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Program Outline

Message from the Chair and CEO; successes and opportunities in 2023.

Vision, mission statement and strategic business model.

Social purpose and diversity and inclusion initiatives.

2.1 Message from the Chair

As noted in our CEO's report, 2023 was a year to celebrate at Encorp. It didn't always feel that way while we were in the throes of daily business, but when the results came in, we could all take pride in our accomplishments. An improved recovery rate, final approval of our Stewardship Plan and the strengthening of our collection infrastructure (including more than 80 Express locations, 16 Express & GO locations and 300,000+ registered Express customers) are important achievements that position us well to tackle the challenges that lie ahead.

There will remain challenges as deposit/return systems in BC and elsewhere continue to evolve, as they must when our business and the businesses of our strategic partners are so deeply affected by changes in the larger economy. Whether it's geopolitical issues disrupting supply chains and commodity markets, lofty government-mandated recovery targets, high inflation and interest rates, labour shortages or policy imperatives like climate change and plastics reduction, the once simple business of "collecting bottles and cans" has become a complex puzzle under constant scrutiny from industry, government and the public at large.

In this context, Encorp's Board of Directors and management team has spent considerable time exploring ways to improve our operations and the business model on which they're founded. It's a model that has served British Columbians well for three decades now, but like everything else it needs to be tested and updated to be relevant and effective in the face of economic and demographic change, high real estate and operating costs, and continuous advances in technology. We are fortunate to have a Board and management team that is forward-thinking and committed to changing with the times and yet still faithful to the principles on which the system and the organization were originally founded.

Our achievements in 2023 included solidifying an Industrial, Commercial & Institutional (IC&I) audit program and implementing a new grocery pickup program to better account for non-depot-based beverage container collection, a pilot project to densify used containers in transit to improve collection efficiency, a marketing campaign

aimed at reluctant recyclers in the 18 to 24 age cohort, and incremental progress working with local zoning and permitting officials to implement collection system improvements in areas where traditional formats have been difficult or prohibited altogether.

While it's an impressive list of achievements, further progress requires us to work even more closely with business partners and other stakeholders. 2023 saw more collaboration with other provinces and programs, whether in the areas of AI technologies, IT development or common marketing strategies. As Extended Producer Responsibility matures, collaboration across agencies and jurisdictions will be essential to everyone's success, including Encorp's.

2024 will mark Encorp's thirtieth anniversary of operations, a heady milestone made possible by the determination of everyone who comprises the beverage container recycling system in British Columbia, and by our collective ability to adapt to change. Both will continue to be keys to our future success.



Dan Wong
Board Chair

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2.2 Message from the CEO

I am pleased to report that 2023 was a milestone year for Encorp. The recovery rate of used beverage containers in British Columbia increased by an impressive 3% over 2022, reaching 79.6%. This achievement translates to almost 1.4 billion empty beverage containers being collected and recycled across the province, thanks to the unwavering commitment of the Encorp team and our valued partners. This represents over 103 million *more* beverage containers recycled, kept out of our environment and landfills.

Despite the challenges posed by Bank of Canada interest rates reaching their highest levels since 2001, and ongoing inflation concerns affecting BC consumers, Encorp successfully increased its recovery rate while simultaneously reducing costs on a per container basis. This dual achievement benefits all stakeholders: consumers face lower recycling costs while actively contributing to the circular economy.

Encorp's Stewardship Plan was approved and will guide our organization through to the end of 2027.

Plastics were a significant focus in 2023, with heightened attention from international, national and provincial bodies. While only 8% of all plastics are recovered in Canada, we achieved an almost 80% recovery rate for plastic beverage containers in BC. These plastics, like most containers collected in BC, are primarily recycled into new beverage containers, fostering a true circular economy. Additionally, most of our aluminum and glass containers are recycled into new beverage containers.

As a Social Purpose organization, Encorp Pacific is committed to "fostering a world where nothing is waste." While a 3% increase in recovery is commendable, we recognize the need to address the 350 million beverage containers that remain unrecovered. Influencing consumer behaviour and providing convenient recovery options are critical drivers of higher recovery rates, and much of our work in 2023 focused on these efforts.

Our strategic goals include enhancing convenience across the province by expanding the number of redemption centres like depots, Express drop-off locations, and outdoor bins. Our Express Program, which allows consumers to collect used beverage containers at home and drop them off at a collection site for a refund without sorting or waiting in line, reached a milestone of 300,000 registered users in 2023. The popularity of this program highlights the demand for convenience, and we plan to significantly expand Express collection sites in 2024.

As we celebrate our 30th year, we honour our past achievements and look ahead to the future. In 2023, we initiated crucial work in collaboration with other provinces, explored advanced technologies such as artificial intelligence and densification, addressed collection deserts, and refined our marketing campaigns. This work will continue in 2024 in earnest.

I extend my heartfelt thanks to the Encorp team and all our valued partners. Your dedication and support are the foundations of our success.



Cindy Coutts
President and CEO

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2.3 What Drives Us

Encorp operates with a commitment to environmental circularity, consumer convenience and cost-effective management. By utilizing a hybrid business model that combines in-house strategic strengths with outsourced operations, Encorp adapts to changing market conditions while maintaining transparency and equity among brand owners. This approach ensures the efficient recovery and recycling of various materials, promoting sustainability and minimizing the impact on consumer prices.

Since its inception, Encorp has operated under the following principles:

- Divert used products from landfill and incineration.
- Develop and operate a system that provides consumer-friendly and convenient return points throughout the province.
- Manage the system in a cost-effective manner that has the lowest possible impact on consumer prices.
- Run a cost-based system in which each container type pays its own costs with no cross-subsidization.
- Find usable end products that maximize the value of the recovered materials.
- Treat all brand owners equitably.
- Provide a high degree of transparency in all its operations.

As a leader in extended producer responsibility, Encorp has diverted over 26.1 billion beverage containers from landfills over the last 29 years. Encorp recycles a variety of materials, including aluminum cans, plastic bottles, drink boxes, gable top cartons, glass, and bag-in-a-box packaging. Encorp develops, manages and improves systems to recover used packaging and end-of-life products for recycling, promoting circularity 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; however as market conditions change, there is a need to evolve this pure outsourcing model to a hybrid model. As of 2023, Encorp operates 16 Express & GO stations, two Express Plus locations, and three compaction trucks.

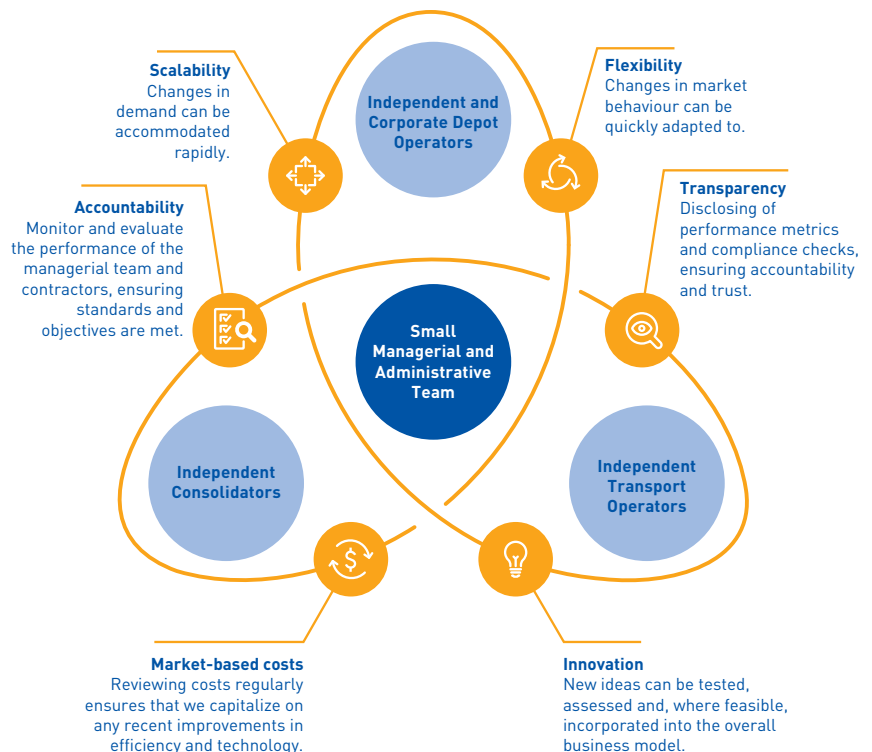
Encorp has developed and maintained a set of core competencies within a small managerial and administrative team responsible for strategic planning, financial management, consumer awareness, infrastructure development,

information technology and public transparency. Most other operational activities are delivered through a network of independent contractors such as depot operators, transporters and consolidators. This hybrid 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**
- **Transparency**
- **Accountability**

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, to balance efficiency with risk.



2.4 Social Purpose and Diversity and Inclusion

Encorp has defined a social purpose statement that reflects its commitment to creating a better future for people, communities and the planet.

We exist to foster a world where nothing is waste.

Social Purpose

Encorp's social purpose was developed back in 2021 as part of the United Way's Social Purpose Institute. The social purpose was initially rolled out internally with employees to make sure the entire Encorp team understood what it meant to foster a world without waste. After internal adoption, a cross-functional team was created to identify opportunities across the business in which the social purpose could be embedded and find ways to reduce waste.

With the hiring of key senior staff during 2023, Encorp focused on brainstorming and seeking out opportunities to bring social purpose to life in all aspects of the organization, from looking at ways to reduce waste through operations to using it as a decision-making lens moving forward.



2.4 Social Purpose and Diversity and Inclusion

Diversity and Inclusion

Diversity and inclusion remain a top priority for the team at Encorp. The team continues to self-reflect and look for opportunities to embed diversity and inclusion best practices and initiatives within the workplace.

Encorp believes that fostering a diverse and inclusive workplace is crucial to the success as an organization and 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

In 2023, the Communications and Stakeholders Relations (CSR) team planned two very valuable and insightful staff training sessions in late spring: diversity and inclusion training (virtual) and a conflict resolution workshop (in-person). These training sessions are a part of Encorp's goal to promote diversity and inclusion in all workplace interactions as well as to equip staff with the ability to constructively resolve conflicts.

Embracing Diversity and Inclusion: Workshop Highlights

Employees at Encorp's head office completed a diversity and inclusion program with the Canadian Centre for Diversity and Inclusion in the springtime.

Throughout this three-part workshop, participants gained valuable insights into diverse perspectives, challenged unconscious biases, developed inclusive communication and teamwork skills, and acquired strategies to address diversity-related challenges. These learnings empower the team to create a more inclusive workplace culture. Participants also received well-deserved Certifications of Achievement, recognizing their dedication to promoting diversity and inclusion.

Overall, the diversity and inclusion workshop was a resounding success, with an 89% participant satisfaction rating.

Conflict Resolution Workshop: Key Learnings



**Justice
Institute**
BRITISH COLUMBIA

This full-day course in May was held at the Justice Institute campus in New Westminster and was offered to all staff. The course allowed participants to gain valuable insights into effectively managing conflict, as it focused on equipping participants with strategies to handle challenging situations while building relationships and maintaining composure.

Some key learning outcomes from the course included:

- **Alternative Approaches:** Participants explored alternative methods for managing hostility, discovering constructive ways to respond to difficult individuals.
- **Effective Responses:** Attendees gained insights into the most effective ways to handle hostile behaviour, enabling them to maintain professionalism and diffuse conflicts with confidence.
- **De-escalation Techniques:** The course provided practical techniques for de-escalating tense situations, empowering participants to defuse hostility and maintain a calm and composed demeanour.
- **Versatile Skills:** Participants learned to apply their newfound knowledge to a variety of situations, including face-to-face encounters, phone conversations and video interactions.

With an impressive participation satisfaction rating of 82%, this course provided participants with the necessary tools and strategies to effectively confront hostility while also nurturing positive relationships.

Encorp is dedicated to creating a workplace where everyone feels valued, respected and empowered to bring their fully authentic selves to work. Through diversity and inclusion initiatives, the organization strives towards the goal of making the organization an inclusive and welcoming environment for all.