

Quebec's Regulation respecting the recovery and reclamation of products by enterprises

Working with AgriRÉCUP/Cleanfarms to meet your regulatory obligations and create a

more circular economy for ag plastics - 2023-11-01

INTRODUCTION

This document summarizes new regulatory obligations that are in place in Quebec and how AgriRÉCUP/Cleanfarms can help feed mills meet new obligations and provide convenient and cost-effective programs to enterprises and farmers.

RECYC-QUÉBEC recently recognized AgriRÉCUP/Cleanfarms as an 'Organisme de Gestion Reconnu' (OGR) or 'Recognized Management Organization' (RMO) for subcategories 1, 2, 3, 6 and 7 of Section 53.08 of the Regulation respecting the recovery and reclamation of products by enterprises (the Regulation). Click here for more information.

This means that enterprises, or companies that supply products in subcategories 1, 2, 3, 6 and 7 can meet their regulatory obligations by becoming a member of AgriRÉCUP/Cleanfarms.

OVERVIEW OF THE OBLIGATION

Enterprises, or companies that supply products into Quebec, are obligated to 'implement recovery and reclamation programs' for products that are outlined in Section 53.08 of the Regulation.

Part of this obligation includes making sure that farmers or users have access to collection programs, meeting recovery targets and other administrative requirements.

Enterprises can meet their obligations by implementing their own individual program, joining a group of enterprises to implement a common program or becoming a member of an OGR that operates a recovery and reclamation program on their behalf.

How does AgriRÉCUP/Cleanfarms work with enterprises to meet the regulatory requirements? AgriRÉCUP/Cleanfarms delivers a turnkey solution:

- AgriRÉCUP/Cleanfarms manages day-to-day operations of collection programs that meet the requirements of the Regulation. AgriRÉCUP/Cleanfarms sources and services collection sites, manages logistics and transportation, finds end markets, manages all finances, administration (including government reporting), contracts, committees and promotions and education.
- Enterprises enter into an agreement with AgriRÉCUP/Cleanfarms and finance the recovery and reclamation programs that apply to their business. Enterprises are responsible for reporting data (e.g., quantity and volume of packaging supplied into the market) and paying ecofees.

ENTERPRISES OBLIGATED BY THE REGULATION

To determine if your enterprise is obligated by the Regulation, review the following sections;

- 2, 3 and 4 Determine if the Regulation applies to your business.
 Section 2 states that 'Every enterprise that markets a new product referred to in this Regulation under a brand, a name or a distinguishing guise owned or used by the enterprise must recover and reclaim, or cause to be recovered and reclaimed...'
- 53.08 Determine if you sell agricultural products that are referred to in the Regulation. Feed bags fall under subcategory (2).

Based on discussions with <u>AQINAC</u> and <u>RECYC-QUÉBEC</u>, any feed mill that supplies feed to farmers (including farms owned by or integrated with feed mills) faces regulatory obligations and must ensure a program is in place for the bags used.

PROGRAM SUMMARY

Companies that supply feed (in bagged format) that are part of subcategory 2 are required to have a recovery and reclamation program in place by July 1, 2023 (see Section 53.0.10).

AgriRÉCUP/Cleanfarms has worked with AQINAC to develop a plan to deliver a program for feed bags, which is adapted from AgriRÉCUP/Cleanfarms' well-established seed, pesticide and fertilizer bag program.

The plan has two phases:

- Phase 1: June to December 2023 This phase focuses on data gathering and helping enterprises develop the financial capacity to offer collection services to farmers beginning in 2024.
- Phase 2: starts January 1, 2024 This is when farmers will be able to drop off feed bags at designated collection sites.

Overview - key dates and activities for Phase 1 and Phase 2

| Date | Key administrative activity | Operational activity/other | | | | |
|--------------------------------|---|---|--|--|--|--|
| Phase 1: June to December 2023 | | | | | | |
| June - Oct | Signed membership agreement are submitted to AgriRÉCUP/Cleanfarms Customer/supplier notification | | | | | |
| Oct 1 | Ecofees begin Feed mills begin integrating ecofees into the cost of feed bags supplied to farmers | Feed mills can start ordering collection bags for distribution to farmers | | | | |
| Nov 30 | Report due Number and weight of bags sold between July 1 to September 30, 2023 | | | | | |
| Phase 2: 202 | | | | | | |
| Jan | Report due Number and weight of bags sold between Oct 1 to Dec 31, 2023 Invoice issued Enterprises submit ecofees collected between July 1 to and September 30, 2023 | Collections begin Large scale promotions & education campaign begins | | | | |
| Feb 1 | Invoice issued Enterprises submit ecofees collected between Oct 1 to Dec 31, 2023 | | | | | |
| April 30 | Report due Number and weight of bags sold between Jan 1 to Mar 31, 2024 | | | | | |
| June 1 | Invoice issued by AgriRÉCUP/Cleanfarms Number and weight of bags sold between Jan 1 to Mar 31, 2024 | | | | | |
| July 30 | Report due Number and weight of bags sold between Apr 1 to June 30, 2024 | | | | | |
| Sept 1 | Invoice issued by AgriRÉCUP/Cleanfarms Enterprises submit ecofees collected between Apr 1 to June 30, 2024 | | | | | |
| Oct 31 | Report due Number and weight of bags sold between July 1 to September 30, 2024 | | | | | |
| Dec 1 | Invoice issued by AgriRÉCUP/Cleanfarms Enterprises submit ecofees collected between July 1 to September 30, 2024 | | | | | |

2023/2024 Ecofees:

| Size | Ecofee breakdown | | | |
|---------------|------------------|-------------|------------------------|--|
| | Total | Operational | Biosecurity + start up | |
| 45 kg or less | \$0.31 | \$0.27 | \$0.04 | |
| 46 to 500 kg | \$1.61 | \$1.40 | \$0.21 | |
| ≥ 501 kg | \$3.23 | \$2.81 | \$0.42 | |

Important – The Regulation has strict rules about how the ecofee can be displayed on invoices. Visit www.cleanfarms.ca for suggestions that meet these strict guidelines.

Program operations

Farmers will prepare/gather their bags on the farm and bring them to a central collection point.

- Farmers will be provided with plastic collection bags to store their (small) empty feed bags.
- Once the feed bags are empty, farmers place small bags into the plastic collection bag. Large, bulk (greater than 100 kg, usually 500 kg or 1,000 kg) bags are to be tied together in bundles of six
- Farmers will drop off their empty bags at their nearest collection site at no charge.
- AgriRÉCUP/Cleanfarms arranges for the bags to be sent to cement kilns for energy recovery.

AgriRÉCUP/Cleanfarms is working directly with AQINAC and its members to develop best biosecurity practices and ensure stakeholders are protected.

What bags are part of this program?

For the purpose of this document, feed bags are defined as any bag containing animal feed including, but not limited to, medications, mixed feeds, pre-mixes, supplements and minerals. These are usually multi-material bags (paper and/or plastic) or polypropylene.

For reporting purposes (see above) the following table distinguishes between the types of feed bags that are and are not included in the AgriRÉCUP/Cleanfarms program and are subject to regulatory requirements through the RRVPE:

| What's in | What's out | |
|--|--|--|
| Bags supplied to farmers¹, including farms owned by cooperatives or integrated with feed mills. Bags supplied to "gentlemen farmers"² | Bags used inside feed mills (for production purposes only) Bags used for companion animal³ feed Bags supplied to hardware stores (quincailleries) that are not intended for agricultural use⁴ Bags supplied to consumers⁵or intended for homeowner use | |

¹ For the purpose of this document, the term 'farmer' refers to a person or business who operates a commercial agricultural business.

Each member is responsible for accurate reporting. Members will need to work with hardware stores or specialized retailers to determine the percentage of feed bags sold to farmers. This will allow the first supplier to establish the number of bags which need to be reported to Cleanfarms.

² Within the scope of the AgriRÉCUP recovery program, the term "gentlemen farmer" refers to an individual who manages a small farm to supplement revenues or for recreational purposes. This type of small size operation encompasses commercial stables, rabbit production, and other similar small size operations.

³ In this document, the term "companion animals" refers to domesticated animals such as a cat, a dog, a rabbit, a horse that cohabitate with humans, providing companionship.

⁴ Each member is responsible for accurate reporting. Members will need to work with hardware stores or specialized retailers to determine the percentage of feed bags sold to farmers. This will allow the first supplier to establish the number of bags which need to be reported to Cleanfarms.

⁵ For the purpose of this document "consumer" refers to an individual who owns a marginal quantity of animals for so-called recreational and personal use, for example an individual who owns two chickens.

WORKING WITH AGRIRÉCUP/CLEANFARMS

Becoming a member of AgriRÉCUP/Cleanfarms is the easiest and most efficient way to meet these new regulatory requirements. In order to become a member, enterprises are required to enter into an agreement with AgriRÉCUP/Cleanfarms and finance the collection and recovery programs for their products. The membership agreement outlines important terms and conditions and identifies which products the member wants AgriRÉCUP/Cleanfarms to operate/manage on theirbehalf manage.

Members have the option of getting more engaged by sitting on committees or the Board of Directors.

If your enterprise would like to meet its regulatory obligations by becoming a member of AgriRÉCUP/Cleanfarms, complete the following steps:

- Complete an AgriRÉCUP/Cleanfarms membership agreement.
- Start incorporating the ecofee into the price of your feed bags on October 1, 2023.

IMPORTANT LINKS

- Regulation respecting the recovery and reclamation of products by enterprises
- RECYC-QUÉBEC

REPORTING SCHEDULE

| Reporting period | Reporting Due | Invoice issued |
|--------------------------------|-------------------|---|
| | | (for ecofees collected during the reporting period) |
| July 1, 2023 to Sept 30, 2023 | November 30, 2023 | No ecofees for this period. |
| Oct 1, 2023 to Dec 31, 2023 | January 30, 2024 | February 1, 2024 |
| Jan 1, 2024 to Mar 31, 2024 | April 30, 2024 | July 1, 2024 |
| April 1, 2024 to June 30, 2024 | July 30, 2024 | Sept 1, 2024 |
| July 1, 2024 to Sept 30, 2024 | October 30, 2024 | December 1, 2024 |
| Oct 1, 2024 to Dec 31, 2024 | January 30, 2025 | March 1, 2024 |