

Carbon Neutral Action Report

2018



Message from the President and CEO

As the Crown corporation entrusted to conduct and manage gambling for the benefit of British Columbians, how we operate our business is as important as the results we achieve. It's about more than generating gambling revenue; it's about generating that revenue in a responsible way.

This has been a significant year for our organization. In June 2018, the Government of B.C. released Dr. Peter German's review of B.C.'s anti-money laundering policies and practices in Lower Mainland casinos. We are actively working with the Province and others in the system, such as our regulators and law enforcement, to address the recommendations made by Dr. German. We are mandated by the Province to manage the commercial gambling business and are committed to protecting our industry and restoring the trust of the people of B.C.

This year we evolved our player health strategy, which helps guide how we operate and the decisions we make as a business. In addition to continuing to provide information to players so they can make informed decisions, the strategy focuses on proactive measures to make it easier for players to adopt safe play practices, evolve the way products are designed and delivered and to assist players to seek help when needed.

As a public sector organization, we have an obligation to lead the way and help reduce the impact of climate change. Every year we strive to achieve carbon neutrality through the purchase of carbon offsets to help fund projects that

reduce greenhouse gas (GHG) emissions. We are also aligned with the commitments the Province of B.C. has made in its CleanBC plan, to help us achieve a cleaner future together. In accordance with the future plans of CleanBC, we are prepared to take action and make further progress to reducing climate-related risks.

I am excited about the year ahead and the potential to do better under the guidance of a new corporate strategy. Embedding sustainability into how we operate will always be a continual process. While we continue to learn and make strides in this regard, I'm proud of our efforts and results from this past year.

A handwritten signature in black ink, appearing to read 'Jim Lightbody', written in a cursive style.

Jim Lightbody
President and CEO

This Carbon Neutral Action Report, for the period January 1st, 2018 to December 31st, 2018, summarizes our emissions profile, the total offsets to reach net-zero emissions, the actions we have taken in 2018 to reduce our greenhouse gas emissions and our plans to continue reducing emissions in 2019 and beyond.

By June 30, 2019 BCLC's final Carbon Neutral Action Report will be posted to our website at www.bclc.com.

Overview

BCLC remains committed to supporting the Government of British Columbia's new climate plan, as outlined in the BCLC Mandate Letter from Attorney General David Eby, dated December 12, 2018. The BCLC goal is to augment this program and service objectives through economic growth powered by clean, renewable energy where possible and by supporting technological innovation. To this end, BCLC is looking to maximize efficiencies in workspaces, increasing the digitalization of documents and processes, leveraging video conferencing technology to reduce travel and by engaging vendors (food services and print services) to support better waste management and reduced office product consumption. BCLC also continues to look for ways to encourage its employees to pursue sustainable practices. Lastly, BCLC continues to engage with external advisors in reviewing and validating the organization's environmental performance on a yearly basis.

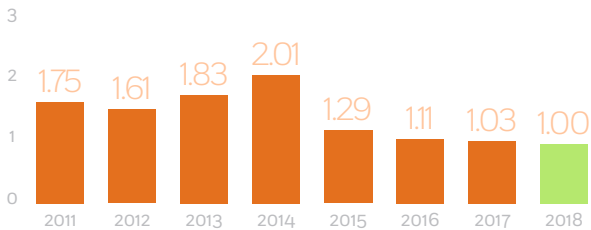


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We will be purchasing 905 tonnes CO₂e of offset credits to fully offset emissions produced by BCLC in 2018. Two and a half tonnes of our carbon footprint is deemed biogenic and part of the natural carbon cycle, thus it is not accounted for offset credits.

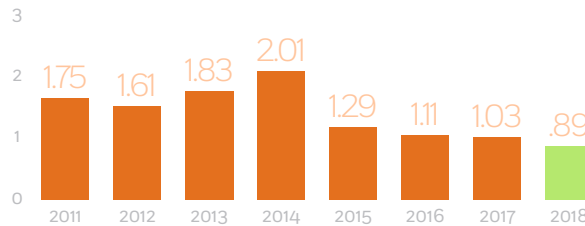
BCLC's overall emissions decreased by six per cent in 2018, bringing the GHGs per Employee (tCO₂e) down from 1.03 in 2017 to 0.89. While BCLC initiatives and projects played a significant role in bringing emissions down in 2018, the main contributing factor was lower consumption of natural gas for heating associated with a shorter and warmer winter.

ANNUAL GHG EMISSIONS (CO₂E TONNES)

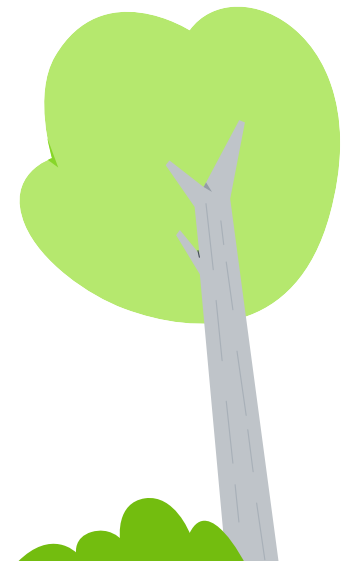


Note: December 2010 to June 2011 BCLC was still responsible for vacated floor space in Richmond.

GHGS PER EMPLOYEE (CO₂E TONNES)



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



2018 REPORTABLE GHG EMISSIONS

Emissions Source	2017	2018	% Change
Natural Gas	758	711	6%
Electricity	79	77	3%
Fleet Gas	74	72	3%
Office Paper	24	24	-%
Diesel Generators (back-up)	8	8	-%
Fugitive Sources	21	15	29%
Total Declared Emissions	965	907	6%

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

SUMMARY OF ACTIVITY DATA

Year	2011	2012	2013	2014	2015	2016	2017	2018
Natural Gas (GJ)	16,263	15,533	16,240	16,901	15,092	13,260	15,205	14,248
Electricity (GJ)	31,784	33,576	33,783	32,889	32,522	28,712	26,209	25,827
Fleet Gas (L)	175,518	149,208	160,979	121,027	14,017	21,030	30,388	29,361
Office Paper (PKG)	6,999	4,952	5,973	6,133	4,616	3,740	3,328	3,548

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.

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Electricity Consumption at Kamloops Data Centre

In recent years, including 2018, BCLC has achieved a steady decrease in consumption of electricity in our Kamloops data centre and we anticipate this trend to continue in the years to come. This represents a significant achievement for BCLC from a sustainability point of view, given that the data centre accounts for a large portion of our total electricity consumption in Kamloops.

This decrease in consumption is due to three main trends:

1. Replacement (or “ever-greening”) of legacy data centre servers, storage and network: Replacing legacy equipment with alternatives that are more efficient and denser in storage, typically in a four to five-year cycle. This results in fewer physical devices to achieve the same or better performance. Of all the trends, the ever-greening process has the highest impact on the decrease in data centre power consumption.
2. Virtualization: Having a single server perform multiple processes requires servers and also less power and cooling.
3. Cloud migration: Strategically utilizing cloud based applications that do not require in-house server equipment. Within the next few years there are plans to migrate thousands of non-production processes to the cloud, which could result in a dramatic decrease in data centre power consumption.

Additionally, a decrease in data centre server loads results in reduced cooling demands. Because of this decrease, the server room can now be serviced by four of our six data centre cooling units. The two standby units rotate in and out

cooling rotation on a weekly basis. Five years ago, all cooling units needed to be online and constantly cooling the data centre.

¹Shred-it is a document destruction company that provides paper shredding and recycling services of their customers' confidential information. Shred-it's shredding and recycling program provides certification to program participants of the number of trees (based on metric tonnes) that are saved from destruction by using Shred-it's services.

²The digitizing of records involves copying existing physical records to digital form, or eliminating paper records in favour of “born digital” records

Office Paper

Through our participation in the Shred-it shredding and recycling program we saved 1,941 trees from destruction in 2018 (equivalent to 103 metric tons) and diverted 262 cubic meters of landfill.

As part of our ongoing efforts to reduce consumption of office paper, we are currently engaged with Ricoh on a multi-function product (MFP) refresh that includes a feature which enables print jobs to be held in a queue until released by the sender while at the printer. With this feature, we expect to be able to eliminate print jobs that are sent to the printer and never picked up.

Since 2016, we have reduced by 4% the number of boxes of BCLC paper records held in offsite storage, mainly as the result of increased destruction activities when records reach end of life. Looking forward, we expect to see a continued decrease in both offsite storage and overall paper consumption as the result of ongoing efforts to digitize a greater share of BCLC records. For example, BCLC has a Records Management program that will be initiating an internal training and awareness campaign for the 2019/20



fiscal year centered on new legislative requirements to digitize records which we expect to come into force by September 2019. Although the primary goals of digitizing records are not to eliminate or reduce paper, BCLC does expect a reduction in paper consumption as a logical outcome of converting to digitized records over time.

Our Business Centre remains committed to working with all areas of the business on reducing the amount of paper consumption both now and in the years ahead.

Converting to LED light fixtures

In 2018, we continued with an initiative from the previous year that aims to gradually reduce electricity demand in the Vancouver office for lighting by replacing lights with halide LEDs, on an as-needed basis. In 2018, the Vancouver office replaced five 400 W metal halides with 28 W Natural T5 LED fixtures. The new LEDs are approximately 1/4 of the wattage of the original lights.

Green Initiatives

In 2018, BCLC conducted several employee-led initiatives and projects aligned to its efforts of being more energy efficient and reducing its corporate greenhouse gas (GHG) emissions.

Strengthening communities through recycling

For several years now, a Kamloops based employee has demonstrated what it means to make BCLC a more sustainable workplace. Of her own accord, Mary S. has been taking all the refundable containers like pop cans, juice boxes and water bottles across the entire Kamloops office and bringing them to one of the local recycling depots for

proper sorting. The money from the return is then donated to a local charitable organization. In the past year, Mary has collected over 11,000 recyclable items and donated \$600 to the Kamloops Sexual Assault Centre.

Skype for Business

In 2018, we launched our Skype for Business project, which forms part of a long-term road map to provide an improved collaboration toolkit for our employees. This will support our employees in the field, employees who may choose to work from home, and employees and vendors in different offices who may now choose to use these new tools instead of traveling to meet face to face. As we continue with our collaboration roadmap, we anticipate that the ability to collaborate through technology will improve and therefore the need to travel in certain scenarios will decrease.

Single Use Coffee Cup Challenge

In 2018, our Green Committee organized a two week Single Use Coffee Cup Challenge to help reduce the amount of single use plastics that end up as litter on city streets, parks and other public spaces. Employees who participated received a reusable Starbucks cup that they were encouraged to use if they bought coffee at Starbucks during the two week challenge. When it concluded, participants were asked to provide feedback to the Green Committee, including how many times they used their reusable cup and ideas on how to make it more convenient at work and at home to use a reusable cup when going to a coffee shop.

Green4Good

BCLC works with Green4Good to help address IT asset disposition challenges. Through this program, we are able to promote second life for our technology, maintain data security and help generate funds for donation to charities. In 2018/19, BCLC has responsibly and securely disposed of

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over 2,400 IT assets, which is equivalent to 41,629 pounds. To date, over \$2,300 has been donated to local charities and 23 BCLC desktops have been diverted from Green4Good to Enactus Canada for the work they do to harness the energy, ideas and passion of Canada's best and brightest who see business as a way to address social issues. From our participation in the program, we have obtained 620 carbon credits and we will explore ways to use those credits in an effort to gain carbon neutrality and help us further reduce our carbon footprint and climate impact.

Recycling Stewardship Initiative

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 Recycle BC. In 2018, we recycled 269 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 report to Recycle B.C. on the amount of paper sold as lottery and Scratch & Win 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 2018, we reported more than 734 tonnes of paper and packaging material. We observed an overall increase of nine per cent in sales during the reporting period. The table below provides a summary:

MATERIALS (TONNES)

Year	2017	2018
Lottery ticket paper	261.6	290.3
Instant tickets (Scratch & Win, Pull Tabs)	314.5	295.9
Other Paper and Materials Packaging	95.2	148.0
Grand Total	671.3	734.2



Response to Increase in Wildfire Risk

As a result of the apparent increase in exposure to wildfires and related impacts, BCLC has taken the following steps to make the organization more resilient in the face of such events:

- We have purchased portable carbon air scrubbers to deploy during smoky periods.
- We have bolstered our Business Continuity Plans for the Kamloops Head Office, Casinos and our BCLC staff housed therein.

Environmental Remediation Update

In 2017 we reported that we had purchased land adjacent to our head office in Kamloops for a potential future development. These lands were previously contaminated. BCLC continues to work with environmental consultant Hemmera Envirochem and the Ministry of the Environment to provide for the ongoing testing and analysis of the known contaminants on the BCLC acquired properties. This will ultimately lead to a long-term plan of test well monitoring to ensure that contaminant levels remain within expected parameters.

During 2018, on behalf of BCLC, Hemmera saw to the removal of two underground petroleum storage tanks (UPS) and the contaminated soils that surrounded them. Their removal will help expedite the recovery of the soils in the area.

Emissions and Offset Summary Table

BCLC'S GHG EMISSIONS AND OFFSET FOR 2018 (tCO₂e)

GHG Emissions created in Calendar Year 2018

Total Emissions (tCO ₂ e)t	758
Total BioCO ₂	79
Total Offsets (tCO ₂ e)	74

Adjustments to GHG Emissions Reported in Prior Years

Total Emissions (tCO ₂ e)	0
Total Offsets (tCO ₂ e)	0

Grand Total Offsets for the 2018 Reporting Year

Grand Total Offsets Required (tCO ₂ e)	905
Total Offset Investment	\$22,625

Retirement of Offsets

In accordance with the requirements of the Greenhouse Gas Reduction Targets Act and Carbon Neutral Government Regulation, BCLC is responsible for arranging for the retirement of the offsets obligation reported above for the 2018 calendar year, together with any adjustments reported for past calendar years. The Organization hereby agrees that, in exchange for the Ministry of Environment and Climate Change Strategy ensuring that these offsets are retired on the Organization's behalf, the Organization will pay within 30 days, the associated invoice to be issued by the Ministry in an amount equal to \$25 per tonne of offsets retired on its behalf plus GST.

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Part 1: CNAR Survey

1. General Information

Name: Ted Ockenden

Contact Email: ETOckenden@BCLC.com

Organization Name: BCLC

Sector: Crown

Role - Please select your role(s) below.

If more than one individual completed the survey, multiple categories may be selected:

Energy Manager: No

Sustainability Coordinator: Yes

Administrative Assistant: No

Facilities/Operations Manager/Coordinator: Yes

CEO/President/Exec Director: Yes

Treasurer/Accounting: No

Superintendent: No

Other - Please Specify: Communications Manager

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

1. Actions taken by your organization in 2018 to support emissions reductions from buildings.

a) Do you have a strategy to reduce emissions from stationary sources?

Yes

If yes above, what are the main goals?: BCLC's objective is to continually evaluate our stationary sources, and will make necessary changes to reduce emissions from these sources. As BCLC is no longer proceeding with the Kamloops Property Development project, this has led us to re-assess our current Kamloops office for opportunities to upgrade or replace systems and structural elements. We are actively looking for opportunities to support the reduction of emissions through the replacement of older equipment and other base building improvements over the next one to five years. Additionally, BCLC maintains a robust maintenance schedule to ensure optimized building and equipment efficiency.

b) Whether you have a strategy or not (1.a), briefly describe your organization's plans to continue reducing emissions from stationary sources:

I. Over the medium-term term (1-5 years)

Some initiatives currently being assessed in our Kamloops office include replacement of old electrical panels, boiler replacements, air conditioner replacements and the possible installation of electrical vehicle charging stations.

II. Over the long term (6-10 years)

BCLC is currently looking at a five year building improvement list for its Kamloops head office. A longer-term strategy is still to be determined. BCLC will continue to make upgrades and changes to our equipment and building as we identify future needs and opportunities.

c) Please describe your strategy's goals (if any) related to [energy audits](#).

N/A

I. What % on average of your building portfolio has an energy audit completed each year (if any)? : 0

I. What % on average of your building portfolio is retrofitted each year in the following categories (if any) - click [here](#) for further information:

Minor retrofits (e.g., low cost, easy to implement measures including caulking, lighting, adding roof insulation, etc.) (%): 10

Major retrofits (e.g., replacing windows and doors, equipment replacement such as boilers, etc.) (%): 10

Deep retrofits (e.g., replacing roof, replacing the heating, ventilation and air-conditioning system with a renewable technology like a ground-source heat pump, etc.) (%): 5

I. What % on average of your building portfolio do you recommission each year?: 5

f) Do you keep records of Refrigerant gases category and refilling volumes?

Yes

I. If yes, have you included the associated emissions in your reporting?

Yes

II. What, if any, mitigation approaches have been considered? Please describe.

Semi-annual servicing occurs on all HVAC units over 5 tonnes. This includes compliance leak testing and weekly visual inspection (and reporting) of all units for signs of leaks. Timely repairs are performed as warranted.

g) How many newly constructed buildings received at least LEED Gold certification in 2018 : 0

I. How many newly constructed buildings did not receive LEED Gold certification?: 0

II. Please explain why LEED Gold certification was not obtained.

BCLC did not construct any new buildings.

B. Mobile Sources (Vehicles, Off-road/portable Equipment): Fuel Combustion:

3. Actions taken by your organization in 2018 to support emissions reductions from mobile sources.

a) Do you have a strategy to reduce emissions from mobile sources?

Yes

I. If yes, what are its goals?

To determine what the best options are for its pool fleet vehicle program so the needs of the business are met while keeping sustainability top of mind.

b) Whether you have a strategy or not (3.a), briefly describe your organization's plans to continue reducing emissions from mobile sources:

I. Over the medium-term term (1-5 years)

BCLC is currently assessing the need to install electric vehicle charging stations in the Kamloops office. Advanced Parking, the company who operates the parking lot connected to BCLC's Vancouver office, has already installed a number of electric vehicle charging stations. However, these stations are not specifically assigned to BCLC. BCLC is also promoting and participating in the annual Bike to Work Week and Commuter Challenge campaigns. We are currently looking at educating employees about the benefits of carpooling to create more awareness and to encourage new habits for their daily commutes. The parkade in Kamloops has reserved parking stalls in place to support carpoolers. We will continue to educate employees to the availability of these stalls through various Green Committee initiatives.

c) How many fleet vehicles did you purchase from the following categories:

Electric Vehicle – EV - (e.g., Nissan Leaf, Chevy Bolt): 0

"Plug In" Electric Vehicle – PHEV (e.g., plug-in Prius, Chevy Volt): 0

Hybrid vehicle – HEV – non "Plug In"- (e.g., Toyota Highlander Hybrid): 0

Hydrogen fuel cell vehicle : 0

Natural gas/propane: 0

Gas/diesel vehicle: 0

I. If you purchased new gas/diesel vehicles, can you briefly explain why vehicles from the other categories were not chosen?

Due to the location of BCLC's two offices, most of the kilometers driven in BCLC's fleet vehicles are highways. It was determined that the hybrid feature from previous fleet vehicles was not being utilized due to higher speeds of highway driving and therefore not effective as it could be. It was also determined that electric vehicles would not be suitable for the long highway commutes. The hybrid vehicles that previously comprised BCLC's pool fleet vehicles program have slowly been replaced with low emission gas vehicles. BCLC embarked on some research through its sustainability department and determined the Nissan Rogue gas powered engine had the lowest emissions for a vehicle of its type, and is suitable for 4-seasons travel over the Coquihalla Highway. In addition, BCLC regularly assesses the vehicle market to determine what the best options are for its pool fleet vehicle program so the needs of the business are met while keeping sustainability top of mind.

d) How many existing EV charging stations does your organization have in each category:

level 2: 0

level 3: 0

How many level 2 stations (if any) are specifically for your fleet vehicles: 0

How many level 3 stations (if any) are specifically for your fleet vehicles: 0

e) How many EV charging station(s) did you install in 2018 in each category:

level 2: 0

level 3: 0

How many level 2 stations (if any) were installed specifically for your fleet vehicles: 0

How many level 3 stations (if any) were installed specifically for your fleet vehicles: 0

f) Other actions, please describe briefly (e.g. charging station feasibility studies, electrical panel upgrades, etc.)

It has been identified the electrical panels in the Kamloops office will need to be replaced within the next two to three years. BCLC will be exploring the feasibility of installing electric vehicle charging stations over the next two to three years.

4. Please indicate the number of the vehicles in the following vehicle classes that are in your current fleet (including any purchased in 2018):

Definitions:

- Light duty vehicles (LDVs) are designated primarily for transport of passengers <13 and GVWR<3900kg
- Light duty trucks (LDTs) are designated primarily for transport of light-weight cargo or that are equipped with special features such as four-wheel drive for off-road operation (include SUVs, vans, trucks with a GVWR<3,900kg)
- Heavy duty vehicles (HDV) includes vehicles with a GVWR>3,900 kg (e.g. ¾ tonne pick-up truck, transport trucks)

a) Light duty vehicles (LDVs)

Electric Vehicles – EV - (e.g., Nissan Leaf, Chevy Bolt): 0

“Plug In” Electric Vehicle – PHEV -- (e.g., plug-in Prius, Chevy Volt) : 0

Hybrid vehicles – HEV – (e.g., non “Plug In”- older Toyota Prius, Toyota Camry hybrid): 2

Hydrogen fuel cell vehicles: 0

Natural gas/propane: 0

Gas/diesel: 6

b) Light duty trucks (LDTs)

Electric Vehicles – EV : 0

“Plug In” Electric Vehicle – PHEV: 0

Hybrid vehicles – HEV – (e.g., non “Plug In”- older Ford Escape Hybrid, older Chevrolet Silverado pickup hybrid etc): 0

Hydrogen fuel cell vehicles: 0

Natural Gas/propane: 0

Gas/diesel: 5

c) Heavy duty vehicles (HDV)

Electric Vehicles – EV : 0

“Plug In” Electric Vehicle – PHEV : 0

Hybrid vehicles – HEV – (e.g., non “Plug In”): 0

Hydrogen fuel cell vehicles: 0

Natural Gas/propane: 0

Gas/diesel: 0

5. Please indicate the number of the vehicles you plan to replace in your fleet:

How much do you budget per LDV?: 30000

How many LDVs do you plan to procure annually over the next 5 years?: 4

How much do you budget per LDT?: 40000

How many LDTs do you plan to replace annually over the next 5 years?: 3

How much do you plan to spend per HDV?: 0

How many HDVs do you plan to replace annually over the next 5 years?: 0

C. Office Paper: Indicate which actions your PSO took in 2018:

6. Actions taken by your organization in 2018 to support emissions reductions from paper supplies.

a) Do you have an Office Paper strategy?

No

b) Whether you have a strategy or not (6.a), briefly describe your organization's plans to continue reducing emissions from paper use:

I. Over the medium-term (1-5 years)

Our business is committed to running quarterly reports on our paper consumption, and using the numbers to approach our different business partners on the opportunity to reduce the number of print requests submitted.

II. Over the long term (6-10 years)

By continuously monitoring our usage, It is our goal to reduce or maintain our paper consumption by 10%.

c) Have an awareness campaign focused on reducing office paper use

Yes

d) Purchased alternate source paper (bamboo, hemp, wheat, etc.)

No