

Proposed Material Change to Claystone Waste Business Plan

Claystone Waste is proposing a Material Change to its Business Plan to allow the company to acquire other companies, enter into joint ventures, or establish subsidiaries.

Why is a Material Change being proposed?

The waste management industry is a highly competitive and ever evolving sector. In order for Claystone to remain an industry leader, the company must be able to adapt quickly within an environment that can change rapidly. The proposal for a Material Change to the Business Plan is a result of a strategic planning process undertaken by Claystone throughout 2021 and 2022. The strategic planning process found that while Claystone operations are currently sustainable and provide a predictable dividend to shareholding municipalities for the foreseeable future, that changing market forces and shifting regulatory frameworks pose risks and challenges moving forward. The strategic plan concluded that there is a need for Claystone to diversify its service offerings and develop new revenue streams. To accomplish this, the Material Change has been proposed as it will to promote future growth and ensure the sustainability of municipal dividends, and Claystone operations in the years to come.

The Material Change will allow Claystone to evolve and adapt to a changing business and regulatory landscape. Changing market conditions have resulted in a steady decline of municipal solid waste (MSW) tonnage coming to the regional landfill. This trend is expected to continue as municipal waste diversion efforts intensify in the Edmonton Metropolitan Region.

Shifting regulatory approaches towards zero-waste and emission reductions will also force the waste management industry to adapt and pursue new waste-to-energy and other clean technology projects. The Material Change is proposed to respond to these risks and ensure that Claystone can be a waste management leader into the future as the industry evolves to new market and regulatory contexts.

Examples of potential opportunities that would come from the authorization include the ability to acquire a transportation or hauling company to promote vertical integration of Claystone service offerings, or partner on new projects with other companies which could include waste-to-energy and other clean technology projects.

What is a Material Change?

As a municipally controlled corporation owned by the Town of Tofield, the Town of Viking, the Village of Ryley, the Village of Holden and Beaver County, Claystone Waste is regulated by Alberta's Municipal Government Act and Municipally Controlled Corporation Regulation.

Under the Municipally Controlled Corporations Regulation, a Material Change is defined as "a change in the business, financing, operations or affairs of the controlled corporation that would be considered important by a reasonable person taking into account the circumstances of the controlled corporation in its entirety."

Currently, Claystone is not explicitly authorized via the business plan to acquire other companies, enter into joint ventures, or establish subsidiaries. The proposal to provide this authority to Claystone is therefore a Material Change that requires consultation with residents and approval from Claystone's shareholder municipalities.

Are there other changes to the Business Plan?

The Business Plan contains updated information to the last plan approved in 2020 however these updates are not material and do not require specific approvals. Updated information is provided on core business functions such as sales and marketing, operating, and human resources plans.

What is the consultation process for the Material Change?

According to the Municipal Government Act and Municipally Controlled Corporation Regulation, a proposed Material Change requires shareholding municipalities to notify and consult their residents.

This process includes providing the updated Business Plan and any supporting information to be made publicly available for 30 days for resident review. A public hearing at a regularly scheduled council meeting is also required to be held prior to a council approval. If supported by shareholder councils, the proposed Material Change would formally be considered at the Annual General Meeting of Claystone shareholders later this spring.

CLAYSTONE WASTE LTD.

**MUNICIPALLY-
CONTROLLED
CORPORATION
BUSINESS PLAN**



TABLE OF CONTENTS

Executive Summary	1
Business Overview	7
Sales & Marketing Plan	19
Operating Plan	22
Human Resources Plan	29
Action Plan	32
Appendices	34
<ul style="list-style-type: none">• Claystone Waste – Purpose, Vision, Mission, Values and Strategic Objectives• Local Supports: Dividends and Community Programs, Waste Services Subsidy	

EXECUTIVE SUMMARY

Claystone Waste Ltd. was established as a municipally controlled corporation in 2020 by the Town of Tofield, the Town of Viking, the Village of Ryley, the Village of Holden and Beaver County. Previously Claystone has operated as Beaver Municipal Solutions and the Beaver Regional Waste Management Services Commission.

Claystone's mission is to provide communities with the confidence of safe, sustainable and environmentally responsible waste solutions. With a vision to be a leading western Canadian service provider of choice for sustainable waste solutions, Claystone is committed to being a community-oriented, customer-focused company that is dedicated to accountability and safety in its operations.



Purpose of Business Plan

As a municipally controlled corporation, Claystone is required by Alberta's Municipal Government Act and Municipally Controlled Corporation Regulation to create a business plan for the corporation. Claystone's first business plan as a municipally controlled corporation was created and approved by shareholding municipalities in the fall of 2020. This business plan is an update to the 2020 document and reflects changed market conditions and includes revised strategies and goals of the corporation.

Claystone Waste is proposing a material change in this Business Plan to allow the company to acquire other companies, enter into joint ventures, or establish subsidiaries. The waste management industry is a highly competitive and ever evolving sector. In order for Claystone to remain an industry leader, the company must be able to adapt quickly within an environment that can change rapidly.

The proposal for a material change to the Business Plan is a result of a strategic planning process undertaken by Claystone throughout 2021 and 2022. The strategic planning process found that while Claystone operations are currently sustainable and provide a predictable dividend to shareholding municipalities for the foreseeable future, that dividend may be put at risk due to changing market forces and shifting regulatory frameworks. The strategic plan concluded that there is a need for Claystone to diversify its service offerings and develop new revenue streams. To accomplish this, the material change has been proposed as it will promote future growth and ensure the sustainability of municipal dividends, and Claystone operations in the years to come.

The Material Change will allow Claystone to evolve and adapt to a changing business and regulatory landscape. Changing market conditions have resulted in a steady decline of municipal solid waste (MSW) tonnage coming to the regional landfill. This trend is expected to continue as municipal waste diversion efforts intensify in the Edmonton Metropolitan Region. Shifting regulatory approaches towards zero-waste and emission reductions will also force the waste management industry to adapt and pursue new waste-to-energy and other clean technology projects. The material change is proposed to respond to these risks and ensure that Claystone can be a waste management leader into the future as the industry evolves to new market and regulatory contexts.

This business plan also provides an updated corporation overview, sales and marketing, operating, human resources, and action plans.

Claystone's business plan continues to position the corporation to achieve the following goals:

- Build a diversified customer base within a diversified range of services
- Identify diversified business opportunities that maintain competitive disposal rates while materially increasing earnings
- Continue to meet or exceed environmental standards, regulations and legislation
- Grow dividends to shareholding municipalities in a financially sustainable manner
- Support communities in which Claystone serves and operates through grants, community programs, and sponsorship.
- Maintain a zero-injury workplace and be an employer of choice

Appendix A to this revised plan provides information on Claystone's declared Purpose, Vision, Mission, Values and Strategic Objectives.



Material Change

The updated business plan includes one material change as defined by Alberta's Municipally Controlled Corporations Regulation section 7(1)(d) to the business operations of Claystone. Under the section 7(1)(d) of the regulation, a material change is defined as "a change in the business, financing, operations or affairs of the controlled corporation that would be considered important by a reasonable person taking into account the circumstances of the controlled corporation in its entirety."

Under the Municipal Government Act (Alberta) section 75.1(1)(a) a "Controlled Corporation" is defined so as to include a subsidiary corporation as defined under the Business Corporations Act (Alberta). The existing Business Plan for Claystone Waste Ltd. did provide for the establishment of a Municipally Controlled Corporation but not for the establishment or acquisition of a subsidiary or subsidiary corporations or for the establishment or acquisition of partnerships and partnership interests.

For the purpose of ensuring proper and prudent risk management and efficiency, protection of assets, diligent oversight of security of capital, and for the purpose of achieving and carrying out the goals and objectives of Claystone Waste and the Claystone Waste Limited Partnership as set out in this Business Plan, Claystone Waste Ltd. and Claystone Waste Limited Partnership seek the approval of the member shareholders and limited partners to incorporate or acquire a subsidiary or subsidiaries of Claystone Waste Ltd., to acquire and establish partnerships and interests in partnerships, to enter into Joint Venture Arrangements, Leases and other forms of arrangements with third parties for the achievement of the goals and objectives set out in the Business Plan.

Due diligence and any subsequent execution of all proposed acquisitions, partnerships, divestitures or arrangements under this authority would be conducted by Claystone's Board of Directors and senior management team in accordance with the Corporation's core documents and policies including the Unanimous Shareholders' Agreement, Limited Partnership Agreement and Mandate and Roles Document. This material change also requires shareholding municipalities to consult with residents and gather feedback as per provisions under s. 606 of the Municipal Government Act.

Regulatory Compliance

The summary table below provides information on how the Claystone business plan complies with Alberta's Municipally Controlled Corporations Regulation.

Municipally Controlled Corporations Regulation	
Legal Requirement	Claystone Business Plan
The business plan must include information on the services the corporation intends to provide.	This information is included in Business Overview and Sales and Marketing Plan . Claystone would continue to provide waste management services to its shareholding municipalities and broader capital region.
The names of the shareholders of the corporation.	This information is included in Business Overview . The shareholding municipalities continue to be Beaver County, the Town of Tofield, Town of Viking, Village of Holden, and Village of Rley.
The geographic locations in and outside Alberta in which the corporation intends to provide services.	<p>This information is included in Business Overview. Claystone Waste would operate the existing landfill in Rley as well as potentially develop and operate waste diversion sites in other Canadian provinces and in the United States.</p> <p>Under the updated business plan, waste from outside the province of Alberta is not permitted to be disposed of at the landfill site in Rley.</p>
Any potential environmental, financial, labour or other liability risk in controlling the corporation.	This information is found in Business Overview .

Information demonstrating that the corporation will not be dependent on the shareholders for its ongoing operations.	This information is found in Section 3: Operating Plan.
The impact of controlling the corporation on each municipality's financial viability.	This information is found in Business Overview, Operating Plan.
The business plan must include a projected rate structure for any utility services.	This information is provided in 3. Operating Plan – Local Services. Claystone Waste does not provide legislatively-regulated utility services. Changes in the historically-subsidized local waste management services are controlled through shareholder unanimous consent in the Claystone's Unanimous Shareholder Agreement (USA)
A market impact analysis if municipal control of the corporation would result in competition with similar services provided by the private sector.	This information is found in Business Overview.

1 – BUSINESS OVERVIEW

Legal Name	Claystone Waste Ltd. on behalf of Claystone Waste Limited Partnership
Trading Name	Claystone Waste Ltd.
Business Address	50117 Range Road 173 (Box 322) Ryley, AB T0B 4A0
Phone	780-663-2038
Email	info@claystonewaste.com



Ownership Units within Claystone Waste L.P. are apportioned as follows:

Member	Ownership	Voting Units	Dividend Units
Beaver County	Limited Partner	4,867	7,036
Town of Tofield	Limited Partner	2,359	3,104
Town of Viking	Limited Partner	1,576	2,014
Village of Ryley	Limited Partner	613	1,498
Village of Holden	Limited Partner	585	1,348
Claystone Waste Ltd.	General Partner	0	1
Total Units		10,000	15,001

Claystone Waste Ltd., a municipally controlled corporation, manages the transactions on behalf of Claystone Waste L.P. The shareholders are as follows:

Member	Voting Shares	Dividend Shares
Beaver County	4,867	7,036
Town of Tofield	2,359	3,104
Town of Viking	1,576	2,014
Village of Ryley	613	1,498
Village of Holden	585	1,348
Total Units	10,000	15,000

*Updated based on 2021 Census results.



Claystone's current major facility is the Beaver Regional Landfill located approximately 3 kilometres north of the village of Ryley. Because of its proximity to the Edmonton Metropolitan Region (approximately 1 hour route to downtown Edmonton), and its all-weather provincial highway access, the regional landfill has become the major municipal waste disposal facility for the region, while continuing to dispose of municipal waste from the Beaver County area. The Regional Landfill facility includes the administrative offices and the equipment, maintenance and storage shops of the corporation. The regional landfill is one of the largest in Western Canada, and can provide advanced waste treatment, recycling and remediation technologies to municipal and industrial customers. Claystone is also an emerging leader in waste management innovations to support waste diversion, emissions reductions, and a circular economy.

Claystone also operates five municipal waste transfer stations within Beaver County located:

1. Near the hamlet of Lindbrook just east of the county border with Strathcona County;
2. Near the town of Tofield;
3. Near the town of Viking;
4. Near the hamlet of Kinsella at the east end of Beaver County;
5. At the Beaver Regional Landfill near Ryley.

These transfer stations are primarily used for the collection and transfer of local residential municipal waste.

Claystone operates a long-haul waste transport service for selected municipal customers outside of Beaver County including the city of Edmonton, Parkland County (west of Edmonton), and Vermillion County (north-east of Edmonton). Claystone further has hauling relationships with private companies to transport waste to the Beaver Regional Landfill as well as other sites.

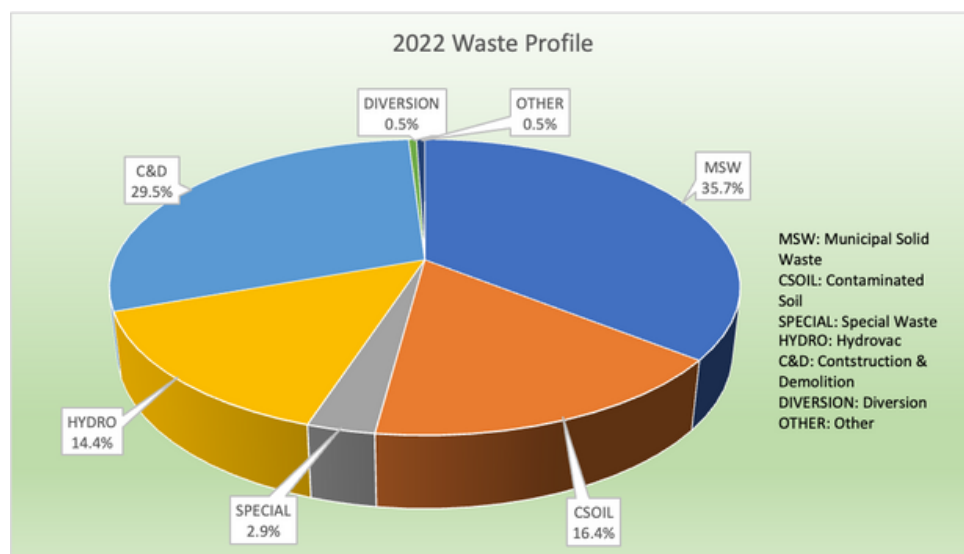
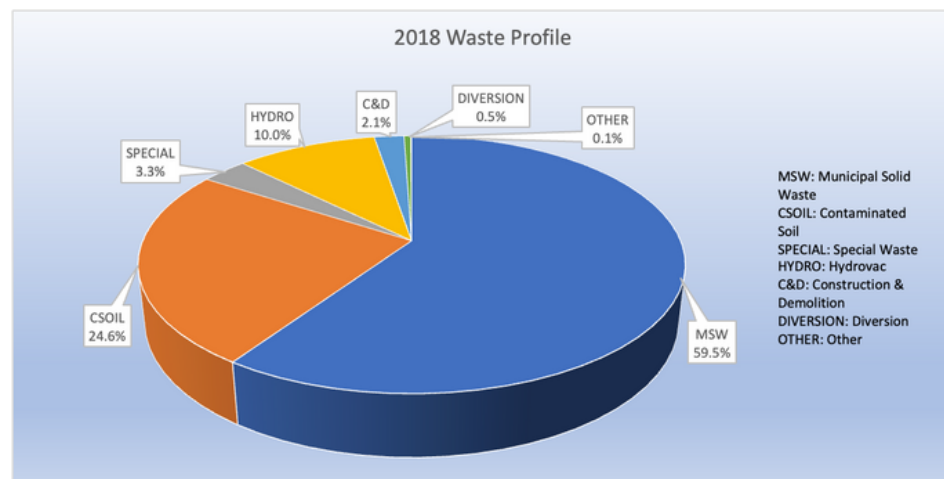
Claystone also operates the local waste collection service for the Towns of Tofield and Viking, Villages of Holden and Ryley, and Beaver County residents.

All Claystone operations are directly-run using hired employees, numbering approximately 65. Executive direction is provided by a Chief Executive Officer who reports to a Board of Directors of experienced individuals appointed by the municipal shareholders. The Board of Directors currently consists of 5 independent members but is permitted to include 7 members.

In terms of geographical locations of where Claystone is permitted to operate, the corporation is enabled via the previous business plan to operate the regional facility in Ryley as well as develop and operate waste management sites in other Canadian provinces and in the United States. Under the former business plan, waste from outside the province of Alberta is not permitted to be disposed of at the landfill site in Ryley. This restriction on waste origin is maintained in this updated business plan.

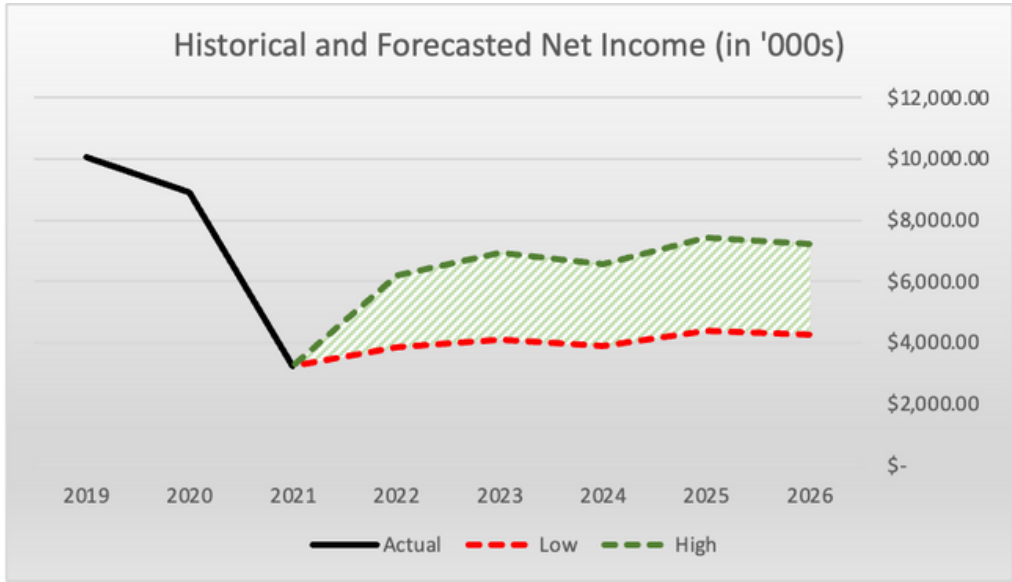
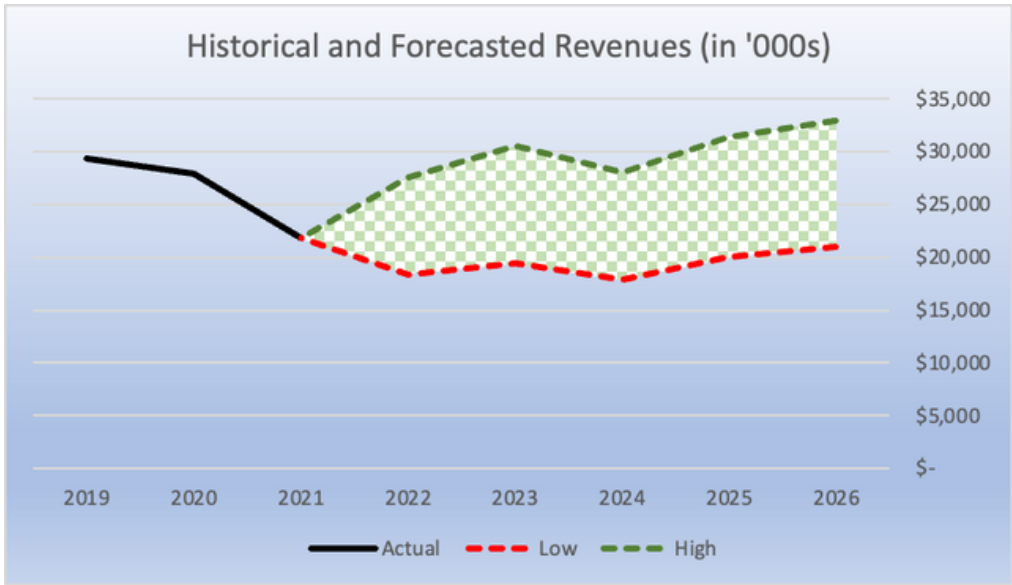
Commercial and Residential Waste Profile

For the past five years, tonnage disposed at the Regional Landfill has averaged 957,000 metric tonnes. Changing market conditions has seen a steady decline in Municipal Solid Waste (MSW) tonnage coming to the regional landfill. This trend is expected to continue as municipal waste diversion efforts intensify and progress in the Edmonton Metropolitan Region. Claystone has experienced increased hydrovac tonnages and construction and demolition waste (C&D), although C&D waste is highly dependant on major infrastructure projects primarily in the City of Edmonton. Contaminated soil volumes are highly unpredictable resulting in peaks and valleys.



Financial Results, Debt and Capital Expenditures

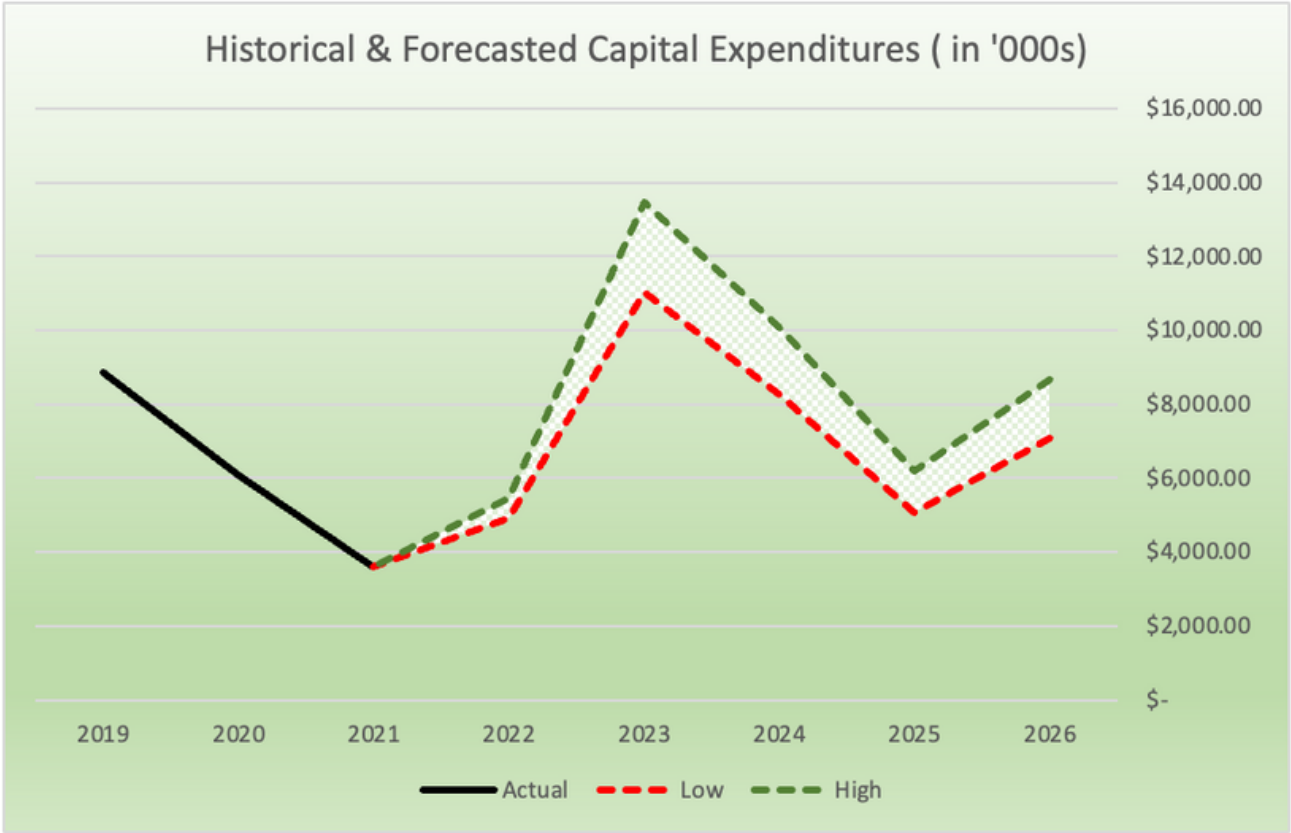
Overall, Claystone’s regional Landfill operation generates financial surpluses. Landfill revenues are generated by per tonnage disposal rates charged to customers. With the exception of rates charged to the five shareholder municipalities who benefit from subsidized programs, customer rates are at-market (spot) rates, or are competitively-bid, multi-year contract rates. Claystone remains profitable, but is experiencing a downward trend which further underscores the need for the corporation to diversify its service offerings and pursue additional waste management service opportunities including composting facilities, recycling facilities, hub-to-hub hauling and waste collection cartage, waste transfer and storage facilities and waste-to-energy facilities. These opportunities can be achieved both through internal growth as well as through corporate acquisitions and joint ventures.



Capital expenditures have tended to be funded via operations and since 2014, Claystone and its predecessor organizations have been debt-free. Claystone can acquire debt where there is a supportive business case that meets the financial requirements of the corporation's core documents.

For all major projects, revenue security and customer/partner credit quality are reviewed. Claystone also seeks to secure long-term contracts to mitigate cash reductions associated with capital projects.

Real and forecast capital expenditures for the last five years is detailed in the table below.



Post-Closure Obligations

As part of Alberta legislation governing landfills and waste management, Claystone has an obligation to remediate its regional landfill site once its functional lifecycle concludes. Claystone's post-closure liabilities are managed by the Claystone Trustee Association which is comprised by the Chief Administrative Officers (CAO) of the corporation's shareholding municipalities. A Trust Deed has formalized how Claystone sets aside funds to remediate and close the landfill site to ensure the corporation has dedicated resources for remediation. These funds are separated from the day-to-day operational accounting and are managed by the Trustee Association.



Dividends and Community Programs

As a municipally controlled corporation, Claystone is enabled to operate like a private sector business and is tasked with providing revenue to shareholding municipalities through municipal dividends. Since 2020, the dividend from Claystone has grown by 50% from \$2 million to \$3 million. Dividends are used to help fund local priorities and deliver municipal services across shareholding municipalities as determined by elected councils. The \$3 million dividend represents an approximately \$300 per person benefit to every resident of the Beaver region in 2022. Annual dividend payments are based upon Claystone's Dividend Policy and allocated to each shareholding municipality's share of dividend units on record at the end of each fiscal year. Under this business plan, Claystone Waste is committed to growing municipal dividends in a fiscally sustainable manner.

Since 2015, Claystone and its predecessor Beaver Municipal Solutions, has provided over \$22 million back to local communities through various forms of support including dividends but also community grants, sponsorships, and other forms of community partnerships.

Since 2021, Claystone has provided direct and indirect financial benefits to the Beaver region community totalling over \$4.9 million. This figure includes the \$3 million in dividend payment to Claystone's municipal shareholders, \$1 million in subsidized waste collection services for residents in the Beaver region, \$500,000 in community support grants including a Good Neighbour Grant to the Village of Ryley and Beaver County, and \$400,000 paid in property taxes to Beaver County. Under this business plan Claystone remains committed to support the communities it serves through continued grants, partnerships and sponsorships. In 2021, the calculation of the Good Neighbour Grant was changed to be proportionate to the waste tonnage disposed of at the Ryley facility. This change resulted in a considerable increase in the payments made to the receiving municipalities.

C, Local Supports: Dividends and Community Programs, Waste Services Subsidy provides additional information on dividends and community programs.

Government Regulations

Environmental storage, processing, containment and disposal facilities such as waste transfer stations, compost facilities, waste-to-energy facilities, landfills and disposal wells are generally heavily regulated among Canadian provinces, and increasingly by municipalities and the Government of Canada.

Obtaining construction and operation permits from provincial authorities for waste management facilities can take several years of engineering studies and public consultations. Regulations controlling the generation of waste, especially municipal waste, vary from province to province. In Alberta, landfills are regulated by Environmental Protection and Enhancement Act (EPEA), Designated Activities Regulation, and the Standards for Landfills in Alberta which outline the minimum requirements for development, operation, monitoring, closure and post-closure of landfills in the province. Claystone has long been in compliance or exceeded these regulations, guidelines, and legislation.

New and emerging government regulations include Alberta's Extended Producer Responsibility (EPR) regime. Alberta will have two EPR systems for managing single-use products, packaging and printed paper (PPP) and hazardous and special products (HSP). Once fully implemented in April 2025, Alberta's EPR framework will create new recycling markets in the province. Claystone is well-positioned to partner with producer responsibility organizations under this framework on collection and processing activities and will continue to monitor and build relationships with prospective partners.

Increasingly, municipalities in Canada are setting ambitious waste diversion targets. For instance, the City of Edmonton, Claystone's largest customer has set a goal of 90% waste diversion from landfills by 2045. In April 2021, the City also released a Waste Reduction Roadmap that outlines a strategy for 0% growth in residential waste generation per person from 2021-2024. Furthermore, the business plan for the City's Waste Services branch identifies a goal of single unit residential diversion of 65% by 2023. The City has also passed a bylaw to restrict single-use plastics taking effect in July 2023.

The City's waste management strategy places a heavy emphasis on diverting materials from landfill disposal. Waste diversion efforts largely focus on separating organic waste from residual garbage, new volume limits on household waste and enforcement, C&D recycling and separate collections of yard waste. These diversion measures are intended to better segment material in waste streams for alternative processing. The City is also focusing on treating waste as feedstock to drive "innovation in the local economy" including the development of waste fuel and renewable natural gas.

At the federal level, Environment and Climate Change Canada (ECCC) is developing new regulations to reduce methane emissions from municipal solid waste landfills. The primary objective of new federal regulations is to increase the number of landfills that reduce methane emissions either through installation of landfill gas recovery systems or other approaches that directly mitigate methane emissions. Claystone's Chief Operating Officer is a member of the ECCC's technical working group for the regulation development.

Shifting regulatory approaches is another driver behind the need for Claystone to diversify its business offerings and to provide Claystone with the ability to acquire other companies, enter into joint ventures, or establish subsidiaries. MSW volumes will continue to decline, and new regulatory approaches will force the waste management industry to adapt and pursue new waste-to-energy and other clean technology ventures, or risk falling behind competitors.



The Market, Industry Trends, and Competition

The solid waste marketplace is divided into two broad categories: municipal waste from residential and commercial sources, and industrial and C&D waste which can be further broken down into hazardous and non-hazardous categories. Market trends are towards landfill diversion where regulatory requirements (provincial or municipal) mandate source-separation of waste and direct separated wastes to recycling and composting facilities, or to waste-to-energy facilities.

With respect to landfills, pricing can be very competitive where there is ample capacity, as there is for landfill disposal in Alberta. Landfill pricing in Alberta is driven by logistics and proximity to the generator's location. Most generators are extremely price-sensitive, and see waste removal as a commodity service. Commercial solid waste generators are moving toward providers that can service both the logistics of moving material (hauling) to the landfill as well as landfill disposal.

Claystone's competitors are generally large waste management companies such as Waste Management, Waste Connections of Canada, and GFL Environmental. Both Waste Management and Waste Connections Canada own and operate two regional landfills (Thorhild and Coronation) that compete for waste with the Beaver Regional landfill. Camrose County also owns and operates a landfill at West Dried Meat Lake which has been successful at obtaining contaminated soil and C&D waste from the Edmonton metropolitan area, and securing multi-year arrangements with central Alberta municipalities.

Competition also exists from companies offering diversion or treatment of industrial wastes, specifically contaminated soil remediation for reuse. These companies include Norstar Industries or Nelson Environmental Remediation and have been active in the market for many years including collection, transport and transfer, processing and landfill disposal.

Claystone has a strong competitive advantage with the Beaver Regional Landfill. The Ryley site is one of the largest facilities of its kind in western Canada and Claystone is the regional gold standard for managing waste safely with precision and efficiency. Claystone further has secure contracts for relatively-large tonnages that provide experience for crews in handling large tonnages, and provides its customers with quick load tipping turn-around times. Claystone also has substantial capacity available for many years (75 years plus) at current waste tonnages. Finally, Claystone has built up corporate management experience in landfill operations, including a customized health and safety program, allowing the corporation to leverage its expertise into managing facilities at other locations.

2 – SALES AND MARKETING PLAN

Claystone's sales and marketing plan has the following near-term and long-term foci:

Near-term focus:

- Renew existing and secure additional multi-year contracts from waste generators in the Edmonton metropolitan region for disposal at the Beaver Regional landfill and other locations
- Maintain and increase municipal waste tonnage from current generators for disposal at the Beaver Regional landfill and other locations
- Significantly increase tonnage from construction and demolition contractors for disposal at the Beaver Regional landfill and other locations
- Transport waste from the Calgary region for disposal at the Beaver Regional landfill and other locations
- Increase tonnage from private waste cartage companies serving industrial, commercial and industrial waste generators for disposal at the Beaver Regional landfill and other locations
- Bundle long-haul transport of waste using 53-foot walking floor trailers from waste generator locations and transfer sites in Edmonton metropolitan region to the Beaver Regional landfill and other locations
- Develop a regional composting facility at the Beaver Regional landfill and other locations
- Develop waste to energy facilities, including anaerobic digestion facilities (see also "Long-term focus") at the Beaver Regional landfill and other locations
- Establish new transfer sites, primarily in urban locations, and other services that capture business of waste generators for disposal/processing at the Beaver Regional landfill and other locations





Long-term focus:

- Develop a landfill gas collection system at the Beaver Regional landfill that has the potential to sell the renewable natural gas
- Develop partnerships or bid contracts to use landfill management expertise to manage other landfill and transfer sites on a percentage of revenue basis.
- Acquisition and development of landfill sites in new locations
- Build relationships with producer responsibility organizations to partner on opportunities related to EPR regulations
- Explore opportunities for Claystone to engage in environmental consulting and remediation services contracts
- Explore solar farming opportunities on capped landfill cells
- Explore development of anaerobic digestion facilities and other waste to energy facilities in various locations

Restrictions

Waste from outside the province of Alberta is not permitted to be disposed of at the landfill site in Ryley which will further maintain its status as a Class II Non-hazardous waste landfill.

Facilities that Claystone may purchase, own, develop and manage at locations other than the Ryley site may accept waste from other Canadian provinces, territories and the United States.

Implementation Methodology and Financing Plans

In order to respond to changing regulatory and market conditions, protect capital, and execute the updated sales and marketing plan, this business plan provides explicit authorization to Claystone to pursue diversified service offerings and new revenue streams. The Business Plan authorizes Claystone Waste Ltd. as the General Partner for the Claystone Waste Limited Partnership to acquire or establish corporations, acquire controlled or non controlled interests in other entities, enter into leasehold agreements and joint ventures to establish or acquire interests in partnerships and to enter into agreements to operate and manage other corporations and businesses all as approved by the Board of Directors of Claystone Waste Ltd. Financing plans to execute the sales and marketing plans include self-generated funds, borrowing, and grants from governments primarily related to low-carbon innovations. In some cases, Claystone may enter into equipment lease and royalty revenue arrangements with partners by providing financing for partners' equipment and plant acquisitions.

The business development of opportunities and their approval, execution, integration into the corporation, monitoring and control and any related-divestitures will follow a detailed business acquisition and divestiture policy and procedure approved by the Board of Directors, in accordance with its authorities as prescribed in the Claystone Waste Ltd. Unanimous Shareholders' Agreement and the shareholders' approved Mandate and Roles Document.

Advertising and Promotion

Claystone will continue to advertise and promote its business at industry trade shows through sponsorships. Claystone will also continue to conduct business to business marketing led by the Business Development Manager, working closely with the Chief Executive Officer and Chief Operations Officer. As opportunities and sales contracts grow in number, the Business Development team will expand as required in order to increase our sales and marketing scope. Website, social media, and traditional media marketing efforts will also be conducted as conditions warrant.

Pricing, Distribution, and Customer Service Policy

Claystone will establish commercial prices that achieve the expected rate of return as approved by the Board of Directors.

Pricing for shareholder services will be consistent with formation documents and commitments to support shareholding municipalities and their residents. Sales contracts, whether term or spot permits, are enforceable written contracts with payment terms of a 30-day standard.

3 – OPERATING PLAN

The following operating plan includes information on Claystone's locational site operations, environmental compliance, nuisance control, local services and priorities as they related to Environmental, Social, and Governance (ESG) and safety initiatives.

Business Locations

Claystone is headquartered at the Beaver Regional Landfill site near Ryley, Alberta where its administrative offices and primary operations are located. Claystone may operate administrative offices and operating sites at other locations in the Edmonton Metropolitan Region and other sites in North America as conditions dictate.

The Ryley facility comprises three quarter sections of land permitted for waste processing and landfill disposal with an adjacent four quarter sections that are expected to be permitted in 2023. The facility includes the administrative head office, and maintenance buildings for managers, labour, equipment and materials. Landfill operations are 4:00am – 5:00pm, 6 days a week, closed Sundays, Christmas Day and New Years. Special open hours available for projects. County development permit regulates open hours.

As illustrated below, the NE-10 and SE-10 quarter sections are in current landfill operating approval as active disposal sites. As waste needs in the region continue to grow, an expansion of the site is necessary to continue providing waste management services to Claystone's customers. Landfill expansions are not uncommon. As old landfill cells are closed and remediated, new lands are developed for operations and follow the same lifecycle. Permitting processes have been initiated to expand operations over time to the six quarter sections located to the east of existing operations on lands currently owned by Claystone.



Environmental Compliance and Nuisance Mitigation

Claystone is committed to continuing to meet or exceed environmental standards, regulations and legislation and to protecting the natural and human environment in its operations.

Claystone currently holds an operating permit issued by Alberta Environment and Protected Areas until 2030 and will apply for other permits to operate other sites and projects as warranted. Claystone carries Environmental Impairment Liability coverage at its Ryley facility and will insure additional sites with similar policies should they be developed or acquired.

Claystone continues to be a leader in leachate management and control having installed an ecomister evaporation system, and ensuring offsite hauling and disposal of leachate is made to an approved facility, and that any emergency release of water in is done in accordance with regulations.

With respect to greenhouse gas emissions, Claystone ensures annual field testing to measure, report, and evaluate emissions that occur from landfill operation is conducted, and is actively exploring low-carbon innovations such as landfill gas capture and waste-to-energy projects.

The regional landfill at Ryley is the largest current source of greenhouse gas emissions in Beaver County. Claystone is responsible to the governments of Alberta and Canada regarding the emission of greenhouse gases from its operations and penalties that can be imposed for excessive release of these. Beginning in 2020, Claystone has an annual comprehensive field monitoring program for landfill gas methane emissions that has been approved by the government of Alberta. The annual program monitoring results have indicated that landfill gas emissions are well below the Alberta TIER (Technology Innovation and Emissions Reduction Regulation) benchmark of 100,000 tonnes per year of equivalent carbon dioxide gas. The three year program annual emissions average is under 20,000 tonnes of CO₂e.

Claystone's Environmental, Social, and Governance (ESG) plan is to invest in technologies that mitigate and reduce greenhouse gas emissions in all its operations in order to operate both sustainably and profitably. See also comments under the section entitled ESG, Safety, and Employee Initiatives.

With regard to closure and post-closure obligations, Claystone will continue to fund closure plans as identified in its annual budget process, and support the post-closure fund managed by the Claystone Trustee Association. Additional sites of operations will have separate but similar funding arrangements for remediation.

Claystone is committed to being a responsive partner and good neighbour and takes its responsibility to reduce negative impacts on neighbouring residents to its facilities seriously. Considering our current (landfill) and proposed (composting) facilities at Ryley, but applicable to any other facility location to be operated by Claystone, Claystone's corporate policy will continue to mitigate nuisances using the following strategies:

Odour control from compost operations:

At Beaver Regional, Claystone is constructing an advanced compost facility with leading-edge technology that will exceed the standards of Alberta's Composting Code of Practice to control and manage odours. Preventing excessive odours requires consistent management of the composting process, starting with prompt attention to incoming ingredients. Materials will be mixed with a bulking agent which allows oxygen to travel through the material being composted.

Making sure that there is enough oxygen in the compost pile is the most important component to minimizing the risk of microbes producing odours. In addition to providing enough oxygen, Claystone will aerate compost piles with 15 cm of biocover layer. This material is either coarse wood chips or finished compost. The microbes in this layer absorb and decompose the odour compounds that may come up from the composting material underneath.

These design considerations and techniques have proven successful in mitigating odour issues before they occur.

Birds:

At its landfill facilities, Claystone will continue to work with a falconry contractor permitted by the Canadian Wildlife Service to control migratory birds like seagulls. At the Beaver Regional landfill, use of this technique has significantly reduced bird populations at the site since 2019 and Claystone will continue to evaluate strategies to manage these populations.

Litter control:

Litter management is critical to good waste facility management. This is carried out in the following ways at the Ryley site

- There are several layers of litter control fencing. The perimeter fence is a permanent fence. Semi-permanent fences are located at strategic points on closed portions of the landfill where high winds often blow litter. Moveable wind fences are available for placement as wind blockers.
- The collection of litter is done by landfill staff to ensure the site is litter-free.
- When waste moves outside the landfill boundaries onto adjacent properties, Claystone makes all attempts to collect the waste with the authorization of property owners or tenants.
- Off-site litter blown onto neighbouring, adjacent public roads and drainage ditches from a wind event is removed by Claystone following a wind event.
- Off-site litter blown onto neighbouring adjacent properties from a wind event is removed by property owner-authorized contractors at Claystone's cost, or by Claystone as soon as practicable after the wind event. Claystone will not and does not enter private property unless authorized by the property owner.

Local Services

Claystone currently provides \$1 million in subsidized waste collection services for residents in the Beaver region to keep utility bills low. the local collection and transfer station system for the five municipal owners in Beaver County. The operating and capital costs of this service are subsidized by the income received from services provided to external / commercial customers. The level of subsidy to the municipalities and their residents is not expected to change, however, this is highly related to ongoing external revenue generation. Local municipal services cannot be changed without unanimous approval of the municipalities, and rates for each municipality must be equivalent to the service provided, and be approved by each affected municipality.

Appendix B, Local Supports: Dividends and Community Programs, Waste Services Subsidy provides additional information on dividends and local (shareholders') waste services subsidies provided by Claystone Waste.



Odour control from traditional landfill operations:

Claystone employs various tactics to deal with odours depending on the type of organics. Active municipal solid waste is covered in the summer months, while odorous waste is covered immediately. Our best practices ensure that we can mitigate odours and respect neighbours.

Dust control:

Dust management is a key operational function at the Claystone Beaver Regional landfill. In dry weather conditions, internal landfill access roads are watered to suppress dust as needed. During construction projects, contractors are responsible for dust control in their working areas of the site, with compliance monitoring done by Claystone.

Traffic Safety:

At the Beaver Regional site, Claystone actively works with Alberta Transportation and its shareholding municipalities on measures to reduce traffic impacts. These strategies include monitoring of trucking behaviour, supporting enforcement activities, capital upgrades at our Ryley facility to better manage traffic flows, and advocacy with Alberta Transportation for other infrastructure improvements.

The same collaborative approach will be used with authorities having jurisdiction in other locations regarding management of waste customer traffic.

As a matter of policy and practice, Claystone regularly holds information sessions, open houses, and is consistently gathering resident feedback on the impacts of landfill operations. At additional sites of operation, Claystone will continue to be a responsive community partner and deploy customized strategies to manage nuisance issues.

Environmental, Social, and Governance Planning (ESG), Safety, and Employee Initiatives

Claystone is committed to putting a focus on ESG initiatives for the communities we serve and to creating a safe and healthy workplace for our employees. In addition to the Good Neighbour Grant and the Community Grant Program, Claystone has developed a willow mass plantation program to enhance the natural environment and provide dedicated wood fibre for our compost operations.

Claystone is further continuing feasibility planning on the development of a new community park outside of Ryley on reclaimed landfill cells that our can be used to host local events, festivals or as a gathering place for families.

Claystone conducted a review of its internal policies in 2021 and initiated a new Diversity and Inclusion Policy which paves the way to providing stronger relations with First Nations and Métis peoples. Claystone recognizes National Day for Truth and Reconciliation as a paid holiday for employees and moving forward, in both current and future operations, Claystone will strive to build meaningful relationships with Indigenous communities.

Claystone is extremely committed to being an employer of choice and has been selected as one of Alberta's top 75 employers for five years in a row. Part of this commitment is a dedication to workplace safety. In 2021, Claystone was proud to record a total of zero workplace injuries. Claystone maintains its Certificate of Recognition for safety through the Alberta Construction Safety Association and is a Partners in Injury Reduction participant with the Alberta Workers' Compensation Board. Claystone, as part of its operations plan seeks to maintain its choice employer status, zero workplace injury record, and to instill a culture of excellence through personal and professional development opportunities, including coaching, mentorship and Diversity, Equity and Inclusion training for all of its employees.

4 – HUMAN RESOURCES PLAN

The following human resources plan includes information on Claystone's current key employees, workforce profile, and benefits and pension programs.

This plan is subject to change as the Corporation grows and changes under the Board of Directors' oversight, however, at its core, the Corporation will be administered through its Chief Executive Officer (CEO) providing functional direction in Operations, Marketing and Sales, Finance and Treasury, Human Resources and Corporate Communications, including Shareholder Communications and Public Outreach. As required, legal, financial, marketing, communication and government and public relations advisors will assist management and the Board to execute on the Corporation's strategic plan.



Key Employees (FY 2022 – 2023)

Employee / Title	Responsibilities	Qualifications
Pierre Breau Chief Executive Officer	Chief Executive responsible for overall corporation performance	Professional Engineer, over 35 years experience in municipal public works and waste management. ICD.D Accredited Director, Institute of Corporate Directors.
Corey Popick Chief Operating Officer	Implements strategies to execute vision and oversees operations	Professional Biologist, experienced Manager with a demonstrated history of working in government administration and waste management industry.
Juvy Ceniza Chief Financial Officer	Responsible for accounting and finance functions of corporation	CPA, 32+ years financial management experience.
Bruno Sanelli Business Development Manager	Responsible for designing and executing business development strategies	35+ years of business development experience in multiple fields.

Jeanie DeGrande Human Resources Manager	Responsible for human resources, workplace health and safety and other employee programs	CPHR, 20+ years of human resource management experience.
Anne Ruzicka Communications Manager	Responsible for corporate communications and community stakeholder relations	Over 25 years of experience in the waste and recycling industry; experienced communicator and community facilitator.
Jason Palamar Financial Controller	Responsible for financial controls, policy compliance	CPA, CA with 15 years experience in accounting management and finance

Workforce Profile and Employee Programs

As one of Alberta's top 75 employers, Claystone currently employs approximately 65 people with well-paying, family-supporting jobs. Claystone employees are non-unionized. Approximately 62% of employees are from the local area near the Rley site which is reflective of Claystone's commitment to provide local employment be an economic driver within the Beaver County region.

Claystone employees are eligible for the Local Authorities Pension Plan and are subject to an annual performance incentive program.

5 – ACTION PLAN

Updated Action Plan	
Action	Timetable
Renew existing and secure additional multi-year contracts from waste generators in the Edmonton metropolitan region for disposal at the Ryley landfill and other locations.	2023–2026
Develop a regional composting facility at the Beaver Regional landfill and other locations.	2023–2026
Maintain and increase municipal waste tonnage from current generators for disposal at the Beaver Regional landfill and other locations, while managing related greenhouse gas emissions	2023–2026
Significantly increase tonnage from construction and demolition contractors for disposal at the Beaver Regional landfill and other locations.	2023–2026
Increase tonnage from the Calgary region for disposal at the Beaver Regional landfill and other locations.	2023–2026
Increase tonnage from private waste cartage companies serving industrial, commercial and industrial waste generators for disposal at the Beaver Regional landfill and other locations.	2023–2026
Bundle long-haul transport of waste using 53-foot walking floor trailers from waste generator locations and transfer sites in Edmonton metropolitan region to the Beaver Regional landfill and other locations.	2023–2026
Develop waste to energy facilities, including anaerobic digester facilities, at the Beaver Regional landfill and other locations.	2023–2030

Establish new transfer sites and other services that capture business of waste generators for disposal/processing at the Beaver Regional landfill and other locations.	2023-2026
Explore opportunities in waste diversion projects as well as out-of-province waste disposal that match management experience and capital funding capacity.	2023-2026
Pursue revenue diversification so that no one customer represents more than 35% of total revenue and no more than 60% of total revenue is derived from regional landfill disposal.	2023-2026
Develop and execute plans to meet the transportation needs of Claystone's customers.	2023-2024
Maintain current level of local waste service subsidy to shareholding municipalities.	2023-2026

Who We Are

Purpose

To be an environmental steward in supporting communities with sustainable waste solutions now and in the future

Vision

Be a Western Canadian Leader and service provider of choice for sustainable waste solutions

Mission

Provide communities with the confidence of safe, sustainable and environmentally responsible waste solutions

Values

Accountability

Through transparent communication with staff, clients and other stakeholders, acknowledge and assume responsibility for actions, services, decisions and policies

Safety

Ensure the health and safety of staff on customer service sites and a zero-injury workplace

Employee Oriented

Instill a culture of excellence through personal and professional development opportunities, including coaching, mentorship and Diversity, Equity and Inclusion training

Customer Oriented

Provide timely, responsive, quality services that meet the needs of our customers while acting with honesty and honour, promoting trust and confidence

Community Oriented

Consider the implications of entering a new community by building relationships and offering economic support, publicly reporting on material work, and implementing ESG initiatives (e.g. the safe disposal of waste and community investment)

Goals

1. Build a diversified customer base within diversified services
2. Become an employer of choice
3. Grow a reasonable dividend in a financially sustainable manner
4. Maintain a zero-injury workplace
5. Continue to meet environmental standards, regulations and legislation
6. Identify diversified business opportunities that maintain competitive disposal rates while materially increasing revenue
7. Support local communities through grants

Strategies

Be a Leader in Industry

- Be environmentally focused waste management service provider of choice
- Provide services that are synergistic and sustainable

Market Growth

- Implement active marketing strategy
- Build partnerships for integrated and sustainable waste management solutions

Community Focus

- Focus on ESG initiatives for local communities
- Provide community grants and sponsorships

Governance and Accountability

- Be fiscally responsible and environmentally sustainable
- Be future focused

Employer of Choice

- Instill a culture of excellence
- Set and exceed industry standards
- Provide employment and employee growth opportunities in local communities

Purpose



Claystone Waste Ltd. exists...

to be an environmental steward in supporting
communities with sustainable waste solutions
now and in the future

Vision & Mission



An organization's vision and mission describes its fundamental purpose and long-term desired future

Vision: Our desired future state

What will you experience and achieve in the future?

Be a Western Canadian Leader and service provider of choice for sustainable waste solutions

Mission: Our reason for being

How will you accomplish your purpose?

Provide communities with the confidence of safe, sustainable and environmentally responsible waste solutions

Values

As an environmental business, these core values serve as guidelines for CWL actions



Value	Description
Accountability	Through transparent communication with staff, clients and other stakeholders, acknowledge and assume responsibility for actions, services, decisions and policies
Safety	Ensure the health and safety of staff on customer service sites and a zero-injury workplace
Employee Oriented	Instill a culture of excellence through personal and professional development opportunities, including coaching, mentorship and Diversity, Equity and Inclusion training
Customer Oriented	Provide timely, responsive, quality services that meet the needs of our customers while acting with honesty and honour, promoting trust and confidence
Community Oriented	Consider the implications of entering a new community by building relationships and offering economic support, publicly reporting on material work, and implementing ESG initiatives (e.g. the safe disposal of waste and community investment)

Goals



The following goals represent what CWL wants to accomplish as the organization works towards realizing its mission and vision

Build a diversified
customer base within
diversified services

Be an employer of
choice

Grow dividends in a
financially sustainable
manner

Maintain a zero-injury
workplace

Continue to meet or
exceed environmental
standards, regulations
and legislation

Identify diversified business opportunities that
maintain competitive disposal rates while
materially increasing earnings

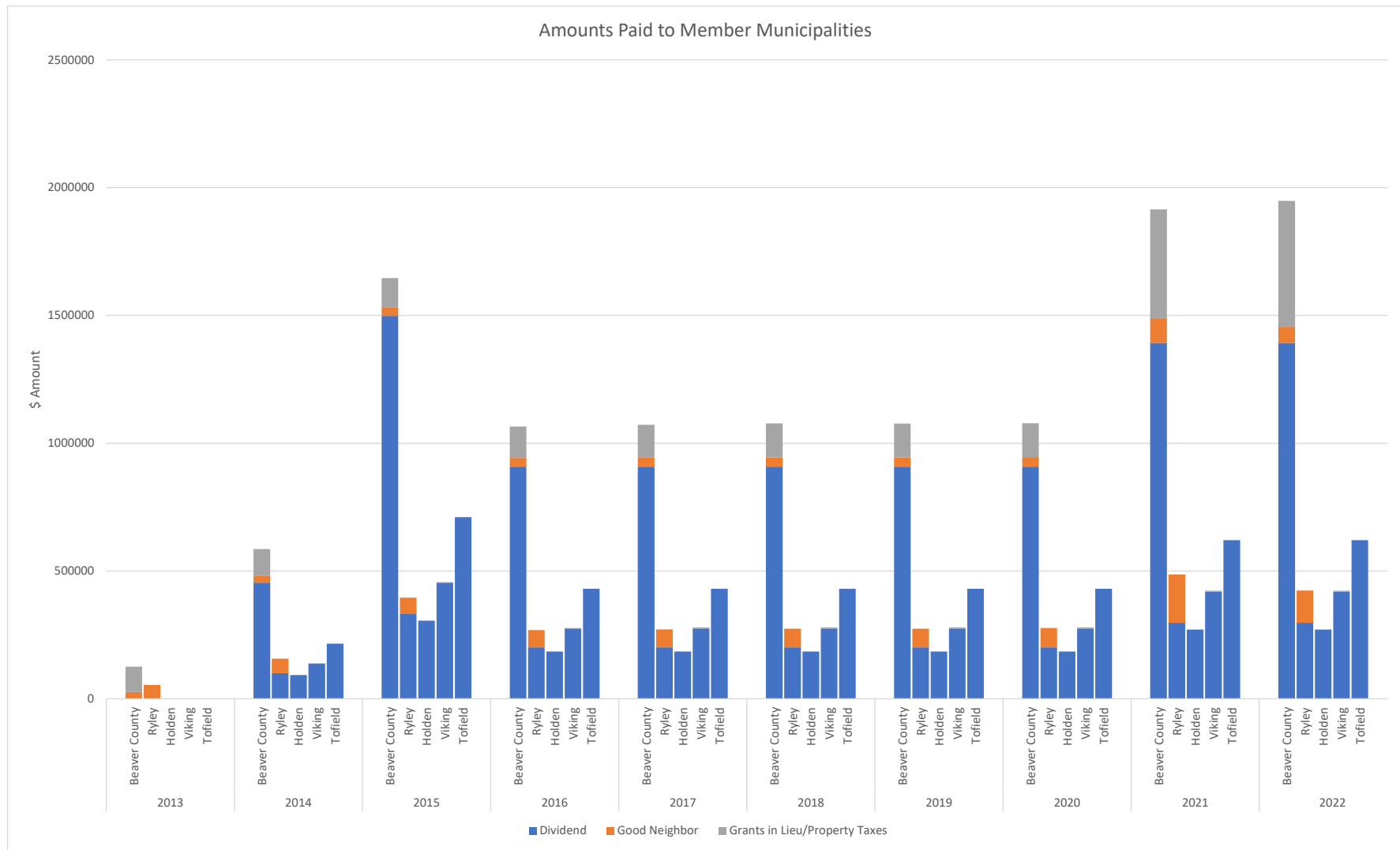
Support the
communities we serve
through grants &
stewardship

Strategy

The following strategy outlines specific areas of focus that CWL will engage in to accomplish goals

Be a Leader in Industry	Market Growth	Governance and Accountability	Community Focus	Employer of Choice
Be a environmentally focused waste management service provider of choice	Implement active marketing strategy	Be fiscally responsible and environmentally sustainable	Focus on ESG initiatives for local communities	Instill a culture of excellence
Provide services that are synergistic and sustainable	Build partnerships for integrated and sustainable waste management solutions	Be future focused	Provide community grants and sponsorships	Set and exceed industry standards
				Provide employment and employee growth opportunities in local communities

Appendix B



Appendix B

