

Extended Producer Responsibility (EPR) in Canada



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Presentation Contents

- Background on Extended Producer Responsibility (EPR) Frameworks for Packaging and Printed Paper (PPP)
- Trends across Canada
- Key Characteristics, Provisions & Stakeholders
- Obligated Parties, Performance and Compliance
- Fees & Reporting

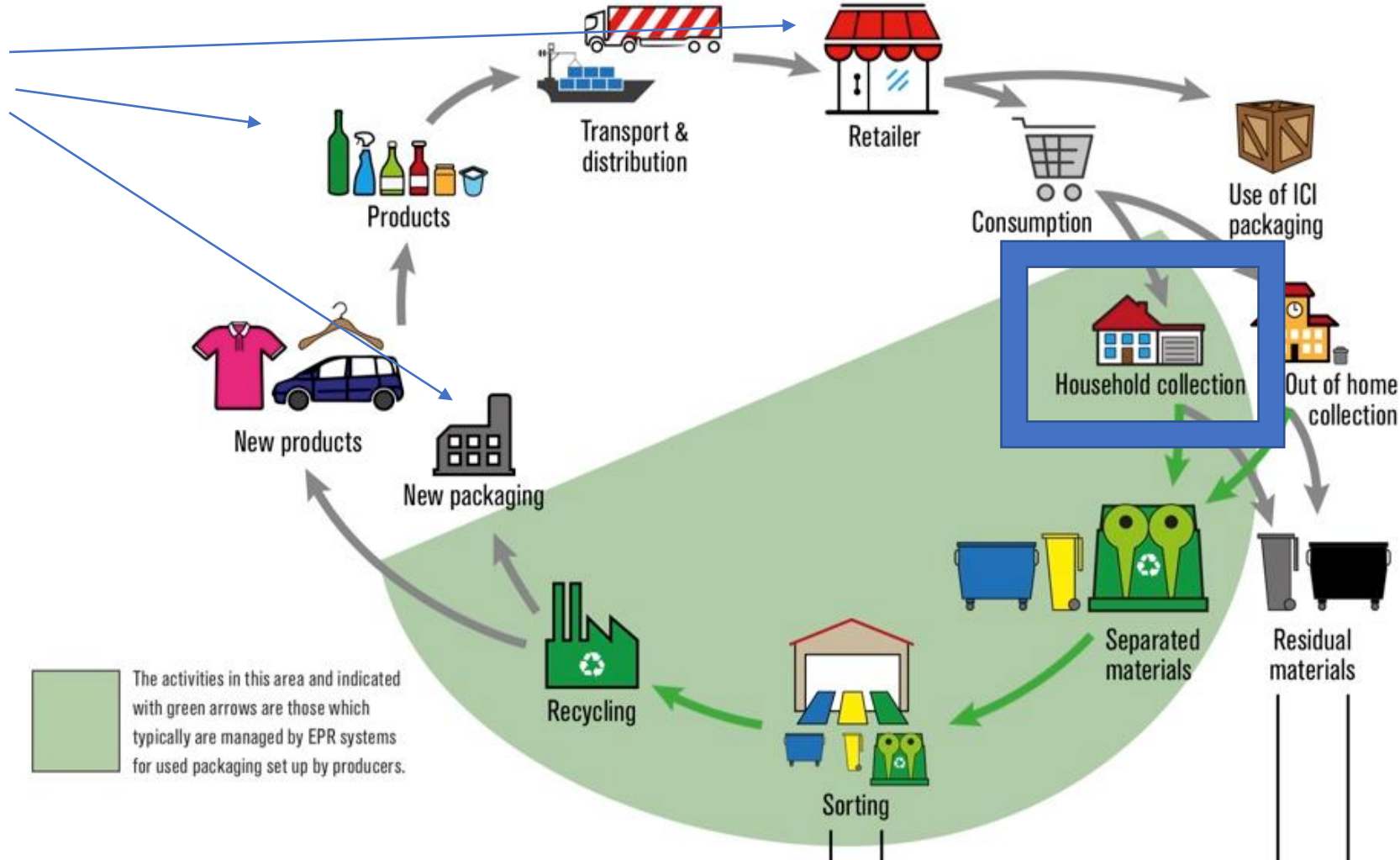


Extended Producer Responsibility | Regulatory Structures and Objectives

- Provincial/Territorial Jurisdictional Responsibility
- Designated through regulations that target materials (packaging) and/or product sectors (electronics, tires, oil, hazardous)
- Intent – transfer financial/operational responsibility for “end of life’ management of material & products to brand-holders/sellers from local government
- Objectives:
 - Develop and implement recycling programs for the packaging materials they produce or supply to the consumer.
 - Meet specific recycling targets or quotas.
 - Provide financial contributions to support recycling infrastructure and programs.
 - Report on their packaging materials and recycling activities to regulatory authorities.

Packaging Cycle

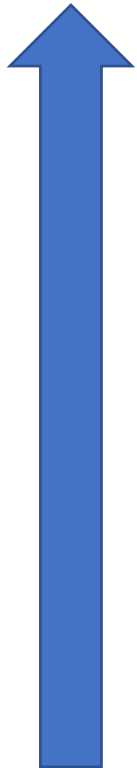
Producers
(Brand Holders)



The activities in this area and indicated with green arrows are those which typically are managed by EPR systems for used packaging set up by producers.

Extended Producer Responsibility | Trends

New & rising compliance cost for (obligated parties) of the targeted materials or products



Expansion

- More provincial / territorial governments introducing
- Scope expansion - broader list of materials are being included,
- Scope expansion to include residential and industrial /commercial packaging
- Moving from partial to full responsibility

Transition

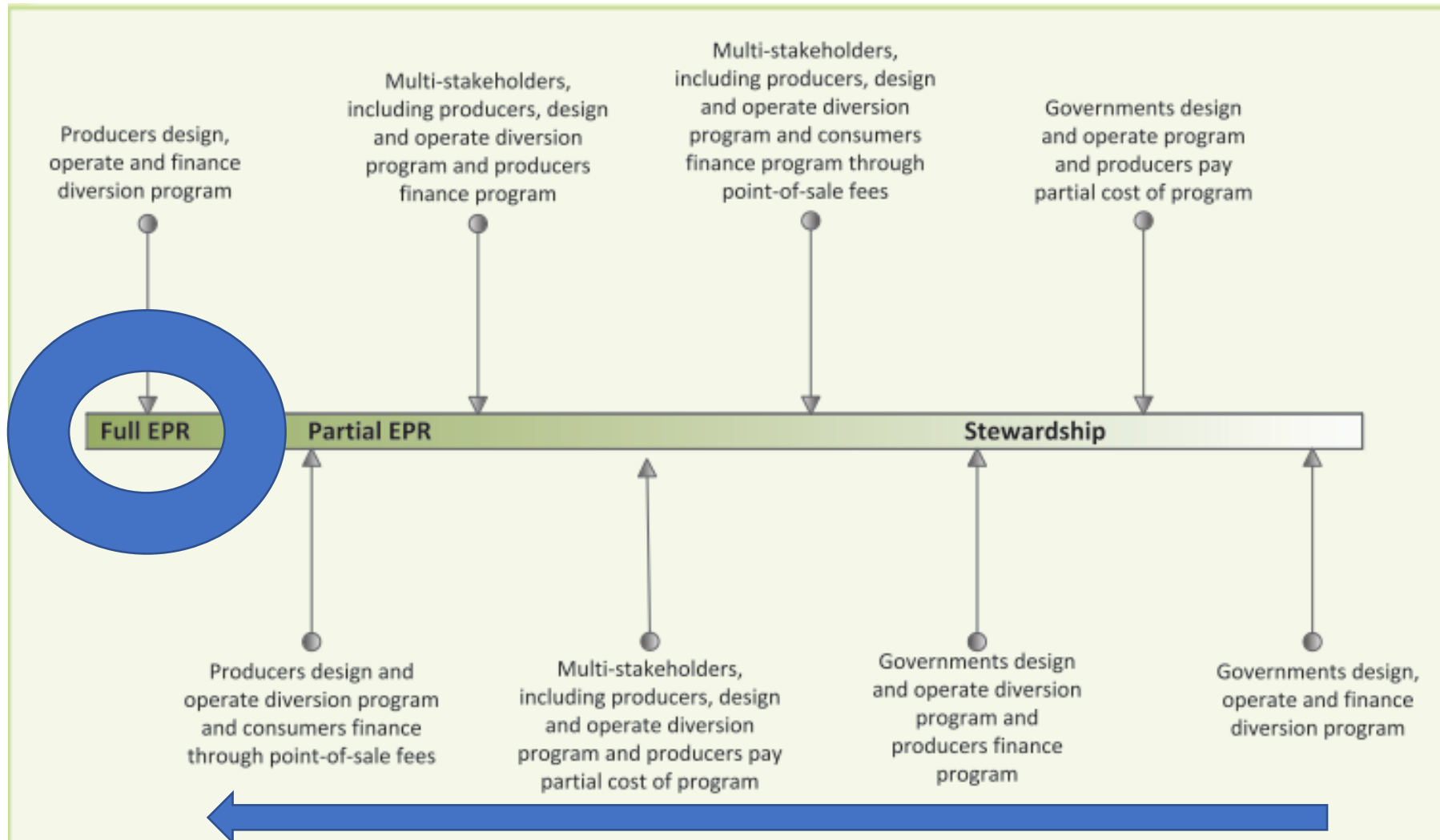
- Systems start up and market reorganization costs as producers and their PROs take over the Governments focused
- Responsibility targeted to individual producers (not a PRO)

Performance

- Increases higher and more specific collection/ recycling targets
- More rigor for performance reporting,
- Greater uncertainty on revenues from the sale of collected materials (recycling commodity pricing)
- Regulations are now including financial penalties for non-compliance



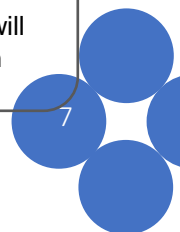
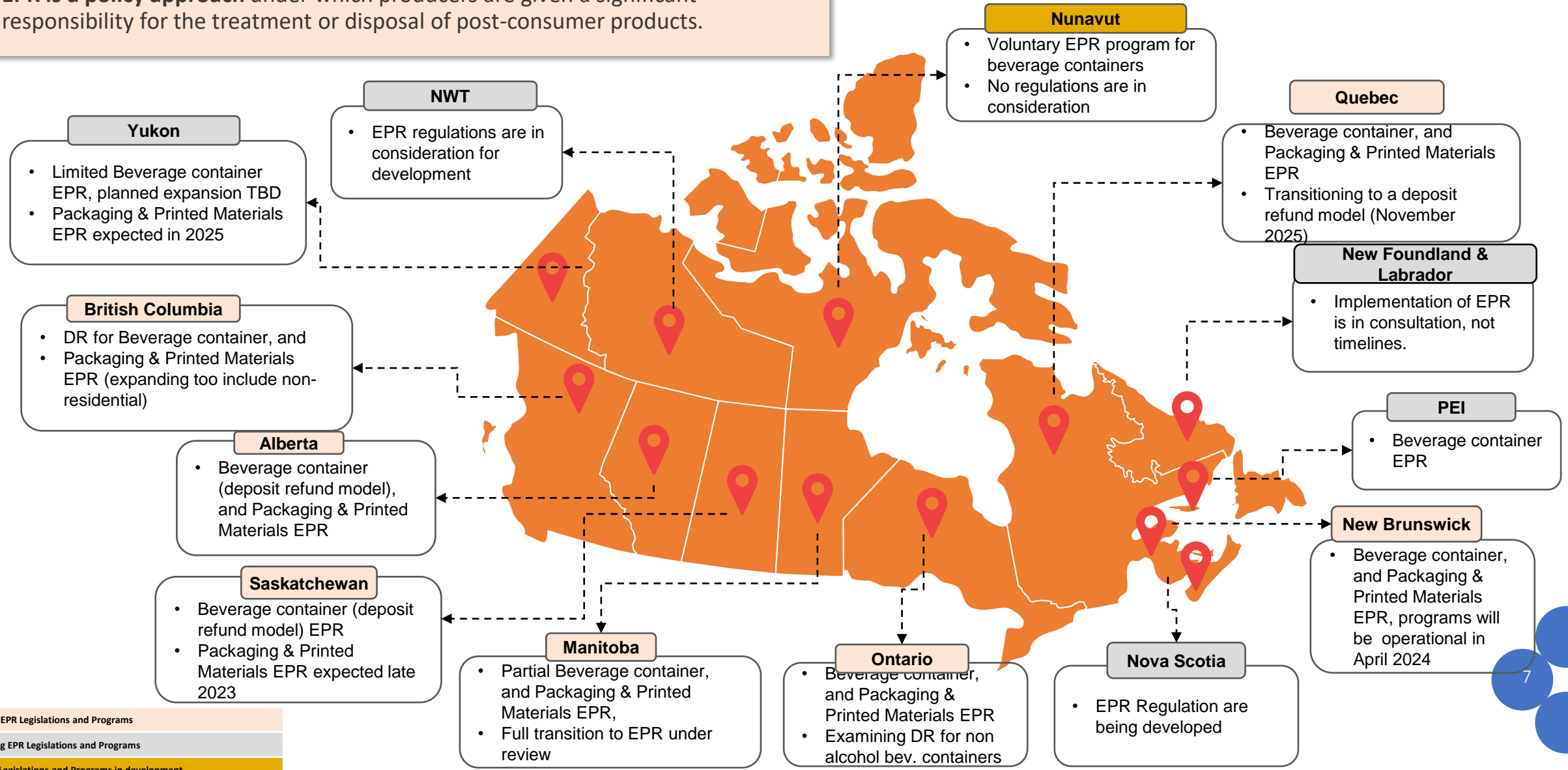
Obligations and Liability



Extended Producer Responsibility (EPR) is expanding across Canada

In addition to the existing EPR programs, multiple EPR programs are expected to become operational in the coming years in Canada

EPR is a policy approach under which producers are given a significant responsibility for the treatment or disposal of post-consumer products.



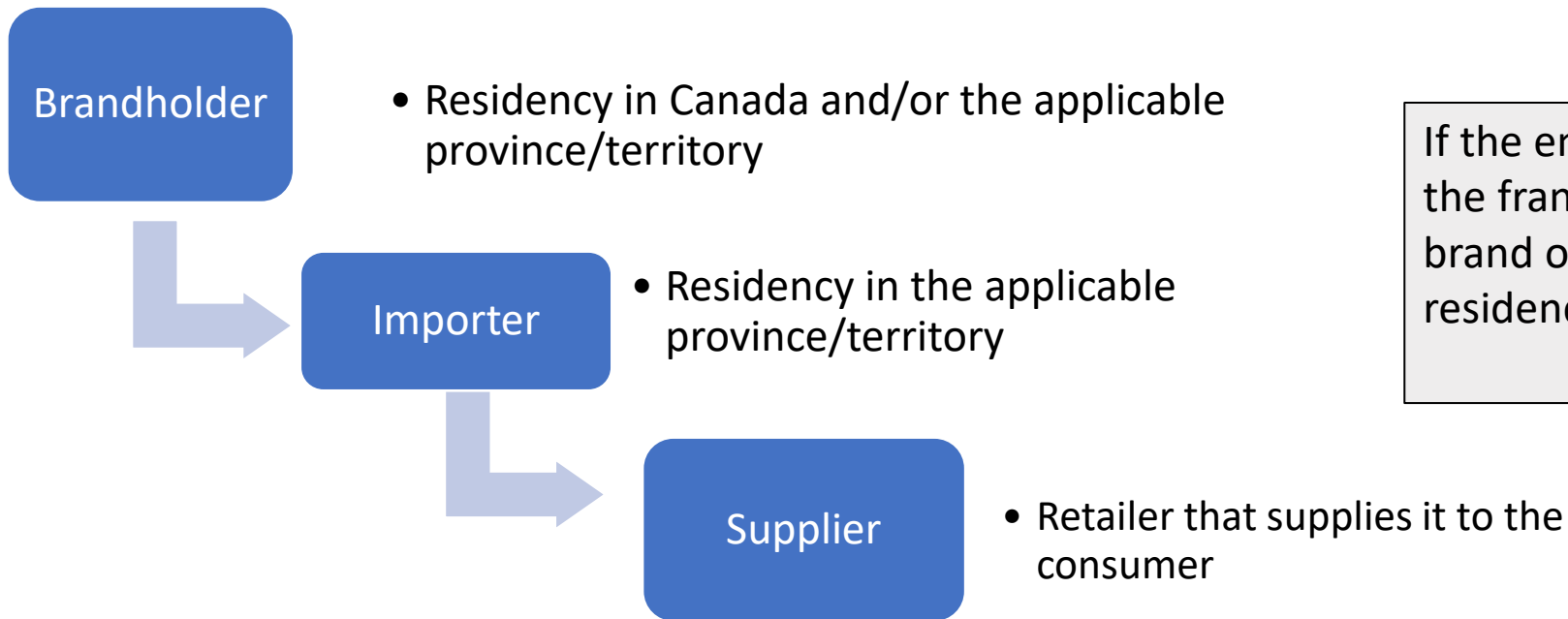
Existing EPR Legislations and Programs
Emerging EPR Legislations and Programs
No EPR Legislations and Programs in development

Key Characteristics of Provincial EPR Regulations

- Definition of obligated party (Producer)
 - Exemptions (small business, not for profit)
 - Individual Producers or Producer Responsibility Organizations
- Level of responsibility – full (100%) – cost shared (with local governments)
- Scope – targeted materials or products – What’s In and What’s Out
 - Coverage - Residential and/or Industrial Commercial Institutional (ICI)
- Financial model – Producer fees on sales (deposits, producer fee , consumer fees)
- Performance Targets – collection & recycling, accessibility
 - Methodologies to measure
 - Standards – what management is allowed and counts toward recycling targets
- Reporting and Auditing (performance transparency)
- Oversight – Provincial Governments or 3rd Party Organizations
- Penalties for non-compliance



Definition of Producer



If the entity is a franchise system, the franchisor is considered the brand owner (with the same residency constraints).

NB : This is a 'general' definition, there may be slight variations between jurisdictions

Are you the Obligated Producer?

A **brand owner** is an organization or company that is the registrant of a trademark. If the brand/trademark is unregistered, then the organization or company that owns the intellectual property rights to the brand/trademark is the “brand owner.”

If a brand owner is a **resident** of Canada/Province, then it is the obligated producer of the PPP associated with its brands supplied to residential consumers, ***regardless of whether the products are supplied by a licensee of the brand owner, a distributor, retailer, or supplied directly by the brand owner to the residential consumer.***



Are you the Obligated Producer?

Private Label - A producer is defined as the brand holder of a product. As such, the owner of the private label is responsible for the product and packaging of a product that is made by a third party, regardless of who grows/produces the product.

Products without branding, if you grow and package a product without branding it, typically the company that grew and packaged the product is the Producer.



Voluntary Contributor/Stewards

- Brand holders who are not resident in Canada/Province are not the obligated parties
- First sellers/retailers could be the obligated party because of residency can register, report and pay on products on 'behalf' of non-resident brandholders (negotiated within supply chains)
- Non-resident Brandholders can choose to voluntarily register and report/pay for packaging that they supply into the jurisdiction.

Scope of PPP

(Ontario Blue Box Regulation)

- **Primary Packaging** - used for containment, protection, handling, delivery and presentation of a produce
- **Convenience Packaging** – material used in addition to primary packaging to facilitate end users handling or transportation of one or more products (bags, boxes). - On line sales
- **Transport Packaging** – materials used in addition to primary packaging to facilitate the handling or transportation of one or more products

Packaging Components Include:

- Bags
- Wrappers
- **Stickers on Produce**
- Boxes



Scope of PPP

Ontario example continued

The following are material categories for the purposes of this Regulation:

1. Beverage container material category.
2. Glass material category.
3. Flexible plastic material category.
4. Rigid plastic material category.
5. Metal material category.
6. Paper material category.
7. **Certified compostable products and packaging material category (important to note that compostable category has no performance requirements, only reporting.)**

Producer Responsibility Organization (PRO)

A PRO is an organization (for profit or not for profit) that implements a collection network and manages the collection and recovery of packaging to ensure its producer members meet their accessibility and recovery targets as set out in the relevant provincial regulations.

PROs create the 'pay in' models that are charged to their producer members – Producer Fees



Current PROs Across Canada

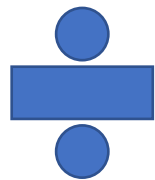
Province	PRO	Regulator
BC	Recycle BC	Province
Alberta	Circular Materials	Alberta Resource Management Authority
Saskatchewan	Multi Materials Stewardship Western	
Manitoba	Multi Materials Stewardship Manitoba	
Ontario	Circular Materials, RYSE, H2 Compliance North America	Resource Productivity Recovery Authority
Quebec	EEQ	Recyc - Quebec
New Brunswick	Circular Materials	Recycle NB



Producer Fees

Calculation Methodology

Amount of packaging by material type supplied into the market (specifically each jurisdiction)



Corresponding amount of materials collected and recycled



PRO Start up and operational/ administrative costs.



Revenues from the sale of materials commodities



Producer Fees Program Cost Drivers

- Set by individual material type (plastics, aluminum, steel, glass and paper): plastics are often divided by resin type (HDPE, LDPE and PET)
- Producer Fees are calculated annually based on known and *projected costs*
- Fees are paid based on packaging supplied into each provincial jurisdiction.
- What makes up producer fees ?

Program Costs ; (Start up & Operational)

- Management & Administration
- Data and reporting systems
- Material management (collection, transportation and processing)
- Material commodity values (revenues for sales of materials)
- Capital expenditure (buildings, collection & sorting equipment)
- Promotion and Education
- Contingencies and Reserves



Producer Fees Program Cost Drivers

	Alberta	Ontario (2026 - 2029)
Paper/Fiber	80%	80%
Rigid plastic	60%	50%
Flexible Plastic	30%	25%
Glass	75%	67%
Metal	70%	75%
Beverage Containers	90%	75% (2026)

Producer Fees (sample BC)

RECYCLE BC FEE SCHEDULE (CENTS/KG)				
Category	Material	2024 Fee Rates (cents/ kg)	2023 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	55.00	48.00	14.6%
	Magazines and Catalogues	25.00	19.00	31.6%
	Telephone Books	25.00	19.00	31.6%
	Other Printed Paper	61.00	58.00	5.2%
PAPER PACKAGING	Corrugated Cardboard	48.00	46.00	4.3%
	Boxboard	29.00	29.00	0.0%
	Gable Top Cartons	71.00	70.00	1.4%
	Paper Laminates	53.00	55.00	-3.6%
	Aseptic Containers	77.00	76.00	1.3%
PLASTICS	PET Bottles	98.00	90.00	8.9%
	HDPE Bottles	46.00	0.00	N/A
	Plastic Film	140.00	122.00	14.8%
	Plastic Laminates	143.00	122.00	17.2%
	Expanded Polystyrene	282.00	278.00	1.4%
	Rigid Polystyrene	106.00	117.00	-9.4%
	Other Plastics	77.00	81.00	-4.9%
STEEL	Other Steel Packaging	55.00	51.00	7.8%
	Steel Aerosols	36.00	35.00	2.9%
	Steel Paint Cans	47.00	47.00	0.0%
ALUMINUM	Aluminum Food & Other Containers	67.00	35.00	91.4%
	Other Aluminum Packaging	63.00	45.00	40.0%
GLASS	Clear Glass	42.00	41.00	2.4%
	Coloured Glass	42.00	41.00	2.4%

Packaging Material Commodity Values (Ontario Reference)

	May	June	July	Aug	Sept	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	Price Range
Newspaper (ONP #8 / SRP #56) ¹	187	190	193	161	139	73	49	50	49	50	58	187	(CDN/Metric Tonne)
Mixed Paper #54 / ONP#6 ²	107	109	101	55	13	(10)	(22)	(14)	(10)	(13)	(3)	107	na
Corrugated (OCC)	218	213	216	187	128	68	57	62	60	64	73	218	(20) - 56
Hardpack (OBB/OCC)	124	132	123	81	44	(1)	(5)	(5)	(5)	(1)	(2)	124	115 - 147
Boxboard (OBB)	na	na	na	na	na	na	na	na	na	na	na	na	(42) - 80
Polycoat Containers	50	64	na	67	na	na	40	34	30	20	19	50	na
PET (mixed)	1261	1183	640	283	169	186	247	293	334	376	406	1261	na
HDPE (mixed)	941	841	509	328	219	240	301	276	296	433	440	941	228 - 266
Plastic Tubs & Lids	na	na	na	na	na	na	na	na	na	na	na	na	405 - 538
Mixed Plastics ³	492	402	80	97	51	47	54	48	68	86	98	492	na
Film Plastic	40	na	na	17	na	na	na	(53)	na	na	na	40	(100) - 50
Aluminum Cans	2988	2597	2251	2085	2002	1920	1978	2039	2087	2345	2332	2988	na
Steel Cans	443	370	343	310	285	277	254	270	318	342	425	443	1664 - 1972
Glass (mixed)	(44)	(44)	(44)	(44)	(44)	(49)	(52)	(47)	(44)	(45)	(40)	(44)	323 - 383
Composite Index	312	288	223	164	117	86	84	92	104	118	130	312	(77) - (15)
Fibre Composite Index ⁴	164	160	162	126	80	34	21	27	30	31	39	164	
Container Composite Index ⁵	605	540	343	238	190	188	207	222	256	295	315	605	

Program Cost Escalations

- Transition from cost-sharing (50/50) with municipalities to full producer (producer paying 100% of the costs)
- Moving from subsidized municipal services to private sector
- Scope of materials expanding and higher recycling targets to meet
- Expansion of the program ; Coverage/service areas will expand from 2023 – 2027) with additional municipalities onboarded into the program as well as parks and long-term care facilities
- Program 'start up' will include new capital expenditures (i.e. new material recycling facilities)
- Service providers have escalating costs; staffing, fuel etc
- Commodity values on recycled materials varying so costs to manage each changes with market supply and demand realities

Am I Obligated

Understand the regulation and your obligations

1. Meet with the local regulator or oversight agency
2. Understand what choices you have in managing the obligation; self manage and/or join a producer responsibility organization (PRO)
3. Meet with the PRO or PROs to investigate their services
4. Work with an independent expert that understands EPR compliance and the relevant Regulations

Recommendations

Yes, I am obligated

Understand the regulation and your obligations

1. Develop an understanding of producer fees by materials type and integrate those costs into package decision making
2. Consider opportunities to move to a materials that has lower fees and /or reuse options – eliminating fees
3. Is there any ability to self manage?

FAQ

Question	Answer
Are PLU Stickers in scope?	YES, in all jurisdictions
Does PCR content affect the fee?	Not directly however more demand will likely increase value at end of life and that may reduce the over management costs of that material in the recycling system
Does the Federal Plastics Registry impact Provincial EPR responsibilities?	Not directly, producers will similarly be responsible for reporting similar data/information into the Registry that they already provide to fulfill provincial EPR reporting
Is compostable packaging subject to the Regulation?	Yes, it is treated the same as other package types with the exception of Ontario where there is only a reporting requirement (no fee)



Question & Answer

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BIO and Expertise

- Over 25 years experience in waste & recycling policies and programs
- Expertise in environmental compliance and strategy
- Executive Director of Recycling Council of Ontario 1999 – 2019
- 2020 Founded Circular Innovation Council, currently the Executive Director
- Independent consultant to a variety of national and multi-national private sector companies including grocer retail
- Advisor to many provincial governments on EPR
- Participation on the advisory committee to Minister of Environment and Climate Change on plastics and waste



Acronyms & Terms

EDR : Extended Producer Responsibility

IPR: Individual Producer Responsibility

PPP: Printed Paper and Packaging

PRO: Producer Responsibility Organization