



**Tire Stewardship of  
Saskatchewan Inc.**

**2023 Annual Report**

## TABLE OF CONTENTS

1. MESSAGES	3
2. GOVERNANCE	5
3. 2023 YEAR IN REVIEW	6
4. PROGRAM RESULTS	11
APPENDIX: FINANCIAL STATEMENTS	16

## 1. MESSAGES

### COLIN FRASER | Chair, Board of Directors

As Chair of the Board of Directors, I am pleased to present the 2023 Annual Report on the Tire Stewardship of Saskatchewan Inc. (TSS). The year 2023 was challenging for the board and for management at TSS.

Since the program review in 2017 TSS has been working to meet its obligations under the Product Stewardship Program to implement the review's recommendations including changing the processor payment model to align with industry practices in other jurisdictions. This payment model pays incentives at the time of sale of manufactured products, not on delivery of scrap tires to the gate. Over several years the efforts by TSS to work with a contracted processor in Saskatoon failed to provide any agreement on this change. In April of 2023 the processor's contract extension lapsed.

TSS agreed to a review requested by the Ministry to consider the circumstances that led to not having a processor in Saskatoon. Since the new processor in Moose Jaw was just set up TSS was placed in a position to seek alternative outlets for tires and the use of temporary storage piles to keep the program operational. The Moose Jaw facility began late in the year to accept tire volumes greater than originally designed for.

I thank the team at TSS including management, our Moose Jaw processor Crumb Rubber Manufacturers Canada (CRM Canada) and our collectors for adjusting operations to keep tires flowing. The Ministry review was completed in the fall and the recommendations were accepted by TSS. The review provided some insights into how to make the program better, confirmed the work done in the past and recommended that TSS proceed with an RFP for a second processor in Saskatoon. An RFP was issued with the assistance of the provincial procurement agency, Ministry of Sask Builds and Procurement, in December of 2023.

Once a processor is established in the Saskatoon area under contract terms recommended in the 2017 review, the major changes to the tire stewardship program in Saskatchewan envisioned at that time will be fulfilled. The TSS program desires to be a top performer in the country, as others learn from the changes made in Saskatchewan. And importantly, the environment is benefiting from our progress. The board is proud of the achievements of TSS over the last few years.

I thank our CEO, Stevyn Arnt, for his perseverance, and tireless efforts in bringing change to the tire recycling industry in the province, and for the improvements to our program. TSS is thankful for the support during the year from the Minister of Environment, the officials in the Ministry, our contractors, the retailers, the communities, and the consumers we serve.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Colin Fraser', with a stylized flourish at the end.

Colin Fraser  
Chair, Board of Directors  
Tire Stewardship of Saskatchewan Inc.

## STEVYN ARNT | CEO

Sometimes to move forward an organization needs to take on challenges and certain risks in the short term to enable improvement and benefits in the long term. The world is changing constantly around us, and therefore an industry like tire recycling needs to change too, as priorities shift, the focus on the environment gets sharper, best practices are developed, and new products and markets become available. Product stewardship programs across the country are also learning how to be better and more effective, and to not be stuck in old ways.

For TSS, after years of discussion and mediation, we failed to come to a mutual agreement with our long-term processor in Saskatoon. Our Moose Jaw processor, Crumb Rubber Manufacturers Canada, sped up their timeline to begin receiving tires and increased their capacity quickly while our collectors shifted their pickup and drop off routes and managed the limited and temporary storage of collected tires, with a minimal volume of tire shipments sent to a licensed processor in Alberta.

The Ministry's review of certain program elements was supported by TSS with our full cooperation and full disclosure. This review endorsed the decision of TSS to proceed with an RFP for a processor in Saskatoon area which was issued in December.

I look forward to 2024, I thank so many people and organizations who supported us in 2023 as they understood the goals of TSS and our obligations under the PSP to the environment, retailers, and consumers. I am determined to operate the top program in the country. In 2023, TSS was honoured as the recipient of the Sustainability Award from the Tire and Rubber Association of Canada (TRAC). I appreciate the confidence shown in me by the Chair and the Board.

Respectfully,

A handwritten signature in black ink, appearing to read 'Stevyn Arnt', with a stylized flourish at the end.

Stevyn Arnt MBA  
CEO  
Tire Stewardship of Saskatchewan Inc.

## 2. GOVERNANCE

### Board of Directors

The Tire Stewardship of Saskatchewan Inc. (TSS) is governed by an industry appointed Board of Directors having representation as required in the regulations, plus two independent members at large who bring perspective and additional competencies to the Board.

The TSS Board of Directors (Board) remains as in the previous year with the following four members:

- Colin Fraser, Chair – Owner/Operator OK Tire, Prince Albert  
Retail Council of Canada
- Ray Geleta, Vice-Chair – Executive Director  
Western Canada Tire Dealers Association
- Len Ritchot – General Manager, Market Tire  
Retailer-At-Large
- Richard (Porky) Porter  
Independent Member-at-Large

Quarterly Board meetings were held on February 9 (Q4 2022), April 25 (Q1), September 12 (Q2), and December 20 (Q3). TSS tentatively scheduled the Annual General Meeting for September 12. However, the review was not complete with outcomes unknown, and the request for a PSP extension to the Minister was pending, so it was deferred to December 20.

### Advisory Committee

The TSS Advisory Committee (the Committee) provides strategic advice and program input to the Board of Directors and the CEO. The Committee has no decision-making authority; however, it serves as a source of information, knowledge and advice for the Board and the CEO related to program development, operational excellence, public awareness and knowledge, and connections to the communities. The Committee meets as requested by the Board or the CEO.

The TSS Advisory Committee includes members from the following stakeholders:

- SARC/SARCAN Recycling
- Ministry of Environment, Government of Saskatchewan
- Tire Retailers
- Saskatchewan Association of Rural Municipalities
- Saskatchewan Urban Municipalities Association.
- A recycling expert from outside the province
- Tire stewardship program manager from out of province

In 2022 TSS also added the Executive Director from Tire Stewardship Manitoba to bring a perspective on operational matters to move the Committee from a sounding board to also offering best practice advice. Other Executive Directors or CEOs or senior managers from other tire stewardship programs or the tire and recycling program industry will rotate into this role. The Committee Chair is Amy McNeil, Executive Director of SARC/SARCAN.

In 2023 the CEO and the Advisory Board Chair revised the Terms of Agreement for the Advisory Board which were presented and approved by both the Advisory Group and the Board. With the prolonged review of our program, meetings with the Advisory Board were limited to just March 20.

### Industry Stakeholder Engagement

TSS is committed to collaborating with key stakeholders in the tire and tire recycling industry within and outside of the province. This includes engagement with retailers, processors, and collectors, and with industry organizations such as the Canadian Association of Tire Recycling Agencies (CATRA). The TSS CEO attends regular CATRA

conference calls and is in regular contact with British Columbia, Alberta, and Manitoba tire stewardship representatives, and with other programs in eastern Canada.

The TSS CEO is a member of the Data and Reporting Committee for CATRA and is leading the development of new KPI metrics for all programs in Canada. In 2023 TSS signed on with CATRA's Phase 2 study on GHG Impact to complete 2021 and 2022 time periods and develop an appropriate per unit and/or intensity metric while also forecasting impact on future annual benefits. Previous analysis was conducted for the 2018, 2019, and 2020 time periods. For the years 2018-2022 inclusive, TSS activities in the province have displaced more carbon intensive products resulting in net savings for the province of the equivalent of removing 64.53 million kilometers of vehicle travel off the roads.

CRM Canada operates in three provinces and has touted TSS's program and the zone collection system as the best in Canada. At their request, TSS presented to the Tire and Rubber Association of Canada (TRAC) and to government officials from the State of Connecticut as they develop their own Extended Producer Responsibility (EPR) program for tire recycling. Industry engagement is important to TSS to understand industry trends, to consider new technologies and new scrap tire derived products and markets, and to recognize best practices to improve the provincial industry and TSS administration. Furthermore, TSS wants to be recognized as a leader in program delivery and to offer our experiences to others.

### **Independent Audit**

Financial management activities are reviewed on a yearly basis by an independent audit firm. MNP conducted the audit for 2023. This audit ensures that the TSS meets all accounting standards and requirements. The audited financial statements for 2023 are included in this report and provide for a clean, unqualified audit.

### **PSP Renewal**

TSS operates its programs based on the approved Product Stewardship Program (PSP). The PSP needs to be renewed and approved by the Minister in three-year periods. The PSP was expiring at the end of 2023 as it was renewed in 2020 for the three-year term. With the government review underway TSS asked the Minister for a one-year extension as the Ministry was waiting for the results of the review before providing directions to TSS on a renewed PSP. The Minister and the Ministry of Environment reassured TSS that the delays in implementing a new payment model and additional value-added processing with our processor as per the existing PSP would not impact a renewal, the issue was to not preempt the results of the review. After the review revealed no significant findings or concerns, the Minister of Environment approved a one-year extension to the PSP as per the TSS request, to December 31, 2024.

## **3. 2023 YEAR IN REVIEW**

The following provides a summary of activities in 2023.

### **Legacy Piles and Community Cleanup**

TSS had started the year budgeting to clean up approximately 100 legacy piles from individuals who had requested large scale (greater than 100 tires). Early in the year legacy pickups came from scrap dealer operations across the province. With the disruption of collection operations given lower processing capacity, TSS reduced its plans for legacy pickups to focus all its efforts in collection on servicing retailers. TSS pushed most of the planned activity for 2023 to 2024 with only 155 MTs picked up in 2023 versus the 1750 MT's picked up in 2022. Large scale legacy tire cleanups represented only 0.7% of collections in 2023.

### **Retailers**

#### **Compliance**

TSS continued its diligence related to retailer compliance. As required by legislation, tire retailers must collect recycling fees from consumers and remit those fees to TSS. MNP is the compliance auditor for TSS. In the fall of 2022, certain retailers were selected for an audit by MNP in early 2023. For those not responding, MNP sends

letters outlining their obligations to allow for a review, providing them with a deadline, and warning of receiving a non-compliance letter after the deadline. Next MNP and TSS each send out final letters to comply, outlining their obligations to allow reviews, providing them with a final deadline, and that no response will result in notification of non-compliance. Several responded or confirmed they are no longer in business.

Reports to TSS of an Alberta retailer selling tires into Saskatchewan were received in March, as this retailer was not remitting the recycling fee to Saskatchewan. TSS worked with the Ministry of the Environment, the Ministry of Justice, and the reporting retailers to document the non-compliance. TSS has requested that CATRA include the offending retailer under the Harmonized Compliance Program for multi-jurisdictional retailers. TSS attempted to take action to remove an additional three retailers from the program after our auditors confirmed that their outreach efforts were not effective, but this action was delayed by the review. The Ministry of the Environment will undertake compliance and enforcement action in 2024.

### **New Transfer Station**

TSS began work in the spring on a new transfer station as a “Special Collection Area” in Saskatoon to help with the very successful return to retailer (R2R) program. TSS has struggled with adding R2R’s in Saskatoon given retail space limitations. This special collection area filled up within the first 7 days of operation and we anticipate this will result in an extra 10,000-50,000 tires collected per year (potentially upwards of a 3-5% increase to our annual collections).

### **Issues Around Tire Condition**

TSS sent an operational directive to retailers to ensure their scrap tire piles are free of debris, such as stones and dirt, as collectors were directed to not pick up tires if they are contaminated. TSS highlighted to retailers and collectors that the Moose Jaw processor (CRM Canada) can reject contaminated tires which slow down processing, and damage equipment.

### **Improvements to Processes**

TSS worked with ETSI to improve our IT system to flag if there are errors made in monthly remittances where a retailer submits incorrectly as these delays impact record reconciliation.

### **Retailer Survey**

TSS developed a retailer survey in Q4 of 2022 which was sent out in 2023 to obtain feedback from retailers regarding program awareness and promotion, collector performance, GHG emissions and carbon footprint, Legacy tire cleanups, IT updates, the Return to Retailer (R2R) program, and Overall Program Satisfaction. A portion of this survey highlighted keeping current reporting to TSS to ensure timely collection, as many retailers behave like scrap tire pickups are a pay as you go service.

#### **Results:**

- 126 retailers responded from the 1050 delivered emails.
- 65.9% - 76.2% of Retailers were aware of how the tire collection program works.
- 62.7% of Retailers were aware of the R2R program.
- 23% of non-participating Return to Retailer locations indicated they would like to join the R2R program.
- 69% of Retailers were satisfied with Zone Collection system but 43.7% say there has been no improvement on service/accountability.
- 62.7% of retailers are satisfied with overall Collections with 68.1% indicated their unhappiness stems from infrequent pickups.
- Top suggestions on advertising focus:
  - R2R Program 56.3%
  - TSS Program Awareness 43.7%
  - Positive Environmental Impact of Program 40.5%
- 88.1% of Retailers approve of reducing carbon footprint and reducing overall program costs.
- 92.1% of Retailers support Research & Development programs to reduce carbon footprint and overall lower costs of program.
- 77% of Retailers approve of the use of funds for Legacy Tire cleanups.

- 54.8% of Retailers would like to see TSS prioritize IT enhancements of the program.
- 17.5% of Retailers were aware that TSS was targeting large scale legacy tire cleanups.
- Overall Satisfaction Score: 58% of Retailers were satisfied, 11% were dissatisfied. Top areas of improvement identified:
  - Collection Frequency 46.8%
  - Reduce Costs 39.7%
  - Improve IT/Online: 31.7%
  - Increase Awareness Campaigns: 30.2%
  - Legacy Tire Cleanups: 29.4%
  - Promote R2R and TSS: 19.8%
  - Decrease GHG Impact of Program: 0.8%

## **Collectors**

### **Delivery Issues**

Regularly TSS reminds collectors that loads from site pickups with higher risk for contamination such as scrap yards and/or legacy piles would be refused, or kept separate at the processor to allow for more inspection to catch contamination prior to being placed on the conveyor belt into the shredder. A contaminated load from a scrap metal dealer was rejected by Crumb Rubber Manufacturers in summer 2023. The load was shipped back to the location where it was cleaned up before being collected and delivered back to the processor.

### **Weight Issues**

TSS has developed internal reports capable of calculating the expected weight based on load composition against actual delivered weights. TSS is concerned that the variability of the weight of non-PLT tires may make our reference weights and the tolerance variance insufficient for the Saskatchewan market and that a further research study is required to verify the reference weights being utilized. Feedback from collectors indicates that snow/ice may be a contributing factor for specific loads falling outside an acceptable tolerance level along with the free inclusion of bicycle tires and non-whole (pieces of) tires that are also included but not calculated in the collection figures.

### **Recovery Rates**

Despite record retail collections of 957,202 tires, our 2023 Retail Recovery Rate (versus current year sales) decreased slightly from 72.85% to 72.5% when compared to the current year retail sales. When you factor in the limited legacy tire cleanups conducted in 2023, TSS's recovery rate adjusts to 73.6% which is down from 2022 when we achieved a 78.8% recovery rate. The US recovery rate in comparison in 2022 was 71%. At 2023 year-end, TSS estimates 2500 MTs of scrap tires in temporary storage piles will be delivered for processing in 2024. These numbers will impact on the delivered weight metric but will not be included in retailer collection numbers.

### **Disruption and Adjustments to Collections**

To accommodate service disruptions two of our collectors set up storage yards approved by the Ministry of Environment to handle more than 50 MTs of tire storage. Other storage yards were limited by existing environmental regulations. Based on past program history where temporary disruptions to processor deliveries can happen, in the last contracts with collectors, TSS added a clause requiring all collectors to have available storage to handle a certain number of tires before a "re-load" fee is paid.

TSS contracted CRM Canada's facility in Alberta to act as a "relief valve" for a brief period in the spring to provide continued pickup service to retailers. TSS also contracted collectors to store some scrap tires temporarily for some financial considerations and CRM Canada received financial considerations to achieve full and expand operational capacity.

## **Recycling and Processing**

### **Overview**

Under the PSP, TSS is obligated to move from "payment at the gate" model to one where payment is made at the



time of sale of a recycled product. The then existing Saskatoon processor entered into a processing agreement with TSS in 2017. Under the agreement TSS could add further processors. In 2022 TSS issued an RFP for a southern Saskatchewan processor and TSS entered into a processor agreement with CRM Canada in the summer of 2022.

### **Saskatoon Processor Mediation and the Ministry Review**

TSS and its Saskatoon processor entered into a Mediation Agreement in 2022 to negotiate a new processor agreement that complied with the mandates in the PSP. Mediation ended in April 2023.

The Ministry program review included in the fall of 2023 and TSS accepted the following recommendations:

- To strengthen TSS procurement practices through using best practice offered by the Ministry of SaskBuilds and Procurement.
- To update the payment models to ensure alignment with the PSP and other provinces.
- To issue an RFP for a Northern Processor under SaskBuilds guidance.
- To ensure that the environmental goals of the PSP are met with improved communication between industry and TSS.

### **Crumb Rubber Manufacturers (CRM Canada)**

In 2021 TSS issued a Request for Proposals (RFP) for minimally/non-competing value-added processing, recognizing the interests of the existing processor. CRM Canada offered to bring new investment to Saskatchewan, locate in southern Saskatchewan, produce higher value products for their markets in both Canada and the US, and offered significant cost and environmental benefits to TSS.

The agreement signed in 2022 provides for processing for a minimum of 5 years with potential for two 5-year extensions or up to 15 years in total, subject to earlier termination in accordance with the agreement terms. CRM Canada acquired a facility in Moose Jaw to accommodate their Phase 1 initial operations and received all their required environmental and operating permits from the Province and City in early 2023.

CRM Canada began to receive deliveries of inbound tires in June as they commissioned the processing portion of the plant. Deliveries increased in late June when they received approval from the Fire Marshall, and they were able to successfully troubleshoot their unloading and processing operations to increase production volumes and reduce the bottleneck on receiving. CRM Canada added additional unloading shifts to allow TSS and its collectors to deal with built up volumes at retail and in time collector storage yards.

At the end of August, CRM Canada purchased and installed a “tumbler” device which allowed efficient and more timely removal of debris from scrap tires. CRM Canada had their crumb line equipment in place in Moose Jaw; however, they waited for the results of the provincial review before working on completing installation. CRM Canada and TSS worked out payment on extra costs incurred to handle the unplanned volume given that they were only anticipating handling 40% of the yearly volume. TSS and CRM Canada are working together to find another alternative for processing Ag-Tracks given that their crumb process line cannot extract material from this feedstock.

CRM Canada system ending product inventory from TSS tires across its network of facilities as of December 31st is 6,983 MT's. In 2023, tires from Saskatchewan were finally processed by their facilities across North America into crumb and crumb for rubber modified asphalt. Over 6900 MT's total were processed in 2023 into value-added goods which have an extremely positive benefit to the environment and less than 100 MTs of product which was shipped out in its final state as tire-derived aggregate.

CRM Canada indicated that they are looking to conduct a pilot project with the Ministry of Highways on rubber modified asphalt in 2024.

### **Other Processor Interest**

In 2022 TSS was approached by several other processing proponents that view scrap tires as a feedstock rather than a waste product. TSS did have preliminary discussion on collaboration on innovation, technology, research,

and development initiatives that could eventually result in TSS being paid for scrap tires and/or seeing a much smaller proportion of fees going towards incentive payments for processing. This development could ensure the financial viability of the program and TSS would not have to raise recycling fees to fund the program and could potentially reduce fees. TSS encouraged the parties involved to participate in the RFP for a second processor to service the northern portion of the province, or to operate on a smaller scale as a secondary processor.

### **Remaining Saskatoon Inventory**

Raw material inventory on site at the Saskatoon processor site as of April 30 was 14,600 metric tons. In 2023, 15,000 MTs of this material was shipped out with over 10,000 MTs being tire-derived aggregate (TDA) and 4,500 MTs of value-added manufactured material. Raw material inventory on site of the Saskatoon processor as of December 31 was 3,750 metric tons.

### **Processor Concerns and Issues**

CRM Canada registered complaints on the amount of contaminated material (rocks, dirt, stones, pieces of metal, etc.) coming in on collector loads. This may be related to tires in temporary storage and due to delays in pickups at the retailer level. As tires sit and/or are moved multiple times, contamination can occur. There were also larger pieces of metal identified by CRM Canada during unloading with concerns that this contamination is occurring at the retailer level. Initially, CRM Canada hired extra staff to manually inspect each tire prior to placing it on their production line, which slowed unloading operations and put increased pressure on the use of storage piles and in many cases a buildup of inventory at retailers. TSS directed collectors to consider the importance of the processor of clean tires. Retailers were asked to ensure their scrap tire storage areas are kept tidy and away from stones and potential debris which may end up contaminating a load.

### **Ag Tracks**

CRM Canada is struggling with the amount of Ag Tracks received under the program as this feedstock cannot be used with their crumb rubber business. TSS is exploring other potential opportunities, and for now is storing ag-tracks on site at CRM Canada until a solution is found, such as a new processor that can accommodate, a potential recycling option in Manitoba, for Ag Tracks, or shipment to other facilities outside of the province.

### **Other: Public Awareness**

TSS and Saskatchewan Association for Resource Recovery Corp. (SARRC) conducted a joint consumer awareness study with Praxis Consulting in accordance with the PSP. Initial findings indicate:

- Half of respondents do not know that the province has a program in place that allows residents to responsibly recycle their tires.
- 60% of respondents also do not know who runs the scrap tire recycling program.
- 23% of respondents were under the impression that Saskatchewan Scrap Tire Corporation (SSTC) was still in charge of tire recycling for the province.
- 67% of all respondents were not aware of TSS.
- 64% of respondents have never heard of the R2R program.

Radio advertising campaigns promoting the Return to Retailer Program (R2R) during the spring and fall tire changeover periods brought results. TSS supplemented the radio campaign with a social media campaign and another radio advertising promotion to raise awareness of the TSS program in the summer of 2023.

### **Other: GHG Research**

TSS worked with Scope 3 Consultants on GHG Phase 1 & 2 studies. During 2022 our activities in the province displaced other more carbon intensive products resulting in net savings for the province equivalent to 13.2 million kilometers of vehicle travel. Other findings include a reduction in the average distance travelled in the collection process from 259 kms to 225kms since 2018. The largest impact on TSS's "score" came due to the electricity production in Saskatchewan coming from a fossil-fuel intensive electricity grid. The most significant contribution to a more favourable environmental performance came from the displacement of molded primary rubber products.

Further work will identify if there are more environmentally friendly alternatives to the type of binder used in manufacturing molded and pour-in-place product systems.

Scope 3 improved their GHG impact study to account for the use of biodiesel in the province. Total impact of TSS's program since 2018 is the equivalent of removing 64.53 million kms of highway travel. As part of this exercise TSS had Scope 3 forecast the impact of CRM Canada as a processor under various scenarios. Under a two-processor model, we anticipate that the yearly positive impact will double, and each year will be half the combined benefit of the program over the past 5 years combined.

GHG Impact (Equivalency of million kms driven)						
	2018	2019	2020	2021	2022	Total
Impact (Reduction)	-7.23	-13.99	-15.67	-14.62	-13.02	-64.53

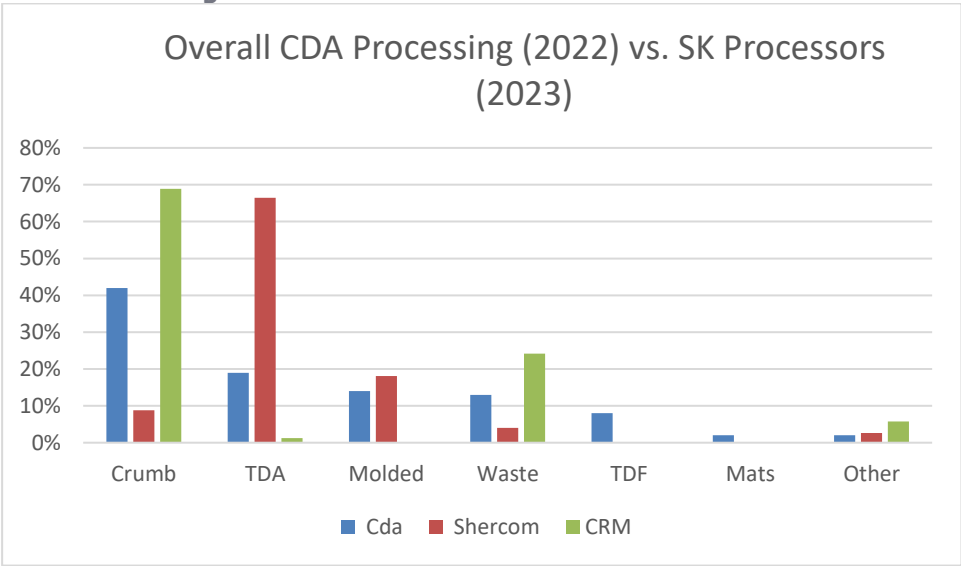
**Other Industry Developments**

Manitoba brought in a second processor in November 2023 to service the northern portion of the province with anticipated yearly processing of 3,000-4,000 MT.

The TSS CEO was awarded a Sustainability Leadership Award by Tire and Rubber Association of Canada. The award ceremony was held in Toronto on June 15th. At this same award ceremony, the owner of CRM Canada, Barry Takallou was awarded a lifetime achievement award.

Numerous stewardships are facing rate pressures due to volume decreases in sales. These jurisdictions are focused on raising their remittance fees to balance their finances rather than reducing operating costs. Other jurisdictions are also looking to match processing incentives to promote value-added processing activities like TSS.

**Other: National Processing Statistics**



**4. Program Results**

Tire Recycling Fees (TRFs) are paid by the consumer at the point of purchase on all new tires sold. Retailers are responsible for collecting and remitting these fees to TSS. The TSS uses this sole source of revenue to pay for the collection, processing of scrap tires and all other program costs. The fees are reviewed annually.

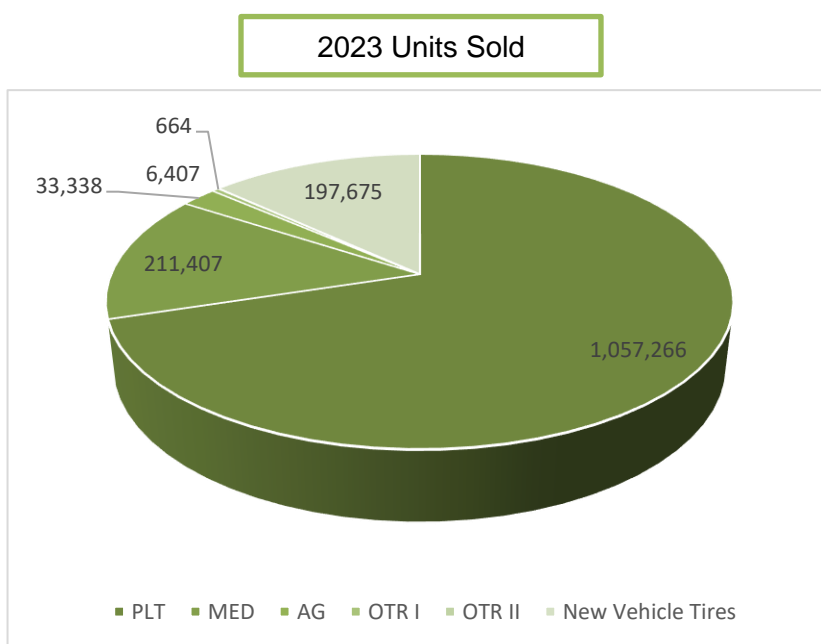
There were no changes in the recycling fees in 2023. At the close of 2023, the tire recycling fees were:

Tire Category	TRF
Passenger Car/Light Truck (PLT)	\$5.00
Medium/Semi-truck (MTRK)	\$14.00
Agriculture (AG)	\$25.00
Off the Road/Mining (OTR I)	\$57.00
Off the Road/Mining (OTR II)	\$140.00

## Tire Sales and Collection

These tables summarize the tire sales and collection volume for 2023. Numbers are provided by tire classification and are broken down by units sold and collected at the retail level and adjusted for any legacy tires collected. New vehicle sales are a total of new cars sold multiplied by 5 tires. Sold and collected data is reported in the month following the activity (e.g., February sales information is remitted to TSS and recorded in March). Collections were managed by TSS' three contracted collectors. (Minor changes in amounts from one year's annual reporting to the next year's report of previous year's amounts due to minor adjustments.)

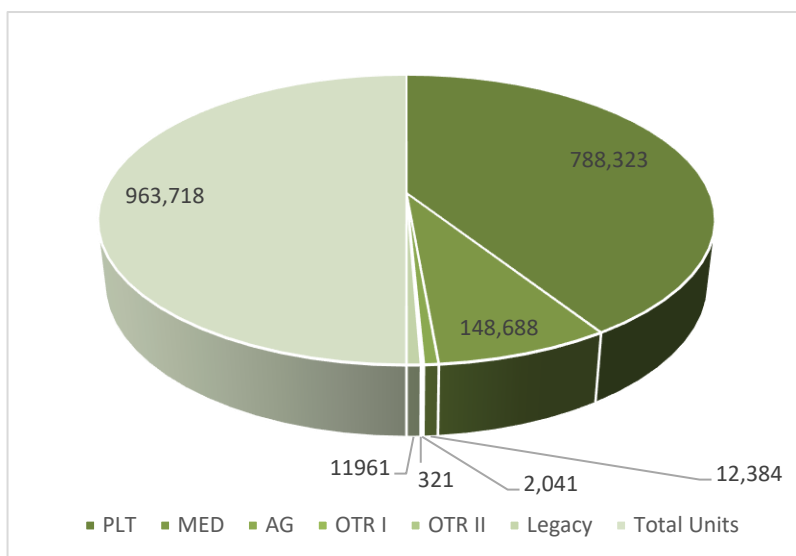
Units Sold	2023	2022
PLT	1,056,032	1,057,266
MED	218,357	211,407
AG	38,559	33,338
OTR I	6,287	6,407
OTR II	958	664
New Vehicle Tires	216,535	197,675
<b>Total Units</b>	<b>1,536,728</b>	<b>1,506,757</b>



Units Collected	2023	2022
PLT	793,585	790,208
MED	151,065	148,712
AG	10,876	

		12,388
<b>OTR I</b>	1,504	2,088
<b>OTR II</b>	172	321
<b>Legacy Tires (counted)</b>	7,106	11,961
<b>Legacy Tires (Estimated)</b>	6,887	66,179
<b>Total Units</b>	971,195	1,031,857
<b>Total MT Delivered Weight</b>	21,607	25,461

2023 Units Collected



### TSS Legacy Tire Pile Cleanup & Recovery Data

The following tables summarize the total costs associated with larger-scale legacy tire cleanups and the impact on our collection/recovery rate on material delivered to the processor. The adjusted recovery rate is calculated by increasing the macro collection numbers by the percentage of the weight delivered from large scale legacy tire pickups where an individual tire count was not conducted. All other legacy pile clean-ups where tire counts were conducted are reflected in the original recovery rate figure.

Legacy Pile Cleanups	2023 (MT)	2022 (MT)	2021 (MT)	2020 (MT)
Assiniboia	0	0	191.92	0
Eldon	0	501.75	1,498.24	487.49
Other	95.450	953.02		
<b>Total TSS MT</b>	<b>95.450</b>	<b>1,454.77</b>	<b>1,690.16</b>	<b>487.49</b>
<b>Total Non-TSS Delivered MT</b>	<b>60.010</b>	<b>380.265</b>	<b>0</b>	<b>0</b>
<b>Total Legacy Deliveries MT</b>	<b>155.460</b>	<b>1,835.035</b>	<b>1,690.16</b>	<b>487.490</b>
<b>Total Legacy Deliveries KG (conversion)</b>	<b>155,460</b>	<b>1,835,035</b>	<b>1,690,160</b>	<b>487,490</b>
<b>% of Collected Weight</b>	<b>0.7%</b>	<b>6.9%</b>	<b>6.9%</b>	<b>1.6%</b>
<b>Recovery Rates</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Retail Units Collected</b>	<b>957,202</b>	<b>953,717</b>	<b>940,934</b>	<b>854,053</b>
<b>Counted Legacy Units</b>	<b>5,402</b>	<b>4,647</b>		
<b>Total Units</b>	<b>962,604</b>	<b>958,364</b>	<b>941,010</b>	<b>854,053</b>
<b>Legacy Pile Adjustment</b>	<b>969,491</b>	<b>1,024,543</b>	<b>1,005,859</b>	<b>867,465</b>

<b>TSM Deliveries</b>	1,704	7,314		
<b>Total Collected Units</b>	971,195	1,031,857	1,005,859	867,465
<b>Retail Recovery Rate</b>	72.5%	72.9%	73.6%	70.8%
<b>Legacy Pile Adjusted Recovery Rate</b>	<b>73.6%</b>	<b>78.8%</b>	<b>78.7%</b>	<b>71.9%</b>

**Tire**

## Processing & Manufacturing

The following table provides the inventory levels for the Saskatoon processor, the sole processor of scrap tires processing in Saskatchewan from January to April in 2023. The Saskatoon processor creates TDA for engineering projects, surfacing, landscaping, agricultural and commercial products, among others, from processed scrap tires.

Category	Saskatoon processor 2023	Saskatoon processor 2022	Saskatoon processor 2021
<b>Opening Inventory (lbs)</b>	23,146,744	25,904,616	13,515,535
<b>Weight Received from TSS and other:</b>	18,549,974	56,970,749	54,762,376
<b>Shred</b>	22,180,722	44,123,975	26,654,864
<b>Crumb</b>	2,926,712	4,031,758	4,482,015
<b>Rubber Paving</b>	890,549	1,640,025	1,099,027
<b>Manufactured Goods</b>	6,045,157	6,816,800	6,404,698
<b>Waste S/F</b>	1,340,034	3,116,063	3,732,692
<b>Shipped Out</b>		-	-
<b>Production Total</b>	<b>33,383,174</b>	<b>59,728,622</b>	<b>42,373,296</b>
<b>Closing Balance (lbs)</b>	<b>8,313,544</b>	<b>23,146,744</b>	<b>25,904,616*</b>
<b>Closing Balance (MT)</b>	<b>3,771</b>	<b>10,499</b>	

*\*Includes all Legacy Cleanup Efforts excluding Assiniboia material moved directly to customer*

The following table provides the inventory levels for Crumb Rubber Manufacturers (CRM Canada). CRM Canada came on-line in Summer of 2023 and was our sole processor for the balance of the year. CRM Canada focuses primarily on production of crumb rubber for Rubber Modified Asphalt (RMA) and crumb for use in athletic fields.

Category	CRM CANADA CANADA 2023
<b>Opening Inventory (MT)</b>	0
<b>Weight Received from TSS:</b>	14,901
<b>Shred</b>	98
<b>Crumb</b>	5,452
<b>Rubber Paving</b>	454
<b>Manufactured Goods</b>	0
<b>Waste S/F</b>	1,914
<b>Shipped Out</b>	
<b>Production Total</b>	<b>7,919</b>
<b>Closing Balance (MT) NA System Wide</b>	<b>6,983</b>

## Population Served

<i>Population Served</i>	<b>Total</b>	<b>w/ Retailer</b>	<b>%</b>	<b>Population</b>	<b>Pop. Served</b>	<b>%</b>
<i>Cities</i>	17	17	100.0%	689475	689,475	100.0%
<i>Towns</i>	149	143	96.0%	149600	147,918	98.9%
<i>Villages</i>	251	175	69.7%	40407	33,539	83.0%
<i>Resort Villages</i>	40	3	7.5%	6785	1,542	22.7%
<i>Rural Municipalities</i>	296	92	31.1%	176501	77,270	43.8%
<i>Northern Hamlets &amp; Villages</i>	22	12	54.5%	11577	7,377	63.7%
<i>First Nations Reserves</i>	173	5	2.9%	55850	3,057	5.5%
<b>Total</b>	<b>948</b>	<b>447</b>	<b>47.2%</b>	<b>1,130,195</b>	<b>960,178</b>	<b>85.0%</b>

<b>2023 Return to Retail Points</b>	
<b>Zone 1</b>	25
<b>Zone 2</b>	22
<b>Zone 3</b>	26
<b>Zone 4</b>	18
<b>Zone 5</b>	10
<b>Zone 6</b>	14
<b>Total</b>	<b>115</b>

**Tire Stewardship of Saskatchewan Inc.**  
**Financial Statements**  
*December 31, 2023*



## Management's Responsibility

---

To the Members of Tire Stewardship of Saskatchewan Inc.:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 9, 2024



Chief Executive Officer

To the Members of Tire Stewardship of Saskatchewan Inc.:

### Opinion

We have audited the financial statements of Tire Stewardship of Saskatchewan Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The financial statement for the year ended December 31, 2022 were audited by another auditor who expressed unmodified opinion on those statements on April 25, 2023.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regina, Saskatchewan

April 9, 2024

*MNP LLP*

Chartered Professional Accountants

# Tire Stewardship of Saskatchewan Inc.

## Statement of Financial Position

*As at December 31, 2023*

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	3,778,866	2,628,192
Accounts receivable	12,134	2,217
Short term investments (Note 4)	-	500,000
Accrued interest	-	12,031
Prepaid expenses	28,276	12,793
	<b>3,819,276</b>	<b>3,155,233</b>
<b>Capital assets (Note 5)</b>	<b>66,269</b>	<b>88,359</b>
	<b>3,885,545</b>	<b>3,243,592</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	1,443,077	667,422
GST payable	27,615	45,326
	<b>1,470,692</b>	<b>712,748</b>
<b>Long-term debt (Note 6)</b>	<b>-</b>	<b>40,000</b>
	<b>1,470,692</b>	<b>752,748</b>
<b>Net Assets</b>	<b>2,414,853</b>	<b>2,490,844</b>
	<b>3,885,545</b>	<b>3,243,592</b>

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

# Tire Stewardship of Saskatchewan Inc.

## Statement of Operations

*For the year ended December 31, 2023*

	2023	2022
<b>Revenue</b>		
Tire recycling fees	10,878,122	10,768,886
Interest	82,197	33,284
Rent	15,600	14,400
	<b>10,975,919</b>	<b>10,816,570</b>
<b>Cost of sales</b>		
Collectors	5,643,640	4,373,091
Processors	4,464,002	5,107,285
Assiniboia project	-	49,387
Eldon rubber recycling site clean up	-	276,829
	<b>10,107,642</b>	<b>9,806,592</b>
<b>Gross profit</b>	<b>868,277</b>	<b>1,009,978</b>
<b>Expenses</b>		
Advertising	84,983	66,545
Amortization	22,090	22,090
Bank charges and interest	4,261	3,783
Computer	21,544	33,167
Consulting	253,661	164,389
Directors' remuneration	24,000	12,050
Insurance and licences	13,346	13,094
Membership fees	9,272	16,458
Office rent	50,098	47,946
Office supplies	5,761	11,879
Postage	256	632
Professional fees	141,843	94,157
Salaries and benefits	291,090	249,017
Telephone	4,142	5,457
Travel	17,921	13,775
	<b>944,268</b>	<b>754,439</b>
<b>(Deficiency) excess of revenue over expenses before other items</b>	<b>(75,991)</b>	<b>255,539</b>
<b>Other items</b>		
Legal settlement	-	(350,000)
<b>Deficiency of revenue over expenses</b>	<b>(75,991)</b>	<b>(94,461)</b>

*The accompanying notes are an integral part of these financial statements*

**Tire Stewardship of Saskatchewan Inc.**  
**Statement of Changes in Net Assets**

*For the year ended December 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Net assets beginning of year</b>	<b>2,490,844</b>	2,585,305
<b>Deficiency of revenue over expenses</b>	<b>(75,991)</b>	(94,461)
<b>Net assets, end of year</b>	<b>2,414,853</b>	2,490,844

*The accompanying notes are an integral part of these financial statements*

# Tire Stewardship of Saskatchewan Inc.

## Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from retailers	10,850,493	10,797,330
Cash receipts from unrestricted investment income	94,228	21,253
Cash paid for program service expenses	(9,978,557)	(10,256,146)
Cash paid for salaries and benefits	(291,090)	(249,017)
Cash paid for legal settlement	-	(350,000)
Cash received from tenants	15,600	14,400
	<b>690,674</b>	<b>(22,180)</b>
<b>Financing</b>		
Repayment of long-term debt	(40,000)	-
<b>Investing</b>		
Purchase of capital assets	-	(9,481)
Purchase of short term investments	-	(500,000)
Redemption of short term investments	500,000	-
	<b>500,000</b>	<b>(509,481)</b>
<b>Increase (decrease) in cash resources</b>	<b>1,150,674</b>	<b>(531,661)</b>
<b>Cash resources, beginning of year</b>	<b>2,628,192</b>	<b>3,159,853</b>
<b>Cash resources, end of year</b>	<b>3,778,866</b>	<b>2,628,192</b>

The accompanying notes are an integral part of these financial statements

# Tire Stewardship of Saskatchewan Inc.

## Notes to the Financial Statements

For the year ended December 31, 2023

---

### 1. Incorporation and nature of the organization

Tire Stewardship of Saskatchewan Inc. (the "Organization") was incorporated under the *Not-for-profit Corporation's Act* and is exempt from income taxes. The purpose of the Corporation is to serve as the scrap tire recycling program operator in Saskatchewan.

The Organization was incorporated on June 28, 2017.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

#### **Revenue recognition**

Revenue from tire recycling fees is recognized as revenue when retailers submit reports for tires sold, or as the fees can be determined and collection is reasonably assured. All other revenue is recognized in the period it is earned.

#### **Capital assets**

Purchased capital assets are recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Years</b>
Office equipment	5 years
Leasehold improvements	5 years

#### **Financial instruments**

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

#### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures all financial assets and liabilities at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.



**Tire Stewardship of Saskatchewan Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2023*

**3. Line of credit**

The Organization maintains an authorized line of credit limit of \$150,000 which bears interest at prime plus 0.5% (7.70%) (2022 - 6.95%).

As at December 31, 2023, the Organization has drawn \$nil (2022 - \$nil) from the line of credit.

**4. Short term investments**

Short term investments consisted of a GIC held with Canadian Western Bank which earned interest at 5.0%, matured July 15, 2023.

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	<b>2022 Net book value</b>
Office equipment	32,959	13,184	19,775	26,367
Leasehold improvements	77,490	30,996	46,494	61,992
	<b>110,449</b>	<b>44,180</b>	<b>66,269</b>	<b>88,359</b>

**6. Long-term debt**

The Organization secured a \$60,000 interest-free loan from Canadian Western Bank through the Canada Emergency Business Account (CEBA) program to support the Organization during the COVID-19 pandemic. No principal payments were required until December 31, 2023. During the year, a principal payment of \$40,000 was made, and the remaining \$20,000 forgiven.

The forgivable portion of the CEBA loan (\$20,000) was been recorded as other income in 2021.

**7. Commitments**

The Organization has entered into various agreements with estimated minimum annual payments as follows:

2024	276,051
2025	172,688
2026	26,426
2027	2,202
	<b>477,367</b>

**Tire Stewardship of Saskatchewan Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2023*

---

**8. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**9. Legal settlement**

In 2021, the Organization was named as defendant in a lawsuit. The plaintiff was seeking to recover amounts allegedly owed to them for processing and collecting services. In 2022, a settlement agreement was negotiated in the amount of \$350,000 which was paid to the plaintiff.

**10. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were audited by another accountant.