

CSA OPERATING AGREEMENT

BEVERAGE CONTAINER MANAGEMENT BOARD

- and -

ALBERTA BEVERAGE CONTAINER RECYCLING CORPORATION

Effective Term: January 1, 2025 to December 31, 2029

BCMB Board Approved: November 20, 2024

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CSA OPERATING AGREEMENT

This Agreement made as of the 1st day of January, 2025.

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 Alberta Bottle Depot Association ("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 expired October 31, 2023, and was extended by agreement until December 31, 2024;
- 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 establish measurable performance standards and specific processes for evaluating the CSA in relation to these 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 maintain an effective and sustainable common collection system.
- 1.1.4 "CSA By-law" means the BCMB bylaw passed pursuant to the Regulation entitled, Collection System Agent (CSA) By-law, as approved by the BCMB on November 24, 2021, as such by-law may be amended, replaced or supplemented by the BCMB from time-to-time.
- 1.1.5 "Material Stream" means each category of container for which a specific handling commission is payable as identified in the By-laws.
- 1.1.6 "QMS" means a quality monitoring system used by the BCMB, Depots, the CSA and the ABDA.

Unless otherwise indicated, terms that are defined in the CSA 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 Albertans deserve a Common Collection System that provides effective and efficient service to enable the recovery of Containers, and that the CSA plays an integral role in ensuring the Depots are supported in a way that does not disrupt the recovery of Containers from Albertans. There is mutual benefit in having CSA performance standards and in evaluation of the CSA against those performance standards, and as such 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 holders 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 of Depot permit holders 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 except for information specifically requested by the BCMB from the CSA that the BCMB requires strictly for regulatory purposes, including without limitation, information relating to individual manufacturer sales volumes, the CSA may aggregate otherwise confidential information, and may make public such aggregated information;
- 2.4.5 to the extent that sales volumes for individual Manufacturers are required by the BCMB for regulatory purposes in accordance with section 2.4.4, the BCMB may use such information for regulatory purposes, including, without limitation, regulating an individual Manufacturer with respect to its compliance with the Regulation and other applicable laws; however, the BCMB shall not disclose to the public such confidential information unless required to do so by law or unless such information is aggregated by the BCMB or the CSA with information of all other applicable Manufacturers; and
- 2.4.6 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;
- 3.1.6 work cooperatively and collaboratively with the CSA to continuously review and improve performance standards for the CSA; and
- 3.1.7. administer the QMS.

3.2 Industry Leadership

As an industry participant and leader, the BCMB shall:

- 3.2.1 focus the industry on continuously increasing collection rates and recycling rates;
- 3.2.2 participate on the Industry Leadership Committee 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 Make the CSA aware of strategic priorities and initiatives, identifying collaborative efforts and required industry involvement;
- 3.2.4 provide the CSA with a copy of its annual business plan, once it has been approved by the Minister of Environment and Protected Areas;
- 3.2.5 where appropriate, invite the CSA to participate in industry or BCMB committees; and
- 3.2.6 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 on continuously increasing collection 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 Schedule B of this Agreement;

- 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 perform as the Collection System Agent in a manner that:
 - 4.1.8.1 meets or exceeds the performance standards set out in Schedule “C”;
 - 4.1.8.2 protects the confidentiality of proprietary information of individual Manufacturers;
 - 4.1.8.3 complies with the BCMB’s By-laws and the 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 section 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 respond to requests from the BCMB for information within five (5) business days and if the information cannot be provided to the BCMB within five (5) business days, to provide it by a date agreed to by the parties, or if the CSA is unable to take such action, to promptly advise of the reasons for such inability;
- 4.1.12 respond to requests from the BCMB to take such action as may be required to enable the BCMB to exercise the powers and carry out the duties conferred or imposed on it (eg quarantining mega bags), within five (5) business days, and if the action cannot be taken within five (5) business days, to take the action by a date agreed to by the parties, or if the CSA is unable to take such action, to promptly advise of the reasons for such inability; and
- 4.1.13 work cooperatively and collaboratively with the BCMB for the purposes of evaluating the CSA in relation to the 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 Industry Leadership Committee and other industry and BCMB committees, if invited to participate;
- 4.2.2 make the BCMB aware of strategic priorities and initiatives to improve performance, identifying collaborative efforts and required industry involvement;
- 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;

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; and

4.2.6 respond as per the timelines noted in Schedule C to any CSA performance issues raised in QMS and document the response through QMS.

4.3 Marketing and Education

The CSA will not include content in any of its marketing material that adversely reflects on the BCMB, any Depots, the network of Depots, the Common Collection System or the beverage container recycling system of Alberta as a whole. The CSA shall, as may be requested by the BCMB from time to time:

4.3.1 review the execution and report on the effectiveness of the strategies and programs related to marketing, advertising, promotional strategies, and depot related programs focused on increasing the collection rate, public awareness, and public participation in container collection; and

4.3.2 work collaboratively with the BCMB on effectiveness of confirming recyclability of new containers and messaging to be provided so as to educate Manufacturers who are selling Containers in Alberta on product design and the recycling hierarchy.

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 third party processors or recyclers engaged by the CSA allow the BCMB reasonable 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 fulfil its obligation to maintain and manage an amount of operating reserve sufficient to:

- 4.5.1.1 ensure adequate cash flow to fulfil its obligations to achieve operational and financial stability for the Common Collection System;
 - 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 as may be requested by the BCMB from time to time, inform the BCMB for information purposes of the annual business case for the adjustments to the CRF approved by the CSA's board, including expected results; and
- 4.5.3 as may be requested by the BCMB from time to time, provide the BCMB a copy of any CSA policy in respect of its compliance with sections 4.5.1 and 4.5.2 of this Agreement, 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".

4.7 **Quality Control Compliance Audits**

If the BCMB requests the CSA to conduct a quality control audit in accordance with the By-laws, the CSA shall make reasonable efforts in good faith to conduct the audit within the timeframe required under the By-laws if the Depot makes a suitable shipment within that period of time, or if not, as soon after the BCMB's request that the Depot makes its next suitable shipment.

4.8 **Record Keeping and Remittance of Information**

The CSA shall:

- 4.8.1 as may be requested by the BCMB from time to time, compile and submit to the BCMB information relating to an individual Manufacturer that the individual Manufacturer is required to submit pursuant to the *Manufacturer and Retailer By-law* (as such By-law may be amended, replaced or supplemented from time-to-time) including the following:
 - 4.8.1.1 the number of Containers by each Material Stream reported as sold by the Manufacturer; and
 - 4.8.1.2 the aggregate number of each Material Stream reported as sold by Manufacturers.

4.9 Recycling and Recycling Reporting

The CSA shall:

- 4.9.1 make reasonable efforts in good faith to recycle Containers using an approved method of recycling as defined by the BCMB;
- 4.9.2 provide information to the BCMB to assist in assessing the recyclability of new container materials as submitted by Manufacturers, for the purposes of registration, including:
 - 4.9.2.1 whether a Container includes materials that are not part of an existing Material Stream;
 - 4.9.2.2 whether a Container can be recycled without contaminating existing Material Streams;
 - 4.9.2.3 whether a Container can be disassembled in order to avoid contamination to existing Material Streams;
 - 4.9.2.4 proposed sorting requirements for a Container;
 - 4.9.2.5 the anticipated cost of recycling a Container;
 - 4.9.2.6 the marketability of material used in a Container;
 - 4.9.2.7 the proposed CRF for a container; and
 - 4.9.2.8 any other information relevant to a determination as to whether a Container can be recycled by an approved method of recycling.
- 4.9.3 Provide information to the BCMB regarding the recycling of Containers including:
 - 4.9.3.1 the number of Containers recovered by Material Stream;
 - 4.9.3.2 the weight of Containers shipped for recycling by Material Stream;
 - 4.9.3.3 the method of recycling of Containers by Material Stream;
 - 4.9.3.4 copies of verification reports received from third-party recycling agents;

Notwithstanding anything contained in this Agreement, all recycling reporting obligations under this section 4.9 shall remain subject to the CSA's concurrent compliance with all other applicable laws, regulations and requirements that apply to the publication, promotion, marketing or communication of environmental claims, including, without limitation, environmental claims and greenwashing requirements set out in the *Competition Act* of Canada. For clarity, the CSA shall comply with all applicable laws associated with its recycling reporting obligations and, as such, it shall not be deemed a default of such obligations if reports under this section 4.9 are withheld or delayed due to additional legal requirements imposed upon the CSA.

4.10 Fraud Prevention and Common Collection System Safe-Guarding

The CSA shall produce its fraud prevention strategy as noted in Schedule B.

ARTICLE 5 - TERM

5.1 Terms and Termination

5.1.1 The term of this Agreement shall commence on the effective date of this Agreement and shall continue for five years from the date of commencement, unless amended in accordance with this section 7.4 below or terminated earlier in accordance with this article 5.

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, as each of them may be amended from time to time. 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. The CSA and the BCMB acknowledge that the BCMB has formed the "Service Agreement Committee", which is comprised of public members of the BCMB's board of directors. Upon the delivery of recommendations from the Service Agreement Committee to the BCMB and/or the CSA, the CSA and the BCMB agree to review and assess those recommendations and negotiate in good faith on an amendment of this Agreement to reflect accepted recommendations.

5.3 Replacement Agreement

5.3.1 The CSA and the BCMB shall negotiate in good faith on an improved CSA operating agreement to replace this Agreement at least 6 months prior to the expiry of the term of this agreement.

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 with the presidents and CEOs of each party to resolve the dispute; and

6.1.1.3 If the chairs and presidents are not able to agree upon a resolution within 30 days or such other time period as agreed upon by the chairs and presidents, 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 King'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
#1165, 5555 Calgary Trail
Edmonton, Alberta T6H 5P9
Attention: President & CEO

If to the CSA, to:

Alberta Beverage Container Recycling Corporation
901 57 Avenue NE
Calgary, Alberta T2E 8X9
Attention: President & CEO

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; and

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:  _____

Alberta Beverage Container Recycling Corporation

Per:  _____

SCHEDULE "A"

FEES

1. BCMB Fee By-law

The CSA shall remit:

- 1.1 Operating Fees, as identified in section 6.1 of the Fee Bylaw, based upon the net sales in Alberta reported by registered manufacturers and the current rate per container referenced in the Fee Bylaw.

2. Service Agreement Obligations

The CSA shall:

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

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"

COMMUNICATION AND REPORTING

The CSA shall, in accordance with the frequency identified in the table below, provide the following reports and communications to the BCMB via email, to the following email address: bcmbreporting@bcmb.ab.ca, or other methods as prescribed by the BCMB from time to time. The parties agree that as information evolves in the system that additional communications & reports may be added to the schedule through mutual agreement.

Unless otherwise noted:

Monthly: due on or before the last day of the following month

Quarterly: due on or before the last day of the first month of the following quarter

Annually: due on or before March 31 of the following year

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
A.		ADMINISTRATION							
A.1.		Human Resources							
A.1.2.		Annual written confirmation that a strategic plan is in place to address potential strikes or lock-outs at the CSA's facilities.			Y			Annual CSA Self-Evaluation	
A.2.		Risk Management/Mitigation							
A.2.1.	2.4; 4.1.8.2; Section C 1.2.5	Immediate written disclosure of any breaches of confidentiality of information pertaining to manufacturers or depots, along with an annual summary.			Y	Y		Annual CSA Self-Evaluation	
A.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.			Y			Annual CSA Self-Evaluation	
A.2.3.		A written summary of the annual processes completed and their results (review, mock exercise, etc.) to ensure the effectiveness of the business continuity plan, emergency			Y			Annual CSA Self-Evaluation	

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
		response plan, and the disaster recovery plan; and							
A.2.4.	4.2.4 4.10	A copy of the annual fraud and risk mitigation strategy; and an evaluation of the effectiveness of the steps taken. <ul style="list-style-type: none"> Immediate submission of written disclosure of fraudulent activity. 			Y	Y	Y	Annual CSA Self-Evaluation To be developed with BCMB within 6 months of approval of this document.	
A.3.		Container Volumes and Sales							
A.3.1.		Aggregate number of Containers reported as sold and recovered from Depots in each Material Stream;	Y					Emailed to: bcmbreporting@bcmb.ab.ca	
A.3.2.		The number of non-refillable Containers reported as sold by registered manufacturers in each Material Stream			Y			Emailed to: bcmbreporting@bcmb.ab.ca	
A.3.3.		Forecasts of Container sales by manufacturers and recoveries from Depots in each Material Stream; <ol style="list-style-type: none"> Estimated sales volume forecast for upcoming calendar year by Sept 30; follow-up with finalized forecast when available 			Y Annually by September 30 & when finalized		Y	Emailed to: bcmbreporting@bcmb.ab.ca	
A.4.		Container Recycling							
A.4.1.	4.1.4; 4.5	Beverage Container Reviews Completion of New Container Material Form: <ol style="list-style-type: none"> Assessment of container composition (core & non-core) for recyclability and sorting requirements Inform Manufacturer and BCMB of CRF 				Y Completion of request in a timely manner		Emailed to registrations@bcmb.ab.ca	SOP required

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
A.4.2.		A report reconciling the number of Containers recovered and the weight of Containers shipped for recycling per Material Stream			Y			Annual CSA Self-Evaluation	
A.4.3.		Recycling Rate - The weight of Containers (core & non-core) recycled or not recycled per Material Stream;			Y		Y	Annual CSA Self-Evaluation	SOP required
A.4.4.	4.1.4.	A report detailing the method of recycling of Containers (core & non-core) by Material Stream, including a copy of the verification report as received from third party recycling agents.			Y			Annual CSA Self-Evaluation The CSA will collaboratively work with the BCMB, and its customers to establish a process, involving an independent 3rd party to develop and deliver an independent report on the method of recycling for each container type.	SOP required
A.4.5.		Annual confirmation that all contracts with third party recycling agents include the following contractual obligations:							
A.4.5.1.	4.1.4.	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	
A.4.5.2.		Mitigation strategy to prevent theft and/or fraud and to otherwise safeguard against illegal or other inappropriate behaviours that have a reasonable possibility of harming the integrity of the Common Collection System. Immediate written disclosure of any incidences of theft, fraud, illegal or any			Y	Y		Annual CSA Self-Evaluation	

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
		<p>other inappropriate behaviour that have a reasonable possibility of harming the integrity of the Common Collection System.</p> <p>ABCRC to provide to BCMB immediate submission of written disclosure and annual summary of any reports received regarding this section.</p>							
A.4.5.3.	4.1.4.	Provide the BCMB with reasonable access to facilities, as well as the ability to audit processors/ recyclers.							
B.		FINANCIAL							
B.1.		General							
B.1.1	4.5.1	An unaudited statement of financial position			Y			Quarterly CSA Report	
B.1.2.		An unaudited statement of operations that includes a variance analysis of actual results to prior year for key operational functions including processing, transportation, administration, and marketing;		Y				Quarterly CSA Report	
B.1.3.		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	
B.1.4.		A copy of the audited financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)			Y			Annual CSA Self-Evaluation	
B.1.4.1.		A letter from a CSA Officer to confirm the existence of any audit issues.			Y			Annual CSA Self-Evaluation	
B.1.5.		Net System Cost:			Y				SOP required;

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
		<ul style="list-style-type: none"> Completed excel template and associated financials (may be in draft). 			May 31 annually				Excel template as provided by BCMB
B.1.6.	4.5	Annual business case for the adjustments to the CRF approved by the CSA's board, including expected results (section 4.5).			Y		Y	As Requested	
B.1.7.		Percentage of operations solely committed to beverage container system, and percentage devoted to other business.			Y			Annual CSA Self-Evaluation	
B.2.		Manufacturer Reporting							
B.2.1.		<p>New Manufacturer Registration:</p> <ol style="list-style-type: none"> Promptly communicate CSA registration requirements to manufacturer BCMB to be informed once manufacturer has received CSA approval (to complete BCMB registration process) 				Y			SOP Required
B.2.2.		<p>Verification of Manufacturers' reported sales into Alberta. Sales volumes to be based on the gross sales net of subsequent out-of-province shipments:</p> <p>Initial report to be submitted May 31, and update submitted by September 15; report to reflect prior year's data to allow for reporting lag (ex. receive 2022 fiscal-year sales verification data in September 2024).</p> <ul style="list-style-type: none"> Report to note individual manufacturers who have not submitted sales verification 6-month post manufacturer fiscal year-end, and any historical non-compliance. 			Y (biannually)				SOP required

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
B.2.2.1.		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				
B.2.2.2.		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				
B.2.2.3.		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				
B.2.3.		Confirmation of which Manufacturers whose individual total reported annual Container sales volumes are equal to or exceed 10 million Containers for the purposes of confirming the CSA's willingness to accept unregistered Containers that are sold by those Manufacturers.			Y February			Emailed to bcmbreporting@bcmb.ab.ca & registrations@bcmb.ab.ca	
B.2.4.		Manufacturer Reporting and Remitting Compliance: <ul style="list-style-type: none"> list of non-compliant manufacturers summarizing type of non-compliance and actions taken 	Y					Emailed to registrations@bcmb.ab.ca	SOP required
C.		MARKETING							
C.1.	4.3	The nature and scope of the programs, initiatives or campaigns focused on increasing consumer awareness and participation by consumers in Container recycling.			Y		Y	Annual CSA Self-evaluation	

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
C.2.		Where possible, an analysis of the impact of expenditures noted in C.1. above on the collection rate.			Y		Y	Annual CSA Self-evaluation	
D.		OPERATIONS							
D.1.		Depot Request for Applications, Relocations: <ul style="list-style-type: none"> Complete loading dock and carrier access assessment. 					Y		SOP required
D.2.		Risk Mitigation: <ol style="list-style-type: none"> Disclosure of depot non-compliance in accordance with BCMB by-law; Immediate disclosure of suspected system fraud. 				Y		Emailed to compliance@bcmb.ab.ca	
D.3.		Scheduling, Transportation & Supplies							
D.3.1.		Advanced notice of amendments to service and payment schedules for holidays, scheduled maintenance delivered to the Depots, ABDA and the BCMB;		Y		Y		Quarterly CSA Report	
D.3.2.	Schedule C, 2.1.	Total number of pick-ups completed;		Y				Quarterly CSA Report (same historical format)	
D.3.3.	Schedule C, 2.1.	Total number of pickups cancelled by the CSA and reasons for such cancellations;		Y				Quarterly CSA Report	
D.3.4.		Total number of pickups cancelled by the Depot and reasons for such cancellations; and the notice given to the CSA;		Y				Quarterly CSA Report	
D.3.5.	Schedule C, 2.1.	Total number of appointments for pickup that do not meet the pick-up schedule as set out in the Service Agreement.		Y				Quarterly CSA Report	
D.3.6.		Total number of transportation deficiencies, and		Y				Quarterly CSA Report	

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
		Total number resolved more than 4 hours after the Depot notified the CSA.							
D.3.7.		Confirmation that bi-annual Shipping Container Reconciliation has occurred.			Y			Annual CSA Self-evaluation	
D.3.8.		Identify to BCMB minimum standards for shipping container per depot (if implemented in service agreement)					Y		
D.4.		Quality Control							
D.4.1.	2.5	A summary of the number of Shipping Containers received by Material Stream, the number of bags audited by Material Stream; including percentage totals;	Y					Accessed by Director, Compliance via Power BI tool	
D.4.2.		The number of Depot quality control challenges, their outcomes, and any preventative actions taken;			Y			Annual CSA Self-Evaluation	
D.4.3.		Individual audit results from random/random, random/target and target/target audits.				Y		Accessed by Director, Compliance via Power BI tool. In the case where Power BI is not accessible by the BCMB, all Zone 2 Audits are to be sent manually to the BCMB on a weekly basis.	SOP required
D.4.4.		For purposes of BCMB QC Frameworks: <ul style="list-style-type: none"> Number of Containers collected from each Depot in each Material Stream and showing shipping volume changes year over year by Material Stream; 	Y					Emailed to bcmbreporting@bcmb.ab.ca	SOP required
D.4.5.		For purposes of BCMB QC Frameworks: <ul style="list-style-type: none"> The total number of Shipping Containers received from each Depot by material stream within a defined period 					Y	Emailed to bcmbreporting@bcmb.ab.ca	SOP required

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
D.4.6.	4.7	The number of instances when the time period for Quality Control Compliance audit exceeded the terms set out at 4.7 of this agreement.		Y				Quarterly CSA Report	
D.5.		Load Reconciliation & Payments							
D.5.1.		In relation to Payments as referenced in the Service Agreement:							
D.5.1.1.		The number of payment transactions;		Y				Quarterly CSA Report	
D.5.1.2.	Schedule C, 2.3	The number of instances when the date of payment exceeded the terms of the Service Agreement.		Y				Quarterly CSA Report	
E.		DATA-COLLECTION AGENT REPORTS							
E.1.		On a monthly basis, the below reports are provided direct to the Data Collection Agent: a. Depot Volumes by load; b. Suppliers Data Report listing vendors (Depot) and contact Information.	Y					Monthly reporting direct to the DCA	
E.2.		On an annual basis, the below reports are provided direct to the Data Collection Agent: a. Shipping Containers volume by container type report; b. Sales Volumes report.			Y			Annual reporting direct to the DCA	
E.3.		During full Handling Commission Reviews, the below reports are provided direct to the Data Collection Agent: a. Summary of Value Added Fee paid by Depot; b. Summary of ABDA Fees paid reported by ABCRC; c. Load and Payment Data report summarizing number of Rbills, cancelled				Y		Reporting direct to the DCA during full Handling Commission Reviews	

Reference #	Relevant Agreement Section # <i>(if applicable)</i>	Description	Monthly	Quarterly	Annually	As Applicable	Upon Request	Method of Reporting (if applicable)	SOPs
		loads and days from shipment to payment for each Depot.							
F.		Rbill/ eRbill Reports							
F.1.		Percentage of loads received via Rbill versus eRbill and percentage of volume represented;		Y				Quarterly CSA Report	
F.2.		List of all Depots submitting eRbill and annual summary of Depots adding/removing eRbill use.		Y				Quarterly CSA Report	
G.		Targets							
G.1.		Targets to be reviewed and provided annually for all standards laid out in Schedule C, Section 2.				Y		CSA Annual Evaluation Targets to be developed within 1 year of the effective date of this agreement.	

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 is compliant with the terms of the Service Agreement and any other agreement between the CSA and the ABDA, in particular:
 - 1.1.1 scheduling and loading;
 - 1.1.2 shipping supplies;
 - 1.1.3 payments;
 - 1.1.4 quality control; and
 - 1.1.5 confidentiality.
 - 1.2 The CSA is compliant with the terms of this Agreement and in particular:
 - 1.2.1 causes Containers to be recycled in a manner approved by the BCMB;
 - 1.2.2 submits a Service Agreement, with the concurrence of the ABDA, in compliance with the By-laws; and
 - 1.2.3 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.
 - 1.3 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.
 - 1.4 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: Enforcement action will be taken in accordance with Section 3 of this Schedule.
 - 2.2 Shipping Containers
 - 2.2.1 Standard: Depots have an adequate supply of shipping containers and pallets, that is based upon their purchased volumes and shipping frequency.

- 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: Enforcement action will be taken in accordance with Section 3 of this Schedule.
- 2.3 Payment to Depot
 - 2.3.1 Standard: Depots get paid on time as defined within Service Agreement
 - 2.3.2 Measure: The CSA fails to make payment to a Depot within the agreed to period.
 - 2.3.3 Compliance: Enforcement action will be taken in accordance with Section 3 of this Schedule.
- 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 (1 operational business day; days when CSA plant is non-operational are not to be counted)
 - B. 95% compliance on resolution time for supplies tickets (1 operational business day; days when CSA plant is non-operational are not to be counted)
 - C. 80% compliance on next response times for all other tickets (1 operational business day; days when CSA plant is non-operational are not to be counted)
- 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 a variance greater than $\pm 1.0\%$.
 - 2.5.3 Compliance: Based on the recounts, requested by the BCMB, of previously audited shipping containers.
- 2.6 CSA Operating Agreement
 - 2.6.1 Standard: The CSA holds itself accountable to the performance and reporting requirements of this Agreement
 - 2.6.2 Measure: Performance against Schedule "B"

2.6.3 Compliance: Enforcement action will be taken in accordance with Section 3 of this Schedule.

3. Compliance Standards

- 3.1 A failure of the CSA to meet the standards set out in sections 2.1, 2.2, 2.3, and 2.6 of this Schedule will result in compliance enforcement actions.
 - 3.1.1 Each standard shall be subject of its own compliance enforcement process and be measured on a per calendar month basis.
 - 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 Where the CSA breaches a compliance measure once in a calendar month they shall be notified of the breach.
 - 3.1.5 Where the CSA breaches a compliance measure 2 or 3 times in a calendar month the CSA shall pay a compliance fee.
 - 3.1.6 Where the CSA breaches a compliance measure 4 or more times in a calendar month, the CSA shall pay a Compliance Fee and if requested by the BCMB, CSA Senior Management shall attend a meeting with the BCMB.

4. Compliance Fee

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