

## WASTE WATER SERVICES AGREEMENT

**THIS AGREEMENT** (the "**Agreement**") is executed on the 30<sup>th</sup> day of January, 2024.

**BETWEEN:**

**MONDI HINTON INC.**, a corporation incorporated under the laws of the Province of Alberta, and having a registered address at 600-12220 Stony Plain Road NW, Edmonton, Alberta, T5N 3Y4

(**"Mondi"**)

**AND:**

**TOWN OF HINTON**, a municipal corporation with an address at 131 Civic Centre Road, 2nd Floor, Hinton, Alberta, T7V 2E5

(the **"Town of Hinton"**)

**WHEREAS:**

- A. Pursuant to an asset purchase agreement dated as of July 10, 2023 (the "**Purchase Agreement**"), Mondi will purchase from West Fraser Mills Ltd. its pulp mill in Hinton, Alberta on land adjacent the Athabasca River (the pulp mill and the land are together referred to herein as the **"Mill"**);
- B. Upon the Closing Date (as defined in the Purchase Agreement), Mondi will have the capacity to treat and dispose of Waste Water (as hereinafter defined) through the Mill;
- C. The Parties seek to enter into this Agreement setting forth the terms and conditions for Mondi's supply of Waste Water Services (as hereinafter defined) to the Town of Hinton and the other rights and obligations of both Parties (as hereinafter defined); and
- D. Concurrently to the execution of this Agreement, Mondi and the Town of Hinton entered into a Water Services Agreement setting forth the terms and conditions for Mondi's supply of water to the Town of Hinton and the Town of Hinton has agreed to grant certain property tax exemptions to Mondi pursuant to the Town of Hinton Bylaw # 1161-1.

**NOW THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties covenant and agree as follows:

## PART 1 DEFINITIONS AND INTERPRETATION

### Definitions

1.1 Except as the context otherwise requires, the following capitalized terms, when used in this Agreement, will have the meanings ascribed thereto herein and as follows:

- a) **"AEPA"** means Alberta's Ministry of Environment and Protected Areas;
- b) **"Allowable Daily Quantity"** means the quantity set forth in Schedule 1.1b);
- c) **"Applicable Proportion"** means the relative proportion of a shared component or measure attributable to the treatment of waste water as compared to any other uses of such shared component or measure, as determined in accordance with the applicable provisions of this Agreement, and provided that the Applicable Proportion must be equal to zero to the extent no proportion of a shared component or measure is attributable to the Town of Hinton's Waste Water; as an example, if a boiler costs [REDACTED] dollars but only [REDACTED] of the boiler's components are used for the treatment of waste water (and there is a proportion of such boiler attributable to the Town of Hinton's Waste Water), the Applicable Proportion for the purposes of this Agreement shall be [REDACTED] in the same example, if the Town of Hinton's share of the volume delivered to the Sewage Disposal Facilities compared to the total volumes treated by Mondi in the Sewage Disposal Facilities over the last [REDACTED] is equal to [REDACTED] [REDACTED] the Town of Hinton's share of the costs and expenses in connection with such boiler would be [REDACTED];
- d) **"Assumption Agreement"** has the meaning set forth in Section 7.16;
- e) **"Breaching Party"** has the meaning set forth in Section 12.7;
- f) **"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in the Province of Alberta;
- g) **"Claims"** has the meaning set forth in Section 11.5;
- h) **"Closure Notice"** has the meaning set forth in Section 7.14;
- i) **"Commencement Date"** means the date which is the day following the Closing Date (as defined in the Purchase Agreement);
- j) **"Commercially Reasonable Efforts"** means the efforts of a prudent owner of equipment and facilities of substantially the same nature, kind, age and condition as the Sewage Disposal Facilities, the Town of Hinton Sewer System,

the Risk Mitigation and Resilience Measures, the Mondi Measures or the Mill, as applicable, desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible provided, however, that such person will not be required to take actions that would result in a material adverse change to the Sewage Disposal Facilities, the Town of Hinton Sewer System, the Risk Mitigation and Resilience Measures, the Mondi Measures or the Mill, as applicable;

- k) **"Connection Point"** means:
  - i. prior to the implementation of the Mechanical Preparation System Step 1, the point of delivery located on those lands legally described and illustrated in Schedule 1.1k); and
  - ii. as of and following the implementation of the Mechanical Preparation System Step 1, the point of delivery located on those lands legally described and illustrated in writing from Mondi to the Town of Hinton;
- l) **"Emergency Measures"** means any measures Mondi considers appropriate, acting reasonably, to safeguard property, human health and safety, and the environment;
- m) **"Existing Agreements"** has the meaning set forth in Section 1.4;
- n) **"Existing Claims"** has the meaning set forth in Section 1.5;
- o) **"Force Majeure Event"** has the meaning set forth in Section 12.1;
- p) **"Hinton Indemnitees"** has the meaning set forth in Section 11.1;
- q) **"Incremental Charges"** has the meaning set forth in Section 7.5;
- r) **"Initial Term"** has the meaning set forth in Section 12.5;
- s) **"Mechanical Preparation System"** has the meaning set forth in Schedule 3.1;
- t) **"Mechanical Preparation System Step 1"** has the meaning set forth in Schedule 3.1;
- u) **"Mechanical Preparation System Part 2"** has the meaning set forth in Schedule 3.1;
- v) **"Mill"** has the meaning set forth in the recitals;
- w) **"Mill Upgrade"** has the meaning set forth in Section 6.1;
- x) **"Mondi"** has the meaning set forth in the preamble;

- y) **"Mondi Measures"** has the meaning set forth in Section 3.1b);
- z) **"Monitoring System"** has the meaning set forth in Schedule 4.1;
- aa) **"Non-Breaching Party"** has the meaning set forth in Section 12.7;
- bb) **"Non-Permitted Substance"** means:
  - i. any substance at a concentration or mass loading that exceeds the limit set forth in the Waste Water Discharge Permit or is not contemplated by the Waste Water Discharge Permit and violates any applicable legislation or regulations in force from time to time;
  - ii. any substance at a concentration or mass loading that exceeds the limit set forth in the Town of Hinton By-law No. 062; and
  - iii. any substance specified by Mondi to the Town of Hinton in a Non-Permitted Substance Notice in accordance with Section 9.2 at a concentration or mass loading specified therein;

which, as of the date hereof, are listed in Schedule 1.1bb);
- cc) **"Non-Permitted Substance Notice"** has the meaning set forth in Section 9.2;
- dd) **"Notice of Breach"** has the meaning set forth in Section 12.7;
- ee) **"Notice of Objection"** has the meaning set forth in Section 6.3b);
- ff) **"Notice of Temporary Shutdown"** has the meaning set forth in Section 7.18;
- gg) **"Notice to Continue in a Closure"** has the meaning set forth in Section 7.15;
- hh) **"Parties"** means both Mondi and the Town of Hinton and **"Party"** means either of them as applicable;
- ii) **"Potable Water"** means the treated water, as measured at the Town of Hinton's meter vault identified in Schedule 1.1k) (*Connection Point*);
- jj) **"Proposal"** has the meaning set out in Section 5.1;
- kk) **"Proposal Denial"** has the meaning set out in Section 5.2;
- ll) **"Purchase Agreement"** has the meaning set forth in the recitals;
- mm) **"Releasees"** has the meaning set forth in Section 1.5;
- nn) **"Releasors"** has the meaning set forth in Section 1.5;
- oo) **"Renewal Term"** has the meaning set forth in Section 12.6;



- pp) **"Risk Mitigation and Resilience Measures"** has the meaning set forth in Section 3.1a);
- qq) **"Service Charge"** has the meaning set forth in Section 7.1;
- rr) **"Sewage Disposal Facilities"** means Mondi's Waste Water treatment plant and all related facilities used for the provision of the Waste Water Services;
- ss) **"Tax Exemptions"** has the meaning set forth in Section 12.4;
- tt) **"Term"** means the Initial Term and any period of renewal of this Agreement until the termination of this Agreement in accordance with the terms of this Agreement;
- uu) **"Third Party Effluent"** has the meaning set forth in Schedule 3.1;
- vv) **"Town of Hinton"** has the meaning set forth in the preamble;
- ww) **"Town of Hinton By-law No. 062"** means the Town of Hinton By-law No. 062 – Waterworks, Sewers, and Plumbing Bylaw, as amended or replaced from time to time, and as appended as Schedule 1.1ww);
- xx) **"Town of Hinton Sewer System"** means the Waste Water collection and transmission system owned and operated by the Town of Hinton which includes all real and personal property of every kind, nature and description including all pumps, pipelines, valves, appurtenances and pumping stations;
- yy) **"Waste Water"** means sewage produced from or arising in conjunction with the activities of residences, and from industrial and commercial operations within the Town of Hinton, including any run-off;
- zz) **"Waste Water Services"** has the meaning set forth in Section 7.1;
- aaa) **"Waste Water Discharge Permit"** means the permit or permits issued under the *Environmental Protection & Enhancement Act* to West Fraser Mills Ltd. and attached in Schedule 1.1aaa), as assigned to Mondi, as may be amended or replaced from time to time, with respect to the Mill, each of which sets out the standard conditions, engineering units, emergency procedures, and the monitoring and reporting requirements;
- bbb) **"Waste Water Quality Limits"** means the substances and the maximum concentrations or annual mass loading of such substances (as applicable) which may be contained in the Waste Water as set forth in the Waste Water Discharge Permit, as the same may be changed from time to time by Mondi upon the receipt by Mondi of a written notice to change the maximum concentrations or

annual mass loading of such substances (as applicable) as set forth in the Waste Water Discharge Permit; and

ccc) **"Water Compliance Notice"** has the meaning set forth in Section 9.4.

## **Interpretation**

1.2 In this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- a) "this Agreement" means this Waste Water Services Agreement dated as of the date first above written as from time to time supplemented or amended pursuant to the applicable provisions of this Agreement and includes all Schedules attached hereto or subsequently created with reference to this Agreement with the intent of forming part hereof;
- b) a reference to a Part, Section or Schedule is to a Part of, Section of or Schedule to this Agreement;
- c) the headings are for convenience only and are not intended as a guide to interpretation of this Agreement or any part of it;
- d) the word "including", when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope;
- e) an accounting term will have the meaning assigned to it under the International Financial Reporting Standards (IFRS), and every calculation to be made hereunder is to be made, in accordance with IFRS applied on a consistent basis;
- f) a reference to currency means Canadian currency;
- g) a reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations;
- h) a reference to an entity includes any successor to that entity;
- i) unless otherwise expressly permitted, any reference to a notice or other communication means a notice or communication in writing (including in electronic form) whether or not expressly stated to be a notice or communication in writing;

- j) a word importing the masculine gender includes the feminine, neuter or other gender, a word in the singular includes the plural, a word importing a corporate entity includes an individual, and *vice versa*;
- k) a reference to "knowledge," including the phrases "knows" or "to the knowledge of" or any other similar phrase (singular or plural) in reference to any Party, shall mean the actual knowledge of the directors or officers of such Party and excludes any deemed or implied knowledge; and
- l) a reference to the Mill will be deemed to include any equipment or processes within or related to the Mill on the site as well as the land on which the Mill is located.

### **Conflict**

1.3 If there is any inconsistency or conflict between the terms of the main body of this Agreement and the terms of any Schedule hereto or other document contemplated by or delivered under or in connection with this Agreement, the terms of the main body of this Agreement will govern and prevail, except to the extent such terms are in violation of the requirements set out in the Waste Water Discharge Permit.

### **Termination of Existing Agreements**

1.4 All the agreements and arrangements, whether written or unwritten, between the Town of Hinton and West Fraser Mills Ltd. or its affiliates relating to, or in connection with the Waste Water (including, but not limited to, whether written or not, signed or not, dated or not, expired or not, the agreements listed in Schedule 1.4) (the "**Existing Agreements**") are hereby terminated as of the Commencement Date. From and after the Commencement Date, the Existing Agreements will be of no further force or effect, and the rights and obligations of each of the parties thereunder shall terminate.

1.5 In consideration of the covenants, agreements and undertakings of the Parties under this Agreement, each Party, on behalf of itself and its respective present and former parents, subsidiaries, affiliates, related corporations or entities, officers, directors, shareholders, members, limited partners, successors and assigns (collectively, "**Releasors**") hereby releases, waives and forever discharges the other Party and its respective present and former, direct and indirect, parents, subsidiaries, affiliates, related corporations or entities, employees, officers, directors, shareholders, members, limited partners, agents, representatives, permitted successors and permitted assigns (collectively, "**Releasees**") of and from any and all actions, manner of actions, causes of action, proceedings, suits, losses, liabilities, rights, debts, dues, duties, sums of money, accounts, obligations, costs, expenses, liens, bonds, bills, covenants, contracts, controversies, complaints, indemnities, entitlements, agreements, promises, variances, trespasses, damages, judgments, executions, claims, and demands, of every kind and nature whatsoever or howsoever arising, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law or in equity, in contract

or in tort (collectively, “**Existing Claims**”), which any of such Releasors ever had, now have, or hereafter can, shall, or may have against any of such Releasees for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the date of this Agreement arising out of or relating to the Existing Agreements.

## **PART 2 OBLIGATIONS OF MONDI**

2.1 Mondi shall, subject to Sections 2.2, 2.3 and 3.1:

- a) operate, inspect, maintain, repair and replace, at Mondi’s expense, the Sewage Disposal Facilities at the Mill;
- b) operate, inspect, maintain, repair and replace, at the Town of Hinton’s expense, the Risk Mitigation and Resilience Measures, once installed and operate, inspect, maintain, repair and replace the Mondi Measures, once installed;
- c) transmit, treat and dispose of, or cause to be transmitted, treated and disposed of, the Waste Water delivered by the Town of Hinton to the Connection Point in accordance with the constraints set forth in the Waste Water Discharge Permit, applicable environmental licenses and applicable legislation or regulations in force from time to time, provided that the Town of Hinton complies with all its obligations hereunder with respect to the Waste Water (including those listed in Section 4.1);
- d) monitor effluents and Waste Water in accordance with the prescriptions and format set out in Schedule 4.1 and share on a monthly basis, the results from such monitoring with the Town of Hinton;
- e) maintain all necessary permits, licenses, consents and approvals required by all authorities having authority with respect to the operation, maintenance and repair of the Sewage Disposal Facilities;
- f) subject to any requirements imposed by one or more of AEPA, Environment Canada, or any other party having jurisdiction in place of or in addition to the foregoing, monitor, or cause to be monitored, the Waste Water with the frequency set forth in the Waste Water Discharge Permit and provide, or cause to be provided, written monitoring reports to the Town of Hinton on an annual basis, or more frequently if requested by the Town of Hinton;
- g) make any required payments or filings to maintain the Waste Water Discharge Permit in good standing in accordance with its current terms;
- h) provide the Town of Hinton with written notice of any change to any maximum acceptable concentration or annual mass loading (as applicable) of a substance set forth in the Waste Water Discharge Permit as soon as possible after such

change, and in any event within five (5) Business Days of notice of such change;  
and

- i) upon ten (10) days of written notice, permit the Town of Hinton reasonable access during business hours to all books and records of Mondi relating to the performance of the obligations of Mondi pursuant to this Agreement for the two (2) year period immediately preceding the date of receipt of such written notice for the purposes of review and audit by the Town of Hinton.

2.2 Mondi will be responsible for the operation, inspection, maintenance, repair and replacement of the Sewage Disposal Facilities, the Risk Mitigation and Resilience Measures and the Mondi Measures. Mondi will operate and carry out such routine inspection and routine maintenance, routine repair and routine replacement of the Sewage Disposal Facilities, the Risk Mitigation and Resilience Measures and the Mondi Measures in line with Mondi's practices. For all purposes of this Agreement, the terms "routine inspection", "routine maintenance", "routine repair" and "routine replacement" will be deemed to be maintenance and repair activities that are reasonably forecasted to occur on a predictable and regular annual basis given the nature, kind, age and condition thereof, such that the costs associated with such inspection, maintenance, repair and replacement activities can be anticipated and provided for in the determination of the Service Charge. Material costs and expenses associated with non-routine inspection, maintenance, repair and replacement activities will be separately proportioned and invoiced on the basis set out in Section 2.3.

2.3 The costs or expenses associated with non-routine inspections, repairs, maintenance and replacements of the Sewage Disposal Facilities, the Risk Mitigation and Resilience Measures and the Mondi Measures will be shared and paid for by each Party based on the Applicable Proportion (as determined through the mechanism in Part 5), provided that, if and to the extent such inspections, repairs, maintenance and replacement of the Sewage Disposal Facilities, the Risk Mitigation and Resilience Measures and the Mondi Measures are required as a consequence of a breach by Mondi of its obligations under Section 2.2, such costs and expenses will be borne by Mondi. Mondi will invoice the Town of Hinton its Applicable Portion of the costs or expenses associated with repairs, replacements, one-off upgrades or modifications of the Sewage Disposal Facilities, the Risk Mitigation and Resilience Measures and of the Mondi Measures with reasonable supporting information attached to the invoice. The Town of Hinton will pay such invoices that are accepted without justified objection by the Town of Hinton within thirty (30) days of receipt. Mondi undertakes and agrees to provide as much notice as commercially reasonable in the event the Town of Hinton's costs or expenses resulting from the Applicable Proportion under this Section 2.3 is reasonably expected to exceed One Million (\$1,000,000.00) dollars.

### **PART 3**

#### **RISK MITIGATION AND RESILIENCE MEASURES; MONDI MEASURES**

##### **Risk Mitigation and Resilience Measures; Mondi Measures**

3.1 Notwithstanding anything herein, the Town of Hinton acknowledges the need to perform certain upgrades to the Sewage Disposal Facilities and the Town of Hinton Sewer System used to provide the Waste Water Services and for the implementation of risk mitigation and resilience measures to secure a safe and reliable provision of Waste Water Services by Mondi to the Town of Hinton. Accordingly:

- a) the Town of Hinton expressly agrees to the measures set forth in Section 1 of Schedule 3.1 (the "**Risk Mitigation and Resilience Measures**"), such Risk Mitigation and Resilience Measures to be performed by Mondi at the Town of Hinton's sole cost, risk, expense and benefit and as set out in Schedule 3.1. For clarity, the Town of Hinton undertakes to immediately reimburse Mondi for all the measures once implemented by Mondi in connection with the Risk Mitigation and Resilience Measures, upon presentation of an invoice with reasonable supporting information, and the Town of Hinton agrees to operate, inspect, maintain, and repair the Town of Hinton Sewer System to the standard required by the implementation of the Risk Mitigation and Resilience Measures, including through effecting the removal and disposal of solids from the coarse removal system (as part of the Mechanical Preparation System Step 1) on a regular basis; and
- b) the Town of Hinton expressly agrees to the measures set forth in Section 5 of Schedule 3.1 (the "**Mondi Measures**"), such Mondi Measures may be performed by Mondi as set out in Schedule 3.1, with the allocation of cost determined pursuant to Part 5.

3.2 Notwithstanding anything herein, Mondi shall be the sole owner of the Risk Mitigation and Resilience Measures and the Mondi Measures.

#### **PART 4 OBLIGATIONS OF THE TOWN OF HINTON**

4.1 Notwithstanding (and without limiting) any other obligations of the Town of Hinton hereunder, the Town of Hinton shall:

- a) operate, inspect, maintain and repair the Town of Hinton Sewer System;
- b) deliver Waste Water to Mondi:
  - i. at the Connection Point;
  - ii. in volumes that do not exceed the Allowable Daily Quantity;
  - iii. that complies with the Waste Water Discharge Permit and the Town of Hinton By-law No. 062;
  - iv. that does not contravene Waste Water Quality Limits; and
  - v. containing no Non-Permitted Substances that cannot be removed by the Risk Mitigation and Resilience Measures;



- c) effect the removal and disposal of solids from the coarse removal system (as part of the Mechanical Preparation System Step 1) on a regular basis;
- d) authorize Mondi to take all Emergency Measures as necessary or desirable so as to comply with Section 4.1b);
- e) authorize Mondi to complete the Risk Mitigation and Resilience Measures and the Mondi Measures and reimburse Mondi for (i) the Risk Mitigation and Resilience Measures and (ii) the Town of Hinton's share of the costs and expenses based on the Applicable Proportion for the completion of the Mondi Measures, the whole in accordance with Part 5;
- f) provide Mondi with ninety (90) days advance written notice of any material changes in the quantity of any substance described in the Waste Water Discharge Permit within the permitted limits, as a result of changes in the processes or facilities of the Town of Hinton, if known to the Town of Hinton;
- g) subject to any other applicable provisions in this Agreement, not permit any substantial alterations (including, for clarity, temporary substantial alterations) to the composition of the Waste Water as a result of changes in the process or facilities of the Town of Hinton Sewer System without the prior written consent of Mondi, which consent shall not be unreasonably withheld;
- h) upon the request of Mondi and subject to the Town of Hinton's standard security and safety procedures, provide Mondi with reasonable access to enter upon the Town of Hinton Sewer System for the purpose of taking samples of the Waste Water for independent monitoring and testing;
- i) obtain and maintain, at its sole cost and expense, all necessary permits, licenses, consents and approvals required by all authorities having authority including, but not limited to, AEPA, with regard to (i) the disposal of Waste Water by the Town of Hinton or (ii) the delivery of Waste Water to Mondi through the Town of Hinton Sewer System; and
- j) provide ten (10) Business Day's written notice to the Mill's technical department if the Town of Hinton receives an application for a new business license or development permit that, in the Town of Hinton's own determination, may have unusual or large discharge into the Town of Hinton Sewer System or that may have an impact on the Sewage Disposal Facilities prior to issuing said permit. The Town of Hinton will take into consideration any relevant concerns raised by Mondi. These applications may include, but are not limited to new subdivisions, and new types of businesses that are not already existing in the Town of Hinton.

4.2 The Town of Hinton shall, within one hundred eighty (180) days of the date hereof:

- a) use reasonable efforts to conduct an inventory of businesses operating in the Town of Hinton to assist in identifying businesses that may handle substances that constitute Non-Permitted Substances or the discharge of which could lead to the presence of Non-Permitted Substances in the Town of Hinton Sewer System;
- b) identify the Town of Hinton's procedure to investigate any reported Non-Permitted Substances following the delivery of a Water Compliance Notice from Mondri;
- c) provide to Mondri a land use map that specifies (i) the zoning of each area and (ii) any conservation or other land use constraints; and
- d) provide information and education on the proper use of the Town of Hinton Sewer System to the Town of Hinton's residents and businesses.

## **PART 5**

### **DETERMINATION OF THE APPLICABLE PROPORTION**

#### **5.1 Mondri shall provide to the Town of Hinton (each a "Proposal"):**

- a) for each Risk Mitigation and Resilience Measure, a written notice prior to the 31<sup>st</sup> day of October of the calendar year preceding the calendar year in which such measure is set to be implemented, which notice shall include a feasibility study outlining the scope, estimated cost, design criteria and any other information reasonably requested by the Town of Hinton in relation to the contemplated measure;
- b) for each Mondri Measure, a written notice prior to the 31<sup>st</sup> day of October of the calendar year preceding the calendar year in which such measure is set to be implemented, which notice shall include a feasibility study outlining the scope, estimated cost, design criteria and any other information reasonably requested by the Town of Hinton in relation to the contemplated measure, including the Applicable Proportion; and
- c) for each measure pursuant to Section 2.3 for which it is reasonably expected that the Town of Hinton's costs or expenses resulting from the Applicable Proportion exceeds One Million (\$1,000,000.00) dollars, a written notice within a commercially reasonable timeframe, which notice shall outline the scope and estimated cost of the contemplated measure, including the Applicable Proportion,

provided that in case a) above the full costs and expenses of each Risk Mitigation and Resilience Measure shall be paid by the Town of Hinton and in each case b) and c) above, the Town of Hinton's share of the costs and expenses shall be based on the share



of the volume delivered to the Sewage Disposal Facilities by the Town of Hinton compared to the total volumes treated by Mondi in the Sewage Disposal Facilities over the last twenty-four (24) months multiplied by the Applicable Proportion, except as separately defined for the Mondi Measures in Section 6b) of Schedule 3.1.

5.2 The Town of Hinton shall not unreasonably withhold, delay or deny consent to a Proposal and shall be deemed to have consented to a given Proposal in the event that it fails to notify Mondi in writing of its express denial within thirty (30) days of the date on which the written Proposal has been received by the Town of Hinton (a **"Proposal Denial"**). If the Town of Hinton disagrees with the Applicable Proportion set out in a Proposal, it shall submit to Mondi an alternative determination of the Applicable Proportion within thirty (30) days of Mondi providing all reasonably requested supporting information, if any, as requested in writing in the Town of Hinton's Proposal Denial. If Mondi does not agree with such alternative determination of the Applicable Proportion within thirty (30) days, the Parties shall invoke the dispute resolution process set out in Part 10 hereof to establish the Applicable Proportion.

5.3 Once the Applicable Proportion has been finally settled pursuant to Section 5.2, the Parties shall (a) enter into a written agreement that shall in all circumstances (i) apply the Applicable Proportion finally settled pursuant to this Part 5 to the measure described in the Proposal, and (ii) set out the scope and design criteria of such measure and (b) extend the Term of this Agreement to reflect the expected lifespan of such measure to the extent it exceeds the remaining duration of this Agreement.

5.4 Subsequent to the Town of Hinton's written agreement and the amendment of the Term, if applicable, as set out in Section 5.3, the Town of Hinton undertakes to reimburse Mondi for the Town of Hinton's share of the costs and expenses as determined in Sections 5.1 to 5.3 for the measure described in the Proposal (once implemented), upon presentation of an invoice with reasonable supporting information.

## **PART 6**

### **CHANGES, MODIFICATIONS AND UPGRADES**

6.1 The Town of Hinton acknowledges that Mondi may determine from time to time that it is necessary or desirable to undertake changes, modifications or upgrades to the Mill or to Mill operations or processes for purposes related to the operation of the Mill (each a **"Mill Upgrade"**) that might, directly or indirectly, affect the operation of the infrastructure used to provide the Waste Water Services.

6.2 If Mondi knows that a Mill Upgrade is likely to materially and adversely affect the provision of Waste Water Services, Mondi shall notify the Town of Hinton and provide reasonable supporting information (i) in the case of a planned Mill Upgrade, as soon as may be reasonably practicable in the circumstances and in any event not less than forty-five (45) days before commencing the work on that Mill Upgrade, and (ii) in the case of an unplanned Mill Upgrade, as soon as reasonably practicable in the circumstances.

6.3 Upon receipt of a notice as contemplated in Section 6.2, the Town of Hinton will (i) in the case of a notice related to a planned Mill Upgrade as provided in Section 6.2(i), within twenty (20) days, and (ii) in the case of a notice related to an unplanned Mill Upgrade, as soon as reasonably practicable in the circumstances, give notice to Mondi to advise:

- a) that the Town of Hinton has no objections; or
- b) that the Town of Hinton objects to the Mill Upgrade and to provide reasonable particulars of the basis for its objection, including the expected adverse impacts and the mitigation measures suggested by the Town of Hinton (in this Part 6, a **"Notice of Objection"**). For clarity, the Town of Hinton's sole basis for a Notice of Objection may be the Applicable Proportion that the Town of Hinton will be subjected to pursuant to Section 6.6 hereof, in proceeding with a Mill Upgrade.

6.4 If the Town of Hinton fails to provide a Notice of Objection as contemplated in Section 6.3, it will be deemed to have confirmed that it has no objections to the proposed Mill Upgrade. If the Town of Hinton provides Notice of Objection with respect to an unplanned Mill Upgrade as required herein, the Parties will promptly undertake good faith discussions to attempt to agree upon measures to mitigate the adverse impacts identified in the Notice of Objection provided that nothing herein will be deemed to prevent or restrict Mondi from proceeding with a Mill Upgrade, provided that Waste Water Services shall be provided to the Town of Hinton at all times without interruption. In the event the Parties are not able to agree upon measures to mitigate the adverse impacts identified in the Notice of Objection, the Parties shall invoke the dispute resolution process set out in Part 10 hereof, subject to Section 6.5.

6.5 Nothing in this Agreement will restrict or preclude Mondi from proceeding to implement any Mill Upgrade, modification or addition to the infrastructure used to provide the Waste Water Services or to the Mill or its processes that Mondi, in its sole discretion, deems to be appropriate, including pending the dispute resolutions of mitigation measures, as applicable under Section 6.4, provided such Mill Upgrade will not materially affect Mondi's ability to provide all Waste Water Services as set out in this Agreement. For clarity, in the event Mondi proceeds with the Mill Upgrade or implements any of the measures set out in this Part 6 subsequent to the Town of Hinton delivering a Notice of Objection, but until the outcome of the dispute resolution process set out herein determining the Applicable Proportion or other mitigation measures, Mondi shall be responsible for all costs of the Mill Upgrade or other measures and Mondi shall only be eligible for reimbursement for any costs proportioned to the Town of Hinton once the dispute resolution process is final.

6.6 If a Mill Upgrade requires changes or modifications to the Sewage Disposal Facilities, the Town of Hinton's share of the costs and expenses for any such changes or modifications, shall be based on the share of the volume delivered to the Sewage Disposal Facilities by the Town of Hinton compared to the total volumes treated by Mondi in the Sewage Disposal Facilities over the last twenty-four (24) months multiplied by the Applicable Proportion, provided that the Town of Hinton shall pay its shares of the costs of such changes or modifications. The foregoing

shall not apply to the Risk Mitigation and Resilience Measures or the Mondi Measures, which shall be governed by Part 3 and Part 5.

6.7 To meet the needs of good engineering practice and proper plant maintenance, Mondi is entitled, in its sole discretion, to shut down its Mill from time to time for maintenance or repair operations or any other technically, legally, or commercially reasonable grounds (including, but not limited to, Force Majeure Events) provided however that at no time shall the flow of Waste Water at the Connection Point be restricted. Mondi will make Commercially Reasonable Efforts to minimize the number and length of these shutdowns.

6.8 The Town of Hinton acknowledges and agrees that when the Mill is shutdown or its operations are curtailed, or is in the process of being curtailed, shut down, started up or resuming full operation, Mondi may not be able to supply Waste Water Services as provided in this Agreement and that the quality of the Waste Water Services being supplied may change or be affected and Mondi shall not be responsible for any such failure, change or adverse affect.

6.9 Prior to any planned shutdown or curtailment that might reasonably adversely affect the supply of Waste Water Services hereunder, Mondi will provide the Town of Hinton with reasonable advance notice in accordance with this Agreement. Mondi will take all reasonable actions to resume the supply of Waste Water Services as soon as possible.

6.10 In the event of any emergency, unplanned shutdown or curtailment of the operation of the Mill, Mondi will notify the Town of Hinton of the emergency, unplanned shutdown, or curtailment which may materially adversely affect the quality of the Waste Water Services provided hereunder. Notwithstanding any provision herein to the contrary, nothing in this Agreement shall prevent, delay or restrict Mondi from proceeding with an emergency, unplanned shutdown or curtailment of the operation of the Mill.

## **PART 7 FINANCIAL MATTERS**

7.1 Except as expressly set forth in this Part 7, the Town of Hinton will pay Mondi a fee plus all applicable sales taxes (the **"Service Charge"**) as full compensation for the following services, in each case as required under the terms of this Agreement: (i) receiving, transmitting, treating, and disposing of Waste Water, (ii) maintaining the Waste Water Discharge Permit and all other necessary permits, licenses, consents and approvals required by all authorities having authority with respect to the operation, maintenance, repair and replacement of the Sewage Disposal Facilities in good standing, (iii) performing routine inspections, maintenance, repairs and replacements related to the Sewage Disposal Facilities used in the treatment of Waste Water, the Risk Mitigation and Resilience Measures and the Mondi Measures, (iv) monitoring the Sewage Disposal Facilities used in the treatment of Waste Water and the Mechanical Preparation System, and (v) normalized costs of the sludge removal and disposal (collectively, the **"Waste Water Services"**).

7.2 As of the date of this Agreement, the Service Charge will be calculated, as set out in Section 7.4, based upon the sum of the following:

- (A) the effective costs related to the performance of the obligations described in clauses (i), (ii), (iii), (iv) and (v) of Section 7.1, which:
  - (I) as of the date hereof, is [REDACTED] per cubic meter of Potable Water consumed by the Town of Hinton, which price per cubic meter includes the estimate for other water sources (e.g., run-off) as laid out in Schedule 7.3;
  - (II) upon the completion of the Monitoring System and reporting set out in Section 3.1, Section 4.1 and Schedule 3.1, shall be a price per cubic meter of Waste Water delivered by the Town of Hinton to the Connection Point, which price per cubic meter shall be determined based on actual volumes minus any Third Party Effluent volumes as set out in Schedule 3.1;
- (B) upon the completion of the Risk Mitigation and Resilience Measures or any part thereof in accordance with Section 3.1 and Schedule 3.1, the total costs and expenses for the regular removal and disposal of solids as laid out in Section 3.1a) and any other running costs related to the Risk Mitigation and Resilience Measures; and
- (C) an administration fee of [REDACTED] of the amount referred to in subsection (A) multiplied by, as applicable, the consumption of Potable Water or delivery of Waste Water by the Town of Hinton (measured in cubic meters) as laid out in Schedule 7.3, as adjusted and updated in accordance with the provisions of subsection (A)II and an administration fee of [REDACTED] of the amount referred to in subsection (B).

For clarity, the amount referred to in subsection (A) above will be calculated by multiplying the total effective costs that Mondi incurs by the sum of (i) the proportionate share of the Town of Hinton's consumption of Potable Water compared to the total process water consumption (corresponding to item (c) in Schedule 7.3), and (ii) an estimate of two percent (2.0%) for other water sources (corresponding to item (d) in Schedule 7.3), as adjusted and updated in accordance with the provision of subsection (A)II.

7.3 Schedule 7.3 sets out a sample calculation of the Service Charge based on the actual figures for the twelve (12) month period from November 2022 to October 2023.

7.4 Mondi shall calculate the Service Charge on an annual basis based upon Mondi's reasonable forecast of Mondi's total annual costs and expenses in providing the Waste Water Services. If Mondi incurs any costs or expenses in a year related to the performance of the Waste Water Services that were not forecasted and included in the determination of the Service Charge in effect for that year, Mondi may give notice and particulars thereof to the

Town of Hinton and may include those costs and expenses in the determination of an adjustment to the Service Charge.

7.5 In addition to the Service Charge, but without duplication in respect of any cost or expense for which Mondi is compensated through the Service Charge (including any adjustment to the Service Charge pursuant to Section 7.7), the Town of Hinton will reimburse Mondi for all incremental costs and expenses incurred by Mondi incurred as a result of Mondi's obligations under and in accordance with the provisions of this Agreement, including pursuant to Sections 2.2, 2.3, 3.1, 6.6, 7.19, or 7.21 ("**Incremental Charges**").

7.6 For greater certainty, notwithstanding Sections 7.1 to 7.5, Mondi will only charge the Town of Hinton costs related to the treatment of Waste Water coming from the Town of Hinton Sewer System.

#### **Adjustments in Service Charge**

7.7 Except for costs and expenses included in the Incremental Charges, any increase in the cost of supplies or materials, or operating and maintenance costs incurred by Mondi in relation to the performance of its obligations under this Agreement, will be addressed through an increase in the Service Charge determined in accordance with Section 7.2.

7.8 Upon request of the Town of Hinton, Mondi will provide reasonable documentary support for each proposed increase in the Service Charge.

7.9 Mondi will provide a breakdown of the costs and expenses incorporated in its calculation of any proposed increase in the Service Charge and will, upon request by the Town of Hinton, provide copies of invoices and other reasonable documentary evidence to verify and support the calculation of the Service Charge on an annual basis. If the Town of Hinton in good faith wishes to dispute the validity of the calculation of the Service Charge or a proposed increase, the Town of Hinton will give written notice of the dispute to Mondi, including reasonable particulars of the reasons for the dispute, within thirty (30) days of its receipt of the notice of the annual regularization or proposed amendment. If the Town of Hinton disputes the calculation of the Service Charges as provided herein, the Parties will, in good faith, attempt to resolve the dispute. If the Parties fail to resolve the dispute promptly, either Party may refer the dispute for resolution pursuant to the dispute resolution process set forth in Part 10.

#### **Invoices and Payment**

7.10 On or before the first Business Day of each calendar month, the Town of Hinton will provide Mondi with a statement setting out the volume of Waste Water sent to the Sewage Disposal Facilities hereunder each day in the preceding month, provided that (i) until the monitoring process and reporting set out in Section 4.1 are in place, volumes and statements used for invoices and payments will be those of Potable Water consumed by the Town of Hinton, already accounting for the estimate for other water sources (e.g. run-off) as laid out in Schedule 7.3 and (ii) as soon as the monitoring process and reporting set out in Section 4.1 are



in place, the volumes and statements used for invoices and payments will result from such reporting.

7.11 Mondi will subsequently invoice the Town of Hinton on a monthly basis for the Service Charge based on the volumes of Waste Water and Potable Water referred to in (and calculated in accordance with) Section 7.2 and based on its reasonable forecast of its total annual costs and expenses in providing the Waste Water Services as determined pursuant to Part 7. As applicable, Mondi will also prepare an invoice for any Incremental Charges. With respect to any disbursements or out of pocket costs incurred by Mondi and invoiced as provided herein to the Town of Hinton, Mondi will provide reasonable documentary support.

7.12 The Town of Hinton will pay the invoice, provided the Town of Hinton does not dispute its amount or services for objectively justifiable reasons, in full within thirty (30) days of its receipt, unless such invoice is for Incremental Charges and exceeds twenty-five percent (25.0%) of the annual Services Charges for that annual period, in which such invoice shall be paid as agreed between the Parties.

7.13 Interest will accrue on any invoice not paid to Mondi when due, from the due date until paid in full at the rate of interest equal to the prime rate published by Bank of Canada on its website, plus seven percent (7.0%). For clarity, interest shall not accrue on any invoice disputed by the Town of Hinton within thirty (30) days of receipt of the same by the Town of Hinton.

#### **Mill Closure Adjustments**

7.14 If Mondi wishes to permanently cease or shutdown operations at the Mill, Mondi will give the Town of Hinton as much notice in advance as may be commercially reasonable and practical in the circumstances (a "**Closure Notice**"). The Town of Hinton will keep any Closure Notice in strict confidence.

7.15 If the Town of Hinton wishes Mondi to continue to provide the Waste Water Services during the event specified in the Closure Notice, the Town of Hinton will provide written notice to Mondi requesting that it continues to provide the Waste Water Services ("**Notice to Continue in a Closure**") as soon as practicable and in any event within twenty (20) days following its receipt of the Closure Notice.

7.16 Subsequent to the delivery of a Notice to Continue in a Closure by the Town of Hinton, both Parties will forthwith enter into good faith discussions to agree upon the terms of a new agreement (the "**Assumption Agreement**") which will include terms that provide that

- a) the Town of Hinton will assume full responsibility for the operation and maintenance of the Sewage Disposal Facilities as agreed, as of the effective date of the closure as set forth in the Closure Notice, or such earlier or other date as the Parties may agree;

- b) Mondi will have no further responsibility, obligations, liability or risk of any kind or nature whatsoever, direct or indirect with regard to the performance of the Waste Water Services or the Sewage Disposal Facilities; and
- c) except as provided in Section 12.7 or Section 12.4, this Agreement will terminate on the effective date of the Assumption Agreement.

7.17 Mondi shall be restricted from permanently seizing or shutting down operations at the Mill, to the extent such action would breach Mondi's obligation to provide the Town of Hinton with Waste Water Services, for a period of one hundred eighty (180) days following the delivery of a Closure Notice. After the expiry of this period, nothing in this Agreement will be deemed to prevent or restrict Mondi from permanently ceasing or shut down operations at the Mill, even if the Parties cannot agree on the terms of an Assumption Agreement.

#### **Mill Temporary Shutdown**

7.18 If Mondi wishes to temporarily cease, shutdown or substantially curtail the operations at the Mill, Mondi will provide the Town of Hinton as much notice in advance as is reasonably practicable in the circumstances and in any event no less than sixty (60) days ("**Notice of Temporary Shutdown**").

7.19 If Mondi issues a Notice of Temporary Shutdown. Mondi shall in all circumstances continue to accept Waste Water at the Connection Point, with the Town of Hinton bearing the sole expense of Mondi's operation of the Sewage Disposal Facilities to the extent required until such time as the temporary shutdown or curtailment has resolved or the Town of Hinton implements the alternative provisions under Section 7.21. The Service Charge will be temporarily adjusted for the duration of the event specified within the Notice of Temporary Shutdown, in accordance with terms and conditions related to Section 7.5. The adjustment in Service Charge will be applied to cover all of Mondi's ongoing costs and any incremental costs to provide the Waste Water Services contemplated under this Agreement for the duration of the event specified in the Notice of Temporary Shutdown.

7.20 Any Notice of Temporary Shutdown from Mondi and any other notice or information from Mondi to the Town of Hinton regarding a proposed temporary or permanent curtailment, cessation or shutting down of the operations of the Mill, and all related information and discussions, will be maintained in strict confidence by the Town of Hinton.

#### **Alternative Provisions to Provide Waste Water Services**

7.21 In the event of a Closure Notice, Notice of Temporary Shutdown or any other prolonged event that jeopardizes, in the reasonable opinion of the Town of Hinton, the provision of Waste Water Services, Mondi accepts that the Town of Hinton may, acting reasonably,

- a) at the Town of Hinton's cost and expense, make alternate arrangements to obtain the Waste Water Services in accordance with the provisions of this Agreement; or
- b) request that Mondi make alternative arrangements to provide the Waste Water Services and Mondi will make Commercially Reasonable Efforts to implement alternative arrangements to provide the Waste Water Services, provided that the Town of Hinton will be fully responsible for all related operating and capital costs and expenses incurred by Mondi.

7.22 If and to the extent necessary to implement alternative arrangements contemplated under the conditions stated in Section 7.21, Mondi will, on the condition that the actions of the Town of Hinton and its authorised agents do not affect the operation or safety of the Mill's operations, permit the Town of Hinton and its authorized agents:

- a) upon reasonable prior notice, reasonable access to the Mill and existing infrastructure associated with the supply of Waste Water Services, in accordance with Mondi's engineering standards pertaining to safety and fire protection, access and safety conditions; and
- b) to install additional process and transfer equipment at the Town of Hinton's cost, risk and expense to facilitate the provision of Waste Water Services to the Town of Hinton.

7.23 Upon resolution of the issues that resulted in a Notice of Temporary Shutdown or any other prolonged event that jeopardizes, in the reasonable opinion of the Town of Hinton, the provision of sufficient Waste Water Services,

- a) the Town of Hinton will return the Mondi infrastructure to the same status they were in upon commencement of implementing these alternative provisions; and
- b) both Parties will be subject to the terms and conditions included within this Agreement.

7.24 All costs, expenses and risk for the implementation of these alternative provisions, and the restoration of the Mondi infrastructure in accordance with Section 7.23a) will be borne by the Town of Hinton.

## **PART 8 INSURANCE**

8.1 The Town of Hinton will, at its cost, obtain and maintain insurance in such amounts and upon such terms and conditions as are satisfactory to Mondi, acting reasonably.

8.2 The Town of Hinton shall maintain insurance in accordance with Mondi's requirements, which must, at minimum, include:



- a) Commercial General Liability Insurance covering legal liability with limits as contained in such insurance or a minimum of [REDACTED] whichever is greater, for injury, death, or property damage resulting from each occurrence;
- b) Automobile liability insurance for any vehicle that is brought onto the Mill, which includes owned, non-owned, and rented automotive equipment used in connection with work or services provided by Town of Hinton employees. The coverage shall provide a minimum of [REDACTED] coverage for injury, death, or property damage per occurrence; and
- c) Insurance covering liabilities resulting from an overflow or an emergency drainage of the Sewage Disposal Facilities arising in connection with events outside of Mondi's control.

8.3 The insurance to be obtained by the Town of Hinton will include Mondi and its officers, directors and employees as additional insureds and the policy shall be endorsed to add Mondi and those persons as insureds entitled to the full benefits of the policy regardless of whether a claim for coverage is related to a claim against the primary insured.

8.4 The Town of Hinton will provide true copies of certificates or other evidence of such insurance as may be reasonably requested from time to time by Mondi.

8.5 If the Town of Hinton fails to obtain or maintain insurance as required in this Part 8, or fails to provide true copies of certificates or other evidence of such insurance, as required in this Part 8, Mondi may obtain and maintain such insurance at the cost of the Town of Hinton.

## **PART 9 OPERATING PROCEDURES; WASTE WATER MATTERS**

### **Key Operating Procedures**

9.1 The Town of Hinton shall provide, as soon as reasonably possible and in no event later than thirty (30) days following such occurrence, copies of all updates and amendments to its standard operating procedures with respect to the processing, containment and discharge of Waste Water delivered to the Connection Point as they occur from time to time, provided that (i) in no event later than thirty (30) days following the Commencement Date, the Town of Hinton shall provide copies of updates and amendments to its standard operating procedures to be in compliance with the applicable provisions of this Agreement (including any applicable emergency procedures) and (ii) in no event later than three (3) months after the completion of the Risk Mitigation and Resilience Measures and the Mondi Measures, the Town of Hinton shall provide copies of updates and amendments to its standard operating procedures to reflect the updated procedures in connection with such Risk Mitigation and Resilience Measures and such Mondi Measures, if applicable.

9.2 Notwithstanding anything herein, Mondi may at any time deliver to the Town of Hinton a written notice (a **"Non-Permitted Substance Notice"**) to amend or supplement the substances and related concentrations or mass loadings set forth in the Waste Water Discharge Permit or the Town of Hinton By-law No. 062 to (a) ensure compliance with the Waste Water Discharge Permit, any other applicable environmental licenses and any applicable legislation or regulations in force from time to time or (b) prevent any adverse impact on the operations of the Mill.

9.3 The Town of Hinton agrees to inform Mondi of any anticipated or proposed amendment to the Town of Hinton By-law No. 062 or any anticipated and proposed enactment or amendment of any municipal by-law, rule or regulation that may result in Non-Permitted Substances being discharged in the Waste Water delivered by the Town of Hinton to Mondi in violation of the terms and condition of this Agreement. In such a case, the Town of Hinton agrees to cooperate, to the extent possible, with Mondi to ensure that the list of Non-Permitted Substances under this Agreement is not reduced and that the related concentrations or mass loadings are not lowered.

#### **Violation of Limits and Environmental Liabilities**

9.4 In the event that:

- a) the amount of Waste Water received at the Connection Point exceeds the Allowable Daily Quantity;
- b) Mondi concludes, acting reasonably, that any part of the Waste Water Quality Limits have been exceeded;
- c) Mondi concludes, acting reasonably, that the Waste Water received at the Connection Point may otherwise lead to noncompliance related to the Waste Water Discharge Permit; or
- d) the Waste Water received at the Connection Point contains a Non-Permitted Substance (and, in the event such Non-Permitted Substance was notified to the Town of Hinton pursuant to Section 9.2, twenty (20) days have elapsed since the delivery of such Non-Permitted Substance Notice);

then Mondi may provide a written request to the Town of Hinton (a **"Water Compliance Notice"**) to take all actions required to resolve the circumstances giving rise to such request.

9.5 Upon receipt of a Water Compliance Notice from Mondi, the Town of Hinton shall take Commercially Reasonable Efforts to resolve the circumstances giving rise to such demand within a reasonable time and in no event later than five (5) days following its receipt of such Water Compliance Notice. Upon receipt of a Water Compliance Notice in connection with an event as set out in Section 9.4d), the Town of Hinton shall investigate any source of such

substances in the Waste Water delivered by the Town of Hinton to Mondi and seek to mitigate the effects of the discharge of such substances in the Waste Water delivered by the Town of Hinton to Mondi, acting reasonably.

9.6 Notwithstanding Sections 9.4 and 9.5 hereof and without prejudice to any other remedy which Mondi may have against the Town of Hinton (including any indemnification right under Section 11.5), should Mondi, acting reasonably, be concerned about a risk to health and safety, the environment, or an adverse impact on the operations of the Mill in relation to the Waste Water delivered by the Town of Hinton, Mondi may implement any Emergency Measures (including to bypass the Sewage Disposal Facilities and direct the Waste Water directly into the Athabasca River), at the sole expense of the Town of Hinton and without assuming any liability in connection with such measures.

## **PART 10 DISPUTE RESOLUTION**

### **Escalation/Informal Dispute Resolution**

10.1 Any dispute arising out of or in connection with this Agreement shall initially be submitted for resolution pursuant to the provisions of this Part 10 before any Party may commence any action (other than an action solely for injunctive relief) in respect of such dispute. A Party's failure to comply with the preceding sentence shall constitute a cause for dismissal without prejudice of any such action.

10.2 Any dispute shall initially be submitted for resolution to a representative for each of the Town of Hinton and Mondi. The Town of Hinton and Mondi shall each cause their representatives to act in good faith in connection with the negotiation and resolution of such dispute.

10.3 If the Parties' representatives fail to resolve the dispute within five (5) Business Days of the submission of such dispute for resolution pursuant to Section 10.2, and the dispute is between the Parties in respect of any matter relating to the terms, conditions or other requirements of this Agreement, either Party may request, by notice to the other Party to that effect, that the dispute be submitted for determination by arbitration in accordance with the following:

- a) the arbitration will be conducted by a single arbitrator agreed to by the Parties, and if no agreement is reached within five (5) Business Days after the notice which requested the arbitration:
  - i. each Party will, within five (5) Business Days, select one arbitrator, and a third arbitrator will, within five (5) Business Days, be agreed to by the selected arbitrators and failing agreement, by the Court of King's Bench of Alberta;

- ii. if either Party fails to select an arbitrator, the arbitrator selected by the other Party will act as the sole arbitrator;
- b) the decision of a majority of the arbitrators or the sole arbitrator, as the case may be, including any decision as to costs, will be final and binding on the Parties, but will not be a precedent in any subsequent arbitration under this Agreement; and
- c) except as expressly provided herein, all arbitrations will be conducted according to the laws governing commercial arbitrations in Alberta. Any dispute referred to arbitration will be dealt with on an expeditious basis with both Parties using all Commercially Reasonable Efforts to obtain and implement a timely decision of the arbitrator.

## **PART 11**

### **LIMITATIONS OF LIABILITY AND INDEMNITY**

#### **Limitation of Liability**

11.1 Under no circumstance will Mondi be liable to the Town of Hinton, including, but not limited to, its officers, employees, associates, affiliates and contractors or to any other person (the "**Hinton Indemnitees**") in respect of any claim, action, cause of action, loss, cost, damage or death, illness or injury of any kind or nature whatsoever, direct or indirect, whether in contract, in tort including negligence, by statute, or under any quasi-contract or other theory of liability, in an amount greater than Two Million (\$2,000,000.00) dollars.

11.2 If liability arises as the result of more than one claim, action, cause of action, loss, cost, damage or injury or otherwise as contemplated under Section 11.1, the limitation of liability provided in Section 11.1 will apply for each period of one (1) calendar year (being January 1 to December 31) to the aggregate of the claims that arose in that same one (1) calendar year.

11.3 Without limiting in any way the limitations on liability in Section 11.1 and Section 11.2, in no event will Mondi be liable to the Town of Hinton or any other party for any indirect, special or consequential damages or loss including, but not limited to, lost profits, lost business revenue or opportunity or contracts and failure to realize expected savings, regardless of the form of action, whether in contract, in tort including negligence, by statute, or under any quasi-contract or other theory of liability, even if a Party has been advised of the possibility of such damages.

11.4 The limitations of liability under this Agreement apply:

- a) regardless of the basis on which any party is entitled to claim, including breach of contract, even if a fundamental breach, or tort, including negligence or misrepresentation; and

- b) in relation to Mondi and each of Mondi's directors, officers, employees, agents, subcontractors, affiliates and personnel (individually and collectively in any combination).

### Indemnity

11.5 Subject to Section 11.6, the Town of Hinton will indemnify and save Mondi and each of Mondi's directors, officers, employees, agents, subcontractors, affiliates and personnel (individually and collectively in any combination) harmless from any losses, costs, damages, claims, actions, causes of action, investigations or other proceedings incurred by or affecting Mondi or any of Mondi's directors, officers, employees, agents, subcontractors, affiliates and personnel (individually and collectively in any combination, "**Claims**") related to this Agreement including Claims by or related to:

- a) the services provided by Mondi under this Agreement;
- b) arising from the Town of Hinton's action or inaction in fulfilling its obligations or exercising its rights under this Agreement;
- c) the need to obtain or maintain easements and right-of-ways to carry out the terms of this Agreement;
- d) shutdowns or curtailments in the Mill's operations or damages suffered by Mondi for economic loss, including loss of profit, if the Town of Hinton or any of its employees interrupt or disrupt the operation of the Mill through actions outside of the procedures and policies set forth in this Agreement;
- e) the circumstances and situations described in Sections 9.4 to 9.6;
- f) measures requested or undertaken by Mondi in accordance with Sections 9.4 to 9.6; and
- g) an overflow or an emergency drainage of the Sewage Disposal Facilities arising from the volume of Waste Water delivered by the Town of Hinton and in connection with events outside of Mondi's control.

11.6 The Town of Hinton's liability for any Claims by Mondi under Section 11.5 shall not extend to indirect claims.

11.7 The Town of Hinton will not be responsible for costs, losses or damages incurred or suffered by Mondi as a direct result of Mondi's employees or agents wilful misconduct or gross negligence.

11.8 In ensuring that there will be no cost to Mondi from any the events or circumstances outlined in Section 11.5, "cost", "Claims" and "proceeding" will be broadly interpreted, without limitation, as follows:

- a) "cost" will be deemed to include legal fees before and during any actual or threatened litigation or other proceeding or investigation, costs or expenses including fees paid to consultants and experts, all applicable taxes, fines, penalties, assessments, damages, losses, liabilities, amounts paid in settlement of a claim and expenses related to a claim;
- b) "Claim" will be deemed to include any decision by a body with legal authority, including a court, regulatory body, or government or quasi-governmental department or agency; and
- c) "proceeding" in relation to any matter for which a claim for indemnification might be made will be deemed to include any notice from a government or regulatory body or potential claimant and any step in response thereto an investigation, preliminary inquiry, formal inquiry, regulatory hearing or process, prosecution or civil action.

## **PART 12**

### **GENERAL**

#### **Force Majeure**

12.1 Neither Party will be responsible for failing to meet its obligations under this Agreement if such failure is the result of any cause or circumstance beyond its reasonable control and unforeseeable at the time of the Agreement including, but not limited to, acts of God, fire, strike or other labour disruption, lockout, sabotage, terrorist attack, riot, war, flood, extraordinary breakdown or system failure (notwithstanding diligent maintenance work being carried out), explosion, changes in laws or regulations, court order, act of any government body or agency having jurisdiction over the Mill, the Sewage Disposal Facilities or the Risk Mitigation and Resilience Measures or the Mondi Measures, state of emergency or public health emergency declared by a governmental authority, pandemic, epidemic, government mandated quarantine, blockade, civil commotion or disobedience (lawful or unlawful) or for any similar reason, including, for Mondi, as applicable, the delay or failure of any government body to issue (or the suspension of) material authorizations or approvals necessary to operate the Sewage Disposal Facilities, the Risk Mitigation and Resilience Measures or the Mondi Measures, and the shortage of any material supplies required for Mondi's operations of the Sewage Disposal Facilities, the Risk Mitigation and Resilience Measures or the Mondi Measures (any such event a **"Force Majeure Event"**).

12.2 If a Force Majeure Event occurs, the affected Party will give prompt notice to the other Party and will take all Commercially Reasonable Efforts to overcome such event.

12.3 In no event will a Force Majeure Event excuse a failure to meet any financial obligation including an obligation to:

- a) indemnify under Sections 11.5 to 11.8, or



- b) make any payments required by this Agreement.

### **Term and Termination of this Agreement**

12.4 This Agreement is conditional upon the Town of Hinton granting the property tax exemptions to Mondi pursuant to the Town of Hinton Bylaw # 1161-1 as amended, in accordance with the application made by Mondi in this respect (the "**Tax Exemptions**"), and in the event that the Tax Exemptions are not granted or are revoked or rescinded prior to the expiry as set out in Bylaw #1161-1 by the Town of Hinton, unless such revocation or rescission occurs as a result of actions by Mondi affecting the conditions set out in the Tax Exemptions, this Agreement shall be null and void.

12.5 This Agreement shall be effective and commence on the Commencement Date and terminate on twentieth (20<sup>th</sup>) anniversary of the Commencement Date except if amended or terminated earlier in accordance with the provisions of this Agreement or extended in accordance with Section 5.3 to reflect the expected lifespan of a given measure (the "**Initial Term**").

12.6 Notwithstanding Section 12.5, this Agreement shall automatically renew until such time as it is terminated by not less than twelve (12) months prior written notice from one Party to the other Party (the "**Renewal Term**").

12.7 This Agreement is conditional upon the occurrence of Closing (as defined in the Purchase Agreement), and in the event that Closing does not occur, this Agreement shall be null and void.

12.8 If a Party (the "**Breaching Party**") is in breach of a material obligation under this Agreement, the other Party (the "**Non-Breaching Party**") may give written notice of the breach ("**Notice of Breach**") to the Breaching Party. The Notice of Breach will provide reasonable particulars of the breach. If the Breaching Party fails to cure such breach within sixty (60) days following its receipt of the Notice of Breach, or make all Commercially Reasonable Efforts to do so, should such breach require more than sixty (60) days to cure, the Non-Breaching Party may, upon not less than ten (10) additional days notice, terminate this Agreement.

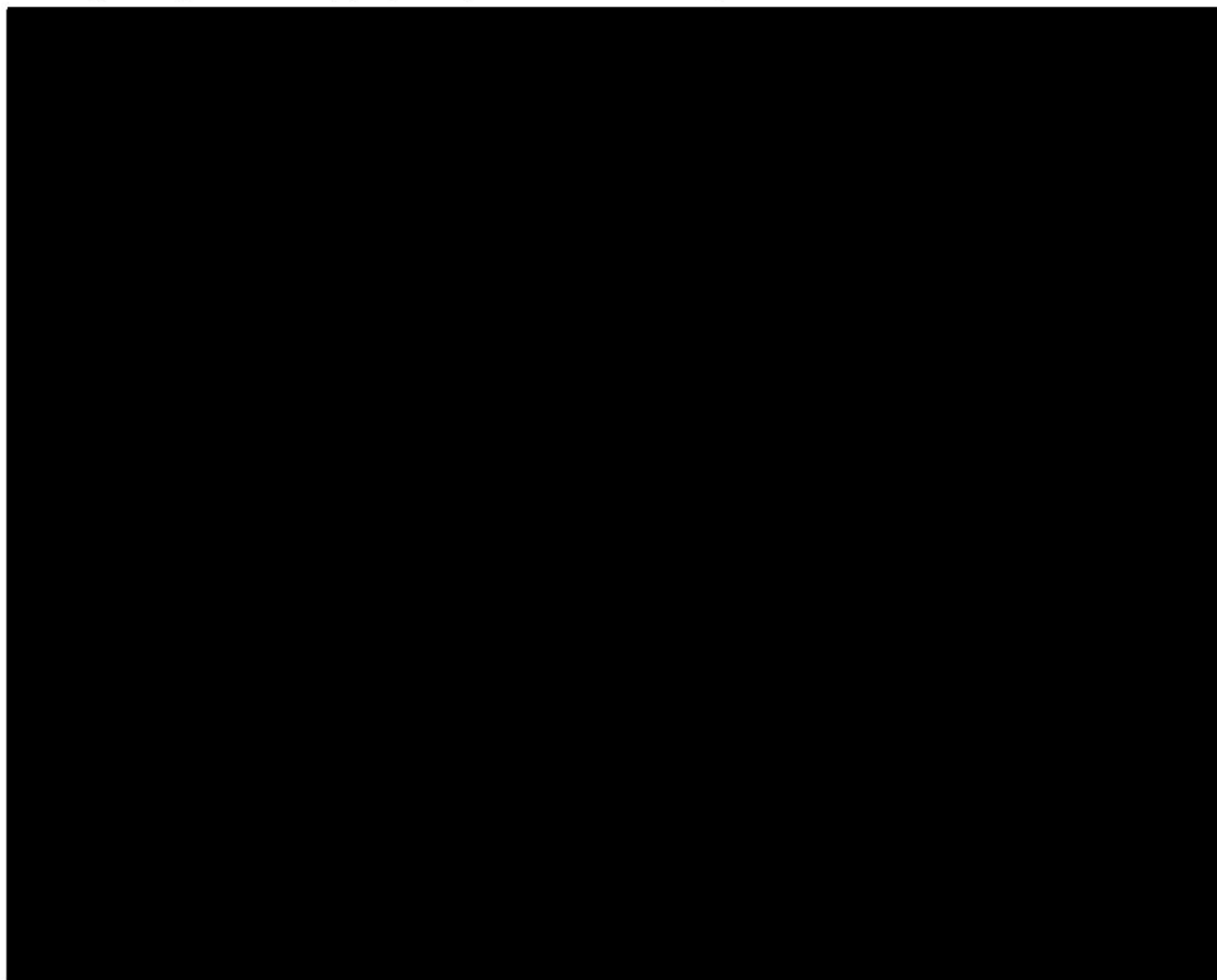
### **Sale of Mill**

12.9 In the event that the Mill is sold or transferred to a third party, Mondi will notify the Town of Hinton and will require that the purchaser continues to supply Waste Water Services pursuant to the terms of this Agreement. Once any third-party purchaser or transferee agrees to assume Mondi's obligations under this Agreement and upon sale or transfer of the Mill, Mondi will be, and will be deemed to have been, fully and unconditionally released and discharged from any further obligation under this Agreement from and after the effective date of the purchase or transfer.

12.10 Nothing in this Agreement will prevent Mondi from transferring the Mill to an affiliate provided that, in the event of such a transfer, Mondi will not be relieved from the performance of all obligations under this Agreement.

**Notice**

12.11 Any written notice or demand required by this Agreement will be sent by registered or certified mail, personal delivery, overnight commercial carrier, with a copy by electronic mail. If hand delivered, the notice will be effective upon delivery. If mailed, the notice will be effective five (5) Business Days after being deposited with Canada Post by certified mail, return receipt requested, addressed appropriately to the intended recipient, as follows:



12.12 Either Party may change the address at which it receives notices by giving written notice to the other Party in the manner prescribed by Section 12.11.

**Enurement**



12.13 This Agreement will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

#### **Independent Contractors**

12.14 Mondi and the Town of Hinton are independent contractors and neither Party will act as the legal agent of the other or otherwise cause the other to incur liability in any manner whatsoever.

12.15 Neither Party will issue a news release, public announcement or advertisement concerning the existence of this Agreement or its efforts in connection with this Agreement without the prior written approval of the other Party.

#### **Amendments**

12.16 No deletions, supplements, additions, modifications or changes to the terms and conditions of this Agreement will be effective unless specified in a written amendment to this Agreement signed by both Parties.

#### **No Assignment**

12.17 Neither Party may assign its obligations under this Agreement without the prior written consent of the other Party, which consent may not be unreasonably withheld, conditioned or delayed.

12.18 Except as provided in Section 12.9, the assignor will remain liable for any failure by any assignee to perform any of its obligations under this Agreement.

#### **Waiver**

12.19 No waiver by either Party of any delay, default or omission by the other Party will affect or impair the rights of the non-defaulting Party in respect of any subsequent delay, default or omission of the same or different kind.

#### **Governing Law**

12.20 This Agreement will be governed by the laws in force in the Province of Alberta, and the Parties hereby irrevocably submit to the jurisdiction of the courts located at the Province of Alberta. The remedies specified in the Agreement will be considered the sole or exclusive remedies of the Parties.

#### **Entire Agreement**

12.21 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no unwritten agreements or understandings, except as referenced and attached hereto.

### **Survival**

12.22 All those provisions of this Agreement which by their nature ought reasonably to survive the expiration or termination of this Agreement, including Part 10 (*Dispute Resolution*), Part 11 (*Limitations of Liability and Indemnity*) and this Part 12, will survive the expiration or termination for any reason of this Agreement.

### **Severability**

12.23 If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination will not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

### **Time of Essence**

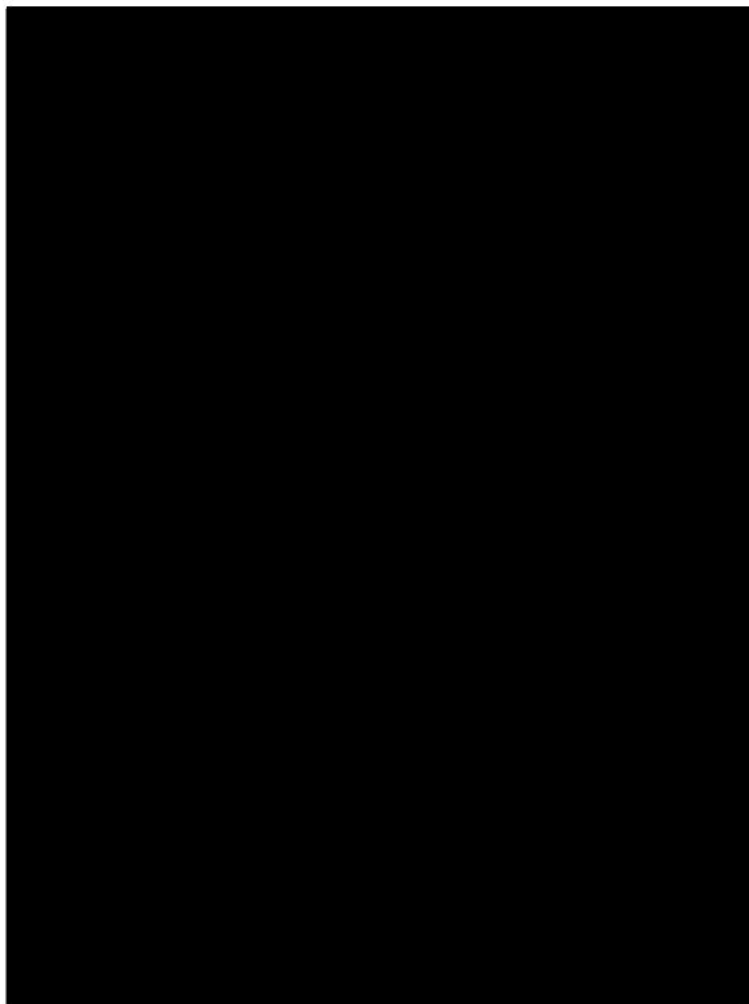
12.24 Time is of the essence in the performance of this Agreement.

### **Counterparts**

12.25 This Agreement may be executed in two or more counterparts and all counterparts so executed will for all purposes constitute one agreement binding on both Parties.

(Signature Page follows)

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.



**SCHEDULE 1.1B)  
QUANTITY LIMITATIONS**

**Quantity Limitations**

The Allowable Daily Quantity is 21,360,000 litres.

**Quality Guidelines**

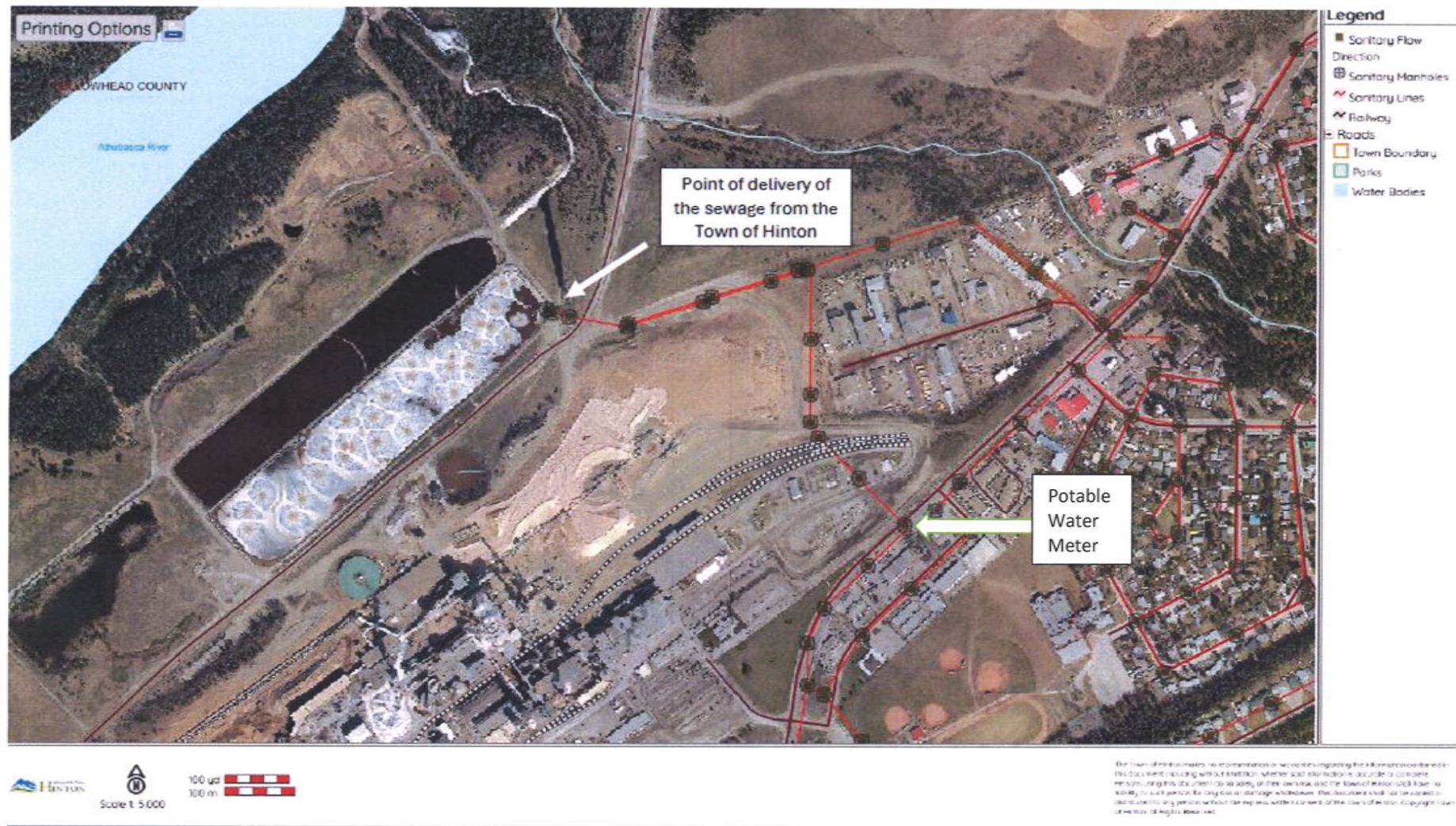
The following quality guidelines must be met for the Mill to accept the Town of Hinton's sanitary sewage:

- pH 6.0<pH<10.5
- Temperature <75°F

**Prohibited Wastes**

The Town of Hinton will follow the "Code of Practice for Wastewater Systems Consisting Solely of a Wastewater Collection System", September 2003, as well as the Town of Hinton By-law No. 062, each as may be amended or replaced from time to time.

# SCHEDULE 1.1(K) CONNECTION POINT



**SCHEDULE 1.1BB)**  
**NON-PERMITTED SUBSTANCES**

- Hazardous materials
- Radioactive materials
- Animals
- Asphalts, gravel, tar, soil or concrete
- Glass
- Gardening wastes
- Elemental mercury
- Combustible fluids or materials
- Flammable fluids or materials
- Fuels
- Pesticides
- Paints stains or coatings (oil or water based), paint thinners or solvents
- Fats, oils, greases from cooking
- Medications
- Car and garage oils or lubricants
- Rags or cloth
- Hygiene products (i.e. sanitary napkins, liners, tampons, diapers, wipes, condoms, dental floss, cotton swabs)
- Personal care products (i.e. nail polish, perfume, aftershave)



**SCHEDULE 1.1WW)**  
**TOWN OF HINTON BY-LAW NO. 062**

See attached.

**SCHEDULE 1.1AAA)**  
**WASTE WATER DISCHARGE PERMIT**

See attached.

**SCHEDULE 1.4**  
**LIST OF EXISTING AGREEMENTS**

1. Services Agreement, as amended in 1988, 1998, and 2014, attaching the Operating Agreement as a schedule;
2. Transition Agreement for Water Services effective as of January 1, 2018, attaching the Transition Operating Agreement as a schedule;
3. Umbrella Agreement Water Supply Services effective as of May 17, 2018;
4. Form of Interim Water Services Agreement, attached as a schedule to the Umbrella Agreement;
5. Operating Agreement, attached as a schedule to the Interim Agreement.

**SCHEDULE 3.1**  
**RISK MITIGATION AND RESILIENCE MEASURES AND MONDI MEASURES**

1. **Risk Mitigation and Resilience Measures.** The risk mitigation and resilience measures as indicated in this Section 1 of Schedule 3.1 shall be built at a point located before the Connection Point and after any infeed to the Town of Hinton Sewer System and, at minimum, include:
  - a) a mechanical preparation system (the “**Mechanical Preparation System Step 1**”) consisting of the following measures:
    - i. a coarse removal system (e.g., a mechanical bar screen);
    - ii. a closed building for the coarse removal system, the Monitoring System and the storage of sampling equipment; and
    - iii. if required, a pumping system after the coarse removal system (subject to the feasibility study and pre-engineering as set out in Section 4b) of this Schedule 3.1);
  - b) a Monitoring System that meets the monitoring requirements as set out in Schedule 4.1;
  - c) a mechanical preparation system (the “**Mechanical Preparation System Step 2**”) consisting of the following measures (together with the Mechanical Preparation System Step 1, the “**Mechanical Preparation System**”):
    - i. a sand and oil trap;
    - ii. a screw press for solids from the sand and oil trap;
    - iii. a closed building or the extension of the already installed building for the temporary storage of solids from the screw press; and
    - iv. a pumping system (if the previously installed pumping system as part of the Mechanical Preparation System Step 1 is not sufficient) to connect the Mechanical Preparation System to the Connection Point.
2. **Risk Mitigation and Resilience Measures – Timeline.**
  - a) The measures set out in Sections 1a) and 1b) of this Schedule 3.1 shall be completed within eighteen (18) months of the Commencement Date; and
  - b) The measures set out in Section 1c) of this Schedule 3.1 shall be completed within four (4) years of the Commencement Date.
3. **Risk Mitigation and Resilience Measures – Requirements.** The Risk Mitigation and Resilience Measures shall be constructed and dimensioned in such a way that up to forty (40) trucks per day of any third party authorized by Mondi in its sole discretion may offload effluents into the Risk Mitigation and Resilience Measures, such that the disposed effluents by such trucks (the “**Third Party Effluent**”) pass through the Risk

Mitigation and Resilience Measures and the Mondi Measures. Any Third Party Effluent volumes shall be deducted from the balance of the Town of Hinton volumes as measures at the Connection Point. Each of the Town of Hinton and Mondi may charge such third parties for their disposition of Third Party Effluent into the Risk Mitigation and Resilience Measures and the Mondi Measures at their sole discretion, with such fees to be jointly set and periodically reviewed from time to time. Any fees charged to third parties by the Town of Hinton and collected by Mondi on the Town of Hinton's behalf shall form a credit on the next-issued invoice from Mondi to the Town of Hinton, unless otherwise agreed between the Parties.

4. **Risk Mitigation and Resilience Measures – Town of Hinton Acknowledgement.** The Town of Hinton acknowledges that:

- a) the Risk Mitigation and Resilience Measures contemplated in this Schedule 3.1 require new infrastructure to be built and the Town of Hinton shall cooperate with Mondi to identify suitable land for the same, with the infrastructure being built on Mondi's land, if there is no reasonable alternative in the opinion of the Town of Hinton; and
- b) the Risk Mitigation and Resilience Measures contemplated in this Schedule 3.1 require a feasibility study which shall be initiated by Mondi within the first three (3) months of the Term of this Agreement, in each case at the sole cost, risk, expense and benefit of the Town of Hinton. Mondi further commits to share all intermediate and final results from the feasibility study and pre-engineering with the Town of Hinton, and the Town of Hinton agrees to take such further actions as reasonably necessary to facilitate the implementation of the Risk Mitigation and Resilience Measures so as to meet the timelines specified in Section 2 of this Schedule 3.1. All costs and expenses incurred by Mondi in connection with the Risk Mitigation and Resilience Measures shall be borne by the Town of Hinton.

5. **Mondi Measures.** The Mondi Measures to be completed at the discretion of Mondi (including in terms of options and timing) shall include:

- a) changing the sludge disposal system as considered appropriate by Mondi and in accordance with all applicable legislation, regulations, permits and licenses, including to reduce or stop the landfilling of sludges and to incinerate such sludges at one of Mondi's boilers; and
- b) fully rebuilding the Sewage Disposal Facilities or parts thereof and replacing them, in whole or in part, as considered appropriate by Mondi and in accordance with all applicable legislation, regulations, permits and licenses, including to replace the current pond with an activated sludge system.

6. **Mondi Measures – Town of Hinton Acknowledgement.** The Town of Hinton acknowledges that:

- a) the Mondi Measures contemplated in Section 5a) of this Schedule 3.1 would require additional investments in the set-up and the boiler for the purposes of incinerating Waste Water product, provided that the Town of Hinton shall pay its share of the costs and expenses of such investments based on the Applicable Proportion; and
  - b) the Mondi Measures contemplated in Section 5b) of this Schedule 3.1 would require additional investments to remove the old equipment and facilities, as well as additional investments in the set-up and in new equipment, the cost of which shall be paid by each Party which shall be based on the forecasted quantity of material of each Party to be processed by the measure (as may be calculated by volume or total mass of solids whichever is, in the opinion of the designer, more appropriate) multiplied by the Applicable Proportion and as set out in Section 3.1b) of this Agreement. If there is a dispute as to the opinion of the designer for the purposes of determining the Applicable Proportion of a given Mondi Measure, the Parties shall invoke the dispute resolution process set out in Part 10 of this Agreement.
7. **Estimate of Scope and Cost.** The Parties acknowledge that Appendix 3.1(7) is an estimate of the scope and costs of the Risk Mitigation and Resilience Measures.



APPENDIX 3.1(7)  
ESTIMATE OF SCOPE AND COST

Cost estimate of the Risk Mitigation and Resilience Measures  
amounts to c. CAD10m

Preliminary			
0 Project Management, Feasibility Study & Pre-engineering	1 Monitoring System	2 Mechanical Preparation System Step 1	3 Mechanical Preparation System Step 2
• Project Management, Feasibility Study & Pre-engineering	• Monitoring System	• Coarse removal system (e.g. mechanical bar screen)	• Sand and oil trap
		• Closed building for Coarse removal system, Monitoring System and storage of sampling equipment	• Screw press for solids from the sand and oil trap
		• Pumping system after the Coarse removal system (if required)	• Extension of closed building for temporary storage of solids from the screw press
			• Extension of pumping system to connect the Mechanical Preparation System to the Connection Point (if required)
Est. project cost:			
			TOTAL SUM: ∑ 10,000 k\$

Notes:  
2 \* All dollar amounts are Canadian dollars  
\*\* Overview shows preliminary estimates – more detailed cost estimates are subject to feasibility study and pre-engineering



#### **SCHEDULE 4.1 MONITORING REQUIREMENTS**

1. The monitoring equipment to be installed by Mondi as part of the Risk Mitigation and Resilience Measures (as further set out in Schedule 3.1) must be located between the Mechanical Preparation System and the Connection Point and enable Mondi to determine whether the Town of Hinton is compliant with the terms and conditions of this Agreement in all respects, including Schedule 1.1b) (*Quantity Limitations*), Schedule 1.1ww) (*Town of Hinton By-law No. 062*), Schedule 1.1aaa) (*Waste Water Discharge Permit*) and Part 4 of this Agreement (the "**Monitoring System**"). Without limiting any requirements set out in this Agreement, the Monitoring System must, at minimum, have the capacity to measure the following properties of the Waste Water delivered to the Connection Point by the Town of Hinton:
  - a) **via an online monitoring system:**
    - i. volume;
    - ii. temperature;
    - iii. conductivity;
    - iv. pH value; and
  - b) **via manual monitoring**, which shall include physical sampling to audit and assess the Waste Water received by Mondi from the Town of Hinton as imposed by one or more of AEPA, Environment Canada, or any other party having authority in place and in line with the frequency set forth in the Waste Water Discharge Permit:
    - i. COD;
    - ii. BOD; and
    - iii. TSS (total suspended solids).
2. In addition to the foregoing, Mondi reserves the right to conduct manual monitoring in line with the terms outlined in this Schedule 4.1 and without prior notice to the Town of Hinton at any time and at a frequency it considers appropriate, but not more than once a week.
3. Samples collected pursuant to manual monitoring in accordance with this Schedule 4.1 shall be, at the sole cost and expense of the Town of Hinton, sent to and assessed by external laboratories selected by Mondi at its discretion to (a) ensure compliance with the terms and conditions of this Agreement in all respects and (b) adjust the online monitoring system as needed.

<sup>3</sup> Future cost item once the Risk Mitigation and Resilience Measures are implemented