



Stewardship Ontario

2013 ANNUAL REPORT

# **PARTICIPATION: WORKING TOGETHER TO RECYCLE MORE**





Thinking  
beyond  
the box

Stewardship Ontario

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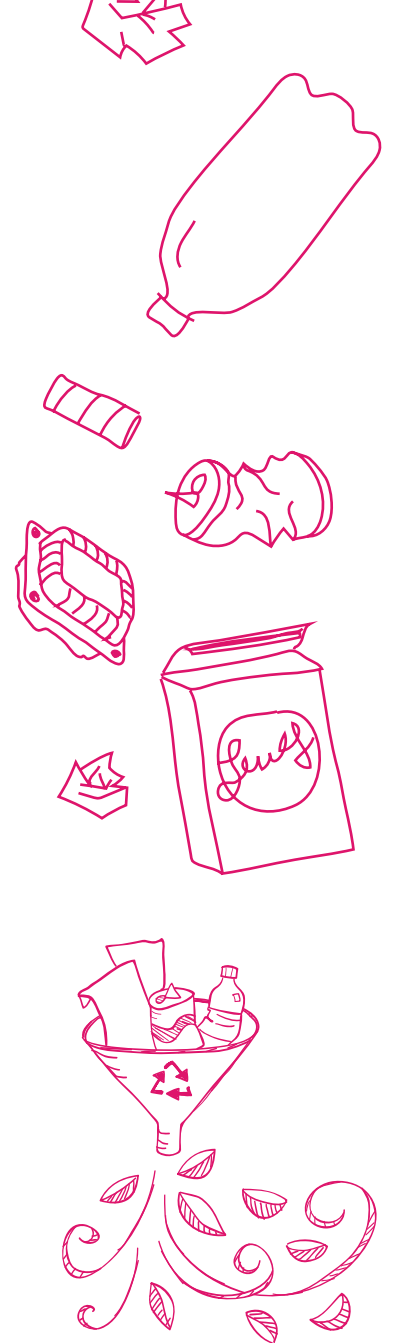
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## Message to Stakeholders

2013 was all about Participation—the collective work of the stewards, service providers and consumers who contribute to our many recycling initiatives.

In 2013, we continued to focus on increasing the collection and diversion of mixed rigid plastics, composite paper packaging and single-use batteries. We also concentrated on creating operational efficiencies to control costs.

We partnered with The Continuous Improvement Fund (CIF) and seven municipalities—who account for over 70 per cent of the provincial Blue Box Program tonnage—to implement an awareness campaign to increase the capture rates of mixed plastic packaging in the Blue Box. The “Recycle More” campaign included radio, newsprint, electronic media, billboards and social media.

We partnered with Tim Hortons and The Carton Council of Canada to develop markets for composite paper packaging, and to increase its capture rate in the municipal Blue Box.

After a successful 2012 pilot to provide more convenient ways to recycle single-use batteries at curbside, 26 Ontario communities participated in the 2013 spring and fall battery collections. We added 989 new battery collection sites and increased collection by 31.6 per cent.

To create supply chain efficiencies, we harmonized elements of our Orange Drop Program and made changes to service provider reporting processes, realigning the province into nine common zones. We rebalanced incentive rates, created a fuel surcharge payment and introduced transportation audits. We also developed a municipal portal and upgraded service provider reporting processes to speed up claims and payment, increase transparency and security, improve communications and cut administrative time and expenses.

We invite you to explore these pages to find out more. How we performed against our targets—how we’re increasing accessibility to recycling programs in Ontario—how we’re moving towards a common collection of materials throughout the province—and how we’re driving down the costs of recovering materials that used to be considered garbage.

We thank you for your interest in Stewardship Ontario as well as your participation in our recycling programs.



**John Coyne**  
Board Chair,  
Stewardship Ontario

*Vice President, Legal & External  
Affairs, Unilever Canada Inc*

A handwritten signature in black ink that reads "John D. Coyne".



**David Pearce**  
Managing Director,  
Stewardship Ontario

A handwritten signature in black ink that reads "David Pearce".

## Year in Review

### Participation Increases Accessibility

2013 was a year of consolidation and collaboration, building on the strengths of a number of initiatives we worked on in 2012. Our focus in 2013 was on mixed rigid plastics, composite paper packaging and curbside battery collection—to increase diversion of these materials. Through the participation of many talented, expert and committed stakeholders, we continue to increase consumer accessibility to recycling programs and move towards a common collection of materials at curbsides across Ontario.

### RECYCLE MORE: PLASTIC RECYCLING CAMPAIGN

September 23 - November 17, 2013

Building on our work in 2012, we partnered with **The Continuous Improvement Fund (CIF)** and seven GTA and Golden Horseshoe municipalities to design and implement an awareness campaign to increase the capture rates of mixed plastic packaging in the Blue Box. The collaborative effort—which included Durham, Halton, Hamilton, Peel, York, Niagara and Toronto became the impetus for some Ontario municipalities to add mixed rigid plastics to their curbside collection programs. It's initiatives like these that bring us closer to a standard group of materials being accepted in Blue Boxes across the province.

The campaign garnered over 27 million impressions in radio, newsprint, electronic media, billboards and social media. Stewardship Ontario and The CIF provided cash funding and the seven municipalities provided in-kind lineage<sup>1</sup>. The municipalities that participated make up over 70 per cent of the provincial Blue Box Program tonnage.

<sup>1</sup>As part of the funding provided by industry to cover the cost of the Blue Box Program, the Canadian Newspaper Association and the Ontario Community Newspapers Association provide media space in-kind to municipalities to promote their diversion programs. WDO manages this program.

### COMPOSITE PAPER PACKAGING PROJECT

Following initial testing of curbside collection of beverage cups through pilot programs in Burlington and the County of Brant in 2012, we partnered with Tim Hortons and The Carton Council of Canada to develop markets for composite paper packaging, and to increase its capture rate in the municipal Blue Box systems.

The purpose of this project is to determine:

- Whether a broader assortment of coated paper packaging (CPP), also known as polycoat, can be sorted into one grade at Municipal Recycling Facilities (MRFs) either mechanically or manually
- What is the optimal carton grade specification
- What are the benefits and incremental costs of making a wider range of polycoat recycling accessible to more Ontarians

The project's first phase, during the summer of 2013, set out to determine the effectiveness of current manual and mechanical sorting methods of composite paper packaging in four Ontario MRFs. Tests were completed in single and two-stream facilities in London, Bluewater, Hamilton and Halton.

Phase two, which is scheduled for 2014, will determine actual capture rates of high grade white fibre in end mills, as well as quantify and document the impact of expanding the types of polycoated paper included in carton bales that are sent to fibre mills for reprocessing. The focus of inquiry will be on:

- The effect on mill operations
- The extent of pulping rejects
- Changes in fibre yield
- Variances in fibre quality

As a result of the research to date, it has been determined that the current PSI-52 grade (gable and aseptic packaging) is sustainable and provides for the recovery of high grade fibre. However, there is currently insufficient volume to provide the scale necessary to promote market flexibility and achieve competitive pricing.

## **INCREASING BATTERY RECYCLING THROUGH IMPROVED ACCESSIBILITY**

In 2013, we added nearly 1,000 new battery collection sites to our vast network, increasing the total number of collection sites to 4,184.

Following a successful 2012 pilot project to provide more convenient opportunities for consumers to recycle their single-use batteries at curbside, 26 Ontario communities participated in the spring and fall battery campaigns during 2013—in Durham Region, Quinte, Dufferin County and the City of Peterborough.

We also developed the Curbside Battery Collection Guide for municipalities and service providers, documenting processes and procedures for consistent collection and processing.

The Program Guide:

- Provides guidelines and materials for Promotion and Education (P&E) Campaigns to advertise curbside collection
- Offers service providers a standard incentive rate (+ fuel) to kick off the program
- Opens up the battery recycling initiative to transporters and municipalities able to manage the program

Stewardship Ontario, in conjunction with Port Colborne's Raw Materials Company Inc. (RMC)—an approved Orange Drop materials processor—introduced the Curbside Battery Recycling Program at the Municipal Waste Association (MWA) conference. We were also able to leverage RMC's existing relationships with municipalities to extend this convenient way of recycling batteries into new markets.

- In 2013, over 500,000 households across Ontario conveniently recycled 36,000 kilograms of spent batteries at curbside. This municipal collection is an extension of the Blue Box Program, which reaches over 95 per cent of households in the province
- Over 86 per cent of the batteries' materials are used as feedstock in biological systems as agricultural fertilizer and industrial systems for the manufacturing of new products
- Recovered materials like zinc, manganese, potassium and steel are upcycled—not disposed of in landfill—converted into smelter slag and used as aggregate replacement
- The Curbside Battery Recycling Program is sponsored by Stewardship Ontario — created on behalf of battery manufacturers to increase battery collection in the province of Ontario

As a result of these initiatives, we collected 1,271 tonnes of batteries in 2013, an increase of 31.6 per cent versus 2012.

## **Participation Creates Supply Chain Efficiencies**

With a concentration on performance, 2013 was also a year for program harmonization and changes to service provider reporting processes.

### **WE CREATED EFFICIENCIES IN OUR ORANGE DROP PROGRAMS (MHSW):**

- Automotive Incentive Program (Antifreeze, Oil & Antifreeze Containers and Oil Filters)
- Municipal Depot Transportation and Processing Incentive Program (Paints and Coatings, Batteries, Antifreeze, Oil & Antifreeze Containers, Oil Filters, Refillable and Non-Refillable Pressurized Containers)
- Battery Incentive Program (Single-Use Dry Cell Batteries)
- Return to Retail (Paints & Coatings, Single-Use Dry Cell Batteries)

### **WE TOOK THE FOLLOWING STEPS TO HARMONIZE OUR PROGRAMS:**

- We rebalanced incentive rates to reflect the newly created zones, in recognition of distance and travel times
- We brought in a fuel surcharge rate, to share the risk of fluctuating fuel prices
- We introduced transportation audits to ensure equitable, balanced programs

### **BETTER REPORTING PROCESSES FOR SERVICE PROVIDERS:**

In 2013, Ontario's municipalities were newly able to report claim submissions online, using the WeRecycle Portal. This easy-to-use reporting tool, accessed from any device with Internet access, replaces the previous spreadsheet-and-email-based system. The WeRecycle Portal facilitates a structured reporting process, feeding municipal data in real time, and generating immediate acknowledgement of receipt. To expedite claims processing and payment, we eliminated the need for municipalities to mail invoices, and payments are now paperless as we have moved to Electronic Funds Transfer (EFT) for most municipalities. We also now make automatic payments to cover municipal depot hours at a fixed monthly rate. The streamlined process speeds up claims and payment, increases transparency and security, improves communications and cuts administrative time and expenses for Stewardship Ontario and municipalities.

Municipalities were introduced to the new reporting tool through:

- Training—June 20 and 25, 2013: The Stewardship Ontario Service Provider Reporting Team and Field Services Team led on-site training sessions in Peterborough and Halton region for 19 municipal representatives.
- Webinar—July 10, 2013: This replicated the on-site training for 160 registrants who could not attend training in person

## Participation Increases Awareness

Stewardship Ontario conducts Promotion and Education (P&E) activities to increase awareness of its programs, drive behaviour change and support material collection. In 2013, we partnered with the Continuous Improvement Fund (CIF) and seven Ontario municipalities to design and implement an awareness campaign to increase the capture rates of mixed plastic packaging in the Blue Box.

### RECYCLE MORE FINAL MEDIA ANALYSIS - SUMMARY

Media	Total Impressions
WDO In-Kind Lineage	13,551,348
Toronto Star Life	2,734,095
Google Ad Words	1,840,196
Radio	8,000,000
Walmart Digital Ads	2,900,000
Billboards	N/A
<b>Campaign Total</b>	<b>27,185,443</b>

The Orange Drop Program (MHSW) P&E activities in support of collection channels—depots, events, retailers, parks and incentive partners—are designed to achieve diversion targets for all MHSW materials, and specific activities are implemented to increase collection of materials that are underperforming.

## 2013 ORANGE DROP ACTIVITIES

Activity Type	Number
Family Activities/Events	25
Battery Campaign	See Notes Below
Channel Advertising Support	27
<b>Total</b>	<b>66+</b>

### COMMUNITY OUTREACH PROGRAM

Community outreach helps raise awareness of the Orange Drop Program. By meeting with Ontarians, we educate the public about the importance of safe disposal, and explain what happens to the materials they recycle.

In 2013, our Orange Drop Brand Ambassadors attended local, trade and community events between March 11 and August 18, including the Ontario Science Centre's March break activities, the Green Living show, PoultryFest Niagara, Sparks Street Canada Day celebrations, St. Catharine's Classic Car Show, Mississauga RibFest, Thunder Bay CLE Fair and Leamington Tomato Fest, among others. Outreach included a number of visits to areas and events outside the GTA—and this will continue to be a focus in coming years.

- 49 days interacting
- 34,458 interactions
- 32,335 giveaways

### BATTERY RECYCLING ADVERTISING CAMPAIGN

We collected 31.6 per cent more batteries in 2013 than we did in 2012, fueled in part by a targeted advertising campaign that ran from April to June, achieving 215 million impressions and including the following media:

- Radio – six radio stations across Ontario
- Out of home – three prominently placed billboards
- Print advertising – Metro and the Green Guide, distributed with the Globe & Mail
- Transit advertising – TTC subways and Go Train
- Online – Google ad words

## MUNICIPAL WASTE CALENDARS

We also reach Ontario residents through municipal waste calendars and websites—in 2013, 31 municipalities distributed calendars with information about our program to 1,718,150 households. The Orange Drop Program provided advertising support to Ontario Parks (Parks Guide and posters) to communicate Orange Drop pressurized container collection cages in 85 parks. We also started working with 17 Kampgrounds of America (KOA) parks, where we distributed over 100 posters.

## SOCIAL MEDIA

Our social media presence has helped to engage stakeholders and drive meaningful discussions on the importance of recycling hazardous waste, reaching multiple demographics of waste generators. Facebook and Twitter efforts supported the battery campaign messaging and encouraged recycling through environmental awareness. We invite you to join the conversation by following us on Twitter @InnovationGreen and @makethedrop.

## Participation Leads to Significant Cost Savings

CSSA was founded in 2013 by leading Canadian retailers and manufacturers to implement a shared, harmonized administrative infrastructure for stewards of packaging and printed paper programs across Canada. It is a non-profit, voluntary national stewardship organization representing Canadian businesses.

## CANADIAN STEWARDSHIP SERVICES ALLIANCE (CSSA) – A NATIONAL SERVICE PROVIDER

CSSA provides a suite of administrative and support services to Stewardship Ontario, as well as other provincial stewardship agencies, including Multi-Material BC, Multi-Material Stewardship Western and Multi-Material Stewardship Manitoba. Sharing back office administrative functions, such as IT systems, infrastructure and finance functions between multiple packaging and printed paper agencies results not just in streamlined services for stewards—making it easier for them to fulfill their stewardship obligations—but also significant cost savings for each stewardship agency.

As a service provider, CSSA offers Stewardship Ontario and Ontario's stewards economies of scale, focus, simplicity and convenience:

- A single place for stewards to register, report and pay obligations
- A simpler way to do business, with common definitions across all programs
- Annual cost savings - by sharing front and back-office activities—avoiding duplication of investments in governance, administration, IT, finance, infrastructure, communication and market development
- National standards and benchmarks to better control steward fees and costs
- A coordinated national voice to promote harmonized, accountable and efficient recycling systems that meet consumer needs
- Consumer convenience through efficient, harmonized waste diversion programs that create more consistent recycling services across multiple jurisdictions and contribute to more sustainable communities

Stewardship Ontario alone will see its administration costs for 2014 drop by almost 30 per cent to \$4.9 million, from \$6.3 million in 2013, while maintaining operational performance.

While Stewardship Ontario benefits from back-office services from CSSA, we continue to manage supply chain and operations functions, provincial promotion and education activities and regulatory affairs directly. We retain all of our obligations under the Waste Diversion Act, Program Request Letters, Program Plans and Program Agreements. Stewardship Ontario's Board continues to be responsible for setting the strategic direction of the organization, and retains all of its fiduciary responsibilities.

All of us at Stewardship Ontario continue to look for efficiencies and cost savings on behalf of our stewards, while ensuring the most robust recycling services continue to be delivered to the residents of Ontario.

## Performance Indicators

### Consumer Awareness Indicators

#### KEY FINDINGS ABOUT BLUE BOX CONSUMER ATTITUDES AND CURBSIDE RECYCLING BEHAVIOURS

**78% VIEW A LACK OF HARMONIZATION ACROSS MUNICIPALITIES AS A FACTOR IMPEDING RECYCLING AND DIVERSION RATES IN THE PROVINCE**



**MORE THAN 46% PUT ITEMS IN THE BLUE BOX THAT MAY NOT BE RECYCLABLE. OVER-ZEALOUS RECYCLING CAN NEGATIVELY IMPACT SORTING COSTS AND OTHER EFFICIENCIES**

**45% WOULD BE INCLINED TO AVOID PRODUCTS MADE BY PRODUCERS WHO DISPLAYED DISREGARD FOR THE ENVIRONMENT**



**ONLY 42% RECYCLE STYROFOAM CONTAINERS AND ONLY 37% RECYCLE PLASTIC RETAIL SHOPPING BAGS**



MUNICIPAL PROGRAM RESTRICTIONS IN SOME REGIONS LIKELY CONTRIBUTE TO THESE LOWER RECYCLING RATES BUT CONTINUOUS EDUCATIONAL EFFORTS WILL BE REQUIRED TO GET MORE OF THESE MATERIALS INTO THE BLUE BOX

**JUST OVER 50% WOULD BE WILLING TO PAY A LITTLE MORE FOR ENVIRONMENTALLY FRIENDLY PRODUCTS AND PACKAGING**



**84% OF ONTARIANS AGREE THE BLUE BOX PROGRAM IS IMPORTANT TO THE ENVIRONMENT**



**ONTARIANS RECYCLE 62.8% OF RECYCLABLE WASTE**



**71% SEE THE BLUE BOX AS THE MAIN DRIVER OF RECYCLING**



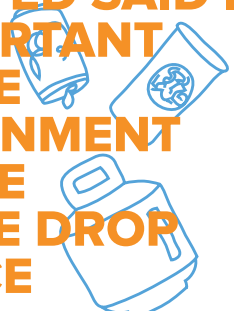


## Performance Indicators


### Consumer Awareness Indicators

THE ORANGE DROP PROGRAM (MHSW) RESEARCH INTO CONSUMER ATTITUDES AND BEHAVIOURS 2012/2013

**88%** OF THOSE SURVEYED SAID IT IS IMPORTANT FOR THE ENVIRONMENT TO HAVE ORANGE DROP IN PLACE



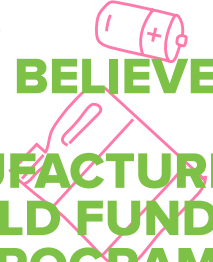
**6%** UNDERSTAND THAT MANUFACTURERS FUND THE PROGRAM



**75%** OF PEOPLE IN THE PROVINCE WORRY ABOUT HAZARDOUS WASTE



**70%** BELIEVE THAT MANUFACTURERS SHOULD FUND THE PROGRAM



**73%** OF CONSUMERS CLAIM TO DISPOSE OF HAZARDOUS WASTE PROPERLY



WITH PRESSURIZED CONTAINERS LEADING THE FIELD

WHETHER OR NOT THE NAME IS FAMILIAR, **81%** OF CONSUMERS VIEW THE ORANGE DROP PROGRAM AS AN IMPORTANT FACTOR IN HELPING ONTARIANS REDUCE THE IMPACT CONSUMER WASTE HAS ON THE ENVIRONMENT. OF THOSE AWARE OF THE PROGRAM, ONE THIRD SAY THEIR USE OF IT HAS INCREASED OVER THE LAST THREE YEARS AND **61%** WERE SATISFIED WITH THE AVAILABILITY OF DROP-OFF LOCATIONS

## Operational/Environmental Indicators Blue Box Program—Packaging & Printed Paper

Material	2012				2011	
	Tonnes Generated by Stewards	Share of Total Materials	Tonnes Recycled by Stewardship Ontario	Performance Rate	Tonnes Recycled by Stewardship Ontario	Performance Rate
Newsprint - CNA/OCNA	217,375	15.3%	203,689	93.7%	202,416	94.7%
Newsprint - Non-CNA/OCNA	148,405	10.4%	139,062	93.7%	138,193	94.7%
Magazines and Catalogues	78,908	5.6%	61,776	78.3%	74,738	94.7%
Telephone Books	8,329	0.6%	7,968	95.7%	8,523	94.7%
Other Printed Paper	128,245	9.0%	57,949	45.2%	63,890	50.9%
Corrugated Cardboard	169,361	11.9%	144,539	85.3%	148,703	85.8%
Boxboard	163,988	11.5%	67,998	41.5%	66,790	42.5%
Gable Top Cartons	14,249	1.0%	6,833	48.0%	4,568	32.1%
Paper Laminants	39,205	2.8%	1,264	3.2%	384	0.9%
Aseptic Containers	5,820	0.4%	955	16.4%	476	9.6%
PET Bottles	56,848	4.0%	32,701	57.5%	29,321	52.0%
HDPE Bottles	27,598	1.9%	16,409	59.5%	16,134	57.8%
Plastic Film	54,383	3.8%	4,923	9.1%	4,392	8.4%
Plastic Laminants	35,391	2.5%	7	0.0%	350	1.0%
Polystyrene	21,391	1.5%	1,448	6.8%	1,018	4.7%
Other Plastics	70,790	5.0%	16,146	22.8%	15,505	23.1%
Steel Food & Beverage Cans	45,286	3.2%	29,187	64.5%	28,727	61.4%
Steel Aerosols	4,079	0.3%	942	23.1%	1,151	26.8%
Steel Paint Cans	5,072	0.4%	696	13.7%	922	18.7%
Aluminum Food & Beverage Cans	22,552	1.6%	10,860	48.2%	9,994	43.4%
Other Aluminum Packaging	4,521	0.3%	348	7.7%	320	7.6%
Clear Glass	74,522	5.2%	70,014	94.0%	71,466	94.0%
Coloured Glass	25,277	1.8%	17,210	68.1%	16,869	67.5%
<b>Total</b>	<b>1,421,593</b>	<b>100.0%</b>	<b>892,924</b>	<b>62.8%</b>	<b>904,850</b>	<b>64.2%</b>

## Operational/Environmental Indicators Blue Box Program—Packaging & Printed Paper

Recycling Performance	2012	2011	Definition
<b>Recycled Tonnes</b>	892,924	904,850	Annual tonnes of Packaging & Printed Paper recovered by municipalities and sold into the commodity market
<b>Generated Tonnes</b>	1,421,593	1,409,087	Represents the annual tonnes of Packaging & Printed Paper put out by Ontario residents either in the Blue Box, organics bin, or household garbage
<b>Supplied Tonnes</b>	1,106,618	1,179,858	Annual tonnes of Packaging & Printed Paper reported as sold into the Ontario market by stewards
<b>Recycling Rate</b>	62.8%	64.2%	Percentage of tonnes generated that were recycled
<b>Provincial Recycling Target</b>	60.0%	60.0%	Target set by provincial government in 2008
<b>Variance to Provincial Target</b>	+ 2.8%	+ 4.2%	
<b>Population Served by the Blue Box Program</b>	13,107,122	12,994,745	Population serviced as reported by municipalities in the annual Datacall
<b>Recycled kg per Capita</b>	68.1	69.6	Annual kilograms of packaging and printed paper recycled per person in Ontario
Accessibility Performance	2012	2011	Definition
<b># Households Served</b>	5,194,568	5,157,500	
<b>Percentage of Households with Access to Blue Box Recycling<sup>1</sup></b>	95%	95%	Percentage of households (out of all households in Ontario) with access to Packaging & Printed Paper recycling services
<b>Promotion &amp; Education (P&amp;E) Cost per Capita</b>	\$0.59	\$0.54	Annual known P&E dollars spent by municipalities and SO in Ontario to educate residents about the Blue Box system and their role in recycling

<sup>1</sup>Based on Estimates

## Financial Indicators

System Cost Performance	2012	2011	Definition
<b>Recycled Tonnes</b>	892,924	904,850	Annual tonnes of Packaging & Printed Paper recovered by municipalities and sold into the commodity market
<b>Reported Net System Cost</b>	\$237,209,322	\$190,444,459	Annual net cost (includes operating, capital, admin, interest, and promotion & education costs) of the Blue Box system reported by municipalities through the annual Datacall
<b>Reported System Cost/Tonne<sup>2</sup></b>	\$265.65	\$210.47	Reported Net System Cost (operating, capital, admin, interest and promotion & education costs) divided by Recycled Tonnes

<sup>2</sup>Based on verified costs and revenues reported by municipalities through the annual Datacall. Municipalities have full autonomy for running their programs.

Program Cost Performance	2013	2012	Definition
<b>Total Program Cost</b>	\$99,223,872	\$95,963,969	Cost of the Blue Box Program (payments to municipalities, program management, regulatory costs, promotion and education)
<b>Program Management as a % of Total Program Cost</b>	3.8%	4.5%	All but a few cents of every dollar we collect from our stewards is channelled directly to recycling programs
<b>Regulatory Costs as a % of Total Program Cost</b>	1%	1%	Waste Diversion Ontario oversight and Ministry of the Environment enforcement costs

## Operational/Environmental Indicators Orange Drop Program (MHSW)

### 2013 TONNES COLLECTED

Material Category	Available for Collection	Collection Target Rate (%)	Target Tonnes	Actual Collection Tonnes	Actual Collection Rate (%)	Variance to Target (Tonnes)	Prior Year (Tonnes)	Variance to Prior Year (Tonnes)
Antifreeze	9,873	40%	3,949	3,448	35%	-501	3,151	297
Fertilizers	105	n/a	n/a	25	24%	n/a	104	-79
Oil Containers	3,515	42%	1,476	3,753	107%	2,277	2,998	755
Oil Filters	9,576	75%	7,182	8,726	91%	1,543	8,833	-107
Paints & Coatings (incl. Aerosols)	9,765	57%	5,566	9,377	96%	3,811	10,712	-1,355
Pesticides	65	55%	36	36	55%	0	46	-10
Pressurized Containers (Non-Refillable)	752	25%	188	360	48%	172	336	24
Pressurized Containers (Refillable)	159	93%	148	653	410%	505	538	115
Single-Use Batteries	7,357	30%	2,207	1,271	17%	-936	966	305
Solvents	1,876	46%	863	631	34%	-232	795	-164

### 2013 TONNES DIVERTED

Material Category	Available for Collection	Collection Target Rate (%)	Target Tonnes	Actual Collection Tonnes	Actual Collection Rate (%)	Variance to Target (Tonnes)	Prior Year (Tonnes)	Variance to Prior Year (Tonnes)
Antifreeze	9,873	40%	3,949	3,448	35%	-501	3,151	297
Fertilizers	105	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Oil Containers	3,515	42%	1,476	3,753	107%	2,277	2,998	755
Oil Filters	9,576	75%	7,182	8,726	91%	1,543	8,833	-107
Paints & Coatings (incl. Aerosols)	9,765	40%	3,906	7,574	78%	3,668	8,142	-568
Pesticides	65	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pressurized Containers (Non-Refillable)	752	25%	188	360	48%	172	336	24
Pressurized Containers (Refillable)	159	93%	148	653	410%	505	538	115
Single-Use Batteries	7,357	23%	1,677	1,093	15%	-584	845	248
Solvents	1,876	5%	94	143	8%	48	172	-30

## Operational/Environmental Indicators Orange Drop Program (MHSW)

### AGGREGATE PERFORMANCE

Year	Aggregate of Material Collection Targets (Tonnes)	Actual Collection (Tonnes)	% of Target
2009	19,600	20,000	102%
2010	22,700	26,482	117%
2011	25,500	26,135	103%
2012	20,708	28,480	138%
2013	21,615	28,280	131%

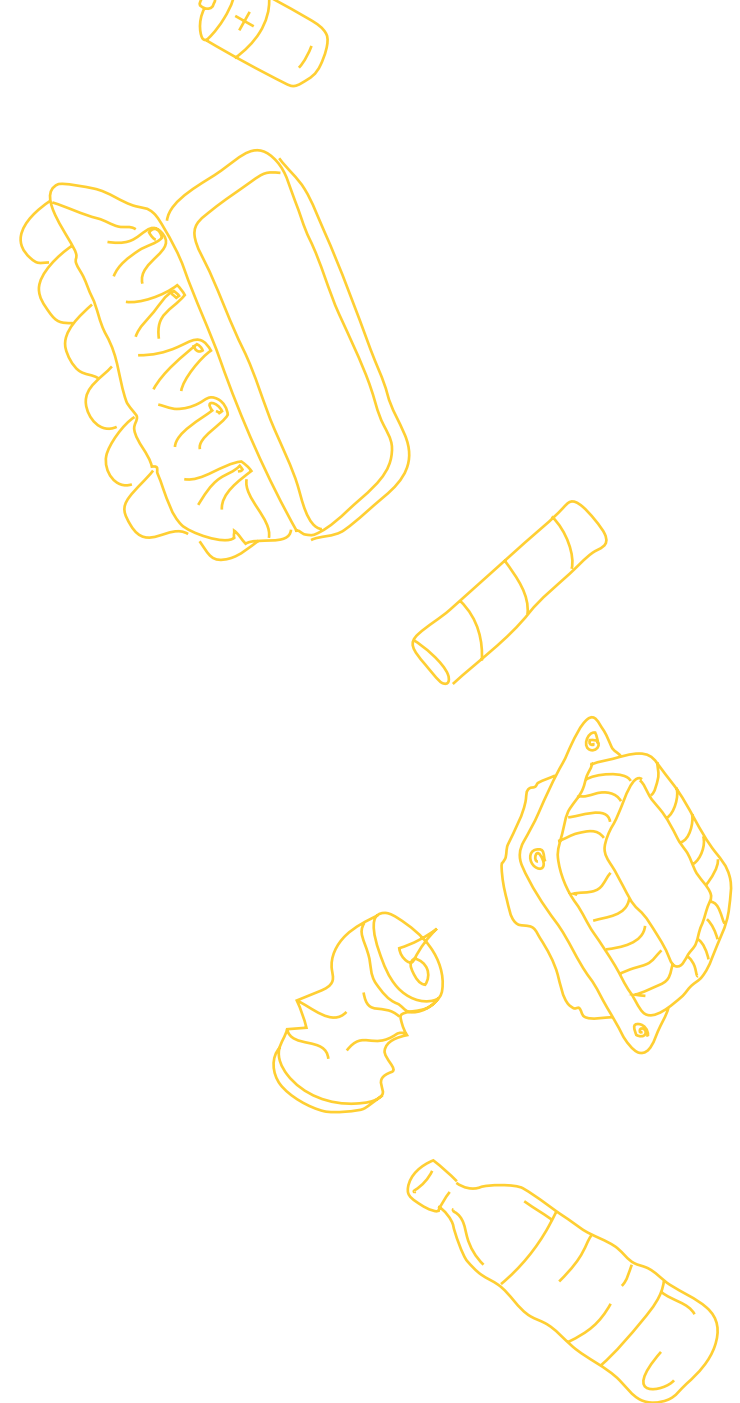
### 2013 NEW COLLECTION SITES BY REGION

Region	New Sites	Target	Difference
West	244	50	194
Central	668	75	593
East	389	50	339
North	100	25	75

### ACCESSIBILITY PERFORMANCE

The following chart details consumer accessibility by collector type for the Orange Drop Program (MHSW) in 2013. A total of 1,401 new collection sites were added and 413 collection sites exited the program.

Channel - Activity	2013 Actual	2012 Actual
Municipal – Depot	88	87
Municipal – Events	339	347
Automotive – Commercial Sites	12,000+	12,000+
Automotive – Do It Yourself (DIY) Sites	678	592
Return-to-Retail	196	288
Battery Incentive Program (BIP)	3,728	2,739
Provincial Parks Program	102	90
<b>Total Sites</b>	<b>17,131</b>	<b>16,143</b>



## Financial Indicators

2013 Financial performance by material

Orange Drop Material	2013			At December 31, 2013	
	Fee Revenue from Stewards	Total Program Costs	Surplus/(Deficit)	Accumulated Surplus/ (Deficit) (Including All Deficits to be Billed) <sup>3</sup>	Remaining Deficits Bills to be Issued <sup>3</sup>
Antifreeze	2,462,544	2,315,575	146,969	18,622	207,572
Fertilizers	(18,225)	334,598	(352,823)	(355,111)	367,632
Oil Containers	9,230,904	9,228,968	1,936	(115,476)	1,735,019
Oil Filters	3,774,485	7,902,439	(4,127,954)	5,298,432	
Paints & Coatings	14,939,967	15,019,408	(79,441)	(377,234)	2,993,734
Pesticides	429,314	346,128	83,186	94,747	274,107
Pressurized Containers (Non-Refillable)	1,591,407	1,598,817	(7,409)	46,574	140,935
Pressurized Containers (Refillable)	39,644	490,843	(451,199)	(754,310)	300,152
Single-Use Batteries	4,697,934	5,225,223	(527,289)	1,831,557	
Solvents	2,032,394	2,037,303	(4,909)	(30,120)	510,656
<b>Total</b>	<b>39,180,369</b>	<b>44,499,302</b>	<b>(5,318,933)</b>	<b>5,657,681</b>	<b>6,529,805</b>

<sup>3</sup>2011 accumulated surpluses and deficits:

- Continued billing (and collection) of invoices for Phase I materials in deficit at Dec 31, 2011 (billed in accordance with O.Reg 11/12). At Jan 1, 2014 five billings remain outstanding.
- Began drawdown of the Oil Filter surplus for Q3, 2013 billings and continued in Q4, drawing down \$4.3 million

### Orange Drop Program (MHSW) Cost Performance

2013

Transportation Costs	\$23,142,946
Collection Costs	\$12,097,597
Processing Costs	\$8,763,108
Material-specific Promotion and Education (P&E) Costs	\$500,000
Shared Promotion and Education (P&E) Costs	\$559,947
Program Management as a % of Total Costs	13%
Promotion & Education (P&E) Cost per Capita <sup>4</sup>	\$0.08

<sup>4</sup>Ontario population used in the calculation is 13,317,089, which is a postcensal estimate and update to the 2011 Census counts, adjusted for census net undercoverage (CNU).

## Governance

### 2013 Board Members



**Debbie Baxter**

Chief Sustainability Officer & VP, Workplace Services, LoyaltyOne



**Scott Bonikowsky**

VP, Corporate, Public & Government Affairs, Tim Hortons Inc.



**Diane J. Brisebois**

President and Chief Executive Officer, Retail Council of Canada (RCC)



**Bob Chant**

SVP, Corporate Affairs and Communication, Loblaw Companies Ltd.



**Don Cousens**

Principal, Counsel Public Affairs Inc. (Independent Director)



**John D. Coyne** (BOARD CHAIR)

Vice President, Legal & External Affairs, Unilever Canada Inc.



## Governance

### 2013 Board Members



**Chris Cyrenne**

Chief Compliance Officer, Wal-Mart Canada Corp.



**Calla Farn**

VP, Government Relations, Public Relations and Corporate Affairs, McCain Foods



**Sylvain Mayrand**

Executive Vice-President and General Manager, Operations, A. Lassonde Inc.



**Gordon Meyer**

Director, Brand & Commercial Operations, Procter & Gamble Canada



**Brian Prendergast**

Senior VP, Recochem Inc.



**Vince Rea**

Director, Stores Division – PPG Architectural Coatings Canada Inc.

**Ian Anderson** (Resigned From Board January 2014)

**Roberta Jamieson** (Resigned From Board January 2014)

**Reg McLay** (Resigned From Board July 2013)

## 2013 Board Meeting Attendance

Board Member	Meeting/Strategic Planning Session			AGM/Board Meeting	
	03/28/13	04/04/13	06/20/13	10/28/13	12/12/13
Ian Anderson	Yes	Yes	Yes	Yes	Yes
Debbie Baxter	Yes	Yes	Yes	Yes	•
Scott Bonikowsky	•	Yes	Yes	Yes	Yes
Diane Brisebois	Yes	•	•	Yes	Yes
Robert Chant	Yes	Yes	Yes	•	Yes
Don Cousens	•	Yes	•	Yes	Yes
John Coyne	Yes	Yes	Yes	Yes	Yes
Chris Cyrenne	Yes	Yes	Yes	Yes	•
Calla Farn	Yes	Yes	Yes	Yes	Yes
Roberta Jamieson	Yes	Yes	Yes	•	•
Sylvain Mayrand	Yes	Yes	•	Yes	Yes
Reg McLay*	Yes	Yes	Yes	*	*
Gordon Meyer	Yes	Yes	Yes	Yes	Yes
Brian Prendergast	Yes	Yes	Yes	Yes	Yes
Vince Rea	Yes	Yes	Yes	Yes	Yes

• Absent \* Not Applicable

\* REG McLAY Resigned from Board July 22, 2013

For further information about Stewardship Ontario's governance please visit:

### STEWARDSHIP ONTARIO'S GOVERNANCE STRUCTURE:

<http://www.stewardshipontario.ca/about-us/performance-accountability/stewardship-ontarios-governance-structure/>

### STEWARDSHIP ONTARIO BOARD OF DIRECTORS:

<http://www.stewardshipontario.ca/about-us/board-of-directors/>

## 2013 Board Committees and Attendance

### Investment Committee (NOW DISSOLVED)

**Ian Anderson (Chair), Chris Cyrenne, Sylvain Mayrand**

The Investment Committee was created to develop an Investment Policy aligned with Stewardship Ontario's mandate to foster and develop healthy supply chains for Blue Box recyclables. The role of the committee is to consider and approve investments that demonstrate the highest potential to advance Ontario's recycling infrastructure.

**February 27, 2013**

Ian Anderson (Chair), Chris Cyrenne, Sylvain Mayrand

**May 29, 2013**

Ian Anderson (Chair), Chris Cyrenne, Sylvain Mayrand

**October 1, 2013**

Ian Anderson (Chair), Chris Cyrenne, Sylvain Mayrand

### Human Resources & Compensation Committee (NOW DISSOLVED)

**Vince Rea (Chair), Roberta Jamieson**

The HR & Compensation Committee oversees the compensation and performance management process for the senior management team.

**March 5, 2013**

Vince Rea (Chair), Roberta Jamieson

**May 17, 2013**

Vince Rea (Chair), Roberta Jamieson

### Finance & Audit Committee

**Debbie Baxter (Chair), Diane Brisebois, Reg McLay (Resigned from Board on July 22, 2013), Gordon Meyer**

The Finance & Audit Committee is charged with overseeing the quarterly financial and diversion performance of Stewardship Ontario, ensuring a risk management plan is developed and monitoring mitigation measures. The committee also instructs and meets the auditors without the presence of management at least once per year.

**March 5, 2013**

Debbie Baxter (Chair), Diane Brisebois, Reg McLay, Gordon Meyer

**May 30, 2013**

Debbie Baxter (Chair), Reg McLay, Gordon Meyer

**September 5, 2013**

Debbie Baxter (Chair), Diane Brisebois, Gordon Meyer

**October 24, 2013**

Debbie Baxter (Chair), Diane Brisebois

### Governance & Risk Committee

(NOW GOVERNANCE, NOMINATION & RISK COMMITTEE)

**Brian Prendergast (Chair), Scott Bonikowsky, Don Cousens, Calla Farn**

The Governance & Risk Committee is responsible for ensuring the Board and its committees are properly constituted and mandated. The committee recruits Directors in accordance with its skill-based requirements and makes recommendations to the Board regarding vacancies and appointments. Annually, this committee oversees the Board, committee and Director evaluation process and brings to the Board's attention matters that need to be addressed to foster best governance practices.

**January 28, 2013**

Brian Prendergast (Chair), Don Cousens, Calla Farn

**May 30, 2013**

Brian Prendergast (Chair), Scott Bonikowsky, Don Cousens, Calla Farn

**August 9, 2013**

Brian Prendergast (Chair), Don Cousens, Calla Farn

**September 26, 2013**

Brian Prendergast (Chair), Scott Bonikowsky, Don Cousens, Calla Farn

### Regulatory Affairs Committee

**Bob Chant (Chair), Scott Bonikowsky, Don Cousens, Calla Farn, Roberta Jamieson**

The Regulatory Affairs Committee provides advice and support to Management in regard to Stewardship Ontario's stakeholder relations.

**April 3, 2013**

Bob Chant (Chair), Scott Bonikowsky, Don Cousens, Calla Farn, Roberta Jamieson

**May 23, 2013**

Bob Chant (Chair), Scott Bonikowsky, Don Cousens, Calla Farn, Roberta Jamieson

**September 11, 2013**

Bob Chant (Chair), Scott Bonikowsky, Don Cousens, Calla Farn

## Financials

### Financial Statement Highlights

#### Notable Highlights from the Stewardship Ontario Financial Statements for the Year Ended December 31, 2013:

- **Conclusion of agreement with the Ministry of the Environment (MOE) for Phase II/III materials:** A MOE audit followed Stewardship Ontario's final billing and reporting. The MOE paid the outstanding balance in full, and Stewardship Ontario paid Municipalities.
- **2011 accumulated surpluses and deficits:**
  1. Continued billing (and collection) of invoices for Phase I materials in deficit at Dec 31, 2011 (billed in accordance with O.Reg 11/12). At Jan 1, 2014 five billings remain outstanding.
  2. Began drawdown of the Oil Filter surplus for Q3, 2013 billings and continued in Q4, drawing down \$4.3 million. This leaves \$5.2 million for drawdown in 2014.
- **Provision for receivables relating to investment targets:** This provision was taken as a cautionary move, due to the lack of information to support remaining investments at carrying value. It is not a commentary on individual investments.
- **Reduction of some investment and research:** Certain investment and research efforts were reduced as Stewardship Ontario evaluated the impacts of Bill 91.
- **Launch of Canadian Stewardship Services Alliance (CSSA):** To launch development that will enable use of the Stewardship Ontario SAP system by programs across the country, this enterprise software asset was sold to CSSA in May 2013. CSSA operations began in January 2014.
- **Prior period adjustments (Note 13)**
  1. A reclassification on the balance sheet: \$9.1 million moved to increase accounts receivable and deferred revenue (Note 7 shows deferred revenue).
  2. A reversal of a \$5.7 million bad debt write-off made in error and collected in 2013.

#### BLUE BOX:

- 2013 Surplus of \$1.4 million—largely due to reduced market development/transformation spend resulting from program uncertainty arising from Bill 91, a proposed successor to the Waste Diversion Act.
- Conservative provision taken for the valuation of investments/loans receivable

#### ORANGE DROP:

- 2013 deficit of \$5.3 million, driven by:
  1. Oil filter surplus drawdown of \$4.3 million
  2. Battery Promotion and Education (P&E) campaign of \$0.5 million paid out of battery surplus

The remaining Orange Drop deficit is expected to be largely picked up in the annual true-up based on final, actual costs billed in June 2014, resulting in a net Stewardship Ontario deficit for 2013 of \$3.8 million.

### Financial Commentary

Stewardship Ontario is a non-profit organization that operates both the Blue Box and Orange Drop (MHSW) Programs. While there is no cross-subsidization between the two programs, or between the materials within each program, the financial results are presented on a consolidated basis. This means that the assets, liabilities, revenue and expenses of both programs are combined and shown as belonging to a single reporting entity for the purposes of the annual audited financial statements. A rigorous system of internal controls ensures that the transactions are kept separately for each program. Management reports revenues and expenses separately to the Finance & Audit Committee and the Board of Directors quarterly, on a segmented or program-specific basis.

## 2013 BALANCE SHEET

Stewardship Ontario has a strong balance sheet with over \$42 million in net assets of which \$23.1 million is unrestricted and \$18.7 million is internally restricted. Our balance sheet has substantial cash, accounts receivable and investments to support the net assets and liabilities balances.

## 2013 OPERATING RESULTS

Stewardship Ontario reported a \$3.8 million deficit in 2013, compared with a \$26.3 million surplus in 2012. The program breakdown of the 2013 results is reflected in the following table:

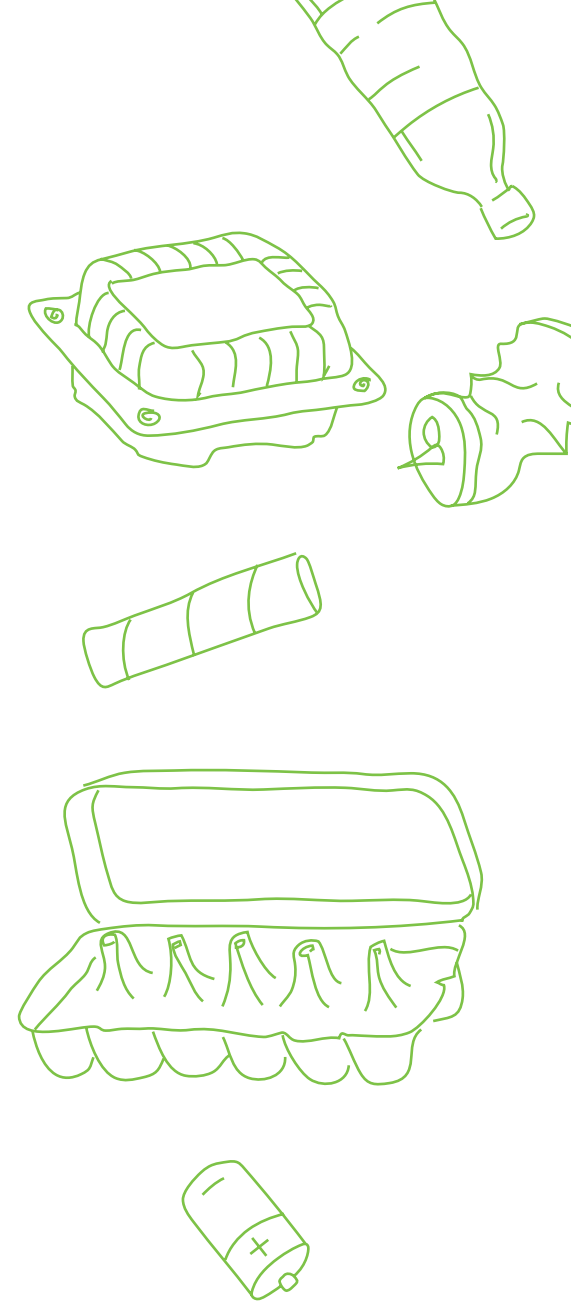
Division	(Millions)	
	2013	2012
Blue Box	1.4	9.3
MHSW Phase I	(5.3)	15.1
MHSW Phase II/III		1.9
<b>Excess/(deficiency) of revenue or expenses for the year</b>	<b>(3.8)</b>	<b>26.3</b>

Note that there were two adjustments made to the 2012 financial results, which are detailed in Note 13 to the Financial Statements

In 2012, Stewardship Ontario had three revenue events that did not continue to 2013, which drove the large surplus in 2012:

- Recovery in 2012 of 2011 fee under collection in a handful of specific material categories
- Recording all Deficit revenue that was incurred in 2011 and prior and billable/recoverable through the O.Regulation 11/12.
- Revenue earned through the MHSW Phase II/III agreement with the Ministry of the Environment  
In 2013, Stewardship Ontario entered into a Management Services Agreement with Canadian Stewardship Services Alliance, Inc. (CSSA), for the provision of administrative and support services beginning in 2014. In connection with this change, Stewardship Ontario sold its SAP asset to CSSA in 2013. This sale resulted in a small gain for Stewardship Ontario, and allowed CSSA to begin development of system enhancements to better serve stewards and service providers.

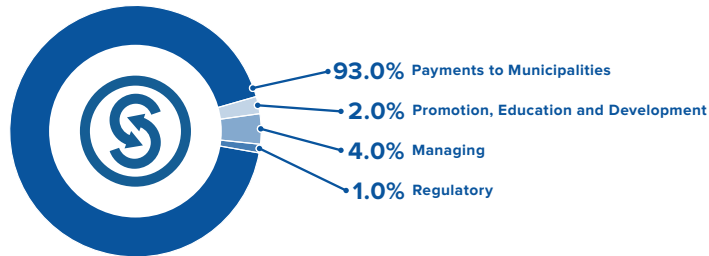
To help understand how each program performed, as well as key drivers of the results, we have summarized the program-specific results below:



## BLUE BOX–2013 FINANCIAL PERFORMANCE:

An overall surplus of \$1.4 million was generated in the Blue Box Program for 2013. Total expenses for \$99.2 million for Blue Box in 2013 were less than anticipated due to a hold on market and program development activities in the wake of Bill 91.

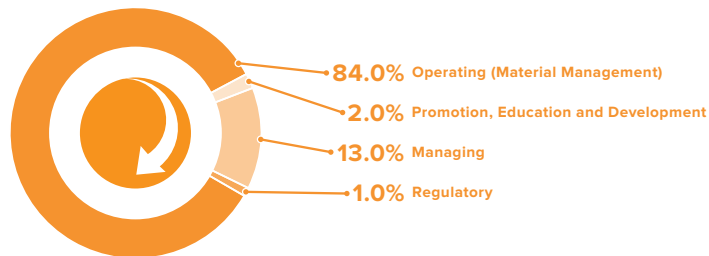
### BLUE BOX PROGRAM EXPENSES 2013 \$99.2M



## ORANGE DROP–2013 FINANCIAL PERFORMANCE:

An overall deficit of \$5.3 million was generated in the Orange Drop Program for 2013. Total expenses for Orange Drop in the year of \$44.5 million were less than 2012, and less than planned, as cost controls and collection/recycling shortfalls against budgets in a few materials drove reduced spending.

### ORANGE DROP PROGRAM EXPENSES 2013 \$44.5M



The Orange Drop 2013 deficit was largely driven by:

1. The beginning of the drawdown of the Oil Filter surplus in Q3 2013, resulting in a deficit for this material category of \$4.3 million in 2013 (leaving \$5.2M for drawdown in 2014)
2. A battery Promotion and Education campaign costing \$0.5M that was executed in 2013 and spent against the battery surplus, (leaving \$1.8M of surplus for the battery stewards)

The remaining shortfall of \$0.5M is largely expected to be recovered in the annual true-up to be billed in April 2014.

Stewardship Ontario continued to bill Stewards for the deficits that were incurred prior to December 2011 in accordance with O.Reg 11/12. As of January 2014, there are five remaining invoices to be billed of the original twelve.

## PHASE II/III MATERIALS

In 2013, administration of the agreement with the Ministry of the Environment (MOE) for Phase II/III materials was concluded. Stewardship Ontario provided the Ministry with final billings and reports, and the MOE performed a comprehensive program review and subsequently paid the outstanding balance in full. Municipalities were paid on receipt of the money from the MOE. There was no financial impact of this arrangement in 2013.

## Auditor's Report

To review the 2013 Auditor's Report go to:  
[2013.stewardshipontario.ca/auditor-report](http://2013.stewardshipontario.ca/auditor-report)

## Contact Us

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Toll-free: 1-888-288-3360  
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## Websites & Social Media

### WEB

www.stewardshipontario.ca  
www.makethedrop.ca

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www.youtube.com/user/stewardshipontario  
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