

ANNUAL REPORT
2020





FROM THE CEO

The Issues that Shaped 2020

Between the COVID-19 pandemic that ground the world to a halt, and the resulting slow-down of tires purchased in a sluggish economy, 2020 was a year unlike any other in recent memory. The pandemic has had a large-scale impact on all of us, with unprecedented disruptions in how we live, work, commute, and operate as businesses. It was the first time many of us moved out of the office and into our homes for months at a time. eTracks staff worked quickly to adapt operations, and with many online communication structures already in place, our team was able to make the transition from office-to-home quickly and efficiently. Most importantly, these measures allowed us to protect our staff while ensuring our customers continued to receive unwavering compliance service.

In spite of lower end-of-life (EOL) tire volumes due to the pandemic, and through improved processes and efficiencies across the supply chain, we ensured that we collected every available tire and that producers exceeded their resource recovery mandate. In fact, while several other Producer Responsibility Organizations (PRO) collected less in 2020 than 2019, eTracks exceeded 2019 tire collections by 13,000 tonnes.

While eTracks is pleased to report we achieved our 2020 objectives, one in particular stands out as both innovative and adaptive within the resource recovery industry. The Sustainable Recovery Platform (SRP) is in the final stages of development and will replace the older TreadMarks technology when it's rolled out in 2022. SRP will make it easier to track and report on key data, such as: tire supply, collection, hauling, processing and retreading activity, and the use of tire derived material that takes the place of new materials in products and packaging in Ontario. The new platform is user-friendly, providing increased traceability and data insights within a highly customizable system. It also has the potential for use in other regions where the need for resource recovery management and compliance tracking continues to increase.

While 2020 presented us with challenges, it also served to strengthen our business practices and adaptability during a global crisis that left no industry unchanged. We are in a better position than ever to uphold our commitment to exceed regulatory and environmental outcomes on behalf of our customers. I invite you to review

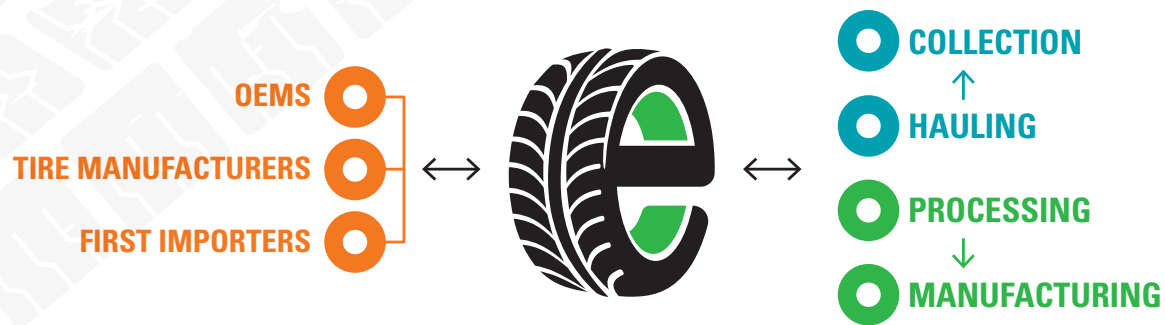
the following Annual Report where we go into more detail about how we contributed to building an efficient, stable, commercial ecosystem that supports a circular economy in Ontario.



Steve Meldrum, CEO
eTracks Tire Management Systems



MANAGING EOL TIRES



PRODUCER RESPONSIBILITY

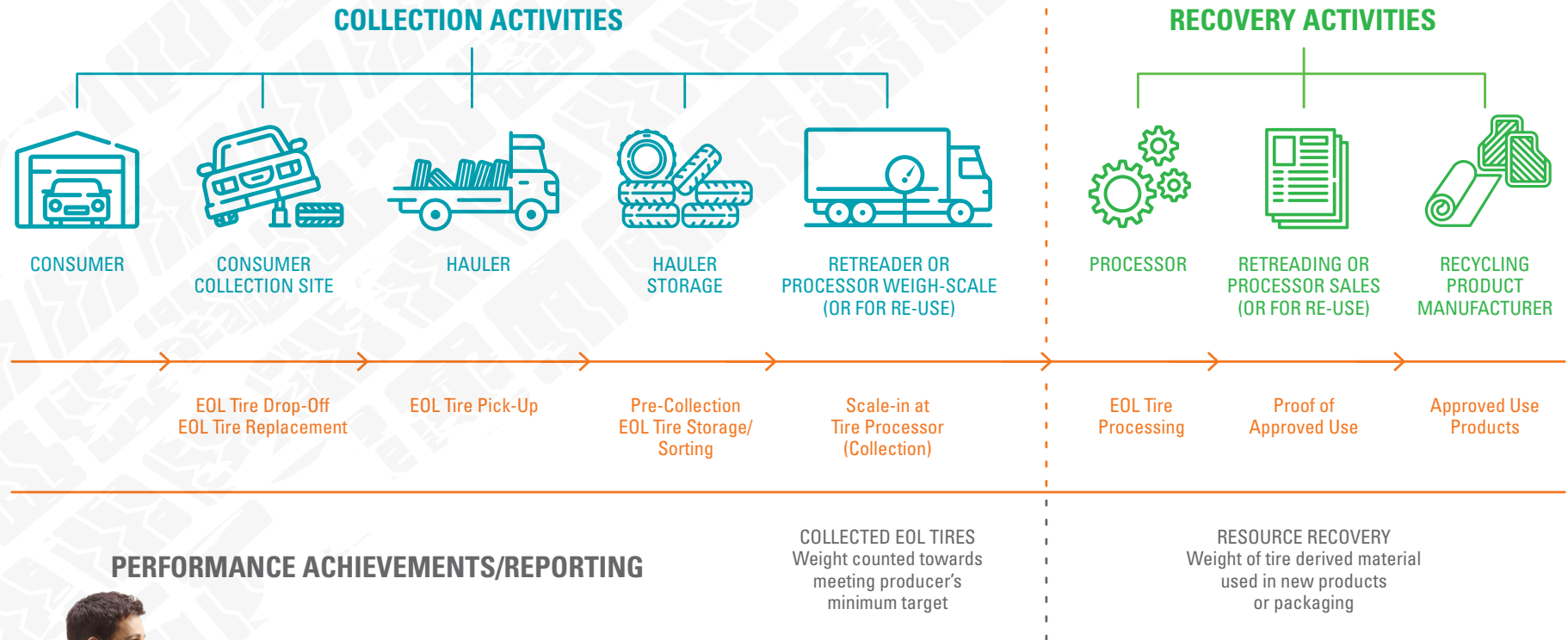
What We Do

The Ontario tire recycling management system officially changed to an Individual Producer Responsibility (IPR) model in 2019 with the enactment of Regulation 225/18 under the Ontario Resource Recovery and Circular Economy Act (RRCEA). Simply put, the goal of the Regulation is to keep Ontario's scrap tires out of landfills, inspire innovation within the industry, support a sustainable economy and protect our environment.

Under the Regulation, tire producers are allowed to contract a third-party service provider to fulfill their regulatory compliance obligations, referred to as a Producer Responsibility Organization (PRO). eTracks is the largest PRO in Ontario, hired by some of Canada's largest tire producers and represents over 80 per cent of the tire resource recovery obligation in the province. To safely and responsibly recycle Ontario's used tires, eTracks also provides its customers (producers) with an overview of the tire collection and recycling management system, including the various roles and organizations required to fulfill their compliance obligations.



TIRE COLLECTION AND MANAGEMENT FLOW



Producers are defined as someone who has a permanent establishment in Ontario and supplies tires on either new vehicles, or as a retail item.

Individual Producer Responsibility (IPR) requirements:

- Meet resource recovery standards for the collection and management of End-of-Life (EOL) tires
- Provide a free and convenient tire collection network that provides a minimum number of collection sites across Ontario
- Educate consumers to increase public awareness and promote public participation in the resource recovery of tires
- Register with the Resource Productivity and Regulatory Authority (RPPRA)
- Keep records, submit reports to RPPRA in a timely and consistent manner to increase transparency, measure performance and ensure compliance
- Arrange to collect and manage tires to meet mandatory targets, or retain the services of one or more Producer Responsibility Organizations (PROs) to act on their behalf.

OPERATIONS

Streamlining Supply Chain and Supplier Management

There were several new roles added to the eTracks Operations team in 2020, including a Manager of Supplier Relationships and Operational Compliance, a Supply Chain Implementation Manager, Stakeholder Support Coordinator and Supply Chain Support. The expansion of our team reflects our goal of continuing to align with the Ontario Regulation 225/18, built around core supply chain and compliance principles.

COLLECTION AND RECOVERY



COLLECTORS



HAULERS



PROCESSORS



RETREADERS



BLAST MATS

Objectives achieved in 2020

- Formalizing a new supplier performance management approach, enabling us to integrate Inventory management and monthly reconciliations into the revised approach
- Aligning our internal review processes to ensure Regulatory Collection accurately reflected Eligible and Non-eligible materials
- Defining objectives for Collection and Processor improvement opportunities
- Initiating negotiations to create scrap tire consolidation, and pre-processing opportunities
- Redefining the 2021 scrap tire hauling rate structure to align eTracks and haulers needs through direct payment and contracting arrangements
- Sourcing supply chain solutions and savings for the collection and processing of Industrial Off The Road tires by diverting them to a Michigan processor (processing for these tires is no longer available in Ontario)
- Developed four new classifications of GOTR tires to more accurately align recovery fees with the cost of collecting and recovering these types of tires. Hauling and processing costs are directly tied to the weight of tires and with GOTR tires weighing up to 5,000 kg or beyond – a recalibration of these fees was needed.

FINANCIAL MANAGEMENT

Responsible, Reliable, Fair

The year presented several unique challenges when it came to financial success, but through careful management we came out strong.

New tire sales started out stable in 2020 but dipped as the pandemic grew. A less confident buyer market combined with many people working from home instead of commuting led to a reduction in new tire and car sales.

In the second half of 2020, eTracks remained focused on collecting every available EOL tire while tire producers found new ways to meet the needs of consumers. During this time, we continued to find operational efficiencies and focused on cost containment while ensuring regulatory compliance for our customers.

Sound financial management and tight internal controls resulted in two successful audits: 2020 Financial Results, and Resource Recovery Performance.

HIGHLIGHTS

In 2020, we...



Ensured price stability for our customers; tire recycling fees have remained unchanged (e.g. \$4/PLT)



Maintained all staff and expanded the company with four new hires, while deploying a remote work environment without any disruption to services



Met all financial commitments to our service providers and supported financial stability within the tire recycling industry



Developed a deferred payment program for customers who were especially impacted by the first wave of the Ontario lockdown.

COMPLIANCE

Engaging With the Authority to Exceed Compliance

The Resource Productivity and Recovery Authority (RPRA) is the regulator mandated by the Government of Ontario to enforce the province's circular economy laws. The Tires Regulation under the Resource Recovery and Circular Economy Act, 2016 (RRCEA) designated tires as the first material under Ontario's Individual Producer Responsibility (IPR) framework. Ontario generates more than 12 million used tires annually. To keep those tires out of landfills, tire producers are responsible for ensuring used tires are collected, recycled or reused.



Working with RPRA

On behalf of our customers, we work with the Regulator to advance issues and interests related to the EOL tire industry. This direct engagement with RPRA allows us to provide our customers with clarity on their obligations under the Act, including: required audits, timelines and expectations.

Achieving Compliance in 2020

eTracks customer compliance support included:

- Exceeding the amount of tires collected in 2019 by approximately 13,000 in 2020.
*Due to COVID, many other PROs did not reach the amount of collection they achieved in 2019
- 100% of eTracks customers achieved their 2020 resource recovery requirement of 85%
- 85.9% of the weight of used tires in Ontario were recovered for a new use

- Participating in the established "market" for buying and selling collection and recovery "credits" to ensure compliance was met throughout the industry.

We achieved this in spite of lower tire and auto sales, retail lockdowns, delayed/reduced winter tire changeover and a sluggish economy which meant a "lower than normal" generation of end-of-life tires.

Participation in RRCEA and Reg 225/15 tire consultations

eTracks also provided experience-based feedback and insights into a number of consultations conducted by RPRA and the Ministry of the Environment, Conservation and Parks. Consultations were related to regulatory processes and audit procedures, as well as potential amendments to Regulation 225/18.

As a PRO, we help shape interpretations of the Regulation to ensure 'fair treatment' among participants.

REPORTING TIMELINES



* Submitted by eTracks on behalf of customers

**Submitted by Customers

RECOVERY

Sustainable Recovery Platform (SRP)



MODULAR



CONFIGURABLE



FLEXIBLE



ADAPTABLE



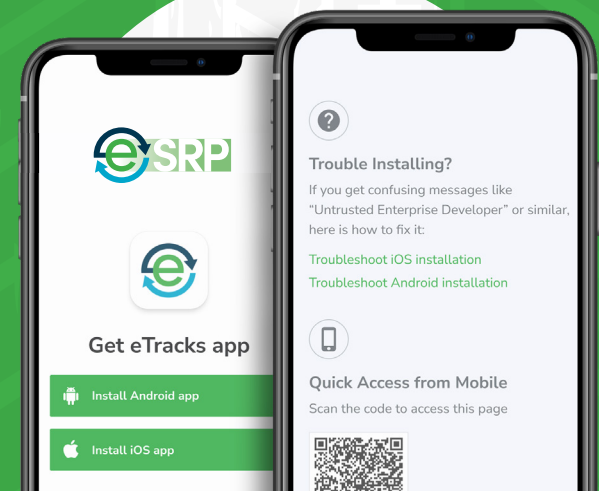
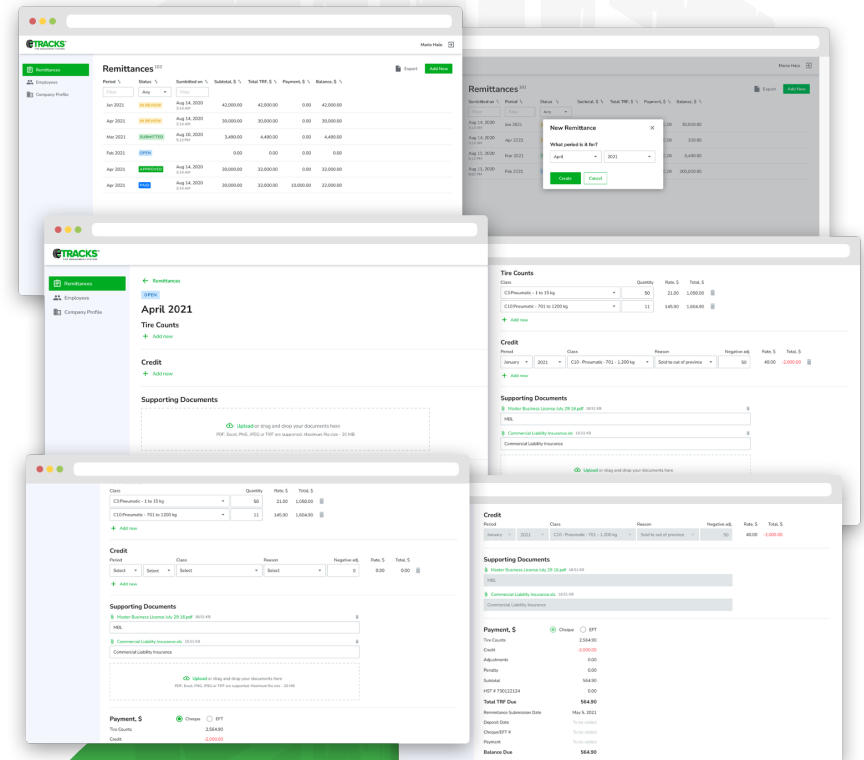
Throughout the year our team worked on the development of a new technology platform to replace the older TreadMarks system. Treadmarks was previously used by Ontario Tire Stewardship and was tailored to meet the needs of that program. With the introduction of the Individual Producer Responsibility (IPR) framework in 2019, a new system was needed to better meet the needs of regulatory compliance.

SRP provides more robust tracking and reporting on key data, such as:

- Tire supply and tire recycling fee remittances
- Collection and hauling end-of-life tires
- Processing and retreading activities
- End use of tire derived material that takes the place of new materials in products and packaging in Ontario.

SRP also has the potential for use in other regions where the need for resource recovery management and compliance tracking continues to increase. This provides an opportunity for a single platform to be used across Canada by our customers. SRP also has the capability to track and manage materials beyond just tires and is adaptable to other regulatory requirements.

Comprehensive testing, training and roll-out details will be shared in the summer of 2021 ahead of the live launch in 2022.



PUBLICITY

Media and Outreach



79
MEDIA STORIES



13.4M
IMPRESSIONS



LAUNCHED AWARDS
OF EXCELLENCE



LAUNCHED MYTHS AND
MISINFORMATION
SURVEY

Continued from A1

Algoma tires get new lease on life

Partnership sees product shipped to recycling facilities

ELAINE DELLA-MATTIA

ETracks Tire Management Systems has been removing 850 tonnes of end-of-life tires from Algoma Steel since the project began in September 2019. Half the tires have already been removed from the site and the project is ongoing and expected to be completed by June.

The tires are shipped to recycling facilities near Ottawa and



CEO of eTracks Tire Management Systems.

The project is one of the largest projects ever handled in its year of existence, he said.

Home > News

August 21, 2020 02:05 PM

eTracks honors tire recycling service providers

TIRE BUSINESS STAFF

TWEET SHARE in SHARE EMAIL



OAKVILLE, Ontario — eTracks Tire Management Systems recently presented six "Awards of Excellence" to suppliers that helped the company successfully transition to Ontario's new end-of-life tire regulation and Individual Producer Responsibility (IPR) model.

Those honored were:

- **Ideal Rubber** Industries Corp. — Processor of the Year;
- **RC Enterprises** — Hauler of the Year; and
- **Black2Green** Tire Recycling Inc. (northern Ontario), **Micor Recycling** Ltd. (central Ontario), **R&E Tire** (southeastern Ontario) and **All Ontario Recycling** (southwestern Ontario) — Awards of Excellence Hauling.

September 17, 2020 02:41 PM

Survey: Many Ontario residents likely unaware of tire recycling

RUBBER & PLASTICS NEWS REPORT

TWEET SHARE in SHARE EMAIL



OAKVILLE, Ontario—Only a little more than a third of Ontario residents understand their tires are recycled, according to a new survey.

The survey, conducted by eTracks Tire Management Systems, shows that just 37 percent of those asked understood tire recycling and 49 percent were not sure if tires were recycled or thrown away.

A total of 14 percent of Ontarians mistakenly believe tires are not recycled, and just 32 percent understand they are recycled.

"Regardless of some of these knowledge gaps and myths, it's encouraging to know Ontarians want to help the environment," CEO Steve Meldrum of eTracks Tire Management Systems said in a statement. "And while the survey shows that knowledge of the tire recycling industry is mixed, there's an opportunity to

LOOKING AHEAD in 2021

eTracks will remain focused on implementing efficiencies and innovation in the EOL tire industry and providing customers with exceptional compliance services.

Driving Sustainability – One Tire at a Time

eTracks is a not-for-profit Producer Responsibility Organization (PRO) established to help the tire industry meet new recovery and recycling regulations being rolled out by the province of Ontario under the Ontario Resource Recovery and Circular Economy Act.

eTracks ensures resource sustainability in the tire and rubber industry by collaborating with customers (including major tire manufacturers, auto-makers and tire distributors) in Ontario to provide fulfillment services for their End-of-Life (EOL) recovery and recycling obligations. We also team with service providers including Collectors, Haulers, and Processors to ensure responsible resource recovery of used tires.

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The used tires are picked up by Haulers from numerous collection sites across Ontario and taken to Tire Processors that convert them into the building blocks for new rubber products.

The **eTracks** operating model paves the way for sustainable end-of-life materials such as sports fields, playgrounds, mats, more durable roads, and many other recycled rubber products.

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Through Ontario-based Processors, scrap tires are unloaded, shredded, and converted into raw materials that are used to manufacture new rubber-based products.

eTRACKS IS BRINGING INDUSTRY PLAYERS TOGETHER TO ADVANCE SUSTAINABILITY IN ONTARIO

www.eTracks.ca



Learn more at etracks.ca

2275 Upper Middle Rd, Ste 401
Oakville, Ontario L6H 0C3
1-844-ETRACKS (387-2257)
info@etracks.ca