; and
- 3.2.5 participate with the CSA in the collection of information relating to the Common Collection System and the compliance of the CSA with the Regulation and this Agreement for the purpose of reviewing and improving industry performance standards and improving the performance of the beverage container system of Alberta.

ARTICLE 4 - ROLE OF THE CSA

4.1 Regulatory Compliance

The CSA shall:

- 4.1.1 focus the industry on continuously increasing return rates and recycling rates;
- 4.1.2 comply with the provisions of the Regulation, By-laws, this Agreement and the Service Agreement;
- 4.1.3 collect Containers from Depots in accordance with the Regulation, By-laws, Service Agreement and this Agreement;
- 4.1.4 on collecting Containers from a Depot, cause Containers to be recycled in a manner approved by the BCMB;
- 4.1.5 in accordance with the Regulation and the By-laws, provide to the BCMB information pertaining to the sale and recovery of Containers subject to section 4.1.7;
- 4.1.6 remit fees as set out in Schedule "A";
- 4.1.7 maintain records and comply with the reporting requirements set out in Schedule "B";
- 4.1.8 operate the Common Collection System in a manner that:
 - 4.1.8.1 meets or exceeds the performance standards set out in Schedule "C";
 - 4.1.8.2 protect the confidentiality of proprietary information of individual Manufacturers;

- 4.1.8.3 complies with the By-laws and Service Agreement (or applicable portions thereof) then in force;
- 4.1.9 amend the Service Agreement, with the concurrence of the ABDA, as necessary, to comply with amendments to the By-laws and other requirements specified by the BCMB from time to time.
- 4.1.10 notwithstanding 4.1.9, to the extent that the ABDA does not agree to amend the Service Agreement to comply with amendments to the By-laws and other requirements specified by the BCMB from time to time, the CSA shall only be obligated to make commercially reasonable efforts to comply with the By-laws and any resulting non-compliance shall not be construed as a default under this Agreement;
- 4.1.11 in response to requests from the BCMB for information required to enable the BCMB to exercise the powers and carry out the duties conferred or imposed on it, either promptly provide such information to the BCMB or promptly advise of the reasons why the CSA is not willing to disclose such information; and
- 4.1.12 work cooperatively and collaboratively with the BCMB for the purposes of evaluating the CSA in relation to those performance standards outlined in Schedule “C” of this Agreement, which cooperation shall include responses to any reasonable requests from the BCMB regarding such performance standards.

4.2 **Industry Leadership**

As an industry participant and leader, the CSA shall:

- 4.2.1 participate in the ILC and other industry and the BCMB committees, if invited to participate;
- 4.2.2 align its annual operating plan with the BCMB’s business plan and identified strategic priorities;
- 4.2.3 participate with the BCMB in the collection of information relating to the Common Collection System and the compliance of the CSA with the Regulation, the By-laws, this Agreement, the Service Agreement and any other agreement between the CSA, Depot permit holders, and the ABDA for the purpose of reviewing and improving industry performance standards and improving the performance of the beverage container system of Alberta;
- 4.2.4 evaluate and implement as the CSA considers appropriate in its sole discretion, recommendations from the BCMB with respect to improvements to the performance of the CSA, the operation of the Common Collection System and the operation and integrity of the beverage container system of Alberta as a whole, including, without limitation, steps to mitigate the risk of fraud, theft or any other unauthorized act or omission in connection with the operation of the Common Collection System; and
- 4.2.5 report to the BCMB with respect to the implementation of any recommendations from the BCMB in accordance with section 4.2.4, where considered by the CSA to be appropriate.

4.3 **Marketing**

The CSA shall:

- 4.3.1 form a joint marketing committee comprised of representatives from the industry participants and leaders to cooperatively and collaboratively provide strategic input into the CSA's, marketing, advertising, promotional strategies and depot-related programs focused on increasing consumer awareness and participation by consumers in Container recycling;
- 4.3.2 convey the strategic input from the industry participants and leaders to the CSA's board of directors regarding the development of strategies and programs in accordance with section 4.3.1;
- 4.3.3 review the execution and report on the effectiveness of the strategies and programs prepared and developed in accordance with this section 4.3.

4.4 **Access to Facilities**

The CSA shall:

- 4.4.1 allow the BCMB access to its facilities during normal operating hours;
- 4.4.2 request that regional processors engaged by the CSA allow the BCMB access to their facilities during normal operating hours;
- 4.4.3 consider any request by the BCMB to post signage in its facilities, which signage may be posted at the CSA's discretion; and
- 4.4.4 provide, on request, work-space for the BCMB staff at processing facilities of the CSA.

4.5 **Sustainable Operations and the Container Recycling Fee**

The CSA shall:

- 4.5.1 conduct its operations so as to fulfill its obligation to maintain and manage an amount of operating reserve sufficient to:
 - 4.5.1.1 ensure adequate cash flow to fulfill its obligations to achieve operational and financial stability for the Common Collection System responsible for the recovery of Containers;
 - 4.5.1.2 facilitate and stabilize the timing and frequency of the changes to the CRF to yield sufficient funds to support the ongoing operation of the Common Collection System;
 - 4.5.1.3 minimize cross subsidization of recyclable Material Streams and to ensure the fair, equitable and independent treatment of such Material Streams; and
 - 4.5.1.4 cover the CSA's operating cash demands.
- 4.5.2 provide the BCMB, for information purposes, the annual business case for the adjustments to the CRF approved by the CSA's board, including expected results; and

- 4.5.3 provide the BCMB a copy of the CSA's policy(ies) in respect of its compliance with sections 4.5.1 and/or 4.5.2 of this Agreement upon request, including without limitation the value of the operating reserve maintained by the CSA from time to time together with reasonable detail as to the composition of anticipated costs.

4.6 **Payments**

In compliance with its obligations under section 4.1 of this Agreement, the CSA shall, reimburse and/or pay a Depot permit holder such payments as required in the current Service Agreement, which payments may be reduced by the amounts referenced in sections 1 and 2 of Schedule "A".

ARTICLE 5 - TERM

5.1 **Terms and Termination**

- 5.1.1 Except as otherwise provided in this Agreement, or as otherwise agreed by the CSA and the BCMB in writing, the term of this Agreement shall commence on the effective date of this Agreement and shall continue until October 31, 2023.
- 5.1.2 If the BCMB rescinds the approval of the CSA as the Collection System Agent in accordance with the By-laws, this Agreement shall terminate on the effective date of such rescission. For certainty, as of the date of this Agreement, the By-laws state that the BCMB is entitled to rescind its approval:
 - 5.1.2.1 for cause;
 - 5.1.2.2 if the Regulation is amended in such a way that the CSA's role is significantly altered or rescinded; and
 - 5.1.2.3 if the Manufacturers that represent, in the aggregate, ninety percent (90%) of the sales volume of Containers in Alberta rescind their appointment of the CSA as the Collection System Agent.

5.2 **Industry Performance Standards and Evaluation**

- 5.2.1 During the term of this Agreement the BCMB shall evaluate the CSA in accordance with the By-laws, the CSA's contribution to the BCMB goals for the beverage container system of Alberta, the efficiency and effectiveness of the CSA's operation of the Common Collection System and the CSA's compliance with the Regulation, By-laws, Service Agreement and this Agreement. In particular, the CSA shall be evaluated on the performance standards set out in Schedule "C" attached.
- 5.2.2 During the term of this Agreement, the CSA and the BCMB may agree to improve performance standards and methods and criteria for evaluating the CSA in relation to those performance standards.

5.3 Replacement Agreement

5.3.1 The CSA and the BCMB shall negotiate in good faith an improved operating agreement to replace this Agreement on or before August 15, 2023.

ARTICLE 6 - DISPUTE RESOLUTION

6.1 Procedure

6.1.1 The CSA and the BCMB shall use reasonable efforts to settle any and all disputes, differences, controversies, questions or claims arising out of or in any way related to this Agreement, or the negotiation, amendment, validity, interpretation, performance, existence, breach, violation or termination of this Agreement by following the steps outlined in this article 6:

6.1.1.1 The presidents of the CSA and the BCMB shall work together to resolve all issues on a timely basis;

6.1.1.2 If the presidents are not able to agree upon a resolution within 30 days or such other time period as agreed upon by the presidents, the chair of each of the party's respective board of directors shall work to resolve the dispute; and

6.1.1.3 If the chairs are not able to agree upon a resolution within 30 days or such other time period as agreed upon by the chairs, and unless the parties otherwise agree to an alternative form of dispute resolution, the dispute will be determined by commencing the appropriate legal proceedings in the Court of Queen's Bench of Alberta.

ARTICLE 7 - GENERAL

7.1 Notices

All notices, amendments, consents, evaluations or other communications required or permitted by this Agreement shall be in writing and shall be sent by courier; personal delivery; or, other electronic means and shall be directed to or addressed as follows:

If to the BCMB, to:

Beverage Container Management Board
#100, 8616 – 51st Avenue
Edmonton, Alberta T6E 6E6
Attention: President and Director, Operations

If to the CSA, to:

Alberta Beverage Container Recycling Corporation
901 57 Avenue NE

Calgary, Alberta T2E 8X9
Attention: President & CEO and Vice President, Operations

7.2 Further Acts

Each of the CSA and the BCMB 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.

7.3 Entire Agreement

This Agreement constitutes the entire agreement between the CSA and the BCMB relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, 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.

7.4 Amendments

7.4.1 This Agreement may be altered or amended as follows:

7.4.1.1 By notice, either party may propose amendments to this Agreement.

7.4.1.2 Upon receipt of such notice, the CSA and the BCMB shall negotiate in good faith toward an agreement regarding the proposed amendments, including any adjustments to other terms and conditions that arise directly or indirectly from the proposed amendments.

7.4.1.3 Upon agreement being reached by the parties, such amendment to this Agreement shall bind the parties to such amendment for the remainder of the existing term of this Agreement.

7.4.1.4 Any amendments to this Agreement formalized under this section 7.4 shall be incorporated into the renewal of this Agreement.

7.5 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.

7.6 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 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.

7.7 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.

7.8 **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.

7.9 **Enurement**

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

7.10 **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 the other party, such permission not to be unreasonably withheld.

7.11 **Time**

Time shall be of the essence in this Agreement.

ARTICLE 8 - EXECUTION

8.1 Execution

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

Beverage Container Management Board

Per: *B Charlton*

Alberta Beverage Container Recycling Corporation

Per: *Guy West*

SCHEDULE "A"

FEES

1. BCMB Fee By-law

The CSA shall remit:

- 1.1 on behalf of each Manufacturer the sum identified in section 6.1 of the BCMB Fee By-law for each of its Containers sold in Alberta.

2. Service Agreement Obligations

The CSA shall:

- 2.1 at the written request of the BCMB remit to the BCMB on behalf of a Depot permit holder any outstanding Compliance Fees imposed by the BCMB that remain unpaid; and
- 2.2 pay within 30 days of notice all Compliance Fees assessed against the CSA and payable to the BCMB.

3. Additional Administrative Costs

The CSA shall pay to the BCMB any fees as determined by the BCMB, acting reasonably, to address additional costs and expenses incurred by the BCMB that arise from the BCMB's efforts to monitor and evaluate the CSA's compliance with the Regulation, the By-laws, the Service Agreement or this Agreement.

SCHEDULE "B"

INFORMATION AND REPORTING

The CSA shall, in accordance with the frequency identified in the table below, provide the following reports and information to the BCMB:

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
1.	ADMINISTRATION						
1.1.	Human Resources						
1.1.1.	Annual written confirmation that a strategic plan is in place to address potential strikes or lock-outs at the CSA's facilities. A copy of documentation provided to the BCMB upon request.			Y		Y	Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
1.2.	Risk Management/Mitigation						
1.2.1.	Written self-disclosure of any breaches of confidentiality of information pertaining to manufacturers or depots			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
1.2.2.	Annual written confirmation that the business continuity plan, emergency response plan, and the disaster recovery plan have each been reviewed and are current. A copy of documentation provided to the BCMB upon request.;			Y		Y	Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
1.2.3.	A written summary of the annual processes completed (review, mock exercise, etc.) to ensure the effectiveness of the business continuity plan, emergency response plan, and the disaster recovery plan; and			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
1.2.4.	A written summary of the annual mitigation strategy with regards to minimizing the risk of system fraud; and an evaluation of the effectiveness of the steps taken.			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
1.3.	Container Volumes and Sales						
1.3.1.	Aggregate number of Containers reported as sold and recovered from Depots in each Material Stream;	Y					Report sent monthly to Manager, Analytics
1.3.2.	Forecasts of Container sales and recoveries from Depots in each Material Stream;			Y		Y	Report sent annually to President and Director of Finance
1.3.3.	Number of Containers collected from each Depot in each Material Stream and showing shipping volume changes year over year by Material Stream;	Y					Report sent monthly to Director, Compliance
1.4.	Container Recycling						
1.4.1.	A report reconciling the number of Containers recovered and the weight of Containers shipped for recycling per Material Stream;			Y			Annual CSA Self-Evaluation

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
							President, Director of Operations and Manager Analytics
1.4.2.	Recycling Rate - The number of Containers recycled or not recycled under the Regulation per Material Stream;			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
1.4.3.	Information regarding the disposition of Containers recycled under the Regulation organized by Material Stream or the method of recycling of those Containers and including an explanation of the verification process.			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
1.4.4.	Annual confirmation that all contracts with third party recycling agents include the following contractual obligations:						
1.4.4.1.	the obligation to disclose recycling methodology and other particulars in respect of the disposition of materials and the provision of an appropriately verified reconciliation of the amount of material received, recycled and disposed of; and			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
1.4.4.2.	adequate security measures to prevent theft and/or duplicate credit for the same materials and to otherwise safeguard against fraudulent, illegal or other inappropriate behaviour that have a reasonable possibility of harming the integrity of the Common Collection System.			Y			Annual CSA Self-Evaluation

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
							President, Director of Operations and Manager Analytics
2.	FINANCIAL						
2.1.	A statement of financial position;		Y				Report sent quarterly to President and Director of Finance
2.2.	A statement of operations that includes a variance analysis of actual results to budget for key operational functions including processing, transportation, administration and marketing;		Y				Report sent quarterly to President and Director of Finance
2.3.	A schedule of information regarding the CSA's operating expenditures directly related to the servicing of Depots and downstream sales;			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
2.4.	A copy of the audited financial statements, prepared in accordance with Generally Accepted Accounting Principles Audited Financial Report and which adheres to the standards contained in the CICA Handbook section 9100 or its equivalent set out in the CPA Canada Handbook, as applicable;			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
2.4.1.	A letter from a CSA Officer to a BCMB representative to confirm the existence of any audit issues.			Y			Annual CSA Self-Evaluation

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
							President, Director of Operations and Manager Analytics
2.5.	Manufacturer Reporting						
2.5.1.	Verification of 90% of Manufacturers' reported sales of volumes into Alberta, net of subsequent out-of-province shipments as follows:			Y			Report sent annually to President
2.5.1.1.	verification by either external auditors, or internal auditors (if verified as independent), for Manufacturers whose total reported annual Container sales volumes are equal to or exceed 10 million Containers;			Y			Report sent annually to President
2.5.1.2.	verification by external or internal auditors for Manufacturers whose total reported annual Container sales volumes are less than 10 million Containers but equal to or greater than 5 million Containers;			Y			Report sent annually to President
2.5.1.3.	verification by external or internal auditors or the senior operating officer for Manufacturers whose total reported annual Container sales volumes are less than 5 million Containers;			Y			Report sent annually to President
3.	MARKETING						
3.1.	The nature and scope of the programs, initiatives or campaigns focused on increasing consumer awareness and participation by consumers in Container recycling; and,			Y			Marketing report annually via Joint Marketing Committee
3.2.	An analysis of the impact of those expenditures on the return rate.			Y			Marketing report annually via Joint Marketing Committee
4.	OPERATIONS						

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
4.1.	Scheduling						
4.1.1.	Advanced notice of amendments to service and payment schedules for holidays, scheduled maintenance delivered to the Depots, ABDA and the BCMB;				Y		Monthly CSA Report President, Director of Operations and Manager Analytics
4.1.2.	Total number of pick-ups completed;	Y					Monthly CSA Report President, Director of Operations and Manager Analytics
4.1.3.	Total number of pickups cancelled by the CSA and reasons for such cancellations;	Y					Monthly CSA Report President, Director of Operations and Manager Analytics
4.1.4.	Total number of appointments for pickup more than 1 hour early or late of the scheduled pickup time.	Y					Monthly CSA Report President, Director of Operations and Manager Analytics
4.2.	Transportation						
4.2.1.	Total number of transportation deficiencies resolved, and	Y					Monthly CSA Report President, Director of Operations and Manager Analytics

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
4.2.2.	Total number resolved more than 4 hours after the Depot notified the CSA.	Y					Monthly CSA Report President, Director of Operations and Manager Analytics
4.3.	Quality Control						
4.3.1.	A summary of the number of Shipping Containers received by Material Stream, the number of audits conducted by Material Stream; including percentage totals;		Y				Report sent quarterly to Director Compliance and Manager Analytics
4.3.2.	The number of Depot quality control challenges and their outcomes;			Y			Annual CSA Self-Evaluation President, Director of Operations and Manager Analytics
4.3.3.	Individual audit results from random/random, random/target and target/target audits.				Y		Accessed by Director, Compliance via BI tool.
4.4.	Load Reconciliation & Payments						
4.4.1.	In relation to Payments as referenced in the Service Agreement:						
4.4.1.1.	The number of payment transactions;	Y					Monthly CSA Report President, Director of Operations and Manager Analytics

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
4.4.1.2.	The number of instances when the date of payment exceeded the terms of the Service Agreement.	Y					Monthly CSA Report President, Director of Operations and Manager Analytics
5.	DATA-COLLECTION AGENT REPORTS						
5.1.	On a monthly basis, the below reports are provided direct to the Data Collection Agent: <ul style="list-style-type: none"> • Depot Volumes by load; • Suppliers Data Report listing vendors (Depot) and contact Information. 	Y					Monthly reporting direct to the DCA
5.2.	On an annual basis, the below reports are provided direct to the Data Collection Agent: <ul style="list-style-type: none"> • Shipping Containers volume by container type report; • Sales Volumes report. 			Y			Annual reporting direct to the DCA
5.3.	During full Handling Commission Reviews, the below reports are provided direct to the Data Collection Agent: <ul style="list-style-type: none"> • Summary of Value Added Fee paid by Depot; • Summary of ABDA Fees paid reported by ABCRC; • Load and Payment Data report summarizing number of Rbills, cancelled loads and days from shipment to payment for each Depot. 				Y		Reporting direct to the DCA during full Handling Commission Reviews
6.	Rbill/eRbill Reports						
6.1.	Percentage of loads received via Rbill versus eRbill and percentage of volume represented;		Y				Quarterly CSA Report

Ref #	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method Reported and Who Provided To
							President, Director of Operations and Manager Analytics
6.2.	List of all Depots submitting eRbill and annual summary of Depots adding/removing eRbill use.		Y				Quarterly CSA Report President, Director of Operations and Manager Analytics

SCHEDULE "C"

EVALUATION AGAINST PERFORMANCE STANDARDS

The BCMB shall evaluate in accordance with the By-laws the CSA's contribution to the BCMB goals for the beverage container system of Alberta as set out in the BCMB Business Plan, the efficiency and effectiveness of the CSA's operation of the Common Collection System and the CSA's compliance with the Regulation, By-laws, Service Agreement and this Agreement.

1. Accountability

1.1 The CSA operates the Common Collection System in compliance with the Act, Regulation, By-laws and this Agreement and demonstrates a focus on:

1.1.1 collaboration and cooperation;

1.1.2 alignment of the CSA's annual operating plan with the BCMB Business Plan and strategic priorities;

1.1.3 direct and measurable results of each marketing program operated by the CSA; and

1.1.4 participation in the Quality Monitoring System.

1.2 The CSA is compliant with to the terms of the Service Agreement and any other agreement between the CSA and the ABDA, in particular:

1.2.1 scheduling and loading;

1.2.2 shipping supplies;

1.2.3 payments;

1.2.4 quality control; and

1.2.5 confidentiality.

1.3 The CSA is compliant with to the terms of this Agreement and in particular:

1.3.1 causes Containers to be recycled in a manner approved by the BCMB;

1.3.2 submits a Service Agreement, with the concurrence of the ABDA, in compliance with the By-laws; and

- 1.3.3 conducts its operations so as to fulfill its obligation to maintain and manage an amount of operating reserve sufficient to achieve operational and financial stability for the Common Collection System responsible for the recovery of Containers.
 - 1.4 The CSA maintains records sufficient to, without limitation, provide monthly, quarterly, annual and term reporting on key performance metrics as outlined in Schedule B of this Agreement.
 - 1.5 The CSA trains staff to ensure operations remain in compliance with standards.
2. Performance Standards
- 2.1 Transportation
 - 2.1.1 Standard: Depots are provided dependable carrier pick up
 - 2.1.2 Measure: No-show. A “No Show” is characterized as a transportation carrier failing to show up without any communication from the CSA to the Depot notifying them of the cancellation at least one hour prior to the scheduled pick-up time.
 - 2.1.3 Compliance: Progressive enforcement action will be taken using the Compliance Framework
 - 2.2 Shipping Containers
 - 2.2.1 Standard: Depots have adequate shipping supplies.
 - 2.2.2 Measure 1: Lack of supplies is demonstrated, and the CSA fails to meet the standard when a Depot is required to close or the Depot indicates that they need supplies urgently or else will be forced to close. The CSA fails to meet the standard where the CSA does not respond to the request before closure is within 24 hours as determined by dispute resolution.
 - 2.2.3 Measure 2: Lack of supplies is demonstrated, and the CSA fails to meet the standard when a Depot is required to ship materials in incorrect shipping containers or is required without previous agreement to ship without pallets.
 - 2.2.4 Compliance: Progressive enforcement action will be taken using the Compliance Framework
 - 2.3 Payment to Depot
 - 2.3.1 Standard: Depots get paid on time
 - 2.3.2 Measure: As defined within Service Agreement. The CSA fails to meet the standard when payment to a Depot exceeds the agreed to maximum period.
 - 2.3.3 Compliance: Progressive enforcement action will be taken using the Compliance Framework

2.4 Use of QMS

2.4.1 Standard: Depot Operator tickets are responded to and resolved in a timely manner

2.4.2 Measure: Response Time by QMS Service Level Agreements. The CSA fails to meet the standard when response and resolution times exceed those agreed to.

2.4.3 Compliance: Based on monthly performance achieving the following standards:

A. 100% compliance on first response time

B. 95% compliance on resolution time for supplies tickets (24 hours)

C. 80% compliance on next response times for all other tickets (24 hours)

2.5 Quality Control

2.5.1 Standard: Quality control counts are accurate

2.5.2 Measure: The CSA fails to meet the standard when multiple counts of the same shipping container result in counts that vary by more than 1.0%.

2.5.3 Compliance: Based on the audits of previously audited shipping containers, requested by the BCMB on a monthly basis.

2.6 Non-Beverage Containers

2.6.1 Standard: CSA staff minimize the risk that non-beverage containers present to the Common Collection System

2.6.2 Measure: The CSA fails to meet the standard when more than 200 non-beverage containers are found in a shipping container without response from CSA staff.

2.6.3 Compliance: Based on BCMB inspection. When the standard in 2.6.2. is not met without an appropriate response to the Depot or notification to the BCMB. Measured on a monthly basis.

2.7 Operating Agreement

2.7.1 Standard: The CSA holds itself accountable to the performance and reporting requirements of this Agreement

2.7.2 Measure: Performance against section 1 of this Schedule and Reporting against Schedule "B"

2.7.3 Compliance: Compliance Framework

3. Compliance Framework

3.1 A failure of the CSA to meet the standards set out in sections 2.1, 2.2, 2.3 and 2.7 of this Schedule will result in progressive enforcement actions.

- 3.1.1 Each infraction will be exclusive by depot and type.
- 3.1.2 There are three enforcement levels applicable to these sections.
- 3.1.3 Where the CSA fails to meet a standard in these sections, the BCMB shall notify the CSA of the failure in the monthly CSA Evaluation report.
- 3.1.4 The CSA will be given 10 days to rectify the problem following which, where the CSA fails to meet the standard a second time, the BCMB shall notify the CSA of the failure in the monthly CSA Evaluation report and the CSA shall pay a Compliance Fee.
- 3.1.5 The CSA will be given a further 10 days to rectify the second incident of the same problem following which, where the CSA fails a third time to meet the standard the CSA shall pay a Compliance Fee and CSA Senior Management shall attend a meeting with the BCMB.
- 3.1.6 The CSA may apply to the BCMB to move down a Level in the Compliance Framework by demonstrating that procedures have been corrected in order to prevent another failure to meet the standard.
- 3.1.7 The CSA may not apply to move down a Level of a Compliance Framework until three (3) months has passed from the date of the notification in the monthly CSA Evaluation from the BCMB. This is to provide the CSA with time to rectify the issue and to trial the improvements.
- 3.1.8 The CSA may only apply to move down a Level of a Compliance Framework if in Level 2 or higher.
- 3.1.9 An application to the BCMB will move the CSA down one Level of a Compliance Framework at a time and must include a description of the improvements made to rectify the failure.
- 3.1.10 After receipt of an application, the BCMB will monitor the situation for a three-month period. Part of the monitoring may include a check-in with the Depot on the specific issue to confirm that it has been resolved on their side. The BCMB will also review the QMS.
- 3.1.11 Where the CSA fails to meet the same standard during the three-month monitoring period, the CSA's application will be void and they will move up a Level in the Compliance Framework. A new application will have to be made after the issue has been resolved and after three-months has passed (as per 3.1.7 above).
- 3.1.12 Once the three-month monitoring period has passed without issue, the BCMB will move the CSA down a Level of the Compliance Framework.
- 3.1.13 On a per Depot, per Framework basis, if the CSA remains compliant with the applicable standards after six months at Level 1, then the BCMB would automatically move the CSA out of the Compliance Framework without requiring submission of an application.

3.2 Where the CSA fails to meet a standard set out in sections 2.4, 2.5 and 2.6, the CSA shall pay a Compliance Fee.

4. Compliance Fee

4.1 A Compliance Fee will be levied for each infraction identified within the compliance framework at level 2 and level 3.

4.2 A Compliance Fee will be levied for each failure to achieve the agreed performance standard outlined in sections 2.4, 2.5 and 2.6 of this Schedule.

4.3 The Compliance Fee is set in the Fee By-law.