

Message from the Chief Executive Officer

We reached key milestones in 2009. Our recovery rate on a unit basis at 79.3% is the highest in our history. An alternate method of measuring recovery performance is to track material weight. Using a weight basis to determine collection is common for municipally operated recycling programs. Our 2009 diversion rate on a weight basis was 88.5%.

However, this record recovery rate also had a dramatic impact on our reserves, forcing us into an overall deficit position for the first time. For only the second time in our history we were required to increase our container recycling fees twice during the year - in February (the normal time for rate changes) and again in October. As of this report, we are well on our way to replenishing our reserves and expect to achieve acceptable levels within the next 24 months.

Given this dramatic turn of events, we are making an extra effort to clarify how we finance our stewardship system. To this end, we have featured the connection between the industry-led stewardship regime practiced in British Columbia and our business model in an extensive commentary on pages 13 - 16. As well a Frequently Asked Questions (FAQ) section on page 62 provides more detailed explanations.

There were a number of other significant achievements which demonstrate our commitment to continuous improvement in the depot network and improving convenience of access for consumers throughout the province. Our 5 Star certification program, introduced in 2008, has just enrolled its 11th depot with an additional 7 having attained the 3 Star level. These 18 depots, and others that will follow, represent the ultimate in design and customer service standards. In addition, new depot locations were added in Coquitlam and Saanich. Unfortunately, we were unable to convince City officials to open a much needed new depot in Vancouver.

To support efficiency and increased productivity, we successfully field-tested a new generation of point-of-return software and a pilot test of in-depot compaction. We will roll out these new programs in 2010. Our training centre at the new Coquitlam depot opened in late 2009 as a continuation of our commitment to train and develop highly-qualified depot owners in leadership and customer service best practices.

These efficiencies have a direct benefit as we continue to achieve stellar performance in the two service provider contracts we administer. On behalf of the Electronics Stewardship Association of BC, we have expanded our network of collection sites from 75 to 100. We also achieved an increase of 30% in the volume of collected end-of-life electronics materials, now reaching one of the highest per capita collection rates of any program in North America. Our collection network for milk containers has reached 150 with the year-over-year increase in containers collected of 49%.

We were not spared the impact of the worldwide recession. However, the strength of the industry-led stewardship system, unique to British Columbia, has allowed us to maintain all of our consumer education programs and liquidity for our depots and suppliers without requiring any form of debt financing. We have accomplished this in the face of dramatic reductions in commodity prices for aluminum and plastic and in an actual year-over-year reduction in beverage sales.

During the course of 2009, I had the opportunity to meet with many regional districts and local governments throughout the province. All were impressed by our achievements and universally supported the expansion of industry-led stewardship in British Columbia. At their urging, we spearheaded the publication of the BC RECYCLING HANDBOOK.



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The handbook is a compilation of the details of the recycling programs operated by the eight stewardship agencies that have approved stewardship plans. Copies of the handbook have been sent to all local governments, elected officials, school boards and community centres in the province. We also provided a link to a flipbook version at www.encorp.ca/ips

Finally, through a partnership with Coca Cola, Encorp was an active participant in the beverage recycling initiatives at the immensely successful 2010 Olympic Winter and Paralympic Games.

I want to acknowledge the leadership of our Board of Directors, the dedication of our depot owners and transportation/processing partners, and finally the consistent loyalty of our staff and brand owners. Together, we have weathered the storm of economic uncertainty without compromising our mission of making recycling an increasingly important value for the citizens of our great province.



Neil Hastie
President and CEO

