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GOVERNANCE

Accountability and responsibility of the board of directors, and list of board members.

The Advisory Committee's annual report for the board, and list of committee members.

8.1 GOVERNANCE

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.

Board of Directors

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.

The role of the board is to determine the company's corporate strategy and policies, set objectives for the CEO, approve budgets and fees, and discharge its fiduciary obligations to the brand owners and other stakeholder groups. The board provides oversight of Encorp's operations through quarterly board meetings and an annual strategic planning session.

Board members are senior executives with a broad range of experience in business generally and product stewardship specifically. Board members serve on corporate committees, including the audit, governance, human resources and compensation committees. Because of the particular importance of the governance and audit functions, those committees are chaired by the unrelated directors.

Our Advisory Committee is independent of the board, comprised of representatives of our diverse stakeholder groups, including depots, major retailers, regional districts and local governments. The committee reviews our strategic and operating plans and our financial and operating results, and can make recommendations to the Governance Committee and the board.

Accountability

Our Board Manual for Directors codifies key practices for the board, including terms of reference for the board, the chair, board members and the CEO. It includes a code of conduct for directors, including conflict of interest guidelines. Directors are required to review and sign the code of conduct annually. We also use external reviews to assess our ongoing performance. These include annual financial and materials end-fate audits, regular Enterprise Risk Management reviews and reviews of our internal controls.

Transparency

We provide a comprehensive public explanation of our operations through this annual report, extensive information on our website, as well as through our Advisory Committee and other methods. Our reporting exceeds regulatory requirements and is intended to provide as much information as possible to the general public and stakeholders.

8.2 BOARD OF DIRECTORS



Chairman of the Board
Dan Wong
 President,
 Right Hook Business Strategies Ltd

Encorp Affiliation – Juice Council of British Columbia
 Committees – Audit / Compensation / Governance
 Term of office – Commenced 1998



John Irving

Encorp Affiliation – Unrelated Director
 Committees – Governance / Compensation
 Term of office – Commenced 2014



Greg Wilson
 Director of Government Relations (B.C.),
 Retail Council of Canada

Encorp Affiliation – Retail Council of Canada
 Committee – Audit
 Term of office – Commenced 2014



John Nixon
 Secretary, Beverage Alcohol Containers
 Management Council of BC

Encorp Affiliation – Beverage Alcohol Containers
 Management Council of BC
 Committees – Audit / Compensation
 Term of office – Commenced 2009



Jim Goetz
 President,
 Canadian Beverage Association

Encorp Affiliation – Canadian Beverage Association
 Committee – Governance
 Term of office – Commenced 2012



Liisa O'Hara, CPA, CGA
 Board Member,
 Property Assessment Appeal Board

Encorp Affiliation – Unrelated Director
 Committees – Audit / Governance
 Term of office – Commenced 1999



John Graham
 John Graham Consulting

Encorp Affiliation – Retail Council of Canada
 Committee – Governance
 Term of office – Commenced 2011



Neil Antymis, ICD.D, CPA, CGA
 Director, Government Affairs for
 PepsiCo Beverages Canada

Encorp Affiliation – Canadian Beverage Association
 Committees – Audit / Compensation
 Term of office – Commenced 2005

Shelley Snider
 Corporate Purchasing Manager,
 Ice River Springs Water Co.

Encorp Affiliation – Canadian Bottled Water Association
 Committee – Audit
 Term of office – Commenced 2016

8.3 ADVISORY COMMITTEE

Encorp carries a public duty and with it an obligation to maintain high standards of transparency and accountability. While Encorp was established by member associations and the companies they represent, there are explicit outside interests to be considered. The Advisory Committee has been established to provide an avenue for these outside interests to be represented to the board.



Alan Stanley

General Manager of Environmental Services, Regional District of Kootenay Boundary
On Advisory Committee since 2008



Aly Mitha

Owner, Kensington Return-It Depot, Chairman of the Council of Depot Operators
On Advisory Committee since 2011



Brock Macdonald — Chairman of the Advisory Committee

Chief Executive Officer, Recycling Council of BC
On Advisory Committee since 2007



David McPhie

Manager of Environmental Initiatives, BCLDB
On Advisory Committee since 2015



Louise Schwarz

Co-owner, The Recycling Alternative
On Advisory Committee since 2016



Monica Kosmak

Project Manager, City of Vancouver
On Advisory Committee since 2015



Robert Knall

Manager, Development Planning, Township of Langley, Community Development Division
On Advisory Committee since 2010



Will Burrows

Executive Director, Coast Waste Management Association
On Advisory Committee since 2008

ADVISORY COMMITTEE'S REPORT TO THE BOARD

Date: February 2, 2017

TO: Canadian Bottled Water Association
Retail Council of Canada
Juice Council of British Columbia
Canadian Beverage Association
Beverage Alcohol Containers Management Council of British Columbia

FROM: Brock Macdonald, Committee Chair.

RE: Annual Report of the Advisory Committee for Fiscal Year – 2016

The Advisory Committee met on **April 21, 2016** and **November 9, 2016**. April 21st was the last meeting for longstanding members Ken Lyotier and committee Chair Al Lynch. Scott Fraser introduced Louise Schwarz, co-owner of Recycling Alternative, as the committee's newest member. It was also at this meeting that the committee elected Brock Macdonald as the next committee Chair, and Monica Kosmak as the Vice-Chair.

Agenda items during these two meetings included the following reports and presentations:

Scott Fraser:

- Recap of the 2015, 2016 outlook
- Accounting for containers returned through the materials recovery facility (MRF) stream
- Small changes in format to the Advisory Committee Terms of Reference
- Depot handling fee negotiations overview
- Container Recycling Institute (CRI) report on the BC deposit system and Encorp's response
- New depot opening in Surrey
- Ministry of Environment proposed minor changes to the Recycling Regulation in 2016

Blair Kennedy:

- Express roll out plan and update
- Internal and collection network efficiencies

Sandy Sigmund:

- Return-It to Win-It contest and radio spots, and revamp for 2016
- Marketing initiatives review role and control of social media

Elena Zevakhina:

- 2015 financial highlights and 2016 budget highlights designed to increase recovery and reduce reserves

Mario Anda:

- Institutional, commercial and industrial (IC&I) sector initiatives

The presentations and reports informed several discussions that followed. The Committee explored the marketing initiatives further with additional information from Sandy Sigmund.

Scott Fraser advised the committee on the status of MOE amendments to the Recycling Regulation, as well as issues in siting depots in urban areas.

Blair Kennedy answered a question that arose on the Express roll out plan, with some additional input from Scott Fraser.

Elena Zevakhina gave clarification on container categories and related markets.

Respectfully submitted,



Brock Macdonald
Chair, Advisory Committee