



Automotive Materials Stewardship

Annual Regulatory Report on 2021 Program Performance

April 1, 2022



Signature of the Chair of the Board of Directors

This report has been approved by the Automotive Materials Stewardship Board of Directors for submission to Resource Productivity and Recovery Authority (RPR) in accordance with the requirements of the *Waste Diversion Transition Act, 2016*.



Dave Fifield
Board Chair
Automotive Materials Stewardship Board of Directors

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SECTION 1

2021 AMS Program Performance

Overview

About AMS

Automotive Materials Stewardship (AMS) was established in early 2016 to represent the interests of Canadian businesses in the automotive sector to create convenient, environmentally sustainable ways for consumers to recycle and repurpose used antifreeze, oil filters and oil containers.

On August 10, 2016, the Waste Diversion Ontario (now the Resource Productivity and Recovery Authority or RPPRA) Board of Directors approved AMS's Industry Stewardship Plan (ISP) to manage used antifreeze, oil containers and oil filters in accordance with the Waste Diversion Act, 2002 (now the Waste Diversion Transition Act, 2016). AMS commenced operations of the approved Industry Stewardship Plan (ISP) on April 1, 2017. Prior to that date, these materials were collected and managed by Stewardship Ontario's Municipal Hazardous or Special Waste (MHSW) program.

AMS is an industry-led and industry-funded not-for-profit organization, bringing together key players to achieve better recycling performance. Operating under a form of collective producer responsibility with select organizations operating approved diversion programs, stewards were responsible for their automotive products sold to Ontarians by paying set fees on the oil filters, empty oil containers, antifreeze and used antifreeze containers they sell in Ontario. AMS then used these fees to pay for collection, transportation and recycling or repurposing of automotive materials to meet the performance targets included in the ISP.

The Government of Ontario filed a new regulation in 2021 that transitioned responsibility for managing hazardous and special products (HSP), including used antifreeze and its containers, oil containers and oil filters, to producers individually. Effective September 30, 2021, AMS ceased providing material management services under the ISP. Upon the conclusion of final

administrative activities, the ISP will be wound up. As of October 1, 2021, producers have the option of meeting their regulatory obligations acting on their own, or by retaining the services of a producer responsibility organization (PRO). AMS launched a new service offering as a PRO. Details are available on the AMS website.

www.autostewardship.ca

2021 Highlights

- 165 stewards were registered with the AMS program, representing 92% of Antifreeze, 85% Oil Containers, and 94% Oil Filters supplied in Ontario.
- The following are the collection and recycling rates for 2021
 - Antifreeze – 55%
 - Oil containers – 106%
 - Oil filters – 86%
- Serviced over 15,203 unique collection sites.
- AMS social media (through Orange Drop) generated over 20,000 impressions.
- AMS website traffic has over 48,000 users and 111,000 page views.

AMS Guiding Principles

AMS will:

- Act in the best interests of its members, as a collective;
- Use reasonable efforts to carry out obligations diligently and cost-effectively and in compliance with provincial legislation; and
- Exercise skill and expertise in the operation of the AMS program.

Steward Registration, Reporting and Audit

165 stewards were part of the AMS Program as of October 31, 2021.

554 steward reports were received in 2021, including reports from voluntary reporters. \$4,775,266 in fees were invoiced to AMS stewards after the application of fee reductions resulting from the return of MHSW Program surplus funds. These are the fees as stated in AMS's Statement of Operations.

Compliance

Each quarter, reports filed by stewards undergo reviews to flag any inconsistencies quarter-to-quarter on a season-to-season basis. If inconsistencies are flagged, then a follow-up with the steward is initiated to confirm or update the reports.

AMS partnered with the Used Oil Management Association (UOMA) to execute reviews that address the accuracy of steward reporting. Participation in the national UOMA reviews reduces the expense and administrative burden for the steward community by having the reviews coordinated on a national basis. UOMA hires a third-party professional services firm to conduct the reviews. In the event that the reviews reveal errors in steward reporting, AMS works with the steward to ensure corrections to reported quantities and adjustments to fees are made. UOMA conducted 13 reviews on behalf of AMS in 2021. At year-end, all 13 cases were still in process and remained open. It is anticipated that these cases will be resolved prior to the final wind up of the ISP.

Vendor Registration

AMS's responsibilities and duties under the ISP included fostering a marketplace that maintains and encourages competition, achieves efficiencies and cost effectiveness, and to ensure that all industry service providers had a fair and equitable opportunity to participate in the provision of services. AMS had service agreements with 23 transporters and 17 processors to provide material management solutions.

All approved AMS service providers signed service agreements and adhered to vendor standards, policies and procedures established by AMS.

Accessibility

Maintaining convenient and accessible collection sites enabled AMS to achieve consumer participation and maximize diversion activities. AMS provided financial incentives to its transporters to move material from generation sites to processors for recycling. The transporters were responsible for establishing and maintaining the relationship with the individual collection sites, except in the case of municipalities with which AMS contracted directly. The network was comprised of both public and private collection sites, including quick lubes, automotive dealerships, fleet management companies and industrial sites such as mines and quarries.

AMS had contracts with many municipalities and First Nations communities that offered collection services to their residents through permanent or seasonal depots or through special one-day collection events. Some service centres accepted automotive materials from do-it yourself consumers under grandfathered contracts with Stewardship Ontario, under its provisional certificate of approval for a province-wide waste management system. Those locations are listed below as 'Return-to-Retail.' The following chart details consumer accessibility by collector type for AMS in 2021:

Channel - Activity	Depots	Events	Return-to-Retail	Automotive Incentive Program
Antifreeze	88	169	900	11,540
Oil Containers	88	169	903	10,785
Oil Filters	88	169	960	10,752

Program Performance Against Targets

Each year AMS must meet certain minimum performance requirements as outlined in the ISP. For 2021, the performance targets related to the period of January 1 through September 30. The performance of all materials continued to be impacted in 2021 as a result of the economic impact of the COVID-19 pandemic. Of note, the 2021 performance targets were calculated in 2020 using quantities supplied to market in 2019 and were not updated to reflect the actual sales quantities for 2021. As expected, performance declines versus 2020 are generally in

line with the supply quantity declines. A consequence of the misalignment between the sales period used for setting targets and the performance period is that the targets for Oil Filters were not achieved. The ISP contains assumptions for converting supplied tonnes to the quantity available for collection and accounting for changes to quantities and weights such as the dilution of glycol or the weight of residual oil in used oil filters. The factors used to measure the performance for 2021 are below. The quantity available for collection is multiplied by the collection target rate (%) to calculate the target expressed in tonnes.

2021 Tonnes Collected and Diverted

Material Category	Available for Collection ¹	Collection/ Recycling Target Rate (%)	Target Tonnes ²	Actual Collected/ Recycled Tonnes ³	Actual Collection/ Recycling Rate (%)	Variance to Target (Tonnes)	Prior Year Collected/ Recycled Tonnes ⁴	YOY Variance % Collected/ Recycled	YOY Variance % Steward Supplied ⁵
Antifreeze	3,188	54%	1,721	1,761	55%	39	2,336	-25%	-14%
Oil Containers	2,617	72%	1,885	2,776	106%	892	3,443	-19%	-23%
Oil Filters	6,521	89%	5,804	5,599	86%	(205)	7,387	-24%	-22%

¹Available for Collection is using the quantity supplied to market in Q1- Q3, 2019 as of July 1, 2020, and not adjusted to account for sales declines because of the COVID-19 pandemic

²Annual Collection/ Recycling Target is using the quantity supplied to market in Q1- Q3, 2019 as of July 1, 2020

³Actual YTD Collected/ Recycled Tonnes represent AMS portion only for Q1-Q3, 2021

⁴Prior Year Tonnes is the tonnes collected in Q1-Q4, 2020 as published in the 2020 Annual Filing to RPRA

⁵Variance % of Steward Supplied compares Q1-Q3, 2021 vs. Q1-Q4, 2020

Promotion and Education

Overview

Following the introduction of the Hazardous and Special Products (HSP) Regulation in June 2021, AMS completed the work to wind up material management operations and promotion and education activities under the ISP effective September 30, 2021.

Promotion and education initiatives to support the AMS program were designed to increase awareness, drive behaviour change and support collection channels (such as depot, events, return to retail and incentive partners) to achieve diversion targets.

AMS licensed the use of the Orange Drop brand and logo from Stewardship Ontario and used the Orange Drop brand when promoting AMS materials to residents. Stewardship Ontario retired the Orange Drop brand on September 30, 2021, and the registered trademark will be transferred to RPRA no earlier than June 1, 2022, along with all other related Orange Drop materials (social media, website, etc.).

Website

AMS made use of the Orange Drop website to increase public awareness about the program. The Orange Drop public awareness program and website ceased operations on September 30, 2021, the website was replaced with a single landing page that directs visitors to resources hosted by RPRA to dispose of household hazardous or special waste or find details about the Hazardous and Special Products Regulation.

The Orange Drop (makethedrop.ca) website saw over 48,000 visitors in 2021, down 43% from 2020. In 2021, there were no campaigns directing residents to the website, and it functioned solely as a landing page beyond September 30, 2021.

Advertising

As the Orange Drop program was ceasing operations in 2021, no advertising was done for this program during the year.

Social Media

Orange Drop's Twitter and Facebook accounts concluded all activity on September 30, 2021, and will be transferred to RPRA no earlier than June 1, 2022. These social media accounts were used to educate residents about Orange Drop materials and promote the drop-off locator tool and collection events featured on the website. Orange Drop Twitter and Facebook posts generated over 20,000 impressions, 522 engagements and 275 links clicked from January to September before concluding activity on September 30, 2021.

Status of MHSW Surplus Funds as of December 31, 2021

Material Category	MHSW Surplus Funds Received for Distribution	Portion of Funds In Restricted Reserves	2020 Fee Reduction Applied	2021 Fee Reduction Applied	Total Fee Reductions Applied	Unrestricted Surplus Funds Remaining	Total Surplus Funds Remaining
Antifreeze	\$1,901,200	\$95,000	\$(839,136)	\$(1,163,372)	\$(2,002,507)	\$(196,307)	\$(101,307)
Oil Containers	\$7,971,600	\$341,300	\$(4,064,668)	\$(3,811,385)	\$(7,876,053)	\$(245,753)	\$95,547
Oil Filters	\$8,743,300	\$387,000	\$(2,787,622)	\$(4,448,003)	\$(7,235,625)	\$1,120,675	\$1,507,675

Remaining MHSW surplus funds, including any residual funds transferred to AMS from Stewardship Ontario, will be distributed in accordance with the MHSW Program Wind-Up Plan approved by RPRA, as amended from time to time.



SECTION 2

2021 Audited Financial Statements

Automotive Materials Stewardship Inc.

Financial Statements

For the period ended September 30, 2021

**Automotive Materials
Stewardship Inc.**

Financial Statements
For the period ended September 30, 2021

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Independent Auditor's Report

To the Members of Automotive Materials Stewardship Inc.

Opinion

We have audited the financial statements of Automotive Materials Stewardship Inc. (the "Organization"), which comprise the balance sheet as at September 30, 2021, and the statements of changes in net assets, operations and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2021, and its results of operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 28, 2022

**Automotive Materials Stewardship Inc.
Balance Sheet**

September 30, December 31,
2021 2020

Assets

Current

Cash	\$ 12,891,387	\$ 19,293,513
Accounts receivable (Note 2)	466,797	405,180
Prepaid expenses	16,065	6,901
	<hr/>	<hr/>
	\$ 13,374,249	\$ 19,705,594

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 2)	\$ 2,883,773	\$ 2,420,880
AMS Restricted Reserve Fund (Note 4)	823,300	823,300
Deferred revenue (Note 4)	1,062,336	10,201,202
	<hr/>	<hr/>
	4,769,409	13,445,382

Net Assets

Unrestricted	<hr/>	<hr/>
	8,604,840	6,260,212
	<hr/>	<hr/>
	\$ 13,374,249	\$ 19,705,594

On behalf of the Board:



Director

Automotive Materials Stewardship Inc. Statement of Changes in Net Assets

For the period ended September 30, 2021

	Unrestricted	Internally Restricted	Total
Balance , beginning of period	\$ 6,260,212	\$ -	\$ 6,260,212
Excess of revenue over expenses for the period	2,344,628	-	2,344,628
Balance , end of period	\$ 8,604,840	\$ -	\$ 8,604,840

For the year ended December 31, 2020

	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ 5,566,756	\$ -	\$ 5,566,756
Excess of revenue over expenses for the year	693,456	-	693,456
Balance , end of year	\$ 6,260,212	\$ -	\$ 6,260,212

The accompanying notes are an integral part of these financial statements.

Automotive Materials Stewardship Inc. Statement of Operations

	For the period ended September 30, 2021	For the year ended December 31, 2020
Revenue		
Fee revenue	\$ 4,765,736	\$ 8,502,551
Surplus fund transfer (Note 4)	9,138,866	7,591,599
Supply chain income (Note 2)	1,082,166	1,719,238
Investment income	96,613	177,435
	15,083,381	17,990,823
Expenses		
Material management costs (Note 3)	11,112,362	15,038,596
Program management (Note 2)	1,511,836	1,938,379
Resource Productivity and Recovery Authority (Note 5)	107,055	291,765
Promotion and education	7,500	28,627
	12,738,753	17,297,367
Excess of revenue over expenses for the period	\$ 2,344,628	\$ 693,456

The accompanying notes are an integral part of these financial statements.

Automotive Materials Stewardship Inc. Statement of Cash Flows

	For the period ended September 30, 2021	For the year ended December 31, 2020
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the period	\$ 2,344,628	\$ 693,456
Adjustments to reconcile excess of revenue over expenses for the period to cash provided by operating activities		
Changes in non-cash working capital balances:		
Accounts receivable	(61,617)	761,057
Prepaid expenses	(9,164)	7,890
Accounts payable and accrued liabilities	462,893	209,909
AMS Restricted Reserve Fund	-	823,300
Deferred revenue	(9,138,866)	10,201,202
	(6,402,126)	12,696,814
Investing activities		
Proceeds from investments	-	3,094,505
	(6,402,126)	15,791,319
Increase (decrease) in cash during the period		
Cash, beginning of period	19,293,513	3,502,194
Cash, end of period	\$ 12,891,387	\$ 19,293,513

The accompanying notes are an integral part of these financial statements.

Automotive Materials Stewardship Inc.

Notes to Financial Statements

September 30, 2021

1. Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization:

(a) Business Organization and Operations

The Automotive Materials Stewardship Inc. (the "Organization") was incorporated on March 15, 2016 under the Canadian Not-for-profit Corporations Act. The Organization is a not-for-profit organization and as such is not subject to income taxes.

The purpose of the Organization is to design, implement and operate waste diversion programs for Automotive Materials at their end of useful life. These materials include used anti-freeze, empty oil containers, and used oil filters. On April 1, 2017, the Organization began operating a waste diversion program in Ontario for automotive materials in accordance with an Industry Stewardship Plan ("ISP") that was approved by the Resource Productivity and Recovery Authority ("RPRA") on August 10, 2016.

The new draft regulation for Hazardous and Special Products ("HSP") in Ontario was made on June 3, 2021, ushering the wind-up of operations under the ISP effective September 30, 2021. Under the new regulation, producers are responsible for achieving certain regulatory obligations. Producers may meet their obligations acting on their own or by retaining the services of a Producer Responsibility Organization ("PRO"), the Organization will launch its services as a PRO with operations commencing October 1, 2021. The Organization will continue to secure collection, hauling and processing services for used antifreeze and its containers, empty oil containers and used oil filters.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Revenue Recognition

Fee revenue is based on reported tonnages for members with signed Membership Agreements with the Organization. Revenue is recognized when tonnage is reported, fees are received or receivable and collection is reasonably assured. Revenue arising from member reported tonnages or adjustments for prior years' obligations and revenues resulting from compliance and enforcement activities are recognized when the amount can be reasonably estimated and collection is reasonably assured.

Supply chain income is recognized on a cost recovery basis when costs are incurred and collection is reasonable assured.

(d) Financial Instruments

Fixed income investments are valued at year-end quoted market prices. Realized and unrealized gains (losses) are recorded in the statement of operations. The Organization accounts for these investments on a settlement date basis and transaction costs associated with these investment activities are included in the statement of operations. These investments have been presented according to their contractual maturity dates.

Unless otherwise noted, the Organization initially measures its financial assets and liabilities at fair value and subsequently measures its financial assets and liabilities at amortized cost.

Automotive Materials Stewardship Inc. Notes to Financial Statements

September 30, 2021

1. Significant Accounting Policies - (Continued)

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Significant Contracts

(a) Canadian Stewardship Services Alliance ("CSSA")

Effective January 1, 2017, the Organization entered into a three year Management Service Agreement ("MSA") with CSSA for management services including administrative and technical support, other services and facilities for administrative, technical and reporting activities, with automatic one year renewals. During the period, charges totaling \$1,351,872 (2020 - \$1,750,000) were paid to CSSA pursuant to this contract.

Included in accounts payable and accrued liabilities is \$169,735 (2020 - \$169,811) owing to CSSA.

(b) Stewardship Ontario ("SO")

Effective February 2, 2017, the Organization entered into a three year Supply Chain Agreement with SO. The Organization was previously part of the MHSW program in SO. On April 1, 2017, the Organization established its own supply chain and assumed the entire collection, transportation, and recycling of automotive materials for both members of the Organization and SO. On March 1, 2020 the agreement was amended to extend the term to June 30, 2021. Each year, SO will purchase their respective market share of automotive materials tonnage credits from the Organization. During the period, the Organization charged \$1,082,165 (2020 - \$1,719,238) to SO pursuant to this contract.

Included in accounts receivable is \$79,304 receivable from SO (2020 - \$62,662).

Automotive Materials Stewardship Inc. Notes to Financial Statements

September 30, 2021

3. Material Management Costs

Material management costs include all costs related to the collection, transportation and processing of materials managed through the program.

4. Deferred Revenue and Fund Transfer

On September 30, 2021, SO's MHSW Program will be wound up and the Organization's operational responsibility under the ISP for automotive materials, operated since 2017, will end. Materials managed under the Organization's ISP, as well as other materials included in the MHSW Program, will be managed according to an Individual Producer Responsibility ("IPR") framework. The implementation of IPR will replace the collective responsibility for managing materials that producers have had under the ISP. The Organization will become a PRO effective October 1, 2022 and continue providing producers with efficient services to carry out their individual responsibilities.

As part of the MHSW wind up plan, MHSW stewards should share in the financial benefits and burdens associated with disbursement of MHSW surplus funds and any wind up costs resulting from the transition. In part, SO submitted an ISO Surplus Transfer Addendum to the RPRA. In accordance with RPRA's conditions regarding its approval of the ISO Surplus Transfer Addendum, in fiscal 2020, SO transferred surplus funds to the Organization in the amount of \$18,616,100. The AMS and SO Surplus Transfer Agreement was signed and dated on July 9, 2020. Of the \$18,616,100 funds received, the Organization is to allocate a minimum of \$823,300 into a restricted reserve fund (the "AMS Restricted Reserve Fund"), which will be used in the event of a transition delay to fund SO's compensable expenses in relation to the wind up. The balance of the funds not designated as AMS Restricted Reserve Fund of \$17,792,800 will be used to fund fee reductions to the Organization's Stewards. As at September 30, 2021, \$9,138,866 (2020 - \$7,591,599) of the unrestricted funds were recognized into revenue in alignment with the steward fee reduction recognized.

5. Resource Productivity and Recovery Authority ("RPRA")

RPRA and the Organization entered into an Industry Stewardship Plan Agreement in August 2016. Under this agreement, the Organization is required to pay fees to RPRA for monitoring and program oversight activities it provides to the Organization.

Automotive Materials Stewardship Inc. Notes to Financial Statements

September 30, 2021

6. Financial Instrument Risk Exposure and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. A brief description of management's assessments of these risks is as follows:

(a) Credit Risk:

Financial instruments potentially exposed to credit risk include cash and accounts receivable. Management considers its exposure to credit risk over cash to be remote as the Organization holds cash deposits at a major Canadian bank. Accounts receivable are monitored regularly for collections and the carrying amount represents the maximum credit risk exposure. The Organization has no provision for uncollectable accounts receivable.

Management considers its exposure to credit risk over investments to be remote as the Organization invests in guaranteed investment certificates.

(b) Liquidity Risk:

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they come due. The program operated by the Organization carries risks in the ability to forecast and control expenditures. Management has taken steps to ensure that the program will have sufficient working capital available to meet obligations.

7. COVID-19 Impact

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19") a pandemic. There have been significant disruptions to the Canadian and global economies. As the impact of COVID-19 continues to evolve, management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Although the Organization continues to operate, it is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results of the Organization in future periods.