

Carbon Neutral Action
Report

2016-2017



Message from the VP

Social Responsibility and Communications

At BCLC, our stakeholders include our employees, our players, the public and the Province. We strive to be open and honest with all of them about our successes, as well as our challenges, so that we can build trust and accountability in what we do.

We are committed to following internationally recognized best practices in sustainability reporting, and this year our key social responsibility performance metrics have received independent third-party assurance to provide additional confidence in the accuracy of the information contained in this report. As well, this assurance exercise will help us continually improve our reporting and data collection processes to ensure the proper checks and balances when it comes to measuring and reporting on our performance in this area.

We know that being transparent about our business is a key element of building public trust. That is why whenever we are seeking to build a new gambling facility, our first step is to reach out to potential host local governments through our expression of interest (EOI) process to see if hosting a facility fits into their long-term vision. In addition, we feel it is important to better understand the potential impacts, both negative and positive, that a new gaming facility might have on a host community. As such, we are working with independent experts and the public health community to adapt and customize a Health Impact Assessment model to help compliment and inform our EOI and host local government selection process.

Creating the space for dialogue about our business is important. Every year, we attend municipal government conferences across the province and host the New Horizons in Responsible Gambling Conference. Events such as these provide a platform for people to ask us questions about our business and the gambling industry. In turn, we have the opportunity to learn more about the communities in which we operate and share best practices with others in the industry. Ultimately, these activities inform how we can best serve communities and our players.

BCLC is a diverse organization made up of people with various backgrounds, perspectives and abilities – that is what makes our organization so incredibly dynamic. Over the past year, we have been working to formalize a Diversity and Inclusion strategy. This will allow us to more openly embrace difference and build upon the great practices that we already have in place. We want to ensure we draw upon the diverse perspectives of our employees so that we can continue to provide benefits to B.C. for years to come.

Sincerely,

Susan Dolinski
VP, Social Responsibility and Communications

“
Being a good corporate citizen starts by listening to your stakeholders.”

BCLC at a Glance

We are a Crown corporation with the exclusive authority to conduct and manage lottery, eGaming, bingo and casino gambling entertainment on behalf of the Province of British Columbia. We entertain customers with a chance to dream and have fun, while delivering important revenue to the Government of B.C. to support health care, education, social programs and charitable organizations.

We bring fun to life through national and provincial lotteries sold at approximately 3,500 retail locations and over 12,800 slot machines, 500 table games and bingo play at 43 venues. These games and more are also available through PlayNow.com, the province's only regulated online and mobile eGaming channel.

Today we employ a team of approximately 920 people across British Columbia and our two offices located in Vancouver and Kamloops. Whether our employees work in sales, marketing, distribution, finance, administration or information technology, our teams work together to collaborate and deliver cutting edge innovative entertainment offerings. Our people are proud knowing that when they come to work, they're helping to generate revenue for public good in B.C. – whether it's funding for a local soccer field, a charity, education or a healthcare program. Since 1985, we have generated \$20 billion for the benefit of British Columbians.



“ We care about our environmental impact and encourage sustainability among our employees, service providers, retailers and stakeholders. ”

Carbon Neutral Action

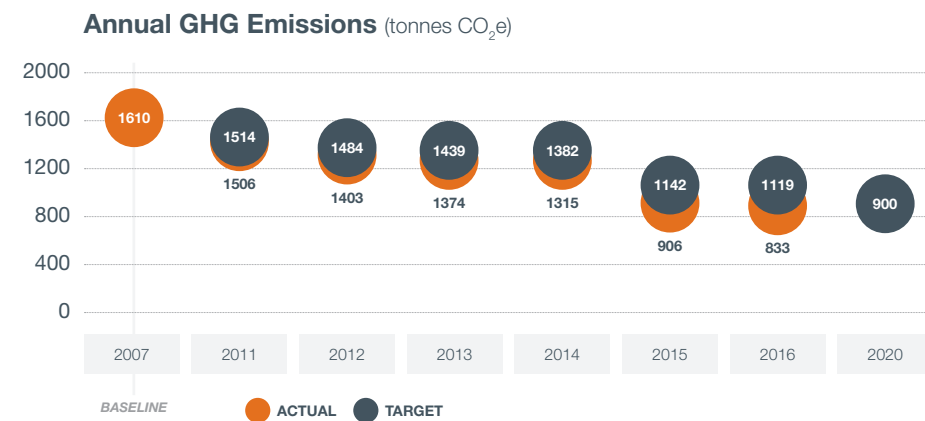
At BCLC, we've been carbon neutral since 2009 and we're proud to be part of the Carbon Neutral Government in the Province of British Columbia. All of our environmental sustainability initiatives have a goal of reducing our overall carbon footprint, which includes greenhouse gas (GHG) emissions from our building energy consumption, fleet vehicles and office paper usage.

We also track our office building waste diversion rates and pay fees on the amount of paper sold as lottery tickets to fulfill environmental product stewardship commitments. This section reports on our environmental sustainability activities and performance from the 2016 calendar year (January 1 to December 31, 2016).

Greenhouse Gas Emissions

Overall, our reportable GHG emissions decreased by eight per cent in 2016 to 833 tonnes of carbon dioxide equivalent (tCO₂e). This decrease is due in large part to warmer spring and fall temperatures in Kamloops, resulting in reduced office building heating requirements. Paper usage also fell in 2016, while we increased the use of fleet cars for trips between Kamloops and Vancouver in an effort to reduce travel costs from flights.

BCLC has purchased 831 offset credits as two tonnes of our carbon footprint is deemed biogenic and part of the natural carbon cycle.



2016 Reportable GHG Emissions:

Emissions Source	2015	2016	% Change
Natural Gas	747	661	-12%
Electricity	91	86	-5%
Fleet Gas	34	51	+50%
Office Paper	29	27	-7%
Diesel Generators (back-up)	6	7	+17%
Fugitive Sources	0	0	-
Total Declared Emissions	906	833	-8%

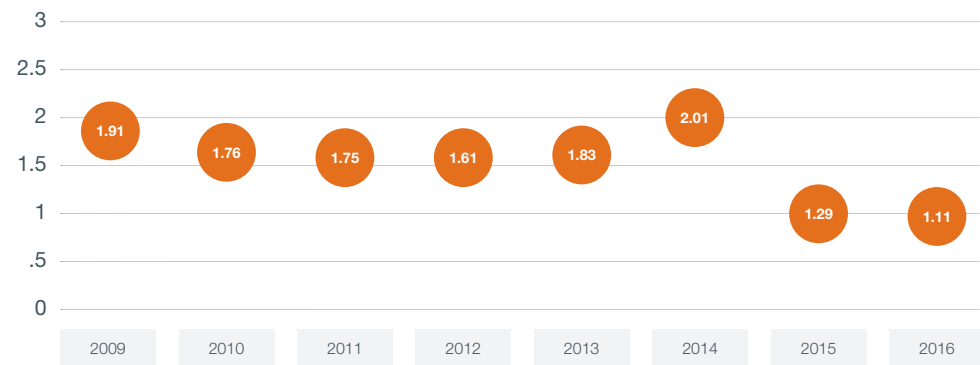
(All values are in tonnes carbon dioxide equivalent - tCO₂e)

Summary of Activity Data

YEAR	2009	2010	2011	2012	2013	2014	2015	2016
Natural Gas (GJ)	16,525	15,435	16,263	15,533	16,240	16,901	15,092	13,260
Electricity (GJ)	29,254	30,441	31,784	33,576	33,783	32,889	32,522	28,712
Fleet Gas (L)	232,716	211,846	175,518	149,208	160,979	121,027	14,017	21,030
Office Paper (packets)	7,930	7,444	6,999	4,952	5,973	6,133	4,616	3,740

Our Carbon Neutral Action Report (CNAR) is a required submission for the Government of British Columbia under the Greenhouse Gas Reduction Targets Act. More information can be found on the B.C. Climate Action Secretariat's [website](#).

GHGs per Employee (Tonnes CO₂ eq.)



Note: December 2010 to June 2011 BCLC was still responsible for vacated floor space in Richmond.

Actions Taken to Reduce Greenhouse Gas Emissions in 2016

Buildings

Currently, natural gas consumption in our Kamloops office building accounts for 75 per cent of our overall carbon footprint. However, heating energy requirements will be reduced through our plans to modernize and/or replace the Kamloops location with a LEED Gold-compliant office building in the coming years. In 2016, natural gas consumption decreased in our offices by 12 per cent, largely due to warmer weather in the spring and fall of 2016. Electricity also decreased by 12 per cent due to reduced power demand from our data centre and enhanced employee awareness. In Kamloops, we continued our ongoing evergreen program in the data centre that is converting legacy equipment to higher density and solid state storage to reduce power consumption. As well, employee awareness initiatives keep our power demand low, which include decals in all meeting rooms to remind staff to turn off the lights, drawing blinds in the summer months to help keep buildings cool at night and over weekends, as well as reminders on hallway monitors for staff to turn off computers when leaving work.

Fleet Gasoline

After our major fleet reduction initiative in 2014, we now operate seven hybrid vehicles and one gasoline delivery van. Since last year, we consumed 50 per cent more gasoline due to a cost containment measure that encouraged staff to drive fleet cars between Kamloops and Vancouver instead of taking flights between our two offices. When travel between offices is necessary, carpooling is encouraged and both of our offices are equipped with video-conferencing equipment to help reduce our fleet emissions as much as possible.

Office Paper

In 2016, our paper consumption reduced by seven per cent as compared to 2015, representing a general trend towards digital forms of communications. Corporate reports are posted online, and information is commonly presented on-screen in meetings instead of using print-outs. When hard copies are necessary, default settings on printers are set to double-sided printing.

Waste Management

In-house waste reduction and recycling programs:

Recycling and composting programs are in place in both corporate facilities to handle multiple waste streams responsibly including landfill garbage, organics, mixed container recyclables, office paper and unsold ticket inventory. In 2016, our waste diversion rates were:



Our Kamloops diversion rate increased in 2016 since the composting program was in place for a full year, compared to only the last quarter of 2015 when we became the first company in the city to implement office composting. The Vancouver diversion rate includes the shredding of unsold Scratch & Win tickets and was unchanged from the previous year.

Some of the initiatives in place to keep our diversion rates high include:

- Reusable mugs, silverware and ceramic plates used in our cafeterias.
- Centralized waste stations throughout the offices, eliminating garbage bags used to line waste buckets at each workstation.
- Large recycling buckets and small garbage containers at each workstation to encourage the reduction of landfill waste.

Recycling Stewardship Programs

We are a steward of two provincial programs that help us meet our obligations for B.C.'s Recycling Regulation – Electronic Products Recycling Association (EPRA) and Multi-Material British Columbia (MMBC). In 2016, we recycled 255 tonnes of electronic equipment through the EPRA program, including slot machine parts, computers, and lottery equipment.

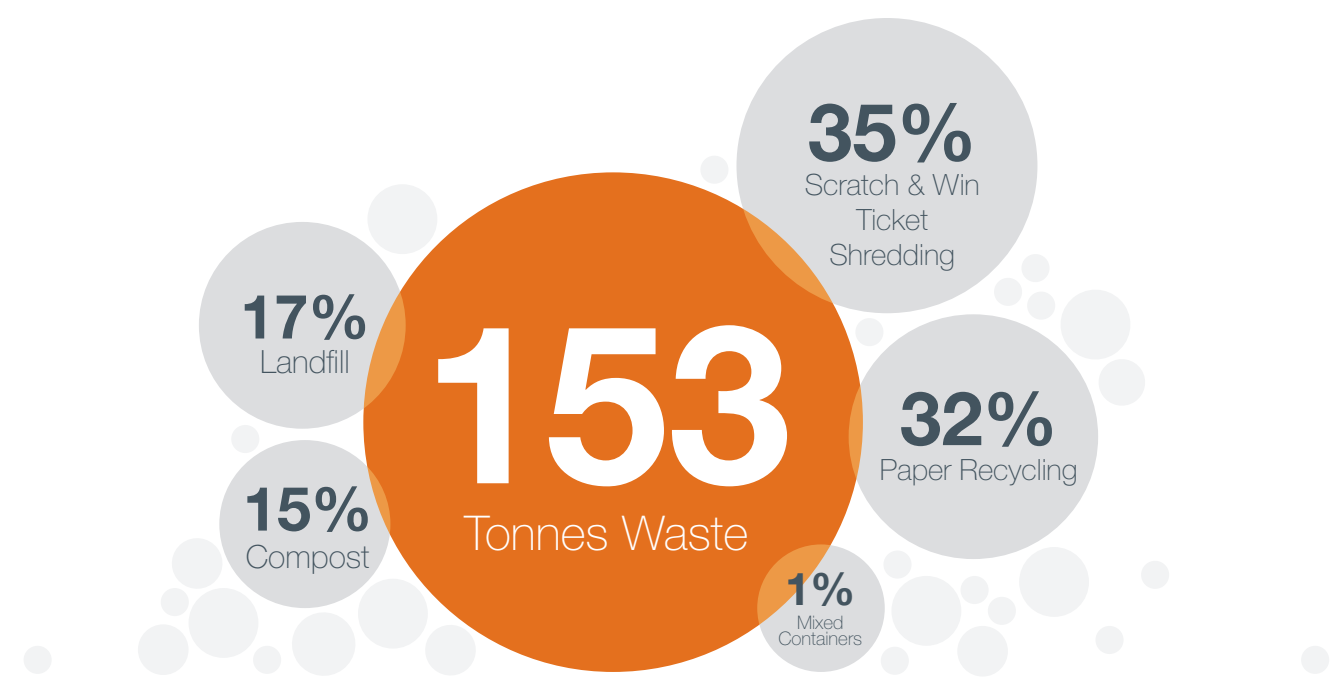
As a registered B.C. Environmental Product Steward, we file reports with MMBC on the amount of paper sold as lottery and scratch tickets, in addition to other paper and packaging materials used by our business. Fees that we pay on these amounts help fund downstream waste management and recycling programs. In 2016, we reported more than 570,000 kilograms of paper and packaging material, as follows:

Materials	Amount in Tonnes
Lottery ticket paper	288.3
Instant tickets (Scratch & Win, pull tabs)	282.3
Other Paper and Packaging	1.7
Total	572.3



Environmental Remediation at the New Kamloops Office Site

Our current head office in Kamloops is over 50 years old and we are in the process of assessing a long-term solution to develop an open, flexible, accessible and environmentally friendly office space. As a result, we have conducted an environmental assessment of BCLC owned properties and immediately adjacent lands to understand the migration of any contamination from prior businesses that included laundry cleaners and battery operators among others. We are now developing a remediation strategy to address contamination migration.



Plans to Continue Reducing Greenhouse Gas Emissions in 2017-18

Our reportable greenhouse gas emissions decreased from 906 tonnes in 2015 to 833 tonnes in 2016. This is well below our target of 1,119 tonnes for 2016-17. Reportable greenhouse gas emissions remain a distinct corporate performance measure that we continuously track. Our focus will be to reduce energy use at our two offices, and in particular the data center, where additional energy saving measures are planned, such as possibly using cloud services to reduce the number of servers on-site. Having already met our goal of reducing emissions by 33 per cent by 2020, we will look for incremental efficiencies to further lower emissions, including encouraging employees to make sustainable choices every day.

Green Committee Initiatives

Our company has an active employee-driven Green Committee that helps raise awareness of environmental issues and engages staff in activities designed to promote environmental consciousness. Following were our key initiatives from 2016:

Earth Day 2016 – Every year, leading up to Earth Day on April 22, our green committee conducts a week of fun and engaging awareness building activities. This includes trivia and tip sharing on how employees can make more sustainable choices both at work and in their personal life and screening insightful documentaries.

United Way Day of Caring – The Green Committee at the Kamloops office participated in a United Way Day of Caring and helped the Boys and Girls Club to build planter boxes to create more space to grow and harvest vegetables in their courtyard. Boys & Girls Club is an organization whose mission it is to provide a safe, supportive place where children and youth can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life.

Commuter Challenge – This is a week long event during the Canadian Environmental Week to encourage people to use active and sustainable forms of transportation instead of driving the car. It is organized by the non-profit ‘Commuter Challenge’ as a friendly competition between Canadian cities and workplaces. Diverse modes of transportation such as walking, cycling, carpooling/ride-sharing, taking transit and telecommuting are all rewarded with prizes like bike tune-ups, gear and gift certificates.

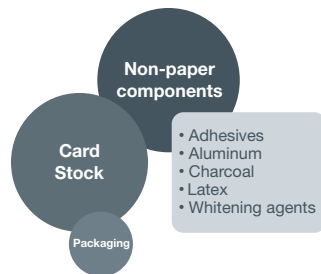
Neighbourhood Cleanups - Our Green Committee members have led numerous initiatives over the past year including ‘Adopt-a-Road’ and ‘Keep Vancouver Spectacular’ events, where volunteers in each office spend a few hours at lunch to clean up the streets around their respective offices.

Scratch & Win Lifecycle

Ever wonder what's in a Scratch & Win ticket? This past year, we wanted to answer that question, and find out where our unsold tickets go after they're shredded. By studying the life cycle of Scratch & Win tickets, we have confirmed that they don't contain any toxic materials, and we found out our unsold tickets are ultimately used in the manufacturing of recycled paper towels and other paper products.

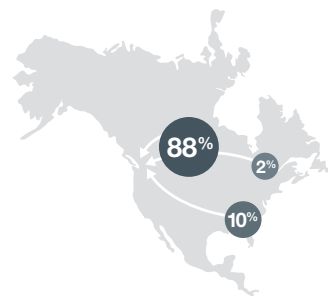
1 Raw materials

There's more to a Scratch & Win ticket than meets the eye! Eight different materials are layered into the ticket to ensure opacity, security, integrity of the game and to ensure you have a quality experience.



2 Manufacturing & distribution

Our main ticket supplier is Pollard Banknote in Winnipeg, Manitoba. We also purchase tickets from two other suppliers in Lakeland, Florida and Montreal, Quebec. All tickets are shipped to BCLC's Vancouver warehouse by truck.



3 Consumer use

From our warehouse, tickets are trucked to over 3,500 retail locations throughout B.C. Each quarter, our lottery retailers have an opportunity to send back unsold tickets for us to dispose of responsibly.



4 End of life

BCLC pays fees on all the tickets we sell, which helps fund waste management services in B.C. All unsold tickets are sent to Iron Mountain's shredding facility in Burnaby, B.C. where they undergo a secure shredding process in which a security guard witnesses the unboxing and shredding of every single ticket.



Head Office

74 West Seymour Street
Kamloops, B.C. V2C 1E2
Telephone: 250.828.5500
Fax: 250.828.5631

Vancouver Office

2940 Virtual Way
Vancouver, B.C. V5M 0A6
Telephone: 604.215.0649

Consumer Services

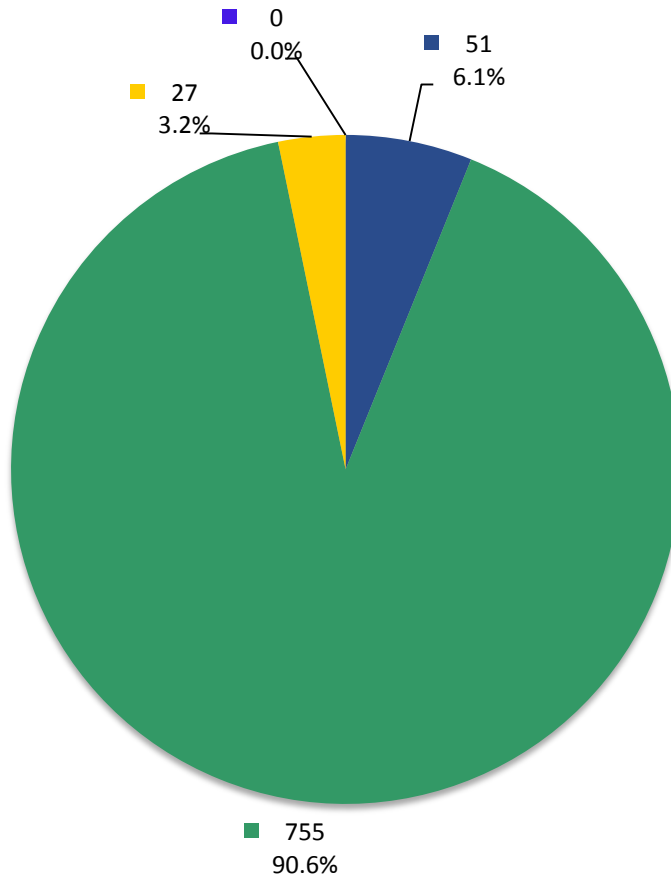
Telephone: 1.866.815.0222
consumerservices@bclc.com
BCLC's Service Plan is available at
bclc.com/service-plan
Use your GameSense
GameSense.ca



play it forward



**BC Lottery Corporation
Greenhouse Gas Emissions by Source
for the 2016 Calendar Year (tCO₂e*)**



Total Emissions: 833

- Mobile Fuel Combustion (Fleet and other mobile equipment)
- Stationary Fuel Combustion (Building Heating and Generators) and Electricity
- Supplies (Paper)
- Fugitive Sources

Offsets Applied to Become Carbon Neutral in 2016 (Generated May 16, 2017 9:53 AM)

Total offsets required: **831**. Total offset investment: **\$20,775**. Emissions which do not require offsets: **2** **

*Tonnes of carbon dioxide equivalent (tCO₂e) is a standard unit of measure in which all types of greenhouse gases are expressed based on their global warming potential relative to carbon dioxide.

** Under the *Carbon Neutral Government Regulation of the Greenhouse Gas Reduction Targets Act*, all emissions from the sources listed above must be reported. As outlined in the regulation, some emissions do not require offsets.

2016 Carbon Neutral Action Report Survey

Part One (external)

Contact Name(s):

Patrick Cloutier

Organization Name:

BCLC

Please select your sector:

- Crown Corporation

1) Stationary Sources (Buildings, Power Generators): Fuel Combustion, Electricity use, Fugitive Emissions.

During 2016, did your organization take any of the following actions to support emissions reductions from buildings?

Select all that apply

- Other actions? Please describe briefly.: While we haven't started construction, BCLC plans to convert our Kamloops office building to LEED Gold standards either as a retrofit or a new building. We continued our ongoing evergreen program at our data centre in Kamloops, that is converting legacy equipment to higher density solid state storage to reduce power consumption. As well, employee awareness initiatives keep our power demands low, which include decals in all meeting rooms to remind staff to turn off the lights, drawing blinds in the summer months to help keep buildings cool at night and over weekends, as well as reminders on hallway monitors for staff to turn off computers when leaving work.

Briefly describe your organization's plans to continue reducing emissions from its stationary sources in future years.

Reducing energy use at our offices will continue to remain our focus, and in particular our data center, where additional energy saving measures are planned, such as possibly using cloud services to reduce the number of servers on-site. Furthermore, our current head office in Kamloops is over 50 years old and we are in the process of assessing a long-term solution to develop an open, flexible, accessible and environmentally friendly office space. This new office space will be LEED Gold compliant as either a retrofit or new build. As a result, we have conducted an environmental assessment of recently acquired lands adjacent to the existing building to understand the extent of contamination from prior businesses, including a dry cleaner. We are now developing a remediation strategy to address any contamination migration.

During 2016, did your organization participate in utility-sponsored energy demand management program(s) (e.g. BC Hydro's Energy Management (Manager))?

No

If yes, please describe briefly:

Not Applicable

2) Mobile Sources (Vehicles, Off-road/Portable Equipment): Fuel Combustion.

During 2016, did your organization take any of the following actions to support emission reductions from its mobile sources?

Select all that apply

-
- Other actions? Please describe briefly.: After a major fleet reduction initiative in 2014, we operated seven hybrid vehicles and one gasoline delivery van in 2016. When travel between our offices in Kamloops and Vancouver is necessary, employees are encouraged to drive with co-workers rather than fly, due to cost containment measures. Carpooling is encouraged and both of our offices are equipped with video-conferencing equipment to avoid travel as much as possible.
-

Briefly describe your organization's plans to continue reducing emissions from its mobile sources in future years.

Fuel efficiencies of potential new vehicles are analyzed to support procurement decisions, in order to reduce emissions from our fleet vehicles.

3) Supplies (Paper):

During 2016, did your organization take any of the following actions to support emissions reductions from paper supplies?

Select all that apply

- Other actions? Please describe briefly.: Corporate reports are posted online, and a reduced number of Annual Report and Social Responsibility Report hard copies were printed on recycled paper in 2016. Email signatures include a reminder to only print emails when necessary, and employees are encouraged to present on-screen in meetings instead of using print-outs. When hard copies are necessary, default settings on printers are set to double-sided printing. Our employee driven Green Committee also conducts awareness activities leading up to Earth Day every year, sharing how employees can make more sustainable choices.
-

Briefly describe your organization's plans to continue reducing emissions associated with its office paper use in future years.

In 2016, our paper consumption reduced by seven per cent as compared to 2015, representing a general trend towards digital forms of communications. We will continue to encourage employees to use these alternate means of communication and use recycled paper for printing corporate reports.

4) Other Sustainability Actions:

Business Travel:

During 2016, did your organization take any of the following actions to support emissions reductions from business travel?

Select all that apply

- Encouraged or allowed teleworking or working from home
- Other, please describe briefly: When travel between our offices in Kamloops and Vancouver is necessary, employees are encouraged to drive with a co-worker rather than take a flight, due to cost containment measures. Carpooling is encouraged and both of our offices are equipped with video-conferencing equipment to avoid travel as much as possible.

Education Awareness:

During 2016, did your organization have any of the following programs or initiatives to support sustainability education and awareness?

Select all that apply

- Green, Sustainability or Climate Action Team
- Support for professional development on sustainability (e.g. workshops, conferences, training)
- Supported or provided education to staff about the science of climate change, conservation of water, energy and/or raw materials

Other Sustainability Actions:

During 2016, did your organization have any of the following programs or initiatives to support sustainability?

Select all that apply

- An operations policy or program to facilitate the reduction and diversion of building occupant waste (e.g., composting, collection of plastics, batteries) from landfills or incineration facilities
- Green procurement standards for goods (e.g., office furniture, etc.)
- Other, please describe briefly: Organization wide composting: For many years the Vancouver office has offered composting in our cafeteria and all coffee stations, which has helped keep our diversion rates near 90%. 2016 was the first full year that we had a composting program in place at our Kamloops office. BCLC commissioned the first vendor in the city to collect office compost. Through this program, we have been able to divert more waste away from landfill.