

PROGRAM OUTLINE

Our vision, mission statement
and strategic business model.

Message from the Chair and CEO,
successes and struggles in 2017.

2

Nutrition Facts
Valer
Per 25
par 25
Amount
Teneur
Calories
Fat / Lip
Sat
+
Chol
Sod

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 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. return-it.ca

Vision

To be the model Industry Product Stewardship organization in a province where every beverage container is recycled.

Mission

To deliver convenient, cost-effective and responsible collection and recycling systems for beverage containers and offer strategic service provision for compatible consumer packaging and end-of-life products.

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.

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. 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 market for cost competition without having to support any capital investments of its own.

The advantages of this model include:

Market-based costs – Regular reviews of costs ensure that any recent improvements in efficiency and technology can be exploited.

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 changing market trends.



2.2 MESSAGE FROM THE CHAIR

In sports and entertainment, they say that staying on top is harder than getting there in the first place. At Encorp Pacific (Canada), we're extremely proud of what we've accomplished as a stewardship organization and as a provider of convenient, effective recycling services to the citizens of British Columbia.

And we're determined to continue doing the things that have made us a leader in the field of Extended Producer Responsibility while constantly pushing ourselves to be even better, even as expectations evolve and grow.

As the Board of Directors, our ongoing task is to make sure we maintain the high standards of accountability and high levels of performance that have been the hallmark of our corporation for the past twenty-three years. The Board's primary responsibility is to ensure that through Encorp, beverage producers and marketers are able to fulfill their stewardship obligations under Schedule 1 of British Columbia's Recycling Regulation. To that end, thanks to the outstanding work of our management and staff, to the ongoing commitment of the beverage industry, and above all to the collaboration and mutual support of our many stakeholders and business partners, we now provide convenient access to recycling services for more than 99% of the province's population through Return-It depots and collection sites. We collect and recycle more than 90 million tonnes of aluminum, plastic, glass and other used beverage container material, and we manage more than \$146 million in deposits and recycling fees every year. In addition, we provide collection services for used electronics and other used packaging materials through contractual arrangements with other stewardship agencies.

In recent years our challenge has been to address a declining recovery rate, precipitated by a confluence of exogenous factors, not least of which is a robust provincial economy. The Board continues to be attentive to this challenge and actively supports key initiatives aimed at reversing the trend, including investments in new technologies, the implementation of statistical counting systems and the deployment of targeted marketing campaigns. In addition, the Board ensures that financial reserves are managed prudently in the face of recovery rate softening and that all regulatory obligations are addressed to the satisfaction of the Ministry of Environment.

Going forward, meeting the requirements of the Recycling Regulation on behalf of beverage brand owners, staying focused on key strategies and providing the right kind of leadership, direction and support to management remain the preoccupation of Encorp's Board. Fortunately, we have an accomplished team of Directors, talented and dedicated staff, and strong relationships with our business partners and stakeholders, to each of whom we extend our thanks and appreciation.



Dan Wong
Chair

2.3 MESSAGE FROM THE CEO

Very strong industry sales growth helped to drive up the total volume Encorp collected in 2017 to well over 1 billion containers, a level not seen since 2010. That is a positive outcome for our depots, transporters, processors and, ultimately, the environment.

Despite that strong volume growth our recovery rate posted a disappointing drop. One notable contributor were the unusually snowy and icy conditions in the Lower Mainland and on Vancouver Island in late January and early February, during and after which we saw a significant decline in returns which were not made up for in subsequent months.

We invest every year in consumer research and carry out market analysis to understand trends and forces (beyond the weather) that affect our recovery performance and we use that analysis to design initiatives to target areas of underperformance.

Ironically, that analysis shows that the booming B.C. economy and market for packaged beverages is itself a hurdle to recovery – strong economic growth tends to push recovery rates down, not just in B.C., but in other jurisdictions as well. The reason is that a higher portion of beverages get consumed away from home, where they are more likely to end up in the trash, and by tourists, who may not have the same culture or incentive to recycle their containers.

As a result, away-from-home recovery has been a focus for us. We have extended our streetscape and provincial park bin programs across the province and continue to seek new communities to participate. We developed innovative programs with large venues and entertainment sites including arenas and the PNE to dramatically increase collection. And we

support the Binners' Project, who are helping to build the profile, reputation and capacity of a key segment of our collection network.

At the same time, we continue to focus on customer convenience and experience at Return-It depots. Last year we rolled out our new point-of-return software in parts of the province, a project that will continue through the next two years. We also added ten new Return-It Express locations last year, including two in Prince George, the first Express locations outside of the Lower Mainland.

Collecting and responsibly recycling over a billion beverage containers is a huge undertaking. We thank our dedicated team at Encorp Pacific, the Return-It depots, and our transporters and processors for making it all happen. Thank you also, of course, to all the dedicated British Columbians who bring their containers back to us.



Scott Fraser
President and CEO