

2018  
Making a Difference

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ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP

# Welcome

ABCRC is proud to highlight its environmental, social and economic stewardship accomplishments from 2018 in this annual sustainability report. Sustainability is an integral part of ABCRC operations and is the driving force behind daily business activities and operational success. From collection to processing, ABCRC is committed to maintaining one of the most innovative and sustainable Beverage Container recycling programs in North America.





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# Executive Summary



In 2018, ABCRC implemented a solution that ensures the water discharge from the Calgary facility meets, or exceeds, the requirements of the City of Calgary Bylaws.

As an effective environmental steward for beverage manufacturers in Alberta, ABCRC has worked collaboratively with its stakeholders throughout 2018 to ensure the Beverage Container recycling industry meets and exceeds the obligations set by the government to reduce the environmental impact of Beverage Containers. ABCRC's focus on continuously improving the efficiency and effectiveness of the Common Collection System in Alberta aligns with the industry's vision to be a leader in stewarding Beverage Containers to minimize their impact on Alberta's environment.

Strategic priorities based on environmental protection, economic stewardship, governance excellence, customer excellence and system efficiency and effectiveness remain at the forefront of ABCRC daily operations, year after year. ABCRC strives to go above and beyond what is required and reaches for goals that provide meaningful and tangible results.

Increasing the return rate of Beverage Containers is one of ABCRC's most important priorities, along with carefully considering the economic, social and environmental impacts of key

decisions and reducing ABCRC's environmental footprint. In 2018, ABCRC implemented a solution that ensures the water discharge from the Calgary facility meets, or exceeds, the requirements of the City of Calgary Bylaws. A similar system will be installed in a new St. Albert plant that will open in March 2019.

Working with organizations who share ABCRC's commitment to the environment is an important decision-making factor when selecting carriers and contractors. ABCRC contracts a number of transport truck companies, including the first Canadian transportation and logistics company to be ISO 14001 certified in recognition of its environmental management system.

ABCRC also runs one of the only programs in Canada that follows the industry-recommended practice for recycling bottle caps, recognizing that advances in technology now provide the ability to recycle these types of plastic.

Economic stability and efficiency is vital to the continued successful operations of ABCRC. ABCRC continues to work on improving risk mitigation efforts, including the quality and

“ABCRC strives to go above and beyond what is required and reaches for goals that provide meaningful and tangible results”

- Ken White, ABCRC Board Chair



accuracy of manufacturer sales reporting. Each year, ABCRC closely reviews the necessary targets for Net Assets and Reserves to ensure an ongoing financially sustainable system that is running as efficiently as possible. Included in this report is the annual audit report that confirms compliance and reporting standards with regard to fiscal performance.

ABCRC identifies opportunities for the development and training of its Directors, primarily through the provision of memberships for all Directors, Committee members and senior staff in the Institute of Corporate Directors (ICD). In 2018, ABCRC implemented a People Strategy, creating a people-first culture by empowering employees to contribute to a sustainable world. These efforts continued throughout 2018 with the formation of an Engagement Committee and the placement of key employees on committees looking at various projects and improvements.

ABCRC takes pride in doing its best to provide exceptional service to the Depots, excellent product quality to recycling markets and product stewardship on behalf of the beverage manufacturers. Social stewardship remained strong throughout 2018, with over 50 community partnerships formed, including collaborating with the University of Lethbridge to work with business and marketing students to explore potential marketing concepts for the year.

A sudden and dramatic volume shift in April and May 2018 provided a challenge for ABCRC, where a record 229 million Beverage Containers were processed in the month of May alone. To be better prepared for any future situations such as this, ABCRC developed a forecast model to help provide better insight into potential volume fluctuations. With a new St. Albert facility and four new balers in the system in 2019, ABCRC will be able to provide improved capacity to increase the efficiency of our processes and cycling of shipping containers back to the Depots. An external review by Waste Solutions Canada identified opportunities for ABCRC to further reduce the amount of material that is shipped to landfill and increase the amount that can be re-used, recycled, composted, or reduced. These efficiencies were implemented throughout 2018.

ABCRC is pleased to feature detailed stories and data from 2018 that highlight the strategic priorities throughout this sustainability report. ABCRC plans to continue developing innovative programs and efficiencies that contribute to the overall success of the Beverage Container recycling industry in Alberta throughout 2019

*“We believe that developing our people is the best way to build a better ABCRC”*

*- Guy West, ABCRC President*



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# Key Outcomes



Engaged with 53 community groups through the Community Champions grant program, resulting in 99,242 infrastructure items such as recycling bins and bags being used to promote and facilitate Beverage Container recycling in Alberta.



Awarded a Certificate of Recognition (COR) by the Manufacturing Health & Safety Association (MHSA).



Formed three new committees to implement improvement strategies related to employee development, workplace culture and participation.



Surpassed the number of Beverage Containers collected in 2017 by achieving a return rate of 85.6 per cent, processing 1,953,037,354 Beverage Containers, which diverted 99,884,189 kilograms of material away from landfills.



Installed two new balers in the Calgary plant, increasing capacity and efficiency to provide Depot services.



Participated in the “Life without Limits” clothing drive in partnership with the Cerebral Palsy Association of Alberta, donating 691 pounds of used clothing and household items to support charity and keep reusable items out of Alberta landfills.



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# About ABCRC

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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 Beverage Containers sold in Alberta. In 2018, this involved transporting and processing nearly 2 billion Beverage Containers from 221 independently owned Alberta Depots.

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

ABCRC does not receive funding from any government source. ABCRC operates two processing facilities in Edmonton and Calgary, employing 172 Albertans.

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ABCRC is responsible for the collection and recycling of more than

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**150,000**

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different types of Beverage Containers sold in Alberta.

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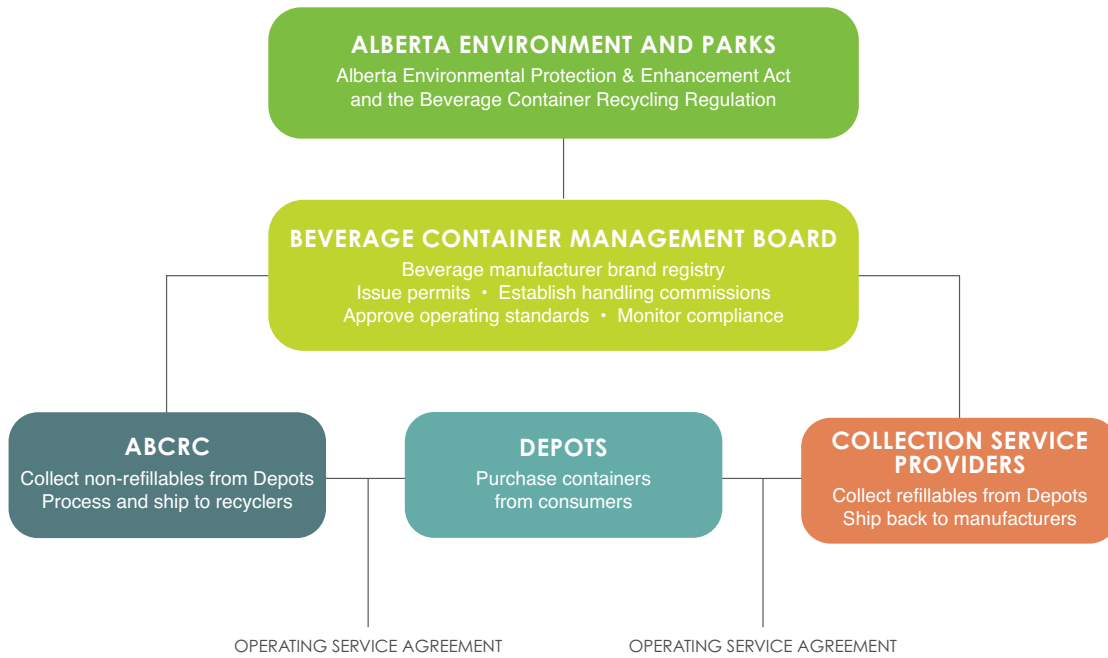


The funds to operate non-refillable Beverage Container recycling in Alberta come from three sources: The unredeemed deposits from Beverage Containers that have been purchased and not yet returned to a Depot, the sale of recycled scrap material to commodity markets, and the Container Recycling Fee.

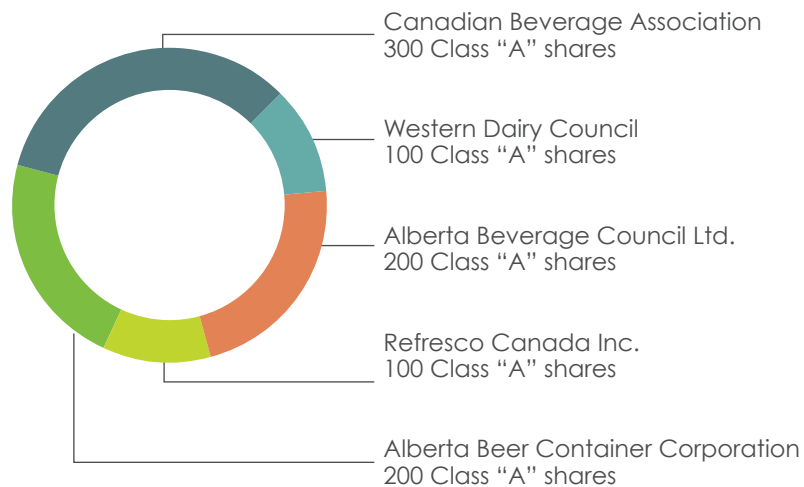




## REGULATORY STRUCTURE



## ABCRC SHAREHOLDERS



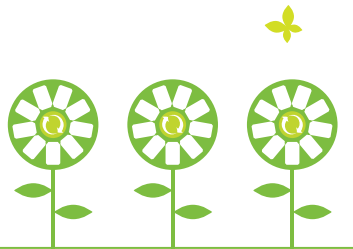


# Vision and Strategy

ABCRC strives for continuous improvement by constantly examining its practices and working collaboratively with its stakeholders to encourage 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 Extended Producer Responsibility (EPR) organization that strategically focuses on improving the efficiency and effectiveness of the Common Collection System.



Alberta Depots, ABDA, ABCRC and the BCMB have agreed that the pillars identified in this graphic reflect the key points of focus for the industry.



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

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**PROVIDE**

effective corporate governance

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**COMMUNICATE**

ABCRC's value to stakeholders

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**IMPROVE**

fiscal management

---

**IMPROVE**

system efficiencies

---

**IMPROVE**

environmental performance

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# Board of Directors

(as of December 31, 2018)

ABCRC's board of directors consists of representatives of beverage manufacturers. They include nominees from shareholders and the Alberta Gaming Liquor and Cannabis 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.



- 1 KEN WHITE** | Chairman. Canadian Beverage Association
- 2 NEIL ANTYMIS** | Vice Chairman. The Pepsi Bottling Group (Canada) Ltd.
- 3 CHERYL MCLAUGHLIN** | Treasurer. Refresco Canada Inc.
- 4 TONY GUSIKOSKI** | Parmalat Canada
- 5 NICHOLAS KISSEL** | Alberta Gaming, Liquor & Cannabis Commission
- 6 RON SORNEAU** | Coca-Cola Refreshments Canada
- 7 SHANE BUCKINGHAM** | Canadian Beverage Association
- 8 JEREMY CHORNEY** | Canada's National Brewers



# Executive Team

ABCRC's executive team is committed to providing effective leadership to ensure the continued success of the organization. The board and management are linked through the President of ABCRC, who is in turn supported by the Vice President of Finance and 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.



- 1 GUY WEST** | President
- 2 JIM BRENT** | Vice President Finance & IT
- 3 COLIN CARTER** | Vice President Operations
- 4 LORI KOEBEL** | Manager, Communications & Marketing
- 5 MIKE BATTISTA** | Manager, Human Resources



# Environmental Stewardship

Beverage Container stewardship began in 1972 under the Litter Act (Alberta), a set of regulations and rules created to combat the 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 selling Beverage Containers to appoint a collection system agent to operate the Common Collection System, which led to the incorporation in 1994 of the predecessor corporation that would become ABCRC.

Since the appointment of ABCRC as the collection system agent, Alberta has become more focused on protecting the environment. 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 the Regulation's requirements.

### NON-SMOKING POLICY

ABCRC is committed to providing staff, contractors and visitors with an environment that is free of emissions resulting from the use of tobacco, nicotine, Electronic Smoking Devices (ESDs) and any product that mimics smoking. To create a clean, healthy work environment for everyone, ABCRC put into effect a non-smoking policy for all employees and visitors on July 1, 2018. This policy prohibits the use of tobacco, nicotine, ESDs and any product that mimics smoking anywhere on ABCRC's properties. While ABCRC facilities were compliant with the provincial tobacco ban in 2008, this new policy extends to private sidewalks, grounds surrounding the building and private vehicles on ABCRC property.



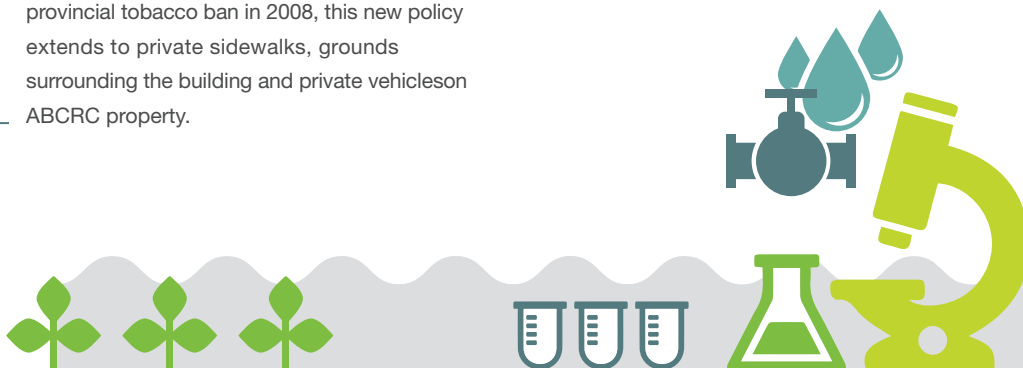
ABCRC put into effect a non-smoking policy for all employees and visitors.

To assist with this transition, ABCRC offered staff cessation resources, including health plan benefits and programs and referrals to cessation resources.

With the legalization of cannabis for non-medical purposes in October 2018, this non-smoking policy also prohibits cannabis use to maintain a safe working environment for ABCRC's employees.

### WATER EFFLUENT TREATMENT FOLLOW UP

In 2017, ABCRC approved a new wastewater pretreatment system to comply with municipal bylaws set by the cities of Calgary and Edmonton. The water-handling system — composed of a feed pump; chemical dosing system; and a solids, fat, oil and grease separation tank — was a custom-designed piece based on ABCRC's specific industry needs and desired outcomes. The pretreatment system arrived at the Calgary facility in the spring of 2018, where it was installed and tested to ensure compliance. In September 2018, ABCRC obtained the City of Calgary's approval to resume discharging post-treatment wastewater based on the preliminary treatment results. In accordance with the municipal bylaw for wastewater, ABCRC's new system effectively reduces the corrosiveness and dissolved-metal concentrations that are a by-product of processing Beverage Containers. Regular testing was conducted throughout the remainder of 2018 and shared with the City of Calgary to ensure consistent performance.





## MATERIALS USAGE

Item	Total Weight (kg)	
	2018	2017
Non-glass bags	72,711 kg	158,360 kg
Glass bags	15,331 kg	31,990 kg
C Bills (paper)	85 kg	282 kg
R Bills (paper)	128 kg	64 kg
Wire	209,777 kg	178,832 kg
Blank bale tags	300 kg	3,629 kg
Clear poly bags	525 kg	631 kg
Pallets	202,994 kg	124,225 kg
Strapping	5,670 kg	2,937 kg
Airline tags	5,157 kg	6,391 kg
<b>TOTAL</b>	<b>503,856 kg</b>	<b>507,341 kg</b>

## RESOURCE CONSUMPTION OVER TIME



Water



Electricity



Natural gas



Diesel fuel

2018 ..... 3,374 m<sup>3</sup> ..... 2,970 MWh ..... 24,991 GJ ..... 3,321 L

2017 ..... 3,367 m<sup>3</sup> ..... 2,934 MWh ..... 22,650 GJ ..... 4,787 L

*Decreased diesel fuel consumption in 2018 due to a 6 per cent reduction in glass volume, processing for which uses a diesel-fueled front-end loader.  
Increased Natural gas consumption due to a colder than average winter and use of indoor heaters*

## TRANSPORTATION OF PRODUCTS FROM DEPOTS TO ABCRC

	2018 km driven	2017 km driven
	2,868,349 km	2,924,541 km

*\*Transportation of products mileage was adjusted to incorporate the change in reporting methods from CRIS to NAV and to account for Depot relocation and travel distance*





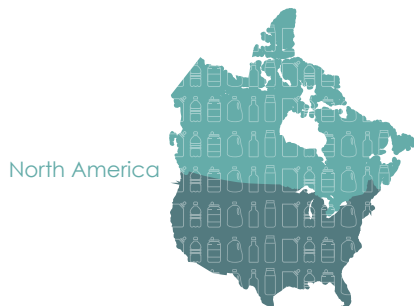
## TRACKING OUR CARBON FOOTPRINT

		2018	2017
<b>EMPLOYEES</b>			
	Air	112,890 km	22,410 km
	Rentals/taxi/bus	47,133 km	579 km
	Owned vehicles	21,748 km	29,136 km
<b>DIRECTORS</b>			
	Air	22,746 km	9,242 km
	Rentals/taxi/bus	8,581 km	0 km
<b>TOTAL</b>		<b>213,098 km</b>	<b>61,367 km</b>

Increased employee travel in 2018 to the United States to oversee production and transportation of the four new balers installed in ABCRC's facilities.

## TRANSPORTATION OF PRODUCTS FROM ABCRC TO COMMODITY MARKETS

Destination		2018 km driven	2017 km driven
Gable Top	North America	364,873 km	451,246 km
Tetra Pak	North America	111,084 km	227,340 km
Aluminum	United States	2,345,009 km	2,297,708 km
Glass	Alberta	185,815 km	191,368 km
PET	Alberta	107,818 km	111,858 km
HDPE	Alberta	213,690 km	219,608 km
Bi-Metal	Alberta	4,119 km	4,832 km
<b>TOTAL</b>		<b>3,332,407 km</b>	<b>3,503,960 km</b>



\*A portion of Gable Top and Tetra Pak containers are shipped overseas to Asia.  
Shipments that move from the port of Vancouver to end destination incur CO2 emissions 201,229 kg



### Environmental Benefits of Depot Compaction in 2018

Trailer loads reduced by

**1,458**

loads

Km driven reduced by

**165,950**

km

Baler CO2 reduced by

**43,465**

kg

Tractor fuel CO2 reduced by

**180,126**

kg

## DEPOT COMPACTION

When ABCRC receives Beverage Containers from a Depot in Alberta, they arrive in mega bags presorted and counted by material stream. In some cases, Depots will also compact the material before sending it to an ABCRC facility. Depot compaction is when a Depot owner has chosen to invest their own resources into compaction technology to crush the aluminum cans, plastic or gable top Beverage Containers that come through its facility. This technology helps with the flow of Beverage Containers in the Depot by reducing the amount of storage required and the number of transport trucks needed to bring those Beverage Containers to ABCRC. Depots are also paid a service fee as an incentive for each mega bag of compacted Beverage Containers delivered to ABCRC.

When ABCRC receives the compacted Beverage Containers, ABCRC must still run those Beverage Containers through the baling process required of all non-glass Beverage Containers. Most Depot compaction systems can crush aluminum cans, for example, on an average scale of 3:1. Since this does not meet commodity market specifications, compaction must take place a second time at an ABCRC facility, where the size and pressure of machinery can compact them on a scale of 25:1. While Depot compaction can help improve a baler's efficiency, the true value of compaction is the overall reduction on demand throughout the system, from reduced truck loads to fewer resources required to transport the material.

In 2018, eight Depots in Alberta agreed to compact Beverage Containers before sending them to ABCRC. Aluminum cans are the most common Beverage Container to be compacted, but each Depot determines for itself which material stream contributes the most benefit to its respective operations.

## ENVIRONMENTAL CARRIER HIGHLIGHTS

Transporting Beverage Containers among 221 Depots requires an extensive and flexible system to manage transportation and logistics. To cover the Province of Alberta as efficiently as possible, ABCRC relies on truck transportation as the most appropriate solution for carrying Beverage Containers through the recycling supply chain.

To reduce the impact to the environment, new developments in technology and aerodynamics have led to an increase in fuel savings for the transportation industry since the 1970s. Large





fleet truck companies in North America have made simple but effective additions to vehicles allowing them to reduce their impact on the environment. This is especially useful in cold Canadian climates where the aerodynamic drag in winter can be up to 20 per cent greater than in standard conditions.<sup>1</sup> Fuel-efficient trucks have similar technologies installed on their fleet vehicles, including trailer skirts, trailer tails, speed limiters and a design that minimizes the gap between the trailer and tractor. In addition, ABCRC leverages back-haul carriers (i.e. trucks that are returning to Calgary and Edmonton that would otherwise have been empty) as much as possible to reduce ABCRC's environmental footprint.

ABCRC contracts a number of transport truck companies to move Beverage Containers across the province, one of which is Manitoulin Transport. The first Canadian transportation and logistics company to be ISO 14001 certified in recognition of its environmental management system (EMS). Organizations that have obtained this certification have been approved by the International Organization for Standardization based on a demonstrated commitment to effectively manage its environmental impacts and make continuous improvement a priority. The company is also a member of the Canadian SmartWay program, a voluntary transportation partnership program that encourages sustainability and a commitment to clean freight. By focusing on technology that mitigates its carbon footprint, Manitoulin has reduced CO2 emissions from transporting Beverage Containers for ABCRC by 104,321 kilograms since 2016.

<sup>1</sup> Natural Resources Canada

## BOTTLE CAP RECYCLING

ABCRC runs one of the only programs in Canada that follows the industry-recommended practice for recycling plastic bottle caps. Many Canadian Municipal Recycling Facilities recommend taking the plastic caps off water bottles and other Beverage Containers because they are often too small or too light to be sorted properly to avoid contaminating other material streams. Throwing the caps into the garbage was a widely accepted practice for several years since the two different types of plastic could not be recycled effectively together. In recent years, recycling processing technology in the industry has improved and so has the demand for recyclable material such as plastic bottle caps. Since plastic bottle caps will not biodegrade when thrown into a landfill, ABCRC now recommends returning them on your empty Beverage Containers.

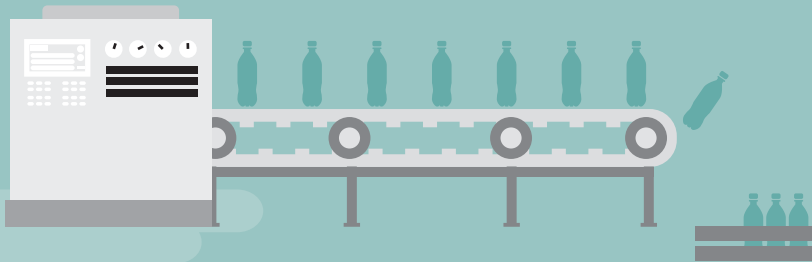
Plastic bottle caps are typically made of two different types of plastic: #2 High-Density Polyethylene (HDPE) and #5 Polypropylene (PP). Since both plastics will melt at a different temperature than the body of the plastic water bottle (which is made of #1 Polyethylene Terephthalate (PET)), the material needs to be separated using a water bath. The bottle caps will float to the surface of the tank and be easily collected, while the PET bottle sinks to the bottom. ABCRC sells the plastic to a plastic processing company where 98 per cent of the caps are recycled into a polyolefin blend (a mixture of polypropylene and polyethylene). Due to contamination, the remaining 2 per cent of the caps are used as an alternate fuel source to heat the boilers at the plant.





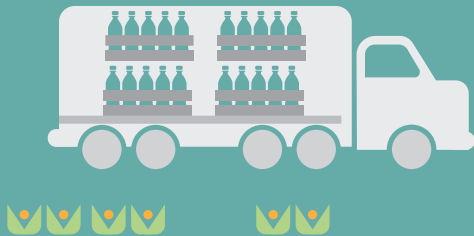
# THE LIFE OF A BEVERAGE CONTAINER

Every Beverage Container you return goes through a recycling process to be used in many other commercially useful products.



## 1 Manufacturing

Using new or materials reclaimed following a container recycling process, the Beverage Container manufacturer produces the container, pours the beverages in, adds caps and labels and packs them for shipping. They are now ready for distribution and sale.



## 2 Sale to distributor or retailer

The distributor or retailer purchases the beverages (usually in bulk) and stocks their store shelves for the consumer to purchase.



## 3 Sale to consumer

The container is sold to a consumer, which includes a deposit fee and sometimes a Container Recycling Fee as part of the Alberta Recycling process.



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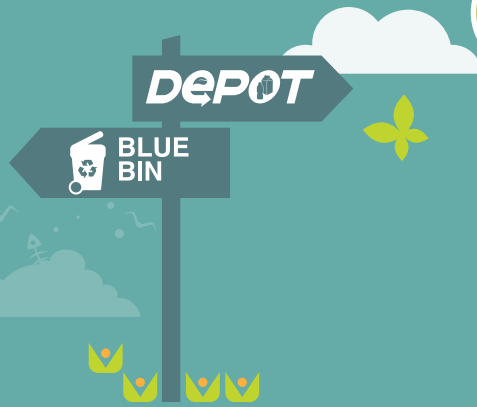
Consumption of beverage

Once the customer consumes the beverage, they are left to dispose of the empty container.

5

For disposal, the consumer has two choices

- a. Initiate the Beverage Container recycling process for the empty container by taking it to an Alberta Depot
- b. Place the container into the blue bin where it will be separated and returned to a Depot or recycled with other plastic containers



6

Beverage Container processing

An Alberta Depot accepts the container for recycling and refunds the consumer the deposit fee paid in step 3. The container is shipped to an ABCRC facility to be prepared for sale to recycling and commodity markets.



7

Recycled into useful materials

The Beverage Container is then recycled into raw materials to be manufactured into new and useful products.





## RETURN SUMMARY BY MATERIALS

December 2018			Increase / (Decrease) vs. 2017					
SALES VOLUME	REDEEMED VOLUME	RETURN RATE		SALES VOLUME	%	REDEEMED VOLUME	%	RETURN RATE
CONSOLIDATED								
2,281,002	1,953,037	85.6%	<b>Total Consolidated</b>	(3,032)	(0.1%)	10,267	0.5%	0.5%
ALUMINUM								
1,072,310	954,994	89.1%	<b>Total Aluminum</b>	18,669	1.8%	17,643	1.9%	0.1%
PLASTICS								
675,054	546,860	81.0%	Plastics 0 - 1L	(2,653)	(0.4%)	2,884	0.5%	0.7%
129,805	117,403	90.4%	Plastics Over 1L	438	0.3%	147	0.1%	(0.2%)
804,859	664,263	82.5%	<b>Total Plastics</b>	(13,064)	(0.3%)	3,031	0.5%	0.6%
GLASS								
158,116	154,476	97.7%	Glass 0 - 1L	(13,111)	(7.7%)	(7,820)	(4.8%)	2.9%
8,136	7,118	87.5%	Glass Over 1L	47	0.6%	40	0.6%	0.0%
166,252	161,594	97.2%	<b>Total Glass</b>	(13,064)	(7.3%)	(7,780)	(4.6%)	2.7%



RETURN SUMMARY BY MATERIALS CONT.

December 2018			Increase / (Decrease) vs. 2017					
SALES VOLUME	REDEEMED VOLUME	RETURN RATE		SALES VOLUME	%	REDEEMED VOLUME	%	RETURN RATE
<b>POLYCOAT</b>								
124,821	91,411	73.2%	Tetra 0 - 1L	(1,676)	(1.3%)	(768)	(0.8%)	0.3%
1,085	821	75.6%	Tetra Over 1L	287	36.0%	(5)	(1.0%)	(27.9%)
13,691	7,078	51.7%	Drink Pouches 0 - 1L	(1,191)	(8.0%)	(235)	(3.2%)	2.6%
61,289	41,345	67.5%	Gable 0 - 1L	(997)	(1.6%)	463	1.1%	1.9%
30,136	26,927	89.4%	Gable Over 1L	(2,981)	(9.0%)	(1,558)	(5.5%)	3.4%
1,757	688	39.2%	Bag-in-Box Over 1L	423	31.7%	110	19.0%	(4.2%)
<b>232,780</b>	<b>168,271</b>	<b>72.3%</b>	<b>Total Polycoat</b>	<b>(6,135)</b>	<b>(2.6%)</b>	<b>(1,994)</b>	<b>(1.2%)</b>	<b>1.0%</b>
<b>BI-METAL</b>								
4,148	3,507	84.5%	Bi-Metal 0 - 1L	(237)	(5.4%)	(594)	(14.5%)	(9.0%)
652	408	62.6%	Bi-Metal Over 1L	(50)	(7.2%)	(39)	(8.7%)	(1.1%)
<b>4,800</b>	<b>3,915</b>	<b>81.6%</b>	<b>Total Bi-Metal</b>	<b>(288)</b>	<b>(5.7%)</b>	<b>(633)</b>	<b>(13.9%)</b>	<b>(7.8%)</b>





## MATERIALS RECYCLED

MATERIAL	CUSTOMER	RECYCLING	% OF SOLD CONTAINERS	RETURN RATE	METRIC TONNES DIVERTED
ALUMINUM	Novelis Schupan Recycling	<ul style="list-style-type: none"> <li>Recycled back into aluminum cans</li> <li>95 - 99% of weight shipped is recycled, with the remainder being moisture and contaminants</li> </ul>	47%	89.1%	12,973.37
POLYETHYLENE TEREPHTHALATE (PET) CLEAR	Merlin Plastics	<ul style="list-style-type: none"> <li>Recycled into pellets for use in manufacture of new non-food bottles</li> <li>80+% of bottle recycled with less than 20% being substandard material or contaminants</li> <li>98% of caps recycled with 2% used as alternative fuel source</li> </ul>	35.29%	82.5%	20,191.61
HI-DENSITY POLYETHYLENE (HDPE)		<ul style="list-style-type: none"> <li>Recycled into pellets for use in manufacture of new non-food bottles</li> </ul>			
POLYETHYLENE TEREPHTHALATE (PET) GREEN OTHER PLASTICS		<ul style="list-style-type: none"> <li>80+% of bottle recycled with less than 20% being substandard material or contaminants</li> <li>98% of caps recycled with 2% used as alternative fuel source</li> </ul>			
GLASS	Vitreous Glass Inc.	<ul style="list-style-type: none"> <li>Manufacture of fiberglass</li> <li>95% recycled with 5% waste including caps, corks and dust</li> </ul>	7.29%	97.2%	55,819.23





MATERIALS RECYCLED CONT.

MATERIAL	CUSTOMER	RECYCLING	% OF SOLD CONTAINERS	RETURN RATE	METRIC TONNES DIVERTED
GABLE TOP	The Paper Tigers Inc. ICF Global, Inc.	<ul style="list-style-type: none"> <li>Fibre extracted and used in the manufacture of paper products</li> <li>80% by weight recycled</li> </ul>	10.21%	72.3%	4,890.68
TETRA-BRIK	The Paper Tigers Inc. ICF Global, Inc.	<ul style="list-style-type: none"> <li>Fibre extracted and used in the manufacture of paper products</li> <li>Residual aluminum and plastics – undetermined currently but potential fuel for gasification (energy recovery)</li> <li>80% by weight recycled</li> </ul>			
DRINK POUCHES BAG-IN-A-BOX (BLADDERS)	Merlin Plastics Waste Mgmt. (cardboard from Bag-in-A-Box)	<ul style="list-style-type: none"> <li>Energy recovery through gasification (incineration) due to low volumes and scarce end markets. Used as an alternative fuel source for coal to power cement kiln</li> <li>Boxes from Bag-in-A-Box are recycled as Old Corrugated Cardboard</li> </ul>	0.60%	40%	151.04
BI-METAL	General Recycling Industries Ltd.	<ul style="list-style-type: none"> <li>Smelted down for recycling into construction rebar, car parts, and grinding rods for mining</li> <li>95% of weight is recycled with 5% contaminants or moisture</li> </ul>	0.21%	81.6%	291.90
CERAMICS AEROSOL CONTAINERS	Landfill	<ul style="list-style-type: none"> <li>No viable recycling markets for this material</li> <li>Ceramics pre-date regulatory requirement for recycling</li> <li>12 aerosol containers in 2016</li> <li>2,073 regulated ceramic bottles in 2016</li> </ul>	0.0%	0.0%	<0.0



# 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 supporting Alberta communities and protecting the environment. The Government of Alberta established a goal of diverting 85 per cent of Beverage Container waste from landfills. Municipalities and other partners implemented various recycling initiatives and developed programs to engage Albertans in recycling, which has helped ABCRC reach that goal. ABCRC knows that awareness and encouragement of recycling are fundamental to its success and 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 2018 PEOPLE STRATEGY

ABCRC is creating a people-first culture by empowering employees to contribute to a sustainable world. Operating under the philosophy "We believe that developing our people is the best way to build a better ABCRC," management has started employing strategies to educate, develop and engage ABCRC employees to create long-term success. To build on the "Cornerstones of Leadership" that senior management identified in 2017, ABCRC has taken a proactive approach to creating people-focused development opportunities into everyday work within the organization. These efforts led to the formation of several working committees with the purpose of helping employees acquire the skills and experience necessary to become leaders.

A talent committee composed of senior management was formed to identify critical positions within ABCRC and help employees develop the skill sets required to fill those roles successfully. Personal Development Plans were rolled out to each employee in the fall of 2017 with the goal of identifying an employee's strengths and areas for improvement related to work performance and ability. The talent committee meets biannually to review these Personal Development Plans and discuss how the leadership team can support each employee in his or her career goals. This support comes not only in the form of coaching but also through tools and one-on-one discussions with employees to creatively brainstorm development activities that extend past online courses and seminars. Certain individuals who have indicated a desire to advance their career and actively demonstrate the Cornerstones of Leadership are considered for inclusion in ABCRC's succession plan. By increasing employee capacity and improving performance, ABCRC will be able to promote internally, recruit less from external sources and provide customers with faster, smarter service.

Insights gained from the 2017 employee engagement survey led to the formation of an engagement committee in early 2018. A selection of volunteer non-management employees from a cross section of departments meets on a biweekly basis to evaluate the results of the survey and develop an action plan to implement change. Priority items in 2018 included improving transparency and an understanding of the various roles and responsibilities within ABCRC. Employee engagement is viewed as an ongoing process, and much of 2018 was spent building a foundation to make the engagement committee sustainable.

"ABCRC is creating a people-first culture by empowering employees to contribute to a sustainable world".





A third committee was formed in 2018 that works toward improving the social environment of ABCRC. The social committee, consisting of five employees, plans internal events and activities such as family gatherings, summer BBQs, Christmas parties and lunch 'n' learns. The goal of the social committee is to implement all-inclusive events that positively influence the employee experience. By creating opportunities for positive social interaction, ABCRC can strengthen corporate culture and encourage collaboration and engagement. The social committee planned and executed a total of 10 events in 2018, all of which received positive feedback.

### TOTAL WORKFORCE IN 2018

	Type	Contract	No.
<b>CALGARY</b>	Full time – plant	Permanent	64
	Full time – office	Permanent	25
	Full time – seasonal	Temporary	2
<b>EDMONTON</b>	Full time – plant	Permanent	73
	Full time – office	Permanent	6
	Full time – seasonal	Temporary	2
<b>TOTAL</b>			<b>172</b>

### CELEBRATING CULTURAL DIVERSITY

As part of ABCRC’s commitment to celebrating the cultural diversity of its employees, 30 three-foot-by-five-foot flags were installed in both the Calgary and Edmonton facilities. Each flag represents one of the 30 different countries that employees strongly identified with in the 2017 cultural diversity survey. This display is part of ABCRC’s ongoing initiative to create an inclusive environment that shows employees that their values, beliefs and backgrounds are fully appreciated.

### HEALTH & SAFETY CERTIFICATION

ABCRC conducts yearly health and safety audits in conjunction with the Manufacturer’s 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.

The 2017 Sustainability Report described how ABCRC had failed an internal audit conducted by its Health & Safety Coordinator, Stephen Gautreau. While ABCRC maintained its COR certification for another year, this decision allowed management to implement new and improved methods for meeting the qualifying standards for 2018.

A new action plan was enacted in 2018 that prioritized improving employee engagement and participation. Health and safety toolbox meetings changed their format to include more visual aids and hands-on exercises. Plant workers started to assist with the facilitation of these toolbox meetings and attended hazard assessment training. These changes were implemented with the goal of increasing participation in the program at the worker level. In addition, office managers started conducting monthly safety talks with employees to review updated documentation and everyday safety issues.

In June 2018, an external consultant hired through MHSA conducted a week-long audit of ABCRC’s safety program. This included an observational tour, data collection and interviewing employees of all levels on safety-related topics. ABCRC received recertification in the COR program after receiving 91 per cent on the external audit, ensuring its health and safety processes help to create a safe work environment for employees. This achievement would not have been possible without the hard work and dedication of all ABCRC staff.

Following the audit, ABCRC has been working with an external party to take its program from a state of compliance to continuous improvement. Several new priorities have been identified, and ABCRC has been working with safety experts to develop and execute a health and safety strategy to achieve those improvements in 2019 and beyond.

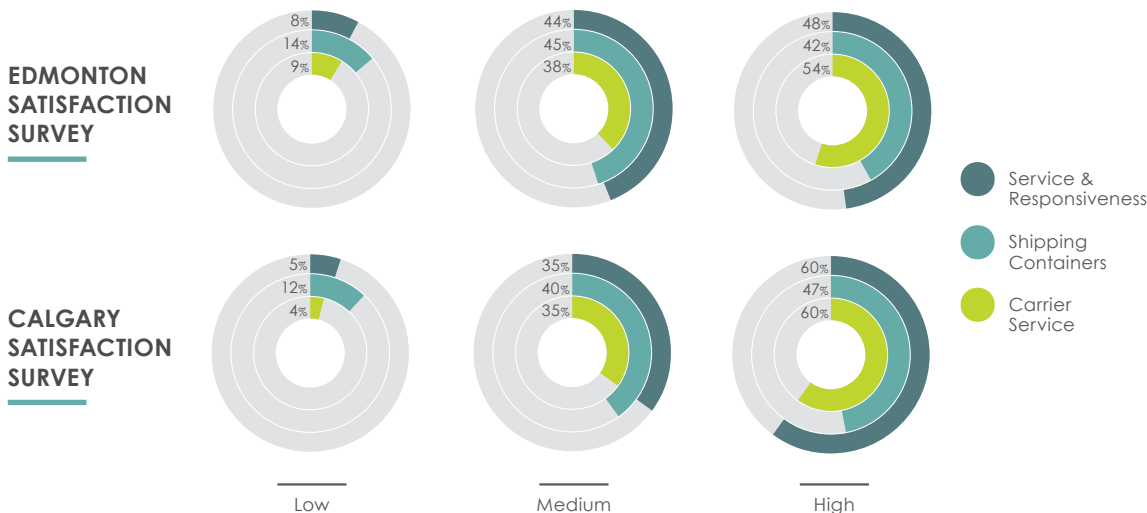




## DEPOT SATISFACTION SURVEY

The Depot satisfaction survey measures the performance of the collection system agent (ABCRC), the collection service provider (Alberta Beer Container Corporation), the regulator (BCMB) and the Alberta Bottle Depot Association. The survey is conducted in the fall of each year, and the Depot network is asked to evaluate all four parties on a series of service questions. The 2018 survey encompassed all aspects of industry operational interactions and had a 73 per cent completion rate.

Overall satisfaction with ABCRC dipped from 2017, which was expected given the challenges presented by the software rollout of NAV. Depots showed increased satisfaction in the timeliness of communication and the communication of payments, but decreased satisfaction in the ability to reach ABCRC compared to 2017. There was a drop in satisfaction regarding the quality and quantity of both mega bags and pallets provided by ABCRC. Greater diligence by ABCRC to conduct inventory counts and targets has put increased accountability on Depots to monitor and maintain accurate inventories, which is likely to have caused the downward pressure on this metric.



Employees' values, beliefs and backgrounds are fully appreciated.





## ABCRC 2018 MARKETING & ADVERTISING

Strategy development for the 2018 marketing and advertising campaigns started with conducting 24 interviews with members of the BCMB, ABCRC, ABDA and several Depots. Valuable insight was gathered from these interviews that helped in crafting several campaigns for the year.

The first campaign aimed to create awareness by educating Albertans on the key benefits of the Common Collection System, including the positive environmental, economic, social and industrial outcomes that result from Beverage Container recycling. This campaign, titled “Deposits Create Change That Counts,” intended to highlight the Common Collection System and the highly successful return rate for Beverage Containers. The campaign purposefully included the word “change,” referring to the cash refund Albertans receive when they return their Beverage Containers to a Depot.

A second campaign with the tagline “Spend it. Save it. Share it. It’s your Money” followed the education campaign and was designed to encourage Albertans to return their Beverage Containers to a Depot. This served as a reminder that refunds can make a difference, whether the funds are used for an immediate reward, saved for a special purchase or shared with a local community group or charity in need.

During the summer of 2018, a campaign was marketed across Alberta in an effort to raise awareness about the importance of out-of-home recycling. The primary goal of this campaign, titled “Sip. Save. Spot,” was to remind visitors and residents of Alberta to keep Beverage Containers out of landfills while away from home. The tagline encouraged consumers to “sip” their favourite beverages, “save” their Beverage Containers instead of tossing them in the trash and “spot” a Depot to return them.

In the spring and fall of 2018, “The Great Alberta Bottle Hunt” and “The Great Prairie Bottle Harvest” were two events marketed as Alberta’s largest single-day bottle drives. The aim of these events was to engage Albertans with their local Depot and to remind individuals and groups that bottle drives are an easy and fun way to raise funding for something that matters most to them. In total, the events had over 100 participants with 69 Depot partners in 42 cities and towns across Alberta, with some organizations raising several thousand dollars. Success stories from these events were shared through Alberta Depot’s social media channels.

Engaging various audiences and stakeholder groups with the Depot brand through tailored strategic communications remained the ultimate focus throughout 2018. Working collaboratively, the leaders of the Beverage Container recycling industry remain focused on continuously sustaining high return rates on all Beverage Containers, and they encourage Albertans to share the pride they have in their Beverage Container recycling leadership.

## CLOTHING DRIVE FOR CEREBRAL PALSY

ABCRC participated in the “Life without Limits” clothing drive in partnership with the Cerebral Palsy Association of Alberta. Both facilities in Calgary and Edmonton donated a large assortment of gently used clothing, shoes, accessories and small household items for charity.

In total, ABCRC employees donated 250 pounds of used items in the spring of 2018 with a second clothing drive in November of 2018 yielding 441 pounds. In total, 691 pounds’ worth of reusable items were diverted away from Alberta landfills and into the hands of those who need them most. In addition, the clothing collected was sold to Value Village, the money from which goes directly toward funding programs and services that make a difference in the lives of those living with cerebral palsy and other disabilities.

## UNIVERSITY OF LETHBRIDGE PARTNERSHIP

ABCRC collaborated with the University of Lethbridge in 2018 to engage business and marketing students. Their mandate was to conduct provincial Beverage Container research and develop potential marketing concepts to explore in 2019. The university recruited a group of five students for a specialized applied consulting course it created for ABCRC, with the intent to produce a best practices marketing toolkit for Depots. The toolkit aimed to educate Depot owners about best practice marketing techniques for small- to medium-sized businesses and to provide useful resources and information for Depot owners regarding branding standards and signage. ABCRC is working on implementing these strategies in 2019.



ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP



## SCHOOL PROGRAM HIGHLIGHT

Vermillion Elementary School has been a school program participant for the past two years. Located in Vermillion, Alberta, the community school has a total of 287 students from kindergarten to Grade 6.

**The following are quotes from Vermillion Elementary School about the program:**

“

It is better to recycle drink containers so they can be made into new items.”

“

Support from the Alberta Beverage Container Recycling Corporation helps our school keep these [containers] out of the landfills.”

At Vermillion Elementary School, each class is responsible for collecting its Beverage Containers in the classroom bins provided through the program. When the bins are full, the bags are labelled and taken outside to a large central storage bin. The school has an agreement with the local Depot in Vermillion to collect its containers on a biweekly basis, and in 2018, a total of 32,718 Beverage Containers were recycled. The money raised is tracked by each grade level and is used to support various educational field trips throughout the school year.

## SCHOOL PROGRAM HIATUS

In 2018, the Depot school program took a nine-month hiatus to revamp the user experience and upgrade elements of the program that were outdated. The first project was to rebuild the school program portal, the website where teachers and principals in charge of their respective school recycling programs log in to report container counts and win prizes. The web portal had experienced several years of program updates and changes, and it was operating on a different content management system from the rest of ABCRC's websites. A user experience study was conducted to test how teachers would best interact with the portal, and a new site was created that would capture all the required elements of functionality.

To accompany the new school portal, ABCRC wanted to develop teacher-friendly presentation materials that could be kept in the classroom for future students. An educational video featuring “The Recyclers” was filmed for use in classroom presentations that shows students how Beverage

Containers are recycled or repurposed and the positive impact recycling has on the world around them. In addition, educational toolkits were created that contained recycling games, teaching aids and Recyclers-themed gift bags for each participating student, all of which dovetails into the existing Grade 4 recycling curriculum.

The school program launched in fall 2018 and is a great way to get elementary students involved in recycling. ABCRC hopes to empower the next generation of recyclers by encouraging ongoing participation in Beverage Container recycling through fun, interactive and relatable content.

## COMMUNITY CHAMPIONS HIGHLIGHT: VECOVA CENTRE FOR DISABILITY SERVICES & RESEARCH

Vecova Centre for Disability Services and Research (Vecova) is a non-profit, charitable organization that has been serving and supporting persons with disabilities since 1969. Operating the only non-profit Depot in Calgary, Vecova celebrates 50 years of enhancing and enriching the lives of persons with disabilities through inclusion, innovation and employment.

Vecova employs 600 full-and part-time individuals spread out among its invaluable recycling services and programs. One such service is Beverage Container pickup throughout the city, where customers can donate their deposit refunds to Vecova in support of ongoing services, research and social enterprise projects such as a recreation centre, airport baggage cart retrieval service and of course, the Depot.

One primary source of support for Vecova and its programs is funding from the Community Champions Program (CCP), of which the organization has been a grant recipient for the past six years. The money from CCP has allowed Vecova to buy bag stands and sturdy plastic bags capable of handling the demands of holding and transporting glass and other materials safely.





Customers are very appreciative of bags and stands that make the recycling process easy and convenient. The ability to provide this quality service is an essential part of the success of the recycling program, from which Vecova generates revenue to continue providing quality programs and services to persons with disabilities. In 2018, Vecova's Depot processed over 1,504,000 Beverage Containers through the CCP-funded pickup service alone.

Being a CCP partner has also enabled Vecova to achieve its goals of hiring people with disabilities, as well as raising the profile of Vecova in the community. Besides helping to provide employment, donations through this program have increased opportunities to serve the greater community. The pickup service is one of Vecova's social enterprises and demonstrates that businesses can operate profitably and ethically with an inclusive workforce that includes persons with disabilities. Donations received through the pickup program go to the individuals they support through the living support, community access and employment services programs.

### COMMUNITY CHAMPIONS PROGRAM

Infrastructure Items (including bins & bags)	99,242
Communities and/or Sites Affected	53
Total Containers Collected by Participants	4,168,472
Containers 0 – 1 L	3,879,054
Containers over 1 L	289,418
Economic Impact from Refunded Deposits	\$460,260





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## LIST OF 2018 COMMUNITY CHAMPIONS PARTNERSHIP GRANT RECIPIENTS

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- Alberta Parks – Government of Alberta
- Bottles4Diabetes
- Brooks Environmental Advisory Committee
- Canadian Badlands Passion Play Society
- Cerebral Palsy Association in Alberta
- City of Edmonton
- City of Lethbridge
- County of Lac Ste. Anne No. 28
- County of Wetaskiwin No. 10
- Crossroads Community Association
- Edson and District Recycling Society
- Elmwood Community League
- Evergreen Park
- Friends of the Canmore Library Society
- Gary W. Harris Canada Games Centre
- Goodwill Industries of Alberta
- Incline Industries Youth Foundation
- Kensington Business Revitalization Zone
- KidSport Calgary
- Lethbridge and District Exhibition Park
- Mahogany Homeowners Association
- Mayerthorpe Sports Grounds Club
- Missing Children Society of Canada
- Orchards Residents Association
- Rangeton Recreation Society
- Recycle For Life Inc.



ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

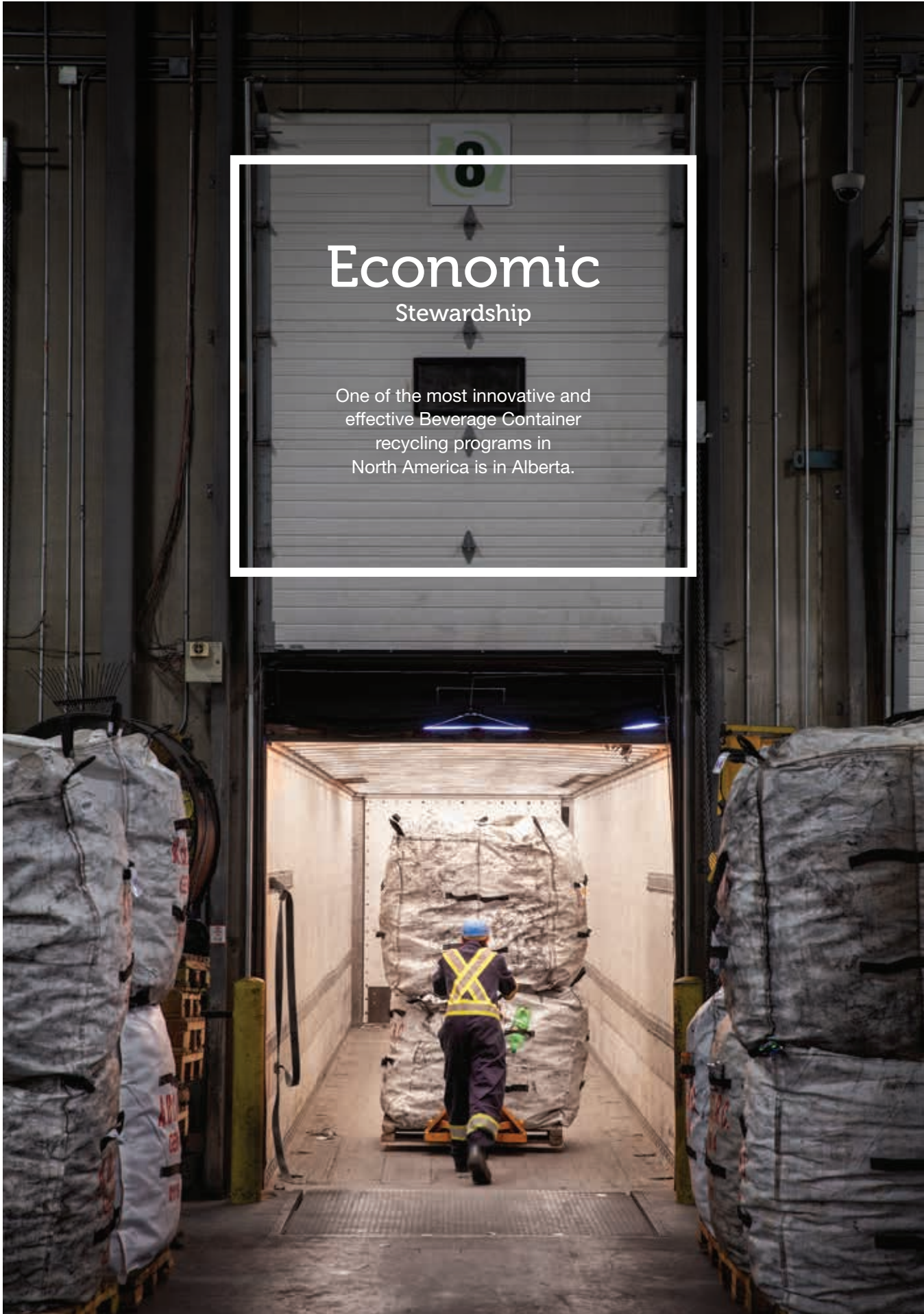
FINANCIAL STEWARDSHIP

- Red Deer College
- Sexsmith and District Agricultural Society
- Skyview Alliance Church Centre
- Strathcona County
- The Community Lunch Box Society
- The McMahon Stadium Society
- Town of Athabasca
- Town of Bruderheim
- Town of Canmore
- Town of Devon
- Town of Okotoks
- Town of Strathmore
- Town of Taber
- Two Hills Lions Club
- Vecova Centre for Disability Services and Research
- Village of Consort
- Village of Linden
- Westerner Exposition Association
- Whitecourt & District Agricultural Society
- Whitecourt Mountain Bike Association
- Winnifred Stewart Association
- Woodlands County
- Yellowhead County



# Economic Stewardship

One of the most innovative and effective Beverage Container recycling programs in North America is in Alberta.





**A**BCRC's operational costs are covered through unredeemed deposits, the sale of recycled scrap material and the Container Recycling Fee (refer to "How Does the Money Flow?" on page 40).

The combination of the CRF and other 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, with minimal impact to the consumer. ABCRC recycles the broadest range of containers compared to any other Canadian province and still continues to be a low-cost operator by comparison. This is done, in part, by maintaining good relationships with commodity buyers, provincial partners and continuously improving operational efficiency.

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 achieve its targets for net assets and reserves to ensure the ongoing financial sustainability of the Common Collection System.

### RETURN RATE OVER TIME

2018	85.6%
2017	85.1%
2016	85.7%
2015	84.8%
2014	82.7%
2013	81.7%
2012	81.6%
2011	82.8%

### NAV UPDATE

ABCRC launched its new Enterprise Resource Planning (ERP) application, Microsoft NAV, on January 1, 2018. This new software is integral to all aspects of ABCRC's operations, including finance, manufacturing, supply chains, analytics, business intelligence and electronic commerce. NAV officially went live on January 1, 2018, but not without its share of difficulties.

ABCRC encountered several problems during the early transition to NAV, which impacted operations and response time to Depots. The partner company ABCRC hired to install Microsoft NAV was unresponsive, difficult to work with and could not meet project deliverables within the specified timeframe. In addition, a third-party application was introduced in anticipation of the NAV rollout that would be used in plant operations for mobile offloading of R-Bills, shipping C-bills and S-bills and the bundling of bags. However, the application was not stable enough to work in tandem with NAV, and a new Microsoft module had to be developed within the ERP to replace it. In the fall of 2018, ABCRC switched to a new partner capable of handling ABCRC's specific requirements and contracted a NAV specialist to help develop the system full time. Since then, the system has been stabilized and is now in a state of continuous improvement.

One of the first benefits to come from NAV was incorporating serialization into the supply chain with Alberta Depots. In previous years, mega bags were not serialized and could not be tracked with the same level of accuracy as a digital system. Using NAV, serialization is now a cornerstone of how ABCRC is developing the system for the future. By adding bag-level asset tracking, ABCRC is driving accountability through the closed-loop system that services Depots.



One of the first benefits to come from NAV was incorporating serialization into the supply chain with Alberta Depots.





## NEW BALERS FOR CALGARY PLANT

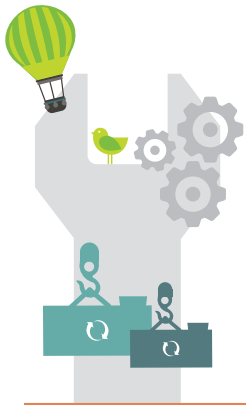
Every day, ABCRC receives thousands of Beverage Containers from the 221 Depots located across Alberta. All non-glass Beverage Containers go through a baling process to prepare them for transportation and sale in commodity markets. This process involves hauling large mega bags onto conveyor belts that bring the Beverage Containers into a compaction chamber. This chamber then uses pressure to compress the Beverage Containers into compact bales that are easy to handle, transport and store.

ABCRC had been operating with the same balers for almost 10 years and was starting to experience some challenges with efficiency and ongoing maintenance. With advancements in compaction technology, the decision to upgrade to new, more-efficient balers was approved in 2017 for both facilities. Four new balers were customized to include compression doors to hold the material in place before the compression cycle. This helps increase capacity, reduce

redundancy and could be used in ABCRC operations for the foreseeable future.

The first of two new balers arrived at ABCRC's Calgary plant from Georgia, United States, on November 5, 2018. The 95,000-pound metal chassis was lifted using a crane onto four industrial skates that use steel wheels capable of holding the heavy equipment as it gets pulled along the plant floor. Operations, plant employees and hired millwrights worked for two weeks to weld all the individual pieces together and ensure it was operational by the time the second baler was set to arrive on November 19, 2018, where it would undergo the same process.

On November 29, 2018, both balers became operational, processing paper board, aluminum, PET plastic, gable top containers, HDPE and bi-metal products. Each baler can process up to 90 per cent more mega bags per hour than the previous models. This means that an average of 143,750 more Beverage Containers are processed through each machine every hour. In 2019, the other two balers will be installed in the new ABCRC facility being built in St. Albert.



On November 29, 2018, both balers became operational.



ABCRC held a ribbon cutting ceremony to celebrate the successful installation of the two new balers. Members from all departments, including both plant shifts, gathered around to watch the event on the plant floor. Derrick Mason, Plant Manager for Calgary, brought up the project team to hold the ribbon and acknowledge all the hard work they had put in to making this a success. Together with Somchai, a long-term plant employee of 39 years, the team cut the opening ribbon with 36-inch scissors.





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.

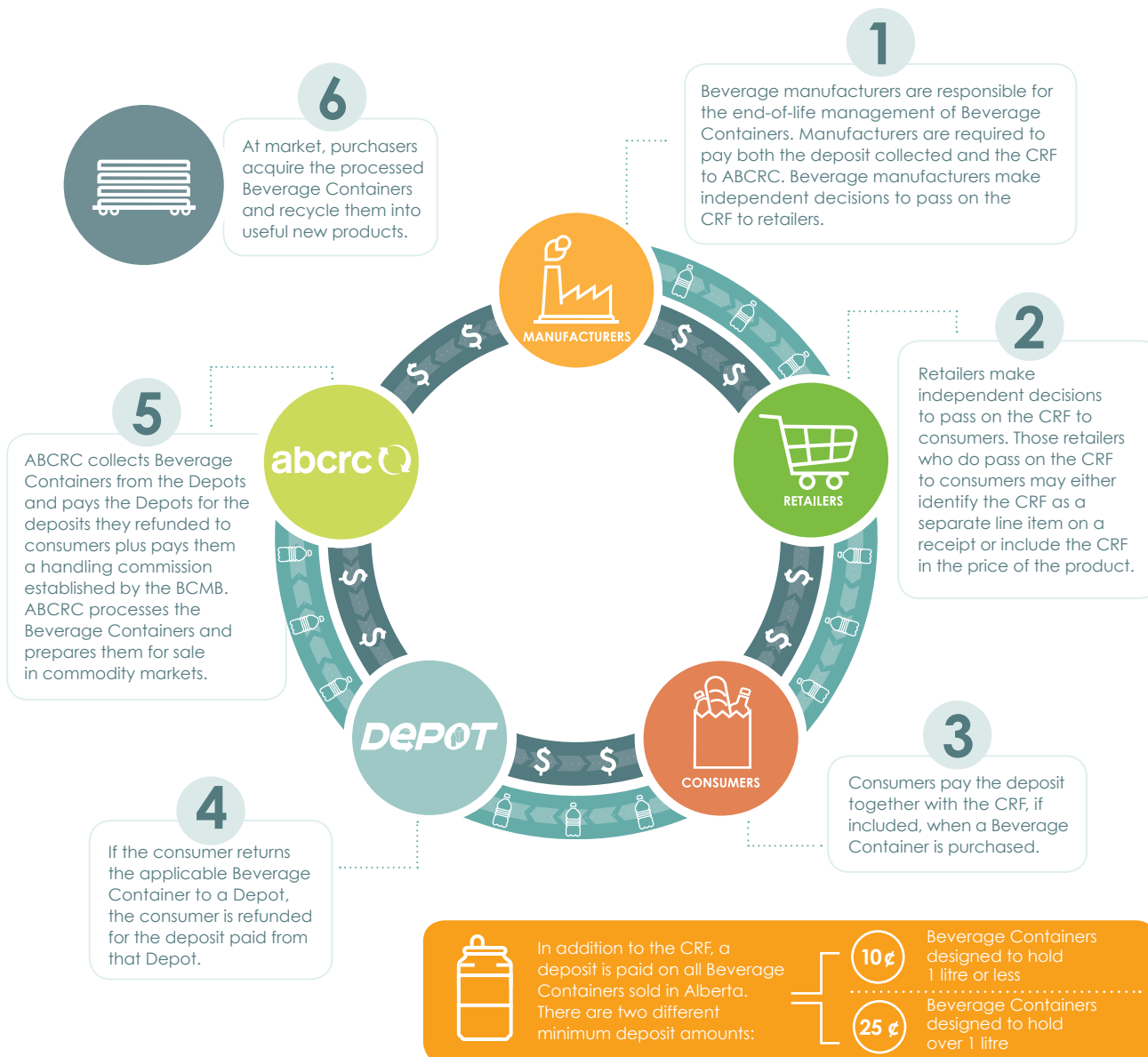
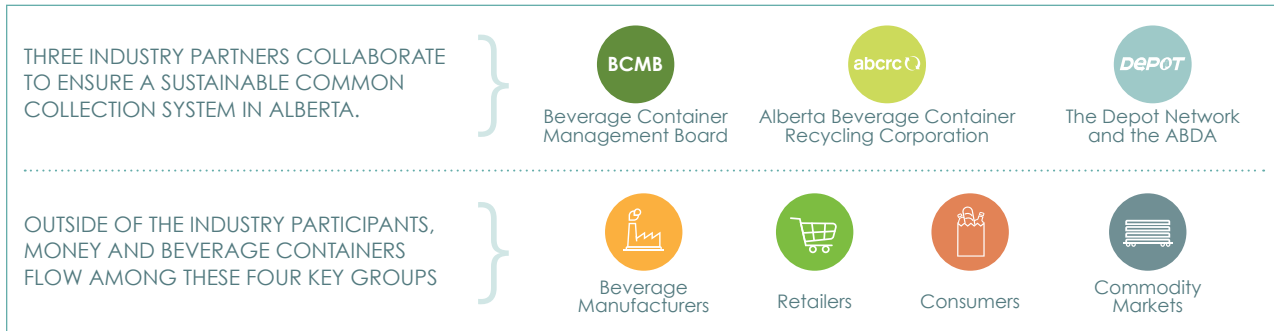
**3. CONTAINER RECYCLING FEE (CRF)**

Beverage manufacturers are required to pay this fee for every non-refillable Beverage Container they produce. 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 and covers the difference between the cost to recycle each container type and the revenue generated from both unredeemed deposits and sales of processed materials generated from each of those container types. The CRF is subject to change annually.





# HOW DOES THE MONEY FLOW?







**Highest volume for ABCRC in years**

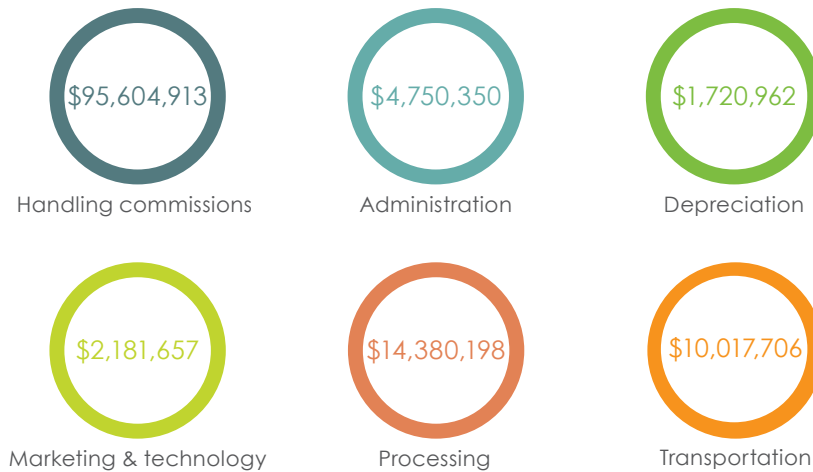
In the spring of 2018, ABCRC reported the highest volume of Beverage Containers to come through its facility in years.

A record-breaking **229 million units** were returned in the month of May.

Nearly 20 per cent more than the volume recovered in the same month of 2017.

Because of an icy Albertan winter that lasted from January to late March, consumers delayed returning their Beverage Containers to a Depot until late spring when temperatures reached above zero.

**SYSTEM COSTS**



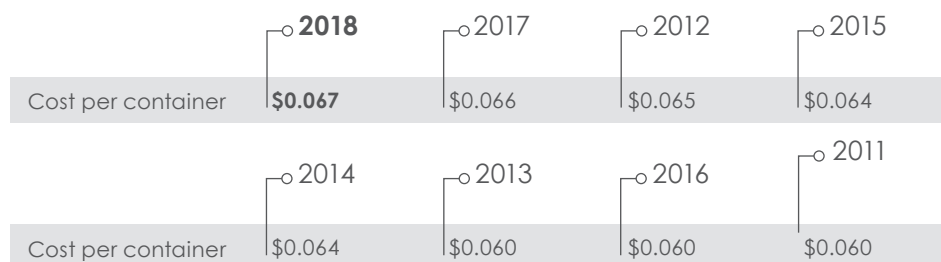
**2018 COST PER CONTAINER**

	Consolidated	Aluminum	Plastic
Total expenditure	\$127,949,980	\$41,035,350.18	\$55,867,360.83
Recovered volume	1,953,037,354	954,994,000	664,263,000
Cost per container	\$0.067	\$0.043	\$0.084

	Glass	Polycast	Bi-metal
Total expenditure	\$17,485,110.90	\$15,191,991.26	\$423,432.82
Recovered volume	161,594,000	168,271,000	3,915,000
Cost per container	\$0.108	\$0.090	\$0.108

**CONSOLIDATED COST PER CONTAINER OVER TIME**





# Financial Statements

ABCRC focuses on continuously improving efficiency and reducing operational costs in order to be a leader in stewarding Beverage Containers at a low per unit cost.



To the Shareholders of Alberta Beverage Container Recycling Corporation

## OPINION

We have audited the accompanying financial statements of Alberta Beverage Container Recycling Corporation (the “Corporation”), which comprise the statement of financial position as at December 31, 2018, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2018 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.

## BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

## AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
May 9, 2019  
Calgary Alberta



## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>REVENUE</b>		
Regulated deposits	\$ 253,854,911	\$ 254,417,477
Container recycling fees	60,964,628	74,944,411
Deposits refunded	(218,796,775)	(218,012,532)
	<b>96,022,764</b>	111,349,356
Sale of processed containers	40,930,835	34,687,397
Other income and expenses	443,790	818,202
Loss (gain) on foreign exchange	494,043	(450,142)
	<b>137,891,432</b>	146,404,813
<b>REGULATED EXPENSES</b>		
Handling commissions	(95,604,913)	(95,256,525)
Beverage container management board fees	(1,269,280)	(1,265,071)
	<b>(96,874,193)</b>	(96,521,596)
<b>EXPENSES</b>		
Warehouse	14,406,074	13,259,711
Transportation	10,017,706	9,557,124
Administration	4,818,922	4,897,473
Marketing and technology	2,181,657	2,073,957
Amortization	1,720,962	1,442,525
Finance charges	78,181	197,594
	<b>33,223,502</b>	31,428,384
Excess (deficiency) of revenue over expenses	7,793,737	18,454,833
Net assets, beginning of year	30,932,357	12,477,524
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 38,726,094</b>	<b>\$ 30,932,357</b>

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



## STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2018

	NOTES	2018	2017
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		\$ 27,684,179	\$ 30,262,598
Accounts receivable		37,010,270	34,217,689
Prepaid expenses	3	671,417	212,514
		<b>65,365,866</b>	64,692,801
Tangible capital assets			
	4	17,802,239	15,920,739
		<b>83,168,105</b>	80,613,540
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	3 and 5	44,441,111	44,177,492
Current portion of mortgage loan	7	–	554,903
		<b>44,441,111</b>	44,732,395
Mortgage loan			
	7	–	4,947,888
		<b>44,441,111</b>	49,680,283
Commitments			
	10		
Share capital			
	8	900	900
<b>NET ASSETS</b>			
Investment in tangible capital assets	2	17,802,239	10,417,947
Unrestricted net assets		20,923,855	20,514,410
		<b>38,726,094</b>	30,932,357
		<b>\$ 83,168,105</b>	\$ 80,613,540

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, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 7,793,737	\$ 18,454,833
Items not affecting cash and cash equivalents		
Amortization	1,720,962	1,442,525
Loss on disposal of tangible capital assets	(260,570)	(410)
(Loss) gain on foreign exchange	(494,043)	450,142
	<b>8,760,086</b>	<b>20,347,090</b>
Changes in non-cash working capital		
Accounts receivable	(2,792,581)	(991,655)
Prepaid expenses	(458,903)	(41,874)
Accounts payable and accrued liabilities	263,619	(1,636,603)
	<b>5,772,221</b>	<b>17,676,958</b>
<b>FINANCING ACTIVITY</b>		
Repayment of mortgage loan	(5,502,792)	(465,806)
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(4,025,641)	(1,138,210)
Proceeds on disposal of tangible capital assets	683,750	410
	<b>(3,341,891)</b>	<b>(1,137,800)</b>
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	494,043	(450,142)
Net (decrease) increase in cash and cash equivalents	(2,578,419)	15,623,210
Cash and cash equivalents, beginning of year	30,262,598	14,639,388
<b>Cash and cash equivalents, end of year</b>	<b>27,684,179</b>	<b>30,262,598</b>
<b>REPRESENTED BY</b>		
Cash	1,878,470	1,381,725
Cash equivalents	25,805,709	28,880,873
	<b>\$ 27,684,179</b>	<b>\$ 30,262,598</b>

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



## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

### 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.

#### 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:

	2018	2017
Net book value of tangible capital assets	\$ 17,802,239	\$ 15,920,739
Obligations under mortgage loan	–	(5,502,792)
Investment in tangible capital assets	\$ 17,802,239	\$ 10,417,947

Presentation of prior year balances certain comparative figures have been reclassified to conform to the current year's presentation.





### 3. RELATED-PARTY TRANSACTIONS

Of the Corporation's total revenue, 69.74% (76.2% in 2017) is from the deposits and fees charged and collected by Participants in the selling of their beverages in non-refillable containers.

At December 31, 2018, the accounts receivable balance included \$31,916,826 (\$30,700,121 in 2017) due from the Participants in the normal course of business.

At December 31, 2018, the accounts payable and accrued liabilities balance included \$1,210,116 (\$1,551,573 in 2017) 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

2018	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Land	\$ 3,831,850	\$ -	\$ 3,831,850
Warehouse building	6,895,513	1,695,195	5,200,318
Plant equipment	7,983,192	4,344,141	3,639,051
Warehouse building improvements	3,722,756	759,480	2,963,276
Computer and communication equipment	2,101,194	1,241,819	859,375
Leased land improvements	763,109	376,611	386,498
Leasehold improvements	642,050	615,929	26,121
Office equipment	342,324	321,299	21,025
Assets not yet in use	874,725	-	874,725
	\$ 27,156,713	\$ 9,354,474	\$ 17,802,239

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

Tangible capital assets not yet in use of \$874,724 (\$806,022 in 2017) 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 \$38,717,001 (\$38,222,834 in 2017) 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, 2018. 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, 2018, the outstanding balance of the operating line of credit was nil (nil in 2017).

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

## 7. MORTGAGE LOAN

	2018	2017
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		
Less: current portion	\$ -	\$ 5,502,792
		554,903
Long-Term Portion	-	4,947,889

On May 25, 2018 the principal portion and all interest charges of \$5,273,185 was paid in its entirety discharging the mortgage completely as of that date. As at December 31, 2018 no financial covenants for Corporation were in place.

## 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				
	2018	2017	2018	2017
	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

On May 25, 2018 the principal portion and all interests charges of \$5,273,185 was paid in its entirety discharging the mortgage completely as of that date.

The Corporation is exposed to interest rate risk on its operating line of credit, cash and cash equivalents. 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, 2018, by \$20,885 (\$49,843 in 2017).

### 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, 2018, the Corporation had a net exposure to U.S. currency of C\$4,708,626 (C\$3,486,593 in 2017) represented by US\$3,451,566 (US\$2,779,269 in 2017), 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, 2018, by \$47,086 (\$34,866 in 2017).

## 10. COMMITMENTS

The Corporation has lease commitments for an Edmonton plant, a St. Albert plant, a quality control facility in Edmonton; the adjacent piece of land to the Calgary plant; and other small 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 for Calgary expires in December 2023 and the Corporation has the option to extend the term of the lease for an additional 10 years. The lease for the St. Albert new facility expires February 2029 with two five-year option to extend the lease expiring in February 2034 and February 2039.

Future minimum lease rental payments aggregate \$33,619,337 and the annual lease payments for the next five years and thereafter are as follows:

2019	\$	1,840,158
2020		1,554,387
2021		1,554,387
2021		1,552,455
2023		1,559,696
Thereafter		25,558,254
	\$	<b>33,619,337</b>

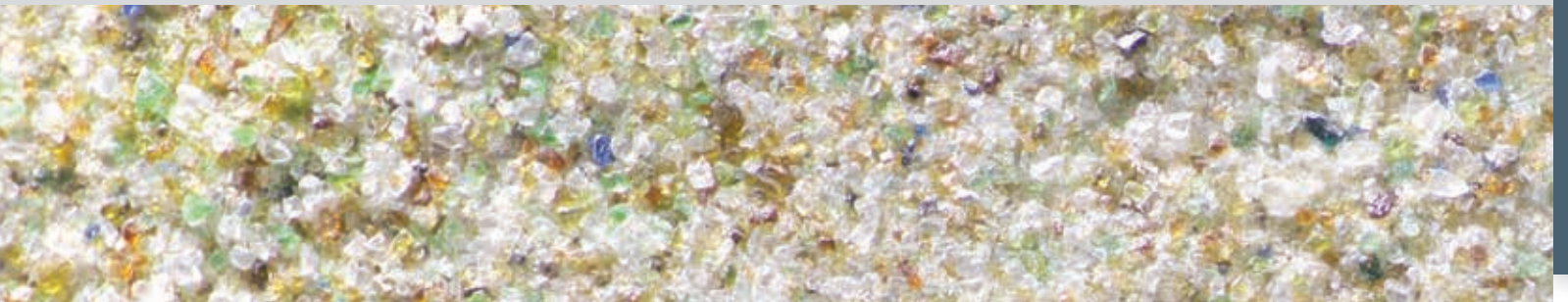


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## ACTIVE MANUFACTURERS AS OF DECEMBER 31, 2018

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52 North Beverages Ltd. | 98951 Canada Inc. / Fort International | 598316 Alberta Ltd. / Culligan Bottled Water | 996660 Ontario Limited (Molisana Imports) | 1117750 Alberta Inc. o/a Serengeti Edmonton | 1272227 Ontario Inc. o/a CDC Foods | 1612133 Alberta Ltd. o/a The Right Water Bottling Co. | 1629321 Ontario Inc. / ITFC Importers & Distributors | 1735221 Alberta Ltd. | 1841082 Alberta Ltd. | 1870437 Alberta Ltd. / Made Foods Inc. | 1991248 Alberta Ltd. | 2028708 Alberta Ltd. | 2127367 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. | Alpine Water Store Ltd. | ASA Import Ltd. | ASM Canada – Sales and Logistics | Abbott Nutrition (Abbott Laboratories Limited) | Acklands-Grainger Inc. | Afod Ltd. | Agropur Cooperative | Allcity Importers Ltd. | All Market Inc. | Altra Foods Inc. | Amway Canada Corporation | Anchor Foods International Ltd. | Annex Ale Project Limited | AquaTerra Corporation | Arctic Chiller Ltd. | Arizona Beverages of Canada, ULC | ASEA Enterprises ULC | Aseptic Brands, LLC | Atkins Nutritionals Inc. | Avalon Dairy Ltd. (267338 BC LTD.) | Awakened Living Inc. o/a The Light Cellar | Baby Gourmet Foods 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 / Fresh Logistics | Boocho Beverages Inc. | Breakthru Beverage Canada Inc. | Brewsters Brewing Company | British Pantry | Brother Choice Foods Ltd. | 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. | Canterbury Coffee Corporation | Car-Net Import & Export Corp. | Casseroles Cora Inc. | Catalia Import Export Inc. | Cheribundi, Inc. | Cherry Pit Inc. | Christmas Natural Foods | Clearly Food & Beverage Company Ltd. | Coca-Cola Canada Bottling Limited | Community Natural Foods Ltd. | Concord Sales Ltd. – B.C. | Core-Mark International, Inc. | Corinthian Distributors Ltd. | Costco Wholesale Canada Ltd. | Country Fresh Water (835318 Alberta) | Cows Inc. | Craftwork Spirits & Beverages Ltd. | Crossmark Canada Inc. / Select Brand Distributors | Cru Juice Inc. dba JUSU Bars | 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. | Ecotrend Ecologics Ltd. | Edoko Food Importers Ltd. | Egy-Can Trade Ltd. | Elco Fine Foods Ltd. | Elite International Foods Inc. | ESKA 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. | Flow Water Inc. | 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. | Hell's Basement Brewery Inc. | High Roller Energy Incorporated | Hilary's Salesmaster Inc. | Hillsboro Corp Inc. o/a True Buch Kombucha | 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. | IKEA Canada Limited Partnership | Impress Foods L.P. | Inform Brokerage Inc. | International Marketing Systems Ltd. | Iovate Health Sciences International Inc. | Italtasta Limited | ITN Food Corporation | ITO EN (North America) Inc. | JC Bunny Bunny Trading Co. Ltd. | JFC International (Canada) Inc. | JR Beverages Ltd. | 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 Because Ltd. | Juice Shop Ltd., The | KO & C Enterprises, Ltd. | Kanada Solutions Inc. | Karma Culture, LLC | Kennelli Springs Ltd. | Kerry (Canada) Inc. | KMotionMall





Ltd. | Kohl & Frisch Limited | Kombuchers Brewery | Korea Food Trading Ltd. | 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 | Lekiu 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. | MCBSW Creative Services Inc. | MGA Management Ltd. | MW (Canada) Federal Ent. Ltd. | Malinda Distributors | Mamma Chia | Martin Brower of Canada | McClelland Premium Imports Incorporated | McKesson Canada Corporation | 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 | Mye Canada Inc. | 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. (Sent to BCMB 7/06/18) | Nu-Market Ltd. | Nutrifresh West Ltd. | Nutrisoya Foods Inc. | Nutrition Club O/A (1852884 Ontario Inc.) | Nutrition Excellence | Nutrition Zone Products Inc. (736027 Alberta Ltd.) | Ocean Spray International Inc. | Office General des Eaux Minerales Ltee (OGEM) | Ontario Natural Food Co. / Black River Juice | Orana Canada Inc. | Otis McAllister, Inc. | Overwaitea Foods | P.A. Fine Foods & Distributors Ltd. | PKE Water Store & More | Pacific Bottleworks Company | Pacific Western Brewing Company Ltd. | Pak National Foods 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) | Pilotsfriend West Inc | Pinnacle Distribution Inc. | Pom Wonderful | Pratts Ltd. | Precision Design & Manufacturing | Premier Brands, Ltd. | Premier Nutrition Corporation | Premium Near Beer Ltd. dba Partake Brewing | Pressed Juicery, LLC | Purearth Organics Inc. | Puresource Inc. | Pure Water Oasis 2013 | Purity Organic | RE7 Global Industries Inc. | RW Consumer Products Ltd. | Rafters Home StorevRajdoot Imports Ltd. o/a United Distributors of Canada | Red Apple Stores Inc. | Red Bull Canada Ltd. | Red Deer Bottling | Refined Management Inc. | Refresco Canada Inc. | Reinhart Foods Limited | Retro Soda | Rexall / Pharma Plus Pharmacies Ltd. | Ripple Foods, PBC | Ripple FX Water Inc. | Roar Beverages Canada Corp. | 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. o/a Dovetale Collections | SA Meat Shops Inc. | Safari Meat Shops Inc. | Santa Maria Foods Corp. | Saputo Dairy Products | Saveurs Balatti Inc. / Balatti Flavors 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. | Station Cold Brew Coffee Co. Inc. | Steve & Dan's Fresh B.C. Fruit Ltd. | Sun Orchard, LLC | Sunrise Markets Inc. | SunRype Products | SunRype Products (USA), Inc. | Sunterra Quality Food Markets Inc. | Superior Natural ULC | Sweet Fusion / Yuzda Investments Inc. | Sysco Food Services of Calgary | T-Brothers Food and Trading Ltd. | T & T Supermarket Inc. | TDL Group Limited, The | TFB & Associates | TFI Foods Ltd. / Les Aliments Ltee | 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, Large & Singer Inc. | Ti Foods (Thai Indochine Trading Inc.) | Tindle Marketing Inc. | Tonsell International Inc. | Tree of Life Canada, ULC | Tree Top, Inc. | Tri-Pure Water Ltd. | Trivita Living, Ltd. | Troubled Monk Brewery Ltd. | UAI Canada Imports Inc. | UNFI Canada Inc.-Grocery West | Ultima Foods Inc. | Uno Foods Inc. | Untapped Trading Incorporated | Usana Canada Co. | Vancouver Water Enterprises Canada Co., Ltd. | Van Dyk's Health Juice Products Ltd. | Vergers Paul Jodoin Inc. | Veritiv Canada, Inc. | Village of Edgerton / West Coast Canning | Vita Health Products Inc. | Vital Green Farms | Wallace & Carey Ltd. | Walmart 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. (Happy Belly Kombucha) | Wild Brewing Company | 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 | YYoung Water Limited | Zevia, LLC



# Glossary of Terms

## ABCRC

Alberta Beverage Container Recycling Corporation

## ABDA

Alberta Bottle Depot Association

## BCMB

Beverage Container Management Board

## Beverage Container

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

## 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 221 as of December 31, 2018, collection sites that refund deposits paid by consumers for Beverage Containers when returned to that depot

## EPR

Extended Producer Responsibility. An environmental policy approach in which a producer's responsibility for a product

is extended to the postconsumer stage of a product's life cycle. EPR programs share one fundamental characteristic: producers and/or distributors are involved in the postconsumer 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)*

## ESD

Electronic Smoking Device

## GRI

Global Reporting Initiative

## HDPE

High-Density Polyethylene, or Plastic #2, is a type of plastic commonly used in milk jugs, water and juice Beverage Containers

## PET

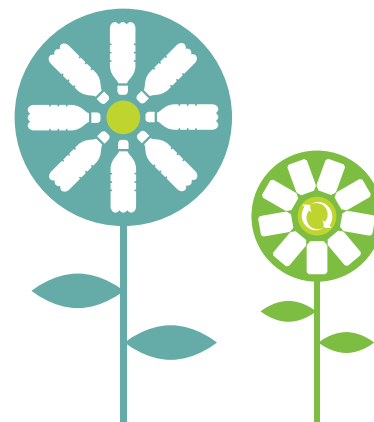
Polyethylene Terephthalate, or Plastic #1, is a type of clear plastic that is most commonly used in water bottles or other clear plastic Beverage Containers

## PP

Polypropylene, or Plastic #5, is a tough waterproof plastic resistant to heat. It is most commonly used in plastic bottle caps

## Regulation

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





# 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 manufacturers<sup>1</sup> to operate the Common Collection System, to be responsible for recycling Beverage Containers, to 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 221 independently owned Depots located throughout Alberta. ABCRC outsources 100 per cent 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.

<sup>1</sup> 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 2018.

### REPORTING PERIOD

ABCRC's 2018 Sustainability Report is limited in scope to performance between January 1 – December 31, 2018.

### CONTACT PERSON

Lori Koebel, Communications and Marketing Manager  
(403) 264-0170 EXT: 223 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

2018 Sustainability Report.

Without everyone's hard work

and diligence, these results

would not have been possible.

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
2.2	681	0.9	3	424
fully grown	litres	million BTU	kilograms	kilograms

Environmental impact estimates were made using the Environmental Paper Network Paper Calculator Version 4.0  
For more information visit [www.papercalculator.org](http://www.papercalculator.org)  
FSC® is not responsible for any calculations on saving resources by choosing this paper.



# abcrc



ENVIRONMENTAL STEWARDSHIP

SOCIAL STEWARDSHIP

ECONOMIC STEWARDSHIP

FINANCIAL STEWARDSHIP