

Q3 Board of Directors Meeting
Highlights
Bluewater Recycling Association MRF
September 18th 2025



Operational Update

Budget Update

As you know, our waste and disposal agreements remain tied to the September CPI, with adjustments to bin counts effective January 1 of each year. The only component outside of these agreements is ICI recycling. At our Board meeting yesterday, the Directors approved an increase to the ICI recycling charge effective January 2026, also tied to the September CPI.

With the regulatory changes currently underway, it is clear that the cost of servicing ICI customers will rise. However, given the strong commodities markets throughout 2024 and 2025, the Association has resolved to absorb these additional costs through 2026. This approach provides stability for our members while allowing us the necessary time to refine and confirm the true cost of ICI recycling on a per-bin basis.

Our plan is to bring forward detailed costing in Q1 of 2026. This will ensure municipalities and business owners have clarity and adequate time to plan for changes anticipated in 2027. By doing so, we aim to support informed decision-making well in advance, rather than requiring rushed adjustments at the end of 2025.

Regulatory Changes

Ontario has finalized the amendments to the Blue Box Regulation include the following key provisions:

- Preserving existing recovery targets for paper, glass, metal, and rigid plastic, with increases deferred until 2032.

- Gradually introducing recovery targets for flexible plastics, beginning at 10% in 2026–27, rising to 15% for 2028–31, and reaching 25% from 2032 onward.
- Eliminating the “away from home” requirement for beverage containers, with target increases postponed to 2032.
- Mandating “best efforts” to achieve targets in 2026 and 2027, requiring all collected materials to be sent to registered processors, and instructing Producer Responsibility Organizations (PROs) and processors to submit a mid-2027 report to the Resource Productivity and Recovery Authority (RPRA) to evaluate progress toward diversion objectives.
- Postponing expanded collection services for multi-residential buildings, schools, and certain long-term care and retirement homes—those not previously served by municipal Blue Box programs—until 2031.
- Removing the requirement to expand collection in public spaces.
- Permitting up to 15% of a producer’s management obligation to be fulfilled through energy recovery from residuals of the recovery process, under specific circumstances.
- Clarifying technical requirements, including definitions for multi-unit residential buildings, providing depot collection access for residents of unorganized territories, establishing regulatory timelines, and specifying print and French language requirements for promotional and educational materials.

The Resource Recovery and Circular Economy Act, 2016 (RRCEA) assigns responsibility for operating and collecting Blue Box programs for paper, packaging, and single-use items at end-of-life to producers, including brand holders, importers, and retailers.

Given higher-than-anticipated costs, Ontario is proposing changes to the RRCEA to reinforce the Blue Box program by enhancing transparency, cost disclosure, and material collection. These proposed amendments aim to make the producer responsibility framework more adaptable to business needs and to identify cost-saving opportunities.

Summary of Proposed Legislative Amendments

Information Gathering for System Effectiveness

Stakeholders have advocated for revisions to the Blue Box Regulation to ensure its long-term viability and effectiveness. To adequately understand system challenges and implement appropriate changes, the Ministry requires additional data on Blue Box system design, operations, and associated costs—information that is currently lacking. Addressing this gap is essential to evaluating regulation efficacy and proposing amendments that promote cost containment while sustaining resident services.

The proposed amendments would authorize the Minister to instruct the Resource Productivity and Recovery Authority to collect specified information from designated parties. The amendments delineate the types of documents, data, and information the Minister may request. Furthermore, any information provided under a Minister's order would be exempt from the Freedom of Information and Protection of Privacy Act, safeguarding commercially sensitive data.

This approach aims to equip the Minister with the necessary information to assess the effectiveness of the Act and its regulations and to evaluate potential reforms.

Enhancing Cost Transparency and System Data

Producers have requested greater transparency to facilitate informed decision-making when engaging Producer Responsibility Organizations (PROs) and to better understand invoicing and cost structures. Insufficient information impedes producers' ability to oversee service providers and advocate for cost reductions.

To address these concerns, the proposed legislative amendments would empower regulations to require certain parties to provide information to RPRA, the public, or other entities involved in agreements under the Act. This would enable the government to mandate that PROs supply comprehensive billing, invoicing, and annual reporting on system design, operations, and costs to RPRA.

Maintaining Recycling Collection for Small Businesses

The Ministry has received feedback indicating that some small businesses may lose recycling services following the full transition to the Blue Box system in 2026. These locations were previously excluded from producer funding under the former cost-sharing model, with municipalities bearing the expense. While PROs have continued collection during the transition, they plan to discontinue services for small businesses once the transition is complete.

Municipal representatives have highlighted that establishing separate collection for these limited locations is neither environmentally nor financially sustainable, nor is it affordable for many communities.

To address this issue, the proposed amendments would allow the government to enact regulations requiring PROs to offer collection services for small businesses to municipalities or other specified entities. Regulations will outline the circumstances, terms, conditions, and requirements of such offers. The intent is to maintain the current approach, wherein municipalities and PROs negotiate commercial agreements for Blue Box collection at municipal expense.

Common Collection System (CCS) Update

The administrator of the CCS has issued proposed rules regarding the co-collection of certain ineligible materials related to the proposed amendments above. Their approach is highly stringent, including requirements such as:

- Ineligible stops must account for less than 2% of single-family households.
- Collection must occur in the same container as curbside recycling.
- Each stop is limited to one 95-gallon recycling bin, consistent with the average for a single-family home.

These are representative examples. Additionally, charges extend beyond collection and processing to encompass nearly all program aspects, while tonnage remains integral to their targets and sales. Cost details have yet to be provided, and agreements are expected to be signed by October 15th.

Material Recovery Facility Update

The MRF is operating efficiently; we are now fully staffed and able to process all materials as required under our contract with the CM, without issues.

Fleet Update

While delivery of trucks originally expected in 2025 has been delayed, we anticipate receiving six units in Q4. Refuse body manufacturers currently report a 24-month lead time from order to delivery, a consequence of increased demand stemming from producers' contractual obligations.

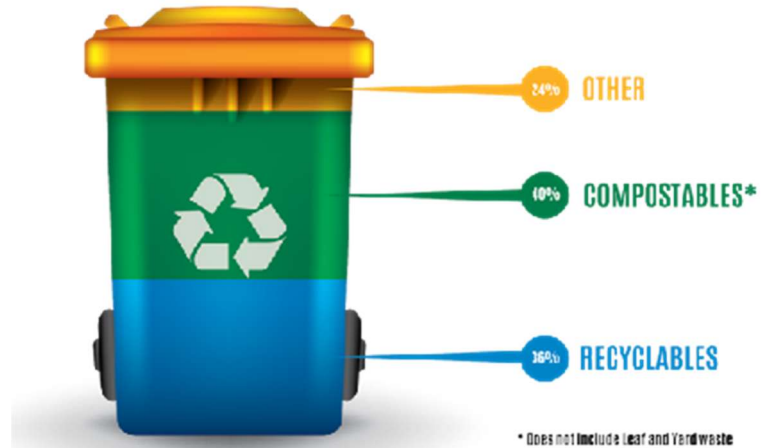
We will have the opportunity to test an electric truck on our routes at the end of September. Commercial Truck Company will provide a demonstration Volterra ZSL for one week. Although our electrification study indicates that an electric truck could presently service only about 10% of our routes daily, we are enthusiastic about evaluating its performance on some of our more demanding routes.

We are also considering an upgrade to our CNG fueling station, which, at over ten years old, is nearing capacity as our fleet transitions almost entirely to CNG. Planning is underway, with installation targeted for April 2026.

Overall, fleet operations are proceeding smoothly, with full staffing enabling us to meet all contractual obligations without difficulty.

Organics Update

We have been engaging with local municipalities, initiating discussions at both staff and council levels regarding opportunities and options for organic waste collection. Many municipalities have requested cost estimates for inclusion in their 2026 budgets. At present, we offer organics collection in a 65-gallon locking lid wheelie bin, with material processing handled by Try Recycling, which permits the comingling of leaf and yard waste with household kitchen waste.



Industry Update

1. Circular Economy Innovations

Blenheim Palace Reusable Cup Scheme



Blenheim Palace, a renowned UNESCO World Heritage Site in Oxfordshire, England, has taken substantial strides toward sustainability by introducing a deposit return scheme (DRS) for reusable cups. This initiative has not only resulted in a remarkable 50% reduction in beverage packaging costs but also diverted 320,000 single-use cups from landfill within a single year. Utilizing RFID-enabled cups, the DRS allows for seamless digital tracking and facilitates rapid refunds for visitors, enhancing user convenience and trust in the system. The accumulated data has proven invaluable in optimizing operations and informing ongoing improvements. Key pillars of the program's success include dynamic consumer education campaigns, robust staff engagement efforts, commitment to frictionless user experience, inclusivity in program design, well-calibrated incentives, and a strong emphasis on data-driven management.

2. Clean Transportation and Hydrogen Initiatives

Elemental Trucks Hydrogen Truck Launch

Elemental Trucks, based in Ontario, introduced an innovative heavy-haul hydrogen fuel cell truck tailored for Canadian logistics and industrial needs. With a gross vehicle weight rating (GVWR) of 63 tonnes and a 360 kW powertrain, this vehicle exemplifies cutting-edge green technology, offering zero tailpipe emissions and the capability to operate under demanding conditions. The initial rollout is set to target major provinces—British Columbia, Alberta, Ontario, and Quebec—demonstrating a clear commitment to national decarbonization objectives. Ontario has further catalyzed hydrogen sector growth through initiatives such as pilot electricity rate programs designed to reduce energy costs for hydrogen production, expanded funding to encourage innovation, and regulatory exploration for establishing dedicated hydrogen pipelines. The province views hydrogen technology not just as an environmental imperative but as a catalyst for job creation and a cornerstone of Canada’s broader economic transition toward sustainability and resilience.

Federal Support for Hydrogen Trucks

Natural Resources Canada has underscored the federal commitment to clean transportation by investing \$1.5 million in Elemental Trucks. This funding supports the development of North America’s first commercially viable 63.5-tonne hydrogen-powered truck, a project expected to have wide-ranging implications across freight, construction, and public service sectors. The truck is specifically engineered to meet diverse vocational requirements, ensuring robust performance for long-haul freight, construction, and operation in extreme Canadian weather conditions. This initiative aligns with Canada’s strategy to bolster domestic innovation, promote the adoption of low-carbon transportation solutions, and assert Canadian leadership in the rapidly evolving field of hydrogen mobility.

3. Labour Developments in Transportation and Waste

DHL Express Canada Labour Resolution

Following a three-week strike and lockout that significantly disrupted logistics operations across the nation, more than 2,100 DHL Express Canada workers have now voted to ratify a four-year collective agreement. The new contract secures a 15.75% wage increase over four years, alongside enhanced pension provisions, improved disability and mental health



benefits, stronger severance packages, and updated policies regarding artificial intelligence and remote work. The dispute was historically notable as the first major test of Canada's new federal anti-scab legislation, setting a precedent for future labour relations in the logistics and delivery sector and signaling the increasing importance of technology policy and well-being in collective bargaining.

Teamsters Strikes at Republic Services

Labour unrest at Republic Services facilities in Massachusetts and Illinois, organized by the Teamsters union, has led to large-scale disruptions in waste collection for hundreds of thousands of residents. The striking workers are demanding meaningful improvements in wages, benefits, and workplace protections, reflecting broader trends of labour activism across North America's waste management sector. With the potential for coordinated nationwide action, these strikes spotlight growing concerns over job quality and the need for updated industry standards. Republic Services has emphasized a preference for continued negotiations, asserting that their compensation and benefits packages remain competitive, but the risk of escalation remains significant as the standoff continues.

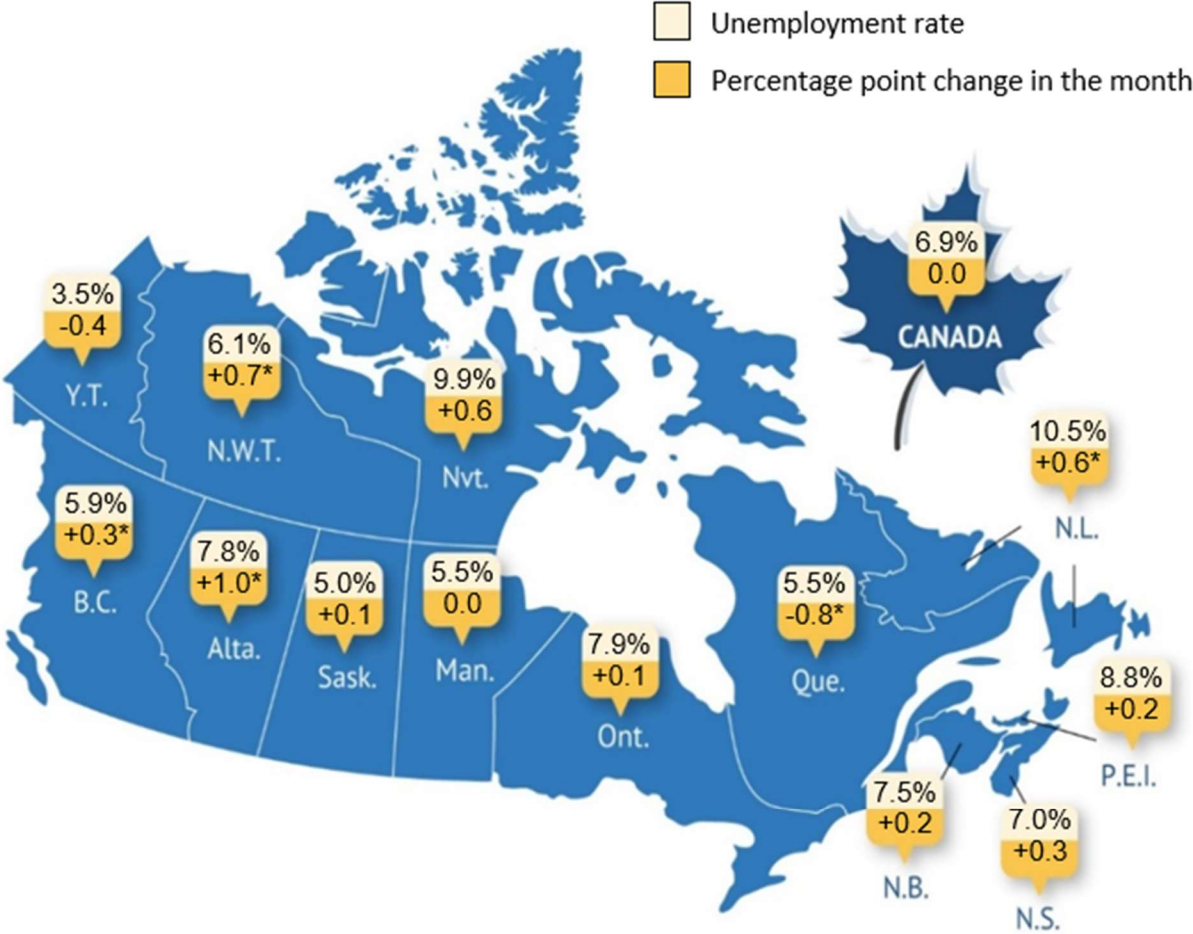
Philadelphia City Workers Strike

In Philadelphia, over 9,000 municipal employees—including critical waste management and recycling staff—initiated a strike focusing on wage disputes, resulting in the suspension of most residential waste and recycling collection services. This action not only underscores the essential nature of municipal waste services but also highlights persistent tensions around salary stagnation, inflation, and the cost of living that are driving unionized workers to demand stronger compensation frameworks. The strike has contributed to a growing national conversation around worker rights and the evolving expectations of public sector employment.

4. Canadian Labour Market and Economic Trends

Canada's labour market is exhibiting signs of fragility, evidenced by declining employment—especially among young workers—and a rising unemployment rate. Forecasts indicate a potential acceleration in wage growth as net immigration slows, intensifying competition for skilled talent in certain sectors. Despite these wage pressures, real wage growth continues to lag behind inflation, intensifying concerns over the rising cost of living and household financial resilience. Employers are expected to offer modest salary increases, but ongoing economic uncertainty, global trade pressures, and slower hiring forecasts are dampening business confidence. Recent workforce surveys reveal a widening gap between employer optimism and employee anxieties about job security, with many anticipating the possibility of a recession. To strengthen resilience, experts advocate

for investments in employee training, transparent communication, and organizational agility so that both workers and employers can adapt to fluctuating conditions.



Note(s): Statistically significant changes denoted with * symbol. Data are seasonally adjusted. Data for the territories are three-month moving averages and are not directly comparable with the provinces.
Source(s): Labour Force Survey (3701), tables 14-10-0287-02 and 14-10-0292-02.

5. Waste Management, Recycling, and Circular Economy Developments

Convertus Group Expansion and Permitting



Convertus Group's acquisition of AIM Environmental Group marks a significant expansion of its organic waste processing capabilities across Canada and North America. The company has also secured permitting for a new state-of-the-art anaerobic digestion (AD) and biofuels facility in York Region, Ontario. This facility is projected to process up to 200,000 tonnes of organic waste annually, converting it into renewable natural gas (RNG) and nutrient-rich fertilizer. The facility is expected to play a vital role in reducing regional CO₂ emissions, diverting waste from landfill, supporting local agricultural cycles, and furthering municipal circular economy objectives. The move signals increasing investment in advanced waste treatment infrastructure and a shift toward closed-loop resource recovery models in the Canadian waste sector.

Cleaner Transportation Fuels Regulation

To strengthen domestic industry competitiveness, Ontario is soliciting feedback on a new bio-based content requirement for diesel fuel, intended as a temporary measure while the province navigates aggressive U.S. subsidies supporting American biodiesel producers. The initiative seeks to boost local biofuel production, reduce reliance on fossil fuels, and reinforce circular economy goals by valorizing local agricultural byproducts and waste as feedstocks for cleaner transportation fuels.

AI and Data-Driven Innovations

Artificial intelligence and digital tools are increasingly being leveraged to drive improvements in recycling rates and waste management efficiency. Technologies such as smart bins and AI-based sorting assistants—exemplified by Oscar Sort Billy Bishop Toronto City Airport—are successfully reducing contamination rates, increasing material recovery, and improving user engagement through real-time feedback and gamified education. The adoption of data-driven approaches is enabling municipalities operators to optimize collection schedules, improve sorting accuracy, and deliver more targeted public education, all of which are essential for maximizing the effectiveness of recycling programs.



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Plastics Treaty Developments and Industry Impact

Ongoing negotiations for a global plastics treaty remain at an impasse, with key divides between proponents of strict production limits and those advocating for mandatory recycled content. Canada continues to advocate for a comprehensive approach



addressing the entire lifecycle of plastics, seeking to align packaging sector strategies with global best practices. Industry groups, for their part, prefer regulatory models favouring recycled content over caps on new production, while environmental advocates urge more ambitious supply- and demand-side measures to curb plastic pollution. The outcome of these talks will have lasting implications for the circular

economy, packaging innovation, and the regulatory environment for Canadian businesses.

6. Technology and Safety in Recycling

Lithium-Ion Battery Recycling and Fire Safety

The Indigenous-led Aki Battery Recycling joint venture is at the forefront of closed-loop battery material recovery in Canada. The initiative addresses critical gaps in the domestic supply chain for clean energy technologies by enabling the recovery and reuse of valuable

materials from lithium-ion batteries. Aki will process lithium-ion battery end-of-life and manufacturing scrap in a pre-processing facility to produce high-grade copper, aluminum, and steel products through a battery pack and module dismantling process. The remaining material is then put through a shredding process to generate a high value intermediate product known as black mass.

As the proliferation of battery-powered devices rises, so does the risk of fires during storage, handling, and processing. The industry has responded with tailored fire suppression systems and rigorous contamination management protocols. Ongoing operator training and knowledge-sharing are highlighted as essential for minimizing long-term risk and ensuring the safe, sustainable recycling of emerging waste streams such as batteries and electronics.



7. General Industry Updates

Plastics Manufacturing and Recycling

Onward Plastics has expanded its operations in Ontario, upgrading its equipment to better process recycled materials and qualify for energy rebates, thereby supporting job creation and supply chain resilience in the region. Labour market projections indicate that roles in plastics manufacturing—particularly in engineering, technical support, and machinery maintenance—will see substantial growth over the next decade, reflecting both increased demand for recycled content and evolving regulatory requirements.

European Recyclate Market Trends

Market analysts expect European recycled PET (rPET) prices to rebound in September, driven by strong demand and reinforced by supportive regulatory frameworks. In contrast, prices for other recycled plastics, such as HDPE and LDPE, remain under pressure from low-cost imports and an oversupply of virgin materials. These trends are likely to influence global supply chains and the competitiveness of recycled versus virgin plastics in packaging and manufacturing.

8. Consumer and Market Trends

Sustainable Packaging and Consumer Preferences

Recent studies reveal that 37% of North American consumers actively avoid products with unsustainable packaging, creating considerable market pressure for brands to adopt more sustainable practices. Businesses are responding by investing in improved recycling and recovery systems and innovating new packaging formats—such as foil-free aseptic cartons—that lower environmental footprints and enhance recyclability. These shifts indicate a growing recognition that sustainability is not only an environmental imperative but also a competitive differentiator in the marketplace.