



# 2022 Annual Report

Encorp Pacific (Canada)





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Encorp Pacific (Canada), better known as Return-It™, 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 includes all ready-to-drink beverage containers sold in British Columbia as identified under Schedule 1 of the Recycling Regulation such as aluminum cans, plastic, glass, bi-metal, drink boxes, gable tops, bag-in-a-box, drink pouches as well as non-refillable bottles on behalf of appointed producers. [return-it.ca](http://return-it.ca)



## PUBLIC EDUCATION MATERIALS & STRATEGIES

Consumer awareness levels are measured through annual benchmark studies conducted by a third-party market researcher. The methodology and sample sizes are representative of the Province and statistically accurate to a margin of +/- 5%. The studies track changes over time and provide valuable information and consumer trends (refer to page 10).



In addition to the benchmark study, Return-It conducts a Segmentation Analysis to better understand consumer behaviour and identify target audiences particularly around throw away the behaviour of each target group.

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

The Return-It network consists of independently owned and operated Return-It depot collection facilities that have collection agreements with Encorp, as well as corporate Return-It Express Plus™ locations and Express & GO™ unstaffed stations, and return to retail locations.

The Express system provides 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. Express & GO are unstaffed solar-powered drop-off stations with extended hours and contactless service where consumers are still able to benefit from the ease and convenience of Express. Express Plus is Encorp's flagship location, offering a convenient and cashless way to recycle used beverage containers and other small household items. There are a total of 94 Express locations including 12 Express & GO stations and 2 Express Plus locations in BC.

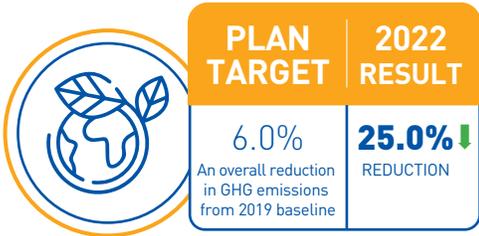
99.2% of BC's population has access to a beverage container return facility, compared to the target in our Stewardship Plan of 97%. This target is based on an independent third-party study conducted by Licker Geospatial, and exceeds the current Stewardship Agencies of British Columbia (SABC) accessibility standard.

The awareness of locations are also to be measured using the same market research study and methodology as system awareness.



Depots	Express & GO	Express Plus
163	12	2





### PRODUCT ENVIRONMENTAL IMPACT REDUCTION, REUSABILITY AND RECYCLABILITY

Encorp's activities in 2022 contributed to the avoidance of about 123.5 thousand tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) being released into the atmosphere, compared to 110.2 thousand tonnes in 2021.

Encorp will track and report on the following: Metric weight of materials diverted from landfill; Energy savings by material type; GHG emissions and MT-CO<sub>2</sub>, equivalent avoided; End fate of each material type; GHG reduction target performance against the baseline. Reference Section 5 starting on page 39.

### POLLUTION PREVENTION HIERARCHY AND PRODUCT/COMPONENT MANAGEMENT

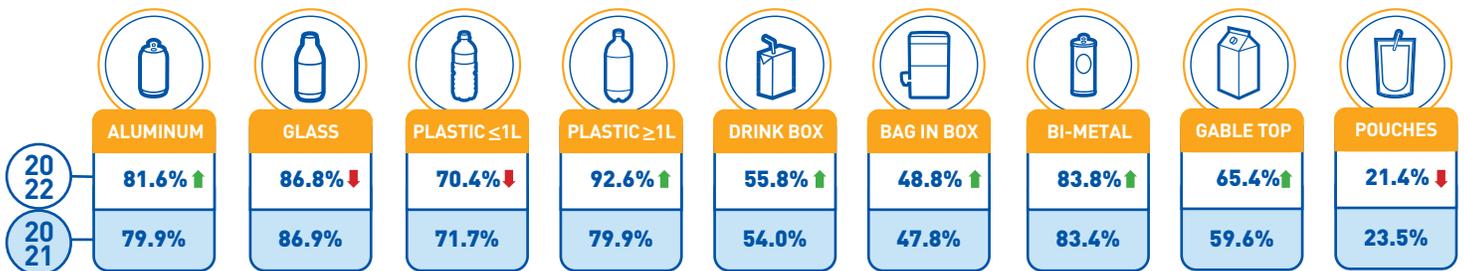
Containers collected by Encorp in 2022 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation. See End Fate information on page 44.



### PRODUCT SOLD AND COLLECTED AND RECOVERY RATE

The Stewardship Plan outlines the recovery rate targets for the five year term. Each term consists of a full year of sales and recovery rate data starting January 1st. The current five year targets were approved on September 1, 2021.

Total Sales in units	<b>1,661,071,520</b>
Total Product Collected in units	<b>1,272,480,416</b>
Recovery Rate	<b>76.6%</b>
Provincial Per Capita Recovery	<b>239.2</b>



### SUMMARY OF DEPOSITS, REFUNDS, REVENUES AND EXPENSES

A refundable deposit and a non-refundable variable container recycling fee (CRF) is paid on every ready-to-drink beverage container sold in BC. Unclaimed deposits are used to fund the system. When the revenue from unclaimed deposits and from the sales of collected material are insufficient to cover the cost of recovering and recycling a specific container type, a non-refundable container recycling fee is added at the time of sale to make up for the shortfall. See detailed explanation on page 54.

Deposits Collected	<b>\$166,107,152</b>
Refunds Issued	<b>\$127,248,042</b>
Total Revenue	<b>\$259,353,000</b>
Total Expenses	<b>\$245,903,055</b>



# 2

## PROGRAM OUTLINE

Message from the Chair and CEO; successes and opportunities in 2022.

Our vision, mission statement and strategic business model.

Social purpose, diversity and inclusion, and honours and awards.

## 2.1 MESSAGE FROM THE CHAIR

By spring 2022, much of the world was emerging from the global pandemic, and the dark cloud that had blanketed our lives for the past two and a half years was finally starting to lift. But, despite cautious optimism, it was clear that we were not going back to business as usual. Big changes were taking place in our organization, in our network and in the world of extended producer responsibility (EPR). Taken together, they ensured that there would be no return to “normal” as we’d known it.

In the first place, we started the year searching for a new CEO, a process that would take a full eight months to complete. In the interim, we were fortunate to have had veteran Director John Nixon step into the role. John did an outstanding job, providing leadership and continuity through the period of post-COVID adaptation while moving the ball forward on important policy and operational initiatives. Our thanks go to John and the entire senior management team for their dedication and perseverance through a turbulent time. By mid-August, we had welcomed Cindy Coutts to the fold as our new CEO and she had an immediate impact. Cindy is an accomplished business executive and we look forward to her leadership and strategic guidance in the next phase of our journey as one of British Columbia’s leading stewardship organizations.

On February 1, Return-It depots began collecting milk and plant-based beverage containers in accordance with previously announced changes to British Columbia’s Recycling Regulation. The inclusion of these containers brought additional complexity to BC’s deposit/refund system – for example, interpreting which products were defined as beverages, along with increasing material processing requirements – as well as the challenge of re-educating consumers who had become accustomed to placing the containers in their blue boxes and other collection points over the past seven years. The consumer awareness initiatives that accompanied the launch will continue in 2023, and we expect recovery rates in this category to improve as a result.

Overall, our recovery rate did improve in 2022, reversing the declining trend that had started in 2019 and was exacerbated by pandemic-related economic conditions in 2020 and 2021. This is a good sign, as it represents a significant increase in the actual volume of containers collected, as the volume of containers sold was growing rapidly as the economy emerged from the pandemic. Nevertheless, the recovery rate is still not where we need it to be. It remains our most vital performance metric and will continue to be the main driver of operational initiatives in the years to come.

Throughout the year, we faced new and more detailed reporting requirements from our regulator. At the same time, we continued to deal with the substantial challenge of

siting depots in strategically important areas of the province, notably in densely populated pockets of the Lower Mainland. These areas are currently underserved relative to their populations, but are critical to improving overall recovery rates. Part of the challenge is the inevitable result of a pricey real estate market, while another is the burden of complex administrative processes that have frustrated the opening of new locations – even where innovative formats like our popular Return-It Express stations have been offered.

From a broader perspective, new developments and new dynamics in the larger policy environment are changing the essential nature of our business and the ways we respond to them. The advent of new and untested EPR models in other jurisdictions, which affect most brand owners directly or indirectly and are closely followed by our own regulatory authorities, and the declaration of far-reaching policy goals by the federal government create new lenses for all stewardship organizations. How we adapt to these changes at Encorp Pacific will be one of our biggest challenges going forward.

Fortunately, we continue to benefit from a mature, thoughtful Board of Directors, dedicated staff and a talented management team. In June we were honoured to have been named winner of the Recycling Council of British Columbia’s Innovation Award. The RCBC Innovation Award is given to organizations that achieve an outstanding technical accomplishment in design or development of a product or process that improves its sustainability or advances zero-waste practices. Our solar-powered, unstaffed Express & GO stations and the hybrid CNG-electric compaction trucks made it to their list of winning projects.

All of this confirms that, in an environment of change and post-COVID adjustment, our team is up for the challenge. We are grateful for their efforts.



**Dan Wong**  
Board Chair

## 2.2 MESSAGE FROM THE CEO

As we reflect on 2022, it was undoubtedly a year of transformation for Encorp Pacific. As the world began to emerge from the shadows of COVID-19, our organization also embarked on a journey of renewal. As the new CEO, I am honoured to lead Encorp Pacific in navigating the challenges and possibilities that lie ahead. Together, we will continue to make a meaningful impact on the environment and the communities we serve.

Many thanks to Board Member John Nixon for enthusiastically stepping into the CEO role for part of 2022. I officially joined as the new CEO in August 2022, and I am deeply grateful for the warm welcome and support I have received from the Board, our dedicated team and our extensive network. We continue to add new team members to both right-size and enhance our talent pool.

The past year we successfully expanded our deposit return system in British Columbia to include milk and plant-based beverage containers. We devoted significant resources to ensure clear communication and smooth implementation of this change for all stakeholders. I am pleased to report that, in the first year alone, we recovered and recycled approximately 60% of all milk containers sold in BC.

Our commitment to the circular economy extends beyond what we achieve by recycling close to 1.3 billion used beverage containers annually; the manner in which we accomplish our objectives is equally important. In 2022, Encorp introduced three hybrid CNG-electric compaction trucks to our fleet, which can transport six times the volume of beverage containers compared to conventional diesel trucks. This initiative, among others, enabled us to reduce our greenhouse gas emissions by 25% compared to our 2019 base year.

As we emerged from the pandemic, it became clear that elements of life have permanently changed. Encorp's Return-It Express program launched into high gear at the start of 2020 to offer consumers a convenient and touchless option for returning used beverage containers – no sorting, lineups or handling of cash. Signing up for an Express account, which is easy and free, offers consumers the opportunity to collect their empties at home in a clear plastic bag, print a label and deposit the bag into one of 12 Express & GO locations or 82 Express depots. Refunds are then deposited

directly into consumers' accounts. Almost a quarter of a million households held an Express account by the end of 2022, indicating the popularity of the program. Watch for enhancements and expansions in 2023.

As the threat of climate change persists, citizens of BC are increasingly searching for tangible ways to minimize their environmental impact. The recycling of used beverage containers offers a practical solution, reducing pollution and conserving resources that can be recycled into new products – often, new beverage containers. With the growing demand for recycled content in the production of new beverage containers, our commitment to enhancing recovery rates is more critical than ever.

For nearly three decades, Encorp has been a pioneering industry-led stewardship agency, implementing results-driven deposit return regulations in BC. While we take pride in our accomplishments, we must look ahead and envision the next 30 years, identifying innovative strategies to achieve our goals. Our primary objective remains the efficient recovery and recycling of used beverage containers in BC. However, advancements in technology, artificial intelligence, green energy, data analytics and partner optimization present new opportunities for growth and improvement.

As the new CEO, I am honoured to lead Encorp Pacific in navigating the challenges and possibilities that lie ahead. Together, we will continue to make a meaningful impact on the environment and the communities we serve.



**Cindy Coutts**  
President and CEO

# 2.3 WHAT DRIVES US

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, glass coolers and spirits, plus non-refillable beer bottles sold in British Columbia.

As a leader in extended producer responsibility, we have diverted over 24.7 billion beverage containers from landfills over the last 29 years. We recycle a variety of materials, including aluminum cans, plastic bottles, drink boxes, gable tops, and bag-in-a-box packaging. We develop, manage and improve systems to recover used packaging and end-of-life products for recycling, promoting sustainability through innovation and partnership.

### Encorp's Business Model

Since the beginning, Encorp's business model has utilized outsourcing as the key component for delivering on its mandate; we are evolving this pure outsourcing model to a hybrid model. As a result, we now operate 12 Express & GO stations, two Express Plus locations, and three compaction trucks.

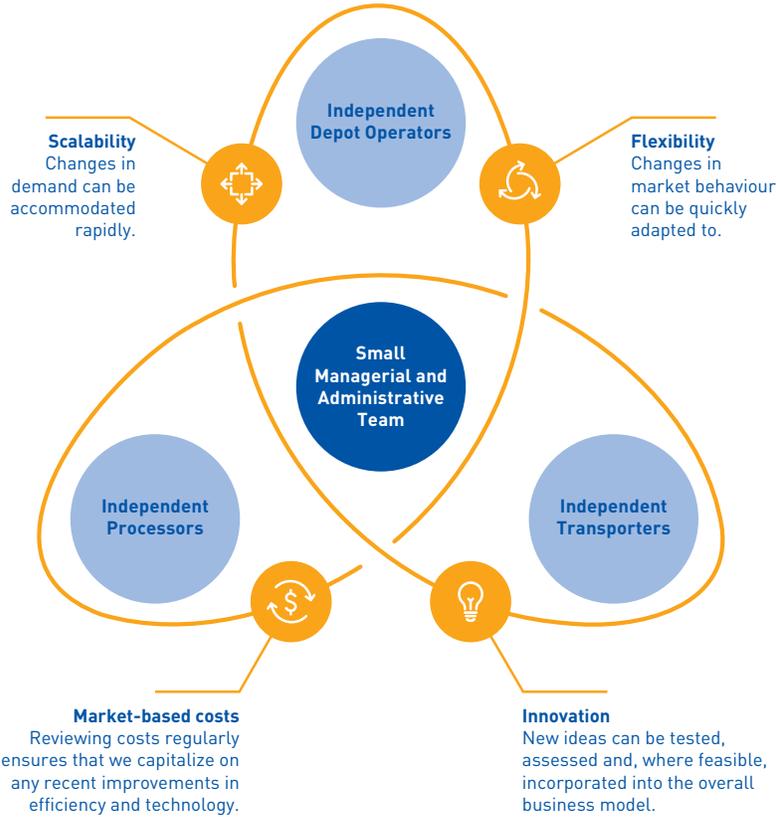
We have developed and maintained a set of core competencies within a small managerial and administrative team responsible for strategic planning, financial management, consumer

awareness, infrastructure development, information technology and public transparency. Most 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 marketplace to ensure that contract prices are competitive.

The advantages of this model include:

- **Market-based costs**
- **Scalability**
- **Flexibility**
- **Innovation**

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 constantly changing market trends.



## 2.4 SOCIAL PURPOSE, DIVERSITY AND INCLUSION, AND HONOURS AND AWARDS

*We exist to foster a world where nothing is waste.*

We took the first steps towards embedding our social purpose in our business in 2021. Through extensive research and consultations with employees and stakeholders, we defined a social purpose statement that reflects our commitment to creating a better future for people, communities and the planet.

Diversity and inclusion remain a key priority for our organization. In 2020, we completed a diversity and inclusion workshop through the Canadian Centre for Diversity and Inclusion. This training equipped our leadership team and staff with the necessary knowledge and tools to support best practices and training. We continued to find new ways this year to promote ongoing learning surrounding diversity and inclusion.

The effects of our organization’s efforts have not gone unnoticed, as we received recognition for our environmental waste-reducing efforts.

### Social Purpose

We launched our social purpose statement externally and performed an internal audit to assess our current state. We also collaborated with employees to define our core values, joined United Way’s Social Purpose Implementers cohort and activated a cross-functional social purpose team.

In 2022, our focus was on embedding and engaging our social purpose across the organization. Our cross-departmental implementation team worked diligently to integrate our social purpose into all aspects of our business, from decision-making processes to employee engagement.

What we do is important, but how we achieve our aims is just as important. An example of this is our organization’s expansion of our hybrid compressed natural gas (CNG)-electric compaction truck fleet. Taking the extra steps to reduce emissions by investing in hybrid compaction trucks is one of the many ways we integrate our social purpose across our organization.

In 2023, we will continue to prioritize embedding our social purpose in our business operations. Our focus will be on measuring and tracking our progress towards achieving our social purpose goals.



# 2.4 SOCIAL PURPOSE, DIVERSITY AND INCLUSION, AND HONOURS AND AWARDS

*We exist to foster a world where nothing is waste.*

### Diversity and Inclusion

Since our diversity and inclusion workshop in 2020, our leadership team have applied the skills and knowledge gained through this training and are continuously working to embed diversity and inclusion practices and initiatives within our workplace.

We believe that fostering a diverse and inclusive workplace is crucial to our success as an organization and that it has many benefits:

- Promotes a positive and inclusive workplace culture
- Encourages understanding and empathy towards diverse perspectives
- Reduces bias and stereotypes in decision-making processes
- Enhances employee engagement and retention
- Increases innovation and creativity through diverse ideas and perspectives
- Improves communication and teamwork among employees
- Helps organizations comply with legal and ethical requirements for diversity and inclusion



We are dedicated to creating a workplace where everyone feels valued, respected and empowered to bring their full selves to work. Through our diversity and inclusion initiatives, we will continue to strive towards this goal and make our organization an inclusive and welcoming environment for all.

In 2023, we plan to expand our Diversity and Inclusion training initiative by offering a diversity and inclusion certification program, led by the Canadian Centre for Diversity and Inclusion, for all staff members.

We believe that fostering a diverse and inclusive workplace is crucial to our success as an organization. Our goal is to create an inclusive workplace culture that promotes respect, equity and appreciation for everyone’s unique backgrounds and experiences.

### Honours and Awards

#### RCBC

Encorp was selected as the winner of the Innovation Award by the Recycling Council of BC (RCBC).

The RCBC Innovation Award is given to organizations that achieve an outstanding technical accomplishment in design or development of a product or process that improves its sustainability or advances zero-waste practices. Encorp’s solar-powered, unstaffed Express & GO stations have made it to RCBC’s list of winning projects.

Thank you, RCBC!





## 3.1 RESEARCH AND SEGMENTATION

Since 1999, Encorp Pacific has undertaken market research on an annual basis to evaluate program knowledge, assess consumer behaviour and measure levels of brand awareness for Encorp and Return-It across the province.

Research results are used to track changes over time as well as to provide information that is required by the provincial government. One of the most critical pieces of understanding is to determine how to further reduce the level of throw-away behaviour (approximately 23% of beverage containers are known to not be recycled in BC).

An online survey was undertaken in September 2022 among adults 18+ in BC. This year's survey specially sampled at least 200 individuals per group to allow for the analysis of results among some specific subsamples of interest, including those with a mobility disability, Indigenous British Columbians, and those who speak languages other than English.

When asked about whether the various types of beverage containers can be returned for the deposit refund in BC, results showed that awareness has either stayed the same or increased. There is an overall 99% level of awareness for all container types. When respondents were asked if they were aware of Encorp Pacific (Canada)/Return-It, levels remained consistent with those of past years.

	2022 (n=1,252)	2021 (n=1,221)	2020 (n=1,261)	2019 (n=1,186)
<b>Any Type (NET)</b>	100% ↑	99%	99%	99%
<b>Non-Alcohol (NET)</b>	99% ↑	97%	97%	97%
Aluminum cans 	99% ↑	97%	97%	97%
Plastic bottles 	93% ↑	88%	91%	91%
Glass bottles 	90% ↑	86%	88%	87%
Drink boxes 	78% ↑	64%	72%	73%
Cartons 	74% ↑	54%	63%	68%
Bi-metal cans 	71% ↑	68%	71%	74%
Bag-in-a-box 	46% ↑	40%	40%	43%
Drink Pouches 	44% ↑	33%	39%	N/A

## 3.1 RESEARCH AND SEGMENTATION

Every year, we ask those surveyed what is their preferred method to recycle their drink containers for deposit refund. This information allows us to study changes in recycling behaviour over time by comparing data across years.

		2022 (n=1,252)	2021 (n=1,221)	2020 (n=1,261)	2019 (n=1,186)
Return-It/ Bottle Depot		 81%	80%	72%	79%
Retailer (Net)		 20%	24%	27%	32%
Grocery Store		 15%	15%	19%	22%
Liquor Store		 13%	18%	19%	20%

As we continue with the expansion of the Return-It Express system across the province, it is important for us to measure awareness level of Return-It Express in regions where it is available, and understand how Return-It Express has impacted consumers' behaviour and whether consumers were satisfied with the service. When respondents were asked how satisfied they were with the Express service, 93% rated the service as excellent/good.

		2022 (n=868)	2021 (n=850)	2020 (n=875)	2019 (n=804)
Express awareness		 60%	72%	68%	44%
Express use		 23%	24%	14%	6%

Express customers state that since they began using Return-It Express, they are:

		2022 (n=868)	2021 (n=850)	2020 (n=875)	2019 (n=804)
Taking more containers to bottle depots		 43%	37%	32%	N/A
Visiting bottle depots more frequently		 38%	25%	19%	N/A
Putting fewer containers in the curbside blue box/ building recycling facility		 30%	21%	13%	N/A
Throwing fewer containers in garbage		 25%	21%	15%	N/A

# 3.1 RESEARCH AND SEGMENTATION

The segmentation analysis was updated in 2022 based on this year’s research results, including behavioural variables as well as attitudinal ones.

Five segments were identified: Regular Returners, Depot Fans, Convenience Trashers, On-the-Go Discarders and Uninformed Urbans.

Each segment was analyzed through the following criteria:

**Segment sizing:** comparing percentage of people in the segment, containers produced and containers thrown away.

**Key demographics:** age, gender, lifestyle, occupation and income along with other demographics.

**Depot use:** motivations/barriers for visiting a depot, and visit frequency.

**Express:** awareness of the service, current use and future use potential.

**Why they discard:** reasons why this portion of the public does not recycle their beverage containers.

Based on this segmentation approach from 2020, the five population segments continued to change in 2022 compared to previous years. Some notable finds:

- Although the percentage of On-the-Go Discarders has shrunk (15% to 14% of people), this segment continues to be responsible for a large proportion of discarded beverage containers in the province
- Convenience Trashers continue to represent the largest portion of containers discarded as a group (65%), but this number has declined in comparison to 2021, when this group discarded 71% of their containers

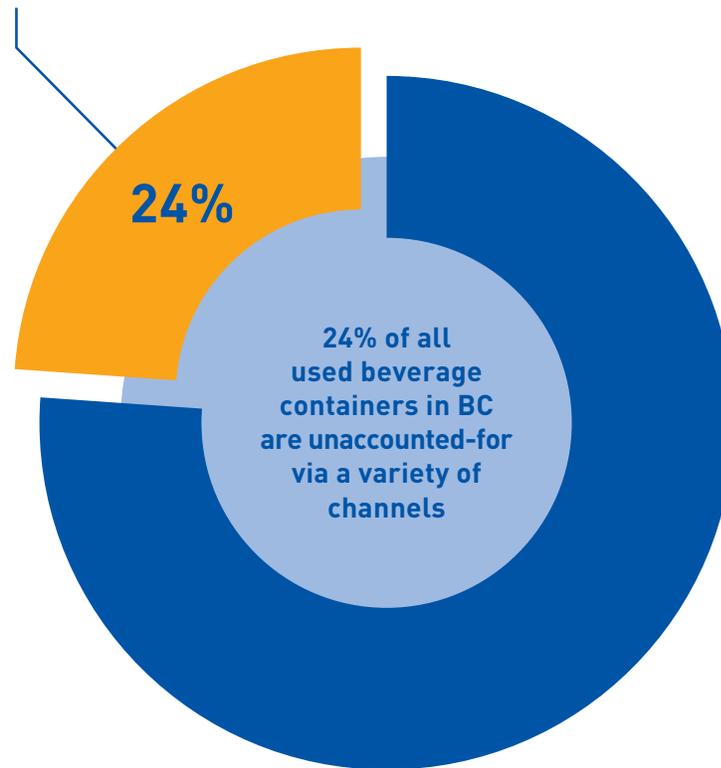


	Regular Returners	Depot Fans	Convenience Trashers	On-the-Go Discarders	Uninformed Urbans
<b>Segment sizing</b>	47% people 19% containers produced 2% containers discarded	20% people 43% containers produced 4% containers discarded	8% people 18% containers produced 65% containers discarded	14% people 17% containers produced 16% containers discarded	11% people 3% containers produced 12% containers discarded
<b>Key demographics</b>	Average age 53 57% female	Average age 50 56% male	40% are ages 18–34 (average age 43) 60% male	Ages 25–44 (average age 45) Almost equally male and female (52% female)	Both young and old Equally male and female
<b>Depot use</b>	Just below average use Curbside/building recycling seen as a good alternative to depots	Depots are preferred, frequently used	Above-average use of depots, but lack of consistency in returning containers	Average use Average motivations for using depots	Below-average use of depots, no real change to motivations for use – only use depots when convenient
<b>Express</b>	Below-average awareness, current use and future interest	Highest awareness among all segments (67%), average current use and future interest	Above-average awareness and interest in future use, stagnated current use	Average awareness and current use, above-average future interest	Below-average awareness and current use, but strong future interest
<b>Why they discard</b>	Rarely discard Confusion on what is returnable	Rarely discard Confusion on what is returnable	Hassle and inconvenience are key reasons	Can't find a place to return it while they are "on the go"	Lack of interest in the return system

## 3.2 UNACCOUNTED-FOR BEVERAGE CONTAINER STUDY

Encorp committed to conducting a one-time study on unaccounted-for beverage containers to gain a better understanding of where these containers are ending up. The analysis within the study provides valuable insight into the pathways taken by unaccounted-for beverage containers, which causes them to fall outside Encorp's extensive collection network infrastructure.

- Loss to the environment
- Loss to landfills
- Private institutional, commercial and industrial (IC&I) recycling streams
- Containers being exported beyond provincial boundaries



The information and key findings in this study were based on several reports, audits and data, including:

- An audit of shoreline cleanup activities
- Landfill audits
- IC&I waste stream study
- Streetscape collection system research

In addition to these analyses, Encorp conducted an audit on the rate of return of beverage container caps and lids, commissioned an extensive GIS mapping analysis of collection locations, and is currently working to provide retailers with additional collection support.

Encorp is taking proactive steps to increase British Columbia's used beverage container recovery rate. Through the study findings and ongoing dialogue with recycling sector associations and partners, Return-It is developing and implementing specific and targeted initiatives to capture and recycle more beverage containers.

The report provides a summary of Encorp's actions that the organization has developed to further increase the recovery rate of all the beverage containers included in the Return-It system.

# 3.3 PUBLIC EDUCATION

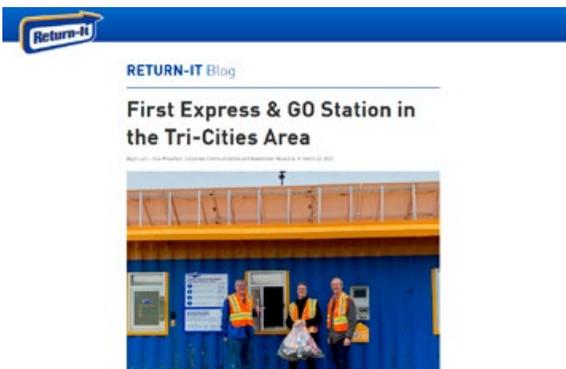
This year, we implemented a comprehensive plan to ensure that recycling remained top of mind. To achieve this objective, we utilized a range of media platforms, including TV, YouTube, social media, Google Ads, and other avenues. Furthermore, our Return-It Gang remained busy throughout the year, as we created numerous new ads to creatively highlight the significance of recycling beverage containers. By utilizing a variety of media channels and creative ad content, we effectively communicated the importance of recycling beverage containers in our province.

## TV



Television has been an integral part of our communication strategy, allowing us to reach a broad mass audience and convey our message in a quick and effective way. Through our television campaigns, we have been able to raise awareness and promote our brand, while also educating and engaging with our audience. In 2022, as part of our efforts, we worked on two new spots to run alongside some of our current assets. Our first new spot focused on the introduction of milk and plant-based beverages into the deposit system. The second new spot was created to raise awareness of the container types accepted through the system: gable top, juice boxes, pouches and bag-in-a-box.

## Return-It.ca and Return-It Blog



Our website and blog give consumers a quick and convenient place to find important information such as depot locations and the latest recycling tips, news and changes in the system. Visit [return-it.ca/blog](https://return-it.ca/blog) to read our posts and to learn more about recycling.

## Annual Report



This comprehensive and interactive Annual Report can also be found on our website [return-it.ca/ar2022](https://return-it.ca/ar2022). Visitors can choose to view the Annual Report on our website or by downloading a PDF of the report.

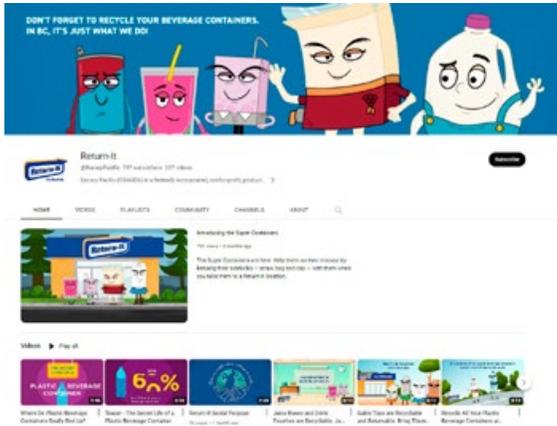
## Radio/Spotify



Radio and Spotify remained our go-to mediums for streaming ads and reaching our specific target audiences in 2022. As consumer media habits continue to change, we'll keep reviewing and evaluating the best way to reach our target consumers. Listen to our radio and Spotify spots at [youtube.com/user/EncorpPacific](https://youtube.com/user/EncorpPacific).

## 3.3 PUBLIC EDUCATION

### Corporate Videos



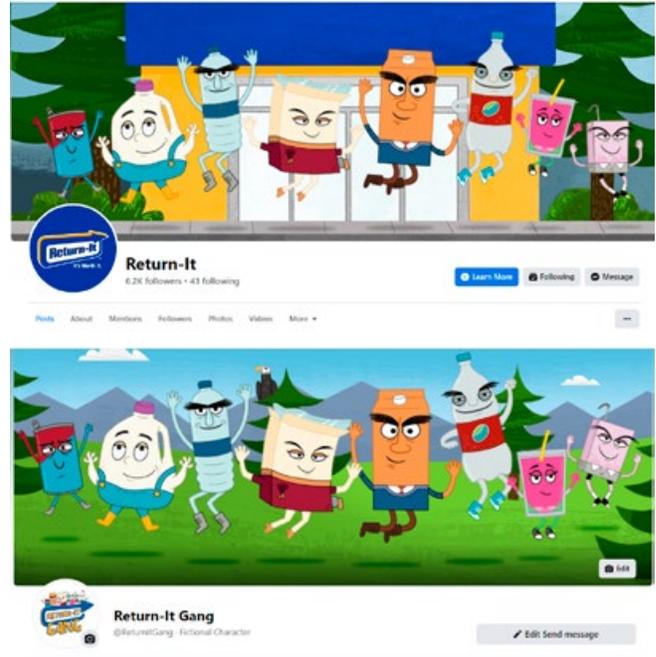
Our Return-It system videos offer an engaging and educational glimpse into the recycling process for various beverage container types. These videos are frequently promoted on our social media channels, where they have garnered significant attention, and can also be viewed on the Return-It YouTube channel. Our videos serve as an entertaining and informative tool to educate consumers about what happens to their drink containers after they are collected for recycling.

### Multi-Language Consumer Brochures



In 2022, we translated our beverage and Express brochures into Punjabi, Korean, Traditional Chinese and Simplified Chinese. The brochures were also posted to our website to reduce the amount of paper used to print brochures. British Columbians can find these brochures on our website at [return-it.ca/beverage/recycling/brochures/](https://return-it.ca/beverage/recycling/brochures/).

### Social Media



Social media, which has become an integral part of our outreach programs, is a powerful tool for raising awareness about the importance of recycling beverage containers. Through our corporate and Return-It Gang social media channels, we have been able to engage our audience and amplify our message in a way that resonates with them. The use of Return-It Gang characters on our social media channels provides a unique and relatable voice that helps us connect with our audience on a more personal level. By adopting a lighthearted and slightly cheeky tone, we are able to communicate our message in a way that is both informative and engaging.

In addition, our corporate channels serve as platforms to share important updates and news, such as drop-off events and new partnerships or openings. By leveraging the power of social media, we are able to reach a wider audience.

### Google Ads

Google provides a grant to non-profit organizations for their text-based search advertising. We have utilized this offer to show our audience search ads while they are inquiring online. If someone is searching how to recycle their beverage containers in BC, we'll reach them.

## 3.3 PUBLIC EDUCATION

### Caps On and Straws In Campaign

The “Caps On Straws In” campaign this year was aimed at ensuring that British Columbians were pushing their straws into their drink boxes and pouches, as well as keeping their caps on bottles and gable tops, so they can be recycled. The goal was to remind our audiences that caps and straws are part of the Return-It system.

### Straws In – Social Media and Digital Display



Our social media campaign was split into several flights, spanning from late March until late October. It consisted of static visuals featuring Return-It Gang characters Joyce Box and Juicenda Pouch. As the objective was to reach as many British Columbians as possible, this campaign targeted BC residents of all ages, but specifically targeted parents aged 25–45 from late August to early September. This was done to reach parents with young children who would be taking drink boxes and pouches to school.

In addition to static social media posts, we ran a video featuring Joyce Box and Juicenda Pouch across Facebook, Instagram and Twitter. This campaign consisted of several flights, beginning on May 30. The final flight, in mid-September, focused on targeting young parents so as to take advantage of the back-to-school time frame. Across all flights, the video was well-received, garnering over 2 million impressions and over 200,000 video completions in total.

Digital display ads ran from May 30 until late October, which lined up with the back-to-school season. This campaign targeted parents aged 25–45 in the Lower Mainland, Fraser Valley and Capital Regional District. It focused on reaching those parents with young children who would be taking drink boxes and pouches to school. Overall, our display ads made over 800,000 impressions.

### Caps On – Social Media



Our social media campaign for “Caps On” had five flights, spanning from late March until early October. The campaign consisted of static visuals featuring Return-It Gang characters Pete Bottel and Walter Bottel. The audience for this campaign was British Columbians of all ages, and the objective was to reach as many people as possible.

Altogether, the five flights performed well. In total, the campaign generated a total of over 3 million impressions and reached over 1.9 million people. There was a generally high level of link clicks, comments and reactions across all flights. Facebook saw the most clicks during the campaign.

### In-Grocery Banners



In addition to digital and social media ads, in-grocery shelf talker ads were placed in 64 stores. These talker ads remained in stores from mid-September to early November and gathered over 2.2 million impressions.

### Drink Box and Pouch – Super Containers

A cutdown version of our super containers video featuring Joyce Box and Juicenda Pouch ran in-market from November 1 to 20. This video, which was shared on Facebook and Instagram, saw over 115,000 views.

### Activity Book

The activity books printed in 2022 as part of the Return-It School program also included a reminder for BC schools, students and their parents to keep caps on and straws in.

## 3.3 PUBLIC EDUCATION

### Milk Inclusion



On February 1, 2022, milk and plant-based beverages joined the deposit system and became available for recycling at Return-It sites across the province.

To communicate the change, we developed an additional detailed consumer awareness plan, which included a dedicated budget and an extensive media campaign, to educate consumers on the newly included milk containers into the deposit system. Along with the media campaign, communication materials, creative assets and messaging packages were sent to collection sites, retailers and applicable stakeholders, among others.

The media campaign covered a vast amount of mediums such as television, radio, social media, YouTube and newspapers. Since the launch and throughout 2022, Return-It has consistently educated all British Columbians to participate by visiting their local Return-It collection site to recycle and receive their deposit refund for empty milk and plant-based beverage containers.

The Return-It collection sites were also provided with new sorting signs that included information about the change, milk posters with a QR code to the landing page on our website, updated POR (Point of Return) screen ads and new beverage feature wall cards.

A new landing page on our website was created to outline the recent changes and the beverages included in the



system. We also updated our online brochures to include the latest information.

Additionally, our contactless Express & GO containers got a new instruction panel that included more information about the change along with new milk icons.

Finally, to capitalize on any users actively seeking information online on milk container recycling, a keyword group focusing on milk was added to our Google account.

As we move forward from 2022 to 2023, we will continue to focus on reminding consumers to recycle their milk and plant-based beverage containers.



## 3.3 PUBLIC EDUCATION

### Special Focus Containers



To increase awareness and recovery, there was an increased focus on plastic bottles, gable top containers, drink boxes, drink pouches and bags-in-a-box. These container types were split into two groups with slightly different goals.

The goal for plastic bottles and gable top containers was to increase awareness and recovery rates by changing throw-away behaviours. The goal for drink boxes, drink pouches and bags-in-a-box was to increase awareness and recovery rates of these containers overall.

The action plan to increase awareness included:

- Reducing confusion, i.e., sharing the message that gable top milk and plant-based beverage cartons are part of the deposit system, so there's no more confusion about what is accepted in the deposit system
- Teaching British Columbians about pushing straws in and keeping caps/lids on, which encourages the message that drink boxes and pouches are recyclable and part of the deposit system
- Reminding British Columbians that bags-in-a-box are recyclable and part of the deposit system, and to always keep the bag in the box when recycling

The plan to increase the recovery rate of special focus containers involved:

- Changing the behaviour of people who throw containers into the garbage, which meant targeting the Convenience Trashers and the On-the-Go Discarders
- Targeting geographical areas with dense populations and high numbers of possibly unreturned containers via increased marketing campaigns, and ensuring nearby Return-It depots in those communities

### Plastic



Our plastics campaign this year utilized a multi-channel approach, reaching our audience through TV, pre-roll, radio tags, audio streaming and social media ads, with a focus on Convenience Trashers and On-the-Go Discarders.

The campaign's messaging emphasized the importance recycling plastic beverage containers and highlighted what happens to plastic bottles after they are recycled. To drive this message home, we shared "The Secret Lives of a Plastic Beverage Container" video, which demonstrates the impact of recycling on the environment.

To keep the campaign fresh and engaging, we also developed a range of seasonal creative assets that were shared across platforms. By using a combination of different media channels and targeted messaging, we were able to maximize the reach and impact of our plastics awareness and marketing campaign.

### Gable Top Containers

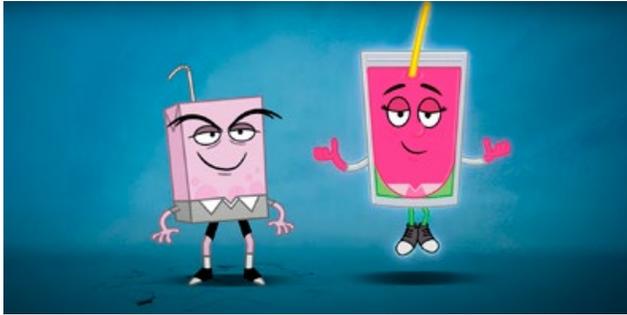


The gable top container marketing campaign was designed to educate consumers about the 10-cent deposit refund for beverage containers, specifically highlighting the inclusion of milk and plant-based ready-to-drink beverages.

The messaging clarified that, regardless of the type of beverage inside, consumers could bring the empty gable top container to a nearby depot to receive a refund. The campaign utilized pre-roll, radio and social media ads, targeting Convenience Trashers and On-the-Go Discarders during peak consumption periods like the summer and during holidays.

## 3.3 PUBLIC EDUCATION

### Drink Boxes



The drink box marketing campaign centred on our Super Container character, Joyce Box, and our video creative asset, which emphasized the recyclability of drink boxes and their inclusion in the deposit system. Key messaging focused on the idea that, even though drink boxes are small, they still matter and they can be recycled. We also highlighted the importance of pushing the straws in to ensure they also get recycled.

A range of media channels were used, including pre-roll, radio, audio streaming, social media and geofenced digital display ads. While we placed a heavier emphasis on the campaign during the summer and on holidays, we also increased our efforts during the back-to-school season to capitalize on the higher use of drink box containers.

### Pouches



To raise consumer awareness around drink pouches, we highlighted our Super Container character Juicenda Pouch in a series of creative assets such as the Super Container videos. These were shared as pre-roll and on social media. Furthermore, creative assets were aired in grocery stores, on radio and on social media.

The message was that pouches are recyclable and they are part of the deposit system. By targeting parents aged 25–45, who are likely to purchase juice pouches during the back-to-school season, we effectively educated our target audience and encouraged them to recycle these containers.

### Bag-in-a-box



The bag-in-a-box marketing campaign featured our Super Container character Sarah Cask, and emphasized the importance of keeping the bags inside the box and returning them to a Return-It depot for recycling and deposit refund. The campaign utilized a variety of media channels, including pre-roll, sponsored articles and social drivers on Daily Hive and Chatelaine, banners in liquor stores, and social media posts.

The messaging targeted consumers during peak consumption periods like the summer and on holidays, when bags-in-a-box are most commonly consumed.

The key findings of the benchmark study showed an increase in consumer knowledge that these container types are part of the deposit system, indicating the effectiveness of our marketing campaigns in educating consumers and raising awareness.

	2022 (n=1,252)	2021 (n=1,221)
Plastic	93%	88%
Drink Boxes	78%	64%
Cartons	74%	54%
Bag in-a-box	46%	40%
Pouches	44%	33%

# 3.4 RECYCLING PROGRAMS AND INITIATIVES

Almost 1.3 billion containers were kept out of landfills in the past year. The majority of beverage containers sold in BC were recovered and recycled through the Return-It depot network, including Return-It Express and Return-It Express & GO locations across the province. Many initiatives and annual specialty programs were part of an ongoing effort to increase the recovery and recycling of beverage containers.

## Return-It Express



The Express campaign focused on increasing awareness of the ease and convenience of using Return-It Express. This meant sharing, via several mediums, that Express means no sorting, no lineups and no handling cash. In addition to media advertising, we also used targeted strategies such as our ambassador team activations at key community events, on social media and via mail drops. By the end of 2022, there were 244,922 active registered Express users. Social media was used to target specific communities and neighbourhoods. For each of our new Express locations, a 3-kilometre radius (on average) was used to target new Express customers through social media posts. Influencers such as Daily Hive and radio hosts from JR Country, CFOX, Move FM and Virgin FM played a key role in our campaign.

With the proven success of direct mail in previous years, households surrounding Express locations in the Lower Mainland also received an informative Express direct mail brochure.

### Express Direct Mail

As we continue to spread awareness of the Return-It Express program as it expands across the province, brochures were sent to all residences within a 3-kilometre radius of an Express location throughout the year. The first mail drop, which promoted Express locations, consisted of over 555,000 brochures; the second mail drop consisted of 150,000 brochures promoting our Express & GO locations. These campaigns helped contribute to increased registration and greater use of Express.

## Express Plush Promotion



The Return-It Gang promotion, which was originally launched in 2019, has proven to be an enormous success. The promotion encourages customers to return used beverage containers to be eligible for a reward, which can then be used to redeem a plush Return-It Gang character. Due to its popularity, the promotion has been reintroduced multiple times since its inception. In 2022, the promotion was renewed with new rules aimed at increasing recovery rates of lesser known container types and raising awareness of all container types accepted in the system. By the end of 2022, 855 plush Return-It Gang characters were redeemed by Express users.

## Express & GO



To promote the grand opening of each new Express & GO location, a marketing plan is implemented, which includes a brochure mail drop, press release, blog post and social media promotion. Additionally, an ambassador team activation assists customers with their first use of Express & GO. This personalized approach helps to create a positive customer experience and encourages repeated use of the service.

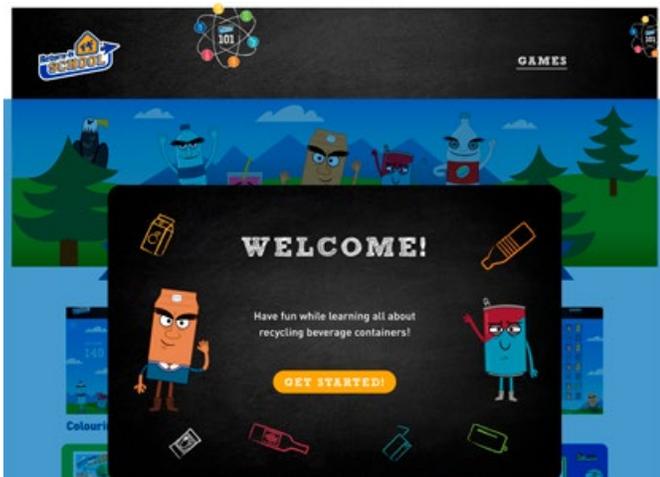
## 3.4 RECYCLING PROGRAMS AND INITIATIVES

### Compactor Truck Expansion



In October, we announced the expansion of its hybrid CNG-electric compaction truck fleet. This move was part of our organization's continued commitment to sustainability and to reducing our carbon footprint. The press release announcing the expansion was picked up by over 25 printed and online publications, gathering over 60 million impressions. Fairchild TV covered the event, helping to spread the word even further. We look forward to continuing our efforts to promote sustainability and to make a positive impact on the environment. Read about it here: [www.return-it.ca/blog/compaction-truck-event/](http://www.return-it.ca/blog/compaction-truck-event/).

### Return-It School



The Return-It School program, which began in 2000, gives elementary and high schools across BC the opportunity to promote recycling and environmental stewardship. As part of the program, schools get free recycling bins and access

to online tools and recycling tips, and they get to share their recycling stories in a contest format in the hopes of winning the grand prize of \$5,000 or the second-place prize of \$2,500. In 2022, we also launched our Online Activity Book to help students learn about recycling in an engaging and interactive format. Through sorting games, colouring activities and comics, children learn how recycling in British Columbia works, and about the many positive outcomes of recycling. Learn more here: [returnitschool.ca/](http://returnitschool.ca/).

### Ambassador Team



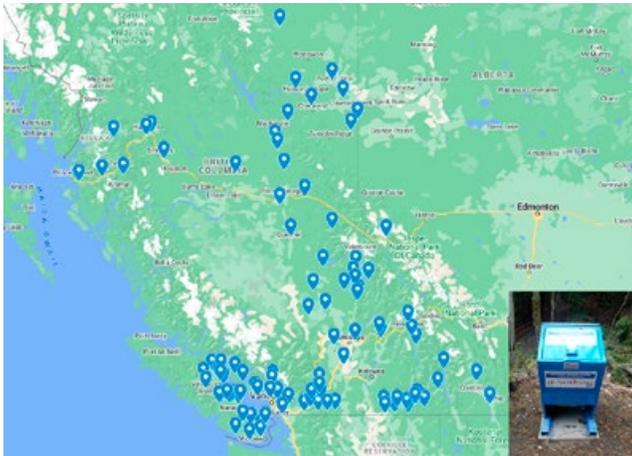
Our Recycling 101 Ambassadors are a team of super-smart "recycling scientists" who use their expert knowledge to teach kids and parents the basic of recycling. This year, our ambassadors and Return-It Mascot attended more than 30 events in Vancouver and throughout British Columbia, educating BC residents on the importance of recycling their drink containers. They also promoted Return-It, the Return-It Express system and Express & GO.

Our Return-It activation booths and our contactless Return-It Express game, which challenges visitors to sort containers by holding their hands above the sensors of each container type column as fast as they can, were both well-received and popular this year, enticing more visitors to participate and learn more about recycling.



# 3.4 RECYCLING PROGRAMS AND INITIATIVES

## BC Parks and Municipal Outdoor Spaces



Provincial parks, protected areas and recreation sites that attract large numbers of visitors continued to be our focus this year. We worked closely with BC parks and municipalities to ensure that the dedicated beverage recycling outdoor spaces bins were placed in commonly frequented locations where beverage containers have been discarded in the past.

By the end of the year, we installed over 100 new bins in parks and municipalities, including 25 bear-proof bins for BC Parks, and 85 streetscape bins for municipalities both in and outside of Metro Vancouver, for a total of 26,949 bins. As a result, residents and visitors gained access to new beverage container recycling bins in more provincial parks, high-traffic urban areas, and rural areas where beverage container recycling is not as accessible.

## Industrial, Commercial and Institutional Sector



The industrial, commercial and institutional (IC&I) sector is a key area of interest for Encorp, as large-scale venues can account for a significant number of beverage containers that don't make it to the beverage recycling stream. We've partnered with Nat Bailey Stadium, Rogers Arena, BC Place, Oliver Parks and Recreation, and Island

Health to provide new beverage recycling programs or to improve upon existing programs. Partnerships within the institutional sector include provision of collection bins and services at four major hospitals: Vancouver General, Lions Gate Hospital, Richmond Hospital and St. Paul's Hospital.

## Stewardship Agencies of BC (SABC)

Encorp Pacific is one of the founding stewardship agencies that established the Stewardship Agencies of BC (SABC). As a member of this group, we have representation on many of the committees and actively contribute to the development of public education and awareness activity for any joint initiatives.

Stewardship agencies are non-profit organizations formed by BC's producers and brand owners as part of their compliance under the BC Recycling Regulation. These agencies collect, recycle and divert end-of-life consumer products and packaging from disposal.

Stewards in British Columbia are fortunate in having a flexible, performance-based regulatory framework within which to operate. BC stewards recognize that with the benefits of setting fees and having minimal provincial government involvement in operational details comes a responsibility to work together. Combining our efforts has been instrumental in formalizing and delivering the joint initiatives for this group.

The SABC model is comprised of several key players working together. The membership currently has 14 stewardship organizations that operate programs in British Columbia. Those who are looking to recycle additional materials outside of beverage containers are encouraged to visit [bcrecycles.ca](http://bcrecycles.ca).



## 3.4 RECYCLING PROGRAMS AND INITIATIVES

### Sports Team Partnerships



Our partnerships with the Vancouver Canucks and the Vancouver Whitecaps were revamped to highlight their charitable programs. Together with the Canucks, we launched the Pass the Puck program to support the Canucks for Kids Fund. Through our partnership with the Vancouver Whitecaps, we launched Bottles for Boots to support KidSport BC.

Esports have also become an essential part of our partnerships with professional sports teams, allowing us to connect with a different demographic to deliver our message. In 2022, we partnered with the Vancouver Titans, a professional Overwatch esports team based in Vancouver, BC, and The Gaming Stadium, the first esports stadium in Canada.

All of these partnerships are beneficial on various fronts: ensuring the proper beverage recycling at each venue, expanding our outreach program to new audiences, and deepening the connection with our customers and community.

### Major Media Partnerships

Our organization partnered with Corus Entertainment to expand the reach of our messaging and increase awareness of our services. Corus is renowned for their strong news programming across British Columbia and has wide provincial reach.

#### Mornings with Simi – Corus



Television and radio broadcaster Simi Sara set out to talk to Express & GO users to find out what they thought about this system. During her interviews, Simi also tested customers' knowledge about acceptable beverage container types and best practices for returning containers such as pouches, drink boxes and milk containers.

Through her conversations, it became clear that the Express & GO system had made a significant impact on the recycling habits of British Columbians, who emphasized the importance of convenience and ease when returning beverage containers. Simi's segments aired on Global, BC1 and CKNW.

#### Collaboration with Kristi Gordon



Return-It had the opportunity to collaborate with Kristi Gordon from Global BC to provide answers to some of the most frequently asked questions about milk inclusion in the deposit system and about recycling beverage containers,

# 3.4 RECYCLING PROGRAMS AND INITIATIVES

including drink boxes/pouches, gable top containers and bag-in-a-box containers.

During the segment, Kristi shared valuable tips on how to correctly recycle beverage containers and their accompanying straws and caps. She emphasized the importance of not crushing containers, and explained how convenient it is to recycle bag-in-a-box containers. Overall, the collaboration with Kristi educated viewers on the proper ways to recycle beverage containers.

## Waste Reduction Week



Waste Reduction Week continues to gain momentum and educate, year after year. In support of this year’s Waste Reduction Week, we aligned our media partnership with Corus. The overall advertising and collaboration with Kristi Gordon ran on different Corus news programming. In order to educate and remind consumers about the types of containers that are accepted through the Return-It system and the inclusion of milk containers in the system, we increased the number of ads that ran during Waste Reduction Week. In doing so, we reinforced the message that milk containers can be recycled through the Return-It system, and we reminded consumers about the other types of acceptable containers.

Social media was also leveraged during the week to engage directly with our customers and to promote behaviour that would divert containers from landfills.

## Cork Recycling Pilot



Encorp began a new project to recover and recycle wine corks in 2022. Wine corks were collected at the Return-It Boucherie Self Storage and Bottle Depot in Kelowna and turned into eco-friendly footwear.

This initiative was a strategic partnership with ReCORK, North America’s largest natural wine cork recycling program, and SOLE, a manufacturer of sustainable footwear that turns used wine corks into an ecologically friendly replacement for fossil fuel-derived foams. Sustainably harvested from trees, cork is a carbon-negative material that can be repurposed into new consumer items like footwear cushioning to help replace petroleum-based foams and plastics. Cork oak trees continue absorbing CO<sub>2</sub> after their bark is removed, which is an important environmental benefit.

## First Nations Recycling Initiative

Recognizing that traditional, depot-style coverage in hard-to-service remote and rural areas of the province is not always economically viable, we continue to work collaboratively with other stewardship programs to improve accessibility and convenience.



Encorp is one of the major financial contributors to the BC First Nations Recycling Initiative (FNRI). We work with nine other stewardship agencies that have come together to provide recycling systems for Indigenous communities that are interested in starting or expanding programs. In support of this initiative, Encorp provides financial contributions and helps develop collaborative solutions. When a First Nations community requires assistance with the collection, recycling and payment of deposit refunds for beverage containers, we work with the FNRI, the Indigenous Zero Waste Technical Advisory Group (IZWTAG) and the community to develop a solution. You can read the 2022 FNRI Summary Report at [return-it.ca/programs/fnri-summary-report-2022/](https://return-it.ca/programs/fnri-summary-report-2022/).

## 3.4 RECYCLING PROGRAMS AND INITIATIVES

### Diving In: The Art of Cleaning Lakes and Oceans



Encorp sponsored the Diving In environmental campaign, which raises awareness on the waste in our waterways by conducting cleanups.

As part of the campaign, scuba divers recover waste material and then responsibly recycle or dispose of it. Some of the collected material is provided to local artists. This art serves as a creative way to upcycle materials that would have otherwise been left in waterways. It also sends a message of hope that British Columbians will ultimately change consumer behaviour to responsibly manage their waste.

One of these art pieces (shown above), titled *Thank You, But I Don't Need Goggles*, has been displayed in Encorp's head office. This artwork is by Michael Binkley, a professional artist from Squamish, BC.

Over the years, Return-It has been involved in nine waterway cleanups, where approximately 960 beverage containers were collected. Return-It and Diving In share the goal of educating communities and consumers on the importance of responsible recycling and of diverting material from our oceans, lakes and waterways.

### Return-It To Reuse-It and Recycle-It Pilot Project



In collaboration with several organizations, Encorp relaunched the Return-It to Reuse-It and Recycle-It pilot project, which was originally launched in 2020 and subsequently paused shortly thereafter due to COVID-19.

Encorp partnered with Tim Hortons, Starbucks, A&W Canada, McDonald's Canada, City of Vancouver, Metro Vancouver and Merlin Plastics to keep more single-use cups out of landfills by giving consumers a convenient place to recycle them in commercial and on-street locations. In addition to single-use cups for hot and cold beverages, the program also introduced a reusable cup program, where consumers sign up to use reusable cups that are washed and returned to retail locations. The original six-month pilot was renewed during the year to continue with all participating partners.

In past years, millions of coffee cups have been disposed of in the City of Vancouver at industrial, commercial and institutional (IC&I) locations and in public spaces. To help address this challenge, Return-It and Metro Vancouver worked alongside the project's partners to develop and push forth this pilot to help recycle coffee cups in commercial and public places.

Managed by Encorp, the pilot program seeks to evaluate and determine the viability of a scalable, permanent program in the City of Vancouver and other locations.

# 3.5 CUSTOMER EXPERIENCE

## Customer Relations



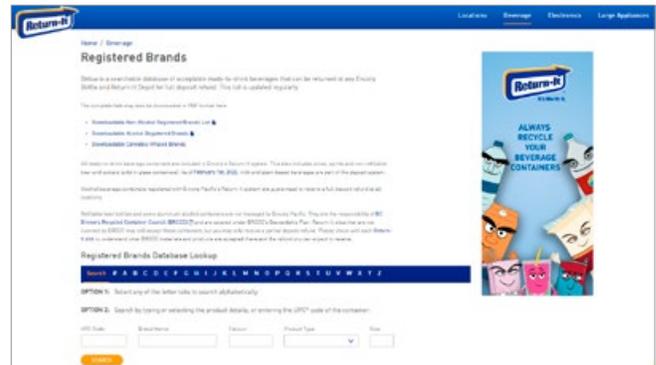
At Return-It, we are committed to providing exceptional customer service, which we believe is crucial for building strong, lasting relationships with our customers and driving growth for our organization.

Our Customer Relations team assisted over 21,000 customers in 2022. We focused on providing customers with the tools they need to get answers to their inquiries. Some key innovations and developments from 2022 include:

- Continued development of our knowledge centre, which now has 65 active articles, 966 likes and over 37,000 views; this resource helps customers quickly find answers to common questions and provides guidance on using our system effectively
- Expanded our Live Chat function in December 2022 by adding a Chat Bot with over 1,000 resources it can use to answer a customer’s inquiry; this feature is available at all times, and if the customer inquiry is not addressed by the Chat Bot, they will be connected to a live agent during office hours or prompted to send an email outside of office hours
- Launched a contact form on the Return-It website, enabling customers to fill out required information fields directly on our website; this process reduces the number of responses needed for resolution and improves our overall efficiency

Another key focus for the Customer Relations team was understanding the customer experience. We produced 12 monthly customer trend dashboards, four quarterly reports and 52 weekly reports, enabling us to track trends and identify areas for improvement continually. We also held 12 cross-departmental customer-focused team meetings and surveyed over 80,000 Express users for their feedback and to determine our Net Promoter Score.

## Brand Registry for Customers



Encorp’s Registered Brands Database is a comprehensive searchable database that lists all the beverage brands that are part of the Return-It system. Customers can use this database to easily find out whether their beverage container is accepted and can be returned for refund. The database provides information on the type of containers that can be returned. The registered brands database can be found at [return-it.ca/registeredbrands](https://return-it.ca/registeredbrands).

## Brand Registry for Depots

Depot operators play a crucial role in keeping the brand database for beverage containers up to date by submitting brand registry additions and reporting missing containers. Depot operators can submit a brand registry addition or report any containers that are not included in the database at [return-it.ca/brandregform/](https://return-it.ca/brandregform/).





# 4.1 CONVENIENCE AND INNOVATIVE ENHANCEMENTS

2022 was a dynamic and exciting year for Encorp’s operations and collection network. A brand-new category of used beverage containers – milk and plant-based beverage containers – was added to the deposit system in February 2022. In addition, Encorp continued to expand popular programs, focus on process improvement, and support the expansion of automation technology to streamline container processing at additional locations.

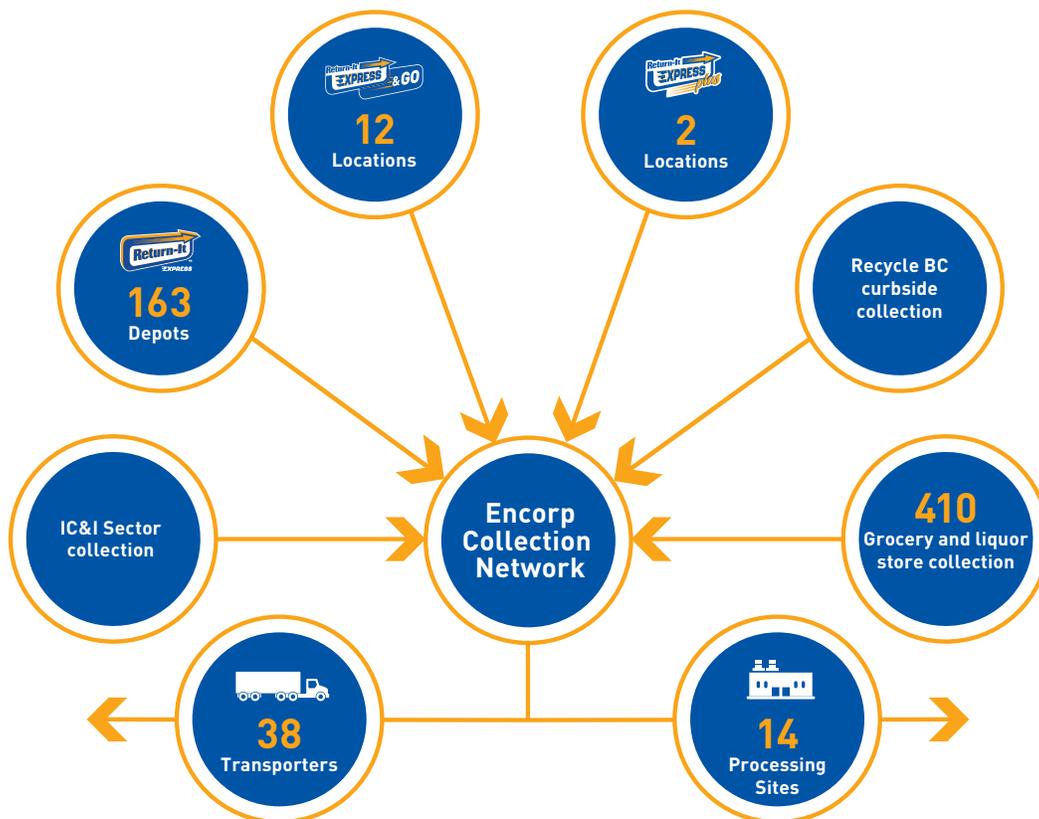
### Overview

In terms of challenges faced in the year, Encorp’s collection network is under increasing pressure from gentrification and densification in metropolitan and urban centres. This environment has made it difficult to maintain the number of independently operated depots serving BC consumers, as redevelopment often leads to depot closures. The number of independently operated Return-It depots dropped to 163 in 2022 from a peak of 174 in 2015. In order to maintain our accessibility and convenience for consumers, we continue to expand the number of Express-only sites that meet the needs of customers in areas where traditional depots cannot be sited.

For the reasons mentioned above, Encorp’s collection network is evolving. The network now consists of 163

independently owned Return-It depots that have collection agreements with Encorp, two corporate Return-It Express Plus locations in urban centres, and 12 solar-powered, unstaffed Express & GO stations in various locations across BC.

Our collection network continues to be the cornerstone for many community-based recycling programs around the province. Other approved stewardship programs in BC utilize the Return-It network of depots for collecting and managing recyclables in their respective programs. In addition to used beverage containers, BC residents can recycle end-of-life materials such as electronics, small appliances, batteries, used paint, and motorized yard tools, depending on which programs their local Return-It depot participates in.



## 4.1 CONVENIENCE AND INNOVATIVE ENHANCEMENTS

The organization's focus remained on expanding our successful programs to provide BC consumers with convenient access to a modern collection network. This expansion was in parallel with the aforementioned addition of milk and plant-based beverage containers to the deposit system, which is a new major category of containers to carry a refundable deposit.

Building on the existing convenient Return-It Express program, which continues to grow in popularity, Encorp expanded access to simplified sorts in 2022. This procedure was introduced in late 2021 to streamline the direct handling of containers and thus improve efficiency.

Customers who prefer an immediate cash refund by visiting a depot and pre-sorting their containers save time by sorting in only eight categories. This has been proven to decrease customer processing time significantly, thereby reducing the time spent at the depot. Simplified sorting is particularly important due to the addition of milk and plant-based beverage containers in 2022. The simplified sort procedure is now offered at 75% of depots across the province. Encorp plans to continue to expand this system across the network, with a goal of all depots operating on simplified sorts.





### Refundable beverage containers accepted



Plastic





Gable Top



Bag-in-a-Box





Drink Box



Aluminum



Pouches





Bi-Metal



Glass

Remember to leave the pull tabs, labels and caps on. Keep the bag inside the box and push the straws down before returning your empty beverages.

Find a Return-It location near you at [return-it.ca/locations](https://return-it.ca/locations)



# 4.1 CONVENIENCE AND INNOVATIVE ENHANCEMENTS

## Expansion of Depot Automation

Six additional Return-It depots adopted automation technology in 2022, greatly increasing the speed and accuracy of container handling, compared to manual counting. With the introduction of simplified sorting, Encorp saw more depots adopt this technology, in combination with reverse vending machines for customer use, or for more efficient backroom processing of Express and commercial bulk volume, or for sorting containers received from over-the-counter customers.

## Collected Material Logistics



Encorp collaborates with a vast array of transportation partners to collect material from collection points, and to deliver that material to our various processing partners for end recycling. In the spirit of continuous improvement, our goal is to collect and transport this material as efficiently as possible, with the lowest possible impact

on our environment. With these goals in mind, Encorp partners with a network comprised of 38 transporters collecting and delivering material into 14 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.

To plan for the additional volume of polyethylene terephthalate (PET), high-density polyethylene (HDPE), gable top and Tetra Pak material in the system from the addition of milk and plant-based beverages, Encorp embarked on an expansion of the successful mobile compaction pilot program. This program, which began in 2021, uses Canada’s first-of-its-kind hybrid CNG-electric compaction trucks to move PET, HDPE, gable top and Tetra Pak containers from depots to processing facilities.

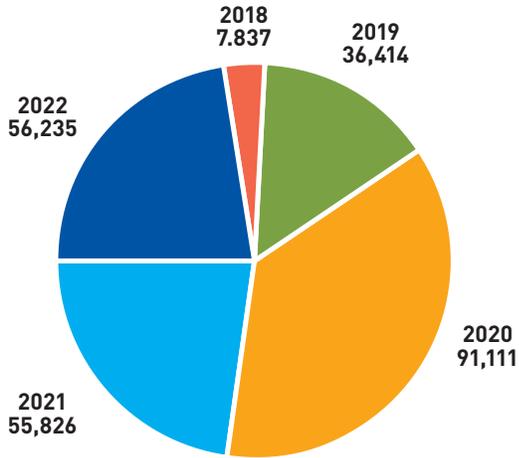
By compacting at the point of material collection, each truck allows us to transport six to eight times more material in a single trailer than in a trailer transporting uncompacted material. In early 2022, global supply chain issues delayed our expansion of the successful pilot program, but we were pleased to add two new mobile compaction units late in 2022, allowing us to expand our service to four Lower Mainland Return-It depot routes. This will expand to six routes in 2023.



# 4.1 CONVENIENCE AND INNOVATIVE ENHANCEMENTS

## Return-It Express

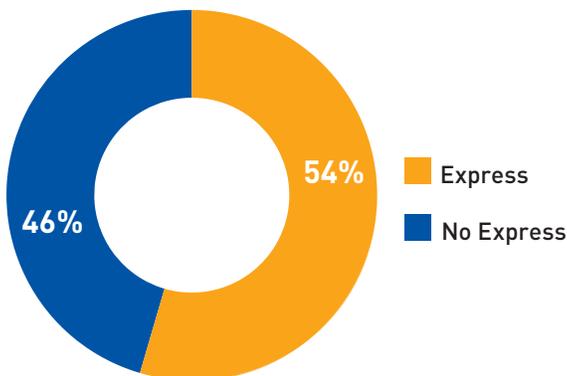
The Return-It Express program continued its rapid growth and popularity with British Columbians as it reached almost 250,000 registered customers in 2022. This is a 29% increase from 2021. Over 155,000 unique customers used the system at least once in 2022, which is a 26% increase from the previous year.



At the end of the year, the Express system accounted for 12% of all the volume collected through depots in the system, and accounted for 21% of volume when only looking at those depots that offer the Express system.

The Return-It Express program provides consumers with a convenient drop-and-go means of recycling for their used beverage containers without the need to pre-sort them for a refund at a depot. This year, Return-It Express was offered at 94 locations across BC, including 80 independently owned Return-It depots, Encorp's two corporate Express Plus locations and Encorp's 12 Express & GO stations.

% of Depots Offering Express



Regardless of the type of Express location, customers looking to set up an Express account simply need to sign up online at [express.return-it.ca](https://express.return-it.ca). Once the account is set up, they place their empty beverage containers into transparent bags and take them to a Return-It Express depot near them. Once there, on the touch-screen terminal provided, the customer enters their phone number to log in, prints labels to attach to their bags and drops off their bags in the designated area. The empty containers are then sorted and counted. The refund on the deposits is credited to their online Express account and can be redeemed for a cheque or an Interac e-transfer.



In addition to consumers using the Express system for personal use, the program is a popular way for charitable organizations or school groups to fundraise. These organizations provide the relevant account information to potential donors, who can print off the organization's labels and drop off their containers. The deposits are then added to the account of the organization(s) they choose to support.



# 4.1 CONVENIENCE AND INNOVATIVE ENHANCEMENTS

## Express & GO

Encorp’s award-winning Express & GO system has become an increasingly popular way to meet the accessibility challenges in BC by providing consumers with additional options for returning their used beverage containers. Encorp repurposes end-of-life shipping containers and transforms them into solar-powered, unmanned Express & GO stations. This allows us to serve the needs of consumers in areas where traditional collection depots are difficult or impossible to site.

Express & GO stations are deployed in partnership with various stakeholders such as municipal partners or regional districts at transfer stations, retail partners where we co-locate a station in their parking lots to serve customers on their shopping trips, and educational institutions to serve student and faculty recycling needs. As a result of these efforts, Encorp’s Express & GO stations

have become a sought-after option for consumers in underserved rural communities or high-density areas where siting a traditional depot is difficult due to rising real estate costs and/or zoning issues.

Encorp opened three new Express & GO stations in 2022, which increased the total from nine to 12 locations. Encorp expects to continue to expand the Express & GO program in the coming years to supplement the existing depot system as we strive to increase our overall recovery rates. With this in mind, Encorp is working with other stakeholders on numerous additional Express & GO stations for deployment in 2023. The three new locations we opened in 2022 are located at the United Boulevard Recycling and Waste Centre in Coquitlam, the Wholesale Club in Penticton and the Valu-Plus Foods in Keremeos.

### Locations

2019	Tofino, Simon Fraser University
2020	North Vancouver Transfer Station, Big White, Park Royal Mall (West Vancouver)
2021	North Vancouver Superstore, McBride, UBC Campus, Hartland Transfer Station (Victoria)
2022	Coquitlam Waste Centre, Penticton, Keremeos



## 4.1 CONVENIENCE AND INNOVATIVE ENHANCEMENTS

### Express Plus Locations

This year, we continued to operate two successful corporate-owned Express-only collection centres known as Express Plus locations. These locations serve consumers in dense urban neighbourhoods in Vancouver and North Vancouver. Our two sites have become the model for a modernized used beverage container collection experience that suits the unique characteristics of urban areas that are densifying, with the addition of mixed-use multi-family dwellings. These areas are not typically zoned for bottle depots, and the Express Plus model allows us to provide these consumers with convenient access to recycling.

The popular Yaletown location was renovated in 2022 to add additional storage space and to allow us to move

customer's Express bags off-site more efficiently for counting. Our Express Plus Lo-Lo location, which opened in the second half of 2021, gained traction in 2022, with volume increasing every month as customers in the area learned about this bright, clean and convenient option for returning their used beverage containers.

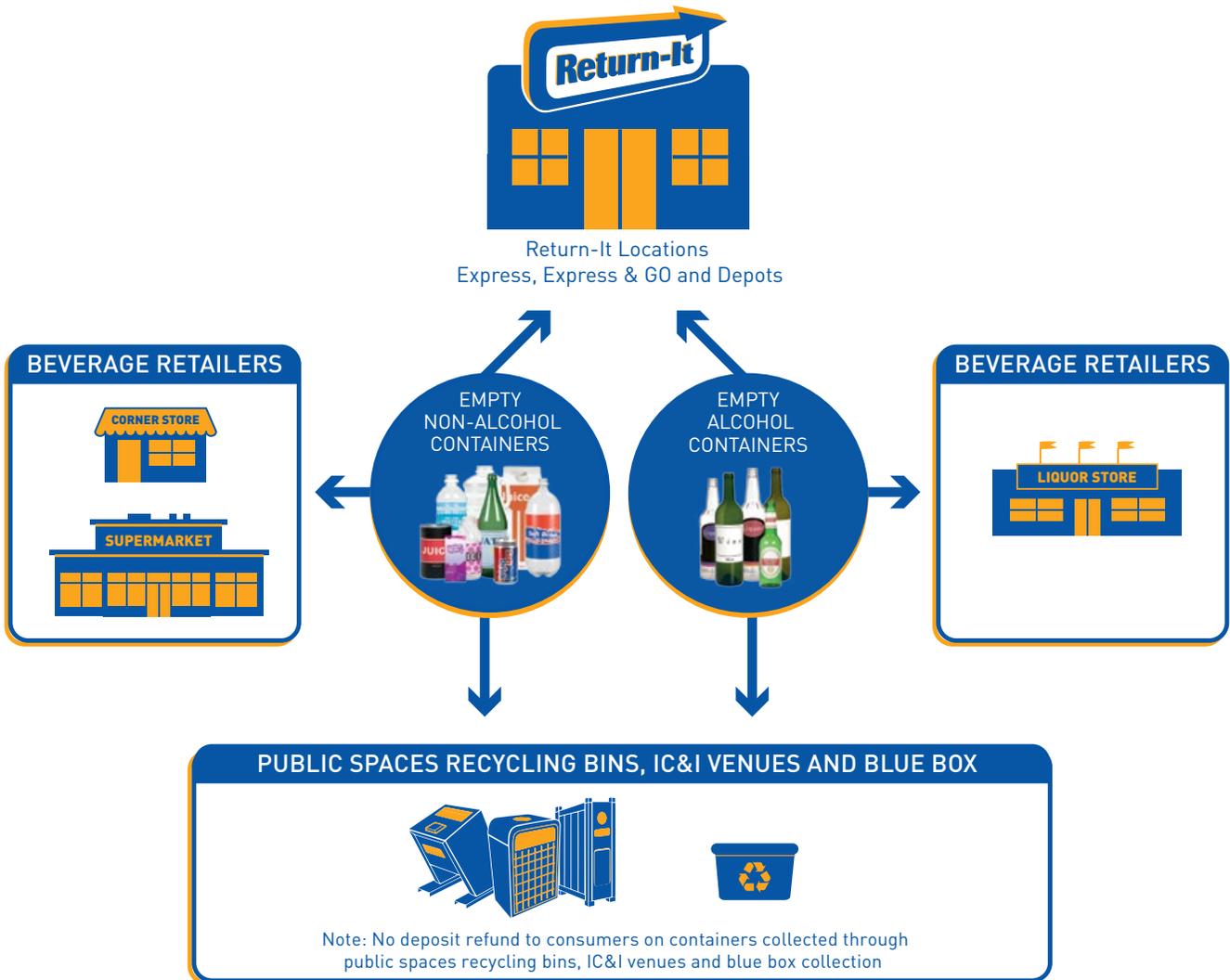
To meet the needs of evolving urban communities and to reach our recovery goal targets, Encorp continues to look for opportunities to open new Express Plus locations in areas of the province where consumers do not have adequate access to convenient recycling options in their neighbourhoods.



## 4.2 HOW THE COLLECTION SYSTEM WORKS

Encorp's collection system is comprised of a variety of options for consumers to return their used beverage containers for a deposit refund and to ensure they are recycled.

### WHERE ARE CONTAINERS RETURNED?



# 4.3 COLLECTION, TRANSPORTATION AND PROCESSING MAP

Encorp’s recycled material network operates through collaboration with our contracted collection, transportation and processing partners. Many of these partners have long-term established contracts, while others are selected periodically through a request for proposal (RFP) procedure. Our transporter partners collect used beverage containers from Return-It depots or other collection points in the network, and deliver them to the nearest approved processor. At the processor, material is compacted and prepared for shipping to various end-market recyclers. These steps ensure that, on a weighted basis, 86% of the kilometres a beverage container travels will be in a compacted state, keeping greenhouse gas (GHG) emissions at a minimum.



Note: Map outlines collection, transportation and processing for all commodities except glass.

## 4.4 GIS MAPPING AND ACCESSIBILITY ANALYSIS

Since commencing operations in 1994, we have established a comprehensive network of permanent collection locations where the public can conveniently return beverage containers covered within Encorp’s plan.

Encorp has engaged a third party, Licker Geospatial, to conduct a complete benchmark geographic information system (GIS) mapping analysis to ensure reasonable access, as outlined in the Recycling Regulation. The criterion started with the premise of serving more than 97% of the province’s population. The mapping and accessibility analysis was recalculated in 2022 and included a year-over-year comparison from the baseline done in 2021.

Licker Geospatial has completed accessibility analyses for all Return-It facility locations using the 2021 population at the dissemination block level and three different accessibility standards:

### 1. 4,000 Population Threshold

Defines urban accessibility as a facility within a 30-minute driving radius. For rural coverage (outside a census metropolitan area), assessed for communities where the census subdivision’s total population was equal to or exceeded 4,000, access is defined as passing the standard if it is within a 45-minute driving radius.

### 2. 3,000 Population Threshold

Identical to the 4-kilometre population threshold, with the exception of rural coverage (outside a census metropolitan area) being assessed for communities where the census subdivision’s total population was equal to or exceeded 3,000.

### 3. Revised Standard

Defines urban accessibility as a facility within a 15-kilometre radius. Rural accessibility is defined as within 60 kilometres when the community is within 200 kilometres of a census metropolitan area (CMA).

Using specialized Esri ArcGIS Pro processes, drive times and planar distances were calculated from each dissemination block’s centroid to the nearest facility in order to assess whether the resident population had sufficient access under the three standards. Access to 2022 facilities was assessed on the respective years’ road network, although only 2021 population numbers were used, as census data is only available in five-year intervals and 2021 was thus the most accurate data available. Provincially, the following percentage of the population was found to have access to a Return-It facility under the previously described standards for both 2020 and 2021.

- **4,000 Population Threshold**  
**99.20% Access**
- **3,000 Population Threshold**  
**99.15% Access**
- **Revised Standard** **99.19% Access**

Given the goal of 97% of the province’s population (within the standard’s evaluation parameters of rural coverage) having access to a Return-It facility, all three standards meet this target.



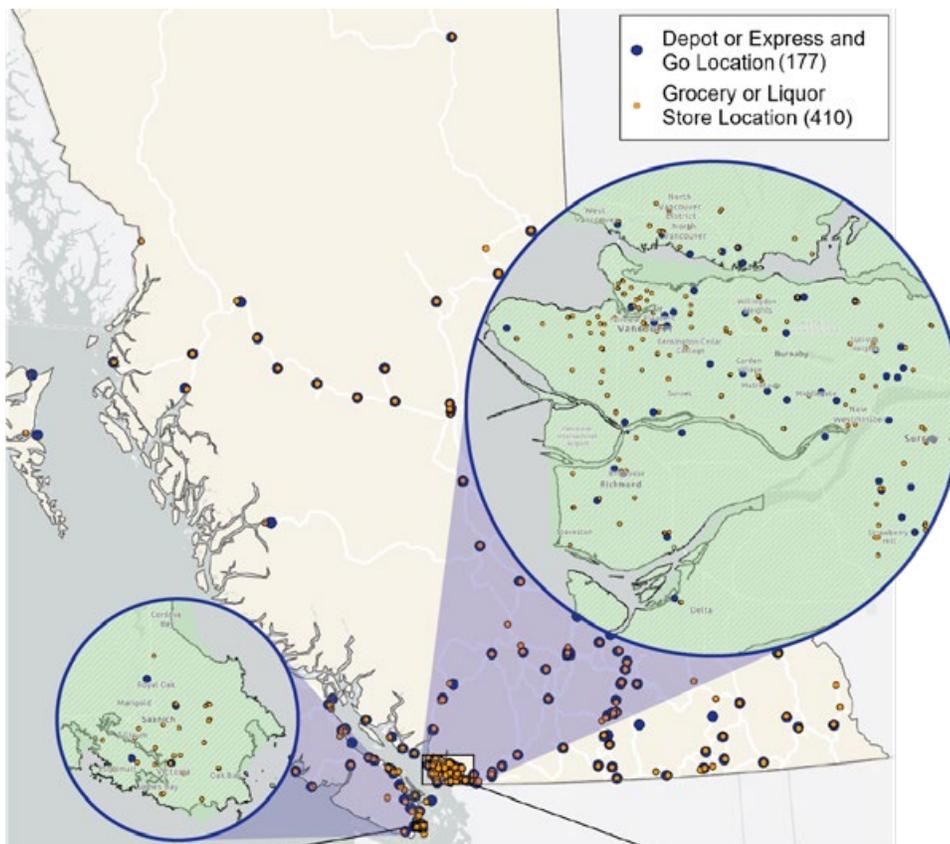
## 4.4 GIS MAPPING AND ACCESSIBILITY ANALYSIS

While the previously described analyses were completed for all Return-It facilities, including grocery and liquor store locations, access varies when only depots and Express & GO locations are considered. Under the same revised standard described previously, 98.89% of the population has passing access to the depots, Express Plus or Express & GO locations alone, a reduction of only 0.31% compared to when all facilities are included.

Standard	2021–Percentage of Population with Access	2022–Percentage of Population with Access	2021–2022 Change
4-Kilometre Population Threshold	99.17%	99.20%	0.033%
3-Kilometre Population Threshold	99.14%	99.16%	0.021%
Revised Standard	99.28%	99.19%	-0.083%
Revised Standard – Depots only	98.89%	98.93%	0.045%

The difference in access largely relates to changes in servicing levels. Between 2021 and 2022, there was an addition of one depot location, and a reduction in grocery and liquor store (GLS) locations (420 to 410). The reduction of GLS locations did not have greater than a -0.1% impact in any scenario, with the greatest impact occurring in areas within 200 kilometres of CMAs with small populations. When considering depot-only access, the addition of a new depot resulted in a slight increase (0.05%) in populations with access.

To view the interactive map, visit [return-it.ca/2022gismap](https://return-it.ca/2022gismap).





# 5.1 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, and analyzes and reports on the impacts of its stewardship activities.

### Executive Summary

Encorp is engaged in the collection, transportation and processing of recyclable material. Encorp’s activities take place through a variety of partners and are acknowledged through their Scope 3 emissions reporting. Since the GHG emissions baseline was established in 2019, Encorp has achieved a 25% reduction in GHG emissions versus the 2019 baseline. These reductions have come from a comprehensive approach to lowering GHG emissions across our entire operations.

For the 2022 calendar year, Encorp Pacific (Canada) completed its fourth third-party greenhouse gas inventory. Total GHG emissions were 7,728.21 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Encorp’s emissions have fallen by 25% (2,580.78 tCO<sub>2</sub>e) overall since their baseline year (2019), with transporting goods by road and Scope 3 heat accounting for the majority of the decreases.

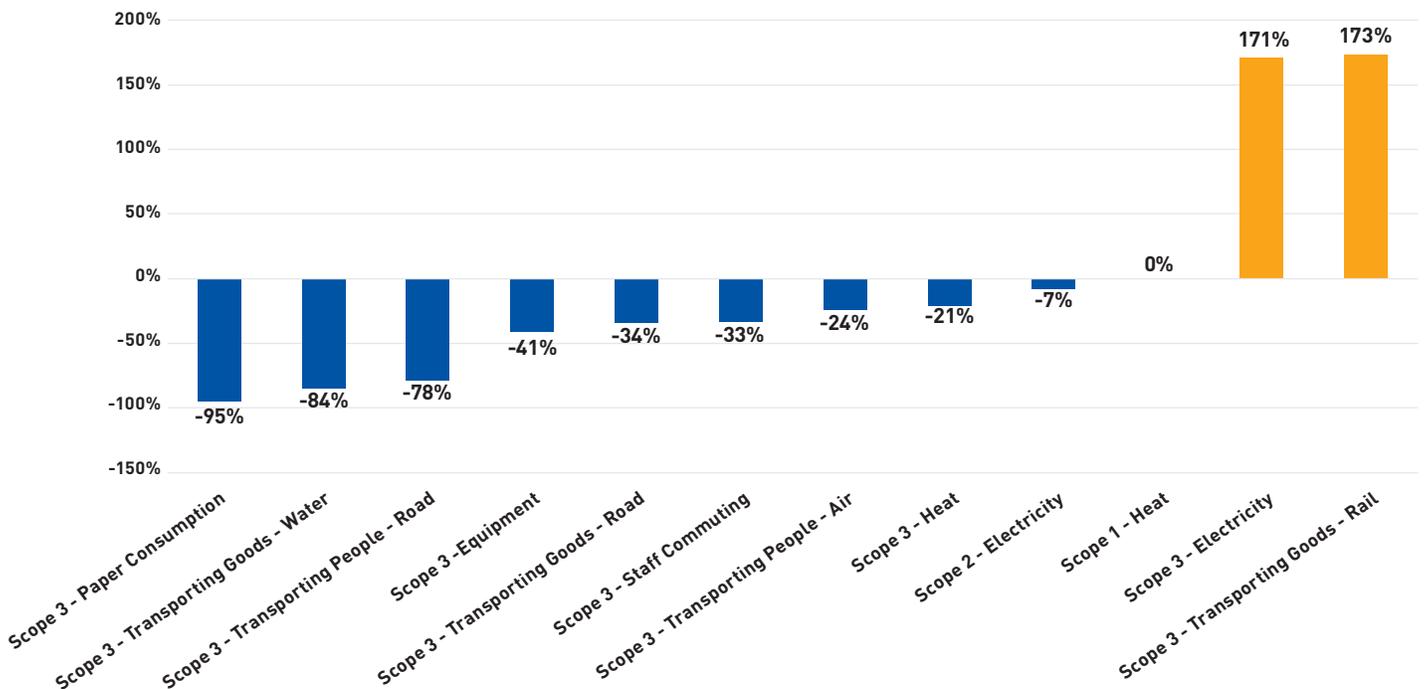
### Restatement of Baseline Emissions

GHG emissions for the category of ‘Transportation by road’ were restated for the 2019 baseline year due to a data update.

In 2022, Encorp recycled 90,257 metric tonnes of used beverage containers. The energy saved through the recycling of these materials has been converted into tonnes of CO<sub>2</sub>e, which is the common measure of GHG emissions, based on the US Environmental Protection Agency’s Waste Reduction Model (WARM). The avoided emissions published in this report were calculated using WARM Version 15.1 (Updated: 09/2022). Refer to the end fate table on page 44.

In total, British Columbia’s used beverage container deposit return system contributed to the reduction of about 123.5 thousand tonnes of CO<sub>2</sub>e from being released into the atmosphere in 2022, compared to 110.2 thousand tonnes in 2021 and 104.8 thousand tonnes in the 2019 baseline year. This increased CO<sub>2</sub>e saving is primarily attributable to a continued increase in the volume of aluminum and plastic in the overall number of recycled used beverage containers.

% Change from 2019 Baseline



## 5.1 ENVIRONMENTAL REPORT – CONTINUED

While recycling has an overall net benefit in terms of energy and emissions savings, the recycling process itself requires energy and thus has GHG emissions associated with it. When estimating net savings, Encorp calculates the GHG emissions that are specifically associated with its stewardship activities. This includes the collection, transportation, processing and shipping of the recyclable material generated by the used beverage container deposit return system in British Columbia. These activities take place through a variety of partners; Encorp takes responsibility for these GHG contributions through the Scope 3 emissions reporting found below.

In 2022, Encorp achieved a 25.0% reduction in GHG emissions versus the 2019 baseline. For the 2022 calendar year, total GHG emissions from Encorp's operations were 7,728.21 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). This represents a 25% reduction (2,580.78 tCO<sub>2</sub>e) overall since the baseline year (2019), with transporting goods by road and Scope 3 heat accounting for much of the decrease.

The calculation of Encorp's GHG emissions is based on the following methodology.

### Methodology

Encorp's 2022 GHG emissions inventory was conducted by Standard Carbon Inc. in accordance with the Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard, Revised Edition. The GHG protocol is published jointly by the World Resources Institute and the World Business Council on Sustainable Development ([ghgprotocol.org/](https://www.ghgprotocol.org/)).

### Organizational Boundaries

Encorp used the operational control approach to determine its organizational boundary and included all operations over which it has operational control in its inventory. The following facilities were included:

- Head office and quality assurance facility
- Processing facilities (14 sites)

- Depots (163 of 177 collection sites)
- Commodity shipping to end-market recyclers (12 vendors)
- Haulage of material from depot to processor (35 vendors)

Encorp did not exercise operational control over electricity, heat or equipment at the depot or processor facilities; therefore, these are included as Scope 3 emissions.

### Inventory Boundaries

The GHG Protocol requires the inclusion of Scope 1 and 2 emissions, and recommends including relevant Scope 3 emissions. Scope 3 emissions are considered relevant when they occur from activities material to an organization's business and goals, and for which reliable data is available. Encorp included emissions from the following activities under Scopes 1, 2 and 3:

**Scope 1:** Includes direct GHG emissions from sources that are owned or controlled by Encorp, including natural gas for building heat. In this reporting year, the entity controlling data relating to the head office's building heat did not provide the quantity of natural gas. Given no material changes to Encorp's head office operations or footprint, the GHG emissions were estimated to be identical to the 2019 baseline.

**Scope 2:** Includes GHG emissions from electricity purchased from the utility.

**Scope 3:** Includes indirect GHG emissions that are consequences of Encorp's operations, but that occur at sources owned by another company or entity:

- Electricity and heat at depots and processors
- Business travel (via air, water and road) by Encorp employees
- Material transportation and shipment by third parties
- Paper consumption
- Employee commuting

Scope 3 emissions from waste were excluded due to a lack of available data. Emissions from waste are also relatively immaterial, compared to Encorp's overall GHG inventory.

## 5.1 ENVIRONMENTAL REPORT – CONTINUED

### Emissions Factors

The 2022 GHG Emissions Inventory was created using emissions factors from a variety of sources including the most recent versions of each of the following:

- 1) US Environmental Protection Agency
- 2) US Environmental Protection Agency (E-Grid Database)

3) UN International Panel on Climate Change

4) BC Hydro

5) BC Transit

6) BC Ferries

7) World Shipping Council

### GHG Emissions Summary

The following table is a summary of Encorp's emissions for the 2022 calendar year inventory:

Activity	2019 Baseline* (tCO <sub>2</sub> e)	2022 Operations (tCO <sub>2</sub> e)	Absolute Change (tCO <sub>2</sub> e)	Relative Change
Scope 1 Heat	49.29	49.29	0.00	0.00%
Scope 2 Electricity	2.36	2.20	(0.16)	(7.00%)
Scope 3 Electricity	61.80	167.75	105.95	171.00%
Scope 3 Heat	3,485.21	2,746.07	(739.14)	(21.00%)
Scope 3 Paper Consumption	69.98	3.80	(66.18)	(95.00%)
Scope 3 Staff Commuting	29.16	19.65	(9.51)	(33.00%)
Scope 3 Transporting People – Road	44.85	9.71	(35.14)	(78.00%)
Scope 3 Transporting People – Air	19.78	15.13	(4.65)	(24.00%)
Scope 3 Transporting People – Water	0.67	0.00	(0.67)	(99.97%)
Scope 3 Transporting Goods – Road	5,078.14	3,362.13	(1,716.01)	(34.00%)
Scope 3 Transporting Goods – Water	675.32	111.42	(563.90)	(84.00%)
Scope 3 Transporting Goods – Rail	356.12	972.37	616.25	173.00%
Scope 3 Equipment	436.31	256.17	(180.14)	(41.00%)
Scope 3 Compactor Trucks	0	12.51	12.51	N/A
<b>Totals</b>	<b>10,308.99</b>	<b>7,728.21</b>	<b>(2,580.78)</b>	<b>(25.03%)</b>

\*The 2019 baseline has been restated in this report due to a data update.

## 5.1 ENVIRONMENTAL REPORT – CONTINUED

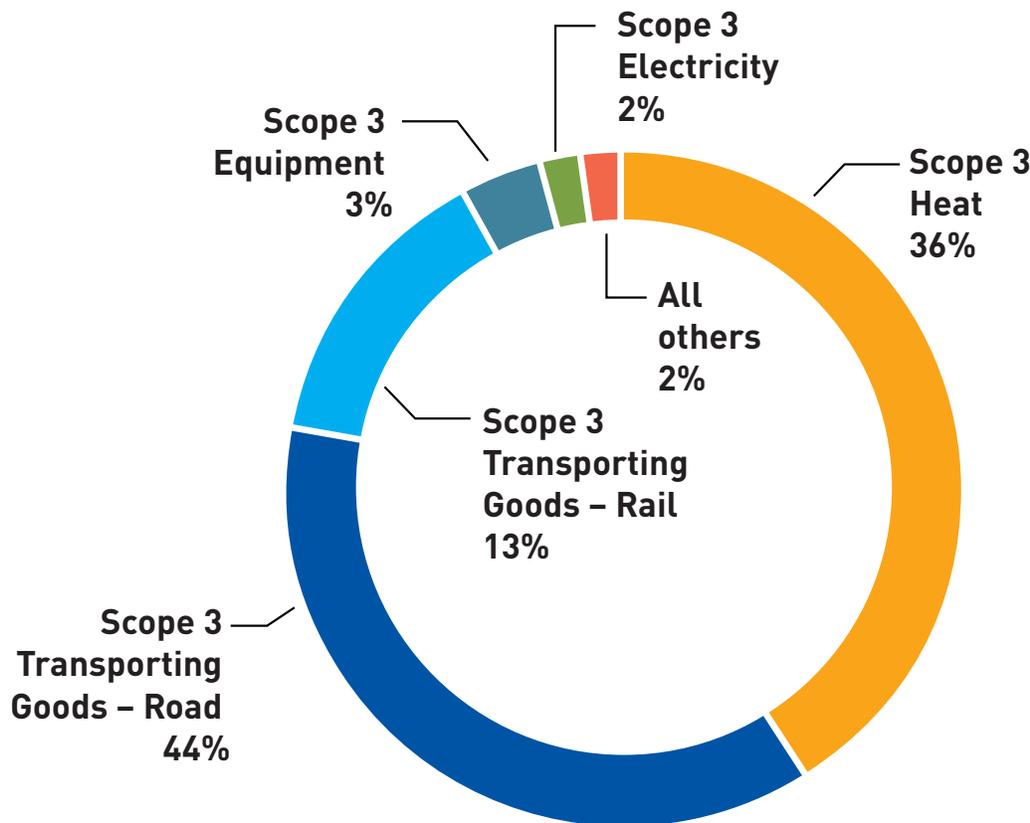
### Notes on the Scope 1, 2 and 3 data

1. **Scope 2 Emissions** – According to the 2015 GHG Protocol Scope 2 guidance, businesses must report their Scope 2 emissions in two different ways: market-based, using supplier-specific emissions factors and/or those from contractual instruments like renewable energy certificates (RECs), and location-based, reflecting grid emission factors. Encorp did not purchase RECs, and the emissions factor in both reporting formats is identical; therefore, only one number is shown. Encorp reports that, in the baseline year, Scope 2 emissions were calculated using location-based figures.
2. **Sequestered Carbon Release** – Burning biomass or biofuels, for example, releases direct CO<sub>2</sub> emissions into the atmosphere, and are reported separately from the above scopes. There was no sequestered carbon release that was reported for Encorp's 2022 calendar year inventory.
3. **Carbon Offsets and RECs** – Carbon offsets and RECs were not purchased by Encorp in 2022.
4. **Variance:**
  - a. **Scope 3 – Heat** – In this reporting cycle, 66% of depots reported their emissions. In the 2019 baseline calculation, it is believed that fewer depots reported their heating values. It is likely that this level of self-reporting by the depots has caused the variance between the 2019 and 2022 reports.
  - b. **Scope 3 – Paper** – Encorp has moved to be as paperless as possible within the office and for external marketing material printed by Encorp. These changes to operations have resulted in a reduction from 2019 to 2022.
  - c. **Scope 3 – Transportation by Road** – There are two reasons for the decrease observed from 2019 to 2022:
    - i. Encorp has implemented operational changes to prefer transportation of goods by rail, rather than by road.
    - ii. Transportation by road, as stated in the 2019 baseline year, has been restated in this report due to a data update identified as part of internal controls (checks and balances).
  - d. **Scope 3 – Equipment** – Emissions data is currently self-reported by depots and processors, resulting in some under- or non-reporting of GHG emissions resulting from the operations of equipment.

## 5.1 ENVIRONMENTAL REPORT – CONTINUED

- e. **Scope 3 – Transportation by Water** – There are two reasons for the decrease observed from 2019 to 2022:
- The commodity markets fluctuate from year to year. The price paid for materials will vary widely per year and per market, which affects commercial choices around whether to send material overseas.
  - Commodity markets within North America continue to develop, which has kept some of the materials domestic.
- f. **Scope 3 – Transportation of Goods by Rail** – As described in previous GHG inventories and in this current one, Encorp has a stated goal of reducing GHG emissions from the transporting of goods by road in favour of transporting goods by rail. Figure 1 below indicates that the strategy of shifting from road to rail has been implemented and that the overall reduction in GHG emissions resulting from the implementation of this strategy has been successful.
- g. **Scope 3 – Electricity** – This is the electrical power consumed by Encorp’s partners. There has been an increase in recyclable material collected and processed since the 2019 baseline. This increase in material has resulted in an increase in the Scope 3 electricity. Given Encorp’s role within the recycling ecosystem, this increase in GHG emissions in the short term is an indication that Encorp is succeeding in its mandate of causing larger volumes of material to be collected and processed.

### Contribution by Category



The chart above shows a breakdown of the GHG emissions by category. The largest sources of GHG emissions for Encorp are Scope 3 Heat (36%), Scope 3 Transporting Goods – Road (44%) and Scope 3 Transporting Goods – Rail (13%).

## 5.2 CONTAINER RECYCLING END FATE REPORT

Containers collected by Encorp in 2022 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.

Material Type	Fate of Material (2022)	Containers Sold (% of total)	Recovery % (by weight of total recovered)	Energy Savings	Weight Diverted from Landfill (MT)	Tonnes CO <sub>2</sub> Reduced
 <b>Aluminum</b>	Aluminum cans collected were sold and shipped to re-melt facilities in the US and turned back into sheet stock for new aluminum cans.	<b>36.83%</b>	<b>81.61%</b>	<b>93%</b>	<b>6,895</b>	<b>69,513</b>
 <b>Plastic</b>	Plastic containers were sold to a reputable recycler in Canada, and shipped to their facilities in British Columbia and Alberta. The commodity is cleaned and pelletized to become new raw material for the manufacture of various plastic products, including new containers, strapping material and fibres.	<b>39.70%</b>	<b>78.13%</b>	<b>86%</b>	<b>17,962</b>	<b>20,908</b>
 <b>Glass</b>	Glass containers 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, Washington; a facility that manufactures sandblasting materials in Quesnel, BC; and municipal sites that use crushed glass as construction aggregate.	<b>12.30%</b>	<b>86.20%</b>	<b>34%</b>	<b>61,704</b>	<b>20,156</b>
 <b>Polycoat</b>	Polycoat containers collected were sold and shipped to manufacturing plants in South Korea, Thailand, Malaysia and India for material recovery in the production of tissue paper from the recovered fibre. Encorp also shipped polycoat containers to a second processor that receives drink box containers at a facility in Des Moines, Iowa, where they are turned into building boards that are used as an alternative to traditional wallboards, roofing, floor underlayment, ceiling tiles, and structured insulated panels.	<b>9.99%</b>	<b>59.72%</b>	<b>53%</b>	<b>3,004</b>	<b>10,982</b>

## 5.2 CONTAINER RECYCLING END FATE REPORT

Material Type	Fate of Material (2022)	Containers Sold (% of total)	Recovery % (by weight of total recovered)	Energy Savings	Weight Diverted from Landfill (MT)	Tonnes CO <sub>2</sub> Reduced
<b>Pouches</b> 	Encorp has found a viable end market through a recycler in New Jersey, who is using this material to make various products such as composite decking, buckets, storage totes, and non-food grade containers and trays.	<b>0.74%</b>	<b>21.44%</b>	<b>53%</b>	<b>15</b>	<b>15</b>
<b>Bag-In-A-Box</b> 	The plastic bladders inside bag-in-a-box containers were shipped to a recycler in Quebec, where they are used for making new products such as composite decking, buckets, storage totes and non-food grade container trays. Cardboard from the outer layer of the box is recycled by local processors for use in making other paper products.	<b>0.27%</b>	<b>48.77%</b>	<b>53%</b>	<b>504</b>	<b>1,603</b>
<b>Bi-Metal</b> 	Other metal containers, including bi-metal, were sold to scrap metal dealers in British Columbia for metal recovery.	<b>0.17%</b>	<b>83.84%</b>	<b>82%</b>	<b>174</b>	<b>356</b>
<b>2022 TOTAL</b>		<b>100%</b>	<b>82.53%</b>		<b>90,257</b>	<b>123,533</b>
For Reference 2021 TOTAL		100%	83.41%		89,284	110,172

# 5.3 MATERIALS USED TO MAKE NEW CONTAINERS

Many of Encorp’s registered brand owners have made significant commitments to increase the use of recycled content in their plastic beverage containers.

Encorp is committed to supporting those efforts and supporting companies in meeting their recycled content targets by increasing the number of used beverage containers collected and by ensuring that the material recycled meets the quality standards for reuse as an input into new beverage container production. As a further step to encourage circular solutions and the reduction of

greenhouse gas emissions, Encorp has begun tracking the percentage of Encorp’s collected materials being recycled back into new containers. This is a complex task, and we are working with other recycling affiliates across Canada to harmonize definitions and calculations. This work continues through 2023.



View the “Where Do Plastic Beverage Containers Really End Up?” video here: <https://www.youtube.com/watch?v=DGiC2ZZ68oY>.



## DEPOSITS, REFUNDS AND RECOVERY RATES

Detailed statistics on the weight and number of containers recovered.

Summary of overall units recycled, and the per capita statistics.

## 6.1 RECYCLING BY THE NUMBERS

In 2022, we prevented over 1.2 billion containers from going to landfills. By doing so, we ensured that these containers were recycled into useful new materials and products, which is a huge positive for British Columbia's environment.

**1.2 Billion** Containers Collected | **76.6%** Recovery Rate | **\$127,248,042** Deposits Refunded

Container Type	Containers Sold		Containers Recovered		% Recovery Rate	
	2022	2021	2022	2021	2022	2021
Aluminum	611,795,652	580,706,319	499,295,633	464,151,730	81.6%	79.9%
Plastic ≤ 1L	540,870,220	495,970,092	380,988,608	355,561,437	70.4%	71.7%
Plastic > 1L	118,634,905	69,542,066	109,900,695	55,530,802	92.6%	79.9%
Plastic Total	659,505,125	565,512,158	490,889,304	411,092,239	74.4%	72.7%
Glass	204,283,192	205,949,685	177,235,306	178,982,013	86.8%	86.9%
Drink Boxes	111,304,721	92,993,558	62,093,090	50,217,534	55.8%	54.0%
Gable Top	54,692,906	8,168,827	35,795,624	4,867,070	65.4%	59.6%
Bi-Metal	2,865,070	2,666,635	2,401,134	2,225,211	83.8%	83.4%
Bag-In-A-Box	4,415,226	4,700,707	2,153,248	2,245,101	48.8%	47.8%
Pouches	12,209,629	9,944,211	2,617,078	2,340,525	21.4%	23.5%
<b>Totals</b>	<b>1,661,071,520</b>	<b>1,470,642,100</b>	<b>1,272,480,416</b>	<b>1,116,121,423</b>	<b>76.6%</b>	<b>75.9%</b>

Note: Calculations may show slight variances due to rounding.

## 6.1 RECYCLING BY THE NUMBERS

### RECOVERY BY WEIGHT:

In 2022, Encorp Pacific recovered 90,257 metric tonnes (Mt) of containers.

**82.5%** 2022 Recovery  
Rate by Weight

**83.4%** 2021 Recovery  
Rate by Weight

TYPE	ESTIMATED WEIGHT OF CONTAINERS SOLD (Mt)	ESTIMATED WEIGHT OF CONTAINERS RECOVERED (Mt)	RECOVERY BY WEIGHT %
Aluminum	8,448	6,895	81.6%
Plastic	22,988	17,962	78.1%
Glass	71,583	61,704	86.2%
Polycoat	5,030	3,004	59.7%
Pouches	68	15	21.4%
Bag-In-A-Box	1,033	504	48.8%
Bi-Metal	208	174	83.8%
<b>Totals</b>	<b>109,357</b>	<b>90,257</b>	<b>82.5%</b>

Note: Calculations may show slight variances due to rounding.



## 6.2 REGIONAL PER CAPITA RETURNS

### PROVINCIAL TOTALS:

Units Returned	1,272,480,416
Weight Collected (Metric Tonnes)	90,257
Per Capita Units Returned	239.2
Per Capita Weight Collected (Kilograms)	17.0

### Regional Breakdown:

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan.–Dec.2022 Per Capita	Jan.–Dec.2021 Per Capita	Change to Per Capita Container Returns
Bulkley/Nechako	Units(000)	5,147	5,986	1,023	802	63	13,020	323.9	288.1	35.8 inc.
	Tonnes	71	208	357	24	5	665	16.53 kg	14.8 kg	
Cariboo	Units(000)	8,383	8,949	1,986	1,211	122	20,652	313.6	292.7	20.9 inc.
	Tonnes	116	324	698	36	11	1,185	17.99 kg	16.8 kg	
Central Coast	Units(000)	297	209	68	40	3	617	167.3	159.1	8.2 inc.
	Tonnes	4	8	24	1	0	37	10.11 kg	8.7 kg	
Fraser – Fort George	Units(000)	14,854	15,337	3,079	2,266	191	35,727	344.0	318.7	25.2 inc.
	Tonnes	205	563	1,076	67	14	1,926	18.54 kg	17.2 kg	
Kitimat – Stikine	Units(000)	5,767	6,208	966	933	66	13,939	341.0	291.0	49.9 inc.
	Tonnes	80	211	344	27	5	667	16.32 kg	14.6 kg	
Skeena – Queen Charlotte	Units(000)	2,699	2,786	587	331	43	6,446	329.3	306.5	22.8 inc.
	Tonnes	37	92	207	10	3	349	17.82 kg	17.0 kg	
Northern Rockies	Units(000)	551	865	89	73	4	1,582	323.6	305.5	18.1 inc.
	Tonnes	8	32	31	2	0	73	14.94 kg	12.8 kg	
Peace River	Units(000)	7,786	9,929	1,527	1,361	113	20,716	307.9	291.1	16.9 inc.
	Tonnes	108	359	536	41	6	1,049	15.59 kg	14.3 kg	
Capital Regional District	Units(000)	45,948	34,406	17,040	8,580	495	106,468	242.0	214.6	27.4 inc.
	Tonnes	634	1,286	5,924	271	63	8,178	18.59 kg	19.5 kg	
Cowichan Valley	Units(000)	12,865	10,110	4,045	1,687	178	28,885	311.4	282.9	28.5 inc.
	Tonnes	178	366	1,416	52	22	2,033	21.91 kg	22.6 kg	
Alberni/Clayoquot	Units(000)	5,674	4,747	1,658	737	70	12,885	369.5	343.8	25.7 inc.
	Tonnes	78	169	578	23	7	854	24.50 kg	24.6 kg	
Comox	Units(000)	8,574	6,421	3,123	1,430	118	19,665	260.5	246.0	14.5 inc.
	Tonnes	118	237	1,094	44	18	1,512	20.03 kg	21.4 kg	
Mount Waddington	Units(000)	2,140	1,823	434	256	20	4,673	392.7	364.4	28.4 inc.
	Tonnes	30	67	152	8	3	259	21.78 kg	20.0 kg	

Note: Calculations may show slight variances due to rounding.

## 6.2 REGIONAL PER CAPITA RETURNS

Regional Breakdown:

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan.–Dec.2022 Per Capita	Jan.–Dec.2021 Per Capita	Change to Per Capita Container Returns
Nanaimo	Units(000)	18,915	15,295	6,710	2,730	260	43,908	248.9	231.2	17.7 inc.
	Tonnes	261	540	2,356	84	37	3,279	18.59 kg	19.6 kg	
Strathcona	Units(000)	6,100	4,701	1,746	775	75	13,397	263.7	237.6	26.1 inc.
	Tonnes	84	175	609	24	10	902	17.75 kg	17.4 kg	
Greater Vancouver	Units(000)	209,597	225,305	83,738	51,526	3,452	573,618	201.8	176.5	25.3 inc.
	Tonnes	2,894	8,346	29,001	1,588	273	42,102	14.81 kg	14.9 kg	
Fraser Valley	Units(000)	35,306	37,315	9,380	6,287	514	88,802	257.0	226.9	30.1 inc.
	Tonnes	488	1,354	3,312	189	43	5,386	15.58 kg	14.9 kg	
Powell River	Units(000)	2,736	2,022	900	414	42	6,114	282.4	257.0	25.4 inc.
	Tonnes	38	74	320	13	7	451	20.84 kg	21.6 kg	
Squamish – Lillooet	Units(000)	5,563	4,329	3,010	913	59	13,873	278.9	260.1	18.8 inc.
	Tonnes	77	160	1,041	28	6	1,311	26.35 kg	29.7 kg	
Sunshine Coast	Units(000)	3,459	2,222	1,943	632	56	8,311	247.5	232.1	15.4 inc.
	Tonnes	48	83	675	20	9	835	24.87 kg	28.3 kg	
Central Okanagan	Units(000)	25,880	25,146	10,547	4,282	287	66,141	280.9	249.0	31.9 inc.
	Tonnes	357	926	3,674	131	38	5,127	21.77 kg	22.1 kg	
North Okanagan	Units(000)	12,231	12,043	4,151	1,990	158	30,572	322.1	301.6	20.5 inc.
	Tonnes	169	426	1,453	61	20	2,129	22.43 kg	23.2 kg	
Okanagan – Similkameen	Units(000)	11,854	11,933	5,184	1,773	179	30,921	337.0	315.9	21.1 inc.
	Tonnes	164	437	1,806	54	25	2,486	27.09 kg	29.6 kg	
Columbia Shuswap	Units(000)	7,598	6,795	2,778	1,163	99	18,434	313.1	293.0	20.1 inc.
	Tonnes	105	246	975	35	13	1,374	23.33 kg	23.8 kg	
Thompson – Nicola	Units(000)	20,181	20,716	5,654	2,965	286	49,802	331.2	296.5	34.7 inc.
	Tonnes	279	718	1,989	89	27	3,101	20.63 kg	19.3 kg	
Central Kootenay	Units(000)	7,242	5,087	2,437	1,093	87	15,946	246.2	220.5	25.7 inc.
	Tonnes	100	188	853	33	11	1,185	18.30 kg	18.6 kg	
East Kootenay	Units(000)	8,120	7,103	2,401	1,049	82	18,756	278.1	267.9	10.1 inc.
	Tonnes	112	249	846	32	9	1,249	18.51 kg	19.6 kg	
Kootenay Boundary	Units(000)	3,829	3,103	1,034	592	52	8,610	252.6	242.3	10.4 inc.
	Tonnes	53	116	361	18	7	554	16.26 kg	16.8 kg	
<b>Total Units</b>	<b>Units(000)</b>	<b>499,296</b>	<b>490,890</b>	<b>177,235</b>	<b>97,889</b>	<b>7,172</b>	<b>1,272,481</b>	<b>239.2</b>	<b>214.0</b>	<b>25.2 inc.</b>
<b>Total Weight</b>	<b>Tonnes</b>	<b>6,894</b>	<b>17,962</b>	<b>61,704</b>	<b>3,004</b>	<b>692</b>	<b>90,257</b>	<b>17.0 kg</b>	<b>17.1 kg</b>	

Note: Calculations may show slight variances due to rounding.



## PLAN PERFORMANCE

Movement of containers and how the money flows through the Return-It network.

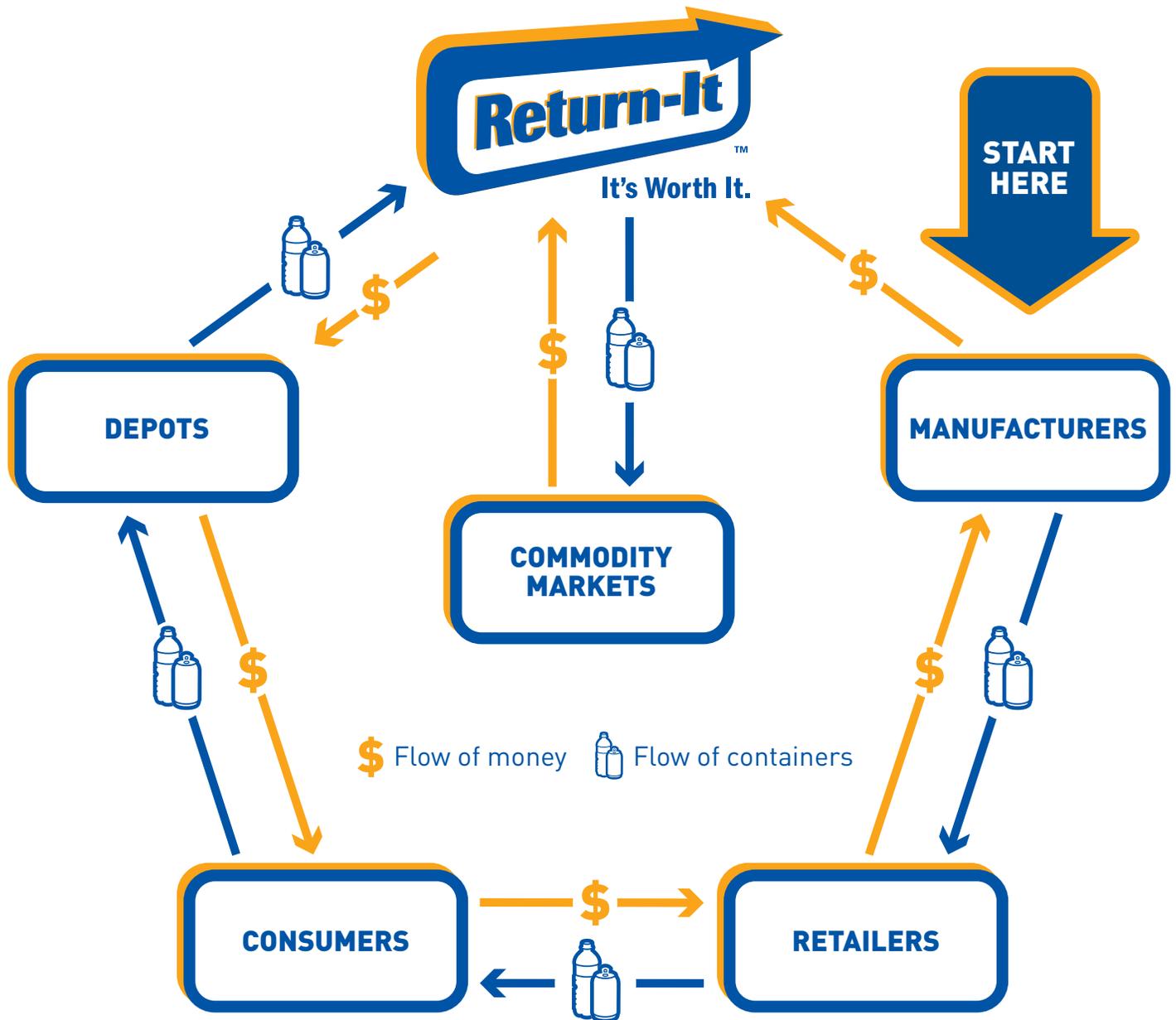
Revenue and expenditure detail.

Purpose of operating reserves, how they are determined and why they're important.

Container recycling fees by product.

## 7.1 HOW MONEY FLOWS

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



# 7.2 FOLLOW THE MONEY

## REVENUES

### Container Recycling Fees

When the revenue from unclaimed deposits and from sales of collected material is 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

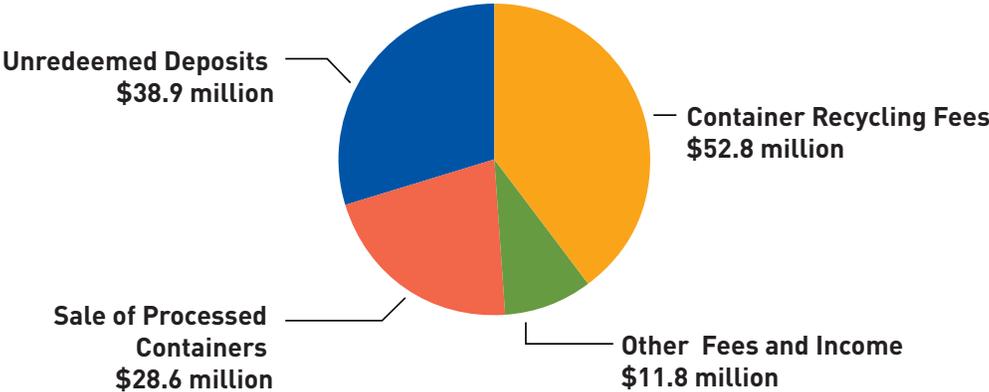
Revenues and income from service provider contracts.

### Sale of Processed Containers

A portion of the cost of recovering aluminum and plastic containers, the two largest categories, is covered by the value of the commodity collected. The prices for aluminum and plastic continued to be strong in 2022, resulting in high commodity revenue compared to the original forecast.

### Unredeemed Deposits

Encorp is paid a deposit on every container sold. Deposits unclaimed are used to fund the system.



### Where the money comes from

Container Recycling Fees	\$52.8 million	40.0%
Other Fees and Income	\$11.8 million	8.9%
Sale of Processed Containers	\$28.6 million	21.7%
Unredeemed Deposits	\$38.9 million	29.4%
<b>Total Revenues</b>	<b>\$132.1 million</b>	<b>100%</b>

Note: Calculations may show slight variances due to rounding.

\*Other Fees includes electronics, Major Appliance Recycling Roundtable (MARR), textiles, interest income and foreign exchange gain/loss.

## 7.2 FOLLOW THE MONEY

### EXPENDITURES

#### Deposit Refunds

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

#### Operations Expenses

Operations expenses consist of collection and transportation and processing expenses. This accounts for 88.4% of overall expenditures in 2022.

#### Collection Expenditures

Encorp's single-largest expense is the cost of collection, which includes handling fees paid to contracted, independently owned Return-It depots that service customers, collect the material and prepare the material for collection by Encorp's transportation partners.

#### Transportation and Processing

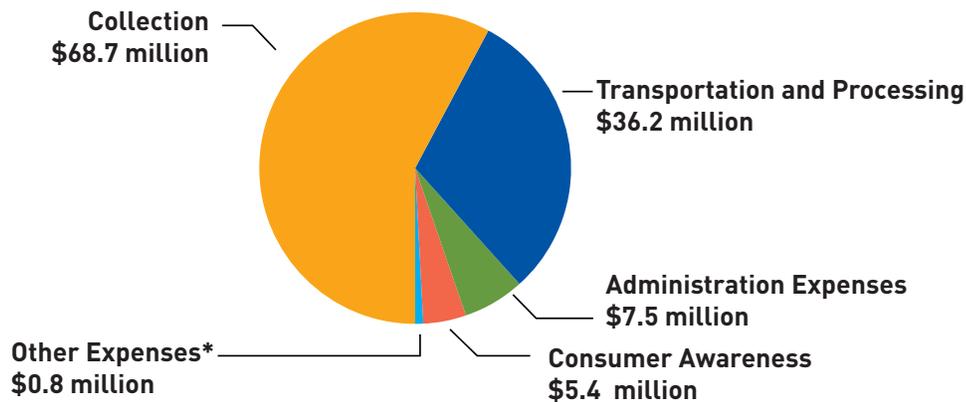
Encorp contracts with various trucking companies to collect containers from depots and grocery retailers and deliver them to our contracted processing partners, where they are processed, sorted and compacted for shipment to end markets. For these services, Encorp pays them transportation fees, fuel and processing fees.

#### Administration

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

#### Consumer Education and Awareness

Programs that encourage consumers to return containers for recycling.



#### Where the money is spent

Collection	\$68.7 million	57.9%
Transportation and Processing	\$36.2 million	30.5%
Administration Expenses	\$7.5 million	6.3%
Consumer Awareness	\$5.4 million	4.6%
Other Expenses*	\$0.8 million	0.7%
<b>Total Expenditures</b>	<b>\$118.6 million</b>	<b>100%</b>

\*Other Expenses include amortization.

Note: Calculations may show slight variances due to rounding.

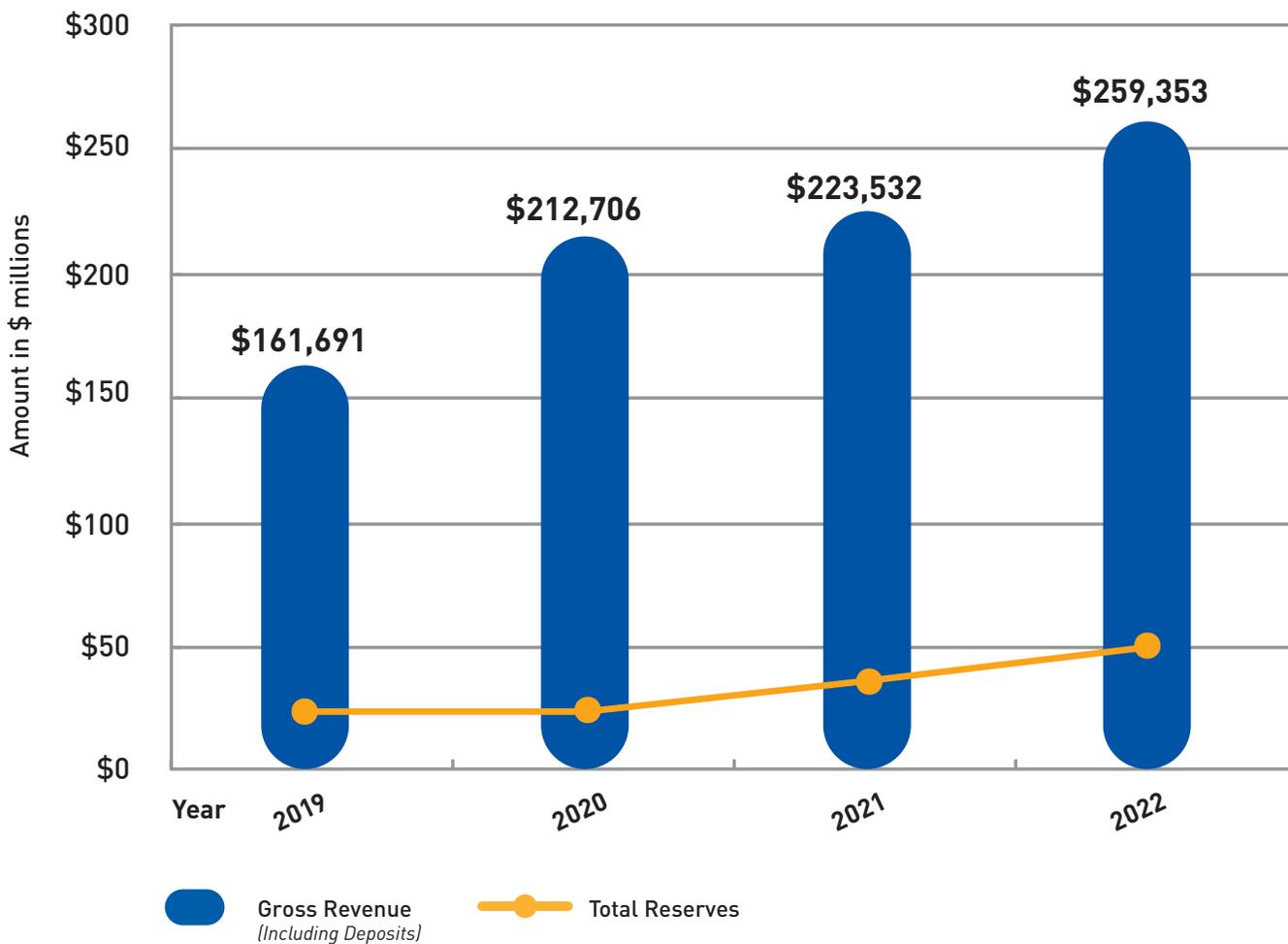
## 7.3 OPERATING RESERVES

### 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.

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

### Total Revenue vs. Reserves 2019–2022



## 7.3 OPERATING RESERVES

### Management of the Operating Reserves

Encorp's financial model requires a reasonable level of operating reserves to provide stability to the system and to ensure that stable program operations continue through variable economic conditions. When these reserves rise above the targeted reserve range, measures are taken to reduce them to the appropriate level.

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 net assets of the company increased by \$13.5 million for a total balance of \$48.5 million. The net assets include \$8.1 million in internally restricted reserves and \$40.4 million in operating reserves. The operating reserves are required to support weekly payments to customers, depots, transporters and processors during the six weeks of the peak season.

	<b>Gross Revenue</b> Including Deposits (millions)	<b>Total Expenses</b> Including Deposit Refunds (millions)	<b>Surplus/ (Deficit)</b> (millions)	<b>Net Assets</b> Year-End (millions)
2018	167.2	166.7	0.5	33.9
2019	161.7	173.5	(11.8)	22.1
2020	212.7	211.8	0.9	23.0
2021	223.5	211.5	12.0	35.0
<b>2022</b>	<b>259.5</b>	<b>246.0</b>	<b>13.5</b>	<b>48.5</b>

## 7.4 CONTAINER RECYCLING FEES

CRF stands for Container Recycling Fee. This is the fee Encorp charges to cover the net cost of recycling a beverage container type after any unredeemed deposits and commodity revenues for that container type have been used.

CRFs have been in place for beverage containers in British Columbia for over 22 years. The CRF varies for each beverage container category. As a not-for-profit product stewardship agency, Encorp Pacific only charges the net cost for recovering and recycling beverage containers. The CRF reflects current economic conditions such as commodity prices and beverage volumes.

Container Type	01-Feb-21	01-Feb-22
Aluminum	1.0 cent	1.0 cent
Plastic ≤ 1L	2.0 cents	2.0 cents
Plastic > 1L	7.0 cents	4.0 cents
Polystyrene	2.0 cents	2.0 cents
Glass ≤ 1L	7.0 cents	10.0 cents
Glass > 1L	18.0 cents	16.0 cents
Bi-Metal ≤ 1L	4.0 cents	1.0 cent
Bi-Metal > 1L	N/A	N/A
Drink Boxes ≤ 500 ml	N/A	N/A
Drink Boxes 501 ml – 1L	5.0 cents	N/A
Gable Top ≤ 1L	N/A	N/A
Gable Top > 1L	6.0 cents	4.0 cents
Drink Pouches	N/A	N/A
Glass Wine & Spirits ≤ 1L	13.0 cents	13.0 cents
Glass Wine & Spirits > 1L	18.0 cents	16.0 cents
Non-Refillable Beer, Cider, Cooler Glass ≤ 1L	9.0 cents	10.0 cents
Non-Refillable Beer, Cider, Cooler Glass > 1L	18.0 cents	16.0 cents
Liquor Plastic ≤ 1L	2.0 cents	2.0 cents
Liquor Plastic > 1L	5.0 cents	3.0 cents
Liquor Bag-In-A-Box	13.0 cents	12.0 cents



## GOVERNANCE

Accountability and responsibility of the Board of Directors, and list of Board members.

Public duty and transparency of the Advisory Committee.

## 8.1 BOARD OF DIRECTORS

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. As a non-share capital corporation under Part II of the Canada Corporations Act, Encorp identifies owners as members and not shareholders.

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 Western Dairy Council 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.

### CHAIRMAN OF THE BOARD

#### Dan Wong

President,  
Right Hook Business Strategies Ltd.  
Encorp Affiliation – Western Dairy Council  
Committees – Audit / Compensation / Governance

#### Neil Antymis, ICD.D, CPA, CGA

Director, Government Affairs,  
PepsiCo Beverages Canada  
Encorp Affiliation – Canadian Beverage Association  
Committee – Audit

#### Emil Joseph

Vice President of Production and Quality –  
North Division Primo Water North America  
Encorp Affiliation – Canadian Bottled Water  
Association  
Committee – Audit

#### Julie Dickson Olmstead

Managing Director, Public Affairs and Corporate  
Responsibility, Save-On-Foods  
Encorp Affiliation – Retail Council of Canada  
Committees – Governance / Compensation

#### Michael Forian-Zytynsky

Government Relations Manager,  
Keurig Canada, a KDP Company  
Encorp Affiliation – Canadian Beverage Association  
Committee – Governance / Compensation

#### John Irving

Encorp Affiliation – Unrelated Director  
Committees – Governance / Compensation

#### John Nixon

Secretary, Beverage Alcohol Containers Management  
Council of BC  
Encorp Affiliation – Beverage Alcohol Containers  
Management Council of BC  
Committees – Audit / Governance

#### Liisa O'Hara, CPA, CGA

Encorp Affiliation – Unrelated Director  
Committees – Audit / Compensation

#### Greg Wilson

Director of Government Relations (BC),  
Retail Council of Canada  
Encorp Affiliation – Retail Council of Canada  
Committee – Audit

## 8.2 ADVISORY COMMITTEE

Encorp carries a public duty and with it an obligation to maintain high standards of transparency and accountability.

Our Advisory Committee, which is independent of the Board, comprises representatives of our diverse stakeholder groups, including depots, major retailers, regional districts and local governments. The Advisory Committee has been established to provide an avenue

for these external interests to be represented to the Board. The Committee reviews our strategic and operating plans and our financial and operating results, and its members can make recommendations to the Governance Committee and the Board.

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**Monica Kosmak** – Co-Chair of the Advisory Committee

Senior Project Manager in the Solid Waste Strategic Services Branch, City of Vancouver

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**Bud Fraser** – Co-Chair of the Advisory Committee

Senior Planning and Sustainability Engineer, University of British Columbia

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**Lyndsay Poaps**

Executive Director, Recycling Council of BC

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**Louise Schwarz**

Co-Owner, Recycling Alternative

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**Candace Jones**

Director, Corporate Communications & Stakeholder Relations, Corporate Strategic Services, BC Liquor Distribution Branch

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**Heidi Schumacher**

Manager, Environmental Initiatives, Corporate Strategic Services, BC Liquor Distribution Branch

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**Tera D. Grady**

Supervisor of Solid Waste Management, Cariboo Regional District

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**Vince Spronken**

Owner, Island Return-It Depot

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# AUDITED STATEMENTS

Independent auditor's report and financial statements from Deloitte.

Independent reasonable assurance report for non-financial information.



## 9.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

May 10, 2023

The financial statements of Encorp Pacific (Canada) have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). 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. Deloitte, 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 Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of Encorp Pacific (Canada).



Cindy Coutts  
President & CEO



Jacob Jeby, CPA, CGA  
Controller

## 9.2 INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS



Deloitte LLP  
410 West Georgia Street  
Vancouver BC V6B 0S7  
Canada

### Independent Auditor's Report

Tel: 604-669-4466  
Fax: 604-685-0395  
www.deloitte.ca

To the Members of  
Encorp Pacific (Canada)

#### Opinion

We have audited the financial statements of Encorp Pacific (Canada) (the "Corporation"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022, 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.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
May 10, 2023

# STATEMENT OF OPERATIONS

## Encorp Pacific (Canada)

### Statement of operations

Year ended December 31, 2022

	Notes	2022 \$	2021 \$
<b>Revenue</b>			
Deposits on containers		166,107,152	147,082,849
Deposit refunds		(127,248,042)	(111,612,630)
		<b>38,859,110</b>	35,470,219
Container recycling fees		52,815,899	44,930,041
Contract fees		9,340,958	10,433,412
Sale of recyclable materials		28,589,631	20,698,896
Other		1,375,438	150,634
		<b>130,981,036</b>	111,683,202
<b>Operating expenses</b>			
Collection		68,707,065	60,104,686
Transportation and processing		36,215,050	27,986,310
		<b>104,922,115</b>	88,090,996
<b>Other expenses</b>			
General and administrative		7,469,022	7,227,484
Consumer awareness		5,417,954	3,870,622
Amortization		849,305	772,078
Foreign exchange gain		(1,127,304)	(236,636)
		<b>12,608,977</b>	11,633,548
<b>Excess of revenue over expenses</b>		<b>13,449,944</b>	11,958,658

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

## STATEMENT OF CHANGES IN NET ASSETS

**Encorp Pacific (Canada)****Statement of changes in net assets**

Year ended December 31, 2022

	Notes	Internally restricted reserve \$	Investment in capital assets \$	Geographical coverage reserve \$	Unrestricted \$	2022 Total \$	2021 Total \$
<b>Net assets, beginning of year</b>		<b>7,467,548</b>	<b>5,054,110</b>	—	<b>22,426,259</b>	<b>34,947,917</b>	22,989,259
Excess of revenue over expenses		—	(849,305)	—	<b>14,299,249</b>	<b>13,449,944</b>	11,958,658
Purchase of capital assets, net of disposals and long-term debt		—	<b>2,461,349</b>	—	<b>(2,461,349)</b>	—	—
Transfers to reserves	5	<b>720,871</b>	—	<b>25,408,602</b>	<b>(26,129,473)</b>	—	—
<b>Net assets, end of year</b>		<b>8,188,419</b>	<b>6,666,154</b>	<b>25,408,602</b>	<b>8,134,686</b>	<b>48,397,861</b>	34,947,917

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

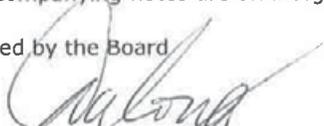
# STATEMENT OF FINANCIAL POSITION

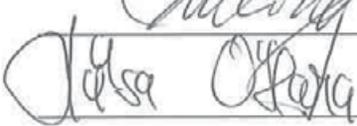
**Encorp Pacific (Canada)**  
**Statement of financial position**  
 As at December 31, 2022

	Notes	2022 \$	2021 \$
<b>Assets</b>			
Current assets			
Cash		70,933,838	50,794,092
Accounts receivable	3	6,935,924	9,937,360
Prepaid expenses and deposits		1,473,350	2,782,507
		<b>79,343,112</b>	<b>63,513,959</b>
Capital assets	4	8,385,597	6,825,352
		<b>87,728,709</b>	<b>70,339,311</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		24,184,721	21,724,434
Deferred revenue		11,612,659	10,162,517
Advance payment from brand owners		1,814,025	1,733,201
Current portion of long-term debt	7	52,614	51,158
		<b>37,664,019</b>	<b>33,671,310</b>
Long-term debt	7	1,666,829	1,720,084
		<b>39,330,848</b>	<b>35,391,394</b>
Commitments	8		
<b>Net assets</b>		<b>48,397,861</b>	<b>34,947,917</b>
		<b>87,728,709</b>	<b>70,339,311</b>

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

Approved by the Board

  
 \_\_\_\_\_, Director

  
 \_\_\_\_\_, Director

## STATEMENT OF CASH FLOWS

**Encorp Pacific (Canada)****Statement of cash flows**

Year ended December 31, 2022

	2022	2021
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	<b>13,449,944</b>	11,958,658
Items not affecting cash		
Amortization	<b>849,305</b>	772,078
Loss on disposal of capital assets	<b>37,582</b>	4,390
	<b>14,336,831</b>	12,735,126
Changes in non-cash operating working capital		
Accounts receivable	<b>3,001,436</b>	(1,048,158)
Prepaid expenses and deposits	<b>174,124</b>	(1,392,026)
Accounts payable and accrued liabilities	<b>2,460,287</b>	5,264,145
Deferred revenue	<b>1,450,142</b>	956,007
Advance payment from brand owners	<b>80,824</b>	1,728,727
	<b>21,503,644</b>	18,243,821
<b>Investing activities</b>		
Purchase of capital assets	<b>(1,317,599)</b>	(5,290,696)
Proceeds from sale of capital assets	<b>5,500</b>	4,228
	<b>(1,312,099)</b>	(5,286,468)
<b>Financing activities</b>		
Proceeds from long term debt	—	1,800,000
Repayments of long term debt	<b>(51,799)</b>	(28,758)
	<b>(51,799)</b>	1,771,242
Net change in cash	<b>20,139,746</b>	14,728,595
Cash, beginning of year	<b>50,794,092</b>	36,065,497
<b>Cash, end of year</b>	<b>70,933,838</b>	50,794,092
<b>Non- cash transactions</b>		
Deposits transferred to capital assets	<b>1,135,033</b>	—

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

# NOTES TO FINANCIAL STATEMENTS

## Encorp Pacific (Canada) Notes to the financial statements

December 31, 2022

### 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 owns 100% of a wholly owned subsidiary, through a bare trust agreement, and all benefits accrue to the Corporation and the balances, gains and losses are included in these financial statements. 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 and packaging and printed paper.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), incorporating the following significant accounting policies:

#### (a) 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 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 shipped to recyclers.

On January 1, 2022, the Corporation adopted the amendments to *Revenue, Section 3400 in Part II of the Handbook*, which *ASNPO 4410 Contributions - Revenue recognition* requires the Corporation to follow. The amendments provided additional guidance with respect to the identification of performance obligations, the recognition of revenue on certain types of contracts and the presentation of revenue on a gross or net basis.

The adoption of the above amendments did not have an impact on the Corporation's recognition, presentation or disclosures of revenue.

## NOTES TO FINANCIAL STATEMENTS

**Encorp Pacific (Canada)**  
**Notes to the financial statements**

December 31, 2022

**2. Significant accounting policies (continued)***(b) 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 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.

*(c) 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 in the period the related goods or services are received.

*(d) 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.

*(e) Capital assets*

The Corporation records capital assets at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Mobile Compaction	10 years
Express & Go stations	5 years
Computer hardware	3 years
Office equipment	5 years
Leasehold improvements	3-5 years
Computer software	3 years
Building	10 years

Assets under development are not subject to amortization until development is complete.

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Corporation. An impairment loss is recognized to the extent that the carrying value of the asset exceeds its fair value.

*(f) 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.

# NOTES TO FINANCIAL STATEMENTS

## Encorp Pacific (Canada) Notes to the financial statements

December 31, 2022

### 2. Significant accounting policies (continued)

#### (g) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Specific items subject to estimation include the allowance for doubtful accounts, estimated useful lives and potential impairment of capital assets, deferred revenue and accrued liabilities.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known. Actual results could differ from those estimates.

#### (h) Financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and long-term debt.

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Corporation is in the capacity of management, are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Corporation in the transaction. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations.

With respect to financial assets measured at cost or at amortized cost, the Corporation recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases, and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations in the period the reversal occurs.

### 3. Government remittances

Government remittances consist of amounts (such as payroll withholdings, sales taxes, employer health tax 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 \$177,353 (receivable of \$81,769 in 2021).

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## NOTES TO FINANCIAL STATEMENTS

**Encorp Pacific (Canada)**  
**Notes to the financial statements**

December 31, 2022

**4. Capital assets**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Land	3,680,786	—	3,680,786	3,697,497
Mobile Compaction	3,164,887	403,288	2,761,599	1,629,186
Express & Go stations	985,549	189,155	796,394	530,875
Computer hardware	3,480,607	3,124,154	356,453	508,127
Office equipment	1,008,494	867,339	141,155	320,700
Leasehold improvements	852,169	441,991	410,178	94,330
Computer software	336,003	125,382	210,621	12,844
Building	33,823	5,412	28,411	31,793
	<b>13,542,318</b>	<b>5,156,721</b>	<b>8,385,597</b>	<b>6,825,352</b>

**5. Reserves and unrestricted balance***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 \$720,871 was transferred from the unrestricted reserve to restricted reserve during the current year (\$6,157,596 was transferred from the unrestricted reserve to restricted reserve in 2021).

*Geographical coverage reserve and unrestricted balance*

The Board of Directors has established a geographical coverage reserve. The purpose of the Geographical Reserve is to increase the geographical coverage in areas where adequate Return-It collection sites are not available and thereby maximize the recovery of deposit bearing beverage containers for recycling. As a result of the annual review, an amount of \$25,408,602 was transferred from the unrestricted reserve to geographical coverage reserve during the current year (nil transfers from the unrestricted reserve to geographical coverage reserve in 2021).

**6. Bank Facilities**

The Corporation has the following facilities with Royal Bank of Canada:

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

The revolving demand facility bears interest at the bank's prime rate plus 0.25% per annum. The bank facilities are secured by all property (unless subject to prior charges) of the Corporation.

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# NOTES TO FINANCIAL STATEMENTS

## Encorp Pacific (Canada) Notes to the financial statements

December 31, 2022

### 7. Long-term debt

Long-term debt consists of a non-revolving term facility with Royal Bank of Canada with related monthly principal and interest payments, interest rate and maturity date.

Monthly blended payments	Interest rate	Maturity	2022	2021
\$	%		\$	\$
8,356	2.81	June 2026	<b>1,719,443</b>	1,771,242
Less: current portion			<b>(52,614)</b>	(51,158)
Long-term portion			<b>1,666,829</b>	1,720,084

The interest related to long-term debt, which is included in the general and administrative expenses, is \$48,473 (\$29,734 in 2021). The long-term debt is secured by all property (unless subject to prior charges) of the Corporation.

The aggregate minimum amount of principal payments based on scheduled repayment terms required are as follows:

	\$
2023	52,614
2024	53,981
2025	55,648
2026	1,557,200
	<b>1,719,443</b>

### 8. Commitments

The Corporation has entered into operating leases for its premises and certain equipment. The total future minimum lease payments and related minimum maintenance and services fees for the next five years and thereafter are as follows:

	\$
2023	751,404
2024	724,723
2025	720,354
2026	559,292
2027 and thereafter	44,063
	<b>2,799,836</b>

## NOTES TO FINANCIAL STATEMENTS

**Encorp Pacific (Canada)**  
**Notes to the financial statements**  
 December 31, 2022

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**9. Related parties**

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

	\$
Cash	2
Shareholder's equity	2

The Corporation owns 100% of 1304620 B.C. Ltd. and, through a bare trust agreement dated May 20, 2021, is the beneficial owner of 100% of the real property to which 1304620 B.C. Ltd. holds legal title.

During the year, the Corporation paid \$199,608 (\$188,047 in 2021) in Directors' fees, which is included in the general and administrative expenses.

**10. Financial instruments**

*Foreign currency risk*

The Corporation is exposed to foreign exchange risk through its cash, accounts receivable and accounts payable and accrued liabilities that arise on sales of recyclable materials denominated in US dollars. At December 31, 2022, the net US dollar exposure on cash, accounts receivable, accounts payable and accrued liabilities was US\$2,436,186 (US\$14,953,363 in 2021).

*Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates and the degree of volatility of these rates. The Corporation is primarily exposed to interest rate risk through use of bank facilities. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk.

*Credit risk*

The Corporation's assets subject to credit risk consist of cash and accounts receivable. The Corporation maintains its cash with a major, reputable financial institution. Accounts receivable consists 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.

*Liquidity risk*

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2022, the most significant financial liabilities are accounts payable and accrued liabilities and long-term debt.

# 9.3 INDEPENDENT REASONABLE ASSURANCE REPORT



Deloitte LLP  
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Vancouver BC V6B 0S7  
Canada

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## INDEPENDENT REASONABLE ASSURANCE REPORT FOR SELECTED NON-FINANCIAL INFORMATION

### To the Directors of Encorp Pacific (Canada)

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 Climate Change Strategy and in Appendix A, for the year ended December 31, 2022:

- 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.

### Management's responsibility

Management is responsible for the preparation of the Selected Information in accordance with the evaluation criteria as listed in Appendix A. 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 for the 2022 reporting year, dated November 2019 ("Assurance Requirements") as specified by the Director under Section 8(2)(h) of the Recycling Regulation of the Province of British Columbia.

### Our responsibility

Our responsibility is to express a reasonable assurance opinion on the Selected Information based on the evidence we have obtained. 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 plan and perform the engagement to obtain reasonable assurance about whether the Selected Information is free of material misstatement.

Reasonable assurance engagement is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect material misstatements when it exists. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement of the Selected Information, whether due to fraud or error, and requires obtaining audit evidence about the preparation of the Selected Information in accordance with evaluation criteria listed in Appendix A.

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

### **Our Independence and Quality Control**

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Applicable criteria and key assurance procedures**

The applicable evaluation criteria are presented in an Appendix A to this report. The procedures we performed as the basis for our conclusion included the following:

- Interviewing relevant Encorp management and staff responsible for data collection and reporting;
- 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.

### **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 of Encorp for the year ended December 31, 2022 is prepared, in all material respects, in accordance with the evaluation criteria listed in Appendix A to this report.

### **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.

*Deloitte LLP*

Deloitte LLP  
Chartered Professional Accountants  
Vancouver, British Columbia, Canada  
May 10, 2023

## 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 the Annual Report	Reference
Encorp’s collection network consists of 177 collection facilities including 163 independently owned and operated Return-It™ collection facilities, two (2) corporate Return-It Express Plus and nine (12) Express and Go unstaffed stations available to the public. Three (3) of the 177 collection facilities were opened during 2022.	Collection System and Facilities: Executive Summary on page 1.

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** means a Return-It™ Depots that has an agreement for the collection of used beverage containers or operates as a corporate Return-It Express Plus™ or a Return-It Express & Go™ unstaffed location.
- **List of Return-It™ collection facilities** is a registry of Return-It™ Depots, Return-It Express Plus and Express and Go unstaffed stations containing contact information (location, contact and hours of operation) maintained by Encorp.

**Evaluation criteria:**

- The number of collection facilities is obtained from the List of Return-It™ collection facilities as of December 31.
- The calculation of the number of Return-It™ collection facilities is done by adding up the total number of Return-It™ collection facilities in the 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***

- All containers collected by Encorp in 2022 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.
  - Aluminum: Aluminum cans collected were sold and shipped to re-melt facilities in the USA and turned back into sheet stock for new aluminum cans.
  - Plastic: Plastic containers were sold and shipped to a reputable recycler in Canada - to their facilities in British Columbia and Alberta. The commodity is cleaned and pelletized to become new raw material for the manufacture of various plastic products, including new containers, strapping material and fibres.
  - Glass: Glass containers 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, USA; a facility that manufacturers sandblasting materials in Quesnel, BC; and municipal sites that use crushed glass as construction aggregate.
  - Polycoat: Polycoat containers collected were sold and shipped to manufacturing plants in South Korea, Thailand, Malaysia, and India for material recovery in the production of tissue paper from the recovered fibre. Encorp also shipped polycoat containers to a second processor that receives drink box containers at a facility in Des Moines, Iowa, where they are turned into building boards that are used as an alternative to traditional wallboards, roofing, floor underlayment, ceiling tiles, and structured insulated panels.
  - Pouches: Encorp has found a viable end market through a recycler in New Jersey, who is using this material to make various products such as composite decking, buckets, storage totes, non-food grade containers and trays.
  - Bag-In-Box: The plastic bladders inside the Bag-In-Box containers were shipped to a recycler in Quebec, where it is used for making new products such as composite decking, buckets, storage totes, and non-food grade container trays. Cardboard from the outer layer of the box is recycled by local processors for use in making other paper products.
  - Bi-Metal: Other metal containers, including Bi-Metal, were sold to scrap metal dealers in British Columbia for metal recovery.

***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, Pouches, Bag-In-Box, and Bi-Metal 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.

**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 the Annual Report	Reference
Total Sales in units: 1,661,071,520 Total Product Collected in units: 1,272,480,416 Recovery Rate: 76.6%	Recovery rate from the Executive Summary on page 2

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) 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 collected is based on the number of used beverage containers covered by the approved Stewardship Plan and 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:***

<b>Disclosure per the Annual Report</b>	<b>Reference</b>
2022 Assertion – With the inclusion of Milk and Milk substitute products in the deposit system for the first time in 2022, the recovery rate was 76.6% (compared to target of 81.7%)	Recovery Rate: Executive Summary on page 2
2022 Assertion – 99.2% of the population covered by collection facilities (compared to 97% target)	Consumer Access: Executive Summary on page 1

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; and
- 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 on British Columbia residents living within 30 minutes (urban areas) or 45 min (rural areas) of a collection facility.





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