

INDUSTRY STEWARDSHIP PLAN FOR AUTOMOTIVE MATERIALS



Automotive
Materials
Stewardship

Stakeholder Consultation – April 5 & 7, 2016

Overview

- Information for webinar participants
- Background
 - Legislative context
 - Who is Automotive Materials Stewardship (AMS)?
 - Why is AMS submitting an Industry Stewardship Plan for Automotive Materials?
 - Purpose of webinar
- Industry Stewardship Plan for Automotive Materials
 - Who may join the ISP?
 - Designated materials
 - Program design
 - Program performance
 - Performance measurement and reporting
 - Transition
- Next Steps



Information for Webinar Participants

- Speaker advances slides
- Sound slider ①
- Technical assistance:
<http://vvc.ca/webhelp/> ②
- Questions/comments at 'Questions?' ③
 - Add your question
 - Click 'send'
 - Webcast team receives questions
 - Will be answered during webinar or by email following webinar

The screenshot displays a webinar interface. At the top, a dark slide contains the text "Industry Stewardship Plan Webinar" and "Event starts Tue, Apr 5 2016 2:00 PM EDT". Below the slide, there are two buttons: "Questions?" and "HELP". The "Questions?" button is circled with a '3', and the "HELP" button is circled with a '2'. A small red square with a white arrow icon is circled with a '1'. At the bottom of the interface, the text reads "Automotive Materials Stewardship (AMS) Industry Stewardship Plan Webinar April 05, 2016 Toronto, Ontario" next to the AMS logo, which features a green car icon with arrows indicating a circular process. To the right of the logo is the text "Automotive Materials Stewardship".

Information for Webinar Participants

- Archived webcast will be available on
 - Waste Diversion Ontario's (WDO) website
<http://www.wdo.ca/>
 - Automotive Materials Stewardship's (AMS) website
<http://www.automotivematerialsstewardship.ca/>



Background



Automotive
Materials
Stewardship

Legislative Context

- Ontario Regulation 542/46 under the Waste Diversion Act (WDA) designates
 - Antifreeze, Oil Containers and Oil Filters as Municipal Hazardous or Special Waste (MHSW)
 - Stewardship Ontario as the industry funding organization (IFO) responsible for MHSW
- Section 34 of the WDA allows stewards to directly manage their obligations by submitting an industry stewardship plan (ISP) to WDO for approval



Who is Automotive Materials Stewardship?

- National, non-profit organization
- Established and financed by industry to
 - Represent the interests of Canadian businesses
 - Bring together key players to achieve better recycling performance
 - Create convenient, environmentally sustainable ways for consumers to recycle waste from the automotive sector



ISP for Automotive Materials

- In accordance with Section 34 of the WDA, AMS is seeking approval for an ISP to manage automotive materials
- The ISP was submitted to WDO on February 19, 2016
- ISP for Automotive Materials is available at www.automotivematerialsstewardship.ca



Why submit an ISP for Automotive Materials?

- AMS was asked by stewards of automotive materials (antifreeze, oil containers, oil filters) to submit an ISP for WDO's approval
- Key benefits of an ISP for Automotive Materials
 - Equal to or greater environmental performance
 - Cost savings: ISP can claim input tax credits for HST (~\$2.5M/yr)
 - Predictable fees: ISP is not subject to O. Reg. 11/12
 - No disruptions for stewards: ISP will use the same reporting system used by Stewardship Ontario
 - No disruptions for collection network and service provider partners: ISP will assume the auto materials supply chain and use the same reporting system use by Stewardship Ontario



Why submit an ISP when new waste legislation is pending?

- Discussions with industry pre-date the introduction of Bill 151 (Q2 2015)
- Bill 151 is currently in second reading
- If Bill 151 is passed, the transition of the MHSW program could be 2-3 years away
- Stewards participating in the ISP will get ahead of any future MHSW program transition, and will be well prepared to meet their future obligations under the Resource Recovery and Circular Economy Act
- Individual stewards may choose to stay with Stewardship Ontario or to join the ISP and take advantage of its benefits



Purpose of Webinar (1)

- This webinar is part of AMS's consultation with stakeholders interested in the ISP
 - Stewards supplying antifreeze, oil containers and oil filters
 - Industry associations
 - Current and future collectors of used antifreeze, oil containers and oil filters including municipalities and their associations
 - Current and future transporters and processors of used antifreeze, oil containers and oil filters
 - End-markets for antifreeze, oil containers and oil filters
 - Environmental non-government organizations with an interest in waste diversion
 - Stewardship Ontario as the IFO currently responsible for managing used antifreeze, oil containers and oil filters



Purpose of Webinar (2)

- To provide stakeholders with information on the ISP for Automotive Materials
- To provide stakeholders with an opportunity to ask questions about the ISP for Automotive Materials
- To solicit comments from stakeholders that can
 - Enhance the ISP
 - Contribute to a seamless transition



Industry Stewardship Plan for Automotive Materials



Automotive
Materials
Stewardship

Who May Join The ISP?

- Any steward that is obligated to report and pay fees to Stewardship Ontario for one or more of antifreeze, oil containers and oil filters may join the ISP.



Designated Materials Included in the ISP

- Antifreeze
- Oil Containers
- Oil Filters

For each material, the definition is the same as the definition in the MHSW Program Plan



Antifreeze

- **Antifreeze**
 - Ethylene or propylene glycol used or intended for use as a vehicle engine coolant
 - Same definition as in MHSW Program
- **Waste antifreeze is collected from residential and all industrial, commercial, institutional (IC&I) generators**
- **Reduction – buy only what you need, use it up, extended service schedules, decreased leakage**
- **Reuse – not applicable**
- **Recycling –distilled to recover glycol**



Antifreeze Containers

- Containers in which antifreeze is contained
 - Containers used by residential and IC&I generators to deliver used antifreeze to collection sites
 - Containers emptied of antifreeze by automobile service businesses in their role as a do-it-for-me service provider
- Residents can continue to put empty antifreeze containers in the Blue Box collection system where accepted by municipalities
- Containers delivered to ISP collection sites and emptied by automobile service businesses will be managed by ISP



Oil Containers

- Containers that have a capacity of 30 litres or less and that were manufactured/used for the purpose of containing lubricating oil
- Waste oil containers are collected from residential and all IC&I generators
- Reduction – from extended vehicle service schedules, increase in bulk dispensing due to fewer do-it-yourself oil changes, shift to electric vehicles
- Reuse – larger containers reused
- Recycling – recycled into new products



Oil Filters

- **Filters**
 - Used in automotive engines and other equipment for the purpose of filtering contaminants from fluids
 - Produced and/or arriving into the province, and which are for sale, directly or as part of a product, in Ontario
- **Waste oil filters are collected from residential and all IC&I generators**
- **Reduction – from extended vehicle service schedules, shift to electric vehicles**
- **Reuse – not applicable**
- **Recycling – steel and residual oil captured for recycling**



Program Design

- Includes
 - Collection, transportation, recycling
 - Accessibility
 - Communications
 - Research and development
 - Financial and human resources
 - Program cost elements and fee setting methodology

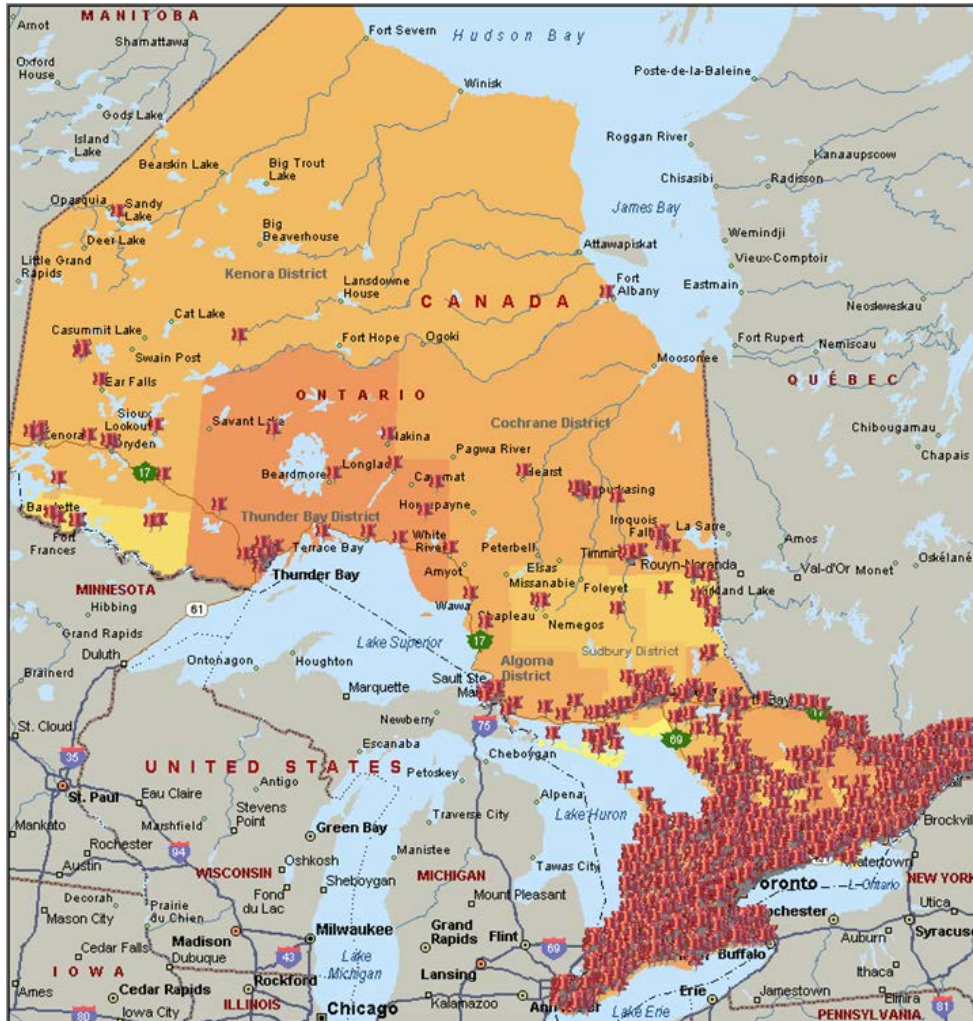


Collection, Transportation, Recycling

- **AMS will adopt**
 - **Service provider vendor standards currently being used by Stewardship Ontario**
 - Service providers will be required to meet and conform to these vendor standards in order to be eligible to manage used antifreeze, oil containers and oil filters under the ISP.
 - **Registrations of service providers currently in place with Stewardship Ontario**
 - AMS will continue to use the same registration and qualification process for any additional service providers
 - For any future service provider procurement, AMS will ensure that a fair and transparent process is employed that allows an equitable opportunity to participate



Collection, Transportation, Recycling



- AMS will assume the existing supply chain
- Service providers will
 - Use same reporting system
 - Be expected to meet same vendor standards



Collection, Transportation, Recycling

- AMS is dedicated to continuous improvement and may update vendor standards and registration/qualification process – following consultation with affected stakeholders – to reflect
 - Ongoing dialogue with service providers
 - Changes to market conditions, legal and regulatory requirements
 - Business needs and best practices
- In making any changes, AMS will seek to
 - Provide predictability
 - Foster openness and transparency
 - Make decisions without bias or prejudice
 - Adhere to the principles of continuous improvement
 - Provide equitable opportunities to compete



Accessibility – Guiding Principles

- AMS will continuously seek to improve accessibility across the province through the development and refinement of its network of collection sites, taking into consideration the need for accessibility in remote and sparsely populated areas (e.g. Northern Ontario) as well as medium and large urban centres
- Generators are able to deliver used antifreeze, oil containers and oil filters to a collection site at no charge to the generator
- Collection sites will be both effective and efficient within their geographic and/or demographic context
- Network of collection sites will have sufficient capacity to collect more than the annual collection target in tonnes for each material



Accessibility – Collection System

- Collection locations (December 2015) representing the supply chain that will be assumed by AMS
- AMS proposes to increase accessibility each year to demonstrate ‘better than’ performance

Material Category	Collection Depots	Collection Events	Return to Retail	Specialty Service Channel
Antifreeze	88	323	756	12,000
Oil Containers	88	323	756	12,000
Oil Filters	88	323	816	12,000



Accessibility – Collection System

- **AMS will review the performance of its collection network to identify best practices, growth opportunities and ineffective or inefficient sites**
 - **Ineffective/inefficient sites may be closed to free up resources for new and/or existing collection sites**
- **New collection sites will be established where growth opportunities are identified such as**
 - **Geographic regions with disproportionately low numbers of sites**
 - **High performing areas where current sites are nearing capacity**



Communications

- AMS's strategy aims to reach generators to change behavior in order to maintain and grow collection against targets using communications tactics such as
 - Partnering with collectors to promote their activities (e.g. municipal communications)
 - Providing P&E tool kit containing collateral designed to support collection
 - Transferring relevant information from Stewardship Ontario's website to AMS's website
 - Arranging a direct link from Stewardship Ontario's website to AMS's website to seamlessly redirect consumers seeking information
 - Providing interactive and/or online resource materials for waste generators and service providers to foster education and learning in support of collection targets
 - Working co-operatively with IFO, other ISPs and other waste diversion programs to efficiently reach the residents and businesses as waste generators
 - Utilizing consumer awareness campaigns, social media, consumer facing events



Research and Development

- Implemented as required to address barriers where materials are underperforming in terms of collection and/or recycling targets
- R&D will be
 - Linked to the need for progress to meet targets
 - Considered during development of each annual operations plan
 - Funded by the material(s) benefitting by the activities with no cross-subsidization
 - Implemented using transparent and equitable procurement processes
 - Implemented through partnerships with other organizations wherever possible



Human Resources

- **AMS will contract with Canadian Stewardship Services Alliance Inc. (CSSA) for program administration and operations**
 - **CSSA is currently providing administrative services to Stewardship Ontario in support of the MHSW Program, therefore disruption to stewards and service providers is minimized**
- **Additional subcontractors may be used to deliver some services**
 - **E.g. to liaise with collectors, transporters and processors (similar to the approach currently utilized by Stewardship Ontario)**



Cost Elements

- **AMS will incur the following costs to deliver the ISP**
 - **Costs associated with developing the ISP**
 - **Costs for implementation and transition**
 - **Costs to administer and support stewards participating in the ISP**
 - **Overhead costs**
 - **Promotion and education costs**
 - **Service provider and material management costs**
 - **Costs levied by WDO**
- **These costs will be recovered from stewards who participate in the ISP**



Fee Setting

- **AMS will allocate costs among ISP participants in a fair manner using the following data sources (subject to quality control processes)**
 - Reports received from ISP participants on the quantity supplied into the marketplace
 - Contracts and agreements with service providers for material management
 - Contracts for P&E and R&D to meet collection and recycling targets
 - Composition audits, cost allocation studies and other analyses to identify material management cost drivers utilized in cost allocation methodologies
 - AMS's overhead costs
- Rates for each material will be subject to adjustment from time to time as needed, with a notice period of at least 90 days
- ISP participants will not levy visible fees



Program Performance

- Includes
 - Collection targets
 - Recycling efficiency rates
 - Recycling targets



Collection Targets

- Collected quantity expressed as a % of the quantity available for collection
- AMS proposes to increase the collection targets of each material each year to demonstrate ‘better than’ performance
- AMS will seek to maintain Stewardship Ontario’s reported performance where such performance exceeds target

Material Category	MHSW Program Year 5 Target	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Antifreeze	50%	50%	51%	52%	53%	54%
Oil Containers	52%	52%	57%	62%	67%	72%
Oil Filters	85%	85%	86%	87%	88%	89%



Recycling Efficiency Rates

- Rates achieved during material processing to recover materials for the recycling uses described earlier

Material Category	Percentage Rate
Antifreeze	100%
Oil Containers	100%
Oil Filters	100%



Recycling Targets

- Collection rate % multiplied by recycling efficiency rate %
- AMS proposes to increase recycling targets of each material each year to demonstrate 'better than' performance
- AMS will seek to maintain Stewardship Ontario's reported performance where such performance exceeds target

Material Category	MHSW Program Year 5 Target	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Antifreeze	50%	50%	51%	52%	53%	54%
Oil Containers	52%	52%	57%	62%	67%	72%
Oil Filters	85%	85%	86%	87%	88%	89%



Performance Measurement and Reporting

- AMS will adopt Stewardship Ontario's Instructions for Weighing Municipal Hazardous or Special Waste (July 10, 2012) to ensure consistency in data tracking
- AMS will submit to WDO
 - Annual business performance plan
 - Regular reports regarding ISP operation and performance
 - Annual report for each calendar year including
 - Audited financial statements
 - Statement of accuracy and completeness of non-financial data
- AMS will post the annual report on its website



Transition - Operations

- AMS proposes to assume responsibility for Stewardship Ontario's entire supply chain for collection and management of used antifreeze, oil containers and oil filters
 - No need to redirect residents
 - IC&I generators should not encounter any transition issues
 - No used antifreeze, oil containers and oil filters will be managed by Stewardship Ontario's supply chain
- AMS will adopt Stewardship Ontario's service provider vendor standards and registrations
 - Commercial terms with service providers will be maintained for at least one year following the commencement of the ISP to minimize disruption during transition



Transition - Stewards

- AMS and Stewardship Ontario will collaborate to inform stewards of antifreeze, oil containers and oil filters currently registered with Stewardship Ontario about the opportunity to participate in the ISP
- Procedures for stewards to transfer from the MHSW Program operated by Stewardship Ontario to the ISP operated by AMS
 - During development of the ISP
 - Steward registers with AMS, agrees to AMS's Membership Agreement and confirms that it is in compliance with Stewardship Ontario's Rules for Stewards, has met all of its obligations to Stewardship Ontario under the Rules and intends to continue to meet its obligations up until the date of the ISP commencement
 - At commencement of the ISP
 - Steward confirms that it has met all of its obligations to Stewardship Ontario under the Rules as of the effective date of AMS's ISP



Transition - Stewards

- **ISP participants are required to pay their final period MHSW fees to Stewardship Ontario pursuant to the provisions of Regulation 542/06 as amended by Ontario Regulation 11/12, subject to any subsequent reconciliation charges**
 - **Once the effective date of the ISP has been determined, Stewardship Ontario will publish details related to their Annual True Up process**
- **If any stewards of antifreeze, oil containers or oil filters continue to be registered with Stewardship Ontario after the ISP commences, AMS will make collection and recycling credits available to Stewardship Ontario**



Next Steps



Automotive
Materials
Stewardship

Moving Forward: Working with Supply Chain Partners

Prior to Approval Date	
	Consult with municipal associations and individual municipalities on supply chain transition, municipal contract arrangements, and the development of a communications plan
	Prepare municipal automotive materials services agreement
	Consult with transporters and processors on supply chain transition
Approval Date (based on a 3 month transition)	
Month 1	Implement communications plan
	Distribute municipal automotive materials services agreements to municipalities
	Begin modifications to the WeRecycle portal
Month 2	Continue to implement communications plan
	Continue with modifications to the WeRecycle portal
	Update reporting guidebooks
	Consult with Stewardship Ontario on remaining supply chain transfer activities
Month 3	Continue to implement communications plan
	Test and finalize the modifications to the WeRecycle portal
	Publish reporting guidebooks and issue reporting IDs



Moving Forward: Working with Stewards

Prior to Approval Date	
	Interested Stewards sign Letters of Intent to join the ISP
Approval Date (based on a 3 month transition)	
Month 1	Joint communication with Stewardship Ontario to Stewards to communicate the status of the ISP, the resolution of any outstanding obligations, and the method to join the ISP
	Distribute Membership Agreement to Stewards that have signed Letters of Intent
Month 2	Communication of draft fee schedule
	Publication of reporting guidebook
	Steward registration and reporting opens
Month 3	Registration of initial pool of stewards complete
	AMS reports stewards who are members of the ISP as of the effective date to WDO and Stewardship Ontario
Effective Date	
ED	End of first reporting period for stewards
ED+ 30 Days	Stewards pay first quarter invoice to AMS



Send us your Letter of Intent

- Interested Stewards are encouraged to sign a Letter of Intent asap
- Copy into your own letterhead
- Email a signed copy to AMS at info@autostewardship.ca

[TO BE PLACED ON LETTERHEAD OF STEWARD]

[Redacted], 2016

Automotive Materials Stewardship Inc. info@autostewardship.ca
1 St. Clair Avenue West
Suite 700
Toronto, ON M4V 1K6

and to

Waste Diversion Ontario
4711 Yonge Street
Suite 1102
Toronto, ON M2N 6K8

Dear Sirs/Madames:

Re: Proposal by Automotive Materials Stewardship Inc. to establish an Industry Stewardship Plan with respect to Antifreeze, Oil Containers and Oil Filters

We are a brand owner or first importer into Ontario of [Antifreeze / Oil Containers / Oil Filters](#). This letter will confirm that it is our intent to participate in the Industry Stewardship Plan proposed by Automotive Materials Stewardship Inc. (the "ISP Proponent") with respect to Antifreeze, Oil Containers and Oil Filters (the "ISP") upon approval of the ISP by Waste Diversion Ontario. We confirm that we intend to enter into a Membership Agreement with the ISP Proponent, or its designated subsidiary, with respect to our participation in the ISP substantially in the form of the agreement included in the draft ISP to be submitted to Waste Diversion Ontario for approval.

In addition to the foregoing, we confirm that we have agreed to provide data concerning our operations to the ISP Proponent to assist it in the preparation of the ISP for review and approval by Waste Diversion Ontario.

Yours truly,

[\[Name\]](#)

[\[Title\]](#)



Feedback on ISP Welcome

- Stakeholders are encouraged to submit comments by April 29 to
 - AMS at info@autostewardship.ca
 - WDO at MaryCummins@wdo.ca



QUESTIONS

info@autostewardship.ca

www.automotivematerialsstewardship.ca



**Automotive
Materials
Stewardship**