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## PROGRAM OUTLINE

Message from the Chair and CEO; successes and opportunities in 2022.

Our vision, mission statement and strategic business model.

Social purpose, diversity and inclusion, and honours and awards.

## 2.1 MESSAGE FROM THE CHAIR

By spring 2022, much of the world was emerging from the global pandemic, and the dark cloud that had blanketed our lives for the past two and a half years was finally starting to lift. But, despite cautious optimism, it was clear that we were not going back to business as usual. Big changes were taking place in our organization, in our network and in the world of extended producer responsibility (EPR). Taken together, they ensured that there would be no return to “normal” as we’d known it.

In the first place, we started the year searching for a new CEO, a process that would take a full eight months to complete. In the interim, we were fortunate to have had veteran Director John Nixon step into the role. John did an outstanding job, providing leadership and continuity through the period of post-COVID adaptation while moving the ball forward on important policy and operational initiatives. Our thanks go to John and the entire senior management team for their dedication and perseverance through a turbulent time. By mid-August, we had welcomed Cindy Coutts to the fold as our new CEO and she had an immediate impact. Cindy is an accomplished business executive and we look forward to her leadership and strategic guidance in the next phase of our journey as one of British Columbia’s leading stewardship organizations.

On February 1, Return-It depots began collecting milk and plant-based beverage containers in accordance with previously announced changes to British Columbia’s Recycling Regulation. The inclusion of these containers brought additional complexity to BC’s deposit/refund system – for example, interpreting which products were defined as beverages, along with increasing material processing requirements – as well as the challenge of re-educating consumers who had become accustomed to placing the containers in their blue boxes and other collection points over the past seven years. The consumer awareness initiatives that accompanied the launch will continue in 2023, and we expect recovery rates in this category to improve as a result.

Overall, our recovery rate did improve in 2022, reversing the declining trend that had started in 2019 and was exacerbated by pandemic-related economic conditions in 2020 and 2021. This is a good sign, as it represents a significant increase in the actual volume of containers collected, as the volume of containers sold was growing rapidly as the economy emerged from the pandemic. Nevertheless, the recovery rate is still not where we need it to be. It remains our most vital performance metric and will continue to be the main driver of operational initiatives in the years to come.

Throughout the year, we faced new and more detailed reporting requirements from our regulator. At the same time, we continued to deal with the substantial challenge of

siting depots in strategically important areas of the province, notably in densely populated pockets of the Lower Mainland. These areas are currently underserved relative to their populations, but are critical to improving overall recovery rates. Part of the challenge is the inevitable result of a pricey real estate market, while another is the burden of complex administrative processes that have frustrated the opening of new locations – even where innovative formats like our popular Return-It Express stations have been offered.

From a broader perspective, new developments and new dynamics in the larger policy environment are changing the essential nature of our business and the ways we respond to them. The advent of new and untested EPR models in other jurisdictions, which affect most brand owners directly or indirectly and are closely followed by our own regulatory authorities, and the declaration of far-reaching policy goals by the federal government create new lenses for all stewardship organizations. How we adapt to these changes at Encorp Pacific will be one of our biggest challenges going forward.

Fortunately, we continue to benefit from a mature, thoughtful Board of Directors, dedicated staff and a talented management team. In June we were honoured to have been named winner of the Recycling Council of British Columbia’s Innovation Award. The RCBC Innovation Award is given to organizations that achieve an outstanding technical accomplishment in design or development of a product or process that improves its sustainability or advances zero-waste practices. Our solar-powered, unstaffed Express & GO stations and the hybrid CNG-electric compaction trucks made it to their list of winning projects.

All of this confirms that, in an environment of change and post-COVID adjustment, our team is up for the challenge. We are grateful for their efforts.



**Dan Wong**  
Board Chair

## 2.2 MESSAGE FROM THE CEO

**As we reflect on 2022, it was undoubtedly a year of transformation for Encorp Pacific. As the world began to emerge from the shadows of COVID-19, our organization also embarked on a journey of renewal. As the new CEO, I am honoured to lead Encorp Pacific in navigating the challenges and possibilities that lie ahead. Together, we will continue to make a meaningful impact on the environment and the communities we serve.**

Many thanks to Board Member John Nixon for enthusiastically stepping into the CEO role for part of 2022. I officially joined as the new CEO in August 2022, and I am deeply grateful for the warm welcome and support I have received from the Board, our dedicated team and our extensive network. We continue to add new team members to both right-size and enhance our talent pool.

The past year we successfully expanded our deposit return system in British Columbia to include milk and plant-based beverage containers. We devoted significant resources to ensure clear communication and smooth implementation of this change for all stakeholders. I am pleased to report that, in the first year alone, we recovered and recycled approximately 60% of all milk containers sold in BC.

Our commitment to the circular economy extends beyond what we achieve by recycling close to 1.3 billion used beverage containers annually; the manner in which we accomplish our objectives is equally important. In 2022, Encorp introduced three hybrid CNG-electric compaction trucks to our fleet, which can transport six times the volume of beverage containers compared to conventional diesel trucks. This initiative, among others, enabled us to reduce our greenhouse gas emissions by 25% compared to our 2019 base year.

As we emerged from the pandemic, it became clear that elements of life have permanently changed. Encorp's Return-It Express program launched into high gear at the start of 2020 to offer consumers a convenient and touchless option for returning used beverage containers – no sorting, lineups or handling of cash. Signing up for an Express account, which is easy and free, offers consumers the opportunity to collect their empties at home in a clear plastic bag, print a label and deposit the bag into one of 12 Express & GO locations or 82 Express depots. Refunds are then deposited

directly into consumers' accounts. Almost a quarter of a million households held an Express account by the end of 2022, indicating the popularity of the program. Watch for enhancements and expansions in 2023.

As the threat of climate change persists, citizens of BC are increasingly searching for tangible ways to minimize their environmental impact. The recycling of used beverage containers offers a practical solution, reducing pollution and conserving resources that can be recycled into new products – often, new beverage containers. With the growing demand for recycled content in the production of new beverage containers, our commitment to enhancing recovery rates is more critical than ever.

For nearly three decades, Encorp has been a pioneering industry-led stewardship agency, implementing results-driven deposit return regulations in BC. While we take pride in our accomplishments, we must look ahead and envision the next 30 years, identifying innovative strategies to achieve our goals. Our primary objective remains the efficient recovery and recycling of used beverage containers in BC. However, advancements in technology, artificial intelligence, green energy, data analytics and partner optimization present new opportunities for growth and improvement.

As the new CEO, I am honoured to lead Encorp Pacific in navigating the challenges and possibilities that lie ahead. Together, we will continue to make a meaningful impact on the environment and the communities we serve.



**Cindy Coutts**  
President and CEO

# 2.3 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, glass coolers and spirits, plus non-refillable beer bottles sold in British Columbia.

As a leader in extended producer responsibility, we have diverted over 24.7 billion beverage containers from landfills over the last 29 years. We recycle a variety of materials, including aluminum cans, plastic bottles, drink boxes, gable tops, and bag-in-a-box packaging. We develop, manage and improve systems to recover used packaging and end-of-life products for recycling, promoting sustainability through innovation and partnership.

### Encorp's Business Model

Since the beginning, Encorp's business model has utilized outsourcing as the key component for delivering on its mandate; we are evolving this pure outsourcing model to a hybrid model. As a result, we now operate 12 Express & GO stations, two Express Plus locations, and three compaction trucks.

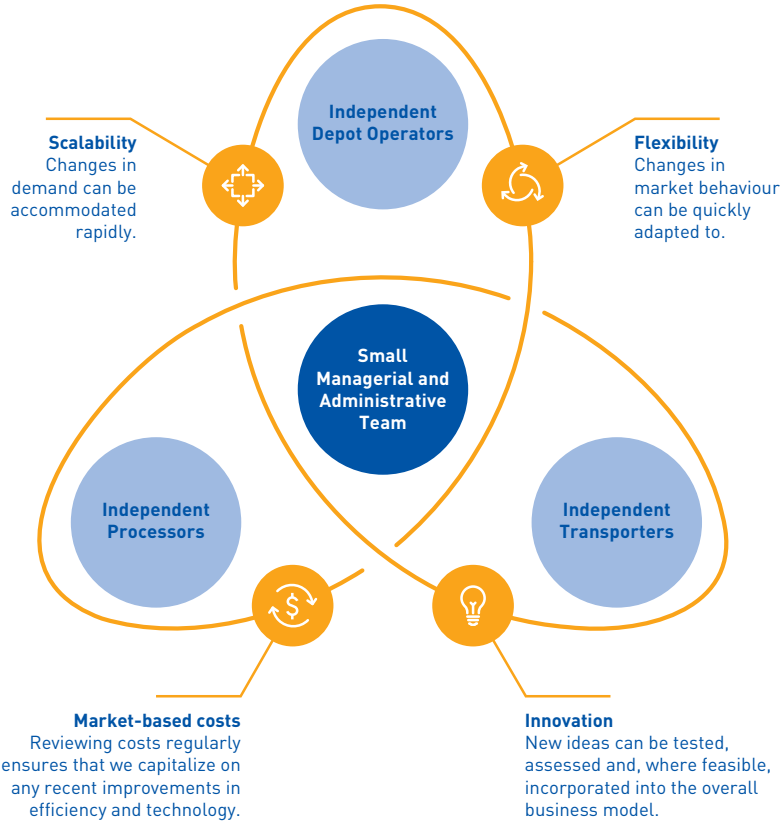
We have developed and maintained a set of core competencies within a small managerial and administrative team responsible for strategic planning, financial management, consumer

awareness, infrastructure development, information technology and public transparency. Most 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**
- **Scalability**
- **Flexibility**
- **Innovation**

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.



## 2.4 SOCIAL PURPOSE, DIVERSITY AND INCLUSION, AND HONOURS AND AWARDS

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

We took the first steps towards embedding our social purpose in our business in 2021. Through extensive research and consultations with employees and stakeholders, we defined a social purpose statement that reflects our commitment to creating a better future for people, communities and the planet.

Diversity and inclusion remain a key priority for our organization. In 2020, we completed a diversity and inclusion workshop through the Canadian Centre for Diversity and Inclusion. This training equipped our leadership team and staff with the necessary knowledge and tools to support best practices and training. We continued to find new ways this year to promote ongoing learning surrounding diversity and inclusion.

The effects of our organization’s efforts have not gone unnoticed, as we received recognition for our environmental waste-reducing efforts.

### Social Purpose

We launched our social purpose statement externally and performed an internal audit to assess our current state. We also collaborated with employees to define our core values, joined United Way’s Social Purpose Implementers cohort and activated a cross-functional social purpose team.

In 2022, our focus was on embedding and engaging our social purpose across the organization. Our cross-departmental implementation team worked diligently to integrate our social purpose into all aspects of our business, from decision-making processes to employee engagement.

What we do is important, but how we achieve our aims is just as important. An example of this is our organization’s expansion of our hybrid compressed natural gas (CNG)-electric compaction truck fleet. Taking the extra steps to reduce emissions by investing in hybrid compaction trucks is one of the many ways we integrate our social purpose across our organization.

In 2023, we will continue to prioritize embedding our social purpose in our business operations. Our focus will be on measuring and tracking our progress towards achieving our social purpose goals.



# 2.4 SOCIAL PURPOSE, DIVERSITY AND INCLUSION, AND HONOURS AND AWARDS

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### Diversity and Inclusion

Since our diversity and inclusion workshop in 2020, our leadership team have applied the skills and knowledge gained through this training and are continuously working to embed diversity and inclusion practices and initiatives within our workplace.

We believe that fostering a diverse and inclusive workplace is crucial to our success as an organization and that it has many benefits:

- Promotes a positive and inclusive workplace culture
- Encourages understanding and empathy towards diverse perspectives
- Reduces bias and stereotypes in decision-making processes
- Enhances employee engagement and retention
- Increases innovation and creativity through diverse ideas and perspectives
- Improves communication and teamwork among employees
- Helps organizations comply with legal and ethical requirements for diversity and inclusion



We are dedicated to creating a workplace where everyone feels valued, respected and empowered to bring their full selves to work. Through our diversity and inclusion initiatives, we will continue to strive towards this goal and make our organization an inclusive and welcoming environment for all.

In 2023, we plan to expand our Diversity and Inclusion training initiative by offering a diversity and inclusion certification program, led by the Canadian Centre for Diversity and Inclusion, for all staff members.

We believe that fostering a diverse and inclusive workplace is crucial to our success as an organization. Our goal is to create an inclusive workplace culture that promotes respect, equity and appreciation for everyone’s unique backgrounds and experiences.

### Honours and Awards

#### RCBC

Encorp was selected as the winner of the Innovation Award by the Recycling Council of BC (RCBC).

The RCBC Innovation Award is given to organizations that achieve an outstanding technical accomplishment in design or development of a product or process that improves its sustainability or advances zero-waste practices. Encorp’s solar-powered, unstaffed Express & GO stations have made it to RCBC’s list of winning projects.

Thank you, RCBC!

