

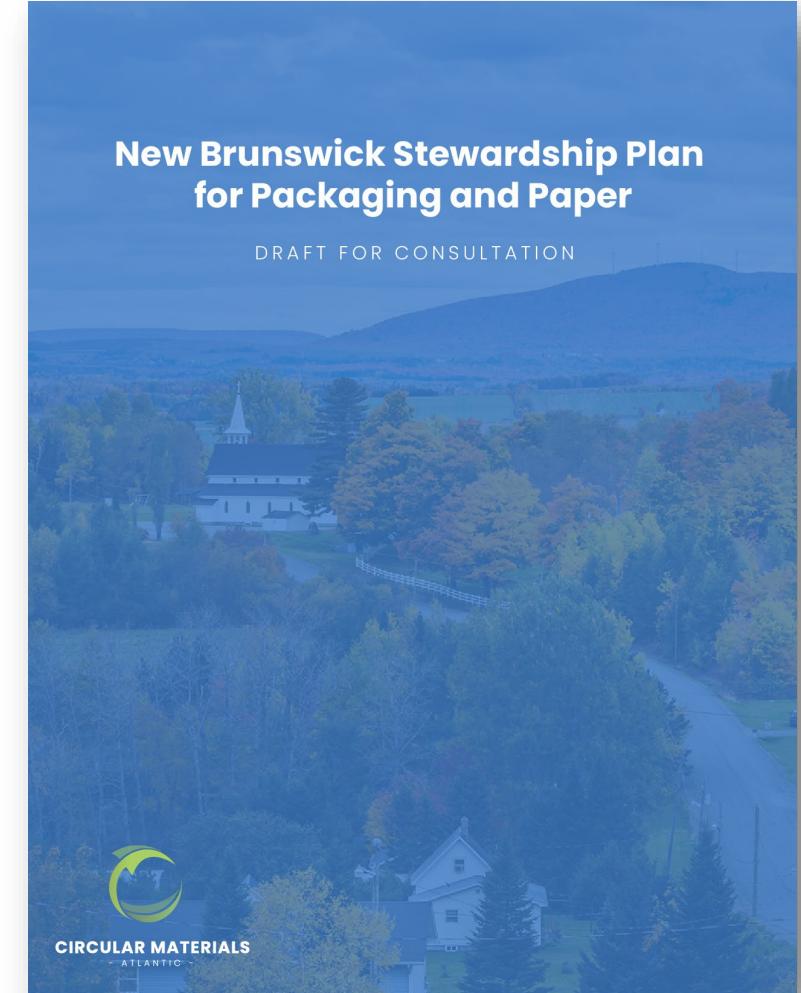


CIRCULAR MATERIALS

For Producers, by Producers

Agenda

1. Introduction and Webinar Details
2. Background
3. New Brunswick Stewardship Plan for Packaging and Paper
 - Q&A
4. Agent Agreement and Producer Services Agreement
 - Q&A
5. Closing





1. Introduction and Webinar Details

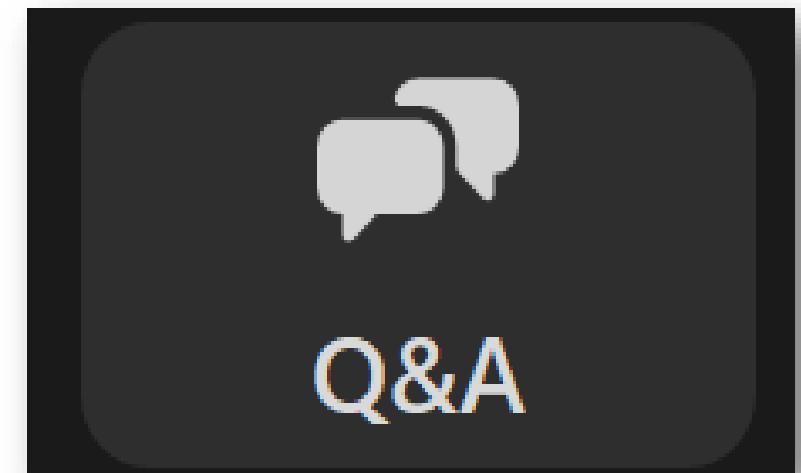
Today's Host



Allen Langdon
Chief Executive Officer
Circular Materials

Webinar Details

- Questions can be shared via the Q&A tab on the Zoom toggle bar.
 - Q&A on the Stewardship Plan will be posted on our website.
 - Q&A summary on the Producer Services Agreement (PSA) will be shared via email.
- If you have technical issues, please let us know by typing in the Q&A tab.





2. Background

About Us

Circular Materials:

- National not-for-profit organization.
- Created and governed by producers.
- Support producers with meeting EPR obligations across Canada.

Circular Materials Ontario:

- Ontario's leading and only not-for-profit blue box PRO.

Circular Materials Atlantic:

- Not-for-profit PRO consulting on NB Stewardship Plan for Packaging and Paper.



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Advancing the Circular Economy

Expansion Plans

Implementation:

- Ontario: Scheduled to transition July 2023
- New Brunswick: Plan due Oct. 2022
- Manitoba: Preparing transition plan to provide services in 2023

Regulation:

- Alberta: Final Regulation expected in June
- Nova Scotia: Regulatory development
- Yukon: Regulatory development

Consultation:

- Saskatchewan: Comments due June 30
- Newfoundland and Labrador: starting June 2022



Our Founders



KraftHeinz



**Keurig
Dr Pepper**
Canada



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**Loblaw
Companies
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Coca-Cola
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PEPSICO
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pepsi FritoLay Tropicana QUAKER G



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brands
international



The Clorox Company

EMPIRE
COMPANY LIMITED



**Coca-Cola
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RECIPE
EST. 1883

Our Role in Advancing the Circular Economy

- **Comprehensive compliance services** to support producers with meeting the requirements of EPR regulations.
- **National harmonization** of producer services and recycling supply chain to achieve scale and deliver savings.
- **Cost-efficiency** achieved through competitive procurement of recycling services.
- **Returning materials** to producers to meet recycled content goals.



Development of NB Stewardship Plan

- In October 2021, the Government of New Brunswick amended the [Designated Materials Regulation](#) under the [Clean Environment Act](#) to establish an Extended Producer Responsibility (EPR) program for packaging and paper products in the province.
- The Regulation requires brand owners to develop a Stewardship Plan for packaging and paper products.
- Producers may designate an agent to carry out their regulatory obligations, including submitting a Stewardship Plan.
- As an agent, Circular Materials has developed and plans to submit a final Stewardship Plan to Recycle NB on behalf of its brand owners.



Plan Development and Consultation

- On May 2, 2022, Circular Materials Atlantic began consulting on its New Brunswick Stewardship Plan for Packaging and Paper.
- Comprehensive and meaningful three-month consultation process.
 - Stakeholder-specific webinars, website and email updates.
 - Written feedback to info@circularmaterials.ca.
- Encourage participation and feedback prior to submitting to Recycle New Brunswick for approval.



Stewardship Plan Consultation Dates



Reporting and Plan Implementation

September 1 – October 31

- Producers subscribing with Circular Materials Atlantic as their agent will report the quantity of packaging and paper supplied in 2021 to New Brunswick consumers.
- The data reported by producers will be used to develop fee rate estimates.

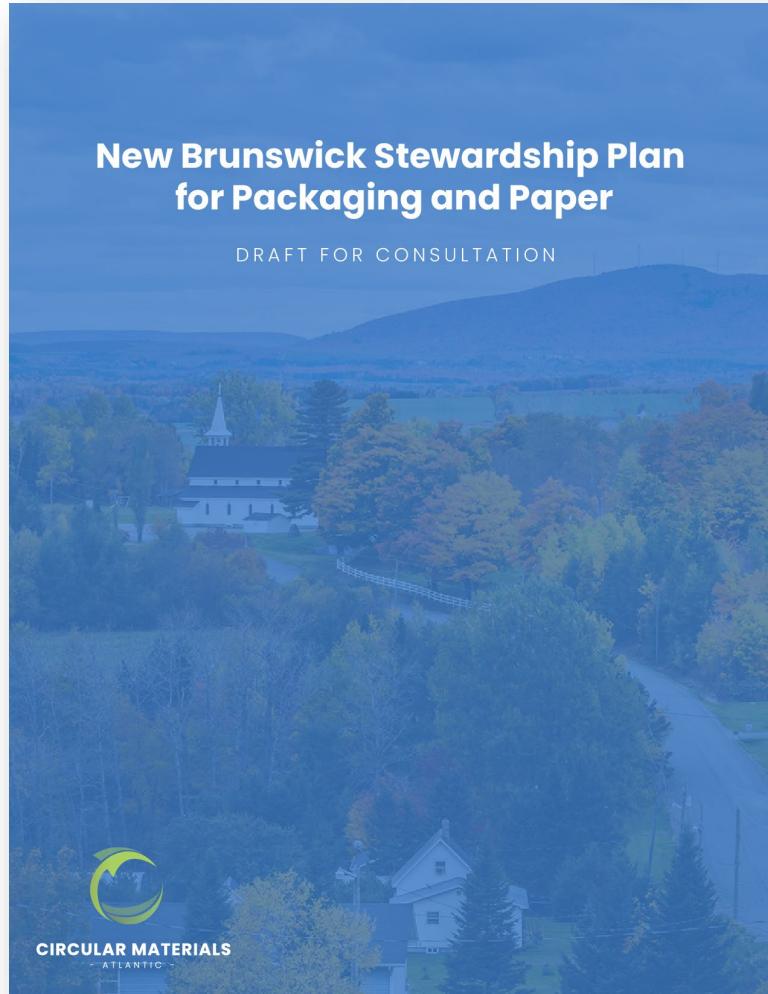
Mid-2023

- The transition to EPR begins six months following approval of the Stewardship Plan by Recycle NB.
- Since it is a short timeframe, we are preparing for plan implementation in parallel with plan development.



3. New Brunswick Stewardship Plan for Packaging and Paper

Stewardship Plan Review



- The sections of the Stewardship Plan being reviewed during this consultation webinar are of relevance to producers.
- Separate webinars are being held for municipalities and service providers.
- Review the full Stewardship Plan on our website:
circularmaterials.ca/newbrunswick

Principles for Developing This Plan



Focus on Outcomes



Create Inducements
to Drive Outcomes



Keep it Simple



Foster Innovation



Set the Stage
for Evolution



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Section 5.1

Designated Materials

Paper Categories

- Consistent with the definitions in section 2 of the Designated Materials Regulation, the Stewardship Plan includes the following paper categories:
 - Newspapers
 - Newsprint (inserts and circulars)
 - Magazines and Catalogues
 - Directories
 - Paper for General Use
 - Purchased Posters, Calendars, Greeting Cards and Envelopes
 - Other Printed Materials
- Full category definitions can be found on page 20 of the [Stewardship Plan](#).



Packaging and Packaging-like Products



- Definitions are consistent with the definitions in section 2 of the Regulation.
- Packaging includes primary packaging, convenience packaging and transport packaging.
- Packaging-like products include single-use products regardless of whether they can be re-used or not.
- Full material categories and definitions can be found on page 23 of the [Stewardship Plan](#).

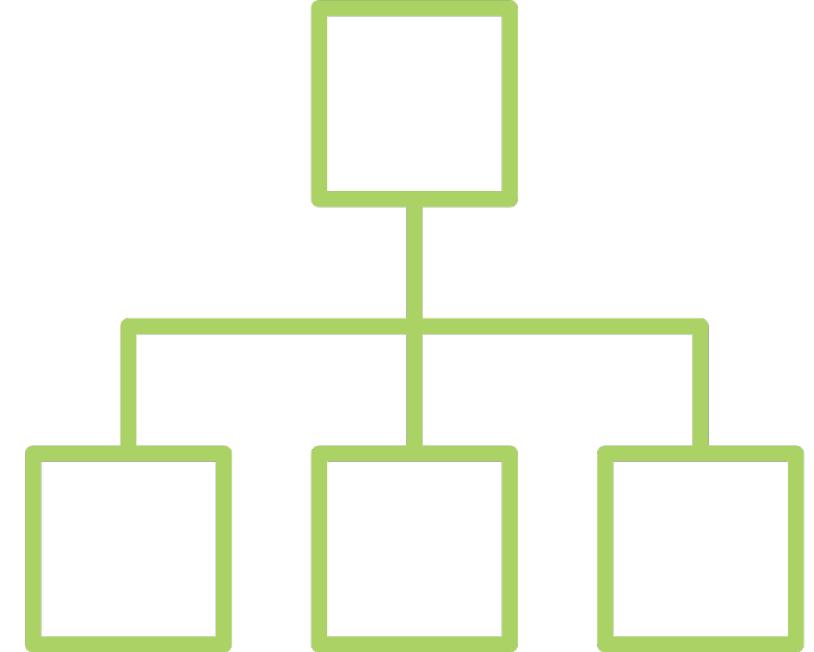


Section 5.2

Designated Producers

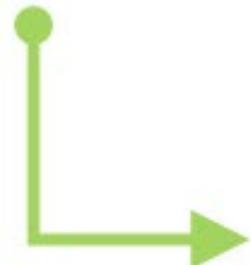
Defining 'Obligated Producer'

- While similar, there are separate producer hierarchies used to determine the obligated producer for **paper and packaging-like products** and for **packaging**.
- Producer hierarchies work to ensure that the business with the closest connection to the designated packaging and paper is the responsible party.

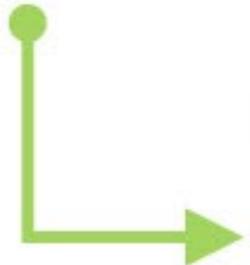


Producer Hierarchy

The **brand holder** who is resident in Canada whose packaging and paper is supplied to consumers.



The **importer** who is resident in New Brunswick and supplied packaging and paper to consumers.



The **retailer** who supplied packaging and paper to consumers in New Brunswick.

Exempt and Voluntary Producers

Exempt Producer

- Generates less than two million dollars in gross annual revenue in New Brunswick;
- Manufactures, distributes, sells or offers for sale less than one tonne of packaging and paper annually in New Brunswick; or
- Is a charitable organization registered under the *Income Tax Act (Canada)*.

Voluntary Producer

A brand holder that generates less than two million dollars in gross annual revenue or manufactures, distributes, sells or offers for sale less than one tonne of packaging and paper annually in New Brunswick may volunteer to be the obligated producer on behalf of the importer(s) or retailer(s).



Section 6.2

Phasing

Phased Approach to Transition

- The Regulation requires the Stewardship Plan be implemented six months following approval.
- We are proposing a phased transition as this timeline does not accommodate the various commercial arrangements and adjustments that must occur.
- Phased transition will occur in sequence by groups of Regional Service Commissions (RSCs), followed by sequence by type of service:
 1. Curbside and depot collection
 2. Curbside collection service expansion
 3. Public space collection

RSC Group	Transition Timeline
1	Six months following approval of the plan.
2	First day of the first month following 12 months after approval of the plan.
3	First day of the first month following 18 months after approval of the plan.

Transitioning Residence and Depot Collection Service



Residential Collection

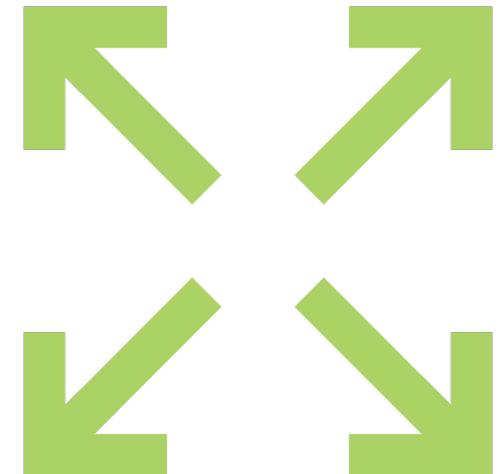
- Municipalities and First Nations communities that execute an agreement with Circular Materials will be transitioned first.
- We will procure collection services for those that choose not to execute an agreement with Circular Materials.

Depot Collection

- Those that execute an agreement with Circular Materials will be transitioned in parallel with curbside collection.
- The objective is to have the commercial arrangements with these communities in place by the date on which the RSC Group transitions.

Expanding Curbside Collection Service

- Expansion will occur once transition of existing curbside and depot collection services is complete in an RSC group.
- We will expand curbside collection services for residential packaging and paper to households receiving only curbside collection of garbage.
- During this phase, support for depots accepting materials included in curbside collection systems may be discontinued in areas that are receiving curbside collection of packaging and paper.



Transitioning Public Space Collection Service

- Public space collection service will occur when expansion of curbside collection services is complete in an RSC group.
- Expansion will be for municipalities or First Nations communities that execute an agreement with Circular Materials to deliver collection services.
- We will not provide public space collection for those that don't execute an agreement with Circular Materials.





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Section 6.3

Collection System

Relationships and Payments

Collection: Single-Family, Multi-Family & Schools



- The RSC, local municipality or First Nations community that was delivering collection services when the Regulation was filed will have a right of first refusal to deliver those collection services under contract to Circular Materials.
- To establish payments, Circular Materials will contract an independent accounting firm to compile information on residential collection costs to support the development of a payment model.
- Where entities decline to contract with Circular Materials to provide curbside collection services, we will procure services from the private sector.

Collection: Public Space

- The RSC, local municipality or First Nations community that is delivering collection services will be offered a contract with Circular Materials to support the recycling portion of the public space system.
- Circular Materials Atlantic will contract an independent accounting firm to compile information on public space recycling collection costs incurred by entities to support development of a payment model.



Collection: Remote and Rural Areas

We will support collection of packaging and paper in remote and rural areas through:

- Support for existing depots in the near term; and
- Over time, expansion of curbside recycling collection to households receiving curbside garbage collection.



Communication to Residents

- Local promotion and education (P&E) will be included in the contracts with municipalities, First Nations and those awarded contracts through the RFP process.
- P&E will have standard messaging and graphics available in both English and French.
- A province-wide communications strategy will be executed once transition is complete.





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Section 6.4 Post-Collection

Post-Collection Services



We will assume responsibility for managing collected materials by:

- Contracting for receiving facilities which may transfer materials to another location or precondition materials to allow certain materials to be shipped to markets and other materials to be shipped to processing facilities.
- Contracting with processing facilities to sort and prepare material for shipment to markets.

Field Assessments

- We will undertake field assessments of the existing receiving and processing infrastructure to determine whether:
 - Each facility is able to provide the services required by Circular Materials to meet the regulatory obligations of its subscribing producers;
 - Direct negotiations with the owner of a facility will deliver the required services on acceptable commercial terms;
 - Circular Materials implements a procurement process to acquire receiving, consolidation, transfer, preconditioning and processing services in some or all of New Brunswick.



Section 6.5

Efforts to Reduce and Improve Reusability and Recyclability

Improving Recyclability

- We understand producers' need to meet recycling targets for materials by improving recyclability or alternatively employing reuse strategies.
- In collaboration with Éco Entreprises Québec, we will provide producers with real-time supply-chain feedback on how their packaging choices affect recyclability and recycling system cost.
- We will continue to explore how we can support producers in the supply of reusable packaging systems should producers wish to do so.





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Section 7.1

Accessibility

Tracking Accessibility Metrics

We will track the following metrics:

- Number of households receiving household collection services for packaging and paper;
- Number and location of depots accepting all types of residential packaging and paper; and
- Number and location of depots accepting the types of packaging and paper not accepted in commingled collection systems.



Section 7.2

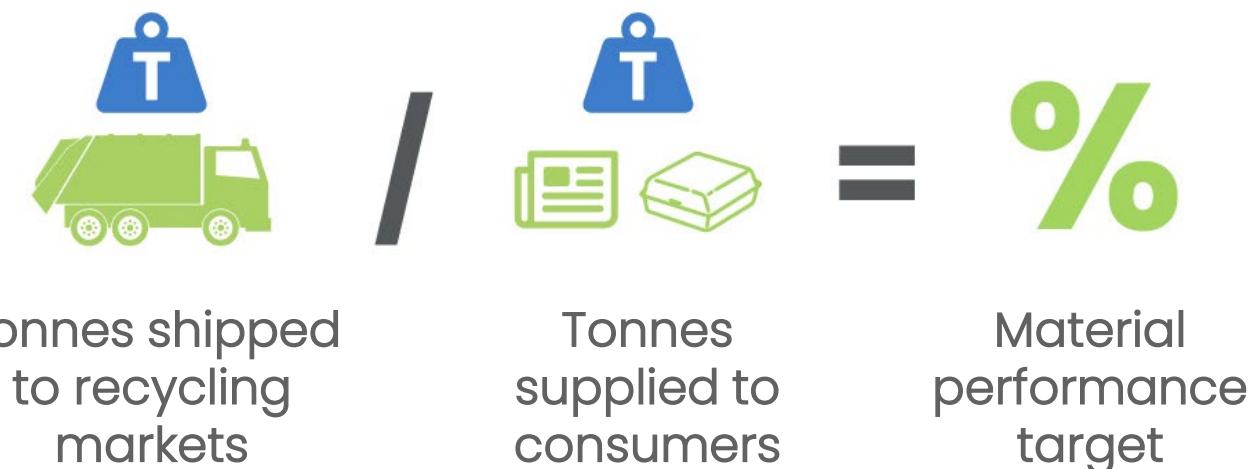
Performance Measures and Targets

Setting Material Performance Targets

Within two years of plan approval, we will submit proposed numerical performance targets for the following six categories of materials:

- Paper
- Paper packaging
- Rigid plastic packaging
- Flexible plastic packaging
- Metal packaging
- Glass packaging

The performance target for each category of material will be calculated as:





Section 8.1

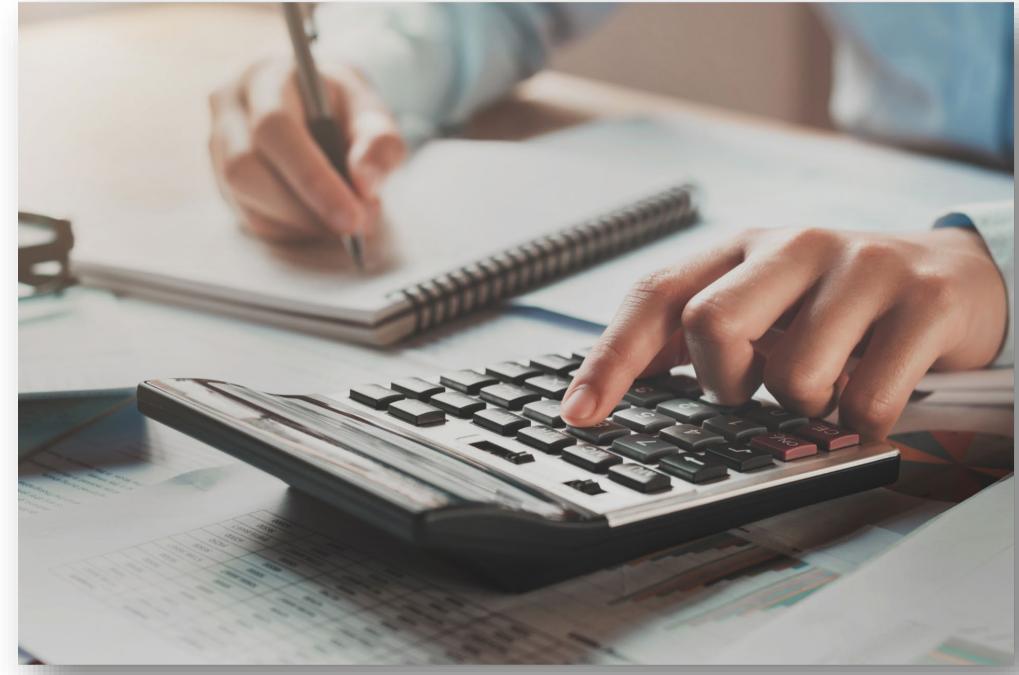
Program Financing

Establishing a Fee-Setting Methodology

- As a not-for-profit company, we are committed to minimize costs and avoid operational losses and operational surpluses.
- Fee rates will be calculated based on the following assumptions and principles:
 - Costs to deliver the services set out in this Stewardship Plan.
 - Overhead costs – shared equitably by all subscribing producers.
 - Costs to collect and manage material by group of similar packaging and paper will be shared proportionately by subscribing producers supplying the packaging and paper.
 - There will be no arbitrary cross-subsidization of costs among groups of similar packaging and paper.

Establishing a Fee-Setting Methodology

- Cost and commodity revenue components and the fee setting process will be communicated to Circular Materials' producers.
- Fee rates for each group of similar packaging and paper will be charged in a non-discriminatory manner to all subscribing producers.





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Section 8.2 Dispute Resolution

Dispute Resolution Steps

If a dispute arises between a producer and Circular Materials, the party seeking resolution may initiate a Dispute Resolution process.



Step 1: Notice of Concern

- The party raising the dispute must raise the matter in writing.

Step 2: Informal Discussion

- Within 30 days of written notice the parties will meet to clarify and attempt to resolve the dispute.

Step 3: Management Discussion

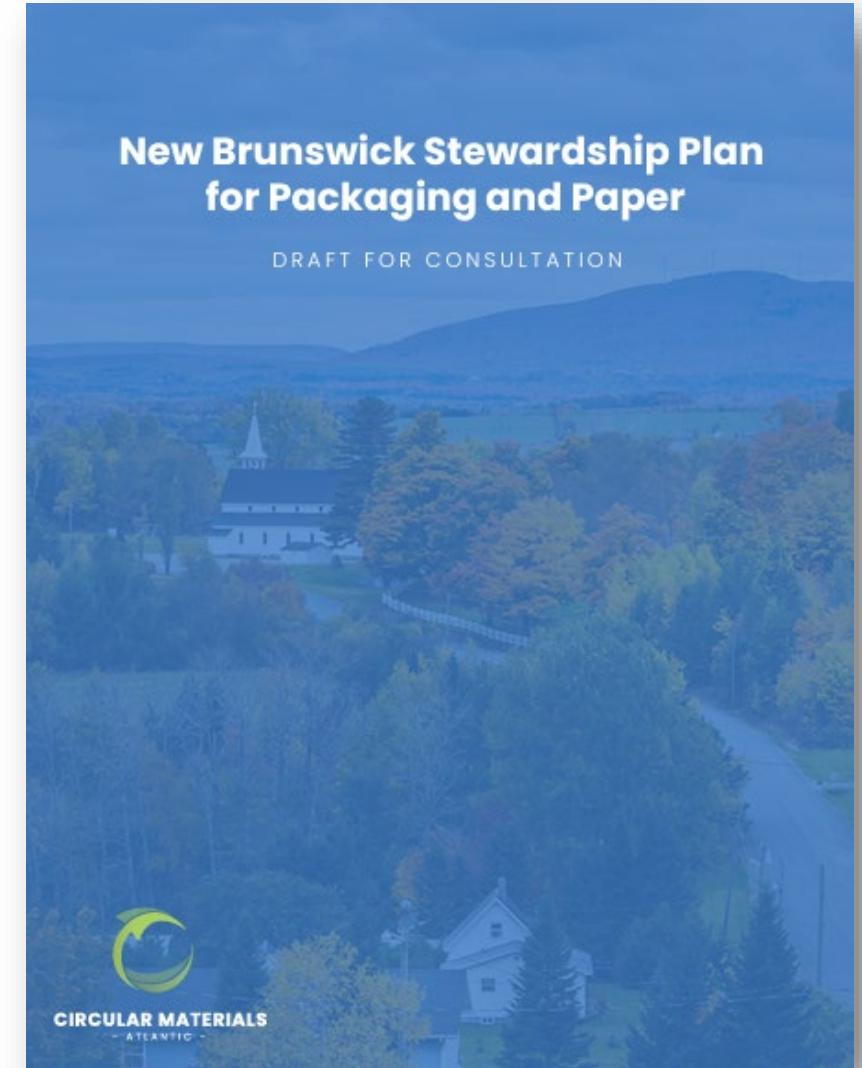
- If the dispute remains unresolved, the party will send an email summarizing the aspects of the dispute which remain outstanding following the informal discussion.

Step 4: Arbitration

- If still unresolved, a party may utilize the arbitration provisions in their contract.

Your Feedback is Important

- We encourage feedback on our draft Stewardship Plan to ensure it represents your interests.
- Please send written feedback on the Stewardship Plan by July 29, 2022, to info@circularmaterials.ca.
- All feedback will be carefully reviewed and considered as we finalize the Stewardship Plan for submission to Recycle New Brunswick by October 14, 2022.





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Questions?



4. Agent Agreement and Producer Services Agreement



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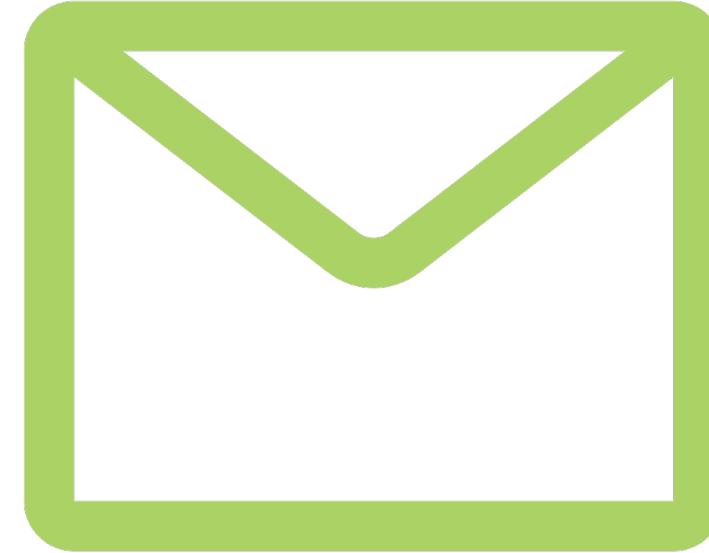
Agent Agreement

An Agent Agreement Makes You Compliant

- In early May, an Agent Agreement was shared with Circular Materials' producers.
- The Regulation requires brand owners to consult on and submit a Stewardship Plan.
- Brand owners may designate an agent to act on their behalf to meet their obligations.
- The Agent Agreement:
 - Designates Circular Materials as your agent to meet your requirement to consult on and submit a Stewardship Plan.
 - Provides access to our producer portal to report 2021 supply data between September 1 – October 31, 2022.
- Once finalized following the consultation period, the Producer Services Agreement (PSA) will replace the Agent Agreement.



Sign an Agent Agreement



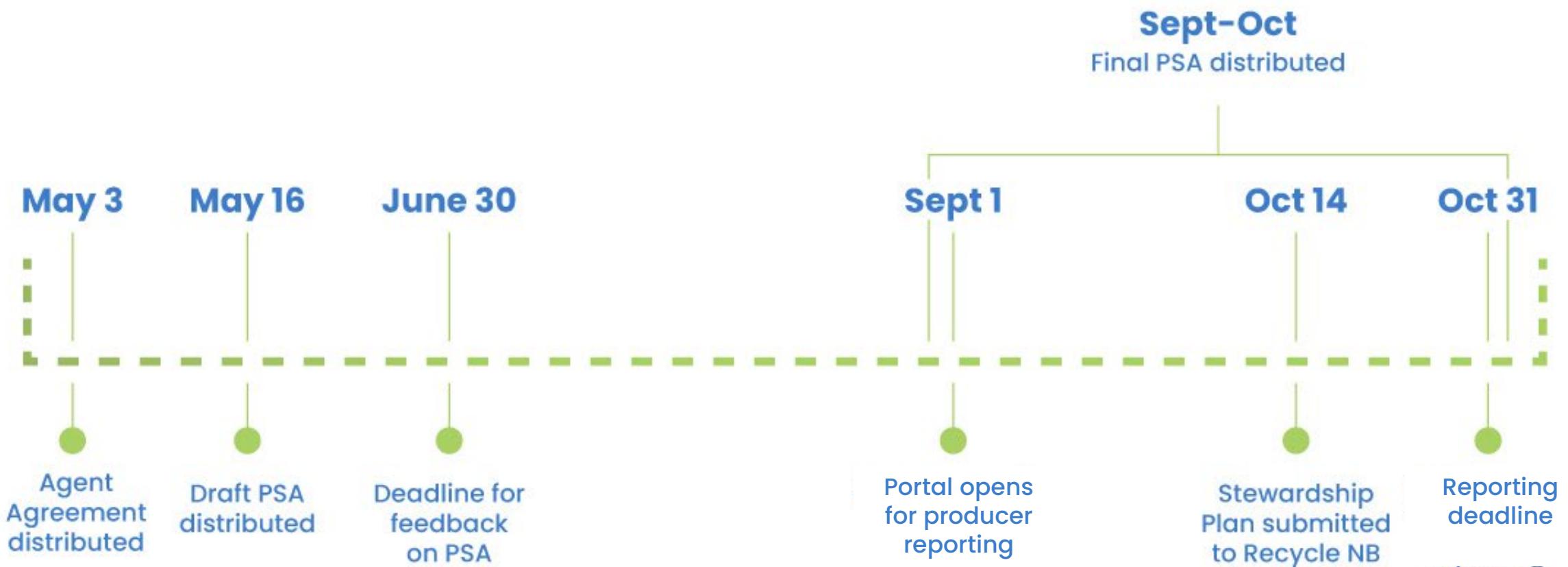
Due by September 1, 2022.

Please email info@circularmaterials.ca to request
an Agent Agreement.



Consultation on the Draft Producer Services Agreement

PSA Timeline



NB Producer Services Agreement

The PSA is a full compliance solution to meet producers' requirements to:

- Implement a Stewardship Plan for Packaging and Paper;
- Deliver collection services to all households;
- Manage the packaging and paper collected; and,
- Submit an annual report to Recycle NB on your behalf.



PSA Obligations



- The PSA outlines producer obligations to Circular Materials, including reporting requirements and fees.
- It also details Circular Materials' obligations to producers, including:
 - Implementing the approved Stewardship Plan,
 - Reporting,
 - Record keeping and auditing, and,
 - Fee-setting.

Initial Term

- The Initial Term will automatically extend for successive one-year periods (each, a “Renewal Term”)
- A Party may provide prior written notice of its election not to renew the Agreement on or before July 1 immediately preceding expiry of the Initial Term or any Renewal Term.



Fee-Setting

- We will establish a fee-setting methodology for the purposes of calculating fee rates.
- Fee rates will reflect the costs to deliver the services, with start-up and transition costs being shared by all subscribers in proportion to the quantity of packaging and paper you report.
- As a not-for-profit organization, we will minimize and avoid operational losses and surpluses.
 - If these do occur, losses and surpluses will be reflected as a debit or credit towards future fees adjustments.
- Cost and commodity revenue components and the allocation and fee setting process will be transparent to Circular Materials' producers.

Reporting and Fee Schedule

- Producers are obligated to pay fees corresponding to the period from the effective date of signing the PSA until the date of expiry or earlier termination.

Fee Obligation Year	Report Obligation Year	Report Data Year
2023	2023	2022
2024	2024	2023
2025	2025	2024

Invoices and Fee Estimates

- Circular Materials will provide the first fee estimates to producers 60 days following the approval of the Stewardship Plan by Recycle NB.
- An invoice for the fees for the first obligation year can be paid either:
 - as one annual payment due on June 30, or
 - four equal instalments, due on May 31, July 31, September 30 and November 30 of the respective fee obligation year.
- Following the first obligation year, invoices can be paid as per the dates in the Producer Services Agreement.
- We will provide a non-binding estimate of fee rates by September 30 in the year prior to the fee obligation in order to support producers with budgeting.

Reporting to Recycle NB on Behalf of Producers

- We will prepare and submit an annual report to Recycle NB on behalf of subscribing producers.
- The annual report will contain all the information required to be submitted by a producer described in the Regulation.



Annual Report to Producers



An annual report will be provided to producers each year (by July 1) and include the following from the prior calendar year:

- A description of the collection services provided by Circular Materials,
- A description of promotional and educational materials and strategies used to communicate with consumers,
- The total amount in weight of packaging and paper material supplied to New Brunswick consumers by producers,
- Recovery rates by material category, and
- Independently audited financial statements.

Your Feedback is Important



Please send written feedback on the
PSA by June 30, 2022, to
info@circularmaterials.ca.



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5. Closing

Feedback Dates

- June 30: Deadline for feedback on the draft Producer Services Agreement (PSA)
- July 29: Deadline for feedback on the draft Stewardship Plan
- Please send written feedback to info@circularmaterials.ca.





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Thank you!