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Revising the Governance Structure

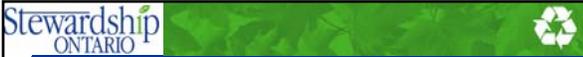
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Presentation Overview

- Review current Board of Directors
- What current BBPP includes
- Steward registration update
- Issues to consider
- Options for discussion only
- Next steps

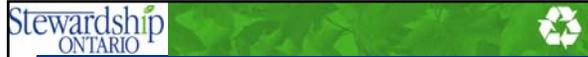
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Board of Directors

- Food & consumer products manufacturers
- Non-alcoholic beverage manufacturers
- Grocery distributors
- General merchandise retailers
- Newspaper publishers
- Paint manufacturers & consumer & chemical product manufacturers
- Retailer of alcoholic beverages
- Stewardship Ontario CEO

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Future Governance Model

Approved BBPP states that the founding Board would expand to:

- up to 20 seats
- up to 7 additional sectors

Number of industry sectors will be determined when total members & proportion of total annual fees contributed by each sector is known

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Future Governance Model

Additional sectors may include:

- Electronic & electrical products
- Toys & sporting goods
- Non-prescription pharmaceuticals
- Quick service food
- Importers
- Distributors
- Hardware & automotive

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Initial Criteria for Eligibility

- Generate designated Blue Box wastes
- Other companies with commercial connections to Blue Box wastes
- Other persons with an interest in corporation's activities

As agreed by Stewardship Ontario's Board of Directors

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Additional Considerations for Board of Directors

- Configuration & voting representation would consider financial contributions of each sector to Stewardship Ontario
- Board decisions will require majority vote & approval of minimum number of sectors
- Stewardship Ontario will review size & composition of Board annually

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Registration Status Report

Current to July 8, 2004

- 1384 registered Stewards
- 443 registrants have not yet filed reports
- 2,000 (estimated) additional potential Stewards identified & not yet registered
- 350 registered Stewards; represent 97% of reported levies owing
- 591 other registered Stewards account for remaining 3% of fees to date

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Financial Contribution by Sector

Sector	Percentage
Consumable Products Manufacturers & Distributors	45.6%
Retailers & Distributors	35.3%
LCBO	14.0%
Manufacturers & Distributors	3.9%
Services	0.9%
Printed Media	0.3%

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Some Issues to be Considered

1. Is Board representation by sector appropriate?
2. Are membership criteria correct?
3. Restructure only when full membership composition known?
4. Review annually or less often?

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Today's Discussion

Three possible options:

1. Maintain current sectoral representation
2. Expand Board to between 12 & 15 members, including Non Stewards
3. Expand Board to 20 members, including Non Stewards

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Please Note

- Options are **for discussion only**
- Options not reviewed by Stewardship Ontario Governance Committee or Board
- Comments on other alternatives welcome

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Option 1

Continue with current Board composition with voting rights tied to financial contribution

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Option 1 (cont'd)

- Maintain current Board sectors with voting rights allocated on reported financial contributions
- Representation from other stakeholders (material suppliers, NGO) could be considered (non voting)

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Option 1 Analysis

- PROS:
 - Voting reflects financial contribution
 - Easy transition from current Board
- CONS:
 - 'Strong get stronger'
 - Not seen as 'inclusive'
 - No direct representation from other key stakeholders
 - Major generators of Blue Box materials (i.e., newspapers) get relatively small representation
 - Sectors on current Board represent approximately 91% of fees contributed and 88% of tonnes reported

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Option 2

Increase Board of Directors to between 12 & 15 seats

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Option 2 (cont'd)

- Add sectors to existing Board & add non steward representation:
 - 3 to 5 more contributing sectors (based on financial contribution)
 - 1 to 2 AMO or NGO

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Option 2 Analysis

- PROS:
 - Wider steward representation
 - Greater transparency by including Non-Stewards
 - Introduces 'fresh blood'
- CONS:
 - Voting may not fully represent financial contribution
 - Increased size may encumber decision making
 - Some obligated industry sectors may not feel represented

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Option 3

Increase Board seats to 20

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Option 3 (cont'd)

- Allocate 70% of Board (14 seats) on basis of payments in, with:
 - 20% (4 seats) to material suppliers
 - 10% (2 seats) to AMO/NGO

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Option 3 Analysis

- PROS:
 - Protects relationship to payment in
 - Includes material suppliers & other stakeholders
 - Greater transparency & political comfort
- CONS:
 - Not purely 'pay as you play'
 - Some stakeholders oppose key elements of BBPP
 - Increased size, strategic differences complicate decision making

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Next Steps – Summer 2004

- **July 23** – Post draft report on comments received today & preliminary recommendations
- **Aug. 6** – Closing date for comments on draft report
- **Week of Aug. 15** – Stewardship Ontario Governance Committee to review draft report; post preferred option(s)
- **Aug. 25** – Webcast & public consultation on options

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Next Steps – Fall 2004 & Beyond

- **Early September** – Governance Committee to review comments; recommendations to Stewardship Ontario Board of Directors
- **September/October** – Recommendations to WDO Board of Directors
- Selected governance model takes effect by next Annual General Meeting (**June 2005**)

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Your comments, please!

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