



StewardChoice
Producer Solutions

StewardChoice Packaging and Printed Paper Stewardship Service Plan

DRAFT

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Note to Reader: This Draft Plan will be submitted to the British Columbia Ministry of Environment after the completion of consultation. Therefore, this Plan may be amended.

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1. StewardChoice

StewardChoice Enterprises Inc. (StewardChoice) proposes to offer a new service to producers supplying packaging and printed paper (PPP) into the British Columbia (BC) market, who are required to comply with Recycling Regulation (B.C. Reg. 449/2004) (**the Regulation**). With the approval of the Plan, producers will be presented a choice for meeting their regulatory requirements through a market-based, results-oriented, locally operated agency that will spur innovation, reduce overall system costs and significantly improve the collection and recycling of PPP in BC.

We believe that:

1. Recycling collection services that residents in BC already have should be maintained and strengthened.
2. Recycling rates for PPP can and will be improved in the households that we serve
3. Stewards should have a choice in how they discharge their obligations under the Regulation

1.1 Maintaining and Expanding Recycling Collection Services in BC

The StewardChoice PPP Stewardship Service Plan (the Plan) will offer producers an opportunity to fulfill their legal obligations by initially providing expanded producer-funded collection and recycling services for PPP generated through BC's multi-family dwellings that are not currently receiving producer-funded services.

Traditionally, recycling performance in multi-family dwellings has lagged behind recycling in single-family households for a number of reasons, including:

- Lack of signage and educational material for residents;
- Location of recycling bins, which are typically centralized on one floor or external to the building versus the convenience of garbage options, which are more prevalent; and
- Bin capacity in multi-family dwelling units tends to be inadequate to store recyclables as compared to single-family homes.

The StewardChoice PPP Stewardship Service Plan will support the Province's waste diversion and recycling objectives by initially focusing on servicing the areas not serviced by the existing compliance program's collection network; thereby increasing the collection and recycling of PPP. This initial focus will not directly affect the start-up phases of the existing compliance program. In fact, it will ensure that recycling services are maintained and enhanced in all households with recycling today.

Each approved stewardship organization will provide recycling services in relation to the quantity of obligated PPP of their respective members and in this way there will be the real possibility of full coverage for the Province of British Columbia.

1.2 Results through a Market-based Approach

The StewardChoice PPP Stewardship Service will implement a market and results-based Stewardship Service that leverages the existing market-driven recycling system. Contracted recycling services companies servicing multi-family dwellings will maintain relationships with their clients and likely see increased business given the goal and opportunity to increase the amount of PPP collected. They will also have the benefit of producer-funded revenue which can be used to offer more competitive pricing and increased level of service to existing and prospective multi-family building owners/managers. This will allow for more investment to expand the total households covered and to promote higher recycling

and recovery rates. This can significantly drive down the overall system cost of recycling and spur innovation and investment in the Province.

Ultimately, producers, recycling services companies and other stakeholders within the recycling supply chain will see the benefits of this market-based approach in terms of reduced compliance costs, superior service and a focus on finding innovative solutions to meeting public policy objectives. This will create an incentive for all stewardship organizations to improve recycling performance in the households they serve.

1.3 Giving Producers a Choice in how to meet their Legal Obligations

The StewardChoice PPP Service will allow producers to benefit from customized compliance options that enhance existing waste management and diversion initiatives. It will provide producers of PPP the choice to discharge their obligations through the existing compliance program in BC, through StewardChoice, or through self-compliance or any combination of these choices. Producers joining StewardChoice will have access to flexible, customized compliance options that may include:

- Opportunities to comply through self-managed systems by offering producer- and/or retailer-specific take-back programs for PPP;
- Collection and recycling of materials believed to be “hard-to-recycle”, to meet corporate strategic objectives such as closed-loop recycling and security to clean feedstock; and
- Flexible collection schedules for material waste that is typically generated on a seasonal or inconsistent basis, such as printed directories.

The StewardChoice PPP Stewardship Service will provide producers with an option to comply with **the Regulation**. Through advice and strategic relationships with recycling services companies, producers subscribing to StewardChoice will have a service-oriented and cost-effective option, which will ultimately result in improved environmental and economic results for both producers and citizens in BC.

1.4 Working Alongside Recycling Services Companies

The StewardChoice PPP Stewardship Service will work with recycling services companies that are currently providing collection and recycling service for PPP to multi-family buildings that do not have access to producer-funded collection through the existing compliance program in BC. It will allow these companies to ensure optimal service and efficient cost within the recycling supply chain by utilizing their existing infrastructure and optimization strategies. In return, StewardChoice will require declarations from waste management companies for the amount of PPP collected, sorted and sent for recycling from multi-family buildings. *Table 1* below outlines some of the key benefits to recycling services companies that choose to participate in the StewardChoice PPP service.

Condition	StewardChoice Terms with Recycling Services Companies (RSC)
Ownership of PPP material collected	Owned by RSC
Choice of recycling infrastructure to utilize	Decided by RSC
Payment schedule for collection and recycling	Negotiated with StewardChoice
Fines for contamination	Acceptable contamination determined by RSC
Optimization of collection route	Determined by RSC (can optimize)
Treatment of deposit-bearing beverage containers	Value realized by RSC (estimated upwards of \$3,000/tonne)



Condition	StewardChoice Terms with Recycling Services Companies (RSC)
Choice of collection stream (single stream vs. dual-stream)	Determined by RSC
Acceptable materials for collection/sorting	Determined by RSC and StewardChoice
Penalties for inaccurate/incorrect reporting	Determined by StewardChoice
MRF efficiency factors	Determined by RSC
Bonus (top-up) factors for greater collection volumes	Determined by StewardChoice
Time/resources spent on contracts	Continue/maintain existing waste management service contracts with multi-family building owners/managers
Frequency of collection composition studies	Determined by StewardChoice

Table 1 Service considerations for recycling services companies participating in the StewardChoice PPP service

1.5 System Design

Given that the overall intent of the StewardChoice PPP Stewardship Service is to provide choice and flexibility to producers, recycling services companies, multi-family building owners/managers and other stakeholders within the recycling supply chain, the system design will be administratively simple, easily implementable and acceptable to all parties involved. As such, StewardChoice will develop a user-friendly reporting platform and documentation guidelines for producers to report their sales of obligated PPP in BC. Along with an easy-to-use platform, StewardChoice will work with producers to ensure stewardship reporting is accurate and compliance costs are optimized to reduce any over- or under-reporting. Recycling services companies will also have access to a secure web-based platform to easily submit their PPP tonnage declarations. This platform will be the basis for determining the volumes of PPP collected and recycled and for evaluating the Plan’s performance against performance objectives.

2. Existing Market

2.1 Recycling Regulation

The policy of the British Columbia (BC) government is to shift responsibility for the financing and management of recovery systems for consumer products and packaging away from local government to producers and consumers. This extended producer responsibility (EPR) policy is authorized under the Environmental Management Act (EMA), and in **the Regulation** that was approved by Order in Council 995/2004 and came into effect October 7, 2004.

Producers of PPP became obligated under Schedule 5 of **the Regulation** as of May 14, 2011. **The Regulation** stipulates that a producer of PPP must have an approved plan under Part 2 and must comply with the approved plan. To satisfy this requirement, producers are required to appoint an agency to carry out the duties of the producer. The agency must confirm to the director the duties that the agency will perform on behalf of each producer that has joined the agency.

For purposes of this draft PPP Stewardship Service Plan, StewardChoice offers to perform the duties of an agency on behalf of producers of PPP obligated under **the Regulation** (and not exempted under the small business policy) that wish and are capable of appointing StewardChoice as their agency of choice. This draft Plan will be used as the basis of public consultation, and will be amended as needed to produce a final PPP Stewardship Service Plan.



2.2 Existing Compliance Market

Collection services for PPP in BC had previously been operated under either contracts from local governments for curbside and/or depot collection for single and multi-family residential collection or through private contracts between collection organizations such as recycling services companies or not-for-profit entities and the owners/managers of multi-family buildings. The private contracts between recycling services companies and multi-family building owners/managers are referred to as the “open” market for multi-family dwellings.

Most local governments (but not all) and many private depot operators are currently receiving producer funded collection and recycling services for PPP under an existing compliance program in BC. Recycling services companies that had been providing collection and recycling services to local governments agreed to enable the local governments to participate in the existing PPP compliance program. In many cases this agreement included multi-family collection that had been previously serviced through local authorities. However, most of these recycling services companies retained their contract rights for multi-family dwellings in the “open” market. Therefore, these dwellings do not currently receive producer-funded collection services. This is the expanded service area StewardChoice will initially cover.

StewardChoice estimates that 120,000 or approximately 20% of multi-family dwelling units do not receive producer-funded collection and recycling services for PPP. StewardChoice proposes to work with recycling services companies to provide producer financing to these multi-family buildings and their residents. Providing this service will expand the coverage of the producer-funded system for collection of PPP in BC. In time, the StewardChoice PPP Stewardship Service Plan will bring added investment and jobs to BC’s recycling industry.

3. Service Offering

3.1 Materials Covered Under the Plan

StewardChoice will work with recycling services companies and their customers to maintain current levels of service as well as provide the flexibility to increase the collection of any obligated PPP materials made out of paper, plastic, glass and metal. In conjunction with participating recycling services companies, StewardChoice will continuously review the materials list of PPP to be collected and evaluate the option to revise the material list based on the following factors:

- Composition of StewardChoice producer members;
- Material recyclability and cost implications;
- Ability to find well-functioning end-markets; and
- “Hard-to-recycle” materials that some recycling services companies may wish to adopt.

3.2 Collection System

The StewardChoice PPP Stewardship Service will leverage our experience designing effective collection systems for multi-family buildings to expand the amount and types of PPP collected per dwelling. StewardChoice collection contracts will ensure the continuation of curbside service for PPP for residents where this service exists when the Plan commences operation. As well, local government currently providing collection services will have the option to continue or to discontinue provision of these services once the StewardChoice Stewardship Service Plan commences operation. In the event a local government chooses to discontinue service delivery, StewardChoice and its recycling service providers will make the necessary arrangements to ensure that residents receive the same and/or enhanced service without disruption.

3.3 Market Footprint

The StewardChoice PPP Stewardship Service will initially focus on providing producer funding and service to the 120,000 multi-family dwellings, in the “open” market that are not currently serviced by the existing compliance program.

As the StewardChoice program grows, consideration will be made to expanding service to other underserved communities, public spaces (streetscape), single-family residences in communities that choose StewardChoice as their service provider and difficult to recycle packaging types. StewardChoice is committed to working with other agencies to ensure that communities across BC receive producer funded service. *Table 2* highlights the targeted number of dwelling units that will be serviced in the first and third years of operation, as well as the approximate tonnage that will be collected from servicing these multi-family buildings.

	Year 1	Year 3
Dwelling Units Served	120,000	350,000
PPP Collected Multi-Family	7,900 MT	25,000 MT

Table 2: Number of dwelling units serviced and estimated tonnage collected under the StewardChoice PPP Stewardship Service during the first and third years of operation.

3.4 Consumer Awareness and Access

Since the initial focus for the collection of PPP will be with multi-family buildings that are currently serviced by contracted recycling services companies, the first phase of the Plan will provide targeted communication to the residents of these buildings, advising of the introduction and benefits of the producer-funded collection service and the list of materials eligible for recycling. Further promotion and education campaigns will be introduced as initiatives are undertaken to increase the capture rate of PPP within each dwelling unit and building.

3.5 Optimized Multi-family and Return-to-Retail Collection Options

StewardChoice will work with existing recycling services companies to enhance the collection options for residents of multi-family buildings. This will include the consideration of the implementation of a “mini-bin” system that involves a small bin that can be placed under the kitchen sink, making it more convenient for residents to transport their recyclables from their dwelling to a central collection point on the main floor or outside the building. This alternative to the collection system has already been tested in BC by StewardChoice and its affiliated companies. Discussions will continue with recycling services companies to determine other alternate multi-family collection methods that will enhance convenience and increase the recovery rate from multi-family dwellings.

StewardChoice will also support and encourage producer self-compliance and in its contracts with producers, will recognize the portion of material that is collected through self-compliance (often accomplished through return-to-retail). Some retailers in BC have shown how this can be done successfully and StewardChoice recognizes that the costs of collecting these materials in this manner are not part of the regular multi-family dwellings collection cost. This option also allows the producer to market this service to the consumer directly providing another channel of recycling promotion and convenience to consumers.

3.6 Timelines for Implementation and the Overall Effectiveness of the Plan

Since StewardChoice is contracting with recycling services companies that are currently servicing multi-family buildings, the Plan’s timelines are flexible and the PPP Stewardship Service has the ability to launch on short notice. Currently, the expected timelines for the PPP Stewardship Service are as follows:

Date	Milestone
June 2014	StewardChoice will release a Draft PPP Stewardship Service Plan and initiate consultation with producers and other stakeholders.
Q3 2014	StewardChoice will submit the Plan to the Ministry of Environment for approval.
Q1 2015	Upon approval of the Plan, StewardChoice will launch the Stewardship Service through an organization based and managed in BC.

StewardChoice is committed to maintaining an up-to-date Stewardship Plan, and as such, will review and update the Plan as necessary every five (5) years in which the Service is in operation (or such other time as established by the BC Ministry of Environment).

3.7 Annual Reports

StewardChoice will collect data to produce annual reports to be published on the StewardChoice website by July 1st for each preceding year. The annual reports will document the performance of the PPP Stewardship Service in relation to the Plan. StewardChoice will report on the following data:

- *Educational materials and strategies* that have been developed for the StewardChoice PPP Stewardship Service and/or materials that have been developed by contract recycling services companies to educate residents of multi-family dwellings on the environmental and economic benefits of the PPP service and motivate residents to increase recycling. The annual report will also provide information to residents of any changes that have been made to the packaging supply chain and collection and recycling system.
- *Actions to reduce environmental impacts* that have been implemented by producers to reduce environmental impacts and improve the end-of-life management of PPP;
- *Management of materials in the system* by identifying the percentage of PPP tonnes that have been managed through reuse, recycling and disposal;
- *Performance targets* will be published to compare the Stewardship Service’s performance to the targets that will be developed; and
- *Recovery rates* that will include the total amount of PPP collected and recovered through the StewardChoice Stewardship Service. In addition, the annual report will include a map highlighting the areas that receive collection funded by producers through the StewardChoice service and the increased access residents have through this Plan.

StewardChoice will provide third party reasonable assurance for non-financial information published in the reports on data pertaining to the number and location of collection facilities, the total amount of product sold and collected and product management in accordance with the pollution prevention hierarchy and the Plan’s performance targets in relation to Section 8(2)(b), (d) and (e) of **the Regulation**.

Producers participating in the StewardChoice plan do not expect to apply consumer fees that are associated with the plan and that are charged and identified separately on the consumer receipt. Therefore, StewardChoice is not required under **the Regulation** to make public its financial statements. StewardChoice, being a wholly owned subsidiary of Reclay StewardEdge, will disclose the information necessary to comply with disclosure laws that apply to private, for-profit enterprises.

3.8 Dispute Resolution

StewardChoice is committed to resolving disputes in a fast, cost-effective and inclusive manner. StewardChoice will work to incorporate the principles of access, community participation, individual satisfaction, equality, quality of resolution and efficiency into dispute resolution procedures.

Depending on the nature of the dispute and the parties involved, StewardChoice will use the following procedures:

Party	Resolution Procedures
<ol style="list-style-type: none"> 1. Resident 2. Multi-Family Building Owners/Managers 	<ul style="list-style-type: none"> - If a dispute arises between a contract recycling services company and resident and/or a multi-family building owner/manager that is serviced under the collection agreement, the dispute resolution process will follow the procedures as outlined in the service agreement provided by the recycling services company.
<ol style="list-style-type: none"> 1. Producer Recycling Services Company / Processor 2. Other Stewardship Agency 3. Government Entity 	<ul style="list-style-type: none"> - The parties, with representatives from StewardChoice, will work to resolve the dispute through negotiation to come to a mutually agreed upon solution within thirty (30) days of written notice. - If the parties and representatives from StewardChoice cannot come to an agreement, the Board of Directors will work to resolve the dispute through negotiation to come to a mutually agreed upon solution within thirty (30) days of written notice. - The parties will engage in mediation in an attempt to resolve the issue in a consensual manner if the parties and Board of Directors are unable to do so. - If mediation fails to remedy the dispute, arbitration will be used in which an arbitrator will render a decision on the dispute.

4. Co-operation with Other Stewardship Agencies

StewardChoice shares the goals and interests of all BC based stewardship agencies to cooperate wherever possible with the goal of improving recycling performance, making recycling more accessible, convenient and harmonized for consumers and more effective for producers at the most reasonable cost. StewardChoice will cooperate with all stewardship agencies involved with the Stewardship Agencies of British Columbia (SABC). It will, for example, explore to what extent it can share and exchange promotion and education materials and concepts with other stewardship agencies.

In particular, StewardChoice will work with existing PPP compliance program(s) to ensure that if a producer discharges part of its obligation with one agency and the remainder through another agency there is communication between the agencies, to ensure that all of the producer's obligated material is reported, without fee duplication, or "double reporting".

An additional benefit of this interagency co-operation is the very direct incentive created to expand PPP collection to reach the target of collecting at least 75% of the PPP placed into the market by each producer in proportion to that producer's obligated share of collection.



The interface between the StewardChoice PPP Stewardship Service, the existing compliance program and other PPP programs will be collaborative and as simple as possible to allow choice for producers and encourage market competition for collectors and recyclers. The Ministry of Environment would not need to have a direct role in managing the interface between the PPP programs. A clearinghouse or reconciliation type mechanism will also not be required. The mechanism to ensure fairness between programs already exists in that each program is required to provide annual, independent third party assurance of the quantities of material that is supplied and managed in BC.

To ensure co-operation and harmonization of the existing PPP programs, StewardChoice proposes that, at a minimum the following principles are applied to ensure a level playing field for all PPP programs in BC:

1. Maintain curbside collection to residents that currently receive this service and expand service where feasible;
2. Provide local governments that currently manage collection service the first right of refusal to continue this service;
3. Collect 75% of the tonnes generated by each agency's appointed producers, or another recovery rate established by the Director that applies equally to all programs; and
4. Compliance with each agency's own PPP Stewardship Plan

5. Performance Measures

5.1 Recovery Rate

StewardChoice will enroll producers and will ensure collection of an amount of PPP such that an annual recovery rate of 75%, or another recovery rate established by the director, is achieved for the PPP product category covered by the Plan. The recovery rate will be calculated as follows:

$$\text{Recovery Rate} = \frac{\text{Amount of Product Collected (under contract with StewardChoice)}}{\text{Amount of Product Generated (licensed by Producers to StewardChoice)}}$$

StewardChoice acknowledges the ministry's requirement to provide third party reasonable assurance declarations for non-financial information, including the management and/or "end fate" of product collected and the total amount of product sold and collected. Taken together, this reporting on material weights sold or distributed into the BC market and weights collected under the Plan will allow the ministry to compute an overall rate for those producers that are part of the StewardChoice approved Plan.

StewardChoice will identify other multi-family performance measures such as per capita collection rates, generation rates by residents and the composition of collected and discarded materials. Following two (2) full years of operation, benchmarks and targets for these measures will be reported on through the remaining three (3) years, of the five (5) year Plan.

5.2 Assessing Performance on Costs and Environmental Outcomes

StewardChoice and affiliated companies have extensive experience conducting external independent compliance reviews for obligated producers to identify compliance risk factors and opportunities to improve packaging data tracking and reporting procedures. In addition, experience in managing stewardship compliance reporting on behalf of clients, including calculation of product data, calculation of fees and associated reporting requirements have ensured producer obligations are met in the most cost effective manner. These experiences will be used to develop a user-friendly reporting system that allows producers to manage their regulatory obligations efficiently.



5.3 Reduce PPP through Systems Design and Supply Chain Optimization

The management of PPP through the supply chain has economic and environmental impacts on producers and citizens in BC. Producers that can lessen the amount of PPP that they generate will lower their compliance costs. Furthermore, producers that can optimize PPP design or supply chain so that less PPP is used and more is designed for reuse and/or recycling will also lower their compliance costs. StewardChoice and its affiliated companies have global experience in helping producers manage the life-cycle impacts of their products and complying with packaging stewardship laws. As a value added service, StewardChoice and its affiliated companies will work with producers that put PPP into the BC marketplace to reduce their compliance costs through systems-based design and supply chain optimization.

6. Consultation

Prior to submission to the Ministry of Environment, StewardChoice will engage in public consultation with stakeholders. StewardChoice will consider the following possibilities:

- Direct consultation with MMBC and other stewardship agencies.
- Direct consultation with potential PPP stewards including Canada's National Brewers and representatives of the national and local newspapers.
- Consultation with local governments through the Union of British Columbia Municipalities and British Columbia Product Stewardship Council
- Public Consultation through a series of webinars advertised through RCBC and social media.
- Direct consultation with business associations such as Business Council of British Columbia, British Columbia Chamber of Commerce, Waste Management Association of British Columbia, Canadian Federation of Independent Business , Canadian Federation of Independent Grocers , Vancouver Board of Trade, British Columbia Food Processors, British Columbia Agriculture Council and the Stewardship Agencies of British Columbia (SABC) and others.
- Direct consultation with organizations representing or involved in the management of multi-family buildings such as the Condominium Home Owners Association of British Columbia, Vancouver Island Strata Owners Association and the Condo Owners Association of British Columbia.
- Consultation with recycling services companies.

StewardChoice is committed to conducting extensive publicity for the proposed webinar series, to ensure broad participation. Furthermore, StewardChoice will undertake additional consultation if and where stakeholder groups come forward to the BC Ministry of Environment or to StewardChoice with such a request.

StewardChoice is excited to present this Draft PPP Stewardship Service Plan to stakeholders in British Columbia for consideration. The Plan gives producers a choice on fulfilling their legal obligations under **the Regulation**, through a producer-funded collection and recycling service by contracting with recycling services companies to initially provide expanded producer-funded service to multi-family dwellings. The Plan presents a market-based approach to PPP stewardship, creating an inclusive and cost-effective service. As such, StewardChoice will initiate public consultation and encourage the participation of stakeholders with differing views on the Plan. After the consultation process is complete and prior to submission to the Ministry of Environment StewardChoice will take into consideration the feedback received and amend the Plan as needed.