

# Product Care Association Ontario Industry Stewardship Programs 2020 Annual Report

Submitted to:

Resource Productivity & Recovery Authority



**productcare.org**

Product Care Association of Canada,  
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## 1 Background

On November 30, 2016, the Resource Productivity and Recovery Authority (“Authority”) was established under the new Waste-Free Ontario Act, 2016 (WFOA). Any reference to the Authority includes references to Waste Diversion Ontario in accordance with the WFOA, 2016, schedule 1, Part III section 21(2).

On December 10, 2014, the Authority approved the Product Care Association (PCA) Industry Stewardship Plan (ISP) for the management of end-of-life paints and coatings. On March 25, 2015 the Authority announced the effective date of the PCA Paint ISP as June 30, 2015. On October 28, 2015 the Authority approved PCA’s ISP for the end-of-life management of Pesticides, Solvents and Fertilizers (PSF) and on December 17, 2015 announced the effective date for the PSF ISP as April 1, 2016.

This annual report is submitted to the Authority pursuant to s. 6.5 of the Authority-PCA Industry Stewardship Plan agreement and covers the period January 1, 2020 to December 31, 2020.

## 2 2020 Highlights

The impact of the Covid-19 pandemic on the ISP supply chain began in mid-March 2020 and continued through the year. In Q2. Several municipalities notified Product Care of the temporarily closure of their household hazardous waste depots and cancellation of a significant number of events. Two municipalities closed their municipal depots permanently for 2020. Many retailers also closed in Q2, or only offered delivery or pick up by the customer outside of the store. The municipal and retail collection sites started re-opening in late Q2 and Q3. Transporters continued picking up ISP materials through the entire year as needed. Recyclers (processors) continued to process incoming materials, adjusting capacity as necessary with health and safety protocols in place and staff reductions due to Covid.

RPRA approved the MHSW wind-up plan on December 31, 2019. On July 8, 2020, following extensive consultations and an amendment to the MHSW Windup Plan, Product Care entered into an agreement with Stewardship Ontario (SO), for the transfer by SO of \$16M in surplus funds, originally contributed to SO by paint/PSF stewards, to Product Care, to be returned to ISP members by way of fee reductions, as directed by the Minister of the Environment, Conservation and Parks. Product Care hosted several webinars with ON ISP members in 2020 keeping members informed of the ministerial direction, fee reduction surplus fund amounts and fee reduction procedures. By the end of 2020 Product Care had applied more than \$14.8M in fee reductions for paint, pesticides, solvents and fertilizers for ISP members. Product Care will continue to provide the fee reductions until all surplus funds have been returned. Any surplus funds remaining at the July 1, 2021 transition date will be paid to the ISP members as residual funds.

There were 5 new steward registrations with Product Care's ISPs in 2020. On July 15, and November 3, 2020 Product Care held webinars with Product Care members to provide updates on the ISPs, the refunds process and the MHSW transition.

At the end of 2020, the collection system for the PCA ISPs consisted of 100 municipal depots, 182 municipal events and 320 non-municipal sites. Excluding program material sold to Stewardship Ontario (SO), in 2020 the programs collected:

- 9,569 tonnes of waste paint,
- 31 tonnes of pesticides,
- 178 tonnes of solvents and
- 8.6 tonnes of fertilizers.

In addition, 5,051 tonnes of paint and 0.87 tonnes of solvents were recycled in 2020.

Product Care continued its outreach to non-municipal collection sites (return to retail) soliciting feedback to improve program efficiencies.

There were 22 municipal depots participating in the Ontario PaintShare program which collected over 4,258 containers (19 tonnes) of paint for reuse. As a result of the pandemic, and closure of some municipal depots, there was a significant decrease of PaintShare volume in 2020.

Product Care supported promotional and educational activities for program materials through advertising activities such as digital marketing and municipal calendars, Product Care's website and social media through Facebook and Twitter.

### 3 Program Performance

2020 target tonnages and tonnes collected for paint and for solvents and fertilizers, are apportioned between PCA and Stewardship Ontario (SO) according to market share. In the case of pesticides, 100% of the stewards are registered with Product Care. The tonnages data in table 3.1 represents the net quantities retained by PCA (see section 7.2 for further information).

PCA exceeded the collection target for paint and pesticides in 2020. Solvents did not meet the collection targets established in the Final Consolidated MHSW Program Plan. The main factor was the continued reduction of obligated solvents found in the waste stream. There is no collection target for fertilizers.

Product Care continues to search for efficient ways to improve the recycling rate of one gallon hybrid paint cans (plastic cans with metal rims/handles). In 2020 metal paint cans were recycled at the rate of 96% and hybrid paint cans and plastic pails recycled at 57%, and the resulting recycling rate for all paint containers was 84% (by weight). In 2020 Product Care continued monthly monitoring of paint recycling rates to identify and respond to challenges in a timely fashion.

### 3.1 2020 Program Tonnes Collected

	A	B	C=AxB	D	E=D/A	
Materials	Available to Collect Tonnes	Collection Target Rate	Collection Target Tonnes	Actual Tonnes Collected <sup>1</sup>	Actual Collection Rate	Prior year (2019) Tonnes Collected
Paint	8,860	95%	8,417	9,569	108%	9,748
Pesticides	24	60%	14	31.3	130%	26
Solvents	1,403	49%	687	178	12%	232
Fertilizers	11	n/a	n/a	8.6	78%	29

1. "Actual Tonnes Collected" excludes tonnes sold to SO.

### 3.2 2020 Program Tonnes Recycled

	F	G	H=G/A	
Materials	Recycling Target Rate	Actual Recycled & Reused Tonnes	Actual Recycling & Reused Rate	Prior year (2019) Tonnes Recycled
Paint	76%	5,051	57%	6,341
Pesticides	n/a	n/a	n/a	n/a
Solvents	4.9%	0.87	0.06%	1.3
Fertilizers	n/a	n/a	n/a	n/a

2. "Actual Paint Recycled Tonnes" excludes paint collected but not processed in 2020

### 3.3 PaintShare Program

The PaintShare program was significantly impacted by the pandemic as some municipal depots closed for a period of time in 2020 or residents were hesitant to take paint from the program. In 2020 there were 4,258 containers of paint given away to consumers at participating collection sites, compared to 22,204 in 2019. This represented approximately 19 tonnes of paint shared in 2020 compared to over 100 tonnes in 2019. PCA will continue to promote the PaintShare program and monitor its performance until the wind up of the MHSW program.

## 4 Stakeholder Consultation

### 4.1 Member Webinar

Product Care kept its members updated via the [productcare.org](https://productcare.org) website – member section, direct emails to members, as well as a Product Care member webinar on November 16, 2020. Product Care also held webinars specifically to inform members on the fee reduction process (see section 9.3)

### 4.2 R2R Collection Site Feedback

Product Care is in regular contact with all return to retail (R2R) collection sites, to ensure service provider performance and customer service standards are maintained and to identify opportunities for improvement. Product Care received feedback through phone calls and email related to the service to R2R sites in 2020. No major issues were identified, and questions were responded to in a timely manner. Overall, in 2020, the feedback from R2R sites was positive and constructive. Product Care plans to continue communicating with R2R sites and R2R service providers on a regular basis throughout 2021 to ensure the effective performance of the R2R collection system.

## 5 Supply Chain Update

### 5.1 Service Provider Set Up

In 2020, Product Care listed 17 service providers providing transportation and processing services as summarized in Appendix A. There were no changes in approved transporters and processors in 2020.

### 5.2 R2R Transportation and Processing Services

Product Care continued to explore improvements and expansion of the R2R supply chain. Product Care worked closely with a major retail chain with regards to the design of a reusable metal collection container for implementation at their R2R sites in Q1 2021.

### 5.3 Audits & Site Visits

In 2020, Product Care conducted activities to monitor supply chain performance, to ensure the accuracy of diversion reports and to verify that program standards and guidelines were followed. Most service provider “visits” in 2020 were conducted virtually, with few on-site visits.

### 5.4 Lab Pack Studies

The MECP directed SO to wind up the MHSW program on June 30, 2021, resulting in a six month operational period for the Product Care ISPs in 2021. Product Care met with municipal representatives and it was agreed that the 2020 lab pack factors would be applied for the first six months of 2021, and that a 2020 lab pack study was not required. Therefore the 2021 lab pack factors remained at the same rates as 2020, see the table below.

Lab Pack Type	Municipal Share		Steward Share	
	2020	2021 (Jan. 1 to June 30, 2021)	2020	2021 (Jan. 1 to June 30, 2021)
Pesticide	84.84%	84.84%	15.16%	15.16%
Misc. Organics (includes solvents)	94.07%	94.07%	5.93%	5.93%
Fertilizer	91.09%	91.09%	8.91%	8.91%
Aerosols	48.64%	48.64%	51.36%	51.36%

## 6 Accessibility Update

### 6.1 PCA ISPs Collection Network

Type	Paint Collection Sites			PSF Collection Sites		
	2020 Annual Target	2020 Actual	2019	2020 Annual Target	2020 Actual	2019
Municipal Depot	145	100	99	175	99	98
Municipal Events	500	182	298	525	182	298
Return to Retail	450	320	324	n/a	n/a	n/a

### 6.2 Municipal Collection Sites

In 2020 there was one (1) new municipal depot added to the PCA ISP collection system and 116 fewer events compared to the previous year. The significant decrease in events was the result of municipalities cancelling events in Q2 and Q3 2020 due to the pandemic.

### 6.3 Non-Municipal Collection Sites

In 2020, Product Care added 14 new Return to Retail (R2R) collection sites to the network, including 5 Benjamin Moore paint stores, 2 independent paint stores, 4 Home Hardware, 1 Habitat for Humanity stores and 2 Rona Stores. Considering 18 R2R sites that left the program, there was a net decrease of 4 R2R collection sites compared to 2019. The majority of R2R sites closed in 2020 were from the Lowe's/Rona chain who

announced store closures/restructuring in late 2019. Product Care continues to discuss R2R expansion with retail chains and individual stores across Ontario.

## **7 Steward/IFO/ISP Updates**

### **7.1 Steward Transition from IFO to ISPs**

There were 5 new PCA members added to the PCA ISPs in 2020. As of the end of 2020 there were 102 paint members, 22 pesticide members, 78 solvent members and 18 fertilizer members registered as participating in the PCA ISPs. Note that some companies are in multiple programs. A list of ISP members is provided in Appendix B.

Throughout 2020, PCA continued to follow up with Ontario paint and PSF stewards who expressed interest in transitioning from SO, the Industry Funded Organization (IFO), to the PCA ISPs as well to recruit stewards that were new to the market.

In addition, PCA regularly followed up with members on reporting requirements and performed member audits in accordance with PCA's Membership Agreement.

### **7.2 Supply Chain Cost Share between the ISO and IFO**

For paint, Product Care has operated the entire supply chain since July 1, 2015 and for PSF since April 1, 2016.

After intervention by RPRA, SO paid its members' share of operating and administration costs of the paint supply chain. An annual reconciliation based on each organizations member market share is conducted and Product Care invoices SO at the beginning of the following year. For 2020, SO purchased 2.3 tonnes of paint on behalf of the paint Stewards remaining with Stewardship Ontario.

PCA and SO agreed to extend the cost sharing agreement related to the PSF program operations to the end of June 30, 2020, the wind up date of the MHSW program. Supply chain costs are apportioned between PCA and SO based on actual PSF steward market share. 100% of pesticide Stewards are Product Care members, therefore no tonnes were required to be purchased by SO. In 2020 SO purchased 9.2 tonnes of solvents and 1.6 tonnes of fertilizers from Product Care.

## **8 Promotion and Education**

In 2020, Product Care Recycling implemented a number of different tactics to raise consumer awareness for Ontario's paint recycling and pesticides, solvents and fertilizers (PSF) recycling programs in accordance with regulatory requirements. The following sections provide details regarding the communication and public education for the program in 2020.

Due to the pandemic, most advertising was paused between March and June 2020. A website banner was posted in March (and remains posted) on the Product Care website to notify consumers of possible changes to recycling drop-off protocol and site closures.

### **8.1 Website**

The Product Care site includes the following content for the Ontario paint and PSF recycling programs, in both English and French:



- Recycling locator (a map displaying the recycling locations and drop-off events)
- Recycling location hours and operations
- The paint and PSF programs' accepted and not accepted products
- Program member support centre with news and updates
- Consumer videos showing the product management approach for paint
- Other information (e.g. a description of the PaintShare program, frequently asked questions, information about buying and storing paint)

#### 2020 Website Traffic Overview:

Metric	Traffic From Ontario Users
Sessions (Total Visits)	60,979
Returning Visitors (%)	18.21%
New Visitors (%)	81.79%
Average Visit Duration	00:01:17
Average Page Views per Session	2.71

The parameters used for the website traffic analysis include:

- Ontario only traffic to all sections of the website (news, home page, recycling locator, about, etc.) is included in the analytics. All other provinces (and non-Canadian locations) are excluded from data extraction
- Time period of January to December 2020

#### Top Traffic Referral Sources (Q1 – Q4):

Linking Site	Organization	% of ON Referral Traffic
canadiantire.ca	Canadian Tire	30.29%
ottawa.ca	City of Ottawa	21.62%
london.ca	City of London	11.39%
toronto.ca	City of Toronto	5.06%

## 8.2 Point of Sale (PoS) and Point of Return (PoR) Materials

In 2020, Product Care distributed both PoS and PoR materials as requested by

retailers and recycling locations. The following materials are available for reorder through the online order form:

- Brochures
- Poster (includes general awareness posters and R2R-specific posters)

### 8.3 Digital Advertising and Activities

1. **Google Search Advertising Campaign:** January to December 2020
  - a. An Ontario-specific search advertising campaign served paint, PaintShare and PSF ads to residents based on an extensive list of keyword searches relevant to the programs.
  - b. Ontario's ads generated 51,159 impressions and 8,256 clicks, a click-through rate of 16%.
2. **Facebook Advertising Campaign:** January to December 2020
  - a. Organic Facebook content targeted to Ontarians focused on paint recycling, reuse, special waste and the recycling community in general. In 2020, Ontario had the second largest Facebook audience by province, second only to BC.
  - b. In November and December, a paid pilot campaign ran on Facebook to raise awareness about return to retail sites. The campaign targeted Ontario residents with an interest in recycling and related topics, through both newsfeed and story ads. In total, the campaign produced 387,538 impressions and 2,329 website visits.
3. **Municipal Calendar Advertising:** Paint and PSF recycling ads ran in the largest possible format in all Ontario municipal calendars for municipalities who collaborate with Product Care and have requested support. More than 780,000 calendars were distributed throughout the province.

**CPCA Publication Print Advertising:** An inside cover print ad was featured in CPCA Insight Trade Publication. Three thousand copies were distributed to industry members. A digital version of the publication is posted on CPCA's website.

## 9 ISP Transition

### 9.1 Acknowledgement Statements

#### ISO Acknowledgement

Product Care acknowledges the direction outlined by the Minister on April 12, 2018 including:

- There will be no disruption in the operation of the Product Care ISP programs for paint, pesticides, solvents and fertilizers, including collection, transportation, processing, or recycled product manufacturing, while the ISP program is operating.

- Ontario residents' accessibility and experience with the Product Care ISP will not be negatively impacted during wind up of the waste diversion programs for Product Care ISP materials.
- Current program targets or performance of Product Care's ISP materials, whichever is higher, will be maintained or exceeded, until the ISP program ceases operation

### **Member Fee Reduction Acknowledgement**

Retroactive Fee Reduction – Product Care contacted 108 members, sent detailed emails to each member including their retroactive (to January 1, 2020) fee reduction amount and their requirement to acknowledge the Minister's direction.

Ongoing fee reductions: - Members are required to acknowledge the Minister's direction each time they report through Product Care's member reporting portal. The system will not allow members report their sales to Product Care or obtain a fee reduction unless they have "checked the box", acknowledging the Minister's direction. Therefore 100% of Ontario Paint and PSF members reporting through the member portal have acknowledged the Minister's direction.

## **9.2 Fee Reduction Amount**

A summary of the fee reduction amounts received from Stewardship Ontario and amounts disbursed in 2020 to Ontario ISP members are shown in table 1. As was anticipated the Paint fee reduction surplus funds were insufficient to cover all of Q4 2020. As a result, Product Care suspended the paint fee reductions after Q3. Accordingly, in Q4 paint members were required to report and remit all EHF fees and taxes. A paint fee reduction reconciliation will occur in February 2021, after all 2020 reports are received, and then a final paint fee refund can be made. Product Care has provided members with an update on this change in procedure. PSF fee reductions will continue in 2021 until June 30, 2021, the wind-up date.

**ON Paint/PSF Fee Reduction Summary**

<b>Material</b>	<b>Fee Reduction Amount Received</b>	<b>Amount applied as Fee Reductions in 2020</b>
<b>Paint and Coating</b>	\$14,586,000	\$13,787,359
<b>Pesticides</b>	\$250,200	\$121,859
<b>Solvents</b>	\$1,240,400	\$807,609
<b>Fertilizers</b>	\$289,900	\$152,308

## **9.3 Communication**

Product Care hosted and participated in various meeting with Ontario ISP members and service partners related to the ISP fee reduction and MHSW transition in 2020. Product Care kept members informed once the fee reductions funds were received and the procedures implemented to apply the fee reduction, members required acknowledgement of the Minister's direction to benefit the consumer and status of the

amounts remaining in each material category. Product Care updated its reporting portal which allowed members to acknowledge the Minister's direction before reporting.

Product Care also met and consulted with municipalities and service partners informing them of the ISP wind-up dates, key dates such as last date to pick up materials from municipal depots and return to retail sites as well as last date to report their ISP activities to Product Care. There are ongoing discussions with municipal partners as well as service providers to ensure a seamless transition of the ISP program.

#### **9.4 Restricted Reserves**

Product Care has placed \$765,500 of existing reserve funds unrelated to the fee reduction funds received from Stewardship Ontario in a restricted reserve fund as required by the Product Care and Stewardship Ontario Surplus Transfer Agreement, in order to assure the payment of the paint/PSF share of any approved additional costs of SO in the event of an MHSW transition delay.

## 10 Appendices

### 10.1 Appendix A – Service Providers

T=Transporter, P=Processor

PCA Service Provider List					
Company Name	Paint	Aerosols	Pesticides	Solvents	Fertilizers
Aevitas Inc.	T	T	T	T	T
Brendar Environmental Inc.	T	T/P	T/P	T/P	T/P
Buckham Transport Ltd.	T	T/P	T/P	T/P	T/P
Cardinal Couriers Ltd.	T				
Clean Harbors Inc.	T		T/P	T/P	T/P
Drain-All Ltd.	T	T/P	T/P	T/P	T/P
Envirosystems Inc. (formerly Hotz Environmental)	T/P	T/P	T/P	T/P	T/P
GFL Environmental Inc. (formerly Potter Environmental)	T	T/P	T/P	T/P	T/P
Loop Recycled Products Inc.	P				
Miller Environmental Corporation	T	T/P	T/P	T/P	T/P
OWL Environmental Inc.	T			T	
Photech Environmental Solutions	T	T/P	T/P	T/P	T/P
Quantex Technologies Inc.	T	T	T	T	T
Raw Materials Company Inc.	T	T	T	T	T
Safety-Kleen Brampton	T			T	
Safety-Kleen Brantford	T			T	
Safety-Kleen Chelmsford	T			T	
Safety-Kleen London	T			T	
Safety-Kleen Oshawa	T			T	
Safety-Kleen Ottawa	T			T	
Terrapure Environmental (formally Newalta)	T	T	T/P	T/P	T/P
Veolia Environmental - Timmins	T		T	T	T
Veolia ES Canada - Chatham	T		T	T	T
Veolia ES Canada - Ottawa	T		T	T	T
Veolia ES Canada - Pickering	T		T	T	T
Veolia ES Canada - Quebec	T		T	T	T

T=Transporter, P=Processor

## 10.2 Appendix B – ISP Registered Members

PCA ISP Registered Members	
108787944 Canada Inc	Lowe's Companies Canada, ULC
1439174 Ontario Ltd dba NLS Products	M G Chemicals Ltd.
3600106 Manitoba Inc o/a Piston Ring	Martin & Associates Ind
3M Canada Company	Michaels Stores Inc.
Acklands-Grainger Inc	Modern Sales Co-op-Auto Sense Parts
AD Fire Protection Systems Inc	Nawkaw Corporation
Alex Milne Associates Ltd.	NCH Canada Inc.
Alexandria Moulding	Nordstrom Canada Inc
Amazon.com.ca, Inc.	Oatey Canada Supply Chain Services
Avanti Sports Group Inc.	Omer DeSerres Inc.
BASF - The Chemical Company	Orgill Canada Hardlines ULC
Bass Pro Canada ULC	Lite-scape Lighting Inc.
Beauty Systems Group (Canada) Inc.	Loblaw Companies Ltd
Behr Process Corp.	Loop Recycled Products Inc.
Benjamin Moore & Co. Ltd.	Loveland Products Canada Inc.
Bestbuy Distributors Ltd	Lowe's Companies Canada, ULC
Bolts Plus Inc.	M G Chemicals Ltd.
Brett-Young Seeds Limited / Semences Brett-Young Limitee	Martin & Associates Ind
Bridgestone Canada Inc, Firestone Building Products Canada Division	Michaels Stores Inc.
Brock White Construction Materials	Modern Sales Co-op-Auto Sense Parts
Cabela's Retail Canada Inc	Nawkaw Corporation
Canadian Auto Stores Ltd	NCH Canada Inc.
Canadian Tire Corporation, Ltd.	Nordstrom Canada Inc
Canpro Decorating products Inc.	Oatey Canada Supply Chain Services
Canrad Beauty Ltd	Omer DeSerres Inc.
Cansel Survey Equipment	Orgill Canada Hardlines ULC
CBR Products	PartSource Inc.
Cedar Creek Hobbies Inc	Patene Building Supplies Ltd
CertainTeed Gypsum Canada, Inc.	Peintures MF Inc.
Class C Solutions Group, MSC Industrial Supply LLC	Permatex Canada Inc.
Cloverdale Paint Inc.	Popular Garden Centre
Comfort & Stuff imports Ltd	PPG Architectural Coatings Canada Inc.
Commercial Oil Company of Hamilton Inc.	Prema Canada ULC
Costco Wholesale Canada Ltd	Premier Tech Home & Garden
Country Chic Paint	Princess Auto Ltd.
CRC Canada Inc.	Protek Paint Ltd
Custom Building Products Canada Ltd	PSC-Power Source Canada Ltd
Darch Fire Incorporated	Quikrete Canada Holdings Limited
Dominion Sure Seal Ltd.	Recochem Inc.
Dow Building Solutions	Regional Automotive Warehousing Ltd
Dynamic Paint Products Inc.	RONA Inc.

PCA ISP Registered Members	
Empack Spraytech Inc.	Rust-Oleum Consumer Brands Canada
Essendant Canada Inc	S.C. Johnson & Son, Limited
Everguard Coatings International Ltd. dba Niagara Protective Coatings	Saman Corporation (3777472 Canada Inc.)
Farrow & Ball Canada Ltd	Sansin Corporation
Fastenal Canada Ltd	Schwartz Chemicals
FCA Canada Inc.	Scotts Canada Ltd.
FGL Sports Ltd.	Selectone Paints Limited
Ford Motor Company of Canada Ltd	Sherwin-Williams Canada Inc
General Motors Corporation	Shrader Canada Limited
Gh International Sealants ULC	Solignum Inc.
GS Distribution Inc	Solstrand Trading Inc
Henkel Cda Corp. Consumer Adhesives	Spar Roofing & Metal Supplies Ltd
Henry Company Inc	STIHL Limited
Home Depot of Canada Inc	Sto Canada Ltd
Home Hardware Stores Limited	Surekiller Products Limited
Hotz Environmental Services Inc.	Suzuki Canada Inc.
IKEA Canada Limited Partnership	Tenaquip Limited
Ikea Supply AG	The Houtshop Inc.
Industrial Choice Supply	The Sherwin-Williams Co.
ITW construction products a division of ITW Canada Inc.	Timber Pro Coatings Ltd.
Jaguar Land Rover Canada ULC	Toolway Industries Ltd.
John Deere Canada ULC	Torcan Coatings Inc.
K-G Spray-Pak Inc	Toyota Canada Inc.
King-O-Matic Industries Limited	Tremco Canada Division, RPM Canada
Kleen-Flo Tumbler Industries Ltd.	UAP INC.
KLONDIKE Lubricants Corporation	Uline Canada Inc.
Korzite Coatings Inc.	Valvoline Canada-Div. Ashland Canada
Kubota Canada Ltd	Volkswagen Group Canada Inc.
Lawson Products Inc	W.H. Lubricants Ltd.
Lee Valley Tools Ltd.	Wallace & Carey Inc.
Les Produits Techni-Seal Inc.	WalMart Canada Corp
Lite-scape Lighting Inc.	WD-40 Company (Canada) Ltd.
Loblaw Companies Ltd	Wood Essence Distributing
Loop Recycled Products Inc.	Wurth Canada
Loveland Products Canada Inc.	YHD Distributors Inc.

**PRODUCT CARE ASSOCIATION OF CANADA  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND  
FERTILIZERS PROGRAM**

**STATEMENT OF REVENUES AND EXPENSES**

**31 DECEMBER 2020**



**PRODUCT CARE ASSOCIATION OF CANADA  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM  
Statement of Revenues and Expenses**  
For the year ended 31 December 2020

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## INDEPENDENT AUDITORS' REPORT

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To: Resource Productivity & Recovery Authority,

### Report on the Audit of the Statement of Revenues and Expenses

#### Opinion

As required by the Waste-Free Ontario Act, S.O. 2016, (C.12 - Schedule 2 (s.30(2(3))))), we have audited the Statement of Revenues and Expenses of the Ontario PaintRecycle Program and Ontario Pesticides, Solvents and Fertilizers Program (the "Statement") as reported by Product Care Association of Canada (the "Association") for the year ended 31 December 2020 and a summary of significant accounting policies and other explanatory information.

In our opinion, the Statement presents fairly, in all material respects, the revenue and expenses of the Ontario PaintRecycle Program and Ontario Pesticides, Solvents and Fertilizers Program for the year ended 31 December 2020 in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the Statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter - Restriction on Distribution and Use

This report is prepared on the direction of Product Care Association of Canada's management and the Resource Productivity & Recovery Authority. As a result, the report may not be suitable for another purpose. Our report is intended solely for Product Care Association of Canada's management and the Resource Productivity & Recovery Authority, and should not be distributed to other parties.

#### Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of Statement that is free from material misstatement, whether due to fraud or error.

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## INDEPENDENT AUDITORS' REPORT - Continued

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In preparing the Statement, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### **Auditors' Responsibilities**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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## INDEPENDENT AUDITORS' REPORT - Continued

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
17 March 2021

**PRODUCT CARE ASSOCIATION OF CANADA  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM**

**Statement of Revenues and Expenses**

**For the year ended 31 December 2020**

	2020	2019
		(Note 5)
<b>Revenues</b>	<b>\$ 18,634,775</b>	<b>\$ 16,064,258</b>
<b>Program expenses</b>		
Processing	6,243,351	6,037,856
Collection	5,597,928	6,248,948
Transportation	1,881,780	1,963,317
Administration (Note 2 (b), (c) & (e))	1,399,441	1,510,962
Regulatory	304,712	384,406
Communications	51,227	70,225
	<b>15,478,439</b>	<b>16,215,714</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ 3,156,336</b>	<b>\$ (151,456)</b>
<b>Commitment</b> (Note 3)		
<b>Contingency</b> (Note 5)		

The accompanying notes are an integral part of this statement of revenues and expenses.

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**PRODUCT CARE ASSOCIATION OF CANADA  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM  
Notes to the Statement of Revenues and Expenses  
For the year ended 31 December 2020**

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**1. Basis of Presentation**

The Statement includes the revenues and expenses (the “Statement”) of the Ontario PaintRecycle Program and Ontario Pesticides, Solvents and Fertilizers Program (the “Programs”), a segment of the operations of Product Care Association of Canada (the “Association”).

**2. Summary of Significant Accounting Policies**

The Statement is prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

**(a) Revenue Recognition**

Environmental Handling Fees are received from members of the Association making sales of designated program materials within the province of Ontario. The Association recognizes these fees as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Environmental Handling Fees revenues are recognized as individual members report and remit them as required by the Association’s membership agreement which is at the end of the month following the reporting period that the designated program materials were sold by the member.

Members are obligated to remit Environmental Handling Fees for all products sold from the earlier of the Program’s start date or the date when the member started selling obligated products. If, for any reason, a member omits reporting and remitting Environmental Handling Fees associated with sold Program products, the Association will recognize those Environmental Handling Fees as revenue when the amounts are determinable by the Association.

**(b) Tangible Capital Assets**

Tangible capital assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rate is as follows:

Depot equipment	3 years
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Included in administration expense is \$5,710 (2019 - \$11,351) of amortization expense related to tangible capital assets.

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**PRODUCT CARE ASSOCIATION OF CANADA  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM  
Notes to the Statement of Revenues and Expenses  
For the year ended 31 December 2020**

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**2. Summary of Significant Accounting Policies - continued**

(c) Intangible Assets

Intangible assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rate is as follows:

ERP System	5 years
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Included in administration expense is \$53,221 (2019 - \$85,947) of amortization expense related to intangible capital assets.

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses and disclosure of contingencies included in the Statement. Accounts subject to estimates include revenue accruals, expense accruals, amortization, overhead allocation and processing commitments. Actual results could differ from those estimates.

(e) General and Administrative Expenses - Overhead Allocation

A portion of the total general and the administrative expenses of the Association, net of expense recoveries, has been allocated to the Programs. The allocation of general and administrative expenses to the Programs is determined using the percentage of program specific operating expenses as compared to total operating expenses for all the Association's programs. Included in administration expense is \$870,914 (2019 - \$969,246) of overhead expense which has been allocated to the Programs.

**3. Processing Commitment**

At year end, the Association had unprocessed program material on hand related to the Programs with an estimated cost to process, transport and recycle of \$718,028 (2019 - \$322,563) which will be incurred in 2021.

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**PRODUCT CARE ASSOCIATION OF CANADA  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM  
Notes to the Statement of Revenues and Expenses  
For the year ended 31 December 2020**

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**4. Fee Reduction Campaign**

On 24 June 2020, the Resource Productivity and Recovery Authority (“RRPA”) approved the Surplus Fund Transfer Addendum which, among other matters, included a transfer of surplus funds from the previous Municipal Hazardous or Special Waste (“MHSW”) program to Stewards or members of the program. On 8 July 2020, the Association entered into an agreement with Stewardship Ontario (“SO”) to distribute surplus fund from the MHSW program to the members of the Ontario PaintRecycle Program and the Ontario Pesticides, Solvents and Fertilizers Program (the “Programs”). Under the agreement the Association received total surplus funds of \$16,366,500, of which \$14,586,000 was to be distributed to members of the Ontario PaintRecycle Program and \$1,780,500 was to be distrusted to members of the Ontario Pesticides, Solvents and Fertilizers Program before 30 June 2021. Under the agreement, eligible members of the Programs are entitled to receive a reduction of Environmental Handling Fees (“EHFs”) from the surplus funds that would have otherwise been payable by the members as they report EHFs, in accordance with the fee reduction schedule as established and agreed by the Association and SO. As of 31 December 2020, \$801,158 of surplus funds made available to the Ontario PaintRecycle Program and \$815,066 related to the Ontario Pesticides, Solvents and Fertilizers Program remain to be applied to future member fee reductions in 2021. The remaining amounts at 31 December 2020 are determined based on EHFs reported by the members to 30 November 2020 in accordance with the Association’s revenue recognition policy (Note 2(a)).

**5. Contingency**

Pursuant to the Surplus Fund Transfer Addendum (Note 4), the Association established a restricted reserve fund of \$765,500 from the Association’s existing assets excluding the surplus funds received as part of the Fee Reduction Campaign. The restricted reserve fund has been allocated to the categories of designated program materials as follows:

Paint and Coatings	\$ 673,700
Pesticides	15,000
Solvents	61,700
Fertilizers	15,100
	<u>\$ 765,500</u>

The purpose of the restricted reserve fund is to cover certain expenses which may be invoiced by Stewardship Ontario (“SO”) should there be a delay in transitioning the MHSW program to individual producer responsibility beyond 30 June 2021. In the event that there is insufficient funding in the restricted reserve fund to cover the expenses during a transitional delay, the Association is required to fund any expenses in excess of the restricted reserve fund from its own assets. At the date of the Independent Auditors’ Report, it is indeterminable whether there will be any delay in transitioning the MHSW program and if the Association will be required to fund any expenses, either up to, or in excess of, the amount of the restricted reserve fund.