



2021

**BC BREWERS RECYCLED
CONTAINER COLLECTION COUNCIL
Annual Report to the Director**

Submitted to:

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Environmental Standards Branch
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BRCCC 2021 Annual Stewardship Report

Introduction

BRCCC's mission is clear - to continue to lead the way in environmental stewardship to achieve the highest return rate for alcoholic beverage containers and related packaging. For over 90 years, long before any regulatory requirements, the Beer Industry has managed a deposit return system and remains the only system in the Province that refills glass bottles. The refillable beer bottle, which is reused an average of 15 times before being recycled, continues to be a gold standard of sustainable packaging and an exemplary model of a circular economy during the current single-use plastics crisis. BRCCC's unique collection system utilizes the brewers' distribution and retail networks, which maximizes efficiencies through return empty container trips coordinated with full goods deliveries thereby significantly reducing greenhouse gas emissions. BRCCC has also long-practiced crushing cans before shipping to optimize transportation routes and reduce the need for trucks on the road.

The continued effects of the COVID-19 pandemic as well as seasonal flooding and wildfires resulted in some challenges in 2021, however, despite temporary system interruptions, British Columbians still returned over 707 million BRCCC containers. Thanks to BC residents and our partners, BRCCC achieved an overall program return rate of 88.69% which continues to be the highest container recovery rate in the Province. BRCCC's program performance rebounded closer to historical levels, just shy of 90%.

BRCCC consistently has one of the highest recovery rates in the province and we remain committed to continue making the system effective, convenient, and sustainable.

1. Executive Summary

Products within plan:	Refillable Glass Beer, Cider & Cooler Containers, Metal Beverage Alcohol Cans and Secondary Packaging
Program website:	http://www.EnviroBeerBC.com

Recycling Regulation Reference	Topic	Summary
Part 2, Section 8(2)(a)	Public Education Materials & Strategies Schedule 1 & 5	<ul style="list-style-type: none"> Reconfigured and updated information on EnviroBeerBC.com website to make it easier to navigate and find return locations Issued window decals for contracted licensee retail stores for greater consumer awareness of unlimited return locations at retail Launched social media campaign on Facebook to increase awareness of BRCCC return locations and to encourage return of associated packaging Consumer awareness survey conducted in 2021 indicated 91% awareness in Schedule 1 program and 52% awareness in Schedule 5 program
Part 2, Section 8(2)(b)	Collection Systems & Facilities Schedule 1 & 5	<ul style="list-style-type: none"> BRCCC delivers beer to retail locations and licensed establishments and collects containers at retail locations, licensed establishments, and container depots BDL operates a warehouse facility and delivery vehicles in BC There are 1,166 container redemption facilities for BRCCC program containers in the province; see tables 1 and 2 for breakdown by return location type and by regional district, respectively
Part 2, Section 8(2)(c)	Product Environmental Impact Reduction, Reusability & Recyclability Schedule 1 & 5	<ul style="list-style-type: none"> All primary containers are either reused or recycled All associated secondary packaging is returnable and recyclable Estimated waste diversion rate of 15,933 TN, avoided 92,832 TN of CO2E associated with containers
Part 2, Section 8(2)(d)	Pollution Prevention Hierarchy & Product Component Management Schedule 1 & 5	<ul style="list-style-type: none"> Reduction of new materials used continues to be recognised through the reuse of refillable bottles Brewers receiving bottles for refilling have expressed intent to continue to refill those containers 100% of aluminum containers collected were recycled in 2021 100% of refillable glass collected is either sent for intended re-use by brewers or recycling (99.7% sent to brewers for re-use, 0.3% sent directly to a glass recycler for recycling) 100% of material reported as collected packaging, sent to a recycler for recycling

Part 2, Section 8(2)(e)	Product Sold and Collected & Recovery Rate	<ol style="list-style-type: none"> 797.4 million containers sold and 707.2 million containers recovered 88.69% recovery rate 74.44% Secondary Packaging recovery rate
Part 2, Section 8(2)(e.1)	Schedule 1 & 5	See Section 7 for estimated breakdown per regional district.
Part 2, Section 8(2)(f)	Summary of Deposits & Refunds Schedule 1	Deposits Received: \$81,978,862 Deposits Refunded: \$70,756,256 Audit of B.C. Brewers' Recycled Container Collection Council Financial Statements and audit procedures in connection with Sections 8(2)(b), (d), and (e) of the Recycling Regulation and deposits received and refunds paid conducted by KPMG LLP.

Comparison of Key Performance Targets
Part 2 – Section 8(2)(g); See full list of targets in Plan Performance

Priority Stewardship Target (as agreed with Ministry File Lead)	Performance	Strategies for Improvement
1. Container Return Rates 87.5% recovery/collection rate in each container category	Targets Partially Achieved: <ul style="list-style-type: none"> 96.08% return rate for refillable industry standard bottles (ISB) 83.61% return rate for refillable proprietary glass bottles 88.63% return rate for aluminum cans 88.69% return rate overall 	<ul style="list-style-type: none"> Improve strategy for collection of refillable proprietary glass bottles Continue to communicate with brewers and collection network regarding categorization of containers
2. Secondary Packaging Return Rates 75% Recovery/Collection rate of secondary packaging material	Target Partially Achieved: <ul style="list-style-type: none"> 74.44% recovery/collection rate attained for secondary packaging 	<ul style="list-style-type: none"> Work with existing partners to secure additional material for recovery
3. Consumer Accessibility for Containers Improve consumer access to BRCCC return locations to 385 (305 LRS, 80 depots) with at least 1 contracted return location in each regional district	Targets Partially Achieved: <ul style="list-style-type: none"> 180 return locations (95 LRS, 85 depots) 28 of 28 regional districts with at least 1 contracted return location 	<ul style="list-style-type: none"> Continue reviewing current coverage levels to identify key areas for depot and contracted LRS expansion Perform additional drive time studies to identify potential areas that require increased coverage

4. Consumer Accessibility for Secondary Packaging 1,160 total return locations	Target Achieved: <ul style="list-style-type: none"> 1,166 total return locations in the BRCCC network Materials received from Recycle BC are collected through the Recycle BC network which includes additional collection locations not included in the 1,166 reported in the BRCCC network 	N/A
5. Consumer Accessibility for Drive Time 80% of population within 10 minute drive of BRCCC authorized return location	Target Achieved: <ul style="list-style-type: none"> 80% of population within a 10 minute drive of a BRCCC authorized return location 	N/A
6. Consumer Awareness: Promotion/Education Initiatives 3 net new consumer promotion/education initiatives throughout the Schedule 1 & 5 plans	Target Achieved: <ul style="list-style-type: none"> At least one net new consumer promotion/education initiative rolled out in each program year 	N/A
7. Consumer Awareness: Level of Consumer Awareness 75% level of consumer awareness on consumer awareness survey	Target Achieved: <ul style="list-style-type: none"> 52% consumer awareness survey result 	<ul style="list-style-type: none"> Continue to promote the collection system and educate the public to increase awareness
8. Pollution Prevention 100% of collected materials for re-use or to recycling commodity markets Secondary Packaging: <ul style="list-style-type: none"> Report in accordance with PHP Track end fate of materials in annual stewardship audit 	Targets Achieved: <ul style="list-style-type: none"> Aluminum: 100% processed for metal recovery Refillable Glass Bottles: 99.7% of material shipped, sent to brewers for reuse (100% of which were intended to be refilled) 0.3% of material shipped, sent directly to a glass recycler for recycling by BDL 100% of material reported as collected, sent to a recycler for recycling 	<ul style="list-style-type: none"> Continue to ensure service providers meet processing standards Work with brewers and other collection locations to strengthen reporting and tracking systems

2. Program Outline

The BC Brewers Recycled Container Collection Council (BRCCC) is a not-for-profit BC society, whose members represent over 95% of overall beer production in BC and the majority of import production. Those producers appointing BRCCC as their stewardship agency under Schedule 1 and Schedule 5 of the Recycling Regulation are comprised of breweries and other beverage alcohol manufacturers, including those operating in the province in addition to import brewers who designate BRCCC as their product steward when they obtain LDB approval to sell their products in BC.

Brewers Distributor Limited (BDL) is a joint venture company owned by Labatt Breweries of Canada and Molson Coors Beverage Company that provides distribution services throughout Western Canada for the majority of brewers that sell into British Columbia. BDL operates warehouses and distribution facilities throughout British Columbia and distributes beer to provincially licenced liquor stores including government-run Liquor Distribution Branch (LDB) outlets, private licensee retail stores (LRS), and LDB rural agency stores (private businesses authorized by the LDB to sell liquor with other goods in small or remote communities), as well as bars, restaurants, and other licensed establishments.

BDL acts as the service provider to BRCCC, operating the stewardship program. On behalf of the BRCCC, BDL collects refillable glass beer, cider, and cooler bottles as well as imported and domestic metal beverage alcohol cans sold in British Columbia and the secondary packaging that accompanies those items (paperboard cartons, trays, etc.). This recovery happens predominately in conjunction with the distribution of full goods, with container returns occupying trailers returning from delivering full goods to retail and private sites

As such, reverse logistics creates efficiency in the system in the upstream reduction of energy, materials, and water inputs. BRCCC has also long-practiced crushing cans before shipping to optimize transportation routes and reduce the need for trucks on the road, valuing efficiency and operational effectiveness that contributes to the circular economy.



BRCCC is the only container stewardship program that supports reuse through refill. BDL's return collection includes the beer industry standard refillable glass bottle (ISB), non-standard proprietary refillable beer, cider, and cooler bottles and metal beverage alcohol cans as well as the packaging that accompanies these containers, and the packaging associated with non-refillable beer containers as applicable. BDL's distribution and collection also extends to beer kegs. Beverage alcohol sold in these containers includes a deposit which is paid by the consumer at the point of purchase and returned at the point of return. BRCCC has also established a cost recovery mechanism for cans and secondary packaging, which funds BRCCC's product stewardship

functions through its subscribers. All costs associated with BRCCC and its container recovery system are internalized in brewers' operating costs and no consumer fees are added to the product price at the point of purchase and identified on the consumer receipt of sale.

Consumers are able to return all program containers and associated packaging to any retail location where beer is sold or to a BRCCC authorized container return depot. BDL collects containers and packaging from these retail locations and authorized depots, as well as from licensees like bars and restaurants. Intact refillable containers are returned to the brewers to be reused in the brewing process an average of 15 times, while damaged or broken bottles are sent to be recycled into new, high-end products including new bottles and fibreglass insulation. Aluminum cans are compacted and were sent to be recycled into new cans and other aluminum based products. Paper packaging is sent to a number of recyclers to be turned into liner board used to make drywall, boxboard rolls to create packaging such as cereal boxes and tissue rolls.

Information on BRCCC's product stewardship systems can be found at www.EnviroBeerBC.com.

3. Public Education Materials & Strategies

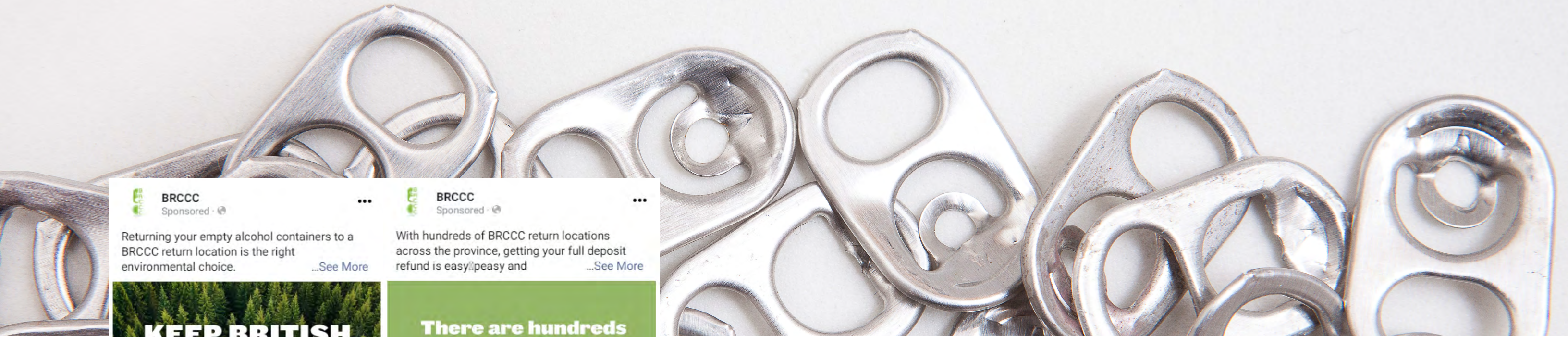
BRCCC updated the location tool on the www.EnviroBeerBC.com website to make it easier to find return locations around the province. New posters were issued to some depot locations to help reduce confusion regarding bringing BRCCC containers to the counter for refund at applicable locations.

BRCCC enjoys strong consumer awareness levels in BC for its recovery program, with very high levels of consumer satisfaction with regards to

service at return locations. In 2021, the BRCCC undertook a consumer awareness survey with respect to its container (Schedule 1) and secondary packaging (Schedule 5) stewardship programs in BC. Based on these results, BRCCC's program for beer containers was very well-known with 91% of respondents being aware of the deposit program for beverage alcohol containers. 52% of respondents knew that the original packaging of these containers can also be returned as part of the program, however 61% of respondents did return the original packaging along with the containers. BRCCC will continue to ramp up awareness efforts about secondary packaging recovery in BC, including social media campaigns.

The secondary packaging program was launched in 2017 and saw a number of announcements and updates made to help educate stakeholders about the program to reinforce the effectiveness of the container recovery program while at the same time introducing the complimentary secondary packaging program. In summer 2021, BRCCC launched an introductory campaign on Facebook (shown right) to increase awareness of BRCCC return locations, including messaging around returning secondary packaging. BRCCC also features can and bottle recycling videos on the homepage of its website www.EnviroBeerBC.com. The videos provide tips on returning empty containers and associated packaging and show what happens to those containers after they have been returned. BRCCC continued to supply program "swag" such as coasters, beer cozies, and frisbees to several events and conferences to drive awareness of the programs.

Overall, BRCCC continues efforts to a) educate stakeholders – principally the consumer – about BRCCC and how its stewardship system operates and the environmental benefits it delivers; and b) promoting the authorized return locations within its stewardship network.



BRCCC continues to work with ABLE BC to secure additional private retail liquor locations to support collections. ABLE BC regularly informs their members of this benefit through newsletters, publications, and surveys. Finally, BRCCC continues to maintain its membership in the Stewardship Agencies of BC (SABC). As a member of SABC, BRCCC funds the Recycling Council of BC's (RCBC) various

consumer information vehicles, such as the Recycling Hotline, the RCBC website and the Recyclepedia. BRCCC also directs consumers to the 'BC Recycles' portal as a one-stop location for information on recycling in BC. Additionally, BRCCC actively participates and sponsors stewardship and recycling related events, such as the annual conferences of RCBC and Coast Waste Management Association (CWMA).

4. Collection System and Facilities

Consumers can return all program containers and related secondary packaging to BRCCC Authorized Depots, Licensee Retail Stores (LRS), Government Liquor Stores (GLS) and Rural Agency Locations (RAL) for their deposit redemption. BRCCC, through BDL, also provides on-site collection services through thousands of licensed establishments (i.e. restaurants and bars). Table 1

provides the number and type of operating collection facilities within the province. In 2021, BDL performed the collection, sorting, and storage of containers from one warehouse location. Transport and distribution of product and collection of containers is supported by a fleet of BDL vehicles as well as use of third party carriers, where required. BRCCC also accepts all secondary packaging associated with containers for return and recycling.

Table 1 – BC Container Redemption Locations for Beer Containers & Secondary Packaging

Return Location Type	2021	2020
BDL Authorized Depots	85	72
Licensee Retail Stores	662	652
Government Liquor Stores	198	199
Rural Agency Locations	221	218
Grand Total	1166	1141

Currently, there are 1,166 retail and authorized depot redemption centres available for container collections across British Columbia. This is an increase of 25 locations from 2020. BRCCC, through BDL, continues to monitor coverage levels to identify key areas for LRS contracted expansion

that would improve the consumer experience as well as overall productivity of the program. BRCCC facilitates a high rate of return of containers through its convenient and numerous collection facilities within all regional districts of British Columbia, as outlined in Table 2.

Table 2 – Number of Collection Locations by Regional District

Regional Districts	2021 (All Locations)	2020 (All Locations)	2021 (Contracted Locations)	2020 (Contracted Locations)
Alberni - Clayoquot	16	16	7	7
Bulkley - Nechako	22	20	7	5
Capital	86	85	16	17
Cariboo	40	40	6	7
Central Coast	4	4	1	0
Central Kootenay	42	41	5	4
Central Okanagan	51	49	6	5
Columbia - Shuswap	36	36	2	2
Comox Valley	24	24	4	4
Cowichan Valley	29	29	7	8
East Kootenay	33	33	3	2
Fraser - Fort George	38	38	15	12
Fraser Valley	80	77	9	8
Greater Vancouver	310	301	38	41
Kitimat - Stikine	17	17	7	7
Kootenay Boundary	17	16	1	0
Mount Waddington	18	17	2	1
Nanaimo	49	49	7	6
North Okanagan	32	32	2	2
Northern Rockies	4	4	1	2
Okanagan - Similkameen	37	37	5	5
Peace River	31	29	4	4
Qathet	14	14	2	2
Skeena - Queen Charlotte	10	11	3	3
Squamish - Lillooet	19	19	4	4
Strathcona	28	28	6	6
Sunshine Coast	16	15	3	4
Thompson - Nicola	63	60	7	4
Grand Total	1166	1141	180	172

In 2018, the BRCCC conducted a drive time study and concluded that 80% of British Columbia residents are within a 10-minute drive of a BRCCC authorized return location. Furthermore, BRCCC reviewed its program coverage in 2021 based on SABC's accessibility standard that determined 98% of communities in British Columbia (with a population greater than 4,000) have access to a BRCCC authorized return location. Consumers can visit www.EnviroBeerBC.com/Locations/ to search for the closest authorized BRCCC Depot or retail location by postal code.

With the introduction of Schedule 5, secondary packaging (beer, cider, and cooler packaging), the reporting rights to some material is also purchased in accordance with contractual arrangements between BRCCC and other recyclers. In 2021, 1,460 tonnes of material was acquired from Recycle BC in the calendar year. In total, the reporting rights purchased from other recyclers was 2,203 tonnes. This helps to capture the secondary packaging associated with one-way glass containers and other beer and cider packaging that may not have otherwise come back with the containers. This material was collected via the Recycle BC network and therefore collected at even more collection locations than outlined in the tables above.

5. Product Environmental Impact Reduction, Reusability and Recyclability

BRCCC's mission is to continue to lead the way in environmental stewardship to achieve the highest return rate for alcoholic beverage containers and related packaging. The beer industry has taken back containers and packaging in the province since the end of Prohibition over 90 years ago and this practice continues today. The foundation of BDL's business strategy remains the efficient

collection and recycling of containers and packaging and maximizing return rates, which helps achieve environmental goals, and ensures fewer raw materials are in use in the brewing process. Providing consumers with the ability to take-back returns at retail establishments generates high returns on containers and packaging and does so in a cost-effective manner. Coordinating the redistribution of trailer space between full goods and returned containers reduces fuel consumption, which minimizes environmental impact and operating costs. The cost-effectiveness of the system enables the brewing sector to maintain production in refillable containers and encourages new brewers in BC to use refillable over non-refillable containers. Each new entrant who chooses to use refillable containers continues to shrink the environmental impact of the industry and contributes to its exceptional return rates.

The pillar of BDL's business model is the recovery rates of the containers and by extension the related secondary packaging as the majority of the bottles returned to a collection location are done so in their original packaging. All secondary packaging produced by brewers in BC is 100% recyclable and by returning it to a collection location along with the containers, it ensures that cardboard and plastic are being kept out of landfills. Through the network of return locations, these resources are able to be optimized for high-end recycling and sold back to industry to be used again.

In order to maximize the efficiency of the production cycle, the Canadian beer industry has developed an industry standard bottle (ISB), which is available to every brewer in the country. The use of a standard bottle limits the need and cost for specialized handling and storage of bottles returning to different brewers and significantly improves the production efficiencies by eliminating the need



for brewers to perform costly packaging line changeovers. Presently there are numerous western Canadian breweries that are signatories to the Standard Mould Bottle Agreement (sometimes referred to as the Industry Standard Bottle Agreement) and sell their products in the ISB. The closed-loop cycle and economic efficiency of the British Columbia brewers' reuse and recycling system extends its benefits as savings to the consumers and to the environment, making it an exemplary model of a circular economy.

BRCCC's container redemption system generates one of the highest return rates for aluminum cans in North America. Producing cans from recycled aluminum instead of virgin aluminum reduces the energy resources used and pollution produced.

The secondary packaging (the outer box) is more than just packaging in this circular economy. As long as the case is intact, these cases also act as the transportation vessel that the refillable containers travel back to brewers in.

6. Pollution Prevention Hierarchy and Product/Component Management

The Schedule 1 product stewardship plan outlines two types of containers to be used by the BRCCC brand owners: refillable glass bottles and recyclable metal (principally aluminum) cans. According to the expanded hierarchy of material management, reuse and recycle are among the most favourable forms of prevention (see Figure 1)¹. BRCCC remains committed to ensuring the use of 100% recyclable and non-toxic containers, each with their own well-established secondary markets. The long-standing history of the refillable glass bottle along with its substantial environmental benefits sets its precedent as the preferred container type among brewers, especially when compared to one-way glass containers. Each time a glass bottle is reused, the total amount of raw materials needed is reduced, as well as the energy resources needed to produce new glass stock. This helps the beer industry significantly reduce its CO2 emissions and save significant amount of energy. Operationally, the washing and cleaning of refillable bottles requires much less energy and water than that of producing new glass. For each

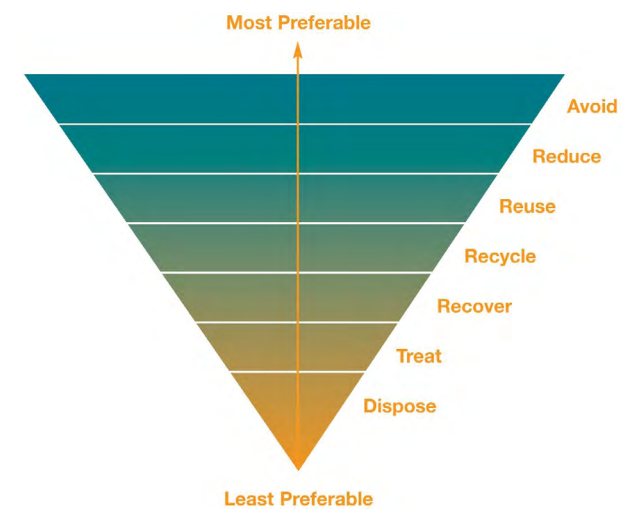


Figure 1 - Pollution Prevention Hierarchy



Cans are crushed before shipping to optimize transportation routes and to reduce need for trucks on the road.

tonne of aluminum recycled, over 200 GJ of energy are saved in avoided production processes including: bauxite mining, alumina refining, and electrolysis².

The number of refillable glass bottles shipped to brewers for re-use is tracked and recorded by BDL, as well as the weight of broken or culled glass shipped directly to glass recyclers. BDL's records also include the weights of aluminum cans that are crushed into "biscuits" and shipped to aluminum recyclers. In 2021, 100% of the aluminum and glass containers sent from BDL to recyclers was recycled. By reusing and recycling containers and packaging, then releasing the containers back into the market, brewers maintain their commitment to the environment and ensure that the recycling operations done by BDL are utilized to the fullest. Table 3 shows the results for the materials recovered in 2021.

Table 3: Results of Recovered Containers & Packaging 2021³

Type of Container	Results of Recovered Material	
Aluminum Cans	100% Processed for metal recovery	
Refillable Glass Bottles	100% of the material sent to brewers were intended to be refilled	
	99.7% of material shipped, sent to brewers for reuse	0.3% of material shipped, sent directly to a glass recycler for recycling by BDL
Secondary Packaging	100% of material reported as collected, sent to a recycler for recycling	

¹ See Zero Waste SA: South Australia's Waste Strategy 2011-2015. 2011 Report
² PE Americas. Life Cycle Impact Assessment of Aluminum Beverage Cans. 2010 Report
³ Results of Recovered Containers reviewed by KPMG LLP

BRCCC's product stewardship system for containers also results in energy savings and reduced greenhouse gas (GHG) emissions, which are significant and are outlined in Table 4. The estimated GHG reductions associated with the program's recycling and reuse in 2021 are equivalent to pulling over 20,002⁴ cars off provincial roads.

Table 4 - Energy, Greenhouse Gas, and Avoided Pollutants Associated with BRCCC Container Recovery 2021

Pollution Prevention Metric	Glass Reuse & Recycling	Aluminum Recycling	Total Diversion
Weight of Materials Diverted (tonnes)	6,582	9,351	15,933
Avoided GHG Emissions (MT-CO2-eq)	2,501	90,331	92,832
Avoided Energy Consumption (GJ)	44,756	816,909	861,665
Avoided Pollution - Nitrogen Oxides (tonnes)	11	294	305
Avoided Pollution - Sulphur Oxides (tonnes)	40	854	894
Avoided Pollution - Particulate Matter (tonnes)	25	296	321
Avoided Pollution - Solid Waste (tonnes)	439	40,182	40,620

Note: Figures in table have been rounded

The significant environmental savings associated with recycling aluminum extend from energy reduction to direct atmospheric emissions. Nitrogen oxides, sulphur dioxides, and particulate matter emissions are reduced by over 60%, 90%, and 95% respectively when aluminum products are made from recycled materials. In 2021, the estimated total emission reductions of nitrogen oxides, sulphur oxides and particulate matter from recycling aluminum and reusing glass bottles in BC are 305, 894, and 321 metric tonnes respectively.

Additionally, the production of aluminum generates solid waste that is four and a half times heavier than the resulting aluminum. The BRCCC container recovery system ensures the reduction of significant quantities of virgin aluminum or glass production through reuse and recycling. An estimated 40,620 metric tonnes of solid waste were prevented in 2021 as a result of BRCCC's container management. This prevented waste figure excludes approximately 15,933 tonnes of reused or recycled materials already diverted from provincial landfills in 2021 due to BRCCC's efforts. Combined, these totals represent BRCCC's accumulative impact of roughly 56,553 tonnes of reduced solid waste production annually – equivalent to approximately \$6.8 million in Vancouver tipping fees⁵. In summary, BRCCC continues to deliver outstanding results for British Columbia's environment through its product stewardship program.

Since BRCCC began to run its schedule 5 program to recover secondary packaging associated with beer and cider, the vast majority of this packaging is boxboard/cardboard, such as can cases and beer boxes. These materials are then sent to a recycler and eventually make their way into a variety of products including cereal boxes and drywall components.

⁴ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>
⁵ Based on Vancouver tipping fee of \$¹²¹ per tonne for waste disposal. [Tipping Fee and Solid Waste Disposal Bylaw \(metrovancover.org\)](https://www.metrovancouver.org/services/solid-waste/tipping-fee-and-solid-waste-disposal-bylaw)



7. Product Sold and Collected and Recovery Rate

Return, reuse, and recycling rates for most BRCCC container categories exceed the 87.5% performance target established under the stewardship plan and also greatly exceed the 75% mandated target set under the Environmental Management Act. Refillable proprietary bottles which represent only 1.6% of total container sales, were slightly below plan targets at 83.61%. In 2021, BRCCC's product stewardship plan collected over 707.2 million containers with an overall program return rate of 88.69% which means that BRCCC has consistently achieved an overall return rate above the mandated target for well over a decade. Table 5 outlines a summary of the recovery rate by container type for 2021.

Table 5a – BRCCC Container Recovery Rates 2021⁶

Container Type	Sales Dozens	Returns Dozens	Recovery Rate (%)
Cans	64,161,461	56,865,259	88.63%
<i>Refillable Glass Containers</i>			
Industry Standard Bottles	1,243,894	1,195,072	96.08%
Non-Standard Bottles	1,043,385	872,344	83.61%
<i>Total Refillables</i>	<i>2,287,279</i>	<i>2,067,416</i>	<i>90.39%</i>
Total All Containers	66,448,740	58,932,675	88.69%

Note: Figures in table have been rounded

Table 5b – BRCCC Secondary Packaging Recovery Rates 2021⁶

Packaging Type	Tonnes Generated	Tonnes Recovered	Recovery Rate (%)
Secondary Packaging	4,094	3,047	74.44%

Secondary Packaging and Other Containers

BRCCC is proud to have been collecting and recycling secondary packaging included in Schedule 5 (Packaging and Printed Paper) of the BC Recycling Regulation for decades prior to its enactment. Since 2017, in addition to refillable beer containers and alcohol containers, the BRCCC has been running a program that formally includes the collection of secondary packaging associated with those containers as well as imported beer and ciders. BRCCC provides a return and recycle option for all associated packaging related to every product sold to customers.

BDL also sells and facilitates the collection and reuse of beer kegs. Steel beer kegs have an expected service life of over 30 years and require no additional packaging. In 2021, BDL sold approximately 131,620 kegs primarily to licensed establishments. The efficiency of the closed loop collection system offered by BDL ensures similar results for kegs as other stewardship program containers. In 2021, the return rates for these container types were in excess of 92%. This volume is equivalent to over 1.8 million cases of packaged beer⁷, which translates to approximately 299 tonnes of aluminum or 5,992 tonnes of glass bottles⁸.

Table 6 provides estimated values of program diversion by regional district. As BRCCC does not compile sales or collection data by Regional District, the values for diversion estimates were assumed to follow the per capita distribution for each district. Population distribution estimates for 2021 were obtained from the BC Stats website⁹.

⁶ Data reviewed by KPMG LLP. Sales were provided by the BC Liquor Distribution Branch (LDB)

⁷ Assumed 58.67L Kegs and 12 x341 glass bottles as a package

⁸ Assumed 7lbs/case of glass bottles and 1lbs per 33 355ml cans

⁹ Source: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

Table 6 - 2021 Program Diversion Estimates by Regional District (Based on Collected Materials)

Regional Districts	Aluminum Units (000)	Aluminum Weight (Tonnes)	Glass Units (000)	Glass Weight (Tonnes)	Total Units (000)	Total Schedule 1 Weight (Tonnes)	Secondary Packaging Weight (Tonnes)	Total Weight (Tonnes)
Alberni-Clayoquot	4,481	62	163	43	4,644	105	20	125
Bulkley-Nechako	5,210	72	189	50	5,399	122	23	145
Capital	56,537	777	2,055	544	58,593	1,321	252	1,573
Cariboo	8,577	118	312	83	8,889	200	38	239
Central Coast	474	7	17	5	491	11	2	13
Central Kootenay	8,435	116	307	81	8,742	197	38	235
Central Okanagan	30,018	413	1,091	289	31,110	701	134	835
Columbia-Shuswap	7,533	104	274	72	7,807	176	34	210
Comox Valley	9,778	134	356	94	10,134	228	44	272
Cowichan Valley	12,027	165	437	116	12,465	281	54	335
East Kootenay	8,727	120	317	84	9,045	204	39	243
Fraser Valley	44,491	612	1,618	428	46,109	1,040	199	1,238
Fraser-Fort George	13,653	188	496	131	14,150	319	61	380
Greater Vancouver	362,880	4,988	13,193	3,491	376,073	8,479	1,620	10,099
Kitimat-Stikine	5,382	74	196	52	5,578	126	24	150
Kootenay Boundary	4,403	61	160	42	4,563	103	20	123
Mount Waddington	1,529	21	56	15	1,584	36	7	43
Nanaimo	22,732	312	826	219	23,559	531	102	633
North Okanagan	12,225	168	444	118	12,670	286	55	340
Northern Rockies	645	9	23	6	668	15	3	18
Okanagan-Similkameen	11,936	164	434	115	12,369	279	53	332
Peace River	8,830	121	321	85	9,152	206	39	246
qathet	2,806	39	102	27	2,908	66	13	78
Skeena - Queen Charlotte	2,551	35	93	25	2,644	60	11	71
Squamish-Lillooet	6,323	87	230	61	6,553	148	28	176
Strathcona	6,564	90	239	63	6,803	153	29	183
Sunshine Coast	4,228	58	154	41	4,381	99	19	118
Thompson-Nicola	19,404	267	705	187	20,110	453	87	540
British Columbia	682,383	9,380	24,809	6,564	707,192	15,944	3,047	18,991

Summary of Deposits, Refunds, Revenues and Expenditures

Costs associated with the collection systems are managed by BRCCC, which operates on a non-profit basis.

a. Refillable Bottles

In the case of refillable bottles, manufacturers are assessed a per-dozen fee for the collection, sorting and return of containers based on projected and audited costs. Costs associated with cleaning and reusing refillable bottles are borne by the manufacturer.

b. Recycled Cans

BRCCC retains unredeemed deposits with respect to can sales and BRCCC retains revenues from aluminum material sales to offset costs related to administration, transportation, collection, sorting

fees, and infrastructure. BDL, on behalf of BRCCC, has also entered into service agreements with several container return depots for collection and sorting services. BRCCC revenues collected from both cans and bottles pay return location partners for the collection, sorting, and return of BRCCC containers.

In the case of the Liquor Distribution Branch, BRCCC continues to operate under an agreement with the agency to pay it handling fees for each container collected from its stores. Licensee retail stores that sign up as contracted collection partners are also paid a handling fee for each container collected.

In accordance with the Recycling Regulation, Table 7 outlines the deposits received and paid for each container type.

Table 7 2021 Deposit Summary

	Cans	Industry Standard Bottles (ISB)	Non-ISB Refillable Bottles	Total
Deposits Received (\$)	\$79,106,453	\$1,545,802	\$1,326,606	\$81,978,862
Refunds Paid (\$)	\$68,225,192	\$1,484,251	\$1,046,813	\$70,756,256

Note: The figures are in accordance with an audit of B.C. Brewers' Recycled Container Collection Council Financial Statements and audit procedures in connection with Sections 9(2)(b), (d), and (e) of the Recycling Regulation and deposits received and refunds paid conducted by KPMG LLP.

Secondary Packaging

Costs related to the recovery of secondary packaging are assessed to program brewers based on a per tonne rate set annually which is intended to cover any costs related to the collection of secondary packaging. The efficient collection method in place for decades assists in keeping the program costs relatively low.

8. Plan Performance

Target	2021 Performance	Strategies for Improvement
87.5% recovery/collection rate in each container category	<ul style="list-style-type: none"> 96.08% return rate for refillable industry standard bottles (ISB) 83.61% return rate for refillable proprietary glass bottles 88.63% return rate for aluminum cans 88.69% return rate overall 	<ul style="list-style-type: none"> Improve strategy for collection of refillable proprietary glass bottles Continue to communicate with brewers and collection network regarding categorization of containers
75% Recovery/Collection Rate of secondary packaging material	<ul style="list-style-type: none"> 74.44% recovery/collection rate attained for secondary packaging 	<ul style="list-style-type: none"> Work with existing partners to secure additional material for recovery
<p>Accessibility Targets: Containers</p> <p>– Improve consumer access to BRCCC return locations to 385 (305 LRS, 80 depots) with at least contracted return location in each regional district</p>	<ul style="list-style-type: none"> 180 return locations (95 LRS, 85 depots) 28 of 28 regional districts with at least 1 contracted return location 	<ul style="list-style-type: none"> Continue reviewing current coverage levels to identify key areas for depot and contracted LRS expansion Perform additional drive time studies to identify potential areas that require increased coverage
<p>Accessibility Targets: Secondary Packaging</p> <p>–1,160 total return locations</p>	<ul style="list-style-type: none"> 1,166 total return locations in the BRCCC network Materials received from Recycle BC are collected through the Recycle BC network which includes additional collection locations not included in the 1,166 reported in the BRCCC network 	N/A
<p>Accessibility Targets: Drive Time</p> <p>– 80% of population within 10 minute drive of BRCCC authorized return location</p>	<ul style="list-style-type: none"> 80% of population is within a 10 minute drive of a BRCCC authorized return location 	N/A
<p>Consumer Awareness: Promotion/Education Initiatives</p> <p>– 3 net new consumer promotion/education initiatives throughout the Schedule 1 & 5 plans</p>	<ul style="list-style-type: none"> At least one net new consumer promotion/education initiative rolled out in each program year 	N/A

<p>Consumer Awareness: Level of Consumer Awareness</p> <p>– 75% level of consumer awareness on consumer awareness survey</p>	<ul style="list-style-type: none"> • 52% consumer awareness survey result 	<ul style="list-style-type: none"> • Continue to promote the collection system and educate the public to increase awareness
<p>Pollution Prevention Hierarchy/ Product Life Cycle Targets:</p> <p>100% of collected materials for re-use or to recycling commodity markets</p> <p>Secondary Packaging:</p> <ul style="list-style-type: none"> • Report in accordance with PHP • Track end fate of materials in annual stewardship audit 	<ul style="list-style-type: none"> • Aluminum: 100% processed for metal recovery • Refillable Glass Bottles: <ul style="list-style-type: none"> - 99.7% of material shipped, sent to brewers for reuse (100% of which were intended to be refilled) - 0.3% of material shipped, sent directly to a glass recycler for recycling by BDL • 100% of material reported as collected, sent to a recycler for recycling 	<ul style="list-style-type: none"> • Continue to ensure service providers meet processing standards • Work with brewers and other collection locations to strengthen reporting and tracking systems

In closing, BRCCC thanks all British Columbians for their ongoing participation in our program as we remain committed to continue making the system effective, convenient, and sustainable. Achieving high recovery rates and ensuring that container reuse remains viable in the province would not be possible without the generous efforts by our partners and BC residents. BRCCC looks forward to continuously monitoring and improving the program in 2022 to strengthen awareness of our packaging recovery system and to continue to lead in environmental stewardship.



Financial Statements of

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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 Canada
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of BC Brewers Recycled Container Collection Council

Opinion

We have audited the financial statements of BC Brewers Recycled Container Collection Council (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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, Licensed Public Accountants

Vaughan, Canada

June 17, 2022

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,513,100	\$ 21,227,131
Accounts receivable (note 2)	8,964,915	10,701,979
Goods and services tax receivable (note 3)	187,154	112,056
	<u>\$ 31,665,169</u>	<u>\$ 32,041,166</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 4,278,586	\$ 5,078,130
Deferred revenue (note 4)	9,547,738	8,808,595
	<u>13,826,324</u>	<u>13,886,725</u>
Net assets:		
Accumulated surplus	17,838,845	18,154,441
	<u>\$ 31,665,169</u>	<u>\$ 32,041,166</u>

See accompanying notes to financial statements.

On behalf of the Board:

DocuSigned by:
 Don Gordon _____ Director
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DocuSigned by:
 _____ Director
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BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Statement of Operations and Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Regulated deposits	\$ 78,597,449	\$ 81,365,829
Deposits refunded	(70,756,256)	(61,582,584)
	7,841,193	19,783,245
Sale of recyclable material	16,517,760	9,102,287
Brand owner fees (note 7)	9,492,183	9,800,846
	33,851,136	38,686,378
Expenses:		
Processing fees (note 7)	33,773,988	28,057,173
Exchange gain (loss)	(52,354)	31,133
General and administration	445,098	385,952
	34,166,732	28,474,258
(Deficiency) excess of revenue over expenses	(315,596)	10,212,120
Net assets, beginning of year	18,154,441	7,942,321
Net assets, end of year	\$ 17,838,845	\$ 18,154,441

See accompanying notes to financial statements.

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
(Deficiency) excess of revenue over expenses	\$ (315,596)	\$ 10,212,120
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	1,737,064	(4,293,412)
(Increase) decrease in goods and services tax receivable	(75,098)	213,896
(Decrease) increase in accounts payable and accrued liabilities	(799,544)	2,109,478
Increase in deferred revenue	739,143	617,255
Increase in cash and cash equivalents	1,285,969	8,859,337
Cash and cash equivalents, beginning of year	21,227,131	12,367,794
Cash and cash equivalents, end of year	\$ 22,513,100	\$ 21,227,131

See accompanying notes to financial statements.

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements

Year ended December 31, 2021

BC Brewers Recycled Container Collection Council ("BRCCC") is a common collection agent for the collection of regulated beer containers. BRCCC is registered as a not-for-profit entity and, accordingly is exempt from tax under Section 149 (1) (l) of the Income Tax Act. BRCCC facilitates the transparent oversight of refillable glass beer containers and alcoholic beverage can recycling in British Columbia as required by regulation.

BRCCC uses Brewers' Distributor Ltd. ("BDL") as a service provider for facilitating the operations of the entity.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in accordance with Part III of the Chartered Professional Accountants of Canada Handbook - Accounting.

(a) Foreign currency translation:

Items included in the financial statements are measured using the currency of the primary economic environment in which BRCCC operates (the functional currency). These financial statements are presented in Canadian dollars, which is BRCCC's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when the items are remeasured.

(b) Revenue recognition:

- (i) Sale of recyclable material is recognized as revenue when containers are shipped to recyclers.
- (ii) Deposit and brand owner fees are receivable when containers are sold and reliably measured. Revenue is recognized based on historical experience of non-redemption rate calculated as the average non-return rate for containers, using a seven-week liability.

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Deferred revenue:

Revenue related to deposits and brand owner fees is deferred until the container is returned. BRCCC estimates that the last seven-week sales are outstanding at any particular point in time.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and cash balances with a major financial institution.

(e) Financial instruments:

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and deferred revenue having carrying values that approximate their fair values because of the relatively short periods to maturity of these financial instruments. The expense relating to doubtful accounts is included within general and administration expenses.

(f) Use of estimates:

The preparation of financial statements requires 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 year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

(g) Processing fees:

Processing fees include agent handling fees; paid to liquor retail stores/government liquor stores and stewardship depots, warehousing and transportation.

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Accounts receivable:

	2021	2020
Container deposits	\$ 4,421,086	\$ 6,493,597
Brand owner fees	1,189,518	2,486,319
Sale of recyclable material	3,354,311	1,722,063
	<u>\$ 8,964,915</u>	<u>\$ 10,701,979</u>

A provision for impairment is recorded for accounts receivable at nil (2021 - nil) based on aging and other relevant information. Amounts charged to the provision are generally written off when there is no expectation of recovering additional amounts.

3. Goods and services tax ("GST"):

BRCCC is in a refund position in both 2021 and 2020 as certain revenue is zero rated, causing input tax credits to exceed amounts collected.

4. Deferred revenue:

Deferred revenue includes a liability for unreturned deposits.

	2021	2020
Cans	\$ 8,383,584	\$ 7,042,335
Standard bottles	188,043	203,601
Non-standard bottles	137,839	154,627
Unearned brand owner fees	838,272	1,408,032
	<u>\$ 9,547,738</u>	<u>\$ 8,808,595</u>

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Return rate for the periods ended December 31, 2021 (C21) and 2020 (C20):

Category	Sales C21 (dozens)	Returns C21 (dozens)	Return rate C21	Sales C20 (dozens)	Returns C20 (dozens)	Return rate C20
Can	64,161,461	56,865,259	88.63%	63,633,169	48,862,472	76.79%
Industry standard bottle	1,243,894	1,195,072	96.08%	1,506,815	1,394,474	92.54%
Non-standard bottle	1,043,385	872,344	83.61%	1,368,193	1,024,617	74.89%

6. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that an organization will be unable to fulfill its obligations on a timely basis. BRCCC manages its liquidity risk by monitoring its operating requirements. There has been no change to the risk exposure from 2020.

(b) Currency risk:

BRCCC is exposed to currency risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, BRCCC makes sales of recyclable material denominated in U.S. dollars. BRCCC does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2020.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. BRCCC is exposed to credit risk with respect to the accounts receivable. BRCCC assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible.

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Financial risks (continued):

(d) Commodity price risk:

BRCCC is exposed to commodity price risks as a result of fluctuations and the volatility of certain commodity markets. In the normal course of business, BRCCC makes sales of recyclable material at a predetermined discount of market price. BRCCC does not currently enter into forward contracts to mitigate this risk.

7. Related party transactions:

BRCCC's related parties are BDL and the associated brewers that participate in the recycling program. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions between BRCCC and its related parties are summarized in the table below:

	2021	2020
Revenue from related parties	\$ 4,685,880	\$ 5,889,109
Services received from related parties	32,776,670	27,129,093

Trade balances:

	2021	2020
Due from related parties	\$ 704,814	\$ 1,186,158
Due to related parties	3,344,750	4,271,885