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SUSTAINABILITY REPORT
CONNECTED WITH OUR ENVIRONMENT

abcrc 

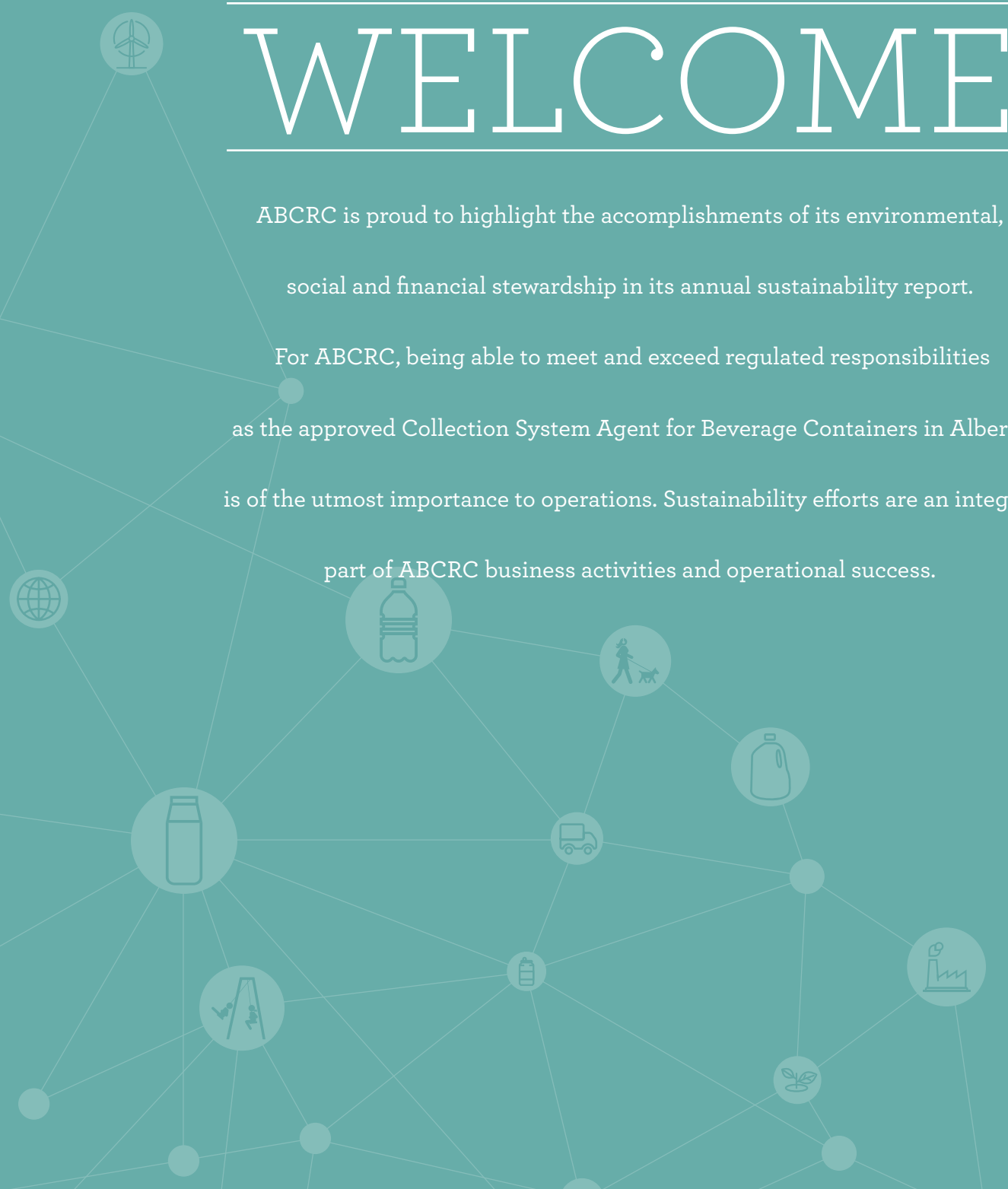




WELCOME

ABCRC is proud to highlight the accomplishments of its environmental, social and financial stewardship in its annual sustainability report.

For ABCRC, being able to meet and exceed regulated responsibilities as the approved Collection System Agent for Beverage Containers in Alberta is of the utmost importance to operations. Sustainability efforts are an integral part of ABCRC business activities and operational success.





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EXECUTIVE SUMMARY

ABCRC focuses on continuously improving the efficiency and effectiveness of operating the Common Collection System. This focus aligns with the collective vision of the BCMB, ABCRC and ABDA for the industry in Alberta to be a worldwide leader in stewarding Beverage Containers and protecting the environment. Working cooperatively and collaboratively with industry stakeholders, ABCRC continues to focus on increasing the return rate of Beverage Containers in Alberta while considering and balancing the environmental, social and economic impacts of its actions.

ABCRC connects and works with stakeholders such as the BCMB, ABDA, Depots, schools, communities, charities and others across Alberta, with the common goal of increasing Beverage Container return rates and thus protecting Alberta's environment. ABCRC provides collection

infrastructure and connects with community and school partners — not only to collect Beverage Containers but also to educate Albertans on the importance of recycling. Over the past year, ABCRC connected with 47 schools and provided nearly \$800,000 in funding to 53 Community Champions, who collected a total of 4,602,691 Beverage Containers in 2017.

Also in 2017, ABCRC rolled out a new employee engagement initiative across the organization. An intranet was launched, a first for ABCRC, to serve as an online connection point for all ABCRC employees, whether they work in the processing plants or the offices. Employees now have a central location to find company information and connect with fellow employees.

“ABCRC’s continued success in the Alberta Beverage Container recycling industry is built on a foundation of connecting with its industry partners, communities, employees and other stakeholders.

This ensures we are continuously improving the efficiency and effectiveness of the Common Collection System in Alberta.”

Ken White, ABCRC Board Chair





ABCRC has arranged to move to a new facility in the Edmonton area in 2019 that will provide opportunities to increase the efficiency of its processes as well as consolidate its quality control and plant operations under one roof. There are plans to integrate green initiatives as the construction of the new facility progresses, such as installing tanks to collect and use rainwater in plant operations and ensuring all light bulbs are energy-saving LEDs. An internal process review at both of ABCRC's existing plants has identified several potential improvements that could reduce plant operation costs and reduce its carbon footprint.

A continued focus on reducing its environmental footprint resulted in ABCRC commissioning Waste Solutions Canada to perform an external waste audit review. The review identified opportunities to further reduce waste shipped

to landfills and to increase materials that can be reduced, reused, recycled or composted.

A new software system was developed in 2017, which endeavoured to increase the capacity of the current system and leverage new and improving technologies. Rolled out on January 1, 2018, this new software system will continue to be refined throughout 2018 to identify and implement opportunities to enhance efficiency.

By collaborating and connecting with ABCRC's industry partners, stakeholders and employees, ABCRC continues to develop the tools and resources required to protect Alberta by diverting Beverage Containers from landfills and converting them to higher end-use recycling whenever feasible.

“As an effective environmental steward for beverage manufacturers in Alberta, ABCRC has worked cooperatively and collaboratively with its stakeholders to ensure the Beverage Container recycling industry meets and exceeds the obligations set by the Government of Alberta to reduce the environmental impact of Beverage Containers.”

Guy West, President, ABCRC





ABOUT ABCRC

ABCRC operates the largest Beverage Container collection system in Canada based on the number of material types and the quantity of Beverage Containers recovered. It is also responsible for the collection and recycling of more than 150,000 different types of registered Beverage Containers sold in Alberta. In 2017, this involved transporting and processing nearly 2 billion Beverage Containers from 217 independently owned Alberta Depots.

ABCRC operates with not-for-profit provisions as the appointed and approved agent for beverage manufacturers in Alberta whose Beverage Containers are regulated under the Regulation.

ABCRC does not receive funding from any government source. ABCRC operates two processing facilities in Edmonton and Calgary, employing 164 Albertans.

ABCRC operates the largest Beverage Container collection system in Canada.

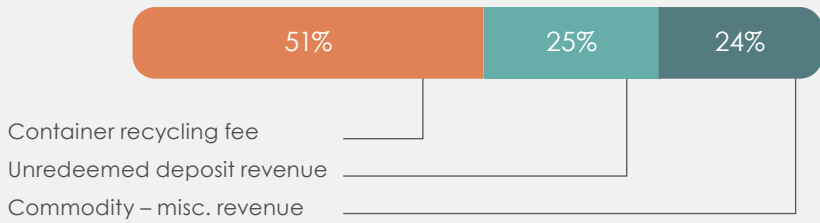




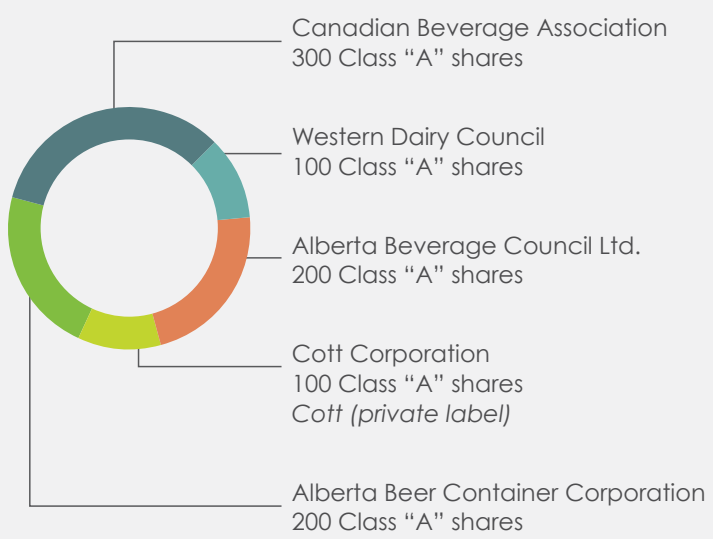
REGULATORY STRUCTURE



REVENUE BY SOURCE



ABCRC SHAREHOLDERS





VISION AND STRATEGY

ABCRC strives for continuous improvement by constantly examining its practices and working collaboratively with its stakeholders and encouraging innovation.

MISSION

To act on behalf of beverage manufacturers with respect to the operation of Alberta's Common Collection System.

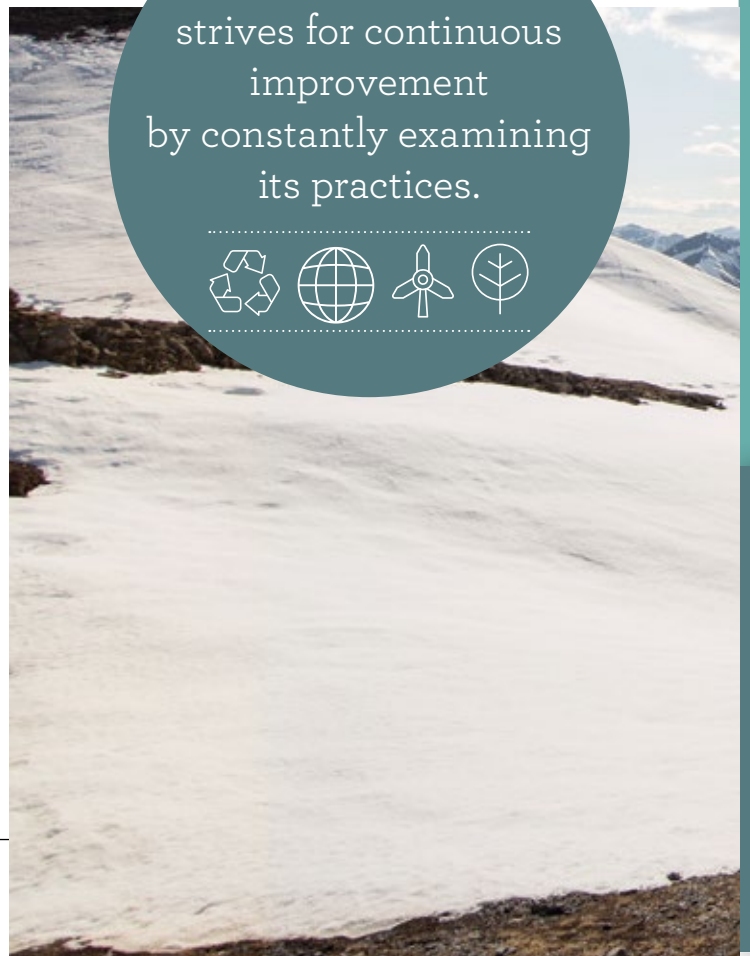
VISION

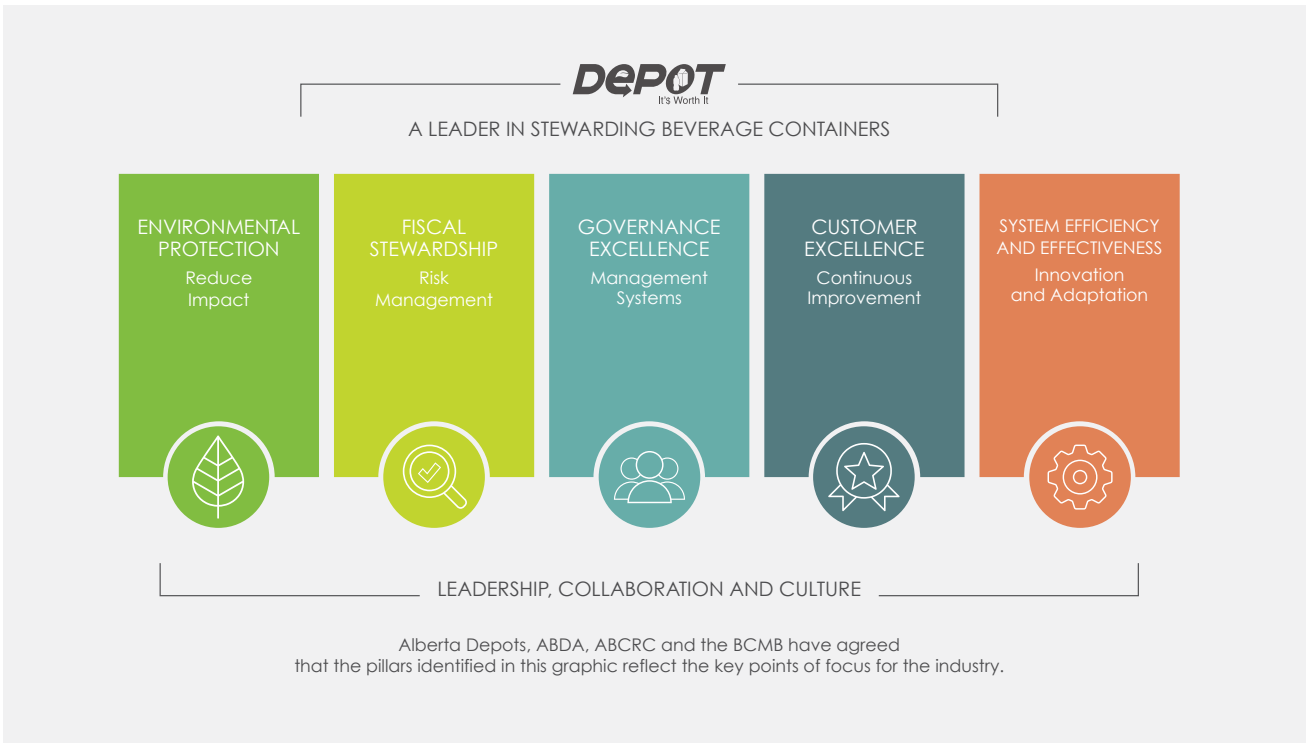
To be the leading EPR organization that strategically focuses on improving the efficiency and effectiveness of the Common Collection System.

In addition to its Vision and Mission, ABCRC operates according to several strategic priorities:

- Provide effective corporate governance
- Communicate ABCRC's value to stakeholders
- Improve fiscal management
- Improve system efficiencies
- Improve the Common Collection System's environmental performance

ABCRC
strives for continuous
improvement
by constantly examining
its practices.







BOARD OF DIRECTORS

NEIL ANTYMIS

Vice Chair,
PepsiCo Beverages Canada



KEN WHITE

Board Chair,
Canadian
Beverage Association



JENNIFER BARBAZZA

The Beer Store &
Brewers Distributor Ltd.



CHERYL McLAUGHLIN

Treasurer,
Cott Corporation



JEREMY CHORNEY

Canadian National Brewers



TONY GUSIKOSKI

Parmalat Canada Inc.



SHANE BUCKINGHAM

Canadian Beverage
Association



RON SORNEAU

Coca-Cola Refreshments
Canada



NICHOLAS KISSEL

Alberta Gaming
& Liquor Commission





ABCRC's Board of Directors consists of representatives of beverage manufacturers. They include nominees from shareholders and the Alberta Gaming and Liquor Commission as the deemed manufacturer of all alcoholic beverages. The directors, and non-director committee members, do not receive any remuneration for their time and talent provided to ABCRC.

Director education is a vital component of operational excellence. Each year, ABCRC identifies opportunities for director development and training, primarily through the provision of memberships for all directors, committee members and senior staff in the Institute of Corporate Directors. ABCRC continuously reviews and improves upon

its governance practices and documents, and annually conducts reviews of the performance of the Board of Directors, its Committees, the Board Chair, the Committee Chairs and individual directors.

In 2017, ABCRC's Board of Directors formalized a diversity policy to recognize the value of diversity. Diversity helps ensure that a wide variety of perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive. ABCRC believes in the benefits of employing a diverse group, which is not only an important element of good corporate governance but also a reflection of Alberta communities.

EXECUTIVE TEAM

LORI KOEBEL
Manager, Communications & Marketing

GUY WEST
President

COLIN CARTER
Vice President, Operations

MIKE BATTISTA
Manager, Human Resources

JIM BRENT
Vice President, Finance & IT

The board and management are linked through the President, who is supported by the Vice President of Finance & IT, the Vice President of Operations, the Manager of Communications and Marketing, and the Manager of Human Resources, along with each of their respective teams.



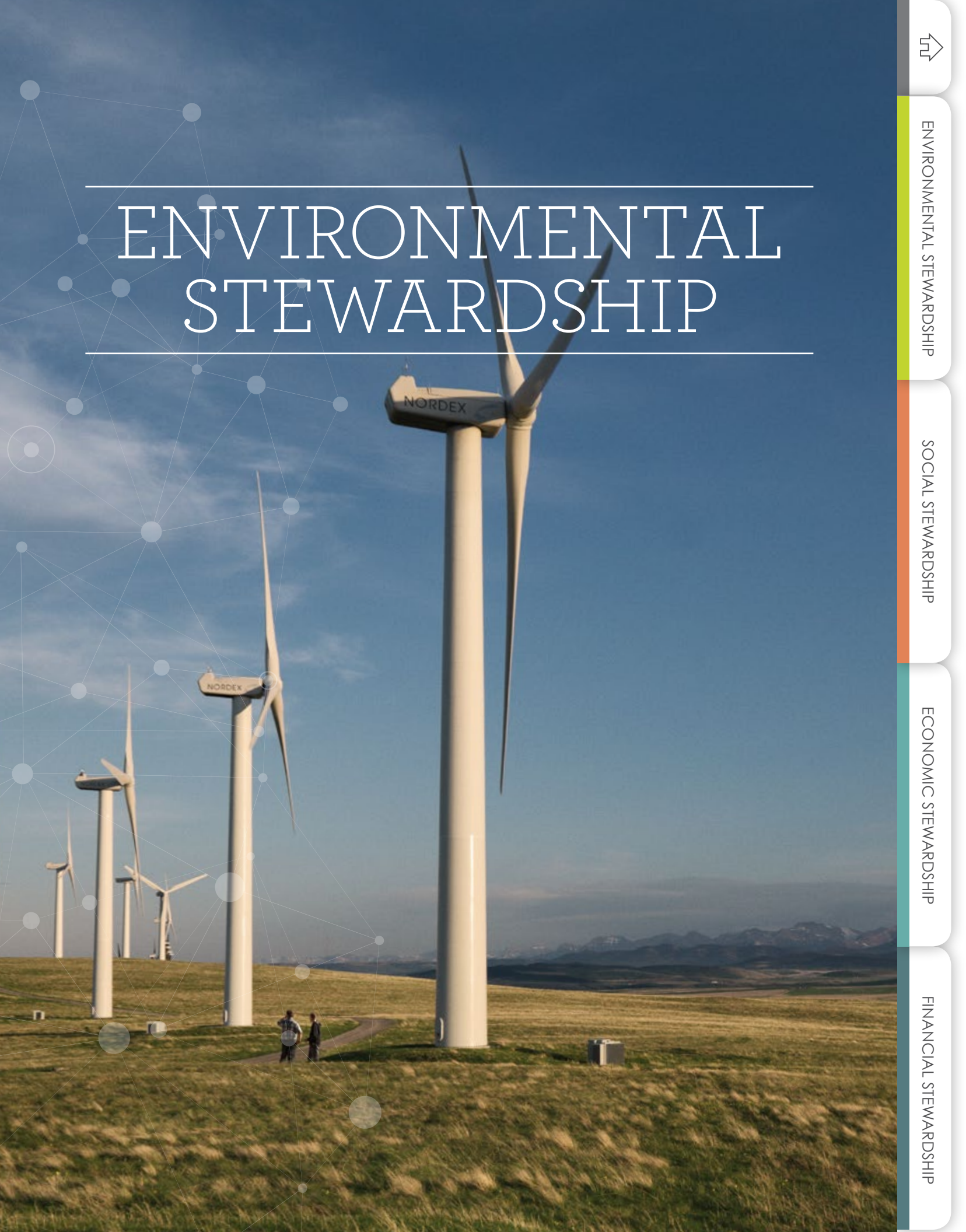
ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP

ENVIRONMENTAL STEWARDSHIP





Non-refillable Beverage Container stewardship began in 1972 under the Litter Act (Alberta), a set of regulations and rules created to combat a growing pollution problem in Alberta in the 1970s.

In 1993, the Government of Alberta consolidated several pieces of legislation into the Environmental Protection and Enhancement Act (Alberta), which led to the evolution of the Regulation as it is currently in force today. The Regulation requires manufacturers using Beverage Containers to appoint a collection system agent to operate the Common Collection System, which led to the incorporation of ABCRC in 1994.

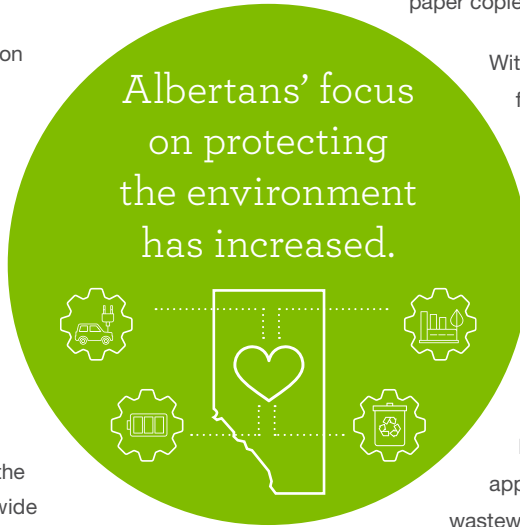
Since the appointment of ABCRC as the collection system agent, an Alberta-wide focus on protecting the environment has increased. In addition to helping municipalities and the provincial government meet their waste diversion goals, ABCRC focuses on reducing its own environmental footprint and operating in an environmentally conscious manner that exceeds Regulation requirements.

GOALS AND FOLLOW UP

In 2017, ABCRC explored various options to continue its commitment as an industry leader in environmental stewardship.

Most notably, ABCRC included a waste reduction audit conducted by Waste Solutions Canada. ABCRC has always made an effort to reduce and divert waste from landfills wherever possible, and it is committed to learning new techniques to improve such landfill diversion. Management identified several ways to reduce waste, including maximizing efficiency of waste pickups, creating new bin infrastructure systems and establishing placements for various materials streams, such as compost and mixed recycling, which will be implemented in 2018.

Additional 2017 goals included reducing the amount of paper used in ABCRC's offices. With the installation of an employee intranet that houses common documents and forms, ABCRC saved paper by reducing the need for employees to rely on paper copies of documents.



With the construction of ABCRC's new facility in the Edmonton area (to be completed in 2019), LED lighting options will be exclusively installed.

WASTEWATER TREATMENT

Beverage Container processing operations involve collecting the residual fluid contained in used Beverage Containers. On average, approximately 1,500 litres per day of wastewater is collected in ABCRC's Calgary and Edmonton facilities combined. This wastewater requires pre-treatment for pH adjustment, solids removal, and fat, oil, and grease (FOG) removal to comply with wastewater thresholds required under municipal bylaws set out by the cities of Calgary and Edmonton. The wastewater also contains several metals that need to be lowered. Recent treatability testing on the wastewater from the Calgary facility indicated that raising the pH to 8.5, followed by settling for two hours and decanting, resulted in acceptable reductions in metal concentrations.

A new wastewater pre-treatment system was approved for ABCRC facilities in Calgary and Edmonton and will be installed in 2018 and 2019 respectively. The water-handling system will be composed of a feed pump, chemical dosing system and a solids and FOG separation tank. Once installed, the new system will reduce or eliminate the corrosiveness of wastewater and dissolved metal concentrations, putting less strain on city resources and the environment. An update on the installation and effectiveness of this system will follow in the 2018 Sustainability Report.

Non-refillable Beverage Container stewardship began in 1972 under the Litter Act, a set of regulations and rules created to combat a growing pollution problem in Alberta in the 1970s.





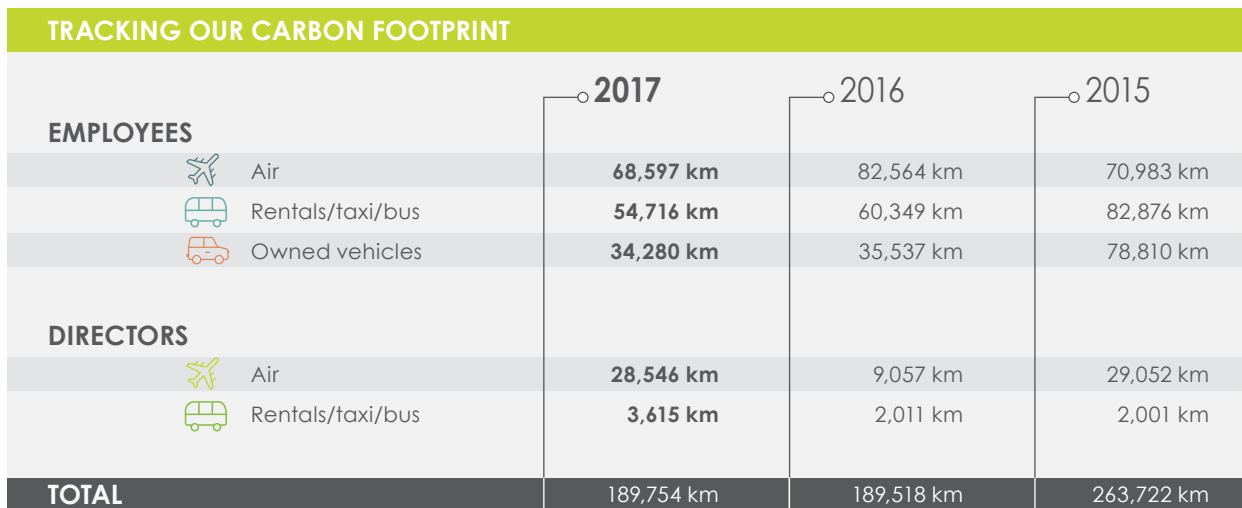
CARBON AIR SCRUBBERS

After ABCRC receives non-glass Beverage Containers shipped from one of the 217 Depots in Alberta, those Beverage Containers go through a baling process to be packaged for sale in commodity markets. Third party purchasers of baled materials recycle those Beverage Containers into useful new products. The baling process, however, often forces unpleasant odours from crushed containers. Carbon air scrubbers are used to reduce odours and control emissions from the baling operations. Ambient air

circulates through the activated carbon filter, which scrubs out odours and air impurities before releasing clean air back into the plant. The filters are replaced on a regular basis and serve as helpful tools in improving air quality.

ABCRC has carbon air scrubbers installed on all Calgary and Edmonton balers in an effort to reduce odours and control emissions. Cleaner, better-smelling air inside ABCRC facilities isn't the only benefit of carbon air filters; HVAC systems that require electricity to operate can also be used less.

The benefits of installing these carbon air filters not only include cleaner, better smelling air inside ABCRC facilities, but also less use of HVAC systems that require electricity to operate.



RESOURCE CONSUMPTION OVER TIME



Water



Electricity



Natural gas



Diesel fuel

Year	Water (m ³)	Electricity (MWh)	Natural gas (GJ)	Diesel fuel (L)
2017	3,367	2,934	21,989	2,958
2016	2,290	2,972	21,229	2,538
2015	2,216	2,816	19,449	14,167

Increased resource consumption for 2017 is due to ABCRC taking possession of a secondary Quality Control site in Edmonton.

MATERIALS USAGE

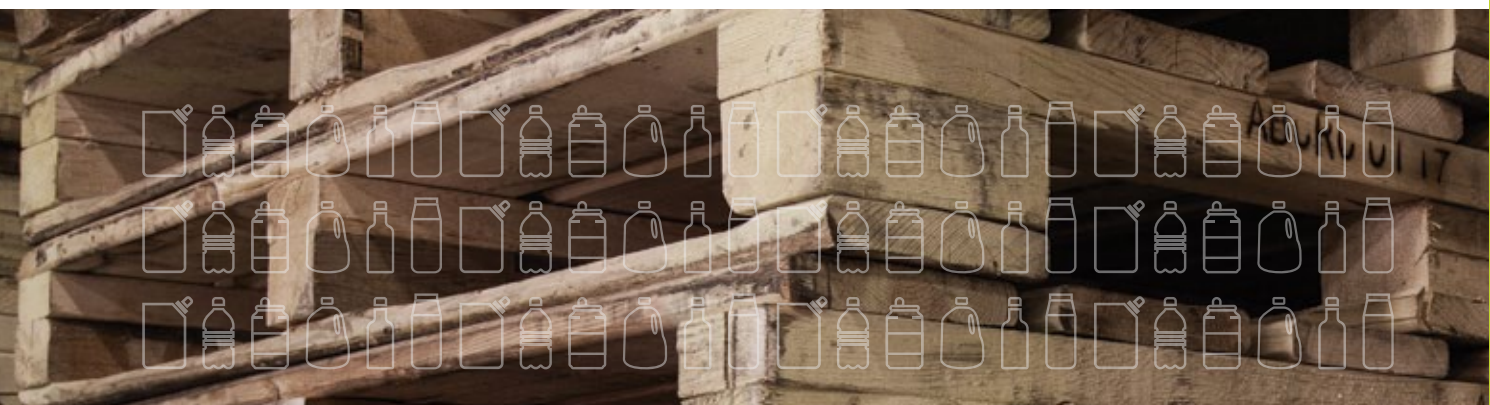
Item	Total Weight (Kg)	
	2017	2016
Black and white bags	158,360 Kg	150,978 Kg
Blue bags	31,990 Kg	23,466 Kg
C Bills (paper)	282 Kg	564 Kg
R Bills (paper)	64 Kg	404 Kg
Wire	178,832 Kg	189,013 Kg
Blank bale tags	3,629 Kg	126,552 Kg
Clear poly bags	631 Kg	1,036 Kg
Pallets	124,225 Kg	343,528 Kg
Strapping	2,937 Kg	557 Kg
Tags	6,391 Kg	8,221 Kg
TOTAL	507,341 Kg	844,320 Kg

ABCRC purchased increased quantities of serialized Blue Bags, and Black and White Bags in anticipation of the 2018 NAV Rollout. Strapping material quantities are recorded at the time of bulk purchase and used throughout the year. Depending on how the reporting date falls, some years might report lower usage rates than others as the levels of "safety stock" get depleted. All other material usage decreased due to operational efficiencies and switching to electronically submitted billing.



RETURN SUMMARY BY MATERIALS

December 2017			Increase / (Decrease) v. 2016					
SALES (000'S)	REDEEMED (000'S)	RETURN RATE		SALES (000'S)	%	REDEEMED (000'S)	%	RETURN RATE
CONSOLIDATED								
2,284,034	1,942,770	85.1%		13,737	0.6%	(2,929)	(0.2%)	(0.6%)
ALUMINUM								
1,053,641	937,351	89.0%		18,125	1.8%	(5,208)	(0.6%)	(2.0%)
PLASTICS								
677,707	543,976	80.3%	0 - 1L	6,449	1.0%	13,054	(2.5%)	1.2%
129,367	117,256	90.6%	Over 1L	(2,123)	(1.6%)	(2,347)	(2.0%)	(0.4%)
807,074	661,232	81.9%	Total Plastics	4,325	0.5%	10,707	1.6%	0.9%
GLASS								
171,227	162,296	94.8%	0 - 1L	(7,848)	(4.4%)	(5,936)	(3.5%)	0.9%
8,089	7,078	87.5%	Over 1L	120	15%	59	0.8%	(0.6%)
179,316	169,374	94.5%	Total Glass	(7,728)	(4.1%)	(5,877)	(3.4%)	0.8%





December 2017

Increase / (Decrease) v. 2016

SALES (000'S)	REDEEMED (000'S)	RETURN RATE		SALES (000'S)	%	REDEEMED (000'S)	%	RETURN RATE
POLYCOAT								
127,497	92,179	72.9%	Tetra 0 - 1L	(889)	(0.7%)	(3,853)	(4.0%)	(2.5%)
798	826	103.5%	Tetra Over 1L	(156)	(16.4%)	(49)	(6%)	11.8%
14,883	7,313	49.1%	Drink Pouches 0 - 1L	6,652	80.8%	2,646	56.7%	(7.6%)
62,286	40,883	65.6%	Gable 0 - 1L	(2,753)	(4.2%)	132	0.3%	2.9%
33,117	28,486	86.0%	Gable Over 1L	(1,932)	(5.5%)	(691)	(2.4%)	2.8%
1,334	578	43.4%	Bag-in-Box	71	5.6%	45	8.5%	1.2%
238,914	170,264	71.3%	Total Polycoat	993	0.4%	(1,769)	(1.0%)	(1.0%)
BI-METAL								
4,385	4,101	93.5%	0 - 1L	(1,830)	(29.4%)	(754)	(15.5%)	15.4%
703	477	63.7%	Over 1L	(148)	(17.4%)	(28)	(5.9%)	7.8%
5,088	4,548	89.4%	Total Bi-Metal	(1,978)	(28.0%)	(782)	(14.7%)	14.0%





MATERIALS RECYCLED

MATERIAL	CUSTOMER	RECYCLING	% OF SOLD CONTAINERS	% OF REGULATED CONTAINERS	RETURN RATE	TONNES DIVERTED
ALUMINUM	Novelis	<ul style="list-style-type: none"> Recycled back into aluminum cans 95 - 99% of weight shipped is recycled; the remainder is moisture and contaminants 	46.1%	48.2%	89.0%	12,923.2
POLYETHYLENE TEREPHTHALATE (PET) CLEAR	Merlin Plastics	<ul style="list-style-type: none"> Recycled into pellets for use in manufacturing new non-food bottles 80+% recycled with less than 20% being substandard material or contaminants 	35.3%	34.0%	81.9%	20,696.6
HI-DENSITY POLYETHYLENE (HDPE)		<ul style="list-style-type: none"> Recycled into pellets for use in manufacturing new non-food bottles 				
POLYETHYLENE TEREPHTHALATE (PET) GREEN		<ul style="list-style-type: none"> 80+% recycled with less than 20% being sub-standard material or contaminants 				
OTHER PLASTICS						
GLASS	Vitreous Glass Inc.	<ul style="list-style-type: none"> Cleaned and crushed for use in the manufacturing of fibreglass. 95% recycled with 5% waste including caps, corks and dust 	7.9%	8.7%	94.5%	57,117.9
TETRA-BRIK	The Paper Tigers Inc.	<ul style="list-style-type: none"> Fibre extracted and used in the manufacture of paper products Residual aluminum and plastics - undetermined at this time but potential fuel for gasification (energy recovery) 80% by weight recycled 	5.6%	4.8%	73.1%	1,776.7



MATERIAL	CUSTOMER	RECYCLING	% OF SOLD CONTAINERS	% OF REGULATED CONTAINERS	RETURN RATE	TONNES DIVERTED
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 	4.2%	3.6%	72.7%	2,803.0
DRINK POUCHES BAG-IN-BOX (BLADDERS)	Merlin Plastics Waste Mgmt. (cardboard from Bag-in-Box)	<ul style="list-style-type: none"> Energy recovery through gasification (incineration) due to low volumes and scarce end markets Boxes from Bag-in-Box are recycled as OCC 	0.7%	0.4%	48.7%	167.9
BI-METAL	General Recycling Industries Ltd.	<ul style="list-style-type: none"> Smelted down for recycling into construction rebar, car parts and grinding rods for mining 95% of weight is recycled with 5% contaminants of moisture 	0.2%	0.2%	89.4%	264.6
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 2016 2,073 regulated ceramic bottles in 2016 	0.0%	0.0%	0.0%	<0.0





ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP

SOCIAL STEWARDSHIP



Supporting various programs and community initiatives are part of ABCRC’s social stewardship. This support also aligns with ABCRC’s goal to continually improve recycling rates in Alberta. ABCRC’s main purpose is to divert Beverage Containers from landfills, while protecting and supporting Alberta communities. The Government of Alberta established a goal of diverting 85 per cent of Beverage Container waste from landfills. ABCRC provides support to municipalities and other community partners to implement recycling initiatives and to develop programs that engage Albertans in recycling. ABCRC knows that awareness and encouragement of recycling are fundamental to its success, and it is constantly tracking its various programs and advertising to determine their effectiveness.

ABCRC believes community involvement should be reflected in an organization’s own practices. ABCRC is proud to contribute to the province’s economy, employing a diverse group of Albertans in meaningful work and generating economic value through its operations.

ABCRC is committed to celebrating its cultural diversity and strives to create an inclusive environment where people of diverse backgrounds can freely participate. A cultural diversity survey was administered in January 2017 to identify all the distinct cultural and ethnic backgrounds that make up ABCRC. The survey concluded that there are close to 30 different ethnicities that employees strongly identify with and 20 spoken languages within all locations. To celebrate this diversity, ABCRC has installed welcome banners in different languages and has recognized different cultural rituals by providing meditation and prayer rooms.

In the fall of 2017, management conducted a survey based on Gallup’s 12 questions on employee engagement, to help establish a baseline for salaried personnel. From these results, ABCRC developed a people-focused strategy to be implemented in 2018. Following the motto “Empowered employees contribute to a sustainable world,” management will implement several strategies to educate, develop and engage its employees. One of the first initiatives to be implemented in 2018 is to form an engagement committee composed of non-management employees from different departments.

In addition to employee engagement, focus groups were held with the leadership team and members of each department from Calgary and Edmonton. The goal was to identify key leadership behaviours and the impact they have on corporate culture. Three important cornerstones of leadership were established:

- LISTEN ACTIVELY AND RESPOND IN A TIMELY MANNER
- DELEGATE TO AND EMPOWER EMPLOYEES
- RECOGNIZE OPPORTUNITIES TO IMPROVE

These results led to the formation of a succession management strategy and talent committee. The goal is to identify and fill key positions with internal candidates who have been prepared to be successful in those roles. The talent committee will support employees as they improve skills in their current role and prepare to advance within the organization. The committee will also meet every quarter to review employees’ Personal Development Plans. Further updates will be provided in the 2018 Sustainability Report.

TOTAL WORKFORCE IN 2017

	Type	Contract	No.
CALGARY	Full time – plant	Permanent	59
	Full time – office	Permanent	25
	Full time – seasonal	Temporary	0
EDMONTON	Full time – plant	Permanent	68
	Full time – office	Permanent	9
	Full time – seasonal	Temporary	3
TOTAL			164

ABCRC EMPLOYEE INVESTMENT

Throughout 2017, ABCRC conducted a series of employee and leadership research initiatives to better understand its corporate culture and working environment. From the results, ABCRC identified several areas for change and will be implementing new strategies and policies in 2018 and beyond.





ABCRC CORPORATE INTRANET LAUNCH

On November 17, 2017, ABCRC announced the launch of its corporate intranet, an internal website designed with one main goal: to connect employees from both locations through one collaborative social platform. As a highlight of its launch, an interactive scavenger hunt was sent out to help users work through the login process and discover its various features. Users searched for company events, downloaded templates and used social features such as polls and shout-outs.

Designed through Thoughtfarmer, a social software product developed by OpenRoad, ABCRC's corporate intranet has been accessed by over 70 per cent of ABCRC's users to date. The intranet has the potential to help overcome the lack of communication and collaboration between ABCRC's two separate locations. Ideally, more employees from both locations will use the platform as the intranet continues to grow and develop.

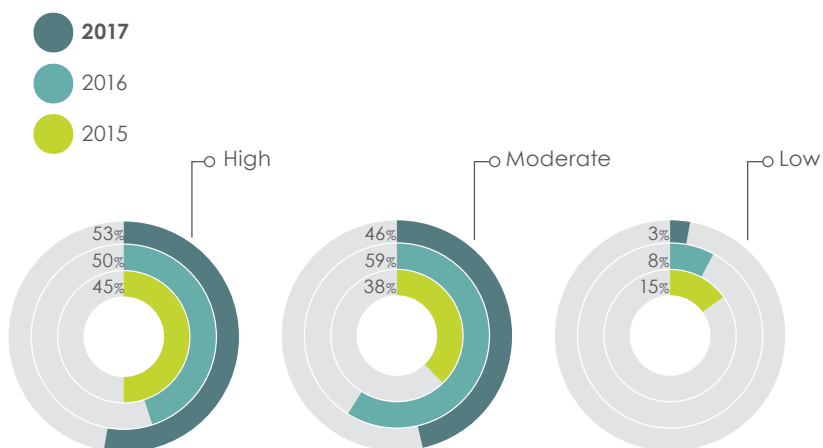
DEPOT SATISFACTION SURVEY

The Depot satisfaction survey measures the performance of the collection system agent (ABCRC), the collection service provider (Alberta Beer Container Corporation) and the regulator (BCMB). The BCMB conducts the survey each fall, and the Depot network is asked to evaluate all three parties on a series of service questions.

The 2017 survey included 71 questions on all aspects of industry operational interactions.

Overall satisfaction with ABCRC remained high and improved over 2016. Depots showed increased satisfaction in the timeliness of communication, the ability to reach ABCRC and the reporting of payment adjustments. Over the last four years, communication has consistently improved each year. The Depots identified bag quality as one area for improvement for ABCRC. There was a slight drop in the high satisfaction of quality of bags in 2017. In all other areas, there was no material increase or decrease in the Depot networks' satisfaction.

OVERALL SATISFACTION WITH ABCRC



Over the last four years, ABCRC's communication has consistently improved each year.





HEALTH & SAFETY CERTIFICATION

ABCRC is certified in conjunction with the Manufacturers' Health & Safety Association (MHSA) Certificate of Recognition (COR) program. The COR is a government-approved safety program that awards employers who develop health-and-safety management systems that meet established provincial standards.

To maintain this certification, an external audit is conducted every three years, with separate internal qualifying audits overseen by the health-and-safety supervisor in the interim.

In 2017, ABCRC failed its internal audit conducted by Stephen Gautreau, ABCRC's Health & Safety Coordinator. His decision was based on several factors, the main one being a lack of engagement from all levels and areas of the company. Safety is not an isolated issue; it is everyone's responsibility to be involved and engaged in the well-being of others.

According to Gautreau, this failure is not necessarily a bad thing. ABCRC will maintain its COR certification until the next external audit in 2018, and management now has the opportunity to be more critical of its health-and-safety program while searching for new and improved methods for meeting the qualifying standards next year. In addition to a new Learning Management System (LMS) being rolled out to all employees, ABCRC's management has assembled a health-and-safety project team responsible for creating and implementing an action plan that will position ABCRC to meet MHSA requirements in 2018 and beyond.

The MHSA will conduct ABCRC's external audit in June 2018. An update will be provided in the 2018 Sustainability Report.

ABCRC COMMUNITY INVOLVEMENT

Part of being a socially responsible company is the notion of giving back to society. Each year, ABCRC strives to support not-for-profit organizations, charities and local community organizations in Alberta. Some of ABCRC's 2017 contributions include the following organizations:

- ALBERTA EMERALD AWARDS
- WINNIFRED STEWART ASSOCIATION
- CALGARY PUBLIC LIBRARY
- THE ALBERTA CHILDREN'S HOSPITAL
- CEREBRAL PALSY ASSOCIATION IN ALBERTA
- CALGARY AND EDMONTON FOOD BANKS

Every year, ABCRC employees participate in the "September Challenge," a team-based competition to raise money for cerebral palsy by exercising and being active throughout the month of September. Twenty employees from Edmonton and Calgary voluntarily took up the challenge of walking 10,000 steps per day for 28 days while fundraising among their peers. This was a record-breaking year: ABCRC came in sixth place in Canada for total steps taken and raised over \$2,000.

Starting in 2017, ABCRC has also committed to biannual clothing drives to benefit the Cerebral Palsy Association in Alberta, which helps divert clothing and household items from landfills. As employees become more engaged in volunteering and fundraising activities, ABCRC hopes to expand into new initiatives in the future.




COMMUNITY CHAMPIONS HIGHLIGHT: COSMOS BOTTLE DEPOTS

Cosmos Community Disability Services Foundation, in conjunction with Cosmos Bottle Depots, joined the Community Champions Program for the first time in 2017. The funding received went toward upgrading a monthly charity program that benefits not-for-profit organizations within Red Deer and Blackfalds. While the charity has been running successfully for over five years, Cosmos wanted to add more blue bins within the community to capture more containers from offices and public spaces.

Each month the Cosmos Community Disability Services Foundation chooses a local not-for-profit organization to receive 100 per cent of the monthly proceeds collected from the blue bin program. The fundraising efforts are advertised on the Depot's Facebook page and website as well as local radio. Charities that have benefited in the past include the Heart & Stroke Foundation, Red Deer Food Bank, Tools for Schools and Big Brothers Big Sisters. Among two Depot locations in Red Deer and one in Blackfalds, the foundation generates approximately \$23,000 to \$33,000 per year to benefit these local programs.

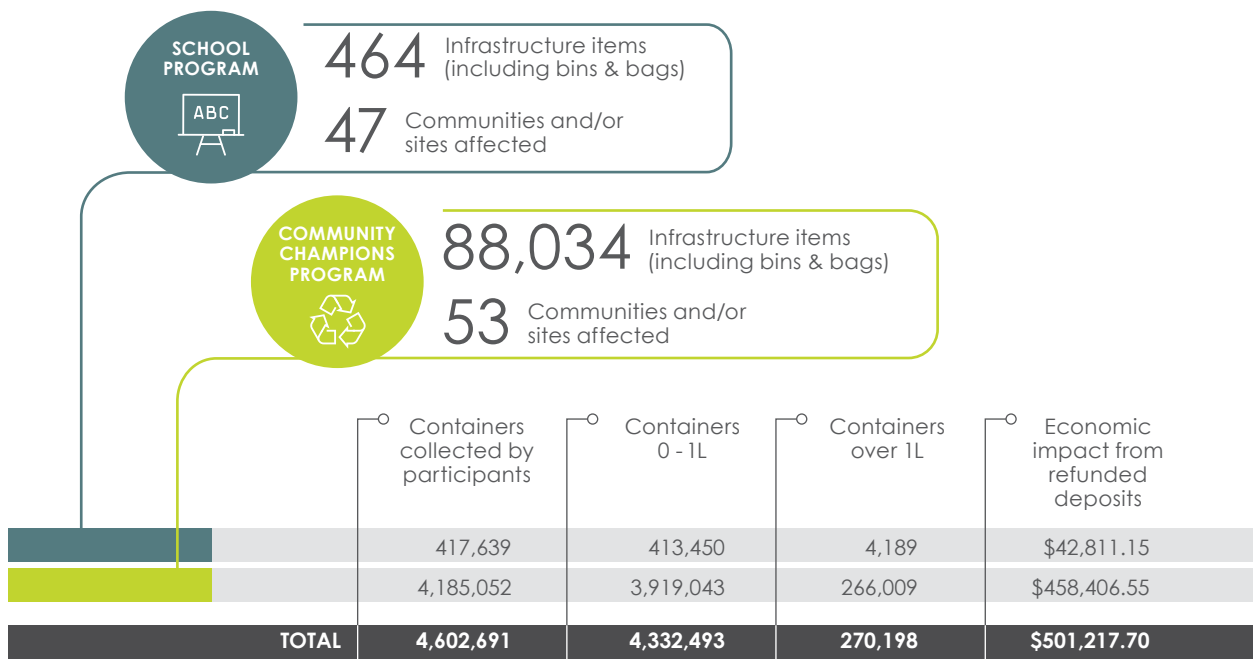
This foundation generates approximately **\$23,000 to \$33,000** per year to benefit local programs.



"[The charities] work hand-in-hand with [Cosmos Depots]. They get the proceeds and we get the recycling and our name out in the community. It's a very successful initiative. We have a year-long waiting list to get in the program." — Rob Stefaniszyn, former Director of Operations & Facility Management at Cosmos Bottle Depot

In addition to working with the foundation, Cosmos Bottle Depots offers free school bin pickups, a service used by 41 out of 43 schools located in the region. With many schools lacking the space to safely store recyclables, the program's blue bin is a great storage solution, and it also gives parents a place to drop off their own contributions for fundraising.

IMPACT OF INFRASTRUCTURE INVESTMENTS FOR PUBLIC BENEFIT



Note: The new and improved School Program launched in August 2017



THE RECYCLERS VISIT ALBERTA SCHOOLS

ABCRC launched its new school program featuring “The Recyclers” in the beginning of 2017. Fifty schools across Alberta were eligible to register for the program during its pilot year, each receiving a mix of indoor bins, large metal outdoor bins and optional school presentations geared to Grade 4 classrooms. The program has received positive

feedback, as the new comic-inspired characters help children understand the different materials that can be recycled and the products they become.

In addition to schools, the Recyclers program was presented to the Calgary-based 114th Girl Guide troupe at ABCRC’s facilities. Through interactive games and stories, a group of 20 girls successfully earned their recycling badge as they learned about recycling in Alberta.



ABCRC plant supervisor Arron MacKinnon and his daughter Madison





LIST OF 2017 COMMUNITY CHAMPIONS PARTNERSHIP GRANT RECIPIENTS

- 2nd St. Albert Scouts Group - Scouts Canada
- Alberta Animal Rescue Crew Society
- Alexandra Centre Society
- Auburn Bay Residents Association
- Bottles4Diabetes
- Canadian Badlands Passion Play Society
- Cerebral Palsy Association in Alberta
- City of Calgary
- City of Edmonton
- Cosmos Community Disability Services Foundation
- Cottage Club Ghost Lake Social Committee
- County of Grande Prairie No. 1
- County of Wetaskiwin No. 10
- Cranston Residents Association
- Devon Lions Club
- Evergreen Park
- Gary W. Harris Canada Games Centre
- Goose Lake Campground
- Grandview Park Society
- Incline Industries Youth Foundation
- KidSport Society of Calgary
- Lac Ste. Anne County
- Lacombe County
- Leduc Transit
- Mayerthorpe Curling Society
- Midnapore Lake Residents Association
- New Brighton Residents Association
- Olds College
- Recycle For Life
- Southern Alberta Society for the Handicapped
- The Alex
- The Community Lunch Box Society
- The McMahon Stadium Society
- Thorsby District Cultural and Historical Society
- Town of Banff
- Town of Bruderheim
- Town of Canmore
- Town of Devon
- Town of Hinton
- Town of Strathmore
- Town of Taber
- Town of Thorsby
- Town of Wembley
- Village of Warburg
- Wembley District & Agricultural Society
- Westerner Park
- Whitecourt Baptist Church
- Whitecourt Woodlands Winter Recreation Park Society
- Winnifred Stewart Association
- Yellowhead County
- Youth Empowerment Support Services



ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

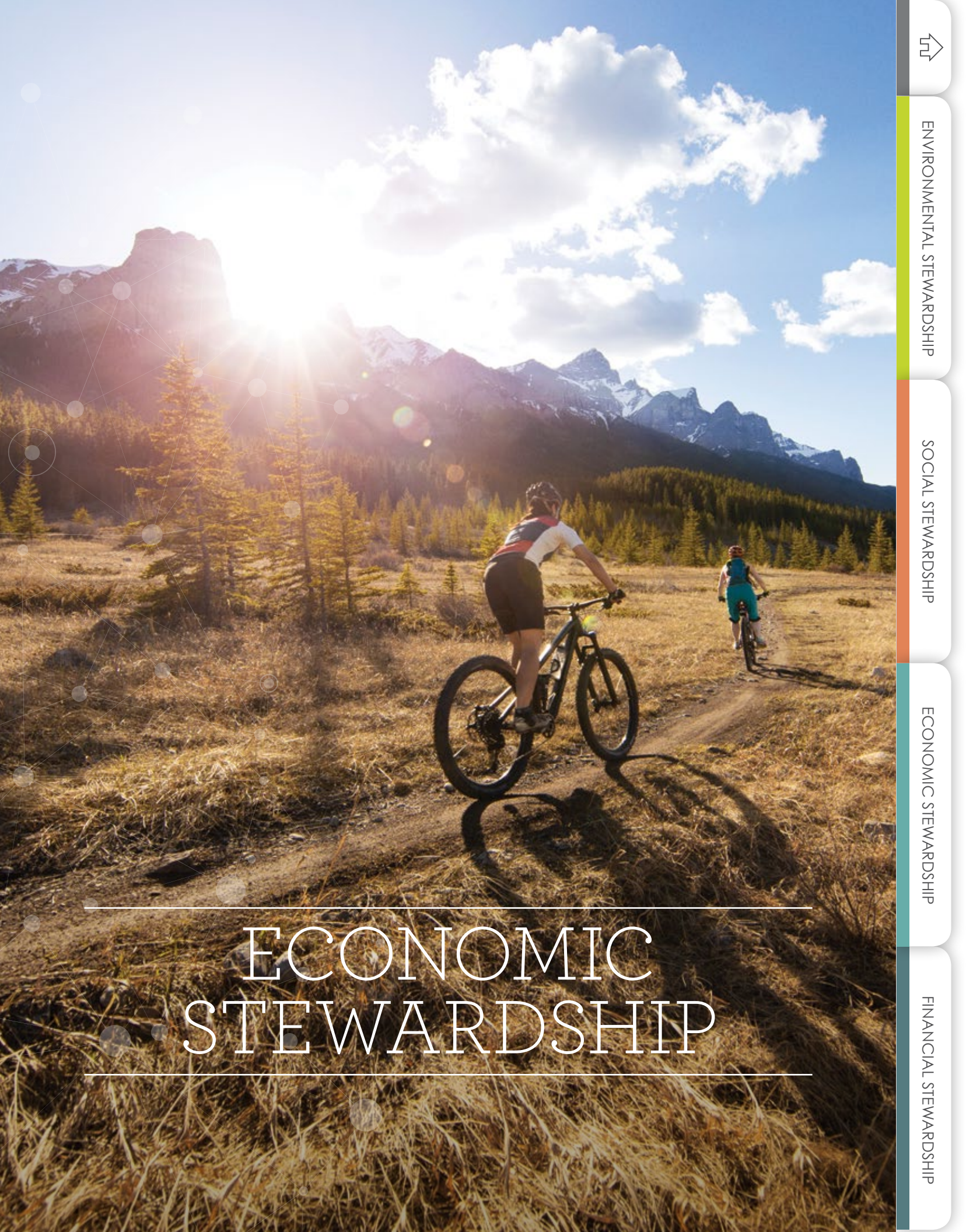
FINANCIAL STEWARDSHIP



.....

In 2017,
ABCRC awarded
a total of **\$793,494**
in funding to Community
Champions Partners for
recycling infrastructure.

.....



ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP



Alberta is home to one of the most innovative and effective Beverage Container recycling programs in North America. ABCRC's operational costs are covered through unredeemed deposits, the sale of recycled scrap material, and the Container Recycling Fee.

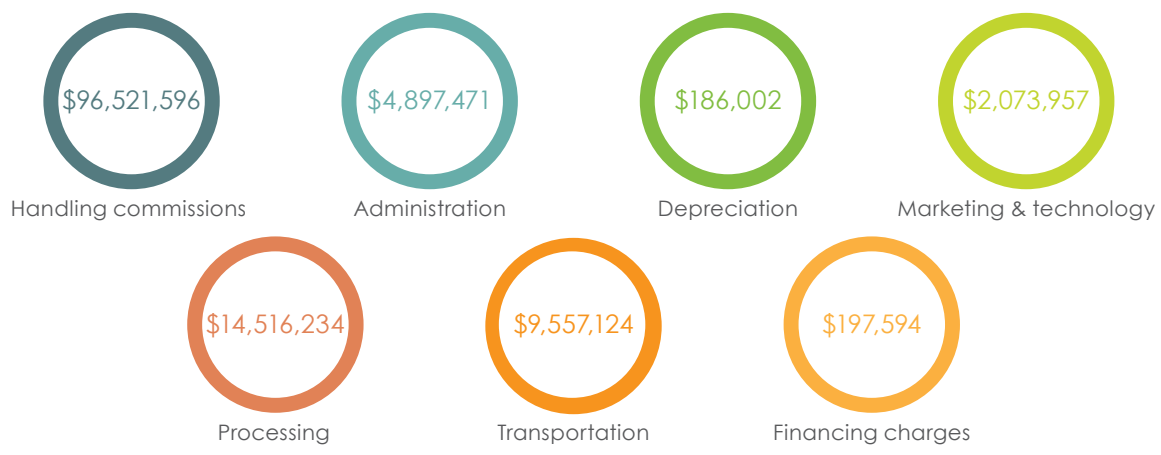
The combination of the CRF and other collected revenue supports the costs associated with collecting, handling, transporting and processing empty Beverage Containers. It ensures that Alberta maintains an effective and sustainable recycling system.

ABCRC takes cost management seriously. ABCRC is continuously focusing its efforts to better mitigate risk, improve the quality and accuracy of manufacturer sales reporting, and review the necessary targets for net assets and reserves to ensure the ongoing financial sustainability of the Common Collection System.

RETURN RATE OVER TIME

2017	85.1%
2016	85.7%
2015	84.8%
2014	82.7%
2013	81.7%
2012	81.6%
2011	82.8%
2010	80.2%
2009	77.7%

2017 SYSTEM COSTS

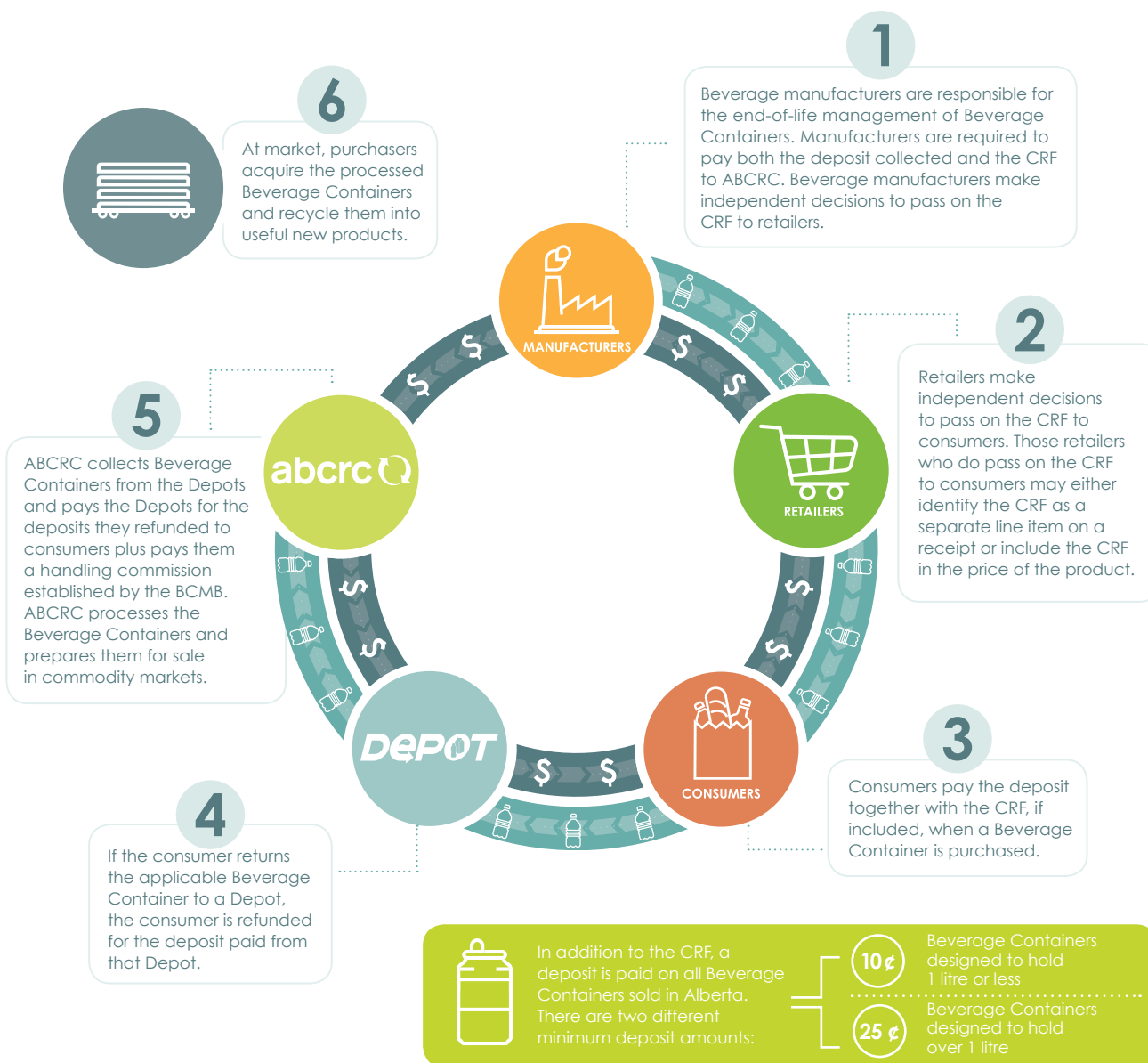
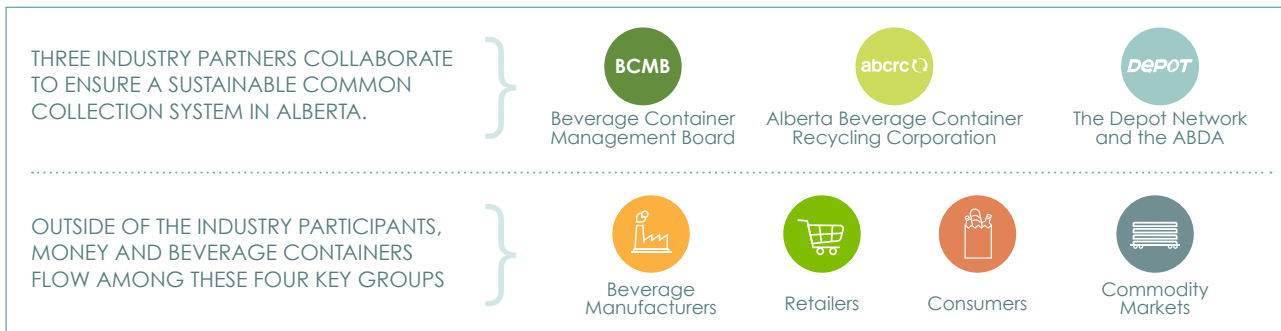


2017 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Direct Economic Value Distributed	Amount
Direct Economic Value Generated	
Net regulated deposit revenue	\$36,404,945
Sale of processed materials and other revenue	\$34,836,242
Container recycling fees	\$74,944,411
Total Economic Value Generated	\$146,185,598
Operating costs	\$115,284,283
Employee wages and benefits	\$10,876,644
Payment to capital providers	\$197,594
Payments to governments	\$170,707
Community investments	\$1,420,752
Total Economic Value Distributed	\$127,949,980

\$18,235,618
Net Economic Value Generated 2017

HOW DOES THE MONEY FLOW?





Funds to operate non-refillable Beverage Container recycling in Alberta come from three sources:

1. UNREDEEMED DEPOSITS

- Deposits collected for Beverage Containers that are purchased and not yet returned to a Depot for a refund are used to help offset the costs of recycling.

2. SALE OF PROCESSED

MATERIALS

- ABCRC receives sales proceeds when it sells recycled materials to various recyclers.

3. CONTAINER RECYCLING

FEE (CRF)

- Beverage manufacturers are required to pay this fee for every non-refillable Beverage Container they sell in Alberta.

Beverage manufacturers may pass on the costs of the CRF to consumers when they set their prices. ABCRC's Board of Directors establishes the CRF for each container type to reflect the net cost to recycle each container of that type. The CRF is subject to change annually.

ABCRC TRANSITIONS TO NAV

After years of research, ABCRC began the process of switching to Microsoft NAV in early 2017. As part of the Microsoft Dynamics family, NAV is an Enterprise Resource Planning (ERP) application responsible for finance, manufacturing, customer relationship management, supply chains, analytics and electronic commerce. It plays an integral role in the daily operations of ABCRC and how business is conducted with Depots across Alberta.

The decision to switch over to a new application was based on several factors. The previous ERP was written on an outdated Microsoft platform that had changed dramatically since 2010. As time passed, ABCRC was faced with an unsupported product with no software upgrades or security

patches unless ABCRC found a new flexible system with a broad spectrum of support. Also, Depots had been requesting greater efficiency in the supply chain when it came to mega bags and pallets of Beverage Containers. It became evident that ABCRC needed to implement a system that had the same capabilities as the old ERP but with a larger support base, higher customizability and improved efficiency in operations.

Throughout 2017, members of all departments assisted with the development and implementation of NAV. ABCRC employees underwent several months of training to learn how to use the new software interface and terminology. After usability testing, tracking and developing the software to meet the needs of the industry, NAV officially went live on January 1, 2018.

2017 COST PER CONTAINER

	Consolidated	Aluminum	Plastic	Glass	Polycoat	Bi-metal
Total expenditure	\$127,949,980	\$40,324,705	\$55,002,786	\$17,230,491	\$14,974,432	\$417,564
Recovered volume	1,942,769,942	937,351,448	661,231,985	169,374,408	170,264,144	4,547,957
Cost per container	\$0.065	\$0.043	\$0.083	\$0.101	\$0.087	\$0.091

CONSOLIDATED COST PER CONTAINER OVER TIME

	2017	2016	2015	2014	2013	2012	2011	2010
Cost per container	\$0.066	\$0.065	\$0.064	\$0.064	\$0.060	\$0.060	\$0.060	\$0.062



ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP

FINANCIAL STATEMENTS



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, 2017, the statements of operations and changes in net assets and the statement of 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, 2017 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
May 10, 2018

Deloitte LLP
700, 850 2 Street SW
Calgary AB T2P 0R8
Canada

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



STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	2017	2016
REVENUE		
Regulated deposits	\$ 254,417,477	\$ 253,708,406
Container recycling fees	74,944,411	54,706,914
Deposits refunded	(218,012,532)	(217,787,354)
	111,349,356	90,627,966
Sale of processed containers	34,687,397	28,980,069
Other income and expenses	818,202	258,876
Loss (Gain) on foreign exchange	(450,142)	(97,992)
	146,404,813	119,768,919
REGULATED EXPENSES		
Handling commissions	(95,256,525)	(93,656,858)
Beverage container management board fees	(1,265,071)	(1,260,082)
	(96,521,596)	(94,916,940)
EXPENSES		
Warehouse	13,259,711	12,560,325
Transportation	9,557,124	9,516,496
Administration	4,897,473	5,317,947
Marketing and technology	2,073,957	2,413,644
Amortization	1,442,525	1,436,355
Finance charges	197,594	212,812
	31,428,384	31,457,579
Excess (deficiency) of revenue over expenses	18,454,833	(6,605,600)
Net assets, beginning of year	12,477,524	19,083,124
NET ASSETS, END OF YEAR	\$ 30,932,357	\$ 12,477,524

The accompanying notes are an integral part of the financial statement.

STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2017

	NOTES	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents		\$ 10,228,176	\$ 14,639,388
Short-term investments		20,034,422	–
Accounts receivable	3	34,217,689	33,226,034
Prepaid expenses		212,514	170,640
		64,692,801	48,036,062
Tangible capital assets	4	15,920,739	16,225,054
		80,613,540	64,261,116
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3 and 5	44,177,492	45,814,095
Current portion of mortgage loan	7	554,903	5,968,597
		44,732,395	51,782,692
Mortgage loan	7	4,947,888	–
		49,680,283	51,782,692
Commitments	10		
Share capital	8	900	900
NET ASSETS			
Investment in tangible capital assets	2	10,417,947	10,256,457
Unrestricted net assets		20,514,410	2,221,067
		30,932,357	12,477,524
		\$ 80,613,540	\$ 64,261,116

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

Approved by the Board

Director

Director



STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 18,454,833	\$ (6,605,600)
Items not affecting cash and cash equivalents		
Amortization	1,442,525	1,436,355
Loss on disposal of tangible capital assets	(410)	18,992
Gain on foreign exchange	450,142	97,992
	20,347,090	(5,052,261)
Changes in non-cash working capital		
Accounts receivable	(991,655)	267,872
Prepaid expenses	(41,874)	20,747
Accounts payable and accrued liabilities	(1,636,603)	2,267,827
	17,676,958	(2,495,815)
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	-	(3,393)
Repayment of mortgage loan	(465,806)	(442,749)
	(465,806)	(446,142)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,138,210)	(872,533)
Proceeds on disposal of tangible capital assets	410	14,885
Proceeds on sale of short-term investments	-	10,004,109
Purchase of short-term investments	(20,034,422)	-
	(21,172,222)	9,146,461
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	(450,142)	(97,992)
Net decrease (increase) in cash and cash equivalents	(4,411,212)	6,106,512
Cash and cash equivalents, beginning of year	14,639,388	8,532,876
Cash and cash equivalents, end of year	10,228,176	14,639,388
REPRESENTED BY		
Cash	1,381,725	657,005
Cash equivalents	8,846,451	13,982,384
	\$ 10,228,176	\$ 14,639,389

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



NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. NATURE OF BUSINESS

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") 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. 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. Freestanding 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
Plant equipment	5 and 10 years
Warehouse building improvements	Remaining life of the warehouse building
Computer and communication equipment	3 years
Leased land improvements	Term of lease
Office equipment	5 years
Vehicles	3 years
Leasehold improvements	Term of lease

Assets not yet in use are not subject to depreciation 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 management's 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 the statement of operations and changes in net assets against the line item they relate to.

Use of estimates

The preparation of financial statements in conformity with ASNPO require 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 the statement of operations and changes in net assets 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:

	2017	2016
Net book value of tangible capital assets	\$ 15,920,739	\$ 16,225,054
Obligations under mortgage loan	(5,502,792)	(5,968,597)
Investment in tangible capital assets	\$ 10,417,947	\$ 10,256,457

3. RELATED-PARTY TRANSACTIONS

Of the Corporation's total revenue, 76.2% (75.7% in 2016) is from the deposits and fees charged and collected by Participants in the selling of their beverages in non-refillable containers.

At December 31, 2017, the accounts receivable balance included \$30,700,121 (\$30,515,028 in 2016) due from the Participants in the normal course of business.

At December 31, 2017, the accounts payable and accrued liabilities balance included \$1,551,573 (\$2,725,509 in 2016) payable to the Participants in the normal course of business.

These transactions have been recorded at the exchange amount, which represents the amount of consideration established and agreed to by the related parties.

4. TANGIBLE CAPITAL ASSETS

2017	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Land	\$ 3,831,850	\$ -	\$ 3,831,850
Warehouse building	6,772,850	1,354,508	5,418,342
Plant equipment	7,553,947	4,894,140	2,659,807
Warehouse building improvements	3,039,968	598,732	2,441,236
Computer and communication equipment	947,253	821,674	125,579
Leased land improvements	763,109	300,308	462,801
Leasehold improvements	643,750	541,155	102,595
Office equipment	378,465	305,938	72,527
Assets not yet in use	806,002	-	806,002
	\$ 24,737,194	\$ 8,816,455	\$ 15,920,739

2016	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Land	\$ 3,831,850	\$ -	\$ 3,831,850
Warehouse building	6,772,850	1,015,865	5,756,985
Plant equipment	7,762,256	4,818,299	2,943,957
Warehouse building improvements	3,039,968	446,837	2,593,131
Computer and communication equipment	1,698,020	1,616,873	81,147
Leased land improvements	763,109	224,040	539,069
Leasehold improvements	641,442	446,631	194,811
Office equipment	409,275	283,950	125,325
Assets not yet in use	158,779	-	158,779
	\$ 25,077,549	\$ 8,852,495	\$ 16,225,054

Tangible capital assets not yet in use of \$806,002 (\$158,779 in 2016) are not subject to amortization until development is complete.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Liability for unreturned containers

Included in the accounts payable and accrued liabilities is the amount for a liability of \$38,222,834 (\$37,276,106 in 2016) that the Corporation has accrued for. The liability is based off of the deposit refunds, handling commissions and BCMB fees that relate to the estimated number of containers that have been sold by the Participants as of December 31, 2017. These amounts are expected to be paid after 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 and 75% of all other receivables value net of over 45-day accounts, from a Canadian chartered bank bearing interest at the bank's prime interest rate plus 0.05% per annum. The line of credit is secured by a general security agreement representing a first charge over all of the assets of the Corporation. As at December 31, 2017, the outstanding balance of the operating line of credit was \$Nil (\$Nil in 2016).

The Corporation has issued a \$100,000 standby letter of credit as security for the Edmonton building lease.

7. MORTGAGE LOAN

	2017	2016
Fixed-rate term loan from Canadian chartered bank		
Mortgage loan bearing interest at the 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		
Principal amount outstanding	\$ -	\$ 5,968,597
Floating-rate term loan from Canadian chartered bank		
Mortgage loan bearing interest at the bank's floating prime rate plus 0.25% expiring on November 20, 2022, based on the agreed amortization period of 180 months, repayable in monthly payments of \$46,242 due on the 20th day of each month based on the interest rate in effect		
Principal amount outstanding	\$ 5,502,792	\$ -
Less: current portion	554,903	5,968,597
Long-Term Portion	4,947,889	-

The fixed-rate term loan facility matured on November 20, 2017, and was converted to a floating-rate term loan facility. On the date of conversion, the bank's prime rate was 3.2% per annum.

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 the Corporation. The net book value of the real property acquired is \$11,691,429 (\$12,181,965 in 2016).

The floating-rate term loan facility is subject to a specific financial covenant as defined by the financial institution. As at December 31, 2017, the Corporation was in compliance with the aforementioned covenant.

Principal payments required in the next five years are as follows:

2018	\$	554,903
2019		554,903
2020		554,903
2021		554,903
2022		3,283,180
	\$	5,502,792

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				
	2017	2016	2017	2016
	Units	Units	\$	\$
Class A shares	900	900	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

During the year, the mortgage loan had interest at a fixed rate up to the month of November 2017. For one month in the year, the Corporation was subject to its mortgage loan at a floating rate based on the bank's prime rate plus 0.25%. Consequently, the cash flow exposure is not significant for the year ended December 31, 2017.

The Corporation is exposed to interest rate risk on its operating line of credit, cash and cash equivalents and short-term investments. Due to the short-term nature of the financial instruments, management believes this risk is not significant. A change of 25 basis points in interest rates would have increased (decreased) the excess of revenue over expenses and changes in net assets, for the year ended December 31, 2017, by \$49,843 (\$28,989 in 2016).

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, 2017, the Corporation had a net exposure to U.S. currency of C\$3,486,593 (C\$2,294,336 in 2016) represented by US\$2,779,269 (US\$1,708,748 in 2016), and the Corporation has no option or any forward commitments to sell additional U.S. currency. A change of 1% on the foreign currency rate would have increased (decreased) revenue, for the year ended December 31, 2017, by \$34,866 (\$22,726 in 2016).

10. COMMITMENTS

The Corporation has lease commitments for plant space in Edmonton and St. Albert, a quality control facility in Edmonton, the adjacent piece of land to the Calgary plant, and other operating lease agreements, which expire at various dates.

The lease agreement for the Edmonton plant facility expires November 2019. The quality control facility lease expires in September 2019. The land lease agreement expires in December 2023 and the Corporation has the option to extend the term of the lease for an additional 10 years.

Future minimum lease rental payments aggregate \$34,347,330 and the annual lease payments for the next five years and thereafter are as follows:

2018	\$	752,090
2019		1,835,335
2020		1,550,504
2021		1,545,982
2022		1,545,430
Thereafter		27,117,989
	\$	34,347,330



GLOSSARY OF TERMS

ABCRC

Alberta Beverage Container Recycling Corporation

ABDA

Alberta Bottle Depot Association

BCMB

Beverage Container Management Board

Common Collection System

A container collection system that does not distinguish Beverage Containers of similar size and material from each other based on the manufacturer of the container.

Community Champion

A participant of ABCRC's Community Champions Program and recipient of a Community Champions Partnership grant.

CRF

Container Recycling Fee. A fee that beverage manufacturers are required to pay ABCRC, which covers the net costs to recover and process Beverage Containers.

Depot

One of 217 as of December 31, 2017, collection sites that refunds deposits paid by consumers for Beverage Containers returned by them to that depot.

EPR

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 (e.g. automobiles), product categories (e.g. electronic products) or waste streams (e.g. packaging). Source: Performance Measurement and Reporting for Extended Producer Responsibility Programs (Environment Canada, Environmental Stewardship Branch, 2007).

Regulation

Beverage Container Recycling Regulation under the Environmental Protection and Enhancement Act (Alberta).

Beverage Container

Used non-refillable containers as defined by the Regulation previously sold and distributed in the Province of Alberta.





ACTIVE MANUFACTURERS AS OF DECEMBER 31, 2017

52 North Beverages Ltd. | 98951 Canada Inc. | 996660 Ontario Limited | 1117750 Alberta Inc. | 1272227 Ontario Inc. | 1612133 Alberta Ltd. | 1629321 Ontario Inc. | 1735221 Alberta Ltd. | 1841082 Alberta Ltd. | 1870437 Alberta Ltd. | A. Bosa & Co. Ltd. | A.G.L.C | A. Lassonde Inc. | A.M.G. Medical Inc. | ABC Cork Co. | AGT CLIC Foods Inc. | ASA Import Ltd. | ASM Canada - Sales and Logistics | Abbott Nutrition | Acklands-Grainger Inc. | Afod Ltd. | Agropur Cooperative | All 4 Water Corp. | Allcity Importers Ltd. | All Market Inc. | Altra Foods Inc. | Amway Canada Corporation | Anchor Foods International Ltd. | Annex Ale Project Limited | Apple & Eve, LLC | AquaTerra Corporation | Arctic Chiller Ltd. | Arizona Beverages of Canada, ULC | Aseptic Brands, LLC | Atkins Nutritionals Inc. | Avalon Dairy Ltd. (267338 BC LTD.) | Awakened Living Inc. | Bass Pro Shops Canada ULC | Best Brands Marketing | Beverage World Inc. | Bioforce Canada Inc. | BioSteel Sports Nutrition Inc. | Blackbird Cold Brew Coffee Inc. | Bolthouse Farms | Brewsters Brewing Company | British Pantry | Brutus Beverages Inc. | Buderim Ginger Ltd. | Bulk Barn Foods Limited | Bull's Head Beverages Inc. | Buy-Low Foods LP dba Associated Grocers | Cabela's Retail Canada Inc. | Caissen Water Technologies Inc. | Calkins & Burke Ltd. | Campbell's Soup | Canada Dry Motts Inc. | Canada Pure Water Co. Ltd. | Canadian Choice Wholesalers | Canadian Tire | Canda Six Fortune Enterprises Co. Ltd. | Cannalife USA Ltd. | Car-Net Import & Export Corp. | Casseroles Cora Inc. | Catalia Import Export Inc. | Cherry Pit Inc. | Christmas Natural Foods | Clearly Food & Beverage Company Ltd. | Coca-Cola Refreshments | Community Natural Foods Ltd. | Concord Sales Ltd. - B.C. | Core-Mark International, Inc. | Corinthian Distributors Ltd. | Costco Wholesale Canada Ltd. | Cott Corporation | Country Fresh Water (835318 Alberta) | Cows Inc. | Craftwork Spirits & Beverages Ltd. | Crossmark Canada Inc. | Cru Juice Inc. | DSI Food Corporation | Danone Inc. | Dattani Wholesalers | Distribution Missum | Dole Packaged Foods Co. | Dollarama LP | Dollar Tree Stores Canada | Dong Phuong Group Partnership | Donia Farms Foods Ltd. | Double D Beverage Co. | Dovre Import & Export Ltd. | Dreamwater Products Canada Inc. | E.D. Smith Foods, Ltd. | Earth's Own Food Company Inc. | Eau Claire Soda Company Ltd. | Eaux Vives Water Inc. | Ecotrend Ecologics Ltd. | Edoko Food Importers Ltd. | Egy-Can Trade Ltd. | Elco Fine Foods Ltd. | Elite International Foods Inc. | Excelsior Foods Inc. | Exclusive Candy and Novelty Distributing Ltd. | Fairwinds Farm Ltd. | Far East North America Food Ltd. | Fastenal Canada, Ltd. | Federated Coop Ltd. | Ferma Import And Export | Fiji Water Canada Ltd. | Fok's Trading (Canada) Ltd. | French's Food Company Inc., The | Fresh Squeeze Inc., The | Fukuda Trading Co. Ltd. | Gagan Foods International Ltd. | Galvanina Canada Ltd. | General Mills Canada Corporation | General Nutrition Centers | Genesis Marketing Group Inc. | Genesis Today, Inc. | Genki Foods | Glencar Food & Beverage Inc. | Global Reach Confections & More Inc. | Good Taste of Britain 1995, A (671086 AB) | Good Water Company, The | Gordon Food Service Canada Ltd. | Gourmet Trading Co. | Grace Foods Canada Inc. | Great Canadian Water Company Ltd. | Greenworld Food Express Inc. | Grimmway Enterprises, Inc. | Grizzly Paw Pub & Brewing Company Ltd., The | Gummi Confections & Novelties Inc. | Guru Beverage Inc. | HP Hood LLC | Hain Celestial Canada Inc. | Happy Days Dairies | Happy Planet Foods Inc. | Heart Smart Foods Ltd. | Hilary's Salesmaster Inc. | Hillsboro Corp Inc. | Home Bounty Foods Inc. | Hongdao Business Development Ltd. | Horizon Distributors | Hormel Canada, Ltd. | Hung Gay Enterprises Ltd. | Hutch + Howl Inc. | I.D. Foods Corporation | Ice River Springs Water Co. Inc. | Icy Mountain Water Co. | Idea Worldwide (Foods) | IKEA Canada Limited Partnership | Impress Foods L.P. | Inform Brokerage Inc. | Iovate Health Sciences International Inc. | Italpasta Limited | ITO EN (North America) Inc. | JC Bunny Bunny Trading Co. Ltd. | JFC International (Canada) Inc. | J.M. Smucker Company, The | Jan K. Overweel | Jardin Foods Ltd. | Jasmine Mediterranean Foods | Jet Trading Co Ltd. | Jeunesse Global Marketing Ltd. | Jiva Organics Mfg. & Dist. Inc. | Johanna Foods Inc. | Johnny B Sweet Inc. | Jones Soda Co. | Joriki Inc. | Juice Shop Ltd., The | KO & C Enterprises, Ltd. | Kanada Solutions Inc. | Karma Culture, LLC | Kennelli Springs





ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP

Ltd. | Kerry (Canada) Inc. | Kohl & Frisch Limited | Kraft Heinz Canada ULC | Labatt Brewing Company Ltd. | Laboratoires C.O.P. Inc. | La Mexicana Variety Store | La Molienda Foods Inc. | Leading Brands of Canada | Left Coast Naturals | Le Kiu Importing Co. Ltd. | Lekker Food Distributors | Les Aliments Unique Foods (Canada) Inc. | Les Celliers Associes | Les Produits Alimentaires Duran Inc. | Loblaw Companies Ltd. | London Drugs Ltd. | Louis Dreyfus Commodities Canada, Ltd. | MGA Management Ltd. | MW (Canada) Federal Ent. Ltd. | Malinda Distributors | Mamma Chia | Martin Brower of Canada | McClelland Premium Imports Incorporated | Mead Johnson Nutrition (Canada) Co. | Mexican Family Store | Minute Maid Company, The | Monashee Spring Water Distributors Ltd. | Morgan Williams West Inc. | Morinda Canada Co. | Mother Dairy | N.A.I.M. Canada Inc. | Nanton Water & Soda Ltd. | National Dry Company Limited | National Importers Canada Ltd. | Nationwide Natural Foods 2000 Inc. | Natural Assembly Ltd. | Nature's Pop Sales | Nature's Sunshine Products, Inc. | Naturo Group Investments Inc. | Naya Waters Inc. | Nestle Canada Inc. | Nestle Waters Canada | Niagara Bottling, LLC | No.22 Foods Inc. | Noble Meadows Farm | Northern Bottling | North West Company LP, The | Nothing But Nature Inc. | Nu-Market Ltd. | Nutrifresh West Ltd. | Nutrisoya Foods Inc. | Nutrition Club O/A (1852884 Ontario Inc.) | Nutrition Excellence | Nutrition Zone Products Inc. | Ocean Spray International Inc. | Office General des Eaux Minerales Ltee | Ontario Natural Food Co. | Otis McAllister, Inc. | Overwaitea Foods | P.A. Fine Foods & Distributors Ltd. | PKE Water Store & More | Pacific Bottleworks Company | Pacific Western Brewing Company Ltd. | Paradise Mountain Organic Estate Coffee Ltd. | Parmalat Canada | Peak Drive Beverages | Peavey Industries LP | Pepsi Bottling Group (Canada) Co. | Phillips Brewing Company Ltd. | Phoenicia Group Inc. | Pic a Pop Inc./Canadian Gold Beverages (2012) | Pinnacle Distribution Inc. | Pom Wonderful | Pratts Ltd. | Precision Design & Manufacturing | Premier Brands, Ltd. | Premier Nutrition Corporation | Pressed Juicery, LLC | Purearth Organics Inc. | Puresource Inc. | Pure Water Oasis 2013 | Purity Organic | RE7 Global Industries Inc. | R W Packaging | Rafters Home Store | Red Apple Stores Inc. | Red Bull Canada Ltd. | Red Deer Bottling | Refined Management Inc. | Reinhart Foods Limited | Rexall/Pharma Plus Pharmacies Ltd. | Ripple Foods, PBC | Ripple FX Water Inc. | Rock Ridge Dairy Ltd. | Rosa Foods, Inc. | Rocky Mountain Roasters Ltd. | Rona Inc. | Royal Import & Export Ltd. | Rubicon Food Products Ltd. | S.J. Decoys & Other Treasures Ltd. | SA Meat Shops Inc. | Safari Meat Shops Inc. | Santa Maria Foods Corp. | Saputo Dairy Products | Saveurs Balatti Inc. | Sealand Natural Resources Inc. | Shoppers Drug Mart | Sky Blue Water | Sonray Sales Ltd. | Spa Springs Mineral Water Company Ltd. | Splash Juicery | Starbucks Coffee Company | Star Marketing Ltd. | Stars Trading Co. Ltd. | Sun Orchard, LLC | Sunrise Markets Inc. | Sun Rype Products | Sun-Rype Products (USA), Inc. | Sunterra Quality Food Markets Inc. | Superior Tofu Ltd. | Sweet Fusion | Sysco Food Services of Calgary | T & T Supermarket Inc. | TDL Group Limited, The | TFB & Associates | TFI Foods Ltd./Les Aliments Ltee | Tsi Del Del Development Corporation | Talking Rain Beverage Co | Temple Lifestyle Inc. | Terra International Food Inc. | Thai United Food Trading Ltd. | Thee Baker's Catering Ltd o/a Stoyles Wholesale | Thomas Canning (Maidstone) | Thomas, Large & Singer Inc. | Ti Foods | Tonsell International Inc. | Tree of Life Canada, ULC. | Tree Top, Inc. | Tri-Pure Water Ltd. | Trivita Living, Ltd. | Troubled Monk Brewery Ltd. | UNFI Canada Inc | Ultima Foods Inc. | Uno Foods Inc. | Usana Canada Co. | Vancouver Water Enterprises Canada Co., Ltd. | Van Dyk'S Health Juice Products Ltd. | Verger Paul Jodojin Inc. | Veritiv Canada, Inc. | Vita Health Products Inc. | Vital Green Farms | Wallace & Carey Ltd. | Wal-Mart Canada Inc. | Watermark Beverages Inc. | Water Pure & Simple - Lethbridge | Water Pure & Simple - Minilake Dist. | Water Pure & Simple - Westlock | Water Pure & Simple - Wetaskiwin | Weil's Food Processing Ltd. | Well Juicery | Whistler Water Inc. | WhiteWave Canada, ULC | Wholesome Nourishments Inc. | Wild Tea Kombucha | Winning Combination Inc., The | Wismettac Asian Foods, Inc. | Worldwide Specialty Foods Ltd. | Xyience Beverage Company LLC | Ying Fat Food | Yorkshire Rose Imports | Young Living Canada ULC | Your Fitness Dish Inc. | YYoung Water Limited | Zevia, LLC





APPENDICES

ORGANIZATIONAL PROFILE

NAME OF ORGANIZATION

Alberta Beverage Container Recycling Corporation

PRIMARY SERVICES

ABCRC is a provincial product stewardship corporation incorporated under the Business Corporations Act (Alberta) and operating with not-for-profit provisions. Its mandate is to be the agent for the beverage manufacturers¹ to operate the Common Collection System; be responsible for recycling Beverage Containers; comply with the Regulation and BCMB bylaws; and to promote the economic and efficient collection of Beverage Containers.

ABCRC is responsible for the collection of Beverage Containers from independently owned Depots permitted by the BCMB located throughout Alberta. ABCRC outsources 100% of transportation services to facilitate this collection and contracts a regional processor in Lethbridge for a small portion of processing capacity. The majority of processing activity is conducted in ABCRC-operated facilities located in Edmonton and Calgary.

¹ Refer to List of Manufacturers of Regulated Non-Refillable Beverage Containers

LOCATION OF HEADQUARTERS

901 57 Avenue NE, Calgary, Alberta

GEOGRAPHIC SCOPE

ABCRC operates solely within the province of Alberta, Canada.

MARKETS SERVED

ABCRC serves Alberta's Beverage Container recycling market.

AWARDS

ABCRC was not the recipient of any awards in 2017.

REPORTING PERIOD

ABCRC's 2017 Sustainability Report is limited in scope to performance between January 1 – December 31, 2017.

This report also includes "forward looking statements" with respect to ABCRC's continued efforts to achieve its goals and objectives in future years. Each forward-looking statement is subject to known and unknown risk and uncertainties and other unknown factors that could cause actual results to differ materially from historical results and those expressed or implied by such statement. The forward-looking statements in this report speak only as of December 31, 2017, and ABCRC undertakes no obligation to update or revise any of these statements, whether because of new information, future events or otherwise, until the issuance of its sustainability report for the period between January 1 – December 31, 2018.

CONTACT PERSON

Lori Koebel, Communications and Marketing Manager
(403) 264-0170 EXT: 234 or lkoebel@abcrc.com

BOUNDARY OF REPORT

The report includes all entities in which ABCRC exercises control and generates significant sustainability impacts. ABCRC also considers its organizational boundary to include its transportation suppliers, who are wholly independent of ABCRC but significant to overall organizational performance.

RE-STATEMENTS FROM PREVIOUS REPORTS

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

SIGNIFICANT CHANGES FROM PREVIOUS REPORTS

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





THANK YOU

ABCRC would like to thank all employees, community members and industry partners who helped with the 2017 Sustainability Report. Without everyone's hard work and diligence, these results would not have been possible.





ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP

ABCRC is committed to responsible environmental practices. The 2017 Sustainability Report was printed using a carbon neutral printing program that invests in renewable & clean projects for the future.

Environmental Benefits Statement

By using paper made with 100% post-consumer recycled content, the following resources have been saved.

trees	water	energy	solid waste	greenhouse gases
2 fully grown	3,270 litres	1 million BTU	26 kilograms	72 kilograms

Environmental impact estimates were made using the Environmental Paper Network Calculator. For more information visit <http://calculator.environmentalpaper.org>

