



Many Happy Returns

2014 ANNUAL REPORT
ENCORP PACIFIC (CANADA)

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EXECUTIVE SUMMARY

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

www.return-it.ca

2014 RECOVERY RATE



75%
Regulated Requirement

80.1%
Encorp's Plan target

79.1%
Actual Recovery Rate

PROGRAM PERFORMANCE SUMMARY

- ✓ **Public education materials and strategies**
 - A multi-million dollar, year-round, province-wide, multi-pronged consumer awareness campaign with strategic action plans and activities resulted in net consumer awareness level of 99%.
- ✓ **Collection system and facilities**
 - Encorp's collection network consists of 173 Return-It™ Depots. Two new depots were opened during 2014.
- ✓ **Product environmental impact reduction, reusability and recyclability**
 - Encorp's activities in 2014 contributed to the reduction of about 100.9 thousand tonnes of CO2 equivalent being released into the atmosphere, compared to 100.8 thousand tonnes in 2013 based on the restated numbers using WARM version 13.
- ✓ **Pollution prevention hierarchy and product/component management**
 - Material collected by Encorp is shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation. See End of Fate information on page 42.
 - All containers are recyclable with laminate type containers being stored pending market demand.
- ✓ **Product sold and collected and recovery rate**
 - Total Sales in units: 1,224,579,061
 - Total Product Collected in units: 968,583,632
 - Recovery Rate: 79.1% compared to target of 80.1%
- ✓ **Summary of deposits, refunds, revenues and expenses**
 - Deposits collected: \$84,483,769
 - Refunds issued: \$68,524,319
 - Total revenue: \$93,695,208
 - Total expenses: \$90,627,865

See Financial Statements + Notes on page 66

EXECUTIVE SUMMARY

COMPARISON OF KEY PERFORMANCE TARGETS

Recovery rate – The approved stewardship plan has a performance target of 82% to be reached by 2018. The 2014 recovery rate is 79.1% only 2.9% from the goal and 4.1 % over the regulated requirement.

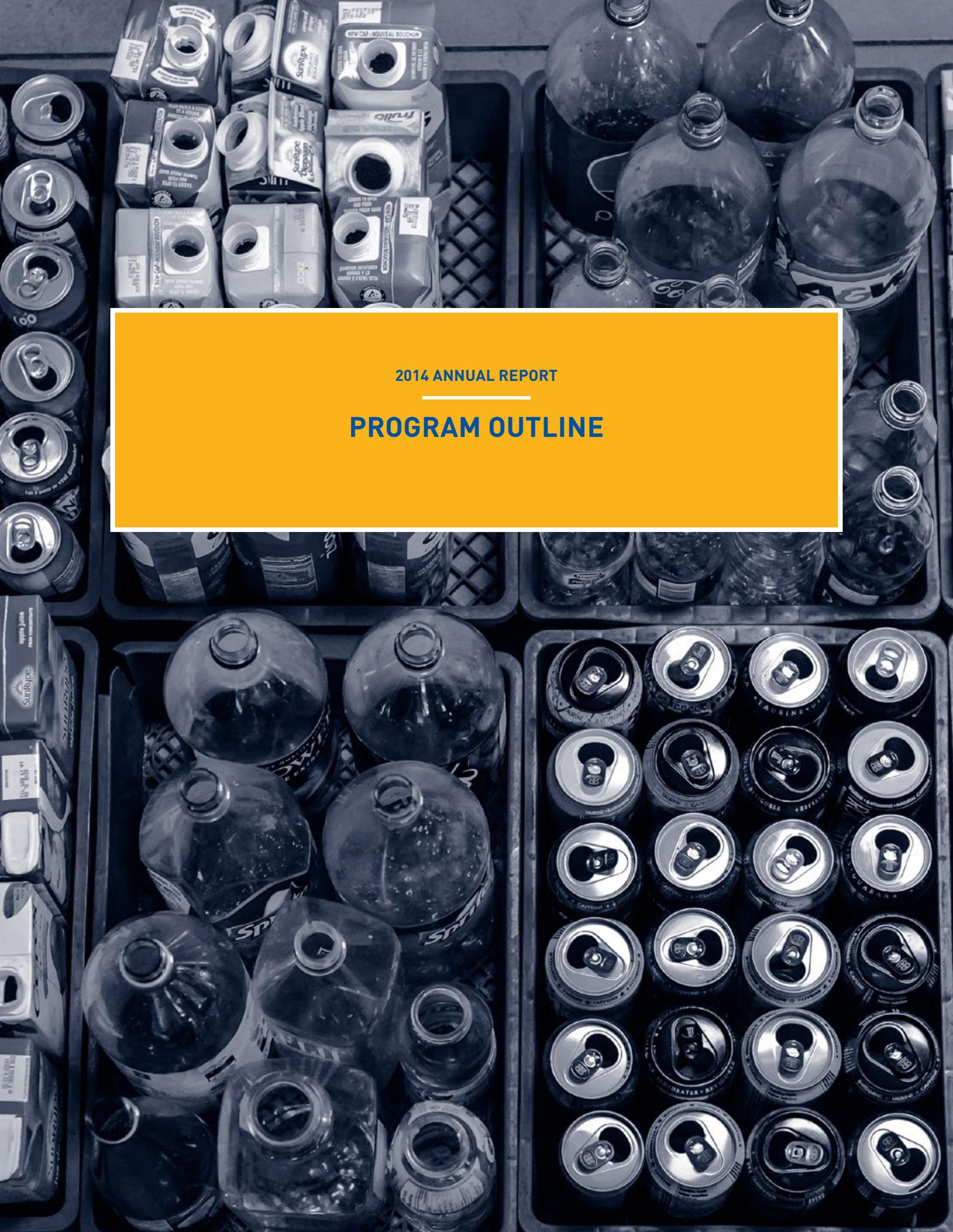
Consumer access – 99.4% of BC’s population have access to a beverage container return facility or retailer based on drive times in the Stewardship Associations of BC (SABC) accessibility standard. This is 2.4% over the target of 97%.

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

Carbon footprint – Benchmarking measurements and standardizing the tool Encorp uses has been the goal for several years. In 2014, we calculated results and compared to the 2013 data. See table on page 41.

Cooperation with other stewardship agencies – As a founding member and current chair of the SABC group, Encorp contributed to the development of a common public website, location finder and consumer handbook. www.bcrecycles.ca

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



2014 ANNUAL REPORT

PROGRAM OUTLINE

PROGRAM OUTLINE

MESSAGE FROM THE CHAIR

The creation of Encorp Pacific Inc. (as it was known in 1994) was a pragmatic response on behalf of British Columbia's soft drink manufacturers and retailers to the commercial distortions of an imperfect government regulation. Little did our founding fathers know that in addressing a set of specific business problems, they were laying the foundation for the modern era of product stewardship, not only in British Columbia, but for much of the rest of Canada.

Today, twenty years later, Encorp Pacific (Canada) collects almost a billion beverage containers a year – four out of every five beverage containers sold in British Columbia – and we are constantly aiming higher. Our network of 173 Return-It™ depots covers the entire province, is recognized by almost nine out of ten British Columbians and provides stewardship services to a handful of other consumer product industries as well. Above all, Encorp is a model of what we now know as industry product stewardship – that is, industry taking responsibility for managing the waste generated by the products it sells.

Our success over the past twenty years owes much to the relationships we have forged with our partners in the stewardship community. From the processors who transform used beverage containers into new materials to the transporters who haul the collected containers to market and the depot operators who are the face of the collection system itself – all are vital to our success.

Those partnerships produce a chain of benefits. For brand owners, Encorp is the primary vehicle for discharging their obligations under the British Columbia Recycling Regulation. For depot operators, it serves as a community of interests and a common marketing platform for their individual businesses. For others in the stewardship loop, Encorp is an essential conduit, facilitating the movement of valuable resources between generators and recyclers of used materials. And for the consumers of British Columbia, Encorp depots are go-to destinations in most neighbourhoods for returning used beverage containers, waste electronics and other goods with full confidence that they will be recycled in legitimate and responsible ways.

Over the years, the evolution from a common collection system for used soft drink containers to a sophisticated stewardship agency for all beverage manufacturers and service provider for other stewardship organizations has allowed the Board and management team to increase their focus on critical strategies.

In 2014 we continued to validate the suitability of new, consumer-friendly technologies across the collection system. We continued to raise the bar with respect to the customer experience at Return-It™ depots. We undertook deeper evaluations of non-traditional collection channels – from public spaces to multi-family residences and Industrial, Commercial & Institutional (IC&I) establishments – in order to prioritize our investments and program initiatives so that ultimately we can deliver the best results relative to the resources expended. In broad terms this means concentrating on whatever low-hanging fruit is left (and there isn't much of it) and laying out systematic long term plans for harder-to-reach channels.

And in keeping with our mandate, we continued to manage our business assiduously, paying particular attention to maintaining financial reserves at appropriate levels relative to normal operating requirements while minimizing the burden on consumers and brand owners.

From a Board of Directors' perspective, this sharper focus on strategic matters counts as a key accomplishment for 2014 – alongside the much broader accomplishment of delivering twenty years of outstanding service to our members, stakeholders and the people of British Columbia. All of which is a credit to everyone who has helped us get here.



Dan Wong
Board Chair

A handwritten signature in black ink, appearing to read 'Dan Wong', written in a cursive style.

PROGRAM OUTLINE

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In 2014, the Encorp team celebrated our 20th anniversary recycling beverage containers in B.C. I want to highlight how far we have come and some of our accomplishments from over those twenty years.

When Encorp took responsibility for beverage container recycling in 1994, we only collected soft drink containers. That first year, we managed to put together a network of over 35 depots and collected just 245 million containers, although 90 percent of those came from retailers and bottlers.

Our network has expanded tremendously since then. We now have 173 licensed depots who collect 90 percent of all containers, with over 500 retailers collecting the balance.

What we collect has also expanded. In 1998, the deposit system was expanded to include all non-milk beverage containers. In 2001, our depots began collecting wine, spirit, non-refillable cooler and imported beer bottles on behalf of the B.C. Liquor Distribution Branch, and in 2007 we took over responsibility as the stewardship agency for those containers.

The combination of more container types and an expanded depot network drove the volume of material we collected. In 2004, we recycled 22,000 tonnes of material; ten years later we recycle over 90,000 tonnes annually. That's the equivalent of keeping over 60,000 mid-sized cars out of landfills every year.

Our primary measure of success, however, is the percentage of containers sold that we collect back. By 2004 our recovery rate passed the regulated minimum of 75 percent, but our goal has always been to keep it moving up. At 79.1 percent this year, we have one of the best beverage recovery rates in North America, but our goal is to go higher.

We have a number of key programs to accomplish that. Our Five Star program supports depots to improve the consumer experience. We also continue to pilot our 'drop and go' Express Service in four depots. This year we also opened a new concept drop-and-go-only Return-It Express outlet on Richards Street near Pacific Avenue in Yaletown.

We also kicked off new initiatives to increase our recovery rate in multi-family buildings and 'away from home', including work, shopping, leisure, entertainment and outdoor spaces where we know consumers are more likely to discard a beverage container.

At our tenth anniversary in 2004, we celebrated our 5 billionth recycled container. This year we marked our 20th anniversary by recycling our 15 billionth container. This was only possible because of the hard work and dedication of everyone working in Return-It depots, in our province-wide network of owner-operated transporters and in the processors who ensure our commodities get recycled into new and useful products. Most of all, however, I must thank the team at Encorp who really achieved so much this year, as they have for the past twenty years.



Scott Fraser
President and CEO

A handwritten signature in blue ink, appearing to read 'S. Fraser'.

PROGRAM OUTLINE

WHAT DRIVES US

Vision

Encorp Pacific (Canada) will be a leader in British Columbia in the design and delivery of a highly effective stewardship program across a targeted range of end-of-life consumer products and packaging.

Mandate

Encorp Pacific (Canada) will be the leading stewardship agency in British Columbia with a continuous focus on beverage containers as our core business.

Role

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



ENCORP'S BUSINESS MODEL

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

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

The advantages of this model include:

Market-based costs

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

Scalability

Changes in demand can be accommodated rapidly.

Flexibility

Changes in market behaviour can be quickly adapted to.

Innovation

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

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

KEY PRINCIPLES OF THE INDUSTRY PRODUCT STEWARDSHIP MODEL

The Industry Product Stewardship (IPS) model was first set out in a 1997 regulation called the Beverage Container Stewardship Program Regulation (BCSPR). Encorp Pacific, originally established in 1994, was reorganized in 1998.

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

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

The key principles are:

1. **Producer/User Responsibility** – Responsibility for waste management is shifted from general taxpayers to producers and users. Responsibility is not shifted to other levels of government without consent.
2. **Level Playing Field** – All brand-owners for a particular product category are subject to the same stewardship responsibilities (including historical waste). All consumers have reasonable access to product collection facilities.
3. **Results-based** – Programs focus on results and provide brand owners with flexibility with minimal government involvement. Programs are tailored for individual products and encourage continued innovation by producers to minimize environmental impacts during all stages of the product lifecycle, from product design to end-of-life management.
4. **Transparency and Accountability** – The program development process is open and provides all stakeholders the opportunity for input. Industry is accountable to both government and consumers for environmental outcomes and allocation of revenue from fees/levies.

PROGRAM OUTLINE

STEWARDSHIP AGENCIES OF BC

Organization

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

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



Mission

Without limiting the authority and jurisdiction of the individual stewards, the mission of the Stewardship Agencies of British Columbia (SABC) is to:

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

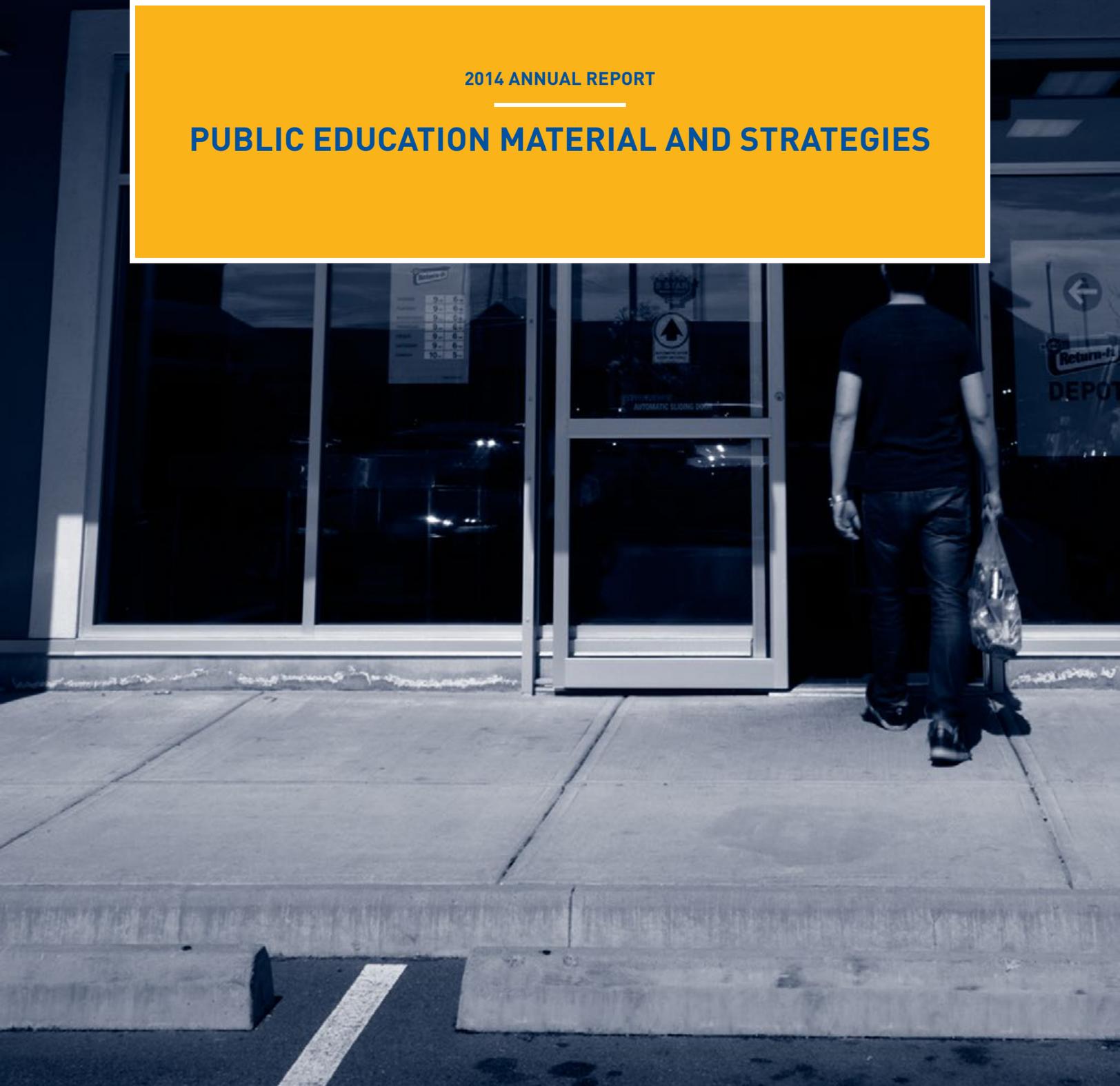
SABC is organized with an Executive Committee and contract secretariat services and holds regular meetings with all of its members.



DEPOT

2014 ANNUAL REPORT

PUBLIC EDUCATION MATERIAL AND STRATEGIES



BEVERAGE CONTAINER RETURN STUDY 2014

We believe in results. Each year since 1999, Encorp Pacific has engaged a professional research company to survey hundreds of BC consumers about their recycling knowledge, attitudes and behaviours. The results are compared to previous years and are used to benchmark and track changes over time. Our research has proved to be a key driver of our initiatives to keep recyclable materials out of landfills.

Methodology

Data was collected from 1,500 participants using an online survey between November 12 and 26, 2014. The sample was weighted by age, gender and region according to Census Canada figures; this ensures the results are representative of British Columbia's general population. Quotas were also put into place by region and dwelling type to ensure an appropriate sample for analysis.

Knowledge of Beverages Returnable for Refund on Deposit

BC residents are generally aware that most beverage containers can be returned for a refund on deposit. Knowledge levels have remained stable at these high levels and small improvements have been made in the water and sport drink beverage categories.

2014		2013 (n=1,501)	2012 (n=1,839)	2011 (n=1,656)
NET : ANY TYPE	99%	100%	100%	99%
Any Non-Alcohol	98%	98%	99%	98%
Pop/soft drink	97%	97%	98%	98%
Water	87%	84%	85%	85%
Juice	86%	84%	85%	86%
Sport drinks	82%	78%	80%	78%
Any Alcohol	98%	98%	99%	97%
Beer	97%	97%	98%	97%
Coolers/ciders/pre-mixed alcohol bev.	91%	90%	92%	91%
Wine	89%	87%	88%	87%
Liquor/spirits	86%	86%	86%	85%

Base: All respondents (n=1,500)

A1. To the best of your knowledge, in British Columbia, can containers with the following beverages be returned for a refund on deposit?



BEVERAGE CONTAINER RETURN STUDY 2014

Knowledge of Containers Returnable for Refund on Deposit

British Columbians are more aware than ever that plastic bottles, glass bottles and cartons are eligible for a refund. Knowledge levels of drink boxes and aluminum cans have remained stable since 2010.

2014		2013 (n=1,501)	2012 (n=1,839)	2011 (n=1,656)
Aluminum cans	98%	98%	99%	98%
Plastic bottles	93%	77%	78%	88%
Glass bottles	87%	76%	88%	93%
Drink boxes	73%	70%	72%	74%
Cartons	63%	52%	51%	57%

Base: All respondents (n=1,500)

A2. To the best of your knowledge, can the following types of containers be returned for a refund on deposit?

Awareness Levels of Places to Return

Return-It Depots and grocery stores continue to be top-of-mind for beverage container recycling. Overall awareness has remained stable.

2014		2013 (n=1,501)	2012 (n=1,839)	2011 (n=1,656)
	92%	94%	n/a	n/a
ANY ELIGIBLE LOCATION				
	82%	85%	85%	79%
ANY DEPOT / RECYCLING CENTRE/ RETURN-IT™ / ENCORP				
	73%	75%	74%	n/a
ANY RETAILER				
	7%	5%	6%	10%
I DON'T KNOW				

Base: All respondents (n=1,500)

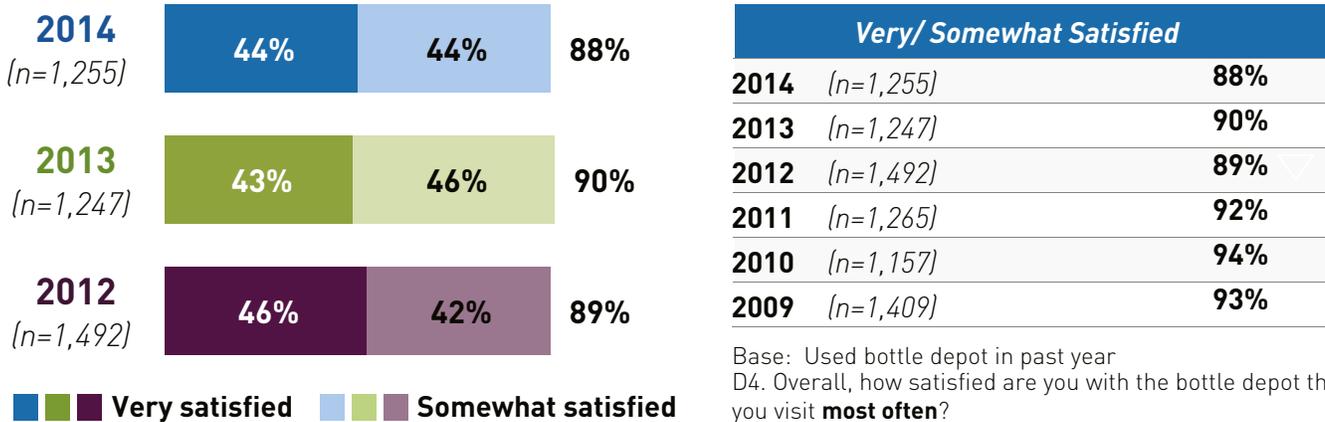
B1. When it comes to the various places you can return beverage containers for recycling or for a refund on deposit, what places come to mind?



BEVERAGE CONTAINER RETURN STUDY 2014

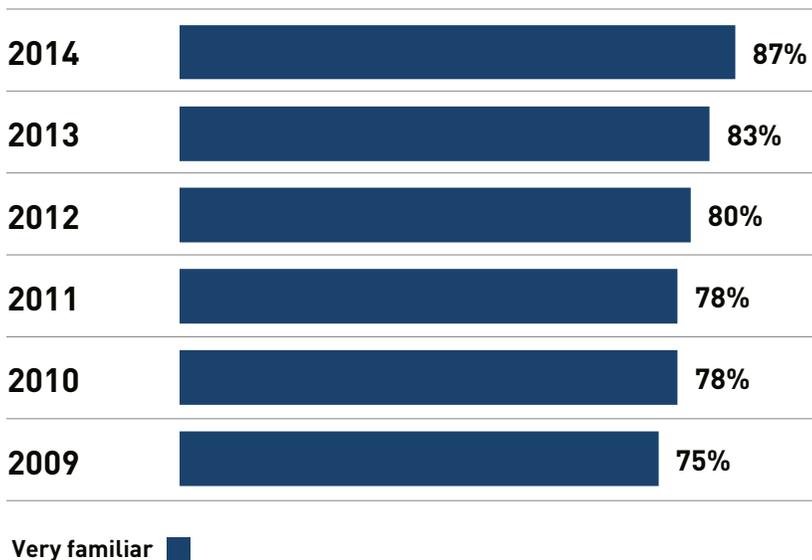
Depot Satisfaction Levels

In British Columbia, 88% of people are satisfied with the bottle depot they visit most often. Results have remained steady since 2009. Overall depot satisfaction among users remains very high and virtually unchanged over time.



Brand Awareness

Aided brand awareness of and familiarity with Encorp/Return-It has continued to improve year over year, and is very high. It is up year over year again in 2014, continuing the evident positive trend.



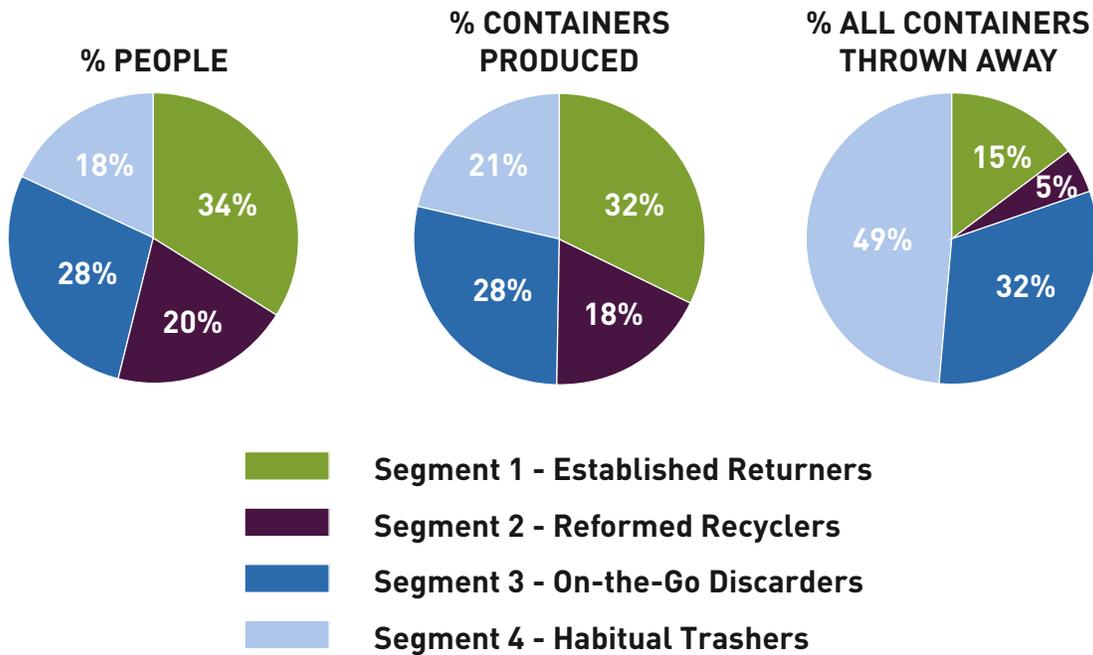
Base: All respondents (2014 n=1,500; 2013 n=1,501; 2012 n=1,839; 2011 n=1,656; 2010 n=1,713; 2009 n=2,083)
E2. How aware and familiar are you with each of the following companies?



SEGMENTATION ANALYSIS

In order to further tailor our marketing and advertising initiatives, we want to know exactly who in BC is throwing recyclable containers into the trash. By breaking the market into four segments, we are able to develop targeted action plans that better reach our intended audience.

Our data placed people in one of four distinct consumer segments:



SEGMENTATION ANALYSIS

Although this segment rarely slips with their recycling habits, they're not perfect. **Established Returners** are the oldest segment on average, and they tend to view themselves as excellent recyclers.

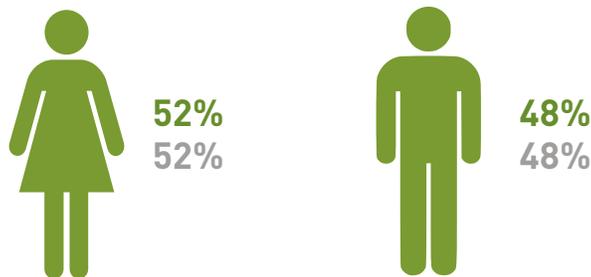
Segment 1 Established Returners



RESIDENCE



GENDER



THIS SEGMENT'S SHARE OF...



AGE



LIFESTAGE



SEGMENTATION ANALYSIS

Reformed Recyclers have the best recycling habits, accounting for the least amount of discard among all segments. They will admit to poor habits in the past, but are now dedicated depot-users.

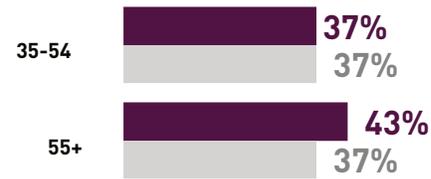
Segment 2 Reformed Recyclers

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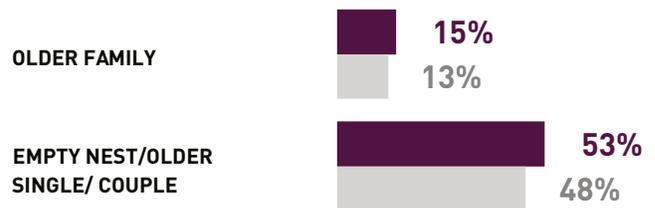
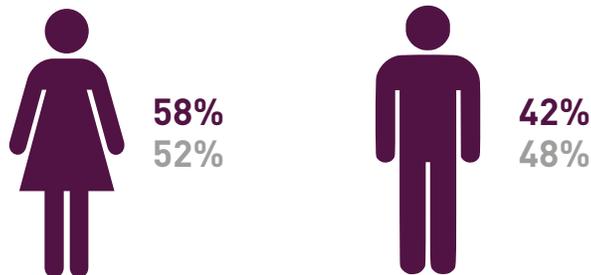
RESIDENCE

AGE



GENDER

LIFESTAGE



SEGMENTATION ANALYSIS

This segment is one of the heaviest discarders of returnable beverage containers. **On-The-Go Discarders** lead active lifestyles and throw away recyclables when out and about. Convenience is a barrier to better behavior, but lack of knowledge also plays a large part. They are the youngest of our four demographic segments.

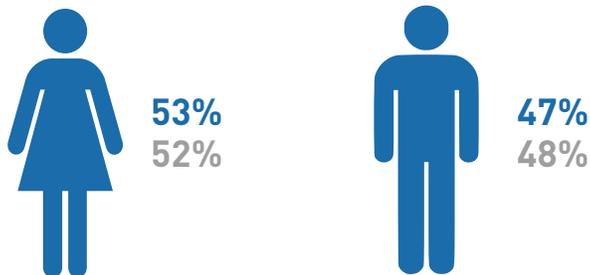
Segment 3 On-The-Go Discarders



RESIDENCE



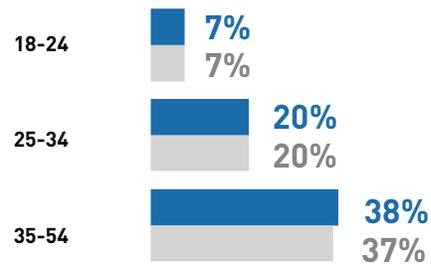
GENDER



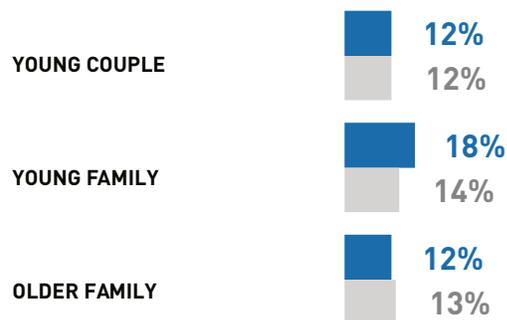
THIS SEGMENT'S SHARE OF....



AGE



LIFESTAGE



SEGMENTATION ANALYSIS

Habitual Trashers have the worst recycling habits. Although Encorp's advertising is reaching this segment, they continue to "trash" at home, work or really anywhere. This behavior results from a lack of knowledge, but also their attitude towards recycling. Habitual Trashers live in urban and northern locations and tend to be young and male. A stronger approach is needed with this segment.

Segment 4

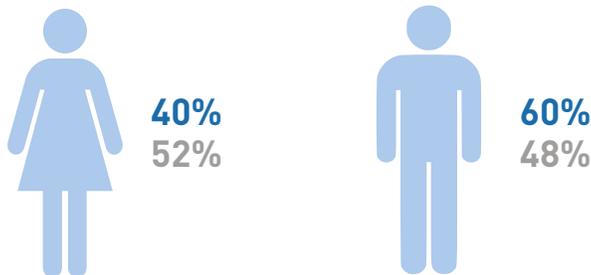
Habitual Trashers



RESIDENCE



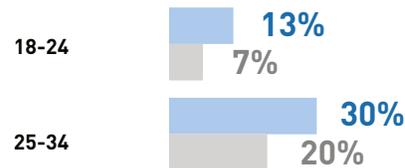
GENDER



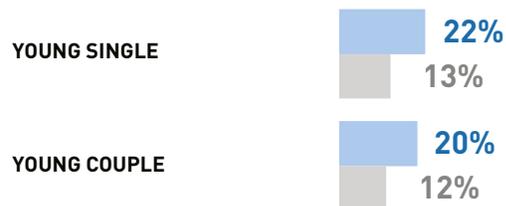
THIS SEGMENT'S SHARE OF...



AGE



LIFESTAGE



GETTING OUR MESSAGE OUT

We want to make sure every beverage container is responsibly recycled. British Columbians are excellent recyclers; however, we believe there is always room for improvement.

In order to keep consumers' awareness and recycling numbers constantly improving, it is important that the right messaging reaches the right people. That's why every year we commit a significant budget to encouraging consumers to keep returning and recycling containers. Educating consumers is what keeps us moving forward – and it's one of the most important jobs we do.

Using our annual research survey as a base, we identify which segments of the population discard the most containers, what kinds of containers they discard, and where those containers are most likely to be trashed. This knowledge allows us to develop targeted advertising campaigns that reach exactly the right people at exactly the right time, in an engaging way.

This year, we addressed a key recycling issue: people are throwing away recyclable beverage containers while out and about. We tackled this problem through advertising, calendars, social media, promotions and contests, as well as public relations and community involvement events.

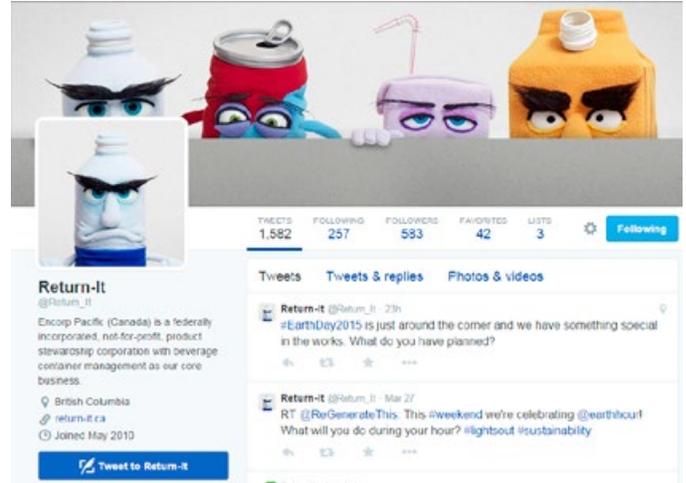
Our efforts in continuously raising consumer awareness and recycling numbers are evident in the various targeted advertising tactics we employ.

GETTING OUR MESSAGE OUT

Social Media

In 2014, Encorp's Twitter account, @Return_It, continued to grow and was used to communicate with consumers about recycling-related events, interesting facts and stats, and the latest on Encorp's activities and initiatives. By the end of 2014, @Return_It had 589 followers – an increase of almost 200 followers since 2013.

Our social media presence also continued on other platforms. The Return-It™ YouTube channel features entertaining videos about Encorp's programs, contests, and other initiatives. Our Facebook page highlights interesting events at our depot locations, while our LinkedIn page gives us a presence in the online professional environment.



Advertorials

We use advertorials to build awareness and spark dialogue with stakeholders. Our full-page advertorials run in major newspapers throughout the province during the year and provide detailed information about Encorp's activities in BC communities. We time the publication of these advertorials to coincide with Earth Day and the Union of BC Municipalities (UBCM) Conference.

Make time for recycling at home, work and on-the-go.

By Scott Fraser
President & CEO
Encorp Pacific Canada

Every year in BC about one billion beverage containers are returned and recycled. What does one billion containers look like? Think instead about a mid-sized car. One billion beverage containers is the equivalent weight of 64,000 mid-sized cars. One billion containers recycled are like 64,000 cars not going to the dump. Every year.

But it's not the one billion containers that get recycled that we're focused on, it's the 250 million that still end up in the dump. We would love to track them down and recycle them, too.

In order to accomplish that, we do a lot of research including segmenting people by their recycling behaviour. A key segment that we focus on has been identified as on-the-go discards. They make up 18 percent of British Columbians but generate almost 40 percent of the discarded containers.

On-the-go discards are important because even people who recycle 92 percent of the time at home only recycle 41 percent of the time when they are away from home, whether shopping, out for a walk, at events, or at work.

They do this even though they know it's wrong. When people are away from home they tend to throw things into the first receptacle they see, and it's usually a garbage can. That's not just true on the street. Think about a typical office: there is probably a blue box for paper, but what happens to beverage containers when there isn't a recycling bin specifically for them? They probably end up in the garbage can.

Obviously, then, we need to engage people in public spaces, and we do that with some success. In malls, arenas, restaurants, and

Find recycling bins and recycle everywhere.

If you are a bigger company, call one of our mobile collectors. They will give you totes to collect containers and pick them up from you. Mobile collectors are listed on our web site, return-it.ca.

If you are in a multi-unit building, ask your landlord to create a common recycling area for all businesses – then call one of our mobile collectors to get recycling totes placed there and arrange for regular pickup.

There are still 250 million beverage containers getting trashed, which is the equivalent of 16,000 cars going to the dump, every year. We are on a mission to find them, and you can help.

ECONOMIC IMPACT OF THE RETURN-IT SYSTEM

- \$85 million annually in economic activity
- 173 independently-owned Return-It Depots employing almost 700 people across the province
- A network of owner-operator and commercial transporters and processors across the province who move 15,000 tons of aluminum, glass, plastic and other materials to recycling markets.

ADVERTORIAL

GETTING OUR MESSAGE OUT

Regional District Calendars

Every year, we advertise in municipality recycling calendars – both online and in print – which are distributed to thousands of households around the province. Our advertisements feature practical tips including where to recycle, how much each container is worth, which containers are accepted and other helpful recycling information. They are the ideal in-house reminder for individuals and families to bring their recyclables to depots and keep them out of landfills.

PSA with Kaitlyn Herbst (video)

Energetic, well-known traffic and weather reporter Kaitlyn Herbst was featured in our Global television spots this year. The spots help consumers understand exactly what happens to beverage containers after they've been recycled. By showing consumers the full process from start to finish, we build awareness of the direct and tangible benefits of recycling.

WHAT YOU DON'T KNOW ABOUT RECYCLING SAYS SOMETHING ABOUT YOU.

Return-It
It's Worth It.

THE MORE YOU KNOW ABOUT RECYCLING, THE MORE YOU UNDERSTAND HOW RECYCLING BENEFITS US ALL.

Here's what happens to the containers you recycle:

- Aluminum cans are crushed, melted and made into new cans.
- Plastic bottles are shredded, then used to make new plastic containers.
- Glass bottles are crushed into pieces then used to make new bottles or insulation.
- Drink boxes and cartons are mashed into a pulp to become cardboard boxes and tissue paper.

Visit return-it.ca to find your nearest depot and additional information about beverage container recycling.

Consumer Brochure

Distributed primarily at depots, our consumer brochure is a great source of information for consumers. It helps the consumer understand the importance of recycling, what happens to containers during the recycling process and why containers should always be returned to a Return-It™ Depot.

EVERY CONTAINER YOU RETURN TO AN ENCORP RETURN-IT™ DEPOT is one less container in BC's landfills, and one more container that can be recycled into new materials. When you return your containers, you're keeping our province beautiful, and our environment healthy. And you're saving energy and raw materials, too. So Return-It. It's worth it.

WHAT DIFFERENCE DOES RECYCLING MAKE?

A lot! Just by recycling your beverage containers you've:

- SAVED ENOUGH ENERGY TO POWER 42,000 HOMES FOR A YEAR.
- TAKEN THE EQUIVALENT OF 26,000 CARS OFF BC ROADS FOR A YEAR.
- HELPED REDUCE 94,700 TONNES OF CO₂ EQUIVALENT BEING RELEASED INTO OUR ATMOSPHERE.

WHAT HAPPENS TO ALL THESE CONTAINERS?

Good question. Every beverage container you return is recycled and put to good use again. Listed below are recycling statistics for the most common container types, along with the story of how each container takes on a new life.

- ALUMINUM CANS** | More than 84% of the cans sold in BC are returned for recycling. These cans are baled, melted and back on the shelf again as new cans within six weeks. Not only does this save a lot of aluminum, it saves energy too: in fact, it takes 32% less energy to manufacture a recycled can than it does to make a new one.
- PLASTIC BOTTLES** | Over 76% of the plastic bottles sold in BC are returned for recycling. The bottles are power-washed, shredded and power-washed again. The shredded plastic is then sold to companies who pull, crush and melt it into fibre for new bottles. This process provides an 8% energy savings over manufacturing new plastic.
- GLASS BOTTLES** | Almost 94% of glass bottles sold in BC are returned. They're ground down into small pieces (called "cullet") and used to manufacture a whole bunch of stuff: wine bottles, fibreplate, insulation, landscaping material, sand for golf courses, and so on, and so on for asphalt.
- DRINK BOXES AND CARTONS** | Around 64% of these polycoated containers are returned for recycling. Once returned, they're hydro-pulped to separate the paper, plastic and foil. The paper is then used in cardboard boxes and other products. This process recovers thousands of tonnes of paper each year: for every tonne of paper pulp recycled, approximately 17 trees are saved.

IN ADDITION TO THESE COMMON CONTAINER TYPES, there are 10 million other containers of various types collected and recycled.

In total, almost one billion containers are kept out of landfills every year and are recycled into new things. That's over 90,000 metric tonnes in total!

*Percentages are based on annual return volumes for each container type.

HOW MUCH ARE EMPTY BEVERAGE CONTAINERS WORTH?

- NON-ALCOHOL CONTAINERS UP TO AND INCLUDING 1 LITRE → 5¢
- WINE, SPIRITS, NON-REFILLABLE BEER, CIDER, AND COOLER CONTAINERS UP TO AND INCLUDING 1 LITRE → 10¢
- ALL CONTAINERS OVER 1 LITRE → 20¢

There is one legislated exception: milk and milk substitute containers of all sizes and types are not included in the deposit system.

For a full listing of all containers that can be returned to a Return-It Depot, check out the chart included in this brochure.

WHERE CAN I RETURN MY EMPTY CONTAINERS?

Simply visit return-it.ca/locations to find a Return-It Depot nearest you, along with hours of operation and a map to help you get there. There are 172 Return-It Depots conveniently located throughout BC, so there's sure to be one close by! As an alternative, you may want to hold onto your containers for community groups who are fundraising.

return-it.ca
1.800.330.9767

Return-It
Beverage

ALWAYS RECYCLE YOUR BEVERAGE CONTAINERS.

1.800.330.9767 return-it.ca

GETTING OUR MESSAGE OUT

5 Star Depot Ads

Our “5 Star Program” was developed to build awareness and increase container collection at select Return-It™ Depots. The depots that demonstrate their commitment to the highest standards of customer service, cleanliness and overall appeal are rewarded with a substantial financial benefit and a full-colour ad in their local newspaper. This increases exposure of depots in communities and highlights their efforts to be consumers’ go-to recycler.

The 5 Star experience that will keep you returning



Island Return-It Esquimalt provides customers with a first-class recycling experience.

Your local Return-It Depot offers more than a convenient way to keep your beverage containers out of BC's landfills. With fast, friendly service and a focus on the customer, 5 Star Return-It Depots are raising the bar for recycling.

Return-It Depots are easy to get to and have lots of parking, so

supporting your local business and contributing to a cleaner neighbourhood assumes the best possible recycling experience.

Achieving 5 Star status is no easy feat. Only depots that meet strict criteria for facility enhancements, efficient operating procedures and exceptional customer service can display the 5 Star certification.



Look for the 5 Star logo at a Return-It Depot in your neighbourhood, or find the 5 Star location nearest you at return-it.ca/locations.

5 STAR CERTIFIED

Island Return-It Esquimalt

Experience the 5 Star Return-It Depot treatment for yourself at Island Return-It Esquimalt. Conveniently located on Elery Street, just west of Lamson Street, our depot offers friendly, courteous service in a clean, family-oriented environment. In addition to the usual recyclable containers, Island Return-It Esquimalt

also accepts essential electronics, small appliances, light bulbs and light fixtures, cell phones, electronic children's toys, smoke detectors, and household and automotive batteries for recycling. They also provide bottle wine pick ups. Drop by for a roll-out drop off your recyclables!

Island Return-It Esquimalt
705 Elery Street
Ph: 250-281-8432

Hours of Operation:
Mon-Fri 8:30am-5:30pm
Sun 10am-4pm

What sets a 5 Star Return-It Depot apart?

Not only do 5 Star Return-It Depots have a clean, bright interior and a welcoming ambience, they're also equipped with the following:

- Touchless tap & hand wash sink**
Sanitary automatic wash stations allow customers to keep their hands clean without having to touch any of the facilities.
- Automatic doors**
Motion-sensitive doors offer customers an easy way to enter and leave the depot.
- Door control**
The depot minimizes odor and maintains a fresh environment for customers.
- Air dryer**
Covered hand air dry systems are installed by service.
- Stainless steel sorting tables**
Stainless steel tables offer space for customers to sort containers efficiently.





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

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“SOMEBODY’S WATCHING YOU...”

In 2014, we continued with our well-known, highly successful consumer advertising campaign, targeting non-recyclers. The message is loud and clear: if you don't recycle, your peers will think less of you. While our primary goal was to reach urban males who don't recycle, our message can be easily understood by everyone.

We continued to feature our “SpokesPuppets” on television, radio, online, on buses, and even in gyms and community centres. Knowing the media consumption habits of our target audience, we also ramped up our mobile advertising this year with a much heavier emphasis on tablets as well as cell phones.

The campaign also made its debut in movie theaters—a key environment for this younger demographic. We engaged with people at the cinema through Timeplay, a social gaming experience that allows people to interact with the screen using their mobile devices. To generate additional awareness in the broader community, “Shoot and Sort” kids’ activations were also debuted this year at various community events.

Television

Our television “SpokesPuppets” once again got the job done. Our four commercials were well received by our target audiences and were aired on a variety of networks including Global, Shaw, CityTV, CTV, CBC and Sportsnet.



Radio

Our cheeky radio spots let Vancouver and Victoria listeners know that if they throw recyclables into the trash, someone's going to care and definitely stare.

“O.J. CARTON”

SFX: [Phone ringing.]
WOMAN: Hello.
MALE VOICE: You don't know me, but... I know your husband.
WOMAN: (Confused) What?
VOICE: He's been doing things you might find... frankly, a little upsetting.
....
WOMAN: Who is this?
VOICE: Call me... O.J. Carton.

“SOMEBODY’S WATCHING YOU...”

“I Saw You” Listings

We strategically placed entries in the “Missed Connections” section of Vancouver’s Georgia Straight newspaper. These told stories of people who were first quite taken by someone, but were quickly turned off when they witnessed that person failing to recycle their beverage container.

B-LINE STRAIGHT TO MY HEART

I SAW R I AM R
WHEN: AUGUST 9, 2014
WHERE: Broadway

Saturday 7:00pm. We were both waiting for the 99. You smiled at me and I thought, this is it. The stars were aligned. It was fate. But then I saw that you don't recycle your aluminum cans. The bus came and you got on. I decided to wait for the next one. If you ever change your ways, tweet me. @Return_It

I SAW R I AM R

WHEN: AUGUST 11, 2014
WHERE: Italian Kitchen on Alberni St

You were the handsome waiter with an amazing accent who waited my friend's birthday party. When I offered to pay for my friend, you shook my hand and we exchanged names... you looked me in the eye and smiled a few times. I was going to leave my number or ask for yours, but got too nervous! Tell me that accent and lovely smile came from over a bike ride or walk on the seawall?

NATALIE!!!

I SAW R I AM R
WHEN: AUGUST 9, 2014
WHERE: E Hastings & Commercial-ish

We met at this after-hours near Hastings and Commercial Saturday the 9th. It was very early in the morning, and you were just leaving with your brother. We exchanged phone numbers but I sadly lost my phone. I was the super drunk girl who kept telling you how pretty you were. I hope somehow we meet again!

Did you see someone? Go to **straight**



I SAW YOU NOT RECYCLING.

ALWAYS RECYCLE YOUR ALUMINUM CANS.
RETURN-IT.CA #ReturnIt



62 THE GEORGIA STRAIGHT AUGUST 14 – 21 / 2014

Entertainment Section Ads

We wrote fictional articles and placed them in the “Entertainment” section of the Lower Mainland’s Metro and 24 daily newspapers. The articles described breaking “scandals” of celebrities who’d been unlucky enough to have their bad recycling habits caught on camera by the paparazzi.

Exposed! Pop star's shameful photos leaked.

Shocking photos reveal bad boy, Cody Summers, doesn't recycle his aluminum cans.

International pop sensation, Cody Summers is in trouble again. Yesterday, photos surfaced of the singer dumping his aluminum can in the trash. The photos were leaked by the disposed can, who said, “He’s totally out of control.” Cities across the world have already boycotted concerts in the

upcoming Summers Lovin’ Tour. Meanwhile, Summers’ long-time publicist, manager, and mom has decided to leave him to look for a new client. It just goes to show that every can you don’t recycle says something about you. So always return your aluminum cans for recycling.”

- return-it.ca

ADVERTISEMENT



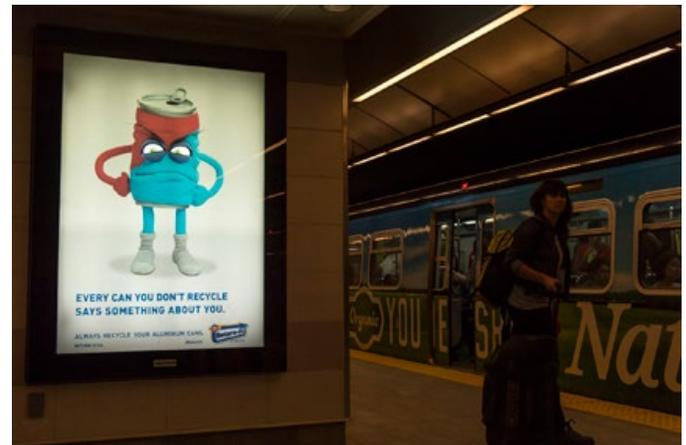
“He’s totally out of control!”

- Summers.ca



Transit Station “Eyes Posters”

Someone is always watching you... Our “eyes posters” stared at Skytrain riders on Vancouver’s Expo, Millennium and Canada lines to influence people to recycle their empty beverage containers.



“SOMEBODY’S WATCHING YOU...”

Gym and Community Centre Decals

We strategically placed posters and decals in gyms and community centres to encourage people to recycle while out and about.



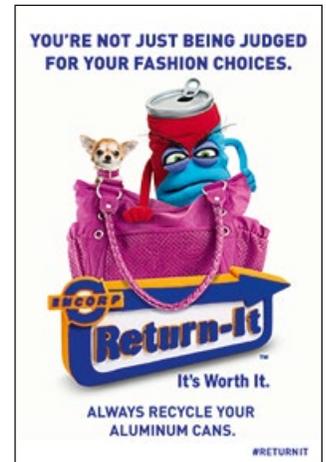
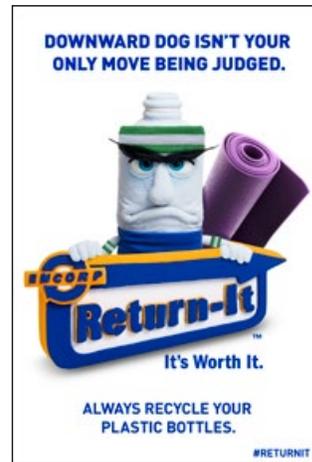
Share Your Stare Booth

Our energetic street team attended major events in British Columbia and invited attendees to take their photo in the “Share Your Stare” booth. Participants shared their photos on social media to encourage non-recyclers to get with the program.



Digital Ads

We placed “media rich” online banner ads on a variety of popular websites that our target audience is likely to visit. We also created numerous mobile and tablet ads this year, as people are spending more and more time on these devices.



Bus Wraps

We dressed up plain commuter buses throughout Surrey and Vancouver with Return-It wraps. This increased brand awareness and communicated the importance of good recycling habits.



Timeplay

This year, we took Encorp to the movies. We engaged with people at the cinema through Timeplay, a social gaming experience that allows people to interact with the screen using their mobile devices. We created two games that people could play. The first is a quiz where the audience answers three multiple-choice questions related to recycling. The second is called “Sort n Toss” and has participants use their mobile devices to launch and sort containers into the correct trays at a Return-It Depot.

RECYCLING PROGRAMS

The 173 Return-It™ Depots and five certified mobile collectors across BC recover and recycle approximately 80% of the beverage containers sold in the province. That's almost one billion containers that were kept out of our landfills in the past year. But there's always room for improvement. That's why Encorp continues to encourage even more beverage container recycling through our annual specialty programs.

School Program

Since 2001, the program has helped elementary and high schools promote environmental action while raising money at the same time. During the 2013/2014 school year, 285 schools across the province registered with the program and competed against each other to collect the most containers in the province. Students at participating schools recycled over 3 million containers, which generated \$221,557 in deposit refunds. Over \$20,200 in prizes were awarded to the winning schools.

Here's what the Return-It School program has achieved since its inception:

- 5,073 schools have participated
- Approximately 1,043,729 students involved
- 49,206,889 containers recycled
- \$3,036,412 in deposits refunded
- 11,233 bins provided

Outdoor Spaces Events

Recycling both at home and away from home are equally important. Encorp encourages people to do both by having our ambassador team and our official mascot, Return-It™ Man, attend major events.

In 2014, our team and mascot were present at over 100 trade shows and outdoor events, which represents over 120 activation days. Collectively, these events were attended by more than 3 million people. Highlights included Fresh Air Cinemas, Canada Day at Canada Place, Greek Days on Broadway, The Surrey Fusion Festival and the Vancouver Dragon Boat Festival.

At these events, attendees took almost 3,800 photos in our Share Your Stare booth, which featured our popular container puppets. The photos were then shared with close to 50,000 people on social media.



RECYCLING PROGRAMS

Return-It to Win-It™

Encorp held its annual Return-It to Win-It™ depot promotion to increase awareness of local depots. It provided a great incentive for new customers to visit and for existing customers to visit more often. Because of the event's overwhelming success in 2013, Encorp once again gave customers the opportunity to win a brand new Smart Fortwo, along with a number of other prizes. This year, Daryl Austman of Gibsons took home the big prize, while Eve Snowdon of Nanaimo won a pair of Vespa Scooters and Traci Woodcock took home a set of brand new mountain bikes. The contest once again proved to be popular with customers, generating over 235,000 ballots submitted throughout the contest period at 148 participating depots.



BC Parks Program

Expanding on a successful pilot launched in 2009, Encorp continued its effort to keep BC parks clean in 2014. Encorp provided 75 new bear-proof recycle bins to eight popular BC Parks, bringing the total to 329 bins in over 40 parks.

The new parks to enter the program are: Peace Arch Park, North Thompson River Provincial Park, Lac La Hache Provincial Park, Sowchea Bay, Purden Lake, West Lake, Tudyah Park, Whiskers, Crooked River, Monck Park, Sasquatch Park, Chilliwack Lake, Shannon Falls Park, MacMillan Park, Kleanza Creek, Skagit, Silver Lake and Coquihalla Parks. The arrangement benefits everyone: the parks receive deposit refunds, Encorp promotes responsible recycling, and most of the proceeds are given to the parks' favourite charities.



Artist Response Team

Encorp Pacific is proud to be the first sponsor of The Voices of Nature School Music Program, an integrated, cross-curricular, project-based approach to ecological learning through music. The program draws on a library of eco-related songs created by the Artist Response Team (ART). Song lyrics address environmental issues surrounding oceans, rivers, forests, bears, salmon, climate change, endangered species and related topics. In 2014, the Urban Mining Handbook was developed and added as a free online resource for teachers and students to help build awareness of the environmental reasons for recycling.

SHOOT 'N SORT

A new fun way to teach kids about beverage container recycling

Encorp developed the Shoot 'N Sort program and ran it at select Vancouver Giants games in December. The concept started with the idea of creating a game that engages kids in the recycling process while reinforcing the need to take their beverage containers to the depot and sort them for recycling.

How the program worked

We designed a hockey net target that looked like a Return-It Depot. Kids then used a hockey stick to Shoot 'N Sort aluminum cans, juice boxes, plastic bottles and gable top juice cartons into the correct area while wearing a custom Return-It Hockey jersey.

The program was hugely successful – kids were lining up before, during and after each game to show they could hit the target.





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COLLECTION SYSTEM AND FACILITIES

BUILDING ON OUR SUCCESS

Encorp's collection network consists of 173 privately-owned Return-It™ Depots. Over the past several years, this network has become the backbone for many community-based recycling programs around the province.

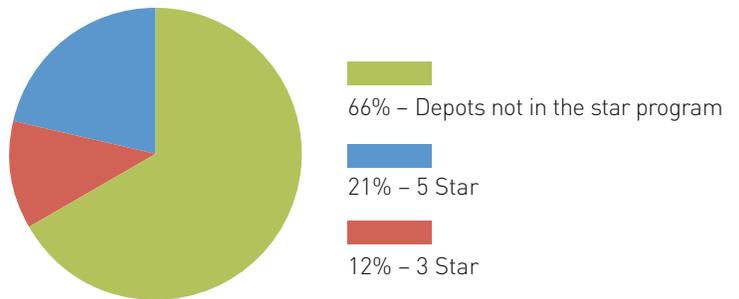
Over 18 registered stewardship agencies utilize our successful Return-It™ Depot network for collecting and managing their recyclables. From electronics and batteries to used paint and motorized yard tools, our depots have become the recycling hub of their respective communities.

The integrated transportation system uses over 30 transporters to move our material into more than 17 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 at a reduced rate.

Return-It™ Depots continue to raise the standard for Encorp Pacific (Canada). Our 3 and 5 Star Depot Program celebrates our commitment to service, cleanliness, design and comfort much like similar programs within the hospitality industry: a star designation assures customers of exemplary standards and the best possible recycling experience. With over 30% of the depot system participating in our star program, you are sure to find one in your community—we invite you to come and experience the difference for yourself!

The Encorp Return-It Depots provide coverage of 98.5 percent of the British Columbia population. Once the retail collection locations are included the coverage increases to 99.4 percent. Our stewardship plan has a coverage target of 97%. To view the coverage maps visit return-it.ca/locations/drivetimes.

Here is an overview of the 173 depots in the network today:



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

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

- Median volume: 5.1 million units of Encorp material + 1.5 million units of Brewers Distributor Limited (BDL) material = 6.6 million total
- Depots share of all collected containers: 92% (8% goes to retailers)
- Depots share of alcohol containers: 87% (13% goes to government liquor stores)
- Depots collecting electronics: 121
- Total estimated employees: 700 full-time equivalents
- Total Encorp fee for service payments: \$53.9 million/ year

DEPOT STORY

Nojin Lim – New owner and operator of the Powell Street Return-It Depot – developed an interest in recycling while looking into franchise opportunities in the Lower Mainland. He took over Powell Street in 2012, a location that has been serving East Vancouver for 17 years.

Nojin launched into facility renovations in 2013, with the goals of earning Five-Star Depot status and maximizing space for customers without compromising the room required for the inventory and transportation of containers. And his hard work shows – the Powell Street location is bustling. He strongly believes that obtaining Five-Star status has helped him better serve his customers and run a smoother operation.

Nojin believes in befriending his customers; encouraging others to share their stories and viewpoints about recycling has helped him build relationships and increase business.



GLASS PROCESSOR

Wayne Elias – General Manager of United Concrete & Gravel Ltd. – has been with the company over 10 years. They operate facilities in both Abbotsford and Quesnel, handling 47,000 tonnes of glass annually through the Encorp recycling program.

Once beverage containers are received at the United facilities, they undergo colour separation into clear and coloured streams. Labels are removed, the bottles are crushed, and all the pieces are separated by size. The glass leaves the facility in the form of furnace-ready cullet. It is then shipped to Seattle where it's used in the fabrication of new beverage containers.

Wayne is continuously excited by the fact that glass can be recycled over and over – every time producing new, quality containers.



QUALITY COUNTS

Encorp's Quality Assurance (QA) department continues to focus on automating the process of counting returned beverage containers. We use our Anker Andersen (AA) equipment – a state-of-the-art, high-speed mechanized counter – in the Lower Mainland to provide an efficient and reliable method of counting and sorting containers.

Encorp's Quality Assurance (QA) department's focus is on providing information to the depot network on the accuracy of the containers that the Return-It Depot collects.

In 2014, there was a renewed emphasis on providing more audit nonconformance statistics to the depot network. Importance was put on working with operations staff, providing more data and communicating the types of container variances that QA is observing.

Encorp continues to handle more containers through the Anker Andersen (AA) equipment—a state-of-the-art, high-speed mechanized counter. In 2014, the Anker Andersen equipment handled 5.4% more containers than in 2013.

The total quantity of audited containers that Encorp audited in the entire province was up 12.1% from 2013.

In 2015, we are looking at upgrading the Quality Assurance Workstations. These are automated workstations that are used to audit Used Beverage Container (UBC) volumes in outlying areas. The objective is to have these systems integrated into Encorp's data systems, providing better data transfer of audit results and information to the remote Encorp used beverage container auditors.



A BUSINESS MODEL THAT WORKS

Encorp was established in 1994 to recover and recycle deposit-bearing beverage containers. This remains Encorp's core business interest.

The flexibility of the Industry Product Stewardship model, however, permits the addition of other product recycling programs, providing they meet key business case requirements:

- Additional services should complement and not interfere with Encorp's core business;
- Each contract must provide some benefit to existing brand owners, typically through the sharing of overhead costs;
- Each additional program must be completely self-financing.

Under service provider contracts, Encorp does not assume product stewardship agency responsibilities as defined under provincial legislation.

In 2007, Encorp undertook two service provider contracts that meet the above criteria: RETURN-IT ELECTRONICS™ and RETURN-IT MILK™. The service provider contract for the collection of unwanted electronics was renewed in 2012 for a five-year term, while the service provider contract for milk, which previously fell under a voluntary collection program, is now captured under the Packaging and Printed Paper regulation, which came into force in May of 2014. Encorp is now a transportation service provider to Green By Nature (GBN) working to ensure that materials under the Packaging and Printed Paper schedule of the recycling regulation are efficiently moved from our depots and other collection sites to the processing facility.

RETURN-IT ELECTRONICS™

This program is operated by Encorp under contract with the EPRA BC, Electronic Products Recycling Association, British Columbia, the product stewardship agency for electronics. EPRA produces a public annual report that provides an in-depth look at its program; view it at www.recyclemyelectronics.ca.

Under the contract, Encorp has operational management of a system that collects end-of-life electronics (EOLE) covered by provincial regulation and transports them to recyclers. At the end of 2014, there were over 174 permanent sites throughout the province to which consumers and businesses could return designated EOLE at no charge. That's up from 166 in 2013.

PACKAGING AND PRINTED PAPER (PPP)

Under the British Columbia Recycling Regulation, Multi-Material BC (MMBC) assumed the responsibility for delivering residential packaging and printed paper collection and processing services in BC as of May 19, 2014. MMBC contracted the collection of materials to various organizations around the province. This included many Return-It Depots, Regional Districts and other recycling sites.

Green by Nature (GBN) is the result of a partnership agreement between Cascades Recovery Inc., Emterra Environmental, and Merlin Plastics. They were awarded the contract from MMBC for the post-collection services of the PPP material collected in the province of British Columbia. This includes the transportation, processing and marketing to end-markets.

Encorp Pacific (Canada) entered into a sub-contract with Green by Nature for the pickup and transportation of MMBC material from our Return-it Depots and other locations. Currently we have 85 locations we service for GBN.

HOW THE COLLECTION SYSTEM WORKS

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

EMPTY NON-ALCOHOL CONTAINERS

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

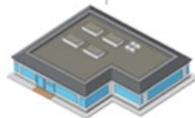


ALUMINUM BI-METAL

PLASTIC

GLASS

POLYCOAT



CORNER STORE

RETURN-IT DEPOT

GOVERNMENT LIQUOR STORE

SUPERMARKET

0.6%
NON-ALCOHOL

93.4%
NON-ALCOHOL

6.0%
NON-ALCOHOL

87.0%
ALCOHOL

13.0%
ALCOHOL



TRANSPORTATION



ALUMINUM

To a remelt facility in the US.

New Aluminum Cans.

BI-METAL

To a scrap metal processor in Vancouver.

Rebar and Wire Fencing.

PLASTIC

To plastic recycling plants in Calgary and Vancouver.

Various plastic products including new containers, strapping material and fibres.

GLASS

To glass recycling plants in BC, Alberta and Washington State.

Wine Bottles, Fibreglass Insulation and Sandblasting Material.

POLYCOAT

To a paper recycling mill.

New Cardboard Boxes and Toilet Tissue.



2014 ANNUAL REPORT

ENVIRONMENTAL IMPACT

ENVIRONMENTAL IMPACT

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 has an opportunity to disclose the impacts of its stewardship activities. In addition to informing our stakeholders, our benchmarking of our greenhouse gas emissions opens a window for improved efficiency and the potential to reduce energy consumption in the future. We believe there is a sound business case for these initiatives.

Reduction in greenhouse gas emissions from recycling

In 2014, Encorp had recycled over 91,000 metric tonnes of used beverage containers. The energy saved through the recycling of materials collected by Encorp has been converted into tonnes of carbon dioxide equivalent (CO₂e) (the common measure of greenhouse gases (GHGs)), based on the US Environmental Protection Agency's Waste Reduction Model (WARM). The model calculates net emission reductions based on the average distribution of fuels consumed along the entire lifecycle production process.ⁱ

The avoided emissions published in this report were calculated using the up-to-date WARM v.13 that has several emission factors revised to reflect the updated life cycle data as well as factors in industry specific electricity grid mix assumptions for plastic and aluminum containers. As the models improve each year, Encorp would restate the prior year avoided emissions using the updated WARM model to track performance against the base line chosen.

In total, Encorp's activities in 2014 contributed to the reduction of about 100.9 thousand tonnes of CO₂ equivalent being released into the atmosphere, compared to 100.8 thousand tonnes in 2013.

Material	% Energy Savings from Use of Recycled Inputs for Manufacturing of Material	2014 tonnes CO ₂ equivalent reduced	2013 tonnes CO ₂ equivalent reduced (Restated: Note 1)
Aluminum	93%	49.3	49.9
Plastic	86%	13.7	13.3
Pouches/Bag-in-Box	53%	2.5	1.8
Glass	34%	25.0	24.8
Bi-Metal	82%	.5	.7
Polycoat	53%	9.9	10.3
Total		100.9	100.8

ⁱ US EPA, Waste Reduction Model, Version 13 (06/14); US EPA, Solid Waste Management and Greenhouse Gases (Exhibits 2-3 to 2-6) were used to calculate 2014 and 2013 avoided emissions of CO₂.



ENVIRONMENTAL REPORT

Greenhouse gas emissions associated with Encorp's stewardship activities

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

Since Encorp is not a manufacturing company, the majority of our associated GHG emissions come as a result of transporting materials as well as heating and powering our network of facilities. Therefore, we define Encorp's GHG inventory boundary from the point that empty containers enter into the Encorp system at either a depot or retailer, to when the materials are delivered to the end processors for recycling into new products. Emissions were estimated using conversion factors and methodologies developed by the World Resource Institute's Greenhouse Gas Protocol.

The services provided to Encorp are done through third party independent contractors and the emissions produced by these activities are classified as Indirect Scope 3 GHG emissions in accordance with the World Resource Institute's Greenhouse Gas Protocol. With limited data availability for Scope 3 emissions we accept that data accuracy is lower.

Accounting and Reporting on Scopes

Consistent with prior years, emission calculations from purchased Electricity were based on a survey of a number of depots and processors in each Region. These depots and processors were asked to provide their purchased electricity and natural gas consumption during the year. The sample was used to estimate the energy use per metric tonne of material collected which then was extrapolated to the total weight of used beverage containers collected in the Province.

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

Starting in 2010, the British Columbia Electricity Intensity factors retrieved from the Environment of Canada Website were used to calculate emissions from the purchased electricity to better reflect the proper mix of the low emission public utilities in BC. In 2013, we continued reporting on other GHG gases (CH₄ and N₂O) in the calculation to provide reporting on the CO₂ equivalent (CO₂e) to better match the reported emissions avoided into the atmosphere as a result of our recycling activities.

Emissions Sources Exclusions

Emissions associated with heating and powering the Encorp head office are not included in the GHG inventory since the office is part of a shared lease facility for which heat and power is controlled centrally by the landlord.

Staff commuting to work in personal cars was excluded as this is considered to fall under the personal carbon footprint of the employee and Encorp has little control over where people choose to live. Staff commuting and travel on BC Ferries was also excluded as we were unable to quantify BC Ferry fleet GHG emissions for public.

Finally, emissions associated with the handling of materials outside of Encorp's core stewardship activities of deposit bearing beverage containers, such as milk cartons, electronics, and collection of packaging and printed paper material from the Return-It depots, were excluded since such activities fall out the scope of Encorp's core recycling stewardship activities for BC.

ENVIRONMENTAL REPORT

Emissions Inventory Summary (tonnes CO2)

Type of Emission	2014 ⁱⁱ	2013
<u>Direct emissions</u> are emissions from sources that are owned or controlled by Encorp		
Employee travel - gas use	30	25
<u>Indirect emissions</u> occur as a consequence of the activities of Encorp, but are from sources not owned or controlled by Encorp. Inclusions are emissions from purchased electricity consumed by Encorp offices, depots, processors and transporters, as well as the transportation of the beverage containers by contracted transporters. ⁱⁱ		
Offices (excluding head office)		
Purchased electricity in leased buildings (excluding head office)	4	4
Employee domestic air travel	12	16
Employee domestic ferry travel	1	1
Depots		
All purchased electricity in owned or leased buildings	91	118
All purchased gas consumed in owned or leased buildings	103	88
Processors		
All purchased electricity in owned or leased buildings	64	68
All purchased gas consumed in owned or leased buildings	3	4
Transportation – depots to processors		
Diesel fuel	3,775	3,886
Transportation – processors to end markets		
Diesel fuel	1,156	1,231
Rail (based on metric tonne km)	374	372
Sea Cargo (based on metric tonne km)	3,277	3,361
Total Emissions all sources	8,890	9,174

Note 1: 2013 avoided emission were restated using WARM version 13 to provide comparative baseline figures for performance evaluation.

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

Emissions Reduction Strategies

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

Carbon Data Collection and Management

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

SEIZING THE POTENTIAL

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



Aluminum

Aluminum is the most valuable commodity we collect and the most commonly used individual serving container. After collection, we baled all crushed aluminum cans collected in 2014 before selling them to a major re-melt facility in the USA, where they're rolled into sheet stock and made into new cans, a process that takes about six weeks.

Recycling aluminum produces significant savings in both energy and resources. Manufacturing a can from recycled aluminum uses 93% less energy than manufacturing a can from new material.

Plastic

Encorp collects two commonly-used plastic resins: polyethylene terephthalate (PET) and high-density polyethylene (HDPE).

We separate these plastics and send them to different facilities for cleaning. Then, they're power-washed, shredded, and power-washed again. From there, the shredded material is sold to companies that pull, stretch, and meld the shreds into fibre for new bottles and buckets. The process provides an 86% energy savings over manufacturing new plastic.

Plastic containers collected in 2014 were sold to Merlin Plastics and shipped to their two separate facilities in British Columbia and Alberta to be cleaned and pelletized to become new raw material for manufacturers of various plastic products including new containers, strapping material and fibres. Encorp's multi-year contract with Merlin Plastics will help ensure long-term markets for these commodities.

Glass

Encorp accepts a variety of glass juice and beverage bottles, as well as wine, spirits, imported beer and cooler bottles.

Of all the glass bottles sold in BC, almost 94% are returned. Glass containers collected in 2014 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 manufactures sandblasting materials in Quesnel, BC; and municipal sites that use crushed glass as construction aggregates.

Polycoat

Encorp continues to sell polycoated packaging such as drink boxes and juice cartons; containers collected in 2014 were sold to ICF International and shipped to manufacturing plants in South Korea and USA. There they are hydra-pulped to separate the paper, plastic and foil, a process that recovers thousands of tonnes of paper pulp. The high-quality paper fibre is then put to use again in paper products such as cardboard boxes and tissue paper. For every ton of paper pulp recycled, approximately 17 trees are saved.

Other

Other metal containers collected in 2014 were sold to scrap metal dealers for metal recovery.

Other containers including stand up pouches made of layers of plastic and aluminium foil and laminated plastic bags inside the cardboard bag-in-a-box did not find end-markets in 2014 and were stored in Delta BC. Encorp continues exploring potential end markets and will occasionally send material for testing and evaluation to potential end recyclers.

ENVIRONMENTAL IMPACT

RECOVERY BY WEIGHT

In 2014, Encorp Pacific (Canada) recovered over 91 million kilograms of containers.

87.4%

2014 Recovery
Rate by Weight

89.0%

2013 Recovery
Rate by Weight

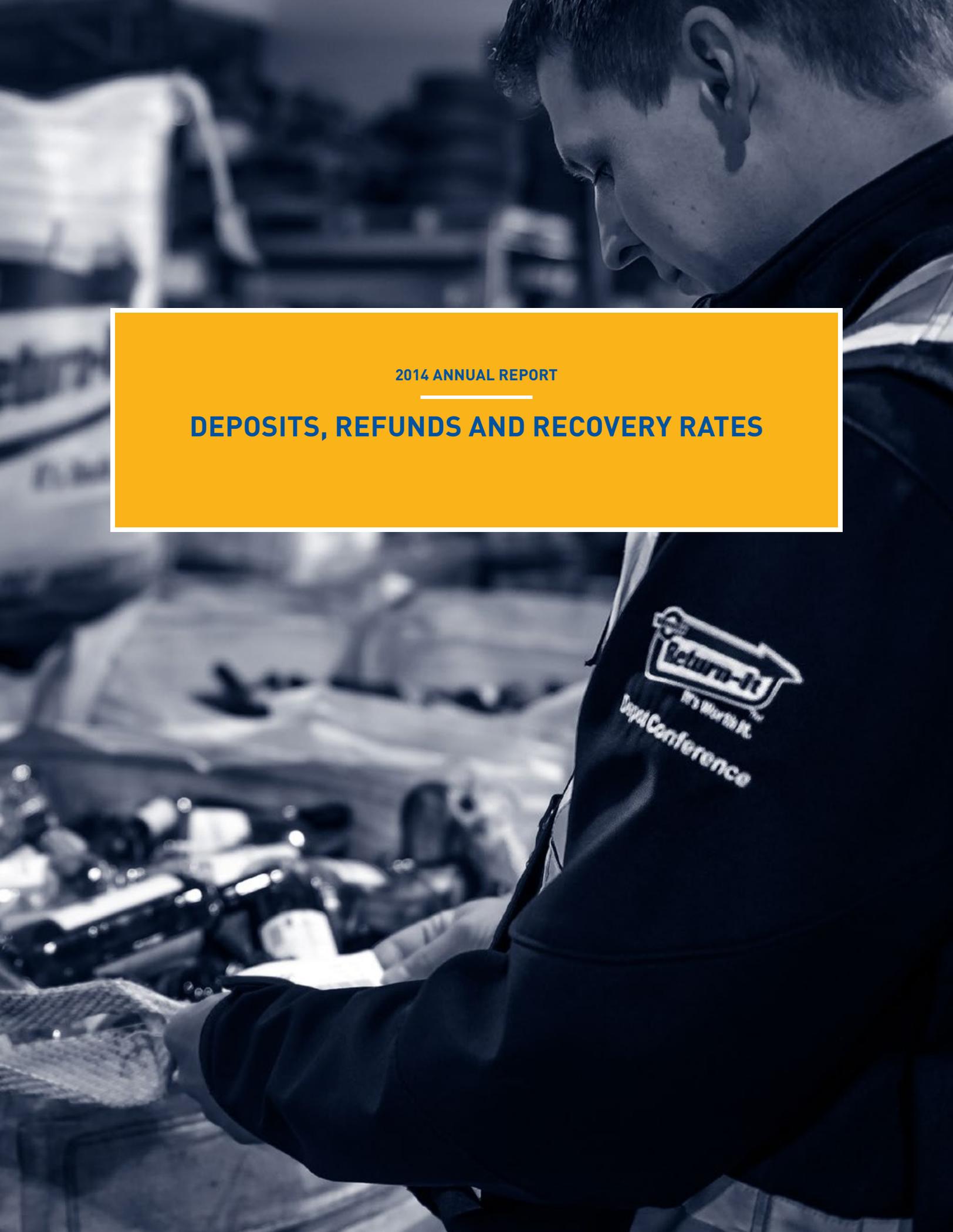
TYPE	ESTIMATED WEIGHT OF CONTAINERS SOLD (KG)	ESTIMATED WEIGHT OF CONTAINERS RECOVERED (KG)	RECOVERY %
Aluminum	5,798,046	4,884,453	84.2%
Plastic	15,179,059	11,605,863	76.5%
Glass	79,040,981	72,009,608	91.1%
Polycoat	2,940,607	1,889,213	64.2%
Other	1,289,564	684,934	53.1%
Total	104,248,257	91,074,071	87.4%

ENVIRONMENTAL IMPACT

RECOVERY BY WEIGHT

TYPE	ESTIMATED WEIGHT OF CONTAINERS SOLD (KG)	ESTIMATED WEIGHT OF CONTAINERS RECOVERED (KG)	RECOVERY %
Aluminum Total	5,798,046	4,884,453	84.2%
Plastic ≤ 1L	10,589,895	7,736,372	73.1%
Plastic > 1L	3,820,675	3,218,251	84.2%
Plastic Liquor ≤ 1L	444,746	356,655	80.2%
Plastic Liquor > 1L	323,743	294,585	91.0%
Plastic Total	15,179,059	11,605,863	76.5%
Glass ≤ 1L	8,508,942	6,981,662	82.1%
Glass > 1L	120,361	153,442	127.5%
Glass NRBC ≤ 1L	23,202,703	22,456,231	96.8%
Glass NRBC > 1L	161,120	182,533	113.3%
Glass W&S ≤ 1L	38,630,087	34,731,023	89.9%
Glass W&S > 1L	8,417,769	7,504,717	89.2%
Glass Total	79,040,981	72,009,608	91.1%
Drink Box ≤ 500ML	911,906	468,831	51.4%
Drink Box 501 mL - 1L	1,064,348	733,044	68.9%
Gable Top ≤ 500ML	11,370	3,300	29.0%
Gable Top 501 ML - 1L	21,035	15,212	72.3%
Gable Top > 1L	931,948	668,826	71.8%
Polycoat Total	2,940,607	1,889,213	64.2%
Pouches	46,795	19,743	42.2%
Bi-Metal ≤ 1L	398,434	271,059	68.0%
Bi-Metal > 1L	111,621	53,185	47.6%
Bag-in-a-Box Liquor	732,714	340,947	46.5%
Other Total	1,289,564	684,934	53.1%
	104,248,257	91,074,071	87.4%





2014 ANNUAL REPORT

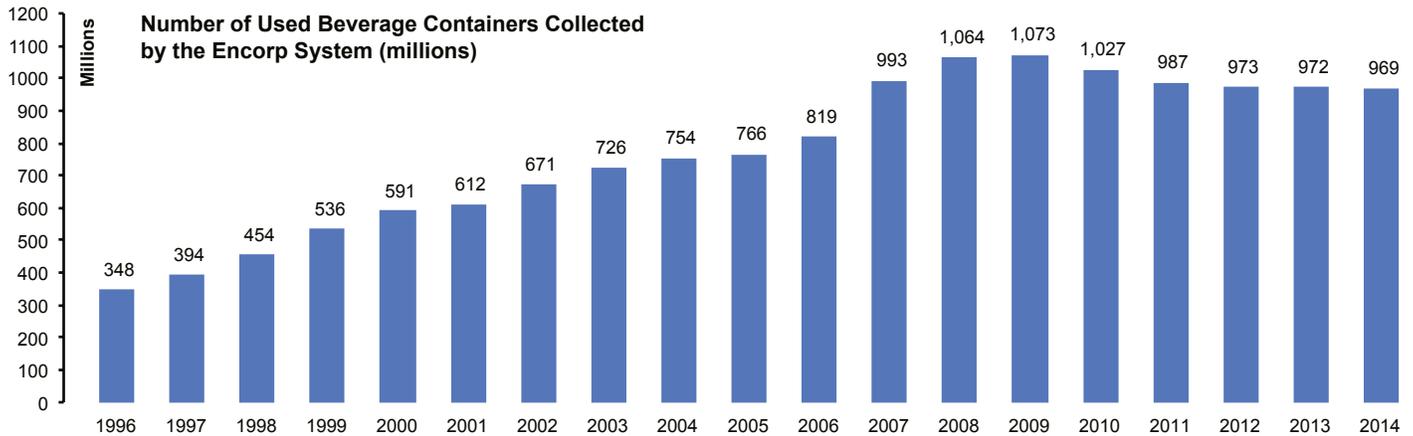
DEPOSITS, REFUNDS AND RECOVERY RATES

RECYCLING BY THE NUMBERS

We prevented almost 1 billion containers from going to landfills in 2014, ensuring that they were recycled into useful new materials and products. That's a big win for British Columbia's environment.

969
Million Containers
Collected

79.1%
Recovery rate



Type	Containers Sold		Containers Collected		Recovery Rate	
	2014	2013	2014	2013	2014	2013
Aluminum	414,146,134	423,341,750	348,889,515	355,904,587	84.2%	84.1%
Plastic	461,616,764	446,169,020	345,524,801	339,977,731	74.9%	76.2%
Glass	215,930,256	210,706,586	198,770,037	197,889,174	92.1%	93.9%
Other Container Types	7,685,875	7,839,244	5,072,358	5,052,159	66.0%	64.4%
Pouches	8,523,654	7,040,880	3,596,175	3,564,026	42.2%	50.6%
Polycoat	113,410,582	116,128,827	65,211,105	68,627,429	57.5%	59.1%
Bag-in-Box Liquor	3,265,796	2,917,991	1,519,641	1,382,135	46.5%	47.4%
Totals	1,224,579,061	1,214,144,300	968,583,632	972,397,241	79.1%	80.1%

DEPOSITS, REFUNDS AND RECOVERY RATES

RECYCLING BY THE NUMBERS

Type	Containers Sold		Containers Collected		Recovery Rate	
	2014	2013	2014	2013	2014	2013
Aluminum Total	414,146,134	423,341,750	348,889,515	355,904,587	84.2%	84.1%
Plastic ≤ 1L	386,210,627	369,869,350	282,143,416	275,125,532	73.1%	74.4%
Plastic > 1L	60,054,615	61,661,452	50,585,522	52,111,823	84.2%	84.5%
Plastic Liquor ≤ 1L	10,860,706	10,288,697	8,709,513	8,746,194	80.2%	85.0%
Plastic Liquor > 1L	4,490,816	4,349,521	4,086,350	3,994,182	91.0%	91.8%
Plastic Total	461,616,764	446,169,020	345,524,801	339,977,731	74.9%	76.2%
Glass ≤ 1L	26,491,926	27,276,748	21,736,860	22,416,999	82.1%	82.2%
Glass > 1L	118,820	103,037	151,477	131,000	127.5%	127.1%
Glass NRBC ≤ 1L	97,241,117	94,842,952	94,112,699	94,094,232	96.8%	99.2%
Glass NRBC > 1L	286,532	344,406	324,613	354,214	113.3%	102.8%
Glass W&S ≤ 1L	80,826,227	77,227,442	72,668,166	70,938,557	89.9%	91.9%
Glass W&S > 1L	10,965,634	10,912,002	9,776,222	9,954,172	89.2%	91.2%
Glass Total	215,930,256	210,706,586	198,770,037	197,889,174	92.1%	93.9%
Bi-Metal ≤ 1L	6,918,457	7,048,812	4,706,697	4,651,408	68.0%	66.0%
Bi-Metal > 1L	767,419	790,432	365,661	400,751	47.6%	50.7%
Other Containers Total	7,685,875	7,839,244	5,072,358	5,052,159	66.0%	64.4%
Pouches Total	8,523,654	7,040,880	3,596,175	3,564,026	42.2%	50.6%
Drink Box ≤ 500 mL	74,199,005	77,590,559	38,147,345	41,621,319	51.4%	53.6%
Drink Box 501 mL - 1L	25,764,909	24,073,196	17,744,945	17,715,433	68.9%	73.6%
Gable Top ≤ 500 mL	783,045	1,097,513	227,302	222,022	29.0%	20.2%
Gable Top 501 mL - 1L	594,887	817,623	430,208	189,631	72.3%	23.2%
Gable Top > 1L	12,068,736	12,549,936	8,661,304	8,879,024	71.8%	70.7%
Polycoat Total	113,410,582	116,128,827	65,211,105	68,627,429	57.5%	59.1%
Bag-in-Box Liquor Total	3,265,796	2,917,991	1,519,641	1,382,135	46.5%	47.4%
Totals	1,224,579,061	1,214,144,300	968,583,632	972,397,241	79.1%	80.1%



DEPOSITS, REFUNDS AND RECOVERY RATES

REGIONAL WEIGHTS & PER CAPITA RETURNS

Per capita units returned remained relatively stable from 2013 to 2014.

Units Returned	968,583,632
Weight Collected (Tonnes)	91,074
Per Capita Units Returned	209.1
Per Capita Weight Collected (Kilograms)	19.7

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan. - Dec.	Jan. - Dec.	Change to Per Capita Container Returns / Units(000)
								2014 Per Capita	2013 Per Capita	
Bulkley / Nechako	Units(000)	4,293	3,823	1,163	570	46	9,895	245.0	279.0	34.0 dec.
Bulkley / Nechako	Est. Tonnes	60.1	122.3	409.5	14.0	3.7	609.6	15.1 kg	16.2 kg	
Cariboo	Units(000)	7,248	6,121	2,339	1,003	132	16,843	266.9	266.7	0.2 inc.
Cariboo	Est. Tonnes	101.5	201.1	809.8	23.8	8.2	1,144.4	18.1 kg	17.9 kg	
Central Coast	Units(000)	268	161	65	32	8	534	164.5	187.9	23.4 dec.
Central Coast	Est. Tonnes	3.7	6.0	25.7	0.8	0.3	36.5	11.3 kg	13.3 kg	
Fraser - Fort George	Units(000)	11,798	10,730	4,051	1,994	204	28,777	307.3	300.9	6.4 inc.
Fraser - Fort George	Est. Tonnes	165.2	344.4	1,369.7	49.9	12.0	1,941.2	20.7 kg	20.3 kg	
Kitimat - Stikine	Units(000)	4,535	4,882	1,121	758	93	11,389	285.8	268.2	17.6 inc.
Kitimat - Stikine	Est. Tonnes	63.5	153.3	408.8	17.9	4.8	648.3	16.3 kg	15.0 kg	
Skeena - Queen Charlotte	Units(000)	2,689	2,044	710	333	57	5,833	321.2	312.9	8.3 inc.
Skeena - Queen Charlotte	Est. Tonnes	37.6	67.1	258.5	8.5	2.8	374.5	20.6 kg	20.7 kg	
Northern Rockies	Units(000)	641	878	158	84	1	1,762	292.1	361.6	69.5 dec.
Northern Rockies	Est. Tonnes	9.0	26.0	54.6	1.9	0.2	91.7	15.2 kg	16.3 kg	
Peace River	Units(000)	6,789	7,395	2,198	901	129	17,412	262.5	272.2	9.7 dec.
Peace River	Est. Tonnes	95.0	231.5	733.8	23.1	4.6	1,088.0	16.4 kg	16.7 kg	
Capital Regional District	Units(000)	28,767	26,164	20,127	4,860	699	80,617	216.4	215.6	0.8 inc.
Capital Regional District	Est. Tonnes	402.7	915.2	7,433.5	169.2	65.9	8,986.5	24.1 kg	23.7 kg	
Cowichan Valley	Units(000)	8,671	6,797	3,622	1,164	200	20,454	248.2	254.7	6.5 dec.
Cowichan Valley	Est. Tonnes	121.4	230.7	1,373.0	33.3	16.4	1,774.8	21.5 kg	21.6 kg	
Alberni / Clayoquot	Units(000)	3,827	3,238	1,565	461	103	9,194	297.8	287.5	10.3 inc.
Alberni / Clayoquot	Est. Tonnes	53.6	107.5	565.9	13.7	5.8	746.5	24.2 kg	23.1 kg	
Comox	Units(000)	6,792	5,510	3,376	1,018	174	16,870	261.0	267.6	6.6 dec.
Comox	Est. Tonnes	95.1	187.0	1,265.2	31.9	16.7	1,595.9	24.7 kg	25.1 kg	
Mount Waddington	Units(000)	1,598	1,150	437	178	12	3,375	293.0	290.6	2.4 inc.
Mount Waddington	Est. Tonnes	22.4	38.7	161.7	4.5	1.6	228.9	19.9 kg	18.9 kg	
Nanaimo	Units(000)	12,538	11,369	7,416	1,864	300	33,487	219.6	221.3	1.7 dec.
Nanaimo	Est. Tonnes	175.5	387.7	2,731.9	59.1	31.8	3,386.0	22.2 kg	22.2 kg	

Returns by Region Summary. Alcohol and Non-Alcohol containers: January – December 2014



DEPOSITS, REFUNDS AND RECOVERY RATES

REGIONAL WEIGHTS & PER CAPITA RETURNS

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan. - Dec. 2014 Per Capita	Jan. - Dec. 2013 Per Capita	Change to Per Capita Container Returns / Units(000)
Strathcona	Units(000)	2,887	2,185	1,245	376	66	6,759	150.6	154.4	3.8 dec.
Strathcona	Est. Tonnes	40.4	73.8	470.5	11.5	6.4	602.6	13.4 kg	13.6 kg	
Greater Vancouver	Units(000)	145,918	154,289	96,387	32,635	5,696	434,925	175.8	179.7	3.9 dec.
Greater Vancouver	Est. Tonnes	2,042.9	5,228.4	34,830.5	943.5	322.5	43,367.8	17.5 kg	17.6 kg	
Fraser Valley	Units(000)	26,980	26,187	10,838	5,095	744	69,844	241.9	240.2	1.7 inc.
Fraser Valley	Est. Tonnes	377.7	875.4	3,798.8	134.5	40.1	5,226.5	18.1 kg	18.0 kg	
Powell River	Units(000)	1,832	1,364	838	252	45	4,331	217.4	216.6	0.8 inc.
Powell River	Est. Tonnes	25.6	47.4	323.5	7.5	5.3	409.3	20.5 kg	19.5 kg	
Squamish - Lillooet	Units(000)	3,546	4,210	4,230	594	108	12,688	305.8	306.8	1.0 dec.
Squamish - Lillooet	Est. Tonnes	49.6	139.2	1,499.1	17.7	7.1	1,712.7	41.3 kg	42.0 kg	
Sunshine Coast	Units(000)	2,134	1,871	1,848	367	63	6,283	212.4	215.3	2.9 dec.
Sunshine Coast	Est. Tonnes	29.9	65.7	699.7	12.7	8.5	816.5	27.6 kg	27.8 kg	
Central Okanagan	Units(000)	15,923	16,249	9,926	2,957	351	45,406	239.9	244.8	4.9 dec.
Central Okanagan	Est. Tonnes	222.9	538.0	3,715.0	82.5	33.1	4,591.5	24.3 kg	24.2 kg	
North Okanagan	Units(000)	9,781	10,409	4,323	1,934	162	26,609	321.4	320.5	0.9 inc.
North Okanagan	Est. Tonnes	136.9	353.6	1,582.6	63.4	15.3	2,151.8	26.0 kg	25.7 kg	
Okanagan - Similkameen	Units(000)	7,636	7,964	4,670	1,066	168	21,504	262.4	263.3	0.9 dec.
Okanagan - Similkameen	Est. Tonnes	106.9	265.8	1,784.5	32.6	18.2	2,208.0	26.9 kg	26.6 kg	
Columbia Shuswap	Units(000)	5,288	5,379	3,138	747	90	14,642	282.7	284.8	2.1 dec.
Columbia Shuswap	Est. Tonnes	74.0	174.4	1,085.0	21.4	8.8	1,363.6	26.3 kg	26.8 kg	
Thompson - Nicola	Units(000)	13,692	13,543	6,041	2,120	271	35,667	267.6	279.7	12.1 dec.
Thompson - Nicola	Est. Tonnes	191.7	440.3	2,129.5	56.4	21.3	2,839.2	21.3 kg	22.0 kg	
Central Kootenay	Units(000)	4,406	3,407	2,870	637	119	11,439	190.6	197.9	7.3 dec.
Central Kootenay	Est. Tonnes	61.7	116.9	1,006.9	19.0	11.0	1,215.5	20.3 kg	20.7 kg	
East Kootenay	Units(000)	5,671	5,913	2,957	795	89	15,425	265.7	273.1	7.4 dec.
East Kootenay	Est. Tonnes	79.4	191.4	1,065.7	22.7	6.9	1,366.1	23.5 kg	23.7 kg	
Kootenay Boundary	Units(000)	2,741	2,294	1,113	416	56	6,620	218.4	220.2	1.8 dec.
Kootenay Boundary	Est. Tonnes	38.4	76.9	416.8	12.2	5.5	549.8	18.1 kg	18.1 kg	
Total Units	Units(000)	348,889	345,526	198,772	65,211	10,186	968,584	209.1	212.2	
Total Kg	Est. Tonnes	4,884.4	11,605.9	72,009.6	1,889.2	684.9	91,074.0	19.7 kg	19.7 kg	

Returns by Region Summary. Alcohol and Non-Alcohol containers: January – December 2014





2014 ANNUAL REPORT

PLAN PERFORMANCE

FOLLOW THE MONEY

Commodity Prices and their Impact on Encorp

A portion of the cost of recovering aluminum and plastic containers, the two largest product categories, is covered by the value of the commodity collected. The prices received for these commodities are subject to market forces, and variations can have a significant financial impact on Encorp.

In 2014, the commodity prices remained strong for aluminum and plastic. Combined with the favorable exchange rate from US dollars to Canadian dollars, the average price for aluminum was \$0.84 per pound (\$0.70 in 2013) and plastic was \$0.23 per pound (\$0.22 in 2013).

Deposit Refunds

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

Container Handling Fees

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

Transportation & Processing

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

Consumer Education & Awareness

Programs that encourage consumers to return containers for recycling.

Administration

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

Unredeemed Deposits

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

Sale of Processed Containers

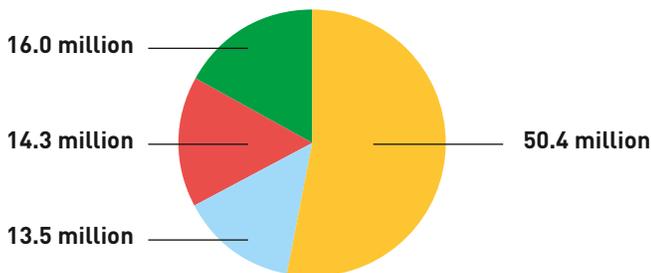
All the collected aluminum, plastic, glass, etc. is sold on the open market.

Container Recycling Fees

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

Other Fees

Revenues from service provider contracts.

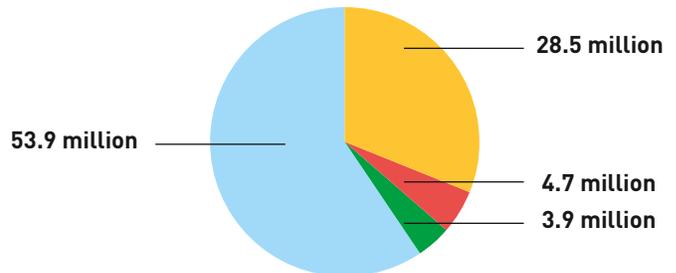


Where the money comes from

REVENUES

Container Recycling Fees:	50.4 million
Unredeemed Deposits:	16.0 million
Sale of Processed Containers:	14.3 million
Other Fees and Income:	13.5 million

Total Revenues **\$94.2 million**



Where the money is spent

EXPENDITURES

Handling Fees:	53.9 million
Operations Expenses:	28.5 million
Administration Expenses:	4.7 million
Consumer Awareness:	3.9 million

Total Expenditures **\$91.0 million**



PLAN PERFORMANCE

FINANCING THE SYSTEM

In order to ensure that each container category, and therefore brand-owner, pays its own way, we track collection, transportation and processing costs, and revenue earned, by container type. We also allocate overheads and track reserves by container type. These three examples show this tracking in practice.

Plastic ≤ 1L Account

Deposits	19.3 Million
Sale of Collectible Material	3.6 Million
CRF	11.6 Million
Other Revenue	0.3 Million
Total Revenue	34.8 Million

Total Expenses for this Container 35.6 Million

Deficit (0.8) Million

Total Expenses Breakdown

Deposit Refund	14.1 Million
Handling Fee	14.7 Million
Transportation and Processing	4.1 Million
Administration	1.5 Million
Consumer Awareness	1.2 Million
Total	35.6 Million

Surplus end of 2013 \$7.6 Million
 Deficit 2014 \$(0.8) Million
 Surplus end of 2014 \$6.8 Million

Wine & Spirits ≤ 1L Account

Deposits	8.1 Million
Sale of Collectible Material	0.0 Million
CRF	10.9 Million
Other Revenue	0.0 Million
Total Revenue	19.0 Million

Total Expenses for this Container 17.9 Million

Surplus 1.1 Million

Total Expenses Breakdown

Deposit Refund	7.3 Million
Handling Fee	4.7 Million
Transportation and Processing	5.5 Million
Administration	0.3 Million
Consumer Awareness	0.1 Million
Total	17.9 Million

Surplus end of 2013 \$4.3 Million
 Surplus 2014 \$1.1 Million
 Surplus end of 2014 \$5.4 Million



FINANCING THE SYSTEM

Aluminum Account

Deposits	20.7 Million
Sale of Collectible Material	9.0 Million
CRF	4.1 Million
Other Revenue	0.3 Million
Total Revenue	34.1 Million

Total Expenses for this Container 35.2 Million

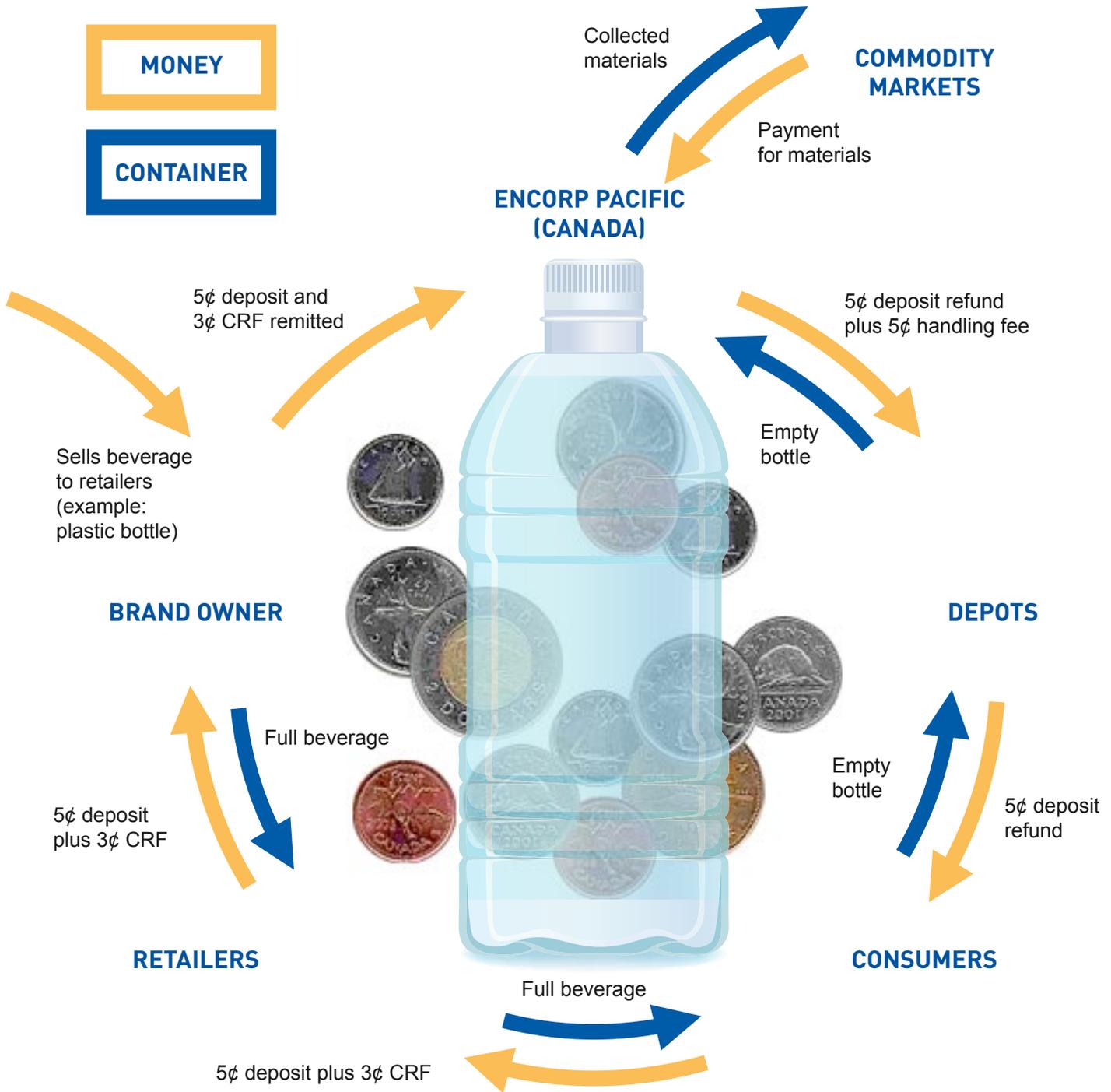
Deficit (1.1) Million

Total Expenses Breakdown

Deposit Refund	17.4 Million
Handling Fee	12.4 Million
Transportation and Processing	2.6 Million
Administration	1.6 Million
Consumer Awareness	1.2 Million
Total	35.2 Million

Surplus end of 2013 \$7.3 Million
 Deficit 2014 \$(1.1) Million
 Surplus end of 2014 \$6.2 Million

HOW MONEY FLOWS



The arrows show the direction of payments for deposits and container recycling fees (CRF) and the movement of a plastic bottle.

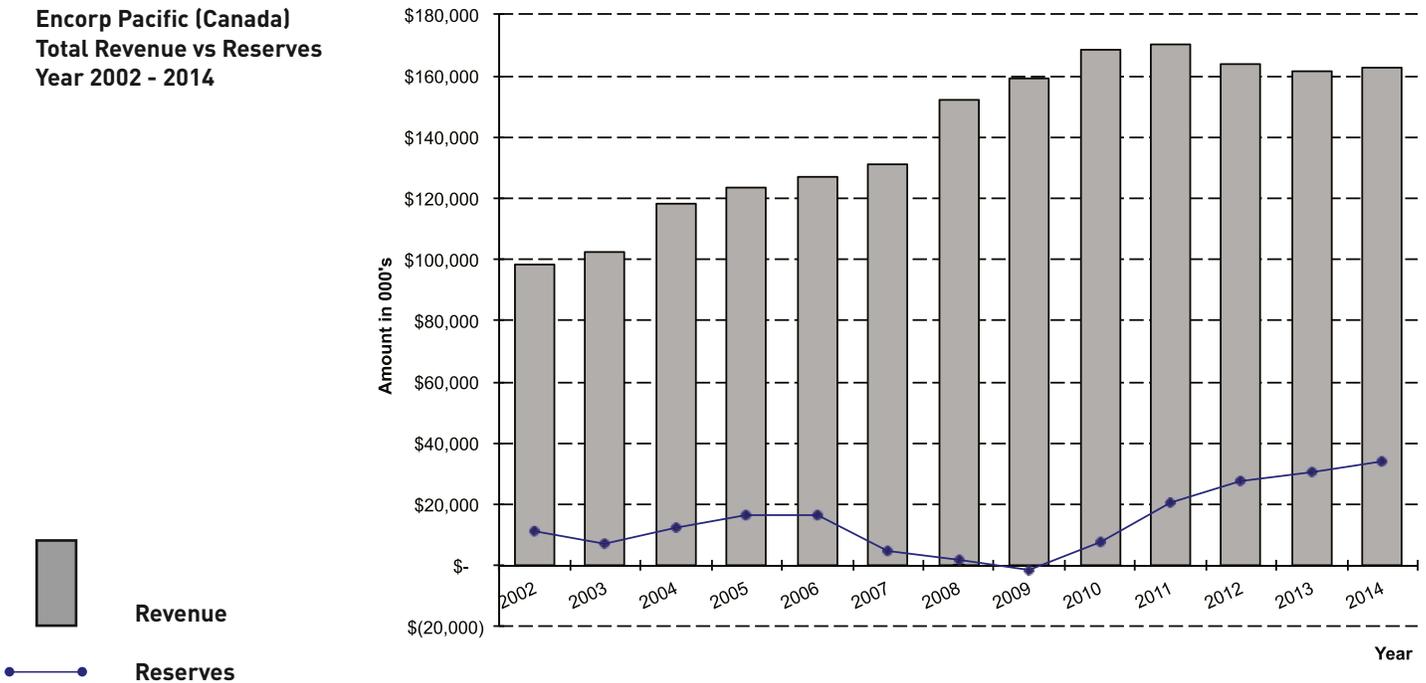
OPERATING RESERVES

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 the 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 CRF changes.

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

**Encorp Pacific (Canada)
Total Revenue vs Reserves
Year 2002 - 2014**



	2011 YEAR	2011 BALANCE	2012 YEAR	2012 BALANCE	2013 YEAR	2013 BALANCE	2014 YEAR	2014 BALANCE
Operating Reserve	\$13,432,676	\$18,816,141	\$7,397,210	\$26,213,351	\$3,326,999	\$29,540,350	\$3,085,401	\$32,625,751
Restricted Reserve / (Deficit)	(720,123)	1,524,557	(329,637)	1,194,920	3,520	1,198,440	(18,058)	1,180,382
Total Reserve	\$12,712,553	\$20,340,698	\$7,067,573	\$27,408,271	\$3,330,519	\$30,738,790	\$3,067,343	\$33,806,133

PLAN PERFORMANCE

OPERATING RESERVES

Management of the Operating Reserves

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

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

Encorp's operating reserves are maintained to meet the corporation's cash flow requirements recognizing normal business volatility, balanced over a period of three to five years. This year, \$3.1 million was contributed to the operating reserves.

	Gross Revenue Including Deposits (millions)	Total Expenses Including Deposit Refunds (millions)	Results (millions)	Operating Reserves Year end (millions)
2012	164.0	156.9	7.1	27.4
2013	161.7	158.4	3.3	30.7
2014	162.7	159.6	3.1	33.8

FREQUENTLY ASKED QUESTIONS

Our Reserves

Encorp's reserve guideline is built upon two core principles: (a) we do not "cross-subsidize" container recycling fees; and (b) we treat brand owners equally.

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

Question: Why does Encorp need reserves?

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

Question: How does Encorp create reserves?

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

Question: What size of reserve is required?

From experience, the reserve should reflect a minimum of \$17 million to meet the corporation's cash flow requirement for the six weeks' average. A range above this minimum was established to reflect the volatility calculation for the four major components affecting the financial results of operations. Those include recovery rates, commodity prices, beverage sales, and exchange rates.

PLAN PERFORMANCE

CONTAINER RECYCLING FEES (CRF)

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

GOVERNANCE

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

Board of Directors

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

The role of the Board is to determine the company's corporate strategy and policies, set objectives for the CEO, approve budgets and fees, and discharge its fiduciary obligations to the brand owners and other stakeholder groups. The Board provides oversight of Encorp's operations through quarterly Board meetings and an annual strategic planning session. Board members also serve on various corporate committees, including the audit, governance, and human resources and compensation committees.

Encorp's governance model also incorporates a number of values and processes that guide the functioning of the Board.

Accountability

A fundamental part of Encorp's commitment to accountability is a set of policies codified in our *Board Manual for Directors*, a document written by one of Canada's leading experts on corporate and not-for-profit governance.

The policies in the Board Manual cover a number of key practices, such as terms of reference for the Board, the Chair, Directors and the CEO, as well as a Code of Conduct for Directors, including conflict-of-interest guidelines. These policies also establish parameters for how committee membership should be established, lay out terms of reference for Encorp's Board committees, and specify processes for reviewing CEO and Board performance.

Transparency

Encorp provides a comprehensive public explanation of its operations through this annual report, as well as its Advisory Committee and other methods. This transparency exceeds regulatory requirements and is intended to provide as much information as possible to the general public.

BOARD OF DIRECTORS



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

Neil Antymis, ICD.D, CPA, CGA

Director, Government Affairs for Pepsico Beverages Canada
Encorp Affiliation – Canadian Beverage Association
Committees – Audit / Compensation
Term of office – Commenced 2005

Neil is a Certified Corporate Director and Certified General Accountant. He serves on the boards of seven environmental stewardship organizations across Canada and is a director on the Canadian Beverages Association Board where he serves as Treasurer, Audit Committee Chair and Environmental Committee Chair.

Prior to his work in governmental affairs and environmental stewardship, Neil was the Planning Manager – Western Canada for Pepsi Bottling Group. As Planning Manager, Neil leveraged his skills and experience to develop strategies, action plans and performance management systems in partnership with the senior leadership team in the areas of production, distribution, sales, warehousing, fleet and service.

Neil has worked in the Pepsi system for twenty-three years and before that for eight years in a variety of finance positions in the refining and marketing divisions of Turbo Resources Ltd.

John Nixon

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

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

BOARD OF DIRECTORS

John Challinor II APR

Director of Corporate Affairs, Nestlé Waters Canada
Encorp Affiliation – Canadian Bottled Water Association
Committee – Audit
Term of office – Commenced 2008

John is a member of the Nestlé Waters' leadership team. He is responsible for the Company's day-to-day corporate communications and public affairs activities in the Canadian marketplace.

John joined Nestlé Waters in June 2008 in his current position. He brings more than 30 years of corporate and marketing communications experience to the role, having served in executive and senior advertising, industry and government affairs and public relations roles with Amdahl Canada Limited, Compaq Canada Limited, IBM Canada Limited and Sony of Canada Limited. John began his career as a newspaper and television reporter and editor in the Southern Ontario market. He is a former part-time municipal councilor (15 years) with the Corporation of the Town of Milton, Canada's fastest growing community.

Professionally, John is Chairman of the Canadian Beverage Container Recycling Association; President of Alberta Beverage Council; and a member of the Board of Directors of Encorp Pacific (Canada), Beverage Container Management Board (BCMB) and the Alberta Beverage Recycling Corporation. He is also Chairman, Environment & Public Affairs Committee, Canadian Bottled Water Association; and a member, Environment Committee, Canadian Beverage Association. John holds a Bachelor of Applied Arts degree in Journalism from Ryerson University, an Accredited Public Relations (APR) designation from the Canadian Public Relations Society and a Certificate in Advertising from the Institute of Canadian Advertising.

Greg Wilson

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

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

Dan Wong

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

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

He holds Bachelors and Masters degrees in Political Science from UBC.

Liisa O'Hara, CPA, CGA

Commissioner, British Columbia Utilities Commission
Encorp Affiliation – Unrelated Director
Committee – Audit
Term of office – Commenced 1999

Liisa, as a Commissioner for British Columbia Utilities Commission, specializing in energy matters since 2005, has been closely associated with major energy developments in the province.

During her corporate career, Liisa held a number of senior executive positions with a major pipeline company with focus on finance and regulatory affairs. Her regulatory expertise is multijurisdictional including Canadian federal (NEB), provincial (BCUC) and the U.S. federal (FERC) jurisdictions. Liisa is a Corporate Director, certified with the ICD.D designation in 2006 and serves on a number of boards in that capacity.

She holds a Master of Science degree in Business Administration from University of British Columbia and is a Certified General Accountant. She also served as Executive-in-Residence for the Sauder School of Business from 2004-2008.

BOARD OF DIRECTORS

Jim Goetz

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

Jim Goetz is President of the Canadian Beverage Association, the national association representing the broad spectrum of companies that manufacture and distribute the majority of non-alcoholic beverages consumed in Canada. Prior to becoming president, Jim served as the Association's Vice President, Government Affairs. He oversees all aspects of outreach on a wide variety of files including recycling, labelling, ingredient safety, marketing, taxation and sales.

In addition to being CBA President, Jim also currently serves as President of the International Council of Beverages Associations, and is a member of the board of Encorp Pacific, a provincial product stewardship corporation and the Canadian Beverage Container Recycling Association, an industry-led Extended Producer Responsibility organization.

Prior to joining the Canadian Beverage Association, Jim held the position of Vice President, Provincial Affairs with Food and Consumer Products of Canada where he oversaw political outreach and advocacy for the Canadian food/beverage industry in ten provinces.

A seasoned veteran of Canadian politics, Jim previously worked as Senior Special Advisor - Ontario to Prime Minister Paul Martin, where he served as the PMO liaison for Ontario Members of Parliament and Cabinet. He advised and led stakeholder outreach for several large resource development and industrial projects in the province. Jim served the Government of Canada as a Senior Communications Advisor to the Treasury Board and the Privy Council Office, and managed several successful political campaigns at both the local and provincial level.

Jim holds an Honours Bachelor Degree in Political Science from Wilfrid Laurier University and a postgraduate certificate from Moscow State University.

John Graham

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

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

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

John Irving

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

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

John was a director of Family Services of Greater Vancouver and is currently a director of the MPA Society, a regional mental health not-for-profit.

John has a Law degree and Bachelor of Arts degree from the University of British Columbia.

ADVISORY COMMITTEE

DATE: March 16, 2015

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

FROM: Al Lynch, Committee Chair

RE: Annual Report of the Advisory Committee for Fiscal Year – 2014

The Advisory Committee met on April 24 and November 27, 2014 with agenda items that included the MMBC impact on Encorp, Express Pilot Return-It Depot and other new depot initiatives, consumer awareness and overview and segmentation from market research, annual draft budget, audited financial statements, Stewardship Plan, and new candidates for Advisory Committee membership.

The Committee had a very informative and interesting tour of the Kensington Square Return-It Centre and received a comprehensive review of the Express Pilot system from Blair Kennedy.

There was much discussion on the relationship between Encorp, the Return-It Depots, MMBC and Green by Nature. The Committee was interested to hear of Encorp's plans to increase recovery of the remaining 20 percent of unredeemed containers.

Scott Fraser provided the Committee with an overview of the strategic priorities for Encorp and the additional emphasis that will be put to the IC&I sector. Member Ken Lyotier spoke on how Encorp and the Advisory Committee should be more involved in these new IC&I initiatives and look at approaching the Board of Trade and the BC Business Council to add pressure to this sector.

The Committee thanked outgoing member Linda Barnes for her past years of input to the Advisory Committee and the Committee was advised of two potential new candidates.

The Committee was pleased with the new initiatives offered by Encorp and there were a number of complimentary comments on the thoroughness of Encorp's consumer awareness research. Committee members also congratulated Encorp on its 20th anniversary and 15 billionth recycled beverage container.

Respectfully submitted,



A. Lynch
Chair

ADVISORY COMMITTEE



Al Lynch – Chair
Retired
On Advisory committee since 2000

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



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

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



Linda Barnes
Councillor, City of Richmond
On Advisory committee since 2006

Linda is Chair of the Public Works and Transportation Committee that oversees Richmond's roads, dykes, fleet, energy and environmental programs. She also sits on various committees and is well known for her support of environmental issues.



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

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

ADVISORY COMMITTEE



Will Burrows

Executive Director, Coast Waste Management Association
On Advisory committee since 2008

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

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

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



Aly Mitha

Chairman of the Council of Depot Operators
On Advisory committee since 2011

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



Ken Lyotier

Founder and former Executive Director, United We Can Bottle Depot
On Advisory committee since 2005

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



Alan Stanley

General Manager of Environmental Services, Regional District of Kootenay Boundary
On Advisory committee since 2008

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

PLAN PERFORMANCE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

April 15, 2015

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

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

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



Scott Fraser
Chief Executive Officer



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

INDEPENDENT AUDITOR'S REPORT



May 12, 2015

To the Members of Encorp Pacific (Canada)

We have audited the accompanying financial statements of Encorp Pacific (Canada), which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets, operations, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Encorp Pacific (Canada) as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants



STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	2014 \$	2013 \$
Assets		
Current assets		
Cash	43,721,017	43,154,782
Accounts receivable	4,455,845	3,838,142
Prepaid expenses and deposit	50,201	49,404
	<hr/>	<hr/>
	48,227,063	47,042,328
Capital assets (note 3)	653,034	795,076
	<hr/>	<hr/>
	48,880,097	47,837,404
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	8,055,421	8,048,198
Deferred revenue	6,756,733	6,780,467
Advance payment from brand owners	261,810	2,106,524
Current portion of obligations under capital lease	-	163,425
	<hr/>	<hr/>
	15,073,964	17,098,614
Net Assets		
Internally restricted reserve (note 4)	1,180,382	1,198,440
Unrestricted (note 4)	32,625,751	29,540,350
	<hr/>	<hr/>
	33,806,133	30,738,790
	<hr/>	<hr/>
	48,880,097	47,837,404

Approved by the Board of Directors


Director

Director

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



STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2014

			2014	2013
	Internally restricted reserve \$	Unrestricted \$	Total \$	Total \$
Balance - Beginning of year	1,198,440	29,540,350	30,738,790	27,408,271
Excess of revenue over expenses	-	3,067,343	3,067,343	3,330,519
Transfer from internally restricted reserve (note 4)	(18,058)	18,058	-	-
Balance - End of year	1,180,382	32,625,751	33,806,133	30,738,790

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



STATEMENT OF OPERATIONS

For the year ended December 31, 2014

	2014 \$	2013 \$
Revenue		
Deposits on containers	84,483,769	83,869,250
Deposit refunds	(68,524,319)	(68,889,906)
	<hr/> 15,959,450	<hr/> 14,979,344
Container recycling fees	50,390,695	52,126,830
Contract fees	12,585,507	12,426,397
Sale of recyclable materials	14,270,138	12,494,490
Other	489,418	473,431
	<hr/> 93,695,208	<hr/> 92,500,492
Direct operations expenses		
Handling fees	53,949,712	53,519,695
Depot operations	1,083,270	990,694
Transportation and processing fees	27,269,702	26,409,941
	<hr/> 82,302,684	<hr/> 80,920,330
Other expenses		
General and administrative	4,469,001	4,128,803
Consumer awareness	3,930,819	4,007,946
Amortization	368,663	425,726
Foreign exchange gain	(443,302)	(312,832)
	<hr/> 8,325,181	<hr/> 8,249,643
Excess of revenue over expenses	<hr/> 3,067,343	<hr/> 3,330,519

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



STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	2014 \$	2013 \$
Cash flows from operating activities		
Excess of revenue over expenses	3,067,343	3,330,519
Items not affecting cash - amortization	368,663	425,726
	<hr/>	<hr/>
	3,436,006	3,756,245
Changes in non-cash operating working capital		
Accounts receivable	(617,703)	1,003,956
Prepaid expenses and deposit	(797)	(10,030)
Accounts payable and accrued liabilities	7,223	360,071
Deferred revenue	(23,734)	(206,076)
Advance payment from brand owners	(1,844,714)	65,923
	<hr/>	<hr/>
	956,281	4,970,089
Cash flows from investing activities		
Purchase of capital assets	(226,621)	(234,482)
Cash flows from financing activities		
Repayment of obligation under capital lease	(163,425)	(264,191)
	<hr/>	<hr/>
Increase in cash	566,235	4,471,416
Cash - Beginning of year	43,154,782	38,683,366
	<hr/>	<hr/>
Cash - End of year	43,721,017	43,154,782
	<hr/>	<hr/>
Supplemental cash flow information		
Interest paid	2,797	11,429
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The accompanying notes are an integral part of these financial statements.



NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 Canada Not-for-Profit Corporation Act. The Corporation is exempt from income taxes and carries on its operations without monetary gain to its members.

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

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

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

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

2 Significant accounting policies

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

Revenue

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

Contract fees are recorded when the services are provided.

Recyclable materials revenue is recorded when the containers are shipped to recyclers.

Deferred revenue

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



NOTES TO FINANCIAL STATEMENTS

December 31, 2014

Direct operations expenses and other expenses

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

Foreign currency translation

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

Capital assets

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

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

Leases

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

Use of estimates

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

Financial instruments

Financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital lease.

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

3 Capital assets

	2014		2013	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office equipment	667,304	427,683	239,621	311,168
Computer hardware	1,810,556	1,462,809	347,747	383,817
Computer software	280,732	266,479	14,253	20,463
Leasehold improvements	273,520	222,107	51,413	79,628
	3,032,112	2,379,078	653,034	795,076

4 Internally restricted reserve and unrestricted balance

The Board of Directors has established an internally restricted reserve in recognition of the principle that the costs of recycling each container type are to be borne independent of other container types. The objective of the reserve is to defer the implementation of the container recycling fee on container types for which the current unredeemed deposits exceed the net costs of recycling. The reserve level is reviewed annually. The reserve may also be used to develop and implement strategies to improve recovery rates of these specific containers. As a result of the annual review, an amount of \$18,058 (2013 - \$3,520 from unrestricted fund to restricted) was transferred from restricted reserve to unrestricted reserve during the current year.

5 Commitments

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

	\$
2015	328,510
2016	335,221
2017	111,291
2018	104,768
Total	879,790

6 Government remittances

Government remittances consist of amounts (such as payroll withholdings, sales taxes and Workers' Compensation Board remittances) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, the net position is a receivable of \$69,141 (2013 - receivable of \$38,450).



NOTES TO FINANCIAL STATEMENTS

December 31, 2014

7 Related parties

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

	\$
Cash	2
Shareholder’s equity	2

During the year, the Corporation paid \$131,713 (2013 - \$115,655) in Directors’ fees.

8 Bank facilities

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

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

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

9 Capital disclosures

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

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

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

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

10 Currency, interest rate and credit risk management

Foreign currency risk

The Corporation is exposed to foreign exchange risk through its cash, accounts receivable and accounts payable that arise on sales of recyclable materials denominated in US dollars. At December 31, 2014, the net US dollar exposure on cash, accounts receivable and accounts payable was US\$1,483,607 (2013 - US\$1,384,901).

Interest rate risk

The Corporation is not exposed to significant interest rate risk.

Credit risk

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



EXTERNAL LINKS

Corporate Video

To view a 10 minute video outlining Encorp's operations and business model visit www.returnit.ca/about/corporate-video

Feedback Survey

Please take a minute to provide us with your feedback and suggestions to enhance our annual report. <https://www.surveymonkey.com/r/Encorp2014AR>