



CELEBRATING 90 YEARS OF STEWARDSHIP IN ONTARIO

THE BEER STORE
RESPONSIBLE STEWARDSHIP 2017



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MESSAGE FROM THE PRESIDENT



I'd like to welcome you to the Beer Store's 2017 Responsible Stewardship Report.

This year we celebrated the 90th anniversary of the Beer Store, which also means we celebrated 90 years of environmental responsibility including reuse and recycling within the brewing industry. We have been committed to environmental leadership since 1927, when we started selling and distributing quality beers with a deposit return system, essentially operating the first widely recognized extended producer program in North America. Although the look of our store and logo has changed over the years, our commitment to the environment, and being at the forefront of environmental efficacy has not. Environmental leadership continues to be one of our core values and is something we are very proud of.

This past year was a big one! In addition to marking the 90th anniversary of the Beer Store, we also celebrated Canada's 150th anniversary as well as the return of the 3 Billionth Ontario Deposit Return Program alcohol container – that's a lot to be proud of! I can't wait to see what this year brings!

I want to take this opportunity to thank all our valued customers and hard-working employees for the continued success the Beer Store's deposit-return system program has seen over the past 9 decades. The program's success is due to all those who have made great choices by returning their empties and associated packaging to their nearest Beer Store location and to our dedicated employees for continually working hard to ensure empty containers and packaging are carefully handled so that they can be reused or recycled all while educating our customers about the benefits of their return choice. These choices, allow the industry to utilize refillable beverage containers and facilitate the recycling of containers that cannot be refilled along with packaging materials to high end use products.

I hope you enjoy reading this year's Responsible Stewardship report and here's to the next 90 years of sustainability in Ontario!

Ted Moroz
PRESIDENT

A handwritten signature of Ted Moroz in black ink.



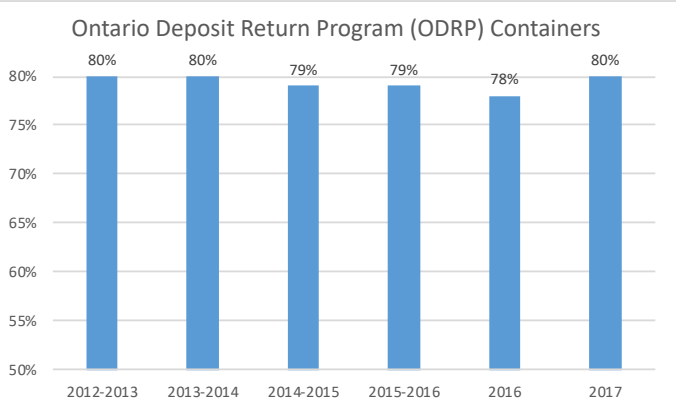
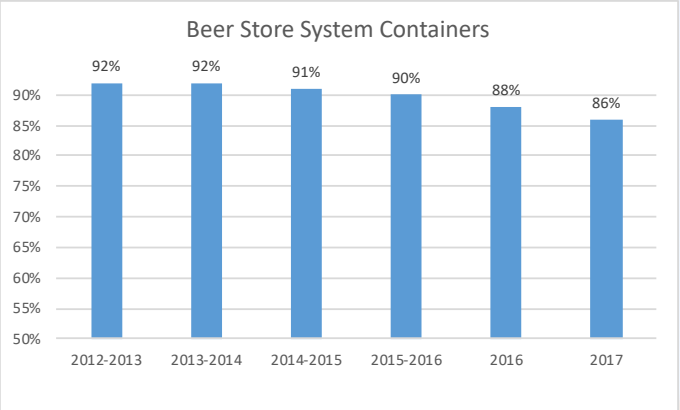
THE BEER STORE RESPONSIBLE STEWARDSHIP 2017

SUMMARY RESULTS



Summary Results	Beer Store Containers	Ontario Deposit Return Program (ODRP) Containers
Containers Collected	1,508,529,833	370,194,869
Tonnes Diverted from Disposal	245,721	113,018
Recovery Rate (%)	86.7%	80.2%
Glass Bottle Re-Use by Brewers (Tonnes)	163,581	
Coloured Glass Recycled Into New Products (Tonnes)	29,068	70,201
Clear Glass Recycled into New Clear Glass Bottles	15,434	40,031
Aluminum Cans Recycled into New Aluminum (Tonnes)	10,913	1,810
Corrugated Cardboard & Boxboard Recycled into New Paper Products (Tonnes)	25,429	
PET Products Recycled into Felted Automotive Products & Other Plastic Products (Tonnes)		976

TRENDING OF RETURN RATES



SALE LOCATIONS

as of December 31st, 2017

#	TYPE OF LOCATION
450	Beer Store Locations (includes 5 Beer Store locations that do not accept empty returns)
229	On-site Brewery Stores (beer containers only)*
210	Beer Store Retail Partner Stores & LCBO Northern Agency Stores*
661	LCBO Stores*
262	Grocery Stores*
525	Ontario Winery Retail Stores*
33	Ontario Distillery Retail Stores*
17,512	Licensed Establishments (bars & restaurants)*
19,882	TOTAL BEVERAGE ALCOHOL SALES LOCATIONS

*Figures from LCBO and AGCO

REDEMPTION LOCATIONS

as of December 31st, 2017

#	TYPE OF LOCATION
445	Beer Store Locations
229	On-site Brewery Stores (beer containers only)*
210	Beer Store Retail Partner Stores & LCBO Northern Agency Stores*
3	LCBO Stores*
109	Beer Store Contracted Empty Bottle Dealers
996	TOTAL BEVERAGE ALCOHOL CONTAINER REDEMPTION LOCATIONS

90 YEARS OF BEING GREEN

PACKAGING MANAGEMENT:



Ninety years ago, the landscape for the sale of alcohol in Ontario went through a major change as prohibition was repealed paving the way for Ontarians to once again wet their whistles with brewers' delicious offerings of beer. The Beer Store was formed by brewers working together who began running a deposit-return program that is still in place today. There are now 34 Ontario based brewers that own the Beer Store, including numerous small Ontario brewers. In addition, there are 190 brewers that sell their products through the Beer Store. To facilitate the return program, 10 cent deposits are applied to beer bottles 630ml and under and beer cans 1L and under, while 20 cent deposits are applied to beer bottles over 630ml and beer cans over 1L, all of which are refundable when brought back to the Beer Store. The program gives an

economic incentive for customers to return their empty containers, in addition to the environmental benefits of having containers and packaging either re-used or recycled.

In 2017, the Beer Store unveiled another way for customers to enjoy beer while making an environmentally friendly choice by introducing refillable growlers. Draught beer is now available for purchase in growlers in our Distillery District and Liberty Village Beer Store locations. The 1.89L glass jugs can be purchased for \$5.00 and be refilled again and again. The \$5.00 fee is then refunded once the consumer is finished with the container.



Brewers that sell their products in the Beer Store use only 100% recyclable containers and packaging, including many containers that are refillable. Refillable glass bottles are sanitized and refilled with beer an average of 15 times. By bringing their empty containers back to the Beer Store to join its streamlined return system, customers ensure they will immediately be separated into commodity streams to avoid comingling with other household products that could downgrade the material quality and/or end up being used for lower end recycling or being sent to landfill. Through the deposit-return program, the Beer Store optimizes resources as empty containers and packaging that are returned are being recycled into higher end use products such as new glass bottles and aluminum cans. Some of the recycled glass also goes into other household products like glass jars for food packaging, which can be recycled again, or used in fiberglass insulation.

The Beer Store's deposit return program is completely funded by the brewing industry as the brewers also take environmental stewardship seriously (for the Ontario Deposit Return Program details, please see the ODRP section of this report). Brewers are always looking for new and innovative packaging designs and factor environmental outcomes into those designs. In addition to taking back empty program containers, the Beer Store is proud to accept back any packaging items that products in the program are sold with including cardboard boxes, boxboard, bottle caps, tabs, and plastic wrapping. We encourage all consumers to bring back all of these packaging materials because the more that are returned, the less will end up in our landfills.



REFINING OUR FACILITIES AND EQUIPMENT

As the Beer Store turned 90 this year, we continued to make improvements, streamline processes and enhance equipment at our stores, offices, and in our logistical operations that benefit the environment. Here are some examples of our environmental initiatives in 2017:

- Refrigeration systems at 16 stores were replaced with more efficient units that are up to 70% more energy efficient
- Piloting 2 Hybrid Electric vans in our Draught Services operations
- Ran an initial test of 5 hydrogen cells in our distribution fleet (to improve efficiencies in fuel mileage and maintenance)
- Reduced the need for disposable cups at corporate office by distributing glass mugs for cold and hot beverages to all employees and providing them for visitors
- Paper paystubs and tax documents are no longer issued to employees in favour of electronic statements through ePost

Table 1 – The Beer Store Container Sales and Recovery by Container Type
January 1, 2017 - December 31, 2017

Container Type	Beer Store Sales (units)	LCBO Sales (units)*	Returns (units)	System Recovery Rate (2017)	System Recovery Rate (2016)
All Glass Bottles (Refillable and Non-Refillable)	747,023,149	116,475,207	812,091,959	94%	95.4%
Refillable Bottles (Industry Standard Bottle (ISB) and Non-Standard)	628,660,512	66,918,598	668,651,149	96.1%	96.8%
Non-Refillable Bottles	118,362,637	49,556,609	143,440,810	85.4%	89.0%
Metal Cans	567,084,200	307,651,487	695,165,925	79.5%	79.6%
Kegs	1,260,895	-	1,271,949	100.9%	102.1%
Total (by Units)	1,315,368,244	424,126,694	1,508,529,833	86.7%	88.1%

Table 2 – Secondary Packaging
January 1, 2017 - December 31, 2017

Packaging Type	Beer Store (Tonnes Sold*)	LCBO (Tonnes Sold*)	Total (Tonnes Sold)	Recovered (Tonnes) 2017	Recovered (Tonnes) 2016
Corrugated/Boxboard	17,140	3,559	20,699	25,429	22,096
Metal	1,618	347	1,965	225	252
Plastic	563	175	739	856	797
Total	19,322	4,081	23,403	26,511	23,145

Note: 'Tonnes Sold' reported at both the Beer Store and the LCBO is the packaging associated with the sale of beer only. "Tonnes Recovered" reflects all packaging returned to the Beer Store, including non-beer packaging.

ONTARIO DEPOSIT RETURN PROGRAM RESULTS

Another anniversary reached in 2017 was the 10 year mark of the Ontario Deposit Return Program (ODRP). In its 10th year, we also celebrated the milestone return of the 3 billionth ODR container; an occasion marked with members of the Beer Store, LCBO, Ontario Ministry of Finance, and Ontario Ministry of the Environment and Climate Change in attendance at an event held at one of our Beer Store return locations. The anniversary and milestone are testaments of just how successful the program has been since its inception. As each successive 1 billion container return takes less time to achieve, it also speaks to the increased return rates within that program since its inception.

Since 2007, the Beer Store under contract with the Ontario government, has been accepting back and recycling empty alcohol program containers returned in the province. Wine, spirits, coolers, and beer containers sold in Ontario outside the Beer Store's program are all included in the ODRP which comprises containers made of glass, metal, plastic, Tetra Pak, and bag-in-box.

All empty containers greater than 100ml that are purchased at the LCBO, LCBO Agency stores, authorized grocery stores, wineries, distilleries, and brewery retail stores can be returned to the Beer Store where the applicable refundable deposit can be redeemed. The ODRP established 10 cent deposits for non-metal alcohol containers 630ml and under and metal cans 1L and under, while 20 cent deposits are applied to non-metal alcohol containers over 630ml and metal cans over 1L. Refundable deposits can provide financial motivation to consumers to return their empties to Beer Store locations. In addition to accepting back all ODRP containers, the Beer Store also accepts back all secondary packaging that is sold with those containers so it too can be recycled in the packaging stream of the Beer Store program.

The Government of Ontario had several goals when introducing the program:

ODRP GOALS	PERFORMANCE	
Ensure materials recycled are sent for higher order recycling	No material sent directly to landfill, incineration or for road aggregate use	✓
Ensure at least 90% of recovered glass is diverted to higher end use (such as new bottles or fiberglass manufacturing)	All glass recovered is sent for high end recycling	✓
Increase recovery rates for wine & spirits containers	Overall recovery rate in 2017 (80%) is well over the recovery rate for the first year of the program (63%) and the estimated rate when in Blue Box	✓
Increase glass diversion from landfill	In 2007/08 was just over 79,000 tonnes and in calendar 2017 was just over 110,000 tonnes	✓

Table 3 – ODRP Sales, Deposit Value by Container Type, and Market Share
January 1, 2017 – December 31, 2017

ODRP Containers*	Deposit Value	Sales (Units)	Sales Distribution**	Sales by Material Type***
Glass containers less than or equal to 630ml	\$0.10	67,853,050	14.7%	60.2%
Glass containers greater than 630ml	\$0.20	210,109,675	45.5%	
Aluminum or steel cans less than or equal to 1L***	\$0.10	145,109,972	31.4%	31.4%
Aluminum or steel cans greater than 1L***	\$0.20			
Tetra Pak (Polycoat) and Bag-In-Box less than or equal to 630ml	\$0.10	1,235,501	0.3%	2.6%
Tetra Pak (Polycoat) and Bag-In-Box greater than 630ml	\$0.20	10,665,483	2.3%	
Polyethylene Terephthalate (PET or plastic) containers less than or equal to 630ml	\$0.10	16,635,226	3.6%	5.7%
Polyethylene Terephthalate (PET or plastic) containers over 630ml	\$0.20	9,898,891	2.1%	
Total		461,507,798	100.0%	100.0%

* Containers larger than 100ml qualify for deposit return refunds under the program.
** Figures may not sum to 100% due to rounding.
*** Sales data for large and small cans are combined

Table 4 – ODRP Containers: Sales & Recovery
January 1, 2017 - December 31, 2017

	Sales in Units		Returns in Units		Recovery Rate					
Container Type	Small Containers	Large Containers	Small Containers	Large Containers	Small Containers 2017	Small Containers (2016)	Large Containers 2017	Large Containers (2016)	Combined 2017	Combined (2016)
GLASS	67,853,050	210,109,675	54,572,850	182,610,308	80%	73%	87%	86%	85%	82%
PET	16,635,226	9,898,891	7,621,251	7,007,487	46%	44%	71%	71%	55%	53%
TETRA/BIB	1,235,501	10,665,483	92,758	2,969,085	8%	7%	28%	28%	26%	25%
SUBTOTAL	85,723,777	230,674,049	62,286,859	192,586,880	73%	66%	83%	83%	81%	78%
CANS	145,109,972		115,321,130						79%	79%
GRAND TOTAL	461,507,798		370,194,869						80.2%	78.0%

*These Figures include Estimated Winery and Distillery sales for December 2017
**These Figures include Estimated Distillery sales for July to November 2017

Table 5 – Beer Store and ODRP Disposal Diversion Estimated Avoided GHG Emissions & Avoided Energy Consumption (2017) ¹
January 1, 2017 - December 31, 2017

	Glass Reuse	Clear Glass Bottle	Coloured Glass Bottle	Aluminum Recycling	Steel Recycling	PET Recycling	Mixed Plastic Recycling**	Total Diversion
Beer Store Tonnes Diverted	163,581	15,434	29,068	10,913	225	-	1,070	220,291
ODRP Tonnes Diverted	-	40,031	70,201	1,810	-	976	-	113,018
TOTAL Tonnes Diverted	163,581	55,465	99,269	12,723	225	976	1,070	333,309
Avoided GHG Emissions (MTCO ₂ E)	62,161	6,101	5,460	122,904	268	3,551	3,896	204,341
Avoided Energy Consumption (GJ)	1,112,350	93,182	108,203	1,111,477	2,841	83,225	91,317	2,602,596

* Figures in table may not add to the total due to rounding
** "Avoided GHG" and "Avoided Energy" coefficients for PET Recycling used for Mixed Plastic Figures

Source for avoided energy and emissions multipliers: Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report, ICF Consulting for Environment Canada & Natural Resources Canada, October 2005 and GHG Calculator for Waste Management, Update Oct 2009, ICF Consulting for Environment Canada. Multipliers for avoided GHG Emissions (eCO₂/tonne) used were 0.38 for glass reuse and 9.66 for aluminum recycling. Avoided GHGs from glass bottle reuse (0.38) is not presented in the Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report. This multiplier was provided in the previous version of the report from 2004.
[1] Pollutant reductions associated with recycled versus virgin aluminum production and glass production from Weitz, Keith A. et al. 2003. Life-Cycle Inventory Data Sets for Materials Production of Aluminum, Glass, Paper, Plastic and Steel in North America. Report prepared by RTI International for the U.S. EPA, Office of Research and Development. EPA-600/Q-03-001. Research Triangle Park, NC.

THE BEER STORE PROMOTIONAL AND EDUCATIONAL ACTIVITIES

IN-STORE ADVERTISING

BE GREEN Earth Day Campaign

April 2017

For the month of April, all stores received and displayed the “Be Green” poster to promote the benefits of returning empties. All staff also received a “Be Green” t-shirt to wear leading up to Earth Day to support the campaign.



COMMUNITY INVOLVEMENT

The Beer Store is proud to support several charitable organizations and environmental events across the province in the communities in which we operate. Some of these organizations and events include:



Returns for Leukemia Bottle Drive

The Returns for Leukemia Bottle Drive is an annual fundraiser organized by the United Food & Commercial Workers Local 12R24 along with the Beer Store to raise funds for The Leukemia & Lymphoma Society of Canada. It is held at every Beer Store location across Ontario and is also supported by the bars and restaurants we service. 2017 was a very successful year for the bottle drive, as together we raised \$1,804,912.24..

Rogers House Bottle Drive

In 2017, the annual Roger Neilson House bottle drive was held on September 9th and 10th. Once again, both the Ottawa and Peterborough Districts were the driving force behind this amazing event which supports the families of sick children. On October 26th, 2017, The Beer Store presented a cheque for \$84,859.54, which made it our most successful year to date!



The Bottle Shed

The Bottle Shed Foundation is a not-for-profit organization that aids local charities. Their main source of funding is provided by empty alcohol container donations. The Beer Store facilitates the returns of empty containers collected by The Bottle Shed Foundation by partnering with them to have the containers returned directly to one of our distribution centres. The Bottle Shed Foundation provides meaningful volunteer work for people with disabilities.



Missing Children Society of Canada

The Missing Children Society of Canada collects empty containers from condominiums whose residents donate empty alcohol containers in order to fund investigations, emergency response, and family support programs related to missing children. The Beer store facilitates the return of the empty containers they have collected.

Donate your empties, bring a child home

Every 12 minutes in Canada, a child goes missing.

Missing Children Society of Canada would like to thank all the tenants for their continued participation and support in our Bottle Program.

In 2016, you helped to collect over 66,921 bottles and cans. That is a total of 38,649 pounds of recyclables that did not enter landfills.

All the bottle donations continue to help fund our investigations, emergency response and family support program.

Together, we are turning hope into home for every missing or abducted child in Ontario.

Thank you.



Learn more at www.mcsc.ca/help-us/get-involved/



Habitat for Humanity

On September 9th, 2017, a number of our stores participated in a bottle drive for Habitat for Humanity. It was a great success with a total of \$54,328.75 collected for the cause.



SPONSORSHIPS

Commerce & Engineering Environmental Conference (CEEC)

The Beer Store contributes sponsorship funds to the Commerce & Engineering Environmental Conference (CEEC) at Queen's University in Kingston, Ontario. The conference hosts delegates from 12 Ontario universities and is aimed at undergraduate students in business, engineering, arts, and sciences to expose them to the green industry and explore business opportunities and technology that will lead to renewable energy and other green innovations. The three-day event usually includes a negotiation competition as well as a case study exercise, all of which centre around sustainability.



Recycling Council of Ontario

The Recycling Council of Ontario (RCO) believes in minimizing the impact on our environment by eliminating waste. They aim to inform and educate all members of society about the generation and avoidance of waste, more efficient uses of resources and the benefits and/or consequences of these activities. The Beer Store sponsors the RCO's efforts on an annual basis and contributed to and participated in their Waste Reduction Week activities.



Conference on Canadian Stewardship

The Beer Store sponsored the 2017 Conference on Canadian Stewardship in Montreal held September 27-29. The conference brings together leading stewardship organizations and trade associations from within Canada and further afield to share best practices and highlight environmental trends on on-going stewardship issues, new approaches and concerns around sustainability and recycling, as well as measurement techniques to track our progress in these areas.



Zero Waste Ontario Conference

The Zero Waste Ontario conference pursues educating and activating participants to create a society with zero waste and a circular economy. Members of the Beer Store's Stewardship team attended the conference on June 15 & 16 where our president Ted Moroz participated on a panel to share the Beer Store's efforts that create and maintain a circular economy for beer containers and packaging.



EDUCATIONAL ACTIVITIES

Partners in Project Green

The Beer Store participated in the People Power Challenge in 2017 – a program developed by the Greater Toronto Airports Authority and Toronto and Region Conservation with the goal of creating the biggest eco-business zone in the world. This sustainability initiative involves a friendly competition between leading organizations. Participants were encouraged to share green ideas and pledge to take environmental action through an on-line App, with efforts evaluated based on outcomes as well as employee engagement at member sites. The Beer Store competed against 16 other organizations to show that we are not only a true sustainability leader but we were green before green was cool! Some of the activities we participated in include:

- Corporate Office worked with the Toronto Zoo to collect cell phones for recycling through the Phone Apes program. Recycling cell phones can reduce the demand for coltan, a mineral used in the making of cell phones which is mined in Central Africa and is affecting gorilla and other species habitat.
- The Beer Store Employees attended an Annual Tree Planting event hosted by Credit Valley Conservation and Toronto and Region Conservation. Employees, family and friends were invited to lend a hand to restore the Humber watershed on May 13th.
- Corporate Office employees collected pop can tabs for The Robert Hampson Tabs for Kids Fund. The pop can tabs enable the charity to purchase wheelchairs and other adaptive equipment for children who need it.
- The Beer Store's Stewardship team conducted a lunch and learn session at the GTAA's office outlining how the recycling program works and shared ideas on stewardship. The team also took a tour of the GTAA's Toronto Pearson International Airport storm water management system.

Ontario Craft Brewers Conference

President Ted Moroz spoke at the conference about doing business with the Beer Store and how environmental stewardship plays an integral role in our retail and distribution chains.

Human Resources Student Association's Organizational Behaviour Case Competition

The competition is a gathering of aspiring HR and OB professionals across Canada and held at Ryerson University. President Ted Moroz was the keynote speaker at the event where he talked about the Beer Store's operations including the environmental stewardship program.

Rotary Club of Wellington

Corporate office employees presented a seminar at the Rotary Club describing the Beer Store's recycling program and educating members on the deposit-return system and the resulting positive outcomes for recycling streams.

Open Doors Sessions

Open Door Sessions are held at the Beer Store's DCs for Licensee customers (bars and restaurants that we service). They are provided with information about operating with TBS including how the stewardship program works and the opportunity to view the recycling streams firsthand. In 2017, 9 sessions were held provincewide with positive feedback from participants and generated so much interest that we will be hosting similar events in the future.

SUMMARY OF JOINT TBS & ODRP PROMOTIONAL & EDUCATIONAL ACTIVITIES

3 Billion Brought Back

In the Spring of 2017, the 3 billionth Bag-it-Back container also known as the Ontario Deposit Return Program was celebrated at Store 2452 (Roehampton) in Toronto.



BEER STORE SOCIAL MEDIA

#Earthday2017

#WasteReductionWeek

#BagItBack

The Beer Store's was very active on social media in 2017 promoting various recycling initiatives including Earth Day and Waste Reduction Week. The annual #BagItBack campaign was launched in unison with the Ministry of the Environment, Ministry of Finance and LCBO. Each party contributed and shared content to promote the Ontario Deposit Return Program. The goal was to raise awareness and ultimately increase the ODRP return rate.



LCBO ODRP PROMOTIONAL & EDUCATIONAL ACTIVITIES

RECYCLING ACROSS ONTARIO

LCBO sales of wine, beer and spirits result in sales of over 400 million containers every year. LCBO's funding of the Ontario Deposit Return Program (ODRP) helps ensure that the returns of program containers are kept away from landfill and recycled.

The LCBO's comprehensive waste management program reflects a commitment to helping every community across the province reduce waste and ensure class-leading recycling.