

**Resource
Recovery
Alliance**

Meeting Electro-Federation Canada

October 13, 2021

Today's Agenda

- Introductions
- Setting the context
- Producer Governance
- System Design Expertise
- Access to Materials
- Pricing
- Contracts
- Reporting
- Questions, Discussion and Next Steps

Setting the Context



Preparing for full EPR

- Ontario's new Blue Box Regulation was released on June 3, 2021 ushering in a new wave of extended producer responsibility (EPR) in Canada
- Producers of designated products and packaging will be operationally and financially responsible for collection, sorting and resource recovery of residential recyclable materials province-wide
- Ontario producers can choose which producer responsibility organization (PRO) they wish to join.
- PROs will begin designing the new system on November 1 this year.
- The existing system will begin to transition in 2023.

Complex Market, Complex Transition

- Today, Ontario producers put 900,000+ tonnes of packaging and paper products into the Ontario market
- These products must then be collected from 5.5 million single family, multi family and seasonal households across the province. This is completed daily by more than 300 trucks completing two loads each day (over 120,000 truck loads per year).
- This material is then routed through a series of local and regional transfer stations and sorting facilities and all material is tracked to provide the end-of-life assurance necessary to meet current obligations.
- Ontario's new regulations will see 360+ eligible communities transitioning from municipal responsibility to producer responsibility over a period of just 30 months, six months shorter than identified as required by producers. With a transition that begins in scattered and varied communities in just over two years.
- Additional obligations will add complexity by reaching into new sectors like, schools, long-term care homes and public spaces.
- The new regulations not only transfer responsibility, but also increases reporting requirements and the volume of material that must be collected, sorted, processed and resold.

Producer Governance



RRA new legal entity

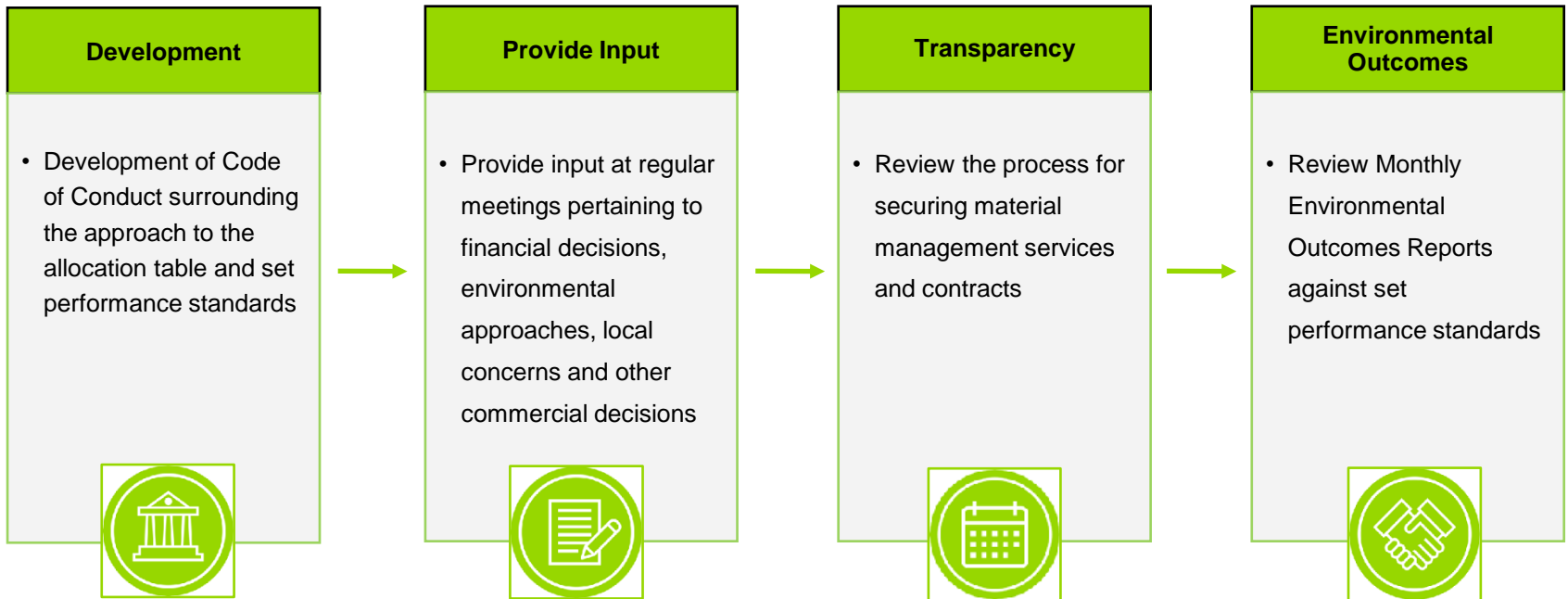
- RRA is incorporated in Ontario as a separate legal entity
- RRA has entered into a definitive agreement to acquire the assets of Canadian Stewardship Services Alliance (CSSA)
 - CSSA systems, client contracts and people will transition to RRA

Continued quality service to existing clients

- RRA will continue to support CSSA's existing clients with quality service in accordance with terms of the client contracts
- Pricing models for our clients will be maintained
- Clients' confidential information safeguarded
- Service levels will be upheld:
 - Producer Registration and Reporting
 - Financial and Audit Services
 - Costing, Fee Setting, Regulatory Reporting and Analytics
 - Information Technology and Systems Management
 - Communications and Stakeholder Relations
 - Project Management

Producers will govern RRA PRO activities

Founding members of the Producers' Alliance Council will develop RRA's principles and protocols



Producers direct the activities of the RRA PRO

The Producer Alliance Council will:

1. Draft guiding principles
2. Develop PAC's Code of Conduct
3. Review the process for securing material management services and contracts
4. Review monthly compliance reports and environmental performance reports
5. Oversee audits of RRA's firewall procedures to ensure confidentiality of customer data
6. Make recommendations to RRA to advance effectiveness and efficiency of RRA's services
7. Review performance standards set by RRA, including safety, collection and environmental performance
8. Determine priorities to promote cooperation and harmonization between PPP programs
9. Develop, review and oversee such other matters as identified by RRA and PAC

System Design Expertise



Best opportunity to save cost is at the design stage

- The Blue Box Regulation requires that registered PROs collaborate to design a common collection system for Ontario
- RRA brings extensive recycling system design expertise to the design table to ensure we build a system that benefits all producers
- RRA's state-of-the-art system optimization modeling will help design millions of dollars in potential costs out of the system.
- RRA will work with the other PROs to ensure that Ontario's producers enjoy an efficient and cost-effective recycling system
- Ontario's new recycling system will require an extensive network of material management service providers

Access to Materials



Producer access to recovered materials

- RRA will work with the Producer Alliance Council to develop processes that enable producers to have ready access to high quality material that meets their recycled content commitments
- Producer Alliance Council will be presented with RRA's material management strategy to give confidence on how environmental and economic outcomes are maximized and allocated to producers
- RRA's primary goal is to establish clear chains of custody and ensure that material is sold, at premium prices, to reputable, validated and preferably domestic end markets

Fair Pricing



RRA pricing will be cost recovery based

- RRA will operate on a cost recovery basis
- RRA's producer service fees will reflect the cost to manage their materials
- RRA's administrative costs will remain low to reflect economies of scale because we will leverage a shared administrative platform

RRA producers to decide costing method

- RRA to consult with the PAC on how to allocate costs to materials and generate the annual service fees
- RRA will have access to the Four-Step Fee Methodology and Material Cost Differentiation Methodology to which producers invested extensive time and resources to be considered by RRA's PAC
- PAC will decide if the Four Step Fee Methodology's principles are relevant to RRA's costing:
 1. All obligated materials should bear a fair share of the costs to manage.
 2. Material management costs allocated to each material should reflect each material's cost to collect and manage it in the recycling system because a material's unique characteristics can drive costs in distinctive ways.
 3. The commodity revenue should be attributed only to the materials that earn the revenue.

Commodity revenue belongs to producers

- The Producer Alliance Council will help decide how material revenues are treated
- We believe it is important that producers receive credit for the commodity value of their recovered resources
- RRA's financial status will be regularly shared with the Council

No upfront investments

- RRA requires no upfront investments of money or time
- On or prior to February 1, 2023, RRA will provide notice to its producer customers of their service fees for the initial term
- Thereafter, RRA will provide notice to its producer customers of their annual service fees on or before October 15th of the prior year

RRA's Producer Contracts



Representation Agreement at no cost

- Sign a Representation Agreement with RRA at no cost and no future obligation
 - Ensures producers have a voice, through RRA and supported by GFL's expertise in recycling system design and logistics, to make rules that deliver an efficient and effective common collection system
 - RRA will cover the upfront investment in recycling system design and leverage existing CSSA assets for compliance services
- **Fast approaching deadlines:**
 - **October 1, 2021** producers must register with RPRA
 - The rule creation period begins on **November 1, 2021**
 - Producers who want to ensure that they are represented through the rule creation process should have a representation agreement in place with a PRO
 - PROs may submit rules for allocation table creation to RPRA on or after **January 1, 2022**

RRA Customer Service Agreement

- One-year initial contract term: July 1, 2023 – December 31, 2024
- One-year renewal periods as producers' option
- RRA will earn producers' business a year at a time
- Producers are welcome to split their business by signing customer service agreements with multiple PROs
 - Not permitted with Representation agreements

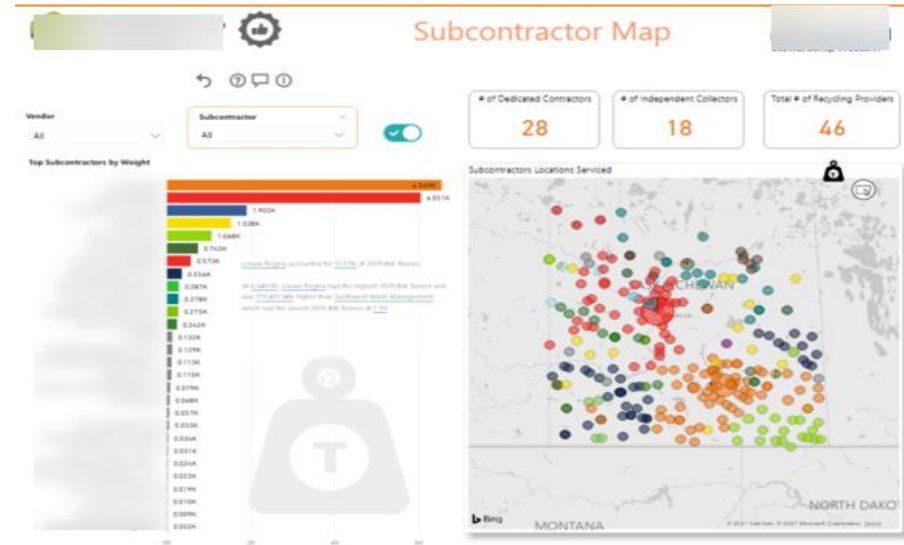
Convenient Reporting



RRA Producers report via WeRecycle Portal – no change

- RRA producer experience will not change
 - Supplied material quantities reported via the WeRecycle Portal – convenient and familiar
 - One-stop-shop producer reporting for multiple PPP EPR jurisdictions, including Stewardship Ontario during the transition period

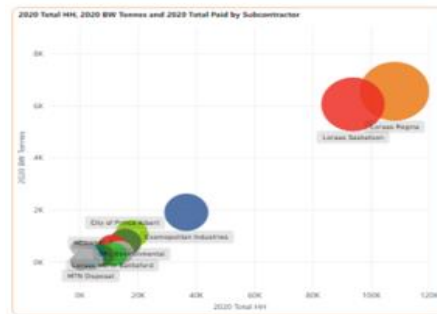
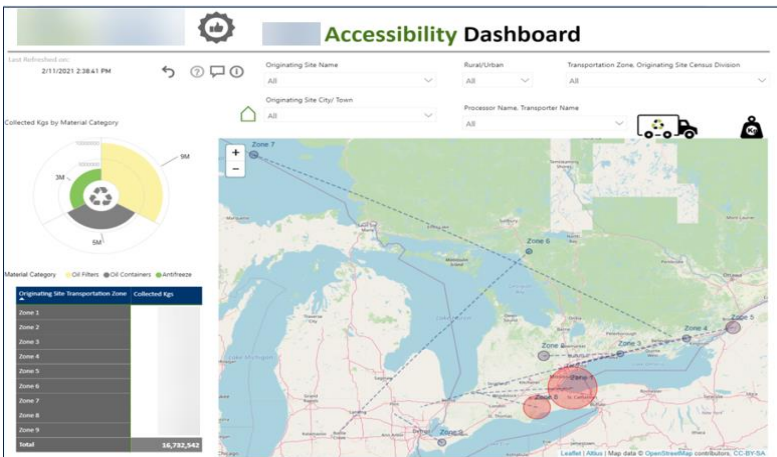
Monthly and annual compliance and performance reports provided to RRA producers



"Dedicated Contractors" are companies hired by municipalities to implement recycling programs which specifically provide services for two or more Collectors.

"Independent Collectors" are municipalities that provide their own infrastructure and vehicles or hire individuals or companies who implement only the "Independent Collectors" recycling program.

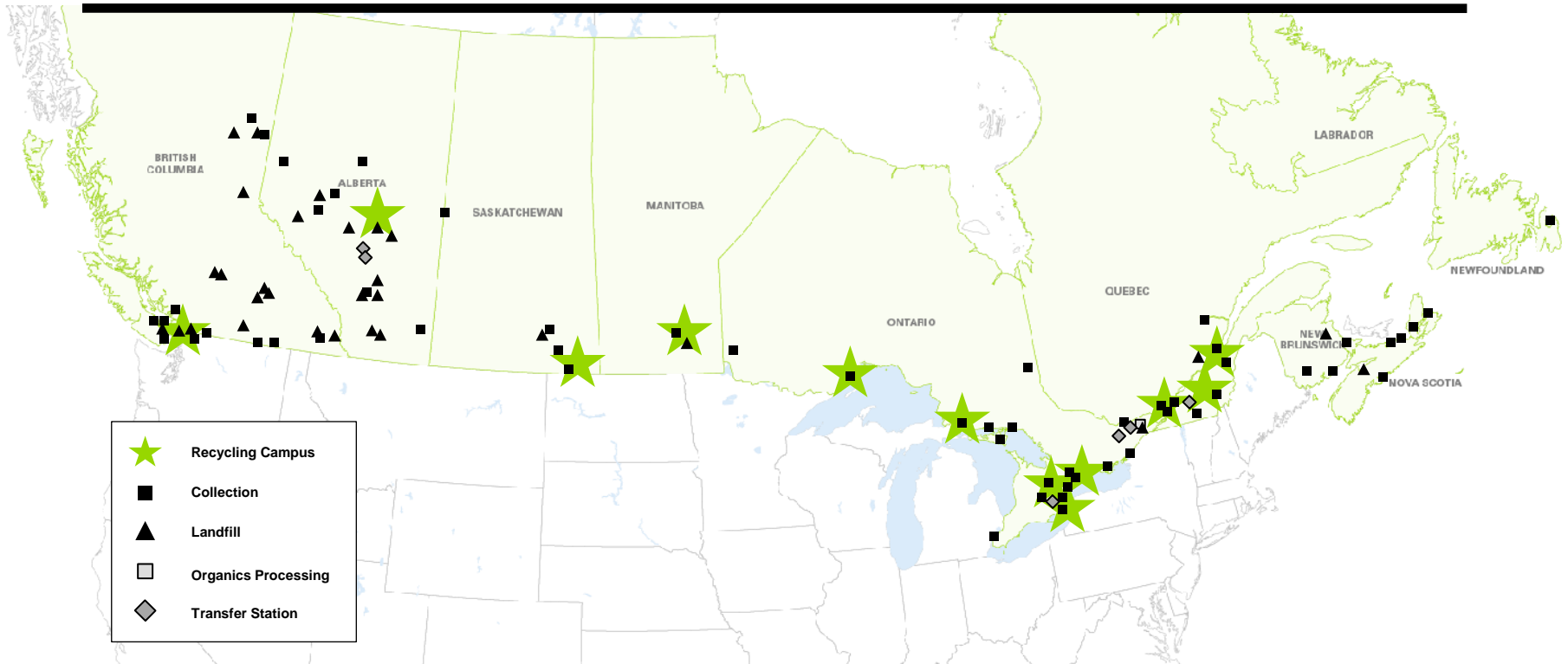
"Total number of Recycling Providers" combines the above numbers to show how many different material collection are in service in Saskatchewan.



Summary of Key Features of the RRA PRO

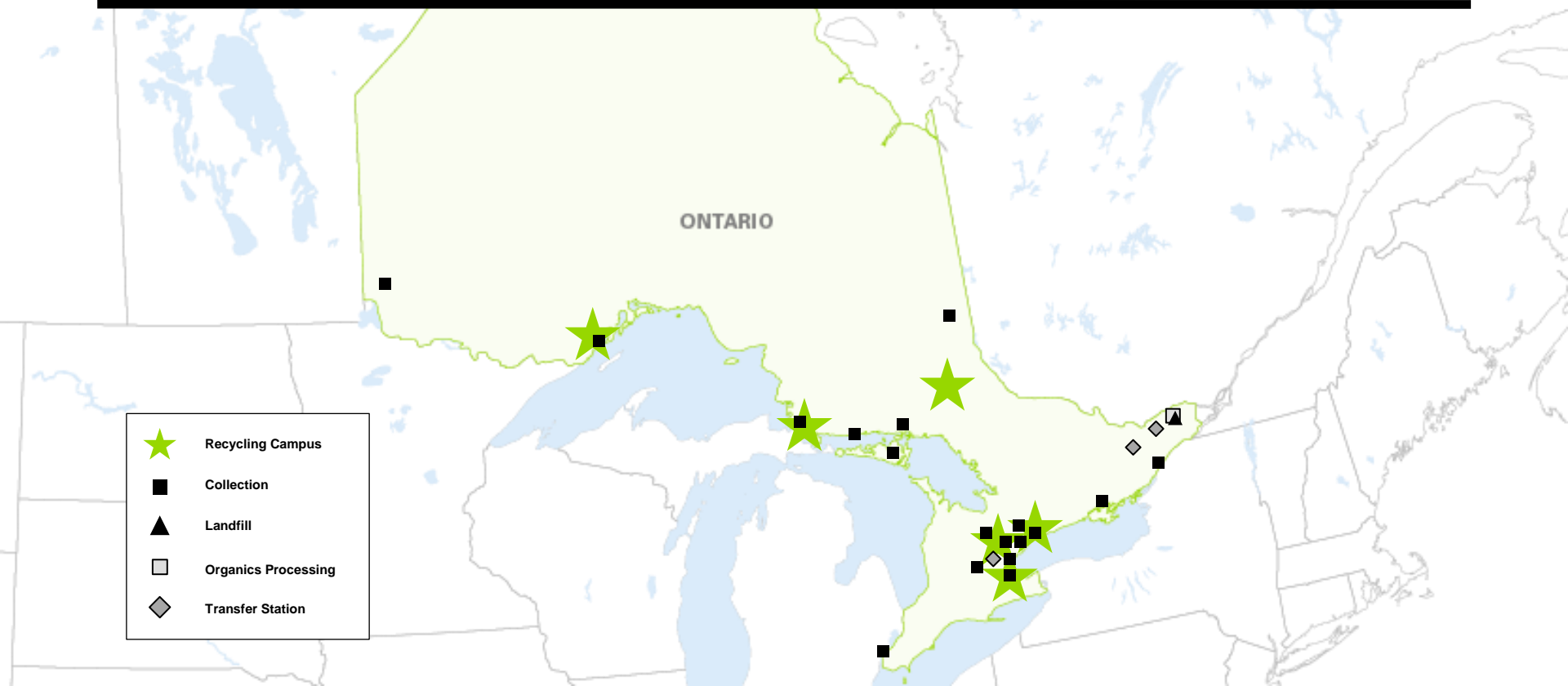
- No upfront investments of money or time
- RRA's commitment to achieve 100% of our producers' recovery targets by leveraging GFL's proven performance outcomes.
- No onerous long-term contracts. RRA will earn your repeat business by offering the best combination of customer service and value on the market.
- Access to state-of-the-art recycling technology designed to maximize material recovery and commodity revenue.
- Use of the WeRecycle one-window national reporting platform used by producers today
- Opportunity to design your service solution by joining the **Producer Alliance Council** – a solution designed by producers for producers with full visibility into performance results via dashboards and other measurement tools
- Guaranteed confidentiality of prescribe customer data.

GFL Across Canada



- Today, GFL is national in scope with significant assets placed to meet the demands of Canada's major population centres and the challenges of servicing smaller communities
- As Canadian provinces and American States shift to EPR for residential blue box recycling, a GFL-led PRO in Ontario is laying the ground work for a future footprint which could expand across the country and the U.S. providing harmonized services for producers
- GFL has over 6,500 trucks and has won over 900 residential curbside collection contracts across North America servicing 4 million households

GFL Across Ontario



- **GFL has the resources, knowledge and experience to develop an optimal PRO offering with material recovery facilities (MRFs), 15 transfer stations and 750+ residential collection trucks strategically located across Ontario**
- **GFL currently has 6 recycling hubs in the province able to meet over half of Ontario's current recycling needs and is ready to deploy capital as appropriate**
- **GFL's facilities are state of the art and scalable to achieve industry leading efficiency and recovery**

Advanced Material Recovery Facilities



Next Steps

- Consider signing RRA's No Expense, Flexible, Representation Agreement
- Consider participation in the RRA Producer Alliance Council, with the founding directors to be announced over the next couple of weeks
- Help us to unite behind the challenge of transition in 21 short months!
- If you have questions, please email us at info@rrapro.com or cabel@rrapro.com

Questions



We have answers!

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**Resource
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RRA is a registered PRO with RPRA