

ANNUAL REPORT 2020



Let's work together
for the planet





The SOGHU

Sixteen years at the service of its partners



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and the general manager

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A WORD FROM THE CHAIRPERSON AND THE GENERAL MANAGER



Mr. Carol Montreuil
Chairperson



Mr. Jean Duchesneau
General Manager

FROM CRISIS TO RESILIENCE

This year is certainly a year to remember. Who could of predicted the current circumstances? In the face of one of the most challenging times we have ever experienced, we are proud and grateful for the way our employees responded, and for what we were able to accomplish.

When COVID-19 came along, SOGHU focused on the health and safety of its employees and moved to working from home and using telecommunications to ensure continuity of operations. We had to adapt and be resilient – which hopefully has made us an even better and stronger organization.

We have always prioritized our people, and that has served us well, as they are the ones who made our 2020 achievements possible. Our culture of discipline and innovation has allowed us to face the crisis with confidence and adapt to the challenges raised by the pandemic.

It has never been more important to meet the needs of our partners in the simplest yet most efficient way possible. The impact of the pandemic on our collectors and processors was huge, in terms of decrease in recovery volumes and reduction in the value of used oil on the market. SOGHU reacted quickly and innovated by implementing a series of temporary incentives to support collectors and processors. By no means were we going to leave aside our field partners; we had to intervene through a unified approach and transparent communication.

Being responsive and forward-thinking is something we pride ourselves on whether that is supporting our collectors or facilitating the work of our members. The year 2020 was the first full year using “PICTUS”, the national one-window platform that allows members to handle their remittances and connect with used oil & glycol associations across Canada. SOGHU was a key player in the development and implementation of this project and is pleased with the success and positive feedback from members regarding this tool.

Growth was also achieved in 2020 with the addition of two provinces, Nova Scotia and Newfoundland and Labrador to the UOMA Atlantic program which is managed by SOGHU.

In closing, we would like to recognize our staff, our field partners (collectors, processors, collection facilities and generators), our members, Recyc-Québec and our board of directors and its committees. Dedicated teamwork allowed us to get through this pandemic and continue to improve the environmental record of our industry. This resilience will make us an even stronger organization to face the challenges to come.



Carol Montreuil
Chairperson



Jean Duchesneau
General Manager



STANDARD FLOW CYCLE OF FUNDS AND PRODUCTS



MEMBERS

Brand owners or first importers or suppliers who fund the system :

- **\$0.06 (before April 1st, 2020) and \$0.05 (since April 1st 2020)** per litre for applicable lubricating oils;
- **\$0.12 (before April 1st, 2020) and \$0.15 (since April 1st 2020)** per litre for oil containers of 50 litres or less;
- **\$0.20 (before April 1st, 2020) and \$0.35 (since April 1st 2020)** per litre for non-metal or non-HDPE oil and antifreeze (glycol) containers of 50 litres or less;
- **\$0.25** per aerosol container;
- **\$0.35** per filter of 8 inches or less or 203 mm; and **\$0.85** per filter of more than 8 inches or 203 mm or more;
- **\$0.35** per sump type filters for automatic transmissions whatever the size;
- **\$0.10** per litre of glycol (antifreeze) mix;
- **\$0.16** per litre of glycol (antifreeze) concentrate;
- **\$0.08** per litre for glycol (antifreeze) containers of 50 litres or less.

RECYC-QUÉBEC
Québec 



COLLECTORS

Companies registered with SOGHU that collect the products from generators and receive subsidies from SOGHU (for additional information see page 14).

PROCESSORS

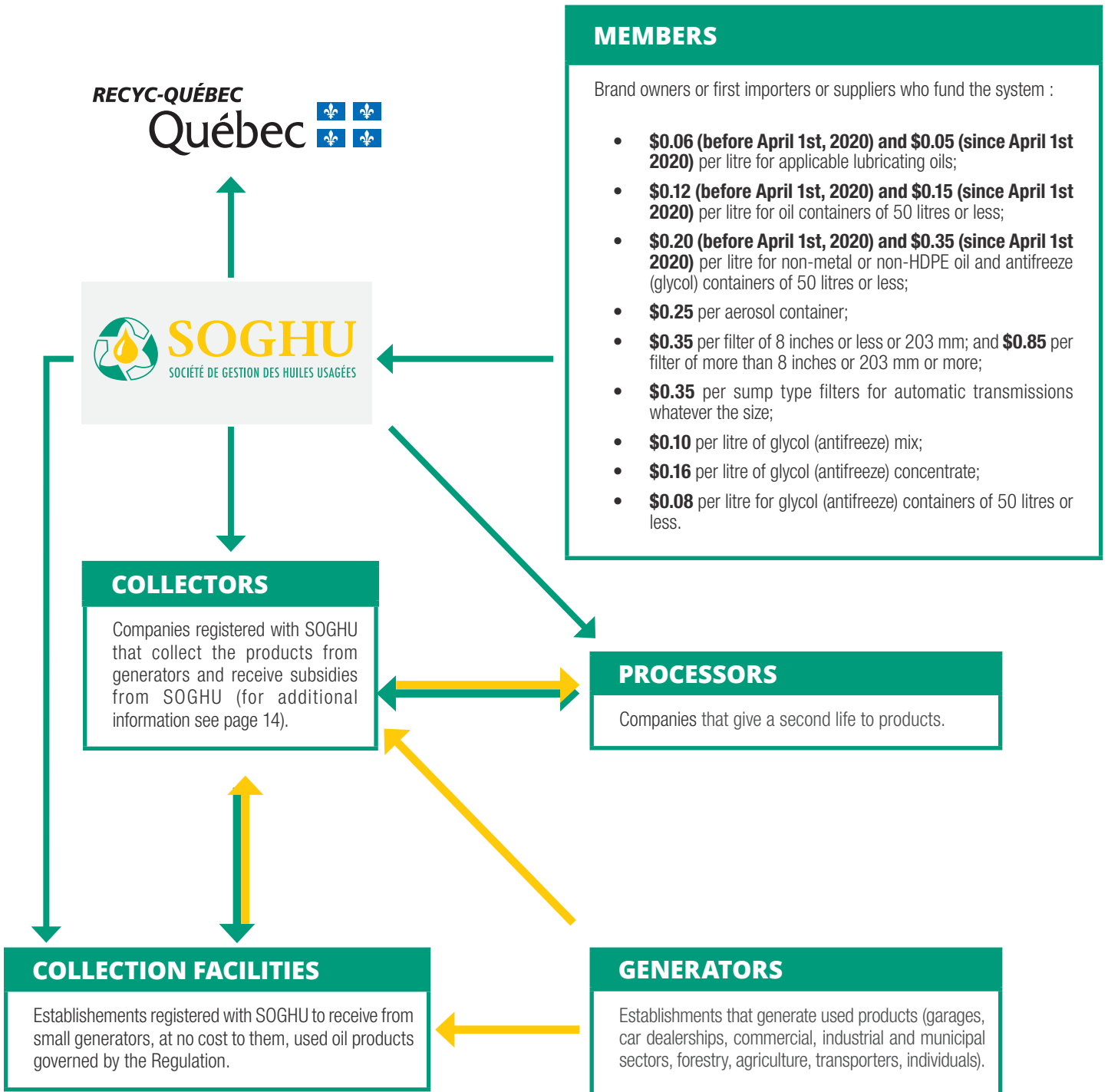
Companies that give a second life to products.

COLLECTION FACILITIES

Establishments registered with SOGHU to receive from small generators, at no cost to them, used oil products governed by the Regulation.

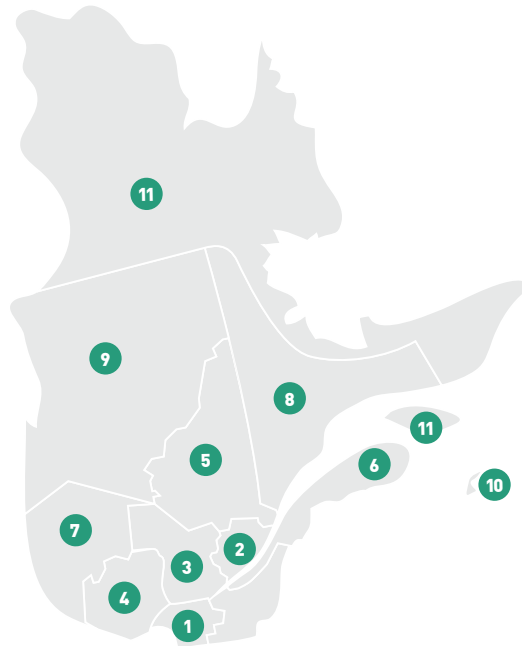
GENERATORS

Establishments that generate used products (garages, car dealerships, commercial, industrial and municipal sectors, forestry, agriculture, transporters, individuals).








SOGHU's ZONES

- 1 Montréal
- 2 Québec
- 3 Centre-du-Québec
- 4 Outaouais – Laurentides
- 5 Saguenay – Lac-Saint-Jean
- 6 Bas-Saint-Laurent – Gaspésie
- 7 Abitibi
- 8 Côte-Nord
- 9 Nord-du-Québec
- 10 Les Îles-de-la-Madeleine
- 11 Nord du Nord-Québec,
Basse-Côte-Nord,
Île d'Anticosti



RI TABLE

ZONE	1	2	3	4	5	6	7	8	9	10 ¹	11 ²
 Used oils (\$/liter)	0.04	0.05	0.08	0.08	0.08	0.10	0.08	0.11	0.11	0.10	0.10
 Used glycols (antifreezes) (45-55) (\$/liter)	0.46	0.49	0.58	0.58	0.70	0.77	0.74	0.97	0.97	1.19	1.26
 Used filters (\$/kg)	0.75	0.75	0.90	0.92	0.95	1.00	1.00	1.05	1.05	1.35	1.50
 Used oil and used glycol (antifreeze) containers (\$/kg)	1.37	1.80	2.05	2.05	2.35	2.43	2.43	2.65	2.65	5.35	5.35
 Aerosols (\$/kg)	3.67	3.67	3.84	3.84	3.87	3.92	3.97	3.97	3.97	4.37	4.37

Note 1 : For zone 10, Les Îles-de-la-Madeleine, a special transportation Return Incentive of \$0.18 per liter is allowed for used oils and used glycols (antifreezes) processed outside of zone 10.



Note 2 : For zone 11, Basse-Côte-Nord and Anticosti Island, a special transportation Return Incentive of \$0.28 per liter is allowed for all used oils and glycols (antifreezes) processed outside of zone 11. **List of cities for zone 11 :** Blanc-Sablon, Brador, Chevery, Harrington Harbour, Kegaska, La Romaine, La Tabatière, Lourdes-de-Blanc-Sablon, Middle Bay, Mutton Bay, Old Fort Bay, Pakua Shipi, Port-Menier (Anticosti Island), Saint-Augustin, St-Paul's River, Tête-à-la-Baleine.

NOTE : For information concerning RI rates for internal collector-processor, please contact SOGHU.

SOGHU'S SCOREBOARD

Sales and Recovery Summary January to December 2020

Products	Measurements	Sales	Recoverable	Resold/ Reused ^{6,7}	Collected	Reuse./ Collec. (%)	Object. R-Q
Oils	liters	97,697,201	71,221,260 ¹		52,117,656	73.2%	75.0%
Filters	units	9,306,432 ²	9,306,432		7,995,815 ³	85.9%	75.0%
	kg	2,814,734	2,814,734		2,418,337	85.9%	75.0%
Oil Containers	liters	36,709,611	36,709,611		32,703,892	89.1%	75.0%
	kg	2,341,409	2,341,409		2,085,916	89.1%	75.0%
Glycols (antifreezes)	liters	13,660,796	6,147,358 ⁴	1,372,907	2,752,247	44.8%	25.0%***
Glycol (antifreeze) Containers	liters	6,645,507	6,645,507		2,986,638	44.9%	25.0%***
	kg	260,992	260,992		117,296	44.9%	25.0%***


Zone	 Used Oils			 Used Filters					
	RI	In Liters	%	RI	In kg	%	RI	Kg (of Oil)	%
1	\$ 0.04	23,798,031	45.1%	\$ 0.75	1,468,512	44.7%	\$ 1.32	750,239	31.4%
2	\$ 0.05	6,341,830	12.0%	\$ 0.75	460,822	14.0%	\$ 1.75	310,640	13.0%
3	\$ 0.08	8,160,766	15.5%	\$ 0.90	586,854	17.9%	\$ 2.00	354,465	14.8%
4	\$ 0.08	2,402,232	4.5%	\$ 0.92	164,327	5.0%	\$ 2.00	235,267	9.8%
5	\$ 0.08	2,168,651	4.1%	\$ 0.95	137,310	4.2%	\$ 2.30	148,048	6.2%
6	\$ 0.10	2,291,214	4.3%	\$ 1.00	164,035	5.0%	\$ 2.38	185,935	7.8%
7	\$ 0.08	2,993,076	5.7%	\$ 1.00	136,490	4.2%	\$ 2.38	190,464	8.0%
8	\$ 0.11	1,050,711	2.0%	\$ 1.05	48,419	1.5%	\$ 2.60	63,890	2.7%
9	\$ 0.09	803,775	1.5%	\$ 1.05	21,791	0.7%	\$ 2.60	38,652	1.6%
10*	\$ 0.28	0	0.0%	\$ 1.35	4,863	0.1%	\$ 5.25	4,146	0.2%
11**	\$ 0.38	1,935,094	3.7%	\$ 1.50	65,943	2.0%	\$ 5.25	9,400	0.4%
12	\$ 0.20	858,729	1.6%	\$ 0.95	26,053	0.8%	\$ 1.25	97,617	4.1%
Total	\$ 0.073	52,804,109	100.0%	\$ 0.88	3,285,419	100.00%	\$ 2.16	2,388,763	100.00%




Zone Legend

- | | |
|-----------------------------------|--|
| 1 Montréal | 7 Abitibi |
| 2 Québec | 8 Côte-Nord |
| 3 Centre-du-Québec | 9 Nord-du-Québec |
| 4 Outaouais – Laurentides | 10 Les Îles-de-la-Madeleine |
| 5 Saguenay – Lac-Saint-Jean | 11 Nord du Nord-Québec,
Basse-Côte-Nord,
Île d'Anticosti |
| 6 Bas-Saint-Laurent –
Gaspésie | 12 Municipalities |

Ratings Legend

- 72.9% of oils are recoverable
- Average percentage of filters marketed • Metal filters : 78.87% • Cardboard filters : 21.13%
- Average weight of filters marketed • Metal filters : 0.3576 kg • Cardboard filters : 0.0965 kg
- A study completed in 2019 as established that 39.94% of the glycol (antifreeze) is recoverable. Although this rate is recognized by the MELCC and Recyc-Quebec, the recoverable rate listed in the Regulation and used in 2020 is 45% of glycol (antifreeze). According to that study, the actual recoverable rate would be 50.4% in 2020.
- Decontamination of oily containers : \$ 795 933
Decontamination of glycol (antifreeze) containers : \$ 48 844
- According to a study, 1.3% of oil recovered is pure glycol (antifreeze) : 686 453 liters x 2 = 1 372 906 liters of glycol (antifreeze).
- As per the Glycol recoverable rate update study conducted by Chamard in 2019, 669 773 liters of glycol (antifreeze) are sold or reused in end-of-life vehicles. MELCC and Recyc-Quebec did not approve the methodology of that calculation. If the calculation would have been approved, the recoverable rate would be 42.33% instead of 39.94% and the recovery rate would be 59.2% for 2020.

 Products	EHC	RI	Net Difference	Average RI per quantity collected	
Oils	5,103,585	3,835,037	1,268,548	\$ 0,074 /l	
Oils processing	-	1,702,219	(1,702,219)	\$ 0,033 /l	
Filters	3,606,193	2,902,421	703,772	\$ 0,363 /un.	\$ 1.20 /kg
Oil Containers	6,041,799	5,186,256	855,543	\$ 0,159 /un.	\$ 2.49 /kg
Containers Processing	-	844,777	(844,777) ⁵	\$ 0.026 /un.	\$ 0.40 /kg
Glycols (antifreezes)	1,296,727	860,968	435,759	\$ 0.313 /l	
Glycol (antifreeze) Containers	538,909	237,266	301,643	\$ 0.079 /un.	\$ 2.02 /kg
	16,587,213	15,568,944	1,018,269		

 Used Containers				 Used Glycols (antifreezes)			 Collection Facilities		
Kg (of Glycol)	%	Total kg	%	RI	In liters	%	Commercial	Municipal	Total
36,674	29.3%	786,913	31.3%	\$ 0.26	724,700	52.5%	220	102	322
16,003	12.8%	326,643	13.0%	\$ 0.28	115,005	8.3%	82	50	132
18,423	14.7%	372,888	14.8%	\$ 0.33	152,909	11.1%	136	150	286
13,290	10.6%	248,557	9.9%	\$ 0.33	65,891	4.8%	25	76	101
8,044	6.4%	156,092	6.2%	\$ 0.40	48,625	3.5%	32	29	61
10,871	8.7%	196,806	7.8%	\$ 0.44	46,793	3.4%	54	77	131
10,200	8.2%	200,664	8.0%	\$ 0.42	54,176	3.9%	20	35	55
3,175	2.5%	67,065	2.7%	\$ 0.55	37,502	2.7%	15	21	36
2,116	1.7%	40,768	1.6%	\$ 0.55	7,501	0.5%	4	2	6
206	0.2%	4,352	0.2%	\$ 0.68	1,179	0.1%	5	1	6
296	0.2%	9,696	0.4%	\$ 0.88	125,059	9.1%	1	10	11
5,832	4.7%	103,449	4.1%	\$ 0.60	0	0.0%	0	0	0
125,129	100.00%	2,513,893	100%	\$ 0.313	1,379,340	100.00%	594	553	1,147

As of December 31, 2020

Members	286	Collectors	26	Processors	40	Internal Collectors-Processors	3
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* Note: For zone 10, Îles-de-la-Madeleine, a special transportation RI of \$ 0.18 per liter is allowed for all used oils and used glycols (antifreezes) processed outside of zone 10.

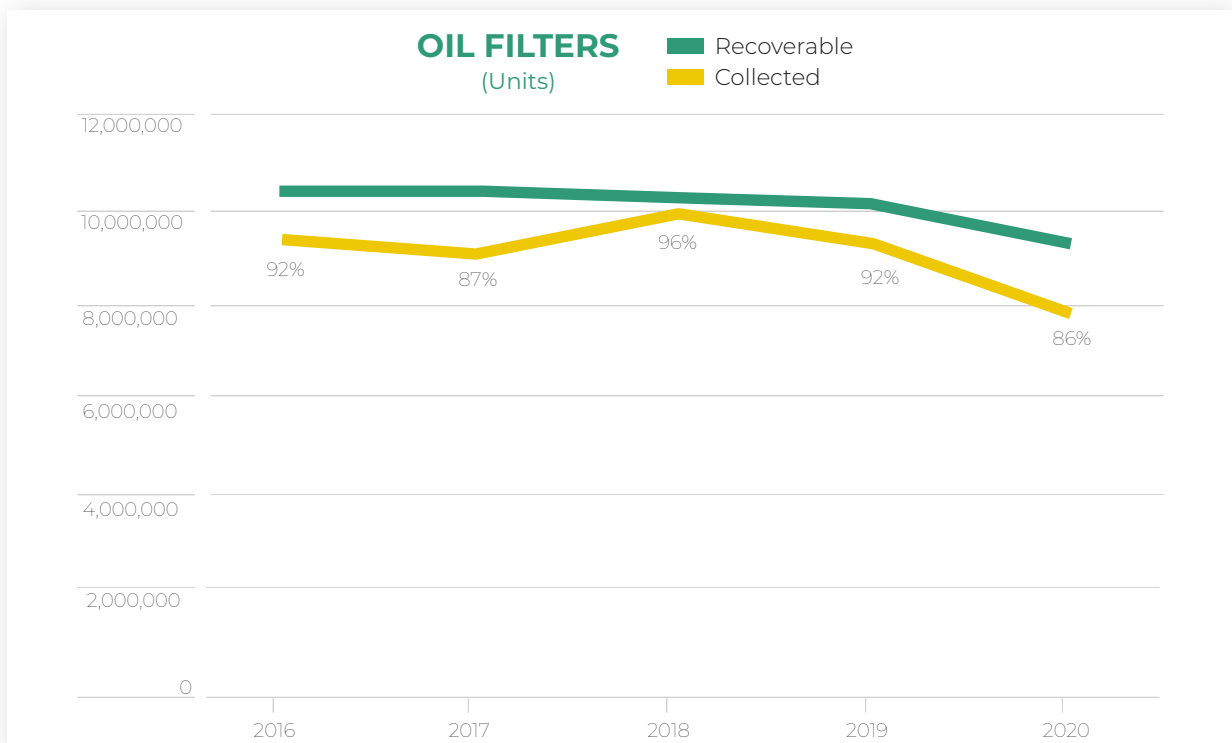
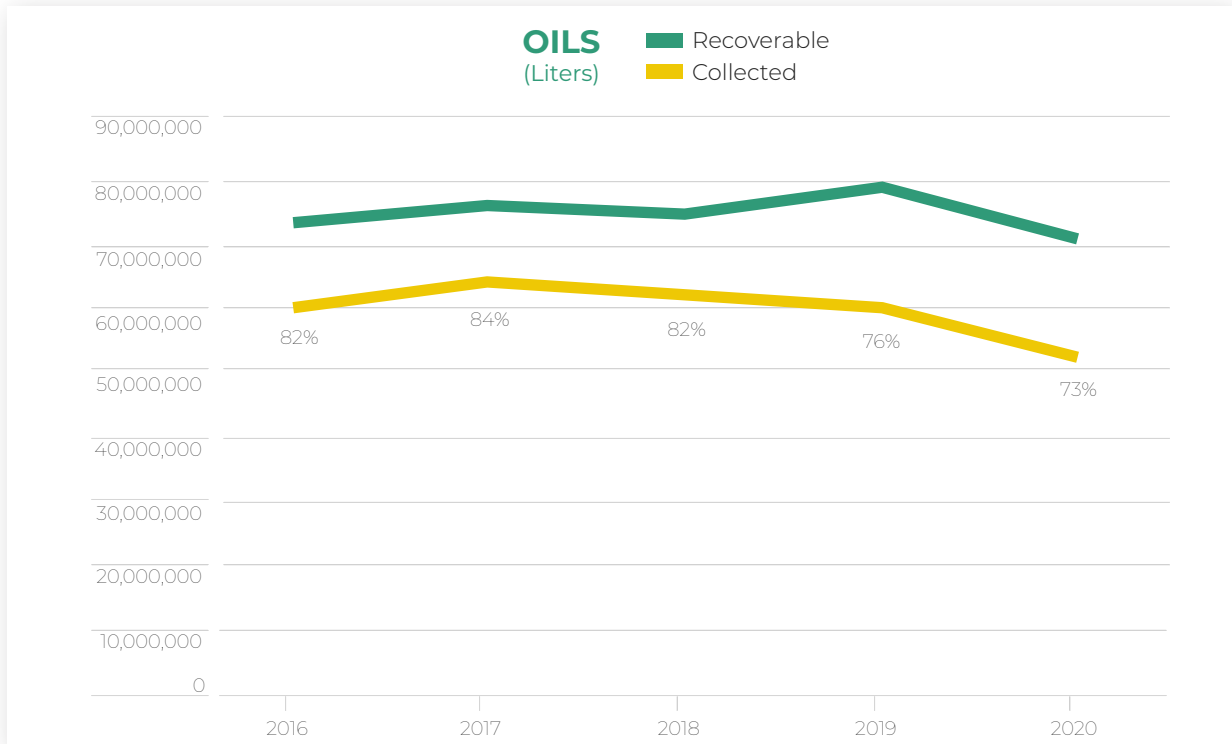
** Note: For zone 11, Basse-Côte-Nord and Anticosti Island, a special transportation RI of \$ 0.28 per liter is allowed for all used oils and used glycols (antifreezes) processed outside of zone 11.

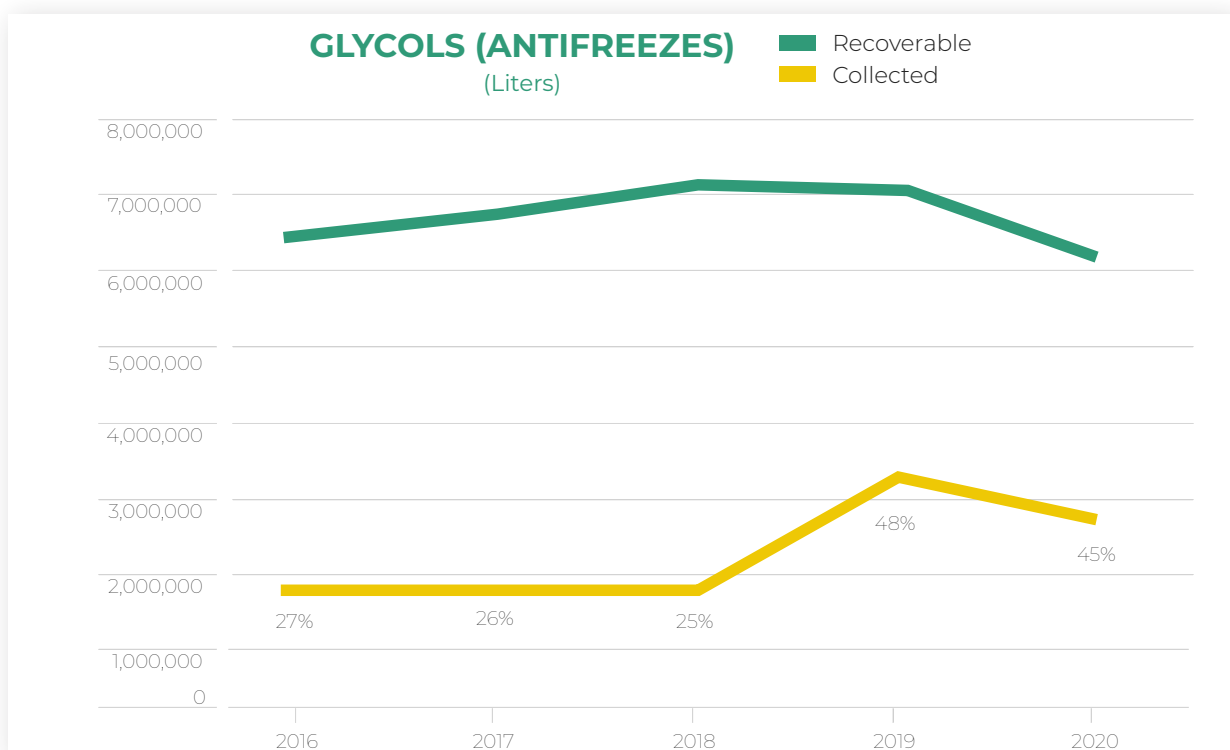
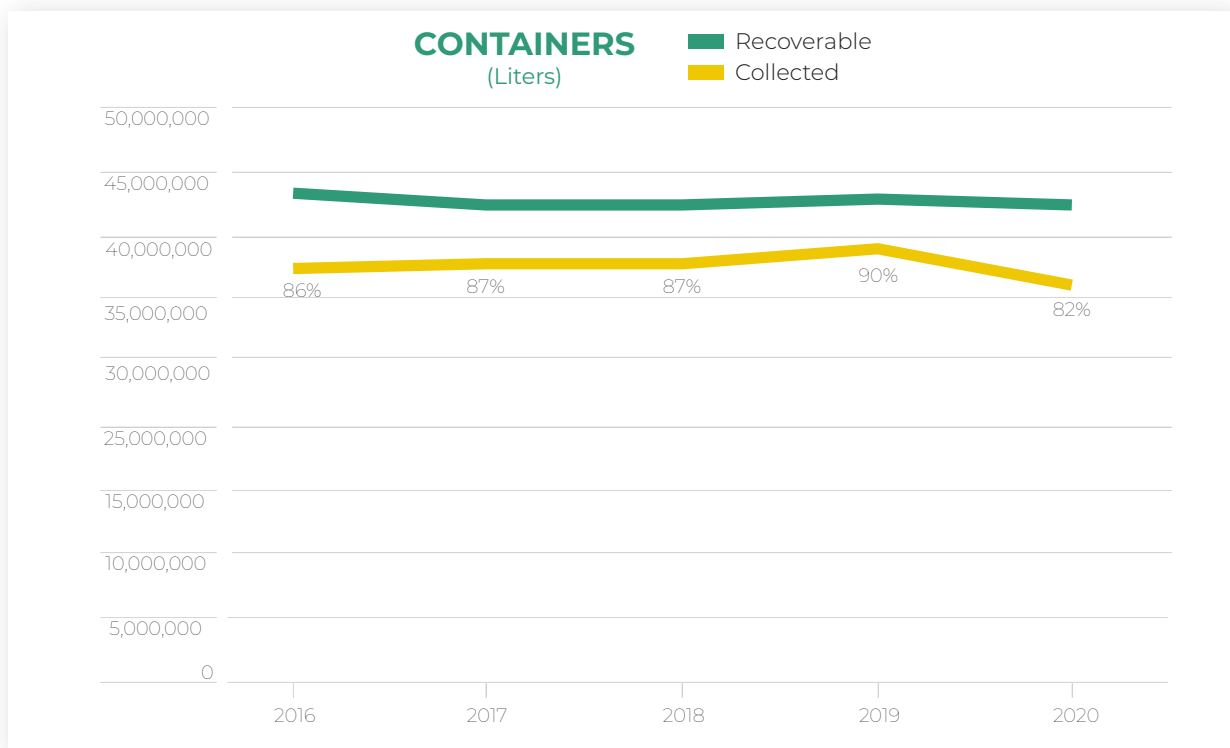
*** Rate effective for 2020

Note: This information is based on remittances received and RIs paid up to February 12, 2021 in connection to 2020.

RECOVERY RATES

From 2016 to 2020





SOGHU's MEMBERS

1439174 Ont Ltd. - NLS Products
 3M Canada Company
 A & I Products Canada Inc.
 Acklands-Grainger Inc.
 ADF Diesel Montréal Inc.
 Aerochem Inc.
 Agco Parts Division
 Agnico-Eagle Mines Ltd, Division Meadowbank
 Agracity Crop & Nutrition Ltd.
 AGS Company Automotive Solutions, LLC
 ALFA Services Conseils Inc.
 Amsoil Inc.
 Antirouille Métropolitain
 April Super Flo Inc.
 Asalco Inc.
 Atelier HP Ltée
 Atlas Copco Compressors Canada Inc.
 Auto Diesel - 119483 Canada Inc.
 Auto Master Supplies King Inc.
 Auto Modena Inc.
 Autolectra Inc.
 Aviall Canada Ltd.
 Avjet Holding Inc.
 Baldwin Filters Inc.
 Baldwin Filters Inc. (DBA Hastings Filters)
 BASF Canada Inc.
 Beck Arnley Worldparts Inc.
 Benson Group Inc.
 BestBuy Distributors Ltd.
 BG Québec Inc.
 Black Dog Lubricants Ltd.
 Blue Streak Hygrade Motor Products
 Blue Water Agencies Ltd.
 BMW Canada Inc.
 Bosch Rexroth Canada Corporation
 BP Lubricants USA Inc.
 BRP Inc.
 Busch Vacuum Technics Inc.
 C3P Autosport
 Cabela's Retail Canada Inc.
 Campbellton Auto Supply
 Canadian General Filters Ltd.
 Canadian Kawasaki Motors Inc.
 Canadian Pacific Railway
 Canimex
 CarQuest Canada Ltd.
 Castrol Industrial North America Inc.
 Centre de Réparation Hydraulique Hydrep Inc.
 Champion Laboratories Inc.
 Chauffage Premier Inc.
 Chem-Ecol Ltd.
 Chevron Canada Limited
 Chicago Pneumatic Tool Company Canada Ltd.
 CLAAS of America Inc.
 Club Car, LLC - Ingersoll Rand Ind. Tech.
 CNH Industriel Canada Ltée
 COMAIRCO Ltée
 Control Chemical (1989) Corporation
 Costco Wholesale Canada Ltd.
 CPT Canada Power Technology Limited
 CRC Canada Inc.
 Cummins Canada ULC
 DAS Companies, Inc. dba DAS Distributors
 Daimler Trucks Canada Ltd.
 Davanac Inc.
 D.D. Distributions Lubrifiants Inc.
 Distribution Beaudry Inc.
 Distribution, Importation Jean Gagnon
 Distribution Mansour Inc.
 Distribution M.C. opéré par 9222-2850 Québec Inc.
 Distribution Pièces GH Inc.
 Distributions Automont Inc. (Les)
 Distributions J.R.V. Inc.
 Drumco Énergie
 Echo Power Equipment (Canada)
 ECL Services Inc.
 Elso Ltée/Ltd.
 Empack Spraytech Inc.
 Énergie Totale Québec Inc.
 Énergies Sonic Inc.
 Engrenage Provincial Inc.
 Entrepôt de Montréal 1470 Inc.
 Entreprises Électriques Nadco Inc.
 Entreprises Ethier Hi-Tech Inc. (Les)
 Entretien de Moteur LK
 Envirolin Canada (9189-0731 Québec Inc.)
 Équipement SMS Inc.
 Équipements E.M.U. Ltée
 Équipements Industriels IBS Inc. (Les)
 Équipements Lourds Papineau Inc.
 Fastenal Canada Ltd.
 FCA Canada Inc.
 Ford Motor Company of Canada Ltd.
 For-Min Div. DK Spec Inc.
 Fram Group (Canada) Inc.
 Fuchs Lubricants Canada Ltd.
 Fuelex Energy Ltd.
 Fullbore Marketing Ltd.
 Gamma Sales Inc.
 Garage Guy Audet
 Garage R. Nadeau
 Gary's Automobile Parts - 9254-3313 Québec inc.
 GEA Farm Technologies Canada Inc.
 General Motors of Canada Company
 G.F. Thompson Company Ltd.
 Gilles Cusson Inc.
 G.K. Industries Ltd.
 Global Récupération Inc.
 G.P.Z. Auto Inc.
 Granby Industries Limited Partnership
 Groupe BMR Inc.
 Groupe Environnemental Labrie Inc.
 Groupe GLM Inc. (Le)
 Hangsterfer's Laboratories Incorporated
 Harley-Davidson Canada L.P.
 Harnois Énergies
 Henkel Canada Corporation
 Hino Motors Canada Ltd.
 Home Depot of Canada Inc.
 Home Hardware Stores Limited
 Honda Canada Inc.
 Houghton Canada Inc.
 Husqvarna Canada Corp.
 Hydraulogie Inc.
 Hydromec Inc.
 Hyundai Auto Canada Corp.
 Importations Thibault Ltée
 Industries Gotham Inc. (Les)
 Industries Spectra Premium Inc. (Les)
 Industries Wajax Limitée (Les)
 Industries Zeroflo Ltée (Les)
 Inter-Power Group
 Irving Blending & Packaging
 Isuzu Commercial Truck of Canada Inc.
 ITW Permatex Canada
 Jacques Laroche Inc.
 Jaguar Land Rover Canada ULC
 John Deere Canada ULC
 Jonjo Transport Refrigeration Ltd./ Thermo King
 Mtl
 Kadex Aero Supply Ltd.
 Kaeser Compresseurs Canada Inc.
 Keystone Automotive Operations of Canada Inc.
 Kia Canada Inc.

Kimpex Inc.
 King-O-Matic Industries Ltd.
 Kleen-Flo Tumbler Industries Ltd.
 Klondike Lubricants Corporation
 Krown Corporate
 KTM Canada Inc.
 Kubota Canada Ltd.
 Laboratoires St-Antoine Inc.
 Leader Auto Ressources LAR Inc.
 Les Huiles Desroches Inc.
 LGD International 9272-1778 Québec Inc.
 Lubri-Expert Inc.
 Lubrifants Sentinel Corp. (Les)
 Lubrification Québec Inc.
 Lubri-Lab Inc.
 Lucas Oil Products (Canada) Company
 M & M Fournels Corp. Ltd.
 MacEwen Petroleum Inc.
 Machinerie R. Gagnon Inc.
 Magnéto Hydraulique et Pneumatique
 Mahle Aftermarket Inc.
 Malmberg Truck Trailer Equipment Ltd.
 Mann+Hummel Filtration Technology US ULC
 Mann+Hummel Purolator Filters LLC
 Marine Canada Acquisition Inc.
 Matech BTA Inc.
 Maxim Transportation Services Inc.
 Mazda Canada Inc.
 MCS-Servo Inc.
 Mechanick Pieces d'Autos - 144597 Canada Inc.
 Mercedes-Benz Canada Inc.
 MFTA Canada Inc.
 Milacron Canada Corp.
 Mitsubishi Motor Sales of Canada Inc.
 Modern Sales Co-Op
 Montreal 4 Cylindres - Pièces Inc.
 Motion Industries (Canada) Inc.
 Motor Coach Industries Limited
 Motovan Inc.
 MSC Industrial Supply Co.
 MTD Products Limited
 National Energy Equipment Inc.
 National Pneumatic Inc.
 Navistar Canada ULC
 NCH Canada Inc.
 Nissan Canada Inc.
 North West Company Inc.
 Orgill Canada Hardlines ULC

Paccar of Canada Ltd. (Parts division)
 Para-Performance Inc.
 Parker Hannifin Canada
 Parkland Corporation
 Parts Canada Development Co.
 Parts for Trucks Inc.
 Pétro Montestrie Inc.
 Petro-Canada Lubricants Inc.
 Pétroles Pétro-Canada - 9590404 Canada inc.
 Pétroles R.L. Inc. (Les)
 Pétrolière Impériale
 Philippe Gosselin & Associés Limitée
 Phillips 66 Canada Ltd.
 Pièces D'Auto Carluce Inc.
 Pièces d'Auto J.L. Ltée
 Pièces d'Auto T.D.G. Inc. (Les)
 Pièces d'Auto Transbec Inc. (Les)
 Pièces d'Auto Transit Inc. (Les)
 Pièces d'Autos Jean Leblanc
 Pièces de Camion de la Beauce Inc.
 Pièces de Transmission Unitrans Ltée (Les)
 Polaris Industries Ltd.
 Porsche Cars Canada Ltd.
 PR Distribution
 Prestone Canada
 Prévost, une division de Groupe Volvo Canada Inc.
 Princess Auto Ltd.
 PRINOTH Ltd.
 Produits Chimiques Magnus Ltée
 Produits Industriels Kara Inc.
 Produits Lubri-Delta Inc.
 Produits Shell Canada Limitée
 Prolab Technolub Inc.
 PTI Transformers Inc.
 Recochem Inc.
 Regional Automotive Warehousing Ltd.
 Réparation Automobile Chelsea Inc.
 Réseau C.B. (Div. Canadian Bearings)
 Ridge Tool Company
 Robco Inc.
 Robert Bosch Inc.
 Rona Inc.
 Safety-Kleen Canada Inc.
 SC CLS Holdings ULC
 Service de Filtres Sefor Inc.
 Service Mécanique Mobile
 Services Maintech / Maintech Services (Les)
 SGPP (Québec) Inc.

Sherwin-Williams Canada inc.
 Shoreline Lube Distribution Inc.
 Siemens Transformateurs Canada Inc.
 Sinto Racing Inc.
 Société Pétrolière P.L.C. Inc.
 Southwestern Petroleum Canada Ltd.
 Spécialités Hipertech Inc.
 Spectrum Brands Canada
 State Industrial Products DBA State Chemical Ltd.
 STIHL Limited
 Strongco Limited Partnership
 Subaru Canada Inc.
 Suzuki Canada Inc.
 TEC Automotive Industries Inc.
 Teklub Canada Ltée
 Tenaquip Limited
 Texas Refinery Corp. of Canada Ltd.
 Textron Off Road (Artic Cat Sales Inc.)
 Thermal-Lube Inc.
 Toromont Cat
 Total Canada Inc.
 Toyota Canada Inc.
 Triumph Motorcycles America
 Turf Care Products Canada Limited
 UAP Inc.
 Uni-Sélect Canada Inc.
 Univar Canada Ltd.
 VAG Motorsport - 9169-1931 Québec Inc.
 Valvoline Canada Ltd.
 Verco International Inc.
 Vermeer Canada Inc.
 Viscosity Oil Company
 Vision Solution de Procédés
 Volkswagen Group Canada Inc.
 Volvo Car Canada Limited
 Volvo Group Canada Inc.
 Wabtec Transportation Canada
 Wainbee Limited
 Wajax Industrial Components Ltd.
 Wakefield Canada Inc.
 Walmart Canada Corp.
 Walter Surface Technologies Inc.
 WD-40 Company (Canada) Ltd.
 Westpier Marine & Industrial Supply Inc.
 Worldpac Canada Inc.
 Wurth Canada Limitée
 Yamaha Motor Canada Ltd.

SOGHU's COMMITTEES



SOGHU's Board of Directors

Canadian Fuel Association

Canadian Vehicle Manufacturers' Association

Chevron Canada Limited

Global Automakers of Canada

Groupe Filgo-Sonic

Home Hardware Stores Ltd.

Imperial Oil

Recochem Inc.

Shell Canada Products Ltd

Total Canada Inc.

UAP inc.

Wakefield Canada Inc.

Sheahan LLP Environment and Litigation

RECYC-QUÉBEC

Awareness Committee President

General Manager

Carol Montreuil, Chairperson

L. Pierre Comtois

Pierre-Yves Larose

Loulia Kouchaji

François Gingras

David Bois

Philippe Dussault

Paul Lefebvre

Guy Bélanger, Vice-Chairperson

Pierre Buzaré

Luc Duval

Pascal Daudelin

Paul Granda, Secretary

Maxime Rivet, Observer

Laurent Gagnon, Observer

Jean Duchesneau

Legal Advisor

Sheahan S.E.N.C.R.L. Environment and Litigation

SOGHU's Awareness Committee

Ministry of Sustainable Development, Environment and the Fight against Climate Change

Solva-Rec Environnement Inc.

Campor Environnement Inc.

SOGHU General Manager

CAA - Québec

Front commun québécois pour une gestion écologique des déchets

Conseil québécois du commerce de détail

RECYC-QUÉBEC

Nicolas Boisselle

Jean-Charles Dumais

Laurent Gagnon

Jean Duchesneau

Jacques Maheux

Karel Ménard

Françoise Paquet

Maxime Rivet

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Jean Duchesneau

Jean-François Richard

Mélanie Rainville

Isabelle Sauther

Nasser Pourmohammad

Diane Caron

Nathalie Télénis

Mathieu Carrier

Joël Ouimet

General Manager

Controller

Accounting Technician

Accounting Technician

Accounting Technician

Executive Assistant and program Coordinator

Administrative Assistant

Communications Coordinator

Inspector responsible of segregation

Auditor

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

INDEPENDANT AUDITOR'S REPORT

To the Members of Société de gestion des huiles usagées (SOGHU)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Société de gestion des huiles usagées (SOGHU) (the Organization) as at December 31, 2020 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.

What we have audited

The Organization's financial statements comprise the statements of:

- the statement of financial position as at December 31, 2020;
- the statement of changes in net assets for the year then ended;
- the income statement for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



For the year ended
December 31, 2020

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.

*PricewaterhouseCoopers LLP*¹

Brossard, April 9, 2021

INCOME STATEMENT

For the year ended
December 31, 2020

	2020 \$	2019 \$
REVENUES		
Environmental handling charges (note 11)	16,587,213	17,813,241
Transfer to Éco-Peinture - Aerosol	248,936	269,147
Registration and renewal	5,464	7,400
Investment income	(35,676)	814,954
Management revenue (note 3)	474,894	421,750
Other revenues	6,136	15,579
	17,286,967	19,342,071
EXPENSES		
Program		
Return incentives	12,773,012	13,792,197
Processing incentives	1,702,219	288,811
Decontamination incentives	844,777	697,862
Collection facilities incentives	42,403	43,999
Temporary incentives to collector (COVID-19)	1,020,515	-
Aerosol Incentives - Éco-Peinture	248,936	269,147
Container segregation	52,697	63,173
Advertising and communications	185,297	336,338
Contributions to RECYC-QUÉBEC	11,999	8,445
Reimbursement from Fonds Vert	-	(64,453)
Legal fees	-	11,604
Salaries, fringe benefits and management and administration services	277,271	282,650
Office and general expenses	20,622	94,885
Consulting fees	23,675	18,399
Compliance reviews and audits	242,820	164,344
Bad debt	-	38,158
Amortization of fixed assets	11,662	15,662
Amortization of intangible assets	43,536	42,903
	17,501,441	16,104,124

The accompanying notes are in integral part of these financial statement.

INCOME STATEMENT

For the year ended
December 31, 2020

EXPENSES (Contiued)	2020 \$	2019 \$
Administration		
Office and general expenses	124,703	92,528
Legal fees	27,697	20,100
Rent	49,141	48,648
Salaries, fringe benefits and management and administration services	387,160	424,416
Professional fees	21,475	22,110
Amortization of fixed assets	35,785	35,860
	645,961	643,662
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	(860,435)	2,594,285

CHANGES IN NET ASSETS

For the year ended
December 31, 2020

	Unrestricted	Reserve fund	Invested in fixed assets and intangible assets	2020 \$
BALANCE - BEGINNING OF YEAR	4,466,289	14,200,000	200,606	18,866,895
Deficiency of revenues over expenses for the year	(769,451)	—	(90,984)	(860,435)
Investment in fixed and intangible assets	(63,924)	—	63,924	—
BALANCE - END OF YEAR	3,632,914	14,200,000	173,546	18,006,460

	Unrestricted	Reserve fund	Invested in fixed assets and intangible assets	2019 \$
BALANCE - BEGINNING OF YEAR	4,036,115	12,200,000	36,495	16,272,610
Excess (deficiency) of revenues over expenses for the year	2,688,710	—	(94,425)	2,594,285
Allocated to the reserve fund	(2,000,000)	2,000,000	—	—
Investment in fixed and intangible assets	(258,535)	—	258,535	—
BALANCE - END OF YEAR	4,466,290	14,200,000	200,605	18,866,895

The accompanying notes are in integral part of these financial statement.

FINANCIAL POSITION

As at December 31, 2020

	2020 \$	2019 \$
ASSETS		
Current assets		
Cash	11,774,419	2,468,698
Accounts receivable (note 4)	5,480,060	5,016,539
Advances to an organization (note 5)	138,941	25,704
Prepaid expenses	16,171	51,313
Current portion of investments (note 6)	2,475,000	2,084,220
	19,884,591	9,646,474
Investments (note 6)	5,600,057	12,228,713
Fixed assets (note 7)	111,992	151,568
Intangible assets (note 8)	61,554	49,037
	25,658,194	22,075,792
LIABILITIES		
Current liabilities		
Accounts payable (note 9)	7,651,734	3,208,897
NET ASSETS		
Unrestricted fund	3,632,914	4,466,290
Reserve fund	14,200,000	14,200,000
Invested in fixed and intangible assets	173,546	200,605
	18,006,460	18,866,895
	25,658,194	22,075,792

Commitments (note 10)

On behalf of the Board:

Mr. Carol Montreuil, Chairperson

Mr. Guy Bélanger, Vice Chairperson

CASH FLOWS

For the year ended
December 31, 2020

	2020 \$	2019 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses for the year	(860,435)	2,594,285
Adjustments for		
Amortization of fixed assets	47,447	51,522
Amortization of intangible assets	43,536	42,903
Unrealized gain on investments	(190,197)	(491,669)
	(959,649)	2,197,041
Changes in non-cash working capital items (note 12)	3,901,221	232,595
	2,941,572	2,429,636
INVESTING ACTIVITIES		
Acquisition of investments	(658,070)	(3,644,088)
Proceeds on disposal of investments	7,086,143	1,443,919
Acquisition of fixed assets	(7,871)	(189,884)
Acquisition of intangible assets	(56,053)	(68,651)
	6,364,149	(2,458,704)
Net change in cash and cash equivalents during the year	9,305,721	(29,068)
Cash and cash equivalents – Beginning of year	2,468,698	2,497,766
Cash and cash equivalents – End of year	11,774,419	2,468,698

The accompanying notes are in integral part of these financial statement.

NOTES TO FINANCIAL STATEMENTS

For the year ended
December 31, 2020

1 Governing statute and nature of business

Société de gestion des huiles usagées (SOGHU) (the “Organization”) was incorporated under Part III of the Quebec Companies Act. According to the federal and provincial Income Tax Acts, it is a non profit organization and is therefore exempt from income taxes.

According to the terms of a consent agreement with RECYC QUÉBEC, the Organization has the mandate to establish and manage a program of recovery and reclamation of used oils and antifreeze, oil or fluid containers and used filters.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations (ASNPO) in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of these financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the current period. Actual information could differ from that determined based on these estimates and assumptions. These estimates are reviewed periodically and adjustments are made to income in the year they become known.

On March 11, 2020, the World Health Organization announced that COVID-19 (2019 coronavirus disease) could be classified as a pandemic. The announcement triggered the implementation of a series of public health and emergency measures to combat the spread of the virus.

The duration and the severity of COVID-19 on local and global economies remain unknown at this time. Given the ever changing situation and the resulting economic uncertainty, the financial impact is too uncertain to be estimated at this time. The repercussions will be recorded when they are known and can be evaluated.

Return incentives

Return incentive expenses are recognized when the lubricating oil and antifreeze and/or containers and filters are collected by the Organization’s registered collector.

Processing incentives

Processing incentive expenses are recognized when the lubricating oil containers are processed by the Organization’s registered processor.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non arm’s length transactions. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investment in quoted shares, which is measured at fair value. The change in fair value is recognized in the statement of revenues and expenses.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenues and expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenses.

2 Significant accounting policies (continued)

Cash

Cash consist of cash and other highly liquid financial instruments with maturities of three months or less from date of purchase. Term deposits with maturities exceeding three months from date of purchase are not included in cash. They are considered as investments.

Revenue recognition

Revenue from environmental handling charges are recognized when the lubricating oil or oil containers and oil filters are sold by members, based on their remittance forms, except for revenue from prior years received in the current year following a new registration, because environmental handling charges must be remitted retroactively for seven years, and for additional revenue determined following a compliance review. These environmental handling charges are recognized in the year during which they are determined.

Fixed assets

Fixed assets are accounted for at cost less related accumulated amortization. Amortization is calculated on their respective estimated useful lives using the straight line method and over the periods indicated:

Computer hardware	3 years
Collection equipment	5 years
Leasehold improvements	5 years
Furniture and fixtures	5 years

Impairment of long-lived assets

Long lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposal. The impairment loss is measured as the amount by which the carrying amount of the long lived asset exceeds its fair value. Once recorded, such impairment losses are not reversed.

Intangible assets

Intangible assets are accounted for at cost. Amortization is calculated using the straight-line method over a period of five years.

Expense allocation

The Organization displays its expenses by function.

Salaries, fringe benefits and management and administration services shared by program and administration functions are allocated proportionally to the budgeted environmental handling charges spent for each organization.

NOTES TO FINANCIAL STATEMENTS

For the year ended
December 31, 2020

3 Management revenue

The Organization provides administrative services to UOMA – Atlantic to assist in the conception, implementation and operation of the recovery and reclamation program required to ensure the appropriate recovery and reclamation of the designated products in accordance with each Atlantic province's applicable legislative and regulatory requirements.

Management revenue received from UOMA – Atlantic for services provided are as follows:

PROGRAM	2020 \$	2019 \$
Container segregation	26,349	25,269
Advertising and communications	18,696	4,222
Salaries, fringe benefits and management and administration services	138,636	113,060
Consulting fees	17,573	16,930
Office and general expenses	678	10,920
	201,932	170,401
ADMINISTRATION		
Office and general expenses	33,697	29,538
Rent	27,793	20,540
Salaries, fringe benefits and management and administration services	193,580	169,767
Amortization of fixed assets	17,892	31,504
	272,962	251,349
	474,894	421,750

4 Accounts receivable

	2020 \$	2019 \$
Accounts receivable	4,730,411	4,196,685
Accounts receivable – UOMA Atlantic	474,894	421,750
Sales tax receivable	274,755	398,104
	5,480,060	5,016,539

5 Advances to an organization

Cash and cash equivalents and the day-to-day management of the Organization and Atlantic Used Oil Management Association Inc. (UOMA – Atlantic) are provided by a single general manager. Advances to this other body consist of the payment of expenses related to the management of this body. These advances do not bear interest and have no collection methods. The balance receivable is \$138,941 as at December 31, 2020 (2019 – \$25,704).

6 Investments

	2020 \$	2019 \$
Term deposits, bearing interest at rates ranging from 2.28% to 3.43%, maturing from June 2021 to December 2024	4,396,405	6,399,939
Guaranteed market-linked investments	500,000	2,946,179
Mutual funds	2,988,455	4,475,146
Unrealized gain	190,197	491,669
	8,075,057	14,312,933
Current portion of investments	2,475,000	2,084,220
	5,600,057	12,228,713

NOTES TO FINANCIAL STATEMENTS

For the year ended
December 31, 2020

7 Fixed assets	Cost	Accumulated amortization	Net 2020	Net 2019
			(\$)	(\$)
Computer hardware	55,915	42,306	13,609	23,315
Collection equipment	140,712	107,324	33,388	45,050
Leasehold improvements	75,303	29,872	45,431	59,246
Furniture and fixtures	57,476	37,912	19,564	23,957
	329,406	217,414	111,992	151,568

8 Intangible assets	Cost	Accumulated amortization	Net 2020	Net 2019
			(\$)	(\$)
Software	412,528	350,974	61,554	49,037

9 Accounts payable	2020	2019
	(\$)	(\$)
Trade	7,611,000	3,172,785
Salaries payable	23,292	18,812
Benefits payable	17,442	17,300
	7,651,734	3,208,897

10 Commitments

Management revenues

The Organization has reached an agreement with UOMA – Atlantic that expires on December 31, 2023, with a five year renewal option. Under this agreement, the Organization must charge a management fee to UOMA – Atlantic calculated on a fixed rate basis according to the number of provinces. For the year ended December 31, 2020, the pro rata basis used is 50% (2019 – 60%) for the Organization and 50% (2019 – 40%) for UOMA – Atlantic.

Agreement

In January 2019, the Organization signed an agreement with RECYC-QUÉBEC until December 31, 2021. In accordance with this agreement, the Organization must collect environmental handling charges from its members and pay a financial contribution to RECYC-QUÉBEC. Also, the Organization must obtain compliance reviews for firms selected by the Organization and has to pay their fees.

10 Commitments (continued)

Rent

The Organization's commitment under a lease expiring in September 2024 amounts to \$253,385 and the instalments due over the next four years are the following:

	\$
2021	61,477
2022	62,707
2023	63,961
2024	65,240
	253,385

11 Related party transactions

In the regular course of its business, the Organization receives environmental handling charges from its members and pays return incentives to collectors and processors. Some members and one collector (without voting rights) have representatives who are members of the Board of Directors. These transactions are measured at the exchange amount and are subject to the usual commercial conditions of the Organization.

The principal transactions concluded with members of the Board of Directors of the Organization during the year are as follows:

	2020 \$	2019 \$
REVENUES		
Environmental handling charges	3,320,668	4,365,795
EXPENSES		
Contribution to RECYC-QUÉBEC	11,999	8,445

The transactions concluded with members of the Board of Directors during the year represent 20.21% of environmental handling charges (2019 – 24.50%).

Finally, accounts receivable include an amount of \$198,836 (2019 – \$1,046,589) to be received from companies managed by members of the Board of Directors.

NOTES TO FINANCIAL STATEMENTS

For the year ended
December 31, 2020

12 Changes in non-cash working capital items

	2020 \$	2019 \$
Accounts receivable	(463,521)	(312,277)
Advances to an organization	(113,237)	103,627
Prepaid expenses	35,142	(48,701)
Accounts payable	4,442,837	489,946
	3,901,221	232,595

13 Financial instruments

The Organization is exposed to various financial risks. The following analysis shows the Organization's risk exposure and risk concentrations as at December 31, 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the Organization to credit risk consist principally of cash, accounts receivable, advances to an organization and investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Organization is exposed to interest rate risk and to other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Organization to fair value risk, while floating interest rate instruments subject it to cash flow risk.

As at December 31, 2020, the Organization's exposure to interest rate risk is as follows:

Cash	Floating rate
Accounts receivable	Non-interest bearing
Advances to an organisation	Non-interest bearing
Investments	Fixed rate and non-interest bearing
Accounts payable	Non-interest bearing

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's exposure to this risk arises from its investments.

WHAT HAPPENS TO THE RECYCLED PRODUCTS ?



Oils

Used oil is processed in re-refined lubricating oil, regenerated into vacuum gas oil, or used as industrial burner fuel.



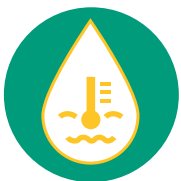
Filters

Used oil filters are processed into structural metal shapes for the manufacturing of industrial and agricultural products.



Plastic Containers

Used plastic oil/antifreeze containers and pails are recycled into new products like industrial posts, railroad crossings, plastic pipes and new containers.



Coolant-Antifreeze (*Glycol*)

Used antifreeze is reprocessed back into reusable antifreeze.



Aerosol Containers

Used aerosol containers are depressurized, compressed and melted to make new metal elements useful in the manufacture of industrial and agricultural products.



SOGHU

Société de gestion des Huiles Usagées



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