



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.

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

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.

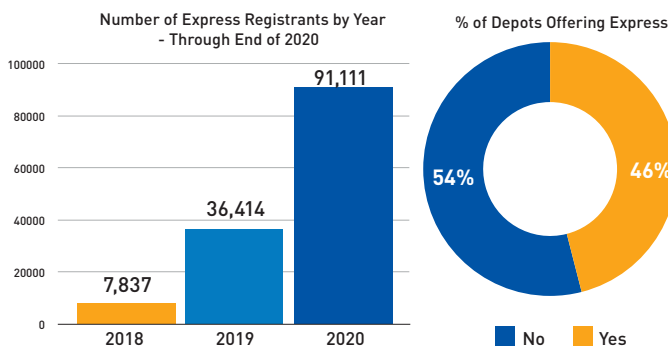


Della Bond | FortisBC,
Bruce Ralston | BC Minister of Energy, Mines and Low Carbon Innovation
Allen Langdon | President and CEO, Return-It

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.