



Members Manual

In response to the Regulation respecting recovery and reclamation of products by enterprises

Making every drop counts

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Letter from the General Manager

I wish you a very cordial welcome as a Member of the Société de gestion des huiles usagées du Québec (SOGHU). Under Section 4 of the Regulation, enterprises that it governs can obtain exemption from the obligation to set up individual recovery and reclamation programs for regulated products they put on the Quebec market as Brand Owners or First Suppliers by joining an organization recognized by RECYC-QUÉBEC for this purpose.

SOGHU is the organization that RECYC-QUÉBEC recognizes, and we invite you to study the terms of the Agreement between SOGHU and RECYC-QUÉBEC, which is easily accessible in the Members section of the SOGHU website.

By becoming a Member of SOGHU, your enterprise will benefit from the exemption, but it will still be governed by some obligations of the Regulation. In particular, under Section 6 of the Regulation, it must send the following information and documents to the Minister: (1) information about the identity of your enterprise, including the name and contact information of its representative; (2) the name of the organization it belongs to; and (3) information about the product(s) it markets, namely each subcategory and type of product it markets and the brand, name or distinctive sign it owns or uses or, as the case may be, the same information about product(s) for which it acts as First Supplier.

SOGHU has made an agreement with RECYC-QUÉBEC with regard to such obligations, to send all the information in its possession to RECYC-QUÉBEC and the Ministry (MDDELCC).

To maintain its membership and continue to benefit from the exemption provided by the Regulation, your enterprise will have to meet all its obligations as a member of SOGHU.

This Manual is designed to inform you about several aspects of your membership: it presents SOGHU, describes the SOGHU Product Management Program it administers for its members, and highlights the important points arising from the *Regulation respecting recovery and reclamation of products by enterprises*. The Manual is not intended as an exhaustive document on the respective obligations of SOGHU and its Members because, as you will discover, the information contained in the Membership Agreement is very complete and could constitute a guide in itself. In addition, at the end of the Schedules to the Membership Agreement, you will find a PRODUCT ADDENDUM (to be signed subsequent to the signing of the Membership Agreement in relation to the *Regulation respecting recovery and reclamation of products by enterprises*); should the MDDELCC add new products, Members will not have to sign a whole new Membership Agreement because they will only have to sign the ADDENDUM.

To make it easier for you to read and understand this Manual, I suggest that you pay special attention to the definitions and explanations on the following pages.

On behalf of the Board of Directors of SOGHU and on my own behalf, I assure you of our total commitment to our common objectives.

Sincerely,



Jean Duchesneau
General Manager
SOGHU

Definitions

The following words and expressions mean or designate:

- (i) **Act** means the *Environment Quality Act* (R.S.Q. c. Q-2), as amended or replaced and the regulations made thereunder;
- (ii) **Brand owner** means any enterprise that markets a Product or Products under a trademark of which it is the owner or user;
- (iii) **Agreement** means the Agreement entered into between RECYC-QUÉBEC and SOGHU, recognizing SOGHU as the organization representing its Members for the deployment and management of a Product recovery and reclamation system on behalf of its Members for the purposes of the applicable legislation and regulations;
- (iv) **Collection Facility** means an establishment authorized to receive the used products described in the Regulation;
- (v) **Collector** means an enterprise registered with SOGHU to pick up the products governed by the Regulation from Generators or Collection Facilities and deliver them to a Processor registered with SOGHU;
- (vi) **Container** means a container with a capacity of 50 litres or less, after use, made of plastic or other material, including aerosol containers, as described in the Regulation;
- (vii) **Environmental Handling Charge** means the contribution paid to SOGHU by its Members, as established by SOGHU;
- (viii) **Environmental Handling Charges Schedule** means the amounts of Environmental Handling Charges that must be disbursed quarterly on the Products, and all conditions pertaining thereto, the whole as described in Schedule 1 hereof, which Schedule may be amended from time to time, as stipulated in the Membership Agreement;
- (ix) **Filter** means the oil filters, antifreeze filters and diesel filters and the filters for oil heating systems and oil storage tanks, and any other filter, as described in the Regulation or in a Product Addendum;
- (x) **First Supplier in Quebec** means a person or business marketing one or more Products as defined in the Regulation;
- (xi) **Generator** means the user of lubricating oils, antifreeze, oil and antifreeze containers and filters in the normal course of business or as a private consumer;

- (xii) **Lubricating Oil** means an oil of mineral, synthetic or vegetable origin, and any other oil as designated in the Regulation or in a *Product Addendum*;
- (xiii) **Mandatory Contributor**: means an entity which, although not subject to the Regulation, is a member of SOGHU, both in its own name and on behalf of the enterprises that it represents - including municipalities - which must be registered with SOGHU, reports the quantities of products described in the Agreement that are offered on the Quebec market, and pays the System-related fees on behalf of the enterprises and municipalities that are subject to the Regulation;
- (xiv) **Member** means any enterprise, even one represented by a Mandatory Contributor, having an establishment or a domicile in Quebec, which is a member of SOGHU under Section 4 of the Regulation in accordance with its own internal bylaws and which:
- **markets a subject Product under a brand, name or distinctive sign which it owns;**
 - **markets a subject Product under a brand, name or distinctive sign which it uses;**
 - **is responsible for the design of a subject Product marketed under more than one brand, name or distinctive sign;**
 - **acts as First Supplier of a subject Product, whether or not it is the importer, in the cases described in the third paragraph of section 2 of the Regulation;**
 - **acquires subject Products outside Quebec or manufactures subject Products (including any such acquisition or manufacturing of Products by a municipality) for its own use;**
 - **is part of a group of enterprises of the same chain, franchise or banner that market subject Products on the Quebec market under the same brand, name or distinctive sign, or act as First Supplier for them;**
 - **markets a Component on the Quebec market in one of the cases described above;**
 - **Mandated Contributors that join SOGHU in accordance with their own internal bylaws are also Members.**
- (xv) **Membership Agreement**: means this Membership Agreement entered into between the Member and SOGHU, including any Product Addendum or other addendum or schedule made in accordance with the terms and conditions of the Membership Agreement;

- (xvi) **Minister and Ministry** means, as the case may be, the Minister of Sustainable Development, Environment, Wildlife and Parks of Quebec or the Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs du Québec or any other successor Minister or Department;
- (xvii) **Processor** means a business registered with SOGHU to reclaim products governed by the Regulation;
- (xviii) **Products** means all the Products marketed in Quebec and acquired or manufactured by the Members and described in Section 48 of the Regulation and in the Certification Agreement.
- (xix) **Product Addendum** means a supplemental agreement whereby SOGHU and a Member identify any other Product that they agree to include in the Membership Agreement and any applicable conditions, as the case may be, (subsequent to the signing of this Agreement);
- (xx) **Reclaim Incentive** means the payment made by SOGHU to registered processors of plastic oil containers, who decontaminate them to render them fit for reuse and reduce them into pellets for transformation into finished goods, in recognition of the fact that this activity is not yet profitable.
- (xxi) **Recovery Incentive** means the financial contribution disbursed by SOGHU to registered Collectors for recovery of Products governed by the Regulation;
- (xxii) **Regulation** means the *Regulation respecting the recovery and reclamation of products by enterprises* (R.R.Q. c. Q-2, r. 40.1) and its amendments;
- (xxiii) **SOGHU** means Société de gestion des huiles usagées, a body created to implement and manage the Product recovery and reclamation system in accordance with applicable legislation and regulations;

SOGHU

La Société de gestion des huiles usagées (SOGHU) is a private non-profit organization bringing together Brand Owners of lubricating oil, antifreeze or filters or First Suppliers of these products in Quebec. SOGHU is incorporated and is governed by a Board of Directors made up of directors from different economic sectors, elected at a general meeting, as well as the Chair of the Vigilance Committee (non-voting), the Vice President of the Canadian Fuels Association (CFA) and a representative of RECYC-QUÉBEC (non-voting). On behalf of its members, the organization is responsible for recovering and reclaiming products governed by the Regulation as per its objectives, and for informing all stakeholders and the general public and making them aware of the issues. Its General Manager is Gilles Goddard.

SOGHU provides its Members with the services required by the Regulation:

- Implementation of a recovery system for used oils, used antifreeze, used oil and antifreeze containers that hold 50 litres or less, and used filters, in cooperation with the Collectors registered with SOGHU;
- Implementation of a reclamation system for recovered products, in cooperation with the Processors who give them a second life pursuant to applicable regulations;
- Implementation of a user awareness program in the industrial, commercial and private fields.

SOGHU's activities are governed by the Regulation and the Agreement and are described in detailed reports to its Members and to RECYC-QUÉBEC.

The system set up by SOGHU is based on financial incentives paid to the Collectors to encourage them to recover SOGHU Products throughout Quebec.

SOGHU zones have been defined by working individually with the Processors based on their experience: these are therefore natural commercial zones. The incentives are usually sufficient not only to cover the amounts that were charged to Generators by Collectors before the advent of SOGHU, but even to allow Collectors to offer money to the Generators.

SOGHU is funded by its Members for that purpose, as detailed in SCHEDULE 1 of the Membership Agreement.

Several audit and verification processes have been created to ensure that the figures are accurate, starting with the Members, the Generators, the Collectors and the Processors.

The SOGHU program

The program that SOGHU created on behalf of its Members is based on extended producer responsibility. Its main aspects will be described in this section. All the section numbers and Schedule numbers refer to the Membership Agreement.

1. Objectives of the program

- Set up a Quebec-wide program aimed at recovery and reclamation rates exceeding government objectives;
- Maintain the lowest operating and management costs;
- Ensure compliance with existing regulations.

2. Key elements of the program

- Collection of an Environmental Handling Charge from the Members on the sales volumes of the Products in order to fund and manage the program fairly;
- Payment of a Recovery Incentive to Collectors registered with SOGHU to encourage greater recovery of the Products;
- Payment of a Reclamation Incentive for plastic containers;
- Payment of incentives at the Collection Facilities;
- Deployment of a user information and awareness program.

3. Principal obligations of SOGHU Members

- Sign the SOGHU Membership Agreement and attach a cheque made out to SOGHU to cover the \$200 membership fee plus GST and QST. **There is no charge for Members who are already registered but have to sign a new Membership Agreement.**
- Produce the reports and disburse the Environmental Handling Charges due on a quarterly basis based on marketed values, unless otherwise authorized (3.6);
- Make an agreement between Members when one Member sells to another Member, to make it clear which one will produce the reports and make the remittances to SOGHU (3.9);

- Pay special attention to the clause of the Membership Agreement that describes the procedure if a SOGHU Member sells one or more Products in Quebec to a company that is not a SOGHU Member (3.4);
- Pay special attention to subsection 3.5 with regard to missed or late payments;
- Provide SOGHU with all the information required in subsection 3.8, including the types of products sold and the estimated annual quantities marketed in Quebec (Schedule 2), particularly if you are a Mandatary Contributor, an out-of-province Member who makes remittances on behalf of enterprises in Quebec that are governed by the Regulation (e.g. Costco remits for its stores in Quebec, which are the First Suppliers; Costco must provide the information required in subsection 3.8 for such stores but they themselves do not have to report or remit; the same rule applies to any out-of-province suppliers that make reports or remittances on behalf of their customers in Quebec);
- Keep records on the sales volumes for at least ten years for the purposes of SOGHU audits to meet the requirements of the Regulation and the Agreement;
- Posting and internalization as described in subsection 7.1: it is very important to consult SCHEDULE 3.

4. Administrative systems

SOGHU has set up adequate systems related to:

- collection of Environmental Handling Charges from the Members;
- payment of Recovery Incentives;
- payment of Reclamation Incentives;
- payment of incentives to the Collection Facilities;
- payments related to the user information and awareness program;
- the audit process for Members, Collectors and Processors;
- the financial indemnity paid annually to RECYC-QUÉBEC

5. Collection Facilities

One of SOGHU's priorities is the development of Collection Facilities throughout the province. For this purpose, SOGHU recognizes the contribution of every mechanical repair shop or every municipality that registers by paying a registration bonus and remitting incentive payments on the filters generated and recovered.

6. Recovery Incentive zones

To encourage recovery of the products governed by the Regulation, SOGHU has instituted a system of Recovery Incentives disbursed to Collectors who are registered with SOGHU. Such Incentives are based on the volumes collected from Generators of used products in Quebec and delivered to Processors registered with SOGHU.

Quebec is divided into many Incentive zones. These zones are based on geography, population density and the present and potential volumes of used products. The Incentive level also takes those factors into account.

SOGHU also offers an Incentive to Processors of plastic containers, who decontaminate them for reuse or reduce them into pellets for transformation into finished goods. This Incentive recognizes that this activity is not currently profitable.

In Schedule II of the Collectors Agreement in the Collectors section of the SOGHU website (www.soghu.com), you will find the map of the Incentive zones in Quebec and a brief description of each zone. In this same section (Collectors section of the SOGHU website), you will also find the list of Quebec municipalities, indicating the zone that each one falls into.

7. SOGHU Annual Report

SOGHU submits a detailed report of its activities to RECYC-Québec and an annual report to its Members, presenting the results achieved in relation to the business plan. In addition, the Chair of the Board of Directors and the General Manager present a full report on activities and an audited financial report at the Annual General Meeting of the Members, and answer any questions from Members who attend.

8. Langage

Le texte français est le seul ayant valeur juridique. The French text is the only legal version