



Stewardship Ontario

RPRA Filing on 2024 Program Performance

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Signature of the Administrator

This report has been approved by the Stewardship Ontario's Administrator for submission to the Resource Productivity and Recovery Authority (RPRA) in accordance with the requirements of the *Waste Diversion Transition Act, 2016*.



Sue Lo
Administrator
Stewardship Ontario



SECTION 1

2024 Blue Box Program Performance

Blue Box Performance Report for 2024

Background

Stewardship Ontario is the industry funding organization responsible for the Blue Box Program Plan, which was approved by the Minister on December 22, 2003, and commenced on February 1, 2004. For further information please see the Stewardship Ontario [website](#) and the Resource Productivity and Recovery Authority (RPRA) [website](#).

In August 2019, the Minister of the Environment, Conservation and Parks directed Stewardship Ontario to [wind up the current Blue Box Program and develop a Transition Plan](#) to a new model in which producers are fully responsible for both the funding and operation of residential recycling in the province under the Resource Recovery and Circular Economy Act, 2016 (RRCEA). Stewardship Ontario does not have a role in the new model.

Blue Box Program Transition Plan

In December 2020, the Resource Productivity and Recovery Authority (RPRA) approved, with conditions, the Blue Box Transition Plan submitted by Stewardship Ontario. In May 2022, an Addendum to the Blue Box Transition Plan to implement [simplified fee setting](#) was approved by RPRA.

All conditions attached to the approval of the Transition Plan have been addressed and approved by RPRA.

In 2024, Stewardship Ontario focused on completing tasks identified in the Plan for 2024, including preparing for the transfer of data to RPRA, and preparing to exhaust the accumulated surplus by way of fee reductions by the end of 2025.

All aspects of the Blue Box Transition Plan are being addressed on time and within budget.

Steward Registration, Reporting & Audit

There were 1,819 stewards registered with Stewardship Ontario's Blue Box Program as of December 31, 2024.

With the final approval of the *Revised Fee Setting Methodology Addendum* to the Blue Box Program Wind Up Plan, most stewards no longer needed to report their annual supply data to Stewardship Ontario.

In 2024, 106 steward reports were submitted for the optional/approved or mandatory circumstances where the simplified fee setting model does not apply:

- Stewards entering/leaving the Ontario market; and/or who had not filed complete 2019 and 2020 data by July 31, 2022
- Divestiture of a subsidiary or product line (and potentially the corresponding acquisition by another steward)
- Discontinuance of a product line
- Newspapers subject to the CNA/OCNA Amendment to the Stewardship Ontario Blue Box Program Plan.

Blue Box fee revenue invoiced for 2024 was \$79,245,664 vs \$158,303,926 for 2023, which is a decrease of -50.06%. Blue Box fee revenue invoiced is 94.54% of the 2024 budgeted fees of \$83,821,200. Please note that steward reports for any prior year's obligations or changes to steward reports for prior years are captured in the year that the reporting or change takes place.

Steward reports were analyzed to flag inconsistencies in reporting against prior years.

Where inconsistencies are flagged, follow-up activities are initiated to confirm the reported quantities and to make corrections where required. At the end of 2024, all submitted steward reports had undergone desk verification and/or review.

Stewardship Ontario utilizes a compliance audit framework designed in cooperation with Deloitte LLP and PwC, that was built upon the best practices from European EPR jurisdictions. The criteria for selecting stewards for comprehensive audits is designed to improve overall confidence in the quality of reporting. In addition, any steward-initiated adjustment request involving a significant amount undergoes an independent third-party audit.

With the end of steward reporting the number of active reviews will gradually decline over the course of transition. There are currently no active reviews in progress.

Program Diversion Performance

The Blue Box Program supports the efforts of Ontario municipalities and First Nations communities to collect and market packaging and printed paper. Municipalities are paid 50% of the costs they incur as a result of the Blue Box Program.

The program is in the process of transitioning to a full EPR program, and 2023 (the calendar year for which municipalities reported data in 2024) was the second year of this transition, with only 89 municipalities participating compared to 177 in 2022. Consequently, there has been a significant YoY decline in both Recycled tonnes and Generated tonnes. The recycling rate for 2023 dropped by 3.8% compared to the previous year. Access to recycling programs remains consistently high.

	Ontario 2023 ¹	Ontario 2022 ²	Ontario 2021	Ontario 2020	Ontario 2019	Ontario 2018	Ontario 2017	YoY Variance %
Recycling Performance								
Recycled Tonnes	162,262	403,175	736,380	756,984	729,906	780,555	822,979	-59.8%
Generated Tonnes	337,410	776,419	1,380,911	1,263,401	1,274,310	1,296,207	1,342,017	-56.5%
Recycling Rate	48.1%	51.9%	53.3%	59.9%	57.3%	60.2%	61.3%	-3.8%
Provincial Recycling Target	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	0.0%
Population Serviced by PPP Program	3,519,323	8,056,585	13,562,763	13,412,332	13,205,235	13,078,155	12,962,740	-56.3%
Recycling kg per Capita	46.1	50.0	54.3	56.4	55.3	59.7	63.5	-7.9%
Accessibility Performance								
# Households Serviced	1,366,961	3,101,762	5,423,218	5,374,308	5,333,161	5,278,332	5,237,905	-55.9%
% Households with Access to PPP Program	99.0%	98.1%	94.4%	94.8%	94.0%	94.0%	94.4%	0.9%
P&E Cost per Capita	\$0.68	\$0.59	\$ 0.50	\$ 0.56	\$ 0.62	\$ 0.61	\$ 0.56	14.0%

1. Reflects 89 of the 246 municipalities that remained in the program in 2023

2. Reflects 177 of 246 municipalities that remained in the program in 2022

Program Cost

The total net cost of the Blue Box system reported by municipalities and administrative costs for 2023 was \$108.4 million, indicating a substantial decrease of -47.9% from 2022, primarily due to the ongoing transition of municipalities. On the other hand, the net cost per tonne and per capita increased from the previous year.

	Ontario 2023	Ontario 2022	Ontario 2021	Ontario 2020	Ontario 2019	Ontario 2018	Ontario 2017	YoY Variance %
Cost Performance								
Recycled Tonnes	162,262	403,175	736,380	756,984	729,906	780,555	822,979	-59.8%
Net Cost*	\$108,369,772	\$207,983,414	\$ 317,181,659	\$ 359,178,458	\$ 336,293,874	\$ 299,307,268	\$ 249,809,925	-47.9%
Net Cost per Tonne	\$668	\$516	\$ 431	\$ 474	\$ 461	\$ 383	\$ 304	29.5%
Net Cost per Capita	\$31	\$26	\$ 23	\$ 27	\$ 25	\$ 23	\$ 19	19.3%
Recycled kg per capita	46.1	50.0	54.3	56.4	55.3	59.7	63.5	-7.9%

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

Market Development

As highlighted in the approved Blue Box Transition Plan, a decision was made to not engage in any new market development projects during the wind up of the program. Stewardship Ontario completed its last Residential Waste Composition Studies and Material Recovery Facility (MRF) Material Composition Studies in partnership with municipalities in the first quarter of 2023.

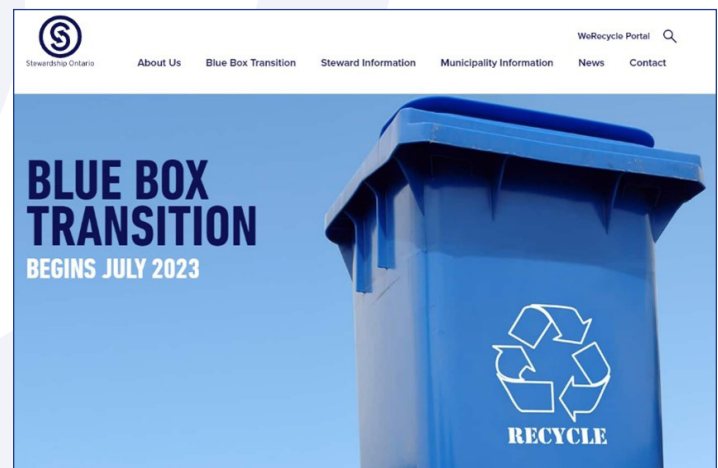
Promotion and Education

Given the transition of the Blue Box Program, Stewardship Ontario did not invest any funds in promotion & education (P&E) in 2024.

Stewardship Ontario Website

As part of efforts to provide stewards and stakeholders clear, timely and updated information, Stewardship Ontario (SO) continues

to maintain its website and provide valuable information as the province completes the transition to full EPR by December 2025.



In Q1, 2024, website updates were made to streamline information for stewards, including merging the General News and the Blue Box News sections into one menu item, ensuring that all updated could be easily located on

one page. Additionally, in Q3, data filters were implemented to prevent an artificial increase in website traffic and engagement from spam/bot accounts.

Municipality Resource Development

As the transition process accelerated, the value of SO-initiated public promotion and education diminished, and the potential for SO P&E to conflict with communication originated from PROs operating under the RRCEA increased. Accordingly, in consultation with RPR, SO P&E was discontinued at the end of 2023.

Social Media

Stewardship Ontario ceased proactive social media campaigns in 2024 and no longer monitors its social media accounts - Facebook, Twitter/X, YouTube and LinkedIn - as of January 31, 2025 (Q1 2025).





SECTION 2

2024 Audited Financial Statements

Stewardship Ontario

Financial Statements

For the year ended December 31, 2024

Stewardship Ontario

Financial Statements

For the year ended December 31, 2024

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Independent Auditor's Report

To the Administrator of Stewardship Ontario

Opinion

We have audited the financial statements of Stewardship Ontario (the "Organization"), which comprise the balance sheet as at December 31, 2024, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

(Continued)

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

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

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

BDO Canada LLP

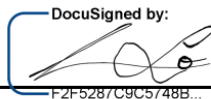
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 5, 2025

Stewardship Ontario Balance Sheet

December 31	2024	2023
Assets		
Current		
Cash	\$ 4,532,788	\$ 10,360,371
Investments (Note 2)	26,007,300	33,448,039
Accounts and other receivables (Note 3)	1,445,243	1,755,081
Prepaid expenses and deposits	44,541	44,041
	32,029,872	45,607,532
Investments (Note 2)	5,898,935	19,805,358
	\$ 37,928,807	\$ 65,412,890
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 17,074,870	\$ 32,253,049
Continuous Improvement Fund (Note 5)	3,092,074	8,601,712
	20,166,944	40,854,761
Net Assets		
Unrestricted	17,761,863	24,558,129
	\$ 37,928,807	\$ 65,412,890

On behalf of the Administrator:

DocuSigned by:

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Administrator

Stewardship Ontario Statement of Changes in Net Assets

For the year ended December 31, 2024

	Unrestricted	2024 Total
Balance , beginning of year	\$ 24,558,129	\$ 24,558,129
Deficiency of revenue over expenses for the year	(6,796,266)	(6,796,266)
Balance , end of year	\$ 17,761,863	\$ 17,761,863

For the year ended December 31, 2023

	Unrestricted	2023 Total
Balance, beginning of year	\$ 16,805,226	\$ 16,805,226
Excess of revenue over expenses for the year	7,752,903	7,752,903
Balance, end of year	\$ 24,558,129	\$ 24,558,129

Stewardship Ontario Statement of Operations

For the year ended December 31	2024	2023
Revenue		
Blue Box program steward fees	\$ 79,245,664	\$ 158,303,926
Investment income (Note 6)	3,212,551	4,117,711
	82,458,215	162,421,637
Expenses		
Blue Box Program		
Municipal Transfer Payments	84,167,500	148,953,456
Promotion and education	644	56,990
Program wind up costs	654,430	638,793
	84,822,574	149,649,239
Common costs		
Program management (Note 4)	3,595,417	4,059,995
Resource Productivity and Recovery Authority (Note 7)	836,490	959,500
	4,431,907	5,019,495
Total expenses	89,254,481	154,668,734
Excess (deficiency) of revenue over expenses for the year	\$ (6,796,266)	\$ 7,752,903

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

Stewardship Ontario Statement of Cash Flows

For the year ended December 31	2024	2023
Cash (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (6,796,266)	\$ 7,752,903
Adjustments to reconcile excess (deficiency) of revenue over expenses for the year to cash provided by operating activities		
Non-cash component of investment loss	(1,226,929)	(999,979)
Changes in non-cash working capital balances:		
Accounts and other receivables	309,838	714,919
Prepaid expenses and deposits	(500)	(8,924)
Accounts payable and accrued liabilities	(15,178,179)	(13,126,474)
Deferred revenue	-	(666,017)
Continuous Improvement Fund	(5,509,638)	(2,372,967)
	(28,401,674)	(8,706,539)
Investing activities		
Proceeds from investments, net of expenses	22,574,091	2,431,980
Decrease in cash during the year	(5,827,583)	(6,274,559)
Cash, beginning of year	10,360,371	16,634,930
Cash, end of year	\$ 4,532,788	\$ 10,360,371

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

Stewardship Ontario Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies

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

(a) Business Organization and Operations

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

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

Blue Box Program

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

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

(b) Basis of Accounting

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

(c) Revenue Recognition

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

The Organization follows the deferral method of accounting for revenues. Amounts received for programs are recognized as revenue when the related expenses are incurred.

Stewardship Ontario Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies - (Continued)

(d) Financial Instruments

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

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

(e) Use of Estimates

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

Stewardship Ontario Notes to Financial Statements

December 31, 2024

2. Investments

	2024	2023
Cash held with broker	\$ 108,938	\$ 259,516
Fixed income	31,797,297	52,993,881
	31,906,235	53,253,397
Less: Current portion	26,007,300	33,448,039
	\$ 5,898,935	\$ 19,805,358

Fixed income investments bear interest at 2.24% to 3.11% (2023 - 2.24% to 4.0%) and mature between February 2025 and May 2030 (2023 - June 2024 and May 2030). The decrease in market value of investments for the year ended December 31, 2024 amounted to \$1,220,391 (2023 - \$1,188,576) which is included in investment income (Note 6).

3. Accounts and Other Receivables

	2024	2023
Blue Box program steward fees	\$ 3,908,952	\$ 3,927,995
Other	64,821	131,442
Allowance for doubtful accounts	(2,528,530)	(2,304,356)
	\$ 1,445,243	\$ 1,755,081

4. Significant Contracts

The Organization is entered into a Management Services Agreements with Circular Materials ("CM"). Charges totaling \$2,959,542 (2023 - \$2,989,779) were paid to CM pursuant to the contract and are included in program management expenses in the statement of operations. Included in accounts payable and accrued liabilities as at December 31, 2024 is \$279,127 (2023 - \$238,889) relating to these services.

Stewardship Ontario Notes to Financial Statements

December 31, 2024

5. Continuous Improvement Fund ("CIF")

In prior years, the Organization was directed to hold back a portion of the municipal blue box obligation for the CIF; see Note 8 for further details regarding the fund. The CIF is managed by external parties and directs the Organization to release funds as required.

During the year ended December 31, 2024, the CIF spent \$5,509,638 (2023 - \$2,386,951) on continuous improvement activities. The funds held by the Organization for the CIF are included in cash.

6. Investment Income

	2024	2023
Interest income	\$ 1,991,608	\$ 2,972,722
Dividend income	160,854	145,010
Gain on sale of investments	6,538	1,446
	2,159,000	3,119,178
Adjustment to fair value	1,220,391	1,188,576
Investment expenses	(166,840)	(190,043)
	\$ 3,212,551	\$ 4,117,711

7. Resource Productivity and Recovery Authority

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

8. Commitments

Continuous Improvement Fund ("CIF")

The CIF provides grants and loans to municipalities to execute projects that will increase the efficiency of municipal Blue Box recycling and help boost system effectiveness. The CIF was created to support projects that will identify and implement best practices, examine and test emerging technologies, employ innovative solutions to increase Blue Box materials marketed, and promote gains in cost-effectiveness that can be implemented province wide. Each year, RPRA determines the amount of the annual municipal obligation funded by the Organization's stewards that is passed along to the CIF and any cumulative unused amounts are reflected in CIF (Note 5). As of December 31, 2024, approved project funding and related commitments for the CIF amounted to approximately \$nil (2023 - \$223,788) of the total fund balance of \$3,092,074 (2023 - \$8,601,712).

The CIF will be wound up in the second quarter of 2025, including the final distribution of surplus funds to all eligible municipalities.

Stewardship Ontario Notes to Financial Statements

December 31, 2024

9. Financial Instrument Risk Exposure and Management

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

(a) Credit Risk:

Financial instruments potentially exposed to credit risk include cash, investments, and accounts and other receivables. Management considers its exposure to credit risk over cash to be remote as the Organization holds cash deposits at a major Canadian bank. Management considers its exposure to credit risk over investments to be remote as the Organization invests in federal or provincial government securities, corporate bonds, securities backed by any chartered bank, guaranteed investment certificates or equity and bond pooled funds. Accounts and other receivables, are not significantly concentrated, monitored regularly for collections, and the carrying amount represents the maximum credit risk exposure. The Organization's provision for uncollectable accounts, other receivables and loans receivable is \$2,528,530 (2023 - \$2,304,356).

(b) Interest Rate Risk:

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

(c) Liquidity Risk:

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they come due. Management has taken steps to ensure that the Blue Box programs will have sufficient working capital available to meet obligations which it is unable to cover from program revenue in the short term.

These risks have not changed from the prior year.