

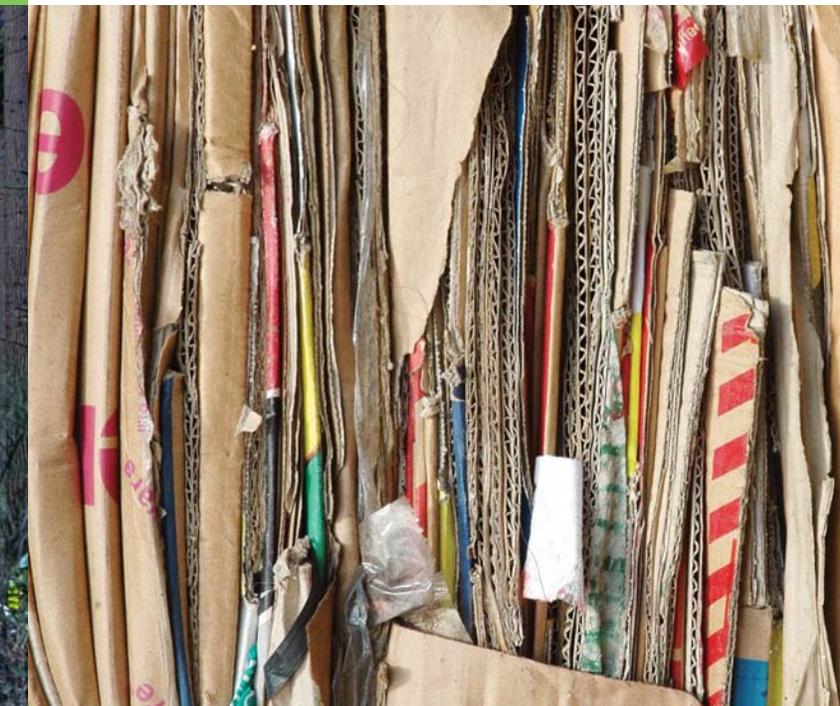


Annual Report 2016



RECYCLEBC™

Making a difference together.



About Recycle BC

Recycle BC is a non-profit organization responsible for residential packaging and printed paper recycling throughout British Columbia. We ensure packaging and printed paper is collected from households and recycling depots, processed and recycled responsibly.

Our program is financed by businesses — such as retailers, manufacturers and restaurants — that supply packaging and printed paper to BC residents.

Recycle BC was originally launched in 2014 as Multi-Material BC (MMBC).

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2016 Highlights

In its second full year of operation, Recycle BC continued to exceed provincial recycling targets, while increasing public awareness and adding more communities and stewards to the program.

Recycling Performance



238,062

Tonnes reported by stewards



185,477

Tonnes collected



78%

Recovery rate



40.7

Recovered KG per capita

Access

98%



Percentage of households with access to depots



1,844,000*

Number of households serviced

*Includes curbside, multi-family & depot collection

154



Number of communities benefitting/participating in program (curbside and multi-family)



3,177,500

Population served by curbside and multi-family collection

Stewards

1,114

Number of stewards



Financial Performance

\$398

Cost per tonne



\$40

Cost per household



Message from Managing Director

Closing our second full year of operations, in 2016 Recycle BC continued to build on a strong foundation and produce positive results that advance the long-term viability of the program. As our program grows, more BC residents and collection partners rely on Recycle BC's management of residential recycling services. Notable activity in the past year included name changes, building strong partnerships and expanding the number of households directly receiving our recycling service.

Rename and Rebrand

At the end of 2016, Multi-Material BC Society Inc. (MMBC) transferred its rights and obligations to a newly incorporated MMBC Recycling Inc., a non-profit incorporated under the Canada Not-for-Profit Corporations Act, with the approval of the Province of British Columbia. Also in 2016, we began the process of rebranding to Recycle BC, a more intuitive, relevant and engaging brand that we feel will help strengthen our connection with both residents and our members. While our legal name remains MMBC Recycling Inc., we now operate as Recycle BC.

Powerful Partnerships

We continue to build on our solid network of over 160 collection and post-collection partners, establishing strong partnerships to support recycling in BC.

We initiated a pilot with London Drugs to include the company's 11 Vancouver stores in our depot network, providing residents more access to locations for recycling plastic bags, overwrap and foam packaging. We will look to expand this partnership to more areas of the province in 2017.

We initiated a relationship with Vancouver Whitecaps FC. Our partnership enables us to engage and educate the team's large fan base about recycling in their community.

We also worked with various community groups through our Community Champions program to ensure ongoing local outreach and education around BC. In the first year of the Community Champions program, four organizations benefited from the support and resources of Recycle BC including Let's Talk Trash, Ridge Meadows Recycling Society, Northern Environmental Action Team (NEAT) and Recycling and Environmental Action Planning Society (REAPS).

Recycle BC has also joined a broad range of international leaders and brand owners in plastics and the circular

economy to find long-term solutions to improve the recycling of plastics across the globe. New Plastics Economy, an initiative of the Ellen MacArthur Foundation to rethink and redesign the future of plastics, starting with packaging, confirmed Recycle BC as a program partner.

As a recognized leader in extended producer responsibility programs, we continued to be invited to conferences and events around North America to showcase and share best practices from BC's packaging and printed paper recycling system.

Program Growth

In 2016, there was significant growth in the number of households directly serviced by Recycle BC. The City of Vancouver and the City of Pitt Meadows joined 10 other communities whose curbside recycling services are the direct responsibility of Recycle BC. The addition of these two new communities increases the number of households directly serviced by Recycle BC to approximately 380,000 households.

We also launched a nine-month pilot for on-street recycling in one of BC's busiest areas, Vancouver's West End neighbourhood. In keeping with program plan commitments, we placed 31 on-street residential recycling bins along an 11-block area to test a unique bin design and whether this would assist residents in properly sorting paper and containers for recycling.

Looking Ahead

In the year ahead, we will continue the rollout of the Recycle BC brand, while working to ensure BC residents better understand what we do. We are committed to providing BC residents with the resources and education to help them recycle more and recycle correctly.

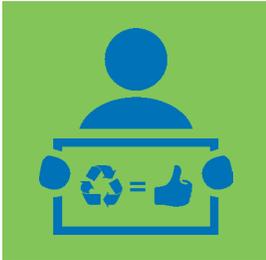
As our program evolves and matures, we will build on our success and continue our role as a leader in responsible recycling to protect our environment and keep BC beautiful.



Allen Langdon
Managing Director, Recycle BC

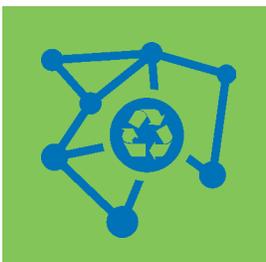
Executive Summary

Public Education Materials & Strategies



- **Big Changes Start at Home** campaign ran in 2016 to raise awareness with BC residents of how their recycling has a huge impact on the environment.
- Partnered with the Carton Council of Canada, the Vancouver Whitecaps FC and Community Champions to promote recycling.
- Enhanced our **Community Events Team** program to conduct public outreach at various events.
- Updated **recycling guides** delivered to residents in communities directly serviced by Recycle BC.
- Recycling guide templates and advertising artwork updated and **made available to all collectors**.

Collection System & Facilities



- **1,271,000 single-family and multi-family households** received curbside or multi-family collection services.
- Residents in **154 incorporated municipalities, electoral areas, and First Nations communities** have access to curbside and/or multi-family collection services under the Recycle BC program.
- **199 depots** throughout BC accept Recycle BC materials, operating in **28 regional districts**.

Product Environmental Impact Reduction, Reusability & Recyclability



- Recycle BC members continue to innovate and explore new technologies to reduce the environmental impact of the materials they distribute to BC consumers.
- Meeting the challenges and opportunities of the circular economy was an emerging theme for many Recycle BC members in 2016.

Pollution Prevention Hierarchy and Product/Component Management



170,711

Tonnes of packaging and printed paper managed by recycling

5,860

Tonnes of packaging and printed paper managed by recovery
(alternative fuel: an engineered material manufactured to specifications)

8,898

Tonnes of packaging and printed paper managed by disposal

Product Sold, Collected and Recovered



238,062

Tonnes of material supplied by Recycle BC stewards

185,477

Tonnes of product collected

78%

Recovery Rate

Program Overview

Recycle BC is responsible for residential packaging and printed paper recycling throughout British Columbia, servicing more than 1.8 million households, or over 98% of BC households. The recycling program is entirely funded by more than 1,100 businesses – such as brand owners, first importers, retailers, manufacturers and restaurants -- that supply packaging and printed paper to BC residents.

Our mission to be a trusted environmental advocate and community partner offering equitable, effective and efficient residential recycling services, and this guides the work we do in communities throughout BC. We ensure packaging and printed paper is collected from households and recycling depots, and then sorted and recycled responsibly.

Recycle BC provides recycling services either directly to communities or by working in partnership with local governments, First Nations, private companies and other non-profit organizations. In 2016, there were 154 communities participating in our curbside and multi-family collection program, with more serviced by our nearly 200 recycling depots. Over 185,000 tonnes of packaging and printed paper material was collected from households and depots.

Recycle BC is based in North Vancouver with local staff members managing all program operations, including supply chain and promotion and education activities. Recycle BC is supported in its work by Canadian Stewardship Services Alliance (CSSA), a national, non-profit organization dedicated to providing support services to stewardship programs across Canada.

Extended Producer Responsibility

In British Columbia, Extended Producer Responsibility, or EPR, is the obligation that businesses have to reduce the environmental impact of their products and packaging. Within the EPR model, producers are responsible for the management of their products throughout the entire product life cycle, encompassing waste reduction, recovery, and recycling.

Packaging and Printed Paper

Under BC's *Environmental Management Act*, "packaging is a material, substance or object that is used to protect, contain or transport a commodity or product, or is attached to a commodity or product or its container for the purpose of marketing or communicating information about the commodity or product."

Under Section 5 of the *Recycling Regulation*, printed paper is defined as "paper that is not packaging, but is printed with text or graphics as a medium for communicating information, and includes telephone directories, but does not include other types of bound reference books, bound literary books, or bound text books."





Board of Directors

The Recycle BC's Board of Directors has an overarching role focused on governance and oversight.

Current members of the Recycle BC board are:

- John Coyne, Unilever Canada Inc. (Board Chair)
- Paul Hazra, Overwaitea Food Group
- Bob Chant, Loblaw Companies Limited (Vice Chair)
- Debbie Baxter, Deloitte (Independent Director)

Members of the Finance & Audit Committee are Debbie Baxter (Chair) and Paul Hazra.

Recycle BC Advisory Committee

The Recycle BC Advisory Committee includes representatives from stakeholders interested in the success of the program, including local governments (appointed by the Union of BC Municipalities), the waste management industry (represented by the Coast Waste Management Association), steward industry associations (represented by dairy and landscaping associations), and the Recycling Council of BC.

The Advisory Committee is consulted on core elements of the program to identify issues, foster collaborative problem-solving and increased communication, and to provide ongoing feedback and advice on the packaging and printed paper program.

- Brock Macdonald – CEO, Recycling Council of BC (Advisory Committee Chair)
- Paul Ives – Mayor, Town of Comox
- Will Burrows – Executive Director, Coast Waste Management Association
- Jozef Hubburmin, CFO, Fresh Direct Produce
- Andrew Doi, Environmental Planner, Metro Vancouver
- Rob C. Gay, Board Chair, Regional District of East Kootenay
- Dan Rogers, BC Chamber of Commerce
- Bill Hardy, General Manager, Northwest Landscape Supply

Recycle BC Members Finance the Program

Program members, or stewards, are businesses or organizations that supply packaging and printed paper into the BC residential marketplace, as defined by the BC *Recycling Regulation*. Recycle BC operates the residential recycling system on its members' behalf.

Stewards are required to regularly report the quantities of obligated materials they supply to households and pay fees used to support Recycle BC's program. In 2016, fees totaled more than \$83 million. The methodology for calculating material fee rates changed in 2016 following a broad steward consultation process. More information about Recycle BC's stewardship fees is available [here](#).

In becoming members of Recycle BC, businesses exemplify their commitment to environmental sustainability by taking responsibility for the management of their packaging and printed paper at the end of its useful life.

Recycle BC members span a breadth of sectors, including:

- Food manufacturers
- Consumer packaged goods (e.g., cosmetics, electronics, toys, etc.)
- Retail businesses (e.g., grocery, general merchandise, convenience, drug store)
- Banks and credit unions
- Municipal governments
- Quick service restaurants
- Magazine publishers

[Click here](#) for a full list of members or for more information about becoming a member.

Public Education



Informed and motivated residents are essential to the success of the Recycle BC program. Encouraging more recycling with less contamination improves the system and directly reduces our impact on the environment. We are constantly engaging communities and individuals to make them a bigger part of the solution for reducing waste.

Education Campaigns

Big Changes Start at Home Campaign

In 2016, Recycle BC launched its Big Changes Start at Home campaign, focusing on the environmental benefits of recycling. The campaign, developed to demonstrate to residents that when they recycle, they can make a difference, highlighted three environmental themes: reducing greenhouse gases, protecting our oceans and saving energy. The campaign ran during the spring and fall, and included TV, radio, online, social media, and out-of-home advertising.

As part of their Recycle BC collection agreements, local government collectors retain responsibility for promotion and education, and receive some funding from Recycle BC for this purpose. Accordingly, Recycle BC shares advertising creative with collectors who wish to use it in their own communities.



Recycle Your Cartons Co-Campaign

Recycle BC partnered with the Carton Council of Canada to produce an education campaign to raise awareness of carton recycling in British Columbia. Specific campaign creative was developed and used across multiple channels with the same key message: Recycle your cartons in your blue bin. The five-week campaign featured animated online ads and social media posts.



Holiday Awareness Campaign

Recycle BC's holiday campaign featured a holiday recycling guide, showing residents which common holiday materials can and can't be included with their household packaging and printed paper recycling. The campaign included animated online ads and general and material specific social media posts.



Vancouver Whitecaps FC

Recycle BC initiated a partnership with the Vancouver Whitecaps FC in 2016 to encourage recycling and provide packaging and printed paper recycling education to British Columbians. In the first year of our partnership with the Whitecaps, Recycle BC's team attended matches offering fans an opportunity to learn more about packaging and printed paper recycling and test their knowledge through fun and interactive games.



In addition, the partnership allowed Recycle BC to engage with residents through in-stadium signage, prize opportunities and social media outreach to communicate with British Columbians about the importance of recycling in Vancouver and around BC. The partnership has been very successful and was renewed for 2017.

Community Events Team

From June to September, Recycle BC's events team participated in 17 events in 11 communities. The 2016 tour built on the success of the 2015 launch year, allowing Recycle BC ambassadors to engage with residents and answer any questions they had about packaging and printed paper recycling. Residents participated in interactive and educational games and exhibits. It is estimated that over 150,000 BC residents visited Recycle BC's display, and the team had more than 27,000 unique interactions with event attendees. A park bench made out of recycled plastic was part of the tour display to show residents what products can be recycled into. At the end of the tour, the bench was donated to the City of Prince George.



Recycle BC Events Team 2016 Communities:

- Richmond
- Nanoose Bay
- Quesnel
- Prince George
- Surrey
- Coquitlam
- Pitt Meadows/Maple Ridge
- Smithers
- Castlegar
- Vancouver
- Armstrong

Community Champions

Recycle BC partnered with local environmental organizations that work to promote waste reduction and recycling goals in their communities. Recycle BC provided supporting information, education materials, and grant money to be applied towards the promotion of packaging and printed paper recycling, and ongoing resident outreach and education about what materials are accepted in Recycle BC's program.

In 2016, Recycle BC partnered with four organizations:

- Recycling and Environmental Action Planning Society (REAPS), Prince George
- The Northern Environmental Action Team (NEAT), Fort St John/Peace River Regional District
- Ridge Meadows Recycling Society, Maple Ridge
- Let's Talk Trash, Powell River Regional District



The Recycle BC events team donates a recycled park bench to The City of Prince George to be located in the REAPS demonstration garden. Pictured with Recycle BC event team members: Mayor Lyn Hall, City of Prince George and Terry McClymont, Executive Director, REAPS.

Resident Awareness

Recycle BC continues to measure resident awareness of the program through consumer research and by measuring the number of people visiting the resident-facing website.

Recycle BC will continue to conduct consumer research in 2017 to compare and measure program awareness, especially with the new Recycle BC brand, and the recycling behaviour of BC residents.

2016 Highlights:



136,938

unique visitors to the resident-facing website, resulting in 304,246 page views



75%

of residents made an effort to recycle



92%

of residents found the recycling services unchanged or better than in 2015

99%

of residents were aware of the availability of packaging and printed paper recycling and claimed to recycle



16%

of residents were aware of Multi-Material BC

Collection Systems and Facilities



The Recycle BC program uses three collection methods:

- Curbside collection from residences that each set out material for pick up.
- Multi-family collection from a central location in buildings with five or more residential units.
- Depot collection where residents drop off packaging and printed paper.

Together, Recycle BC has over 160 collection and post-collection partners throughout BC.

Expanded Direct Recycling Services

Recycle BC continued to provide a financial incentive to local governments delivering recycling services and resident education under contract. Under this model, local governments' solid waste management costs are fully or partially offset, transferring the cost of recycling from taxpayers to businesses.

In other cases, communities have elected to have Recycle BC directly manage their curbside recycling service, meaning local governments are no longer responsible for oversight or management of recycling services or resident communication regarding curbside recycling.

In 2016, two additional communities transferred management of their curbside recycling services to Recycle BC. The City of Vancouver and the City of Pitt Meadows joined 10 other communities whose recycling services are the direct responsibility of Recycle BC, increasing the number of directly serviced households from 130,000 households to approximately 380,000 households.

Communities serviced directly by Recycle BC:

- City of Coquitlam
- City of Langley
- City of Pitt Meadows
- City of Prince George
- City of Quesnel
- City of Revelstoke
- City of Vancouver
- Regional District of Central Kootenay (Areas H, I, J)
- Regional District of Kootenay Boundary (Kootenay Region)
- Regional District of North Okanagan
- University Endowment Lands
- Village of Anmore

Green by Nature Partnership

Green by Nature EPR (GBN) is contracted by Recycle BC to manage residential packaging and printed paper recycling post-collection. GBN is a partnership of three key organizations in British Columbia:

- Cascades Recovery, one of Canada's largest collectors, processors and marketers of recyclable materials.
- Emterra Environmental, one of Canada's largest waste resource management companies that specializes in recyclables collection, processing and marketing services, as well as organics and solid waste collection.
- Merlin Plastics, a North American pioneer in plastics recycling and marketing.

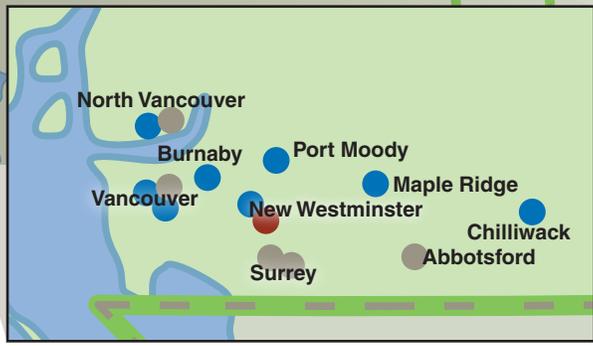
GBN eliminated the traditional Material Recovery Facility (MRF) infrastructure and replaced it with a series of Receiving, Consolidation and Transfer facilities (RCTs) and Pre-Conditioning Facilities (PCFs), and a Container Recovery Facility (CRF).

The RCTs segregate the two streams of residential printed paper and packaging collected from curbside, multi-family or depots, baling the fibres separately from the containers. In the PCFs, fibres are segregated from containers. The containers stream is "pre-conditioned" to remove the residue, steel and glass. The remaining containers are baled and shipped to the CRF for sorting. This approach eliminates the unnecessary redundancy and added cost associated with putting optical sorting technology into each PCF across the province. The new approach is both technologically more efficient and financially more prudent.

Facilities Network



- 31 Receiving Consolidation and Transfer Facilities
- 11 Pre-Conditioning Facilities
- 1 Container Recovery Facility



Collection Summary

1



Curbside collection

Collection from households that set out material individually for pick-up

2



Multi-family collection

Collection from a central location in residences with five or more units

3



Depot collection

Residents drop off their materials



1,271,000

 households

in 154 incorporated municipalities, electoral areas and First Nations communities have access to curbside and/or multi-family collection services under the Recycle BC program.

98%



In 2016, 98% of households in BC had access to the Recycle BC program through its extensive depot network. In 2016, Recycle BC had a total of 199 depots in 28 regional districts.

Curbside/Multi-Family Service Areas and Depot Facilities

	SERVICE AREA FACILITIES	CHANGE
Alberni-Clayoquot	8	-
Curbside	2	
Alberni Clayoquot Regional District	1	
Toquaht Nation	1	
Depot	5	
Alberni Valley Landfill	1	
Bamfield Transfer Station	1	
Port Alberni Recycling Depot	1	
Sonbird Refuse & Recycling	1	
Westcoast Recycling Depot	1	
Multi-Family	1	
City of Port Alberni	1	
Bulkley-Nechako	7	-
Curbside	3	
Nak'azdli Whut'en1		
Town of Smithers	1	
Village of Telkwa	1	
Depot	3	
Bulkley Valley Bottle Depot	1	
Burns Lake Return-It Depot	1	
Nak'azdli Recycling Depot	1	
Multi-Family	1	
Nak'azdli Whut'en	1	

	SERVICE AREA FACILITIES	CHANGE
Capital	13	-
Curbside	1	
Capital Regional District	1	
Depot	10	
Bottle Depot (Saanich)	1	
Bottle Depot (Victoria)	1	
Galiano Island Recycling Depot	1	
Hartland Recycling Depot	1	
Mayne Island Recycling Depot	1	
Oak Bay Public Works	1	
Pender Island Recycling Depot	1	
Port Renfrew Transfer Station	1	
Salt Spring Island Recycling Depot	1	
Saturna Island Recycling Depot	1	
Multi-Family	2	
Capital Regional District	1	
City of Victoria	1	

Curbside/Multi-Family Service Areas and Depot Facilities

	SERVICE AREA FACILITIES	CHANGE		SERVICE AREA FACILITIES	CHANGE
Cariboo	20	2	Central Okanagan (continued)	14	-
Curbside	4		Depot	9	
Cariboo Regional District	1		Boucherie Self Storage & Bottle Depot	1	
City of Quesnel	1		Columbia Bottle Depot - Central	1	
City of Williams Lake	1		Columbia Bottle Depot - Rutland	1	
District of 100 Mile House	1		Columbia Bottle Depot - St. Paul	1	
Depot	15		Glenmore Landfill Recycling Depot	1	
150 Mile House Transfer Station	1		Northwestside Recycling Depot	1	
Baker Creek	1		Planet Earth Recycling Ltd.	1	
Central Cariboo Transfer Station	1		Traders Cove Recycling Depot	1	
Forest Grove Transfer Station	1		Westside Residential Waste Disposal and Recycling Centre	1	
Frost Creek Transfer Station	1				
Gold Trail Recycling Ltd	1		Columbia-Shuswap	22	-
Interlakes Landfill	1		Curbside	3	
Lac La Hache	1		City of Revelstoke	1	
Lone Butte Transfer Station	1		City of Salmon Arm	1	
Quesnel Landfill	1		Town of Golden	1	
Watch Lake Landfill	1		Depot	18	
Wells	1		Bill's Bottle Depot	1	
Wildwood Transfer Station	1		Falkland Transfer Station	1	
Horsefly	1		Glenemma Transfer Station	1	
Nimpo Lake	1		Golden Bottle Depot	1	
Multi-Family	1		Golden Landfill	1	
City of Williams Lake	1		Malakwa Depot	1	
			Parson	1	
Central Coast	3	2	Revelstoke Bottle Depot	1	
Curbside	1		Revelstoke Landfill	1	
Bella Bella	1		Salmon Arm Landfill	1	
Depot	2		Scotch Creek Transfer Station	1	
Thorsen Creek Landfill and Recycling Centre	1		Seymour Arm Transfer Station	1	
Bella Bella Eco Depot	1		Sicamous Downtown Depot	1	
			Sicamous Landfill	1	
Central Kootenay	8	2	Skimikin Transfer Station	1	
Curbside	5		Sorrento Fire Hall Depot	1	
City of Castlegar	1		Tappen Co-Op Depot	1	
City of Nelson	1		Trout Lake Transfer Station	1	
Regional District of Central Kootenay	1		Multi-Family	1	
Village of Kaslo	1		City of Revelstoke	1	
Village of Nakusp	1				
Depot	1		Comox Valley	8	-
Zion Trucking	1		Curbside	3	
Multi-Family	2		City of Courtenay	1	
City of Nelson	1		Comox Valley Regional District	1	
Central Kootenay	1		Village of Cumberland	1	
			Depot	4	
Central Okanagan	14	-	Comox Valley Waste Management Centre	1	
Curbside	5		Courtenay Return-It Depot	1	
City of Kelowna	1		Denman Island	1	
City of West Kelowna	1		Hornby Island	1	
District of Lake Country	1		Multi-Family	1	
District of Peachland	1		City of Courtenay	1	
Regional District of Central Okanagan	1				

Central Okanagan continued next column

Curbside/Multi-Family Service Areas and Depot Facilities

	SERVICE AREA FACILITIES	CHANGE
Cowichan Valley	13	-
Curbside	6	
City of Duncan	1	
Cowichan Tribes	1	
Cowichan Valley Regional District	1	
District Municipality of North Cowichan	1	
Town of Ladysmith	1	
Town of Lake Cowichan	1	
Depot	5	
Bings Creek Recycling Centre	1	
Island Return-It Duncan	1	
Junction Bottle Depot	1	
Meade Creek Recycling Centre	1	
Peerless Road Recycling Centre	1	
Multi-Family	2	
Town of Ladysmith	1	
Town of Lake Cowichan	1	
East Kootenay	1	-
Depot	1	
Cranbrook Bottle Depot	1	
Fraser Valley	10	(1)
Curbside	1	
Seabird Island Band	1	
Depot	6	
Abbotsford Bottle Depot	1	
Aldergrove Return-It Depot	1	
Mission Recycle Centre	1	
R&T Recyclables & Bottle Depot	1	
Sardis Bottle Depot	1	
Seabird Island Eco Station	1	
Multi-Family	3	
City of Abbotsford	1	
City of Chilliwack	1	
Seabird Island Band	1	
Fraser-Fort George	4	-
Curbside	1	
City of Prince George	1	
Depot	2	
Hart Return-It Centre	1	
P.G. Recycling and Return-It Centre	1	
Multi-Family	1	
City of Prince George	1	
Greater Vancouver	72	(4)
Curbside	17	
City of Burnaby	1	
City of Coquitlam	1	
City of Langley	1	
City of New Westminster	1	
City of North Vancouver	1	
City of Pitt Meadows	1	
City of Port Coquitlam	1	

Greater Vancouver continued next column

	SERVICE AREA FACILITIES	CHANGE
Greater Vancouver (continued)	72	(4)
City of Port Moody	1	
City of Richmond	1	
City of Surrey	1	
City of Vancouver	1	
City of White Rock	1	
District of Maple Ridge	1	
District of North Vancouver	1	
District of West Vancouver	1	
University Endowment Lands	1	
Village of Anmore	1	
Depot	40	
Biggar Bottle Depot	1	
Bridgeview Bottle & Return-It Depot	1	
Burnaby Eco-Centre	1	
City of Richmond Recycling Depot	1	
Coquitlam Return-It Depot	1	
East Hastings Bottle Depot	1	
Edmonds Return-It Depot	1	
Fraser Valley Bottle & Return-It Depot	1	
Go Green Bottle Depot	1	
Guildford Bottle Depot	1	
Haney Bottle Depot	1	
Ironwood Bottle & Return-It Depot	1	
Jenill Recycling	1	
Kensington Square Return-It Centre	1	
Kitchener Bottle Depot	1	
Ladner Bottle Depot	1	
Lee's Bottle Depot	1	
Lonsdale Bottle & Return-It Depot	1	
Lougheed Return-It Depot	1	
Maple Ridge Bottle Depot	1	
Maple Ridge Recycling Depot	1	
Metrotown Return-It Centre	1	
New Westminster Recycling Depot	1	
Newton Bottle Depot	1	
North Shore Bottle Depot	1	
North Vancouver Bottle & Return-It Depot	1	
NSRP North Shore Depot	1	
Pitt Meadows Bottle & Return-It Depot	1	
Powell Street Return-It Bottle Depot	1	
Sapperton Return-It Depot	1	
Scott Road Bottle Depot	1	
Semiahmoo Bottle Depot	1	
South Van Bottle Depot	1	
Tsawwassen Return-It Centre	1	
Vancouver Central Return-It Depot	1	
Vancouver Landfill	1	
Vancouver South Transfer Station	1	
Walnut Grove Bottle & Return Centre	1	
Willowbrook Recycling	1	
London Drugs Depot	1	

Greater Vancouver continued next page

Curbside/Multi-Family Service Areas and Depot Facilities

	SERVICE AREA FACILITIES	CHANGE		SERVICE AREA FACILITIES	CHANGE
Greater Vancouver (continued)	72	(4)	Mount Waddington	15	-
Multi-Family	15		Curbside	4	
City of Burnaby	1		District of Port Hardy	1	
City of Coquitlam	1		Regional District of Mount Waddington	1	
City of Langley	1		Town of Port McNeill	1	
City of New Westminster	1		Village of Alert Bay	1	
City of North Vancouver	1		Depot	10	
City of Port Coquitlam	1		7 Mile Landfill And Recycling	1	
City of Port Moody	1		Cormorant Island Recycling Depot	1	
City of Richmond	1		Island Foods Bottle Depot	1	
City of Surrey	1		Malcolm Island Recycling Depot	1	
City of Vancouver	1		Port Alice Recycling Depot	1	
City of White Rock	1		Port Hardy Return It Centre	1	
District of Maple Ridge	1		Quatsino Recycling Depot	1	
District of North Vancouver	1		Tsulquate Recycling Depot	1	
District of West Vancouver	1		Winter Harbour Recycling Depot	1	
University Endowment Lands	1		Woss Recycling Depot	1	
Kitimat-Stikine	5	-	Multi-Family	1	
Curbside	1		Regional District of Mount Waddington		
City of Terrace	1		- Coal Harbour	1	
Depot	4		Nanaimo	11	(1)
Border Town Recycling	1		Curbside	2	
Do Your Part Recycling	1		City of Nanaimo	1	
Hazelton Bottle Depot	1		Regional District of Nanaimo	1	
Kitimat Bottle Depot	1		Depot	6	
Kootenay Boundary	11	-	Alpine Disposal	1	
Curbside	2		Nanaimo Recycling Exchange	1	
Regional District of Kootenay Boundary			Parksville Bottle & Recycling Depot Ltd	1	
- East Sub Region	1		Qualicum Bottle Depot	1	
Regional District of Kootenay Boundary			Sun Coast Recycle Drop Off	1	
- West Sub Region	1		Old Victoria Regional	1	
Depot	6		Multi-Family	3	
Christina Lake Transfer Station	1		City of Nanaimo	1	
Grand Forks Landfill	1		City of Parksville	1	
McKelvey Creek Landfill	1		Nanose Bay	1	
Rock Creek Transfer Station	1		North Okanagan	9	-
Trail Bottle Depot	1		Curbside	1	
West Boundary Landfill	1		Regional District of North Okanagan	1	
Multi-Family	3		Depot	4	
City of Roseland	1		Armstrong Bottle Depot	1	
City of Trail	1		Interior Freight and Bottle Depot	1	
Village of Fruitvale	1		Venture Bottle Depot	1	
			Venture Training Centre	1	
			Multi-Family	4	
			City of Armstrong	1	
			City of Enderby	1	
			City of Vernon	1	
			Village of Lumby	1	
			Northern Rockies	1	-
			Depot	1	
			Widesky Disposals	1	

Curbside/Multi-Family Service Areas and Depot Facilities

	SERVICE AREA FACILITIES	CHANGE		SERVICE AREA FACILITIES	CHANGE
Okanagan-Similkameen	19	-	Squamish-Lillooet	11	-
Curbside	7		Curbside	2	
City of Penticton	1		Seton Lake Band	1	
District of Summerland	1		Squamish Nation	1	
Penticton Indian Band	1		Depot	6	
Regional District of Okanagan-Similkameen	1		Carney's Waste Systems	1	
Town of Oliver	1		Function Junction Depot	1	
Town of Osoyoos	1		Lillooet	1	
Town of Princeton	1		Nesters Depot	1	
Depot	9		Pemberton	1	
Campbell Mountain Landfill	1		Pemberton Recycling Centre	1	
J & C Bottle Depot	1		Multi-Family	3	
Keremeos Transfer Station	1		District of Squamish	1	
Oliver Landfill	1		Resort Municipality of Whistler	1	
Osoyoos Bottle Depot	1		Village of Pemberton	1	
Osoyoos Landfill	1				
Princeton Landfill	1		Strathcona	11	-
Summerland Landfill	1		Curbside	3	
T2 Market Recycle Depot	1		City of Campbell River	1	
Multi-Family	3		Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nation	1	
City of Penticton	1		Strathcona Regional District	1	
District of Summerland	1		Depot	7	
Town of Oliver	1		Campbell River Waste Management Centre	1	
			Cortes Island	1	
Peace River	11	-	Gold River	1	
Depot	11		Island Return-It Campbell River	1	
Buick	1		Sayward	1	
Cecil Lake	1		Tahsis	1	
DC Campbell Recycling Ltd.	1		Zeballos	1	
Goodlow	1		Multi-Family	1	
Kelly Lake	1		City of Campbell River	1	
Prespatou	1				
Rose Prairie	1		Sunshine Coast	3	-
Tomslake	1		Depot	3	
Tumbler Ridge Transtor	1		Gibsons Recycling Depot	1	
Wonowon	1		Pender Harbour Recycling Depot	1	
Rolla Transfer Station	1		Sechelt Recycling Depot	1	
Powell River	6	(1)	Thompson-Nicola	3	(1)
Depot	6		Depot	3	
Augusta	1		General Grant's - Northshore	1	
Gillies Bay Community Depot	1		General Grant's - Sahali	1	
Lund Community Depot	1		Lorne Street Bottle	1	
Powell River South (Black Point)					
Community Depot	1				
Sliammon Community Depot	1				
Town Centre Depot	1				
Skeena-Queen Charlotte	3	(2)	Grand Total	322	(4)
Curbside	1		Curbside	75	
Gitxaala Nation	1		Depot	199	
Depot	2		Multi-Family	48	
Kitkatla	1				
Mainland (Regional) Recycling Depot	1				

Managing Environmental Impacts



Recycle BC works to reduce the environmental impact of its program materials through innovation and managing the collection and recycling of material. Innovation includes engaging with producers to advance the recycling of various materials and finding new ways to encourage good recycling practices. Management involves partnering with communities on collection and overseeing the sale of processed material to selected end markets.

Innovation

A key theme that emerged in 2016 is an increasing interest and engagement in circular economy thinking by Recycle BC members. The circular economy focus centres on creating systems and infrastructure to allow for the continuous, circular flows of materials and it is in large part due to the work of the Ellen McArthur Foundation and Canada's Circular Economy Innovation Lab (CEIL). Both of these entities are working with a range of organizations, including Canadian producers and Recycle BC, to overcome the systemic hurdles that prevent the continuous flow of materials.

The Ellen McArthur Foundation and CEIL are creating opportunities for parties across the supply chain to collaborate and thereby increase the capture and reprocessing of valuable materials so they can be repurposed for further use, thereby decreasing reliance on virgin material inputs. The momentum behind this work will continue into 2017 and beyond, involving Recycle BC and a number of its members and processors.

While that work takes place at both a global level and local level, Recycle BC members continue to work independently and with their suppliers and processors on a number of fronts to reduce the environmental impact of the packaging and paper they distribute to BC consumers. Examples of this work includes:

- Light weighting packaging to reduce material while maintaining packaging integrity.
- Simplifying packaging and paper products by removing unnecessary layers or components to improve recyclability.
- Utilizing lifecycle modeling tools in order to more fully understand the impact of their packaging throughout its lifecycle – encompassing both post-consumer management and carbon impact.
- Removing elements from packaging that might act as contaminants in the recycling stream such as utilizing new adhesives that are more compatible with the recycling process.
- Commitments to using 100% recyclable materials within a specified timeframe in order to support the market for recycled materials.
- Commitments to convert all packaging to recyclable materials within a defined timeframe.
- Optimizing packaging in a way that reduces the carbon footprint over its lifetime.

All of these factors play a role in the way in which Recycle BC members innovate and build eco-efficiency in the packaging and printed paper products distributed to British Columbians. Three innovation efforts from 2016 are summarized below.



Keurig K-Cup® Pod Testing

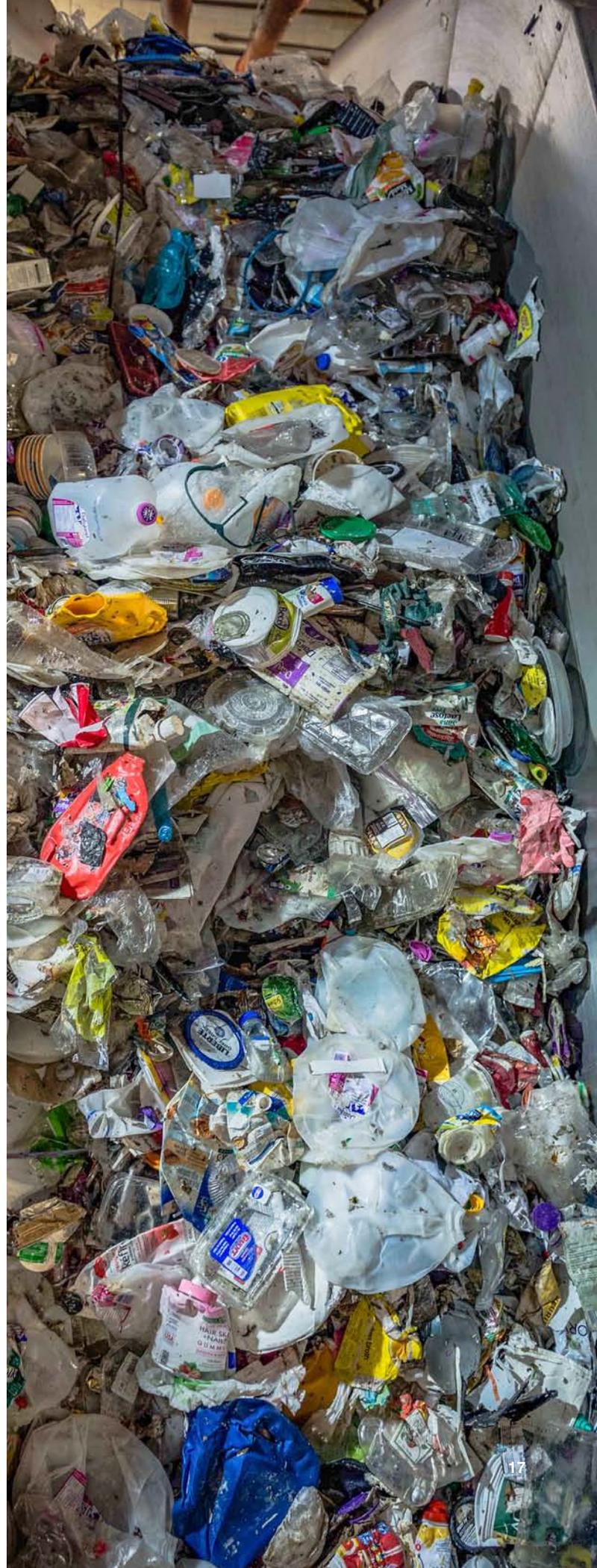
Environmental responsibility is an important aspect of business, and by working with producers directly, we can provide some insight into the recycling process and how packaging can be effectively and efficiently recycled. One example of how we do this is through our partnership with Keurig where we are working together to optimize recycling of their K-Cup® pod. Our work with Keurig started in 2016 and is great for our program and BC residents because it supports the transition to more recyclable packaging. We hope the work we are doing with Keurig will provide a template for producers in moving to more recyclable packaging and prove that small items can be effectively captured and recycled in an efficient way. Learn more about our work with Keurig in our video:

Press the Play Button
to open the video
in your browser



New Plastics Economy

Recycle BC is a partner in the New Plastics Economy, an ambitious, three-year initiative to build momentum towards a plastics system that features stronger economics and better environmental outcomes. Led by the Ellen MacArthur Foundation, the initiative brings together key stakeholders from around the world to re-think and re-design the future of plastics, starting with packaging, by applying the principles of the circular economy. Recycle BC is working with other program partners including The Coca-Cola Company, MARS and Unilever to collaborate and shift the future of plastics.





Streetscape Project

Packaging and printed paper (PPP) easily becomes contaminated when mixed with non-PPP materials (such as organics and other non-packaging materials), which can affect their ability to be sorted and ultimately recycled. Finding a more effective approach to having residents properly recycle PPP in streetscape bins, also known as on-street recycling bins, outside their homes will help improve the opportunity for PPP capture and recycling.

As part of Recycle BC's program plan commitment, we initiated a series of pilot projects to study the feasibility of PPP streetscape bins. Previous pilot projects conducted in 2014 and 2015 involved composition audits to understand the quality and quantity of PPP collected in streetscape recycling receptacles.

In 2016, Recycle BC and the City of Vancouver conducted a joint pilot project to test the performance of streetscape bins designed to collect source-separated PPP, organics, and garbage. The nine-month long timeframe was used to see if consumer recycling behaviour can be shifted and improved over time, with a focus on recycling hot and cold drink cups and other containers.

Recycle BC worked in partnership with Emily Carr University of Art + Design and Metro Vancouver to design the bins. A total of 31 recycling stations were placed in Vancouver's West End, resulting in one or more recycling stations every one or two blocks in the designated area. The majority of the recycling stations had three adjoining receptacles: one for mixed paper recycling, and one for containers recycling, and one for garbage. Some locations also offered compostable organics recycling.

The pilot project was also supported by a promotion and education campaign that included posters in local restaurants and retail businesses, and advertisements in transit shelters near the streetscape receptacles.

2016 Project Objectives

- Increase diversion of solid waste disposed in the public realm;
- Communicate, reinforce and support waste diversion behaviors with a focus on recycling;
- Identify opportunities and challenges with on-street recycling systems to determine the best course of action;
- Balance operational needs with diversion goals; and
- Align the pilot with Recycle BC's residential collection program in the community.

What We Found

During the first composition audit conducted in August 2016, we found that while the overall amount of PPP collected in streetscape was fairly low, the quality of the material (fibres and mixed containers) was quite high with good recovery at the processor. The data showed that the Emily Carr/Metro Vancouver bin design helped those who chose to recycle. In fact, they were doing so quite accurately with low contamination. However, there was still a large number of pedestrians who chose not to recycle at all. The garbage bin had a high level of recyclables mixed into the garbage. Recycle BC conducted a second composition audit during January 2017. The nine-month pilot concludes in May 2017.

What is a streetscape?

Streetscape venues refer to municipal property that is not industrial, commercial or institutional property and comprises the following:

- Sidewalks which are municipal property, which adjoin buildings in an urban commercial area and which are used for pedestrian traffic;
- Plazas or town squares which are municipal property and which are available to the public; or
- Parks which are municipal property.

Material Management Pollution Prevention Hierarchy

Recycle BC's packaging and printed paper Stewardship Plan includes reference to the pollution prevention hierarchy, which is a series of steps to manage waste, in order of the preferred approach. It's often simplified to "reduce, reuse, recycle".

Recycle BC's involvement in the hierarchy includes:

- **Reducing the environmental impact of producing the product:** member fees are based on the amount and the kind of packaging they supply to BC residents. Stewards using less packaging pay lower fees.
- **Recycling the product:** fees pay for the collection and recycling of packaging and printed paper in BC.

2016 collected material in relation to the pollution prevention hierarchy:

Tonnes of material managed by recycling	170,711
Tonnes of material managed by recovery	5,860 (alternative fuel: an engineered material manufactured to specifications)
Tonnes of material managed by disposal.....	8,898
Percentage of collected tonnes managed by recycling	92%

**Data above represents audited data from processor on quantities of materials shipped. Prior year-end inventory shipped in the current year and unprocessed and unshipped inventories at year end are both considered.*

Material Supplied, Collected and Recovery Rate

Tonnes of packaging and printed paper materials supplied and collected in 2016 decreased slightly from 2015, though the recovery rate increased.

	2016	2015*
Tonnes of Material supplied by members	238,062	243,191
Tonnes of Material Collected	185,477	185,403
Recovery Rate**	78%	76%

**2015 figures restated to account for the exclusion of third party tonnes (e.g. Encorp Schedule 1 beverage containers) which are tonnes managed in the Recycle BC system but have been credited as recycled performance by another scheme from 2016 onwards*

***Recycle BC's recovery rate is determined by dividing collected tonnes by steward-reported tonnes.*

Recycling End-Markets

When selecting end-markets for materials, Recycle BC gives priority to those located in countries that are members of the Organization for Economic Co-operation and Development (OECD). Recycle BC will allow marketing to packaging and printed paper end-markets located in countries that are not members of OECD only if the end-market meets or exceeds environmental, health and safety standards equivalent to OECD standards.

- **Plastics** – Sold to end-markets in BC.
- **Paper/Fibres** (including aseptic/polycoat containers) – The majority is sold to end-markets in China, with the rest either remaining in BC or going to end-markets in the United States and South Korea.
- **Glass** – Sold to end-markets in BC.
- **Metals** – Largely sold to end-markets in Ontario, with the rest either remaining in BC or going to end markets in the United States.



Material Collected by Regional District

REGIONAL DISTRICT	TONNES	SERVICED POPULATION	KG PER CAPITA (SERVICED)
Alberni-Clayoquot	1,135	30,981	36.6
Bulkley-Nechako	511	35,518	14.4
Capital	20,421	383,291	53.3
Cariboo	1,686	60,459	27.9
Central Coast	30	3,197	9.2
Central Kootenay	805	41,693	19.3
Central Okanagan	11,483	194,882	58.9
Columbia-Shuswap	2,316	51,330	45.1
Comox Valley	2,678	66,527	40.3
Cowichan Valley	5,278	82,092	64.3
East Kootenay	775	44,718	17.3
Fraser Valley	600	295,318	2.0
Fraser-Fort George	1,913	85,365	22.4
Greater Vancouver	111,354	2,462,552	45.2
Kitimat-Stikine	614	34,358	17.9
Kootenay Boundary	829	31,390	26.4
Mount Waddington	365	10,909	33.5
Nanaimo	8,045	151,310	53.2
North Okanagan	3,881	84,354	46.0
Northern Rockies	24	5,112	4.6
Okanagan-Similkameen	4,472	82,986	53.9
Peace River	227	56,098	4.0
Powell River	701	19,623	35.7
Skeena-Queen Charlotte	482	13,123	36.7
Squamish-Lillooet	1,807	42,507	42.5
Stikine	-	-	0.0
Strathcona	1,690	42,093	40.1
Sunshine Coast	1,198	29,649	40.4
Thompson-Nicola	157	119,022	1.3
Total	185,477	4,560,457	40.7

Program Performance

Year Over Year Performance

	2016	2015*	YOY VARIANCE %
Recycled Tonnes **	170,711	177,477	-3.8%
Collected Tonnes **	185,477	185,403	0.0%
Recovery Rate **	78%	76%	2.2%
Provincial Recovery Target	75%	75%	0.0%
Population serviced by PPP Program	4,560,457	4,282,219	6.5%
Recovered KG per Capita *	40.7	43.3	-6.1%
Number of Households Serviced (Single-Family & Multi-Family)	1,271,000	1,255,000	1.3%
Percent of Households with Access to Depots	98%	97%	0.8%
Number of Stewards	1,114	1,036	7.5%
Consumer Awareness of Recycle BC Program	16%	11%	45.5%

* 2015 results have been restated to account for the exclusion of third party tonnes (e.g. Encorp Schedule 1 beverage containers) which are tonnes managed in the Recycle BC system but have been credited as recycled performance by another stewardship organization from 2016 onwards

** Net of third-party tonnes

Performance Against Stewardship Plan Targets

PLAN TARGET	2016 RESULTS	STRATEGIES FOR IMPROVEMENT
1. Annually maintain, at a minimum, the overall provincial collection rate of 208,700 tonnes as assessed during preparation of the report titled <i>Current System for Managing Residential Packaging and Printed Paper (March 2012)</i> .	Recycle BC collected 185,477 tonnes of material in 2016, which represents 78% of the tonnes supplied into the residential marketplace by our member-stewards.	Recycle BC continues to add more communities to the program.
2. Recovery/Collection Reporting	<ul style="list-style-type: none"> • Tonnes of PPP collected within each Regional District and Kilograms per capita of PPP collected within each Regional District: See summary table "Material Collected by Regional District" at page 20 • Tonnes of PPP recycled and collected: page 21 • Kilograms per capita of PPP recycled and recovered for the province: page 21 • Recovery rate expressed as a percentage for the province: 78% 	Recycle BC continues to add more communities to the program.

PLAN TARGET	2016 RESULTS	STRATEGIES FOR IMPROVEMENT
3a. Annually maintain, at a minimum, single-family and multi-family household service levels, where these households currently receive PPP collection.	873,744 single-family households and 397,458 multi-family households received curbside and multi-family collection services from Recycle BC. The adjusted targets (less local governments that did not participate) are 793,000 single-family households and 364,000 multi-family households.	Household service levels are expected to continue growing with population growth and as more communities and stewards join the program.
3b. Annually provide curbside collection of PPP to the approximately 102,000 households currently only receiving garbage collection service.	Recycle BC provided curbside collection of PPP to 38,000 households previously only receiving curbside garbage collection service through both RFPs and service via local governments/First Nations.	Local governments representing the remaining households either: 1. Did not respond by the deadline; 2. Indicated they prefer depot collection; or 3. The bid price received by Recycle BC was higher than Recycle BC's offer.
3c. Annually maintain depot collection of PPP for the approximately 165,000 single-family households and the approximately 91,000 Multi-Family households without collection services.	Recycle BC added 8 new depot sites and closed 13 sites in 2016, for a net reduction of 5. Collectively, the 199 depots serve in total close to 572,500* households to which Recycle BC does not provide single-family or multi-family curbside collection services.	Recycle BC will add more depots as more stewards join the program.
3d. Annually provide depot collection of PPP for the approximately 17,000 multi-family households currently without depot collection service.	Recycle BC added 8 new depot sites and closed 13 sites in 2016, for a net reduction of 5. Collectively, the 199 depots serve in total close to 572,500* households to which Recycle BC does not provide single-family or multi-family curbside collection services.	Recycle BC plans to add additional depots in 2017.
3e. Implement streetscape collection services.	Recycle BC undertook a streetscape pilot in the City of Vancouver in 2016 to better understand residents' streetscape recycling behaviour.	Nine-month pilot project launched in 2016 with composition audits in 2016 and 2017.
4. Single-family and multi-family households receiving household collection services, and number and location of depots accepting PPP.	873,744 single-family households and 397,458 multi-family households received curbside or multi-family collection services from Recycle BC. 199 depots accepted PPP.	
5. Establish a resident awareness benchmark.	Recycle BC carried out consumer research in June 2016 to continue to inform promotion & education strategies, and resident awareness of the program.	

**Based on estimated households covered using depot-based accessibility standards less curbside and multifamily households under contract.*

PLAN TARGET	2016 RESULTS	STRATEGIES FOR IMPROVEMENT
6. Consumer awareness reporting.	<p>Percentage of residents aware of PPP stewardship program:</p> <ul style="list-style-type: none"> 99% of people are aware of the availability of packaging and printed paper recycling and claim to recycle. <p>Percentage of residents reporting use of available collection services:</p> <ul style="list-style-type: none"> 75% make an effort to recycle, and 25% recycle only if it is convenient. <p>Visits to the 'resident' section of the Recycle BC website:</p> <ul style="list-style-type: none"> In 2016, 136,938 people visited the resident website RecyclingInBC.ca, resulting in 304,246 total page views. 	
7a. Target PPP for which recycling end-markets exist for collection.	Recycle BC uses promotion and education materials to highlight for residents those PPP materials for which sustainable and/or commercially viable recycling end-markets exist.	Recycle BC will continue to provide promotion and education materials to educate residents on the materials accepted in its program.
7b. Direct 85% to 90% of collected PPP to recycling commodity markets.	In 2016, 170,711 tonnes of Recycle BC's material were shipped to recycling end-markets while 185,477 tonnes were collected (92%).	
8. Pollution Prevention Hierarchy Reporting.	<ul style="list-style-type: none"> Tonnes of material managed by recycling: 170,711 Tonnes of material managed by recovery (alternative fuel: an engineered material manufactured to specifications): 5,860 Tonnes of material managed by disposal: 8,898 Examples of environmental impact measures to characterize actions intended to reduce the environmental impacts of PPP by producers, members of Recycle BC, and by Recycle BC: <ul style="list-style-type: none"> Partnership with Keurig to find better ways to recycle their K-Cup pods Continued participation in the New Plastics Economy initiative led by the Ellen MacArthur Foundation Joint pilot project with City of Vancouver to test performance of PPP streetscape bins 	
9. Conduct research and develop a data tracking and modeling system for greenhouse gas emissions (GHG).	Recycle BC is responsible for completing its research and development of a data tracking and modeling system for greenhouse gas emissions by the end of 2016.	Recycle BC undertook research on greenhouse gas emission reporting in 2016. Full reporting is required by 2019.
10. Other reporting metric: program cost.	<ul style="list-style-type: none"> Total program cost (net) per tonne recovered: \$398.10 Total program cost per household (SF and MF only): \$40.00 	

Additional Information and Third Party Assurance

Operational Effectiveness Indicators:

KG per capita of material recycled for the province: 37.4

Operational Efficiency Indicators:

Total program cost (net) per tonne recovered \$398.10

Total program cost per household \$40.00



Financial Performance

2016 Performance Continues Program's Financial Stability

In 2016, Recycle BC incurred \$73.8 million in net operating expenses to manage 185,477 tonnes of packaging and printed paper material. Material management, the cost to collect and process the material net of commodity revenues, accounted for 85% of the annual expense. The remainder of Recycle BC's operating expenses were used to deliver promotion and education and program management oversight.

The total cost per tonne increased slightly to \$398.10 in 2016 due primarily to a small increase in households being served by Recycle BC over the course of the year. Collected tonnes remained flat over 2015.

Recycle BC maintained a strong financial position in 2016, supporting growth with onboarding more interested communities in 2017. Operating reserves (see Note 5 to Financial Statements) are in place to meet Recycle BC's cash flow requirements and ensure sufficient funds are always available to pay the hundreds of local governments, small businesses and other private operators who rely on us for regular and prompt payment for their services.



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Independent Auditor's Report

To the Members of Multi-Material BC Society

We have audited the accompanying financial statements of Multi-Material BC Society, which comprise the balance sheet as at December 31, 2016, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Multi-Material BC Society as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

March 30, 2017
Toronto, Ontario

Multi-Material BC Society Balance Sheet

December 31 **2016** **2015**

Assets

Current

Cash	\$ 57,938,814	\$ 43,711,956
Accounts and other receivables (Note 2)	6,416,416	4,928,319
Prepaid expenses	80,785	71,834

	64,436,015	48,712,109
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Capital assets (Note 3)

	26,306	26,270
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	\$ 64,462,321	\$ 48,738,379
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 7,097,688	\$ 6,646,640
Deferred revenue (Note 4)	5,000,000	-
Due to CSSA (Note 5)	725,097	667,153

	12,822,785	7,313,793
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Net Assets

Invested in capital assets	26,306	26,270
Unrestricted	11,613,230	1,398,316
Internally restricted (Note 6)	40,000,000	40,000,000

	51,639,536	41,424,586
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	\$ 64,462,321	\$ 48,738,379
--	---------------	---------------

On behalf of the Board:

 <hr style="border: 0.5px solid black;"/>	Director
 <hr style="border: 0.5px solid black;"/>	Director

Multi-Material BC Society Statement of Changes in Net Assets

For the year ended December 31, 2016

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ 26,270	\$ 1,398,316	\$ 40,000,000	\$ 41,424,586
Excess (deficiency) of revenue over expenses for the year	(9,542)	10,224,492	-	10,214,950
Investment in capital assets	9,578	(9,578)	-	-
Balance, end of year	\$ 26,306	\$ 11,613,230	\$ 40,000,000	\$ 51,639,536

For the year ended December 31, 2015

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ 35,027	\$ 10,059,692	\$ 20,000,000	\$ 30,094,719
Excess (deficiency) of revenue over expenses for the year	(8,757)	11,338,624	-	11,329,867
Transfer to operating reserve (Note 6)	-	(20,000,000)	20,000,000	-
Balance, end of year	\$ 26,270	\$ 1,398,316	\$ 40,000,000	\$ 41,424,586

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

Multi-Material BC Society Statement of Operations

For the year ended December 31	2016	2015
Revenue		
Fee revenue	\$ 83,648,174	\$ 84,755,101
Investment income	<u>398,503</u>	<u>376,502</u>
	<u>84,046,677</u>	<u>85,131,603</u>
Expenses		
Material management costs (Note 7)	63,012,718	64,143,095
Promotion and education	1,467,374	946,257
Research and program development	214,178	160,437
Program management (Note 5)	<u>9,137,457</u>	<u>8,551,947</u>
	<u>73,831,727</u>	<u>73,801,736</u>
Excess of revenue over expenses for the year	\$ 10,214,950	\$ 11,329,867

Multi-Material BC Society Statement of Cash Flows

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 10,214,950	\$ 11,329,867
Adjustments to reconcile excess of revenue over expenses for the year to cash provided by operating activities		
Amortization of capital assets	9,542	8,757
Changes in non-cash working capital balances:		
Accounts and other receivables	(1,488,097)	2,961,053
Prepaid expenses	(8,951)	(64,874)
Accounts payable and accrued liabilities	451,048	111,574
Deferred revenue	5,000,000	-
Due to CSSA	57,944	(475,473)
	14,236,436	13,870,904
Investing activities		
Proceeds from investments	-	25,210,788
Purchase of capital assets	(9,578)	-
	(9,578)	25,210,788
Increase in cash during the year	14,226,858	39,081,692
Cash, beginning of year	43,711,956	4,630,264
Cash, end of year	\$ 57,938,814	\$ 43,711,956

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

Multi-Material BC Society

Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization:

(a) Business Organization and Operations

Multi-Material BC Society (the "Organization") was incorporated under the British Columbia Society Act on May 4, 2011 to undertake responsibility for the stewardship of the packaging and printed paper environmental management program under provincial legislation.

The Packaging and Printed Paper Stewardship Plan ("Program Plan") was approved by the BC Ministry of Environment in April 2013 and the program was launched in May 2014.

On January 1, 2017, the Organization entered into an asset purchase agreement with MMBC Recycling Inc. ("MMBCI") whereby MMBCI will purchase all assets, assume all obligations and will continue the operations of program under federal legislation.

The Organization is a not-for-profit organization and as such is not subject to income taxes.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Revenue Recognition

Fee revenue is based on reported tonnages for members with signed Membership Agreements with the Organization. Revenue is recognized when tonnage is reported, fees are received or receivable and collection is reasonably assured. Revenue arising from member reported tonnages or adjustments for prior years' obligations and revenues resulting from compliance and enforcement activities are recognized when the amount can be reasonably estimated and collection is reasonably assured.

The Organization follows the deferral method of accounting for revenues. Amounts received for programs are recognized as revenue when the related expenses are incurred.

(d) Financial Instruments

Unless otherwise noted, the Organization initially measures its financial assets and liabilities at fair value and subsequently measures its financial assets and liabilities at amortized cost.

Multi-Material BC Society Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies - (Continued)

(e) Capital Assets

Capital assets are recorded at cost less accumulated amortization and is amortized on the following basis:

Computer equipment	-	3 years straight line
Furniture and fixtures	-	5 years straight line

(f) Impairment of Long-Lived Assets

When a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounting estimates include estimates of unreported tonnages and collectability of steward fees, accrued post collection costs and the valuation of accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Accounts and Other Receivables

	2016	2015
Fee revenue	\$ 1,432,159	\$ 2,746,113
Outstanding credits for indexed value of commodities processed, net	3,139,182	1,731,582
Other	1,900,419	454,174
Allowance for doubtful accounts	(55,344)	(3,550)
	\$ 6,416,416	\$ 4,928,319

Multi-Material BC Society Notes to Financial Statements

December 31, 2016

3. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 9,578	\$ 786	\$ -	\$ -
Furniture and fixtures	43,784	26,270	43,784	17,514
	53,362	27,056	43,784	17,514
		\$ 26,306		\$ 26,270

4. Deferred Revenue

In 2016, the Organization received a prepayment of \$5,000,000 for future Steward Fees. Revenue recognition for this amount will begin in 2017.

5. Due to CSSA and Related Party Transactions

Effective June 2013, the Organization entered into a 5 year Management Service Agreement with Canadian Stewardship Services Alliance Inc. ("CSSA") for management services including administrative and technical support, other services and facilities for administrative, technical and reporting activities. During the year, charges totaling \$6,373,160 (2015 - \$5,977,226) were paid to CSSA pursuant to this contract, which includes reimbursement of costs paid by CSSA on behalf of the Organization and are included in program management expenses. Included in accounts payable and accrued liabilities is \$725,097 (2015 - \$667,153) relating to these services.

The Organization's board of directors consists of 67% (2015 - 100%) who are also members of the CSSA board of directors; therefore, the CSSA board of directors has control over the Organization.

All transactions between the Organization and CSSA are in the normal course of operations and are recorded at their exchange amount as agreed upon by the parties.

6. Internally Restricted Net Assets

The directors authorized the establishment of the Operating Reserve to provide for an appropriate level of working capital and to satisfy all of its obligations for a reasonable period of time. During the year, the Organization internally restricted \$Nil (2015 - \$20,000,000) for this purpose.

Multi-Material BC Society Notes to Financial Statements

December 31, 2016

7. Material Management Costs

Material management costs include all costs related to the collection, transportation and processing of materials managed through the program, net of credits for indexed value of commodities processed.

8. Commitments

Under the terms of a realty lease agreement, the Organization is committed to pay basic rent approximately as follows:

2017	\$	47,700
2018		48,100
2019		<u>8,000</u>
	\$	<u>103,800</u>

9. Financial Instrument Risk Exposure and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. A brief description of management's assessments of these risks is as follows:

(a) Credit Risk:

Financial instruments potentially exposed to credit risk include cash and accounts and other receivables. Management considers its exposure to credit risk over cash to be remote as the Organization holds cash deposits at a major Canadian bank. Accounts and other receivables are monitored regularly for collections and the carrying amount represents the maximum credit risk exposure. The Organization's provision for uncollectable accounts receivable is \$55,344 (2015 - \$3,550).



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