

ANNUAL REPORT

ENCORP PACIFIC (CANADA)

2021



EXPRESS

EXPRESS DROP OFF

EXPRESS YOUR RETURNS

EASY TO USE. NO NEED TO SORT.
GREAT REWARDS.



Sign up for free at
[express.return-it.ca](https://www.express.return-it.ca).



At the depot, use the
monitor to login and
print labels for your bags



Drop your bags of beverage
containers in the Express
bin. No sorting required.



You
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2021

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EXECUTIVE SUMMARY



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

Encorp has been leading extended producer responsibility performance in Canada for 27 years and has diverted more than 23 billion beverage containers from the landfill. return-it.ca



PUBLIC EDUCATION MATERIALS AND STRATEGIES



Consumer awareness levels are measured through annual benchmark studies conducted by a third-party market researcher. The methodology and sample sizes are representative of the province and statistically accurate to a margin of +/- 5%. The studies track changes over time and provide valuable information and consumer trends. See page 10.

In addition to the benchmark study, Return-It conducts a segmentation analysis to better understand consumer behaviour and identify target audiences, particularly regarding throw-away behaviour of each target group.

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.

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 their refund. Customers just tag their bags, drop them off and are on their way within minutes. Express & GO locations are unstaffed solar-powered drop-off stations with extended hours and contactless service where consumers are still able to benefit from the ease and convenience of Express. Express Plus locations, Encorp's flagship, offering a convenient and cashless way to recycle used beverage containers and other small household items. There are a total of 78 in-depot Express locations, 9 Express & Go stations and 2 Express Plus locations in BC.

99.3% of BC's population has access to a beverage container return facility, compared to the target of 97% in our Stewardship Plan. This target is based on an independent third-party study and exceeds the current Stewardship Agencies of British Columbia (SABC) accessibility standard.

The awareness of locations metric is also measured using the same market research study and methodology as system awareness.



Depots	Express & GO	Express Plus
163	9	2





2021	
6.0%	4.09%
Overall reduction in GHG emissions from 2019 baseline	RESULT

PRODUCT ENVIRONMENTAL IMPACT REDUCTION, REUSABILITY AND RECYCLABILITY

Encorp’s activities in 2021 contributed to the reduction of about 110.2 thousand tonnes of carbon dioxide equivalent (CO₂e) being released into the atmosphere, compared to 105.5 thousand tonnes in 2020.

Encorp tracks and reports on the following: metric weight of materials diverted from landfill, Energy savings by material type, greenhouse gas (GHG) emissions and MT-CO₂ equivalent avoided, end fate of each material type, and GHG reduction target performance against the baseline.

POLLUTION PREVENTION HIERARCHY AND PRODUCT/COMPONENT MANAGEMENT

Containers collected by Encorp in 2021 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 35.



PRODUCT SOLD AND COLLECTED AND RECOVERY RATE

The Stewardship Plan outlines the recovery rate targets for a five-year term, and each term consists of a full year of sales and recovery data starting in January each year. The delay of the approval for the Stewardship Plan left a gap in the targets for 2021. The five-year targets were approved on September 1, 2021, when the Ministry of Environment and Climate Change Strategy approved the Stewardship Plan. Accordingly, year one of the approved targets will be tracked as of January 1, 2022. In this Annual Report, Encorp Pacific [Canada] has not provided disclosures on performance against plan targets but has provided the recovery rate performance against the regulatory requirement of 75%.

See Regional Breakdown on page 40.

Total Sales in Units	1,470,642,100
Total Product Collected in Units	1,116,121,423
Recovery Rate	75.9%
Provincial Per Capita Recovery	214.0

ALUMINUM	GLASS	PLASTIC ≤ 1L	PLASTIC > 1L	DRINK BOXES	BAG IN BOX	BI-METAL	GABLE TOP	POUCHES
79.9%	86.9%	71.7%	79.9%	54.0%	47.8%	83.4%	59.6%	23.5%

SUMMARY OF DEPOSITS, REFUNDS, REVENUES AND EXPENSES

A deposit is paid on every beverage container sold in BC. Unclaimed deposits are used to fund the system. When the revenue from unclaimed deposits and from the sales of collected material are insufficient to cover the cost of recovering and recycling a specific container type, a non-refundable container recycling fee (CRF) is added at the time of sale to make up for the shortfall.

See Financial Statements on page 52.

Deposits Collected	\$147,082,849
Refunds Issued	\$111,612,630
Total Revenue	\$223,532,468
Total Expenses	\$211,484,708

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PROGRAM OUTLINE

Our vision, mission statement and strategic business model.

Message from the Chair and CEO; successes and opportunities in 2021.

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



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 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 27 years and has diverted more than 23 billion beverage containers from the landfill. We recycle containers ranging from aluminum cans, plastic bottles and drink boxes to gable tops and bag-in-a-box. Encorp develops, manages and improves systems to recover used packaging and end-of-life products from consumers and ensures they are properly recycled and not incinerated or sent to 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.

We have 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 – Reviewing costs regularly ensures 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 constantly changing market trends.

2.2 OUR SOCIAL PURPOSE:

We exist to foster a world where nothing is waste.

Over the past three 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.

In 2021, Encorp completed the first phase of this initiative through an extensive year-long process that included research, extensive employee and stakeholder consultations, and stakeholder testing. As a result, we have defined 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 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.*

In 2021, our social purpose also enabled us to lean in, adapt and pivot during a challenging time. Some of the ways we brought our statement to life include:

- Launching our social purpose statement externally
- Performing an internal audit to understand our current state
- Collaborating with employees to define our core values
- Joining United Way's Social Purpose 2021 Implementers Cohort
- Activating a cross-functional social purpose team to ensure our statement permeates across our business

Finally, in 2021 we entered our second phase, which focused on activating, embedding and engaging, and we finalized the Roadmap to Purpose action items for 2022.

Looking ahead to 2022, we will continue to embed this statement across our organization, using it to guide our decision-making processes, and to ensure we are all aligned on a shared vision of a sustainable future.



2.3 DIVERSITY AND INCLUSION

Diversity and inclusion remains a key priority for our organization. A diverse and inclusive workplace is one that makes everyone feel equally involved and supported in all areas of the workplace. In support of this priority, in 2021 Encorp had its leadership team engage in a diversity and inclusion workshop to support best practices and training. This workshop was led by the Canadian Centre for Diversity and Inclusion which helps organizations address the full picture of diversity, equity and inclusion within the workplace.

The workshop covered various aspects of diversity and inclusion immersion, including conscious and unconscious bias, its impact and tools and techniques. Next steps include manager training and a road map to ensure diversity and inclusion practices and initiatives are embedded within our business.



2.4 MESSAGE FROM THE CHAIR

As 2021 drew to a close, many of us were cautiously optimistic that the year ahead would be more stable and conducive to doing business as usual than it had been over the past 12 months. Then came the Omicron variant of the COVID-19 virus and yet another reminder that the “new normal” is about living our lives in a state of constant change and adjustment – invariably, more new than normal.

Reflecting on 2021, it’s remarkable how dramatic, demanding and beyond our control the challenges have been. From the effects of the global pandemic on all facets of our business – whether in the office, in the field or at our Return-It depots to the catastrophic floods in British Columbia’s Lower Mainland and Fraser Valley that shut down supply chains, cut off access to markets for certain materials and, for a short while, shuttered depots in devastated communities – these challenges taxed us in ways we’d never thought possible. But at the same time, they demonstrated the incredible resilience of the Encorp Pacific community and the incredible people who work within it.

Despite the challenges, we made good progress in critical areas. Our Return-It Express network continued to expand to more than 80 locations over the year and proved to be both extremely timely and extremely popular with BC consumers conscious of the need for social distancing and clamouring for low- or no-touch recycling solutions through the pandemic. After an extended time, we obtained approval of our Stewardship Plan, albeit with some requirements from the Ministry of Environment and Climate Change Strategy for additional information. And we readied ourselves for the addition of milk and plant-based beverage containers to the deposit/refund system in early 2022, a process that called for extensive planning, operational adjustments and public education since the change will ultimately add almost 10% more units to our container volume.

Throughout the year, our management group worked hard to develop a new handling fee regime with depot operators to replace the five-year fee arrangement that was scheduled to end in May 2022 and in the process, reflect the addition of milk and plant-based beverage containers and the simplification of container sorts.

Despite these advances, we continued to wrestle with a recovery rate that lags our own expectations. Significant investments in recovery rate improvement were bedevilled by the unpredictable side effects of “black swans” like the global pandemic, an unprecedented heat dome with its resulting wildfires, and a once-in-a-century flood disaster.

A less obvious effect of these events was a dramatic spike in 2021 beverage container sales, which served to suppress the recovery rate even though recovery volume actually increased by more than 76 million units. Nevertheless, going forward we anticipate that a gradual return to normality, even if it is the “new normal,” will enable the measures undertaken in 2021 to translate into higher recovery rates.

The world of extended producer responsibility continues to change. The range of obligated products – and resulting stewardship programs – continues to grow. Sweeping policy initiatives to reduce the environmental impacts of plastics continue to grow not only in BC but also federally and internationally. New regulations, in some cases with novel and never-tried-before provisions, are now being implemented in other jurisdictions across Canada and around the world. As a leading product stewardship agency, Encorp Pacific is committed to staying at the forefront of these changes on behalf of its brand owners and other stakeholders and in keeping with its social purpose: to foster a world where nothing is waste.

None of this would be possible without the continued support and collaboration of our depot partners, our supply chain partners, our community partners and, of course, our Board of Directors, management team and staff, whose collective efforts over the past year have been, frankly, heroic.

Early in 2022 we learned that our CEO, Allen Langdon, would be leaving us in the coming weeks. Allen’s leadership and vision have been instrumental in seeing us through the difficult challenges of the past year while still moving the organization forward towards the achievement of its goals. On behalf of the Board, a big “thank you” to Allen.



Dan Wong
Board Chair



2.5 MESSAGE FROM THE CEO

Serving as the interim president and CEO of Encorp Pacific (Canada) has been a pleasure and a challenge as Encorp strives for excellence implementing its Stewardship Plan for the recovery and recycling of beverage containers and provides service for other EPR programs as they implement their stewardship responsibilities. It is a pleasure to work alongside the strong team of employees who work hard to fulfill Encorp's mission. It is a challenge because of the ever-changing world in which we work, which requires solid organization, effective management, innovative solutions, continuous attention to detail, and quality service to our customers and suppliers.

I want to pay tribute to Allen Langdon, who departed from Encorp in January 2022 after three and a half years as president and chief executive officer. He provided visionary leadership as he strengthened the organization and fostered forward-thinking initiatives such as the popular and effective Return-It Express program, which is now offered at almost half of the depots.

Express enables pre-registered customers to arrive at a depot with a mix of beverage containers in a plastic bag, print a label, place it on the bag and then drop the bag into a secure bin. The containers are counted later, and the deposit refund is then credited to an online account. By the end of 2021, over 191,029 customers had registered for the program.

The success of Express led to two significant variations: Return-It Express & GO and Return-It Express Plus. The Express & GO stations, powered by solar panels, use shipping containers to fit in sites where a traditional Return-It depot cannot go. They are located on the campuses of UBC and SFU; at Big White Ski Resort; in Tofino, McBride and North Vancouver; and at the Park Royal Shopping Centre in West Vancouver, with more locations on the way. There are two Express Plus sites that provide the typical Express service but also offer opportunities for consumers to return various other household recyclables.

Through 2021, the Encorp team launched other initiatives aimed at improving customer convenience and increasing the recovery of beverage containers. The single, common deposit rate of 10 cents for all beverage containers, which commenced in October 2020, created the opportunity to reduce the number of sorts that depots must perform from 28 to eight. The merged sorts resulted in much quicker counter service at depots and enhanced convenience for customers.

The reduced number of sorts also makes mechanical sorting more efficient, further enhancing customer

convenience. The number of depots using this automated sorting technology continues to grow.

Another innovation that was implemented under Mr. Langdon's leadership was the introduction of Canada's first-of-its-kind compressed natural gas (CNG) hybrid-electric compaction truck. It creates tremendous efficiencies and reduces Encorp's greenhouse gas emissions. For example, it can carry 900,000 plastic bottles in a single load compared to 150,000 in a conventional truck.

While the entire period covered by this report occurred during Mr. Langdon's watch, he left Encorp and Return-It in excellent shape and poised to make even further strides to enhance consumer participation in recycling of beverage containers and the other household recyclables for which Encorp is a service provider.

Encorp continues to work with all the independent small business operators of the Return-It depots. In 2021 they accounted for about 93% of the beverage containers returned by consumers. The depots, their owners and their employees are an essential part of the Return-It system, and we salute their efforts to provide quality customer service.

My personal connection with Encorp dates to its founding in 1993, and I have enjoyed many years of service on its Board of Directors. Holding the role of interim president has been enjoyable and fulfilling. My service in this capacity will end following a national search by the Board of Directors for a new president and CEO.



John Nixon
Interim President and CEO

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PUBLIC EDUCATION MATERIALS AND STRATEGIES

Insights from our current research on BC residents' recycling attitudes and behaviours.

Review of advertising and marketing activities conducted to increase recovery rates.

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



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 25% of beverage containers are known to not be recycled in BC).

An online survey was undertaken in September 2021 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 97% awareness level for all non-alcohol beverage container types that can be returned to a depot for deposit.

When respondents were asked if they were aware of Encorp Pacific (Canada)/Return-It, levels remained consistent with those of past years.

	2021 (n=1,221)	2020 (n=1,261)	2019 (n=1,186)	2018 (n=1,204)
Any Type (NET)	99%	99%	99%	98%
Non-Alcohol (NET)	97%	97%	97%	96%
Aluminum cans 	97%	97%	97%	96%
Plastic bottles 	88%	91%	91%	94%
Glass bottles 	86%	88%	87%	84%
Drink bottles 	64%	72%	73%	73%
Cartons 	54%	63%	68%	63%



	2021 (n=1,221)	2020 (n=1,261)	2019 (n=1,186)	2018 (n=1,204)
Brand Awareness (Encorp Pacific (Canada)/Return-It)	92%	89%	91%	89%

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 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 percentage 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.

Why they discard: reasons why this portion of the public does not recycle their beverage containers.



	Regular Returners	Depot Fans	Convenience Trashers	On-the-Go Discarders	Uninformed Urbans
Segment sizing	44% people 16% containers produced 2% containers discarded	22% people 48% containers produced 4% containers discarded	7% people 16% containers produced 71% containers discarded	15% people 17% containers produced 12% containers discarded	12% people 3% containers produced 11% containers discarded
Key demographics	Average age 54 63% female	Average age 50 Equally male and female	18–34 age 54% male	25–44 age 57% female	Both young and old Equally male and female
Depot use	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 retailer as method for return Lack of nearby locations and convenience are barriers to more use
Express	Below-average awareness, current use and future interest	Above-average use but only average current and future interest	Average awareness, high current and future use	Below-average awareness, average current use but above-average future interest	Below-average awareness, current use and future interest
Why they discard	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

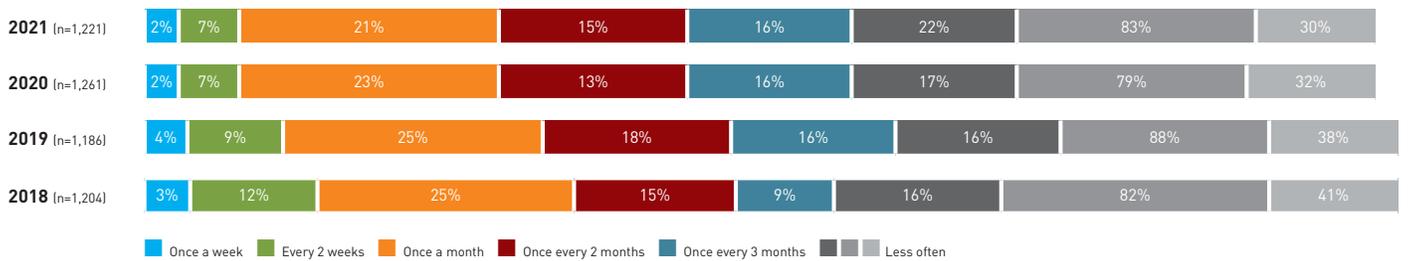
3.1 RESEARCH AND SEGMENTATION ANALYSIS

The annual benchmark and segmentation studies help us understand throw-away behaviour in as much depth as possible. While we have seen significant success in reducing the number of beverage containers that end up in the landfill, about 25% are still not recycled. We continue to work hard to target and modify throw-away behaviour.

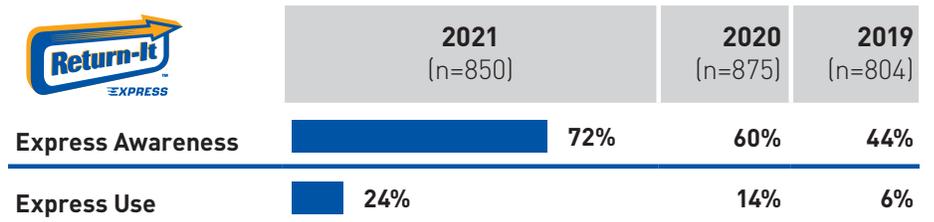
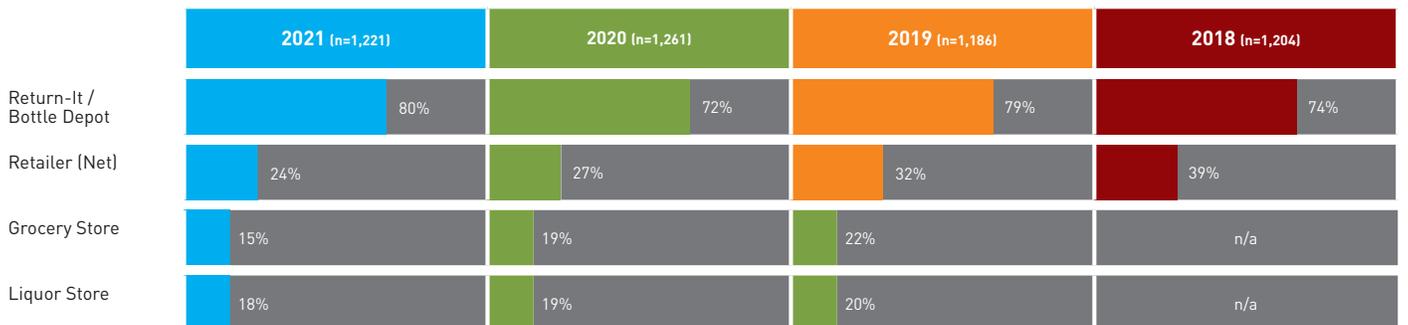
This year we also wanted to know the awareness level of Return-It Express, how Return-It Express has impacted consumers behaviour and whether consumers were satisfied with the service. When respondents were asked how satisfied they were with the Express service, 93% rated the service as excellent/good.

Within our benchmark and segmentation study we included questions based on discard location, beverage container type and visit frequency.

RETURN-IT DEPOT VISIT FREQUENCY



METHODS FOR RETURNING BEVERAGE CONTAINERS



3.2 CONSUMER AWARENESS

We continued to remind consumers in 2021 that recycling their beverage containers isn't just the right thing to do – in BC, it's just what we do. Our advertisements were promoted on various social media, traditional media such as radio and print ads, and many more. This helped maintain a 99% program awareness. We continued to expand on the Return-It Gang's personality while emphasizing the importance of recycling in British Columbia.

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

Previously, we printed detailed consumer brochures in English, Hangul, Punjabi and Traditional Chinese. In 2021, we posted all our printed brochures on our website, reducing the amount of paper used to print brochures. British Columbians can find these brochures at Return-It depots by scanning a QR code. Brochures are also available for download on our website at return-it.ca/beverage/recycling/brochures.

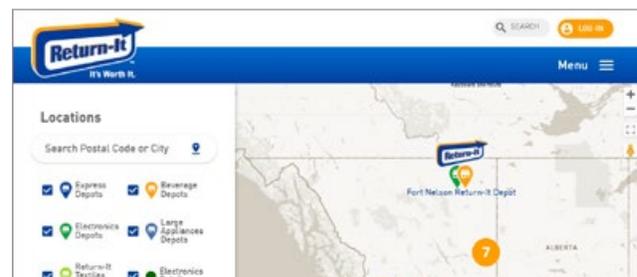
Special Coverage

Every time we have relevant community information worth sharing, it is distributed to the public through various platforms. The information is posted to the Encorp website, shared through our social media 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.



3.2 CONSUMER AWARENESS

Corporate Videos

Our corporate videos outline the recycling process for several beverage container types, and they 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 of 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 are out and about. We launched a new plastic-focused video, “The Secret Lives of a Plastic Beverage Container.” The video was shared on social media, pre-roll and TV during Global’s morning news. A myth-busting social media campaign was planned using GIFs and snippets from the new video.

Pouches

Drink pouches are the least recycled container type, as many consumers do not know that these container types are part of the deposit system. To raise consumer awareness, we leveraged the popularity of the Return-It Gang and introduced a new drink pouch character, Juicenda Pouch. 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.

Bag-In-A-Box

The public awareness level for bag-in-a-box is below our target, as many consumers do not know that this container type is part of the deposit system, and they do not know how to recycle this container

type. A new Return-It Gang character named Sarah Cask was created. In addition, a new video was produced with two key messaging: bag-in-a-box is part of the Return-It system, and remember to return both your bag and the box for recycling.



Annual Report

Our comprehensive and interactive Annual Report can be found on our website (return-it.ca/ar2021). Visitors can choose to view the Annual Report on our website or by downloading a PDF file 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 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 at Return-It. Customers are the foundation of all businesses, and offering an exceptional 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. In 2021 we supported more than 17,700 customers. As part of our efforts to reduce inquiry volume, we review customer intel on an ongoing basis and suggest enhancements to our system. Actions achieved in 2021 include the following:

- Created 12 monthly customer trend dashboards, four quarterly reports and 52 weekly reports
- Held 12 cross-departmental customer-focused team meetings
- Improved customers' ability to find information themselves by updating our website content and layout, distributing quarterly customer newsletters, and launching a knowledge centre (an online portal that includes answers to frequently asked questions, how-to guides and troubleshooting instructions) and a live chat widget
- Provided the operations team with real-time data on every location
- Enhanced the Express site through quarterly IT updates to improve usability and reduce pain points
- Provided customer service training to the depot operators at the April 2021 depot conference and a training workshop for the Customer Relations Team



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 two of the biggest barriers to getting consumers to recycle their beverage containers; the Return-It Express program addresses both. Last year, we increased the number of Return-It Express depot locations to 78 across BC. Customers simply set up an online account at 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, a customer enters their phone number to log in, prints off labels to attach to their bags, and drops them in the designated area. The empty containers are then sorted and counted for the customer. The refund on deposit is credited to their online account and can be redeemed for a cheque or Interac e-transfer. Return-It Express continues to grow, with more locations available and consistent marketing efforts to promote the ease and convenience of the system. In 2021 there were 190,494 Express users registered.

Express Campaign

Our 2021 Express campaign focused on increasing awareness of the ease and convenience of using Return-It Express: no sorting, no lineups and no handling cash. In addition to mass media tactics, more targeted tactics were utilized throughout the campaign. With the proven success of direct mail in previous years, households around Express locations in the Lower Mainland received an informative Express direct mail brochure. Social media was

also used to target specific communities and neighbourhoods. For each of our new Express locations, a 3-kilometre radius was used to target new Express customers through social media posts. Influencers such as Daily Hive and radio hosts from Z95.3, CFOX and Rock 101 played a key role in our campaign.

Express Plush 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 characters. In 2019, the Return-It Gang plush promotion was launched. For every beverage container returned, Express customers received one plush promotion credit. Credits would then be used towards redeeming one plush Return-It Gang character. The original promotion ended in October 2020. However, by popular demand it was reintroduced in July 2021. Last year more than 5,200 Return-It Gang were characters sent to Express users.



3.3 RECYCLING PROGRAMS AND INITIATIVES

Express Bag Label

In 2020, as an additional safety measure during the COVID-19 pandemic, we began sending Express customers their Express bag labels through the mail at no charge when requested through their online Express account. The Express bag label request feature ended in September 2021 with over 86,000 bag label packs sent to Express users.



Express 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 2021, over 500,000 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 the secondary prize of \$2,500.

The winners of the 2021 Return-It School contest were Forest Grove Elementary School, located in a small community in the South Cariboo region, and Lake City Secondary School in Williams Lake.



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 2021, some events remained cancelled as a result of COVID-19-related restrictions. However, the Recycling 101 Ambassadors were still able to attend seven high-profile events in Vancouver, reminding BC residents to recycle their drink containers and promoting our Return-It Express system. We also launched our brand new Return-It set-up and our new contactless Return-It Express game. The new game challenges visitors to sort containers by holding their hands on top of the sensors of each container type column as fast as they can. At the end, we compare their time against the fastest time of the day.



3.3 RECYCLING PROGRAMS AND INITIATIVES

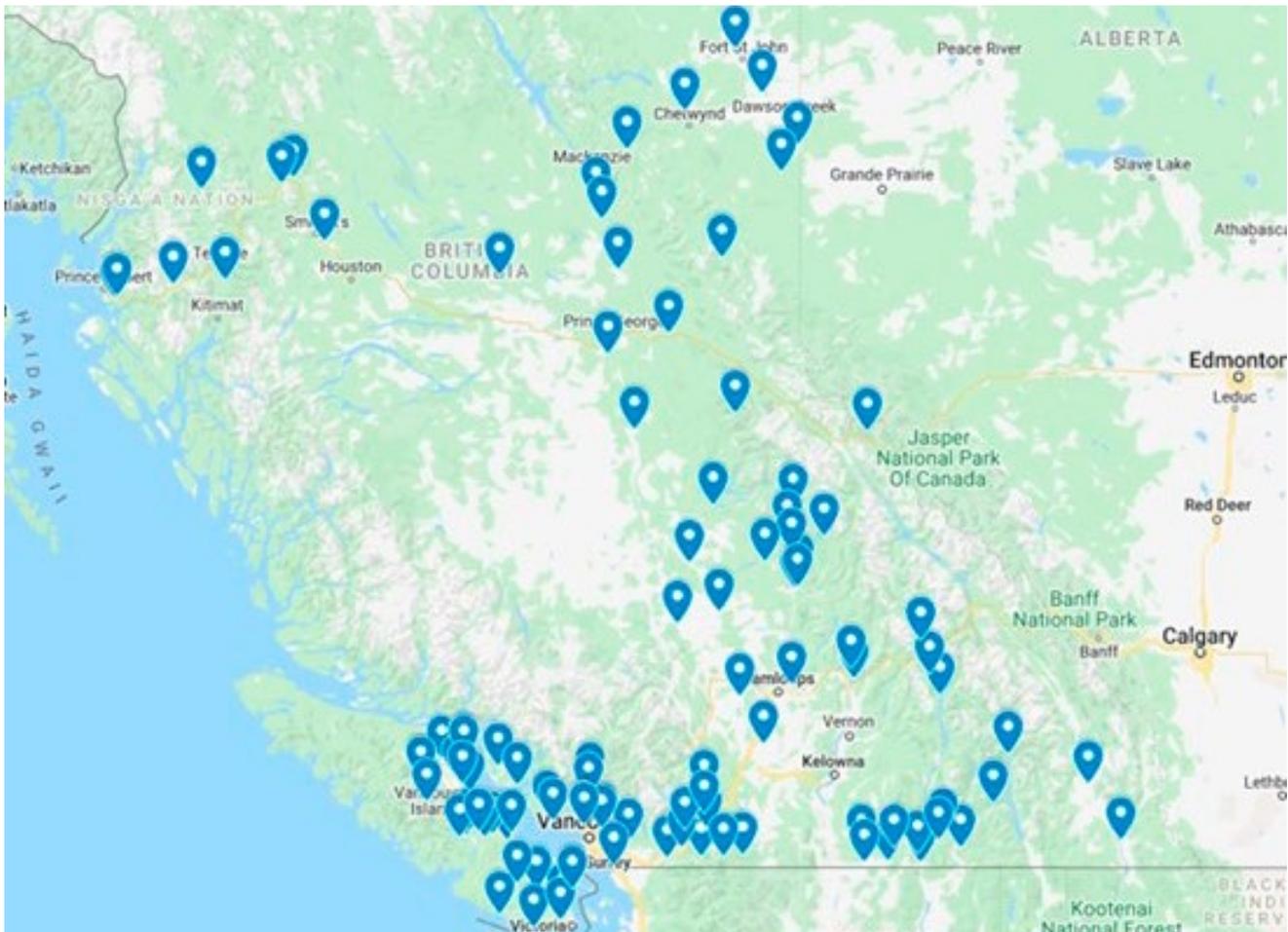
BC Parks and Municipal Outdoor Spaces

Provincial parks, protected areas and recreation areas attracting large amounts of pedestrian traffic continued to be our focus during 2021. We have worked closely with BC Parks to ensure that the investment we put into new outdoor bins pairs with the high-traffic locations where beverage containers have been traditionally trashed.

Throughout 2021, we delivered even more bins to the parks located in British Columbia, including the first hands-free, pedal-operated, bear-proof bins and dual bins to help keep public spaces clean and eliminate excess litter. As a result, pedestrians were able to use new recycling bins in more provincial parks and rural areas where recycling is not accessible.

Return-It has also partnered with BC Parks to create a map showing all bins' locations. The map includes all the bins ordered and placed since the start of the partnership and gives an interactive overview of where they can be found.

We are proud to be working with BC Park, and we are looking forward to helping our partner supply pedestrians with more convenient recycling in the years to come.



3.3 RECYCLING PROGRAMS AND INITIATIVES

Sports Team Partnerships

2021 marked the return of in-person events for both Vancouver Canucks and Vancouver Whitecaps FC. These 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. Vancouver Whitecaps fans attending in-person games were able to enjoy the pre-game activation at Terry Fox Plaza and play our soccer-themed Express game. Additionally, esports have become an essential part of our sports partnerships, allowing us to connect with a different demographic to deliver our message. Return-It has partnered with Vancouver Titans, a professional Overwatch esports team based in Vancouver, BC, and The Gaming Stadium, the first esports stadium in Canada.



Independent Return-It Depots Marketing and Promotion Commitments

Return-It depots submit their intended Marketing & Promotional Plans to Encorp. In 2021 the combined investments from participating depots, if fulfilled, would add approximately \$1.4 million in additional advertising spending.

Industrial, Commercial and Institutional Sector

The Industrial, Commercial and 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 Pacific National Exhibition, Cypress Mountain Resort and Mt. Seymour Ski Resort to either provide or improve upon their existing recycling programs. Partnerships within the institutional sector include the provision of collection bins and services at two major hospitals: Vancouver General and Lions Gate Hospital.



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.

3.3 RECYCLING PROGRAMS AND INITIATIVES

Major Media Partnerships

To help raise awareness of the important work Encorp is doing, we partnered with Corus Entertainment and Bell Media to leverage their broadcast media. Corus and Bell have some of the strongest news properties in BC and offer full provincial reach. By partnering with Corus and Bell, we're able to leverage the credibility of a third party to help us deliver our message. Krissy Vann, a well-known television broadcaster, was featured throughout our messaging. President and CEO Allen Langdon provided expertise on the importance of recycling beverage containers and diverting them from our natural environment. The segment opened an avenue where we were able to talk to the public about the ease and convenience of our Express & GO stations, our new Express Plus flagship location and how it contributes to British Columbia's beverage container recycling system – ensuring future generations can enjoy a greener, healthier province.

Believe BC – Corus

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 imagine the future of beverage container recycling will look like.

CTV Morning Live Community Host Segments

Krissy Vann, Community Connection host for CTV Morning Live, set out to talk to Express & GO users to find out what they thought about the system. These conversations reinforced the importance of ease and convenience for BC residents when recycling their beverage containers and how Express & GO had impacted their recycling habits.

Radio Show and Podcast Interviews

To expand the partnership with Corus and reach different audiences on CKNW, Allen Langdon talked to Martin Strong on the Vancouver Consumer show during World Ocean Day about what happens to plastic beverage containers in BC and why it's so important to recycle all beverage containers. The interview was teased through social media and later shared once it aired. To further amplify our message and reach different audiences, Vanessa Newman from Z95.3 visited one of our Express & GO stations and talked about her experience. The visit was shared through the station's social media channels and then hosted on the Z95.3 website.



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 and Bell. The Believe BC segment ran on different Corus news programming, and our new Express Plus location was highlighted on CTV Morning Live, where Krissy Vann talked with our president and CEO, Allen Langdon, about how this new location adds to the series of initiatives to modernize the beverage container recycling system. 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.



3.3 RECYCLING PROGRAMS AND INITIATIVES

Ocean Ambassadors

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. Return-It has partnered with Ocean Ambassadors Canada to give access to educational programs to vulnerable children and youth in Metro Vancouver and on Vancouver Island.



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 that have come together to create a project specifically relevant to Indigenous communities that 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

In 2019, Return-It launched its new podcast series, *Closing the Loop: A Conversation About Recycling, Sustainability and the Circular Economy*. Podcasts provide consumers with on-demand, high-quality content that they can listen to whenever and wherever it's convenient. The new podcast series 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 2021, we recorded 10 episodes on topics ranging from sustainability in the fashion industry to how technology can help solve our waste challenges to the circularity of chopsticks. Listeners can find the podcast on all major streaming platforms. Listen to the latest episodes here: return-it.ca/about/podcast.

Closing the Loop

How can technology help achieve sustainability and solve our waste challenge?

NOVEMBER 08, 2021 | RETURN-IT | SEASON 1 | EPISODE 21



LISTEN ON



SHARE EPISODE



Closing the Loop

Season 1

Welcome to Closing the Loop! A conversation about recycling, sustainability and the circular economy, brought to you by Return-It, an industry leader in the beverage product recycling space with innovative solutions implemented in BC.

Show More



More

EPISODES

- ▶ Once a Chopstick now a statement: The Circularity of Chopsticks
- ▶ Diversity in Sustainability and how the pandemic has enabled a purpose-driven economy
- ▶ Electronics Recycling in BC and what you need to know
- ▶ Plastics Recycling: APR weighs in on a potential solution
- ▶ Major Appliance Recycling Roundtable: Recycling large appliances in BC

3.3 RECYCLING PROGRAMS AND INITIATIVES

Diving In: The Art of Cleaning Lakes and Oceans

In 2021, Return-It sponsored *Diving In: The Art of Cleaning Lakes and Oceans*. This environmental art campaign, a collaboration by the Sea to Sky Arts Council Alliance and the arts councils of West and North Vancouver, aimed to raise awareness about the waste found within local waterways. Through organized cleanups, waste material would be collected and transformed by local artists into meaningful artwork. On World Cleanup Day, September 18, 2021, Return-It participated in its first waterway cleanup with Diving In in North Vancouver's Shipyard District. Return-It was involved in eight waterway cleanup in 2021, where approximately 960 beverage containers were collected. The artwork is scheduled to debut and tour later this year, and the movement of this mission will continue into 2022.



Cork Recycling Pilot

In 2021, Return-It began a new project to ensure that every part of wine bottles are recycled by recycling used natural wine corks, collected at the Return-It Boucherie Self Storage and Bottle Depot in Kelowna, and turning them into eco-friendly footwear. The new initiative is a strategic partnership between Return-It; ReCORK, North America's largest natural wine cork recycling program; and SOLE, a manufacturer of sustainable footwear that turns used wine corks into an ecologically friendly replacement for fossil fuel-derived foams. Sustainably harvested from trees, cork is a carbon-negative material that can be repurposed into new consumer items like footwear cushioning to help replace petroleum-based foams and plastics. As an important climate benefit, cork oak trees continue absorbing CO₂ after their bark is removed.



2021 ANNUAL REPORT

COLLECTION SYSTEM AND FACILITIES

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.



4.1 MODERNIZATION AND INNOVATION

Encorp's evolving collection network consists of 163 independently owned Return-It depots, 2 urban Return-It Express Plus locations and 9 unstaffed Express & GO stations. Over the past several years, this network has become the backbone for many community-based recycling programs around the province. In 2021, Encorp focused on expanding our successful programs and on introducing additional innovations to ensure BC consumers have convenient access to a modern collection network. The Return-It Express program continued its rapid growth and popularity with consumers, providing them with a safe and easy recycling option.

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.

Encorp's move to a unified deposit in 2020 simplified the system and allowed Encorp to introduce a new sorting procedure that provides reduced sorting for consumers at the depot and efficiency for our depot operations' handling procedures. Termed "simplified sorts," the new procedure changed the required number of sorts from 28 to eight by eliminating the need to sort by size and simply focuses on sorting by commodity type (i.e., aluminum, plastic, glass or polycoat). An independent study by an operational efficiency consulting firm concluded that the switch to simplified sorts resulted in savings of 23% in direct labour costs to handle the containers.

Simplified Sorts and Depot Automation

This change to simplified sorts also paved the way for three of our busiest independent depots to deploy reverse vending machines and automated container-count technology to process containers received either over the counter or through Express. Consumers using these depots have adapted quickly to the changes and are pleased with not having to spend time at the depot sorting their containers. Depot operators benefit from the speed and efficiency of processing containers using automation technology, which allows them to utilize resources differently in a challenging labour market.

Return-It depots have become the de facto recycling hubs in communities across British Columbia. Other recyclables and end-of-life materials, such as electronics, PPP (plastic/paper/packaging), batteries, small appliances, paint, light bulbs and motorized yard tools, can be recycled at depots that also participate in one of nine approved stewardship programs. Depots that participate in multiple programs ensure that the Return-It depots become a one-stop location for most consumer recyclables. The Return-It website indicates which other stewardship programs each depot participates in for consumer awareness.



4.1 MODERNIZATION AND INNOVATION

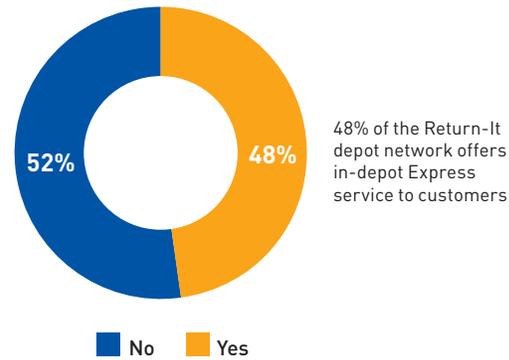
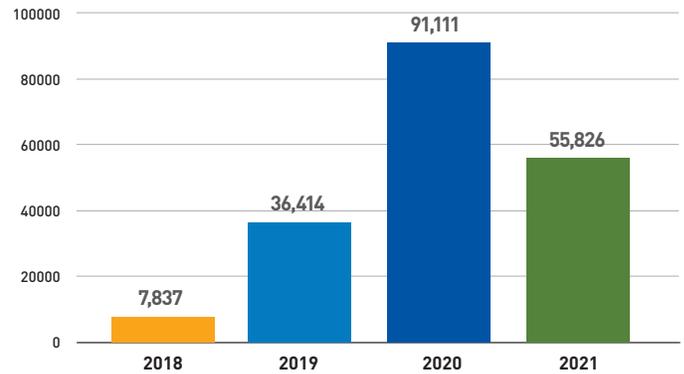
Collected Material Logistics

Moving the material collected by Encorp as optimally as possible is a central focus of our integrated logistics system. Encorp utilizes a network of partners comprising 38 transporters moving 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.

This integrated system was put to the test during the numerous major weather events we had in 2021, in particular, the flooding that impacted major transportation arteries in the province. During this event, our crisis management team was mobilized, and we were able to work with our transport and processing partners to activate contingency and communication plans that minimized and shortened the disruptions to our collection network.

As announced last year, Encorp started utilizing Canada’s first-of-its-kind compressed natural gas (CNG) hybrid-electric compaction truck in the Lower Mainland to move plastic, gable top and Tetra Pak containers from depots to processing. This technology allows us to transport six times as much material in a single trailer as compared to a traditional trailer transporting uncompacted material. The success of this pilot led Encorp to expand the fleet, ordering two additional compaction units in 2021. Mobile compaction becomes particularly important with the pending addition of milk and plant-based beverage containers into the deposit system in 2022. Unfortunately, global supply chain issues delayed the receipt of those new units to 2022 from their original planned deployment in late 2021.

Express Registrants by Year



Return-It Express

2021 proved to be another year of positive growth and consumer satisfaction for Encorp’s Return-It Express program. Our Express program registrations increased 42% over 2020, with over 55,800 new registrants bringing our total registrants to over 191,000. The program provides consumers with a convenient drop-and-go means of recycling their used beverage containers without the need to pre-sort them for refund at a depot. Return-It Express is offered at 78 Return-It depots as well as at our 2 corporate Express Plus locations and 9 Express & GO stations. Customers using Express simply 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. Deposits are placed into customer accounts for redemption by Interac e-Transfer or cheque.

4.1 MODERNIZATION AND INNOVATION

Express & GO

In line with our social purpose of “Fostering a World Where Nothing is Waste,” Encorp’s Express & GO stations transform end-of-life shipping containers and give them a new purpose to serve consumers beverage container recycling needs by offering Return-It Express at unmanned locations. Express & GO stations are often sited at transfer stations or co-located in the parking lots of our retail partners. Encorp’s Express & GO stations have become an increasingly popular option for consumers in underserved rural communities or high-density areas where siting a traditional depot is difficult because of rising real estate costs and/or zoning issues.

In our continued effort to expand consumer access to Express, Encorp opened four new Express & GO stations in 2021 to increase the total from five to nine locations. Encorp is working with other stakeholders on numerous additional Express & GO stations for deployment in 2022. The four new locations we opened in 2021 are the village of McBride, at the University of British Columbia, in the North Vancouver Superstore parking lot and at the Hartland landfill outside Victoria.



Express Plus Expansion

Building on the success of our Yaletown Express Plus, Encorp opened a second Express Plus location in the densely populated Lower Lonsdale area of North Vancouver. Affectionately named LoLo Express Plus, this Express location provides a one-stop recycling centre for nearby residents through our partnerships. In addition to collecting used beverage containers through Express, this location collects textiles, batteries, small appliances, end-of-life electronics, light bulbs and light fixtures and delivers them to other stewards or partners for proper recycling.

We also piloted a new Express feature at LoLo Express Plus known as scan-in at drop-off. Customers dropping off their Express bags are asked to scan their labels thus confirming the date and time of the drop-off. As we expand this program to more depots, scan-in at drop-off will allow better tracking and insight for both customers and Encorp’s customer service team to ensure we can keep track of bags throughout the process from drop-off to counting and crediting deposits to Express accounts.

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.



Encorp Pacific (Canada)
 100-4259 Canada Way, Burnaby, BC V5G 4Y2
 Tel: 1-800-330-9767 return-it.ca

4.4 GIS MAPPING AND ACCESSIBILITY ANALYSIS

Since commencing operations in 1994, we have established a comprehensive network of permanent collection locations where the public can conveniently return beverage containers covered within Encorp's plan.

Encorp has engaged a third party, Licker Geospatial, to conduct a complete benchmark geographic information system (GIS) mapping analysis to ensure reasonable access as outlined in the Recycling Regulation. The criterion started with the premise of serving more than 97% of the province's population.

Licker Geospatial has completed accessibility analyses for all Return-It facility locations using the 2021 population at the dissemination block level and three different accessibility standards:

1. 4-Kilometre Population Threshold

Defines urban accessibility as a facility within a 30-minute driving radius. For rural coverage (outside a census metropolitan area), assessed for communities where the census subdivision's total population was equal to or exceeded 4,000, access is defined as passing standard if it is within a 45-minute driving radius.

2. 3-Kilometre Population Threshold

Identical to the 4-kilometre population threshold, with the exception of rural coverage (outside a census metropolitan area) being assessed for communities where the census subdivision's total population was equal to or exceeded 3,000.

3. Revised Standard

Defines urban accessibility as a facility within a 15-kilometre radius. Rural accessibility is defined as within 60 kilometres when the community is within 200 kilometres of a census metropolitan area.

Using specialized Esri ArcGIS Pro processes, drive times and planar distances were calculated from each dissemination block's centroid to the nearest facility in order to assess whether the resident population had sufficient access under the three standards. Access to 2020 and 2021 facilities was assessed on the respective years' road network, though only 2021 population numbers were used, as census data is only available in five-year intervals and was thus the most accurate data available. Provincially, the following percentage of the population was found to have access to a Return-It facility under the previously described standards for both 2020 and 2021.

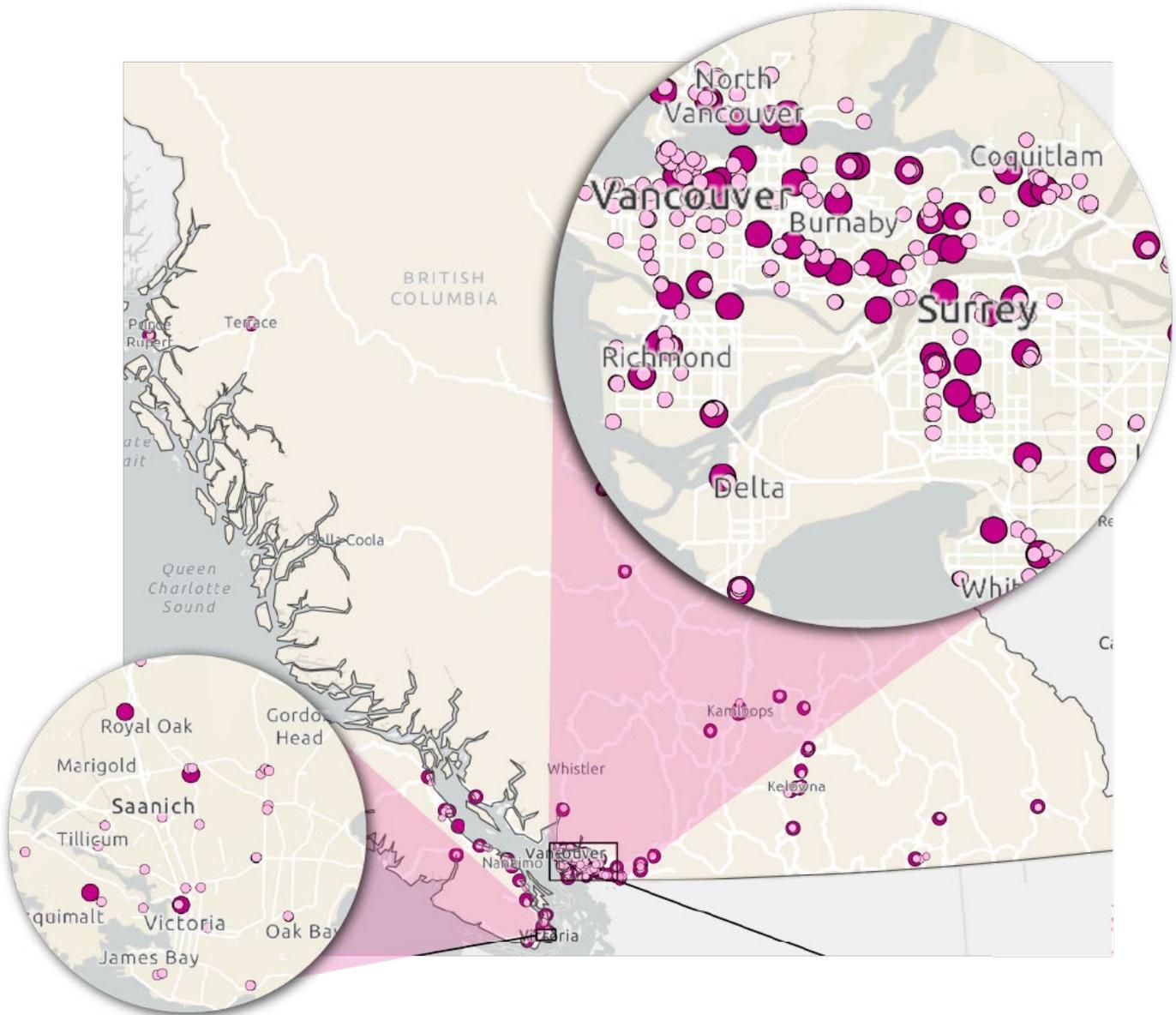
- **4-Kilometre Population Threshold**
99.2% Access
- **3-Kilometre Population Threshold**
99.2% Access
- **Revised Standard** **99.3% Access**

Given the goal of 97% of the population (within the standard's evaluation parameters of rural coverage) of having access to a Return-It facility, provincially, all three standards meet this target.

4.4 GIS MAPPING AND ACCESSIBILITY ANALYSIS

While the previously described analyses were completed for all Return-It facilities, including grocery and liquor store locations, access varies when only depots and Express & GO locations are considered. Under the same revised standard described previously, 98.89% of the population has passing access to the depots/Express & GO locations alone, a reduction of only .41% compared to when all facilities are included.

To view the interactive map, visit return-it.ca/2021gismap.



2021 ANNUAL REPORT

ENVIRONMENTAL REPORT

Detailed report on the reduction in greenhouse gas emissions, energy savings and CO₂ equivalent reduced from recycling.

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



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 2021, Encorp recycled 89,284 metric tonnes of used beverage containers. The energy saved through the recycling of these materials has been converted into tonnes of carbon dioxide equivalent (CO₂e), 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 35].

In total, Encorp's activities in 2021 contributed to the reduction of about 110.2 thousand tonnes of CO₂e being released into the atmosphere, compared to 105.5 thousand tonnes in 2020 and 104.8 in 2019 baseline. The higher CO₂e reduction is primarily attributed to the increase in the volume of aluminum and plastic containers, which contributes to higher emissions 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 its associated GHG emissions come as a result of transporting materials as well as heating and powering its network of facilities. The calculation of GHG emissions is based on the following methodology.

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 (174 vendors)
- Commodity shipping to end market recyclers (12 vendors)

The utility activities below were included in Scope 3 because of a 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

5.1 ENVIRONMENTAL REPORT

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

- Purchased electricity

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 because of a lack of available data.

Emissions from waste are likely immaterial compared to Encorp's total inventory.

Scope 3 emissions from staff commuting were also excluded due to Encorp switching to a hybrid work model. Emissions from staff commuting were likely immaterial in 2021 due to the majority of staff working from home.

Emissions 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 emissions 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 emissions factors annually to update them based on refined industry methodology and changing electricity grids.

Scope 1

Scope 1 emissions totalled 46.92 tCO₂e in Encorp's 2021 calendar year, down by 5% since baseline year.

Activity	Baseline 2019 (tCO ₂ e)	CY 2021 (tCO ₂ e)	Absolute Change (tCO ₂ e)	% Change	Justifications & Additional Notes
Scope 1					
Heat (Purchased)	49.29	46.92	-2.37	5%	Estimated consumption unchanged. Decrease in emissions due to change in heating intensity factor.
Grand Total	49.29	46.92	-2.37	5%	

Scope 2

Scope 2 emissions totalled 4.61 tCO₂e in Encorp's 2021 calendar year, up by 95% since baseline year.

Activity	Baseline 2019 (tCO ₂ e)	CY 2021 (tCO ₂ e)	Absolute Change (tCO ₂ e)	% Change	Justifications & Additional Notes
Scope 2					
Electricity (Purchased)	2.36	4.61	2.24	95%	Estimated consumption unchanged. Increase in emissions due to change in electricity emissions factor.
Grand Total	2.36	4.61	2.24	95%	

5.1 ENVIRONMENTAL REPORT

Scope 3

Scope 3 emissions totalled 11,235.37 tCO₂e in Encorp's 2021 calendar year, down by 4% since baseline year.

Activity	Baseline 2019 (tCO ₂ e)	CY 2021 (tCO ₂ e)	Absolute Change (tCO ₂ e)	% Change	Justifications & Additional Notes
Scope 3					
Electricity (Unmetered/ Unbilled)	61.8	91.7	29.9	48%	Due to change in electricity emissions factor and variability of data [extrapolation based on beverage unit volume processed].
Heat (Unmetered/ Unbilled)	3485.21	5373.53	1888.32	54%	Due to variability of data [extrapolation based on beverage unit volume processed].
Transporting People – Road	44.85	41.88	-2.97	-7%	
Transporting People – Water	0.67	0.42	-0.25	-38%	
Transporting People – Air	19.78	2.54	-17.23	-87%	
Transporting Goods – Road	6563.90	4866.33	-1,697.56	-26%	Due to change in diesel fuel intensity factor.
Transporting Goods – Water	675.32	11.52	-663.80	-98%	
Transporting Goods – Rail	356.12	337.16	-18.95	-5%	
Equipment	436.31	491.25	54.94	13%	
Paper Consumption	69.98	19.03	-50.94	-73%	Due to ceasing of paper usage in various operations and switch to QR codes.
Grand Total	11,743.07	11,235.37	-507.7	-4%	

5.2 CONTAINER RECYCLING END FATE REPORT

All containers collected by Encorp in 2021 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.

Material Type	Fate of Material (2021)	Containers Sold (% of total)	Recovery % (by weight)	Energy savings	Weight diverted from landfill (mt)	Tonnes CO ₂ reduced
 Aluminum	Aluminum cans were sold to a large recycler of aluminum and producer of flat-rolled aluminum product, shipped to their production facilities in the US and turned back into sheet stock for new cans.	39.49%	79.93%	93%	6,312	63,643
 Plastic	Plastic containers were sold to a Canadian recycler of plastic material and shipped to their facilities in British Columbia and Alberta. The commodity is then cleaned and pelletized to become new raw material for manufacturers of various plastic products, including new containers, strapping material and fibres.	38.45%	73.98%	86%	11,344	13,396
 Glass	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, USA; and a facility that manufactures sandblasting materials in Quesnel, BC.	14.00%	86.72%	34%	69,410	24,135
 Polycoat	85.5% of polycoat containers collected were sold to a manufacturer of building boards, which are used as an alternative to traditional wallboards, roofing, floor underlayment, ceiling tiles and structured insulated panels. They are then shipped to their facility in Des Moines, Iowa. The remaining 14.5% of polycoat containers were sold to a Canadian recycler, who shipped the material to end recyclers in India and Mexico where the fibre from the polycoat was recycled and used to make the white top layer of boxboard. The plastic film and aluminum were used to make plastic lumber. In Mexico, the fibre was also recycled into tissue paper.	6.88%	63.17%	53%	1,519	8,036

5.2 CONTAINER RECYCLING END FATE REPORT

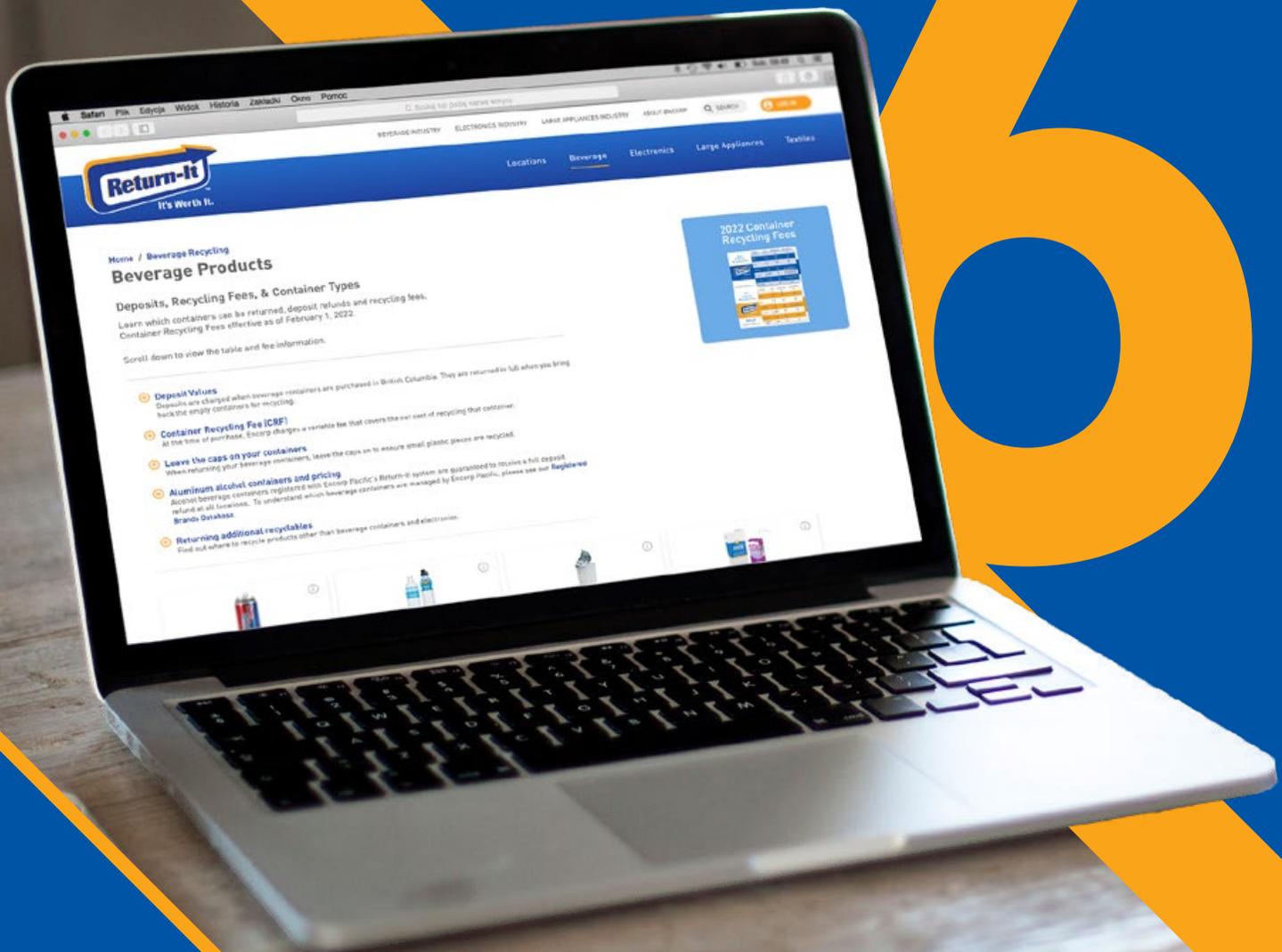
Material Type	Fate of Material (2021)	Containers Sold (% of total)	Recovery % (by weight)	Energy savings	Weight diverted from landfill (mt)	Tonnes CO ₂ reduced
Pouches 	Encorp has found a viable end market through a recycler in New Jersey, who is using this material to make products such as composite decking, buckets, storage totes, and non-food-grade containers and trays.	0.68%	23.60%	53%	13	15
Bag-In-A-Box 	The plastic bladders inside the Bag-In-A-Box containers were shipped to the same end recycler in New Jersey, who is using this material to make 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.	0.32%	47.76%	53%	525	620
Bi-Metal 	Other metal containers, including bi-metal, were sold to scrap metal dealers for metal recovery.	0.18%	76.76%	82%	162	327
2021 TOTAL		100%	83.41%		89,284	110,172
For Reference 2020 TOTAL		100%	83.20%		89,976	105,461

2021 ANNUAL REPORT

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.



6.1 RECYCLING BY THE NUMBERS

We prevented over 1 billion containers from going to landfills in 2021, 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 | **75.9%** Recovery Rate | **\$111,612,630** Deposits Refunded

Container Type	Containers Sold		Containers Recovered		% Recovery Rate	
	2021	2020	2021	2020	2021	2020
Aluminum	580,706,319	526,169,333	464,151,730	435,488,789	79.9%	82.8%
Plastic ≤ 1L	495,970,092	440,695,477	355,561,437	305,708,010	71.7%	69.4%
Plastic > 1L	69,542,066	67,226,444	55,530,802	51,545,906	79.9%	76.7%
Plastic Total	565,512,158	507,921,921	411,092,239	357,253,916	72.7%	70.3%
Glass	205,949,685	214,475,869	178,982,013	186,442,174	86.9%	86.9%
Drink Boxes	92,993,558	87,773,489	50,217,534	46,542,567	54.0%	53.0%
Gable Top	8,168,827	9,583,034	4,867,070	5,393,629	59.6%	56.3%
Bi-Metal	2,666,635	3,230,886	2,225,211	2,565,186	83.4%	79.4%
Bag-In-A-Box	4,700,707	4,970,904	2,245,101	2,251,483	47.8%	45.3%
Pouches	9,944,211	8,809,609	2,340,525	2,242,527	23.5%	25.5%
Totals	1,470,642,100	1,362,935,045	1,116,121,423	1,038,180,271	75.9%	76.2%

Note: Calculations may show slight variances due to rounding.

6.1 RECYCLING BY THE NUMBERS

RECOVERY BY WEIGHT

In 2021, Encorp Pacific recovered over 89 metric tonnes of containers.

83.4% 2021 Recovery Rate by Weight

83.2% 2020 Recovery Rate by Weight

TYPE	ESTIMATED WEIGHT OF CONTAINERS SOLD (KG)	ESTIMATED WEIGHT OF CONTAINERS RECOVERED (KG)	RECOVERY BY WEIGHT %
Aluminum	7,898	6,312	79.9%
Plastic	15,333	11,344	74.0%
Glass	80,040	69,410	86.7%
Polycoat	2,404	1,519	63.2%
Pouches	56	13	23.6%
Bag-In-A-Box	1,099	525	47.8%
Bi-Metal	210	162	76.8%
Totals	107,040	89,284	83.4%

Note: Calculations may show slight variances due to rounding.



6.2 REGIONAL PER CAPITA RETURNS

Provincial Totals:

Units Returned	1,116,121,423
Weight Collected (Tonnes)	89,284
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.2021 Per Capita	Jan.-Dec.2020 Per Capita	Change to Per Capita Container Returns / Units (000)
Bulkley / Nechako	Units(000)	4,830	4,961	1,049	577	53	11,470	288.1	246.9	41.2 inc.
	Tonnes	66	126	378	13	5	588	14.8 kg	14.0 kg	
Cariboo	Units(000)	8,036	8,062	2,028	921	141	19,187	292.7	259.4	33.3 inc.
	Tonnes	109.3	212.2	744.0	22.3	10.9	1,098.7	16.8 kg	16.1 kg	
Central Coast	Units(000)	332	159	56	28	2	577	159.1	175.0	(15.9) dec.
	Tonnes	4.5	4.6	21.5	0.7	0.2	31.5	8.7 kg	9.4 kg	
Fraser - Fort George	Units(000)	14,332	14,021	3,124	1,604	177	33,257	318.7	293.8	25.0 inc.
	Tonnes	194.9	362.0	1,183.2	38.4	15.0	1,793.5	17.2 kg	17.3 kg	
Kitimat - Stikine	Units(000)	5,124	5,196	964	626	58	11,968	291.0	257.9	33.1 inc.
	Tonnes	69.7	134.8	375.5	14.7	5.1	599.8	14.6 kg	13.9 kg	
Skeena - Queen Charlotte	Units(000)	2,480	2,637	587	229	43	5,976	306.5	307.2	(0.6) dec.
	Tonnes	33.7	68.7	220.1	6.4	2.4	331.3	17.0 kg	17.6 kg	
Northern Rockies	Units(000)	547	821	86	45	5	1,505	305.5	264.4	41.1 inc.
	Tonnes	7.4	20.2	33.9	1.0	0.5	63.0	12.8 kg	12.4 kg	
Peace River	Units(000)	7,553	9,481	1,585	918	106	19,644	291.1	273.0	18.1 inc.
	Tonnes	102.7	243.7	590.6	22.6	6.0	965.6	14.3 kg	14.7 kg	
Capital Regional District	Units(000)	42,360	28,416	17,572	3,896	474	92,718	214.6	200.9	13.7 inc.
	Tonnes	576.1	823.6	6,858.1	115.3	65.2	8,438.3	19.5 kg	20.2 kg	
Cowichan Valley	Units(000)	11,801	8,960	4,113	960	167	26,001	282.9	263.1	19.8 inc.
	Tonnes	160.5	246.0	1,617.6	27.9	22.1	2,074.1	22.6 kg	22.2 kg	
Alberni / Clayoquot	Units(000)	5,358	4,251	1,665	436	64	11,774	343.8	277.7	66.1 inc.
	Tonnes	72.9	116.1	635.9	12.5	6.7	844.1	24.6 kg	21.4 kg	
Comox	Units(000)	8,255	6,016	3,224	772	118	18,386	246.0	226.6	19.4 inc.
	Tonnes	112.3	169.1	1,273.0	23.4	18.7	1,596.5	21.4 kg	21.4 kg	
Mount Waddington	Units(000)	2,044	1,623	402	169	20	4,257	364.4	314.4	49.9 inc.
	Tonnes	27.8	44.7	154.4	4.4	2.5	233.8	20.0 kg	18.0 kg	

Note: Calculations may show slight variances due to rounding.

6.2 REGIONAL PER CAPITA RETURNS

Regional Breakdown:

Region Name		Aluminum	Plastic	Glass	Polycoat	Other	Total	Jan.-Dec.2021	Jan.-Dec.2020	Change to Per
								Per Capita	Per Capita	Capita Container Returns / Units (000)
Nanaimo	Units(000)	17,885	13,675	6,800	1,546	262	40,169	231.2	213.8	17.4 inc.
	Tonnes	243.2	380.1	2,699.2	44.9	39.4	3,406.8	19.6 kg	19.5 kg	
Strathcona	Units(000)	5,603	4,122	1,666	455	74	11,921	237.6	197.6	40.0 inc.
	Tonnes	76.2	115.6	657.9	13.8	10.7	874.2	17.4 kg	16.1 kg	
Greater Vancouver	Units(000)	192,998	180,582	84,637	28,037	3,161	489,414	176.5	166.4	10.0 inc.
	Tonnes	2,624.8	5,048.7	32,499.9	771.7	270.1	41,215.2	14.9 kg	15.3 kg	
Fraser Valley	Units(000)	32,871	30,286	9,596	3,887	498	77,138	226.9	222.6	4.2 inc.
	Tonnes	447.0	822.6	3,663.4	102.7	42.2	5,077.9	14.9 kg	15.6 kg	
Powell River	Units(000)	2,562	1,740	942	225	43	5,511	257.0	231.0	26.0 inc.
	Tonnes	34.8	50.4	365.5	6.9	6.5	464.1	21.6 kg	20.5 kg	
Squamish - Lillooet	Units(000)	5,072	3,772	3,198	465	61	12,568	260.1	263.7	(3.6) dec.
	Tonnes	69.0	105.0	1,242.6	13.3	6.2	1,436.1	29.7 kg	32.7 kg	
Sunshine Coast	Units(000)	3,244	1,910	2,004	286	54	7,498	232.1	205.1	27.0 inc.
	Tonnes	44.1	56.3	795.7	9.2	9.3	914.6	28.3 kg	26.3 kg	
Central Okanagan	Units(000)	23,272	21,228	9,867	2,460	289	57,116	249.0	245.1	3.9 inc.
	Tonnes	316.5	588.6	4,065.4	68.9	39.9	5,079.3	22.1 kg	23.3 kg	
North Okanagan	Units(000)	11,620	11,057	4,167	1,180	155	28,179	301.6	289.0	12.6 inc.
	Tonnes	158.0	303.3	1,649.9	35.7	20.7	2,167.6	23.2 kg	23.8 kg	
Okanagan - Similkameen	Units(000)	11,475	10,680	5,405	1,086	172	28,818	315.9	283.6	32.4 inc.
	Tonnes	156.1	290.9	2,195.9	30.5	25.7	2,699.1	29.6 kg	28.3 kg	
Columbia Shuswap	Units(000)	7,191	6,087	2,812	678	101	16,868	293.0	297.8	(4.8) dec.
	Tonnes	97.8	164.9	1,071.3	19.4	13.9	1,367.3	23.8 kg	25.2 kg	
Thompson - Nicola	Units(000)	18,638	17,700	5,430	1,910	289	43,966	296.5	278.2	18.3 inc.
	Tonnes	253.5	468.9	2,057.5	50.7	26.0	2,856.6	19.3 kg	19.7 kg	
Central Kootenay	Units(000)	6,772	4,270	2,458	627	88	14,215	220.5	226.7	(6.2) dec.
	Tonnes	92.1	122.2	952.2	18.3	11.9	1,196.7	18.6 kg	19.0 kg	
East Kootenay	Units(000)	8,072	6,559	2,474	681	84	17,870	267.9	264.2	3.8 inc.
	Tonnes	109.8	175.8	992.2	18.9	9.9	1,306.6	19.6 kg	20.0 kg	
Kootenay Boundary	Units(000)	3,825	2,822	1,072	382	51	8,152	242.3	226.3	16.0 inc.
	Tonnes	52.0	78.3	415.4	11.2	7.1	564.0	16.8 kg	16.1 kg	
Total Units	Units(000)	464,152	411,092	178,982	55,085	6,811	1,116,122	214.0	201.7	12.3 inc.
Total kg	Tonnes	6,312	11,344	69,410	1,519	700	89,284	17.1 kg	17.5 kg	

Note: Calculations may show slight variances due to rounding.

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PLAN PERFORMANCE

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

Revenue and expenditure detail.

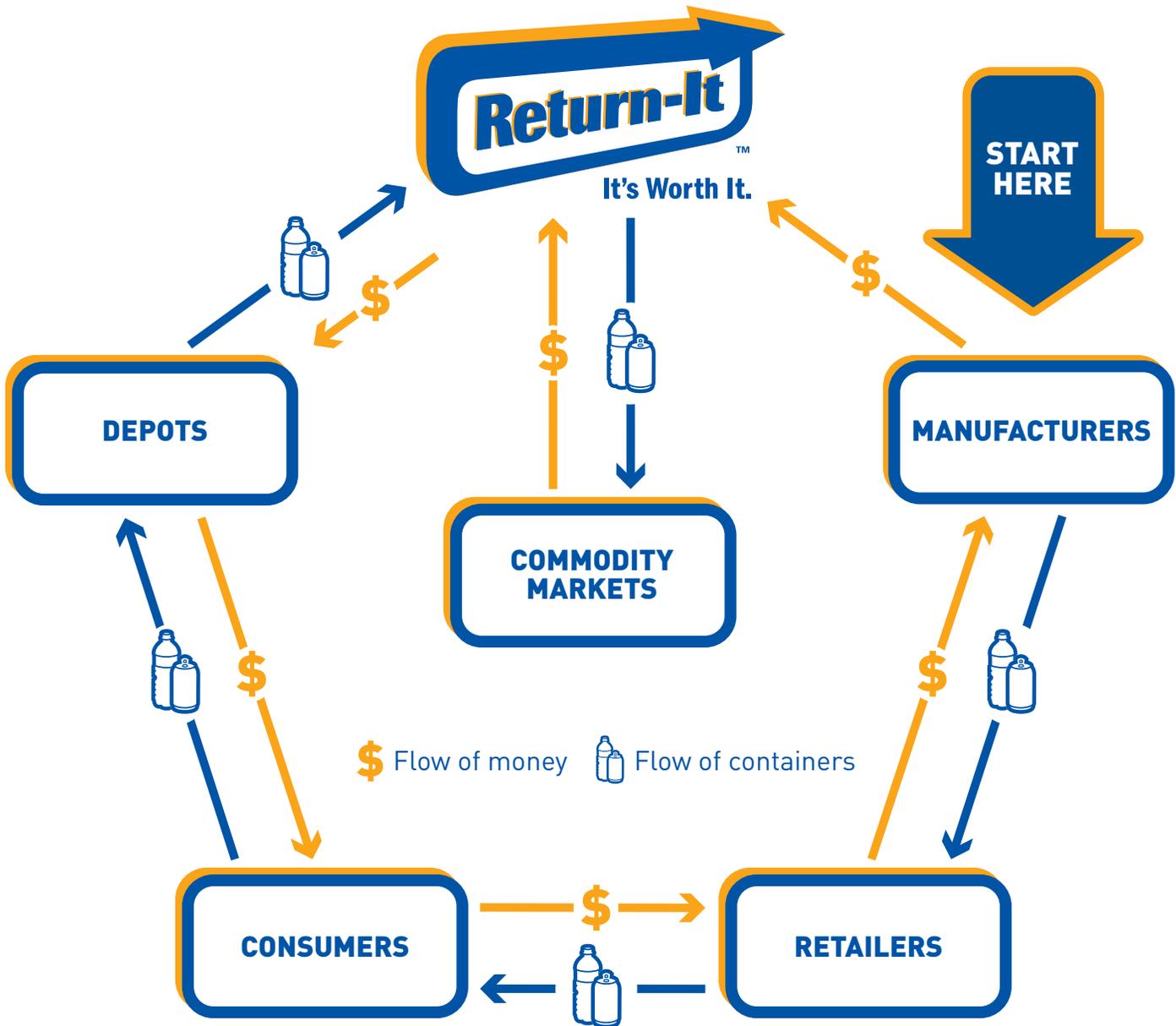
Purpose of operating reserves, how they are determined and why they're important.

Container recycling fees by product type.



7.1 HOW MONEY FLOWS

The arrows show the direction of payments for deposits and container recycling fees (CRFs) 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 is 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

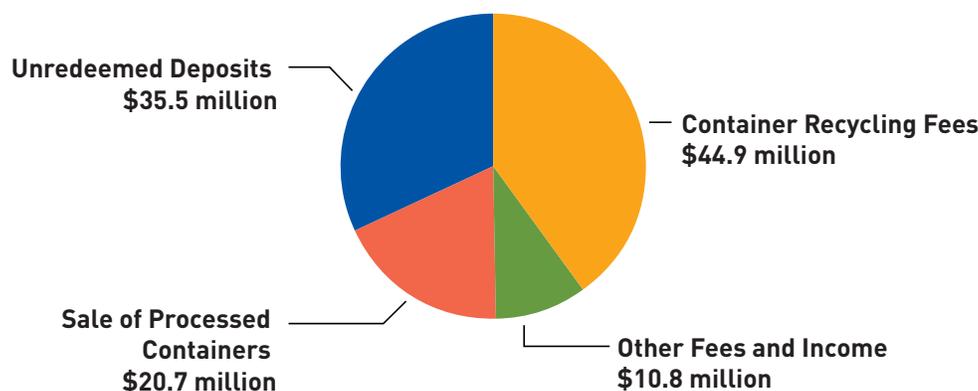
Revenues and income from service provider contracts.

Sale of Processed Containers

A portion of the cost of recovering aluminum and plastic containers, the two largest categories, is covered by the value of the commodity collected. The prices for aluminum and plastic were very strong in 2021, resulting in substantially higher commodity revenue compared to the original forecast. The higher-than-forecasted prices for aluminum (33% higher than in 2020) and plastic (200% higher than in 2020), combined with the increase in sales and units recovered for those two container categories, contributed to the increase in our operating reserves in 2021.

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	\$44.9 million	40.1%
Other Fees and Income*	10.8 million	9.7%
Sale of Processed Containers	20.7 million	18.5%
Unredeemed Deposits	35.5 million	31.6%

Total Revenues	111.9 million	100%
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*Includes electronics, packaging and printed paper, MARR, textiles and interest income.

Note: Calculations may show slight variances due to rounding.

7.2 FOLLOW THE MONEY

EXPENDITURES

Deposit Refunds

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

Operations Expenses

Operating expenses make up 88.1% of our overall expenditures in 2021 and are broken down into two categories.

Collection Expenditures

Encorp's single-largest expense is the cost of collection that includes handling fees paid to contracted, independently owned Return-It depots that service customers, collect the material and prepare the material for collection by Encorp's transportation partners. In 2021, handling fees accounted for 96% of the total collection cost of used beverage containers.

Transportation and Processing

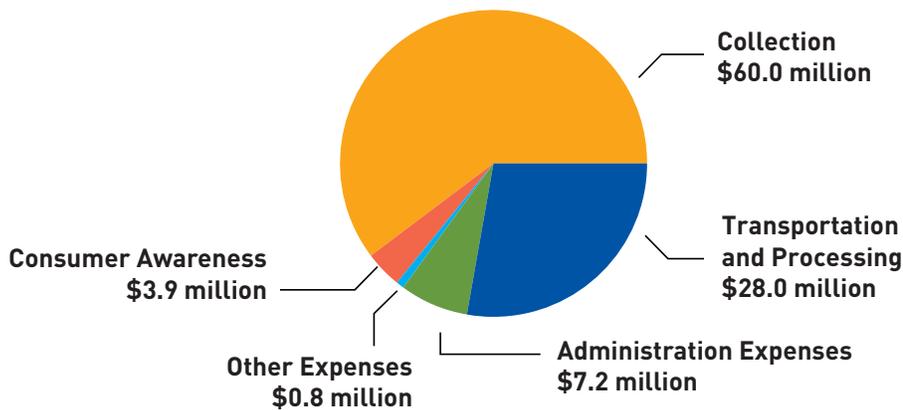
Encorp contracts with various trucking companies to collect containers from depots and grocery retailers and deliver them to our contracted processing partners, where they are processed, sorted and compacted for shipment to end markets. For these services, Encorp pays them transportation fees, fuel and processing fees.

Administration

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

Consumer Education and Awareness

Programs that encourage consumers to return containers for recycling.



Where the money is spent

Collection	\$60.0 million	60.1%
Transportation and Processing	28.0 million	28.0%
Administration Expenses	7.2 million	7.2%
Consumer Awareness	3.9 million	3.9%
Other Expenses*	0.8 million	0.8%

Total Expenditures 99.9 million 100%

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

Note: Calculations may show slight variances due to rounding.

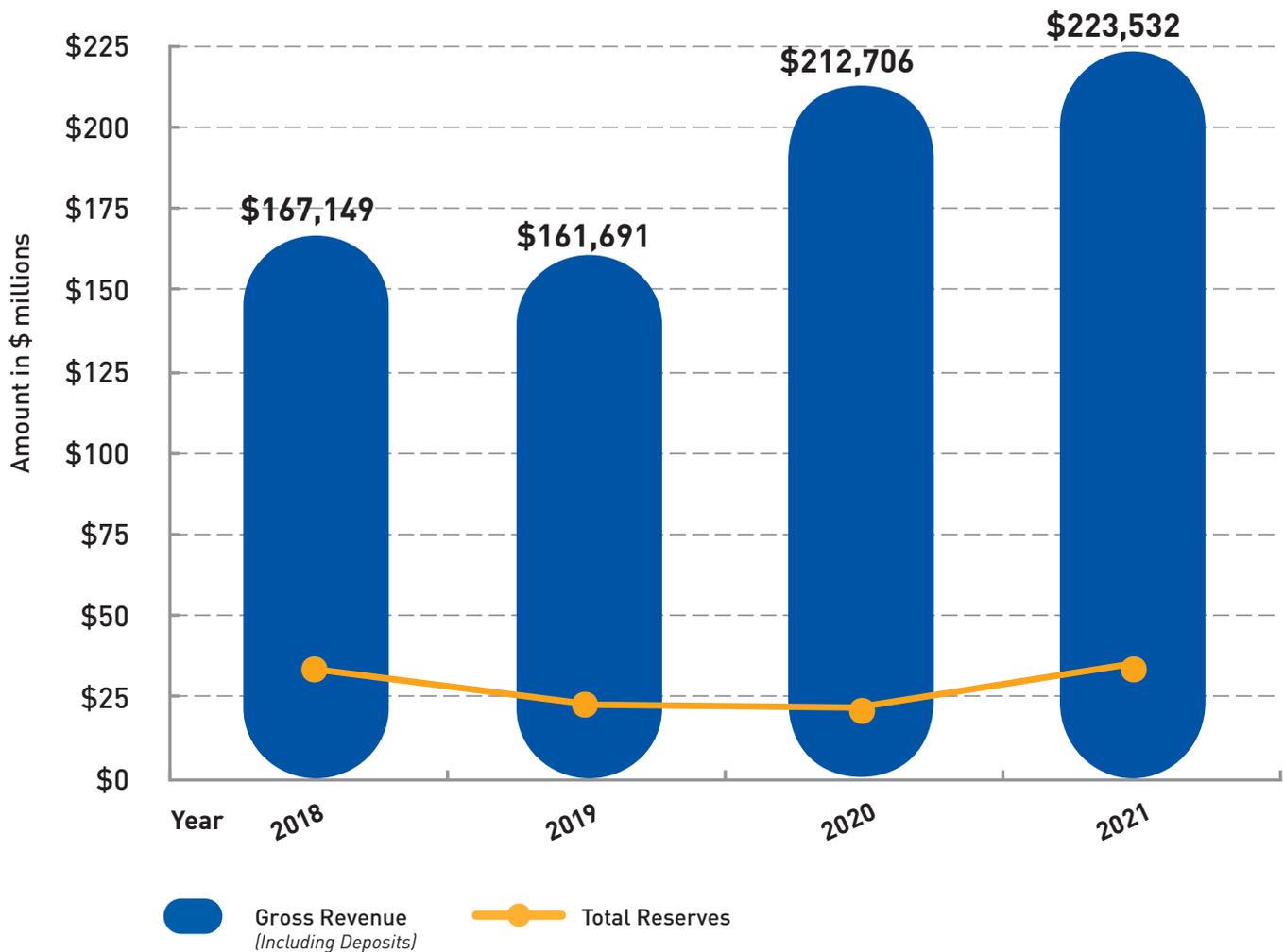
7.3 OPERATING RESERVES

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 2018–2021



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.

This year, the net assets of the company increased by \$12 million for a total balance of \$35 million. The net assets include a \$5.1 million investment in capital assets, \$7.5 million in internally restricted reserves and \$22.4 million in operating reserves. The operating reserves are required to support weekly payments to customers, depots, transporters and processors during six weeks of the peak season.

	Gross Revenue Including Deposits (millions)	Total Expenses Including Deposit Refunds (millions)	Surplus/ (Deficit) (millions)	Net Assets Year-End (millions)
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
2020	212.7	211.8	0.9	23.0
2021	223.5	211.5	12.0	35.0

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	01-Feb-20	01-Feb-21
Aluminum	N/A	1.0 cent
Plastic ≤ 1L	3.0 cents	2.0 cents
Plastic > 1L	5.0 cents	7.0 cents
Polystyrene	3.0 cents	2.0 cents
Glass ≤ 1L	7.0 cents	7.0 cents
Glass > 1L	18.0 cents	18.0 cents
Bi-Metal ≤ 1L	3.0 cents	4.0 cents
Bi-Metal > 1L	N/A	N/A
Bag-In-A-Box	—	—
Drink Boxes ≤ 500 ml	N/A	N/A
Drink Boxes 501 ml – 1L	5.0 cents	5.0 cents
Gable Top ≤ 1L	N/A	N/A
Gable Top > 1L	4.0 cents	6.0 cents
Drink Pouches	N/A	N/A
Glass Wine & Spirits ≤ 1L	14.0 cents	13.0 cents
Glass Wine & Spirits > 1L	18.0 cents	18.0 cents
Non-Refillable Beer, Cider, Cooler Glass ≤ 1L	9.0 cents	9.0 cents
Non-Refillable Beer, Cider, Cooler Glass > 1L	18.0 cents	18.0 cents
Liquor Plastic ≤ 1L	3.0 cents	2.0 cents
Liquor Plastic > 1L	6.0 cents	5.0 cents
Liquor Bag-In-A-Box	7.0 cents	13.0 cents

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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.



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. As a non-share capital corporation under Part II of the Canada Corporations Act, Encorp identifies owners as members and not shareholders.

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
Committee – Audit

Emil Joseph

Vice President of Production and Quality –
North Division Primo Water North America
Encorp Affiliation – Canadian Bottled Water
Association
Committee – Audit

Julie Dickson Olmstead

Managing Director, Public Affairs and Corporate
Responsibility, Save-On-Foods
Encorp Affiliation – Retail Council of Canada
Committees – Governance / Compensation

Jim Goetz

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

John Irving

Encorp Affiliation – Unrelated Director
Committees – Governance / Compensation

John Nixon

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

Liisa O'Hara, CPA, CGA

Encorp Affiliation – Unrelated Director
Committees – Audit / Compensation

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, comprises 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 its members can make recommendations to the Governance Committee and the Board.

Monica Kosmak – Co-Chair of the Advisory Committee

Senior Project Manager in the Solid Waste Strategic Services Branch, City of Vancouver

Bud Fraser – Co-Chair of the Advisory Committee

Senior Planning and Sustainability Engineer, University of British Columbia

Lyndsay Poaps

Executive Director, Recycling Council of BC

Louise Schwarz

Co-Owner, Recycling Alternative

Candace Jones

Director, Corporate Communications & Stakeholder Relations,
Corporate Strategic Services BC Liquor Distribution Branch

Tera D. Grady

Supervisor of Solid Waste Management, Cariboo Regional District

Vince Spronken

Owner, Island Return-It Depot



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AUDITED STATEMENTS

Independent auditor's report and
financial statements from Deloitte.

Independent Reasonable Assurance
report for non-financial information.



9.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

May 5, 2022

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).



John Nixon
Interim President and CEO



Elena Zevakhina, CPA, CGA, MBA
CFO

9.2 INDEPENDENT AUDITOR'S REPORT AND 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, 2021, 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, 2021, 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 10, 2022
Vancouver British Columbia

STATEMENT OF OPERATIONS

Encorp Pacific (Canada)

Statement of operations

Year ended December 31, 2021

	Notes	2021 \$	2020 \$
Revenue			
Deposits on containers		147,082,849	144,731,701
Deposit refunds		(111,612,630)	(109,062,260)
		35,470,219	35,669,441
Container recycling fees		44,930,041	42,815,156
Contract fees		10,433,412	11,574,633
Sale of recyclable materials		20,698,896	13,652,828
Other		150,634	307,261
		111,683,202	104,019,319
Operating expenses			
Collection		60,104,686	62,451,992
Transportation and processing		27,986,310	28,228,807
		88,090,996	90,680,799
Other expenses			
General and administrative	7 and 9	7,227,484	7,446,009
Consumer awareness		3,870,622	3,758,474
Amortization		772,078	882,416
Foreign exchange (gain) loss		(236,636)	375,239
		11,633,548	12,462,138
Excess of revenue over expenses		11,958,658	876,382

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, 2021

	Notes	Internally restricted reserve \$	Investment in Tangible capital assets \$	Unrestricted \$	2021 Total \$	2020 Total \$
Net assets, beginning of year		1,309,952	2,315,352	19,363,955	22,989,259	22,112,877
Excess of revenue over expenses		—	(772,078)	12,730,736	11,958,658	876,382
Purchase of tangible capital assets, net of disposals and long-term debt		—	3,510,836	(3,510,836)	—	—
Transfer to internally restricted reserve	4	6,157,596	—	(6,157,596)	—	—
Net assets, end of year		7,467,548	5,054,110	22,426,259	34,947,917	22,989,259

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

STATEMENT OF FINANCIAL POSITION

Encorp Pacific (Canada) Statement of financial position

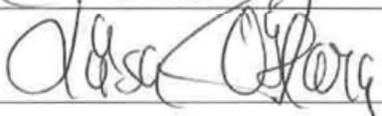
As at December 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		50,794,092	36,065,497
Accounts receivable	5	9,937,360	8,889,202
Prepaid expenses		2,782,507	1,390,481
		63,513,959	46,345,180
Tangible capital assets	3	6,825,352	2,315,352
		70,339,311	48,660,532
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		21,724,434	16,460,289
Deferred revenue		10,162,517	9,206,510
Advance payment from brand owners		1,733,201	4,474
Current portion of long-term debt	7	51,158	—
		33,671,310	25,671,273
Long-term debt	7	1,720,084	—
		35,391,394	25,671,273
Commitments	8		
Net assets		34,947,917	22,989,259
		70,339,311	48,660,532

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

Approved by the Board


_____, Director


_____, Director

STATEMENT OF CASH FLOWS

Encorp Pacific (Canada)
Statement of cash flows
Year ended December 31, 2021

	2021 \$	2020 \$
Operating activities		
Excess of revenue over expenses	11,958,658	876,382
Items not affecting cash		
Amortization	772,078	882,416
Loss on disposal of tangible capital assets	4,390	284
	12,735,126	1,759,082
Changes in non-cash operating working capital		
Accounts receivable	(1,048,158)	(2,875,048)
Prepaid expenses	(1,392,026)	(1,031,578)
Accounts payable and accrued liabilities	5,264,145	3,874,535
Deferred revenue	956,007	266,847
Advance payment from brand owners	1,728,727	—
	18,243,821	1,993,838
Investing activities		
Purchase of tangible capital assets	(5,290,696)	(1,860,632)
Proceeds from sale of tangible capital assets	4,228	—
	(5,286,468)	(1,860,632)
Financing activities		
Proceeds from long term debt	1,800,000	—
Repayments of long term debt	(28,758)	—
	1,771,242	—
Net change in cash	14,728,595	133,206
Cash, beginning of year	36,065,497	35,932,291
Cash, end of year	50,794,092	36,065,497

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, 2021

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 owns 100% of a wholly owned subsidiary, through a bare trust agreement, and all benefits accrue to the Corporation and the balances, gains and losses are included in these financial statements. 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 2021, the Corporation's beverage container recovery rate declined by 0.3% from 2020. 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.

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NOTES TO FINANCIAL STATEMENTS

Encorp Pacific (Canada) Notes to the financial statements December 31, 2021

2. Significant accounting policies (continued)

(a) Revenue (continued)

Contract fees are recorded when the services are provided.

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

(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:

Building	10 years
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.

NOTES TO FINANCIAL STATEMENTS

Encorp Pacific (Canada) Notes to the financial statements December 31, 2021

2. Significant accounting policies (continued)

(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.

(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.

NOTES TO FINANCIAL STATEMENTS

Encorp Pacific (Canada) Notes to the financial statements December 31, 2021

3. Tangible capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	3,697,497	—	3,697,497	—
Mobile Compaction	1,775,984	146,798	1,629,186	891,868
Express & Go stations	601,430	70,555	530,875	345,682
Computer hardware	3,362,749	2,854,622	508,127	804,457
Office equipment	1,154,002	833,302	320,700	150,365
Leasehold improvements	465,403	371,073	94,330	92,274
Computer software	58,672	45,828	12,844	30,706
Building	33,823	2,030	31,793	—
	11,149,560	4,324,208	6,825,352	2,315,352

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 \$6,157,596 was transferred from the unrestricted reserve to restricted reserve during the current year (\$432,714 was transferred from the unrestricted reserve to restricted reserve in 2020).

5. 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 \$81,769 (receivable of \$205,370 in 2020).

6. Bank Facilities

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

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

The revolving demand facility bears interest at the bank's prime rate plus 0.25% per annum. The bank facilities are secured by all property (unless subject to prior charges) of the Corporation.

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NOTES TO FINANCIAL STATEMENTS

Encorp Pacific (Canada) Notes to the financial statements

December 31, 2021

7. Long-term debt

Long-term debt consists of a non-revolving term facility with Royal Bank of Canada with related monthly principal and interest payments, interest rate and maturity date.

Monthly blended payments	Interest rate	Maturity	2021	2020
\$	%		\$	\$
8,356	2.81	June 2046	1,771,242	—
Less: current portion			(51,158)	—
Long-term portion			1,720,084	—

The interest related to long-term debt, which is included in the general and administrative expenses, is \$29,734 (\$Nil in 2020). The long-term debt is secured by all property (unless subject to prior charges) of the Corporation.

The aggregate minimum amount of principal payments based on scheduled repayment terms required in each of the next five years and thereafter are as follows:

	\$
2022	51,158
2023	52,614
2024	53,981
2025	55,648
2026 and thereafter	<u>1,557,841</u>
	<u>1,771,242</u>

8. 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:

	\$
2022	749,778
2023	751,404
2024	724,723
2025	720,354
2026 and thereafter	<u>604,179</u>
	<u>3,550,438</u>

NOTES TO FINANCIAL STATEMENTS

Encorp Pacific (Canada)

Notes to the financial statements

December 31, 2021

9. 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	2

The Corporation owns 100% of 1304620 B.C. Ltd. and, through a bare trust agreement dated May 20, 2021, is the beneficial owner of 100% of the real property to which 1304620 B.C. Ltd. holds legal title.

During the year, the Corporation paid \$188,047 (\$181,938 in 2020) in Directors' fees.

10. 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, 2021, the net US dollar exposure on cash, accounts receivable, accounts payable and accrued liabilities was US\$14,953,363 (US\$6,360,235 in 2020).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates and the degree of volatility of these rates. The Corporation is primarily exposed to interest rate risk through long-term debt. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk.

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, 2021, the most significant financial liabilities are accounts payable and accrued liabilities and long-term debt.

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 Climate Change Strategy and in Appendix A, for the year ended December 31, 2021:

- 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 for the 2021 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

Targets were not agreed to until September 1, 2021 when the Ministry of Environment and Climate Change Strategy approved the Stewardship Plan. Accordingly, Encorp Pacific (Canada) has not provided disclosures on performance against targets required under Section 8(2)(g) for the year ended December 31, 2021. As a result, we were not able to provide assurance over the following selected information:

- 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.

Conclusion

In our opinion, except for the matter described in the preceding paragraph, the Selected Information of Encorp for the year ended December 31, 2021 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 10, 2022

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 163 independently owned and operated Return-It™ collection facilities, two (2) corporate Return-It Express Plus and nine (9) Express and Go unstaffed stations available to the public. Five (5) of the 174 collection facilities were opened during 2021.	Collection System and Facilities: Executive Summary on page 1.

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 2021 were shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.
- Aluminum cans were sold to a large recycler of aluminum and producer of flat rolled aluminum product, shipped to their production facilities in the USA and turned back into sheet stock for new cans.
- Plastic containers were sold to Canadian recycler of plastic material and shipped to their facilities in British Columbia and Alberta. The commodity is 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 manufacturing plant that produces fibreglass insulation in Alberta; a facility that procures new glass bottles in Seattle, USA; and a facility that manufacturers sandblasting materials in Quesnel, BC.
- 85.5% of polycoat containers collected were sold to a manufacturer of building boards which are used as an alternative to traditional wallboards, roofing, floor underlayment, ceiling tiles and structured insulated panel and shipped to their facility in Des Moines, Iowa. The remaining 14.5% of polycoat containers were sold to a Canadian recycler who shipped the material to end-recyclers in India and Mexico where the fiber from the polycoat was recycled and used to make the white top layer of boxboard. The plastic film and aluminum were used to make plastic lumber. In Mexico, the fiber was also recycled into tissue paper.
- Encorp has found a viable end market through a recycler in New Jersey who is using this material to make various products such as composite decking, buckets, storage totes, non-food grade container & trays.
- The plastic bladders inside the Bag-In-Box containers were also shipped to the end-recycler in New Jersey who is using this material to make 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>3. Section 8 (2) (e) the total amount of the producer’s product sold and collected and, if applicable, the producer’s recovery rate</p>							
<p>Specific Disclosures in the Annual Report for which evaluation criteria were developed:</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: 1,470,642,100</td> <td rowspan="3">Recovery rate from the Executive Summary on page 3</td> </tr> <tr> <td>Total Product Collected in units: 1,116,121,423</td> </tr> <tr> <td>Recovery Rate: 75.9%</td> </tr> </tbody> </table>	Disclosure per the Annual Report	Reference	Total Sales in units: 1,470,642,100	Recovery rate from the Executive Summary on page 3	Total Product Collected in units: 1,116,121,423	Recovery Rate: 75.9%	
Disclosure per the Annual Report	Reference						
Total Sales in units: 1,470,642,100	Recovery rate from the Executive Summary on page 3						
Total Product Collected in units: 1,116,121,423							
Recovery Rate: 75.9%							
<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>Definitions:</p> <ul style="list-style-type: none"> • Recovery Rate: A calculated value derived from dividing total units collected by total units sold and measured as percentage rounded to the first decimal point. • Product Sold: Number of units (beverage containers) reported by Brand Owners to Encorp. • Brand owners: Producers as defined in Schedule 1 of the Recycling Regulation. • Product Collected: Number of units (used beverage containers) collected by Encorp. • Containers in Transit: Containers for which deposits were received but will be refunded subsequent to year-end. The estimated turnaround time for consumers returning used beverage containers for deposit refunds is estimated to be 7.5 weeks. • Movement Authorization (MA): A document indicating a number of containers and number of shipping containers (bags) collected by transporters on behalf of Encorp Pacific (Canada). 							
<p>Evaluation criteria:</p> <ul style="list-style-type: none"> • The recovery rate is determined by dividing the number of product units collected by the total number of product units sold. • The total product units sold is based on sales reports received by Encorp from their Brand owners in unit sales. • The reported units sold are adjusted at year-end to account for containers for which deposits were received but will be refunded subsequent to year-end. • The total number of product collected is based on the number 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. • The product units sold and collected, and the recovery rate reconcile to the numbers published in the Annual Report. 							

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

Targets were not agreed to until September 1, 2021 when the Ministry of Environment and Climate Change Strategy approved the Stewardship Plan. Accordingly, Encorp Pacific (Canada) has not provided disclosures on performance against targets required under Section 8(2)(g) for the year ended December 31, 2021.



It's Worth It.






Un thé glacé style maison
au goût frais, préparé
avec du jus de citron et de
l'eau filtrée, le tout édulcoré
de sucre de canne.

Valeur nutritive	
Calories	100
Total Fat	0g
Total Sugar	10g
Total Sodium	0mg
Total Protein	0g

2021



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