

Consultations on the 2025 SoC

and webinar on the 2025
annual PFP and updated
policies

November 7, 2024

Presented by:

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Ecomodulation

Message from our President and CEO



Maryse Vermette

Message from the Vice-President, Producer Responsibility



Philippe Cantin

AGENDA

- 1 Welcome messages

- 2 Consultation on the 2025 Schedule of Contributions

- 3 Presentation of the 2025 PFP and policy updates

- 4 Q&A period

PART 1

Compensation plan 2025 Schedule

Consultation goals

- Present the background influencing net costs and the Schedule of Contributions
- Submit the 2025 SoC for consultation, including new eco-modulation measures
- Get feedback from targeted companies and organizations



Overview of the 2025 SoC

- Transition to EPR and the end of the compensation plan
- Contribution table influenced by economic and regulatory challenges
- Application rules: little change



AGENDA

1 Eco-modulation of the Schedule of Contributions

2 Changes in the contribution table

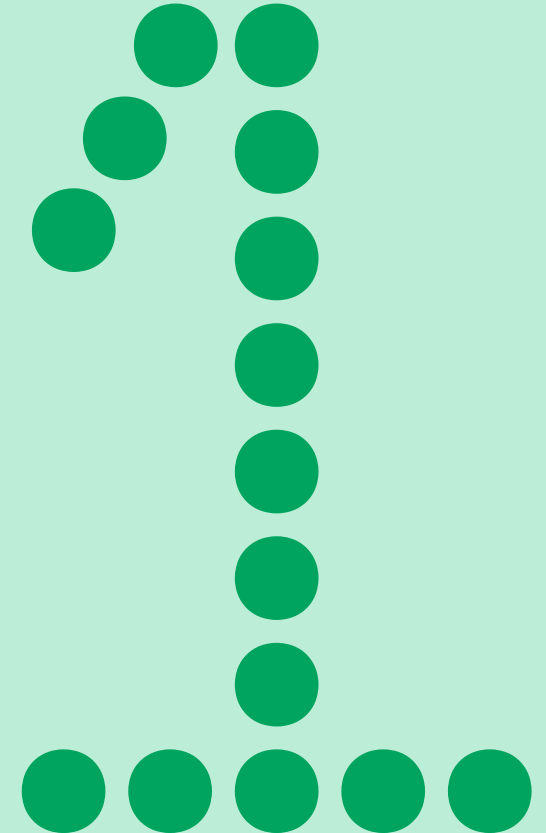
3 Explanation of rate variations per class of materials

4 2025 application rules

5 Discussion Period

6 Next steps

Eco-modulation of the Schedule



Contribution table

New materials

Following the legal notice from the *ministry*, two new classes of materials are being added:

- Reusable bags made of **synthetic fiber** (rate aggregated with Polystyrene, PVC and PLA plastics)
- Reusable bags made of **natural fiber** (rate aggregated with cork/wood)

Application rules are currently being developed.



The ecodesign incentive bonus is being extended for a 5th year!

Reminder

- **Recognize and reward** ecodesign incentives for containers and packaging
- Up to **50% credit** on the payable contribution for designated containers or packaging
- A maximum amount of **\$25,000 per application**
- Possibility of submitting several applications and getting a maximum bonus of **\$60,000 per company**
- **Credit note** applicable on the balance of a later contribution



Extension of the credit for post-consumer recycled content

- Producers who market materials that reach or surpass targets for postconsumer recycled content may receive a **20% credit**
- Credit is calculated according to the quantities of materials for which the credit application has been accepted
- Applicable on the next contribution



Malus rate increased to 50% for the 2025 Schedule



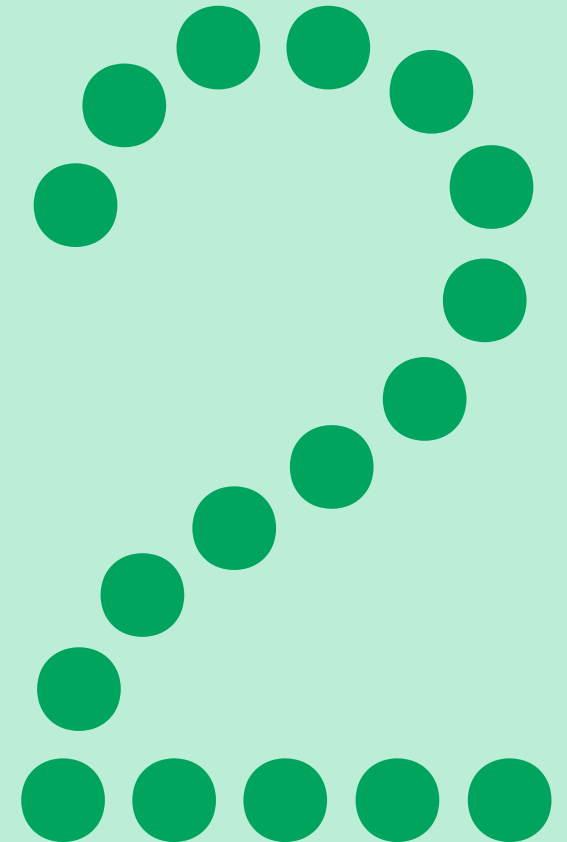
Reminder

- In order to build up producer responsibility regarding consequences related to the marketing of certain materials
- Accelerate the use of recyclable materials compatible with the curbside recycling system as it is being modernized

Two materials targeted by a malus

- Polyvinyl chloride (PVC)
- Polylactic acid (PLA) and other degradable plastics

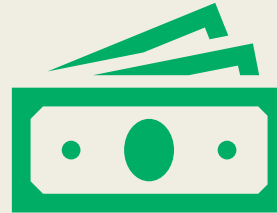
Changes to the contribution table



The 2025 Schedule of Contributions includes crucial adjustments in view of current economic challenges



New compensation formula



Higher collection and sorting costs

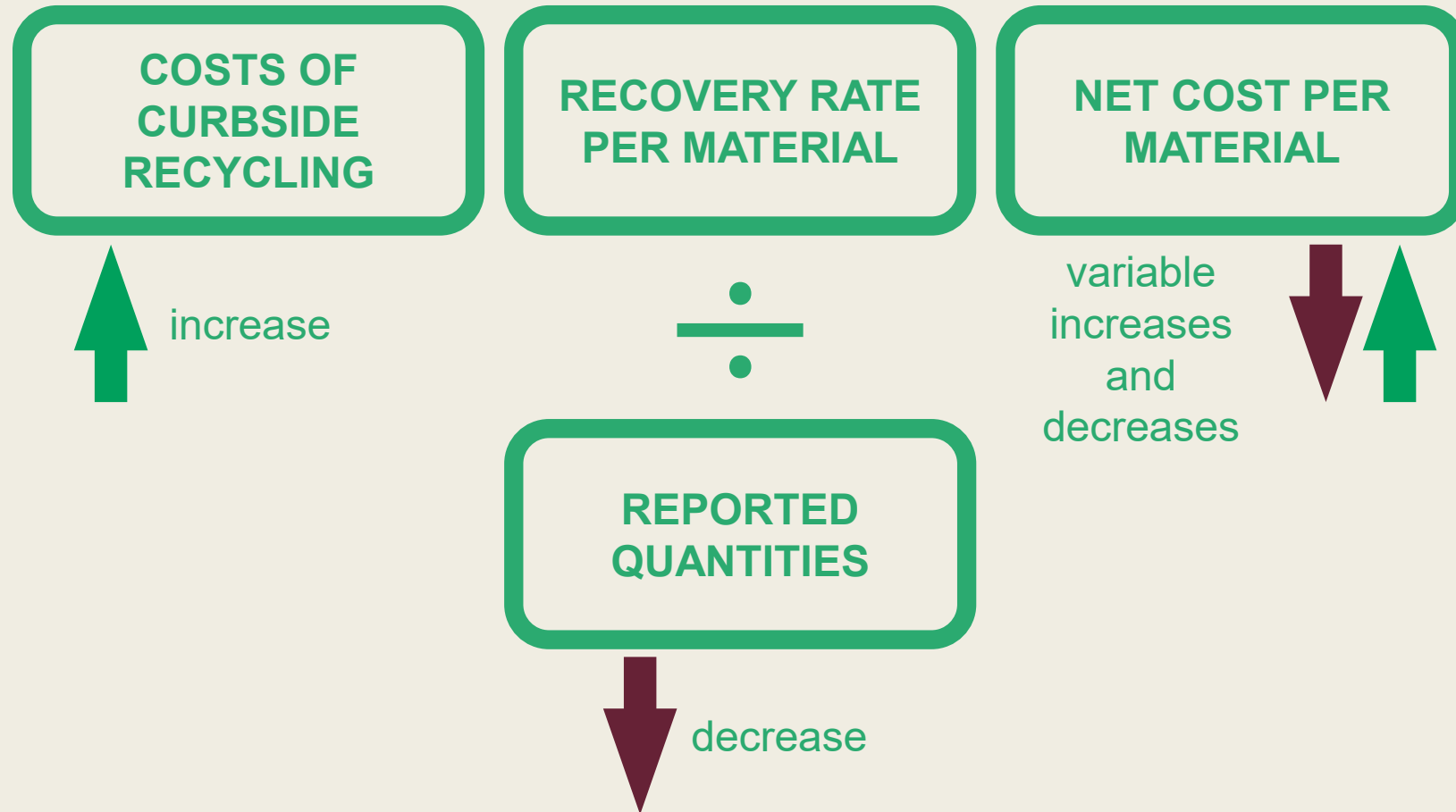


Lower quantities being reported

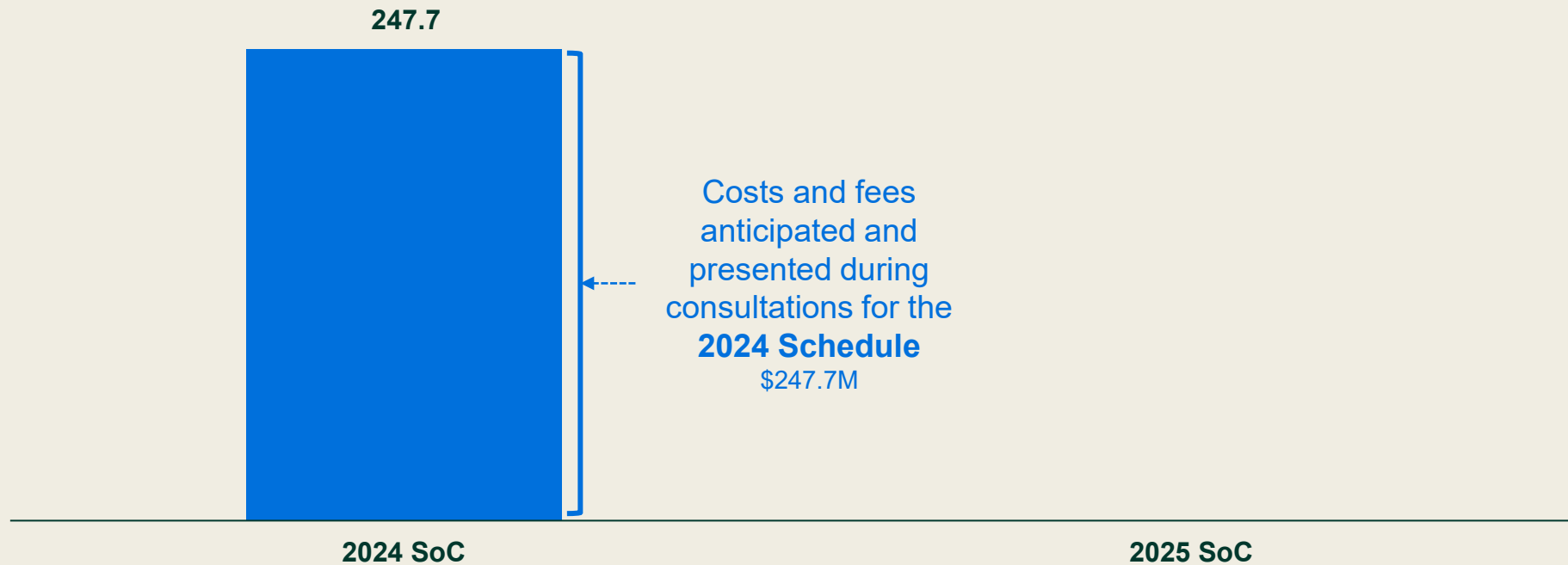
A reminder of our fee setting formula



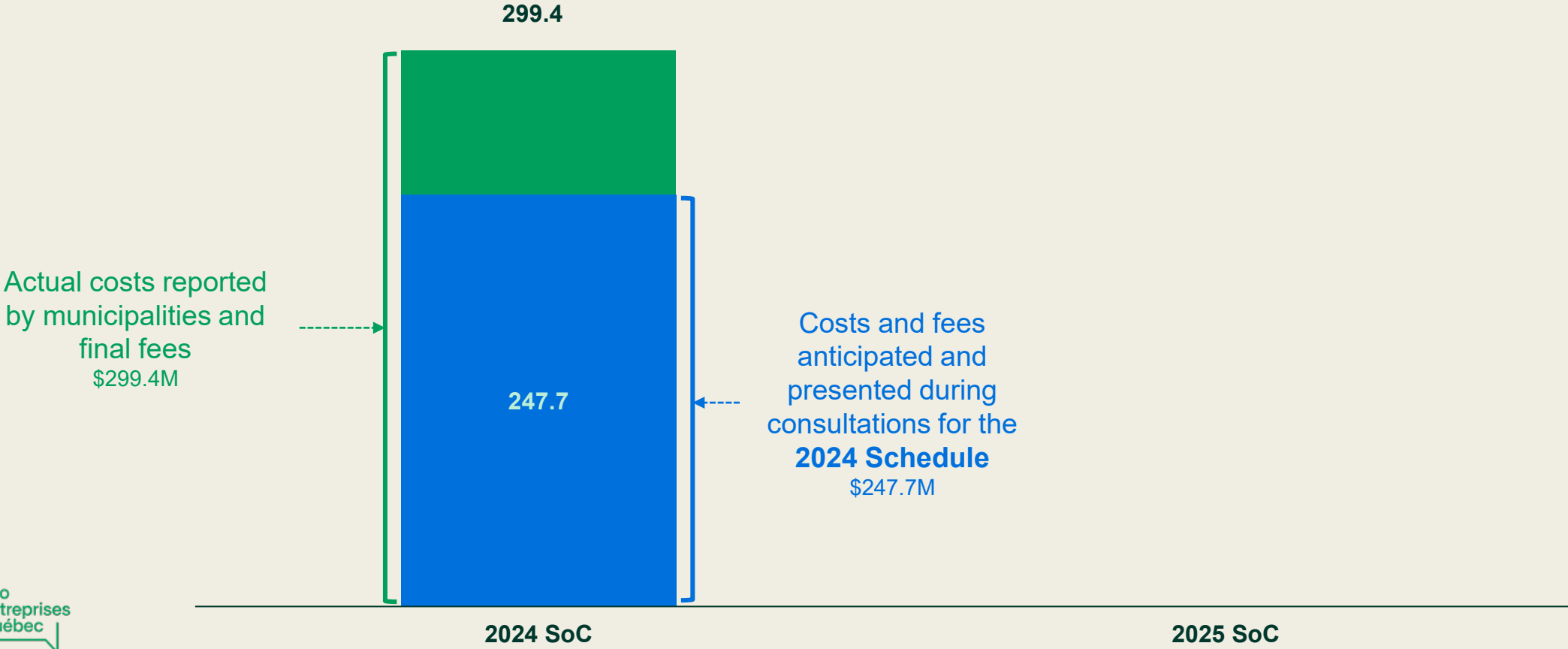
A reminder of our fee setting formula



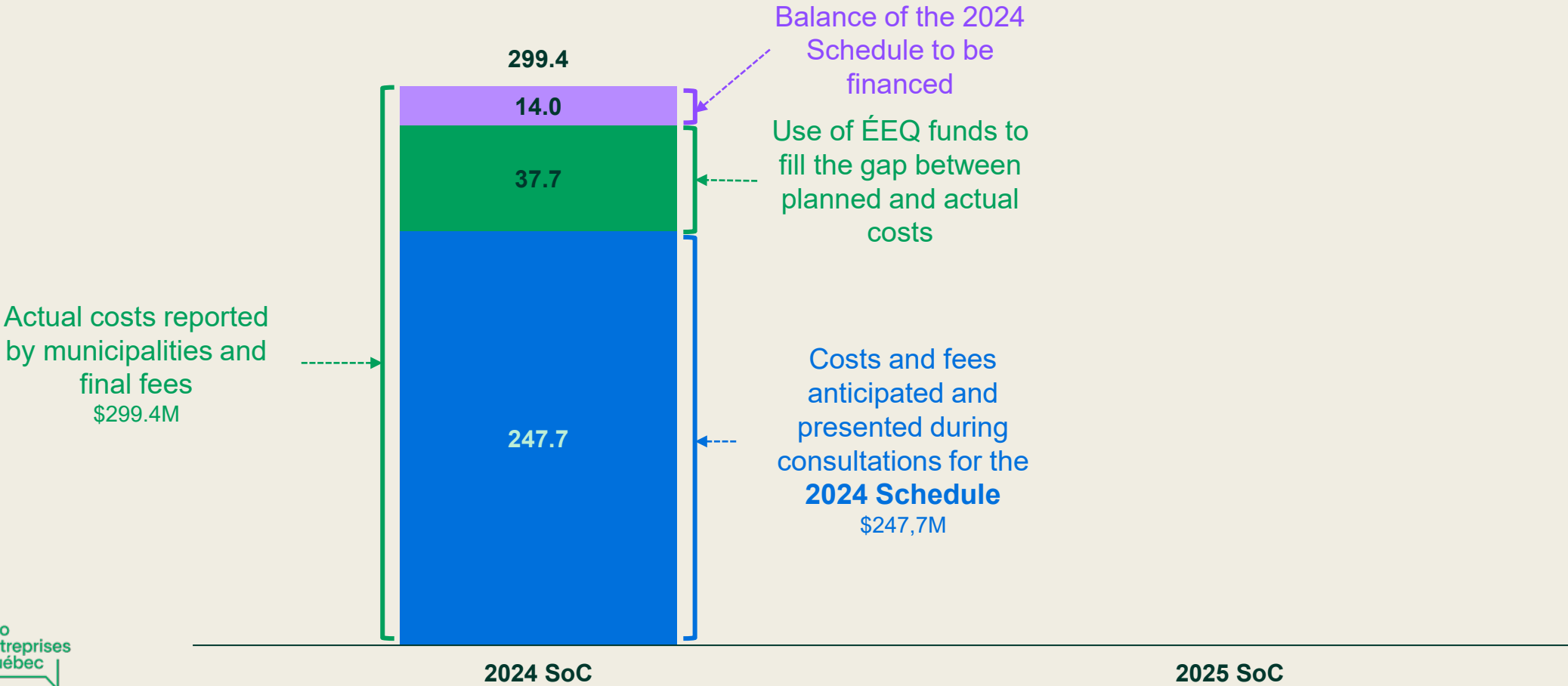
Comparison of amounts to be financed, 2024 Schedule vs 2025 Schedule



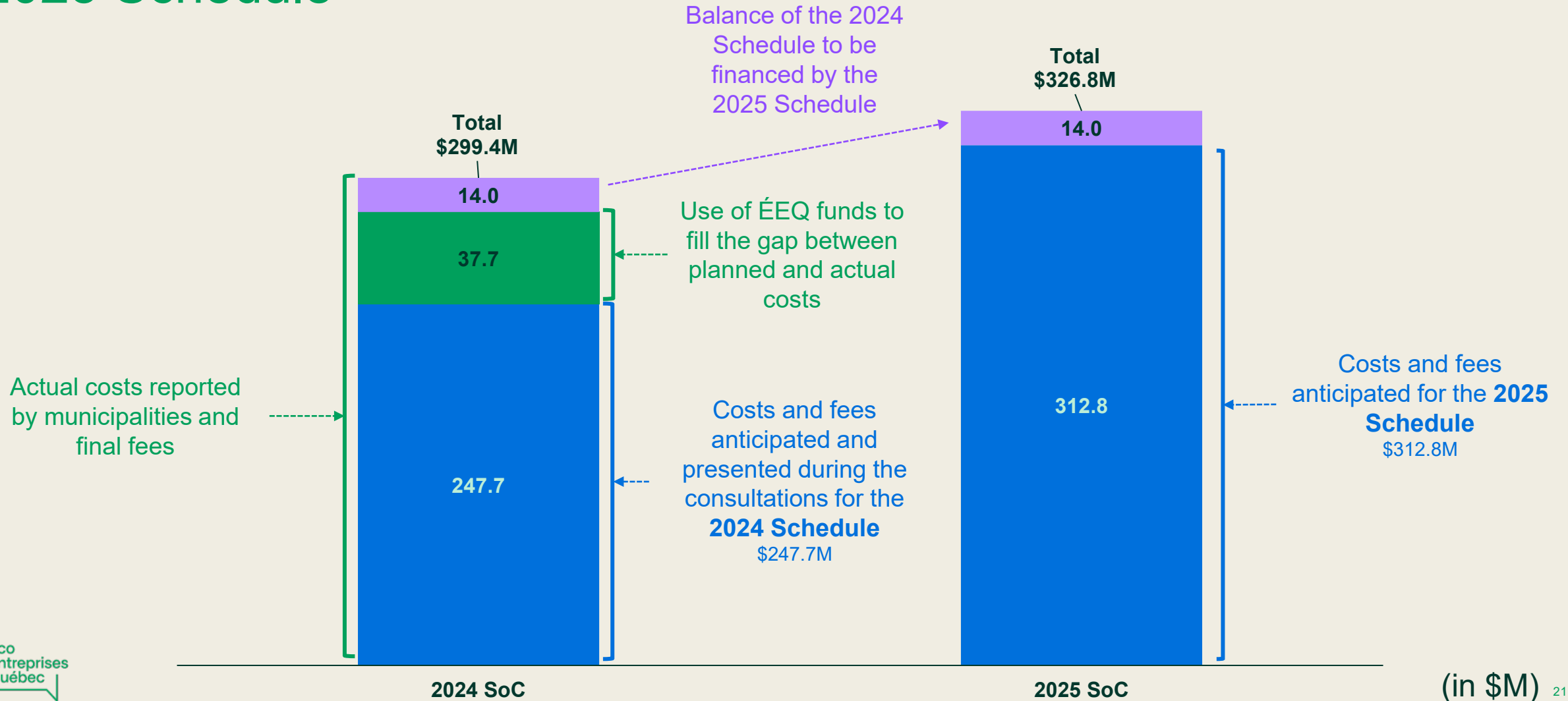
Comparison of amounts to be financed – 2024 Schedule vs 2025 Schedule



Comparison of amounts to be financed, 2024 Schedule vs 2025 Schedule



Comparison of amounts to be financed, 2024 Schedule vs 2025 Schedule



Impact of all these factors on unit rates

6.5%



New compensation formula

19.7%



Higher collection and sorting costs

1.3%



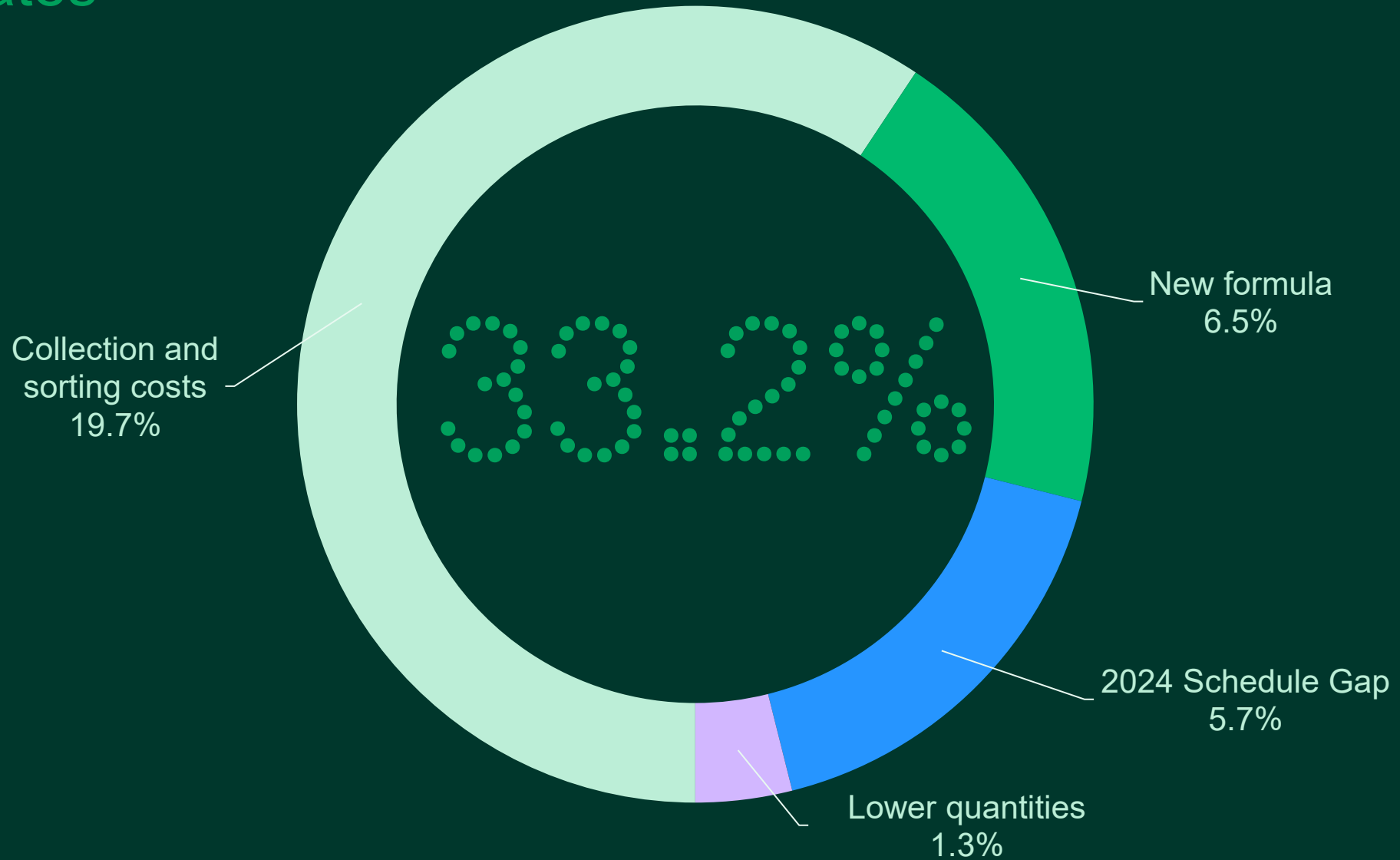
Lower quantities being reported

5.7%

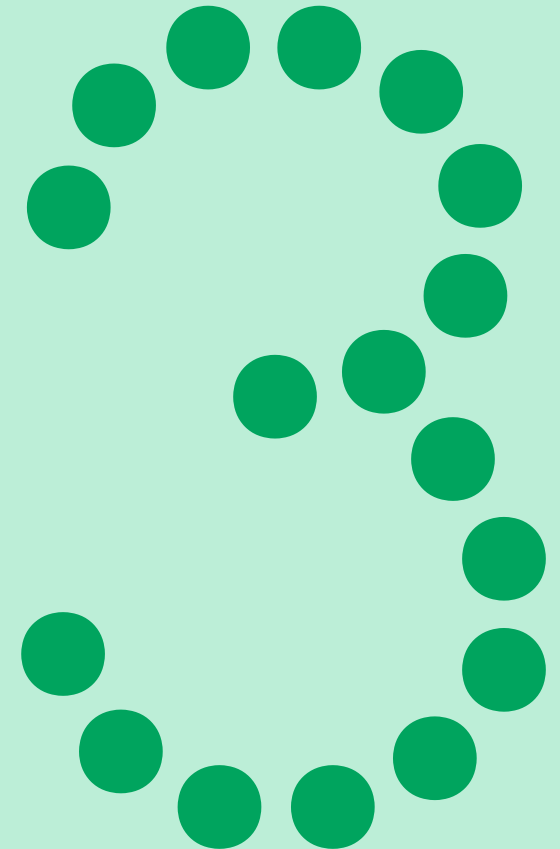


Gap for the 2024 Schedule

Impact of all these factors on unit rates



Explanation of rate variations per material categories



Printed Matter

- Increased costs for curbside recycling
- Downward trend for reported quantities

31.5%



Paper, cardboard and other fibers

- Slight recovery for sale prices on the markets
- Increased costs for curbside recycling
- Slight increase in reported quantities

29.8%



Plastics

- Poor performance on the markets
- Increased costs in curbside recycling
- Lower tonnage reported

33.8%



Aluminum

- Significant tonnage loss
- Increased costs for curbside recycling
- Remains the **lowest fee** of all materials

297.8%



Steel

- Increased costs for curbside recycling
- Better performance on the market



14.2%

Glass

→ Increased costs for curbside recycling

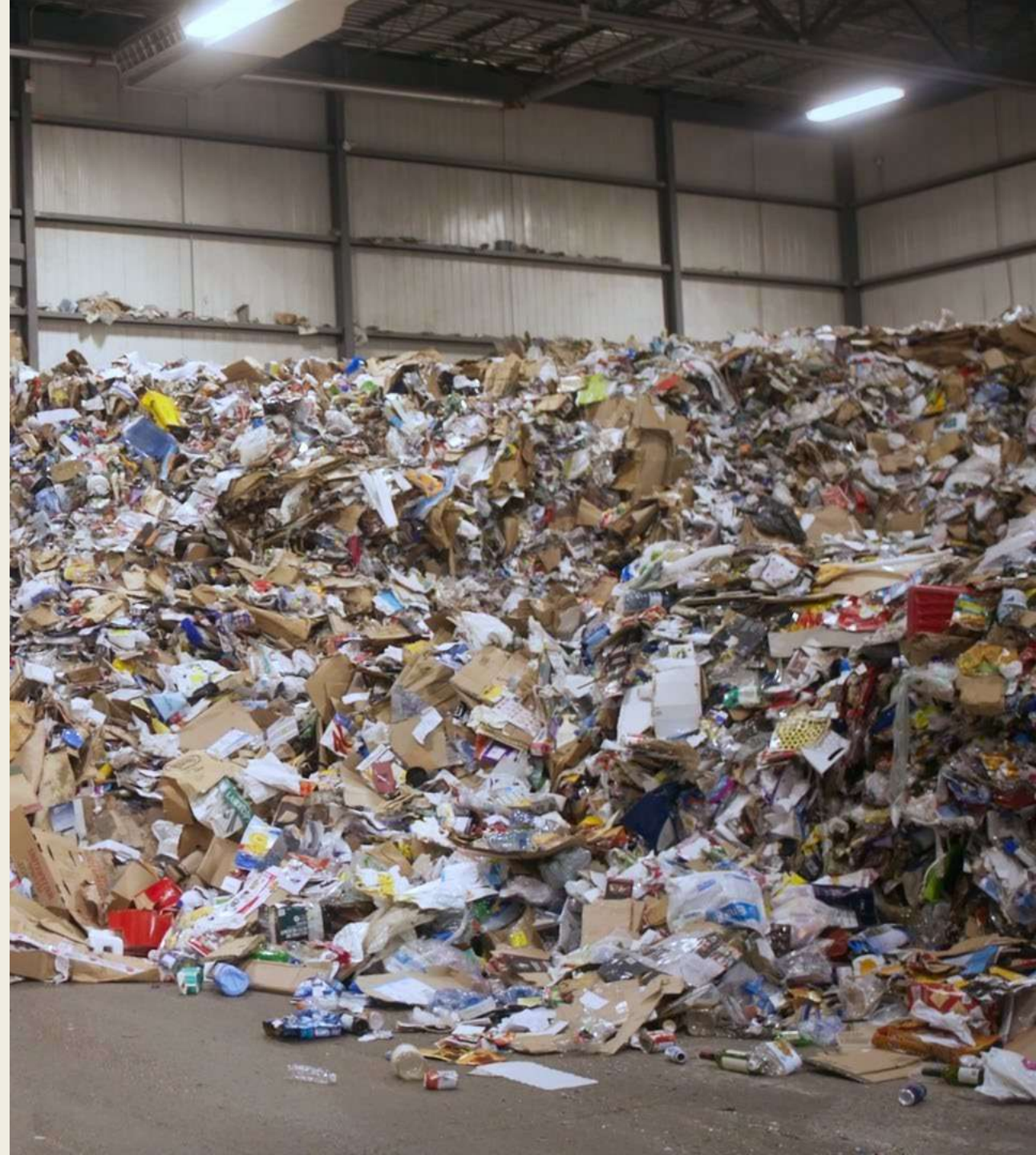
29.4%



Flat Fees

Increase based on variation of the average unit rate

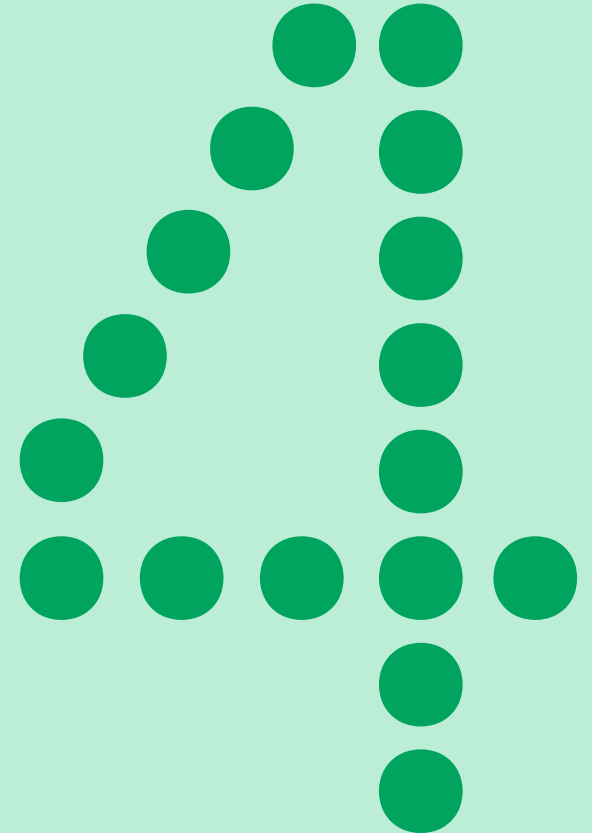
33.2%



Similar impact across all business sectors



Application rules for 2025



Application Rules

Very little change

→ End of the compensation plan

→ Stability of the application rules, summary updates only

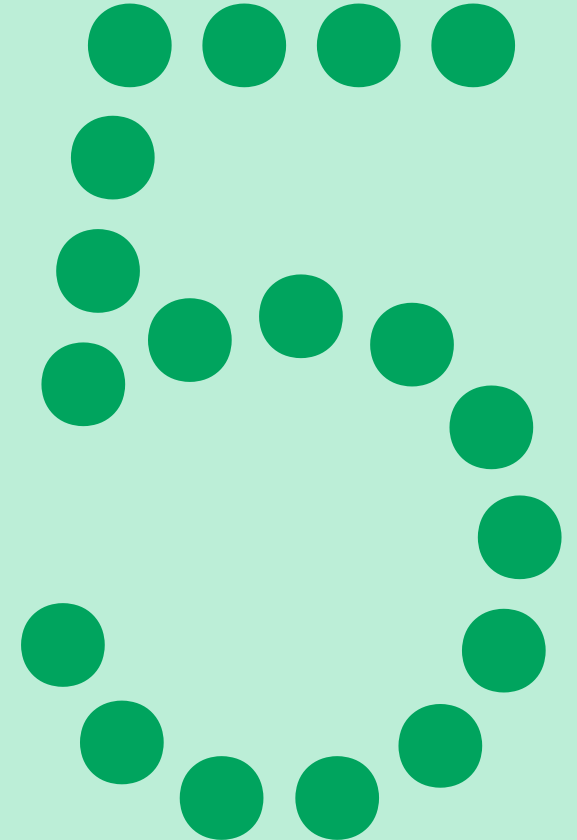
→ 3 installments to pay the 2025 SoC contribution

2 installments of 30% payable in 2025

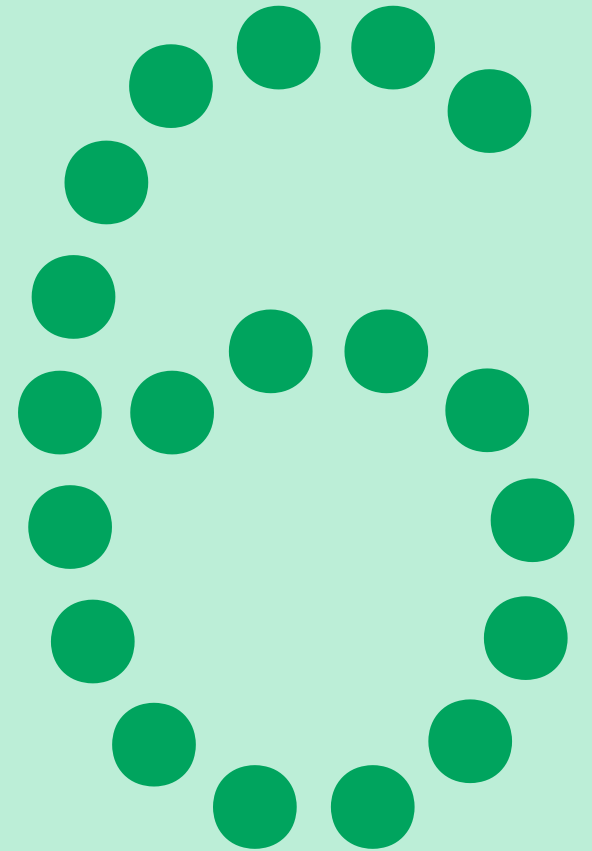
1 last installment of 40% payable in January 2026

→ Legal opinions are underway

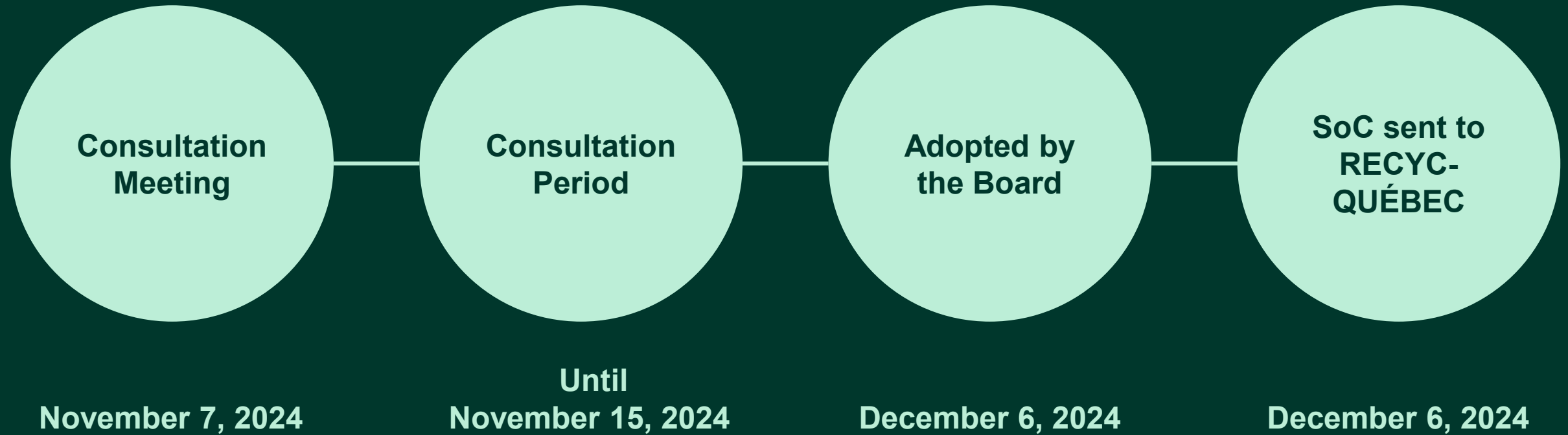
Discussion Period



Next steps



Timeline for the 2025 Schedule of Contributions



End of the consultation on the 2025 Schedule of Contributions

Break

PART 2

Extended Producer
Responsibility

2025 Producer Financial
Participation

AGENDA

1 Overview of collective responsibilities

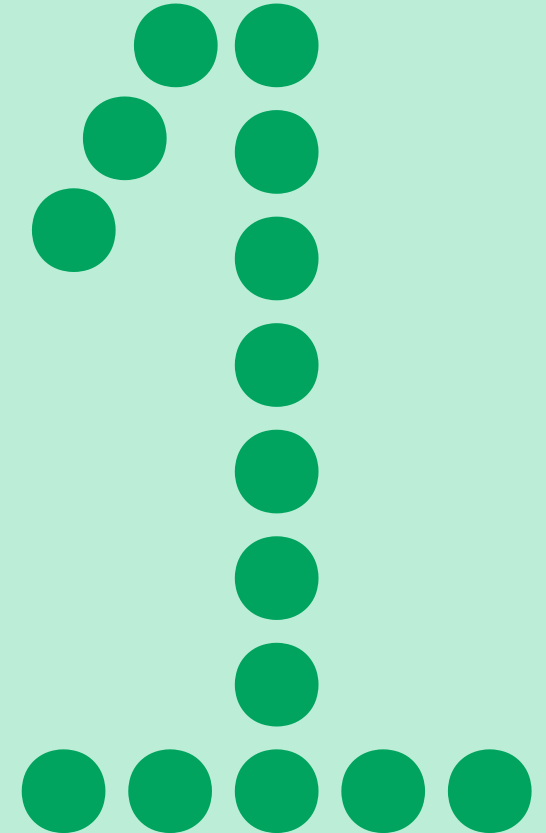
2 Understanding the transition

3 Producer Financial Participation (PFP)

4 Policy updates

5 Discussion Period

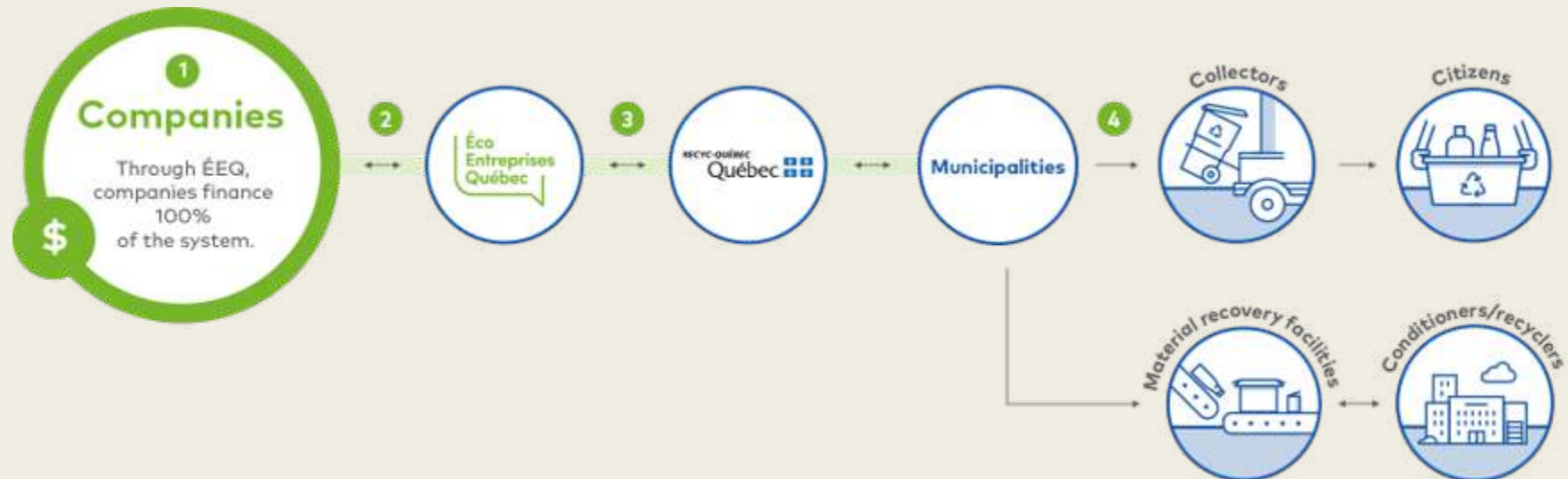
Overview of collective responsibilities



From a compensation plan...

Observations:

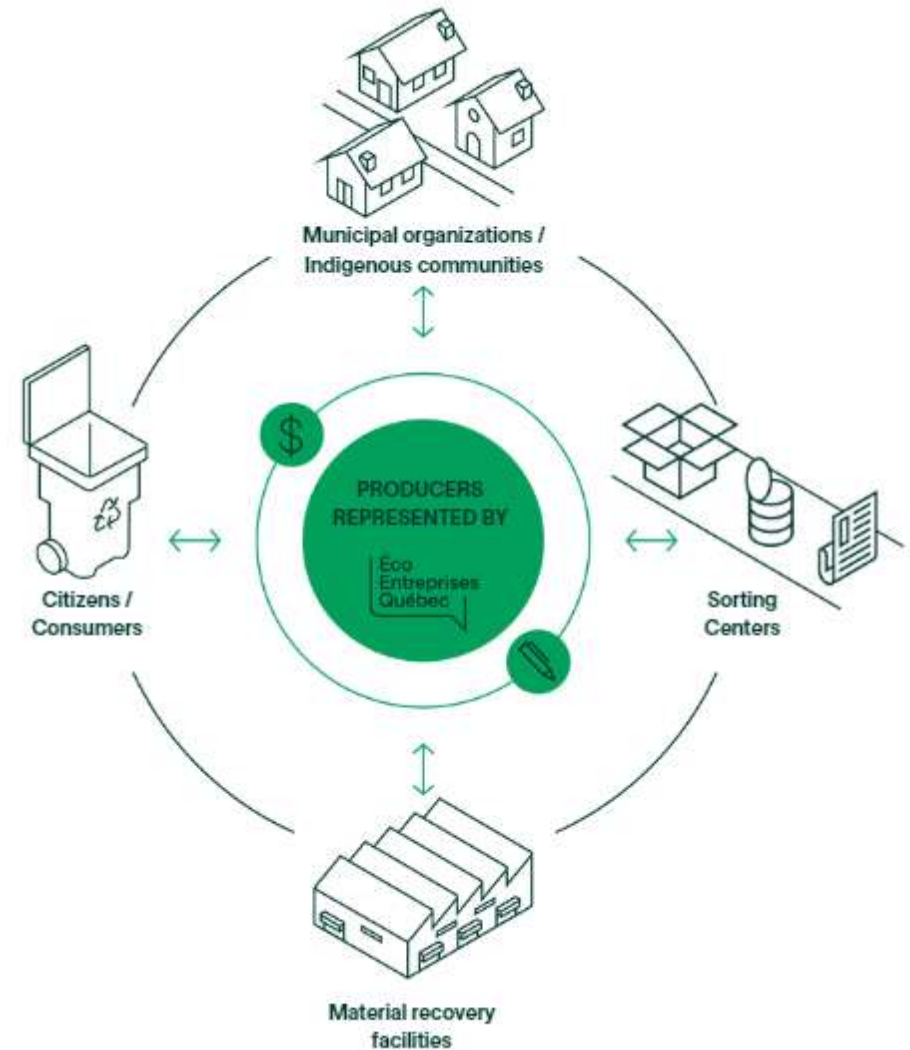
- Need for greater control by producers
- Specific Quebec features to consider, including the importance of front-line services
- The role of information accountability and transparency






To EPR

Main changes:

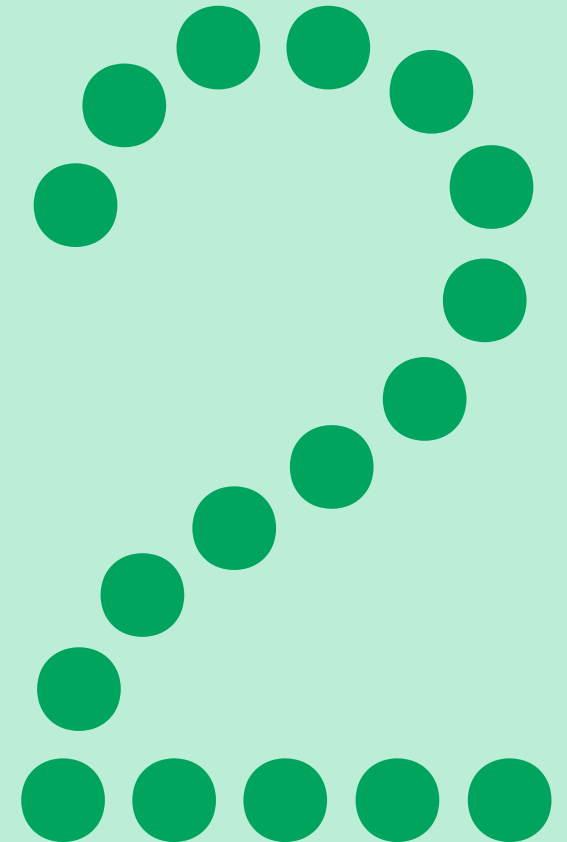
- Introduction of a contractual structure governing ÉEQ's relationship with producers
- ÉEQ becomes the maestro of curbside recycling and has new operational responsibilities for the system
- ÉEQ becomes the owner of materials



Evolution of Regulatory Obligations

		2025	2027	2028-2029	2030 +
Included service and territory		<ul style="list-style-type: none"> Residential Schools and Cegeps Outdoor public places and IC&I* already covered Residential-like IC&Is* 1 Inuit village 	<ul style="list-style-type: none"> Universities All institutional and commercial units All Inuit villages 2/3 of outdoor public places identified by ÉEQ 	<ul style="list-style-type: none"> All outdoor public places identified in ÉEQ's plan (2028) 	<ul style="list-style-type: none"> All industries (2030)
Acceptable recyclable materials		<ul style="list-style-type: none"> All containers, packaging, printed paper and newspapers with a lifetime < 5 years (except →) 	<ul style="list-style-type: none"> Polystyrene Hangers, hooks, etc. 	<ul style="list-style-type: none"> Straws, utensils, etc. (2029) 	<ul style="list-style-type: none"> Compostable and degradable plastics (2031)
Performance targets		Traceability measures in contracts with sorting centres and recyclers	<ul style="list-style-type: none"> Recovery targets Reclamation targets (exit from sorting centres) 	<ul style="list-style-type: none"> Recovery targets: ↑ 5% every 5 years 	<ul style="list-style-type: none"> Reclamation targets (exit from conditioning) Local reclamation targets (2030)

Understanding the transition



What do we mean by financial transition?

Curbside recycling is modernizing, and so is its financing!

- The current compensation plan retroactively compensated municipalities for the costs of the previous year's curbside recycling, whereas under Extended producer responsibility, the system is financed in real time.
- From 2024 to 2026, financing of both systems will overlap, hence the notion of financial transition.
- In practical terms, from 2024 to 2026, producers' payouts will cover two different systems.

Impact on your billing

Change in billing terms

- Contrary to contributions under the compensation plan, the annual Producer Financial Participation (PFP) will be split into 4 installments of 25% each, payable on the following dates:
 - January 31, 2025
 - April 30, 2025
 - July 31, 2025
 - October 31, 2025
- The 4 invoices will be sent in the fall — this year, in November — in separate e-mails.
- A reminder : annual PFP invoices are based on the quantities of materials reported earlier in the year, and the sums are used to finance curbside recycling for the following year.

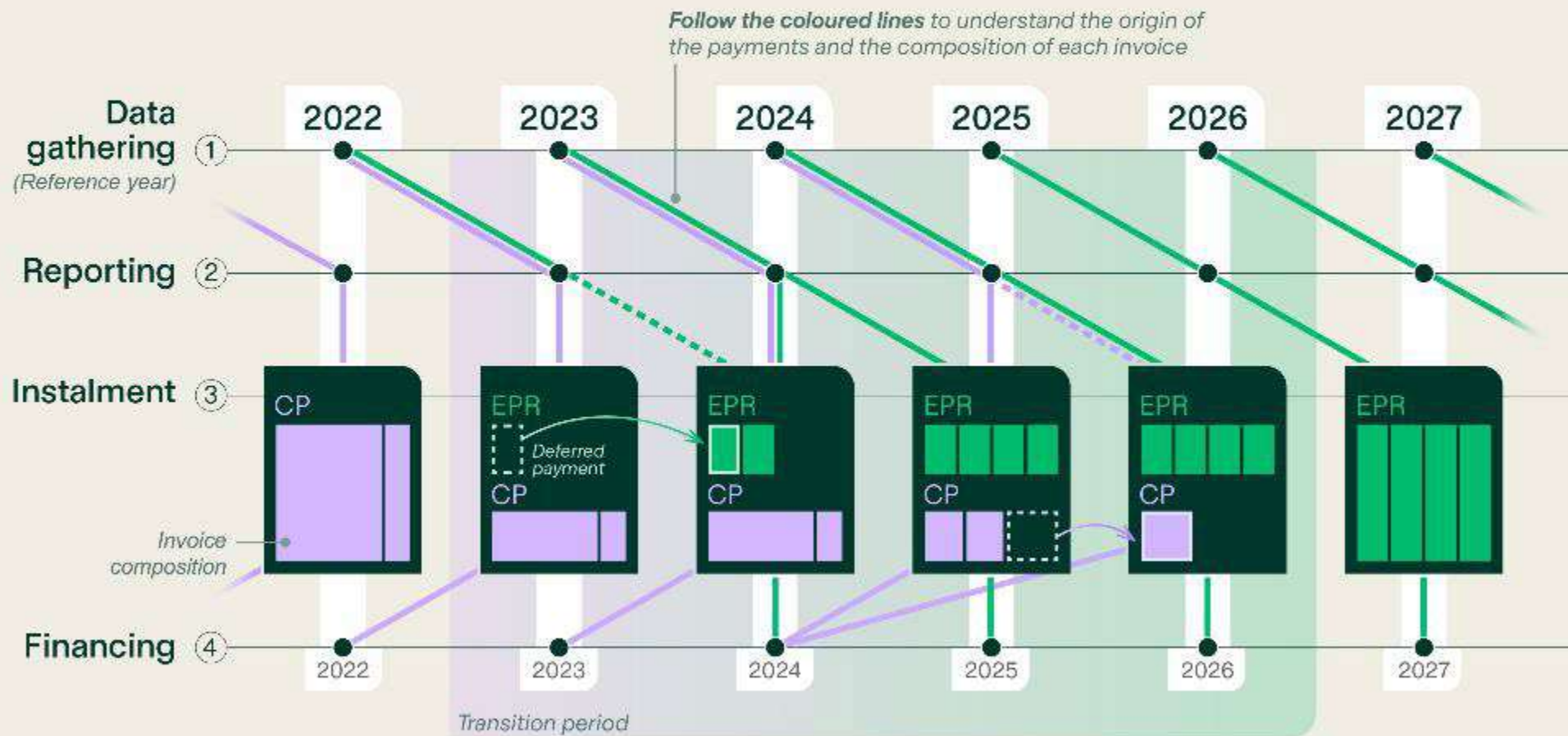
Éco Entreprises Québec prepares the transition from a reimbursement plan for the past to a financing plan for the present

NEW

Extended
Producer
Responsibility

FORMER

Compensation
Plan



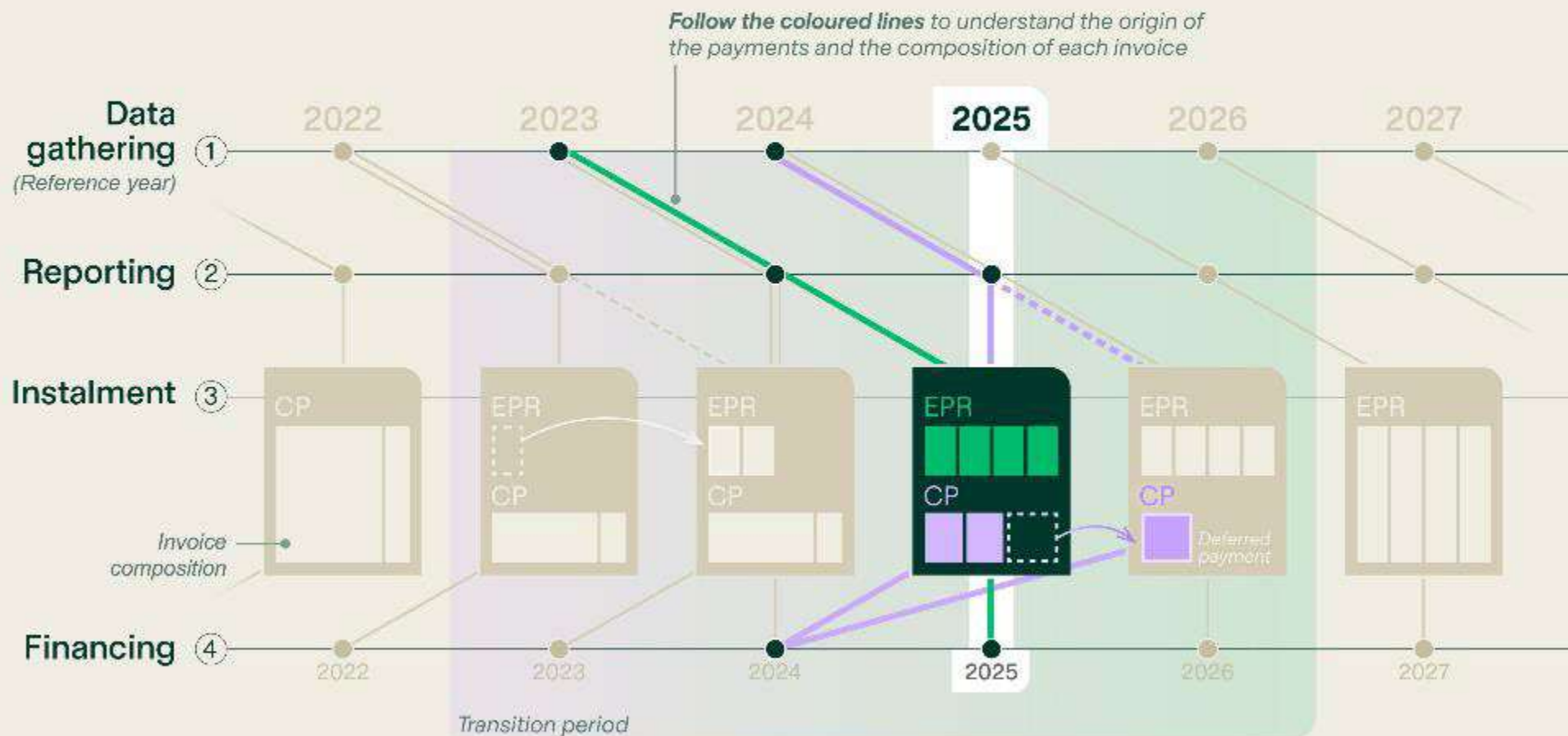
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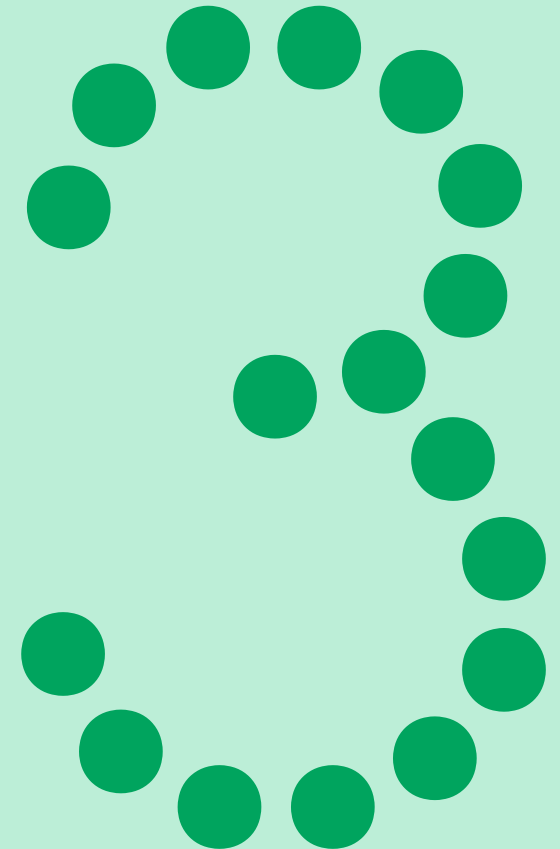


4 invoices received for the 2025 annual PFP

Payable on the following dates:

- January 31, 2025
 - April 30, 2025
 - July 31, 2025
 - October 31, 2025
- The 4 invoices will be sent in in November, in separate e-mails.
- As a reminder, the annual PFP invoices are based on the quantities of materials reported earlier in the year and they go to finance curbside recycling for the following year.

2025 Producer Financial Participation



Several factors influence the unit rates

A 100% fully financed curbside recycling system:

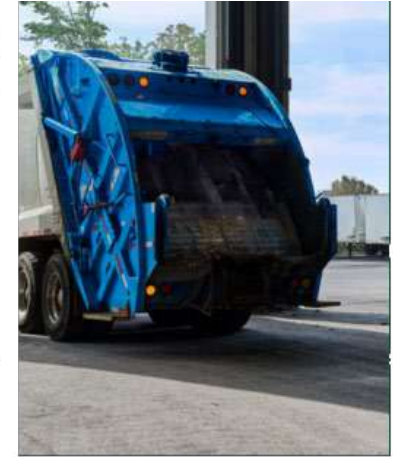
- Loss of deduction for non-designated materials

Higher collection and sorting costs:

- Modernization and deployment of new sorting infrastructures

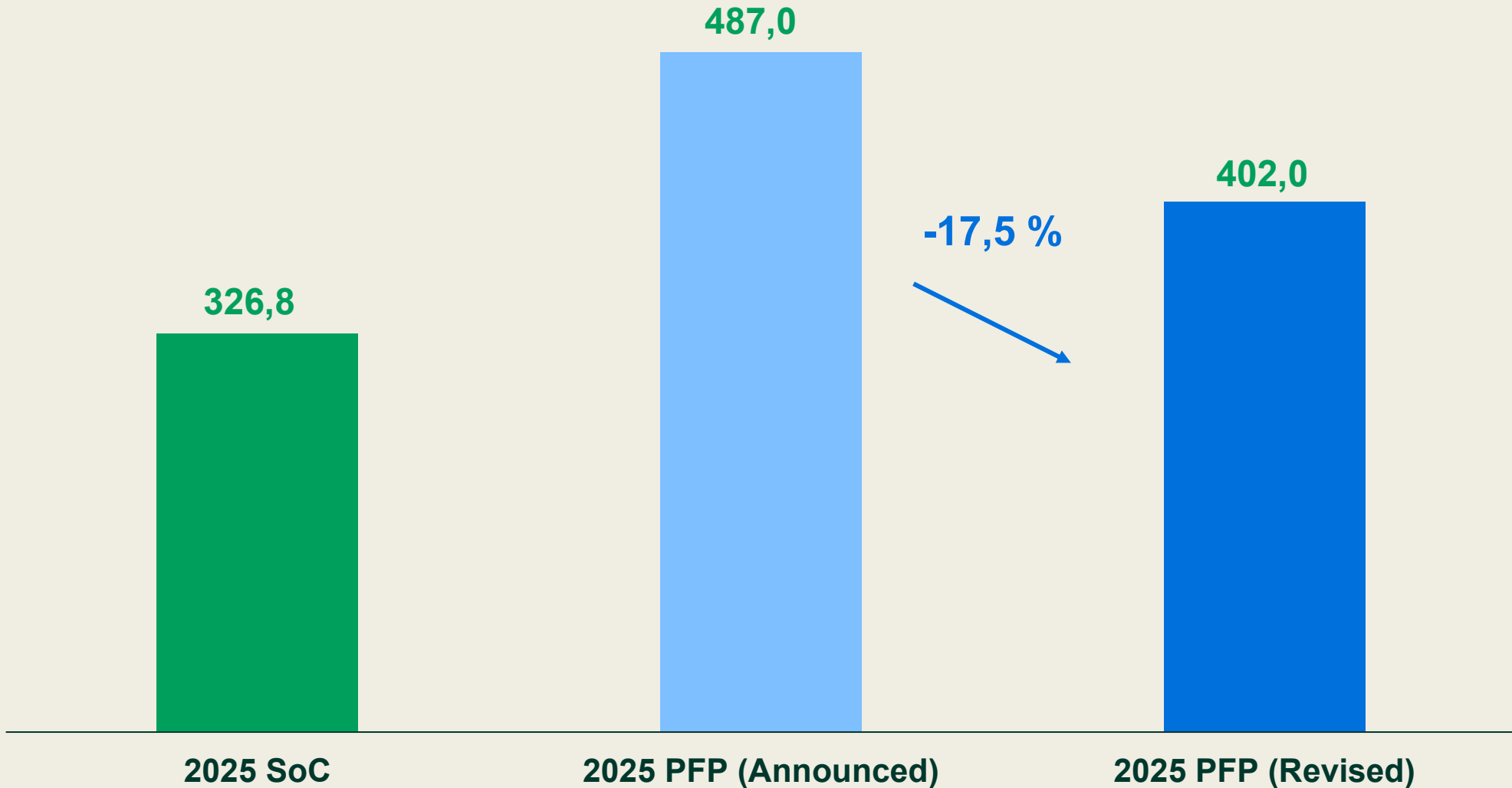
New expenses:

- Information, awareness and education (IAE) mandate
- New responsibilities pertaining to commercialization
- Investments necessary to comply with our regulatory obligations.



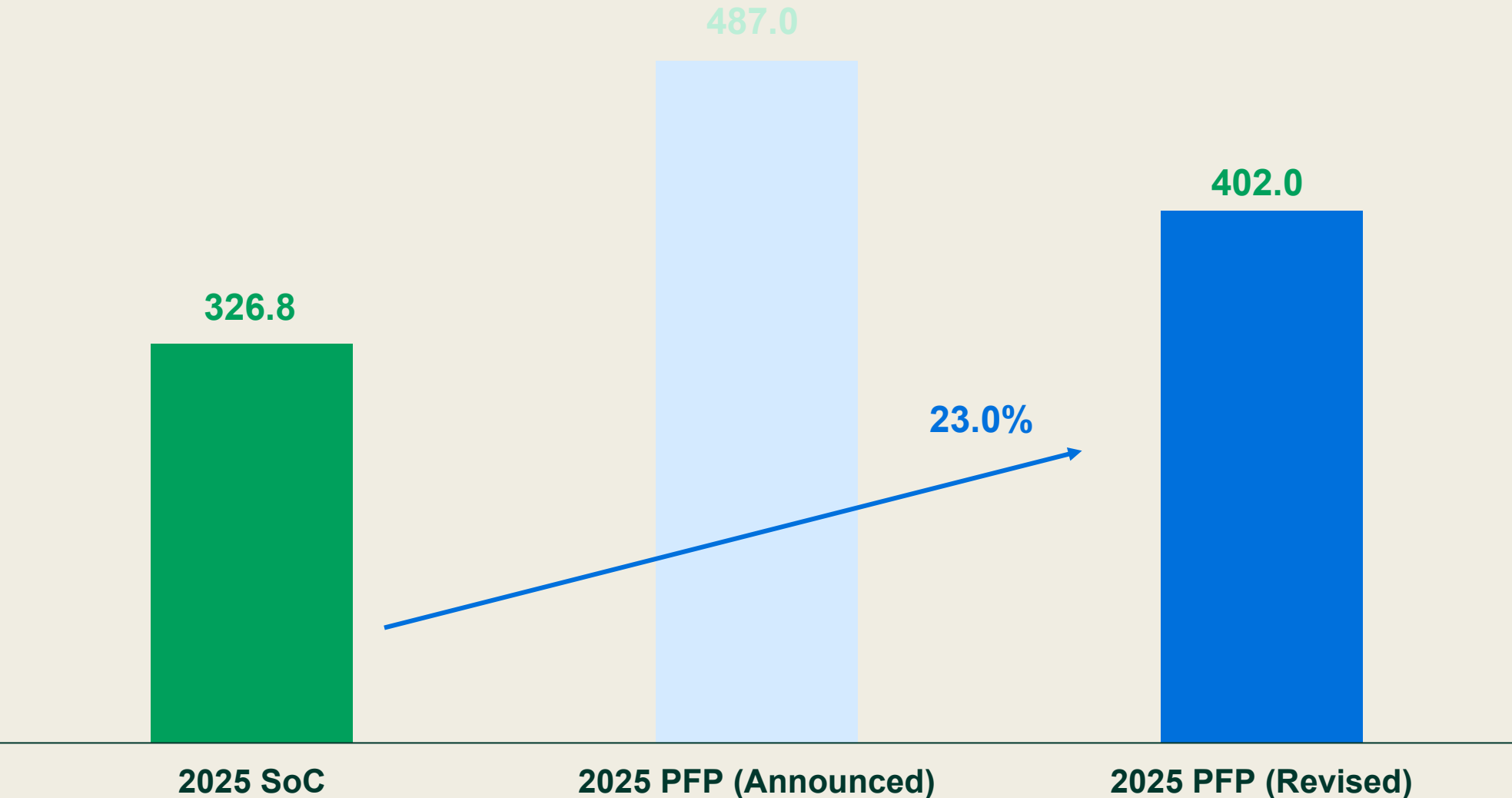
Comparing amounts for the 2025 Schedule and the 2025 PFP

(in \$M)

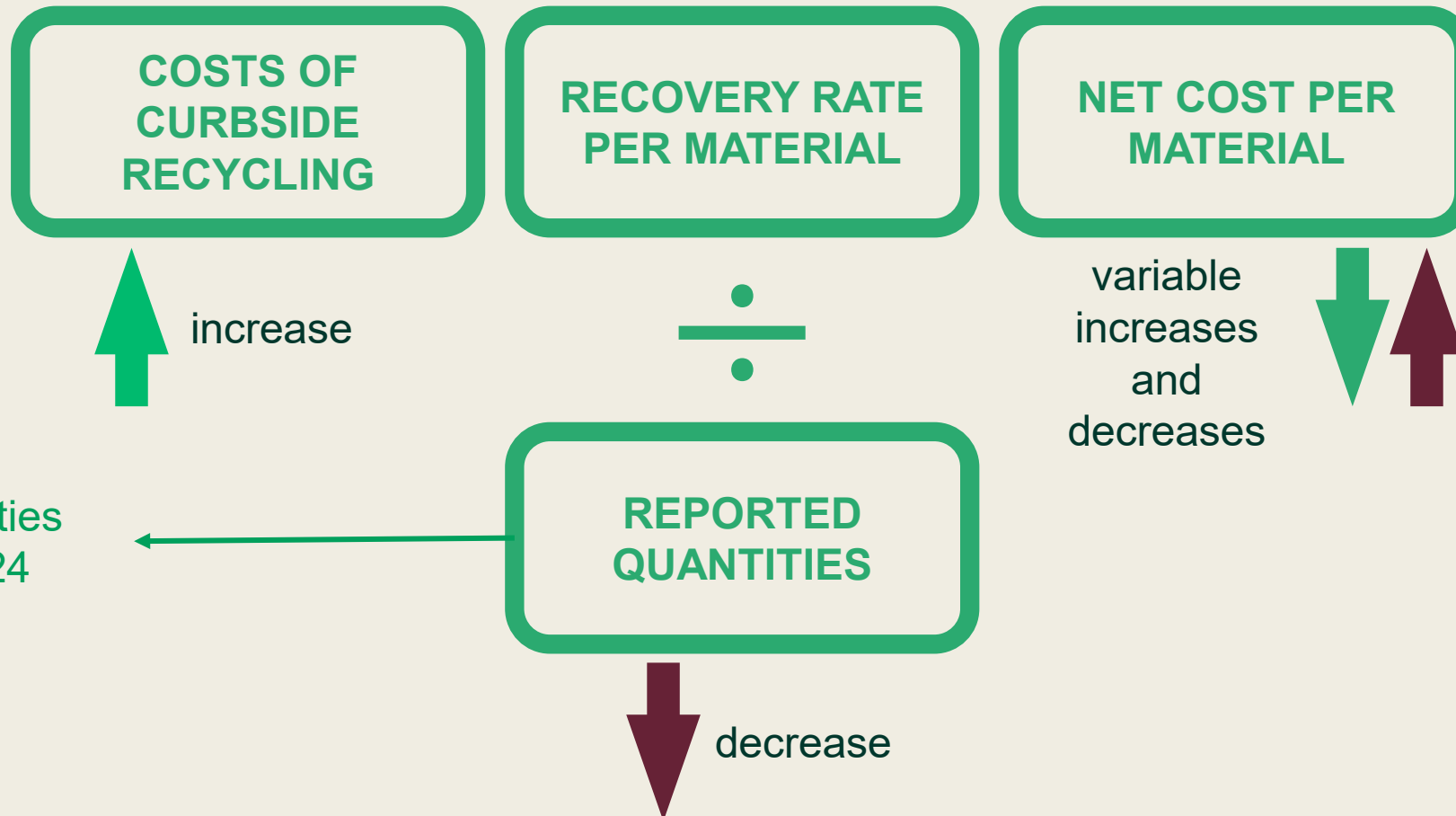


Comparison of amounts for the 2025 Schedule and the 2025 PFP

(in \$M)



A fee formula that always considers eco-modulation principles

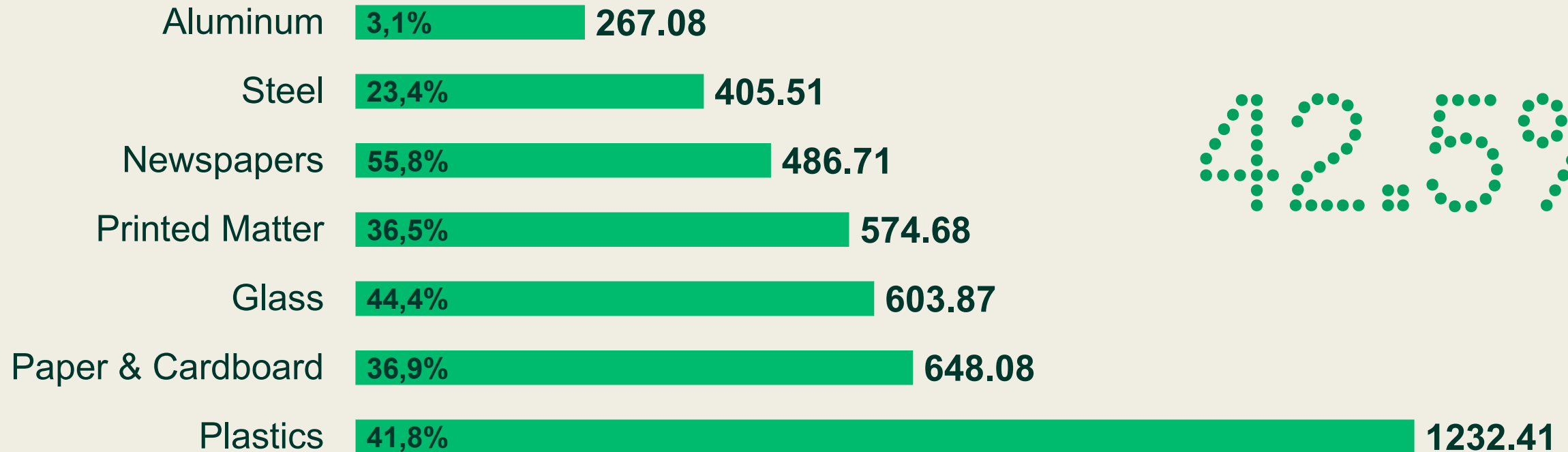


Based on quantities reported in 2024

PFP unit rates per materials category

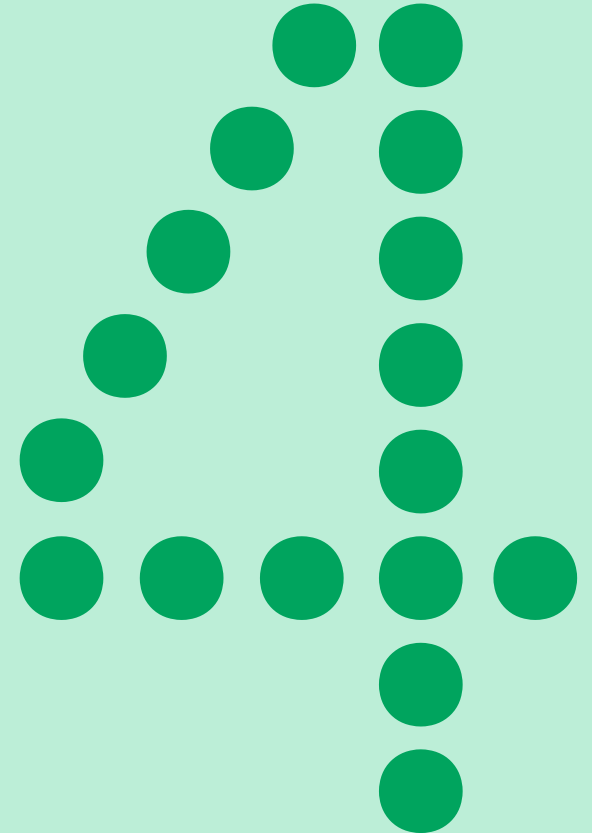
(% variation compared to the 2025 Schedule of Contributions)

(in \$/t)



42.5%

Policy updates



Policy updates and upcoming changes

The PFP policy as well as the policy for low-volume producers have been updated:

- Dates
- Fixed financial participation rate amounts
- Rates per material

Precisions were added to clarify certain articles, but do not alter the scope of producers' obligations.

2 measures to be integrated into the policies are currently being drafted. The Board has approved their intentions.



Measures to manage substantial modifications

To compensate the difference between what is put on the market during the reference year and quantities present during the financed year.

Substantial modification = Significant variance of quantities put on the market for the reference year vs for the financed year (at least 5% of the reported volume).

Will enable producers to submit a request to make modifications to their annual report if:

- Discontinuation of a product line or withdrawal from the market
- Sale to another producer during the reference year
- Marketing or acquisition of a new product line.

Measures to manage substantial modifications

Considered terms:

- Not applicable to closures or bankruptcies
- Applicable to substantial modifications that occur during the reference year and not during the reporting year
- Confirmation of transfer from the new owner in cases involving the sale of a product line
- Deadlines to submit a request
- Management expenses for the modification request
- Entry into force retroactive to the reference year (2023)



Next steps

Week of November 25, 2024:

Summary of comments received from producers and proposals for modifications, if any

December 11, 2024:

Adoption for recommendation to the Board by the Leadership committee of ÉEQ

January 2025:

Presentation to the Board of directors for final adoption

February or March 2025:

Webinar for producers

Materials destined for institutions, commercial businesses and industries (IC&I)

IC&I committee:

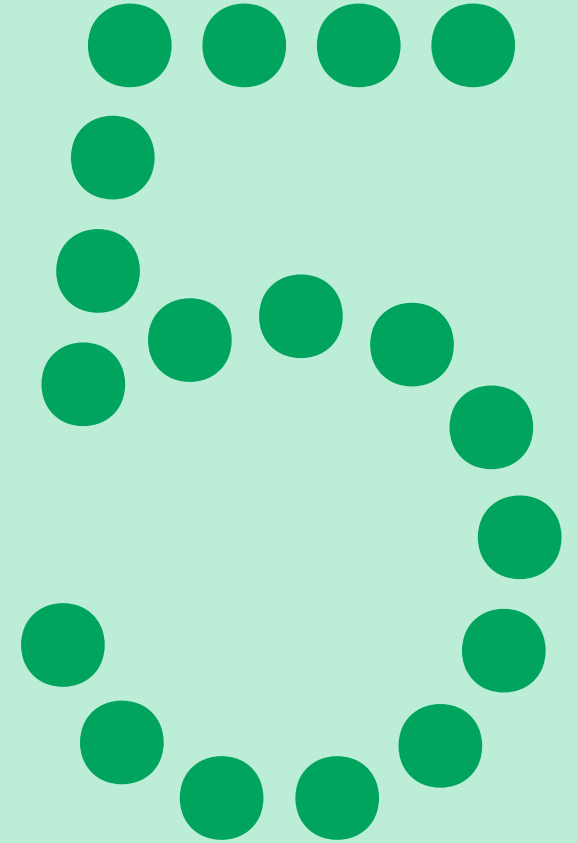
- 10 producers from different sectors
- 5 Meetings from June to October 2024
- Recommendations for simplification

Next steps:

- Webinar in January 2025
- Reporting help guide by Q1 2025
- Survey in 2026
- Deferral of reporting to the 2026 obligation year



Discussion Period



Thank you for
participating!