

WINTER 2021

CHECK YOUR PRODUCTS LIST!

NEW! Changes to the New Brunswick Beverage Containers Program

YOU CAN NOW RETURN THESE CONTAINERS AT YOUR LOCAL REDEMPTION CENTRE FOR A REFUND

TO RECYCLE THESE CONTAINERS, CHECK WITH YOUR REGIONAL SERVICE COMMISSION'S WASTE MANAGEMENT PROGRAM

<p>✓ Deposit paid = Refundable</p> <p>BEVERAGES WITH DAIRY</p> <p>ON THE LABEL:</p> <ul style="list-style-type: none"> Beverage container label WILL be listed among the ingredients. BUT the beverage is NOT LABELLED as MILK. 	<p>✗ No deposit paid = Non-refundable</p> <p>MILK</p> <p>ON THE LABEL:</p> <ul style="list-style-type: none"> Cow's milk: ultra-filtered, low-fat/very lightly sweetened (1%, 2%), whole/whole-gate (3.25%) Skat milk Can be flavoured (e.g., chocolate, strawberry, banana, etc.)
<p>FORTIFIED PLANT-BASED BEVERAGES NOT A SOURCE OF PROTEIN & UNFORTIFIED PLANT-BASED BEVERAGES</p> <p>ON THE LABEL:</p> <ul style="list-style-type: none"> Fortified plant-based beverages: SHOULD ALSO LABELLED as "NOT A SOURCE OF PROTEIN" All plant-based beverages which are NOT FORTIFIED. 	<p>FORTIFIED PLANT-BASED BEVERAGES SOURCE OF PROTEIN</p> <p>ON THE LABEL:</p> <ul style="list-style-type: none"> Fortified plant-based beverages considered a source of protein. Must be labelled as "Fortified" Must not have the words "Not a source of protein" on label.
<p>SPORT DRINKS</p> <p>ON THE LABEL:</p> <ul style="list-style-type: none"> Protein drinks, electrolyte beverages and other similar beverages NOT LABELLED as "Meal Replacement" or a "FORMULATED LIQUID DIET" 	<p>MEAL REPLACEMENTS & FORMULATED LIQUID DIETS</p> <p>ON THE LABEL:</p> <ul style="list-style-type: none"> Beverages labelled as a "Meal Replacement" Beverages labelled as a "Formulated Liquid Diet"

DEPOSIT-BEARING BEVERAGE CONTAINERS IN N.B.
Out of province containers are not subject to refunds.

Distributors are responsible for ensuring their beverage products properly account for the deposit if they are included in the New Brunswick Beverage Containers Program. If not already done so, we highly recommend reviewing your entire non-alcoholic beverage product list to ensure compliance with the program (registration as well as remittance of deposits) – especially as it pertains to the changes which took effect last year on April 1, 2020 (beverages with dairy, certain plant-based beverages, and certain sport/nutrition type drinks are now subject to a deposit). We have tools to assist you on our website (encorpatl.ca) in the "Distributors" menu—look under the "Which Beverage Products Are Deposit-Bearing?" section on the "Registering & Selling Beverage Products in NB" page.

ENCORP IS COMMITTED TO IMPROVING THE BEVERAGE CONTAINERS PROGRAM

Beverage product consumers can be categorized into two groups: those who return/redeem their deposit-bearing beverage containers and those who do not. Both groups pay the deposit at retail, but, unfortunately, not all consumers go through the effort of returning their used beverage containers (UBCs) to a redemption centre (RC). While sales of deposit-bearing containers in the province have increased by 15.1% over the past 5 years (2015–2020), redeemed unit volumes have only increased by 8.5%.

To increase UBC recovery rates, we must understand what motivates consumers to redeem or not redeem their deposit-bearing beverage containers. Encorp has thus been conducting consumer research over the past few months to get up-to-date information on their perceptions of the New Brunswick Beverage Containers Program (BCP). Consumers are clear about expectations; "It's not just about the experience; it's also about location, convenience and access."

After a most challenging year, we know that the time has come to bring about transformative changes and improvements to the BCP. The challenge is achieving a sustainable model with a holistic view of stakeholders' needs, while embracing available technologies benefitting consumers. One overarching theme that must be part of a revamped recycling program is that it needs to be consumer-focused.

Stakeholders involved in the BCP collectively possess the knowledge to make the New Brunswick model a better industry managed stewardship program and build a world class recycling program that all New Brunswickers deserve. We are happy to report that a collaborative process initiated this past fall by Encorp with stakeholders regarding setting operational standards and guidelines for RCs is continuing this year and leading to very fruitful discussions on improving many aspects of the program which have enormous potential to benefit RC operators and beverage consumers alike.

We at Encorp start 2021 even more committed to maintaining a leadership role in bringing about program changes for the management of post-consumer beverage containers in New Brunswick. We are setting ambitious targets for increasing UBC recovery rates. We are leading discussions on the modernization and branding of UBC collection points and we are on the cusp of being able to roll out various technology initiatives in RCs across the province. We have a timely opportunity to demonstrate leadership and to work with all stakeholders to propel the aging New Brunswick program to new heights and performance levels.



Take note that, if you need assistance, our staff is available to check your product list for accuracy. If you would like us to do an extensive review, please send us the list of all non-alcoholic beverages for

sale in your stores (Excel format), and we will verify if you are charging deposits properly. Submit your list to Colette Boucher at colette@encorpatl.ca.

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▶ RE-MOBILE

Our new “Re-Mobile” concept will be put to the test this year! The idea behind this innovative concept is that such trailers will be available to redemption centres (RCs) across New Brunswick to lend to schools, not-for-profit organizations, and community groups to support fundraising efforts. The Re-Mobile trailer is meant to be parked at a school, community centre or other accessible location chosen by the organization in charge of the fundraiser, for a certain number of weeks, and then brought - once full - to the participating redemption centre. Re-360 boxes are also provided with each trailer so that local area residents who want to support a particular fundraiser by donating their used beverage containers can collect their containers at home and drop them off in the Re-Mobile without having to rely on single-use plastic bags.



▶ TAXABLE VS. NON-TAXABLE

We often receive inquiries from distributors regarding applying New Brunswick's HST to deposits.

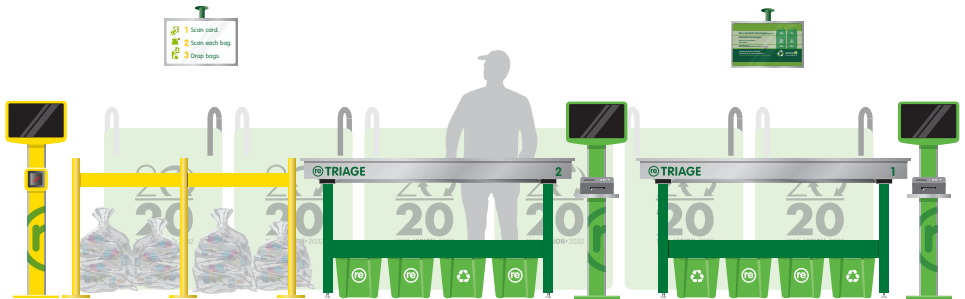
Under the provincially legislated “half-back” system in New Brunswick, a tax-inclusive deposit of 10¢ is imposed on containers for non-alcoholic beverages but only half this amount, or 5¢, is given back to a consumer on the return of the container.

Only the refundable 5¢ portion of the deposit is excluded from the tax base while the other 5¢ that is not refunded to the consumer is subject to tax on the same basis as the beverage.

You can access the Canada Revenue Agency's Info Sheet on taxable and zero-rated beverages to learn more about which products are taxable and which are zero-rated. Visit the “Registering & Selling Beverage Products in NB” page under the “Distributors” menu of our website (encorpatl.ca). Click on the link to the CRA site, “Beverages GST/ HST Info Sheet”.

▶ POINT-OF-SALE SYSTEM (ENSYS-CONNEX)

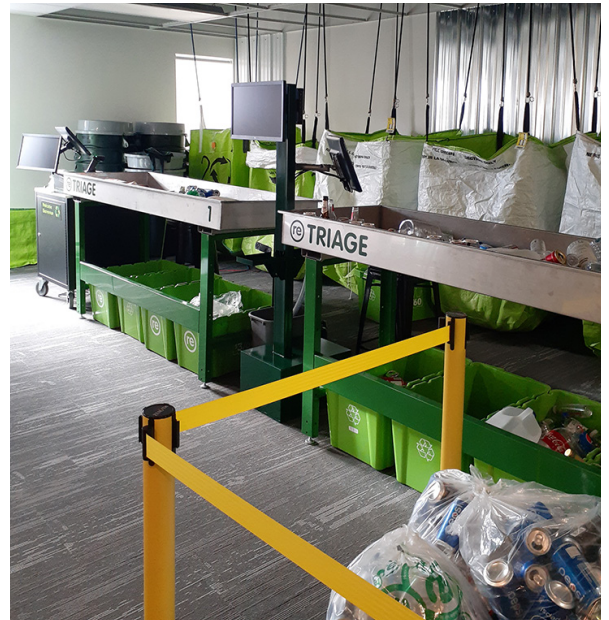
We are excited to start the field-testing phase of our much-awaited Point-of-Sale (POS) system (known as *EnSys-Connex*) with two redemption centres (RCs) starting this March. The provincial roll out is scheduled to take place once the field-testing is complete, commencing in early 2022. The development and deployment of EnSys-Connex is part of our investment in the modernization of the Beverage Containers Program.



EnSys-Connex is an auditable system which enables payment for container counts with full traceability back to the original customer transaction. While the data generated by EnSys-Connex will be managed by Encorp to facilitate pick-ups and payments, RC operators will have full access to data pertaining to their centre. Customers will be able to see their container counts live on the terminal screen and offered a receipt. RCs will also be offered free high-quality count/sort tables along with their EnSys-Connex equipment— giving their customer service area an instant facelift/more modern look and feel. Most exciting of all, EnSys-Connex will eventually give all RCs across the province the ability to process bag drop containers, thus making a provincial drop & go network for beverage container recycling possible in New Brunswick!

In anticipation of the 2022 provincial roll-out of this new technology tool, we have a fully operational demonstration site in our office with a terminal, cash-out station, and sorting tables, and we will be inviting RC operators to come view this demonstration site to see EnSys-Connex in action and talk about its benefits.

Our staff celebrated the end of 2020 with a contest to see which one of us could sort, count, and process a transaction the fastest! We were thrilled to see that the user-friendly interface allowed each staff member to achieve excellent accuracy – with the record holder being able to count and sort two large bags of empty beverage containers in under two minutes. We are sure that RC staff, with their many years of experience, will beat our staff record in no time once EnSys-Connex is installed in their facility.



To avoid the complexity of all retailers having to determine the amount of tax for the non-refundable portion of the deposit to calculate their input tax credits and remittances, special rules apply having the effect of requiring only the first supplier in the distribution chain who imposes

the deposit to account for and remit tax on the taxable non-refundable portion of the deposit.

We encourage each distributor to seek professional advice when in doubt of the taxability or non-taxability of the beverage/container.