



MULTI
MATERIAL
BC



MMBC

2014

ANNUAL REPORT



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Executive Summary

Public Education Materials and Strategies

- Advertising campaign to support launch ran April through August, 2014 and a smaller material-focused campaign ran in the fall
- Recycling guides delivered to residents in communities directly served by MMBC
- Resident website, depot list and address search at www.recyclinginbc.ca
- Recycling guide templates and sign artwork made available to all collectors

Collection System and Facilities

- **1,240,000** single-family and multi-family households receive collection services from **76** local governments, First Nations, or private collectors
- Residents in **152** incorporated municipalities, electoral areas, and First Nations communities have access to curbside and/or multi-family collection services under the MMBC program
- **20** communities received curbside recycling services for the first time
- **180** depots throughout BC accept MMBC materials, operating in **26** regional districts

Product Environmental Impact Reduction, Reusability and Recyclability

MMBC members are improving the environmental profile of their packaging and printed paper in many ways, including:

- Optimizing material use
- Reducing distribution of printed paper products
- Reducing use of plastic grocery carry-out bags

Stewards are also making changes to maximize diversion of their materials from landfill by choosing recyclable materials, including recycled content and choosing materials from renewable resources

Pollution Prevention Hierarchy and Product / Component Management

The following figures represent 7.5 months of operation:

- Tonnes of packaging and printed paper managed by recycling: **96,926**
- Tonnes of packaging and printed paper managed by recovery (material or energy from the product as per Pollution Prevention Hierarchy): **0**
- Tonnes of packaging and printed paper managed by disposal: **6,794**

Product Sold and Collected and Recovery Rate

The following figures represent 7.5 months of operation:

- Amount of Product Sold (te): **145,351**
- Amount of Product Collected (te): **116,457**
- Recovery Rate: **80.1%**

COMPARISON OF KEY PERFORMANCE TARGETS

Maintain at a minimum single family and multifamily household service levels where these households currently receive packaging and printed paper collection.

859,000 single-family households and 381,000 multi-family households received collection services from MMBC. The adjusted targets (less local governments that are not participating) are 793,000 single-family households and 364,000 multi-family households.

MMBC will continue to add new communities as new producers join the program.

Provide curbside collection of packaging and printed paper to the approximately 102,000 households currently receiving garbage collection service.

MMBC provided curbside collection of packaging and printed paper to 38,000 households previously only receiving curbside garbage collection service through both RFPs and service via local governments/First Nations.

Local governments representing the remaining households either: i) failed to respond by the deadline; ii) indicated they prefer depot collection; or iii) the bid price received by MMBC was higher than MMBC's offer.

Maintain depot collection of packaging and printed paper for the approximately 165,000 single-family households and the approximately 91,000 multi-family households without collection services.

MMBC's depots provide access to 454,000 households to which MMBC does not provide single-family or multi-family collection services. MMBC has no visibility to the households receiving collection services outside of its program.

MMBC plans to add over 20 additional depots in 2015.





MESSAGE FROM THE MANAGING DIRECTOR

MMBC is a non-profit organization, funded by the businesses and organizations that are required to be responsible for the recycling of packaging and printed paper they supply to BC residents. Our goal is to recycle more in BC, and we do that by financing collection of household packaging and printed paper by local governments, First Nations, private companies and non-profits and contracting for processing services to manage what is collected. Ours is the first full extended producer responsibility (EPR) program of its kind in North America. This made-in-BC initiative responds to the unique challenges of this beautiful province.

Long Road To Launch

May 19, 2014, marked the launch of MMBC program operations and the conclusion of work that started before the amendment to the Recycling Regulation in 2011. MMBC's stewardship plan was approved by the Ministry of Environment in April 2013, leaving just over one year to implement a province-wide curbside, multi-family, and depot collection recycling program. And we did it. The MMBC program is unique in Canada and North America, and now serves as a model for other jurisdictions.



Enabling BC Residents To Recycle More

At the end of 2014, 96% of BC households had access to depots, and 1.24 million households received curbside and multi-family collection. Twenty BC communities were receiving curbside recycling for the first time, and six communities that previously received curbside collection from local governments switched to curbside collection directly serviced by MMBC in 2014.

Many communities have reduced the amount of taxes and fees that residents pay for recycling collection, thanks to the financing that they receive from MMBC, or because MMBC assumed direct responsibility for recycling collection.

MMBC's program standardized the list of packaging and printed paper accepted for recycling in BC. This meant that many communities expanded the list of accepted items to include aerosol containers, aluminum take-out containers, coffee cups, ice cream and milk cartons, plastic clamshell containers, plastic drink cups, plastic plant pots, soup cartons and spiral-wound cans. This harmonized system delivers more convenient and consistent recycling services to BC residents.

As more stewards come on board, we will continue to add communities to the program. And as recycling technologies develop, we will continue to add materials accepted in the program.

Collector Network

At the end of 2014, the MMBC collector network included 162 collectors—local governments, First Nations, and private organizations. In total, residents in 152 incorporated municipalities, electoral areas and First Nations communities had access to curbside and/or multi-family collection services under the MMBC program, and MMBC collectors operated 180 depots.

Efficient Recovery of Recyclables

In a province of 945,000 sq. km—with many small, remote communities—geography and volume are our biggest challenges. Managing BC's recycling collection and processing as a single system for sorting, processing and sale of materials into end markets helps us realize valuable efficiencies. Between program launch on May 19, 2014 and December 31, 2014, 116,457 tonnes of recyclables have been managed. MMBC is maximizing diversion potential and recovery rates.

The MMBC program is unique in North America—nobody has previously operated a province-wide, EPR packaging and printed paper recycling program. The first months of operations provided an opportunity to learn how to operate an efficient system, and 2015 will be an opportunity to build on what we learned and focus on improving the system.

Allen Langdon, Managing Director, MMBC





In Nanaimo we have utilized the revenue from MMBC to bring down our user rates. The initial reduction, because it was half a year, was about \$25. And that makes a difference to our residents. Now we're in a full year, the reduction will be something like \$40, so it's considerable.



– Charlotte Davis, City of Nanaimo



Click the play button to open in your browser.



I think the biggest benefit of participating in MMBC's packaging and printed paper program was the ability to provide recycling services to our residents. Previously, our location and size of our regional district prohibited us from providing adequate access to recycling, so it's been wonderful to be able to provide that access to residents who previously didn't have it.



– Tera Grady, Cariboo Regional District



Click the play button to open in your browser.

Program Outline

MMBC is a member of Canadian Stewardship Services Alliance's (CSSA) family of recycling organizations. CSSA is a national, non-profit steward-founded and owned organization established to harmonize packaging and printed paper stewardship programs across the country, providing consumers with better recycling options and stewards (the businesses that contribute to the cost of recycling programs) a seamless way to meet their stewardship obligations under a single administrative umbrella.

MMBC is a legal entity in BC with BC-based staff members that manage program operations, including the recycling supply chain and promotional activities to engage residents. MMBC is governed by the CSSA board of directors, which includes representation from seven of the largest producers of packaging and printed paper across Canada, as well as regional representation.





MMBC ADVISORY COMMITTEE

The **MMBC Advisory Committee** includes eight representatives from stakeholders interested in the success of the MMBC program, including local governments (appointed by the Union of BC Municipalities), the waste management industry (represented by the Coast Waste Management Association), steward industry associations (represented by dairy and landscaping associations), and the Recycling Council of BC.

The Committee met three times in 2014: initially in person on April 2, 2014, in advance of the program launch; by phone on July 29, 2014; and in person on October 16, 2014. The Committee is consulted on core elements of MMBC's program to identify issues and suggest how they might be addressed, foster collaborative problem-solving and increased communication, and to provide feedback to MMBC on its packaging and printed paper program.

Brock Macdonald

Advisory Committee Chair
CEO, Recycling Council of British Columbia

Linda Barnes

City of Richmond Councillor – appointed by Union of British Columbia Municipalities

Will Burrows

Executive Director, Coast Waste Management Association

Mike Dick

Vice President Western Canada for Agropur, Division Natrel – appointed by the British Columbia Dairy Council

Andrew Doi

Environmental Planner, Metro Vancouver – observer appointed by Union of British Columbia Municipalities

Rob C. Gay

Regional District of East Kootenay Board Chair – appointed by Union of British Columbia Municipalities

Gay Hahn

CEO, Avalon Dairy Ltd. – appointed by the BC Food Processors Association

Bill Hardy

General Manager, Northwest Landscape Supply – appointed by the BC Landscape and Nursery Association



MMBC MEMBERS

MMBC members, or stewards, are businesses or organizations that supply packaging and printed paper into the BC residential marketplace, as defined in the BC Recycling Regulation. In becoming members of MMBC, these organizations exemplify their commitment to environmental sustainability by taking responsibility for the management of their packaging and printed paper at the end of its useful life.

MMBC members span a breadth of sectors, including:

- Food manufacturers
- Consumer packaged goods (e.g., cosmetics, electronics, toys etc.)
- Retail businesses (e.g., grocery, general merchandise, convenience, drug store)
- Banks and credit unions
- Municipal governments
- Quick service restaurants
- Newspaper and magazine publishers
- Paper manufacturers
- And more....

For more information about being an MMBC member, visit: <http://www.multimaterialbc.ca/stewards/>



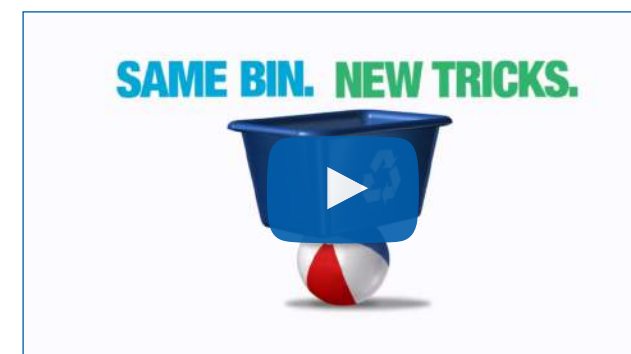
Public Education Materials and Strategies

ADVERTISING

To support the launch of North America's first full EPR program for packaging and printed paper, MMBC worked with design and advertising teams to develop a campaign that incorporated TV, digital, online, social media, radio and print advertising. The ads and tagline—Same Bin, New Tricks—was designed to communicate that the curbside and multi-family recycling systems were changing, but the familiar recycling bin would continue to be central to the program. The province-wide television, digital, online and social media components of the campaign ran from mid-April to September 2014, and radio and print ads ran in each community where MMBC assumed direct responsibility for curbside recycling collection as

the program was rolled out to those communities. During the fall of 2014, a shorter, three-week campaign focused on two materials added to the collection system: coffee cups and aerosol containers, with ads appearing on digital and online networks across the province and radio and print in the MMBC direct-service communities. As part of their MMBC collection agreements, local government collectors retain responsibility for promotion and education and receive some funding from MMBC for this purpose. Accordingly, MMBC shares advertising creative with collectors who wish to use it in their own communities.

MMBC TV Ad



Click the play button to open in your browser.

Click the icon to open in your browser.

MMBC Radio Ads



Newspaper Ads



Online Ads



Facebook Ads



INFORMATION FOR RESIDENTS

MMBC Consumer Website

In addition to the advertising, MMBC developed a website filled with resident-friendly content about the program, including information about accepted materials, a detailed list of depots in the program and a page for each community served directly by MMBC. Residents in these communities can search for address-specific collection calendars and sign-up for collection reminders via a search tool and mobile application developed by a Vancouver-based technology company that specializes in delivering waste collection information to residents.

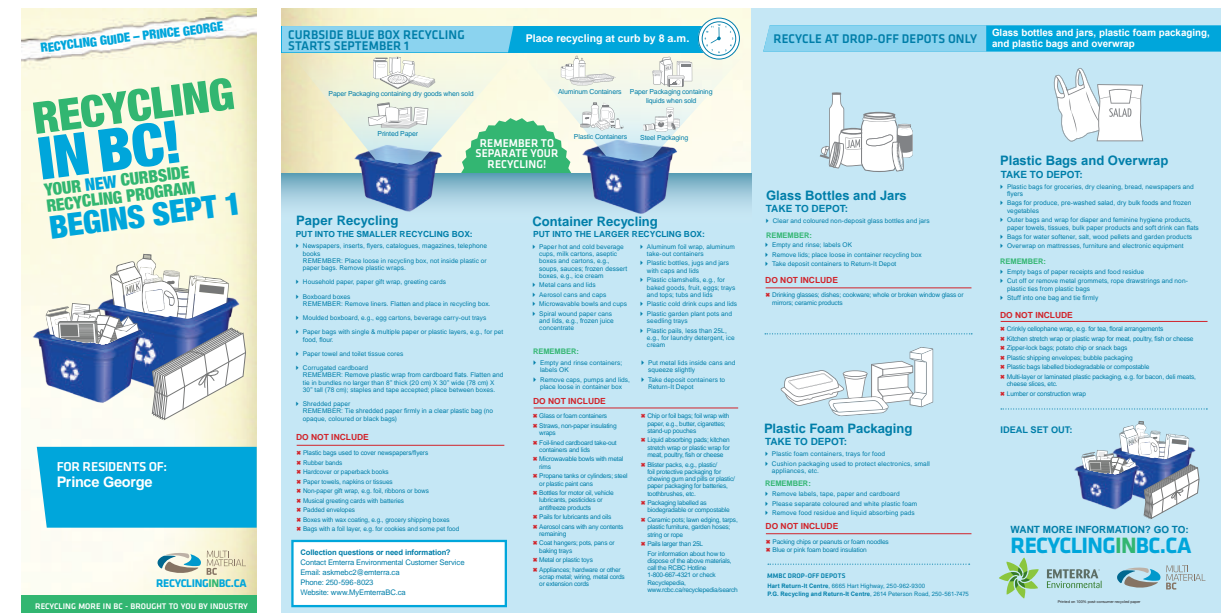
In October 2014, MMBC added a blog showcasing posts covering a range of topics related to the MMBC program, including how to prepare packaging and printed paper for recycling. The blog posts are shared via MMBC's social media networks, and are frequently shared by local government collectors.



Recycling Guides

Residents living in areas directly serviced by MMBC received community-specific recycling guides, containing collection schedules, zones and pick-up times; lists of materials accepted and not accepted for recycling; depot locations and contact

information for the collector that services the area on behalf of MMBC. Recycling guide templates were made available to collectors wishing to adapt MMBC-developed guides for their communities for curbside and multi-family collection.



Depot Signs

MMBC provided depots operated by private collectors recycling guides and signs for each category of accepted material; the artwork for the guides and signs was made available to local government and First Nations depot operators wishing to produce these using the education funding they receive.





Research

MMBC measures public awareness of its program through consumer research and by measuring the number of residents visiting www.recyclinginbc.ca. In 2014, the visitor total reached 118,066 and the page view total reached 240,967.

Research carried out pre-program launch in February 2014 showed that:

- Recycling is an ingrained habit in 97% of people. A vast majority of these – 75% – make a concerted effort to recycle, with 24% recycling only if it is convenient
- 61% of respondents said curbside recycling was the main driver of their recycling behavior

MMBC intends to embark on new consumer research in 2015 and will measure awareness of the program and benchmark it against the February 2014 findings.

Research Methodology:

The survey was conducted between February 1 and 13, 2014, with 2,083 residents from BC, and consisted of a quantitative 20 minute survey.

The data was weighted to the 2011 Census by age, gender and region to ensure that the results were representative of the opinions of the Canadian general public 18 years of age and older.

Regional representations included:

- Northern BC – **32**
- Vancouver Island – **420**
- Lower mainland (including Metro Vancouver) – **1233**
- Thompson-Okanagan – **279**
- Kootenay – **62**
- Cariboo-Prince George – **57**

Collection Systems and Facilities

The MMBC program uses three collection methods: curbside collection from residences with one-to-four units, multi-family collection from a central location in residences with five or more units and depot collection where residents drop-off packaging and printed paper.



The biggest benefit from participating in the MMBC program is the ability to remain involved and provide direction in the day-to-day operations of curbside recycling and depot operations. Which is nice because there are unique aspects to each community that will result in the most effective program, so it's nice that the people who know the most about the needs of the community are still able to be involved.



- Peter Rotheisler,
Regional District of Central Okanagan



Click the play button to open in your browser.

LOCATION OF COLLECTION FACILITIES

MMBC collectors operate throughout the province. In total, 1,240,000 households in 152 incorporated municipalities, electoral areas and First Nations communities have access to curbside and/or multi-family collection services under the MMBC program from 76 local governments, First Nations,

or private collectors in the following regional districts. In addition to curbside and multi-family collection, 180 depots throughout BC accept MMBC materials, operating in 26 regional districts.



NUMBER OF CURBSIDE/MULTI-FAMILY SERVICE AREAS AND DEPOT FACILITIES WITHIN EACH REGIONAL DISTRICT

Regional District	Curbside	Depot	Multi-Family	Grand Total
Alberni Clayoquot	2	5	1	8
Bulkley-Nechako	3	2	1	6
Capital	1	11	1	13
Cariboo	4	12	1	17
Central Coast		1		1
Central Kootenay	5		1	6
Central Okanagan	5	10		15
Columbia Shuswap	3			3
Comox Valley	3	4	1	8
Cowichan Valley	6	5	2	13
East Kootenay		1		1
Fraser Fort George	1	2		3
Fraser Valley	1	7	3	11
Kitimat Stikine	1	3		4
Kootenay Boundary	2	6	3	11
Metro Vancouver	17	43	15	75
Mount Waddington	4	10	4	18
Nanaimo	2	6	3	11
North Okanagan	1	4	1	6
Northern Rockies		1		1
Okanagan Similkameen	7	9	3	19
Peace River		10		10
Powell River		7		7
Skeena Queen Charlotte	1	4		5
Squamish-Lillooet	2	6	3	11
Strathcona	4	5	1	10
Sunshine Coast		3		3
Thompson-Nicola	1	3		4

RECEIVING NETWORK

In February 2014, through a competitive request for proposals process, MMBC selected Green by Nature EPR (GBN), a new organization founded by leaders in the BC recycling industry, to manage the material collected in the MMBC residential packaging and printed paper recycling program. With over 100 years combined experience, GBN partners have each played an instrumental role in the development of the recycling industry in BC over the last 40 years:

Cascades Recovery: one of Canada's largest collectors, processors and marketers of recyclable materials generated by businesses and residents.

Enterra Environmental: one of Canada's largest waste resource management companies that provides recyclables collection, processing and marketing services, as well as organics and solid waste collection and disposal services to municipalities and businesses across Canada and the U.S.

Merlin Plastics: a North American pioneer in plastics recycling and marketing that holds several patents in plastics recycling technology as a result of its innovative research and development team based in Delta, BC.

Material collected from curbsides and multi-family buildings is delivered by collectors' trucks to approximately 45 local GBN receiving facilities across BC. Material delivered by residents to MMBC depots is transported by GBN to one of its receiving facilities. GBN operates receiving facilities either directly or through over 20 subcontracted organizations (including private businesses, local governments and non-profits) operating receiving facilities on GBN's behalf. Additionally, GBN subcontracts over 60 haulers to transport recyclables from depots and transfer facilities to processing facilities.

The local receiving facilities are either:

- Transfer facilities, where packaging and printed paper from multiple collectors is consolidated for shipment to a processing facility; or

- Processing facilities, where packaging and printed paper is processed for shipment to re-manufacturers to be used to make new products. These facilities turn recyclable packaging and printed paper into value-added commodities.

The post-collection system operated by GBN employs over 750 British Columbians and represents millions of dollars of investment in a new container recycling facility in New Westminster to be fully operational in 2015. The facility is specifically designed and built to meet the demands of the province's recycling growth, using the latest technology available in the recycling industry and maximizing sorting efficiency, recovery and the quality of recovered products.



Product Environmental Impact Reduction, Reusability and Recyclability

Many MMBC members have been adopting sustainability practices throughout their operations for many years because they understand that eco-efficiency is not only good for the environment but good for business as well. Businesses are looking at the entire lifecycle of the products and services they provide to BC residents to determine where they can most effectively reduce their environmental footprint. This ranges from the implementation of efficiencies within their operations, stores and restaurants, optimization of material used for paper products and packaging, designing for recyclability, adoption of digital communications platforms, incorporation of renewable resources into packaging and paper products, and reducing waste throughout a product's lifecycle. The following section outlines some of the many measures MMBC members are undertaking to reduce the environmental impact of their packaging and paper products that they distribute to BC consumers.



REDUCING MATERIAL USE

Packaging serves many purposes. It protects products, keeping them safe from contamination and damage. It allows for the display of information about a product including ingredient listing, proper use, and disposal. Because packaging does play such an important role in the safe distribution of products to consumers, we use the term 'optimization' in reference to packaging reduction. Optimization refers to the balance between too little packaging that can result in product spoilage or damage and consequent waste, and excessive packaging that serves no functional benefit. This is an area that is receiving wide attention from many MMBC members and a significant investment in innovation with a primary focus on:

- Optimizing material use in packaging
- Reducing distribution of printed paper
- Reducing use of plastic grocery carry-out bags



Optimizing Material Use

Some of the steps MMBC members are taking to optimize material use include:

- Light-weighting materials
- Redesigning packaging to optimize structural integrity and material use
- Eliminating unnecessary packaging elements
- Redesigning closures or ancillary packaging elements
- Shifting to lighter weight material
- Changing product formulation (concentration) to reduce packaging

Reducing Distribution of Printed Paper

Many MMBC members have traditionally communicated or provided information to their customers via printed paper products. This includes marketing material, bills, statements, catalogues, directories and other communication materials. As we move into a more digital era there is ample opportunity to utilize online platforms for consumer communication and many MMBC members are embracing these alternate channels of communication. Not only does it reduce paper use and costs, it allows for a more customized consumer relationship. Different sectors of MMBC membership are utilizing these opportunities:

- Financial institutions and telecommunication providers encouraging e-billing, and digital platforms for receiving information
- Retailers discontinuing distribution of print catalogues and enhancing online and digital capabilities for their customers
- Retailers and directory publishers developing targeted distribution lists to ensure that only those who want directories and catalogues receive them, and including opt-out opportunities

Reducing Use of Plastic Carry-Out Bags

Retailers in the province of British Columbia have been working to reduce the number of carry-out plastic bags they supply to their customers for many years, understanding that retailers play a unique role as both primary distributors of plastic bags to consumers and primary influencers of consumer behaviour at point of sale. Retailers have reduced the distribution of single-use bags by 40% between 2007 and 2012 (latest figures available) and continue with ongoing efforts to reduce customer reliance on single-use carry out bags through the following activities:

- Displaying signage and using other forms of in-store communications encouraging own-bag usage
- Asking consumers at checkout whether they need bags before providing them
- Training staff in efficient bagging techniques to reduce usage
- Utilizing stickers, tape or other 'paid purchase' identifiers in lieu of plastic bags for large items



IMPROVING RECYCLABILITY, USING RECYCLED & RENEWABLE RESOURCES

After material optimization, MMBC members are working to improve the environmental profile of their material in three other important ways:

- Improving recyclability of the material distributed to BC consumers
- Increasing use of recycled content
- Increasing use of renewable resources

Improving Recyclability

A broad cross-section of MMBC members are undertaking the following activities to ensure the maximum amount of material can be recycled through the MMBC program:

- Redesigning packaging into materials readily acceptable in recycling programs while maintaining packaging functionality and performance for the consumer
- Eliminating coatings from some packaging or paper product formats to improve recyclability
- Using vegetable-based inks and glues that facilitate easier recycling by the processor
- Harmonizing materials between the main packaging and its ancillary components, removing potential contaminants from the system
- Redesigning packaging to allow the consumer to use all the product thereby reducing the amount of residual product that might contaminate the recycling process

Increasing Use of Recycled Content

A number of MMBC members are putting a focus on designing for a circular economy. This means designing products so that materials can be regenerated and constantly flow around a 'closed loop' system, rather than being used once and then discarded. This approach is being carried out across many material types including paper for general use, paper and boxboard packaging and plastic packaging. Recycled content for packaging and paper products ranges from 15% recycled content to 100% recycled content. The increasing demand for recycled content by businesses is important because it feeds the demand for MMBC's

collected and processed material – a key constituent in the developing circular economy.

Increasing Use of Renewable Resources

A number of companies are also adopting procurement practices that reduce the reliance on non-renewable resources. Products and packaging produced by MMBC member companies that incorporate renewable resources span the range of packaging for a variety of foods and beverages, communications materials, publications, catalogues and food service products and packaging.



Pollution Prevention Hierarchy and Product / Component Management

The chart below represents how material collected through the MMBC packaging and printed paper program is managed.

COLLECTED MATERIAL IN MMBC'S PACKAGING AND PRINTED PAPER PROGRAM IN RELATION TO THE POLLUTION PREVENTION HIERARCHY:

Tonnes of material managed by recycling	96,926
Tonnes of material managed by recovery (material or energy from the product as per Pollution Prevention Hierarchy)	0
Tonnes of material managed by disposal	6,794

Data above represents audited data from processor on quantities of material shipped. This data excludes unprocessed and unshipped inventory.

About our Recycling End Markets

MMBC gives priority to end-markets located in countries that are members of the Organization for Economic Co-operation and Development (OECD). MMBC does permit marketing to packaging and printed paper end-markets located in countries that are not members of the OECD only if the end-market meets or exceeds environmental, health and safety standards equivalent to OECD standards.

- **Plastics** - Plastics are sold to end-markets in British Columbia.
- **Paper/Fibres** – The majority of fibres are sold to end-markets in China, with the rest either remaining in BC or going to end-markets in the United States and South Korea.
- **Glass** - Glass is sold to end markets in British Columbia.
- **Metals** - Metals are largely sold to end-markets in Ontario, with the rest either remaining in BC or going to end-markets in the United States.

Packaging and Printed Paper Sold and Collected and Recovery Rate



2014 OPERATING YEAR (REFLECTING 7.5 MTHS)

Amount of Product Sold (supplied by MMBC members) (te)	145,351*
Amount of Product Collected (te)	116,457
Recovery Rate	80.1%

*Figure calibrated to reflect 7.5 months of supplied material by MMBC members.



I think the biggest surprise about being an MMBC collector is the volume of recyclables that we've collected at our rural transfer stations that previously didn't have any access to recycling. It's like overnight the residents were diverting and separating those materials.



– Tera Grady, Cariboo Regional District



Click the play button to open in your browser.



It's got people talking about recycling, and asking more questions than they ever really have before.



– George Jasper, Waste Control Services



Click the play button to open in your browser.

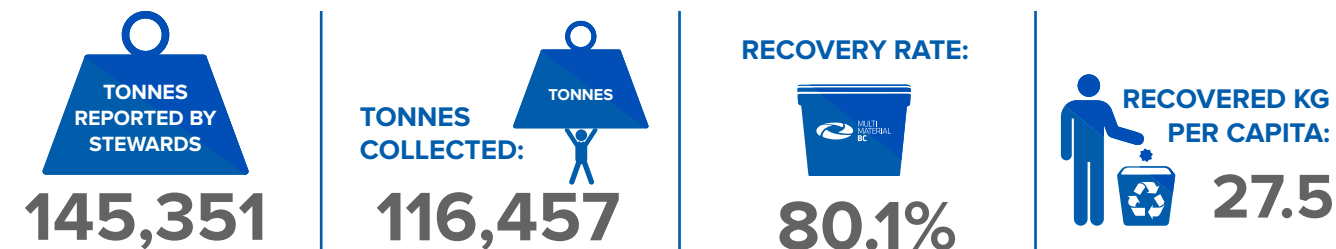
The table below outlines the amount of packaging and printed paper collected in BC by each regional district.

SUMMARY OF TOTAL PACKAGING AND PRINTED PAPER RECOVERED BY REGIONAL DISTRICT		
Regional District	Tonnes	KG per Capita (served)
Alberni-Clayoquot	489	15.7
Bulkley-Nechako	459	18.2
Capital	12,756	36.6
Cariboo	719	12.1
Central Coast	10	5.2
Central Kootenay	422	12.4
Central Okanagan	7,529	41.9
Columbia-Shuswap	546	15.5
Comox Valley	1,616	25.4
Cowichan Valley	3,045	37.9
East Kootenay	44	1.1
Fraser Valley	405	1.5
Fraser-Fort George	722	10.0
Kitimat-Stikine	244	7.4
Kootenay Boundary	725	23.3
Metro Vancouver	72,756	31.7
Mount Waddington	221	19.4
Nanaimo	5,088	34.7
North Okanagan	2,315	28.5
Northern Rockies	9	1.7
Okanagan-Similkameen	2,628	32.6
Peace River	107	3.1
Powell River	362	18.3
Skeena-Queen Charlotte	308	16.5
Squamish-Lillooet	1,379	36.2
Strathcona	994	23.1
Sunshine Coast	471	16.5
Thompson-Nicola	88	0.8
	116,457	27.5

Highlights/Metrics

1. Recycling Performance:

*BASED ON 7.5 MONTHS FOR THE PERIOD MAY 19 - DEC 31, 2014



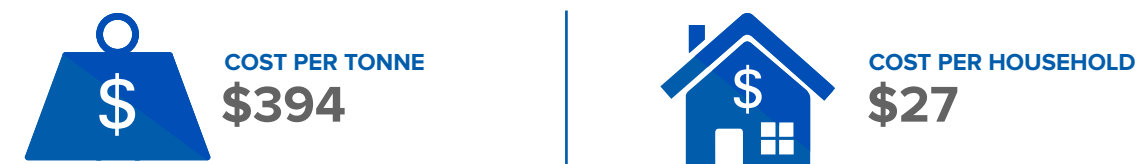
2. Access:



3. Stewards:



4. Financial Performance:



*Communities include incorporated municipalities, electoral areas and First Nations.



Financial Performance

MMBC Ends First Year Operations on a Solid Financial Foundation

MMBC finished 2014 in a strong financial position with all expenses covered, debt extinguished and significant progress made towards building the operating reserves needed to provide financial stability for the program's commitments.

MMBC is pleased that it received a clean audit opinion, in light of the many unknowns that typically characterize a program in its start-up period, and considering that it is the first fully industry financed and managed packaging and printed paper program in North America.

In its first year of operation, MMBC's financial objectives were three-fold:

- 1. Meet all current commitments in year without incurring any losses or adding to debt.**

MMBC has contractual commitments with hundreds of local governments, depots, First Nations collectors as well as with our material processing partner, GBN. MMBC successfully financed all of its 2014 obligations totalling \$41.2M which include the costs of collection, transportation and processing of 116,457 tonnes of packaging and printed paper as well as related program management and promotion and education costs incurred over the 7.5 month period from program launch on May 19, 2014 until year end December 31, 2014. ([See material management, shared promotion and education and program management costs in the Statement of Operations, page 37.](#))

- 2. Pay down existing debt.**

MMBC had accumulated over \$7M in debt for program development and start up. Funds were advanced for this purpose by CSSA in 2013 and 2014 through bank loans. This debt was fully extinguished in 2014.

- 3. Accumulate a prudent financial reserve in accordance with the needs of our business.** MMBC is an \$84M business on an annualized basis. Our goal is to maintain the equivalent of 50% of annual operating expenses in reserve. MMBC's current reserve goal is \$40M. The reserve currently stands at \$30M or 75% of our goal and was achieved through a combination of \$16M in stewardship fees with the remaining \$14M from revenues earned from the sale of commodity material. The remainder of the reserve will be accumulated from commodity revenues in future years. Operating reserves are designed to meet MMBC's cash flow requirements and ensure that there are always sufficient funds to pay the hundreds of local governments, small businesses and other private operators who rely on us to pay promptly and regularly for their services. Payables occur much more frequently in our business than revenues, which are paid only quarterly and are subject to lag and volatility. ([See Net Assets on the Balance Sheet of the Financial Statements, page 35.](#))

MMBC successfully met all three financial objectives.



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Independent Auditor's Report

To the Members of Multi-Material BC Society

We have audited the accompanying financial statements of Multi-Material BC Society, which comprise the balance sheets as at December 31, 2014 and 2013, and the statements of changes in net assets (deficiency), operations and cash flows for each of the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Multi-Material BC Society as at December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

June 18, 2015
Toronto, Ontario

Multi-Material BC Society Balance Sheet

December 31 2014 2013

Assets

Current

Cash	\$ 4,630,264	\$ -
Investments (Note 2)	25,210,788	-
Accounts and other receivables (Note 3)	7,889,372	-
Prepaid expenses	6,960	-
	<u>37,737,384</u>	-

Capital assets (Note 4)

35,027 -

\$ 37,772,411 \$ -

Liabilities and Net Assets (Deficiency)

Current

Accounts payable and accrued liabilities	\$ 6,535,066	\$ -
Due to CSSA (Note 5)	1,142,626	2,983,182
	<u>7,677,692</u>	2,983,182

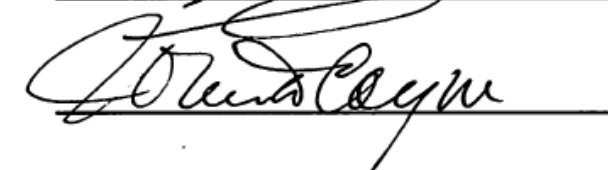
Net Assets (Deficiency)

Invested in capital assets	35,027	-
Unrestricted	10,059,692	(2,983,182)
Internally restricted (Note 6)	20,000,000	-
	<u>30,094,719</u>	(2,983,182)

\$ 37,772,411 \$ -

On behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

**Multi-Material BC Society
Statement of Changes in Net Assets (Deficiency)**

For the year ended December 31, 2014

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ -	\$ (2,983,182)	\$ -	\$ (2,983,182)
Excess (deficiency) of revenue over expenses for the year	(8,757)	33,086,658	-	33,077,901
Investment in capital assets	43,784	(43,784)	-	-
Transfer to operating reserve (Note 6)	-	(20,000,000)	20,000,000	-
Balance, end of year	\$ 35,027	\$ 10,059,692	\$ 20,000,000	\$ 30,094,719

For the year ended December 31, 2013

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ -	\$ (605,917)	\$ -	\$ (605,917)
Deficiency of revenue over expenses for the year	-	(2,377,265)	-	(2,377,265)
Balance, end of year	\$ -	\$ (2,983,182)	\$ -	\$ (2,983,182)

The accompanying notes are an integral part of these financial statements.

**Multi-Material BC Society
Statement of Operations**

For the year ended December 31

	2014	2013
Revenue		
Fee revenue	\$ 78,805,305	\$ -
Investment income (Note 2)	212,059	-
	<u>79,017,364</u>	<u>-</u>
Expenses		
Material management costs (Note 7)	36,083,190	-
Shared promotion and education	359,527	-
Program development and start-up (Note 5 and 8)	4,765,501	2,377,265
Program management (Note 5)	4,731,245	-
	<u>45,939,463</u>	<u>2,377,265</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 33,077,901</u>	<u>\$ (2,377,265)</u>

The accompanying notes are an integral part of these financial statements.

Multi-Material BC Society Statement of Cash Flows

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 33,077,901	\$ (2,377,265)
Adjustments to reconcile excess (deficiency) of revenue over expenses for the year to cash provided by operating activities		
Amortization of capital assets	8,757	-
Non-cash component of investment income	(210,788)	-
Changes in non-cash working capital balances:		
Accounts and other receivables	(7,889,372)	-
Prepaid expenses	(6,960)	-
Accounts payable and accrued liabilities	6,535,066	-
Due to CSSA	(1,840,556)	2,377,265
	<u>29,674,048</u>	<u>-</u>
Investing activities		
Purchase of investments	(25,000,000)	-
Purchase of capital assets	(43,784)	-
	<u>(25,043,784)</u>	<u>-</u>
Increase in cash during the year	4,630,264	-
Cash, beginning of year	<u>-</u>	<u>-</u>
Cash, end of year	\$ 4,630,264	\$ -

The accompanying notes are an integral part of these financial statements.

Multi-Material BC Society Notes to Financial Statements

December 31, 2014

1. Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization:

(a) Business Organization and Operations

Multi-Material BC Society (the "Organization") was incorporated under the British Columbia Society Act on May 4, 2011 to undertake responsibility for the stewardship of the packaging and printed paper environmental management program under provincial legislation. The Organization is a not-for-profit organization and as such is not subject to income taxes.

The Packaging and Printed Paper Stewardship Plan ("Program Plan") was approved by the BC Ministry of Environment in April 2013 and the program was launched in May 2014.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Revenue Recognition

Fee revenue is based on reported tonnages for members with signed Membership Agreements with the Organization. Revenue is recognized when tonnage is reported, fees are received or receivable and collection is reasonably assured. Revenue arising from member reported tonnages or adjustments for prior years' obligations and revenues resulting from compliance and enforcement activities are recognized when the amount can be reasonably estimated and collection is reasonably assured.

(d) Financial Instruments

Guaranteed investment certificates are valued at year-end quoted market prices. Realized and unrealized gains (losses) are recorded in the statement of operations. The Organization accounts for these investments on a settlement date basis and transaction costs associated with these investment activities are included in the statement of operations. These investments have been presented according to their contractual maturity dates.

Unless otherwise noted, the Organization initially measures its financial assets and liabilities at fair value and subsequently measures its financial assets and liabilities at amortized cost.

(e) Capital Assets

Property, plant and equipment is recorded at cost less accumulated amortization and is amortized on the following basis:

Furniture - 5 years straight line

Multi-Material BC Society Notes to Financial Statements

December 31, 2014

1. Significant Accounting Policies - (Continued)

(f) Impairment of Long-Lived Assets

When a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounting estimates include estimates of unreported tonnages and collectability of steward fees, accrued post collection costs and the valuation of accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Investments

Guaranteed investment certificates bear interest at 1.25% and mature between April 2015 and May 2015. The accrued interest for the year ended December 31, 2014 amounted to \$210,788 which is included in investment income.

3. Accounts and Other Receivables

	2014	2013
Fee revenue	\$ 2,796,541	\$ -
Outstanding credits for indexed value of commodities processed, net	4,305,307	-
Other	787,524	-
	\$ 7,889,372	\$ -

Multi-Material BC Society Notes to Financial Statements

December 31, 2014

4. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture	\$ 43,784	\$ 8,757	\$ -	\$ -
Net carrying amount		\$ 35,027		\$ -

5. Due to CSSA and Related Party Transactions

Effective June 2013, the Organization entered into a 5 year Management Service Agreement with Canadian Stewardship Services Alliance Inc. ("CSSA") for management services including administrative and technical support, other services and facilities for administrative, technical and reporting activities. During the year, charges totaling \$5,530,016 (2013 - \$Nil) were paid to CSSA pursuant to this contract, which includes reimbursement of costs paid by CSSA on behalf of the Organization.

During 2013 and 2014, CSSA provided the Organization access to funds to finance start-up and Program Plan implementation activities. Interest was charged on monthly balances outstanding. During the year, interest expense totaling \$170,618 (2013 - \$Nil) was paid to CSSA. The amounts due to CSSA at year end are non-interest bearing and due on demand.

The Organization's board of directors are all members of the CSSA board of directors; therefore, the CSSA board of directors has control over the Organization.

6. Internally Restricted Net Assets

During the year, the Organization internally restricted \$20,000,000 as an Operating Reserve to provide for an appropriate level of working capital and to satisfy all of its obligations for a reasonable period of time.

7. Material Management Costs

Material management costs include all costs related to the collection, transportation and processing of materials managed through the program, net of credits for indexed value of commodities processed.

Multi-Material BC Society Notes to Financial Statements

December 31, 2014

8. Program Development and Start-up

Program development and start-up costs incorporate all costs incurred in relation to the research, writing, consultation and implementation of a program plan once that plan is approved. These costs include costs to engage stakeholders, identify and manage stewards through reporting, development and implementation of a service provider network, development and implementation of systems and business processes, development of governance framework and the opening of an office and associated office and staff costs.

9. Commitments

Under the terms of a realty lease agreement, the Organization is committed to pay basic rent approximately as follows:

2015	\$ 45,400
2016	45,400
2017	47,700
2018	48,100
2019	<u>8,000</u>
	<u>\$ 194,600</u>

10. Financial Instrument Risk Exposure and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. A brief description of management's assessments of these risks is as follows:

(a) General Objectives, Policies and Processes:

The Board and management are responsible for the determination of the Organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Organization measures and monitors risk through preparation and review of monthly reports by management.

(b) Credit Risk:

Financial instruments potentially exposed to credit risk include cash, investments, and accounts and other receivables. Management considers its exposure to credit risk over cash to be remote as the Organization holds cash deposits at a major Canadian bank. Management considers its exposure to credit risk over investments to be remote as the Organization invests in guaranteed investment certificates. Accounts and other receivables are monitored regularly for collections and the carrying amount represents the maximum credit risk exposure. The Organization's provision for uncollectable account receivables is \$Nil.

Multi-Material BC Society Notes to Financial Statements

December 31, 2014

10. Financial Instrument Risk Exposure and Management - (Continued)

(c) Interest Rate Risk:

The Organization is exposed to interest rate risk from fluctuations in interest rates depending on prevailing rates at renewal of fixed income investments. To manage this exposure, the Organization invests only in fixed income securities (guaranteed investment certificates).

(d) Liquidity Risk:

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they come due. The program operated by the Organization carries risks in the ability to forecast and control expenditures. Management has taken steps to ensure that the program will have sufficient working capital available to meet obligations if it is unable to cover from program revenues in the short term.

Plan Performance

The table below summarizes MMBC's 2014 performance against its Packaging and Printed Paper Stewardship Plan.

PLAN PERFORMANCE		
Plan Target	2014 Results	Strategies for Improvement
1. Maintain at a minimum the overall provincial collection rate of 208,700 tonnes (130,400 tonnes for 7.5 months).	MMBC collected 116,457 tonnes of material from May 19 to December 31, 2014, which on a kg per household basis is in alignment with the pre-launch collection performance for the communities in which it operates.	MMBC will add more communities as more stewards join the program.
2a. Maintain at a minimum single family and multifamily household service levels where these households currently receive packaging and printed paper collection.	859,000 single-family households and 381,000 multi-family households received collection services from MMBC. The adjusted targets (less local governments that are not participating) are 793,000 single-family households and 364,000 multi-family households.	MMBC has plans to add over 20 additional depots in 2015.
2b. Provide curbside collection of packaging and printed paper to the approximately 102,000 households currently receiving garbage collection service.	MMBC provided curbside collection of packaging and printed paper to 38,000 households previously only receiving curbside garbage collection service through both RFPs and service via local governments/First Nations.	Local governments representing the remaining households either: i) failed to respond by the deadline; ii) indicated they prefer depot collection; or iii) the bid price received by MMBC was higher than MMBC's offer.

Plan Target	2014 Results	Strategies for Improvement
2c. Maintain depot collection of packaging and printed paper for the approximately 165,000 single-family households and the approximately 91,000 multi-family households without collection services.	MMBC's depots provide access to 454,000 households to which MMBC does not provide single-family or multi-family collection services. MMBC has no visibility to the households receiving collection services outside of its program.	MMBC has plans to add over 20 additional depots in 2015.
2d. Provide depot collection of packaging and printed paper for the approximately 17,000 multi-family households currently without depot collection service.	MMBC's depots provide access to 454,000 households to which MMBC does not provide single-family or multi-family collection services. MMBC has no visibility to the households receiving collection services outside of its program.	MMBC has plans to add over 20 additional depots in 2015.
2e. Implement streetscape pilot project.	MMBC completed a baseline study in preparation for a streetscape pilot in 2015.	In 2015, MMBC will undertake a streetscape pilot study.
3. Conduct resident awareness research.	MMBC carried out pre-program launch research in February 2014. Results showed recycling is an ingrained habit in around 97% of people, and that 61% of respondents said curbside recycling was the main driver of their recycling behaviour.	MMBC intends to embark on new consumer research in 2015 and will measure awareness of the program and benchmark it against the February 2014 findings.

Plan Target	2014 Results	Strategies for Improvement
4a. Target packaging and printed paper for which recycling end-markets exist for collection.	MMBC uses promotion and education materials today, to encourage residents to make use of MMBC's collection services to recycle all designated packaging and printed paper material for which sustainable and/or commercially viable recycling end-markets exist.	MMBC will continue to provide promotion and education materials to educate residents on the materials accepted in its program.
4b. Direct 85% to 90% of collected packaging and printed paper to recycling commodity markets.	In 2014, 96,926 tonnes of MMBC's material were shipped to recycling end markets and 6,794 tonnes were sent for disposal. 93.45% of materials shipped were delivered to recycling end markets.	MMBC closely monitors the materials directed to recycling commodity markets to ensure high recycling performance.
5. Conduct research and develop a data tracking and modelling system for greenhouse gas emissions (GHG).	MMBC is responsible for completing its research and development of a data tracking and modeling system for greenhouse gas emissions by the end of 2016. No work was completed on this initiative during 2014.	MMBC will complete research and development of a data tracking and modelling system for greenhouse gas emissions by December 31, 2016.

Appendices / Additional Information and Third-Party Assurance

OPERATIONAL EFFECTIVENESS INDICATORS

Kilograms per capita of material recycled and recovered for the province

material recycled per capita 22.90 kg

OPERATIONAL EFFICIENCY INDICATORS

Total program cost (net) per tonne recovered \$ 394.48

Total program cost per household \$ 27.12



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