

**AGREEMENT RELATING TO THE  
CONSIGNMENT, RECOVERY AND RECYCLING  
OF NON-REFILLABLE SOFT DRINK CONTAINERS**

**JANUARY 1, 2021**

***This is a working translation of the Agreement.***

***The French version is the only official document.***

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**AGREEMENT**

**BETWEEN: THE MINISTER OF SUSTAINABLE DEVELOPMENT,  
ENVIRONMENT AND THE FIGHT AGAINST CLIMATE  
CHANGE**

(hereinafter referred to as “**Minister**”)

**AND: SOCIÉTÉ QUÉBÉCOISE DE RÉCUPÉRATION ET DE  
RECYCLAGE (RECY-QUÉBEC)**

(hereinafter referred to as “**RECYC-QUÉBEC**”);

**AND: L’ASSOCIATION DES EMBOUTEILLEURS DE BOISSONS  
GAZEUSES DU QUÉBEC INC.**

(hereinafter referred to as “**Association des embouteilleurs**”);

**AND: BOISSONS GAZEUSES ENVIRONNEMENT**

(hereinafter referred to as “**B.G.E.**”);

**AND: THE REGISTRANTS**, whose names appear in either Schedule A or  
Schedule B hereof,

(hereinafter collectively referred to, as “**Registrants**” and individually as  
“**Registrant**”);

**WHEREAS** the functions of the Minister are to supervise and preserve the quality of the environment and whereas for such purposes he may make an agreement with any person, in particular for purposes relating to recovery and recycling, the whole in accordance with paragraph 12(2) of the *Act respecting the Ministère de l’Environnement* (R.S.Q., chapter M-15.2);

**WHEREAS** the objects of RECYC-QUÉBEC are to promote, develop and encourage the reduction, re-use, recovery and recycling of containers, packaging, materials and products, as well as their valorisation, with a view to resource conservation and whereas RECYC-QUÉBEC has for such purposes the powers set out in the *Act respecting the Société québécoise de récupération et de recyclage* (R.S.Q., chapter S-22.01);

**WHEREAS** according to its constituting law, RECYC-QUÉBEC can particularly and for this purpose, administer solely or with partners, any deposit system, including the Québec public deposit systems for non refillable containers of beer and soft drinks.

**WHEREAS** pursuant to the *Act respecting the sale and distribution of beer and soft drinks in non-returnable containers* (R.S.Q., chapter V-5.001), except in the case of a retail sale or a delivery pursuant to such a sale, no one may sell or deliver in Quebec beer or soft drinks in non-refillable containers unless he holds a permit to do so, and a prerequisite for obtaining such a permit is that the applicant enter into an agreement complying with the regulations adopted pursuant to that Act with the Minister of the Environment and RECYC-QUÉBEC, or comply with the relevant regulations adopted pursuant to section 53.30 of the *Environment Quality Act* (R.S.Q., chapter Q-2), as the case may be;

**WHEREAS** in accordance with the *Act respecting the sale and distribution of beer and soft drinks in non-returnable containers* (R.S.Q., chapter V-5.001), such agreements were entered into successively on July 15, 1984, July 15, 1987, January 1, 1991, January 1, 1992, January 1, 1995, December 1, 1999 (as amended), January 1, 2007 (as amended), January 1, 2011, January 1, 2014, January 1, 2016 and January 1, 2019;

**WHEREAS** an agreement relating to the deposit, recovery and recycling of non-refillable beer containers was entered into, that it is in force, and it is necessary to harmonise the operation of that agreement with the present Agreement;

**WHEREAS** the Minister deems it necessary for the protection of the environment and in the best interest of Quebec that certain measures be taken regarding the use of non-refillable containers in Quebec;

**WHEREAS** the parties hereto agree to reasonably make all the necessary efforts in order to reach a 75% recovery rate of the consigned containers;

**WHEREAS** the parties hereto agree that it is necessary for the industry to collaborate with the government of Quebec in order to protect and preserve the quality of the environment. The parties hereto also agree to engage in discussions, and actively participate and collaborate in good faith to the Consultation and Working Committee meetings described in Article 17 of this Agreement;

**WHEREAS** the parties agree that it is of interest that the process of deposit, recovery and recycling of non-refillable soft drink containers contemplated in this Agreement be administered and managed by B.G.E., a non-profit corporation, to the extent provided by the Agreement;

**NOW, THEREFORE**, the parties hereto are bound by and mutually agree to the terms of this agreement as follows:

## **1. Purpose of the Agreement**

This Agreement is intended to promote the public interest in Quebec by protecting the environment through the consignment, recovery and recycling of non-refillable Soft Drink containers.

## 2. **Definition**

In this Agreement, the following terms shall have the meaning hereinafter indicated:

**“Act respecting the sale and distribution of beer and soft drinks”**: the *Act respecting the sale and distribution of beer and soft drinks in non-returnable containers* (R.S.Q., chapter V-5.001), as amended from time to time;

**“Agreement on beer”** : any agreement relating to the deposit, recovery and recycling of non-refillable beer containers executed under the authority of the *Act respecting the sale and distribution of beer and soft-drinks in non-returnable containers* and that is in force from time to time;

**“Annual Results”**: has the meaning assigned to it in paragraph 10.3 of this Agreement;

**“Business Day”**: a day that is not a legal holiday as defined in the *Interpretation Act* (R.S.C., chapter I-16), as amended from time to time;

**“Establishment”**: a place of business, whether a Retail Establishment or Wholesale Establishment, within the meaning hereof;

**“House Brand”**: a brand held by an Establishment or a chain of Establishments designating a product which is resold to consumers exclusively by such Establishment or chain of establishments;

**“Non-Recoverer”**: a party to this Agreement whose name appears in Schedule B, as established in Article 3 of this Agreement;

**“PAIR/ISE Program”**: designates the program described in section 24 of this Agreement

**“Recoverer”**: a party to this Agreement whose name appears in Schedule A, as established in Article 3 of this Agreement;

**“Rate of deposits refunded”**: refers to the recovery rate of recyclable beer and soft drink containers with a \$0.05 deposit pursuant to an agreement or a regulation under the *Act respecting the sale and distribution of beer and soft-drinks in non-returnable containers*. The numerator of this rate is the number of containers for which the deposit has been refunded under the provisions of such agreement or regulation and the denominator is the total number of containers that were sold, delivered or given by registrants according to these agreements or to people subject to such rules.

**“Recovery rate of containers with a deposit”**: for communication and information purposes, designates the rate obtained by the calculation of the defined “rate of deposits refunded” to which is added to the numerator of the equation the number of consigned containers referred to in such agreement or such regulation with a mention complying with Schedule D that have been recovered through the curbside recycling system, but for which the deposit has not been refunded as per the terms of said agreement or rule.

**“Recyclable Container”**: a non-refillable container, which, in its overall composition, as marketed, is:

- made either of steel in a proportion of more than 99% in weight, or of aluminum in a proportion of more than 99% in weight, or almost exclusively of the same type or same category of plastic,
- designated as recyclable by B.G.E., with the consent of RECYC-QUÉBEC, in accordance with section 11.16 of this Agreement;

and, in any case, of which none of the components shall prevent recycling of the main body and, in the case of a “can-type” container, which has no detachable part;

“**Deficit Fund**”: provision for the system’s deficit, as described in sub-paragraph 10.2.2;

“**Registrant**”: a party whose name appears in Schedule A or in Schedule B;

“**Related**”: the relationship between persons who do not deal with each other at arm’s length, as defined and interpreted in the *Taxation Act* (R.S.Q., chapter I-3), as amended from time to time;

“**Retail Establishment**”: a place of business devoted exclusively to direct sales to consumers;

“**Signatories**”: the Minister, RECYC-QUÉBEC, the Quebec Soft Drink Bottlers Association (AEBGQ) and B.G.E., collectively;

“**Soft Drink**”: as defined in the *Act respecting the sale and distribution of beer and soft drinks*, in the form of a finished product only, except for a soft drink that contains more than 0.5% in volume of ethyl alcohol as per the *Act respecting offenses relating to alcoholic beverages* (R.S.Q., chapter I-8.1) that can be consumed by a person, if such soft drink is subject to the dispositions of the said law;

“**Wholesale Establishment**”: a place of business other than a Retail Establishment;

“**Zone of Recovery**”: the zone, in the Province of Quebec, within which a Recoverer regularly delivers Soft Drinks to Retail Establishments, whether directly or indirectly, among other things, through an establishment, a group of establishment, a carrier or any other person.

### **3. Registration and Withdrawal Process**

- 3.1 Any person applying for a permit to sell and delivers Soft Drinks in accordance with the *Act respecting the sale and distribution of beer and soft drinks* shall complete and sign a registration form to the present Agreement in conformity with Schedule F.
- 3.2 B.G.E. shall determine in respect of any person who wishes to become a party hereto and who complies with subsection 3.1, whether such person is a Recoverer or a Non-Recoverer. Accordingly, B.G.E. shall list such person either in Schedule A as a Recoverer or in Schedule B as a Non-Recoverer. Such person shall thereupon become a party hereto as if he himself had signed this Agreement.

In case of a renewal of the Agreement, the latter shall be transferred to the registrants, who will then benefit from a thirty-day period to indicate their non-adherence. At the end

of the thirty-day window and without any contrary notice from the registrants, the latter shall be considered signatory of the said Agreement.

- 3.3 B.G.E. shall decide whether a person referred to in subsection 3.2 is a Recoverer unless, in the opinion of B.G.E.:
- 3.3.1 the production or distribution of soft drinks does not constitute the principal activity of such person;
  - 3.3.2 such person does not have in Quebec a distribution and recovery network for soft drink containers using vehicles principally dedicated for this purpose;
  - 3.3.3 such person does not have the capacity to adequately perform the obligations of a Recoverer pursuant hereto; or
  - 3.3.4 such person primarily produces or distributes a House Brand belonging to a person to whom it is related,

in which cases B.G.E. shall decide that such person is a Non-Recoverer.

B.G.E. may, however, render the decision considered appropriate where it deems that the strict application of the criteria set out hereinabove would be contrary to the object of this Agreement or would have the effect of discharging, directly or indirectly, a party hereto from its obligations. B.G.E. may also change the status of Recoverer or Non-Recoverer of any person under this Agreement where it deems that the situation so warrants or if a Recoverer does not fully comply with the obligations set out in this Agreement, more specifically the ones described in Article 5.

- 3.4 The information given in the Registration Form as well as a detailed list of all the products sold, delivered or given by the Registrant shall be kept up-to-date by the Registrant. The Registrant shall notify B.G.E. within fifteen days foregoing any change. The Registrant shall also submit an update concerning sold, delivered or given products on the fifteenth day of each month.
- 3.5 B.G.E. may at any time amend Schedule A or Schedule B to make a new entry therein, change the status of any person, delete a Registrant or correct any clerical error therein.

Such an amendment shall take effect at the date when a notice is given to the person whose registration is made, changed or deleted, or at any subsequent date which may be indicated in the notice. In the case of a change of status, B.G.E. shall give the Registrant a prior fifteen days notice, except if the change is made at the request of the Registrant itself.

- 3.6 Any Registrant may, by notice to such effect, request that B.G.E. delete it from Schedule A or Schedule B, as the case may be. B.G.E. shall delete such Registrant as soon as it deems that the Registrant has met the obligations incumbent thereon pursuant hereto. However, such deletion shall in no manner affect the rights and recourses available to B.G.E., as the case may be. From and after the deletion, the Registrant shall cease to be a party to this Agreement.

- 3.7 B.G.E. shall forward to RECYC-QUÉBEC, upon receipt, a copy of all registration forms, all modifications to such forms as well as all notices forwarded to B.G.E. in accordance with subsection 3.4.

#### **4. Rights and Obligations - Registrants**

- 4.1 A Registrant shall collect from any person to whom it sells, delivers or donates in Quebec or for resale in Quebec Soft Drinks in non-refillable containers a deposit of \$0.05 for each container sold, delivered or given. A Registrant shall also collect from any person to whom it sells, delivers or donates outside Quebec Soft Drinks in non-refillable containers, a deposit of \$0.05 for each container that bears an inscription identical to or similar to that provided for in Schedule D, or any other inscription which could lead someone to believe that the container is returnable in Quebec for refund of the deposit under the terms of the Agreement.
- 4.2 A Registrant may, however, refrain from collecting the deposit contemplated in subsection 4.1 with respect to non-refillable soft drink containers:
- 4.2.1 which are sold, delivered or given to a Recoverer;
  - 4.2.2 which are sold, delivered or given to air, railroad or maritime carriers not operating between airports, train stations or harbours in Quebec;
  - 4.2.3 if it has sufficient and probable grounds to believe that such containers will only be resold, delivered or given outside Quebec; or
  - 4.2.4 which are surrendered to a carrier for delivery, when such delivery, if effected by the Registrant, would be exempt under subsection 4.2.

Notwithstanding the preceding, but subject to the following paragraph, the exceptions described in subparagraphs 4.2.2, 4.2.3, and 4.2.4 do not apply and shall be deemed not written if the said containers have an identical or similar mark to the one described in Schedule D, or any other mark that may suggest a deposit can be collected for the said containers in Québec, according to this Agreement.

However, a Registrant may refrain from collecting the deposit contemplated in subsection 4.1 for:

- a) all the non-refillable Soft Drink containers bearing a marking in accordance with Schedule D that are sold, delivered or given to a person outside Québec, if he proves conclusively, to B.G.E.'s entire satisfaction (which can revise its decision at anytime regarding such matter if the conditions listed in i), ii) and iii) hereinafter are no longer met):
  - i) that the total deposit amount and any other refundable amount upon return of such container (or similar container), at the location where it is thus sold, delivered or given, is equal to or greater than the amount of deposit that should be collected in accordance with this Agreement;

ii) that he has sufficient and probable grounds to believe that it would not be resold, delivered or given other than in a location where the total deposit amount or any other amount refundable upon return of such container (or a similar container) is equal to or greater than the deposit amount which should be collected in accordance with this Agreement; and

iii) that, in any case, such sale, delivery or donation does not stand in the way of the functioning of the deposit, recovery and recycling system for non-refillable soft drink containers governed by this agreement.

b) all the non-refillable glass containers sold, delivered or given to another person outside of Quebec, in a place where the total amount of the deposit and any other refundable amount when said containers are being returned (or a similar container) is not of equal or greater value than the deposit that shall be collected pursuant to this Agreement. Notwithstanding the above, this exception is only valid for up to 3% of the total annual sales of non-refillable soft drink containers that bear a marking that is in compliance with Schedule D and that have been sold, delivered or given by the registrants of this Agreement. B.G.E. shall inform RECYC-QUÉBEC as soon as reasonably possible.

Notwithstanding the foregoing, in the cases described in a) and b), RECYC-QUÉBEC can, if it considers that the application of the abovementioned paragraphs harms the functioning of the system governed by this Agreement, or affects the recovery rate of the deposit system or the financial impacts that result from it, reverse, revise or modify any decision of B.G.E. rendered in accordance with the said paragraphs and, if necessary, declare inapplicable these exceptions to all situations that it designates, RECYC- QUÉBEC's decision being final and prevailing immediately over the one rendered by B.G.E.

- 4.3 A Registrant shall not sell, deliver or give, in Quebec or for resale in Quebec, Soft Drinks in non-refillable containers purchased from a person whom it has reasonable grounds to believe did not hold a permit pursuant to the *Act respecting the sale and distribution of beer and soft drinks*.
- 4.4 A Registrant shall not sell, deliver or give Soft Drinks in Recyclable Containers in respect of which it must collect a deposit pursuant to this Agreement, unless such containers bear an inscription that conforms to Schedule D, indicating such deposit.
- 4.5 A Registrant shall comply with the terms and conditions of recovery set forth in Part 1 of Schedule C, which deals with non-reusable secondary packaging and recovery bags.
- 4.6 A Registrant shall give to any authorized representative of B.G.E., who must be independent from all other Registrants, at all time during normal business hours, with a notice of two business days, complete and unrestricted access to its installations and to all its books, records, contracts, accounting documents or other information which may be necessary or useful in order to verify full compliance with the provisions of the Agreement. Any copies of documents which are considered necessary or useful by such representative of B.G.E. shall be provided to the representative immediately and free of charge by the Registrant.

- 4.7 A registrant cannot sell, deliver or give in Québec or for the purpose of resale in Québec soft drinks in non refillable containers unless these containers are approved beforehand, in writing, by B.G.E. and RECYC-QUÉBEC, who must then determine if it qualifies as a recyclable container according to section 2 (or if they designate it as recyclable, as provided for in paragraph 11.16) and make sure that it does not prevent the operation of the deposit, recycling and recovery system for non refillable soft drink containers governed by this Agreement. The approval or refusal must be transmitted to the registrant within 30 days of the receipt by B.G.E. and RECYC-QUÉBEC of the said container, otherwise it will be deemed a refusal.

## **5. Specific Rights and Obligations for Recoverers**

- 5.1 A Recoverer shall not sell, deliver or give in Quebec or for resale in Quebec Soft Drinks in non-refillable containers unless such containers are Recyclable Containers of which neither the matter, nor the format, nor the configuration, in the opinion of B.G.E. and of RECYC-QUÉBEC, prevent the operation of the deposit, recycling and recovery system of non-refillable soft drink containers.
- 5.2 A Recoverer shall not sell, deliver or give in Quebec or for resale in Quebec Soft Drinks in non-refillable containers otherwise than:
- 5.2.1 directly to a Recoverer;
  - 5.2.2 within its Zone of Recovery, directly to any person where such Recoverer has no reasonable grounds to believe that such Soft Drinks are being or are likely to be resold or delivered in Quebec outside its Zone of Recovery;
  - 5.2.3 directly to a Retail Establishment or chain of Retail Establishments, in the case of House Brands held by the said Retail Establishment or chain of Retail Establishments; or
  - 5.2.4 directly to a carrier for delivery, when such delivery, if effected by the Recoverer itself, would comply with subsection 5.2.

However, notwithstanding the above and any other contrary provision, the sales, deliveries or gifts in Québec or for the purpose of resale in Québec of soft drinks in non refillable containers to an establishment or a group of establishments, a carrier or any other person for the purpose of sale, delivery or gift, by the latter, to establishments or to consumers, are not permitted unless B.G.E. and RECYC-QUÉBEC are in all times satisfied, at their discretion only, that the obligations of that Recoverer in accordance with this Agreement are and will be fully assumed and respected in all times and in a strict manner regarding these containers, and particularly:

- i) that all the obligations of that Recoverer in accordance with paragraphs 5.3, 5.4, 5.7 and 5.8 of the Agreement are and will be met at all times, as if the said containers had been sold, delivered or given by himself, in his Zone of Recovery, to establishments or to consumers; and

ii) that the containers in question are and will be at all times recovered and entrusted for conditioning or recycling, in accordance with the terms, conditions and methods of this Agreement.

5.3 Subject to the provisions of paragraph 5.7, a Recoverer shall maintain and continue to use a Soft Drink delivery and recovery network throughout its Zone of Recovery and shall use such network to recover Recyclable Containers under the terms of this Agreement. A Recoverer shall, personally or as permitted in accordance with paragraph 5.7, recover Recyclable Containers at a frequency at least equal to the frequency of distribution or at such other frequency in order to prevent, in the opinion of B.G.E., the undue accumulation of Recyclable Containers in Establishments or a significant imbalance of the Recoverer's obligations and responsibilities in accordance with this Agreement.

5.4 Without limiting the terms of the last subsection of paragraph 5.2, a Recoverer shall recover all empty Soft Drink Recyclable Containers tendered to it by any Establishment or any consumer to which it sells or delivers, directly or through a Wholesale Establishment, Soft Drinks and shall refund the deposit amount determined pursuant to this Agreement, increased, in the case of a Retail Establishment (including without limitation restaurants, bars, cafeterias, kiosks, canteens, etc.), by a unit incentive fee of \$0.02 in respect to said containers when such containers:

5.4.1 bear an inscription that is in accordance with Schedule D; and

5.4.2 are of identical materials and of similar unit volume to the Recyclable Containers that were sold, gave or delivered to such Establishment or consumer,

the whole subject to the following terms and conditions:

- no Recoverer shall be required hereunder to accept from any Establishment or consumer, in any three-month period, more Recyclable Containers of a given packaging type and a given size than were sold or delivered to it by such Recoverer within such period;
- a Recoverer that sells or delivers Soft Drinks in Recyclable Containers to a Wholesale Establishment shall recover, to the extent and according to the terms provided in subsection 5.4, the Recyclable Containers tendered to it by any Retail Establishment to which such Wholesale Establishment sold or delivered such Soft Drinks, as if such Soft Drinks had been sold or delivered directly by such Recoverer to such Retail Establishment.

5.5 A Recoverer who, during each calendar year, recovers pursuant hereto a number of Recyclable Containers with a deposit that depart from the proportions set out herein below of such Recyclable Containers which it has sold, delivered or given during such period for sale or resale in Quebec, shall pay to B.G.E. a non-refundable contribution set out herein below for each container above the maximum proportions or below the minimum proportions:

	<u>Recyclable aluminum containers</u>	Recyclable containers made of steel or plastic	Recyclable containers made of glass
Minimum quantity and unitary non-reimbursable contribution	50% / \$0.01	50% / \$0.03	50% / \$0.05
Maximum quantity and unitary non-reimbursable contribution	125% / \$0.02	n/a	n/a

B.G.E. can, if it feels at the right moment in respect to the just division of the recovery obligations in accordance with the Agreement and the inherent costs, exempt, on such other conditions as it may determine, a Recoverer from an obligation incumbent thereon by reason of this subsection 5.5, namely when a Recoverer demonstrates that a shortfall or a surplus in the number of recovered containers is related in large part to an exceptional situation that has a significant impact on the recovery, or to a configuration of the distribution channels which, in both cases, are not attributable to the Recoverer. The request for exemption of the Recoverer must be transmitted at the latest on February 28th of the year following the expiration of the twelve month period ending on December 31st of the previous year, and must be accompanied by all documents in support of it. B.G.E. may refuse all requests it deems late. A request for exemption shall not, in itself, have the effect of suspending the obligations of any Recoverer pursuant hereto.

- 5.6 When a Recoverer discovers that an Establishment or a consumer within its Zone of Recovery is encountering real difficulties in disposing of a surplus of empty Recyclable Containers for which a deposit was collected pursuant to this Agreement, he or she must inform B.G.E. in a written notice.
- 5.7 A Recoverer shall not delegate the recovery obligation imposed upon such Recoverer except to:
  - 5.7.1 an organization approved by B.G.E.; or
  - 5.7.2 a Recoverer, but only in respect of the Zone of Recovery of that Recoverer.

Nothing in subsection 5.7 shall be interpreted so as to limit or diminish the obligations of any Recoverer pursuant hereto.

Subject to the first subsection of the present paragraph 5.7 and subject to the conditions that B.G.E. can impose, but without limiting in any manner the Recoverer's obligations in accordance with the Agreement, in all the cases where the recovery obligation that is imposed upon him in the present Agreement is delegated or assumed in any way by a person who is not a Recoverer duly entered in Schedule A of this Agreement, the containers that are recovered and entrusted for conditioning or recycling are deemed, for the purposes of this Agreement, been as such by that recoverer.

Moreover, for the purposes of all the calculations provided for in the present Agreement, including those of paragraph 5.5, if several recoverers collectively mandate a third party or one of them to take on the recovery in a specified Recovery Zone, the total recovery made by this proxy will be divided between his mandator at their *pro rated* respective sales in that Recovery Zone or, if such a method cannot be used reasonably, according to any other method determined by B.G.E.

- 5.8 A Recoverer shall entrust for conditioning or recycling to an organization certified by RECYC-QUÉBEC any empty Recyclable Container that it has recovered pursuant hereto.
- 5.9 A Recoverer shall maintain all necessary controls in conformity with such standards as B.G.E. may enact and such instructions as it may give by notice, in order to ensure that no Recyclable Container recovered by it is re-tendered for refund of the deposit and that all reports required to be submitted under the terms of the Agreement are complete, exact and true in all material respects.

## **6. Specific Rights and Obligations for Non-Recoverers**

- 6.1 A Non-Recoverer shall not sell, deliver or give in Quebec or for resale in Quebec Soft Drinks in non-refillable containers unless such containers are Recyclable Containers of a material, size and configuration that, in the opinion of B.G.E. and of RECYC-QUÉBEC, do not prevent the operation of the deposit, recycling and recovery system governed by this Agreement.
- 6.2 A Non-Recoverer shall sell, deliver or give in Quebec or for resale in Quebec Soft Drinks in non-refillable containers purchased from a Recoverer only:
- 6.2.1 directly to a Recoverer;
  - 6.2.2 directly to a Retail Establishment or a chain of Retail Establishments, in the case of House Brands held by the said Retail Establishment or chain of Retail Establishments; or
  - 6.2.3 within the zone of recovery of such a Recoverer, directly to a person when such Non-Recoverer has no reasonable grounds to believe that such Soft Drinks are likely to be resold or delivered in Quebec outside the Zone of Recovery of such a Recoverer.
- 6.3 A Non-Recoverer shall not sell, deliver or give in Quebec or for resale in Quebec:

- 6.3.1 Soft Drinks in non-refillable containers when it has reasonable grounds to believe that such Soft Drinks come directly or indirectly from a Recoverer and are likely to be resold or delivered in Quebec outside the zone of recovery of such a Recoverer; or
- 6.3.2 Soft Drinks in non-refillable containers to a Recoverer where it has reasonable grounds to believe that such Recoverer will sell or deliver such containers in violation of the provisions hereof.
- 6.4 A Non-Recoverer shall maintain all necessary controls in conformity with such standards as B.G.E. may enact and such instructions as it may give by notice, in order to ensure that all required reports be submitted under the terms of the Agreement are complete, exact and true in all material respects.

## **7. Reports and Payments of Recoverers**

- 7.1 No later than the 15th day of each month:
  - 7.1.1 A Recoverer shall make a report to B.G.E., in such form and in accordance with such terms as may be prescribed by B.G.E., regarding the non-refillable Soft Drink containers that the Recoverer has sold, delivered or given according to section 4 during the previous month, as well as those non- refillable Soft Drink containers that the Recoverer has entrusted for conditioning or recycling during the same month in accordance herewith;
  - 7.1.2 subject to the set-off and adjustment rules provided for in Part 2 of Schedule C, a Recoverer shall pay to B.G.E., on the basis of the information contained in the report provided under paragraph 7.1.1, all amount by which:
    - a) the total of all deposits that such Recoverer was required to collect in accordance with the Agreement during the previous month plus the unit amount as established pursuant to paragraph 11.5.1, as the case may be, as applicable to each of the containers that were subject to a deposit during the same period of time,  
exceeds
    - b) the total of deposits duly refunded plus the unit incentive fee duly paid by such Recoverer during the same month, in accordance with subsection 5.4 (net of the unit amount established under paragraph 11.5.2, if any, for all containers of a certain type determined by B.G.E. and recovered by such Recoverer during the same period).
- 7.2 Subject to the set-off and adjustment rules provided for in Part 2 of Schedule C, B.G.E. shall refund to a Recoverer, within 30 days of the receipt of the report provided for in paragraph 7.1.1, and on the basis of the information contained in said report, all amount by which :

- 7.2.1 the total of deposits duly refunded plus the unit incentive fee duly paid by such Recoverer during the previous month, in accordance with subsection 5.4 (net of the unit amount established under paragraph 11.5.2, if any, for all containers of a certain type determined by B.G.E. and recovered by such Recoverer during the same period),

exceeds

- 7.2.2 the total of all deposits that such Recoverer was required to collect in accordance with the Agreement during the same month plus the unit amount as established pursuant to paragraph 11.5.1, as applicable to each of the containers that were subject to a deposit during the same period of time.

- 7.3 No later than March 31 of each year, a Recoverer shall pay to B.G.E. the non-refundable contribution set out in subsection 5.5.
- 7.4 No later than March 31 of each year, in order to verify compliance with the provisions of subsection 5.5, a Recoverer shall forward to B.G.E. a declaration, together with an auditor's report issued by an independent auditing firm duly authorised by the governing laws, which conforms substantially with Schedule E, confirming, for the period from January 1 to December 31 of the previous year, its total number of Recyclable Containers sold, delivered or given and for which it was entitled to collect a deposit in accordance with this Agreement and its total number of Recyclable Containers recovered for which an incentive fee of 0.02\$ was not paid (including the ones intended by the last two paragraphs of paragraph 5.7, if necessary) in accordance with the categories specified in subsection 5.5.

B.G.E. can, at its sole discretion and for the as long as it chooses and under any other condition that it chooses, exempt a recoverer of the obligation to provide the auditor's report provided for in the above paragraph, namely when it demonstrates that it is obvious that no amount will be paid to, or by B.G.E. for the year in question, as long as no later than the March 31 deadline, that recoverer forwards to B.G.E., instead of the auditor's report, the form contained in schedule E-1 (along with the declaration of schedule E), including a signed declaration by a senior officer (acceptable by B.G.E.), stating that to the best of his knowledge, the information contained in the said declaration is true.

No later than May 15 of each year, B.G.E. must transmit to RECYC-QUÉBEC the list of recoverers exempted from providing the auditor's report in accordance with the foregoing provision for the previous calendar year.

- 7.5 Subject to any applicable set-off with respect to an amount due and unpaid under subsection 7.3, as the case may be, B.G.E. shall, no later than June 30 of each year, remit or credit to the Recoverers, according to their respective rights, as the case may be and as regards the financial year ending December 31 of the previous calendar year:

- 7.5.1 their share of the surplus of the unit amount established pursuant to subsection 11.5, net of any amount, established by B.G.E., that is necessary for its cash flow requirements or for the provisions established under subsection 11.13, as the case may be; and
- 7.5.2 their share of the balance of the contribution account in accordance with subsection 11.9.

## **8. Reports and Payments of Non-Recoverers**

8.1 No later than the 15th day of each month:

- 8.1.1 a Non-Recoverer shall make a report to B.G.E. in the form and pursuant to such other terms and conditions as B.G.E. may prescribe, regarding the deposits paid upon purchase, the origin of the Soft Drink Recyclable Containers acquired by it, and the Soft Drink Recyclable Containers sold, delivered or given by it in accordance with section 4, during the previous month;
- 8.1.2 a Non-Recoverer shall pay to B.G.E. all deposit amounts required to be collected by it pursuant hereto during the previous month as well as, where applicable, the unit amount established pursuant to subsection 11.5 that are applicable to each of the containers for which a deposit had to be collected. A Non-Recoverer may refrain from paying to B.G.E. such deposit and unit amount if such Non-Recoverer demonstrates, to the satisfaction of B.G.E., that these amounts have already been paid by another Non-Recoverer with regard to the same containers or that such containers come directly or indirectly from a Recoverer which has sold, delivered or given them;
- 8.1.3 a Non-Recoverer shall pay to B.G.E., for each Recyclable Container sold, delivered or given during the previous month, in addition to the applicable deposit, a non-refundable contribution of a) \$0,01 for each Recyclable Container made from aluminium, b) \$0.03 for each Recyclable Container made from steel or plastic and c) \$0,05 \$ for each Recyclable Container made from glass.

A Non-Recoverer may refrain from paying such contribution if it demonstrates, to the satisfaction of B.G.E.:

- i) that it was not bound pursuant to subsection 4.2 to collect the deposit; or
- ii) that the applicable contribution has already been paid by another Non-Recoverer in respect of such containers; or
- iii) that such containers come directly or indirectly from a Recoverer which has sold, delivered or given them and, in the case of House Brands, that they are resold, delivered or given on a retail basis in the Zone of Recovery of the Recoverer.

- 8.2 No later than March 31 of each year, a non-recoverer shall forward to B.G.E., a declaration, together with an auditor's report issued by an independent auditing firm duly authorised by the governing laws, which conforms substantially with Schedule E, confirming the total number of Recyclable Containers sold, delivered or given by it and for which it was required to collect a deposit pursuant to this Agreement, for the period from January 1 to December 31 of the previous year, or, where applicable, confirming that it has paid the deposits to a recoverer upon the purchase of all of the non-refillable Soft Drink containers sold, delivered or given by it during this period.

B.G.E can, at its sole discretion and for the as long as it chooses and under any other condition that it chooses, exempt a non-recoverer of the obligation to provide the auditor's report provided for in the above paragraph, namely when it demonstrates that it is obvious that no amount will be paid to, or by B.G.E. for the year in question, as long as no later than the March 31 deadline, that non-recoverer forwards to B.G.E., instead of the auditor's report, the form contained in schedule E-1 (along with the declaration of schedule E), including a signed declaration by its senior officer (acceptable by B.G.E.), stating that to the best of its knowledge, the information contained in the said declaration is true.

No later than May 15 of each year, B.G.E. must transmit to RECYC-QUÉBEC the list of non-recoverers exempted from providing the auditor's report in accordance with the foregoing provision for the previous civil year.

- 8.3 Subject to any applicable set-off with respect to an amount due and unpaid under paragraph 8.1.3, as the case may be, B.G.E. shall, no later than June 30 of each year, remit or credit the non-recoverers, according to their respective rights, as the case may be and as regards the financial year ending December 31 of the previous year, their share of the surplus of the unit amount established pursuant to subsection 11.5, net of any amount, established by B.G.E., that is necessary for its cash flow requirements.

## **9. Publicity**

The Signatories and Registrants shall comply with the following rules:

- 9.1 no commercial which they authorise to be broadcast in Quebec shall, directly or indirectly, show the discarding, destruction, alteration, or damaging, in any manner whatsoever, or an act prohibited by law in respect of non-refillable Soft Drink containers : and
- 9.2 without restricting the generality of subsection 9.1, no commercial which they authorise to be broadcast in Quebec shall be of a nature that encourages a behaviour incompatible with the protection of the environment or responsible management of waste materials.

## **10. Recovery Rates of the deposit system and operations results governed by the Agreement**

- 10.1 The Recoverers and B.G.E., within their respective spheres of activity, agree to make every reasonable effort necessary to increase the recovery rate of the deposit system.

- 10.2 The annual operating results of the system, as provided herewith, shall be distributed by B.G.E., in the sequential order of paragraphs 10.2.1 through 10.2.6.

The provision for future deficits can be used to offset the shortfalls of the annual operations results, minus the amounts provided in articles 10.2.1 through 10.2.4, and up to the provision accounted for on March 31<sup>st</sup> of the previous year in the financial statements of RECYC-QUÉBEC. If the provision for future deficits is not sufficient, the bottlers shall pay the amount necessary to make up for such shortfall, but only for the purpose of sub-articles 10.2.1, 10.2.2, 10.2.3 and 10.2.4 hereof.

- 10.2.1 B.G.E. shall remit to RECYC-QUÉBEC 1/3 of the annual operating results of the system and, in any case, such amount shall not be inferior to \$ 700 000;
- 10.2.2 B.G.E. shall use a sum that is not to exceed \$1 000,000 to cover transportation fees in remote regions and the cost of recycling materials. Such compensation shall include a transfer to RECYC-QUÉBEC, who will send it to the brewers to cover the cost of their cardboard boxes used for soft drink containers;
- 10.2.3 RECYC-QUÉBEC shall return a minimum of 50 % of the amount defined in Article 10.2.1. to BGE, who shall then invest it in the PAIR/ISÉ program during the subsequent year, but in any case, no later than the period of six months following the end of this subsequent year. In the event of the entry into force of a new regulation, RECYC-QUÉBEC will keep 100 % of the sum defined in Article 10.2.1, for the last year of operations of the existing system;
- 10.2.4 Intentionally omitted;
- 10.2.5 B.G.E. shall use a portion of the deficit fund accumulated as at December 31, 2020, up to an amount that will not reduce it to less than \$ 7 M, to support the recovery logistics of the Recoverers. For subsequent years, for the same purpose, B.G.E. shall use a portion of the accumulated deficit fund, up to an amount that will not cause it to fall below \$ 5 M;
- 10.2.6 B.G.E. shall use 2/3 of the annual operating results of the system to support the recovery logistics of the Recoverers.
- 10.3 In cases where the amounts held by RECYC-QUÉBEC in the deficit funds would not be used for the reimbursement of annual deficits, RECYC-QUÉBEC may use such amounts as deemed fit and at its sole discretion, while priority shall be put on the recovery of recyclable beverage containers, at the end of the Agreement hereof, unless negotiations are ongoing at the end of the duration of this Agreement to conclude a subsequent Agreement of the same nature. In such case, this deadline shall be postponed until RECYC-QUÉBEC, the Minister or the Quebec Soft Drink Bottlers Association (AEBGQ) puts an end to such negotiations in a written notice. The parties also agree that such amounts held by RECYC-QUÉBEC as of December 31, 2022 in accordance with

the Agreement of 2021 will be reported and deemed to be held, in accordance with the Agreement hereof, to be used to reimburse any annual deficit. If a new regulation becomes effective, as provided by Article 14.2ii, and after the publication of the audited financial statements of B.G.E. for the last year of operation of the current consignment system for soft drinks, 67 % of the sum contained in the deficit fund will be given by RECYC-QUÉBEC to B.G.E., within 45 days of the transmission of such audited financial statements by B.G.E. This sum shall be used by B.G.E. to compensate, among other things, the severance benefits for certain employees, or the recycling logistics of the Recoverers. The balance, 33 %, shall be paid to RECYC-QUÉBEC for the realization of its objectives, provided for under its act of incorporation.

10.4 The annual operating results of the consignment, recovery and recycling system for non-refillable soft drink containers set out in this Agreement (the “annual results”) will be established taking into account deposits collected and refunded by the registrants in regards to the contemplated recyclable containers (taking into account the compensation mechanism provided under section 22), with the following adjustments:

- a) A credit for the amount of the recovery incentive fees paid for these containers pursuant to paragraph 5.4 of this Agreement (taking into account the compensation mechanism provided under section 22);
- b) A credit of \$0.07 per non-consigned container recovered by the registrants to this Agreement (excluding, particularly, the artisans);
- c) An upward or downward adjustment according to the deposits declared in the previous years; and
- d) A credit equivalent to the total of the administration costs for the consignment, recovery and recycling system for non-refillable soft drink containers pursuant to this Agreement, which is calculated based on the generally accepted accounting principles that are consistently applied. The maximum amount of the credit is \$995,000 per B.G.E.’s fiscal years ending on December 31, 2019. Notwithstanding the above, RECYC- QUÉBEC may grant a greater amount if it judges the situation acceptable and at its own discretion.

10.5. In order to avoid for B.G.E. to have to support a cash deficit, RECYC-QUÉBEC will pay the value of the Compensation Fund for the following month of the previous year plus 15 %, within the current month. This amount will be added as an adjustment to the Compensation Fund for the current month and will be deducted from the Compensation Fund on the following month.

Upon written request of B.G.E., and supported by motives, information and other evidence that can be required by RECYC-QUÉBEC, and without any way limiting the terms of paragraphs 11.5 and 11.13 of this Agreement, RECYC-QUÉBEC may grant B.G.E. a short-term financial support in order to overcome an isolated and temporary cash deficit, in accordance with acceptable terms.

Without any way limiting the rights of RECYC-QUÉBEC, the amounts paid by RECYC-QUÉBEC in accordance with this paragraph are subject to the right of set-off stated in paragraph 18.2.

## 11. **B.G.E.'s Rights and Obligations**

- 11.1 In the event of a modification to the public consignment system during the terms of this Agreement, and in the event that such modification causes a deficit, the financial responsibility of the bottlers shall not exceed the amount of the accumulated provision for future deficits of the current year, and of the year following the modification. A “modification” will be an increase of the consignment amount, the widening of the scope of the public consignment system and/or a modification to the incentive premiums paid to the retailers.
- 11.2 B.G.E. may enact standards and require that non-reusable secondary packaging and recovery bags bear distinctive marks, in accordance with Part 1 of Schedule C. It shall ensure that certain secondary packaging are available to the Registrants, as provided for in that Schedule, at a reasonable cost.

When B.G.E. intends on exercising the power conferred upon it by Article 11.2, B.G.E. shall give notice of such intention to the retail establishments at least 30 days prior, and provide a copy of such notice to all the signatories of this Agreement. Within that period, B.G.E. shall allow the retail establishments, upon request, to express their point of view.

- 11.3 B.G.E. is responsible for:
- 11.3.1 Verifying the observance, by the registrants and any other person who is not a registrant but sells, delivers or gives, in Québec, soft drinks in non-refillable containers, or who intends to do so, of the provisions of the present Agreement and of the *Act respecting the sale and distribution of beer and soft drinks*, all starting from the date at which the Agreement comes into force and for the full duration of it;
  - 11.3.2 The treatment of any complaint it receives from the public, a registrant or an establishment and must inform RECYC-QUÉBEC without delay, by providing all the information or documentation relevant to the matter at hand.
  - 11.3.3 When informed or has knowledge that a person is experiencing difficulties disposing of empty returnable recyclable containers, of taking all the measures that it considers necessary to remedy that problem.

Notwithstanding the above, the follow-up related to the complaints targeted under paragraph 11.3.2 can also be made by RECYC-QUÉBEC (who then must inform B.G.E. as soon as possible), being understood that in any case, B.G.E. and RECYC-QUÉBEC shall fully collaborate in the procedure in relation to any filed complaints.

When B.G.E. is informed or has knowledge of a violation of the provisions of the present Agreement or of the *Act respecting the sale and distribution of beer and soft drinks*, it must take the appropriate measures to remedy the situation and in particular, but without limiting the generality of the foregoing, it prepares and makes up the required file, if necessary for the purposes of penal complaints that could be filed according to that Act and submits them to RECYC-QUÉBEC, which will then decide of the appropriate action. B.G.E. must, on a monthly basis, present to RECYC-QUÉBEC a list of the filed

complaints and recorded violations, indicate the measures taken in regards to them and provide any other information that can be reasonably required by RECYC-QUÉBEC.

B.G.E. et RECYC-QUÉBEC each take charge of their own fees with regards to the actions that they undertake according to the present paragraph.

11.3 A When B.G.E. is informed that an establishment accepts containers other than non-refillable beer or soft drink containers bearing an inscription in compliance with Schedule D and receives a refund for the deposit as per a) a piece of equipment (including more specifically a recycling machine) owned or operated by the establishment that is programmed to accept or otherwise accepts such containers, or b) in any other way, B.G.E. can send a written notice to the establishment asking to rectify the situation within a reasonable time period stated in the notice. If the situation has not been fixed or occurs again within a time period that is judged unreasonable by B.G.E., the latter has the right, with a written authorization from RECYC-QUÉBEC, to authorize the registrants in a written document (and if B.G.E. and RECYC-QUÉBEC have judged it appropriate, to every other establishment linked to the said establishment) to collect only the bags of containers that are not crushed, in order to validate, as far as possible, that they only contain non-refillable beer or soft drink containers bearing an inscription in compliance with Schedule D.

- 11.4 No later than May 15 of each year, B.G.E. shall send to RECYC-QUÉBEC, for the period from January 1 to December 31 of the previous year, a) its financial statements audited by an independent auditing firm authorised by the governing laws, b) an audited annual report setting forth the sales and recovery statistics for non-refillable Soft Drink containers, including the statistics for each one of the categories of containers determined by RECYC-QUÉBEC (including the non-refundable containers), and c) the list of registrants for which an audit was completed during the year in question.

B.G.E. shall provide any representative appointed by RECYC-QUÉBEC with complete and unrestricted access during normal business hours, with a notice of two business days, to its installations and to all its books, records, contracts, accounting documents and other information relevant to this Agreement. Any copy of these documents that are considered necessary or useful by such representative of RECYC-QUÉBEC shall be provided to the representative within two business days of the request and free of charge by B.G.E.

No later than May 15 of each year, B.G.E. shall publish on its website the number of complaints handled relating to a violation of this Agreement or to the *Act respecting the sale and distribution of beer and soft drinks*. B.G.E. shall also specify the subject of the complaints and how they are being tracked.

- 11.5 Subject to the paragraphs 10.2, 10.3, 10.4, 10.5 and 11.3, B.G.E., and the registrants assume, at the entire exemption of RECYC-QUÉBEC, all the costs related to the consignment, recovery and recycling system for non refillable soft drink containers provided for herewith, particularly including any deficit related to annual results.

B.G.E. may establish a unit amount for each deposit container sold:

- 11.5.1 that is to be added to any deposit that is to be collected and remitted to B.G.E. by a Registrant pursuant to this Agreement; or, as the case may be
- 11.5.2 that is to be deducted from an amount that is otherwise to be reimbursed, credited or paid by B.G.E. to a Registrant for each container, of a certain type determined by B.G.E., that is recovered by a Registrant according to the terms of the Agreement.

For the purpose of ensuring payment of amounts due under the terms of the Agreement, in order to cover the management and administrative costs associated with the system provided for herein for the current or for the previous year, as the case may be, and to finance the PAIR/ISE Program, as the case may be. B.G.E. may, at all times, modify this amount in accordance with any actual or anticipated deficits for the previous, current or following year, and any surplus accumulated during that year shall be remitted or credited to the Registrants, pro rated to the amount contributed by each of them, according to the terms of subsections 7.5 and 8.3 and any deficit may be carried over to the following year. Notwithstanding any of the foregoing, any deficit for the final year of the Agreement, or its renewal period as the case may be, may be claimed directly from the Registrants, by way of a special contribution charge or otherwise, in accordance with the containers marketed by each one of them during the last 12 months of the period.

B.G.E. shall give notice of any modification, replacement or revocation of a unit amount at least 30 days prior to its coming into force. Such amount can be adjusted on a quarterly basis in accordance with the cost forecasts associated with the payment of amounts due under the terms of the Agreement and the management and administration of the system.

If the unit amount is modified, replaced or revoked by B.G.E. pursuant to this paragraph 11.5, the rules of compensation and adjustment provided for under part 2 of Schedule C are then adjusted according to the methods that B.G.E. may determine.

For the purposes of clarity, B.G.E. may, even concurrently, establish a unit amount in accordance with paragraph 11.5.1 and one or more unit amounts under paragraph 11.5.2.

- 11.6 From the date of the coming into force of this Agreement, and for its entire duration, B.G.E. will not recommend any amendment that could increase the costs and responsibilities, for Retail Establishments, arising out of the deposit, recovery and recycling system for non-refillable Soft Drink containers provided for herein (subject only to the amount that a Retail Establishment may be required to pay, either directly or through a third party, pursuant to subsection 11.5 of this Agreement if it markets non-refillable Soft Drink containers, without giving a written notice of such intention to the retail establishments at least 30 days prior, and provide a copy of such notice to all the signatories of this Agreement. Within that period, B.G.E. shall allow the retail establishments, upon request, to express their point of view. In any case, this amendment shall be previously approved in writing by RECYC-QUÉBEC.
- 11.7 B.G.E. shall maintain a separate account called the “contribution account”, relative to any contribution received or receivable by B.G.E. pursuant to paragraph 5.5, or to subparagraph 8.1.3, as the case may be.

- 11.8 The amounts attributed to the “contribution account” shall, until they are distributed, be deposited with a financial institution authorized to receive deposits from the public in Quebec or otherwise invested in conformity with articles 1339 to 1344 of the *Civil Code of Québec*.
- 11.9 No later than June 30<sup>th</sup> following the end of each financial year of B.G.E., the latter shall allocate among the Recoverers the balance showing in each item of such account at the end of such financial year (net of the sums paid by B.G.E. for purposes of recovery of the payable contributions in accordance with this Agreement), proportionally to the number of Recyclable Containers of the type contemplated by such item recovered pursuant hereto, during such financial year by each of them respectively.
- 11.10 The powers provided for in the various subsections of section 11 shall be in addition to those powers otherwise devolved upon B.G.E. pursuant to the provisions of this Agreement.
- 11.11 B.G.E. may require RECYC-QUÉBEC to make available to it, all registers, information or data which may be necessary or useful to B.G.E. for the exercise of its rights and obligations pursuant to this Agreement and RECYC-QUÉBEC shall comply with such a request, subject to its duties of confidentiality and protection of confidential information.
- 11.12 For the duration of this Agreement, B.G.E.’s general by-laws:
- 11.12.1 shall state that RECYC-QUÉBEC may send a representative to B.G.E.’s meetings of its board of directors, such representative holding the same rights and privileges as the directors of B.G.E. with respect to notice of meetings, access to information and the right to speak at such meetings and such representative may not be removed or dismissed by reason of his failure to be present at a specified number of meetings of the board of directors. For greater certainty, such representative shall not have any right to vote at the meetings of the board of directors of B.G.E.;
- 11.12.2 shall provide that a representative of the enterprises that are at the origin of the introduction of House Brand Products in the Quebec market shall be entitled to sit at its board of directors, as a director holding all rights and privileges attributed to such a function in B.G.E.’s general by-laws; and
- 11.12.3 may not be modified, with respect to the requirements prescribed at paragraphs 11.12.1 and 11.12.2, without the prior written consent of RECYC- QUÉBEC.
- 11.13 The unit amount established under subsection 11.5 and, generally, B.G.E.’s operating budgets, must be such and shall provide for provisions that allow B.G.E. to have in hand, at all times, all necessary amounts to meet, when due, all financial commitments required under the terms of this Agreement without having recourse to any financing, by way of a loan and, more particularly, so that it may remit when due all amounts that become due to RECYC-QUÉBEC.

- 11.14 Notwithstanding any provision of this Agreement, none of the provisions of this Agreement shall, directly or indirectly, be interpreted as establishing B.G.E. as an agent, mandatary or representative of the Crown or of RECYC-QUÉBEC.
- 11.15 Upon receipt by B.G.E. of the receipts issued by a conditioner or a recycler, B.G.E. shall refund the deposit to all artisans, with respect to all non-refillable beer or Soft Drink containers that bear the inscription provided for in Schedule D that were remitted by an artisan to a conditioner or recycler duly certified by RECYC-QUÉBEC, on the 15<sup>th</sup> day of the month following such remittance.
- 11.16 B.G.E. can, with in any case the previous written consent of RECYC-QUÉBEC, designate as recyclable a container that does not strictly fit the conditions of the “Recyclable container” definition provided for under section 2, if it considers that the available conditioning or recycling services as well as the market conditions and perspectives allow the conditioning or recycling of the container in question according to a reasonable commercial ground. B.G.E. or RECYC-QUÉBEC can at any time revise and overthrow such designation and prohibit the use of a container, according to the abovementioned criteria.

## **12. Binding Force**

- 12.1 No party to this Agreement may assign or otherwise dispose of, in whole or in part, the rights that are conferred on it herein, nor may it waive such rights without the consent of all the signatories.
- 12.2 The fact that one or more persons, mentioned herein or in a Schedule hereto as Signatories or Registrants in respect of this Agreement, have not signed this Agreement does not discharge the Signatories or Registrants who have signed it of their obligations hereunder.
- 12.3 Each of the parties hereto covenants that any person to whom it is Related shall respect this Agreement as though it were a party hereto.
- 12.4 Notwithstanding the foregoing provisions, RECYC-QUÉBEC may at any time assign its rights to a subsidiary or any organisation, entity or government department designated by the minister and substitute the latter as debtor pursuant hereto, by simple notice to the other Signatories and Registrants. Such delegation shall effect novation as of the date thereof or as of such prior date as indicated in the notice, subject, in the latter case, to the rights acquired by a third party prior to the delegation and subject, in every case, to the obligations of RECYC-QUÉBEC under the second paragraph of subsection 14.5.

## **13. Remedies**

- 13.1 The rights conferred by this Agreement shall be particular to each of the parties hereto and it is agreed that each one of them shall have the right to require that the Agreement be respected by any other party hereto, by way of an injunction, without prejudice to any other recourse.

- 13.2 Subject to section 23, no party, with the exception of RECYC-QUÉBEC, may terminate this Agreement or justify its non-performance of an obligation hereunder by the default of another party to perform its obligations.

#### **14. Term, Amendments And Transitional Measures**

- 14.1 This document bears witness to an Agreement coming into force on January 1, 2021, such that notwithstanding the actual date of signature, any reference to the date of said Agreement is considered to refer to January 1, 2021.
- 14.2 This Agreement becomes effective on January 1, 2021, notwithstanding the date of the signatures. At this date, it replaces the “Agreement Relating to the Consignment, Recovery and Recycling of Non-Refillable Soft Drink Containers of January 1, 2019”. This Agreement shall end, without any further notice, at the first of the two following eventualities:
- i) on December 31, 2022, with possibility of renewal for one year after this date;
  - ii) at the date of entry into force of a rule adopted under Article 53.30 of the *Environment Quality Act* in regards to non-refillable containers, as stated in Article 4 or the *Act respecting the sale and distribution of beer and soft drinks in non-returnable containers*.
- 14.3 The Signatories of this Agreement may, with the unanimous and written consent thereof, make any correction, addition or amendment to this Agreement.

Such corrections, additions or amendments shall come into force only upon the expiry of a fifteen day prior notice given by RECYC-QUÉBEC to all the Registrants, or at such subsequent date as may be mentioned in the notice and to which the Signatories have unanimously agreed in writing. The prior notice shall contain a summary of the corrections, additions or amendments so made in this Agreement.

- 14.4 Notwithstanding the terms of subsection 14.2:

- 14.4.1 the Quebec Soft Drink Bottlers Association (AEBGQ) may, at all times, terminate the present Agreement by giving a reasonable prior notice to the other Signatories if, pursuant to a law of the National Assembly, a government regulation, a government or ministerial policy or to an administrative measure, a fee, or any other form of payment or contribution, other than those established under this Agreement, is imposed on the AEBGQ, on B.G.E. or on the Registrants by virtue of their marketing or distribution activities with respect to Soft Drink containers.

The Agreement shall thereafter terminate when a fee, or any other form of payment or contribution, comes into force.

- 14.4.2 If, in any way mentioned in paragraph 14.4.1 or as part of a Beer Agreement, the amount of the deposit for the non-refillable beer containers is increased,

RECYC-QUÉBEC is committed to inform B.G.E. as soon as reasonably possible and upon reception of the said notice by B.G.E., the parties agree to start and continue, in good faith, to negotiate the changes that might be required in respect of this Agreement in order to avoid a significant prejudice to the registrants of this Agreement because of the said increase.

- 14.5 Notwithstanding its expiration, this Agreement shall continue to have effect in respect of any situation of fact or law which has arisen during its term and any act performed during such period. More particularly, without limiting the generality of the foregoing, B.G.E. shall benefit fully and entirely of all rights and powers provided for in paragraph 4.6 upon expiry of the Agreement in order to ensure that the Agreement is complied with, by the Registrants, during the initial term of the Agreement, or its renewal period, as the case may be.

In conformity with the relevant provisions of this Agreement, B.G.E. shall be entitled to collect the amount of the deposits and the unit amount established according to subsection 11.5 with respect to all containers sold, delivered or given during the term of the Agreement, and its renewal period, as the case may be, and shall be bound to reimburse the deposits and the unit incentive fee due with respect to all containers recovered by a Recoverer during the same period of time in accordance with this Agreement, to the entire discharge of RECYC-QUÉBEC, being expressly understood that RECYC-QUÉBEC shall be responsible and solely bound to pay the deposit and unit incentive payable with respect to the containers that are subject to the Agreement, that were sold, delivered or given during the term of the Agreement and recovered by a Recoverer after the date of expiry of the Agreement, or, in case of renewal, sold, delivered or given during a renewal period of the Agreement and recovered by a Recoverer after the last renewal period, to the entire discharge of B.G.E.

- 14.6 Intentionally omitted.

## 15. **Severability**

In the event that any provision of this Agreement, or the application of any provision in a particular situation, is declared invalid, inoperative, illegal or non-enforceable, in whole or in part, by a court of competent jurisdiction, without possibility of appeal, all other provisions of this agreement shall remain in force to the extent that they are not affected by the decision.

## 16. **Notices, Reports and Payments**

- 16.1 Any notice, report or payment pursuant to this Agreement shall not be deemed given, made or submitted in writing to B.G.E. until it is forwarded to the attention of B.G.E. to such address as the latter may have notified the Registrant during the term of this Agreement. Any notice must refer to this Agreement.
- 16.2 Any notice shall be deemed to have been given to any Signatory, other than B.G.E., and to a Registrant, when forwarded in writing to the attention of the addressee, and in the case of a Registrant, at the address provided in Schedule A or in Schedule B, as the case

may be, or to any other address notified by the addressee to B.G.E. during the term of this Agreement.

- 16.3 It is the responsibility of the sender to show that his item has been duly delivered. However, notices sent by registered mail, postage paid, duly addressed and deposited in a post office in Quebec, are presumed (unless there is a strike or a work slowdown) to be delivered on the fifth banking day following the sending thereof.

## **17. Discussion and Consultation Committee**

- 17.1 By way of gaining efficiency in managing and administering this Agreement, the parties agree to further discussions, after signing the said Agreement, on an ongoing basis, concerning the management, administration and scope of the Agreement.
- 17.2 A consultation committee may be established by RECYC-QUÉBEC for the purposes of discussing issues related to the deposit, the recovery and the recycling of non-refillable beer and Soft Drink containers, which committee shall, at the option of RECYC-QUÉBEC be made up of any person including representatives of the beer and Soft Drink producers, distributors, Retail Establishments, Wholesale Establishments, conditioners, recyclers, consumers, and the Minister and where B.G.E. will be required to participate.
- 17.3 In so far as it relates to the calculation of the recovery rate of deposit containers, RECYC-QUÉBEC and B.G.E. will proceed with the calculation based on procedures, counting, and sampling methods as well as other considerations of the same nature established jointly (including the frequency of said samplings) that can be revised if necessary.

## **18. Rights of RECY-OUÉBEC**

- 18.1 Without limiting its authorised powers in accordance with the *Act respecting the sale and distribution of beer and soft drinks*, its constituting law (including the power to administer, solely or with partners, any deposit system), of this Agreement or otherwise, RECYC-QUÉBEC may, at all times:
- 18.1.1 Remedy any default committed by B.G.E. pursuant to herewith which is not corrected within 20 days of the transmission by RECYC-QUÉBEC of a written notice, and to claim from B.G.E. the costs resulting from such intervention;
- 18.1.2 To the extent that RECYC-QUÉBEC considers any of B.G.E.'s decisions, procedures, interventions or measures, or any omissions or delays on its part contravene the *Act respecting the sale and distribution of beer and soft drinks* or the Agreement, or prevents the operation of the non refillable soft drink containers deposit, recycling and recovery system governed by this Agreement, RECYC-QUÉBEC, if such a situation or default is not remedied within 20 days of the reception by B.G.E. of a written notice to that end, may intervene and act in place of B.G.E. (that includes overthrowing, reviewing or modifying any action taken by it, carry out any inspection or verification that falls within the competence of B.G.E. in accordance with the Agreement, etc.) and claim from it all costs resulting from any such intervention. If RECYC-

QUÉBEC intervenes in this manner, its decision is final and has immediate authority over the one rendered by B.G.E. and bounds the registrants in the same way as if it were made by B.G.E.

- 18.2 Despite any contrary provision and without limiting the rights pursuant to other provisions herewith, RECYC-QUÉBEC has the right to pay, with the amount it may owe to B.G.E., any amount that is owed to it by the latter in accordance with the Agreement or which RECYC-QUÉBEC must pay to a third party, instead of B.G.E., either as a default committed by B.G.E. or any other cause.

## **19. Conditioners / Recyclers**

- 19.1 Throughout the term of the Agreement, and any renewal period if necessary, RECYC-QUÉBEC shall certify the conditioning and recycling bodies contemplated herein in accordance with any Recycler's certification policy and the existing practices in effect from time to time. Furthermore, RECYC-QUÉBEC shall enter into the required written agreements with B.G.E. and these conditioning and recycling bodies according to the standard form that is in use from time to time, as jointly amended by B.G.E. and RECYC-QUÉBEC, as the case may be. RECYC-QUÉBEC reviews the certifications annually (pursuant to the effective terms and conventions) according to the criteria set forth after consulting B.G.E. RECYC-QUÉBEC may then revoke any certification or subject its approval or consent to prolonging or renewing the certification, in regards of such conditions as it deems appropriate and may conclude any agreement in this respect.
- 19.2 If RECYC-QUÉBEC wishes to amend its certification policies and practices and such amendments have a financial impact on the management and administrative costs of the deposit, recovery and recycling system for non-refillable Soft Drink containers contemplated herein, or if they significantly restrict the possibility for a person to become a conditioner or a recycler, such amendments shall be approved by RECYC-QUÉBEC and B.G.E.
- 19.3 The procedures, calculations and sampling which must be undertaken by conditioners and recyclers shall be determined by a common agreement between RECYC-QUÉBEC and the representatives of the Soft Drink and beer industries in order to ensure their equity for everybody and their flexibility. B.G.E. may amend these procedures, calculations and sampling, to the extent that it is able to reach a prior agreement with RECYC-QUÉBEC.
- 19.4 A technical committee made up of a representative of B.G.E., a representative of RECYC-QUÉBEC and any person other than a representative of B.G.E. or RECYC-QUÉBEC shall meet at the request of RECYC-QUÉBEC in order to discuss the procedures and the methods for the execution of calculations and sampling.
- 19.5 B.G.E. must undertake inspections with respect to procedures, calculations and sampling by conditioners and recyclers for the purposes of this Agreement. RECYC-QUÉBEC may also, at any time, institute such inspections and, if such procedure results from B.G.E.'s default that remains uncorrected subsequent to a 20-day written notice by RECYC-QUÉBEC to remedy the said default, claim the costs resulting from such intervention.

19.6 With respect to any inspection that it does under the terms of the present section, of the operating facilities of a conditioner or a recycler, B.G.E., without prejudice to its right to share results with RECYC-QUÉBEC, maintains the confidentiality of any information belonging to said conditioners and recyclers, other than those information that they have themselves obtained from recoverers in accordance with their obligations under the terms of the Agreement or of any Certification Agreement, except for the disclosure of said information when the recycler or conditioner is in default under the terms of its obligations provided in the Certification Agreement as signed by such recycler or conditioner, or as provided by usual exceptions. Under the present paragraph, “usual exceptions” cover situations when :

- 19.6.1 the information has become generally known to the public or is available to the public, other than by disclosure from the inspectors, representatives or authorized agents of B.G.E., by B.G.E. itself or by RECYC-QUÉBEC;
- 19.6.2 the information was already known to the inspectors, representatives or authorized agents of B.G.E., by B.G.E. itself or by RECYC-QUÉBEC before the inspection date ;
- 19.6.3 the information was or has become known to the inspectors, representatives or authorized agents of B.G.E., by B.G.E. itself or by RECYC-QUÉBEC, following a disclosure required under the law ; or
- 19.6.4 the information was legally obtained from a person not covered by the obligation of confidentiality in respect of conditioners and recyclers.

For clarification purposes, notwithstanding any provision to the contrary :

- 19.6.5 the information relating to the processes and equipment of conditioners and recyclers are and should remain confidential and should not be disclosed to anyone, at any time, provided such disclosure is not required to establish a default on the part of said conditioner or recycler, or is not required by law;
- 19.6.6 if, after an inspection, a conditioner or recycler is found in default, B.G.E. or RECYC-QUÉBEC, as the case may be, will, within a reasonable period of time, allow the conditioner or recycler to remedy the default if this can be done, before notifying the client of the conditioner or recycler.

**20. Intentional Omission**

**21. Interest and Payments**

Any amount owed and unpaid by a party of this Agreement to another party by the due date pursuant to this Agreement shall bear interest at a rate equivalent to the rate determined for debts owed to the Crown pursuant to section 28 of *An Act respecting the ministère du Revenu* (R.S.Q., chapter M-31), as amended from time to time. Notwithstanding the former, the terms of section 21 do not apply to payable amounts under paragraph 10, 11.9 and 22 of this Agreement.

## 22. **Compensation Fund**

A compensation fund shall be established so as to provide for the required adjustments with respect to the amounts paid by RECYC-QUÉBEC and B.G.E. as regards the recovery of non-refillable beer and Soft Drink containers, under the terms of this Agreement or the Agreement Relating to Beer. This compensation fund is managed and administered by RECYC-QUÉBEC and is governed by the following rules:

22.1 no later than the 5<sup>th</sup> day of each month, RECYC-QUÉBEC shall forward a statement of account to B.G.E. setting out the amounts due by B.G.E. to RECYC-QUÉBEC, or by the latter to the former, according to the terms of this section, for the previous month.

22.2 The amounts payable by RECYC-QUÉBEC to B.G.E., or by the latter to the former, under the terms of this section are established according to the following parameters:

22.2.1 B.G.E. shall reimburse or credit RECYC-QUÉBEC or RECYC-QUÉBEC shall reimburse or credit B.G.E., as the case may require:

- a) the applicable deposits for glass containers; and
- b) the applicable deposits for all containers, with the exception of glass containers, and \$0.02 incentive fees paid to the retail establishments, pursuant to paragraph 5.4 of this Agreement, and to artisans, but in this specific case, without the \$0.02 incentive fees.

and, in each case, have been reimbursed or credited during the previous month, either by B.G.E. to the registrants and artisans of this Agreement, as the case may be, or by RECYC-QUÉBEC to the registrants of the Beer Agreement.

22.2.2 Intentionally omitted

22.3 After set-off between the amounts due by RECYC-QUÉBEC to B.G.E. and by the latter to the former pursuant to the terms of this section, all amounts due, according to the terms of this section, shall be paid, as the case may be:

22.3.1 by RECYC-QUÉBEC, within five days of the remittance of the statement of account as provided under subsection 22.1, once all amounts otherwise due by B.G.E. under the terms of this Agreement have been deducted; or

22.3.2 by B.G.E., within five days of the receipt of the statement of account.

22.4 The appropriate and definitive adjustments shall be established by RECYC-QUÉBEC in compliance with Part 2 of Schedule C of this Agreement and the Beer Agreement.

22.5 For the purposes of all calculations provided for in this section, B.G.E. shall forward to RECYC-QUÉBEC:

22.5.1 every month, no later than the 25<sup>th</sup> day of each month, all relevant information or statistics for the previous month; and

22.5.2 at three-month intervals, all relevant information with respect to the adjustments provided for in Part 2 of Schedule C.

If B.G.E. does not forward such information or statistics, RECYC-QUÉBEC may calculate the amount due or to be remitted by either in the manner it deems the most appropriate and the amount thus determined shall be final and binding upon the parties.

22.6 Insofar as the market conditions require it, and most particularly if the amount of any deposit is modified, B.G.E. and RECYC-QUÉBEC shall agree on all appropriate adjustments or compensation methods provided for under this section 22.

### **23. B.G.E.'s Performance and Defaults**

23.1 B.G.E. shall be charged with the administration of this Agreement. It shall deploy all required efforts and shall exercise all recourses that are necessary to ensure that the Registrants fulfil their obligations faithfully pursuant hereto, during the initial term of the Agreement and any renewal period, as the case may be.

23.2 If B.G.E. fails to perform any of its obligations under subsection 23.1, or otherwise under the terms of the Agreement and:

23.2.1 in the case of a default to pay an amount of money, if the default persists for more than fifteen days of a written notice of RECYC-QUÉBEC to this effect; or

23.2.2 in the case of any other default pursuant hereto, if the default persists more than thirty days of a written notice of RECYC-QUÉBEC to this effect,

and if, in either case, the default is not of minor importance according to the *Civil Code of Quebec*, the Minister may, upon recommendation from RECYC-QUÉBEC, by notice to the other Signatories and to all of the Registrants, notify them that the Minister designates RECYC-QUÉBEC, or any other person designated in the notice, to enjoy and benefit, from the date indicated in the notice, for the unspent period of time of the Agreement and for any renewal period, as the case may be, all of the rights and privileges of B.G.E. as provided in the Agreement that the Minister may wish RECYC-QUÉBEC, or such other person, to enjoy or benefit, instead of B.G.E., which choice the Minister may exercise at his entire discretion. In such event, the stipulations provided in the Agreement referred to in the notice of the Minister are deemed amended so as to replace "B.G.E." by "RECYC-QUÉBEC", or such other person designated, and B.G.E. shall be deprived of all its rights, as the case may be, under the terms of any of the provisions indicated in the notice. B.G.E. shall nevertheless remain responsible for all obligations imposed under the terms of the Agreement for any situation that originated prior to the date indicated in the notice of the Minister. In addition to the provisions mentioned in this

section, the Minister may choose, which option shall be indicated in the notice, to require that all provisions of this Agreement be complied with and, more particularly, the provisions of section 10 and subsection 11.1.

Without limiting the generality of the foregoing, the Minister may exercise the option provided hereinabove either during the Agreement or any renewal period, as the case may be, or after the expiry of either and, if the option is exercised, the person designated by the Minister may, and has the legal interest to exercise all recourses that may be exercised by B.G.E. against a Registrant by virtue of this Agreement, B.G.E. being deemed in such an event to have assigned all its rights to such person against any such Registrant.

## **24. PAIR/ISE Program**

- 24.1 Notwithstanding any provisions on the contrary, the signatories may, at any time, agree to invest amounts determined by them in paragraph 10 of the PAIR/ISE Program. In such cases, B.G.E. may adjust the unit amount determined in paragraph 11.5 accordingly.

Any amount paid to the PAIR/ISE Program shall be used to cover direct admissible expense costs incurred for i) information, awareness and education (ISE) regarding the non-refillable containers and ii) within the framework of the Program to improve the recovery infrastructure (PAIR) and the container recovery services set up and administered by B.G.E., and which will include implementation of equipment (that may include so-called “intelligent” reverse vending machines), as well as the implementation of new services or other means, as the case may be, in order to achieve improved access for the return and recovery of such containers and have a direct and significant impact on such accessibility.

The total amount of expenses incurred by B.G.E. for the PAIR/ISE Program is established, for each period, according to the generally accepted accounting principles.

- 24.2 For clarity purposes, only the direct costs related to the payment of the activities are admissible to the PAIR/ISE Program; the admissible expenses include the costs of leasing or acquisition, as well as the costs related the setting up, maintenance, repairs and the functioning of the machines, equipment, rolling material or any other immovable, as well as expenses or rental fees for space and costs of recovery services or any other similar means (such as specified, more particularly, under paragraph 24.1) set up and assumed by B.G.E. in the framework of the PAIR/ISE Program, net from, if necessary, the income or benefit drawn by B.G.E. from these operations, including particularly, if necessary, any deposit not reimbursed and the value of the material.

The admissible expenses may also include the costs related to the information, awareness and education activities related to the Program to improve the recovery infrastructure or to the container recovery services and the salary of a B.G.E. employee, insofar as proven to RECYC-QUÉBEC that such employee is assigned exclusively for the management or the activities of the program. However, despite the foregoing, the expenses hereby mentioned and that directly or indirectly concern a sweepstake or promotional material are only admissible if previously approved by RECYC-QUÉBEC.

On the other hand, the admissible expenses exclude all fees related to the management and administration, whether direct or indirect, of B.G.E. (such as salaries of regular employees or senior managers, subject to what is mentioned hereinabove), administrative premises, use of such equipment as phones, faxes, photocopy machines, computers or others. The expenses also exclude infrastructure and equipment owned directly or indirectly by the soft drinks bottlers or distributors and all fees related to marketing, discounts or rebates offered along with the sale of soft drinks.

24.3 Annually, as appropriate, at the same time B.G.E. submits reports listed under subsection 11.4 of the present Agreement, it submits to RECYC-QUÉBEC, a written report relating to the PAIR/ISE Program, which will include information, data, or documents that RECYC-QUÉBEC could reasonably request, including more specifically and without limitations, the following :

24.3.1 Item by item detail of admissible expenses committed and by project;

24.3.2 a copy of all relevant documents relating to the admissible expenses;

24.3.3 precise locations where such machines, equipment, rolling stock or other fixed assets were installed or moved during the period; as the case may be;

24.3.4 the process followed by B.G.E. during said period, for the rental, acquisition, sale, maintenance, repair and operation of the machines, equipment and other fixed assets as well as for the collection of the containers, with the understanding that in all cases, B.G.E. will deal with the various suppliers and distributors.

24.4 A committee will be formed by B.G.E. for the purposes of the administration of the program provided for under this section 24, including at least one representative of RECYC-QUÉBEC, who will have the right to veto concerning the admissible expenses for the PAIR/ISE Program and the approval of projects, programs and financed campaigns in accordance with the terms of this Agreement. The task of this committee will consist of the approval of the different

projects (or, according to the internal regulations of B.G.E., to recommend such approval to its board of directors).

**25. Agreement of May 17, 1985**

This Agreement shall not affect the settlement agreement entered into on May 17, 1985 between the A.D.A., the Quebec Wholesale Grocers' Association, the Conseil québécois du commerce au détail, the Canadian Grocery Distributors' Institute, the Ferme Carnaval Inc., Épiciers Métro Richelieu Inc., the Groupe Servi, representing Les Aliments Servi Inc., Hudon et Deaudelin Ltée, Provigo Inc., Steinberg Inc., and the Comité spécial des détaillants; such agreement remains valid and any reference made within the scope of such agreement to the Agreement dated July 15, 1984 is henceforth deemed to constitute a reference to this Agreement. Any change to such Agreement of May 17, 1985 or any written Agreement to replace it shall be considered on the same basis.

**26 Election of Domicile**

For the purposes of any proceedings resulting from this Agreement, the Registrants elect domicile in the judicial district of Montreal.

**27 Applicable Law**

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This Agreement is governed by the laws of the Province of Quebec and shall be interpreted in accordance therewith.

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED AS FOLLOWS:

THE  
MINISTER OF SUSTAINABLE DEVELOPMENT,  
ENVIRONMENT AND THE FIGHT AGAINST  
CLIMATE CHANGE

By:

\_\_\_\_\_

Date: \_\_\_\_\_

SOCIÉTÉ QUÉBÉCOISE DE RÉCUPÉRATION ET DE  
RECYCLAGE (RECYC-QUÉBEC)

**By:**

\_\_\_\_\_  
**Sonia Gagné,  
President and Chief Executive Officer**

**Date** \_\_\_\_\_

**L'ASSOCIATION DES EMBOUTELLEURS DE BOISSONS  
GAZEUSES DU QUÉBEC INC.**

**By:**

\_\_\_\_\_  
**Marc Coulombe, President**

**Date:** \_\_\_\_\_

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**BOISSONS GAZEUSES ENVIRONNEMENT**

**By :**

\_\_\_\_\_  
**Normand Bisson, President**

**Date** \_\_\_\_\_

**SCHEDULES**

Schedule A	:	List of Recoverers
Schedule B	:	List of Non-Recoverers
Schedule C	:	Terms of Recovery
		Part 1 : Non-reusable Secondary Packaging and Recovery Bags
		Part 2 : Set-off and Adjustment Rules
Schedule D	:	Identification of Containers
Schedule E	:	Auditor's Report
Schedule E-1	:	Officer's statement relating to the annual declaration attached to schedule E
Schedule F	:	Registration Form

**SCHEDULE A**

(Available separately)

**List of Recoverers**

Name or Corporate Name  
of Registrant

Home or Principal Place of  
Business Address

Mailing Address

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**SCHEDULE B**

(Available separately)

**List of Non-Recoverers**

Name or Corporate Name  
of Registrant

Home or Principal Place of  
Business Address

Mailing Address

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## **SCHEDULE C**

### **Terms of Recovery**

#### **Part 1**

##### **Non-reusable Secondary Packaging and Recovery Bags**

1. All non-reusable secondary packaging of the containers contemplated in the Agreement must be such that they may be used to return the containers (except where a bag or another type of secondary container is provided for such return), be recyclable and be of such size and configuration that containers of a similar unit volume may be accommodated therein.
2. B.G.E. shall ensure that bags to be used for the recovery of containers under this Agreement are available to the Registrants, at a reasonable cost. A Registrant shall provide a sufficient number of such bags to the Retail Establishments it serves, free of charge or on a reasonable basis of deposit.
3. Bags used for the recovery of containers shall meet such volume, resistance and colour standards as may be established by B.G.E. and bear such distinctive mark as the latter may require, for control purposes.
4. Where it deems that a type of non-reusable secondary packaging does not comply with section 1, B.G.E. may, in addition to the other remedies it may have, enact standards by which to render such type of packaging in compliance.
5. A standard requirement in accordance with section 3 or 4 shall come into force as soon as B.G.E. notifies the Signatories and Registrants thereof or as of such subsequent date as specified in the notice.

#### **Part 2**

##### **Set-off and Adjustment Rules**

1. The adjustment between the amounts owed by both B.G.E. and the recoverer pursuant to paragraph 7.1.2 and subsection 7.2 of the Agreement, is done monthly
2. B.G.E. shall adjust any claim of a Recoverer on a quarterly basis relating to a difference between:
  - 2.1 the number of containers declared by the Recoverer as having been recovered pursuant to the Agreement during such three-month period; and

2.2 the number of containers that the Recoverer has entrusted for recycling or of which it has otherwise disposed pursuant to the Agreement during such period, as evaluated by B.G.E. according to its own calculations, weightings, measures, controls, samplings, examinations or statements or those of the conditioning or recycling organization certified by RECYC- QUÉBEC pursuant to the Agreement.

it being stipulated that the Recoverer is obliged to pay to B.G.E., on notice of such adjustment, a sum equal to the result obtained when the unit amount of the deposit and of the unit incentive fee (deduction made, as the case may be, of the unit amount established by B.G.E. under paragraph 11.5.2 of the Agreement for each container of a type determined by B.G.E.) is multiplied by the excess of the number contemplated in subsection 2.1 over that which is contemplated in subsection 2.2.

3. All amounts due by reason of an adjustment under Schedule C is to be paid forthwith and shall bear interest at a rate equivalent to the rate determined for debts owed to the Crown pursuant to section 28 of the *Act respecting the ministère du Revenu* (R.S.Q., chapter M-31), as amended from time to time.

## **SCHEDULE D**

### **Identification of Containers**

1. All containers must indicate clearly and legibly (in characters of at least twelve points or smaller characters but, in this case, with the previous agreement from B.G.E. and RECYC-QUÉBEC, which they can refuse at their own discretion) by stamping or dyeing, with an indelible inscription, a label or another means solidly affixed to the container:
  - 1.1 the amount of deposit applicable to the container;
  - 1.2 the word “Québec”; and
  - 1.3 the terms “consignée” and “refund” or “deposit”.

Notwithstanding any contrary provision, the deposit mark cannot, in any way, be appended exclusively on any part of the container which is used in any possible way in the line of a special offer, a sweepstake or any event of such nature and generally, with the objective of drawing from it any advantage other than the remittance of the deposit.

2. Each of the required inscriptions pursuant to section 1 may not appear:
  - 2.1 under the container only; or
  - 2.2 on a part of the container, notably on a crown cap or a rotor cap or on a metallic cover, which may be removed or that is pushed in order to open it; or
  - 2.3 on a part of the container that is required for a promotion, a contest, or any other event of the same nature and generally, to benefit from it for another reason than the reimbursement of the deposit.

In the case of a can-type container, such inscriptions must appear on the cover.

3. The inscriptions must be in a colour that contrasts with the container colour or the background colour of any other label or inscription affixed to the container.
4. In respect of the deposit provided for in this Agreement, only the aforementioned inscriptions shall appear on the containers. Any other inscription in respect of any deposit or processing of such container or similar containers in the other jurisdictions is prohibited.

## SCHEDULE E

### **AUDITOR'S REPORT**

To the Directors of \_\_\_\_\_

We have audited the appended Declaration (the "Declaration") in respect of the quantities of consigned recyclable containers sold, delivered or given and recovered for the period starting January 1, 20\_ and ending December 31, 20\_\_ for \_\_\_\_\_ (the "Company"). This Declaration has been prepared by the Directors of the Company in accordance with the Agreement relating to the Deposit, Recovery and Recycling of Non-Refillable Soft Drink Containers (the "Agreement"). The Directors of the Company are in charge of preparing this Declaration, in compliance with the dispositions of the Agreement, and with the internal control deemed necessary for the preparation of a Declaration that does not contain significant inaccuracies, whether such inaccuracies result from fraudulent activity or mistakes.

#### **Directors' responsibility for the Declaration**

The Directors of the Company are in charge of preparing this Declaration, in compliance with the dispositions of the Agreement, and with the internal control deemed necessary for the preparation of a Declaration that does not contain significant inaccuracies, whether such inaccuracies result from fraudulent activity or mistakes.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on this Declaration based on our audit. We have conducted our audit in compliance with the Canadian Generally Accepted Auditing Standards. Such standards require that we abide by the code of conduct and that the audit be planned and executed so as to provide reasonable assurance that the enclosed declaration is exempt from significant inaccuracies.

The audit includes the implementation of procedures to collect convincing elements on amounts and other information found in the Declaration. The procedures followed are chosen by the auditor, pursuant to an evaluation of the risks of the Declaration containing significant inaccuracies, whether such inaccuracies result from fraudulent activity or mistakes. In the evaluation of such risks, the auditor considers the internal control of the entity in regards of the preparation of the Declaration in order to follow the appropriate auditing procedures for the circumstances. The auditor shall not do so to express an opinion on the efficiency of the entity's internal control. An audit also includes the appreciation of the appropriateness of the methods chosen and of the reasonable character of the accounting estimates provided by the Directors, and an appreciation of the overall presentation of the Declaration.

The convincing elements that we have obtained are sufficient and appropriate in order to share our audit opinion.

#### **Opinion**

In our opinion, the information presented in the Declaration regarding the quantity of recyclable containers sold and recycled during the period starting January 1<sup>st</sup>, 20 and ending December 31<sup>st</sup>, 20 has been prepared, in all significant aspects, in accordance with the dispositions of the Agreement relating to the Deposit, Recovery and Recycling of Non-Refillable Soft Drink Containers.

**Accounting Methods and Distribution Restrictions**

Without changing our opinion, we would like to reiterate the fact that this Declaration was prepared in order to allow the Company to comply with the requirements of the Agreement relating to the Deposit, Recovery and Recycling of Non-Refillable Soft Drink Containers. As a result, it is possible that this Declaration may not be used for any other purpose. Our report is only for the Société québécoise de récupération et de recyclage.

\_\_\_\_\_  
Firm

City\_\_\_\_\_

Date\_\_\_\_\_

**Note: This is an example. The auditor shall refer to the effective standards.**

**SCHEDULE E-1**

**DECLARATION OF AN OFFICER RELATING TO THE ATTACHED DECLARATION OF SCHEDULE E**

To : BOISSONS GAZEUSES ENVIRONNEMENT

I \_\_\_\_\_ (name), \_\_\_\_\_ (title) of \_\_\_\_\_ (name of member) whose soft drink sales and distribution permit number is \_\_\_\_\_ (permit number) solemnly affirm that to the best of my knowledge, the information contained in the attached declaration of \_\_\_\_\_ relating to the quantity of consigned recyclable containers of soft drinks, sold, delivered or given for the period from January 1<sup>st</sup> to December 31<sup>st</sup> 201\_\_\_\_, is true, complete and trustworthy, and that this declaration has been completed in accordance with the principles and articles of the Agreement relating to the deposit, recovery and recycling of non-refillable soft drink containers (as amended and applicable in the term in question); or, if it is the case, relating to the totality of non-refillable soft drink containers that this registrant has sold, delivered or given during the said term, the member has paid the totality of the deposits to a Recoverer at purchase .

AND I HAVE SIGNED

City \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
(name and title)

DECLARATION COVERING THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 20\_\_\_\_<sup>1</sup>

1) Quantities of Recyclable Containers Sold (or Delivered or Given) with a deposit and not declared by any other registrant

	Aluminum	Plastic	Glass
Quantity of recyclable containers sold	_____	_____	_____
Or delivered or given			
Total quantity according	_____	_____	_____
To your monthly declarations			
Difference	_____	_____	_____

2) Quantity of recovered containers on which the 0.02\$ incentive fee to the retailer was not paid (for recoverers only)

Total quantity of recovered containers :	_____
Without incentive fee	
Total quantity according to	
your monthly declarations :	_____
Difference :	_____

This declaration shall be reviewed by an independent auditing firm and attached to the auditor's report prepared by the said firm. The declaration shall only focus on recyclable containers that have a deposit or should have a deposit

according to the Agreement relating to the Deposit, Recovery and Recycling of Non-Refillable Soft Drink Containers effective at the date of the Declaration.

**SCHEDULE F**

**Registration Form**

Agreement entered into and concluded pursuant to the *Act respecting the sale and distribution of beer and soft drinks in non-returnable containers*

Name or Corporate Name of Applicant: \_\_\_\_\_

Legal Status:

Legal person or Partnership<sup>1</sup> \_\_\_\_\_  Sole Ownership

Quebec Business Number<sup>2</sup>:

Date of Incorporation:

\_\_\_\_\_

Shareholders  
or Partners:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Directors:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

<sup>1</sup> If the Applicant is a legal person or a partnership, the Registrant must annex a certified resolution of the directors or of the partners, as the case may be, authorizing the signatory to sign this registration form.

<sup>2</sup> Or a copy of the Company's Incorporation Deed.

Executive Officers: \_\_\_\_\_

\_\_\_\_\_

Residential Address or Principal Place of Business:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Mailing Address (if different):

\_\_\_\_\_

\_\_\_\_\_

List of principal activities of the Applicant (as a percentage of total business volume):

\_\_\_\_\_

\_\_\_\_\_

The Applicant has a Soft Drink distribution and recovery network for Softs Drink using vehicles principally dedicated for this purpose (check):

No

Yes

If Yes, in the following areas:

\_\_\_\_\_

\_\_\_\_\_



SCHEDULE F-1

**Detailed list of the deposit products sold in Québec:**

Name of product	Type of container	Size	UPC Code
	(Aluminum, PET, Glass, Steel)		

NAME OF THE COMPANY OR PARTNERSHIP

**RESOLUTION**

RESOLVED:

THAT the Company (Partnership) be a party to the Agreement dated January 1, 2019 entered into pursuant to the *Act respecting the sale and distribution of beer and soft drinks in non-returnable containers*;

THAT the \_\_\_\_\_, Mr.(Mrs) \_\_\_\_\_  
( t i t l e ) ( n a m e )

be hereby authorized to complete and sign the registration form contemplated by Schedule F of the said Agreement and to do all such other things and sign all such other documents as may be necessary or useful to give effect to this Resolution.”

**CERTIFICATE**

I, the undersigned, secretary of \_\_\_\_\_

hereby certify that the previous is the complete and exact text of the Resolution adopted by the Directors of the Company (Partnership); I further certify that this Resolution is in full force and effect as at the date hereof, without modification.

\_\_\_\_\_  
( d a t e )

\_\_\_\_\_  
( s i g n a t u r e )

<sup>1</sup> If the Applicant is a legal person or a partnership, the Registrant must annex a certified resolution of the directors or of the partners authorizing the signatory to sign this registration form. Or a copy of the Company’s Incorporation Deed.