

2012 Sustainability Report



ALBERTA BEVERAGE CONTAINER
RECYCLING CORPORATION

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Program Highlights

ABCRC thanks all Albertans who made the choice to recycle their empties and help protect the environment in 2012.

In 2012, Alberta Beverage Container Recycling Corporation:

- Processed an all time high of 1,813,542,171 non-refillable beverage containers, an increase of 3.5% from 2011
- Contributed to an 81.7% province-wide Return Rate for non-refillable beverage containers, the highest rate reported by a stewardship organization in Canada *(source: Canadian Container Stewardship Bureau)*
- Re-directed over 92,819,200 kg of material away from landfills and into a useful future
- Saved 689,395,704 KW of energy – the equivalent annual energy consumption of 95,457 Alberta households – by returning recycled material to markets and avoiding the demand for raw materials
- Eliminated 195,738.42 tonnes of CO₂ eq emissions associated with production of goods from raw materials
- Through grant programs, added over 37,000 pieces of new recycling infrastructure to Alberta's communities
- Reduced industry's environmental footprint by 135,000 kg of eCO₂ emissions, with the introduction of new shipping containers that eliminated 250,000 km of heavy truck transportation demand
- Improved the speed of beverage container processing at ABCRC's plants by 16% from 2011
- Continued to work safely, with another year of no Lost Time Claims at our Edmonton plant
- Earned a 93% moderate to high approval rating from depot operators surveyed about their satisfaction with ABCRC services
- Employed 128 full time equivalent positions
- Generated a total distributed economic value of over \$100 million
- Invested in the future with the purchase of a new Calgary centre of operations



Organizational Profile

We've been busy recycling billions of beverage containers.

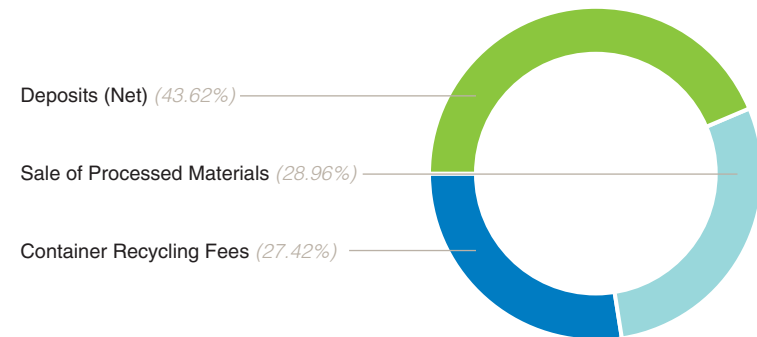
Alberta Beverage Container Recycling Corporation (ABCRC) is responsible for the collection and subsequent recycling of over 50,000 different regulated non-refillable beverage containers sold in Alberta. During 2012, this involved transporting and processing over 1.8 billion containers from more than 200 independently owned drop-off depots located throughout Alberta.

ABCRC operates with not for profit provisions as the agent for beverage manufacturers whose products are regulated for sale in Alberta. ABCRC does not receive any funding from government sources.

ABCRC is an example of an Extended Producer Responsibility organization, and is proud to have helped Albertans achieve the highest Return Rate for regulated non-refillable beverage containers in Canada during 2012.

(source: Canadian Container Stewardship Bureau)

Revenues By Source



ABCRC transported and processed over 1,800,000,000 containers in 2012.

Non-Refillable Containers Recycled By Type/Materials

Material	Recycling	% of Sold Containers	% of Recovered Containers	Return Rate	Tonnes Diverted
Aluminum	<ul style="list-style-type: none"> Recycled back into aluminum cans 95 – 99 % of weight shipped is recycled, with the remainder being moisture and contaminants 	46.4%	49.7%	87.7%	12,426.3
Polyethylene Terephthalate (PET) – Clear	<ul style="list-style-type: none"> Recycled into pellets for use in manufacture of new food grade and non-food grade bottles 80+% recycled with less than 20% being sub-standard material or contaminants 	33.5%	31.3%	76.3%	18,351.2
Hi-Density Polyethylene (HDPE)	<ul style="list-style-type: none"> Recycled into pellets for use in manufacture of new non-food bottles 				
Polyethylene Terephthalate (PET) – Green Other Plastics	<ul style="list-style-type: none"> 80+% recycled with less than 20% being sub-standard material or contaminants 				
Glass	<ul style="list-style-type: none"> Manufacture of fiberglass insulation by Owens Corning or Johns Mannville 95% recycled with 5% waste including caps, corks and dust. 	8.4%	9.3%	90.5%	56,832.7
Tetra Brik	<ul style="list-style-type: none"> Fibre extracted and used in the manufacture of paper products Residual aluminum and plastics – undetermined at this time but potential fuel for gasification (energy recovery) 80% by weight recycled. 	6.2%	5.1%	67.9%	1,785.5
Gable Top	<ul style="list-style-type: none"> Fibre extracted and used in the manufacture of paper products 80% by weight recycled. 	4.5%	3.7%	66.4%	2,866.3
Drink Pouches Bag-In-A-Box (bladders)	<ul style="list-style-type: none"> Energy recovery through gasification (incineration) due to low volumes and scarce end markets. Boxes from Bag-In-A-Box are recycled as OCC 	0.7%	0.6%	64.9%	232.3
Bi-Metal	<ul style="list-style-type: none"> Smelted down for recycling into construction re-bar, car parts, and grinding rods for mining 95% of weight is recycled with 5% contaminants or moisture. 	0.3%	0.3%	78.8%	325.0
Ceramics Aerosol Containers	<ul style="list-style-type: none"> No viable recycling markets for this material Ceramics pre-date regulatory requirement for recycling 0 aerosol containers in 2012 504 ceramic bottles in 2012 	0.0%	0.0%	0.0%	<0.0

ABCRC is proud to have helped Albertans achieve an 81.7% Return Rate during 2012.

Read More About ABCRC:

NAME OF ORGANIZATION – SD 2.1

Alberta Beverage Container Recycling Corporation

PRIMARY SERVICES – SD 2.2

ABCRC is a provincially incorporated product stewardship corporation required by regulation to be the agent of manufacturers and operating with not for profit provisions. Our mandate is to be the agent for the beverage manufacturers to operate a common collection system for registered containers; to be responsible for recycling beverage containers; comply with regulation and Beverage Container Management Board (BCMB) bylaws; and to promote the economic and efficient collection of beverage containers. Our board of directors consists of representatives of beverage manufacturers.

ABCRC is responsible for the collection of non-refillable beverage containers from independently owned drop-off depots located in over 200 communities around Alberta. ABCRC outsourced 100% of transportation services to facilitate this collection system, and relies on regional processors located in Red Deer and Lethbridge for 9.2% of total annual processing capacity. The remainder of processing activity is completed in

ABCRC-operated facilities located in Edmonton and Calgary.

OPERATIONAL STRUCTURE – SD 2.3

ABCRC is incorporated in the Province of Alberta and operates two processing facilities for the purpose of collecting and processing used non-refillable beverage containers. The corporate head office is attached to the processing facility in Calgary, Alberta. The second processing facility operates in Edmonton, Alberta.

LOCATION OF HEADQUARTERS

– SD 2.4

3617 Ogden Road SE, Calgary Alberta

GEOGRAPHIC SCOPE – SD 2.5

ABCRC operates solely within the province of Alberta, Canada.

NATURE OF OWNERSHIP &

LEGAL FORM – SD 2.6

ABCRC is organized as the agent of beverage manufacturers for the purpose of operating the common collection system for recovery and recycling of used non-refillable beverage containers sold in Alberta in order to comply with the requirements of the Beverage Container Recycling Regulation under the Environmental Protection and Enhancement Act (Alberta).

ABCRC is duly incorporated and organized under the Business Corporations Act (Alberta), with an authorized share capital (i) an unlimited number of Class “A” Shares without nominal or par value (without dividend rights) and (ii) an unlimited number of Class “B” shares without nominal or par value (without voting rights, with dividend rights) and may be issued only with the unanimous consent of the holders of the Class A Shares. There are presently 900 Class “A” shares issued and outstanding. No Class B Shares have been issued. Shareholders are beverage manufacturers or classes of beverage manufactures. ABCRC operates on a not for profit basis.

MARKETS SERVED – SD 2.7

ABCRC's serves Alberta's non-refillable beverage container recycling market, by collecting the containers returned by Albertans to independently owned depots throughout the province.

ABCRC operates on a not for profit basis.

SCALE OF THE REPORTING ORGANIZATION – SD 2.8

ABCRC, operating solely within the Province of Alberta, employed 128 full-time equivalent employees in its operations in 2012.

ABCRC processed 1,813,542,171 non-refillable beverage containers in 2012, and generated \$101,874 million in revenues through unredeemed deposits, container recycling fees and operating revenues, primarily from the sale of processed containers being sold into recycling markets.

ABCRC's capitalization (in thousands) as of December 31, 2012 was:

Debt (including capital leases)	\$ 50,927.2
Share Capital and Net Assets	\$ 21,432.2
ABCRC's Total Capitalization	\$ 72,359.4

ABCRC'S Shareholders:

CANADIAN BEVERAGE ASSOCIATION	300 CLASS "A" SHARES
COTT CORPORATION	100 CLASS "A" SHARES
ALBERTA BEVERAGE COUNCIL LTD.	200 CLASS "A" SHARES
ALBERTA DAIRY COUNCIL	100 CLASS "A" SHARES
ALBERTA BEER CONTAINER CORPORATION	200 CLASS "A" SHARES

Please refer to the Audited Financial Statements in the Appendix of this Report for more information.

SIGNIFICANT CHANGES – SD 2.9

There were no significant changes in the nature of ABCRC's operations during 2012. There was a temporary 5-day closure of the Calgary plant and head office due to a fire at a neighbouring business that did not significantly impact the ongoing operation beyond the term of the 5-day closure.

In fall of 2012, ABCRC acquired a building in Calgary for a purchase price of \$10.25 million, of which \$7.6 million was paid for by a bank loan secured by a mortgage. The current Calgary operating facility and head office will relocate to the new building in late 2013.

There was no change in the share capital structure.



Another first for ABCRC

The 2012 Sustainability Report marks a new approach for ABCRC in how we measure performance. We've replaced our traditional annual report format with sustainability reporting, and as a result gained the ability to examine how our choices over the past year impacted the environment, communities and the economy. We believe the resulting report is a better reflection of the values held by ABCRC, and the high expectations of Albertans today.

As an Extended Producer Responsibility organization, we have chosen to prepare our report in keeping with the principles and guidelines set out in *"Performance Measurement and Reporting for Extended Producer Responsibility Programs"* (Issued by Environment Canada, Stratos Inc., October 2007). Additionally, where applicable we have provided references to specific "performance indicators" set out by the internationally-recognized Global Reporting Initiative (GRI) in accordance with its G3.0 Sustainability Reporting Guidelines. The indicators are accompanied by an alphanumeric code (i.e. EC 1, EN 3, LA 7, PR 6) and are further explained in the Appendix or by visiting globalreporting.org. ABCRC intends that this report complies with the C-level Application Level set by GRI though external assurance will not be pursued.

Our shift to sustainability reporting has challenged us to ask tougher questions, work harder to gather data from across our organization and actively engage stakeholders in order to better benchmark and communicate ABCRC's performance. And becoming better is a challenge we embrace.

Report Profile

Becoming better is a challenge we embrace.

Read more about ABCRC's 2012 Sustainability Report:

REPORTING PERIOD – SD 3.1

ABCRC's sustainability report is limited in scope to performance occurring January 1 – December 31, 2012.

DATE OF PREVIOUS REPORT – SD 3.2

This is our first sustainability report. Our 2011 performance report was presented in the form of an annual report, issued in June of 2012. To view this report, visit abcrc.com/about/communications/annual-reports.

REPORTING CYCLE – SD 3.3

ABCRC intends to report on an annual cycle.

CONTACT PERSON – SD 3.4

Alexis MacKenzie, Vice President Communications & Marketing is the contact person for questions regarding this report. T: (403) 264-0176 or E: amackenzie@abcrc.com

PROCESS FOR DEFINING REPORT CONTENT – SD 3.5

In defining report contents, ABCRC used the *Performance Measurement and Reporting for Extended Producer Responsibility Programs* (Environment Canada, Environmental Stewardship Branch, October 2007) as recommended by Alberta Environment and Sustainable Resource Development. This document was used in conjunction with the principles outlined in the *Guidance For Defining Report Content* of the Global Reporting Initiative's Sustainability Reporting Guidelines. The principles were applied by ABCRC's senior management team with oversight provided by ABCRC's board of directors and legal counsel. A peer review of the report content was conducted by a representative from Alberta Environment and Sustainable Resource Development, identified by ABCRC as a key stakeholder for the report.

BOUNDARY OF REPORT – SD 3.6

The report includes all entities over which ABCRC exercises control and that generate significant sustainability impacts. In 2012, this included a leased processing facility in Edmonton and a leased processing/Head Office facility in Calgary. Where applicable, operational performance data is also reported for a facility in Calgary that was purchased in October of 2012 but remained unoccupied for the balance of the reporting period. ABCRC also considers its organizational boundary to include the distance traveled by our transportation suppliers while serving the depot network, who are wholly independent of ABCRC but significant to overall organizational performance.

LIMITATIONS OF SCOPE – SD 3.7

This inaugural sustainability report is, in most cases, limited to the presentation of 2012 data. It is anticipated that in future reports ABCRC will begin showing data in the context of year over year comparisons, which will better enable the assessment of progress over time.

Our shift to sustainability reporting has challenged us to ask tougher questions, work harder and actively engage stakeholders.

BASIS FOR REPORTING JOINT VENTURES, LEASED FACILITIES, OUTSOURCED OPERATIONS – SD 3.8

ABCRC was not engaged in any joint ventures in the fiscal period ending December 31st, 2012. ABCRC did engage four third party processors, under contract, in the fiscal period ending December 31st, 2012. Reporting is limited to contract costs, included as part of the operating costs under “Processing” in our Audited Financial Statements.

The BCMB, a delegated administrative organization, is an industry-funded board establishing a per container levy to generate the majority of its operating revenues. Funds provided to the BCMB by ABCRC on behalf of manufacturers are also reported in our Audited Financial Statements.

RE-STATEMENTS FROM PREVIOUS REPORTS – SD 3.10

ABCRC does not have any re-statements to provide from previous reports.

SIGNIFICANT CHANGES FROM PREVIOUS REPORTS – SD 3.11

ABCRC does not have any significant changes from previous reports to disclose.

ASSURANCE – SD 3.13

ABCRC has self-declared that this report complies with the C-Level Application defined by G3.0 Sustainability Reporting Guidelines as set out by the Global Reporting Initiative. More information about GRI and Application levels can be found at globalreporting.org. ABCRC will not seek external assurance for this report.



Vision & Strategy

We're up for the challenge.

Mission

To collect and recycle beverage containers

Vision

ABCRC will be a leading producer responsibility organization that is strategically focused on improving the efficiency and effectiveness of the Alberta deposit system

2012 Priorities

Corporate Governance: Seek opportunities to improve governance practices and risk management

Return Rate: Improve consumer participation in beverage container recycling

Stakeholder Relations: Actively engage, in a cooperative and collaborative manner, with key stakeholders

Financial Controls: Improve mechanisms for ensuring the continuous integrity of data

Sustainability Reporting: Develop and execute a plan to achieve improved sustainability reporting consistent with Extended Producer Responsibility (EPR) principles

Operational Efficiency: Increase efficiency of operational performance

Message from the Board of Directors



Ken White

Chair – ABCRC, Board of Directors

As the first sustainability report in ABCRC’s history, this document marks a shift from our traditional annual report toward a way of measuring performance that equally considers the environment, society and economy. Though the report format is new, the way of thinking is one that has been long held by ABCRC and its leadership team. It’s a positive step to see our 2012 report to stakeholders keeping pace with ABCRC’s corporate values and the high expectations of Albertans today.

During the prior year, ABCRC reached a new personal best by processing a record 1.8 billion non-refillable beverage containers. As Albertans increased their per capita annual recycling rate in 2012, they continued to make ABCRC one of Canada’s busiest operators of a deposit-based beverage container recycling system. As a result of their efforts, Albertans can also celebrate the success of having diverted 92,819,200 kg of material from landfills and eliminating the creation of 195,738.42 tonnes of greenhouse gasses associated with production from raw materials. The energy saved in 2012 by sending recycled materials to market versus drawing on raw materials was an impressive 689,395,704 kwh – the equivalent annual energy consumption of 95,000 Albertan households.

Though we experienced continued growth in volume, our Return Rate for non-refillable containers finished at 81.7%. The rate is the highest reported by any beverage container stewardship organization in Canada, but lower than our prior year. Despite very strong performance leading up to the final months of 2012, a sharp increase in sales during the last quarter outpaced returns, in turn softening the overall result. ABCRC remains committed to our vision to be a leading extended producer responsibility organization, and will move the needle closer to our 85% target in 2013.

Over the years, we have come to know that securing growth in our system is not achieved through quick wins and simple choices. Sustainable growth, and winning increased participation from Albertans in the future, will be a process of relentless incrementalism. Through investment in research during 2012 we have learned that the greatest opportunity for improving our participation rates comes from industrial, commercial and institutional sectors as well as from multi-family homes. During our short and medium term future, we will pair the spirit of relentless incrementalism with the needs of these sectors. As we grow, we will also keep our focus on the efficiency of our system, looking to technology like compaction to help us reduce transportation demands

and our overall footprint. Collaborating with our industry affiliates across Canada, and our colleagues at the Alberta Bottle Depot Association (ABDA) and the BCMB will add value to this process and enable us to improve our systems.

We are challenged, as are all organizations, by the uncertainty of the global economy. Though we are fortunate to find Alberta’s economy relatively stable, ABCRC must consider the impact of economic flux on relevant members of our commodities markets and equipment suppliers. Closer to home, we are challenged to ensure our efforts to encourage recycling keep pace with dynamic factors such as population change and the need to innovate. As we respond to change, we will remain focused on continuous improvement and cooperation.

We’re up for it, and we know Albertans are too.

(signed)

Ken White

Chair – ABCRC, Board of Directors

Message from the President



Guy West

President – ABCRC

In looking back over 2012, the first thing that comes to mind when considering that ABCRC increased both our processing efficiency and the total number of containers we recycled over the year is the outstanding safety record preserved by our Edmonton plant staff. By processing another record-high number of containers while maintaining a no Lost Time Claims status, our team has demonstrated a level of expertise and care that I'm proud to say elevates ABCRC as an organization.

Our mission to collect and recycle non-refillable beverage containers continued to drive us forward throughout this very busy year. Thanks to the efforts of our operations team and transportation providers we continued to provide uninterrupted collection services to over 200 rural, urban and metro depots across Alberta. This service also extended through the five day evacuation of our Calgary head office and operations facility due to a fire at a neighbouring business.

This significant event triggered further diligence by ABCRC's management team in developing an improved Business Continuity Plan. The BCP has galvanized our learnings and established new processes to mitigate future risks.

Our commitment to collaborate with our stakeholders included the continued leadership of a Joint Marketing Committee and my active role in an Industry Leadership Committee. Similarly, ABCRC's involvement at the BCMB's regional depot operator meetings and the ABDA's Annual Conference continued to reinforce ABCRC's respect for, and cooperation with, our colleagues. Further, ABCRC launched a "Depot Care" program in 2012 to proactively manage inventory needs and emerging issues at Alberta's depots. This new program demonstrates our commitment to continually improving our level of service to depot operators.

The final months of 2012 were perhaps the year's most exciting for our board, staff and executive team, as we completed an historic transaction with the purchase of a new operations facility. In 2013, we will relocate our Calgary head office and plant from our current, aged leased premises into a more effective and conveniently located facility in the north east part of the city. ABCRC is pleased to show its commitment to Albertans, staff and industry through our investment in this improved centre of operations.

On behalf of the management and staff of ABCRC, we extend our thanks to our industry partners and all Albertans for an excellent year. We look forward to creating more positive impact for our environment, society and the economy in the year to come.

(signed)

Guy West

President – ABCRC



Protecting the environment, one container at a time.

ABCRC is a provincially incorporated product stewardship corporation. Our mandate is to be the agent for beverage manufacturers to operate the common collection system for registered non-refillable containers; be responsible for recycling beverage containers; comply with regulation and BCMB bylaws; and to promote the economic and efficient collection of beverage containers.

Our board of directors consists of representatives of beverage manufacturers, two of whom pursued formal director training through the Institute of Corporate Directors during the past year. The board is comprised of representatives from our shareholders and the Alberta Gaming and Liquor Commission. Each director's time and talents are donated to ABCRC. Our board links governance and management through ABCRC's President, who is in turn supported by the Vice-President of Finance & IT, Vice-President of Operations and Vice-President of Communications & Marketing together with their teams.

Board Expenses Compensated by ABCRC

Board Expense	Amount
Travel and Accommodation	\$ 17,732
Education	\$ 3,238
Total	\$ 20,970

Governance

Our board consists of representatives of beverage manufacturers.

ABCRC Board of Directors (Top, left to right)

Brian Miller Lucerne Foods, **John Challinor II** Nestle Waters Canada, **Cheryl McLaughlin** Cott Corporation, **Ken White (Chair)** Coca-Cola Refreshments Canada, **Robert Turner, QC (Corporate Secretary)** Denton's, **Fran Spenrath (Vice-Chair)** Alberta Gaming & Liquor Commission, **Brian Zeiler Kligman** Canada's National Brewers, **Trevor Koley** Lassonde Western Canada, **Neil Antymis (Treasurer)** The Pepsi Bottling Group (CAD) Ltd. Not pictured: **Bryan Cox** Canada's National Brewers, **Brad Ryder** Coca-Cola Refreshments Canada, **Erika Mozes** Coca-Cola Refreshments Canada

ABCRC Executive Team (Bottom, left to right)

Alexis MacKenzie, VP Communications & Marketing, **Colin Carter**, VP Operations, **Guy West**, President, **Daniel Gaetano**, VP Finance & IT



The origins of ABCRC date back to the 1970's when the single-serve containers of the time had led to a litter problem. As a result, the Beverage Container Recycling Regulation was created in 1972, and incorporated a series of regulations requiring beverage manufacturers to be responsible for their empty containers.

In 1993, the government consolidated a number of pieces of legislation into the Environmental Protection and Enhancement Act. This consolidation also led to the creation of a number of Regulations, including the Beverage Container Recycling Regulation. This regulation required beverage manufacturers using non-refillable beverage containers to appoint a common collection agent to operate the common collection system. This led to the creation of ABCRC as the collection system agent.

Together with the BCMB (as the Government of Alberta's Delegated Administrative Organization), ABCRC and the ABDA are responsible for collection and processing of used non-refillable beverage containers. There are over 200 independently owned depots throughout the province, which refund deposits to consumers who return empty non-refillable beverage containers.

Containers are sorted by the depots based on size, material and colour and prepared for shipment. ABCRC is responsible for the transportation, processing and recycling of used non-refillable beverage containers.

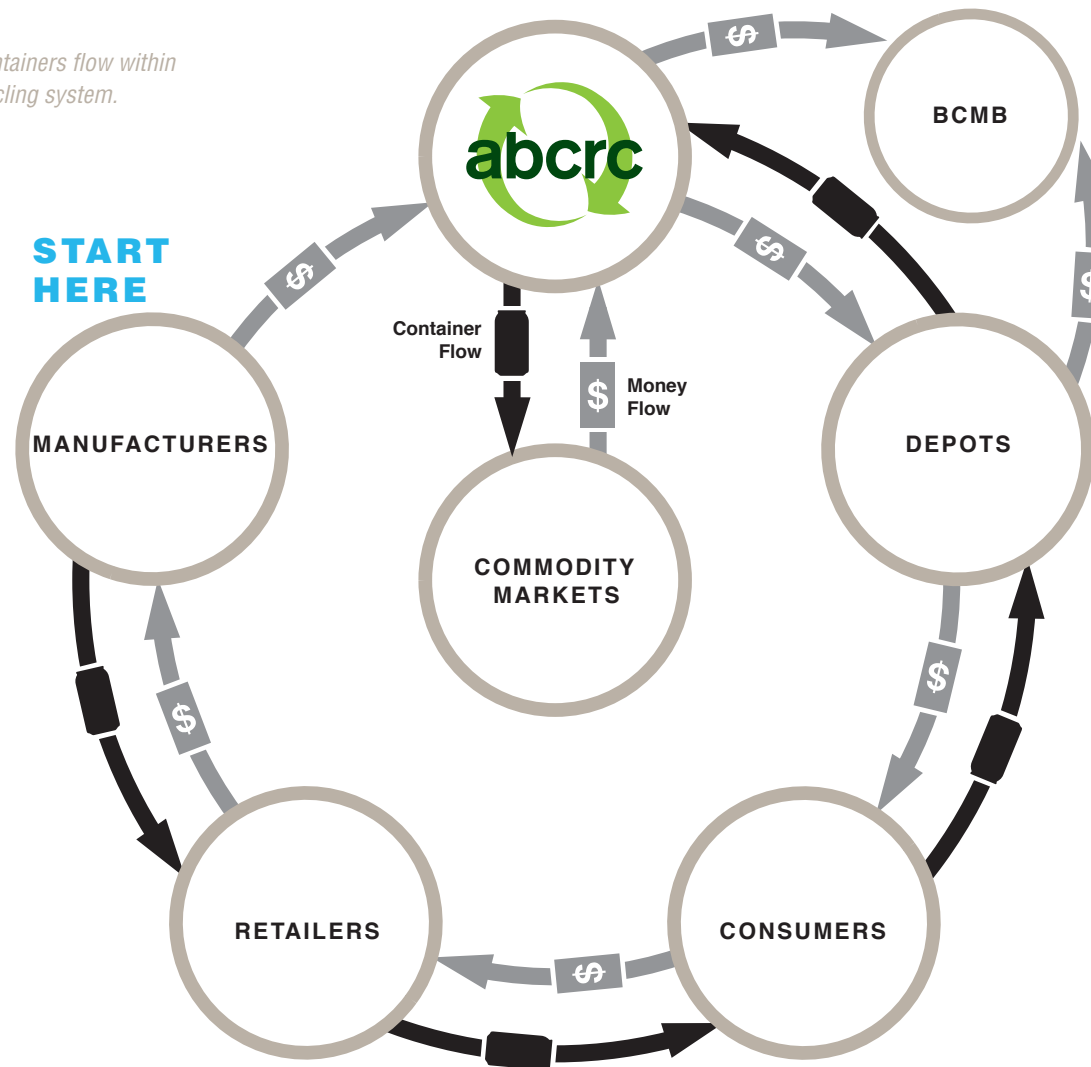
ABCRC operates on the basis of several guiding principles:

- Ensure high standards of transparency and accountability;
- Promote and encourage beverage container recovery;
- Ensure each container type (material/size) is self-funding;
- Minimize the cost of beverage container recycling;
- Strive for continuous improvement in operations;
- Maintain a safe and healthy environment for employees; and
- Provide a culture of honesty and integrity

ABCRC is responsible for the transportation, processing and recycling of used non-refillable beverage containers.

How the Money Flows

Arrows show how money and non-refillable containers flow within Alberta's non-refillable beverage container recycling system.



The time and talents of our directors are donated.

Read More about ABCRC's Governance structure and practices

GOVERNANCE STRUCTURE OF THE ORGANIZATION – SD 4.1

The Business Corporation Act (Alberta) provides that the board of directors shall manage or supervise the management of the business and affairs of ABCRC. ABCRC's board of directors is committed to following effective, transparent and accountable governance practices which are documented in the By-Laws, Governance Guidelines, Unanimous Shareholder Agreement, Code of Conduct & Ethics and specific Terms of Reference for Individual Directors, the Chairman and President. There are three board committees, including a Governance Committee, Audit Committee and Communications & Stakeholder Relations Committee. Each committee operates under board-approved terms of reference that are available on our website at abcrc.com/about/corporate-governance.

CHAIR'S ROLE AS EXECUTIVE OFFICER – SD 4.2

The Chair of ABCRC's board of directors is not an executive officer of ABCRC.

NUMBER OF INDEPENDENT/ NON-EXECUTIVE BOARD MEMBERS – SD 4.3

ABCRC's Articles provide that the board shall consist of not less than one nor more than 15 directors in total. The Unanimous Shareholder Agreement provides that the Shareholders shall cause to be elected from time to time a board that will consist of nominees of the Shareholders and of certain other persons. The Unanimous Shareholder Agreement provides that the board shall consist of 10 directors and shall be composed of 3 directors nominated by Canadian Beverage Association, one director nominated by Cott Corporation, one director nominated by Alberta Dairy Council, two directors nominated by Alberta Beverage Council Ltd, one director from the Alberta Gaming and Liquor Control Commission and two directors nominated by Alberta Beer Container Corporation.

All members of ABCRC's board are independent/non-executive, meaning they are not nor have they ever been members of ABCRC's operational management team.

MECHANISMS FOR SHAREHOLDERS AND EMPLOYEES TO PROVIDE RECOMMENDATIONS – SD 4.4

Under the Business Corporations Act (Alberta) a shareholder may submit to ABCRC notice of any matter related to the business or affairs of ABCRC that the shareholder proposes to raise at an annual meeting of shareholders and then discuss such matter at the meeting. Also under that same legislation, shareholders are entitled to attend shareholder meetings and express their views, subject to the discretion of the Chair. Board members also attend shareholder meetings and therefore hear the comments of shareholders expressed at the meetings. In the case of ABCRC the board members, in most cases, are also the representatives of the corporate shareholders who attend shareholder meetings.



We set ourselves to a higher standard.

In 2012, we managed our performance using a range of monitoring strategies, each intended to provide us with the information needed to proactively identify areas for improvement and to measure progress over time.

Quality Control

During each day of operation, ABCRC conducts quality control activities to verify the accuracy of container counts received from depots. These audits are supported by a computerized megabag selection system and the use of both manual and automated counting processes.

In 2012, ABCRC applied quality control audits to 30,219 megabags, or 1.93% of all megabags received. The results of these audits were used to calculate the median risk that ABCRC may have incurred either by not paying for containers actually received or by paying for containers that were not actually received. The median risk is calculated by multiplying the variance found to expected counts by the regulated costs (deposits, handling commissions and BCMB container levies) for each container and then expressed as a percentage of the total regulated costs for the audited materials. The results in 2012 showed a median risk of -0.56%, well within the industry's tolerance of +/- 2.5% variance.

Performance Management

ABCRC is committed to an effective health and safety program.

Health & Safety

ABCRC also has a formal Health and Safety Policy in place, which states:

“ Alberta Beverage Container Recycling Corporation (ABCRC) is committed to a strong health and safety program that protects our staff, general public, property and environment from accidents.

It is our belief that every employee is entitled to a safe work environment, free from any foreseeable hazards that may result in accidents, personal injury/illness, or property damage. In fulfilling this commitment to protect both people and property, we will provide and maintain a safe and healthy work environment.

Management will support the program's success by providing the necessary resources including proper safety equipment, safety training, and safe work procedures. Employees and the general public are expected to adhere to this policy and the safe work practices and procedures set forth by the company.

Our health and safety program will be developed in accordance with industry standards and best practices and will meet or exceed federal, provincial, and municipal legislative requirements.

Employees at every level, including management, are all equally responsible and accountable for ABCRC's overall safety initiatives. Complete and active participation by everyone, every day, in every job is necessary for safety excellence.

Our objective is an injury and accident free workplace. We can accomplish our goal through continuous application of best practices, loss control efforts, and dedicated teamwork. ”



During 2012, ABCRC employed a full-time Health & Safety Co-Coordinator, engaged in an external safety audit and maintained a Certificate of Recognition (COR) from the Workers Compensation Board – Alberta's Partnerships in Injury Reduction program.

ABCRC's Edmonton staff celebrate a safety milestone with two years of no lost time claims.

ABCRC is a strong proponent of research as a means of performance monitoring and strategic planning.

Performance Monitoring

ABCRC monitors many aspects of its operational performance on a daily, weekly and monthly basis. These reports are summarized and published by the executive team for review by the president and board of directors on a quarterly basis. ABCRC also reports to staff via an annual staff meeting, highlighting achievements and areas for improvement.

ABCRC shares performance data with the BCMB on a monthly basis related to Return Rates and quality control. Progress related to communications and marketing programs are shared on a bi-monthly basis, while reports on ABCRC's timeliness of payments to depots are provided quarterly. On an annual basis, ABCRC provides an action plan to address responses received from depots by the BCMB related to satisfaction with ABCRC's services.

External auditors are engaged by ABCRC on an annual basis to review financial statements.

ABCRC publishes performance data to its stakeholders within the context of annual reports (2001 – 2011) and sustainability reports (2012).

Research Activities

ABCRC is a strong proponent of research as a means of performance monitoring and as a key input for strategic planning. During 2012, ABCRC's research activities included the following studies.

Directly related to performance management:

- Analyzing and responding to a depot satisfaction survey, deployed by the BCMB to depot operators and used to measure satisfaction with ABCRC's services
- Deploying a satisfaction survey to 168 event attendees to gauge the quality of experience provided by ABCRC's Go Green Team

In support of strategic development:

- Co-funding landfill audits in co-operation with the BCMB
- Initiating a qualitative research study involving 30 members of the Industrial, Commercial and Institutional sector to determine barriers to beverage container recycling
- Commissioning a public awareness & attitudinal survey involving 500 Albertans aged 15 and over

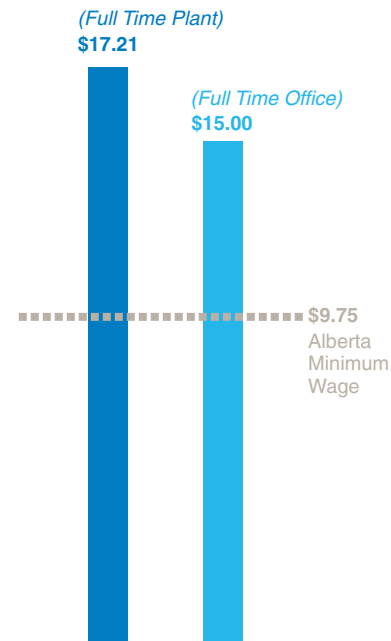
We hire from the local community.

Read more about ABCRC's 2012 Performance Management:

RATIO OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE – EC 5

ABCRC's remuneration practices are company-wide and there are no significant variations by location. Wages for plant staff are governed by a Collective Bargaining Agreement with the UFCW, Local 401.

ABCRC Entry-Level Minimum Wage



PROCEDURES FOR LOCAL HIRING AND PERCENTAGE OF SENIOR MANAGEMENT HIRED FROM LOCAL COMMUNITY – EC 7

ABCRC does not have a formal policy on hiring locally, however, our common practice is to hire from the local community surrounding the principal work site (either Edmonton or Calgary). In 2012, 100% of our Senior Management team had been hired from the local community. For the basis of this report, Senior Management for ABCRC refers to all individuals with significant decision-making and/or supervisory responsibilities.

INCIDENCES OF DISCRIMINATION

– HR 04

ABCRC has had no incidents or claims of discrimination on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the International Labour Organization, or other relevant forms of discrimination involving internal and/or external stakeholders across operations.

TOTAL WORKFORCE BY EMPLOYMENT TYPE, CONTRACT AND REGION – LA 1

Region	Type	Contract	Number
Calgary	Full Time – Plant	Permanent	46
Calgary	Full Time – Office	Permanent	27
Edmonton	Full Time – Plant	Permanent	51
Edmonton	Full Time – Office	Permanent	11
Total			135

Employees at every level are responsible and accountable for ABCRC's overall safety initiatives.

TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER – LA 2

ABCRC experienced a turnover rate of 17% in 2012, with the departure of 23 employees. Turnover is understood as departure due to voluntary reasons, dismissal, retirement or death.

Turnover by Age and Gender

	0 - 29 years	30 - 39 years	40 - 49 years	50 - 59 years	60+ years	Total
Male	11	5	3	–	–	19
Female	1	2	–	1	–	4
Total	12	7	3	1	–	23

BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY MAJOR OPERATIONS – LA 3

Benefits for unionized employees are provided in accordance with the terms of the Collective Bargaining Agreement. Once an employee has become eligible for benefits they shall remain eligible provided that they have worked a minimum of 20 hours per week over the previous thirteen weeks. These benefits include Alberta Health Care Coverage, Life Insurance, Accidental Death & Dismemberment, Short Term Disability, Long Term Disability, access to an Employee Assistance Plan including confidential counseling, dependant life insurance, dental plan, extended health, vision plan, savings plan and RRSP benefit.

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT – LA 4

In 2012, 84.4% of ABCRC's workforce was covered by a Collective Bargaining Agreement.

MINIMUM NOTICE PERIOD REGARDING SIGNIFICANT OPERATIONAL CHANGES, AND IF SPECIFIED IN COLLECTIVE BARGAINING AGREEMENT – LA 5

ABCRC's Collective Bargaining Agreement, under Article 14, specifies a three month notice period regarding technological changes that may result in displacement of employees.

PERCENTAGE OF WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH & SAFETY COMMITTEES – LA 6

During 2012, 16% of ABCRC's total workforce was represented on our Health and Safety Committee. The majority of Committee members are non-management. A typical monthly meeting consists of ABCRC's Health & Safety Coordinator, unionized employees, one supervisor, the plant manager, an administrative staff member and often the operations manager. Senior Managers are required to attend a minimum of one committee meeting every twelve months.

Reporting is typically provided at a "multi-facility" level, as the Health and Safety Coordinator is accountable for both the Calgary and Edmonton facilities.

Our Edmonton plant proudly marked another year with no Lost Time Claims.

RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, ABSENTEEISM & FATALITIES – LA 7

ABCRC considers its region to be “Alberta” and the total workforce to be 128 full time equivalents. The total hours worked by employees in 2012 was 249,410 and does not include any on-site contractors.

During 2012, ABCRC recorded 8 incidences of injury including 1 Lost Time Claim and 7 Medical Aids. Lost days refer to scheduled work days. A lost day in the case of workplace injury is counted the day after the injury.

ABCRC experienced one Lost Time Claim in 2012 in its Calgary plant, with a total of two days being lost. Notably, in 2012 ABCRC’s Edmonton Plant marked its second consecutive year with no Lost Time Claims and staff members were honored with a special event and commemorative award for their achievement.

Zero fatalities and zero incidences of occupational diseases were experienced during 2012. First aid events are logged by ABCRC, but are not included in our reported figures. Absenteeism accounted for 1,703 days (based on 8 hours per day).

ABCRC is a member of the Manufacturing Health and Safety Association (MHSA) and, in keeping with the requirement of Section #12 of the Health and Safety Audit titled “Record Maintenance”, has an Accident Investigation and Reporting Procedure (Administrative Control). Records are compiled and the investigation is reviewed. The Health and Safety Committees provide commentary within a given time-frame that is passed back to each plant to prevent a re-occurrence. ABCRC reports workplace injuries to the Workers Compensation Board (WCB) as required by law in Alberta.

HEALTH & SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS – LA 9

ABCRC has a Collective Bargaining Agreement (CBA) that confirms mutual agreement. Our formal agreement with our trade union covers Health & Safety, and various topics including:

- Personal Protective Equipment: fitting, proper use, care and maintenance
- Joint management-employee health & safety committees
- Including 60% Employees / 40% Management
- Participation in inspections, audits and accident investigations
- Training and education at ABCRC.
- Employees right to refuse unsafe work

ABCRC’s CBA is documented with the local union, United Food and Commercial Workers Local 401.



Stakeholder Engagement

There's no 'I' in recycle.

Beverage container recycling in Alberta requires a team approach between government, industry and the public. With that in mind, ABCRC understands the value of collaboration. We consider our stakeholders to include our corporate shareholders and beverage manufacturers, as well as the Government of Alberta and its Delegated Administrative Organization (the BCMB). We also value our dialogue and relationships with Alberta's more than 200 independent depots and the ABDA, as well as our own employees and union representatives. We listen to Alberta's communities through our many diverse program participants, such as the hundreds of schools, charities, clubs, businesses and governments that engage in our infrastructure grant programs.

The needs, wants and ideas we hear from these many groups often provide the fuel and direction for changes in our corporate outlook and programming.

Read more about ABCRC's Stakeholder Engagement during 2012:

STAKEHOLDER GROUPS ENGAGED – SD 4.14

ABCRC engaged its employees, including the trade union (United Food & Commercial Workers' Union, Local 401) in the effective and efficient operation of its facilities.

ABCRC engaged Save & Value Earth Recycling (Red Deer); BFI Canada (Lethbridge); Redi Recycling (Medicine Hat); and Recycle Plus (Grande Prairie) to regionally process containers recovered, to ship direct to the recycling market or to either the ABCRC Calgary or Edmonton facilities.

ABCRC engaged the following groups for the purposes of recovering used beverage containers – depots, community groups, charitable organizations, schools, and local businesses.

ABCRC engaged Coca-Cola Recycling, Merlin Plastics Alberta Ltd., Vitreous Glass, Merlin Plastics Ltd., Paper Tiger, and General Recycling to recycle the beverage containers recovered.

ABCRC engaged the Saskatchewan Resource Council to support development of environmental impact calculation.

ABCRC engaged Alberta Environment for the purposes of reviewing the sustainability report.

ABCRC understands the value of collaboration.

Stakeholder Engagement

Stakeholder Group	Nature of Relationship	Key Topics (2012)	Engagement Activities Initiated by ABCRC (2012)
Employees	Collective Bargaining Agreement (84% of staff)	<ul style="list-style-type: none"> Facilities and equipment Safety 	<ul style="list-style-type: none"> Hosted Annual Staff Meeting Staff consultation related to new Calgary office Health and Safety Committee
Manufacturers	Governed by Regulation and CSA Confirmation Agreement	<ul style="list-style-type: none"> Collection Service Agent Confirmation with ABCRC Revisions to sales verification process 	<ul style="list-style-type: none"> Meetings in Vancouver, Calgary and Toronto
Regional Processors	Engaged under contract to ABCRC	<ul style="list-style-type: none"> Reporting of containers processed and shipments to recycling market or ABCRC facility 	<ul style="list-style-type: none"> Reporting Meetings with VP Operations & Area Managers
BCMB	Regulated	<ul style="list-style-type: none"> Return Rate Negotiation of Compaction Agreements Quality Monitoring 	<ul style="list-style-type: none"> Invitation to BCMB to attend Joint Marketing Committee Participation on Industry Leadership Committee Chaired by BCMB Collaboration on quarterly newsletter
ABDA	Recognized Agent of depots	<ul style="list-style-type: none"> Negotiation of compaction agreement Improvements to operational methods 	<ul style="list-style-type: none"> Invitation to ABDA to attend Joint Marketing Committee Collaboration on Focus Groups Collaboration on quarterly newsletter
Depots	Businesses operating under a permit issued by the BCMB	<ul style="list-style-type: none"> Access to grants Access to "Depot Marketplace" customer experience enhancement program Opportunities to improve ABCRC's service 	<ul style="list-style-type: none"> Access to website and ABCRC's program support staff Participation in Focus Groups "Depot Care" inventory management program Presentations at Regional Meetings and ABDA annual conference Response to annual depot satisfaction Survey with ABCRC Action Plan
Community & Not For Profit Groups, Businesses, Institutions	Voluntary enrollment in ABCRC's Community Champions Partnership (CCP) program	<ul style="list-style-type: none"> Access to Infrastructure grants and coaching 	<ul style="list-style-type: none"> Presentations at Calgary Chamber of Voluntary Organizations conference, Food Banks of Alberta Annual General Meeting Access to website and ABCRC's CCP support staff Quarterly newsletter

The needs, wants and ideas we hear from our stakeholders influence our outlook and programming.

Stakeholder Engagement (cont'd)

Stakeholder Group	Nature of Relationship	Key Topics (2012)	Engagement Activities Initiated by ABCRC (2012)
Schools (K-12)	Voluntary enrollment in ABCRC's Every Empty Counts (EEC) program	<ul style="list-style-type: none"> • Access to Infrastructure grants 	<ul style="list-style-type: none"> • Access to ABCRC's EEC support staff • Classroom presentations
Customers of processed beverage containers	Contractual	<ul style="list-style-type: none"> • Contracts related to the purchase of processed beverage containers from ABCRC 	<ul style="list-style-type: none"> • Renegotiation of contracts for polycoats
Alberta Environment and Sustainable Resource Development	Regulation	<ul style="list-style-type: none"> • Progress against priorities • Sustainability Reporting 	<ul style="list-style-type: none"> • Presentation of prior year activities to Minister of Environment • Review of draft 2012 Sustainability Report, with improvements identified to ABCRC • Invitations to special events
Waste Management Professionals	Voluntary	<ul style="list-style-type: none"> • Access to Infrastructure grants 	<ul style="list-style-type: none"> • Presentation to Calgary Region Waste Management Professionals • Attendance at Recycling Council of Alberta annual Conference
National Affiliates	Voluntary	<ul style="list-style-type: none"> • Sharing of best practices (i.e. compaction technology, consumer awareness, research) • Benchmarking 	<ul style="list-style-type: none"> • Presentations at National Stewardship Conference
Consumers	Voluntary	<ul style="list-style-type: none"> • Environmental benefits of recycling • Container Recycling Fees 	<ul style="list-style-type: none"> • Feedback@abcrc.com email address • 1-800 phone number • "Go Green Team" attendance at public events • Deployment of Awareness surveys • Quarterly newsletter

BASIS FOR IDENTIFICATION AND SELECTION OF STAKEHOLDERS WITH WHOM TO ENGAGE – SD 4.15

The basis for identifying stakeholders is found in the Terms of Reference (TOR) of ABCRC's board of directors' Communications and Stakeholder Relations Committee. This document specifies stakeholders to include: government, regulatory boards, depots and beverage manufacturers.

ABCRC's management team also selects stakeholders at its discretion, based on operational priorities. Stakeholders identified under this process include staff, union, key commodities clients, suppliers and community-based program participants such as schools, not for profit groups, businesses and event attendees.



We're getting better with age.

Thanks to Albertan's participation in recycling during 2012, ABCRC processed an all time high of 1,813,542,171 non-refillable beverage containers and enabled the diversion of 92,819,200 kg of material from the province's landfills. By sending these materials back to markets, the demand for raw materials was reduced. This enabled Albertans to save 195,738 tonnes in CO₂ eq emissions and reduce energy demand by 689,395,704kwh – the equivalent annual energy use of over 95,000 Albertan households.

In 2012, ABCRC also made a number of changes that helped improve our operational performance. Some were simple but smart, like when we worked with depots to make our "mega bag" shipping containers larger and reduced our heavy truck transport demand by over 250,000 km. Other changes, like working with three depots to add compaction equipment and save another 7,000 km, took cooperation and collaboration. Combined, these two changes have saved our industry time, money and over 135,000 kg of eCO₂ emissions throughout 2012.

Performance Information

ABCRC worked hard to inform and inspire Albertans in 2012.

(Top) ABCRC's advertising program generated 93 million impressions during 2012.

(Middle & Bottom) ABCRC's Go Green Team traveled to over 200 events promoting participation in beverage container recycling.



Awareness

ABCRC worked hard to inform and inspire Albertans in 2012. We crafted a multi-tactic awareness campaign that helped Albertans find their local depot and encouraged recycling through bottle drives. The campaign reached out across the province, including placement of messaging at Points of Sale (grocery), in community newsletters, through rural weekly newspapers and in major dailies. Motion graphics were deployed where groups gather, like leisure or activity centres, as well as through targeted on-line placements. The total number of "impressions" generated by 2012 advertising activities totaled over 93 million.

ABCRC also took to the streets with its efforts to promote recycling, and our popular Go Green Team travelled to more than 200 events throughout the province. As a result of a new interactive display tent and improved customer experience training, the team earned higher than ever scores from survey respondents who were asked to measure the team's performance during events.

Research into public awareness about beverage container recycling was undertaken by ABCRC in 2012, and involved an on-line survey of 500 participants aged 15 or over. Results indicates that 58% of respondents are aware that the deposit for a container of one litre or less is 10 cents and 50% are aware that the deposit for a container over one litre is 25 cents.

Albertan's awareness of what containers could be recycled

Container Type	Awareness		
	2009	2010	2012
Soft drink cans	98%	96%	99%
Beer cans	99%	96%	98%
Beer bottles	98%	95%	98%
Plastic soft drink bottles	96%	95%	97%
Glass wine/liquor bottles	95%	94%	97%
Plastic water bottles	93%	95%	95%
Sports/energy drinks	not asked	not asked	94%
Plastic milk jugs	86%	93%	92%
Juice cartons	79%	88%	92%
Juice boxes (tetra paks) ¹	75%	80%	92%
Milk cartons	77%	86%	86%
Single serve drink boxes	82%	85%	86%
Single serve milk or yogurt drinks in plastic bottles	58%	61%	63%
Liquid meal replacements	39%	52%	33%
Polycups	not asked	22%	11%

¹ 2009 and 2010 limited survey respondents to those aged 15 – 44, in 2012 it was ages 15+. Also, 2012 was the first year the survey used the term "Juice box" rather than "Tetra Paks".

ABCRC's programs are teaching entire communities that recycling can make our world better.

Every Empty Counts

"Your program is teaching an entire community (teachers, students, parents) that recycling can make our world better. I have been enrolled in your program for the past 3 years and what a difference-maker your organization is! Way to go!"

Elizabeth Rummel School

Participation & Accessibility

Due to the fact that Alberta's points of return are independently owned drop-off depots, ABCRC does not have significant influence on the nature or placement of these sites and is unable to comment on population served, typical travel distance or visitation rates through these channels.

ABCRC has taken the initiative to create accessibility programs that add new points of service, in the form of infrastructure such as recycling bins. ABCRC is particularly proud of these busy programs and the partnerships that have come about as a result,

as we believe they have generated a legacy of positive change for communities around the province.

ABCRC's Every Empty Counts K-12 school program, working in pace with the school year (September 2011 – June 2012), included 349 schools who together collected over 4,122,891 beverage containers representing \$427,255.95 in revenues from refunded deposits. Though terrific results were achieved by the participating schools, the overall enrollment rate had declined from the prior school year. In response, ABCRC provided the Every Empty Counts program with a complete overhaul. With a new website, classroom tools, prize structure

and free bins the program showed strong trends toward improved enrolment throughout the fall of 2012.

Another key participation initiative led by ABCRC during 2012 was the Community Champions Partnership (CCP) program. Province-wide in scope, the program welcomed organizations interested in starting or expanding their recycling programs and provided them infrastructure grants paired with coaching support. During 2012, CCP became even more inclusive by accepting Institutional, Commercial and Industrial participants, in addition to the not for profit and community groups it traditionally served.

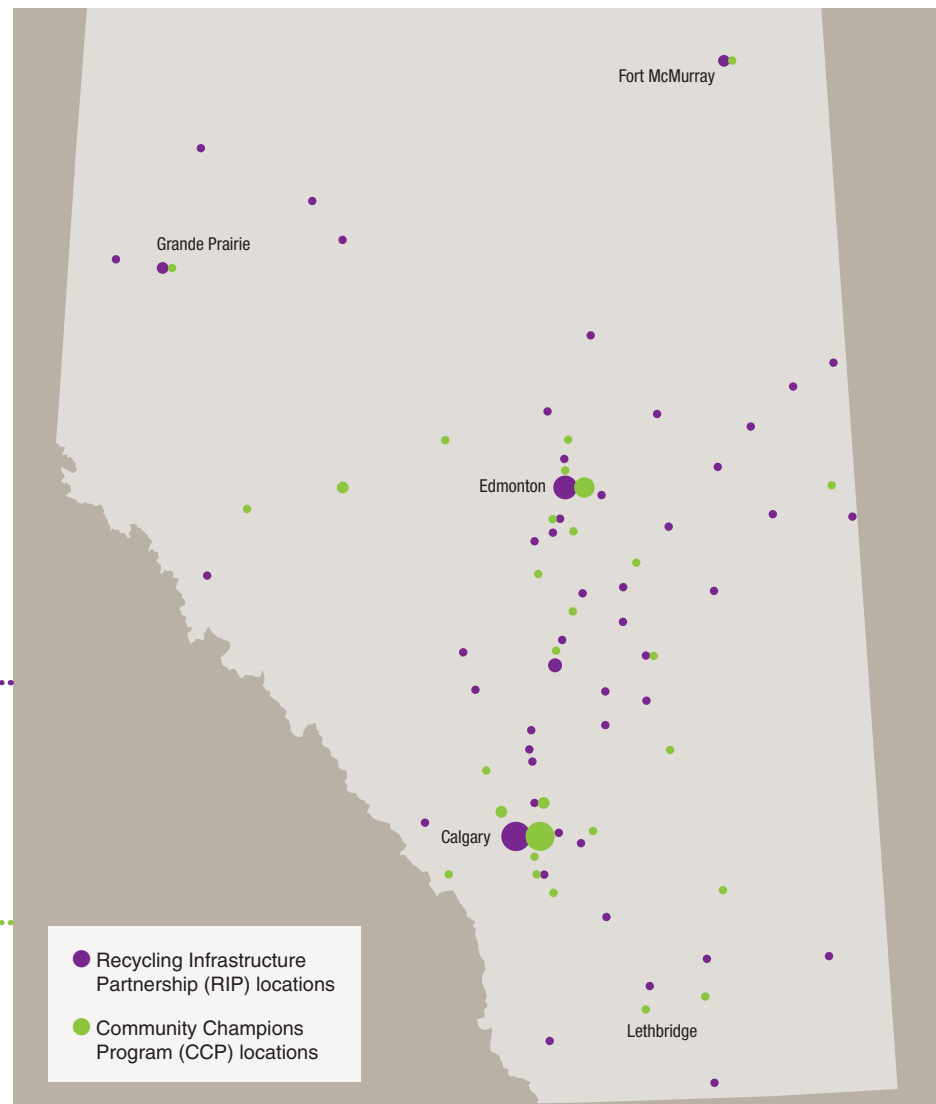
(Left)
Students at Killam Public School participate in ABCRC's Every Empty Counts recycling program.

(Right)
New beverage container recycling exhibit funded as part of the new Environment Gallery at the Telus World of Science (Edmonton). With a 5-7 year lifecycle, the exhibit is projected to receive over 3 million visitors.



We're encouraged by the growing interest in our public participation programs.

Location of Grant Infrastructure Projects



● **85 communities** impacted through RIP

13 million containers collected by RIP participants with an economic impact from refunds collected of **over \$1.5 million**

● **45 communities** impacted through CCP

7.8 million containers collected by CCP participants with an economic impact from refunds collected of **over \$800,000**

We're proud of having significantly expanded our efforts to enable Albertans to recycle by placing over 37,000 new collection points like bags, bins and trailers around the province. We're encouraged by the growing interest in our various participation programs and the outstanding collaboration that has been fostered with communities around the province.

2012 was the Community Champions Program best enrolment year on record.

Community Champions Program

“SupportWorks provide free peer support to people living with mental illness. From the beginning, we have sought out fundraising opportunities that allow us to give back to the larger community. Recycling was a natural fit for us. We introduced beverage container recycling as part of our fundraising program in 2012. We began with neighbourhood bottle drives, and have expanded to participate in ABCRC’s Community Champions program. For the coming year, we’re hoping to connect with other businesses and residential buildings to expand our recycling program. These programs continue to be a great way to create awareness, support our programs, and provide a valuable service to partner organizations and businesses. A big thanks to ABCRC and our partners for their contributions!

SupportWorks

In 2012, 45 organizations from across Alberta enrolled in the program making it the best enrolment year on record for CCP. Also for the first time, under the CCP program ABCRC piloted a new “ICI&M” grant program specifically to encourage large-volume collectors to pursue containers from hard to reach settings such as Institutional, Commercial, Industrial and Multi-family residential properties. Through the CCP program, 3,118 new pieces of recycling infrastructure were placed in Alberta and over 7,801,844 beverage containers were collected by program participants. By refunding deposits associated with these containers, participating organizations collected \$871,084.25

ABCRC’s largest infrastructure program, the Recycling Infrastructure Partnership (RIP), is co-administered by the ABDA and the BCMB and responds to projects initiated by local depots. In 2012, the \$1 million RIP program successfully facilitated the placement of over 37,000 items of infrastructure including bags, bins and trailers in over 85 Alberta communities. Cumulatively, participants reported the recovery of 13,056,088 non-refillable containers through the RIP program during 2012.

Product Collection & Post Collection Management

ABCRC collected 1,813,542,171 non-refillable beverage containers from independent depots located throughout Alberta. Considered as a percentage of the 2,218,707,545 units reported to ABCRC as sold by manufacturers of registered beverages, the resulting 2012 return rate was 81.7%. This reflects a decline from the 82.8% return rate reported in the prior year. Despite strong performance through most of 2012, a sharp increase in sales coinciding with slower returns during in the final two months of 2012 softened the overall annual rate. At 81.7%, Alberta’s Return Rate for non-refillable beverage containers in 2012 was the highest rate reported by a stewardship organization in Canada.

(source: Canadian Container Stewardship Bureau)

Absolute collection per capita during 2012 was 481.3 beverage containers, an increase of 1 unit per capita over the prior year. In order to achieve ABCRC’s 85% Return Rate target, returns must increase by 17 containers per capita over 2012 levels.

Return Rate By Province

Province	Return Rate
British Columbia	79.0%
Alberta	81.7%
Saskatchewan	79.3%
Quebec	73.5%
Nova Scotia	79.1%
New Brunswick	70.9%
Prince Edward Island	78.9%
Newfoundland & Labrador	64.0%

Note: As at: December 31, 2012.
Regulated systems vary by province.
Source: Canadian Container Stewardship Bureau

Alberta's 2012 Return Rate for regulated non-refillable beverage containers was the highest in Canada.

Materials By Type & Post Collection Fate

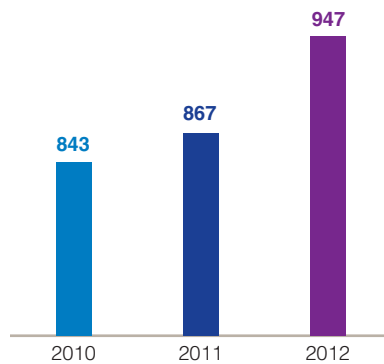
Material	Customer	Recycling	% of Sold Containers	% of Recovered Containers	Return Rate	Tonnes Diverted
Aluminum	Coca-Cola Recycling	<ul style="list-style-type: none"> Recycled back into aluminum cans 95 – 99 % of weight shipped is recycled, with the remainder being moisture and contaminants 	46.4%	49.7%	87.7%	12,426.3
Polyethylene Terephthalate (PET) - Clear	Merlin Plastics	<ul style="list-style-type: none"> Recycled into pellets for use in manufacture of new food grade and non-food grade bottles 80+% recycled with less than 20% being sub-standard material or contaminants 	33.5%	31.3%	76.3%	18,351.2
Hi-Density Polyethylene (HDPE)	Merlin Plastics	<ul style="list-style-type: none"> Recycled into pellets for use in manufacture of new non-food bottles 80+% recycled with less than 20% being sub-standard material or contaminants 				
Polyethylene Terephthalate (PET) - Green Other Plastics						
Glass	Vitreous Glass Inc.	<ul style="list-style-type: none"> Manufacture of fiberglass insulation by Owens Corning or Johns Mannville 95% recycled with 5% waste including caps, corks and dust. 	8.4%	9.3%	90.5%	56,832.7
Tetra Brik	The Paper Tigers, Inc.	<ul style="list-style-type: none"> Fibre extracted and used in the manufacture of paper products Residual aluminum and plastics – undetermined at this time but potential fuel for gasification (energy recovery) 80% by weight recycled. 	6.2%	5.1%	67.9%	1,785.5
Gable Top	The Paper Tigers, Inc.	<ul style="list-style-type: none"> Fibre extracted and used in the manufacture of paper products 80% by weight recycled. 	4.5%	3.7%	66.4%	2,866.3
Drink Pouches Bag-In-A-Box (bladders)	Merlin Plastics Waste Management (cardboard from Bag-In-A-Box)	<ul style="list-style-type: none"> Energy recovery through gasification (incineration) due to low volumes and scarce end markets. Boxes from Bag-In-A-Box are recycled as OCC 	0.7%	0.6%	64.9%	232.3
Bi-Metal	General Recycling Industries Ltd.	<ul style="list-style-type: none"> Smelted down for recycling into construction re-bar, car parts, and grinding rods for mining 95% of weight is recycled with 5% contaminants or moisture. 	0.3%	0.3%	78.8%	325.0
Ceramics Aerosol Containers	Landfill	<ul style="list-style-type: none"> No viable recycling markets for this material Ceramics pre-date regulatory requirement for recycling 0 aerosol containers in 2012 504 ceramic bottles in 2012 	0.0%	0.0%	0.0%	<0.0

93% of depot operators surveyed were satisfied with services provided by ABCRC.

Operational Efficiency

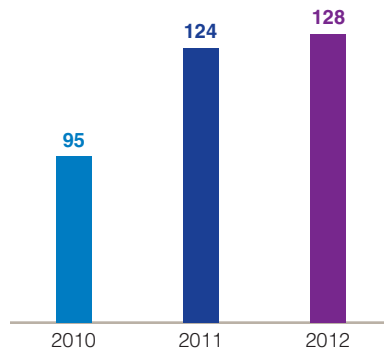
Processing Efficiency

(Dozens Processed Per Hour)



Processing Efficiency Related to Audits Performed

(Dozens Processed Per Hour – Quality Control Audits)



Thanks largely to the introduction of larger shipping containers, our plants were able to process containers faster than ever before, achieving a rate of 947 dozens of beverage containers per hour. This quick pace was a 16% gain over the prior year and contributed to an efficient year overall, reflected in our \$0.06 per container system cost.

Cost per Container

	Consolidated	Aluminum	Plastic	Glass	Polycoat	Bi-Metal
Total Expenditure	\$108,942,935	\$36,336,702	\$44,336,178	\$14,321,022	\$13,460,582	\$488,450
Recovered Volume	1,813,542,171	901,312,339	567,840,456	168,373,592	170,539,023	5,476,761
Cost Per Container	\$0.060	\$0.040	\$0.078	\$0.085	\$0.078	\$0.089

ABCRC 2012 Resource Consumption

Resource	Consumption
Water	1,803.7 m ³
Electricity	2,520,946.21 KWH
Propane	22440 LB

Note: Data includes the Edmonton plant, Calgary plant & head office and a new Calgary facility purchased in October of 2012 but vacant.

Quality of Service

ABCRC provided input on the development and execution of a satisfaction survey deployed to depot operators by the BCMB. Results showed 93% of depot operators surveyed were moderately to highly satisfied with services provided by ABCRC in 2012. The strongest satisfaction levels recorded were correlated to ABCRC's timeliness of communication and provision of supplies, with weaker results noted specifically for the quality of shipping containers (megabags) and pallets provided. 173 of 216 eligible depot operators completed the 2012 Depot satisfaction Survey

At the request of the BCMB, who deployed the survey, ABCRC's President delivered an analysis of survey results and an associated action plan to depots at the ABDA's annual conference. As part of this presentation, ABCRC's President highlighted the Depot Care program, a new initiative launched by ABCRC in 2012. Depot Care was intended to proactively improve service levels by making service calls on a regular basis to address depots' issues and concerns. This might include inventory levels, transportation or quality control. The program is an important new initiative for ABCRC in evolving our level of service to Alberta's depot operators.

ABCRC's ability to maintain continuity and quality of service was tested in 2012, during a temporary 5-day closure of the Calgary Plant and Head Office as a result of a fire at a neighbouring business. The skill and responsiveness of the Operations team, including re-direction of transportation routes to the Edmonton plant or directly to commodities customers, as well as effective communication with depots and industry, ensured that there were no complaints or significant impacts to ongoing system operation beyond the term of the 5-day closure.

ABCRC made significant progress on our priorities in 2012.

Management Performance/ Progress Against 2012 Priorities

MISSION	To collect and recycle beverage containers	
VISION	ABCRC will be a leading producer responsibility organization that is strategically focused on improving the efficiency and effectiveness of the Alberta deposit system	
2012 PRIORITIES		Progress Against Priority
Corporate Governance	Seek opportunities to improve governance practices and risk management	<ul style="list-style-type: none"> Developed Business Continuity Plan, shared with the board of directors and the BCMB Updated a corporate risk register, reviewed by senior management & board of directors
Continuously Improve Return Rates	Improve consumer participation in beverage container recycling	<ul style="list-style-type: none"> Despite increased volumes, per capita recycling rate and strong Return Rate performance through much of 2012, the Rate declined in the final months due to unusually strong sales and slow returns Enrollment in the Community Champions grant program increased by 38% from 2011
Stakeholder Relations	Actively engage, in a cooperative and collaborative manner, with key stakeholders	Refer to Stakeholder Relations section of report
Financial Controls	Improve mechanisms for ensuring the continuous integrity of data	<ul style="list-style-type: none"> Developed and published new sales verification procedures for use by beverage manufacturers. Information meetings were held in Toronto, Vancouver and Calgary.
Sustainability Reporting	Develop and execute plan to achieve improved sustainability reporting consistent with Extended Producer Responsibility (EPR) principles	<ul style="list-style-type: none"> Prepared the 2012 Sustainability Report. Engaged internal and external stakeholders for input, including Government of Alberta, to ensure continuity with EPR reporting Commenced development of an "Impact Calculator" to measure weight, GHG and energy associated with beverage container recycling
Operational Efficiencies	Increase the efficiency of operational performance	<ul style="list-style-type: none"> Introduced larger shipping containers, reducing transportation demand by 250,000 km Facilitated in-depot compaction at three sites, leading to reduced transportation demand by 6,953 km Improved processing speed during Quality Control audits from 2011 rate of 124 dozens/hr to 128 dozens/hr. Processed containers at an average of 947 dozens per hour, an increase from 2011 (867 dozens/hr) and the fastest rate achieved to date

ABCRC is finding ways to reduce its environmental footprint.

[Read more about ABCRC's 2012 Performance Information:](#)

MATERIALS USED BY WEIGHT OR VOLUME & PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS – EN 1 & EN 2

Item	Weight (Kg)	% Recycled Material	Recycled Material Weight
Black Bags	150,026	0.0%	0
Blue Glass Bags	5,897	0.0%	0
C-Bills	451	0.0%	0
R-Bills	659	0.0%	0
Wire	170,258	60.0%	102,155
Blank Bale Tags	27,216	0.0%	0
Bag Tags	208	0.0%	0
Clear Poly Bags	1,899	100.0%	1,899
Pallets	175,050	0.0%	0
Strapping	2,891	95.0%	2,747
Airline Tags	5,742	0.0%	0
	540,297		106,801

$$\frac{\text{Total Recycled Materials Used } 106,801}{\text{Input Materials Used } 540,297} = 19.8\%$$

Of the 187,410,921 cm of paper used in Communications and Marketing activities during 2012, a total of 3,962,400 cm were from 100% recycled materials, 175,017,626 cm were from 10% recycled materials and 8,430,895 cm contained zero recycled materials. 100% of printing was completed using vegetable-based inks and all off-cuts created during trimming were recycled by the printer.

DIRECT ENERGY CONSUMPTION – EN 3

ABCRC has consumed 2,520,946.21 KWH equivalent to 9,075.41 GJ direct electricity sourced from Direct Energy-Alberta, at its three locations: Calgary 3617 Ogden Road SE Head office and plant, Edmonton plant and Calgary-NE location (purchased in October 2012).

ABCRC has consumed 20,487.44 GJ of Natural Gas for heating at its above three locations.

ABCRC has consumed 680 cylinders of 33 LB (22440 LB) of Propane Gas to operate its forklifts fleet at its two locations.

TOTAL WATER WITHDRAWAL BY SOURCE – EN 8

ABCRC has withdrawn 1001 m³ of water from Calgary City Municipality operated water supply system and 802.7 m³ of water from Edmonton City Municipality operated water supply system during 2012, for a total withdrawal of 1,803.7 m³ of water.

1,813,542,171 non-refillable beverage containers were collected and recycled by ABCRC in 2012.



The new “black bag”, a larger shipping container, saved 250,000 km of heavy truck travel in 2012.

TOTAL WATER DISCHARGED BY QUALITY & DESTINATION – EN 21

ABCRC has discharged 1,001 m³ of water into the Calgary city municipality operated water sewage and drainage system and 802.7 m³ of water into the Edmonton city municipality operated water sewage and drainage system during 2012, for a total discharge of 1,803.7 m³ of water.

INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES, AND EXTENT OF IMPACT MITIGATION – EN 26

Compaction: ABCRC has been actively working with industry to develop a framework to facilitate the use of compaction equipment by depot operators inside their premises. In 2012, successful commencement of compaction at three (3) additional depots resulted in 397 fewer loads and 6,953 fewer kilometers driven to service these depots.

Mega Bags: ABCRC rolled out new “Mega Bag” shipping containers for use by the depot network. As a result of efficiencies gained by the new bags larger size, ABCRC was able to reduce transportation demand by 2,476 fewer loads and 250,935 fewer kilometers driven.

PERCENTAGE OF PRODUCTS SOLD AND PACKAGING MATERIALS BY CATEGORY – EN 27

Manufacturers reported the sale of 2,218,707,545 registered non-refillable beverage containers to ABCRC during 2012. 1,813,542,171 were collected and recycled by ABCRC for an overall return rate of 81.7%.

Breakdown By Material

Material	Return Rate
Aluminum	87.7%
Polyethylene Terephthalate (PET) - Clear	76.3%
Hi-Density Polyethylene (HDPE)	
Polyethylene Terephthalate (PET) - Green	
Other Plastics	
Glass	90.5%
Tetra Brik	67.9%
Gable Top	66.4%
Drink Pouches	64.9%
Bag-In-A-Box (bladders)	
Bi-Metal	78.8%
Ceramics	0.0%
Aerosol Containers	

ABCRC reduced system-wide transportation demand by 250,000 km.

SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS USED FOR THE ORGANIZATION'S OPERATIONS AND TRANSPORTING MEMBERS OF THE WORKFORCE – EN 29

Mode of Transport	Distance	GHG Calculation CO ₂ equivalent emissions
Car	83,266 km	18,068 kg ¹
Air	116,085 km	621,054 kg ²
Heavy Truck	2,904,197 km	1,568,266 kg ³
Total		2,207,388 kg

Sources: **1** GHGenius Cdn model for lifecycles of transport fuels; **2** UK DEFRA, **3** US EPA calculation for Heavy Duty Trucks

Transportation of Products:

Transport trucks travelled 2,904,197 km from depots to processing plants in 2012. Based on a full load weighing 3 tonnes the GHG emissions generated in 2012 was 1,568,266 kg of CO₂ equivalent emissions. Transportation from plants to commodities customers is under the control of the customer, and therefore cannot be confirmed by ABCRC. However, an estimate of this distance is 3,377,014 km but is not included in the previous GHG calculation as it unconfirmed.

In order to mitigate transportation demands, ABCRC rolled out larger and more efficient shipping containers and actively pursued development of compaction technology at three independently owned depots. These innovations reduced transportation demand by 250,935 km and 6,953 km respectively, during 2012. These improvements reduced industry's footprint by a total of 135,000 kg of eCO₂ emissions.

Transportation of Employees:

ABCRC's employees, including its seasonal Go Green Team event staff, travelled 70,551 km via rental cars and two fleet vehicles in 2012. Other personal vehicle transport accounted for 10,256 km, bus/coach totaled 5,519 km and air travel (assumed to be on 50 passenger planes) at 79,755 km.

ABCRC's board of directors accounted for an additional 36,330 km of air travel and 2,459 km by own and/or rented vehicles.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED – EC 1

Direct Economic Value Generated	Amount
REVENUES	
Net Regulated Deposit Revenue	44,441,120
Revenue from Sale of Processed Materials	29,503,704
Container Recycling Fees	27,929,386
Total Economic Value Generated	101,874,210
Economic Value Distributed	
Operating Costs	100,565,263
Employees Wages and Benefits	8,290,878
Payments to Capital Providers	-
Payments to Governments (taxes)	34,963
Community Investments	51,832
	108,942,936
Economic Value Generated– Retained Earnings	-7,068,726

In order to maintain optimum surplus levels, ABCRC intentionally achieved a deficit in retained earnings during 2012.

ABCRC supports the placement of new or improved recycling infrastructure.



Distribution of Expenses By Percent

Product Collection (93.3%)
 Awareness Initiatives (3.4%)
 Program Administration (3.2%)
 Post-Collection Activities (0.1%)
 (reuse, recycling, incineration, destruction or to landfill)

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENTS – EC 4

ABCRC has not received any financial assistance in any form from any governments within Canada or outside Canada.

TOTAL VALUE OF FINANCIAL AND IN-KIND CONTRIBUTIONS TO POLITICAL PARTIES AND POLITICIANS – S06

During 2012, ABCRC made financial or in-kind contributions to provincial political parties in the amount of \$13,875 and zero (0) financial or in-kind contributions to elected representatives in full accordance with the law.

DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES FOR PUBLIC BENEFIT – EC 8

ABCRC administers a variety of grant-giving programs to support the placement of new or improved recycling infrastructure in locations where it is needed. These programs include the Recycling Infrastructure Partnership (RIP) which provides infrastructure to communities via their local depots, the Every Empty Counts schools program and the Community Champions Partnership program.

Impact of Infrastructure Investments for Public Benefit

Program	# of Infrastructure Items (incl. bins, bags, trailers)	# of Communities and/or Sites Impacted
Recycling Infrastructure Partnership	37,000	85
Every Empty Counts (K-12 Schools)	Unavailable	349
Community Champions Partnership	3,118	45

Notes: Container counts are reported by participants and may include projects initiated in 2011 but underway in 2012. The Every Empty Counts program is tracked according to the school year (Sept 2011 – June 2012)

Program	Containers Collected by Participants	Containers 0 - 1L (10 cent Deposit)	Containers Over 1L (25 cent deposit)	Economic Impact From Refunded Deposits
Recycling Infrastructure Partnership	13,056,088	11,356,572	1,700,924	\$ 1,560,888.20
Every Empty Counts (K-12 Schools)	4,122,891	4,023,112	99,779	\$ 427,255.95
Community Champions Partnership	7,801,844	7,195,845	605,999	\$ 871,084.25
Total				\$ 2,859,228.40

Notes: Container counts are reported by participants and may include projects initiated in 2011 but underway in 2012. The Every Empty Counts program is tracked according to the school year (Sept 2011 – June 2012)

We're proud of having helped 45 organizations start or grow their recycling programs.

2012 Community Champions Partners *(Not for Profit/Clubs)*

4-H Foundation of Alberta
13th St. Albert Scouts
ACFA Regionale de Centralta
Calgary Community Theatre
Calgary Progressive Lifestyles Foundation
Calgary Stampede
Camp Kindle Kids Cancer Care Foundation
Cerebral Palsy Association in Alberta
Child Find Alberta
Christian Fellowship Assembly
Drop In Centre
Edson District & Recycling
Goodwill Industries
Kananaskis Parks
Leduc #1 Energy Discovery Centre

Leduc Food Bank
Lions of District 37-0 Youth camp
Marwayne Ag Society
Millican Ogden Community Association
Ponoka 4H Renegade Riders
Rangeton Recreation Society
Rotary Round Up
Strathmore District Ag Society
SupportWorks Inc.
Stockmen's Memorial Foundation
Taber Foodbank
The Lake at Heritage Pointe Owners Association
Winnifred Stewart Association
Youth Empowerment Support Services (YESS)

2012 Community Champions Partners

(Industrial/Commercial/Institutional)

Big Valley Jamboree
Blu Planet
Bredin Institute Calgary
City of Airdrie
EBA Engineering
Panhandle Productions
Town of Cochrane
Town of Edson
Town of High River
Town of Hinton
Village of Delia
Yellowhead County

Survey respondents were most satisfied with ABCRC's timeliness of communication and provision of supplies.

PRACTICES RELATED TO CUSTOMER SATISFACTION INCLUDING RESULTS OF SURVEYS MEASURING CUSTOMER SATISFACTION – PR 5

ABCRC provided input on the development of a satisfaction survey deployed to depots by the BCMB. Results presented by the BCMB showed 93% of depot operators surveyed indicated they were at least moderately satisfied with services provided by ABCRC in 2012. 173 of 216 eligible depot operators completed the 2012 Depot satisfaction Survey. The strongest satisfaction levels recorded were correlated to ABCRC's timeliness of communication and provision of supplies, with weaker results noted specifically for the quality of bags and pallets provided.

At the request of the BCMB, who deployed the survey, ABCRC's President delivered an analysis of survey results and an associated action plan to depots at the ABDA's annual conference.

MONETARY VALUE OF SIGNIFICANT FINES AND SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS – EN 28

ABCRC has not been assessed any fines nor have any sanctions been imposed for non-compliance with environmental laws in Canada or any part of the world.

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST AND MONOPOLY PRACTICES – S 07

During 2012, ABCRC was involved in zero (0) legal actions related to anti-competitive, anti-trust or monopoly practices.

VALUE OF FINES AND SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS – S 08

ABCRC has not been assessed any fines nor have any sanctions been imposed for non-compliance with laws or regulations in Canada or any part of the world.

INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS OR VOLUNTARY CODES CONCERNING MARKETING COMMUNICATIONS – PR 7

ABCRC has not been assessed any fines nor have any sanctions been imposed for non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.

SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA – PR 8

ABCRC has had a formal Privacy Policy in place since 2010. Furthermore, ABCRC has had no complaints regarding breaches of customer privacy.

INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS OR VOLUNTARY CODES CONCERNING USE OF PRODUCTS AND SERVICES – PR 9

No administrative or judicial sanctions have been levied against ABCRC for failure to comply with laws or regulations. This includes international declarations/conventions/treaties, and national, sub-national, regional, and local regulations concerning the provision and use of ABCRC products and services.

AWARDS – SD 2.10

ABCRC was not the recipient of any awards in 2012.



Looking Forward

Here's to a sustainable future.

In considering the challenges and opportunities facing ABCRC in the near and longer term, we have identified a series of inter-related priorities that will guide our activities in the future. These include continuing to press forward in our effort to increase the Alberta's Return Rate for non-refillable beverage containers, and in particular containers with lower recovery rates such as 0-1L PET, Gable Top and Tetra. Our focus will be on developing new engagement strategies focused on industrial, commercial, institutional and multi-family sectors. We plan to continue to trend positively in our processing efficiencies by reducing transportation-related resource consumption through the expanded introduction of technology such as compaction. We also intend to collaborate and engage with our industry colleagues at the BCMB and the ABDA in the development of a new industry-wide quality monitoring protocol. As we look forward to an exciting re-location of our Calgary head office and plant to our first owned facility, we are committed to completing the move safely and with minimal down time.

Importantly, ABCRC will also seek opportunities during the coming year to provide and measure our positive impact on the environment, society and the economy in preparation for our future 2013 Sustainability Report.



Appendices

We couldn't have done it without you.

Acknowledgements

ABCRC would like to thank all Albertans who made the choice to recycle their empty beverage containers in 2012, and the following individuals for providing data or other input used in the preparation of this report.

Board of Directors, ABCRC

Guy West, President, ABCRC

Daniel Gaetano, Vice President of Finance & IT, ABCRC

Colin Carter, Vice President of Operations, ABCRC

Alexis MacKenzie, Vice President of Communications & Marketing, ABCRC

Mark Osterman, Analyst, ABCRC

Umed Lodia, Accounting Manager, ABCRC

Richard Panas, Health & Safety Coordinator, ABCRC

Robert Turner QC, Dentons

Dr. David Sanscartier, Saskatchewan Resource Council

Brenna McLennan, Alberta Environment and Sustainable Resource Development

Giselle Beaudry, Alberta Environment and Sustainable Resource Development

Karo Group Inc.

Appendix

List of Manufacturers of Non-Refillable Beverage Containers Registered in Alberta

Active as of December 31st, 2012

020 Trading Company Ltd.	Cafeone Canada A Divison of Luzza Imports Ltd.	DSI Food Corporation
1118697 Alberta Inc.	Caissen Water Technologies Inc.	Earth's Own Food Company Inc.
A. Lassonde Inc.	Calkins & Burke Ltd.	Eaux Vives Water Inc.
A.G.L.C	Campbell's Soup	Ecotrend Ecologics Ltd.
A.W. Jantzi & Sons Limited	Canada Dry Motts Inc.	Edoko Food Importers Ltd.
ABC Cork Co.	Canada Pure Water Co. Ltd.	Elco Fine Foods
Abott Laboratories Limited.	Canadian Choice Wholesalers	Elite International Foods Inc.
Acklands-Grainger Inc.	Canadian Tire	Evolv Health Canada, Inc.
Advanced H2O LLC.	Canda Six Fortune Enterprises Co. LTD	Fairwinds Farm Ltd.
Afod Ltd.	Casseroles Cora Inc.	Far East North America Food Ltd.
AgroLabs, Inc.	Christmas Natural Foods	Fastenal Canada, Ltd.
Agropur-Island Farms	Clic International Inc.	Federated Coop Ltd.
Aliments Ultima Foods Inc.	Cliffstar Corporation	Ferma Import And Export
Allcity Importers Ltd.	Coca-Cola Bottling	Fiji Water Canada Ltd.
Amazon Preservation Partners, Inc.	Community Natural Foods Ltd.	Fluid Motion Beverage Inc.
Amway Canada Corporation	Concord Sales Ltd. - B.C.	Fok's Trading (Canada) Ltd.
Anchor Foods International Ltd.	Corinthian Distributors Ltd.	Four Winds Hotels Management Corp
Arctic Chiller Ltd.	Cott Beverages	Freelife International Canada Corp.
Arrowhead Water Products	Country Fresh Water	Fukuda Trading Co. Ltd.
Atkins Nutritionals Inc	Covic International Trading Inc.	G.I. Energy Drink
Avalon Dairy Ltd.	Culligan of Canada, Ltd.	Gagan Foods International Ltd.
Aviara Sales Inc.	Cypress F & B Holdings Ltd.	Galvanina Canada Ltd.
Bargain Shop Holdings Inc., The	Cytosport, Inc.	General Mills Canada Corporation
Best Brands Marketing	Dank Energy Drinks Ltd.	General Nutrition Centers
Beverage World Inc.	Danone Inc.	Genesis Marketing Group Inc.
Big Lots Canada Inc.	Dattani Wholesalers	Genesis Today, Inc.
Bioforce Canada Inc.	De Marc Distributions Ltd.	Genki Foods
Blue Diamond Growers	Dehnamar Inc.	GFS Prairies Inc.
Bolthouse Farms	Distribution Fastrack 2010 Inc.	Good Taste of Britain 1995, A
Bottle Green Drinks	Distribution Missum	Good Water Company, The
Brewsters Brewing Company	Dole Packaged Foods Co.	Gotchya Produktos Inc.
British Pantry	Dollar Tree Stores Canada	Grace, Kennedy (Ont.) Inc.
Bulk Barn Foods Limited	Dollarama LP	Great Western Brewing Co.
Buy-Low Foods LP	Dong Phuong Oriental Market Ltd.	Greenworld Food Express Inc.
Cabela's Retail Canada Inc.	Double D Beverage Co.	Grizzly Paw Brewing Company, The

List of Manufacturers of Non-Refillable Beverage Containers Registered in Alberta (cont'd)

H J Heinz	Keg Brands	Nestle Waters
Hain Celestial Canada Inc.	Kellogg Canada Inc.	Netmarket Central America
Happy Days Dairies	Kennelli Springs Ltd.	Niagara Bottling, LLC
Happy Planet Foods Inc.	KO & C Enterprises, Ltd.	Nippy Water Sales
Heart Smart Foods Ltd.	Kohl & Frisch Limited	Nishimoto Trading Co., Ltd.
Hi-Bridge Consulting Co.	Kraft Canada Inc.	Noble Meadows Farm
Hilary's Salesmaster Inc.	Latinamerican Foods Inc.	North West Company, The
Home Style Donair & Subs	Le Kiu Importing Co. Ltd.	Northern Bottling
Hongdao Business Development Ltd.	Leading Brands of Canada	Nutrisoya Foods Inc.
Horizon Distributors	Les Aliment Unique Foods	Nutrition Club O/A
Hudson's Bay Company	Les Celliers Associes	Nutrition Excellence
Hung Gay Enterprises Ltd.	Loblaw Companies Ltd.	Nutrition Zone Products Inc.
I.D. Foods Superior Corp.	London Drugs Ltd.	Ocean Spray Int'l Inc.
Ice River Springs Water Co. Inc.	Lucerne Foods	Office General des Eaux Minerales Ltee
Icy Mountain Water Co.	LYF Health & Wellness Inc.	Olympic Dairy Products Inc.
Idea Worldwide	MacDonalds Consolidated	Otis McAllister, Inc.
IDS Interactive Distributing Services Ltd.	Malinda Distributors	Overwaitea Foods
IKEA Canada Limited Partnership	Manzen LLC dba Xyience	P.A. Fine Foods & Distributors Ltd.
Imperial Chilled Juice Inc.	Martin Brower of Canada	Pacific Bottleworks Company
In Zone Brands, Inc.	Maverick Brands, LLC	Pacific Natural Foods
Inform Brokerage Inc.	McCain Foods Ltd.	Parmalat Canada - Calgary
J.M. Smucker Company, The	Mexican Family Store	Peak Energy Distributing Ltd.
J.W. Mason and Sons Ltd.	Minute Maid Company, The	Pepsi Bottling Group (Canada) Co.
Jan K. Overweel	Monashee Spring Water Distributors Ltd.	Pharmx Rexall Drug Stores Ltd.
Jardin Foods Ltd.	Monavie Enterprises Canada Inc.	Philippine Fruit Corporation
Jasmine Mediterranean Foods	Morinda Canada Co.	Phoenicia Group Inc.
JC Bunny Bunny Trading Co. Ltd.	Mother Dairy	PKE Water Store & More
Jet Trading Co Ltd.	MW (Canada) Federal Ent. Ltd.	Polaris Water Company Inc.
JFC International (Canada) Inc.	Nanton Water & Soda Ltd.	Pom Wonderful
JFC International Inc. (USA)	Nationwide Natural Foods 2000 Inc.	Pratts Wholesale (Sask.) Ltd.
Jiva Organics Mfg. & Dist. Inc.	Nature's Pop Sales	Precision Design & Manufacturing
Johanna Beverage Company LLC	Nature's Sunshine Products, Inc.	Premier Nutrition
Jones Soda Co.	Naya Waters Inc.	Principal Sales Inc.
Joriki Inc.	Nestle Canada Inc	Prism Distribution Inc.
Karma Culture, LLC	Nestle Professional Vitality	Pro Water Conditioning

Produits de Marque Liberte Inc.
PSC Natural Foods
Pure Water Oasis
Puresource Inc.
Purity Organic
Qpro Canada Inc.
R W Packaging
Rage Beverages Inc.
RE7 Global Industries Inc.
Red Deer Bottling
Renee's Gourmet Foods Inc.
Ripple Fx Water Inc.
Riverbend Plantation
Rocky Mountain Roasters Ltd.
Rona Inc
Rubicon Food Products Ltd.
Ruslan Trading Ltd.
Rustic Backyard Structures
Santa Maria Foods Corp.
Saputo Dairy Products
Shoppers Drug Mart
Sky Blue Water
Splash Beverage Group, Inc.
Star Marketing Ltd.
Starbucks Coffee Company
Stars Trading Co. Ltd.

Stillcreek Distributing Ltd.
Stone Wave Inc.
Sun Orchard, Inc.
Sun Pac Foods
Sun Rype Products
Sunrise Markets Inc.
Sun-Rype Products (USA), Inc.
Sunterra Quality Food Markets Inc.
Super Pufft Snacks Corp
Superior Tofu Ltd.
Sysco Food Services of Calgary
T & T Supermarket Inc.
Tak Tai Trading Co. Ltd.
Talking Rain Beverage Co.
TDL Group Limited, The
Temple Lifestyle Inc.
TFB & Associates
Thai United Food Trading Ltd.
Thomas Canning
Ti Foods
Tonsell International Inc.
Tree of Life/Gourmet Award Foods - B.C.
Tree Top, Inc.
Treehugger Organics Inc.
Tri-Pure Water Ltd.
Trivita Living, Ltd.

True North Nutrition
Turtle Mountain, LLC
U Neek Brands Ltd.
UNFI Canada Inc-Grocery West
Unilever Canada
Unisource Canada Inc.
Uno Foods Inc.
Usana Canada Co.
Van Dyk'S Health Juice Products Ltd.
Vancouver Water Enterprises Canada Co., Ltd.
Verger Paul Jodoin Inc.
Vital Green Farms
Vivid Glas Water Sales & Distribution Ltd.
Wallace & Carey Ltd.
Wal-Mart Canada Inc.
Water Pure & Simple - Wetaskiwin
Water Pure & Simple - Minilake Dist.
Water Pure & Simple - Westlock
Watermark Beverages Inc.
Weider Nutrition Group (Canada) Ltd.
Wells Water
White Wave Inc.
Winning Combination Inc., The
Worldwide Specialty Foods Ltd.
Ying Fat Food
YJ Sciences, Inc.

Appendix

Table of GRI Indicators

TABLE SUMMARIZING LOCATION OF GRI “STANDARD DISCLOSURES” WITHIN REPORT – SD 3.12

GRI Standard Disclosures	Web Page/ PDF Chapter
Statement from most senior decision maker [1.1]	Vision & Strategy
Name of Organization [2.1]	Organizational Profile
Primary services [2.2]	Organizational Profile
Operational structure [2.3]	Organizational Profile
Location of headquarters [2.4]	Organizational Profile
Geographic scope [2.5]	Organizational Profile
Ownership and legal form [2.6]	Organizational Profile
Markets served [2.7]	Organizational Profile
Scale of Organization i.e. size, net sales or revenues, quantity of products/services [2.8]	Organizational Profile
Significant changes during reporting period [2.9]	Organizational Profile
Awards received [2.10]	Organizational Profile
Reporting period [3.1]	Report Profile
Date of previous report [3.2]	Report Profile
Reporting cycle [3.3]	Report Profile
Contact person [3.4]	Report Profile
Process for defining report content [3.5]	Report Profile
Boundary of report [3.6]	Report Profile
Limitations of scope [3.7]	Report Profile
Basis for reporting joint ventures, leased facilities, outsourced services [3.8]	Report Profile
Any re-statements from previous reports [3.10]	Report Profile
Significant changes from previous report [3.11]	Report Profile
Table summarizing location of standard disclosures within report [3.12]	Appendix
Governance structure [4.1]	Governance
Disclosure if Chair is executive officer [4.2]	Governance
Unitary Board structure if applicable[4.3]	Governance
Mechanisms for shareholders and employees to provide recommendations or direction [4.4]	Governance
List of stakeholder groups (i.e. communities, shareholders, employees, customers, civil society) engaged by the organization [4.14]	Stakeholder Engagement
Basis for identifying stakeholders with whom to engage [4.15]	Stakeholder Engagement

Table of GRI Indicators (cont'd)

TABLE SUMMARIZING LOCATION OF GRI “INDICATORS” WITHIN REPORT

GRI Performance Indicators

For a C-Level report ten (10) indicators are required, with at least one (1) from each of the following aspects: ENVIRONMENT, SOCIETY & ECONOMY

	Web Page / PDF Chapter
ENVIRONMENT	
Materials used by weight or volume [EN1]	Performance Information
Percentage of materials that are recycled input materials [EN2]	Performance Information
Direct energy consumption [EN3]	Performance Information
Total water withdrawal by source [EN8]	Performance Information
Total direct and indirect GHG emissions by weight [EN 16]	
Total water discharge by quality and destination [EN21]	Performance Information
Total weight of waste by type and disposal method [EN22]	
Initiatives to mitigate environmental impacts of products and services [EN26]	Performance Information
Percentage of Products Sold and Packaging Materials by Category [EN27]	Performance Information
Monetary value of significant fines and sanctions for non-compliance with environmental laws [EN28]	Performance Information
Significant environmental impacts of transporting products and members of the workforce [EN29]	Performance Information
SOCIETY	
Nature, scope and effectiveness of programs that assess and manage impacts of operations on communities, including entering, operating and exiting [S01]	
Total value of financial and in-kind contributions to political parties and politicians [S06]	Performance Information
Legal actions for anti-competitive or anti-trust behaviour [S07]	Performance Information
Value of fines and sanctions for non-compliance with laws and regulations [S08]	Performance Information
ECONOMY	
Direct economic value generated and distributed incl. revenues, operating costs, labour, donations, community investments, retained earnings, payments to capital providers and governments [EC1]	Performance Information
Financial assistance received from gov't [EC4]	Performance Information
Standard entry wage vs. minimum wage [EC5]	Performance Management
Proportion of senior mgmt from local community [EC7]	Performance Management
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement [EC8]	Performance Information

Table of GRI Indicators (cont'd)

TABLE SUMMARIZING LOCATION OF GRI "INDICATORS" WITHIN REPORT

GRI Performance Indicators

For a C-Level report ten (10) indicators are required, with at least one (1) from each of the following aspects: ENVIRONMENT, SOCIETY & ECONOMY

Web Page / PDF Chapter

	Web Page / PDF Chapter
HUMAN RIGHTS	
Total number of incidents of discrimination and actions taken [HR04]	Performance Management
LABOR PRACTICES & DECENT WORK	
Total workforce by employment type, employment contract, and region [LA1]	Performance Management
Total number and rate of employee turnover by age group, gender, and region [LA2]	Performance Management
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations [LA3]	Performance Management
Percentage of employees covered by collective bargaining agreements [LA4]	Performance Management
Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements [LA5]	Performance Management
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs [LA6]	Performance Management
Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region [LA7]	Performance Management
Health and safety topics covered in formal agreements with trade unions [LA9]	Performance Management
PRODUCT RESPONSIBILITY	
Practices related to customer satisfaction including results of surveys measuring customer satisfaction [PR 5]	Performance Information
Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes [PR 7]	Performance Information
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data [PR 8]	Performance Information
Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services [PR 9]	Performance Information

Note: Core Indicators, shown in bold, are those Indicators identified in the GRI Guidelines to be of interest to most stakeholders and assumed to be material unless deemed otherwise on the basis of the GRI Reporting Principles.

Appendix

Glossary of Key Terms

“**ABCRC**” is Alberta Beverage Container Recycling Corporation

“**ABDA**” is Alberta Bottle Depot Association

“**Act**” refers to the Business Corporation Act (Alberta)

“**BCMB**” is Beverage Container Management Board

“**EPR**” refers to Extended Producer Responsibility, an environmental policy approach in which a producer’s responsibility for a product is extended to the post-consumer stage of a product’s life cycle. EPR programs share one fundamental characteristic – producers and or/distributors are involved in the post-consumer management of their specific products (i.e. automobiles), product categories (i.e. electronic products) or waste streams (i.e. packaging).

Source: Performance Measurement and Reporting for Extended Producer Responsibility Programs (Environment Canada, Environmental Stewardship Branch, October 2007)

“**GRI**” refers to the Global Reporting Initiative

“**Regulation**” refers to the Beverage Container Recycling Regulation

Financial Statements

of Alberta Beverage Container Recycling Corporation

December 31, 2012

- 2** Independent Auditor's Report
- 3** Statement of operations and changes in net assets
- 4** Statement of financial position
- 5** Statement of cash flows
- 6** Notes to the financial statements

Independent Auditor's Report

Deloitte LLP
700 Bankers Court
850 Second Street S.W.
Calgary AB T2P 0R8
Canada

Tel: (403) 267-1700
Fax: (403) 213-5791
www.deloitte.ca

To the Shareholders of Alberta Beverage Container Recycling Corporation

We have audited the accompanying financial statements of Alberta Beverage Container Recycling Corporation, which comprise the statement of financial position as at December 31, 2012 and the statements of operations and accumulated surplus of revenue over expenses and cash flows for the year 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 audit. We conducted our audit 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Beverage Container Recycling Corporation as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Other Matter

The financial statements of Alberta Beverage Container Recycling Corporation as at December 31, 2011 and for the year then ended were audited by another firm of chartered accountants who provided an unmodified auditor's report dated May 7, 2012.

(signed Deloitte LLP)

Chartered Accountants

May 15, 2013

Statement of operations and changes in net assets

year ended December 31, 2012

	2012	2011
	\$	\$
Revenue		
Regulated deposits	249,459,631	238,011,195
Container recycling fees	27,929,386	45,036,419
Deposits refunded	(205,018,511)	(199,646,386)
	72,370,506	83,401,228
Sale of processed containers	29,096,408	33,537,072
Processing fees and other income	504,899	479,492
(Loss) gain on foreign exchange	(97,603)	416,059
	101,874,210	117,833,851
Handling commissions	(80,302,818)	(78,003,093)
Beverage container management board fees	(1,062,597)	(1,140,080)
	(81,365,415)	(79,143,173)
Expenses		
Warehouse	10,534,005	9,755,701
Transportation	9,022,481	8,906,536
Administration	3,499,996	3,303,228
Marketing and technology	3,749,041	4,458,060
Amortization	771,997	707,056
	27,577,520	27,130,581
(Deficiency) excess of revenue over expenses	(7,068,725)	11,560,097
Net assets, beginning of year	28,500,001	16,459,904
Adjustment for beer surplus fund transfer	-	480,000
Net assets, end of year	21,431,276	28,500,001

Statement of financial position

as at December 31, 2012

	2012	2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	11,046,733	19,543,433
Short-term investments	20,003,425	20,016,438
Accounts receivable (Note 3)	27,277,035	30,582,680
Prepaid expenses	162,347	164,040
	58,489,540	70,306,591
Tangible capital assets (Note 4)	13,869,902	3,539,135
	72,359,442	73,845,726
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 3 and 5)	43,261,431	45,328,927
Current portion of obligations under capital lease	3,245	12,666
Current portion of mortgage loan (Note 8)	400,125	–
	43,664,801	45,341,593
Obligations under capital lease	–	3,232
Mortgage loan (Note 8)	7,262,465	–
	50,927,266	45,344,825
Commitments (Note 10)		
Contingent liabilities (Note 5)		
Share capital (Note 6)	900	900
Net assets		
Investment in tangible capital assets (Note 2)	6,204,067	3,523,237
Unrestricted net assets	15,227,209	24,976,764
	21,431,276	28,500,001
	72,359,442	73,845,726

Approved by the Board

Statement of cash flows

year ended December 31, 2012

	2012	2011
	\$	\$
Operating activities		
(Deficiency) excess of revenue over expenses	(7,068,725)	11,560,097
Items not affecting cash		
Amortization	771,997	707,056
Gain on disposal of tangible capital assets	–	(1,582)
Unrealized foreign exchange loss	5,049	11,340
	(6,291,679)	12,276,911
Changes in non-cash working capital		
Accounts receivable	3,305,645	(3,697,501)
Prepaid expenses	1,693	(16,676)
Accounts payable and accrued liabilities	(2,067,496)	7,721,603
	(5,051,837)	16,284,337
Financing activities		
Repayment of obligations under capital lease	(12,653)	(10,933)
Advances of mortgage loan	7,687,700	–
Repayment of mortgage loan	(25,110)	–
Issuance of shares	–	200
Beer fund surplus transfer	–	480,000
	7,649,937	469,267
Investing activities		
Purchase of tangible capital assets	(11,102,764)	(616,886)
Proceeds on disposal of tangible capital assets	–	41,700
Short-term investments, net of proceeds on disposition and purchases	13,013	(15,016,315)
	(11,089,751)	(15,591,501)
Foreign exchange loss on cash held in foreign currency	(5,049)	(11,340)
Net (decrease) increase in cash and cash equivalents	(8,496,700)	1,150,763
Cash and cash equivalents, beginning of year	19,543,433	18,392,670
Cash and cash equivalents, end of year	11,046,733	19,543,433
Represented by:		
Cash	1,798,670	1,952,848
Cash equivalents	9,248,063	17,590,585
	11,046,733	19,543,433

Notes to the financial statements

December 31, 2012

1. Nature of business

Alberta Beverage Container Recycling Corporation (the "Corporation") is incorporated under the Business Corporation Act (Alberta). The Corporation has a not-for-profit provision which exempts the Corporation from taxes under Section 149 (1) (l) of the Income Tax Act, subject to certain requirements.

The Corporation has been appointed by participating beverage manufacturers (the "Participants") in the province of Alberta to collect non-refillable registered containers from depots and cause them to be recycled, as required under the Beverage Container Recycling Regulation. The Corporation's guiding principles require that container recycling fees are determined so that each container type is self funding.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

Container recycling fees and regulated deposits are recognized upon the sale

of product by the Participants. Processing fees are recognized as services are provided, the sales price is determinable and collection is reasonably assured. Revenue arising from the sale of processed containers is recognized when shipped.

Cash and cash equivalents

Cash and cash equivalents include the amounts held in current and money market accounts maintained by the Corporation. Any amount included as cash and cash equivalents will have a maturity of 90 days or less from inception.

Short-term investments

The Corporation considers certificates of deposit, Guaranteed Investment Certificates and short-term investments with original maturities of one year or less as short-term investments.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Free-standing derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Corporation has not elected to

carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations and accumulated surplus of revenue over expenses.

With respect to financial assets measured at cost or amortized cost, the Corporation recognizes in deficiency of revenue over expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations and accumulated surplus of revenue over expenses in the period the reversal occurs.

Tangible capital assets

Tangible capital assets are recorded at cost and amortized using the straight line method over their estimated useful lives as follows:

Plant equipment	5 and 10 years
Computer and communication equipment	3 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements	Term of lease

Capital development projects are not subject to amortization until development is complete.

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally estimated.

Liability for unreturned containers

The amount recorded as a liability for unreturned containers is based on managements' estimates of future container return rates and associated costs and is included in accounts payable and accrued liabilities.

Foreign currency

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the statement of financial position date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Foreign exchange gains and losses are included in revenue.

Use of estimates

The preparation of financial statements in conformity 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 and

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Specific items subject to estimation include the allowance for doubtful accounts, estimated useful lives and potential impairment of tangible capital assets, liability for unreturned containers, and accrued liabilities.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in deficiency of revenue over expenses in the year in which they become known. Actual results could differ from those estimates.

Internally restricted for tangible capital assets

Net assets internally restricted for tangible capital assets are composed of:

	2012	2011
	\$	\$
Net book value of tangible capital assets	13,869,902	3,539,135
Obligations under capital lease	(3,245)	(15,898)
Mortgage loan	(7,662,590)	–
	6,204,067	3,523,237

3. Related party transactions

Of the Corporation's total revenue, 71.8% (2011 – 70.8%) is from the deposits and fees charged and collected by Participants in the selling of their beverages in non-refillable containers.

At December 31, 2012, the accounts receivable balance included \$25,255,163 (2011 – \$27,709,636) due from the Participants in the normal course of business.

At December 31, 2012, the accounts payable and accrued liabilities balance included \$1,487,751 (2011 – \$2,847,862) payable to the Participants in the normal course of business.

4. Tangible capital assets

	2012		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Plant equipment	5,420,214	2,934,408	2,485,806
Computer and communication equipment	1,369,071	1,216,092	152,979
Office equipment	156,584	125,204	31,380
Vehicles	39,190	35,924	3,266
Leasehold improvements	1,603,722	890,174	713,548
Capital development projects	10,482,923	–	10,482,923
	19,071,704	5,201,802	13,869,902

	2011		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Plant equipment	5,166,270	2,386,420	2,779,850
Computer and communication equipment	1,292,822	1,137,843	154,979
Office equipment	139,950	115,213	24,737
Vehicles	39,190	22,861	16,329
Deposits on equipment	46,370	–	46,370
Leasehold improvements	1,317,957	801,087	516,870
	8,002,559	4,463,424	3,539,135

Capital development projects totalling \$10,482,923 (2011 – \$46,370) are not subject to amortization until development is complete.

The vehicles included in the above disclosure are financed by obligations under capital lease.

5. Accounts payable and accrued liabilities

Liability for unreturned containers

The Corporation has accrued a liability of \$37,364,937 (2011 – \$37,305,985) for the estimated costs of recycling the estimated number of containers that have been sold by the Participants at the Corporation's year end, and are expected to be recovered after the year-end based on expected return rates.

Management has estimated this liability based on existing knowledge and changes in future conditions may require a material change in the recognized amount of this liability.

6. Share capital

Authorized, unlimited number

Class A shares without nominal or par value. The shares have voting rights but no dividend rights.

Class B shares without nominal or par value. The shares have no voting rights but have dividend rights. The Class B shares may only be issued with the unanimous consent of the holders of the Class A shares.

The authorized share structure results in the Corporation being a not-for-profit corporation as long as no Class B shares are issued and profits are restricted to the operations of the Corporation.

Issued and outstanding

	2012	2011
	\$	\$
900 Class A shares (2011 – 900)	900	900

7. Operating line of credit

The Corporation has an operating line of credit, including letters of credit to a maximum of \$500,000, not to exceed the lesser of \$4,000,000 and 90% of certain accounts receivable net of over 45 day accounts, from a Canadian chartered bank bearing interest at the bank's prime interest rate plus 0.05% per annum. The line of credit is secured by a general security agreement representing a first charge over all of the assets of the Corporation.

The Corporation has issued a \$100,000 standby letter of credit as security for the Edmonton building lease. As of December 31, 2012, the outstanding balance for the operating line of credit was \$Nil (2011 – \$Nil).

8. Mortgage loan

	2012	2011
	\$	\$
Mortgage loan, bearing interest at The Toronto-Dominion Bank's fixed term rate of 3.45% per annum, starting from November 20, 2012 and expiring on November 20, 2017 based on the agreed amortization period of 180 months, repayable in monthly blended payments of \$54,668 towards principal and interest due on the 20th day of each successive month commencing on December 20, 2012	7,662,590	—
Less: current portion	400,125	—
	7,262,465	—

It is expected that the loan will be renewed for another five year period subsequent to its maturity in November 2017.

The mortgage loan is secured by a general security agreement and a collateral mortgage representing first charge on real property located at 901-57th Avenue, N.E., Calgary, Alberta in the principal amount of \$7,687,000, beneficially owned by and registered in the name of Alberta Beverage Container Recycling Corporation. The net book value of the property is \$10,404,815 (2011- \$Nil).

Principal payments required in each of the next five years and thereafter are as follows:

	\$
2013	400,125
2014	414,047
2015	428,453
2016	442,749
2017 and thereafter	5,977,216
	7,662,590

9. Financial instruments

Fair values

The Corporation's financial instruments are cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities, obligations under capital lease and mortgage loan. The fair values of these financial instruments, except mortgage loan, approximate their carrying values due to the short-term nature of the instruments.

The fair value of the mortgage loan approximates its carrying value as the fixed interest rate approximates market interest rates. Financial derivative instruments are not used by the Corporation.

Credit risk

The Corporation is exposed to credit risk on its accounts receivable from its customers. The majority of the accounts receivable are in respect of container recycling fees and regulated deposits. The Corporation generally extends unsecured credit to the Participants, and therefore the collection of accounts receivable may be affected by changes in economic or other conditions.

Management believes the risk is mitigated by the size and reputation of the companies to which they extend credit, and the net aged accounts receivable balance greater than 60 days is not material to the financial statements as a whole.

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements.

Interest rate risk

The mortgage loan bears interest at a fixed rate. Consequently, the cash flow exposure is not significant. However, the fair value of the debt at a fixed rate of interest could fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk on its operating line of credit, obligations under capital lease, cash and cash equivalents and short-term

investments. Due to their short-term nature, management believes this risk is not significant. A change of 25 basis points in interest rates would have increased (decreased) excess of revenue over expenses and accumulated surplus of revenue over expenses, end of year by \$80,073 for the year ended December 31, 2012 (2011 – \$79,465).

Foreign currency risk

The Corporation undertakes revenue and purchase transactions in foreign currencies and is subject to gains and losses due to fluctuations in foreign currency exchange rates. Gains and losses due to foreign currency based transactions are not expected to be material to the financial statements.

As at December 31, 2012, the Corporation had a net exposure to U.S. currency of \$2,491,104 (2011 – \$2,601,881) (US\$2,488,486; 2011 – US\$2,104,010) and the Corporation has no options or any forward commitments to sell additional U.S. currency.

10. Commitments

The Corporation has lease commitments for rent of its head office, plant spaces, and other operating lease agreements, which expire at various dates. The lease agreement for the Calgary facility expires in November 2014, and the Corporation has an option to renew it for a further five-year period at mutually agreeable terms.

Future minimum lease rental payments aggregate \$3,208,058, and the amounts due over the next five years are as follow:

	\$
2013	905,500
2014	875,511
2015	472,558
2016	475,050
2017	479,439