



September 23, 2021

Dear AMS Stakeholder:

On behalf of the Board of Directors, I wish to thank you for your support of Automotive Materials Stewardship (AMS) over the past four and half years during which we have operated an industry stewardship plan (ISP). With your partnership, we have successfully diverted tens of thousands of tonnes of material from landfill and back into the economy.

AMS launched in 2017 to be a producer-led solution to manage used antifreeze, oil containers and oil filters. We launched the program in anticipation of the new Hazardous and Special Products (HSP) Regulation. Earlier this year we announced our new service offering as a producer responsibility organization (PRO) to respond to the new regulatory framework launching on October 1st. We're proud to have been the first PRO registered with the Resource Productivity and Recovery Authority under the HSP Regulation.

As a valued partner of AMS, you received from us information about how to participate in our PRO offering. We invited producers to take advantage of our services to meet their regulatory obligations and we made offers to haulers and processors to continue delivering material management services under our well established and successful open market incentive-based procurement model, a model that encourages competition with flexibility rather than heavy handed program oversight. We look forward to our continued work together.

At its regularly scheduled meeting of September 23, the Board discussed the status of the PRO services offering, current market dynamics, and the July 6th announcement of the planned acquisition of Canadian Stewardship Services Alliance's (CSSA) assets by Resource Recovery Alliance (RRA), a subsidiary of GFL Environmental (GFL). Many of you know that CSSA provides management services to AMS.

When it was announced that RRA had entered into a definitive agreement to acquire CSSA's assets, AMS was interested in learning more about how the agreement would affect AMS, its producers and service providers. We wished to ensure that there would be no unwelcome consequences, particularly as pertains to the protection of confidential information, -- both producers' and service providers' data. We are pleased to share that AMS is satisfied that CSSA's commitments to maintain the security and privacy of confidential data will continue under RRA. AMS confidential data will not be accessible to GFL.

The Board also discussed the importance of establishing an independent management layer. While AMS is independently governed by a board of directors elected by its producer-members, it has relied upon CSSA employees as officers and authorized signatories of AMS to make binding decisions on behalf of AMS. These decisions can include signing contracts with AMS's service providers. AMS sought revisions to the scope of services provided by CSSA to ensure that any potential conflicts of interest (real or apparent) would be avoided.



Upon review of both critical issues – data security and management independence – I am delighted to advise that the AMS Board has decided to renew its management services agreement with CSSA because we are confident that sufficient measures have been taken and will be taken to protect AMS's interests as well as those of its producers and service providers, as described in more detail below.

Confidential Data Management and Governance

AMS is satisfied that upon the completion of the acquisition of CSSA assets, RRA will be able to ensure that AMS's confidential data will be fully protected against disclosure to parties outside of RRA, including GFL. AMS is convinced, following discussions with CSSA and GFL, that RRA will have the necessary systems and processes in place to fully secure our confidential data and to ensure that GFL has no access to AMS producer information (such as supplied material quantities, fees paid by individual AMS producers or their contact details) nor information about AMS's supply chain partners (such as quantities of materials managed, contract payment terms, amounts paid by individual organizations or contact information). We are confident that CSSA/RRA's duty to protect confidential information will be in strict compliance with our service agreement. It stipulates that confidential and commercially sensitive data will be accessed and used only as expressly permitted. To support the terms of this agreement, AMS's data is stored on a robust Tier 1 ERP system with internal controls that limit access to authorized individuals. Access to the data is only available to authorized individuals once they authenticate to the network. The GFL network has no connection to the RRA network. These, and other data governance processes will ensure that confidential information is not compromised.

To provide further assurances to stakeholders, AMS will be commissioning a third-party review of CSSA's current system controls and data management practices.

Management Independence

In light of the CSSA-RRA transaction, AMS has decided to move to a full independent management framework wherein the following actions are underway:

1. The AMS Board will commence recruitment for a new Executive Director who will assume full P&L responsibility, including leading supply chain operations, overseeing the management services contract with CSSA/RRA, liaising with the Board and maintaining corporate records.
2. David Pearce has resigned his position as Operations Officer for AMS. He will continue to support supply chain operations through the PRO development; however, he will no longer be making decisions about which service providers AMS contracts with.
3. Kathleen Kennedy, who recently resigned her position as CSSA's CFO effective September 30th and ultimately plans to retire, will assume the role of Chief Financial Officer of AMS until the Executive Director is onboarded. Kathleen will be fully independent of CSSA/RRA as of October 1st and will therefore temporarily assume responsibility for executing contracts with AMS stakeholders, including service providers. Kathleen brings extensive experience and expertise to AMS and we are very pleased that she has agreed to defer her retirement to provide services as our CFO.



**Automotive
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The Board is confident that with these measures in place, AMS will be well positioned to play a pivotal role in assisting producers meet their regulatory obligations under the HSP Regulation, and to achieve a smooth transition from an ISP to a full-service PRO.

We are grateful for the opportunity to work with you to safely manage automotive HSP at the end of its useful life, and to ensure producers meet their compliance obligations. Please do not hesitate to contact us if you have questions or wish to further discuss any of these details.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Fifield', written over a light blue circular stamp.

David Fifield
AMS Board Chair