



## Manufacturing Incentive Program

### Policy:

To promote the increased use of BC recycled rubber, TSBC will provide an incentive to eligible BC manufacturers for the use of BC recycled rubber in recycled rubber products. TSBC's goal is to create stable and sustainable markets for Processors and recycled rubber supplies for BC manufacturers.

### Implementation:

#### 1. Eligibility

Each manufacturer must apply to become a TSBC Manufacturer. The eligibility criteria include but may not be limited to the following:

- a. The applicant must be a BC registered company;
- b. The applicant should have the capability, capacity and commitment to use a minimum of one million pounds of recycled rubber annually in the manufacture of eligible recycled rubber products;
- c. The applicant must enter into a Manufacturer Agreement with TSBC in order to receive financial incentives under the Manufacturing program; and
- d. If the applicant qualifies as both a Processor and a Manufacturer, TSBC may deem the applicant to be both an approved Processor and Manufacturer and eligible for Processing Incentives separate from Manufacturing Incentive (MI) payments, and set conditions for that eligibility as well as adjustments to incentive rates.

#### 2. Eligible Products

Each product or product type will be evaluated by TSBC for eligibility. The eligibility criteria for classification as an approved Recycled Rubber Product (RRP) include may not be limited to the following:

- a. The product must be manufactured in BC; and
- b. The recycled rubber used to produce the product must be sourced from a Processor and must be eligible for the Processing Incentive.

#### 3. Level of Funding

The absolute value of incentives available in any given year will be established by TSBC according to the following principles:

- a. To protect overall stewardship program affordability and viability, the absolute value of funding available in any given year will be governed by TSBC's annual budgeting process. Input from existing and prospective Manufacturers on their recycled rubber requirements will be sought in an open and transparent process. In the event that TSBC is unable to fulfil all demands for the MI, the criteria for allocating recycled rubber commitments will be established in consultation with the key stakeholders affected; and

- b. To provide the level of continuity needed to achieve sustainable recycled rubber markets, the Manufacturer and TSBC will establish recycled rubber volume commitments in Schedule A of their Manufacturer Agreement, and these commitments will be updated annually for the life of the agreement.

The incentive rates available to Manufacturers will be established by TSBC according to the following principles:

- a. The maximum MI rate payable will be \$0.05 per pound (\$110 per tonne) for the recycled rubber content in approved RRP's;
- b. The MI rate may vary by RRP;
- c. One or more MI rates and related payment terms will be established for each Manufacturer and documented in Schedule A of their agreement, and reviewed annually for the life of the agreement; and
- d. The MI rate schedule may be amended from time to time by TSBC.

#### 4. *Other Restrictions*

- a. The MI will be paid to Manufacturers only.
- b. MI claims are subject to the documentation requirements outlined in the TSBC policy [Definition of "Eligible Sale"](#).
- c. Manufacturers shall provide all information and records relative to volumes, expenses and any matter relevant to a request for payment under the Manufacturing program as may be required by TSBC from time to time.
- d. Payments shall not exceed expenses of a Manufacturer in any event.

#### **AMENDMENT – JANUARY 01, 2021**

1. Effective Jan 01, 2021, the MI funding as outlined above will only be available for 4 years for any new manufacturers that apply and are approved subsequent to January 01, 2021.
2. Upon the conclusion of the 4 years for current and future Manufacturers, the MI available to the Manufacturer will either:
  - a. Cease in its entirety; or
  - b. Transition over a 4-year period with MI funding reduced each year but replaced with available funding for industry development projects. After 4 years the MI will be at \$0 and no industry development funding will be available.

Note: the decision on whether options a or b are followed will be at the discretion of the board and will be situationally dependent.

#### [Process, eligibility, and payment for MI & Industry Development Funding](#)

##### The Process

1. On or before September 01 every year, the Manufacturer will provide TSBC with:
  - a. its estimated volume for the upcoming calendar year; and

- b. its proposed project (s) for the upcoming calendar year that would qualify for TSBC industry development funding, i.e. the project (s) would benefit the Tire Recycling Industry, the Province and the Manufacturer. See project eligibility section below.
2. TSBC will review the proposed project (s) and conclude its review, including notification to the Manufacturer on the project (s) eligibility, prior to preparing the following years budget – typically early October.
3. TSBC will advise the Manufacturer of the proposed budget amounts – both MI & industry development funding - prior to the budget review by the Audit & Investment Committee, typically late November.
4. Final notification to the Manufacturer will be given upon the budget approval, typically mid-December.

#### Project Eligibility

- Projects can include but not be limited to Product Research and Development, Process Optimization, Product Marketing or Capital Investment.
- The project is intended to benefit the scrap tire recycling industry as a whole, British Columbia and the Manufacturer.
- The Manufacturer must be providing, at minimum, twice the level of funding provided by TSBC.

Note: it is not the intention that TSBC will approve the project (s) but rather TSBC will review the project for the purpose of confirming it is eligible for industry development funding.

#### Payment

- The payment process for the MI will continue to be processed through the incentive claims system.
  - For the industry development funding the Manufacturer will provide an update on the projects quarterly, and a concluding report at the end of the calendar year updating TSBC on the actual projects concluded, funds spent and the outcomes of these projects and how the work done benefitted the Industry, the Province and the Manufacturer. Payment of the industry development funding will be made upon conclusion of the project or upon request, and with TSBC board approval, on a predetermined schedule to align with specific stages of the project, i.e. staged payments.
-