



Collectors and Processors Manual

Making every drop count

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FOREWORD

The Government of Quebec, through RECYC-QUÉBEC, has recognized Société de gestion des huiles usagées (SOGHU) as an organization empowered to manage SOGHU Product management programs as defined in the Collectors Agreement and the Processors Agreement, in accordance with the requirements of the ***Regulation respecting the recovery and reclamation of products by enterprises (the “Regulation”)***.

SOGHU is a non-profit organization bringing together lubricating oil, antifreeze and filter Brand Holders and First Suppliers of these products in Quebec. SOGHU is incorporated and is governed by a Board of Directors made up of directors from different sectors, elected at a general meeting, as well as the Vice President Eastern Canada of the Canadian Fuels Association on behalf of its Members, the organization is responsible for recovering and reclaiming products governed by the Regulation as per its objectives, and for informing all stakeholders and the general public and making them aware of the issues.

Used oils, filters, antifreeze and oil and antifreeze containers are a major source of reclaimable material in Quebec. If these products are not managed properly they can cause serious environment problems. The recovery and reclamation system that SOGHU created in partnership with the Collectors and the Processors in 2005 has been very successful.

The SOGHU management program is the outcome of many years of sustained cooperation and development by a number of interested parties. The aspects of this program concerning Collectors and Processors began on January 1 2005. Collectors and Processors must follow established procedure to register with SOGHU. Incentives (subsidies) for the recovery of used oils, used antifreeze, used oil and antifreeze containers (including aerosol lubricant and brake cleaner containers) and used filters, as well as incentives for processing of plastic containers, have been compiled and disbursed to Collectors and Processors registered with SOGHU since January 1 2005.

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

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1.0 DEFINITIONS

- a) **Act** means the *Environment Quality Act* (R.S.Q. c. Q-2) and the regulations made thereunder;
- b) **Antifreeze** means coolants and antifreeze used in vehicles, machinery or motorized equipment, except vegetable-based coolants and antifreeze or coolants and antifreeze used for aircraft deicing, as described in Section 48 of the Regulation;
- c) **Antifreeze concentration** means the percentage of antifreeze as opposed to the percentage of water;
- d) **Antifreeze container** means a container that holds 50 litres or less, after use, made of plastic or any other material, as described in Section 48(5) of the Regulation;
- e) **Applicant** means any Collector or Processor who wants to register with SOGHU, does whatever is necessary, and submits all documents and information required for that purpose;
- f) **Certification Agreement** means the Certification Agreement entered into between RECYC-QUÉBEC and SOGHU, recognizing SOGHU as a body authorized to implement and manage recovery and reclamation systems, as described in Sections 4 and 5 of the Regulation;
- g) **Collection Facility** means an establishment or facility registered with SOGHU that allows the public to bring in SOGHU Products governed by the Regulation at no cost;
- h) **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;
- i) **Collectors Agreement** means the agreement between SOGHU and Collectors, defining the rights and responsibilities of each party and confirming the Collector's registration with SOGHU;
- j) **Collectors and Processors Manual** means the manual supplied by SOGHU to Collectors and Processors which describes the product management system set up by SOGHU and the details of the systems and procedures that relate to their businesses, as amended from time to time by SOGHU;
- k) **Collectors Registration Questionnaire** means the document to be completed by businesses that apply to SOGHU for registration as Collectors;
- l) **Eligible Product** means the products described in Section 48 of the Regulation;
- m) **Environmental Handling Charge** means the contribution paid to SOGHU by its members (Brand Holders or First Suppliers), based on the sales volume of products sold in Quebec;
- n) **Filter** means any oil filter, antifreeze filter or diesel filter and any filter for oil heating systems and oil storage tanks, as described in Section 48(3) of the Regulation;
- o) **Generator** means the user of the SOGHU Products in the normal course of business or as a private consumer;

- p) **MSDEFFC** means the Ministry of Sustainable Development, Environment and the Fight against Climate Change;
- q) **Minister** means the Minister of Sustainable Development, Environment and the Fight against Climate Change;
- r) **Oil container** means a container that holds 50 litres or less, after use, made of plastic or any other material, including aerosol lubricant and brake cleaner containers, as described in Section 48(2) of the Regulation;
- s) **Processor** means a business registered with SOGHU to reclaim products governed by the Regulation;
- t) **Processors Agreement** means the agreement between SOGHU and Processors, defining the rights and responsibilities of each party and confirming the Processor's registration with SOGHU;
- u) **Processors Registration Questionnaire** means the document to be completed by businesses that apply to SOGHU for registration as Processors;
- v) **Reclamation** means an activity for reuse, recycling, including biological treatment, any other operation whereby residual materials are processed for use as substitutes for raw materials, and energy recovery recognized by the MSDEFFC, or any other activity authorized by the MSDEFFC that involves cleaning, decontaminating or declassifying products as hazardous residual materials. Bulking, shredding and bundling are not considered reclamation activities;
- w) **Reclamation Incentive** means the financial contribution disbursed by SOGHU to certain registered Processors for reclamation of plastic oil and antifreeze containers (cleaning for reuse, shredding, decontamination, reducing the plastic into pellets for transformation into;
- x) **Recycling** means all activities including the Generator, recovery and reclamation;
- y) **Regulation** means the *Regulation respecting the recovery and reclamation of products by enterprises*, Order-in-Council 597-2011, published in the *Gazette officielle du Québec* on June 29 2011, as amended from time to time;
- z) **Residue** means the portion of a product which remains after primary use and the product becomes a SOGHU Product;
- aa) **Return Incentive** means the financial contribution disbursed by SOGHU to Collectors;
- bb) **SOGHU** means Société de gestion des huiles usagées, a body created to implement and manage the product recovery and reclamation system, as described in sections 4 and 5 of the Regulation
- cc) **SOGHU Product** means used oils, used oil or fluid containers of 50 litres or less, used antifreeze and used antifreeze containers of 50 litres or less, and used filters within the territory of the Province of Quebec, in accordance with the Regulation;
- dd) **Used oil** means mineral, synthetic or vegetable oil, as described in Section 48(1) of the Regulation.

2.0 INTRODUCTION

2.1 History of the management of used oils, antifreeze, containers and filters in Quebec

The issue of recovery and reclamation of used oils, filters and containers came to the forefront when the Canadian Council of Environment Ministers called on the Canadian Petroleum Products Institute (CPPI) to study the issue and propose solutions. The CPPI instituted a wide-ranging study and a national consultation process, including the Montreal Conference on Used Oils that brought together stakeholders from all Canadian provinces.

At that stage it became obvious that private sector stakeholders involved in recovery and reclamation were very successful and played an important role; it made sense that any proposed solutions be based on their successes. The final report presented to the Canadian provinces proposed two possible management systems: returns to the point of sale or a management corporation. Since the latter model had proved to be most efficient, the proposal for returns to the point of sale was gradually abandoned.

A management organization such as SOGHU is a group of lubricating oil and filter Brand Holders or First Suppliers within the province, pooling their resources to set up an integrated management system that promotes recovery and reclamation of the products as well as user information and awareness.

The Government of Quebec, by Order-in-Council 166-2004 dated March 10 2004, introduced the **Regulation respecting recovery and reclamation of used oils, oil or fluid containers and used filters**, published in the Gazette officielle du Québec on March 24 2004 and amended on August 11 2004.

During its years of operation, SOGHU worked with the MSDEFFC and RECYC-QUÉBEC to improve the **Regulation respecting recovery and reclamation of used oils, oil or fluid containers and used filters** and find new products to be added to the existing line. This led to Order-in-Council 597-2011 adopted on June 15 2011, which came into effect on July 14 2012 under the name **Regulation respecting the recovery and reclamation of products by enterprises** (hereinafter the “Regulation”), R.R.Q. c. Q-2, r. 40.1.

Section 4 of the Regulation offers the enterprises concerned the opportunity to join any organization that will assume the new responsibilities. SOGHU is such an organization, recognized by RECYC-QUÉBEC. SOGHU's primary mission is to create conditions that will contribute to meeting the minimum recovery objectives described in the Regulation. For this purpose it set up a Return and Reclamation Incentive system for certain products, which is offered to Collectors and Processors registered with SOGHU.

2.2 Program objectives

The purpose of the activities described above is to establish a system to encourage and stimulate the responsible environmental management of used oils, antifreeze, containers and filters. The program's objectives are the recovery and reclamation of SOGHU Products using methods – and for purposes – that are in compliance with sound environmental management and the applicable regulations. It is based on the best possible combination of effectiveness, efficiency and fairness.

2.3 Program framework

Consultations with the interested parties led to the creation of 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, implying that all stakeholders (producers, distributors, users, Collectors and Processors) must contribute to the ecological management of such products. The program ensures that there is a fair distribution of costs for the recovery and reclamation of SOGHU Products.
- The aim of the SOGHU program is to establish a sustainable system to support a high recovery and reclamation return of SOGHU Products in Quebec and create a competitive and profitable recycling industry.
- SOGHU prepares business plans with precise objectives for recovery and reclamation of SOGHU Products. These business plans and the results obtained are used to assess its performance and prepare various reports. The performance objectives are based on the volume of SOGHU Products recovered in relation to the volume of all recoverable products.
- SOGHU supports only end use reclamation and reuse in compliance with the regulations.
- SOGHU makes sure 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 SOGHU Products in poorly served markets while strengthening recovery in markets that are already being served.
- SOGHU is not a regulator, nor is it a collector. It will not build its own recovery or reclamation facilities. SOGHU is an organization that promotes the best possible recovery and reclamation in Quebec by using programs that offer financial incentives.

2.4 Program summary

At the heart of the program are Return Incentives paid to private sector Collectors and Processing Incentives paid to private sector Processors of plastic containers. The funding of SOGHU's operations, including Return and Processing Incentives, management, promotion, etc., is made possible by an Environmental Handling Charge imposed on Brand Holders and First Suppliers for sales within Quebec of the products governed by the Regulation.

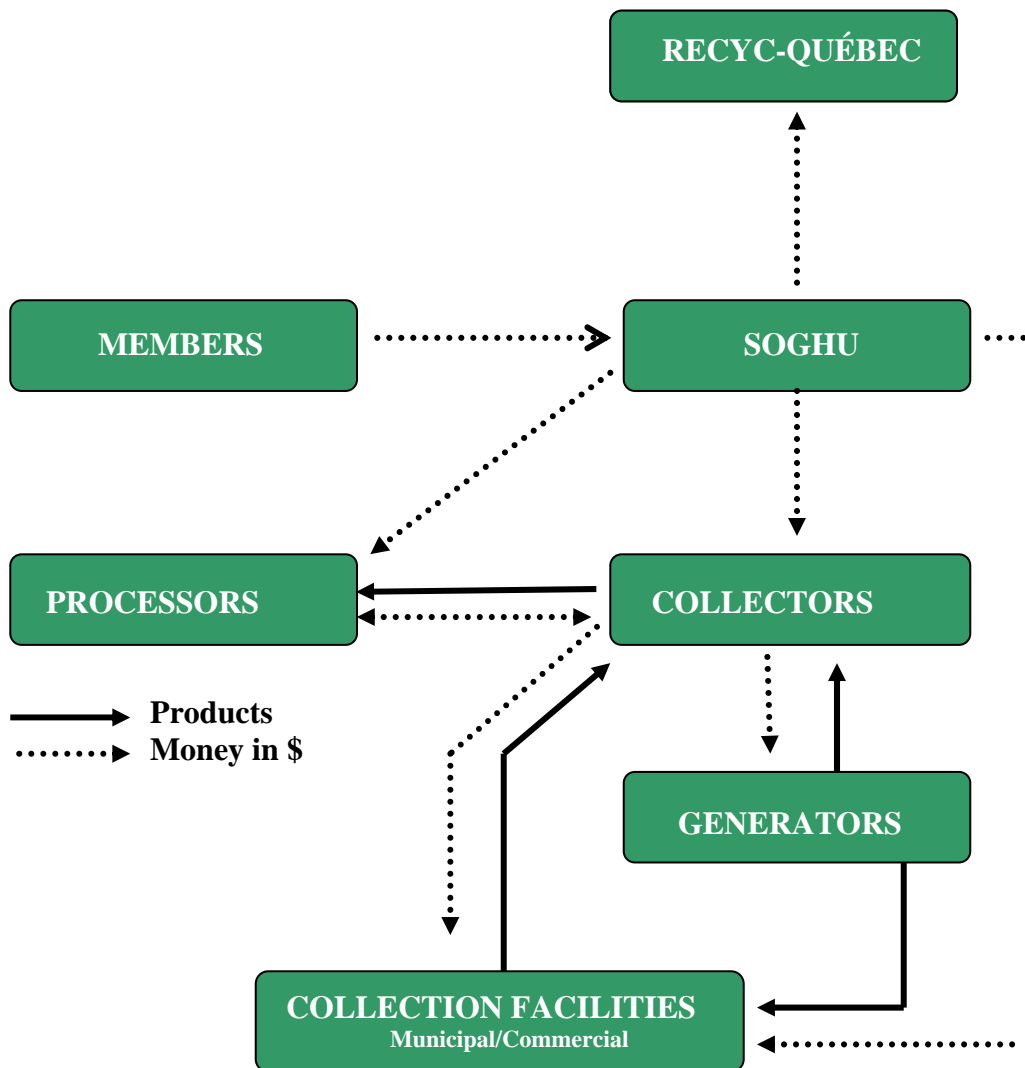
SOGHU sets the Environmental Handling Charges and manages the system's day-to-day operations in accordance with the policies and procedures approved by its Members and its Board of Directors.

SOGHU pays its registered Collectors Return Incentives corresponding to the quantity of acceptable material returned for reuse or reclamation. The Collectors collect used oils, antifreeze, containers and filters from Generators and Collection Facilities and deliver them to SOGHU registered Processors.

In addition, a Processing Incentive is paid to Processors of used plastic containers.

The chart below demonstrates the cash and product flows.

Normal cycle of cash and product flows



Members: Brand Holders or First Importers or Suppliers who finance the system.

Collectors: Businesses that collect products from Generators and receive Return Incentives from SOGHU (see Schedule I of the Collectors Agreement).

Processors: Businesses that give new life to products.

Generators: Businesses that generate used products (garages, dealers, commercial, industrial and municipal sectors, forest workers, farmers, transporters, individuals, etc.).

Collection Facilities: Establishments registered with SOGHU to receive SOGHU Products free of charge.

General operating guidelines

The material will flow from the Generators to the Processors via Collection Facilities and/or the Collectors. Generators who have Government-recognized on-site reclamation programs for their own oils may register as Collectors and Processors and will be considered **Internal** Collectors and Processors. Generators may also register as Collection Facilities, if applicable. The SOGHU program encourages the return of material by offering a Return Incentive to Collectors and a Processing Incentive to Processors of used plastic containers. The SOGHU program has already created incentive zones based on volume density and distance. See the table and map at soghu.com, in the Collectors section.

2.5 Advantages of the program

The program offers several advantages:

- Increased environmental protection
- Incentive to create a private-sector recycling industry
- Improved management of product flows
- Development of a user-friendly system for consumers
- Encouragement for the development of high technology
- Improvement of the effectiveness and efficiency of reclaiming SOGHU Products
- Minimal government regulation
- Massive support from interested parties within the industry

3.0 INCENTIVE ZONES

3.1 Objectives of the zones

Aware that volume density and distance are essential factors in the recovery of SOGHU Products, SOGHU has created several incentive zones in Quebec. These incentive zones are based on the primary and secondary highway systems, the recoverable volume of SOGHU Products and the population distribution.

The zones were carved out to match the Collectors' natural commercial zones, and the incentives were based on the average collection costs already incurred by Collectors. The average amounts were raised to ensure that the Collectors usually receive incentives higher than the SOGHU Product recovery costs. The incentive zones are an essential component of the incentive program managed by SOGHU. Each zone has different incentive levels, with an incentive for each product flow, as shown in the table that you will find at soghu.com, in the Collectors section. Each of these zones is described in Appendix II of the Collectors Agreement.

The list of Quebec municipalities and their respective zones is available at soghu.com, in the Collectors section.

4.0 RETURN AND PROCESSING INCENTIVES

4.1 Objective of the Recovery and Processing Incentives

The purpose of the Recovery and Processing Incentives is to offer a financial incentive to encourage the recovery and reclamation of SOGHU Products by the private-sector recycling industry in all Quebec markets.

Since the Collectors registered with SOGHU are the principal stakeholders influencing the increase in recovery rates, they will receive incentives for the recovery of SOGHU Products delivered to SOGHU authorized Processors.

Under normal conditions, and when the SOGHU Products have not been contaminated or mixed with other residual materials, the incentives determined by SOGHU will enable the Collectors to offer compensation to the 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 hazardous residual materials, SOGHU does not pay incentives in cases where the SOGHU Products 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 plastic container reclamation market and is based on the weight of reused containers that have been 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 embedded in the finished product and cannot escape.

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

4.2 Guiding principles for the Incentives

SOGHU applied the following guiding principles in establishing the SOGHU Product incentives:

1. The Return Incentives were created to achieve the recovery objectives. These incentives are to ensure that Collectors usually receive an amount higher than the actual costs of recovery of SOGHU Products, so that they no longer need to charge for the recovery of such products and can even offer monetary compensation to Generators, while the plastic Processing Incentives are intended to cover the abnormal costs of plastic reclamation (decontamination).
2. The Return Incentives are paid to SOGHU registered Collectors after they have delivered the products to SOGHU registered Processors.
3. The Processing Return Incentives are paid to SOGHU registered Processors of plastic containers for products received from SOGHU registered Collectors, after such products have been processed in accordance with the prescribed methods.
4. There is only one incentive per product and per zone for all Collectors.
5. The incentive amounts may be reviewed from time to time and adjusted to market realities.
6. All of the information supplied by Collectors and Processors will be kept confidential and disclosed only in general terms.
7. All final decisions concerning incentive amounts are made by SOGHU's Board of Directors.

4.3 Conditions attached to the incentives

The effectiveness of these incentives must be measured and reevaluated regularly. It may be necessary to introduce changes in order to achieve the objectives or respond to important changes that have a major influence on procedures. SOGHU may consider the possibility of amending the incentives or creating new incentives if special circumstances arise. Reasons for changes would be:

- cost variations of the recovered products
- the economic impacts of the private-sector recycling industry
- the volumes of SOGHU Products 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 and
- inflation and increase or decrease of costs associated with recovery and reclamation operations

4.5 Products that are eligible for incentives

Eligible Products are described in section 48 of the Regulation. They include used oils, used antifreeze, used oil and antifreeze containers of 50 litres or less (including aerosol lubricants and brake cleaners) and used filters.

5.0 REQUIREMENTS OF THE INCENTIVE SYSTEM

5.1 System objective

The support system that SOGHU set up under this program is intended to integrate easily into the usual accounting standards and practices in effect in the recycling industry.

5.2 Guiding principles of the system

SOGHU developed the program system based on the following guiding principles:

- the system will disrupt the existing private-sector recovery and reclamation systems as little as possible
- the system will generate a proper audit trail, because the quality of the system and its regulatory compliance depend essentially on the audits carried out by SOGHU and its partners of several aspects of their operations and activities
- all the processes used will be simple and user-friendly for the registered businesses
- the system needs to dovetail with the free flow of products in a competitive market
- all participants have to register with SOGHU
- payments will correspond to specific performance levels and
- the system will include appropriate penalties in case of fraudulent use

5.3 Registration conditions

SOGHU is not a professional regulator or any other kind of regulator. It relies on government approvals, licenses and permits in accepting eligible businesses that wish to join its program. SOGHU requires that all participating Collectors and Processors register by submitting the appropriate *Collector Registration Application Form* or *Processor Registration Application Form* (available at soghu.com in the Collectors or Processors section, as the case may be), together with all of the documents requested in these forms and any other documents or information that could reasonably be requested by SOGHU. An environmental audit (regulatory audit) of each new Collector or Processor must be conducted by a third party certified for that purpose by a body accredited by the Standards Council of Canada, and then each must undergo an environmental audit every three years, at the expense of the Collector or Processor. Collectors and Processors already registered with SOGHU before January 1 2013 must also undergo an environmental audit within three years after that date, and then every three years thereafter. Depending on the results of such environmental audits, a letter of environmental compliance issued by the third party will be delivered to SOGHU.

All registrations end on December 31 of each year. They therefore have to be renewed on or before January 1, as per the conditions specified in the *Collector Registration Renewal Form* or *Processor Registration Renewal Form* (available at soghu.com in the Collectors or Processors section, as the case may be) or any other documents or information that could reasonably be requested by SOGHU. Registration renewal will automatically reinstate agreements that have already been signed with Collectors and Processors.

Collectors and/or Processors and their activities and facilities must at all times comply with the applicable laws and regulations.

Collectors and Processors must promptly send SOGHU a written copy of any notice of infraction, investigation, order, complaint, penalty or other request from a government authority having jurisdiction with regard to any failure to comply with or offence under any environmental regulation or legislation.

The Collectors must pay SOGHU the registration fee of \$200 plus GST and QST (same amount for the annual renewal) and attach a check to the *Collector Registration Application Form* (available on the SOGHU website at soghu.com in the Collectors section).

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 requested (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 carry out the management program's mandate. The names of all registered Collectors and Processors appear on SOGHU's website, indicating which products they collect or process and which zones they operate in.

Note: The names of Collectors and Processors who only operate internally do not appear on the website.

5.4 Definitions of Processors of SOGHU Products

Oil Processors: businesses registered with SOGHU to reclaim oil that comply with the following specifications:

- specifications of the government, of the American Society for Testing Materials (ASTM) or other equivalent recognized specifications that allow the resale of re-refined lubricating oil
- specifications for the sale of oil for the purposes of manufacturing asphalt (paving) as described in the applicable regulations
- specifications for the sale of oil as a fuel source for cement kilns, as described in the applicable regulations
- specifications for the sale of oil as a fuel source for furnaces other than cement kilns, recognized by the government, as described in applicable government standards and
- specifications for all other uses in compliance with applicable government 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 Schedule 6 of the Quebec Regulation respecting hazardous materials, or the equivalent outside of Quebec.

Upon delivery of used oils to a SOGHU registered Processor, the Processor must sign the *Recycle Docket, paper version or electronic version, according to the method used by the Collector.*

Filter Processors: businesses registered with SOGHU to give the product a second life that comply with government standards in effect in Quebec (see note below).

Processors of Plastic Containers: businesses that give a second life to containers by decontaminating them for reuse, shredding them and decontaminating them for use in the creation of new products or reducing them to pellets for reuse in the form of plastic resin or transformation into value-added finished goods where the oil is embedded in the finished product and cannot escape. Bulking, shredding and bundling are not considered reclamation activities (see note below).

Processors of Plastic Containers can ask for the Processing Incentive once the decontaminated plastic is ready for sale, or the shredded plastic has been shipped to the manufacturer of finished plastic goods.

Note: If the processing activities are not for end use or do not result in the creation of a new product, the person or business that will use the product and the purpose of that use must be known. The Processor will be responsible for proving such transactions on a quarterly basis by producing confirmation of delivery to such person or business. Bulking, shredding and bundling are not considered reclamation activities.

5.5 Cross-border movements of SOGHU Products

SOGHU's mandate is to improve the recovery rate of SOGHU Products and ensure that all materials are reclaimed appropriately. SOGHU accepts the free flow of SOGHU Products to recognized reclamation facilities, since that will help those businesses operate efficiently. SOGHU therefore accepts that Collectors may transport SOGHU Products to recognized reclamation facilities in other provinces or states and obey the applicable regulations of such jurisdictions.

Note: Reclamation activities carried out outside of the Province of Quebec must be acceptable by Quebec standards.

Collectors who want to deal with Processors outside of Quebec must make sure that such Processors are registered with SOGHU.

Note: **With regard to interprovincial transportation of SOGHU Products and special waste, most provinces and states require Collectors (transporters) to hold a valid transporter number and complete manifests.**

5.6 Confidentiality of the program

Except as stipulated herein, SOGHU undertakes not to disclose any confidential document or information received from Collectors or Processors, in compliance 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 – including the information included in its annual report and its business plan – or to the Minister or to any authorized person at the Ministère du Développement durable, de l'Environnement et des Parcs, or when such transmission is required by law or by any judicial or quasi-judicial authority. RECYC-QUÉBEC has committed itself to SOGHU for the same obligations under the terms of the Certification Agreement.

6.0 CALCULATION OF INCENTIVE PAYMENTS

6.1 General information

The SOGHU program follows industrial practices in the recovery of SOGHU Products and verification of volumes and weights by Collectors. These practices include:

- **Used oils:** number of litres calculated by tank, dipstick, meter or scale using the recognized form of weights and measures, or any other recognized process
- **Used oil filters:** weight in kilograms, not including the weight of the container
- **Used antifreeze:** number of litres with a minimum 45% antifreeze content
- **Used oil and antifreeze containers:** weight in kilograms

6.2 Used oil Collectors

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

Invoices sent to SOGHU for payment of the used oil Return Incentive must be supported by completing the *Used OIL Collector Return Incentive Claim Form* and attaching all the information required. This form is generated directly by Progression LIVE and is also available at soghu.com, in the Collectors section for claims submitted in paper format. **Progression LIVE is the only electronic data collection system accepted by SOGHU to send your claims for return incentives electronically.**

The *Used OIL Collector Return Incentive Claim Form* :

- presents a summary of the recovery activities by zone and by volume of used oils recovered as well as the percentage deducted for the presence of water
- should be attached to all of the *Recycle Docket(s)* describing the recovery activities. The Recycle Docket(s) are generated directly by Progression LIVE and are also available at soghu.com, in the Collectors section for claims submitted in paper format

- should be attached to the analysis reports, including percentage of water
- should be attached to the bills of lading of 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 giving rise to a Return Incentive, it must use the *Recycle Docket* to describe the recovery activity. SOGHU requires the following information on the *Recycle Docket* so that it can verify incentive claims:

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

Collectors are responsible for inserting the dipstick in the tanker truck, or using any recognized measuring method, before and after each pickup to determine the volume of used oils recovered at each Generator location. The Generators must verify the volume of used oils recovered by signing the *Recycle Docket* (*paper version or electronic version, according to the method used by the Collector*).

Processors are responsible for checking the volumes and quality of the used oils received from Collectors. Processors must take samples from all used oil loads 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 analyses performed must comply with Schedule 6 of the Quebec Regulation respecting hazardous materials, or the equivalent outside of Quebec.

However, when Processors accept the Collectors' quality analyses, SOGHU will also accept them and the Processors will not have to carry out the analyses described above.

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

Note: *It is wrong to take samples and analyze the receiving tank after delivery; the quantity of open water must be subtracted from the volume received before measuring the bottom sediments and water content.*

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

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

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

The used oils contaminated in proportions that exceed the aforementioned limits will require a volume adjustment. Processors 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 bill of lading that they give to the Collectors. Collectors must base the invoices they submit to SOGHU on the corrected volume of water from the used oil.

Note: Collectors that also act as Processors must treat all internal loads in the same way as loads from external Collectors (volumes and quality analyses).

6.3 Used antifreeze Collectors

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

Invoices sent to SOGHU for payment of the used antifreeze Return Incentives must be supported by completing the *Used ANTIFREEZE Collector Return Incentive Claim Form* and attaching all the information required. This form is generated directly by Progression LIVE and is also available at soghu.com, in the Collectors section for claims submitted in paper format.

The *Used ANTIFREEZE Collector Return Incentive Claim Form* :

- presents a summary of the recovery activities by zone and by volume of used antifreeze recovered, as well as the percentage deducted for antifreeze concentrations below 45%
- should be attached to all of the *Recycle Docket(s)* describing the recovery activities, including the analysis confirming the percentage concentration of the antifreeze supplied by the Processor and the Processor's signature. These Recycle Docket(s) are generated directly by Progression LIVE and are also available at soghu.com, in the Collectors section for claims submitted in paper format
- should be attached to the bills of lading of the SOGHU registered Processor
- indicates the name of the SOGHU registered Processor and
- includes the SOGHU registered Collector's general information and signature

When Collectors pick up used antifreeze from a Generator giving rise to a Return Incentive, they must use the *Recycle Docket* to describe the recovery activity. SOGHU requires the following information on the *Recycle Docket* so that it can verify incentive claims:

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

Collectors are responsible for checking the antifreeze concentration in the recovered product with a refractometer and the volume at each Generator location. The Generator must check the antifreeze concentration and the volume of used antifreeze recovered and sign the *Recycle Docket* (*paper version or electronic version according to the method used by the Collector*).

Processors are responsible for checking the volume and quality of used antifreeze received from Collectors. **Processors must take samples from all used antifreeze loads and submit them for testing to measure the percentage of antifreeze concentration, and record the results on the receipt they must submit to the Collectors** so that they can be recorded by Collectors on the *Used ANTIFREEZE Collector Return Incentive Claim Form* accompanied by the signed receipt.

The SOGHU program limits the antifreeze concentration:

- a) **45% antifreeze or more:** incentive offered without volume adjustment
- b) **Between 45% and 25%:** when the concentration is lower than 45%, eligible for the incentive if the volume is adjusted downward by 3% per 1% concentration
- c) **Less than 25% concentration:** no incentive

Antifreeze contaminated by other products (oil, paint, solvents, PCBs, etc.) is not eligible for incentives.

Note: Collectors that also act as Processors must treat all internal loads in the same way as those from external Collectors (volumes and quality analyses).

6.4 Used filter Collectors

SOGHU will pay Return Incentives to SOGHU registered Collectors for the recovery of used filters governed by the Regulation and delivered to SOGHU registered Processors, by weight and by zone. All weights must be confirmed by scale tickets showing the gross weight (used filters and containers), the weight of the product container and the net weight.

Invoices sent to SOGHU for payment of the used filter Return Incentives must be supported by completing the *Used FILTER Collector Return Incentive Claim Form* and attaching all the information required. This form is generated directly by Progression LIVE and is also available at soghu.com, in the Collectors section for claims submitted in paper format.

The *Used FILTER Collector Return Incentive Claim Form*:

- presents a summary of the recovery activities by zone, by number of barrels and/or bins and by weight of the used filters
- should be attached to all the *Recycle Docket(s)* describing the recovery activities. These *Recycle Docket(s)* are generated directly by Progression LIVE and are also available at soghu.com, in the Collectors section for claims submitted in paper format
- should be attached to all the scale tickets
- should be attached to bills of lading from the SOGHU registered Processor, the names of the metal broker and of the steel foundry confirming the weight reclaimed, if necessary
- indicates the name of the SOGHU registered Processor and
- includes the SOGHU registered Collector's general information and signature

When Collectors pick up used filters from a Generator giving rise to a Return Incentives, they must use the *Recycle Docket* to describe the recovery activity.

SOGHU requires the following information on the *Recycling Docket* so that it can verify incentive claims:

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

Collectors must indicate the number of barrels and/or bins of used filters recovered from each Generator location. The Generator after verifying the number of full or partially filled barrels and/or bins recovered must sign the Recycle Docket (paper version or electronic version, according to the method used by the Collector).

The used filter Collectors must also include information allowing for the barrels or bins to be identified by Generator on the *Recycle Docket*. Barrel or bin identification numbers must provide a link allowing the barrel or the bin to be traced back to the Processor and the Generator.

Processors are responsible for checking the total weight of the containers or the number of full or partially filled barrels or bins and the degree of contamination. Processors must weigh all incoming loads and give scale tickets to the Collectors. All loads must be weighed twice: once when the container or bin is full and a second time when the container or bin is empty.

Note: Collectors that also act as Processors must treat all internal loads in the same way as those from external Collectors (volumes and quality analyses).

All Return Incentive claims for used oil filters submitted by Collectors who are also Processors must be completed by them and accompanied by a signed receipt and the scale ticket from the end user (metal broker or steel foundry or any other end user authorized by the appropriate government authorities) for the processed weight by lot.

6.5 Used oil and antifreeze container Collectors

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

Invoices sent to SOGHU for payment of the used filter Return Incentive must be supported by completing the *Used Oil and Antifreeze CONTAINER Collector Return Incentive Claim Form* and attaching all the information required. This form is generated directly by Progression LIVE and is also available at soghu.com, in the Collectors section for claims submitted in paper format.

The *Used Oil and Antifreeze CONTAINER Collector Return Incentive Claim Form* (there is a separate form for aerosols):

- presents a summary of the recovery activities by zone, by number of 20-litre pails or bags and by weight of the used oil or antifreeze containers
- should be attached to all the *Recycle Docket(s)* describing the recovery activities. These *Recycle Docket(s)* are generated directly by Progression LIVE and are also available at soghu.com, in the Collectors section for claims submitted in paper format
- should be attached to all the scale tickets
- should be attached to the bills of lading of the SOGHU registered Processor
- indicates the name of the SOGHU registered Processor and
- includes the SOGHU registered Collector's general information and signature

When Collectors pick up oil or antifreeze containers from a Generator giving rise to a Return Incentive, they must use the *Recycle Docket* to describe the recovery activity. SOGHU requires the following information on the *Recycle Docket* so that it can verify incentive claims:

- a) the signature of the Generator authorizing the recovery;
- b) the Generator's area code, telephone number and fax number;
- c) the Generator's address;
- d) the SOGHU zone in question;
- e) the number of 20-litre pails or bags of used oil containers recovered;
- f) the weight of the oil or antifreeze containers recovered;
- g) the signature of the Processor (receiving agent); and
- h) the name of the SOGHU registered Processor.

Collectors must justify the weight of the used oil or antifreeze containers recovered from each Generator location. The Collector must ensure that the Generator has verified the weight of the containers recovered and signed the *Recycle Docket* (*paper version or electronic version, according to the method used by the Collector*).

Processors are responsible for checking the total weight and the degree of contamination. Processors must weigh all incoming loads and supply scale tickets to the Collectors.

Processors must deduct the weight of waste received and note the corrected weight on the Collector's *Recycle Docket*. Collectors and Processors must use the corrected weight to support the claims they submit to SOGHU.

Note: Collectors that also act as Processors must treat all internal loads in the same way as those from external Collectors (volumes and quality analyses).

6.6 Used oil and antifreeze container Processors

When submitting claims for Processing Incentives, Processors must provide copies of all receiving registers, clearly indicating the Collector's name, the weight received and the receiving date.

Used oil and antifreeze container Processors must keep appropriate documentation to prepare the invoices submitted to SOGHU and obtain the Processing Incentive. Invoices sent to SOGHU for payment of the Processing Incentive must be supported by completing the *Used Oil and Antifreeze Container Processor Processing Incentive Claim Form* (available on the SOGHU website at soghu.com in the Processors section).

The *Used Oil and Antifreeze Container Processor Processing Incentive Claim Form*:

- presents a summary of the weight of the oil and antifreeze containers received and processed by the Processor
- should be attached to all the Recycle Dockets
- should be attached to all the scale 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
- presents the quantity of used oil and antifreeze containers received from registered Collectors and recovered for SOGHU
- presents the current inventories of used oil and antifreeze containers bulked, shredded or pelletized
- presents proof of delivery to an end user of the products it has reclaimed (reduced to plastic pellets or to products for transformation into finished goods or the equivalent) and
- in the case of reuse, presents the reports of production, of purchase of covers and the inventory of containers and covers, the amount of sales, and any other document deemed necessary by SOGHU.

6.7 Information on payments for exceptional cases

Businesses may claim Return Incentives only for SOGHU Products recovered during the 100 days preceding the date when SOGHU receives the duly completed Form.

Exception to the 100 day rule: in special circumstances that prevent the submission of incentive claims within 100 days, Collectors must submit a formal request (within the 100 days) for an extension of the statutory period and provide a written explanation as to why the claim cannot be made within the specified time limit of 100 days. SOGHU will study the extension request. If SOGHU agrees to grant the extension, the Collector must first provide an interim report of its recoveries within 100 days, without the proof of delivery or the scale ticket from the Processor (no incentive will therefore be paid). A supplementary report must follow within the next **80** days, together with the proof of delivery or scale tickets covering the interim report and the supplementary report. At that time, the incentives will be paid in full.

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

Collectors and Processors must keep documents and vouchers for at least six years. This information will be used for audit purposes as required by the Regulation and by the Certification Agreement between SOGHU and RECYC-QUÉBEC.

Progression LIVE: The Collectors that wish to claim the return incentives electronically, the only electronic data collection system accepted by SOGHU is Progression LIVE. SOGHU strongly encourages the use of this electronic data collection system to reduce paperwork, risk of error in the zone calculations and transcriptions. When a Collector has fully integrated the Progression LIVE electronic data collection system,

including the 3 month probation period, SOGHU will pay him an amount (see appendix IV of the Collectors Agreement). Administrative fees (see appendix III of the Collectors Agreement) will apply on claims presented to SOGHU in paper version.

7.0 AUDIT REQUIREMENTS

7.1 Objective of audits

The SOGHU program attaches great importance to the auditing of SOGHU Product recycling operations of each registered Collector and Processor. Since SOGHU registered Members are exempt from the obligations stipulated in the Regulation, the Certification Agreement with RECYC-QUÉBEC requires that **SOGHU carry out a series of audits to ensure that the recovery rates set by the Regulation are in fact achieved and that reclamation has been performed in compliance with the applicable regulations. The audits that SOGHU carries out will enable it to assess the program's effectiveness, oversee the system's integrity and ensure regulatory compliance.** SOGHU's audit approach favors equitable, uniform and appropriate monitoring.

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

The audits allow comparison between the volumes of SOGHU Products claimed and the actual volumes. Each Collector and each Processor will be audited at least every four years. The results of the audit and the volumes recovered or reclaimed may be used as a basis for setting the frequency of subsequent audits.

SOGHU may revoke or suspend the registration of any Collector or Processor in case of fraudulent acts, false statements or breaches of the program's operating procedures, or for failure to comply systematically with all applicable laws or regulations and this Manual.

7.2 Objective of environmental audits

Under section 5(11) of the Regulation, SOGHU requires all Collectors and Processors to undergo **an environmental audit by an independent third party certified for that purpose by a body accredited by the Standards Council of Canada** when they register, and the audit must be repeated every three years thereafter. Depending on the results of such environmental audits, a letter of environmental compliance issued by the said third party will be delivered to SOGHU.

Through such environmental audits SOGHU intends to ensure that the operating rules, criteria and requirements of section 5(3) of the Regulation are respected.

8.0 REPORTS

8.1 Annual Reports

Under the Certification Agreement with RECYC-QUÉBEC, SOGHU must submit an annual report to RECYC-QUÉBEC comparing the program's performance with the business plan, and provide many descriptions of its operations demonstrating the reliability of the system. SOGHU also prepares an annual report for its Members.

9.0 LANGUAGE

Le texte français est le seul ayant valeur juridique. The French text is the only legal version.