



Stewardship Ontario

Final Implementation Report

MHSW Wind-Up Plan

Submitted to RPRA and the Minister of the
Environment, Conservation and Parks

June 8, 2023

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SIGNATURE OF THE ADMINISTRATOR

This report has been approved by the Stewardship Ontario's Administrator for submission to the Resource Productivity and Recovery Authority and the Minister of the Environment, Conservation and Parks in accordance with the requirements of subsection 14(20) the *Waste Diversion Transition Act, 2016* with respect to the Municipal Hazardous or Special Waste Program.

A handwritten signature in black ink, appearing to be 'Sue Lo', written in a cursive style.

Sue Lo
Administrator, Stewardship Ontario

SECTION 1:
Final Implementation Report – MHSW
Wind-Up Plan

Background

The Municipal Hazardous or Special Waste (MHSW) Program was designed to collect consumer household or special waste material and manage these materials through to their end-of-life (recycled or disposed of safely) in accordance with the *Waste Diversion Transition Act, 2016* (WDTA).

Since it began in 2008, Stewardship Ontario collected and processed over 235,000 tonnes of MHSW materials including approximately¹:

- 26,000 tonnes of antifreeze;
- 400 tonnes of fertilizer;
- 29,000 tonnes of oil containers;
- 78,000 tonnes of oil filters;
- 63,000 tonnes of paints and coatings;
- 300 tonnes of pesticides;
- 4,000 tonnes of non-refillable pressurised containers;
- 6,000 tonnes of refillable pressurized containers;
- 23,000 tonnes of single-use batteries; and
- 4,000 tonnes of solvents.

Under the WDTA, the Minister directed Stewardship Ontario to wind up the MHSW Program to enable transition to the management of related materials to the individual producer responsibility regulatory framework under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA).

New items specific to the Wind-Up Plan were added to Stewardship Ontario's regular quarterly financial and performance reporting to RPRA. This included:

- Program wind-up costs;
- Material specific wind-up costs and surplus funds;
- Actual and forecasted disbursement of surplus funds;
- MHSW wind-up communications activities.

This report outlines and confirms the steps Stewardship Ontario took to implement the MHSW Wind-Up Plan as approved by Resource Productivity and Recovery Authority (RPRA) in accordance with the requirements of the WDTA.

¹ Industry Stewardship Programs started during the course of the program collected additional MHSW materials. Product Care Association, which began operations in 2015, collected approximately 60,800 tonnes of MHSW materials (paints, solvents, pesticides and fertilisers) during this period. Automotive Materials Stewardship, which began operations in 2017, collected approximately 59,400 tonnes of MHSW materials (oil containers, oil filters and antifreeze).

MHSW Wind-Up Summary

The MHSW Wind-Up Plan developed by Stewardship Ontario, and approved by RPRA, and any subsequent Plan amendments approved by RPRA, collectively establish the framework for the wind-up of the MHSW Program. Table 1 below summarizes the Ministerial directions received in relation to wind-up of the MHSW Program and timelines established for implementation of Program Wind-Up.

Table 1: MHSW Ministerial Directions and Timelines

Date	Ministerial Direction	Details
April 12, 2018	MHSW Program Wind-Up Direction	<ul style="list-style-type: none">• MHSW Program to cease operation Dec 31, 2020;• Stewardship Ontario to submit MHSW Wind-Up Plan to RPRA by June 30, 2019;• RPRA to Approve WUP Plan by Dec 31, 2019
Dec 11, 2018	Single-use Battery Timeline	<ul style="list-style-type: none">• MHSW Program for single-use batteries to cease operation June 30, 2020.
July 2, 2019	Surplus Funds and Program Timeline	<ul style="list-style-type: none">• MHSW surplus funds to be returned to consumers through fee reductions;• MHSW Program for materials, other than single-use batteries, to cease operations, June 30, 2021;• Stewardship Ontario to submit MHSW WUP to RPRA.• RPRA approved the MHSW WUP with conditions on December 31, 2019.
Dec 20, 2019	Residual Funds	<ul style="list-style-type: none">• MHSW residual funds to be returned to stewards;• RPRA approved WUP Residual Funds Addendum on February 20, 2020.
April 1, 2020	ISO Surplus Fund Transfer	<ul style="list-style-type: none">• Lump sum payments to Industry Stewardship Organizations for fee reductions;• Stewardship Ontario to submit WUP Plan Amendments to RPRA by April 30, 2020
April 29, 2020	Submission Extension	<ul style="list-style-type: none">• Stewardship Ontario to submit ISO Surplus Fund Transfer Amendments to RPRA by June 5, 2020;• RPRA approved ISO Surplus Funds Transfer Addendum with conditions on June 26, 2020
April 29, 2021	Program Extension	<ul style="list-style-type: none">• MHSW Program for materials to cease operation on Sept 30, 2021;• Stewardship Ontario to submit WUP Amendments to RPRA by May 31, 2021;• RPRA approved Program Extension Addendum on June 30, 2021

At the start of the MHSW wind-up period in April 2018, Stewardship Ontario received a favourable decision from the Tax Court of Canada on a claim for GST/HST input tax credits for fees related to the MHSW Program since its inception. The court determined that Stewardship

Ontario provided a service that entitled it to receive input tax credits (which had previously been denied). Following the ruling, Canada Revenue Agency remitted \$29.4 million to Stewardship Ontario which significantly increased MHSW reserves in 2018.

Consistent with approved MHSW WUP requirements, Stewardship Ontario ceased operation of the MHSW Program for single-use batteries on June 30, 2020, and for other MHSW materials on September 30, 2021.

Ministerial direction required the return of surplus funds to consumers which was implemented through fee reductions applied to MHSW products. Stewardship Ontario initially targeted \$43 million to be disbursed through fee reductions. Fee reductions for Stewardship Ontario stewards were directly administered by Stewardship Ontario and lump sum payments were made to Industry Stewardship Organizations (ISOs) in July 2020 to facilitate fee reductions for their members. During the wind-up period, \$47.7 million in surplus and residual funds were disbursed (See Surplus Fund and Residual Fund Disbursements in Table 3 below for more detail.)

As the MHSW Program ceased operations on September 30, 2021, this Final Implementation Report focuses on final steps taken by Stewardship Ontario to wind up the MHSW Program in 2022 and provides key summary information regarding Stewardship Ontario's implementation of the MHSW WUP over the course of the wind-up period.

Additional information related to the implementation of wind-up activities through 2019 to 2021 can be found in Annual [Stewardship Ontario RPRA Filings on Program Performance](#) for those years and related [Stewardship Ontario Annual Reports](#).

In June 2022, Stewardship Ontario concluded arrangements with MHSW Program stewards with the disbursement of final fee reductions and residual funds to stewards (See Table 4 below for more detail).

Stewardship Ontario also concluded arrangements with members of Industry Stewardship Plans with lump sum residual fund payments made to the Product Care Association (PCA) and Automotive Materials Stewardship (AMS) in June 2022 (See Table 5 below for more detail).

As per the approved MHSW Wind-Up Plan, Stewardship Ontario worked with RPRA to finalize arrangements to transfer MHSW Program data to RPRA, recognizing that Stewardship Ontario will not wind up as an organization until 2026. It was agreed that the data transfer would occur in phases. Phase I included the transfer of priority MHSW Program information selected by RPRA. Phase I was completed April 3, 2023. Phase II will follow the termination of the MHSW Program until the corporate wind-up of Stewardship Ontario in 2026. All remaining MHSW Program data will remain available to RPRA upon request until 2026. Remaining MHSW Program data (Phase III) will be transferred following completion of the wind-up of the Blue Box program prior to the destruction of both Blue Box and MHSW data at the time of the corporate wind-up of Stewardship Ontario.

Final destruction of MHSW Program data will be deferred until the Blue Box program ceases operations. As per the approved Wind-Up Plan, with the exception of that required by IT technical staff to maintain the system, data access by operational staff to MHSW information will be restricted via system security protocols. RPRA program staff approval will be required in relation to any data access requests by Stewardship Ontario representatives. Remaining MHSW Program data will be transferred to RPRA as part of the corporate wind-up of Stewardship Ontario following the termination of the Blue Box Program.

Cost Performance to Budget 2019 - 2022

The MHSW WUP submitted in September 2019 included forecast wind-up expenses of \$7.291 million over a three-year period including material contingency amounts. During the wind-up period Stewardship Ontario adjusted WUP expense forecasts based on actual expenses incurred and changes to the WUP process. The extension of the MHSW Program in 2021 increased general WUP management costs associated with the implementation of the WUP and deferred some anticipated WUP costs into 2022. Details regarding previous financial adjustments to MHSW WUP general expenses and performance in relation to forecasts can be found in previous Stewardship Ontario RPRA Filings on Program Performance.²

As can be seen in the Table 2 below, overall MHSW wind-up expenses of \$4.891 million were significantly less than WUP Budget forecast of \$7.291. Two million in material contingency amounts were ultimately not required. As per the WUP, unused contingency amounts were returned to stewards as fee reductions or residual fund payments (See Table 3 below).

Excluding material contingency amounts in a comparison of WUP actual costs versus forecasts, WUP costs of \$4.891 million were approximately 8% less than the original WUP forecast of \$5.291 million.

While plan development and implementation costs of \$3.725 million were higher than the original forecast of \$3.121 million (by approximately 20%), new Ministerial directions issued following the submission of the original WUP, including a requirement to extend the MHSW Program for three months, generated higher than anticipated WUP development and implementation costs.

Higher WUP development and implementation costs, however, were offset by lower than anticipated RPRA fees and other cost adjustments. RPRA fees of just under \$1 million during the WUP period were 36% less than the original forecast. Stewardship Ontario also managed MHSW related employment issues in a cost-effective manner saving over \$100,000 in potential employment severance payments.

² See RPRA Filing on Program Performance for 2019, 2020 & 2021.

The original WUP budget included \$550,000 in general contingency amounts related to final Program Wind-Up. A corporate wind-up holdback in the amount of \$50,000 was forecast to cover 50% of the estimated legal cost related to dissolution of Stewardship Ontario as a corporate entity. A general contingency of \$500,000 was established to deal with unexpected costs, such as potential claims against the organization, and adjustments to the WUP budget.

Following completion of general wind-up activities and a re-assessment of estimated corporate dissolution costs, Stewardship Ontario combined and reduced its overall contingency amount from \$550,000 to a revised \$185,000 holdback to be used for the MHSW Program's share of SO corporate wind-up expenses. The corporate wind-up holdback amount will be referenced and reported on in SO's annual regulatory filings and the final Blue Box program wind-up report (anticipated in 2026).

Table 2: MHSW Wind-Up Update: Actual versus Forecast Costs (\$ 000)		
Budget Category	Actuals (2019-2022)	Wind-Up Plan* (2019-2022)
Plan Development & Implementation	\$3,725	\$3,121
Regulatory Charges (RPRA)	\$973	\$1,510
Contingencies		
Material	\$0	\$2,000
General	\$0	\$500
HR	\$8	\$110
Corporate Wind-Up Holdback	\$185	\$50
Total	\$4,891	\$7,291

*Forecast as of December 2019

Steward Registration, Reporting & Audit

With the MHSW Program ceasing operations on September 30, 2021, final steward reports and related audit activity were effectively completed in 2021.³

As per the approved MHSW WUP, final Steward invoices were issued in December 2021 with final steward payments to Stewardship Ontario due by January 20, 2022.

Stewardship Ontario completed final wind-up activities with stewards, service providers and data transfer arrangements with RPRA, enabling it to finalize calculations regarding final surplus fund and residual fund disbursements in June 2022. Audited financial statements can be found in Section 2 of this report.

³ Information on final steward reporting and audit activity can be found in Stewardship Ontario's RPRA Filing on 2021 MHSW Program Performance

Surplus Fund and Residual Fund Disbursements

Under the approved MHSW WUP, Stewardship Ontario was obligated to disburse both surplus funds and residual funds to stewards and Industry Stewardship Organizations (ISOs) for redistribution to their members.

Surplus funds represent the amount of excess funds in each material category that Stewardship Ontario estimated would not be necessary to finance Program wind-up activities. Stewardship Ontario disbursed these amounts to stewards as fee reductions throughout the wind-up process and as lump sum payments to ISOs in July 2020 (for redistribution to their members as fee reductions).

Residual funds represent the amounts left in each material category once all of Stewardship Ontario's MHSW Program financial obligations had been accounted for. These amounts include both unused material reserve wind-up contingency amounts and surplus amounts from Stewardship Ontario general reserves that were re-allocated to material reserves at the end of the Program.

Surplus and residual funds were allocated and disbursed according to the provisions of the approved MHSW WUP.

Table 3 below includes a breakdown by material category of both surplus funds and residual funds disbursed by Stewardship Ontario in relation to initial wind-up plan forecasts. In those MHSW Program categories where ISOs were managing collection of MHSW materials, Stewardship Ontario provided lump sum surplus and residual fund payments to the ISOs for redistribution to their members in accordance with each ISO's Surplus Fund Transfer Agreement with SO, the [MHSW Wind-Up Plan](#), the [MHSW Wind-Up Plan: ISO Surplus Fund Transfer Addendum](#) and [MHSW Wind-Up Plan: Residual Funds Addendum](#). Final lump sum residual fund transfers to the ISO were made in June 2022. At that time, Stewardship Ontario also issued final surplus fund and residual fund disbursements to its own stewards, at which point all obligations in respect of the ISO's Surplus Funds Transfer Agreements with Stewardship Ontario were satisfied

Throughout the MHSW wind-up process the level of both surplus fund and residual fund disbursements were subject to MHSW budget contingencies. At the beginning of the wind-up process, Stewardship Ontario projected that reserves available for distribution as surplus funds would total approximately \$43 million with a preliminary residual fund estimate of \$337,000. In addition, the MHSW Program WUP Budget included \$2.55 million in contingency amounts that were intended to be available for distribution as surplus or residual funds if they were not needed to finance MHSW wind-up expenses. Interest income generated by MHSW reserves in 2019 and 2020 also contributed to MHSW general reserves which increased the general reserves available for re-allocation to material reserves at the end of the MHSW Program.

As can be seen in the summary Table 3, actual steward disbursements under the MHSW WUP totalled approximately \$47.7 million, comprised of \$44.8 million in fee reductions and \$2.9 million in residual fund disbursements. Fee reductions and residual fund payments exceeded initial wind-up plan forecasts in all material categories.

Table 3: Stewardship Ontario Surplus Fund and Residual Fund Disbursements by MHSW Category Including transfers to Industry Stewardship Organizations*						
MHSW Category	Actual Surplus Fund Disbursements (000s)	Actual Residual Fund Disbursements (000s)	Actual Total Disbursements (000s)	Wind-Up Plan Forecast Surplus Fund Disbursements (000s)	Wind-Up Plan Forecast Residual Fund Disbursements (000s)	Wind-Up Plan Forecast Total Disbursements (000s)
Antifreeze	\$2,022	\$78	\$2,100	\$1,900	\$55	\$1,955
Oil Containers	\$9,530	\$810	\$10,340	\$9,700	\$87	\$9,787
Oil Filters	\$9,602	\$648	\$10,250	\$9,550	\$58	\$9,608
Paints & Coatings	\$14,600	\$500	\$15,100	\$14,470	\$53	\$14,523
Pesticides	\$250	\$10	\$260	\$113	\$5	\$118
Fertilizers	\$314	\$24	\$338	\$195	\$5	\$200
Solvents	\$1,344	\$64	\$1,408	\$1,320	\$9	\$1,329
Non-refillable Pressurized Containers	\$318	\$11	\$329	\$0	\$44	\$44
Refillable Pressurized Containers	\$368	\$28	\$396	\$225	\$33	\$258
Single-Use Batteries	\$6,492	\$732	\$7,224	\$5,490	\$27	\$5,517
Total	\$44,840	\$2,905	\$47,745	\$42,963	\$376	\$43,339

*Information on the timing of Stewardship Ontario surplus fund and residual fund disbursements is available on the [Stewardship Ontario website](#).

Total Stewardship Ontario steward and ISOs disbursements were approximately 10% higher or \$4.4 million more than original WUP forecasts. Disbursements were significantly higher in the pesticide and fertilizer categories as the change to the MHSW common cost allocation methodology, implemented during the wind-up period, had a positive impact on reserve levels in those categories. In the pressurized container and single-use battery categories, unused contingency amounts and steward reserve adjustments made during the wind-up period both had a positive impact on category disbursements.

Tables 4 below summarizes the surplus fund and residual payments made to Stewardship Ontario stewards. As can be seen in Table 4, Stewardship Ontario disbursed just under \$10 million in fee reductions to its stewards with an additional \$930 thousand disbursed as residual funds. In some material categories the percentage of surplus funds allocated to Stewardship Ontario stewards varied in relation to initial Wind-Up Plan estimates due the migration of stewards to ISOs during the wind-up period.

Table 4: Stewardship Ontario Surplus and Residual Fund Disbursements to Stewardship Ontario Stewards			
MHSW Material	Surplus Fund Disbursements (000s)	Residual Fund Disbursements (000s)	Total Disbursements (000s)
Antifreeze	\$121	\$5	\$126
Oil Containers	\$1,558	\$79	\$1,637
Oil Filters	\$859	\$62	\$921
Paints & Coatings	\$14	\$0.3	\$14
Pesticides	\$0	\$0	\$0
Fertilizers	\$24	\$8	\$32
Solvents	\$104	\$5	\$109
Refillable Pressurized Containers	\$368	\$28	\$396
Non-Refillable Pressurized Containers	\$318	\$11	\$329
Single-use Batteries	\$6,492	\$732	\$7,224
Total	\$9,858	\$930	\$10,788

Table 5 below summarizes Stewardship Ontario surplus fund and residual fund disbursements to ISOs. Amounts transferred to ISOs were then distributed to ISO members as fee reductions or residual fund payments, in accordance with each ISO's Surplus Fund Transfer Agreement with SO, the [MHSW Wind-Up Plan](#), the [MHSW Wind-up Plan: ISO Surplus Fund Transfer Addendum](#) and [MHSW Wind-up Plan: Residual Funds Addendum](#). As can be seen in Table 5, Stewardship Ontario transferred just under \$35 million in surplus funds to ISOs in July 2020 to be disbursed as fee reductions with an additional \$1.98 million disbursed to ISOs as residual funds at the end of the program (June 2022). In aggregate transfers to ISOs represented 77% of surplus and residual fund disbursements made by Stewardship Ontario during the wind-up period.

Table 5: Stewardship Ontario Surplus and Residual Fund Disbursements to ISOs				
Industry Stewardship Organization (ISO)	MHSW Material	ISO Lump Sum Fee Reduction Disbursement (000s)	ISO Residual Fund Disbursement (000s)	Total ISO Disbursements (000s)
Automotive Materials Stewardship (AMS)	Antifreeze	\$1,901	\$73	\$1,974
	Oil Containers	\$7,972	\$731	\$8,703
	Oil Filters	\$8,743	\$586	\$9,329
	Total	\$18,616	\$1,390	\$20,006
Product Care Association (PCA)	Paints & Coatings	\$14,586	\$500	\$15,086
	Pesticides	\$250	\$10	\$260
	Fertilizers	\$290	\$16	\$306
	Solvents	\$1,240	\$59	\$1,299
	Total	\$16,366	\$585	\$16,951
Total ISO Disbursements		\$34,982	\$1,975	\$36,957

As per the approved Wind-Up Plan, Stewardship Ontario used supply tonnage from the 2019 calendar year to allocate surplus funds in each MHSW category between Stewardship Ontario Stewards and ISP members in July of 2020. Stewardship Ontario and ISOs then disbursed fee reductions in material categories to individual stewards and members in accordance with their individual supply share for reporting periods. This same methodology was used to allocate residual funds between Stewardship Ontario and ISP members and subsequent disbursement of residual funds to individual stewards.

Program Supply Chain

Given that the MHSW Program ceased operations on September 30, 2021, Stewardship Ontario activities related to supply chain and service provider arrangements and obligations were

resolved and agreements terminated on or before December 8, 2021 (see Stewardship Ontario RPRA Filing on 2021 MHSW Program Performance for more information).

Municipalities and First Nations which acted as collectors for some MHSW materials received final termination notifications on August 26, 2021, as per MHSW service agreements. Final MHSW Program payments to pressurized container transporters and processors were also completed by December 2021.

Information on final MHSW Program accessibility, tonnage collected and diverted can be found in the Stewardship Ontario RPRA Filing on 2021 MHSW Program Performance.

As noted in the WUP, Stewardship Ontario conducted a business-as-usual approach to MHSW Program operations during the wind-up period maintaining full MHSW Program accessibility and service until the Ministerial directed dates to cease operations.

Communications and Consultation

As the MHSW Program ceased operations on September 30, 2021, Stewardship Ontario did not conduct any public promotions or educational activity related to the MHSW Program in 2022. Information on final MHSW Promotion and Education activities can be found in the Stewardship Ontario RPRA Filing on 2021 MHSW Program Performance.

Throughout the MHSW wind-up process, as per the MHSW WUP, Stewardship Ontario conducted extensive steward and service provider outreach activities to ensure that Program participants were aware of upcoming wind-up activities. Development of the MHSW WUP and related amendments was informed by extensive stakeholder outreach and numerous consultation sessions.

Stewardship Ontario also conducted webinars for various MHSW categories prior to the issuance of fee reductions, to ensure that stewards understood the fee reduction process and could have questions answered. Webinars were also conducted in advance of the Program ceasing operations both for single-use batteries and other MHSW materials to ensure that service providers and stewards understood final MHSW Program reporting requirements and deadlines. (Significant consultation initiatives are referenced in the Summary MHSW WUP Implementation Chart attached as Appendix A.)

As per the approved Wind-Up Plan, Stewardship Ontario maintained the Orange Drop website as a landing page for a period of six months after the MHSW Program ceased operations to direct visitors to the RPRA website for information about recycling of Hazardous or Special Waste. Legal title to the Orange Drop trademark was transferred to RPRA, as per the MHSW WUP, in June 2022. Transfer of website domain and related social media accounts to RPRA was completed on April 3, 2023.

As noted above, Stewardship Ontario also transferred MHSW Program data as requested by RPRA. In July 2022 Stewardship Ontario notified stewards that access to historic MHSW data on the WeRecycle web portal would be terminated as of September 16, 2022.

Visitors to the Stewardship Ontario website seeking information on current recycling of former MHSW materials will be redirected to the RPRA's webpage providing information on Hazardous or Special Waste recycling under the *Resource Recovery and Circular Economy Act, 2016*.

Final MHSW Wind-Up Steps

As of June 2022, tasks associated with the operation MHSW Program WUP have been implemented by Stewardship Ontario in accordance with the MHSW WUP. There are no remaining MHSW surplus or residual funds to be disbursed to stakeholders or payments to be made to MHSW Program service providers. MHSW Program operations have been fully wound up. Significant WUP steps are referenced in the Summary MHSW WUP Implementation Chart attached as Appendix A.

Stewardship Ontario will continue to perform corporate functions in relation to the operation of the Blue Box Program until that Program ceases operations at the end of 2025. After the Blue Box program ceases operations, Stewardship Ontario will execute final Blue Box obligations and take steps to dissolve Stewardship Ontario as a corporate entity.

As noted in the MHSW Performance to Budget discussion a total of \$185,000 has been retained by Stewardship Ontario to cover any residual MHSW costs related to the dissolution of Stewardship Ontario as a corporate entity and the final data transfer to RPRA and destruction of, remaining MHSW data in the CRM system.

Stewardship Ontario's website will post or include a link to the Ministerial Notice of Termination for MHSW Program once that Notice has been posted on the *Environmental Bill of Rights* registry (as per subsection 14 (23) of the *Waste Diversion Transition Act, 2016*).

SECTION 2:

2022 Audited Financial Statements

Stewardship Ontario

Financial Statements

For the year ended December 31, 2022

Stewardship Ontario

Financial Statements

For the year ended December 31, 2022

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Independent Auditor's Report

To the Members of Stewardship Ontario

Opinion

We have audited the financial statements of Stewardship Ontario (the "Organization"), which comprise the balance sheet as at December 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 13, 2023

Stewardship Ontario Balance Sheet

December 31

2022

2021

Assets

Current

Cash	\$ 16,634,930	\$ 16,315,043
Investments (Note 2)	26,308,042	27,192,732
Accounts and other receivables (Note 3)	2,470,000	3,149,741
Prepaid expenses and deposits	35,117	31,487

45,448,089 46,689,003

Investments (Note 2)

28,377,356 39,101,436

\$ 73,825,445 \$ 85,790,439

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 45,379,523	\$ 40,314,511
Deferred revenue (Note 5)	666,017	666,017
Continuous Improvement Fund (Note 6)	10,974,679	12,713,937

57,020,219 53,694,465

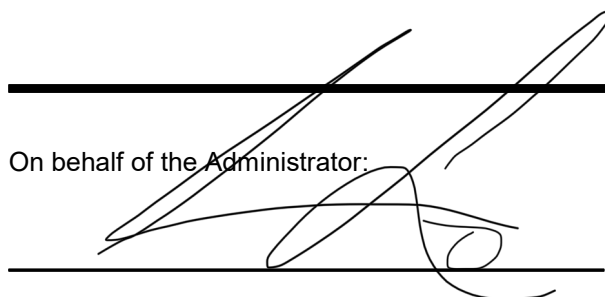
Net Assets

Unrestricted	16,805,226	31,449,974
Internally restricted (Note 7)	-	646,000

16,805,226 32,095,974

\$ 73,825,445 \$ 85,790,439

On behalf of the Administrator:



Administrator

Stewardship Ontario Statement of Changes in Net Assets

For the year ended December 31, 2022

	Unrestricted	Internally Restricted	2022 Total
Balance, beginning of year	\$ 31,449,974	\$ 646,000	\$ 32,095,974
Deficiency of revenue over expenses for the year	(15,290,748)	-	(15,290,748)
MHSW Program Extension Reserve (Note 7)	646,000	(646,000)	-
Balance, end of year	\$ 16,805,226	\$ -	\$ 16,805,226

For the year ended December 31, 2021

	Unrestricted	Internally Restricted	2021 Total
Balance, beginning of year	\$ 37,675,457	\$ 7,710,379	\$ 45,385,836
Deficiency of revenue over expenses for the year	(13,289,862)	-	(13,289,862)
MHSW Sustaining Fund (Note 7)	2,100,000	(2,100,000)	-
Plastic Market Development Fund (Note 7)	4,964,379	(4,964,379)	-
Balance, end of year	\$ 31,449,974	\$ 646,000	\$ 32,095,974

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

Stewardship Ontario Statement of Operations

For the year ended December 31	2022	2021
Revenue		
Blue Box program steward fees	\$169,171,725	\$147,527,971
MHSW program steward fees	8,180	3,963,778
MHSW program steward fee reduction (Note 8)	-	(2,334,503)
Investment income (loss) (Note 9)	(696,341)	273,418
	<u>168,483,564</u>	<u>149,430,664</u>
Expenses		
Blue Box Program		
Municipal Transfer Payments	169,143,232	149,246,510
Research and development	67,149	91,089
Promotion and education	362,561	384,723
Program wind up costs	641,722	898,588
	<u>170,214,664</u>	<u>150,620,910</u>
MHSW Program		
Direct material costs (Note 4)	461,262	2,063,166
Program wind up costs	1,197,839	944,137
Surplus transfer (Note 11)	3,354,068	-
	<u>5,013,169</u>	<u>3,007,303</u>
Common costs		
Program management (Note 4)	6,876,685	7,302,736
Resource Productivity and Recovery Authority (Note 10)	1,669,794	1,789,577
	<u>8,546,479</u>	<u>9,092,313</u>
Total expenses	<u>183,774,312</u>	<u>162,720,526</u>
Deficiency of revenue over expenses for the year	<u>\$ (15,290,748)</u>	<u>\$ (13,289,862)</u>

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

Stewardship Ontario Statement of Cash Flows

For the year ended December 31

2022

2021

Cash (used in)

Operating activities

Deficiency of revenue over expenses for the year	\$ (15,290,748)	\$ (13,289,862)
Adjustments to reconcile deficiency of revenue over expenses for the year to cash provided by operating activities		
Non-cash component of investment income	3,104,689	1,436,322
Changes in non-cash working capital balances:		
Accounts and other receivables	679,741	5,280,291
Prepaid expenses and deposits	(3,630)	(5,982)
Accounts payable and accrued liabilities	5,065,011	1,751,406
Deferred revenue	-	(145,001)
Continuous Improvement Fund	(1,739,258)	(2,251,128)
	(8,184,195)	(7,223,954)

Investing activities

Proceeds from (purchase of) investments, net of expenses	8,504,082	(1,371,241)
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Increase (decrease) in cash during the year

319,887 (8,595,195)

Cash, beginning of year

16,315,043 24,910,238

Cash, end of year

\$ 16,634,930 \$ 16,315,043

Stewardship Ontario Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies

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

(a) Business Organization and Operations

Stewardship Ontario ("Organization") is an Industry Funding Organization created under Section 24 of the Waste Diversion Act, 2002 ("WDA") to operate waste diversion programs. On February 14, 2003, the Organization was formally incorporated in the Province of Ontario as a corporation without share capital. The Organization is a not-for-profit organization and as such is not subject to income taxes.

On November 30, 2016, The Resource Recovery and Circular Economy Act (2016) ("RRCEA") was proclaimed along with the Waste Diversion Transition Act (2016) ("WDTA") which replaces the WDA. Under the RRCEA, Waste Diversion Ontario ("WDO") continued under its new name, the Resource Productivity and Recovery Authority ("RPRA").

Blue Box Program

The first Blue Box Program Plan was approved by the Minister of the Environment in December 2003 and the program commenced operations in February 2004.

On August 15, 2019, Management received a letter from the Minister of the Environment, Conservation and Parks that directed the Organization to transition the management of the Blue Box Program to producers of plastic and other packaging. The Organization had to submit a plan to transition the Blue Box Program no later than August 31, 2020. The transition plan was approved by RPRA on December 23, 2020. The Blue Box Program is expected to begin its transition in July 2023 and cease operations by the end of 2025. Corporate wind up is expected to follow the Blue Box Program transition.

MHSW Program

On December 11, 2006, the Minister of the Environment prescribed Municipal Hazardous or Special Waste ("MHSW") as a designated waste under the WDA. The Minister required that WDO develop a waste diversion program for MHSW, and the Organization to be the Industry Funding Organization ("IFO"). The Minister of the Environment approved the Program Plan in November 2007. MHSW officially commenced operations July 1, 2008.

Ontario Regulation 11/12 took effect on April 1, 2012 where the Organization is required to apply a market share methodology to recover both ongoing operating costs and to recover past deficits that have accumulated over the course of the program. This cost recovery methodology is designed to result in an economically sustainable program.

Management received letters from the Ministry of the Environment, Conservation and Parks ("Ministry") on April 12 and December 11, 2018. Pursuant to Section 14 of the WDTA, the Ministry directed the Organization to wind up the MHSW waste diversion program. The Wind Up Plan was approved by RPRA on January 8, 2020. The single-use battery portion of the MHSW program ceased operation on June 30, 2020 and the remainder of the MHSW program ceased operation on September 30, 2021.

Stewardship Ontario

Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies - (Continued)

(b) Basis of Accounting

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

(c) Revenue Recognition

The Blue Box program steward fees are recognized as revenue based on reported tonnages for stewards registered with the Organization. Steward reported tonnages for prior years' obligations and revenues resulting from compliance and enforcement activities are recognized when the amount can be reasonably estimated and collection is reasonably assured. The MHSW program steward fees are recognized on a cost recovery basis when costs are incurred and collection is reasonably assured. Any revenue resulting from compliance and enforcement activities are recorded as revenue when the amount can be reasonably estimated and collection is reasonably assured.

The Organization follows the deferral method of accounting for revenues, including the Glass Market Development Fund. Amounts received for programs are recognized as revenue when the related expenses are incurred.

(d) Financial Instruments

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

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

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include estimates of unreported tonnages and collectability of steward fees, accrued post collection costs and the valuation of accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

Stewardship Ontario Notes to Financial Statements

December 31, 2022

2. Investments

	2022	2021
Cash held with broker	\$ 115,825	\$ 3,496,461
Fixed income	54,569,573	62,797,707
	54,685,398	66,294,168
Less: Current portion	26,308,042	27,192,732
	\$ 28,377,356	\$ 39,101,436

Fixed income investments bear interest at 2.29% to 3.95% (2021 - 1.83% to 3.95%) and mature between June 2023 and May 2030 (2021 - December 2022 and May 2030). The decrease in market value of investments for the year ended December 31, 2022 amounted to \$2,811,879 (2021 - \$830,551) which is included in investment income (Note 9).

3. Accounts and Other Receivables

	2022	2021
Blue Box and MHSW program steward fees	\$ 4,243,060	\$ 3,759,449
Other	143,739	28,868
Allowance for doubtful accounts	(1,916,799)	(638,576)
	\$ 2,470,000	\$ 3,149,741

Stewardship Ontario Notes to Financial Statements

December 31, 2022

4. Significant Contracts

- (a) Canadian Stewardship Services Alliance Inc. ("CSSA") and Circular Materials ("CM")

The Organization entered into an agreement with CSSA to sublicense its original intellectual property licenses and intellectual property associated therewith, being the Enterprise Information System to CSSA, for consideration of \$1,650,000. This agreement will expire on May 31, 2023.

Effective January 1, 2014, the Organization entered into a five year Management Services Agreement with CSSA for management, administrative and technical support, other services and facilities for administrative, technical and reporting activities. On January 1, 2019, the agreement was amended to extend for a further three years. On November 11, 2021, CSSA entered into an agreement with the Resource Recovery Alliance Inc. ("RRA") to acquire substantially all assets, liabilities and operations of the CSSA. As a result of the acquisition, the MSA with CSSA was assigned to RRA. On September 15, 2022 CM acquired all of the issued and outstanding shares of RRA, and, as part of the acquisition, a Service Agreement was signed between CM and SO which became effective on September 15, 2022. Charges totaling \$4,373,880 (\$3,309,312 to RRA and \$1,064,568 to CM) ((2021 - \$4,657,271 to CSSA and \$1,051,367 to RRA) were paid pursuant to the contract and are included in program management expenses and program wind up costs in the statement of operations. Included in accounts payable and accrued liabilities as at December 31, 2022 is \$609,824 (2021 - \$Nil) relating to these services.

- (b) Automotive Materials Stewardship Inc. ("AMS")

On February 2, 2017, the Organization entered into a Supply Chain Agreement with AMS, a newly established organization whose program was previously under the Organization's MHSW program. AMS focuses on the waste management of anti-freeze, oil filters, and oil containers. Under the Supply Chain Agreement, the Organization shall purchase from AMS, the Organization's Automotive Market Share of tonnes of each Automotive Materials (oil filters, oil containers, and anti-freeze) under the supply chain. During the year ended December 31, 2022, the Organization incurred costs of \$458,065 (2021 - \$624,100) under this agreement which are included in direct material costs for the MHSW program.

During 2021, under the Hazardous and Special Products ("HSP") Regulation and new regulatory framework, AMS transitioned to a Producer Responsibility Organization ("PRO"). As at September 30, 2021, AMS and the Organization's MHSW program ceased operations.

Stewardship Ontario Notes to Financial Statements

December 31, 2022

5. Deferred Revenue

	<u>2022</u>	<u>2021</u>
Blue Box Program		
Glass Market Development Fund	\$ 666,017	\$ 666,017

Deferred revenue in the Blue Box Program represents unspent resources that are externally restricted for the Glass Market Development Fund. Commitments related to the Glass Market Development Fund are further explained in Note 12(a).

6. Continuous Improvement Fund ("CIF")

In prior years, the Organization was directed to hold back a portion of the municipal blue box obligation for the CIF; see Note 12(b) for further details regarding the fund. The CIF is managed by external parties and directs the Organization to release funds as required.

During the year ended December 31, 2022, the CIF spent \$1,739,258 (2021 - \$2,251,128) on continuous improvement activities. The funds held by the Organization for the CIF are included in cash.

Stewardship Ontario Notes to Financial Statements

December 31, 2022

7. Internally Restricted Net Assets

	2022	2021
MHSW Program Extension Fund	\$ -	\$ 646,000

The directors authorized the establishment of the MHSW Program Extension Fund to support the costs associated with an increase in general wind up costs associated with a potential program extension. In 2022, the directors authorized the transfer of \$646,000 from the MHSW Program Extension Fund to Unrestricted Net Assets.

The directors recognized the need for a Sustaining Fund to enable the Organization to carry out its non-profit activities and satisfy all of its obligations. During 2021, the directors authorized the transfer of \$2,100,000 from the Sustaining Fund to Unrestricted Net Assets.

The directors authorized the establishment of the Plastic Market Development Fund for investment in infrastructure for plastic markets and activities for their development and therefore internally restricted funds for this purpose. In 2021, the directors authorized the transfer of \$4,964,379 from the Plastic Market Development Fund to Unrestricted Net Assets.

8. Steward Fee Reduction

The approved MHSW Wind Up Plan and subsequent amendments included provisions for the Organization to disburse MHSW program surplus funds to stewards and to Industry Steward Organizations ("ISO") to facilitate fee reductions during the remainder of the program.

9. Investment Income

	2022	2021
Interest income	\$ 2,288,921	\$ 1,597,439
Dividend income	119,426	112,300
Loss on sale of investments	(83,335)	(394,440)
	2,325,012	1,315,299
Adjustment to fair value	(2,811,879)	(830,551)
Investment expenses	(209,474)	(211,330)
	\$ (696,341)	\$ 273,418

Stewardship Ontario Notes to Financial Statements

December 31, 2022

10. Resource Productivity and Recovery Authority

Under the Blue Box and MHSW program agreements, the Organization is required to collect fees to cover both program operations and the program specific and common costs of RPRA that relate to program oversight.

11. Surplus Transfer

During the year, in accordance with RPRA's conditions of the ISO Surplus Fund Transfer Addendum to the MHSW Wind Up Plan, the Organization made an additional surplus distribution payment of \$1,389,901 to AMS and \$585,039 to Product Care Association of Canada. In addition, a residual fund payment of \$930,325 and a retroactive fee reduction payment of \$448,803 was made to MHSW stewards.

12. Commitments

(a) Glass Market Development Fund

The Blue Box Program Plan is committed to pay \$2,901,525 to a Glass Market Development Fund from contributions from stewards of glass. As of December 31, 2022, the Organization has spent \$2,235,508 (2021 - \$2,235,508).

(b) Continuous Improvement Fund ("CIF")

The CIF provides grants and loans to municipalities to execute projects that will increase the efficiency of municipal Blue Box recycling and help boost system effectiveness. The CIF was created to support projects that will identify and implement best practices, examine and test emerging technologies, employ innovative solutions to increase Blue Box materials marketed, and promote gains in cost-effectiveness that can be implemented province wide. Each year, RPRA determines the amount of the annual municipal obligation funded by the Organization's stewards that is passed along to the CIF and any cumulative unused amounts are reflected in CIF (Note 6). As of December 31, 2022, approved project funding and related commitments for the CIF amounted to approximately \$1,279,884 (2021 - \$1,783,045) of the total fund balance of \$10,974,679 (2021 - \$12,713,937).

Stewardship Ontario Notes to Financial Statements

December 31, 2022

13. Financial Instrument Risk Exposure and Management

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

(a) Credit Risk:

Financial instruments potentially exposed to credit risk include cash, investments, and accounts and other receivables. Management considers its exposure to credit risk over cash to be remote as the Organization holds cash deposits at a major Canadian bank. Management considers its exposure to credit risk over investments to be remote as the Organization invests in federal or provincial government securities, corporate bonds, securities backed by any chartered bank, guaranteed investment certificates or equity and bond pooled funds. Accounts and other receivables, are not significantly concentrated, monitored regularly for collections, and the carrying amount represents the maximum credit risk exposure. The Organization's provision for uncollectable accounts, other receivables and loans receivable is \$1,916,799 (2021 - \$638,576).

(b) Interest Rate Risk:

The Organization is exposed to interest rate risk from fluctuations in interest rates depending on prevailing rates at renewal of fixed income investments. To manage this exposure, the Organization invests mainly in fixed income securities (federal or provincial government securities, securities backed by any chartered bank or equity and bond pooled funds), and cash and/or money market investments as determined by the Organization's portfolio manager and in accordance with the Organization's investment policy. To further manage interest rate risk, the Organization's investment portfolio has been laddered so that investment maturities are staggered over the long term.

(c) Liquidity Risk:

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they come due. The two programs operated by the Organization carry substantially different risks in the ability to forecast and control expenditures. Management has taken steps to ensure that the Blue Box and MHSW programs will have sufficient working capital available to meet obligations which it is unable to cover from program revenues in the short term. Ontario Regulations related to the MHSW Program allow the Organization to charge actual costs to stewards and significantly reduces risks related to timing of receipt and payments for the MHSW Program (Note 1(a)) and the program has ceased operations as of September 30, 2021.

These risks have not changed from the prior year.

APPENDIX A

Summary MHSW WUP Implementation Chart

<i>MHSW Wind-Up Activity</i>	<i>Implementation</i>
Wind-Up Plan Development	
Ministerial Direction – April 12, 2018: (Wind up MHSW Program) Ministerial Direction – December 11, 2018: (Single-use Battery Program timelines): <ul style="list-style-type: none"> - Submit Wind-Up Plan (WUP) to RPRA by June 30, 2019; - RPRA Approval Required by December 31, 2019. 	<ul style="list-style-type: none"> • Stakeholder Consultations March/April 2019 • Stakeholder Webinars: <ul style="list-style-type: none"> ○ April 2, 2019 (Stewards); ○ April 2, 2019 (Service Providers) • WUP Submitted June 30, 2019 (RPRA Review delayed by subsequent Ministerial Direction).
Ministerial Direction – July 2019: (Timelines/Surplus Funds): <ul style="list-style-type: none"> - Submit Wind-Up Plan September 30, 2019; - RPRA Approval Required by December 31, 2019. 	<ul style="list-style-type: none"> • Stakeholder Consultations July/August 2019 • Stakeholder Webinars: <ul style="list-style-type: none"> ○ August 14, 2019; ○ August 21, 2019. • Amended WUP Submitted to RPRA September 30, 2019; • RPRA Consultations October/November 2019: • Meetings: <ul style="list-style-type: none"> • Vaughan October 23, 2019; • London, October 29, 2019; • Smith Falls, November 5, 2019; • North Bay, November 6, 2019; • Dryden, November 12, 2019 • Webinars: <ul style="list-style-type: none"> • October 22, 2019; • November 15, 2019. • Amended WUP Submitted to RPRA December 2019 • RPRA Approval December 27, 2019.
Ministerial Direction – December 20, 2019 (Residual Funds):	<ul style="list-style-type: none"> • Stakeholder Consultations January 13, 14, 2020; • Draft WUP Addendum provided for RPRA Consultations January 16, 2020:

MHSW Wind-Up Activity	Implementation
<ul style="list-style-type: none"> • RPRA approval of amendments required by Feb 29, 2020 	<ul style="list-style-type: none"> • RPRA Consultations January 23-31, 2020; • Webinar: • January 22, 2020; • WUP Addendum Submitted to RPRA February 4, 2020; • RPRA Approval Feb 20, 2020.
Ministerial Direction – April 1, 2020: Ministerial Extension Letter – April 29, 2020: (ISO Surplus Fund Transfer): <ul style="list-style-type: none"> • Submit Amendments to RPRA by June 5, 2020; • RPRA Approval Required by June 25; 	<ul style="list-style-type: none"> • Stewardship Ontario Letter to Minister re Submission Deadline – April 23, 2020; • Stakeholder Consultations May 2020; • Stakeholder Webinars: <ul style="list-style-type: none"> ○ May 12, 2020; ○ May 13, 2020; • WUP Addendum Submitted June 5, 2020; • RPRA Consultations June 10-17, 2020; • Webinar: • June 10, 2020; • RPRA Approval June 26, 2020.
Ministerial Direction (Program Extension): <ul style="list-style-type: none"> • Submit Amendments May 31, 2021; • RPRA Approval Required by June 30, 2021. 	<ul style="list-style-type: none"> • Stakeholder Webinar: <ul style="list-style-type: none"> ○ May 18, 2021 • WUP Addendum Submitted May 28, 2021; • RPRA Consultations May 31 to June 11, 2021; <ul style="list-style-type: none"> ○ Webinar: • June 7, 2021; • RPRA Approval June 22, 2021.
Required MHSW Program Adjustments	
Implementation of Management Measures to Implement MHSW WUP (including those to Address Conflict of Interest)	<ul style="list-style-type: none"> • Independent MHSW Executive Committee established November 2018; • MHSW WUP Project Management Team Hired (2018-19); • New MHSW Blue Box Management Structure Implemented November 2019; • New Conflict of Interest Mitigation Plan Implemented November 2019; • Board Conflict of Interest By-laws Amendments (December 2018; June 2019; December 2019; February 2021); • Adjustments to Stewardship Ontario – CSSA Services Agreement Implemented January 1, 2019; • Implementation of RPRA Approved “Plan to Further Mitigate Conflict of Interest and Undue Commercial Advantage arising out of Stewardship Ontario’s Continuing Relationship with CSSA” in March 2021; • Transition of Board to RPRA Appointed Administrator implemented in June 2021;

MHSW Wind-Up Activity	Implementation
	<ul style="list-style-type: none"> Stewardship Ontario MHSW Related Human Resources Adjustments Completed as of December 2021.
Implementation of Revised Steward Rules	<ul style="list-style-type: none"> Revised Steward Rules Approved by Stewardship Ontario November 2019 (effective January 1, 2020 – December 31, 2020); Revised Steward Rules Approved by Stewardship Ontario November 2020 (effective January 1, 2021 – December 31, 2021); Revised Steward Rules Approved by Stewardship Ontario November 2021 (effective January 1, 2021 until end of Program);
Implementation of RPRA MHSW Program Plan Changes to Common Cost Allocation Methodology approved April 2019	<ul style="list-style-type: none"> Implemented October 2019
Key Operational MHSW WUP Activities	
Notification of MHSW WUP Approval	<ul style="list-style-type: none"> Communication to Stakeholders of MHSW WUP Approval and key wind-up dates - posting of Plan on website; (January 2020);
Reminder to Single-use Battery Stewards of WUP Feb 14, 2020, Adjustment Deadline re 2019 Supply Reports	<ul style="list-style-type: none"> Communicated Feb 12, 2020.
Notification to Single-use Battery Service Providers of Agreement Terminations	<ul style="list-style-type: none"> Notifications issued April 28, 2020
Revision of ISO-Stewardship Ontario Supply Share Agreements	<ul style="list-style-type: none"> AMS Stewardship Automotive Supply Share Agreement Amendments executed March 1, 2020; PCA Stewardship Pesticides, Solvents and Fertilizers Supply Share Amending Agreement executed November 27, 2019; PCA Stewardship Agreement for cost sharing on Paints and Coating executed July 17, 2020
Revision of Municipal Collection Contracts to Accommodate MHSW Program Wind-Up	<ul style="list-style-type: none"> Revised contracts circulated to municipalities August 29, 2019 Municipal contract revisions completed April 28, 2020
Single-use Battery Program Final Wind-Up Steps Webinar (review of key wind-up deadlines)	<ul style="list-style-type: none"> Notification of Webinar May 7, 2020: Webinar June 3, 2020
One-page summary of key single-use battery service provider wind-up dates sent to stakeholders and posted on Stewardship Ontario website	<ul style="list-style-type: none"> June 2020

<i>MHSW Wind-Up Activity</i>	<i>Implementation</i>
One-page summary of key single-use battery Steward wind-up dates sent to stakeholders and posted on Stewardship Ontario website	<ul style="list-style-type: none"> • June 2020
Orange Drop Branding Removed from Single-use Battery Collection Sites	<ul style="list-style-type: none"> • June 2020
Orange Drop, Stewardship Ontario Website & Social Media (Twitter/Facebook) revisions re Single-use Battery Program Ceasing Operations Implemented	<ul style="list-style-type: none"> • June 30, 2020
MHSW Program for Single-use Batteries Ceases Operation	<ul style="list-style-type: none"> • June 30, 2020; • Notification Reminder sent to all MHSW Single-use Battery Stakeholders
Deadline for collection of Program Single-use Batteries received by June 30, 2020	<ul style="list-style-type: none"> • July 15, 2020
Final Single-use Battery Service Provider Claims Received	<ul style="list-style-type: none"> • August 31, 2020
Final Single-use Battery Steward Adjustment Reports Received	<ul style="list-style-type: none"> • August 31, 2020
Payment of Final Single-use Battery Service Provider Incentives	<ul style="list-style-type: none"> • Completed November 2020
Final Single-use Battery Steward Invoices Issued	<ul style="list-style-type: none"> • December 2020
RPRA Stewardship Ontario Meeting re MHSW Data Archiving	<ul style="list-style-type: none"> • December 2020
Reminder to MHSW Stewards of WUP February 12, 2021, Adjustment Deadline re 2020 Supply Reports	<ul style="list-style-type: none"> • Communicated February 8, 2021
Notification of Termination of Voluntary MHSW Steward Services Agreements	<ul style="list-style-type: none"> • June 30, 2021
MHSW Program Final Wind-Up Steps Webinar (review of key wind-up deadlines)	<ul style="list-style-type: none"> • Notification of Webinar August 19, 2021: <ul style="list-style-type: none"> ○ Webinar September 14, 2021
Notification to MHSW Service Providers of Agreement Terminations (Including Municipalities)	<ul style="list-style-type: none"> • Stewardship Ontario notification to terminate Agreement with Ontario Parks issued December 11, 2020; <ul style="list-style-type: none"> ○ Parks gifted Stewardship Ontario collection cages as of September 30, 2021; • Stewardship Ontario notices to terminate Municipal Service Agreements issued August 26, 2021;

MHSW Wind-Up Activity	Implementation
	<ul style="list-style-type: none"> Stewardship Ontario notices to terminate Steward Voluntary Reporting Agreements were sent on June 30, 2021.
Orange Drop Branding Removed from MHSW Collection Sites	<ul style="list-style-type: none"> September 2021
Final discharge of obligations	<ul style="list-style-type: none"> Service provider and ISO obligations were discharged and agreements terminated on or before June 30, 2022.
One-page summary of key service provider wind-up dates sent to stakeholders and posted on Stewardship Ontario website	<ul style="list-style-type: none"> September 13, 2021
One-page summary of key Steward wind-up dates sent to stakeholders and posted on Stewardship Ontario website	<ul style="list-style-type: none"> September 13, 2021
Email Reminder to Municipalities with key wind-up dates	<ul style="list-style-type: none"> September 29, 2021
Orange Drop, Stewardship Ontario Website & Social Media (Twitter/Facebook) revisions re MHSW Program Ceasing Operations Implemented	<ul style="list-style-type: none"> September 30, 2021
MHSW Program Ceases Operation	<ul style="list-style-type: none"> September 30, 2021 Notification Reminder sent to all MHSW stakeholders.
Deadline for collection of MHSW Program materials received by September 30, 2020	<ul style="list-style-type: none"> October 15, 2021
Final Steward Supply Reports Received	<ul style="list-style-type: none"> Email Reminders Sent October 18, 2021; Deadline: October 31, 2021
Final MHSW Service Provider Claims Received	<ul style="list-style-type: none"> Email Reminders Sent November 17, 2021 Deadline: November 30, 2021
Final MHSW Steward 2021 Adjustment Reports Received	<ul style="list-style-type: none"> Email Reminders Sent November 15, 2021; Deadline: November 30, 2021
Payment of Final MHSW Service Provider Incentives	<ul style="list-style-type: none"> Completed December 2021
ISO Stewardship Ontario Supply Report Agreement Adjustments Completed	<ul style="list-style-type: none"> December 2021 Final Supply Report Agreement payment adjustments made with ISOs December 2021
Final MHSW Steward Invoices Issued	<ul style="list-style-type: none"> December 20, 2021
Stewardship Ontario obtains revocation of MECP Provisional Certificate of Approval (re collection of certain automotive materials)	<ul style="list-style-type: none"> Revocation request sent to MECP March 30, 2021; MECP Revocation of Provisional Certificate of Approval received August 5, 2022.

MHSW Wind-Up Activity	Implementation
Orange Drop trademark/legal title, website domain and digital assets transferred to RPRA	<ul style="list-style-type: none"> • Transfer of legal title completed June 17, 2022 • Transfer of website domain and digital assess completed in April 2023
Notification to Stewards re Access to historical Program data	<ul style="list-style-type: none"> • Notifications issued July 2022; • Access to historical Program data terminated as of September 16, 2022
Phase I transfer of data to RPRA (program, operational, compliance & communications data)	<ul style="list-style-type: none"> • Phase I transfer of priority MHSW Program data to RPRA was completed between October 2022 and April 2023 • Remaining MHSW data to be transferred following wind-up of the Blue Box Program.
Management of MHSW Reserves	
MHSW Category Fee Reductions	
Single-use Batteries	<ul style="list-style-type: none"> • Stakeholder Webinar: • January 27, 2020 • Fee Reductions Implemented: • January to September 2020
Overview Financial Update to Stewards Outlining Anticipated Fee Reduction Process	<ul style="list-style-type: none"> • Issued July 23, 2020
Pressurized Containers	<ul style="list-style-type: none"> • Stakeholder Webinar: <ul style="list-style-type: none"> ○ July 28, 2020 • Fee Reductions Implemented: <ul style="list-style-type: none"> ○ July 2020 to June 2022
ISO Surplus Fund Lump Sum Transfer	<ul style="list-style-type: none"> • ISO Transfer Agreements signed with PCA, AMS July 2020 • Lump Sum Surplus Fund Transferred to PCA July 9, 2020 • Lump Sum Surplus Fund Transferred to AMS July 9, 2020
Antifreeze, Oil Containers, Oil Filters (Stewardship Ontario Stewards)	<ul style="list-style-type: none"> • Stakeholder Webinar: <ul style="list-style-type: none"> ○ October 28, 2020 • Fee Reductions Implemented: <ul style="list-style-type: none"> ○ Oct 2020 to June 2022
Fertilizers, Paints & Coatings, Solvents (Stewardship Ontario Stewards)	<ul style="list-style-type: none"> • Stakeholder Webinar: <ul style="list-style-type: none"> ○ July 28, 2021 • Fee Reductions Implemented: <ul style="list-style-type: none"> ○ July 2021 to June 2022
Notice of Aggregate Fee Reduction Disbursements	<ul style="list-style-type: none"> • Issued to Stewards and stakeholders and posted on website as category fee reductions implemented: <ul style="list-style-type: none"> ○ October 2020; ○ December 31, 2020; ○ January 31, 2021; ○ April 30, 2021;

MHSW Wind-Up Activity	Implementation
	<ul style="list-style-type: none"> ○ July 31, 2021; ○ December 31, 2021; ○ June 23, 2022
MHSW Category Residual Fund Disbursements	
Residual Fund Disbursements	<ul style="list-style-type: none"> • Residual Funds Disbursed to SO Stewards June 2022 • SO ISO Pre-disbursement Briefings June 2022 • Lump Sum Residual Funds Transferred to PCA June 2022 • Lump Sum Residual Funds Transferred to AMS June 2022 • Notice of release of restricted reserves was provided to ISOs on June 23, 2022.
Fee Reductions/Residual Fund Communications	<ul style="list-style-type: none"> • Stewards in each MHSW category received communications regarding aggregate fee reductions for category updated as payments disbursed. • Details of Overall Category Fee Reduction and Residual Fund Disbursements posted and updated on Stewardship Ontario's website as payments disbursed.
Additional Communication Activities	
MHSW WUP Updates	<ul style="list-style-type: none"> • Included in Quarterly Stewardship Ontario newsletters
WUP Reporting	
<p>Submission of draft Quarterly Financial Reports to RPRA:</p> <ul style="list-style-type: none"> • 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. <p>Final Quarterly Financial Reports provided following Board/Administrator approval.</p>	<ul style="list-style-type: none"> • MHSW Quarterly Financial Reports submitted to RPRA in accordance with WUP timeframes; • Final MHSW Financial Quarterly Report for Q4 2022 submitted to RPRA March 2023.
Annual RPRA Filings on Program Performance (to be submitted by April 1 st of following year).	<ul style="list-style-type: none"> • Stewardship Ontario RPRA Filing on 2019 Program Performance submitted April 1, 2020; • Stewardship Ontario RPRA Filing on 2020 Program Performance submitted April 1, 2021; • Stewardship Ontario RPRA Filing on 2021 Program Performance submitted April 1, 2022;

<i>MHSW Wind-Up Activity</i>	<i>Implementation</i>
	<ul style="list-style-type: none"> • Stewardship Ontario RPRA Filing on 2022 Program Performance was submitted April 1, 2023; • Following RPRA Approval All Filings on Program Performance posted on Stewardship Ontario website
Stewardship Ontario Annual Reports (to be posted on website by July 1 st of following year)	<ul style="list-style-type: none"> • 2019 Annual Report posted July 1, 2020; • 2020 Annual Report posted July 1, 2021; • 2021 Annual Report posted July 1, 2022; • 2022 Annual Report to be posted July 1, 2023;
Ad hoc RPRA MHSW data requests and reports	<ul style="list-style-type: none"> • Provided as requested
Final Implementation Report MHSW Wind-Up Plan	<ul style="list-style-type: none"> • Submitted to RPRA and the Ministry of the Environment, Conservation and Parks June 8, 2023