



Stewardship Ontario

Municipal Hazardous or Special Waste Wind Up Plan

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Authority

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Stewardship Ontario

Appendix C: Other Attachments

Stewardship Ontario By-law 2017-02

A by-law relating to the Code of Conduct of Stewardship Ontario (amended)

Stewardship Ontario By-law 2017-01

General By-law Number 2017-01 Stewardship Ontario

MHSW Executive Committee Mandate

Stewardship Ontario Conflict of Interest Mitigation Plan



Stewardship Ontario

GLOSSARY

AMS: Automotive Materials Stewardship

BAU: Business as usual

BIP: Battery Incentive Program

CRA: Canada Revenue Agency

CSSA: Canadian Stewardship Services Alliance Inc.

ECA: Environmental Certificate of Approval

ERP: Enterprise Resource Planning

FF&B: Financial Forecast and Budget

GST: Goods and Services Tax

HST: Harmonized Sales Tax

IFO: Industry Funding Organization

IP: Intellectual Property

ISO: Industry Stewardship Organization

ISP: Industry Stewardship Plan

IT: Information Technology

ITC: Input Tax Credit

MECP: Ministry of Environment, Conservation and Parks

MHSM: Municipal Hazardous or Special Materials

MHSW: Municipal Hazardous or Special Waste

PCA: Product Care Association

PRO: Producer Responsibility Organization

PSF: Pesticides, solvents and fertilizers

RFP: Request for Proposal

RPRA: Resource Productivity and Recovery Authority

RRCEA: *Resource Recovery and Circular Economy Act, 2016*

RRSP: Registered Retirement Savings Plan

SAP: Systems, Applications and Products

UOMA: Used Oil Management Association

WDTA: *Waste Diversion Transition Act, 2016*

WUR: Wind up related



INTRODUCTION: PROGRAM OVERVIEW AND WIND UP PROCESS

The Municipal Hazardous or Special Waste (MHSW) Program is operated under the authority of Ontario's *Waste Diversion Transition Act, 2016* (WDTA). The program is designed to collect certain hazardous and special wastes and ensure they are recycled and disposed of in an environmentally responsible manner. MHSW materials include single-use dry-cell batteries,¹ pressurized containers, oil containers, oil filters, antifreeze, paints and coatings, pesticides, solvents and fertilizers.

Under the WDTA, Stewardship Ontario is designated as the Industry Funding Organization (IFO) for the MHSW Program. Since the program's inception in 2008, the collection and processing of some MHSW materials has been transitioned to Industry Stewardship Plans (ISPs).

Currently, Stewardship Ontario directly manages waste recovery and recycling programs for single-use batteries and pressurized containers.² Stewardship Ontario administers these programs with the support of services from Canadian Stewardship Services Alliance Inc. (CSSA) pursuant to a service agreement with CSSA.

Pursuant to approved ISPs, Product Care Association (PCA) took over the management and collection of paints and coatings in 2015, and the collection and processing of pesticides, solvents and fertilizers (PSFs) in 2016, while Automotive Materials Stewardship (AMS) assumed responsibility for managing oil containers, oil filters and antifreeze in 2017.

With the creation of PCA and AMS's ISPs, stewards were provided with the option to either stay with Stewardship Ontario as their service provider for compliance with the WDTA, or join the new Industry Stewardship Organization (ISO). Consequently, Stewardship Ontario has service agreements with these ISOs to purchase an allocation of recycled waste materials collected to account for the continued Stewardship Ontario stewards' supply of Municipal Hazardous or Special Materials (MHSM) into the Ontario market.³ Orange Drop is the consumer-facing brand for the MHSW Program, and continues to act as such for those materials managed by AMS.⁴

On April 12, 2018, the Minister of Environment and Climate Change⁵ issued direction to Stewardship Ontario to wind up the MHSW Program by December 31, 2020. On December 11, 2018, the Minister issued subsequent direction to wind up the program for single-use batteries by June 30, 2020. On July 2, 2019, Stewardship Ontario received further Ministerial direction changing the termination date for the

¹ For brevity, the term single-use battery or single-use batteries will be used to describe single-use dry cell batteries throughout this report.

² SodaStream Canada began operating an Industry Stewardship Plan for its proprietary refillable pressurized containers in 2016.

³ With respect to paints, Stewardship Ontario purchases or pays for a tonnage of recycled paint material from PCA to meet recycling targets for its remaining paint stewards. With respect to solvents, pesticides, fertilizers, oil filters, oil containers and antifreeze, under Stewardship Ontario service agreements with PCA and AMS, materials collected are apportioned to Stewardship Ontario stewards based on their proportion of supply of MHSM into the Ontario market.

⁴ AMS contracts with Stewardship Ontario for use of Orange Drop services.

⁵ In July 2018, the name of the ministry responsible for the administration of the *Waste Diversion Transition Act, 2016* and the *Resource Recovery and Circular Economy Act, 2016* was changed to the Ministry of Environment, Conservation and Parks.



MHSW Program for materials other than single-use batteries to June 30, 2021. This Ministerial direction also extended the original timeline for Stewardship Ontario submission of its Wind Up Plan to the Resource Productivity and Recovery Authority (RPPA) to September 30, 2019.

On December 20, 2019, Stewardship Ontario received further direction from the Honourable Jeff Yurek, Minister of Environment, Conservation and Parks, regarding the disbursement of MHSW residual funds following the completion of Program financial obligations. As a result of this direction, Stewardship Ontario will make revisions to this plan to return residual funds to stewards. The Ministerial direction anticipates that RPPA will approve revisions related to this direction no later than February 29, 2020. See Section 8: Reserves for more detail on the Ministerial direction and anticipated residual fund amounts.

Current MHSW Program Materials

As noted above, the MHSW Program covers nine classes of defined MHSW materials:

- Single-use dry cell batteries:
 - Does not include rechargeable batteries;
- Pressurized containers (both refillable and non-refillable):
 - Defined by Transportation Canada codes;
 - Examples include propane tanks and cylinders, oxygen and helium tanks;
 - Does not include aerosol cans, butane lighters or fire extinguishers;
 - For the purposes of program financing, pressurized containers are divided into two classes of materials: refillable and non-refillable.
- Oil filters – after they have been used for their intended purpose;
- Empty lubricating oil containers (30 litres or less);
- Antifreeze and containers (30 litres or less);
- Pesticides:
 - Includes fungicides, herbicides, insecticides or pesticides and containers in which they are contained;
 - Does not include commercial class pesticides used for commercial or agricultural purposes which are managed under other programs;
- Fertilizers:
 - Includes fertilizers and fertilizer and herbicide and pesticide/fertilizer combination products and containers in which they are contained;
 - Does not include commercial class fertilizers used for commercial or agricultural purposes which are managed under other programs;
- Paints and coatings:
 - Paints and coatings means latex, oil and solvent-based architectural coatings including paints and stains whether tinted or untinted;
 - Includes aerosol paints and coatings and the containers in which they are sold up to a maximum size of 30 litres;
- Solvents (containers of 30 litres or less):
 - Means liquid products that are intended to be used to dissolve or thin a compatible substance and:
 - i. Are comprised of 10% or more of water-immiscible liquid hydrocarbons, including halogen-substituted liquid hydrocarbons; or



- ii. Are flammable as described in part (c) of “municipal hazardous waste” in Ontario Reg. 542; or
- iii. All of the above.

A more detailed description of program materials and related exclusions can be found within the MHSW Program agreement signed between Stewardship Ontario and RPRA, and the MHSW steward Rules available at <https://stewardshipontario.ca/stewards-orangedrop/rules/>.

Current MHSW Program Funding

The MHSW Program is fully funded by businesses (referred to as stewards). Stewards are obligated to report on MHSW they supply into the Ontario market and pay fees related to the collection and recycling of MHSW materials.⁶

Stewardship Ontario calculates costs and related steward fees for managing each category of MHSW waste material in accordance with Regulation 387/16 under the WDTA. Costs of managing each class of MHSW material are calculated on a quarterly basis (i.e. in three-month periods) and stewards are obligated to pay their share of costs of each class of MHSW material based on their portion of supplied quantities of MHSW.

In the case of MHSW materials where Stewardship Ontario directly manages the collection and processing of waste materials (single-use batteries and pressurized containers), quarterly costs for the purposes of calculating quarterly steward fees include collection, transportation and processing costs (as well as related administrative and program costs) of managing those materials.

In the case of MHSW materials managed by ISOs, Stewardship Ontario enters into commercial contracts with ISOs to purchase credits to ensure its stewards' obligations are fulfilled under the program. Quarterly steward costs include the payments made by Stewardship Ontario to ISOs in relation to these materials.⁷

Stewards are required to pay fees owing at the end of the second month of each quarterly period. Supply volumes used to apportion steward costs and determine applicable fees owing for each steward are based on steward MSHM supply reports from the quarter that is two quarterly periods prior to the quarter in which payment is due.⁸

⁶ With respect to program funding, businesses that join ISPs are exempt (under Section 39 of the WDTA) from paying steward fees directly to Stewardship Ontario. These ISP members fund ISP activities directly as per their contractual arrangements with the ISO. ISPs are approved by RPRA (formerly by Waste Diversion Ontario) and ISOs must collect and manage MHSW materials in accordance with approved plans.

⁷ Stewardship Ontario commercial arrangements with both the PCA and AMS provide that these ISOs apportion a volume of collected and processed waste MHSW materials to Stewardship Ontario equivalent to the volume of material associated with the direct Stewardship Ontario stewards' supply of MSHM into the Ontario market. Stewardship Ontario pays both PCA and AMS for the costs of managing these materials – those payments are then included in the costs Stewardship Ontario uses to calculate related steward fees as per Regulation 387/16.

⁸ For example, a steward fee payment for a class of MHSW material in the first quarter of 2018 would be due February 28, 2018. Costs for the class of material in that quarter would be based on Stewardship Ontario costs for managing those materials for the fourth quarter in 2017. Steward supply volumes used to apportion overall



MHSW steward Rules provide further details with respect to the payment and collection of related steward fees.

MHSW Service Providers and Program Delivery

Stewardship Ontario oversight of MHSW service providers takes place in two ways:

1. In the case of materials directly managed by Stewardship Ontario, it registers service providers, reviews performance and ensures accountability.
2. In the case of MHSW materials managed by ISOs, the ISOs perform many of these functions, but contractual terms create a consistent program approach to service provider oversight and Stewardship Ontario works cooperatively with ISPs to ensure compliance with program requirements.

Consumers can drop off MHSW materials at a variety of municipal, retail and other Orange Drop branded locations in Ontario. The Orange Drop website allows consumers to locate the nearest collection site for specific MHSW materials (excluding those managed by PCA) and also provides consumers with information about collection events (see Promotion and Education below). The number of MHSW consumer collection sites and activities for 2018 is listed in Table 1 below.⁹

Note that consumer outreach related to paints and coatings, pesticides, solvents and fertilizers is managed by PCA.

Table 1: MHSW Consumer Collection Sites - Events

Channel – Activity	2018
Municipal – Depot	88
Municipal – Event	312
Return-to-Retail	30
Battery Incentive Program	5,340
Parks program	102
Total	5,872

Single-Use Dry Cell Batteries

Single-use batteries are collected by municipal depots, municipal recycling events, return-to-retail locations (which may also include not-for-profit corporations) and collection sites operating under Stewardship Ontario's Battery Incentive Program (BIP).

Under Stewardship Ontario's BIP program, transporters register single-use battery collection sites and incentives are paid to transporters. Other than municipal depots, Stewardship Ontario does not pay sites

class costs and determine individual steward fees would be based on Steward supply volumes from the third quarter in 2017.

⁹ In addition to the locations identified in Table 1, the Orange Drop website also includes information on approximately 12,000 drop off locations related to AMS materials.



to collect batteries but does ensure the batteries are collected by authorized transporters who receive an incentive payment from Stewardship Ontario.

Single-use battery transporters and processors must register with Stewardship Ontario and meet reporting obligations and operating standards (i.e. compliance with related provincial and federal environmental statutes) and are subject to Stewardship Ontario audits to ensure compliance.

With respect to municipalities, municipal depots arrange pickup of MHSW materials directly with approved transporters who will then submit claims for transportation incentives to Stewardship Ontario with supporting documentation.

Stewardship Ontario provides single-use battery transporters with a transportation incentive based on the geographic area in which batteries are collected and whether the collection is from a BIP site or a municipal depot.¹⁰ There are currently 25 registered single-use battery transporters and four registered single-use battery processors approved to operate under the MHSW Program.

Stewardship Ontario provides single-use battery processors with a processing incentive to facilitate the management of these materials in an environmentally responsible manner.

Both transporters and processors must submit incentive claims to Stewardship Ontario no later than 30 days from the time in which the service was provided.

Pressurized Containers

Consumers are able to drop off pressurized containers, defined by Transportation Canada codes and include both refillable and non-refillable containers, at designated municipal depots (88) or at special collection events (approximately 300 annually). In addition, Stewardship Ontario has an arrangement with a majority of provincial parks to collect single-use propane cylinders. This program was extended to include some privately-run parks shortly after implementation. Stewardship Ontario selected two transporters to service these parks through a competitive RFP process.

Similar to single-use batteries, Stewardship Ontario provides transportation and processing incentives for non-refillable containers to facilitate the proper disposal and diversion of these pressurized containers. Transporters and processors must register with Stewardship Ontario and meet certain operational standards and policies established by Stewardship Ontario to be eligible for incentives. Transporters and processors are to submit individual incentive claims to Stewardship Ontario no later than 30 days from the time in which the service was provided.

There are currently 26 registered pressurized transporters and 10 registered pressurized container processors approved to operate under the MHSW Program.

Oil Filters, Empty Lubricating Oil Containers and Antifreeze

The management of the waste stream related to oil filters, oil containers and antifreeze was transitioned to AMS in April, 2017.

¹⁰ Under the BIP and municipal collection programs there are nine geographic zones related to transportation incentives.



Some stewards that supply oil filters, oil containers and antifreeze into the Ontario market chose not to join AMS. These stewards continue to pay fees to Stewardship Ontario for the purposes of meeting their obligations under the WDTA. When the AMS ISP began operations in 2017, Stewardship Ontario entered into an agreement with AMS to purchase recycling credits for Stewardship Ontario stewards in proportion to their supply of related MHSM into the Ontario market.

In 2018, Stewardship Ontario stewards that supplied oil filters, oil containers and antifreeze into the Ontario market accounted for 25% of oil filters, 19% of empty lubricating oil containers and 17% of antifreeze and empty containers. Stewardship Ontario subsequently purchased recycling credits from AMS related to these materials equivalent to the proportion of related materials that AMS collected and processed.

In the case of materials managed under the AMS ISP, Stewardship Ontario entered into a service agreement with AMS for the continued use of Orange Drop branding and the Stewardship Ontario field services team. Consumers can find a number of collection locations, including municipal depots and automotive service centres for oil filters, oil containers and antifreeze on the Orange Drop website.

Paints and Coatings, Pesticides, Solvents and Fertilizers

PCA manages paints and coatings, pesticides, solvents and fertilizers. Stewardship Ontario has an agreement with PCA to purchase collection and recycling credits to meet its performance obligations related to stewards that have remained with Stewardship Ontario with respect to pesticides, solvents and fertilizers. Stewardship Ontario also purchases credits with respect to paints and coatings based on the volume of MHSM its stewards supply into the Ontario market.

PCA collects paint and paint containers from consumers through municipal depots and collection events and approximately 300 return-to-retail locations.

In 2017, over 99.9% of the volume of MHSM paints and coatings and 100% of pesticide's volume in the Ontario market were supplied by former stewards (ISP members) that have joined PCA. For solvents and fertilizers, stewards that remained with Stewardship Ontario represented approximately 34% and 19% of supplied volume respectively in each MHSM category.

Summary of Program Performance

Due to the migration of materials to ISPs, the tonnage of material managed directly by Stewardship Ontario through the MHSW Program has declined over the last five years.

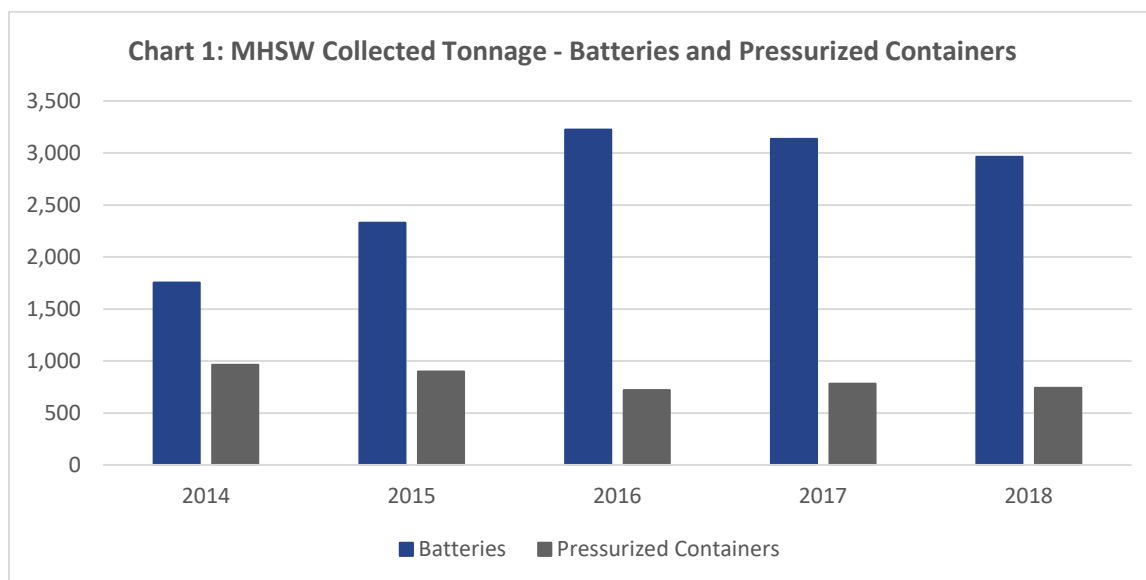
Table 2: Aggregate MHSW Tonnage Collected vs. Target 2014 - 2018

Year	Aggregate Collection Target (tonnes)	Actual Collection (tonnes)	Actual to Target
2018	5,835	7,424	127%
2017	9,330	11,412	122%
2016	16,326	20,230	124%
2015	27,972	24,958	87%
2014	24,625	28,958	118%



As seen in Table 2 above, total tonnage collected of MHSW materials managed by Stewardship Ontario has declined from over 28,000 tonnes in 2014 to 7,424 tonnes in 2018; a decline of 74%. This does not reflect an actual decline in program performance, as the ratio of tonnes collected to the program target was 127% in 2018.

As seen in Chart 1 below, the tonnage of single-use batteries managed by Stewardship Ontario in 2018 was about 75% higher than the tonnage in 2014. The tonnage of pressurized containers managed under the program has declined slightly over the same period.



Collection and Diversion by Material Category

See Section 1.3 for details on current targets and performance by material category.

Tonnages for other Stewardship Ontario MHSW materials, where collection and diversion is managed under approved ISPs, will decline if Stewardship Ontario stewards continue to migrate to ISPs during the wind up period. Lower Stewardship Ontario MHSM volumes associated with these materials will also reduce performance targets meaning the net impact on program performance should be neutral.

Promotion and Education

The Orange Drop brand is used to communicate with Ontario consumers about the MHSW Program. Since its launch in 2008, Orange Drop has been used in ongoing promotion and education initiatives to increase consumer awareness of how to safely dispose of MHSW materials. These initiatives have utilized different mediums which correlate with communication strategies and target demographics. Mediums have included out of home (i.e. billboards), transit, radio, video (e.g. Cineplex movie preview), digital (e.g. The Weather Network, online ads), events, street teams, social media and print. As well, Orange Drop campaign artwork has been developed into customizable templates for municipalities to download and use for their own promotion and education initiatives.



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Website and Social Media

The Orange Drop website contains a tool where consumers can search by postal code and material to find a drop-off location near them. Since its launch in 2014, the website has seen 350,000 visits.

Orange Drop also engages with consumers via social media through its Facebook and Twitter accounts. Orange Drop regularly posts material tips and reminders, and also promotes the locator tool on its website. Combined, Orange Drop's social media channels have over 3,500 followers.

Single-use Batteries

Single-use battery Orange Drop advertising campaigns ran from 2012 – 2016 to increase awareness around batteries not being thrown in garbage or recycling containers, but rather at a drop-off locations for safe handling. These campaigns stimulated year-over-year increases in single-use battery collection and diversion rates which have been maintained since 2016. Orange Drop social media posts continue to support of battery recycling awareness.

Pressurized Containers

Province-wide awareness campaigns have run regarding the proper disposal of pressurized containers, mainly focused on single-use propane canisters. There are also Orange Drop 'drop cages' at most Ontario Parks where consumers can place their used propane canisters when leaving the parks. Stewardship Ontario has worked closely with Ontario Parks and select private parks to combine advertising efforts to promote the message of proper disposal.

See Section 1.4 for a detailed description of MHSW educational programs and proposed approach to promotion and education during wind up.

Program Administration

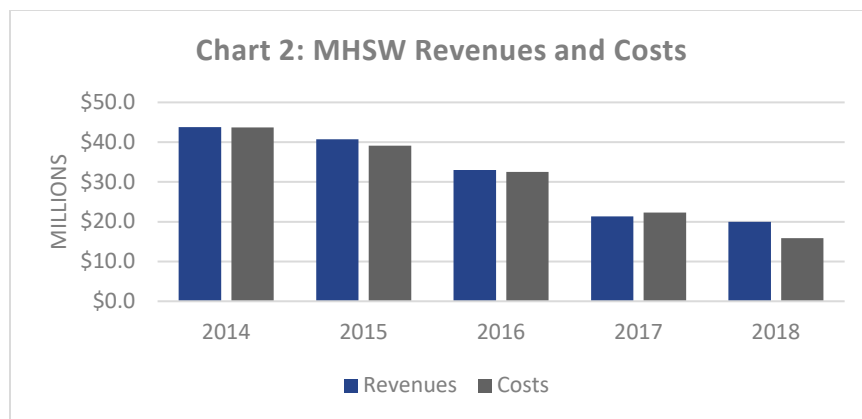
Stewardship Ontario retains responsibility for oversight of both the MHSW and Blue Box programs. Certain program functions are delivered through a service agreement with CSSA. With respect to the MHSW Program, administration of various program activities is conducted primarily by CSSA staff operating in cooperation Stewardship Ontario employees.

Stewardship Ontario conducts compliance and audit activities with respect to both steward reporting and service provider services to ensure program integrity (see Section 3.3 for more detail on audit/review activities).

The Wind Up Plan proposes a process for amendment of the current Stewardship Ontario-CSSA service agreement to reflect the impending termination of the MHSW Program (See Section 11: Legal Considerations). The Wind Up Plan also includes proposals to manage any direct employee impacts related to termination of the program (see Section 10: Human Resources).

Key Financial Metrics and Trends

MHSW financial metrics reflect trends associated with declining collection tonnages because of the migration of program materials from Stewardship Ontario to ISPs. As can be seen in Chart 2 below, both MHSW operating revenues and expenses have declined significantly as stewards and related material tonnage have migrated to the ISPs.



In 2018, MHSW operating revenues were more than operating expenses due in large part to certain steward supply report adjustments for previous years made during the 2018 operating period. These adjustments contributed to a net operating surplus of \$4.7 million.

2018 Canada Revenue Agency HST Refund

In 2018, Stewardship Ontario received a favourable decision from the Tax Court of Canada on claims for GST/HST input tax credits for fees related to the MHSW Program. This ruling has resulted in significant favourable financial implications for MHSW-related reserve funds.

Stewardship Ontario collected GST/HST on MHSW invoices and remitted GST/HST to the Canada Revenue Agency (CRA) since the program's inception in 2008. However, CRA denied the program's claims for input tax credits for GST/HST on expenses, which included amounts paid to third-party service providers for recycling and disposal of materials. As a result, any GST/HST paid by Stewardship Ontario related to these costs had to be included in the total program costs charged to stewards.

After pursuing administrative remedies with CRA for many years, Stewardship Ontario appealed a CRA ruling that culminated in a 2017 trial in the Federal Court. In a ruling released in March 2018, the judge rejected various CRA arguments and determined that Stewardship Ontario provides a service that entitles it to receive input tax credits.

Stewardship Ontario's initial claim of \$18 million was for the period between 2011 and 2013. The final amount of \$29.4 million returned to Stewardship Ontario by the CRA in relation to the current program included GST/HST input tax credit claims, plus interest for the period from 2011 to 2017.¹¹

¹¹ As a result of the ruling, Stewardship Ontario also received a 2018 CRA HST refund related to previous program costs that were financed by the Ontario government. HST refunds related to these costs have been returned to the Ontario Ministry of Finance.



The net impact of the tax court ruling on MHSW reserves can be seen in Table 3 below.

Table 3: 2018 MHSW Operating Results Overview

	\$ Millions
Accumulated MHSW Reserves as of December 2017	\$19.032
Revenue	
Steward Fees	\$19.594
Investment Income	0.398
Total	\$19.992
Expenses	
Direct Material Costs	\$12.338
Promotion and Education	0.064
Common program Management Costs	2.741
RPRA Fees	0.170
Total	\$15.313
Operating Surplus/(Deficit)	\$4.679
CRA HST Refund	29.375
Accumulated Operating Surplus 2018	\$34.054
Accumulated MHSW Reserves as of December 2018	\$53.086

Given the \$4.7 million operating surplus combined with the \$29.4 CRA HST refund, the net asset position of the MHSW Program increased by \$34.1 million in 2018, resulting in a total of \$53.1 million in MHSW reserves as of year end 2018.

**MHSW Reserves by Material Category****Table 4: MHSW Reserves December 2018 Including HST Adjustments**

	Accumulated Surplus (\$000)	Deferred Revenue (2012) (\$000)	Total Reserves and Deferred Revenue December 2018 (\$000)
Antifreeze	\$1,583	\$527	\$2,110
Fertilizers	128	5	\$133
Oil Containers	9,779	715	\$10,494
Oil Filters	7,683	2,688	\$10,372
Paints/Coatings	11,793	3,141	\$14,934
Pesticides	58	11	\$69
Pressurized Containers (Non-Refillable)	405	110	\$515
Pressurized Containers (Refillable)	285	2	\$287
Single-Use Batteries	5,393	1,903	\$7,296
Solvents	1,410	37	\$1,447
Total Reserves Allocated by Material	\$38,517	\$9,139	\$47,657
General MHSW Reserves (Restricted & Unrestricted)	\$5,429		\$5,429
Total MHSW Reserves December 2018	\$43,946		\$53,086

As shown Table 4, MHSW reserves are divided into two types:

1. Amounts that have been allocated to various material categories, and
2. General reserves that have not been allocated to particular material categories.

The Accumulated Surplus column above shows the reserve amounts for each material category as of December 2018. These amounts include the impact of both the 2018 operating surplus adjustments and the one-time 2018 CRA HST refund.

With respect to the 2018 CRA HST refund, Stewardship Ontario allocated \$27.4 million of the total \$29.4 to related material reserves based on the input tax credits (ITCs) associated with related material costs. Two million of the \$29.4 million CRA HST refund was allocated to general MHSW reserves (totalling \$5.429 million as of December 2018) reflecting ITC credits in relation to general MHSW Program costs.

Since 2012 Stewardship Ontario has also held \$9.1 million in deferred revenue in relation to the MHSW Program. Deferred revenue for the MHSW Program represents fee revenue billed in advance in the first quarter of 2012 which was deferred in accordance with the Stewardship Ontario's revenue recognition policy. This deferred revenue will be recognized as revenue at the end of the program.

Table 4 breaks down deferred revenue amounts by material category in the Deferred Revenue column and the Total Reserves for each material category in the adjacent column.

As can be seen in Table 4, Stewardship Ontario estimates reserve amounts of \$47.657 million which can be allocated to various MHSW material categories, and general MHSW reserves of \$5.429 million. Some of the largest MHSW material category reserves relate to materials which are managed under ISPs. MHSW reserves, therefore, relate to both current and former stewards (including stewards that have left Stewardship Ontario to join ISPs).



SECTION 1: OPERATING PLAN

1.1 Operating Plan

1.1.1 General Approach to Wind Up of the MHSW Program

Under the WDTA, Stewardship Ontario proposals to wind up the MHSW Program must comply with Ministerial direction. Consistent with that direction, Stewardship Ontario is proposing to run the MHSW Program up until designated program termination dates of June 30, 2020 for single-use batteries, and June 30, 2021 for other MHSW materials. Stewardship Ontario will wind up the MHSW Program in a manner designed to minimize potential disruptions for service providers and ensure that program performance is maintained throughout the wind up period.

Stewardship Ontario is not proposing any changes to service provider claims procedures, incentive payments or contractual terms prior to the MHSW Program termination date. This approach will ensure, as per Ministerial direction, that there is no disruption in the operation of the MHSW Program while the program is still operating. All MHSW materials will continue to be collected, transported, processed and recycled in accordance with current program standards and performance metrics up until June 30, 2021 (or June 30, 2020 in the case of single-use batteries).

Stewardship Ontario has developed a detailed schedule of final reporting and submission deadlines associated with program termination to ensure that all stewards and service providers understand their reporting obligations as the program is wound up. Stewardship Ontario will also work cooperatively with ISOs to ensure the eventual wind up of existing service arrangements with those ISOs is not disruptive to either the ISP or MHSW Programs.

Stewardship Ontario has developed a detailed financial budget which estimates MHSW Program and wind up costs throughout 2019, 2020 and 2021. The proposed wind up budget includes adjustments to the Stewardship Ontario methodology for allocation of common costs (implemented in 2019).¹² As of December 31, 2018, Stewardship Ontario held total MHSW Program reserves of \$53.1 million. Pending financial contingencies that may arise during wind up, Stewardship Ontario anticipates that it will retain residual funds of approximately \$375,000 following resolution of all wind up and financial obligations.

Consistent with Ministerial direction from July 2, 2019 regarding the return of surplus funds to consumers, Stewardship Ontario is proposing to reduce steward and ISP member fees prior to program termination dates for all MHSW materials including those where the supply chain is currently managed under ISPs. This recommendation is made after careful consideration of extensive input from MHSW stakeholders on the matter and taking into account issues such as fairness for MHSW participants, administrative costs, effectiveness and complexity regarding the various options related to the issue. Stewardship Ontario is committed to working with ISOs, ISP members and MHSW stewards to ensure that the proposed approach adequately addresses the Ministerial expectation that consumers will benefit from the proposed fee reduction approach. This approach will significantly reduce the level of residual funds that remain in the program following the resolution of outstanding financial obligations. Details regarding proposals related to the proposed fee reduction can be found in Section 8: Reserves.

¹² See Section 8: Reserves for a detail description of the 2019 change to the MHSW common cost allocation.



The details of Stewardship Ontario wind up budget forecast can be found in Section 4: Financial Budget & Forecast. A summary of MHSW wind up budget is shown in Table 5 below.

Table 5: MHSW WUP Financial Forecast 2019 - 2021 (\$000)* (Amended November 2019)			
	2019	2020	2021
Estimated Reserves Beginning of Year	53,086	\$48,728	\$22,035
Estimated Revenue	\$16,058	\$11,187	\$2,914
Stewardship Ontario Steward Fee Reduction	-\$2,300	-\$6,101	-1,974
Revised Steward Revenues	\$13,758	\$5,086	\$939
Program Operating Expenses			
Direct Material Costs	\$13,110	\$8,773	\$1,792
Administration	\$3,560	\$3,057	\$2,325
Sub-Total	\$16,670	\$11,830	\$4,117
Operating Surplus/Deficit (includes material specific wind up costs)	-\$2,912	-\$6,744	-\$3,178
Material Costs – Wind Up Contingencies	-\$0	-\$1,000	-\$1,000
ISP Fee Reduction		-\$17,268	-\$15,319
Total Drawdown from Material Reserves	-\$2,912	-\$25,012	-\$19,497
Estimated Material Reserves End of Year	\$44,745	\$19,733	\$236
General MHSW Wind Up Costs (excluding material contingencies and costs)	\$1,446	\$1,681	\$2,165
General Reserve Drawdown	-\$1,446	-\$1,681	-\$2,165
Estimated General Reserves End of Year	\$3,984	\$2,303	\$138
Estimated Total Reserves End of Year	\$48,728	\$22,035	\$373

*** Note:** Financial projections and forecasts included in this Wind Up Plan, including forecasts relating to surplus amounts that may be disbursed to parties during the wind up of the MHSW Program, are based on assumptions about future events and conditions that are not ascertainable at this time.

Therefore, the actual results achieved during the wind up period may vary from the projections and forecasts disclosed herein, even if the assumptions materialize, and such variation may be material. Stewardship Ontario makes no representation, warranty or other assurance that any of the estimates, forecasts or projections will be achieved.

During consultation on the Wind Up Plan, Stewardship Ontario proposed to finance general wind up costs by drawing down from general MHSW reserves. Contingency amounts and projected deficits related directly to materials will be financed by drawing down from material-specific reserves. General contingency amounts will be financed by drawing from general material reserves. In the event that general reserve levels are lower than general wind up costs, general reserve amounts will be reallocated to material reserve categories prior to program termination. The initial forecast related to this potential



allocation is approximately \$138,000 as noted in Table 5 above (see Section 8: Reserves for more details on estimated reserve levels).¹³

The Stewardship Ontario wind up budget identifies the length of and initial estimates of fee reduction amounts for each MHSW material. For example, with respect to single-use batteries Stewardship Ontario proposes to reduce steward invoices in the final three billing quarters by amounts which would minimize the amount of residual funds remaining associated with the category following the resolution of related outstanding financial obligations after program termination. Stewardship Ontario's initial fee reduction estimates are based on current financial forecasts.¹⁴ The fee reduction approach gives Stewardship Ontario the flexibility to adjust the amount of the final fee reduction based on more up to date financial and operational information.

In order to maximize accuracy, Stewardship Ontario is proposing that the issuing of final steward invoices be delayed by 90 days following the program termination date as opposed to the current billing practice of issuing invoices 30 days after each quarter end. This proposed delay in steward invoicing concurrent with the termination of the program will allow Stewardship Ontario to more fully assess final Steward supply reports and post-termination administrative costs prior to reconciling steward invoices and determining the level of fee reduction that Stewardship Ontario can implement in a fiscally responsible manner. The proposed approach minimizes the level of residual funds that are projected to remain with the program following the resolution of all outstanding financial and operational obligations.

Stewardship Ontario has worked with ISOs to identify a proposed fee reduction schedule for each MHSW material managed under an ISP as well as developing a fee reduction schedule for those materials where it directly manages the supply chain (See Section 8: Reserves). Following approval of the MHSW Wind Up Plan, Stewardship Ontario will work with ISOs to finalize a fee reduction schedule for all MHSW materials that would be communicated to all MHSW stewards and ISP members shortly after approval of the MHSW Wind Up Plan.

It should be noted that the level of surplus funds in various MHSW categories may not support a fee reduction. Currently with respect to non-refillable pressurized containers, the projected material category surplus fund of \$40,000 is not sufficient to guarantee an actual fee reduction. If a fee reduction approach is approved, Stewardship Ontario may be able to reduce steward invoices for non-refillable pressurized containers for the final billing quarter by a certain amount, dependent on the outcome of projected program costs and use of related material contingency amounts.

Stewardship Ontario will implement the same conceptual approach to fee reduction for all MHSW material categories. With respect to those materials managed under ISPs, Stewardship Ontario is proposing to pay a portion of ISP member fees (in a manner similar to the approach proposed for single-use batteries and pressurized containers). Stewardship Ontario would pay ISPs on behalf of their

¹³ In the event, that general wind up costs exceed general program reserves during the wind up period, Stewardship Ontario would draw from material reserves to cover wind up costs.

¹⁴ As noted in Section 4: Stewardship Ontario's initial estimate of the reduction in the single-use battery steward invoices would be approximately 80% implemented over 3 fiscal billing quarters. However, as note above, the percentage fee reduction may be larger if the Wind Up Plan contingency costs (current forecast as \$1 million) related to single-sue batteries are not required.



members based on supply reports submitted to ISPs by their members. Under the proposal, ISP members would still be paying amounts to the related ISO for services, but the amount of ISP member payments would be significantly reduced by Stewardship Ontario covering a significant percentage of the ISOs operational costs.

Details regarding the assumptions related to the Financial Forecast & Budget provided above are found in Section 4: Financial Forecast & Budget. The details of proposed steward and ISP member fee reductions along with fee reduction schedules for each MHSW material are found in Section 8: Reserves.

Subject to any possible litigation contingencies that may exist as of June 30, 2021, Stewardship Ontario anticipates that it will take approximately six months following the program termination date to wrap up final program obligations, conduct final program financial reconciliations and terminate all service agreements related to the MHSW Program. Stewardship Ontario anticipates that a final report confirming full implementation of the Wind Up Plan as required by Subsection 14 (20) of the WDTA, will be submitted to the Minister of Environment, Conservation and Parks no later than April 1, 2022. Key elements of the proposed MHSW Wind Up Plan are described in detail below.

1.1.2 Steward Reporting and Final Fee Payments

As per Ministerial direction, there are two program termination dates for MHSW materials: one for single-use batteries on June 30, 2020, and the other for all remaining MHSW materials (excluding single-use batteries) on June 30, 2021. Consequently, final steward reporting deadlines and payment schedules are different for single-use battery stewards and other MHSW stewards.

In general, Stewardship Ontario is proposing that steward supply reports and invoicing timeframes for the MHSW Program follow existing timeframes until program termination. Changes are necessary to steward deadlines for submitting adjustment requests to accommodate the wind up process.

1.1.2.1 Single-use Battery Steward Reporting and Payment Dates

Proposed supply report and invoicing dates and payment deadlines for single-use battery stewards are shown in Tables 6 and 7 below.

Table 6: Single-use Battery Steward Supply Report Schedule

Supply Report	Report Due Date	Data Included
Q2 2020	April 30, 2020	Q1 Data (Jan 1 – Mar 31)
Q3 2020	July 31, 2020	Q2 Data (April 1 – June 30)
Final Adjustment Requests	February 14, 2020	For 2019 and earlier
	August 31, 2020	For 2020 only

Currently stewards have two years within which to submit adjustment requests to supply reports. Stewardship Ontario is proposing that steward adjustment requests related to reports submitted in or before 2019 (currently subject to the existing two-year (eight quarters) deadline) must be submitted by February 14, 2020. Single-use battery steward adjustment requests to reports submitted in 2020 would need to be submitted to Stewardship Ontario by August 31, 2020.

**Table 7: Single-use Battery Steward Payment Schedule**

Invoice Payment	Costs	Invoice Due Date	Summary
Q2 Invoice (sent April 30)	Q1 material management & administrative costs	May 31, 2020	Q1 Report (Q4 data) Q1 Costs Q2 Invoice
Q3 Invoice & Final True Up (sent Sept 30, 2020)	Q2 material management & administrative costs	October 31, 2020	Q2 Report (Q1 data) & Previous 3 Quarters Q2 Costs Q3 Invoice

A key proposed change associated with program termination is that single-use battery stewards would receive their last invoice from Stewardship Ontario 90 days after the program termination date of June 30, 2020 with payment required 30 days after receipt of the invoice. This delay in issuing the final steward invoice will enable Stewardship Ontario to maximize the steward fee reduction associated with the final steward invoice and minimize the residual funds associated with the single-use battery category following the resolution of outstanding financial obligations.

1.1.2.2 Other MHSW Steward Reporting and Payment Dates (Excluding Single-use Batteries)

The proposed reporting schedules for other MHSW stewards follow the schedule proposed for single-use batteries with modifications to account for the different program termination date for those materials.

Table 8: MHSW Materials (Excluding Single-use Batteries) Steward Report Schedule

Supply Report	Report Due Date	Data Included
Q2 2021	April 30, 2021	Q1 Data (Jan 1 – Mar 31)
Q3 2021	July 31, 2021	Q2 Data (April 1 – June 30)
Final Adjustment Requests	February 12, 2021	For 2020 and earlier
	August 31, 2021	For 2021

Stewardship Ontario is proposing that steward adjustment requests related to material supply reports (excluding single-use batteries) submitted in or before 2020 (currently subject to the existing two-year (eight quarters) deadline) must be submitted by February 12, 2021.

As noted above, changes to the current adjustment request deadline for steward reports will allow Stewardship Ontario to conclude final financial arrangements with respect to the termination of the MHSW Program in a timely and reasonable manner.

**Table 9: MHSW Materials (Excluding Single-use Batteries) Steward Payment Schedule**

Invoice Payment	Costs	Invoice Due Date	Summary
Q2 Invoice (sent April 30)	Q1 material management & administrative costs	May 31, 2021	Q1 Report (Q4 data) Q1 Costs Q2 Invoice
Q1 Invoice & Final True Up (sent Sept 30, 2021)	Q2 material management & administrative costs	October 31, 2021	Q2 Report (Q1 data) & previous 3 Quarters Q2 Costs Q3 Invoice

MHSW stewards would receive their last invoice from Stewardship Ontario 90 days after the program termination date of June 30, 2021 with payment required 30 days after receipt of the invoice. With respect to pressurized containers, this delay in issuing the final steward invoice will enable Stewardship Ontario to maximize the steward fee reduction associated with the final steward invoice and minimize the residual funds associated with the pressurized categories following the resolution of outstanding financial obligations. With respect to other MHSW materials the delay in issuing the final steward invoice will allow Stewardship Ontario to adjust steward fees to accurately reflect final report adjustments received by August 31, 2021.

Following the resolution of all Stewardship Ontario MHSW financial obligations to service providers (see below) Stewardship Ontario will conduct final financial reconciliations in relation MHSW material categories.

1.1.3 Program Operations and Service Provider Key Dates and Deadlines

Stewardship Ontario is not proposing any changes to current program service provider incentive rates or reporting procedures during the wind up period. Key dates and deadlines related to service providers are outlined below.

1.1.3.1 Single-use Batteries

Under the BIP, single-use batteries are currently collected from a wide variety of sites (5,000 as of 2018) including both municipal depots and collection events, community and not-for-profit drop off locations and return-to-retail locations.

Under the program, with the exception of municipalities, approved transporters and processors make arrangements for the collection of batteries from collection sites. Stewardship Ontario incentives are paid to these transporters and processors under the program with transportation incentive rates varying depending on the geographic location of the single-use battery collection site.

Stewardship Ontario is proposing to continue to provide incentives under the BIP for all single-use batteries collected by June 30, 2020 (program termination date). Transporters would have until July 15, 2020 to collect single-use batteries from collection sites, and transporters and processors would have until August 31, 2020 to submit incentive claims for single-use batteries dropped off by June 30, 2020 and collected by July 15, 2020.



These service provider timeframes are consistent with current operational practice and would enable Stewardship Ontario to conduct final financial reconciliations with respect to the single-use battery program in a reasonable timeframe.

With respect to any Orange Drop branded materials that may be present at single-use battery collection sites, Stewardship Ontario will work with service providers to have these materials removed prior to the end of the program.

With respect to municipalities, Stewardship Ontario is proposing to pay depot hours related to single-use battery collection activities and pay single-use battery incentives related to municipal collection events up until June 30, 2020. As with other service providers, Stewardship Ontario is proposing that municipalities have until August 31, 2020 to submit claims for battery collection at events up until the June 30, 2020 deadline.

Table 10: Single-use Battery Service Provider Key Wind Up Dates

June 30, 2020	Program Termination Date – single-use batteries collected by this date are eligible for program incentives
July 15, 2020	Collection deadline for single-use batteries dropped off by June 30, 2020
August 31, 2020	Deadline for submission of incentive claims to Stewardship Ontario

With respect to Stewardship Ontario agreements with BIP service providers, current agreements require either 30-day or 60-day notice periods to terminate. Stewardship Ontario will coordinate service provider agreement terminations to align with termination of the MHSW Program for single-use batteries. Stewardship Ontario will provide service providers with formal notice of agreement terminations following MHSW Wind Up Plan approval (anticipated by December 31, 2019) in a manner consistent with existing contractual requirements.

With respect to agreements with municipalities, Stewardship Ontario will propose amendments to existing municipal agreements necessary to accommodate different termination dates for single-use batteries and other MHSW materials (see Section 1.1.4 below for more details).

1.1.3.2 Pressurized Containers

With respect to pressurized containers, municipal depots and events represent the primary drop off locations for consumers. Stewardship Ontario also has an arrangement with provincial parks and some private parks regarding the collection of single-use propane containers. Stewardship Ontario provides transportation and processing incentives (non-refillable pressurized containers only) to pressurized container transporters and processors to facilitate the proper disposal and diversion of these materials.

Stewardship Ontario is proposing to follow the current service provider schedules, processes and timeframes until the termination of the program. Stewardship Ontario is proposing to pay incentives for all pressurized containers collected up to June 30, 2021.

Stewardship Ontario is also proposing that service providers would need to make arrangements to have pressurized containers collected by July 15, 2021 and have claims for related processing and transportation incentives submitted no later than August 31, 2021. These proposed deadlines are



consistent with current program practices and will allow Stewardship Ontario to finalize service provider financial arrangements in a reasonable timeframe.

With respect to municipalities, Stewardship Ontario will pay existing pressurized container incentives for municipal depot hours incurred and collection events held up until June 30, 2021. As with other service providers, Stewardship Ontario is proposing that municipalities submit final incentive claims no later than August 31, 2021.

Table 11: Pressurized Container Service Provider Key Wind Up Dates

June 30, 2021	Program Termination Date – pressurized containers collected by this date are eligible for program incentives
July 15, 2021	Collection deadline for pressurized containers dropped by June 30, 2021
August 31, 2021	Deadline for submission of incentive claims to Stewardship Ontario

With respect to Stewardship Ontario agreements with pressurized container transporters and processors, Stewardship Ontario provides incentives for the collection of single-use pressurized containers at provincial parks through service agreements with service providers selected through an RFP process. Current contracts can be terminated without cause with six-months notice.

Stewardship Ontario will coordinate service provider agreement terminations to align with termination of the MHSW Program for pressurized containers. Stewardship Ontario will provide service providers with formal notice of agreement terminations following MHSW Wind Up Plan approval sometime in 2020 in a manner consistent with existing contractual requirements.

As noted in relation to single-use batteries, Stewardship Ontario is proposing to amend municipal agreements to reflect the different termination dates for single-use batteries and other MHSW materials under the Wind Up Plan (see Section 1.1.4 Municipal Agreements).

1.1.3.3 Oil Filters, Oil Containers and Antifreeze

Stewardship Ontario fulfills its ongoing obligations on behalf of its remaining stewards in these categories by purchasing credits for these materials from AMS. Stewardship Ontario is proposing to follow the current process and arrangements with AMS and purchase credits to satisfy its stewards' obligations until June 30, 2021.

Under the current agreement, Stewardship Ontario's share of quarterly AMS costs in each material category are based on estimates of its stewards' proportionate share of total supplied quantities of MHSW to the Ontario market with a reconciliation conducted at year-end based on actual steward and ISP member supply reports. Stewardship Ontario proposes to follow existing invoicing and payment process until program termination. Under existing agreement terms, AMS would submit a final reconciliation invoice to Stewardship Ontario by September 1, 2021 (subject to an extension of the current agreement).

Stewardship Ontario is proposing to extend its current agreement with AMS to align with the MHSW Program wind up termination date (the current Stewardship Ontario-AMS agreement terminates on March 31, 2020).



1.1.3.4 Paints and coatings, Fertilizers, Pesticides and Solvents

Stewardship Ontario fulfills its ongoing stewards' obligations in these categories by purchasing credits for these materials from PCA.

Under the current agreement, Stewardship Ontario provides funding payable to PCA related to the pesticide, solvents and fertilizer material categories based on the proportionate amount of MHSW material supplied by stewards, registered with Stewardship Ontario, in each category. This is initially estimated and reconciled annually based on actual supply reports.¹⁵

Stewardship Ontario proposes to follow existing invoicing and payment processes until program termination. Stewardship Ontario is proposing to extend its current agreement with PCA to align with the MHSW Program wind up termination date of June 30, 2021 (the current Stewardship Ontario-PCA agreement terminates on December 31, 2019).

Under current contractual terms, Stewardship Ontario would receive a final invoice/reconciliation report from PCA in relation to pesticides, solvents and fertilizers for 2021 by September 30, 2021. Thereafter, Stewardship Ontario will resolve any outstanding financial obligations with PCA pursuant to the commercial agreement between PCA and Stewardship Ontario.

With respect to paints and coatings, Stewardship Ontario currently purchases credits on behalf of its stewards from PCA based on program target obligations. Stewardship Ontario will explore the possibility of adding paints and coatings to its existing supply agreement with PCA (covering PSF categories) during the wind up period. It will continue to purchase credits on behalf of its registered stewards from PCA until program termination.

1.1.4 Municipal Agreements

Under current program arrangements Stewardship Ontario pays some municipalities directly for depot expenses attributable to the management of MHSW materials and provides incentives for municipal collection events in relation to single-use batteries and pressurized containers.

Stewardship Ontario is proposing to continue providing municipalities with payments for municipal depots and collection events until the applicable termination dates for MHSW materials. In particular, Stewardship Ontario would continue to pay municipalities for depot hours and collection events in relation to single-use batteries until June 30, 2020 and pay depot hours and collection events for other MHSW materials until June 30, 2021. Municipalities would receive these payments pursuant to the same payment schedule as they currently receive.

As with other service providers, Stewardship Ontario is proposing that municipalities submit event claims to Stewardship Ontario no later than two months after the program termination dates. Municipal event claims related to single-use battery payments would be required no later than August 31, 2020. Municipal event claims in relation to other MHSW materials would be required no later than August 31, 2021.

¹⁵ The Stewardship Ontario-PCA agreement includes a number of different cost components and obligations but Stewardship Ontario PSF related costs payable to PCA are generally based on the relative supply share of Stewardship Ontario stewards into the Ontario market.



Stewardship Ontario is proposing as part of the wind up process that existing agreements with municipalities be amended to reflect the different termination dates for single-use batteries and other MHSW materials. Stewardship Ontario plans to begin working with municipalities on updated agreements in 2019.

1.1.5 Finalization of Service Provider Arrangements

Following the submission and payment of various service providers claims noted above and the resolution of any outstanding financial obligations with various service providers, Stewardship Ontario will be in a position to conduct final financial program reconciliations.

1.1.6 Orange Drop Website and Branding

Stewardship Ontario is proposing to continue to use Orange Drop branding and website functions as the consumer-facing brand of the MHSW Program throughout the wind up period.

Following program termination dates, the Orange Drop website will not provide detailed information for consumers on material collection locations, but Stewardship Ontario is proposing to maintain the website for six months (18 months in the case of single-use batteries) after program termination until December 31, 2021, to direct consumers to new sources of information on the proper disposal of MHSW materials.

Following this transition period, Stewardship Ontario is proposing to transfer the legal title of Orange Drop and its website domain name to RPRA. During consultation on this issue, some stakeholders expressed interest in the Orange Drop brand continuing to operate under the RRCEA framework.

Stewardship Ontario's proposal would allow RPRA to work with stakeholders to determine how the website and brand might be utilized under the new legal framework in a manner that is fair for various stakeholders.

Stewardship Ontario is proposing that the pressurized container drop cages be given to Ontario Parks (with Orange Drop branding removed) so the cages can continue to be utilized for collecting pressurized containers.¹⁶

1.1.7 Data Management

As per Ministerial direction, Stewardship Ontario will work cooperatively with RPRA to transfer MHSW Program data as part of the wind up process. Stewardship Ontario will ensure that MHSW data transferred to RPRA is done in a secure manner and that any confidential or commercially sensitive information transferred is identified so that RPRA can take necessary steps to protect.

As is currently the case, MHSW stewards will have access to their individual program reports through the WeRecycle web portal during the duration of the MHSW Program. Following the MHSW Program termination date and the final dates for submission of MHSW steward adjustment requests to Stewardship Ontario, MHSW stewards will no longer have access to their reports. Stewardship Ontario will give MHSW stewards at least 45-days notice regarding the anticipated change in accessibility in relation to the current program web portal.

¹⁶ These cages have zero book value from the perspective of Stewardship Ontario financial statements.



Following termination of the MHSW Program and transfer of MHSW Program data to RPRA, Stewardship Ontario will only retain MHSW information necessary to comply with its tax and legal obligations. After program termination, where Stewardship Ontario does not require the program data for legal or regulatory reasons, the process of destroying this program data from active and back-up access points will begin. Upon completion of the destruction process, Stewardship Ontario will provide RPRA with an attestation that the destruction process is complete.

1.1.8 Final MHSW Wind Up Steps

Under wind up proposals noted above, Stewardship Ontario will be in a position to conduct final financial reconciliations related to the MHSW Program approximately six to nine months after the program termination date.

Once all service provider invoices have been paid and steward adjustment requests and annual true-ups to supplied quantities have been finalized, Stewardship Ontario will be a position to conduct final financial reconciliations for the 2021 operating period and the entire MHSW Program

Following the resolution of all program financial obligations, Stewardship Ontario will be in a position to adjust the management fees it currently pays to CSSA to reflect the fact that CSSA's services are no longer required in relation to administration of the MHSW Program.

Termination of the MHSW Program may have some employment implications, however Stewardship Ontario will take steps to minimize these impacts if possible (see Section 11: Human Resources).

As per requirements of the WDTA, following the completion of all MHSW wind up activities, Stewardship Ontario will submit a Wind Up Plan Implementation Report to RPRA and the MECP outlining the steps taken to wind up the program. Stewardship Ontario is targeting the April 2022 for the completion and submission of this report.

Table 12: Summary of Operational Timelines

Stewardship Ontario MHSW Wind Up Activity	Date
Deadline for submission of MHSW Wind Up Plan to RPRA	September 30, 2019
RPRA Windup Plan Approval Deadline	December 31, 2019
Communication to stakeholders re approval of MHSW Wind Up Plan	January 2020
Formal notifications from Stewardship Ontario of agreement terminations: • Municipalities; • Product Care Association; • Automotive Material Stewardship; • Service Provider contracts.	TBD
Implementation of reduction to single-use battery steward invoices	January 31, 2020
Submission of Stewardship Ontario RPRA Filing on 2019 program Performance	April 1, 2020
Implementation of reduction to pesticide ISP member invoices	April 30, 2020
Implementation of reduction to solvent steward and ISP member invoices	April 30, 2020
Deadline for single-use battery steward supply adjustments for the 2019 calendar year and earlier periods	February 14, 2020
Single-use Battery program Termination Date	June 30, 2020



Stewardship Ontario MHSW Wind Up Activity	Date
Deadline for pickup of single-use batteries from collection sites	July 15, 2020
Implementation of reduction to oil filter steward and ISP member invoices	July 31, 2020
Implementation of reduction to refillable pressurized container steward invoices	July 31, 2020
Deadline for final single-use battery steward supply report adjustments for 2020	August 31, 2020
Deadline for submission of service provider claims re single-use battery program (transporters, processors, municipalities)	August 31, 2020
Final Stewardship Ontario single-use battery steward invoices sent out	September 30, 2020
Deadline for single use battery steward payment of final MHSW invoice	October 31, 2020
Implementation of reduction to anti-freeze steward and ISP member invoices	October 31, 2020
Implementation of reduction to paint and coatings steward and ISP member invoices	October 31, 2020
Implementation of reduction to oil container steward and ISP member invoices	October 31, 2020
Implementation of reduction to fertilizer steward and ISP member invoices	October 31, 2020
Submission of Stewardship Ontario RPRA Filing on 2020 program Performance	April 1, 2021
Deadline for steward supply adjustments (excluding single-use batteries) for the 2020 calendar year and earlier periods	February 12, 2021
MHSW Program Termination Date MHSW Materials (excluding Single-use Batteries)	June 30, 2021
Deadline for pickup of pressurized containers from collection sites	July 15, 2021
Deadline for final steward supply report adjustments for 2021 (excluding single-use batteries)	August 31, 2021
Deadline for submission of service provider claims re incentives (transporters, processors, municipalities) (excluding single-use batteries)	August 31, 2021
Final AMS reconciliation reports due to Stewardship Ontario	September 1, 2021
Final Stewardship Ontario steward invoices sent out	September 30, 2021
Final PCA invoices and adjustments due to Stewardship Ontario	September 30, 2021
Deadline for steward payment of final MHSW invoice	October 31, 2021
Final 2021 and program financial reconciliations by Stewardship Ontario	TBD
Transfer of MHSW data to RPRA	TBD
Transfer of Orange Drop trademark and legal title to RPRA	Target January 2022
Final resolution of any Stewardship Ontario MHSW related staffing implications	TBD
Disbursement of MHSW Residual Funds	TBD
Amendment of Stewardship Ontario-CSSA Operating Agreement	TBD
Submission of Final Report (MHSW Wind Up Plan Implementation Report to RPRA and Ministry)	Target April 2022
Submission of Stewardship Ontario RPRA Filing on 2021 program Performance	April 1, 2022



1.1.9 Reporting Obligations During Wind Up

Prior to and during the wind up period, Stewardship Ontario will continue to fulfill its reporting obligations for the MHSW Program under the WDTA:

Consistent with the WDTA, Stewardship Ontario will release the following reports by the dates noted:

- RPRA Filing of 2019 program performance by April 1, 2020 (to RPRA, public) (annual IFO report as per Section 30 of the WDTA);
- Stewardship Ontario 2019 Annual Report, July 1, 2020 (public);
- RPRA Filing of 2020 program performance by April 1, 2021 (to RPRA, public) (annual IFO report as per Section 30 of the WDTA);
- Stewardship Ontario 2020 Annual Report, July 1, 2021 (public);
- RPRA Filing of 2021 program performance by April 1, 2022 (to RPRA, public) (annual IFO report as per Section 30 of the WDTA);
- Stewardship Ontario 2021 Annual Report, July 1, 2022 (public); and
- Final Report, MHSW Wind Up Plan Implementation Report, as per WDTA Subsection 14 (20) by April 2022 (to RPRA and Minister).

Consistent with Ministerial direction, Stewardship Ontario will also provide RPRA with quarterly financial reports outlining MHSW Program revenues and expenditures for the years 2018 to June 2021 in accordance with the following timeframes:

- First quarter (Q1) results by the last Friday in April of that year;
- Second quarter (Q2) results by the last Friday in July of that year;
- Third quarter (Q3) results by the last Friday in October of that year;
- Fourth quarter (Q4) results by the last Friday in January of the next year.

1.2 Steward Rules During Wind Up

MHSW steward Rules for the wind up period will be amended to facilitate implementation and align with the proposed deadlines contained in this Wind Up Plan. Draft MHSW steward Rules for implementation on January 1, 2020 are attached as Appendix A to this Wind Up Plan.

Key steward Rules changes necessary to facilitate the MHSW Program wind up include:

- Adjustments to rules regarding steward adjustment request deadlines necessary to implement wind up of the program in a reasonable timeframe;
- Adjustments to Stewardship steward invoicing timeframes after program termination necessary to maximum the amount of fee reductions and accurately conduct final program financial reconciliations;
- Rule amendments necessary to implement Steward and ISP member fee reductions in accordance with the Wind Up Plan;
- Rule amendments to implement financial arrangements associated with program wind up.



1.3 Targets and Performance

Individual collection and diversion rates for various MHSW materials are in Tables 13 and 14 below.

Table 13: 2018 MHSW Tonnes Collected vs. Target

Material Category	Available for Collection (tonnes)	Collection Target Rate	Target (tonnes)	Actual Collection (tonnes)	Actual Collection Rate
Antifreeze	711	50%	356	497	70%
Fertilizers	2	N/A	N/A	4	N/A
Oil Containers	758	52%	394	769	102%
Oil Filters	2,091	85%	1,777	2,396	115%
Paints & Coatings	7	77%	6	8	108%
Pesticides	N/A	57%	N/A	N/A	N/A
Pressurized Containers (Non-Refill)	830	46%	382	318	38%
Pressurized Containers (Refillable)	472	98%	462	424	90%
Single Use Batteries	5,877	40%	2,351	2,964	50%
Solvents	232	46%	107	44	19%

Table 14: 2018 MHSW Tonnes Diverted vs. Target

Material Category	Available for Diversion (tonnes)	Diversion Target Rate	Target (tonnes)	Actual Collection (tonnes)	Actual Diversion Rate
Antifreeze	711	50%	356	497	70%
Fertilizers	2	N/A	N/A	N/A	N/A
Oil Containers	758	52%	394	769	102%
Oil Filters	2,091	85%	1,777	2,396	115%
Paints & Coatings	7	62%	5	0	0%
Pesticides	N/A	N/A	N/A	N/A	N/A
Pressurized Containers (Non-Refill)	830	46%	382	318	38%
Pressurized Containers (Refillable)	472	98%	462	424	90%
Single Use Batteries	5,877	28%	1,669	2,549	43%
Solvents	232	6%	14	0	0%

In general, current program performance is consistent with or exceeds program targets. Where current program performance is slightly below targets for select materials, Stewardship Ontario will continue to work with service providers to improve collection and diversion rates.

While some fluctuation in material collection and diversion rates has been common with respect to the various classes of MHSW materials, the Stewardship Ontario Wind Up Plan proposes to deliver program performance consistent with program targets and historical performance.

With respect to program accessibility, Steward Ontario anticipates that consumers will have access to drop off sites for MHSW materials generally consistent with current program accessibility arrangements



throughout the wind up period. A summary of 2018 collection locations for each MHSW material is provided in Table 15 below.

Table 15: MHSW Consumer Collection Sites - Events

Channel - Activity	2018
Municipal – Depot	88
Municipal – Event	312
Return-to-Retail	30
Battery Incentive Program	5,340
Provincial Parks program	102
Total	5,872

Stewardship Ontario will continue to cooperate with municipalities to facilitate municipal collection events throughout 2019, 2020 and 2021 to maintain program accessibility delivered by these events. In addition, Stewardship Ontario will monitor collection sites and related activity throughout the wind up period to ensure consumers have adequate access to drop off locations for MHSW materials.

1.4 Educational Programs

Stewardship Ontario runs a number of promotion and education awareness initiatives every year under Orange Drop, the consumer-facing brand of the MHSW Program.

Stewardship Ontario is proposing to continue the current promotion and education awareness programs throughout the wind up period to ensure that program performance is not adversely affected by a slow down of these activities. There may be some decline in promotion and education spending in 2021 where related activities would occur after the program termination date. Promotion and education activities described below will cease by the June 30, 2021 wind up.

Note: promotion and education activities represented approximately 4% of Stewardship Ontario MHSW Program expenses in 2018. A similar level of spending is being proposed for 2019 and 2020.

1.4.1 MHSW Material Awareness Campaign

Orange Drop campaigns to promote the proper disposal of single-use batteries, pressurized containers, oil filters, oil containers and antifreeze will continue to run across Ontario.¹⁷ Customizable templates will be available on the [Stewardship Ontario website](#) for municipalities to download, edit and use for their own promotion and education initiatives.



1.4.2 Pressurized Container Campaign

An Orange Drop campaign highlighting the proper and safe disposal of pressurized containers will continue in 2020.

¹⁷ In collaboration with AMS, which licenses the use of the Orange Drop brand.



1.4.3 Partnership with Ontario Parks and Private Parks

Stewardship Ontario will continue its ongoing partnership with Ontario Parks and select private parks for the collection of non-refillable pressurized containers. Orange Drop messaging will continue to be coordinated with Ontario Parks utilizing messaging in Ontario Parks' e-newsletter, blog and social media channels reminding park-goers to drop their used pressurized containers in the Orange Drop cages available within the parks.

1.4.4 Website

The Orange Drop website and its locator tool is a resource for Ontario consumers to find places to properly dispose of their hazardous waste materials. The website has approximately 60,000 visitors a year. The website will include specific notices regarding the wind up of the MHSW Program and links where consumers and stakeholders can find more information about wind up specifics.

1.4.5 Social Media

Orange Drop social media channels provide tips and reminders, as well as promotion of the website's locator tool to encourage consumers to properly dispose of their hazardous waste materials. Orange Drop contests to increase engagement with social media followers will also continue.

1.5 Market Development

As the promotion and education campaigns are designed to improve collection and related diversion rates, Stewardship Ontario does not fund any market development programs related to the end use of MHSW materials. As such, there are no market development programs or funds that need to be managed or addressed as part of the MHSW Wind Up Plan.

SECTION 2: IMPLEMENTATION PLAN AND TIMELINE

2.1 Implementation Plan and Timeline

A detailed MHSW Wind Up Implementation Plan and Timeline is attached to this submission as Confidential Schedule I.¹⁸ The Implementation Plan and Timeline identifies the wind up tasks and processes associated with key wind up deliverables covering all major components of the wind up operating plan. Target dates, steps and personnel are identified for each wind up deliverable.

Stewardship Ontario proposes to meet with RPRA staff throughout the wind up process to review the implementation plan and timelines to ensure that key wind up tasks are completed in accordance with program objectives. Meeting frequency will vary dependent upon wind up activities but Stewardship Ontario anticipates that meetings with RPRA will be held monthly or more frequently as required.

Stewardship Ontario has hired an independent resource, Tina Caputo, to oversee the development of the Wind Up Plan and act as MHSW Program Manager for the execution of the approved plan. Ms.

¹⁸ Given the personal information included in the Implementation Plan and Timeline schedule it was submitted as a Confidential Schedule. Please note this Implementation Plan and Timeline may be adjusted throughout the wind up period as financial forecasts are finalized and detailed schedules for the implementation of proposed wind up plan activities are completed.



Caputo will work closely with program staff to track progress of deliverables against key program indicators throughout the wind up process.

On September 26, 2019, Stewardship Ontario approved further changes to its management structure appointing Gemma Zecchini as Executive Director of both the Blue Box and MHSW program wind ups (effective November 1, 2019) and engaged Lyle Clarke as Blue Box and MHSW Program Officer. See Section 13.2 Conflict of Interest for more information on Stewardship Ontario's MHSW Wind Up governance structure.

2.2 Key Dates

Sept 30, 2019	Deadline for submission of MHSW Wind Up Plan to RPRA
Dec 31, 2019	Anticipated RPRA approval of MHSW Wind Up Plan
June 30, 2020	MHSW Program termination date for single-use batteries
June 30, 2021	MHSW Program termination date for MHSW materials (excluding single-use batteries)
April 2022	Final Report, MHSW Wind Up Plan Implementation Report (submission to RPRA and MECP)

2.3 Other

The detailed MHSW Wind Up Implementation Plan and Timeline attached in Confidential Schedule I includes steward reporting and payment deadlines, agreement notification procedures in accordance with existing contractual obligations, key service provider activity deadlines and claims submission deadlines for collectors, transporters and processors.

SECTION 3: COMMUNICATION WITH STAKEHOLDERS

3.1 Consultation with Stakeholders

Stewardship Ontario conducted two phases of stakeholder consultation in relation to the development of this Wind Up Plan. The MHSW Wind Up Plan Consultation Report attached as Appendix B includes a full overview of the consultation process, feedback received and stakeholders consulted with.

3.1.1 Phase I Consultations

The first phase of stakeholder consultation was conducted through a combination of one-on-one stakeholder meetings and two general consultation webinars held on Wednesday, April 2, 2019. The content of this consultation period was based on Ministerial direction received in April and December of 2018. An overview of key MHSW Wind Up Plan proposals and dates were included during the consultation webinars. Webinar recordings, presentations and a fulsome question & answer document of answers to questions asked during the webinars were posted on the [Stewardship Ontario website](#) for stakeholders to access afterwards. Stakeholders were asked to provide feedback on Stewardship Ontario's Wind Up Plan proposals by May 1, 2019.



3.1.2 Phase II Consultations

In July 2019, Stewardship Ontario received new Ministerial direction which changed some Wind Up Plan timelines and significantly altered Ministerial direction regarding the potential uses of MHSW surplus funds.

A second phase of stakeholder consultation was held in August 2019. Once again, Stewardship Ontario utilized a combination of consultation webinars (held August 14 and 20, 2019) and one-on-one stakeholder meetings to receive feedback on the adjustments to the MHSW Wind Up Plan. An overview of key MHSW Wind Up Plan proposals and adjusted dates were included during the consultation webinars. Webinar recordings, presentations and a fulsome question & answer document of answers to questions asked during the webinars were posted on the [Stewardship Ontario website](#) for stakeholders to access afterwards. Stakeholders were asked to provide feedback on Stewardship Ontario's Wind Up Plan proposals by August 30, 2019.

3.2 Communication with Stakeholders

The following outlines the MHSW Program communications plan for all affected stakeholders during the implementation of the Wind Up Plan. Communication initiatives during the implementation of the Wind Up Plan will remain consistent with information stakeholders receive during normal operations, with additional emphasis on information and updates related to key wind up dates and deadlines as applicable.

Throughout the wind up period Stewardship Ontario will coordinate wind up communications activities with RPRA and provide RPRA with quarterly reports summarizing all stakeholder communications completed in each quarter.

3.2.1 Communication Goals

- Ensure MHSW Program communication initiatives support the smooth and successful wind up of single-use batteries by June 30, 2020, and the other MHSW materials by June 30, 2021.
- Ensure affected stakeholders receive effective communications to be kept aware of changes associated to the wind up leading up to the June 30, 2020 and June 30, 2021 program termination dates.
- Ensure both Stewardship Ontario stewards and ISP members are fully aware of the estimated cost reductions associated with Wind Up Plan fee reduction recommendations in relation to the return of surplus funds to consumers (see Fee Reduction Communications Strategy below).

3.2.2 Communication Strategy

- Provide affected stakeholders with clear, relevant and timely information.
- Regularly communicate with affected stakeholders in a way that builds trust and fosters two-way communication.
- Encourage open dialogue and opportunities for stakeholder feedback and suggestions.

3.2.3 Stakeholder Groups

MHSW stakeholders can be categorized as follows:

- Ministry of the Environment, Conservation and Parks (MECP)
- Resource Productivity and Recovery Authority (RPRA)



- Stewards and ISP members including:
 - o Single-use battery stewards;
 - o Pressurized cylinder stewards;
 - o Automotive material stewards still with Stewardship Ontario and former stewards who are now ISP members ;
 - o Paints and coatings stewards still with Stewardship Ontario and former stewards who are now ISP members;
 - o Pesticide, Solvent and Fertilizer stewards still with Stewardship Ontario and former stewards who are now ISP members; and
 - o Related industry/trade associations.
- Municipalities, First Nation communities and municipal associations
- MHSW collection sites
- Approved transporters
- Approved processors
- Ontario Parks and participating private parks (Parks)
- Industry Stewardship Organizations (ISOs) and their members
- Environmental groups
- General public
- Stewardship Ontario employees (staff)

3.2.4 Method and Timing of Communications

Business as usual communications with stakeholders will continue throughout the implementation of the Wind Up Plan. Specific information regarding the Wind Up Plan will be communicated in a timely manner as described below. The table below also indicates whether the communication is business as usual (BAU) or wind up-related (WUR).

Table 16: General MHSW Wind Up Plan Communication Activities

Communication Method	Frequency	Stakeholder Group(s)	BAU / WUR
Stewardship Ontario website (corporate)	Always Updates posted immediately. Feedback/comment form available on MHSW Wind Up page.	• All	Both
Orange Drop website (consumer-facing)	Always	• General public	BAU



Communication Method	Frequency	Stakeholder Group(s)	BAU / WUR
Email blast	As required for normal operational notices and wind up notices. Emails can be to specific stakeholder groups or multiple stakeholder groups.	- Stewards - ISP Members - Municipalities - Collectors - Transporters - Processors - Parks - ISPs - Environmental Groups - Staff - RPRA - MECP	Both
Quarterly Steward Newsletter	Quarterly (March, June, September, December)	- Stewards - RPRA - Staff	BAU
Social media (Facebook, Twitter)	A few posts per week	General public	BAU
Media	As required	All	Both
Webinar	As required Potential webinar for stakeholders on details of wind up process including service provider and steward reporting deadlines and obligations, etc. once plan is approved.	- Stewards - ISP Members - Municipalities - Collectors - Transporters - Processors - Parks - ISPs - Environmental Groups - Staff - RPRA - MECP	WUR
Phone calls	As required Requested by stakeholder	All	WUR
One-on-one meetings	As required Requested by stakeholder	All	WUR
Stewardship Ontario Annual Report	Annually by July 1	All	BAU
Mailed letter	February 2019, July 2019, January 2020 As required	- Stewards - ISP Members - Supply chain stakeholders	WUR



3.2.5 Questions, Comments and Feedback Forums

MHSW stakeholders will have the opportunity to provide questions, comments, concerns and feedback throughout implementation of the Wind Up Plan using the methods outlined in Table 17.

Table 17: MHSW Feedback Mechanisms

Method	Description	Stewardship Ontario's Response Time
Online form on the MHSW Wind Up webpage	An online web form will be available on the corporate Stewardship Ontario website throughout the implementation of the Wind Up Plan. Links on the consumer-facing website (Orange Drop) and CSSA website will also point to this form. Responses will be sent back via email.	Two business days
Email to consultation@stewardshipontario.ca	Stakeholders can send an email and receive an emailed response.	Two business days
Email to mhswwindup@stewardshipontario.ca	Stakeholders can send an email and receive an emailed response.	Two business days
Webinar submission	Stakeholders can submit questions, feedback, comments, etc. via the webinar platform. Stewardship Ontario will post a QA document with all submissions and responses on the MHSW Wind Up webpage.	14 business days
Phone call to Stewardship Ontario	Stakeholders can call Stewardship Ontario and speak to the most appropriate representative.	Two business days
Mailed letter to Stewardship Ontario 1 St. Clair Ave W, Suite 700, Toronto, ON	Stakeholders can mail a letter to Stewardship Ontario. Responses will be sent back via letter or email.	10 business days
In-person meeting	Stakeholders can meet with Stewardship Ontario, where their comments, concerns, feedback and questions will be documented. Responses will be immediate within the meeting.	Immediate

3.2.6 Fee Reduction Communications Activities

In addition to general MHSW Wind Up Plan communications activities, Stewardship Ontario will implement a targeted communications strategy in conjunction with its proposed fee reduction for various MHSW materials. Communication activities in relation to proposed fee reductions will focus on Stewardship Ontario stewards and ISP members (most of whom are former MHSW stewards) and MHSM wholesalers and retailers.

Communications activities will be designed to ensure that all businesses involved in the sale of MHSM products are fully aware of the estimated cost reductions anticipated for various MHSW material



categories with sufficient lead time to ensure those cost reductions can be factored into business pricing strategies and related marketing activities.

Stewardship Ontario stewards and ISP members will be made aware of the expected consumer benefits associated with a fee reduction. Fee reduction notices issued to stewards and ISP members in relation to fee reductions will include acknowledgements recognizing the expectation by MECP that fee reductions should benefit consumers¹⁹.

Robust communications will ensure that all businesses which sell and purchase MHSW products are aware of anticipated cost reductions and can incorporate those cost reductions into pricing decisions and marketing activities. The competitive market dynamic associated with the sale of MHSW materials should result in cost savings being passed onto related consumers.

Communications activities will include email blasts, website posts and targeted webinar sessions for related Stewardship Ontario stewards and ISP members.

Given that the fee reduction period for the various MHSW materials will vary by product category, and the estimated fee reduction amounts will also be different for the various MHSW categories, Stewardship Ontario is proposing the following webinar sessions related to the fee reduction proposal:

- Stewardship Ontario hosted fee reduction webinar related to:
 - Single-use batteries (target date: January 2020)
 - Refillable pressurized containers (target date: June 2020)
- Joint Stewardship Ontario ISP fee reduction webinars related to:
 - Pesticides and solvents in conjunction with PCA (target date: April 2020)
 - Oil Filters in conjunction with AMS (target date: June 2020)
 - Oil containers and antifreeze in conjunction with AMS (target date: September 2020)
 - Paints and coatings and fertilizers in conjunction with PCA (target date: September 2020)

Stewardship Ontario, in consultation with RPRA and ISPs, will also evaluate the benefits of holding additional stakeholder fee reduction webinars throughout the wind up period and hold information sessions and financial updates as required.

The fee reduction webinars will provide specific information for MHSW stakeholders on the process by which fees will be reduced for Stewardship Ontario stewards and ISP members, the anticipated timing of implementation of the fee reductions and estimated level of the fee reduction (utilizing current ISP fee levels and historic Stewardship Ontario cost data). The proposed fee reduction webinars will be in addition to general MHSW information webinars and activities that will be utilized to support the MHSW Wind Up Plan.

The Stewardship Ontario and ISP websites will also include information related to the fee reduction proposal which will enable businesses to estimate the anticipated amount of fee reduction for various MHSW materials.

¹⁹ Fee reduction notices issued to stewards will include the following acknowledgement “By accepting this fee reduction notice, you acknowledge the expectation of the Minister of Environment, Conservation and Parks that this fee reduction will benefit consumers.”



3.2.7 Timelines

Stewardship Ontario has outlined the timing of wind up-related communications to its stakeholders.²⁰ All timelines are subject to change and other communications may be sent as the need arises.

- **October 2019:**
 - Email to stakeholders regarding Stewardship Ontario's submission of the MHSW Wind Up Plan to RPRA.
 - Mailed letter to past and present MHSW stewards and supply chain stakeholders regarding MHSW Wind Up Plan to RPRA.
 - Email to stakeholders referencing RPRA consultation sessions when announced.
- **December 2019:**
 - Steward newsletter section on MHSW Wind Up process and status.
- **January 2020:**
 - Email to stakeholders with RPRA's decision on the MHSW Wind Up Plan.
 - Mailed letter to past and present MHSW stewards and supply chain stakeholders on RPRA's decision on the MHSW Wind Up Plan.
 - Stewardship Ontario fee reduction webinar for single-use batteries.
- **March 2020:**
 - Email and mailed letter to single-use battery stewards and service providers with steps to wind up.
- **April 2020:**
 - Stakeholder webinar information session on single-use battery wind up steps including steward and service provider reporting deadlines and obligations.
 - Joint Stewardship Ontario-PCA fee reduction webinar for pesticide and solvents.
- **June 30, 2020:**
 - Email to MHSW stakeholders that single-use battery program has ceased operations.
 - Joint Stewardship Ontario-AMS fee reduction webinar for oil filters.
 - Stewardship Ontario fee reduction webinar for refillable pressurized containers.
- **September 2020**
 - Joint Stewardship Ontario-PCA fee reduction webinar for paints and coatings and fertilizers.
 - Joint Stewardship Ontario-AMS fee reduction webinar for oil containers and antifreeze.
- **March 2021**
 - Email and mailed letter to all other MHSW stewards and service providers with steps to wind up.
- **April 2021:**
 - Stakeholder webinar information session on MHSW wind up steps including steward and service provider reporting deadlines and obligations.
- **June 30, 2021:**
 - Email MHSW stakeholders that the program has ceased operations.
 - Mailed letter to past and present MHSW stewards and supply chain stakeholders that the program has ceased operations.

²⁰ Stewardship Ontario utilizes email address and mailing address information currently on file for stakeholders.



3.3 Audits/Review Engagements

3.3.1 Service Provider Monitoring

Stewardship Ontario operates a reverse supply chain for the collection, transportation and recycling of pressurized containers and single-use dry cell batteries. These activities are outsourced to public and private sector service providers through commercial agreements and incentive-based performance programs. Eligible service providers must meet and adhere to vendor standards, policies and procedures established by Stewardship Ontario.

As of December 31, 2018, there were 29 approved transporters and 14 approved processors for MHSW materials. Material is sourced from nearly 6,000 collection sites across Ontario.

Stewardship Ontario monitors service provider performance against established standards including: service provider reviews supported by an audit checklist developed in 2018; onsite/event visits on a priority and/or rotating basis and random audits of materials, service providers and collection sites.

Stewardship Ontario proposes to continue with current service provider monitoring throughout the wind up period. While the impending termination of the program may result in some changes with respect to the volume of materials collected and processed, Stewardship Ontario will monitor final service provider claims submissions closely and initiate review procedures to confirm materials collected are consistent with program standards.

3.3.2 Steward Reporting and Reviews

As of December 31, 2018, 320 stewards were registered with the MHSW Program. In 2018, Stewardship Ontario received 1,126 steward reports, down 28% from the previous year due to a migration of stewards to ISOs and approved ISPs.

Stewardship Ontario utilizes a compliance audit framework designed in light of best practices associated with European extended producer responsibility jurisdictions. The criteria for selecting stewards for a comprehensive review of their data is designed to improve confidence in the quality of reporting. To facilitate administrative harmonization and cost savings, Stewardship Ontario, in addition to conducting its own desk-top steward submission reviews, participates in the Used Oil Management Association (UOMA) steward review process. In 2018 UOMA conducted eight review cases on behalf of Stewardship Ontario. An additional third-party audit was executed in relation to data associated with an adjustment request.

Stewardship Ontario is proposing to continue to follow its current steward compliance audit framework for selecting stewards to audit throughout 2019 and 2020. As program termination dates get closer, Stewardship Ontario will limit random steward audits and focus resources on ensuring steward compliance with program termination reporting deadlines and requirements.

3.3.3 Annual Reports and Financial Audits

As noted in Section 1.1, Stewardship Ontario will continue to submit annual RPRA filings on program performance (annual IFO report as per Section 30 of the WDTA) and publish annual reports throughout the wind up period. Stewardship Ontario's 2021 RPRA filing and Annual Report will include a review of



the termination of the MHSW Wind Up Plan including the necessary adjustments to Stewardship Ontario financial statements.

As per Subsection 14 (20) of the WDTA, Stewardship Ontario will also submit a final report outlining the implementation of its Wind Up Plan to RPRA and MECP. The report will include financial information regarding the termination of the MHSW Program that is consistent with Stewardship Ontario's ongoing audited financial statements.

3.4 Stakeholders

See Section 3.2 above.

3.5 Communications Mechanisms

See Section 3.2 above.

SECTION 4: FINANCIAL FORECAST & BUDGET

4.1 Financial Forecast and Budget

As noted in Section 1, the MHSW Program retained net assets of approximately \$53.1 million as of December 31, 2018.

A monthly cash flow forecast for the period January 2019 to December 2021 is provided as supporting Confidential Schedule II: MHSW Financial Forecast & Budget (FF&B). The Forecast details cash inflows/outflows expected during program wind up along with key assumptions. There are no potential cash shortfalls anticipated during the period.

Aggregate financial impacts associated with the MHSW Wind Up Plan FF&B are summarized in Table 18 below. Key Stewardship Ontario Wind Up Plan recommendations related to the FF&B are the following:

- MHSW general wind up costs will be financed by drawing from general MHSW reserves;
- Material specific wind up costs (including related contingencies) will be financed by drawing from MHSW material specific reserves;
- Program costs associated with post-termination activities will be financed by drawing from MHSW material specific reserves in proportion to cost estimates associated with material categories;
- A fee reduction will be implemented for all MHSW categories for a period of time prior to program termination, depending on the level of surplus funds available in each respective category and the estimated costs anticipated to be incurred for that material category during wind up. The fee reduction period will vary for each material category, except that the surplus funds for the non-refillable pressurized containers may not support a fee reduction:
 - For single-use batteries and refillable pressurized containers, the fee reduction will be implemented as a reduction to Stewardship Ontario steward invoices in the final quarters of the program.
 - For materials where the supply chain is managed under ISPs, the fee reduction will be implemented through:

- A reduction to Stewardship Ontario steward invoices in the final quarters of the program; and
- A reduction to ISP member fees payable to ISOs in the final quarters of the program based on Stewardship Ontario offsets paid on behalf of those members to the related ISO.

See Section 8: Reserves for initial fee reduction schedules for each MHSW category.

Table 18: MHSW WUP Financial Forecast 2019 - 2021 (\$000)* (Amended November 2019)			
	2019	2020	2021
Estimated Reserves Beginning of Year	53,086	\$48,728	\$22,035
Estimated Revenue	\$16,058	\$11,187	\$2,914
Stewardship Ontario Steward Fee Reduction	-\$2,300	-\$6,101	-1,974
Revised Steward Revenues	\$13,758	\$5,086	\$939
Program Operating Expenses			
Direct Material Costs	\$13,110	\$8,773	\$1,792
Administration	\$3,560	\$3,057	\$2,325
Sub-Total	\$16,670	\$11,830	\$4,117
Operating Surplus/Deficit (includes material specific wind up costs)	-\$2,912	-\$6,744	-\$3,178
Material Costs – Wind Up Contingencies	-\$0	-\$1,000	-\$1,000
ISP Fee Reduction		-\$17,268	-\$15,319
Total Drawdown from Material Reserves	-\$2,912	-\$25,012	-\$19,497
Estimated Material Reserves End of Year	\$44,745	\$19,733	\$236
General MW Wind Up Costs (excluding material contingencies and costs)	\$1,446	\$1,681	\$2,165
General Reserve Drawdown	-\$1,446	-\$1,681	-\$2,165
Estimated General Reserves End of Year	\$3,984	\$2,303	\$138
Estimated Total Reserves End of Year	\$48,728	\$22,035	\$373

*** Note:** Financial projections and forecasts included in this Wind Up Plan, including forecasts relating to surplus amounts that may be disbursed to parties during the wind up of the MHSW Program, are based on assumptions about future events and conditions that are not ascertainable at this time.

Therefore, the actual results achieved during the wind up period may vary from the projections and forecasts disclosed herein, even if the assumptions materialize, and such variation may be material. Stewardship Ontario makes no representation, warranty or other assurance that any of the estimates, forecasts or projections will be achieved.



4.1.1 Key Financial Forecast & Budget Assumptions

- Direct material costs for 2019 are forecast to be roughly equivalent to those in 2018 with a slight reduction due to an anticipated reduction in Stewardship Ontario stewards' market share in automotive materials and a small increase in direct material costs related to single-use batteries and pressurized containers.
- Direct material costs in 2020 will drop significantly due to a reduction in single-use battery costs associated with an expected termination date of June 30, 2020.
- Direct material costs in 2021 will be significantly less than 2020 due to the six-month operating period and the transition of single-use batteries out of the program.
- Stewardship Ontario forecasts assume that steward adjustment reports for prior periods will not be significant.
- Other than minor adjustments in the 2019 operating period, Stewardship Ontario forecasts for operating year budgets assume a minimal impact associated with accounts receivables (i.e. bad debt, bankruptcies, business disruptions, etc.).
- Contingency amounts related to accounts receivable and potential steward supply report volume fluctuations at program termination have been built into projected MHSW wind up costs.
- The FF&B assumes that inflation during the budget period will be 2%.
- The FF&B includes certain assumptions regarding 2019 material reserve adjustments related to changes in the MHSW Program common cost allocation methodology and other adjustments which will be implemented in the 2019 operating year. See Section 8.1.1: 2019 Reserve Adjustment Assumptions and Common Cost Allocation for more detail regarding these adjustments.

As seen in Table 18, in 2019 Stewardship Ontario is anticipating that program reserves will be reduced by wind up costs incurred during that period. Wind Up costs include both general wind up costs and contingency amounts related to various program costs and potential cost fluctuations associated with program contingencies. As noted in the Operating Plan, general wind up costs are proposed to be financed by drawing from general reserves. Material-specific contingency amounts and wind up costs associated with specific materials will be financed by drawing from material reserves (See Section 8: Reserves for more detail on reserve adjustments).

In 2020 and 2021 program revenue estimates will be reduced by proposed fee reductions related to various MHSW materials.

In both 2020 and 2021, Stewardship Ontario will also continue to incur program costs for post termination activities which will be financed from material specific reserves.

Following the completion of all wind up activities, Stewardship Ontario will finalize program financial reconciliations for both the 2021 operating period and the entire MHSW Program. As noted earlier, consultation will be conducted regarding treatment of MHSW residual funds and RPRA approval of this aspect of the MHSW WUP Plan, as per December 2019 Ministerial direction, will be deferred pending that consultation process. For more information on treatment of MHSW residual funds see Section 8: Reserves.



A summary of project MHSW Wind Up costs is provided in Table 19 below. Supporting Confidential Schedule II: Financial Forecast and Budget provides the breakdown of various Wind Up Plan costs and related assumptions.

Table 19: Estimated MHSW Wind Up Costs

	2019	2020	2021	Total
Plan Development & Implementation	\$995,680	\$1,230,700	\$894,750	\$3,121,130
RPRA fees	\$450,000	\$450,000	\$610,000	\$1,510,000
Material and HR Contingencies		\$1,000,000	\$1,610,000	\$2,610,000
Corporate Wind Up Hold Back			\$50,000	\$50,000
Total	\$1,445,680	\$2,680,700	\$3,164,750	\$7,291,130

Wind Up Plan development and implementation costs include the consultant, legal, accounting and staff costs associated with development and implementation of the MHSW Wind Up Plan. These costs relate to all program materials, including those now managed under ISPs, and relate to both current and former Stewardship Ontario stewards as they include assessment of financial and operational issues that cover the length of the MHSW Program. As noted above, general MHSW wind up costs will be financed by drawing down general MHSW reserves.

SECTION 5: ASSETS

5.1 Cash

The MHSW Program cash position is equivalent to its net assets at January 1, 2019, as detailed in the Confidential Schedule II: Financial Forecast and Budget provided in Section 4.1 of this Wind Up Plan. The program does not have any short-term investments, other assets, or monies held in trust.

Stewardship Ontario maintains a single bank account for the Blue Box and MHSW Programs. Details are included in Confidential Schedule II: Financial Forecast and Budget including the banking institution, address and contact information, account name, balance as of August 31, 2019 and individuals with signing authority on the account.

5.2 Accounts Receivable

A summary of all account receivable balances at December 31, 2018, is provided as part of the Confidential Schedule II: Financial Forecast and Budget. The Schedule details 219 debtors and net receivables of \$1.7 million. Invoices issued in 2019 and other account activities to date are not captured in the summary. Specific provisions for doubtful accounts have been made based on information available and ongoing risk assessment by CSSA's Compliance Department.

5.3 Prepaid Assets

The MHSW Program has no prepaid assets.



5.4 Capital Assets

The MHSW Program has no capital assets, although it does own Orange Drop collection cages utilized by provincial parks to collect pressurized containers that are not considered capital assets. As noted in Section 1, Stewardship Ontario is proposing to give Orange Drop collection cages to the respective provincial parks where they are located for continued use in recycling pressurized containers. These cages were purchased by Stewardship Ontario between 2009 and 2013 and have no remaining book value.

5.5 Leased Assets

The MHSW Program has no leased assets.

5.6 Intellectual Property (IP)

Stewardship Ontario filed a Canadian registered trademark for Orange Drop in 2010 (registration number TMA878072). Stewardship Ontario does not intend to retain use of the Orange Drop brand, logo or website following MHSW Program termination (other than a six-month period to assist program transition). During consultation on this issue, a number of stakeholders expressed interest in the Orange Drop program continuing to operate under the RRCEA framework.

Following the transition period, Stewardship Ontario is proposing to transfer the legal title to the Orange Drop brand and website domain name to RPRA. Stewardship Ontario's proposal would allow RPRA to work with RRCEA stakeholders and determine how the website and branding might be utilized under the new legal framework in a manner that was fair for various stakeholders.

Other than the IP, the Orange Drop trademark and social media accounts, the program does not have any other intellectual property.

5.7 Investments

The MHSW Program has no debt or equity investments.

5.8 Internally Restricted Assets

As noted in the Budget table in Section 4, the MHSW Program has a Sustaining Fund that was established by Stewardship Ontario to enable the organization to carry out its non-profit activities and satisfy all of its obligations. The Sustaining Fund is \$2.1 million in cash that is a restricted asset. The amount is included in the total \$5.4 million in general MHSW reserves. Stewardship Ontario is proposing to use the fund to cover MHSW wind up costs which is consistent with its purpose.

SECTION 6: LIABILITIES

6.1 Accounts Payable and Accrued Liabilities

A summary of all account payables as of December 31, 2018, is included in the Confidential Schedule II: Financial Forecast and Budget. The summary details 89 accounts and net payables of approximately \$700,000.



Accrued liabilities of \$135,000 at December 31, 2018, are related to unbilled amounts for direct material management costs.

Information about the MHSW Program's supplier agreements is included in Section 1: Operating Plan. There are no financial penalties associated with the termination of these agreements.

6.2 Debt

The MHSW Program has no short or long-term debt. Stewardship Ontario does not anticipate any need for debt financing associated with current Wind Up Plan recommendations.

SECTION 7: CUT-OFF

7.1 Cut-off

Stewardship Ontario is proposing to provide program incentives and payments for MHSW materials collected up until the MHSW Program termination dates: June 30, 2020 for single-use batteries and June 30, 2021 for other MHSW materials. Key cut-off dates are summarized in Table 20 below.

Table 20: MHSW Program Cut-off Dates

Cut-off Date	
Feb 14, 2020	Deadline for single-use battery stewards to submit 2019 supply report adjustments
June 30, 2020	Single-use Battery program termination date: - Materials collected by this date eligible for transportation and processing incentives; - Municipalities eligible for single-use battery related incentives re depot hours and collection events.
July 15, 2020	Deadline for pick-up of single-use batteries collected by June 30
August 31, 2020	Deadline for: - Submission of single-use battery steward supply report adjustments for 2020; - Submission of municipal claims for single-use battery related incentives (final submission); - Submission of service provider claims for battery incentives (final submission);
Oct 31, 2020	Deadline for steward payment of final Stewardship Ontario invoice – sent September 30, 2020 – Due 30 days after receipt
Feb 12, 2021	Deadline for other MHSW stewards (excluding single-use batteries) to submit 2019-2020 supply report adjustments
June 30, 2021	MHSW material program termination date (excluding single-use batteries): - Materials collected by this date eligible for transportation and processing incentives; - Municipalities eligible for incentives re depot hours and collection events
July 15, 2021	Deadline for pick-up of MHSW collected by June 30 (excluding single-use batteries)
August 31, 2021	Deadline for: - Submission of steward supply report adjustments for 2021; - Submission of municipal claims for incentives (final submission); - Submission of service provider claims for incentives (final submission);
Sept 1, 2021	Deadline for submission of final AMS invoice/reconciliation report for 2021 to Stewardship Ontario



Cut-off Date	
Sept 30, 2021	Deadline for submission of final PCA invoice/reconciliation report for 2021 to Stewardship Ontario
Oct 31, 2021	Deadline for steward payment of final Stewardship Ontario invoice – sent September 30, 2021 – Due 30 days after receipt

7.2 Revenue

Final steward invoices will be payable to Stewardship Ontario 30 days after receipt, target of October 31, 2020 for single-use battery stewards and October 31, 2021 for other MHSW stewards (excluding single-use batteries).

As noted in Section 4: Financial Forecast & Budget, all revenues received by Stewardship Ontario related to the second quarter of 2021 and earlier periods would accrue to the 2021 operating period (see Section 4: Financial Forecast & Budget for more detail on revenues). Section 8: Reserves

SECTION 8: RESERVES

8.1 Reserves

As of December 31, 2018, Stewardship Ontario estimates total MHSW Program reserves of \$53.1 million.

MHSW Program reserves can be divided into three general categories:

1. Deferred revenue;
2. Reserves that have been allocated to material categories; and
3. Reserves that have not been allocated to material categories.

Deferred revenue for the MHSW Program represents fee revenue billed in advance of the first quarter of 2012 which was deferred in accordance with Stewardship Ontario's revenue recognition policy. This deferred revenue was intended to be recognized as revenue at the end of the program.

Reserves that have been allocated to specific material categories have accumulated over the course of the program and include the 2018 CRA HST refund which was received by Stewardship Ontario in 2018 (see Section 12: Tax for information regarding the 2018 CRA HST refund). While the CRA HST refund accrued to the program in 2018, the refund relates to program operations between 2009 and 2018.

Various MHSW material category reserves therefore relate to contributions by stewards throughout the course of the MHSW Program. This explains why the program has relatively large reserves in certain material categories where current program costs are relatively small. For example, total material reserves in the paint and coating category as of December 2018 totalled \$14.9 million or 28% of total MHSW reserves (shown in Table 22 below) even though program costs related to this category in 2018 were only \$263,000 out of a total operating budget of approximately \$15.8 million or approximately 2% of 2018 operating costs.

Prior to the creation and management of MHSW materials under ISPs, related material expenses (such as those for paints and coatings) and related steward revenues represented a much larger percentage of MHSW Program costs and revenues. As such, current program reserves relate to revenue contributions



made by both current Stewardship Ontario stewards²¹ and former stewards who are now members of Industry Stewardship Plans.

MHSW reserves which have not been allocated to material categories include both restricted and unrestricted general reserves that have accumulated over the course of the program. General program reserves also include a portion of the 2018 CRA HST refund. Both restricted and unrestricted general reserves are available to Stewardship Ontario to pay for program wind up costs.

Table 21 below provides a breakdown of MHSW reserves by material category including the effect of deferred revenue and operational material reserves and the 2018 CRA HST refund.

As can be seen in the table below, \$47.7 million of the total MHSW reserve estimate for December 31, 2018 is considered material specific. \$5.4 million of MHSW reserves as of that date is general in nature including \$2.1 million which resides in an MHSW Sustaining Fund. The Sustaining Fund was created to enable Stewardship Ontario to carry out non-profit activities and satisfy all program obligations including potential wind up of the MHSW Program.

	Accumulated Operating Surplus (Excluding HST Adjustment)	HST ITC Adjustment	Deferred Revenue (2012)	Total Reserve Estimate December 2018
Antifreeze	\$316	\$1,267	\$527	\$2,110
Fertilizers	\$33	\$94	\$5	\$132
Oil Containers	\$3,668	\$6,111	\$715	\$10,494
Oil Filters	\$1,622	\$6,062	\$2,688	\$10,372
Paints/Coatings	\$4,648	\$7,145	\$3,141	\$14,934
Pesticides	-\$43	\$101	\$11	\$69
Pressurized Containers (Non-Refillable)	-\$413	\$818	\$110	\$515
Pressurized Containers (Refillable)	\$127	\$159	\$2	\$288
Single-Use Batteries	\$419	\$4,974	\$1,903	\$7,296
Solvents	\$734	\$676	\$37	\$1,447
Total Reserves Allocated by Material	\$11,111	\$27,407	\$9,139	\$47,657
MHSW General Unrestricted Reserves	\$1,360	\$1,969	\$0	\$3,329
MHSW Portion of Sustaining Fund	\$2,100	\$0	\$0	\$2,100
Total Unallocated Reserves	\$3,460	\$1,969	\$0	\$5,429
Total MHSW Reserve Estimate	\$14,571	\$29,376	\$9,139	\$53,086

²¹ Businesses who are registered with Stewardship Ontario for the purposes of fulfilling their obligations related to MHSW materials under the *Waste Diversion Transition Act*.



Stewardship Ontario is proposing to finance general wind up costs by drawing down from unallocated reserves. The proposed MHSW Program wind up budget also includes some material-specific wind up contingency costs and other adjustments related to projected operating deficits related to the program wind up which impact various material reserve amounts.

Please note that under Stewardship Ontario financing any interest accrued on cash reserves is allocated to general unallocated reserves. Total unallocated reserves noted above, therefore, will be adjusted annually based on potential interest revenues and other operational adjustments. As noted in the Operating Plan, any excess general reserve funds that remain in the program at termination will be allocated to material reserves.²²

8.2 Ministerial Direction and Surplus Funds

On July 2, 2019 Stewardship Ontario received Ministerial direction to include proposals to return surplus funds to consumers of MHSM in the Wind Up Plan in order to substantially eliminate the amount of the surplus funds projected to be held by Stewardship Ontario for any MHSM categories once the program ceased operation.

With respect to materials managed by Stewardship Ontario (single-use batteries and pressurized containers) the Ministerial direction specifically required the plan to set out rules governing a fee elimination during the wind up period with the expectation that consumers would benefit from the elimination of consumer fees or through reduced product costs.

With respect to materials that are managed through industry stewardship plans, Ministerial direction required the plan to include options to return surplus funds to MHSM consumers but was not specific in terms of how surplus funds should be returned to consumers (although an example of a potential consumer rebate program was cited in the direction).

Ministerial direction also made it clear that any proposal to return surplus funds to consumers should be determined in a manner that would provide sufficient funds for the costs of operating the program during the wind up period, as well as costs incurred to wind up the waste diversion program for MHSW.

As per Ministerial direction, the level of surplus funds available to return to consumers will be a function of changes to material reserve amounts during the wind up period and the forecasted costs Stewardship Ontario will incur in winding up the MHSW Program.

With respect to material reserves and annual adjustments, these reserves can be affected by steward adjustments to supply reports and other operational adjustments. In 2019 Stewardship Ontario is also implementing a retroactive change to its methodology regarding the allocation of common costs associated with MHSW Program which affects various material category reserve amounts (see Section 8.1.1 2019 Reserve Adjustment Assumptions and Common Cost Allocation).

²² As noted in the Operating Plan, Stewardship Ontario's initial estimate of a potential surplus related to general MHSW reserves for allocation to material reserves is \$138,000. However, this amount will be subject to a number of financial contingencies, annual interest revenue and program adjustments, actual general wind up costs incurred and actual general wind cost contingency amounts that may be required. Throughout the wind-up period, Stewardship Ontario will adjust reserve forecasts as appropriate.



In Section 8.1.2 Stewardship Ontario provides an initial estimate of the level of surplus funds that are available to be returned to consumers taking into account forecasted wind up costs and operational adjustments to reserves levels in 2019.

8.2.1 2019 Reserve Adjustment Assumptions and Common Cost Allocation

Under the MHSW Program costs can be divided into two general categories: direct material costs and common program costs. Direct material costs include the costs of collecting, transporting and processing various MHSW waste materials. Direct material costs can also include other specific material costs such as promotion and educational activity related to a particular material. These direct material costs represent the majority of MHSW Program costs (approximately 80% of program costs in 2018).

In addition to direct material costs, the MHSW Program also incurs administrative costs which are common to all materials. Common costs include steward registration and compliance management costs, material and supplier management costs, general program management costs and shared promotional and educational costs.

Under the MHSW Program plan common costs have historically been allocated on the basis of an 85/15 percentage cost sharing formula with 85% of costs allocated in proportion to the direct costs of managing each material and 15% shared equally across all material categories.

Following discussions with RPRA on the issue, Stewardship Ontario was directed by RPRA to implement a new common cost allocation methodology for the MHSW Program in 2019 to be applied retroactively to July 2015. The new allocation methodology addresses concerns regarding the allocation of MHSW common costs in light of the migration of stewards out of the MHSW Program related to the operation of ISPs for certain MHSW materials (pesticides, fertilizers, solvents, paints and coatings, oil filters, oil containers and antifreeze).

The new MHSW common cost allocation methodology will allocate 15% of common program costs based on the relative share of stewards in each material category. 85% of MHSW common costs will continue to be allocated in proportion to the direct costs of managing each MHSW material.

The retro-active adjustment of the MHSW common cost allocation methodology will be implemented by adjusting MHSW category reserves. The net impact on overall MHSW material category reserves will be zero but individual material category reserves will increase or decrease dependent upon the proportion of stewards in each category.

**8.2.2 Initial Estimate of MHSW Surplus Funds Available for Return to Consumers**

Table 22 below provides an initial estimate of the material reserves available to be returned to consumers under the Wind Up Plan for each material category.

Table 22: Initial Estimate of Material Reserves Throughout the Wind Up Period				
	Actual December 2018	Forecast December 2019	Forecast December 2020	Forecast December 2021
Antifreeze	\$2,110	\$2,127	\$2,127	\$1,955
Fertilizers	\$132	\$239	\$239	\$200
Oil Containers	\$10,494	\$10,308	\$10,308	\$9,787
Oil Filters	\$10,372	\$10,252	\$10,252	\$9,608
Paints/Coatings	\$14,934	\$14,517	\$14,517	\$14,523
Pesticides	\$69	\$208	\$158	\$117
Solvents	\$1,447	\$1,443	\$1,443	\$1,329
Pressurized Containers (Non-Refillable)	\$515	\$526	\$526	\$44
Pressurized Containers (Refillable)	\$288	\$339	\$339	\$258
Single-Use Batteries	\$7,296	\$7,086	\$5,493	\$5,517
Total Reserves Allocated by Material	\$47,657	\$47,045	\$45,402	\$43,338
MHSW General Unrestricted Reserves	\$3,329	\$1,883	\$202	\$0
MHSW Portion of Sustaining Fund	\$2,100	\$2,100	\$2,100	\$0
Total Unallocated Reserves	\$5,429	\$3,983	\$2,302	\$0
MHSW Total	\$53,086	\$51,028	\$47,704	\$43,338

The estimated adjustments to reserve levels presented from 2018 through to 2021 have taken into account a number of fiscal adjustments:

- The impact of the retro-active implementation in 2019 of the new MHSW common cost allocation methodology back to July 2015 through material reserve adjustments;
- Year to date estimates of other material reserves adjustments in 2019;
- Affect of project wind up costs and projected operational deficits on MHSW reserve levels from 2019 through to 2021.

With respect to the impact of the wind up costs on MHSW reserve levels, as noted in Section 4: Financial Forecast & Budget, Stewardship Ontario is projecting approximately \$7.3 million in Wind Up Plan costs which include costs related to the development and implementation of the plan, related RPRA fees and contingency amounts set aside to manage potential operational contingencies and related cost fluctuations that may occur during the implementation of the MHSW Wind Up Plan. In addition,



Stewardship Ontario is forecasting program operational deficits related to both 2020 and 2021 related to post-program termination operational activities that will be required to resolve outstanding operational and financial obligations when the program is no longer generating revenue from related Steward revenues.

Given the projected wind up costs, Stewardship Ontario is projecting that most of its unallocated reserves, totalling \$5.43 million as of December 2018, will be drawn down during the wind up period. In addition, Stewardship Ontario will have to draw down from material reserves to cover operational deficits and finance contingency amounts related to the wind up process. In the event that contingency amounts are not required as part of the wind up process or required contingency costs are lower than amounts set aside, the reserve amounts available to finance fee reductions may be adjusted (see proposed fee reduction schedule below).

As can be seen from Table 22, Stewardship Ontario is forecasting a total of approximately \$43.3 million in surplus funds that can be returned to consumers. Of this approximately \$37.5 million relates to MHSW materials where the supply chain is managed under ISPs and approximately \$5.8 million relates to MHSW materials where the supply chain is managed by Stewardship Ontario.

8.3 Proposals for the Disbursement of Surplus Funds to Consumers

As noted in Section 1: Operating Plan the costs of collecting, recycling and processing MHSW materials in Ontario are incurred partially by Stewardship Ontario and partially by ISOs operating under ISPs. For materials where Stewardship Ontario is managing the supply chain, single-use batteries and pressurized containers, Stewardship Ontario program costs cover all related costs incurred in relation to these materials under the WDTA.

In the case of materials where the supply chain of materials is managed under ISPs, the costs of recycling and processing these materials is divided by Stewardship Ontario and ISOs in proportion to the amount of material that Stewardship Ontario stewards and ISP members supply into the Ontario market. Stewardship Ontario purchases credits for MHSW materials from ISOs for materials managed by the ISO in order to fulfill its steward obligations under the WDTA.

While the term steward is commonly used by stakeholders to refer to both Stewardship Ontario stewards and members of ISPs, for the purposes of this section, the term Stewardship Ontario steward will be used to identify those entities who are registered with Stewardship Ontario for the purposes of fulfilling their obligations under the WDTA (as of December 2018, this includes stewards in all MHSW categories which the exception of the pesticide category). The term ISP member will be used to identify those entities (including former Stewardship Ontario stewards) that have joined ISPs for the purposes of fulfilling their obligations under the WDTA. This includes ISP members of AMS in relation to anti-freeze, oil containers and oil filters and ISP members of the PCA in relation to pesticide, solvents, fertilizers and paints and coatings.

Stewardship Ontario is proposing to comply with Ministerial direction to return surplus funds to consumers by implementation of a fee reduction for both Stewardship Ontario stewards and ISP members during the wind up period. In other words, Stewardship Ontario is proposing to implement a fee reduction approach for all MHSW categories. This proposed Stewardship Ontario steward and ISP member fee reduction will be significant with the length of the fee reduction varying by material



category dependent the level of surplus funds available for disbursement and the projected costs of managing those materials throughout the wind up period.

In the view of Stewardship Ontario, this recommendation related to the use of surplus funds provides: consistent treatment of all program participants; represents the most efficient and targeted way to ensure that the disbursement of these surplus funds will benefit consumers; minimizes the administrative costs associated with disbursement of these funds and maximizes the aggregate level of disbursed funds which minimizes the level of residual funds left in the program following its termination (consistent with Ministerial direction). These recommendations are also strongly supported by MHSW stakeholders regarding the potential treatment of program surplus funds.

While the benefit to consumers is indirect in comparison to implementing a direct consumer rebate in relation to surplus funds, MHSM consumer products are generally sold in highly price competitive markets and feature prominently in weekly flyer specials issued by various retailers. Stewardship Ontario is proposing to work closely with ISOs to ensure that all stewards and ISP members are aware of the projected MHSW cost reductions that will be associated with the MHSW fee reduction proposals (See Section 3: Communications for details on fee reduction related communications activities).

While explicit recycling fees are not common with respect to MHSM products, where they exist, Stewardship Ontario will work with retailers to ensure they are reduced or eliminated in relation to Steward fee reductions. In the case of MHSM materials it is common practice for the waste management costs associated with these materials to be embedded in the wholesale and retail prices of MHSM products (i.e. like other types of costs not explicitly identified in the price of the product). A robust communications strategy in combination with the current market dynamic for these products will ensure that MHSM wholesalers and retailers factor fee reductions into various pricing strategies. As such consumers should benefit.

8.3.1 Fee Reduction versus Fee Elimination

The value of a fee reduction approach in contrast to a full fee elimination is that it creates flexibility for Stewardship Ontario to maximize the level of surplus funds available for disbursement. With a 100% fee elimination Stewardship Ontario has to forecast a 100% elimination of Stewardship Ontario Steward or ISP member fees for a specified period of time prior to incurring many wind up related costs. As part of its Wind Up Plan budget, Stewardship Ontario needs to retain sufficient cash reserves to finance the program and hold back contingency amounts to ensure that it has sufficient funds necessary to complete its wind up obligations. These amounts must be identified and set aside prior to implementation of the full fee elimination (i.e. well in advance of termination of the program).

With a fee reduction approach, Stewardship Ontario has flexibility with respect to the amount of the fee reduction that is applied to final Steward and ISP member invoices. As such it will be assessing financial contingency needs and wind up costs at a much later point in the wind up process and can better forecast the level of surplus funds that are not needed to fulfill final program obligations. This allows Stewardship Ontario to maximize the aggregate level of the fee reduction and minimize residual funds left in the program after it ceases operations (a key element of Ministerial direction related to disbursement of surplus funds).



8.3.2 Fee Reduction versus Direct Consumer Rebates

In contrast to the proposed fee reduction approach, in the view of Stewardship Ontario, implementation of direct consumer rebates (for those materials that are managed under ISPs) suffers from a number of problematic policy, administrative, fiscal and operational issues.

From a policy perspective, Stewardship Ontario would be implementing a different approach to addressing the Ministerial direction regarding the return of surplus funds for different MHSW materials (as Ministerial direction specifically requires a fee elimination/reduction with respect to single-use batteries and pressurized containers). In the view of Stewardship Ontario there is no clear distinction related to the markets for these MHSW materials that justifies a separate approach. As such pursuing different policies related to different MHSW categories will be perceived as unfair by most stakeholders.

At a practical level, given the variety of the MHSW materials in the marketplace, the level of consumer rebate would vary significantly by product type and the amount of the potential rebate related to many types of MHSW materials would be relatively small. This makes the cooperation of wholesalers and retailers and the implementation of product consumer rebates extremely difficult. In short, Stewardship Ontario is not confident that product specific MHSW rebates is a practical or workable approach to implementing a return of surplus funds back to consumers.

A single aggregated MHSW consumer rebate related to MHSW materials managed under ISPs is perhaps a more practical approach to implementing a direct consumer rebate for these materials. However, this approach would generate significant communication and administrative costs to be successful and would be more difficult to predict and implement in a timely fashion (in comparison to reducing Stewardship Ontario steward and ISP member fees). From the perspective of consistent treatment of MHSW materials, the aggregated rebate approach also does not target surplus funds back to the specific MHSW material categories associated with the various material reserves.

In the view of Stewardship Ontario, the fairest approach to the treatment of surplus funds is to manage those funds in a manner that is similar for all MHSW Program categories.

As noted earlier, Stewardship Ontario consulted with stakeholders on a range of options related to how, given Ministerial direction, surplus funds should be treated during the wind up period. Stewardship Ontario received extensive commentary on this issue from a wide variety of stakeholders. A summary of stakeholder views and how Stewardship Ontario considered them in the development of this Wind Up Plan is provided in Appendix B.

8.3.3 Proposed MHSW Fee Reduction Schedules

Stewardship Ontario will support its fee reduction proposal with a detailed communications strategy designed to ensure all Stewards and ISP members understand how the fee reduction implementation will work in practice and the estimated benefit of that fee reduction to their anticipated MHSW related costs (see Section 3: Communications).

Based on current financial forecasts Stewardship Ontario has developed an initial schedule of proposed fee reduction amounts for each MHSW category. Stewardship Ontario will continue to assess costs and, in the case of materials managed under ISPs, work with ISOs to refine financial forecasts. As such, in the



event this Wind Up Plan proposal is approved, the timing of implementation for actual fee reductions and the amount of the fee reductions may vary from the schedules shown below.²³

How a fee reduction initiative would be implemented in practice can be illustrated by reviewing Table 23 below which provides an initial forecast with respect to the level of the fee reduction in the single-use battery category. In the case of single-use batteries, Stewardship Ontario is proposing to apportion these surplus funds as a reduction to steward invoices during the last three quarters of the program. Table 23 below shows the aggregate impact of this approach in the category over the billing cycle.

Steward invoices would indicate the amount of the program costs (i.e. what would normally be billed to the steward) and the amount of the fee reduction associated with the reserve drawdown in addition to the amount the steward would be required to pay.

By delaying the final single-use battery invoice by 90 days after the June 30, 2020 program termination date, Stewardship Ontario will be in a position to resolve steward volume adjustments and service provider financial obligations prior to determining the how much can be deducted from the final single-use battery steward second quarter invoice. As noted earlier this approach will minimize residual funds that may be left in the category following the resolution of outstanding program financial obligations.

The fee reduction approach will be implemented in a similar fashion for all Stewardship Ontario stewards with quarterly invoices reduced by certain amounts for select quarters prior to the termination of the program.

In the case of materials managed under ISPs, Stewardship Ontario would work with ISOs to reduce ISP member fees related to the operational costs of managing these materials under the ISP. The schedules provided below provide an initial estimate of steward and IPS member fee reductions under the proposal and the length of time associated with particular fee reductions in various MHSW categories.

8.3.3.1 Single-use Batteries

Table 23: Initial Forecast of Fee Reduction Schedule: Single Use Batteries			
	Projected Program Cost (\$000)	Projected Steward Fee Reduction (\$000)	Percent Reduction
2019 Q4 Period	\$2,334	\$2,300	98.5%
2020 Q1 Period	\$1,881	\$1,700	90.4%
2020 Q2 Period	\$2,632	\$1,490	56.7%
Total Reduction	\$6,847	\$5,490	

Program costs for the single-use battery category include \$1 million in contingency amounts meaning the variation in the total amount of the fee reduction may vary significantly from initial projections depending on the actual wind up costs incurred and any related contingency costs incurred during the wind up period.

²³ Pending discussions with ISOs, and with RPRA's approval, Stewardship Ontario may implement modified fee reduction schedules from those presented in this wind up plan (i.e. potentially implement fee reductions over the same period for all material associated with a particular ISO) which may require different timing and different quarterly percentage fee reductions for particular materials than those shown in this section.

**8.3.3.2 Refillable Pressurized Containers**

Table 24: Initial Forecast of Fee Reduction Schedule: Refillable Pressurized Containers			
	Projected Program Cost Stewardship Ontario (\$000)	Projected Stewardship Ontario Steward Fee Reduction (\$000)	Percent Fee Reduction
2020 Q2 Period	\$85	\$70	83%
2020 Q3 Period	\$74	\$60	81%
2020 Q4 Period	\$56	\$40	71%
2021 Q1 Period	\$39	\$25	63%
2021 Q2 Period	\$85	\$30	35%
Totals	\$340	\$225	

With respect to the refillable pressurized container category, Stewardship Ontario is proposing to implement a fee reduction for the final five quarters of the program. Stewardship Ontario stewards would begin to see a reduction in MHSW related costs beginning in relation to the second quarter of 2020, or on the invoices received from Stewardship Ontario on July 31, 2020. The proposed length of the fee reduction for the category would be five quarters or 15 months. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the refillable pressurized container category.

8.3.3.3 Non-Refillable Pressurized Containers

Table 25: Initial Forecast of Fee Reduction Schedule: Non-Refillable Pressurized Containers			
	Projected Program Cost (\$000)	Projected Steward Fee Reduction (\$000)	Percent Reduction
2021 Q2 Period	\$378	\$0	TBD
Total Reduction	\$378	\$0	TBD

Please note in the case of Non-refillable pressurised containers current financial forecasts do not support a definitive fee reduction. However, the final non-refillable pressurized container invoices may be eligible for a fee reduction dependent on the outcome of other financial contingencies and actual operational and wind up costs incurred over the course of the wind up period.

8.3.4 Materials Managed Under ISPs

In the case of materials managed under ISPs, the total amount of the fee reduction for each quarter and the anticipated length of the fee reduction (i.e. number of quarters) will be based on a combination of the projected Stewardship Ontario program costs for that material during the wind up period and the project ISP member fees payable to ISOs with respect to ISO operational costs over the same period (i.e. excluding member fee amounts that relate to the creation of ISO reserves).

The proposed fee reduction would be divided between Stewardship Ontario stewards (where applicable) and ISP members in accordance with the projected supply share for each group during the quarter in question. The proportion of the fee reduction allocated to Stewardship Ontario stewards versus ISP members may change from quarter to quarter dependent on the migration of Stewardship



Ontario stewards from the program to ISPs and potential changes in supply share associated with Stewardship Ontario stewards and ISP members for those materials in any particular quarter.

Stewardship Ontario and the ISOs, PCA and AMS currently share program supply data to properly determine the share of PCA and AMS costs that are appropriately paid by Stewardship Ontario on behalf of stewards that it still represents in relation to these MHSW material categories. Payment terms are defined in service agreements between Stewardship Ontario and the respective ISO. These agreements would continue to function during the wind up period.

Stewardship Ontario is proposing to implement the fee reduction for ISP members through separate service agreements with those ISOs. These agreements would specify the data to be shared between the ISO and Stewardship Ontario and document the process to be followed in relation to any issues that may arise during the implementation of the fee reduction. The agreements would explicitly require that any fee reductions paid for by Stewardship Ontario benefit or are passed onto to ISP members (see Section 11: Legal Issues for a brief description of the proposed Stewardship Ontario ISO Fee Reduction Agreements).

8.3.4.1 Solvents

Table 26: Initial Forecast of Fee Reduction Schedule: Solvents		
	Projected Stewardship Ontario Steward Percentage Fee Reduction	Projected ISP Member Percentage Fee Reduction
2020 Q1 Period	98%	98%
2020 Q2 Period	87%	87%
2020 Q3 Period	88%	88%
2020 Q4 Period	93%	93%
2021 Q1 Period	93%	93%
2021 Q2 Period	69%	69%
Total Fee Reduction Stewardship Ontario Stewards and ISP Members		\$1,320,000
Percentage Accruing to Stewardship Ontario Stewards		33%
Percentage Accruing to ISP Members		67%

As can be seen in Table 26, with respect to solvents, Stewardship Ontario is proposing to implement a fee reduction for the final six quarters of the program. Stewardship Ontario stewards and ISP members would begin to see a reduction in MHSW related costs beginning in relation to the first quarter of 2020, or for Stewardship Ontario stewards on the invoices received from Stewardship Ontario on April 30, 2020. The proposed length of the fee reduction for the solvent category would be six quarters or 18 months.

The total estimated amount of the proposed fee reduction would be \$1,320,000 of which 33% would accrue to Stewardship Ontario stewards and 67% would accrue to ISP members. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the solvent category.



The share of fee reduction that accrues to Stewardship Ontario stewards and ISP members may also vary from the estimates provided above as this share will fluctuate by quarter dependent on steward representation decisions (i.e. potential migration of stewards to ISPs during the wind up period) and the volume of materials supplied into the Ontario market by respective Stewardship Ontario stewards and ISP members in each particular quarter.

8.3.4.2 Pesticides

Table 27: Initial Forecast of Fee Reduction Schedule: Pesticides		
	Projected Stewardship Ontario Steward Percentage Fee Reduction	Projected ISP Member Percentage Fee Reduction
2020 Q1 Period	N/A	97%
2020 Q2 Period	N/A	100%
2020 Q3 Period	N/A	99%
2020 Q4 Period	N/A	96%
2021 Q1 Period	N/A	97%
2021 Q2 Period	N/A	3%
Total Fee Reduction Stewardship Ontario Stewards and ISP Members		\$113,000
Percentage Accruing to Stewardship Ontario Stewards		0%
Percentage Accruing to ISP Members		100%

With respect to pesticides, Stewardship Ontario is proposing to implement a fee reduction for the final six quarters of the program. ISP members would begin to see a reduction in MHSW related costs beginning in relation to the first quarter of 2020. The proposed length of the fee reduction for the pesticide category would be six quarters or 18 months.

The total estimated amount of the proposed fee reduction would be \$113,000 of which 100% would accrue to ISP members as there are currently no Stewardship Ontario stewards in the pesticide category. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the pesticide category.

The share of fee reduction that accrues to Stewardship Ontario stewards and ISP members may also vary from the estimates provided above as this share may fluctuate by quarter dependent on Steward representation decisions (i.e. a new pesticide steward joining Stewardship Ontario for example) and the volume of materials supplied into the Ontario market by potential Stewardship Ontario stewards and ISP members in each particular quarter.



8.3.4.3 Fertilizers

Table 28: Initial Forecast of Fee Reduction Schedule: Fertilizers		
	Projected Stewardship Ontario Steward Percentage Fee Reduction	Projected ISP Member Percentage Fee Reduction
2020 Q3 Period	54%	54%
2020 Q4 Period	58%	58%
2021 Q1 Period	98%	99%
2021 Q2 Period	75%	75%
Total Fee Reduction Stewardship Ontario Stewards and ISP Members		\$195,000
Percentage Accruing to Stewardship Ontario Stewards		15%
Percentage Accruing to ISP Members		85%

As can be seen in Table 28, Stewardship Ontario is proposing to implement a fee reduction for the final four quarters of the program. Stewardship Ontario stewards and ISP members would begin to see a reduction in MHSW related costs beginning in relation to the third quarter of 2020, or for Stewardship Ontario stewards on the invoices received from Stewardship Ontario on October 31, 2020. The proposed length of the fee reduction for the fertilizer category would be four quarters or one year.

The total estimated amount of the proposed fee reduction would be \$195,000 of which 15% would accrue to Stewardship Ontario stewards and 85% would accrue to ISP members. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the fertilizer category.

The share of fee reduction that accrues to Stewardship Ontario stewards and ISP members may also vary from the estimates provided above as this share will fluctuate by quarter dependent on steward representation decisions (i.e. potential migration of stewards to ISPs during the wind up period) and the volume of materials supplied into the Ontario market by respective Stewardship Ontario stewards and ISP members in each particular quarter.

8.3.4.4 Paints and Coatings

Table 29: Initial Forecast of Fee Reduction Schedule: Paints and Coatings		
	Projected Stewardship Ontario Steward Percentage Fee Reduction	Projected ISP Member Percentage Fee Reduction
2020 Q3 Period	68%	68%
2020 Q4 Period	99%	99%
2021 Q1 Period	98%	98%
2021 Q2 Period	99%	98%
Total Fee Reduction Stewardship Ontario Stewards and ISP Members		\$14,470,000
Percentage Accruing to Stewardship Ontario Stewards		0.2%
Percentage Accruing to ISP Members		99.8%

As can be seen in Table 29, with respect to paints and coatings, Stewardship Ontario is proposing to implement a fee reduction for the final four quarters of the program. Stewardship Ontario stewards and ISP members would begin to see a reduction in MHSW related costs beginning in relation to the third quarter of 2020, or for Stewardship Ontario stewards on the invoices received from Stewardship Ontario on October 31, 2020. The proposed length of the fee reduction for the paints and coatings category would be four quarters or one year.

The total estimated amount of the proposed fee reduction would be \$14.47 million of which 0.2% would accrue to Stewardship Ontario stewards and 99.8% would accrue to ISP members. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the paints and coatings category.

The share of fee reduction that accrues to Stewardship Ontario stewards and ISP members may also vary from the estimates provided above as this share will fluctuate by quarter dependent on steward representation decisions (i.e. potential migration of stewards to ISPs during the wind up period) and the volume of materials supplied into the Ontario market by respective Stewardship Ontario stewards and ISP members in each particular quarter.

8.3.4.5 Antifreeze

Table 30: Initial Forecast of Fee Reduction Schedule: Antifreeze		
	Projected Stewardship Ontario Steward Percentage Fee Reduction	Projected ISP Member Percentage Fee Reduction
2020 Q3 Period	79%	79%
2020 Q4 Period	85%	85%
2021 Q1 Period	85%	85%
2021 Q2 Period	85%	83%
Total Fee Reduction Stewardship Ontario Stewards and ISP Members		\$1,900,000
Percentage Accruing to Stewardship Ontario Stewards		21%
Percentage Accruing to ISP Members		79%

As can be seen in Table 30, with respect to antifreeze, Stewardship Ontario is proposing to implement a fee reduction for the final four quarters of the program. Stewardship Ontario stewards and ISP members would begin to see a reduction in MHSW related costs beginning in relation to the third quarter of 2020, or for Stewardship Ontario stewards on the invoices received from Stewardship Ontario on October 31, 2020. The proposed length of the fee reduction for the antifreeze category would be four quarters or one year.

The total estimated amount of the proposed fee reduction would be \$1,900,000 of which 21% would accrue to Stewardship Ontario Stewards and 79% would accrue to ISP members. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the antifreeze category.



The share of fee reduction that accrues to Stewardship Ontario stewards and ISP members may also vary from the estimates provided above as this share will fluctuate by quarter dependent on steward representation decisions (i.e. potential migration of stewards to ISPs during the wind up period) and the volume of materials supplied into the Ontario market by respective Stewardship Ontario stewards and ISP members in each particular quarter.

8.3.4.6 Oil Containers

Table 31: Initial Forecast of Fee Reduction Schedule: Oil Containers		
	Projected Stewardship Ontario Steward Percentage Fee Reduction	Projected ISP Member Percentage Fee Reduction
2020 Q3 Period	98%	98%
2020 Q4 Period	98%	98%
2021 Q1 Period	99%	99%
2021 Q2 Period	85%	85%
Total Fee Reduction Stewardship Ontario Stewards and ISP Members		\$9,700,000
Percentage Accruing to Stewardship Ontario Stewards		16%
Percentage Accruing to ISP Members		84%

As can be seen in Table 31, with respect to oil containers, Stewardship Ontario is proposing to implement a fee reduction for the final four quarters of the program. Stewardship Ontario stewards and ISP members would begin to see a reduction in MHSW related costs beginning in relation to the third quarter of 2020, or for Stewardship Ontario stewards on the invoices received from Stewardship Ontario on October 31, 2020. The proposed length of the fee reduction for the oil container category would be four quarters or one year.

The total estimated amount of the proposed fee reduction would be \$9,700,000 of which 16% would accrue to Stewardship Ontario stewards and 84% would accrue to ISP members. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the oil container category.

The share of fee reduction that accrues to Stewardship Ontario stewards and ISP members may also vary from the estimates provided above as this share will fluctuate by quarter dependent on Steward representation decisions (i.e. potential migration of stewards to ISPs during the wind up period) and the volume of materials supplied into the Ontario market by respective Stewardship Ontario stewards and ISP members in each particular quarter.

**8.3.4.7 Oil Filters****Table 32: Initial Forecast of Fee Reduction Schedule: Oil Filters**

	Projected Stewardship Ontario Steward Percentage Fee Reduction	Projected ISP Member Percentage Fee Reduction
2020 Q2 Period	69%	69%
2020 Q3 Period	98%	98%
2020 Q4 Period	99%	99%
2021 Q1 Period	96%	96%
2021 Q2 Period	78%	78%
Total Fee Reduction Stewardship Ontario Stewards and ISP Members		\$9,550,000
Percentage Accruing to Stewardship Ontario Stewards		23%
Percentage Accruing to ISP Members		77%

As can be seen in Table 32, with respect to oil filters, Stewardship Ontario is proposing to implement a fee reduction for the final five quarters of the program. Stewardship Ontario stewards and ISP members would begin to see a reduction in MHSW related costs beginning in relation to the second quarter of 2020, or for Stewardship Ontario stewards on the invoices received from Stewardship Ontario on July 31, 2020. The proposed length of the fee reduction for the oil filter category would be five quarters or 15 months.

The total estimated amount of the proposed fee reduction would be \$9,550,000 of which 23% would accrue to Stewardship Ontario stewards and 77% would accrue to ISP members. As noted previously, the amount of the proposed fee reduction related to the final quarter of the program may be adjusted dependent upon the outcome of various MHSW operational costs and fiscal contingencies in relation to the oil filter category.

The share of fee reduction that accrues to Stewardship Ontario stewards and ISP members may also vary from the estimates provided above as this share will fluctuate by quarter dependent on Steward representation decisions (i.e. potential migration of stewards to ISPs during the wind up period) and the volume of materials supplied into the Ontario market by respective Stewardship Ontario stewards and ISP members in each particular quarter.

8.4 Residual Funds

As noted earlier on December 20, 2019, Stewardship Ontario received additional Ministerial direction regarding the disbursement of MHSW residual funds. In particular, the direction requires:

- Stewardship Ontario to make revisions to the MHSW WUP plan to return residual funds to stewards once all financial obligations have been accounted for;
- The return of residual funds to stewards should be in proportion, where reasonably possible, to the stewards' contribution to the funds for each municipal hazardous or special material; and
- This direction will apply to stewards for the MHSM categories whose recovery is managed by Stewardship Ontario as well as stewards of the MHSM categories that are now managed through industry stewardship plans.



Ministerial direction anticipates that RPRA will approve revisions related to the disbursement of residual funds no later than February 29, 2020.

As a result of the new Ministerial direction, Stewardship Ontario will develop revisions to this wind up plan that return residual funds to stewards. Stewardship Ontario in consultation with RPRA will consult with stakeholders regarding the proposed revisions to this plan and the methodology to be utilized in returning residual funds to stewards.

As can be seen in Table 33 below, under current Wind Up Plan proposals, Stewardship Ontario is currently forecasting a total residual fund amounts of approximately \$375,000 following the completion of program fiscal and operational obligations. The actual level of residual funds left in the program may vary dependent upon variances in operational forecasts versus actual costs incurred and other potential financial-related contingencies that may occur between now and the termination of the program.

Table 33: Initial MHSW Residual Fund Forecast (\$000)	
Antifreeze	\$55
Fertilizers	\$5
Oil Containers	\$87
Oil Filters	\$58
Paints/Coatings	\$53
Pesticides	\$5
Solvents	\$9
Pressurized Containers (Non-Refillable)	\$44
Pressurized Containers (Refillable)	\$33
Single-Use Batteries	\$27
Residual Funds at program Termination*	\$376

** Total may differ slightly from residual fund level reported in other charts due to rounding.*

Please note the residual fund forecast in Table 33 includes an allocation of an estimated \$138,000 from general MHSW reserves. This amount and final residual amounts may vary dependent on the outcome of various financial contingencies experienced during the MHSW wind up period.

8.5 Reserve Funds

As noted earlier, MHSW reserves can be divided into three general categories:

1. Deferred Revenue (from 2012);
2. Reserves that have been allocated to material categories; and
3. Reserves that have not been allocated to material categories.

Surplus amounts related to deferred revenue and those that have been allocated to material categories are both unrestricted funds. Deferred revenue from 2012 is intended to be recognized as program revenue in 2020 prior to the program's termination.

Reserves that have not been allocated to various MHSW material categories include both unrestricted general funds and \$2.1 million in a sustaining fund. As noted earlier, Stewardship Ontario's sustaining



was fund was created to fund non-profit activities and satisfy program obligations including the potential wind up of the program.

Stewardship Ontario proposals for the use of both restricted and unrestricted funds are consistent with Stewardship Ontario bylaws and operating policies and Ministerial direction.

SECTION 9: DATA

9.1 Security/Privacy

Through the operation of the MHSW Program, Stewardship Ontario collects data from stewards, service providers, stakeholders and the public. MHSW data collected includes:

- Steward and service provider contact information;
- Steward supply reports, related adjustments, invoices and payments; and
- Service provider banking information, volume reports, incentive claims and related payments.

Public or consumer data related to the MHSW Program is limited to inquiries or feedback in response to stakeholder consultations.

Stewardship Ontario MHSW data has been collected since the initial operation of the MHSW Program in 2008. Stewardship Ontario does not operate its Information Technology (IT) data storage system, nor does Stewardship Ontario have a licence to do so with the software provider, SAP Canada. IT services are provided through a service agreement with Canadian Stewardship Services Alliance which remains in effect for the duration of the MHSW wind up timeline.

Stewardship Ontario is one of six companies that share IT system services provided by CSSA based on industry-standard SAP (Systems, Applications and Products) enterprise resource planning (ERP) software. CSSA is the licensee in the software licence in the agreements with SAP Canada.

Stewardship Ontario data and processes are segregated from other companies using standard organizational structures such as company codes, divisions, sales and purchasing organizations. This type of segregation follows SAP best practices for operating several business entities on one shared software application.

Security and privacy with respect to Stewardship Ontario data is maintained through access control processes and protocols that are consistent with industry standards for information governance and comply with legal and regulatory obligations.

With respect to Stewardship Ontario and CSSA staff engaged in the administration of the MHSW Program, access to MHSW data files is maintained via role-based permissions governed by the Finance department. Access and permissions will continue to be monitored on a regular basis for adherence to Stewardship Ontario's data security and privacy policies.

9.2 Destruction

All MHSW Program data will be transferred to RRPA. Where Stewardship Ontario does not require the program data for legal or regulatory reasons, the process of destroying this program data from active and back-up access points will begin. Upon completion of the destruction process, Stewardship Ontario will provide RRPA with an attestation that the destruction process is complete.



As Stewardship Ontario will remain an active corporate entity after the MHSW Program is wound up, it has legal and regulatory obligations to retain certain program data. In this case, the access to this program data will be strictly controlled through the application of access security control processes providing assurance that only authorized Stewardship Ontario or CSSA staff will be able to access the data and only where required to satisfy a legal or regulatory obligation such as an inquiry from the CRA. Stewardship Ontario will work with CSSA to develop an auditable approach to initiating, executing and validating appropriate user security permissions. Access to MHSW Program data for tax and legal purposes following the MHSW wind up will require authorization from Stewardship Ontario's Chief Financial Officer and prior approval by RPRA.

9.3 Retention and Sharing

9.3.1 Corporate Data Retention

Stewardship Ontario will identify all data required to be stored in relation to statutory and regulatory requirements and make necessary arrangements for retention of that data in a secure manner while those legal obligations exist.

9.3.2 Public Information

Stewardship Ontario will continue to publish an Annual Report and submit an Annual RPRA Filing on program Performance (annual IFO report as per Section 30 of the WDTA). These public reports include aggregated program information but do not include any confidential or commercially sensitive information in relation to program stewards, service providers or other stakeholders.

Stewardship Ontario is not proposing, as part of the wind up process, to release additional data on program performance publicly other than the information included in this Wind Up Plan or provided in the Annual Reports and RPRA Filings on program Performance noted above.

9.3.3 Confidential Information

Confidential information submitted to RPRA as part of this Wind Up Plan is attached as appendices and marked as confidential. It will be excluded from publication.

All confidential and commercially sensitive information held by Stewardship Ontario in relation to the MHSW Program will continue to be protected following the termination of the program and eventually destroyed in accordance with the proposal in Section 9.2 above.

Currently, stewards have access to their historic submission data through the WeRecycle steward reporting web portal for each of their reported obligation years. MHSW steward access to this portal and historic submission data will be terminated as part of the final program wind up activities; historic program data will be in RPRA's possession and future access to this data will be subject to their policies.

9.4 Data Transfer

As per Ministerial direction, as part of the wind up process, Stewardship Ontario will transfer MHSW Program data in its possession to RPRA. Most of this information will be provided to RPRA in a digital format with measures implemented to maintain data security throughout the transfer process.



Any confidential or commercially sensitive information that is provided to RPRA as part of the transfer process will be identified so that RPRA can take appropriate steps to ensure secure data storage and protection of such information.

Once MHSW Program data has been transferred to RPRA, only MHSW Program data that has been retained for tax and legal purposes will be accessible to Stewardship Ontario or CSSA staff. Access to this data will require authorization from Stewardship Ontario's CFO and prior approval of RPRA.

SECTION 10: HUMAN RESOURCES

10.1 Employees

As noted in the Section 1: Operating Plan, pursuant to a services agreement between CSSA and Stewardship Ontario, CSSA provides administrative services to Stewardship Ontario to assist Stewardship Ontario in the operation of the MHSW Program. Under current program operations, there are only a small number of Stewardship Ontario employees involved in administration of the MHSW and Blue Box programs. These Stewardship Ontario employees work in conjunction with CSSA staff to operate the program. However, the bulk of staff time associated with administration of the MHSW Program is provided by CSSA employees or consultants. As the Stewardship Ontario employees also have responsibilities associated with the Blue Box program, the potential for employee impacts is relatively limited.

Potential Stewardship Ontario employees affected by the termination of the MHSW Program are limited to those Stewardship Ontario employees involved in MHSW Program administration. Stewardship Ontario will attempt to minimize the impact of MHSW Program termination on these employees by transferring these positions as needed, or refocusing them to other duties related to the Blue Box Program. However, potential employee severance, retention and other related costs have been included in the MHSW Wind Up Plan Financial Forecast and Budget (see Section 4).

A Confidential Schedule III: Human Resources Information is attached to this Wind Up Plan. Schedule III includes a list of Stewardship Ontario employees potentially affected by termination of the MHSW Program including; the department and position held, length of service, severance and holiday entitlements, recommended retention bonuses if applicable.

Stewardship Ontario does not anticipate that additional staffing resources will be required during the wind up period.

10.2 Sub-contractors

Stewardship Ontario engages CSSA through a service agreement to support Stewardship Ontario in administering both the MHSW and Blue Box programs. This agreement will need to be amended following the termination of the MHSW Program. A description of the process to be followed regarding amendments to the Stewardship Ontario–CSSA service agreement is provided in Section 11.5: Key Contracts.

CSSA utilizes third party IT service providers to administer, manage and update IT systems utilized by CSSA on behalf of Stewardship Ontario in the administration of the MHSW Program. CSSA's IT service



provider arrangements will be retained in order to provide necessary support to Stewardship Ontario regarding the ongoing operation of the Blue Box program and related IT systems.

There are no other sub-contractors or potential sub-contracting costs associated with MHSW operations.

10.3 Pension and RRSPs

Stewardship Ontario employees participate in a voluntary Registered Retirement Savings Plan (RRSP), managed by a third-party provider. Stewardship Ontario matches employee contributions (to a maximum of 5% of salary) which are deductions at source on payroll every pay period. Employees that leave Stewardship Ontario retain ownership over their account which is transferrable to their own RRSP.

Stewardship Ontario employee costs relating to matching RRSP contributions have been factored into employee costs associated with the MHSW Wind Up Financial Forecast & Budget (see Section 4). There are no additional pension or RRSP costs associated with termination of the MHSW Program.

10.4 Communication with Personnel

Stewardship Ontario will arrange for one-on-one meetings with all staff members potentially affected by the termination of the MHSW Program following approval of the MHSW Wind Up Plan to review potential employment adjustments and arrangements well in advance of their implementation. Given the limited number of Stewardship Ontario employees potentially affected by the termination of the MHSW Program, Stewardship Ontario engagement strategy is limited only to Stewardship Ontario employees potentially affected by MHSW Program termination.

SECTION 11: LEGAL CONSIDERATIONS

11.1 Litigation

The MHSW Program has no ongoing litigation or claims. No litigation is anticipated, though Stewardship Ontario (on behalf of the MHSW Program) could potentially pursue civil remedies against stewards for unpaid fees. The value of accounts receivable is detailed in Section 5: Assets.

Stewardship Ontario's compliance with: (i) the terms of all stakeholder agreements; (ii) legislative and regulatory provisions; (iii) the provisions of the approved Wind Up Plan and ongoing RPRA guidance regarding those provisions; should minimize legal risks that may arise during wind up.

As noted above, there is currently no ongoing litigation against Stewardship Ontario. Stewardship Ontario will manage any legal claims or actions that arise during or following the MHSW Program wind up on an *ad hoc* basis. Stewardship Ontario's estimate of wind up costs includes a contingency for legal fees and costs associated with resolving any such future legal claims or actions. Stewardship Ontario does not anticipate that run-off insurance will be required in relation to managing these risks.

11.2 Contracts

The MHSW Program has a number of service and supply chain agreements in place related to the collection, transportation and processing of program materials. Each agreement and its terms (including



method and timing of cancellation notice and any cancellation costs) are included in Section 1: Operating Plan and summarized below:

- **Municipal MHSW Services:** 128 agreements with individual municipalities identify payments Stewardship Ontario agrees to make for either depot hours, events, or both; agreements have no end date and no termination or cancellation fees. It is anticipated that agreements will be amended to accommodate different termination dates for MHSW materials.
- **Parks Services:** agreements with two service providers for the collection and transportation of non-refillable pressurized containers from a list of designated provincial and private parks; agreements have no end date and no termination or cancellation fees.
- **Single-use Battery Service Providers:** agreements with seven service providers for the collection, transportation and processing of single-use batteries under the BIP; agreements have no end date and no termination or cancellation fees.
- **Automotive Supply Chain Sharing:** agreement with AMS for the collection and processing of automotive materials, on behalf of those stewards who remain with Stewardship Ontario. Current agreement is scheduled to expire on March 31, 2020 although it is anticipated that the agreement may be extended to align with the termination of the MHSW Program. There are no termination or cancellation fees associated with the agreement.
- **Pesticide, Solvent & Fertilizers Supply Chain Sharing:** agreement with PCA for the collection and processing of pesticides, solvents and fertilizers, on behalf of those stewards who remain with Stewardship Ontario; agreement is scheduled to expire on December 31, 2019 although it is anticipated that the agreement may be extended to align with the termination of the MHSW Program. There are no termination or cancellation fees associated with the agreement.
- **Paints and Coatings:** Stewardship Ontario will review the possibility of including paints and coatings in the current supply share agreement with PCA for the remainder of the wind up period.

There are currently three active stewards that have signed Reporter's Agreements by which they assume responsibility for reporting one or more municipal hazardous or special materials on behalf of an obligated steward. Without the agreement, the obligated steward would be responsible for reporting its own materials. The agreement provides that any party may terminate by giving notice to the other parties prior to the expiry of a quarterly data period, with termination effective on the expiry of the next quarterly data period. The MHSW Program will contact the applicable stewards and advise of pending termination of the agreements, followed by formal notice at least 30 days prior to Q3 2021 report due date. It will also monitor if any new agreements are created and advise the parties of the effect of program wind up on the agreement.

11.2.1 ISO Fee Reduction Agreements

As noted in Section 8: Reserves, Stewardship Ontario is proposing to implement a fee reduction to return surplus funds to consumers for all MHSW material categories. To operationalize this proposal with respect to materials managed under ISPs, Stewardship Ontario is proposing to enter into new agreements with both AMS and PCAs.

These fee reduction agreements would include provisions covering:

- Data to be shared between the organizations related to cost forecasting and fee reduction estimates;



- Methodology for implementation of fee reduction with respect to ISP member invoicing and payments;
- Commitment that any monies paid by Stewardship Ontario to an ISO in relation to the fee reduction proposal would be passed on to ISP members through related fee reductions;
- A requirement that notices issued to ISP members include acknowledgements recognizing the Ministerial expectation that fee reductions will benefit consumers;
- A requirement that Stewardship Ontario will provide information to an ISO relating to any former Stewardship Ontario Steward which is now an ISO Member where:
 - the former Steward owes fees to Stewardship Ontario (“Fee Arrears”), and
 - Stewardship Ontario has deducted those Fee Arrears from any distribution otherwise payable to that ISO Member.
- Joint-communication activities to be conducted by Stewardship Ontario and the ISO for Stewardship Ontario stewards and ISP members related to the initiative; and
- Process for resolving any issues that may arise during the implementation of the agreement.

11.3 Contingencies

The MHSW Program has no known existing or future legal costs related to litigation, leases, property sales, undertakings or pensions.

Potential legal fees and costs associated with any legal claims or actions that might arise during the wind-up period have been included in the Financial Forecast and Budget (see Section 4: Financial Forecast & Budget).

11.4 Environmental Issues

Stewardship Ontario does not operate any transportation or processing facilities and therefore does not have any environmental claims/liabilities related to waste disposal.

Single-use dry cell batteries do not require environmental approvals until they are processed. Processors of single-use batteries are required to have an Environmental Certificate of Approval (ECA) which is provided and monitored by MECP. Transporters and processors of pressurized containers require valid ECAs for the movement and processing of materials. MECP oversees the ECAs of the service providers and therefore no environmental review of materials managed by the MHSW Program is required.

Stewardship Ontario currently holds a Environmental Certificate of Approval (ECA) provided by MECP that allows for some participating sites to collect used automotive materials from the public. As of wind up (June 30, 2021) Stewardship Ontario will not require use of the ECA.

Stewardship Ontario, through CSSA, holds environmental insurance as it financially supports the process of MHSW material movement and processing in the province. The insurance policy has a \$5 million limit and it will be renewed when the current two-year policy expires in 2019.

11.5 Key Contracts

The MHSW Program is delivered through an amended and restated management services agreement dated December 31, 2013, between Stewardship Ontario and CSSA. The agreement covers services to Stewardship Ontario with respect to both the MHSW and Blue Box recycling programs. Accordingly, the management services agreement will be amended to reflect the termination of the MHSW Program



following completion of functions required under the Wind Up Plan. Any costs associated with the termination of CSSA's services to the MHSW Program have been included in Stewardship Ontario's estimates of wind up costs in the budgetary forecasts provided in this plan.

SECTION 12: TAX

12.1 Harmonized Sales Tax

The MHSW Program has no unremitted HST and no active proceedings with Canada Revenue Agency.

In April 2018, Stewardship Ontario received a favourable decision from the Tax Court of Canada on its claim for GST/HST input tax credits and sent an advisory notice to stewards. GST/HST was collected on steward invoices and remitted to CRA since the program's inception in 2008. However, CRA denied the program's claims for input tax credits which included GST/HST on program expenses, primarily amounts paid to third-party service providers, for recycling and disposal of materials. As a result, GST/HST had to be included in total program costs charged to stewards. Funds were received from CRA and are detailed in Section 8: Reserves.

12.2 Employee Source Deductions

Stewardship Ontario employees involved in the administration of the MHSW Program (see Section 10: Human Resources) have source deductions remitted through regular payments to CRA. Salaries and benefits for these employees are included in the Section 4: Financial Forecast & Budget.

12.3 Other Tax Considerations

Stewardship Ontario is not-for-profit and will continue to operate the Blue Box program after termination of the MHSW Program. It will not file a final tax return.

Stewardship Ontario is not being wound up so all MHSW records will be retained as CRA requirements until such time as Stewardship Ontario is wound up.

12.4 HST Rulings

See Section 12.1 above.

SECTION 13: MANAGEMENT OF OTHER RISKS

13.1 Public Perception

13.1.1 Public Perception and MHSW Program

During consultation on the MHSW Program wind up, Stewardship Ontario did not receive any feedback from public interest groups or environmental organizations indicating that there are significant public concerns about wind up-related program performance.

As part of the Wind Up Plan, Stewardship Ontario is proposing that it will continue with public awareness activities throughout the wind up period to promote MHSW recycling and also notify consumers and the public about the impending change in the statutory framework related to how these materials will be managed. The Orange Drop website will include specific content about MHSW wind up



during transition, and after the program termination dates will be utilized to direct consumers to new sources of information about the continued recycling of MHSW materials.

13.1.2 Disruption to MHSW Recycling

During consultations on program wind up, Stewardship Ontario did receive some stakeholder comments related to current program performance. One steward group indicated that current program costs were too high and incentive rates should be lowered during wind up while some service providers suggested incentives should be increased to adequately compensate for program activities during the wind up period.

Other service providers were primarily concerned with potential changes to MHSW Program after the current program is wound up. For example, some municipalities asked who would sponsor event days in relation to MHSW materials after the program termination date (an issue beyond the scope of this Wind Up Plan).

Taking all stakeholder views into consideration, Stewardship Ontario is of the view that its proposal to maintain various program incentive rates and processes during the wind up period is the best approach to minimizing disruption to MHSW recycling and disposal throughout the duration of the wind up period.

Stewardship Ontario does not anticipate significant changes to program performance associated with operations during wind up, but will monitor program performance throughout the wind up period to determine if any adjustments to program activities and policies are necessary.

13.1.3 Program Financing and the Management of Surplus Funds

Given the evolution of the MHSW Program since its inception and the existence of significant program surpluses heading into the wind up period (in part due to the 2018 CRA HST refund), Stewardship Ontario received extensive feedback on proposals on how to finance MHSW wind up activities and on options related to the potential uses of program reserve surpluses.

13.1.3.1 Financing Wind Up Costs

One of Stewardship Ontario's key wind up proposals was that general wind up costs incurred by the program should not be incorporated into current steward invoices but rather financed by drawing down from existing general reserves. While many stewards supported this proposal a number of stewards objected to this approach.

In particular, several stewards that have joined ISPs, argued that the wind up costs associated with materials managed by ISPs have already been incurred by Stewardship Ontario and therefore it was unfair to finance these costs from general reserves (which would lower potential program surplus amounts available for return to consumers). With respect to this point, Stewardship Ontario does not agree with this argument – namely, that Stewardship Ontario's MHSW Program wind up costs have already been incurred in relation to PSF and automotive materials.

General wind up costs are the costs of developing, consulting on and implementing a MHSW Wind Up Plan. These costs relate to all MHSW materials included in the MHSW Program regardless of whether the supply chain for these materials is being managed directly by Stewardship Ontario.



Under the Stewardship Ontario recommendations, the final program costs for incentives related to single-use batteries and pressurized container incentive payments will be paid by respective battery and pressurized container stewards in those material categories (as they were by paint, PSF and automotive material stewards when those stewards migrated from the Stewardship Ontario MHSW Program to ISPs.)

However, in Stewardship Ontario's view, the costs of developing, consulting on and implementing the MHSW Wind Up Plan relate to both current and former Stewardship Ontario stewards and all materials managed under the MHSW Program. Stewardship Ontario is obligated under the WDTA to continue to provide services to stewards in all MHSW material categories. It continues to represent stewards in all but one MHSW category. As a result, Stewardship Ontario has never completed the financial and operational steps necessary to fully wind up the MHSW Program in relation to these material categories even though ISPs are managing the related supply chains.

Consequently, Stewardship Ontario is recommending that general wind up costs be financed by drawing from general MHSW reserves. Now that the program is being wound up, it would be unfair in Stewardship Ontario's view, to have battery and pressurized container stewards finance the majority of the general accounting, legal and policy costs associated with winding up the full MHSW Program as these wind up costs distribute more fairly across program categories.

13.1.3.2 Management of Surplus Funds

How best to manage surplus funds related to the MHSW Program was an issue which generated extensive stakeholder feedback during the Phase I and Phase II consultation sessions. The change in Ministerial direction related to this issue was addressed in comments by many program stakeholders. A summary of those views is provided in the consultation report attached to this Wind Up Plan as Appendix B.

Stewardship Ontario's recommended approach to returning surplus funds to consumers through a fee reduction applicable to all MHSW categories is a consistent approach for all MHSW categories and is supported by a large majority of program stakeholders.

In the view of Stewardship Ontario, potentially implementing different approaches to the management of surplus funds for different MHSW categories, would, given the comments received in consultation, be perceived as unfair for program participants and generate ongoing stakeholder objections to the MHSW wind up process.

13.2 Conflict of Interest (Amended December 2019)

At the outset of the MHSW Wind Up Plan development, Stewardship Ontario implemented a number of changes to anticipate and address potential conflict of interest concerns as requested by the Ministerial direction.

After receiving Ministerial direction to wind up the MHSW Program, Stewardship Ontario engaged independent legal counsel to review its existing conflict of interest guidelines and policies and offer suggestions on potential adjustments that could be implemented to enhance those provisions in the context of winding up the MHSW Program. Stewardship Ontario also consulted with RPRA regarding its approach to managing conflict of interest issues throughout the wind up process.



As a result of this review process, in November 2018, Stewardship Ontario established a new MHSW Executive Committee, chaired by its independent director,²⁴ to oversee the development and execution of the MHSW Wind Up Plan. The MHSW Executive Committee was comprised of directors whose businesses were not involved in or obligated under the MHSW Program. The MHSW Executive Committee had responsibility to ensure delivery of MHSW operations during program wind up and provide direction on MHSW financial matters.

An MHSW Program Manager was also engaged by Stewardship Ontario who reported directly to the MHSW Executive Committee. The MHSW Program Manager led a team of independent consultants including accounting, legal and policy advisors engaged to work on the wind up project.²⁵ Where necessary and appropriate, the MHSW Program Manager and members of her team sought input from staff responsible for administering day-to-day MHSW operations in the development of the Wind Up Plan.

Stewardship Ontario also made amendments to its Board's Code of Conduct by-law in relation to conflict of interest situations in the context of the MHSW wind up. Board By-law 2017-2 *A by-law relating to the Code of Conduct of Stewardship Ontario* includes a number of provisions designed to address conflict of interest.

By-Law 2017-2 defines potential, apparent, formal and real conflict of interest situations and requires Board members to take steps to avoid conflict of interest situations and declare potential conflicts of interest.²⁶ Under By-law 2017-2, Stewardship Ontario Board members are also prohibited from disclosing or utilizing confidential information and are prevented from communicating with the public on behalf of the Board without the prior approval of the Board.

With respect to MHSW Program wind up, By-law 2017-2 defines overlapping directors as: directors who are also directors of the CSSA; whose company has a director that serves on the AMS Board or whose company has a future expectation of operating as a service provider under the RRCEA with respect to MHSW materials. Regardless of whether a conflict of interest exists, these Stewardship Ontario directors must not participate in decisions regarding the MHSW Program or the wind up of the MHSW Program.

Under the Stewardship Ontario reporting structure, CSSA executives are not responsible for MHSW wind up decisions.

With respect to Stewardship Ontario and CSSA staff involved in program administration, staff are prohibited from engaging in activity, or directly or indirectly benefitting from their position or connections as employees, in situations that constitute or have the appearance of a conflict of interest.

²⁴ Under WDTA regulations, the Stewardship Ontario Board is comprised of up to nine members elected by stewards (both MHSW and Blue Box) and one independent member appointed by the elected members of the Board. Under WDTA regulations, the independent director cannot be an employee or member of a steward company or trade association with steward members or have a commercial interest in either the Blue Box waste or MHSW waste industries.

²⁵ Independent project management, legal, accounting and policy advisors hired by Stewardship Ontario in relation to the MHSW Wind Up Plan have no other functions or responsibilities other than to develop and implement the MHSW Wind Up Plan.

²⁶ Given that WDTA regulations require Stewardship Ontario Board members to be elected from steward organizations, the fact that a Board member has a relationship with a steward (considered a sectoral interest) does not by itself constitute a conflict of interest.



The Stewardship Ontario CSSA service agreement also prohibits the disclosure of confidential information and restricts its usage to that reasonably required to exercise duties under the agreement.

13.2.1 September 2019 Changes to Stewardship Ontario Management Structure

On August 15, 2019, Stewardship Ontario received direction from the Minister of Environment, Conservation and Parks to develop a plan to transition the Blue Box program to the RRCEA framework by the end of 2025. Stewardship Ontario is to be fully wound up by December 31, 2026 after which it will cease to exist as an entity providing services to stewards.

Following receipt of Ministerial direction regarding the Blue Box program, Stewardship Ontario, in consultation with RPRA, implemented changes to its management structure which augmented conflict of interest provisions in relation to transition of both the Blue Box and MHSW programs.

All cross appointments between the Stewardship Ontario and Canadian Stewardship Service Alliance boards were eliminated. There are now no common directors between the two organizations. A new Stewardship Ontario Board Chair was elected on September 26, 2019 and the Board appointed a new Executive Director and Secretary.

Given that the restructured Stewardship Ontario Board is responsible for managing wind up of both the MHSW and Blue Box programs, the MHSW Executive Committee was no longer required. As a result, the MHSW wind up team for the remainder of the MHSW wind up process will report directly to the Stewardship Ontario Executive Director. The new Stewardship Ontario board also approved an updated Stewardship Ontario Conflict of Interest Mitigation Plan which is attached to this submission and available at <https://stewardshipontario.ca/news/stewardship-ontario-institutes-new-governance-and-staffing-model-to-prepare-for-transition-to-full-producer-responsibility/>

In addition to the conflict of interest provisions noted above, as part of this restructuring, Stewardship Ontario is reviewing further changes to Bylaw 2017-02 (Draft Bylaw attached) for adoption at its December 2019 meeting that would further enhance conflict of interest measures. In particular, Bylaw amendments would explicitly prohibit steward directors (or their employers), officers and senior managerial staff from providing advisory or other services to potential market participants in respect of MHSW or Blue Box recovery markets that may be created under the RRCEA.

A segregated workplace will also be implemented for the Stewardship Ontario Wind Up Team and other Stewardship Ontario staff service providers.

13.2.1 Related Stewardship Ontario Documents

Stewardship Ontario's Board governance structure is created under Ontario Regulation 338/16 under the *Waste Diversion Transition Act, 2016*.

A copy of By-law Number 2017-2 *A by-law relating to the Code of Conduct of Stewardship Ontario* is attached to this Wind Up Plan.

A copy of *General By-law Number 2017-1 Stewardship Ontario* is attached to this Wind Up Plan.

A list of current Stewardship Ontario Board members and sub-committee members and organization structure is available at <https://stewardshipontario.ca/about-us/board-of-directors/>.



As noted above, an MHSW Executive Committee was created in December 2018 to develop and manage implementation of the MHSW Wind Up Plan. Although the MHSW Executive Committee was disbanded as part of restructuring related to Stewardship Ontario governance implemented on September 26, 2019, the Committee did review and approve the MHSW WUP Plan which was approved by the restructured Stewardship Ontario Board and submitted to RPRA by the September 30, 2019 deadline. A copy of the Committee's mandate is attached to this plan along with a list of MHSW Executive Committee members.

MHSW Executive Committee minutes will be provided to RPRA.

13.3 Board of Directors

Stewardship Ontario Board members are required to disclose any potential conflict of interest at the earliest practical opportunity. Where individual Board members are perceived to have a potential conflict of interest related to the Board's review of MHSW Program decisions, they will be required to recuse themselves from those decisions.

Stewardship Ontario Board minutes dating back to the creation of the MHSW Executive Committee and related to the MHSW Program will be provided to RPRA throughout the wind up process.

**Appendix A:
MHSW Steward Rules
for Implementation
January 1, 2020
(amended)**



Schedule A to Program Agreement Stewardship Ontario and the Resource Productivity and Recovery Authority

Rules for Stewards with Respect to the Payment of Fees for the Municipal Hazardous or Special Waste (MHSW) Program, for the Period Commencing January 1, 2020 until Wind Up of the MHSW Program

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PART I: DEFINITIONS

1. In these Rules, the following terms have the following meanings:

“Affiliate” is an entity that controls a Steward or is controlled by a Steward or is controlled by an entity that also controls a Steward, where "control" in the case of a corporation has the meaning ascribed thereto by subsection 1(5) of the Business Corporations Act (Ontario) as amended from time to time.

“Approved Wind-up Plan” means the Wind-up Plan for the MHSW program developed and approved in accordance with section 14 of the *Waste Diversion Transition Act, 2016*.

“Brand” means a trademark.

“Brand Owner” with respect to a specific product or good, that is MHSM, where such product or good, or its packaging bears a trademark means during any time in any Data Period:

- (a) a Person Resident in Ontario who is the holder of the registered trademark, or
- (b) a Person Resident in Ontario who is the licensee, in respect of the registered trademark, or
- (c) a Person Resident in Ontario, who owns the intellectual property rights to the unregistered trademark, or
- (d) a Person Resident in Ontario, who is the licensee, in respect of the intellectual property rights of the unregistered trademark.

Where “licensee” includes a Person who packages goods and the products or goods are MHSM or MHSM Packaging, and bear a trademark, other than a packer, producer or filler of Private Label Goods, and includes any Person whose corporate name or business name registration contains the trademark.

“Confidential Information” means sales or other data submitted by a Steward to Stewardship Ontario that is not publicly available from any source.

“Data Period” means the 3 month periods ending December 31, 2016; March 31, 2017; June 30, 2017; and September 30, 2017 and successive three month periods thereafter for which a



Steward must report MHSM quantities Supplied.

“Designated IC&I Business” means an industrial, commercial or institutional business that generates MHSW of the types described in Appendix A that is not required to submit a Generator Registration Report with respect to that MHSW under subsection 18 (1) of Ontario Regulation 347, made under the *Environmental Protection Act*, as amended from time to time.

“Fee Category” means the category against which the quantities appearing in the reporting category are invoiced by Stewardship Ontario.

“Fee Obligation Period” means the period for which amounts are due as set out in Table 2 of Appendix C.

“File” means electronically submitted by a Steward to Stewardship Ontario through the WeRecycle Portal. Filed and File have similar meanings.

“First Importer” is a Person Resident in Ontario who imports MHSM into Ontario or is the first to take possession or control of MHSM in Ontario for which a Brand Owner does not exist.

“Franchisor, Franchisee and Franchise System” have the meaning ascribed thereto under the Arthur Wishart Act (Franchise Disclosure), 2000, as amended from time to time.

“Generator” means the Person to which MHSW is supplied for use in Ontario that makes the product(s) available for reuse, recycling or disposal. The categories of MHSM generators are residential, designated IC&I business, and all IC&I.

“In Good Standing” means a Steward who is current with its financial and reporting obligations to Stewardship Ontario.

“Industry Funding Organization” or “IFO” means the organization designated by regulation with responsibility for implementing the MHSW Program Plan including collection of fees from Stewards to cover the costs of developing, implementing and operating the diversion program and to cover associated costs of RPRA and the Ministry of Environment, Conservation and Parks (MECP) (formerly the Ministry of the Environment and Climate Change).

“Industry Stewardship Plan” or “ISP” means a RPRA or Waste Diversion Ontario -approved



plan allowing one or more Stewards to manage wastes that have been designated for a recycling program by the Minister.

“Industry Stewardship Organization” or “ISO” means any organization (including one Steward or a group of Stewards) that submits an Industry Stewardship Plan to RPRA, or its predecessor, Waste Diversion Ontario, for review.

“ISO Member” means a person who Supplies MHSW Material that has joined an ISO rather than fulfilling its MHSW obligations through Stewardship Ontario.

“Interest” means the amount calculated using the prime rate per annum established by the CIBC as at the close of business on the first day of each month plus four percent compounded monthly.

“Methodology” means the process the Steward used to:

- (a) determine MHSM Supplied including data sources, percentage allocation of data reported, data collection systems, and the use of calculators, worksheets or mathematical formulae, whether or not they were previously approved by Stewardship Ontario; and
- (b) determine exclusions.

“MHSM Packaging” means materials that are used for the containment, protection, handling, delivery and presentation of MHSM Supplied.

“MHSW Program Plan” means the plan most recently approved by the Minister.

“MHSW Approved Wind Up Plan” means the MHSW Wind Up Plan approved by the Resource Productivity and Recovery Authority pursuant to Section 14 of the *Waste Diversion Transition Act, 2016*.

“Minister” or “Ministry” means Ministry of Environment, Conservation and Parks (MECP) (formerly the Ministry of the Environment and Climate Change) for the Province of Ontario.

“Municipal Hazardous or Special Materials” or “MHSM” means those goods and products set out in Appendix A which are Supplied and that result in the generation of MHSW.



“Municipal Hazardous or Special Waste” or “MHSW” means waste that consists of any one of the following materials, or any combination of them:

- Antifreeze, and the containers in which they are contained. Containers of packaged antifreeze are included if they have a volume equal to or less than 30 litres
- Fertilizers and the containers in which they are contained
- Oil filters – after they have been used for their intended purpose
- Oil Containers that have a capacity of 30 litres or less and that were manufactured and used for the purpose of containing lubricating oil
- Pesticides and the containers in which they are contained
- Paints and Coatings, and the containers in which they are contained
- Pressurized containers
- Solvents, and the containers in which they are contained
- Single-use dry cell batteries

“Ontario Regulation 387/16” means the Regulation made under the under the *Waste Diversion Transition Act, 2016* that designates MHSW and that designates Stewardship Ontario as the IFO for MHSW.

“Person” means an individual, partnership, joint venture, sole proprietorship, company or corporation, government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, body, department, board or agency of any of them), trust, trustee, executor, administrator or any other kind of legal personal representative, unincorporated organization, association, institution, entity, however designated.

“Primary Contact” means a member of the Steward’s organization appointed by the Steward pursuant to the [Primary Contact Policy](#) as posted on the Stewardship Ontario website (for new Stewards who join the MHSW Program on or after January 1, 2019) as the Steward’s authorized person or agent under whose authority a Quarterly MHSM Steward Report is Filed or amended.

“Private Label Goods” means goods that carry the Brand of a Brand Owner and are Supplied by such Brand Owner.

“Program Request Letter” means the letter from the Minister to Waste Diversion Ontario (WDO) dated December 12, 2006 requiring Waste Diversion Ontario to develop a waste diversion program in respect of certain categories of MHSW.

“Proxy Report” means a prior Quarterly MHSM Steward’s Report used by Stewardship Ontario



in the event that a Steward does not meet its Filing obligation in accordance with these Rules.

“Published Address” means an address appearing in a current telephone directory or a recognized current published business directory.

“Quarterly MHSM Steward’s Report” means a report prepared by a Steward describing the aggregate quantity of MHSM that was Supplied in the Data Period by the Steward or its Franchisees and/or Affiliates containing the information in accordance with Section 17 and Filed with Stewardship Ontario in accordance with Appendix C.

“Reporting Obligation Period” means the period for which a Steward is required to report as described in Appendix C.

“Resident in Ontario” with respect to a corporation, means a corporation that has a permanent establishment in Ontario in accordance with the provisions of Appendix B.

“Resource Recovery and Productivity Authority” or “RPRA” is a corporation which oversees the operation of Stewardship Ontario and the MHSW Program in accordance with the *Waste Diversion Transition Act, 2016*. RPRA is the successor to Waste Diversion Ontario.

“Rules” means these rules, including any such modifications to the Rules resulting from or necessitated by the MHSW Approved Wind-up Plan.

“Steward” means a person who is obligated with respect to MHSM in accordance with Part III of these Rules but does not include a person who is an ISO Member.

“Steward Share Assessment” means the individual Steward’s share of the total quantities reported to Stewardship Ontario by Fee Category.

“Stewardship Ontario” is the Not-for-profit Corporation incorporated under the Ontario Corporations Act and continued by Regulation 542 under the *Waste Diversion Act* as the IFO and under the *Waste Diversion Transition Act, 2016* for MHSW Program. It is also the IFO for Designated Blue Box Waste.

“Supplied” means sold, leased, donated, disposed of, used, transferred the possession or title of or otherwise made available or distributed for use in the Province of Ontario by a Generator.



Stewardship Ontario

Supply and Supplies have similar meanings.

“Voluntary Reporter” means a Person who elects to become a Voluntary Reporter in accordance with Section 11 of these Rules.

“WeRecycle Portal” means the internet portal that must be used by all Stewards when submitting their Quarterly MHSM Steward Reports.



PART II: APPLICATION, DURATION, NONCOMPLIANCE, POLICIES, NOTICE, CONFIDENTIALITY

Application of These Rules

2. These Rules apply to all:

- (a) Stewards who are obligated to File a Quarterly MHSM Steward Report in the current year;
- (b) Stewards (regardless of whether they have registered) who were obligated but failed to File a Quarterly MHSM Steward Report in a prior year;¹
- (c) New Stewards who began Supplying MHSM in the current year or who began MHSM in a prior year but did not register at that time;
- (d) Stewards who make an Adjustment Request in the current year in accordance with the [Policy for Steward-Initiated Adjustment Requests](#) in Appendix E and on the Stewardship Ontario website for any current or prior Quarterly MHSM Steward Report as may be amended by the MHSW Approved Windup Plan;
- (e) Former Stewards who owe MHSW fees to Stewardship Ontario; and
- (f) Steward requests for Dispute Resolution made in the current year.

Duration of These Rules

3. These Rules remain in force until the Wind Up the MHSW Program, unless or until new Rules are approved by RPRA and are posted on the Stewardship Ontario website, as may be expressly or by implication amended by the MHSW Approved Wind Up Plan.

Noncompliance with These Rules

4. All Stewards and former Stewards (to the extent such former Stewards owe MHSW fees to Stewardship Ontario) are required to comply with these Rules. Failure to comply with these Rules may result in penalties and interest and/or compliance and enforcement actions undertaken by Stewardship Ontario and/or RPRA as provided for:
- (a) in these Rules or in Stewardship Ontario policies;
 - (b) in the *Waste Diversion Transition Act, 2016*;
 - (c) in the Regulations,

¹ These Rules apply to all Quarterly MHSM Steward Report which should have been Filed but were not Filed by a Steward for a prior Data Year. However, the calculation of Fees associated with any past unfiled Quarterly MHSM Steward Report will be calculated in accordance with the Stewardship Fee rates applied in each of the applicable prior Data Years.



- (d) in the [Penalty and Interest Policy](#) in Appendix F of these Rules and on the Stewardship Ontario website, or
- (e) as otherwise permitted by RPRA or the Ministry.

Policies, Guidance and Interpretive Memoranda

- 5. Stewardship Ontario may, but is not required to, publish on the Stewardship Ontario website policies, guidance, and interpretive memoranda (collectively “secondary guidance”) with respect to these Rules that must be followed by Stewards. In the event of any conflict between the Rules and any secondary guidance, the Rules shall prevail.

Notice to Stewardship Ontario

- 6. A Steward must inform Stewardship Ontario within 30 days of its change of address, change of Primary Contact, bankruptcy, closing, merger, acquisition, sale, or divestiture of all or part of its business and any impact on the Steward’s obligation to pay Stewardship Fees. All notices to Stewardship Ontario shall be provided:
 - (a) in writing, addressed to Stewardship Ontario, 1 St. Clair Avenue West, Suite 700, Toronto, ON, M4V 1K6, Attention: CFO; or
 - (b) by email to werecycle@stewardshipontario.ca.

Notice to Stewards

- 7. All Stewards (regardless of whether the Steward has registered with Stewardship Ontario) are deemed to have notice of the contents of these Rules and are bound by these Rules, including the reporting and payment obligations from the time that these Rules are approved by RPRA and posted on the Stewardship Ontario website.

Publishing of Company Names

- 8. Stewardship Ontario may, but is not required to, publish any of the following:
 - (a) the names of Stewards Filing a Quarterly MHSM Steward Report with Stewardship Ontario;
 - (b) a list of all Stewards In Good Standing;
 - (c) a registry of all Brands reported in Quarterly MHSM Steward Reports; and
 - (d) the names of any Person that may appear to be a Steward Resident in Ontario, but which it has determined upon investigation is not Resident in Ontario.



Confidentiality

9. Stewardship Ontario will use reasonable diligence and care to prevent the unauthorized disclosure of a Steward's Confidential Information. Stewardship Ontario may disclose Confidential Information:

- (a) to its administrative service provider or a third party auditor, provided that the administrative service provider or the third party auditor also agrees to protect the Steward's Confidential Information;
- (b) to the RPRA or the Ministry as permitted by law or the MHSW Program Plan or MHSW Program Agreement; or
- (c) in accordance with the Steward's consent.

PART III: DESIGNATION OF STEWARDS

Designation of Stewards

10. For the purpose of determining which Person shall be designated as a Steward for a particular category of MHSM, the following provisions shall apply in the order in which they are set out. If two or more Persons are designated as a Steward pursuant to the following provisions, then the earlier provision shall prevail:

- (a) A Brand Owner is designated as a Steward with respect to all MHSM, for which it is the Brand Owner and Supplied such MHSM during the Data Period.
- (b) A First Importer is designated as a Steward with respect to all MHSM for which it is the First Importer and Supplied such MHSM during the Data Period.
- (c) A Franchisor which is resident in Ontario is designated as a Steward with respect to all MHSM Supplied within the Ontario Franchise System during the Data Period.
- (d) In the event there is more than one Brand Owner for the same MHSM, the Brand Owner more directly connected to the production of the MHSM shall be designated as the Steward, but where the Brand Owner is a Franchisor, the Franchisor shall be designated as the Steward for its Ontario Franchise system.
- (e) In the event there is no identifiable Brand on a particular MHSM product or good and if the manufacturer of the MHSM is Resident in Ontario, the manufacturer of such MHSM shall be designated as the Steward for such MHSM, otherwise the First Importer shall be designated as the Steward for such MHSM.



Voluntary Reporter

11. A Person may elect to become a Voluntary Reporter upon execution of Stewardship Ontario's [Voluntary Reporter's Agreement](#) by:

- (a) the Steward;
- (b) the Voluntary Reporter; and
- (c) Stewardship Ontario.

Voluntary Reporters must comply with these Rules and the Voluntary Reporter Agreement.

Voluntary Reporter Fails to Comply with Obligations

12. In the event that the Voluntary Reporter defaults on its responsibility to report with respect to the MHSM Supplied in Ontario, the obligation for that MHSM will revert to the Steward in accordance with the Voluntary Reporter Agreement.

PART IV: STEWARD REPORTING

Reporting Categories

13. For reporting and fee calculation, MHSM is organized into nine material classes as outlined in Appendix A.

Reporting Deadline for Stewards and Voluntary Reporters

14. Every Steward and Voluntary Reporter shall:

- (a) File a Quarterly MHSM Steward Report in accordance with the timetable in Appendix C;
- (b) if applicable, immediately File all overdue Steward Reports; and
- (c) if applicable, File a Quarterly MHSM Steward Report within 60 days after such Person becomes a Steward or Voluntary Reporter pursuant to Part III, Section 11

using the [WeRecycle Portal](#).

Stewards Who Fail to Register With Stewardship Ontario

15. A Steward who begins Supplying MHSM, who has not registered with an ISO, must Register with Stewardship Ontario within 60 days. Any Steward who fails to Register with Stewardship Ontario within 60 days of beginning to Supply MHSM in Ontario:

- (a) will be subject to compliance and enforcement by Stewardship Ontario, RPRA and/or MECP; and



(b) is required to pay the penalties and interest in accordance with the [Penalty and Interest Policy](#) in Appendix F and on the Stewardship Ontario website.

Reporting for Affiliates and/or Franchisees

16. A Steward, including Franchisors, shall report for its Ontario Affiliates and/or Franchisees under one Steward number. Any Person whose MHSM is included in its Affiliates' or Franchisors' Annual Steward Report shall not File a separate Quarterly MHSM Steward Report. Affiliates must seek Stewardship Ontario's approval to report separately.

Contents of Quarterly MHSM Steward Report

17. Quarterly MHSM Steward Reports must include the following information Filed on the WeRecycle Portal:

- (a) obligation period of the Quarterly MHSM Steward's Report;
- (b) contact information such as email addresses and phone numbers for the Steward's Primary Contact, Billing Contact, Secondary Contacts and Environmental Lead;
- (c) company name, mailing address, phone number, and sector;
- (d) quantities of materials Supplied according to the reporting categories and units of measure in Appendix A;
- (e) description of Methodology used to prepare the Quarterly MHSM Steward Report including any significant events resulting in any material change(s) to quantities reported;
- (f) description of any excluded waste from the Quarterly MHSM Steward Report;
- (g) list of Brands included in the Quarterly MHSM Steward Report, and any changes in Brands since the prior Reporting Obligation Period;
- (h) list of all Affiliates and/or Franchisees included in the Quarterly MHSM Steward Report;
- (i) declaration of accuracy of contents of the Quarterly MHSM Steward Report.

Consequences of Late Filing or Non-Filing of the MHSM Quarterly Steward Report

18. Stewards that fail to File a Quarterly MHSM Stewards' Report by the date specified in



Appendix C will be subject to:

- (a) penalties and interest in accordance with the [Penalty and Interest Policy](#) in Appendix F and on the Stewardship Ontario website;
- (b) the use by Stewardship Ontario of a Proxy Report using the Steward's highest quantities contained in any of its prior four quarters plus 10 percent shall constitute the Quarterly MHSM Steward Report then due; and
- (c) an adjustment invoice associated with the reconciliation of the quantities used by Stewardship Ontario to the actual quantities reported by the Steward;

Errors in the Quarterly MHSM Steward Report

19. Quarterly MHSM Steward Reports shall contain accurate data. If a Steward or a Voluntary Reporter identifies any errors in any Quarterly MHSM Steward Report after submission, the Steward or Voluntary Reporter must notify² Stewardship Ontario within 30 days in writing via email to WeRecycle@stewardshipontario.ca with full particulars of the error.

Financial Responsibility for Underreporting By a Voluntary Reporter

20. Where a Voluntary Reporter has made an underreporting error in the Quarterly MHSW Steward Report, financial responsibility as between the Steward and the Voluntary Reporter for the error and any interest or other penalties associated with the error is governed by the Voluntary Reporter Agreement between the Steward, the Voluntary Reporter and Stewardship Ontario.

Steward-Initiated Adjustment Requests to Quarterly MHSM Steward Report

21. A Steward who is In Good Standing may make a request to correct an error in a Quarterly MHSM Steward Report in accordance with the following Policies and any applicable amendments thereto expressly or by implication imposed by the MHSW Approved Wind Up Plan:

- (a) [Policy for Steward-Initiated Adjustment Requests](#) in Appendix E and on the Stewardship Ontario website; and
- (b) [Penalty and Interest Policy](#) in Appendix F and on the Stewardship Ontario website.

This section applies with necessary modifications to a Voluntary Reporter who requests an

² This is only a requirement to notify - not to submit an adjustment request. Stewards still have two years to submit an adjustment request as outlined in the Steward-Initiated Adjustment Policy.



Adjustment to a Quarterly MHSW Steward Report.

Corrections to the Quarterly MHSM Steward Report Initiated By Stewardship Ontario

22. Stewardship Ontario may require changes to a Filed Quarterly MHSM Steward Report following a third party review or report validation by Stewardship Ontario. Stewards will be required to pay third party fees associated with any MHSM underreporting for a maximum of five years of Quarterly MHSM Steward Reports prior to the current calendar year.³

PART V: STEWARD FEES FEE COMPONENTS

Steward Shared Assessment (SSA)

23. Stewards shall pay fees to Stewardship Ontario in accordance with the following, subject to and as may be modified by the MHSW Approved Wind-up Plan:

- (a) The Steward Share Assessment with respect to the Reporting Obligation Period for all MHSM classes as set out in Appendix A and according to Table 2 as set out in Appendix C. The formula to calculate the Steward Share Assessment is specified in Section 5(1) of Regulation 542/06.
- (b) Subject to the Steward or Voluntary Reporter satisfying the requirements of the Policy for Steward-Initiated Adjustment Requests in Appendix E and on the Stewardship Ontario website, in the event that the quantities reported in the Quarterly MHSM Steward Report are inaccurate, Stewardship Ontario shall issue to the Steward an invoice or a credit note based on the total quantities reported into Stewardship Ontario by all Stewards by the reporting deadline.
- (c) If:
 - (i) a Steward's Quarterly MHSM Steward Report is determined to be inaccurate either prior to or subsequent to the effective date of these Rules, and
 - (ii) the Steward is required to pay additional fees or is entitled to a credit, these amounts will be applied to adjust the costs in the relevant MHSM class in the subsequent quarter period.

Annual True Up

24. Subject to and as may be modified by the MHSW Approved Wind-up Plan, Stewardship

³ For example, stewards are responsible for the fees (if any) associated with errors in a prior quarterly MHSM Steward report discovered by stewardship Ontario in the current calendar year (2019) for up to five prior calendar years (20 Quarterly MHSM Steward Reports) (2018, 2017, 2016, 2015, and 2014).



Ontario will conduct an annualized reconciliation (annual true up) as if the Steward Share Assessments were calculated on an annual basis. In the event that the amount calculated is different from the aggregate of the Steward's four quarterly invoices, including any adjustments for that quarter (calculated using the quarterly Steward Share Assessments), then Stewardship Ontario shall prepare a credit note or a debit note to adjust the Steward's amount owing to equal the amount calculated based on annual data. Stewardship Ontario shall give notice by way of invoice or credit note to each Steward. Any such additional fee shall be payable within 30 days of the sending of such invoice.

Relief from Requirements to Report and Pay Fees

25. Any Steward that:

- (a) is In Good Standing
- (b) intends to join an RPRA-approved Industry Stewardship Plan (ISP) covering MHSM generated by the Steward;
- (c) has received RPRA approval to join the ISO; and
- (d) adheres to any additional criteria agreed to between Stewardship Ontario and/or RPRA, and the ISO,

is no longer required to report to Stewardship Ontario for the related MHSM Supplied on and after the date to which the ISP applies.

Steward Fee Reductions and Distributions to Industry Stewardship Organizations

26. In accordance with the MHSW Approved Wind Up Plan, Stewardship Ontario may:

- (a) reduce Steward fees calculated under Section 23 for the Steward's MHSM (a "**Fee Reduction**"), and
- (b) make distributions to an Industry Stewardship Organization ("**ISO**") on behalf of MHSW obligated parties that are members of such ISO (an "**ISO Member**") to reduce the ISO Member's future fees to be paid to the ISO (an "**ISO Distribution**") in the scenarios described in Appendix "G", subject to the following:
 - (i) no Steward shall be entitled to receive a Fee Reduction unless the Steward is In Good Standing with the MHSW Program;
 - (ii) no ISO Member shall be entitled to an ISO Distribution unless the ISO Member is In Good Standing with the MHSW Program;



- (iii) no Steward or ISO Member shall be entitled to a Fee Reduction or ISO Distribution for a Fee Obligation Period if they do not have a Steward Share Assessment for that Fee Obligation Period.

Stewards and ISO Members Not in Good Standing with the MHSW Program

27. Without limiting the generality of section 26, the following Rule applies to Stewards or ISO Members that would otherwise be entitled to a Fee Reduction or ISO Distribution, but owe MHSM fees to Stewardship Ontario:

- (a) Stewardship Ontario shall set-off the amount owing by the Steward or ISO Member to the MHSW Program against the Steward's or ISO Member's Fee Reduction or ISO Distribution (the "**Net Amount**").
- (b) Where the Net Amount is positive, Stewardship Ontario shall:
 - (i) in the case of a Steward, the Net Amount shall be applied as a Fee Reduction for that Steward; or
 - (ii) in the case of an ISO Member, the Net Amount shall be remitted to the applicable ISO as an ISO Distribution.
- (c) Where the Net Amount is negative:
 - (i) Stewardship Ontario shall advise the Steward or ISO Member of the amount that remains owing to the MHSW Program; and
 - (ii) the Steward or ISO Member shall, within 30 days, pay the amount owing to the MHSW Program.

PART VI: COMPLIANCE

Penalties and Interest

28. Stewardship Ontario shall impose penalties and interest on a Steward or Voluntary Reporter in accordance with the [Penalty and Interest Policy](#) in Appendix F and on the Stewardship Ontario website.

Steward and Voluntary Reporter Records Retention

29. All Stewards and Voluntary Reporters shall retain all of the records to substantiate and verify the accuracy of the information submitted in their Quarterly MHSM Steward Report for a period of not less than five years from the date of submission. Any Steward or Voluntary



Reporter who fails to produce documentation to substantiate its Quarterly MHSM Steward Report Filed during the five year retention period must pay Stewardship Fees on the total amount of MHSM:

- (a) substantiated by the available documentation; or
- (b) based on an estimate calculated with reference to a prior or subsequent Quarters' MHSM Steward Report; or
- (c) as determined by a third-party auditor,

whichever is greatest. Stewards are subject to the [Penalty and Interest Policy](#) in Appendix F and on the Stewardship Ontario website with respect to any quantities of MHSM found to have been underreported.

Duty to Comply with Stewardship Ontario's Requests for Documentation

30. Upon written request from Stewardship Ontario, Stewards and Voluntary Reporters shall within 30 days provide documentation in support of their Quarterly MHSM Steward Report, including, but not limited to:

- (a) data used by Stewards or Voluntary Reporter in the preparation of any Quarterly MHSM Steward Report;
- (b) relevant information regarding Affiliates and/or Franchisees included in the Quarterly MHSM Steward Report;
- (c) calculation Methodology;
- (d) product data such as samples or product information provided by vendors;
- (e) audit reports; and
- (f) a list of Brands included or excluded in the Quarterly MHSM Steward Report and any changes in Brands from those Brands reported in the prior Quarterly MHSM Steward Report.

Duty to Provide Access to Stewardship Ontario

31. A Steward or Voluntary Reporter shall grant access during business hours to Stewardship Ontario or its authorized representatives to inspect and review the Steward's records maintained in accordance with the Rules for up to five years after the Filing deadline for the Quarterly MHSM Steward Report.



Duty to Cooperate with a Verification Audit

32. At the request of Stewardship Ontario, a Steward or Voluntary Reporter must:

- (a) provide confirmation from a senior officer with authority to bind the steward confirming that the data contained in the Quarterly MHSM Steward Report is accurate and complete; and
- (b) cooperate in an audit or review of the Steward's records, including:
 - (i) providing Stewardship Ontario with all requested documentation, data, records and reports within 30 days of such request; and
 - (ii) providing access to the Steward's business premises by Stewardship Ontario, its administrative service provider, or an independent third-party within 30 days of such request.

PART VII: DISPUTE RESOLUTION

Dispute Resolution Policy and Procedure

33. Disputes between Stewardship Ontario and a Steward or Voluntary Reporter regarding the payment of Stewardship Fees shall be addressed through the [Dispute Resolution Policy](#) posted on the Stewardship Ontario website. A Steward must be In Good Standing to invoke Dispute Resolution.

Appendix A

Municipal Hazardous or Special Materials Class Definitions and Reporting Information

The following materials are defined by one or more of the following Acts, Standards, and/or Regulations:

- Waste Diversion Transition Act, 2016 (Ontario)
- Environmental Protection Act (Ontario)
- Fertilizers Act (Canada)
- Fertilizers Regulations (Canada)
- Hazardous Products Act (Canada)
- Pest Control Products Act (Canada)
- SOR/2001-269 – Canadian Standards Association Standard Z752-03
- Waste Diversion Transition Act, 2016, Ontario Regulation 387/16
- Waste Diversion Transition Act, 2016, Ontario Regulation 389/16
- Environmental Protection Act, Ontario Regulation 347
- Environmental Protection Act, Ontario Regulation 463/10

Key for using Tables of Material Class Definitions and Reporting Information in Appendix A:

Material Class Definitions	Provides the name and a definition for each of the 9 (nine) material classes designated under the MHSW Program.
Notes	Provides clarifying information for the material definition and any other general comments on the material class.
Sector(s) into which MHSM is Supplied	Identifies the sector(s) into which materials must be Supplied to be included in the MHSW Program: - The residential sector; and/or - All industrial-commercial-institutional (IC&I) sectors; and/or - Designated IC&I businesses (e.g. small quantity generator—a business that generates MHSW and is not required to submit a generator registration report as per subsection 18(1) of Regulation 347 under the Environmental Protection Act and that does not
Examples	Contains a list of product examples. Note: This is not intended to be an exhaustive list.
Exclusions	Identifies product exemptions for each material class.
Reporting Category	Indicates all sub categories for each material class, as it appears on the steward reporting site.
Unit of Measure	Contains the unit of measure that stewards will be required to report.
Fee Category	Provides the Fee Category name against which the material reporting category will be invoiced.



Antifreeze						
Means ethylene or propylene glycol used or intended for use as a vehicle engine coolant.						
Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
Containers of packaged antifreeze are included if they have a volume equal to or less than 30 litres	- Residential - All IC&I Businesses	- Includes premixed (water diluted) and concentrated product - Antifreeze Supplied in all container sizes including Bulk and Packaged - Bulk is Supplied in containers greater than 30 litres (e.g. delivered using a tanker trailer) - Packaged is Supplied in containers equal to or less than 30 litres	- Factory fill initial charge of vehicle antifreeze - Plumbing antifreeze - Vehicle windshield antifreeze - Product marketed as industrial heat transfer fluid - Fuel (gasoline & diesel) antifreeze - Lock de-icer - Air brake antifreeze - Antifreeze which does not contain ethylene or propylene glycol	Packaged	Volume in litres	Antifreeze
				Bulk	Volume in litres	Antifreeze



Fertilizers						
Means packaged products regulated under the <i>Fertilizer's Act (Canada)</i> .						
Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
Includes containers in which it is contained	- Residential - Designated IC&I Businesses (small quantity generator)	- All N-P-K fertilizers, micronutrients and supplements that are required to be registered under the <i>Fertilizers Act (Canada)</i>, and therefore would bear a <i>Fertilizers Act</i> registration number Supplied in containers equal to or less than 30 litres and/or 30 kilograms including - Products that have a registration number and are used by homeowners, commercial applications, or agricultural operations - Herbicide and fertilizer combination products (weed and feed) - Crabgrass control and fertilizer combination products, other fertilizer and pesticide combination products - Micronutrient mixes that contain micronutrient only such as chelated iron or chelated copper - Fertilizers that are growth regulants such as rooting hormones	- Compost (that does not make an N-P-K claim) - Fertilizers and supplements exempted from registration including: a) fertilizers and supplements set out in Schedule II (<i>Fertilizer Regulations</i>); b) farm fertilizers that do not contain pesticides and that satisfy section 10 (<i>Fertilizer Regulations</i>); c) supplements sold only for correction of soil acidity or alkalinity; d) supplements referred to in subsections 10.2(1), 10.2(1.1), 10.2(3) and 10.2(5) (<i>Fertilizer Regulations</i>); e) peat, peat moss, sphagnum moss, tree bark and other fibrous organic matter that is represented for use only in improving the physical conditions of the soil; f) customer-formula fertilizers; g) specialty fertilizers, other than those referred to in paragraph (b) of the definition "specialty fertilizers", that do not contain pesticides; and h) potting soils that contain supplements, if those supplements are registered under the <i>Fertilizers Act</i>. - Fertilizers Supplied in containers greater than 30 litres and/or 30 kilograms	Fertilizers	Volume in litres or weight in kilograms	Fertilizers



Oil Containers						
Containers that have a capacity of 30 litres or less and that were manufactured and used for the purpose of containing lubricating oil.						
Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
For this purpose, "lubricating oil" means petroleum-derived or synthetic crankcase oil, engine oil, hydraulic fluid, transmission fluid, gear oil, heat transfer fluid, or other oil or fluid used for lubricating machinery or equipment and includes: • Any crankcase or engine oil • Hydraulic fluid • Polyol ester fluids • Circulating oil or turbine oil • Paper machine oil • Transmission fluid • Power steering fluid • Gear oil • Vegetable oil for lubrication • Re-refined oil • Electrical insulating oil • Refrigeration system oil • Compressor oil • Mineral heat transfer fluid • Marine engine oil for vessels operating domestically • Metal working oil • Form release oil • Textile oil • Chain oil • Rock drill oil • 2-cycle engine oil • Gasoline / 2-cycle engine oil mixes • Saw guide oil • Drawing, stamping and shaping oil • Process oil • Dedusting oil • Marine cylinder oil	• Residential • All IC&I Businesses	• Containers that contained Lubricating Oil	Containers that contained • Ethylene glycol heat transfer fluid • Propylene glycol heat transfer fluid • Silicone heat transfer fluid • Synthetic aromatic hydrocarbon heat transfer fluid • Glycol-based heat transfer fluid • Water glycol hydraulic fluid • Phosphate ester hydraulic fluid • Hydraulic oil dye • Polyglycol synthetic compressor oil • Base oil, including re-refined base oil • Grease • Oil additive • Oil treatment • Diesel fuel treatment • Cleaning/flushing fluids for motors/equipment • Winter start fluid • Brake fluid • Undercoating • Penetrating oil • Hydraulic jack oil • 3-in-1 household oil • Aerosol propelled lubricant • Gun oil • Kerosene • Urethane coating • Sewing machine oil • Cooking oil • Windshield washer fluid	Oil Containers	Volume in litres	Oil Containers



Oil Containers						
• Machine tool and slideway lubricant • Natural gas compressor oil • Conveyor lube • Dripless lube • Quenching oil • Pneumatic system oil • Rustproof oil • Food grade white mineral oil						



Oil Filters						
Means filters produced and/or arriving into the province, and which are for sale, directly or as part of a product, in Ontario.						
Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
• None	• Residential • All IC&I Businesses	• Spin-on or element style filters that are used in hydraulic, transmission or internal combustion engine applications • Diesel fuel filters • Household furnace fuel filters • Coolant filters • Storage tank diesel fuel filters • Plastic & paper element style filters • Diesel fuel filters used at retail and commercial pump islands • Sump type automatic transmission filter	• Gasoline fuel filters • Air filters • Household furnace air filters • Sock-type filters	Less than or equal to 8"	Number of units Supplied	Oil Filters
				Greater than 8"	Number of units Supplied	Oil Filters



Paints and Coatings						
Means latex, oil and solvent-based architectural coatings, including paints and stains, whether tinted or untinted.						
Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
- Includes containers in which it is contained - Products that match the definition of both Paints and Coatings and Pesticides are to be reported under Pesticides - For Paints and Coatings that require addition of an ingredient by the user, where the ingredient is not Supplied with the Paints and Coatings, report the volume/weight of the Paints and Coatings Supplied to the user. - Architectural coatings means organic coatings intended for onsite applications at ambient temperatures to interior or exterior surfaces of residential, commercial, institutional, industrial, or government structures including exterior and interior house paints, stains, undercoaters, primers and sealers. - Structures include all components and attachments of both buildings and non-buildings, including but not limited to driveways, furniture (indoor and outdoor) appliances, floors, cabinets and doors but with the exception of automotive and marine structures.	- Residential - Designated IC&I Businesses (small quantity generator)	- Paints and coatings in aerosol containers that match the definition of Paints and Coatings - Paints and Coatings Supplied in containers equal to or less than 30 litres	- Automotive and marine paints - Stucco and spackling compounds - Waxes and polishes - Caulks and sealants - Paints and Coatings Supplied in containers with a volume greater than 30 litres	< = 250 mL	Number of units Supplied	Paints & Coatings
				> 250 mL – 1 L	Number of units Supplied	Paints & Coatings
				> 1 – 5 L	Number of units Supplied	Paints & Coatings
				> 5 L	Number of units Supplied	Paints & Coatings
				Aerosols	Number of units Supplied	Paints & Coatings

**Pesticides**

Means pesticides including fungicides, herbicides and insecticides registered under the *Pest Control Products Act (Canada)* bearing the “DOMESTIC” classification that are required to display on the label the symbol shown in Schedule III of the *Pest Control Products Regulation (Canada)*, the signal words “danger” or “warning” and “poison” and represented by the precautionary symbols octagon or diamond and the skull and crossbones.

Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
- Includes containers in which it is contained - Products that match the definition of both Paints and Coatings and Pesticides are to be reported under Pesticides	- Residential - Designated IC&I Businesses (small quantity generator)	- Pesticides meeting the definition that bear the “DOMESTIC” classification - Pesticides in aerosol containers that match the definition of Pesticides - Pesticides Supplied in containers equal to or less than 30 litres and/or 30 kilograms	- Commercial, agricultural and restricted classifications registered under the <i>Pest Control Products Act (Canada)</i> - Insect repellents for personal use - Sanitizers, disinfectants and anti-microbial products - Pet products - Products regulated under the <i>Food and Drug Act (Canada)</i> - Pool chemicals - Insecticidal soaps - Diatomaceous earth - Ant traps - Pesticides Supplied in containers greater than 30 litres and/or 30 kilograms	Pesticides	Volume in litres or weight in kilograms	Pesticides



Pressurized Containers

All pressurized containers that are identified with the following Transport Canada markings:

- Seamless Cylinders and Tubes: TC-3AAM, TC-3ALM, TC-3AM, TC-3ANM, TC-3ASM and TC-3EM
- Welded Cylinders and Spheres: TC-4AAM-33, TC-4BM, TC-4BM17ET, TC-4BAM, TC-4BWM, TC-4DSM and TC-4EM
- Non-refillable Containers: TC-39M
- Composite Cylinders: TC-3FCM and TC-3HWM
- Insulated Cylinders: TC-4LM
- Cylinders for Acetylene Service: TC-8WM and TC-8WAM.

Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
None	- Residential - Designated IC&I Businesses (small quantity generator)	Non-refillable and refillable cylinders, such as seamless cylinders and tubes, welded cylinders and insulated cylinders, previously containing material such as acetylene, propane, refrigerant, isocyanate resins, helium, nitrogen and all other compressed gases	- Aerosols - Butane lighters - Reservoir tanks intended for use with an air compressor - Cylinders that must be punctured for use (e.g. small CO2) - Cylinders with a water capacity over 109 litres - Fire extinguishers	Non-Refillable	Number of units Supplied	Pressurized Containers – Non-Refillable
				Refillable	Number of units Supplied	Pressurized Containers - Refillable



Single Use Dry Cell Batteries						
Means batteries that are one or more cells, including case, terminals and markings. The source of electrical energy is obtained by the direct conversion of chemical energy that is not designed to be charged by any other electrical source.						
Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
None	- Residential - All IC&I Businesses	- All Single Use Dry Cell Batteries including but not limited to the following chemistries: - Alkaline-Manganese - Lithium - Silver Oxide - Zinc Air - Zinc-Carbon - Includes batteries Supplied with products - Includes batteries within and/or embedded in products: - Supplied to the residential sector where the products are designed so that the batteries are removable and replaceable (such as toys, electronics, watches, hearing aids) - Supplied to the IC&I sector where the products are designed so that the batteries are removable by those providing service for the products Supplied to the residential and/or IC&I sector that can be removed by those providing end of life management of products captured under the WEEE Program	Secondary batteries that are designed to be recharged	Single Use Dry Cell Batteries	Weight in kilograms	Single Use Dry Cell Batteries

**Solvents**

Means liquid products that are intended to be used to dissolve or thin a compatible substance and:

1. are comprised of 10% or more of water-immiscible liquid hydrocarbons, including halogen-substituted liquid hydrocarbons; or
2. are flammable as described in part (c) of “municipal hazardous waste” in Ontario Reg. 542; or
3. all of the above.

Notes	Sector(s) into which MHSM is Supplied	Examples	Exclusions	Reporting Category	Unit of Measure	Fee Category
- Includes containers in which it is contained - Water-miscibility means the ability of a material (or mixture) to mix uniformly with water, without separating. A 1:5 ratio of material to water at 20°C does not display visible separation in less than 1 hour. This includes mixing by dissolving, reacting, suspending, or dispersing. [ref. CSA Z752].	- Residential - Designated IC&I Businesses (small quantity generator)	- Turpentine, alcohols (methanol, isopropanol, ethanol), ketones (acetone, methyl ethyl ketone), xylene, toluene, mineral spirits, linseed oil, naphtha, methylene chloride - Products marketed as paint thinners, lacquer thinners, automotive body resin solvents, contact cement thinners, paint strippers and degreasers - Solvents in aerosol containers that match the definition of Solvents - Solvents Supplied in containers equal to or less than 30 litres and/or 30 kilograms	- Products Supplied as fuels - Household cleaning products not marketed as solvents e.g. Window cleaners - Solvents Supplied in containers greater than 30 litres and/or 30 kilograms	Solvents	Volume in litres	Solvents

Appendix B⁴
Resident In Ontario⁵

Resident in Ontario, with respect to a corporation, means a corporation that has a permanent establishment in Ontario, where:

- (a) “permanent establishment” includes branches, mines, oil wells, farms, timberlands, factories, workshops, warehouses, offices, agencies and other fixed places of business and
- (b) the following rules apply;

Contracting Employees or Inventory Sufficient

Where a corporation carries on business through an employee or agent who has general authority to contract for the corporation or who has a stock of merchandise owned by the corporation from which the employee or agent regularly fills orders which the employee or agent receives, such employee or agent shall be deemed to operate a permanent establishment of the corporation.

Commission Agent not Sufficient

The fact that a corporation has business dealings through a commission agent, broker or other independent agent shall not of itself be deemed to mean that the corporation has a permanent establishment.

Subsidiary of Parent not Sufficient

The fact that a corporation has a subsidiary controlled corporation in a place or a subsidiary controlled corporation engaged in a trade or business in a place shall not of itself be deemed to mean that the first- mentioned corporation is operating a permanent establishment in that place.

Licensed Insurance Company Sufficient

An insurance corporation is deemed to have a permanent establishment in each jurisdiction in which the corporation is registered or licensed to do business.

Purchasing Office not Sufficient

The fact that a corporation maintains an office solely for the purchase of merchandise shall not of itself be deemed to mean that the corporation has a permanent establishment in that office.

Ownership of Land Sufficient

Where a corporation, otherwise having a permanent establishment in Canada, owns land in a province or territory of Canada, such land is a permanent establishment.

Production Packing and other Activities Sufficient

The fact that a non-resident corporation in a year produced, grew, mined, created, manufactured, fabricated, improved, packed, preserved or constructed in whole or in part anything in Canada, whether or not the corporation exported that thing without selling it prior to exportation, shall of itself, be deemed to mean that the corporation maintained a permanent establishment at any place where the corporation did any of those things in the taxation year.

⁴ Contents from “Corporations Tax Act, Ontario”

⁵ The language in this appendix is from the Corporations Tax Act and should be applied to determine residency in Ontario rather than residency in Canada in order to help determine a Person’s status as a steward

Machinery or Equipment Sufficient

The use of substantial machinery or equipment in a particular place at any time in a year of a corporation constitutes a permanent establishment of such corporation in that place for such a year.

Principal Place of Business Sufficient

Where a corporation has no fixed place of business, it has a permanent establishment in the principal place in which the corporation's business is conducted.

Charter or By Laws designating Head or Registered Office Sufficient

Where a corporation does not otherwise have a permanent establishment in Canada, it has a permanent establishment in the place designated in its charter or by-laws as being its head office or registered office.

Appendix C

Reporting and Payment Timetables⁶

All stewards who are legally obligated under the Ontario Waste Diversion Transition Act, 2016 and according to these Rules, must register as a steward of the MHSW Program, and File Quarterly MHSM Steward's Reports of the quantities of MHSM Supplied in Ontario and pay fees on these materials as outlined in Appendix A, in accordance with Ontario Regulation 387/16 (as found in Appendix D of these Rules).

Table 1a REPORTING OBLIGATIONS: All MHSW Batteries Steward collects and reports data according to the table below.

Reporting Obligation Period	Collect Data from Data Period	Report Due
Q3 - 2019	Q2 – 2019: April 1, 2019 – June 30, 2019	July 31, 2019
Q4 – 2019	Q3 – 2019: July 1, 2019 – September 30, 2019	October 31, 2019
Q1 – 2020	Q4 – 2018: October 1, 2019 – December 31, 2019	January 31, 2020
Q2 – 2020	Q1 – 2019: January 1, 2020 – March 31, 2020	April 30, 2020
Q3 – 2020	Q2 – 2019: April 1, 2020 – June 30, 2020	July 31, 2020

Table 1b REPORTING OBLIGATIONS: All MHSW Materials excluding Batteries Steward collects and reports data according to the table below.

Reporting Obligation Period	Collect Data from Data Period	Report Due
Q3 - 2019	Q2 – 2019: April 1, 2019 – June 30, 2019	July 31, 2019
Q4 – 2019	Q3 – 2019: July 1, 2019 – September 30, 2019	October 31, 2019
Q1 – 2020	Q4 – 2018: October 1, 2019 – December 31, 2019	January 31, 2020
Q2 – 2020	Q1 – 2019: January 1, 2020 – March 31, 2020	April 30, 2020
Q3 – 2020	Q2 – 2019: April 1, 2020 – June 30, 2020	July 31, 2020
Q4 – 2020	Q3 – 2020: July 1, 2019 – September 30, 2020	October 31, 2020
Q1 – 2021	Q4 – 2020: October 1, 2020 – December 31, 2020	January 31, 2021
Q2 – 2021	Q1 – 2021: January 1, 2021 – March 31, 2021	April 30, 2021
Q3 – 2021	Q2 – 2021: April 1, 2021 – June 30, 2021	July 31, 2021

⁶ These deadlines may be modified by Stewardship Ontario to accommodate deadlines in the Wind Up Plan. Stewardship Ontario will communicate any revised deadlines to MHSW Stewards by email to Stewards' primary and secondary contacts. MHSW Stewards will be required to comply with the modified deadlines.

A Quarterly MHSM invoice for fees payable is calculated on the basis of the Stewardship Ontario's quarterly costs and Steward's Report submitted as outlined below in accordance with Regulation 542/06 as amended by O. Reg. 11/12:

Table 2a FEE PAYMENT SCHEDULE: All MHSW Batteries Steward

Fee Obligation Period	Fee Payment Due	Steward's report used for fee calculation (Report Obligation Period)	Data from Data Period (when quantities Supplied)	Quarterly Costs Used in Fee Calculation
Q3 – 2019 July 1, 2019 – September 30, 2019	August 30, 2019	Q2 – 2019	Q1 – 2019 January 1, 2019 – March 31, 2019	Q2 – 2019 April 1, 2019 – June 30, 2019
Q4 – 2019 October 1, 2019 – December 31, 2019	November 30, 2019	Q3 – 2019	Q2 – 2019 April 1, 2019 – June 30, 2019	Q3 – 2019 July 1, 2019 – September 30, 2019
Q1 – 2020 January 1, 2020 – March 31, 2020	Feb 28, 2020	Q4 – 2019	Q3 – 2019 July 1, 2019 – September 30, 2019	Q4 – 2019 October 1, 2019 – December 31, 2019
Q2 – 2020 April 1, 2020 – June 30, 2020	May 31, 2020	Q1 – 2020	Q4 – 2019 October 1, 2019 – Dec. 31, 2019	Q1 – 2020 January 1, 2020 – March 31, 2020
Q3 – 2020 July 1, 2020 – September 30, 2020	October 31, 2020	Q2 – 2020	Q1 – 2020 January 1, 2020 – March 31, 2020	Q2 – 2020 April 1, 2020 – June 30, 2020

Table 2b FEE PAYMENT SCHEDULE: All MHSW Materials excluding Batteries Steward

Fee Obligation Period	Fee Payment Due	Steward's report used for fee calculation (Report Obligation Period)	Data from Data Period (when quantities Supplied)	Quarterly Costs Used in Fee Calculation
Q3 – 2019 July 1, 2019 – September 30, 2019	August 30, 2019	Q2 – 2019	Q1 – 2019 January 1, 2019 – March 31, 2019	Q2 – 2019 April 1, 2019 – June 30, 2019
Q4 – 2019 October 1, 2019 – December 31, 2019	November 30, 2019	Q3 – 2019	Q2 – 2019 April 1, 2019 – June 30, 2019	Q3 – 2019 July 1, 2019 – September 30, 2019
Q1 – 2020 January 1, 2020 – March 31, 2020	Feb 28, 2020	Q4 – 2019	Q3 – 2019 July 1, 2019 – September 30, 2019	Q4 – 2019 October 1, 2019 – December 31, 2019
Q2 – 2020 April 1, 2020 – June 30, 2020	May 31, 2020	Q1 – 2020	Q4 – 2019 October 1, 2019 – Dec. 31, 2019	Q1 – 2020 January 1, 2020 – March 31, 2020
Q3 – 2020 July 1, 2020 – September 30, 2020	August 30, 2020	Q2 – 2020	Q1 – 2020 January 1, 2020 – March 31, 2020	Q2 – 2020 April 1, 2020 – June 30, 2020
Q4 – 2020 October 1, 2020 – December 31, 2020	November 30, 2020	Q3 – 2020	Q2 – 2020 April 1, 2020 – June 30, 2020	Q3 – 2020 July 1, 2020 – September 30, 2020
Q1 – 2021 January 1, 2021 – March 31, 2021	Feb 28, 2021	Q4 – 2020	Q3 – 2020 July 1, 2020 – September 30, 2020	Q4 – 2020 October 1, 2020 – December 31, 2020
Q2 – 2021 April 1, 2021 – June 30, 2021	May 31, 2021	Q1 – 2021	Q4 – 2020 October 1, 2020 – Dec. 31, 2020	Q1 – 2021 January 1, 2021 – March 31, 2021
Q3 – 2021 July 1, 2021 – September 30, 2021	October 31, 2021	Q2 – 2021	Q1 – 2021 January 1, 2021 – March 31, 2021	Q2 – 2021 April 1, 2021 – June 30, 2021

Appendix D

ONTARIO REGULATION 387/16

made under the

WASTE DIVERSION TRANSITION ACT, 2016

Made: October 26, 2016

Filed: November 24, 2016

Published on e-Laws: November 24, 2016

Printed in The Ontario Gazette: December 10, 2016

MUNICIPAL HAZARDOUS OR SPECIAL WASTE

Fees to be Paid by Stewards

3.(1) In this section,

“fiscal quarter” means the three-month period that begins on January 1, April 1, July 1 or October 1.

- (2) Stewardship Ontario shall, no later than 90 days after the end of each fiscal quarter, determine the amount of a fee that must be paid in respect of that fiscal quarter by a steward designated in respect of municipal hazardous or special waste in a class of municipal hazardous or special waste using the following formula:

$$A = B \times C / D$$

where,

A = the fee to be paid by the steward,

B = the costs related to the class during the fiscal quarter in respect of which the fee is to be paid,

C = the quantity of material that is commercially connected to the class and that was supplied by the steward during the fiscal quarter that occurred before the fiscal quarter in respect of which the fee is to be paid,

D = the quantity of material that is commercially connected to the class and that was supplied by all stewards in respect of that class during the fiscal quarter that occurred before the fiscal quarter in respect of which the fee is to be paid.

(3) For the purposes of subsection (1),

- (a) the quantity of material supplied by a steward is determined by applying the method for reporting that quantity to Stewardship Ontario as set out in a rule continued under clause 9 (2) (b) of the Act or made under clause 33 (1) (g) of the Act or under a regulation made under subsection 73 (3) of the Act; and

- (b) the costs related to a class of municipal hazardous or special waste must not exceed the sum of the amounts described in paragraph 1 of subsection 33 (5) of the Act that were incurred in relation to the class, subject to subsection (4).
- (4) Unless a rule continued under clause 9 (2) (b) of the Act or made under clause 33 (1) (c) of the Act prescribes times when a fee determined under this section is to be paid, the fee shall be paid no later than 180 days following the end of the fiscal quarter in respect of which the fee is required to be paid.
- (5) Stewardship Ontario shall, at least 30 days before a fee or the first instalment of a fee determined under this section is required to be paid by a steward in respect of a fiscal quarter, provide written notice of the following to the steward:
 - 1. The amount of the fee to be paid by the steward.
 - 2. If the fee may be paid in instalments, the amount of each instalment.
 - 3. The date or dates on or before which all amounts must be paid.
- (6) If this Regulation comes into force on a day that is not the first day of a fiscal quarter, the sum of the following amounts shall be used for the purposes of determining the costs related to a class of municipal hazardous or special waste for the fiscal quarter during which this Regulation comes into force:
 - 1. The amounts described in paragraph 1 of subsection 33 (5) of the Act that were incurred in relation to the class during that fiscal quarter.
 - 2. The amounts described in paragraph 1 of subsection 30 (3) of the *Waste Diversion Act, 2002* that were incurred in relation to the class during that fiscal quarter.

Commencement

- 4. This Regulation comes into force on the later of the day clause 73 (1) (b) of Schedule 2 to the *Waste-Free Ontario Act, 2016* comes into force and the day this Regulation is filed.

Appendix E

POLICY FOR STEWARD-INITIATED ADJUSTMENT REQUESTS

KEY FEATURES:

- Stewards can request adjustments to submitted reports for a maximum of two years (8 quarters) from the report submission deadline, subject to the revised deadlines imposed expressly or by implication as a result of the MHSW Approved Wind Up Plan.
- Adjustment requests must include supporting documentation.
- Only adjustments that meet the policy requirements will be processed.

I. Overview

1. This policy provides guidance to MHSW stewards as to the types of adjustments that may be allowed.

II. Purpose

2. The Policy for Steward-Initiated Adjustments promotes fairness and consistency for all MHSW stewards and enables the MHSW program to operate in a cost-effective manner.
3. The two-year (8 quarter) time limit, or such shorter time limit expressly or by implication imposed by the MHSW Approved Wind Up Plan:
 - (a) helps stabilize fees as adjustments can impact the total quantities of supplied materials (i.e. steward-reported quantities) which in turn impacts fee setting for the subsequent period or year. For example, where an adjustment results in a credit, these funds must be recouped in the subsequent period or year from steward fees and will be added to the program's budget; and
 - (b) provides stewards with sufficient time to identify possible issues in their reports and submit adjustment requests. The table below stipulates the deadlines.

III. Scope

4. This policy applies to all adjustment requests submitted on or after January 1, 2020, regardless of the data or reporting period/year associated with the adjustment request, initiated by stewards and voluntary reporters ("Stewards") meeting their regulatory stewardship obligations with the Stewardship Ontario (SO) Municipal Hazardous or Special Waste Program (MHSW).

5. This policy:
 - (a) shall remain in force from the time that it is posted on the Stewardship Ontario website until the time it is replaced; and
 - (b) shall be automatically amended by substituting the year appearing in this policy with the subsequent year, unless or until a new policy is posted on the Stewardship Ontario website.

IV. Policy

Reporting and Payments Must be Up-to-Date

6. Only Stewards whose reporting and payments to the program are up-to-date may make an adjustment request.

Time Limit for Adjustment Requests

7. Stewards can request adjustments for a period of up to 8 quarters (or such shorter time limit expressly or by implication imposed by the MHSW Approved Wind Up Plan) from the associated report submission deadline (regardless of the date the steward submitted its report).

Stewards Who Have Exited a Program

8. A Steward who has exited a program:
 - (a) may file an adjustment request within 30 calendar days of exiting the program, following which no adjustment request may be filed; and
 - (b) will be credited or debited within 90 calendar days, unless the adjustment request requires a third party review.

How to Make an Adjustment Request

9. All Stewards who wish to make an adjustment request must:
 - (a) submit a completed and signed [Adjustment Request Form](#), and email it to werecycle@stewardshipontario.ca; and
 - (b) provide accompanying supporting documentation.

Contents of Adjustment Request form and Supporting Documentation

10. Adjustment requests must include:
 - (a) clear and detailed supporting documentation and narratives to explain each of the errors; and
 - (b) an audit trail that, if followed, would confirm the legitimacy of the adjustment request.
11. If there are multiple errors in a single report, Stewards must include all relevant information for all errors as only one adjustment request will be considered for each year's report.
12. See Appendix A: "Steps to Complete an Adjustment Request" for step-by-step guidance on submitting an adjustment request.

Credits and Debits

13. Following assessment of the Steward's adjustment request:
 - (a) credits will be immediately applied to the Steward's MHSM account so that it is available to the Steward to access the credit against the next program invoice; and
 - (b) debits are due within 30 days of issue date.

Permitted Adjustments

14. Subject to adequate substantiation, adjustment requests that will be considered are limited to the following circumstances:
 - (a) incorrect formula in Excel spreadsheet or similar "tool";
 - (b) incorrect logic in Excel spreadsheet or similar "tool";
 - (c) material classification error;
 - (d)
 - (e) exclusion of materials in error;
 - (f) inclusion of material for which another steward is obligated;
 - (g) inclusion of non-obligated MHSM materials;
 - (h) actual data to replace estimates used by newly on-boarded stewards.

Non-Permitted Adjustments

15. Adjustment that will not be accepted include, but are not limited to:
 - (a) Adjustments resulting from reporting methodology changes:**
 - (i) changing from the use of calculators to the reporting of "actuals";
 - (ii) application of a new study or change in internal processes that identifies previous errors in reported quantities;⁷
 - (iii) changing percentage allocations;
 - (b) Adjustments on adjustments:**

Requests will not be considered for changes to a report where the Steward previously requested an adjustment for the same report, regardless of whether the Steward is seeking the same or a different adjustment to the previously submitted report.
 - (c) Adjustments due to changes to your business model such as divestments, mergers or acquisitions:**

If part of a Steward's business is acquired or divested in a given calendar year, the impact of those changes, if any, must be included during the next reporting cycle, but the Steward will not be permitted to make an adjustment to a previously submitted report.
 - (d) Adjustments with inadequate substantiation and supporting documentation:**
 - (i) Stewards may be required to undergo a third-party review, at the Steward's expense, in order to have their adjustment requests validated and processed.

⁷ Efforts to improve the accuracy of reports are appreciated, and can be used for future reports, but cannot be applied retroactively.

- (ii) If an incomplete package is submitted or additional substantiation is required by Stewardship Ontario, the Steward will be notified and must provide the additional documentation within 30 days of notification. A Steward's adjustment request will be closed where the Steward fails to provide additional information requested by the program(s) within 30 days.

Processing Time

16. Adjustments can take from weeks to months to process. The amount of time is a function of a number of factors that include complexity, the completeness of the Steward's supporting documentation, and the number of adjustments in the queue.

Third-Party Reviews

17. A third-party review is a detailed examination of a steward's methodology and data collection and reporting processes conducted by an independent consultant.
18. Stewardship Ontario reserves the right to initiate a third-party review of an adjustment request, and may do so in its sole discretion.
19. Third-party reviews will be paid for by the affected Steward. In the event that Stewardship Ontario determines that a third-party review is warranted, a Steward's refusal to participate in or pay for a third-party review will result in the Steward's adjustment request being closed.
20. The scope and cost of the review will be outlined in a contract with the Steward.
21. The professional services firm engaged to undertake the review will be required to ensure its independence.
22. Every effort will be made to collaborate with the Steward with respect to the review process and timing.

CHECK THE ACCURACY OF YOUR REPORTS

- All stewards are advised to take the following steps to identify potential errors in their reports on a timely basis:
- Carefully review Submission Detail Report (SDR) which is available on the WeRecycle Reporting Portal immediately upon submission of your steward report for accuracy.
- Review your quarterly invoice for evidence of any errors (e.g. your invoice is significantly higher or lower than expected).
- Contact Stewardship Ontario as soon as possible after identifying a potential error.

QUESTIONS AND ASSISTANCE

Please contact National Steward Services with any questions about the adjustment process:

1 (888) 980-9549 or werecycle@stewardshipontario.ca.

Appendix A to the Policy for Steward-Initiated Adjustment Requests

Steps to Complete an Adjustment Request

1. Verify that your request meets the criteria for permitted adjustments.
2. Ensure that your request and submission of all materials to substantiate the request, including all information requested by Stewardship Ontario, is made within the two-year timeframe.
3. Download the Adjustment Request Form available here <https://stewardshipontario.ca/policies/>.
4. Complete the Adjustment Request Form.
 - Provide previously reported material quantities and revised material quantities.
 - Explain the errors that led to the request and provide supporting documentation (e.g., validation data such as SKU, UPC or other product categorization information, etc.) that provides an audit trail sufficient to allow for assessment of the adjustment request.
5. Email your completed Adjustment Request Form and supporting documentation to werecycle@stewardshipontario.ca with “Adjustment Request” in the subject line. Please include your Steward number and name in the email.

Appendix F

PENALTY AND INTEREST POLICY

KEY FEATURES:

- **Penalty and/or interest charges will apply for obligated stewards who:**
 - Fail to meet their registration obligations in accordance with program deadlines;
 - Fail to file their reports in accordance with program deadlines; and/or
 - Intentionally file an inaccurate report; and/or
 - Fail to pay an invoice according to program deadlines

I. Overview

1. This policy provides guidance to stewards regarding conduct that will result in the application of penalties, and/or interest.
2. Nothing in this policy limits a program's ability to escalate a steward to the applicable Ministry or Authority as specified in the governing legislation.

II. Purpose

3. The Penalty and Interest Policy promotes fairness and consistency for all Stewards and enables the Municipal Hazardous or Special Waste Program (MHSW) Program to operate in a cost-effective manner by applying a set of consistent penalties and interest to serve as a deterrent to noncompliance.

III. Scope

4. This policy applies effective January 1, 2020 for all stewards and voluntary reporters ("stewards") meeting their regulatory stewardship obligations with the Stewardship Ontario MHSW Program.

IV. Policy

5. Definitions

- (a) “**Obligation Date**” is the date that a steward begins supplying Municipal Hazardous or Special Waste Material (MHSW), after which they have 60 days to register with the Stewardship Ontario MHSW Program.⁸
- (b) “**Reporting Deadline**” is the date that Quarterly MHSW Steward Reports are due as per Appendix C of the MHSW Rules.
- (c) “**Substantiation Request Date**” is the date on which the program provides the steward with written notice, by email, that the Penalty and Interest Policy will apply if the steward has not provided substantiation within the 30 days following such notice regarding one or more Quarterly Steward Report (MHSW) submitted via the WeRecycle Portal.
- (d) “**Payment Due Date**” is the date that payment is due for an invoice associated with a steward’s account. The Payment Due Date can be found on each invoice.

6. Penalties and interest will be applied in the scenarios outlined in the following charts.

Scenario	Step I	Step II
Not Registered⁹ An obligated steward who has not registered with SO MHSW Program in accordance with the Onboarding Policy ¹⁰ , will be subject to the following:	For stewards that register between the 61 st and 180 th day past the Obligation Date: • Back payment and back filing to the Obligation Date • Penalty of 5% of all fees owing when report(s) invoiced; • Steward may be escalated to regulatory authority	For stewards that register on or after the 180 th day past the Obligation Date: • Penalty of 10% of all fees owing when report(s) invoiced.
Not Filed¹¹ Steward has registered with the program, but has <u>not filed</u> its Report by the deadline or has intentionally filed an	Between the 31 st and 90 th day past the Reporting Deadline: • Penalty of 5% of all fees owing when invoiced;	Beginning on the 61 st day past the Reporting Deadline: • Steward may be escalated to regulatory authority Beginning on the 91 st past the Reporting

⁸ Ontario stewards are obligated from the date they were notified of the Stewardship Ontario Rules. As of 2016, Ontario stewards are deemed to have been notified at the time the Stewardship Ontario Rules were posted on Stewardship Ontario's website. Ontario stewards that were notified of the Stewardship Ontario Rules by email or mail prior to 2018 are obligated from the date of that notice.

⁹ In Ontario, the Penalty in this scenario applies to fees that are not paid in accordance with section 34 of the *Waste Diversion Transition Act, 2016*.

¹⁰ The Onboarding Policy requires new stewards to register within 60 days of their Obligation Date, and file all outstanding reports within 60 days of registration. The current report must be filed within 60 days of registration, or by the date specified in Appendix C, whichever is later.

¹¹ In Ontario, the Penalty in this scenario applies to fees that are not paid in accordance with section 34 of the *Waste Diversion Transition Act, 2016*.

Scenario	Step I	Step II
incorrect report prior to the reporting deadline		Deadline: Penalty of 10% of all fees owing when invoiced
Steward does not respond to program's requests for substantiation of the steward's report within 30 days during staff-initiated steward report review (the "Substantiation Request Date")	Beginning on the 31 st day past the Substantiation Request Date: - Report will be considered to be "not filed" and the Penalty consequences associated with that scenario will apply. - Interest begins accruing on the steward's invoice(s) from the Substantiation Request Date at the CIBC prime rate of interest +4% to the date adequate substantiation is received	Beginning on the 61 st day past the Substantiation Request Date: - Steward may be escalated to regulatory authority Beginning on the 91 st day past the Substantiation Request Date: - Penalty of 10% of all fees owing
Not Paid Steward has registered and has filed its report by the deadline, but it has <u>not paid</u> its invoice by the invoice deadline	Beginning on the 31 st day past the Payment Due Date: Interest begins accruing on the steward's invoice(s) from the Payment Due Date at the CIBC prime rate of interest +4%	Beginning on the 61 st day past the Payment Due Date: - Steward may be escalated to regulatory authority Beginning on the 181 st day past the Payment Due Date: - Penalty of 10% of all fees owing when paid

Appendix G

A. Background

Section 3.2.6 of the *Amended Municipal Hazardous or Special Waste Wind Up Plan* (MHSW WUP) outlined the communication activities associated with the Fee Reduction notices. The communication activities were focused on ensuring that SO Stewards and ISO Members were aware that the Fee Reduction notices would reduce their costs and this reduction should be factored into business pricing strategies. In doing so, the Minister's expectation that consumers would benefit from the fee reduction would be satisfied.

B. Eligible Stewards and ISO Members There are six cohorts of Stewards/ ISO Members that will need to be considered for distribution of fee reduction credits, of which only three would be eligible. These cohorts are defined as follows:

1. **Active Steward** – current, obligated stewards in the MHSW program
2. **Inactive Steward** – previously obligated stewards in the MHSW program that have exited either due to:
 - a. Continued operation but no longer supplying MHSM in Ontario
 - b. Ceased operation (e.g. no longer in business)
3. **Active Former Steward** – current, active ISO Member that were previously obligated stewards in Stewardship Ontario's MHSW program
4. **Inactive Former Steward**
 - a. was previously an obligated steward in Stewardship Ontario's MHSW program
 - b. exited the MHSW program to become an ISO Member
 - c. subsequently terminated active membership with ISO and is no longer an obligated steward for the MHSW program (e.g. no longer in business)
5. **Active ISO Member** – current, active ISO Member that did not have a prior obligation to report in Stewardship Ontario's MHSW program (e.g. newly established business)
6. **Inactive ISO Member** – inactive ISO Member that did not have a prior obligation to report in Stewardship Ontario's MHSW program (e.g. no longer in business)

	Cohort	Eligible for Fee Reduction?	Governing Document
1	Active Steward	Yes	Amended MHSW Rules
2	Inactive Steward	No	Amended MHSW Rules
3	Active Former Steward	Yes	Amended MHSW Rules
4	Inactive Former Steward	No	Amended MHSW Rules
5	Active ISO Member	Yes	Stewardship Ontario Fee Reduction Agreement
6	Inactive ISO Member	No	Stewardship Ontario Fee Reduction Agreement

C. Eligible Fees

Steward Share Assessment

Material category fees eligible for the application of a fee reduction will be determined by the Steward Share Assessment (SSA) calculation for the applicable Fee Obligation Period as forecasted in Section 8.3.3. MHSW Fee Reduction Schedules of the MHSW WUP.

Sample SSA Scenario

- Report Deadline = October 31, 2019
- SSA Calculation Date = January 15, 2020
- SSA Fees Payable = \$100
- Fee Reduction Calculation Date = January 15, 2020
- Fee Reduction Rate = 98%

	Scenario	Actual Report Submission Date	Actual SSA Calculation Date	SSA Fees Payable	Eligible for Fee Reduction?	Fee Reduction Amount
1	- Report on time - SSA on time	Oct 31, 2019	Jan 15, 2020	\$100	Yes	$\$100 \times 98\% = \98
2	- Nil Report on time - SSA on time	Oct 31, 2019	Jan 15, 2020	\$0	Yes	$\$0 \times 98\% = \0

Reports Submitted After Wind Up Date

Active Stewards, Former Stewards and ISO Members who submit their Reports after the wind up date of:

- (a) June 30, 2020 for Batteries; and
 - (b) June 30, 2021 for all other MHSW Materials
- may lose their right to a Fee Reduction or an ISO Distribution.

Adjustments Program Corrections

Where:

- (a) a Steward requests an Adjustment in accordance with the Steward-Initiated Adjustment Policy; or
- (b) the MHSW Program undertakes a Program correction (due to an error by the Steward)

that results in a debit to the Steward, the Steward's Fee Reduction will continue to be calculated on the basis of the original quantity of MHSW Material reported by the Steward prior to the adjustment or correction.

Where:

- (a) a Steward requests an Adjustment in accordance with the Steward-Initiated Adjustment Policy; or
 - (b) the Program undertakes a Program correction (due to an error by the Steward)
- that results in a credit to the Steward, the Steward's Fee Reduction will be recalculated based on the revised quantity of MHSW Material reported by the Steward prior to the adjustment or correction.

Sample SSA Scenario

- Report Deadline = October 31, 2019
- SSA Calculation Date = January 15, 2020
- SSA Fees Payable = \$100
- Fee Reduction Calculation Date = January 15, 2020
- Fee Reduction Rate = 98%

Item	Scenario	Actual Report Submission Date	Actual SSA Calculation Date	SSA Fees Payable	Eligible for Fee Reduction?	Fee Reduction Amount
1.	- Original SSA on time - Approved Steward-Initiated Adjustment – Increased material quantities	Oct 31, 2019 Adjustment Request: Jan 31, 2020	Jan 15, 2020 SSA Adjustment: Feb 15, 2020	\$100 +\$20	No	\$100 x 98% = \$98 n/a
2.	- Original SSA on time - Approved Steward-Initiated Adjustment – Decreased material quantities	Oct 31, 2019 Adjustment: Jan 31, 2020	Jan 15, 2020 SSA Adjustment: Feb 15, 2020	\$100 -\$20	Yes	\$100 x 98% = \$98 -\$20 x 98% = -\$19.60

D. Administrative Errors

The Fee Reduction calculation for any Fee Obligation Period will be adjusted for the following conditions:

1. Program calculates and/or distributes an incorrect fee reduction resulting in an overstated credit for a steward
2. Program calculates and/or distributes an incorrect fee reduction resulting in an understated credit for a steward

Sample SSA Scenario

- Report Deadline = October 31, 2019
- SSA Calculation Date = January 15, 2020
- SSA Fees Payable = \$100
- Fee Reduction Calculation Date = January 15, 2020
- Fee Reduction Rate = 98%

Item	Scenario	Actual Report Submission Date	Actual SSA Calculation Date	SSA Fees Payable	Eligible for Fee Reduction Correction?	Fee Reduction Amount
1	- Original SSA on time - Administrative error – fee reduction overstated	Oct 31, 2019	Jan 15, 2020	Original: \$100 Correction: \$80	Yes	$\$100 \times 98\% = \98 $-\$20 \times 98\% = -\19.60
2	- Original SSA on time - Administrative error – fee reduction understated	Oct 31, 2019	Jan 15, 2020	Original: \$100 Correction: \$120	Yes	$\$100 \times 98\% = \98 $\$20 \times 98\% = \19.60

E. Annual True-Up

The Fee Reduction calculation for any Fee Obligation Period will be applied one-time only for an SSA quarter and will not be adjusted for any of the following conditions:

1. Active Steward received an Annual True Up debit for a material category for a relevant fee reduction distribution period.
2. Active Steward received an Annual True Up credit for a material category for a relevant fee reduction distribution period.

Sample SSA Scenario

- Report Deadline = October 31, 2019
- SSA Calculation Date = January 15, 2020
- SSA Fees Payable = \$100
- Fee Reduction Calculation Date = January 15, 2020
- Fee Reduction Rate = 98%

Item	Scenario	Actual Report Submission Date	Actual SSA Calculation Date	Fees Payable	Eligible for Fee Reduction Adjustment?	Fee Reduction Amount
1	• ATU credit • Fee reduction overstated	Oct 31, 2019	Jan 15, 2020	SSA=\$100 ATU=-\$20	No	SSA: \$100 x 98% = \$98 ATU: n/a
2	• ATU debit • Fee reduction understated	Oct 31, 2019	Jan 15, 2020	SSA=\$100 ATU=\$20	No	SSA: \$100 x 98% = \$98 ATU: n/a

F. Criteria for Distribution of Fee Reductions

Once a fee reduction has been calculated for a Steward, Former Steward and/or an ISO Member, they must meet the following criteria for the release of the fee reduction for any distribution period:

1. The organization is in good standing with respect to reporting obligations for the MHSW program at the time of the fee reduction distribution.
2. The organization is in good standing with respect to payment obligations for the MHSW program at the time of the fee reduction distribution.

Should a Steward, Former Steward or ISO Member meet the criteria for distribution a fee reduction outside of a quarterly billing cycle, Stewardship Ontario will release the fee reduction at the next billing opportunity.

Good Standing – Reporting Obligations

All Stewards and Former Stewards of MHSW program must be compliant with reporting obligations as outlined in the Amended Rules for Stewards in order to receive a fee reduction distribution. Good standing status will be assessed at each instance of a fee reduction distribution.

Good Standing – Payment Obligations

All Stewards, Former Stewards of MHSW program must be compliant with payment obligations as outlined in the Amended Rules for Stewards in order to receive a fee reduction distribution. Good standing status will be assessed at each instance of a fee reduction distribution.

APPENDIX B

MHSW Wind Up Plan Consultation Report

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Stewardship Ontario

APPENDIX B MHSW WIND UP PLAN: CONSULTATION REPORT

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1. INTRODUCTION

1.1 Background and Scope

On April 12, 2018, the Minister of the Environment and Climate Change issued direction to Stewardship Ontario to wind up the Municipal Hazardous or Special Waste (MHSW) Program by December 31, 2020. Upon wind up, materials collected under the MHSW Program will be managed according to an individual producer responsibility (IPR) framework under the *Resource Recovery and Circular Economy Act, 2016*. The addendum to the Minister's April 12, 2018 direction letter stated the following requirement:

A detailed report of how SO has met the consultation requirements of subsection 14 (13) of the WDTA during the development of the wind up plan, including:

- *A list of the stewards, municipalities, service providers, persons operating approved ISPs and other affected stakeholders that were consulted with during the development of the plan.*
- *A summary of the communications directed by SO through its outreach channels and analytics on responses.*
- *A summary of the comments received by SO from affected stakeholders.*
- *A report of how the comments were considered by SO in the development of the wind up plan.*

The following report provides details around these requirements.

1.2 Stakeholder Groups

Stewardship Ontario invited stakeholders from the following groups to participate in consultation on elements of its MHSW Wind Up Plan:

- Stewards and their associations
- Industry Stewardship Plan (ISP) members (former stewards) and their associations
- Municipalities and First Nations communities, and their associations
- Service providers (including approved transporters and processors)
- Industry Stewardship Organizations (ISOs)
- Consumer groups
- Environmental Non-governmental Organizations (ENGOS)
- Stewardship Ontario employees

The below table outlines the number of stakeholders from each group that were invited to participate in MHSW Wind Up Plan consultations.

Stakeholder group	# of stakeholder organizations invited
Stewards, ISP members and associations	724
Municipalities, First Nations communities, municipal associations and service providers	161
ISOs	3
Consumer groups	1
ENGOS	9
Stewardship Ontario employees	5
Regulators	2 (RPRA & MECP)
TOTAL	905



2. STAKEHOLDER COMMUNICATION

While developing the MHSW Wind Up Plan, Stewardship Ontario communicated with stakeholders through its website, email notifications and mail-outs.

2.1 Website

Stewardship Ontario created a MHSW Wind Up-specific webpage (<https://stewardshipontario.ca/mhsw-windup/>) on its website where it housed all information, updates and consultation materials for stakeholders to easily access.

Throughout the development of the Wind Up Plan, the webpage had:

- 3,263 page views
- 2,741 unique visitors

2.2 Email Notifications

Email notifications were sent to stakeholders via Stewardship Ontario's mass email distribution software to provide updates and invite them to the consultation webinars.

Date sent	Stakeholder group	Subject and link	Number sent to	Open rate	Click rate
April 13, 2018	Stewards and steward associations	Minister Directs Wind Up of Municipal Hazardous or Special Waste (MHSW) Program	584	37%	28%
April 13, 2018	Service providers	Minister Directs Wind Up of Municipal Hazardous or Special Waste (MHSW) Program	263	46%	32%
May 29, 2018	Stewards and steward associations	News and Updates - May 2018 (CSSA quarterly newsletter)	3,839	33%	22%
December 12, 2018	Stewards and steward associations	News and Updates - December 2018 (CSSA quarterly newsletter)	3,624	32%	14%
March 1, 2019	All	MHSW Wind Up Plan Consultation - Register Now	955	41%	45%
March 7, 2019	All	Reminder: Register for MHSW's Wind Up Plan Consultation Webinars	934	31%	33%
March 7, 2019	Stewards and steward associations	News and Updates – March 2019 (CSSA quarterly newsletter)	3,601	34%	11%
March 19, 2019	All	Reminder: Register for MHSW's Wind Up Plan Consultation Webinars	939	31%	27%
March 28, 2019	All	Reminder: Register for MHSW's Wind Up Plan Consultation Webinars - April 2, 2019	945	30%	21%
April 3, 2019	All	MHSW Wind Up Plan Consultation: Materials & Feedback Request	1,175	34%	30%

Date sent	Stakeholder group	Subject and link	Number sent to	Open rate	Click rate
April 15, 2019	All	MHSW Wind Up Plan Consultation: Q&A Now Available	1,157	33%	28%
April 25, 2019	All	Reminder: Feedback on MHSW Wind Up due May 1	1,156	29%	10%
April 29, 2019	All	Reminder: Feedback on MHSW Wind Up due May 1	1,156	28%	12%
May 22, 2019	Stewards and steward associations	News and updates – May, 2019 (CSSA quarterly newsletter)	3,607	30%	12%
July 2, 2019	All	MHSW Wind Up Plan Submitted to RPRA	2,840	32%	11%
July 4, 2019	All	Stewardship Ontario Receives Further Direction on MHSW Wind Up	2,842	32%	17%
July 17, 2019	All	Register for MHSW Wind Up Plan Consultation Webinars on Minister's Amendments	2,845	29%	30%
July 30, 2019	All	Reminder: Register for MHSW Wind Up Plan Consultation Webinars on Minister's Amendments	2,804	25%	18%
August 6, 2019	All	Reminder: Register for MHSW Wind Up Plan Consultation Webinars on Minister's Amendments	2,802	28%	16%
August 15, 2019	All	MHSW Wind Up Plan Consultation: Materials & Feedback Request	2,869	30%	16%
August 21, 2019	All	Reminder: MHSW Wind Up Plan Feedback due Friday, August 30	2,877	26%	13%
August 27, 2019	All	MHSW Wind Up Consultation Q&A and Feedback Reminder	2,885	27%	15%

2.3 Mailed Letter

Stewardship Ontario mailed letters to all MHSW stakeholders during the following weeks:

- **March 4, 2019** regarding background information on the wind up of the MHSW Program and an invitation to participate in its consultation webinars.
- **June 28, 2019** regarding Stewardship Ontario submitting its proposed MHSW Wind UP Plan to RPRA.
- **July 3, 2019** regarding new Ministerial direction Stewardship Ontario received.

3. CONSULTATION APPROACH

While developing the MHSW Wind Up Plan, Stewardship Ontario was committed to transparent communication and meaningful consultations with its stakeholders. Stewardship Ontario conducted a total of four consultation webinars, as well as one-on-one meetings with certain stakeholders to gather feedback and address specific concerns and questions.

Phase I consultations took place in April and May, 2019, and were based off Ministerial direction received in April and December, 2018.

Phase II consultations took place in August, 2019, and were based off Ministerial direction received in July, 2019.

3.1 Consultation Feedback Approach

Phase I consultations: stakeholders were given until May 1, 2019 to provide feedback.

Phase II consultations: stakeholders were given until August 30, 2019 to provide feedback.

Feedback could be provided in one of three ways; details around each approach can be found below. All feedback received was carefully considered as the Wind Up Plan was developed and finalized.

3.1.1 Feedback form

A feedback form located on the MHSW Wind Up webpage facilitated a quick and easy way for stakeholders to provide feedback and ask questions at any time.

3.1.2 Email

Stakeholders were able to email questions and feedback to consultation@stewardshipontario.ca at any time throughout the development of the MHSW Wind Up Plan. Questions were answered within four business days.

3.1.3 Mailed Letter

Stakeholders were also provided the opportunity to submit feedback via mailed letter to Stewardship Ontario's office at 1 St. Clair Ave W, Suite 700, Toronto, Ontario.

4. PHASE I CONSULTATIONS

4.1 Consultation Webinars

Stewardship Ontario held two 90-minute consultation webinars on Tuesday, April 2, 2019:

- **Steward-focused webinar**
 - 247 registrants
 - 173 attendees
 - 30 questions asked
- **Municipality, First Nations communities and service provider-focused webinar**
 - 236 registrants
 - 177 attendees
 - 13 questions asked



The webinar presentations, replays and Q&As were emailed to all stakeholders and made available on the [MHSW Wind Up webpage](#).

4.2 One-on-one Consultation Meetings

Stewardship Ontario reached out to specific stakeholder groups to receive input and feedback to the Wind Up Plan proposals and draft content for webinars. The below table outlines the one-on-one meetings that occurred during Phase I.

Stakeholder	Stakeholder group	Date and location	Number of stakeholder attendees
Raw Materials Company Inc. (RMC)	Service provider	March 20, 2019 Teleconference	1
Association of Ontario Municipalities (AMO)	Municipal association	March 20, 2019 Teleconference	2
Photech	Service provider	March 25, 2019 Stewardship Ontario office	1
Product Care Association (PCA)	ISP	March 27, 2019 Stewardship Ontario office and teleconference	3
Canadian Propane Association (CPA)	Steward association	April 8, 2019 Stewardship Ontario office	1
National Electrical Manufacturers Association (NEMA)	Steward association	April 18, 2019 Stewardship Ontario office and teleconference	6

5. SUMMARY OF PHASE I FEEDBACK

Stewardship Ontario received written feedback from 24 stakeholders, as well as additional verbal feedback during one-on-one meetings and comments during the consultation webinars.

The 24 Phase I written feedback submissions were received from the following stakeholders:

Organization	Feedback source	Stakeholder group
Association of Municipalities of Ontario (AMO), Regional Public Works Commissioners of Ontario (RPWCO), Municipal Waste Association (MWA), City of Toronto	Email	Municipal association
Canadian Consumer Specialty Products Association (CCSPA)	Email	Steward association
Canadian Paint and Coatings Association (CPCA)	Email	Steward/ISP member association
Canadian Propane Association (CPA)	Email	Steward association
Canadian Vehicle Manufacturers' Association (CVMA)	Email and mailed letter	Steward/ISP member association
Church & Dwight Canada	Feedback form	Steward/ISP Member

Organization	Feedback source	Stakeholder group
City of Guelph	Email	Municipality
City of Ottawa	Feedback form	Municipality
Costco Wholesale Canada Ltd.	Email	Steward/ISP Member
County of Simcoe	Feedback form	Municipality
CTG Brands Inc.	Feedback form	Steward/ISP Member
Fertilizer Canada	Email	Steward/ISP Member association
Global Automakers of Canada (GAC)	Email	Steward/ISP Member
Hallmark Cards Canada	Feedback form	Steward/ISP Member
Home Hardware Stores Limited	Feedback form	Steward/ISP Member
John Deere Canada ULC (JDCULC)	Email	Steward/ISP Member
National Electrical Manufacturers Association (NEMA)	Email	Steward/ISP Member association
Niagara Region	Email	Municipality
Ontario Parks	Email	Service provider
Procter & Gamble	Email	Steward/ISP Member
Quinte Waste Solutions	Feedback form	Service provider
Region of Peel	Email	Municipality
Scotts Canada Ltd.	Email	Steward/ISP Member
Toromont CAT	Feedback form	Steward/ISP Member

In addition, feedback was provided by nine stakeholders during the one-on-one meetings and comments during the consultation webinars:

Organization	Feedback source	Stakeholder group
Association of Municipalities of Ontario (AMO)	One-on-one meeting	Municipal association
City of Ottawa	Comment at webinar consultation	Municipality
HP Inc.	Comment at webinar consultation	Steward/ISP Member
John Deere Canada ULC	Comment at webinar consultation	Steward/ISP Member
Lubricon Industries	Comment at webinar consultation	Steward/ISP Member
National Electrical Manufacturers Association (NEMA)	One-on-one meeting	Steward/ISP Member
Ontario Parks	Comment at webinar consultation	Service provider
Product Care Association (PCA)	One-on-one meeting	ISP
Raw Materials Company (RMC)	One-on-one meeting	Service provider

All Phase I feedback is summarized below, organized by topic.



5.1 Financial Issues

5.1.1 Surplus and Reserves

During its consultation webinar, Stewardship Ontario presented preliminary financials which identified an estimated MHSW Program surplus of approximately \$53.1 million at the end of 2018. Stewardship Ontario indicated that it anticipated the MHSW Program would be in a surplus position after program termination and it reviewed Ministerial direction regarding the two options identified in dealing with program surpluses:

1. Disbursing surplus funds to stewards and ISP members (former stewards) in accordance with their contributions to those funds
2. Running the MHSW Program for a period of time at no cost.

Stewardship Ontario received extensive commentary on this issue from a number of stakeholders. Several steward/ISP member organizations and other stakeholders supported the concept of disbursing MHSW surplus funds to stewards and former stewards. Some ISP members noted that the surplus should be allocated to all former designated materials now with an approved ISP either through reimbursement or transfer to an ISP to reduce fees. Stewardship Ontario received some suggestions on the methodology that would be used in calculating steward and former steward allocations. Other stewards and ISP members indicated support for running the program at no cost to stewards and ISP members, indicating that Stewardship Ontario should pay for ISP member costs in addition to its direct program costs.

Stakeholders requested that disbursement of funds be done in a fair, transparent and appropriate method that aligns with ministerial direction and regulations.

How this feedback was considered in the Wind Up Plan:

Ministerial direction received by Stewardship Ontario on July 2, 2019 requires Stewardship Ontario's Wind Up Plan to include proposals to return surplus funds to MHSW consumers. This direction replaced the requirement in the April 12, 2018 direction regarding the return of surplus funds to stewards and former stewards. Much of the commentary Stewardship Ontario received during Phase I consultation regarding the return of surplus funds to stewards and former stewards, therefore, was no longer relevant to the development of the MHSW Wind Up Plan.

During Phase II consultation Stewardship Ontario presented options in relation to the new Ministerial direction received July 2, 2019. Please see Phase II Consultation below for a discussion of those options and how stakeholder feedback was considered in the development of the MHSW Wind Up Plan.

Relevant section in MHSW Wind Up Plan: 8.1: Reserves

5.1.2 Wind Up Costs

Some stakeholders agreed that general wind up costs, i.e. those not directly related to specific material categories, should be financed by drawing down from the general MHSW reserves. Other stakeholders, particularly a number of former stewards that have migrated to ISPs raised concerns about this approach. Some of these views were repeated during the Phase II consultation. In the view of some ISP members, Stewardship Ontario has already incurred its wind up costs in relation to the migration of materials managed by ISPs and therefore current wind up costs should not be drawn down from general reserves but should be financed by current MHSW stewards.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario believes that the fairest approach to financing wind up costs is through a drawdown of general reserves which is recommended in the Wind Up Plan. It does not agree with the position that wind up costs related to materials that are managed by ISPs have already been incurred. The general legal, accounting, project management and consultant costs associated with winding up the MHSW Program relate to all program materials and raise issues in relation to both former and current MHSW stewards. Moreover, although certain materials have migrated to ISPs which



lowered program costs, Stewardship Ontario continues to be obligated to provide services to stewards with respect to all MHSW materials and it never incurred the general costs associated with shutting down the program in relation to those materials.

Relevant sections in MHSW Wind Up Plan: 1.1: Operating Plan; 4.1: Financial Forecast & Budget

5.1.3 Transparency

Some stakeholders indicated Stewardship Ontario should ensure the surplus distribution process and the allocation of wind up costs using reserves is transparent and fair to all parties and to ensure that the approach aligns with the established funding model. They requested greater transparency around Stewardship Ontario's operating costs, especially around administration costs for particular materials that are now with another ISP.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario's Wind Up Plan includes an initial estimate of program reserves for each material category as of December 2019 and projects the level of those reserves for each material category throughout the wind up process. The Wind Up Plan provides a detailed description of the methodology that Stewardship Ontario is proposing to utilize with respect to its proposal to return surplus funds to consumers through implementation of a fee reduction for all MHSW categories. The MHSW Wind Up Plan also includes initial estimates of fee reduction schedules for each material category so that various Stewardship Ontario stewards and ISP members will be aware of the timing and estimated level of fee reductions for their related MHSW categories. As such, Stewardship Ontario believes the financial disclosures included in the Wind Up Plan are consistent with stakeholder interest in an open and transparent process with respect to MHSW Program financing.

As noted in the Wind Up Plan, it is anticipated that Stewardship Ontario will implement a change to its methodology regarding program common cost allocations in 2019 which would be retroactive to 2015. These changes, implemented in consultation with RPRA, address concerns about the fairness of the original program plan common cost allocation methodology in light of MHSW Program changes associated with the operation of ISPs.

Stewardship Ontario is also proposing a robust communications strategy in support of its Wind Up Plan activities. With respect to program financing in particular, Stewardship Ontario is proposing to host a number of webinars, some jointly with ISPs, to review the details of how the fee reduction process will be implemented and estimated reduction amounts associated with various MHSW categories. These webinars will provide updates to MHSW financing where appropriate and create an opportunity for stakeholders to clarify any issues they may have in relation to the proposed fee reduction process. The proposed fee reduction webinars are one element of a robust Wind Up Plan communications strategy designed to ensure that stakeholders are fully informed of, and have an opportunity to provide feedback on, Wind Up Plan changes on a regular basis.

Relevant sections in MHSW Wind Up Plan: 3.2: Communications with Stakeholders; 8.1: Reserves

5.2 MHSW Program Operations

5.2.1 Potential Program Changes During Wind Up

A few stakeholders argued for changes to the MHSW Program as part of the wind up process. These included the following recommendations: drop fertilizers as an MHSW material for consistency with other jurisdictions; reduce incentive payments for program transporters and processors during wind up to help smooth transition to recycling under the RRCEA framework; and increase payments to municipalities during wind up to ensure they are adequately compensated for their time in managing MHSW materials.



How this feedback was considered in the Wind Up Plan:

While a few stakeholders lobbied for changes to the program during wind up, most did not raise concerns associated with Stewardship Ontario's proposed business as usual approach to MHSW operations throughout the wind up period. In the view of Stewardship Ontario, it would be disruptive to stakeholders to implement significant changes to the MHSW Program just prior to the termination of the program (and transition to recycling under the RRCEA framework). As such, Stewardship Ontario is not proposing significant program changes during the wind up period as it believes some of the issues raised by stakeholders in this regard would be more appropriate for consideration in relation to the future recycling framework under the RRCEA framework.

5.2.2 Proposed Reporting and Submission Timelines

Stewards, service providers and most municipalities were satisfied with the proposed timelines for steward reports, payments and adjustments and service provider submission deadlines. A few municipalities requested more time in relation to the collection of MHSW materials following program termination dates as the proposed timelines include statutory holidays which reduce the number of business days available to make arrangements.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario proposed that MHSW materials be collected by July 10, 2020 and July 10, 2021 respectively to be eligible for program incentive payments. As result of stakeholder feedback received during both Phase I and Phase II consultations, Stewardship Ontario extended these proposed deadlines to July 15, 2020 and July 15, 2021 respectively to address stakeholder concerns about the additional time required to make arrangements for collections. These timelines are consistent with those associated with other IFO wind up plans, and are intended to minimize the amount of time that current program materials would mix with RRCEA materials at collection sites while still giving service providers a reasonable amount of time to have materials that were collected prior to program termination dates (June 30, 2020 and June 30, 2021 respectively) be collected. Stewardship Ontario also extended these collection deadlines in response to concerns raised during consultation with municipalities prior to its webinar consultation overview.

Relevant section in MHSW Wind Up Plan: 1.1: Operating Plan

5.2.3 Avoiding Disruption

Many stakeholders were eager to ensure service disruptions and backlogs do not occur. Stakeholders requested that regulatory and economy burdens be avoided when transitioning the MHSW Program and that all aspects of the transition be seamless to all affected stakeholders.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario proposals regarding stakeholder reporting and submissions in relation to termination of the MHSW Program, for the most part, follow existing program timelines and schedules and as such should not be difficult for stewards or service providers to comply with. While transition to the RRCEA framework will require changes on the part of current MHSW Program participants, in Stewardship Ontario's view, the Wind up Plan proposals do not unduly burden affected stakeholders.

Relevant section in MHSW Wind Up Plan: 1.1: Operating Plan

5.2.4 Single-use Battery Program Termination Date

Single-use battery stewards noted that they would like the transition to occur as soon as possible, and indicated they fully support the early wind up of batteries by June 30, 2020, as provided for in the Ministerial direction of December 2018. Single-use battery stewards noted a preference for this termination date regardless of whether the termination date related to WEEE materials was extended through an amendment to the WEEE Wind Up Plan.

How this feedback was considered in the Wind Up Plan:

The program termination dates for MHSW materials have been set by Ministerial direction and the timelines in the Stewardship Ontario MHSW Wind Up Plan are consistent with that direction.

Relevant section in MHSW Wind Up Plan: 1.1: Operating Plan

5.3 Orange Drop Brand

Many stakeholders argued for discarding the Orange Drop brand once the MHSW Program winds up. Some steward stakeholders noted that since steward fees paid for the brand development, they should benefit from its sale. Other stakeholders expressed support for continued use of the Orange Drop brand noting its identifiable importance to consumers.

One stakeholder requested provincial and private parks retain the compressed gas cages that are currently there once the program winds up.

How this feedback was considered in the Wind Up Plan:

After a six-month transition period following the June 2021 termination date, Stewardship Ontario is proposing to transfer legal title to the Orange Drop branding and website domain name to RPRA. This will allow RPRA to determine how best to utilize the Orange Drop brand in light of some stakeholders interest in continued utilization of the brand.

Stewardship Ontario is also proposing to gift the propane collection cages to Ontario Parks and private parks where they currently exist.

Relevant section in MHSW Wind Up Plan: 1.1 Operating Plan

5.4 Data Management

Stakeholders were in favour of transferring Stewardship Ontario's data to RPRA, as long it was a secure process to protect the confidential information. Some stakeholders also indicated that the continued use of the current enterprise information system is important to Ontario stewards. It was requested that stewards be consulted on how the Wind Up Plan will provide for its use during and after the transition to the RRCEA. It was suggested that any value that has been attributed to the system be allocated to current and past stewards who paid for its development and upkeep.

Municipal stakeholders advocated for gaining access to communications materials, studies, reports and market information once the brand ceases.

How this feedback was considered in the Wind Up Plan:

Consistent with stakeholder feedback any data transferred to RPRA will be done in a secure manner which protects confidential or commercially sensitive information.

With respect to municipal requests for materials and reports, Stewardship Ontario's Wind Up Plan will identify studies and reports provided to RPRA as part of the data transfer process.

With respect to continued use of the MHSW IT system or recovery of the value of that system, Stewardship Ontario, in order to reduce IT infrastructure costs, relied on a shared IT system to track MHSW activity. This approach saved stewards costs over the course of the program, but it also means that transfer or sale of the MHSW IT system is not possible. As such the wind up plan does not include any proposals for continued use of the current MHSW information management system (post-program termination) or sale of IT assets in relation to that issue.

Relevant section in MHSW Wind Up Plan: 1.1 Operating Plan; 9.1 Security/Privacy; 9.2 Destruction; 9.3 Retention and Sharing; 9.4 Data Transfer

5.5 Consultation Process

The majority of stakeholders indicated that Stewardship Ontario's consultation process was sufficient, however, some had remaining questions and sought further details on what methodology Stewardship Ontario intended to use regarding disbursement of surplus funds to stewards and former stewards and how much would be provided to individual stewards or ISP members. Some stakeholders expressed that they wanted to see the draft Wind Up Plan Stewardship Ontario intended to submit to RPRA during the consultations.

Stakeholders wish to see extensive consultations throughout the wind up process.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario consulted on proposed approaches on elements of its MHSW Wind Up Plan so it could finalize its direction and proposals before submitting to RPRA. As noted above, Ministerial direction related to the plan changed in relation to the initial Ministerial direction regarding the disbursement of surplus funds to consumers. Phase II consultation gathered stakeholder feedback on new options related to the return of surplus funds to consumers. The Wind Up Plan includes details regarding the aggregate amounts and processes Stewardship Ontario is proposing to implement with respect to its proposal to return surplus funds to consumers through implementation of a fee reduction for all MHSW materials (See Phase II Consultation below for a more detailed discussion of related proposals). RPRA will be consulting on Stewardship Ontario's Wind Up Plan, as per direction by the Minister, to which stakeholders can provide comments on the plan in its entirety.

Relevant sections in MHSW Wind Up Plan: 3.1 Consultation with Stakeholders; 8.1 Reserves

5.6 Competition

Some stakeholders indicated support for moving toward an IPR framework and recommended RPRA ensures no barriers are created by Stewardship Ontario that could affect competition once the program is transitioned.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario's Wind Up Plan proposals do not include any recommendations that would negatively affect potential future competition with respect to MHSW recycling under the RRCEA framework. In addition, Stewardship Ontario adopted new measures to address conflict of interest issues prior to the development and submission of the MHSW Wind Up Plan.

Relevant sections in MHSW Wind Up Plan: 1.1 Operating Plan; 13.2 Conflict of Interest

5.7 Future Recycling

5.7.1 New Regulations

Some stakeholders raised issues regarding the designated materials that will be included in the RRCEA regulations that replace the current MHSW framework. Some advocated for the removal of fertilizers and automotive batteries so they are not part of the future designated material list. Some stakeholders argued that fertilizers are not considered waste in other provinces and that they are valuable products that can be used up, not disposed of. With respect to automotive batteries, one stakeholder expressed concern that automotive batteries would be included in future regulations. They noted that automotive batteries already have well-established secondary markets which have prevented them from becoming a major contributor to Ontario landfills.



How this feedback was considered in the Wind Up Plan:

As indicated during the wind up consultation, Stewardship Ontario is not involved in the development of regulations under the RRCEA framework. Comments received from stakeholders regarding RRCEA issues are part of the consultation feedback provided to the RPRA, but were not considered relevant to the development of the Wind Up Plan.

Relevant section in MHSW Wind Up Plan: N/A

5.7.2 Other RRCEA Issues

Municipal stakeholders were in agreement with incentives being offered until the program winds up, but had questions around what will happen after. Some stakeholders said it would be beneficial for future planning if consultation were held after the release of the draft regulation.

Some stakeholders were in favour of extending terms with Product Care Association (PCA) for the pesticides, fertilizers and solvents program.

Stakeholders requested more transparency and information on how the wind up will work and where individual producer responsibility would be included. Some noted concerns with RPRA's design and oversight, including questions and a call for clarity around RPRA's cost structure.

How this feedback was considered in the Wind Up Plan:

During the wind up consultation, Stewardship Ontario encouraged stakeholders to contact either the MECP or RPRA for more information on issues related to MHSW recycling under the RRCEA framework. Comments received from stakeholders regarding RRCEA issues are part of the consultation feedback provided to the RPRA, but were not considered relevant to the development of the wind up plan.

Relevant section in MHSW Wind Up Plan: N/A

6. PHASE II CONSULTATIONS

6.1 Consultation Webinars

Stewardship Ontario held two 90-minute consultation webinars on August 14 and August 20, 2019:

- **August 14**
 - 253 registrants
 - 198 attendees
 - 48 questions asked/feedback comments submitted via webinar platform
- **August 20**
 - 183 registrants
 - 128 attendees
 - 25 questions asked/feedback comments submitted via webinar platform

The webinar presentations, replays and Q&As were emailed to all stakeholders and made available on the [MHSW Wind Up webpage](#).

6.2 One-on-one Meetings

Stewardship Ontario reached out to specific stakeholder groups to receive input and feedback to the Wind Up Plan proposals. The below table outlines the meetings that occurred during Phase II consultations.



Stakeholder	Stakeholder group	Date and location	Number of stakeholder attendees
Automotive Materials Stewardship (AMS)	ISO	August 23, 2019 Stewardship Ontario office	3
National Electrical Manufacturers Association (NEMA)	Steward association	August 23, 2019 Stewardship Ontario office and teleconference	6
Product Care Association (PCA) and Canadian Paint and Coating Association (CPCA)	ISP member and steward association	August 27, 2019 Teleconference	3
Canadian Propane Association (CPA)	Steward association	August 27, 2019 Stewardship Ontario office	1
Automotive Materials Stewardship (AMS)	ISO	September 3, 2019 Stewardship Ontario office	3
Product Care Association (PCA)	ISO	September 3, 2019 Stewardship Ontario office	2

7. SUMMARY OF PHASE II FEEDBACK

Stewardship Ontario received written feedback from 32 stakeholders, as well as additional verbal feedback during one-on-one meetings and comments submitted during the consultation webinars.

Written feedback was received from the following 32 stakeholders:

Organization	Feedback source	Stakeholder group
Automotive Materials Stewardship (AMS)	Email	ISP
Auto-Stan Transmission Parts	Email & feedback form	Steward/ISP Member
Baker & McKenzie LLP	Email	Unknown
Behr	Feedback form	Steward/ISP Member
Canadian Auto Stores	Email	Steward/ISP Member
Canadian Consumer Specialty Products Association (CCSPA)	Email	Steward/ISP Member association
Canadian Paint and Coatings Association (CPCA)	Email	Steward/ISP Member association
Canadian Propane Association	Email	Steward association
Canadian Tire	Email & feedback form	Steward/ISP Member
Canadian Vehicle Manufacturers' Association (CVMA)	Email	Steward/ISP Member association
Champion Laboratories Inc.	Email	Steward/ISP Member
City of Ottawa	Email	Municipality
County of Simcoe	Feedback form	Municipality
CRC Canada Co.	Feedback form	Steward/ISP Member

Organization	Feedback source	Stakeholder group
Fertilizer Canada	Email	Steward/ISP Member association
Home Hardware	Feedback form	Steward/ISP Member
Levac Propane Inc.	Email	Service provider
Municipal Waste Association	Feedback form	Municipal association
National Electrical Manufacturers Association (NEMA)	Email	Steward association
Performance Initiatives Inc.	Email	Steward/ISP Member
Piston Ring Service	Email	Steward/ISP Member
Premier Tech Home & Garden	Email	Steward/ISP Member
Recochem Inc.	Email	Steward/ISP Member
Region of Peel	Email	Municipality
Retail Council of Canada	Email	Steward/ISP Member association
Scotts Canada	Email	Steward/ISP Member
Shell Canada	Email	Steward/ISP Member
Staples Canada	Feedback form	Steward/ISP Member
Toromont CAT	Email	Steward/ISP Member
Quinte Waste Solutions	Email	Municipality
Wakefield Canada	Email	Steward/ISP Member
World Source Filtration Inc.	Email	Steward/ISP Member

In addition, feedback was provided by 14 stakeholders during the one-on-one meetings and comments during the consultation webinars:

Organization	Feedback source	Stakeholder group
Automotive Materials Steward/ISP Membership (AMS)	Comment at webinar consultation & one-on-one meeting	ISP
Canadian Consumer Specialty Products Association (CCSPA)	Comment at webinar consultation & one-on-one meeting	Steward/ISP Member association
Canadian Paint and Coatings Association (CPCA)	Comment at webinar consultation and one-on-one meeting	Steward/ISP Member association
Canadian Propane Association	One-on-one meeting	Steward association
City of Barrie	Comment at webinar consultation	Municipality
Hallmark Canada	Comment at webinar consultation	Steward/ISP Member
National Electrical Manufacturers Association (NEMA)	One-on-one meeting	Steward association
Product Care Association (PCA)	One-on-one meeting	ISP
Recochem	Comment at webinar consultation	Steward/ISP Member

Organization	Feedback source	Stakeholder group
Staples Canada	Comment at webinar consultation	Steward/ISP Member
Town of Blue Mountains	Comment at webinar consultation	Municipality
Township of Southgate	Comment at webinar consultation	Municipality
Wakefield Canada	Comment at webinar consultation	Steward/ISP Member
Wing's	Comment at webinar consultation	Steward/ISP Member

All Phase II feedback is summarized below, organized by topic.

7.1 Return of Surplus Funds to Consumers for Stewardship Ontario Managed Materials

Ministerial direction regarding the return of surplus funds to consumers with respect to materials where recovery is managed by Stewardship Ontario required the MHSW Wind Up Plan to set out rules governing a fee elimination. Stewardship Ontario presented two return of surplus fund options in relation to the April 2, 2019 Ministerial direction:

1. A 100% fee elimination for a period of time prior to program termination; or
2. A significant fee reduction implemented over a longer period of time prior to program termination.

As noted during the consultation sessions, the primary benefit of the proposed fee reduction approach is that it enables Stewardship Ontario to maximize the aggregate level of surplus funds returned to stewards in comparison to a 100% fee elimination as the fee reduction does not need to cover 100% of full costs for a quarter and decisions regarding the level of final fee reductions are made at the end of the program requiring lower financial contingency amounts.

Given the benefits, the majority of stakeholders favoured applying a fee reduction where Stewardship Ontario reduces MHSW invoices for stewards over a longer period of time. This method maximizes aggregate level of surplus funds directed to offset steward costs and minimizes residual funds left in program categories after termination. Some stakeholders noted that a fee reduction will also have significantly less impact on business operations.

Stakeholders who expressed preference toward the fee elimination argued that it would be similar to other program wind ups and ease administrative tasks.

How this feedback was considered in the Wind Up Plan:

The MHSW Wind Up Plan includes a proposal to implement a fee reduction for materials where recovery is managed by Stewardship Ontario. This proposal is consistent with the majority of stakeholder input received related to this issue.

Relevant sections in MHSW Wind Up Plan: 8: Reserves

7.2 Return of Surplus Funds to Consumers for Materials Managed Through ISPs

Ministerial direction regarding the return of surplus funds to consumers with respect to materials that are managed through ISPs required the MHSW Wind Up Plan to include a proposal to return surplus funds to consumers but was not explicit regarding the particular option that should be selected (although a consumer rebate program was referenced as a potential example).

During Phase II consultations, Stewardship Ontario presented four options for stakeholder consideration related to this direction:

1. Fee Elimination/Reduction for ISP materials (similar to the direction for MHSM categories where recovery is Managed by Stewardship Ontario;
2. Rebate consumers who purchase MHSM materials;
3. Rebate consumers who return MHSW materials; or
4. Implement a single general MHSW consumer rebate through various consumer awareness initiatives.

Stewardship Ontario presented its view of pros and cons in relation to each of the above options (see MHSW Program Wind Up Phase II Consultation August 2019 presentation attached) and stakeholder feedback confirmed several aspects of Stewardship Ontario's initial assessment of these options.

With respect to direct consumer rebates, retailers highlighted the difficulties, complexities and expenses associated with implementing a consumer rebate for various MHSM at point of sale, especially given the lack of visible consumer fees related to these products. Commentary made it clear that getting all MHSM retailers to participate in such an initiative would be extremely challenging. Some stakeholders referred to the option as unworkable. With respect to providing a consumer rebate for consumers who return MHSW materials, service providers and municipalities indicated that they would not support or participate in such an initiative given the administrative costs and complexity associated with implementation. Some stakeholders did express support for a general MHSW consumer rebate initiative as the only viable direct consumer rebate approach.

The vast majority of stakeholder feedback on the options presented, however, supported a fee elimination or fee reduction for ISP materials. Stewards and ISP members universally supported this option as the only one representing fair and consistent treatment of various MHSW stewards and former stewards. In the view of all stewards and ISP members who commented on the proposals, this option represented the only one that provided a level playing field for MHSW stewards and former stewards. In their view, implementing a direct consumer rebate for some MHSW materials but not others would financially disadvantage those businesses who had chosen to join ISPs in relation to stewards who remained in the MHSW Program.

Several stewards and ISP members indicated that given the competitive nature of their markets, a fee elimination or fee reduction was the most efficient and targeted way to ensure that MHSM consumers would benefit from a return of surplus funds. Several stakeholders indicated that businesses were best positioned to determine the range of pricing strategies and promotions to be implemented to the benefit of their consumers in conjunction with a fee elimination or reduction. In the view of the stewards and ISP members, the direct consumer rebate options would generate significant red tape, administrative costs and be virtually impossible to implement in a targeted fashion with respect to the various MHSW categories.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario gave careful consideration to stakeholder views on this issue and recommended a fee reduction be implemented for ISP managed materials as a means of returning surplus funds to consumers in its MHSW Wind Up Plan. Stewardship Ontario is planning to work cooperatively with ISOs to implement a robust communications strategy in relation to the proposed fee reduction approach designed to ensure the MHSM wholesalers and retailers are fully aware of the timing and estimated amounts of the anticipated cost reductions. This will ensure the competitive market dynamic associated with MHSM products will be fully engaged in terms of meeting the expectation that consumers will benefit from this initiative.

In the view of Stewardship Ontario, stakeholder arguments that all MHSW categories should be treated in a similar fashion with respect to the treatment of surplus funds provides a compelling rationale for the proposed recommendation.

Relevant sections in MHSW Wind Up Plan: 8: Reserves

7.3 Municipal Funding

A few municipalities argued that MHSW surplus funds or residual funds should be transferred to municipalities to offset current MHSW related costs during the wind up period. In their view, current collection incentives are not fully recovering municipal costs related to these materials.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario is not proposing any changes to program spending related to incentives during the wind up period. In the view of Stewardship Ontario, changing current incentive rates or implementing a new fund transfer mechanism for municipalities would represent a significant program change during the wind up period which would affect all program participants and would likely be considered disruptive by many MHSW stakeholders. Given the impending termination dates for the program, Stewardship Ontario is proposing a business as usual approach to current program incentives to minimize program disruption and changes.

Relevant sections in MHSW Wind Up Plan: 1.1 Operating Plan

7.4 Managing Residual Program Funds

Other than requests for additional municipal funding (above), stakeholder feedback supported the proposal to transfer residual funds to RPRA at the end of the program.

How this feedback was considered in the Wind Up Plan:

Given stakeholder feedback, Stewardship Ontario is proposing transfer residual funds to RPRA to help offset registry-related costs under the RRCEA framework in relation to various MHSW material categories. As noted in the Wind Up Plan, Stewardship Ontario currently projects that aggregate residual funds remaining after the program ceases operations to be less than \$400,000.

Relevant sections in MHSW Wind Up Plan: 8: Reserves

7.5 Operational Schedules

7.5.1 Service Providers

Some municipal stakeholders expressed concern about the proposed pick-up deadline for single-use batteries (July 10, 2020) and pressurized containers (July 10, 2021) being unmanageable, noting that they will require more time to get the materials offsite, especially given the transition occurs during high season summer months.

How this feedback was considered in the Wind Up Plan:

Stewardship Ontario extended its collection deadline for single-use batteries and pressurized containers to July 15, 2020 and July 15, 2021 respectively to address service provider concerns about the timelines proposed in the MHSW Wind Up Plan consultation webinars.

Relevant sections in MHSW Wind Up Plan: 1.1: Operating Plan

7.5.2 Stewards

Stewardship Ontario consultation proposals included some changes to steward reporting and payment schedules to accommodate MHSW Program wind up. In particular, Stewardship Ontario proposed that the current program two-year window for stewards to submit adjustments to supply reports be shortened with final adjustment reports due one



month after program termination. In addition, Stewardship Ontario proposed to delay final invoices issued to stewards to 90 days after the program termination date rather than the current 30 days associated with normal steward invoices and quarterly costs assessments. This delay in final steward invoices will allow Stewardship Ontario to resolve and more fully assess program termination and operational costs before determining the amount of final steward fee reductions associated with the last quarter of the MHSW Program and maximize the amounts by which steward invoices can be reduced during the wind up period.

Stewardship Ontario did not receive any objections to the changes in steward reporting requirements and a number of stewards generally supported the proposed fee reduction approach (See 7.1 above).

Given stakeholder feedback, Stewardship Ontario's Wind Up Plan includes proposed changes to steward reporting and invoices timelines consistent with those proposed in its consultation webinar.

Relevant sections in MHSW Wind Up Plan: 1.1: Operating Plan

7.6 Transparency

Stewardship Ontario did receive some commentary during the Phase II consultation process regarding the details of financial information not being adequate enough for stakeholders to fully assess the impact of proposed changes for their particular MHSW category. Other stakeholders raised questions about historical financial adjustments and requested that Stewardship Ontario release a full Wind Up Plan prior its submission to RPRA.

How this feedback was considered in the Wind Up Plan:

Given the complexity of the MHSW Program and the historical migration of stewards out of the program to join ISPs, there have been a number of adjustments to Stewardship Ontario financial arrangements over the course of the program. In developing its MHSW Wind Up Plan consultation proposals, Stewardship Ontario focused on the financial implications associated with its proposed wind up budget and various options it presented related to the return of surplus funds to consumers.

Stakeholders were provided with initial Stewardship Ontario financial forecasts for the wind up period, including revenues, expenses, anticipated wind up costs, the estimated impact of various operational and wind up activities on material category program reserves throughout the wind up period. Surplus fund amounts for each program category were identified.

Further financial details associated with Stewardship Ontario's recommendation to implement a fee reduction for all MHSW categories are presented in the Wind Up Plan. The Plan provides a detailed description of the methodology that Stewardship Ontario is proposing to utilize with respect to its proposal to return surplus funds to consumers through implementation of a fee reduction for all MHSW categories. The MHSW Wind Up Plan also includes initial estimates of fee reduction schedules for each material category so that various Stewardship Ontario stewards and ISP members will be aware of the timing and estimated level of fee reductions for their related MHSW categories. As such, Stewardship Ontario believes the financial disclosures included in the Wind Up Plan are consistent with stakeholder interest in an open and transparent process with respect to MHSW Program financing.

With respect to stakeholder requests to review the Stewardship Ontario MHSW Wind Up Plan prior to its submission to RPRA, the wind up process administered under the WDTA requires the RPRA Board of Directors to approve release of the submitted plan prior to RPRA's consultation. Stakeholders will have an opportunity to review the Plan in detail prior to any decisions made by RPRA regarding approval of the proposals associated with the Plan.

Relevant sections in MHSW Wind Up Plan: 4: Financial Forecast and Budget; 8: Reserves



8. CONCLUSION

As reflected above, the feedback received during Phase I and Phase II consultations on the MHSW Wind up Plan was carefully considered and extremely useful to Stewardship Ontario as the plan was finalized. Stewardship Ontario's Wind Up Plan proposal was submitted to RPRA by September 30, 2019, as directed by the Minister.

9. STAKEHOLDERS CONSULTED WITH

Stakeholder	Stakeholder Group
1965	Steward/ISP Member
3M Canada	Steward/ISP Member
ABB	Steward/ISP Member
Association of Municipalities of Ontario (AMO)	Municipal association
Regional Public Works Commissioners of Ontario	Municipal association
ABB installation products	Steward/ISP Member
Accerio Global/Avaya Canada	Steward/ISP Member
Acklands Grainger	Steward/ISP Member
adidas Canada Limited	Steward/ISP Member
Admaston/Bromley Twp	Municipality
AGCO	Steward/ISP Member
Air Liquide Canada	Steward/ISP Member
Allegion Canada Inc	Steward/ISP Member
Almaguin Recycling Initiative	Municipality
ARRIS	Steward/ISP Member
Ascensia Diabetes Care Canada Inc.	Steward/ISP Member
Atlas Copco Compressors Canada	Steward/ISP Member
Automotive Materials Stewardship (AMS)	ISO
Auto-Stan Transmission Parks	Steward/ISP Member
BASF Canada	Steward/ISP Member
Bayer Inc	Steward/ISP Member
Bed Bath & Beyond	Steward/ISP Member
Behr Process Corporation	Steward/ISP Member
Benjamin Moore	Steward/ISP Member
Best Buy Canada	Steward/ISP Member
Big Red Oil Products Inc	Steward/ISP Member
Blount Canada Ltd	Steward/ISP Member
Blue Streak Hygrade	Steward/ISP Member
Bluewater Recycling Association	Municipality
Bolts Plus Incorporated	Steward/ISP Member
Brendar Environmental	Service provider
Buckham Transport Ltd.	Service provider
Call2Recycle	Other
Canadian Auto Stores	Steward/ISP Member

Stakeholder	Stakeholder Group
Canadian Environmental Law Association	ENGO
Canadian Paint and Coating Association (CPCA)	Steward/ISP Member association
Canadian Propane Association (CPA)	Steward association
Canadian Stewardship Services Alliance	Other
Canadian Tire Corporation	Steward/ISP Member
Canadian Vehicle Manufacturers' Association	Steward/ISP Member association
Canon Canada	Steward/ISP Member
Carleton Place	Municipality
Canadian Consumer Specialty Products Association	Steward/ISP Member association
CFA Industries Inc.	Steward/ISP Member
Champion Laboratories Inc.	Steward/ISP Member
Chatham-Kent	Municipality
Church-Dwight Canada	Steward/ISP Member
Cisco	Steward/ISP Member
City of Barrie	Municipality
City of Belleville	Municipality
City of Brantford	Municipality
City of Brockville	Municipality
City of Clarence-Rockland	Municipality
City of Cornwall	Municipality
City of Elliot Lake	Municipality
City of Greater Sudbury	Municipality
City of Guelph	Municipality
city of Hamilton	Municipality
City of Kawartha Lakes	Municipality
City of Kenora	Municipality
City of Kingston	Municipality
City of London	Municipality
City of North Bay	Municipality
City of Orillia	Municipality
City of Ottawa	Municipality
City of Owen Sound	Municipality
City of Peterborough	Municipality
City of Sault Ste. Marie	Municipality
City of Stratford	Municipality
City of Thunder Bay	Municipality
City of Timmins	Municipality
City of Toronto	Municipality

Stakeholder	Stakeholder Group
City of Woodstock	Municipality
Cleanfarms	Steward/ISP Member
Cogeco Connexion	Steward/ISP Member
Compressed Gas Association	Association
Corporation of the city of Sault Ste Marie	Municipality
Corporation of the Municipality of Wawa	Municipality
Costco Wholesale Canada Ltd.	Steward/ISP Member
County of Brant	Municipality
County of Bruce	Municipality
County of Dufferin	Municipality
County of Lambton	Municipality
County of Peterborough	Municipality
County of Simcoe	Municipality
County of Wellington	Municipality
CRC Industries, Inc.	Steward/ISP Member
Crown Battery of Canada Ltd.	Steward/ISP Member
Cummins Inc	Steward/ISP Member
Dell Tech Laboratories Ltd	Steward/ISP Member
Dillon Consulting Ltd.	Other
District Municipality of Muskoka	Municipality
DMS	Other
Drain-All Ltd	Steward/ISP Member
Drummond/North Elmsley Township	Municipality
Duracell	Steward/ISP Member
Durham Region	Municipality
Dutton/Dunwich Municipality	Municipality
EDPRO Energy Group Inc.	Steward/ISP Member
Electrobac	Other
Electronic Products Recycling Association (EPRA)	Steward association
Empack Spraytech Inc.	Steward/ISP Member
Emterra Group	Service provider
Energizer	Steward/ISP Member
Environmental Services and Solutions	Other
Envirosystems Incorporated	Other
Envirotech Association Ltd.	Steward/ISP Member
EPI	Other
Electronic Products Recycling Association	Steward/ISP Member association
Electronic Product Stewardship	Steward association
Essex Windsor Solid Waste Authority	Municipality

Stakeholder	Stakeholder Group
eTracks Tire Management Systems	Other
Faraday	Other
FCA Canada Inc.	Associations
Fertilizer Canada	Steward/ISP Member association
fjohnston	Steward/ISP Member
Food & Consumer Products of Canada	Steward/ISP Member association
Ford Motor Company	Steward/ISP Member
FUJIFILM Holdings America Corporation	Steward/ISP Member
Fulcrum Advocacy	Other
Gales Gas Bars Limited	Steward/ISP Member
Garth Hickle Consulting	Other
General Motors of Canada	Steward/ISP Member
GFL Environmental Inc.	Service provider
Giant Tiger Stores Limited	Steward/ISP Member
GK Industries	Steward/ISP Member
Glen Dimplex Americas Limited	Steward/ISP Member
Global Automakers of Canada	Steward/ISP Member association
GOJO Canada	Steward/ISP Member
Grand & Toy Limited	Steward/ISP Member
Gray Ridge Eggs	Steward/ISP Member
Greenview Environmental Management	Other
Grey Highlands	Municipality
Guy Perry & Associates	Other
Haldimand County	Municipality
Hallmark Canada	Steward/ISP Member
Halton Region	Municipality
Harley-Davidson Canada L.P.	Steward/ISP Member
Harvex Agromart Inc	Other
Hastings Highlands	Municipality
Hawkesbury Joint Recycling	Municipality
HBC	Steward/ISP Member
Henry Company Canada Inc	Steward/ISP Member
Henry Schein Canada, Inc.	Steward/ISP Member
Home Depot of Canada	Steward/ISP Member
Home Hardware Stores Limited	Steward/ISP Member
Honda Canada	Steward/ISP Member
Honda Canada Inc.	Steward/ISP Member
HP Inc.	Steward/ISP Member

Stakeholder	Stakeholder Group
Huron County	Municipality
IKO	Steward/ISP Member
Iko Industries Ltd.	Steward/ISP Member
Imperial Manufacturing Group	Steward/ISP Member
Imperial Oil	Steward/ISP Member
IPEX Inc.	Steward/ISP Member
Irving Blending and Packaging	Steward/ISP Member
ITW Construction Products	Steward/ISP Member
John Deere Canada ULC	Steward/ISP Member
Kaz Canada	Steward/ISP Member
Kidde Canada Inc.	Steward/ISP Member
Kleen-Flo Tumbler Ind. Ltd.	Steward/ISP Member
L.H. GRAY & SON LTD.	Steward/ISP Member
La Capitale Financial	Steward/ISP Member
La Cite Collegiale	Steward/ISP Member
Lanark Highlands	Municipality
Laser Sales Inc.	Steward/ISP Member
LEDVANCE LLC	Steward/ISP Member
Lee Valley Tools Ltd	Steward/ISP Member
Leeds Grenville	Municipality
LifeScan Canada	Steward/ISP Member
LINCit	Other
Lo	Steward/ISP Member
Loblaw Company Ltd	Steward/ISP Member
Longo Brothers Fruit Markets Inc.	Steward/ISP Member
Lowe's Canada	Steward/ISP Member
Lubricon Industries Canada Limited	Steward/ISP Member
Lyle Clarke & Associates	Other
MacEwan University	Other
Mann+Hummel Filtration Technology Canada	Steward/ISP Member
Marathon Watch Company Ltd.	Steward/ISP Member
Mattel Canada Inc	Steward/ISP Member
MDS Advisory	Other
Mega-Lab Manufacturing Co. Ltd.	Steward/ISP Member
Mercedes-Benz Canada	Steward/ISP Member
Messer Canada Inc	Steward/ISP Member
Metro Inc.	Steward/ISP Member
Miller Environmental Corp	Service provider
Ministry of the Environment, Conservation and Parks	Regulator

Stakeholder	Stakeholder Group
Mitsubishi Motor Sales of Canada	Steward/ISP Member
Mondelez	Steward/ISP Member
Motorcycle & Moped Industry Council	Steward/ISP Member association
Municipal Waste Association	Municipal association
Municipalité Alfred & Plantagenet	Municipality
Municipality of Dysart et al	Municipality
Municipality of French River	Municipality
Municipality of Greenstone	Municipality
Municipality of Hastings Highlands	Municipality
Municipality of Huron Shores	Municipality
Municipality of Killarney	Municipality
Municipality of Lanark Highlands	Municipality
municipality of Mississippi Mills	Municipality
Municipality of North Grenville	Municipality
Municipality of Oliver Paipoonge	Municipality
Municipality of West Elgin	Municipality
Municipality of West Grey	Municipality
Municipality of West Perth	Municipality
Municipality of York Region	Municipality
National Electrical Manufacturers Association	Steward association
National Shoe Specialties Ltd.	Steward/ISP Member
NCH Canada Inc.	Steward/ISP Member
NEE	Other
Nestle Purina Petcare	Steward/ISP Member
Niagara Region	Municipality
Nica Power Battery Corp.	Steward/ISP Member
Nissan Canada Inc	Steward/ISP Member
Norfolk County	Municipality
North Renfrew Landfill Operations Board	Municipality
Ontario Electronic Stewardship	Steward association
Ontario Parks	Service provider
Oracle	Steward/ISP Member
Orgill Canada Hardlines ULC	Steward/ISP Member
Ottawa Valley Waste Recovery Centre	Municipality
Oxford County	Municipality
P&G	Steward/ISP Member
Panasonic	Steward/ISP Member
Paraxair	Other
Parkland Fuel Corporation	Steward/ISP Member

Stakeholder	Stakeholder Group
Philippe Gosselin et Ass. Ltée	Steward/ISP Member
Photec	Service provider
Pioneer Balloon Canada	Steward/ISP Member
Plant Products	Steward/ISP Member
Plant Products Inc	Steward/ISP Member
PNE	Steward/ISP Member
Performance Initiatives Inc.	Steward/ISP Member
Pnewko Brothers	Service provider
Policy Integrity	Other
Piston Ring Service	Steward/ISP Member
Poweronx Inc.	Steward/ISP Member
PPG Arch Coatings	Steward/ISP Member
Praxair	Steward/ISP Member
Premier Tech Home & Garden	Steward/ISP Member
Prestone Canada	Steward/ISP Member
Prestone Products Corporation	Steward/ISP Member
Princess Auto	Steward/ISP Member
Procter & Gamble Inc.	Steward/ISP Member
Product Care Association	ISO
Levac Propane Inc.	Service provider
Quality Liquid Packaging	Steward/ISP Member
Quickstyle Industries Inc	Steward/ISP Member
Quinte Waste Solutions	Municipality
Raw Materials Company	Service provider
RB Canada	Steward/ISP Member
Reclay StewardEdge	Other
Recochem Inc	Steward/ISP Member
Recycling Council of Ontario	ENGO
Redi Recycling	Service provider
Region of Durham	Municipality
Region of Niagara	Municipality
Region of Peel	Municipality
Region of Waterloo	Municipality
Regional Municipality of Waterloo	Municipality
Resource Productivity and Recovery Authority (RPRA)	Other
Retail Council of Canada	Steward association
Rexall	Steward/ISP Member
Royal Specialty Sales	Steward/ISP Member
RSE	Other

Stakeholder	Stakeholder Group
Rustoleum	Steward/ISP Member
RWDI AIR Inc.	Steward/ISP Member
S.C.Johnson	Steward/ISP Member
Safety-Kleen Canada Inc.	Steward/ISP Member
Samsung Electronics Canada	Steward/ISP Member
SC CLS Holdings O/A Complete Lube Supply	Steward/ISP Member
Scotts Canada Limited	Steward/ISP Member
Seguin Township	Municipality
Sharp	Steward/ISP Member
Shell Canada Products	Steward/ISP Member
Sherwin-Williams	Steward/ISP Member
simcoeenergy	Service provider
Six Nations	First Nations community
Smart Recycle Consulting	Other
Sony of Canada Ltd.	Steward/ISP Member
Spin Master Ltd.	Steward/ISP Member
Staples	Steward/ISP Member
Stewardship Ontario	Other
STIHL Limited	Steward/ISP Member
Sunbeam	Steward/ISP Member
Suncor Energy Inc.	Steward/ISP Member
Sunlight Oil	Steward/ISP Member
Superior Propane	Steward
Sussex Strategy Group	Other
Team Truck Centres	Other
Tech Wreckers Inc.	Service provider
Temiskaming Shores	Municipality
Terrapure Environmental	Service provider
The Clorox Company of Canada Ltd.	Steward/ISP Member
The Corporation of the Town of Parry Sound	Municipality
The Corporation of the Town of Renfrew	Municipality
The Home Depot	Steward/ISP Member
The Municipality of West Perth	Municipality
The Regional Municipality of York Region	Municipality
TLS	Steward/ISP Member
Toromont CAT	Steward/ISP Member
Toshiba Tec Canada Business Solutions Inc.	Steward/ISP Member
Town of Arnprior	Municipality
Town of Atikokan	Municipality
Town of Aurora	Municipality

Stakeholder	Stakeholder Group
Town of Aylmer	Municipality
Town of Blind River	Municipality
Town of Carleton Place	Municipality
Town of Espanola	Municipality
Town of Fort Frances	Municipality
Town of Hanover	Municipality
Town of Kirkland Lake	Municipality
Town of Northeastern Manitoulin & the Islands	Municipality
Town of Parry Sound	Municipality
Town of Plympton-Wyoming	Municipality
Town of St. Marys	Municipality
Town of The Blue Mountains	Municipality
Town of Whitby	Municipality
Township of Addington Highlands	Municipality
Township of Algonquin Highlands	Municipality
Township of Augusta	Municipality
Township of Chapleau	Municipality
Township of Chatsworth	Municipality
Township of Elizabethtown-Kitley	Municipality
Township of Hornepayne	Municipality
Township of Killaloe, Hagarty and Richards	Municipality
Township of Lanark Highlands	Municipality
Township of Malahide	Municipality
Township of Manitouwadge	Municipality
Township of North Frontenac	Municipality
Township of North Glengarry	Municipality
Township of South Algonquin	Municipality
Township of South Frontenac	Municipality
Township of Southgate	Municipality
Township of Stone Mills	Municipality
Township of Terrace Bay	Municipality
Township of White River	Municipality
Toyota Canada Inc.	Steward/ISP Member
Triple R	Steward/ISP Member
TSN	Steward/ISP Member
TTE	Steward/ISP Member
Tudor and Cashel	Municipality
UAP INC	Steward/ISP Member
Unico	Steward/ISP Member
United Counties Leeds Grenville	Municipality

Stakeholder	Stakeholder Group
Venturer Electronics Inc	Steward/ISP Member
Veolia	Service provider
Vermeer Canada Inc.	Steward/ISP Member
Viewsonic	Steward/ISP Member
Volkswagen Group Canada, Inc.	Steward/ISP Member
Volvo Group Canada Inc.	Steward/ISP Member
Wagonmaster Ontario	Steward/ISP Member
Wakefield Canada	Steward/ISP Member
Walmart Canada	Steward/ISP Member
WFS LTD.	Steward/ISP Member
Wings	Steward/ISP Member
Winslow Gerolamy	Other
World Source Filtration Inc.	Steward/ISP Member
Yamaha Motor Canada	Steward/ISP Member
York Region	Municipality

Appendix C:

Other Attachments

BY-LAW NUMBER #2017-2
A by-law relating to the Code of Conduct of
STEWARDSHIP ONTARIO

1. Interpretation

(a) Meaning of Words

In this by-law and all other by-laws and resolutions of the Corporation unless the context otherwise requires:

- (i) the singular includes the plural;
- (ii) the masculine gender includes the feminine;
- (iii) **“Act”** means the *Waste Diversion Transition Act, 2016*;
- (iv) **“Blue Box Program”** means the Blue Box Program as described in the approved Blue Box Program Plan;
- (v) **“Board”** means the Board of Directors of the Corporation;
- (vi) **“By-Laws”** means this By-Law and any other By-Law of the Corporation which may be enacted, repealed, amended, altered, added to or re-enacted by the Board from time to time;
- (vii) **“Code of Conduct”** means the Code of Conduct adopted by the Corporation by By-Law approved by the Board from time to time, and which outlines the Corporation’s requirements regarding personal accountability, conflict of interest and confidentiality. The Code of Conduct applies to Directors and Officers of the Corporation, Board , Managers and such other persons as determined by the Board of Directors;
- (viii) **“Committee”** means a committee of the Board established pursuant to the By-Laws ;
- (ix) **“Confidential Information”** has the meaning set forth in section 1(f);
- (x) **“Conflict of Interest”** has the meaning set forth in section 1(c) and 1(d);
- (xi) **“Corporation”** means Stewardship Ontario;
- (xii) **“Director”** means a person who has been named to the office of Director in accordance with the Act or the By-Laws;
- (xiii) **“documents”**, includes deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal,

immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, bonds, debentures or other securities and all paper writings;

- (xiv) **“Gift”** means a gift, present, honorarium or similar asset offered without compensation;
- (xv) **“Independent Director”** means the Director appointed by the elected members of the Stewardship Ontario Board in accordance with section 8 of O. Reg. 388/16;
- (xvi) **“Manager”** means any of the following persons (including their consulting corporations and their consulting principals) retained to provide services to Stewardship Ontario:
 - a. the executive director;
 - b. the chief financial officer;
 - c. the Blue Box project manager;
 - d. the MHSW project manager; and
 - e. the Stewardship Ontario program operations officer.
- (xviii) **“meeting”** includes any regular, special, committee, or other meeting of the Corporation;
- (xix) **“MHSW Program”** means the Municipal Hazardous and Special Waste Program;
- (xx) **“Minister”** means Her Majesty the Queen in right of Ontario as represented by the Minister of the Environment and Climate Change;
- (xxi) **“Modest Gift”** means a Gift that has a current market value of one hundred dollars (\$100.00) or less;
- (xxii) **“Officer”** means any person who holds an office enumerated in the By-Laws or any other person appointed to an office of the Corporation;
- (xxiii) **“Overlapping Director”** means any Stewardship Ontario Director whose Steward company also has a director that serves on the board of an industry stewardship program under the Act;
- (xxiv) **“Related Person”** means:
 - a. in relation to a current Stewardship Ontario Director, the Director’s employer and/or other employees of the Director’s employer;
 - b. a corporation (other than Stewardship Ontario) (the “Other Corporation”) in which the Director, Officer or Manager:
 - i. is a shareholder,
 - ii. is a director or senior officer, or
 - iii. has a pecuniary interest ,
 in the Other Corporation;

- c. an organization in which the Director, Officer, or Manager is a member; or
- d. the spouse, child, parent or sibling of the Director, Officer, or Manager.

(xxiv) “**Steward**” means a person designated as a steward in respect of blue box waste or municipal hazardous or special waste under a rule continued under clause 9 (2) (b) of the Act or made under clause 33 (1) (a) of the Act or under a regulation made under subsection 73 (3) of the Act;

(b) Statutory Terms

All terms defined in the Act have the same meanings in this By-Law and all other By-Laws and resolutions of the Corporation.

(c) Conflict of Interest

A conflict of interest arises when the personal or business interests of a Director, Officer, Manager, or a Related Person supersede or compete with his or her official duties and responsibilities. Personal and business interests include pecuniary and non-pecuniary interests.

A conflict of interest may be a real conflict of interest, a potential conflict of interest or an apparent conflict of interest:

- (i) A “**real conflict of interest**” exists when a Director, Officer,, or Manager has a direct or indirect personal or business interest that is sufficiently connected to his or her duties and responsibilities to the Corporation that it influences the exercise of these duties and responsibilities;
- (ii) A “**potential conflict of interest**” exists when a Director, Officer, , or Manager has a direct or indirect personal or business interest that could influence the performance of any of his or her duties or responsibilities to the Corporation at a time when he or she has not yet exercised that duty or responsibility;
- (iii) An “**apparent conflict of interest**” exists when reasonably well-informed persons could properly have a reasonable belief that a Director, Officer, or Manager has a real conflict of interest, direct or indirect, even where there is no real conflict in fact.
- (iv) A “**formal conflict of interest**” exists when a Director, Officer,, or Manager has a direct or indirect personal or business interest as an officer, director, or employee, which personal or business interest institutes a civil action against the Corporation.

Generally, pecuniary interests lead to conflict of interest when a Director, Officer, Manager or Related Person is in a position to benefit financially or avoid financial loss, either directly or indirectly, as a result of a contract or other matter of a monetary nature in which such person is involved.

Other personal interests lead to a conflict of interest when a Director, Officer, or Manager has

non-economic interests such as religious, political, corporate and/or institutional interests that supersede or compete with the duties and responsibilities of a Director, Officer, or Manager.

In the instance of a formal conflict of interest:

- (i) in the case of a Director, the Director shall recuse from the board deliberations on the matter of the action and resign at the request of the Board; or
- (ii) in the case of an Officer or Manager, the Officer or Manager shall tender his/her resignation to Stewardship Ontario or Stewardship Ontario shall terminate its contract with the Officer or Manager.

(d) Prohibited Conduct

Without limiting the generality of the foregoing, as a result of the Minister's direction letters to wind-up the MHSW Program and the Blue Box Program, it is a Conflict of Interest for any current Stewardship Ontario Director (or the Director's employer), Officer, or Manager to engage in the following, whether formally or informally, and regardless of whether such actions are compensated or done on a voluntary basis:

- (i) be cross-appointed to the Board of Canadian Stewardship Services Alliance ("CSSA");
- (ii) provide services to CSSA; or
- (iii) provide services or information to potential market participants in respect of MHSW or Blue Box resource recovery markets that may be created under the RRCEA.

(collectively, "**Prohibited Conduct**") so long as that person remains a Director, Officer, or Manager with Stewardship Ontario.

In the event that a current Stewardship Ontario Director (or the Director's employer), Officer, or Manager intends to engage in Prohibited Conduct (the "Affected Party") shall:

- (i) where the Affected Party is a Director, he/she shall immediately:
 - a. advise the Chair of the Stewardship Ontario Board (or where the Affected Director is the Chair of the Board, then the Independent Director) regarding the Prohibited Conduct;
 - b. reaffirm his/her ongoing obligations with respect to Confidential Information set out herein; and
 - c. tender his/her resignation from the Stewardship Ontario Board before proceeding with the Prohibited Conduct or before the Director's employer proceeds with the Prohibited Conduct.
- (ii) where the Affected Party is an Officer or Manager, he/she shall immediately:
 - a. advise Stewardship Ontario's executive director (or where the Affected Party is the executive director, then the Stewardship Ontario Board Chair) regarding the Prohibited Conduct;
 - b. reaffirm his/her ongoing obligations with respect to Confidential Information set out herein; and
 - c. tender his/her resignation as an Officer or Manager before proceeding

with the Prohibited Conduct.

(e) Exclusions

Notwithstanding the foregoing, a conflict of interest should not be deemed to exist where a pecuniary or non-pecuniary interest is so remote or insignificant in nature that it cannot reasonably be regarded as likely to influence the Director, Officer; and/or Manager.

(f) Indirect Interest

For the purposes of this Code of Conduct, a Director, Officer or Manager has an indirect pecuniary or non-pecuniary interest in any matter in which the Corporation is concerned, if,

- (i) the Director, Officer or Manager or his or her nominee,
 - a. is a shareholder in, or a director or senior officer of a corporation, or
 - b. is a member of a body,
 that has a pecuniary or non-pecuniary interest in the subject matter before the Board; or
- (ii) the Director, Officer or Manager is a business partner of a person or is in the employment of a person or body that has a pecuniary or non-pecuniary interest in the matter before the Board; or
- (iii) the spouse, child, parent or sibling of the Director, Officer or Manager has a pecuniary or non-pecuniary interest in the matter before the Board.

(g) Confidential Information

Confidential Information (which may be paper-based, electronic, or in other formats) is information that is not available generally to the public. Such information belongs exclusively to the Corporation, and includes but is not limited to, data and information received by the Corporation from industry funding organizations, municipalities, stewards and others, programs and policies of the Corporation prior to public disclosure and the financial position of the Corporation.

Confidential Information does not include:

- (i) information which has become known to the public without any breach of the restriction on the disclosure of such information by a party who owes a duty of confidentiality to the Corporation;
- (ii) information developed independently by another party as evidenced by written documentation in its possession;
- (iii) information received by a party from another party who was not under a duty of confidentiality to the Corporation; and
- (iv) information which is required to be disclosed by applicable law or by an order of a court or regulatory tribunal with jurisdiction over the party disclosing such information.

2. Statement of Principles

Each Director, Officer and Manager by virtue of his or her position of control over the affairs of

Approved: April 16, 2009

Latest Revision: December 2019

the Corporation, stands in a fiduciary relationship to the Corporation. The common-law imposes upon a fiduciary the duty to act in good faith towards his/her beneficiaries. A fiduciary must act in a manner consistent with the best interests of the beneficiaries in all matters related to the undertaking of trust and confidence and must avoid placing him/herself in a position of conflict of interest.

The general rule regarding conflicts of interest is that no one who has duties of a fiduciary nature to perform is allowed to enter into engagements in which such person has or can have a personal interest conflicting with the interests of those whom such person is bound to protect. Even where the fiduciary acts in good faith, the foregoing restriction applies. A fiduciary cannot benefit, directly or indirectly, from any opportunity that comes to the fiduciary through performing the fiduciary role. A fiduciary must not use any aspect of the beneficiary's property for his or her gain, directly or indirectly.

A fiduciary must not use his or her position to benefit persons closely associated with him/her. Where a benefit is conferred upon a person who is a Related Person, the fiduciary benefits indirectly.

3. Confidentiality

(a) Not Use Confidential Information

No Director, Officer or Manager shall use for gain, either on his or her own behalf or while acting for, by, with or through another, any of the Corporation's assets, goods, Confidential Information or opportunities.

(b) Not to Request, Receive or Review Steward-Specific Data

Other than the Independent Director, no Director shall request, receive or review any information in the possession of Stewardship Ontario that is data specific to a particular Steward or aggregate data from which a reasonable person could obtain Steward-specific information. The Independent Director may request, receive, and/or review Steward-specific data only for the purpose of providing direction regarding Blue Box or MHSW Steward-initiated adjustments, Blue Box or MHSW Program corrections initiated by Stewardship Ontario, or Blue Box or MHSW Steward escalations for noncompliance.

(c) Not Disclose Confidential Information

No Director, Officer or Manager shall disclose any Confidential Information during or after his or her tenure as a Director, Officer or Manager except as may be authorized by the Corporation.

(d) Not Communicate Corporation's Business

No Director shall communicate or purport to communicate to the public on behalf of the Corporation without the prior approval of the Board, and shall direct all inquiries about the business and affairs of the Corporation to the Chairman or Vice-Chairman or to the executive director.

In addition, the Board may from time to time, in its discretion, consent to the use or disclosure by Board members or others of information or categories of information in the possession or control of the Corporation and such information shall thereafter cease to be considered Confidential Information.

4. Disclosure of Conflict of Interest

Other than with respect to the specific rules in relation to Prohibited Conduct stipulated in section 1(d), the following provisions apply:

(a) Conflict Disclosure Obligation

Whenever a person governed by this Code of Conduct has a Conflict of Interest as described in this Code of Conduct, such person shall disclose such interest at the earliest practical time:

- (i) in the case of Directors or Officers, to the Chairman (or designate);
- (ii) in the case of any other persons to whom this Code of Conduct is made applicable, to the executive director (or designate);
- (iii) in any case when at a meeting, to the chair of the meeting.

(b) Additional Obligation

In addition to the disclosure obligation set out in section 4(a), where a Director, Officer, Manager, either on his or her own behalf or while acting for, by, with or through another, has any pecuniary or non-pecuniary interest, direct or indirect, in any matter and is present at a meeting at which the matter is the subject of consideration, the Director, Officer or Manager,

- (i) shall, prior to any consideration of the matter at the meeting, disclose the interest and the general nature thereof;
- (ii) shall not take part in the discussion of, or vote on any question in respect of the matter; and
- (iii) shall not attempt in any way whether before, during or after the meeting to influence the voting on any such question;

and in addition to complying with the above requirements,

- (iv) the Director, Officer or Manager shall forthwith leave the meeting or the part of the meeting during which the matter is under consideration; and
- (v) every declaration of interest and the general nature thereof made shall be recorded in the minutes of the meeting.

(c) Avoidance of Conflict Situations

Directors, Officers and Managers are expected to arrange their personal and business affairs and conduct themselves in a manner so to avoid a Conflict of Interest. In cases where a Conflict of Interest cannot be avoided, a Director, Officer or Manager must declare the Conflict of Interest at the earliest opportunity.

(d) Where Conflict Suspected

Whenever any person is present at a meeting:

- (i) is unsure whether he or she has a Conflict of Interest, such person shall raise with the chair of the meeting the issue of whether, as required in this Code of Conduct, a Conflict of Interest exists and must be declared; or
- (ii) believes that another person has a Conflict of Interest that has not been declared as required by this Code of Conduct, such person may raise with the chair of the meeting the issue of whether, as required in this Code of

Conduct, a Conflict of Interest exists and must be declared.

As soon as such question is raised, the chair of the meeting shall invite representations from any person affected, as well as from the members of the meeting entitled to vote, as to their respective views on that question. Forthwith thereafter, the meeting shall, by a majority vote (from which the person whose possible conflict of interest is at issue shall be excluded), determine whether the Conflict of Interest exists, and that determination is final and binding.

(e) Subsequent Discovery of Conflict

Where a Conflict of Interest affecting a Director, Officer or Manager is discovered after consideration of a matter by the Board or a Committee, it must be disclosed as set out above and if the Board or Committee, as the case may be, determines that involvement of such Director, Officer or Manager influenced or may have influenced the decision of the Board or Committee in the matter, the Board or Committee, as the case may be, shall re-examine the matter and may rescind, vary or confirm the decision.

(f) Withholding of Corporation Information

Whenever and while a Director, Officer or Manager has an interest in a matter that, as described in this Code of Conduct, conflicts with his/her fiduciary obligations to the Corporation, the executive director shall cease to provide any minutes, reports and other material related to that matter that might otherwise be distributable to the person.

(g) Overlapping Directors

Regardless of whether there is a real, potential or apparent conflict of interest Overlapping Directors will recuse themselves from any discussion regarding the MHSW Program or the wind-up of the MHSW Program in accordance with section 4(a) and 4(b).

5. Prohibited and Permitted Transactions

(a) Corporation Not to Contract Where Conflict

Except in accordance with this Code of Conduct, the Corporation shall not enter into transactions with a Director, Officer, Manager or a Related Person where the Director, Officer, Manager or Related Person may benefit from the transaction.

(b) Permitted Corporation Contract Where Conflict

The Corporation may enter into a transaction with a Director, Officer, Manager or Related Person if:

- (i) the affected Director, Officer or Manager:
 - a. declares a Conflict of Interest in respect of the proposed transaction;
 - b. discloses to the Board the full nature and extent of his or her interest in the proposed transaction and, to the extent that he or she is able, the interest of any Related Person in the proposed transaction;
 - c. establishes to the satisfaction of the Board that:
 - (1) the proposed transaction is fair and reasonable to the

Corporation; and

- (2) the proposed transaction would meet or exceed community expectations about the conduct of the Corporation and for such purpose only, and, notwithstanding Section 4 (b), the affected person shall be permitted to explain any aspect of the contract or matter in response to questions from members of the Board and to make a statement as to the potential benefit of such contract or matter to the Board, but shall not engage in debate or otherwise attempt to persuade the Board of the merits of the transaction. The chair of the meeting shall have discretion to determine the extent to which such affected person may participate in this part of the meeting; and

- (ii) the Board approves the proposed transaction.

(c) Affected Person Not to Vote

For the purpose of section 5(b), an affected Director shall not vote with respect to the proposed transaction and shall not be counted for the purpose of determining whether a quorum of Directors is present in relation to the vote on the proposed transaction.

6. Gifts

(a) Modest Gifts Acceptable

Directors, Officers and Managers are not precluded from accepting Modest Gifts that are appropriate for official events and ceremonial occasions sanctioned by the Corporation. Subject to the provisions below, Gifts in excess of the threshold for Modest Gifts must be declined.

(b) Gift Considerations

- (i) Special Considerations During Wind-Up of the MHSW and Blue Box Programs

As a result of the Minister's direction letters to wind-up the MHSW and Blue Box Programs, Directors, Officers, and Managers should be particularly vigilant regarding the appearance of conflict and should, as a default, respectfully decline all Gifts (including Modest Gifts) offered in connection with the Director, Officer, or Manager's status with the Corporation. In the unlikely event that the Director, Officer or Manager proposes to accept the Gift, the Board Chair shall be advised and shall make the final determination as to whether the Gift is acceptable in accordance with the terms of this By-Law.

- (ii) External Fees to be Remitted

When Directors, Officers and Managers are invited to address or otherwise contribute to an external organization in a seminar, symposium or lecture forum, solely as a result of their position with the Corporation, fees or honoraria (if in excess of an amount equal to the value of a Modest Gift or such higher amount as the Board may stipulate) shall be turned over to the Corporation.

(iii) Exceptions Respecting Entertainment

The special considerations concerning Gifts during wind-up outlined in section 6(b)(i) also apply to entertainment. While the value limit for Modest Gifts does not apply to the giving or receiving of entertainment, Directors, Officers and Managers must be vigilant to ensure that their participation in entertainment offerings do not give rise to the appearance of a Conflict of Interest. The following examples may give assistance in deciding the appropriateness of entertaining:

- a. invitations to receptions, dinners, parties, plant openings and expansions, etc., that are widely distributed are acceptable;
- b. tickets to occasional sports events, theatres, concerts or similar functions from suppliers or potential suppliers should be declined;

7. Breach

(a) Sanctions On Breach

Where, in the reasonable opinion of the Board, a person has breached any provision of this Code of Conduct, the Board may, at a regular or special meeting called for the purpose, impose one or more of the following sanctions or such other sanctions as the Board deems appropriate:

- (i) formal written reprimand
- (ii) in the case of a person employed or retained by Stewardship Ontario, suspension or termination;
- (iii) withdrawal of access (other than access afforded to the general public) of any minutes, reports and other material otherwise distributable to the person;
- (iv) prohibition from attendance at one or more Board or Committee meetings;
- (v) removal from the Board or from a Committee; or
- (vi) removal as an Officer.

(b) Pre-conditions to Sanctions

Before imposing any sanction under the authority of section 7(a), the Board shall:

- (i) give to the person not less than ten (10) days prior written notice of the meeting of the Board, setting out in reasonable detail the nature of the breach alleged; and
- (ii) extend to the person a reasonable opportunity to explain and/or oppose the imposition of a sanction.

8. Acknowledgement/Compliance Statement

Those governed by this Code of Conduct are required to formally acknowledge their agreement to comply with this Code of Conduct by completing and delivering to the executive director the Corporation's "Code of Conduct Acknowledgment/Compliance Statement", in the form attached hereto as Schedule "A", at the time of becoming a Director, Officer or Manager (or commencing

to serve the Corporation in any other capacity if the Board has determined that this Code of Conduct should apply to such person) and annually thereafter.

9. By-Law and Amendments, Etc.

These by-laws may be amended from time to time by a majority vote of the board of directors.

10. Effective Date

This By-Law shall come into force when enacted by the Board in accordance with the Act and replaces and repeals any prior By-Law dealing with the provisions hereof.

ENACTED as a By-Law of STEWARDSHIP ONTARIO December 2019.

SCHEDULE "A"
STEWARDSHIP ONTARIO — CODE OF CONDUCT

ACKNOWLEDGEMENT/COMPLIANCE STATEMENT

I have read the Code of Conduct approved by the Board of Directors of Stewardship Ontario (the "Corporation") as By-Law Number 2017-2 as amended no December ____, 2019.

I have read, understand and agree to abide by, the Code of Conduct.

- ☐ To the best of my knowledge, information and belief, neither I nor any Related Person (within the meaning of the Code of Conduct) has a direct or indirect interest (excluding a remote interest within the meaning of the Code of Conduct) in a contract or transaction with, or decision to be made by, the Corporation at the date set out below.

OR

- ☐ I have, or a Related Person (within the meaning of the Code of Conduct) has, a direct or indirect interest (excluding a remote interest within the meaning of the Code of Conduct) in a contract or transaction with, or decision to be made by, the Corporation as described below:

I am a Director or Officer of the following stakeholder of the Corporation:

Name of organization: _____

Title: _____

Other relationships, interests or associations that may give rise to a Conflict of Interest:

I understand that this Acknowledgment/Compliance Statement will remain in effect for as long as I remain a Director or Officer of the Corporation, a member of a Committee of the Board of Directors of the Corporation or serve the Corporation in any other capacity. Furthermore, I understand that I must maintain the confidentiality of information acquired as a result of my association with the Corporation, even after such association terminates, except as disclosure may be permitted pursuant to the terms of the Code of Conduct.

I also understand that I am prohibited and that any Related Person (as defined in the Code of Conduct) is prohibited from benefiting personally from any contract or transaction with or decision of the Corporation unless I have declared my interest in such contract or transaction and have refrained from voting on the matter in accordance with the provisions of By-Law Number 2017-2 of the Corporation.

If, subsequent to the signing of this statement, a Conflict of Interest arises, I must disclose the conflict to the appropriate representative of the Corporation as required by Section 4 of the Code of Conduct. Failure to disclose a conflict of interest or to comply with this Code of Conduct will be subject to such measures, as the Corporation may deem appropriate, and I agree to be bound by the sanctions imposed on me.

Name: _____

Date: _____

Signed: _____

GENERAL BY-LAW 2017-1

STEWARDSHIP ONTARIO

1. REVOCATION OF PREVIOUS BY-LAW

The By-law dated the 16th day of June, 2016 is hereby revoked.

2. DEFINITIONS

In this By-law (including this Section) and in any instrument supplemental or ancillary hereto, unless the context otherwise requires,

“Act” means Waste Diversion Transition Act, 2016 (Ontario);

“Board” means the Board of Directors of the Corporation;

“Corporation” means Stewardship Ontario;

“Regulation” means Ontario Regulation 388/16, as amended;

3. HEAD OFFICE

The Head Office of the Corporation shall be in the City of Toronto, in the Province of Ontario at such place as the Directors may from time to time determine.

4. SEAL

The Corporation need not adopt a seal.

5. BOARD OF DIRECTORS

Board

- (a) The Board shall oversee the business of the Corporation and shall be responsible for its corporate governance. The Board shall, among other things:
 - (i) Establish broad corporate policies;
 - (ii) Set the strategic direction of the Corporation with management and regularly review the Corporation's mission, vision, strategic plan, short and long-term priorities, and such other programs, policies and plans as may be necessary and relevant from time to time;
 - (iii) Oversee performance of the stewardship program plans;
 - (iv) Oversee fiscal management and reporting, risk management, legal and statutory compliance, communications and overall performance of the Corporation; and
 - (v) Elect and/or appoint the Officers of the Corporation.

Discharging Duties

- (b) Each Director, in discharging his or her duties, shall:
 - (i) Act honestly and in good faith with a view to the best interests of the Corporation; and
 - (ii) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Composition of the Board of Directors

- (c) The composition of the Board is prescribed by the Regulation.

Quorum of Directors

- (d) A majority of the Members of the Board of Directors constitutes two thirds of its Members as prescribed by O. Reg. 388/16.

Remuneration of Directors

- (e) Steward Directors may be reimbursed for expenses properly incurred by them in the performance of their duties, including attendance at meetings of the Board or any Committee thereof to which they have been appointed as Members, as may be permitted by law.

Responsibility for Acts

- (f) The Directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the Board.

6. GUESTS

Only the Board and such other guests as may be invited by the Chair on behalf of Board on an *ad hoc* basis shall have the right to attend meetings of the Board. The Chair, acting on the Board's behalf, may invite a person to attend a meeting or meetings of the Board and/or provide written submissions to the Board with respect to specific agenda items to assist the Board in its deliberations.

7. MEETING OF DIRECTORS

Calling Meetings

- (a) The Board may hold its meetings at such place or places as it may from time to time determine. Directors' meetings may be called by the Chair, the Vice-Chair or on direction in writing of two (2) Directors.

Notice of Meetings

- (b) Notice of such meetings, together with an outline of matters to be considered shall be delivered, telephoned, faxed or emailed, to each Director no less than five (5) business days before the meeting is to take place. Notice of Board meetings held by teleconference shall be telephoned and emailed to each Director not less than forty-eight (48) hours before the meeting is to take place. The statutory declaration of

the Chair, the Vice-Chair or the Secretary that notice has been given pursuant to this By-law shall be sufficient and conclusive evidence of the giving of such notice. No formal notice of any such meeting shall be necessary if all the Directors are present, or if those absent have signified their consent to the meeting being held in their absence.

Regular Meetings

- (c) The Board may appoint a day or days in any month or months for regular meetings at an hour to be named and of such regular meeting no notice need be sent. The Directors may consider or transact any business, either special or general, at any meeting of the Board.

Meetings by Electronic Conference

- (d) Persons who are Members of the Board or a Committee may participate in a meeting of the Board or Committee by means of such conference telephone or other communications facilities as to permit all persons participating in the meeting to communicate with each other, simultaneously and instantaneously, and a person participating in such a meeting by such means is deemed to be present at the meeting.

Provided that at the outset of each such meeting, and whenever votes are required, the chair of the meeting shall call roll to establish quorum, and shall, whenever not satisfied that the proceedings of the meeting may proceed with adequate security and confidentiality adjourn the meeting to a predetermined date, time and place.

Voting

- (e) Questions arising at any meeting of Directors shall be decided by a majority of votes. In case of an equality of votes, the Chair of the meeting, in addition to his original vote, shall have a second or casting vote. All votes at such meeting shall be taken by ballot if so demanded by any Director present, but if no such demand be made, the vote shall be taken in the usual way by assent or dissent. A declaration by the Chair of the meeting that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as prima facie proof of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Adjournments

- (f) Any meetings of the Corporation or of the Directors may be adjourned to any time and from time to time and such business may be transacted at such adjourned meeting as might have been transacted at the original meeting from which such adjournment took place, provided notice is sent to all Directors not in attendance at the time of the adjournment.

8. ANNUAL REPORT

The Corporation shall, no later than June 30th in each year:

- (a) Prepare and deliver a report signed by the Chair of the Board, on its activities during the previous year and which includes information as required by the Act; and
- (b) Provide a copy of the report to the Resource Productivity and Recovery Authority and make the report available to the public.

9. ELECTION OF DIRECTORS

Elections of Directors are prescribed by the Regulation. Meetings to elect Directors shall be held in accordance with the Regulation. The Board shall send written or electronic notice to all those entitled under the Regulation to designate persons to vote at the meeting, not less than thirty (30) days prior to the date set for the meeting, which notice shall specify the time, date and location of the meeting, as well as a statement of the occupations of the candidates recommended by the Board for election at the meeting.

10. OFFICERS OF THE CORPORATION

Executive Officers

- (a) There shall be a Chair, Secretary, Chief Financial Officer and such other Officers as the Board may determine by By-law from time to time. The Chair shall be elected by the Board from among their number at the first meeting of the Board after the election of such Board, provided that in default of such election the then incumbents, being Members of the Board, shall hold office until their successors are elected. The other

Officers of the Corporation need not be Members of the Board and in the absence of a written agreement to the contrary, the designation of all Officers shall be determined from time to time by the Board. Officers shall be subject to removal by the Board at any time.

Duties of the Chair

- (b) The Chair shall, when present, preside at all meetings of the Corporation.

Duties of the Management

- (c) The Management shall be charged with the general management and supervision of the affairs and operations of the Corporation. The Management with the Secretary or other Officer appointed by the Board for the purpose shall sign all By-laws. During the absence or inability of Secretary or other Officer appointed by the Board, his or her duties and powers may be exercised by the Chair or such other Director as the Board may from time to time appoint.

Duties of the Secretary

- (d) The Secretary shall be *ex officio* clerk of the Board. He or she shall attend all meetings of the Board and cause a record of all facts and minutes of all proceedings in the books to be kept for that purpose. He or she shall give all notices required to be given. He or she shall be the custodian of all books, papers, records, correspondence, contracts and other documents belonging to the Corporation which he or she shall deliver up only when authorized by a resolution of the Board to do so and to such person or persons as may be named in the resolution, and he or she shall perform such other duties as may from time to time be determined by the Board of Directors.

Duties of the Chief Financial Officer

- (e) The Chief Financial Officer, or person performing the usual duties of the Chief Financial Officer, shall arrange to keep full and accurate accounts of all receipts and disbursements of the Corporation in proper books of account and shall arrange the deposit of all moneys or other valuable effects in the name and to the credit of the Corporation in such bank or banks as may from time to time be designated by the Board of Directors. The Chief Financial Officer shall arrange to disburse the funds of the

Corporation under the direction of the Board's annual budget, taking proper vouchers therefore and shall render to the Board at the regular meetings thereof or whenever required, an account of all his or her transactions as Chief Financial Officer, and of the financial position of the Corporation.

Other Officers

- (f) The duties of all other Officers of the Corporation shall be such as the terms of their engagement call for or the Board of Directors requires of them.

11. COMMITTEES

Establishment of Committees

- (a) To assist the Board in carrying out its duties, the Board shall establish the following Committees and other such Committees may be added from time to time:
 - (i) Finance, Audit and Performance Committee;
 - (ii) Governance and Nominating Committee;
- (b) All Committees are subject to the following:
 - (i) The Chair of the Committee and Members thereof shall be appointed by the Board;
 - (ii) A written mandate to be prepared by the Committee, which shall be approved by the Board, shall govern each such Committee and said mandate must be made available upon request;
 - (iii) A Member of a Committee shall serve at the pleasure of the Board;
 - (iv) Each Committee shall meet at least annually, and more frequently at the will of its chair or as required by its mandate, and as requested by the Board; and
 - (v) Each committee shall be responsible to report to the Board at the discretion of the Committee chair and/or at the request of the Chair of the Board.

Ad hoc Committees & Task Forces

- (c) In addition, the Board may establish such ad hoc committees and/or task forces, which may include persons who are not Members of the Board, for such purposes as the Board may determine from time to time. The existence of each such committee shall be terminated upon:
 - (i) The completion of its assigned task; or
 - (ii) A resolution to that effect of the Board;whichever first occurs.

12. PROTECTION OF DIRECTORS AND OFFICERS

Indemnification of Directors and Officers

- (a) Every Director and Officer of the Corporation, and his or her heirs, executors and administrators, and estate and effects, respectively, shall be indemnified and saved harmless out of the funds of the Corporation, from and against,
 - (i) All costs, charges and expenses whatsoever that he, she or it sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against him, her or it, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him, her or it, in or about the execution of the duties of his, her or its office; and
 - (ii) All other costs, charges and expenses that he, she or it sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his, her or its own wilful neglect or default.
- (b) The Corporation shall purchase and maintain insurance for a Director or Officer of the Corporation against any liability incurred by the Director or Officer, in the capacity as a Director or Officer of the Corporation, except where the liability relates to the person's failure to act honestly and in good faith with a view to the best interests of the Corporation.

13. EXECUTION OF DOCUMENTS

Cheques, Drafts, Notes, etc.

- (a) All cheques, bills of exchange or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, Agent or Agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors and any one of such Officers or Agents may alone endorse notes and drafts for collection on account of the Corporation through its bankers, and endorse notes and cheques for deposit with the Corporation's bankers for the credit of the Corporation, or the same may be endorsed "for collection" or "for deposit" with the bankers of the Corporation by using the Corporation's rubber stamp for the purpose. Any one of such Officers or Agents so appointed may arrange, settle, balance and certify all books and accounts between the Corporation and the Corporation's bankers and may receive all paid cheques and vouchers and sign all the bank's forms or settlement of balances and release or verification slips.

Execution of Documents

- (b)
 - (i) Deeds, transfers, licenses, contracts and engagements on behalf of the Corporation shall be signed by an Officer or Director or by such person or persons as the Directors may from time to time determine; and
 - (ii) Notwithstanding any provisions to the contrary contained in the By-laws of the Corporation, the Board may at any time by resolution direct the manner in which, and the person or persons by whom, any particular instrument, contract or obligations of the Corporation may or shall be executed.

14. BOOKS AND RECORDS

The Board shall see that all necessary books and records of the Corporation required by the By-laws of the Corporation or by any applicable statute or law are regularly and properly kept. Minutes of the meetings of the Board shall be available to the Board each of whom shall receive copies thereof.

15. BANKING ARRANGEMENTS

Board Designate Bankers

- (a) The Board shall designate, by resolution, a bank, trust company, or other corporation carrying on a banking business to act as the Corporation's banker and shall designate the Officers and other persons authorized to transact the banking business of the Corporation, or any part thereof, with such bank, trust company, or other corporation carrying on a banking business, to have the authority set out in the resolution, including, unless otherwise restricted, the power to:
 - (i) Operate the Corporation's accounts with the banker;
 - (ii) Make, sign, draw, accept, endorse, negotiate, lodge, deposit or transfer any of the cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money;
 - (iii) Issue receipts for and orders relating to any property of the Corporation; and
 - (iv) Execute any agreement relating to any banking business and defining the rights and powers of the parties thereto.

Deposit of Securities

- (b) The securities of the Corporation shall be deposited for safekeeping with one or more bankers, trust companies or other financial institutions to be selected by the Board of Directors. Any and all securities so deposited may be withdrawn, from time to time, only upon the written order of the Corporation signed by such Officer or Officers, Agent or Agents of the Corporation, and in such manner, as shall from time to time be determined by resolution of the Board and such authority may be general or confined to specific instances. The institutions which may be so selected as custodians by the Board shall be fully protected in acting in accordance with the directions of the Board and shall in no event be liable for the due application of the securities so withdrawn from deposit or the proceeds thereof

16. BORROWING BY THE CORPORATION

Authority for Borrowing

- (a) The Board:

- (i) Shall ensure that it has adequate resources, which may include an operating line of credit, to finance the operations of an approved Program Plan that has been approved by the Ontario Minister of the Environment and Climate Change under the Act;
- (ii) Shall not give financial assistance to any Director, Officer, or employee, directly or indirectly, by means of a loan or guarantee or otherwise;
- (iii) May borrow money on the credit of the Corporation;
- (iv) May issue, sell or pledge securities of the Corporation; or
- (v) May charge, mortgage, hypothecate or pledge all or any of the real or personal property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any securities or any money borrowed, or other debt, or any other obligation or liability of the Corporation.

Board Authorized Signatories

- (b) The Board may authorize any Director, Officer or employee of the Corporation or any other person to make arrangements with reference to the monies borrowed or to be borrowed as aforesaid and as to the terms and conditions of the loan thereof, and as to the securities to be given therefore, with power to vary or modify such arrangements, terms and conditions and to give such additional securities for any monies borrowed or remaining due by the Corporation as the Directors may authorize, and generally to manage, transact and settle the borrowing of money by the Corporation.

17. FISCAL YEAR

The fiscal year of the Corporation shall terminate on the last day of December in each year.

18. AUDITOR

The Board shall appoint an Auditor to audit the books of the Corporation. The remuneration of the Auditor shall be fixed by the Board or as determined by the Board.

19. NOTICE

Method of Notice

- (a) Any notice (which term includes any communication or document) to be given, sent, delivered or served pursuant to the By-laws or otherwise to a Member, Steward, Director, Officer or Auditor shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him, her or them at his, her or their recorded address by prepaid air or ordinary mail, or if sent to him, her or them at his, her or their recorded address by any means of prepaid transmitted or recorded communication, including e-mail, at an address provided by the intended recipient.

Computation of Time

- (b) A notice so delivered shall be deemed to have been given when it is delivered personally or at the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch.

Error or omission in notice

- (c) No error or omission in giving notice of any general meeting or any adjourned meeting, whether annual or general, shall invalidate such meeting or make void any proceedings taken thereat and any Director may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. For the purpose of sending notice to any Director or Officer or other persons for any meeting or otherwise, the address of any such person shall be his, her or their last address recorded on the books of the Corporation.

20. BY-LAW AND AMENDMENTS, ETC.

These By-laws may be amended from time to time by a majority vote of the Board of Directors.

ADOPTED

by the Board the 15th day of December, 2017.



Chairman



Board Secretary

MHSW EXECUTIVE COMMITTEE (MHSW EC) MANDATE

A. Composition

The MHSW Executive Committee (MHSW EC) is a Board Committee which shall be comprised of members of the Board who are otherwise not affiliated with any organization either charged with the obligation to manage MHSW materials on behalf of producers, or intending to provide compliance services in the future or engaged as contractors to provide services to such organizations.

B. Terms of Reference

The MHSW EC role is to oversee the development and execution of a wind-up plan for the MHSW program in accordance with the terms set out by the Minister of the Environment, Conservation & Parks (MOECP) in his letter of April 12, 2018 and the related addendum. (The Minister's letter and addendum is appended to this Mandate and shall serve as detailed guidance for the Committee.)

The MHSW EC shall:

1. Develop a wind-up plan and recommend its approval by the SO board no later than the June 19, 2019 board meeting.
2. Oversee the administration of the RPRA approved wind-up plan and ensure that the MHSW program ceases operations on December 31, 2020.
3. Retain the services of a qualified MHSW Program Manager who will:
 - be employed by SO;
 - be a signing authority in accordance with the scope of such authority as determined by the MHSW EC; and
 - report directly to the MHSW EC to develop and manage the wind-up of the MHSW program.
4. Oversee the work of the MHSW Program Manager.
5. Execute any contracts that exceed signing authorities delegated to the MHSW PM and Director of Operations.
6. Ensure that meaningful consultations are conducted on the wind-up plan and that communications to stakeholders during the development and implementation of the wind-up plan are transparent, clear and timely.
7. Provide information updates to the Board of its activities related to the wind-up as well as provide quarterly updates on the operational and financial performance of the MHSW program during the wind-up period.
8. Receive and review the quarterly and annual RPRA regulatory reports and recommend their approval to the SO Board.

C. Operating Principles

The MHSW EC shall fulfill its responsibilities within the context of the following principles:

1. Committee Values
The MHSW EC expects the management of SO to operate in compliance with SO's Code of Conduct and policies with laws and regulations governing SO.

2. Communications

The Chair and members of the MHSW EC expect to have direct, open and frank communications throughout the year with the MHSW Program Manager, the external auditors, the CFO and other key MHSW EC advisors as applicable.

3. Annual MHSW EC Work Plan

The Committee, in consultation with MHSW Program Manager, shall develop an annual Committee Work Plan responsive to its responsibilities as set out in this Mandate and the Minister's Wind Up Letter and Addendum.

4. Meeting Agenda

Meeting agendas shall be the responsibility of the Chair of the Committee in consultation with the MHSW Program Manager.

5. Committee Expectations and Information Needs

The Committee shall communicate its expectations to the MHSW Program Manager with respect to the nature, timing and extent of its information needs. The Committee expects that all reasonably required and available information (including minutes) relating to each matter to be dealt with by the Committee at its meetings will be received from the MHSW Program Manager within a reasonable time frame in advance of each Committee meeting (e.g. five days).

6. Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the MHSW EC shall be entitled to rely in good faith upon:

- a) The financial statements of SO represented to him or her by an Officer of SO or in a written report of the external auditors to present fairly the financial position of SO in accordance with generally accepted accounting principles; and
- b) Any report of a lawyer, accountant, appraiser or other person whose profession lends credibility to a statement made by any such person.

7. External Resources

In addition to the external auditors, the MHSW EC may at its own discretion retain one or more persons having special expertise that will assist the Committee in discharging its responsibilities.

8. Reporting to the Board

The MHSW EC, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

9. Committee Self-Assessment

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

D. Operating Procedures

1. The Committee shall meet as often as necessary to execute its obligations but no less than four times annually. Meetings shall be held at the call of the Chair, or upon the request of two members of the Committee.
2. Quorum means 50% of the members of the Committee and a minimum of two people;
3. Unless the MHSW-EC otherwise specifies, the MHSW Program Manager shall act as Secretary of all meetings of the Committee;

This version: November 10, 2018

Approved by the Board: December 14, 2018

4. To accommodate the planned and unplanned absences of the MHSW EC Chair, he or she should appoint an Acting Chair at the start of his or her term of office. In the absence of the Acting Chair, the Committee members present shall appoint an Acting Chair; and
5. A copy of the minutes of each meeting of the MHSW EC shall be provided to each member of the Committee.

E. Limitations on the Committee's Duties

In contributing to the MHSW EC's discharging of its duties under this mandate, each member of the Committee shall be obliged only to **exercise** the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the MHSW EC a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board Members are subject.

Stewardship Ontario Conflict of Interest Mitigation Plan

On August 15, 2019, the Minister of the Environment, Conservation and Parks directed Stewardship Ontario (SO) to develop a plan in respect of the funding program for blue box materials under the *Waste Diversion Transition Act, 2016* (the SO Program), and for SO itself, as a necessary step to transitioning to a producer responsibility model. The plan is to describe a mechanism for determining the steward fees necessary to provide for payments to municipalities and First Nations communities until the time they transfer responsibility for providing blue box services to producers. The new producer responsibility framework is expected to be fully implemented, and the SO Program at an end, by December 31, 2025.

Among other things, the plan is to be consistent with the principle of supporting competition and preventing conflict of interest. In connection therewith, SO was directed to take all necessary steps to ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan.

In response, SO has put in place procedures to ensure there is no real, potential or apparent conflict of interest in respect of the plan's development, contents or implementation and, without limiting the scope of these procedures, has addressed the following:

- Any real, potential or apparent conflict of interest in respect to SO's relationship with Canadian Stewardship Services' Alliance (CSSA); and
- Any necessary steps to ensure that CSSA does not receive preferential treatment over other potential market participants in respect of Blue Box resource recovery markets that may be created under the *Resource Recovery and Circular Economy Act, 2016*.

SO has taken steps to resource its operations with a qualified management team. No member of the management team will be cross-appointed to or otherwise retained by CSSA. Members of the management team will be asked to execute agreements that prohibit them from providing advisory or other services to potential market participants in respect of Blue Box resource recovery markets that may be created under the RRCEA while they are engaged by SO. The outsourcing agreement with CSSA will be amended to reflect the elimination of cross-appointed management positions between SO and any other entity, and to make clear that the provision of support services is to be at the request and direction of SO management and under procedures approved by SO management and the SO Board.

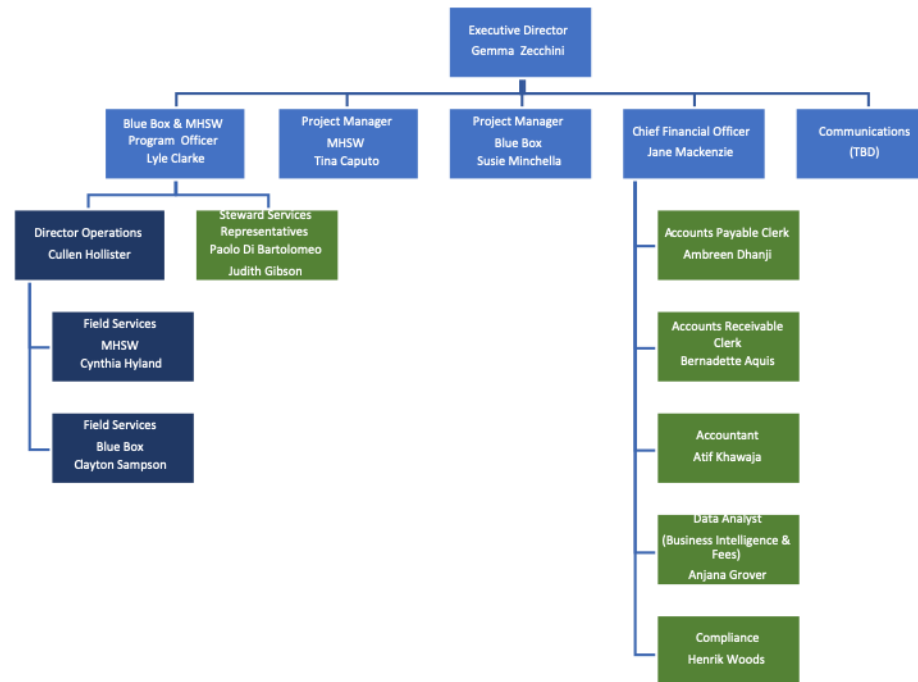
The table that follows sets out the necessary actions to ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan.

Topic	Action (Taken or Proposed)	Additional Information
SO Board	John Coyne resigned from the Board of Directors of SO effective immediately prior to the September 26 th Q3 board meeting, which eliminates any cross-appointment between the SO and CSSA Board members	SO Board: ○ Robyn Collver, Canadian Tire (Chair) ○ Gulnara Gabidullina, Procter & Gamble (Vice-Chair) ○ Debbie Baxter, Independent Director ○ Diane Brisebois, Retail Council of Canada ○ Tim Faveri, Maple Leaf Foods ○ Joseph Longo, Longo Fruit Markets ○ Sylvain Mayrand, Lassonde ○ Ron Soreanu, Coca Cola. There are currently two SO Board vacancies which the board intends to fill at its upcoming Q4 meeting on December 17th. Candidates have been identified; neither is or will also be on the Board of CSSA. CSSA Board: ○ John Coyne, Unilever Canada (Chair) ○ Bob Chant, Independent Director, Consultant to Loblaw Companies ○ Gordon Meyer, Independent Director (retired: no current retainer with Procter & Gamble, previous employer)

Executives	Appointed a qualified Executive Director who reports directly to the Board supported by at least four direct reports. No member of this management team will be cross-appointed to or otherwise retained by CSSA, during the time they work for SO. Proposed elimination of cross appointment of officers between CSSA & SO.	Gemma Zecchini has been retained as Executive Director supported by a small management team which is independent of CSSA; namely a Program Officer, CFO and two Project Managers. Ms. Zecchini's responsibilities include the development of the required plan for approval by the Board. The above roles are all contract positions and time commitments for each role will vary depending on the work required. Gemma Zecchini has resigned as CSSA Secretary. Ms. Zecchini is currently completing a client assignment for CSSA which will be fully wrapped up no later than October 30th. The assignment does not include advisory or other services to potential market participants in respect of Blue Box resource recovery markets that may be created under the RRCEA. Ms. Zecchini does not, and has never had, access to any of CSSA's information systems, data or servers other than an email address. David Pearce will resign as SO Operations Officer effective October 31. This role will be performed by Lyle Clarke. Kathleen Kennedy has resigned her role as SO CFO and has been replaced by Jane Mackenzie.
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Employees	SO staff will be a combination of permanent staff employed by SO and permanent staff who are technically employed by CSSA but will be under the management of SO and physically segregated from CSSA staff.	SO day to day operations activities will be performed by existing SO permanent staff reporting directly to the independent Program Operations Officer: ○ Cullen Hollister, Director Operations ○ Clayton Sampson, Field Services Manager ○ Cynthia Hyland, Field Services Coordinator The following categories of staff will be segregated from CSSA to perform work for SO and will be managed by an independent contract CFO. These staff will not perform any duties for CSSA. ○ Accounts payable ○ Accounts receivable ○ Accountant ○ Data Analyst ○ Compliance
Other	Physical Segregation IT Systems Segregation Conflict of Interest Policy & Code of Conduct	SO Executive and staff as set out on the organization chart will be physically segregated in separate quarters on the 8th floor of 1 St. Clair West. Only those persons will have card key access to those quarters. The SAP system will be segregated by company code and access will be restricted to the SO team. The SO team will be governed by the same conflict of interest policy as directors and will adhere to the SO Code of Conduct.

Stewardship Ontario Wind Up Team Effective November 1, 2019



Management Contact Information

Gemma Zecchini	Executive Director	gzecchini@stewardshipontario.ca
Lyle Clarke	Blue Box & MHSW Program Officer	lclarke@stewardshipontario.ca
Tina Caputo	Project Manager, MHSW	tcaputo@stewardshipontario.ca
Susie Minchella	Project Manager, Blue Box	sminchella@stewardshipontario.ca
Jane Mackenzie	Chief Financial Officer	jmackenzie@stewardshipontario.ca