

2019 CARBON NEUTRAL ACTION REPORT



LIQUOR
DISTRIBUTION
BRANCH

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This Carbon Neutral Action Report for the period January 1st, 2019 to December 31st, 2019 summarizes the Liquor Distribution Branch’s (LDB) emissions profile, the total offsets to reach net-zero emissions, the actions the LDB took in 2019 to reduce its greenhouse gas emissions and the LDB’s plans to continue reducing emissions in 2020 and beyond.

By June 30, 2020, the LDB’s final Carbon Neutral Action Report will be posted at www.bclldb.com.

EXECUTIVE SUMMARY

The LDB's operations were carbon neutral in 2019 for the tenth consecutive year. We met our targets by investing in BC-based carbon reduction projects through the BC Ministry of Environment and Climate Change Strategy to offset remaining emissions. In addition to being carbon neutral, the BC Liquor Distribution Branch (LDB) is committed to working towards the goals of the CleanBC Plan and making our practices more sustainable and efficient, while continuing to grow the business and supporting vital BC services.

One of the most visible and impactful changes implemented in 2019 was the elimination of plastic checkout bags from the LDB's network of 197 BC Liquor Stores. The initiative keeps approximately 22 million plastic bags annually from being sent out to households in BC and entering municipal waste streams. While we continue to encourage customers to bring their own re-usable bags, the new paper bags offered at BC Liquor Stores are made in BC, contain at least 40 per cent recycled content and are recyclable and compostable.

In regard to cleaner transportation initiatives, the LDB has expanded its capacity to charge electric vehicles at its head office with the inclusion of a dual-port station that can charge up to 10 vehicles per day. The Head Office has also improved facilities for cyclists and grown the number of people commuting by bike on a regular basis to over 40. Planning is also underway for a gradual transition of our fleet of light duty vehicles to zero emission vehicles where feasible.

Reducing both waste and emissions from waste is a key consideration when it comes to producing and acquiring products and services. Where feasible and cost effective, LDB opts for products that embody environmental responsibility in their design, manufacture, distribution, use, and disposal.

In 2019, the LDB created a Corporate Social Impact team to engage employees and stakeholders in initiatives including waste recycling and reduction at all work sites, sustainable commuting programs for staff, and development of green spaces for head office employees. The team developed a partnership with landlord Manulife and urban beekeeping organization Alvéole to host bee hives, supporting pollination of local urban gardens in Burnaby.

Finally, 2019 saw the organization move into a new head office, which achieved LEED Platinum certification. The high standard (Leadership in Energy and Environmental Design) reflects our commitment to operating in efficient buildings. Energy efficient lighting and HVAC systems are also considered when building new BC Cannabis Stores and renovating existing BC Liquor Stores.

As the sole wholesaler and distributor of non-medical cannabis and beverage alcohol in BC, the LDB generated over \$1 billion last year to fund vital public services such as health care and education. We have a tremendous opportunity ahead of us to continue making business decisions through the lens of social impact and adapt our practices to be more efficient and sustainable.



Blain Lawson
General Manager and Chief Executive Officer

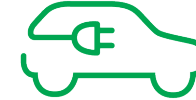
2019 HIGHLIGHTS

Better Buildings



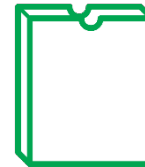
Our new head office in Burnaby, BC is certified LEED Platinum under the Core and Shell rating system, helping the LDB reduce emissions from stationary sources.

Cleaner Transportation



In 2019, the LDB acquired two Level 2 electric vehicle chargers and began planning to further expand electric vehicle charging capacity at the Head Office.

Reducing Emissions from Waste



The LDB makes an effort to purchase materials that are made with recycled content. 97 per cent of office paper purchased by the LDB is made with recycled material. In 2019, BC Liquor Stores began to transition from plastic bags to paper bags made with 40 per cent post-consumer recycled material.

Celebrating Earth Month at the LDB



The LDB celebrated Earth Month by sharing environmental messaging in stores with signage displayed throughout the month of April, a quiz contest for all staff that highlighted the species protection theme of Earth Day 2019, and an event at head office that included a series of stations providing opportunities for staff to learn about how actions at work and at home can impact the environment. On Earth Day 2019, head office staff also planted grapevines on the outdoor patio.

2019 GREENHOUSE GAS EMISSIONS AND OFFSETS SUMMARY

2019 marks the tenth consecutive year that the LDB has operated as a carbon neutral public sector organization. Carbon neutrality involves measuring operational greenhouse gas (GHG) emissions, taking action to reduce emissions, offsetting the remainder of emissions and demonstrating leadership through annual public reporting and undergoing independent verification to ensure completeness and accuracy. BC's legislated carbon neutral government commitment is significant as it is the first of its kind in North America.

LDB's GHG Emissions and Offsets for 2019	
As per the Directive issued March 31, 2020, each PSO will use their 2018 GHG Emissions as a placeholder for the purposes of their 2019 CNAR.	
Total Emissions (tCO ₂ e)	$18.3 + 3801 = 3819.3$
Total BioCO ₂	18.3
Total Offsets (tCO ₂ e)	3801
Offset Investment (\$25 per tCO ₂ e)	$3801 \times \$25 = \$95,025$

Declaration statement: This Carbon Neutral Action Report for the period January 1, 2019 to December 31, 2019 summarizes our emissions profile, the total offsets to reach net-zero emissions, the actions we have taken in 2019 to reduce our greenhouse gas emissions and our plans to continue reducing emissions in 2020 and beyond. By June 30, 2020 LDB'S final 2019 Carbon Neutral Action Report will be posted to our website at www.BCLDB.com.

ACTIONS TAKEN TO REDUCE GREENHOUSE GAS EMISSIONS IN 2019

The Liquor Distribution Branch (LDB) is committed to being environmentally responsible and sustainable in its operations. Further, environmental initiatives at the LDB are aligned with key areas of the CleanBC plan: Better Buildings, Cleaner Transportation, and Reducing Emissions from Waste. As such, actions taken to reduce GHG emissions in 2019 and planned future actions are organized under those headings in this Carbon Neutral Action Report.

In addition to reducing GHG emissions from stationary, office supplies, and fleet sources that fall within the reporting requirements as defined in BC's Climate Change Accountability Act (CCAA), the LDB continues to promote environmental sustainability through a variety of education and engagement initiatives across the organization.

Better Buildings

While our business continued to grow in 2019 with the addition of nine new BC Cannabis Stores, the LDB continued taking steps to reduce emissions from all major sources with a focus on our buildings, which are our largest source of GHG emissions.

During 2019, the LDB's head office relocated to a new head office that is certified LEED Platinum under the Core and Shell rating system of LEED v.2. At the time of construction, the building was one of only four buildings with Platinum level LEED certification in Metro Vancouver. The new head office building uses an air-source variable refrigerant flow system that reduces electricity consumption by about 35 per cent over a conventional HVAC system. The building also features an exterior green wall, extensive outdoor space for staff along with high levels of natural light. Lighting sensors and dimmers are installed throughout the building to conserve electricity. The building's site footprint is small for a building of its capacity, with nearly all parking located underground.



The LDB's new head office in Burnaby, BC is certified LEED Platinum. Pictured here nearing the end of construction in 2009.

BC Liquor Stores

In 2019, nine BC Liquor Store renovation and construction projects were completed. Efficient LED light fixtures were used throughout the new and renovated stores. Thirty-three stores across BC are now completely outfitted with LED lighting, while other stores have a combination of LED lighting and high efficiency CFL lighting.

All walk-in, rear-loading coldzone coolers installed contain equipment that allows for remote monitoring and control for ongoing optimization. New coolers installed also feature thicker insulation – reducing energy consumption by approximately 25 per cent. In 2019, nine additional BC Liquor Stores were retrofitted with new coolers. Open-front coolers are all equipped with a shade that is drawn at closing time every evening to reduce excessive cooling.

In an effort to continuously improve the energy efficiency of its buildings, the LDB periodically updates its construction specifications handbook. This handbook provides building contractors with information they need to ensure all projects – new or renovated – in BC Liquor Stores meet the LDB’s energy-efficient requirements.

Currently, eleven BC Liquor stores prominently feature a ‘green wall’ and the LDB plans to continue installing these features as part of regular renovations to inspire and inform customers of the LDB’s commitment to environmental sustainability.



Open-front coolers at BCLS are equipped with a shade that is drawn at closing time every evening to reduce excessive cooling.



Green wall feature at a BCLS

BC Cannabis Stores

Nine new BC Cannabis Stores opened across the province in 2019 for a total of ten stores across the province. All BC Cannabis Stores feature LED backlit informational panels and high-efficiency lighting throughout. In order to prepare new stores for opening, the LDB Real Estate team uses materials with a low environmental impact such as non-toxic paint, finishes with low chemical emissions, and flooring which does not require waxing and polishing.

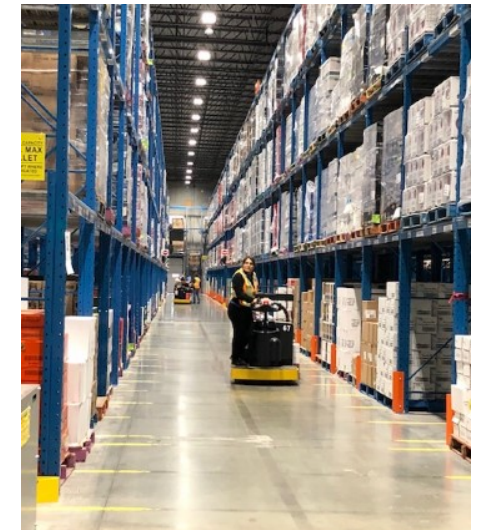


Newly opened BC Cannabis Store interior in 2019

LDB Distribution Centres

The LDB operated three distribution centres in 2019, including the Richmond Cannabis Distribution Centre, the Kamloops Liquor Distribution Centre and the Delta Liquor Distribution Centre. The LDB completed the transition to the Delta location in 2019. The facility is significantly newer and larger than the previous facility in Vancouver and allows for additional operational efficiencies, such as a separate area to manage and clean up any product breakage and increased charging capacity for mobile electric warehouse equipment. Ahead of the transition of operations from the Vancouver Distribution Centre, the new Delta Distribution Centre had existing lighting replaced with high-efficiency LED lighting.

Both the Richmond Distribution Centre and the Delta Distribution Centre have digital screens in staff break areas that display messaging around environmental sustainability and highlight how to participate in LDB environmental initiatives and campaigns.



Delta Liquor Distribution Centre was fully operational in 2019

Cleaner Transportation

Recognizing that by 2040, every new car sold in BC will be a zero-emissions vehicle (ZEVs), the LDB is planning to transition light duty fleet vehicles to ZEVs, where possible, in the near term. In 2019, no new zero emissions vehicles were added to the LDB fleet, however the following activities underway at the LDB are supporting the transition to a cleaner corporate fleet and reduction in transportation emissions.

Understanding Clean Fleet Best Practices

In order to learn how the LDB can further reduce emissions from fleet vehicles, the organization joined the Broader Public Sector Fleet Working Group in 2019. This group of public sector organizations meet regularly with staff from the Ministry of Environment and Climate Change Strategy to provide input on policy development and to share ideas and best practices around greening fleets.

GPS Technology

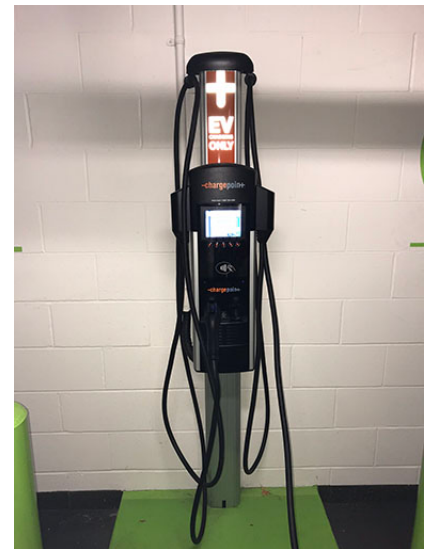
In 2019, the LDB installed GPS monitoring technology in all of its light duty fleet vehicles. Studies have shown that driver behaviours change with the installation of this technology, including a reduction in harsh braking, rapid acceleration, harsh cornering, speeding and idling. Minimizing these driving habits help to reduce fuel consumption, emissions, and long-term maintenance. Additionally, this system will alert a manager if a vehicle is idling for more than a five-minute period, providing an opportunity to investigate why a vehicle was left running and burning fuel unnecessarily.

Expanding EV charging capacity

2019 was the first year any LDB facility was equipped with Level 2 electric vehicle charging stations. The dual port station is located at the Head Office and can charge up to 10 staff vehicles per day. To date, over 20 electric vehicle drivers who work at the LDB head office have registered their vehicles to use the charging station. At the end of 2019, the LDB secured two additional dual-port charging stations to be installed in early 2020, bringing our total number of EV charging stalls at head office to six.

Expansion of Cycling Facilities for Staff

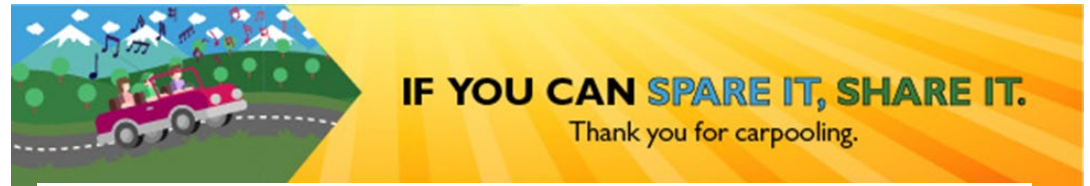
Another feature of the LDB's new head office is secure bicycle storage and convenient changing and shower facilities. As a result of these improved facilities, the LDB's head office cycling group, "The Spirited Cyclists," grew in 2019 to include more than 40 members.



Dual-port EV charging station at LDB's head office.

Carpooling at the LDB

A new head office staff carpooling program began in early 2019, when staff relocated to a new building. In 2019, there were more than 20 active carpools at the LDB's head office. Carpool stalls are reserved priority parking stalls located on the first floor of the parking garage.



Staff carpool program branding

Get Home Safe

One of the LDB'S signature social responsibility program 'Get Home Safe' was launched in 1997 and continues to be a success. It promotes responsible beverage alcohol consumption through print- and web-based promotions. Customers are reminded not to drink and drive, and to think about using public transit as an alternative way to get home. To support this program, free transit passes were provided to attendees at the 2019 Vancouver International Wine Festival, an event supported by the LDB.

Reducing Emissions from Waste

The LDB is working to support the targets of the CleanBC Plan, which include having 95% of organic waste be diverted from landfill by 2030. The LDB recognizes that the purchases we make, as well as the way we manage our waste as an organization, are equally important in reducing emissions associated with waste. Below is an account of the actions we've taken in 2019 to minimize emissions from waste associated with paper supplies, as required by Clean Government Reporting, and a summary of additional actions taken to reduce overall waste associated with our operations.

Purchasing Supplies

In 2019, 97 per cent of the LDB's office paper used at head office and LDB operated retail locations consisted of 100 per cent post-consumer recycled content. Remaining office copy paper used had either 30 per cent post-consumer recycled content or was created from responsible sources (i.e. Forest Stewardship Council certified paper).

LDB publications are printed on paper with recycled content and using vegetable-based inks. The LDB's TASTE magazine, distributed to customers in BC Liquor Stores, is printed on Forest Stewardship Council-certified paper from responsible sources with a mix of 10 per cent recycled content.

Paper Bags at BC Liquor Stores

In 2019, BC Liquor Stores eliminated the distribution of single-use plastic bags in the majority of retail locations. Customers are now offered paper bags made with 40 per cent post-consumer recycled material at a cost of 10 cents per bag. During the week leading up to the transition to paper bags, BC Liquor Stores offered reusable bags to customers at no charge while quantities lasted. The intent of this promotion was to ensure that customers at BC Liquor Stores would be able to bring in a reusable bag for all future purchases.

This change eliminates 22 million plastic bags annually from waste streams in BC. Further, it is estimated that BC Liquor Stores saw a nearly 40 per cent decrease in the number of customers asking for a single-use bag once the switch occurred. BC Cannabis Stores continue to only offer paper bags to customers, as they have done since becoming operational.

Head Office Waste Audit

In November 2019, our waste and recycling contractor Recycling Alternative performed a waste audit at the Head Office in Burnaby. The audit was conducted on a typical work day without any advance notice being given to staff. The waste sampling period was 24 hours. The audit revealed that the facility was falling short of its target of 75 per cent waste diversion due to a variety of reasons including poor sorting practices, confusion around certain common single-use items such as coffee cups, and in some cases a break-down of operational processes related to waste collection.

As a result of the waste audit, signage for waste stations throughout the building was re-designed and a campaign to enforce better sorting and reduce single-use items was launched at the Head Office, the Delta Distribution Centre, and the Richmond Distribution Centre.

Recycling at Distribution Centres

Over 2,700 tonnes of cardboard and soft plastic was recycled from LDB retail locations and distribution centres in 2019. Cardboard is collected from BC Liquor Stores and returned to Distribution Centres on empty trucks returning from deliveries, reducing the amount of trips required to move the material. Soft plastic used to wrap pallets is processed and recycled locally by Merlin Plastics at a facility in Metro Vancouver.

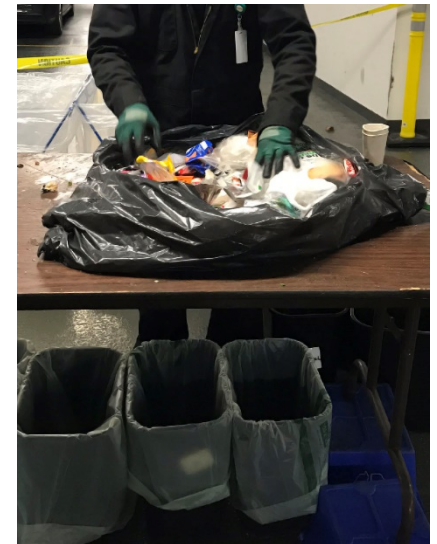
Beverage Containers Returned to Retail Stores

Customers can return empty alcohol beverage containers to redeem their deposit refund at all BC Liquor Store across the province. Each year, BC Liquor Stores receive approximately 93 million empty beverage containers which contributes to the provincial recovery rate for beverage containers and ensures that containers do not end up in municipal landfill waste streams. In 2019, BC Cannabis stores also prepared to accept empty container returns for cannabis beverages which were available for sale late in the year.

Social Impact Initiatives at the LDB

LDB Green Team

The LDB Green Team was recently rebranded as the LDB IMPACT Team. Throughout 2019, the former LDB Green Team played a vital role in ensuring that environmental initiatives and campaigns such as Earth Month and Bike to Work Week are planned and implemented with an interdepartmental approach. The Green Team was comprised of representatives from key areas of the LDB who met regularly to provide support for environmental initiatives across the organization.



Waste audit underway at the LDB's head office in 2019

Earth Month

Earth Month at the LDB included sharing environmental messaging in stores with signage displayed throughout the month of April, a quiz contest for all staff that highlighted the species protection theme of Earth Day 2019, and an event at the Head Office that included a series of stations providing opportunities for staff to learn about how actions at work and at home can impact the environment. On Earth Day 2019, head office staff also planted grapevines on the patio of our 5th floor.



Bike to Work Week

Bike to Work Week is a popular, annual event across LDB retail locations, the Head Office, and the distribution centres. In spring 2019, 48 employees participated and this number continues to increase every year. LDB employees reported cycling a total of 2,284 kilometers during the week. There was a Celebration Station at the Head Office as cyclists rode into work. The station included a combined map of cyclists' routes into the office, and light snacks and refreshments were provided for cyclists upon arrival.



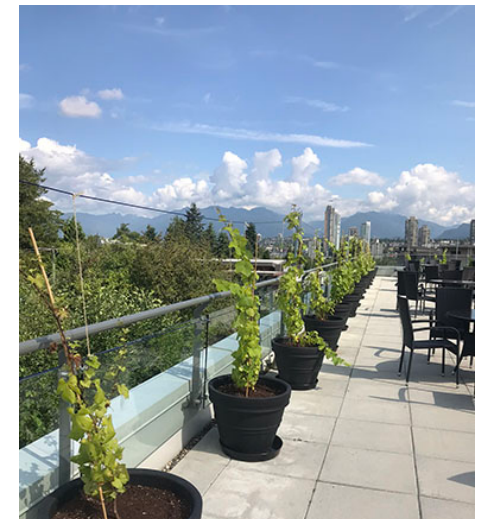
Repurposing Outdoor Space for Urban Agriculture

As part of an ongoing initiative encouraging staff to connect with nature, the LDB has worked to develop green spaces at head office that provide opportunities for employees to spend time outdoors and engage with nature during the workday. With the help of the Green Team (now IMPACT Team), the Corporate Social Impact Team, and the LDB's Facilities department, grapevines provided by Arterra Wines Canada were planted on the outdoor patio and serve a dual purpose of greening the patio space and providing an opportunity for employee education around urban agriculture.

Additionally, in spring 2019, two bee hives were installed on the outdoor patio. With worldwide honeybee populations in dramatic decline, hosting the hives at head office will add pollinators into the surrounding urban environment helping sustain local gardens and producing honey which will be made available to LDB employees. The "LDBeez" bee hives are a partnership between the LDB, the building owner Manulife, and urban beekeeping organization Alvéole.

Corporate Social Impact Department

In 2019, a new department was added to the LDB's Corporate Services Division. The department, named Corporate Social Impact, was created to lead the organization's corporate social impact strategy and to build awareness about LDB's social impact and environmental activities. The team consists of the Environmental Initiatives Manager and two newly developed positions, the Social Impact Manager and the Social Impact Specialist. The team supports all areas of the business and ensures alignment and consistency across all social impact initiatives. Initiatives led by this department currently include social responsibility campaign development, waste recycling and reduction at all sources, energy management for facilities, beverage container recycling in retail locations, sustainable commuting programs for staff, and transitions to a low emissions fleet across the organization.



Honeybees and grapevines installed in communal outdoor areas at LDB's head office in Burnaby, BC.

PLANNED ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

The LDB is committed to improving the environmental sustainability of its operations. Below are a few examples of the steps the LDB will be taking in 2020/2021 to meet its environmental goals and to continue to align with the priorities outlined in the CleanBC Plan.

Better Buildings

In 2020 and beyond, the LDB will continue to use efficient LED lighting in BC Liquor Stores and BC Cannabis Stores construction and renovation projects. This will be especially important as we continue to expand our cannabis operations with new BC Cannabis Stores. In BC Liquor Stores, coldzone cooler installations will continue to use more efficient insulation and will be monitored remotely to ensure optimal energy use.

With the introduction of the new Clean Government Reporting Tool, the LDB is anticipating having better access to energy data to perform ongoing monitoring across its more than 200 work sites. The LDB plans to use information provided by the Clean Government Reporting Tool to track energy consumption and set reduction targets moving forward.

Cleaner Transportation

In early 2020, the LDB's Head Office will add four additional Level 2 electric vehicle charging stations bringing that facility's EV charging capacity to six stalls. As more employees make the switch to electric vehicles, and our fleet vehicles begin transitioning away from conventional fuels, the LDB will look for opportunities to incorporate additional charging infrastructure to our facilities. A broader fleet management strategy is being developed in order to ensure that our cleaner transportation initiatives are aligned across the organization.

The LDB will also continue to work with other public sector organizations to provide input to the Ministry of Environment and Climate Change Strategy regarding future policy directives for fleet vehicles.

Reducing Emissions from Waste

The LDB will continue to work towards minimizing waste and diverting materials from the landfill through audits, system changes and employee education.

As part of our latest [Service Plan](#), the LDB identified new waste diversion targets for stores, distribution centres, and our Head Office. In order to ensure we're on track towards meeting those targets, the LDB is working with existing service providers to develop systems for tracking waste across the organization. At our Head Office and Metro Vancouver distribution centres, waste station signage will be updated as needed to address any issues identified through periodic waste audits.

The Corporate Social Impact Team is working to develop a Waste Reduction Strategy for the organization that will include all sites.

Social Impact Initiatives at the LDB

A key priority for the LDB over the next 12 months will be the development of a corporate social impact strategy, which will strategically identify environmental, social and economic initiatives that support greater alignment across all lines of business and social impact efforts. This work will require comprehensive stakeholder engagement to understand the needs of all stakeholders when determining social impact priorities specific to the LDB's operations.

In addition, the LDB is currently executing a number of initiatives that support environmental and social sustainability. This includes the completion of a corporate rebrand, aimed at increasing brand awareness and audience reach, the development of social responsibility campaigns to promote safe consumption amongst cannabis consumers, and ongoing employee engagement efforts intended to educate our employee base and increase sustainable behaviours both in the workplace and at home.

The LDB is also exploring opportunities to establish a social impact supplier certification program, which would incentivize its suppliers to adopt increased sustainability practices across their operations.

RETIREMENT OF OFFSETS

In accordance with the requirements of the *Climate Change Accountability Act* and Carbon Neutral Government Regulation, the LDB is responsible for arranging for the retirement of the offsets obligation reported above for the 2019 calendar year, together with any adjustments reported for past calendar years (if applicable). The Organization hereby agrees that, in exchange for the Ministry of Environment and Climate Change Strategy (**the Ministry**) ensuring that these offsets are retired on the Organization's behalf, the Organization will pay within 30 days, the associated invoice to be issued by the Ministry in an amount equal to \$25 per tonne of offsets retired on its behalf plus GST.

Executive sign-off:



May 28, 2020

Signature

Date

R. Blain Lawson

General Manager and Chief Executive Officer

Name (please print)

Title



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To find out more about the LDB's environmental initiatives,
visit bcldb.com

For questions or comments, please contact the LDB at:
604-252-3000 or impact@bcldb.com