



Dear Charles,

April 1, 2019

As you are no doubt aware, pressure on the recycling industry to produce a contaminate free stream are at all time high levels. At SMI we have felt this pressure on all of our sales outlets. One outlet where we have felt considerable pricing pressure is our scrap metal streams due to battery contamination. Our metal outlets have significantly dropped pricing over the past few years due to this contamination and we can no longer continue to absorb the decreased pricing.

Therefore, effective May 1, 2019, we will be implementing a battery surcharge based on tested battery levels in the MRF 3 Mix glass we receive. This battery surcharge will be subtracted from the current material pricing. We have tested for batteries in the 1st Quarter of 2019 which will set the battery surcharge for May 2019. Moving forward we will adjust the battery surcharge semi-annually based on continued tests of material.

We appreciate your understanding of the dilemma we face as battery contamination continues. We hope that by sharing this burden you can remove the battery levels in your 3 Mix glass to minimize any future battery surcharges.

Respectfully,

A handwritten signature in black ink, appearing to read "Curt Bucey", written over a horizontal line.

Curt Bucey – EVP Strategic Materials Inc