2015 ANNUAL REPORT

ENCORP PACIFIC (CANADA)

HOMESTYLE
100% FLORIDA
Citrus
Agrumes
16

TABLE OF CONTENTS

SECTION 1 – EXECUTIVE SUMMARY
1.1 Program Performance Summary 3
1.2 Comparison of Key Performance Targets 4

SECTION 2 - PROGRAM OUTLINE
2.1 Message from the Chair 6
2.2 Message from the CEO 8
2.3 What Drives Us 9
2.4 Encorp's Business Model 9
2.5 Key Principles of the Industry Product Stewardship Model 10
2.6 Stewardship Agencies of BC 11

SECTION 3 - PUBLIC EDUCATION MATERIALS AND STRATEGIES
3.1 Research Benchmark Study – 2015 13
3.2 Consumer Awareness 15
3.3 Recycling Programs and Initiatives 18

SECTION 4 – COLLECTION SYSTEM AND FACILITIES
4.1 How the Collection System Works 21
4.2 Building on Our Success 23
4.3 Quality Counts 24

SECTION 5 – ENVIRONMENTAL IMPACT
5.1 Seizing the Potential 26
5.2 Environmental Report 27

SECTION 6 – DEPOSITS, REFUNDS AND RECOVERY RATES
6.1 Recovery by Weight 31
6.2 Recycling by the Numbers 32
6.3 Regional Per Capita Returns 34

SECTION 7 – PLAN PERFORMANCE
7.1 How Money Flows 37
7.2 Follow the Money 38
7.3 Operating Reserves 39
7.4 Frequently Asked Questions 41
7.5 Container Recycling Fees (CRF) 42

SECTION 8 – GOVERNANCE
8.1 Governance 44
8.2 Board of Directors 45
8.3 Advisory Committee 48

SECTION 9 – AUDITED STATEMENTS
9.1 Management's Responsibility for Financial Reporting 52
9.2 Independent Auditor's Report & Financial Statements 53
9.3 Independent Reasonable Assurance Report 63

EXECUTIVE SUMMARY

Encorp Pacific (Canada) is the not-for-profit stewardship agency appointed to fulfill the requirements of the Recycling Regulation, Schedule 1, Beverage Container Product Category (BC Reg.449/2004). The Encorp Stewardship Plan covers all ready-to-drink beverage containers for soft drinks, juice, water, wine, coolers and spirits, plus non-refillable beer bottles sold in British Columbia. **www.return-it.ca**

2015 RECOVERY RATE

75.0%	**78.9%**	80.6%
Regulated Requirement	Actual Recovery Rate	Encorp's Plan Target

PROGRAM PERFORMANCE SUMMARY

Public education materials and strategies

- A multi-million dollar, year-round, province-wide, multi-pronged consumer awareness campaign with strategic action plans and activities resulted in a net consumer awareness level of 99%.

Collection system and facilities

- Encorp's collection network consists of 174 Return-It™ depots. Two new depots were opened and one depot was closed during 2015.

Product environmental impact reduction, reusability and recyclability

- Encorp's activities in 2015 contributed to the reduction of about 98.8 thousand tonnes of CO_2 equivalent being released into the atmosphere, compared to 100.9 thousand tonnes in 2014.

Pollution prevention hierarchy and product/ component management

- Material collected by Encorp is shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation. See End of Fate information on page 26.
- All containers are recyclable with laminate type containers being stored pending shipment to a facility in Korea where they will be tested in a process that recycles them into septic tanks.

Product sold and collected and recovery rate

- Total Sales in units: 1,266,027,839
- Total Product Collected in units: 999,290,454
- Recovery Rate: 78.9% compared to target of 80.6%
- Provincial Per Capita Recovery is 213.4 units

See regional breakdown on page 34.

Summary of deposits, refunds, revenues and expenses

- Deposits collected: $87,024,402
- Refunds issued: $70,381,314
- Total revenue: $90,636,175
- Total expenses: $91,903,185

See Financial Statements on page 54

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

COMPARISON OF KEY PERFORMANCE TARGETS

Consumer access
98.5% of B.C.'s population has access to a beverage container return facility compared to the target of 97%. This target is based on drive times set out in the Stewardship Agencies of BC (SABC) accessibility standard *(Auditor's report reference on page 70, Collection Systems and Facilities).* When we add the retail return points the access level increases to 99.4%. This is 2.4% above the target.

Consumer awareness
A 95% net awareness level is the goal set for container types and beverage types which carry a deposit. Research results report a 99% net awareness level has been reached. Awareness of locations to which containers can be returned is targeted at 90%. Encorp has reached a high of 92% awareness of return locations.

Cooperation with other stewardship agencies
As a founding member and past chair of the SABC group, Encorp's contributions were instrumental to the development of a common public website, location finder and consumer handbook. Encorp currently participates in the BC Recycles ambassador tour. www.bcrecycles.ca

Recovery rate
The approved stewardship plan has a performance target of 82% to be reached by 2018. The 2015 recovery rate is 78.9% only 3.1% from Encorp's goal and 3.9% above the regulated requirement.

Carbon footprint
Benchmarking measurements and standardizing the tool Encorp uses has been the goal for several years. In 2015, we calculated results and compared them to the 2014 data. See table on page 29.

Depot capabilities
Encorp strives to enhance depot capabilities and build efficiencies into the collection network. For example, the launch of our big bag program reduces the handling of materials at all levels: depots, transporters and processors.

Consumer convenience
In-depot Express kiosks provide a superior level of consumer convenience by removing the need for customers to sort their containers and wait in line for the refund. Customers just tag their bags, drop them off and are on their way within minutes. The compact Express kiosk reduces the space required for customer sorting.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2015 ANNUAL REPORT

2 PROGRAM OUTLINE

2.1 MESSAGE FROM THE CHAIR

If longevity is a measure of success, then Encorp's winning ways continue. 2015 marked the beginning of the company's third decade of operation, a proud history that has led a well-known international researcher to call ours "one of the 'best in class' programs in the world."

Longevity also brings maturity, which in our case means most of the low-hanging fruit has now been picked. Hence, much of the organization's focus over the past couple of years, and in years to come, centers on digging deeper to optimize performance. Our recovery rate has plateaued, but as Scott Fraser points out in his message, the number of units recovered increased substantially in 2015. The recovery rate itself was held steady by a big jump in sales as beverage consumption in British Columbia climbed back to pre-recession levels. The work we've done with our commercial partners gives us confidence that future counts will more accurately capture containers recovered through alternate channels.

In addition, we made big strides in understanding and penetrating the Industrial, Commercial and Institutional (IC&I) sector, in identifying and responding to underserved communities and, through the introduction of new processes and technologies, in improving operator efficiency and the customer experience at Return-It™ depots. All are key elements in our effort to tackle the "last mile"—the approximately 20% of containers not recorded in our recovery rates—which as any marathoner will tell you, is the hardest mile to complete.

The task is made more complex by the proliferation of other stewardship programs throughout British Columbia, which in turn has elevated expectations of the province's unique brand of Extended Producer Responsibility (EPR). Each program interacts with the others while uniformly having to meet both regulatory and public expectations. Over the years, Encorp's depot network has proven to be a vital part of the province's collection infrastructure. As a result, we have established commercial relationships with the electronic product and dairy industries, and now with the packaging and printed paper steward in a variety of material categories. We continue to work cooperatively with other stewardship organizations on common policy matters through the Stewardship Agencies of British Columbia (SABC) and regularly consult with the Ministry of Environment to ensure

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

regulatory expectations are being met. As EPR evolves in British Columbia, it is evident that no one program stands in isolation and that in the future, all of us will be held to the same high standards to which Encorp has traditionally been the flag bearer.

One of these standards is ensuring that our financial reserves are maintained at levels that meet operating requirements without overburdening consumers. Reserve levels are influenced by a mix of market factors, recovery performance and timing. In 2015, reserves reached levels that justified the board making adjustments to Container Recycling Fees in several categories.

As a board of directors, we are equally concerned with managing the integrity of our organization and supporting initiatives that improve performance. In 2015 we conducted a thorough review of our Enterprise Risk Management plan to account for changes in the business environment, in the regulatory context and in the marketplace. We undertook an extensive review of our internal controls, and refreshed the Terms of Reference for each of our standing committees. The board is committed to undertaking these kinds of reviews at regular intervals to ensure that our governance practices are current and appropriate for the business environment.

Turnover is a reality in any organization and in 2015 we bid farewell to two outstanding board members, John Challinor and John Graham, and in 2016 two long-standing members of our Advisory Committee, Allen Lynch and Ken Lyotier. All will be missed, and we thank them for their contributions over many years.

Encorp's strength has always been its people. Once again I would like to thank the members of the board, the staff, our partners at the depots and in the recycling community for delivering another good year and making Encorp Pacific (Canada) a 'best in class' operation.

Dan Wong
Board Chair

2.2 MESSAGE FROM THE CEO

In 2015 we saw a rebound in the volume of containers we collected. We recovered just short of 1 billion used beverage containers, an increase of more than 30 million containers over the prior year.

Over 90 percent of the containers that we collect come through Return-It™ depots, so the operating health of the depot system is very important to us. Last year depot volumes were up 2.5 percent, or more than 22 million containers, over the year before.

Part of this growth is built on continuous efforts to improve customer access to and experience at depots. In 2015 we opened a new depot in the underserved South Surrey market and three depots relocated to new, improved locations.

Our focus is on convenience. We have completed the pilot testing of the Express program and will be rolling it out in 2016 to more depots across the Lower Mainland. Express allows customers to put mixed containers in a bag, drop the bag at a depot where the containers are counted, and have their refunds credited to an online account – the ultimate in customer convenience.

We implemented an ongoing project to capture containers that are being lost in the Industrial, Commercial and Institutional (IC&I), or 'away from home' sector. This includes office lunch rooms, arenas, retail stores, universities, government offices and construction sites, among many others. Data shows that up to half of the containers that aren't returned are trashed in these locations. If we are to increase the recovery rate we need to find ways to increase recycling in this sector.

Additionally we introduced initiatives that were mostly invisible to a typical customer but essential to increasing efficiency and meeting our goal of using sound business practices.

A new materials handling method, descriptively dubbed 'Big Bags', added efficiencies for depots, transporters and processors, while at the same time eliminating the use of over 1 million plastic bags per year within the depot system.

We also developed a new generation of chain of custody software and hardware that greatly expands its scope and coverage. Now, province wide, bags of containers collected at depots are scanned and tracked through the transportation and processing network, providing even better timeliness and accuracy of information on materials tracking.

We collect and process a huge volume of materials. Making that happen smoothly requires dedication and skill. I want to thank our teams in depot operations, logistics, marketing, IT, finance, quality assurance and administration for another year of solid results against our strategic goals. Thanks as well to our great business partners, the Return-It™ depots, transporters and processors around the province. Finally, and perhaps most of all, thank you to the millions of British Columbians who keep our province beautiful through your dedication to recycling.

Scott Fraser
President and CEO

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2.3 WHAT DRIVES US

Vision
To be the model Industry Product Stewardship organization in a province where every beverage container is recycled.

Mission
To deliver convenient, cost-effective and responsible collection and recycling systems for beverage containers and offer strategic service provision for compatible consumer packaging and end-of-life products.

Role
Our role as a stewardship agency is to facilitate brand owner/producer compliance with the Recycling Regulation by organizing recycling programs from collection and transportation through to final recycling into a variety of end-of-life packaging and products.

2.4 ENCORP'S BUSINESS MODEL

Since its inception, the Encorp business model has utilized outsourcing as the key component for delivering on its mandate.

Encorp has developed and maintained a set of core competencies within a small managerial and administrative team responsible for strategic planning, financial management, consumer awareness, infrastructure development, information technology and public transparency. All other operational activities are delivered through a network of independent contractors such as depot operators, transporters and processors. This contract management model allows Encorp to regularly test the market for cost competition without having to support any capital investments of its own.

The advantages of this model include:

Market-based costs – Regular reviews of costs ensure that any recent improvements in efficiency and technology can be exploited.

Scalability – Changes in demand can be accommodated rapidly.

Flexibility – Changes in market behaviour can be quickly adapted to.

Innovation – New ideas can be tested, assessed and, where feasible, incorporated into the overall business model.

In essence, the Encorp model is similar to that of many manufacturing industries which retain their key strategic strengths in-house but outsource most aspects of producing their products. The flexibility of this model makes it possible for Encorp to continue adapting to changing market trends.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2.5 KEY PRINCIPLES OF THE INDUSTRY PRODUCT STEWARDSHIP MODEL

The Industry Product Stewardship (IPS) model was first set out in a 1997 regulation called the Beverage Container Stewardship Program Regulation (BCSPR).

Our corporate structure, as a federally incorporated not-for-profit organization, was chosen specifically because it meets the requirements of this new style of regulation.

In September 2002, the provincial government further codified the principles to be followed in its Industry Product Stewardship Business Plan. In 2004, these principles were carried forward into the Recycling Regulation that replaced the 1997 beverage regulation and all others that existed at that time. The Recycling Regulation is a "framework" regulation enacted to apply to all extended producer responsibility (EPR) programs in British Columbia. Today, there are upwards of 25 approved EPR programs.

The key principles are:

Producer/User Responsibility – Responsibility for waste management is shifted from general taxpayers to producers and users. Responsibility is not shifted to other levels of government without consent.

Level Playing Field – All brand-owners for a particular product category are subject to the same stewardship responsibilities (including historical waste). All consumers have reasonable access to product collection facilities.

Results-based – Programs focus on results and provide brand owners with flexibility with minimal government involvement. Programs are tailored for individual products and encourage continued innovation by producers to minimize environmental impacts during all stages of the product lifecycle, from product design to end-of-life management.

Transparency and Accountability – The program development process is open and provides all stakeholders the opportunity for input. Industry is accountable to both government and consumers for environmental outcomes and allocation of revenue from fees/levies.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2.6 STEWARDSHIP AGENCIES OF BC

Organization
The Stewardship Agencies of British Columbia (SABC) is an informal alliance of industry product stewardship organizations working with government, producers, service providers and other stakeholders to ensure B.C.'s extended producer responsibility model is successful and cost-effective. SABC currently has 15 members representing more than 20 stewardship programs in the province.

Stewards in British Columbia are fortunate in having a flexible, performance-based regulatory framework within which to operate. B.C.'s stewardship agencies recognize that with the ability to set fees and with minimal provincial government involvement in operational details, they have a responsibility to work together. SABC is the bridge across these interests.

Mission
Without limiting the authority and jurisdiction of the individual stewards, the mission of the SABC is to:

- Provide a forum for the Ministry of Environment, local governments and product stewards to engage in dialogue on issues of common interest and concern.
- Provide support to prospective stewardship agencies in the development and implementation of their Stewardship Plans.
- Develop policies on issues of concern to member agencies, the Ministry of Environment and other stakeholders in the system.
- Provide a common message to local governments and the public through informational brochures, videos and other communication tools, and provide a website and toll-free hotline for finding the nearest collection facility and information on all of B.C.'s stewardship programs.
- Create a forum of support, knowledge and expertise for our members to optimize the delivery of cost effective and environmentally-sustainable stewardship programs in B.C.
- Cooperatively work with other provinces and states in North America to minimize the impact of packaging and end-of-life products and optimize the benefits for brand-owner members who operate in most or all of North America.

SABC is organized with an Executive Committee and contract secretariat services and holds regular meetings with all of its members.

2015 ANNUAL REPORT

3 PUBLIC EDUCATION MATERIALS AND STRATEGIES

3.1 RESEARCH BENCHMARK STUDY - 2015

Each year, since 1999, Encorp Pacific (Canada) tasks a professional research company to survey well over a thousand B.C. consumers about their recycling knowledge, attitudes and behaviours. These results are then compared to previous years and are used to benchmark and track changes over time. Our research, combined with statistical data, has proven to be an integral part of building our strategy and targeting efforts to keep recyclable materials out of landfills.

Methodology

Between November 5th to 23rd of 2015, data was collected from over 1,500 participants using an online survey. The sample was weighted by age, gender and region according to Census Canada figures—this ensures the results are representative of British Columbia's general population. Quotas were also put into place by region, and in Metro Vancouver, by city, to ensure appropriate samples were gathered for accurate analysis.

Knowledge of Beverages Returnable for Refund on Deposit

Virtually all B.C. residents know that beverage containers can be returned for a refund on deposit—with awareness levels at 99%, consistent with 2014, there is little, if any, room to grow.

2015 (n=1,572)		2014 (n=1,500)	2013 (n=1,501)	2012 (n=1,839)
NET : ANY TYPE	**99%**	**99%**	**100%**	**100%**
Any Non-Alcohol	99%	98%	98%	99%
Pop/soft drinks	97%	97%	97%	98%
Water	89%	87%	84%	85%
Juice	85%	86%	84%	85%
Sport drinks	83%	82%	78%	80%
Any Alcohol	**98%**	**98%**	**98%**	**99%**
Beer	97%	97%	97%	98%
Coolers/ciders/pre-mixed alcohol bev.	91%	91%	90%	92%
Wine	88%	89%	87%	88%
Liquor/spirits	86%	86%	86%	86%

Base: All respondents (n=1,572)
A1. To the best of your knowledge, in British Columbia, can containers with the following beverages be returned for a refund on deposit?

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

Knowledge of Containers Returnable for Refund on Deposit

British Columbians continue to have high levels of awareness that aluminum cans, plastic bottles and glass bottles can be returned for a refund on deposit, with levels consistent with 2014. Awareness that drink boxes and cartons can be returned for a refund has significantly strengthened since 2014 and is continuing on an upward trend.

2015 (n=1,572)		2014 (n=1,500)	2013 (n=1,501)	2012 (n=1,839)
Aluminum cans	98%	98%	98%	99%
Plastic bottles	93%	93%	77%	78%
Glass bottles	87%	87%	76%	88%
Drink boxes	76%	73%	70%	72%
Cartons	67%	63%	52%	51%

Base: All respondents (n=1,572)
A2. To the best of your knowledge, can the following types of containers be returned for a refund on deposit?

Awareness Levels of Places to Return

Return-It™ depots continue to be the top-of-mind location for recycling of beverage containers in the province with awareness levels consistent with 2014. Awareness for grocery stores significantly decreased.

2015 (n=1,572)		2014 (n=1,500)	2013 (n=1,501)	2012 (n=1,839)
ANY ELIGIBLE LOCATION	89%	92%	94%	n/a
ANY DEPOT / RECYCLING CENTRE/ RETURN-IT™ / ENCORP	83%	82%	85%	85%
ANY RETAILER	65%	73%	75%	74%
I DON'T KNOW	10%	7%	5%	6%

Base: All respondents (n=1,572)
B1. When it comes to the various places you can return beverage containers for recycling or for a refund on deposit, what places come to mind?

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

3.2 CONSUMER AWARENESS

To maintain the high awareness levels we have reached and increase the awareness of the Return-It™ depot network, advertising messages were included in relevant programming on television, radio, out of home, digital and social media as well as through special partnerships. Where possible, our efforts focused on having contextual messaging—serving up the right message when it was relevant and meaningful.

In 2015, we also put particular focus on two key demographics—"habitual trashers" and "on-the-go discarders"—with the highest discard behaviour. These segments are generally younger in age, and discard behaviour often happens when they are outside of the home.

Out of Home
To encourage usage and drive awareness of our streetscape recycling bins located at bus stops along major corridors, we created transit shelter ads that specifically "called out" the fact that a Return-It™ bin was located nearby.

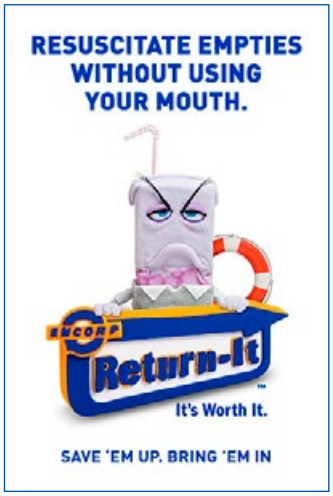
In Cinema
We partnered with Cineplex to participate in a "gamification" experience in theatres using their TimePlay program. While waiting for the movie to start people can play the Return-It™ interactive game on their mobile phone and "Sort 'N' Toss" containers at the depot.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

Digital
Our target group spends significant time online and on their phones, so we developed a number of ads to reach them as they surfed. Each message was contextualized for the type of website that featured it.

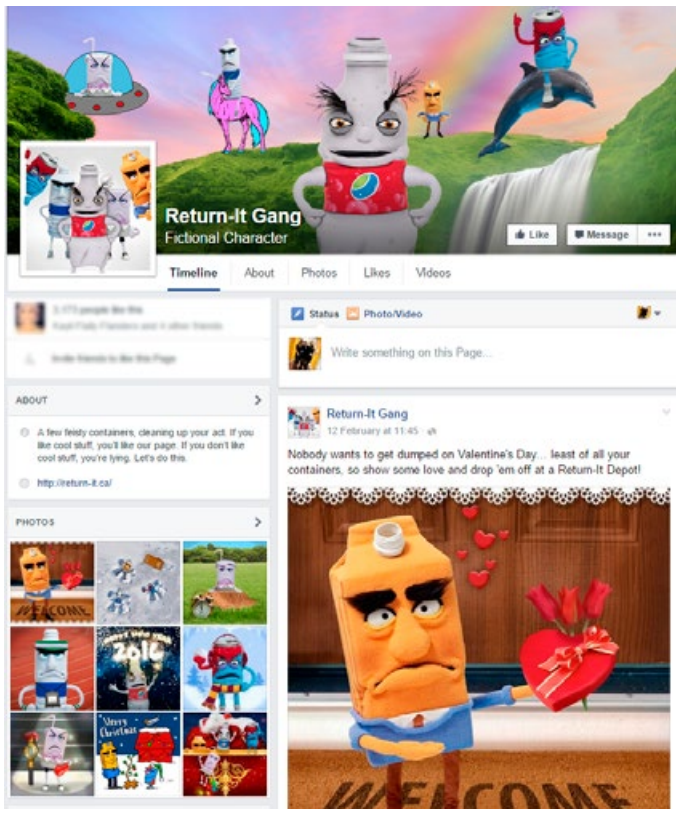
For example, ads that appeared on sports websites ran an ad that had a sports spin on the message. For mobile, we geo-targeted the ads, based on where they were when they saw the ad and the time of day.

When people were in a gym, ads played a fitness message.



Social Media
Social media channels support our outreach programs and raise consumer awareness about the recycling of specific containers. Since some of the key consumers responsible for discard behaviour tend to spend much of their time on social networking sites, we decided the characters that represent the containers in our marketing initiatives should meet them there. We introduced the "Return-It Gang" accounts to Facebook and Twitter while maintaining our existing corporate accounts.

With the puppets as messengers, we were able to talk with our target audience in ways they wanted to engage with us. We were able to have fun (and poke fun) in ways that our corporate account couldn't. Maintaining the corporate account allowed us to interject as experts on more complicated comments.



Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

CBC Green Tracks

Together with CBC, Encorp ran a contest challenging three B.C.-based bands to perform one of their own songs using instruments they built out of empty beverage containers. The contest was promoted on TV and online and asked consumers to vote for their favourite song for a chance to win tickets to a live concert.

CKNW Radio Interview Series

A partnership was formed with CKNW to bring a customized series of interviews to the air. In the spring, the series called Recycling Works focused on the behind the scenes activity of how Encorp works with partner agencies to recycle. In the fall, the series called Mythbusting focused on common misconceptions about recycling. In addition to the educational interviews, radio and online ads ran to increase public awareness.

Return-It To Win-It

To help drive visits to Return-It™ depots, an annual consumer contest is held at participating depots across B.C. This year, customers had the opportunity to fill out a ballot and win a Toyota Prius hybrid vehicle. This year's winning ballot was drawn from North Saanich. As secondary prizing, two Pelican kayaks and a Stromer E-Bike were given away. In 2015, 151 Return-It™ depots across B.C. participated and over 188,000 ballots were submitted.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

3.3 RECYCLING PROGRAMS AND INITIATIVES

Through the network of 174 Return-It™ depots and many certified mobile collectors across B.C., approximately 80% of the beverage containers sold in the province are recovered and recycled. That's almost one billion containers that were kept out of our landfills in the past year. But there's always room for improvement. That's why Encorp continues to run its annual specialty programs to encourage additional beverage container recycling.

Return-It School
Elementary and high schools across B.C. participate in the Return-It School program contest. Each school reports the volume of containers they recycle and track their progress online to see when they achieve their goals. Top performing schools in each category have a chance to win a cash prize.

Ambassador Team
Our ambassador team attends major festivals, community events, collection sites, schools and makes many other appearances. Our new hockey themed "Shoot 'N' Sort" and soccer themed "Kick 'N' Sort" engage youth at events where kids can kick or shoot the right containers into the target areas of the net.

In 2015 our ambassador team piloted a multi-family building program where return rates are typically lower. Our team met with strata and building managers in personal, face-to-face meetings where they installed dedicated collection bins, put up clear understandable signage and distributed tenant information to encourage refundable containers to be collected.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

B.C. Parks & Municipal Outdoor Spaces

First launched as a pilot in 2009, we have continued our effort to keep B.C. parks clean by continuing to supply bear-proof recycling bins to provincial parks across B.C.

On a local level, we supply municipalities with customized streetscape bins. These bins, made available at no charge to municipalities, are placed in high pedestrian traffic areas where beverages are consumed on-the-go. Designed with street collectors in mind, the bins provide easy access to the empty containers. This allows street collectors to retrieve the containers and collect the deposit refund. Currently 753 park and streetscape bins are installed in B.C.

Express System

The Express system is designed to provide a convenient way to recycle beverage containers without having to sort them first. Just put them all in one bag and place the ID sticker on it. Drop it off at the depot's Express kiosk and deposits are refunded to an online account. There are currently five locations available in the Lower Mainland.

Industrial, Commercial & Institutional (IC&I) Sector

While B.C.'s recovery rate is one of the highest in the country, Encorp recognizes that the remaining 20% is the most difficult to divert from landfills. Analysis shows that many of those containers are being discarded within the IC&I sector. We have identified specific targets within the sector and developed targeted action plans to establish best recycling practices within these locations. We also established a bin subsidy program where depots can be reimbursed for providing collection bins dedicated to servicing the IC&I sector.

2015 ANNUAL REPORT

4 COLLECTION SYSTEM AND FACILITIES

4.1 HOW THE COLLECTION SYSTEM WORKS

Consumers take their empty containers to a variety of places to collect the deposit refund, and ensure they are recycled.

WHERE ARE CONTAINERS RETURNED?

EMPTY NON-ALCOHOL CONTAINERS

EMPTY ALCOHOL CONTAINERS
(Except domestic beer bottles and beer cans)

Return-It™ Depot

87.0%
OF ALCOHOL

93.4%
OF NON-ALCOHOL

Corner Store

0.6%
OF NON-ALCOHOL

Supermarket

6.0%
OF NON-ALCOHOL

Government Liquor Stores

13.0%
OF ALCOHOL

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

WHAT HAPPENS TO RETURNED CONTAINERS?

ALUMINUM

To a remelt facility in the US.

Gets made into new aluminum cans.

POLYCOAT

To a paper recycling mill.

Gets made into new cardboard boxes, tissue paper, roof tiles and wallboard.

PLASTIC

To plastic recycling plants in Calgary and Vancouver.

Gets made into new containers, strapping material and fibres.

GLASS

To glass recycling plants in B.C., Alberta and Washington state.

Gets made into wine bottles, fibreglass insulation and sandblasting material.

BI-METAL

To a scrap metal processor in Vancouver.

Gets made into rebar and wire fencing.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

4.2 BUILDING ON OUR SUCCESS

Encorp's collection network consists of 174 privately owned Return-It™ depots. Over the past several years, this network has become the backbone for many community-based recycling programs around the province.

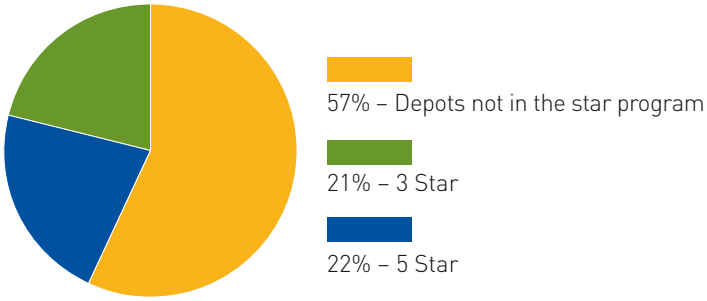
Nine approved stewardship programs utilize our successful Return-It™ depot network for collecting and managing their recyclables. From electronics and batteries to used paint and motorized yard tools, our depots have become the recycling hub of their respective communities.

The integrated transportation system uses 37 transporters to move our material into 13 processing sites throughout the province. Within urban centres, we use dedicated transporters that pick up from depots, retailers and other collection sites. In rural areas, Encorp utilizes transporters that provide back-hauling resulting in environmental, logistical and financial savings.

Return-It™ depots continue to raise the standard for Encorp. Our 3 and 5 Star Depot Program celebrates our commitment to service, cleanliness, design and comfort much like similar programs within the hospitality industry: a star designation assures customers of exemplary standards and the best possible recycling experience. With over 40% of the depot system participating in our star program, you are sure to find one in your community—we invite you to come and experience the difference for yourself!

Encorp Return-It™ depots provide services to 98.5% of the British Columbian population. Once the retail collection locations are included, coverage increases to 99.4%. Our stewardship plan has a coverage target of 97%. To view the coverage maps visit www.return-it.ca/locations/drivetimes.

Here is an overview of the 174 depots in the network today:



Encorp's authorized return locations exceed both the target within the approved plan and the SABC Accessibility Standard. The SABC standard is recognized by all of the member stewardship agencies as the minimum standard for access to recycling for communities in B.C. To view the full standards, visit www.bcrecycles.ca/assets/pdf/SABC_Action_Plan_Oct_16_Final.pdf

Here are some of the business metrics for the Return-It™ network:

- Median volume: 5.2 million units of Encorp material
- Depots share of all collected containers: 93% (7% goes to retailers)
- Depots collecting electronics: 134
- Depots collecting packaging and printed paper (PPP) material: 90

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

4.3 QUALITY COUNTS

Encorp's Quality Assurance (QA) department's goal is to maintain the established high integrity of the Return-It™ beverage container collection system. Verification is completed through sampling to confirm that containers received from the collection network are acceptable and that container counts are accurate. The QA process also checks that containers are sorted properly, for deposit and handling fee payment, by the independently owned depot locations and retail collectors within our network. In addition, we confirm the commodity is sorted to ensure top value for commodity sales.

In 2015 the QA department continued to focus on improving the efficient handling of materials through better organization of floor space and improved racking equipment. Through our high speed Anker Andersen auditing machine we have increased the volume sampled by 11.8% compared to 2014.

To assist the depot network we have worked with independent locations and provided valuable information with regard to sampling statistics. Examples of non-conformant products including pictures, and consistent feedback are given to the depot based on their performance.

A thorough review of the entire Quality Assurance sampling program was conducted. Based on this review we have developed and will implement a rebalancing of the sampling program which will determine which container categories the QA program should focus on and which depots should be sampled more often. The goal of this rebalancing of the sampling program is to concentrate on higher volume used beverage container (UBC) categories versus lesser volume categories rather than applying a one size fits all process.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2015 ANNUAL REPORT

5 ENVIRONMENTAL IMPACT

5.1 SEIZING THE POTENTIAL

Material collected by Encorp is shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.

Aluminum
Aluminum is the most valuable commodity we collect and the most commonly used individual serving container. After collection, we baled all crushed aluminum cans collected in 2015 before selling them to a major re-melt facility in the USA, where they're rolled into sheet stock and made into new cans, a process that takes about six weeks. Recycling aluminum produces significant savings in both energy and resources. Manufacturing a can from recycled aluminum uses 93% less energy than manufacturing a can from new material.

Plastic
Encorp collects two commonly-used plastic resins: polyethylene terephthalate (PET) and high-density polyethylene (HDPE). We separate these plastics and send them to different facilities for cleaning. Then, they're power-washed, shredded, and power-washed again. From there, the shredded material is sold to companies that pull, stretch, and meld the shreds into fibre for new bottles and buckets. The process provides an 86% energy savings over manufacturing new plastic. Plastic containers collected in 2015 were sold to Merlin Plastics and shipped to their facilities in British Columbia and Alberta to be cleaned and pelletized to become new raw material for manufacturers of various plastic products including new containers, strapping material and fibres.

Glass
Encorp accepts a variety of glass juice and beverage bottles, as well as wine, spirits, imported beer and cooler bottles. Of all the glass bottles sold in B.C., almost 94% are returned. Glass containers collected in 2015 were processed in British Columbia and shipped to various end markets including a plant that produces fibreglass insulation in Alberta; a facility that produces new glass bottles in Seattle WA, USA; a facility that manufactures sandblasting materials in Quesnel, B.C.; and municipal sites that use crushed glass as construction aggregates.

Polycoat
Polycoated packaging such as drink boxes and juice cartons collected in 2015 were sold to ICF International, USA and shipped to manufacturing plants in South Korea, Thailand and Japan. There they are hydra-pulped to separate the paper, plastic and foil, a process that recovers thousands of tonnes of paper fibre. The high-quality paper fibre is then put to use again in paper products such as cardboard boxes and tissue paper. Other uses include using the fibre for wallboard and roof shingles. For every ton of paper pulp recycled, approximately 17 trees are saved.

Other
Other metal containers collected in 2015 were sold to scrap metal dealers for metal recovery. Containers including stand up pouches made of layers of plastic and aluminum foil and laminated plastic bags inside the cardboard bag-in-box did not find end markets in 2015 and were stored in Delta, B.C. Encorp continues exploring potential end markets and in 2016 we will send some of this material to Korea where it will be tested in a process that recycles them into septic tanks.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

5.2 ENVIRONMENTAL REPORT

The Government of British Columbia has adopted public policies intended to promote a low carbon economy. As a stewardship agency operating under a provincial regulation, Encorp compiles applicable data, analyzes and reports on the impacts of its stewardship activities. The annual environmental report and the benchmarking of our greenhouse gas emissions provide valuable insight to improve efficiencies and the potential to reduce future energy consumption.

Reduction in Greenhouse Gas Emissions from Recycling

In 2015, Encorp recycled over 92,000 metric tonnes of used beverage containers. The energy saved through the recycling of these materials has been converted into tonnes of carbon dioxide equivalent (CO_2e) the common measure of greenhouse gases (GHGs), based on the US Environmental Protection Agency's Waste Reduction Model (WARM). The model calculates net emission reductions based on the average distribution of fuels consumed through the entire lifecycle production process.

The avoided emissions published in this report were calculated using the WARM version 13 (06/14).

In total, Encorp's activities in 2015 contributed to the reduction of about 98.8 thousand tonnes of CO_2 equivalent being released into the atmosphere, compared to 100.9 thousand tonnes in 2014.

Material	% Energy Savings from Use of Recycled Inputs for Manufacturing of Material	2015 tonnes CO_2 equivalent reduced	2014 tonnes CO_2 equivalent reduced
Aluminum	93%	47,490	49,255
Plastic	86%	12,862	13,706
Pouches/Bag-in-Box	53%	2,144	2,485
Glass	34%	25,824	25,039
Bi-Metal	82%	707	459
Polycoat	53%	9,774	9,942
Totals		**98,801**	**100,886**

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

Greenhouse Gas Emissions Associated with Encorp's Stewardship Activities

While recycling has an overall net benefit in terms of energy and emissions savings, the recycling process itself does require energy and thus has GHG emissions associated with it. The Waste Reduction Model factors in the typical energy use associated with recycling; however when estimating net savings Encorp calculates the GHG emissions specifically associated with its stewardship activities. By doing so, we hope to identify ways in which we can minimize our carbon footprint.

Since Encorp is not a manufacturing company the majority of our associated GHG emissions come as a result of transporting materials as well as heating and powering our network of facilities. Therefore, we define Encorp's GHG inventory boundary from the point that empty containers enter into the Encorp system at either a depot or retailer right through to when the materials are delivered to the end processors for recycling into new products. Emissions are estimated using conversion factors and methodologies developed by the World Resource Institute's Greenhouse Gas Protocol. The collection, transportation and processing services provided to Encorp are done through third party independent contractors and the emissions produced by these activities are classified as Indirect Scope 3 GHG emissions in accordance with the World Resource Institute's Greenhouse Gas Protocol. As there is limited data available for Scope 3 emissions we accept that this data may be less accurate.

Accounting and Reporting on Scopes

Consistent with prior years, emission calculations from electricity purchased were based on a survey conducted which included a number of depots and processors in each region of the province. These depots and processors were asked to provide data for the electricity and natural gas consumption for the year. Results were then used to estimate the energy use per metric tonne of material collected which then was extrapolated to the total weight of used beverage containers collected in the province.

The estimated energy consumption in KwHs was then converted into the carbon dioxide emissions using the calculators offered by the Greenhouse Gas Protocol.

Starting in 2010, the British Columbia Electricity Intensity factors retrieved from Environment Canada's website were used to calculate emissions from the purchased electricity to better reflect the mix of low emission public utilities in B.C. In 2013, we added other GHG gases (CH_4 and N_20) in the calculation of the CO_2 equivalent (CO_2e) to better reflect the reported emissions avoided into the atmosphere as a result of our recycling activities.

Emissions Sources Exclusions

Emissions associated with heating and powering the Encorp head office are not included in the GHG inventory since the office is part of a shared lease facility for which heat and power is controlled centrally by the landlord. Staff commuting to work in personal cars is also excluded as this is considered to fall under the personal carbon footprint of the employee and Encorp has little control over where people choose to live. Staff commuting on BC Ferries was excluded. Finally, emissions associated with the handling of materials outside of Encorp's core stewardship activities of deposit bearing beverage containers, such as milk cartons (2014), electronics, and the collection of packaging and printed paper material from the Return-It™ depots, were excluded since such activities fall out the scope of Encorp's core recycling stewardship activities for B.C.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

ENVIRONMENTAL IMPACT

Emissions Inventory Summary (tonnes CO_2)	**2015**	**2014**
Type of Emission		
Direct emissions are emissions from sources that are owned or controlled by Encorp		
Employee travel - gas use	28	30
Indirect emissions occur as a consequence of the activities of Encorp, but are from sources not owned or controlled by Encorp. Included are emissions from purchased electricity consumed by Encorp's offices, depots, processors and transporters, as well as the transportation of the beverage containers by contracted transporters.[i]		
Offices (excluding head office)		
Purchased electricity in leased buildings (excluding head office)	1	4
Employee domestic air travel	8	12
Employee domestic business ferry travel	1	1
Depots		
All purchased electricity in owned or leased buildings	118	91
All natural gas consumed in owned or leased buildings	52	103
Processors		
All purchased electricity in owned or leased buildings	44	64
All purchased gas consumed in owned or leased buildings	4	3
Transportation – depots to processors		
Diesel fuel	3,738	3,775
Transportation – processors to end markets		
Diesel fuel	1,108	1,156
Rail (based on metric tonne km)	363	374
Sea Cargo (based on metric tonne km)	2,954	3,277
Total Emissions all sources	**8,420**	**8,890**

Emissions Reduction Strategies

Encorp will continue to consider opportunities for GHG reductions and integrate environmental sustainability objectives in our annual operational plans and initiatives.

Carbon Data Collection and Management

Encorp continues to work on improving the data collection process from all its suppliers to increase the accuracy of the reporting for Scope 3 GHG emissions. Encorp will also evaluate other methodologies and tools available for calculation of the GHG emissions to ensure that region specific emissions factors are used in future years.

[i] All indirect emissions except for Office use were calculated based on the sample data provided by selected Depots, Processors, and Transporters.

2015 ANNUAL REPORT

6 DEPOSITS, REFUNDS AND RECOVERY RATES

6.1 RECOVERY BY WEIGHT

In 2015, Encorp Pacific (Canada) recovered over 92.7 million kilograms of containers.

87.4%
2015 Recovery Rate by Weight

87.4%
2014 Recovery Rate by Weight

TYPE	ESTIMATED WEIGHT OF CONTAINERS SOLD (KG)	ESTIMATED WEIGHT OF CONTAINERS RECOVERED (KG)	RECOVERY %
Aluminum	5,966,151	4,942,822	82.8%
Plastic	14,221,210	10,890,867	76.6%
Glass	81,734,748	74,268,873	90.9%
Polycoat	2,747,183	1,839,652	67.0%
Pouches	28,758	13,391	46.6%
Bag-in-Box	847,041	400,572	47.3%
Bi-Metal	474,675	346,642	73.0%
Totals	106,019,766	92,702,819	87.4%

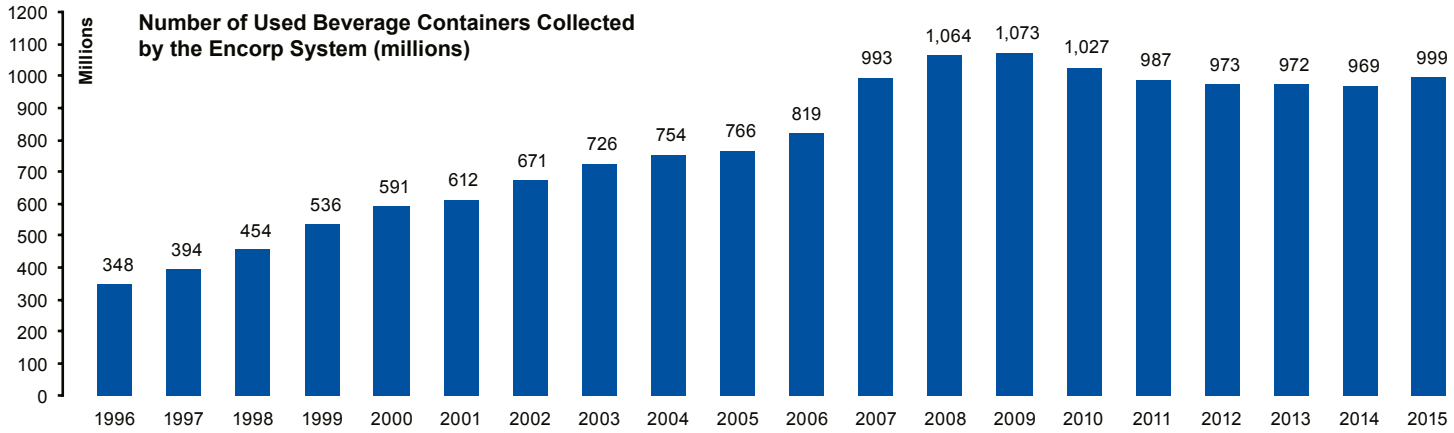
Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

6.2 RECYCLING BY THE NUMBERS

We prevented almost 1 billion containers from going to landfills in 2015, ensuring that they were recycled into useful new materials and products. That's a big win for British Columbia's environment.

999
Million Containers Collected

78.9%
Recovery Rate



Type	Containers Sold		Containers Recovered		% Recovery Rate	
	2015	2014	2015	2014	2015	2014
Aluminum	425,545,707	414,146,134	352,555,076	348,889,515	82.8%	84.2%
Plastic	483,973,972	461,616,764	363,516,070	345,524,801	75.1%	74.9%
Glass	227,141,386	215,930,256	207,326,977	198,770,037	91.3%	92.1%
Polycoat	114,444,455	113,410,582	66,903,741	65,211,105	58.5%	57.5%
Pouches	4,808,990	8,523,654	2,239,268	3,596,175	46.6%	42.2%
Bag-in-Box	3,532,430	3,265,796	1,670,513	1,519,641	47.3%	46.5%
Bi-Metal	6,580,899	7,685,875	5,078,809	5,072,358	77.2%	66.0%
Totals	**1,266,027,839**	**1,224,579,061**	**999,290,454**	**968,583,632**	**78.9%**	**79.1%**

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

DEPOSITS, REFUNDS AND RECOVERY RATES

Type	Containers Sold		Containers Recovered		% Recovery Rate	
	2015	2014	2015	2014	2015	2014
Aluminum Total	425,545,707	414,146,134	352,555,076	348,889,515	82.8%	84.2%
Plastic ≤ 1L	407,451,458	386,210,627	300,221,486	282,143,416	73.7%	73.1%
Plastic > 1L	60,791,309	60,054,615	50,242,998	50,585,522	82.6%	84.2%
Plastic Liquor ≤ 1L	11,259,701	10,860,706	8,963,252	8,709,513	79.6%	80.2%
Plastic Liquor > 1L	4,471,504	4,490,816	4,088,334	4,086,350	91.4%	91.0%
Plastic Total	483,973,972	461,616,764	363,516,070	345,524,801	75.1%	74.9%
Glass ≤ 1L	27,057,998	26,491,926	21,711,312	21,736,860	80.2%	82.1%
Glass > 1L	87,743	118,820	142,237	151,477	162.1%	127.5%
Glass NRBC ≤ 1L	105,802,406	97,241,117	100,120,627	94,112,699	94.6%	96.8%
Glass NRBC > 1L	301,966	286,532	367,690	324,613	121.8%	113.3%
Glass W&S ≤ 1L	82,939,545	80,826,227	75,170,894	72,668,166	90.6%	89.9%
Glass W&S > 1L	10,951,728	10,965,634	9,814,217	9,776,222	89.6%	89.2%
Glass Total	227,141,386	215,930,256	207,326,977	198,770,037	91.3%	92.1%
Drink Box ≤ 500 mL	77,028,689	74,199,005	39,670,850	38,147,345	51.5%	51.4%
Drink Box 501 mL - 1L	25,316,163	25,764,909	18,551,364	17,744,945	73.3%	68.9%
Gable Top ≤ 500 mL	612,158	783,045	243,465	227,302	39.8%	29.0%
Gable Top 501 mL - 1L	898,680	594,887	442,742	430,208	49.3%	72.3%
Gable Top > 1L	10,588,765	12,068,736	7,995,320	8,661,304	75.5%	71.8%
Polycoat Total	114,444,455	113,410,582	66,903,741	65,211,105	58.5%	57.5%
Pouches Total	4,808,990	8,523,654	2,239,268	3,596,175	46.6%	42.2%
Bag-in-Box Total	3,532,430	3,265,796	1,670,513	1,519,641	47.3%	46.5%
Bi-Metal ≤ 1L	5,820,162	6,918,457	4,706,433	4,706,697	80.9%	68.0%
Bi-Metal > 1L	760,737	767,419	372,376	365,661	48.9%	47.6%
Bi-Metal Total	6,580,899	7,685,875	5,078,809	5,072,358	77.2%	66.0%
Totals	**1,266,027,839**	**1,224,579,061**	**999,290,454**	**968,583,632**	**78.9%**	**79.1%**

6.3 REGIONAL PER CAPITA RETURNS

Units Returned	999,290,000
Weight Collected (Tonnes)	92,702
Per Capita Units Returned	213.4
Per Capita Weight Collected (Kilograms)	19.8

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan.-Dec.2015 Per Capita	Jan.-Dec.2014 Per Capita	Change to Per Capita Container Returns / Units (000)
Bulkley / Nechako	Units(000)	4,020	3,633	1,187	558	41	9,439	236.0	245.0	9.0 dec.
	Tonnes	56.4	104.4	407.1	12.8	4.3	585.0	14.6 kg	15.1 kg	
Cariboo	Units(000)	7,012	6,406	2,489	993	94	16,994	272.9	266.9	6.0 inc.
	Tonnes	98.3	188.5	852.1	22.3	9.3	1,170.5	18.8 kg	18.1 kg	
Central Coast	Units(000)	287	173	61	37	4	562	175.7	164.5	11.2 inc.
	Tonnes	4.0	5.7	23.6	0.9	0.3	34.5	10.8 kg	11.3 kg	
Fraser - Fort George	Units(000)	11,902	11,167	4,200	2,072	163	29,504	323.2	307.3	15.9 inc.
	Tonnes	166.9	319.6	1,421.8	48.4	13.6	1,970.3	21.6 kg	20.7 kg	
Kitimat - Stikine	Units(000)	4,372	4,404	1,123	765	69	10,733	273.3	285.8	12.5 dec.
	Tonnes	61.3	126.3	404.5	16.7	5.8	614.6	15.6 kg	16.3 kg	
Skeena - Queen Charlotte	Units(000)	2,548	2,131	737	346	41	5,803	331.0	321.2	9.8 inc.
	Tonnes	35.7	63.0	263.5	8.4	3.3	373.9	21.3 kg	20.6 kg	
Northern Rockies	Units(000)	617	946	155	80	2	1,800	302.2	292.1	10.1 inc.
	Tonnes	8.7	25.0	54.5	1.7	0.3	90.2	15.1 kg	15.2 kg	
Peace River	Units(000)	6,654	7,558	2,298	933	133	17,576	275.0	262.5	12.5 inc.
	Tonnes	93.3	211.9	769.0	22.9	5.4	1,102.5	17.2 kg	16.4 kg	
Capital Regional District	Units(000)	28,663	26,388	20,978	4,820	652	81,501	215.7	216.4	0.7 dec.
	Tonnes	401.9	824.2	7,615.5	156.0	72.3	9,069.9	24.0 kg	24.1 kg	
Cowichan Valley	Units(000)	8,801	7,334	3,898	1,239	171	21,443	259.0	248.2	10.8 inc.
	Tonnes	123.4	222.1	1,440.5	33.6	19.0	1,838.6	22.2 kg	21.5 kg	
Alberni / Clayoquot	Units(000)	3,886	3,532	1,714	477	76	9,685	321.8	297.8	24.0 inc.
	Tonnes	54.5	105.3	607.7	13.5	6.4	787.4	26.2 kg	24.2 kg	
Comox	Units(000)	6,851	6,607	3,568	996	156	18,178	281.3	261.0	20.3 inc.
	Tonnes	96.1	196.4	1,313.9	29.2	18.3	1,653.9	25.6 kg	24.7 kg	

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

DEPOSITS, REFUNDS AND RECOVERY RATES

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan.-Dec.2015 Per Capita	Jan.-Dec.2014 Per Capita	Change to Per Capita Container Returns / Units (000)
Mount Waddington	Units(000)	1,544	1,239	439	183	13	3,418	300.2	293.0	7.2 inc.
	Tonnes	21.6	38.1	162.0	4.5	1.8	228.0	20.0 kg	19.9 kg	
Nanaimo	Units(000)	13,076	12,598	7,841	1,963	287	35,765	231.4	219.6	11.8 inc.
	Tonnes	183.3	381.5	2,847.6	58.9	37.4	3,508.7	22.7 kg	22.2 kg	
Strathcona	Units(000)	3,030	2,483	1,364	391	62	7,330	161.3	150.6	10.7 inc.
	Tonnes	42.5	75.4	504.5	11.3	7.5	641.2	14.1 kg	13.4 kg	
Greater Vancouver	Units(000)	147,387	162,245	100,222	33,695	5,036	448,585	178.4	175.8	2.6 inc.
	Tonnes	2,066.3	4,894.5	35,863.0	929.4	347.8	44,101.0	17.5 kg	17.5 kg	
Fraser Valley	Units(000)	27,938	28,410	10,671	5,443	564	73,026	246.4	241.9	4.5 inc.
	Tonnes	391.7	848.0	3,720.9	137.6	46.2	5,144.4	17.4 kg	18.1 kg	
Powell River	Units(000)	1,905	1,458	868	240	43	4,514	232.0	217.4	14.6 inc.
	Tonnes	26.7	45.6	329.0	7.2	6.0	414.5	21.3 kg	20.5 kg	
Squamish - Lillooet	Units(000)	3,606	4,413	4,543	589	104	13,255	328.3	305.8	22.5 inc.
	Tonnes	50.6	130.0	1,594.4	16.6	8.1	1,799.7	44.6 kg	41.3 kg	
Sunshine Coast	Units(000)	2,258	1,990	2,026	375	67	6,716	230.2	212.4	17.8 inc.
	Tonnes	31.7	63.3	748.2	12.3	9.6	865.1	29.6 kg	27.6 kg	
Central Okanagan	Units(000)	16,282	17,373	10,691	2,999	335	47,680	243.9	239.9	4.0 inc.
	Tonnes	228.3	512.3	3,935.3	79.4	38.0	4,793.3	24.5 kg	24.3 kg	
North Okanagan	Units(000)	9,596	10,452	4,560	1,767	149	26,524	313.6	321.4	7.8 dec.
	Tonnes	134.5	315.2	1,659.3	54.3	17.6	2,180.9	25.8 kg	26.0 kg	
Okanagan - Similkameen	Units(000)	7,999	8,467	5,134	1,103	149	22,852	279.2	262.4	16.8 inc.
	Tonnes	112.1	252.9	1,927.9	32.0	21.0	2,345.9	28.7 kg	26.9 kg	
Columbia Shuswap	Units(000)	5,415	5,832	3,211	818	92	15,368	298.7	282.7	16.0 inc.
	Tonnes	75.9	169.0	1,113.0	22.4	10.8	1,391.1	27.0 kg	26.3 kg	
Thompson - Nicola	Units(000)	13,723	14,241	6,252	2,157	234	36,607	274.8	267.6	7.2 inc.
	Tonnes	192.4	414.5	2,172.4	55.0	23.9	2,858.2	21.5 kg	21.3 kg	
Central Kootenay	Units(000)	4,645	3,640	3,000	672	122	12,079	201.0	190.6	10.4 inc.
	Tonnes	65.1	112.4	1,041.0	19.4	12.9	1,250.8	20.8 kg	20.3 kg	
East Kootenay	Units(000)	5,802	6,065	2,989	782	78	15,716	272.7	265.7	7.0 inc.
	Tonnes	81.3	175.6	1,069.3	21.5	8.1	1,355.8	23.5 kg	23.5 kg	
Kootenay Boundary	Units(000)	2,736	2,331	1,108	412	50	6,637	226.1	218.4	7.7 inc.
	Tonnes	38.4	70.2	407.2	11.6	5.5	532.9	18.2 kg	18.1 kg	
Total Units	**Units(000)**	**352,555**	**363,516**	**207,327**	**66,905**	**8,987**	**999,290**	**213.4**	**209.1**	**4.3 inc.**
Total kg	**Tonnes**	**4,942.9**	**10,890.9**	**74,268.7**	**1,839.8**	**760.5**	**92,702.8**	**19.8 kg**	**19.7 kg**	

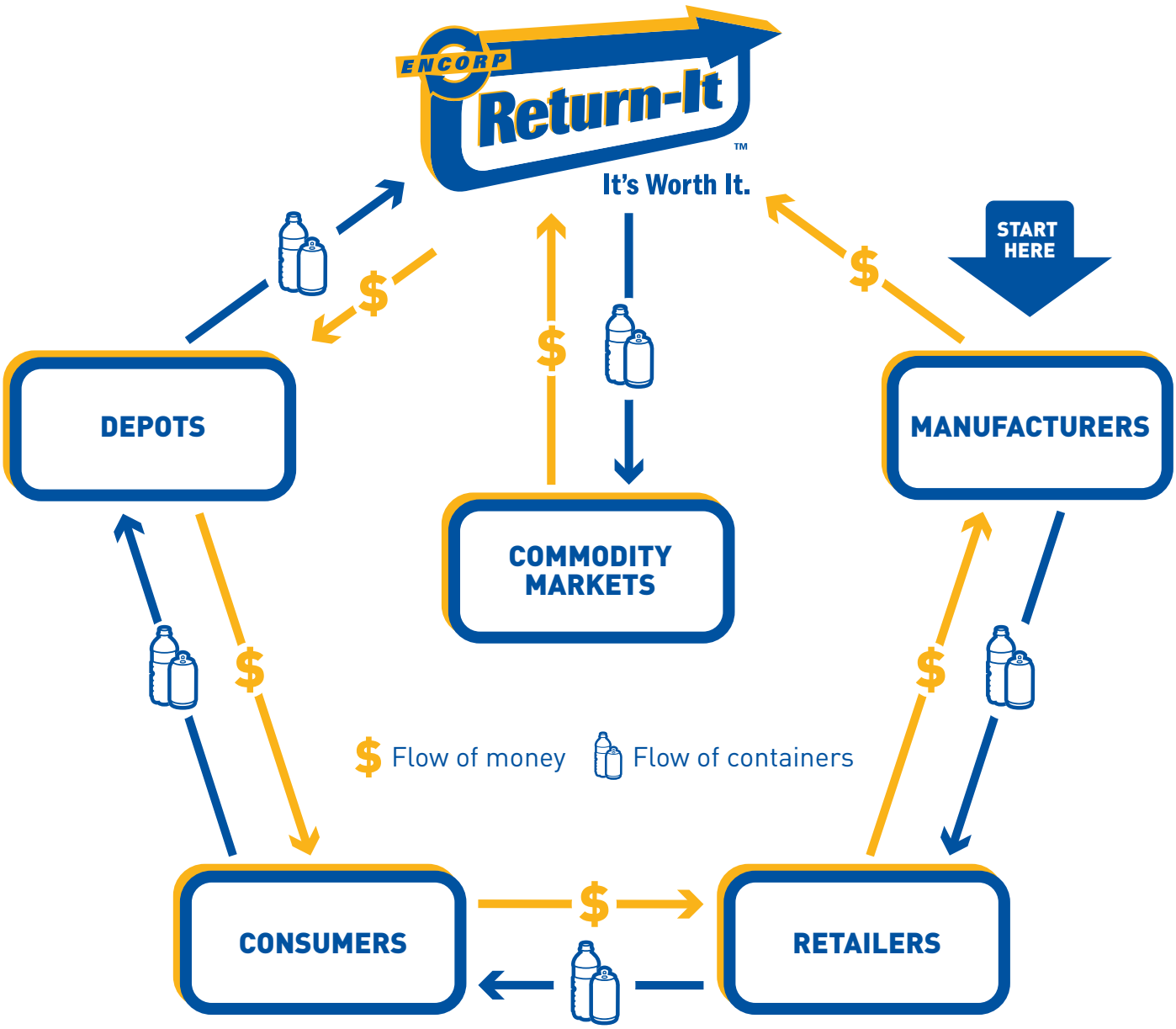
Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2015 ANNUAL REPORT

7 PLAN PERFORMANCE

7.1 HOW MONEY FLOWS

The arrows show the direction of payments for deposits and container recycling fees (CRF) and the movement of beverage containers.



Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

7.2 FOLLOW THE MONEY

REVENUES

Container Recycling Fees
When the revenue from unclaimed deposits and from sales of collected material are insufficient to cover the cost of recovering and recycling a specific container type, a non-refundable recycling fee is added to the container to make up for the shortfall.

Other Fees
Revenues from service provider contracts.

Sale of Processed Containers
A portion of the cost of recovering aluminum and plastic containers, the two largest product categories, is covered by the value of the commodity collected. The prices for aluminum and plastic declined in the second quarter of 2015 and remained weak for the balance of the year. However, the weakening dollar helped to offset the negative effect of the low commodity prices denominated in US dollars. The average price for aluminum was $0.85 per pound ($0.84 in 2014) and plastic was $0.18 per pound ($0.23 in 2014).

Unredeemed Deposits
Encorp is paid a deposit on every container sold. Deposits unclaimed are used as revenue.

EXPENDITURES

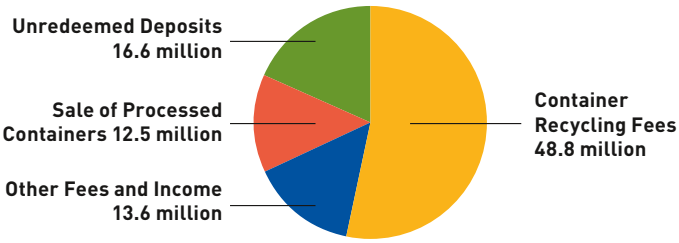
Transportation and Processing
Contracted trucking companies collect containers from depots and grocery retailers and take them to processors where they are compacted for shipment.

Administration
Management of contracts, collection of revenues and payment of expenses.

Consumer Education & Awareness
Programs that encourage consumers to return containers for recycling.

Container Handling Fees
Per-unit fees paid, in addition to deposit reimbursement, to depots for collecting containers.

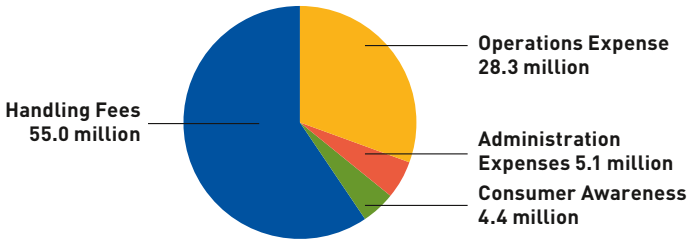
Deposit Refunds
Paid to depots and grocery retailers to reimburse them for the deposits they have refunded to consumers.



Where the money comes from

Container Recycling Fees	**48.8 million**	**53.3%**
Other Fees and Income*	**13.6 million**	**14.9%**
Sale of Processed Containers	**12.5 million**	**13.7%**
Unredeemed Deposits	**16.6 million**	**18.1%**
Total Revenues	**91.5 million**	**100%**

*Other Fees includes Electronics and Packaging & Printed Paper



Where the money is spent

Operations Expense	**28.3 million**	**30.6%**
Administration Expenses	**5.1 million**	**5.5%**
Consumer Awareness	**4.4 million**	**4.7%**
Handling Fees	**55.0 million**	**59.2%**
Total Expenditures	**92.8 million**	**100%**

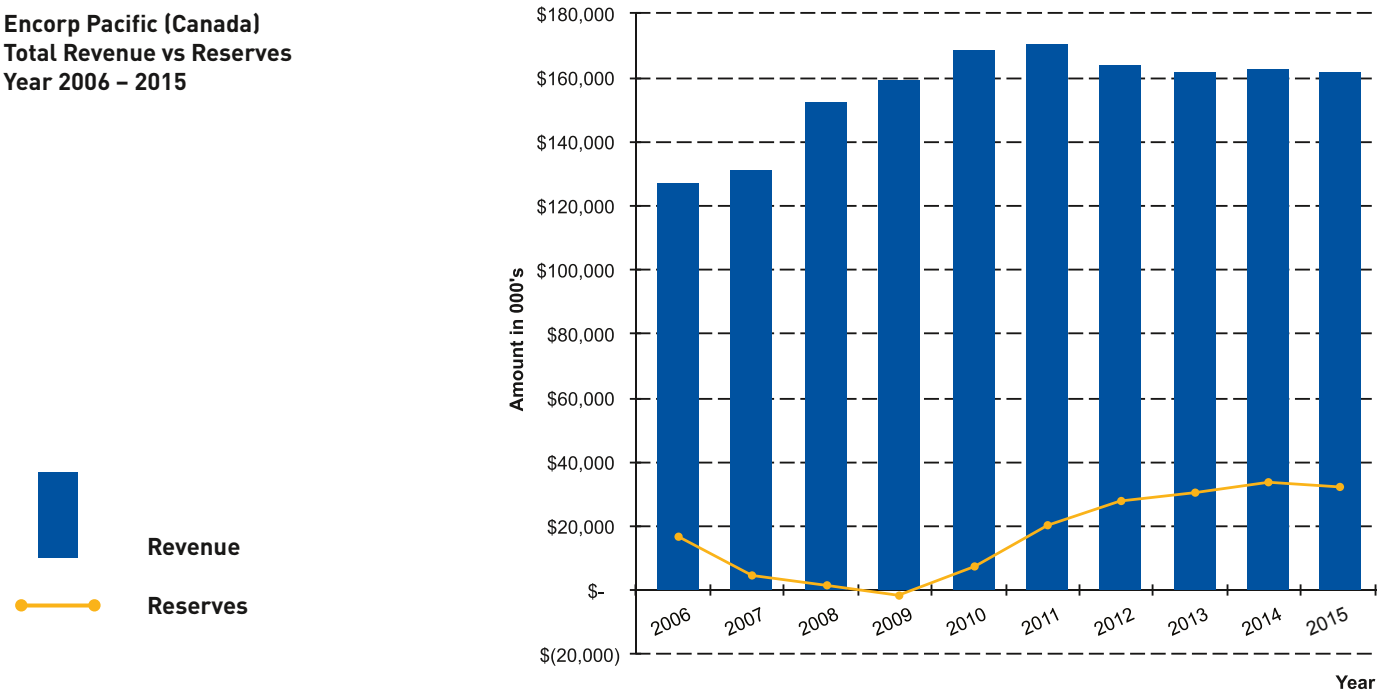
Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

7.3 OPERATING RESERVES

Purpose of the Operating Reserves
Encorp's reserves are built upon the corporation's fundamental principles of no cross-subsidization of container types and equitable treatment of brand owners. The operating reserves are required to provide stability to the system over the long term, to avoid cross-subsidization of container types, and to facilitate and stabilize the frequency of Container Recycling Fee (CRF) changes.

CRF's may be raised, reduced or even eliminated in any given year to keep reserves within their targeted ranges. We can also reduce the reserve by increasing spending on activities designed to improve the recovery rate for a specific container type. The table shows the levels of reserves over the past years.

Encorp Pacific (Canada)
Total Revenue vs Reserves
Year 2006 – 2015



	2012 YEAR	2012 BALANCE	2013 YEAR	2013 BALANCE	2014 YEAR	2014 BALANCE	2015 YEAR	2015 BALANCE
Operating Reserve	$7,397,210	$26,213,351	$3,326,999	$29,540,350	$3,085,401	$32,625,751	$(1,267,354)	$31,358,397
Restricted Reserve / (Deficit)	(329,637)	1,194,920	3,520	1,198,440	(18,058)	1,180,382	344	1,180,726
Total Reserve	**$7,067,573**	**$27,408,271**	**$3,330,519**	**$30,738,790**	**$3,067,343**	**$33,806,133**	**$(1,267,010)**	**$32,539,123**

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

Management of the Operating Reserves
Encorp's financial model requires a reasonable level of operating reserves to provide stability to the system. When these reserves rise above the amount deemed to be reasonable, measures are taken to reduce them to the appropriate level.

These reserves have been used to fund system costs that may otherwise have been reflected in consumer prices.

Encorp's operating reserves are maintained to meet the corporation's cash flow requirements, recognizing normal business volatility balanced over a period of three to five years. This year, the operation reserve was reduced by $1.3 million.

	Gross Revenue Including Deposits (millions)	Total Expenses Including Deposit Refunds (millions)	Results (millions)	Operating Reserves/ (Deficit) Year end (millions)
2008	152.4	155.2	(2.8)	1.8
2009	158.9	162.1	(3.2)	(1.4)
2010	168.6	159.5	9.1	7.7
2011	170.1	157.4	12.7	20.4
2012	164.0	156.9	7.1	27.4
2013	161.7	158.4	3.3	30.7
2014	162.7	159.6	3.1	33.8
2015	**162.0**	**163.3**	**(1.3)**	**32.5**

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

7.4 FREQUENTLY ASKED QUESTIONS

Our Reserves
Encorp's reserve guideline is built upon two core principles: (a) we do not "cross-subsidize" container types or fee categories; and (b) we treat brand owners equally.

Our operating reserves provide stability to our depot system by providing adequate cash flow for day-to-day operations. They also help us avoid cross-subsidization of container types and help smooth out revenue in the event of container recycling fee changes.

Question: Why does Encorp need reserves?
Our weekly expenses including paying for deposit refunds, handling fee payments to depots, transportation and processing costs must be met without interruption. The many small businesses that rely on our cash payments could not be viable if there was any kind of disruption or delay in our regular and predictable pattern of payments. However, our revenues are not as reliable, as they depend on the volatility of the beverage and recycling markets. The reserves are the cushion we need to ride through the up and down cycles in these markets.

Question: How does Encorp create reserves?
Each year we forecast the expected sales of beverages in the province and our rate of collection of containers to estimate our revenues and expenses. To ensure that we can cover our costs, we determine the level of fees we will have to charge our brand owners. By setting the appropriate fees, we can create, increase or decrease a reserve for each type of container. The individual container reserves combined represent our total overall reserves.

Question: What size of reserve is required?
On average we pay out about $3 million per week to consumers, depots, transporters and processors. Experience shows that on average we should have reserves of about eight weeks' cash needs, or $24 million. At a minimum our reserves should not generally go below $17 million, or six weeks' needs. Our actual reserves will fluctuate above and below the average because of the volatility of key influences on our cash flow, including recovery rates, commodity prices, beverage sales and exchange rates.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

7.5 CONTAINER RECYCLING FEES (CRF)

Container Type	01-Feb-13	01-Feb-14	01-Feb-15
Aluminum	1.0 cent	1.0 cent	1.0 cent
Plastic ≤ 500 ml	3.0 cents	3.0 cents	3.0 cents
Plastic 501 ml - 1L	3.0 cents	3.0 cents	3.0 cents
Plastic > 1L	6.0 cents	5.0 cents	4.0 cents
Polystyrene	3.0 cents	3.0 cents	3.0 cents
Glass ≤ 500 ml	12.0 cents	10.0 cents	10.0 cents
Glass 501 ml - 1L	12.0 cents	10.0 cents	10.0 cents
Glass > 1L	25.0 cents	30.0 cents	35.0 cents
Bi-Metal ≤ 500 ml	6.0 cents	5.0 cents	4.0 cents
Bi-Metal 501 ml - 1L	6.0 cents	5.0 cents	4.0 cents
Drink Boxes ≤ 500 ml	2.0 cents	2.0 cents	1.0 cent
Drink Boxes 501 ml - 1L	7.0 cents	7.0 cents	6.0 cents
Gable Top > 1L	6.0 cents	6.0 cents	6.0 cents
Glass Wine & Spirits ≤ 1L	15.0 cents	13.0 cents	12.0 cents
Glass Wine & Spirits > 1L	23.0 cents	24.0 cents	22.0 cents
Non-Refillable Beer, Cider, Cooler Glass ≤ 1L	11.0 cents	10.0 cents	9.0 cents
Non-Refillable Beer, Cider, Cooler Glass > 1L	11.0 cents	13.0 cents	15.0 cents
Liquor Plastic ≤ 1L	4.0 cents	4.0 cents	4.0 cents
Liquor Plastic > 1L	10.0 cents	10.0 cents	10.0 cents

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2015 ANNUAL REPORT

8 GOVERNANCE

8.1 GOVERNANCE

Encorp recognizes that its responsibilities as an Industry Product Stewardship (IPS) organization require a governance model that places great emphasis on high standards of accountability and transparency.

Board of Directors
Encorp's nine-person board of directors is composed of nominees from five member industry groups plus two unrelated directors. From the members, two directors are appointed by the Canadian Beverage Association, representing the major soft drink bottlers. One each is appointed by the Canadian Bottled Water Association, the Juice Council of BC and the Beverage Alcohol Containers Management Council of BC. Two are appointed by the Retail Council of Canada, representing the major retail grocery stores. The two unrelated directors have no relationship to any part of the beverage industry.

The role of the board is to determine the company's corporate strategy and policies, set objectives for the CEO, approve budgets and fees, and discharge its fiduciary obligations to the brand owners and other stakeholder groups. The board provides oversight of Encorp's operations through quarterly board meetings and an annual strategic planning session.

Board members are senior executives with a broad range of experience in business generally and product stewardship specifically. Board members serve on corporate committees, including the audit, governance, human resources and compensation committees. Because of the particular importance of the governance and audit functions, those committees are chaired by the unrelated directors.

Our Advisory Committee is independent of the board, comprised of representatives of our diverse stakeholder groups, including depots, major retailers, regional districts and local governments. The committee reviews our strategic and operating plans and our financial and operating results, and can make recommendations to the Governance Committee and the board.

Accountability
Our Board Manual for Directors codifies key practices for the board, including terms of reference for the board, the chair, board members and the CEO. It includes a code of conduct for directors, including conflict of interest guidelines. Directors are required to review and sign the code of conduct annually. We also use external reviews to assess our ongoing performance. These include annual financial and materials end-fate audits, regular Enterprise Risk Management reviews and reviews of our internal controls.

Transparency
We provide a comprehensive public explanation of our operations through this annual report, extensive information on our website, as well as through our Advisory Committee and other methods. Our reporting exceeds regulatory requirements and is intended to provide as much information as possible to the general public and stakeholders.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

8.2 BOARD OF DIRECTORS

L-R: John B. Challinor II, Dan Wong, Jim Goetz, Liisa O'Hara, John Irving, Greg Wilson, Neil Antymis, John Nixon, John Graham.

John B. Challinor II, APR
Director of Corporate Affairs, Nestlé Waters Canada
Encorp Affiliation – Canadian Bottled Water Association
Committee – Audit
Term of office – Commenced 2008

John has served in various, executive and senior advertising, industry and government affairs and public relations roles with Amdahl Canada Limited, Compaq Canada Limited, IBM Canada Limited and Sony of Canada Limited. John is Chairman of the Canadian Beverage Container Recycling Association; President of Alberta Beverage Council; and a member of the Board of Directors of Encorp Pacific (Canada), Beverage Container Management Board (BCMB) and the Alberta Beverage Recycling Corporation. He is also Chairman, Environment & Public Affairs Committee, Canadian Bottled Water Association; and a member, Environment Committee, Canadian Beverage Association. John holds a Bachelor of Applied Arts degree in Journalism from Ryerson University, an Accredited Public Relations (APR) designation from the Canadian Public Relations Society and a Certificate in Advertising from the Institute of Canadian Advertising.

Dan Wong
President, Right Hook Business Strategies Ltd
Encorp Affiliation – Juice Council of British Columbia
Committees – Audit / Compensation / Governance
Term of office – Commenced 1998

Dan is President of Right Hook Business Strategies Ltd., a consultancy specializing in public affairs, public policy and process improvement. Earlier in his career he was Vice President of Corporate Development for BC Ferries and headed the Corporate Relations practice for western Canada's largest food manufacturer. He holds Bachelors and Master's Degrees in Political Science from UBC.

Jim Goetz
President, Canadian Beverage Association
Encorp Affiliation – Canadian Beverage Association
Committee – Governance
Term of office – Commenced 2012

Jim Goetz is President of the Canadian Beverage Association, the national association representing the broad spectrum of companies that manufacture and distribute the majority of non-alcoholic beverages consumed in Canada. Jim also served as the Association's Vice President, Government Affairs.

In addition to being CBA President, Jim also currently serves as President of the International Council of Beverages Associations, and is a member of the Canadian Beverage Container Recycling Association.

Prior to joining the Canadian Beverage Association, Jim held the position of Vice President, Provincial Affairs with Food and Consumer Products of Canada.

Jim previously worked as Senior Special Advisor - Ontario to Prime Minister Paul Martin. Jim holds an Honours Bachelor Degree in Political Science from Wilfrid Laurier University and a postgraduate certificate from Moscow State University.

Liisa O'Hara, CPA, CGA
Board Member, Property Assessment Appeal Board
Encorp Affiliation – Unrelated Director
Committees – Audit / Governance
Term of office – Commenced 1999

Liisa currently sits as a board member on the Property Assessment Appeal Board. As a past Commissioner for British Columbia Utilities Commission, specializing in energy matters, she has been closely associated with major energy developments in the province.

Liisa has held a number of senior executive positions with a major pipeline company, with focus on finance and regulatory affairs. Her regulatory expertise is multijurisdictional including Canadian federal (NEB), provincial (BCUC) and the U.S. federal (FERC) jurisdictions. Liisa is a Corporate Director, certified with the ICD.D designation in 2006 and serves on a number of boards in that capacity. She holds a Master of Science degree in Business Administration from University of British Columbia and is a Certified General Accountant. She also served as Executive-in-Residence for the Sauder School of Business from 2004-2008.

John Irving
Encorp Affiliation – Unrelated Director
Committees – Governance / Compensation
Term of office – Commenced 2014

Until 2014 John was the Chief Legal Officer or equivalent with six major corporations in British Columbia, Ontario and the United Kingdom. His experience spans the retail, building products, food processing, shipping and energy industries. He also has significant and varied corporate governance experience. Since 1981 he has been a lawyer and more recently became a certified director.

John was a director of Family Services of Greater Vancouver and is currently a director of the MPA Society, a regional mental health not-for-profit. John has a Law degree and Bachelor of Arts degree from the University of British Columbia.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

Greg Wilson
Director of Government Relations (B.C.), Retail Council of Canada
Encorp Affiliation – Retail Council of Canada
Committee – Audit
Term of office – Commenced 2014

Greg has represented the interests of retailers – British Columbia's largest private sector employer – on a diverse range of public policy issues since 2013. Greg has had 20-plus years in communications, political organization and government. He has previously served as an officer and director for several non-profit organizations.

Neil Antymis, ICD.D, CPA, CGA
Director, Government Affairs for PepsiCo Beverages Canada
Encorp Affiliation – Canadian Beverage Association
Committees – Audit / Compensation
Term of office – Commenced 2005

Neil is a Certified Corporate Director and Certified General Accountant. He serves on the boards of seven environmental stewardship organizations across Canada and is a director on the Canadian Beverage Association Board where he serves as Treasurer, Audit Committee Chair and Environmental Committee Chair. Neil also serves as board chair for Multi-Materials Stewardship Manitoba.

Prior to his work in governmental affairs and environmental stewardship, Neil was the Planning Manager – Western Canada for Pepsi Bottling Group. Neil has worked in the Pepsi system for twenty-three years and before that for eight years in a variety of finance positions in the refining and marketing divisions of Turbo Resources Ltd.

John Nixon
Secretary, Beverage Alcohol Containers Management Council of BC
Encorp Affiliation – Beverage Alcohol Containers Management Council of BC
Committees – Audit / Compensation
Term of office – Commenced 2009

Beverage Alcohol Containers Management Council of BC is a group that represents the manufacturers and importers of beverage alcohol products packaged in non-refillable containers other than aluminum. John has extensive experience as a public affairs consultant serving different parts of the beverage industry and was a founding director of Encorp.

John Graham
Director of Public Affairs & Government Relations, Safeway Operations, Sobeys Inc.
Encorp Affiliation – Retail Council of Canada
Committee – Governance
Term of office – Commenced 2011

For the past twenty years John has represented Safeway's interests on a broad range of issues impacting the grocery chain's retail stores. His current responsibilities include directing Safeway Operation's government and media relations as well as overseeing Safeway's public relations endeavors and supporting the interests of all of Sobeys Inc.'s Western Canadian business operations.

A graduate of Manitoba's I.H. Asper School of Business, John sits on a number of industry, corporate and community boards including Vice Chair and Lotteries Chair for St. Boniface Hospital and Research Foundation.

8.3 ADVISORY COMMITTEE

DATE: February 26, 2016

TO: Canadian Bottled Water Association
Retail Council of Canada
Juice Council of British Columbia
Canadian Beverage Association
Beverage Alcohol Containers Management Council of British Columbia

FROM: Al Lynch, Committee Chair

RE: Annual Report of the Advisory Committee for Fiscal Year – 2015

The Advisory Committee met on April 23, 2015 and November 12, 2015 with two new Committee members David McPhie and Monica Kosmak.

Agenda items included the following reports and presentations:

- Scott Fraser on the MoE non-financial audit procedure and accounting for deposit containers returned in the MRF stream
- Mario Anda on IC&I sector initiatives
- Blair Kennedy on the 5-year Operations Plan and Express Depot roll-out plan
- Elena Zevakhina on 2014 financial highlights and 2016 draft budget
- Sandy Sigmund on marketing initiatives and the annual report

There was discussion on the MoE proposed Recycling Regulation Amendments and Committee members were encouraged to comment directly to the MoE on the amendments that would positively affect Encorp and the beverage container return system.

Scott Fraser commented on the Container Recycling Institute case study on the B.C. beverage container return system and on his participation on the radio station CKNW Mythbusting series.

Scott Fraser and Chair Allen Lynch advised the group that the Committee Terms of Reference had been updated.

Committee Chair Allen Lynch advised the Committee that he would not be seeking re-appointment to the Advisory Committee when his term expires in May of 2016.

Respectfully submitted,

A. Lynch
Chair, Advisory Committee

Al Lynch – Chair
Retired
On Advisory Committee since 2000

Al was the Manager of the North Shore Recycling Program (NSRP), a tri-municipal agency, from 1990 to 2013. In that capacity he wrote an Integrated Solid Waste Management plan and implemented a variety of recycling programs. Although he retired from the NSRP at the end of June 2013, he is still very active in the solid waste field. He just completed a 3-year term as the Canadian Representative to the International Board of Directors of the Solid Waste Association of North America (SWANA), and is currently President of the Pacific Chapter of SWANA, as well as a Director of the Recycling Council of BC.

Alan Stanley
General Manager of Environmental Services, Regional District of Kootenay Boundary
On Advisory Committee since 2008

Alan manages a regional integrated solid waste management system that includes recycling collection programs, recycling depots, landfills, and waste transfer stations.

Aly Mitha
Chairman of the Council of Depot Operators
On Advisory Committee since 2011

Aly took over the helm as Chairman of the Council of Depot Operators in 2011. Aly celebrated 15 years at Kensington Return-It™ in November 2013. As a progressive operator, Aly and his family have been early adopters of new programs (5 Star), pilot programs for compaction, and most recently, the new Return-It™ Express concept.

Brock Macdonald
Chief Executive Office, Recycling Council of BC
On Advisory Committee since 2007

Brock was RCBC's Director of Communications prior to his appointment as CEO in 2006. Formerly, he was Communications Manager for Product Care, an industry stewardship agency, an educator and award-winning journalist.

David McPhie
Manager of Environmental Initiatives, BCLDB
On Advisory Committee since 2015

David is Manager of Environmental Initiatives and leads the BCLDB's sustainability work across their business. His areas of focus include waste management, energy and fuel efficiency, container recycling and plastic bag reduction.

Prior to joining the LDB, David worked in the BC Ministry of Environment developing and supporting climate change strategy.

Ken Lyotier
Founder and former Executive Director, United We Can Bottle Depot
On Advisory Committee since 2005

Ken founded United We Can, a non-profit bottle depot, in 1995 in order to provide work experience opportunities and income for residents of the Downtown Eastside of Vancouver. His work has been well recognized. He is a recipient of the Medal for Meritorious Service by the Governor-General of Canada, an Environmental Citizenship Award by the Province of British Columbia, the Civic Merit Award by the City of Vancouver, and an Honorary Doctorate from the University of British Columbia.

Monica Kosmak
Project Manager, City of Vancouver
On Advisory Committee since 2015

Monica joined the City of Vancouver as Zero Waste Planning Program Manager in 2010 and is currently on secondment as a city Project Manager to provide residential recycling services which fall under Multi-Material British Columbia stewardship program. She serves on or has served on the Advisory Committee's for the Major Appliance Recycling Roundtable, Tire Stewardship BC, Electronics Product Stewardship Canada and the Recycling Council of BC policy committee. She was formerly Co-Chair of the BC Product Stewardship Council, and a Director for Computers for Schools BC.

Robert Knall
Manager, Development Planning, Township of Langley, Community Development Division
On Advisory Committee since 2010

Robert has been a planner with the Township of Langley since 1988, and is the Planning Institute of BC's representative on the Advisory Committee.

Will Burrows
Executive Director, Coast Waste Management Association
On Advisory Committee since 2008

Will serves as Executive Director for the Coast Waste Management Association (CWMA), a membership association serving the solid waste industry in coastal British Columbia.

His waste and recycling career began 20 years ago as Project Manager for the largest metal recycler on Vancouver Island. In 2007, Will took on the role of Executive Director for CWMA. Since this time, membership and annual conference participation more than doubled. Will was appointed to the newly formed Multi-Material BC Advisory Committee in March 2014.

Will lives in Cobble Hill on Vancouver Island with his wife and three children.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

2015 ANNUAL REPORT

9 AUDITED STATEMENTS

9.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

April 18, 2016

The financial statements of Encorp Pacific (Canada) have been prepared by management in accordance with generally accepted accounting principles in Canada. Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial statements are prepared in a timely manner.

Encorp Pacific (Canada) maintains a system of internal accounting and administrative controls. They are designed to test the adequacy and consistency of internal controls, practices and procedures. PricewaterhouseCoopers, the independent auditors appointed by the Board of Directors, has audited the financial statements of Encorp Pacific (Canada) in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and expresses an opinion on the financial statements of Encorp Pacific (Canada).

Scott Fraser
Chief Executive Officer

Bill Chan, CPA, CGA, MBA
Senior Vice-President & CFO

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

9.2 INDEPENDENT AUDITOR'S REPORT & FINANCIAL STATEMENTS

May 11, 2016

Independent Auditor's Report

To the Members of
Encorp Pacific (Canada)

We have audited the accompanying financial statements of Encorp Pacific (Canada), which comprise the statement of financial position as at December 31, 2015 and the statements of changes in net assets, operations, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Encorp Pacific (Canada) as at December 31, 2015 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.

PricewaterhouseCoopers LLP
Chartered Professional Accountants

PricewaterhouseCoopers LLP
Central City Tower, 13450 102 Avenue, Suite 1400, Surrey, British Columbia, Canada V3T 5X3
T: +1 604 806 7000, F: +1 604 806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

STATEMENT OF FINANCIAL POSITION

Encorp Pacific (Canada)

Statement of Financial Position

As at December 31, 2015

	2015 $	2014 $
Assets		
Current assets		
Cash	40,128,069	43,721,017
Accounts receivable	4,996,601	4,455,845
Prepaid expenses	117,620	50,201
	45,242,290	48,227,063
Capital assets (note 3)	1,004,623	653,034
	46,246,913	48,880,097
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	7,042,671	8,055,421
Deferred revenue	6,463,476	6,756,733
Advance payment from brand owners	201,643	261,810
	13,707,790	15,073,964
Net Assets		
Internally restricted reserve (note 4)	1,180,726	1,180,382
Unrestricted (note 4)	31,358,397	32,625,751
	32,539,123	33,806,133
	46,246,913	48,880,097

Commitments (note 5)

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

Encorp Pacific (Canada)

Statement of Changes in Net Assets

For the year ended December 31, 2015

			2015	2014
	Internally restricted reserve $	Unrestricted $	Total $	Total $
Balance - Beginning of year	1,180,382	32,625,751	33,806,133	30,738,790
(Deficiency) excess of revenue over expenses	-	(1,267,010)	(1,267,010)	3,067,343
Transfer to internally restricted reserve (note 4)	344	(344)	-	-
Balance - End of year	1,180,726	31,358,397	32,539,123	33,806,133

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

Encorp Pacific (Canada)

Statement of Operations

For the year ended December 31, 2015

	2015 $	2014 $
Revenue		
Deposits on containers	87,024,402	84,483,769
Deposit refunds	(70,381,314)	(68,524,319)
	16,643,088	15,959,450
Container recycling fees	48,785,576	50,390,695
Contract fees	12,326,296	12,585,507
Sale of recyclable materials	12,547,295	14,270,138
Other	333,920	489,418
	90,636,175	93,695,208
Direct operations expenses		
Handling fees	54,955,583	53,949,712
Depot operations	776,459	1,083,270
Transportation and processing fees	27,226,075	27,269,702
	82,958,117	82,302,684
Other expenses		
General and administrative	4,925,942	4,469,001
Consumer awareness	4,381,382	3,930,819
Amortization	576,101	368,663
Foreign exchange gain	(938,357)	(443,302)
	8,945,068	8,325,181
(Deficiency) excess of revenue over expenses	(1,267,010)	3,067,343

The accompanying notes are an integral part of these financial statements.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

STATEMENT OF CASH FLOWS

Encorp Pacific (Canada)

Statement of Cash Flows

For the year ended December 31, 2015

	2015 $	2014 $
Cash flows from operating activities		
(Deficiency) excess of revenue over expenses	(1,267,010)	3,067,343
Item not affecting cash - amortization	576,101	368,663
	(690,909)	3,436,006
Changes in non-cash operating working capital		
Accounts receivable	(540,756)	(617,703)
Prepaid expenses	(67,419)	(797)
Accounts payable and accrued liabilities	(1,012,750)	7,223
Deferred revenue	(293,257)	(23,734)
Advance payment from brand owners	(60,167)	(1,844,714)
	(2,665,258)	956,281
Cash flows from investing activities		
Purchase of capital assets	(927,690)	(226,621)
Cash flows from financing activities		
Repayment of obligations under capital lease	-	(163,425)
(Decrease) increase in cash	(3,592,948)	566,235
Cash - Beginning of year	43,721,017	43,154,782
Cash - End of year	40,128,069	43,721,017
Supplemental cash flow information		
Interest paid	-	2,797

The accompanying notes are an integral part of these financial statements.

Encorp Pacific (Canada)

Notes to Financial Statements

December 31, 2015

1 Operations

Encorp Pacific (Canada) (the "Corporation") was incorporated without share capital pursuant to Part II of the Canada Corporations Act on October 1, 1998 and continued effective June 11, 2014 under the Canada Not-for-Profit Corporations Act. The Corporation is exempt from income taxes and carries on its operations without monetary gain to its members.

The Corporation has been appointed by participating brand owners to carry out its duties pursuant to the terms of the Recycling Regulation of the Environmental Management Act of British Columbia.

Under this appointment, the Corporation acts to develop a Stewardship Plan in the form prescribed by the Recycling Regulation for the collection and management of containers for and on behalf of the brand owners in an efficient, cost-effective, and socially and environmentally responsible manner. The appointment also allows the Corporation to establish charges for its services as required to generate fees sufficient to meet its current and future financial requirements, including deposit refunds and operating costs.

The objectives of the Corporation are to promote and facilitate the recycling of used beverage containers in British Columbia through education, public awareness and management under the Recycling Regulation. Although an excess or deficiency of revenue over expenses may occur on an annual basis, the Corporation's objective is to operate on a cost recovery basis.

Under contract, the Corporation also provides material handling with respect to recycling of certain consumer electronics, packaging and printed paper, and dairy containers (2014).

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, incorporating the following significant accounting policies:

Revenue

Deposits on containers and container recycling fees are received from brand owners on each container sold in the province of British Columbia. The Corporation records revenue from deposits on containers net of deposit refunds, and container recycling fees as services are provided in relation to its obligations under the Stewardship Plan.

Contract fees are recorded when the services are provided.

Recyclable materials revenue is recorded when the containers are received by recyclers.

Encorp Pacific (Canada)

Notes to Financial Statements

December 31, 2015

Deferred revenue

The Corporation defers revenue related to deposits and container recycling fees received or receivable prior to year-end for which the related deposit refunds, handling fees and transportation and processing fees will be paid for container returns received subsequent to year-end. The amount deferred is estimated based on the industry average rate of recovery. The determination of such a deferral is subject to estimates that reflect management's determination of the most probable set of economic conditions, including the estimated turnaround time for consumers returning used beverage containers for refunds. The turnaround time is estimated to be 7.5 weeks.

Direct operations expenses and other expenses

Handling fees to depots and transportation and processing fees are recorded on the date the containers are collected by transporters. Other expenses are recorded as they are incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the statement of financial position date. Exchange differences are included in income as they arise. Revenues and expenses denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date.

Capital assets

The Corporation records capital assets at cost less accumulated amortization. Amortization is calculated as follows:

Office equipment	5 years straight-line
Computer hardware	3 years straight-line
Computer software	3 years straight-line
Leasehold improvements	3 - 5 years straight-line

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to ownership of the property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the present value of the lessee's minimum lease payments or the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases.

Encorp Pacific (Canada)

Notes to Financial Statements

December 31, 2015

Use of estimates

A precise determination of many assets and liabilities is dependent upon future events, and therefore, the preparation of financial statements requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Areas requiring estimates include deferred revenue, allowance for uncollectible accounts, and amortization rates for capital assets.

Financial instruments

Financial instruments comprise cash, accounts receivable, and accounts payable and accrued liabilities.

Financial instruments are recorded on initial recognition at fair value. Subsequent to initial recognition, the Corporation records all financial instruments at cost or amortized cost. Transaction fees are expensed as incurred.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

3 Capital assets

			2015	2014
	Cost $	Accumulated amortization $	Net $	Net $
Office equipment	678,040	457,855	220,185	239,621
Computer hardware	1,939,189	1,196,119	743,070	347,747
Computer software	73,191	63,675	9,516	14,253
Leasehold improvements	285,943	254,091	31,852	51,413
	2,976,363	1,971,740	1,004,623	653,034

4 Internally restricted reserve and unrestricted balance

The Board of Directors has established an internally restricted reserve in recognition of the principle that the costs of recycling each container type are to be borne independent of other container types. The objective of the reserve is to defer the implementation of the container recycling fee on container types for which the current unredeemed deposits exceed the net costs of recycling. The reserve level is reviewed annually. The reserve may also be used to develop and implement strategies to improve recovery rates of these specific containers. As a result of the annual review, an amount of $344 (2014 - $18,058 from restricted fund to unrestricted) was transferred from unrestricted reserve to restricted reserve during the current year.

Encorp Pacific (Canada)

Notes to Financial Statements

December 31, 2015

5 Commitments

The Corporation has entered into operating leases for its premises and certain equipment. The total future minimum lease payments are as follows:

	$
2016	329,835
2017	111,291
2018	104,768
2019	66,746
2020	-
Total	612,640

6 Government remittances

Government remittances consist of amounts (such as payroll withholdings, sales taxes and Workers' Compensation Board remittances) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, the net position is a receivable of $120,244 (2014 - receivable of $69,141).

7 Related parties

The Corporation owns 100% of Encorp Pacific Inc. ("EPI"), an incorporated company. EPI is inactive and its balance sheet is as follows:

	$
Cash	2
Shareholder's equity	2

During the year, the Corporation paid $117,859 (2014 - $131,713) in Directors' fees.

8 Bank facilities

Encorp Pacific (Canada) has the following facilities with Royal Bank of Canada:

Description	Limit $	Used $
Revolving demand facility	2,000,000	-
Revolving lease line of credit	1,000,000	-

The revolving demand facility and the revolving lease line of credit are secured by all property (unless subject to prior charges) of the Corporation.

Encorp Pacific (Canada)

Notes to Financial Statements

December 31, 2015

9 Capital disclosures

The Corporation defines its capital as the amounts included in its net asset balances.

When managing its net assets, the Corporation's objective is to safeguard its ability to continue as a going concern in order to fulfill its mandate as set out in note 1.

While its net assets are not subject to external restrictions, the Corporation has certain Board imposed restrictions on the use of its net assets as indicated in note 4. The Corporation has internal control processes to ensure that these internally imposed restrictions are met prior to the utilization of these net assets.

The Corporation manages the amount of net asset balances in proportion to risk and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

10 Currency, interest rate and credit risk management

Foreign currency risk

The Corporation is exposed to foreign exchange risk through its cash, accounts receivable and accounts payable that arise on sales of recyclable materials denominated in US dollars. At December 31, 2015, the net US dollar exposure on cash, accounts receivable and accounts payable was US$1,646,556 (2014 - US$1,483,607).

Interest rate risk

The Corporation is not exposed to significant interest rate risk.

Credit risk

Accounts receivable consist of amounts outstanding from brand owners and material recyclers. The Corporation monitors the creditworthiness of brand owners and material recyclers to minimize the risk of loss.

9.3 INDEPENDENT REASONABLE ASSURANCE REPORT

May 11, 2016

Independent Reasonable Assurance Report

To the Directors of Encorp Pacific (Canada) on selected non-financial information included in the Encorp 2015 Annual Report

We have been engaged by Encorp Pacific (Canada) ("Encorp") to perform a reasonable assurance engagement in respect of the following information, referred to as the "Selected Information", detailed within Encorp's annual report to the Ministry of Environment and in Appendix A, for the year ended December 31, 2015:

- The location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of B.C. Regulation 449/2004 (the "Recycling Regulation");
- The description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation;
- The total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation; and
- Performance for the year in relation to approved targets under Section 8(2), (b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Our opinion does not constitute a legal determination on Encorp's compliance with the British Columbia Regulation 449/2004 Recycling Regulation.

Responsibilities

Preparation and fair presentation of the Selected Information in accordance with the evaluation criteria as listed in Appendix A is the responsibility of Encorp's management. Management is also responsible for such internal control as management determines is necessary to enable the preparation of the Selected Information such that it is free from material misstatement. Furthermore, management is responsible for preparation of suitable evaluation criteria in accordance with the *Guide to third party assurance for non-financial information in annual reports - 2015 reporting year*, dated February 2016 ("Assurance Requirements") as specified by the Director under Section 8(2)(h) of the Recycling Regulation of the Province of British Columbia.

Our responsibility is to express an opinion on the Selected Information based on the procedures we have performed and the evidence we have obtained.

PricewaterhouseCoopers LLP
Central City Tower, 13450 102 Avenue, Suite 1400, Surrey, British Columbia, Canada V3T 5X3
T: +1 604 806 7000, F: +1 604-806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Methodology and assurance procedures
We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by the International Federation of Accountants. This standard requires that we comply with independence requirements and plan and perform the engagement to obtain reasonable assurance about whether the Selected Information is free of material misstatement.
A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the Selected Information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the Selected Information due to omissions, misrepresentation and errors. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Selected Information in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the entity's internal control. A reasonable assurance engagement also includes assessing the evaluation criteria used and significant estimates made by management, as well as evaluating the overall presentation of the Selected Information.

The main elements of our work were:
- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- Testing relevant controls, documents and records on a sample basis;
- Testing and re-calculating quantitative information related to the Selected Information on a sample basis; and
- Reviewing the consistency of the Selected Information with the related disclosures in the Annual Report of Encorp.

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

Inherent limitations
Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Selected Information and the methods used for determining and calculating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. Furthermore, the nature and methods used to determine such information, as well the evaluation criteria and the precision thereof, may change over time. It is important to read our report in the context of evaluation criteria.

Conclusion
In our opinion, the Selected Information for the year ended December 31, 2015 presents fairly in accordance with the evaluation criteria, in all material respects:
- The location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of B.C. Regulation 449/2004 (the "Recycling Regulation");
- The description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation;
- The total amount of the producer's product sold and collected and the producer's recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation; and
- Performance for the year in relation to approved targets under Section 8(2), (b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Emphasis of matter
Without qualifying our opinion, we draw your attention to Appendix B which describes why certain items required by the Assurance Requirements to be included in the Appendix A have been excluded. Our opinion is not qualified in respect of this matter.

Other matters
Our report has been prepared solely for the purposes of Encorp's compliance with the reporting requirements relating to Sections 8(2), (b), (d), (e) and (g) of the Recycling Regulation and is not intended to be and should not be used for any other purpose. Our duties in relation to this report are owed solely to Encorp, and accordingly, we do not accept any responsibility for loss occasioned to any other party acting or refraining from acting based on this report.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Appendix A - Assurance Requirements

1. Section 8 (2) (b) the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report.

Specific disclosures in the annual report for which evaluation criteria were developed

Disclosure per annual report	*Reference*
Encorp's collection network consists of 174 Return-It™ Depots. Two new depots were opened and one depot was closed during 2015.	Collection system and facilities: Executive summary on page 3

The following evaluation criteria were applied to the assessment of the location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation.

Definitions:

- ***Collection facility*** referred to as a Return-It™ Depot means an operation, facility that has been identified in an approved stewardship plan for collection and redemption of used beverage containers.
- ***Depots list*** is a registry of Return-It™ Depots containing contact information (location, contact and hours of operation) maintained by Encorp.

Evaluation criteria:

- The number of collection facilities is obtained from the Depot List of Return-It™ Depots as of December 31.
- The calculation of the number of Return-It™ Depots is done by adding up the total number of Return-It™ Depots in the Depot List.
- The listing is done on a monthly basis.
- The changes in the number of collection facilities are highlighted in the monthly depot list with the summary provided at the end of the year.
- A summary reconciliation is completed at year-end identifying the depots at the beginning of the year, changes during the year and the number of depots at the end of the year.

2. **Section 8 (2) (d) Product management in accordance with pollution prevention hierarchy.**
Specific disclosures in the annual report for which evaluation criteria were developed: • Material collected by Encorp is shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation. • Aluminium cans collected in 2015 were sold and shipped to a re-melt facility in the USA and turned back into aluminium sheet stock for new cans. • Plastic containers collected in 2015 were sold to Merlin Plastics and shipped to their two separate facilities in British Columbia and Alberta to be cleaned and pelletized to become new raw material for manufacturers of various plastic products including new containers, strapping material and fibres. • Glass containers collected in 2015 were processed in British Columbia and shipped to various end markets including a plant that produces fibreglass insulation in Alberta; a facility that produces new glass bottles in Seattle, US; a facility that manufactures sandblasting materials in Quesnel, BC; and municipal sites that use crushed glass as construction aggregates. • Polycoat containers collected in 2015 were sold to ICF International and shipped to manufacturing plants in South Korea and USA for material recovery and production of tissue paper from the recovered fibre. • Other metal containers collected in 2015 were sold to scrap metal dealers for metal recovery. • Other containers including stand up pouches made of layers of plastic and aluminium foil and laminated plastic bags inside the cardboard bag-in-a-box total did not find end market in 2015 and were stored in Delta, BC. Encorp continues to explore potential end markets and will occasionally send material for testing and evaluation to potential end recyclers.
Definitions: • ***Weight of material collected:*** *Weight obtained from processors invoices for the units collected and processed.* • ***Weight of material recycled:*** *Weight of baled material as per shipments received by recyclers based on outbound Movement Authorizations /Commodity Revenue supporting documents.* • ***End of life:*** *for used beverage containers is determined when the recovered containers are separated by material stream and delivered to the end recyclers approved by Encorp through a vendor certification process.* • ***End recycler:*** *a facility that uses processed used beverage containers to transform recovered material into other product.*

Evaluation criteria:

- All non-refillable containers collected during the year are delivered to processing sites across the province of BC where the containers are grouped into six material categories defined in the Stewardship Plan: Aluminium, Plastic, Polycoat, Glass, Other metals, and Combination and baled for further processing with the exception of glass that is crushed.
- Once processed, each material stream is shipped to its own end recycler approved by Encorp through a vendor qualification program.
- Each shipment is documented with the weight of material shipped on the transporter document (waybill/movement authorization form, export declaration).
- The total weight of material recycled is obtained from the list of shipments to each end recycler in a calendar year by material type.
- The total weight recycled is compared to the total weight of material collected to assess reasonableness of the total recycled weight published in the Annual Report. The calculation of weight of material collected is derived from the weight invoiced by processors for the units processed by material type. A comparison of past three years weight of units processed by commodity type is carried out every year. A significant variance between the weight processed year on year compared to units collected is investigated.

Encorp Pacific (Canada)
206 - 2250 Boundary Road, Burnaby, BC V5M 3Z3
Tel: 1-800-330-9767 www.return-it.ca

3. Section 8 (2) (e) the total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate.

Specific disclosures in the annual report for which evaluation criteria were developed:

Disclosure per annual report	***Reference***
Total Sales in units: 1,266,027,839 Total Product Collected in units: 999,290,454 Recovery Rate: 78.9%	Recovery rate from the Executive Summary on page 3

The following evaluation criteria were applied to the assessment of the description of how total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate has been calculated in accordance with Section 8(2)(e).

Definitions:

- ***Recovery rate:*** A calculated value derived from dividing total units collected by total units sold and measured as percentage rounded to the first decimal point.
- ***Product sold:*** Number of units (beverage containers) reported by Brand Owners to Encorp.
- ***Brand owners:*** Producers as defined in Schedule 1 of the Recycling Regulation.
- ***Product collected:*** Number of units (used beverage containers (UBC)) collected by Encorp.
- ***Containers in transit:*** Containers for which deposits were received but will be refunded subsequent to year-end. The estimated turnaround time for consumers returning used beverage containers for deposit refunds is estimated to be 7.5 weeks.
- ***Movement authorization (MA):*** A document indicating a number of containers and number of shipping containers (bags) collected by transporters on behalf of Encorp Pacific (Canada).

Evaluation criteria:

- The recovery rate is determined by dividing the number of product units collected by the total number of product units sold.
- The total product units sold is based on sales reports received by Encorp from their Brand owners in unit sales.
- The reported units sold are adjusted at year-end to account for containers for which deposits were received but will be refunded subsequent to year-end.
- The total number of product units collected is based on the number of used beverage containers collected by Encorp as indicated in the movement authorization form during the calendar year.
- The product units sold and collected, and the recovery rate reconcile to the numbers published in the annual report.

4. Section 8 (2) (g) the performance for the year in relation to approved targets under Section 8 (2) (b), (d) and (e).

Specific disclosures in the annual stewardship report for which evaluation criteria were developed:

Disclosure per annual report	***Reference***
2015 Assertion - Recovery rate of 78.9% (compared to target of 80.6%)	Recovery Rate: Executive Summary on page 3
2015 Assertion - 98.5% of the population covered by collection facilities (compared to 97% target)	Collection System and Facilities: Executive Summary on page 4

The following evaluation criteria were applied to the description of performance targets for the year in relation to the specific targets associated with Section 8(2)(e) of the Recycling regulation in the approved stewardship plan:

Evaluation criteria:

- Targets in the stewardship plan have been identified and reported on by management in the annual report.
- The description of the progress against targets to date is supported by records of progress maintained by Encorp.
- Reporting on the "coverage" of the collection network is based on the percentage of BC residents living within 30 minutes (urban areas) or 45 minutes (rural areas) of a collection facility.

Appendix B – Emphasis of matter

Encorp has not reported its performance for the year in relation to approved targets under 8(2)(d) in accordance with 8(2)(g) of the Recycling Regulation for the year ended December 31, 2015 as there are no specific related targets in the approved stewardship plan.

HOMESTYLE
100% FLORIDA
Citrus
Agrumes
16

ENCORP Return-It™

It's Worth It.

ENCORP PACIFIC (CANADA)
206-2250 Boundary Road, Burnaby, B.C. V5M 3Z3
Tel 1-800-330-9767 Fax 604-473-2411

Email: returnit@returnit.ca www.returnit.ca

@Return_It Return-It Return-It