



PROPOSED PRODUCT STEWARDSHIP PROGRAM FOR SCRAP TIRE MANAGEMENT: 2018 - 2020

SUBMISSION TO THE MINISTER OF ENVIRONMENT

Submitted By:

Colin Fraser, Board Chair
Tire Stewardship of Saskatchewan Inc.

September 28, 2017

TABLE OF CONTENTS

1. BACKGROUND – TIRE RECYCLING IN SASKATCHEWAN	3
2. A FRESH START – THE TIRE STEWARDSHIP OF SASKATCHEWAN INC.	7
3. TSS STRATEGIC DIRECTION	8
4. TSS GOVERNANCE & STAKEHOLDER OVERVIEW	9
5. PSP PERFORMANCE MANAGEMENT	13
6. PROGRAM IMPLEMENTATION PHASES	15
7. TIRE RECYCLING FEES & REMITTANCE	15
8. SCRAP TIRE COLLECTION & TRANSPORTATION	19
9. SCRAP TIRE PROCESSING & RECYCLING	22
10. LEGACY TIRE PROGRAMMING	26
11. MANAGEMENT & OPERATIONS	29
12. REPORTING	33



1. BACKGROUND – TIRE RECYCLING IN SASKATCHEWAN

A. PROGRAM HISTORY

In 1996, the Saskatchewan tire retailers recognized that scrap tires were an environmental concern and volunteered to take on the waste issues associated with scrap tires, at the time without government funding and associated regulations. The three founding members of the corporation were the Western Canada Tire Dealers, the Saskatchewan Urban Municipalities Association and the Saskatchewan Association of Rural Municipalities.

At the time, the mandate of the program was to facilitate the collection and recycling of scrap tires. In 1998, it became clear that the voluntary program led by industry was not financially stable. Because the program was voluntary, only 250 of the 1,320 retailers were participating in the program. Tire retailers that were supporting the program were losing business to those retailers that were not participating in the program. Through consultation with key stakeholders and industry partners, it was made clear that without the guidance of a product management program and supporting regulations for scrap tires, the program was not sustainable. In 1998, the Ministry of Environment promulgated the *Scrap Tire Management Regulations, 1998* to legislate a mandatory product management program. The expectation of the program was to:

- Divert scrap tires away from disposal at municipal landfills;
- Provide universal access to the program;
- Place the cost for the recycling or environmentally sound disposal on the consumer, retailer and manufacturer;
- Increase the life span of existing landfills; and
- Limit health issues and environmental concerns associated with stockpiled scrap tires.

Extended Producer Responsibility Model

Since the *Environmental Management and Protection Act, 2002* and the pursuant *The Scrap Tire Management Regulations* were put into force in 1998, scrap tires have been managed in Saskatchewan under an Extended Producer Responsibility (EPR) model.

Product Stewardship and Extended Producer Responsibility are systems-based solutions to reduce the life-cycle environmental and societal impacts of products and packaging. Product stewardship is the act of minimizing the health, environmental and social impacts of a product and its packaging throughout its lifecycle. Extended Producer Responsibility is a product stewardship policy framework that helps to create sustainable systems that continually reuse the materials in commerce according to their highest and best use. (www.upstreampolicy.org)

Saskatchewan uses a variety of EPR programs to manage product recycling. These stewardship programs are run on behalf of industries to develop recycling options for managing their products responsibly when they reach end of their useful life. Regulations exist to enable oversight of the industry led stewardship organization (program operator) by requiring a Product Stewardship Plan (PSP) to be approved by the Minister. Oversight involves periodic program reviews by the Minister and Ministry to ensure that the stewardship organization is meeting the goals and requirements of the program as described in the regulations.

Program Operation in Saskatchewan

Since the program inception, the Saskatchewan Scrap Tire Corporation (SSTC) has been the sole program operator of the scrap tire recycling program in Saskatchewan. The SSTC operated the program on behalf of retailers to meet their obligations under the regulations. As part of its mandate, the SSTC worked with many stakeholders involved and interested in the program including retailers, auto dealers, municipalities, local governments, regional waste authorities, processors, collectors, other scrap tire recycling agencies and the general public. The SSTC's program was guided by three important phases to divert scrap tires from the landfills to be recycled responsibly – (1) Phase One – Current Generation Tire Clean-up; (2) Phase

Two – Municipal Landfill Clean-up; and (3) Phase Three – Private Stockpile Clean-up. Phase Two was completed in 2009 and Phase Three only had 69 Rural Municipalities of the total 227 remaining.

Saskatchewan generates almost 1.5 million scrap tires annually. Prior to the program most if not all scrap tires landed in local landfills as domestic waste or they were stockpiled or buried. A number of tires were also dumped along roadsides throughout the province. Since SSTC's inception in 1996, the SSTC and the program participants realized many positive results as referenced in SSTC's 2016 Annual Report:

- Diverted more than 40 million pounds of scrap tires from Saskatchewan landfills as of 2016.
- There are currently 1,380 registered retailers reporting provincial tire supply of over 1.46 million tires in 2016.
- The overall recovery rate for all tire types in 2016 was 67% (the number of scrap tires collected divided by the number of new tire sold).
- The Community Demonstration Grant is available to municipalities, registered non-profit groups or organizations, schools, First Nations, and Metis communities, who have incorporated an ever-growing number of recycled rubber products into their community-based projects such as playgrounds, sports arenas and walking paths. Over the lifespan of the program, the SSTC has "given back" a total of over \$296,000 to over 100 communities in the province.
- The Black Gold Rush program for private stockpile clean-up is nearing its end. A total of 227 rural municipalities have received the program with a total of 69 rural municipalities remaining. Cost of the program to date has been \$5.34 million, with more than half a million scrap tires being collected from private stockpiles.
- The Return to Retailer program provides Saskatchewan residents with an additional scrap tire disposal option. It is offered in 27 communities at 40 participating locations, and 12,086 scrap tires were collected in 2016.

It is acknowledged that the SSTC was instrumental in building the importance of the Scrap Tire Recycling Program in Saskatchewan, which is strongly recognized and acknowledged by stakeholders. Without a defined program like this one, improperly managed tires would have continued to be stockpiled which are fire hazards for the communities, and end up again in landfills creating a habitat for mosquitoes, rodents and other vermin.

B. RECENT PROGRAM REVIEW & CHANGES

2017 Saskatchewan Tire Recycling Program Review

The Minister of Environment (the Minister) established an Advisory Committee in January 2017 to conduct an independent review of the Scrap Tire Recycling Program in Saskatchewan. The scope of the review requested was to engage with stakeholders and to examine the Legislation and Regulations related to the collection and recycling of scrap tires in the province to ensure there is an effective system in place for the collection of tires, but also one that promotes to the fullest extent possible a healthy and sustainable recycling industry within the province.

The Advisory Committee completed substantial engagement with a variety of stakeholders representing the different components of the scrap tire recycling system in the province including the program operator, industry and contractors, municipalities, government ministries, industry associations and public interest groups, and other stewardship management organizations. Stakeholders were asked to provide their views on the benefits and successes of the program and the challenges they have seen over the years. In addition, stakeholders were asked to provide their suggestions for improving the delivery of the program in the future and ideas on opportunities for establishing and growing a healthy and sustainable tire recycling industry in the province.

A summary of key recommendations resulting from this review process included to:

- Ensure clearly defined desired outcomes, expectations and performance measures for the program.
- Identify expected governance for the program operator including membership, board size and composition.
- Establish an advisory committee to the Board to ensure strong industry and Saskatchewan representation and input, as well as proper oversight, transparency and accountability.
- Clarify the roles, responsibilities, rights and obligations of each of the key stakeholders within the scrap tire stewardship system in the province.
- Define the process for setting fees that are reasonable, minimize cross-subsidization and ensure alignment with industry and consumer expectations.
- Require the new product stewardship program, which replaces the previous product management program, to be updated every 3 years.
- Enable the ministry to define and enforce acceptable end uses and permitting and licensing requirements, including financial assurances for reclamation, standards for storage on site, unlawful dumping and acceptable end uses.
- Increase reporting requirements from the program operator to government, stakeholders and the public.
- Enable the ministry to apply oversight and enforcement procedures, including regular audits and penalties for non-compliance.
- Require the program operator to establish contractual arrangement with processors to provide clear guidelines to allow for better planning regarding tire shipment flow and to enable sustainability for Saskatchewan industry.
- Action needs to begin immediately to address the two large legacy stockpiles located by Assiniboia and Lashburn given the critical fire, health and safety risks through working with key industry proponents to identify solutions.

New Regulations Came Into Force

Resulting from the program review, the Ministry of Environment announced changes to the province's scrap tire recycling program in April 2017 and released *The Scrap Tire Management Regulations, 2017* in June 2017 to reflect changing industry needs in Saskatchewan and address increasing public expectations for governance, accountability and transparency. In addition, the Ministry released PSP guidelines to provide an overview of the requirements and contents of the PSP, program operator reporting requirements, important program considerations and PSP evaluation criteria. This PSP document has been developed to align with and fully address these guidelines.

SSTC Decision to Wind Down

Based on the changes to the regulatory framework from the program review recommendations, the SSTC Board of Directors decided in June to responsibly wind down the operations of the SSTC. In order to effectively do this, the SSTC advised the Minister that it would end its business on August 31, 2017.

Establishment of the Tire Stewardship of Saskatchewan Inc.

As retailers are required to participate in an approved tire recycling program, as obligated within the Regulations, the industry felt it was very important to quickly establish a new program operator to take over operations from the SSTC effective September 1, 2017 and then work to become, through the PSP approval process, the approved program operator to oversee tire recycling activities in Saskatchewan to be fully operational by January 1, 2018.

Given the importance of this program and industry's interest in ensuring retailers would have continued collection services as of September 1, the Retail Council of Canada (RCC) and the Western Canada Tire Dealers (WCTD) established the Tire Stewardship of Saskatchewan Inc. (TSS) as a solution. On July 26, 2017, the Minister of Environment approved TSS' request to take over core-service tire recycling programming in Saskatchewan by transferring approval of the SSTC's PMP to TSS. This approval is valid for providing operations during this transition period until December 31, 2017.

C. SASKATCHEWAN TIRE RECYCLING CURRENT STATE – RECENT STATISTICS

In order to have a strong starting foundation of the current state of tire recycling in the province, the TSS has compiled the following data sets based on reporting provided by the SSTC in their 2016 Annual Report. TSS intends to update this data once SSTC completes its final reporting as part of their wind down. This data has been leveraged in this PSP document to support developing projections for 2018 – 2020 as well as will give TSS a benchmark to do its own reporting in future years from.

Scrap Tires Sold				
	2013	2014	2015	2016
PLT	1,063,418	1,063,074	1,047,289	990,893
MTRK	200,561	207,106	192,442	173,334
AG	44,125	38,769	36,789	31,932
OTR I	7,415	6,122	5,977	4,559
OTR II	1,501	1,123	1,280	1,093
NVS	279,770	279,700	277,920	258,750
Total	1,596,866	1,595,894	1,561,697	1,460,561

Scrap Tires Collected				
	2013	2014	2015	2016
PLT	666,874	741,225	724,111	683,331
MTRK	118,250	133,901	123,198	110,247
AG	12,412	12,279	12,063	10,901
OTR I	1,641	1,625	1,492	1,398
OTR II	239	180	163	136
Total	799,416	889,210	861,027	806,013

Scrap Tire Recovery Rates				
	2013	2014	2015	2016
PLT	63%	70%	69%	69%
MTRK	59%	65%	64%	64%
AG	28%	32%	33%	34%
OTR I	22%	27%	25%	31%
OTR II	16%	16%	13%	12%
Total	61%	68%	67%	67%

Scrap Tire Processing & Manufacturing (in pounds)				
	2013	2014	2015	2016
Crumb	5,470,983	1,962,866	3,405,356	3,435,467
Shred/Mulch	30,843,411	18,019,327	64,157,933	25,329,318
Molded/Stamped	1,781,217	2,317,626	1,353,976	1,253,951
Energy	974,660	6,187,311	2,816,963	-
Waste Steel/Fibre	2,081,981	863,712	1,941,921	1,415,051
Subtotal	41,152,252	29,350,842	73,676,149	31,433,787
Transferred	2,078,030	8,799,342	12,942,987	13,753,426
Total	43,230,282	38,150,184	86,619,136	45,187,213

Processor Inventory (in pounds)				
	2013	2014	2015	2016
Opening Inventory	66,813,640	71,303,988	87,454,549	61,639,291
Received Tire Volume from Program	48,020,277	53,585,865	54,070,574	42,596,704
Tire Volume Recycled	43,230,282	38,150,184	80,128,832	43,928,262
Closing Inventory	71,603,635	86,739,669	61,396,291	60,064,733

2. A FRESH START – THE TIRE STEWARDSHIP OF SASKATCHEWAN INC.

A. INCORPORATION OVERVIEW

The Retail Council of Canada (RCC) and the Western Canada Tire Dealers (WCTD) established the Tire Stewardship of Saskatchewan as a non-profit corporation in the province. TSS received our Certificate of Incorporation on June 28, 2017 which we have attached for the Ministry's reference in Appendix 1.

B. TRANSITIONAL OPERATIONS

The TSS is pleased to be currently providing status quo core-service delivery programming to December 31, 2017, as approved by the Minister, to provide continuity of services and minimal business disruption to retailers to allow them to meet their tire recycling obligations. The TSS is proud of our ability to have essentially set up operations over a two month period to be ready for starting operations on September 1, 2017. Although this was a significant undertaking, it has been a very beneficial opportunity to allow TSS to establish key stakeholder and service provider relationships, to get the foundations of the required program administration in place, and to learn more about the current recycling program and approaches in Saskatchewan. To date, the TSS has been received very positively by retailers, collectors, processors and other key stakeholders associated with tire recycling in Saskatchewan.

C. THE PATH FORWARD – REQUEST FOR PSP APPROVAL

Learning from the successes, challenges and lessons learned from the past, the TSS is focused on setting a fresh start for the tire recycling program in Saskatchewan. Based on the new regulations, which set a strong framework for future scrap tire management in the province, the TSS desires to become the new program operator to oversee tire recycling activities in Saskatchewan beyond the transitional period.

We are pleased to provide this Product Stewardship Program which incorporates improvements based on the program review conducted earlier this year and additional stakeholder engagement conducting during development of the TSS' PSP. A summary of this stakeholder engagement includes:

- Incorporating improvements based on significant stakeholder engagement conducted as part of the independent Advisory Committee review earlier this year
- Meetings with stakeholders over the last couple of months including:
 - a) The Ministry of Environment
 - b) The TSS Advisory Committee
 - c) The TSS Collectors
 - d) The TSS Processors
 - e) The Town of Assiniboia
- Posting the draft PSP on our website and emailing the link for review to the following groups as an opportunity to comment:
 - a) The TSS Advisory Committee
 - b) The TSS Collectors
 - c) The TSS Saskatchewan Processor
 - d) Recycle Saskatchewan
 - e) Saskatchewan Waste Reduction Council
 - f) Association of Regional Waste Management Authorities of Saskatchewan

The TSS requests approval from the Minister of Environment to be approved as the program operator for scrap tire management and recycling in Saskatchewan for the period of 2018 – 2020 as per our PSP submission.

3. TSS STRATEGIC DIRECTION

A. OUR VISION

To have the best tire recycling program in Canada.

B. OUR MISSION

To operate an efficient tire recycling program across Saskatchewan that provides effective stewardship to avoid the safety and health hazards scrap tires can present, to improve our environment and to support industry and economic success to get the most value from consumer-paid tire recycling fees. We will work collaboratively with our stakeholders, the provincial government and our contracted service providers to collect, process and recycle scrap tires responsibly on behalf of the people of Saskatchewan.

C. OUR CORE VALUES

- **Accountability & Transparency:** The TSS will foster accountability with its Board, management, staff and service providers to take ownership and responsibility in everything we do, deliver on our commitments, conduct business openly and always acting in the best interest of our stakeholders and the public.
- **Stewardship:** The TSS acknowledges we are responsible stewards of consumer-paid fees and honor the intent of these fees by using our resources efficiently and effectively to maximize the benefits we can achieve for the environment, the tire recycling industry and the people of Saskatchewan.
- **Integrity & Respect:** The TSS will conduct our business activities ethically and promote a culture of integrity and respect with all service providers and participants that are part of the tire recycling "system" in Saskatchewan.
- **Collaboration:** The TSS will facilitate a culture of collaboration within the tire recycling "system", acknowledging the unique expertise, capabilities and experience that all participants bring to the table, to make informed and better program decisions and provide the best service and results we can.
- **Responsiveness:** The TSS will always try to service the needs of all stakeholders while balancing different interests in a timely and appropriate manner.
- **Innovation & Continuous Improvement:** The TSS will strive for continuous improvement, creating and adopting leading practices and encouraging market development and innovation to ensure we can deliver the best possible outcomes for tire recycling and the industry in Saskatchewan.
- **Education & Communication:** The TSS will commit to effective engagement with consumers to ensure expected outcomes result from consumer-paid tire recycling fees and to ensure there is general awareness of, and support for, the tire recycling program in Saskatchewan.

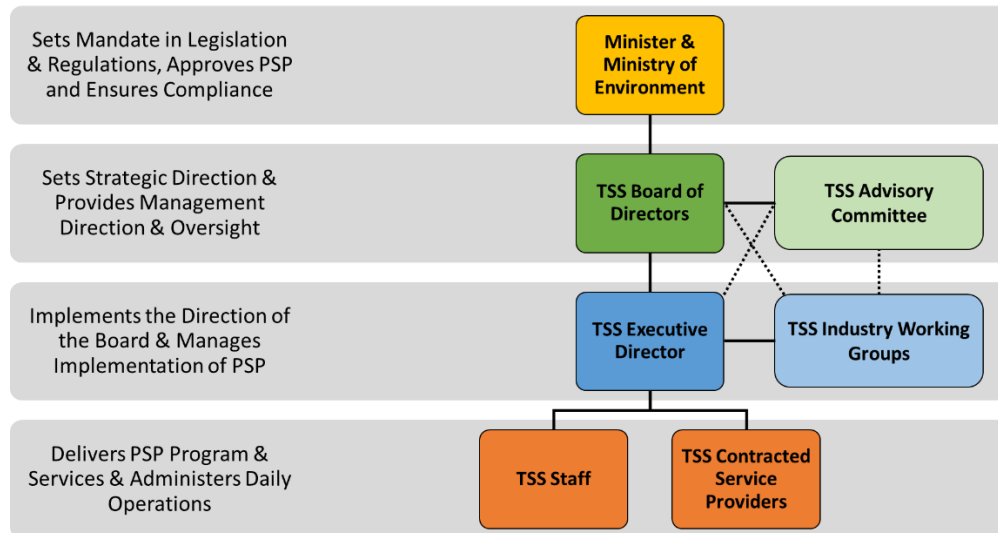


4. TSS GOVERNANCE & STAKEHOLDER OVERVIEW

A. GOVERNANCE STRUCTURE

The TSS will strive for good governance and focus on implementing strong processes for making informed decisions which support achieving our core values, strategic direction and desired outcomes. The following visual provides an overview of the TSS governance structure, including our key stakeholders:

TSS Governance Structure



B. TSS BOARD OF DIRECTORS

The TSS is governed by a Board of Directors with a maximum of five members. It is an industry-led board which has been selected based on including strong representation, perspectives and experience from those that are obligated under the regulations, complemented by independent perspective to bring additional values and competencies to round out the board composition mix. The majority of board members are located in Saskatchewan to ensure strong local perspective to influence the program based on the needs of local retailers and dealers. The TSS Board of Directors have the fiduciary responsibility to set the strategic direction for the TSS and provide management direction and oversight which aligns with achieving the desired outcomes for the program on behalf of its stakeholders.

The current TSS Board of Directors includes the following composition with three out of the four members being located in Saskatchewan:

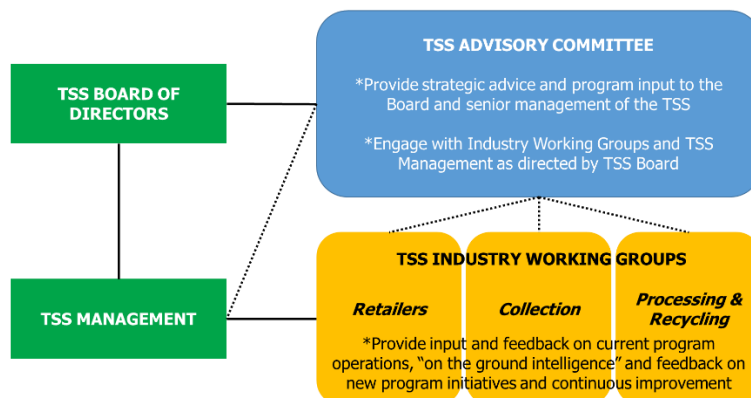
- Representative Appointed by the Retail Council of Canada
- Representative Appointed by the Western Canada Tire Dealers
- Retailer-At-Large
- Independent Member-at-Large

C. TSS ADVISORY & STAKEHOLDER ENGAGEMENT FRAMEWORK

The TSS as the program operator is just one component within the scrap tire stewardship system in the province, which requires additional key stakeholders, participants and service providers to deliver tire recycling programming and services. Strong collaboration is essential to achieve the intended outcomes of the program, to ensure we are coordinating and supporting one another to manage scrap tires through to useful end life based on the importance of recycling, accounting for reduced greenhouse gas emissions, avoiding hazardous stockpiling and increasing sustainability for the industry.

The TSS will foster and nurture regular, meaningful and effective collaboration and engagement with stakeholders to advise and inform strategic program decisions and improvements based on our core values as an organization. The following visual provides a high-level overview of the TSS Advisory & Stakeholder Engagement Framework:

TSS Advisory & Stakeholder Engagement Framework



TSS Advisory Committee

The TSS Advisory Committee (the Committee) provides strategic advice and program input to the Board of Directors and senior management of the TSS. The Committee has no decision-making authority – rather the Committee is a source of information, knowledge and a sounding board for the Board and senior management related to strategic program development, continuous improvement and new opportunities.

In terms of composition, the Committee consists of up to 8 senior, management or executive level individuals with considerable knowledge and experience to offer the TSS. Members were nominated and approved by the TSS Board and consist of industry experts and program stakeholders that can provide objective advice in the development and management of an efficient and effective tire recycling program. There is sufficient Saskatchewan perspective represented. However we have also chosen to have experts from outside of the province to provide valuable advice regarding experiences in other jurisdictions. Owners, management employees or agents of organizations that are under contract as a service provider to the TSS are not eligible as members of the Advisory Committee to prevent unfair representation or influence to one service provider over another and to maintain a level playing field. These service providers are represented in the TSS Industry Working Groups which are described on the following page.

The TSS Advisory Committee as confirmed by the Board currently includes the following composition with all but one member being located within the province:

- Recycling Executive (SK)
- Retailer-At-Large (SK)
- Retailer-At-Large (SK)
- Retailer-At-Large (SK)
- Saskatchewan Association of Rural Municipalities (SK)
- Saskatchewan Urban Municipalities Association (SK)
- Western Equipment Dealers Association (AB)
- Government of Saskatchewan – Ministry of Environment (SK)

Please see Appendix 2 for the Terms of Reference for the TSS Advisory Committee which describes further the Committee's purpose, membership, desired outcomes, governance and other elements. It is expected that the Committee will meet at least four times per year in conjunction with the quarterly Board meetings, with the authority to convene additional meetings as circumstances require or as directed by the Board.

TSS Industry Working Groups

In order to get valuable “on the ground” feedback and input from stakeholders that the program serves and those that deliver services, the TSS has established three Industry Working Groups. These Groups will be key to engage with, in order to gain input and feedback on current program operations, opportunities for improvement, and to act as an important “testing forum” for new initiatives being contemplated for the program. These Industry Working Groups will meet with the TSS Board and TSS Advisory Committee at least two times per year and will be engaged in addition to that by TSS management. The three Industry Working Groups include:

- 1. Retailers:** The Retailers Working Group will provide valuable input and feedback on the programming relevant to them, including remittance process, customer information and awareness building, tire recycling fee rates, collection services, etc. Ultimately the TSS is delivering this program on behalf of the retailers so they can meet their legislated obligations for scrap tire management and as such regular engagement and feedback from retailers is key to ensure we are meeting their needs effectively and efficiently.
- 2. Collection & Transportation:** The Collection & Transportation Working Group will provide valuable input and feedback in terms of the important collection and transportation services that are a key part of scrap tire management in the province. Often a first point of contact for retailers, this group will be key for relaying on the ground intelligence to catch potential issues early and relay them to management so they can be addressed. This group will touch on issues related to efficient and effective pickup, transportation and delivery of tires to a designated processor and input on strategies and how they can be part of the solution to address legacy tires.
- 3. Processing & Recycling:** As a critical service provider in ensuring scrap tires are responsibly processed and recycled, The Processing & Recycling Working Group will provide valuable input and feedback in terms of processing capacity, service to collectors for drop-off, acceptable and non-acceptable uses, value-added processing and manufacturing, market development, and input on strategies and how they can be part of the solution to address legacy tires.

There may be times where two or more Industry Working Groups are brought together to discuss a certain issue or programming initiative to ensure the different perspectives from the entire lifecycle are represented to build a collaborative solution that works for all parties.

Consumer Engagement

To ensure consumers are satisfied with the program being funded by the tire recycling fees they pay on tires they purchase, the TSS will engage with consumers and communities through focus groups and surveys, and other means, to understand needs and expectations. Consumer perspective and engagement will also be brought into the activities of the various working groups or committees.

Collaboration with Other Jurisdictions

The TSS is establishing relationships with tire recycling programs, and industry, across Canada directly and through participation in the Canadian Association of Tire Recycling Agencies. Working with these colleagues, the TSS Board and Management can learn about leading practices and lessons to support continuous improvement for the program here in Saskatchewan, as well as offer Saskatchewan’s experience and innovation to others.

Additional Industry & Stakeholder Engagement & Communication

The TSS will ensure continued engagement and communication with industry and program stakeholders through the following avenues:

- Annual General Meeting
- Annual Report
- TSS Website: www.tirestewardshipsk.ca
- Updates & Information Releases
- Presentations as requested
- Pen Articles in Stakeholder Publications
- Phone & Email Inquiries

D. PROGRAM STAKEHOLDER & PARTICIPANT ROLES & EXPECTATIONS

Tire Stewardship in Saskatchewan

As stated in the Scrap Tire Recycling Program Review Report conducted early 2017, this visual demonstrates the many participants under the EPR model for tire stewardship system in Saskatchewan. These participants collaborate to achieve the intended outcomes of the program. Current regulations are intended to allow for managing scrap tires through to a useful end life based on the importance of recycling, being responsible for greenhouse gas emissions, avoiding the hazards of tire stockpiles and supporting the importance of recycling. Each of the participants of the "system" are equally important and all need to collaborate, integrate and support one another to achieve the intended outcomes. The program operator plays a critical role in creating and nurturing effective collaboration. It is essential to have clear definition of roles, responsibilities and lines of accountability for an effective and efficient system to get the best value in outcomes from consumer paid recycling fees.

Tire Stewardship in Saskatchewan



The Minister is ultimately responsible and accountable for an effective program in Saskatchewan. Obligations of the retailer are defined by the regulations set by the Minister. The program operator is the creation of the retailers and is ultimately accountable to the retailers. The program operator serves to administer a program defined by the retailers to meet the regulations as approved through the Product Stewardship Plan (PSP) by the Minister. The program operator is responsible for administering an effective system and interacting with all participants. The TSS acknowledges that transparency and open communication are critical for a successful tire stewardship program that is focused on results for Saskatchewan.

Tire Stewardship Participant	Role In The Tire Stewardship System
Provincial Government	The TSS will adhere to the mandate for tire stewardship in Saskatchewan as set by the Minister of Environment through legislation and regulations. The TSS will operate the tire recycling program through an approval for our Product Stewardship Programs (PSP) from the Minister, which will ensure first sellers are in compliance with the Regulations. The TSS will adhere to our PSP as approved, included any conditions put on the approval and we understand that there may be audits from the Ministry penalties for non-compliance. In addition, the TSS will ensure Saskatchewan processors go through the IWW permit process before entering into an agreement with the TSS to accept scrap tires and the Ministry as the regulator will enforce compliance of environmental standards and acceptable uses with tire processors.
Saskatchewan First Sellers	First sellers in the province are responsible for establishing a tire recycling program for scrap tires or to participate in a recycling program operated on their behalf. First sellers are responsible for registering with the program and remitting consumer-paid tire recycling fees to the program operator for tire collection, transportation and recycling. First sellers must adhere to standards related to tire storage on site and ensure fee remittance and collection is completed on a regular basis. The TSS, through an approved PSP, provides the means for which first sellers will meet their obligations for scrap tire management in Saskatchewan.

Program Operator	The TSS will be responsible for executing the approved PSP to manage the tire recycling program on behalf of the first sellers. The TSS will focus on the necessary activities to administer an effective and cost-efficient system for managing scrap tires to end-of-life and for responsible reuse, including supporting a sustainable tire recycling industry in Saskatchewan. The TSS will build positive working relationships to enable a successful and efficient system for collection, transportation and recycling of scrap tires in the province to bring the most benefit for Saskatchewan consumers and businesses.
Tire Processors	The TSS will register processors with the program by conducting a process to ensure processors have the capabilities, experience, capacity and financial viability to deliver safe and environmentally responsible processing and recycling of scrap tires into acceptable uses and end products for sale into the market. This must include obtaining an approval to operate from the Ministry of Environment and providing the required financial assurances to address reclamation of tires in the event the processor discontinues business. The TSS will work in collaboration with the Ministry to ensure processors comply with all applicable regulations and standards related to acceptable end uses, site storage, unlawful dumping, etc. The TSS will put in place mechanisms to incent processors to focus more on market development and value-added products to build sustainability beyond processing incentives.
Tire Collectors	The TSS will register collectors to deliver timely collection of tires from retailers and transportation of these tires to processing and recycling facilities. The TSS will foster an environment and culture for fellow collectors to develop positive working relationships to ensure efficient and cost-effective collection and transportation of tires.
Municipal Governments	The TSS will collaborate with municipalities to ensure processing and recycling facilities within their jurisdiction adhere to requirements within their community plans and bylaws. This includes enforcing building code requirements as per the National Building Code of Canada, enforcing fire code requirements under the National Fire Code and <i>The Fire Safety Act</i> , and having systems in place to complete proper compliance inspections to ensure the safety of the community.



5. PSP PERFORMANCE MANAGEMENT

A. DESIRED PROGRAM OUTCOMES & PERFORMANCE MEASURES

In order to be the most effective and efficient operation we can be, the TSS will use sound performance management principles and processes to ensure we are successfully executing our plans and making adjustments and improvements as required to keep on track with achieving our program mandate and providing the best value we can to our stakeholders.

Desired Program Outcomes

The TSS has adopted the following desired program outcomes to direct program management and decisions, which aligns with the criteria set by the Government of Saskatchewan in the PSP Guidelines for effective tire recycling stewardship and additional as desired by the TSS:

- To operate a province-wide, effective recycling program on behalf of our retailers to ensure they responsibly meet their legislated obligations for scrap tire management in Saskatchewan.
- To ensure our retailers receive responsive scrap tire collection that is conducted in a cost efficient, environmentally responsible manner to reduce greenhouse gas emissions and avoid stockpiling.
- To promote a sustainable system for scrap tire processing which encourages timely recycling of scrap tires into higher value end uses and markets to support a viable industry in Saskatchewan.
- To provide programming and solutions to deal with legacy scrap tires to avoid tires returning to landfills and prevent the health and safety hazards of legacy stockpiles.
- To manage program operations in a transparent, accountable and efficient manner as a stewardship organization to get the most value from consumer-paid tire recycling fees.
- To educate consumers regarding the recycling program and opportunities to support tire recycling in Saskatchewan.

Performance Measures

The TSS will track operational performance against the following program measures. In 2017 the TSS will work to build a baseline (building off of what was previously accomplished by the SSTC) and then set targets in the future to strive for continuous improvement and increased program outcomes.

- **Recovery Rate** = Actual number of scrap tires collected / actual number of new tires sold
- **Tire Diversion** = Measured by how many tires are collected annually and therefore diverted from landfills or stockpiling; can be broken down by tire categories
- **Total Tires Processed** = Total tires processed annually; broken down by processor; within province and out of province
- **Value-Added Tire Recycling** = Tracks percentage distribution of types of processing in line with the Saskatchewan Industry Sustainability Hierarchy
- **GHG Emission Reduction** = The TSS will work with the Ministry of Environment to determine how to track this information and define a baseline
- **Administration Cost** = Cost to administer the program, in dollars and percentage of total program costs
- **Legacy Tires Addressed** = Number of legacy tires annually that are collected and processed through legacy programming
- **Compliance** = Measured by how many audits were conducted that year

B. REGULAR PERFORMANCE EVALUATION & CONTINUOUS IMPROVEMENT

The TSS Board and Management will ensure that performance and progress are evaluated against plans on a quarterly basis so that adjustments can be made accordingly and in a timely manner. The TSS Board will set out performance expectations and provide direction to TSS management, including the outcomes they would like to see reported on quarterly, bi-annually and annually. Management will prepare reports

accordingly to present to the Board at their quarterly meetings, identifying areas of success, challenges and potential risks. Along with that, the Board will expect management to develop plans to leverage successes, address challenges and manage risk in a timely manner. The TSS will strive for continuous improvement in everything we do in order to provide the best program outcomes we can for retailers, program stakeholders and the people of Saskatchewan as it relates to tire stewardship and recycling.

6. PROGRAM IMPLEMENTATION PHASES

The TSS is seeking approval to operate the tire recycling program in Saskatchewan for the next three years (2018 – 2020) in accordance with this PSP. As TSS is a start-up program operator, we will be implementing program improvements and addressing program priorities in alignment with the following phased approach as it relates to key programming components:

Program Component	2018	2019	2020
Fee Remittance	<ul style="list-style-type: none"> Focus on smooth transition for retailers, minimal business disruption. Building administrative efficiencies through electronic remittance and email communication. Implement retailer compliance program. 	<ul style="list-style-type: none"> Pursue further automation for retailers for fee reporting and remittance. Continue compliance program. 	<ul style="list-style-type: none"> Continuous improvement to remittance and reporting process based on retailer feedback. Continue compliance program.
Collection	<ul style="list-style-type: none"> Transition to zone collection to increase accountability for timely service to retailers across the province, while creating efficiencies in transportation to reduce greenhouse gas emissions. Implement collector compliance program. 	<ul style="list-style-type: none"> Evaluate zone collection model and make improvements as necessary. Continue compliance program. 	<ul style="list-style-type: none"> Continuous improvement to zone collection model based on retailer and collector feedback. Continue compliance program.
Processing	<ul style="list-style-type: none"> Begin transition away from full "payment at the gate" to incorporate incentives for processors to recycle processed tires in a timely manner into higher end use products and markets. Implement processor compliance program. 	<ul style="list-style-type: none"> Continue transition to incentive payment model to further incent processors. Continue compliance program. 	<ul style="list-style-type: none"> Complete transition to incentive payment model. Continue compliance program.
Legacy Solutions	<ul style="list-style-type: none"> Work in partnership with the Government of Saskatchewan and the Town of Assiniboia to implement and complete a solution to remove the abandoned stockpiles. Continue Return to Retailer program. 	<ul style="list-style-type: none"> Grow Return to Retailer and other legacy tire programming. Build legacy fund. 	<ul style="list-style-type: none"> Continue Return to Retailer and other legacy tire programming. Build legacy fund.



7. TIRE RECYCLING FEES & REMITTANCE

A. REGULATORY OBLIGATION

The Scrap Tire Management Regulations, 2017 establishes the mandate and obligation for First Sellers to operate, or have a person operate on their behalf, a Product Stewardship Program (PSP) approved by the Minister of Environment for managing scrap tires in Saskatchewan. The definition of First Seller is below:

A “**first seller**” means a person who:

- a. is a manufacturer, distributor, owner or licensee of intellectual property rights of a tire that is sold, offered for sale or otherwise distributed into or in Saskatchewan;
- b. is a vendor of a tire outside of Saskatchewan and who, as an ordinary part of the person’s business, sells tires to consumers in Saskatchewan;
- c. imports tires into Saskatchewan for resale in Saskatchewan; or
- d. purchases tires outside of Saskatchewan for use in Saskatchewan.

Under the previous regulations, the obligation was on “retailers” specifically. However, to align with other Product Stewardship Programs in Saskatchewan, the new regulations now obligate “first sellers”. Retailers do fit within this definition of first sellers, but it does provide for opportunity to move the obligation up the supply chain to the manufacturer or wholesale level. It has been discussed by TSS what this change in definition means operationally and a conscious decision needed to be made in terms of what level of the supply chain the TSS would like to set the obligation.

Based on the program review completed earlier in 2017, the retailer component of the scrap tire recycling program was working well and there were little issues with the approach to collecting and remitting tire recycling fees. As such, the TSS will continue to place the obligation at the retailer level.

Ontario went down the path of obligating at the manufacturer level. However, their program is winding down by the end of 2018 so it is unknown how the program might change in the future. In discussions TSS had with a distributor that deals with the Ontario program, it is a very challenging, complex and burdensome approach which can negatively impact retailers, dealers and distributors in the long run. Since manufacturers pay the tire recycling fee, they pass it down the line when a tire is purchased by a distributor, then retailer and then consumer. However, this puts hardship at the distributor and retailer level as they are essentially “pre-paying” fees on tires in inventory and carrying these significant costs until tires are sold. Then, if changes are made to the tire recycling fee, like they were lowered in Ontario, the program operator may rebate manufacturers to reconcile for any overpayment of fees but there is no policy that requires manufacturers to pass these rebates down to distributors or retailers that have been carrying these costs as well. It also increases the administration required to track fee flow, audit manufacturers, potentially rebate fees, etc. In addition, for distributors and retailers that bring tires into the province but sell them outside of the province requires a claims process to recoup these fees they originally paid.

As the TSS is focused on good service to retailers and running an efficient administration operation, we have no intention to obligate at the manufacturer or distributor level as the challenges being experienced do not align with our operational goals and desire outcomes. We will continue to monitor the situation in Ontario in the future.

B. REGISTERED SASKATCHEWAN RETAILERS

Currently there are approximately 1400 Saskatchewan retailers registered with the TSS, which were transitioned from the SSTC. All Saskatchewan retailers must be registered with the TSS to meet their legislated obligations. In order to become a Registered Retailer, the applicant must complete a Retailer Registration Application and execute a TSS Retailer Agreement.

Once all documentation is complete, retailers are assigned a Program Registration Number. Retailers who were previously registered with the prior SSTC program have been grandfathered as a Registered Retailer under the program with the TSS and maintain their previous SSTC Registration Number for easy transition.

No First Sellers shall be allowed to sell tires in Saskatchewan unless they have properly registered as a Registered Retailer in Saskatchewan with the TSS.

C. PROPOSED TIRE RECYCLING FEES

Tire Recycling Fees (TRFs) are the consumer paid fees at point of purchase on all tires sold to support those tires through to end of life and recycling. Retailers are responsible for collecting and remitting these fees to the TSS to use for collection, processing and other value-added programming to support the outcomes of the TSS and provide benefits to all stakeholders and the people of Saskatchewan.

The TSS is mindful of keep TRFs at a reasonable level to support the competitiveness of our Saskatchewan retailers, while minimizing cross-subsidization of tires. Through running an efficient operation, the TSS will keep the TRFs at the same level as they were with the SSTC, with the goal of looking for opportunities to potentially decrease these fees in the future as other jurisdictions have been able to do after legacy tires have been addressed. The following table provides the TSS Tire Recycling Fee Schedule for 2018 to 2020. If changes to this fee structure is proposed in the future, the TSS will approach the Ministry for approval. Please see Appendix 3 for more detailed Tire Recycling Fee Classification Table.

TSS TIRE RECYCLING FEE RATE SCHEDULE		
CLASSIFICATION	TRF (\$)	TIRE TYPES
PLT PASSENGER CAR / LIGHT TRUCK Rim Sizes 8" - 30"	\$4.00	<ul style="list-style-type: none"> • Passenger Car (P), Light Truck Tires (LT) • Small RV, Trailer and Utility Trailer Tires • Motorcycle, All Terrain Vehicle and Golf Cart Tires • Lawn and Garden Equipment • Forklift, Skid Steer, Press-on Solids, and Front Tractor and Implement Tires up to a maximum 16" rim
MTRK MEDIUM TRUCK Rim Sizes 15" - 24.5"	\$14.00	<ul style="list-style-type: none"> • All tires not marked "LT" or "ST" • Semi and Industrial Truck Tires • Wide Base Skid Steer and Loader Tires 17.5" rim and larger • Forklift, Skid Steer, Press-on Solids and Front Tractor and Implement Tires 16.1" rim and larger
AG AGRICULTURAL TIRES Rim Sizes 24" - 54"	\$25.00	<ul style="list-style-type: none"> • Agriculture (All Rear & Front Wheel Drive) Tires • Rubber Tracks on Agricultural Equipment
OTR I OFF THE ROAD/MINING Medium Types (Rim Sizes up to and including 23.5" - 25")	\$57.00	<ul style="list-style-type: none"> • Off-the-Road, Mining, Earthmover, Construction Tires within classification up to and including 23.5-25" Tires • Forestry Tires • Rubber Tracks on Industrial Equipment
OTR II OFF-THE ROAD/MINING Larger Types (Rim Sizes 26.5-25" up to 39")	\$140.00	<ul style="list-style-type: none"> • Off-the-Road, Mining, Earthmover, Construction Tires over 23.5"- 25" to a maximum rim size of 39"
EXEMPTIONS Any tire with a rim size 7" or less or greater than 39", wheelbarrow tires, snowmobile/quad tracks, bicycle or electric bike tires, recapped and retreaded tires, tire tubes, wheelchair/electric mobility aid tires		PLEASE NOTE Fees also apply to disposal of scrap tires not accompanied by a new tire sale, and warranty replacement tires

TRF Calculation Approach & TSS Associated Principles

A study developed by Intergroup Consultants for the SSTC determined a system to minimizing cross-subsidization of tires and to complete legacy tire cleanup. The following diagram outlines the basic formula used to set proposed Tire Recycling Fees.



The premise of the methodology is to total expected costs in the numerator and divided by the forecasted tire sales on the denominator. In effect, it acts as a breakeven calculation to determine the TRF. This methodology has been well received and other jurisdictions are looking to adopt this methodology it as well. The TSS used this calculation to determine if it was reasonable that we could keep the TRFs the same for 2018 – 2020.

This fee setting methodology is driven by covering expected costs. The TSS will focus on controlling interim administration costs to keep fees competitive while being able to allocate funds to support legacy tires programming. The setting of fees moving forward will be based on the following principals:

- **Reasonable fees:** The TSS strives to keep fees the same and in the future, to decrease fees once issues such as legacy tires and abandoned stock piles are remediated.
- **Competitiveness:** The TSS strives to support Saskatchewan retailers maintain competitiveness with neighboring provinces for tire sales, by keeping TRFs in check to not unnecessarily increase tire prices.
- **Engagement and Transparency:** If the need arises to increase TRFs, the TSS will engage retailers as part of planning for the change and will be transparent on projected increases, timelines and other changes.

D. TRF COLLECTION & REMITTANCE PROCESS

The following diagram outlines the process for the collection of Tire Recycling Fees by retailers and remitting those fees to the TSS.



1. Fee Approval

Tire Recycling Fee rates are approved as part of TSS' PSP. The TSS understands that if there is a need to change the TRFs from what is stated in this PSP, that the TSS would require approval from the Minister for this change.

2. Retailer Collection of TRFs

Retailers are responsible for collecting the appropriate fees as prescribed for each tire classification from consumers at the point of purchase.

3. TRF Remittance to TSS

Retailers are responsible for remitting the collected TRFs to the TSS to operate the scrap tire recycling program on their behalf. The primary document that accompanies this remittance is the TRF Remittance Form. The TRF Remittance Form and related payment are due by the 20th day of the month following the Reporting Period. Interest is payable on all overdue amounts. A remittance must be submitted for every month even if there were no TRF applicable sales in the Reporting Period to ensure accounts remain active.

4. Tire Credit Allocation

Upon receiving the TRF Remittance Form and related payment from a registered Retailer, the TSS will review the Remittance Form and verify the calculations and ensure that the amount on the Remittance Form matches the amount paid. If there are discrepancies, the TSS will hold the payment and the data inputting until the issue is resolved with the Retailer. If there are no discrepancies, the TSS will deposit the cheque and input all information from the Remittance Form into the tracking system and ensure that the Retailers are credited with the proper number of credits. Retailers can inquire regarding their credit balance at any time by e-mailing or calling the TSS.

E. IMPROVEMENTS & EFFICIENCIES

In the past, over 90% of retailers were submitting their fees by cheque through the mail. This adds manual processing time for both the program operator and the retailer, and adds lag time for sending by mail. In order to increase efficiencies and provide retailers an easier way to remit their TRFs, the TSS will be implementing the following improvements:

- Retailers will be given the opportunity to remit their TRF by Electronic Funds Transfer (EFT), but will not be mandatory for those who prefer to pay by cheque.
- Along with this, Retailers can also submit their Remittance Form by email, rather than mail.
- No credit card payments will be permitted in order to reduce fee charges for the TSS.

In the future, the TSS will be evaluating the opportunity to further automate this process with our technology vendor.



8. SCRAP TIRE COLLECTION & TRANSPORTATION

A. REGISTERED SASKATCHEWAN COLLECTORS

Collectors are the contracted service providers with the TSS to collect scrap tires from retailers and transport the tires to the registered processors as directed by the TSS.

In order to be eligible for collecting and transporting scrap tires in Saskatchewan and receive the Collection Incentive, a collector must be a contracted service provider with the TSS. The TSS' agreement with each collector lays out the business, service and legal obligations of both parties to each other related to providing service to retailers for responsive scrap tire collection. The TSS will oversee and manage these contracts to ensure all collectors are abiding to the terms of the agreement and providing good customer service to retailers.

B. COLLECTION INCENTIVES

Previously, collection incentive rates have been applied to collection services completed and paid to collectors based on a standard base rate per PTE, with a reduced rate per PTE for collection done in or near Regina or Saskatoon (as the drop-off point is in near vicinity from these locations). The same approach and rates will continue to be applied in 2018 except the TSS is interested in transitioning to a per tonne weight measurement like other jurisdictions rather than PTE. It will need to be determined how this transition in measurement affects adjustments required to the rates.

There is interest in the future, based on feedback from collectors, to conduct analysis of possible benefits of moving to an approach where rates take further consideration into the length of haul. Collection incentives could be aligned with the new zone collection approach being planned for implementation (further description on this in Improvements & Efficiencies section below). Moving forward, each collection zone will be analyzed to determine an optimal rate that can be applied to the zone, incorporating the distance from the zone to either the marshalling yard or processor drop-off points.

Analysis to collection incentive rates will be done during 2018 and potentially changes implemented in 2019 if the benefits warrant this change.

C. SCRAP TIRE COLLECTION & TRANSPORTATION PROCESS

The following diagram outlines the process for the collection and transportation of tires.



1. TSS Sends Report to Collectors

No less than a week prior to the beginning of each month, the TSS will prepare reports for the current credit balances of each retailer location and make available to the collector in that area. Retailers with large credit balances should be prioritized and it is the responsibility of the collector in each area to ensure that they are collecting from each retailer in their respective zones. This approach ensures pickups are not done at retailers that are not in good standing with their remittances and prevents collectors from picking up more tires than retailers have credits for.

2. Collectors Pickup Tires

After receiving the collectors report with the relevant information required to begin collection and transportation for the month, it will be up to the collectors to schedule with retailers to accommodate pickups which aligns with their needs. Retailers may also contact the TSS to request tire pickup and the TSS will coordinate with collectors to ensure pickup is conducted in a timely manner to accommodate these requests.

3. Collectors Transport Tires

Tires will then be transported by the collectors to the marshaling yard or a registered processor. The marshaling yard is a staging area for tires to be transported to improve transportation efficiency between southern zones and appropriate processors. The marshaling yard is an important risk management solution to have in place in the event that a local processor does not have the current capacity to take more tires and then tires need to be shipped elsewhere to prevent stockpiling.

4. Collectors Submit Invoices to TSS

On the 15th and 30th of each month, collectors submit a request for payment for the period immediately prior to the date submitted. In addition to the invoice, including the PTE and fees per PTE, the collector must include information on the types and volumes of each pick up from the retailers. Upon receipt of the invoices, the TSS will input information into the tracking system to update the retailer credit balances for that period.

5. TSS Pays Collector

TSS will pay the collector within 30 days from receiving the invoice. Collectors are paid through Electronic Fund Transfer (EFT).

D. IMPROVEMENTS & EFFICIENCIES

Zone Collection

The TSS will be moving to a zone collection model for the collection approach. The projected outcomes for moving to zone collection include:

- Increases services expectations and accountability with a specific collector assigned to a zone;
- Ensures better service for collection for all retailers, including northern and remote locations;
- Enables better route planning for collectors within their zone to provide good service and increase transportation efficiencies which can benefit collectors' business;
- Reduces duplication of trips and realizes transportation efficiencies to reduce greenhouse gas emissions; and
- Creates harmony amongst collectors by removing culture of competition.

Geographical zones will be allocated through an RFP process, in which proponents will be allowed to propose how they will effectively collect from each region. This will ensure that collection is completed in an efficient manner, using optimal routes, reducing total kilometers driven and improving overall GHG emissions involved in the collection and transportation of tires. The TSS will consult with collectors in late 2017 and early 2018 to define zones and implement a process to allocate zones and plan for the transition. The goal is to have the transition to zone collection completed at some point in 2018.

In the future, the TSS plans on reviewing the incentive payment structure to align with zone collection and consider length of haul. This may include, but not be limited to, proposing a two-pronged structure that is based on both weight and distance transported, to ensure that all areas of the province are being serviced, as well as compensating on a more equitable basis for collectors servicing further areas.

Zone collection will be key in providing better service to northern and more remote locations and smaller retailers in Saskatchewan. In the past, a retailer may have been underserved if their location is more out

of the way or if their volume of tires is lower. The zone collection model will come with increased expectations and accountability with collectors to ensure these locations get the service they require.

Load Efficiencies

Based on feedback from collectors, increased efficiencies of pickups can result through enabling fuller loads in less trips. Although the current credit system is important for remittance enforcement, it does have limitations in terms of the lag time involved with bringing credit balance up to date on a monthly basis. For example, a collector may go and only pick up 70 tires because the retailer only has 70 credits but has an additional 30 tires they have to leave there. Then the following month after remittances are processed, that retailer has enough credits again for another pickup. The TSS will explore opportunities to enable additional tires to be picked up that are likely a timing issue, not a retailer in poor standing. This is more responsive for retailers in getting tires cleaned up, more efficient for collectors that can now make one trip instead of two and have a fuller load, and also reduces duplication of transportation which results in increased trips and greenhouse gas emissions. The TSS wants to ensure we are being good stewards of scrap tire management while also carefully managing non-compliance.



9. SCRAP TIRE PROCESSING & RECYCLING

A. REGISTERED SASKATCHEWAN PROCESSORS

Processors are the contracted service providers with the TSS to accept transported scrap tires from collectors and process them into different end uses and recycled materials for various markets.

The TSS also has relationships with processors outside of the province to ensure additional processing capacity is available beyond what can be processed locally. This is an important risk management strategy for the TSS to have quickly accessible alternatives if scrap tires cannot be processed locally to avoid stockpiling. The TSS has relationships with processors in Manitoba, British Columbia, Alberta, Ontario and Quebec.

All processors, within and outside of Saskatchewan, must be registered with the TSS in order to receive scrap tire deliveries from Saskatchewan. Registration occurs through the signing of a TSS Processor Services Agreement. This Agreement is associated with Terms and Conditions that sets the obligations and expectations of being a service provider for the TSS. Scrap tires will not be directed to a processor unless a signed TSS Processor Services Agreement is executed with the TSS. All processors, whether local or outside of the province must process and recycle tires to the standards of the TSS.

Required Permits

Tire processors in Saskatchewan now must obtain an Industrial Waste Works (IWW) permit, pursuant to the requirements of *The Environmental Management and Protection Act, 2010* to construct and operate

their tire processing and recycling facilities. These permits will describe requirements for monitoring, inspections, and reporting to ensure that operations are compliant with applicable legislation and ministry guidance. These permits will also describe requirements for decommissioning and reclamation planning and for provision of financial assurances that tire processors will be required to maintain, ensuring that funds for reclamation are available regardless of operating status.

B. PROCESSING INCENTIVES

Processing Incentives are offered to registered processors to subsidize the cost of processing and encourage value-added recycling of scrap tires into safe and environmentally responsible end uses and products.

Past Incentive Payment Approach

For many years in Saskatchewan, processing incentives have been paid “at the gate” as tires are delivered to the processor. These incentives are based solely on the weight of tires delivered and is an upfront payment in good faith for processors to responsibly process and recycle these scrap tires in a timely manner. However, there have been challenges in the province experienced under this payment model, including processors that have closed their doors leaving significant abandoned stockpiles. This payment model does not incent timely processing of material or incent higher value-added recycling which can build industry strength and business sustainability.

Saskatchewan is currently the only province in Canada that has this up front approach for paying incentives to processors. It is common practice to pay processors upon the completion of the processing along with a receipt for the product by the party to whom it was delivered for an approved use.

Future Processing Incentives Payment Approach & TSS Associated Principles

The TSS, as part of this PSP, is interested in taking a phased approach to moving to a new payment model that is more aligned with other provinces in Canada, which incents processors to process scrap tires in a timely manner to avoid stockpiling and promote higher value processing and recycling.

First, keeping in line with other jurisdictions in Western and Central Canada, all weight units of measurements shall be on a tonnage basis. This will eliminate any confusion over the definition of a “PTE”, a unit that has different translations and changes over time.

Second, the TSS is interested in employing a two-tiered processing incentives payment model which will encourage the increased outcomes mentioned earlier while also taking into account the challenges with economies of scale in Saskatchewan and the interest in supporting our local processors.

- The new approach will pay an initial incentive fee upon acceptance of tires for the timely shredding of scrap tires on site, further known as the “shredding fee.”
- An additional amount per ton of tires will be contributed to a Value-Added Recycling Fund. The Fund will pay out additional recycling incentives to processors upon receiving receipt for the product by the party to whom it was delivered for an approved use.

The premise of this approach is to encourage further processing and manufacturing of the tires beyond shredding. It also acknowledges the challenges of Saskatchewan processors and potential issues with economies of scale by continuing to pay a portion of the fee “at the gate”. The previous payment model encouraged lower value processing since the same fee was paid to processors no matter what type of end product or use was developed. The TSS’ goal is to continue to decrease the percentage of shred over time, increasing higher value end uses and products to support industry sustainability in the province.

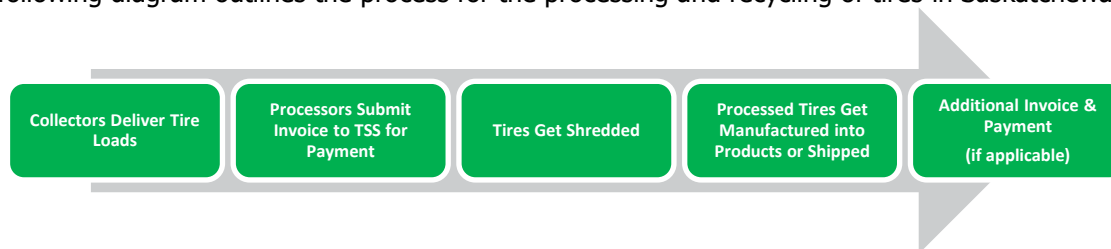
The TSS has adopted the following principles to drive decisions regarding further definition and implementation of this new processing incentives payment approach:

- **Encourage innovation and high-value products:** By paying a higher fee to higher value-added products, processors will have more incentive to develop these products.
- **Utilize a balanced approach to leverage best practice while customizing for Saskatchewan:** Jurisdictional research shows that it is best practice not to pay for processing “at the gate.” While understanding the issues of scale that are associated with Saskatchewan processors, the inclusion of an upfront “shredding fee” is intended to provide a level of fairness as it related to Saskatchewan’s economies of scale issue and market challenges.
- **Reduce risk:** By withholding a portion of the payment incentive until evidence that the tires have been recycled is demonstrated, the TSS is encouraging the processors to recycle the scrap tires quickly and reduce the risk of stockpiles.

Further planning and analysis is required for TSS to determine appropriate incentive rates. In addition, the TSS is interested in taking a phased in approach to this payment model transition as to not cause undue hardship on the local processor in moving too quickly to this model. The TSS will work with the local processor, while learning further from other jurisdictions in 2018, to further define this model, the incentive rates and the transition plan. The desire is to not just be planning but to actually transition to this new model at some point in 2018, while taking the full three years to get to the end desired payment model through a staged approach.

C. SCRAP TIRE PROCESSING & RECYCLING PROCESS

The following diagram outlines the process for the processing and recycling of tires in Saskatchewan.



1. Collectors Deliver Tire Loads

Collectors deliver tire loads to the processors. Upon delivery, the processors signoff on the delivery and the total amount of tires are weighed to ensure that the weight is mutually agreed upon.

2. Processors Submit Invoice to TSS for Payment

The processor then submits a request for payment of the initial processing incentive (“shredding fee”) within three days following the last day of the month along with an invoice, management report and any other information that the TSS may require, in each case in a manner and format determined by the TSS.

3. Tires Get Shredded

The initial incentive is paid up front to ensure all scrap tires delivered are shredded within three days of being delivered. This helps to reduce the environmental impact and risk associated with whole tires sitting at the processor site.

4. Processed Tires Get Manufactured into Products or Shipped

If interested, processors may further process the shred into nugget or crumb and even further manufacture recycled end products to be eligible for additional incentives. The other alternative is the shred is sold to markets or customers with acceptable end uses or means to further process or manufacture higher value products.

5. Additional Invoice & Payment (if applicable)

Similar to the process in step two, if the tires are further processed into a higher-value end use or product, the processor will submit an additional request for payment for the additional recycling incentive. The TSS

requires additional information and documentation to provide proof that the further processing and recycling has occurred and been sold to an acceptable end market customer.

D. IMPROVEMENTS & EFFICIENCIES

Increased Due Diligence on New Processors:

For any new processors interested in building and operating a processing and recycling facility in Saskatchewan, they will need to go through a rigorous process to ensure the processor has the capabilities, experience and financial sustainability to have a viable processing operation in Saskatchewan. The processor registration process requires the following before the TSS will approve a new registered scrap tire processor in Saskatchewan to be a service provider under this program:

- A comprehensive business plan which demonstrates the processor has the experience, capabilities, markets and financial viability to operate a successful processing and recycling operation;
- Evidence of an approved IWW permit to construct and operate a tire processing facility from the Ministry of Environment;
- Demonstrated processing capacity which aligns with TSS acceptable uses and service provider standards;
- Defined risk management plan in the case of business interruption;
- A signed TSS Processor Services Agreement; and
- Additional documentation including all required insurance, financial assurance, in good standing with Workers' Compensation Board, compliance with fire code, etc.

Increased Rigour on Shipment Volumes:

The TSS will also require comprehensive business plans and market evidence, to the extent requested by the TSS, from local processors interested in receiving significant portion of the program's collected scrap tires. This information will be held in confidence by TSS given the competitive nature of the industry, and is intended to assess the evidence of processing capacity to minimize the risk of stockpiling, and to confirm the operation is viable, innovative, and is moving to increase towards higher value processing. This due diligence for new entrants and annual requirement for existing TSS processors will serve to proactively manage the risk of business disruptions that creates stockpiling and environmental hazards, and to encourage good business practices, planning and innovation by processors.

Incenting Higher-Value Processing & Recycling:

In addition to the new processing incentive payment model, the TSS will strive to align with the following hierarchy as prescribed in the PSP Guidelines from the Ministry. However, the TSS will also balance the importance of managing risk to avoid the problems of the past including abandoned stockpiles.



In addition to this hierarchy, the TSS will enforce the following acceptable and non-acceptable end uses with local and out of province processors that receive scrap tires from the TSS:

TSS Acceptable & Non-Acceptable Use Framework

Acceptable Uses & End Products	Prohibited Uses
<p><u>End Products:</u></p> <ul style="list-style-type: none"> • Moulded / manufactured products • Examples include mats, vehicle ramps, traffic cone weights, paving stones, parking curbs, landscape mulch, planters, mud flaps, truck box liners, feeders, livestock application, blast mats, sidewall rings, die cut, others <p><u>Acceptable Uses:</u></p> <ul style="list-style-type: none"> • Tire shred for civil engineering projects, leachate collection layer in a new landfill cell or drainage projects • Crumb rubber material or modifiers for tire derived aggregate and paving for roadways, walkways, playground material, sports track, roofing material, etc. • Tire derived fuel 	<ul style="list-style-type: none"> • Improper storage and stockpiling • Illegal dumping • Unlicensed burning • Non-compliant geotechnical projects • Landfilling

The above list is not an exhaustive list and the TSS may refine this list as new innovations become available as an accepted use adopted by the TSS.

The TSS will also work with processors to ensure proper and effective recycling of non-rubber products resulting from the processing of scrap tires, such as the steel and fibre, to support these materials not ending up in the landfill.

Increased Focus on Market Development & Innovation:

The TSS is interested in supporting our local Saskatchewan processors in market development. This will be related to new innovative uses and products and identifying new markets to support industry viability and success. TSS recognizes the need for a steady flow of tires from collection through processing through to an acceptable end use, by balancing collection with demand from end use markets. TSS will explore a number of strategies to increase its role in market development:

- Identify and attend applicable tradeshows to promote the products of our local processors
- Advocate with municipal and provincial stakeholders as potential markets for acceptable end uses as it relates to civil engineering and infrastructure projects, educating potential end users of the lifecycle benefits of using recycled tire rubber content
- Promote and facilitate regional opportunities for local processors to partner with processors from neighboring provinces which have similar barriers to market that exist in Saskatchewan
- Seek opportunities for manufacturers to locate in Saskatchewan as a means to introduce innovation and develop new markets and specialty products, and those which require shred or crumb to use in their products
- Seek opportunities to work with local post-secondary institutions to conduct R&D on new potential uses and innovation for recycled scrap tires



**Images Courtesy Of Shercom Industries*

10. LEGACY TIRE PROGRAMMING

What are legacy tires?

Legacy tires are old scrap tires that private landowners or consumers have held on to for many years and which likely have never had a tire recycling fee paid on them, since they were purchased prior to the program being in place in the province.

A. PAST PROGRAMMING

The following programs were previously used in Saskatchewan to manage legacy tires in Saskatchewan.

Black Gold Rush Program

This was SSTC's main program for dealing with private stockpiles in Saskatchewan. The program invited dozens of rural municipalities at a time to clean up scrap tire materials from private stockpiles, free of charge to the stockpile owner. The program began in a pilot phase in 2010 and in 2012 it was delivered formally. In total, there have been seven initiatives that have included 227 rural municipalities with 69 remaining. The program collected 592,504 tires or 29,431,215 pounds of scrap tire. The cost of the program since 2010 has been \$5,344,884. The program was expected to continue in 2017 with an additional 20 RMs to be invited in the Saskatoon-west region but the program was suspended for 2017 after two subsequent years of losses, since the program was funded by SSTC's surplus.

Return to Retailer Program

The Return to Retailer (R2R) program provides Saskatchewan residents with an additional scrap tire disposal option. The program, designed as a leave behind program for residents in areas that previously participated in Black Gold Rush program, captures tires that may have been missed and prevents future stockpiles for reoccurring. The R2R program allows residents to drop off a maximum of ten (10) rimless scrap tires, free of charge at select tire retailers, even if the tires were not originally purchased at that location. The select retailers store the scrap tires on-site, which are then picked up through normal tire collection operations and delivered to the processors. Many Saskatchewan residents have expressed appreciation of this scrap tire disposal option.

B. FUTURE LEGACY TIRES PROGRAMMING

The TSS is looking for cost effective and measurable outcomes to increase the collection rate of legacy tires through industry-based and community solutions and innovation. Moving forward, the TSS is interested in pursuing several programs to address legacy tires in the province that exist on private landowner sites. Based on inquiries received, the TSS will determine the best approach to manage the legacy tires through the following programs:

Return to Retailer Expansion

The TSS would like to expand the R2R program and investigate potential changes that could improve the effectiveness of the program. To expand the program, the TSS would like to add more locations to the R2R program to make it more convenient for people across the province to access this program. In addition, the TSS would like to increase the maximum number of tires that could be dropped off at a R2R location as coordinated with that retailer to ensure they can accommodate these drop-offs. The TSS would also like to investigate options on how the R2R retailers can be recognized for the additional effort and resources that are attributed to being a retailer in the program.

Legacy Clean-up Fund

The TSS is interested in developing a new program to provide an avenue to cleanup and accept legacy tires throughout the year. The fund will be developed based on program efficiencies and lower administration costs, and come from any resulting regular program surpluses. The fund will be managed to clean up legacy tires that exist on private landowner sites. Inquiries for legacy pickups can be made

through contacting the TSS office and the TSS will coordinate with a collector to pick up the scrap tires to transport to a registered processor or marshaling yard. TSS will assess inquiries on a case by case basis determining the best avenue for the legacy tires to be accepted, whether through this fund or another TSS program such as R2R or other coordinated pickup days with local municipalities.

Coordinated Municipal & Community Pickup Days

The TSS will coordinate with local municipalities to have a TSS collector trailer available for a designated day in which the public may drop off legacy tires free of charge. Based on available budget, the TSS will coordinate with interested towns and RMs to provide this service, which may be in conjunction with other "waste days" the area may be coordinating.

Additional Legacy Programming

The TSS will continue to explore additional special projects to support further legacy cleanup as funds allow. In particular, TSS is mindful of the remaining 69 rural municipalities that did not receive the previous Black Gold Rush program. As such, TSS will be mindful to leverage the previously mentioned legacy programming and any future legacy projects considered in these particular rural municipalities. Features of the previous Black Gold Rush program will be considered as TSS further develops its legacy programming. However, the TSS has a more urgent, short-term legacy priority the TSS needs to focus on first as further described below.

C. ABANDONED STOCKPILES

Current Situation – Urgent Priority

As of 2017, there are two significant abandoned stockpiles in the town of Assiniboia and by the town of Lashburn, comprised of approximately 45 and 5 million pounds of scrap tires, respectively. These abandoned stockpiles are located where two previous Saskatchewan processors have left a significant amount of tires behind. There are environment, health and safety risks for the public and nearby communities because of these abandoned scrap tire stockpiles.

The TSS is interested in playing a role in identifying and advancing a solution through to fruition as soon as possible for the Assiniboia site. The Lashburn site is owned by a private landowner that the TSS can reach out to in the future to see how the program can support dealing with these tires. However, Assiniboia is the TSS' priority in 2018.

The TSS is interested in working in partnership with the Government of Saskatchewan and the Town of Assiniboia in developing and implementing a solution to clean up the abandoned stockpiles in Assiniboia in a timely manner. The TSS offers to take on a project management role to implement and oversee the process in alignment with key parameters and objectives set by the partners involved. The TSS will work with partners to identify and manage funding options to address the costs associated with the cleanup and consider alternative and innovative industry solutions to address the urgency of the situation.

D. ADDITIONAL POLICIES TO PREVENT NEW LEGACY ISSUES

Financial Assurances & Special Legacy Fund

As discussed in the processors registration section, as part of the Ministry's IWW permit, processors are required to provide financial assurance for reclamation in the event they go out of business. This would support preventing another issue again in the province like what has occurred in Assiniboia. As other priorities are addressed, in future years the TSS will look at the opportunity to build a special legacy fund to set aside additional funds to support the balance of reclamation costs that could be required outside of the financial assurance available.

Closure Plan

Further to the required financial assurances, processors will also be required to provide a documented closure plan that could be implemented in case of any potential facility closure. This plan is expected to

address how the processor plans to be able to cover any stockpile issues if a closure was to arise, as well as the financial assurances that could cover the cleanup costs. Assurances could be covered through retaining surpluses or performance bonds.

11. MANAGEMENT & OPERATIONS

A. PROGRAM MANAGEMENT & ADMINISTRATION

Program Staff

The TSS program management and staff are integral to delivering this Product Stewardship Program, based on direction and oversight at the governance level by the Board and in collaboration with retailers, service providers and program stakeholders. The Board has the desire to keep program management and administration as lean and efficient as possible to support getting the most value for programming and recycling outcomes for the collected tire recycling fees, while being able to effectively deliver the program and provide good service to retailers.

The TSS will be led by an Executive Director, with an additional two to three program staff supporting the delivery of operations and program administration. This team will be responsible for (not an exhaustive list):

- Developing the annual business plan and budget for approval by the Board;
- Regular reporting to the Board to review program performance and assess risk areas;
- Registering new retailers into the program;
- Processing remittances of tire recycling fees from retailers;
- Administering collection of scrap tires from retailers through contracted collectors;
- Directing tire shipments to a certified processor or marshaling yard;
- Administering scrap tire processing through registered tire processors;
- Contract management, audits and enforcement with contracted service providers;
- Audits and compliance of retailers for remittance;
- Implementation of legacy programming;
- Implementation of consumer education and other value-add programming;
- Communication and engagement with stakeholders;
- Engagement with the Ministry regarding processor environmental permitting and compliance; and
- Reporting and communication with Ministry.

Key Management & Customer Service Principles

Some key management and customer service principles that will guide the TSS team include:

- Accountability
- Openness & transparency

- Responsiveness
- Collaboration

- Efficiency
- Positivity

B. CONTRACT MANAGEMENT & COMPLIANCE

Contract Management

The TSS will have contract agreements, which have been developed by our legal counsel, with all third-party contractors or service providers. This includes agreements with collectors, processors (in and out of province), the marshaling yard and any other contractor or service provider. As previously stated, the TSS also has agreements in place with retailers that are registered with the program. All of these agreements include Terms and Conditions which lay out the obligations and expectations of the contractors or service providers.

The TSS has chosen a contract management approach to use a similar contract for collectors, the marshaling yard and processors in recognition that each contractors is part of the same scrap tire recycling system or supply chain and to be transparent in expectations and obligations. Contracts address current and applicable legislation and regulations as it relates to scrap tire management, as well as scope of services, payment for services, agreement term, definitions, service requirements and service levels, sub-contractor provisions, audits, insurance coverage and other typical legal provisions and terms.

TSS management will ensure these agreements are executed and updated as required, and have regular communication and engagement with contractors and service providers to ensure they are adhering to these agreements. In addition, the following quality control, assurance and compliance programs have been put in place to further ensure oversight and enforcement of contract management.

Legal & Regulatory Requirements

The TSS is well aware of our legislative and regulatory requirements through *The Environmental Management and Protection Act, 2010* and *The Scrap Tire Management Regulations, 2017* and the associated *Scrap Tire Management Guidelines*. The TSS has prepared this Product Stewardship Program to align with these requirements and, if approved as the program operator, will adhere to these requirements through program management and delivery. The TSS will adhere to all applicable federal, provincial and municipal laws in the conduct of our business. In addition, within contractor and service provider agreements the TSS also states that contractors or service providers are obligated to ensure all federal, provincial and municipal laws are followed.

Quality Control & Assurance

The TSS internally administers tracking that will support quality control and assurance aspects of retailers, collectors and processors meeting their respective obligations. All retailer remittances, collection and processing invoices are reviewed internally for accuracy and followed up on to address any errors. These activities are all processed and all data is entered into the program's tracking system which manages remittance and collection through a credit system. Credits are used as a way to identify retailers that may not be remitting their fees on a timely basis and an opportunity to ensure they keep their accounts up to date to get continued collection service.

Retailer Compliance Program

The TSS generates its revenue through the collection of tire recycling fees on tires sold throughout Saskatchewan. Each retailer that sells tires to an end user is required to collect the tire recycling fee based on tire size, in accordance with the retailer agreement, and remit those amounts to the TSS (typically on a monthly basis). The TSS' costs are directly attributed to these tire sales and the obligation to recycle the old tires. It is in the TSS' best interest to ensure all fees are accurately reported and collected on a timely basis to ensure its obligations are fulfilled. As such, the TSS Retailer Compliance Program serves two benefits:

- When retailers know there is a chance they may be audited and have significant charges assessed, they are more likely to be compliant with the program; and
- Some retailers do not necessarily know how to properly track their sales, generate the accurate reports, or charge the correct amounts based on tire size, which often results in retailers under-remitting.

The TSS will be contracting a third-party professional services firm to execute this program on TSS' behalf. This firm will complete compliance audits and then discuss their findings with the retailers, explaining where the errors were and what procedures they could implement to help them properly remit going forward.

The type of report that would be generated through this compliance program is an Accountants Report on Agreed Upon Procedures, whereby, the contracted firm would recommend procedures to perform on the retailer's records that would satisfy the purpose of the engagement which is to ensure retailers are compliant with the program. Management of TSS would approve the procedures to be performed and the

contracted firm would issue their Accountants Report, outlining the results of performing the agreed upon procedures. The typical procedures that would be performed include, but are not limited to:

- Obtain the reports the retailer uses to calculate the tire recycling fees to be remitted; compare the data generated from these reports to the remittances;
- Obtain the retailers general ledger for the applicable sales accounts (tires, vehicles, equipment, etc.) and the tire recycling fee account;
- Cross reference tire sales to the tire recycling fee accounts, ensuring there are corresponding fees collected for all new tire sales;
- Sample a number of invoices to ensure the tire recycling fee is appropriately charged based on the number and size of tires sold;
- Compare the total tire recycling fee collected for the period to the remittance; and
- Obtain all tire purchase invoices and calculate an expected tire recycling fee to be collected (based on what the retailer has purchased for that period) and compare to what has been remitted to TSS.

Please note that the above procedures will be applied as applicable. Not all procedures are necessarily applied to all reports. Every retailer tracks their financial information a bit differently, so it is important to customize the procedures for each retailer. To obtain a good understanding of what procedures might be applied to the retailer, the contracted firm will ask the retailer to complete a brief questionnaire. Once the questionnaire is complete, procedures will be tailored and additional information requested as required to carry out the engagement.

Collector & Processor Compliance Program

The collector is compensated by the TSS based on the weight of rubber (tires) picked up from the individual retailers. Processors are currently compensated in the same manner as the collectors – based on the weight dropped off by the collector. Weight tickets between processor and collector invoices to TSS should be consistent. Under this program, there is minimal risk of processors and collectors falsely claiming compensation from the TSS, as the compensation is directly tied to the tickets from the weigh scale – this would require a level of collusion between the two parties. The only significant risk may be if the collector was also the processor, whereby the collector may stop at the processing yard, pick up a few more tires that have already been previously claimed, and adding weight to the load to be weighed and invoiced to the TSS.

For those transactions where the processor and collector are the same, a good internal control the TSS will look at implementing is to compare the slips filled out by the collectors, and signed by the retailers upon pickup to the weight of the loads claimed by the collector/processor. This can be done internally, prior to payments being made (a quick reasonability analysis is to multiply the number tires by the approximate weight per tire per size and comparing to the actual weight). If not feasible to complete internally, the TSS will contract a firm to review a sample number of invoices throughout the year completing this analysis, and forward their findings on to TSS.

As the TSS transitions to a new payment model with processors, the compliance review will need to be adapted. A compliance program will be implemented, using an accountants report on agreed upon procedures, much like the retailer accountants report.

The type of report that would be generated through this compliance program is an Accountants Report on Agreed Upon Procedures, whereby, the contracted firm will recommend procedures to perform on the processors records that would satisfy the purpose of the engagement which is to ensure processors are compliant with the program. Management of the TSS will approve the procedures to be performed, and the contracted firm would issue their Accountants Report, outlining the results of performing the agreed upon procedures. The typical procedures that would be performed include, but are not limited to:

- Obtain the sales ledger from the processor, and test a sample of sales from the ledger to supporting invoices;
- To ensure these invoices are not created, claimed, and backed out (i.e. fictitious sales), the firm would trace the sales to payments clearing the processors bank account;
- Review the sales ledger for reversals of sales, and ensure those reversals are accounted for in the invoices issued to TSS (i.e. a credit issued to TSS for correction of sales); and
- Agree sales invoices to the sales claimed to TSS for the purpose of their invoicing, agreeing the type of sales, and the pre-determined rate on that type of product sold to ensure the items claimed to have been sold to external parties are consistent with invoices issued to those parties, and that the rate is consistent with the processors agreement.

Dispute Resolution

Within the TSS agreements with retailers and contracted service providers, there are provisions set out in which the TSS will follow in the event of a dispute to manage to a resolution as quickly as possible. The following provides a general overview of this process, which has been defined to resolve issues in a fair, transparent and unbiased independent manner from all perspectives.

- First, the parties will try to resolve the issue in collaboration together in a reasonable manner in good faith after receiving written notification of the dispute issue from the other party. If the manner is not resolved in 30 days, any party may initiate arbitration.
- If dispute cannot be settled informally, arbitration will be the manner for resolving the dispute and will be settled by binding arbitration in Regina before a single arbitrator in accordance with *The Arbitration Act, 1992* (Saskatchewan).
- Arbitration will be initiated by written notice by either party to the other party. The selection of an arbitrator will be by mutual agreement of the parties. In the event the parties are unable to select an arbitrator, either party may request the Court of Queen's Bench for Saskatchewan to appoint the arbitrator.
- The award rendered by the arbitrator will be final and binding on the parties and not subject to further appeal and judgement. This award rendered by the arbitrator may be entered in any court having jurisdiction and will be in writing and specify the factual and legal basis for the award.
- The parties must pay all fees and expenses owed to the arbitrator equally.
- It is the intent of the parties that any arbitration shall be concluded as quickly as possible.

C. PUBLIC EDUCATION, AWARENESS & COMMUNICATION STRATEGY

The TSS recognizes the importance of building awareness of the TSS and the scrap tire recycling program so retailers, consumers and the public understand how the program works, why it exists and support the desired outcomes for recycling scrap tires into acceptable uses and value-add products.

As the scrap tire recycling program has been around for over 20 years, Saskatchewan consumers are fairly aware of the program and their need to pay tire recycling fees on all tires they purchase. The TSS is interested in continuing effective public awareness, communication and education regarding tire recycling in Saskatchewan in a cost-effective manner. The TSS will:

- Work with retailers to provide point-of-purchase materials they might need to explain the TSS and the scrap tire recycling program to consumers if there are inquiries about their fees and the program.
- Align the TSS with relevant membership organizations which promote the importance of recycling with consumers, including scrap tires.
- Include a Consumers / Public section on our website which provides easy to understand information regarding the program as well as useful consumer tips for extending the life of tires which slows the generation of scrap tires.

- Attend tradeshow and conferences with associated membership organizations to further build awareness of the scrap tire recycling program in Saskatchewan and to educate consumers on the importance of tire care to have tires last longer to reduce their impact on the environment.
- Provide educational information for consumers through retailers.
- Communicate specific programming information as it relates to relates and options they have for recycling their legacy scrap tires.
- Work with stakeholder organizations such as SARM and SUMA to share information with their members on programming.

The TSS will evaluate the effectiveness of its outreach, public education and awareness activities to ensure the TSS is only investing resources in activities that are generating positive outcomes.

12. REPORTING

A. PROGRAM TRACKING SYSTEM

The TSS will continue to use a customized tracking system that was originally developed for SSTC's use. This system tracks all key aspects of the program including tire recycling fees remitted, tire credits available for collection, scrap tires collected, transport locations for scrap tires and scrap tires processed. This system will generate the reporting required by the program for managing performance throughout the year and reporting to the Board, the Ministry and stakeholders as identified below.

B. PROGRAM REPORTING REQUIREMENTS

As previously identified, the TSS strives for accountability, transparency and open communications with our program participants and stakeholders as part of a having a successful tire stewardship program. In addition to the previously described stakeholder engagement and communication mechanisms the TSS will implement throughout the year to receive feedback, input and share information with program participants and stakeholders, the TSS will also adhere to the following reporting requirements as stated within the regulations and guidelines set by the Ministry of Environment.

Quarterly Reporting

The TSS will submit quarterly reports to the Minister, outlining activities of the program during the reporting period including:

- Description of tire shipments, including the volume and type of tires shipped to each shipping destination; and
- The end use at each shipping destination.

Annual Reporting

The TSS will submit an annual report each year to the Minister outlining activities of the program during the reporting period, including:

- The number of tires sold;
- The number of scrap tires recycled, and the manner and location in which tires were recycled;
- The number of stockpiled scrap tires recycled and the manner in which they were recycled;
- The names of the first sellers; and
- Any other information that the Minister may reasonably require.

The TSS will also make available for the public our Annual Report on our website and provide a presentation at our Annual General Meeting.

APPENDIX 1 – TSS INCORPORATION CERTIFICATE

Certificate of Incorporation

I certify that:

TIRE STEWARDSHIP OF SASKATCHEWAN INC.

102026123

was incorporated as a Saskatchewan Non-profit - Membership under
The Non-profit Corporations Act, 1995
on June 28, 2017.



Director of Corporations
June 28, 2017



This certificate was digitally certified by Information Services Corporation on behalf of the Saskatchewan Director of Corporations on Wed, 28 Jun 2017 09:22:29 CMT -0500.
For more information regarding this certificate, visit >>> www.jac.ca/certificates

APPENDIX 2 – TSS ADVISORY COMMITTEE TERMS OF REFERENCE

1. PURPOSE

The purpose of the Tire Stewardship of Saskatchewan (TSS) Advisory Committee (the Committee) is to provide strategic advice and program input to the Board of Directors and senior management of the TSS. The Committee will have no decision-making authority – rather the Committee will be a source of information and knowledge, and a sounding board for the Board of Directors and senior management related to strategic program development, continuous improvement and new opportunities.

2. MEMBERSHIP

The Committee will consist of 5 to 8 senior, management or executive level individuals with considerable knowledge and experience to offer the TSS. Members will be nominated and approved by the TSS Board and consist of industry experts and program stakeholders that can provide objective advice in the development and management of an efficient and effective tire recycling program. There should be sufficient Saskatchewan perspective represented, however experts from outside of the province can also provide valuable advice regarding experiences in other jurisdictions. The proposed skills and experience matrix provided below gives the Board guidance in recruiting Committee members to ensure strong and diverse representation in the Advisory Committee.

Note: It is recommended that owners, management employees, or agents of organizations that are under contract as a service provider to the TSS not be eligible as members of the Advisory Committee to prevent unfair representation or influence to one service provider over another and to maintain a level playing field. It is recommended these service providers be part of specific working groups on applicable program functions.

3. DESIRED OUTCOMES

The TSS Advisory Committee seeks to accomplish the following objectives:

- To provide trusted input, guidance and advice to the TSS Board and senior management based on industry, market and policy knowledge and expertise;
- To review and provide feedback on proposed program and policy decisions developed by management and to serve as a sounding board for the TSS Board prior to making strategic decisions;
- To investigate program issues or new opportunities as assigned by the TSS Board, which may involve engaging with established industry working groups; and
- To promote the importance of tire recycling in Saskatchewan.

4. GOVERNANCE

A. CHAIRPERSON

The Board of Directors shall appoint a Chair for the Committee, from the nominated members.

B. MEETINGS

The Committee shall meet at least four times per year in conjunction with the quarterly Board meetings, with the authority to convene additional meetings as circumstances require.

The meetings will be led by the Chair, who shall be responsible for the development of agendas, facilitation of meetings, keeping minutes, and communication and coordination with members in between meetings.

Reasonable notice of a meeting must be given to each Committee member in order to allow the Committee member time to exercise their best efforts to attend the meeting. Each Committee member will make every effort possible to make arrangements to be available for meetings, either in-person or by phone.

C. PRINCIPLES OF ENGAGEMENT

- All members shall represent the best interests of the Tire Stewardship of Saskatchewan Inc.
- Each member agrees to adhere to the Terms of Reference for the Advisory Committee.
- Members are responsible to attend meetings and provide informed input in the spirit of improving the program, not based on personal or vested interests.
- No member shall seek to gain an unfair competitive advantage as a result of being made privy to confidential information through sitting on the Committee.
- Members shall adhere to confidentiality agreements as required.

5. CONFIDENTIALITY

Matters discussed by the Advisory Committee may be considered confidential and will not be shared outside the Committee. Advisory Committee members will sign a Non-Disclosure Agreement and the Chair will clarify that a matter is to be kept confidential by members at the outset of a discussion.

6. REVIEW OF TERMS OF REFERENCE

The Committee shall review these terms of reference on an annual basis and propose revisions to the TSS Board for approval for more effective operations.

APPENDIX 3 – TIRE RECYCLING FEE CLASSIFICATION TABLE

CLASSIFICATION	TRF (\$) + GST	TIRE TYPES	DEFINITION
PLT PASSENGER CAR / LIGHT TRUCK Rim Sizes 8" - 30"	\$4.00	<ul style="list-style-type: none"> • Passenger Car (P), Light Truck Tires (LT) • Small RV, Trailer and Utility Trailer Tires • Motorcycle, All Terrain Vehicle and Golf Cart Tires • Lawn and Garden Equipment • Forklift, Skid Steer, Press-on Solids, and Front Tractor and Implement Tires up to a maximum 16" rim 	<ul style="list-style-type: none"> • Passenger Tires (P) are designed for use on passenger cars, light trucks, small RV's and multipurpose passenger vehicles, including sport utility vehicles and crossover utility vehicles • Codes found on the sidewall of Passenger and Light Truck tires are (P) Passenger and (LT) Light Truck; Temporary Spares are marked (T) Temporary • Includes all tires specifically designed for on/off highway motorcycles, motorcycle sidecars, motor bikes, mopeds, mini-cycles, golf carts and all-terrain vehicles (ATV) • RV Trailer and Utility Trailer tires are marked (ST) Special Trailer • Includes pneumatic Forklift tires, Press-on Solid tires, Bobcat/Skid Steer tires measuring 16" and under • Includes Free Rolling Farm and Implement tires deemed for use on farm equipment up to a maximum 16" rim size • Tires are usually identified with the sidewall marked (IMP) Implement
MTRK MEDIUM TRUCK Rim Sizes 15" - 24.5"	\$14.00	<ul style="list-style-type: none"> • All tires not marked "LT" or "ST" • Semi and Industrial Truck Tires • Wide Base Skid Steer and Loader Tires 17.5" rim and larger • Forklift, Skid Steer, Press-on Solids and Front Tractor and Implement Tires 16.1" rim and larger 	<ul style="list-style-type: none"> • Includes drive wheel tires used on tractors and combine equipment. These tires are normally identified with a sidewall marking (R) Radial Ply or (HF) High Flotation and are 16.1"-20" <p><i>*Also commonly known as Commercial Truck Tires - Truck and Bus tires including Wide Base or Heavy Truck tires designed for truck/bus applications and larger (RV) Recreational vehicle tires not marked (P) or (LT) Passenger or Light Truck</i></p>
AG AGRICULTURAL TIRES Rim Sizes 24" - 54"	\$25.00	<ul style="list-style-type: none"> • Agriculture (All Rear & Front Wheel Drive) Tires • Rubber Tracks on Agricultural Equipment 	<ul style="list-style-type: none"> • These tires include ALL Rear and Front Wheel Drive tires classified as Agriculture tires <p>Tires are designated with one of the following sidewall markings R-1/R-1W/R-2/R-3/ R-4/HF1/HR2/HF3/HF4</p>
OTR I OFF THE ROAD/MINING Medium Types (Rim Sizes up to and including 23.5" - 25")	\$57.00	<ul style="list-style-type: none"> • Off-the-Road, Mining, Earthmover, Construction Tires within classification up to and including 23.5-25" Tires • Forestry Tires • Rubber Tracks on Industrial Equipment 	<ul style="list-style-type: none"> • Tires used on tree harvesting equipment and are normally identified with a sidewall marking with suffix letters (LS) Logger/Skidder • Includes OTR Mining, Earthmover (E), Construction (C), Grader (G) Industrial (IND) and Aircraft tires up to and including size 23.5-25" tires
OTR II OFF-THE ROAD/MINING Larger Types (Rim Sizes 26.5-25" up to 39")	\$140.00	<ul style="list-style-type: none"> • Off-the-Road, Mining, Earthmover, Construction Tires over 23.5"- 25" to a maximum rim size of 39" 	<ul style="list-style-type: none"> • Includes OTR Mining, Earthmover (E), Construction (C), Forestry (F), Industrial (IND), and other on/off highway tires over the size of 23.5-25" <p><i>*OTR tires that exceed 39" rim are not part of the scrap tire program – no recycling fee applicable and no disposal service provided</i></p>
EXEMPTIONS			PLEASE NOTE
Any tire with a rim size 7" or less or greater than 39", wheelbarrow tires, snowmobile/quad tracks, bicycle or electric bike tires, recapped and retreaded tires, tire tubes, wheelchair/electric mobility aid tires			Fees also apply to disposal of scrap tires not accompanied by a new tire sale, and warranty replacement tires