

Inspiring, Empowering, Transforming, Evolving:  
**The Sustainable Future**



Rethink your relationship with tires



# Table of Contents

2	Who We Are & What We Do
3	Our Mission, Vision & Values
4	Message from the Chairman
7	Message from the Executive Director
9	Inspiring, Empowering, Transforming, Evolving: Our Communities
14	Inspiring, Empowering, Transforming, Evolving: Emerging Markets
	<b>Appendices</b>
22	<b>Appendix A:</b> Ontario Tire Stewardship Board of Directors and Staff
25	<b>Appendix B:</b> 2012 Financials
35	<b>Appendix C:</b> 2012 Tire Supply
36	<b>Appendix D:</b> Tire Collection, Transportation & Reuse
40	<b>Appendix E:</b> Scrap Tire Processing & Manufacturing
42	<b>Appendix F:</b> 2012 Used Tires Diversion Summary
45	<b>Appendix G:</b> Ontario Tire Stewardship Industry Audit Program
46	<b>Appendix H:</b> Stakeholder Communication
48	<b>Appendix I:</b> OTS Program Efficiencies



## Who We Are & What We Do

Ontario Tire Stewardship (OTS) is an Industry Funding Organization (IFO) incorporated under Ontario's Waste Diversion Act in 2009, to implement and operate the Used Tires Program.

Through the Used Tires Program, and consumer and industry education programs, Ontario Tire Stewardship is empowering Ontarians to change the relationship they have with their tires. Ontario Tire Stewardship has helped recycle more than 12 million used tires generated annually in the province, preventing scrap tires from ending up in landfills or being dumped illegally. Ontario Tire Stewardship directs these scrap tires to Ontario recyclers to create innovative eco-friendly products that are used for a variety of applications in homes, gardens, schools, arenas and parks to transform our communities into livable, sustainable spaces. By the end of 2012, Ontario Tire Stewardship was approaching the milestone of 50 million scrap tires in Ontario and there are approximately 7,000 tire collectors in Ontario registered with Ontario Tire Stewardship's Used Tires Program.

Beyond recycling, Ontario Tire Stewardship also educates and encourages Ontarians on the use of green products made from used tires that last longer and perform better than similar products in the market. Ontario Tire Stewardship also shares tips with Ontario drivers on how to get the most life and performance from their tires.

---

*Information on Ontario Tire Stewardship, tire maintenance, recycled tire products for both home and commercial applications, as well as information for Program Participants can be found at [www.RethinkTires.ca](http://www.RethinkTires.ca).*

*You can also follow us on Twitter [@RethinkTires](https://twitter.com/RethinkTires).*

# RethinkTires.ca



Rethink your relationship with tires

# Our Mission, Vision & Values

## Vision

We envision a self-sustaining industry in which Ontario companies are the leaders in supplying highly-preferred, innovative products that use material from recycled tires.

---

## Mission

To get 100% of Ontario tires efficiently and responsibly recycled into new products, leading to more livable communities and a growing green economy in this province.

---

## Values

Ontario Tire Stewardship aims to transform the relationship Ontarians have with the lifecycle of their tires, through a comprehensive approach that takes into account our environment, our economy and our quality of life. We believe this can be achieved by factoring the following aspects in everything we do:

- Delivering results
  - Economic development
  - Innovating
  - Taking responsibility
  - Collaborating with stakeholders
- 

## Why Ontario Tire Stewardship?

*We're protecting our environment.*

We divert 100% of Ontario's used tires from landfill and burning. That's 50 million tires and counting.

*We're helping fuel our economy.*

Our support of Ontario companies that make new products out of old tires has brought more than \$40 million dollars in new investments and hundreds of new jobs to this province.

*We're enhancing our quality of life.*

Recycled tires are turned into products that make our homes and offices greener, our schools and playgrounds safer and our communities more vibrant.

## Message from the Chairman



Many have asked me whether Ontario Tire Stewardship (OTS) is an organization run by the government, and I am always pleased when I hear this question because it gives me an opportunity to tell them about how it is actually a private, not-for-profit corporation, established by the tire manufacturers, retailers and equipment suppliers in Ontario to ensure 100% of Ontario's scrap tires are properly recovered, recycled and turned into green products that are sold both here at home and around the world.

In 2012, OTS continued to deliver on this commitment to the tire industry and the citizens of Ontario. We have achieved this success by working with the Ontario recycling industry to collect and recycle 100% of the scrap tires generated in the province, invest in product innovation and Research & Development that is supporting the design of the next generation of products made with recycled tire rubber, and driving program efficiencies that are resulting in our first Tire Stewardship Fee reductions to be rolled out in 2013.

OTS has also worked closely with the Ontario government and oversight body, Waste Diversion Ontario (WDO), to revise the funding model as directed by the Minister to ensure its continued financial sustainability. OTS worked diligently with these partners to develop a funding model that achieved the policy objectives of the government and that just as importantly took into account the business concerns of the tire Stewards. The result has been the development of a Regulation and funding approach that provides clear guidelines for program funding going forward, and that depoliticizes the annual budgeting process, allowing OTS to focus on running the program and driving market efficiency.

As the program has evolved so too has the Board. In 2012, we welcomed three new Directors who have brought important skills and industry knowledge to the table, complementing the skill-sets already represented. OTS has continued to ensure that Steward, tire consumer and recycling industry stakeholders' issues and concerns are understood and addressed at the highest levels of the organization, an inclusive perspective that has formed the foundation for the program's broad acceptance and success to date.

I would be remiss if I did not extend my thanks to the Board, both current and departing Directors, for their diligence, passion for the program, and focus on ensuring that OTS is delivering the most progressive, and efficient, tire stewardship program in North America. Their dedication to the organization, and volunteering of their time and expertise both in and out of the Boardroom, provides a steadying hand for the direction of the organization and assurance that OTS is well-positioned for the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Glenn Maidment', followed by a vertical line.

Glenn Maidment  
*Chairman*











## Message from the Executive Director



In 2012, Ontario Tire Stewardship (OTS) marked the third anniversary of the Ontario Used Tires Program, and celebrated the accomplishment of a significant milestone in the development of an Ontario-based recycling industry that is up to the challenge of recycling 100% of the scrap tires generated each year in the province. This is a testament to the entrepreneurship demonstrated by Ontario's tire recyclers, and the investments the industry has made over the last three years, yielding not only capacity increases, but also job creation and economic development in this green manufacturing sector.

As Ontario's tire recycling market has evolved so has our approach to delivering the stewardship program. This year we significantly increased our efforts to grow market awareness and inspire demand for products made with recycled tire rubber, inviting private and commercial consumers to *ReThink* their relationship with their tires by choosing products made from recycled tire rubber. While consumers have always shown a keen interest in the finished products, we have broadened the conversation with municipalities, architects, landscape designers, construction companies and property management firms to make them aware of the performance, costs and sustainability benefits of these products, and inspire them to choose these innovative recycled tire products for their projects.

Our Research & Development investments have also begun to yield significant returns, with new products made with recycled tire rubber appearing on store shelves in late Q3. These new products represent the first wave of a new suite of products incorporating tire rubber in ways that produce reduced product costs, and better product performance. These applications use recycled rubber to substitute for more expensive virgin materials in the manufacture of these products, thus creating an economic incentive for the manufacturer to continue to use the rubber going forward.

These advances are made possible by the financial support of the Stewards, and underpinned by the hard work of the Collectors, Haulers, Processors and Recycled Product Manufacturers. The success of the program can be attributed to the collaboration of all these stakeholders to ensure that used tires are responsibly managed to the highest end use, and executed in a way that ensures a competitive, level playing field in the market. Over the past year OTS has continued to implement processes and protocols to discourage free-riders or stakeholders that game the system, and is working closely with the Government of Ontario's Investigation & Enforcement Branch to take appropriate action against stakeholders found to be engaged in these types of activities.

The OTS team remains committed to delivering the leading stewardship program in North America, and to serving our Stewards, stakeholders and all Ontarians as we ensure that 100% of Ontario's scrap tires are recycled and transformed into high-value, green products.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Horsman', enclosed within a thin black rectangular border.

Andrew Horsman  
*Executive Director*



**62% of Ontarians**

would support a green revitalization  
of community spaces



## Inspiring, Empowering, Transforming, Evolving: Our Communities

Knowledge is the seed of inspiration, and having the right tools and resources enables positive transformations.

Through consumer shows, community tire collection events, its annual summer Tire Life Check Tour (TLC), grant programs and partnerships with CAA South Central Ontario, OTS inspires consumers across the province to learn about the value of recycling tires and ways to transform their communities into greener living spaces using innovative recycled tire products.



20% increase in  
tires collected at  
CAA RecycleDrive



Giving  
Old Tires  
New Life

**Invested \$1.8 million**  
in industry research & development

---

**Educated 10,000+ Ontarians**  
at 4 consumer shows

---

**Educated 50,000+ Ontarians**  
during the Tire Life Check summer tour

---

**Completed 5 community grant projects**  
using recycled tire products

---

**Approved 20 new community grant projects**  
worth \$120,000 in funding

---

## OARA Tire Take Back Collection Events

For the third year, OTS partnered with the Ontario Automotive Recyclers Association (OARA) and The Sunshine Foundation of Canada to host its six-day tire collection event to raise funds for The Sunshine Foundation of Canada, transforming old tires into fulfilled dreams for children with severe physical disabilities and life threatening illnesses.

### 2012 Event Highlights

- Event generated 7,061,141 media impressions and 160+ community stories
- 72 participating collectors
- Raised \$350,000+ for The Sunshine Foundation of Canada
- 139,000+ tires collected
- Woodbeck Auto Parts in Stirling, ON collected 25,000+ tires, winning the OTS Community Prize
- \$15,000 worth of recycled tire products awarded to Stirling hockey arena revitalization

"The collection event is a great example of OTS's involvement to better our communities."

*Lisa Sticca, Thunder Bay Auto Parts (participating OARA member)*





## Community Project Highlights

OTS's consumer awareness activities resulted in a 23% increase in Program awareness from 2011. Overall, 89% of surveyed Ontarians wanted to see recycled tire products in public spaces, and many communities worked with OTS to take action and transformed local spaces into greener areas using innovative recycled tire products.

### **Guelph Community Christian School**

Guelph Community Christian School opened the doors to its new school and eco-friendly playground in the fall, using Rubber Venture Corporation's unique rubber mulch (made from forklift tires) to create a safer play environment for children.

○ 1,270 recycled passenger tires used

### **Kawartha Village Co-op Project**

After seven years without a playground, the not-for-profit housing co-operative was approved for a \$7,600 grant from OTS in 2012 to build an eco-friendly play area featuring slip resistant rubber surfacing, and will be fully accessible for people with disabilities.

○ 725 recycled passenger tires used

### **Earth Rangers Centre for Sustainable Technology**

Earth Rangers completed the installation of National Rubber Technologies' Pro-Fit rubber flooring in its gymnasium facility. Made from 92% Ontario recycled tire rubber, the product is slip resistant and durable enough to withstand high-impact use.

○ 68 recycled passenger tires used



Inspiring, Empowering,  
Transforming, Evolving:  
Emerging Markets

OTS continues to evolve its Program with the introduction of new resources to educate and empower architects, designers, builders and the next generation of industry minds to find innovative uses for recycled tire products in our communities. Connecting with key community decision makers to encourage collaborative dialogue is also an integral part of OTS's ongoing market education efforts.



*Rethink your relationship with tires*

*FloatMax System*



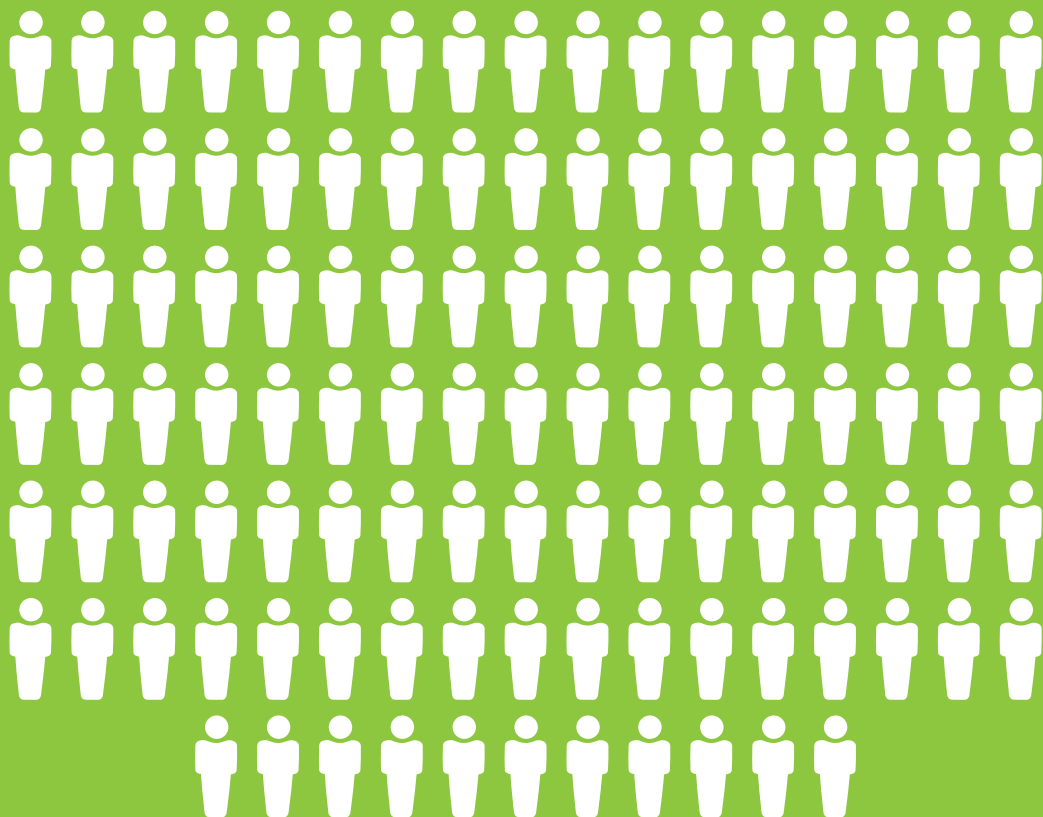


**120 Recycled**

Product Manufacturer leads  
at Construct Canada



Continuing Education Unit Program  
delivered to 113 leading architects  
& product specifiers



Nurturing  
Industry  
Innovation

**Sponsored 6 trade shows  
generating 430 leads for Ontario**  
manufacturers whose products  
are made from recycled tires

---

**Sponsored Recycling Idol competition**  
to cultivate product and process innovation using  
recycled tire rubber

---

**Completed 2 major municipal demonstration projects**  
funded by OTS

---

**“Gracious Living has enjoyed a positive R&D collaboration with OTS.**  
This R&D work has allowed our company to begin including significant  
percentages of post-consumer rubber into several of our product categories.”

**Amit Golan, VP Manufacturing Technologies, Gracious Living Corporation**

---

## 2012 Student Design Challenge

OTS announced the winners of its Student Design Challenge, in partnership with the Ontario Association of Landscape Architects (OALA). In the fall, two Humber College students hosted the grand opening of their winning landscape design, "On the Riverbank" using recycled tire products at Evergreen Brick Works.

- 6 teams of post-secondary school students participated
- Evergreen Brick Works site unveiling generated more than **1.9 million** media impressions
- Secured industry influencers such as *CityTV*'s Frankie Flowers and Evergreen Brick Works' senior staff to be expert judges

"The Challenge empowers students to improve existing community spaces with innovative green solutions that support responsible waste management."

*David Stonehouse, Evergreen Brick Works*





## Inspiring Municipal Innovations

### **Association of Municipalities of Ontario Conference**

OTS educated more than 500 municipal decision makers on the value of recycled tire products to create greener cities during the Association of Municipalities of Ontario (AMO) conference. A mini pop-up park made from innovative recycled tire products was featured in The Byward Market (near the conference) to showcase practical applications for these products within our communities.

### **Kortright Centre for Conservation Parking Lot Pilot**

OTS partnered with the Toronto and Region Conservation Authority (TRCA) for an OTS-funded demonstration project to renovate 13,400+ sq. ft. of Kortright Centre's parking lot using Eco-Flex and AZEK Vast recycled tire pavers. TRCA will be testing the performance of recycled tire pavers to address the issue of municipal storm water management over a 12-month period.

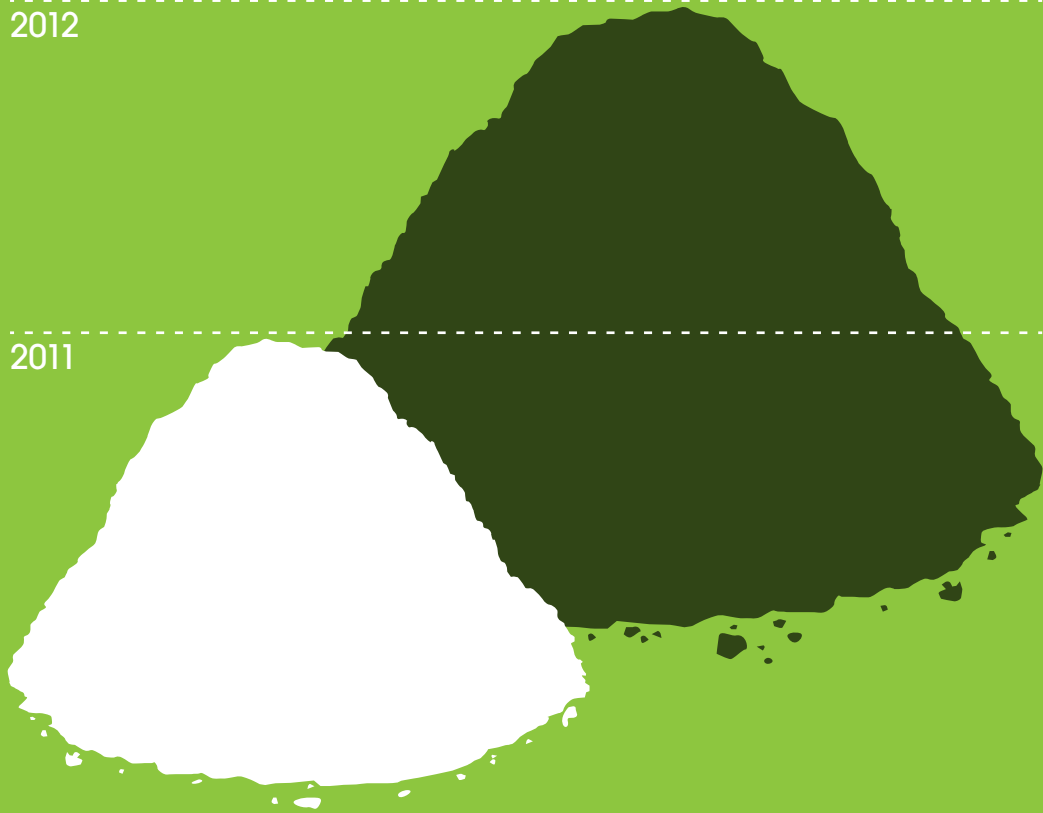
○ 5,800 recycled passenger tires used



39% increase in use  
of Ontario-produced  
crumb rubber by RPMs

2012

2011



Empowering  
Through  
Knowledge

## 87% Consumers

told someone what they learned after  
visiting the Tire Life Check Tour booth

---

## 94% of Ontarians

think developers should use more green products in new  
homes and commercial buildings

---

## 44,000+ visits to GreenMyTires.ca\*

\*Our website has been rebranded to RethinkTires.ca

---

## 2,500+ visitors educated

at the National Women's Show (Toronto)

---

## 10+ Ontario school boards

introduced to recycled tire products through CAA RecycleDrive

---

## Appendix A:

# Ontario Tire Stewardship Board of Directors & Staff

### 2012 Board of Directors

**Glenn Maidment** (*Director & Chair*)  
President of The Rubber Association of Canada

---

**Eric Gilbert** (*Director & Treasurer*)  
*Term ended July 2012*  
President of Ericway Tire

---

**Sarah Webb** (*Director*)  
Manager, Product & Environmental Stewardship  
at Canadian Tire Corporation

---

**Usman Valiante** (*Director*)  
Director, Environmental Affairs at the Ontario Tire  
Dealers Association

---

**Philippe Trudel** (*Director*)  
*Director & Treasurer effective December 2012*  
Senior Corporate Counsel at Michelin Canada

---

**Robin Hunter** (*Director*)  
Counsel & Secretary at Goodyear Canada

### New Board Members joining the Board in 2012

**Bob Bignell** (*Director*)  
Executive Director at the Ontario Tire  
Dealers Association

---

**Joelle Assaraf** (*Director*)  
Director of Commodity Tax at Costco Canada

---

**Andy Soares** (*Director*)  
Business Intelligence and Data Integrity Manager  
at Dynamic Tire



## Senior Staff

**Andrew Horsman**  
Executive Director

---

**Perminder Kandola**  
Vice President, Finance

---

**Zachary Dryman**  
Director, Information Technology

---

**Stephen Gluchowski**  
Director, Operations

---

**Susanne Robins**  
Director, Promotion and Education

to highlight recycled tire  
product cost-benefits

The image shows a hand holding a tablet displaying the RethinkTires website. The screen shows a calculator for recycled tire products, specifically roofing shingles. It displays results for LEED points, cost savings, and lifespan. The interface is green and white, with a navigation bar at the top.

**RethinkTires** HOME CALCULATOR FIND MANUFACTURER LEADS

## See How Recycled Tire Products Compare

Use our Project R2R Calculator to determine the benefits of these innovative (recycled) products. See smart products to fight the your next project. By the way, these products can offer tremendous cost savings, cost savings, and even lower installation costs. LEED points contributions and equipment lifespan and durability.

Always follow the manufacturer's instructions.

### Step 1: Tell Us About Your Project

Roofing Shingles

### Step 2: Results for Roofing Shingles

Calculating the results...

LEED Points Contributed	<b>16.5</b>	Cost Savings Over 10 Years (\$) <small>(including maintenance compared to other shingles)</small>	<b>4,100</b>
Lifespan of Product (years)	<b>50</b>	Total Tires Recycled	<b>16</b>



#### Benefits of Using Roofing Shingles made from Recycled Rubber Tires

- Will not blister, peel, crack
- Fire-resistant
- Increase home resale value
- Fungus, insect and mold resistant
- Lasts many times longer than asphalt or asphalt alternative shingles
- Will not contribute toxic to water systems with particulate discharge like asphalt shingles or wood
- Has the same high wind look of cedar shingles

### Step 3: Find a Manufacturer for Roofing Shingles

**Envirostate**  
www.envirostate.com  
1-800-423-1333

**Further product specifications:**  
www.envirostate.com/en/Products/roofing-shingles.aspx

**Lead Specifications Report:**  
http://www.envirostate.com/en/Products/roofing-shingles.aspx

### Step 4: Email Yourself or a Colleague All information Above

Select your industry

Enter your email address

☐ Receive our monthly newsletter

**Email Results**

## Appendix B: 2012 Financials

Financial Statements of

ONTARIO TIRE STEWARDSHIP/  
SOCIÉTÉ DE GESTION DES PNEUS  
USAGÉS DE L'ONTARIO

Years ended December 31, 2012 and 2011  
INDEPENDENT AUDITORS' REPORT

**KPMG LLP Chartered Accountants**

Yonge Corporate Centre  
4100 Yonge Street Suite 200  
Toronto ON M2P 2H3 Canada

Telephone - (416) 228-7000  
Fax - (416) 228-7123  
Internet - [www.kpmg.ca](http://www.kpmg.ca)

### To the Members of Ontario Tire Stewardship/ Société de Gestion des Pneus Usagés de l'Ontario

We have audited the accompanying financial statements of Ontario Tire Stewardship/Société de Gestion des Pneus Usagés de l'Ontario, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of income, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

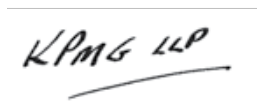
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Tire Stewardship/Société de Gestion des Pneus Usagés de l'Ontario as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants, Licensed Public Accountants  
March 26, 2013  
Toronto, Canada

**ONTARIO TIRE STEWARDSHIP/  
SOCIÉTÉ DE GESTION DES PNEUS  
USAGÉS DE L'ONTARIO**

Statements of Financial Position  
December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
<b>Assets</b>			
<i>Current assets:</i>			
Cash	\$ 22,999,081	\$ 31,628,714	\$ 6,639,812
Short-term investment (note 2)	–	–	8,000,000
Trade accounts receivable	8,235,300	6,174,764	13,541,319
Other receivables (note 3)	–	–	785,609
Prepaid expenses	69,517	88,634	48,030
	31,303,898	37,892,112	29,014,770
Capital assets (note 4)	293,742	–	–
	\$ 31,597,640	\$ 37,892,112	\$ 29,014,770

**Liabilities and Net Assets**

*Current liabilities:*

Accounts payable and accrued liabilities (note 5)	\$ 13,828,974	\$ 22,941,207	\$ 17,703,320
Seed funding from members		–	21,000
Other liabilities (note 5)	128,626	608,604	1,246,391
	13,957,600	23,549,811	18,970,711
Deferred lease inducement (note 6)	195,281	–	–

*Net Assets:*

Unrestricted	–	–	10,044,059
Internally restricted (note 7):			–
Stockpile remediation fund	4,000,000	4,000,000	–
Operational reserve fund	13,444,759	10,342,301	
	17,444,759	14,342,301	10,044,059

Commitments (note 8)

	\$ 31,597,640	\$ 37,892,112	\$ 29,014,770
--	---------------	---------------	---------------

See accompanying notes to financial statements.  
On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**ONTARIO TIRE STEWARDSHIP/  
SOCIÉTÉ DE GESTION DES PNEUS  
USAGÉS DE L'ONTARIO**

Statements of Income  
Years ended December 31, 2012 and 2011

	2012	2011
<b>Revenue:</b>		
Steward fees	\$ 67,908,202	\$ 70,942,085
Tire steward fee penalties	418,043	160,697
	68,326,245	71,102,782
<b>Expenses:</b>		
Operational costs:		
Research and development	1,492,979	708,873
Stockpile abatement cost	—	2,027
Manufacturing incentive	4,244,611	2,776,056
Transportation incentive	28,401,817	26,522,809
Processor incentive	18,407,987	11,698,946
Collection allowance	7,937,008	8,423,666
Promotion and communication	2,007,692	2,147,866
Accrued program costs - GST/HST	(2,813,618)	6,754,262
	59,678,476	59,034,505
<b>Administration:</b>		
Program management	3,166,158	5,440,267
Professional fees	92,716	72,295
Office and general	1,555,467	582,659
Bad debt	—	3,477
Write-off of HST input tax credit (note 3)	730,970	1,671,337
	5,545,311	7,770,035
	65,223,787	66,804,540
Excess of revenue over expenses	\$ 3,102,458	\$ 4,298,242

See accompanying notes to financial statements.

**ONTARIO TIRE STEWARDSHIP/  
SOCIÉTÉ DE GESTION DES PNEUS  
USAGÉS DE L'ONTARIO**

Statement of Changes in Net Assets  
Years ended December 31, 2012 and 2011

	Internally restricted		Unrestricted	Total
	Stockpile remediation fund	Operational reserve fund		
	(note 7)	(note 7)		
Balance, January 1, 2011	\$ —	\$ —	\$ 10,044,059	\$ 10,044,059
Excess of revenue expenses	—	—	4,298,242	4,298,242
Interfund transfer	4,000,000	10,342,301	(14,342,301)	—
Balance, December 31, 2011	4,000,000	10,342,301	—	14,342,301
Excess of revenue over expenses	—	—	3,102,458	3,102,458
Interfund transfer	—	3,102,458	(3,102,458)	—
Balance, December 31, 2012	\$ 4,000,000	\$ 13,444,759	\$ —	\$ 17,444,759

See accompanying notes to financial statements.

**ONTARIO TIRE STEWARDSHIP/  
SOCIÉTÉ DE GESTION DES PNEUS  
USAGÉS DE L'ONTARIO**

Statements of Cash Flows  
Years ended December 31, 2012 and 2011

	2012	2011
<i>Cash provided by (used in):</i>		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 3,102,458	\$ 4,298,242
Amortization	43,566	—
Change in non-cash operating working capital:		
Trade accounts receivable	(2,060,536)	7,366,555
Other receivables	—	785,609
Prepaid expenses	19,117	(40,604)
Accounts payable and accrued liabilities	(9,112,233)	5,237,887
Seed funding from members	—	(21,000)
Other liabilities	(479,978)	(637,787)
	(8,487,606)	16,988,902
<b>Financing activities:</b>		
Increase in deferred leasehold inducement	195,281	—
<b>Investing activities:</b>		
Purchase of capital assets	(337,308)	—
Redemption of short-term investment	—	8,000,000
	(337,308)	8,000,000
Increase (decrease) in cash	(8,629,633)	24,988,902
Cash, beginning of year	31,628,714	6,639,812
Cash, end of year	\$ 22,999,081	\$ 31,628,714

See accompanying notes to financial statements.

**Notes to Financial Statements**  
**Years ended December 31, 2012 and 2011**

Ontario Tire Stewardship/Société de Gestion des Pneus Usagés de l'Ontario ("OTS" or the "Organization") has been incorporated for the purpose of becoming an industry funding organization created in accordance with Section 23(1) of the Waste Diversion Act (the "WDA"), which was passed in June 2002 by the Province of Ontario legislature. The WDA is designed to promote reduction, reuse and recycling of waste.

OTS was incorporated on September 10, 2003 as a corporation without share capital by letters patent under the laws of Ontario. It qualifies as a not-for-profit organization, as defined in the Income Tax Act (Canada) and, as such, is exempt from income taxes.

OTS aims to develop, promote, implement, operate and monitor a scrap tire diversion program for the Province of Ontario.

OTS works cooperatively with Waste Diversion Ontario to meet the requirements set out by the WDA, O. Reg. 84/03, and the Ontario Ministry of the Environment.

On January 1, 2012, the Organization adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Canadian Institute of Chartered Accountants' ("CICA") Handbook. These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions of not-for-profit standards, the Organization has adopted the changes retrospectively, subject to certain exceptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

There were no adjustments to net assets as at January 1, 2011 or excess of revenue over expenses for the year ended December 31, 2011 as a result of the transition to Canadian Accounting Standards for Not-For-Profit Organizations.

**1. Significant accounting policies:**

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook.

*a) Revenue recognition:*

OTS follows the deferral method of accounting. Under this method, unrestricted revenue is recognized when received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured. Restricted revenue is recognized in the year in which the related expenses occur.

Stewards, defined as brand owners, original equipment manufacturers and first importers, must pay OTS a fee on every tire supplied into Ontario. This fee varies by tire type. OTS accrues the steward fee revenue and recognizes it as unrestricted revenue in the month in which it was generated as reported by the stewards.

Tire steward fee penalties are revenues resulting from OTS' compliance and enforcement activities and are recorded as revenue in the year in which they are enforceable and received.



**Notes to Financial Statements (continued)**  
**Years ended December 31, 2012 and 2011**

**1. Significant accounting policies (continued):**

*(b) Capital assets:*

Purchased capital assets are recorded at cost. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

	Rate
Office furniture	20%
Computer equipment	50%
Leasehold improvements	Over the term of the lease

*(c) Deferred lease inducement:*

The Organization has a deferred lease inducement related to the reimbursement by the lessor of certain expenditures for leasehold improvements that will be amortized over the term of the lease.

*(d) Incentives payable:*

Incentives payable to collectors are earned by collectors when tires are picked up by haulers for storage and eventual transport to processors. Incentives payable to haulers are earned by haulers when the tires are delivered to processors. Incentives payable to processors are earned by processors only after the processing is complete and the product is sold for an eligible end use. Incentives payable to manufacturers (with manufacturing operations in Ontario) are earned when manufacturers provide OTS with proof of sale of products using recycled rubber from eligible Ontario tires.

Incentives are paid after OTS receives reports from the stakeholders and is satisfied with the supporting documents provided. OTS accrues the incentives and recognizes them as expense in the period in which the incentives are earned by the stakeholders.

Incentives payable at year end are included in accounts payable and accrued liabilities.

*(e) Financial instruments:*

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry non-equity investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

**Notes to Financial Statements (continued)**  
**Years ended December 31, 2012 and 2011**

**1. Significant accounting policies (continued):**

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

*(f) Use of estimates:*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include allowance for doubtful accounts and accrued liabilities. Actual results could differ from those estimates.

**2. Short-term investment:**

The short-term investment at December 31, 2010 consisted of a guaranteed investment certificate with a cost and fair value of \$8,000,000 and bearing a yield to maturity at 1.10%. The investment matured in December 2011.

*Investment risk management:*

Risk management relates to understanding and active management of risk associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate risk and market risk.

*(a) Interest rate risk:*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Organization. The Organization manages this risk by holding primarily debt issued by the financial institutions.

*(b) Market risk:*

Market risk arises as a result of trading in fixed income securities. Fluctuations in the market expose the Organization to a risk of loss. The Organization mitigates this risk by limiting the type of investments to fixed income securities and short-term investments according to the Organization's Investment Policy Statement.

**Notes to Financial Statements (continued)**  
**Years ended December 31, 2012 and 2011**

**3. Other receivables:**

During 2012, the Canada Revenue Agency indicated that a ruling request submitted by OTS requesting clarity on whether operating expenses are considered to be incurred in the course of making taxable supplies and, accordingly, whether OTS qualifies for the HST input tax credit would likely be unfavourable for OTS. As a result, OTS recorded a provision at December 31, 2011 of \$1,671,337 against the input tax credit receivable recorded in other receivables. As a result of this provision, the recorded balance of other receivables at December 31, 2011 is nil. A further provision of \$730,970 was recorded at December 31, 2012 against additional receivable balances recorded during the year. As a result of the further provision recorded, the balance of other receivables at December 31, 2012 is nil.

**4. Capital assets:**

	Cost	Accumulated amortization	Net book value
Office furniture	\$ 80,514	\$ 16,103	\$ 64,411
Computer equipment	13,338	6,669	6,669
Leasehold improvements	243,456	20,794	222,662
	\$ 337,308	\$ 43,566	\$ 293,742

Included in office and general expenses is amortization of \$43,566 (2011 - nil).

**5. Accounts payable and accrued liabilities and other liabilities:**

Included in accounts payable and accrued liabilities and other liabilities as at December 31, 2012 are government remittances payable of \$550,554 (December 31, 2011 - \$582,066; January 1, 2011 - \$1,233,761) relating to HST, payroll taxes, health and workers' safety insurance, as well as accrued estimated remittances payable of \$670,870 (December 31, 2011 - \$12,164,464; January 1, 2011 - \$5,410,202) related to HST.

**6. Deferred leasehold inducement:**

Deferred lease inducement represents the reimbursement by the lessor of certain expenditures for leasehold improvements made by the Organization as inducements to enter into a long-term lease agreement. During fiscal 2012, the Organization received the benefit of \$209,230 as an inducement under a new lease with its lessor. Of the amount received, \$13,949 of this inducement has been amortized against rent expense.

**Notes to Financial Statements (continued)**  
**Years ended December 31, 2012 and 2011**

**7. Internally restricted funds:**

The Organization, as approved by the Board of Directors, internally designates funds to be used for specific purposes. The stockpile remediation fund was established to fund expected future costs of the Organization associated with the cleanup of stockpiles as required by Waste Diversion Ontario. The operational reserve fund was established as a means of mitigating OTS's risks involved in fulfilling its financial and contractual obligations in the event that the Used Tires Program is terminated without notice. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

**8. Commitments:**

OTS has future minimum annual commitments under long-term contracts for premises, information technology infrastructure and other services as follows:

2013	\$ 1,918,600
2014	830,900
2015	86,600
2016	84,100
2017	56,200
	<hr/>
	\$ 2,976,400

The Organization is committed under sponsorship agreements to provide funding in fiscal 2013 in the amount of \$90,000.



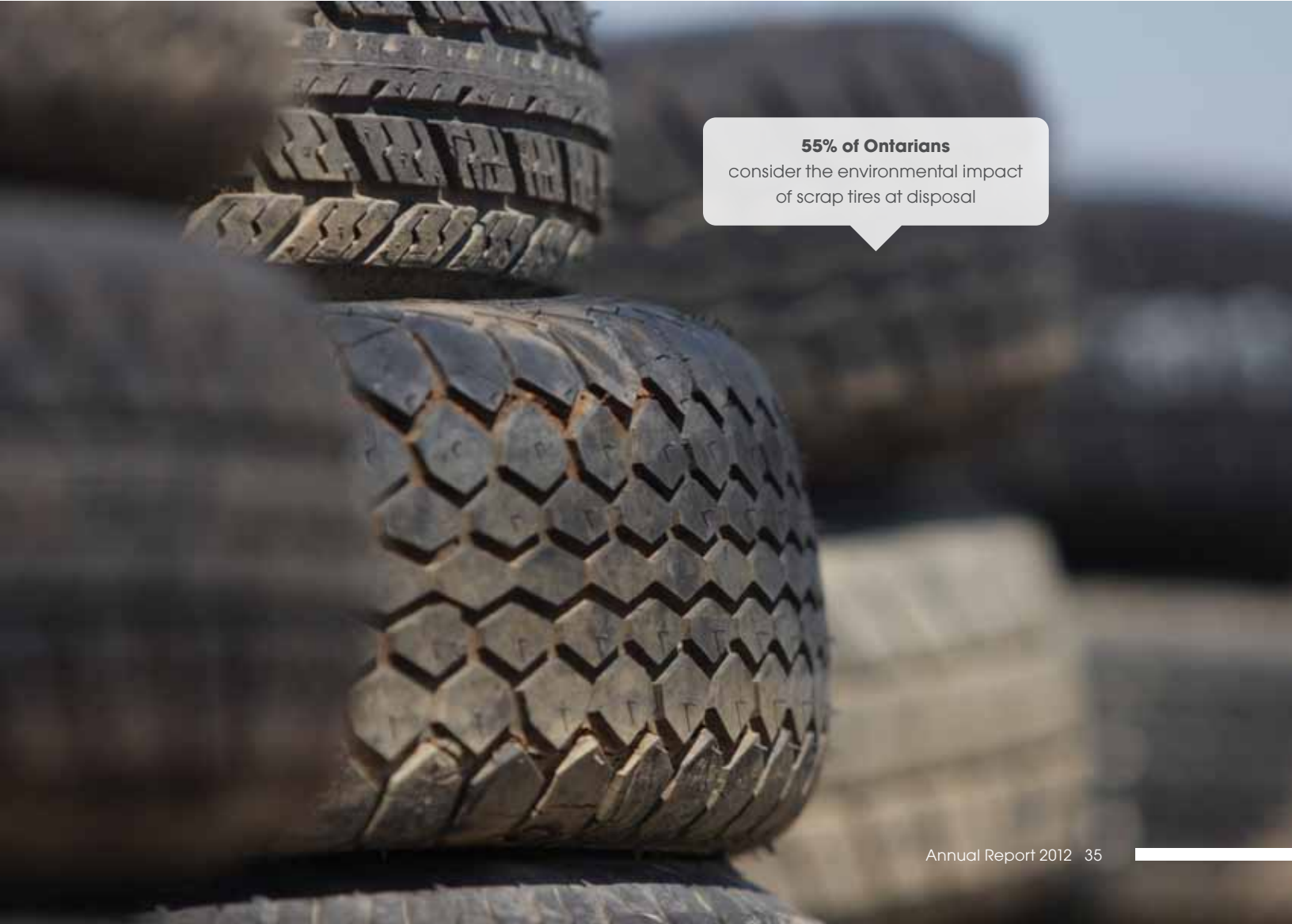
## Appendix C:

# 2012 Tire Supply

2012 On-Road and Off-Road Tire Supply was lower than in 2011, with lower supply in the new tire replacement market being the key driver of the weakness. While supply through the first and second quarter showed some strength, supply during the third and fourth quarters dropped off significantly.

2012 Tire Supply (in Tonnes)

Tire Type	Weight	Previous Year (2011)
PLT	93,977	98,958
MT	37,404	37,559
OTR	17,814	20,831



**55% of Ontarians**  
consider the environmental impact  
of scrap tires at disposal

## Appendix D:

# Tire Collection, Transportation & Re-Use

At the end of 2012, there were almost 6,900 Collectors registered with OTS. While this number is lower than the number of registered collection points at the end of 2011, almost 300 locations have taken advantage of the “Sub-Collector” program introduced by OTS in 2011 whereby a registered Collector may accept tires from other businesses which would otherwise be required to register with OTS but who, for reasons of administrative simplicity have elected not to do so. The Sub-Collector is required to abide by the same requirements as a Collector to accept tires from Ontario residents for no charge, but does not have to report to OTS.

On-Road Tire Collection	+	Off-Road Tire Collection	+	113 Special Tire Collection (STC) Events**
124,821 tonnes 95% of restated objective		20,729 tonnes 116%* of restated objective		298 tonnes 96,000 used tires collected
<hr/> <hr/>				
Used Tire Collection				
145,550 tonnes 98% of restated collection objective				

\* Variance due to introduction of pre-program tires, and misclassification of tires leading to some variation in weights of tires being reported as collected.

\*\* Typically hosted by municipalities as part of regularly held collection event days or were requested by residents in rural/agricultural areas.

As part of the continuous improvement approach to the program, OTS undertook an analysis of expected volumes of used tires available for collection compared to new tires supplied taking into account tire wear on tires in all categories and the impact of winter tire sales on the Passenger & Light Truck tire category. As a result, OTS adjusted its assumptions of the quantities of used tires available from the historic “1-to-1” assumption (i.e. 1 new tire supplied will result in 1 used tire being produced) to a “1-to-.95” rate. This discount is due to the impact of winter tire sales and vehicle scrappage rates for On-Road tires and tire wear in the Off-Road tire category. OTS is continuing to assess these assumptions and may revise them in the future.

2012 Collection Sites*	Year 3 Collection Sites Target	Actual Collection Sites Dec. 31, 2012	Actual Collection Sites Dec. 31, 2011	Actual as Per Cent of Year 3 Target
Garages	3,001	3,676	4,256	122%
Municipal Waste Management Sites	50	420	426	840%
Tire Retailers	13,999	1,670	1,952	12%
Mass Merchants	330	290	298	88%
Other Private Collection Sites	30	780	300	2,600%
<b>Total</b>	<b>17,410</b>	<b>6,836</b>	<b>7,232</b>	<b>39%</b>

\*Decreases in quantities of Collectors registered in certain categories are as a result of reclassifications of Collector type into another category.

Tire misclassification on pick-up continues to be an issue for OTS, resulting in potential variations between reported weights of tires being picked up and weights of tires actually being transported and delivered to Processors. In 2012, OTS introduced a series of process improvements including regular inventory reconciliations, adjustments to the average estimated weights assigned to each tire category and development of a used tire classification guide to assist stakeholders in the proper classification of used tires in the field. These initiatives have resulted in more accurate reporting and a reduction in the impact on diversion reporting.

#### 2012 Deliveries to Processors

Destination	Tire Type			Total	Per Cent of Total Tonnes Delivered	2011 Per Cent of Total Tonnes Delivered
	PLT	MT	OTR			
In Province Deliveries*	85,689	32,382	14,242	132,313	97%	87%
Out of Province Deliveries	0	68	3,088	3,156	2%	13%
Processor Cull (-ve)*	1,464	264	19	1,747	1%	3%
<b>Total Deliveries</b>	<b>84,225</b>	<b>32,186</b>	<b>17,311</b>	<b>133,722</b>		

\* "In Province Deliveries" is inclusive of "Processor Cull"

Increased percentage of tires delivered to Processors in Ontario from 2011 reflects the increases in Ontario processing capacity at existing and new-to-Ontario processor facilities. There continues to be a variance between the On-Road and Off-Road Tire categories, with 100% of Passenger & Light Truck (PLT) and Medium Truck (MT) tires being delivered to in-province Processors, while 82% of Off-Road tires were delivered to in-province Processors as Off-Road tire processing capacity continues to develop. OTS anticipates that in 2013 Off-Road tire capacity will approach 100%.

Historically, used tires have been culled for reuse at all three levels of the whole used tire management chain. Cull for reuse (either for sale as used tires in domestic or export markets) or retreading occurred predominantly at the Collector and Hauler level, while a limited amount of cull for reuse occurred at selected Ontario Processors.

Through its audit program, OTS identified significant double counting involving tires culled for reuse by Haulers. Certain Haulers had been taking advantage of the Transportation Incentive payment on tires delivered to reuse and were setting up Collector accounts to effectively allow them to flow culled tires back through the used tire stream repeatedly, thus collecting Transportation Incentives on the same tires multiple times. Identification of this activity resulted in OTS terminating the Agreements with a number of Collectors and Haulers, and undertaking steps to recover the incentives claimed as a result.

To address this issue, OTS changed how Transportation Incentives are paid out on tires culled for reuse and this has resulted in a drop in culling by Haulers, and an increase in culling at Processors. Processor reporting of tires culled for reuse lags actual culling activity, and OTS is working with Processors to improve the timeliness of the reporting. As a result, total reuse is under-reported in this Report.

#### Total 2012 Reuse vs Retreading

	PLT	MT	OTR	Total	Per Cent of Reuse	Per Cent of Reuse 2011
Reuse	8,568	2,479	1,905	12,952	93%	95%
Retread	1	104	806	911	7%	5%
<b>Total</b>	<b>8,569</b>	<b>2,583</b>	<b>2,711</b>	<b>13,863</b>		

1. Throughout this document data presented has been rounded to display only whole numbers for ease of consumption by the reader. In certain instances this may result in rounding errors in the calculations contained in the tables.





"OTS case studies provided great insight into recycled  
tire product applications."

*CaGBC CEU presentation attendee*



## Appendix E:

# Scrap Tire Processing & Manufacturing

2012 has seen significant increases in both overall processing capacity (Ontario processing capacity now exceeds available quantities of used tires in the Province) and in the capacity of Ontario Processors to produce higher-value TDPs. As a result, Processors have also shifted TDP production to access the higher Processing Incentives offered by OTS. Encouragingly the increases in higher-value TDP production have come not only through processing of On-Road tires, but also of Off-Road tires. This is indicative of the demand for scrap tires for processing, as Processors seek to make maximum use of available raw material. The result is a market that is investing in capacity to be able to process even traditionally less desirable Off-Road tires to crumb rubber.

### Ontario Tire Stewardship Tire-Derived Product (TDP) Categories

Product	Description
TDP 1	95% minus 20 mesh, free of steel
TDP 2	80% minus 8 mesh, free of steel
TDP 3	Minus ¼" sieve, free of steel
TDP 4	Fabricated products such as blasting mats etc. Must utilize minimum 75% of the tire weight
TDP 5	Primary Shred used as Tire-Derived Aggregate or as feeder stock for Crumb Rubber production

### 2012 Tire-Derived Product Production

Tire Category	TDP Type	Weight (TN)	2011 Weight (TN)
On-Road Tires	TDP 1	8,146	4,025
	TDP 2	42,905	21,155
	TDP 3	10,875	13,580
	TDP 4	4,505	4,464
	TDP 5	12,057	32,620
	<b>Total</b>	<b>78,488</b>	<b>75,844</b>
Off-Road Tires	TDP 1	598	110
	TDP 2	4,842	1,148
	TDP 3	1,075	697
	TDP 4	-	-
	TDP 5	4,502	8,464
<b>Total</b>		<b>11,017</b>	<b>10,419</b>

*Total tonnes reported may not directly correlate to quantities for recycled rubber reported in the overall diversion chart due to late reporting of actual TDP production by Processors.*

## 2012 Residuals Management

End Use	Material Type			Total	Per Cent of Total Residuals	2011 Per Cent of Total Residuals
	Fluff	Steel/Metal	Other			
Recycled/Reused	4,590	15,006	136	19,732	60%	46%
Disposal	11,603	274	1,402	13,279	40%	54%
<b>Total</b>				<b>33,011</b>		

The Manufacturing Incentive (MI) program grew significantly in 2012 as well. Ontario Recycled Product Manufacturers (RPMs) increased their consumption of Ontario-produced crumb rubber by 39%, with the increase attributable to both increased demand from established Ontario RPMs and to growing demand from newcomers to the market.

OTS is working closely with the RPMs to better understand their forecast demand over the next two to four years, and assessing availability of crumb rubber to feed these growing uses. While at this time OTS does not see any new RPMs entering the Ontario market, several of the Research & Development grant recipients with whom OTS is working show high potential to become RPMs once their uses become fully commercial.

The growth in demand for crumb rubber by RPMs is integral to OTS's overall strategy to develop local markets to consume Ontario-produced Tire-Derived Products. While crumb rubber is a commodity product, sensitive to changes in market pricing, the manufacture of finished goods using recycled rubber presents an opportunity to introduce crumb into more stable markets, and thus drive greater economic sustainability throughout the industry. Additionally the production of finished goods in Ontario using recycled rubber creates greater economic advantages for the province, and fosters a virtuous relationship between Processors and RPMs that maximizes economic benefits for both.

## 2012 Tire-Derived Product Used in Ontario Recycled Products

Product Type	Weight (TN)
Moulded	25,999
Extruded	7
Calendered	6,708
<b>Total</b>	<b>32,715</b>

## Appendix F:

# 2012 Used Tires Diversion Summary

	Plan Target	Actual	Previous Year
PLT Tonnes	Year 3	2012 Year to Date	2011 Year
Supplied into Marketplace	105,020	93,977	98,958
Available for Collection (1)	103,970	93,977	98,958
Collected	103,970	90,824	92,771
Reused (2)	15,595	8,568	13,174
Actual Input to Recycling		85,689	80,206
Processor Inventory Carryover From Previous Year		19,589	11,449
Material Available for Recycling	88,374	105,278	91,656
Material Losses & Disposal	8,837	8,232	8,335
Recycled (Rubber)		53,624	56,125
Recycled (Steel)		9,304	7,579
Recycled (Fibre)		3,305	28
<b>Total Tonnes Recycled</b>	<b>79,537</b>	<b>66,233</b>	<b>63,732</b>
<b>Total Tonnes Diverted</b>	<b>95,132</b>	<b>101,220</b>	<b>94,890</b>
Reduction Rate	1%	0%	0%
Collection Rate	100%	97%	94%
Reuse Rate	15%	9%	13%
Recycling Rate		91%	81%
Recycling Efficiency		88%	89%
Diversion Rate	91%	108%	96%
<b>MT Tonnes</b>			
Supplied into Marketplace	26,822	37,404	37,559
Available for Collection (1)	26,553	37,404	37,559
Collected	26,553	33,997	34,042
Reused (2)	0	2,479	5,759
Inventory at Haulers		-1,276	-670
Actual Input to Recycling		32,449	27,944
Processor Inventory Carryover From Previous Year		8,352	5,724
Material Available for Recycling	26,553	40,801	33,668
Material Losses & Disposal	2,655	3,187	2,929
Recycled (Rubber)		20,972	19,719
Recycled (Steel)		3,601	1,971
Recycled (Fibre)		1,285	10
<b>Total Tonnes Recycled</b>	<b>23,898</b>	<b>21,700</b>	<b>21,700</b>
<b>Total Tonnes Diverted</b>	<b>23,898</b>	<b>25,858</b>	<b>35,065</b>
Reduction Rate	1%	0%	0%
Collection Rate	100%	91%	91%
Reuse Rate	0%	7%	15%
Recycling Rate		88%	77%
Recycling Efficiency		89%	87%
Diversion Rate	90%	103%	93%

	Plan Target	Actual	Previous Year
OTR Tonnes	Year 3	2012 Year to Date	2011 Year
Supplied into Marketplace	83,881	17,814	20,831
Available for Collection (1)	83,042	17,814	20,831
Collected	26,574	20,729	29,183
Reused (2)	0	1,905	2,102
Actual Input to Recycling (3)		17,329	14,554
Processor Inventory Carryover From Previous Year		1,120	(250)
Material Available for Recycling (4)	26,574	18,449	14,304
Material Losses & Disposal	1,329	1,992	1,536
Recycled (Rubber)		11,483	10,419
Recycled (Steel)		2,251	1,229
Recycled (Fibre)		0	-
<b>Total Tonnes Recycled</b>	<b>25,245</b>	<b>13,734</b>	<b>11,648</b>
<b>Total Tonnes Diverted (5)</b>	<b>25,245</b>	<b>16,660</b>	<b>15,771</b>
Reduction Rate	1%	0%	0%
Collection Rate	32%	116%	140%
Reuse Rate	0%	11%	10%
Recycling Rate		114%	123%
Recycling Efficiency		80%	96%
Diversion Rate	30%	93%	76%

## NOTES

1. Tonnes of tires available for collection is equivalent to tonnes of tires supplied by Stewards
2. Reuse includes sales of used tires and retreading
3. Tonnes of tires delivered to approved Processors
4. Tonnes of tires in inventory at Processors at the time of reporting
5. Includes % of tonnes of tires in inventory at time of reporting that will be diverted. The % is based on 2010 diversion rate of Ontario Processors.

*“Restated Target” is adjusted from the targets set out in the approved Plan based on revised estimates of quantities of new tires “Supplied into Marketplace” and “Available for Collection” in the lead-up to program implementation.*



**71% of Ontarians**  
think maintenance costs for community  
spaces can be reduced with better  
building materials



## Appendix G:

# Ontario Tire Stewardship Industry Audit Program

In 2012, Ontario Tire Stewardship continued to expand its audit program in efforts to create a fair and level playing field for all program participants. The results of this expansion led to significantly better coverage in all areas versus previous years.

	Stewards	Haulers	Processors	Collectors
Audit Focus	Validate market activity in the MT & motorcycle/sporting equipment categories	Review of collector accounts serviced and non-hauler accounts held with OTS	TDP attracting higher PI	Validate sources of scrap tires
Findings & Results	OTS continuing to track industry-generated leads on grey market activity in these categories.	Lack of supporting documentation for hauling activities; Altered used tire shipment forms; Over delivery of tires and inventory adjustments.	Incorrect weight and TDP category classifications	Lack of supporting documentation on origin of used tires collected
Reassessment Value	\$278,000+	\$305,000+	\$58,000+	\$379,000+

OTS continues to increase the focus on compliance with the program rules and contractual obligations of stakeholders. Strengthening our relationship with the Ministry of the Environment's IEB and increasing audit resources to comprehensively review Stewards and operational stakeholder files will be key priorities going forward.

January–December 2012			
Type	No. of Audits Completed	Adjustments	\$ Adjustments in '000's
Collector	149	90	379
Hauler	62	16	305
Processor	3	2	58
RPM	0	0	0
Steward	15	12	278
<b>Total</b>	<b>229</b>	<b>120</b>	<b>1,020</b>

## Appendix H:

# Stakeholder Communication

Understanding the needs, concerns and perspectives of our stakeholders is important to OTS as we continue to deliver and develop the Ontario Used Tires Program. From Stewards to Collectors, Haulers, Processors and RPMs, all these partners have interests in how the program operates, understanding the changes OTS may be considering to drive diversion and product market growth, and how OTS is ensuring a level playing field in Ontario.

OTS undertakes stakeholder outreach and consultation through a variety of mechanisms:

- Regular meetings of the Technical Advisory Committee (primary source of feedback);
- Targeted Consultations on specific changes or issues identified by OTS;
- Communications and outreach through the OTS Newsletter, website, and Social Media;
- Direct-to-stakeholder communications.

The OTS Technical Committee is the primary mechanism through which OTS solicits feedback from the Ontario tire recycling industry on emerging market trends, program operation and proposed operational changes to the program. The Committee serves to collaboratively identify issues and devise solutions proactively. The Technical Committee also provides volunteers for sub-committees for more targeted policy and procedure development, which are then brought back to the larger group for discussion.

In the event of program changes that uniquely or disproportionately affect a specific group of operational stakeholders (for example, changes to Transportation Incentives and their impact on Hauler operations), OTS will engage the stakeholder group specifically through targeted consultations, as well as bring the proposed changes to the broader Technical Committee. Through this inclusive approach OTS has been able to successfully implement a range of operational enhancements and changes, which have resulted in more efficient program operations, lower program costs and enhanced tire movement traceability and oversight by OTS.

OTS is committed to delivering the Used Tires Program with integrity, while respecting Stewards' and operational stakeholders' confidentiality and at the lowest possible cost. To this end, OTS has undertaken a number of initiatives through 2012 to deliver on this commitment:

Type of OTS Activities	Date of Activity	S.	C.	H.	P.	RPM
Technical Committee Meeting	January 11, 2012		○	○	○	○
Technical Committee Meeting	March 21, 2012		○	○	○	○
Hauler Standards Webinar	April 12, 2012			○		
Processor & RPM Participant Standards Webinar	April 13, 2012				○	○
Technical Committee Meeting	May 10, 2012		○	○	○	○
Steward WDO Session	May 7, 2012	○				
Technical Committee Meeting	June 27, 2012		○	○	○	○
Steward Consultation Meeting/Webinar	August 9, 2012	○				
Technical Committee Meeting	October 24, 2012		○	○	○	○
CEEDA members OTS Webinar	October 30, 2012	○				
CEEDA members OTS Webinar	November 6, 2012	○				
Technical Committee Meeting	December 5, 2012		○	○	○	○
Final 2012 OTS Steward Consultation Report Released	December 5, 2012	○				

**S.** Stewards      **P.** Processor      **C.** Collector      **H.** Hauler      **RPM** Recycled Product Manufacturer

## Appendix I:

# Program Efficiencies

### IT System Enhancements

- Shifted to a cloud-based server environment, reducing hosting and server upgrading costs;
- Integration of additional data security provisions including physical security at the hosting data-centre; redundant firewalls to prevent unauthorized access of program data; advanced intrusion detection and mitigation;
- Datacentre is compliant with the following industry-leading certifications; SAS 70 Type II, CICA 5970 Audit, SSAE No. 16, ISO 27001, Equifax Internet Access Security, and PCI;
- Introduction of document scanning program to accelerate data access and claims processing.

### OTS Team

- Reduced reliance on outside vendors to deliver core program services, reducing overall headcount by 15%;
- Relocation of the OTS offices resulted in a 10% reduction in facility cost;
- Selection and contracting with new IT service provider has reduced costs by 20%.
- Together these program changes have allowed OTS to reduce its Program Administration costs by 21% versus 2011. OTS is committed to delivering additional initiatives in 2013 that will drive further reductions in these costs, and will eventually translate into lower Tire Stewardship Fees to Stewards and the consumer.



Ontario Tire Stewardship  
300 The East Mall, Suite 100  
Toronto, ON M9B 6B7  
[www.rethinktires.ca](http://www.rethinktires.ca)



