



WELCOME MESSAGE

For more than 25 years, ABCRC has been the approved Collection System Agent for beverage containers in Alberta. ABCRC's commitment to operating one of the most innovative and sustainable beverage container recycling programs in North America is the driving force behind our ongoing success.

ABCRC makes sustainability an integral part of daily business operations, from collection through to processing, and we're proud to highlight our environmental, social and economic stewardship accomplishments for 2020 in this **25th anniversary edition** of our annual Sustainability Report.

In addition, it's important for us to acknowledge the steadily growing commitment that Albertans have been making to beverage container recycling over the last 25 years. Every time an Albertan steps into an Alberta Depot to return beverage containers they become a champion for sustainability, reducing the province's carbon footprint and contributing to the global circular economy. In our books, this makes them heroes... Depot Heroes.



CONTENTS



EXECUTIVE SUMMARY

ABCRC's 25th anniversary in 2020 was one for the history books. With a plan to commemorate a quarter of a century as the Collection System Agent for recovering beverage containers in Alberta with big events - like our annual zero waste summer barbecue and the official unveiling of our new 25th anniversary logo - ABCRC began 2020 in excited expectation of a year full of celebrations. The year even started on an operational high, with beverage container volumes exceeding expectations through the first ten weeks.

But then in March the Alberta government declared a public health emergency due to the COVID-19 virus and directed Albertans to stay at home. While many businesses were required to close, the recycling industry was deemed to be an essential service, keeping ABCRC and Alberta Depots in operation. During the initial stage of the pandemic ABCRC acted quickly, working with industry partners to develop protocols and implement an action plan for continuing operation through the pandemic. This included purchasing bulk amounts of hand sanitizer and gloves that were provided to depots at cost, ensuring adequate supply for their staff and customers. An advertising campaign was also quickly developed and launched through Alberta Depot digital channels reminding Albertans that depots were open and adhering to public health measures. The campaign also answered frequently asked questions about procedures and safety when visiting a depot during the pandemic, to help ease customers' minds.

"As we reflect on a year unlike any other we've had at ABCRC in our 25 years of operation, we are very proud of the positive outcomes achieved despite the extraordinary circumstances of 2020."

Guy West, President

With many Albertans staying isolated at home for the majority of 2020, ABCRC saw an increase in beverage container sales volumes. However, despite Alberta Depots and the beverage container recycling industry remaining open all the year, ABCRC saw lower return volumes than usual. While all the reasons for the decrease have not yet been determined, a survey conducted as part of ABCRC's advertising market research did reveal that only 72 percent of Albertans visited a depot in 2020, compared to more than 85 percent in 2019.

"ABCRC's management and staff demonstrated tremendous resilience and leadership throughout 2020, without any noticeable disruption to servicing the beverage container industry in Alberta."

Ken White, Board Chairman

After swiftly deferring ABCRC's regular marketing and advertising campaign in the first quarter of 2020 in favour of a COVID-specific campaign, the marketing team went back to finalizing plans for educational advertising campaigns that ran for the remainder of the year. An awareness campaign that ran through the second and third quarters of the year featured Depot Heroes - characters jovial in nature that will do whatever it takes to lead by example when it comes to recycling. In the fourth quarter, the focus shifted to the launch of an educational campaign that featured beverage containers with lower return rates, teaching Albertans that these types of containers carry a deposit and are eligible for return at any Alberta Depot.

Community engagement remained high throughout the year. With many not-for-profit and municipal partners indicating that they could use the bin infrastructure provided through grant dollars to collect containers and help fund their operations, ABCRC continued to provide Community Champions Program (CCP) grant funding throughout the pandemic.

Similarly, while school boards across the province initially focused on switching students to online learning, educators found that the Alberta Depot School Program could be used as an alternative learning opportunity when field trips and extra curricular activities were canceled. In total, 72 CCP partners and 178 schools engaged with ABCRC programs in 2020.

As we reflect back on the unprecedented year that was 2020, we are immensely proud of the positive outcomes achieved despite such extraordinary circumstances. ABCRC's management and staff demonstrated tremendous resilience and leadership, without any noticeable disruption to the servicing of Alberta's beverage container industry, which resulted in the diversion of nearly two billion containers from Alberta landfills in 2020.



KEY OUTCOMES

Like most businesses, ABCRC faced a unique set of pandemic-related challenges in 2020, but we are proud of how our teams found new and innovative ways to increase efficiency, improve industry service and support our communities.

1



Quickly developed protocols

and action plans to address the pandemic, including sourcing scarce supplies like hand sanitizer and gloves for the Alberta Depot network, helping Alberta's beverage container industry to stay in operation throughout 2020.

2



Maintained employment

for over 150 Albertans throughout 2020, balancing an increase in health measures to keep employees safe while meeting operational demands.

3



Achieved a return rate of 82%

in 2020. 1,982,966,056 beverage containers were recovered in 2020, which diverted 86,934.02 kilograms of material away from landfills.

4



Engaged with 72 community groups

through Community Champion Program grants and launched a waste diversion and recycling education pilot program at six First Nations schools. Through these programs, Alberta communities raised over \$1.2 million in 2020 and kept 565,331 kilograms of beverage containers out of our landfills.

5



Provided 178 schools with teaching resources,

recycling bins and promotional items that were used to educate students about beverage container recycling through the 2020 Alberta Depot School Program. As a result, 10,447 kilograms of material was kept out of Alberta's landfills.

6



Created the new role of Depot Relations Manager

to focus on personal relations, dispute resolution and management of supplies and inventory. The benefits were seen almost immediately, with enhanced depot communication and relations, decreased overall travel mileage and improved plant operation and maintenance.

INTRODUCTION

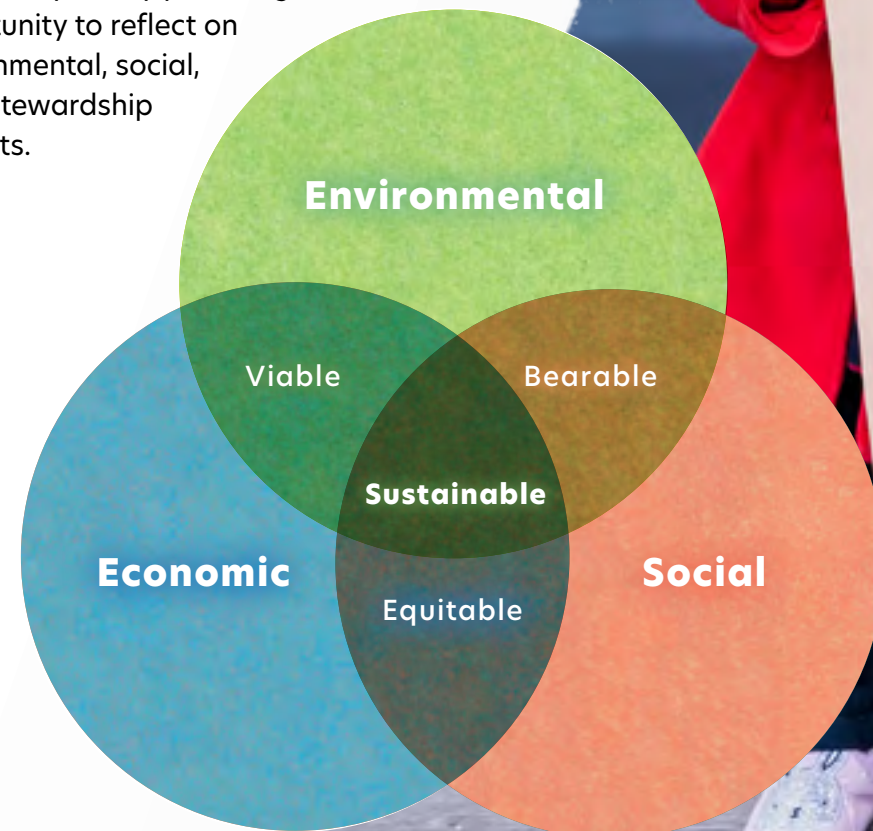
Sustainability, by definition, is the ability to meet our own current needs without compromising the ability of future generations to meet their needs. To accomplish true sustainability, we must ensure that our environmental, social, and economic resources are viewed holistically and used responsibly to find lasting security and prosperity. At Alberta Beverage Container Recycling Corporation (ABCRC), sustainability is at the forefront of everything we do.

The beverage container recycling industry in Alberta, by its very nature, creates a sustainable circular economy. Its basis in extended producer responsibility (EPR) means looking beyond the take-make-waste business model to one that designs out waste and pollution and keeps products and materials in use for as long as possible.

As the operator of the largest common collection system for beverage containers in Canada, ABCRC is proud to take on a leadership role not just within the industry, the province or the country, but in the global sustainability movement, which aims to create a thriving circular economy that benefits everyone within the limitations of our planet. And we take that responsibility seriously.

At ABCRC, we are constantly re-examining our processes and our facilities, not only to ensure that we meet with municipal, provincial, and federal legislation but also to find ways to reduce our carbon footprint, to increase the health and welfare of our staff and to innovate our processes – all while focusing on positive societal benefits and streamlining our finances to keep ABCRC viable well into the future.

This annual report follows Global Reporting Initiative (GRI) standards for sustainability reporting and demonstrates ABCRC's commitment to fiscal and social transparency and accountability. It is also a way to renew our organization's commitment to sustainability each year, by providing us with the opportunity to reflect on ABCRC's environmental, social, and economic stewardship accomplishments.



ABOUT ABCRC

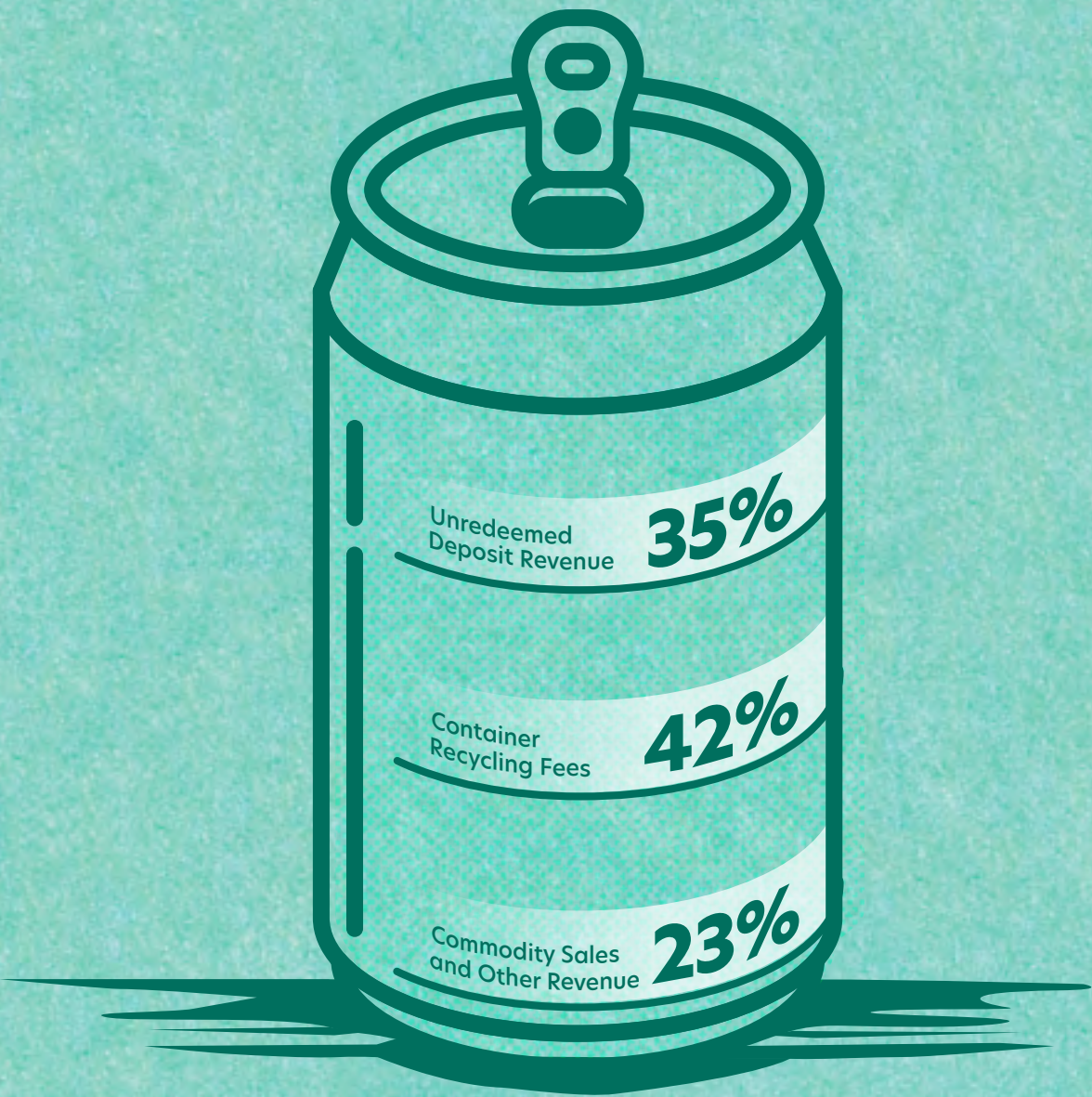
ABCRC operates the largest beverage container collection system in Canada based on the number of material types and the quantity of beverage containers recovered.

ABCRC's two processing facilities - one in St. Albert and one in Calgary - are responsible for the recovery of more than 150,000 different types of beverage containers sold in Alberta. In 2020, this involved collecting, transporting and processing nearly two billion beverage containers from 224 independently owned Alberta Depots.

ABCRC operates with not-for-profit provisions as the appointed and approved agent for Alberta beverage manufacturers and distributors whose beverage containers are regulated. ABCRC does not receive any funding from government sources.

ABCRC is responsible for the recovery of more than 150,000 different types of beverage containers sold in Alberta.

REVENUE BY SOURCE

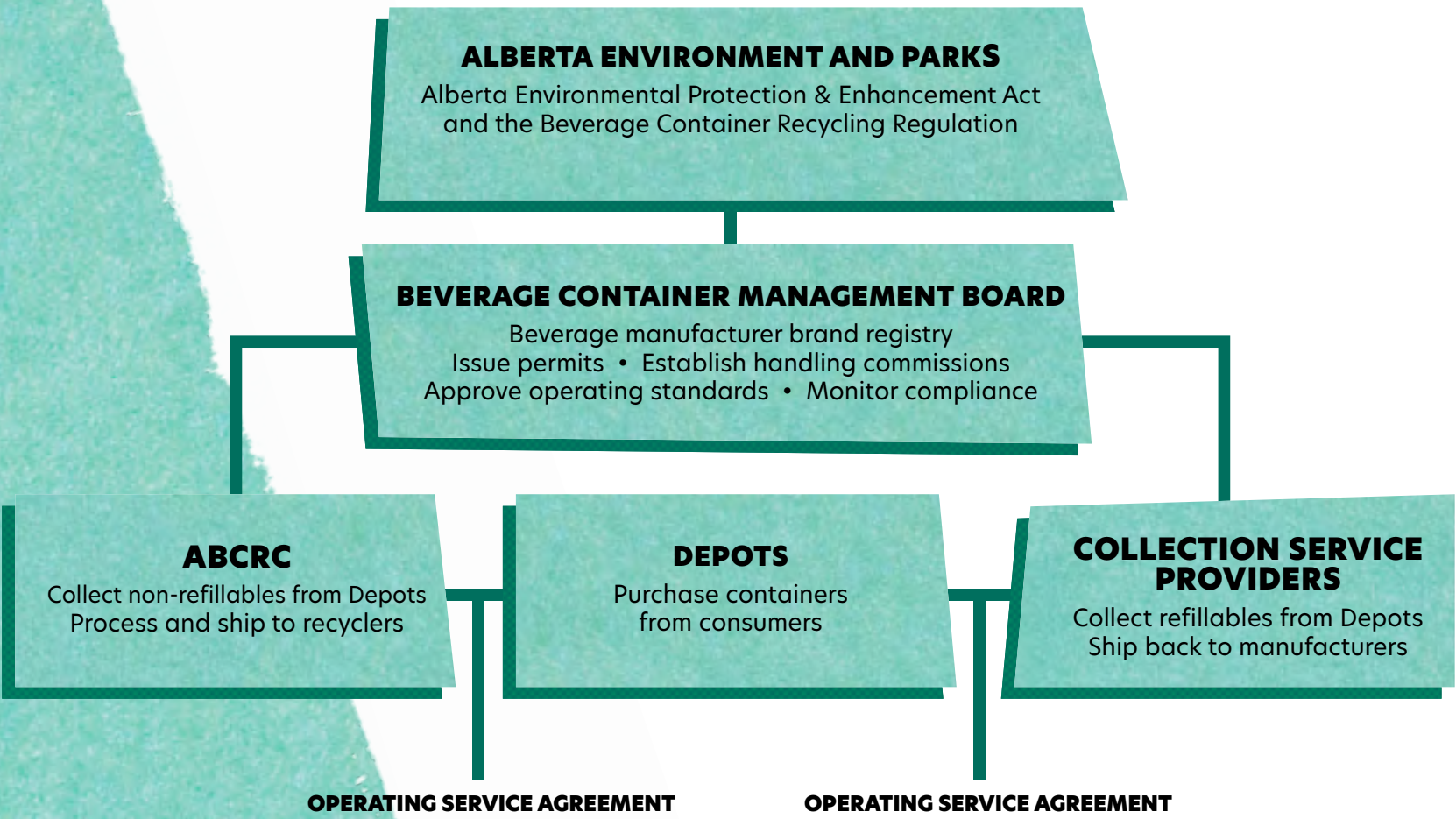


The funds to operate beverage container recycling in Alberta come from three sources: the unredeemed deposits from beverage containers that have been purchased and not yet returned to an Alberta Depot, the sale of recycled scrap material to commodity markets and the Container Recycling Fee.

ABCRC SHAREHOLDERS



REGULATORY STRUCTURE



VISION AND STRATEGY

ABCRC strives for continuous improvement by constantly examining its practices, working collaboratively with its stakeholders and encouraging innovation.

MISSION To act on behalf of beverage manufacturers with respect to the operation of Alberta's Common Collection System.

VISION To be the leading Extended Producer Responsibility organization that strategically focuses on improving the efficiency and effectiveness of the Common Collection System.

STRATEGIC PRIORITIES

In addition to its Mission and Vision, ABCRC operates according to several strategic priorities:

- 01 Provide effective corporate governance.
- 02 Communicate ABCRC's value to stakeholders.
- 03 Improve fiscal management.
- 04 Improve system efficiencies.
- 05 Improve the Common Collection System's environmental performance.



KEY INDUSTRY FOCUS



**BOARD OF
DIRECTORS**



**Ken
White**
Chairman.
Independent Director



**Neil
Antymis**
Vice Chairman.
The Pepsi Bottling
Group (Canada) Ltd.



**Cheryl
McLaughlin**
Treasurer.
Refresco Group



Ron Sorneau
Coca-Cola Refreshments
Canada



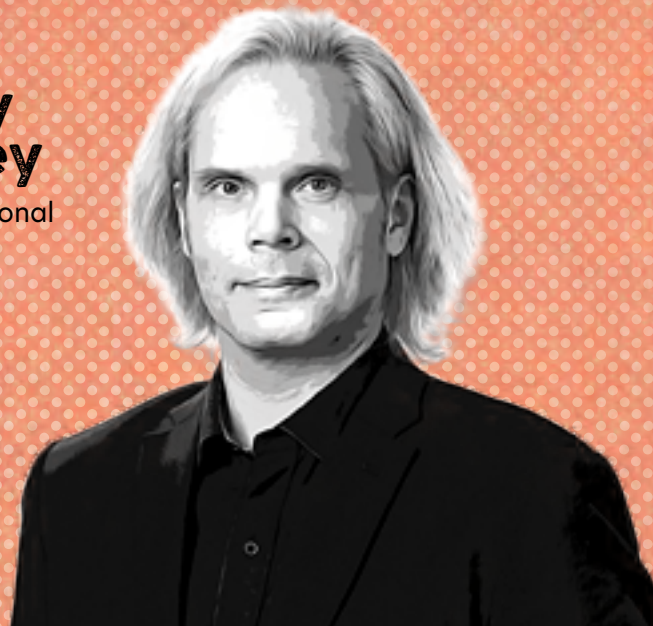
**Nicholas
Kissel**
Alberta Gaming,
Liquor & Cannabis
Commission



**Tony
Gusikoski**
Parmalat
Canada



**Shane
Buckingham**
Canadian Beverage
Association



**Jeremy
Chorney**
Canada's National
Brewers



**Rachel
Morier**
The Beer Store &
Brewers Distributor Ltd.

BOARD OF DIRECTORS

As at December 31, 2020

ABCRC’s Board of Directors is committed to following effective, transparent and accountable governance practices to ensure that objectives are realized, resources are well managed and the interests of stakeholders are reflected in key decisions.

ABCRC’s board includes an Audit Committee, Governance Committee and Public Affairs and Communications Committee, with some non-director shareholder members contributing to those committees.

Directors are manufacturer-nominated shareholder representatives from beverage manufacturers; as well, the Board has the option to appoint up to two independent Directors. The nominated Directors, and non-director committee members, do not receive any remuneration for the time and talent they provide to ABCRC. Appointed independent Directors may receive honoraria.

BOARD OF DIRECTOR EXPENSES FOR THE 2020 FISCAL YEAR	
Expense	2020
Independent Director Honoraria	\$24,362
Professional Development	\$2,325
Director Expenses	\$3,613
Total	\$30,300

EXECUTIVE TEAM

As at December 31, 2020

ABCRC’s management team is committed to providing effective leadership to ensure the continued success of the organization. ABCRC’s Board of Directors and its management are linked through the President; the President is directly supported by the Executive Team who are, in turn, supported by department managers and supervisors and their respective teams.



Guy West

President



Khurram Dhedhi

Vice President, Operations



Lori Koebel

Manager, Communications & Marketing

ENVIRONMENTAL STEWARDSHIP

In 1993, the Government of Alberta consolidated several pieces of legislation into the Environmental Protection and Enhancement Act (Alberta). This led to the evolution of the Beverage Container Recycling Regulation (the “Regulation”), which required manufacturers using beverage containers to appoint a Collection System Agent (CSA) to operate a common collection system. In 1994, ABCRC was incorporated.

In the 25 years since the appointment of ABCRC as the CSA, Alberta has become more focused on protecting the environment. ABCRC endeavors to be an innovator and industry leader, not just by helping municipalities and the provincial government to meet their waste diversion goals, but also by reducing its own environmental footprint and operating in an environmentally conscious manner that exceeds the Regulation’s requirements.



THE LIFE OF A BEVERAGE CONTAINER



Every beverage container you return goes through a recycling process to be used in many other commercially useful products.

1

Manufacturing

Using new or materials reclaimed following a container recycling process, the beverage container manufacturer produces me, pours the beverages inside me, adds a hat (cap) and a label and packs me up for shipping with all my friends. I am then ready for distribution and sale.



2

Sale to distributor or retailer

The distributor or retailer purchases the beverages (usually in bulk) and stocks their store shelves for the consumer to purchase.



3

Sale to consumer

The container is sold to a consumer, which includes a deposit fee and sometimes a Container Recycling Fee as part of the Alberta recycling process.



4

Consumption of beverage

Once the customer consumes the beverage, they are left to dispose of the empty container.



5

DEPOT



For disposal, the consumer has two choices

- Initiate the beverage container recycling process for the empty container by taking it to an Alberta Depot
- Place the container into the blue bin where it will be separated and returned to depot or recycled with other plastic containers

6

Beverage container processing

An Alberta Depot accepts the container for recycling and refunds the consumer the deposit paid in step 3. The container is shipped to a facility to be prepared for sale to recycling and commodity markets.



7

Recycled into useful materials

The beverage container is then recycled into raw materials to be manufactured into new and useful products.



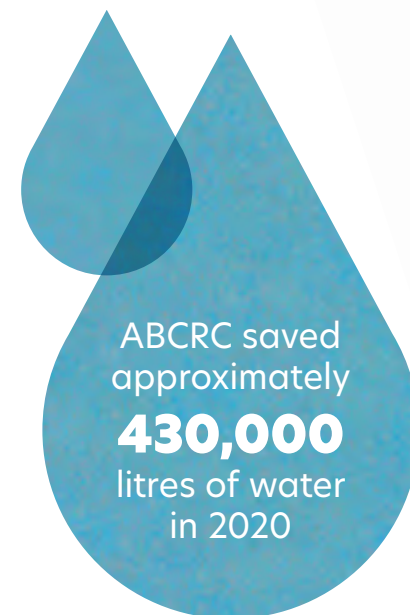
CALGARY IRRIGATION SYSTEM UPDATE

In 2016, a climate-controlled watering system that uses real-time weather data from specialized water management “weather stations” was installed at the Calgary facility.

The system automatically adjusts watering based on varying landscape needs to prevent over-and under-watering, taking into account slope, shading, root depth, soil moisture levels, plant type and precipitation rates.

Calgary experienced two distinct watering periods in 2020. The first half of the season (May to mid-July) saw above normal rainfall levels, with the month of May going on record as the third wettest ever recorded (since record-keeping began in 1885). All that changed, however, when Calgary began seeing drought-like conditions in mid-July, marked by below normal rainfall, record low humidity and above normal temperatures that held through September.

Older, timer-based systems would have over-watered through the first part of the season and then under-watered in the latter, but ABCRC’s efficient system only watered on the 14 days that it was needed (starting in August 2020). As a result, ABCRC saved approximately 430,000 litres of water compared to benchmark estimations, which translated into a cost savings of \$1,192!



TECHNOLOGY UPDATES

To continually reinforce its commitment to being a forward-thinking environmental steward, ABCRC reviews all its equipment, systems and processes regularly to identify areas that could become more efficient.

In 2020, it was determined that several pieces of equipment could be replaced by newer technologies that would offer both economic benefits to ABCRC and further reduce our environmental footprint.

The St. Albert facility began changing lead acid batteries in forklifts to quick charge “opportunity” battery packs in 2020. Lead acid batteries are toxic and extremely heavy, requiring extra safety precautions to prevent injury, property damage, and environmental contamination; in addition, the battery changeovers take a great deal of time and require the use of overhead cranes or other forklifts. Quick charge battery packs can simply be plugged into the charging station when not in use, reducing forklift downtime, labour costs and the potential for injury. All replaced lead-acid batteries are properly recycled, which prevents heavy metals and toxic chemicals from entering landfills and provides raw materials (lead, electrolyte, and plastic) for new products.

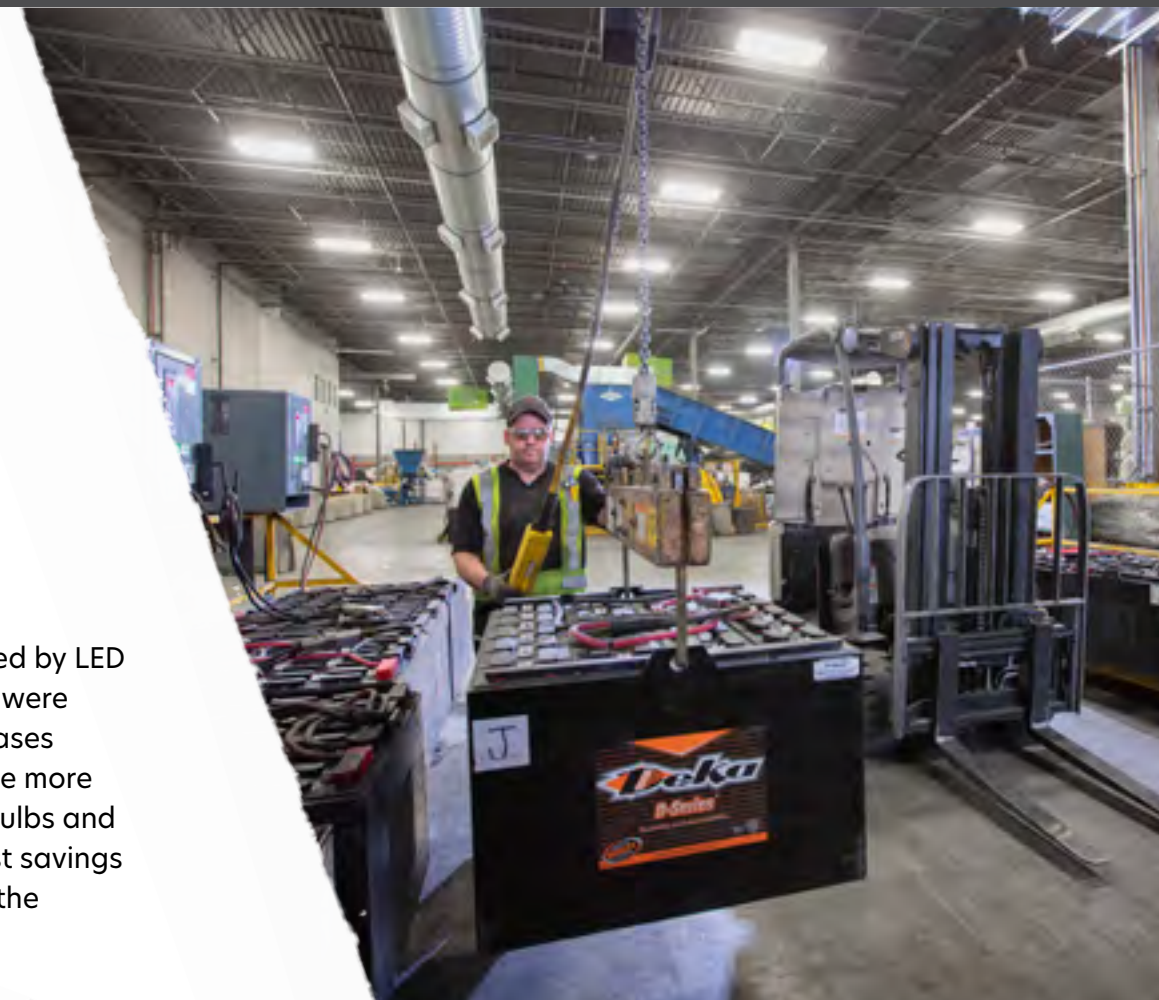
At both the St. Albert and Calgary facilities, air quality tests found that suspended particulate matter was higher than expected in the plants due to silica particle travel from the glass room. To ensure the safety of employees, air curtains were installed over the glass room doorways in each plant to create an invisible air barrier that better keeps the silica particles

within the glass room without limiting access for people or vehicles. In addition, the four fans on Calgary's air makeup unit were replaced to better move air in and out of the building.

In 2018, new, more efficient balers were installed at the Calgary facility. One item was quickly identified as waste from these new machines, though: small pieces of steel wire were discarded during the baling process. Calgary Metal Recycling Inc. has been a market leader in western Canada for over 90 years, and they are committed to ensuring that as much metal as possible is recycled into new product. Not only does this prevent scrap metal from ending up in municipal landfills, but steel made from recycled scrap metal eliminates more than 80% of the CO₂ emissions produced when making steel from iron ore.

In 2019, the Calgary facility's lighting was deemed to be insufficient and inefficient by lighting auditors. In early 2020, a complete LED lighting upgrade was undertaken for the processing plant, the exterior of the facility, and all common areas (including office areas, hallways, stairwells, washrooms, meeting rooms, storage and other shared spaces). Troffers and fixtures with fluorescent linear tubes, recessed halogen PAR38 lamps, 6-lamp high output T5 high bay fixtures and HPS and metal halide exterior wall packs, flood

lights and pole lights were all replaced by LED fixtures; in all cases, prior light levels were maintained or improved, which increases staff safety. In addition, LED lights are more efficient and last longer than older bulbs and lighting, which will provide future cost savings for ABCRC and lessen our impact on the environment overall.





ZERO WASTE INITIATIVE

Every year, ABCRC finds ways to keep items used in everyday operations out of the landfill. Paper towel composting continues in our Calgary facility's washrooms and this report is now being distributed only electronically. As well, events like our annual Zero Waste Barbeque's are always consciously planned to ensure that the resources used (from décor to food to utensils) are fully resumed back into the system. Our aim is to reduce what is used, reuse as much as possible, send as little as possible to be recycled, and compost what remains.

In 2020, few events were held due to the restrictions implemented by Alberta's government to fight the COVID-19 pandemic. Those that did go ahead, such as ABCRC's annual staff barbecue, were held in the parking lots of both the Calgary and St. Albert to ensure that all social distancing and health measures were followed. We missed our industry guests at these events, but fun was had by all who attended; employees wore masks, mingled with those they hadn't seen in a while (keeping 2 metres apart, of course) and ate some great food.

By automating business processes and transitioning to more eco-friendly workflow solutions, companies increase efficiency, and ABCRC has seen the results first hand.

ELECTRONICS RECYCLING

Electronic waste, or e-waste for short, includes items like computers, smart phones, tablets, cables, batteries and fluorescent lights. Devices are replaced an average of once every two years due to rapid advances in technology and the endless number of new products continually being released, so it's no surprise that e-waste is quickly becoming one of the fastest growing waste streams in the world. Last year alone, 53.6 million metric tonnes of e-waste was discarded to landfills worldwide, contaminating the environment with hazardous materials like mercury and lead.

PAPERLESS PROGRESS

In 2019, ABCRC made the commitment to "go paperless" by January 2022, and we made huge strides toward this goal in 2020. ABCRC instituted a paperless invoicing requirement for all carriers and new suppliers, and invoices are now received and processed only via e-mail - that's at least 30,000 fewer pieces of paper per year from carriers alone. As well, new depots are now required to install Point of Return (POR) systems to submit electronic bills of lading (eRbills) to ABCRC. ABCRC continues to encourage all remaining suppliers and depots to adopt paperless submissions, in hopes of eliminating paper Rbills entirely.

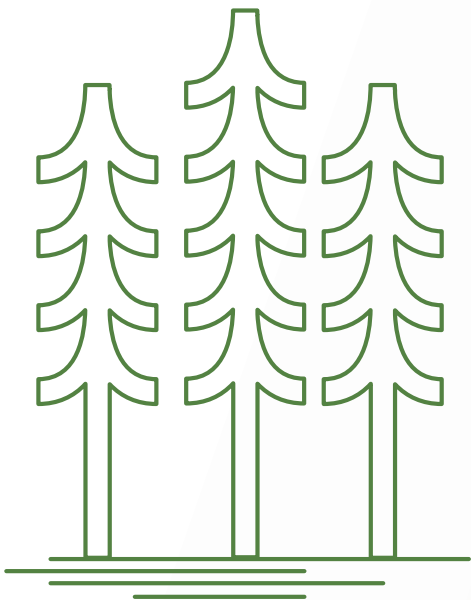
By automating business processes and transitioning to more eco-friendly workflow solutions, companies increase efficiency, and ABCRC has seen the results first hand. Once, 200-300 paper maintenance work orders were




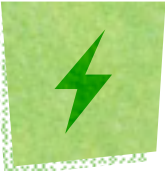


issued at each plant every year, but in 2020 an app installed on corporate computers and mobile devices allowed for the work order life cycle to become completely electronic. From identification of an issue, through submission and approval, all the way to work completion, work orders can now be easily tracked, with their status queried and reported as needed.

The transition away from using paper in daily administrative tasks is also gaining traction. Electronic documents, such as PDFs, are now easily completed, shared and stored on a server or cloud, eliminating the costs associated with printing (paper and printer supplies and maintenance), storage, and (eventually) shredding. All new templates, forms and checklists that ABCRC staff use for everyday tasks are now created electronically, and the move is on to convert existing documents into electronic documents, as well. The issuance of iPads to all ABCRC managers in 2020 also reduced printing and increased overall efficiency; they can now review, edit, approve and securely sign documents from any location.

Oh, and let's not forget that this year's Sustainability Report is now distributed entirely electronically! As much as we've loved the look and feel of our carbon-neutral annual reports printed on 100% post-consumer recycled paper, it was time to further reduce ABCRC's carbon footprint - and to practice what we preach about sustainability - by eliminating paper reports entirely.













RESOURCE CONSUMPTION OVER TIME










	Water	Electricity	Natural Gas	Diesel Fuel
				
2020	3,554 m³	2,601 MWh	23,503 GJ	6,118 L
2019	4,946 m³	2,947 MWh	27,997 GJ	5,751 L

Overall resource usage decreased in 2020 due to the efficiency of the new St. Albert facility (which replaced two older Edmonton sites).

MATERIALS USAGE – TOTAL WEIGHT (KG)

	ITEM	2020	2019
	White Bags	127,006	152,756
	Blue Bags	17,690	34,375
	R Bills (paper)	149	191
	Wire	128,935	142,905
	Blank Bale Tags	160	156
	Clear Poly Bags	559	499
	Pallets	184,684	218,609
	Strapping	4,491	4,264
	Airline Tags	8,189	7,721
	Handwrap	2,577	2,205
	TOTAL	474,440 kg	563,681 kg

TRACKING OUR CARBON FOOTPRINT

		ITEM	2020	2019
EMPLOYEES		Air	12,477 km	61,639 km
		Taxi/Transit/Ride Share	65 km	374 km
		Rented Vehicles	12,835 km	67,683 km
		Company-owned Vehicles	24,216 km	37,102 km
		Employee-owned Vehicles	21,430 km	34,082 km
DIRECTORS		Air	6,034 km	68,022 km
		Taxi/Transit/Ride Share	120 km	584 km
		Rented Vehicles	0 km	1,813 km
		Owned Vehicles	331 km	8,024 km
		TOTAL	77,508km	279,323km

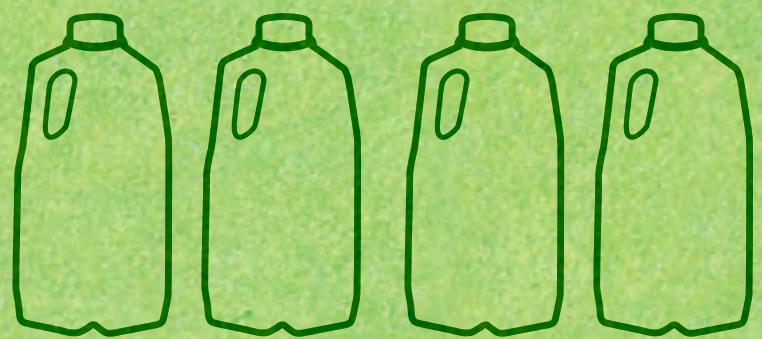
Due to the COVID-19 pandemic, overall travel recorded for 2020 is significantly lower than in 2019.



TRANSPORTATION OF PRODUCTS FROM ABCRC TO END DESTINATION

MATERIAL TYPE	DESTINATION	2020 KM DRIVEN	2019 KM DRIVEN
Gable Top	North America*	348,204	418,462
Tetra Pak	North America*	229,993	118,498
Aluminum	United States	2,558,163	2,694,985
Glass	Alberta	170,183	182,966
PET	Alberta	105,951	106,995
HDPE	Alberta	213,120	214,528
Other Plastics - Rigid	Alberta	25,827	28,151
Other Plastics - Flex	British Columbia	2,081	2,320
Bag-in-Box	British Columbia	10,714	9,300
Bi-Metal	Alberta	1,907	2,674
TOTAL		3,666,143	3,778,879

*In 2020, more Gable Top and Tetra Pak containers were sold domestically (across North America) than ever before, reducing the amount of product shipped to overseas destinations. What was shipped from the port of Vancouver to an end destination incurred CO₂ emissions of approximately 31,340 kg – down from 113,867 kg the previous year.



TRANSPORTATION OF PRODUCTS FROM DEPOTS TO ABCRC

		2020	2019
	Kilometres Driven	3,182,358	3,028, 005
	Number of Loads	32,541	32,623

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

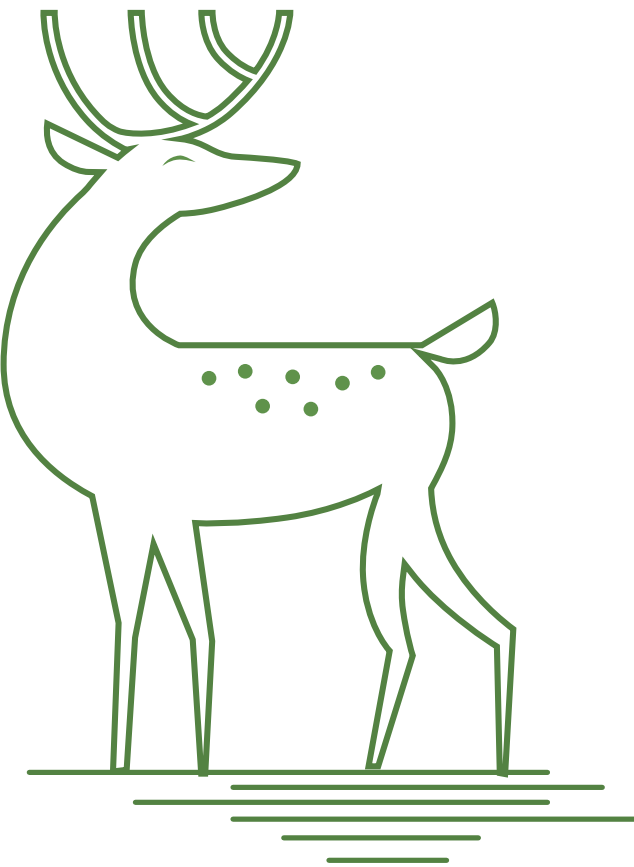


ENVIRONMENTAL CARRIER HIGHLIGHTS

Transporting beverage containers from more than 224 Depots across a province as large as Alberta requires an extensive and flexible transportation and logistics system. ABCRC relies on truck transportation as the most appropriate solution for carrying beverage containers as efficiently as possible through the recycling supply chain.

For example, ABCRC leverages back-haul carriers (i.e., trucks that are returning to Calgary and St. Albert that would otherwise have been empty) as much as possible to reduce our environmental footprint, and several of the carriers that ABCRC contracts are members of the SmartWay Transport Partnership (SmartWay), run in Canada by Natural Resources Canada (NRCan).

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. One company that has adopted SmartWay technologies and processes that mitigate its carbon footprint is Manitoulin Transport, which has successfully reduced CO₂ emissions from transporting beverage containers for ABCRC by 149,195 kilograms since 2016.





DEPOT INNOVATIONS

Like ABCRC, Alberta Depots are continually looking for ways to increase process efficiencies while still actively contributing to sustainability in Alberta. Some depots have become almost fully automated, counting and/or sorting beverage containers via bar codes. Aluminum cans are especially easy to sort and count in this way. Other depots are looking to the future of EPR, already accepting recyclables other than beverage containers for sale directly to recyclers (not processed through ABCRC).

Some depots choose to invest their own resources into compaction technology that crushes the aluminum, plastic and/or gable top beverage containers that they receive. Depots are awarded a small per-bag service fee as an incentive for compacting, since this technology helps with the flow of beverage containers throughout the system; the amount of space required to store them at a depot is reduced, fewer truck loads are needed to transport them to ABCRC and baler efficiency at ABCRC is improved. In 2020, eight Alberta Depots chose to compact beverage containers before sending them to ABCRC. Aluminum cans are the most common beverage container to be compacted, since it

results in up to a 3:1 savings in transport costs, but each depot determines for itself which material stream contributes the most benefit to its operations.

ENVIRONMENTAL BENEFITS OF DEPOT COMPACTION IN 2020

Trailer loads reduced by 1,311 loads	Km driven reduced by 117,474 km
Baler CO ₂ reduced by 40,089 loads	Tractor fuel CO ₂ reduced by 127,505 kg

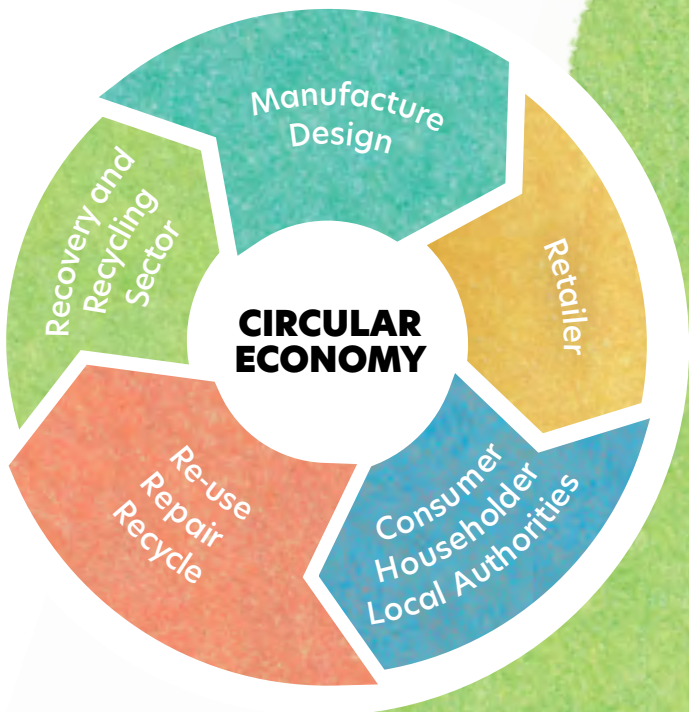


EXPLORING NEW MARKETS

When we’re speaking about beverage container recovery, it’s important to remember that it’s not just about how many used, non-refillable beverage containers are returned by Albertans, but also what happens to those beverage containers after they’re separated into product streams and leave an ABCRC facility.

At ABCRC, we do our homework to ensure that Alberta’s beverage containers are sent to markets that recycle or re-purpose as much material from them as possible. This is the basis of a circular economy - looking beyond the take-make-waste business model to one that keeps products and materials in use for as long as possible.

Beverage containers are collected and sorted by material stream through one of 224 Alberta Depots across the province, and then transported to ABCRC for processing. ABCRC bales the product (with the exception of glass, which is pulverized) for shipping to end-markets. Keeping beverage containers separate from the other types of recyclable materials means that the resulting product streams are “clean” – not mixed with other materials that can contaminate the purity of the material stream. This makes ABCRC’s product very desirable to end markets, and allows us choice in who we sell it to – with a preference to local (Canadian) markets when feasible.



A circular economy is an alternative to a traditional linear (make-use-dispose) economy. In a circular economy, resources are kept in use for as long as feasible, with the maximum possible value being extracted during that time. These resources are then recovered at the end of their service life and recycled for further use or regenerated into new products and materials.



GLASS
Glass is broken into small pieces and shipped to a processor in Airdrie, Alberta that pulverizes it into a sand-like material (cullet) and sells it to companies that make home insulation.



PLASTIC
Plastic water or pop bottles (PET) are processed in Calgary, Alberta, while milk jugs (HDPE) are shipped to British Columbia. In both cases, they are processed into flakes and pellets that are used to make new beverage containers and other products that use recycled plastics. Even the plastic lids on these containers are recycled into new products, which is why in Alberta we say “Leave ‘em on!”



PAPER
Paper-type products like milk cartons are shipped to the U.S., where they’re shredded and made into other paper products, like toilet paper and tissues.



ALUMINUM
Alberta pools its aluminum with six other Canadian provinces and one territory, shipping approximately 60 million pounds (or 2 billion cans) annually to a U.S. company. They smelt the aluminum and create sheets of aluminum that beverage manufacturers use to create more aluminum cans. This means that aluminum cans are truly circular – they can be used over and over again infinitely!



TETRA BRICK
Once one of the hardest products to recycle, Tetra Brick (like juice boxes) are shipped to the U.S., where they’re made into drywall and roofing tiles, with very little wastage.



MATERIALS RECYCLED

CONTAINER TYPES	CUSTOMER	RECYCLING DETAILS	SALES VOLUME (UNITS 000)	REDEEMED VOLUME (UNITS 000)	RETURN RATE (%)	DIVERTED FROM LANDFILL (METRIC TONNES)
Aluminum	<ul style="list-style-type: none">NovelisSchupan Recycling	<ul style="list-style-type: none">Recycled back into aluminum cans95 - 99% of weight shipped is recycled, with the remainder being moisture and contaminants	1,219,593	1,043,217	85.50%	14,354.30
Plastics: <ul style="list-style-type: none">Polyethelyne Terephthalate (PET) - ClearHi-Density Polyethylene (HDPE)Polyethelyne Terephthalate (PET) - GreenOther Plastics	Merlin Plastics	<ul style="list-style-type: none">Recycled into pellets for use in manufacture of new non-food bottles80%+ of bottles recycled with less than 20% being sub-standard material or contaminants98% of caps recycled with 2% used as alternative fuel source	824,786	647,317	78.50%	19,753.93
Glass	Vitreous Glass Inc.	Manufacture fiberglass: 95% recycled with 5% waste including caps, corks and dust	156,373	137,530	87.90%	49,890.02
Gable Top	<ul style="list-style-type: none">Paper TigersRecycled Materials Management (on behalf of Continuous)RicovaAce Fibres	<ul style="list-style-type: none">Fibre extracted and used in the manufacture of paper products80% by weight recycled	81,706	62,019	69.30%	2,554.54
Tetra Brik	<ul style="list-style-type: none">ICF Global, Inc.Recycled Materials Management (on behalf of Continuous)	<ul style="list-style-type: none">Fibre extracted and used in the manufacture of paper productsResidual aluminum and plastics - used in drywall and roofing tiles98% by weight recycled	118,881	81,109		
Drink Pouches	Merlin Plastics	<ul style="list-style-type: none">Energy recovery through gasification (incineration) due to low volumes and scarce end markets, then used as an alternative fuel source for coal to power cement kilnBoxes from are recycled as old corrugated cardboard	16,237	7,714	40.70%	205.82
Bag-in-a-Box	<ul style="list-style-type: none">Merlin Plastics (Bladders)Waste Management (Cardboard)		2,214	901		
Bi-Metal	General Recycling Industries Ltd.	<ul style="list-style-type: none">Smelted down for recycling into construction rebar, car parts, and grinding rods for mining95% of weight is recycled with 5% contaminants or moisture	4,000	3,159	79.00%	175.41
Ceramics & Aerosol Containers	Landfill	<ul style="list-style-type: none">No viable recycling markets for this materialCeramics pre-date regulatory requirement for recycling	0	0	0.00%	0
Consolidated Totals			2,423,790	1,982,966	81.80%	86,934.02



SOCIAL STEWARDSHIP

ABCRC's main purpose is to divert beverage containers from landfills while supporting Alberta communities and protecting the environment. ABCRC's social stewardship is key to our purpose; establishing recycling programs, supporting community initiatives and creating local employment opportunities all create a foundation that supports ABCRC's goal of continually improving recycling rates in Alberta.

The Government of Alberta's established goal for diverting beverage container waste from landfills is 85 percent. Awareness and encouragement of recycling are fundamental to ABCRC's success in meeting this goal. Our advertising, promotion, programs and community initiatives help municipalities and other partners to engage Albertans in recycling. As with its other operations, ABCRC is continually tracking its various programs and advertising to further their reach and determine their effectiveness.

ABCRC also believes that community involvement should be reflected in an organization's own practices. ABCRC is proud to contribute to the province's economy, providing a diverse group of Albertans with meaningful work in 2020 and generating economic value through its operations.



ABCRC CORPORATE ENGAGEMENT

Part of being a socially responsible company is the notion of giving back to society. Each year, ABCRC strives to support not-for-profit organizations, charities and local community organizations in Alberta.

A focus on supporting environmental education, particularly through youth, aligns with ABCRC's goals to teach young Albertans about the importance of caring for the environment, thereby building a generation of Albertans that will continue to care for our province and seek out innovations to help advance environmental efforts. To this end, ABCRC sponsors the Alberta Emerald Foundation (AEF) Emerald Award "Education: School or Classroom" grant, which recognizes leadership and creativity in educating students of all ages about environmental matters. The grant can be used by the recipient to develop new, creative projects that innovate and educate... and maybe even change the world!

Some other organizations that received contributions from ABCRC in 2020 included:

- ✦ **AdaptAbilities**
- ✦ **Alberta Council for Environmental Education (ACEE)**
- ✦ **Cerebral Palsy Alberta (CPAA)**
- ✦ **Recycling Council of Alberta (RCA)**
- ✦ **United Way of Southeastern Alberta**

In addition to corporate philanthropy, ABCRC encourages its employees to take a personal approach to giving back. ABCRC hosted a donation drive during 2020 Waste Reduction Week (October 19-25) and ABCRC staff responded with gusto, returning a whopping 477 kilograms (1,049 pounds) of their own gently used clothing and household items. In doing so, they kept reusable items out of Alberta's landfills and made a positive impact on the lives of individuals affected by cerebral palsy and other disabilities.

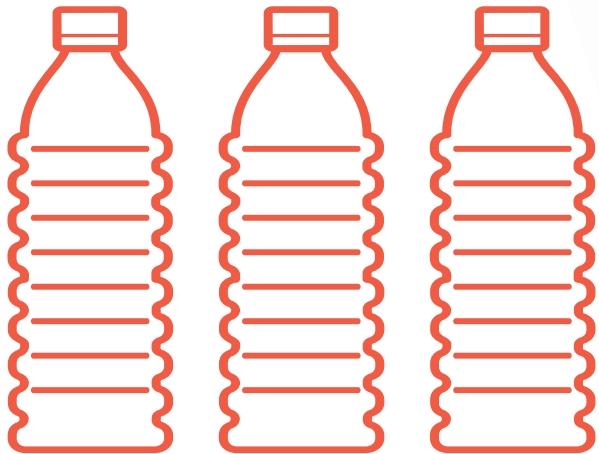


Photo credit: RCA





EMPLOYMENT DURING A PANDEMIC

ABCRC is proud to employ a diverse group of more than 150 Albertans that contribute a wealth of expertise to the maintenance and operation of the common collection system. In 2020, ABCRC found itself in the position of being an essential service during the COVID-19 pandemic, which required balancing an increase in health measures to keep our employees safe while also meeting operational demands.



ABCRC established social distancing protocols and mandated mask use very early on in the pandemic, and set up any office employees who could work from home with remote access. In addition, ABCRC provided two reusable masks to every employee, ensured that hand sanitizer was readily available, and posted signage in a wide variety of areas and formats to inform (and remind) employees about safety practices. These measures all contributed to keeping ABCRC safe in 2020.

In fact, ABCRC stayed in operation through 2020 without any service disruptions, keeping Alberta's economy moving one beverage container at a time.



HEALTH & SAFETY MANAGEMENT

ABCRC's commitment to employee health and safety never wavers. In response to some deficiencies identified in an internal audit in the fall of 2019, ABCRC established the Health & Safety Action Plan, which committed time and resources to correcting issues and to establishing a comprehensive corporate Health & Safety Management System, which:

- ★ **Identifies and controls hazards in the workplace.**
- ★ **Helps to prevent injuries and disease and to limit financial losses due to injury and disease.**
- ★ **Identifies roles, responsibilities, accountabilities and expectations.**
- ★ **Promotes a positive health and safety behavioural culture through communication, training and reinforcement.**
- ★ **Outlines the importance of, and provides guidance regarding workplace inspections, training and competency, investigations, safe work procedures, safety committees, etc.**

During the 2019 audit, the Documentation section was identified as an area that could use some improvement; while ABCRC was adhering to audit guidelines and legislative requirements, that information was not being captured in formal documentation. This changed in 2020 with updates to corporate health and safety policies and programs, standardization of forms and

checklists in digital format for ease of use, and the placement of all health and safety documentation in a single network drive to ensure that employees can now access what they need, when they need it. A Health & Safety documentation audit is scheduled for early 2021, and ABCRC expects our 2020 efforts to result in a significantly better score!

While one of the significant strengths from the 2019 audit was a score of 100 percent in the First Aid section, ABCRC determined that even more could be done. In 2020, a new, fully equipped First Aid Room was established in each facility, and all plant supervisors and managers were sent for updated First Aid training. ABCRC also scored very well in the System Administration section, as it related to health and safety statistics and information available to employees, but ABCRC decided to enhance the safety culture even more by installing three identical message boards in high-traffic areas at each facility that convey current health and safety statistics, issues, and corrective and proactive actions.

Additional areas of focus in 2020's new Health & Safety Management System included:

- ★ **Switching Certificate of Recognition (COR) certifying partners to better align auditing criteria with similar industries.**
- ★ **Successfully reducing the number of Worker's Compensation Board (WCB) lost time claims - there have been none since July 2020! - through employee education and better management of the claims**

process, from doctor's visits, through investigation and form completion, to returning to work.

- ★ **Updating the fire safety program and equipment, including fire extinguisher inspection, replacement (as needed) and repositioning to ensure full coverage at both facilities should the need arise.**
- ★ **Creating a "boot program" to protect workers feet, as well as to reduce injuries and near misses due to slips and falls. In 2020, ABCRC had every plant worker fitted to ensure that everyone was wearing the right size and type of footwear for their jobs at ABCRC... and then paid for all 160+ pairs! These new CSA-approved work boots, with anti-slip soles, anti-microbial interiors, 6" ankle height, and carbon-fibre toe are fully protective while still being light and comfortable. Going forward, ABCRC will be providing each worker with an annual boot allowance, to ensure that their boots always meet current safety standards and job requirements.**

Overall, ABCRC's Health and Safety initiatives in 2020 aligned both facilities with corporate safety objectives and COR safety standards through active engagement, training and participation at all levels, and are expected to result in successful audit results in the 2020 comprehensive audit. More important, though, is the resulting increase to employee confidence, who now recognize that their health and safety is always top of mind for ABCRC.



DEPOT SATISFACTION SURVEY

Each year, the Alberta Depot network is asked to complete a Depot Satisfaction Survey to measure the performance of:

- ★ The Collection Service Agent (CSA) - Alberta Beverage Container Recycling Corporation (ABCRC),
- ★ The Collection Service Provider (CSP) - Brewers Distributor Limited (BDL),
- ★ The Regulator - Beverage Container Management Board (BCMB), and
- ★ The Alberta Bottle Depot Association (ABDA).

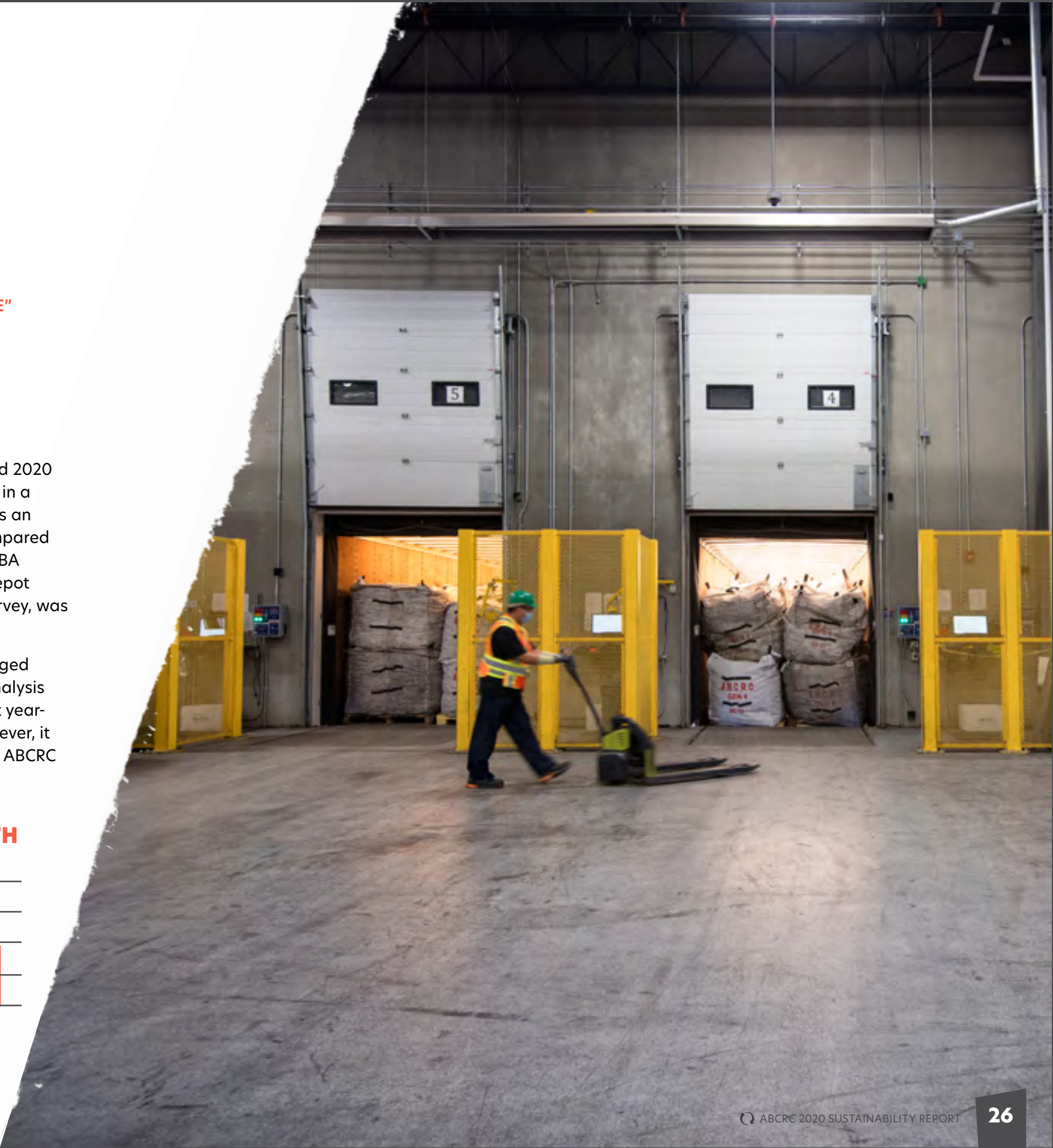
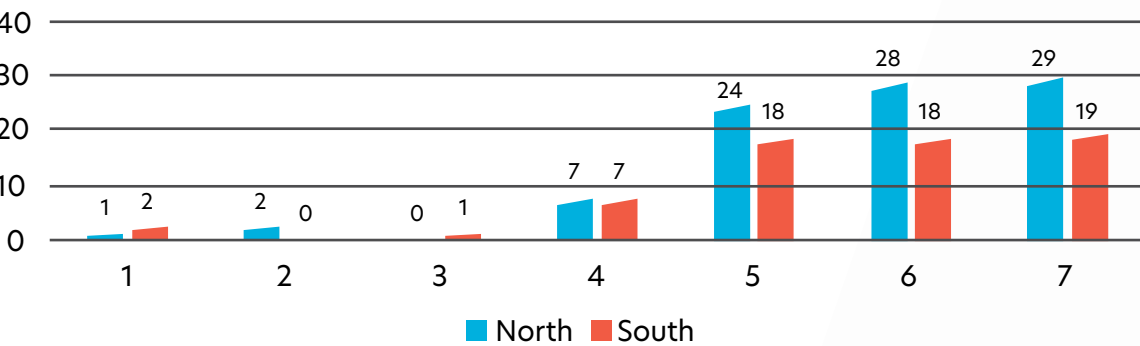
The survey requests responses to a series of service-based questions; results are then used by all four parties to improve depot relations and services. The 2020 Depot Satisfaction Survey uses a rating system of one (1) to seven (7) where:

- ★ A rating of 6 or 7 is “HIGH” or highly satisfied.
- ★ A rating of 4 or 5 is “MODERATE” or moderately satisfied.
- ★ A rating of 1, 2 or 3 is “LOW” or not satisfied.

In 2020 the Alberta Depot network consisted of 224 depots. 164 depot operators completed the web-based 2020 Depot Satisfaction Survey, resulting in a 73 percent completion rate. This was an increase in survey participation compared to 2019, even though the annual ADBA industry conference, where many depot operators typically complete the survey, was not held due to the pandemic.

The Depot Satisfaction Survey changed slightly in 2020 to account for an analysis by region, which has made an exact year-over-year comparison difficult. However, it is clear that depot satisfaction with ABCRC remains high across all categories.

OVERALL SATISFACTION WITH ABCRC: NORTH VS. SOUTH



ADVERTISING & MARKETING

Advertising and marketing strategic planning took place within the first quarter of 2020, with significant work completed to plan campaigns that aligned with previously outlined objectives for 2020.

Momentum was halted mid-March, though, when the COVID-19 pandemic significantly changed the marketplace. In response, the teams quickly switched gears, altering the planned strategy to better fit the tone at that moment. They created frequently asked questions and drafted an altered media campaign based on the hashtag #contain yourself, in reference to Albertans self-isolating and a play on words (beverage container).

The COVID-specific campaign offered tips and tricks for storing beverage containers and highlighted the depot network's safety precautions put in place for those Albertans who chose to return their containers during the pandemic. The campaign also included a social media giveaway contest, in which participants could win an at-home beverage container storage system.

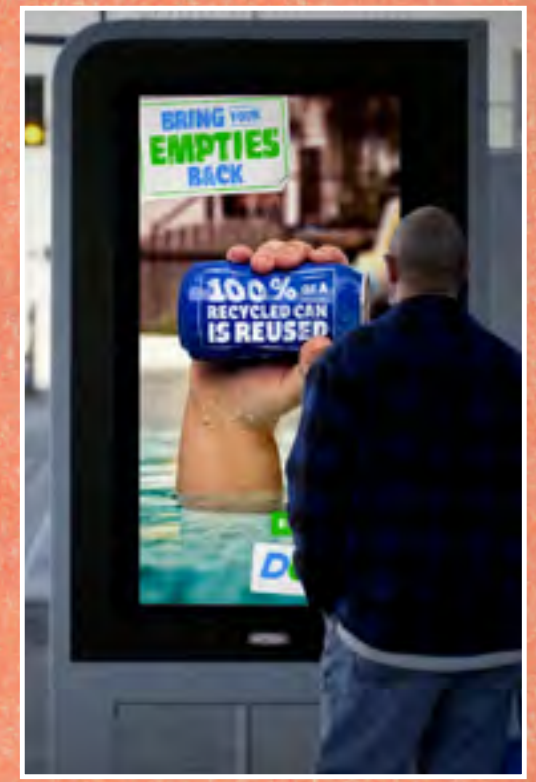
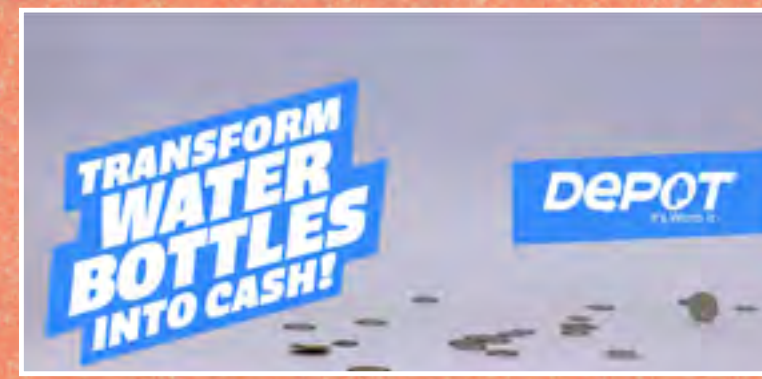
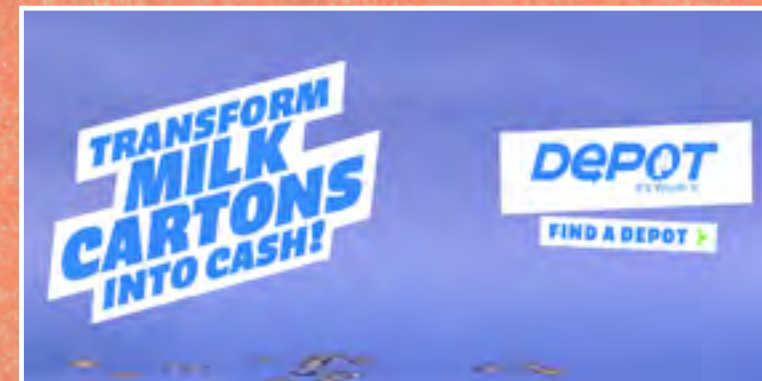
After deferring the regular marketing and advertising campaign and running the COVID-specific campaign in the first quarter, the teams went back to finalizing plans for the campaign that would run for the remainder of the year that featured "Depot Heroes" - characters jovial in nature that will do whatever it takes to lead by example when it comes to recycling. The Depot Heroes were created to be everyday Albertans who, when spotting a recycling blunder, are quick to correct the problem.

2020 campaign objectives included:

- ★ Celebrating Alberta's nation-leading record on diverting beverage containers from landfills.
- ★ Encouraging greater returns of beverage containers to an Alberta Depot among Alberta beverage consumers.
- ★ Creating stronger awareness of the positive environmental role of beverage container recycling in reducing both single-use plastics and GHG emissions.



2020 CAMPAIGNS



SCHOOL RECYCLING PROGRAM

The Alberta Depot School Program is a proven way to get elementary students involved in – and excited about – beverage container recycling.

Here’s how it works: students collect beverage containers from inside the school and from the community, school staff log into the online program portal to report beverage container counts, the containers are taken to a local Alberta Depot for refund, and the school puts the money toward the programs of their choice. Of the 178 schools that registered for the School Program in Fall 2019, many were returning participants with previously funded infrastructure already in place. 44 schools received \$71,741.30 in funding for new infrastructure, including outdoor storage bins, classroom and hallway collection bins, and bin liners).

To kick off the 2020 school year, a new online store was created to offer program participants an expanded line of new, environmentally friendly swag items to order for their students. Using the 500 points given when they register, school staff can order popular items such as pencil cases made from recycled paper, recyclable sunglasses and cardboard piggy banks.

The long-awaited sequel to the first Recycler’s comic book was published in 2020, in which the Recycle-bots team up with the children of Alberta to defeat Dumpster, the garbage-strewing robot from space sent to pollute our planet. A new activity book for grades



1-3 was published, as well; it featured pages to colour, puzzles to solve and fun facts to learn about beverage container recycling. Both of these items, along with the new online store and improved teaching kits, made the Alberta Depot School Program extremely popular with both teachers and students this year!

ABCRC is proud of all the schools that participate in the Alberta Depot School Program and the positive impact they make on the world around them when they actively recycle. Each September, a prize is awarded to the schools that collected the most beverage containers per student during the previous school year. In September 2020, each of the 10 winning schools received a custom-made trophy and a prize of \$1,000.

SCHOOL PROGRAM 2019-2020 HIGHLIGHTS



LIST OF 2020 ALBERTA DEPOT SCHOOL PROGRAM AWARD RECIPIENTS		
SCHOOL	TOTAL BEVERAGE CONTAINER COLLECTED	NUMBER OF CONTAINERS PER STUDENT
Living Truth Christian School	4,271	92.56
Harry Gray Elementary	10,962	82.42
Clandonald	1,367	65.09
Cold Lake Elementary	17,439	58.13
Grand Trunk	1,367	56.21
Avery Outreach	10,538	54.04
Linsford Park	8,315	44.46
CW Sears	13,094	39.92
Vera M. Welsh	12,150	37.37
Warburg Elementary	11,000	36.60





SCHOOL PROGRAM SPOTLIGHT:

Ermineskin Elementary

Located in Maskwacis, Alberta, Ermineskin Elementary School has over 400 grade 1 to 6 students and 60 staff members. They are a “Leader in Me” school; each year different leadership teams are created for students, where they learn about leadership roles through participation.

“We want to thank the Alberta Depot School Program for helping us make our recycling journey so much easier!”

Chelsea, Grade 4 Teacher/
Division 2 Numeracy Lead at
Ermineskin Elementary School

Two years ago, one of their teachers noticed that recyclables were being thrown into the garbage, so she contacted the Alberta Depot School Program for funding and had classroom and hallway bins installed at the school to help promote recycling. She then created a Recycling Leadership Team, its membership mostly made up of her grade 4 students, to help collect beverage containers each week. Here’s how the school describes their experience:

“The students would go around to each of the bins, take out any garbage from the bags, collect the recyclables, and put in a fresh bag. The team got so good at doing this, it would only take them 10 minutes to complete the whole school! [They also gave] a presentation during an assembly to students and staff about

“Thank you so much for this great opportunity! I loved the products available to us, and was happy to order these items to add to our outdoor learning packs. My class was extremely grateful for these items and were raving about them all day! They wanted to send a thank you, so we took a class photo in our new swag!”

Ashley, Grade 4 Teacher at
C. Ian McLaren School

what goes into the bins and what does not, since some students seemed to be confused on what we can recycle.

Since our school year was cut short due to COVID, we only had 6 months of recycling last year but we were still able to get over \$800 back for our school! That money was used to send home school supplies such as pencils, erasers, and pencil crayons, with each student, to use on their schoolwork while working from home. We are hoping that once school becomes more regular for our students again, we will be able to use all of the money we get back for some new playground equipment!”

Ermineskin school exemplifies the goals of the Alberta Depot School Program: to encourage students to learn about recycling and how they can use it to help their community, and to foster what will hopefully become lifelong habits of reducing, reusing, and recycling.

“Our students were so engaged in learning about the Recyclers. The videos, comic books and hands-on resources were very helpful (especially at this time when we cannot go on field trips). We can’t wait to see what new resources will be created next year!”

Heidi, Grade 3/4 Teacher
& Learning Leader at Lake
Bonavista School



COMMUNITY CHAMPIONS PROGRAM

The Alberta Depot Community Champions Program (CCP) offers grants of up to \$20,000 for Alberta municipalities and non-profit organizations to purchase recycling infrastructure.

CCP start-up support helps to educate the public about the benefits of recycling, and the bins (indoor and outdoor) that the grants fund make out-of-home opportunities for recycling more accessible and convenient to use. This not only keeps beverage containers out of landfills, but also provides important financial and social benefits to participating communities when the collected beverage containers are returned for refund. In 2020, 72 CCP grants totaling \$1.2 million were given to a variety of qualifying organizations across Alberta.

ABCRC was excited in 2020 to partner with the Technical Support Advisory Board (TSAG) and the Kee Tas Kee Now Tribal Chief's Education Authority (KTCEA) to pilot a waste diversion and recycling education program at six First Nations rural and remote schools: Codette, Atikameg, Clarence Jaycox, Kateri, Peerless Lake and Little Buffalo. The program aims to engage First Nations schools, communities and youth to work together and become better stewards and protectors of the environment. Collaboration in the development of best practices and resources fosters a sense of community, sharing and support for sustaining the land that sustains us.

In addition to the installation of bins at the six schools via the Community Champions Program grant, educational curriculum was

"I'm super excited to be involved in this initiative which will help us expand our ability to recycle in our classrooms and educate our students on the importance of recycling."

Codette, Lake School
Grade 4 Teacher

developed that focuses on mentorship, student led waste audits within their schools and communities and practical ways that students can reduce, reuse and recycle products at school and at home. The pilot program has been so popular with participating teachers, staff and students that other First Nations schools are looking to see how they can implement waste diversion and participate in the recycling program at their schools.



Photo credit: TSAG

COMMUNITY CHAMPIONS PROGRAM HIGHLIGHTS

Total Participating Communities/Sites

72



New recycling infrastructure introduced (bins)

958



Total beverage containers Collected by Participants

11,053,922



Economic benefit from refunded deposits

\$1,257,274.85



Environmental benefit from recycling

565,331 kg



COMMUNITY CHAMPION SPOTLIGHT:

AARCS

The Alberta Animal Rescue Crew Society (AARCS) is a grassroots animal welfare organization with locations in both Calgary and Edmonton.

AARCS rescues thousands of homeless, abandoned and abused animals each year; they also provide community support programs for low income and remote First Nation communities. In addition, the group provides free medical care and spay and neuter services, and it also assists with animal disaster response.

AARCS is supported by over 2,000 volunteers and foster-parents across Alberta. It gives animal-loving Albertans a place to come together and give back to the community in an area that is important to them. AARCS and the people who make up this amazing group are making a difference every day in the lives of Alberta's animals, and ABCRC is proud that CCP grant infrastructure helps AARCS raise funds to support such a worthy organization.

"We are so grateful to have the large outdoor bottle bins at our two shelters in Calgary and Edmonton, as well as collection bins through the facilities. It allows us to collect bottles when we are not open without fear of theft and encourage everyone who visits to recycle. All funds raised through the collection process are helping once homeless animals in our community."



Photo credit: AARCS

2020 COMMUNITY CHAMPIONS PROGRAM GRANT RECIPIENTS

- 4-H Foundation of Alberta
- Alberta Animal Rescue Crew Society (AARCS)
- Athabasca Regional Waste Management Services Commission
- Bottles4Boulet
- Bottles4Diabetes
- Bow Valley College
- Cadotte Lake School Campus
- Calgary Soccer Centre
- Camp Evergreen Mennonite Brethren Ministries Sundre
- Canadian Blood Services
- Cerebral Palsy Association in Alberta
- Chappelle Gardens Residents Association
- City of Beaumont
- City of Lacombe
- City of Medicine Hat
- City of St. Albert
- City of Wetaskiwin
- Clarence Jaycox School Campus
- Cremona
- Edson & District Recycling Society
- Evergreen Park
- First Nations Technical Services Advisory Group Ltd.
- Fort McMurray Airport Authority
- Glory Lutheran Church
- Jasper National Park of Canada
- Kateri School
- Kee Tas Kee Now Tribal Council Education Authority
- Lac Ste. Anne County
- Little Buffalo School
- MacEwan University
- Municipal District of Greenview No. 16
- Municipality of Crowsnest Pass
- New Brighton Residents Association
- New Norway School
- Orchards Residents Association
- Paul First Nation Waste Diversion Initiative
- Peerless Lake School
- Priddis Panther Hockey Association
- Recycle For Life Inc
- Southern ALberta Institute of Technology (SAIT)
- Spray Lakes Sawmills Family Sports Centre
- Strathcona County
- Sundance Lake Residents Association Ltd.
- Tawatinaw Valley Ski Club
- Thorsby Communities In Bloom Society
- Town of Banff
- Town of Beaverlodge
- Town of Canmore
- Town of Cochrane
- Town of Daysland
- Town of Devon
- Town of Falher
- Town of Hinton
- Town of Mayerthorpe
- Town of Okotoks
- Town of Three Hills
- Town of Trochu
- Town of Vegreville
- Town of Vermilion
- Town of Wainwright
- Town of Wembley
- Town of Whitecourt
- Vecova Centre for Disability Services and Research
- Village of Cremona
- Village of Warburg
- Wainwright Frontier Exhibition and Agricultural Society
- Wainwright Golf & Country Club
- Westerner Exposition Association
- Wheatland County
- Winnifred Stewart Association
- Yamnuska Wolfdog Sanctuary
- Yellowhead County



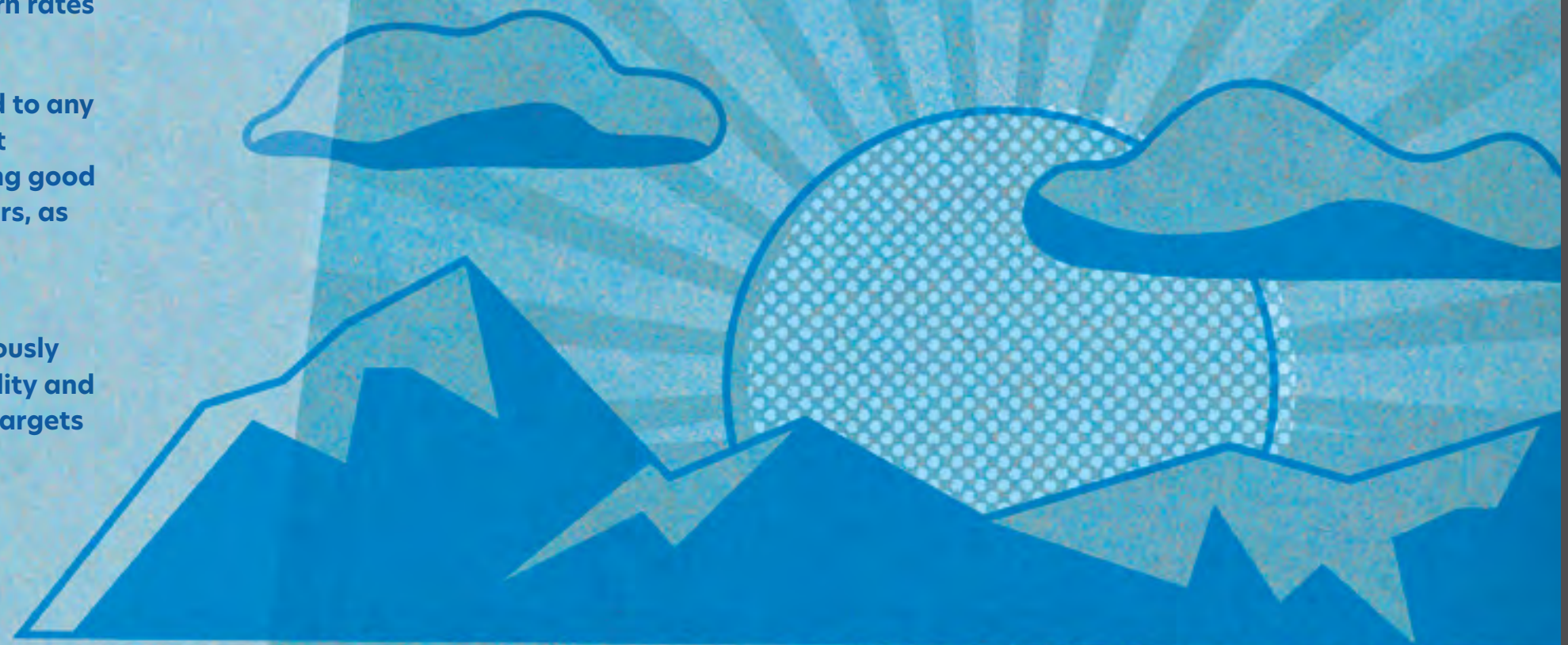
ECONOMIC STEWARDSHIP

Alberta is home to one the most innovative and sustainable beverage container recycling programs in North America. Because ABCRC maintains a self-sustaining recycling system, outside economic factors cause minimal fluctuations in operating costs, with little impact to the consumer.

The combination of the Container Recycling Fee (CRF), unredeemed deposits and the sale of recycled scrap material supports the costs associated with collecting, handling, transporting and processing empty beverage containers. Thus, despite Alberta's economic downturn and the COVID-19 pandemic, Alberta's 2020 return rates remained high, at 81.8 percent.

ABCRC recycles the broadest range of containers compared to any other Canadian province and yet continues to be a low-cost operator by comparison. This is done, in part, by maintaining good relationships with commodity buyers and provincial partners, as well as continuously improving operational efficiency. For example, plastics obtain a return rate of 78 percent.

ABCRC takes cost management seriously. ABCRC is continuously focusing its efforts to better mitigate risk, improve the quality and accuracy of manufacturer sales reporting, and achieve its targets for net assets and reserves to ensure the ongoing financial sustainability of the Common Collection System.



WHAT IS THE CRF?

Each year, ABCRC’s Board of Directors reviews the cost of recovery for each container type for the previous year. The actual cost of recovery is compared to the revenue from unredeemed deposits and the sale of processed material; the deficit that results is the basis for the next year’s container recycling fee, or CRF.

Once issued, beverage manufacturers are required to pay the CRF for every non-refillable beverage container they produce. They might pass on this fee to the retailers who sell their product; those retailers, in turn, might pass on the fee to consumers when they set their prices. In this case, retailers can either include the CRF in the sale price of the beverage or they can add it to the cost of the beverage afterward (shown separately on sales receipts).

RETURN RATE OVER TIME

YEAR	RETURN RATE
2020	81.8%
2019	84.9%
2018	85.6%
2017	85.1%
2016	85.7%
2015	84.8%
2014	82.7%
2013	81.7%
2012	81.6%
2011	82.8%
2010	80.2%



HOW DOES THE MONEY FLOW?



NEW OPERATIONAL EFFICIENCIES AT ABCRC

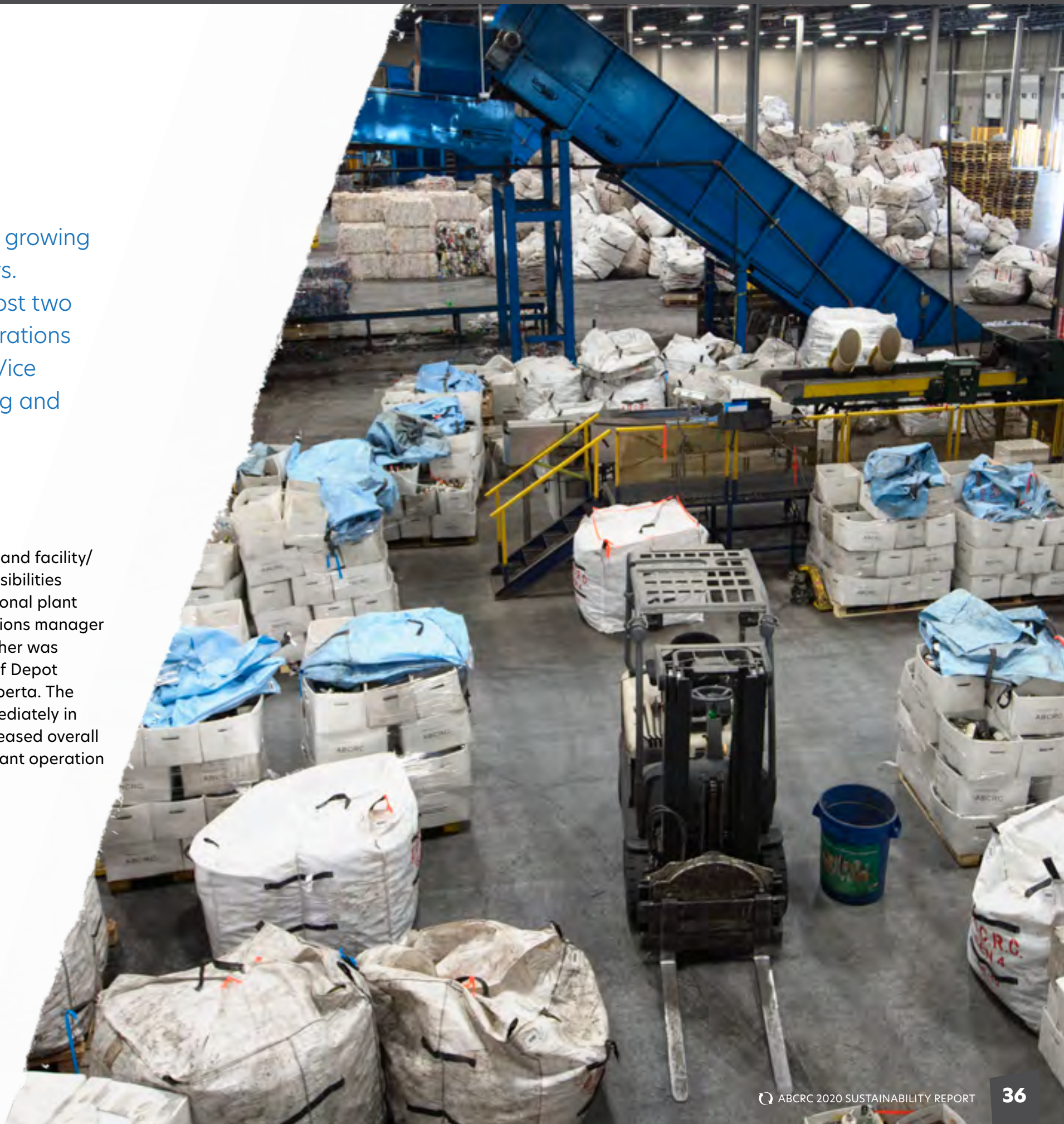
ABCRC has been meeting the needs of Alberta's continually growing beverage container recycling industry for more than 25 years. Beverage container volume in Alberta has now risen to almost two billion per year, and ABCRC saw the need to streamline operations to increase productivity. In 2020, ABCRC brought on a new Vice President, Operations, and he immediately began identifying and correcting inefficiencies.

MANAGEMENT

2020 saw an organizational restructuring within ABCRC that resulted in a leaner management team with more focused roles. A Controller was hired to lead the Finance team, to better focus on the corporation's daily accounting operations and budget management, and to help guide ABCRC's strategic financial decisions. The Finance department immediately began construction of an improved Chart of Accounts for ABCRC's Enterprise Resource Planning (ERP) application, Microsoft Navision (or "NAV", for short) that would provide a more efficient tool for automated reporting, budget monitoring and forensic analyses of expenditures.

As well, it was clear that having two regional managers divide their time between travelling (regional depot visits), overseeing daily plant operations and managing facility personnel was an issue: they were just spread too thin.

Instead, daily plant operations and facility/ personnel management responsibilities were divided between two regional plant managers, one regional operations manager role was eliminated, and the other was transitioned into the new role of Depot Relations Manager for all of Alberta. The benefits were seen almost immediately in improved depot relations, decreased overall travel mileage and improved plant operation and maintenance.



PLANT OPERATIONS

The 5S system of organization was introduced to plant operations in 2020 to make work more efficient, effective and safe. Loosely translated from the original Japanese as Sort, Set in Order, Shine, Standardize and Sustain, 5S focuses on putting everything where it belongs and keeping the workplace clean, which makes it easier for people to do their jobs without wasting time and energy and with less risk of injury. To date, it is estimated that the 5S system has been implemented in only 40% of ABCRC's operational processes, but already the advantages are clear.

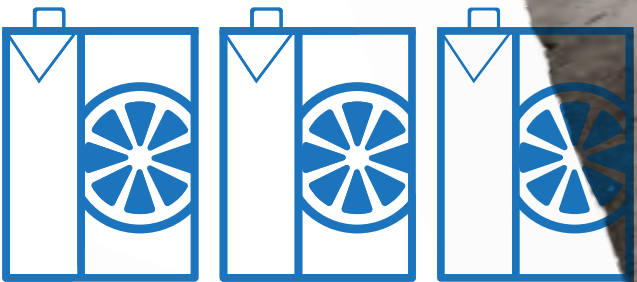
For example, regional beverage container processing for southern Alberta was removed in 2019, so the Calgary facility took on that additional workload in 2020. It was difficult to find carriers that would provide long haul services from the far southern reaches of Alberta, so the trailers that did agree to haul were stuffed full by depots trying to get their product to ABCRC for processing. Based on 2019 numbers, 33.6 shipping containers per load were budgeted, but 2020 actually saw 48.2 shipping containers per load. Despite these challenges, ABCRC's much more efficient processing capabilities in Calgary meant that additional volumes of approximately 7.4% were processed with less labour than ever before with absolutely no overtime; this resulted in significant economic savings in 2020.

FACILITY MAINTENANCE

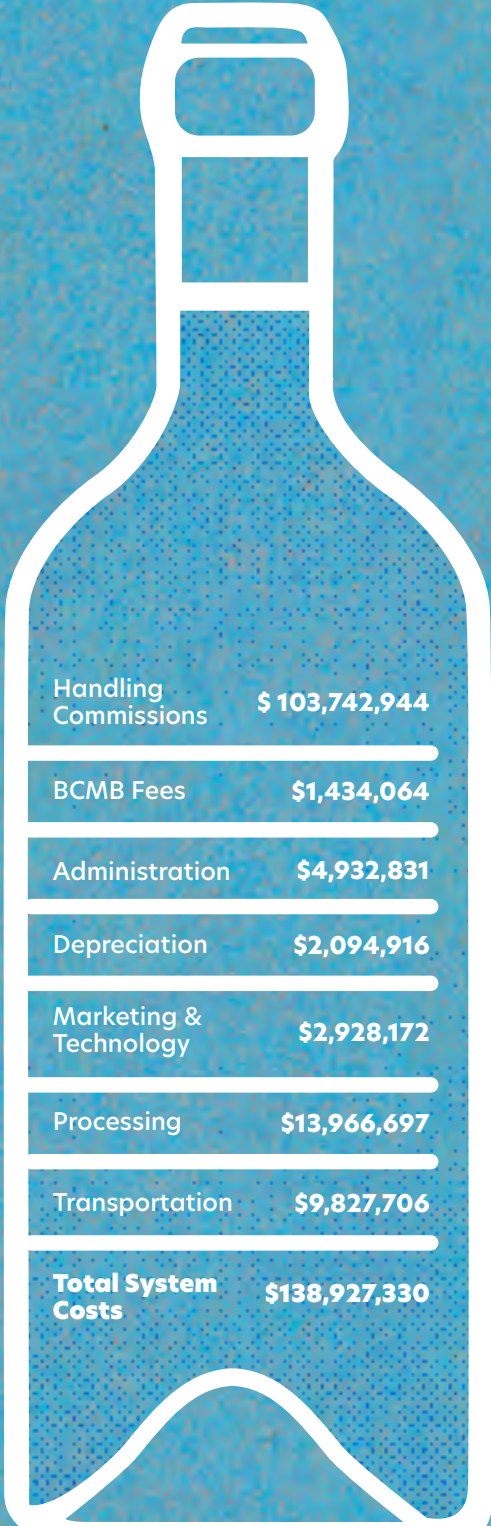
Maintenance of ABCRC's equipment has always been a priority. Historically, corrective maintenance measures have been employed to inspect and repair assets as needed to keep things running smoothly, but in 2020 the focus shifted to preventative maintenance (PM). PM refers to tasks that are performed on a repeated schedule to take care of small issues before they become bigger problems, including regular inspections, reporting identified equipment issues and replacing parts before a failure occurs.

The primary advantages of PM over corrective maintenance are that PM:

- ★ **Reduces maintenance costs by incurring smaller costs over the asset's lifetime (as opposed to a single large expense after failure).**
- ★ **Enables more efficient and reliable use of assets, which increases production output.**
- ★ **Allows downtime for repairs to be shorter and scheduled, with planned workarounds put in place to maintain normal (or near-normal) operations.**
- ★ **Better predicts the timing of eventual asset failure at the end of its lifecycle, allowing for better planning and budgeting for replacement.**



2020 SYSTEM COSTS



ECONOMIC VALUE 2020

DIRECT ECONOMIC VALUE GENERATED	AMOUNT
Net Regulated Deposit Revenue	\$47,977,583
Container Recycling Fees	\$58,333,976
Sale of Processed Materials and Other Revenue	\$31,714,303
Total Economic Value Generated	\$138,025,862
DIRECT ECONOMIC VALUE DISTRIBUTED	AMOUNT
Operating Costs	\$124,710,378
Employee Wages and Benefits	\$11,288,780
Community Investments	\$2,928,172
Total Economic Value Distributed	\$138,927,330
Economic Value Generated 2020- Retained Earnings	\$ (901,468)

2020 COST PER CONTAINER

MATERIAL	TOTAL EXPENDITURE	RECOVERED VOLUME (UNITS)	COST PER CONTAINER
CONSOLIDATED	\$139,041,175.53	1,982,966,056	\$0.07
ALUMINUM	\$43,888,160.51	1,043,216,809	\$0.04
PLASTIC	\$59,751,304.39	647,317,354	\$0.09
GLASS	\$18,700,689.79	137,529,594	\$0.14
POLYCOAT	\$16,248,150.63	151,743,721	\$0.11
BI-METAL	\$452,870.21	3,158,578	\$0.14

CONSOLIDATED COST PER CONTAINER OVER TIME

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
COST PER CONTAINER	\$0.070	\$0.068	\$0.067	\$0.066	\$0.065	\$0.064	\$0.064	\$0.060	\$0.060	\$0.060	\$0.062

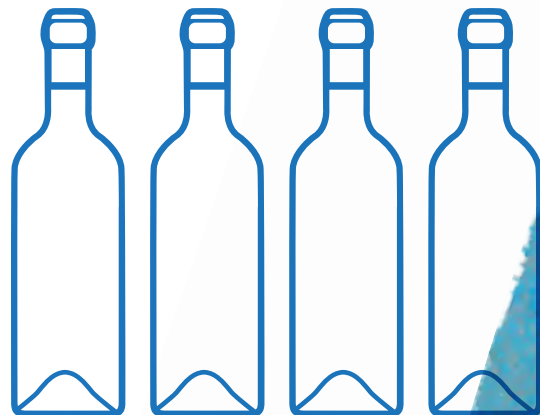
DEPOT RELATIONS

The Albert Depot network consists of 224 depots that are owned by diverse individuals from differing geographical areas across this huge province.

As one can imagine, it's sometimes difficult to bring everyone together on the same page, but ABCRC is always trying to find ways to improve depot relations. For example, at the height of the first wave of the COVID-19 pandemic in 2020, ABCRC sourced hard-to-find PPE with our bulk-buying capacity and shipped it to every depot at cost. This helped ensure that depots were able to safely stay open, should they wish to do so, as an essential service during the pandemic.

Since 2013, ABCRC has used Quality Monitoring System (QMS), an interface created by the BCMB to centralize communication within the industry, to monitor and resolve issues, create reports, recognize trends, and help identify opportunities for improvement. In 2020, ABCRC went one step further and created a new Depot Relations Manager position to better liaise with Alberta's depot operators.

The Depot Relations Manager spent 2020 visiting the first 189 of Alberta's 224 depots, focusing on personal relations, dispute resolution (miscounts, quality control and shipping), and management of supplies and inventory. Provincial pandemic lockdown measures put a stop to in-person depot visits, but initial feedback suggests that depot operators are very pleased with the additional personal attention and help. Hopefully, it won't be long before the remaining 35 depots receive a visit from the new Depot Relations Manager, as well!



QUALITY CONTROL, QUALITY SERVICE

ABCRC strives to meet or exceed agreed-upon service levels that reflect the policies outlined in the service agreements between ABCRC, ABDA, and the depots. To this end, ABCRC is constantly updating our policies and procedures to ensure that our economic and operational interactions with all Alberta Depots are helpful, respectful and transparent.

ABCRC operates a rigorous quality control (QC) program, in which 2-2.5 percent of bags received (approximately 1,500 incoming bags per plant, per month) are selected randomly by the system for re-count. This statistical QC measure allows ABCRC to determine the quality of all received loads, since audit results can be extrapolated to all bags of the same material on a single load if the variance in a representative sample exceeds a minimum standard. Depots can challenge observed discrepancies within 48 hours of notice of the audit results, with an appointment booked within four business days of that challenge. When needed, ABCRC also works with the BCMB, which has a progressive-action process for depot compliance; the BCMB may request that ABCRC target a depot that they have concerns about and can impose penalties over and above ABCRC deductions based upon audit results.

To improve QC accuracy, a pilot project was initiated in 2020 that saw cameras installed around two of ABCRCs automated QC counters. This eliminated the need for quarantine of bags with a discrepancy, since the camera footage could simply be checked to confirm; this saved

time, labour, and space on ABCRC's part. From the depot's side, it also eliminated the need for resolution appointments, saving them both time and travel. Overall, the pilot project showed that cameras in the QC area translate to cost savings for everyone!

Just as depots are held responsible for the quality of the loads sent to ABCRC, ABCRC can also be held to account by the BCMB (in the form of compliance fees) should service level expectations not be met. We're proud to say, though, that there were no compliance fees issued to ABCRC in 2020! A highlight of this achievement is 9-Day Payment Compliance, which requires ABCRC to pay depots for reconciled loads within nine days of receipt in order to provide depots with steady streams of cash flow. For the last 18 months (since June 2019), every depot payment has been within this payment compliance.



FINANCIALS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alberta Beverage Container Recycling Corporation

OUR OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alberta Beverage Container Recycling Corporation (the Corporation) as at December 31, 2020 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.

What we have audited

The Corporations financial statements comprise:

- The statement of financial position as at December 31, 2020;
- 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
- The notes to the financial statements, which include significant accounting policies and other explanatory information

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 report.

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

Independence

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

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

Those charged with governance are responsible for overseeing the Corporation'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, individual 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 judgement 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 Corporation'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 Corporation'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 Corporation 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.

PricewaterhouseCoopers LLP

Chartered Professional Accounts

Calgary Alberta

May 12, 2021

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash and cash equivalents	19,025,531	21,981,519
Accounts receivable (note 5)	35,619,821	32,416,265
Prepaid expenses	750,799	806,296
	55,396,151	55,204,080
Tangible capital assets (note 6)	17,218,181	18,747,968
	72,614,332	73,952,048
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 5 and 7)	42,674,399	43,110,647
Share capital (note 9)	700	700
Net Assets		
Investment in tangible capital assets	17,218,181	18,747,968
Unrestricted net assets	12,721,052	12,092,733
	29,939,233	30,840,701
	\$ 72,614,332	\$ 73,952,048
Commitments (note 11)		

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of the financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2020

	2020 \$	2019 \$
Revenue		
Regulated deposits	269,207,745	253,472,797
Container recycling fees	58,333,976	50,653,886
Deposits refunded (note 3)	(221,230,162)	(215,851,053)
	106,311,559	88,275,630
Sale of processed containers	31,721,136	35,596,793
Other income and expenses	256,366	573,444
Loss on foreign exchange	(263,199)	(270,750)
	138,025,862	124,175,117
Regulated expenses		
Handling commissions (note 3)	103,742,944	95,061,881
Beverage container management board fees (note 3)	1,434,064	1,257,184
	105,177,008	96,319,065
Expenses		
Warehouse	13,966,697	14,377,535
Transportation	9,827,706	9,843,065
Administration	4,932,831	5,662,135
Marketing and communication	2,928,172	2,667,014
Amortization	2,094,916	2,065,776
Warehouse moving expenses (note 4)	-	1,125,920
	33,750,322	35,741,445
Deficiency of revenue over expenses	(901,468)	(7,885,393)
Net assets - Beginning of year	30,840,701	38,726,094
Net assets - End of year	\$ 29,939,233	\$ 30,840,701

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Cash provided by (used in)	2020 \$	2019 \$
Operating activities		
Deficiency of revenue over expenses	(901,468)	(7,885,393)
Items not affecting cash and cash equivalents		
Amortization	2,094,916	2,065,776
Gain on disposal of tangible capital assets	-	(200)
Loss on foreign exchange	263,199	270,750
	1,456,647	(5,549,067)
Changes in non-cash working capital		
Accounts receivable	(3,203,556)	4,594,005
Prepaid expenses	55,497	(134,879)
Accounts payable and accrued liabilities	(436,248)	(1,330,464)
	(2,127,660)	(2,420,405)
Investing activities		
Purchase of tangible capital assets	(565,129)	(3,011,505)
Effect of foreign currency fluctuations on US dollar denominated cash and cash equivalents	(263,199)	(270,750)
Decrease in cash and cash equivalents during the year	(2,955,988)	(5,702,660)
Cash and cash equivalents - Beginning of year	21,981,519	27,684,179
Cash and cash equivalents - End of year	19,025,531	21,981,519
Represented by		
Cash	373,549	558,055
Cash equivalents	18,651,982	21,423,464
	\$ 19,025,531	\$ 21,981,519

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. NATURE OF BUSINESS

Alberta Beverage Container Recycling Corporation (the Corporation) is incorporated under the Business Corporations Act (Alberta). The Corporation has a not-for-profit provision, which exempts the Corporation from taxes under Section 149(1)(l) of the Income Tax Act, subject to certain requirements.

The Corporation has been appointed by participating beverage manufacturers (the Participants) in the Province of Alberta to collect non-refillable registered containers from depots and cause them to be recycled as required under the Beverage Container Recycling Regulation. The Corporation's guiding principles require that container recycling fees are determined so that each container type is self-funding.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies.

Revenue recognition

Container recycling fees and regulated deposits are recognized on the sale of product by the Participants. Revenue arising from the sale of processed containers is recognized when shipped.

Cash and cash equivalents

Cash and cash equivalents include the amounts held in current and money market accounts maintained by the Corporation. Any amount included as cash and cash equivalents will have a maturity of 90 days or less from inception.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Corporation has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the

straight-line method and recognized in the statement of operations and changes in net assets. With respect to financial assets measured at cost or amortized cost, the Corporation recognizes in the statement of operations and changes in net assets an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations and changes in net assets in the period the reversal occurs.

Tangible capital assets

Tangible capital assets are recorded at cost and amortized using the straight-line method over their estimated useful lives as follows:

Warehouse building	20 years
Plant equipment	5 and 10 years
Warehouse building improvements	remaining life of the warehouse building
Computer and communication equipment	3 years
Leased land improvements	term of lease
Leasehold improvements	term of lease
Office equipment	5 years
Vehicles	3 years

Assets not yet in use are not subject to amortization until development is complete.

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to the Corporation’s ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is impaired, the net carrying amount of the capital asset is written down to the asset’s fair value or replacement cost. The writedowns of capital assets are recognized as expenses in the statement of operations and changes in net assets. Writedowns are not subsequently reversed.

Liability for unreturned containers

The amount recorded as a liability for unreturned containers is based on management’s estimates of future container return rates and associated costs and is included in accounts payable and accrued liabilities.

Foreign currency

Monetary items denominated in foreign currency are translated into Canadian dollars at exchange rates in effect at the statement of financial position date, and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred.

Foreign exchange gains and losses are included in the statement of operations and changes in net assets against the line item they relate to.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Specific items subject to estimation include the allowance for doubtful accounts, estimated useful lives and potential impairment of tangible capital assets, liability for unreturned containers and accrued liabilities.

These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations and changes in net assets in the year in which they become known. Actual results could differ from those estimates.

3. DEPOSITS REFUNDED

For comparative purposes, certain amounts included in deposits refunded for the year ended December 31, 2019 were reclassified to handling commissions and beverage container management board fees in order to align with current year presentation.

4. WAREHOUSE MOVING EXPENSES

As at December 31, 2020, the Corporation incurred \$nil (2019 – \$1,125,920) of non-recurring moving expenses related to its relocation into the St. Albert warehouse facility in March 2019.

5. RELATED PARTY TRANSACTIONS

Of the Corporation’s total revenue, 77.02% (2019 – 71.09%) is from the deposits and fees charged and collected by Participants in the selling of their beverages in non-refillable containers.

As at December 31, 2020, the accounts receivable balance included \$29,394,672 (2019 – \$29,035,462) due from the Participants in the normal course of business.

As at December 31, 2020, the accounts payable and accrued liabilities balance included \$1,336,293 (2019 –\$1,113,660) payable to the Participants in the normal course of business.

These transactions have been recorded at the exchange amount, which represents the amount of consideration established and agreed to by the related parties.



6. TANGIBLE CAPITAL ASSETS

2020	COST \$	ACCUMULATED AMORTIZATION \$	NET \$
Land	3,831,850	-	3,831,850
Warehouse building	6,993,805	2,403,353	4,590,452
Plant equipment	9,488,261	4,407,633	5,080,628
Warehouse building improvements	3,867,553	1,261,442	2,606,111
Computer and communication equipment	2,266,162	1,992,516	273,646
Leased land improvements	743,033	516,233	226,800
Leasehold improvements	820,990	226,566	594,424
Office equipment	407,455	397,037	10,418
Vehicles	8,400	4,548	3,852
	28,427,509	11,209,328	17,218,181

2019	COST \$	ACCUMULATED AMORTIZATION \$	NET \$
Land	3,831,850	-	3,831,850
Warehouse building	6,895,513	2,046,104	4,849,409
Plant equipment	10,800,192	5,201,559	5,598,633
Warehouse building improvements	3,896,727	1,016,807	2,879,920
Computer and communication equipment	2,211,276	1,613,942	597,334
Leased land improvements	763,109	452,913	310,196
Leasehold improvements	1,354,819	711,593	643,226
Office equipment	358,121	337,588	20,533
Vehicles	8,400	1,824	6,576
Assets not yet in use	10,291	-	10,291
	30,130,298	11,382,330	18,747,968

Tangible capital assets not yet in use of \$nil (2019 – \$10,291) are not subject to amortization until development is complete.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Liability for unreturned containers

Included in accounts payable and accrued liabilities is the amount for a liability of \$39,179,723 (2019 –\$38,328,738) that the Corporation has accrued for. The liability is based on the deposit refunds, handling commissions and beverage container management board fees that relate to the estimated number of containers that have been sold by the Participants as at December 31, 2020. These amounts are expected to be paid after year-end, based on expected return rates.

Management has estimated this liability based on existing knowledge, and changes in future conditions may require a material change in the recognized amount of this liability.

8. OPERATING LINE OF CREDIT

The operating line of credit was closed in October 2020 by the request of the Corporation.

9. SHARE CAPITAL

Authorized, unlimited number

Class A shares without nominal or par value. The shares have voting rights but no dividend rights

Class B shares without nominal or par value. The shares have no voting rights but have dividend rights. The Class B shares may only be issued with the unanimous consent of the holders of the Class A shares

The authorized share structure results in the Corporation being a not-for-profit corporation as long as no Class B shares are issued and profits are restricted to the operations of the Corporation.

Issued and outstanding	2020 \$	2019 \$
700 Class A shares (2019 – 700)	700	700

10.FINANCIAL INSTRUMENTS

Credit risk

The Corporation is exposed to credit risk on its accounts receivable from its customers. The majority of the accounts receivable are in respect of container recycling fees and regulated deposits. The Corporation generally extends unsecured credit to the Participants and, therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by the size and reputation of the companies to which they extend credit, and the net aged accounts receivable balance greater than 60 days is not material to the financial statements as a whole.

Liquidity risk

The Corporation’s objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements.

Interest rate risk

The Corporation is exposed to interest rate risk on its cash and cash equivalents. Due to the short-term nature of the financial instruments, management believes this risk is not significant. A change of 25 basis points in interest rates would have increased (decreased) the excess of revenue over expenses and changes in net assets, for the year ended December 31, 2020, by \$2,254 (2019 –\$19,713).

Foreign currency risk

The Corporation undertakes revenue and purchase transactions in foreign currency and is subject to gains and losses due to fluctuations in foreign currency exchange rates. Gains and losses due to foreign currency based transactions are not expected to be material to the financial statements. As at December 31, 2020, the Corporation had a net exposure to U.S. currency of CA\$4,602,811

(2019 - CA\$2,493,163) represented by US\$3,615,151 (2019 - US\$1,919,590), and the Corporation has no option or any forward commitments to sell additional U.S. currency. A change of 1% in the foreign currency rate would have increased (decreased) revenue, for the year ended December 31, 2020, by \$36,152 (2019 - \$19,196).

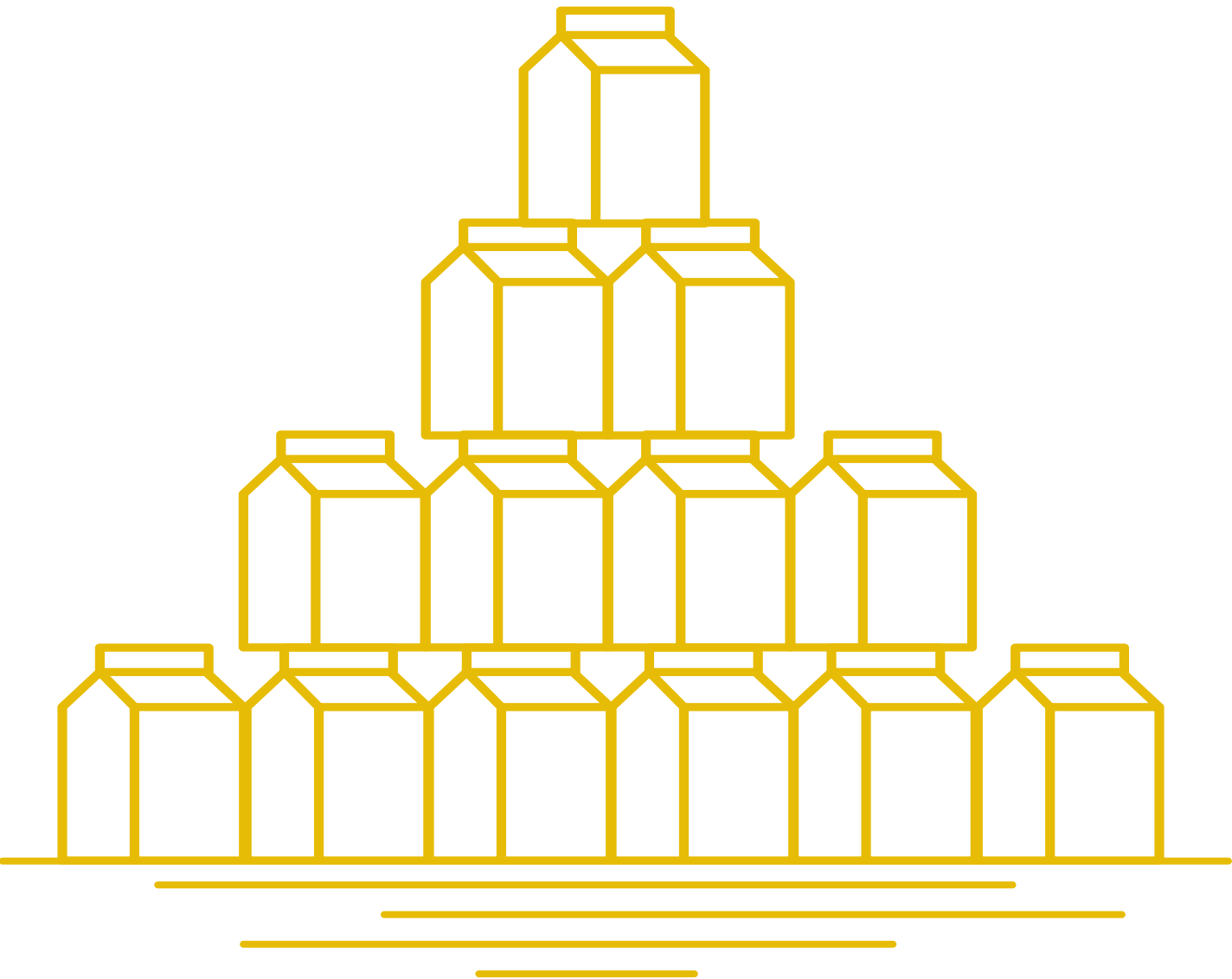
11. COMMITMENTS

The Corporation has lease commitments for a St. Albert plant, the adjacent piece of land to the Calgary plant and other small operating lease agreements, which are expiring at various dates. The land lease agreement for Calgary expires in December 2023 and the Corporation has the option to extend the term of the lease for ten years. The lease for the St. Albert new facility is expiring in February 2029 with two five-year options expiring in February 2034 and February 2039. Future minimum lease rental payments aggregate to \$30,354,435 and the annual lease payments for the next five years and thereafter are as follows:

2021	\$ 1,570,758
2022	\$ 1,546,841
2023	\$ 1,550,185
2024	\$ 1,639,729
2025	\$ 1,655,736
Thereafter	<u>\$ 22,391,186</u>
	\$ 30,354,435

12.COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include restrictions on events and gatherings, the implementation of travel bans, quarantine periods and physical distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have introduced significant monetary and fiscal relief programs designed to stabilize economic conditions; however, the situation is dynamic and the success of these interventions is not currently determinable. Management has assessed the financial impact of COVID 19 as at December 31, 2020, including the collectibility of receivables, valuation of assets and assessment of provisions. To date, the current economic challenges have no significant impact on operations of the Corporation. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Corporation are not known at this time. The Corporation will continue to monitor the impacts of the pandemic on the community that it serves and its employees and continue to adjust to the volatile situation.



APPENDICES

The background of the page is a repeating pattern of various plastic bottles and containers. The pattern includes different shapes and sizes, such as water bottles, soda bottles, and larger jugs. The colors used are a light teal and a dark teal, creating a textured, almost fabric-like appearance. The word 'APPENDICES' is printed in a bold, white, sans-serif font on a dark teal rectangular background in the upper left corner.

GLOSSARY OF TERMS

ALBERTA BEVERAGE CONTAINER RECYCLING CORPORATION (ABCRC)

A stewardship corporation operating within not-for-profit provisions. As the CSA for beverage manufacturers, ABCRC operates the Common Collection System and promotes the economic and efficient collection of beverage containers in Alberta.

ALBERTA BOTTLE DEPOT ASSOCIATION (ABDA)

Industry representative for 224 depots operating in Alberta.

BEVERAGE CONTAINER MANAGEMENT BOARD (BCMB)

Established as a management board under Alberta’s Environmental Protection and Enhancement Act, the BCMB regulates Alberta’s beverage container recycling system and leads the development of policies and programs that further enable the recycling of beverage containers in Alberta.

BEVERAGE CONTAINER

A used, non-refillable container, as defined by the Regulation, previously sold and distributed in the province of Alberta.

CIRCULAR ECONOMY

A circular economy is an alternative to a traditional linear (make-use-dispose) economy, in which resources are kept in use for as long as feasible, with the maximum possible value being extracted during that time. The resources are then recovered at the end of their service life and recycled for further use or regenerated into new products and materials.

COLLECTION SYSTEM AGENT (CSA)

The agent appointed by manufacturers/distributors of beverages sold in Alberta to act on their behalf as operator of the Common Collection System.

COMMON COLLECTION SYSTEM

A container collection system that does not distinguish beverage containers of similar size and material from each other based on the manufacturer of the container.

CONTAINER RECYCLING FEE (CRF)

A fee that beverage manufacturers are required to pay to ABCRC that covers the net costs of recovering and processing beverage containers.

DEPOSIT

Money paid at the time of beverage purchase that is refunded to consumers upon the return of empty beverage containers.

DEPOT

One of 224 independently owned and operated collection sites that refund deposits to consumers, then count, sort, and assemble shipments of beverage containers for recycling.

EXTENDED PRODUCER RESPONSIBILITY (EPR)

An environmental policy approach in which a producer’s responsibility for a product (e.g., automobiles), product category (e.g., electronics) or waste stream (e.g., packaging) is extended to the postconsumer stage of that product’s life cycle.

GLOBAL REPORTING INITIATIVE (GRI)

An independent international organization that developed and maintains a framework for disclosing sustainability information to aid in accountability, identification and management of risk, and identification of opportunities to improve and innovate. GRI Standards are the first and most widely adopted global standards for sustainability reporting.

HIGH-DENSITY POLYETHYLENE (HDPE)

Also known as Plastic #2, HDPE is a type of plastic commonly used in Beverage containers like milk jugs, water bottles and juice boxes.

POLYETHYLENE TEREPHTHALATE (PET)

Also known as Plastic #1, PET is a type of clear plastic that is most commonly used in water bottles and other clear plastic beverage containers.

POLYPROPYLENE (PP)

Also known as Plastic #5, PP is a tough waterproof plastic that is resistant to heat. It is commonly used in plastic bottle caps.

REGULATION

The Beverage Container Recycling Regulation under Alberta’s Environmental Protection and Enhancement Act.

QUALITY MONITORING SYSTEM (QMS)

An electronic interface that centralizes communication within the beverage container recycling industry.



GRI ORGANIZATIONAL PROFILE

NAME OF ORGANIZATION

Alberta Beverage Container Recycling Corporation

PRIMARY SERVICES

ABCRC is a provincial product stewardship corporation incorporated under the Business Corporations Act (Alberta) and operating within not-for-profit provisions. Its mandate is to be the agent for the beverage manufacturers¹ to operate the Common Collection System, to be responsible for recycling beverage containers, to comply with the Regulation and BCMB bylaws and to promote the economic and efficient collection of beverage containers.

ABCRC is responsible for the collection of beverage containers from 224 independently owned depots located throughout Alberta. Processing activity is conducted in ABCRC-operated facilities located in St. Albert and Calgary. ABCRC outsources one hundred percent of transportation services to facilitate this collection.

LOCATION OF HEADQUARTERS

901 57 Avenue NE, Calgary, Alberta

GEOGRAPHIC SCOPE

ABCRC operates solely within the province of Alberta, Canada.

MARKETS SERVED

ABCRC serves Alberta’s beverage container recycling market.

AWARDS

ABCRC was not the recipient of any awards in 2019.

REPORTING PERIOD

ABCRC’s 2019 Sustainability Report is limited in scope to performance between January 1, 2020 and December 31, 2020.

POINT OF CONTACT

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BOUNDARY OF REPORT

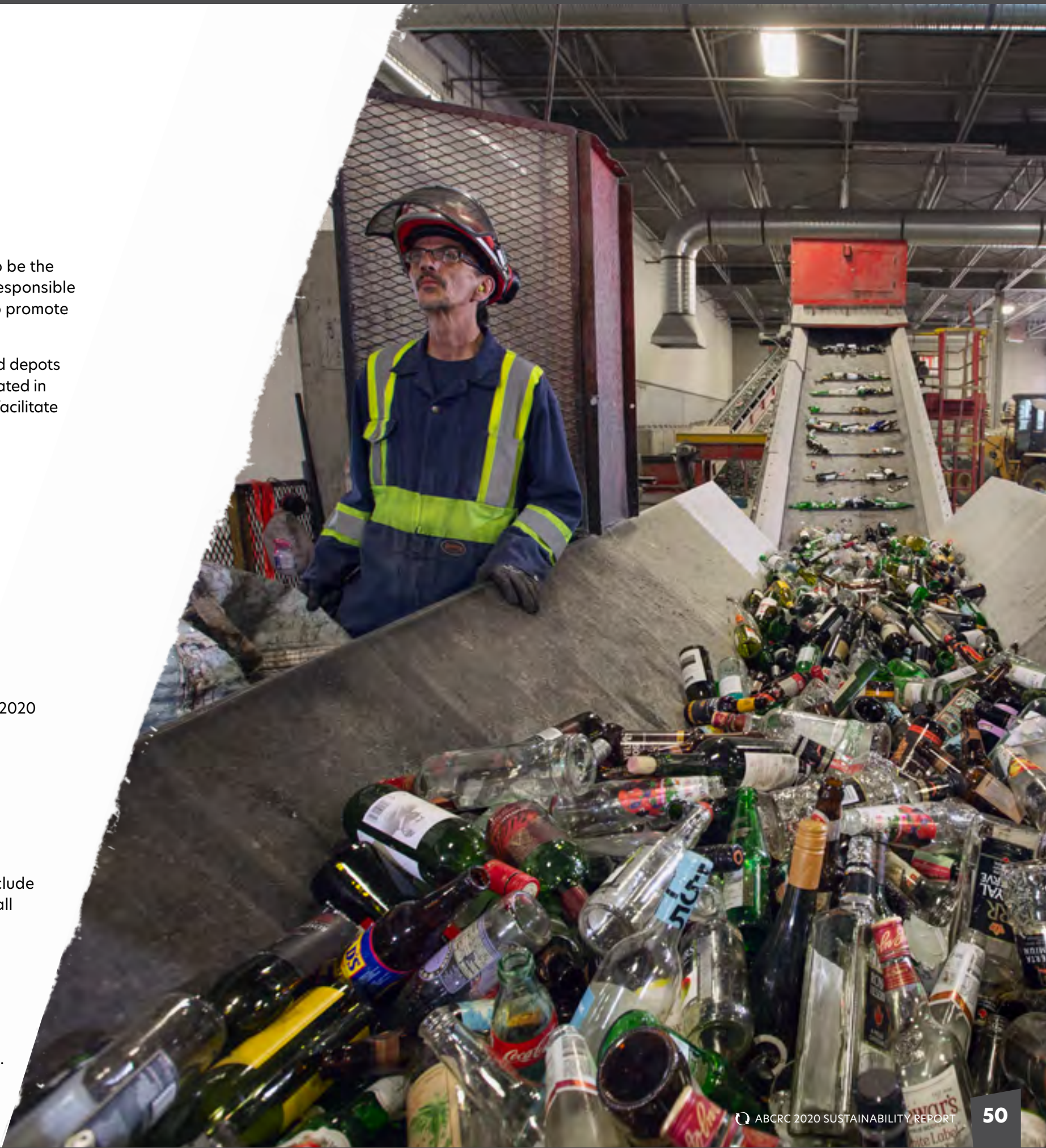
The report includes all entities over which ABCRC exercises control and/or that generate significant sustainability impacts. ABCRC also considers its organizational boundary to include its transportation suppliers, who are wholly independent of ABCRC but significant to overall organizational performance.

RE-STATEMENTS FROM PREVIOUS REPORTS

ABCRC does not have any re-statements to provide from previous reports.

SIGNIFICANT CHANGES FROM PREVIOUS REPORTS

ABCRC does not have any significant changes from previous reports to disclose.
1 Refer to the list of Active Manufacturers of regulated, non-refillable beverage containers.



ACTIVE MANUFACTURERS

52 North Beverages Ltd. | 9129-0213 Quebec Inc. o/a Sober Carpenter Brewery | 98951 Canada Inc./Fort International | 598316 Alberta Ltd./Culligan Bottled Water | 996660 Ontario Limited (Molisana Imports) | 1117750 Alberta Inc. o/a Serengeti Edmonton | 1272227 Ontario Inc. o/a CDC Foods | 1612133 Alberta Ltd. o/a The Right Water Bottling Co. | 1629321 Ontario Inc./ITFC Importers & Distributors | 1735221 Alberta Ltd. | 1841082 Alberta Ltd. | 1870437 Alberta Ltd./Made Foods Inc. | 1991248 Alberta Ltd. | 2028708 Alberta Ltd. | 2127367 Alberta Ltd. | A. Bosa & Co. Ltd. | A.G.L.C. | A. Lassonde Inc. | A.M.G. Medical Inc. | ABC Cork Co. | AGT CLIC Foods Inc. | Alpine Water Store Ltd. | Advantage Solutions Inc. | Abbott Nutrition | Acklands-Grainger Inc. | Afod Ltd. | Agropur Cooperative | All Market Inc. | Altra Foods Inc. | Amazon.com.ca, Inc. | Amway Canada Corporation | Anchor Foods International Ltd. | Annex Ale Project Limited | AquaTerra Corporation | Arctic Chiller Ltd. | Arizona Beverages of Canada, ULC | ASEA Enterprises ULC | Atkins Nutritionals Inc | Avalon Dairy Ltd (267338 BC LTD.) | Awakened Living Inc. o/a The Light Cellar | Baby Gourmet Foods Inc. | Bass Pro Shops Canada ULC | Best Brands Marketing | Beverage World Inc. | Bioforce Canada Inc. | BioSteel Sports Nutrition Inc. | Blackbird Cold Brew Coffee Inc. | Bolthouse Farms/Fresh Logistics | Boocha Beverages Inc. | Bow Valley BBQ Inc. | Breakthru Beverage Canada Inc. | Brewsters Brewing Company | British Pantry | Brother Choice Foods Ltd. | Brutus Beverages Inc. | Buderim Ginger Ltd. | Bulk Barn Foods Limited | Bull's Head Beverages Inc. | Buy-Low Foods LP dba Associated Grocers | Cabela's Retail Canada Inc. | Caissen Water Technologies Inc. | Calkins & Burke Ltd. | Campbell's Soup | Canada Dry Motts Inc. | Canada Pure Water Co. Ltd. | Canadian Choice Wholesalers | Canadian Tire | Canda Six Fortune Enterprises Co. LTD | CannaLife USA Ltd. | Canterbury Coffee Corporation | Car-Net Import & Export Corp. | Casseroles Cora Inc. | Central City Brewers & Distillers Ltd. | Cheribundi, Inc. | Cherry Pit Inc. | Clearly Food & Beverage Company Ltd. | Coca-Cola Canada Bottling Limited | Community Natural Foods Ltd. | Concord Sales Ltd. - B.C. | Core-Mark International, Inc. | Corinthian Distributors Ltd. | Costco Wholesale Canada Ltd. | Country Fresh Water (835318 Alberta) | Cows Inc. | Craftwork Spirits & Beverages Ltd. | Crossmark Canada Inc./Select Brand Distributors | Cru Juice Inc. dba JUSU Bars | Cupper's Coffee Co. (1999) Inc. | DSI Food Corporation | Danone Inc. | Dattani Wholesalers | De Simone Farms Ltd. | Distribution Missum | Dole Packaged Foods Co. | Dollarama LP | Dollar Tree Stores Canada | Dong Phuong Group Partnership | Donia Farms Foods Ltd. | Double D Beverage Co. | Dovre Import & Export Ltd. | Dream Products Inc. | E.D. Smith Foods, Ltd. | Earth Water International Ltd. | Earth's Own Food Company Inc. | Eau Claire Soda Company Ltd. | Ecotrend Ecologics Ltd. | Edoko Food Importers Ltd. | Elco Fine Foods Ltd. | Elite International Foods Inc. | ESKA Inc. | Excelsior Foods Inc. | Far East North America Food Ltd. | Fastenal Canada, Ltd. | Federated Coop Ltd. | Ferma Import And Export | Fiji Water Canada Ltd. | Flow Water Inc. | Fok's Trading (Canada) Ltd. | French's Food Company Inc., The | Fresh Squeeze Inc., The | Fukuda Trading Co. Ltd. | Galvanina Canada Ltd. | General Mills Canada Corporation | General Nutrition Centers | Genesis Marketing Group Inc. | Genesis Today, Inc. | Genki Foods | Glencar Food & Beverage Inc. | Global Reach Confections & More Inc. | Good Taste of Britain 1995, A (671086 AB) | Gordon Food Service Canada Ltd. | Gourmet Trading Co. | Grace Foods Canada Inc. | Great Canadian Water Company Ltd. | Greenworld Food Express Inc. | Grimmway Enterprises, Inc. | Grizzly Paw Pub & Brewing Company Ltd., The | Gummi Confections & Novelties Inc. | Guru Beverage Inc. | HP Hood LLC | Hain Celestial Canada Inc. | Happy Days Dairies | Happy Planet Foods Inc. | Harays Natural Inc. | Heart Smart Foods Ltd. | Hell's Basement Brewery Inc. | High Roller Energy Incorporated | Hilary's Salesmaster Inc. | Hillsboro Corp Inc. o/a True Buch Kombucha | Hongdao Business Development Ltd. | Horizon Distributors | Hormel Canada, Ltd. | Hung Gay Enterprises Ltd. | Hutch + Howl Inc. | I.D. Foods Corporation | Ice River Springs Water Co. Inc. | Icy Mountain Water Co. | IKEA Canada Limited Partnership | Impress Foods L.P. | Inform Brokerage Inc. | International Marketing Systems Ltd. | Iovate Health Sciences International Inc. | Italpasta Limited | ITN Food Corporation | ITO EN (North America) Inc. | JC Bunny Trading Co. Ltd. | JFC International (Canada) Inc. | JR Beverages Ltd. | J.M. Smucker Company, The | Jan K. Overweel | Jardin Foods Ltd. | Jasmine Mediterranean Foods | Jet Trading Co Ltd. | Jeunesse Global Marketing Ltd. | Jiva Organics Mfg. & Dist. Inc. | Johanna Foods Inc. | Johnny B Sweet Inc. | Jones Soda Co. | Joriki Inc. | Juice Because Ltd. | Juice Shop Ltd., The | Jus Dose Inc. | KO & C Enterprises, Ltd. | Karma Culture, LLC | Kennelli Springs Ltd. | Kohl & Frisch Limited | Kombucha Baby Brewing Company Inc. | Kombuchers Brewery | Korea Food Trading Ltd. | Korea Service Solution Inc. | Kraft Heinz Canada ULC | Labatt Brewing Company Ltd. | Laboratoires C.O.P. Inc. | La Mexicana Variety Store | La Molienda Foods Inc. | Revolution Resource Recovery Inc. | Left Coast Naturals | Lekker Food Distributors | Les Aliments Unique Foods (Canada) Inc. | Les Celliers Associes | Les Produits Alimentaires Duran Inc. | Loblaw Companies Ltd. | London Drugs Ltd. | Loop Juices Inc. |

MCBSW Creative Services Inc. | MGA Management Ltd. | MW (Canada) Federal Ent. Ltd. | Malinda Distributors | Mamma Chia | Mark Anthony Group Inc. | Marten Brewing Company Ltd. | Martin Brower of Canada | McClelland Premium Imports Incorporated | McKesson Canada Corporation | Mead Johnson Nutrition (Canada) Co. | Mexican Family Store | Minute Maid Company, The | Molson Canada 2005 | Monashee Spring Water Distributors Ltd. | MoodWater Corp. | Morgan Williams West Inc. | Morinda Canada Co. | Mother Dairy | N.A.I.M. Canada Inc. | Nanton Water & Soda Ltd. | National Dry Company Limited | National Importers Canada Ltd. | Nationwide Natural Foods 2000 Inc. | Natural Assembly Ltd. | Nature's Sunshine Products, Inc. | Naturo Group Investments Inc. | Naya Waters Inc. | Nestle Canada Inc. | Nestle Waters Canada | Niagara Bottling, LLC | No.22 Foods Inc. | Noble Meadows Farm | North Hydration Ltd. | Northern Bottling | North West Company LP, The | Nutrifresh West Ltd. | Nutrisoya Foods Inc. | Nutrition Zone Products Inc. (736027 Alberta Ltd.) | Ocean Spray International Inc. | Office General des Eaux Minerales Ltee (OGEM) | One For The Road Brewing Company Incorporated | Ontario Natural Food Co./Black River Juice | Orana Canada Inc. | Otis McAllister, Inc. | Overwaitea Foods | P.A. Fine Foods & Distributors Ltd. | PKE Water Store & More | Pacific Bottleworks Company | Pacific Western Brewing Company Ltd. | Pak National Foods Ltd. | Paradise Mountain Organic Estate Coffee Ltd. | Parmalat Canada | Peavey Industries LP | Pepsi Bottling Group (Canada) Co. | Phillips Brewing Company Ltd. | Phoenicia Group Inc. | Pic a Pop Inc./Canadian Gold Beverages (2012) | Pilotsfriend West Inc. | Pinnacle Distribution Inc. | Pom Wonderful | Pratts Ltd. | Precision Design & Manufacturing | Premier Brands, Ltd. | Premier Nutrition Corporation | Premium Near Beer Ltd. dba Partake Brewing | Pressed Juicery, LLC | Prism Kombucha | Pulp & Press Juice Company Inc. | Purearth Organics Inc. | Puresource Inc. | Pure Maple Water Company Ltd. | Pure Water Oasis 2013 | Purity Organic | RE7 Global Industries Inc. | RW Consumer Products Ltd. | Rafters Home Store | Rajdoot Imports Ltd. o/a United Distributors of Canada | Red Apple Stores Inc. | Red Bull Canada Ltd. | Red Crown Ventures Ltd. | Refresco Canada Inc. | Reinhart Foods Limited | Remedy Drinks Canada Inc. | Ripple Foods, PBC | Ripple FX Water Inc. | Roar Beverages Canada Corp. | Rock Ridge Dairy Ltd. | Rosa Foods, Inc. | Rocky Mountain Roasters Ltd. | Rona Inc. | Royal Import & Export Ltd. | Rubicon Food Products Ltd. | Rviita Inc. | S.J. Decoys & Other Treasures Ltd. o/a Dovetale Collections | SA Meat Shops Inc. | Safari Meat Shops Inc. | Santa Maria Foods Corp. | Saputo Dairy Products | Saveurs Balatti Inc./Balatti Flavors Inc. | Seoul Trading Corp. | Sequel Naturals ULC | Shoppers Drug Mart | Sky Blue Water | Smucker Foods of Canada Corp. | Sonray Sales Ltd. | Spa Springs Mineral Water Company Ltd. | Splash Juicery | Starbucks Coffee Company | Star Marketing Ltd. | Stars Trading Co. Ltd. | Station Cold Brew Coffee Co. Inc. | Steve & Dan's Fresh B.C. Fruit Ltd. | Sun Orchard, LLC | Sunrise Markets Inc. | Sun Rype Products | Sun-Rype Products (USA), Inc. | Sunterra Quality Food Markets Inc. | Superior Natural ULC | Sweet Fusion/Yuzda Investments Inc. | Sysco Food Services of Calgary | T-Brothers Food and Trading Ltd. | T & T Supermarket Inc. | TDL Group Limited, The | TFB & Associates | TFI Foods Ltd./Les Aliments Ltee | Talking Rain Beverage Co. | Temple Lifestyle Inc. | Terra International Food Inc. | Thai United Food Trading Ltd. | Thee Baker's Catering Ltd o/a Stoyles Wholesale | Thomas, Large & Singer Inc. | Ti Foods (Thai Indochine Trading Inc.) | Tonsell International Inc. | Tree of Life Canada, ULC. | Tree Top, Inc. | Tri-Pure Water Ltd. | Trivita Living, Ltd. | Troubled Monk Brewery Ltd. | UAI Canada Imports Inc. | UNFI Canada Inc-Grocery West | Ultima Foods Inc. | Universal Impex Corporation o/a Cool Runnings Foods Ltd. | Uno Foods Inc. | Untapped Trading Incorporated | Usana Canada Co. | Uva Collections Inc. | Vancouver Water Enterprises Canada Co., Ltd. | Van Dyk's Health Juice Products Ltd. | Vergers Paul Jodoin Inc. | Veritiv Canada, Inc. | Village Brewery Ltd. | Vital Green Farms | Waisa Mama Organic Beverage Co. Inc. | Wallace & Carey Ltd. | Wal-Mart Canada Inc. | Watermark Beverages Inc. | Water Pure & Simple - Lethbridge | Water Pure & Simple - Minilake Dist. | Water Pure & Simple - Westlock | Water Pure & Simple - Wetaskiwin | Weil's Food Processing Ltd. | Well Juicery | Whistler Water Inc. | Wholesome Nourishments Inc. (Happy Belly Kombucha) | Wild Brewing Company | Wild Tea Kombucha | Wismettac Asian Foods, Inc. | Worldwide Specialty Foods Ltd. | Ying Fat Food | Yorkshire Rose Imports | Young Living Canada ULC | YYoung Water Limited | Zevia, LLC



THANK YOU

ABCRC would like to thank all employees, community members and industry partners who helped with the 2020 Sustainability Report. Without everyone's hard work and diligence, these results would not have been possible.