

The Blue Box Material Common Collection System Access Agreement

Objective

The purpose of this document is to provide Producers of Ontario's Common Collection System (CCS) with a summary of the System Access Agreement (SAA) entered into by Circular Materials and Ryse Solutions Ontario Inc. in January 2023 and joined by H2 Compliance Canada Inc. on June 2, 2023, and EnvironFocus Incorporated on December 27, 2024.

Parties to the SAA are producer responsibility organizations (PRO) that meet the definition of a PRO under the Ontario Blue Box Regulation and have duly registered with the Resource Productivity and Recovery Authority (RPRA) as per s. 46 of the Regulation.

Notwithstanding that RPRA might register a Person as a PRO, in order to qualify to be a Party to this Agreement, a PRO must be party to an agreement with a Producer for the purposes of carrying out (a) the arranging, establishing or operating a collection or management system; (b) the arranging, establishing or operating a promotion and education system and (c) must be acting on behalf of Producers that supply Blue Box Material that are collected by the CCS.

A PRO that does not represent a Producer or Producers that supply blue box materials and does not meet the other eligibility criteria in section 10.13 shall not be eligible to become a Party to the Agreement.

Background

Pursuant to the Regulation, Producers of blue box material in Ontario are to provide curbside and depot collection of blue box material from Eligible Sources and public space collection as Ontario transitions Eligible Communities to the new blue box system as required by the Blue Box Regulation under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) commencing on July 1, 2023.

Circular Materials, Ryse Solutions Ontario Inc., H2 Compliance Canada Inc. and EnvironFocus Incorporated are each a PRO registered with RPRA to deliver blue box collection, management and promotion and education services under the Regulation to their respective subscribing producers with whom they have agreements to operate a CCS on their behalf.

The SAA was established to meet Producer compliance and set out the administrative, operational and procurement policies and practices for the CCS, including:

- Establishing Circular Materials as the Administrator of the CCS,
- The process to establish the common collection system,
- The process by which other PROs or Producers may join the SAA and access blue box material,
- The role of the PRO Operating Committee,
- The promotion and education program,
- Funding of the CCS, and
- The dispute resolution process.

The term of the SSA is from January 20, 2023 until December 31, 2027, with automatic annual renewals unless a party chooses to terminate by providing written notice to all parties on or before the first (1st) day of July immediately preceding expiry of the Initial Term or any Renewal Term. Termination may also

occur by the CCS Administrator on a Party's default, insolvency, falsification of data or breach, or upon changes to the RRCEA.

An overview of the elements within the SAA is provided below.

Establishing the CCS

As Administrator of the CCS, Circular Materials has appointed Reverse Logistics Groups as the Operator of the CCS. As the third-party manager, Reverse Logistics Groups has been contracted to procure and/or manage collection and receiving facility contracts. This includes:

- Managing contracts with Eligible Communities and private companies for the collection of blue box material during the transition period of July 1, 2023, to December 31, 2025.
- Managing a contract with the City of Toronto to receive blue box material collected in the City of Toronto at its transfer facilities and transport collected blue box material to a designated location.
- Managing contracts for Receiving Facilities awarded through negotiation.
- Holding and managing contracts for collection awarded through competitive procurement.
- Holding and managing contracts for Receiving Facilities awarded through competitive procurement.

PRO Operating Committee

The PRO Operating Committee is comprised of members of each PRO, with the number of seats determined by the proportionate share of blue box material supplied by each PRO's subscribing producers.

The role of the PRO Operating Committee is to set and approve the following:

- System Access Rules to provide parties access to Receiving Facilities to pick up their proportionate share of blue box material,
- Principles of eligibility for the CCS Administrator's start up and operating costs,
- Principles of eligibility for the CCS Operator's start up and operating costs,
- Principles for eligibility, and the annual budget for, the CCS Promotion and Education Costs,
- Invoicing protocols,
- Protocol for a party to access its proportionate share of blue box material from Receiving Facilities and the Parties' obligations to pick up blue box material,
- Implementation of a true up process for reconciling collected material by proportionate share of blue box material supplied by each PRO's subscribing producers and the composition of that material,
- Method to recover costs from collection contractors for receiving and managing blue box material from Non-Eligible Sources during the transition period,
- Method by which a Third Party Accountant will establish the proportion of each sub-category of beverage containers,
- CCS Operator's administrative, operational and procurement policies and practices by which the CCS is operated,
- Key performance indicators to assess performance of the CCS Operator, and
- CCS Administrator's Promotion and Education plans, strategies and tactics.

The PRO Operating Committee may request the Third Party Accountant review or audit the CCS Start-up Costs, CCS Operating Costs, CCS Promotion and Education Costs and Payment Default Reserve.

Each Party has one (1) vote for each full percentage point of proportionate share. Currently, Circular Materials and Ryse Solutions are the only members of the PRO Operating Committee.

Promotion & Education

With approval from the PRO Operating Committee, the CCS Administrator delivers promotion and education for the CCS. The objective of the promotion and education program is to increase recovery rates through standardized communication that increases awareness and participation and lowers contamination rates of collected blue box material.

Access to Blue Box Material

The CCS Operator will administer the System Access Rules for PROs to access their proportionate share of blue box material at Receiving Facilities. A reconciliation across material categories and sub-categories will be established to include:

- Tonnes of blue box material to be picked up at each Receiving Facility by each party by material stream.
- Composition data based on samples of collected material.
- Location and schedule for pick-up.
- Manner in which the blue box material will be picked up.

CCS Cost Allocation

Each PRO will pay its proportionate share of costs, including those PROs and producers that execute the SAA t at any future date. Costs include:

- CCS Start-Up Costs up to July 1, 2023.
- Operating Costs starting July 1, 2023.
- Operating and default reserves.

Dispute Resolution

The SAA includes a defined and escalated process for dispute resolution between the PRO Operating Committee and the CCS Administrator. Discussion and mediation is required prior to arbitration.