



Manual

for Collectors and Processors

Making every drop count

Amended and restated as of January 2007

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FOREWORD

The Government of Quebec in conjunction with RECYC-QUÉBEC has authorized Société de gestion des huiles usagées (SOGHU) to manage a material management program associated with used oils in accordance with the requirements of the **Regulation respecting the recovery and reclamation of used oils, oil or fluid containers and used filters.**

SOGHU is a non-profit organization joining together lubricating oil and/or filter brand owners and/or first importers into Quebec. Constituted as a company, SOGHU is governed by a Board of Directors composed of sixteen directors; thirteen Members elected at a general meeting of the Members, as well as the President of the Awareness Committee, the Vice-President of the Canadian Petroleum Products Institute (CPPI) and a representative of RECYC-QUÉBEC. The organization is responsible, on behalf of its Members, for the collecting and processing of products governed by the Regulation and in conformity with its objectives, and to see that all participants, as well as the general public, are informed of the program.

Used oils, filters and containers represent a major source of recyclable material in Quebec. These products, if mismanaged, may cause serious environmental problems. Before the start up of the SOGHU program, it was impossible to trace 25 to 30 million litres of recoverable used oils and millions of filters and oil containers. The program presented by SOGHU promotes the appropriate recovery and management of used oil materials governed by the Regulation.

The SOGHU management program is the result of many years of continued cooperation and development by a multitude of interested parties. The aspects of the program that concern Collectors and Processors began on January 1, 2005. Collectors and Processors must follow the established procedure to register with SOGHU. The incentives (financial subsidies) for the recovery of used oils, containers and filters and for the recycling of plastic containers will be calculated from January 1, 2005, and disbursed to Collectors and Processors registered with SOGHU.

The purpose of this Manual is to provide Collectors and Processors with a general overview of SOGHU's management program and the details relating to the systems and procedures concerning their businesses.

TABLE OF CONTENTS

1.0	Definitions	5
2.0	INTRODUCTION	7
2.1	History of the Management of Used Oils, Containers and Filters in Quebec.....	7
2.2	Objective of the Program	7
2.3	Framework of the Program	7
2.4	Program Summary.....	8
2.5	Advantages of the Program	11
3.0	INCENTIVE ZONES	11
3.1	Purpose of the Zones	11
3.2	Description of the Zones.....	11
4.0	RETURN AND PROCESSING INCENTIVES.....	14
4.1	Purpose of the Return and Processing Incentives	14
4.2	Guiding Principles for the Incentives	14
4.3	Establishment of Incentives	15
4.4	Conditions Bound to the Incentives	15
4.5	Products Eligible for Incentives	15
5.0	REQUIREMENTS OF THE INCENTIVE PROGRAM.....	15
5.1	Purpose of the Program.....	15
5.2	Guiding Principles of the Program	15
5.3	Registration Requirements.....	16
5.4	Definitions of Processors of Used Oil Materials.....	16
5.5	Cross-Border Movements of Used Oil Materials	17
5.6	Confidentiality of the Program	18
6.0	CALCULATION OF INCENTIVE PAYMENTS.....	18
6.1	General Information.....	18
6.2	Used Oil Collectors.....	18
6.3	Used Filter Collectors.....	20
6.4	Used Oil Container Collectors.....	21
6.5	Used Oil Container Processors.....	22
6.6	General Information on Exceptions for Payment	23
7.0	AUDIT REQUIREMENTS	23
7.1	Purpose of the Audit.....	23
8.0	ANNUAL REPORTS	24
8.1	Annual Reports	24

1.0 DEFINITIONS

- a) **Act** means the *Environment Quality Act* (R.S.Q., c. Q-2) and the Regulations adopted therein;
- b) **Certification Agreement** means the agreement entered into between RECYC-QUÉBEC and SOGHU, recognizing SOGHU as an organization authorized to implement a recovery and reclamation system, as described in Section 14 of the Regulation;
- c) **Collection Facility** means an establishment or a facility registered with SOGHU to receive from the public, at no cost to them, used oil products governed by the Regulation;
- d) **Collector** means a business registered with SOGHU to pick up the products governed by the Regulation from Generators or Collection Facilities and deliver them to a Processor registered with SOGHU;
- e) **Collectors Agreement** means the agreement entered into between SOGHU and the Collector defining the rights and responsibilities of each party and confirming the registration of the Collector with SOGHU;
- f) **Collectors Registration Questionnaire** means the document that a company must complete to apply for registration as a Collector with SOGHU;
- g) **Eligible product** means the products described in Sections 2, 3 and 4 of the Regulation;
- h) **Environmental Handling Charge** means to amounts paid to SOGHU by brand owners or first importers of brand names according to the volumes of applicable products they put on the market in Quebec;
- i) **Filter** means all oil filters, antifreeze filters, diesel filters and filters for heating systems using light heating oil and for oil storage tanks, as described in Section 4 of the Regulation;
- j) **Generator** means the user of the lubricating oils, containers and filters in the normal course of her business or as a private consumer;
- k) **Lubricating oil** means a mineral, synthetic or vegetable based oil, as described in Section 2 of the Regulation;
- l) **Manual for Collectors and Processors** means the manual supplied by SOGHU to the Collectors and Processors, which describes the product management system established by SOGHU and the details of the systems and procedures relating to their business, as amended from time to time by SOGHU;
- m) **Materials associated with used oils** (herein called **used oil materials**) means lubricating oils, oil filters and oil containers after their primary use;
- n) **MDDEP** means the environment minister for Quebec (Ministère du Développement durable, de l'Environnement et des Parcs);
- o) **Minister** means - Ministère du Développement durable, de l'Environnement et des Parcs du Québec (MDDEP);

- p) **Oil container** means a container that holds 50 litres or less, made of plastic or another material, including aerosol containers, as described in Section 3 of the Regulation;
- q) **Processing** means an activity involving the transformation of materials for reuse, reuse for energy recovery recognized by the MDDEP, or an activity authorised by the MDDEP involving cleaning, decontaminating, or declassifying materials as waste. Bulking, shredding and bundling are not considered processing activities;
- r) **Processing Incentive** means the financial contribution disbursed by SOGHU to certain registered Processors for processing activities (cleaning for reuse, shredding, decontaminating, reducing the plastic into pellets for transformation into finished goods, also called final processing) of used oil plastic containers in recognition that this activity is not yet profitable;
- s) **Processor** means a business registered with SOGHU to process products governed by the Regulation;
- t) **Processors Agreement** means the agreement entered into between SOGHU and the Processor defining the rights and responsibilities of each party and confirming the registration of the Processor with SOGHU;
- u) **Processors Registration Questionnaire** means the document that a company must complete to apply for registration as a Processor with SOGHU;
- v) **Recycling** means all activities including generating, collecting and processing;
- w) **Regulation** means the Regulation respecting recovery and reclamation of used oils, oil or fluid containers and used filters, Order-in-Council 166-2004, March 10, 2004, published in the “Gazette officielle du Québec” on March 24, 2004 and amended on August 11, 2004, as amended from time to time;
- x) **Residue** means a portion of a product which remains after the primary use and becomes a material associated with used oils;
- y) **Return Incentive** means the financial contribution disbursed by SOGHU to certain registered Collectors for the collection of products governed by the Regulation;
- z) **SOGHU** means Société de gestion des huiles usagées, a company approved by RECYC-QUÉBEC to establish and implement the recovery and reclamation system, as described in Section 14 of the Regulation.

2.0 INTRODUCTION

2.1 History of the Management of Used Oils, Containers and Filters in Quebec

The issue of recovery and reclamation of used oils, filters and containers acquired a prominent place on the public agenda when the Canadian Council of Environment Ministers called on the Canadian Petroleum Products Institute (CPPI) to take an interest in this matter and propose solutions. The CPPI then instituted a wide-ranging study and a national consultation process, including the Montreal Conference on Used Oils, in which stakeholders from all Canadian provinces participated.

At this stage, the importance and success of the private sector stakeholders involved in recovery and reclamation became evident and it seemed appropriate that the proposed solutions be based on their successes. The final report presented to the Canadian provinces proposed two possible management systems: return to the point of sale or a management organization. Since the latter model promised to be the most efficient, the proposal to return to the point of sale was gradually abandoned.

A management organization, such as SOGHU, is a group of lubricating oil or filter brand owners and/or first importers of these products in the province, pooling their resources to implement an integrated management system promoting the recovery and reclamation of the applicable products as well as user information and awareness.

The Government of Quebec's Order-in-Council 166-2004 decreed the ***Regulation respecting recovery and reclamation of used oils, oil or fluid containers and used filters*** (the "Regulation"), published in the Gazette officielle du Québec on March 24, 2004 and amended on August 11, 2004. Sections 12 and 14 of the Regulation offer two options to the stakeholders concerned – either implement their own program or join an organization which will do it for them. SOGHU is such an organization, approved by RECYC-QUÉBEC. SOGHU's primary mission is to encourage the conditions under which the minimum recovery objectives described in the Regulation will eventually be achieved. For this purpose, it implements a Return Incentive system offered to Collectors registered with SOGHU.

2.2 Objective of the Program

The purpose of the activities described in the aforementioned history is to establish a system to encourage the responsible, environmental management of oils, containers and filters. The program's objectives are to recover the applicable products and ensure that they are recycled using methods, and for purposes, that are in compliance with sound, environmental management and the Regulation. It pursues an optimal combination of effectiveness, efficiency and fairness.

2.3 Framework of the Program

The meetings conducted with the interested parties made it possible to develop a program, managed by Société de gestion des huiles usagées (SOGHU), within the following framework:

- SOGHU's proposal is based on the principle of a product's life cycle, charging all stakeholders (producers, distributors, users, collectors and processors) to contribute to a product's ecological management. The program ensures that there is a fair distribution of costs for the recovery and reclamation of the used oil materials;
- The SOGHU program consists of establishing a sustainable system to support a high recovery and reclamation return of used oil materials in Quebec and creating a competitive and profitable recycling industry;

- SOGHU prepared a business plan with specific objectives for recovery and reclamation of used oil materials. This business plan and the results obtained will serve to evaluate its performance and prepare various reports. The performance objectives will be based on the volume of material recovered and/or on the percentage of used oil materials recovered in relation to the volume of recoverable material;
- SOGHU will only support end use processing and reuse in compliance with the regulations;
- SOGHU will ensure that the management program's operating systems and procedures are in compliance with all applicable government regulations;
- The SOGHU program aims to increase and improve recovery of used oil materials in poorly served markets while strengthening recovery in the markets that are already served;
- SOGHU is not a regulator, nor a Collector. It will not build its own collection or processing facility. In fact, SOGHU is an organization that promotes the growth of recycling in Quebec by relying on programs offering incentives.

2.4 Program Summary

At the heart of the program are Return Incentives (financial contribution) paid to private sector Collectors and Processing Incentives paid to private sector Processors for plastic containers. The financing of SOGHU's operations, including the dispersing of RIs, managing, advertising, etc., is possible as a result of funding imposed on the brand owners and the primary importers or suppliers for sales in Quebec of all products governed by the Regulation.

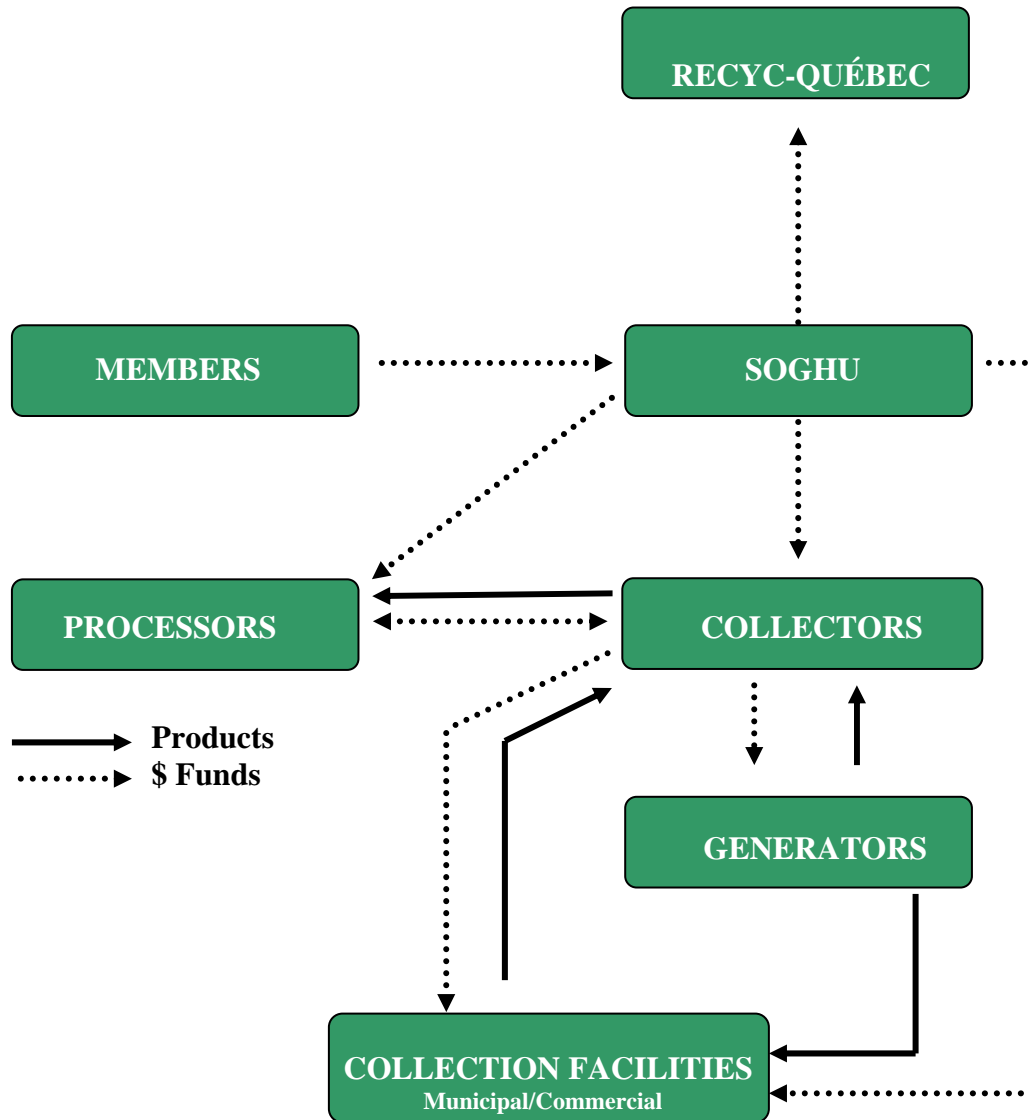
SOGHU sets the EHC rates and manages the system's day-to-day operations in accordance with the policies and procedures approved by its Members and by its Board of Directors.

SOGHU pays its registered Collectors Return Incentives for the quantity of acceptable material returned for reuse or processing, as specified in Table 1 below. The Collectors collect used oil, containers and filters from Generators and Collection Facilities and deliver them to SOGHU registered Processors.

Moreover, a Processing Incentive is paid to plastic container Processors.

Here is a chart demonstrating the flow of materials and funds.

Standard flow cycle of funds and products



Members : brand owners and the primary importers or suppliers

Collectors : establishments that collect the products from generators

Processors : establishments that give new life to products

Generators : establishments that create used products (garages, vendors, commercial, industrial and municipal sectors, forestry industry, agriculturists, transporters, individuals)

Collection Facilities : establishment registered with SOGHU to receive from the public, at no cost to them, used oil products governed by the Regulation

Table 1

**Incentives by Zone
RATE AS OF FEBRUARY 1, 2008**

ZONE	USED OIL (\$/litre)	USED FILTERS (\$/kg)	USED CONTAINERS (\$/kg)	USED AEROSOL CONTAINERS (\$/kg)
1	0.03	0.65	1.27	3.67
2	0.04	0.65	1.70	3.67
3	0.07	0.80	1.95	3.84
4	0.07	0.82	1.95	3.84
5	0.07	0.85	2.25	3.87
6	0.09	0.90	2.33	3.92
7	0.07	0.90	2.33	3.97
8	0.10	0.95	2.55	3.97
9	0.10	0.95	2.55	3.97
10	0.10	1.35	5.25	4.37

Note: for zone 10, Les Îles-de-la-Madeleine, a special transportation return incentive of \$0.18 per litre is allowed for used oils carried to the mainland.

General Operating Guidelines

The material will flow from the Generators (consumer, agriculturist, retailer or industrialist) to the Processors via Collection Facilities and/or Collectors.

Generators who have an on-site recycling program recognized by the Government may register as Collectors and Processors and will be considered Internal Collector/Processors.

The Generators can also register as Collection Points, if applicable.

The SOGHU program encourages the return of material by offering an incentive (financial subsidies) to Collectors and an incentive to Processors of plastic containers.

The SOGHU program has already created incentive zones based on volume density and distance. See Table 1 above.

2.5 Advantages of the Program

The program offers several advantages:

- Increased environmental protection;
- Incentive to create a recycling industry in the private sector;
- Improved management of the four product flows;
- Establishment of a user-friendly system for consumers;
- Favourable to the development of high technology;
- Improvement of the effectiveness and efficiency of recycling the used oil materials;
- Minimal government regulation;
- Massive support from the interested parties within the industry.

3.0 INCENTIVE ZONES

3.1 Purpose of the Zones

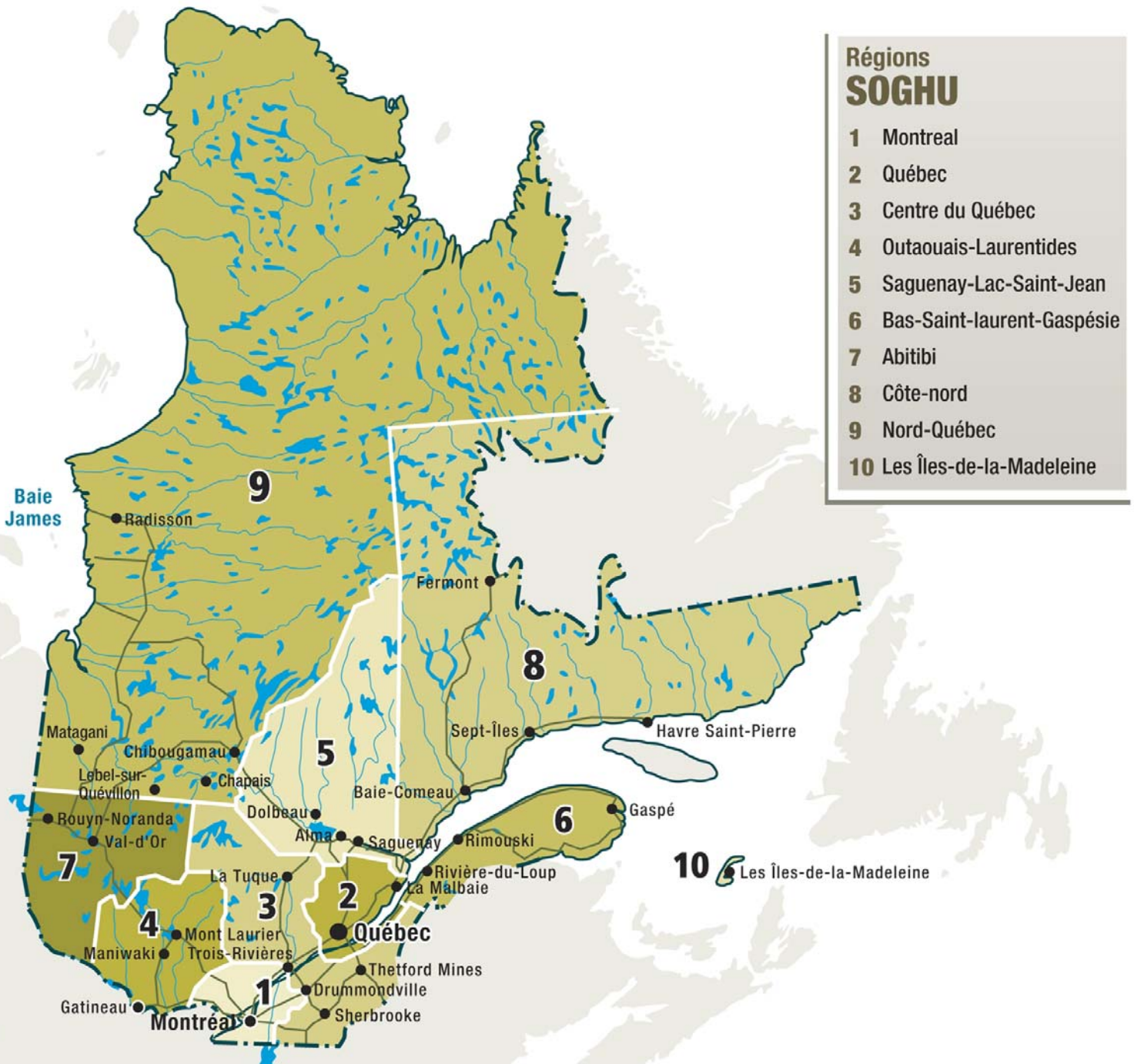
Conscious of the fact that volume density and distance are essential factors in the recovery of used oil materials, SOGHU has created ten incentive zones in Quebec. These incentive zones take into account the primary and secondary highway systems, the recoverable volume of used oil materials and the population distribution.

The zones were created following the Collectors' natural commercial zones and the incentives reflect the average collection costs already incurred by Collectors. The average amounts were adjusted to ensure that the Collectors receive a higher amount than the actual costs related to recovery of used oil materials. The zones are an essential component of the incentive program managed by SOGHU. Each zone has four incentive levels, namely an incentive for each flow (oils, containers, filters and aerosol containers) as shown in Table 1 above.

3.2 Description of the Zones

This section includes a map of the ten incentive zones in Quebec and a description of each of these zones. The list of Quebec municipalities and their respective zones is available on the website at www.soghu.com in the Collectors section.

Map of the then incentive zones in Québec



Here is a brief geographical description of the ten incentive zones established on the basis of Quebec's administrative regions:

Zone #1 (Montreal)

- Montreal and Laval Islands
- Montérégie region
- Southern part of Laurentides region
- Southern part of Lanaudière region

Zone #2 (Quebec)

- Capitale-Nationale region
- Northern part of Chaudière-Appalaches region

Zone #3 (Central Quebec)

- Estrie region
- Mauricie region
- Centre-du-Québec region
- Northern part of Lanaudière region
- Southern part of Chaudière-Appalaches region

Zone #4 (Outaouais-Laurentides)

- Outaouais region
- Northern part of Laurentides region

Zone #5 (Saguenay-Lac-Saint-Jean)

- Saguenay-Lac-Saint-Jean region
- Municipalities of Capitale-Nationale region: Baie-Sainte-Catherine, Sagard and Saint-Siméon.

Zone #6 (Bas-Saint-Laurent-Gaspésie)

- Bas-Saint-Laurent region.
- Gaspésie-Îles-de-la-Madeleine region.

Zone #7 (Abitibi)

- Abitibi-Témiscamingue region.

Zone #8 (Côte Nord)

- Côte-Nord region.

Zone #9 (Nord-du-Québec)

- James Bay portion of Nord-du-Québec region
- Municipalities of Nord-du-Québec region: Beaucanton, Chapais, Chibougamau, Desmaraisville, Joutel, Lebel-sur-Quevillon, Mattagami, Miquelon, Normétal, Rapide-des-Cèdres, Val-Paradis, Val-St-Gilles, Villebois and Waswanipi.

Zone # 10 (Les Îles-de-la-Madeleine)

- Les-Îles-de-la-Madeleine region.

4.0 RETURN AND PROCESSING INCENTIVES

4.1 Purpose of the Return and Processing Incentives

The purpose of the Return and Processing Incentives is to offer a financial enticement to encourage the recovery and reclamation of used oil materials in all Quebec markets, and this by the recycling industry in the private sector.

Since the Collectors registered with SOGHU are the principal factors influencing the increase in recovery rates, they will receive incentives for the collection of used oil materials after they have been delivered to SOGHU authorized Processors.

Under normal conditions, and when the used oil materials have not been contaminated or mixed with other residual materials, the incentives determined by SOGHU will enable the Collectors to offer compensation to Generators (Collection Facilities and commercial and/or industrial Generators) and, if applicable, to the Processors for handling and processing the materials.

Since government regulations clearly prohibit the mixing of residual materials, SOGHU does not pay incentives in cases where the used oil materials have been mixed with other materials.

SOGHU also pays a Processing Incentive to Processors of plastic containers. This incentive takes into account the current conditions of the processing market for plastic containers and is paid on the quantity of plastic material shredded and decontaminated for reuse or reduced to pellets for reuse in the form of plastic resin or transformed into value-added finished goods where the oil is trapped in the finished product and cannot escape.

SOGHU is not involved in any way in commercial agreements between Collectors and Generators and/or between Collectors and Processors. Market forces are the primary factor in such transactions.

4.2 Guiding Principles for the Incentives

SOGHU has applied the following guiding principles in establishing the incentives for the four used oil products and the incentives associated with plastic processing:

1. The Return Incentives were established to achieve the recovery objectives. These incentive amounts were established to ensure that Collectors receive a higher amount than the actual costs related to the recovery of used oil materials so that they no longer need to charge for the collection of these products and, in some cases, offer monetary compensation to Generators, while the Processing Incentives for plastic are intended to cover the abnormal costs of plastic processing (decontamination);
2. The Return Incentives are paid to SOGHU registered Collectors after the product(s) are delivered to SOGHU registered Processors;
3. The Processing Incentives are paid to SOGHU registered Processors for quantities of plastic received by SOGHU registered Collectors for the SOGHU program, after these products have been treated using compliant methods as prescribed;
4. There is only one incentive per product and per zone for all Collectors;
5. The incentive amounts will remain subject to review and may be adjusted to reflect market trends;
6. All of the information supplied by the Collectors and the Processors will be kept confidential and disclosed only in general terms;

7. All of the final decisions concerning incentive amounts are made by SOGHU's Board of Directors.

4.3 Establishment of Incentives

The incentives are the main factors that will increase recovery and reclamation of used oil materials. The amount and the conditions bound to the incentives are essential to the program's success. Table 1 presented earlier shows the incentive amounts by zone and by product.

4.4 Conditions Bound to the Incentives

Since this is a relatively new program, the effectiveness of these incentives will have to be measured carefully during the first few years of the program and will remain subject to review. It may be necessary to introduce changes to achieve our objectives. SOGHU may consider the possibility of introducing new incentives if certain circumstances should present themselves. The reasons for changes will be as follows:

- Cost fluctuations of the recovered products;
- The economic impacts of the private-sector recycling industry;
- The volumes of used oils materials recovered in relation to the forecasts;
- The amount of incentives paid in relation to the forecasts;
- The changes made to the basic economic principles;
- The participation of all interested parties;
- Inflation and increase or decrease of costs associated with recovery and reclamation operations.

4.5 Products Eligible for Incentives

The eligible products are described in Sections 2, 3 and 4 and Schedule 1 of the Regulation.

5.0 REQUIREMENTS OF THE INCENTIVE PROGRAM

5.1 Purpose of the Program

The support system that SOGHU has put in place within the framework of this program is intended to integrate easily into regular accounting standards and practices in force in the recycling industry.

5.2 Guiding Principles of the Program

SOGHU has developed the program's systems based on the following guiding principles:

- the new system will disrupt the existing private-sector recovery and reclamation systems as little as possible;
- the system will generate an appropriate audit trail;
- all of the processes used will be simple and user-friendly for the registered businesses;
- the system must adapt to the free flow of products in a competitive market;
- all of the participants must register with SOGHU;
- the payments will only correspond to specific performance levels; and

- the system will enforce appropriate penalties in case of fraudulent use.

5.3 Registration Requirements

SOGHU is not a professional regulator. It relies on government approvals, licences and permits to accept eligible participants who wish to join the program. SOGHU requires that all of the participating Collectors and Processors register by submitting the appropriate *Collector Registration Application Form* or *Processor Registration Application Form* (available on SOGHU's website at www.soghu.com in the Collectors or Processors section, whichever the case may be) accompanied by all of the necessary documents outlined therein and, within reason, all other documents or information requested by SOGHU. An environmental audit (regulatory audit) will be carried out upon registration of each new Collector or Processor, and at regular intervals over the subsequent years, at SOGHU's expense.

All registrations end on March 31st of each year. They must be renewed on or before April 1st, as per the conditions specified on the *Collector Registration Renewal Form* or *Processor Registration Renewal Form* (available on SOGHU's website at www.soghu.com in the Collectors or Processors section, whichever the case may be), along with the necessary documents as outlined therein and, within reason, all other documents or information requested by SOGHU. The registration renewal will automatically reinstate the previously signed Collectors Agreement or Processors Agreement.

The Collector and/or Processor and their activities and facilities must comply with the applicable laws and regulations, at all times.

The Collectors and the Processors shall promptly supply SOGHU with written notice of any infraction or investigation notice, ordinance, complaint or other request from a government or other authority regarding any order, penalty or notice of non-compliance with any environmental regulation or legislation as it relates to SOGHU, along with a copy of the notice pertaining thereto.

The Collectors must forward a cheque for the registration fee of \$200 plus GST and PST made payable to SOGHU, and attach it to the *Collector Registration Application Form* (available on SOGHU's website at www.soghu.com in the Collectors section), (same amount for the annual renewal).

All Collectors and Processors, as well as their activities and facilities are subject to the applicable laws and regulations.

Upon receipt of the application for registration or renewal of a registration, SOGHU will study the information provided and will approve the application based on the applicant's ability to supply the appropriate registration documents and will assign a registration number to the business by type of registration (Collector, Processor, Internal Collector/Processor).

SOGHU keeps an up-to-date database of registered Collectors and Processors who provide the services required by SOGHU to achieve the management program's mandate. All registered Collectors will appear on SOGHU's website, indicating which products they collect and in which zones they operate. Only filter, plastic container and aerosol container Processors will appear on the site.

Note: Internal Collectors and Processors will not appear on the website.

5.4 Definitions of Processors of Used Oil Materials

Oil Processor: A business registered with SOGHU to process oil and conforms to the following criteria:

- the specifications of the government, the American Society for Testing Materials (ASTM) or other equivalently recognized specifications, allowing the resale of re-refined lubricating oil;
- the specifications for the sale of oil for the purposes of manufacturing asphalt (paving) as described in the applicable regulations;
- the specifications for the sale of oil as a fuel source for a cement kiln, as described in the applicable regulations;
- the specifications for the sale of oil as a fuel source for furnaces other than a cement kiln, recognized by the government, as described in the applicable governmental standards; and
- the specifications for all other uses in conformity with the applicable governmental standards.

In all of the cases listed above, the oil must be analyzed in accordance with recognized methods and prove that it satisfies the specifications required by the industry, and Section 6 of the Dangerous Goods Regulation, or the equivalent outside of Quebec.

Upon delivery of used oils to a SOGHU registered Processor, the *Recycle Docket* (available on SOGHU's website at www.soghu.com in the Collectors section) must be signed by the Collector.

Filter Processor: A business registered with SOGHU to transform the product into finished goods and conforms to governmental standards (in force in Québec). (see note herein)

Plastic Container Processor: A business to transform plastic material into finished goods by shredding, decontaminating for reuse or reducing it to pellets for reuse in the form of plastic resin or transformed into value-added finished goods where the oil is trapped in the finished product and cannot escape (see note herein).

The plastic container Processor may request the Processing Incentives once the decontaminated plastic is ready to sale or once the shredded plastic has been shipped to the manufacturer for pelletization or transformation into finished goods.

Note: In the case where the processing activities are not considered final processing or the creation of a new product, the final processing company and its intentions for the product must be known. The Processor is responsible for proving these transactions by providing supporting delivery receipts to these companies. **Bulking, shredding and bundling are not considered processing activities.**

5.5 Cross-Border Movements of Used Oil Materials

SOGHU's mandate is to improve the recovery rate of used oil materials and ensure that this material is processed in compliance with Quebec regulations. SOGHU accepts the free flow of used oil materials to recognized recycling facilities, which can only assist in benefiting the industry. Consequently, SOGHU accepts that Quebec Collectors can transport used oil materials to recognized recycling facilities in other provinces or states and respects the applicable regulations of these jurisdictions.

Note: Processing activities performed outside of the province of Quebec must be acceptable in Quebec.

Collectors wishing to contact a Processor outside of Quebec must ensure that the Processor is registered with SOGHU.

Note: In the case of inter-provincial transportation of used oil materials and special waste, most provinces require collectors (transporters) to hold a valid transportation number and completed manifests.

5.6 Confidentiality of the Program

Except as stipulated herein, SOGHU undertakes only to disclose confidential document or information received from the Collector or Processor, in accordance with the *Act respecting access to documents held by public bodies and the protection of personal information* (R.S.Q., c. A-2.1).

However, SOGHU may transmit any document or information to RECYC-QUÉBEC, in particular the information included in its annual report and its business plan, or to the Minister or to any persons authorized at the MDDEP, or when such information is required by law or by any judicial or quasi-judicial authority. RECYC-QUÉBEC, under the terms of the Certification Agreement, has committed itself to SOGHU for the same obligations.

6.0 CALCULATION OF INCENTIVE PAYMENTS

6.1 General Information

The SOGHU program takes into account industrial practices in the recovery of used oil materials and verification of volumes and weights by Collectors. These practices include the following:

- Used oils: number of litres calculated by the tank, by dipstick, by meter or by scale using the recognized form of weights and measures or any other recognized process;
- Oil filters: weight in kilograms;
- Oil containers: weight in kilograms.

6.2 Used Oil Collectors

SOGHU will pay Return Incentives to SOGHU registered Collectors for the collection of used oils governed by the Regulation and delivered to SOGHU registered Processors, by volume and by zone.

Return Incentive claims submitted to SOGHU for used oils must be accompanied by SOGHU's *Used OIL Collector Return Incentive Claim Form* (available on SOGHU's website at www.soghu.com in the Collectors section) and all other required documentation.

The *Used OIL Collector Return Incentive Claim Form* (available on SOGHU's website at www.soghu.com in the Collectors section):

- presents a summary of the products collected by zone and by volume of used oils as well as the percentage deducted for the presence of water;
- is accompanied by all of the *Recycle Docket(s)* (available on SOGHU's website at www.soghu.com in the Collectors section) describing the collection activities;
- is accompanied by the water analyses report, including percentage of water;
- is accompanied by a purchase order form from the SOGHU registered Processor;
- indicates the name of the SOGHU registered Processor; and
- includes the SOGHU registered Collector's general information and signature.

When a Collector picks up used oils from a Generator, making them eligible for incentives, it must use the *Recycle Docket* (available on SOGHU's website at www.soghu.com in the Collectors section) to describe the collection activities. SOGHU requires the following information on the *Recycle Docket* for verification of incentive claims:

- a) the Generator's signature authorizing the collection;
- b) the Generator's area code, telephone number and fax number;
- c) the Generator's address;
- d) the applicable SOGHU zone;
- e) the number of litres of used oils collected;
- f) the signature of the Processor (receiving agent); and
- g) the name of the SOGHU registered Processor.

It is incumbent upon the Collector to insert the dipstick in the tanker truck, or employ any recognized measuring method, before and after each pickup to establish the volume of used oils collected at each Generator site. The Collector must verify the volume of used oils collected by signing the *Recycle Docket*.

It is incumbent upon the Processor to verify the volumes and quality of the used oils received from the Collector. The Processor must take samples from all used oil quantities received and submit them for testing to measure the bottom sediments and water content and record the results on the *Used OIL Collector Return Incentive Claim Form* accompanied by a signed receipt. The tests performed must conform to Section 6 of the *Dangerous Goods Regulation* in Quebec or the equivalent outside of Quebec.

However, in cases whereby the Processor accepts the Collector's quality analyses, SOGHU will also accept them and the Processor will not be required to perform the analyses mentioned above.

All of the used oil samples submitted for testing must accurately represent the total quantity received by using one of the methods approved by the MDDEP or the equivalent outside of Quebec.

Note: *It is unacceptable to take samples and perform tests on the receiving tank after delivery. The quantity of water must be subtracted from the volume received before performing the tests to measure the bottom sediments and the water content.*

The SOGHU program limits the quantity of contaminants present in used oils eligible for incentives to 1% solids and the following water contents:

- a) from 0% to 5% water: incentives offered without volume adjustment
- b) from 5% to 35% water: incentives offered and volume adjustment for water content over 5%
- c) over 35%: no incentives offered

The water and sediment content in used oils must be calculated by recognized methods as per the ASTM D95-20 for water content and ASTM D1796-83 for sediment content, or other methods recognized by the industry.

Used oils contaminated in proportions exceeding the aforementioned limits will dictate a volume adjustment. The Processor must deduct the volume of water greater than 5% but less than 35% from the total volume of used oils received. They must also note the corrected volume on the *Used OIL*

Collector Return Incentive Claim Form. The Collector must use the corrected volume of water from the used oil for the claim they will submit to SOGHU.

Note: Collectors that also act as Processors must treat all internal quantities received at their recycling facility in the same way as those from external Collectors (volumes and quality analyses).

6.3 Used Filter Collectors

SOGHU will pay Return Incentives to SOGHU registered Collectors for the collection of used oil filters governed by the Regulation and delivered to SOGHU registered Processors, by weight and by zone. All weights must be confirmed by weight ticket.

Return Incentive claims submitted to SOGHU for used oil filters must be accompanied by SOGHU's *Used Filter Collector Return Incentive Claim Form* (available on SOGHU's website at www.soghu.com in the Collectors section) and all other required documentation.

The *Used Filter Collector Return Incentive Claim Form* (available on SOGHU's website at www.soghu.com in the Collectors section):

- presents a summary of the products collected by zone, by number of barrels and/or bins and by weight of the used filters;
- is accompanied by all of the *Recycle Docket(s)* (available on SOGHU's website at www.soghu.com in the Collectors section) describing the collection activities;
- is accompanied by the weight ticket(s);
- is accompanied by a purchase order from the SOGHU registered Processor, the name of the metal broker and of the foundry confirming the weight processed, if necessary;
- indicates the name of the SOGHU registered Processor; and
- indicates general information and signature of SOGHU registered collector.

When a Collector picks up used oil filters from a Generator, making them eligible for incentives, they must use the *Recycle Docket* (available on SOGHU's website at www.soghu.com in the Collectors section) to describe the collection activities.

SOGHU requires the following information on the *Recycle Docket* for verification of incentive claims:

- a) the Generator's signature authorizing the collection;
- b) the Generator's area code, telephone number and fax number;
- c) the Generator's address;
- d) the applicable SOGHU zone;
- e) the number of the barrels and/or bins of used oil filters collected;
- f) the weight of the barrels and/or bins of used oil filters collected;
- g) the signature of the Processor (receiving agent); and
- h) the name of the SOGHU registered Processor.

The Collector must indicate the number of barrels and/or bins of used oil filters collected from each Generator site. The Generator must sign the Collector's *Recycle Docket* after confirming the number of full or partially filled barrels and/or bins collected.

The used oil filter Collector must also include information allowing for the identification of the barrel and/or bin by Generator on the *Recycle Docket*. This barrel and/or bin identification number must allow the barrel and/or the bin to be traced back to the Processor and the Generator.

It is incumbent upon the Processor to verify the total weight and the number of full or partially filled barrels or bins and the level of contamination. The Processor must weigh all incoming quantities and supply a weight ticket to the Collector. All weights must be weighed twice; once when the barrels and/or bins are full and again when the barrels and/or bins are empty.

Note: Collectors that also act as Processors must treat all internal quantities received at their recycling facility the same way as those from external Collectors (volumes and quality analyses).

All Return Incentive claims for used oil filters submitted by a Collector who is also a Processor must be completed by them and accompanied by a signed receipt and a weight ticket from the final user (metal broker or foundry or any other end user authorized by a proper governmental authority) for the processed weight by load.

Note: In cases where the Processor accepts used oil filters from a Collector when the quantity is too minor to make up a full load, the Processor is responsible for any contamination and for calculating the exact weight of the barrel(s) and/or bin(s) of used oil filters when they add them to their loads. In such cases, the Processor must include copies of all *Recycle Dockets* indicating the details of the load and ensuring that the Collector's information, the weight and the receiving date are included.

6.4 Used Oil Container Collectors

SOGHU will pay Return Incentives to SOGHU registered Collectors for the collection of used oil containers governed by the Regulation and delivered to SOGHU registered Processors, by weight and by zone. All weights must be confirmed by weight ticket.

Return Incentive claims submitted to SOGHU for used oil containers must be accompanied by SOGHU's *Used CONTAINER Collector Return Incentive Claim Form* (separate form for AEROSOL CONTAINERS), (available on SOGHU's website at www.soghu.com in the Collectors section) and all other required documentation.

The *Used CONTAINER Collector Return Incentive Claim Form* (separate form for AEROSOL CONTAINERS), (available on SOGHU's website at www.soghu.com in the Collectors section):

- presents a summary of the products collected by zone, by number of pails containing 20 litres and/or bags and by weight of the used oil containers;
- is accompanied by all of the Recycle Docket(s) (available on SOGHU's website at www.soghu.com in the Collectors section) describing the collection activities;
- is accompanied by all the weight ticket(s);
- is accompanied by a purchase order from the SOGHU registered Processor;
- indicates the name of the SOGHU registered Processor; and
- indicates general information and signature of SOGHU registered collector.

When a Collector picks up used oil containers from a Generator, making them eligible for incentives, they must use the *Recycle Docket* (available on SOGHU's website at www.soghu.com in the

Collectors section) to describe the collection activities. SOGHU requires the following information on the *Recycle Docket* for verification of incentive claims:

- a) the Generator's signature authorizing the collection;
- b) the Generator's area code, telephone number and fax number;
- c) the Generator's address;
- d) the applicable SOGHU zone;
- e) the number of 20 litre pails or bags of used oil containers collected;
- f) the weight of the used oil containers collected;
- g) the signature of the Processor; and
- h) the name of the SOGHU registered Processor.

The Collector must indicate the weight of used oil containers collected from each Generator site. The Generator must sign the Collector's *Recycle Docket* after confirming the weight of the used oil containers collected.

It is incumbent upon the Processor to verify the total weight and the degree of contamination. The Processor must weigh all incoming quantities and supply a weight ticket to the Collector.

The Processor must deduct the weight of waste received and adjust the weight on the Collector's *Recycle Docket*. The Collector and the Processor must use the corrected weight for the claim(s) they will submit to SOGHU.

Note: Collectors that also act as Processors must treat all internal quantities received at their recycling facility in the same way as those from external Collectors (volumes and quality analyses).

6.5 Used Oil Container Processors

Upon submission of a claim for Processing Incentives, the Processor must supply copies of all receipts, clearly indicating the Collector's name, the weight received and the reception date.

Oil container Processors must keep appropriate documentation to prepare and obtain the Processing Incentive claims submitted to SOGHU. It is understood that SOGHU will not pay incentives for material picked up prior to the Collector or Processor's SOGHU registration date.

Processing Incentive claims submitted to SOGHU must be substantiated by completing SOGHU's *CONTAINER Processor Processing Incentive Claim Form* (available on SOGHU's website at www.soghu.com in the Processors section)

CONTAINER Processor Processing Incentive Claim Form:

- presents a summary of the weight of the oil containers received and processed by the Processor;
- is accompanied by all of the *Recycle Dockets*;
- is accompanied by all of the weight tickets;
- specifies the weight of the plastic pellets or the finished plastic goods; and
- specifies the weight of containers decontaminated and rendered fit for reuse.

The registered Processor must submit monthly statements describing:

- the quantity of used plastic oil containers received from registered Collectors and collected for the SOGHU program;
- the current inventories of material associated with the used plastic oil containers;
- the amount of sales and payments for plastic pellets and finished plastic goods or the equivalent; and
- in the case of reuse, the production reports, the purchase of covers, the inventory of containers and covers, the sales volumes, and all other documentation deemed necessary by SOGHU.

6.6 General Information on Exceptions for Payment

A business may only claim Return Incentives for used oil materials recovered within 100 days preceding the date that SOGHU receives the duly completed claim.

Exception to the 100 day rule: for special circumstances that prevent the submission of incentive claims within the 100 day period, a Collector (within the one hundred (100) days) must submit a formal request to SOGHU for an extension and provide a written explanation as to why the claim cannot be made within the specified timeframe of 100 days. The extension request must be examined by SOGHU. If SOGHU agrees to grant the extension, the Collector must first provide an interim report of his Collections within the 100 days without the weight ticket(s) from the Processor (no incentives can be paid without it), and second, provide the final report within the subsequent 100 days, along with weight ticket(s) supporting the interim report and final report information. At that time, the full incentive amount will be paid.

It is understood that SOGHU will not pay incentives for materials picked up prior to the Collector or Processor's SOGHU registration date.

The Collector and the Processor shall retain documents and vouchers for a period of at least two years. This information will serve for audit purposes as required by the Regulation and by the Certification Agreement between SOGHU and RECYC-QUÉBEC.

7.0 AUDIT REQUIREMENTS

7.1 Purpose of the Audit

The SOGHU's program places great importance on the auditing of recycling operations in respects to used oil materials by all registered Collectors and Processors. Since SOGHU registered Members are exempt from the obligations described in the Regulation, the Certification Agreement between SOGHU and RECYC-QUÉBEC requires that **a series of audits be performed by SOGHU (on the Collectors and Processors) to ensure, particularly, that the recovery goals set by the Regulation are in fact achieved and that all processing activities are done in compliance with all applicable regulations. The audits performed by SOGHU will facilitate an evaluation of the program's effectiveness, oversee the system's integrity and ensure regulatory compliance.** SOGHU's audit approach favours equal, consistent and appropriate monitoring.

SOGHU's audits demand compliance with the program's systems and operating procedures. SOGHU uses two types of audits; spot audits that uncover important errors and/or detailed audits that focus on the requirements relating to documentation, accounting practices and billing processes.

The audits allow for comparison between the volumes of used oil materials claimed and the actual volumes. The results of the audit may serve to establish the frequency of subsequent audits.

SOGHU may revoke or suspend the registration of any Collector and/or Processor who acts fraudulently or makes false statements or lacks the necessary operating procedures for the program or who does not rigorously comply with all applicable laws and/or regulations, as well as this Guide.

8.0 ANNUAL REPORTS

8.1 Annual Reports

In accordance with the Certification Agreement with RECYC-QUÉBEC, SOGHU must submit an annual report to RECYC-QUÉBEC comparing the program's performance with the business plan, as well as provide numerous details of its operations to support the reliability of the program.

In addition, SOGHU prepares an annual report for its Members.