Submitted electronically to: rethinkrecycling@deq.oregon.gov January 5, 2026

Ms. Leah Feldon
Director
Oregon Dept. of Environmental Quality
700 NE Multnomah Street
Portland, OR 97232

Subject: Comments of National Association of Wholesaler-Distributors on the 2023-2024 Annual Financial Report of Circular Action Alliance

Dear Ms. Feldon:

On behalf of the National Association of Wholesaler-Distributors ("NAW"), I write to comment on the unredacted 2023–2024 annual financial report of Circular Action Alliance ("CAA").[1]

Executive Summary

CAA reports more than $6.2 million in pre-program start-up costs for 2023 and 2024, which are supposedly in furtherance of Oregon's Plastic Pollution and Recycling Modernization Act (the "Act"). These costs include expenditures categorized broadly as consulting, technical services, administrative expenses and legal fees, among others. CAA's report references pre-program start-up expenditures, the development of national shared services, and the intent to improve accounting systems. It also references a cost allocation approach under which shared services are allocated to states based on estimated program size.

Even when viewed in a favorable light, the financial report is seriously deficient in the detail it supplies for producers, the public, and the Oregon Department of Environmental Quality ("DEQ"). The report makes it impossible to assess whether reported costs are reasonable, specific to Oregon, and appropriately allocated. More broadly, the report reflects that CAA is functioning, in effect, as a financially unstable start-up paying large sums of money to consultants. It further appears that CAA's financial health is conditioned on its appointment as a Producer Responsibility Organization ("PRO") in multiple states, calling into question whether DEQ has adequately supervised CAA and its expenditures.

Of course, CAA's expenditures directly result in charges to producers for products sold in Oregon, and producers subject to the EPR program have no choice but to register with CAA and

[1] Available at https://www.oregon.gov/deq/recycling/Documents/rmaCAAaFA2024.pdf.

pay those fees. These producers, which include NAW members, should be able to ascertain with specificity what their program fees are paying for. To the extent those program fees are passed down to Oregon consumers in the form of higher program costs, the public is also entitled to understand how these *de facto* taxes are being spent. DEQ must exercise oversight of the expenditures, including by having CAA provide sufficient information. NAW respectfully requests that DEQ correct these deficiencies.[2]

Background on NAW

NAW is the "national voice of wholesale distribution," an association comprised of employers of all sizes and national, regional, state, and local line-of-trade associations spanning the $8 trillion wholesale distribution industry that employs over six million workers in the United States. Approximately 35,000 enterprises with almost 150,000 places of business in all 50 states and the District of Columbia are affiliated with NAW, including companies distributing in Oregon who are impacted by the Act.

Most wholesaler-distributors are small-to-mid-sized private companies with minimal in-house legal and compliance resources as compared to larger corporations. While only a few have recognized name brands (unlike the manufacturers and retailers which are their supply-chain partners), many do have name brands for the products they distribute.

Wholesale distribution's role in the economy is often underestimated, but the industry represents approximately one-third of U.S. gross domestic product and a key component of our economic supply chain. Wholesaler-distributors are recognized as essential critical infrastructure, as they provide manufacturers with the ability to grow and develop their business. Additionally, distributors simplify logistics and create efficiency for buyers by providing product expertise and services.

Discussion of Comments

NAW has identified the following key issues presented by CAA's report. NAW requests that DEQ promptly resolve these issues, which relate both to DEQ's implementation of the Act and oversight of CAA, and to CAA's performance as a PRO.

1. Lack of Oregon-Specific Cost Transparency

The revised financial report aggregates substantial expenditures and fails to provide supporting documentation demonstrating an Oregon nexus for those expenditures. This occurs throughout the report, but a prime example is the large consulting and technical services costs. CAA reports more than $3 million in "consulting" costs and more than $2 million in "technical and administrative services" as Oregon pre-program start-up expenditures for 2023 and 2024. Circular Action Alliance 2023–2024 Financial Report ("Financial Report") at 4. These costs are not accompanied by *any* explanation or documentation demonstrating who was paid, at what

[2] NAW's comments in this letter are provided in addition to the allegations in NAW's Amended Complaint filed in federal court in the District of Oregon, *Nat'l Ass'n of Wholesaler-Distributors v. Feldon, et al.*, Case No. 3:25-cv-01334-SB. Nothing in this letter should be construed as limiting or precluding NAW's claims in any manner whatsoever, and NAW retains the right to supplement or amend its claims as it deems appropriate.

rates, and for what specific services. Without this information, producers and DEQ cannot evaluate whether such costs are allowable, reasonable, or properly attributable to activities in Oregon. These concerns are heightened because DEQ delegated authority to a single private entity to administer Oregon's EPR program. If this were a taxpayer-funded program in which the State hired a recycling-service provider, there would have been a competitive bidding process, and the State presumably would require detailed documentation of how taxpayer money was being spent. Instead, CAA has been granted wide authorization to spend what it wants and then pass those charges onto businesses that have no option but to pay whatever fees are demanded. CAA has no competition and thus no market pressure to constrain costs. As CAA explains in its own Financial Report, CAA's risks of insolvency are mitigated by it being "required to exist by state law" (Financial Report at 15)—not on CAA's ability to manage or control costs.

All of this is recipe for waste. Unlike historical EPR programs that involve transparent point-of-sale fees, CAA's fee-setting methodology has been deemed confidential and the EPR fees are structured in a way to hide the true costs of the program from Oregon consumers (even if consumers ultimately must bear a share of the costs through higher product prices). In effect, the EPR fees are a hidden, *de facto* tax on businesses and consumers, without any meaningful insight into how the tax is determined or how taxpayers' money is being spent.

Furthermore, the level of detail provided in the Financial Report is not sufficient for DEQ or producers to determine whether CAA is compliant with the budget that DEQ approved in CAA's Program Plan for 2025–2027, including CAA's budgeted pre-program startup costs and costs for the initial program period. *See, e.g.,* CAA Program Plan, Appendix E, Table iii. Also, the level of shared services (i.e., for CAA's national program) discussed in the Financial Report appears to exceed the level contemplated in the approved Program Plan, which makes a mere passing reference to "PRO Program and Administration" costs that reportedly include, among other items, "cost of shared services support allocated from National CAA." CAA Program Plan, Appendix E, p. 53. Again, the information provided in the Financial Report is not sufficient to assess CAA's compliance.

In addition, to the extent CAA submits this or similar information to comply with the financial disclosures required for its annual reports, the submittal is clearly deficient. DEQ's rules require the PRO to include in its 2025 annual report an addendum providing a "*complete* accounting of costs incurred in 2024" relating to certain program activities. OAR 340-090-0850 (emphasis added). This includes information on numerous types of expenses including "[a] summary of *all other payments* made to satisfy the producer responsibility organization's obligations under ORS 459A.860 (Legislative findings) to 459A.975 (Rules)…." O.R.S. 459A.887(2)(i) (emphasis added). Although the requirements allow for some amount of summarization, CAA's current submittal stretches this allowance beyond its reasonable interpretation because it is almost entirely devoid of any detail regarding the payments that CAA has made. This type of reporting cannot reasonably be said to contain a "complete" summary of "all" payments made.

2. Uncertain Allocations for Shared Services

The Financial Report raises another concern about whether Oregon is being fairly apportioned costs benefiting other States. The Financial Report reflects that CAA is building a centralized

national operating infrastructure to serve several state programs, with large categories of expenses being incurred at the national level and then passed onto the various states:

> Indirect costs include the costs managed at the national level – including Finance, HR, Procurement, IT, Legal, Producer Services and others. These costs support operations across all states and drive synergies to be managed at the national level. All indirect costs are charged at a set allocation factor to each state.

Financial Report at 22. CAA indicates that costs of shared services are allocated to state producer programs based on each state's estimated share of overall program size.

CAA states that it uses a cost allocation factor, but that factor is undisclosed. Whatever the specific factor is used, CAA's fees appear to be inflated to the extent it must recover costs of national infrastructure before Oregon sees benefits. These inflated fees cause real harm to small and mid-sized producers, who are compelled to fund a build-out of national shared-services and continued indirect costs of this shared system. A centralized approach also carries risk that charges will be over-allocated among programs (e.g., "double dipping").

Furthermore, shared costs are currently derived from 2027 projections. Financial Report at 22 (stating, "CAA is currently basing the overall percentage share based on 2027 program size estimates"). Such an allocation based on forward-looking estimates creates a meaningful opportunity that Oregon producers will be required to cross-subsidize other later-starting state programs, and that fees will thereby be over-collected from Oregon producers, with no recoupment mechanism. This is especially true without a robust reconciliation of estimates against actual costs and service usage. The failure to true-up estimates to actual costs disincentives cost discipline, and there appears to be no mechanism for holding CAA responsible for these estimates.

3. Accounting Limitations

CAA acknowledges that "[p]rior to 2025, CAA operated with a limited financial system." Financial Report at 23. Apparently, cost allocations were made simply by using "reasonable" estimates—in CAA's own judgment. CAA states, "[e]very effort was made to split direct and indirect costs appropriately to ensure state-specific costs were being captured reasonably. *Id.* This quaint assurance is unhelpful to producers, including NAW members, who are being charged fees greater than their profits margins on products sold into Oregon. Moreover, the control of CAA by large producers, and lack of meaningful recourse provided to producers under the Act and CAA program framework, further calls into question CAA's unilateral judgment. The exercise of such judgment should be subject to scrutiny, and CAA's admission heightens the need for independent verification of state-attributed costs reported for 2023 and 2024.

CAA also discusses that it underwent independent audits for 2023 and 2024 and that auditors found "no deficiency" in the accounting system and/or policies. Financial Report at 23. This point of discussion is vague and fails to address the core issue of whether Oregon costs are properly allocated. The Financial Report further fails to provide transparent and verifiable information in support of its (or the auditors') conclusion. National-level audits are no substitute

for Oregon-specific financial review to address implementation of the Act and CAA's allocation methodology and controls.

4. Lack of Recourse to Challenge Expenditures

CAA's submission, in the first instance, of a redacted financial report underscores the lack of transparency provided to producers, the public, and DEQ. DEQ's decision to require that CAA make its *unredacted* report available is a step in the right direction, which should be continued. Yet, even if NAW and its members have an opportunity to comment on information that CAA chooses to provide, they are unable to obtain any meaningful recourse for aspects of the program that they disagree with—keeping in mind that producers are effectively bound to CAA's program as the sole PRO for Oregon. As DEQ is aware, CAA's program agreements require binding arbitration. *See, e.g.,* Oregon Addendum to the Participant Producer Agreement, § 8. This leaves NAW members bound by CAA's expenditure-related determinations for both acute and programmatic disagreements that members have with CAA's approach. Producers should have an opportunity to meaningfully challenge expenditures.

Conclusion

Oregon producers should be able to understand and verify costs they are required to finance. Financial transparency is central to the legitimacy of Oregon's EPR program and the ability of businesses to implement that program. DEQ should require public disclosure of CAA's allocation methodology, which should include allocation factors, underlying assumptions, and a mandatory true-up process to reconcile estimated allocations to actual costs incurred. Future financial reports should also include independent financial assurance focused on Oregon (i.e., in addition to nationwide financial assurance).

NAW respectfully requests that DEQ resolve the numerous deficiencies with financial transparency in its implementation of the Act and the information that CAA reports to DEQ and the public.

Sincerely,

Brian Wild
Chief Government Relations Officer
National Association of Wholesaler-Distributors

October 17, 2025

VIA EMAIL ONLY

Oregon Department of Environmental Quality ("DEQ")
700 NE Multnomah St., Ste 600
Portland, OR 97232
rethink.recycling@deq.oregon.gov

Re: Comments on 2025 Financial Report submitted by Circular Action Alliance Oregon LLC ("CAA Oregon")

Dear Sirs/Madams:

By this letter, North Pacific Paper Company, LLC ("NORPAC") submits its comments regarding the 2025 Financial Report prepared by CAA Oregon and its parent organization, Circular Action Alliance ("CAA") (collectively referred to herein as "CAA") and submitted to DEQ on July 1, 2025. CAA serves as the sole producer responsibility organization ("PRO") in Oregon under Oregon's Plastic Pollution and Recycling Modernization Act ("RMA"), ORS 459A.860 *et seq*. Because the RMA requires participation in a PRO by certain businesses deemed to be "producers" under the law, NORPAC has registered as a member of CAA's Oregon producer responsibility program. As such, NORPAC has an interest in ensuring that CAA is operating in compliance with the RMA and maintains financial transparency. Accordingly, NORPAC submits the following comments.

1. ***CAA's redactions of 2024 data make it impossible for both the agency and the public to conduct a meaningful review of CAA's revenue and expenses.*** Put simply, these financial reports tell us absolutely nothing about how CAA managed its money in 2024. All of the 2024 financial data has been redacted. These redactions completely defeat the purpose of the required annual report and the opportunity for comment that DEQ is mandated to extend to the public under the statute.

   This opportunity to review CAA's financial statements is of critical importance to producers, who fund the activities of the PRO through the fees established and charged by the PRO. That fee-setting process is not transparent, and therefore the only public insight into the basis for CAA's fees comes through this annual report. Without any actual data, producers are left with no mechanism of oversight to understand how CAA developed its fees, who is paying the fees, and how those fees correlate to CAA's expenses. Producers—and the public at large—must have a legitimate

opportunity to review and comment on that data. A heavily redacted annual report only contributes to the growing industry-wide perception that CAA is not operating with sufficient transparency.

Moreover, redactions in other aspects of the report render the information meaningless or indecipherable. For example, the redacted text in Note 4 on page 16 of the report makes it impossible to understand the full scope of CAA's strategic plan for 2025 and beyond.

DEQ should reject this report and require CAA to provide an unredacted report for purposes of public comment.

2. ***This report is <u>not</u> a voluntary submission.*** CAA's Financial Report indicates on its cover page that it is a "Voluntary Submission." This is not accurate. The RMA, at ORS 459A.887(1), <u>requires</u> CAA to submit to DEQ, no later than July 1 of each year, "an annual report on the development, implementation and operation of the producer responsibility program" that covers the prior calendar year. The annual report must include, among other information, "[a] summary of the financial status of the producer responsibility organization, including annual expenditures, revenues and assets[.]" ORS 459A.887(2)(j). The PRO's required annual report must be made available for public comment by DEQ pursuant to ORS 459A.887(4). Although CAA's report is not titled as an "annual report," this appears to be the function served by the 2025 Financial Report; to our knowledge, no other report from CAA covering fiscal years 2023 and 2024 was submitted to DEQ on or before July 1, 2025 and released for public review and comment. Accordingly, DEQ should not accept CAA's financial report with any indication that it is a "voluntary submission," but instead as the required "annual report" submission pursuant to the RMA.

3. ***This report does not include all of the required components of an annual report per the RMA.*** ORS 459A.887(2)(a)-(y) lists 25 categories of information that must be included in the PRO's annual report. Although many of the 25 categories of information are not applicable to the start-up years of 2023 and 2024, CAA should at least include acknowledgement of all 25 requirements by enumerating each required category, providing information as available, and noting those components for which no information exists for the 2023 and 2024 fiscal years. On this basis, CAA's report does not comply with the statutory requirement and should be rejected.

4. ***This report does not comply with the regulatory requirements for an annual report.*** Under OAR 340-090-0850, "[a] producer responsibility organization must include in its **annual report for 2025** an addendum that

provides a complete accounting of costs incurred in 2024 relating to activities described in ORS 459A.887(2)(e) to (i). The addendum should contribute to demonstrating that fees are adequate to cover the costs of the program, including start-up costs incurred prior to the start date." These requirements were not satisfied in CAA's 2025 Financial Report.

First, per the requirements of the regulation, CAA did not submit to DEQ a full "annual report" that includes an addendum with an accounting of costs incurred in 2024. Instead, CAA submitted to DEQ a document it calls "2025 Financial Report" that is *only* an accounting of the costs from 2023 and 2024. CAA has not followed the regulatory directive in OAR 340-090-0850.

Second, CAA's submission does not address the activities described in ORS 459A.887(2)(e) to (i) as required by the rule. These five activities are a subset of the 25 categories of information articulated in the statute, as described above. Subsections (e) to (i) of the statute are as follows:

> "(e) A complete accounting and summary of payments requested by local governments and local governments' service providers and paid by the producer responsibility organization under ORS 459A.890;
>
> "(f) A description of all expansions and improvements to recycling collection systems that have been paid for by the producer responsibility organization, whether those expansions or improvements have been implemented, the funds provided for such expansions and improvements, and what collection programs are still scheduled for expansions or improvements in the remaining duration of the producer responsibility program plan;
>
> "(g) A summary of payments paid by the producer responsibility organization under ORS 459A.920 [regarding contamination management fee] and 459A.923 [regarding processor commodity risk fee];
>
> "(h) A summary of payments requested by local governments or local governments' service providers that were denied or reduced by the producer responsibility organization;
>
> "(i) A summary of all other payments made to satisfy the producer responsibility organization's obligations under ORS 459A.860 to 459A.975, including but not limited to payments

made to support responsible recycling of specifically identified materials, as described in ORS 459A.917[.]"

None of the above information is addressed or even mentioned in CAA's report. DEQ should reject the report as submitted and require CAA to prepare a revised report.

5. ***CAA should be required to identify the recipients of large expenditures.*** In Note 5 on page 16 regarding "Concentrations," the report explains that 48 percent of CAA's total expenses in 2023, or $4,210,871, was paid to a single company for the purpose of setup. Large expenditures to one recipient should be scrutinized closely. DEQ should require CAA to identify any entity that receives a large percentage of total expenditures from CAA. The basis for such a requirement could come through DEQ's discretion for additional information in ORS 459A.887(2)(y).

Thank you for the opportunity to submit these comments on CAA's 2025 Financial Report.

Respectfully submitted,

Craig Anneberg
CEO
North Pacific Paper Company LLC

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OREGON BUSINESS & INDUSTRY | OBI

October 15, 2025

TO: Leah Feldon, Director of the Oregon Department of Environmental Quality

FR: Derek Sangston, Oregon Business & Industry

RE: Comments Urging the Rejection of Financial Documents Provided by CAA

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,500 member companies, more than 75% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to express serious concerns regarding the financial statement submitted by Circular Action Alliance (CAA) at the recent September 17, 2025, meeting of the Oregon Recycling System Advisory Council. Both the substantial lack of transparency provided by CAA's submitted financial document and several issues relating to a meeting during which the Recycling Council Finance subcommittee reviewed that document, OBI urges DEQ to reject CAA's financial statement. Each continues the unacceptable and untransparent nature with which DEQ and CAA have begun administering Oregon's Plastic Pollution and Recycling Modernization Act (RMA).

Foremost, the level of redaction within the submitted financial materials is simply unacceptable—particularly the complete redaction of all financial data for 2024. While it has been indicated that CAA will eventually provide full financial information after submitting the relevant IRS forms, this promise of future transparency does not meet the standards of accountability that should be required now, during the active implementation and oversight of RMA.

This lack of financial transparency contributes to an already growing perception that the RMA is functioning without sufficient public visibility. Stakeholders—including producers, local governments, and members of the public—deserve to clearly understand the financials of this program. Currently, we have no access to:

- The methodology and data used to establish the program fees producers are required to pay;
- The number of producers who are actively paying these fees and participating in the system; and
- How collected fees are being allocated, spent, or reserved by CAA.

Withholding this information raises significant concerns about fairness, compliance, and effective program oversight. Transparency is not a future obligation; it is a current

necessity—especially for CAA, which is tasked with collecting **nearly $750 million from producers over the next three years** to implement and administer the RMA.

Additionally, several concerning issues arose during a seemingly impromptu meeting of the Recycling Council Finance subcommittee on October 14, 2025. Of primary concern is DEQ failed to publicly notice the meeting until the day after it occurred. Leading the subcommittee to note that it could not consider any official action because the meeting was not noticed. Due to the lack of notice for the meeting, many stakeholders—seemingly including CAA—could not attend.

The lack of proper notice also extends to when stakeholder comments on CAA's financial statement are due. Originally, DEQ had posted the due date for comments on CAA's financial statement for 5:00pm on October 17, 2025. On October 14, 2025, stakeholders received an email alerting them comments were now due the next day on October 15, 2025. While the timeline was corrected the morning of October 15, 2025, to reset the deadline for the original deadline of October 17, 2025, stakeholders had no choice but to believe they had a little over a day to produced comments because of the ostensibly constrained timeline; and, regardless of when comments were due apparently the Recycling Council Finance subcommittee would not review them because it met prior to either deadline DEQ provided for stakeholders to submit comments.

Considering the submission of almost completely redacted financial documents and the flagrantly untransparent process for which stakeholders have had the opportunity to comment on them, OBI respectfully requests that DEQ reject the financial documents CAA submitted until unredacted, complete financial information is provided. In addition, OBI respectfully requests a real and transparent process that allows stakeholders to have a discussion of the costs the RMA promises to impose on businesses and consumers in Oregon. Placeholder or incomplete financial information and symbolic process should not take the place of true transparency.

Thank you for your consideration. Please do not hesitate to email dereksangston@oregonbusinessindustry.com with questions.

OREGON WINE COUNCIL

Date: October 17, 2025
To: Leah Feldon, Director of the Oregon Department of Environmental Quality
RE: Comments on CAA Financial Documents

Director Feldon,

The Oregon Wine Council (OWC) is a statewide advocacy association representing over 50 percent of the Oregon wine grapes, grown, produced, and sold. The OWC, alongside other statewide business associations, has voiced our concern with the implementation of the Plastic Pollution and Recycling Modernization Act (RMA) since the concept first arose in the legislature.

While we have ongoing concerns about the implementation of the RMA, we want to express to you today our serious concerns about the lack of transparency in the financial statement submitted by Circular Action Alliance (CAA) at the September 17, 2025, meeting of the Oregon Recycling System Advisory Council.

The CAA is tasked with collecting nearly $800 million from producers over the next three years to implement and administer the RMA. The level of redaction—and lack of transparency—in the submitted financial statement is simply unacceptable. Further, it contributes to the growing perception that the RMA lacks public visibility.

It is simply not acceptable for the administrators of this program to refuse to share the methodology and data used to establish producer program fees, the number of producers participating in the system, and how collected fees are being allocated, spent or reserved by the CAA.

We urge the DEQ to reject the submitted financial statements until they are unredacted and complete financial information is provided. Our wine producer members who are being brought under this system deserve true transparency about where their fees are going.

Sincerely,

Fawn Barrie

Fawn Barrie
Executive Director
Oregon Wine Council

RJ Schinner
REDISTRIBUTION SPECIALISTS

N89 W14700 Patrita Drive
Menomonee Falls, WI 53051
800-234-1460 www.rjschinner.com

October 15, 2025

VIA EMAIL ONLY

Oregon Department of Environmental Quality ("DEQ")
700 NE Multnomah St., Ste 600
Portland, OR 97232
rethink.recycling@deq.oregon.gov

Re: Comments on 2025 Financial Report submitted by Circular Action Alliance Oregon LLC ("CAA Oregon")

Dear Sirs/Madams:

By this letter, R.J. Schinner Co., Inc. ("Schinner") submits its comments regarding the 2025 Financial Report prepared by CAA Oregon and its parent organization, Circular Action Alliance ("CAA") (collectively referred to herein as "CAA"), and submitted to DEQ on July 1, 2025. CAA serves as the sole producer responsibility organization ("PRO") in Oregon under Oregon's Plastic Pollution and Recycling Modernization Act ("RMA"), ORS 459A.860 *et seq*. Because the RMA requires participation in a PRO by certain businesses deemed to be "producers" under the law, Schinner has registered as a member of CAA's Oregon producer responsibility program. As such, Schinner has an interest in ensuring that CAA is operating in compliance with the RMA and maintains financial transparency. Accordingly, Schinner submits the following comments.

1. ***CAA's redactions of 2024 data make it impossible for both the agency and the public to conduct a meaningful review of CAA's revenue and expenses.*** Put simply, these financial reports tell us absolutely nothing about how CAA managed its money in 2024. All of the 2024 financial data has been redacted. These redactions completely defeat the purpose of the required annual report and the opportunity for comment that DEQ is mandated to extend to the public under the statute.

   This opportunity to review CAA's financial statements is of critical importance to producers, who fund the activities of the PRO through the fees established and charged by the PRO. That fee-setting process is not transparent, and therefore the only public insight into the basis for CAA's fees comes through this annual report. Without any actual data, producers are left with no mechanism of oversight to understand how CAA developed its fees, who is paying the fees, and how those fees correlate to CAA's expenses. Producers—and the public at large—must have a legitimate opportunity to review and comment on that data. A heavily redacted

annual report only contributes to the growing industry-wide perception that CAA is not operating with sufficient transparency.

Moreover, redactions in other aspects of the report render the information meaningless or indecipherable. For example, the redacted text in Note 4 on page 16 of the report makes it impossible to understand the full scope of CAA's strategic plan for 2025 and beyond.

DEQ should reject this report and require CAA to provide an unredacted report for purposes of public comment.

2. ***This report is <u>not</u> a voluntary submission.*** CAA's Financial Report indicates on its cover page that it is a "Voluntary Submission." This is not accurate. The RMA, at ORS 459A.887(1), <u>requires</u> CAA to submit to DEQ, no later than July 1 of each year, "an annual report on the development, implementation and operation of the producer responsibility program" that covers the prior calendar year. The annual report must include, among other information, "[a] summary of the financial status of the producer responsibility organization, including annual expenditures, revenues and assets[.]" ORS 459A.887(2)(j). The PRO's required annual report must be made available for public comment by DEQ pursuant to ORS 459A.887(4). Although CAA's report is not titled as an "annual report," this appears to be the function served by the 2025 Financial Report; to our knowledge, no other report from CAA covering fiscal years 2023 and 2024 was submitted to DEQ on or before July 1, 2025 and released for public review and comment. Accordingly, DEQ should not accept CAA's financial report with any indication that it is a "voluntary submission," but instead as the required "annual report" submission pursuant to the RMA.

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prior to the start date." These requirements were not satisfied in CAA's 2025 Financial Report.

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Second, CAA's submission does not address the activities described in ORS 459A.887(2)(e) to (i) as required by the rule. These five activities are a subset of the 25 categories of information articulated in the statute, as described above. Subsections (e) to (i) of the statute are as follows:

> "(e) A complete accounting and summary of payments requested by local governments and local governments' service providers and paid by the producer responsibility organization under ORS 459A.890;
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> "(f) A description of all expansions and improvements to recycling collection systems that have been paid for by the producer responsibility organization, whether those expansions or improvements have been implemented, the funds provided for such expansions and improvements, and what collection programs are still scheduled for expansions or improvements in the remaining duration of the producer responsibility program plan;
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DEQ should reject the report as submitted and require CAA to prepare a revised report.

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Thank you for the opportunity to submit these comments on CAA's 2025 Financial Report.

Respectfully submitted,

Tim Scott

Tim Scott
Senior VP Purchasing & Corporate Strategy

October 17, 2025

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Re: Comments on 2025 Financial Report submitted by Circular Action Alliance Oregon LLC ("CAA Oregon")

Dear Sirs/Madams:

By this letter, United States Bakery ("USB") submits its comments regarding the 2025 Financial Report prepared by CAA Oregon and its parent organization, Circular Action Alliance ("CAA") (collectively referred to herein as "CAA") and submitted to DEQ on July 1, 2025. CAA serves as the sole producer responsibility organization ("PRO") in Oregon under Oregon's Plastic Pollution and Recycling Modernization Act ("RMA"), ORS 459A.860 *et seq*. Because the RMA requires participation in a PRO by certain businesses deemed to be "producers" under the law, USB has registered as a member of CAA's Oregon producer responsibility program. As such, USB has an interest in ensuring that CAA is operating in compliance with the RMA and maintains financial transparency. Accordingly, USB submits the following comments.

1. ***CAA's redactions of 2024 data make it impossible for both the agency and the public to conduct a meaningful review of CAA's revenue and expenses.*** Put simply, these financial reports tell us absolutely nothing about how CAA managed its money in 2024. All of the 2024 financial data has been redacted. These redactions completely defeat the purpose of the required annual report and the opportunity for comment that DEQ is mandated to extend to the public under the statute.

This opportunity to review CAA's financial statements is of critical importance to producers, who fund the activities of the PRO through the fees established and charged by the PRO. That fee-setting process is not transparent, and therefore the only public insight into the basis for CAA's fees comes through this annual report. Without any actual data, producers are left with no mechanism of oversight to understand how CAA developed its fees, who is paying the fees, and how those fees correlate to CAA's expenses. Producers—and the public at large—must have a legitimate opportunity to review and comment on that data. A heavily redacted annual report only contributes to the growing industry-wide perception that CAA is not operating with sufficient transparency.

Moreover, redactions in other aspects of the report render the information meaningless or indecipherable. For example, the redacted text in Note 4 on page 16 of the report makes it impossible to understand the full scope of CAA's strategic plan for 2025 and beyond.

DEQ should reject this report and require CAA to provide an unredacted report for purposes of public comment.

2. ***This report is not a voluntary submission.*** CAA's Financial Report indicates on its cover page that it is a "Voluntary Submission." This is not accurate. The RMA, at ORS 459A.887(1), requires CAA to submit to DEQ, no later than July 1 of each year, "an annual report on the development, implementation and operation of the producer responsibility program" that covers the prior calendar year. The annual report must include, among other information, "[a] summary of the financial status of the producer responsibility organization, including annual expenditures, revenues and assets[.]" ORS 459A.887(2)(j). The PRO's required annual report must be made available for public comment by DEQ pursuant to ORS 459A.887(4). Although CAA's report is not titled as an "annual report," this appears to be the function served by the 2025 Financial Report; to our knowledge, no other report from CAA covering fiscal years 2023 and 2024 was submitted to DEQ on or before July 1, 2025 and released for public review and comment. Accordingly, DEQ should not accept CAA's financial report with any indication that it is a "voluntary submission," but instead as the required "annual report" submission pursuant to the RMA.

3. ***This report does not include all of the required components of an annual report per the RMA.*** ORS 459A.887(2)(a)-(y) lists 25 categories of information that must be included in the PRO's annual report. Although many of the 25 categories of information are not applicable to the start-up years of 2023 and 2024, CAA should at least include acknowledgement of all 25 requirements by enumerating each required category, providing information as available, and noting those components for which no information exists for the 2023 and 2024 fiscal

years. On this basis, CAA's report does not comply with the statutory requirement and should be rejected.

4. ***This report does not comply with the regulatory requirements for an annual report.*** Under OAR 340-090-0850, "[a] producer responsibility organization must include in its **annual report for 2025** an addendum that provides a complete accounting of costs incurred in 2024 relating to activities described in ORS 459A.887(2)(e) to (i). The addendum should contribute to demonstrating that fees are adequate to cover the costs of the program, including start-up costs incurred prior to the start date." These requirements were not satisfied in CAA's 2025 Financial Report.

   First, per the requirements of the regulation, CAA did not submit to DEQ a full "annual report" that includes an addendum with an accounting of costs incurred in 2024. Instead, CAA submitted to DEQ a document it calls "2025 Financial Report" that is *only* an accounting of the costs from 2023 and 2024. CAA has not followed the regulatory directive in OAR 340-090-0850.

   Second, CAA's submission does not address the activities described in ORS 459A.887(2)(e) to (i) as required by the rule. These five activities are a subset of the 25 categories of information articulated in the statute, as described above. Subsections (e) to (i) of the statute are as follows:

   > "(e) A complete accounting and summary of payments requested by local governments and local governments' service providers and paid by the producer responsibility organization under ORS 459A.890;
   >
   > "(f) A description of all expansions and improvements to recycling collection systems that have been paid for by the producer responsibility organization, whether those expansions or improvements have been implemented, the funds provided for such expansions and improvements, and what collection programs are still scheduled for expansions or improvements in the remaining duration of the producer responsibility program plan;
   >
   > "(g) A summary of payments paid by the producer responsibility organization under ORS 459A.920 [regarding contamination management fee] and 459A.923 [regarding processor commodity risk fee];
   >
   > "(h) A summary of payments requested by local governments or local governments' service providers that were denied or reduced by the producer responsibility organization;

> "(i) A summary of all other payments made to satisfy the producer responsibility organization's obligations under ORS 459A.860 to 459A.975, including but not limited to payments made to support responsible recycling of specifically identified materials, as described in ORS 459A.917[.]"

None of the above information is addressed or even mentioned in CAA's report. DEQ should reject the report as submitted and require CAA to prepare a revised report.

5. ***CAA should be required to identify the recipients of large expenditures.*** In Note 5 on page 16 regarding "Concentrations," the report explains that 48 percent of CAA's total expenses in 2023, or $4,210,871, was paid to a single company for the purpose of setup. Large expenditures to one recipient should be scrutinized closely. DEQ should require CAA to identify any entity that receives a large percentage of total expenditures from CAA. The basis for such a requirement could come through DEQ's discretion for additional information in ORS 459A.887(2)(y).

Thank you for the opportunity to submit these comments on CAA's 2025 Financial Report.

Respectfully submitted,

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