

ADJUSTMENT AND CLAIMS SCHEDULE

The Plastic Recycling Corporation of California (PRCC) will purchase PET Containers (as defined in the PRCC Bale Specifications Documents) from State Certified Processors in California. In connection with such purchases and sales of PET Containers to “Buyers”, PRCC and California State Certified Processors (collectively, the “Seller”) agree to observe the following adjustment and claims provisions. PRCC reserves the right to amend these adjustment and claims provisions (this “Schedule”) from time to time in its sole discretion, and will issue such amendment in writing to the California State Certified Processors in the industry from whom PRCC purchases PET Containers.

All claims and adjustments will be handled on a case by case basis.

1. **Buyers Remedies.** Buyer and Seller agree that shipments and bales of PET Containers sold by Seller which are not in compliance with the terms and conditions of the applicable PRCC PURCHASE ORDER (“**Noncompliance**”) may be subject to any or all of the following:
 - A. Buyer's rejection of offending bale(s).
 - B. Buyer's rejection of the entire shipment.
 - C. Buyer's reduction in the price if Buyer's customer reduces the contracted sales price to such customer because of such noncompliance.
 - D. Seller bearing the costs of shipment (both delivery and return) or disposal costs of rejected material.
 - E. Buyer receiving a credit, against any amounts due to Seller, for any such rejected material, calculated by weight times the price for PET Bottles (as described in the applicable PRCC PURCHASE ORDER).
 - F. Subject to the limitations set forth in Section 7 (Limitation of Liability) below, Seller paying such other damages as are incurred by Buyer because of such noncompliance.
2. **Offset.** Buyer shall not be liable for payment to Seller of a rejected bale(s) or a rejected shipment. Buyer may offset, against monies owing to Seller, all amounts due Buyer because of Seller's noncomplying shipments and bales. Buyer will provide Seller with documentation for all such deductions taken.
3. **Inspection.** Buyer, its representative or its customer, shall perform a visual inspection of the shipment prior to loading or upon its arrival after shipment from Seller. In addition, bales must be broken open partially or completely before processing them mechanically or through the de-baler. This must be done to ensure no damaging contaminants are inside the bale that are not seen with a visual inspection. If, after inspection, it is determined that the shipment does not conform to Buyer's specifications, Buyer shall notify Seller, using PRCC's online quality app, within two (2) business days after Buyer first learns of the problem following the arrival of the shipment. Notification will include the Buyer control number, container/release number, total net weight of shipment, total number of bales in shipment, and quality issues showing pictures of the contaminated bale and or the actual contamination. Buyer shall set aside the bale for inspection by PRCC staff. **Email to vahe@prcc.biz and paperwork@prcc.biz**

4. **Customer Discussions.** Buyer will negotiate with its customer to determine the appropriate action (e.g., price reduction or rejection) and to gather adequate documentation of the noncompliance or contamination, including photographic evidence indicating the basis for the proposed deduction or rejection. If Buyer's customer breaks open bales and finds the content of the bales contain problems (establishing non-compliance with Buyer's specifications) not visible on the outside of the bales, Buyer reserves the right to make a claim against Seller assuming such customer can provide appropriate documentation.
5. **Seller Viewing.** In the case of a noncompliance problem, Buyer will ask its customer to hold the shipment to allow Seller to view the noncompliant shipment in its entirety; provided, however, that Seller must notify Buyer of Seller's desire to see such material within 48 hours of being notified that there is a problem and that Seller must actually see the material within one (1) week (for material in California) and two (2) weeks (for material outside California) of being notified that there is a problem.
6. **Timing.** Buyer retains the right to make claims for noncompliance for up to two (2) weeks after the arrival of PET Containers to its customers. However, Buyer may make claims after such 2-week period, for an additional two (2) weeks, in the event that such customer, after processing the bales, discovers egregious contamination of the PET Containers which was hidden from visual inspection prior to opening the bale (e.g., a concentration of contaminated PET Containers located in the middle of the bale). In such case, such customer must promptly notify Buyer, and Buyer will, in turn, promptly notify Seller. If no claims notification has been made to Seller within the 4-week period, the sale will be deemed complete between Seller and Buyer and not subject to claim or deduction.
7. **LIMITATION OF LIABILITY.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW: (i) SELLER'S LIABILITY ARISING OUT OF OR RELATED TO THE NONCOMPLIANCE OF ANY SHIPMENTS OR BALES SHALL NOT EXCEED AN AMOUNT EQUAL TO THE AMOUNT PAID OR PAYABLE FOR THE ASSOCIATED PET CONTAINER; AND (ii) IN NO EVENT WILL SELLER BE LIABLE FOR LOST PROFITS OR LOSS OF BUSINESS OR FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS SCHEDULE. THE LIABILITIES LIMITED BY THIS SECTION APPLY TO THE BENEFIT OF SELLER'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND THIRD PARTY CONTRACTORS, AS WELL AS: (a) TO LIABILITY FOR NEGLIGENCE; (b) REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, STRICT PRODUCT LIABILITY, OR OTHERWISE; (c) EVEN IF SELLER IS ADVISED IN ADVANCE OF THE POSSIBILITY OF THE DAMAGES IN QUESTION AND EVEN IF SUCH DAMAGES WERE FORESEEABLE; AND (d) EVEN IF BUYER'S REMEDIES FAIL OF THEIR ESSENTIAL PURPOSE.
8. See also **PRCC Weight Discrepancy Claims** which can be found online at www.prcc.biz/buyers and www.prcc.biz/sellers.