

2013 Sustainability Report



abcrc 

ALBERTA BEVERAGE CONTAINER
RECYCLING CORPORATION



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PROGRAM HIGHLIGHTS

Together, we're
benefiting Alberta's
economy, environment
and communities.

Alberta Beverage Container Recycling Corporation (ABCRC) created new benefits for Alberta's economy, environment and people.

Our key 2013 outcomes include:

- Facilitated an 81.7% province-wide return rate for non-refillable beverage containers, an increase over the prior year and the highest among Canadian deposit jurisdictions.
(source: Canadian Container Stewardship Bureau)
- ABCRC set a new annual record by processing 1,882,078,475 empty non-refillable beverage containers, surpassing the previous year by 3.8%
- Re-directed over 96,774,289 kg of material away from landfills and into a useful future – an increase of 4.2% over prior year
- Saved 715,455,193 Kwh of energy by returning recycled material to markets and avoiding the demand for raw materials – an improvement of 3.7% over the prior year
- Eliminated 203,135,741 kg of CO₂ eq emissions associated with production of goods from raw materials - an improvement of 4% over last year
- More than doubled the amount of recycled content in supplies used during daily operations, up from 19% in 2012 to 42% in 2013
- Completed a seamless relocation of the Calgary head office and processing plant into a higher performing centre of operations
- Distributed over \$1 million in community investments, successfully adding over 80,000 new recycling infrastructure items such as bins and bags to communities around Alberta
- Earned a 100% moderate-to-high approval rating from depot operators surveyed about their satisfaction with ABCRC's services
- Employed a local workforce of 133 full-time employees, who continued to work safely as demonstrated by another year of zero lost time claims at the Calgary plant
- Contributed to Alberta's economy with \$106 million in procurement spending within the province

ORGANIZATIONAL PROFILE

2013 was another great year for Albertans and our environment.

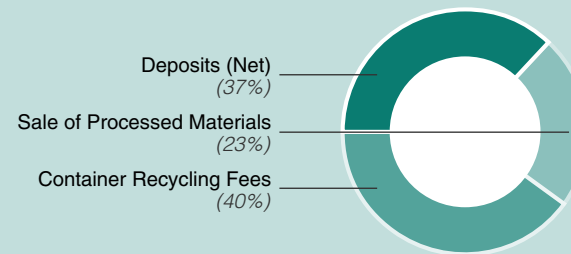
ABCRC operates within the largest deposit system in Canada

Alberta Beverage Container Recycling Corporation (ABCRC) is responsible for the collection and subsequent recycling of over 55,000 different types of regulated non-refillable beverage containers sold in Alberta. During 2013, this involved transporting and processing over 1.88 billion containers from more than 200 independently owned drop-off depots located throughout the province.

ABCRC is a private corporation that operates under 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 in Canada, as compared to other non-refillable beverage container deposit systems. *(source: Canadian Container Stewardship Bureau)*

Revenues By Source



Non-refillable Containers Recycled By Type/Materials

Material	Fate of Materials	% of Sold Containers	% of Recovered Containers	Return Rate	Tonnes Diverted from Landfill
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 	45.8%	48.9%	87.2%	12,696.9
Polyethylene Terephthalate (PET) – Clear	<ul style="list-style-type: none"> Recycled into pellets for use in manufacture of new food grade and non-food containers 80+% recycled with less than 20% being sub-standard material or contaminants 	34.0%	32.1%	77.1%	19,321.9
Hi-Density Polyethylene (HDPE)	<ul style="list-style-type: none"> Recycled into pellets for use in manufacture of new non-food grade products 80+% recycled with less than 20% being sub-standard material or contaminants 	8.4%	9.4%	91.8%	59,378.6
Polyethylene Terephthalate (PET) – Green		6.2%	5.0%	66.0%	1,810.5
Other Plastics		4.5%	3.7%	67.1%	2,974.1
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 	0.8%	0.6%	56.4%	234.8
Tetra Brik	<ul style="list-style-type: none"> Fibre extracted and used in the manufacture of paper products Residual aluminum and plastics – portions recycled in undetermined quantities, portions potentially used as fuel (energy recovery) 80% by weight recycled 	0.3%	0.3%	82.6%	357.6
Gable Top	<ul style="list-style-type: none"> Fibre extracted and used in the manufacture of paper products 80% by weight recycled 	0.0%	0.0%	0.0%	<0.0
Drink Pouches	<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 				
Bag-In-A-Box (bladders)	<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 				
Bi-Metal	<ul style="list-style-type: none"> No viable recycling markets for this material Ceramics pre-date regulatory requirement for recycling 12 aerosol containers in 2013 2,112 ceramic bottles in 2013 				
Ceramics					
Aerosol Containers					
Total weight diverted From Landfill					96,774.3

Read more about ABCRC

Case Study



It's important to ABCRC and our shareholders that we continue to operate an entirely self-funded system that also benefits Alberta's economy and makes important community investments. In 2013, ABCRC:

- Received \$0 in government funding
- Contributed \$106 million in procurement spending to Alberta's economy
- Paid \$6.7 million in salaries to locally-hired staff, including 20 summer student positions
- Funded over \$1 million in infrastructure grants for local clubs, charities, municipalities and businesses in order to add recycling bins to underserved areas

NAME OF ORGANIZATION – SD 2.1

Alberta Beverage Container Recycling Corporation (ABCRC)

PRIMARY SERVICES – SD 2.2

ABCRC is a provincially incorporated product stewardship corporation established by regulatory means and operating under not-for-profit provisions. Our mandate is to be the agent for beverage manufacturers to operate a common collection system for registered containers; be responsible for recycling non-refillable beverage containers; comply with regulation and Beverage Container Management Board (BCMB) bylaws; and promote the economic and efficient collection of non-refillable 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 in over 200 locations 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 9.8% 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

ABCRC's headquarters re-located in November of 2013, moving from 3617 Ogden Road SE Calgary, Alberta to 901-57 Ave NE 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 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 manufacturers. ABCRC operates on a not-for-profit basis.

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).

MARKETS SERVED – SD 2.7

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

SCALE OF THE REPORTING ORGANIZATION –

SD 2.8

ABCRC, operating solely within the Province of Alberta, employed 133 full-time equivalent employees in 2013.

ABCRC processed 1,882,078,475 non-refillable beverage containers in 2013, and generated \$124,829 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, 2013 was:

Debt (including capital leases)	\$ 53,939.3
Share Capital and Net Assets	\$ 32,344.0
ABCRC’s Total Assets	\$ 86,283.3

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

ABCRC experienced a significant change in its operations during 2013, with the relocation of our Calgary plant and head office in November. ABCRC continued to be responsible for operational costs, such as utilities and leasing, at the previous facility for the entire year.

There was no change in share capital structure.

REPORT PROFILE

A better way to share our success with Albertans.

Our second sustainability report adds a strong link to an important chain of reporting

The 2013 sustainability report is the second annual sustainability report published by ABCRC. By introducing a second year of detailed data that measures our economic, environmental and social impacts we now have the benefit of year over year comparisons. Not only does this help us monitor our performance, but it helps us provide our readers and stakeholders with a broader context for understanding our business, its challenges and achievements. The 2013 sustainability report adds another strong link to a long chain of comprehensive reporting proving our commitment to transparency and continuous improvement in a way that makes sense not just to us, but connects with our stakeholders' evolving values and expectations.

As an Extended Producer Responsibility (EPR) 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.



In 2013, Albertans
recycled more empty
beverage containers
than ever before.

Read more about ABCRC's 2013 sustainability report:

REPORTING PERIOD – SD 3.1

ABCRC's sustainability report is limited in scope to performance occurring January 1 – December 31, 2013.

DATE OF PREVIOUS REPORT – SD 3.2

The 2013 sustainability report is ABCRC's second sustainability report. Our 2012 sustainability report was published in May of 2013. For more information please visit abcrc.com.

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.

ABCRC also considers its organizational boundary to include the distance traveled by our transportation suppliers, who are wholly independent of ABCRC but significant to overall organizational performance.

As part of this report, ABCRC will report on metrics related to the following facilities, which it occupies:

- A leased processing facility in Edmonton
- A leased processing/head office facility in Calgary
- An owned processing/head office facility purchased in October of 2012 and under renovations throughout 2013 up to the date of occupancy by ABCRC in November of 2013
- A leased yard adjacent to the owned processing/head office facility

Community Impact



Yellowhead County has had great success with ABCRC's Community Champions Program. It has allowed us to update the vast majority of our parks with recycling containers and created some great partnerships with local businesses, schools and community groups. With summer just around the corner we are expecting a lot of bottles to be saved from the landfill by the containers in Yellowhead County's parks and sports fields.

Heather Hawkins
Parks & Special Projects Coordinator
Yellowhead County

LIMITATIONS OF SCOPE – SD 3.7

This report is only the second consecutive report prepared by ABCRC in accordance with sustainability reporting requirements, and therefore data is sometimes limited to single year-over-year comparisons (2013 vs. 2012). It is anticipated that in future reports ABCRC will begin showing data in the context of multiple year over year comparisons, which will better enable the assessment of progress over time.

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, 2013. ABCRC did engage two third party processors, under contract, in the fiscal period ending December 31st, 2013. Reporting is limited to contract costs, included as part of the operating costs under “Processing” in our Audited Financial Statements. The Beverage Container Management Board (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 are also reported in our Audited Financial Statements.

RE-STATEMENTS FROM PREVIOUS REPORTS – SD 3.10

The Return Rate for non-refillable beverage containers was stated as 81.7% in the 2012 report. Following corrections to sales figures provided by two beverage manufacturers, the 2012 return rate for non-refillable beverage containers was re-stated by ABCRC to 81.6%.

The 2012 sustainability report incorrectly stated that 84.4% of ABCRC’s staff was covered by a Collective Bargaining Agreement. The correct figure was 71.8%.

The employee absenteeism data provided for 2012 was incorrectly stated as 1,703 days based on 8 hours per day. The correct figure was 1,759 days.

In the 2012 sustainability report ABCRC incorrectly stated that the Beverage Container Recycling Regulation was created in 1972. The report should have stated that the Beverage

Container Regulations, Alta Reg 327/71, were created pursuant to The Beverage Container Act (Alberta) in 1971.

The 2012 sustainability report indicated that ABCRC used 5,742kg of airline-style shipping container tags. The correct weight used was 5,940 kg.

SIGNIFICANT CHANGES FROM PREVIOUS REPORTS – SD 3.11

ABCRC does not have any significant changes from previous reports to disclose, other than those related to the relocation of the ABCRC Calgary plant and head office as described in SD 2.9 and SD 3.6 and otherwise the corrections as stated in SD 3.10.

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

Hard work and progress go hand in hand.

We know that progress must be earned and our improvements will come through hard work

Mission

To collect and recycle non-refillable beverage containers

Vision

ABCRC will be a leading producer responsibility organization that improves the efficiency and effectiveness of the Alberta deposit system for non-refillable beverage containers

2013 – 2016 Strategic Priorities

Governance

1. Practice effective corporate risk management
2. Improve director development and training
3. Continuously improve governance practices

Sustainability

1. Ensure balance between economic, social and environmental metrics in decision making
2. Prioritize improvements and identify specific metrics

Stakeholder Relations

1. Communicate the value of ABCRC to stakeholders
2. Engage in regulatory review process to enable a successful EPR model
3. Improve consumer experience with the Alberta deposit system

Financial Management

1. Improve manufacturer sales verification process
2. Ensure appropriate surplus targets and reserves
3. Achieve a fair and balanced result from handling commission review

Operational Management

1. Increase transportation efficiencies
2. Improve operational efficiencies
3. Evaluate and improve quality control processes & metrics

The 2013 – 2016 strategic priorities were approved by ABCRC's board of directors in May of 2013. They provide a roadmap for the next four years, but are subject to careful annual review and amendment over time.

Message from the Board of Directors

This is our second annual sustainability report and, even in the short time between the publication of our 2012 report and this report, ABCRC's board has learned from the process and seen opportunities to apply our insights.

Leading up to 2012, our strategic priorities included developing and executing a sustainability report. We met that priority but through the process came to understand that though the publication of the document was a positive outcome it was not the place to stop. To realize the potential benefit of corporate sustainability principles, we needed to place the values at the start of decision-making. With that in mind, the new strategic priorities our board established with ABCRC's executive team in 2013 state that we will "ensure balance between economic, social and environmental metrics in decision making."

I'm pleased to see our organization mature rapidly in understanding the drivers of sustainability and move swiftly to improve our governance.

The 2013 report has also provided us with useful year-over-year comparisons that point clearly to growth. We see that our facilities processed over 1.88 billion non-refillable beverage containers, 68 million more than the prior year, reflecting a healthy 3.8% increase. This growth allowed us to divert a record 96,774,289kg of material from landfill and into a useful future, resulting in higher energy and greenhouse gas emission savings. It also enabled us to contribute further to the local economy by employing more Albertans under high employment standards and increasing our procurement spending within the province to over \$106 million, all the while maintaining our not-for-profit provisions and receiving no government funding. These healthy economic indicators are also what enabled us to create a multitude of positive social impacts, including providing recycling programs to over 400 schools and funding over \$1 million in community-based grants that built the recycling capacity of clubs, charities, businesses and municipal governments around the province.

Our key metric, the return rate for non-refillable beverage containers, grew by .1% over the prior year to 81.7% and positions ABCRC as operating one of the leading systems in Canada among deposit jurisdictions. Though we are still driven to reach and surpass our 85% target, our ambition must be tempered by understanding that there are few easy wins, and the final climb is undoubtedly the steepest. Through continued investment in research and innovative new public engagement programs like our LoveToRecycle campaign launched in 2013, we are confident that we will make progress toward our immediate goal of recovering more hard to reach containers. Subsequently, with sustained effort, we will achieve our longer term goal of an 85% return rate.

We extend our thanks to all Albertans who made the choice to recycle in 2013. We also recognize the efforts expended by our industry colleagues at the Beverage Container Management Board and Alberta Bottle Depot Association, as well as the over 200 beverage manufacturers who participate in our system in a shared effort to facilitate effective product stewardship in this province.



Ken White

Chair – ABCRC Board of Directors



Message from the President

In 2013, ABCRC got a new address.

On November 18th we completed the relocation of staff and equipment from our existing Calgary plant and head office into a more modern operations centre in the city's northeast. Our internal move team successfully met their goal of achieving this complex transition seamlessly, with no discernible disruptions to the critical services we provide to our depot customers. This move was historic for ABCRC, marking the first time our organization has owned a facility in which it operates. It also provides a symbol of our growth over the past 18 years and commitment to environmental stewardship in Alberta going forward.

Together with input from staff, ABCRC's executive team worked hard to ensure the building would position us to improve operations, create community benefits and mitigate our environmental impact. To achieve this, we renovated to add more dock doors and new indoor glass-processing capabilities as well as specialized features such as rainwater harvesting, energy efficient lighting and a range of low-impact finishes. The addition of an observation deck is also an important component of transparency in operations for the benefit of our industry colleagues and as a means to welcome and educate the public. We feel that our new centre of operations will help us drive forward more effectively in our mission to collect and recycle Alberta's non-refillable beverage containers.

In the past year we also made significant strides in our readiness to leverage new technology. ABCRC's management team worked with industry affiliates in Nova Scotia to explore best practices involving in-trailer compaction. Following an extensive period of economic modeling, due diligence with local depot operators and industry members, ABCRC received board approval to move ahead with a pilot program to acquire and study this technology for use in our market. The addition

of in-trailer compaction to our collection system in 2014 has the potential to significantly reduce transportation demand along with associated costs and emissions, and we look forward to evaluating its performance in the coming year.

Other operational achievements included an important health and safety milestone, as our Calgary staff surpassed a year with no lost time claims. Not only did our team work safely, they also improved our processing speed and revised procurement choices in order to dramatically increase the recycled content within our day-to-day operational supplies from 19% in 2012 to over 40% in 2013. ABCRC also received results from a BCMB-administered survey of Alberta's depot operators that showed a 100% moderate-to-high approval rating for our services. Though we are pleased to see such positive results, we see room for improvement in the durability of shipping materials we provide to our depot customers as well as related inventory management protocols. We have committed to work with industry and our staff to elevate ABCRC's standard of service in this regard.

On behalf of the executive team and staff of ABCRC, we offer our gratitude to our industry partners, customers and all Albertans. We look forward to the challenge of growth, the excitement of transformative new technology and the continued pursuit of an effective and efficient common collection system.



Guy West
President, ABCRC





Case Study

Making strategic choices that enable growth is a big part of ABCRC's ability to continue our progress toward achieving our vision of becoming a leading producer-responsibility organization. In the fall

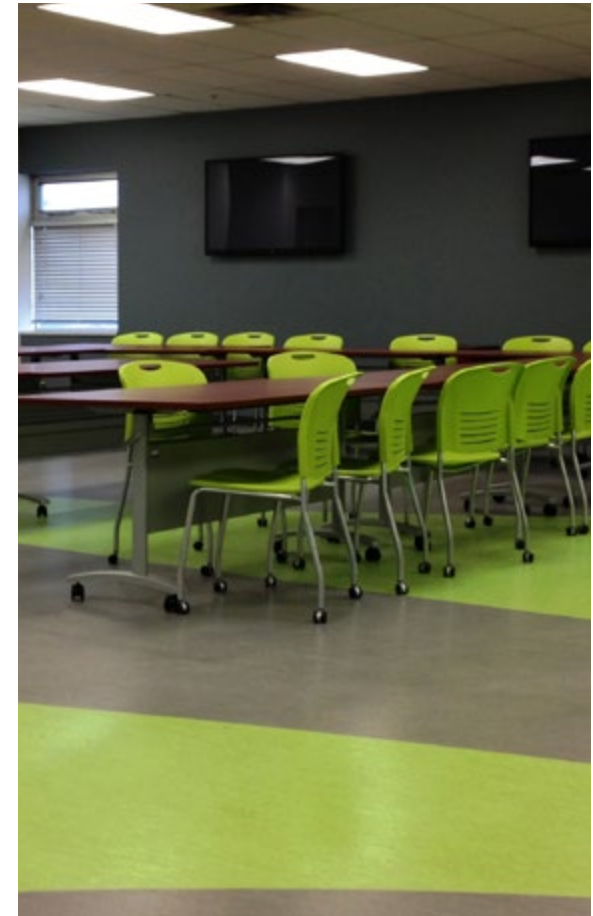
of 2013, our strategy took us forward into a new Calgary centre of operations. The purchase of this higher performing facility enabled us to make an investment into Alberta's economy and operate an improved workplace. We're also better equipped to host our industry stakeholders and the public as part of our consumer and stakeholder engagement efforts. We also recognized that by owning our own facility, we would have an opportunity to reduce our environmental impact. Our staff, executive and construction team embraced the idea and worked collaboratively to find sustainable solutions.

Key features of ABCRC's new Calgary facility:

- Use of an existing, serviced building
- Reduced daily travel distance for majority of staff
- Rainwater harvesting
- Drought resistant landscaping
- Recycled asphalt topping
- Recycled tire exterior pavers
- Recycled HDPE content in outdoor benches
- Recycled PET content in carpet
- Low VOC paint
- Zoned and motion lighting
- Energy efficient warehouse lighting
- Dedicated training room
- Meditation/quiet room amenity
- Observation decks
- Recycling of waste materials during construction



To help create doorway signage for a meditation/quiet room within the new Calgary facility, ABCRC enlisted the help of the Calgary Immigrant Women's Association (CIWA). The partnership enabled ABCRC to provide work experience to immigrant women seeking future employment as translators. The amenity space is being piloted in the Calgary centre of operations, and is a unique reflection of the diversity present in ABCRC's workforce.



ABCRC's new facility includes a dedicated training room. This space is used to support skill development and continuous learning for staff, and provides a setting for ABCRC to welcome visitors as part of public education programming.

GOVERNANCE

Sustainability is all about balance.

ABCRC's Board of Directors seeks balanced decisions that consider economic, environmental and social impacts.

ABCRC's Board of Directors consists of representatives of beverage manufacturers. The board is comprised of representatives from our shareholders and the Alberta Gaming and Liquor Commission, all of whose 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.

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 used non-refillable registered containers; be responsible for recycling beverage containers; comply with regulation and Beverage Container Management Board (BCMB) bylaws; and promote the effective and efficient collection and recycling of beverage containers.

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 Regulations, Alta Reg 327/71, were created pursuant to The Beverage Container Act (Alberta) on November 2, 1971. These regulations required that, among other things, beverage manufacturers be responsible for their used beverage 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, Alta Reg 101/1997, which came into force as of December 1, 1997. This updated 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 Beverage Container Management Board (as the Government of Alberta's Delegated Administrative Organization), ABCRC and Alberta's depots are responsible for collection and processing of used non-refillable beverage containers. There are over 200 independently owned depots throughout the province, that 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

Board Expenses Compensated by ABCRC

Board Expense	2013	2012
Travel and Accommodation	\$ 31,575	\$ 17,732
Education	\$ 11,941	\$ 3,238
Total	\$ 43,515	\$ 20,970

Note: Higher expenses in 2013 are primarily as a result of director participation in a national stewardship conference held in Toronto, Ontario.



ABCRC Board of Directors (above, left to right)

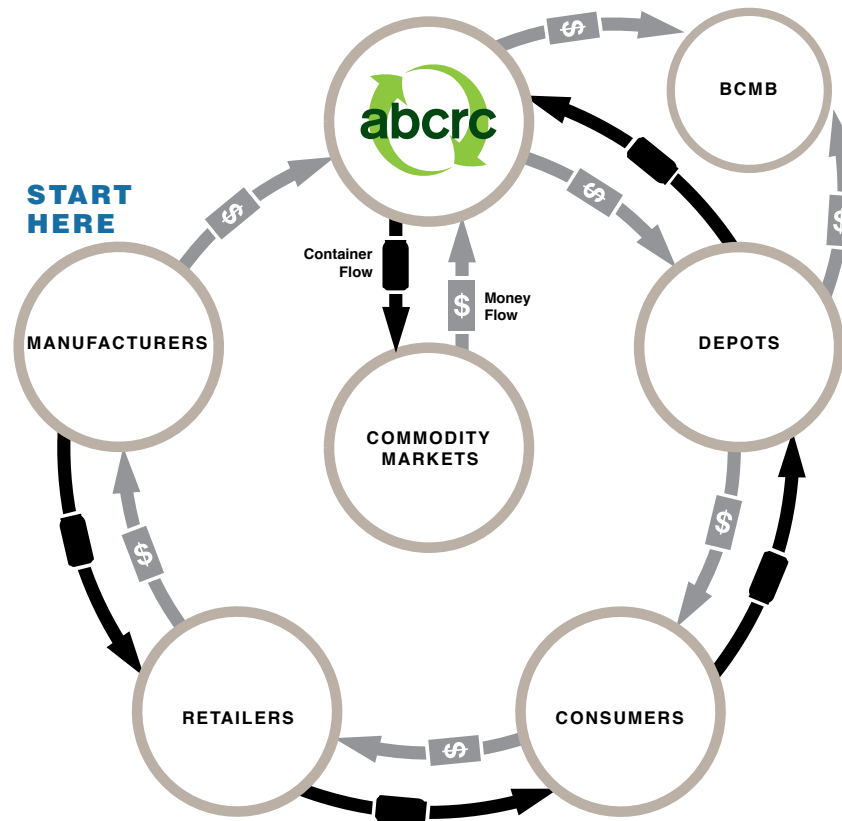
Brian Zeiler-Kligman Canada's National Brewers, Sherman Hanowski Alberta Gaming & Liquor Commission, John Challinor II Nestle Waters Canada, Brian Cox Canada's National Brewers, Neil Antymis The Pepsi Bottling Group (CAD) Ltd, Ken White (Chair) Coca-Cola Refreshments Canada, Cheryl McLaughlin Cott Corporation, Brian Miller Lucerne Foods, Robert Turner, QC Denton's, Erika Mozes Coca-Cola Refreshments Canada. Missing: Trevor Koley A. Lassonde.

ABCRC Executive Team (below, left to right)

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



How the Money Flows



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

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 which are available on our website at abcrc.com.

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.

Each year ABCRC hosts town-hall-style staff meetings in Calgary and Edmonton. During these staff meetings employees are invited to ask questions and bring forward recommendations directly to the executive team.

Community Impact



The Community Champions Program is a great collaboration between our charity and the recycling industry. As a new user of the program it gave us the opportunity to purchase the infrastructure we need to begin collecting donations in the community. We raise money to provide jobs, housing and wellness programs for persons with disabilities and we keep more recyclables out of the landfill!

Ann-Marie Latoski

Director of Social Enterprise

Vecova Centre for Disability Services and Research

PERFORMANCE MANAGEMENT

Assessing our performance and seeking out ways we can improve.

Monitoring performance is a way we protect the system against risk and position for success

In 2013, ABCRC managed performance using a range of monitoring strategies focused on core areas of our operation. This on-going process of evaluation reflects our organizational priorities and responds to the priorities held by our stakeholders. The information we gather through our monitoring processes is regularly assessed with the intent of proactively identifying areas requiring improvement and measuring progress against goals.

Quality Control

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 2013, ABCRC applied quality control audits to 29,908 megabags representing 1.96% of all megabags received from depots. The percentage of megabags audited in 2013 increased slightly from 2012, when 1.93% of bags were audited.

The results of quality control 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 2013 showed a median risk of -.61%, an increase from the -.56% risk measured in 2012, but well within the industry's tolerance of +/- 2.5% variance.

Even the smallest
decisions have
a big impact.



Health & Safety

ABCRC has a formal health and safety policy in place, which articulates corporate commitments to protect staff, public, property and environment. The policy also describes employee entitlements and how management will support these entitlements, as well as shared responsibilities. Within the policy, ABCRC also commits that health and safety programs will be developed in accordance with industry standards and best practices and will meet or exceed federal, provincial, and municipal legislative requirements.

During 2013, ABCRC employed a full-time Health & Safety Co-Coordinator for the first eight months of the year, 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.

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 Beverage Container Management Board on a monthly basis related to return rates and quality control. 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 broadly publicizes detailed performance data to its stakeholders within the context of annual reports (2001 – 2011) and sustainability reports (2012 – 2013).

Research Activities

ABCRC is a strong proponent of research as a means of performance monitoring and as a key input for strategic planning. During 2013, ABCRC's research activities included the following studies.

Directly related to performance management:

- Analyzed a depot satisfaction survey deployed by the BCMB to depot operators and used to measure satisfaction with ABCRC's services
- Surveyed 400 event attendees to gauge the quality of recycling education provided by ABCRC's Go Green Team at various festivals and events

In support of strategic development:

- Initiated a focus group with generators and haulers within Alberta's Industrial, Commercial and Institutional sector to test the viability of an on-line resource room as part of ABCRC's LoveToRecycle consumer engagement initiative
- ABCRC reviewed an Ipsos Reid survey, commissioned by the BCMB, to gauge Albertan's awareness and participation in beverage container recycling

ABCRC also funded the following two additional studies, deployed by the BCMB:

- Survey of depot customers to measure satisfaction with point of return services
- Shopping mall waste generator study. Note: results of this study were not made available until 2014.

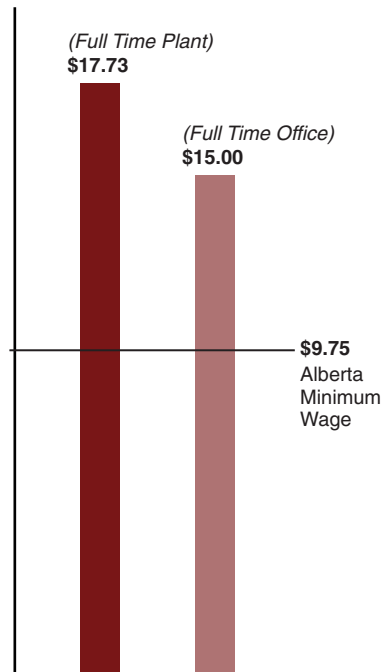
Case Study



Staff working in ABCRC's Calgary facility successfully completed a year with no lost time claims. This important milestone demonstrates that staff worked safely and avoided injury, even during a period of added operational complexity experienced when ABCRC relocated into a new facility. Sound policies, an effective health and safety committee and the conscientious daily conduct of each staff member are part of ABCRC's success in this key performance metric.

Read more about performance management at ABCRC:

ABCRC Entry-Level Minimum wage



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 401.

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 2013, 100% of our executive team had been hired from the local community. For the basis of this report, executive team 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, colour, 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
Calgary	Full-Time – Seasonal	Temporary	14
Edmonton	Full-Time – Plant	Permanent	53
Edmonton	Full-Time – Office	Permanent	11
Edmonton	Full-Time – Seasonal	Temporary	10
Total			161

TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER – LA 2

With the departure of 20 employees in 2013, ABCRC experienced a turnover rate of 14%, down from 17% in 2012. 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	4	6	3	0	1	14
Female	1	2	1	2	0	6
Total	5	8	4	2	1	20

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. Unionized employees are eligible for benefits provided the employee has worked a minimum of 20 hours per week over the previous thirteen weeks. Salaried employees are eligible for benefits 3 months following the date of hire. ABCRC's benefit program includes Alberta Health Care Insurance, Life Insurance, Accidental Death & Dismemberment, Short-Term Disability, Long-Term Disability, access to an Employee Assistance Plan including confidential counselling, dependant life insurance, dental plan, extended health, vision care and RRSP benefit.

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT – LA 4

In 2013, 72.2% of ABCRC's workforce was covered by a Collective Bargaining Agreement, an increase from 71.8% the prior year.

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 2013, 16% of ABCRC's total workforce was represented on our Health and Safety Committee. A typical monthly meeting consisted of ABCRC's Health & Safety Coordinator, unionized employees, one supervisor, the plant manager, and administrative staff member and often the operations manager. The committee includes more unionized staff than non-unionized staff. 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.

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

ABCRC considers its region to be the province of Alberta and the total workforce to be 133 full time equivalents. In 2013, ABCRC employees (excluding contractors) worked a total of 248,284 hours.

ABCRC experienced two Lost Time Claims in 2013, both in the Edmonton plant, with a total of thirty three days being lost. Lost Time Claim days start on the day after the incident, and stop on the day the employee returns to work. ABCRC's Calgary Plant experienced zero Lost Time Claims.

Zero fatalities, zero first aid events and zero incidences of occupational diseases were

experienced during 2013, identical to 2012 performance for these metrics. Absenteeism totaled 2,031 days (based on 8 hours per day) in 2013, an increase from 1,759 days in 2012.

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 recurrence. ABCRC is required and does report 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 written Collective Bargaining Agreement (CBA) that confirms mutual agreements. Our formal agreement with our trade union covers Health & Safety, and various topics including:

- Personal protective equipment: Fitting, proper care and maintenance, and use
- Joint management-employee health and safety committees
- 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 # 401.

STAKEHOLDER ENGAGEMENT

Every accomplishment
starts with a decision.

Our stakeholders help us to set balanced priorities and make informed decisions

ABCRC is the only EPR organization in Alberta with a mission to collect and recycle non-refillable beverage containers, but we don't do it by ourselves. As the collection system agent, we act on behalf of 300 manufacturers. We also operate within a system regulated by the provincial government's Environment and Sustainable Resource Development ministry and administrated by the BCMB. Our clients include commodity purchasers in Canada and the United States, and we serve over 200 local depots that are represented by an active industry association. Our unionized and non-unionized staff provide us with daily input into our business, as do the multitude of community-based organizations, schools, businesses and various levels of government that engage with our various awareness and infrastructure grant programs. We also acknowledge the vital engagement of all Albertans who choose to consume and recycle beverages from registered non-refillable containers and thereby activate our system.

It's important that we continue to create opportunities for dialogue, that we listen carefully and balance our priorities. In doing so, ABCRC can continue to facilitate the many economic, social and environmental benefits gained by the operation of a strong and effective system.

Read more about ABCRC's stakeholder engagement activities:

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) and BFI Canada (Lethbridge) 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., The Paper Tigers Inc., and General Recycling to recycle the beverage containers recovered.

ABCRC engaged individuals representing institutional, commercial and industrial sectors in focus group testing of proposed resources for use in improving recycling practices among that population.

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

Stakeholder Engagement

Stakeholder Group	Nature of Relationship	Key Topics (2013)	Engagement Activities Initiated by ABCRC (2013)
Employees	<ul style="list-style-type: none"> Collective Bargaining Agreement (72.2% of staff) 	<ul style="list-style-type: none"> Facilities and equipment Safety 	<ul style="list-style-type: none"> Hosted Annual Staff Meeting Staff engagement related to transition into new Calgary office Health and Safety Committee
Manufacturers	<ul style="list-style-type: none"> Regulated (Section 8 of Regulation) 	<ul style="list-style-type: none"> Collection Service Agent Confirmation with ABCRC Revisions to sales verification process 	<ul style="list-style-type: none"> Ongoing discussions related to new sales verification processes
Regional Processors	<ul style="list-style-type: none"> 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
Beverage Container Management Board (BCMB)	<ul style="list-style-type: none"> Delegated Administrative Organization (DAO) 	<ul style="list-style-type: none"> Return Rate Negotiation of Compaction Agreements with depots Quality Monitoring CSA By-Law 	<ul style="list-style-type: none"> Invitation to BCMB to join a Joint Marketing Committee President's participation on Industry Leadership Committee chaired by BCMB Leadership of The Diverter industry newsletter
Alberta Bottle Depot Association (ABDA)	<ul style="list-style-type: none"> Recognized agent for 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 join a Joint Marketing Committee Collaboration on operational methods Leadership of The Diverter industry newsletter
Bottle Depots	<ul style="list-style-type: none"> 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 "Depot Care" inventory management program Presentations at BCMB's Regional Meetings and Alberta Bottle Depot Association annual conference

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 executive team also identifies stakeholders for consultative purposes at its discretion, based on operational priorities. Examples of stakeholders identified under this process include staff, union, key commodities clients, suppliers, waste management experts and community-based program participants such as schools, not-for-profit groups, businesses and event attendees.



Community Impact

With a Community Champions grant we were able to purchase a total of 360 bins to use at our annual fundraising Stampede barbecues in 2013. We also introduced an education component during the events to reduce the number of beverage containers thrown away and mixed with garbage. With the new bins, we increased our return rate to 87% compared to a return rate of only 77% in the previous year, raising about \$450,000 for the various charities supported by our Club. This is not only better for the environment, it also added to the charitable funds we were able to raise in 2013.

Al McMillan
Rotary Club

Stakeholder Group	Nature of Relationship	Key Topics (2013)	Engagement Activities Initiated by ABCRC (2013)
Community & Not For Profit Groups, Businesses, Institutions, Municipal Governments	• Voluntary enrollment in ABCRC's Community Champions Partnership (CCP) program	• Access to Infrastructure grants and coaching	• Access to website and ABCRC's support staff • The Diverter quarterly newsletter • Social Media
Schools (K-12)	• Voluntary enrollment in ABCRC's Every Empty Counts (EEC) program	• Access to Infrastructure grants	• Access to ABCRC's EEC support staff • Classroom presentations • Social Media
Customers of processed beverage containers	• Contractual	• Contracts related to the purchase of processed beverage containers from ABCRC	• Discussions within the terms of contracts
Alberta Environment	• Regulator	• Progress against priorities • Sustainability Reporting • Designated Materials Regulatory Review process	• Presentation to of prior year activities to Minister of Environment • Review of draft 2012 Sustainability Report • Invitations to special events • Participation as stakeholder in regulatory review process
City of Calgary	• Voluntary	• Industrial, Commercial and Institutional recycling framework	• Participated in three City hosted stakeholder sessions
Waste Management Professionals	• Voluntary	• Access to Infrastructure grants	• Attendance at Recycling Council of Alberta annual Conference
National Affiliates	• Voluntary	• Sharing of best practices • Regulatory change • Benchmarking	• Attendance at National Stewardship Conference
Consumers	• Voluntary	• Environmental benefits of recycling • Container Recycling Fees	• Feedback@abcrc.com email address • 1-800 phone number • "Go Green Team" attendance at public events • Deployment of survey • Quarterly newsletter • Facebook and Twitter

PERFORMANCE INFORMATION

We strive for
continuous
improvement.

In 2013 ABCRC received a 100% moderate-to-high approval rating from our depot customers, improved processing efficiency by 3% and doubled the amount of recycled content in our day-to-day input materials.

Thanks to Albertans' participation in recycling during 2013, ABCRC processed an all time high of 1,882,078,475 non-refillable beverage containers and enabled the diversion of 96,774,289 kg of material from the province's landfills – an improvement of over 4% from the prior year. By sending these materials back to markets, the demand for raw materials was reduced. This enabled Albertans to save 203,135,741 kg in CO₂ eq emissions and reduce energy demand by 715,455,193 kwh.

Return Rate By Province

PROVINCE	2013 RETURN RATE
British Columbia	80.2%
Alberta	81.7%
Saskatchewan	79.3%
Quebec	78.7%
Nova Scotia	80.9%
New Brunswick	71.1%
Prince Edward Island	79.5%
Newfoundland & Labrador	63.7%

Note: As at December 31, 2013.

Systems vary by province. NWT data was unconfirmed at time of publication and therefore excluded. Manitoba is not a deposit system and therefore excluded.

Ontario data was not provided.

Alberta's data refers only to non-refillable containers.

Source: Canadian Container Stewardship Bureau

Awareness

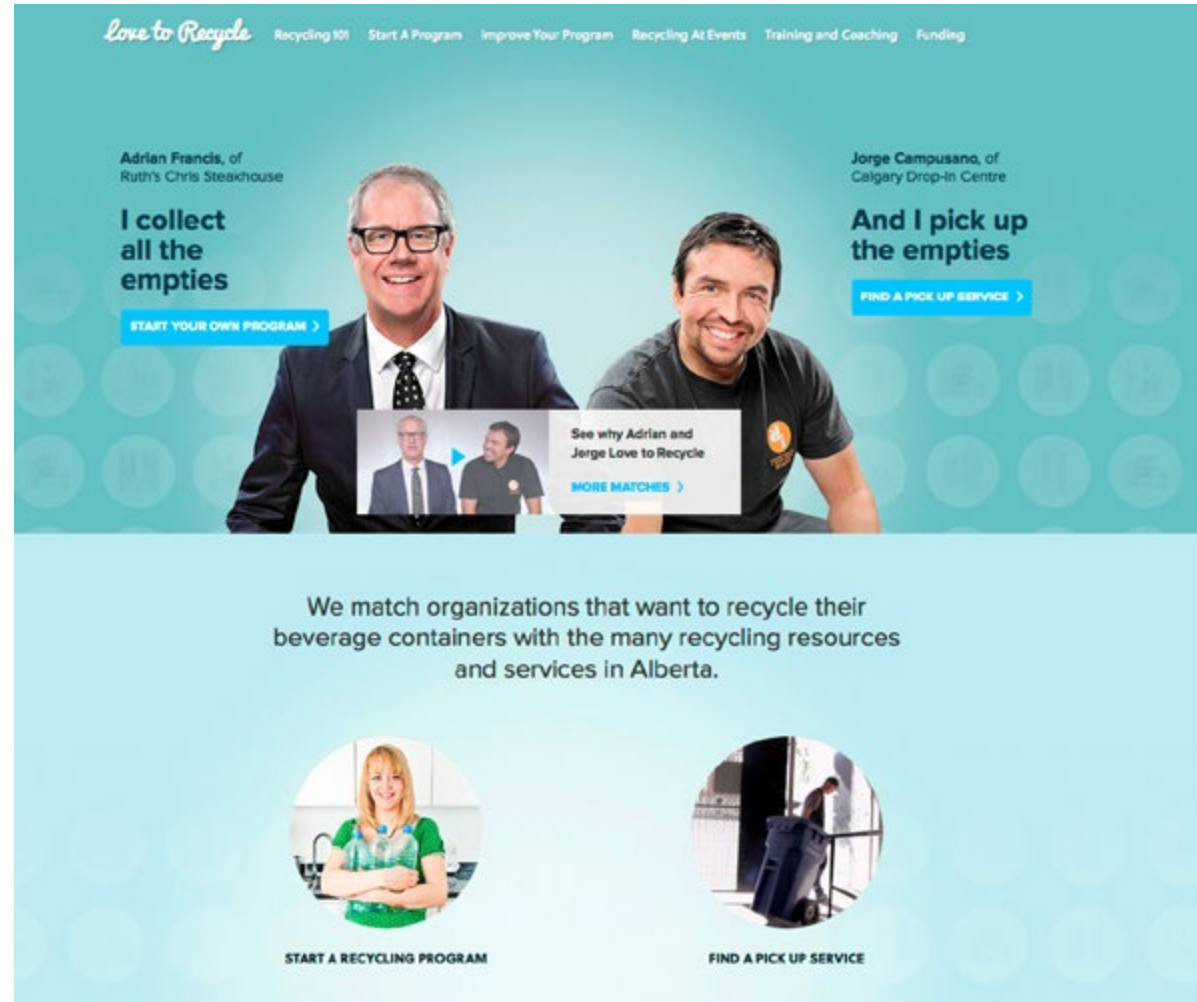
ABCRC's awareness efforts in 2013 included a province-wide multi tactic advertising campaign that created 96 million impressions on Albertans via print, transit signage, theatre screen, online and radio tactics. The creative content of the campaign was developed following a review of ABCRC-initiated consumer research that confirmed Albertans recycle their empty beverage containers primarily because they want to help protect the environment. ABCRC's team used that knowledge to construct a campaign featuring precious landscapes from Alberta's natural environment, each held safely inside a beverage container. By linking Albertans' instincts to protect what's important to them

ABCRC's 2013 awareness campaign linked protecting the environment with recycling.



with the act of recycling empties, the campaign used a uniquely local strategy to make a meaningful connection with consumers.

During 2013 ABCRC also launched LoveToRecycle.ca, the culmination of 18 months of research, focus group testing, industry collaboration and design development. This first of its kind online resource room is focused specifically on the needs of industrial, commercial and institutional audiences, a strategic choice based on industry research that indicated below average recycling performance among this sector. Taking a page out of online matchmaking sites, LoveToRecycle.ca is an inviting site that helps organizations interested in recycling their beverage containers to get matched with the many compatible recycling resources and services available in Alberta.



Newly launched in 2013, LoveToRecycle.ca is a first-of-its-kind site that matches organizations that want to recycle beverage containers with the many compatible resources available in Alberta.

ABCRC also deployed an event-based public education team from May through August to bring recycling bins and teaching tools to schools, rodeos, festivals, powwows and other community gathering places. The Go Green Team, comprised of 20 post-secondary students, exceeded their goal of attending 200 events by raising awareness about beverage container recycling at over 260 events. ABCRC commissioned an independent researcher to perform 400 in-person surveys of events attendees, finding that 89% of those surveyed said that ABCRC's GGT taught them something new about beverage container recycling and 85% indicated they were encouraged to recycle more beverage containers.



ABCRC's Go Green Team brought recycling education to over 260 events around the province.

Albertan's awareness of what containers could be recycled

Container Type	Awareness 2009	Awareness 2010	Awareness 2012	Awareness 2013 ²
Soft drink cans	98%	96%	99%	99%
Beer cans	99%	96%	98%	99%
Beer bottles	98%	95%	98%	98%
Plastic soft drink bottles	96%	95%	97%	99%
Glass wine/liquor bottles	95%	94%	97%	98%
Plastic water bottles	93%	95%	95%	96%
Sports/energy drinks	not asked	not asked	94%	not asked
Plastic milk jugs	86%	93%	92%	96%
Juice cartons	79%	88%	92%	92%
Juice boxes (tetra paks) ¹	75%	80%	92%	92%
Milk cartons	77%	86%	86%	90%
Single serve drink boxes	82%	85%	86%	not asked
Single serve milk or yogurt drinks in plastic bottles	58%	61%	63%	53%
Liquid meal replacements	39%	52%	33%	45%
Polycups	not asked	22%	11%	not asked

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". 2009, 2010, 2012 and 2013 surveys commissioned by ABCRC and administered by Janet Brown Consulting.

² 2013 data commissioned by the BCMB and administered by Ipsos Reid. Methodology, including sample size, may differ from previous years.

Participation & Accessibility

Alberta's points of return are independently owned drop-off depots, and as a result 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.

However, ABCRC has taken significant initiatives to create accessibility programs that add new points of service, in the form of infrastructure such as recycling bins and bags. 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 awareness tactics included wrapping a fleet of transport trucks.



During 2013, ABCRC funded MindFuel (formerly Science Alberta Foundation) in a collaborative effort to produce *Sorting It Out: Beverage Container Recycling* and associated learning tools. This new animated video about the recycling journey of a juice box has strong links to Alberta's science curriculum and outlines information about polycoats, the process of hydropulping, and teaches audiences what containers turn into. *Sorting It Out* has provided over 180,000 views and learning experiences since its launch.

Watch it here: everyemptycounts.ca/index.php/environmental-stewardship

Every Empty Counts (EEC) School Program:

Focusing on generational change, ABCRC's Every Empty Counts school program seeks to inspire lifelong recyclers by providing education and opportunities for participation among school-aged children. During the 2012/2013 school year 438 K-12 schools took part in EEC and gained access to free recycling bins, classroom tools, prizes and environmental impact certificates. Collectively, these schools recycled 4,036,842 non-refillable beverage containers and in doing so captured over \$400,000 in refunded deposits.



550 lbs

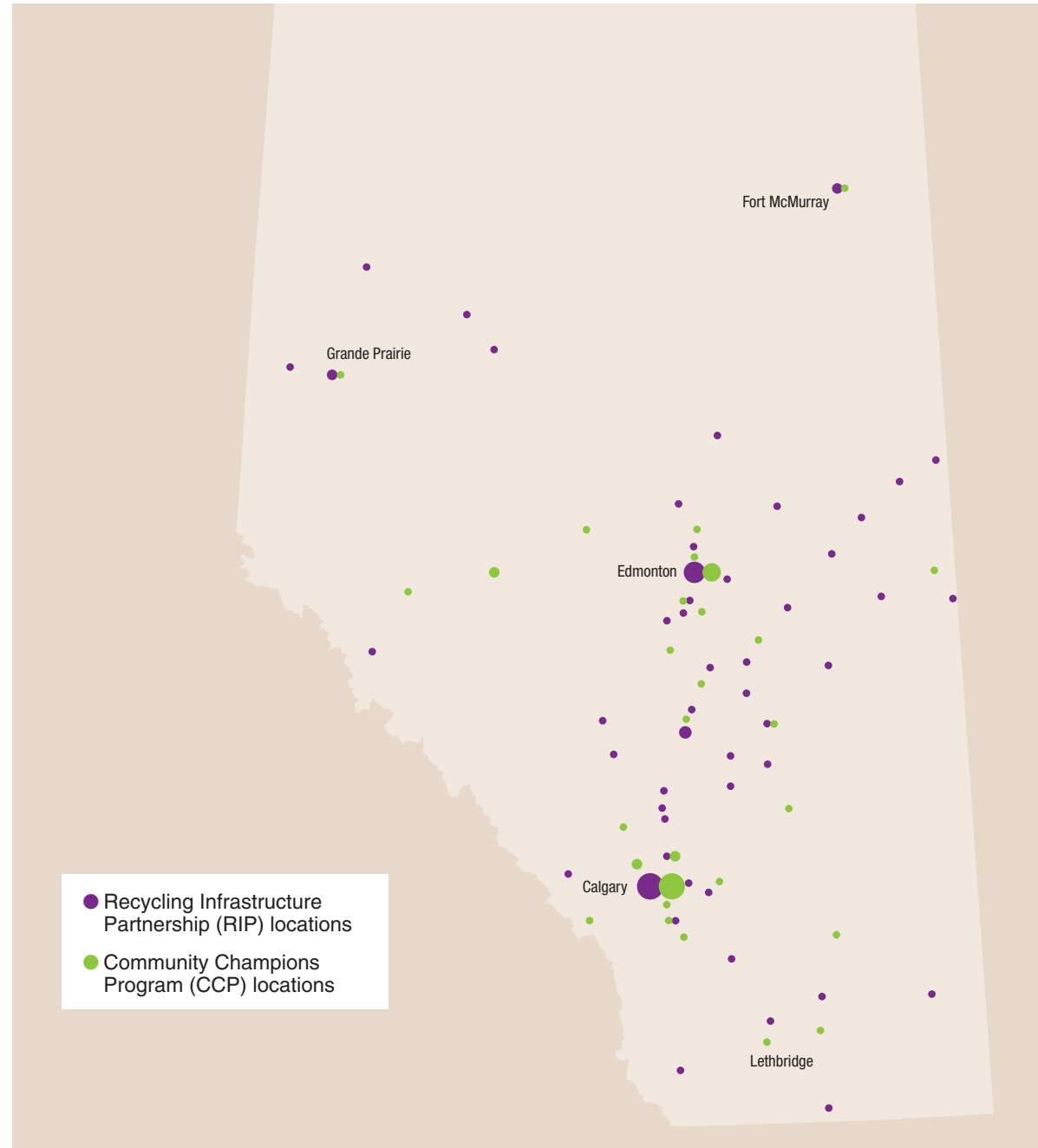
According to ABCRC's Environmental Impact calculator for schools, this equates to the weight of 850 grizzly bears and a savings of 435,702.62 in eCO₂ emissions as well as 1,534,555.73 (kWh) of energy.

Community Champions Partnership (CCP) Program

In 2013, ABCRC's Community Champions Program marked its 10th year building recycling capacity at the community level. The busy program has grown, with over 45 organizations receiving grants from ABCRC to enable the placement of new beverage container recycling infrastructure in underserved locations. In 2013, ABCRC's CCP program worked with a variety of clubs, charities, businesses and municipal governments to successfully place over 27,000 new bins and bags. CCP participants reported the collection of over 8 million beverage containers representing refunded deposit values of nearly \$1 million.

Recycling Infrastructure Partnership (RIP) Program:

ABCRC's RIP program is uniquely designed for depot operators, providing each eligible operator with access to up to \$20,000 in grants to purchase recycling infrastructure for placement in their communities. ABCRC invites the Alberta Bottle Depot Association and the Beverage Container Management Board to assist in reviewing Depot Operator's grant applications, and 51 projects were successfully initiated during 2013. The cumulative value of these projects was over \$500,000. Program participants reported the collection of over 16.9 million containers through the program. Though participation in the program fell short of a \$750,000 target set for the year, ABCRC remains committed to working with industry to build interest among depot operators in the program as a means to grow public accessibility and participation in beverage container recycling across the province.



Product Collection & Post Collection Management

ABCRC collected 1,882,078,475 non-refillable beverage containers from independent depots located throughout Alberta. Considered as a percentage of the 2,304,467,563 units reported to ABCRC as sold by manufacturers of registered beverages, the resulting 2013 return rate was 81.7%. This reflects an increase from the 81.6% return rate reported in the prior year. At 81.7%, Alberta's Return Rate for non-refillable beverage containers in 2013 was the highest rate reported by a stewardship organization in Canada.

(source: Canadian Container Stewardship Bureau)

Absolute collection per capita during 2013 was 491.6 beverage containers, an increase of 10.3 units per capita over the prior year. In order to achieve ABCRC's 85% Return Rate target, returns must increase by 19.4 containers per capita in 2014.

Return Rate Over Time

	2008	2009	2010	2011	2012	2013
Return Rate	71.1%	77.7%	80.2%	82.8%	81.6%	81.7%

Note: Refers to non-refillable containers

2013 Community Champions Partnership Program Participants

Arabian Muslim Association	Municipality of Jasper
Atlas Coal Mine Historical Society	Onoway and District Fish and Game Association
BluPlanet Recycling	Panhandle Productions I Big Valley Jamboree
Break-A-Leg Theatre Arts Society	Rangeton Recreation Society
Calgary Inter-Faith Food Bank	Recycle For Life
Cerebral Palsy Association in Alberta	Rise On Wings
Child Find Alberta	The Calgary Society of Community Opportunities
City of Grande Prairie	The Lewyk Park
City of Leduc	The Rotary Club of Calgary
Do It Green (DIG) Consulting Ltd.	Town of Banff
Edmonton Northlands	Town of Edson
Edson and District Recycling Society	Town of Hinton
Gooseberry Lake Rodeo	Town of Stettler
Green Event Services	Vecova Centre for Disability Services and Research
Immigrant Services Calgary	Warburg Arena and Skating Club
Kananaskis Parks	Winnifred Stewart Association
Leduc/Devon Oilfield Historical Society	Yellowhead County
Little Big Recycling	Youth Empowerment Support Services
Mayerthorpe & Area Aquatic & Recreation Society	YWCA of Calgary
Misty Ridge Resort	

Materials By Type & Post Collection Fate

Material	Customer	Fate of Materials	% of All Containers Sold	% of All Containers Recovered	Return Rate	Tonnes Diverted from Landfill
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 	45.8%	48.9%	87.2%	12,696.9
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 containers 80%+ recycled with less than 20% being sub-standard material or contaminants 	34.0%	32.1%	77.1%	19,321.9
Hi-Density Polyethylene (HDPE)	Merlin Plastics	<ul style="list-style-type: none"> Recycled into pellets for use in manufacturer 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	<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%	9.4%	91.8%	59,378.6
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 – portions recycled in undetermined quantities, portions potentially used as fuel (energy recovery) 80% by weight recycled 	6.2%	5.0%	66.0%	1,810.5
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%	67.1%	2,974.1
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 	0.8%	0.6%	56.4%	234.8
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%	82.6%	357.6
Ceramics Aerosol Containers	Landfill	<ul style="list-style-type: none"> No viable recycling markets for this material Ceramics pre-date regulatory requirement for recycling 12 aerosol containers in 2012 2,112 ceramic bottles in 2013 	0.0%	0.0%	0.0%	<0.0
Total weight diverted from landfill						96,774.3

Operational Efficiency

Processing Efficiency

Year	Dozens Processed Per Hour
2010	843
2011	867
2012	947
2013	977

Processing Efficiency Related to Audits Performed

Year	Dozens Processed Per Hour (Quality Control Audits)
2010	95
2011	124
2012	128
2013	137

2013 Cost per Container

	Consolidated	Aluminum	Plastic	Glass	Polycoat	Bi-Metal
Total Expenditure	\$113,899,585	\$37,565,923	\$46,537,149	\$15,375,078	\$13,862,791	\$558,642
Recovered Volume	1,882,078,475	920,940,003	604,051,974	176,505,871	174,332,483	6,248,144
Cost Per Container	\$0.060	\$0.040	\$0.077	\$0.087	\$0.079	\$0.089

Cost per Container over time

	2008	2009	2010	2011	2012	2013
Cost Per Container	\$0.057	\$0.060	\$0.062	\$0.060	\$0.060	\$0.060

Case Study

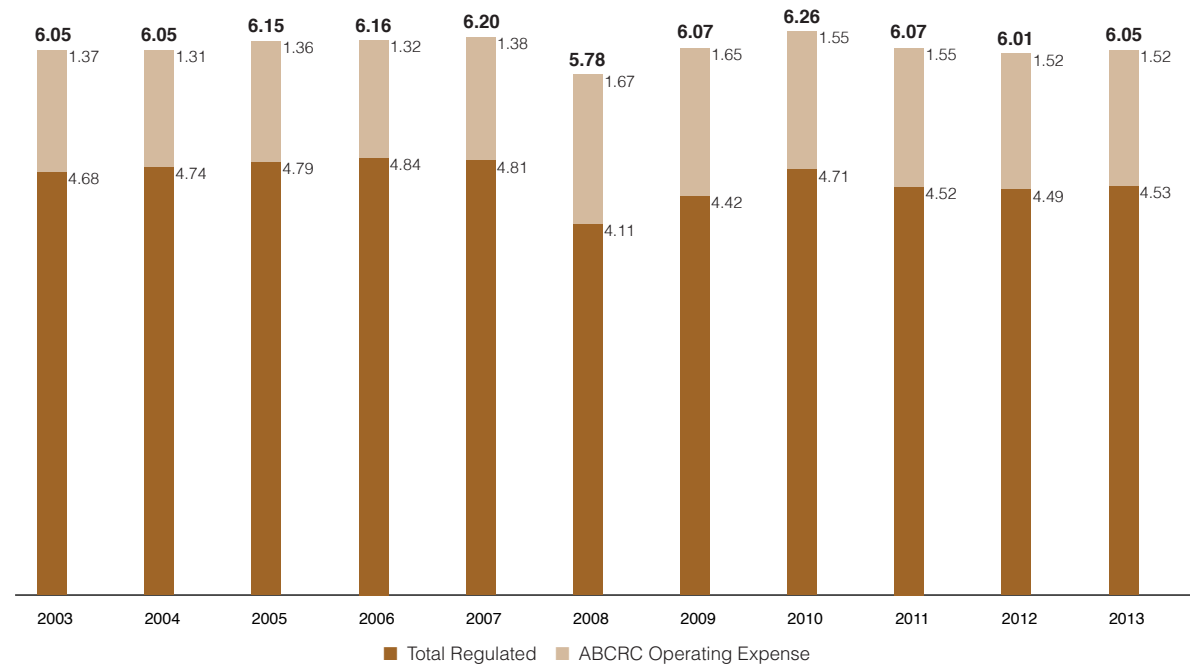


In 2013, Alberta's depot operators were surveyed on a broad number of indicators to gauge their satisfaction with ABCRC's services. This study, commissioned on an annual basis by the BCMB, collected data from 151 independent operators. Results showed that 100% of depot operators were moderately- to highly-satisfied with ABCRC's services. This is an increase over the prior year, which posted a 93% moderate-to-high-approval rating. Though encouraged by the exceptional results, ABCRC continues to strive for improvement in key service areas, particularly related to the durability of shipping containers.

Quality of Service

A satisfaction survey deployed to depot operators by the Beverage Container Management Board showed 100% of depot operators surveyed are moderately-to-highly satisfied with the services provided by ABCRC in 2013. This reflects an increase from 93% recorded in the prior year. The strongest satisfaction levels were correlated to ABCRC's timeliness of communication and provision of supplies, with some areas for improvement noted in the quantity of shipping containers (megabags) and pallets provided. Of eligible depot operators 151 of 212 completed the 2013 survey.

Regulated vs Operating costs



Note: refers only to non-refillable containers

Resource Consumption

Resource	Consumption 2012	Consumption 2013
Water	1,803 m ³	1,904 m ³
Electricity	2,520,946 kWh	2,607,628 kWh
Propane	22,440 LB	28,083 LB
Natural Gas	Not reported	25,660 GJ

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

2013 data includes the Edmonton plant, Calgary plant & head office and a new Calgary facility renovated throughout 2013 then fully occupied in November of 2013.

Progress Against 2013 Priorities

2013 - 2016 PRIORITIES		PROGRESS AGAINST PRIORITIES
Governance	<ol style="list-style-type: none"> 1. Practice effective corporate risk management 2. Improve director development and training 3. Continuously improve governance practices 	<ul style="list-style-type: none"> • Annual update of enterprise risk inventory and business continuity plan • ABCRC allowed up to \$1k/Director and \$2k/Board Chair for ICD training. In 2013, Directors attended three ICD training sessions and a National Stewardship Conference • ABCRC engaged guest experts to educate Directors on topics including competition law and social media policy • ABCRC engaged third party evaluators to survey directors on board effectiveness • Board subcommittees completed annual reviews of committee Terms of Reference, subsequently reviewed the Governance Committee and the board
Sustainability	<ol style="list-style-type: none"> 1. Ensure balance between economic, social and environmental metrics in decision making 2. Identify prioritized improvements and specific metrics 	<ul style="list-style-type: none"> • Prepared first business case for board review (related to compaction) that included evaluation against sustainability principles • Increased the amount of recycled content in input goods to 42% vs.19% in 2012 • Embedded sustainability principles into renovation new Calgary centre of operations • Published first annual sustainability report
Stakeholder Relations	<ol style="list-style-type: none"> 1. Communicate the value of ABCRC to stakeholders 2. Engage in regulatory review process to enable a successful EPR model 3. Improve consumer experience with the Alberta deposit system 	<ul style="list-style-type: none"> • Participated in ESRD's regulatory review stakeholder consultation process • Funded Depot Marketplace customer experience program • Funded a survey of depot customers to measure customer satisfaction
Financial Management	<ol style="list-style-type: none"> 1. Improve manufacturers sales verification process 2. Ensure appropriate surplus targets and reserves 3. Achieve a fair and balanced result from Handling Commission Review 	<ul style="list-style-type: none"> • Released a new sales verification process requiring audited information • Established a surplus and reserve policy • Engaged in initial stages of handling commission review process
Operational Management	<ol style="list-style-type: none"> 1. Increase transportation efficiencies 2. Improve operational efficiencies 3. Evaluate and improve quality control processes & metrics 	<ul style="list-style-type: none"> • Reduced truck travel by 4,373 km • Increased processing speed by 3% over prior year

Read more about ABCRC's performance information:

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

Item	2013 Weight (Kg)	2012 Weight (Kg)	2013 % Recycled Material	2012 % Recycled Material	2013 Recycled Input Material (Kg)	2012 Recycled Input Material (Kg)
Black Bags	97,223	150,026	0.0%	0.0%	0	0
Blue Glass Bags	17,690	5,897	0.0%	0.0%	0	0
C-Bills	649	451	0.0%	0.0%	0	0
R-Bills	425	659	0.0%	0.0%	0	0
Wire	153,350	170,258	60.0%	60.0%	92,010	102,155
Blank Bale Tags	20,412	27,216	0.0%	0.0%	0	0
Bag Tags	0	208	0.0%	0.0%	0	0
Clear Poly Bags	2,444	1,899	100.0%	100.0%	2,444	1,899
Pallets	67,318	175,050	0.0%	0.0%	0	0
Pallets (Re-used)	107,320	n/a	100.0%	107,320	n/a	
Strapping	836	2,891	95.0%	95.0%	794	2,747
Airline Tags	5,792	5,940	0.0%	0.0%	0	0
	473,458	540,495			202,568	106,801

Of the total input materials used by ABCRC in 2013 operations, 42.8% were recycled. This represents a significant improvement from 2012 when 19.8% of input materials included recycled material.

Total Recycled Materials Used 202,568 = **42.8%**
Input Materials Used 473,458

Item	Used 2013	Used in 2012	% Recycled Input Material 2013	% Recycled Input Material 2012
Paper (External Use) Communications & Marketing	9,148,380 inches	73,783,827 inches	23.6%	11.4%
Paper (Internal Use) Office	1,900 kg	1,652 kg	0%	0%

NOTE: 100% of printing for Communications & Marketing purposes was completed using vegetable-based inks and all off-cuts created during trimming were recycled by the printer.

DIRECT ENERGY CONSUMPTION – EN 3

In 2013, ABCRC consumed 2,607,628.38 kWh at its three locations: Calgary 3617 Ogden Road SE (former head office and plant), new Calgary NE head office and plant location and Edmonton plant. The consumption is equivalent to 9,387.46 GJ direct electricity.

ABCRC has consumed 25,660.34 GJ of natural gas for heating at its above three locations.

ABRC has consumed 851 cylinders of 33 LB (28,083 LB) of Propane Gas to operate its forklift fleets at its two locations.

TOTAL WATER WITHDRAWAL BY SOURCE – EN 8

In 2013, ABCRC withdrew 1,129 m³ of water from Calgary City Municipality operated water supply system and 775.30 m³ of water from Edmonton City Municipality operated water supply system for a total withdrawal of 1,904.3 m³.

TOTAL WATER DISCHARGED BY QUALITY & DESTINATION – EN 21

In 2013, ABCRC discharged 1,129 m³ of water into the Calgary city municipality operated water sewage and drainage system and 775.30 m³ of water into the Edmonton city municipality operated water sewage and drainage system for a total discharge of 1,904.3 m³.

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD – EN 22

In 2013, ABCRC created 11,040 litres of hazardous waste related to oil captured from equipment changes. This waste is disposed of by a waste disposal contractor.

Waste Management

Item	Weight Disposed (Kg)	Disposal Method	Waste Disposal Contractor	Disposed Directly by ABCRC
Black Bags	67,349	Recycling	X	
Blue Glass Bags	unknown	Recycling	X	
C-Bills	134.9	On site storage		X
R-Bills	117.0	On site storage		X
Wire	unknown	Landfill	X	
Clear Poly Bags	unknown	Landfill	X	
Pallets	147,700	Recycling	X	
Airline Tags	5,683	Landfill	X	
Organics	371 L; 23	Composting	X	
Beverage containers (consumed on site)	3375	Recycling		X
Office paper	4,500	Recycling	X	

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

Compaction: ABCRC has continued to work 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) depots resulted in 397 fewer loads and 6,953 fewer kilometers driven to service these depots. Two new depots began compacting in 2013, triggering a further reduction of 139 loads within the past year. These eliminated loads represent a reduction of truck travel by 4,373 km in 2013.

Electronic R-Bills: ABCRC developed an electronic shipping document (eR-bill) for use by depot operators to replace the printed format. In 2013, depot operators used the eR-bill on 221 occasions, effectively saving 442 pieces of paper or approximately 2.35 Kg of material.

Pallet Re-Use Program: ABCRC purchased 3,640 second-hand pallets in 2013 to replace an existing inventory of pallets constructed with virgin lumber and reaching the end of their life cycle. This enabled ABCRC to introduce 107,320 kg of re-used material into its day to day operational supplies.

Composting: When ABCRC transitioned its Calgary head office and plant to a new location in the fall of 2013, a new coffee service provider with value-added composting capabilities was engaged to manage the internal organics waste generated by ABCRC staff and visitors. The new



By phasing out ABCRC's inventory of shipping pallets derived from virgin lumber and replacing them with locally sourced re-used pallets, our operations team helped improve the recycled content of day-to-day input materials from 19.8% in 2012 up to 42.8% in 2013. This practical and effective initiative created wins for industry in terms of reducing supply costs and improving environmental impact.

service, though only in place for two months in 2013, successfully captured 20kg of organics and diverted it from landfill.

Zero Waste BBQs: ABCRC staff recommended to the executive team that two annual client appreciation barbeques could be improved by introducing a Zero Waste goal for each event. The proposal was successfully implemented for both Calgary and Edmonton events, featuring compostable or re-usable utensils and décor and the use of clearly marked multi-stream waste stations. A third party consultant, Urban Impact, was engaged to evaluate the Calgary



In 2013, thanks to a staff-driven initiative, ABCRC improved its annual BBQ events by setting Zero Waste goals. Waste reduction has now become a routine component of ABCRC operations, with compostable or reusable plates and cutlery available at all catered meetings.

event and provide input for future improvements. Waste assessment metrics from the event indicated the diversion of 371 litres of organic waste and 153 beverage containers.

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

Manufacturers reported the sale of 2,304,467,563 registered non-refillable beverage containers to ABCRC during 2013. 1,882,078,475 were collected from depots and processed for recycling by ABCRC for an overall return rate of 81.7%.

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

Impact of Transportation

Mode of Transport	Distance 2013	GHG Calculation CO ₂ equivalent emissions	Distance 2012	GHG Calculation CO ₂ equivalent emissions
Car	115,336 km	25,028kg	83,266 km	18,068 kg ¹
Air	109,384 km	585,204 kg	116,085 km	621,054 kg ²
Heavy Truck	2,876,685 km	1,553,410kg	2,904,197 km	1,568,266 kg ³
2013 Total: 2,163,642km			2012 Total: 2,207,388 km	

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 2,876,685 km from depots to processing plants in 2013. Based on a full load weighing 3 tonnes the GHG emissions generated in 2013 was 1,553,410 kg of CO₂ equivalent emissions, down slightly from the prior year. 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 3,350,409 km but is not included in the previous GHG calculation as it unconfirmed.

In order to mitigate transportation demands, ABCRC continued to pursue in-depot compaction technology and successfully added two depots to the program. Please refer to EN26 for additional information.

Transportation of Employees:

ABCRC's employee travel includes the distances travelled by all staff, including the seasonal Go Green Team event teams, via rental cars and two fleet vehicles. Bus/coach travel totalled 3,582 km and air travel (assumed to be on 50 passenger planes) at 70,226 km.

ABCRC's board of directors accounted for an additional 39,118 km of air travel and 3,959 km by owned or rented vehicles.

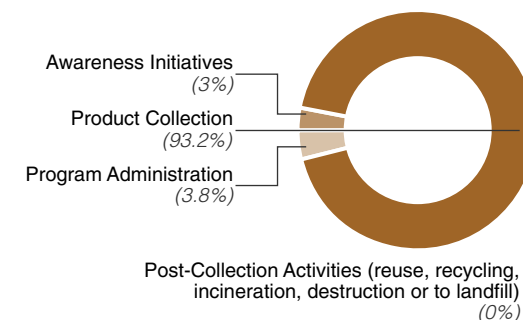
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED – EC 1

Economic Value Generated & Distributed

Direct Economic Value Generated	Amount
REVENUES	
Net Regulated Deposit Revenue	45,646,476
Revenue from Sale of Processed Materials	29,377,359
Container Recycling Fees	49,787,567
Total Economic Value Generated	124,811,402
Economic Value Distributed	
Operating Costs	103,760,627
Employees Wages and Benefits	8,654,729
Payments to Capital Providers	49,301
Payments to Governments	206,831
Community Investments ¹	1,228,098
	113,899,586
Economic Value Generated – Retained Earnings	10,911,816

¹ In 2013, ABCRC began reporting all infrastructure grants funded through the CCP and RIP programs as Community Investments. Previously, these values were grouped under operating costs.

Distribution of Expenses By Percent



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/ POLITICIANS – S06

During 2013, ABCRC made financial or in-kind contributions to provincial political parties in the amount of \$9,718 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 (EEC) school program and the Community Champions Partnership (CCP) 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	59,485	51
Every Empty Counts (K-12 Schools)	Unavailable	438
Community Champions Partnership	27,925	48

Notes: Container counts are reported by participants and may include projects initiated in 2012 but underway in 2013. The Every Empty Counts program is tracked according to the school year (Sept 2012 – June 2013)

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	16,934,012	15,382,517	1,551,495	\$ 1,926,125.45
Every Empty Counts (K-12 Schools)	4,277,917	4,154,348	123,569	\$ 446,327.05
Community Champions Partnership	8,254,037	7,530,472	723,565	\$ 933,938.45
Total				\$ 3,306,390.95

Notes: Container counts are reported by participants and may include projects initiated in 2012 but underway in 2013. The Every Empty Counts program is tracked according to the school year (Sept 2012 – June 2013)

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

ABCRC provided input on the development and execution of a satisfaction survey deployed to depots by the Beverage Container Management Board. Results showed 100% of depot operators surveyed indicated they were at least moderately satisfied with services provided by ABCRC in 2013. Of the 212 eligible depot operators, 151 completed the 2013 survey.

In 2012, 93% of depot operators were at least moderately satisfied. This rating increased to 100% in 2013, noting a shift from moderate to high satisfaction.

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 bags provided.

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 2013, 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 2013.

Community Impact



The funding Recycle for Life has received through the Community Champions Program has given us the opportunity to expand our fundraising program much faster than our projections. With the funding we received we purchased a variety of new bins and we were able to expand our service to include schools, businesses and special events. If not for the grants we have received this year, our business would not be where it is today!

Gord Clayton
Recycle for Life

LOOKING FORWARD

We're creating
a greener future
for Albertans.

We're clear on what's important, and have a plan for the future

ABCRC's board and executive team are looking forward to the future. We anticipate introducing new compaction technology that has the potential to transform our collection system and earn environmental and economic wins. We plan to grow familiar with our new Calgary head office and operations centre in order to leverage the full potential that this new facility offers our business. We envision our new programs, like LoveToRecycle that are aimed at increasing participation in beverage container recycling among industrial, commercial and institutional sectors, will help us gain momentum toward our goal of reaching an 85% return rate. We remain committed to maintaining a financially stable, efficient and effective system that provides a safe workplace for our staff and creates a positive impact on communities.

We understand that the future will bring challenges and opportunities. As active and engaged participants in our industry, we will invest our time in seeking positive outcomes from on-going regulatory review processes. We also intend to collaborate and engage with our industry colleagues at the Beverage Container Management Board and the Alberta Bottle Depot Association in the development of a new industry-wide quality monitoring protocol and other initiatives that advance our system.

Importantly, ABCRC will also seek opportunities during the coming year to balance economic, environmental and social impacts in our decision-making. By measuring our performance and remaining vigilant in our choices, we look forward to presenting results from another year of progress in our 2014 Sustainability Report.

Community Impact We operate a campground North of Fort McMurray where we have a recycling program set up for the campers. With the money collected from the empty beverage containers we've donated to different local organizations and this year we are using the proceeds to build a playground in the campground. Thank you for your support and providing us with bins, bags etc. to allow us to help keep the recyclables out of the landfills! Every little bit helps to keep our earth a healthier, more beautiful place to live!



Cora and Tim Lewyk
Lewyk Park

APPENDICES

Acknowledgements

ABCRC would like to thank all Albertans who made the choice to recycle their empty beverage containers in 2013, 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

Mike Battista, Human Resources Manager, ABCRC

Mark Osterman, Analyst, ABCRC

Laya Mihalicz, Marketing & Communications Coordinator, ABCRC

Umed Lodia, Accounting Manager, ABCRC

Shelleen Lakusta, Alberta Environment and Sustainable Resource Development

Robert Turner QC, Dentons

Karo Group Inc.

Community Impact Rise On Wings received funding from ABCRC through the Community Champions program and have since placed 3 bins in the Grande Prairie area at Campground sites and a city parking lot. The funds from the donated containers go towards developing the business models for single mothers in Uganda that will learn all skills required to develop, manage and market their own business. The funds we received through this program helped us start an agricultural project in 2013, helping us plant Pineapple trees, matooke, banana, avocados, casava since we began receiving funds from our first bin.



Ruth Hamm
RISE ON WINGS

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

as of December 31st, 2013

I .D. Foods Corporation	Canadian Tire	Fairwinds Farm Ltd.
1735221 Alberta Ltd.	Canda Six Fortune Enterprise Co.Ltd	Far East North America Food Ltd.
A Good Taste of Britain 1995	Casseroles Cora Inc.	Fastenal Canada, Ltd.
A. Lassonde Inc.	Christmas Natural Foods	Federated Coop Ltd.
A.W. Jantzi & Sons Limited	Clic International Inc.	Ferma Import & Export
Abbott Nutrition	Cliffstar Corporation	Fiji Water Canada Ltd.
ABC Cork Co.	Coca Cola Refreshments	Fluid Motion Beverage Inc.
Acklands-Grainger Inc.	Cocos Pure Beverage Corp.	Fok's Trading (Canada) Ltd.
Advanced H ₂ O LLC.	Community Natural Foods Ltd.	Four Winds Hotels Management Corp.
Afod Ltd	Concord Sales Ltd.	Freak Lunchbox Inc.
Agrolabs, Inc.	Core-Mark International, Inc	Freelife International Canada Corp.
Agropur Cooperative	Corinthian Distributors Ltd.	Fukuda Trading Co. Ltd.
Alberta Gaming & Liquor Commission	Cott Beverages Canada	Gagan Foods International Ltd.
Allcity Importers Ltd.	Country Fresh Water	Galvanina Canada Ltd.
Amazon Preservation Partners, Inc	Covic International Trading Inc.	General Mills Canada Corporation
Amway Canada Corporation	Cows Inc.	General Nutrition Centers
Anchor Foods International Ltd.	Cypress F & B Holdings Ltd.	Genesis Marketing Group Inc.
Arctic Chiller Ltd.	Cytosport, Inc.	Genesis Today, Inc.
Atkins Nutritionals, Inc.	D3 Brand Delivery Solutions	Genki Foods
Avalon Dairy Ltd.	Danone Inc.	GFS Prairies Inc.
Aviara Sales Inc.	Dattani Wholesalers	Good Water Company, The
Best Brands Marketing	De Marc Distributions Ltd.	Gotchya Produktos Inc.
Beverage World Inc.	Dehnamar Inc.	Grace, Kennedy (Ont) Inc.
Big Lots Canada Inc.	Distribution Fastrack 2010 Inc.	Greenworld Food Express Inc.
Bioforce Canada Inc.	Distribution Missum Inc.	Grizzly Paw Brewing Company, The
Blue Diamond Growers	Dole Packaged Foods Co.	Gummi Confections & Novelties Inc.
Bolthouse Farms	Dollar Tree Stores Canada	Guru Beverage Inc. (G. I. Energy Drink)
Bottle Green Drinks Company	Dollarama L.P.	H.J. Heinz Company Of Canada, The
Brewsters Brewing Company	Dong Phuong Oriental Market Ltd.	Hain Celestial Canada
British Pantry	Double D Beverage Co.	Happy Days Dairies Ltd.
Bulk Barn Foods Limited	Drinkme Beverage Company	Happy Planet Foods Inc.
Buy-Low Foods	DSI Food Corporation	Heart Smart Foods Ltd.
Cabela's Retail Canada Inc.	Earth's Own Food Company Inc.	Hi-Bridge Consulting Co.
Caissen Water Technologies Inc.	Eaux Vives Water Inc.	Hilary's Salesmaster Inc.
Calkins & Burke Ltd.	Ecotrend Ecologics Ltd.	Hongdao Business Development Ltd.
Campbell Company Of Canada	Edoko Food Importers Ltd.	Horizon Distributors
Canada Dry Mott's Inc.	Elco Fine Foods	Hung Gay Enterprises Ltd.
Canada Pure Water Co. Ltd.	Elite International Foods Inc.	Ice River Springs Water Co. Inc.
Canadian Choice Wholesalers	Evolv Health Canada, Inc.	Icy Mountain Water Co. Ltd.

Idea Worldwide (Foods)
 IKEA Canada Limited Partnership
 Imperial Chilled Juice Inc.
 In Zone Brands, Inc.
 Inform Brokerage Inc.
 J.M. Smucker Company, The
 Jan K. Overweel
 Jardin Foods Ltd.
 Jasmine Mediterranean Foods
 Jax Coco Canada Limited
 JC Bunny Bunny Trading Co. Ltd.
 Jet Trading Co. Ltd
 JFC International (Canada)
 JFC International Inc.
 Jiva Organics Mfg. & Dist. Inc.
 Johanna Beverage Company LLC
 Jones Soda Co.
 Joriki Inc.
 Karma Culture, LLC
 Keg Brands Inc.
 Kennelli Springs Ltd.
 Kerry (Canada) Inc.
 KO & C Enterprises Ltd.
 Kohl & Frisch Limited
 Kraft Canada Inc.
 La Mexicana
 Laboratoires C.O.P. Inc.
 Le Kiu Importing Co. Ltd.
 Leading Brands Of Canada, Inc.
 Les Aliments Unique Food
 Les Celliers Associes
 Loblaw Companies
 London Drugs Ltd.
 Lucerne Foods
 LYF Health & Wellness Inc.
 MacDonalds Consolidated
 Malinda Distributors Inc.
 Manzen LLC dba Xyience
 Martin Brower Of Canada Ltd.
 Maverick Brands, LLC
 McCain Foods Ltd.

Mexican Family Store
 Minute Maid Company, The
 Mixology Canada Inc.
 Monashee Spring Water Distributors Ltd.
 Monavie Enterprises Canada Inc.
 Morinda Canada Co.
 Mother Dairy
 MW (Canada) Federal Ent. Ltd.
 Nanton Water & Soda Ltd.
 Nationwide Natural Foods 2000 Inc.
 Nature's Pop Sales
 Nature's Sunshine Products, Inc.
 Naya Waters Inc.
 Nestle Canada Inc.
 Nestle Professional Beverages
 Nestle Waters Canada
 Netmarket Central America
 New World Distributors
 Niagara Bottling, LLC
 Nishimoto Trading Co., Ltd.
 Noble Meadows Farm
 North West Company, The
 Northern Bottling
 Nutrisoya Foods Inc.
 Nutrition Club O/A(1852884 Ontario Inc.)
 Nutrition Excellence Inc.
 Nutrition Zone Products Inc.
 Ocean Spray International Services, Inc.
 Office General Des Eaux Minerales
 Ltee (OGEM)
 Olympic Dairy Products Inc.
 Otis Mcallister, Inc.
 Overwaitea Foods
 Oviva Pure Maple Water
 Pa.Fine Foods & Distributors Ltd.
 Pacific Bottleworks Company
 Pacific Foods Of Oregon, Inc.
 Parmalat Canada
 Pepsi Bottling Group (Canada) Co.
 Pharmx Rexall Drug Stores
 Philippine Fruit Corporation
 (Profood Usa Inc.)

Phoenicia Group Inc.
 PKE Water Store & More
 Polaris Water Co. Inc.
 Pom Wonderful
 Pratts Wholesale (Sask.) Ltd.
 Precision Design & Manufacturing
 Premier Protein, Inc.
 Principal Sales Inc.
 Prism Distributions Inc.
 Produits De Marque Liberte Inc.
 Pure Water Oasis
 Puresource Inc.
 Purity Organic
 R.W. Packaging
 Rage Beverages Inc.
 RE7 Global Industries Inc.
 Red Apple Stores Inc.
 Red Deer Bottling
 Renee's Gourmet Foods Inc.
 Ripple Fx Water Inc.
 Riverbend Plantation Inc.
 Rock Ridge Dairy Ltd.
 Rocky Mountain Roasters Ltd.
 Rona Inc.
 Rubicon Food Products Ltd.
 Rustic Backyard Structures
 Sambazon Inc.
 Santa Maria Foods Corp.
 Saputo Dairy Products Canada G.P.
 Shoppers Drug Mart
 Sky Blue Water Inc.
 Splash Beverage Group, Inc.
 Star Marketing Ltd.
 Starbucks Coffee Co.
 Stars Trading Co. Ltd.
 Stillcreek Distributing Ltd.
 Sun Orchard, Inc.
 Sun Rype Products Ltd.
 Sunrise Markets Inc.
 Sun-Rype Products (USA), Inc.
 Sunterra Quality Food Markets Inc.

Superior Tofu Ltd.
 Sysco Food Services Of Calgary
 T & T Supermarket Inc.
 Talking Rain Beverage Co.
 Target Canada Co.
 TDL Group Limited, The
 Temple Lifestyle Inc.
 TFB & Associates Ltd.
 Thai United Food Trading Ltd.
 Thomas Canning (Maidstone) Ltd.
 Thomas, Large & Singer Inc.
 Ti Foods
 Tifco Foods Inc.
 Tonsell International Inc.
 Tree of Life Canada, ULC.

Tree Top, Inc.
 Treehugger Organics Inc.
 Tri-Pure Water Ltd.
 Trivita Living, Ltd.
 True North Nutrition
 Turtle Mountain, LLC
 Ultima Foods Inc.
 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 & Dist. Ltd.
 Wallace & Carey Ltd.
 Wal-Mart Canada Inc.
 Water Pure & Simple - Westlock
 Water Pure & Simple-Minilake Dist. Ltd.
 Water Pure & Simple-Wetaskiwin
 Watermark Beverages Inc.
 Weider Nutrition Group
 Winning Combination Inc., The
 Worldwide Specialty Foods Ltd.
 WWF Operating Company
 Ying Fat Food Products Ltd.
 Yj Sciences, Inc.
 Zing Zang, Inc.

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

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 water discharge by quality and destination [EN21]	Performance Information
Total weight of waste by type and disposal method [EN22]	Performance Information
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	
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
HUMAN RIGHTS	
Total number of incidents of discrimination and actions taken [HR04]	Performance Management

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
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
HUMAN RIGHTS	
Total number of incidents of discrimination and actions taken [HR04]	Performance Management

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.

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

Alberta Beverage Container Recycling Corporation

December 31, 2013

Contents

- 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

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, 2013 and the statements of operations and changes in net assets 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, 2013 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.

(signed Deloitte LLP)

Chartered Accountants

May 28, 2014

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

year ended December 31, 2013

	2013	2012
Revenue		
Regulated deposits	\$ 258,723,454	\$ 249,459,631
Container recycling fees	49,787,567	27,929,386
Deposits refunded	(213,076,978)	(205,018,511)
	\$ 95,434,043	\$ 72,370,506
Sale of processed containers	28,737,241	29,096,408
Processing fees and other income	479,477	504,899
Gain (loss) on foreign exchange	160,641	(97,603)
	\$ 124,811,402	\$ 101,874,210
Handling commissions	(84,153,331)	(80,302,818)
Beverage container management board fees	(1,036,802)	(1,062,597)
	\$ (85,190,133)	\$ (81,365,415)
Expenses		
Warehouse	\$ 10,896,111	\$ 10,534,005
Transportation	9,260,168	9,022,481
Administration	3,609,581	3,499,996
Marketing and technology	3,427,509	3,749,041
Amortization	789,875	771,997
Relocation and remediation	676,907	—
Finance charges	49,301	—
	\$ 28,709,452	\$ 27,577,520
Excess (deficiency) of revenue over expenses	\$ 10,911,817	\$ (7,068,725)
Net assets, beginning of year	21,431,276	28,500,001
Net assets, end of year	\$ 32,343,093	\$ 21,431,276

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

STATEMENT OF FINANCIAL POSITION

as at December 31, 2013

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 21,211,614	\$ 11,046,733
Short-term investments	15,024,041	20,003,425
Accounts receivable (Note 3)	31,878,624	27,277,035
Prepaid expenses	224,779	162,347
	\$ 68,339,058	\$ 58,489,540
Tangible capital assets (Notes 2 and 4)	17,944,274	13,869,902
	\$ 86,283,332	\$ 72,359,442
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 3 and 5)	\$ 46,663,540	\$ 43,261,431
Current portion of obligations under capital lease	10,640	3,245
Current portion of mortgage loan (Note 7)	414,047	400,125
	\$ 47,088,227	\$ 43,664,801
Obligations under capital lease	11,313	—
Mortgage loan (Note 7)	6,839,799	7,262,465
	\$ 53,939,339	\$ 50,927,266
Commitments (Note 10)		
Contingent liabilities (Note 5)		
Share capital (Note 8)	\$ 900	\$ 900
Net assets		
Investment in tangible capital assets (Note 2)	\$ 10,668,475	\$ 6,204,067
Unrestricted net assets	21,674,618	15,227,209
	32,343,093	21,431,276
	\$ 86,283,332	\$ 72,359,442

Approved by the Board

Director

Director

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

STATEMENT OF CASH FLOWS

year ended December 31, 2013

	2013	2012
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 10,911,817	\$ (7,068,725)
Items not affecting cash		
Amortization	789,875	771,997
Gain on disposal of tangible capital assets	(71)	—
Unrealized foreign exchange (gain) loss	(13,793)	5,049
	\$ 11,687,828	\$ (6,291,679)
Changes in non-cash working capital		
Accounts receivable	\$ (4,601,589)	\$ 3,305,645
Prepaid expenses	(62,432)	1,693
Accounts payable and accrued liabilities	3,402,109	(2,067,496)
	\$ 10,425,916	\$ (5,051,837)
Financing activities		
Repayment of obligations under capital lease	\$ (35,392)	\$ (12,653)
Advances of mortgage loan	—	7,687,700
Repayment of mortgage loan	(408,744)	(25,110)
	\$ (444,136)	\$ 7,649,937
Investing activities		
Purchase of tangible capital assets	\$ (4,810,201)	\$ (11,102,764)
Proceeds on disposal of tangible capital assets	125	—
Short-term investments, net of proceeds on disposition and purchases	4,979,384	13,013
	\$ 169,308	\$ (11,089,751)
Foreign exchange gain (loss) on cash held in foreign currency	\$ 13,793	\$ (5,049)
Net increase (decrease) in cash and cash equivalents	\$ 10,164,881	\$ (8,496,700)
Cash and cash equivalents, beginning of year	11,046,733	19,543,433
Cash and cash equivalents, end of year	\$ 21,211,614	\$ 11,046,733
Represented by:		
Cash	\$ 568,585	\$ 1,798,670
Cash equivalents	20,643,029	9,248,063
	\$ 21,211,614	\$ 11,046,733

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

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) (I) 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 from the financial statement date 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 changes in net assets.

With respect to financial assets measured at cost or amortized cost, the Corporation recognizes in the statement of operations and changes in net assets 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 changes in net assets 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:

Warehouse building	20 years
Warehouse building improvements	Remaining life of the warehouse building
Plant equipment	5 and 10 years
Computer and communication equipment	3 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements	Term of lease
Leased land 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 excess (deficiency) of revenue over expenses in the year in which they become known. Actual results could differ from those estimates.

Investment in tangible capital assets

Net assets invested in tangible capital assets are composed of:

	2013	2012
Net book value of tangible capital assets	\$ 17,944,274	\$ 13,869,902
Obligations under capital lease	(21,953)	(3,245)
Mortgage loan	(7,253,846)	(7,662,590)
	\$ 10,668,475	\$ 6,204,067

3. Related party transactions

Of the Corporation's total revenue, 76.5% (2012 – 71.8%) is from the deposits and fees charged and collected by Participants in the selling of their beverages in non-refillable containers.

At December 31, 2013, the accounts receivable balance included \$29,476,635 (2012 - \$25,255,163) due from the Participants in the normal course of business.

At December 31, 2013, the accounts payable and accrued liabilities balance included \$1,893,656 (2012 \$1,487,751) payable to the Participants in the normal course of business.

4. Tangible capital assets

	2013		
	Cost	Accumulated amortization	Net book value
Land	\$ 3,831,850	\$ —	\$ 3,831,850
Leased land improvements	704,478	—	704,478
Warehouse building	6,771,194	—	6,771,194
Warehouse building improvements	2,821,065	—	2,821,065
Leasehold improvements	1,722,351	999,321	723,030
Plant equipment	6,047,124	3,489,698	2,557,426
Computer and communication equipment	1,495,122	1,304,198	190,924
Office equipment	334,958	134,564	200,394
Vehicles	54,100	10,519	43,581
Capital development projects	100,332	—	100,332
	\$ 23,882,574	\$ 5,938,300	\$ 17,944,274

	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

Capital development projects totalling \$100,332 (2012 - \$10,482,923) are not subject to amortization until development is complete.

The Corporation moved into the new facility in November 2013 with full operations commencing January 2014. The depreciation of the warehouse building, warehouse building improvements, and leased land improvements will start in January 2014.

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 \$38,443,211 (2012 - \$37,364,937) 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. 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 \$5,000,000 and 90% of certain accounts receivable net of over 45day 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, 2013, the outstanding balance for the operating line of credit was \$Nil (2012 \$Nil).

7. Mortgage loan

	2013	2012
Mortgage loan, bearing interest at The Toronto-Dominion Bank's fixed term rate of 3.45% per annum, 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 month	\$ 7,253,846	\$ 7,662,590
Less: current portion	414,047	400,125
	\$ 6,839,799	\$ 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 \$13,424,108 (2012- \$10,404,815).

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

2014	\$ 414,047
2015	428,453
2016	442,749
2017	419,717
2018 and thereafter	5,548,880
	\$ 7,253,846

8. 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

	2013	2012
Class A shares	\$ 900	\$ 900

9. Financial instruments

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 changes in net assets, end of year by \$71,771 for the year ended December 31, 2013 (2012 - \$80,073).

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, 2013, the Corporation had a net exposure to U.S. currency of \$1,531,023 (2012 \$2,491,104) (US\$1,439,742; 2012 - US\$2,488,486) 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 decided not to renew the lease.

Future minimum lease rental payments aggregate \$4,312,082, and the annual lease payments are as follows:

2014	\$ 1,043,904
2015	640,945
2016	642,403
2017	647,473
2018	624,037
Thereafter	713,320
	\$ 4,312,082



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