

1 About the decision to pursue amalgamation

- **Why has the CESA Board of Directors decided to pursue an amalgamation with the Electronic Products Recycling Association (EPRA)?**

After reviewing its operations and considering all avenues for delivering the optimal service to its members, the CESA board has determined that amalgamation with EPRA is the most efficient and effective way to deliver the program for members.

Operating a single program in B.C. will reduce overall operating costs through a shared cost service model across multiple jurisdictions. And it will have the potential to reduce the increased eco-fees that CESA members would see in the coming years.

Both CESA and EPRA operate stewardship programs in B.C. that have a lot of similarities. The organizations use the same processors and have the same regulatory requirements. EPRA has economies of scale that CESA members will benefit from.

- **How will CESA members find out more about the amalgamation plan and the membership vote?**

CESA will share information about the proposed amalgamation directly with members through a dedicated email channel, governance@cesarecycling.ca. This information will also be posted on CESA's website.

- **When is this amalgamation proposed to happen?**

If CESA members vote to approve the amalgamation, both parties will work toward an implementation date of October 1, 2024.

After October 1, EPRA would be the organization providing compliance and program administration for small appliances and other products currently handled by CESA.

2 About the membership vote

➤ Why are you holding a members' vote?

The laws governing CESA and all federal not-for-profit corporations require that critical business matters, such as a proposed amalgamation with another product stewardship agency, be put to a vote by CESA members.

Members will be asked to approve or reject the proposed amalgamation plan which has been approved by the CESA Board of Directors.

➤ When will members vote?

Members can submit a proxy from May 27 to June 17 using an online voting platform. CESA members can also vote at the Annual and Special Members' Meeting on June 19 if they have not already submitted their proxy online.

➤ Will votes be weighted based on the size of the organization?

No. In accordance with CESA's bylaws, each CESA member organization, large, medium or small, will have one vote.

➤ What is the threshold for approval by CESA members?

For the amalgamation to move forward, a yes vote is required from two-thirds of the member organizations present at the Annual and Special Members' Meeting or represented by proxy.

➤ What is considered quorum for the vote?

Quorum for a special meeting of members is 10 per cent of CESA members present at the Annual and Special Members' Meeting or represented by proxy. If quorum is not present at the beginning of the meeting, the Annual and Special Members' Meeting will have to be postponed.

➤ Who will oversee the vote?

CESA's external counsel, Dentons Canada LLP, through an online voting platform, will oversee the voting process on CESA's behalf to ensure impartiality and the integrity of the vote.

➤ Will it be a secret ballot?

Yes. An external provider will host the online voting platform. Dentons will provide CESA with the total vote count and results. CESA will not know how individual member organizations cast their vote.

➤ **When will the votes be counted?**

Members can submit their proxy online from May 27 until at 5 p.m. Pacific time on Monday, June 17.

Members can also vote at the Annual and Special Members' Meeting on June 19, if they have not already submitted their proxy. Votes cast at the Annual and Special Members' Meeting, which will be held in Toronto with an option for CESA members to attend via Zoom, will be aggregated with the proxies submitted online.

➤ **Will CESA get a running tally of votes during the voting period?**

No. The external provider will not share any voting results with the CESA Board of Directors or CESA staff until after voting closes on June 17. They also will not share information about how individual member organizations voted.

➤ **When will the results be shared?**

The vote results will be confirmed at the Annual and Special Members' Meeting on June 19 and communicated to CESA members on June 20.

➤ **What if the proposed amalgamation doesn't get passed by the members?**

If there is insufficient support for the amalgamation, then business will continue status quo with CESA. There will be a fee increase to ensure business continuity, which will happen with or without the amalgamation, but all other aspects of the CESA program are anticipated to continue as is.



3 Impacts on CESA members

- **What do I have to do regarding this proposal and change? What is the impact on me as a CESA member if the vote is yes?**

There are four steps in the process.

Step 1

CESA members must vote to approve or reject the amalgamation. Members can submit a proxy online from May 27 to June 17, followed by voting at the Annual and Special Members' Meeting, which will be held in Toronto on June 19 with the option for members to attend via Zoom.

Step 2

Members will be notified of the results of the vote on June 20, following the Annual and Special Members' Meeting on June 19. If the vote is yes, CESA members will be advised of the date that the amalgamation will take effect. The current anticipated date is October 1, 2024.

Step 3

If the vote is yes, CESA members will be contacted by EPRA in July and provided a copy of the EPRA steward agreement to sign. Members of CESA will transition to become EPRA stewards. The agreement confirms that EPRA will operate the collection and recycling program on behalf of the steward, including providing compliance and regulatory reporting to the ministry. It also confirms that the steward agrees to report units sold and remit fees to fund the stewardship program and thereby fulfill their regulatory obligation.

Step 4

EPRA will advise stewards transitioning from CESA of future changes to remitting instructions and to the portal used for reporting with at least 60 days of notice. Until notified of a change, CESA stewards should continue reporting and remitting as currently instructed.

➤ **What if I don't want to sign up with EPRA? What is my alternative?**

As is the situation currently, the B.C. government allows producers to individually submit a program plan for compliance, set up their own collection network throughout the province and handle all compliance reporting into the ministry.

While this has always been permitted, it is costly and involves audits directly by the B.C. government. Hence, producers have found that engaging a stewardship program is the most effective and efficient choice.

➤ **What kind of support and communication can I expect from EPRA if the amalgamation happens?**

EPRA has a dedicated team available via phone and email to support stewards with program questions, reporting and remitting questions, and any general questions.

EPRA also has a dedicated director based in B.C. to provide further support and oversight of the program.

Monthly newsletters from EPRA highlight any key changes, such as reporting changes that require action by a steward.

EPRA stewards have reported that the association uses several very helpful methods to keep them informed. These include the EPRA website, webinars and a splash-page for news on the EPRA reporting portal.

➤ **Will fees come down, since this is about saving money?**

Operating a single program in B.C. will reduce overall operating costs. It also offers the potential, over the long term, to reduce the increase in eco-fees that CESA members would see in the coming years.

In the near term, because CESA has been charging fees that are below the cost of the program as a way to draw down its reserve fund, fees may need to go up until break even is reached and the reserve can be maintained.

Fees have not been increased for CESA members since 2015. A fee increase will occur whether or not CESA amalgamates with EPRA.



➤ What will happen to the reserve on CESA's books?

The assets and payables of CESA will be transferred to EPRA to continue the running of the program. EPRA has agreed that the reserve will only be used in B.C. and only for purposes of the continuing the CESA program. EPRA is audited, and it reports its financial results to the regulatory bodies by provincial program. This further ensures that the funds remain in place to operate the B.C. program.

➤ Will my reporting change?

You will continue to report your product sales by category. There will be a transition from the current portal used for reporting to the EPRA 3R portal. Many CESA members are already on the EPRA portal for electronics reporting and for small appliances obligated in other provinces.

➤ Will my historical reporting of data be moved to EPRA?

Yes. For EPRA to continue to fulfill regulatory reporting and support regulatory audits, including prior years as required, data and fees reported to CESA will be moved to EPRA.

4 Impacts on other provinces

➤ What does this mean for other provinces and small appliance reporting?

EPRA already provides small appliance program management in provinces with small appliance regulation. These include Prince Edward Island (all products), Manitoba, Saskatchewan, Nova Scotia, and Newfoundland and Labrador (microwaves). CESA currently operates the B.C. program, which would transition to EPRA through the amalgamation.



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We at ElectroRecycle are grateful to live, work, and be in relation with Indigenous peoples of BC's unceded territories. We recognize their historical environmental stewardship and are committed to reconciliation and collaboration.

