

# The changing landscape of recycling.

**2013 ANNUAL REPORT**  
ENCORP PACIFIC (Canada)



**972**

**Million Containers Collected**

**80.1%**

**Recovery rate**

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## EXECUTIVE SUMMARY

Encorp Pacific (Canada) is British Columbia's not-for-profit product stewardship corporation with beverage container management as our core business. Our mandate is to develop, manage and improve systems to recover used packaging and end-of-life products from consumers and ensure that they are properly recycled and not land-filled or incinerated. All data refers to January 1, 2013 to December 31, 2013.

### Public Education Materials and Strategies

- \$3.5 Million, year-round, province-wide, multi-pronged consumer awareness campaign targeting the broad population and specific target segments
- Research reports a net 99% awareness level of container types and beverage types in the Return-It™ system
- The Encorp/ Return-It™ brand has reached an 83% recognition level province wide. This is up 3% from last year

### Collection System and Facilities

- 171 Encorp-licensed Return It™ Depots. One new depot added, and one temporarily closed during 2013
- 5 mobile collectors certified in Metro Vancouver. No additions during 2013
- More than one half of the depots offer collection services to the Industrial, Commercial and Institutional sector
- Elementary and High School program collected 3,459,945 containers
- 254 specialty bins in 26 BC Parks and 160 streetscape bins within the City of Vancouver

### Product Environmental Impact, Reduction, Reusability and Recyclability

- Beverage producers have continued to improve on light-weighting of containers and reducing the amount of packaging. They are also implementing zero landfill requirements at their production facilities
- Encorp stewarded containers are all "one way" containers and are not reused
- All containers are recyclable with laminate type containers being stored pending market demand

### Pollution Prevention Hierarchy and Product/Component Management

- All Encorp stewarded containers are recycled except as noted under the Product Environmental Impact section
- All Encorp containers are sold into recycling markets with 97.5%, by weight, going to North American destinations

### Product Sold and Collected and Recovery Rate (the 12 months ended December 31, 2012)

- Sales: 1,214,144,300 units
- Products collected: 972,397,241 units
- Recovery Rate: 80.1%

### Summary of Deposits, Refunds, Revenues and Expenses

- Deposits collected: \$83,869,000
- Refunds issued: \$69,890,000
- Total revenues: \$92,500,000
- Total expenses: \$89,169,000
- Excess of revenue over expenses: \$3,331,000



**Plan target: 75%**  
**2013 Results: 80.1%**

### **Comparison of Key Performance Targets**

#### **1. Consumer Accessibility & Awareness**

- 2012** 85% of consumers surveyed are aware of the nearest Return-It™ Depot location to return containers  
92% are aware of a Depot or Retail location to return containers
- 2013** 85% of consumers surveyed know where the nearest Return-It™ Depot is located. 95% are aware of a Depot or Retail location to return containers

#### **2. Multi-family Collection**

- 2012** Multi-family moved from a pilot program to regular day to day collection network with service contracts in place. Service provided primarily within the City of Vancouver
- 2013** No change during 2013.

#### **3. Elementary and High School Program**

- 2012** 288 schools registered  
\$173,000 in deposit refunds  
2,894,620 containers recycled
- 2013** 284 schools registered  
\$232,331 in deposit refunds  
3,459,945 containers recycled

#### **4. Event and Public Places**

- 2012** Encorp participated in 45 events over 61 days including the 2nd year with Capilano  
Encorp participated with the City of Vancouver in a 60 bin pilot program
- 2013** Encorp participated in over 46 events over 61 activation days attended by more than 2.2 million people  
Encorp expanded the City of Vancouver outdoor spaces bin program installing 100 more bins – total of 160 bins

## MESSAGE FROM THE CHAIR



Two thousand thirteen was a watershed year for Encorp Pacific (Canada). Coming at the intersection of three major developments for the industry and the organization, we embarked on a series of changes that, carefully

managed, will shape our business for years to come.

First, after over two years in planning and development, Encorp introduced new collection technologies at our depots. Our existing system has served us well for over a decade, but must evolve to remain relevant to BC consumers.

Second, the Ministry of Environment's approval of a new stewardship plan for packaging and printed paper provided clarity on the way non-beverage container packaging material will be managed in the future. Scheduled for implementation in 2014, the development of the Packaging and Printed Paper stewardship program has enabled Encorp to define its role and, more specifically, the role of its depot network within that system.

Third, we have recruited a new Chief Executive Officer, Scott Fraser. Under his leadership Encorp will synthesize new operating strategies to ensure we continue to provide cost-effective stewardship services demanded by British Columbians, our members and brand owners.

Two years ago, our Board concluded that the current collection system had reached a natural plateau. New realities we face include an increasing number of residents in densely-populated multi-family dwellings, more beverages consumed outside the home, and the proliferation of new product stewardship programs with the resulting expectation that BC consumers can recycle more products at convenient locations.

In the face of these realities, our emphasis is now on assessing more efficient ways of operating, working closely with municipalities to site depots

in underserved (relative to population) areas, and improving access for the multi-family dwelling segment. We also must ensure we collect more containers, rather than simply moving existing containers from one collection point to another.

We continuously exceed the regulatory requirements and performance expectations for beverage container recovery and related obligations under the Recycling Regulation. We manage our finances conservatively and generate high levels of customer awareness and satisfaction. However, the bar is rising in all aspects of program performance, customer expectations and cost containment. More programs bring more players and more demands on the existing infrastructure. Our goal is to preserve the high levels of public confidence we enjoy while still maintaining a viable cost structure.

The Board recognizes the need to manage finances prudently in a time of change. New initiatives require new expenditures, but our stakeholders expect us to keep a tight rein on costs. Various economic factors, from fluctuations in the recovery rate and the US dollar exchange rate to the volatility of commodity markets, directly affect our financial performance. In 2013 these factors helped deliver a modest surplus, even though we had budgeted to break even. Accordingly the Board spent considerable time reviewing various financial parameters to ensure that we meet budget expectations and ongoing cash flow obligations comfortably.

Thinking about the future is one of the Board of Directors' primary responsibilities. Fortunately we have a Board that has both the experience and familiarity with trends in product stewardship to see us forward. We are also pleased our new CEO has the vision and proven ability to achieve our strategic goals. We look forward to working with Scott and his team on the exciting challenges that lie ahead. And as always, we are grateful for the support and leadership of the Board.

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

**Dan Wong**, Board Chair

## MESSAGE FROM CHIEF EXECUTIVE OFFICER



The past year highlights the rapidly changing environment in which we and other product stewards are operating.

Our primary commitment under the recycling regulation is to continuously improve

our beverage container recovery rate. I am pleased to report a rebound in the rate to 80.1 percent in 2013, compared to 78.7 percent in 2012. While this is a positive result, last year was just one more step in a long-term plan to address the core challenges to increasing the recovery rate.

The first challenge is that the expectations of consumers have changed and we need to offer an in-depot experience that meets those expectations. One example is our 3 and 5 Star Program that supports depots to create a quality environment in their depot. It has been a great success. We know this because 3 and 5 Star depots outperform other depots in volume growth. This year we are proud to have six more depots earn 5 Star status.

In order to address the demand for quick, convenient service, we also developed the Return-It™ Express 'drop and go' service with online refunding of deposit returns. The pilot Express location opened in Burnaby's Kensington Square Return-It™ in September to positive consumer response. The pilot continues, and we are certain this type of service will be a necessary part of meeting consumer expectations in the future.

There are also the huge challenges in opening traditional depots in some urban areas, such as high-density residential neighborhoods lacking appropriate zoning, or where lease rates are prohibitive. For this we developed a Mini Depot concept. This small-footprint, 'drop-and-go-only' location is cashless. Containers are counted off-site and deposits are refunded online. We are very excited to have secured City of Vancouver approval for a pilot location near Richards and Pacific in Yaletown, to open in mid-2014.

We believe the Mini will allow us to secure new locations in underserved neighbourhoods on the west side of Vancouver and high density zones in other Metro Vancouver municipalities; where we believe about one-third of uncollected containers in the province end up in the waste system. We are also reviewing strategies for targeting individual multi-family building recycling programs to get broader distribution of beverage container specific bins.

A similarly high number of containers are discarded in outdoor spaces and at events. Studies show that even committed home recyclers are likely to discard a beverage container that was consumed on the street, in a mall or at an indoor or outdoor event. Unfortunately, people are prone to discard their container in the first receptacle that they see, which is often a garbage bin. That is why we continue to expand our very successful public spaces recycling bin program in the City of Vancouver and have begun outreach to other communities.

Increasing the recovery rate is our primary objective, but we must achieve that goal while being as efficient and cost conscious as possible and using sound business practices. In 2013, we met our budget targets and our operating reserve objectives. This will be reflected in lower container recycling fees for consumers in 2014.

All of this is possible only because of the hard work of 171 independently-owned Return-It™ Depots, a province-wide network of owner-operated transporters, an array of processors who ensure our commodities get recycled into new and useful products, and most of all our dedicated and professional staff who keep the system operating as efficiently as possible.

A handwritten signature in blue ink, appearing to read 'S. Fraser'. The signature is fluid and cursive, written over a white background.

**Scott Fraser, President and CEO**

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



# ENCORP PACIFIC BUSINESS MODEL

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

The company 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, processors and others. 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 incorporated under the contract management system.

**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.

# A LOOK AT THE 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.

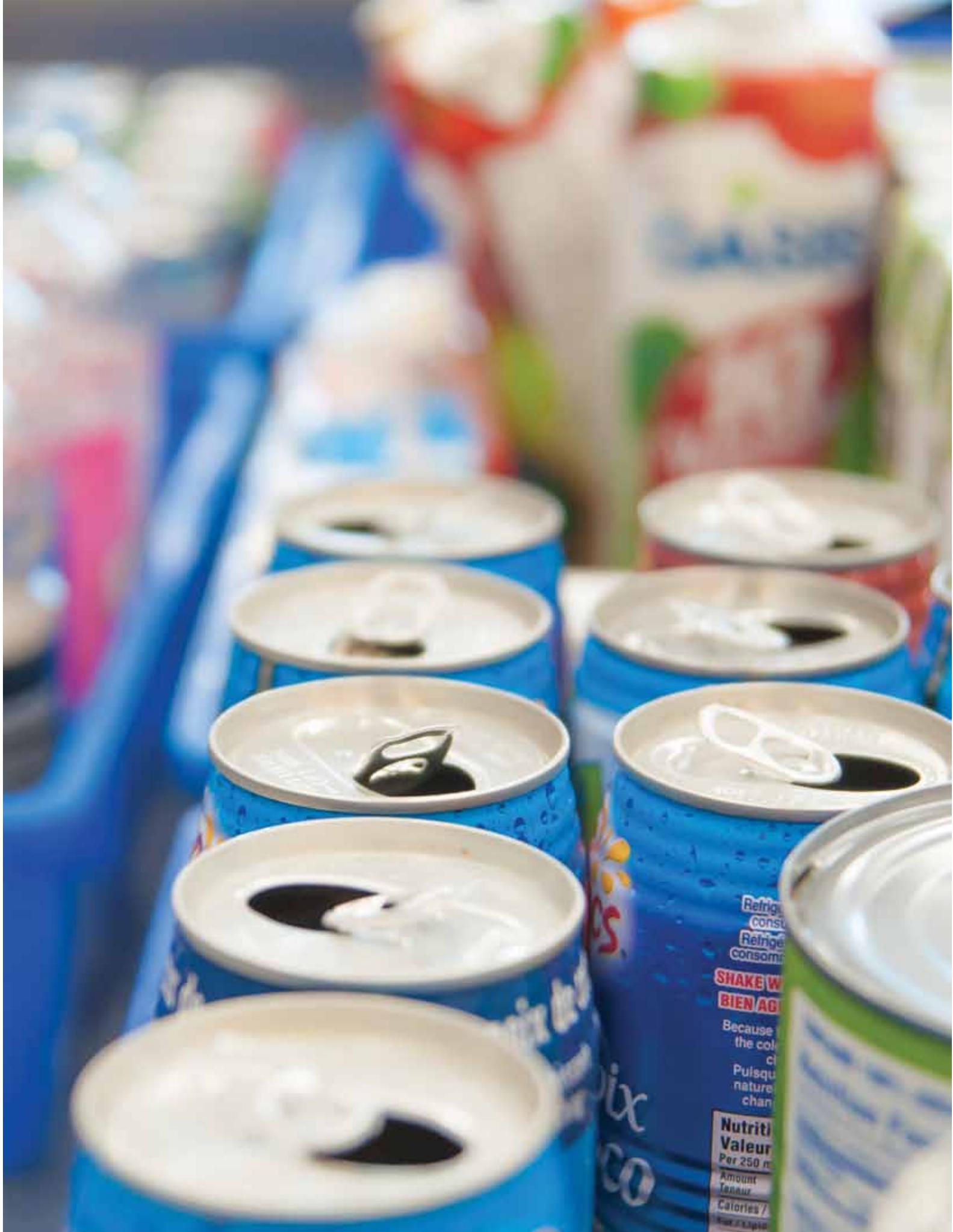
**The key principles are:**

**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.



Refrigerer  
consommer  
Refrigerer  
consommer

**SHAKE W**  
**BIEN AG**

Because  
the col  
cl  
Puisqu  
nature  
chan

Nutritionnel	
Valeur	
Per 250 ml	
Amount	
Teneur	
Calories /	
pour 100g	

# STEWARDSHIP AGENCIES OF BRITISH COLUMBIA



## Stewardship Agencies of British Columbia

### Organization

There are currently 16 active multi-producer stewardship organizations operating in British Columbia, with more slated to start operation in the coming years. The increase in product stewardship agencies stems from the BC government's commitment to the Canadian Council of Ministers of the Environment (CCME) Canada-Wide Action Plan.

Stewards in British Columbia are fortunate in having a flexible, performance-based regulatory framework within which to operate. BC'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.

### 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 approach each other and 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; contracts for secretariat services and consumer response with the Recycling Council of BC; and holds regular meetings with all of its members.



SHIRAZ  
1

PUK  
RECYCLED  
The bottle is made from 100% recycled glass and is 100% recyclable. It is made from 100% recycled glass and is 100% recyclable.

PARNESE  
FANTINI  
100% RICICLATO  
100% RECYCLED

PATRI  
100% RICICLATO  
100% RECYCLED

SHIRAZ  
MADE WITH PRIDE  
100% RICICLATO  
100% RECYCLED

100% RICICLATO  
100% RECYCLED

100% RICICLATO  
100% RECYCLED

At Encorp, results matter. Each year, we engage a professional market research company to survey hundreds of BC households to measure their recycling awareness, attitude and behaviour. We then compare the results to those of previous years, in order to measure our progress against corporate goals. We also use research as a guide in our effort to develop awareness programs that get results and resonate with consumers.

In this way, our detailed research is an immensely powerful tool in our drive to keep recyclable materials out of BC landfills.

Data was collected between November 8 and 14, 2013. Insights West conducted a province-wide online survey among 1,501 adults 18+, designed to measure recycling awareness, attitude, and behaviour. The

data was weighted in analysis by age, gender and region to Census Canada figures to ensure that the results are representative of the British Columbian general population.

**SURVEY OVERVIEW**

<b>REGION</b>	<b>FAMILY TYPE</b>	<b>#COMPLETES</b>	<b>MARGIN OF ERROR</b>
City of Vancouver	Multi family:	159	±6.9%
	Single family:	41	
Rest of Metro Vancouver	Multi family:	173	±5.7%
	Single family:	127	
Fraser Valley/Whistler/South Coast		200	±6.9%
Vancouver Island		200	±6.9%
Okanagan		200	±6.9%
Kootenays		201	±6.9%
Northern BC		200	±6.9%
Total		1,501	±2.5%

• Percentages that should add up may not always do so (rounding).

# Knowledge of Beverages Returnable for Refund of Deposit

BC residents are generally aware that most beverage containers can be returned for a refund of deposit. Knowledge levels have remained steady since 2009.

2013		2012 (n=1,839)	2011 (n=1,656)	2010 (n=1,713)	2009 (n=2,083)
<b>NET : ANY TYPE</b>	<b>100%</b>	100%	99%	n/a	n/a
<b>Any Non-Alcohol</b>	<b>98%</b>	99%	98%	n/a	n/a
Pop/soft drinks	97%	98%	98%	97%	96%
Water	84%	85%	85%	85%	86%
Juice	84%	85%	88%	86%	86%
Sport drinks	78%	80%	78%	78%	80%
<b>Any Alcohol</b>	<b>98%</b>	99%	97%	n/a	n/a
Beer	97%	98%	97%	97%	95%
Coolers/ciders/pre-mixed alcohol bev.	90%	92%	91%	90%	88%
Wine	87%	88%	87%	86%	84%
Liquor/spirits	86%	86%	85%	83%	83%

**Base:** All respondents (n=1,501)

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

# Knowledge of Containers Returnable for Refund of Deposit

Awareness that aluminum cans are eligible for a refund is the highest among container types. Knowledge levels across container types have remained steady since 2012, with the exception of glass, which has seen a slight decline.

2013	2012 (n=1,839)					2011 (n=1,656)					2010 (n=1,713)					2009 (n=2,083)									
Aluminum cans	98%	99%	98%	99%	97%	77%	78%	88%	89%	89%	76%	88%	93%	80%	83%	70%	72%	74%	75%	74%	52%	51%	57%	59%	58%
Plastic bottles																									
Glass bottles																									
Drink boxes																									
Cartons																									

Base: All respondents (n=1,501)  
A2. To the best of your knowledge, can the following types of containers be returned for a refund of deposit?

# Awareness Levels of Places to Return

Awareness for Encorp Return-It™ Depots has increased over time, and remained steady from 2012 to 2013.

		2012 (n=1,839)	2011 (n=1,656)
<b>2013</b>			
	 <b>85%</b>	<b>85%</b>	<b>79%</b>
	ANY DEPOT / RECYCLING CENTRE / RETURN-IT™ / ENCORP		
	 <b>75%</b>	<b>74%</b>	<b>n/a</b>
	ANY RETAILER		
	 <b>5%</b>	<b>6%</b>	<b>10%</b>
	I DON'T KNOW		

Base: All respondents (n=1,501)  
 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?

# Depot Satisfaction Levels

Among respondents who used a bottle depot within the past year, 90% are either very or somewhat satisfied.



<i>Very / Somewhat Satisfied</i>	
<b>2013</b> (n=1,247)	<b>90%</b>
<b>2012</b> (n=1,492)	<b>89%</b>
<b>2011</b> (n=1,265)	<b>92%</b>
<b>2010</b> (n=1,157)	<b>94%</b>
<b>2009</b> (n=1,409)	<b>93%</b>

Base: Used bottle depot in past year  
 D4. Overall, how satisfied are you with the bottle depot that you visit most often?

# Brand Awareness

Aided brand awareness of and familiarity with Encorp/Return-It™ continued to steadily increase.

## AWARE OF ENCORP / RETURN-IT™



Base: All respondents (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?

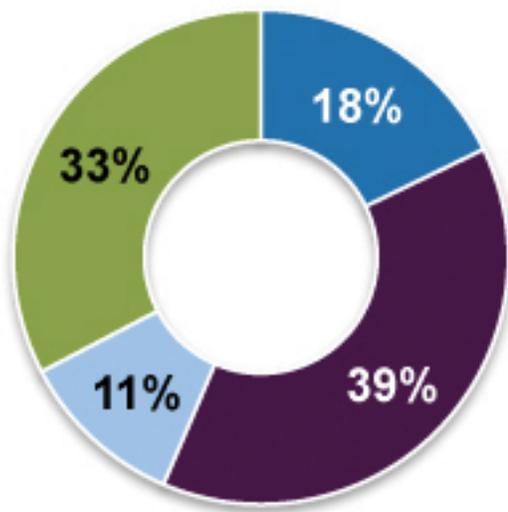
# SEGMENTATION ANALYSIS

In 2013, we dug deeper than in previous years in an effort to understand exactly who in BC is throwing recyclable containers into the trash. Once we are able to identify these segments precisely, we can refine our marketing and advertising messages to better reach our intended target. Our ultimate goal: to convert people who regularly discard their containers into people who regularly recycle.

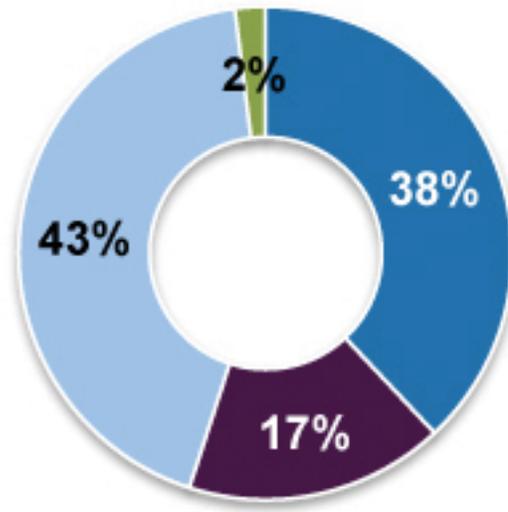
## Segmentation Breakdown

BC residents are generally aware that most beverage containers can be returned for a refund on deposit. Knowledge levels have remained steady since 2009.

**Our 2013 research defined four distinct consumer segments:**



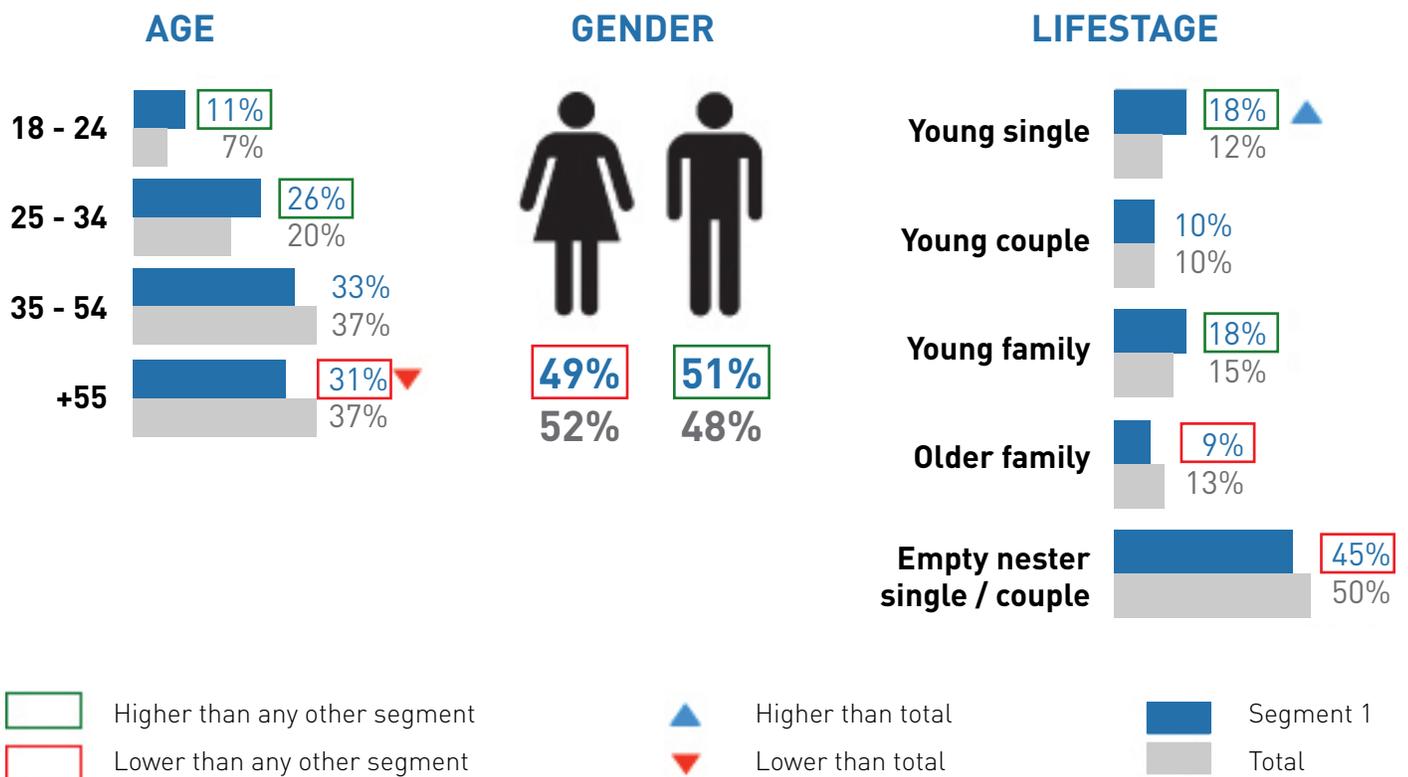
**% PEOPLE**



**% ALL CONTAINERS  
THROWN AWAY YEARLY**

# Segment 1 On-the-Go Discarders

This is the consumer segment our current advertising campaign is targeting: people who are not habitual non-recyclers, but rather discard when they're out and about, or when they see recycling as "inconvenient". Because they lead an active lifestyle, this bad behaviour adds up, making this group one of the heaviest discarders on an annual basis. Convenience is often the biggest obstacle to better behaviour, but lack of knowledge also plays a part. They are the youngest of our four demographic segments, and are slightly more likely to live in the Okanagan than in other areas of the province.

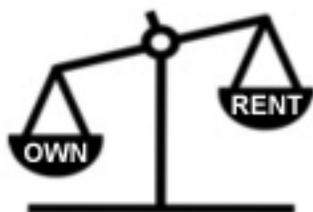


# Segment 1

## On-the-Go Discarders

On-the-Go Discarders are more often found in the Okanagan than any other segment.

### HOME OWNERSHIP



**63%**  
64%

**37%**  
36%

### RESIDENCE



**56%**  
55%

### MULTI



**44%**  
45%

### REGION

CITY OF VANCOUVER	<b>12%</b>	14%
REST OF METRO VANCOUVER	<b>37%</b>	38%
VANCOUVER ISLAND	<b>17%</b>	17%
FRASER VALLEY / WHISTLER / COAST	<b>7%</b>	8%
OKANAGAN	<b>16%</b>	11%
KOOTENAYS	<b>6%</b>	4%
NORTH	<b>5%</b>	7%

Higher than any other segment

Lower than any other segment

▲ Higher than total

▼ Lower than total

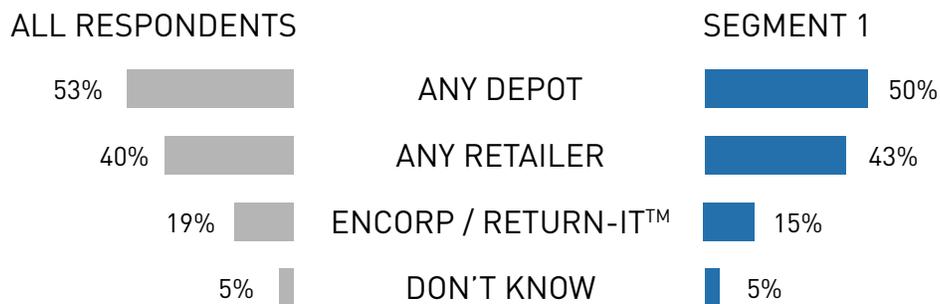
Segment 1

Total

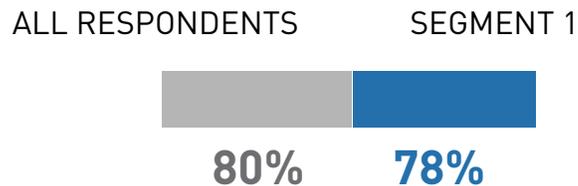
# Segment 1 On-the-Go Discarders

On-the-Go Discarders are slightly less aware of Encorp and the Return-It™ brand than other segments.

## UNAIDED KNOWLEDGE OF RECYCLING LOCATIONS



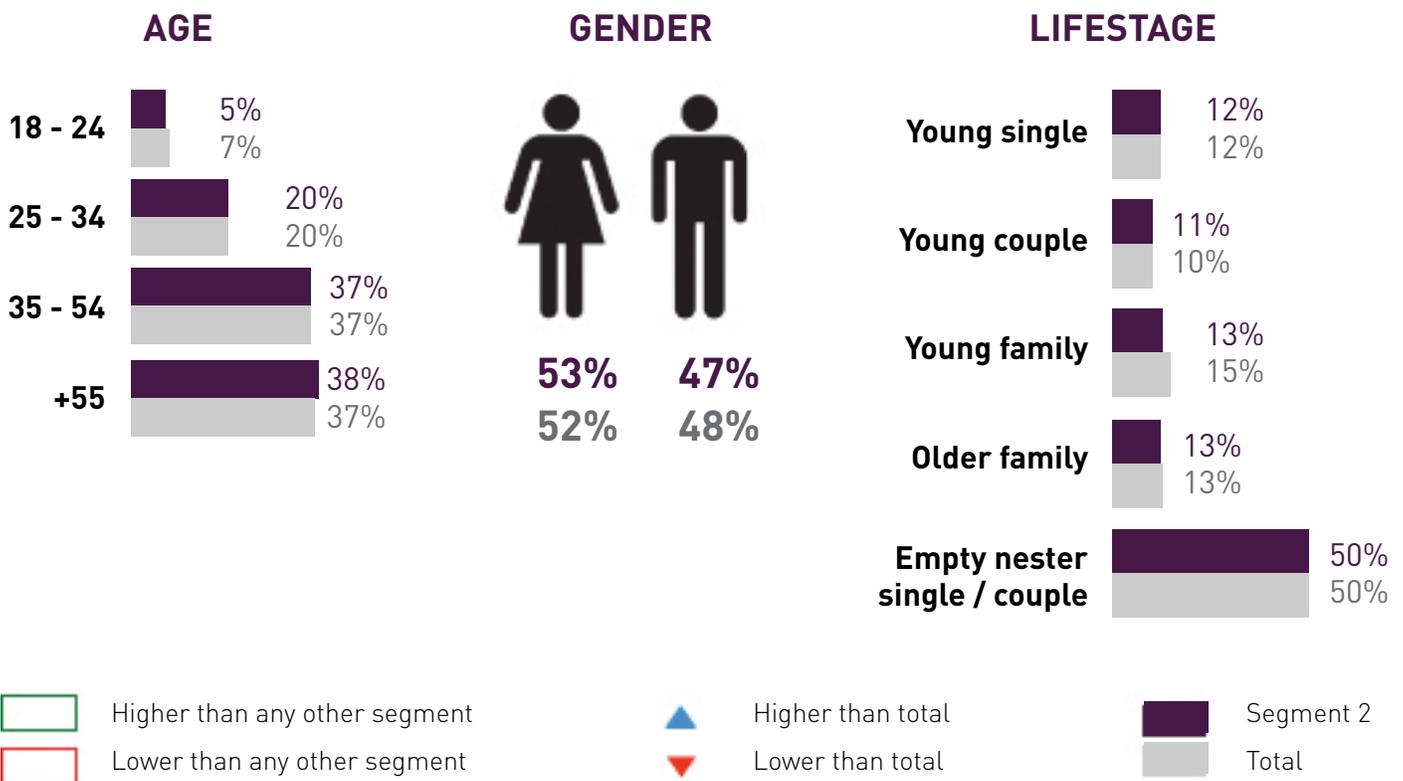
## AIDED AWARENESS OF ENCORP / RETURN-IT™



## Segment 2

### Improving In-Betweeners

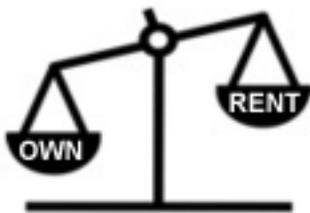
As their name suggests, Improving In-Betweeners are in the process of improving their recycling behaviour. Their knowledge about recycling can be described as “average” and they are evenly distributed throughout the province, except in Metro Vancouver, where there are proportionally more of them. Tapping into the need for ease/speed may be a viable message we can use to help them continue to develop good recycling habits.



## Segment 2 Improving In-Betweeners

This segment is more prevalent in the Metro Vancouver region outside of the City of Vancouver.

### HOME OWNERSHIP



**65%**  
64%

**35%**  
36%

### RESIDENCE SINGLE



**52%**  
55%

### MULTI



**48%**  
45%

### REGION

CITY OF VANCOUVER	<b>14%</b>	14%
REST OF METRO VANCOUVER	<b>42%</b>	38%
VANCOUVER ISLAND	<b>16%</b>	17%
FRASER VALLEY / WHISTLER / COAST	<b>9%</b>	8%
OKANAGAN	<b>9%</b>	11%
KOOTENAYS	<b>4%</b>	4%
NORTH	<b>5%</b>	7%

Higher than any other segment  
 Lower than any other segment

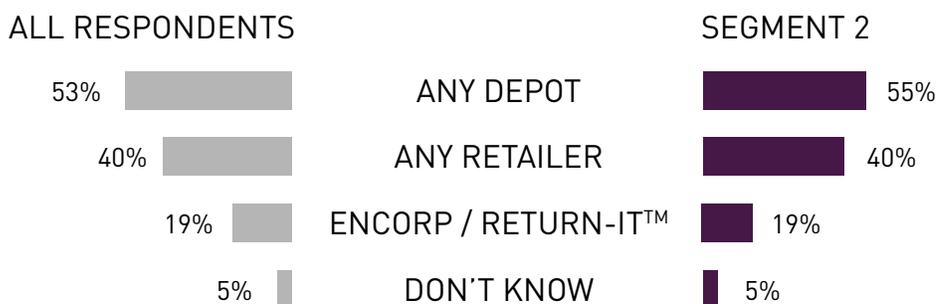
▲ Higher than total  
▼ Lower than total

Segment 2  
 Total

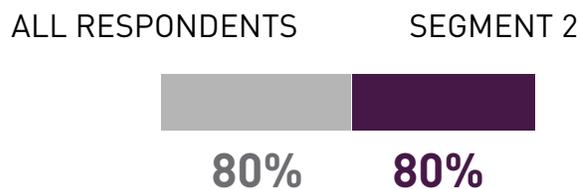
## Segment 2 Improving In-Betweeners

Improving In-Betweeners are average in their knowledge of recycling locations and Encorp/Return-It™.

### UNAIDED KNOWLEDGE OF RECYCLING LOCATIONS

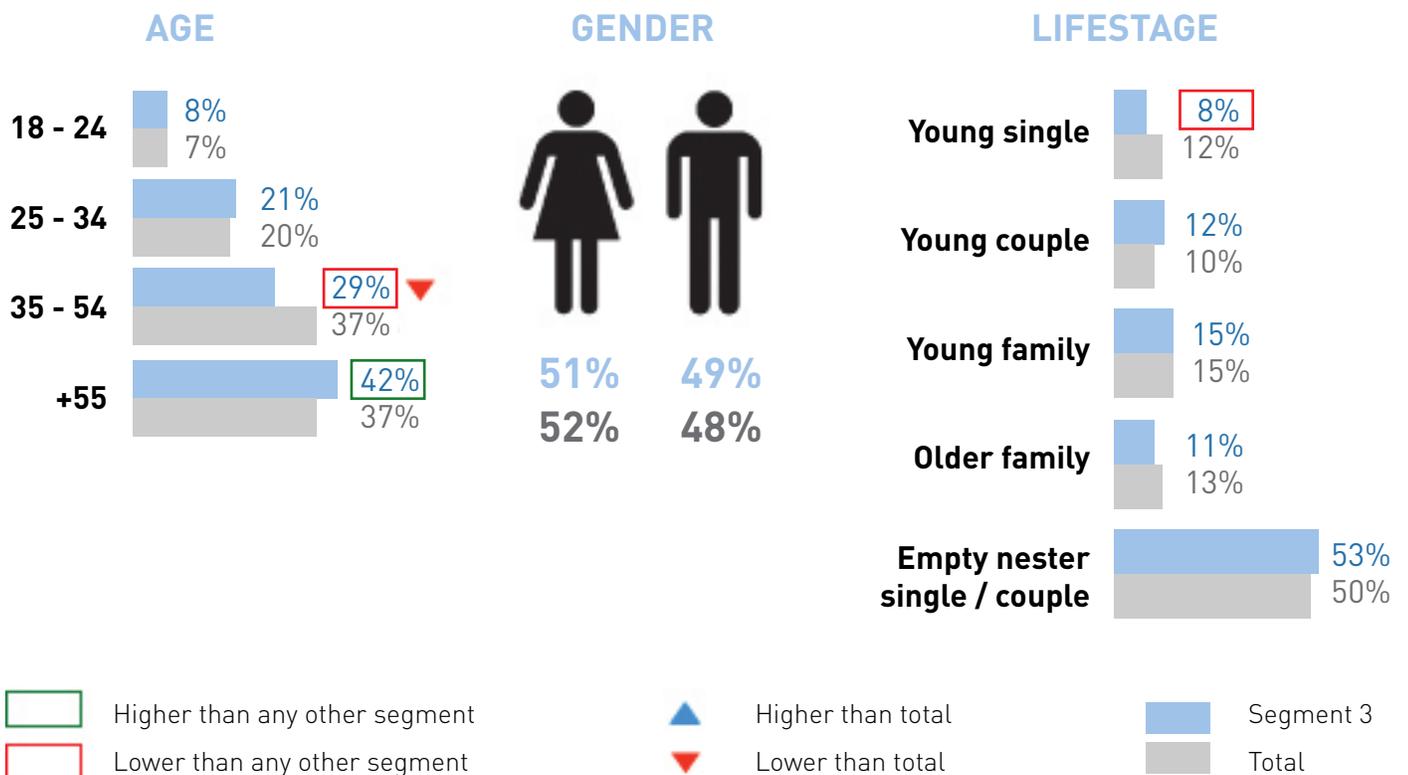


### AIDED AWARENESS OF ENCORP / RETURN-IT™



## Segment 3 Habitual Trashers

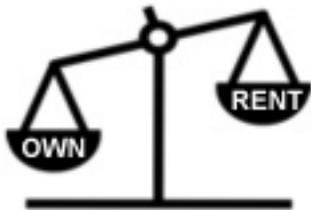
As the segment with the worst recycling habits, Habitual Trashers usually don't bother recycling at home, at work, or anywhere else. Part of that behaviour stems from lack of knowledge, but attitude is also a serious problem, as is the inconvenience (whether real or perceived) of recycling. Habitual Trashers tend to live in both urban and northern locales, and tend to be either young or old — fewer of them are middle aged.



# Segment 3 Habitual Trashers

Habitual Trashers are the most urban segment of all, and yet also the most strongly Northern.

## HOME OWNERSHIP



**59%**  
64%

**41%**  
36%

## RESIDENCE



**51%**  
55%

## MULTI



**49%**  
45%

## REGION

CITY OF VANCOUVER	<b>18%</b>	14%
REST OF METRO VANCOUVER	<b>23%</b> ▼	38%
VANCOUVER ISLAND	<b>17%</b>	17%
FRASER VALLEY / WHISTLER / COAST	<b>7%</b>	8%
OKANAGAN	<b>10%</b>	11%
KOOTENAYS	<b>5%</b>	4%
NORTH	<b>20%</b>	7%

  Higher than any other segment  
  Lower than any other segment

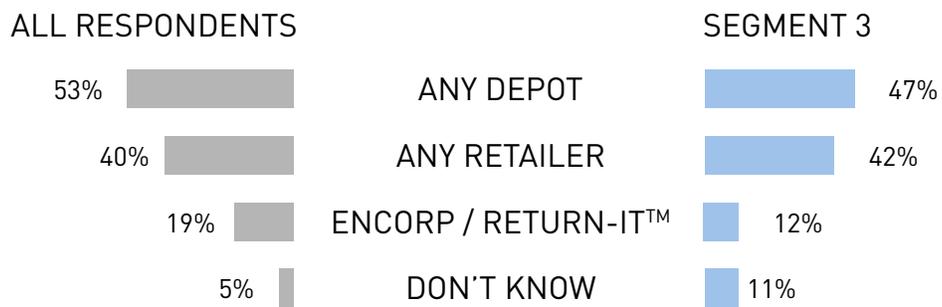
▲ Higher than total  
▼ Lower than total

Segment 3  
 Total

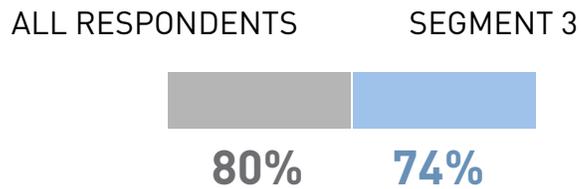
## Segment 3 Habitual Trashers

Location knowledge and brand awareness for Habitual Trashers is lowest among all segments, but is still relatively strong.

### UNAIDED KNOWLEDGE OF RECYCLING LOCATIONS

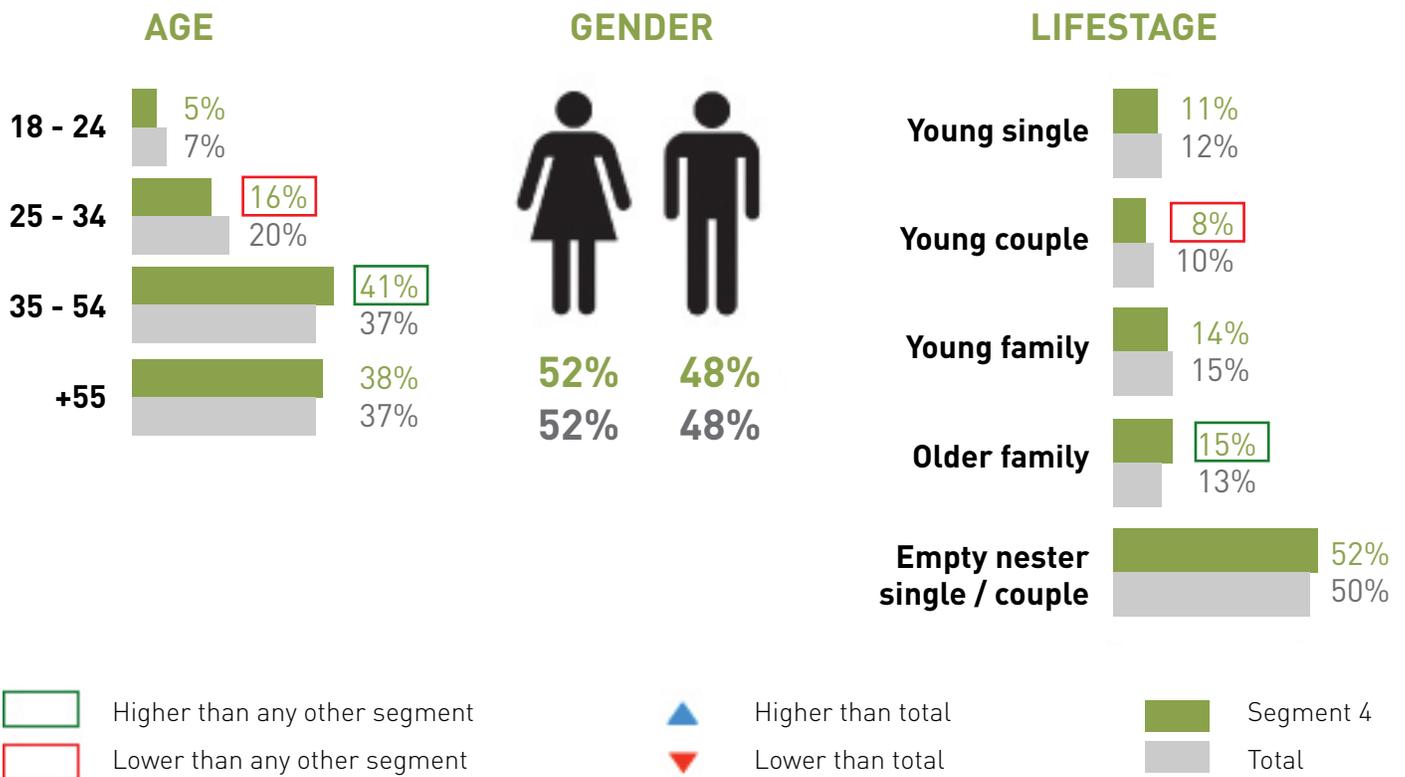


### AIDED AWARENESS OF ENCORP / RETURN-IT™



# Segment 4 Super Returners

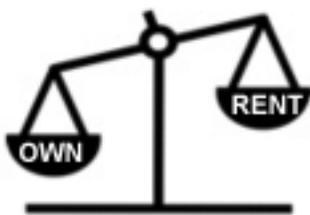
This segment needs no future targeting: their return behaviour is already exemplary and they are largely satisfied with the function recycling depots perform in the province. Super-Returners live in all areas of the province, and are most likely to be middle-aged home owners.



# Segment 4 Super Returners

Region does not define Super Returners, and they most often live in single family homes.

## HOME OWNERSHIP



**67%**  
64%

**33%**  
36%

## RESIDENCE SINGLE



**59%**  
55%

## MULTI



**41%**  
45%

## REGION

CITY OF VANCOUVER	<b>15%</b>	14%
REST OF METRO VANCOUVER	<b>40%</b>	38%
VANCOUVER ISLAND	<b>17%</b>	17%
FRASER VALLEY / WHISTLER / COAST	<b>9%</b>	8%
OKANAGAN	<b>9%</b>	11%
KOOTENAYS	<b>3%</b>	4%
NORTH	<b>7%</b>	7%

  Higher than any other segment  
  Lower than any other segment

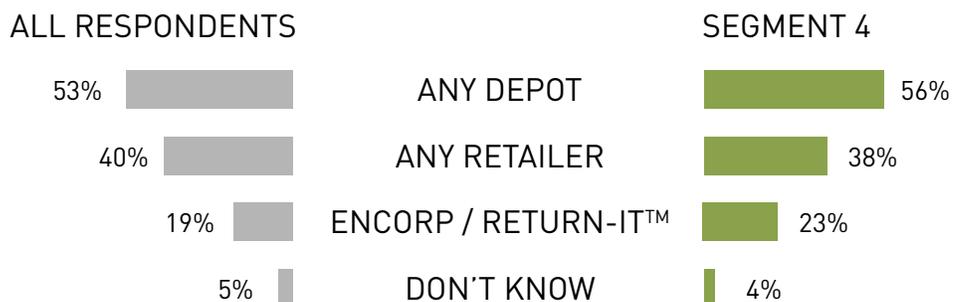
▲ Higher than total  
▼ Lower than total

Segment 4  
 Total

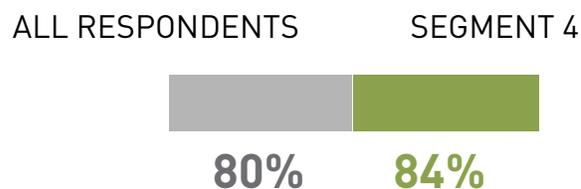
## Segment 4 Super Returners

Super Returners are naturally the most aware of recycling locations and most aware of and positive about the Return-It™ brand.

### UNAIDED KNOWLEDGE OF RECYCLING LOCATIONS



### AIDED AWARENESS OF ENCORP / RETURN-IT™





**Nutrition Facts**  
valeur quotidienne

160	0 %
0 mg	2 %
14.0 g	14 %
14.0 g	
of saturated fat	
vitamin A	
vitamin A	

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# GETTING OUR MESSAGE OUT

**Who's recycling? Who's not?** The answers to these two questions are critical to our business. By understanding the recycling behaviour—both good and bad—of British Columbia residents, we're better able to craft our marketing messages into a powerful, persuasive case for recycling.

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 discarded. This knowledge allows us to develop targeted advertising campaigns that reach exactly the right people at exactly the right time.

Each year we strive to develop new and creative ways of reaching our consumers. Methods include advertising, promotions and contests, as well as public relations and community involvement events. This year, we've also incorporated social media into our overall media plan, in order to pass along interesting information and encourage more recycling.

2013 was another positive year for Encorp's consumer-facing advertising and awareness programs. Highlights for the year include:

- The overall recovery rate increased by 1.4%, the largest gain in over four years.
- In a year where beverage sales were down by 22.9 million units year-over-year, the number of containers we recycled was down by only 929,837. That equates to a 4% variance in sales vs. recovery.
- Our [www.returnit.ca](http://www.returnit.ca) website had over 340,000 unique visitors and over 2.5 million hits during the year.

Our investment in advertising and marketing efforts is evident in the sustained level of consumer awareness year-over-year.

## Social Media

In 2013 Encorp's Twitter account, @Return\_It, grew significantly and was used to communicate with consumers about recycling-related events, fun facts, and the latest information about Encorp activities. We have taken a very active approach to social media, crafting 992 tweets throughout the year. By the end of 2013, @Return\_It had 393 followers—a number that continues to grow steadily.

We also continued to build our presence on other social media channels. The Return-It™ YouTube channel helps consumers locate entertaining videos about Encorp's programs, contests, and other initiatives. Our Facebook page highlights interesting events at our depot locations, while our LinkedIn page helps us maintain a professional presence in one of the premiere social media websites in the world.



### Advertorials

Our full-page advertorials run in major newspapers throughout the province during the year. They provide detailed information about Encorp’s activities in the province, as well as the various communities where they take place. As such, they serve to build awareness and spark dialogue with stakeholders in various municipalities. We timed the publication of these advertorials to coincide with Earth Day and the Union of BC Municipalities (UBCM) Conference.

### Regional District Calendars Ads

Published alongside the waste collection calendars that are distributed to thousands of households around the province, our advertisements provide practical tips—where to recycle, how much each container is worth, which containers are accepted, and other information on recycling. They function as an ideal in-house reminder for individuals and families to keep their beverage containers out of landfills.

### Public Service Announcements with Wesla Wong

Our upbeat television spots with well-known Global BC meteorologist Wesla Wong helped consumers understand exactly what happens to beverage containers once they’ve been recycled. By showing viewers the end products made from recycled materials, we built awareness of the direct and tangible benefits of recycling.

### Consumer Brochure

Our consumer brochure functions as an important source of information for consumers. It informs consumers about the rationale on why they should recycle, what happens to containers during the recycling process, and why they should always return their containers to a Return-It™ Depot.

### “5 Star Depot” Advertorials

We developed our voluntary “5 Star Program” to build awareness and increase container collection at select Return-It™ Depots. Those 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. Such bragging rights flow through to the bottom line, increasing exposure in the community and highlighting the depot’s efforts to be the consumers’ recycler of choice.



## “SOMEBODY’S WATCHING YOU...”



In 2013, we continued and expanded our highly successful consumer advertising campaign, targeting those who don't recycle. The campaign hits home because it makes the consequence of not recycling both immediate and clear: by not recycling, peers will think less of you. While our primary goal was to reach young males, our message can be easily understood and appreciated by everyone, male and female, young and old, recyclers and not.

We purchased media aimed particularly at males aged 18 to 34 living in urban environments. We showcased our “SpokesPuppets” on television, but also online, in transit stations, on campus, on vending machines, at summer festivals, even in locker rooms at local gyms. To help further reinforce the social judgment a non-recycler could face, we created fictional articles for the entertainment section of the 24 and the Metro daily newspapers, where celebrities were scandalized for not recycling their beverage containers.

The campaign also made an appearance in the “Missed Connections” section of Vancouver’s Georgia Straight newspaper. We designed a series of fabricated entries to portray stories of people who were at first smitten by someone, but were turned off when the object of their affection failed to recycle their beverage container. To generate additional awareness, full buses were wrapped with our Puppets in Surrey and Vancouver.



### Television

Our television “SpokesPuppets” continued to work hard for us throughout the year. Our well-received campaign of four television commercials ran on a variety of networks including Global, A+E, TLC, CNN, AMC, Spike, CNBC, Fox News, WPCH, Golf, HNN, and MSNBC.

### Radio

Our tongue-in-cheek radio spots let listeners of Vancouver and Victoria stations know that if they throw their recyclables in the trash, someone’s going to know about it—and that someone’s going to let others know about it too!

### “I Saw You” Newspaper Listings

We placed unexpected entries in the “Missed Connections” section of Vancouver’s Georgia Straight newspaper. The entries told stories of people who were at first infatuated by someone, but turned off when that person failed to recycle their beverage container.

### Entertainment Section Ads

We placed fictional articles in the “Entertainment” section of the Lower Mainland’s Metro and 24 daily newspapers. The articles described breaking “scandals” of celebrities whose bad recycling habits were caught on camera.



### Billboards

We placed digital billboards in high-traffic areas around the Lower Mainland, including the Port Mann Bridge, Queensborough Bridge, Highway 91, and Dyke Road to target suburban commuters.

### Transit “Eyes” Posters

Look who’s watching you... Our “eyes” posters allowed Skytrain riders on Vancouver’s Expo, Millennium, and Canada lines to feel the power of our SpokesPuppet’s judgemental stare.

### Gym and Community Centre Decals

We placed posters and decals on mirrors, in lockers, near vending machines, and around recycling bins in gyms and community centres. These strategically located messages encouraged people to recycle when they’re out and about.

### “Share Your Stare” Interactive Booth

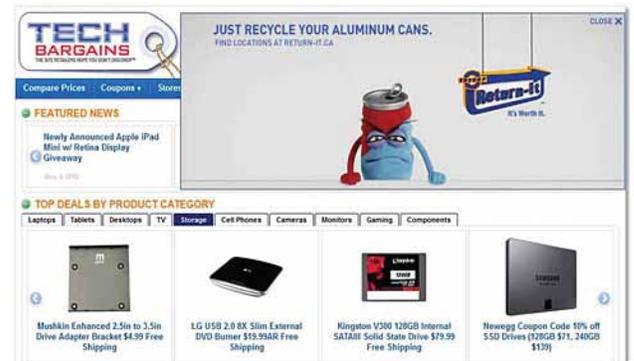
Encorp’s interactive street team attended major events and invited attendees to take their photo in the “Share Your Stare” booth. These photos were shared on the participants’ social media channels to send a message to non-recyclers.

### Online Banners and Mobile Advertising

We developed “rich media” online banner ads and placed them on a variety of popular websites, including IMDb, TopTenReviews, Memebase, and CarDomain. We also created a number of mobile ads that targeted busy females as they surf the internet at work and home on their phones.

### Bus Wraps

We wrapped commuter buses throughout Surrey and Vancouver to build brand awareness and communicate the importance of good recycling habits.



## RECYCLING PROGRAMS

The 171 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 Recycling Program

Since 2001, this program has helped elementary and high schools promote environmental action and raise money at the same time. In the 2012/2013 school year, 284 schools across the province registered in this program, competing with each other to be the school that collected the most containers in the province. Students at participating schools recycled almost 3.5 million containers, which generated over \$232,331 in deposit refunds and an additional \$20,250 in prizes for the winning schools. Since inception, the program has recovered more than 44 million containers, equalling over \$2.7 million in deposit refunds for BC schools.

### BC Parks Pilot Program

Expanding on a successful pilot launched in 2009, Encorp continued its effort to keep BC parks clean in 2013. Encorp provided 68 new bear-proof recycle bins to eight popular BC Parks, bringing the total to



254 bins in 26 parks: Alexandra Bridge, Alice Lake, Bowron Lake, Cultus Lake, Diana Lake, E.C. Manning, Exchamsiks River, Golden Ears, Goldstream, Green Lake, Kikomun Creek, Kokanee Creek, Lakelse Lake, Little Qualicum Falls, Miracle Beach, Nancy Green, North Thompson River, Paul Lake, Prudhomme Lake, Rath Trevor Beach, Ross Lake, Seeley Lake, Stawamus Chief, Syringa, Tyhee Lake, Wasa Lake, and Wells Gray. The arrangement benefits everyone: the parks receive deposit refunds, Encorp promotes responsible recycling, and most proceeds are given to the parks' favourite charities.



### Outdoor Spaces Events

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

In 2013, our team and mascot were present at 46 trade shows and outdoor events, over 61 activation days; collectively, these events were attended by more than 2,250,000 people. Highlights included Fresh Air Cinemas, Celebration of Lights, Stanley Park 125, North Thompson Fall Fair and the Alcan Dragon Boat Festival.

At these events, attendees took almost 3,500 photos in our Share Your Stare booth, which featured our popular container puppets, and shared those photos

with close to 40,000 friends on social media.

"I think it's great that you guys are here promoting recycling, especially to families and young kids."

*Landfill Open House, May 31*

"Encorp is doing great things for recycling in BC."

*FAC Chilliwack, August 22*



### **Fresh Air Cinemas**

To further encourage people to recycle away from home, Encorp provided recycle bins at Fresh Air Cinemas throughout the summer of 2013. The Encorp activations team attended events across BC in order to reach movie-goers in the Lower Mainland, Fraser Valley, Okanagan, Northern BC and on Vancouver Island. Encorp Pacific's popular container character spots were aired on the big screen at all 57 Fresh Air Cinema events. The events collected over 100,000 beverage containers and resulted in more than \$5,000 in deposit refunds donated to local community charities.



### **Return-It to Win-It™**

Encorp held its annual Return-It to Win-It™ depot promotion to increase awareness of local depots. It provided great incentive for new customers to visit and for existing customers to visit more often. Because of the event's overwhelming success in 2012, Encorp once again gave customers the opportunity to win a brand new Smart Fortwo, along

with a number of other prizes. This year Brian Meadmore of Kamloops took home the big prize, while Nadine Schneider of Hope won a pair of Vespa Scooters and Nick Sepi of Burnaby took home a set of brand new mountain bikes. With over 245,000 ballots submitted throughout the contest period at 114 participating depots, the contest once again proved to be a popular favourite with customers.



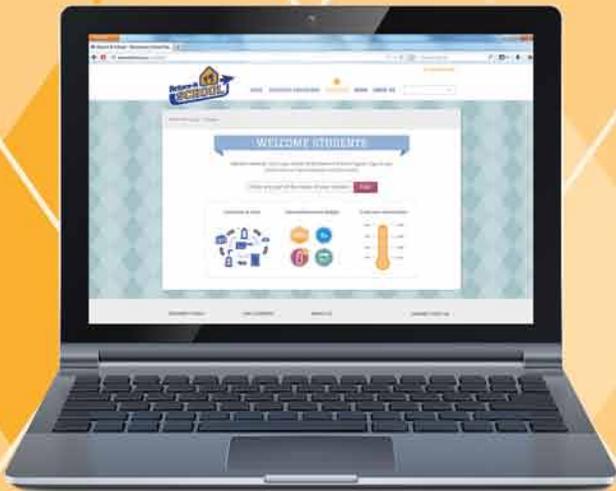
### **Artist Response Team**

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 2013, 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.

ART provides customized rehearsal CDs; students learn songs over 6-12 weeks. Holly Arntzen and Kevin Wright arrive at the school for a 4-day Artist In Residency to rehearse with students. Students then write about the issues raised in the songs, and what they believe people can do to help. Teachers are provided with ART's award-winning Educators' Handbooks, which offer suggested activities in many subjects linked to the song lyrics and fulfill prescribed learning outcomes. Handbooks and CDs are available in English and French, and are provincially recommended by the BC Ministry of Education.

The culmination of the program is a professional concert given for families and friends, in which every child is put in a leadership role to sing out and speak up for nature. In April of 2013, Voices of Nature gave three concerts at the Bell Centre in Surrey, involving over 3,000 students and teachers from 29 schools.

## GET AN EASY “A” IN RECYCLING



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

Encorp continually strives to be a leader in molding the next generation of recyclers. To be at the forefront in student recycling initiatives, Encorp re-branded and re-launched its Elementary and High School Recycling Program as Return-It School for 2013 - 2014.

### Goals of the program

- Increase the number of schools registered
- Build awareness of the program and its success to date
- Make program resources and teaching aids easier for teachers to access
- Improve the online reporting system for schools to enter their results
- Streamline program administration



### **New and improved for greater student involvement**

The newly revamped site increases student involvement in many ways.

Students and schools are now able to easily enter and track their recycling progress online by viewing their customizable recycling dashboard, which makes reporting easier than ever. Schools can set goals and see them reached in real time, tracking their progress over the course of the school year.

### **Online resources for teachers**

Teachers can now access online resources quickly and more easily to help teach students about recycling. Starting in the 2014-2015 school year, schools can use the website to book a Return-It Man school performance or the Share Your Stare photo-booth for school events. The program is also more streamlined, with schools receiving recycling bins and some depots across BC providing easy pickup services.

### **Great prizes and incentives**

As in previous years, the schools that collect the highest number of containers per student win bonus cash prizes. Over \$20,000 is awarded to winning schools across the province. And at the end of the year, students receive award certificates and letters of recognition from Encorp. Exceptional schools are recognized online with award badges. Even with the improvements, the program is still 100% free for schools to join. Encorp looks forward to even greater participation next year.

### **By the Numbers**

- 4,469 schools have participated
- Approximately 988,336 students involved
- 44,177,992 containers recycled
- \$ 2,706,404 in deposits refunded
- 10,492 bins provided

# ENCORP'S NEW 5 YEAR STEWARDSHIP PLAN



## Encorp Pacific is requesting your feedback on our Beverage Container Stewardship Plan

Encorp was originally formed in 1994 and appointed by beverage brand owners as the not-for-profit product stewardship corporation responsible for all beverage containers and all alcohol beverage containers *(except for aluminum beer cans and refillable beer bottles)*. Since inception, Encorp has fulfilled the requirements of the BC Recycling Regulation. This regulation calls for the submission of a revised plan every five years.

Stakeholders are invited to review the plan online and submit feedback anytime until July 2, 2013. The plan will also be available for review at the following public meeting:

<p><b>Date:</b> April 23, 2013 <b>Time:</b> 1:00pm—3:00pm <b>Location:</b> The Delta Grand Hotel 1310 Water Street, Kelowna <small>Register to attend this event at <a href="http://return-it.ca/consultationregistration">return-it.ca/consultationregistration</a></small></p>	<p>To find a full copy of the stewardship plan online and to submit your comments, please visit <a href="http://return-it.ca/stewardshipplan">return-it.ca/stewardshipplan</a></p>
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Each stewardship agency operating an Extended Producer Responsibility (EPR) program in BC is required to submit a plan to the Ministry of Environment every five years. Encorp has submitted four such plans in the past, and has received approval for all of them. With our existing plan expiring at the end of 2013, we began the process of developing our 2014-18 plan early last year.

With the rapid growth of EPR programs throughout BC, the provincial government, along with stakeholders and consumers, has demanded more stringent and further-reaching regulatory requirements for operating and reporting on recycling programs. At Encorp, we embrace these requirements and take our responsibility very seriously, always striving to be the leader in our industry.

The Ministry of Environment was explicit in its direction that the key component required of any stewardship plan submitted for its approval must be substantial public and stakeholder consultation. A further Ministry request was that the development of the consultation plan itself should have stakeholder input.

To assist in this process, an early draft of the plan was submitted to a joint meeting of Encorp's Board of Directors and its Advisory Committee. This joint group contains expertise from senior corporate management, marketing, local governments, recycling NGOs and social services. Following a review of the draft plan there was strong support, particularly from Encorp's Board members, that Encorp should set a high standard for consultation and should exceed the minimums required by the Ministry of Environment.

Encorp's Chief Marketing Officer developed a program of direct personal contact through public meetings, paid advertising, use of social media, web-based seminars and a variety of other methods that made it easy for stakeholders to submit comments on the plan.

Collection of feedback was designed to allow for ease of submission of online stakeholder comments. In addition to online access, the plan was available for review at a series of public meetings held in six locations around B.C. There were two easily accessible

## Print Ad Performance

Media / Geography	Event Date	Purchased	Impressions
Vancouver Sun	Vancouver - May 10th	2	899,600
Victoria Times Colonist	Victoria - April 18th	2	281,532
Kelowna Capital News	Kelowna - April 23rd	2	111,992
Kelowna Daily Courier	Kelowna - April 23rd	2	76,496
Cranbrook Daily Townsman	Cranbrook - June 12	2	11,206
Cranbrook Kootenay Advertiser	Cranbrook - June 12	2	4,440
Prince George Citizen	Prince George - June 4	2	58,060
Prince George Free Press	Prince George - June 4	2	45,572
<b>Total</b>		<b>16</b>	<b>1,488,898</b>

public webinar sessions held. The time and place of these meetings and webinars were advertised in daily and community newspapers and placed on the Return-It™, RCBC, and SABC websites along with links to the plan documents. The consultation was open for feedback from April 1 to July 2, 2013, much longer than the regulated requirement.

Encorp Pacific's revised 2014 - 2018 stewardship plan was submitted to the Ministry of Environment on December 24, 2013. It is currently being reviewed by ministry staff, but as we wait for approval the implementation and operation of the plan has commenced. The full and final plan will be available on the [returnit.ca](http://returnit.ca) website upon Ministry approval.

Input received during the public consultation generally fell into three categories:

1. Comments and questions related to products or programs that are not part of the Encorp Stewardship program or are more broadly public policy issues.
2. Issues requiring clarification of or coming from misinterpretation of plan content.
3. Areas where feedback resulted in changes to the plan itself.

The consultation process provided valuable feedback for Encorp which allowed us both to clarify and make adjustments to the plan prior to submission to the Ministry of Environment.

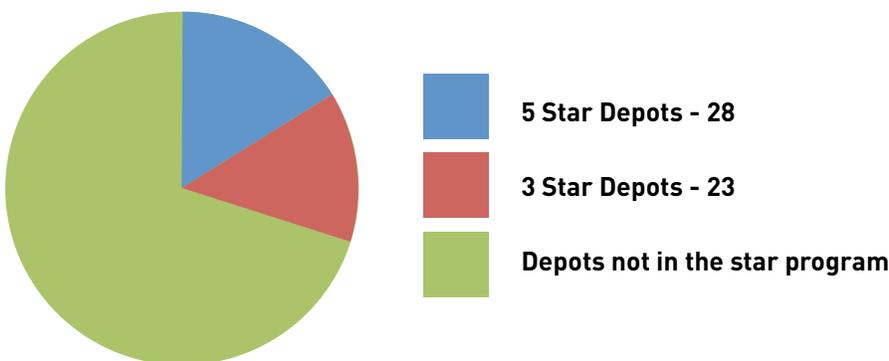
## BUILDING ON OUR SUCCESS

Encorp's collection network consists of 171 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 companies 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.

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!

**Here is an overview of the 171 depots in the network today:**



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

- Median volume: 5.0 million units of Encorp material + 1.5 million units of Brewers Distributor Limited (BDL) material = 6.5 million total
- Depots share of all collected containers: 92% (8% goes to grocery retailers)
- Depots share of alcohol containers: 84% (16% goes to government liquor stores)
- Depots collecting electronics: 107
- Total estimated employees: 700 full-time equivalents
- Total Encorp fee for service payments to depots: \$53.5 million/year

**Thank You For Recycling!**



## TAKING THE INITIATIVE

Ali Dharamshi has never been afraid to take charge. Ten years ago, he was working for a multinational furniture retailer when he noticed the company lacked a co-ordinated program for recycling beverage containers. So he went ahead and made one.

Fast forward to November of 2013 and Ali has taken the initiative again, opening his own, brand-new Return-It™ Depot in Queensborough Landing, New Westminster.

Queensborough is a 5 star depot, with a top-level commitment to service, cleanliness, and comfort that perfectly encapsulates the customer experience Encorp strives toward. But Ali isn't content to sit on his laurels. He's taken further steps to improve his depot, introducing family-friendly decor, a "kids corner" for children to unload containers, and new wash-up facilities for customers dropping off their recycling. Talk about initiative.



# KEEPING THE SYSTEM MOVING



Encorp's integrated transportation system uses over 30 transporters to move our material to over 17 processing sites throughout the province. Within urban centres, we use dedicated transporters that pick up from depots and do short-distance transport to processing sites. For rural areas, Encorp utilizes transporters that provide back hauling at a reduced rate.

## Infrastructure improvements

In the Lower Mainland, the new Port Mann Bridge was completed and opened to traffic. The South Fraser Perimeter Road (SFPR), a four-lane express way along the south side of the Fraser River was also opened. These roadway improvements resulted in increased efficiency for our transporters, with greatly reduced driving times to depots and processors.

## Fuel prices

Fuel prices remained relatively stable throughout 2013 but trended up late in the year. Overall, the cost of transportation was \$17.3 million; \$4.6 million of that was used for the transportation of electronics.

## Compaction and baling

Approximately a dozen of our Return-It™ Depots provide compaction services to Encorp. These services include baling and processing of aluminum and plastic beverage containers, eliminating the transportation of "air" and reducing the number of trips required by our transporters. These in turn reduce our company's carbon footprint.



### **Big Bag program**

We continue to introduce our Big Bag program to depots. The Big Bag allows recyclers to put more beverage containers in a reusable canvas bag compared to a one-use plastic bag (36" x 48"), thereby reducing labour at depots. The Big Bag program will also assist processors as unloading will be easier and more efficient. We expect to introduce the Big Bag program to Vancouver Island in 2014.

### **Glass outlook**

The market outlook for glass is good and demand for recycled glass remains strong. The fiberglass industry's demand for glass remained strong during the fourth quarter of 2013 and increased in early 2014.

Encorp continues to ship the majority of its glass to Seattle for bottle to bottle recycling—largely to manufacture wine bottles.



A close-up photograph of the front grille of a white truck. The grille is made of a fine, diamond-patterned mesh and is framed by a polished chrome border. In the center of the grille, there is a vertical chrome bar that holds a circular logo. The logo is red with white and blue stripes and contains the letters 'K' and 'W' in white. The background is a blurred outdoor setting, suggesting a parking lot or a construction site.

## SMOOTH SAILING AHEAD

Jamie Giroux is no stranger to recycling. As the General Manager of Vanguard Bottle Depots, Jamie has been handling cans, bottles, electronics and other materials for a little more than 15 years now.

Even though his primary business is transportation, Jamie believes customer service is the name of the game. Providing his customers (and employees) with a safe, clean environment to recycle is the key to ongoing business success.

As the organization responsible for transporting roughly 50% of the beverage glass in the province, Vanguard knows a thing or two about efficiency—and the barriers to achieving it. Throughout 2013, several big-name construction projects around the Lower Mainland posed a significant challenge for those charged with getting recycled containers where they need to be. With most of those projects now complete, Jamie sees nothing but smooth sailing and clear roads ahead.

## QUALITY COUNTS

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

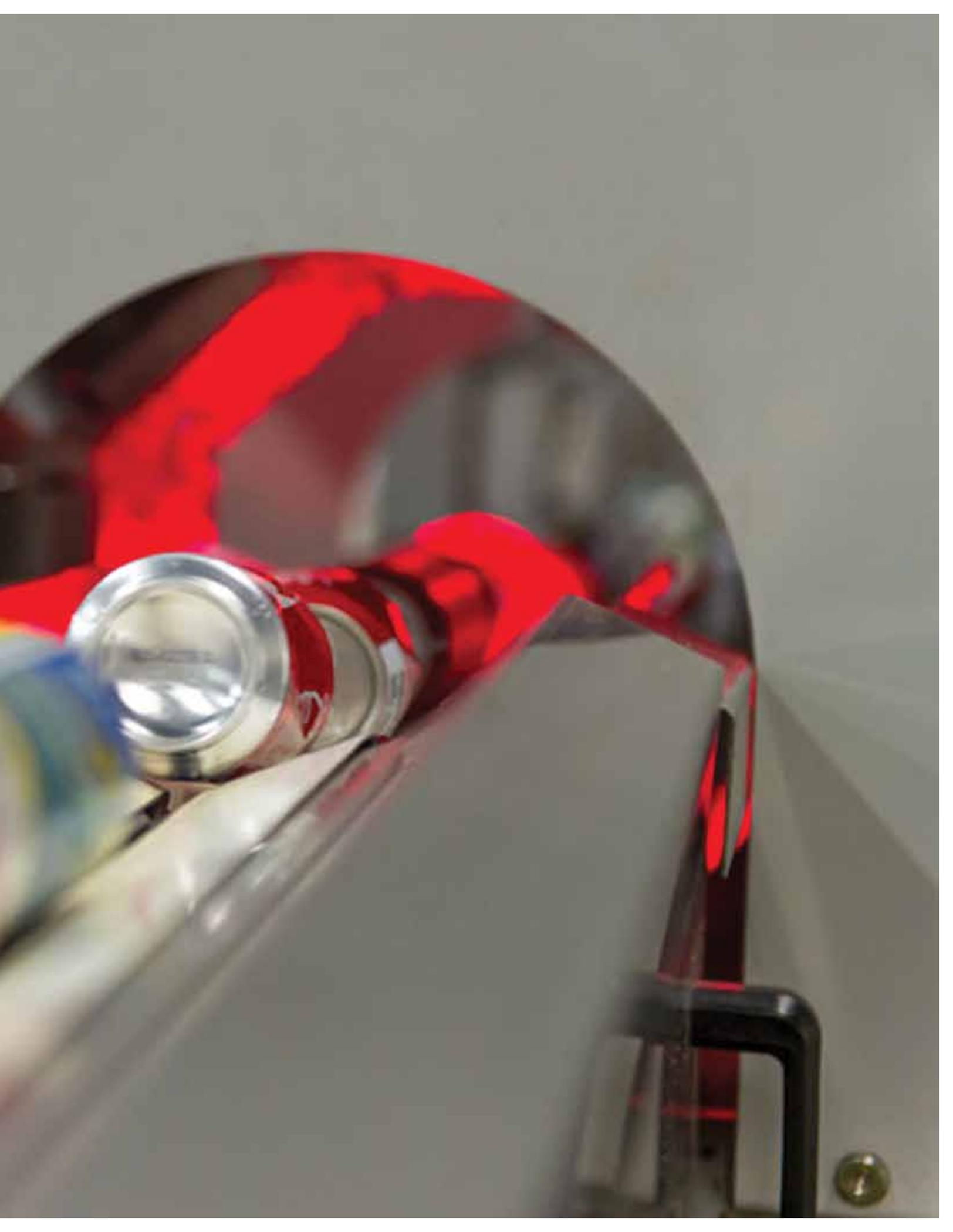
Utilizing our AA equipment offers a number of important benefits:

- Additional volume capability
- Improved accuracy
- Better identification of non-compliant containers

Improving our identification of non-compliant containers helps us work with depot owners to build awareness of the types of containers managed through the Encorp system.

Encorp has also introduced a number of automated workstations at all QA count locations outside the Lower Mainland. These count machines use light curtain technology to make the counting of beverage containers easier, faster, and more accurate than manual counting.





## 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 met 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 fell under a voluntary collection program. In 2014, that will change: milk products will be captured under the packaging and printed paper regulation, which will come into force in May of 2014.



### **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](http://www.recyclemyelectronics.ca)

### **Electronic Products Recycling Association (BC)**

Under the contract, Encorp has operational management of a system that collects end-of-life electronics (EOL) covered by provincial regulation and transports them to recyclers. At the end of 2013, there were over 155 permanent sites throughout the province to which consumers and businesses could return designated EOL at no charge. That's up from 143 in 2012.

### **RETURN-IT MILK™**

Since Return-It™ Depots already accept beverage containers, adding milk and soy containers was a natural fit.

### **BC Dairy Council (BCDC)**

The contract with BCDC covers a voluntary (non-deposit) recovery system for all milk and soy beverage containers. At the end of 2013, there were 166 Return-It™ Depots that accepted milk and soy jugs and cartons. Although the Return-It Milk™ program was not covered by provincial regulation in 2013, and BCDC is not a product stewardship agency, it does produce an annual public report on the program's results, which can be viewed at [www.milkcontainerrecycling.com](http://www.milkcontainerrecycling.com)

# 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)

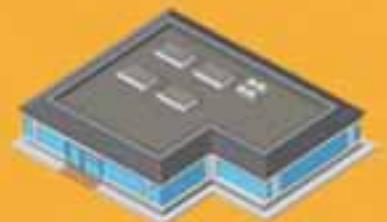


CORNER STORE

RETURN-IT DEPOT

GOVERNMENT LIQUOR STORE

SUPERMARKET



**0.5%**  
NON-ALCOHOL

**91.9%**  
NON-ALCOHOL

**86.3%**  
ALCOHOL

**13.7%**  
ALCOHOL

**7.6%**  
NON-ALCOHOL



**ALUMINUM**



**BI-METAL**



**PLASTIC**



**GLASS**



**POLYCOAT**



**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

# ENCORP PACIFIC 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 green house 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 2013, Encorp collected over 90,000 metric tonnes of recyclable material. The energy saved through the recycling of materials collected by Encorp has been converted into tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) (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.<sup>i</sup>

The avoided emissions published in this report were calculated using the up-to-date WARM v.12 that has several emission factors revised to reflect 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 restates the prior year avoided emissions using the updated WARM model to track performance against the baseline chosen.

In total, Encorp's activities in 2013 contributed to the reduction of about 94.7 thousand tonnes of CO<sub>2</sub> equivalent being released into the atmosphere, compared to 94.3 thousand tonnes in 2012.

Material	% Energy Savings from Use of Recycled Inputs for Manufacturing of Material	2013 tonnes CO <sub>2</sub> equivalent reduced	2012 tonnes CO <sub>2</sub> equivalent reduced (restated Note 1)
Aluminum	93%	48,763	49,469
Plastic	86%	12,656	12,242
Pouches/Bag-in-Box	53%	1,118	1,000
Glass	34%	24,880	24,460
Bi-Metal	82%	683	523
Polycoat	53%	6,557	6,622
<b>Total</b>		<b>94,727</b>	<b>94,316</b>

### **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 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 (CH<sub>4</sub> and N<sub>2</sub>O) in the calculation to provide reporting on the CO<sub>2</sub> equivalent (CO<sub>2</sub>e) 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 the BC Ferry fleet GHG emissions for members of the public.

Finally, emissions associated with the handling of materials outside of Encorp's core stewardship activities of deposit bearing beverage containers, such as milk containers and electronics, were excluded.

# ENCORP PACIFIC ENVIRONMENTAL REPORT

## Emissions Inventory Summary (tonnes CO2)

Type of Emission	2013 <sup>ii</sup>	2012
<u>Direct emissions</u> are emissions from sources that are owned or controlled by Encorp		
Employee travel - gas use	25	28
<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. <sup>ii</sup>		
Offices (excluding head office)		
Purchased electricity in leased buildings (excluding head office)	3	3
Employee domestic air travel	16	10
Employee domestic ferry travel	1	1
Depots		
All purchased electricity in owned or leased buildings	118	120
All natural gas consumed in owned or leased buildings	88	74
Processors		
All purchased electricity in owned or leased buildings	68	58
All purchased gas consumed in owned or leased buildings	4	5
Transportation – depots to processors		
Diesel fuel	3,886	3,910
Transportation – processors to end markets		
Diesel fuel	1,231	1,212
Rail (based on metric tonne km)	371	370
Sea Cargo (based on metric tonne km)	3,361	4,354
<b>Total Emissions all sources</b>	<b>9,174</b>	<b>10,147</b>

<sup>i</sup> US EPA, Waste Reduction Model, Version 12 (02/12); US EPA, Solid Waste Management and Greenhouse Gases (Exhibits 2-3 to 2-6) were used to calculate 2013 and 2012 avoided emissions of CO2.

<sup>ii</sup> 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



### **Aluminum**

Aluminum is the most valuable commodity we collect, and the most commonly used individual serving container. After collection, we bale crushed aluminum cans and send them to a major re-melt facility, 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.



### **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. These are ground down into small pieces called "cullet" and used in the manufacturing of a variety of things such as new wine bottles, fibreglass insulation, sandblasting material and even sand for golf-course sandtraps. Ground glass can also be added to asphalt in the making of new roads.



### **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, then 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.

Encorp has recently signed a multi-year contract with Calgary's Merlin Plastics to ensure long-term markets for these commodities.



### **Polycoat**

Encorp continues to sell polycoated packaging such as drink boxes, juice cartons, and ice cream tubs, primarily to Asian markets. Once returned, polycoat packaging is 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.

# ESTIMATED RECOVERY BY WEIGHT

In 2013, Encorp Pacific (Canada) recovered over 90 million kilograms of containers.

**89.0%**  
2013 Recovery  
Rate by Weight

**88.6%**  
2012 Recovery  
Rate by Weight

TYPE	ESTIMATED WEIGHT OF CONTAINERS SOLD (KG)	ESTIMATED WEIGHT OF CONTAINERS RECOVERED (KG)	RECOVERY %
<b>Aluminum</b>	<b>5,892,917</b>	<b>4,954,192</b>	<b>84.1%</b>
Plastic ≤ 1L	9,923,595	7,381,618	74.4%
Plastic > 1L	3,744,700	3,164,751	84.5%
Plastic Liquor ≤ 1L	481,408	409,234	85.0%
Plastic Liquor > 1L	321,908	295,609	91.8%
<b>Plastic Total</b>	<b>14,471,611</b>	<b>11,251,212</b>	<b>77.7%</b>
Glass ≤ 1L	8,590,539	7,060,010	82.2%
Glass > 1L	113,309	144,061	127.1%
Glass NRBC ≤ 1L	22,255,847	22,080,152	99.2%
Glass NRBC > 1L	226,523	232,974	102.8%
GlassW&S ≤ 1L	37,198,142	34,168,975	91.9%
Glass W&S > 1L	8,252,311	7,527,942	91.2%
<b>Glass Total</b>	<b>76,636,671</b>	<b>71,214,114</b>	<b>92.9%</b>
Drink Box ≤ 500ML	870,566	466,991	53.6%
Drink Box 501 mL - 1L	1,027,444	756,095	73.6%
Gable Top ≤ 500ML	16,243	3,286	20.2%
Gable Top 501 ML - 1L	1,001,987	708,901	70.7%
Gable Top > 1L	30,015	6,961	23.2%
<b>Polycoat Total</b>	<b>2,946,255</b>	<b>1,942,234</b>	<b>65.9%</b>
Pouches	41,823	21,170	50.6%
Bi-Metal ≤ 1L	420,603	277,550	66.0%
Bi-Metal > 1L	117,110	59,375	50.7%
Bag-in-a-Box Liquor	698,625	330,911	47.4%
<b>Other Total</b>	<b>1,278,161</b>	<b>689,006</b>	<b>53.9%</b>
	<b>101,225,615</b>	<b>90,050,758</b>	<b>89.0%</b>

## RECYCLING BY NUMBERS

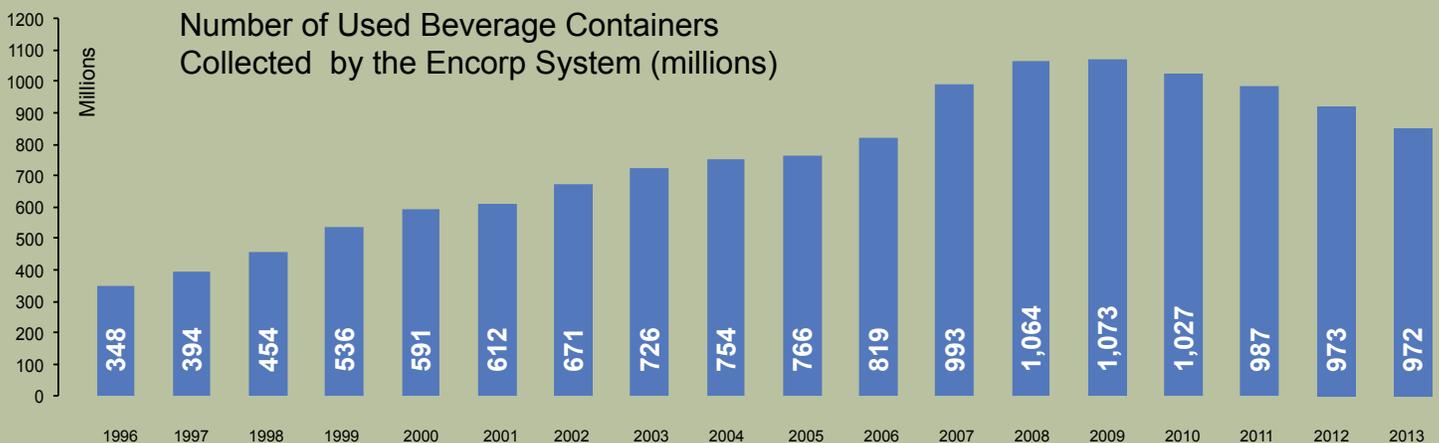
We prevented almost 1 billion containers from going to landfills in 2013, ensuring that they were recycled into useful new materials and products. That's a big win for British Columbia's environment.

# 972

## Million Containers Collected

# 80.1%

## Recovery rate



Type	Containers Sold		Containers Purchased		Recovery Rate	
	2013	2012	2013	2012	2013	2012
<b>Aluminum</b>	423,341,750	438,695,423	355,904,587	360,293,697	84.1%	82.1%
<b>Plastic ≥ 1L</b>	369,869,350	370,779,045	275,125,532	271,113,400	74.4%	73.1%
<b>Plastic &gt; 1L</b>	61,661,452	63,625,776	52,111,823	54,360,230	84.5%	85.4%
<b>Plastic Liquor ≤ 1L</b>	10,288,697	10,606,658	8,746,194	8,920,451	85.0%	84.1%
<b>Plastic Liquor &gt; 1L</b>	4,349,521	4,197,899	3,994,182	3,849,007	91.8%	91.7%
<b>Plastic</b>	446,169,020	449,209,378	339,977,731	338,243,088	76.2%	75.3%
<b>Glass ≥ 1L</b>	27,276,748	26,915,497	22,416,999	21,739,255	82.2%	80.8%
<b>Glass &gt; 1L</b>	103,037	101,281	131,000	143,497	127.1%	141.7%
<b>Glass NRBC ≤ 1L</b>	94,842,952	93,530,107	94,094,232	93,487,587	99.2%	100.0%
<b>Glass NRBC &gt; 1L</b>	344,406	425,693	354,214	393,936	102.8%	92.5%
<b>Glass W&amp;S ≤ 1L</b>	77,227,442	75,483,285	70,938,557	69,090,185	91.9%	91.5%
<b>Glass W&amp;S &gt; 1L</b>	10,912,002	11,077,929	9,954,172	10,184,677	91.2%	91.9%
<b>Glass</b>	210,706,586	207,533,792	197,889,174	195,039,137	93.9%	94.0%
<b>Bi-Metal ≥ 1L</b>	7,048,812	5,390,484	4,651,408	3,333,842	66.0%	61.8%
<b>Bi-Metal &gt; 1L</b>	790,432	787,626	400,751	437,762	50.7%	55.6%
<b>Other Containers</b>	7,839,244	6,178,110	5,052,159	3,771,604	64.4%	61.0%
<b>Pouches</b>	7,040,880	7,313,005	3,564,026	3,606,795	50.6%	49.3%
<b>Drink Box ≥ 500 mL</b>	77,590,559	88,014,911	41,621,319	45,200,414	53.6%	51.4%
<b>Drink Box 501 mL - 1L</b>	24,073,196	22,896,298	17,715,433	16,650,493	73.6%	72.7%
<b>Gable Top ≥ 500 mL</b>	1,097,513	647,516	222,022	218,226	20.2%	33.7%
<b>Gable Top 501 mL - 1L</b>	817,623	1,200,018	189,631	212,427	23.2%	17.7%
<b>Gable Top &gt; 1L</b>	12,549,936	12,688,758	8,879,024	8,825,976	70.7%	69.6%
<b>Polycoat</b>	116,128,827	125,447,501	68,627,429	71,107,536	59.1%	56.7%
<b>Bag-in-Box Liquor</b>	2,917,991	2,731,556	1,382,135	1,265,221	47.4%	46.3%
<b>Totals</b>	<b>1,214,144,300</b>	<b>1,237,108,765</b>	<b>972,397,241</b>	<b>973,327,078</b>	<b>80.1%</b>	<b>78.7%</b>

## REGIONAL WEIGHTS AND PER CAPITA CONTAINER RETURNS

While beverage sales per unit declined in 2013, a shift to glass resulted in an increase of total weight processed per capita.

### Returns by Region Summary. Alcohol and Non-Alcohol containers: January – December 2013

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan. - Dec.	Jan. - Dec.	Per Capita
								2013 Per Capita	2012 Per Capita	Container Returns / Units(000)
Bulkley / Nechako	Units(000)	4,696	4,326	1,180	800	46	11,047	279.0	259.0	20.0 inc.
Bulkley / Nechako	Est. Tonnes	65.4	134.3	420.3	17.3	3.6	640.9	16.2 kg	15.2 kg	
Cariboo	Units(000)	7,272	5,930	2,323	1,078	117	16,719	266.7	254.3	12.4 inc.
Cariboo	Est. Tonnes	101.2	192.3	795.9	24.6	7.9	1,122.0	17.9 kg	16.6 kg	
Central Coast	Units(000)	305	180	75	38	4	603	187.9	180.9	7.0 inc.
Central Coast	Est. Tonnes	4.2	6.7	30.5	0.9	0.2	42.7	13.3 kg	13.0 kg	
Fraser - Fort George	Units(000)	11,829	10,362	4,064	1,971	168	28,395	300.9	284.1	16.8 inc.
Fraser - Fort George	Est. Tonnes	164.7	328.5	1,360.1	47.4	10.7	1,911.4	20.3 kg	18.7 kg	
Kitimat - Stikine	Units(000)	4,475	4,000	993	746	78	10,293	268.2	248.2	20.0 inc.
Kitimat - Stikine	Est. Tonnes	62.3	126.1	366.6	17.5	4.7	577.2	15.0 kg	13.6 kg	
Skeena - Queen Charlotte	Units(000)	2,732	1,934	750	353	39	5,808	312.9	295.1	17.8 inc.
Skeena - Queen Charlotte	Est. Tonnes	38.0	62.8	271.7	8.6	2.6	383.7	20.7 kg	18.7 kg	
Northern Rockies	Units(000)	794	1,131	156	115	1	2,197	361.6	489.5	127.9 dec.
Northern Rockies	Est. Tonnes	11.0	32.3	53.1	2.3	0.2	98.9	16.3 kg	19.6 kg	
Peace River	Units(000)	7,093	6,967	2,147	987	106	17,300	272.2	255.2	17.0 inc.
Peace River	Est. Tonnes	98.7	215.6	717.8	24.2	4.3	1,060.7	16.7 kg	15.7 kg	
Capital Regional District	Units(000)	28,989	25,389	19,824	5,133	645	79,980	215.6	214.3	1.3 inc.
Capital Regional District	Est. Tonnes	403.5	877.6	7,277.0	175.9	64.3	8,798.4	23.7 kg	23.0 kg	
Cowichan Valley	Units(000)	9,058	6,709	3,592	1,261	187	20,808	254.7	251.9	2.8 inc.
Cowichan Valley	Est. Tonnes	126.1	225.6	1,360.8	34.7	16.4	1,763.6	21.6 kg	20.8 kg	
Alberni / Clayoquot	Units(000)	3,821	2,981	1,490	448	89	8,829	287.5	287.8	0.3 dec.
Alberni / Clayoquot	Est. Tonnes	53.2	98.1	538.9	13.5	5.1	708.8	23.1 kg	22.3 kg	
Comox	Units(000)	6,997	5,451	3,393	1,099	156	17,096	267.6	258.5	9.1 inc.
Comox	Est. Tonnes	97.4	184.0	1,275.9	33.2	15.8	1,606.2	25.1 kg	23.4 kg	
Mount Waddington	Units(000)	1,665	1,096	408	178	9	3,356	290.6	269.8	20.8 inc.
Mount Waddington	Est. Tonnes	23.2	36.5	152.1	4.5	1.5	217.8	18.9 kg	18.5 kg	
Nanaimo	Units(000)	12,650	10,902	7,340	1,872	269	33,033	221.3	217.3	4.0 inc.
Nanaimo	Est. Tonnes	176.1	369.5	2,680.6	59.2	30.2	3,315.6	22.2 kg	21.7 kg	

Units (000)  
Tonnes  
Per Capita Totals (units)  
Estimated Weight Collected (tonnes)

972,397  
90,050.8  
212.2  
19.7

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan. - Dec. 2013 Per Capita	Jan. - Dec. 2012 Per Capita	Per Capita Container Returns / Units(000)
Strathcona	Units(000)	2,895	2,150	1,234	407	57	6,743	154.4	155.6	1.2 dec.
Strathcona	Est. Tonnes	40.3	72.2	465.6	11.8	6.1	596.0	13.6 kg	13.4 kg	
Greater Vancouver	Units(000)	149,581	154,338	96,069	34,550	5,953	440,491	179.7	182.1	2.4 dec.
Greater Vancouver	Est. Tonnes	2,082.2	5,132.2	34,511.8	980.9	341.8	43,048.9	17.6 kg	17.5 kg	
Fraser Valley	Units(000)	26,995	25,182	10,949	5,280	699	69,105	240.2	232.0	8.2 inc.
Fraser Valley	Est. Tonnes	375.8	831.7	3,811.8	133.8	39.0	5,192.1	18.0 kg	16.7 kg	
Powell River	Units(000)	1,954	1,360	815	269	41	4,440	216.6	210.1	6.5 inc.
Powell River	Est. Tonnes	27.2	46.9	312.8	8.1	5.2	400.1	19.5 kg	18.8 kg	
Squamish - Lillooet	Units(000)	3,575	3,902	4,218	588	96	12,379	306.8	283.0	23.8 inc.
Squamish - Lillooet	Est. Tonnes	49.8	128.3	1,490.5	18.2	6.7	1,693.5	42.0 kg	39.0 kg	
Sunshine Coast	Units(000)	2,147	1,833	1,829	377	61	6,248	215.3	206.4	8.9 inc.
Sunshine Coast	Est. Tonnes	29.9	64.0	690.7	12.9	8.5	806.0	27.8 kg	26.0 kg	
Central Okanagan	Units(000)	16,142	15,937	9,712	3,090	316	45,197	244.8	240.0	4.8 inc.
Central Okanagan	Est. Tonnes	224.7	521.6	3,609.4	83.6	31.4	4,470.7	24.2 kg	23.1 kg	
North Okanagan	Units(000)	9,607	10,132	4,328	1,882	151	26,100	320.5	307.1	13.4 inc.
North Okanagan	Est. Tonnes	133.7	338.2	1,546.8	60.1	14.8	2,093.6	25.7 kg	24.2 kg	
Okanagan - Similkameen	Units(000)	7,836	7,552	4,570	1,167	147	21,271	263.3	252.9	10.4 inc.
Okanagan - Similkameen	Est. Tonnes	109.1	250.3	1,740.4	33.9	16.8	2,150.5	26.6 kg	25.3 kg	
Columbia Shuswap	Units(000)	5,266	5,103	3,214	780	73	14,435	284.8	266.0	18.8 inc.
Columbia Shuswap	Est. Tonnes	73.3	163.4	1,089.7	21.8	8.1	1,356.4	26.8 kg	24.1 kg	
Thompson - Nicola	Units(000)	14,376	13,573	6,251	2,245	245	36,689	279.7	276.5	3.2 inc.
Thompson - Nicola	Est. Tonnes	200.1	434.8	2,167.2	57.9	20.9	2,880.9	22.0 kg	21.2 kg	
Central Kootenay	Units(000)	4,509	3,412	2,878	682	106	11,589	197.9	195.0	2.9 inc.
Central Kootenay	Est. Tonnes	62.8	115.5	1,005.1	20.0	10.2	1,213.6	20.7 kg	19.8 kg	
East Kootenay	Units(000)	5,877	5,805	2,959	804	78	15,524	273.1	255.9	17.2 inc.
East Kootenay	Est. Tonnes	81.8	185.2	1,053.1	22.8	6.6	1,349.4	23.7 kg	21.7 kg	
Kootenay Boundary	Units(000)	2,768	2,343	1,125	427	59	6,723	220.2	220.3	0.1 dec.
Kootenay Boundary	Est. Tonnes	38.5	77.2	417.7	12.4	5.3	551.1	18.1 kg	17.4 kg	

# 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 2013, the commodity prices declined from 2012 but remained relatively strong for both aluminum and plastic at US\$0.68 and US\$0.21 per pound respectively.

## **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**

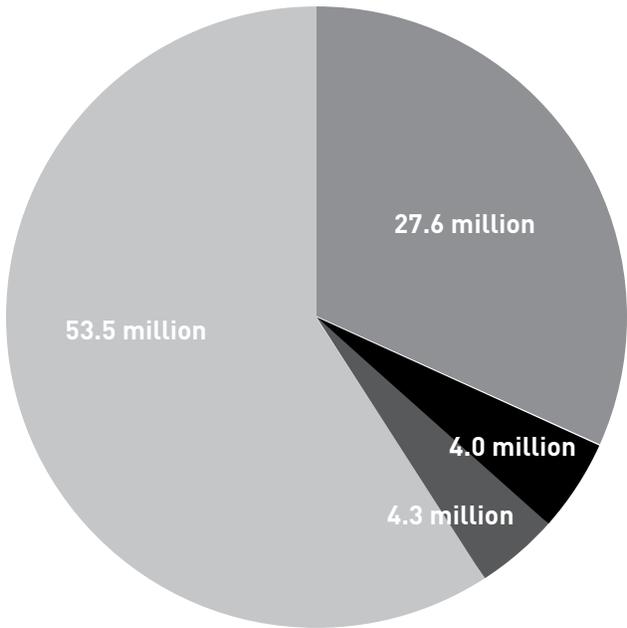
All the collected aluminum, plastic, glass, etc. is sold on the open market.

## **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.

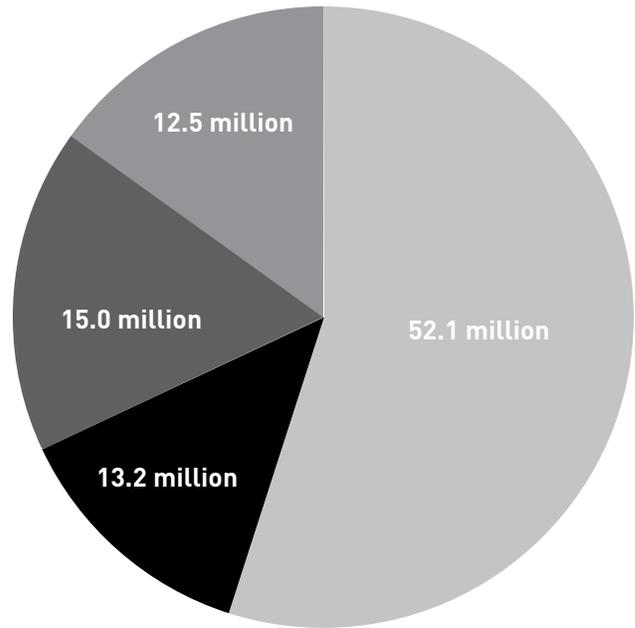


Where the money is spent  
**EXPENDITURES**

Operations Expenses:	<b>27.6 million</b>
Handling Fees:	<b>53.5 million</b>
Consumer Awareness:	<b>4.0 million</b>
Administration Expenses:	<b>4.3 million</b>

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**Total Expenditures** **89.5 million**



Where the money comes from  
**REVENUES**

Unredeemed Deposits:	<b>15.0 million</b>
Sale of Processed Containers:	<b>12.5 million</b>
Other Fees and Income:	<b>13.2 million</b>
Container Recycling Fees:	<b>52.1 million</b>

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**Total Revenues** **92.8 million**

## FINANCING THE SYSTEM



### Plastic ≤ 1L Account

Deposits	18.5 Million
Sale of Collectible Material	3.4 Million
CRF	11.1 Million
Other Revenue	0.3 Million
<b>Total Revenue</b>	<b>33.3 Million</b>
<hr/>	
Total Expenses for this Container	34.2 Million
Deficit	(-0.9) Million

#### Total Expenses Breakdown

Deposit Refund	13.8 Million
Handling Fee	14.1 Million
Transportation and Processing	4.0 Million
Administration	1.3 Million
Consumer Awareness	1.0 Million
<b>Total</b>	<b>34.2 Million</b>

Surplus end of 2012	\$8.5 Million
Deficit 2013	(0.9) Million
Surplus end of 2013	\$7.6 Million

Note: based on 2013 Financial Statements



### Wine & Spirits ≤ 1L Account

Deposits	7.7 Million
Sale of Collectible Material	0.0 Million
CRF	11.6 Million
Other Revenue	0.0 Million
<b>Total Revenue</b>	<b>19.3 Million</b>
<hr/>	
Total Expenses for this Container	17.3 Million
Surplus	2.0 Million

#### Total Expenses Breakdown

Deposit Refund	7.1 Million
Handling Fee	4.5 Million
Transportation and Processing	5.3 Million
Administration	0.3 Million
Consumer Awareness	0.1 Million
<b>Total</b>	<b>17.3 Million</b>

Surplus end of 2012	\$2.3 Million
Surplus 2013	\$2.0 Million
Surplus end of 2013	\$4.3 Million

Note: based on 2013 Financial Statements



## Aluminum

Deposits	21.2 Million
Sale of Collectible Material	7.4 Million
CRF	4.2 Million
Other Revenue	0.3 Million
<b>Total Revenue</b>	<b>33.1 Million</b>

Total Expenses for this Container 35.5 Million

Deficit (2.4) Million

### Total Expenses Breakdown

Deposit Refund	17.8 Million
Handling Fee	12.5 Million
Transportation and Processing	2.7 Million
Administration	1.4 Million
Consumer Awareness	1.1 Million
<b>Total</b>	<b>35.5 Million</b>

Surplus end of 2012 \$9.7 Million

Deficit 2013 (2.4) Million

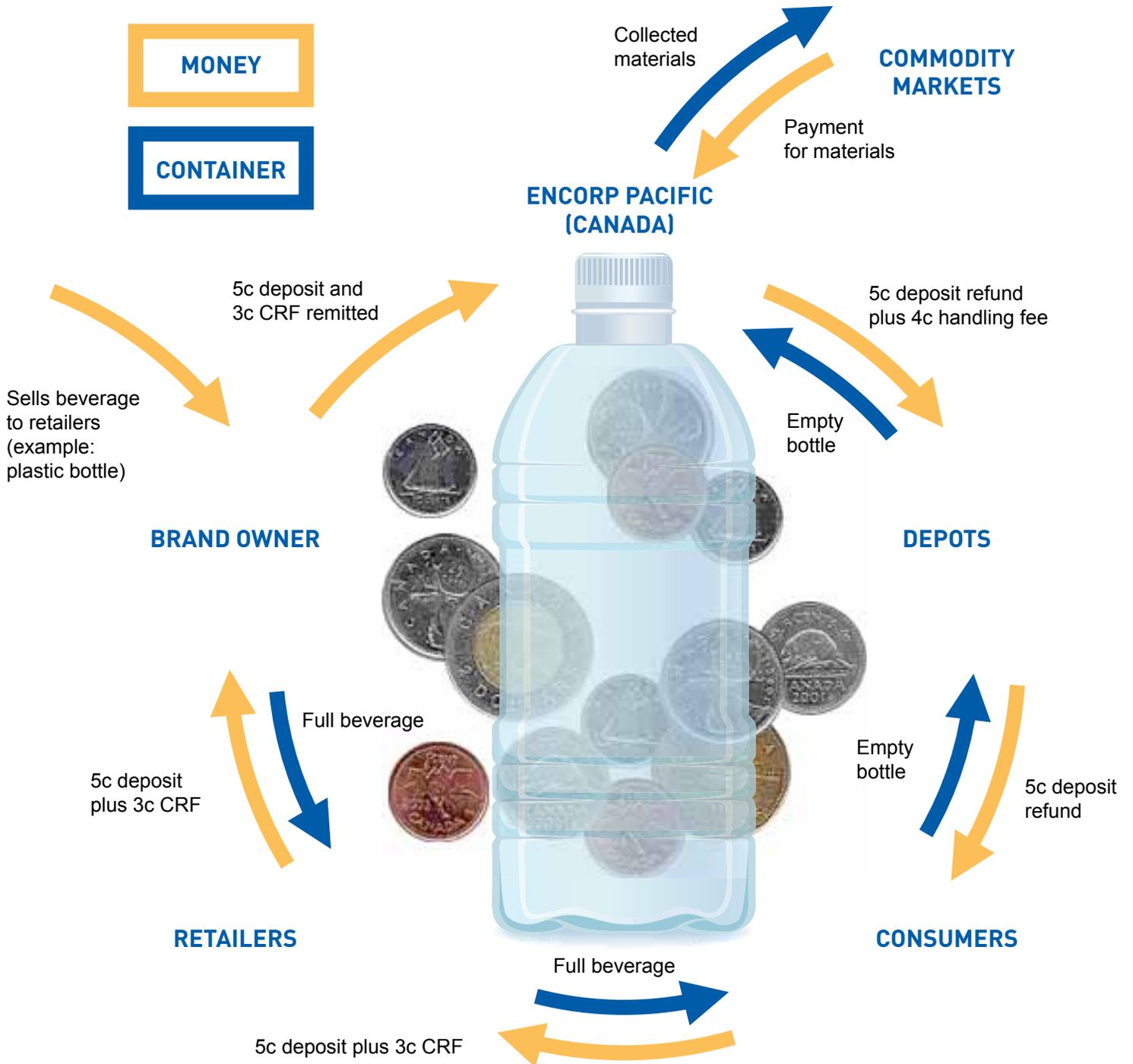
Surplus end of 2013 \$7.3 Million

Note: based on 2013 Financial Statements



# HOW MONEY FLOWS

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





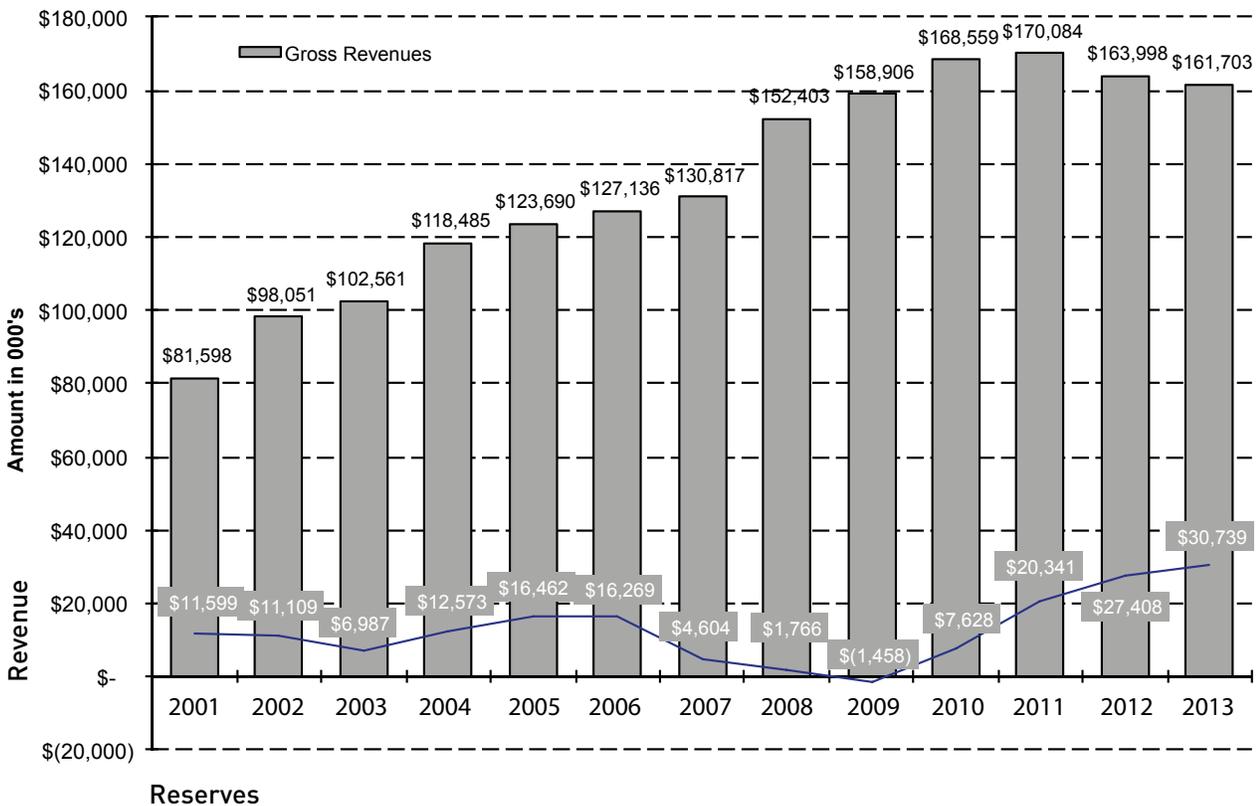
# PURPOSE OF OPERATING RESERVES

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.

These actions can include reduction or elimination of Container Recycling Fees until the reserve is reduced.

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 the reserves over the past years.

**Encorp Pacific (Canada) Total Revenue vs Reserves Year 2001 - 2013**



	2010 YEAR	2010 BALANCE	2011 YEAR	2011 BALANCE	2012 YEAR	2012 BALANCE	2013 YEAR	2013 BALANCE
Operating Reserve / (Deficit)	\$11,118,757	\$5,383,465	\$13,432,676	\$18,816,141	\$7,397,210	\$26,213,351	\$3,326,999	\$29,540,350
Restricted Reserve/ (Deficit)	(2,032,624)	2,244,680	(720,123)	1,524,557	(329,637)	1,194,920	3,520	1,198,440
<b>Total Reserve/ (Deficit)</b>	<b>\$9,086,133</b>	<b>\$7,628,145</b>	<b>\$12,712,553</b>	<b>\$20,340,698</b>	<b>\$7,067,573</b>	<b>\$27,408,271</b>	<b>\$3,330,519</b>	<b>\$30,738,790</b>

## MANAGEMENT OF 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, \$3.3 million was contributed to the operating reserves.

	<b>Gross Revenue</b> Including Deposits (millions)	<b>Total Expenses</b> Including Deposit Refunds (millions)	<b>Results</b> (millions)	<b>Operating Reserves</b> Year end (millions)
2011	\$170.1	157.4	12.7	\$20.3
2012	164.0	156.9	7.1	27.4
<b>2013</b>	<b>161.7</b>	<b>158.4</b>	<b>3.3</b>	30.7

## 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.

## FREQUENTLY ASKED QUESTIONS

### **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 corporations 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.

## CONTAINER RECYCLING FEES (CRF)

Container Type	01-Feb-12	01-Feb-13	01-Feb-14
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	6.0 cents	5.0 cents
Polystyrene	3.0 cents	3.0 cents	3.0 cents
Glass ≤ 500 ml	12.0 cents	12.0 cents	10.0 cents
Glass 501 ml - 1L	12.0 cents	12.0 cents	10.0 cents
Glass > 1L	20.0 cents	25.0 cents	30.0 cents
Bi-Metal ≤ 500 ml	6.0 cents	6.0 cents	5.0 cents
Bi-Metal 501 ml - 1L	6.0 cents	6.0 cents	5.0 cents
Drink Boxes ≤ 500 ml	2.0 cents	2.0 cents	2.0 cents
Drink Boxes 501 ml - 1L	7.0 cents	7.0 cents	7.0 cents
Gable Top > 1L	6.0 cents	6.0 cents	6.0 cents
Glass Wine & Spirits ≤ 1L	15.0 cents	15.0 cents	13.0 cents
Glass Wine & Spirits > 1L	22.0 cents	23.0 cents	24.0 cents
Non-Refillable Beer, Cider, Cooler Glass ≤ 1L	11.0 cents	11.0 cents	10.0 cents
Non-Refillable Beer, Cider, Cooler Glass > 1L	11.0 cents	11.0 cents	13.0 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

## 2013 BOARD OF DIRECTORS



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.

L-R: Lanny McInnes, Dale Parker, Neil Antymis, John Nixon, John B. Challinor II

### **Lanny McInnes**

Director, Prairies  
Encorp Affiliation – Retail Council of Canada  
Committee – Governance  
Term of Office – Commenced 2013

Lanny acts as RCC's government liaison and media spokesperson across Western Canada from RCC's Winnipeg office. Lanny brings extensive experience and training in public policy development, strategic planning and Board governance through his work experience and involvement on various boards and advisory councils.

Lanny currently sits as a director on a number of Canada's product stewardship organizations

including the Canadian Beverage Container Recycling Association, Encorp Pacific (Canada), Saskatchewan Scrap Tire Corporation and Multi-Material Stewardship Manitoba. Lanny is also a member of the Manitoba Employers Council, the Manitoba Retail Safety Council, the Saskatchewan Business Council and the Alliance for Business Competitiveness in Alberta.

Lanny also has a strong history of community volunteer involvement at the local, provincial and national levels. Lanny currently serves as the Chair of ALS Canada's Board of Directors and is a member of the Minister of Family Services and Labour's Accessibility Advisory Council in Manitoba.



L-R: Scott Fraser, Dan Wong, Liisa O'Hara, Jim Goetz, John Graham

**Dale Parker**

Encorp Affiliation – Unrelated Director  
Committee – Governance / Compensation  
Term of office – Commenced 2002

Dale, prior to January 1998, was President & CEO of Workers' Compensation Board of British Columbia; prior to November 1994, President of White Spot Limited and Executive Vice-president of Shato Holdings Ltd.; prior to November 1992, Chairman and CEO of British Columbia Financial Institutions Commission. Dale is a former President & CEO, Bank of British Columbia and Executive Vice-president, Bank of Montreal. He serves as Board Chair, UBC, and a director, Matrix Asset

Management Inc., Encorp Pacific [Canada] and Transit Police Services.

Past directorships include: TransLink (Chair), Talisman Energy Inc, Industrial-Alliance Pacific Life Insurance Co and CPP Investment Board. He also serves as Code of Conduct Advisor to BC Hydro.

Dale holds positions with a number of charitable and non-profit organizations, including; Chair, Pacific Parkinson's Research Institute and a director, Fraser Basin Council. Recent past community work includes: Chair, BC Cancer Agency, Vice-Chair, BC Cancer Foundation, Chair, Four Corners Community Savings, Vice-President, Kidney Foundation of Canada, Vice-President, BC Lions

## 2013 BOARD OF DIRECTORS

Society for Children with Disabilities, Vice-Chair, Vancouver Police Department, Vice-Chair, Vancouver Board of Trade and Chair, Industry Training and Apprenticeship Commission of British Columbia. He is a former member of the UBC Faculty of Commerce & Business, Advisory Board.

Dale is a graduate of the Advanced Management Program of the Graduate School of Business Administration, Harvard University.

### **Neil Antymis** ICD.D, 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 / Governance / Compensation

Term of office – Commenced 2009

Beverage Alcohol Containers Management Council of

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

### **John B. Challinor II** APR

Director of Corporate Affairs, Nestlé Waters Canada  
Encorp Affiliation – Canadian Bottled Water

Association

Committee – Audit

Term of office – Commenced 2008

John 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) 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.

**Scott Fraser**

Encorp Affiliation – President & CEO  
Committee – Governance  
Term of Office – Commenced 2013

Prior to joining Encorp in 2013, Scott spent over 20 years in the wine industry, most recently in senior marketing, government relations and trade association oversight roles in regional and national companies, and before that as co-owner of an import wine agency. Scott also worked in management consulting and advertising and has taught marketing and consumer behaviour at UBC and Simon Fraser University. He has broad trade association and regulatory Board experience.

He holds a Bachelor of Commerce in Marketing from UBC.

**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**

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.

**Jim Goetz**

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

Jim assumed the role of President of the Canadian Beverage Association in May 2012. The Canadian Beverage Association is the national association representing the broad spectrum of brands and companies that manufacture and distribute the majority of non-alcoholic beverages consumed in Canada. His industry career accomplishments include serving as Vice President, Government Affairs with the Canadian Beverage Association and Vice President, Provincial Affairs with Food and Consumer Products of Canada. Prior to this, Jim served as Senior Special Advisor – Ontario to Prime Minister Paul Martin as well as for the Government of Canada as a Senior Communications Advisor to the Treasury Board and the Privy Council Office. Jim has also 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,  
Operations, Sobeys Inc.  
Encorp Affiliation – Retail Council of Canada  
Committee – Governance  
Term of office – Commenced 2011

For the past nineteen years John has represented Safeway's interests on a broad range of issues impacting the grocery chain's retail stores and plants. His current responsibilities include directing Safeway Operation's government and media relations as well as overseeing Safeway's public relations endeavors.

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.

# A GOVERNANCE MODEL BUILT ON ACCOUNTABILITY AND TRANSPARENCY

## **Board of Directors**

Encorp's ten-person Board of Directors is composed of nominees from five member industry groups, plus two unrelated directors and the CEO. 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 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 and practices codified in a Board Manual for Directors prepared by one of Canada's leading experts on corporate and not-for-profit governance.

The policies in the Board Manual cover such key items 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. The policies also set out how committee memberships are to be established, lay out terms of reference for Encorp's Board committees and specifies important review processes that the Board must undertake of the CEO and of its own performance.

## **Transparency**

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

# ADVISORY COMMITTEE

March 18, 2014

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 – 2013**

The Advisory Committee met on April 25 and November 12, 2013 with agenda items that included consumer awareness, annual draft budget, audited financial statements, Stewardship Plan Consultation, collection of packaging and printed paper (PPP) at Encorp depots, new depot initiatives and reappointments for Advisory Committee members.

The Committee thanked outgoing CEO Neil Hastie for his contributions not only to Encorp but also to B.C. product stewardship in general.

The Committee had much discussion with Neil Hastie at the April meeting on the subject of the MoE third party audits and how Encorp compares with the other stewardship agencies.

There was dialogue about the size of reserves necessary for Encorp and the Committee agreed that a reserve equivalent to 5-6 weeks of operational requirements was a sound business decision.

New depot initiatives were discussed in detail and the Committee was very interested in the new Return-It Express system with many questions directed to VP and CFO Bill Chan and to committee member and depot operator Aly Mitha.

The Committee expressed concern about how the addition of PPP materials at depots could affect the operation of the depots.

The Committee was very complementary of the consumer awareness program directed at young, single males.

Respectfully submitted,



**A. Lynch**, Chair

## ADVISORY COMMITTEE MEMBERS



### **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 is currently the Canadian Representative to the International Board of Directors of the Solid Waste Association of North America (SWANA), Vice-President of the Pacific Chapter of SWANA, as well as a Director of the Recycling Council of BC.



### **Linda Barnes**

Councilor, 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.



### **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 19 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. He is currently a Past Area Governor for the Toastmasters International organization on Vancouver Island.



### **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.



**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.



**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.



**Alan Stanley**  
 Director of Environmental Services,  
 Regional District of Kootenay-  
 Boundary  
 On Advisory committee since 2008

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



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

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

# MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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, CGA, MBA**  
Chief Financial Officer

April 17, 2014

# INDEPENDENT AUDITOR'S REPORT

May 7, 2014

## 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, 2013 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 private enterprises, 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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

*PricewaterhouseCoopers LLP*

(signed) PricewaterhouseCoopers LLP

**Chartered Accountants**

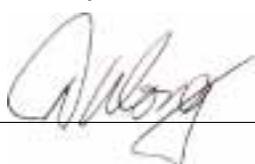


# STATEMENT OF FINANCIAL POSITION

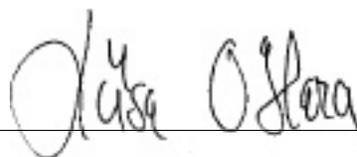
As at December 31, 2013

	2013 \$	2012 \$
<b>Assets</b>		
<b>Current assets</b>	43,154,782	38,683,366
Cash	3,838,142	4,842,098
Accounts receivable	49,404	39,374
Prepaid expenses and deposit	47,042,328	43,564,838
<b>Capital assets (note 3)</b>	795,076	986,320
	<u>47,837,404</u>	<u>44,551,158</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	8,048,198	7,688,127
Deferred revenue	6,780,467	6,986,543
Advance payment from brand owners	2,106,524	2,040,601
Current portion of obligations under capital lease (note 5)	163,425	275,065
	17,098,614	16,990,336
<b>Obligations under capital lease (note 5)</b>	-	152,551
	<u>17,098,614</u>	<u>17,142,887</u>
<b>Net Assets</b>		
<b>Internally restricted reserve (note 4)</b>	1,198,440	1,194,920
<b>Unrestricted (note 4)</b>	29,540,350	26,213,351
	<u>30,738,790</u>	<u>27,408,271</u>
	<u>47,837,404</u>	<u>44,551,158</u>
<b>Commitments (note 6)</b>		

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 years ended December 31, 2013

			2013	2012
	<b>Internally restricted reserve \$</b>	<b>Unrestricted \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Balance - Beginning of year</b>	1,194,920	26,213,351	27,408,271	20,340,698
Excess of revenue over expenses	-	3,330,519	3,330,519	7,067,573
Transfer from internally restricted reserve (note 4)	3,520	(3,520)	-	-
<b>Balance - End of year</b>	1,198,440	29,540,350	30,738,790	27,408,271

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

# STATEMENT OF OPERATIONS

For the years ended December 31, 2013

	2013 \$	2012 \$
<b>Revenue</b>		
Deposits on containers	83,869,250	85,181,918
Deposit refunds	(68,889,906)	(69,160,311)
	<hr/> 14,979,344	<hr/> 16,021,607
Container recycling fees	52,126,830	52,632,569
Contract fees	12,426,397	12,229,629
Sale of recyclable materials	12,494,490	13,569,368
Other	473,431	378,076
	<hr/> 92,500,492	<hr/> 94,831,249
<b>Direct operations expenses</b>		
Handling fees	53,519,695	52,645,963
Depot operations	990,694	409,840
Transportation and processing fees	26,409,941	25,980,623
	<hr/> 80,920,330	<hr/> 79,036,426
<b>Other expenses</b>		
General and administrative	4,128,803	3,974,412
Consumer awareness	4,007,946	4,281,145
Amortization	425,726	478,529
Foreign exchange gain	(312,832)	(6,836)
	<hr/> 8,249,643	<hr/> 8,727,250
<b>Excess of revenue over expenses</b>	<hr/> <hr/> 3,330,519	<hr/> <hr/> 7,067,573

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

# STATEMENT OF CASH FLOWS

For the years ended December 31, 2013

	2013 \$	2012 \$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	3,330,519	7,067,573
Items not affecting cash - amortization	425,726	478,529
	<hr/>	<hr/>
	3,756,245	7,546,102
Changes in non-cash operating working capital		
Accounts receivable	1,003,956	1,729,366
Prepaid expenses and deposit	(10,030)	(8,652)
Accounts payable and accrued liabilities	360,071	197,804
Deferred revenue	(206,076)	(21,093)
Advance payment from brand owners	65,923	2,040,601
	<hr/>	<hr/>
	4,970,089	11,484,128
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(234,482)	(658,760)
<b>Cash flows from financing activities</b>		
Repayment of obligation under capital lease	(264,191)	(386,116)
	<hr/>	<hr/>
<b>Increase in cash</b>	4,471,416	10,439,252
<b>Cash - Beginning of year</b>	38,683,366	28,244,114
	<hr/>	<hr/>
<b>Cash - End of year</b>	43,154,782	38,683,366
	<hr/>	<hr/>
<b>Supplemental cash flow information</b>		
<b>Interest paid</b>	11,429	25,742
	<hr/>	<hr/>

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

# NOTES TO FINANCIAL STATEMENTS

December 31, 2013

## 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. 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 and certain consumer electronics.

## 2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for private enterprises, 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.

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

Contract fees are recorded when the services are provided.

### 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, 2013

## **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 balance sheet 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 and lease payments are expensed as incurred.

## **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, 2013

## 3 Capital assets

			2013	2012
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Office equipment	639,171	328,003	311,168	333,560
Computer hardware	1,655,685	1,271,868	383,817	509,181
Computer software	265,775	245,312	20,463	38,010
Leasehold improvements	271,750	192,122	79,628	105,569
	<u>2,832,381</u>	<u>2,037,305</u>	<u>795,076</u>	<u>986,320</u>

Net capital assets financed under capital lease:		2013	2012
		\$	\$
Cost		544,869	1,144,427
Less: Accumulated amortization		444,131	857,173
		<u>100,738</u>	<u>287,254</u>

## 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 \$3,520 (2012 - \$329,637 from restricted to unrestricted fund) was transferred from unrestricted reserve to restricted reserve during the current year.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2013

## 5 Obligations under capital lease

Total minimum payments required under capital leases are as follows:

	\$
2014	166,222
2015	-
	<hr/>
	166,222
Less: Imputed interest (4% to 6%)	2,797
	<hr/>
Present value of minimum capital lease payments	163,425
Less: Current portion	163,425
	<hr/>
Long-term portion	-

Interest of \$11,429 (2012 - \$25,742) relating to capital lease obligations has been included in depot operations and general and administrative expense.

## 6 Commitments

The Corporation has entered into operating leases for its premises. The total future minimum lease payments for the years ending December 31 are as follows:

	\$
2014	322,661
2015	242,150
2016	246,505
2017	20,220
2018	15,165
	<hr/>
Total	846,701

## 7 Government related outstanding amounts as at December 31

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 \$38,450 (2012 - receivable of \$357,696).

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 8 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 \$115,655 (2012 - \$106,839) in Board expenses, which comprised fees for directors.

## 9 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	163,425

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

## 10 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.

## 11 Currency, interest rate and credit riskmanagement

### 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, 2013, the net US dollar exposure on cash, accounts receivable and accounts payable was US\$1,384,901 (2012 - US\$1,808,203).

### 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.



# Independent Reasonable Assurance Report

May 7, 2014

## **To the Directors of Encorp Pacific (Canada) on selected non-financial information included in the Encorp 2013 Annual report**

We have been engaged by Encorp Pacific (Canada) (“Encorp”) to perform a reasonable assurance engagement in respect of following information, referred to as the “Selected Information”; detailed in the Appendix A, and also included within Encorp’s Annual Report for the year ended December 31, 2013:

- The number of collection facilities, and any changes in the number of collection facilities from the prior year; and
- The total amount of the producers’ product sold and collected and the recovery rate for the year ended December 31, 2013.

Our opinion does not constitute a legal determination on Encorp’s compliance with the British Columbia Regulation 449/2004 Recycling Regulation (“Recycling Regulation”).

### **Responsibilities**

Preparation and fair presentation of the Selected Information in accordance with the evaluation criteria as listed in Appendix A is the responsibility of Encorp’s management. Management is also responsible for such internal control as management determines is necessary to enable the preparation of the Selected Information such that it is free from material misstatement. Furthermore management is responsible for preparation of suitable evaluation criteria in accordance with the Third party assurance requirements for non-financial information in annual reports, version 2.0, dated February 25, 2014 (“Assurance Requirements”) as specified by the Director under section 8(2)(h) of the Recycling Regulation of the Province of British Columbia.

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

### **Methodology and Assurance Procedures**

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

# Independent Reasonable Assurance Report

May 7, 2014

The main elements of our work were:

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

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

## **Inherent limitations**

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

## **Conclusion**

In our opinion, the Selected Information for the year ended December 31, 2013 presents fairly in accordance with the evaluation criteria, in all material respects:

- The number of collection facilities, and any changes in the number of collection facilities from the prior year; and
- The total amount of the producers' product sold and collected and the producers' recovery rate for the year ended December 31, 2013.

## **Emphasis of matter**

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

## **Other matters**

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

*PricewaterhouseCoopers LLP*

Chartered Accountant

## Appendix A to the Assurance Report

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

#### *Proposed wording for the number of collection sites in 2013 Annual Report:*

Encorp's collection network consists of 171 Return-It™ Depots. One new depot was opened and one depot was closed during 2013.

#### *Definitions:*

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

#### *Evaluation criteria:*

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

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

#### *Proposed wording for the product sold, product collected and total recovery rate in the Annual Report:*

In 2013 Encorp Pacific (Canada) achieved a recovery rate of 80.1% comprised of the sale of 1,214,144,300 units and recovery of 972,397,241 units of beverage containers.

#### *Definitions:*

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

#### *Evaluation criteria:*

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

## Appendix B to the Assurance Report

Encorp is not required to report its product management in accordance with the pollution prevention hierarchy under Section 8(2)(d) for the year ended December 31, 2013. Encorp has chosen not to present performance targets in its approved stewardship plan relating to fiscal year ended December 31, 2013 under Sections 8(2) (b), (d) and (e) of the Recycling Regulation as this disclosure is not required.

**Encorp Pacific (Canada)**

206 - 2250 Boundary Road

Burnaby, BC, V5M 3Z3

T: 1.800.330.9767 [www.return-it.ca](http://www.return-it.ca)



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