

TIRE STEWARDSHIP MANITOBA

PROCESSOR POLICIES, PROCEDURES & INSTRUCTIONS

Topics	Procedures	Issued - October 13, 2017
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Preamble

Tire Stewardship Manitoba (TSM) is a not-for-profit association formed as a stewardship agency to represent the tire retailers of Manitoba. TSM has had its tire product stewardship program (the Plan), approved by Manitoba Conservation in accordance with *The Tire Stewardship Regulation 2006* under the *Waste Reduction And Prevention Act*.

A Processor is required to enter into an Agreement with TSM and follow all Policies and Procedures here set out in order to receive financial incentives supporting the recycling of scrap tires. TSM may revise the Policies and Procedures from time to time and the Processor agrees to be bound and comply with the same. In the event of a Policy or Procedure being cancelled or altered, then TSM shall issue notice to that effect.

1.0 Definitions

1.1 The following words and phrases have the following meanings, respectively:

- a) **“Act”** shall mean the *Waste Reduction And Prevention Act*, as amended from time to time;
- b) **“Eligible Distance”** (Transportation Credit Purposes) whereby the transportation credit paid is based on the distance to the nearest eligible registered processor, herein referred to as the “eligible distance”.
- c) **“Environmental Laws”** shall mean any and all applicable laws, statutes, regulations, treaties, orders, judgments, decrees, official directives and all authorizations of any department or body of any federal, provincial, regional or municipal government or any agency thereof relating to the protection of the environment, including in particular, but without limiting the generality of the foregoing, the manufacture, use, storage, disposal and transportation of any Hazardous Substance;
- d) **“Good Tire”** shall mean a casing that is recyclable by the Processor’s equipment;
- e) **“Hazardous Substance”** includes any contaminant, pollutant, dangerous substance, liquid waste, industrial waste, hauled liquid waste, toxic substance, hazardous waste, hazardous material, or hazardous substance as defined in or pursuant to any law, judgment, decree, order, injunction, rule, statute or regulation of any court, arbitrator or federal, provincial, state, municipal, county or regional government or governmental authority, domestic or foreign, or any department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing to which the Processor is subject;
- f) **“Hauler”** shall mean a person or corporation engaged in the business of collecting and transporting tires from Registered Retailers or Registered Generators to the Processor;
- g) **“Imported Tires”** shall mean whole tires or semi-processed tires generated from a location outside Manitoba;
- h) **“Inventory”** shall mean whole tires, semi-processed tires, and finished product or residuals from TDP or TDF processes;
- i) **“PTE”** shall mean a passenger tire equivalent that weighs 10 kilograms;
- j) **“Policies and Procedures”** shall mean the policies and procedures published by TSM and

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delivered to the Processor as amended from time to time;

- k) **“Processor”** shall mean the scrap Tire processor that has entered into a Processor Agreement with TSM;
- l) **“Processor Incentive”** shall mean the financial incentive, as from time to time determined and payable by TSM to the Processor for undertaking the Tire recycling initiative contemplated under the terms of the Agreement and the Policies and Procedures;
- m) **“Registered Generator(s)”** shall mean other depositories of scrap Tires such as landfills or scrap yards which are registered with TSM;
- n) **“Registered Retailer”** shall mean a person or corporation who has entered into a Retailer Agreement with TSM to participate in the Plan;
- o) **“Regulations”** shall mean the Regulations passed pursuant to the Act;
- p) **“Resident”** shall mean a person who generates a scrap tire from a residence in Manitoba;
- q) **“Retailer Agreement”** shall mean an agreement in writing between TSM and a retailer by which the retailer has agreed to participate in the Plan;
- r) **“TDF”** shall mean Tire derived fuel;
- s) **“TDP”** shall mean Tire derived products;
- t) **“Tire(s)”** shall have the meaning as set out in Schedule “A”;
- u) **“Transportation Incentive”** shall mean the financial incentive, as from time to time determined and payable by TSM to the Processor for the collection and transportation of Tires from a Registered Retailer or Registered Generator to the Processor;
- v) **“Security Assurance”** A security is defined as a non-cancelable commitment. The security is a written instrument executed by the processor and a second party, e.g. a financial institution, to assure fulfillment of the processors obligations to the Program. In the event a processor abandons its site or is otherwise unable to process and/or sell its inventory, the security must assure payment, to the extent stipulated, of any loss sustained by the Program and/or costs incurred to clean up the site. The security may also be used to recover any overpayment of program credits.

2.0 Independent Contractor

- 2.1 A Processor is and shall at all times in performance with TSM be an independent contractor and the Processor shall have no authority to assume or create any obligations expressed or implied, in the name of TSM, nor to contractually bind TSM in any manner whatsoever.

3.0 Processor Obligations

- 3.1 The Processor has the following duties and obligations:
 - a) organize and arrange for the collection and to accept delivery of, at no cost to Registered Retailers, Registered Generators, and Residents all Tire types generated by Registered

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Retailers, Registered Generators, Residents to ensure delivery and acceptance of the Tires at the Processor's place or places of business; provided that nothing herein shall be construed as creating an exclusive right to pick up all Tires in Manitoba;

- b) provide and make public terms and conditions required for haulers to collect and deliver all tire types to the processor's place or places of business;
- c) use its best efforts to receive and deal expeditiously with complaints that originate from Residents, Haulers, Registered Retailers or Registered Generators with respect to the collection of Tires;
- d) comply, abide by and carry into effect, as may be required, the objectives of, and the obligations imposed upon the Processor contained in and set out in the Agreement and these Policies and Procedures; provided that to the extent the Policies and Procedures may conflict with a term or terms of the Agreement, then the Agreement shall prevail;
- e) report all receipts of Imported Tires to TSM;
- f) prepare and submit monthly Inventory reports to TSM, that includes:
 - a. Product inventory on 1st and last day of month;
 - b. Scrap tire inventory on 1st and last day of month;
 - c. Scrap tires received during month;
 - d. Scrap tires processed during month;
 - e. Product processed from scrap tires received during month;
 - f. Products processed from scrap tires from inventory during month; and
 - g. Products sold during month.
- g) Use best efforts to convert all or a substantial portion of each Good Tire received into TDP and/or TDF, for which there is an end product.
- h) apply for all Processor Incentives and Transportation Incentives in accordance with these Policies and Procedures;
- i) designate signing officers authorized to sign all claims for Transportation Incentives and Processor Incentives and to sign other program documentation as required;
- j) submit all claims for Transportation Incentives and Processor Incentives together with Inventory reports and supporting documentation to TSM on or before the 15th business day of the month following the month of service;
- k) provide TSM with the approved financial security as provided for in these Policies and Procedures;
- l) upon reasonable notice, during normal business hours, permit representatives of TSM or its agents to inspect the Processor's business site and conduct physical inventory counts;
- m) pay all its expenses, costs and accounts incurred arising from or in any way relating to the collection and transportation of Tires in a timely manner up to the Transportation Incentive. Any transportation costs in excess of the Transportation Incentive will require

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prior written approval of TSM;

- n) at all times comply with the Environmental Laws;
- o) provide advance notice of, or advise TSM immediately upon, any material change in the operating status of the Processor, including notice of all operating shutdowns or slowdowns that are expected to exceed five (5) working days;
- p) comply with all Income Tax Laws, Employment Insurance statutes, CPP, Workers' Compensation and any other similar tax and statute that may be applicable to the Processor arising from the Processor's performance of the terms of the Agreement in complying with these Policies and Procedures;
- q) conduct itself in a professional and business-like manner in dealings with Registered Retailers, Registered Generators, Haulers, Residents and TSM;
- r) at all times maintain clean and tidy premises and where it is necessary to store or stockpile Tires and TDF and TDP arising from the processing thereof, such is to be undertaken in an organized and safe fashion. In particular, but not limited to the generality of the foregoing, the Processor shall take reasonable steps to protect any Tires and processed products safe from fire and leaching; and
- s) comply with all laws issued by any government or governmental authority of Canada or any province of Canada, or any municipal, regional or other authority, including, without limitation, any governmental department, commission, bureau, board or administrative agency, affecting the conduct and operation of the Processor and its business.

4.0 TSM Obligations

- 4.1 TSM hereby agrees to perform the following duties and obligations:
- a) pay all valid Processor and Transportation Incentives to the Processor within 30 days of receipt of claims;
 - b) promptly advise the Processor of any amendments to the Policies and Procedures;
 - c) operate its tire stewardship program in accordance with the Plan as amended from time to time;

5.0 Collection of Scrap Tires

- 5.1 In regards to collection, Processors/Collectors:
- a) Will verify that a retailer, landfill or generator has a valid TSM number prior to collection. This is to help ensure knowledge of the TSM program, only registered members receive TSM support, verification that the scrap tires were generated in Manitoba and that the eco fees were collected on the tires. For collection from a Resident a TSM registration number is not required.
 - b) Collect all Manitoba generated scrap tires at no charge to the retailer, landfill, generator and resident.
 - c) Ensure all tires and tubes are serviced in all regions of Manitoba.
 - d) Ensure timely, cost-efficient collection of scrap tires from all parts of the province without user fees at the point of collection and continually improve the system for collection of scrap tires.
 - a. Upon notification that a retailer has 50 or more scrap tires, collection **must** be scheduled providing the retailer with a date/time frame that the tires will be collected, that is not more than 3 weeks from the time of notification.

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- b. A landfill collection is required at least once a year.
 - i. Upon notification that a landfill has 1000 small to medium scrap tires or 250 large (OTR), collection **must** be scheduled providing the landfill with a date/time frame that the tires will be collected, that is not more than 1 month from the time of notification.
 - c. For collection from a resident, the processor/collector may use their discretion for determining the level of service provided. If collection service is unavailable, the resident must be informed of the nearest location to dispose of scrap tires at no charge.
 - d. If for whatever reason the tires cannot be collected and/or are not collected within the specified time frame, you must notify TSM and the retailer, generator, or resident. Persistent failure (meaning 5 incidents reported to TSM within a 6 month period) to collect within the specified time frame will result in TSM intervening and take over the responsibility of contracting collection until such time that the processor can demonstrate to TSM's satisfaction that improvements have been implemented and in effect.
 - e. TSM may use its discretion to resolve any incidents or complaints regarding collection that may occur from time to time between a processor/collector, retailer, landfill operator, generator or resident.
- e) Keep records of all scrap tire collections:
- a. Record all scrap tires accepted, stored and collected.
 - b. Provide an **accurate** count on the number of scrap tires, and weight (tonnes) of the scrap tire load.
 - c. You will have the right to refuse Non-Manitoba generated scrap tires.
 - d. If you choose to collect Non-Manitoba generated scrap tires:
 - i. Keep records of them:
 - These tires will not receive TSM financial support.
 - You will become responsible for these tires and may charge a disposal fee to pay for the responsibilities of handling these tires.

6.0 Scrap Tire Storage

- 6.1 Ensure proper storage of scrap tires (see *Guideline for the Storage of Scrap Tires, & Guideline for the Storage of Scrap Tires Picture Examples*).
- 6.2 Environmental Responsibility
 - a) Ensure the mitigation or elimination of any environmental concerns arising from the amassing and improper storage of scrap tires.
- 6.3 Maximum Inventory Limits
 - a) A registered processor may accept and receive the transportation credit for not more than 50,000 passenger tire equivalents (400 tonnes, whole or processed) until the processor has demonstrated that it has a market for its product. A maximum of 50% of this total may be accumulated before actual installation and operation of the processing equipment, provided the processor demonstrates a continual and significant financial commitment to processing tires.
 - b) Upon commencement of operations and demonstration of a market for its product, a processor will be permitted to accumulate a total maximum inventory of whole tires, processed tires, partially processed product or finished product up to a maximum of

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twelve months' sales. The maximum inventory level will include inventory held by parties on which the processor is deemed to have economic dependence in terms of markets even if a "sale" has been recorded. This is a maximum limit; lower inventory levels or further restrictions may be imposed by other policies. This maximum permitted inventory will be established by the Executive Director in consultation with the affected processor.

- c) Processors will be required, under provisions of Section 19.4, to post a bond sufficient to reflect the level of inventory at their processing facility, and inventories at sites under their control, and the potential costs associated with any subsequent cleanup of that inventory.

7.0 Site Plan

7.1 A site plan may be submitted to the appropriate provincial agency for review and/or comment.

Such plan should include the following:

- a) The type, location and configuration of processing equipment to be employed.
- b) The processing capacity of that equipment.
- c) The maximum amount of whole tires that may be on hand and awaiting processing along with the designated storage location of the pile or piles.
- d) A description of the maximum amount of culled tires and finished product to be stored on site along with the designated storage location of the materials.

7.2 Sites containing up to 1,500 scrap tires located outside:

- a) Tires may only be accumulated in designated areas.
- b) Piles to be no more than 20' high, 50' wide, 250' long.
- c) Minimum separation of 60' between piles.
- d) Piles to be at least 100' from perimeter of property and 100' from any buildings.
- e) Piles to be maintained (i.e., under a roof or processed) to limit mosquito breeding.
- f) Piles to be accessible to firefighting equipment.
- g) Site operator should provide acceptable financial security to cover cost of ultimate disposition and final closure.
- h) Tire storage areas must be kept completely contained within fences that limit access.
- i) Rows between tire piles must be kept free of weeds and other vegetation.
- j) Each facility must display its emergency procedures plan and inspection approval by local fire department personnel.

7.3 Facilities containing more than 1,500 scrap tires:

- a) All of the above, plus;
- b) Establish dirt berm at the perimeter.
- c) Approach road to be maintained in good condition and passable by firefighting equipment.
- d) Install lightening rods at highest point by their piles.
- e) Tires should not be stored on an asphalt base.
- f) Adequate firefighting equipment should be kept on site.
- g) All personnel should be trained on all fire-related equipment.

8.0 Fire Control Plan

8.1 A fire control plan may be submitted to the appropriate provincial agency for review and/or comment. Such plan should include the following:

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	<ul style="list-style-type: none"> a) The nature and frequency of employee fire prevention training to be undertaken. b) The first response firefighting equipment that will be on hand. c) Such plan should be given to the local fire department for review/and or comment. d) Local fire officials should familiarize themselves with the facility and should be provided with a copy of the approved plan. 	
	<p>8.2 Develop a model emergency preparedness manual for site operators and each scrap tire site is required to maintain the manual with the following information:</p> <ul style="list-style-type: none"> a) A list of names and telephone numbers of individuals to contact in case of fire, flood, or other emergencies. b) A list of emergency response equipment, maintained in proper operating condition, and how it should be used during an emergency. c) A description of procedures to follow at the facility during an emergency. d) All tire disposal sites should be in compliance with all storage permitting requirements. 	
9.0 Vector Control Plan	<p>9.1 If scrap tires are to be stored outdoors, a vector control plan would detail steps to be taken to eliminate and/or suppress the existence of insects and other vermin. Fire and Vector control plans may be reviewed by the appropriate provincial agency on an annual basis to ensure they are being complied with.</p>	
10.0 Required Documentation	<p>10.1 A Scrap Tire Processor is required to provide to the appropriate provincial and federal regulatory agency all documentation within the requirements of the laws of Manitoba and Canada.</p>	
11.0 Processing	<p>11.1 TSM will ensure adequate processing capacity to prevent the build-up of backlogs of whole or partially processed scrap tires. TSM recognizes that program stability is predicated upon maintaining the availability of sufficient volumes of scrap tires for each processor.</p> <ul style="list-style-type: none"> a) Scrap tires are processed from their normal state into a reusable format, usually by chipping, shredding, crumbing or cutting. b) Minimum Processing Capability: <ul style="list-style-type: none"> a. TSM will maintain a minimum level of processing capability to ensure all end-of-life tires and tubes that are available for collection in Manitoba are recycled responsibly. b. TSM may adjust the minimum processing capability as necessary through existing participants or adding new participants as processors. <p>11.2 TSM will promote economically viable end uses and market applications for scrap tires.</p> <ul style="list-style-type: none"> a) Create new sustainable markets for recycled rubber products, b) Spur economic development in the area of scrap tire recycling. <ul style="list-style-type: none"> a. The income generated from scrap tire products should eventually cover all the collection and processing costs to the point where the business is making a healthy profit and therefore no longer requires financial incentives. 	
12.0 Financial Incentive	<p>12.1 TSM will establish rates that are fair for all affected stakeholders. TSM will consult with processors, review tire programs across Canada and where necessary conduct processor audits to help assure Manitoba processors are competitive with other jurisdictions. Within the context of the TSM plan there are two major rate setting areas which must be addressed and may require adjustment from time to time: transportation credits and processor credits.</p>	

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12.2 Transportation Credits (APPENDIX A)

- a) The transportation credits will be constructed using the national survey of transportation operating costs conducted by Transport Canada every two years. As transportation credits are prone to more volatility than the other program costs adjustments will be made semi-annually on January 1st and July 1st of each year.
- b) In the event that a dispute arises between TSM and the processors on a proposed change in the rates, the matter will be referred to the remedies for dispute resolution as outlined in the Agreement which are binding on both parties.
- c) No transportation assistance is available for salvaged tires destined for resale, repair or retreading; or tire wheels/rims. Processors may require scrap tires to be removed from wheels/rims or charge generators a reasonable rate of compensation for their removal.
- d) Scrap tires and wheels/rims described in section 12.2 c) must be deducted from load weights.
- e) A contamination factor for load weight shall be established and deducted from each monthly tire collection claim. A seasonal audit of load weights will be conducted to determine the load weight contamination factor in Manitoba.

12.3 Processor Credits (APPENDIX A)

- a) Once processor credit rates are established, TSM will only decrease the rates upon 90 days notice, but can increase the rates immediately.
- b) In the event that a dispute arises between TSM and the processors on a proposed change in the rates, the matter will be referred to the remedies for dispute resolution as outlined in the Agreement which are binding on both parties.
- c) No end use assistance is available for scrap tire uses historically excluded from credits under the former Tire Stewardship Board program. Scrap tires used for water troughs, feeders, heat sinks or salvaged tires destined for resale, repair or retreading; or wheels/rims continue to be excluded under the program operated by TSM.
- d) Energy recovery is an acceptable end use provided the operation meets all environmental standards. Proof of compliance will be necessary.

12.4 Export Credit

- a) The export rate applies to whole tires, partially processed products or TDF not normally suited for processing in Manitoba that is accepted for geotechnical or energy recovery applications at an approved facility outside of Manitoba. The export rate establishes the minimum financial incentive for all eligible products processed and sold.
- b) No financial assistance is available for the export of whole tires, partially processed products or TDF beyond the export rate established by the Board. Proof of sale to an eligible end user in the export market will be required along with a guarantee of proof that the export will not transfer environmental problems to another jurisdiction. The onus on compliance proof will be on the exporter before any credit would be issued. TSM may deny, in its unfettered discretion, financial assistance for the export of whole

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	<p>tires, partially processed products or TDF.</p> <p>c) Processors are permitted to receive financial assistance, in the form of the usual end use credit, for the export of other eligible TDP upon proof of sale to an eligible end user in the export market. Priority must be given to serving the needs of Manitoba end users.</p>	
13.0 Payments to the Processor	<p>13.1 Payments for the services contemplated by these Policies and Procedures shall be based on the Transportation Incentives and Processor Incentives as defined in Section 1.0 Definitions.</p> <p>13.2 The Processor shall not collect monies on behalf of TSM from any other person but in the event that such does occur notwithstanding this term, those monies shall be held for the benefit of, and remitted (without deduction or set-off), forthwith to TSM.</p> <p>13.3 TSM may withhold any and all monies payable to the Processor as Transportation Incentives and Processor Incentives or other monies otherwise payable for any reason to the Processor in the event of a breach of the Agreement or a failure on the part of the Processor to provide all necessary reports or documentation as may be required by TSM under the terms of the Agreement or the Policies and Procedures provided that such breach or failure continues for 30 days after TSM has in writing demanded that such breach or failure be cured.</p> <p>13.4 TSM will first verify the transportation and processing claims are for the correct amounts. Payment will be made within 30 days of TSM receiving all claims.</p>	
14.0 Research & Development	<p>14.1 TSM will not supply capital funds for research and development to individual processors. TSM may initiate research and development for the benefit of all processors.</p>	
15.0 Pilot Project	<p>15. 1 TSM may establish a pilot project incorporating and monitoring the recycling of all tires and tubes on a case-by-case basis for the purpose of achieving self-sustaining, ongoing markets for Manitoba scrap tires. TSM reserves the right to offer financial assistance as a grant, forgivable loan, zero interest loan, low-interest loan, credit guarantee, loan guarantee, royalty agreement or other form of assistance in whole or in part, to applicants for any project. All funding awards require a cash or in-kind match.</p>	
16.0 Audits	<p>16.1 TSM may require, at its sole discretion that any participants who receive funds under the program submit audited financial statements.</p> <p>a) TSM may, from time to time, audit any records of the Processor maintained in support of the Processor's claims, and further, may examine and review, and audit records relating to the Processor's compliance with the terms of the Agreement and these Policies and Procedures (hereinafter referred to as the "Audit"); provided nothing herein shall be construed as requiring the Processor to provide audited financial statements.</p> <p>b) Processors shall provide TSM's auditor with any and all records requested and shall cooperate with the Audit at no expense to TSM. It is agreed that TSM shall pay the costs of the Audit except in circumstances where the auditor determines that the Processor has not complied with the terms of the Agreement and these Policies and Procedures.</p> <p>c) TSM shall be entitled to undertake a maximum of two (2) Audits per annum.</p>	
17.0 Stockpile Removal	<p>17.1 Applications for additional assistance by eligible parties will be considered on a site-specific basis where the available transportation credit is insufficient to cover the costs. All applications will be subject to availability of funds in the program budget.</p>	

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	<ul style="list-style-type: none">a) Sites which are under local government control may be eligible for assistance under this policy.b) A local government must establish its eligibility under this policy prior to proceeding with the cleanup. Any funding provided would be a one-time contribution on the understanding that a tire management program would be initiated to avoid the need for any future cleanup project.	
18.0 System Stability	<p>18.1 TSM's normal practice will be to review the rates of assistance on an annual basis.</p> <ul style="list-style-type: none">a) Changes which reduce the level of credit will be effective following a period of 90 days, but may be implemented sooner if acceptable to affected industry stakeholders.b) Changes which increase the level of a credit may be implemented immediately.c) TSM reserves the right to change credit levels at any time when necessary for the viability of the program or to achieve important program goals, following consultation with, and as much notice as possible, to affected industry stakeholders.	
19.0 Insurance	<p>19.1 The Processor shall obtain and maintain an amount not less than \$2,000,000.00 in environmental liability insurance in addition to their general liability insurance.</p> <p>19.2 The insurance shall include TSM, its officers, directors, employees and agents as additional insureds and shall be in such form and with such insurers as is reasonably acceptable to TSM.</p> <p>19.3 The Processor shall provide a copy of the insurance to TSM upon taking out or renewal thereof on an annual basis. The insurance shall also include a provision whereby the insurer agrees to provide written notice 30 days prior to terminating any insurance policy the Processor has with the insurer.</p> <p>19.4 All program processors with an inventory limit of greater than 50 tonnes must post a security based on the processors set inventory limit with a minimum security required of \$100,000.</p> <ul style="list-style-type: none">a) For a processor applicant, requiring an inventory of greater than 50 tonnes, the posting of a security approved by the Executive Director will be required during the application process as a pre-requisite to registration approval.b) TSM may waive the security provisions for existing participants who have a demonstrated history of compliance with program policies, procedures and instructions. These security provisions may be re-instated for exempt participants who fail to comply with program policies, procedures and instructions.c) Failure to comply with the posting of a security requirement will result in registration cancellation for existing participants and the rejection of any new processor applications.	