



# ANNUAL REPORT

Encorp Pacific (Canada)



# 2020



In 2020 we defined our Social Purpose, which embodies our commitment to creating a better future for people, communities and the planet:  
*We exist to foster a world where nothing is waste.*

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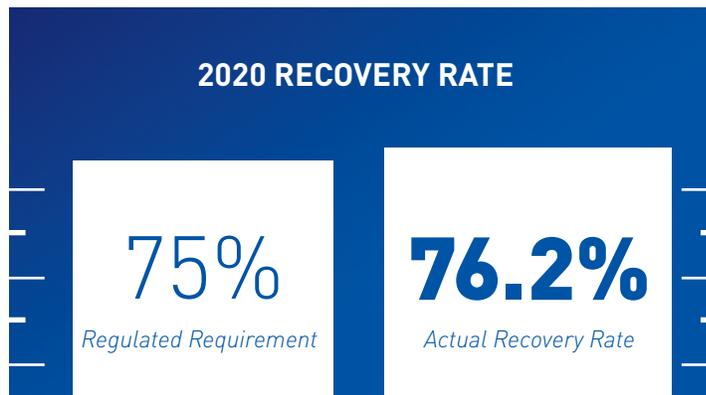
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# 2020

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

Encorp has been leading extended producer responsibility performance in Canada for 26 years and has diverted more than 21 billion beverage containers from the landfill.

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



## 1.1 PROGRAM PERFORMANCE SUMMARY



### PUBLIC EDUCATION MATERIALS AND STRATEGIES

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



### COLLECTION SYSTEM AND FACILITIES

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

Encorp's collection network consists of 168 Return-It depots, 1 Return-It Express Plus location and 5 Express & GO stations.



### PRODUCT ENVIRONMENTAL IMPACT REDUCTION, REUSABILITY AND RECYCLABILITY

Encorp's activities in 2020 contributed to the reduction of about 105.5 thousand tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) being released into the atmosphere, compared to 104.8 thousand tonnes in 2019.



### POLLUTION PREVENTION HIERARCHY AND PRODUCT/COMPONENT MANAGEMENT

Containers collected by Encorp in 2020 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation. See End Fate information on page 31.



### PRODUCT SOLD AND COLLECTED AND RECOVERY RATE

- Total Sales in units: 1,362,935,045
- Total Product Collected in units: 1,038,180,271
- Recovery Rate: 76.2% compared to 78.1% last year
- Provincial Per Capita Recovery: 201.7 units  
See regional breakdown on page 38.



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

- Deposits collected: \$144,731,701
- Refunds issued: \$109,062,260
- Total revenue: \$104,019,319
- Total expenses: \$103,142,937  
See Financial Statements on page 50.

## 1.2 COMPARISON OF KEY PERFORMANCE TARGETS



### CONSUMER ACCESS

98.57% of BC's population has access to a beverage container return facility, compared to the target in our Stewardship Plan of 97%. This target is based on drive times and exceeds the current Stewardship Agencies of British Columbia (SABC) accessibility standard. When we add the retail return points, the access level increases.



### CONSUMER AWARENESS

We set a goal to reach a 95% net awareness level for container types and beverage types that carry a deposit. Research results show that a 99% awareness level has been reached. The Return-It brand has reached a 89% awareness level with residents in British Columbia.



### CARBON FOOTPRINT

In 2020, Encorp recycled 89,976 metric tonnes of used beverage containers. The energy saved through the recycling of these materials has been converted into tonnes of CO<sub>2</sub>e, the common measure of greenhouse gas (GHG) emissions. In 2020, we calculated results and compared them to the 2019 data.

See full environmental report on page 28.



### CONSUMER CONVENIENCE

The Express system provides a superior level of consumer convenience by removing the need for customers to sort their containers and wait in line for the refund. Customers just tag their bags, drop them off and are on their way within minutes. In 2020, we added 12 more locations, for a total of 80 Express sites in the province. In 2019, Encorp launched Express & GO: unstaffed drop-off stations where consumers are still able to benefit from the ease and convenience of Express. With the addition of 3 new locations in 2020 (Park Royal Mall in West Vancouver, North Vancouver Transfer Station and Big White Ski Resort), we now have a total of 5 Express & GO Stations across the province.



### RECOVERY RATE

The 2020 recovery rate is 76.2%, 1.2% above the regulated requirement of 75%. The decline in recovery rate during 2020 is in part attributable to the COVID-19 pandemic, as half of our network was closed for roughly six weeks.



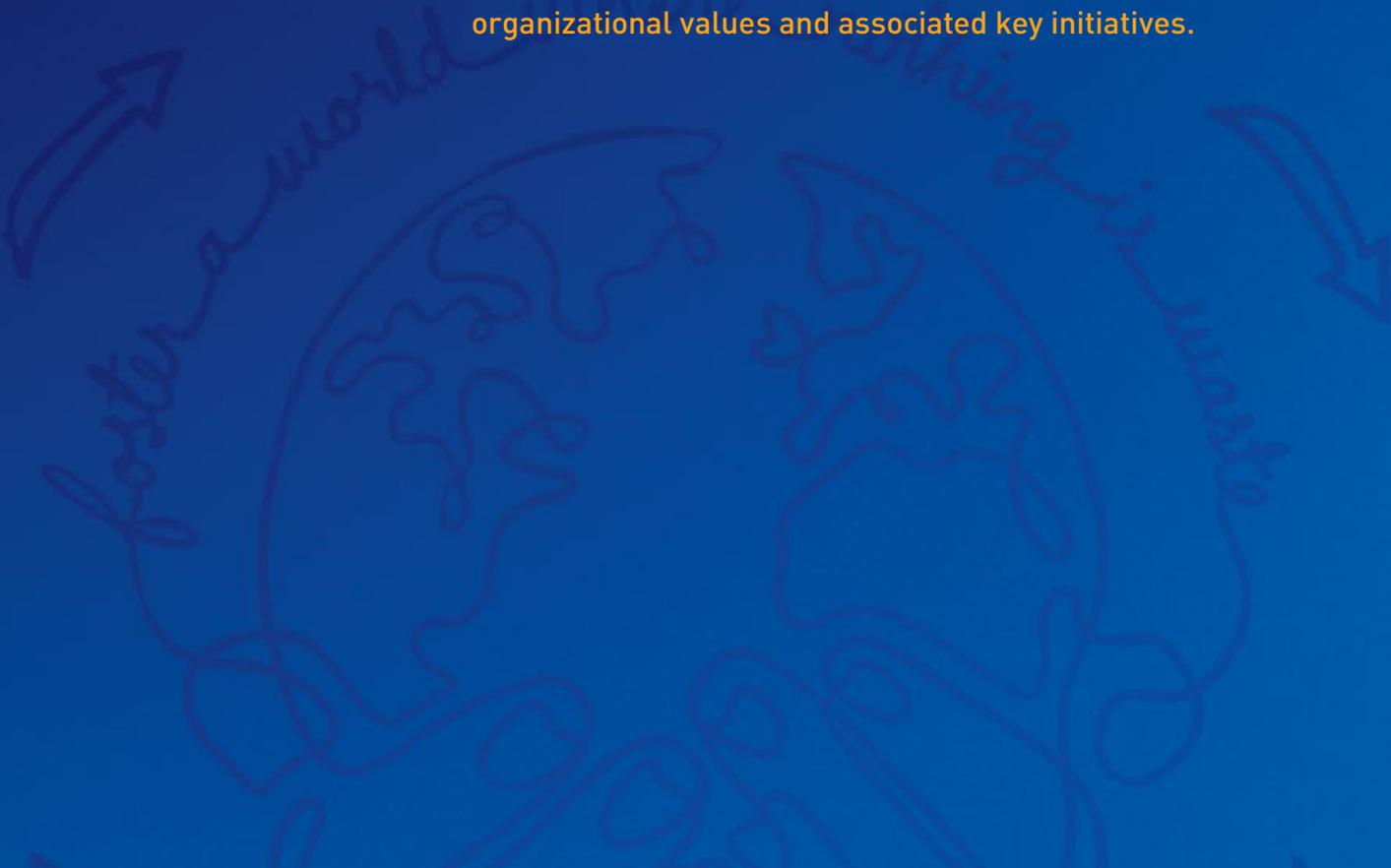
## SECTION 2

# PROGRAM OUTLINE

Our vision, mission statement and strategic business model.

Message from the Chair and CEO; successes and opportunities in 2020.

Our newly developed social purpose statement, organizational values and associated key initiatives.



2020

## 2.1 WHAT DRIVES US

Encorp Pacific (Canada) is the not-for-profit stewardship agency appointed to fulfill the requirements of the Recycling Regulation, Schedule 1, Beverage Container Product Category (BC Reg. 449/2004). The Encorp Stewardship Plan covers all ready-to-drink beverage containers such as aluminum cans, plastic, glass, bi-metal, drink boxes, gable tops, bag-in-a-box, stand-up pouches as well as refillable bottles on behalf of appointed producers.

Encorp has been leading extended producer responsibility performance in Canada for 26 years and has diverted more than 21 billion beverage containers from the landfill.

### Role

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

## ENCORP'S BUSINESS MODEL

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

Encorp has developed and maintained a set of core competencies within a small managerial and administrative team responsible for strategic planning, financial management, consumer awareness, infrastructure development, information technology and public transparency. All other operational activities are delivered through a network of independent contractors such as depot operators, transporters and processors. This contract management model allows Encorp to regularly test the marketplace to ensure that contract prices are competitive.

The advantages of this model include:

**Market-based costs** – Regular reviews of costs ensure that we capitalize on any recent improvements in efficiency and technology.

**Scalability** – Changes in demand can be accommodated rapidly.

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

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

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

## 2.2 OUR SOCIAL PURPOSE:

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

Over the past two years, Encorp has been participating in the United Way of the Lower Mainland's Social Purpose Institute, a program designed to help companies uncover their distinctive "best fit" social purpose through peer collaboration with expert facilitators and senior leaders from a small group of values-based businesses.

Encorp completed the first phase of this initiative in 2019 through an extensive year-long process that included research, extensive employee and stakeholder consultations, and stakeholder testing. The goal was to define a social purpose statement that speaks to why we exist for the betterment of society, stakeholders and our community, and the social value and benefits that define our organization.

At the end of the phase one, we defined a statement that embodies our commitment to creating a better future for people, communities and the planet: *We exist to foster a world where nothing is waste.*

*"It's about defining the role we want to play in achieving a waste-free world. By reimagining the role of materials, products and resources, we can view waste as a misplaced resource," said Allen Langdon, President and CEO of Return-It. "We're aligning our resources, people and systems to take a broader, more proactive role in bettering our communities and society as a whole. Our social purpose makes it clear we're engaged in a more circular vision of how our society can operate."*





## 2.3 MESSAGE FROM THE CHAIR

**At the end of my remarks in last year's Annual Report, I predicted that 2020 could be "an unusually challenging year". Talk about an understatement. As we all know, 2020 proved to be the most challenging year in most of our lifetimes. The disruption wrought by the spread of COVID-19 forced all of us to change the way we lived, worked and interacted with others. At Encorp Pacific (Canada), it was no different.**

Within days of the World Health Organization's declaration of a pandemic, our management team implemented drastic changes to our business processes and practices, working closely with our Return-It depot partners to safeguard the public and the people who operate the system. As Directors of the corporation, we were in awe of the speed and proficiency with which the changes were implemented, and we are deeply appreciative of everyone's efforts.

Even without the pandemic, it would have been an eventful year. In June, British Columbia's Ministry of Environment and Climate Change Strategy announced several changes to the province's Recycling Regulation, some of which will evolve and impact Encorp's operations in the coming years. Of these, the provision to increase the minimum deposit on beverage containers, which in turn enabled Encorp to implement a unified deposit to simplify the sorting process and reduce customer confusion, was perhaps the most significant system change in over 20 years.

Necessity is the mother of invention, and during the year, the imperative to reduce touch points in the collection system accelerated the implementation of new technology at Return-It centres and across the supply chain. Many of these changes are described elsewhere in this report. In addition, efforts to provide British Columbians with access to collection points in challenging locations, whether in remote communities or in densely populated areas where suitable real estate is limited, continued despite the business constraints triggered by the pandemic.

That said, these initiatives had been planned well prior to the start of the year and are key elements of Encorp's strategic plan. That plan foresees a customer-centric system that drives the recovery of

recyclables by enhancing customer satisfaction and optimizing the collection system through efficiency and innovation. In 2020 this meant simplifying the customer experience while providing assurances of customer safety at all collection points.

Not surprisingly, the extraordinary events of the past year affected our business results in unanticipated ways. Our planned deficit turned into an \$876,000 surplus, as lower refunds generated higher net revenue. Similarly, our key performance indicator, the recovery rate for beverage containers, was impacted as British Columbians returned fewer containers relative to purchases, especially during periods of tight restrictions on commercial activity.

As I write, there is hope that the situation is improving and that economic activity, including recycling activity, will start to resemble more normal patterns later in 2021. However, the situation is by no means certain, and as an organization, we and our partners will remain agile and flexible for some time to come. Still, we are well positioned to meet the ever-increasing expectations of EPR in 2021 and beyond.

I am grateful for the efforts of all our people – our staff, our depot operators, retail and other business partners and, of course, our Board of Directors – who did whatever was necessary to ensure that British Columbians had access to safe, reliable collection and recycling services through this most difficult year.



**Dan Wong**  
Board Chair

## 2.4 MESSAGE FROM THE CEO

Last year was an unprecedented year with a pandemic that impacted people, communities and our environment. 2020 required new ways of working and living. Through it all, I am proud of how our team came together to pivot during a very challenging time. The pandemic required us to be resilient and adapt our business and operations to protect the health and safety of our employees, customers and communities while delivering innovative, forward-thinking environmental solutions.

In everything we do, we are contributing our resources and expertise to foster a world where nothing is waste. As you will read throughout this report, we are constantly looking for ways to improve British Columbia's beverage container recycling system to make it easier for consumers to recycle and to ensure future generations can enjoy a healthier province. Whether we are investing in more contactless collection sites or adding hybrid-electric compaction trucks to our fleet, we're building a stronger recycling system to ensure a growing percentage of material does not end up in our landfills, oceans and waterways.

Following the initial closures of some of our collection facilities in the early weeks of the pandemic, we reopened safely, following risk management strategies aligned with recommendations and guidelines from provincial health authorities, the BC Centre for Disease Control and WorkSafeBC. Although we recorded the second consecutive increase in our recovery rate in 2019, with the temporary closures and reduced hours of operations within our collection network during the pandemic, our beverage container recovery rate declined in 2020 by 1.9% to 76.2%.

Despite this decrease in recovery rate during an unprecedented time, we are optimistic that the investments made in 2020 to modernize our beverage container recycling system to make it easier and more convenient to recycle will lead to a greater percentage of beverage containers being recycled. Our Return-it Express and solar-panelled Express & GO return stations are an example of this. In 2020, we added an additional 13 Express locations across the province. With Express, customers have a convenient and contactless option to recycle their beverage container in less than a minute. As customers looked for more contactless solutions in 2020, the number of customers registered to use the Return-It Express program system more than doubled last year to over 140,000 Express users.

As part of our efforts to reduce our impact on the environment, in July we introduced Canada's first-of-its-kind compressed natural gas hybrid-electric delivery truck with compaction unit to our fleet to create efficiencies and reduce our greenhouse gas emissions. This is an important step in our efforts to decarbonize our transportation fleet and contribute to the province's ambitious CleanBC goals to reduce carbon emissions.

All our initiatives are guided by the values that drive our work. Over the past two years, Encorp has been developing a social purpose statement to define our "why" and the positive impact we can make for the betterment of society, stakeholders and the community. Our social purpose statement – *"We exist to foster a world where nothing is waste"* – is our road map for the future and is embedded throughout our business. Through partnerships, community engagement and investments in new technology, research and innovation, we are bringing our social purpose to life.

We are excited about what lies ahead and the steps we are taking to reduce waste. While our goals are ambitious, our history of innovation and leadership within the industry – and the incredible dedication, resilience and commitment of our team – make me fully confident that our actions are helping to create a greener and more sustainable future. I welcome you to read more about these and other initiatives in this report.

Stay safe,



**Allen Langdon**  
President and CEO





## SECTION 3

# PUBLIC EDUCATION MATERIALS AND STRATEGIES

Insights from our current research on BC residents' recycling attitudes and behaviours, including the impacts of COVID-19-related restrictions.

A review of advertising and marketing activities conducted to increase recovery rates.

Overview of community-based programs and initiatives to encourage additional beverage container recycling.



# 2020

### 3.1 RESEARCH AND SEGMENTATION ANALYSIS

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

Research results are used to track changes over time as well as to provide information that is required by the provincial government.

One of the most critical pieces of understanding is to determine how to further reduce the level of throw-away behaviour (approximately 20% of beverage containers are known to not be recycled in BC).

An online survey was undertaken in September 2020 among adults 18+ in BC. We achieved a 99% awareness level for all container types that can be returned to a depot for deposit, and a 99% awareness level for all non-alcohol beverage container types that can be returned to a depot for deposit.

	2020 (n=1,186)	2019 (n=1,186)	2018 (n=1,204)	2016 (n=1,208)	2015 (n=1,572)
<b>Any Type (NET)</b>	 <b>99%</b>	<b>99%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>
<b>Non-Alcohol (NET)</b>	 <b>97%</b>	<b>97%</b>	<b>96%</b>	<b>97%</b>	<b>99%</b>
Aluminum cans 	 97%	97%	96%	98%	98%
Plastic bottles 	 91%	91%	91%	92%	93%
Glass bottles 	 88%	84%	84%	87%	87%
Drink bottles 	 72%	73%	73%	73%	76%
Cartons 	 63%	68%	63%	64%	67%

	2020 (n=1,186)	2019 (n=1,186)	2018 (n=1,204)	2016 (n=1,208)
 <b>Brand Awareness</b> (Encorp Pacific (Canada)/Return-It)	 <b>89%</b>	<b>91%</b>	<b>89%</b>	<b>90%</b>

Source: Insights West’s Brand Reputation Insights norm, excluding restaurant and entertainment brands.

### 3.1 RESEARCH AND SEGMENTATION ANALYSIS

In 2020, a fresh approach to the segmentation analysis was undertaken, including behavioural variables as well as attitudinal ones.

Based on the new approach, five new segments were identified: Regular Returners, Depot Fans, Convenience Trashers, On-the-Go Discarders, and Uninformed Urbans.

Each segment was analyzed through the following criteria:

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

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

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

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

**Reasons for discarding**

	Regular Returners	Depot Fans	Convenience Trashers	On-the-Go Discarders	Uninformed Urbans
<b>Size</b>	41% people 14% containers produced 1% containers discarded	25% people 47% containers produced 5% containers discarded	9% people 22% containers produced 74% containers discarded	13% people 14% containers produced 13% containers discarded	12% people 3% containers produced 8% containers discarded
<b>Key Demographics</b>	Average age 54 63% females	Average age 50 Equally male and female	Age 18–34 54% males	Age 25–44 57% females	Both young and old Equally male and female
<b>Depot Use</b>	Just below average use Like the one-stop convenience of depots	Frequent users Love to use the depots	Good level of use, and frequent among those who do Like the convenience, especially depots with Express	Average use Average reasons for using the depots	Low use; they prefer retailers as method for return Lack of nearby locations is one of their main barriers
<b>Express</b>	Below-average awareness, current use and future interest	Above-average use, but only average current and future interest	Average awareness, high current and future interest	Below-average awareness, average current use, but above-average future interest	Below-average awareness, current use and future interest
<b>Reasons for discarding</b>	Rarely discard Confusion on what is returnable	Rarely discard Confusion on what is returnable	Hassle and inconvenience are key reasons	Can't find a place to return it while they are "on the go"	Lack of interest in the return system

### 3.1 RESEARCH AND SEGMENTATION ANALYSIS

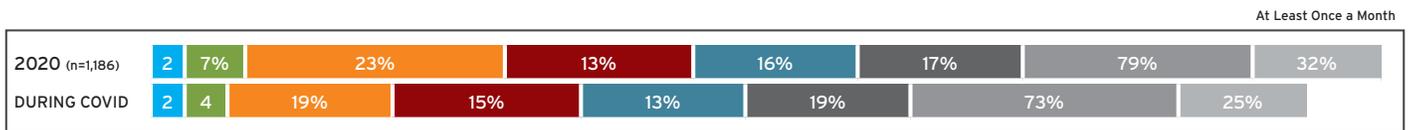
The annual studies conducted help us understand throw-away behaviour in as much depth as possible. We have seen significant success in reducing the number of beverage containers that end up in the landfill; however, a small percentage are still not recycled. We continue to work hard to target this minority behaviour.

In 2020, we conducted our annual segmentation study to better understand the behaviours of discarders. Within the study, questions based on discard location, beverage container type, and frequency were asked. This year, we also

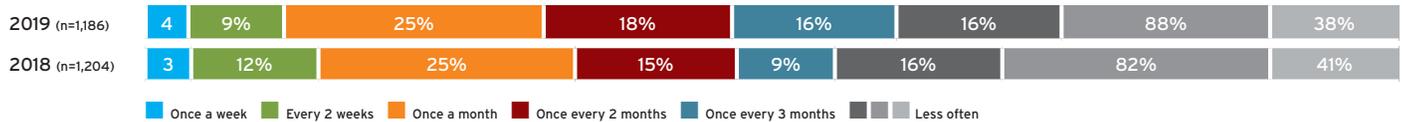
wanted to know if the COVID-19 pandemic has influenced the way consumers recycle their beverage containers, such as where they take drink containers for recycling and how frequently. In addition, we were curious to understand how COVID-19-related restrictions may have influenced awareness and use of the contactless Return-It Express service.

Our 2020 benchmark study produced an interesting analysis of the ways the beverage container consumption and recycling habits of British Columbians have been impacted during this challenging time.

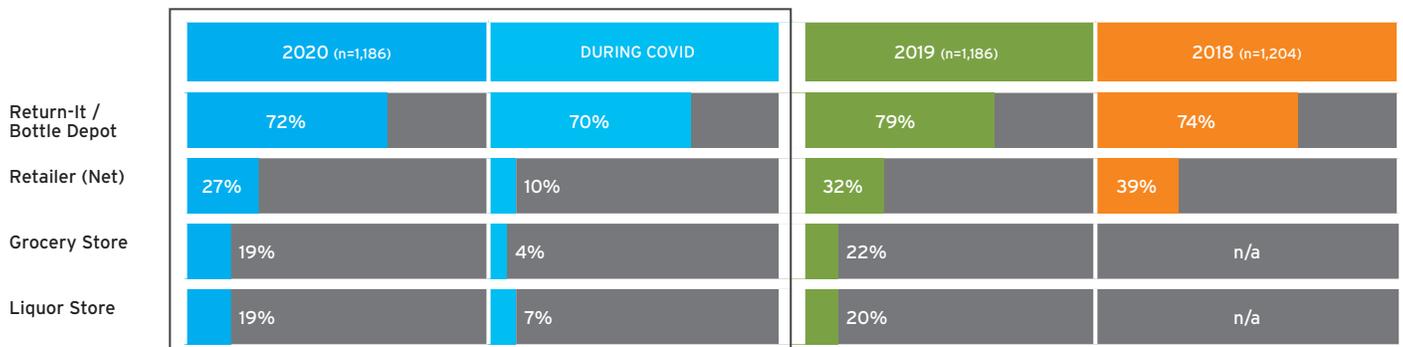
#### RETURN-IT DEPOT VISIT FREQUENCY



Top row is 2020 data, bottom row is data during COVID



#### METHODS FOR RETURNING BEVERAGE CONTAINERS



Left column is 2020 data, right column is data during COVID

## 3.2 CONSUMER AWARENESS

Support for the Return-It program continues through various advertising mediums, helping to maintain a 99% program awareness level by serving up the right message when it was relevant and meaningful. Targeted media such as television, radio, out of home, digital and social media were purchased.

### TV

We use television to reach a broad mass audience across the province and to maintain a strong level of awareness with consumers. Our 15-second TV spots let viewers know that, in BC, recycling is “just what we do”. Our Express-specific TV spots are a great way to explain and promote the benefits of Return-It Express.



### Radio/Spotify

As consumer media habits continue to change, we’re always reviewing and evaluating the best way to reach our target consumers. The music streaming service Spotify was identified as a new way to reach one of our specific target audiences. Listen to our radio and Spotify spots at [youtube.com/user/EncorpPacific](https://www.youtube.com/user/EncorpPacific)

### Consumer Brochures

Each year, we print a detailed consumer brochure in several languages. British Columbians can find these brochures at Return-It depots, major grocery stores, regional districts and municipal offices across the province. Brochures are also available for download on our website at [return-it.ca/beverage/recycling/brochures](https://return-it.ca/beverage/recycling/brochures)

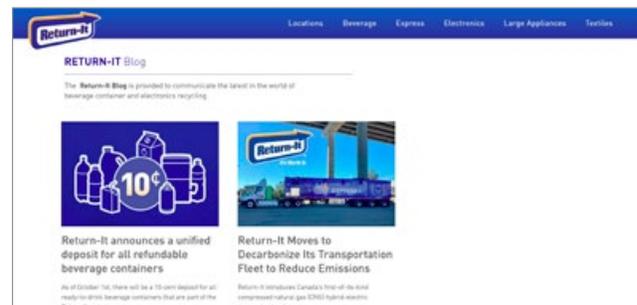
### Special Coverage

Relevant community information is distributed to the public through various platforms. The information is posted to the Encorp website, shared through our social channels, and sent out to stewards and influencers to help spread the word.



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

Our website and blog give consumers a quick and convenient place to find important information such as depot locations and the latest recycling news. Visit [return-it.ca/blog](https://return-it.ca/blog)



## 3.2 CONSUMER AWARENESS

### Corporate Videos

Our corporate videos outline the recycling process for several beverage container types, and are frequently promoted on our social media channels as well as being available for viewing on the Return-It YouTube channel. These videos are used to further educate consumers about what happens to their drink containers after they are collected for recycling.

### Special Focus: Underperforming Containers Plastic

With awareness and concern for plastic pollution on the rise globally, an awareness and education plan was set in motion, including radio tags with a plastic beverage container focus, educational social media posts, geotargeted social media ads and digital ads reminding consumers to recycle their plastic beverage containers while they were out and about.

Two of our recognizable “Return-It Gang” characters are plastic bottles: Walter Bottel and Pete Bottel. We made sure Walter and Pete were featured in new Return-It Gang creative imagery for social media to remind consumers about recycling their plastic beverage containers around key dates throughout the year. We also began working on a new, reimagined plastics recycling process video, which is set to be released in early 2021.



### Bi-Metals and Pouches

The public awareness levels for bag-in-box and pouch containers are below our targets, as many consumers do not know that these container types are part of the deposit system. Pouches were prominently featured during key times in our advertising plan to raise awareness. The immediacy of social media allowed for quick, targeted posts to be implemented for these underperforming containers.

In addition, we began work on two new Return-It Gang characters for pouches and bag-in-box containers, which are set to premiere in new advertisements in 2021.

### Annual Report

Our comprehensive and interactive Annual Report can be found on our website ([return-it.ca/ar2020](https://return-it.ca/ar2020)). Visitors can view the Annual Report on our website or by downloading a PDF version of the report.

### Social Media

We continue to use social media as support for our outreach programs and to raise awareness about the recycling of specific containers. The Return-It Gang puppets provide a voice and personality that are well suited to social media, allowing us to engage our audience in a lighthearted, slightly “cheeky” tone. We included social media posts utilizing pop culture references, current events and special holidays in our social media plan to engage with consumers in the social space.

### Google Ads

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

## 3.2 CONSUMER AWARENESS

### Customer Relations

Providing a positive customer experience is a top priority for our organization. Customers are the foundation of all businesses, and offering a consistently superior customer experience is key for the sustained growth of any business – and, in our case, essential for driving recovery rates.

Given the importance of the customer experience, we have a dedicated Customer Relations Team in place to manage all customer questions, concerns and feedback. This team is key to maintaining a continuous focus on the customer experience and to identifying solutions and opportunities for improvement. The team has a set of robust processes to educate and manage all customer and public-facing inquiries. Through a web-based ticketing platform, all inquiries are logged, quantified and tracked. Customer inquiries and trends are then analyzed and summarized in dashboards to evaluate and make recommend changes to our communications and system, as needed.

In 2020 we supported more than 16,000 customers; our customer-oriented actions and enhancements include the following:

- Twelve monthly customer trend dashboards, four quarterly reports and 35 weekly reports.
- Twelve cross-departmental customer-focused team meetings
- Four IT system updates to provide a more user-friendly customer experience
- New and enhanced customer communications to address inquiries and feedback



## 3.3 RECYCLING PROGRAMS AND INITIATIVES

Over 1 billion containers were kept out of landfills in the past year. The majority of beverage containers sold in BC were recovered and recycled through the Return-It depot network, Return-It Express and Return-It Express & GO locations across the province. Many initiatives and annual specialty programs were part of an ongoing effort to increase the recovery and recycling of beverage containers.

### Return-It Express

Ease and convenience continue to be the biggest barriers to getting consumers to recycle their beverage containers; the Return-It Express program addresses both. Customers simply set up an online account at [express.return-it.ca](https://express.return-it.ca), place their empty beverage containers into transparent bags and take them to a Return-It Express depot. Once there, using the touch-screen terminal provided, customers enter their phone numbers to log in, print off labels to attach to their bags, and drop off the bags in designated areas. The empty containers are then sorted and counted by the depot and credited to each customer's online Express account. Customers can sign in and redeem their deposit refunds anytime via Interac e-Transfer or mailed cheque.

2020 was, without a doubt, a year to promote Return-It Express, as it supports physical distancing by limiting interaction, making it the ideal option for returns during the COVID-19 pandemic. As a result, over 80,000 new users registered, excited to try out the Express system for the first time.

### Welcome Package

If the Express program wasn't easy enough, to remove any barriers for new customers who signed up, a Welcome Package was mailed to make their first visit even easier. The Welcome Package included recycling bags for their empty containers and preprinted labels for the recipient's account. The Express Welcome Package promotion launched in 2019. Upon analysis in 2020, it was determined that the expenditure was no longer necessary to the development of the Express program. The Welcome Package promotion ended in July 2020, with over 50,000 Welcome Packs delivered since inception.



### Express Promotion

Since the introduction of the Return-It Gang back in 2011, there have been many requests for plush toys to be made for each of the lovable Gang characters. The 2019 expansion of the Express program was the perfect time to finally introduce plush versions of the Return-It Gang; these characters can be recycled through the Return-It Electronics recycling program when they become obsolete. In addition to the deposit refund that customers receive when they return their empties through the Express program, each container is counted as one plush promotion credit. October 2020 marked the end of our plush promotion, with more than 8,500 Return-It Gang characters redeemed and sent to Express users.



### 3.3 RECYCLING PROGRAMS AND INITIATIVES

#### Express Bag Label

As a result of COVID-19 restrictions, many BC residents preferred to use the Express service in 2020, which supports social distancing by limiting interaction at the depot. As an additional safety measure, customers were able to order their Express bag labels at no charge through their online account. This extra precaution removed the need for customers to print labels at in-depot Express label stands. The Express bag label request feature launched in April and was a huge success – we sent over 47,000 bag label packs to Express users in 2020.



#### Direct Mail

As part of a continued effort to spread awareness of the Return-it Express program as it expands across the province, brochures were sent to all residences within 3 kilometres of an Express location. Direct mail campaigns are always a success, consistently resulting in a spike in new Express users. In 2020, over 900,000 unique BC residences received an informative brochure about the Express system, letting them know that the convenient service is available in their community.

#### Return-It School

Since 2000, elementary and high schools across BC have had the opportunity to promote recycling and environmental stewardship via our school program, Return-It School. As part of the program, schools get to share their recycling stories in a contest format, in hopes of winning the grand prize of \$5,000 or a secondary prize of \$2,500.

The winners of the 2020 Return-It School contest were Holy Cross Regional High School in Surrey, BC, and Palsson Elementary School in Lake Cowichan, BC.



#### Ambassador Team

Our Recycling 101 Ambassadors are a team of super smart “recycling scientists” who use their expert knowledge to teach kids and parents the basic “101” of recycling.

In 2020, most events were cancelled as a result of COVID-19-related restrictions. However, the Recycling 101 Ambassadors were still able to attend a few special events that closely followed the recommendations outlined by the BC Centre for Disease Control, provincial health authorities and WorkSafeBC.



## 3.3 RECYCLING PROGRAMS AND INITIATIVES

### BC Parks & Municipal Outdoor Spaces

BC parks and other municipal spaces that attract large amounts of pedestrian traffic continue to be a focus. The success of the program is contingent on being able to work closely with the different regional and municipal districts and the BC Ministry of Forests, Lands, Natural Resource Operations and Rural Development. There are well over 2,000 dedicated beverage container recycling bins for use in outdoor spaces and out-of-home venues throughout BC.



### Industrial, Commercial & Institutional Sector

The Industrial, Commercial & Institutional (IC&I) sector is another area of interest for Encorp, as large-scale venues can account for a significant number of unredeemed beverage containers. We've partnered with organizations like the Sea to Sky Gondola, Nat Bailey Stadium, the PNE, and Cypress Mountain Resort and Mt. Seymour Ski Resort to either provide or improve upon their existing recycling programs.

### Sports Team Partnerships

In 2019, we developed new partnerships with three of Vancouver's local sports franchises: Vancouver Canucks, Vancouver Whitecaps FC and Vancouver Canadians. The partnerships have been beneficial on a variety of fronts: ensuring the proper beverage recycling bins at each venue, expanding our outreach program to new audiences, and deepening the connection with our customers and community. In 2020, many sports events were cancelled due to COVID-19, which resulted in many of the public-facing elements of Return-It's sports team sponsorships being postponed. We look forward to seeing local teams like the Vancouver Canucks, Canadians and Whitecaps back in action and to continuing with our sports partnerships in 2021.



### Independent Return-It Depots Marketing and Promotion Commitments

Return-It depots submit their intended Marketing & Promotional Plans to Encorp. In 2020, the combined investment from participating depots, if spent would add over 500 thousand additional advertising expenditures.

### 3.3 RECYCLING PROGRAMS AND INITIATIVES

#### Aluminum Can Pilot Program

On July 6, 2020, we launched a six-month pilot program at 71 Return-It depots to enable consumers to return both alcohol and non-alcohol aluminum beverage containers together for recycling as one stream with one deposit amount. Return-It depot pilot locations were located across the Lower Mainland and Fraser Valley, Kootenays, Northern British Columbia, Thompson-Okanagan and Vancouver Island.

Aluminum alcohol cans are covered under the BC Brewers' Recycled Container Collection Council (BRCCC) and Brewers Distributor Limited (BDL) recycling system. Outside of this six-month pilot program, when consumers visit a Return-It depot and recycle their aluminum beverage containers for a cash refund, they need to separate their alcohol and non-alcohol aluminum cans, as these materials are managed by two different stewardship agencies. Also, over 50% of Return-It depots do not have a BRCCC/BDL licence and commercial agreement to manage and be financially compensated for this material; they are unable to provide the consumer with a full 10-cent deposit refund.

With many consumers receiving only a partial deposit refund, and the increased volumes of containers at depots during the COVID-19 pandemic due to limited return options, we experienced a sharp increase in customer complaints. The pilot was initiated to address customer dissatisfaction, support consumers' receiving their full deposit refund, demonstrate the effectiveness of recycling aluminum beverage containers as one stream with one deposit, and maintain British Columbians' confidence in the recycling system so that recovery rates – both current and future – could be preserved.

As a result, we collected and responsibly recycled 49 million alcohol aluminum cans, which equates to 667.3 metric tonnes of material. To estimate

the volume of alcohol cans collected by the pilot Return-It locations, we used the actual number of alcohol aluminum cans collected and separated from the non-alcohol aluminum cans during phase 2 of the pilot, adjusted for the seasonality pattern for aluminum cans in 2019.

The pilot also resulted in a 95% reduction in consumer complaints and a call for the program to become a permanent solution. A simplified system helped support British Columbians in conveniently recycling their beverage containers as one stream with one deposit. This is especially important in the pandemic environment, where British Columbians are looking for limited contact touch points, and streamlined and more convenient ways of recycling. The results have been shared with the Ministry of Environment and Climate Change Strategy for consideration.

As validated by the Auditor's Report and Assurance Report for Non-Financial Information, only products collected under our Stewardship Plan are used in calculating our recovery rate. No unredeemed deposits, container recycling fees or commodity sales values, from 2020 or previous years, have been used to fund other activities associated with the Aluminum Can Pilot and, therefore, the CRF for containers covered by Encorp's Stewardship Plan have not been impacted.



## 3.3 RECYCLING PROGRAMS AND INITIATIVES

### Stewardship Agencies of BC (SABC)

Encorp Pacific (Canada) is a founding member of SABC. We have led the way in the development of a group website, video profile and handbook aimed at consumers. Those who are looking to recycle additional materials outside of beverage containers are encouraged to visit [bcrecycles.ca](http://bcrecycles.ca)

### Corus Partnership

To help educate and raise awareness of the important work Encorp is doing, we partnered with Corus Entertainment to leverage their broadcast media. Corus has some of the strongest news properties in BC, offering full provincial reach. By partnering with Corus, we're able to leverage the credibility of a third party to help us deliver our message. Simi Sara, a well-known radio and television broadcaster, was featured throughout our communications. President and CEO Allen Langdon provided expertise on the importance of beverage container recycling and diverting it from our natural environment. The segment opened an avenue where we were able to talk to the public about a broad suite of innovations to modernize British Columbia's beverage container recycling system to make it easier and more convenient to recycle – ensuring future generations can enjoy a greener, healthier province.



### Believe BC

Return-It continues to lead the way with new ideas and innovation, making it more convenient for BC residents to recycle. In 2020, Return-It rolled out a series of initiatives to modernize the beverage container recycling system. Believe BC gave our President and CEO, Allen Langdon, the opportunity to let BC residents know about all the initiatives, and what we envision for the future of beverage container recycling.



### Waste Reduction Week

Waste Reduction Week continues to build in awareness and understanding year after year. To help support this year's Waste Reduction Week, we aligned our media partnership with Corus. Social media was once again leveraged during the week to engage directly with our customers and promote behaviour that will divert beverage containers from landfills.



Waste Reduction Week: "How Green Are You?" Quiz and giveaway with a \$200 gift card! This week is Waste Reduction Week with the help from Return-It we can help reduce waste and make our planet a better place.

Now is your chance to learn how you can help do your part for the planet right here in Vancouver! Take a little to each Waste Reduction Week tip, then take the "How Green Are You?" Quiz below for a chance to win a \$200 Amazon gift card.

Our good friend Saben had the chance to ask Allen Langdon and Craig Wheatland for some tips on how to reduce waste using Return-It. Listen below and try to incorporate each one into your daily life.

For more information visit [returnit.ca](http://returnit.ca) or check out their Facebook app.



### 3.3 RECYCLING PROGRAMS AND INITIATIVES

#### Ocean Ambassadors

In 2019 Encorp Pacific (Canada) partnered with Ocean Ambassadors Canada. Ocean Ambassadors Canada offers educational programs and community initiatives, bringing people to the ocean, educating them about the threat of marine pollution, and empowering them to make real change. Because of the COVID-19 pandemic, the school component of the program was paused. However, we took this opportunity to expand the program to include small groups of employees, who thoroughly enjoyed the socially distanced events. We look forward to seeing these ocean ambassadors engaging and educating people on our beautiful natural environment.



#### First Nations

Recognizing that it is not always economically viable to have traditional depot-style coverage in all of the hard-to-service, remote and rural areas of the province, and to further improve accessibility, Encorp continues to work collaboratively with other stewardship programs to improve coverage and consumer convenience. For example, Encorp is one of the major financial contributors of the BC First Nations Recycling Initiative, working with nine other stewardship agencies who have come together to create a project specifically relevant to Indigenous communities who are interested in starting recycling programs. In support of this initiative, Encorp provides financial contributions and helps develop collaborative



solutions. When a First Nations area has been identified and requires additional assistance with the recycling and payment of deposit refunds for beverage containers within our system, Encorp will work with the community to develop a solution.

#### Closing the Loop Podcast

Encorp’s new podcast series, “Closing the Loop: conversations about recycling, sustainability and the circular economy”, provides an ideal outlet for thought leadership as President and CEO Allen Langdon speaks with industry leaders around the globe to bring awareness to environmental challenges and innovations.

In 2020, we recorded nine episodes on topics ranging from marine plastic pollution to the impacts and opportunities of the pandemic on sustainability to strategies for growing circular economies. Listeners can find the podcast on all major streaming platforms. Closing the Loop episodes were downloaded 2,078 times since its launch, with the most listeners (30%) tuning in on Apple Podcast. Allen welcomed many exciting and knowledgeable guests onto 2020’s podcast episodes from organizations like London Drugs, the World Wildlife Fund, Vancity, Keurig, Dr Pepper and Goody Foods. We invite you to listen to listen at [return-it.ca/about/podcast](http://return-it.ca/about/podcast)





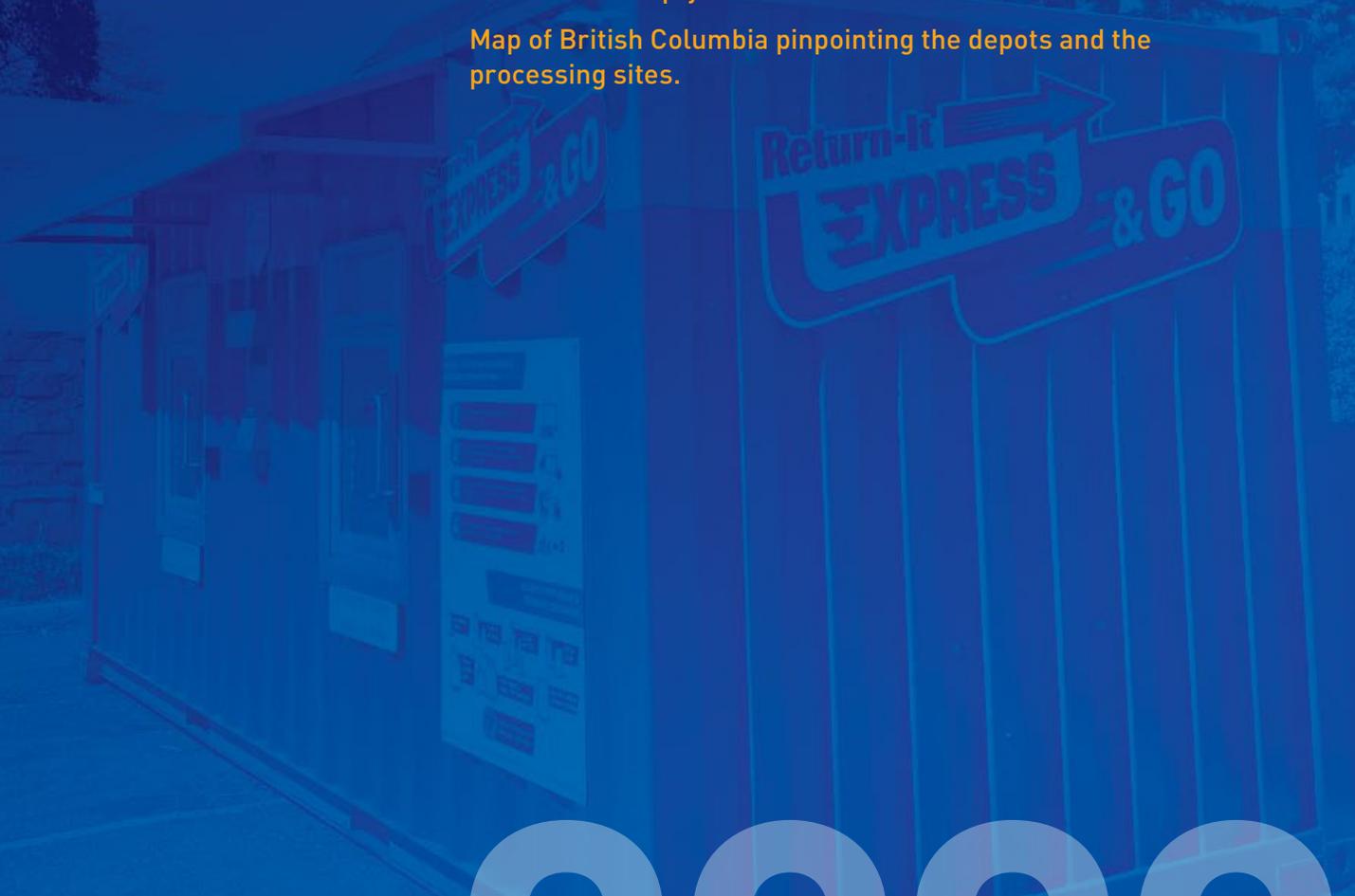
## SECTION 4

# COLLECTION SYSTEM AND FACILITIES

The success of the Return-It depot network.

How the collection system works after consumers return their empty containers.

Map of British Columbia pinpointing the depots and the processing sites.

A photograph of a Return-It Express & Go depot, which is a large, blue, metal structure with multiple collection slots. The depot is set against a background of trees and a clear sky. The text "Return-It EXPRESS & GO" is visible on the side of the structure.

# 2020

## 4.1 MODERNIZATION AND INNOVATION

Encorp's evolving collection network consists of 168 Return-It depots, 1 urban Return-It Express Plus location and 5 Express & GO unstaffed stations. Over the past several years, this network has become the backbone for many community-based recycling programs around the province. In 2020, Encorp has been very focused on taking innovative steps to modernize our collection network for the benefit of all stakeholders, but most importantly to provide efficient and convenient access for consumers, primarily through Return-It Express.

The Return-It™ network consists of independently owned and operated Return-It depot collection facilities that have collection agreements with Encorp, as well as corporate Return-It Express Plus locations and Express & GO unstaffed stations. These locations have been a particular focus of innovation. The move to a unified deposit in 2020 allows us to explore depot automation technology solutions. These solutions will allow our depots to operate more efficiently with less manual labour, and offer consumers the ability to utilize automated Reverse Vending Machines (RVMs) to return their used beverage containers, further reducing the need for consumer sorting.

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

The Stewardship Plan sets a standard for depot coverage of 97% of BC's population. Encorp Return-It depots provide services to 98.57% of the British Columbian population; when the beverage retail collection locations are included, coverage increases to 99.42%. To view the coverage maps, visit [return-it.ca/locations/coverage-2020](https://return-it.ca/locations/coverage-2020)

Our integrated transportation system uses 38 transporters to move our material into 15 processing sites throughout the province. Within urban centres, we use dedicated transporters that pick up from

depots, retailers and other collection sites. In rural areas, Encorp utilizes transporters that provide back-hauling, resulting in environmental, logistical and financial savings.

### Mobile Compaction Pilot Program

In 2020, as part of our commitment to reducing greenhouse gas emissions within our transportation network, Encorp launched a pilot program in the Lower Mainland utilizing Canada's first-of-its-kind compressed natural gas (CNG) hybrid-electric compaction truck. This allows us to compact recycled beverage containers at the point of collection, which allows us to transport 600% more material in a single truck as compared to traditional collection methods. With this single compaction unit, we are able to drive 37,000 fewer kilometres and save 86 metric tonnes of GHG emissions annually by displacing traditional diesel trucks. With the success of the pilot program, Encorp will be looking to expand our fleet of mobile compaction units in 2021 and beyond.

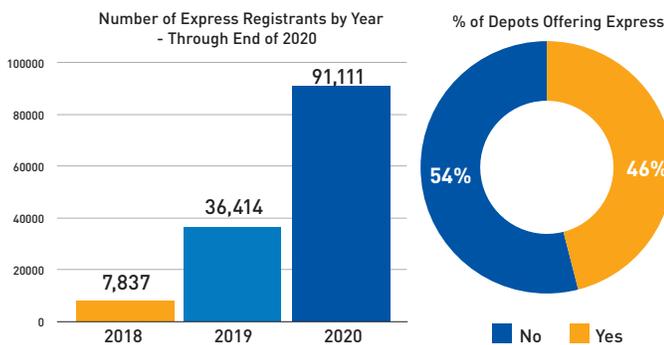


Della Bond | FortisBC,  
Bruce Ralston | BC Minister of Energy, Mines and Low Carbon Innovation  
Allen Langdon | President and CEO, Return-It

## 4.1 MODERNIZATION AND INNOVATION

### Return-It Express

Encorp's Return-It Express program is designed to provide consumers with a convenient means of recycling their used beverage containers without the need to presort them for refund at a depot. Return-It Express is offered at 77 Return-It depots as well as at our corporate Express Plus location and Express & GO stations. The program, enjoyed by over 135,000 British Columbians by the end of 2020, allows customers to sign up for an online Express account. Once they have an account set up, customers just place their containers in clear plastic bags, label the bags with their unique express label and drop off the bags at their nearest Express location for counting. Once counted, the deposits are loaded to the customer's online account, where they can review details and request refunds by Interac e-Transfer or cheque.



### Express & GO

Encorp's Express & GO stations expanded in 2020 from two to five locations. Express & GO offers customers access to unstaffed stations that can be easily placed in high-density urban areas or in hard-to-service rural areas, where siting a traditional depot is challenging, if not impossible. The unstaffed station provides all the ease and convenience of Express, plus a security level to meet Encorp's stringent audit and controls. Encorp will continue to develop this style of service provision to expand our reach and to provide additional convenient customer access points for recycling their used beverage containers.

### Express at Retail

In 2020, Encorp launched a new pilot program, Express at Retail, where Return-It Express Kiosks are located inside grocery stores and retail stores in North Vancouver. This pilot program provides customers with the ability to drop off up to 24 used beverage containers, using their Express account, at participating grocery stores. The program also educates customers about the Return-It Express program and how they can take advantage of it without container limitations at full Express locations such as participating Return-It depots or Express & GO locations.



### Quality Assurance

Encorp is responsible for managing a large volume of valuable containers and significant funds in the form of deposits and fees. We take this responsibility very seriously, so a key function in our day-to-day operations is continuously monitoring the integrity of our systems.

Our Quality Assurance division is a central part of this, sampling bags of containers collected across the system to ensure that container counts are correct and that only acceptable containers are present.

In 2020, Encorp invested further in automating our quality assurance program with the deployment of a second TOMRA sorting and counting line at our New Westminster QA and Count Centre. This automation equipment adds significant capacity to quickly and efficiently count and sort used beverage containers. It then moves them via a conveyor system directly to our co-located processing partner Merlin Plastics, or sorts them into shipping containers for movement to our other processing partners. This equipment allows Encorp to process containers significantly faster than through a manual counting method.

## 4.2 HOW THE COLLECTION SYSTEM WORKS

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

### WHERE ARE CONTAINERS RETURNED?

#### EMPTY NON-ALCOHOL CONTAINERS



#### EMPTY ALCOHOL CONTAINERS



Return-It Locations  
Express, Express & GO and Depots

#### BEVERAGE RETAILERS



## 4.3 COLLECTION, TRANSPORTATION AND PROCESSING MAP

Encorp contracts collection, transportation and processing through a regularly reviewed request for proposal (RFP) procedure. Routes are consistently monitored and adjusted for optimal efficiencies. Transporters pick up beverage containers from depots and deliver them to the nearest approved processor. They are then compacted and prepared for shipping to various recyclers. These steps ensure that, on a weighted basis, 81% of the kilometres a container travels will be in a compacted state, keeping greenhouse gas (GHG) emissions at a minimum.



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



## SECTION 5

# ENVIRONMENTAL IMPACT

Detailed report on the reduction in greenhouse gas emissions, energy savings and CO<sub>2</sub> equivalent reduced from recycling.

End Fate report for aluminum, plastic, glass, polycoat and other materials.

# 2020

## 5.1 ENVIRONMENTAL REPORT

The Government of British Columbia has adopted public policies intended to promote a low-carbon economy. As a stewardship agency operating under a provincial regulation, Encorp compiles applicable data, and analyzes and reports on the impacts of its stewardship activities.

In 2020, Encorp recycled 89,976 metric tonnes of used beverage containers. The energy saved through the recycling of these materials has been converted into tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), the common measure of greenhouse gas (GHG) emissions, based on the US Environmental Protection Agency's Waste Reduction Model (WARM). The avoided emissions published in this report were calculated using the WARM version 13 [06/14] [refer to End Fate table on page 31].

In total, Encorp's activities in 2020 contributed to the reduction of about 105.5 thousand tonnes of CO<sub>2</sub>e being released into the atmosphere, compared to 104.8 thousand tonnes in 2019. The higher CO<sub>2</sub>e reduction is primarily attributed to the increase in the volume of aluminum containers, which contributes to higher emission savings by recycling.

While recycling has an overall net benefit in terms of energy and emissions savings, the recycling process itself requires energy and thus has GHG emissions associated with it. When estimating net savings, Encorp calculates the GHG emissions specifically associated with its stewardship activities.

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. The calculation of GHG emissions is based on the following methodology. Encorp transitioned its 2020 GHG emission calculation to Climate Smart certified methodology; therefore, 2019 calculations are restated for comparison.

### Methodology

As a Climate Smart certified business, Encorp conducted its GHG emissions inventory according to

the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition. The GHG Protocol is an internationally recognized standard published by the World Resources Institute and the World Business Council for Sustainable Development.

### Organizational Boundaries

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

- Head Office and QA Office
- Processing facilities (13 vendors)
- Depots (178 vendors)
- Commodity shipping to end market recyclers (12 vendors)

The utility activities below were included in Scope 3 due to lack of operational control, as these facilities are operated by Encorp's vendors.

### Inventory Boundaries

The GHG Protocol requires the inclusion of Scope 1 and 2 emissions, and suggests including Scope 3 emissions from activities relevant to an organization's business and goals, and for which reliable data can be obtained. Encorp included emissions from the following activities under Scopes 1, 2 and 3:

**Scope 1:** includes direct GHG emissions from sources that are owned or controlled by the reporting company or organization

- Natural gas for building heat

**Scope 2:** includes indirect GHG emissions from purchased electricity and purchased heat

- Purchased electricity

## 5.1 ENVIRONMENTAL REPORT

**Scope 3:** includes indirect GHG emissions that are consequences of the reporting company's operations, but occur at sources owned by another company

- Unmetered/unbilled electricity and heat
- Business travel (air, water and road)
- Third-party haulage and shipping
- Paper consumption

Scope 3 emissions from waste were excluded from the inventory due to lack of available data. Emissions from waste are likely immaterial compared to Encorp's total inventory.

### Emission Factors

This inventory was conducted using the emissions factors from the Climate Smart web-based greenhouse gas management tool. The Climate Smart GHG management tool was designed for adherence to the GHG Protocol. Climate Smart's emission factors come from a variety of sources, such as Environment Canada, the GHG Protocol Initiative, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change. Climate Smart reviews its emission factors annually to update them based on refined industry methodology and changing electricity grids.

### Scope 1

Scope 1 emissions totalled 45.44 tCO<sub>2</sub>e in Encorp's 2020 calendar year, down by 8% since baseline year.

Activity	Baseline 2019 (tCO <sub>2</sub> e)	CY 2020 (tCO <sub>2</sub> e)	Absolute Change (tCO <sub>2</sub> e)	% Change	Justifications & Additional Notes
<b>Scope 1</b>					
Heat	49.29	45.44	-3.85	-8%	Estimated consumption unchanged. Decrease in emissions due to change in heating intensity factor.
<b>Grand Total</b>	<b>49.29</b>	<b>45.44</b>	<b>-3.85</b>	<b>-8%</b>	

### Scope 2

Scope 2 emissions totalled 2.86 tCO<sub>2</sub>e in Encorp's 2020 calendar year, up by 21% since baseline year.

Activity	Baseline 2019 (tCO <sub>2</sub> e)	CY 2020 (tCO <sub>2</sub> e)	Absolute Change (tCO <sub>2</sub> e)	% Change	Justifications & Additional Notes
<b>Scope 2</b>					
Electricity	2.36	2.86	0.50	21%	Estimated consumption unchanged. Increase in emissions due to change in electricity emissions factor.
<b>Grand Total</b>	<b>2.36</b>	<b>2.86</b>	<b>0.50</b>	<b>21%</b>	

## 5.1 ENVIRONMENTAL REPORT

### Scope 3

Scope 3 emissions totalled 11,287.9 tCO<sub>2</sub>e in Encorp's 2020 calendar year, down by 4% since baseline year.

Activity	Baseline 2019 (tCO <sub>2</sub> e)	CY 2020 (tCO <sub>2</sub> e)	Absolute Change (tCO <sub>2</sub> e)	% Change	Justifications & Additional Notes
<b>Scope 3</b>					
Electricity	61.80	67.40	5.60	9%	Due to the variability of data
Equipment	436.31	440.57	4.26	1%	
Heat	3,485.21	2,712.40	-772.80	-22%	Due to the variability of data
Paper Consumption	69.975	58.167	-11.81	-17%	
Staff Commuting	29.16	29.59	0	n/a	Same as 2019
Transporting Goods – Rail	356.12	425.76	69.64	20%	
Transporting Goods – Road	6,563.90	7,377.15	813.25	12%	Due to overall higher volume and weight moved
Transporting Goods – Water	675.32	125.18	-550.14	-81%	Due to less weight being shipped to ICF Global
Transporting People – Air	19.78	3.95	-15.83	-80%	As a result of pandemic
Transporting People – Road	44.85	47.64	2.79	6%	
Transporting People – Water	0.67	0.10	-0.57	-84%	
<b>Grand Total</b>	<b>11,743.07</b>	<b>11,287.9</b>	<b>-455.2</b>	<b>-4%</b>	

## 5.2 CONTAINER RECYCLING END FATE REPORT

All containers collected by Encorp in 2020 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.

Material Type	Fate of Material (2020)	Containers Sold (% of total)	Recovery % (by weight)	Energy savings	Weight diverted from landfill (mt)	Tonnes CO <sub>2</sub> reduced
 <b>Aluminum</b>	Aluminum cans collected were sold and shipped to a re-melt facility in the US and turned back into sheet stock for new cans.	38.61%	82.80%	93%	5,922	59,712
 <b>Plastic</b>	Plastic containers were sold to Merlin Plastics and shipped to their two separate facilities in BC and Alberta to be cleaned and pelletized to become new raw material for manufacturers of various plastic products, including new containers, strapping material and fibres.	37.27%	71.50%	86%	10,004	11,873
 <b>Glass</b>	Glass containers were processed in British Columbia and shipped to a manufacturing plant that produces fibreglass insulation in Alberta; a facility that produces new glass bottles in Seattle, Washington, US; a facility that manufactures sandblasting materials in Quesnel, BC; and municipal sites that use crushed glass as construction aggregates.	15.74%	86.40%	34%	71,830	24,976
 <b>Polycoat</b>	Polycoat containers collected were sold to ICF International and shipped to manufacturing plants in South Korea, Thailand and Japan for material recovery and production of tissue paper from the recovered fibre. Encorp also shipped polycoat containers to a second supplier, Continuous Material Recovery. Continuous Material Recovery receives drink box containers at their facility in Des Moines, Iowa, where they produce building boards that are used as an alternative to traditional wallboards, roofing, floor underlayment, ceiling tiles and structured insulated panels.	7.14%	60.90%	53%	1,505	7,964

## 5.2 CONTAINER RECYCLING END FATE REPORT

Material Type	Fate of Material (2020)	Containers Sold (% of total)	Recovery % (by weight)	Energy savings	Weight diverted from landfill (mt)	Tonnes CO <sub>2</sub> reduced
 <b>Pouches</b>	Encorp has found a viable end market through TerraCycle in New Jersey, who is using this material to make various products such as composite decking, buckets, storage totes, and non-food-grade containers and trays.	0.65%	25.40%	53%	13	14
 <b>Bag-In-Box</b>	The plastic bladders inside the Bag-In-Box containers were shipped to TerraCycle in New Jersey, who use them to make products such as composite decking, buckets, storage totes, and non-food-grade containers and trays. Cardboard from the outer layer of the box was recycled by local processors.	0.36%	45.33%	53%	527	564
 <b>Bi-Metal</b>	Other metal containers, including Bi-Metal, were sold to scrap metal dealers in BC for metal recovery.	0.24%	75.90%	82%	176	358
<b>2020 TOTAL</b>		<b>100%</b>	<b>83.20%</b>		<b>89,976</b>	<b>105,461</b>
<b>2019 TOTAL</b>			<b>87.60%</b>		<b>93,763</b>	<b>104,759</b>

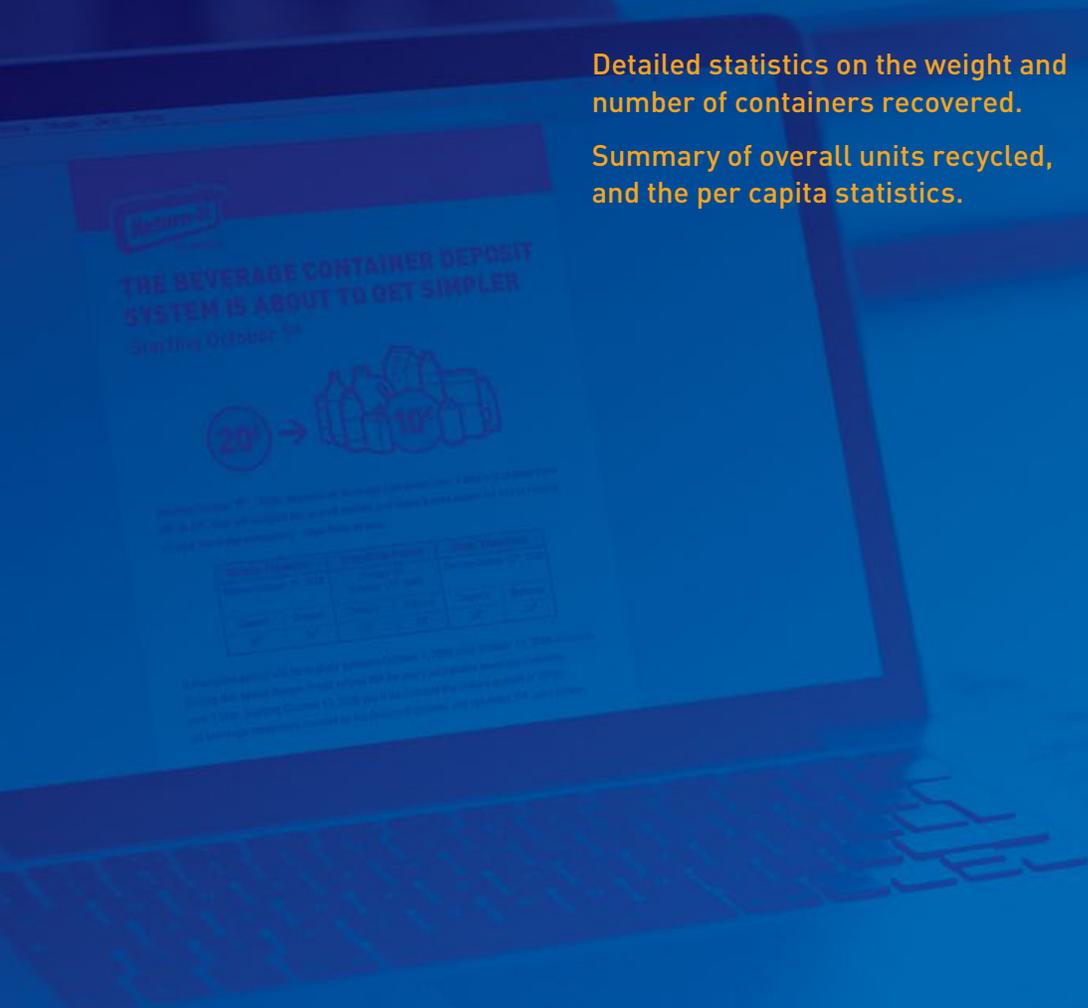


## SECTION 6

# DEPOSITS, REFUNDS AND RECOVERY RATES

Detailed statistics on the weight and number of containers recovered.

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



# 2020

## 6.1 DEPOSIT CHANGE

As an industry-owned not-for-profit stewardship agency, Encorp is responsible for managing BC's beverage container deposit and recycling system, including implementing deposit changes.

Encorp has been operating BC's beverage container system for 26 years, providing a convenient, efficient and environmentally sustainable network for everyone in BC. Each year, we continue to refine the system and find ways to improve the recovery rate even further. Diverting beverage containers from landfills, oceans and waterways remains one of Encorp's highest priorities; this goal has been an increasing important part of our mandate over the years.

On October 1, 2020 the deposit for all ready-to-drink beverage containers containing soft drinks, juice, water, energy and sports drinks over 1 litre in size changed from 20 cents to 10 cents. Following the 2019 increase of the deposit from 5 cents to 10 cents, this change supported plans to unify the deposit for all beverage containers to 10 cents, enabling Encorp to explore automation technology solutions and implement other changes to reduce the complexity and cost of the system, making it even easier for consumers to recycle all their beverage containers – regardless of size.

Container Type	Deposit Refund before Oct. 1, 2020	Deposit Refund after Oct. 1, 2020
Aluminum	10.0 cents	10.0 cents
Plastic ≤ 1L	10.0 cents	10.0 cents
<b>Plastic &gt; 1L</b>	<b>20.0 cents</b>	<b>10.0 cents</b>
Polystyrene	10.0 cents	10.0 cents
Glass ≤ 1L	10.0 cents	10.0 cents
<b>Glass &gt; 1L</b>	<b>20.0 cents</b>	<b>10.0 cents</b>
Bi-Metal ≤ 1L	10.0 cents	10.0 cents
<b>Bi-Metal &gt; 1L</b>	<b>20.0 cents</b>	<b>10.0 cents</b>
<b>Bag-In-Box</b>	<b>20.0 cents</b>	<b>10.0 cents</b>
Drink Boxes ≤ 500 ml	10.0 cents	10.0 cents
Drink Boxes 501 ml – 1L	10.0 cents	10.0 cents
<b>Drink Boxes &gt; 1L</b>	<b>20.0 cents</b>	<b>10.0 cents</b>
Gable Top ≤ 1L	10.0 cents	10.0 cents
<b>Gable Top &gt; 1L</b>	<b>20.0 cents</b>	<b>10.0 cents</b>
Drink Pouches	10.0 cents	10.0 cents

## 6.1 DEPOSIT CHANGE

Encorp led the change in deposit rates to ensure the increase was managed efficiently and effectively for all British Columbians and the businesses that were impacted by this change. The announcement was made public through a press release in July 2020, followed by a second announcement in September 2020. Consumers were given a transition period to return beverage containers purchased before the deposit change and receive their full deposit refund. A short but effective marketing campaign throughout BC that included TV, radio, online video, newsprint and social media communicated the change across a broad audience.

### TV

One 15-second TV spot was created to let viewers know about the deposit increase for beverage containers in BC. The spot was broadcast on premium channels like Global TV, CTV and CBC across the province.

Total impressions: 3,624,300



### Radio

One 10-second radio spot was created to announce the change. The spot ran in the Lower Mainland and the Capital Regional District.

Total impressions: 6,397,000

### Social Media

Social media posts were shared through all of our networks and boosted with the objective of informing users of the system change and where they could find more information.

Total Impressions: 2,046,821

### Pre-Roll

Our 15-second spot ran on streaming platforms, including YouTube, Bell Media, Rogers Network, Corus Entertainment, CBC and Tremor Video.

Total Impressions: 661,702

### Newspaper

Eight newspaper insertions were published across the major Vancouver and Victoria publications, with ¼-page, full-colour ads. Newspapers included *Vancouver Sun*, *The Province*, *Victoria Times Colonist* and *Globe & Mail*.

Total Impressions: 1,836,330

Before Transition		Transition Period		After Transition	
Before October 1 <sup>st</sup> , 2020	October 1 <sup>st</sup> , 2020	October 1 <sup>st</sup> , 2020	Starting October 12 <sup>th</sup> , 2020	Starting October 1 <sup>st</sup> , 2020	Starting October 12 <sup>th</sup> , 2020
Deposit	Refund	Deposit	Refund	Deposit	Refund
20¢	20¢	10¢	20¢	10¢	10¢

To receive a refund, simply return empty beverage containers to your nearest Return-It Depot. For more information visit [return-it.ca/onedeposit](http://return-it.ca/onedeposit)

## 6.2 RECYCLING BY THE NUMBERS

We prevented over 1 billion containers from going to landfills in 2020, ensuring that they were recycled into useful new materials and products. That's a big win for British Columbia's environment.

**1 Billion** Containers Collected | **76.2%** Recovery Rate | **\$109,062,260** Deposits Refunded

Container Type	Containers Sold		Containers Recovered		% Recovery Rate	
	2020	2019	2020	2019	2020	2019
<b>Aluminum</b>	<b>526,169,333</b>	<b>504,502,096</b>	<b>435,488,789</b>	<b>407,845,669</b>	<b>82.8%</b>	<b>80.8%</b>
Plastic ≤ 1L	440,695,477	449,480,508	305,708,010	328,589,138	69.4%	73.1%
Plastic > 1L	67,226,444	61,743,716	51,545,906	52,873,013	76.7%	85.6%
<b>Plastic Total</b>	<b>507,921,921</b>	<b>511,224,224</b>	<b>357,253,917</b>	<b>381,462,151</b>	<b>70.3%</b>	<b>74.6%</b>
Glass	214,475,869	215,052,962	186,442,174	196,909,028	86.9%	91.6%
Drink Box	87,773,489	91,402,170	46,542,567	52,939,195	53.0%	57.9%
Gable Top	9,583,034	10,179,965	5,393,629	6,951,325	56.3%	68.3%
Bi-Metal	3,230,886	3,794,610	2,565,186	3,187,644	79.4%	84.0%
Bag-In-Box	4,970,904	3,990,418	2,251,483	2,077,558	45.3%	52.1%
Pouches	8,809,609	8,774,917	2,242,527	2,311,962	25.5%	26.3%
<b>Totals</b>	<b>1,362,935,045</b>	<b>1,348,921,360</b>	<b>1,038,180,271</b>	<b>1,053,684,532</b>	<b>76.2%</b>	<b>78.1%</b>

Note: Calculations may show slight variances due to rounding.

## 6.2 RECYCLING BY THE NUMBERS

### RECOVERY BY WEIGHT

In 2020, Encorp Pacific recovered over 89.98 thousand metric tonnes of containers.

**83.2%** 2020 Recovery  
Rate by Weight

**87.6%** 2019 Recovery  
Rate by Weight

TYPE	ESTIMATED WEIGHT OF CONTAINERS SOLD (KG)	ESTIMATED WEIGHT OF CONTAINERS RECOVERED (KG)	RECOVERY BY WEIGHT %
Aluminum	7,155.9	5,922.0	82.7%
Plastic	13,982.3	10,004.0	71.5%
Glass	83,123.5	71,830.0	86.4%
Polycoat	2,471.8	1,505.0	60.8%
Pouches	49.2	12.5	25.4%
Bag-in-Box	1,162.6	526.2	45.3%
Bi-Metal	231.3	176.3	75.8%
<b>Totals</b>	<b>108,176.6</b>	<b>89,976.0</b>	<b>83.2%</b>

Note: Calculations may show slight variances due to rounding.



## 6.3 REGIONAL PER CAPITA RETURNS

### Provincial Totals:

Units Returned	1,038,180,271
Weight Collected (Tonnes)	89,976.0
Per Capita Units Returned	201.7
Per Capita Weight Collected (Kilograms)	17.5

### Regional Breakdown:

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan.-Dec.2020 Per Capita	Jan.-Dec.2019 Per Capita	Change to Per Capita Container Returns / Units (000)
Bulkley / Nechako	Units(000)	4,440	3,804	1,033	485	42	9,803	246.9	243.8	3.1 inc.
	Tonnes	60	99	381	11	5	556	14.0 kg	13.5 kg	
Cariboo	Units(000)	7,439	6,704	2,001	760	106	17,009	259.4	270.3	(10.9) dec.
	Tonnes	101.0	180.0	746.0	20.0	10.0	1,057.0	16.1 kg	16.5 kg	
Central Coast	Units(000)	389	148	61	23	2	623	175.0	172.3	2.7 inc.
	Tonnes	5.0	4.0	23.0	1.0	-	33.0	9.4 kg	11.7 kg	
Fraser - Fort George	Units(000)	13,664	11,913	3,278	1,517	175	30,546	293.8	293.5	0.3 inc.
	Tonnes	186.0	311.0	1,246.0	38.0	15.0	1,796.0	17.3 kg	17.1 kg	
Kitimat - Stikine	Units(000)	4,704	4,196	970	543	65	10,478	257.9	275.7	(17.8) dec.
	Tonnes	64.0	111.0	372.0	13.0	5.0	565.0	13.9 kg	14.5 kg	
Skeena - Queen Charlotte	Units(000)	2,507	2,545	626	238	47	5,963	307.2	344.7	(37.5) dec.
	Tonnes	34.0	67.0	232.0	7.0	3.0	343.0	17.6 kg	19.1 kg	
Northern Rockies	Units(000)	468	712	94	42	5	1,321	264.4	296.3	(31.9) dec.
	Tonnes	6.0	18.0	36.0	1.0	-	61.0	12.4 kg	13.0 kg	
Peace River	Units(000)	7,163	8,514	1,729	859	104	18,369	273.0	265.8	7.2 inc.
	Tonnes	97.0	221.0	645.0	22.0	6.0	991.0	14.7 kg	14.1 kg	
Capital Regional District	Units(000)	37,900	24,960	18,387	3,718	517	85,482	200.9	207.9	(7.0) dec.
	Tonnes	515.0	738.0	7,139.0	115.0	68.0	8,575.0	20.2 kg	21.1 kg	
Cowichan Valley	Units(000)	11,017	7,648	4,105	940	170	23,880	263.1	270.1	(7.0) dec.
	Tonnes	150.0	213.0	1,599.0	28.0	22.0	2,012.0	22.2 kg	22.1 kg	
Alberni / Clayoquot	Units(000)	4,267	3,240	1,480	363	61	9,411	277.7	320.4	(42.7) dec.
	Tonnes	58.0	90.0	560.0	11.0	6.0	725.0	21.4 kg	24.8 kg	
Comox	Units(000)	7,375	5,200	3,275	716	129	16,695	226.6	253.5	(26.9) dec.
	Tonnes	100.0	148.0	1,284.0	23.0	19.0	1,574.0	21.4 kg	23.2 kg	
Mount Waddington	Units(000)	1,883	1,280	373	148	18	3,702	314.4	333.7	(19.3) dec.
	Tonnes	26.0	36.0	143.0	4.0	2.0	211.0	18.0 kg	19.8 kg	

Note: Calculations may show slight variances due to rounding.

## 6.3 REGIONAL PER CAPITA RETURNS

Regional Breakdown:

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan.-Dec.2020 Per Capita	Jan.-Dec.2019 Per Capita	Change to Per Capita Container Returns / Units (000)
Nanaimo	Units(000)	16,141	12,005	6,882	1,469	270	36,767	213.8	225.7	(11.9) dec.
	Tonnes	220.0	337.0	2,719.0	44.0	40.0	3,360.0	19.5 kg	20.6 kg	
Strathcona	Units(000)	4,567	3,123	1,593	394	66	9,743	197.6	191.8	5.8 inc.
	Tonnes	62.0	88.0	622.0	12.0	10.0	794.0	16.1 kg	15.5 kg	
Greater Vancouver	Units(000)	179,978	156,693	89,018	26,559	3,434	455,682	166.4	173.9	(7.5) dec.
	Tonnes	2,448.0	4,460.0	33,978.0	770.0	281.0	41,936.0	15.3 kg	16.9 kg	
Fraser Valley	Units(000)	32,822	27,199	10,261	3,839	509	74,630	222.6	234.6	(12.0) dec.
	Tonnes	446.0	750.0	3,887.0	107.0	44.0	5,234.0	15.6 kg	15.9 kg	
Powell River	Units(000)	2,241	1,503	898	217	45	4,904	231.0	235.8	(4.8) dec.
	Tonnes	30.0	44.0	347.0	7.0	7.0	435.0	20.5 kg	20.7 kg	
Squamish - Lillooet	Units(000)	4,958	3,501	3,530	434	67	12,490	263.7	286.7	(23.0) dec.
	Tonnes	67.0	100.0	1,360.0	13.0	7.0	1,547.0	32.7 kg	37.8 kg	
Sunshine Coast	Units(000)	2,775	1,572	1,842	264	54	6,507	205.1	217.1	(12.0) dec.
	Tonnes	38.0	48.0	730.0	9.0	9.0	834.0	26.3 kg	27.7 kg	
Central Okanagan	Units(000)	22,131	19,330	10,567	2,274	299	54,601	245.1	239.2	5.9 inc.
	Tonnes	301.0	528.0	4,245.0	67.0	41.0	5,182.0	23.3 kg	22.9 kg	
North Okanagan	Units(000)	11,343	9,707	4,323	1,111	154	26,638	289.0	283.2	5.8 inc.
	Tonnes	154.0	269.0	1,716.0	34.0	21.0	2,194.0	23.8 kg	23.3 kg	
Okanagan - Similkameen	Units(000)	10,076	9,087	5,236	973	166	25,538	283.6	288.2	(4.6) dec.
	Tonnes	137.0	250.0	2,110.0	29.0	25.0	2,551.0	28.3 kg	28.6 kg	
Columbia Shuswap	Units(000)	7,688	5,470	3,026	665	96	16,945	297.8	275.0	22.8 inc.
	Tonnes	105.0	150.0	1,144.0	20.0	13.0	1,432.0	25.2 kg	24.1 kg	
Thompson - Nicola	Units(000)	17,893	15,336	5,726	1,826	237	41,018	278.2	277.6	0.6 inc.
	Tonnes	243.0	413.0	2,172.0	52.0	27.0	2,907.0	19.7 kg	19.6 kg	
Central Kootenay	Units(000)	7,586	3,711	2,534	571	89	14,491	226.7	205.8	20.9 inc.
	Tonnes	103.0	108.0	976.0	17.0	12.0	1,216.0	19.0 kg	18.7 kg	
East Kootenay	Units(000)	8,205	5,871	2,554	663	84	17,377	264.2	247.2	17.0 inc.
	Tonnes	112.0	159.0	1,013.0	19.0	10.0	1,313.0	20.0 kg	19.7 kg	
Kootenay Boundary	Units(000)	3,868	2,282	1,041	325	48	7,564	226.3	212.1	14.2 inc.
	Tonnes	53.0	64.0	405.0	10.0	7.0	539.0	16.1 kg	15.6 kg	
<b>Total Units</b>	<b>Units(000)</b>	<b>435,439</b>	<b>357,254</b>	<b>186,442</b>	<b>51,936</b>	<b>7,059</b>	<b>1,038,180</b>	<b>201.7</b>	<b>207.8</b>	<b>(6.1) dec.</b>
<b>Total</b>	<b>Tonnes</b>	<b>5,922</b>	<b>10,004</b>	<b>71,830</b>	<b>1,505</b>	<b>715</b>	<b>89,976</b>	<b>17.5 kg</b>	<b>18.5 kg</b>	

Note: Calculations may show slight variances due to rounding.



## SECTION 7

# PLAN PERFORMANCE

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

Revenue and Expenditure detail.

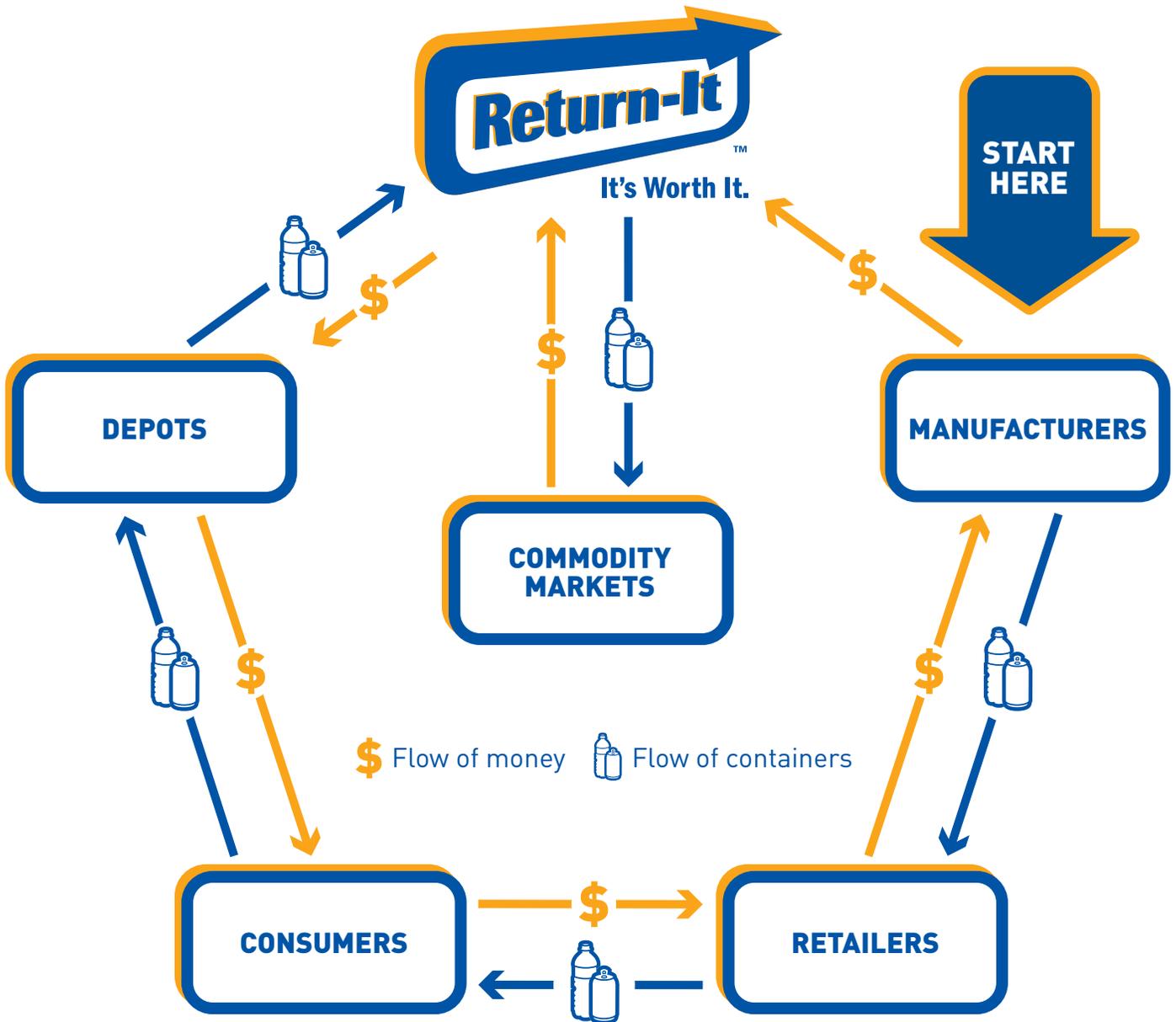
Purpose of operating reserves, how they are determined and why they're important.

Container recycling fees by product type.

# 2020

### 7.1 HOW MONEY FLOWS

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



## 7.2 FOLLOW THE MONEY

### REVENUES

#### Container Recycling Fees

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

#### Other Fees

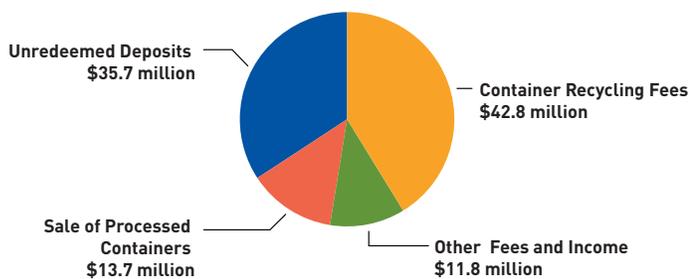
Revenues from service provider contracts.

#### Sale of Processed Containers

A portion of the cost of recovering aluminum and plastic containers, the two largest product categories, is covered by the value of the commodity collected. The prices for aluminum declined, while the prices for plastic increased slightly in 2020 compared to the original forecast. The lower prices for aluminum partially contributed to the decline in our operating reserve levels in 2020. The average price for aluminum was \$0.70 per pound (\$0.85 in 2019) and plastic was \$0.16 per pound (\$0.19 in 2019).

#### Unredeemed Deposits

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



#### Where the money comes from

Container Recycling Fees	\$42.8 million	41.2%
Other Fees and Income*	11.8 million	11.3%
Sale of Processed Containers	13.7 million	13.2%
Unredeemed Deposits	35.7 million	34.2%
<b>Total Revenues</b>	<b>104 million</b>	<b>100%</b>

\*Other Fees includes Electronics, Packaging and Printed Paper, MARR, Textiles and interest income.

Note: Calculations may show slight variances due to rounding.

### EXPENDITURES

#### Transportation and Processing

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

#### Administration

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

#### Consumer Education and Awareness

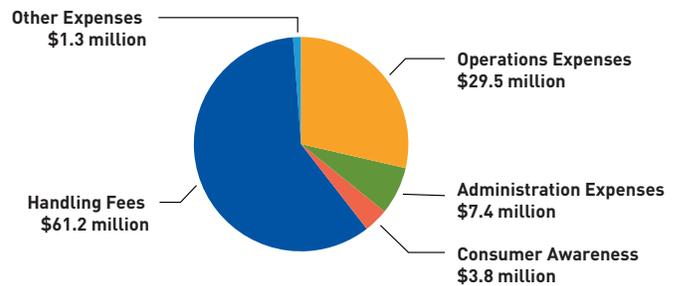
Programs that encourage consumers to return containers for recycling.

#### Container Handling Fees

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

#### Deposit Refunds

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



#### Where the money is spent

Operations Expenses	\$ 29.5 million	28.6%
Administration Expenses	7.4 million	7.2%
Consumer Awareness	3.8 million	3.7%
Handling Fees	61.2 million	59.3%
Other Expenses**	1.3 million	1.2%

**Total Expenditures** 103.2 million 100%

\*\*Other Expenses include amortization and foreign exchange gain/loss.

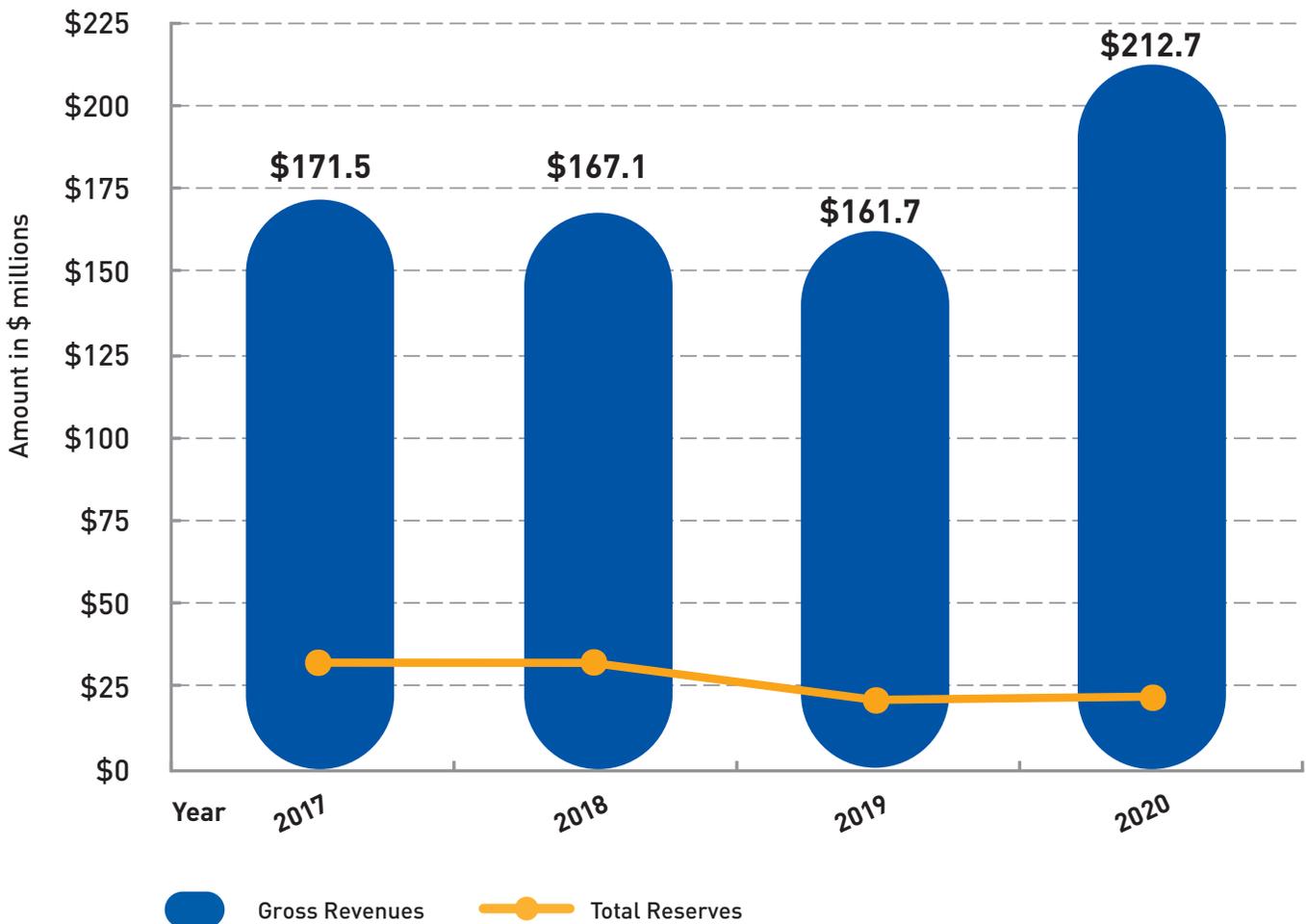
## 7.3 OPERATING RESERVES

### Purpose of the Operating Reserves

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

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

### Total Revenue vs. Reserves 2017 – 2020



## 7.3 OPERATING RESERVES

### Management of the Operating Reserves

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

Encorp's operating reserves are maintained to meet the corporation's cash flow requirements, recognizing normal business volatility balanced over a period of three to five years.

On average, we pay \$4 million in electronic fund transfers (EFTs) per week to customers, depots, transporters and processors. Experience shows that our reserve level needs to be based on the cash flow requirements for six weeks during the peak season. This year, the operating reserve increased by \$1 million to a total of \$23 million.

	Gross Revenue Including Deposits (millions)	Total Expenses Including Deposit Refunds (millions)	Results / (Deficit) (millions)	Operating Reserves Year-End (millions)
2016	155.4	161.7	(6.3)	26.2
2017	171.5	164.3	7.2	33.4
2018	167.2	166.7	0.5	33.9
2019	161.7	173.5	(11.8)	22.1
<b>2020</b>	<b>212.7</b>	<b>211.8</b>	<b>0.9</b>	<b>23.0</b>

## 7.4 CONTAINER RECYCLING FEES

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

CRFs have been in place for beverage containers in British Columbia for more than 18 years. The CRF varies for each beverage container category. As a not-for-profit product stewardship agency, Encorp Pacific only charges the net cost for recovering and recycling beverage containers. The CRF reflects current economic conditions such as commodity prices and beverage volumes.

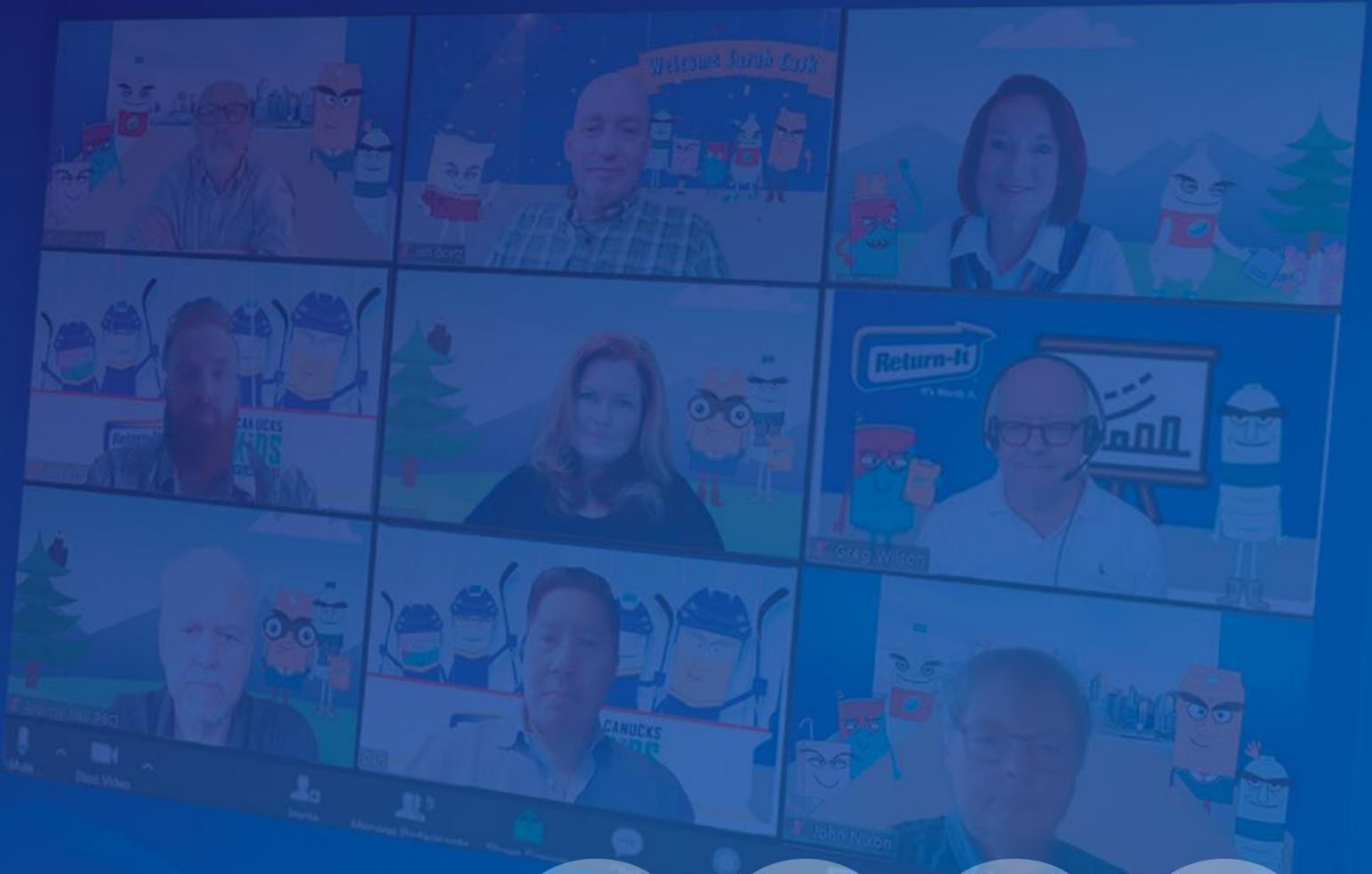
Container Type	2019	2020
Aluminum	0.0 cents	0.0 cents
Plastic ≤ 1L	3.0 cents	3.0 cents
Plastic > 1L	5.0 cents	5.0 cents
Polystyrene	3.0 cents	3.0 cents
Glass ≤ 1L	6.0 cents	7.0 cents
Glass > 1L	17.0 cents	18.0 cents
Bi-Metal ≤ 1L	4.0 cents	3.0 cents
Bi-Metal > 1L	0.0 cents	0.0 cents
Bag-In-Box	7.0 cents	7.0 cents
Drink Boxes ≤ 500 ml	0.0 cents	0.0 cents
Drink Boxes 501 ml – 1L	5.0 cents	5.0 cents
Drink Boxes > 1L	0.0 cents	0.0 cents
Gable Top ≤ 1L	0.0 cents	0.0 cents
Gable Top > 1L	5.0 cents	4.0 cents
Drink Pouches	0.0 cents	0.0 cents
Glass Wine & Spirits ≤ 1L	13.0 cents	14.0 cents
Glass Wine & Spirits > 1L	17.0 cents	18.0 cents
Non-Refillable Beer, Cider, Cooler Glass ≤ 1L	9.0 cents	9.0 cents
Non-Refillable Beer, Cider, Cooler Glass > 1L	17.0 cents	18.0 cents
Liquor Plastic ≤ 1L	4.0 cents	3.0 cents
Liquor Plastic > 1L	7.0 cents	6.0 cents
Liquor Bag-In-Box	7.0 cents	7.0 cents



## SECTION 8 GOVERNANCE

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

Public duty and transparency of the Advisory Committee, and list of Committee members.



# 2020

## 8.1 BOARD OF DIRECTORS

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

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

Chairman of the Board

**Dan Wong**

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

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

Director, Government Affairs,  
PepsiCo Beverages Canada  
Encorp Affiliation – Canadian Beverage Association  
Committees – Governance

**Jon Inrig**

Director of Sales, Canada  
Primo Water North America  
Encorp Affiliation – Canadian Bottled Water  
Association  
Committee – Audit

**Julie Dickson Olmstead**

Managing Director, Corporate Services  
& Public Affairs, Save-On-Foods  
Encorp Affiliation – Retail Council of Canada  
Committees – Governance / Audit

**Jim Goetz**

President,  
Canadian Beverage Association  
Encorp Affiliation – Canadian Beverage Association  
Committee – Compensation

**John Irving**

Encorp Affiliation – Unrelated Director  
Committees – Governance / Compensation / Audit

**John Nixon**

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

**Liisa O'Hara, CPA, CGA**

Encorp Affiliation – Unrelated Director  
Committees – Audit / Governance

**Greg Wilson**

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

## 8.2 ADVISORY COMMITTEE

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

Our Advisory Committee, which is independent of the Board, is comprised of representatives of our diverse stakeholder groups, including depots, major retailers, regional districts and local governments. The Advisory Committee has been established to provide an avenue for these external interests to be represented to the Board. The Committee reviews our strategic and operating plans and our financial and operating results, and can make recommendations to the Governance Committee and the Board.

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**Monica Kosmak** — Co-Chair of the Advisory Committee  
Program Manager, City of Vancouver

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**Bud Fraser** — Co-Chair of the Advisory Committee  
Senior Planning and Sustainability Engineer, University of British Columbia

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**Brock Macdonald**  
Chief Executive Officer, Recycling Council of BC

---

**Louise Schwarz**  
Co-owner, Recycling Alternative

---

**Candace Jones**  
Director, Corporate Communications & Stakeholder Relations, BC Liquor Distribution Branch

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**Tera D. Grady**  
Supervisor of Solid Waste Management, Cariboo Regional District

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**Vince Spronken**  
Owner, Island Return-It Depot

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## SECTION 9

# AUDITED FINANCIAL STATEMENTS

Independent auditor's report and financial statements from Deloitte.

Independent Reasonable Assurance report for non-financial information.

# 2020

## 9.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

May 5, 2021

The financial statements of Encorp Pacific (Canada) have been prepared by management in accordance with Canadian accounting standards for not-for profit organizations ("ASNPO"). Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

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

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



**Allen Langdon**  
President & CEO



**Elena Zevakhina, CPA, CGA, MBA**  
CFO

## 9.2 INDEPENDENT AUDITOR'S REPORT & FINANCIAL STATEMENTS

# Deloitte.

## Independent Auditor's Report

Deloitte LLP  
939 Granville Street  
P.O. Box 2177 Vancouver Main  
Vancouver BC V6Z 1L3  
Canada

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

To the Members of  
Encorp Pacific (Canada)

### Opinion

We have audited the financial statements of Encorp Pacific (Canada) (the "Corporation"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020, 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 ("ASNPO").

### Basis for Opinion

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

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

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

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

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

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

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

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

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

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

*Deloitte LLP*

Chartered Professional Accountants  
May 5, 2021  
Vancouver British Columbia

# STATEMENT OF OPERATIONS

**Encorp Pacific (Canada)**  
**Statement of operations**  
 Year ended December 31, 2020

	2020 \$	2019 \$
<b>Revenue</b>		
Deposits on containers	<b>144,731,701</b>	90,315,218
Deposit refunds	<b>(109,062,260)</b>	(77,587,390)
	<b>35,669,441</b>	12,727,828
Container recycling fees	<b>42,815,156</b>	43,913,653
Contract fees	<b>11,574,633</b>	11,958,032
Sale of recyclable materials	<b>13,652,828</b>	14,827,334
Other	<b>307,261</b>	810,095
	<b>104,019,319</b>	84,236,942
<b>Operating expenses</b>		
Collection	<b>62,451,992</b>	55,215,039
Transportation and processing	<b>28,228,807</b>	29,722,624
	<b>90,680,799</b>	84,937,663
<b>Other expenses</b>		
General and administrative	<b>7,446,009</b>	5,470,226
Consumer awareness	<b>3,758,474</b>	4,746,320
Amortization	<b>882,416</b>	804,176
Foreign exchange loss	<b>375,239</b>	133,063
	<b>12,462,138</b>	11,153,785
<b>Excess (deficiency) of revenue over expenses</b>	<b>876,382</b>	(11,854,506)

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

## STATEMENT OF CHANGES IN NET ASSETS

**Encorp Pacific (Canada)**  
**Statement of changes in net assets**  
 Year ended December 31, 2020

	Notes	2020			2019
		Internally restricted reserve	Unrestricted	Total	Total
		\$	\$	\$	\$
<b>Net assets, beginning of year</b>		877,238	21,235,639	22,112,877	33,967,383
Excess (deficiency) of revenue over expenses		—	876,382	876,382	(11,854,506)
Transfer to internally restricted reserve	4	432,714	(432,714)	—	—
<b>Net assets, end of year</b>		<b>1,309,952</b>	<b>21,679,307</b>	<b>22,989,259</b>	<b>22,112,877</b>

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

# STATEMENT OF FINANCIAL POSITION

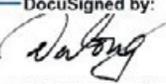
**Encorp Pacific (Canada)**  
**Statement of financial position**  
 As at December 31, 2020

	Notes	2020 \$	2019 \$
<b>Assets</b>			
Current assets			
Cash		<b>36,065,497</b>	35,932,291
Accounts receivable	6	<b>8,889,202</b>	6,014,154
Prepaid expenses		<b>1,390,481</b>	358,903
		<b>46,345,180</b>	42,305,348
Tangible capital assets			
	3	<b>2,315,352</b>	1,337,420
		<b>48,660,532</b>	43,642,768
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>16,464,763</b>	12,590,228
Deferred revenue		<b>9,206,510</b>	8,939,663
		<b>25,671,273</b>	21,529,891
Commitments			
	5		
<b>Net assets</b>			
Internally restricted reserve	4	<b>1,309,952</b>	877,238
Unrestricted	4	<b>21,679,307</b>	21,235,639
		<b>22,989,259</b>	22,112,877
		<b>48,660,532</b>	43,642,768

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

Approved by the Board

DocuSigned by:  
  
 \_\_\_\_\_, Director  
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DocuSigned by:  
  
 \_\_\_\_\_, Director  
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# STATEMENT OF CASH FLOWS

**Encorp Pacific (Canada)**  
**Statement of cash flows**  
Year ended December 31, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	876,382	(11,854,506)
Items not affecting cash		
Amortization	882,416	804,176
Loss (gain) on disposal of tangible capital assets	284	(759)
	<b>1,759,082</b>	<b>(11,051,089)</b>
Changes in non-cash operating working capital		
Accounts receivable	<b>(2,875,048)</b>	4,639
Prepaid expenses	<b>(1,031,578)</b>	(299,764)
Accounts payable and accrued liabilities	<b>3,874,535</b>	4,192,211
Deferred revenue	<b>266,847</b>	1,700,983
	<b>1,993,838</b>	<b>(5,453,020)</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	<b>(1,860,632)</b>	(499,221)
Proceeds from sale of tangible capital assets	—	16,150
	<b>(1,860,632)</b>	<b>(483,071)</b>
Net change in cash	<b>133,206</b>	(5,936,091)
Cash, beginning of year	<b>35,932,291</b>	41,868,382
<b>Cash, end of year</b>	<b>36,065,497</b>	35,932,291

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

# NOTES TO FINANCIAL STATEMENTS

## **Encorp Pacific (Canada)** **Notes to the financial statements** December 31, 2020

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### **1. Operations**

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

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

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

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

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

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The Corporation has been monitoring the COVID-19 situation closely and working with its employees, independently owned depot businesses, logistics providers and related stakeholders to ensure precautionary measures are put in place to protect employees and the community, consistent with the Provincial Health Authorities, The Centers for Disease Control and Prevention and BC Centre of Disease Control guidelines. In support of these measures, there have been changes in the Return-It network, including modified depot operating hours and temporary closures. The Corporation has been regularly sharing these updates and directing consumers to visit their website for the most up to date information.

The Corporation's financial results and conditions have not been materially impacted in terms of revenues and costs. However, due to temporary closures and reduced hours of operations within its collection network throughout 2020, the Corporation's beverage container recovery rate declined by 1.9% from 2019. As of the date of the financial statements, the Corporation's operations have remained open and continued to operate as normal.

### **2. Significant accounting policies**

These financial statements have been prepared in accordance with ASNPO, incorporating the following significant accounting policies:

#### *(a) Revenue*

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

Contract fees are recorded when the services are provided.

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

Page 7

# NOTES TO FINANCIAL STATEMENTS

## Encorp Pacific (Canada) Notes to the financial statements December 31, 2020

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### 2. Significant accounting policies (continued)

#### (b) *Deferred revenue*

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

#### (c) *Direct operations expenses and other expenses*

Handling fees to depots, and transportation and processing fees, are recorded on the date the containers are collected by transporters. Other expenses are recorded in the period the related goods or services are received.

#### (d) *Foreign currency translation*

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

#### (e) *Tangible capital assets*

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

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

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

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

#### (f) *Leases*

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

# NOTES TO FINANCIAL STATEMENTS

## Encorp Pacific (Canada) Notes to the financial statements December 31, 2020

### 2. Significant accounting policies (continued)

#### (g) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

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

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

#### (h) Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value when the Corporation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments currently held are measured at amortized cost.

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

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

### 3. Tangible capital assets

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Computer hardware	3,454,202	2,649,745	804,457	968,671
Leasehold improvements	382,691	290,417	92,274	154,358
Office equipment	994,462	844,097	150,365	175,976
Computer software	135,622	104,916	30,706	38,415
Express & Go stations	361,934	16,252	345,682	—
Mobile Compaction	927,870	36,002	891,868	—
	<b>6,256,781</b>	<b>3,941,429</b>	<b>2,315,352</b>	<b>1,337,420</b>

# NOTES TO FINANCIAL STATEMENTS

## Encorp Pacific (Canada) Notes to the financial statements December 31, 2020

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### 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 \$432,714 was transferred from the unrestricted reserve to restricted reserve during the current year (\$47,623 was transferred from the unrestricted reserve to restricted reserve in 2019).

### 5. Commitments

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

	\$
2021	653,650
2022	649,609
2023	650,283
2024	622,840
2025 and thereafter	1,222,797
	<u>3,799,179</u>

### 6. Government remittances

Government remittances consist of amounts (such as payroll withholdings, sales taxes, employer health tax and Workers' Compensation Board remittances) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, the net position is a receivable of \$205,370 (receivable of \$188,894 in 2019).

### 7. Related parties

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

	\$
Cash	2
Shareholder's equity	<u>2</u>

During the year, the Corporation paid \$181,938 (\$159,494 in 2019) in Directors' fees.

# NOTES TO FINANCIAL STATEMENTS

## Encorp Pacific (Canada) Notes to the financial statements December 31, 2020

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### 8. Bank facilities

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

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

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

### 9. Financial instruments

#### *Foreign currency risk*

The Corporation is exposed to foreign exchange risk through its cash, accounts receivable and accounts payable and accrued liabilities that arise on sales of recyclable materials denominated in US dollars. At December 31, 2020, the net US dollar exposure on cash, accounts receivable, accounts payable and accrued liabilities was US\$6,360,235 (US\$1,543,841 in 2019).

#### *Interest rate risk*

The Corporation is not exposed to significant interest rate risk due to the short-term nature of its financial instruments.

#### *Credit risk*

The Corporation's assets subject to credit risk consist of cash and accounts receivable. The Corporation maintains its cash with a major, reputable financial institution. Accounts receivable consists of amounts outstanding from brand owners and material recyclers. The Corporation monitors the creditworthiness of brand owners and material recyclers to minimize the risk of loss.

#### *Liquidity risk*

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2020, the most significant financial liabilities are accounts payable and accrued liabilities.

### 10. Comparative figures

Certain operating expense comparative figures have been reclassified to conform to the presentation adopted in 2020.

# 9.3 INDEPENDENT REASONABLE ASSURANCE REPORT



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

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

We have been engaged by Encorp Pacific (Canada) ("Encorp") to perform a reasonable assurance engagement in respect of the following information, referred to as the "Selected Information", detailed within Encorp's Annual Report to the Ministry of Environment and in Appendix A, for the year ended December 31, 2020:

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

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

### Management's responsibility

Management is responsible for the preparation of the Selected Information in accordance with the evaluation criteria as listed in Appendix A. Management is also responsible for such internal control as management determines is necessary to enable the preparation of the Selected Information such that it is free from material misstatement. Furthermore, management is responsible for preparation of suitable evaluation criteria in accordance with the guide to third party assurance for non-financial information in annual reports - 2020 reporting year, dated November 2019 ("Assurance Requirements") as specified by the Director under Section 8(2)(h) of the Recycling Regulation of the Province of British Columbia.

### Our responsibility

Our responsibility is to express a reasonable assurance opinion on the Selected Information based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by the International Federation of Accountants. This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the Selected Information is free of material misstatement.

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

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

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

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

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

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

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

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

### **Inherent limitations**

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

### **Basis for qualified opinion**

In the absence of approved targets for the 2020 reporting year, Encorp has not provided disclosures on performance against targets required under Section 8(2)(g). As a result, we were not able to provide assurance over the following selected information:

- Performance for the year in relation to government approved targets under Section 8(2), (b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

### **Conclusion**

In our opinion, except for the matters described in the preceding paragraph, the Selected Information of Encorp for the year ended December 31, 2020 is prepared, in all material respects, in accordance with the evaluation criteria listed in Appendix A to this report.

**Other matters**

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

*Deloitte LLP*

Chartered Professional Accountants  
Vancouver, British Columbia, Canada  
May 5, 2021

# Appendix A

## Assurance Requirements

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

**Specific Disclosures in the Annual Report for which evaluation criteria were developed**

Disclosure per the Annual Report	Reference
Encorp’s collection network consists of 174 collection facilities including 168 independently owned and operated Return-It™ collection facilities, one (1) corporate Return-It Express Plus and five (5) Express and Go unstaffed stations available to the public. Three (3) of the 174 collection facilities were opened during 2020.	Collection System and Facilities: Executive Summary on page 2.

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

**Definitions:**

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

**Evaluation criteria:**

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

**2. Section 8 (2) (d) Product management in accordance with pollution prevention hierarchy**

***Specific Disclosures in the annual report for which evaluation criteria were developed***

- All containers collected by Encorp in 2020 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.
- Aluminium cans were sold and shipped to a re-melt facility in the USA and turned back into aluminium sheet stock for new cans.
- Plastic containers were sold to end markets in British Columbia (BC) and shipped to their two separate facilities in BC and Alberta (AB) to be cleaned and pelletized to become new raw material for manufacturers of various plastic products including new containers, strapping material and fibres.
- Glass containers were processed in British Columbia and shipped to various end markets including a plant that produces fibreglass insulation in Alberta; a facility that procures new glass bottles in Seattle, US; a facility that manufacturers sandblasting materials in Quesnel, BC; and municipal sites that use crushed glass as construction aggregates.
- Polycoat containers collected were sold to ICF International and shipped to manufacturing plants in South Korea, Thailand and Japan for material recovery and production of tissue paper from the recovered fibre. Encorp also shipped polycoat containers to a second supplier, Continuous Material Recovery. Continuous Material Recovery receives drink box containers at their facility in Des Moines, Iowa where they produce building boards which are used as an alternative to traditional wallboards, roofing, floor underlayment, ceiling tiles and structured insulated panel.
- Stand up pouches, made of layers of plastic and aluminium foil, as well as the laminated plastic bags used inside bag-in-a-box containers were shipped to TerraCycle in New Jersey that is using this material to make various products such as; composite decking, buckets, storage totes, non-food grade container & trays.
- Cardboard from the outer layer of the box was recycled by local processors for material recovery.
- Other metal containers including bi-metal were sold to scrap metal dealers in BC for metal recovery.

***Definitions:***

- ***Weight of material collected:*** Weight obtained from processors invoices for the units collected and processed.
- ***Weight of material recycled:*** Weight of baled material as per shipments received by recyclers based on outbound Movement Authorizations / Commodity Revenue supporting documents.
- ***End of life:*** for used beverage containers is determined when the recovered containers are separated by material stream and delivered to the end recyclers approved by Encorp through a vendor certification process.
- ***End Recycler:*** a facility that uses processed used beverage containers to transform recovered material into other product.

**Evaluation Criteria:**

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

<p><b>3. Section 8 (2) (e) the total amount of the producer’s product sold and collected and, if applicable, the producer’s recovery rate</b></p>							
<p><b>Specific Disclosures in the Annual Report for which evaluation criteria were developed:</b></p>							
<table border="1"> <thead> <tr> <th>Disclosure per the Annual Report</th> <th>Reference</th> </tr> </thead> <tbody> <tr> <td>Total Sales in units: 1,362,935,045</td> <td rowspan="3">Recovery rate from the Executive Summary on page 2</td> </tr> <tr> <td>Total Product Collected in units: 1,038,180,271</td> </tr> <tr> <td>Recovery Rate: 76.2%</td> </tr> </tbody> </table>	Disclosure per the Annual Report	Reference	Total Sales in units: 1,362,935,045	Recovery rate from the Executive Summary on page 2	Total Product Collected in units: 1,038,180,271	Recovery Rate: 76.2%	
Disclosure per the Annual Report	Reference						
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Recovery Rate: 76.2%							
<p>The following evaluation criteria were applied to the assessment of the description of how total amounts of the producer’s product sold and collected and, if applicable, the producer’s recovery rate has been calculated in accordance with Section 8(2)(e).</p>							
<p><b>Definitions:</b></p> <ul style="list-style-type: none"> <li>• <b>Recovery Rate:</b> A calculated value derived from dividing total units collected by total units sold and measured as percentage rounded to the first decimal point.</li> <li>• <b>Product Sold:</b> Number of units (beverage containers) reported by Brand Owners to Encorp.</li> <li>• <b>Brand owners:</b> Producers as defined in Schedule 1 of the Recycling Regulation.</li> <li>• <b>Product Collected:</b> Number of units (used beverage containers (UBC)) collected by Encorp.</li> <li>• <b>Containers in Transit:</b> 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.</li> <li>• <b>Movement Authorization (MA):</b> A document indicating a number of containers and number of shipping containers (bags) collected by transporters on behalf of Encorp Pacific (Canada).</li> </ul>							
<p><b>Evaluation criteria:</b></p> <ul style="list-style-type: none"> <li>• The recovery rate is determined by dividing the number of product units collected by the total number of product units sold.</li> <li>• The total product units sold is based on sales reports received by Encorp from their Brand owners in unit sales.</li> <li>• 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.</li> <li>• The total number of product collected is based on the number of used beverage containers covered by the approved Stewardship Plan and collected by Encorp, as indicated in the movement authorization form, during the calendar year.</li> <li>• The product units sold and collected, and the recovery rate reconcile to the numbers published in the Annual Report.</li> </ul>							

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

In absence of government approved targets for the 2020 reporting year, Encorp Pacific (Canada) has not provided disclosures on performance against targets required under Section 8 (2) (g).





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