

**BDL Annual Product
Stewardship Report**
March 31, 2007 to March 31, 2008



1. Executive Summary

The last two years have been important ones in the evolution of Brewers Distributor Limited (BDL) Product Stewardship activities.

For over 80 years B.C. Brewers have been a provincial leader in packaging management by sustaining container return rates among, if not, the best in the country. Last year, the volume of materials diverted from provincial landfills and the energy savings associated with beer container recycling and reuse was significant.

In the last decade, the B.C. retail liquor system has evolved with a significant increase in the number of private liquor retail stores (LRS) selling BDL products. To ensure that consumers continue to have effective and convenient return-to-retail options for empty beer containers, BDL increased the number of LRS collection partners.

As of March 31 2008, BDL added 88 new unlimited collection partners, bringing the total of full refund return locations to 181. BDL is well on its way to meeting its 5-year product stewardship plan target of 300 contracted LRS and container redemption depot locations.

BDL's physical expansion of container return locations has been supported by the role out of new point of sale and marketing materials designed to promote awareness of container redemption options and locations. All BDL container collection partners receive beer bottle refund marketing materials emphasizing that full refunds are available at these locations.

Complementing its point of sale materials, BDL launched a new website in June 2007 where consumers can find the nearest full refund return location and get information on, or ask questions about, BDL's product stewardship activities.

550 million beer
containers collected

92% Return Rate

91 % of beer cans

95 % of refillable beer
bottles returned in
2007/08

**BC's highest return rates
for any container**

**Helping keep
BC beautiful just got
a whole lot easier.**

Return your empty beer bottles and
cans for recycling to your private
liquor retail store and get your full
refund on each deposit.

RETURN YOUR BEER
EMPTIES HERE FOR A

**FULL
REFUND**

WWW.BEERBOTTLETFUND.COM

10¢

Return rates during the first full year of operation for these activities were promising as return rates for BDL's two largest container streams, cans and the industry standard refillable bottle, were both up by more than a percentage point in comparison to the previous year. At over 90%, return rates in each product category remain well above the provincial target of 75% and the 85% performance target established under BDL's 5-year plan.

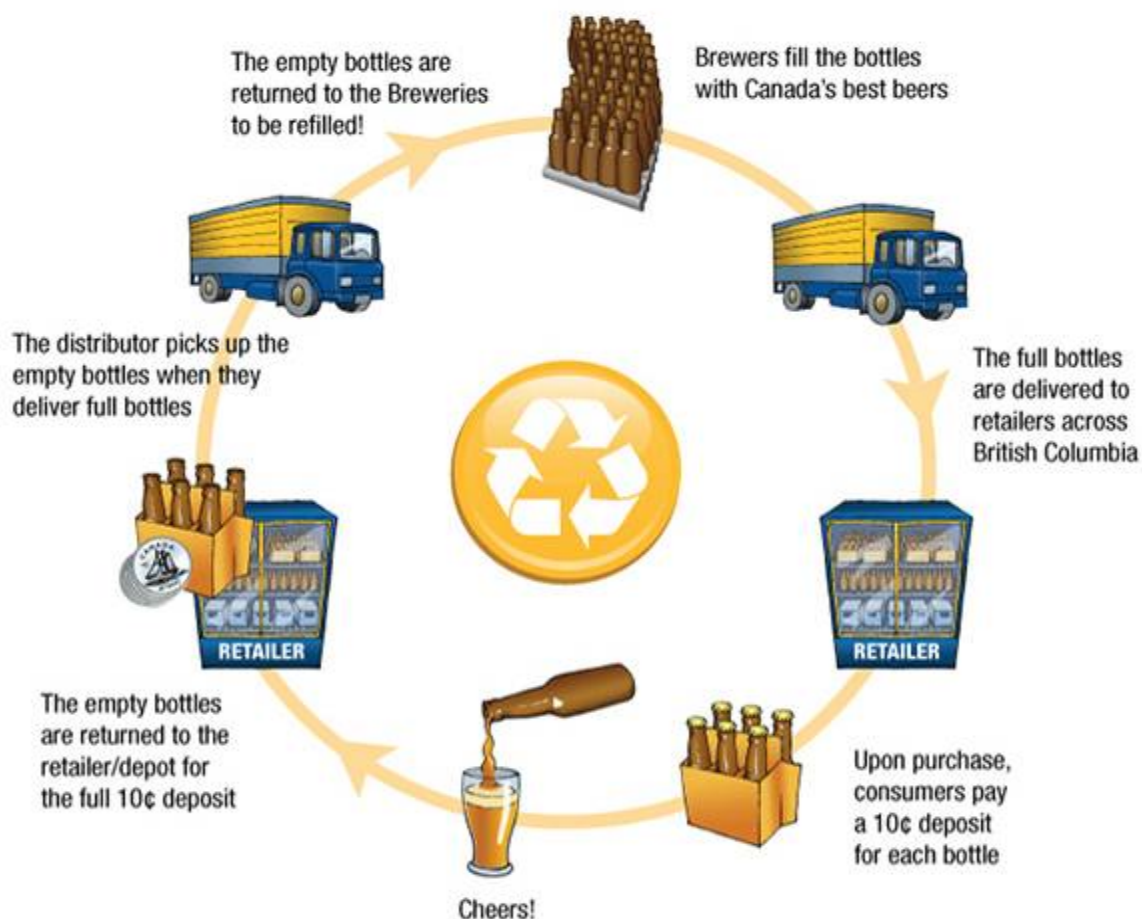
In F2008, BDL also initiated a benchmarking exercise for packaging materials collected, in addition to its regulated beer container stewardship commitments. Monitoring and tracking secondary packaging materials will enable BDL to more fully assess the benefits associated with its outstanding product stewardship system. This benchmarking process should be fully implemented by F2009.

In conclusion, BDL has met its principal F2008 performance targets established under its 5-year product stewardship plan and continues to maintain exceptionally high waste management standards. The initiatives implemented in the last two years will ensure that BDL continues as a provincial leader in responsible package waste management, minimizing the impact to our province's environment and helping keep British Columbia beautiful.



The life of a beer bottle

BREWERS CLOSED LOOP RETURN SYSTEM



2. Program Outline

Brewers Distributor Limited (BDL) currently has product stewardship responsibilities for refillable domestic beer containers sold in British Columbia and imported and domestic beer cans. These containers include the industry standard refillable glass beer bottle, non-standard refillable glass beer bottles, aluminum beer cans and beer kegs. Additionally, BDL is responsible for the stewardship of domestic refillable glass cider and cooler bottles

Breweries and other beverage manufacturers represented under the plan include all breweries operating in the province, and imported brewers who designate BDL as their product steward when they obtain Liquor Distribution Branch approval to sell brands in can containers. For a list of brewers, other manufacturers and selected brands covered under the plan see Appendix A.

BDL is a joint venture company owned by Molson Breweries and Labatt Breweries of Canada which distributes beer throughout Western Canada. In British Columbia, BDL's product stewardship functions are funded by fees set by the British Columbia Brewers Recycled Container Council (the Council), a not-for-profit society comprised of representatives from the domestic and import brewing industry that sell beer products in BC.

Council representatives account for companies that combined sell over 95 percent of beer in the province and includes a cross section of large and small brewing business interests. It was established to provide transparent management of BDL's financial and logistical product stewardship requirements.

BDL operates warehousing and distribution facilities throughout British Columbia and distributes beer to all types of provincial liquor stores including government run Liquor Distribution Branch (LDB) outlets, private licensee retail stores (LRS) and LDB agency stores (private businesses authorized by the LDB to sell liquor with other goods in smaller or remote communities) as well as bars, restaurants, cabarets and other licensed establishments.



BDL collected:

169 million refillable beer bottles; and

382 million beer cans;

in 2007/08

BDL collection partners and retailers pay full refunds at over **1251 locations** across BC

As the province's primary beer distributor, BDL is ideally placed to operate an efficient *closed loop* container return system. This means that while BDL delivers full goods to over 1,200 retail locations and over 3,600 pubs, bars and restaurants they are also picking up empty containers in the same trip. This minimizes the number of trucks on the road, and reduces our carbon footprint. This convenient and efficient system helps to reduce costs to consumers and improve return rates.

Consumers can return beer containers to the retail locations where beer is purchased or to container return depots. BDL then collects its containers from licensees, retail locations and selected container return depots. BDL has entered into contractual arrangements with a number of private licensee retail operators and container return depots to collect and sort BDL containers. These contracts commit BDL collection partners to remit full refunds and accept unlimited returns when they collect BDL containers.

Refillable bottles collected by BDL are returned to manufacturers for cleaning and reuse on average 14 times.

Aluminum cans collected by BDL are compressed and sent to ALCOA in the United States to be recycled into new cans and other products.

BDL's product stewardship system is funded by fees paid by brewers based on their container volumes, any unclaimed portion of consumer deposits on cans, and the revenues BDL obtains on the sale of collected materials such as aluminum and cardboard.

Information on BDL's product stewardship system can be found at www.beerbottlerfund.com.

Visit:

www.beerbottlerfund.com

Statutory Requirement:

As per section 8(1)(b) of the Recycling Regulation under the B.C. Environmental Management Act, this publication will be posted at www.beerbottlerfund.com as of October 1, 2008.



3. Educational Materials and Strategies

Polling conducted by BDL as part of its 5-year stewardship plan indicates that consumer awareness and satisfaction with return locations and options in BC is high. Ninety-eight percent of consumers are aware deposits apply to beer containers and 93 % indicated they are pleased with the level of service and access to return locations.

BDL educational materials and strategies intend to build on high consumer awareness by focusing on improving consumer information about container return options and the availability of full refund deposit locations.

In Fiscal 2008 BDL met all of its 5-year consumer awareness performance targets through the implementation of the following initiatives.

In June 2007, BDL launched www.beerbottlerefund.com, a new website that directs consumers to their nearest full refund return location in British Columbia.

Concurrent with the launch of www.beerbottlerefund.com, BDL rolled out new point of sale materials to all of its collection partners which emphasize to consumers that full refunds are available these locations.



93% of consumers are pleased with the level of service and access to return locations

98% of British Columbians are aware that there is a 10 cent deposit on all beer bottles and cans

In addition to the roll out of point of sale marketing materials and its new website, BDL also worked with collection partners and other stakeholders to improve awareness of full refund locations.

In F2008, BDL attended both the BC Hospitality Industry's and Recycling Council's annual conferences and trade shows to promote awareness of its collection system.

BDL also conducted advertising promoting its deposit return system in the 2007 Hospitality Industry Membership Directory and both the Summer & Winter editions of the Publican, a trade magazine aimed at licensees and liquor retailers. These ads were designed to both improve awareness of the BDL system and help recruit additional licensee retail store operators to BDL's system as collection partners.

BDL is also a primary sponsor of the Recycling Council of British Columbia's well known consumer information hotline where consumers receive information about recycling issues.

Looking forward, BDL will continue to work with collection partners, liquor industry stakeholders and community groups and others to promote awareness about full refund deposit return locations.



In addition to reviewing public feedback from its website about container return issues, BDL will also conduct public polling on consumer attitudes and awareness to assess general consumer attitudes and the effectiveness of its outreach strategies.

4. Collection System Information

88 collection partners added in F07/08

Consumers can take back BDL containers to multiple locations including:

- BC Liquor Distribution Branch stores;
- Licensee Retail Stores (151 LRS stores are under contractual agreement with BDL to provide full refund deposits);
- Bottle Depots (30 depots are under contract with BDL to provide full refund deposits - BDL also pays 28 additional depots for containers collected but is not under formal contractual arrangements with these depots);
- LDB authorized agency stores (businesses in smaller or remote communities that are authorized by the LDB to sell liquor with other goods).

As part of its 5-year product stewardship plan, BDL committed to bring its total of contracted container collection partners to 200 by the end of fiscal 2008. Delays in finalizing the Liquor Distribution Branch's transition of formal product stewardship responsibilities for imported cans to BDL significantly limited BDL's ability to recruit new collection partners¹, but since March 2007 BDL has brought on 86 new collection partners and is well on its way to meeting its 5-year commitment for three hundred contracted collection partners.

Table 1: BC Container Redemption Locations for Beer Containers

Return Locations	March 31 2006	March 31 2007	March 31 2008	Change F06-F08	Percent Change
Depots	170	170	170	-	-
Licensee Retail Stores	592	631	654	62	+ 10.5%
Government Liquor Stores	208	201	199	- 9	- 4.3%
Rural Agency Stores	230	230	228	- 2	- 0.9%
Total	1200	1232	1251	+ 51	4.3%
BDL full refund contracted collections partners					
Depots	19	30	30	11	58%
Licensee Retail Stores	74	75	151	77	104%
Total	93	95	181	88	95%

¹ BDL contractual arrangements were partially dependent upon rates included in its formal agreement with LDB. As such BDL's LRS recruitment initiative was delayed by over 12 months.

5. Recovery Rates

BDL collects a number of containers and materials on behalf of brand owners. BDL has formal product stewardship responsibilities for domestic refillable glass beer containers, imported and domestic beer cans and domestic refillable glass cider bottles. It also collects and returns beer kegs to brand owners.

In addition BDL collects and facilitates recycling with respect to a number of secondary packaging materials including: cardboard cases, can flats and plastic shrink wrap.

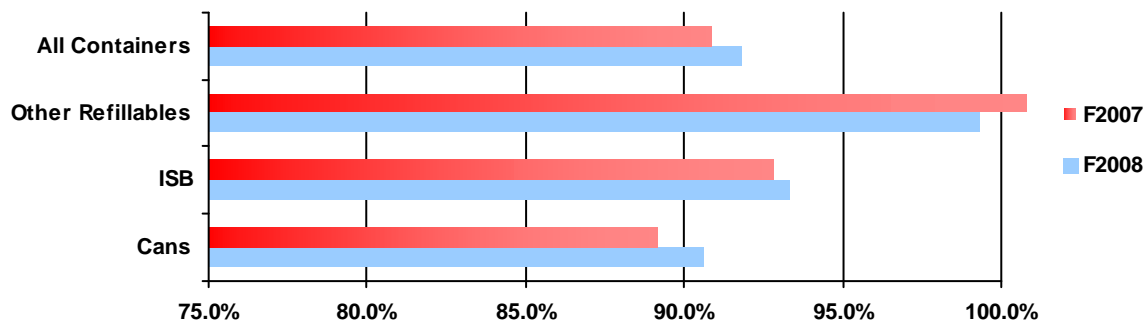
Beer Containers:

Table 2: BDL Container Recovery Rates: F2008²

	Cans	Industry Standard Bottle (ISB)	Non-ISB Refillable Bottle ³	Total
Sales Dozens	35,176,445	11,496,243	3,411,797	50,084,485
Returns Dozens	31,865,636	10,722,635	3,388,756	45,977,027
Return Rates F2008	90.6%	93.3%	99.3%	91.8%

BDL return rates in all product categories exceeded the 85% performance target established under its 5-year plan and are well in excess of the 75% target mandated under *Environmental Management Act* regulations. In F2008 BDL collected over 550 million beer containers under its product stewardship plan, an increase of approximately 9.5 million containers in comparison to Fiscal 2007 or 1.8 percent more total containers collected.

Chart 1: Return Rates by Container Type: F2008 vs F2007



² Beer container return rates are audited annually by S.J.Yeung Chartered Accountant.

³ Sales for non-industry standard refillable bottles were provided by the BC Liquor Distribution Branch.

Table 3: Estimate of Unit Returns and Tonnes Diverted by Regional District⁴

Regional District		Aluminum	Glass	Total
Alberni-Clayoquot	Units (000)	2,828	1,252	4,081
	Tonnes	41	329	370
Bulkley-Nechako	Units (000)	3,242	1,436	4,677
	Tonnes	47	378	425
Capital	Units (000)	33,433	14,806	48,239
	Tonnes	485	3,894	4,379
Cariboo	Units (000)	5,631	2,493	8,124
	Tonnes	82	656	737
Central Coast	Units (000)	275	122	397
	Tonnes	4	32	36
Central Kootenay	Units (000)	5,239	2,320	7,560
	Tonnes	76	610	686
Central Okanagan	Units (000)	15,245	6,751	21,996
	Tonnes	221	1,776	1,997
Columbia-Shuswap	Units (000)	4,723	2,092	6,815
	Tonnes	69	550	619
Comox-Strathcona	Units (000)	9,401	4,163	13,565
	Tonnes	136	1,095	1,231
Cowichan Valley	Units (000)	7,050	3,122	10,172
	Tonnes	102	821	923
East Kootenay	Units (000)	5,149	2,280	7,429
	Tonnes	75	600	674
Fraser Valley	Units (000)	22,643	10,027	32,670
	Tonnes	329	2,637	2,966
Fraser-Fort George	Units (000)	8,163	3,615	11,777
	Tonnes	118	951	1,069
Greater Vancouver	Units (000)	197,664	87,534	285,198
	Tonnes	2,868	23,021	25,890
Kitimat-Stikine	Units (000)	3,233	1,432	4,665
	Tonnes	47	377	424
Kootenay Boundary	Units (000)	2,927	1,296	4,223
	Tonnes	42	341	383
Mount Waddington	Units (000)	1,016	450	1,467
	Tonnes	15	118	133

⁴ Unit returns and tonnes diverted have been estimated from provincial totals based on Regional District populations of persons 20 years and older and their proportion to the provincial total. BDL does not compile sales or collection information by Regional District and given the movement of consumers between districts between purchases and returns, such information may be less accurate than population based estimates.

Table 3: Estimate of Unit Returns and Tonnes Diverted by Regional District

Regional District		Aluminum	Glass	Total
Namaimo	Units (000)	13,309	5,894	19,203
	Tonnes	193	1,550	1,743
North Okanagan	Units (000)	7,172	3,176	10,348
	Tonnes	104	835	939
Northern Rockies	Units (000)	514	228	742
	Tonnes	7	60	67
Okanagan-Similkameen	Units (000)	7,750	3,432	11,183
	Tonnes	112	903	1,015
Peace River	Units (000)	4,955	2,194	7,149
	Tonnes	72	577	649
Powell River	Units (000)	1,855	821	2,676
	Tonnes	27	216	243
Skeena-Queen Charlotte	Units (000)	1,693	750	2,442
	Tonnes	25	197	222
Squamish-Lillooet	Units (000)	3,217	1,425	4,642
	Tonnes	47	375	421
Stikine Region	Units (000)	100	44	144
	Tonnes	1	12	13
Sunshine Coast	Units (000)	2,655	1,176	3,831
	Tonnes	39	309	348
Thompson-Nicola	Units (000)	11,305	5,006	16,311
	Tonnes	164	1,317	1,481
Total	Units (000)	382,388	169,337	551,725
	Tonnes	5548.8	44,535.6	50,084

Based on a provincial population of 3.16 million people over the age of 19, the per capita return rate for the province was 174.6 BDL containers per person or about 14 and half cases of a dozen beer.

Other Packaging Materials:

As part of its 5-year product stewardship plan, BDL is committed to benchmarking, tracking and reporting on the return of containers and secondary packaging that do not form part of its formal product stewardship plan. This process is underway but not completed. Preliminary results are provided below.

BDL Keg Sales:

In F2008 BDL sold over one million kegs to licensed establishments. Given the efficiencies of the closed loop system related to keg sales, returns are extremely high for these containers at 99.93% in F2008. This volume is equivalent to over 7,000,000 cases of packaged beer. The volume of beer sold in refillable kegs is equivalent to diversion of approximately 1,200 tonnes of aluminum or 22,000 tonnes of glass bottles.

Cardboard and other secondary packaging:

Preliminary estimates for F2008, indicate that BDL collected and diverted approximately 3,376 tonnes of cardboard and 86 tonnes of plastic. BDL will continue to develop a monitoring and reporting process that will enable the estimation of return rates related to these packaging streams.

Total BDL landfill diversion equates to approximately 58,000 tonnes. This is equivalent to the weight of over 8,000 orca whales, almost 130,000 male grizzly bears or 92,000 4-man bobsled teams.

Table 4: BDL BC Landfill Diversion Summary

Material	Tonnes Diverted
Aluminum	5,549
Glass	44,536
Cardboard	3,376
Plastic	86
Keg Packaging Equivalent ⁵	4,479
Total	58,026

⁵ Based on the current package split for bottles and cans related to BDL sales.

BDL collects and recycles all materials that it uses and sells including:

- cardboard packaging;
- plastic shrinkwrap;
- bottle caps;
- plastic can connectors.

BDL keg returns are equivalent to over 7 million cases of beer containers collected

6. Life Cycle Management

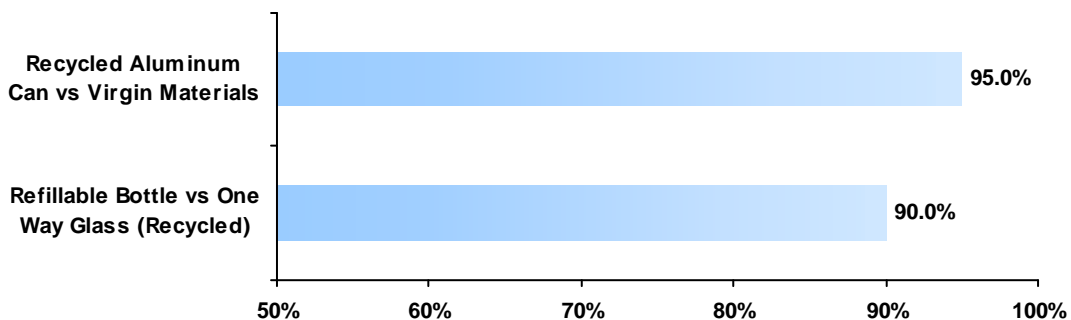
BC's brewing industry has been a national leader in reducing production related environmental impacts. BDL's parent companies and related organizations have implemented several initiatives in the last two decades to reduce energy consumption and minimize waste products associated with the beer manufacturing process.

According to Stats Canada, energy consumption related to beer production in Canada declined by 2.8% per year between 1990 and 2005 dropping by about a third in aggregate terms despite growth in production of 2.6%. Brewers have also taken steps to reduce wastes associated with beer production by recycling grain and yeast waste products into viable uses such as livestock feed and industrial ethanol.

Reusing and recycling containers and packaging have long been a cornerstone of the beer industry's outstanding environmental performance. The industry standard bottle and other refillable glass bottles, with an average reuse of 14 times, reduces packaging requirements by over 90 % in comparison to typical one-way import glass bottles.

In British Columbia this equates to approximately 43,500 fewer metric tonnes of glass needed to sell beer annually. Similarly, making aluminum cans from recycled aluminum utilizes approximately 95% less energy than the production of virgin aluminum. The total energy savings associated with BDL product stewardship are equivalent the annual electrical use of over 21,000 B.C. homes (see Table 6).⁶

Chart 2: Energy Savings Associated with Container Production



⁶ Based on an assumed average home electrical use of 10,000 kwh or 36 gigajoules.

Pollution Prevention Hierarchy

The reduced material and energy inputs associated with glass container reuse and aluminum can recycling are significant and generate benefits in reducing the harmful substances associated with container production. Studies sponsored by the Environmental Protection Agency (EPA) in the United States, enable BDL to estimate the reduction of a number pollutants associated with both can recycling and glass bottle reuse.

Manufacturing aluminum from recycled materials reduces harmful atmospheric emissions, waterborne contaminants and solid waste in comparison to virgin production. Similarly, use of refillable glass bottles drastically reduces the amount of glass materials needed sell a given amount of product.

Table 5: Reduced Pollutants Associated with BDL Container Recovery F2008⁷

	Nitrogen Oxides	Sulfur Oxides	Particulate Matter	Solid Waste
Reduced kg of pollutant per Tonne: Recycled versus Virgin Aluminum	31.4	91.3	31.7	4,297
Recycled BDL Aluminum F2008 Metric Tonnes	5,549	5,549	5,549	5,549
Tonnes Avoided Pollutants Cans	174	507	176	23,844
Pollutants (kg) Glass Production per Tonne	1.73	6.1	3.72	66.65
Diverted Glass Tonnes BDL Refillable Glass Bottles ⁸	43,499	43,499	43,499	43,499
Tonnes Avoided Pollutants Refillable Glass Bottles	75	265	162	2,899
Total Tonnes of Avoided Pollutants	249	771	338	26,743

⁷ Pollutant reductions associated with recycled versus virgin aluminum production and glass production from Weitz, Keith A. et al. 2003. *Life-Cycle Inventory Data Sets for Materials Production of Aluminum, Glass, Paper, Plastic, and Steel in North America*. Report prepared by RTI International for the U.S. EPA, Office of Research and Development. EPA-600/Q-03-001. Research Triangle Park, NC.

⁸ Calculated as the difference between the weight of the refillable float versus the weight of one-way containers required to sell the same amount of beer (i.e. ((no of containers sold) minus (no of containers sold/refillable return rate/refillable trip rate) multiplied by the weight of bottle))

Table 5 provides examples of selected pollutant reductions associated with BDL's product stewardship system. Nitrogen oxide contributes to ground level ozone, acid rain, nutrient overload and global warming and combines with other chemicals to contribute to respiratory problems. Sulfur oxides also contribute to respiratory problems and acid rain. Particulate matter contains microscope solids and liquids that contribute to a variety of health problems such as lung disease and chronic bronchitis.

According to the EPA study, recycling aluminum results in significant reductions in atmospheric emissions. Nitrogen oxide, sulfur oxide and particulate matter emissions are reduced by over 60%, 90% and 95% respectively when aluminum is made from recycled materials.

For F2008, total reductions in emissions of nitrogen oxides, sulfur oxides and particulate matter from aluminum recycling and the use of refillable bottles in BC are estimated at 249, 772 and 338 metric tonnes respectively. According to Environment Canada estimates these reductions equate to approximately 0.30%, 0.96% and 0.31% of provincial industrial emissions respectively for these pollutants.⁹

In addition to reductions in atmospheric emissions, BDL container management also generates significant solid waste reductions associated with material production. Aluminum cans are light but making aluminum from virgin material

BDL recycling and reuse reduces atmospheric emissions, water pollution and solid waste:

90% reduction in sulfur oxides

95% reduction in particulate emissions

99% reduction in heavy metals released such as mercury and cadmium



⁹ Source: Environment Canada website: "2006 Air Pollutant Emissions for British Columbia" at http://www.ec.gc.ca/pdb/cac/Emissions1990-2015/2006/2006_BC_e.cfm

creates solid waste that is four and half times heavier than the aluminum itself. There were 26,766 less metric tonnes of solid waste generated in F2008 because of BDL's program. This reduced tonnage is in addition to the 58,000 tonnes of materials annually diverted from provincial landfills by BDL product stewardship. If the impact of BDL secondary packaging is included, the program reduces solid waste production by approximately 85,000 tonnes annually - equivalent to \$5.7 million in Vancouver tipping fees.

Although not reported in Table 5 - recycling aluminum also generates significant reductions in waterborne waste. Production of heavy metals such as cadmium and mercury are reduced by more than 99% when aluminum is manufactured from recycled materials.

Fleet Efficiencies:

In F2008, BDL implemented new Global Positioning System (GPS) technology to maximize routing efficiencies related to its deliveries and pickups. This technology enables BDL to shorten trips and increase fleet efficiency. Lower fleet mileage not only generates cost savings for BDL, but also contributes to significant reductions in greenhouse gases emissions (see below).

BDL product stewardship reduces solid waste in two ways:

- **26,800** metric tonnes avoided in the production of packaging materials;

- **58,000** metric tonnes in packaging waste diverted from landfills.

That's equivalent to the weight of 120,000 male sea lions.



BDL utilizes GPS technology to maximize fleet efficiency

Green House Gas Emissions and Reductions

In addition to reducing pollutants associated with container production, recycling and reusing containers also generates significant greenhouse gas reductions.

The manufacturing of aluminum from virgin materials is an energy intensive process. Manufacturing a tonne of aluminum from virgin materials requires approximately 120 gigajoules of energy - about 20 times more energy than required for the same weight of glass. Although can containers are significantly lighter than glass containers (about 15 times lighter), if both are manufactured from virgin materials, the can requires higher energy inputs and consequently has a more significant carbon footprint. Re-usable glass bottles also generate significant energy and greenhouse gas emissions savings, as the use of refillable bottles significantly reduces the overall glass production requirements.

The 54,000 metric tonnes of greenhouse gases avoided annually through the use of can recycling and glass bottle reuse is equivalent to pulling about 9,900 cars off of provincial roads.¹⁰ The avoided and diverted emissions are also the equivalent of approximately \$1 million in carbon tax savings for the industry in British Columbia.

GHG reductions equate to removing **9,900** cars off Provincial roads

Energy savings are equivalent to the annual electrical use of **21,000** homes

Table 6: Energy and Greenhouse Gas Savings BDL Container Recovery F2008¹¹

	Glass Reuse	Aluminum Recycling	Total
Tonnes Diverted	43,499	5,549	49,048
Avoided GHG Emissions (MTCO2E)	18,052	36,013	54,065
Avoided Energy (Gigajoules)	194,658	574,322	768,980

¹⁰ Based on the assumption that the average car emits approximately 5.46 tonnes of GHG emissions per year. Source US Climate Technology Cooperation Gateway: Greenhouse Gas Equivalencies Calculator: <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>

¹¹ Source for avoided energy and emission multipliers: *Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report*, report by ICF Consulting for Environment Canada & Natural Resources Canada, October 2005. Aluminum GHG multipliers p34, avoided energy p 121-122, glass avoided energy multipliers p 44-45. GHG glass multiplier from Environment Canada website "Canada's Greenhouse Gas Inventory 1990 -1999 Emission and Removal Estimation Practices and Methods April 2001" at http://www.ec.gc.ca/pdb/ghg/inventory_report/1990_99_report/app1_e.cfm.

7. Fee Information

Costs related to BDL's container collection system are managed by the British Columbia Brewers Recycled Container Council which operates the program on a cost recovery basis.

Refillable bottles

In the case of refillable bottles the Council establishes rates for the collection, sorting and return of containers based on projected and audited costs. Container recycling fee rates are then charged by BDL to the manufacturer in return for access to those refillable containers. Costs associated with cleaning and reusing refillable bottles are borne by the manufacturer. In the case of refillable bottles, manufacturers retain unredeemed deposits and use all of these funds to offset, in part, these total costs.

Recycled Cans

In the case of recycled cans, a container recycling fee is established by the Council and applied to the product's wholesale price set by the Liquor Distribution Branch. In F2008 this fee was set at \$0.00 per can. BDL retains unredeemed deposits with respect to can sales and retains revenues from aluminum material sales to offset, administration, transportation, collection and sorting fees and infrastructure costs.

BDL revenues collected from both cans and bottles pay return location partners for the collection, sorting and return of BDL containers. In the case of the Liquor Distribution Branch, BDL has entered into a 5 year agreement with the agency to pay it fees for each container collected from its stores. Licensee retail stores that sign up as collection partners are also paid a fee for each container collected. BDL has also entered into service agreements with several container return depots for collection and sorting services.

Table 7: BDL Deposit Summary F2008¹²

	Cans	Industry Standard Bottle (ISB)	Non-ISB Refillable Bottle¹³	Total
Deposits Received	\$42,211,734	\$13,795,292	\$4,094,156	\$60,101,182
Refunds Paid	\$38,238,763	\$12,867,162	\$4,066,507	\$55,172,432
Return Rates F2008	90.6%	93.3%	99.3%	91.8%

Deposit amounts reported in Table 7 are audited annually by S.J. Yeung Chartered Accountant. The Council contingency fund to ensure stable financing with respect to management of can containers was \$3,975,000 as of March 31, 2008.

¹² Deposit amounts audited by S.J. Yeung Chartered Accountant, Calgary, Alberta.

¹³ Sales for non-industry standard refillable bottles were provided by the BC Liquor Distribution Branch.

8. Performance Targets

Table 6: Performance Target Summary

Stewardship Plan Target F2008	Results
1. Maintain 85 % return rate in each container category.	<p>Target Exceeded:</p> <ul style="list-style-type: none"> • Recovery Rates F2008: <ul style="list-style-type: none"> ○ 90.6% Cans ○ 94.7% Refillable Glass Bottles
<p>2. Increase the number of collection partners under contract with BDL to offer full-deposit refunds. Target 200 by F2008 (from March 31, 2006)</p>	<p>Target Partially Achieved:</p> <ul style="list-style-type: none"> • 181 contracted container collection partners as of March 31, 2008 - 95% increase in collection partners. • Project delayed over 12 months BDL/LDB stewardship transition negotiations.
<p>3. Improve Consumer Awareness through various initiatives:</p> <ul style="list-style-type: none"> • launch new consumer website; • rollout POS full-refund materials to collection partners; • advertise in community/industry recycling publications; • partner with community groups, NGOs on awareness initiatives. 	<p>Target Achieved:</p> <ul style="list-style-type: none"> • www.beerbottlerefund.com on-line in June 2007; • all collection partners receive POS materials as of June 2007; • Advertisements in: <ul style="list-style-type: none"> ○ 2007 Hospitality Industry Membership Directory; ○ Publican: 2007 Summer edition; Winter 2007 • recruitment collection partners at 2007 BC Hospitality Industry conference; • trade booth at 2007 Recycling Council Annual Conference; • sponsor of RCBC consumer information hotline.
4. Benchmark BDL collection of secondary packaging materials	<p>Target Partially Achieved:</p> <ul style="list-style-type: none"> • Benchmarking review process initiated but not ready for implementation given year one of reporting.

Appendix A

Table 7: Domestic Brewers and Brands Represented

Brewer	Selected Products ¹⁴
Bear Brewing	Black Bear Ale, Brown Bear Ale, Polar Bear Ale
Big Rock Brewery	Warthog Ale, Grasshopper Wheat Ale, Traditional Ale, Kold Lager
Brick Brewing Co.	Red Cap Ale
Chilkoot Brewing	Arctic Red, Yukon Gold
Columbia Brewery	Kokanee, Kootenay True Ale
Granville Island	Island Lager, English Bay Pale Ale, Gastown Amber Ale, Kitsilano Light
Great Western Brewing	Great Western Gold
Kamloops Brewery Ltd.	Imperial Lager, Original Ale, Honey Brown
Labatt Breweries	Labatt Blue, Labatt Genuine Draft, John Labatt Classic, Lucky, Carlsberg, Budweiser
Mark Anthony Group	Okanagan Cider, Sting, California Cooler, Mike's Hard Lemonade, Extra Cider
McAuslan Brewing	St. Ambroise Oatmeal, Apricot Wheat Ale, St. Ambroise Oatmeal Pale Ale
Molson Breweries	Rickards Red, Black Label, Canadian, Carling, Coors, Foster's, Miller, Heineken
Moosehead	Ultra, Moosehead Lager
Nelson Brewing	Nelson After Dark Ale, Old Brewery Ale, Paddywack, Blackheart Oatmeal Stout
Okanagan Spring	Extra Special Pale Ale, Munich Mild Dark, 1516 Bavarian Lager, India Pale Ale, Old English Porter
Oland Specialty Products	Kootenay Mountain Ale, Dos Equis, Stella Artois, Bellevue Kriek, Bass, Boddingtons, Tennent's, Steinlager
Pacific Western Brewing	Amber Ale, Ironhorse, Canterbury, T.N.T., Pacific, Natureland Organic, Traditional
Sleeman Brewing Co.	Sleeman Cream Ale, Honey Brown Lager, Silver Creek Lager
Tree Brewing	Spy Dark Lager, Tree Amber Ale, Red Ale, Midwinter Spiced Ale
Unibroue Inc.	Blanche des Chambly
Vancouver Island Brewing	Piper's Pale Ale, Blonde Ale, Victoria Lager, Hermann's, Wolf's Scottish Cream Ale
Vincor International	Grower's Cider, Canada Cooler, Vibe, Vex
Whistler Brewing	Black Tusk Ale, Mother's Pale Ale, Premium Lager, Bowen Island

¹⁴ While list of participating brewers is complete, list of brands is not exhaustive as brewers regularly add new and seasonal products into the market

Table 8: Import and Domestic Can Suppliers and Selected Brands

Suppliers	Selected Products
Amador Importers	
Authentic Wine & Spirits	
Big Rock Brewery Ltd.	Alberta Genuine Draft
Bruce Ashley Group	Bitburgher
Calibrium International	
Cannery Brewing Co.	Naranmata
Carlsberg Canada	Tubourg Gold, Tubourg Gold Label
Central City Brewing	
Delancey Direct Inc.	
Diageo Canada Inc.	
Diamond Estates	
Fernie Brewing Co.	First Trax Brown Ale, Griz Pale Ale
Granville Island Brewing Co.	Cypress Honey Lager, English Bay Pale Ale, Island Lager, Mingler
Great Western Brewing	Gold Lager
Hi-Bridge Consulting Group	
Independent Distillers	
Innovative Commodity Imports Limited	
Labatt Breweries	Bass, Becks, Lowenbrau, Stella Artois
Lighthouse Brewing Co.	Beacon IPA, Lighthouse Lager, Keepers Stout, Race Rock Ale
LMP Wines	
Lothar Heinrich Agencies	Warsteiner
MJS Beverage Concepts	
Mark Anthony Group	

Table 8: Import and Domestic Can Suppliers and Selected Brands

Suppliers	Selected Products
Mission Hill Vineyards Ltd.	
Molson Brewery Co.	Corona, Heineken
Nelson Brewing Co.	Wild Honey Organic Ale, Faceplant Winter Ale
Northam Brewery	Bowen Island Extra Pale Ale, Bowen Island Light, Whistler Classic Pale Ale
Oasis Trading Corporation	
Okanagan Springs Brewery	Grolsch, Guinness Pub Draught, Pilsner Urquell, Stroh Bull Max, Colt 45
Pacific Western Brewing Co.	Original Pacific Pilsner
Premier Brands	Holsten Festbock, Holsten Maibock, Holsten Premium
Premium Beer Company	
Russell Brewing Company	
Sebucom International	
Sunny Star Import Export	
The Barley Mill	
The Kirkwood Group	Dab
United Distributors	
Vancouver Island Brewing	Island Lager, Pipers Pale Ale

AUDITOR'S REPORT

To The Directors Of
Brewers' Distributor Ltd. – British Columbia

I have audited sections a) and b) of the annual container stewardship report dated July 03, 2008, of **Brewers' Distributor Ltd. – British Columbia** for the year ended March 31, 2008. The attached information is the responsibility of the Company's management and has been prepared to enable the Company to report to the Environmental Management Branch-Environment Protection Division and not to report on **Brewers' Distributor Ltd. – British Columbia** as a separate legal entity. My responsibility is to express an opinion on this information based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, the annual container stewardship report presents fairly, in all material respects, the container sales and returns related to **Brewers' Distributor Ltd. – British Columbia** for the year ended March 31, 2008.

Calgary, Alberta
July 03, 2008



CHARTERED ACCOUNTANT

June 25, 2008

Greg D'Avignon
President West
Canada's National Brewers
1106 – 750 West Pender St
Vancouver, BC V6C 2T8

Dear Mr. D'Avignon

As per the Beverage Container Stewardship Program Regulations, the following is Brewers' Distributor Ltd. annual report detailing the effectiveness of our stewardship plan during the period April 1, 2007 to March 31, 2008. Note that this information is commercially confidential, and is for review only by the Ministry of the Environment, Lands and Parks.

- a) *The recovery rate, by regional district and container type, expressed as a percentage and independently audited.*

Recovery rates are given in the following table.

Audited

Container Type	Sales Dozens	Returns Dozens	Recovery Rate
Cans	35,176,445	31,865,636	90.59%
Industry Standard Bottles	11,496,243	10,722,635	93.27%
Non-Industry Standard Bottles (Refillable)	3,411,797	3,388,756	99.32%

* Sales for the Non-Industry Standard Bottle (Refillable) have been provided by British Columbia Liquor Distribution Branch.

.../2

- b) *Annual financial statements, prepared by an independent audit, of all deposits received and refunds paid by the brand owners covered under the plan.*

Deposits received and refunds paid can be reasonably estimated by multiplying sales in dozens by \$1.20, and returns in dozens by \$1.20:

Container Type	Deposits Received	Refunds Paid
Cans	\$42,211,734	\$38,238,763
Industry Standard Bottles	\$13,795,492	\$12,867,162
Non-Industry Standard Bottles (Refillable)	\$4,094,156	\$4,066,507

- c) *The percentage of containers that were refilled or recycled after the collection and, if recycled, how utilized.*

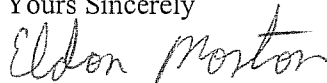
The vast majority of bottles are refilled. However, a small percentage of these bottles are culled out because they are unsuitable for refilling. On average, each bottle is refilled 15 times. The culled glass is sent to a glass facility for destruction and subsequent use in the remanufacture of bottles and various other uses.

All the cans recovered are crushed into biscuits and shipped to an aluminum recycler.

- d) *How much of the stewardship plan has been implemented during the previous calendar year, what has not been implemented, and why it has not been implemented.*

Our stewardship plan is fully implemented.

Yours Sincerely



Eldon Moston,
BDL Inventory Manager
(403)531-1083

.cc Beau Pyatt, Garry Clermont, Derek Drummond-Young, Alison Howden, Greg D'avignon

Financial Statements

BC Brewers Recycled Container Collection Council

March 31, 2008

AUDITOR'S REPORT

To the Members of
BC Brewers Recycled Container Collection Council

I have audited the statement of financial position of BC Brewers Recycled Container Collection Council as at March 31, 2008 and the statements of operations and cash flows for the period from May 22, 2007 to March 31, 2008. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the period from May 22, 2007 to March 31, 2008 in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
September 30, 2008



CHARTERED ACCOUNTANT

BC Brewers Recycled Container Collection Council
(Incorporated under the laws of British Columbia)

STATEMENT OF FINANCIAL POSITION

As at March 31

	2008
	\$
ASSETS	
Current	
Cash	4,841,199
Accounts receivable (Note 3)	4,040,340
GST recoverable (Note 6)	627,369
	<u>9,508,908</u>
LIABILITIES	
Current	
Accounts payable and accrued liability	8,800
Deposit Liability	5,083,127
Amount payable to BDL (without interest or stated terms of repayment)	2,732,210
	<u>7,824,137</u>
NET ASSETS	
Accumulated excess of revenues over expenses (Note 5)	<u>1,684,771</u>
	<u>9,508,908</u>

See accompanying notes

On behalf of the Board:

_____ Director

_____ Director

BC Brewers Recycled Container Collection Council

STATEMENT OF OPERATIONS

For the period from May 22, 2007 to March 31, 2008

	2008
	\$
REVENUES	
Cans	
Aluminum revenue	8,728,766
Unredeemed deposits	3,880,972
TOTAL REVENUE	12,609,738
EXPENSES	
Cans	
Processing fee:	
BDL (Note 4)	10,913,404
Miscellaneous	11,563
TOTAL EXPENSES	10,924,967
Net excess of revenues over expenses	1,684,771
Accumulated excess of revenues over expenses, beginning of year	-
Accumulated excess of revenues over expenses, end of year	1,684,771

See accompanying notes

BC Brewers Recycled Container Collection Council

STATEMENT OF CASH FLOWS

For the period from May 22, 2007 to March 31, 2008

	2008
	\$
<hr/>	
OPERATING ACTIVITIES	
Net excess of revenues over expenses for the year	1,684,771
Change in non-cash working capital items	424,218
	<hr/> 2,108,989
<hr/>	
FINANCING ACTIVITIES	
BDL advance (repayments)	2,732,210
	<hr/>
Increase (decrease) in cash	4,841,199
Cash position, beginning of year	-
Cash position, end of year	<hr/> 4,841,199

See accompanying notes

BC Brewers Recycled Container Collection Council
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. Description of Business

BC Brewers Recycled Container Collection Council ("BRCCC") is the common collection agent for the collection of regulated beer containers.

BRCCC engages Brewers' Distributor Ltd. ("BDL") to process empty cans.

Only collection activities for aluminum beer containers are included in these financial statements.

2. Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Because a precise determination of assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. The financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Revenue recognition

- (a) **Aluminum revenue** is recorded when empty cans are crushed.
- (b) **Unredeemed deposits** are recorded monthly based on the sales of the month and the average non-return rate for containers.

Deposit liability

A deposit liability is recorded when the LDB pays BRCCC deposits collected on all sales. This liability is reduced when containers are purchased for recycling. However, not all containers sold to the public are returned. The deposit value of the difference between sales and returns represents a revenue item, which is used to cover part of the cost of collecting the empty containers.

The liability deposit is estimated based on a 7 week, twelve month rolling average of actual returns.

Income Taxes

BRCCC is registered as a not-for-profit entity and accordingly not subject to income taxes. The incorporation was effective as of July 18, 2007. BRCCC was confirmed as registered for GST on August 15, 2008 and back dated to July 18, 2007.

BC Brewers Recycled Container Collection Council
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Ernst & Young has also registered BRCCC as an un-incorporated not-for-profit entity and was confirmed as registered for GST on August 15, 2008, for the period covering May 22, 2007 to July 17, 2007

Financial Instruments

Financial instruments consist of cash, accounts receivable, deposit liabilities and amounts payable to BDL having carrying values that approximate their fair value as at March 31, 2008 due to their short term nature.

3. Accounts receivable

Accounts receivable of \$4,040,340.30 represents the deposits to be received from LDB for

- a. sales underpayment from April to November 2007 for \$1,636,188.80
- b. sales payment for March 16 - 31, 2008 not yet received for \$2,404,151.50

4. Agent handling fees

The processing fees paid to BDL include agent handling fees charged by Liquor Retail Stores (LRS)/ Government Liquor Stores (GLS) & Stewardships of \$0.18/dozen cans and by other depots of \$0.122/dozen cans.

5. Accumulated Excess of Revenues over Expenses

As of March 31, 2008 the total excess of revenues over expenses is \$1,684,770.94 for cans. The goal of the Corporation is to have an accumulated excess of revenues over expenses of \$1 million.

6. GST

BC BRCCC is in a credit position as the business does not invoice anyone but merely pays the processing fee charged by Brewers Distributors Ltd. for the processing of used cans.