

To: All Transporters and Processors of MHSW Orange Drop from Municipalities

Re: *Update on Municipal Depot Transportation and Processing for Phase 1 MHSW*

As of January 1st, 2012 Stewardship Ontario will directly control the transportation and processing of MHSW Orange Drop (Phase 1) materials. There has been concern about what changes might be made and how they might affect municipalities and the existing servicing marketplace. Stewardship Ontario understands the need for continuing dialogue and input from stakeholders as a precursor to change.

Stewardship Ontario considered a range of options for transportation and processing from municipal depots including: tendering through RFP by provincial zones; the creation of consolidation hubs; and an incentive system. These various options were discussed during the planning stage this summer by our operating team, with OWMA management and MHSW caucus, and with industry consultants.

The end result is that we have decided to continue to expand our incentive model, adding a new Municipal Depot Transportation and Processing Incentive Program to begin at the start of 2012. This will be in addition to our current active incentive programs: Automotive Incentive Program (AIP); Battery Incentive Program (BIP). The AIP and BIP remain unchanged and independent of this new program. Stewardship Ontario will neither be directly engaged in the marketplace as a collector, transporter or processor, nor will it dictate how municipalities choose their service providers.

Over the coming weeks you will be receiving detailed information on this new Municipal Depot Transportation and Processing Incentive Program. We are very pleased to be working with a very knowledgeable and experienced supply chain consultant, Marty McGinnis, who is an expert in developing and implementing distribution and reverse supply chain systems. We recognized from the start that this project was multi-faceted and complex, requiring a skill for analysis and sensitivity parameters of the highest order.

OWMA management, in a letter dated October 14, 2011, has brought forward to us their preliminary thoughts on incentive levels, incentive stability, operating standards and reporting for discussion as we develop the incentive model. It is tremendously helpful to be working with Rob and Peter, on behalf of the OWMA Board and the MHSW caucus, in the development stages to ensure that we have an effective program that also meets our collective need to have the marketplace accessible to all companies large and small.

Please stay tuned for further memos over the next weeks. We will be providing updates throughout October, November and December.

Best regards,



Tamara Burns
VP Operations, MHSW (Orange Drop)



Stewardship Ontario

Marty McGinnis
McGinnis & Company Limited

Profile:

Marty McGinnis is the President of McGinnis & Company Limited, a supply chain consultancy. He combines twenty years of diverse retail experience with more than twenty years of supply chain consulting. His projects include both physical distribution and information systems. He has extensive experience in the acquisition and effective use of application software and related hardware for supply chain including ERP, forecasting and replenishment, warehouse management and store systems.

Marty is the favoured supply chain consultant to the LCBO. Marty's beverage alcohol distribution work also includes CALJ (Canadian Association of Liquor Jurisdictions) and the Liquor Boards of B.C., New Brunswick, Nova Scotia and Saskatchewan. Marty also works with a host of retailers as a supply chain consultant including Forzani Group, Mountain Equipment Co-op, United States Postal Service, TSC Stores, and Kal Tire to name a few. Marty also consults for consumer packaged goods and commercial products as a subject matter expert.