

Report to Stewards

2021 Annual Steward Meeting
October 27, 2021



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2021 Annual Steward Meeting

The Annual Steward Meeting (ASM) will be held on Wednesday, October 27, via Zoom webcast. The ASM will review 2022 budgets and fees for Recycle BC, MMSW, MMSM and Stewardship Ontario.

Registration for the webcast can be done at www.cssalliance.ca/2021-annual-steward-meeting. The web page will also include this Report. After the meeting the presentation slides, an archived replay of the webcast and other resources will be available. An FAQ document with answers to submitted questions will be posted in the following days.

Local times for the ASM:

British Columbia: 10:00 - 11:30 p.m. PDT
Saskatchewan: 11:00 - 12:30 p.m. CST
Manitoba: 12:00 - 1:30 p.m. CDT
Ontario: 1:00 - 2:30 p.m. EDT



This year's ASM will be presented via Zoom

2022 Budget and Fee Overview

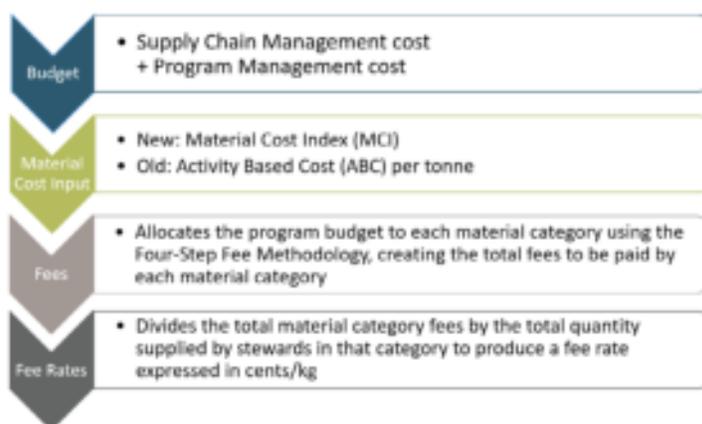
The most significant component of all program budgets is the cost to manage the recycling systems, or supply chains. Budgets also include the costs to manage the programs and to deliver on promotion and education objectives.

Recycling system budgets for British Columbia and Saskatchewan are determined by referencing their commercial contracts with collection and post-collection service providers. For Ontario and Manitoba, recycling system budgets are based on submitted municipal costs once they have undergone a verification process.

Approved program budgets provide an important input to the fee setting process. Fee setting also requires a

determination of each material's impact on the cost of recycling system activities through a material cost input. Fees for 2022 complete the implementation of the Material Cost Index (MCI), calculated using the Material Cost Differentiation (MCD) methodology (except for Stewardship Ontario, 2021 fees were based on 50% MCI and 50% Activity Based Cost).

Fee rates for each material are calculated by dividing the total fee for each material category by the total quantity of the material supplied by stewards. The Four-Step Fee Methodology is used to calculate these material fees.



Commodities Update

Commodity markets are a factor in recycling system budgets because commodity revenues offset collection and post-collection costs. When commodity revenues fall, overall program costs increase.

The timing of commodity revenue impacts the annual budget differently by program. Recycle BC and MMSW calculate commodity revenue annually, while Stewardship Ontario and MMSM use a rolling three-year average of commodity revenue. For these programs, revenue from the years 2018, 2019 and 2020 are used.

In addition to the total commodity revenue budget, the Four-Step fee model requires a commodity price be available for each material category to calculate its relative share of the program commodity revenue. A three-year rolling average for commodity price includes 2018, 2019 and 2020.

While commodity markets stabilized somewhat in 2020 and showed some signs of rebound in 2021 from two and a half years of decreased prices driven primarily from the China Ban on imports that took effect at the beginning of 2018, there continue to be moderate to significant regional variations across Canada.

2022 Fee Rates

Beyond the changes driven by budgets, 2022 fee rates (with the exception of Stewardship Ontario) are influenced by the second and final phase of Material Cost Index (MCI) implementation, along with the introduction of partial disaggregation of some material fee rates.

The MCI value for each material is a key output of the Material Cost Differentiation (MCD) methodology and a key input to setting fees in Step One of the Four-Step Fee Methodology. The MCI provides a fairer and more accurate input for fee setting– it does not change the program budget and does not affect the total fees paid by stewards.

MCI is a primary driver for some material categories varying significantly from the average fee rate change for each program. The impact on 2022 rates is similar to 2021 and in line with expectations included in consultation materials prepared to inform the review and approval of the Material Cost Differentiation Methodology. 2022 fee rates for Stewardship Ontario are calculated using the ABC/tonne input.

For programs using the MCI, 2022 fees also include the first phase of the retirement of aggregation, or averaging, for fee setting now that the MCI is fully implemented. The MCI provides a unique cost-impact value for each material category so the historic practice of averaging fee

rates for some materials is no longer required.

When using the ABC methodology, some material fee rates were aggregated because differences in the cost per tonne could not be explained. This constraint does not exist when using the MCD methodology.

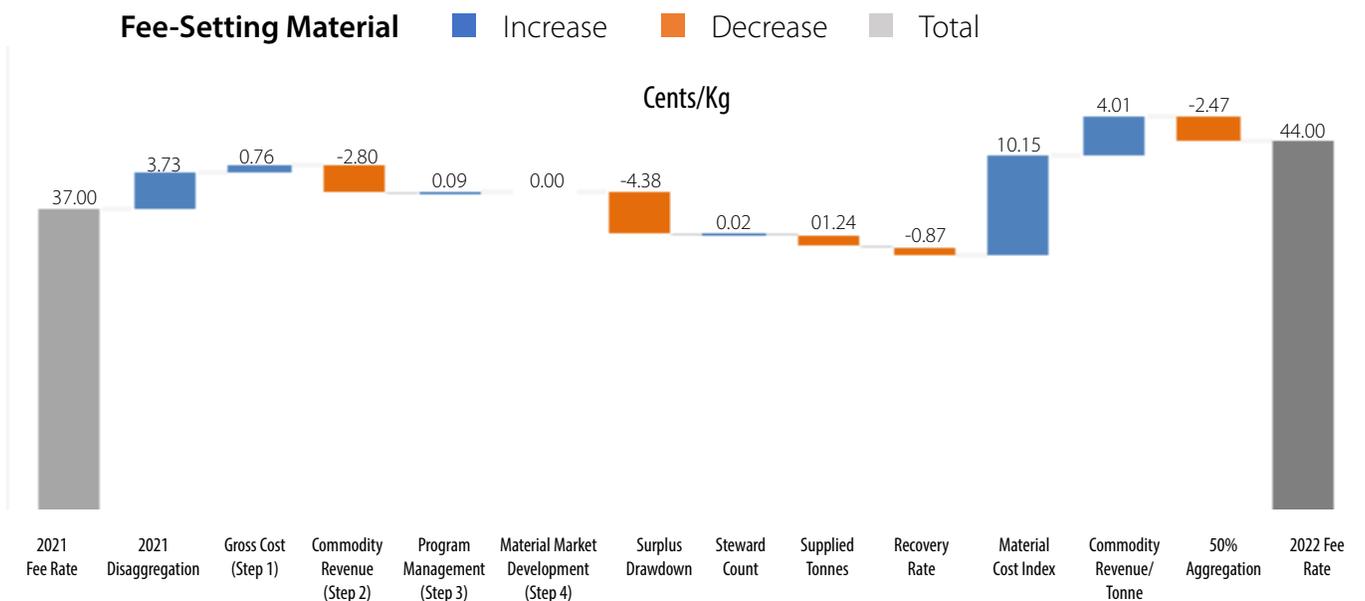
To assist steward understanding of annual changes to material fee rates, a graphic has been developed (see below) to provide a summary of how MCI, fee disaggregation and other variables influence change.

Fee Rate Cause of Change

In response to steward requests for details about annual changes to material fee rates, graphs have been developed to illustrate the factors driving changes from 2021 to 2022. An example graph is provided below.

The 2021 rate is the first bar on the left and the 2022 rate is the last bar on the right. The bars in between indicate if a rate increases or decreases due to that factor and notes the change in cents/kg. Descriptions of 20 factors are detailed in the table on the next pages – not all factors apply to each program.

Each program section in this report includes a sample graph for a selected material. Files with graphs for all materials are available on each program's website.



Factor	Description/Impact	Program
2021 Fee Rate	Chart begins with the published fee rate for the current year.	All
2021 Disaggregation	Change to fee rate when aggregation is removed. Aggregation is the historic practice of averaging the fees for some materials together. This practice is being phased out (except for Stewardship Ontario). All subsequent impacts are illustrated on the disaggregated fee rate.	All
Gross Cost (Step 1)	Changes in the program's cost to collect, manage, market and oversee these recycling system activities, maintaining the current year's relative share of supply and collected quantities. Only the gross cost value is updated.	All
Commodity Revenue (Step 2)	Changes in the program's revenue earned from the sale of materials to recycling end markets, maintaining the current year's relative share of managed quantities. Only the total program commodity revenue is updated.	All
Program Management (Step 3)	Changes to the program management (PM) budget (staff, CSSA services, office lease, etc.), maintaining the current year's relative share of PM cost and by updating the PM cost budget only.	All
Material Specific Reserve Management (Step 4)	Generates surplus for those materials that need to increase their contribution to the program's reserves.	MMSM
Material Market Development (Step 4)	Investments needed to improve the materials' recovery performance. (Not utilized in 2022 by any program)	All
Surplus Drawdown	Reduction in the fee rate caused by utilization of reserves to finance a portion of the program budget.	All
Steward Count	Relative share of program management costs for this material based on the change to the count of stewards supplying material in this category.	All
Supplied Tonnes	The impact on fees caused by an increase or decrease in material's relative share of supply quantities when considering both the change in this material's supply quantity and all other materials.	All

Factor	Description/Impact	Program
Recovery Rate	The impact on fees caused by an increase or decrease in material's relative share of managed/collected quantities.	All
Material Cost Index	Implementation of final phase of the Material Cost Index (MCI) value for calculating each material's relative share of supply and collected/managed quantities.	Recycle BC MMSW MMSM
ABC Cost/Tonne	Recalculation of each material's relative share of supply and collected/managed quantities when using an updated Activity Based Cost (ABC) per tonne.	Stewardship Ontario
Commodity Revenue/Tonne	Update to the material's commodity price per tonne and the resultant impact on each material's relative share of the program's total commodity revenue.	All
50% Aggregation	Full disaggregation is being phased in over two years. This factor implements the first phase of this approach and its resulting impact to fee rates.	Recycle BC MMSW MMSM
2022 Aggregation	Change to the material's fee rate caused by aggregation, or averaging, of fee rates for those materials where this historic practice was followed.	Stewardship Ontario
NP Remaining	Allocation of the shortfall in Newspaper fee revenue to all other program materials.	MMSM
Plastic Fund Return	Absence of the Plastic Market Development Fund return in the current fees. The fund was fully returned to the impacted materials as part of the 2021 fees.	Stewardship Ontario
Polycoat Fund Return	Absence of the Polycoat Market Development Fund return in the current fees. The fund was fully returned to the impacted materials as part of the 2021 fees.	Stewardship Ontario
2022 Fee Rate	This is the final fee rate for the upcoming year considering all causes of change.	Recycle BC MMSW MMSM

Reporting Category Consultation



Over the last six years Canadian producers have been on a harmonization journey to develop a fair and accurate method to calculate packaging and paper program stewardship fees. It began with the launch of the Four-Step Fee Methodology in 2016 and was closely followed by development of the Material Cost Differentiation (MCD) methodology which fairly measures each material's impact on the cost of recycling system activities.

The next stage of the journey is to align steward reporting categories with the MCD categories used to measure cost impacts. Such alignment will further promote fairness and accuracy in fee setting.

Recognizing that changing steward reporting categories may not be easy for stewards, the following evaluation was used to assess the necessity for change:

- 1) Does the change align with the fairness principles of the Four-Step Fee Methodology and the MCD Methodology?
- 2) Does it increase fairness and accuracy in fee setting?
- 3) Can stewards operationalize the reporting category change?
- 4) Does the change balance benefits to fee setting while minimizing impacts to stewards?
- 5) Does the change align with other important initiatives such as the Canada Plastics Pact?

Taking these factors into account, changes are being proposed to steward reporting categories that reflect three key factors (size, weight and colour) that drive cost in the recycling system:

- Size affects how materials move through the system and the resources needed to transition them from collection to a state of ready to be repurposed.
- Lightweight materials can be more difficult to process than more heavy dense materials.
- Colour can affect the visible detectability of materials and the resources necessary to manage them in the system.

More details will be provided at the Annual Steward Meeting. The steward community and their trade associations will be invited to provide feedback on the proposal. A survey will be issued in the coming weeks to gather this feedback.

2020 Review

Recycle BC collected its highest-ever volume of materials in 2020, its sixth full year of operation. With residents spending more time at home in 2020, placing a greater volume in recycling bins, bags and depots during the year, net collected tonnes increased a significant 9.4% from the previous year to 203,213 tonnes. As a result, the program's recovery rate increased from 2019 as well.

The Recycle BC Program Plan approved in 2019 introduced material category recovery performance targets. New recovery targets are established for material categories that achieve and maintain their target recovery rate for two consecutive years. Recycle BC achieved metal and glass recovery targets in 2018 and 2019. The new target rate for metals is 81% (from 67%) and for glass it is 98% (from 76%).

Amendments to the Recycling Regulation announced in September 2020 are changing the materials to be included in annual steward reports. Milk and milk substitutes will be transferred to deposit effective February 2022. Single-use and packaging-like materials will be designated materials beginning in 2023.

Total steward cost for managing the Recycle BC program in 2020 was \$126.6 million – the increase from the previous year was due to service expansion and the increased tonnage managed by the program.

RECYCLE BC PERFORMANCE			
METRIC	2020	2019	YOY VARIANCE
RECYCLING PERFORMANCE			
Gross Tonnes Collected	221,870	207,411	7.0%
Net Tonnes Collected*	203,213	185,692	9.4%
Supplied Tonnes	236,884	237,582	-0.3%
Recovery Rate*	85.8%	78.2%	7.6%
Provincial Recovery Target	77.0%	75.0%	2.0%
Population Served by PPP Program**	4,614,000	4,587,000	0.6%
Recovered kg per capita	44.0	40.5	8.8%
ACCESSIBILITY PERFORMANCE			
# Households Served*	1,867,262	1,854,681	0.7%
% Households with Access to PPP Program**	99.2%	98.6%	0.6%
P & E Cost per capita	\$0.40	\$ 0.57	-30.9%
% of residents aware and using recycling services	96%	97%	-1.0%
COST PERFORMANCE			
Net Tonnes Collected	203,213	185,692	9.4%
Net Cost	\$ 126,617,362	\$ 101,236,146	25.1%
Net Cost per Tonne	\$ 623	\$ 545	14.3%
Net Cost per Capita	\$ 27	\$ 22	24.3%

* Net tonnes collected and recovery rate reflect the exclusion of tonnes collected by Recycle BC on behalf of other stewardship programs for reporting in their annual reports

** Represents access to curbside, multifamily and/or depot service; 2018 household % restated

2021 Update

Stewards were provided reporting guidance to address the amendments to the Regulation announced in September 2020:

- Recycle BC members who supply milk and milk substitutes were advised to only report 1/12 (8.3%) of actual 2020 quantities in 2021 reports. The reduced quantity will inform 2022 invoices and enable producers to pay only for the one month in 2022 that milk containers remain in the Recycle BC program.
- Producers were advised to begin tracking 2021 sales data of Single-Use Products and Packaging-Like Products (SUP/PLP) to prepare for the 2022 reporting cycle. Reports submitted in 2022 will need to include 2021 SUP/PLP sales data to inform 2023 fee rates and invoices. Recycle BC will begin collection of designated SUP/PLP in 2023.
- The amendments included changes to the designation of packaging containers for certain solvents and flammable liquids and some pesticides. The container packaging covered by the change will now be reported under the Schedule 2 – Residual Product Categories rather than to Recycle BC under Schedule 5 – Packaging and Paper Product Category.

The Ministry of Environment and Climate Change Strategy approved an amendment to the Recycle BC Program Plan related to producer's paying the costs. The amendment resulted from a 2019 director's letter requirement to conduct a financial incentives review, including a cost study and consultation, in 2020. Amendment implementation will increase collectors' compensation for depots on January 1, 2022, and for curbside and multi-family on July 1, 2022.

As part of its governance transition, the Recycle BC board of directors appointed a new chair, announced the appointment of three new members in August and appointed a fourth new member in September. The Recycle BC board is:

- Debbie Baxter, Partner, Deloitte (Board Chair)
- Bob Chant, Senior Advisor, StrategyCorp Inc.
- Robyn Collver, Senior Vice President, Regulatory & Chief Sustainability Officer, Canadian Tire Corporation (Chair, Governance Committee)
- Ian Gordon, SVP - Plastic Waste Reduction, Loblaw Companies Limited
- Angela Griffiths, Vice President, Food Safety, Animal Welfare & Environment, A&W Food Services Inc.
- Paul Hazra, Chief Financial Officer, Pattison Food Group
- Greg Moore, President & Chief Executive Officer, iCona Holdings Ltd. (Chair, Finance & Audit Committee)

2022 Budget and Fee Schedule

2022 Budget

Recycle BC's total fee budget of \$108.2 million for 2022 is a 19.5% decrease from the previous year. This reduction reflects the significant increases in commodity revenue earned from the sale of recyclables that offset overall program costs. The budget reflects both increases in budgeted revenue for 2022 and has allowed for further cost reductions to be reflected in the budget through the application of \$15 million in program reserves resulting from revenue performance improvements in 2021.

the financial incentive review, and the increased cost driven by increased material volumes. Recycle BC experiences commodity revenue fluctuations in real time, so the 2022 budget reflects currently known and forecasted market conditions.

The quality of material collected and the enhanced processing by the program enables it to maximize value from improving commodity markets, with increased revenue more than offsetting both the increased payments to collection partners from implementation of

RECYCLE BC BUDGET			
	2022	2021	YOY VARIANCE
OBLIGATION SHARE	100%	100%	
Supply Chain Costs	\$113,512,679	\$124,953,313	-9.2%
Promotion & Education	\$ 2,068,000	\$2,000,000	3.4%
Program Management	\$7,607,634	\$7,411,140	2.7%
Program Management as % of total fees	7.0%	5.5%	1.5%
Total Costs (before surplus)	\$123,188,313	\$134,364,453	-8.3%
Surplus Accumulation / (Drawdown)	\$ (15,000,000)	-	--
TOTAL FEE BUDGET	\$108,188,313	\$134,364,453	-19.5%

2022 Fee Schedule

Recycle BC fee rates for 2022 decrease an average of 20% from the previous year, consistent with the fee budget.

2022 fee rates complete the phased implementation of the Material Cost Index (MCI) for allocating program budgets to material fee categories. (2021 rates were based on 50% MCI and 50% Activity Based Costing (ABC) as an input the Four-Step Fee Methodology.) Similar to 2021 and as expected, the full implementation of MCI has

fee rates for some material categories varying significantly from the average fee rate decrease. Aluminum and HDPE rates decrease more than the average, while rates for glass and some printed paper categories increase from the previous year.

RECYCLE BC FEE SCHEDULE (CENTS/KG)				
Category	Material	2022 Fee Rates (cents/kg)	2021 Fee Rates (cents/kg)	Variance %
PRINTED PAPER	Newsprint	36.00	29.00	24.1%
	Magazines and Catalogues	26.00	37.00	-29.7%
	Telephone Books	26.00	37.00	-29.7%
	Other Printed Paper	44.00	37.00	18.9%
PAPER PACKAGING	Corrugated Cardboard	38.00	43.00	-11.6%
	Boxboard	32.00	43.00	-25.6%
	Gable Top Cartons	47.00	72.00	-34.7%
	Paper Laminates	44.00	72.00	-38.9%
	Aseptic Containers	52.00	72.00	-27.8%
PLASTICS	PET Bottles	40.00	76.00	-47.4%
	HDPE Bottles	-4.00	76.00	-105.3%
	Plastic Film	94.00	113.00	-16.8%
	Plastic Laminates	96.00	140.00	-31.4%
	Polystyrene	137.00	113.00	21.2%
	Other Plastics	82.00	113.00	-27.4%
STEEL	Other Steel Packaging	39.00	40.00	-2.5%
	Steel Aerosols	33.00	40.00	-17.5%
	Steel Paint Cans	31.00	40.00	-22.5%
ALUMINUM	Aluminum Food & Milk Containers	-23.00	61.00	-137.7%
	Other Aluminum Packaging	-10.00	61.00	-116.4%
GLASS	Clear Glass	33.00	28.00	17.9%
	Coloured Glass	35.00	28.00	25.0%

2022 Low-Volume and Flat Fees

Low volume and flat fee rates for stewards supplying between 1,000 and 15,000 kg annually decrease by 17% to 20% from 2021, consistent with the average fee rate change.

RECYCLE BC LOW-VOLUME AND FLAT FEES			
TOTAL SUPPLIED (KG)	2022	2021	YOY VARIANCE
1,000 - 2,499	\$800	\$1,000	\$ (200) or -20%
2,500 - 5,000	\$1,900	\$2,300	\$ (400) or -17%
5,000 - 10,000	\$4,500	\$5,600	\$ (1,100) or -20%
10,000 - 15,000	\$7,600	\$9,400	\$ (1,800) or -19%

Fee Rate Change Example

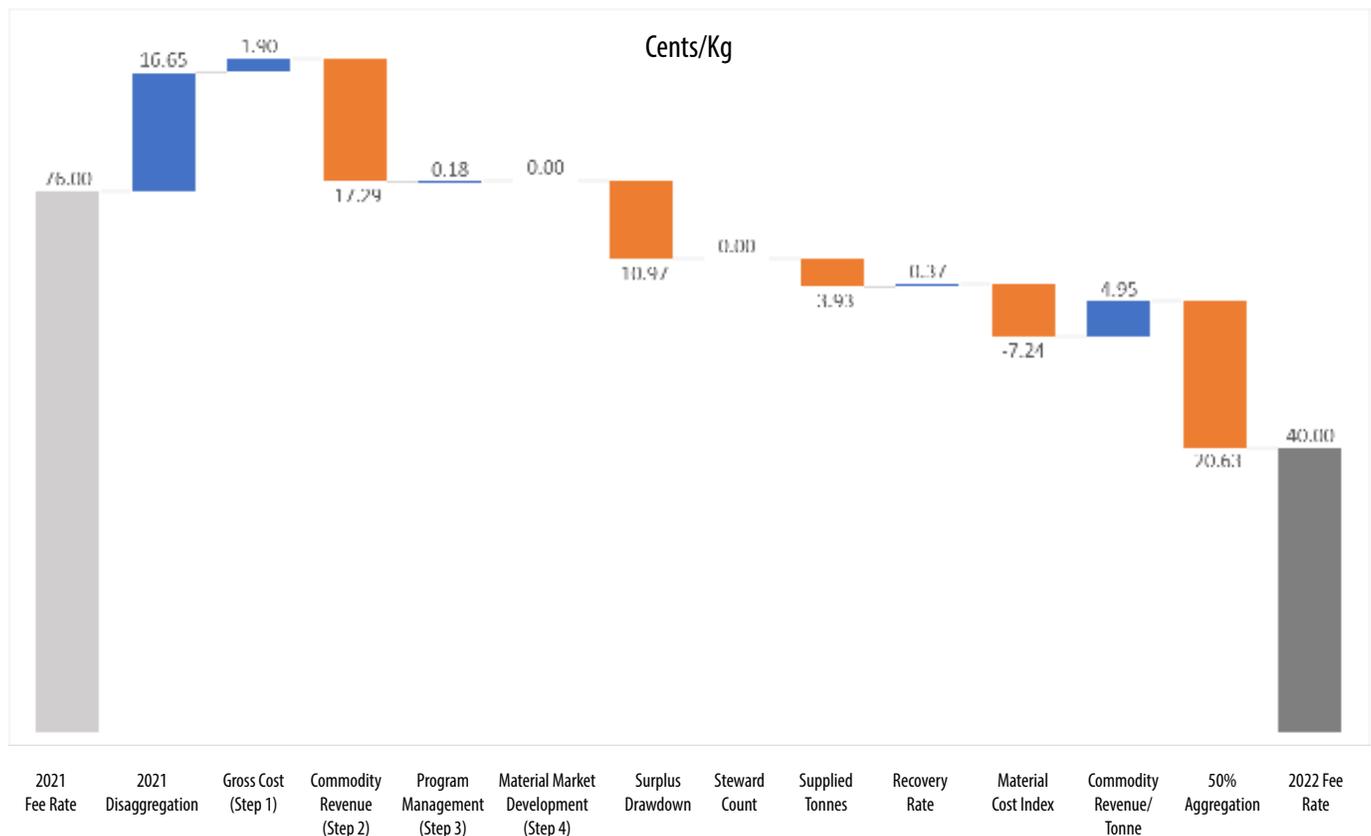
As detailed in the overview section at the beginning of this report, graphs have been developed to illustrate the factors driving fee rate changes from 2021 to 2022. The graph below provides details for PET Bottles. Graphs for all other materials are available on the Recycle BC website.

The 2022 fee rate (the final bar on right) for PET Bottles is 40 cents/kg and the 2021 rate (first bar on left) is 76, a decrease of 47.4% or 36 cents/kg.

The impact for each factor listed along the bottom of the graph is provided in cents/kg. Notable change factors for PET Bottles include:

- Increase: 2021 Disaggregation, Commodity Revenue/Tonne
- Decrease: Commodity Revenue, Surplus Drawdown, Material Cost Index and 50% Aggregation

PET Bottles ■ Increase ■ Decrease ■ Total



2020 Review

In its fifth full year of operation, MMSW continued to support Saskatchewan recycling through service agreements with more than 500 municipalities, regional waste authorities and Indigenous communities who provide collection, processing and marketing services for Waste Paper and Packaging (WPP). Based on collector report data, MMSW achieved a recovery rate of 76.5% for 2020, down slightly from the previous year from reduced collected and supplied tonnes.

Working with its local government partners, in 2020 MMSW fulfilled its stewardship plan requirement to report on greenhouse gas (GHG) emissions associated with its collection and recycling activities. Collectors were provided with training and resources to submit their operational data related to GHG emissions and baseline data was presented in the 2020 annual report.

For the first time, MMSW also reported on both the total tonnes of WPP shipped to recycling end markets, and therefore diverted from landfill, and the tonnes of WPP recycled by material category.

MMSW PERFORMANCE			
METRIC	2020	2019	YOY VARIANCE
RECYCLING PERFORMANCE			
Collected Tonnes	40,827	41,945	-2.7%
Supplied Tonnes	53,350	54,209	-1.6%
Recovery Rate	76.5%	77.4%	-0.8%
Population Serviced by PPP Program*	916,370	902,402	1.5%
Recovered kg per capita	44.6	46.5	-4.1%
ACCESSIBILITY PERFORMANCE			
# Households Serviced*	371,492	365,345	1.7%
% Households with Access to PPP Program*	85.9%	84.4%	1.4%
P & E Cost per capita	\$0.01	\$0.06	-90.9%
COST PERFORMANCE			
Collected Tonnes	40,827	41,945	-2.7%
Net Cost	\$10,877,920	\$10,617,712	2.5%
Net Cost per Tonne	\$266	\$253	5.3%
Net Cost per Capita	\$12	\$12	0.9%

* Represents access to curbside, multifamily and/or depot services

2021 Update

Payments to local governments increased at the beginning of 2021, with the phased implementation of 2019 cost study work over a two-year period. The study's progress and outcomes were overseen by the MMSW Advisory Committee, whose members include stewards, urban and rural municipality associations, the regional waste authority association, and the Saskatchewan Waste Reduction Council. The second and final increase from the 2019 study is reflected in the 2022 budget (see below). To meet the regulatory requirement to pay collectors based on Saskatchewan data, MMSW is obligated to compile municipal cost data every two to three years so that tonnes, costs and revenues used as the basis for the payment are updated. The next cost study will occur in 2022.

In 2021, the Ministry of Environment released a discussion paper and sought stakeholder input on topics including full EPR and business exemptions as part of its review of the Saskatchewan's Household Packaging and Paper Stewardship Program Regulations and the Multi-Material Recycling Program. The pending report is expected to provide guidance on the province's plan to transition to full EPR.

MMSW appointed a new chair and three new members to its board of directors, adding new perspectives and strategic leadership from individuals in various sectors. The current board members are:

- Debbie Baxter, Partner, Deloitte (Board Chair)
- Dale Botting, Founder, Botting Leadership Inc. (Chair, Finance & Audit Committee)
- Bob Chant, Senior Advisor, StrategyCorp Inc.
- Robyn Collver, Senior Vice President, Regulatory & Chief Sustainability Officer, Canadian Tire Corporation (Chair, Governance Committee)
- Ian Gordon, SVP – Plastic Waste Reduction, Loblaw Companies Limited
- Angela Griffiths, Vice President, Food Safety, Animal Welfare & Environment, A&W Food Services Inc.

2022 Budget and Fee Schedule

The 28.1% increase to the 2022 budget is driven by the program's obligation to increase collector payments to reflect Saskatchewan costs. This is the second and final increase from the phased implementation of the 2019 cost study approved by the board that saw the 2021 budget increase by a similar amount. The MMSW Stewardship Plan includes a requirement for the program to fund up to 75% of net program costs.

2022 Budget

MMSW BUDGET			
	2022	2021	YOY VARIANCE
OBLIGATION SHARE	75%	75%	
Supply Chain Costs	\$15,535,719	\$11,810,693	31.5%
Promotion & Education	\$50,000	\$75,000	-33.3%
Program Management	\$ 1,650,660	\$1,572,100	5.0%
Program Management as % of total fees	9.6%	11.7%	-2.1%
Total Costs (before surplus)	\$17,236,379	\$13,457,793	28.1%
Surplus Accumulation / (Drawdown)	-	-	
Planned Surplus/Deficit	-	-	
TOTAL FEE BUDGET	\$17,236,379	\$13,457,793	28.1%

2021 Fee Schedule

The average 2022 fee rate increase of 24.4% from 2021 reflects both the budget increase and the changes in quantities of materials supplied as reported by stewards.

2022 fee rates complete the phased implementation of the Material Cost Index (MCI) for allocating program budgets to material fee categories. (2021 rates were based on 50% MCI and 50% Activity Based Costing (ABC) as an input the Four-Step Fee Methodology.) Similar to 2021 and as expected, the full implementation of MCI has fee rates for some material categories varying significantly from the average fee rate increase. Aluminum and HDPE rates decrease from the previous year, while rates for glass and some printed paper categories increase above the average.

MMSW FEE SCHEDULE (CENTS/KG)				
Category	Material	2022 Fee Rates (cents/ kg)	2021 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	28.00	16.00	75.0%
	Magazines and Catalogues	19.00	16.00	18.8%
	Telephone Books	19.00	16.00	18.8%
	Other Printed Paper	26.00	16.00	62.5%
PAPER PACKAGING	Corrugated Cardboard	27.00	19.00	42.1%
	Boxboard	22.00	19.00	15.8%
	Gable Top Cartons	42.00	38.00	10.5%
	Paper Laminates	38.00	38.00	0.0%
	Aseptic Containers	38.00	38.00	0.0%
PLASTICS	PET Bottles	32.00	33.00	-3.0%
	HDPE Bottles	13.00	33.00	-60.6%
	Plastic Film	57.00	50.00	14.0%
	Plastic Laminates	60.00	60.00	0.0%
	Polystyrene	85.00	50.00	70.0%
	Other Plastics	52.00	50.00	4.0%
STEEL	Other Steel Packaging	25.00	18.00	38.9%
	Steel Aerosols	23.00	18.00	27.8%
	Steel Paint Cans	23.00	18.00	27.8%
ALUMINUM	Aluminum Food & Other Containers	21.00	34.00	-38.2%
	Other Aluminum Packaging	27.00	34.00	-20.6%
GLASS	Clear Glass	16.00	10.00	60.0%
	Coloured Glass	16.00	10.00	60.0%

2022 Low-Volume Fees

Low-volume fees for stewards supplying up to 5,000 kg annually increase by 27% from 2021 fees, consistent with the budget increase.

MMSW LOW-VOLUME FEES			
TOTAL SUPPLIED	2022	2021	YOY VARIANCE
1,000 - 2,499	\$560	\$440	\$120 or 27%
2,500 - 5,000	\$1,170	\$920	\$250 or 27%

Fee Rate Change Example

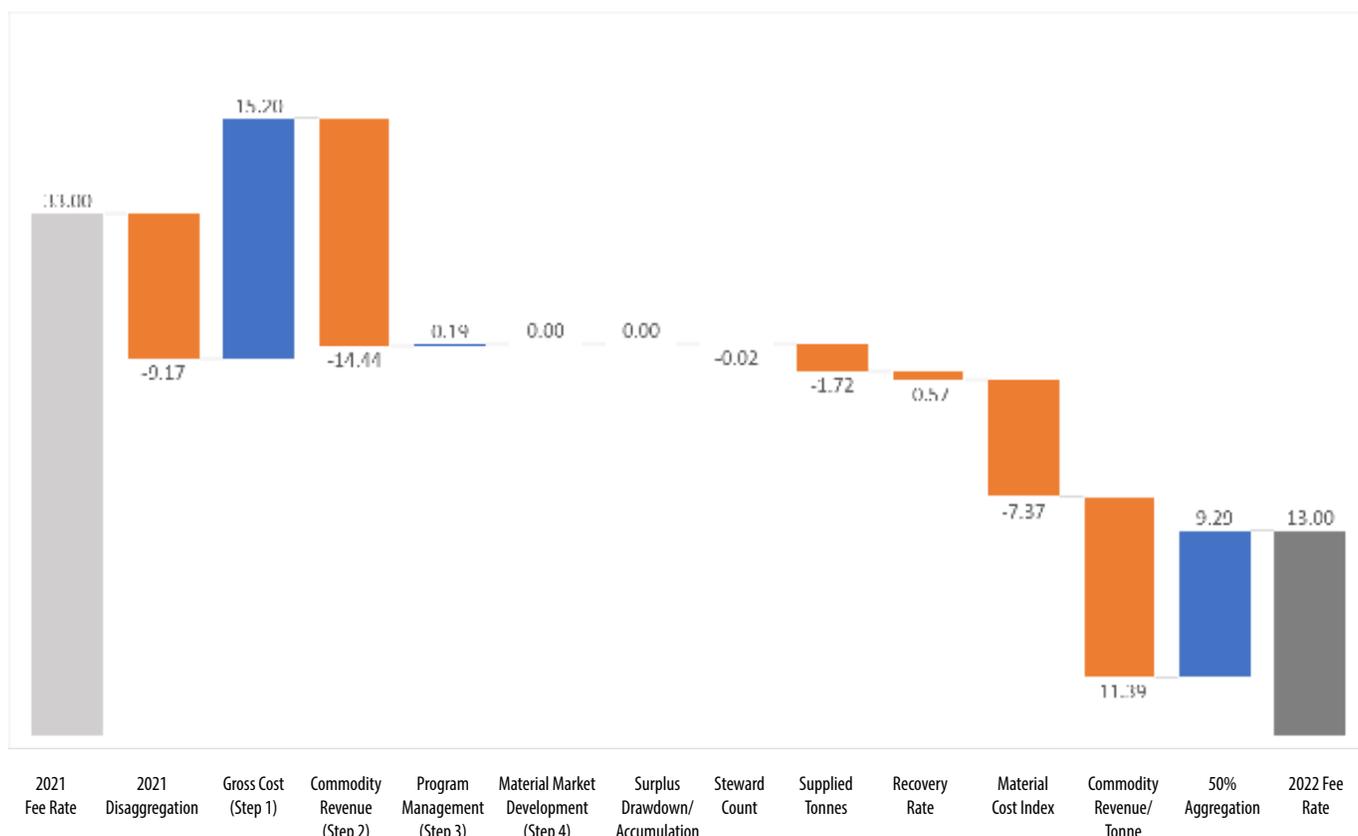
As detailed in the overview section at the beginning of this report, graphs have been developed to illustrate the factors driving fee rate changes from 2021 to 2022. The graph below provides details for HDPE Bottles. Graphs for all other materials are available on the MMSW website.

The 2022 fee rate (the final bar on right) for HDPE Bottles is 13.00 cents/kg and the 2021 rate (first bar on left) is 33.00, a decrease of 60.6% or 20 cents/kg.

The impact for each factor listed along the bottom of the graph is provided in cents/kg. Notable change factors for HDPE Bottles include:

- Increase: Gross Cost, 50% Aggregation
- Decrease: 2021 Disaggregation, Commodity Revenue, Material Cost Index and Commodity Revenue/Tonne

HDPE Bottles ■ Increase ■ Decrease ■ Total



Multi-Material Stewardship Manitoba



2020 Review

MMSM's recovery rate for 2020 was 73.2%, a decrease from the previous year reflecting more material supplied by stewards and fewer recovered tonnes. Supplied tonnes were mainly driven by the COVID-19 pandemic increasing steward sales. While most materials saw increased reported quantities, printed paper materials continued to decrease due to the ongoing shift towards digitization. The drop in overall tonnes collected was caused by higher proportions of ineligible cardboard and residue.

Promotion and education activities in 2020 introduced the Recyclepedia web tool and mobile app to help Manitobans determine what's accepted in their recycling bins and supports reduced contamination. The Recyclepedia offers helpful suggestions to recycling questions in 13 different languages.

MMSM PERFORMANCE			
METRIC	2020	2019	YOY VARIANCE
RECYCLING PERFORMANCE			
Recovered Tonnes	64,933	68,232	-4.8%
Supplied Tonnes	88,701	85,001	4.4%
Recovery Rate	73.2%	80.3%	-7.1%
Population Served by PPP Program	1,208,276	1,208,607	0.0%
Recovered kg per capita	53.7	56.5	-4.8%
ACCESSIBILITY PERFORMANCE			
# Households Served	531,441	512,457	3.7%
% Households with Access to PPP Program	95%	95%	0.0%
P & E Cost per capita*	\$0.75	\$0.74	0.9%
% of residents aware and using recycling services	87%	93%	-6.5%
COST PERFORMANCE			
Recovered Tonnes	64,933	68,232	-4.8%
Net Cost**	\$33,892,798	\$37,642,703	-10.0%
Net Cost per Tonne	\$522	\$552	-5.4%
Net Cost per Capita	\$28	\$31	-9.9%

* Total Municipal and MMSM P&E

** Net costs include 100% of municipal costs and 100% of commodity revenues. Also included are MMSM's Promotion & Education, regulatory, market development and all other program management costs.

2021 Update

As Manitoba prepares for full producer responsibility for residential packaging and printed paper, MMSM is finalizing its draft Transition Plan for November submission to the provincial government following extensive consultation with stakeholders, including:

- Hosting 10 webinars and workshops from June to September with over 615 attendees
- Sharing the draft Transition Plan with more than 1,800 stakeholders and posting it publicly on stewardshipmanitoba.org in advance of information webinars held on September 2 and 8
- Conducting an online survey on consultation questions
- Participation by 206 steward organizations and 49 municipal and Indigenous communities in the September 2 and 8 webinars
- Input from 44 steward organizations and communities during the 30-day consultation period

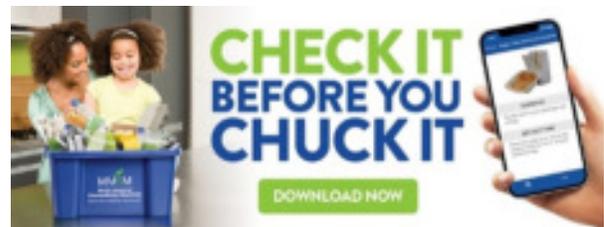
The draft Transition Plan, which outlines how industry will assume full operational and financial responsibility for the residential recycling system for packaging and printed paper, was informed by input and experience in other provinces.

The Manitoba Government released the Manitoba Waste Diversion and Recycling Framework Review on August 11, 2021. The review considers the current waste diversion and recycling framework in the province to identify its strengths and perceived gaps with recommendations on how to modernize and improve the current framework.

The Association of Manitoba Municipalities and the City of Winnipeg approved News Media Canada's (NMC) offer to accept in-kind advertising instead of receiving municipal recycling services payments from MMSM for the collection and processing of newspapers. The program management portion of fees owed to MMSM

will be a split of cash and in-kind advertising. MMSM is looking forward to working with its participating communities and NMC to roll out the program across the province.

MMSM was a finalist in nine categories for the 2021 Signature Awards, celebrating Manitoba's best in advertising, marketing, and design. The categories include the 2019 MMSM Annual Report, the Recyclepedia, and various advertisements in the Recyclepedia campaign. MMSM won for Radio Campaign in Audio/Video Miscellaneous and for the Recyclepedia Microsite and was runner-up in four categories.



2022 Budget and Fee Schedule

The MMSM steward fee budget for 2022 is \$26.2 million, a 0.6% decrease from 2021. The decrease is mainly due to decreased supply chain net costs from fewer tonnes of material being managed and a revision to the collection contract cost used for the City of Winnipeg. While commodity revenue saw an increase compared to the previous year, its impact is dampened by the use of a three-year rolling average that retains the negative impacts of the 2018 China Ban on commodity revenue.

The budget also provides for a surplus accumulation increase from the previous year, with most of the increase directed to material-specific deficit recovery for six materials categories currently in deficit (compared with three categories in the 2021 budget).

Multi-Material Stewardship Manitoba



2022 Budget

MMSM BUDGET			
	2022	2021	YOY VARIANCE
OBLIGATION SHARE	80%	80%	
Supply Chain Costs	\$21,536,170	\$22,228,453	-3.1%
Promotion & Education	\$740,000	\$740,000	0.0%
Program Management	\$3,020,284	\$2,746,407	10.0%
Program Management as % of Total Fees	11.9%	10.7%	1.3%
Total Fee Obligation (before surplus)	\$25,296,454	\$25,714,860	-1.6%
Surplus Accumulation / (Drawdown)	\$907,644	\$639,171	42.0%
TOTAL FEE BUDGET	\$26,204,098	\$26,354,031	-0.6%

2022 Fee Schedule

MMSM's 2022 fees are calculated using the Four-Step Fee Methodology. In addition, 2022 is the first year where fees are entirely calculated using the MCI (material cost index). 2021 fee rates used the MCI input in combination with the ABC (activity-based cost) input.

The average fee rate for 2022 decreases 4.7% from 2021, reflecting the budget decrease and an increase in supplied tonnes.

Most fee rate changes are highly influenced by the full introduction of MCI. Similar to 2021, rates for some material categories (primarily printed paper, aluminum cans and glass) increase significantly above the average fee rate change. Other materials (paper packaging and some plastics) see declines greater than the average rate decrease.

Multi-Material Stewardship Manitoba



MMSM FEE SCHEDULE (CENTS/KG)				
Category	Material	2022 Fee Rates (cents/ kg)	2021 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint - Publishers	23.44	19.60	19.6%
	Newsprint - Other	26.51	19.60	35.3%
	Magazines and Catalogues	31.57	21.48	47.0%
	Telephone Books	27.30	22.81	19.7%
	Other Printed Paper	26.86	17.27	55.5%
PAPER PACKAGING	Corrugated Cardboard	26.91	30.31	-11.2%
	Boxboard	21.66	30.31	-28.5%
	Gable Top Cartons	37.08	54.99	-32.6%
	Paper Laminates	31.82	54.99	-42.1%
	Aseptic Containers	31.97	54.99	-41.9%
PLASTICS	PET Containers and Bottles	44.00	44.91	-2.0%
	HDPE Containers and Bottles	27.19	45.96	-40.8%
	Plastic Film	52.13	60.02	-13.1%
	Plastic Laminates	54.35	60.02	-9.4%
	Polystyrene	75.42	60.02	25.7%
	Other Plastics	46.65	60.02	-22.3%
STEEL	Steel Food & Beverage Cans	23.16	23.11	0.2%
	Steel Aerosols	25.39	23.11	9.9%
	Other Steel Containers	24.06	23.11	4.1%
ALUMINUM	Aluminum Food & Beverage Cans	36.46	21.18	72.2%
	Other Aluminum Packaging	28.02	24.85	12.8%
GLASS	Clear Glass	14.98	11.51	30.2%
	Coloured Glass	15.66	11.51	36.1%

Flat Fees

Following consultation with stewards, MMSM is providing a flat fee billing option for low-volume stewards for 2022. With flat fees, eligible stewards (supplying less than 5,000 kg annually) can continue filing their detailed reports and paying material fee rates or they can choose to pay the flat fee instead. This table provides flat fees for 2022:

TOTAL SUPPLIED (KG)	2022 FLAT FEE
1,000 - 2,499	\$1,100
2,500 - 4,999	\$2,100

Multi-Material Stewardship Manitoba



Fee Rate Change Example

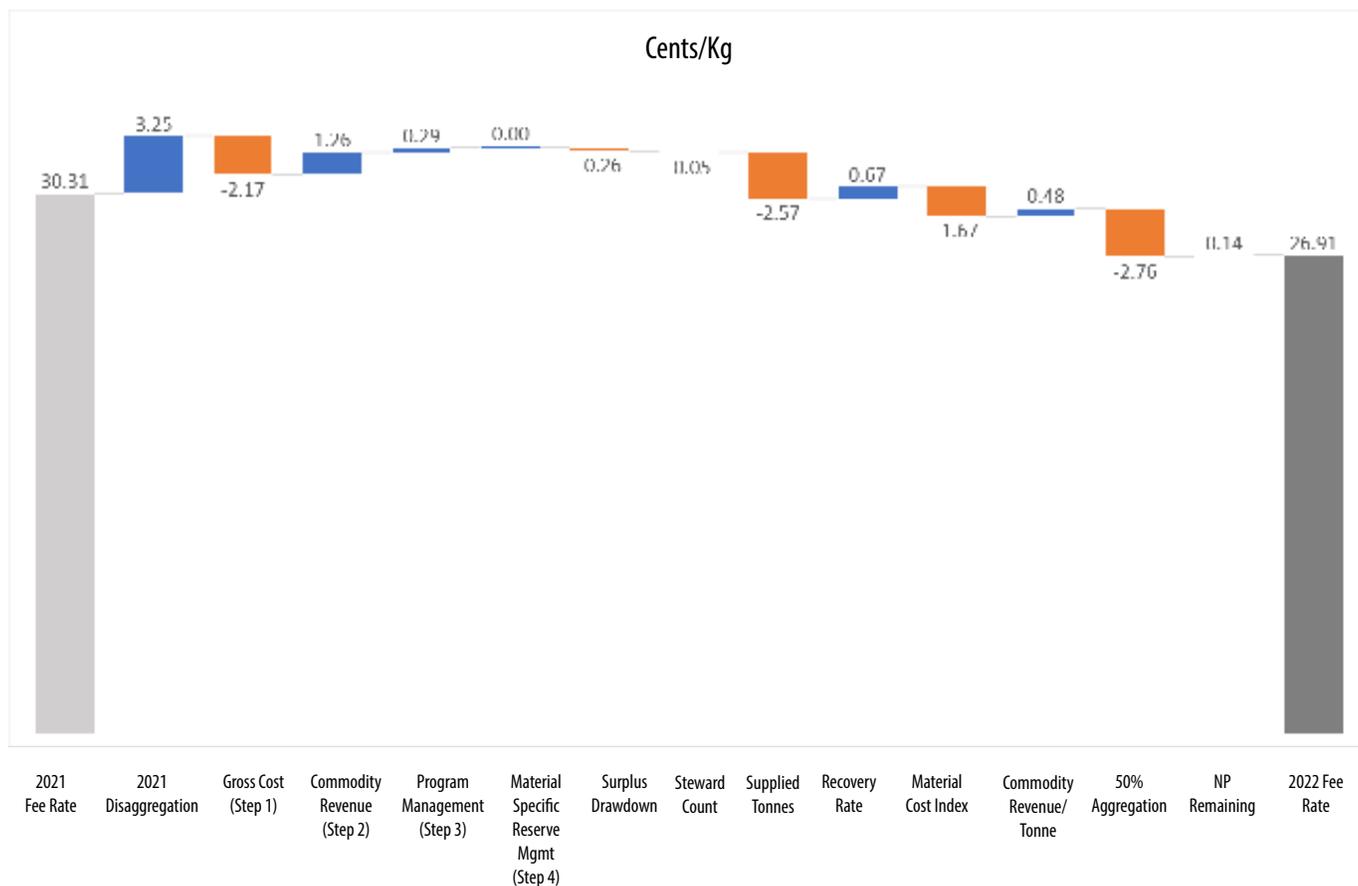
As detailed in the overview section at the beginning of this report, graphs have been developed to illustrate the factors driving fee rate changes from 2021 to 2022. The graph below provides details for Corrugated Cardboard. Graphs for all other materials are available on the MMSM website.

The 2022 fee rate (the final bar on right) for Corrugated Cardboard is 26.91 cents/kg and the 2021 rate (first bar on left) is 30.31, a decrease of 11.2% or 3.4 cents/kg.

The impact for each factor listed along the bottom of the graph is provided in cents/kg. Notable change factors for Corrugated Cardboard include:

- Increase: 2021 Disaggregation, Commodity Revenue
- Decrease: Gross Cost, Supplied Tonnes, Material Cost Index, 50% Aggregation

Corrugated Cardboard ■ Increase ■ Decrease ■ Total



2020 Review

The recycling rate for 2020 increased from the previous year to 59.9% due to an increase in recycled tonnes and a decrease in generated tonnes. Access to recycling programs is being maintained at very high levels.

Total reported net cost of the Blue Box system by municipalities and administrative costs for 2020 was \$358.8 million, an increase of 6.7% from 2019, due primarily to increased processing contract prices, along with reduced commodity revenue, as the China ban continues to affect commodity prices. As a result, net cost per tonne and per capita also increased from the previous year.

Stewardship Ontario consulted with stakeholders on its proposed transition plan for the Blue Box in a series of June webinars. The Blue Box Program Transition Plan was submitted to the Resource Productivity and Recovery Authority (RPRA) on August 31, 2020. RPRA approved the plan with conditions in December 2020.

STEWARDSHIP ONTARIO PERFORMANCE			
METRIC	2020	2019	YOY VARIANCE
RECYCLING PERFORMANCE			
Recycled Tonnes	756,984	729,906	3.7%
Generated Tonnes	1,263,401	1,274,310	-0.9%
Recycling Rate	59.9%	57.3%	2.6%
Provincial Recycling Target	60.0%	60.0%	0.0%
Population Served by PPP Program	13,412,332	13,205,235	1.6%
Recycled kg per capita	56.4	55.3	2.1%
ACCESSIBILITY PERFORMANCE			
# Households Served	5,374,308	5,333,161	0.8%
% Households with Access to PPP Program	94.8%	94.0%	0.7%
P & E Cost per capita*	\$0.56	\$0.62	-9.6%
COST PERFORMANCE			
Recycled Tonnes	756,984	729,906	3.7%
Net Cost**	\$358,836,370	\$336,293,874	6.7%
Net Cost per Tonne	\$474	\$461	2.9%
Net Cost per capita	\$27	\$25	5.1%

* Total municipal and SO P&E

** Net cost includes 100% of supply chain costs, commodity revenues, P&E, regulatory and program management costs



2021 Update

In February 2021, Stewardship Ontario submitted a plan addressing some of the conditions included with the RPRA's approval of the Blue Box Program Transition Plan. RPRA approved the plan in March and work on the remaining conditions is on track.

In June, the Ontario government issued the final Blue Box Regulation under the Resource Recovery and Circular Economy Act, requiring producers to establish and operate systems for the collection, recycling and reuse of blue box materials. The first communities will be transitioned beginning July 1, 2023, with the entire province operating under the new framework by December 31, 2025. During the transition, Stewardship Ontario will continue to administer the program on behalf of stewards.

Following the release of the final Blue Box Regulation, the Stewardship Ontario Board of Directors initiated a transition of the organization's governance to an Administrator appointed by RPRA. As part of the transition, a new Executive Director was appointed and a Steward Advisory Group was created. The advisory group brings together industry representatives to advise the organization's management team and the Administrator, meeting quarterly and providing feedback on the implementation of the Blue Box Program Transition Plan.

Stewardship Ontario completed its review of the July 6, 2021, announcement of the proposed sale of the assets of Canadian Stewardship Services Alliance (CSSA) to Resource Recovery Alliance (RRA), a wholly owned subsidiary of GFL Environmental Inc. Based on that review, Stewardship Ontario has gained agreement from RPRA, the provincial regulator responsible for overseeing Stewardship Ontario and the implementation of the Blue Box Transition Plan, to transfer its services agreement to the new entity. Further information is [available here](#).

Stewardship Ontario has also taken a close look at its business processes, which revealed an opportunity to reduce its operational and transition costs and mitigate steward regulatory compliance costs by developing a new method for setting fees. Stewardship Ontario is proposing a change to the way it sets fees for the period between 2023 and 2025 to eliminate the need for stewards to report supply-to-market data to Stewardship Ontario. Fees would instead be based on each stewards' recent share of total costs. This will not impact fees for the coming year, which will be calculated in the normal manner (invoices issued in January 2022 will be based on material quantities reported in 2021 and the approved 2022 fee schedule). Stewardship Ontario will distribute a consultation paper on its fee setting proposal in November so that, if approved, there would be no need to report steward data in 2022. See [this notice](#) for further details.

2022 Budget and Fee Schedule

2022 Budget

The 2022 fee budget of \$166.5 million is a 10.6% increase from 2021, with increased payments to municipalities slightly offset by reduced program management costs. The increase is primarily due to increased processing contract prices, along with a reduction in commodity revenue, which is calculated on a rolling three-year average to mitigate volatility and reflects many municipalities having short-term contracts for material sales in anticipation of the Blue Box transition.

In order to minimize the 2022 fee increase, Stewardship Ontario has budgeted for a planned deficit of \$10 million for 2022, to be funded from surplus reserves. Please note, the steward obligation from RPRA has not been finalized which may lead to an increase or decrease to the planned deficit.

STEWARDSHIP ONTARIO BUDGET			
	2022	2021	YOY VARIANCE
OBLIGATION SHARE	50%	50%	
Payments to Municipalities*	\$167,244,500	\$149,262,000	12.0%
Program Management**	\$5,192,000	\$5,292,000	-1.9%
Promotion & Education	\$400,000	\$400,000	0.0%
Regulatory	\$3,616,000	\$3,616,000	0.0%
Planned Surplus/(Deficit)*	\$(9,941,000)	\$(7,953,000)	25.0%
TOTAL STEWARD FEES	\$166,511,500	\$150,617,000	10.6%

* 2021 Payments to Municipalities and Planned Surplus / (Deficit) as approved at the December 2020 board meeting

** Includes program management, field studies, and legal & audit fees

2022 Fee Schedule

Provisional fee rates for 2021 published in the Report to Stewards were [restated in December 2020](#) as conditions included in RPRA's approval of the Blue Box Transition Plan affected the calculation methodology. Original fee rates were based on the phased implementation of the Material Cost Index (MCI) and the Four-Step Fee Methodology, subject to RPRA approval. RPRA deferred the introduction of MCI and approved the use of the Four-Step Fee Methodology. 2021 rates in the schedule below were calculated based on Activity Based Costing (ABC).

Average fee rates for 2022 increase 13.1% from 2021, reflecting the budget increase and a slight decrease in supplied tonnes. 2022 rates are calculated using Four-Step/ABC.

Factors driving change amongst the fee rates include the impact of increasing costs, declining revenues and changes in supply and managed quantities. Fee rates for some material categories (primarily printed papers and aluminum cans) increase above the average fee rate increase. Other materials see lower than average increases or decreases. The year over year increase in plastics fees reflect the \$4.9 million return of market development funds in 2021.

STEWARDSHIP ONTARIO FEE SCHEDULE (CENTS/KG)				
Category	Material	2022 Fee Rates (cents/ kg)	2021 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint - CNA/OCNA	0.84	0.57	48.7%
	Newsprint - Non-CNA/OCNA	9.22	7.19	28.2%
	Magazines and Catalogues	10.24	7.68	33.3%
	Telephone Books	8.74	6.77	29.0%
	Other Printed Paper	8.03	6.46	24.3%
PAPER PACKAGING	Corrugated Cardboard	15.19	13.60	11.7%
	Boxboard	15.19	13.60	11.7%
	Gable Top Cartons	30.98	30.47	1.7%
	Paper Laminates	30.98	30.47	1.7%
	Aseptic Containers	30.98	30.47	1.7%
PLASTICS	PET Bottles	31.18	28.84	8.1%
	HDPE Bottles	25.54	24.44	4.5%
	Plastic Film	39.92	38.69	3.2%
	Plastic Laminates	39.92	39.37	1.4%
	Polystyrene	39.92	38.78	2.9%
	Other Plastics	39.92	39.51	1.0%
STEEL	Steel Food & Beverage Cans	3.94	3.33	18.3%
	Steel Aerosols	3.94	3.33	18.3%
	Steel Paint Cans	3.94	3.33	18.3%
ALUMINUM	Aluminum Food & Beverage Cans	-0.88	-6.09	85.6%
	Other Aluminum Packaging	15.31	15.37	-0.4%
GLASS	Clear Glass	2.26	2.38	-5.2%
	Coloured Glass	2.29	2.27	1.1%
IN-KIND	In-Kind Amount	\$2,840,378	\$ 2,870,491	-1.0%

Fee Rate Change Example

As detailed in the overview section at the beginning of this report, graphs have been developed to illustrate the factors driving fee rate changes from 2021 to 2022. The graph below provides details for Gable Top Cartons. Graphs for all other materials are available on the Stewardship Ontario website.

The 2022 fee rate (the final bar on right) for Gable Top Cartons is 30.98 cents/kg and the 2021 rate (first bar on left) is 30.47, an increase of 1.7% or 0.51 cents/kg.

The impact for each factor listed along the bottom of the graph is provided in cents/kg. Notable change factors for Gable Top Cartons include:

- Increase: 2021 Disaggregation, Gross Cost, Polycoat Fund Return
- Decrease: 2022 Aggregation, Recovery Rate, Surplus Drawdown, Supplied Tonnes

Gable Top Cartons ■ Increase ■ Decrease ■ Total

