

ADDENDUM

TO THE LICENCE AGREEMENT BETWEEN CIRCULAR ECONOMY MALTA AND BCRS MALTA LTD DATED 14TH SEPTEMBER 2020

This Addendum to the Licence Agreement is made on the 1st of October 2026 and entered into effect on the 5th of October 2026.

By and between:

On the first part

, holder of Identity Card Number , acting in his capacity as Chief Executive Officer, appearing hereon in the name and on behalf of Circular Economy Malta, established by means of the Circular Economy Malta (Establishment) Order (Subsidiary Legislation 595.28) hereinafter referred to as ‘Agency’

And

On the second part

Ms

Mr

Mr

Mrs

Mr

Ms

Mr

Mr

acting in their capacity of Directors, appearing hereon in the name and on behalf of the BCRS Malta Ltd, company number C96013 hereinafter referred to as ‘Contractor’.

Each a 'Party' and collectively referred to as 'the Parties'.

PREAMBLE

WHEREAS

The Contractor was granted a licence to operate a beverage container refund scheme pursuant to the provisions of the Environment Protection Act (Chapter 549) and the Beverage Containers Recycling Regulations 2020, which licence was granted under the terms and conditions set out in the licence agreement between the Parties dated 14th September 2020 ("Licence Agreement"), including the terms and conditions set out in the Schedules thereto, and as subsequently amended by virtue of an addendum agreement made on 16 June 2021.

The Parties now wish to further amend some of the terms of the Licence Agreement.

NOW THEREFORE it is hereby agreed between the Agency and the Contractor as follows:

SECTION 1

STATUS OF THIS AGREEMENT

- i) Except as expressly amended by this addendum, the Licence Agreement shall remain in full force and effect.
- ii) Terms defined in the Licence Agreement shall have the same meaning in this addendum unless otherwise provided for by this addendum.

SECTION 2

CLAUSES TO BE AMENDED

This Addendum amends and modifies the Licence Agreement as follows:

Schedule 3 – Standards requirements of the License Agreement shall be deleted and replaced by the following with effect from the 5th of October 2026;

QUOTE

Schedule 3

Standards requirements

Minimum Standards from Sorting to Recycling at the Clearing Centre

1. The output of the clearing centre should be bales of high quality, well-sorted monostream of plastic, metal and glass materials respectively, subject to the below.
2. The bales of sorted PET must meet the highest possible standards without contamination by other plastics.
3. Steel and aluminum cans should be sorted separately.
4. Glass is to be sorted in a manner so as to maximize its sale value.

RVMs

1. There shall be at least 343 RVMs installed and operated by the Contractor in the Territory in accordance with Subsidiary Legislation 549.134, entitled 'Beverage Containers Recycling Regulations', of which at least 52% are installed within public redemption hubs.
2. The amount of RVMs and the portion installed within public redemption sites will be reviewed every two (2) years subject to ensuring that the level of service in the Beverage Containers Recycling Regulations (Legal Notice 311 of 2020 as subsequently amended), the License Agreement, and in this Schedule 3, is maintained. This number shall only include RVMS installed and operated by the Contractor and shall exclude any RVMS installed and operated by Third Party RVM Operators.
3. RVMs have to be able to collect beverage containers of a capacity between 0.1 litres and 3 litres falling within the scope of the scheme.
4. RVMs have to be able to read barcodes.
5. RVMs can only be removed and/or relocated following consultation within the Advisory Committee, provided that in the case of disagreement, the decision of the Agency shall be final; Provided that in the event that the request for removal and/or relocation of the RVM is by the Agency or a third party, unless otherwise stated determined in a separate agreement between the Agency and/or Third Party and the Contractor, the Contractor shall not bear any extraordinary costs for the removal and/or relocation.

Service availability of RVMs

1. Each RVM is to be operational during the service hours and should be in working order and accepting beverage containers at least 90% (less 2% which is allocated to cleaning and bin emptying) of the time on a weekly basis during the established operating hours, which shall generally be from 6:00 am to 10:00 pm from Monday to Sunday, unless otherwise agreed with the Agency, excluding downtime necessary for cleaning and emptying of bins, road closures preventing access to machines, adverse weather conditions, power cuts, vandalism, widespread internet outages and force majeure. The Contractor shall ensure that disruption for cleaning and emptying of machines shall be kept to a minimum and ascertain that operations requiring extensive unavailability are carried out during off peak times. Each RVM should not experience a Bin Full status in excess of the Bin Full Limit of 4% on a weekly basis.
2. For the purpose of this Schedule, force majeure shall mean any extraordinary event which renders the Contractor unable to perform its obligations, including but not limited to acts of God, outbreak of hostilities, riot, civil disturbance, acts of terrorism, inclement weather, fire, explosion, floods, power failures, road closures, ISP downtime, vandalism, business disruption due to industrial action and/or labour strikes.
3. RVMs operating on a 24-hour basis should be in working order and accepting beverage containers at least 80% of the time on a weekly basis between 10 pm and 6 am.
4. The abovementioned service level targets shall apply to third party RVM operators who shall be responsible for the attainment of the established service level. The performance of Third Party RVM Operators shall not be taken into account for the purposes of calculating the performance of the Contractor.
5. RVMs currently installed by the Contractor at retail establishments shall have the abovementioned service levels gradually introduced within three (3) years according to Table 1, following a six (6) month period from the date of coming into force of this Schedule.

	Availability (weekly per RVM)	Bin Full (weekly per RVM)
Year 1	80%	Better than 10%
Year 2	85%	Better than 7%
Year 3	90%	4%

6. Where the Contractor has made demonstrable effort to rectify the performance of a Retailer who is not complying with these targets, and the Retailer persists in non-compliance, until final arrangements are made to address the non-compliance, the performance of the RVMs hosted by that Retailer shall not be taken into account when calculating the Contractor's performance pursuant to this Schedule.
7. The Contractor is to monitor the reject rate on each RVM. A monthly report is to be provided to the Agency, which report should include steps taken by the Contractor to address rejects related to system defects, as well as an action plan to prevent similar occurrences.
8. Where a Redemption location contains a singular RVM capable of handling a particular material (PET, Glass, Aluminium) and the said RVM is either anticipated to experience, or experiences an unavailability period of six (6) hours, the Contractor is to implement a remedial solution with any means necessary to ascertain availability to end customers. This also applies in situations where a redemption location contains more than one RVM capable of handling a particular material (PET, Glass, Aluminium) and all RVMs become unavailable.
9. The redemption locations with RVMs shall be shown on an active application (App), which shall indicate which redemption locations are available to use, which are not, and which are out of service. The App shall be active for at least 99% of the time.
10. That any change in public hub operational hours shall be communicated to and approved by the Agency prior to entering into effect.

Security & Cleanliness

1. The Contractor shall submit an annual plan detailing how it intends to enhance service delivery. All Data related to the scheme shall be retained during the duration of the licence, and shall by agreement between the Parties, be transferred to the Agency prior to the termination of the license.
2. Every 2 years, commencing from _____ the Contractor shall procure the carrying out of an information systems audit in order to certify the security and accuracy of the information systems adopted by the Contractor in line with the provisions of this Schedule and of the Beverage Containers Recycling Regulations.

3. The report issued following the information systems audit may also contain any additional information required by the Agency, provided that the Agency communicates its requirements to the Contractor by at least 30 days prior to the submission of such systems audit.
4. The Contractor shall provide to the Agency a plan to implement improvements to any areas identified by the systems audit as requiring such improvements.
5. Public Hubs Security Systems (CCTV) footage may be supplied to the relevant authorities by the Contractor subject to any applicable legislation and agreements in place. The Agency may request accessibility on an *ad hoc* basis in protection of the scheme, subject to any applicable legislation and agreements in place.

The License Fee will be discounted pro rata to a minimum level of €100,000 on attainment of the service level defined in paragraphs 1, 2 and 6 established above in service availability of RVMs using the following model:

Definitions:

B: Yearly Baseline License Fee — This is the standard license fee set annually, before applying any discounts.

M: Minimum Payable License Fee — A fixed minimum fee of €100,000, below which the annual fee cannot drop.

U: Total Number of Units Processed in a Year — Fixed number of units processed in a year. That this figure shall be calculated on the basis of agreed performance parameters, multiplied by the total number of RVMs and multiplied by the number of weeks in a calendar year.

n_i : Qualifying Units in Week i – Number of units that earned a discount in week i

d: Discount per Unit per Week — The value of the discount assigned to each qualifying weekly unit.

D_i : Weekly Discount Earned — Discount earned in week i , based on performance.

D: Total Discount — The cumulative annual discount earned based on weekly qualifying performance.

F: Final Annual License Fee — The fee payable at the end of the year, after applying eligible discounts but not falling below the minimum fee.

P_i: Weekly Discount Percentage — The portion of the yearly baseline discounted in week i.

P_{total}: Total Annual Compliance Percentage — The sum of all weekly discount percentages over the 52-week period.

Formulae:

$$d = \frac{B}{U}$$

1. Discount per Unit per Week:

$$D_i = n_i \cdot d$$

2. Weekly Discount:

$$D = \sum_{i=1}^{52} D_i = \sum_{i=1}^{52} n_i \cdot d$$

3. Total Discount Applied:

$$F = \max(B - D, M)$$

4. Final Annual License Fee:

$$P_i = \frac{D_i}{B}$$

5. Weekly Discount Percentage:

$$P_{\text{total}} = \sum_{i=1}^{52} P_i$$

6. Total Annual Compliance Percentage:

UNQUOTE

SECTION 3

MISCELLANEOUS

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

SECTION 4

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the Laws in force in Malta from time to time.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the day and year first hereinabove written:

Agency

Chief Executive Officer

Contractor

Director

Director

Director

Director

Director

Director

Director

Director