

### **CIF Project #163 – Assistance with Project #127 (Due Diligence)**

#### **Background**

In January 2009, under Project #127, Stewardship Ontario and the CIF issued a Request for Proposals (RFP) called the “Blue Box Plastics Recycling Enhancement Initiative” for the re-processing of Blue Box (BB) packaging material. The project objective was to develop new re-processing capacity in Ontario for BB plastics because, at the time, municipalities were facing increasing pressure to add mixed rigid plastics to their recycling programs.

Environmental Business Consultants was hired to develop and conduct financial due diligence reviews on the RFP responses from Entropex and EFS Plastic, under this CIF Project (#163).

#### **Summary of Results**

A due diligence analysis was applied to both EFS Plastic and Entropex. This included a review and analysis of shareholder agreements, corporate structure, Articles of Incorporation, business plans, legal matters, financial information, tax filings, customer reviews, supplier reviews, organization structures and contingency planning.

The result of this review was provided in a confidential report to the CIF and Stewardship Ontario.

#### **Financials**

This work was funded 50/50 with Stewardship Ontario. Originally budgeted for \$16,000, the final cost of this project to the CIF was \$38,658.

#### **Learnings**

A due diligence study of the proponents allowed CIF/SO to have greater confidence in the investments and identify areas of concern that should be addressed in the definitive agreements.