Brewers Distributor Limited
2010 Annual Stewardship Report

April 1, 2009 – March 31, 2010

Environmental Principles of the Canadian Brewing Industry

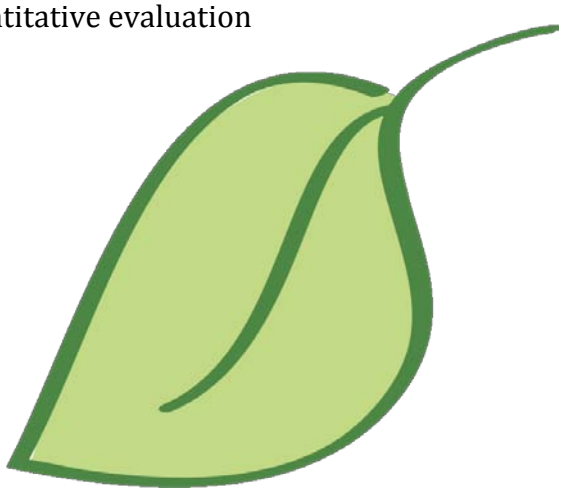
Canadian brewers recognize their responsibility to minimize the impact on the pristine natural resources they rely on to brew some of the world's best beers. As a result, principles of environment stewardship are woven throughout the industry's practices from production to packaging to distribution.

Canadian brewers have been reusing, recycling and reducing packaging waste for over a century. The industry assumes complete responsibility for the end-of-life management of all of its products. This is a level of environmental commitment unmatched by any other Canadian industry.

- Commitment to full producer responsibility:
  - fully self sustained and self funded
  - accounting for all life-cycle packaging and associated costs
  - focus on consumer convenience and high service levels to facilitate container returns

- Commitment to environmental protection through reduction and reuse:
  - 100% of brewer packaging is reusable or recyclable
  - reducing energy and natural resource consumption, emissions and solid waste through reuse
  - continually seeking efficiencies and new technologies to reduce materials, energy consumption and waste

- A commitment to continually setting and meeting meaningful performance targets:
  - effecting policies and programs that ensure high rates of waste reduction, reuse and recycling
  - ongoing measurement and quantitative evaluation
  - continual improvement



The Numbers

Beer Products in BDL Containers: 200+

Canadian Breweries using the Refillable Beer Bottle: 51

Total Empty Beer Container Return Locations: 1282
Including:
Private Liquor Stores: 670
Government Liquor Stores: 197
Rural Agency Stores: 224
Depots: 191

Percent of British Columbians within 2 kilometres of a return location: 78%

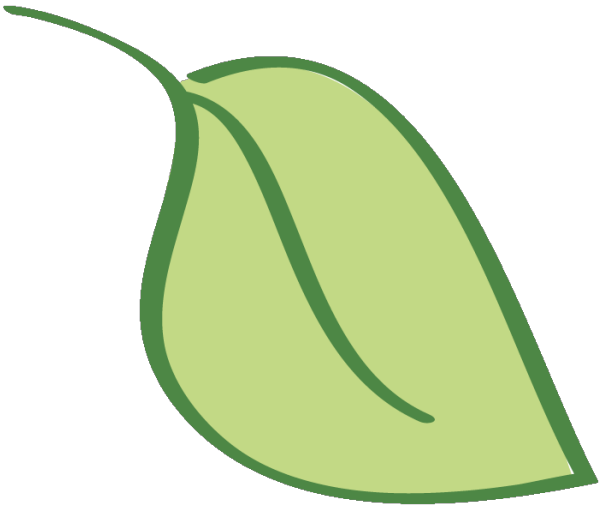
Refillable Glass Bottles Recovered in 2010: 148,563,564

Aluminum Cans Recovered in 2010: 440,168,880

Overall Return Rate: 93.7%

Total Waste Diversion: 54,409 tonnes

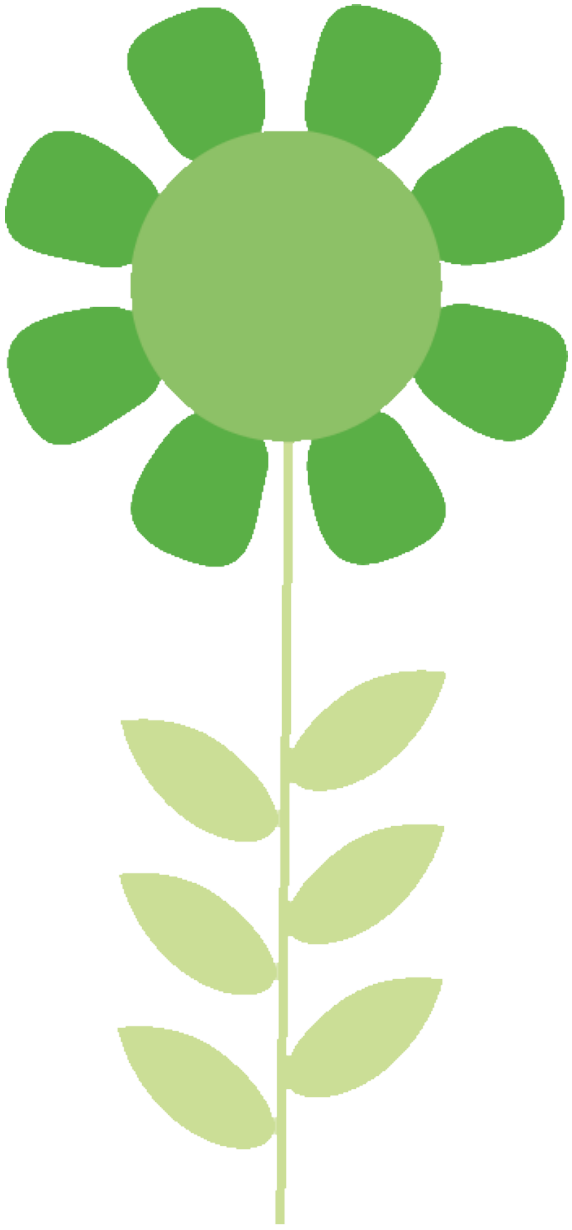
Greenhouse Gas Reductions equivalent to number of cars taken from the road:10,789



1. Executive Summary

The past year, Brewers Distributor Limited (BDL) and their Product Stewardship network and activities continued to provide a broad based convenient return system to consumers, yielding slightly higher return rates than F2009.

For over 80 years, British Columbia's brewers have been a provincial leader in packaging management by sustaining the top beverage container return rates in the province, and country. Year over year, the brewers have maintained or grown the container return rates in most container categories. This ensures diversion of recyclable materials from our landfills and avoids unnecessary consumption of energy and unnecessary emissions of greenhouse gases.



The return network continues to grow with consumer convenience remaining a key priority. Private liquor retailers continue to be the largest channel for beer sales in British Columbia and are an important partner in facilitating the return of empty beer containers. As of March 31, 2010 BDL has 197 unlimited collection partners with strategies being implemented in F2011 to grow towards the F2014 target of 347. Total consumer return locations in British Columbia as of March 31, 2010 is 1282.

2. Programme Outline

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

The Canadian Brewers' Industry Standard Bottle is a highly efficient and environmentally preferable method of packaging beer. Consistently high recovery rates combined with multiple uses (usually about 15 trips) make the refillable beer bottle Canada's beverage packaging success story

Clarissa Morawski, Who Pays What? An Analysis of Beverage Container Recovery and Costs in Canada, 2010

Breweries and other beverage manufacturers represented under the plan include all domestic and import brewers who designate BDL as their product steward when they obtain Liquor Distribution Branch approval to sell brands in BDL bottles or aluminum 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 Coors Canada and Labatt Breweries of Canada which distributes domestic and import 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 selling beer products in BC.

Council member companies combine to represent over 95 percent of beer sold in the province and include a cross section of large and small brewing business interests. The Council was established to provide transparent management of BDL's financial, regulatory 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 rural 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.

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 3,700 retail locations and licensed

Figure 1 Life Cycle of a Beer Bottle

establishments, including 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 BDL's carbon footprint. This convenient and efficient system helps to reduce costs to consumers and improve return rates.

Refillable beer bottles are reused on average 15 times

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 15 times.

Beer sold in aluminum cans accounts for over 70% of the domestic beer sold in British Columbia. Aluminum cans collected by BDL and their partner depots are compressed and sent to ALCOA in the United States to be recycled into new cans and other products.

Aluminum kegs are collected from licensees and returned to brewers for refilling. Draught beer kegs are reusable and in some instances can last for up to 50 years. Kegs at the end of their lifecycle are crushed and recycled.

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, built in container recycling fees and the revenues BDL obtains on the sale of collected materials such as aluminum and cardboard.

In Fiscal 2010, the container recycling fee on cans was increased from $0.00 to $0.02 per can to offset the increased value of the Canadian dollar and the decline in the value of aluminum.

Figure 2 BDL Port Coquitlam Warehouse

Brewers environmental stewardship goes beyond the regulated container collection system as 100% of brewer packaging is reusable or recyclable. Information on BDL's product stewardship system can be found at www.beerbottlerefund.com.

3. Educational Materials and Strategies

Previous 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. These awareness and satisfaction levels remain strong as evidenced through the sustained high return rates and BDL's efforts to increase return locations. In Fiscal 2011, the industry will be returning to survey the market again to measure customer satisfaction and identify areas of opportunity.

BDL's 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 2010 BDL met its 5-year consumer awareness performance targets through the continuation of the following initiatives:

Traffic to the consumer website, www.beerbottlerefund.com continued to grow, experiencing an average 1500 hits per month. Consumers are directed to the site through search engines, links through external liquor retail websites, BDL advertising and container recycling information websites.

Additionally, BDL continues to provide point of sale materials to all of its collection partners which emphasize to consumers that full refunds are available at these locations.

BDL has continued in partnership with collection partners and other stakeholders to improve awareness of full refund locations. This past year, they partnered with other stewards on the development and distribution of a brochure detailing the stewardship programs in British Columbia.

The Brewers also sponsored the Recycling Council's annual recycling conference in Whistler and continues to sponsor their recycling hotline for the 10th consecutive year. The Full Refund Program continues to be promoted to the private liquor licensee retail stores through the industry association, The Alliance of Beverage Licensees of BC. Additionally, ABLE regularly informs their members of the program via newsletters, publications and surveys.

In F2011, materials are being provided to contracted depots to assist them with marketing their location as a full refund depot, and pamphlets will be sent to all LRSs in the province reminding them of the importance of accepting empty containers and the opportunities to receive payment from BDL.

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.

4. Collection System Information

Consumers can take back BDL containers to multiple locations including:

- BC Liquor Distribution Branch stores;
- Licensee Retail Stores (158 LRS stores are under contractual agreement with BDL to accept unlimited returns and all LRS are required to provide full refund deposits);
- Bottle Depots (39 depots are under contract with BDL to provide full refund deposits)
- LDB authorized agency stores (businesses in smaller or remote communities that are authorized by the LDB to sell liquor with other goods).

BDL continues to build the return network on the principle of consumer convenience. BDL is nearing is F2014 target of 45 contracted depots and is positioned to achieve the F2011 total target of 275 contracted full refund locations with 158 retailers enrolled as of March 21, 2010 and well on the way of the F2014 target of 347. Through the next year, BDL will expand promotion and recruitment methods to increase the number of contracted retail locations.

Table 1: BC Container Redemption Locations for Beer Containers

Return Locations	March 2006	March 2007	March 2008	March 2009	March 2010	Change F06-F10	Percent Change
Depots	170	170	170	170	191	21	+12%
Licensee Retail Stores	592	631	654	676	670	78	+ 13%
Government Liquor Stores	208	201	199	197	197	- 11	- 5.3%
Rural Agency Stores	230	230	228	227	224	- 6	- 2.6%
Total	1200	1232	1251	1270	1282	+82	+6.8%
BDL full refund contracted collections partners							
Depots	19	30	30	39	39	20	105.3%
Licensee Retail Stores	74	75	151	156	158	84	113.5%
Total	**93**	**95**	**181**	**195**	**197**	**104**	**112%**

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.

Beer Containers:

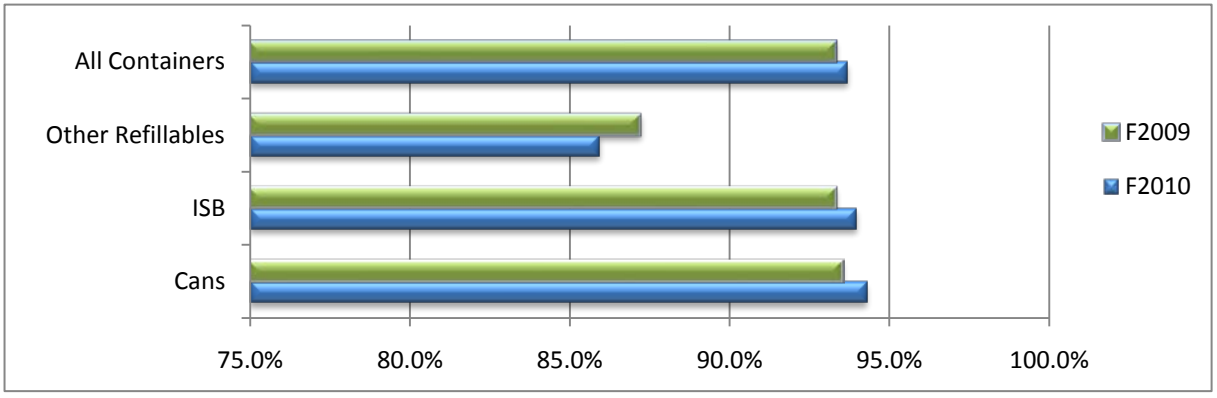
Table 2: BDL Container Recovery Rates: F2010[1]

	Cans	Industry Standard Bottle (ISB)	Non-ISB Refillable Bottle[2]	Total
Sales Dozens	38,895,528	10,132,023	3,326,099	52,353,650
Returns Dozens	36,680,740	9,522,208	2,858,089	49,061,037
Return Rates F2010	**94.31 %**	**93.98 %**	**85.93 %**	**93.7 %**

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 F2010 BDL collected over 588 million containers under its product stewardship plan and its overall container return rate increased by 0.4 percentage points to 93.7%. Returns rates for the two largest containers streams, cans and industry standard refillable bottles (ISB), both improved in F2010 Return rates for non-standard refillable bottles declined to 85.93% due to a growth in sales in this category which outpaced returns. This trend will be monitored to ensure we maintain return rates above our 85% target.

Chart 1: Return Rates by Container Type: F2009 vs F2010



[1] Beer container return rates are audited annually by S.J.Yeung Chartered Accountant. (See Appendix B)
[2] 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 District[3]

Regional District		Aluminum	Glass	Total
Alberni-Clayoquot	Units (000)	3,081	1,040	4,120
	Tonnes	45	273	318
Bulkley-Nechako	Units (000)	3,516	1,187	4,703
	Tonnes	51	312	363
Capital	Units (000)	37,724	12,733	50,457
	Tonnes	547	3,349	3,896
Cariboo	Units (000)	6,296	2,125	8,421
	Tonnes	91	559	650
Central Coast	Units (000)	284	96	379
	Tonnes	4	25	29
Central Kootenay	Units (000)	5,915	1,997	7,912
	Tonnes	86	525	611
Central Okanagan	Units (000)	18,375	6,202	24,577
	Tonnes	267	1,631	1,898
Columbia-Shuswap	Units (000)	5,355	1,808	7,163
	Tonnes	78	475	553
Comox Valley	Units (000)	6,384	2,155	8,539
	Tonnes	93	567	659
Cowichan Valley	Units (000)	7,982	2,694	10,677
	Tonnes	116	709	824
East Kootenay	Units (000)	5,890	1,988	7,879
	Tonnes	85	523	608
Fraser Valley	Units (000)	26,332	8,887	35,220
	Tonnes	382	2,337	2,720
Fraser-Fort George	Units (000)	9,065	3,060	12,125
	Tonnes	132	805	936
Kitimat-Stikine	Units (000)	3,540	1,195	4,735
	Tonnes	51	314	366
Kootenay Boundary	Units (000)	3,226	1,089	4,314
	Tonnes	47	286	333
Metro Vancouver	Units (000)	230,019	77,635	307,654
	Tonnes	3,338	20,418	23,756
Mount Waddington	Units (000)	1117	377	1,493
	Tonnes	16	99	115

[3] Unit returns and tonnes diverted have been estimated from provincial totals based on Regional District populations of persons 19 to 90 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.

Regional District		Aluminum	Glass	Total
Namaimo	Units (000)	15,118	5,102	20,220
	Tonnes	219	1,342	1,561
North Okanagan	Units (000)	8,176	2,759	10,935
	Tonnes	119	726	844
Northern Rockies	Units (000)	530	179	708
	Tonnes	8	47	55
Okanagan-Similkameen	Units (000)	8,597	2,902	11,499
	Tonnes	125	763	888
Peace River	Units (000)	5,624	1,898	7,522
	Tonnes	82	499	581
Powell River	Units (000)	2,036	687	2,723
	Tonnes	30	181	210
Skeena-Queen Charlotte	Units (000)	1,809	610	2,419
	Tonnes	26	161	187
Squamish-Lillooet	Units (000)	3,784	1,277	5,061
	Tonnes	55	336	391
Stikine Region	Units (000)	108	36	144
	Tonnes	2	10	11
Strathcona	Units (000)	4,311	1,455	5,765
	Tonnes	63	383	445
Sunshine Coast	Units (000)	3,019	1,019	4,038
	Tonnes	44	268	312
Thompson-Nicola	Units (000)	12,957	4,373	17,330
	Tonnes	188	1,150	1,338
Total	Units (000)	**440,169**	**148,564**	**588,733**
	Tonnes	**6,387.2**	**39,072.2**	**45,459**

Based on a provincial population of 3.48 million people over age 19 (source www.bcstats.gov.bc.ca), the per capita return rate for the province was 169.2 BDL containers per person or about 14 cases of a dozen beer.

Other Packaging Materials:

In addition to managing the containers designated under its stewardship plan, BDL also sells and collects beer kegs and collects and facilitates recycling with respect to a number of secondary packaging materials including cardboard cases, can flats and plastic shrink wrap. In fact BDL collects and recycles all of the packaging that it uses and sells.

BDL collects and recycles all materials that it uses and sells including:
- cardboard packaging;
- plastic shrink wrap;
- bottle caps;
- plastic can connectors.

BDL keg returns are equivalent to over 6.5 million cases of beer containers collected

BDL Keg Sales:

In F2010 BDL sold over half a 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 99.15% in F2010. This volume is equivalent to over 6.5 million cases of packaged beer. The volume of beer sold in refillable kegs is equivalent to diversion of approximately 1,100 tonnes of aluminum or 20,700 tonnes of glass bottles.

Cardboard and other secondary packaging:

Estimates for F2010, indicate that BDL collected and diverted approximately 2,965 tonnes of cardboard and 74 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 54,000 tonnes.

Table 4: BDL BC Landfill Diversion Summary

Material	Tonnes Diverted
Aluminum	**6,387**
Glass	**39,072**
Cardboard	**2,965**
Plastic	**74**
Keg Packaging Equivalent[4]	**5,911**
Total	**54,409**

[4] Based on the current package split for bottles and cans related to BC beer sales.

6. Life Cycle Management

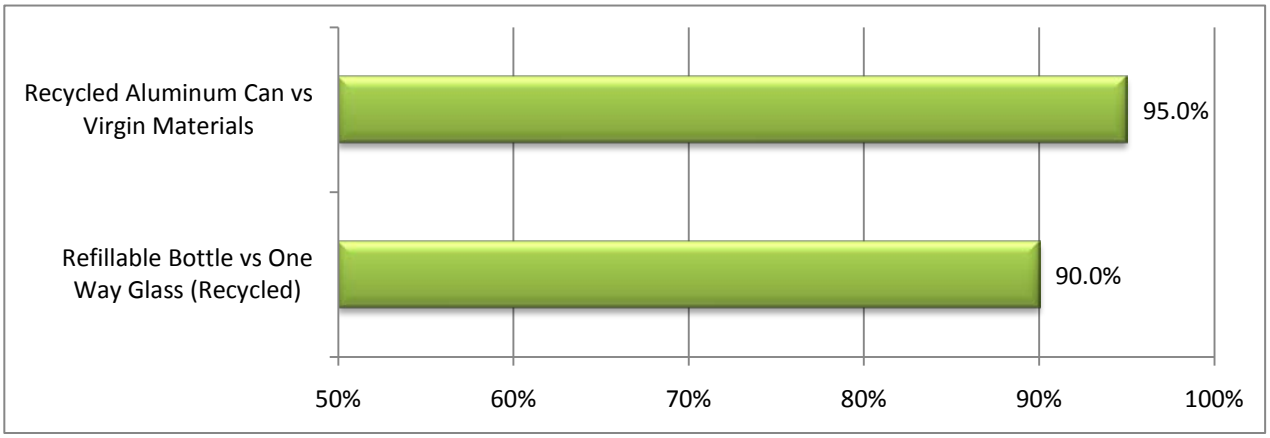
The BDL product stewardship plan embodies several key elements of a successful life cycle management process. The system is fully funded by brewers and their consumers as all costs associated with managing beer containers are incorporated into the price of the product. Extended producer responsibility ensures that brewers have incentives to manage containers and packaging as efficiently as possible.

BDL's closed loop transportation system minimizes transportation costs associated with retrieving empty containers from retailers. Return-to-retail collection, which is convenient for consumers, also encourages high return rates making the overall container management system more efficient.

BDL's distribution practices also support the use of refillable containers such as kegs and glass bottles. Given that refillable beer bottles can be utilized an average of 15 times, the use of refillable beer bottles in British Columbia avoids the production of over 150 million glass bottles annually or over 39,000 tonnes of glass containers. Reduced production requirements generate significant energy and pollution savings in comparison to the use of one-way glass containers (see Chart 2, below).

The Canadian brewing industry has brought about further improvements in the use of refillable containers by adopting an industry standard bottle (ISB). The ISB is leading example of design for the environment. The ISB reduces the cost of sorting empty containers, minimizes inventory storage requirements and improves production efficiencies by eliminating the need for brewers to perform costly packaging line changeovers (associated with different containers for different brands). At present 51 Canadian brewers including 8 British Columbia breweries are signatories to the Industry Standard Bottle Agreement and use the ISB bottle as their principal glass container.

Chart 2: Energy Savings Associated with Container Production



Finally, BDL's product stewardship plan generates exceptionally high return rates for recyclable containers. BDL's return rate for aluminum cans, which represent 74% of beer containers sold in the province, was 94.3 % in F2010. This represents one of the highest return rates for aluminum cans in North America and a figure that is over 10 percentage points higher than typical return rates for soft drink cans in British Columbia. Given the production of aluminum from recyclable materials uses 95% less energy than the production of aluminum from virgin materials, the BDL product stewardship plan generates significant energy and pollution savings related to the collection and recycling of beer cans.

Pollution Prevention Hierarchy

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 to sell a given amount of product. Studies sponsored by the Environmental Protection Agency (EPA) in the United States, enable BDL to estimate the reduction of several pollutants associated with container recovery.

Table 5: Reduced Pollutants Associated with BDL Container Recovery F2010[5]

	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 F2010 Metric Tonnes	6,387	6,387	6,387	6,387
Tonnes Avoided Pollutants Cans	201	583	202	27,445
Pollutants (kg) Glass Production per Tonne	1.73	6.1	3.73	66.65
Diverted Glass Tonnes BDL Refillable Glass Bottles	39,072	39,072	39,072	39,072
Tonnes Avoided Pollutants Refillable Glass Bottles	68	238	146	2,604
Total Tonnes of Avoided Pollutants	**269**	**821**	**348**	**30,049**

[5] 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.

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

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 oxides, sulfur oxides and particulate matter emissions are reduced by over 60%, 90% and 95% respectively when aluminum is made from recycled materials.

For F2010, 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 269; 821; and 348 metric tonnes respectively. According to Environment Canada estimates these reductions equate to approximately 0.30%, 1.15% and 0.30% of provincial industrial emissions respectively for these pollutants.[6]

[6] Source: Environment Canada National Pollution Resource Inventory 2007

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 creates solid waste that is four and half times heavier than the aluminum itself. There were 30,049 less metric tonnes of solid waste generated in F2010 related to aluminum recycling and the use of refillable glass bottles. This reduced tonnage is in addition to the 54,409 tonnes of materials annually diverted from provincial landfills. When these totals are combined, BDL's product stewardship program reduces solid waste production by approximately 84,458 tonnes annually - equivalent to $6.9 million in Vancouver tipping fees.

BDL product stewardship reduces solid waste in two ways:

- 30,000 metric tonnes avoided in the production of packaging materials;

-54,400 metric tonnes in packaging waste diverted from landfills.

That's equivalent to the weight of over 2800 grey whales!

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.

Green House Gas Reductions and Energy Savings

Every can and refillable glass bottle returned by beer consumers contributes to energy savings and reduced greenhouse gas emissions.

Manufacturing aluminum from recycled materials such as beer cans generates enormous energy savings as processing aluminum from bauxite is an energy intensive process. Similarly, reusing a glass beer bottle 15 times eliminates the need to produce a new bottle for every beer sold thereby eliminating the raw material processing and energy requirements associated with making new glass.

GHG reductions equate to removing 10,789 cars off provincial roads

The 56,426 metric tonnes of greenhouse gases avoided annually through the use of can recycling and glass bottle reuse is equivalent to

pulling about 10,789 cars off of B.C. roads[7] or equivalent to the energy contained in 131,223 barrels of oil. The avoided and diverted emissions are also the equivalent of approximately $320,000 in carbon tax savings for the industry in British Columbia.

Table 6: Energy and Greenhouse Gas Savings BDL Container Recovery F2010[8]

	Glass Reuse	Aluminum Recycling	Total
Tonnes Diverted	39,072	6,387	45,459
Avoided GHG Emissions (MTCO2E)	14,847	41,579	56,426
Avoided Energy (Gigajoules)	265,690	557,968	823,658

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 F2010

[7] Based on the assumption that the average car emits approximately 5.23 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

[8] Source for avoided energy and emission multipliers: *Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report*, ICF Consulting for Environment Canada & Natural Resources Canada, October 2005. Mulitpliers for avoided GHG Emissions (eCO2/tonne) used were 0.38 for glass reuse and 6.51 for aluminum recycling. Avoided energy multipliers used (Gigajoules/tonne) were 6.8 for glass reuse and 87.36 for aluminum recycling. Avoided GHGs from glass bottle reuse (0.38) is not presented in the *Determination of the Impact of Waste Management Activities on Greenhouse Gas Emissions: 2005 Update Final Report.* This multiplier was provided in the previous version of the report from 2004.

this fee was set at $0.02 per can, this increase was implemented as a result of a decline in the global cost of aluminum and the increase in the value of the Canadian dollar relevant to the American dollar.. 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 the LDB 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 F2010[9]

	Cans	Industry Standard Bottle (ISB)	Non-ISB Refillable Bottle[10]	Total
Deposits Received	$46,674,634	$12,158,482	$3,991,319	$62,824,381
Refunds Paid	$44,016,688	$11,426,650	$3,429,707	$58,873,245
Return Rates F2010	**94.31%**	**93.98%**	**85.93%**	**93.7%**

Deposit amounts reported in Table 7 are audited annually by S.J. Yeung Chartered Accountant (See Appendix B). The stewardship council requires an accumulation of excess revenue over expenses of $4 million; currently, the council is in a deficit situation of $1.6 million due to extensive decline in aluminum revenues and high return rates. The Council has taken steps to remedy this through the implementation of increased container return fees on aluminum cans and reduction of operating costs with plans to meet the goal of $4 million in accumulated surplus of $4 million by F2012.

[9] Deposit amounts audited by S.J. Yeung Chartered Accountant, Calgary, Alberta (See Appendix B).
[10] 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 F2010	Results
1. Maintain 85 % return rate in each container category.	Target Exceeded: • Recovery Rates F2010: o 94.3% Cans o 92% Refillable Glass Bottles
2. Increase the number of collection partners under contract with BDL to offer full-deposit refunds. Target 275 by F2011 and 347 by F2014	Target On Track: • 197 contracted container collection partners as of March 31, 2010
3. Improve Consumer Awareness through various initiatives: • 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.	Target Achieved: • www.beerbottlerefund.com maintained • all collection partners receive POS materials as of June 2007; • Sponsor of RCBC Annual Conference and consumer information hotline. • Promotion through stakeholder websites
4. Benchmark BDL collection of secondary packaging materials	Target partially achieved for F2010: • Portion of secondary packaging recycled through warehouse operations, accounted for, estimate for packaging recycled through other means

Appendix A

Domestic Brewers selling in British Columbia and Selected Brands (Refillable Bottles)

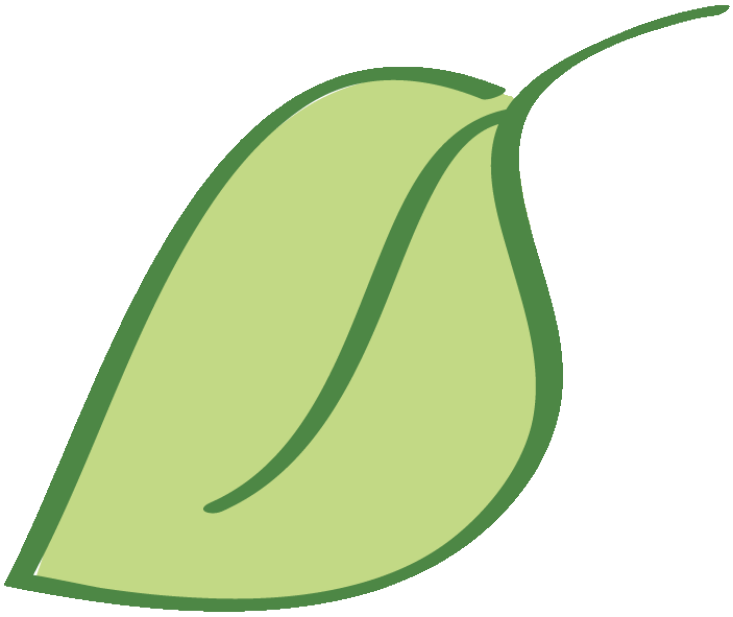
Brewer	Selected Products
Big Rock Brewery	Grasshopper Wheat Ale, McNally's Extra Ale, Traditional Ale
Fireweed Brewing Corporation	Cutthroat Pale Ale, Hophead IPA, Spy Porter
Labatt Breweries	Kokanee, Labatt Blue, Alexander Keith's, Budweiser
Les Bieres de la Nouvelle-France	La Messagere – Gluten Free
Mark Anthony Group	Okanagan Cider, California Cooler
McAuslan Brewing	Apricot Wheat Ale
Molson Coors Canada	Rickards Red, Canadian, Coors Light, Granville Island Brewing
Moosehead Breweries Ltd	Moosehead Lager
Nelson Brewing	Nelson After Dark Ale, Blackheart Oatmeal Stout
Phillips Brewing	Blue Buck, IPA, Phoenix Gold Lager
Russell Brewing	Cream Ale, Extra Special Lager
Sleeman Brewing Co.	Sleeman Cream Ale, Honey Brown Lager, Okanagan Spring Extra Special Pale Ale, Unibroue Blanche des Chambly
Vancouver Island Brewing	Piper's Pale Ale, Island Lager
Vincor International	Grower's Cider, Canada Cooler
Yukon Brewing	Arctic Red

Import and Domestic Suppliers and Selected Brands (Cans)

Agent/Brewer	Sample Brand
Amador Importers	
Atlas Wine Merchants	
Bear Brewing Company	
Big Rock Brewery Limited	Rock Creek Cider, Traditional Ale
Bowen Island Brewing	Special Light, Irish Cream Ale, Traditional Lager, Honey Brown Lager, Extra Pale Ale

Bruce Ashley Group	
Calibrium International Limited	
Cannery Brewing	Anarchist Amber Ale, IPA
Carlsberg Canada Inc.	Carlsberg Lager
Central City Brewing Company Limited	Red Racer Lager, Red Racer Pale Ale
Charton-Hobbs Inc.	
Culin Importers Ltd.	
Diageo Canada Inc. (Dorval)	Smirnoff Ice
Diamond Estates Wines & Spirits B.C.	
Fernie Brewing Company Limited	First Trax Brown Ale, Rocky Mountain Genuine Lager
Fireweed Brewing Corporation	Thirsty Beaver Amber Ale, Kelowna Pilsner
Great Western Brewing Company Ltd	Gold
Hell's Gate Brewing	Genuine Pale Ale, Premium Lager
Hi-Bridge Consulting Group	Yanjing Beer
Independent Distillers (Canada) Limited	Alive Grapefruit
Innovative Commodity Imports Limited	
Labatt Breweries	Alexander Keith's, Kokanee, Budweiser, Stella Artois
Lighthouse Brewing Co. Ltd.	Beacon Ipa, Race Rocks
Lmp Wines Inc.	Asahi
Lothar Heinrich Agencies Ltd.	Warsteiner
M.J.S. Beverage Concepts Int'l	
Mark Anthony Group Inc.	Mike's Hard Lemonade,
Mcclelland Premium Imports Inc.	
Meagher's Distillery (B.C.) Ltd.	
Molson Brewery B.C. Ltd.	Heineken, Coors Light, Rickard's Red
Moosehead Breweries	Lager
Nelson Brewing Co.	Wild Honey Organic, Face Plant Ipa

Northam Brewery	
Okanagan Spring Brewery Ltd.	1516, Pale Ale, Strongbow
Pacific Western Brewing Co. Ltd.	Cantebury Dark, Pacific Dry
Premier Brands Limited	Holsten
Premium Beer Company Inc.	Mooshead Lager
Russell Brewing Company Ltd.	Cream Ale, Extra Special Pale Ale
Sebucom International Corporation	
Sleeman Breweries	Honey Brown
Sunny Star Import Export Limited	
The Barley Mill	
The Cannery Brewing Company	Anarchist Amber Ale
The Kirkwood Group	Radeberger Pilsner
United Distributors Of Canada	
Vancouver Island Brewing Co.	Island Lager, Pipers Pale Ale
Whitehall Agencies Ltd.	



Appendix B

Audited Statements
Fiscal 2010

S.J. Yeung
Chartered Accountant
Calgary, Alberta

Financial Statements

BC Brewers Recycled Container Collection Council

March 31, 2010

S.T. Yeung*
Chartered Accountant

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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, 2010 and the statements of operations and cash flows for the year then ended. 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
July 16, 2010

CHARTERED ACCOUNTANT

*Professional Corporation

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

STATEMENT OF FINANCIAL POSITION

As at March 31

	2010 $	2009 $
ASSETS		
Current		
Cash	**2,962,705**	7,190,746
Accounts receivable (Note 3)	**5,595,816**	3,323,775
GST recoverable (Note 6)	**83,908**	195,014
	8,642,429	10,709,535
LIABILITIES		
Current		
Accounts payable and accrued liability	**13,800**	8,800
Deposit liability	**5,434,469**	5,056,048
Amount payable to BDL (without interest or stated terms of repayment	**4,322,477**	4,254,672
Unearned revenue	**543,447**	-
	10,314,193	9,319,520
NET ASSETS		
Accumulated excess (deficiency) of revenues over expenses (Note 5)	**(1,671,764)**	1,390,015
	8,642,429	10,709,535

See accompanying notes

On behalf of the Board:

Director

Director

S.T. Yeung Chartered Accountant

BC Brewers Recycled Container Collection Council

STATEMENT OF OPERATIONS

For the year ended March 31

	2010 $	2009 $
REVENUES		
Cans		
Aluminum revenue	**8,033,894**	9,204,221
Unredeemed deposits	**2,526,969**	3,856,126
BC LDB recycling fees	**1,440,210**	-
Miscellaneous Revenue	**2,546**	11,534
TOTAL REVENUE	**12,003,619**	13,071,881
EXPENSES		
Cans		
Processing fee:		
BDL (Note 4)	**15,039,875**	13,345,893
Miscellaneous	**25,523**	20,744
TOTAL EXPENSES	**15,065,398**	13,366,637
Net excess (deficiency) of revenues over expenses	**(3,061,779)**	(294,756)
Accumulated excess of revenues over expenses, beginning of year	**1,390,015**	1,684,771
Accumulated excess (deficiency) of revenues over expenses, end of year	**(1,671,764)**	1,390,015

See accompanying notes

BC Brewers Recycled Container Collection Council

STATEMENT OF CASH FLOWS

For the year ended March 31

	2010 $	2009 $
OPERATING ACTIVITIES		
Net excess of revenues over expenses for the year	**(3,061,779)**	(294,756)
Change in non-cash working capital items	**(1,234,067)**	1,121,841
	(4,295,846)	827,085
FINANCING ACTIVITIES		
BDL advance (repayments)	**67,805**	1,522,462
Increase (decrease) in cash	**(4,228,041)**	2,349,547
Cash position, beginning of year	**7,190,746**	4,841,199
Cash position, end of year	**2,962,705**	7,190,746

See accompanying notes

BC Brewers Recycled Container Collection Council
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

1. Description of Business

BC Brewers Recycled Container Collection Council ("BRCCC") is a common collection agent for the collection of regulated beer containers. The not for profit society facilitates the transparent oversight of can recycling in British Columbia as required by regulation with BDL as the approved stewardship agent for all refillable beer containers and beer 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) **BC LDB recycling fees** are recorded when the non-refillable containers are returned to BDL.
(b) **Aluminum revenue** is recorded when empty cans are crushed and sent to aluminum recycler.
(c) **Unredeemed deposits** are recorded monthly based on the sales of the month and the average non-return rate for containers.

Unearned recycling fees

BRCCC estimates that an average of 7 weeks of sales are outstanding at any particular point in time for cans. The recycling fees associated with those outstanding containers are not earned until they are physically returned. Unearned recycling fees are calculated monthly based on the current month sales, and adjustments are made accordingly. This calculation is the same regardless of whether the recycling fee rate is positive or negative.

Deposit liability

A deposit liability is recorded when the LDB pays BDL (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.

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, 2010 due to their short term nature.

Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform with the current year's presentation.

3. Accounts receivable

Accounts receivable of $5,595,815 represents the deposit to be received from:

a) LDB for sales payment for March 2010 for $3,799,636
b) LDB for recycling fee payment for March 2010 for $318,150
c) ALCOA for aluminum revenue for $1,478,029

4. Agent handling fees

The processing fees paid to BDL include agent handling fees charged by Liquor Retail Stores (LRS)/ Government Liquor Stores (GLS) of $0.18/dozen cans and by Stewardship depots of $0.19/dozen cans.

5. Accumulated Excess of Revenues over Expenses

As of March 31, 2010 the total excess (deficiency) of revenue over expense is ($1,671,764) (2009 -- $1,390,015). The goal of the Corporation is to have an accumulated excess of revenues over expenses of $4 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.

7. Return rates for the Year Ended March 31, 2010

Categories	Sales F10 (dozens)	Returns F10 (dozens)	Return Rate F10	Sales F09 (dozens)	Returns F09 (dozens)	Return Rate F09
Can	38,895,528	36,710,951	94.38%	35,538,355	32,694,991	92.00%

S.T. Yeung*
Chartered Accountant

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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 June 11, 2010, of **Brewers' Distributor Ltd. – British Columbia** for the year ended March 31, 2010. 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, 2010.

Calgary, Alberta
July 7, 2010

CHARTERED ACCOUNTANT

*Professional Corporation

BREWERS
DISTRIBUTOR LTD.
HEAD OFFICE
11500 - 29th Street S.E.
Calgary, Alberta T2Z 3W9
Telephone: (403) 531-1000
Fax: (403) 531-1025

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

July 7, 2010

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 of April 1, 2009 to March 31, 2010. 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.

Container Type	Sales Dozens	Returns Dozens	Recovery Rate
Cans	38,895,528	36,680,740	94.31%
Industry Standard Bottles	10,132,023	9,522,208	93.98%
Non Standard Bottles (Refillable)	3,326,099	2,858,089	85.93%

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

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	$46,674,634	$44,016,888
Industry Standard Bottles	$12,158,428	$11,426,650
Non Standard Bottles (Refillable)	$3,991,319	$3,429,707

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

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

cc: Mike Allen, Derek Drummond-Young, Karen Demers, Greg D'Avignon

Cans – Sales in Dozens

Audited method....Takes Labatt's and Molson's sales only (as the Oland and Sante Fe are part of the non-member sales % from the monthly can return calculation sheet)...and divides by (1-19.70694%) or 80.29306%....this was a constant amount used through the complete audit of 2009.

New method - the % is based on a calculation that takes all aluminum can sales as provided by LDB in dozens coupled with BDL sales for the same p/e as LDB....(JDE Report SALESDOMD2). This leaves us with Non-Member sales in dozens which is divided by LDB sales in dozens ...this gives us our new percentage for each month.

Cans – Returns in Dozens...comes from Can dozens crushed volume supplied by BC Accountant after reconciliation with G/L ...coupled with opening and closing inventory of cans (ECS on Hand Inventory).

Industry Standard Bottles - Sales – Total bottle sales in dozens which include non-member brewers that are part of the ISB bottle pool and dealcoholized beer (Labatts only).

Industry Standard Bottles – Returns – Industry receipts provided by Rejel from BE Sales Summary less Yukon Returns and Yukon (Chilkoot) Purchases....the net of which gives you the volume in dozens of returns in BC.

Non Standard Bottles (Refillable) – LDB provides the Sales in Dozens....comes from Gord Hall of the LDB.

Non-Standard bottles (Refillable) – from JDE BDL reports zzznonmem in the BE Worldwriter group...(Encorp #2208 is not included)...this is shipments to non-member brewery...+/- open and closing inventory from BALMT report from STOCKREP group as at March 31, 2009...