



2020
LIQUOR DISTRIBUTION BRANCH
PSO CLIMATE CHANGE
ACCOUNTABILITY REPORT



BRITISH
COLUMBIA

**LIQUOR
DISTRIBUTION
BRANCH**

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EXECUTIVE SUMMARY

Despite the numerous challenges and changes precipitated by the global COVID-19 pandemic, the LDB met its goal of operating as a carbon neutral public sector organization in 2020. The sustainability goal was achieved while maintaining the liquor and cannabis supply chains declared as essential services, ensuring the continued flow of products to customers and businesses throughout British Columbia.

The LDB is committed to working towards the goals of the CleanBC plan and making our practices more sustainable and efficient, while continuing to grow the business and supporting vital BC services.

In 2020, the LDB was recognized for being one of Canada's Greenest Employers. One of the most significant and sustainable achievements of the past year was the elimination of plastic check out bags at our BC Liquor Stores; we went from using 22 million plastic bags annually to 4.5 million paper bags a year, a reduction of 80 per cent. Customers are charged a nominal fee for the locally sourced paper bags, which contain a minimum of 40 per cent post-consumer recycled content and are both recyclable and compostable, preventing them from ending up in the landfill.

Sustainability begins with selecting vendors and service providers who share our goal of reducing the organization's carbon footprint. To that end, and where feasible and cost effective, LDB opts for products that embody environmental responsibility in their design, manufacture, distribution, use, and disposal.

Employees were engaged online about our environmental initiatives, which included an up-cycling challenge, an inaugural Waste Reduction Week, and contests throughout Earth Month. They also took part in two virtual workshops hosted by beekeepers Alvéole, who installed a third hive at our head office. Honey was harvested from the hives located at our Head Office building and donated to families in the community.

Recycling was expanded at multiple sites, and we now accept and help process batteries, Styrofoam, cardboard, soft plastic, organic material, wood waste, scrap metal, recyclable containers, and mixed paper at Head Office and our Lower Mainland distribution centres. Additional initiatives delivered on goals of reducing the reliance on paper and moving business processes and stakeholder interactions online. Newly constructed BC Cannabis Stores and renovated BC Liquor Stores have finishes that produce low chemical emissions and contain recycled content and bio-based materials. Updated flooring materials require less water and fewer chemicals in cleaning, and LED lighting and HVAC systems have also been installed in new and renovated stores.

We look forward to 2021 when the LDB's Corporate Social Impact Strategy will be developed with the input of stakeholders. We will continue to make decisions through the lens of social impact and modify our practices to support environmental responsibility, which is a core value of the LDB.



Blain Lawson
General Manager and Chief Executive Officer

2020 HIGHLIGHTS



Reducing Emissions from Waste

In 2020, BC Liquor Stores fully transitioned from plastic bags to paper bags. The bags are made with 40 per cent post-consumer recycled material and are recyclable and compostable as they are made with plant-based ink. The switch prevents 22 million plastic bags from ending up in waterways and landfills.



Cleaner Transportation

In 2019, the LDB acquired two, Level 2 EV chargers and began planning to further expand electric vehicle charging capacity at its Head Office facility.



Better Buildings

Steel racks from a decommissioned LDB distribution centre were installed at the Richmond Distribution Centre to reduce the amount of new steel needed by 75 per cent.



Waste Reduction Week at the LDB

The LDB celebrated Waste Reduction Week for the first time by hosting a webinar with one of the LDB's waste providers to educate employees about their impact on the environment. This provided an opportunity for employees to learn useful waste reduction tips from zero waste experts. A resource guide was also created which discussed different themes such as e-waste, textiles, plastics and food waste.

Declaration statement: This Climate Change Accountability Report for the period January 1, 2020 to December 31, 2020 summarizes LDB's emissions profile, the total offsets to reach net-zero emissions, the actions we have taken in 2020 to reduce our greenhouse gas emissions and our plans to continue reducing emissions in 2021 and beyond. By June 30, 2021 LDB'S final 2020 Climate Change Accountability Report will be posted to our website at www.bcldb.com

2020 GREENHOUSE GAS EMISSIONS AND OFFSETS SUMMARY

The LDB has operated as a carbon neutral public sector organization since 2010. Carbon neutrality measures operational greenhouse gas (GHG) emissions, works to reduce emissions and offsets the remainder of emissions. Annual public reporting then undergoes independent verification to ensure completeness and accuracy. BC's legislated carbon neutral government commitment is the first of its kind in North America.

LDB's 2020 GHG Emissions and Offsets	
GHG Emissions created in Calendar Year 2020	
Total Emissions (tCO ₂ e)	3964
Total BioCO ₂	22.3
Total Offsets (tCO ₂ e)	3941
Adjustments to Offset Required GHG Emissions Reported in Prior Years	
Total Offsets Adjustment (tCO ₂ e)	385
Grand Total Offsets for the 2020 Reporting Year	
Grand Total Offsets (tCO ₂ e) to be Retired for 2020 Reporting Year	4,326
Offset Investment (\$25 per tCO ₂ e)	\$108,150

Actions Taken to Reduce Greenhouse Gas Emissions in 2020

The BC Liquor Distribution Branch is committed to being environmentally responsible and sustainable in its operations. It aligns with the CleanBC plan and BC's Climate Change Accountability Act (CCAA), which requires all public sector organizations to operate as carbon neutral organizations. The CleanBC plan was launched to reduce emissions across the economy by 2030. It focuses on sustainable transportation, better buildings and reducing emissions from waste.

While the LDB's priority remains to reduce overall emissions as our business grows, we expect that we will be offsetting additional carbon emissions for 2020. The offsets will be used to invest in clean energy programs and carbon sequestration projects across BC. The latest version of the [Climate Change Accountability Report](#) is located on the LDB Corporate Website and the 2020 report will be available online as of June 30, 2021.

Better Buildings

While our business continued to grow in 2020 with the addition of 15 new BC Cannabis Stores, the LDB continued to take steps to reduce emissions from all major sources with a focus on our buildings, which are our largest source of GHG emissions.

LDB's Head Office is certified LEED Platinum under the Core and Shell rating system of LEED v.2. At the time of construction, the building was one of only four buildings with Platinum level LEED certification in Metro Vancouver in 2010. The building uses an air-source variable refrigerant flow system that reduces electricity consumption by about 35 per cent over a conventional HVAC system. The building also features an exterior green wall, extensive outdoor space for staff and large windows with significant amounts of natural light. Lighting sensors and dimmers are installed throughout the building to conserve electricity. The building's site footprint is small for a building of its capacity, with nearly all parking located underground.



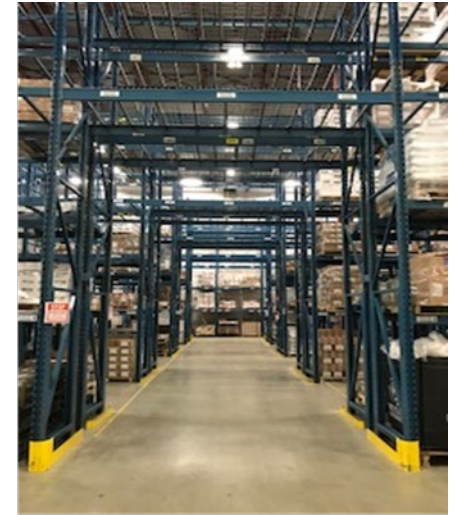
The LDB's Head Office in Burnaby, BC is certified LEED Platinum.

LDB Distribution Centres

The LDB operated four distribution centres in 2020, including the Richmond Cannabis Distribution Centre (RDC), the Delta Liquor Distribution Centre (DDC), the Kamloops Liquor Distribution Centre (KDC) and the Burnaby Dry Goods Centre. DDC is significantly newer and larger than the previous facility in Vancouver and allows for additional operational efficiencies, such as a separate area to manage and clean up any product breakage and increased charging capacity for mobile electric warehouse equipment.

Digital screens in staff break areas display messaging around environmental sustainability and encourage employees to participate in the LDB's environmental initiatives and campaigns throughout the year.

The LDB installed an energy-efficient air conditioning system at RDC to store temperature sensitive products. The system is LEED certified and free of harmful chemicals like Freon. The storage area is also semi-enclosed to increase energy efficiency.



Richmond Distribution Centre

BC Liquor Stores

BC Liquor Stores (BCLS) has 123 locations that are monitored by ColdZone equipment at Head Office for ongoing energy optimization. The coolers have thicker insulation which reduces energy consumption by approximately 18 per cent. They are equipped with a shade that is drawn at closing time every evening to reduce excessive cooling. Thirty-three stores across BC are outfitted with LED lighting, while other stores have a combination of LED lighting and high efficiency CFL (compact fluorescent lamp) lighting.

Currently, 11 BC Liquor Stores prominently feature a 'green wall', which highlights information about the LDB's environmental initiatives and sustainable store features. The LDB plans to continue installing these feature walls as part of regular renovations to inspire and inform customers of the LDB's commitment to environmental sustainability.

BC Cannabis Stores

Fifteen new BC Cannabis Stores opened across the province in 2020 for a total of 25 stores across the province. All BC Cannabis Stores feature LED backlit informational panels and high-efficiency lighting throughout. LDB's Real Estate team uses materials with a low environmental impact such as non-toxic paint, finishes with low chemical emissions, and flooring that does not require waxing and polishing when building the store.

Cleaner Transportation

Zero Emission Fleet and Charging

The LDB is planning to transition its light duty fleet vehicles to zero-emissions vehicles (ZEVs), where possible over the next several years as vehicles need to be replaced. This aligns with the CleanBC plan which requires that by 2040 every new car sold in BC will be a ZEV.

To learn how the LDB can further reduce emissions from fleet vehicles, it continues to be an active member of the Public Sector Fleet Community of Practice. This group meets quarterly with staff from the Ministry of Environment and Climate Change Strategy to provide input on policy development and to share best practices around greening fleets. In 2020, the LDB participated in several studies and interviews sharing challenges and opportunities it sees to increase its ZEVs.

In 2020, one electric vehicle was added to the LDB fleet, and a case study and cost benefit analysis was completed to share findings with other departments for future purchases. The LDB fleet also has 15 hybrids which is close to 30 per cent of the fleet. It continues to look for new ways to add additional lower emission vehicles to its fleet in the future.

Expanding EV Charging Capacity

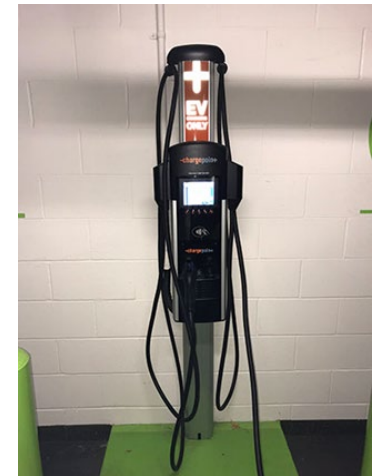
Two additional EV chargers were installed in early 2020 for a total of six EV charging stations at Head Office. The number of employees purchasing EVs continues to grow and there are almost 40 employees who are driving EVs to LDB Head Office. This has doubled from two years ago when the LDB moved into its new Head Office location.

Cycling Facilities for Staff

Additional features of the LDB's new Head Office include secure bicycle storage in the parkade and convenient changing and shower facilities. As a result of these improved facilities, the LDB's Head Office cycling group, 'The Spirited Cyclists' has more than 40 members. The group has created a buddy system for new cyclists who would like assistance determining their cycling routes to work and back home.

GPS Technology

The LDB continues to use GPS monitoring technology in its light duty fleet vehicles. Studies have shown that driver behaviours change with the installation of this technology, including a reduction in harsh breaking, rapid acceleration, harsh cornering, speeding, and idling. Minimizing these driving habits help to reduce fuel consumption, emissions, and long-term maintenance. Additionally, this system will alert a manager if a vehicle is idling for more than a five-minute period, providing an opportunity to investigate why a vehicle was left running and burning fuel unnecessarily.



Dual-port EV charging station at LDB's Head Office

Get Home Safe

One of the LDB'S signature social responsibility programs 'Get Home Safe' promotes responsible beverage alcohol consumption through print and web-based promotions. Customers are reminded not to drink and drive, and to think about using public transit as an alternative way to get home. The LDB supported this program by providing free transit passes to attendees of the 2020 Vancouver International Wine Festival before (which took place prior to the COVID-19 pandemic).

Reducing Emissions from Waste

The LDB is working to support the CleanBC plan targets including diverting 95 per cent of organic waste from landfill by 2030. The LDB recognizes that the purchases we make and the way we manage our waste as an organization are equally important in reducing waste emissions. Below are the actions the LDB has taken in 2020 to minimize emissions from waste.

Beverage Containers Returned to Liquor Stores

Customers can return empty alcohol beverage containers to redeem their deposit refund at all BC Liquor Stores across the province. Each year, BC Liquor Stores receive approximately 79 million empty beverage containers which increases the provincial recovery rate for beverage containers and ensures that containers do not end up in municipal landfill waste streams.

Digitizing Contracts and Marketing Material

In 2020, the LDB procurement team switched to a new online system which allowed it to go paperless with online contracts, reducing thousands of pieces of paper as contracts are hundreds of pages long. This will be an ongoing initiative to track the paper savings as contracts expire and new ones are awarded to vendors.

LDB publications are printed on paper with recycled content and using vegetable-based inks. The LDB'S TASTE magazine, distributed to customers in BC Liquor Stores, is printed on Forest Stewardship Council-certified paper from responsible sources with a mix of 10 per cent recycled content. In 2020, The LDB continued to move marketing flyers online including all Savvy Shopper flyers that are usually 12 or 16 pages per flyer.

Reusing and Recycling at Distribution Centres for Cannabis and Liquor

Over 2,500 tonnes of cardboard and soft plastic was recycled from LDB retail locations and distribution centres in 2020. Cardboard is collected from BC Liquor Stores and returned to distribution centres on empty trucks returning from deliveries, reducing the trips required to move the material. Soft plastic used to wrap pallets is processed and recycled locally by Merlin Plastics at a facility in Metro Vancouver.

In 2020, a plastic recycling program was implemented into the cannabis business line. LDB'S carriers began collecting and recycling pallet plastic wrap and reusing pallets from the stores. Steel racks from a decommissioned LDB Vancouver Distribution Centre were installed at the Richmond Distribution Centre to reduce the amount of new steel needed by 75 per cent.

Paper Bags at BC Liquor Stores

By the end of 2020, the paper bag transition was complete for all BC Liquor Stores (BCLS). This is estimated to save 22 million plastic bags a year. The paper bags are manufactured locally by Bulldog Bags and contain 40 per cent post-consumer recycled content and are 100 per cent recyclable and compostable using plant-based ink. At BC Liquor Stores, there was an 80 per cent decrease of bag consumption with only 4.5 million bags used in 2020. It is expected that it will continue to decrease as all BC Liquor Stores will be moving to 25 cents per paper bag as of May 1, 2021.

BC Cannabis Stores continue to only offer paper bags to customers, as they have done since becoming operational in 2018. They currently charge 10 cents per paper bag and will be moving to 25 cents per bag on June 1, 2021. At all stores, employees ask customers if they would like a bag instead of automatically providing one to encourage customers to bring their own bags.



BC Liquor Store paper bags

Employee Initiatives at the LDB

LDB IMPACT Team

The LDB's IMPACT Team is an employee resource group focused on supporting the development and implementation of environmental initiatives and campaigns, such as Earth Month and Bike to Work Week, with an interdepartmental approach. The group is comprised of employees from across the LDB, and champions environmental and social initiatives at the LDB, and encourages participation within their individual worksites.

Waste Reduction Week

In 2020, the Corporate Social Impact Team celebrated Waste Reduction Week for the first time. This included a zero-waste webinar led by a waste management partner who presented easy recycling and zero waste tips that can be implemented at home. An internal LDB waste reduction resource guide was also created which focused on the seven themes outlined as part of Waste Reduction Week, including the circular economy, e-waste, textiles, plastics, food waste, sharing economy and swap and repair.

Earth Month

In 2020, for the 50th anniversary of Earth Day, activities were focused on online due to the COVID-19 restrictions. An internal LDB Earth Month resource guide was created and provided to all LDB employees to encourage them to participate in the special event. The resource guide included documentary recommendations, social media accounts to follow and environmental tips and tricks. Employees were also invited to participate in LDB's environmental quiz and upcycling challenge. Employees submitted photos of items they created using old materials from their home to make something new.

Bike to Work Week

Bike to Work Week is a popular annual event amongst employees across BC Liquor Stores, Head Office, and the Distribution Centres. In 2020, the LDB participated in Bike to Work Week in both the spring and fall for the first time. The goal was to encourage employees to get outside to maintain healthy habits throughout the COVID-19 pandemic. LDB employees reported cycling a total of 2,863 kilometres with one employee cycling over 410 kilometres in just one week.



Urban Agriculture

The LDB has developed green spaces at its Head Office that provide opportunities for employees to spend time outdoors and engage with nature during the workday. Grapevines on the Head Office outdoor patio (provided by Arterra Wines Canada) produced more grapes in 2020 and served a dual purpose of greening the patio and providing an opportunity for employee education around urban agriculture.

In spring 2020, three beehives were set up on the Head Office outdoor patio to support an estimated 150,000 honeybees as they are in dramatic decline. This will contribute pollinators into the surrounding urban environment to help sustain local gardens. The honey from the hives was donated to local charities supporting low income families who often do not have access to honey products. The 'LDBeez' beehives are a partnership between the LDB, the building owner Manulife, and urban beekeeping organization Alvéole.



Planned Actions to Reduce Greenhouse Gas Emissions



The LDB is committed to improving the environmental sustainability of its operations. Below are a few examples of the steps the LDB will be taking in 2020/2021 to meet its environmental goals and to continue to align with the priorities outlined in the CleanBC plan.

Better Buildings

- The LDB will continue to use efficient LED lighting in BC Liquor Stores and BC Cannabis Stores construction and renovation projects. This will be especially important as we continue to expand our cannabis operations with new BC Cannabis Stores. In BC Liquor Stores, ColdZone cooler installations will continue to use more efficient insulation and will be monitored remotely to reduce energy consumption.
- With the Clean Government Reporting Tool, the LDB will have better access to energy data to perform ongoing monitoring across its more than 200 locations. It plans to use information provided by the Clean Government Reporting Tool to track energy consumption and set reduction targets.
- To continuously improve the energy efficiency of its buildings, the LDB periodically updates its construction specifications handbook. This handbook provides building contractors with the information they need to ensure all stores, new or renovated, meet the LDB's energy-efficient requirements.

Cleaner Transportation

- The LDB will continue to work with other public sector organizations to provide input to the Ministry of Environment and Climate Change Strategy regarding future policy directives for fleet vehicles. A broader fleet management strategy is being developed to ensure that the LDB's cleaner transportation initiatives are aligned across the organization.
- The LDB will also continue to examine hydrogen vehicle opportunities as the infrastructure continues to expand throughout the province.

Reducing Emissions from Waste

- The LDB will continue to work towards minimizing waste and diverting materials from the landfill through audits, system changes, employee education, and moving paper intensive activities to digital formats.
- LDB's [Service Plan](#) identifies new waste diversion targets for stores, distribution centres, and Head Office. A Waste Reduction Strategy for the organization is being developed for all sites and RFPs are expanding to include an environmental questionnaire to learn more about vendors and their sustainability practices. This will allow data to be streamlined from various waste management providers across the province.
- By the middle of 2021, all BC Liquor Stores and Cannabis Stores will be charging 25 cents per bag to encourage customers to bring their own reusable bags and further reduce the bags needed by customers.

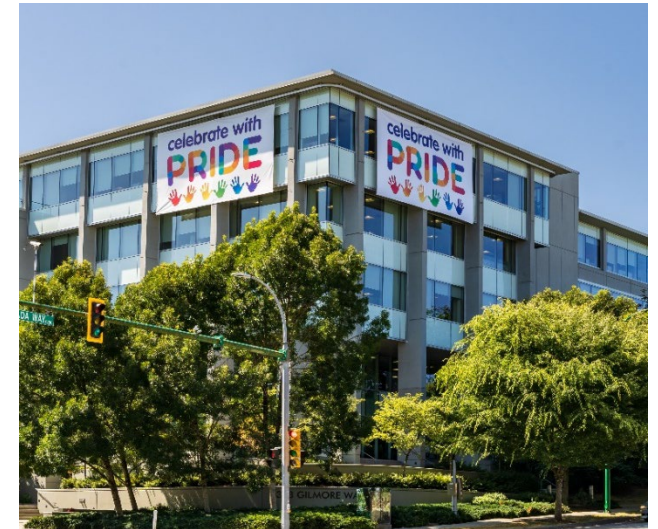
Corporate Social Impact Department

The LDB's Corporate Social Impact department was created to lead the development and implementation of the organization's corporate social impact strategy and to build awareness about LDB's social impact and environmental activities. The team consists of an Environmental Initiatives Manager, Corporate Social Impact Manager, and a Social Impact Specialist. The team supports all areas of the business and ensures alignment and consistency across all social impact initiatives. Initiatives currently include social responsibility campaign development for BC Cannabis Stores, execution of social impact events and initiatives, such as Diversity and Inclusion, Pride Month, waste reduction and recycling, and a transition plan to a low emissions fleet across the organization.

Social Impact Initiatives at the LDB

A key priority for the LDB over the next 12 months will be the development of a corporate social impact strategy, which will strategically identify environmental, social, and economic initiatives that support greater alignment across all lines of business and social impact efforts. This work will require comprehensive stakeholder engagement to understand the needs of all stakeholders when determining social impact priorities specific to the LDB's operations. In addition, the LDB is currently executing several initiatives that support environmental and social sustainability. This includes, a continued focus on social responsibility campaigns that promote safe consumption amongst cannabis consumers, and ongoing employee engagement efforts intended to educate our employee base and increase sustainable behaviours both in the workplace and at home. The LDB will once again undertake several activities that recognize Pride Month, the 2SLGBTQ+ community, and celebrate diversity and inclusion.

2021 represents a very special time for the LDB and BC Liquor Stores, as we mark 100 years of operation. In recognition of this important milestone, the LDB will execute several initiatives focused on telling the compelling story of the LDB's history, while sharing in the celebration with employees, customers, and stakeholders. The LDB is also exploring opportunities to establish a social impact supplier certification program, which would incentivize its suppliers to adopt increased sustainability practices across their operations.



Pride Signage at Head Office

RETIREMENT OF OFFSETS

In accordance with the requirements of the *Climate Change Accountability Act* and Carbon Neutral Government Regulation, the LDB is responsible for arranging for the retirement of the offsets obligation reported above for the 2020 calendar year, together with any adjustments reported for past calendar years (if applicable). The Organization hereby agrees that, in exchange for the Ministry of Environment and Climate Change Strategy (**the Ministry**) 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.

Executive sign-off:



May 28, 2021

Signature

Date

R. Blain Lawson

General Manager and Chief Executive Officer

Name (please print)

Title



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To find out more about the LDB's environmental initiatives,
visit www.bcldb.com

For questions or comments, please contact the LDB at:
604-252-3000 or impact@bcldb.com