Deposit-Refund



Excellence

2021 ANNUAL REPORT

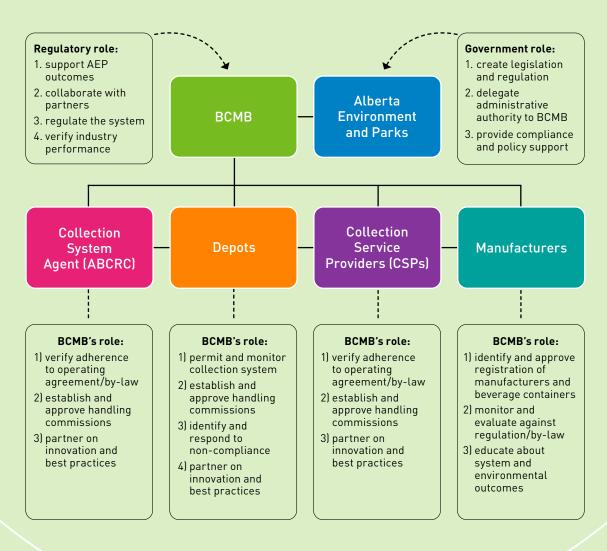


- 3 Introduction
- 8 Letter to the Minister
- 9 2021 Highlights
- 12 Chair's Report
- 14 President's Report
- 15 Understanding the System and BCMB's Role
- 22 Vision & Mandate
- 23 Governance
- 26 2021 Outcomes
- 28 Outcome 1 Environmental Protection
- 33 Outcome 2 Fiscal Stewardship
- 38 Outcome 3 Governance Excellence
- 43 Outcome 4 Customer Excellence
- 50 Outcome 5 System Efficiency & Effectiveness
- 55 Financial Statements
- 68 Beverage Container Recycling System Terms

Alberta's beverage container recycling industry has long been viewed as a successful model for not just keeping beverage containers out of landfills, but for ensuring they are recycled and become part of the **circular economy**. The system's success is founded on Alberta's deposit-refund system that



The province's outstanding performance in beverage container recycling is a result of the efficient and effective work of manufacturer and depot stakeholders. This work is supported, monitored and evaluated by the Beverage Container Management Board, the **system regulator**. Since its inception 25 years ago, the BCMB's regulatory role has evolved, but the principles of our oversight have remained the same. We collaborate with our industry partners; we consult regularly with those we regulate; we manage the deposit-refund system with significant trust in our partners and the excellent work they do; and we ensure identified outcomes for beverage container recycling are being met.



The BCMB's intent, on behalf of the Government of Alberta and all Albertans, is to ensure a fair playing field for all industry stakeholders and to hold them accountable for being fiscally and environmentally reponsible.

We do this primarily with a focus on **education and information sharing**, only using progressive compliance measures when necessary. While we negotiate standards with industry, we also work within national best practices wherever possible to maintain our leading deposit-refund system for beverage containers.



We have made significant changes in recent years to ensure our core business functions and systems are directed at regulation rather than industry operations. We continually look to remove unnecessary barriers. This has allowed our stakeholders to use their expertise to carry out their roles with innovation, excellence and the assurance that all system participants are **working toward the same outcomes**.

This approach has never been more important given the impacts of the global pandemic. The entire industry has navigated the pandemic with excellence, making sure Albertans can continue to safely return their beverage containers for a refund during challenging economic times.



While the pandemic was at the forefront of planning and operations within our industry in 2021, our strong regulatory structure and relationships with our industry stakeholders allowed the BCMB to move ahead with **crucial work** to modernize and secure systems and processes, to look at cross-provincial collaboration related to recycling definitions and measurement, and to evaluate the most cost-effective and efficient locations for depots.

Ultimately, everything we do as a regulator and with our partners will help the province maintain and grow a beverage container recycling system that provides consistent and reliable recycling access to Albertans. This will help us achieve our mandate of environmental protection and further the positive economic and social impacts of the deposit-refund system.

- Blaire Gaalaas, President



Letter to the Minister

June 23, 2022

Honourable Whitney Issik Minister of Environment and Parks Government of Alberta 323 Legislature Building 10800 – 97 Avenue Edmonton AB T5K 2B6

Dear Minister Issik:

On behalf of the Board of Directors of the Beverage Container Management Board (BCMB), I am pleased to present our Annual Report for the fiscal year ended December 31, 2021, in accordance with Section 5 of the Beverage Container Recycling Regulation (Alta. Reg. 101/1997 as amended).

After a drop in 2020 due to the pandemic, the overall collection rate for beverage containers has risen to 84.1%, nearing the consistent rates at or above 85% before the pandemic. This is a testament to the commitment and hard work of our industry to adhere to provincial restrictions and offer a safe and efficient system for Albertans to return their containers.

The BCMB continues to place emphasis on enhancing our successful regulatory role and ensuring our system is favourably benchmarked against systems across Canada. Our deposit-refund system works because of the close working relationships we have with our stakeholders and their commitment to performance excellence and a successful system. That has led us to also expand our collaboration with stakeholders outside of Alberta as we work towards harmonizing recycling definitions, registration processes and measures with other jurisdictions and recycling organizations.

The BCMB appreciates the ongoing support provided by staff of Environment and Parks and your office. Likewise, we look forward to continuing to support the ministry in your efforts.

Yours truly,

Andrew Stephens

Chair

Beverage Container Management Board



COLLECTION RATE

- recovered to 84.1% in 2021 after dropping to 82.2% in 2020 due to the initial lockdown and impacts of the pandemic
- rising to near pre-covid levels again when it met or exceeded the provincial government's 85% target for 5 years



NEW VARIABLE RATE FOR HANDLING COMMISSIONS

- new variable rate for handling commissions implemented July 1, 2021
- handling commissions recalculated so that the first 1.5 million containers collected by a depot in a calendar year are allocated an additional 1.5 cents per container
- provides the opportunity for more depots, regardless of location, to achieve the intended return margin (profit margin) which enhances the viability of the depot network as a whole



NEW EPR LEGISLATION

- legislation passed by Government of Alberta to enable Extended Producer Responsibility (EPR) in Alberta and set the foundation for implementation of an EPR framework in spring 2022
- will include single-use plastics, packaging, paper products and hazardous and special products like household pesticides and solvents
- BCMB and other beverage container recycling system stakeholders participated in the consultation process
- although beverage containers were not included in the initial EPR framework, Alberta's deposit-refund system and its regulatory structure has been looked to as a model of best practice

Key Projects



TECHNOLOGY REVIEW & UPDATE

- significant updating and streamlining of all IT systems to comply with information security standards, align with other industry systems and to enhance the user experience
- project work in 2021 focused on internal tools and providing a secure, accessible and stable platform for future systems development
- project work in 2022 will focus on rebuilding the registration database for ease of use and will include engagement and collaboration with manufacturers, other provinces and other related stakeholders

Streamlining and updating our information technology systems improves our ability to share information and BCMB stakeholders' confidence in the systems.

Jamie Moore, CPA, CA
 Director of Finance
 & Administration



Key Projects



REGISTRATION AND RECYCLING SCORECARD

- joint project with ABCRC to modernize recycling definitions in by-law, develop a recycling scorecard and industry recycling rate verification methods, and establish appropriate reporting metrics
- project awarded to a third-party expert in late 2021 with majority of the work to be completed in 2022



DEPOT SITING AND ACCESS REQUIREMENTS

- analysis of depot siting criteria
 that will allow the BCMB to review
 current depot network placement,
 demographic patterns, spatial data,
 and cost and service level data
 with a goal of evaluating current
 proximity criteria and better
 understanding potential access
 requirements for Albertans
- procurement of the hardware and software to support the mapping tool

Aligning processes and standards in beverage container registration and recycling with other provinces will streamline the processes and reduce regulatory red tape for manufacturers. We will also have the knowledge and capacity we need to effectively set standards for Alberta and to share best practices for recycling.

Brent Campbell,
 Director of Operations

As the regulator, the BCMB wants to ensure the depot system is cost effective and efficient and that depots have access to sufficient populations. We also aim to ensure Albertans have convenient and accessible locations to return their beverage containers for a refund of the deposit. Siting depot locations appropriately will assist us as we strive to achieve the Government of Alberta's goal of a minimum collection rate of 85% of all beverage containers sold in the province.

Mark Emsden,
 Director of Compliance



Chair's Report

As the regulator of Alberta's beverage container recycling system, the BCMB works to ensure the system is as efficient and accessible as possible for all Albertans. That focus guides the work we do as an organization and all decisions made by management and the Board of Directors, and 2021 was no exception.

The pandemic continued to create challenges for depots and our entire industry, and it factored into the decisions we made as a Board in 2021. However, we continued to be impressed with our industry's ability to adjust as needed. Manufacturers and their agents (ABCRC/ABCC) have worked well together to shift operations to meet the needs of the pandemic, as have depots which continue to serve customers with the level of excellence for which Alberta's depot system is known.

The system's commitment to collaboration, fair process and cost savings was evident when industry parties agreed in December 2021 to extend handling commissions for another year rather than prompt a Handling Commission Review at that time. Collaboration was also evident in the increase in the collection rate in 2021. After dipping to 82.2% in 2020 due to the initial lockdown and impacts of the pandemic, the collection rate has risen to near pre-pandemic levels which were consistently at or above the Government of Alberta's target of 85%.

Albertans trust their depots are safe and accessible and they believe in the benefits of the beverage container recycling system. In turn, the BCMB places its trust in our stakeholders to adhere to operating standards and agreements so we can carry out our regulatory role and ensure the requirements of those agreements are being met.

All of that is made possible by the innovative and excellent work of BCMB management and staff and the hard work of our industry stakeholders and Alberta Environment and Parks. Our Board of Directors also deserves recognition for their leadership and the perspectives they bring to their roles. I would like to thank Jerry Roczkowsky, Brenda Smith, Usman Valiante and Patrick Kane, all of whom left the Board in 2021, for their significant contributions and hard work. In turn, we had the pleasure of welcoming five new directors: Thomas Dore, Karim Dossa, Gagandeep Johal, Rachel Morier and Carol Nelson.

There are significant strategic opportunities and challenges ahead of us including:

- society's growing emphasis on convenience (e.g., access requirements, quick drop, offsite collection, electronic communication/scheduling)
- the implementation of Extended Producer Responsibility (EPR) in Alberta and other jurisdictions (opportunities for depots to collect more products)
- our desire to continually increase return rates and implement more meaningful performance metrics (e.g., recycling content in products, increased recycling rates, access requirements for Albertans)
- the role of new technologies/collection methods in our system

CHAIR'S REPORT

The Board supports the President in developing BCMB's strategic direction, and that will continue in 2022. That support extends to the work of BCMB management and staff to optimize the system and to ensure that it not only meets the recycling needs of Albertans but allows us to make strides towards harmonization with other jurisdictions. With this approach, we will be better positioned to adapt to future needs related to EPR frameworks for other materials and the broader goal of creating a circular economy.

It is through the lens of a circular economy that we will broaden our thinking about beverage container recycling in Alberta. This will lead the BCMB to explore further opportunities to collaborate not just with our partners in this province, but with recycling organizations across Canada. Aligning our standards and sharing best practices will put us in the best position possible to manage future needs for our regulated community.

The BCMB has earned its reputation as a leader in beverage container recycling, and we look forward to continuing to work with stakeholders to maintain that status as we look to the future.

Andrew Stephens Board Chair



President's Report

With a global health crisis creating unprecedented economic and social impacts that touch every person and business, the need to be flexible and innovative while adhering to restrictions and certain parameters for business operations has been important for the BCMB and our industry.

While the beverage container recycling industry has certainly felt the impacts of the pandemic, our structure has allowed us to adapt and carry out the crucial work we do to protect the environment, contribute to the economy and provide social benefits to communities that are needed now more than ever.

Our industry has always had strict standards in place, and our system allows for significant autonomy for stakeholders to carry out their roles. They know their business best and they do it well. As the regulator, the BCMB ensures that requirements for the collection and recycling of beverage containers are being met or exceeded. This is done through various mechanisms such as regular meetings and consultation with industry stakeholders, consistent review of beverage container registrations, identification of manufacturers, operating agreements with key stakeholders and electronic communication methods.

To that end, we began or continued work on key projects and initiatives in 2021 that are aimed at strengthening and modernizing our systems, creating efficiencies and working towards harmonization of recycling standards and measures across Canada. This work will also help prepare the BCMB and the beverage container recycling system for advancements in recycling methodology and regulation.

The Government of Alberta announced in November 2021 that beverage containers will not be included in the new Extended Producer Responsibility (EPR) framework that will be introduced in 2022 for single-use plastics, packaging, paper products and hazardous and special

products like household pesticides and solvents. However, with EPR frameworks becoming the main environmental policy and system management approach in Canada and globally, the beverage container recycling system will need to continue to meet high standards and adapt to new best practices as they are adopted under other regulatory models.

Our successful system has always been highly regarded across Canada and has many of the key elements of EPR, including registration of producers and their products, producer reporting, and measurement of producer compliance with recycling targets and accessibility standards. It is therefore imperative that our industry continues to collaborate to achieve and possibly exceed federal and provincial standards to protect the environment and serve Albertans. Some of this work can be achieved through initiatives such as the recycling scorecard and definitions project and better understanding access requirements for Albertans through projects like the current depot mapping work.

I am so proud of the work of BCMB management and staff in 2021 to address the many challenges resulting from the pandemic. They advanced our key projects and focused on our Board's desire to see the BCMB build on its leadership and regulatory role while we collaborate with our stakeholders and other jurisdictions and organizations across Canada.

We value and appreciate the support we receive from Alberta Environment and Parks staff, our industry stakeholders and our Board of Directors. Our system is successful and highly regarded for many reasons, and none of that success is possible without dedicated and innovative people with the vision and will to make it happen.

Blaire Gaalaas

President

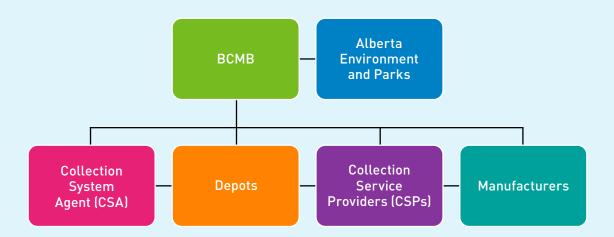
Understanding the System and BCMB's

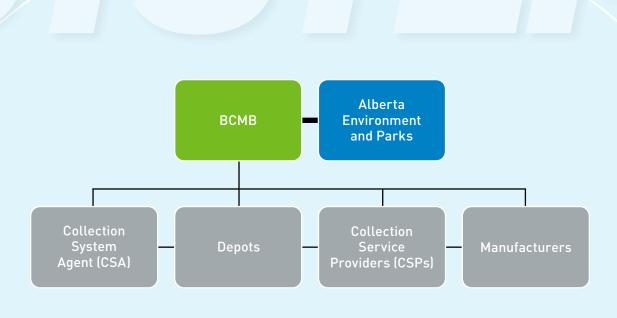
BCMB

The BCMB is a Delegated Administrative Organization (DAO) created through legislation to aid the Ministry of Environment and Parks in achieving its goals and objectives. We are responsible for regulating and delivering Alberta's beverage container recycling system. We do this in close collaboration with our industry stakeholders which, in addition to Alberta Environment and Parks, include:

- the Collection System Agent (ABCRC);
- the main Collection Service Provider (Alberta Beer Container Corporation/BDL);
- the Alberta Bottle Depot Association (ABDA); and
- beverage manufacturers, the largest being Alberta Gaming, Liquor and Cannabis (AGLC), which is currently responsible for registration of containers for alcoholic beverages.

Each of our system stakeholders have core functions they perform with expertise and knowledge that allows the BCMB to trust their ability to deliver and be accountable for the role they play in the success of the beverage container recycling system. The BCMB's by-laws and policies, the operating agreements we have with the CSA and CSP, and the collaborative nature of the industry make our regulatory role one that allows us to work closely with our industry partners while maintaining an oversight role as we verify that standards and requirements are being met.





ALBERTA ENVIRONMENT AND PARKS

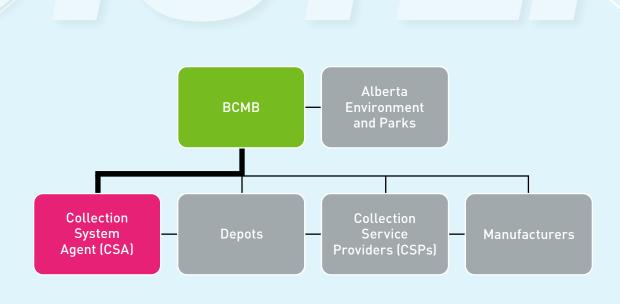
As a DAO, the BCMB functions as an arms-length, self-funded, legal entity in carrying out our services and mandate. However, we do so while supporting Alberta Environment and Park's desired outcomes, particularly: 'Environment and ecosystem health and integrity support Albertans' well being'.

The ministry's 2022–2025 Business Plan states: "Environment and ecosystem health and integrity are indispensable to the well-being of Albertans. Achieving this requires the ministry to leverage effective consultation, engagement, collaboration and partnerships...".2

The BCMB aims to help the ministry achieve this desired stewardship outcome by working closely with them and all system stakeholders in our efforts to increase the collection rate for beverage containers and ensure the most effective and innovative system possible.

Alberta Environment and Parks nominates one non-voting Director to the BCMB's Board of Directors.

¹Alberta Environment and Parks 2022-2025 Business Plan, p. 43. ²Alberta Environment and Parks 2022-2025 Business Plan, p. 41.

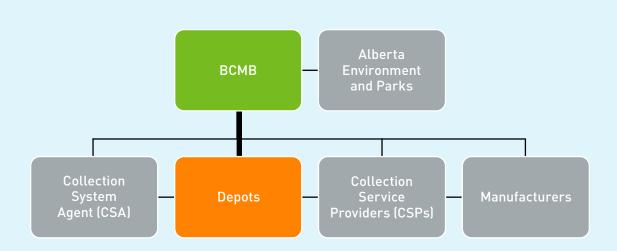


COLLECTION SYSTEM AGENT - ABCRC

As the CSA for all non-refillable beverage containers, the Alberta Beverage Container Recycling Corporation (ABCRC) is responsible, on behalf of manufacturers, for the collection, processing and shipping of containers from all Alberta depots to recycling companies.

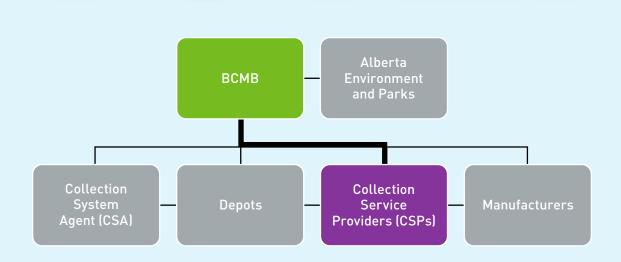
Non-refillable containers account for about 98% of all beverage containers returned to depots. ABCRC's role, among other things, includes setting and administering Container Recycling Fees, the recycling and verification of containers, and marketing.

The BCMB has an agreement with the CSA to operate the common collection system which is required under regulation. The agreement establishes performance standards by which the BCMB evaluates the CSA.



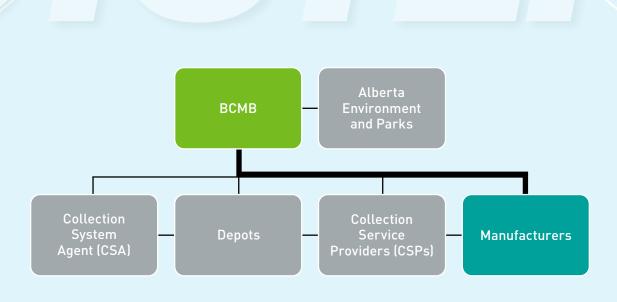
DEPOTS - ABDA

The Alberta Bottle Depot Association (ABDA) is the member organization that represents most of the 221 depots in the province. The association has a governance role as a nominating entity for the BCMB's Board of Directors. It represents depots in relation to service agreements with the CSA/CSPs and through important roles related to handling commissions (setting of fees paid to depots).



COLLECTION SERVICE PROVIDER - ABCC

The Alberta Beer Container Corporation (ABCC), a nominating entity for the BCMB's Board of Directors, is the main CSP for refillable beverage containers. It is responsible, on behalf of manufacturers, for the recovery and recycling of empty refillable beer containers from depots. The BCMB has an agreement with the CSP to operate the collection service. The agreement establishes performance standards by which the BCMB evaluates the CSP.



MANUFACTURERS

Over 500 manufacturers register products with the BCMB. While the BCMB manages container registration for non-alcoholic and cannabis beverages, Alberta Gaming, Liquor and Cannabis (AGLC) is the deemed manufacturer for all liquor products in Alberta. It manages the registration of liquor containers for the BCMB, making it the largest registrant in the beverage container recycling system. AGLC is also a nominating entity for the BCMB's Board of Directors.

VISION & MANDATE

Minimize Impact

To be the leader in stewarding beverage containers to minimize their impact on the environment.

Our Mandate

To regulate and enhance a leading beverage container system that protects Alberta's environment.

Our Value Statements

The BCMB's vision and mandate are clarified through the following nine value statements:

- We value health and safety. We ensure measures are in place so that customers and staff feel safe and know their health is important to our industry.
- We value our regulatory role. We strive to be leaders in the oversight of beverage container recycling and are proficient at protecting the system's reputation. We work continuously with our stakeholders to improve customer experience and satisfaction.
- We value a system that encourages a circular economy where producers are responsible for their products from development to end of life.
- We value meaningful and measurable targets for our industry. The development and use of targets that allow us to measure progress in beverage container recycling and environmental protection makes the industry accountable and provides incentive for continuous improvement.

- We value strong alignment among system stakeholders. A collaborative industry with joint decision making and open communication that works from a common framework will be better prepared to succeed.
- We value diversity and inclusion. We explore ways in which our industry and the people who work in it can reflect the differences and qualities of the Albertans we serve. We recognize that diversity and inclusion drive innovation, and we are proud to support and foster creativity in our stakeholders to reflect their unique experiences.
- We value innovation and technology that enhances the efficiency and effectiveness of our system. Our industry is responsive to and seeks opportunities to improve system communication, information and security.
- We value higher collection and recycling rates. Our efforts focus on the highest possible return of containers, while minimizing the impact of the system on the environment.
- We value greater awareness and public participation. We educate retailers on the necessity of advertising the deposit, inform consumers on the environmental, economic, and social benefits of recycling beverage containers, and encourage participation regardless of where beverages are consumed.

GOVERNANCE

Board of Directors

The BCMB's <u>13-member Board</u> includes representation from a cross-section of stakeholders, including:

- four beverage manufacturer members;
- four Alberta depot members;
- four public members (municipalities and interested citizens); and
- one non-voting member from the Government of Alberta.

Board members each sit for three-year terms (with a maximum of three terms) and serve on Board committees. Director appointments are reviewed annually, and new directors are appointed at the BCMB's Annual General Meeting and Board meeting held in June each year.

Manufacturer Representatives



Nicholas Kissel Treasurer Nominated by Alberta Gaming, Liquor and Cannabis



Cheryl McLaughlin Nominated by the Canadian Beverage Association



Brian Moore Nominated by the Western Dairy Council



Rachel Morier Nominated by the Alberta Beer Container Corporation

Government Representative



Carol Nelson Non-voting Nominated by Alberta Environment and Parks

Depot Representatives



Thomas Dore Secretary Nominated by the Alberta Bottle Depot Association



Karim Dossa Nominated by the Alberta Bottle Depot Association



Gagandeep Johal Nominated by the Alberta Bottle Depot Association



Tom Marr-Laing Nominated by the Alberta Bottle Depot Association

Public Representatives



Owen Edmondson Nominated by the Beverage Container Management Board



Trina Jones Nominated by Alberta Municipalities



Patricia McLeod Nominated by the Beverage Container Management Board



Andrew Stephens Chair Nominated by the Beverage Container Management Board

Executive Team

The Board of Directors is supported by the BCMB's Executive Team which oversees the regulatory functions of operations and compliance, product registrations, finance and analytics, and governance and policy.



Blaire Gaalaas President



Brent Campbell Director of Operations



Mark Emsden Director of Compliance



Jamie Moore Director of Finance & Administration



The BCMB is an outcomes-driven regulator. We measure and verify those outcomes, ultimately ensuring beverage containers are collected, sorted and recycled.

We have five interconnected and desired outcomes for Alberta's beverage container system which are aligned directly with those of Alberta Environment and Parks and outlined in their 2022-2025 Business Plan. Our key strategies help us achieve our outcomes. They are focused on: reducing environmental impact; risk management; effective governance/management systems; continuous improvement in the service offered throughout the system (to stakeholders and Albertans); and system innovation and adaptation.

PERFORMANCE MEASURES

Performance measures and indicators are used to assess our progress. Performance measures track our progress toward achieving results that reflect the influence the BCMB has on Albertans' recycling behaviors, awareness, knowledge and attitudes. These measures can be attributed to the influence of our operation and our role as the system regulator.

PERFORMANCE INDICATORS

Performance indicators track our progress in achieving ultimate outcomes like environmental, social and economic sustainability. Performance indicators are highly influenced by numerous external factors, so performance targets are not set.

OUTCOME 1: Environmental Protection

The BCMB recognizes the importance of protecting and enhancing Alberta's environment through sustainable practices. We reduce the impact of beverage containers on the environment by minimizing the number of beverage containers discarded as litter, diverting beverage containers from the waste stream, enabling the reuse of containers, and protecting and ensuring the use of recycled container materials.

KEY STRATEGIES

Minimize Impact

Minimize the environmental impact of beverage containers through reuse and recycling.

Sustainability

Improve the sustainability of the beverage container system and work towards a circular economy for beverage container recycling.

Reduce Footprint

Reduce the environmental footprint of the system.

PERFORMANCE METRICS

Key Strategy - Minimize Impact

Collection Rate

The collection rate is the percentage of beverage containers returned by Albertans, collected by depots and purchased from depots by the CSA or CSPs, compared to the number of beverage containers sold by manufacturers in Alberta.

The CSA (ABCRC) collects all non-refillable beverage containers, which equates to approximately 98% of all containers returned to Alberta depots. Refillable glass containers (primarily beer bottles) are collected by CSPs, mainly the Alberta Beer Container Corporation.

2021 Results

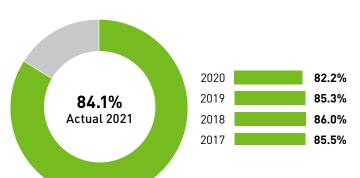
- overall return rate for 2021 was 84.1%, up from 82.2% in 2020 when it fell due to the pandemic, an increase in single use beverage container purchases and the temporary closure of some depots in March and April 2020.
- total number of containers sold in 2021 was 2.5 billion (roughly the same as in 2020), and 2.13 billion were returned to depots for a refund (up from 2.02 billion in 2020).



Performance Indicators

Overall Collection Rate

Number of containers returned through depots compared to sales reported by manufacturers for the same period.



Containers Collected 84.1% Containers Not Collected 15.9%



³ For the 12-month period ending December 2021, the total system volume equated to 2.13 billion containers returned.

Cans & Non-Refillable Glass 57.8%

Refillable Glass 1.7%

Plastics 32.8%

Polycoats 7.7%

Collection Rate - by Container Type

2017



CANS & NON-REFILLABLE GLASS

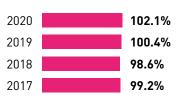
Actual 2021 = 88.0% 2020 85.8%4 89.6% 2019 2018 90.2%

⁴As of 2020, the BCMB is reporting collection rates for refillable glass containers separately from cans and non-refillable glass containers.

89.8%

REFILLABLE GLASS

Actual 2021 = 105.8%5



⁵ Refillable glass returns sometimes exceed 100% due to the fiscal year cycle and the lag between what is reported for sale and what is collected by a depot.



PLASTICS

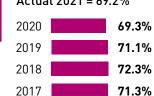
Actual 2021 = 81.2%





POLYCOATS

Actual 2021 = 69.2%



Key Strategy - Sustainability & Reduce Footprint

Transportation of Products from Depots to ABCRC and from ABCRC to End Destination

As the beverage container recycling system's Collection System Agent, ABCRC is required through by-law to have an operating agreement with the BCMB for the collection of containers from Alberta's 221 depots. They manage an extensive and flexible transportation and logistics system to carry beverage containers as efficiently as possible through the recycling supply chain. Back-haul carriers (trucks that are returning to the Calgary and St. Albert CSA plants and would otherwise be empty) are leveraged as much as possible to reduce the environmental footprint, and several of the carriers contracted by the ABCRC are members of the SmartWay Transport Partnership (SmartWay) run in Canada by Natural Resources Canada. SmartWay helps businesses move goods efficiently and competitively while reducing fuel costs and emissions by helping carriers and shippers to benchmark their operations, track fuel consumption and improve their overall performance.

Tracking kilometres driven and the number of loads transported from depots gives the ABCRC valuable data with which to make decisions and adjustments in operation where possible to increase efficiencies and reduce emissions.

Material Recycled

The BCMB recognizes the importance of protecting and enhancing Alberta's environment through sustainable practices. We reduce the impact of beverage containers on the environment by minimizing the number of beverage containers discarded as litter, diverting beverage containers from the waste stream/landfills, enabling the reuse of containers, and protecting and ensuring the use of recycled container materials.

Assessing the number of metric tonnes of beverage containers diverted from landfills each year is an excellent indicator of waste diversion and that beverage containers are being recycled or reused.

Recycling Rate

The recycling rate is another new performance indicator adopted by the BCMB and is the actual quantity of collected materials reused or turned into a new product.

2021 Results

- began development of a Recycling Scorecard that will assess the beverage container recycling system's performance.
- began work to establish new definitions for recycling that align with current best practices and other leading jurisdictions and that include better reporting on recycling rates as well as the collection and reuse rates for refillable containers
- established and began reporting on four new performance indicators:
 - 1. Transportation of products from depots to ABCRC (source: ABCRC Sustainability Report)
 - 2. Transportation of products from ABCRC to end destination (source: ABCRC Sustainability Report)
 - 3. Material recycled metric tonnes diverted from landfill by material stream (source: ABCRC Sustainability Report)
 - 4. Recycling rate the percentage of residual loss compared to containers collected (measured net of residuals lost during processing of materials)



Transportation of Products from Depots to ABCRC⁶

Kilometres Driven



Number of Loads



Actual 2021 = 34,020 loads



⁶ Mileage was adjusted to account for depot relocation and travel distance.

Transportation of Products from ABCRC to End Destination⁷

CANS & NON-REFILLABLE GLASS



Actual 2021 = 2,825,871 kilometres driven

2020	2,728,346 km
2019	2,877,951 km

PLASTICS



Actual 2021 = 348,067 kilometres driven

2020 **346,979 km** 2019 **351,994 km**

POLYCOATS



Actual 2021 = 560,027 kilometres driven

578,197 km 536,960 km

⁷The transportation of refillable glass containers is not included in the environmental performance indicators.



Performance Indicators

Material Recycled

CANS & NON-REFILLABLE GLASS

Metric tonnes diverted from landfill



Actual 2021 = 64,061 tonnes

2019

64,244 tonnes

65,500 tonnes

PLASTICS

Metric tonnes diverted from landfill



Actual 2021 = 20,887 tonnes

19,754 tonnes

2019 19,961 tonnes

POLYCOATS

Metric tonnes diverted from landfill



Actual 2021 = 5,138 tonnes

2020 **2,555 tonnes**

2019 **5,179 tonnes**

Recycling Rate⁸

Percentage of residual loss compared to containers collected (measured net of residuals lost during processing of materials)

⁸ Reporting on the new Recycling Rate indicator will begin upon completion of the Registration and Recycling Scorecard Project.

OUTCOME 2: Fiscal Stewardship

As a leading regulator, the BCMB accepts the challenge to be fiscally responsible. Through sound risk management, clear reporting, and full transparency and accountability, we seek to minimize risk and cost to the system and engage partners through sound communication.

KEY STRATEGIES

Accountability

Introduce accountability measures to minimize system risk.

Reporting

Report clearly (using meaningful and measurable targets) on the achievement of our mandate and government expectations.

Transparency

Maintain full transparency regarding operations and finances.

PERFORMANCE METRICS

Key Strategy - Accountability

The BCMB is accountable to its stakeholders. To this end, senior management works with the Board to develop and approve an annual operating budget and three-year business plan that is submitted to the Ministry of Environment and Parks on an annual basis. The Board undertakes a full review of all value statements, outcomes and key strategies every second year. The BCMB undergoes an external audit each year, and the Board reviews and approves financial statements and applicable policies quarterly. Accountability measures also include the responsibility of the BCMB to identify and mitigate risk for the beverage container system in Alberta. As part of this accountability, BCMB senior management undertake quarterly risk reviews and maintain a risk register that is reviewed by the Board on an annual basis.

Key Strategy – Reporting and Transparency

Net System Cost

The system is funded in three ways:

- Container recycling fees (CRF) set by manufacturers and paid by consumers at the point of purchase (which may be zero).
- 2. Unredeemed deposits forfeited by consumers who paid it at point of purchase and abandoned the container (never returned to a depot).
- 3. The salvage value of the materials recovered and recycled.

The true net system cost is the CRF as the other revenues are derived from the system's activities. Several factors are beyond the control of the system such as the exchange rate and scrap value of materials, both of which can be volatile. This metric also considers that as the collection rate increases, funding provided by unredeemed deposits decreases.

2021 Results

 The overall net system cost dropped in 2021 to \$0.0236 from \$0.0294 in 2020.



Performance Indicators

Net System Cost - Total

Total of all costs and offsetting revenues in dollars per container

Actual 2021 = \$0.0236



Net System Cost - by Container Type

CANS & GLASS Actual 2021 = \$0.0187





PLASTICS

Actual 2021 = \$0.0285

2020 \$0.0393

2019 \$0.0464

2018 \$0.0452

2017 \$0.0465



POLYCOATS

Actual 2021 = \$0.0406



Key Strategy – Reporting and Transparency

Collection System Agent (CSA) Compliance

Payment Compliance

All depots are required by regulation to refund the deposit value of containers when returned by the public. The CSA is also required to operate according to standards set by the industry for collection from and payment to depots, which includes the refund of the deposit and a handling commission paid to each depot for each container collected. The standard set by the industry for payment to depots by the CSA is nine days.

Collection Compliance

The standard set by the industry for CSA collection of containers from depots is determined based on the volume of the depot, the scheduling of appointments and the adherence to that schedule.

Operating Compliance

Operating agreements signed by the CSA commit them to performance standards regarding service to depots and overall operational compliance. The BCMB regularly inspects both Calgary and St. Albert CSA plants for adherence to these standards. This is a collaborative process that is intended to reduce risk and serves as a feedback mechanism to enhance efficiencies.

2021 Results

- The CSA achieved near perfect compliance at 99.9% in 2021, with eight late payments on 34,162 loads.
- There was one scheduled load that was not picked up from a depot in 2021 without prior communication from the CSA. The target for collection compliance in 2021 was no more than two loads not picked up.
- The CSA's inspection score was 95.1% in 2021, above the target of 87.5%.



Performance Measures

CSA Compliance



Payment Compliance

The % of all payments made to depots within the industry standard

Actual 2021 = 99.9% Target 2021 = 100%

2020 **100**% 2019 **99.9**%



Collection Compliance

The number of scheduled loads **not** picked up from depots within the industry standard

Actual 2021 = 1 Target 2021 = 2

2020 **0** 2019 **10**



CSA Operating Compliance⁹

The inspection score based on agreed performance standards

Actual 2021 = 95.1% Target 2021 = 87.5%

2020 **89.2%** 2019 **88%**

Results now reflect overall CSA inspection compliance (were previously reported separately for the Calgary and St. Albert plants).

Key Strategy - Reporting and Transparency

Collection Service Provider (CSP) Compliance

Operating Compliance

Operating agreements signed by CSPs commit them to performance standards regarding service to depots and overall operational compliance. This new performance measure for CSP compliance is based on monthly evaluations of agreed upon standards. An annual average is used to reflect the CSP's compliance score.

2021 Results

• CSP operating compliance was 87.5% in 2021, down from 92% in 2020, largely due to late payments resulting from a new system implementation by the CSP. The system issues have since been resolved.

Depot Compliance

UCA Filing Compliance

Depots are paid a handling commission for each container handled and shipped properly to the CSA or back to the manufacturer directly through an appointed CSP. These handling commissions are set by a utility-like rate setting process that depends on depots reporting their costs annually using a form called the Uniform Code of Accounts (UCA). The Board has set criteria for the remittance of this information, much like the process for reporting taxes; depots are required to report annually and within six months of their fiscal year end. The information is collected by an independent third-party (a data collection agent) that analyzes and processes the information for the purposes of setting handling commissions and evaluating system performance.

2021 Results

 Depot UCA filing compliance has improved continually over the past few years, with compliance in 2021 at nearly 100%.



Performance Measures

NEW – CSP Operating Compliance¹⁰



The evaluation score based on agreed performance standards

Actual 2021 = 87.5%

2020

92.0%

¹⁰ The new performance measure for CSP Operating Compliance is based on monthly evaluations. One point is assigned for each achieved standard and zero for those not achieved. Total achievements for each month are divided by the total number of standards (8). Amounts for all months of the year are then totaled and the average taken. Targets will be set beginning in 2022.

Depot Compliance

UCA Filing Compliance

The % of depots that filed required financial documents to the Data Collection Agent

98.2%

Actual 2021 = 99.6%

Target 2021 = 100%



%

Performance Measure

Key Strategy – Reporting and Transparency

Manufacturer Compliance

Sales Verification

In the same way depots are required to submit a UCA annually to verify their costs, manufacturers are required to verify their total sales for the prior year within six months of year end. This ensures an accurate accounting of sales across sales periods and sales jurisdictions and is an important accountability step for the CSA. It also informs different calculations such as the Container Recycling Fee and the collection rate by material stream.

2021 Results

• The CSA reported compliance rate is lower than reported in previous years when compliance was near 100%. As of June 2022, 117 of 356 manufacturers had not yet verified container sales for 2021. The lower reporting rate may be due to year-end audits not being complete and staffing levels being impacted by COVID-19. The CSA has implemented new procedures to improve compliance in this area, and improvement is expected for 2022.

Manufacturer Compliance



Sales Verification

The % of all container sales remitted to CSA and verified by manufacturers for prior year

Actual 2021 = 78.6% Target 2021 = 100%



OUTCOME 3: Governance Excellence

The BCMB is committed to effective regulatory oversight of all aspects of the life cycle of beverage containers in Alberta, from the registration of new containers through to end of life. Through a management system framework, we strive for a standard of excellence and ensure performance indicators deliver outcomes consistent with this goal.

KEY STRATEGIES

Compliance

Achieve a high degree of compliance with operating and reporting requirements.

Integration & Alignment

Ensure a high level of integration and alignment with by-laws, policies and operations.

Communication

Deliver timely, clear and effective communication.

System Integrity

Ensure stakeholder trust through system integrity.

PERFORMANCE METRICS

Key Strategy - Compliance

Depot Compliance

Refund Compliance

Anonymous audits are conducted on depots to measure the accuracy of the refund provided by depots to the public. The Board is considering a move to a percentage-based compliance threshold instead of a dollar-based threshold. If approved, the change will take place in 2022.

2021 Results

• Refund compliance within the industry standard was 94% in 2021, up significantly from 84% in 2020 due to a renewed focus on compliance by the BCMB team which resulted in greater overall compliance from depots.

Quality Control Compliance

The CSA audits megabags shipped from depots. Audits ensure the proper number of containers are being reported and that bags contain only approved containers. The results of these audits are reported to the BCMB so it can work with the depots when elevated variances occur. The performance indicator reflects the number of audits that are reported as outside of industry standard compared to whole loads shipped over the same period (a whole load refers to a full shipment from a depot, regardless of how many bags are in the shipment). Poor performance in relation to quality control enters a depot into the BCMB's quality control compliance framework.

2021 Results

• The shipment of containers from depots within the industry standard remained at 95% in 2021.



Performance Indicators

Depot Compliance



Refund Compliance¹¹

The % of audits conducted that were refunded within industry standard

Actual 2021 = 94%



 $^{\rm 11}{\rm The~previous}$ and additional indicator of percentage of audits conducted that were refunded within the industry standard of excellence is no longer being used as the BCMB simply needs to track if depots are compliant or not in issuing refunds to customers.



Quality Control Compliance

Shipments of containers from depots within industry standard

Actual 2021 = 95%



Performance Indicators

Key Strategy - Compliance

Depot Compliance

Operational Compliance

The new operational compliance process introduced in 2019 focuses on individual deficiencies rather than percentage-based scores. Depots that are found to have deficiencies are given a timeline for correction that takes the nature of the deficiency into account. Deficiencies are usually minor in nature (i.e., an employee not wearing a depot branded uniform or a receipt without the date on it). As with the previous inspection process, the BCMB focuses on the lowest performing depots.

The depot self-inspection program was trialed in 2020 and reviewed for efficiency and effectiveness in 2021. The BCMB also consulted with depots and made the decision to replace the program with a risk-based inspection process. Higher performing depots will be visited less frequently by BCMB Compliance Officers, and lower performing depots will receive more visits. Each depot will be provided an annual evaluation highlighting areas of high performance and areas where improvement is required.

2021 Results

- The percentage of depots compliant with BCMB by-laws and policies increased to 77% in 2021 from 70% in 2020. This number includes only depots with zero deficiencies.
- Often depots have one or two minor deficiencies that are corrected prior to entering the compliance framework. The percentage of depots with deficiencies that were corrected prior to entering the quality control compliance framework dropped from 69% in 2020 to 64% in 2021.

Depot Compliance



Operational Compliance¹²

The % of depots inspected that are compliant with BCMB by-laws and policies

Actual 2021 = 77%



¹²A new inspection process with new operational compliance standards was implemented in 2019.



The % of depots with deficiencies that were corrected prior to entering the Compliance Framework¹³

Actual 2021 = 64%

2020 69% 2019 56%

¹³The Compliance Framework includes the following four levels: Level 1 - warning letter is issued; Levels 2 & 3 - fees are assessed; Level 4 - goes directly to Compliance Director for a decision.

%

Performance Indicator

Ø

NEW - Retail Compliance

The % of retail locations inspected that are compliant with BCMB by-laws and policies

Actual 2021 = 24%

Key Strategy - Compliance

Retail Compliance

2021 was the first year for the BCMB's new retail compliance program. Like the refund compliance program for depots, audits of retail locations are conducted by the same third-party auditor group and are conducted across the province.

Though compliance levels are low initially, the BCMB recognizes that compliance is often gained through education. The BCMB is continuing to develop educational tools and initiatives to proactively increase compliance in these areas, and positive results are already being seen through these efforts.

2021 Results

 The first year of reporting showed only 24% of retailers were compliant. The two main areas of non-compliance include deposit advertising (at 53.5% compliance) and container registration (at 25.5% compliance).

Key Strategies - Integration & Alignment - Communications

While the BCMB no longer has a specific performance measure for integration, alignment and communication, we continue to ensure our by-laws, policies and operations are aligned with our role as the system regulator. We also strive for timely, clear and effective communication with industry stakeholders and the public.

2021 Results

- Work began on a depot siting and access requirements project the BCMB is jointly conducting with industry partners to evaluate current proximity criteria and better understand depot viability and access.
- Work began in 2021 on a comprehensive information technology strategy to align BCMB's system with other industry systems and to enhance the user experience. The security environment was enhanced in 2021, and work will continue in 2022 to address outdated technology related to core business elements.





OUTCOME 4: Customer Excellence

The BCMB understands the importance that continuous improvement has relative to customer satisfaction and the achievement of our other goals. We have clear expectations of, and hold ourselves accountable to, high levels of quality assurance for all stakeholders involved, in all areas of service delivery.

KEY STRATEGIES

Satisfies

Deliver a system that satisfies stakeholder expectations.

Quality

Ensure quality service to the public.

Awareness

Achieve widespread awareness of the importance of the system.

Accessible

Deliver a beverage container management system that is accessible and inclusive.

PERFORMANCE METRICS

Key Strategies – Satisfies - Quality

Public Satisfaction

The BCMB assesses public satisfaction through a biennial survey conducted by Ipsos. The survey targets approximately 1,000 Albertans and provides data based on a representative sample of Albertans aged 18 and older. The most recent survey was conducted in March 2022, with 1,000 online interviews completed.

2021 Results

• The number of Albertans returning containers for a refund dropped to 87% from 92% in the previous survey (conducted before the COVID-19 pandemic began). It is likely the main reasons for the decrease are depot closures and public health restrictions related to the pandemic, as well as individuals choosing to not return their containers to a depot during the pandemic.



Performance Indicators

Public Satisfaction

Participation¹⁴

Actual 2021 = 87%



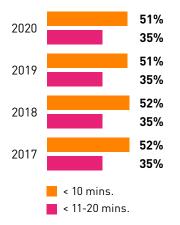
 $^{\rm 14}\,{\rm Participation}$ refers to the percentage of respondents to the biannual Ipsos survey who state that they return beverage containers to depots. The 2021 actual is based on the most recent survey conducted in early 2022 (which applied to Albertans' 2021 recycling activities).



Average Travel Time to a Depot¹⁵

Actual 2021 = 48% < 10 mins.

35% < 11-20 mins.



 $^{15}\text{The remaining percentages}$ (17% for 2021) are reflective of rural Alberta where travel times vary according to depot locations.

Performance Indicators

Customer Satisfaction¹⁶

Overall Satisfaction Rated as Very Satisfied

Actual 2021 = 87%



¹⁶ Customer satisfaction is assessed through annual Depot Exit Interviews. Due to COVID-19, the 2021 interviews were conducted online, and the 2020 interviews did not take place.

Average Time Spent in a Depot¹⁷ Actual 2021 = 8.0 mins.







2019 13.7 mins.

2018 2017 10.1 mins. 9.2 mins.

¹⁷ Although individual rural depots have been included in past studies, a widescale effort was made in 2019 to gain data and insight from rural locations. The focus on both urban and rural locations and the fact that smaller depots in rural areas usually have less staff serving customers with larger loads compared to metro depots may be reflected in longer wait times.

Key Strategies – Satisfies Quality

Customer Satisfaction

The BCMB assesses depot customer satisfaction through annual Depot Exit Interviews. Customers are surveyed as they are leaving a depot after returning beverage containers. Due to COVID-19, the 2021 Depot Exit Interviews were completed online. Customers were asked to complete the survey for a digital gift card.

Based on the data gathered since 2011, we know the strongest correlation to customer satisfaction at a depot is related to confidence in the accuracy of the refund received. We also know that if the customer spends less than 10 minutes at a depot, the perception of that experience is better than if they spend more than 10 minutes at a depot.

2021 Results:

- 75% of customers waited 10 minutes or less and were satisfied with the wait time. That is a significant increase from previous years (at 51-52%).
- 84% of customers indicated they were satisfied with COVID-19 health and safety standards at depots (14% indicated a neutral response and only 2% were dissatisfied).
- The average wait time at a depot dropped to eight minutes and customer satisfaction increased from 78.5% in 2020 to 87% in 2021, which could be reflective of customers' appreciation for depot health and safety efforts during the pandemic.

2021 OUTCOMES: Outcome 4 - Customer Excellence

Key Strategies - Satisfies - Quality

Depot Satisfaction

This performance indicator is no longer in use as stakeholder performance is assessed by adherence to operating agreements and through regular communication between the system stakeholders.





Performance Indicators



Depot Satisfaction

Depot Overall Satisfaction with the CSA

2020	60%	96%
2019	64%	98%
2018	43%	87%
2017	52%	98%

% Highly Satisfied

%

Performance Indicators

Key Strategy – Awareness

Public Awareness

Captured through the biennial Ipsos survey, 96% of Albertans are aware that they can return beverage containers to a depot for a refund; however, only 47% are aware of the actual refund amount for containers based on their size (10 cents for containers 1L and under and 25 cents for containers over 1L). The BCMB strives to maintain a 98% awareness of the deposit-refund program in Alberta. Through marketing initiatives, education, a joint public website (ABCRC, BCMB and ABDA) and other communications activities, the industry continues to target regular increases in awareness surrounding deposit values and the environmental benefits of recycling beverage containers.

2021 Results

- 66% of Albertans believe that beverage container recycling has a significant impact on the environment (a significant increase from 60% in the previous survey).
- 84% of Albertans are aware of some benefit to the environment through recycling beverage containers (up from 81%).
- The percentage of Albertans aware that the beverage container industry is regulated dropped slightly to 50% from 52%, while 80% indicated that regulation is important or very important to them (down from 85%).

Public Awareness



Individuals Aware of the Deposit/Refund Program

Actual 2021 = 96%





Individuals Who Believe that Recycling Beverage Containers has a Significant Impact on the Environment

Actual 2021 = 66%

2020	60%
2019	60%
2018	67 %
2017	67 %



Individuals Aware of the Deposit Amount

Actual 2021 = 47%



Performance Indicators

Key Strategy - Awareness

Customer Awareness

The "Depot, It's Worth It" logo is trademarked by the ABDA. The brand is a key part of the CSA's (ABCRC) ongoing marketing strategy for Alberta's beverage container recycling industry.

2021 Results

- The BCMB continued to support joint marketing initiatives in 2021, including an annual digital marketing campaign led by the ABCRC, encouraging Albertans to continue to return beverage containers and promoting the safety of depots.
- The importance of an industry marketing strategy is emphasized by the Ipsos findings related to the likelihood of returning beverage containers to a depot after knowing the correct refund amounts. For containers one litre or less (10 cents), 44% are more likely to return them (up from 38% in the previous survey) and for containers over one litre (25 cents), 51% are more likely to return them (up from 47% previously).

Customer Awareness

DePot

Individuals Aware of the Industry Brand¹⁸

2019	59 %
2018	63%
2017	61%

¹⁸This indicator is tracked through the annual Depot Exit Interviews. The 2020 interviews did not take place and the 2021 survey was conducted online. However, an error in the question related to recognition of the industry brand made the results invalid (the BCMB logo was used in error; should have been the depot/ industry logo).



Performance Measures

Key Strategy - Accessible

Accessibility to Depots

A primary objective of the BCMB is to ensure an accessible beverage container system.

The BCMB did not issue any Requests for Applications (RFAs) for new depots in 2021 as depot access and siting requirements are being reviewed. A moratorium has been placed on RFAs for new depots until the depot siting project is complete and outcomes have been considered by the Board. At minimum, this moratorium is anticipated to be in place until the end of 2022 and is necessary to ensure new depots are sited effectively and are not in conflict with any outcomes resulting from this project in the interim.

2021 Results

• The Alix Bottle Depot closed in October 2021 and depots in Castor and Coronation closed in December, reducing the number of depots in the province to 221. There is one depot under development in Calgary that is scheduled to open in late 2023.

Accessibility to Depots19



DEPOT Number of Universal Depots in Alberta²⁰

Actual 2021 = 221 Target 2021 = 225



¹⁹ A moratorium has been placed on Request for Applications (RFAs) for new depots until a depot siting and access requirements project is complete.

²⁰ It typically takes three to five years for a depot to open to the public following the issuance of an RFA, so the number of depots in Alberta is anticipated to remain static for a few years with only one currently under development in Calgary, which is slated to open in late 2023.



Number of Permits in Development

Actual 2021 = 1 Target 2021 = 1

2020

OUTCOME 5: System Efficiency & Effectiveness

The BCMB is dedicated to finding ways to increase system efficiency and effectiveness and reduce costs. The system is enhanced through the encouragement and facilitation of innovation and adaptation among its stakeholders and through research technology available to support this goal.

KEY STRATEGIES

Innovation

Encourage innovation and continuous improvement.

Responsiveness

Demonstrate responsiveness to changing needs.

Technology

Capitalize on technological advancement.

Cost Effective

Operate a system that is cost effective.

PERFORMANCE METRICS

Key Strategies – Innovation – Technology

Electronic R-bill Reporting (eR-bill)

Utilizing electronic methods to compute and report shipments of containers from depots significantly reduces the number of errors on R-bills and the time required to process shipments at both ends. To encourage innovation and continuous improvement, the BCMB is working towards increasing eR-bill reporting at the depot level.

2021 Results

• In 2021, 64% of depots reported using eR-bills (up from 60% in 2020), which represented 81% of all R-bill reporting (up from 80% in 2020 and above the 80% target for 2021).



Electronic R-bill Reporting (eR-bill)



Depots Utilizing Electronic R-bill Reporting

Actual 2021 = 64% Target 2021 = 65%

2020 **60%** 2019 **59%**



Percentage of Reporting that Uses eR-bill

Actual 2021 = 81% Target 2021 = 80%

2020 **80%** 2019 **79%**

2021 OUTCOMES: Outcome 5 - System Efficiency & Effectiveness

%

Performance Measures

Key Strategies – Innovation – Technology

Quality Monitoring System (QMS)

The QMS is an online database used to report, track and resolve operational issues in the industry. Depots, the BCMB, the ABDA, the CSA and the CSP are required to use the QMS which can also be accessed through a mobile app. Depot utilization of the QMS covers those depots that have either submitted a ticket to address a concern and/or those depots that have responded to a ticket submitted to them by another industry partner. The QMS captures hundreds of tickets per month. The data is benchmarked, and trends are identified to address issues or successes in the industry.

2021 Results

• The number of depots utilizing the QMS in 2021 was 91%, down slightly from 93% in 2020, most likely due to the temporary suspension of the requirement to submit closure tickets (due to COVID-19).

Quality Monitoring System (QMS)



Depots Utilizing QMS

Actual 2021 = 91% Target 2021 = 95%

2020 **93%** 2019 **93%** **Key Strategies - Innovation** - Technology

Point of Return (POR) Software

POR is distributed and supported by several independent vendors, and all have generally demonstrated improved efficiency in several areas of depot operations and in improved customer satisfaction. As per BCMB by-law, depots handling six million or more containers annually must use a POR system.

2021 Results

• In 2021, 79% of depots had POR systems (177 of 223 depots).

Other Innovative Technology

The industry also uses other innovative technology. Automated sorting equipment, which is designed to replace manual labor at the depot, can improve the efficiency and accuracy of sorting containers.

The online **Beverage Container Registration Database** lists all products that are registered in Alberta and includes an unregistered container product list as well as information regarding the brand, flavor, size, material and UPC. As of December 2021, over 216,000 containers have been registered in Alberta. Process improvements are currently being made to the database to increase the integrity of beverage container registrations. Information inputted by manufacturers will be approved by the BCMB before the registration is accepted.



Point of Return (POR) Software



Depots Utilizing Point of Return Software

Actual 2021 = 79% Target 2021 = 79%



Performance Indicators

Key Strategy - Cost Effective

Net Cost to Recycling Consumer

Consumers can be categorized into two groups those who return their beverage containers for recycling and those who do not. Both groups pay the deposit and fee associated with the purchase of the container, but the consumer who does not return their beverage containers also funds the system through their contribution of the deposit. The system further benefits from the salvage value of the material recovered from the recycling consumer. This number is affected by several factors including the salvage value of the material and the exchange rate of the country of destination of that material. This cost is paid in the form of a Container Recycling Fee that is added at point of purchase and ranged from 0 cents to 11 cents in 2021.

2021 Results

• In 2020, the recycling consumer in Alberta paid an average of 2.20 cents for each container to fund the system.²¹ The 2020 Who Pays What report is published biannually and reports on the performance of Canada's beverage container recycling system. The most recent report was published in late 2020 and is based on 2019 data (past reports, published biannually, were based on data from two years previous). The next report is not expected until late 2022.

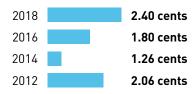
Ranking

Comparable deposit programs exist in British Columbia, Saskatchewan, New Brunswick, Northwest Territories and Nova Scotia. CM Consulting compared the net cost of our system against other provinces. Alberta ranked first in cost per container paid by the recycling consumer, having the lowest system costs among comparable systems. Alberta ranked fifth out of six jurisdictions when comparing the cost to the 'wasting consumer' (who does not recycle).

Net Cost to Recycling Consumer

Cents per container²²

Actual 2020 = 2.20 cents



²² Until 2018, net cost values were based on data from two years previous (i.e., 2018 value is based on data from 2016). However, the 2020 value is based on 2019 data. Source: CM Consulting.

Ranking

Comparable deposit jurisdictions



²¹ Who Pays What: An Analysis of Beverage Container Collection and Costs in Canada, 2020, CM Consulting.

Performance Indicator

Key Strategy - Cost Effective

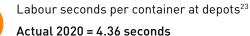
Labour Efficiency

Labour is a significant cost to the system. One of the ways that the system has become more efficient is through the handling of large numbers of containers. As technology is introduced and best practices are applied, the system has benefitted from reduced overall labour. By reporting on the number of seconds per container (total number of labour hours, reported on depot Uniform Code of Accounts, divided by total number of containers that labour handled), progress towards efficiency can be tracked by isolating it from the cost of that labour which has increased over the same period. The most dramatic improvements have been realized recently with the introduction of technological aids to labour within the depot processes.

2021 Results

• Labour seconds per container was 4.36 in 2020 (most recent year for which data is available), up from 4.20 in 2019.

Labour Efficiency





²³ A more accurate collection rate for labour seconds per container at depots was recommended by the BCMB's Data Collection Agent in 2019 and this indicator is now being reported annually. The most recent actual is 2020 due to the UCA reporting cycle not concluding until late in the following year.



Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not for profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial reports are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board, the engagement or re-appointment of the external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Board and management to discuss their audit findings. The accompanying financial statements are the responsibility of the management of Beverage Container Management Board.

Blaire Gaalaas President

Edmonton, Alberta March 31, 2022

Independent Auditors' Report



To the Members of the Beverage Container Management Board

Opinion

We have audited the financial statements of the Beverage Container Management Board (the "Board"), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Independent Auditors' Report (continued)



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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
 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board 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.

We 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

Edmonton, Alberta March 31, 2022

Statement of Financial Position

As at December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 3,096,058	\$ 932,241
Accounts receivable	52,196	176,283
Prepaid expenses	20,038	14,090
	3,168,292	1,122,614
RESTRICTED CASH (Note 2)	2,005,300	2,005,300
INVESTMENTS	, , <u> </u>	310,398
PROPERTY AND EQUIPMENT (Note 3)	54,283	70,195
	5,227,875	3,508,507
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	169,489	107,717
Deposits	25,000	25,000
	194,489	132,717
NET ASSETS		
Restricted (Note 5)	2,005,300	2,005,300
Unrestricted	3,028,086	1,370,490
	5,033,386	3,375,790
	\$ 5,227,875	\$ 3,508,507

Commitments (Note 6)

ON BEHALF OF THE BOARD

Director and Stept Director Illust

Statement of Revenues and Expenditures

For The Year Ended December 31, 2021

	2021 (Budget) <i>(Note 8)</i>	2021 (Actual)	2020 (Actual)
REVENUE			
Container fees	\$ 4,450,900	\$ 4,562,771	\$ 3,241,289
Compliance fees	16,000	65,600	23,400
Interest and other	12,000	30,431	34,365
Permit fees	22,500	14,700	30,000
Product registration fees	2,400	3,480	105,930
Canada emergency wage subsidy	_	_	86,317
	4,503,800	4,676,982	3,521,301
EXPENSES			
Salaries and benefits	1,595,100	1,609,850	1,415,913
Professional fees	1,647,900	859,582	1,225,471
Office	198,400	153,843	165,410
Information system maintenance	167,400	96,719	109,565
Communications	177,700	80,621	40,649
Board of Directors' honoraria and expenses	165,900	68,486	114,776
Amortization	37,200	41,051	37,125
Travel	128,500	31,363	27,643
Meetings	155,800	26,970	8,776
Insurance, membership and licences	27,100	22,854	13,405
Bad debts	-	18,860	4,191
Training and development	51,300	9,187	6,383
	4,352,300	3,019,386	3,169,307
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	151,500	1,657,596	351,994
OTHER INCOME			
Legal settlement cost recoveries		-	50,000
EXCESS OF REVENUE OVER EXPENSES	\$ 151,500	\$ 1,657,596	\$ 401,994

Statement of Changes in Net Assets

For The Year Ended December 31, 2021

	Unrestricted	Restricted	2021	2020
NET ASSETS - BEGINNING OF YEAR Excess of revenue over expenses	\$ 1,370,490 1,657,596	\$ 2,005,300 -	\$ 3,375,790 1,657,596	\$ 2,973,796 401,994
NET ASSETS – END OF YEAR	\$ 3,028,086	\$ 2,005,300	\$ 5,033,386	\$ 3,375,790

Statement of Cash Flows

For The Year Ended December 31, 2021

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,657,596	\$ 401,994
Items not affecting cash:		
Amortization	41,051	37,125
	1,698,647	439,119
Changes in non-cash working capital:		
Accounts receivable	124,087	(142,153)
Prepaid expenses	(5,948)	(3,181)
Accounts payable and accrued liabilities	61,772	(64,814)
Deposits	-	(75,000)
	179,911	(285,148)
	1,878,558	153,971
INVESTING ACTIVITIES		
Purchase of property and equipment	(25,139)	(32,335)
Change in investments	310,398	625,165
Change in restricted cash	-	(480,397)
	285,259	112,433
INCREASE IN CASH FLOW	2,163,817	266,404
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	932,241	665,837
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 3,096,058	\$ 932,241

Notes to Financial Statements

Year Ended December 31, 2021

NATURE OF OPERATIONS

The Beverage Container Management Board (the "Board") is incorporated under the Societies Act of the Province of Alberta on October 9, 1997. As a not for profit organization, no provision for corporate income taxes has been provided in these financial statements, pursuant to section 149(1)(I) of the Income Tax Act. Pursuant to the Beverage Container Recycling Regulation, Alberta Regulation 101/97, the Board has been delegated responsibility to administer the regulation and supervision of the beverage container management system in the Province of Alberta.

1. SUMMARY OF SIGNIFICANT **ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not for profit organizations.

Cash

Cash includes an operating bank account. All amounts are readily converted into known amounts of cash and are subject to an insignificant change in value.

Investments

Investments are recorded at fair value with any changes in fair value recorded in the statement of revenues and expenditures.

Property and equipment

Property and equipment are recorded at cost. Amortization these assets is provided for using the straightline method as follows:

10 years Leasehold improvements Office equipment 5 years Furniture and fixtures 5 years Computer equipment and accessories 3 years

Revenue recognition

Container fees represent a levy charged for each registered beverage container recycled in the Province of Alberta and are recorded when the Board receives a notice or agency statement from the Alberta Beverage Container Recycling Corporation (ABCRC) or Brewers Distributor Ltd. (BDL) acknowledging collection of the containers. Effective January 1, 2021, containers fees are calculated based on the number of containers sold in the Province of Alberta and continue to be recorded when the Board receives a notice or agency statement from ABCRC or BDL acknowledging the sales volumes reported by manufacturers. Product registration and permitting and compliance fees are recorded as the related service is performed.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

Notes to Financial Statements

Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT **ACCOUNTING POLICIES (CONTINUED)**

Financial instruments

Measurement of financial instruments

The Board initially measures its financial assets and financial liabilities at fair value, and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, restricted cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenses.

2. RESTRICTED CASH

Restricted cash is comprised of \$2,005,300 (2020 -\$2,005,300) allocated from the operating cash account. This cash has been restricted and includes amounts related to the internally restricted surplus of \$2,005,300 (2020 - \$2,005,300) (note 6).

3. PROPERTY AND EQUIPMENT

	Cost	umulated ortization	2021 Net book value	2020 Net book value
Computer equipment and accessories Furniture and fixtures Leasehold improvements Office equipment	\$ 91,769 53,827 68,958 7,982	\$ 68,900 27,980 68,958 2,415	\$ 22,869 25,847 - 5,567	\$ 24,788 24,350 13,894 7,163
	\$ 222,536	\$ 168,253	\$ 54,283	\$ 70,195

Notes to Financial Statements

Year Ended December 31, 2021

4. ACCOUNTS PAYABLE

		2021	2020
Trade payable	\$	130,785	\$ 94,226
GST payable		38,704	13,491
	\$	169,489	\$ 107,717

5. INTERNALLY RESTRICTED SURPLUS

The Board of Directors has established an operating reserve fund to cover the costs of winding up the Board's programs and addressing significant and unexpected costs, should the Board of Directors decide this to be necessary. During the year, no additional funds were transferred from unrestricted to restricted surplus (2020 – \$480,397 was transferred from restricted to unrestricted surplus). As a result the balance of restricted surplus remains \$2,005,300 (2020 - \$2,005,300).

6. COMMITMENTS

Under the terms of operating lease agreements, the Board is required to make the following annual payments:

2022 47,165

7. BOARD MEMBER AND MANAGEMENT REMUNERATION

The Board has expensed honoraria, if claimed, which includes training and travel time, but not travel or other expenses, paid to its Directors and President as follows:

	20	21	2020
Board Chairperson			
Mr. A. Stephens (a, c, d, e, g, h, p, r)	\$ 18,3	75	\$ 23,900
Board Members			
Mr. T. Marr Laing (c (Chair), e, g, h, r)	7,5	77	7,965
Ms. P. McLeod (d (Chair), e, g (Chair), p, r)	7,3	53	19,161
Mr. B. Moore (a, c, d, h)	7,0	38	6,180
Mr. O. Edmondson (a, d, e (Chair), h (Chair), p (Chair), r (Chair))	6,9	30	21,575
Ms. T. Jones (c, d)	4,6	80	9,355
Mr. T. Dore (a)	3,1	50	-
Mr. K. Dossa (g)	2,3	10	_
Mr. G. Johal (a, h)	1,8	90	-
Ms. B. Smith (c, e, h)	1,8	20	2,450
Mr. J. Roczkowsky (a, d)	1,1	00	5,100
Mr. F. Remtulla (g, h)		-	5,775
	62,2	23	101,461
President(s)	177,9	89	303,871
	\$ 240,2	12	\$ 405,332

Member of Audit Committee (a)

Member of Compliance Committee (c)

Member of Depot Viability Committee (d)

Member of Extended Producer Responsibility Committee (e)

Member of Governance and Compensation Committee (g)

Member of Handling Commission Review Committee (h)

Member of Policy Committee (p)

Member of Return Margin Committee (r)

Year Ended December 31, 2021

7. BOARD MEMBER AND MANAGEMENT REMUNERATION (CONTINUED)

The following table summarizes the Board of Directors' honoraria and expense amounts:

	2021	2020
Honoraria paid	\$ 62,223	\$ 101,461
Canada pension plan benefits	2,568	4,405
Travel	3,630	8,627
Directors' meals	65	283
	\$ 68,486	\$ 114,776

In 2021 and 2020, the travel and meals expense amounts were reimbursed directly to the Board of Directors.

8. BUDGET AMOUNTS

The budget amounts have been presented for information purposes and have not been audited.

9. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Board's risk exposure and concentration as of December 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Board has a significant number of customers which minimizes concentration of credit risk.

Fair values

The carrying value of cash and restricted cash, accounts receivable and accounts payable and accrued liabilities approximates their fair values due to the relatively short term maturities or nature of these instruments.

Beverage Container Recycling System

Beverage Container Recycling System Terms

ABCRC - Alberta Beverage Container Recycling Corporation

The collection system agent for beverage manufacturers in Alberta; operates the common collection system for non-refillable containers.

ABCC/BDL – Alberta Beer Container Corporation/ Brewers Distributor Ltd.

The main collection service provider for refillable beverage containers.

ABDA - Alberta Bottle Depot Association

The organization that represents most of Alberta's 221 depots.

AGLC - Alberta Gaming, Liquor and Cannabis

The deemed manufacturer for all liquor products in Alberta; manages the registration of liquor containers for the BCMB.

BCMB - Beverage Container Management Board

Delegated by the Government of Alberta, through legislation, to regulate and deliver the province's beverage container recycling system.

CRF - Container Recycling Fee

The fee beverage manufacturers are required to pay to ABCRC to cover the net costs of recovering and processing beverage containers; set by manufacturers and paid by consumer at point of purchase.

CSA - Collection System Agent

The agent appointed by manufacturers/distributors of non-alcoholic beverages sold in Alberta to act on their behalf as operator of the common collection system.

CSP - Collection Service Provider

The agent appointed by manufacturers of alcoholic beverages sold in Alberta to act on their behalf to collect refillable containers from depots and return them to the manufacturer.

DAO - Delegated Administrative Organization

An organization established through legislation that operates at arms length from government; DAOs are self funded and raise revenue through fees and service charges.

EPR - Extended Producer Responsibility

An environmental policy approach in which the cost and management of recycling a product is the responsibility of manufacturers of that product, rather than a municipality or taxpayer; encourages companies to produce less waste and packaging, and develop innovative ways to recycle more materials.

QMS - Quality Monitoring System

An online database used to report, track and resolve operational issues in the beverage container recycling industry.

UCA - Uniform Code of Accounts

Financial and operational data that depots are required to submit annually to the industry's Data Collection Agent.



CONTACT US

Beverage Container Management Board #100, 8616 - 51 Avenue Edmonton, AB T6E 6E6 Toll Free: 1-888-424-7671

Tel: 780-424-3193

bcmb.ab.ca