

INDUSTRY STEWARDSHIP PLAN FOR AUTOMOTIVE MATERIALS



Automotive
Materials
Stewardship

Steward Update Webinar

November 15, 2016

Information for Webinar Participants

- Speaker advances slides
- Sound slider ①
- Questions/comments at 'Ask a Question' ② then click 'submit'
- If you have technical issues also let us know via the "Ask A Question" box

The screenshot displays a webinar interface. At the top, the Stewardship Ontario logo and the Automotive Materials Stewardship logo are visible. Below the logos, there is a Media Player window with a volume slider (marked with a red circle 1) and a Q&A box (marked with a red circle 2) containing a text input field and a 'Submit' button. To the right, a slide titled 'INDUSTRY STEWARDSHIP PLAN FOR AUTOMOTIVE MATERIALS' is shown, featuring the Automotive Materials Stewardship logo and the text 'Steward Update Webinar - November 15, 2016' at the bottom.

Agenda

- **Program Approval and Launch Date**
- **Background**
 - What is AMS?
 - Key benefits of AMS ISP
 - Why a new ISP now?
- **AMS ISP**
 - Who may join the ISP?
 - Designated materials
 - Program design
 - Program performance
 - Performance measurement & reporting



Agenda

- **Transition**
 - **Operations**
 - **Stewards**
- **Next Steps**
 - **Timeline and key activities**
- **Resources and contact information**
- **Q & A**



Program Approval & Launch Date

- On August 10, 2016, Waste Diversion Ontario (WDO) approved the Automotive Materials Stewardship (AMS) Industry Stewardship Plan (ISP) for the management of antifreeze, oil containers and oil filters
- The program will take effect no sooner than April 1, 2017



Background



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What is Automotive Materials Stewardship (AMS)?

- 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



Key Benefits of Joining the AMS ISP

1. **Published and predictable fees: ISP is not subject to Ontario regulation 11/12**
2. **Up to \$2.5 million in annual savings: ISP can claim input tax credits for HST**
3. **Prepared for the anticipated wind-down of Stewardship Ontario and transition to the Resource Recovery and Circular Economy Act**
4. **Equal or greater environmental performance**



Transition will minimize disruption

- Stewards will continue to use the WeRecycle portal for reporting
- ASM will assume the supply chain used by Stewardship Ontario for antifreeze, oil containers and oil filters



Why a new ISP with passage of the Waste-Free Ontario Act?

- Discussions with industry pre-dates the introduction of Waste-Free Ontario Act (Q2 2015)
- Even with the passage of the bill on June 1, 2016, the transition of the MHSW program could be several 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 new legislation
- Stewards have a choice:
 - Join the ISP and take advantage of its benefits; or
 - Stay with Stewardship Ontario until the MHSW program is wound down



Industry Stewardship Plan for Automotive Materials



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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



Designated Materials Included in the ISP

- Antifreeze (packaged and bulk)
- Oil Containers
- Oil Filters

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



Program Design

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

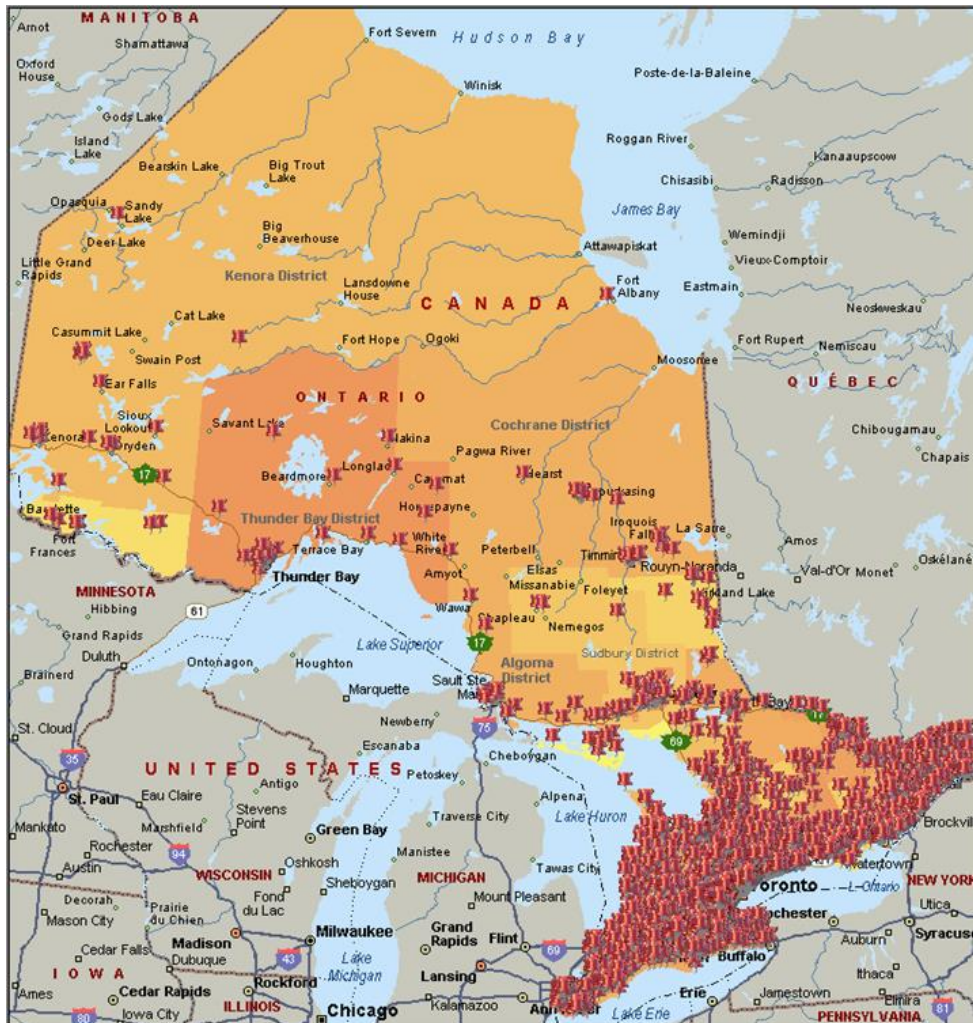


Collection, Transportation, Recycling

- **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
 - **Registration 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 the 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
- 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
- Generators are able to deliver used antifreeze, oil containers and oil filters to a collection site at no charge to the generator



Accessibility – Collection System

- Collection locations (as of December 2015) representing the supply chain that will be assumed by AMS
- AMS will 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, Promotion & Education

- **AMS's strategy aims to reach generators to change behaviour in order to maintain and increase collection against targets using 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 the AMS website
 - Arranging a direct link from Stewardship Ontario's website to the AMS 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
 - Consumer awareness campaigns, consumer-focused events and social media



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



Program Administration

- **Stewardship Ontario will ensure a smooth transition for program administration and operations**
 - **Canadian Stewardship Services Alliance is currently providing administrative services to Stewardship Ontario in support of the MHSW Program**
- **Additional subcontractors may be used to deliver some services**
 - **For example, to liaise with collectors, transporters and processors (similar to the approach currently used by Stewardship Ontario)**



Cost Elements

- **AMS will incur the following costs to deliver the ISP**
 - **ISP development**
 - **Implementation and transition**
 - **Administration and support of stewards participation in the ISP**
 - **Overhead**
 - **Promotion and Education**
 - **Service provider and material management costs**
 - **Costs levied by Waste Diversion Ontario**
- **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 used in cost allocation methodologies
 - 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



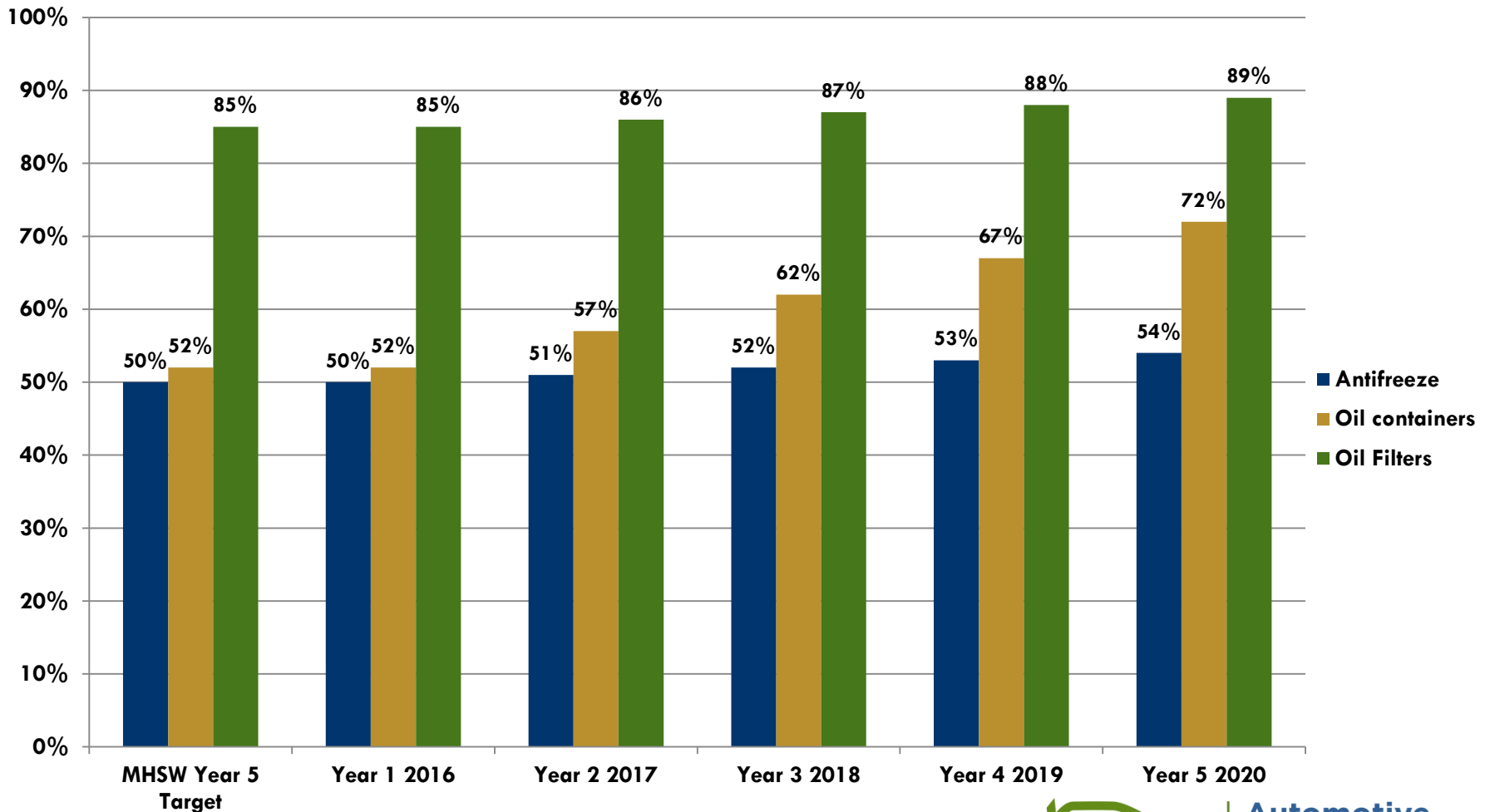
Collection Targets

- Collected quantity expressed as a % of the quantity available for collection
- The ISP has increasing collection targets for each material over time as a commitment to ‘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%



Collection Targets



Recycling Efficiency Rates

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



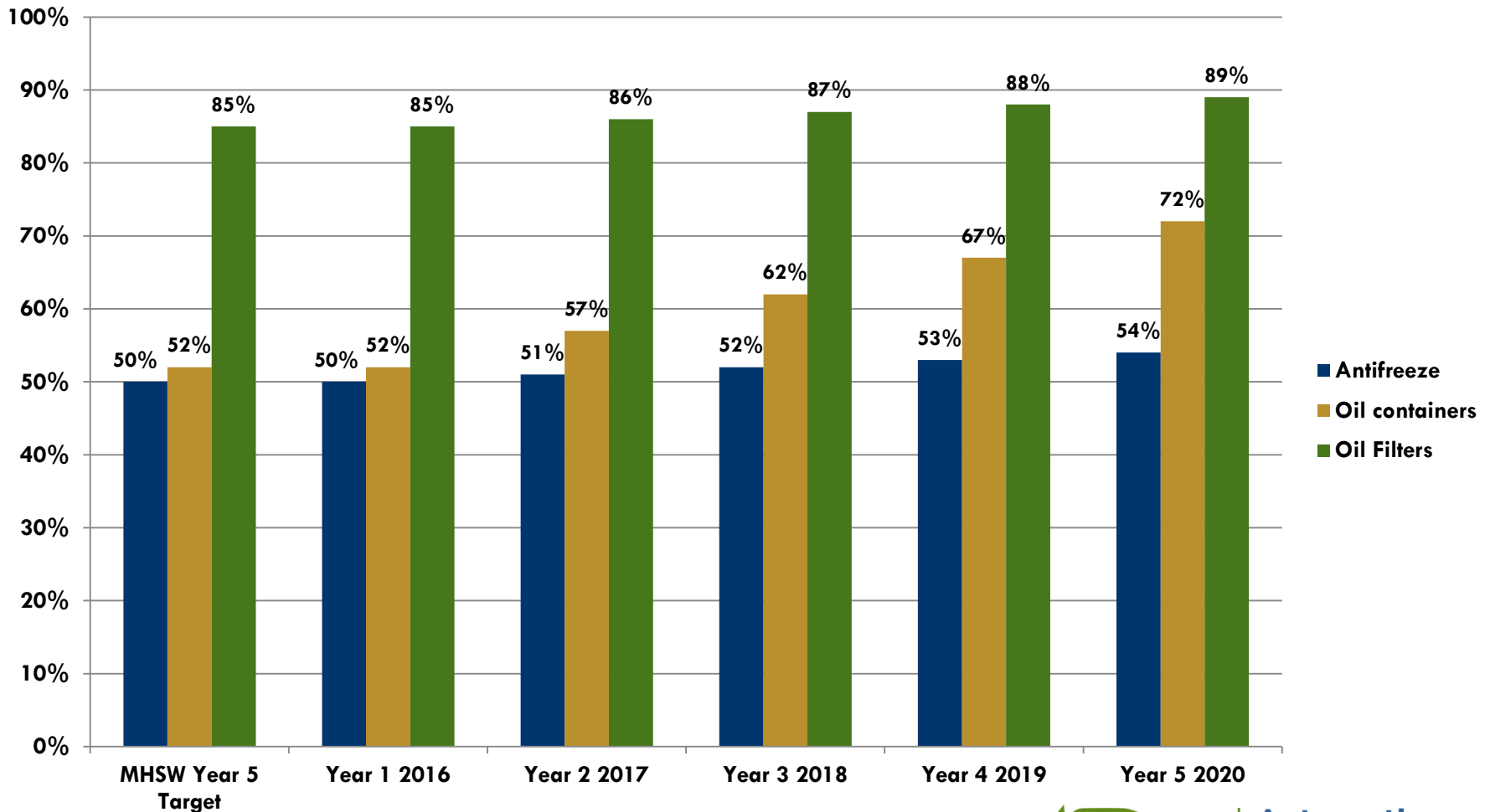
Recycling Targets

- Collection rate % multiplied by recycling efficiency rate %
- The ISP has increasing recycling targets for each material over time as a commitment to ‘better than’ performance
- AMS will seek to maintain Stewardship Ontario’s reported

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Recycling Targets



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 assumes 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 adopts 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



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**



Joining the AMS ISP

- **Join the ISP by submitting a Letter of Intent available on the AMS website and included with your webinar invitation**
- **Stewards who have completed a letter of intent will be sent a Membership Agreement, once it is available, to confirm participation in the ISP**



Transition from Stewardship Ontario to AMS ISP

- Steward completes 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 and intends to continue to meet its obligations up until the date of the start of the ISP
- 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



Steward in good standing

- A steward is in good standing in the context of the ISP if their reports and payments are submitted by the due dates specified in the rules
- Waste Diversion Act (WDA) requires stewards to be in good standing at all times with the WDA and the program rules
 - Section 31(1) explicitly requires stewards to pay their fees as specified in the rules.
- A steward is in good standing with the Waste Diversion Act and the rules if:
 - All MHSW reports are up-to-date
 - All MHSW payments are up-to-date
- SO is required to report to WDO throughout the transition process whether stewards wishing to join AMS ISP are in good standing



What's in the Membership Agreement

■ Main Elements

- Spells out AMS' obligation to perform its duties as your stewardship agent and fulfill your obligations under the Regulation
- Makes clear our joint reporting and disclosure obligations
- Provides an explanation on how we will calculate fees
- Outlines payment terms and conditions
- Details the terms and conditions for contract termination

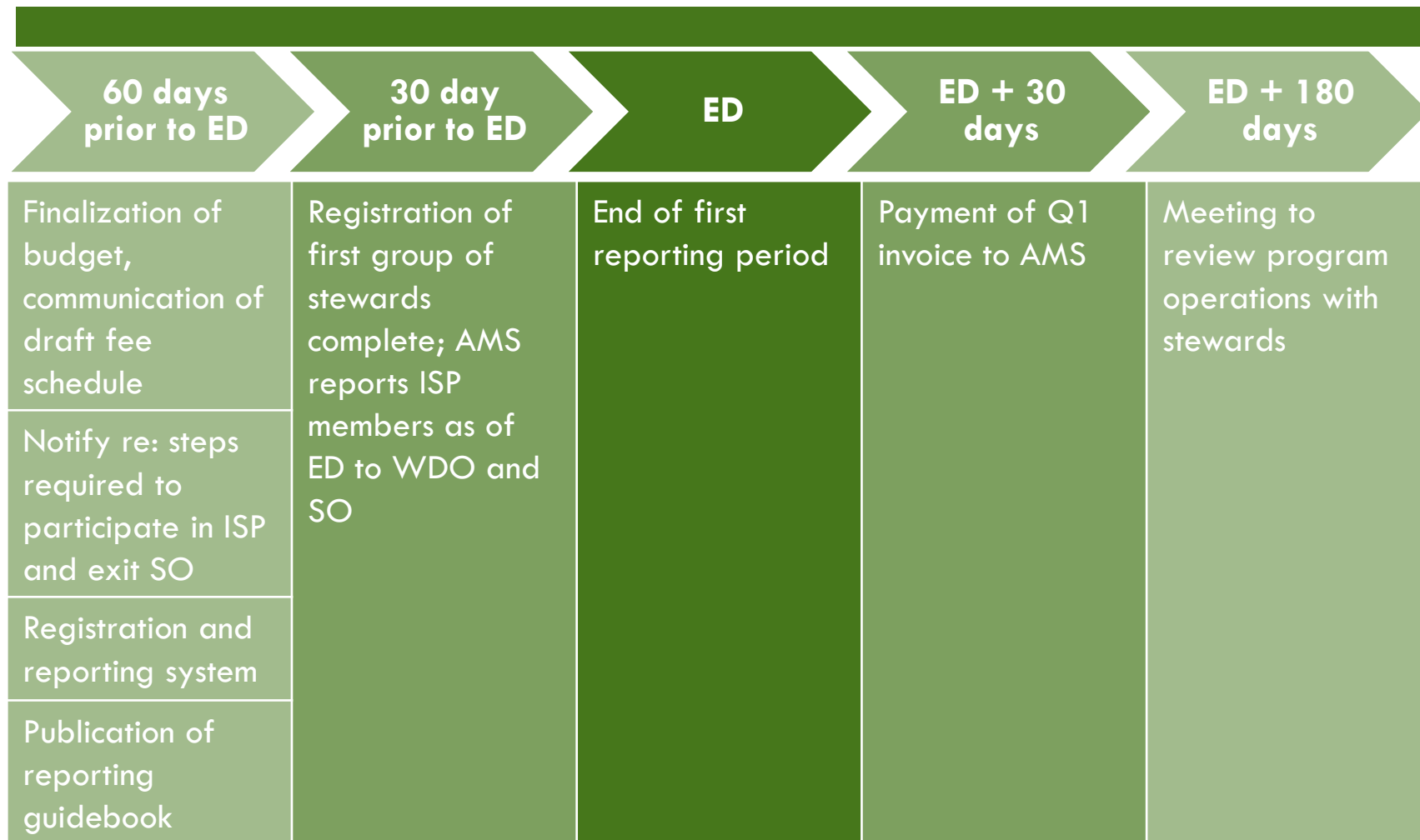


Next Steps



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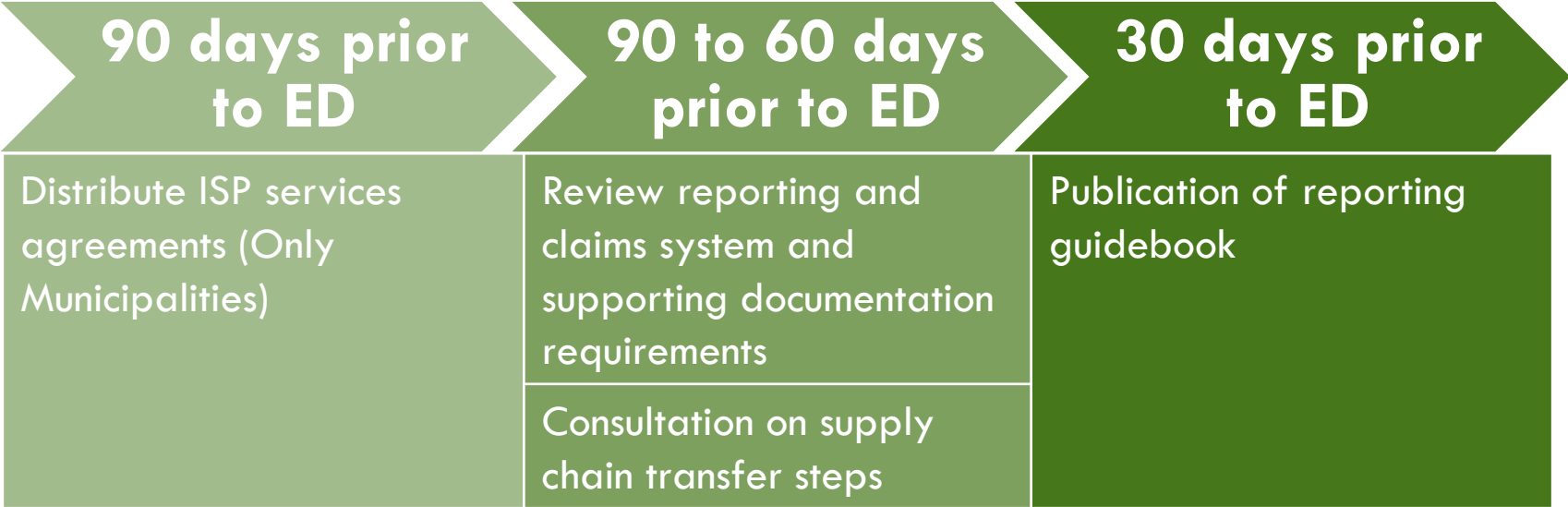
Timeline and Key Activities - Stewards



ED = Effective Date



Timeline and Key Activities – Municipalities & Service Providers



ED =Effective Date



Resources & Contact Information

- Interested Stewards are encouraged to sign a [Letter of Intent](#)
- Questions? Email: info@autostewardship.ca



Thank you!

Q & A



QUESTIONS

info@autostewardship.ca

www.automotivematerialsstewardship.ca



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