



2022

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Annual Report to the Director

Submitted to:

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BRCCC 2022 Annual Stewardship Report

Introduction

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

British Columbians returned over 698 million BRCCC containers in 2022. Thanks to BC residents and our partners, BRCCC achieved an overall program return rate of 91.78% which continues to be the highest container recovery rate in the Province. 2022 was a rebound year for BRCCC’s program as performance returned to historical levels of over 90%.

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

1. Executive Summary

| Products within plan: | Refillable Glass Beer, Cider & Cooler Containers, Metal Beverage Alcohol Cans and Secondary Packaging | |
|--------------------------------|---|--|
| Program website: | http://www.EnviroBeerBC.ca | |
| Recycling Regulation Reference | Topic | Summary |
| Part 2, Section 8(2)(a) | Public Education Materials & Strategies Schedule 1 & 5 | <ul style="list-style-type: none">Reconfigured and updated information on EnviroBeerBC.ca website to make it easier to navigate and find return locationsIssued window decals for contracted licensee retail stores for greater consumer awareness of unlimited return locations at retailConsumer awareness survey conducted in 2021 indicated 91% awareness in Schedule 1 program and 52% awareness in Schedule 5 programBecame founding partner of Circular Economy Month, highlighting the program’s circular commitments and achievements. Engaged over 60,000 pageviews and featured in news and social media channels across the country |
| Part 2, Section 8(2)(b) | Collection Systems & Facilities Schedule 1 & 5 | <ul style="list-style-type: none">BRCCC delivers beer to retail locations and licensed establishments and collects containers at retail locations, licensed establishments, and container depotsBDL operates a warehouse facility and delivery vehicles in BCThere are 1,162 container redemption facilities for BRCCC program containers in the province; see tables 1 and 2 for breakdown by return location type and by regional district, respectively |
| Part 2, Section 8(2)(c) | Product Environmental Impact Reduction, Reusability & Recyclability Schedule 1 & 5 | <ul style="list-style-type: none">All primary containers are either reused or recycledAll associated secondary packaging is returnable and recyclableEstimated waste diversion rate of 15,881 TN, avoided 95,529 TN of CO2E associated with containers |
| Part 2, Section 8(2)(d) | Pollution Prevention Hierarchy & Product Component Management Schedule 1 & 5 | <ul style="list-style-type: none">Reduction of new materials used continues to be recognised through the reuse of refillable bottlesBrewers receiving bottles for refilling have expressed intent to continue to refill those containers100% of aluminum containers collected were recycled in 2022100% of refillable glass collected is either sent for intended re-use by brewers or recycling (99% sent to brewers for re-use, 1% sent directly to a glass recycler for recycling)100% of material reported as collected packaging, sent to a recycler for recycling |

| | | |
|---------------------------|---|--|
| Part 2, Section 8(2)(e) | Product Sold and Collected & Recovery Rate | 1. 760.8 million containers sold and 698.3 million containers recovered 2. 91.78% recovery rate 3. 78.86% Secondary Packaging recovery rate |
| Part 2, Section 8(2)(e.1) | Schedule 1 & 5 | See Section 7 for estimated breakdown per regional district. |
| Part 2, Section 8(2)(f) | Summary of Deposits & Refunds Schedule 1 | Deposits Received: \$76,710,654 Deposits Refunded: \$70,061,941 Audit of B.C. Brewers' Recycled Container Collection Council Financial Statements and audit procedures in connection with Sections 8(2)(b), (d), and (e) of the Recycling Regulation and deposits received and refunds paid conducted by KPMG LLP. |

| Comparison of Key Performance Targets Part 2 – Section 8(2)(g); See full list of targets in Plan Performance | | |
|--|---|---|
| Priority Stewardship Target (as agreed with Ministry File Lead) | Performance | Strategies for Improvement |
| 1. Container Return Rates 87.5% recovery/collection rate in each container category | Targets Partially Achieved: <ul style="list-style-type: none">90.78% return rate for refillable industry standard bottles (ISB)85.32% return rate for refillable proprietary glass bottles91.90% return rate for aluminum cans91.78% return rate overall | <ul style="list-style-type: none">Improve strategy for collection of refillable proprietary glass bottlesContinue to communicate with brewers and collection network regarding categorization of containers |
| 2. Secondary Packaging Return Rates 75% Recovery/Collection rate of secondary packaging material | Target Achieved: <ul style="list-style-type: none">78.86% recovery/ collection rate attained for secondary packaging | N/A |
| 3. Consumer Accessibility for Containers Improve consumer access to BRCCC return locations to 385 (305 LRS, 80 depots) with at least 1 contracted return location in each regional district | Targets Partially Achieved: <ul style="list-style-type: none">165 return locations (81 LRS, 84 depots)27 of 28 regional districts with at least 1 contracted return location | <ul style="list-style-type: none">Continue reviewing current coverage levels to identify key areas for depot and contracted LRS expansionPerform additional drive time studies to identify potential areas that require increased coverage |

| | | |
|---|--|--|
| 4. Consumer Accessibility for Secondary Packaging 1,160 total return locations | Target Achieved: <ul style="list-style-type: none">1,162 total return locations in the BRCCC networkMaterials received from Recycle BC are collected through the Recycle BC network which includes additional collection locations not included in the 1,162 reported in the BRCCC network | N/A |
| 5. Consumer Accessibility for Drive Time 80% of population within 10 minute drive of BRCCC authorized return location | Target Achieved: <ul style="list-style-type: none">80% of population within a 10 minute drive of a BRCCC authorized return location | N/A |
| 6. Consumer Awareness: Promotion/Education Initiatives 3 net new consumer promotion/education initiatives throughout the Schedule 1 & 5 plans | Target Achieved: <ul style="list-style-type: none">At least one net new consumer promotion/education initiative rolled out in each program year | N/A |
| 7. Consumer Awareness: Level of Consumer Awareness 75% level of consumer awareness on consumer awareness survey | Target Partially Achieved: <ul style="list-style-type: none">52% consumer awareness survey result | <ul style="list-style-type: none">Continue to promote the collection system and educate the public to increase awareness |
| 8. Pollution Prevention 100% of collected materials for re-use or to recycling commodity markets Secondary Packaging: <ul style="list-style-type: none">Report in accordance with PHPTrack end fate of materials in annual stewardship audit | Targets Achieved: <ul style="list-style-type: none">Aluminum: 100% processed for metal recoveryRefillable Glass Bottles:<ul style="list-style-type: none">99% of material shipped, sent to brewers for reuse (100% of which were intended to be refilled)1% of material shipped, sent directly to a glass recycler for recycling by BDL100% of material reported as collected, sent to a recycler for recycling | <ul style="list-style-type: none">Continue to ensure service providers meet processing standardsWork with brewers and other collection locations to strengthen reporting and tracking systems |

2. Program Outline

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

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

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

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



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

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

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

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

3. Public Education Materials & Strategies

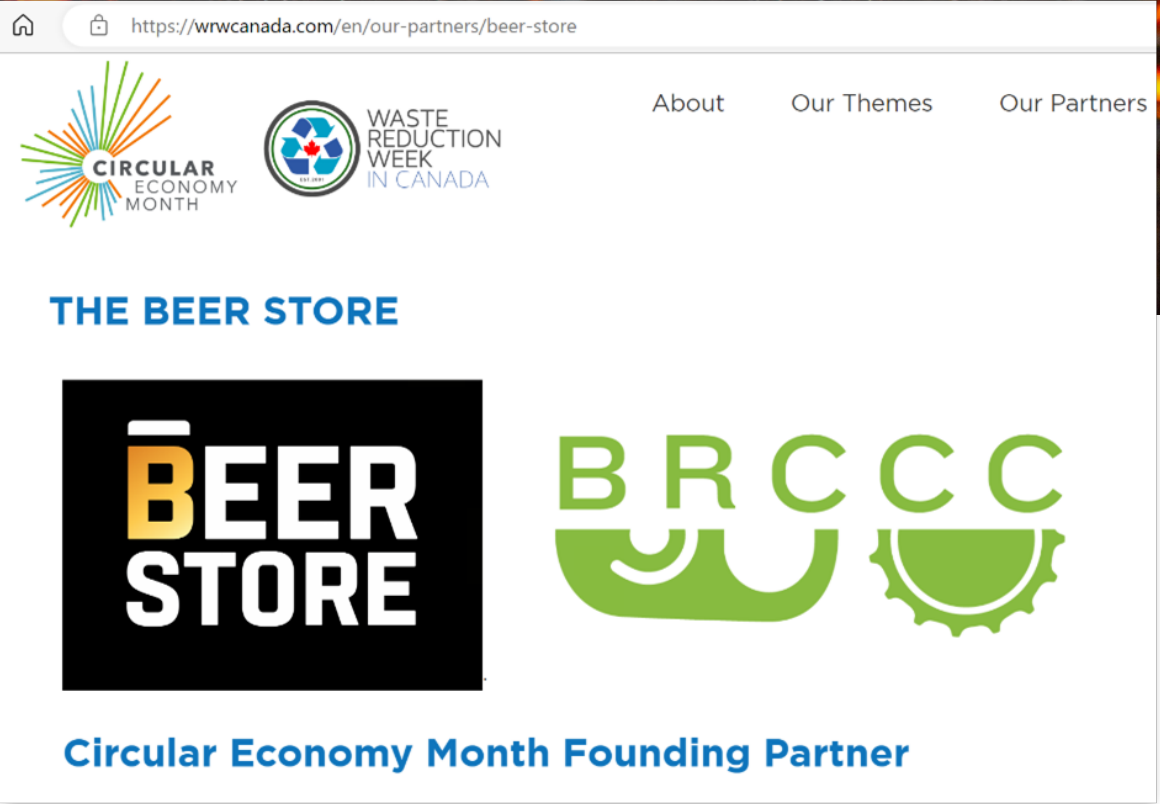
BRCCC updated the location tool on the www.EnviroBeerBC.ca website to make it easier to find return locations around the province. New posters were issued to some depot locations to help reduce confusion regarding bringing BRCCC containers to the counter for refund at applicable locations.

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

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

The secondary packaging program was launched in 2017 and saw a number of announcements and updates made to help educate stakeholders about the program to reinforce the effectiveness of the container recovery program while at the same time introducing the complimentary secondary packaging program. BRCCC also features can and bottle recycling videos on the homepage of its website www.EnviroBeerBC.ca. The videos provide tips on returning empty containers and associated packaging and show what happens to those containers after they have been returned. BRCCC continued to supply program "swag" such as coasters, beer cozies, and frisbees to several events and conferences to drive awareness of the programs. In 2022, BRCCC was a founding partner of Canada's very first Circular Economy Month campaign which highlighted the program's circular commitments and achievements. This campaign engaged over 60,000 pageviews of its website and was featured in news and social media channels across the country to support waste reduction and the circular economy.

Overall, BRCCC continues efforts to a) educate stakeholders – principally the consumer – about



BRCCC and how its stewardship system operates and the environmental benefits it delivers; and b) promoting the authorized return locations within its stewardship network.

BRCCC continues to work with ABLE BC to secure additional private retail liquor locations to support collections. ABLE BC regularly informs their members of this benefit through newsletters, publications, and surveys.

Finally, BRCCC continues to maintain its

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

4. Collection System and Facilities

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

provides the number and type of operating collection facilities within the province. In 2022, BDL performed the collection, sorting, and storage of containers from one warehouse location. Transport and distribution of product and collection of containers is supported by a fleet of BDL vehicles as well as use of third party carriers, where required. BRCCC also accepts all secondary packaging associated with containers for return and recycling.

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

| Return Location Type | 2022 | 2021 |
|--------------------------|------|------|
| BDL Authorized Depots | 84 | 85 |
| Licensee Retail Stores | 668 | 662 |
| Government Liquor Stores | 198 | 198 |
| Rural Agency Locations | 212 | 221 |
| Grand Total | 1162 | 1166 |

Currently, there are 1,162 retail and authorized depot redemption centres available for container collections across British Columbia. This is a decrease of 4 locations from 2021. BRCCC, through BDL, continues to monitor coverage levels to identify key areas for LRS contracted expansion

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

Table 2 – Number of Collection Locations by Regional District

| Regional Districts | 2022 (All Locations) | 2021 (All Locations) | 2022 (Contracted Locations) | 2021 (Contracted Locations) |
|--------------------------|----------------------------|----------------------------|-----------------------------------|-----------------------------------|
| Alberni - Clayoquot | 16 | 16 | 6 | 7 |
| Bulkley - Nechako | 20 | 22 | 5 | 7 |
| Capital | 84 | 86 | 16 | 16 |
| Cariboo | 39 | 40 | 5 | 6 |
| Central Coast | 4 | 4 | 0 | 1 |
| Central Kootenay | 42 | 42 | 5 | 5 |
| Central Okanagan | 52 | 51 | 5 | 6 |
| Columbia - Shuswap | 35 | 36 | 2 | 2 |
| Comox Valley | 25 | 24 | 4 | 4 |
| Cowichan Valley | 28 | 29 | 6 | 7 |
| East Kootenay | 33 | 33 | 3 | 3 |
| Fraser - Fort George | 35 | 38 | 12 | 15 |
| Fraser Valley | 80 | 80 | 9 | 9 |
| Greater Vancouver | 318 | 310 | 36 | 38 |
| Kitimat - Stikine | 16 | 17 | 7 | 7 |
| Kootenay Boundary | 17 | 17 | 1 | 1 |
| Mount Waddington | 15 | 18 | 2 | 2 |
| Nanaimo | 48 | 49 | 7 | 7 |
| North Okanagan | 33 | 32 | 2 | 2 |
| Northern Rockies | 4 | 4 | 1 | 1 |
| Okanagan - Similkameen | 37 | 37 | 5 | 5 |
| Peace River | 32 | 31 | 4 | 4 |
| qathet | 13 | 14 | 2 | 2 |
| Skeena - Queen Charlotte | 11 | 10 | 3 | 3 |
| Squamish - Lillooet | 21 | 19 | 4 | 4 |
| Strathcona | 27 | 28 | 5 | 6 |
| Sunshine Coast | 16 | 16 | 2 | 3 |
| Thompson - Nicola | 61 | 63 | 6 | 7 |
| Grand Total | 1162 | 1166 | 165 | 180 |

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

With the introduction of Schedule 5, secondary packaging (beer, cider, and cooler packaging), the reporting rights to some material is also purchased in accordance with contractual arrangements between BRCCC and other recyclers. In 2022, 1,685 tonnes of material were acquired from Recycle BC in the calendar year. In total, the reporting rights purchased from other recyclers was 2,350 tonnes. This helps to capture the secondary packaging associated with one-way glass containers and other beer and cider packaging that may not have otherwise come back with the containers. This material was collected via the Recycle BC network and therefore collected at even more collection locations than outlined in the tables above.

5. Product Environmental Impact Reduction, Reusability and Recyclability

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

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

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

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



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

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

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

6. Pollution Prevention Hierarchy and Product/Component Management

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

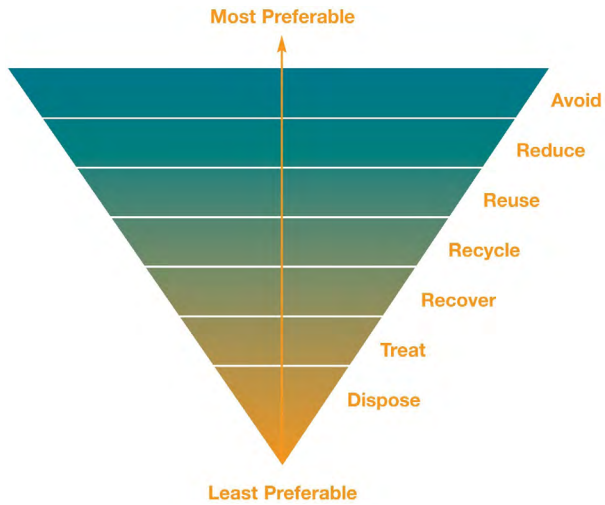


Figure 1 - Pollution Prevention Hierarchy



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

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

The number of refillable glass bottles shipped to brewers for re-use is tracked and recorded by BDL, as well as the weight of broken or culled glass shipped directly to glass recyclers. BDL's records also include the weights of aluminum cans that are crushed into "biscuits" and shipped to aluminum recyclers. In 2022, 100% of the aluminum and glass containers sent from BDL to recyclers was recycled. By reusing and recycling containers and packaging, then releasing the containers back into the market, brewers maintain their commitment to the environment and ensure that the recycling operations done by BDL are utilized to the fullest. Table 3 shows the results for the materials recovered in 2022.

Table 3: Results of Recovered Containers & Packaging 2022³

| Type of Container | Results of Recovered Material | |
|--------------------------|--|--|
| Aluminum Cans | 100% Processed for metal recovery | |
| Refillable Glass Bottles | 100% of the material sent to brewers were intended to be refilled | |
| | 99% of material shipped, sent to brewers for reuse | 1% of material shipped, sent directly to a glass recycler for recycling by BDL |
| Secondary Packaging | 100% of material reported as collected, sent to a recycler for recycling | |

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

BRCCC’s product stewardship system for containers also results in energy savings and reduced greenhouse gas (GHG) emissions, which are significant and are outlined in Table 4. The estimated GHG reductions associated with the program’s recycling and reuse in 2022 are equivalent to pulling over 21,258⁴ cars off provincial roads.

Table 4 - Energy, Greenhouse Gas, and Avoided Pollutants Associated with BRCCC Container Recovery 2022

| Pollution Prevention Metric | Glass Reuse & Recycling | Aluminum Recycling | Total Diversion |
|---|-------------------------|--------------------|-----------------|
| Weight of Materials Diverted (tonnes) | 6,237 | 9,644 | 15,881 |
| Avoided GHG Emissions (MT-CO2-eq) | 2,370 | 93,159 | 95,529 |
| Avoided Energy Consumption (GJ) | 42,412 | 842,478 | 884,890 |
| Avoided Pollution - Nitrogen Oxides (tonnes) | 11 | 303 | 314 |
| Avoided Pollution - Sulphur Oxides (tonnes) | 38 | 880 | 919 |
| Avoided Pollution - Particulate Matter (tonnes) | 23 | 306 | 329 |
| Avoided Pollution - Solid Waste (tonnes) | 416 | 41,439 | 41,855 |

Note: Figures in table have been rounded

The significant environmental savings associated with recycling aluminum extend from energy reduction to direct atmospheric emissions. Nitrogen oxides, sulphur dioxides, and particulate matter emissions are reduced by over 60%, 90%, and 95% respectively when aluminum products are made from recycled materials. In 2022, the estimated total emission reductions of nitrogen oxides, sulphur oxides and particulate matter from recycling aluminum and reusing glass bottles in BC are 314, 919, and 329 metric tonnes respectively.

Additionally, the production of aluminum generates solid waste that is four and a half times heavier than the resulting aluminum. The BRCCC container recovery system ensures the reduction of significant quantities of virgin aluminum or glass production through reuse and recycling. An estimated 41,855 metric tonnes of solid waste were prevented in 2022 as a result of BRCCC’s container management. This prevented waste figure excludes approximately 15,881 tonnes of reused or recycled materials already diverted from provincial landfills in 2022 due to BRCCC’s efforts. Combined, these totals represent BRCCC’s accumulative impact of roughly 57,736 tonnes of reduced solid waste production annually – equivalent to approximately \$7.3 million in Vancouver tipping fees⁵. In summary, BRCCC continues to deliver outstanding results for British Columbia’s environment through its product stewardship program.

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

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



7. Product Sold and Collected and Recovery Rate

Return, reuse, and recycling rates for most BRCCC container categories exceed the 87.5% performance target established under the stewardship plan and also greatly exceed the 75% mandated target set under the Environmental Management Act. Refillable proprietary bottles which represent only 1.5% of total container sales, were just below plan targets at 85.32% which is an increase from the previous year. In 2022, BRCCC’s product stewardship plan collected over 698.3 million containers with an overall program return rate of 91.78% which means that BRCCC has consistently achieved an overall return rate above the mandated target for well over a decade. Table 5 outlines a summary of the recovery rate by container type for 2022.

Table 5a – BRCCC Container Recovery Rates 2022⁶

| Container Type | Sales Dozens | Returns Dozens | Recovery Rate (%) |
|-----------------------------|--------------|----------------|-------------------|
| Cans | 61,198,912 | 56,244,043 | 91.90% |
| Refillable Glass Containers | | | |
| Industry Standard Bottles | 1,278,665 | 1,160,798 | 90.78% |
| Non-Standard Bottles | 926,029 | 790,112 | 85.32% |
| Total Refillables | 2,204,694 | 1,950,910 | 88.49% |
| Total All Containers | 63,403,606 | 58,194,953 | 91.78% |

Note: Figures in table have been rounded

Table 5b – BRCCC Secondary Packaging Recovery Rates 2022⁶

| Packaging Type | Tonnes Generated | Tonnes Recovered | Recovery Rate (%) |
|---------------------|------------------|------------------|-------------------|
| Secondary Packaging | 4,025 | 3,175 | 78.86% |

Secondary Packaging and Other Containers

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

BDL also sells and facilitates the collection and reuse of beer kegs. Steel beer kegs have an expected service life of over 30 years and require no additional packaging. In 2022, BDL sold approximately 168,782 kegs primarily to licensed establishments. The efficiency of the closed loop collection system offered by BDL ensures similar results for kegs as other stewardship program containers. In 2022, the return rates for these container types were in excess of 108%. This volume is equivalent to over 2.4 million cases of packaged beer⁷, which translates to approximately 383 tonnes of aluminum or 7,684 tonnes of glass bottles⁸.

Table 6 provides estimated values of program diversion by regional district. As BRCCC does not compile sales or collection data by Regional District, the values for diversion estimates were assumed to follow the per capita distribution for each district. Population distribution estimates for 2022 were obtained from the BC Stats website⁹.

⁶ Data reviewed by KPMG LLP. Sales were provided by the BC Liquor Distribution Branch (LDB)
⁷ Assumed 58.67L Kegs and 12 x341 glass bottles as a package
⁸ Assumed 7lbs/case of glass bottles and 1lbs per 33 355ml cans
⁹ Source: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

Table 6 - 2022 Program Diversion Estimates by Regional District (Based on Collected Materials)

| Regional Districts | Aluminum Units (000) | Aluminum Weight (Tonnes) | Glass Units (000) | Glass Weight (Tonnes) | Total Units (000) | Total Schedule 1 Weight (Tonnes) | Secondary Packaging Weight (Tonnes) | Total Weight (Tonnes) |
|--------------------------|----------------------|--------------------------|-------------------|-----------------------|-------------------|----------------------------------|-------------------------------------|-----------------------|
| Alberni-Clayoquot | 4,424 | 61 | 153 | 41 | 4,577 | 101 | 21 | 122 |
| Bulkley-Nechako | 5,101 | 70 | 177 | 47 | 5,278 | 117 | 24 | 141 |
| Capital | 55,822 | 767 | 1,936 | 512 | 57,758 | 1,280 | 263 | 1,542 |
| Cariboo | 8,356 | 115 | 290 | 77 | 8,646 | 192 | 39 | 231 |
| Central Coast | 468 | 6 | 16 | 4 | 484 | 11 | 2 | 13 |
| Central Kootenay | 8,218 | 113 | 285 | 75 | 8,503 | 188 | 39 | 227 |
| Central Okanagan | 29,877 | 411 | 1,036 | 274 | 30,914 | 685 | 141 | 825 |
| Columbia-Shuswap | 7,471 | 103 | 259 | 69 | 7,730 | 171 | 35 | 206 |
| Comox Valley | 9,578 | 132 | 332 | 88 | 9,910 | 220 | 45 | 265 |
| Cowichan Valley | 11,769 | 162 | 408 | 108 | 12,177 | 270 | 55 | 325 |
| East Kootenay | 8,559 | 118 | 297 | 79 | 8,856 | 196 | 40 | 236 |
| Fraser-Fort George | 13,178 | 181 | 457 | 121 | 13,635 | 302 | 62 | 364 |
| Fraser Valley | 43,849 | 603 | 1,521 | 402 | 45,370 | 1,005 | 206 | 1,211 |
| Greater Vancouver | 360,691 | 4,958 | 12,511 | 3,310 | 373,202 | 8,268 | 1,697 | 9,965 |
| Kitimat-Stikine | 5,279 | 73 | 183 | 48 | 5,462 | 121 | 25 | 146 |
| Kootenay Boundary | 4,324 | 59 | 150 | 40 | 4,474 | 99 | 20 | 119 |
| Mount Waddington | 1,510 | 21 | 52 | 14 | 1,562 | 35 | 7 | 42 |
| Nanaimo | 22,380 | 308 | 776 | 205 | 23,156 | 513 | 105 | 618 |
| North Okanagan | 12,042 | 166 | 418 | 111 | 12,459 | 276 | 57 | 333 |
| Northern Rockies | 620 | 9 | 22 | 6 | 642 | 14 | 3 | 17 |
| Okanagan-Similkameen | 11,641 | 160 | 404 | 107 | 12,045 | 267 | 55 | 322 |
| Peace River | 8,536 | 117 | 296 | 78 | 8,832 | 196 | 40 | 236 |
| qathet | 2,747 | 38 | 95 | 25 | 2,842 | 63 | 13 | 76 |
| Skeena - Queen Charlotte | 2,484 | 34 | 86 | 23 | 2,570 | 57 | 12 | 69 |
| Squamish-Lillooet | 6,312 | 87 | 219 | 58 | 6,531 | 145 | 30 | 174 |
| Strathcona | 6,447 | 89 | 224 | 59 | 6,670 | 148 | 30 | 178 |
| Sunshine Coast | 4,170 | 57 | 145 | 38 | 4,315 | 96 | 20 | 115 |
| Thompson-Nicola | 19,079 | 262 | 662 | 175 | 19,740 | 437 | 90 | 527 |
| British Columbia | 674,929 | 9,277 | 23,411 | 6,194 | 698,339 | 15,472 | 3,175 | 18,646 |

Summary of Deposits, Refunds, Revenues and Expenditures

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

a. Refillable Bottles

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

b. Recycled Cans

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

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

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

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

Table 7 2022 Deposit Summary

| | Cans | Industry Standard Bottles (ISB) | Non-ISB Refillable Bottles | Total |
|------------------------|--------------|---------------------------------|----------------------------|--------------|
| Deposits Received (\$) | \$74,039,310 | \$1,531,978 | \$1,139,366 | \$76,710,654 |
| Refunds Paid (\$) | \$67,663,832 | \$1,449,974 | \$948,134 | \$70,061,941 |

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

Secondary Packaging

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

8. Plan Performance

| Target | 2022 Performance | Strategies for Improvement |
|--|--|---|
| 87.5% recovery/collection rate in each container category | <ul style="list-style-type: none">90.78% return rate for refillable industry standard bottles (ISB)85.32% return rate for refillable proprietary glass bottles91.90% return rate for aluminum cans91.78% return rate overall | <ul style="list-style-type: none">Improve strategy for collection of refillable proprietary glass bottlesContinue to communicate with brewers and collection network regarding categorization of containers |
| 75% Recovery/Collection Rate of secondary packaging material | <ul style="list-style-type: none">78.86% recovery/collection rate attained for secondary packaging | N/A |
| Accessibility Targets: Containers <ul style="list-style-type: none">Improve consumer access to BRCCC return locations to 385 (305 LRS, 80 depots) with at least 1 contracted return location in each regional district | <ul style="list-style-type: none">165 return locations (81 LRS, 84 depots)27 of 28 regional districts with at least 1 contracted return location | <ul style="list-style-type: none">Continue reviewing current coverage levels to identify key areas for depot and contracted LRS expansionPerform additional drive time studies to identify potential areas that require increased coverage |
| Accessibility Targets: Secondary Packaging <ul style="list-style-type: none">1,160 total return locations | <ul style="list-style-type: none">1,162 total return locations in the BRCCC networkMaterials received from Recycle BC are collected through the Recycle BC network which includes additional collection locations not included in the 1,162 reported in the BRCCC network | N/A |
| Accessibility Targets: Drive Time <ul style="list-style-type: none">80% of population within 10 minute drive of BRCCC authorized return location | <ul style="list-style-type: none">80% of population is within a 10 minute drive of a BRCCC authorized return location | N/A |
| Consumer Awareness: Promotion/Education Initiatives <ul style="list-style-type: none">3 net new consumer promotion/education initiatives throughout the Schedule 1 & 5 plans | <ul style="list-style-type: none">At least one net new consumer promotion/education initiative rolled out in each program year | N/A |

| | | |
|---|--|--|
| Consumer Awareness: Level of Consumer Awareness — 75% level of consumer awareness on consumer awareness survey | <ul style="list-style-type: none">• 52% consumer awareness survey result | <ul style="list-style-type: none">• Continue to promote the collection system and educate the public to increase awareness |
| Pollution Prevention Hierarchy/ Product Life Cycle Targets: 100% of collected materials for re-use or to recycling commodity markets Secondary Packaging: <ul style="list-style-type: none">• Report in accordance with PHP• Track end fate of materials in annual stewardship audit | <ul style="list-style-type: none">• Aluminum: 100% processed for metal recovery• Refillable Glass Bottles:<ul style="list-style-type: none">- 99% of material shipped, sent to brewers for reuse (100% of which were intended to be refilled)- 1% of material shipped, sent directly to a glass recycler for recycling by BDL• 100% of material reported as collected, sent to a recycler for recycling | <ul style="list-style-type: none">• Continue to ensure service providers meet processing standards• Work with brewers and other collection locations to strengthen reporting and tracking systems |

In closing, BRCCC thanks all British Columbians for their ongoing participation in our program as we remain committed to continue making the system effective, convenient, and sustainable. Achieving high recovery rates and ensuring that container reuse remains viable in the province would not be possible without the generous efforts by our partners and BC residents. BRCCC looks forward to continuously monitoring and improving the program in 2023 to strengthen awareness of our packaging recovery system and to continue to lead in environmental stewardship.



Financial Statements of

**BC BREWERS RECYCLED
CONTAINER COLLECTION
COUNCIL**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BC Brewers Recycled Container Collection Council

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 27, 2023

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Statement of Financial Position

December 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 18,380,945 | \$ 22,513,100 |
| Accounts receivable (notes 2 and 7) | 8,457,613 | 8,964,915 |
| Goods and services tax receivable (note 3) | 164,603 | 187,154 |
| | \$ 27,003,161 | \$ 31,665,169 |

Liabilities and Net Assets

| | | |
|---|----------------------|----------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 7) | \$ 2,995,441 | \$ 4,278,586 |
| Deferred revenue (note 4) | 9,193,967 | 9,547,738 |
| | 12,189,408 | 13,826,324 |
| Net assets: | | |
| Accumulated surplus | 14,813,753 | 17,838,845 |
| | \$ 27,003,161 | \$ 31,665,169 |

See accompanying notes to financial statements.

On behalf of the Board:

Luke Harford Director

Warren Chandler Director

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Statement of Operations and Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|-------------------------------------|---------------|---------------|
| Revenue: | | |
| Regulated deposits | \$ 76,703,706 | \$ 78,597,449 |
| Deposits refunded | (70,061,941) | (70,756,256) |
| | 6,641,765 | 7,841,193 |
| Sale of recyclable material | 19,395,795 | 16,517,760 |
| Brand owner fees (note 7) | 8,302,188 | 9,492,183 |
| | 34,339,748 | 33,851,136 |
| Expenses: | | |
| Processing fees (note 7) | 37,114,161 | 33,773,988 |
| Exchange gain | (287,210) | (52,354) |
| General and administration | 537,889 | 445,098 |
| | 37,364,840 | 34,166,732 |
| Deficiency of revenue over expenses | (3,025,092) | (315,596) |
| Net assets, beginning of year | 17,838,845 | 18,154,441 |
| Net assets, end of year | \$ 14,813,753 | \$ 17,838,845 |

See accompanying notes to financial statements.

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|--|----------------|---------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Deficiency of revenue over expenses | \$ (3,025,092) | \$ (315,596) |
| Change in non-cash operating working capital: | | |
| Decrease in accounts receivable | 507,302 | 1,737,064 |
| Decrease (increase) in goods and services tax receivable | 22,551 | (75,098) |
| Decrease in accounts payable and accrued liabilities | (1,283,145) | (799,544) |
| (Decrease) increase in deferred revenue | (353,771) | 739,143 |
| (Decrease) increase in cash and cash equivalents | (4,132,155) | 1,285,969 |
| Cash and cash equivalents, beginning of year | 22,513,100 | 21,227,131 |
| Cash and cash equivalents, end of year | \$ 18,380,945 | \$ 22,513,100 |

See accompanying notes to financial statements.

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements

Year ended December 31, 2022

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

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

1. Significant accounting policies:

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

(a) Foreign currency translation:

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

(b) Revenue recognition:

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

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Deferred revenue:

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

(d) Cash and cash equivalents:

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

(e) Financial instruments:

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

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

(g) Processing fees:

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

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Accounts receivable:

| | 2022 | 2021 |
|-----------------------------|---------------------|---------------------|
| Container deposits | \$ 3,882,116 | \$ 4,421,086 |
| Brand owner fees | 1,295,184 | 1,189,518 |
| Sale of recyclable material | 3,280,313 | 3,354,311 |
| | <u>\$ 8,457,613</u> | <u>\$ 8,964,915</u> |

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

3. Goods and services tax:

BRCCC is in a refund position in both 2022 and 2021 as certain revenue is zero rated, causing input tax credits to exceed amounts collected.

4. Deferred revenue:

Deferred revenue includes a liability for unreturned deposits.

| | 2022 | 2021 |
|---------------------------|---------------------|---------------------|
| Cans | \$ 8,087,105 | \$ 8,383,584 |
| Standard bottles | 195,662 | 188,043 |
| Non-standard bottles | 102,596 | 137,839 |
| Unearned brand owner fees | 808,604 | 838,272 |
| | <u>\$ 9,193,967</u> | <u>\$ 9,547,738</u> |

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Return rate for the periods ended December 31, 2022 (C22) and 2021 (C21):

| Category | Sales C22 (dozens) | Returns C22 (dozens) | Return rate C22 | Sales C21 (dozens) | Returns C21 (dozens) | Return rate C21 |
|-----------------------------|-----------------------|-------------------------|--------------------|-----------------------|-------------------------|--------------------|
| Can | 61,198,912 | 56,244,043 | 91.90% | 64,161,461 | 56,865,259 | 88.63% |
| Industry standard bottle | 1,278,665 | 1,160,798 | 90.78% | 1,243,894 | 1,195,072 | 96.08% |
| Non-standard bottle | 926,029 | 790,112 | 85.32% | 1,043,385 | 872,344 | 83.61% |

6. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that an organization will be unable to fulfill its obligations on a timely basis. BRCCC manages its liquidity risk by monitoring its operating requirements. There has been no change to the risk exposure from 2021.

(b) Currency risk:

BRCCC is exposed to currency risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, BRCCC makes sales of recyclable material denominated in U.S. dollars. BRCCC does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2021.

(c) Credit risk:

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

BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Financial risks (continued):

(d) Commodity price risk:

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

7. Related party transactions:

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

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

| | 2022 | 2021 |
|--|--------------|--------------|
| Revenue from related parties | \$ 4,687,987 | \$ 4,685,880 |
| Services received from related parties | 36,028,750 | 32,776,670 |

Trade balances:

| | 2022 | 2021 |
|--------------------------|------------|------------|
| Due from related parties | \$ 837,992 | \$ 704,814 |
| Due to related parties | 1,928,532 | 3,344,750 |