



Appendix G: Draft Performance Bond

Resource Recovery Service Provider - Performance Bond

One of the obligations of the Resource Recovery Service Provider under section XX of the Services Agreement is to post a Performance Bond in favour of Recycle New Brunswick.

The posting of this bond is intended to ensure that Recycle New Brunswick and the public are adequately indemnified against financial impacts associated with, but not limited to, breaches of the Agreement by the Service Provider, costs associated with the failure of the service agreement to meet their commercial obligations or costs associated with the cessation of operations of the Resource Recovery Service Provider.

The requirement for the Resource Recovery Service Provider to post the required Performance Bond will come into effect at the execution of the Resource Recovery Service Provider Services Agreement.

The formula for calculating the amount of Performance Bond to be posted by the Service Provider is as follows:

$$\text{Service Provider Performance Bond} = \text{Estimated Total Value of the Annual Contract} \times 5\%$$

The Total Value of the Annual Contract approximating the Total Tonnes of End of Life (EOL) Tires (or derivatives of EOL Tires) to be received and recovered in the year times the over the scale rate (weighted average of \$TBD/tonne), according to the current contract, multiplied by 5%. Based on this formula, Recycle New Brunswick is requesting a Performance Bond of \$XXX,XXX from _____.

The Performance Bond must be posted by the Resource Recovery Service Provider in the form of an irrevocable letter of credit or as a cash payment to Recycle NB Tire Management Systems to be held in trust, with any accrued interest being the property of the Resource Recovery Service Provider. Any other form of Performance Bond will require advance approval from Recycle New Brunswick.

The Performance Bond requirement and formula will be reviewed by Recycle New Brunswick annually, and any adjustments will be communicated promptly.