

2014
CARBON NEUTRAL
ACTION REPORT



**LIQUOR
DISTRIBUTION
BRANCH**

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This Carbon Neutral Action Report for the period January 1st to December 31st, 2014 summarizes the BC Liquor Distribution Branch (LDB) emissions profile, the amount of offsets purchased to reach net zero emissions, the actions taken in 2014 to reduce greenhouse gas emissions and plans to continue reducing emissions in 2015 and beyond. By June 30, the LDB's final Carbon Neutral Action Report will be posted to www.bclldb.com



The British Columbia Liquor Distribution Branch (LDB) has been a leader in sustainable retailing in BC for more than four decades, starting with the beverage alcohol container return program in BC Liquor Stores.

As a public sector organization that works closely with the beverage alcohol industry, as well as wholesale distributor and retailer with 196 stores across BC, the LDB is able to have a positive influence on the environment beyond its own operations. By connecting with industry partners, its 3,600-plus employees, and reaching out to millions of BC customers, the LDB is proud to promote and inspire sustainable business practices that protect our province – and our planet.

As outlined in the LDB's *2015/16 – 2017/18 Service Plan*, the LDB is committed to reducing the impact of its operations on the environment.

For the fifth consecutive year, the LDB's operations were carbon neutral in 2014. The LDB achieved this by reducing operational greenhouse gas (GHG) emissions as much as possible and investing in high-quality, BC-based carbon reduction projects through the BC Ministry of Environment to offset remaining emissions. This is the seventh consecutive year the LDB has reported steps it has taken to reduce GHG emissions from its operations.

In 2014, waste reduction became an even greater priority at the LDB. A *Waste Reduction and Recycling Strategy* was adopted, a cross-departmental team was formed and an expanded recycling program was introduced at the LDB's Head Office and Vancouver Distribution Centre. Going forward, the LDB will expand its recycling and waste reduction programs at all 196 BC Liquor Stores throughout BC.

As one of BC's largest retailers and a global purchasing power of beverage alcohol products, it is both the LDB's duty and privilege to continue building on its legacy of environmental leadership. This report highlights the LDB's ongoing efforts to make its business operations as sustainable as possible.

R. Blain Lawson
General Manager and Chief Executive Officer

POWER SMART PARTNER
ENERGY CONSERVATION PLEDGE

BC LIQUOR DISTRIBUTION BRANCH

WORKING IN PARTNERSHIP WITH BC HYDRO POWER SMART, BC LIQUOR DISTRIBUTION BRANCH IS COMMITTED TO:

- ✓ DO OUR PART TO SAVE ENERGY AND CREATE A CULTURE OF SUSTAINABILITY.
- ✓ ADOPT THE PRINCIPLES OF ENERGY EFFICIENCY INTO OUR ONGOING BUSINESS MANAGEMENT PRACTICES.
- ✓ UPGRADE OUR EXISTING FACILITIES WITH ENERGY CONSERVATION MEASURES.

April 17, 2014

R. Blain Lawson
General Manager & CEO

BC Hydro
powerSmart

THE LDB IS A POWER SMART PARTNER

Since 2009, LDB energy-efficiency projects have saved enough energy to power 327 BC homes per year.

2014 HIGHLIGHTS

Electricity Conservation



High-efficiency LED overhead lighting was installed in six BC Liquor Stores. LED lighting is the new standard for all new and remodeled BC Liquor Stores.

Waste Reduction and Recycling



A new recycling program diverts 79% LDB Head Office and Vancouver Distribution Centre waste from the landfill



2235 tonnes of cardboard, **131** tonnes of plastic, and **21** tonnes of mixed paper were recycled.

Fuel Efficiency



The LDB replaced two fleet vehicles with three hybrid models vehicles.

Now, **53%** of LDB's 30-vehicle fleet are hybrid models.

Responsible Purchasing



90% of office paper purchased contained 100% recycled content and one per cent was made from 80% wheat straw, an agricultural waste fibre. 4% contained 30% recycled content.

Employee Engagement



LDB's Head Office and two distribution centres have 21 Green Team members. Fifty-eight BC Liquor Stores have 60.

Emissions and Offsets Summary

BC Liquor Distribution Branch GHG Emissions and Offsets for 2014 (tCO₂e)

GHG Emissions Created in Calendar Year 2014

Total Emissions	3,376
Total Emissions for Offsets	3,356

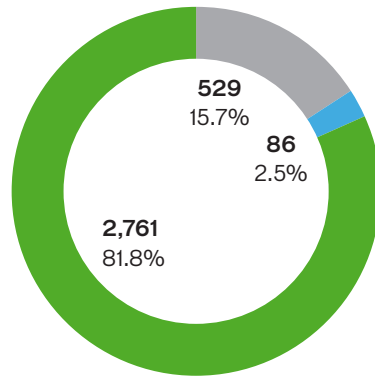
Adjustments to GHG Emissions Reported in Previous Years

Total Emissions	0
Total Emissions for Offsets	0

Total Emissions for Offsets for the 2014 Reporting Year

3,356

BC Liquor Distribution Branch Greenhouse Gas Emissions by Source for the 2014 Calendar Year (tCO₂e*)



Total Emissions: 3,376

- Mobile fuel combustion (fleet and other mobile equipment)
- Stationary fuel combustion (building heating and generators and electricity)
- Supplies (paper)

Offsets Applied to Become Carbon Neutral in 2014:

3,356

TOTAL OFFSETS REQUIRED

\$83,900

TOTAL OFFSET INVESTMENT

20**

EMISSIONS WHICH DO NOT REQUIRE OFFSETS

* Tonnes of carbon dioxide equivalent (tCO₂e) is a standard unit of measure in which all types of greenhouse gases are expressed based on their global warming potential relative to carbon dioxide.

** Under the *Carbon Neutral Government Regulation of the Greenhouse Gas Reduction Targets Act*, all emissions from the sources listed above must be reported. As outlined in the regulation, some emissions do not require offsets.

Actions Taken to Reduce GHG Emissions in 2014

During the 2014 calendar year, the LDB took steps to reduce emissions from all major sources covered by the *Greenhouse Gas Reduction Targets Act* — vehicle fleet fuel use, paper use and the most significant source of emissions: buildings. The LDB's facilities across the province include its Head Office in Vancouver, 196 retail stores, two wholesale outlets and two distribution centres. Some of the LDB's GHG reduction activities from 2014 are highlighted below.

The LDB improved the energy efficiency of its buildings

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. In 2014, the changes outlined below were made.



The LDB designed a new type of light emitting diode (LED) perimeter signage. In remodeled locations, this type of signage replaced less efficient neon signs.



Six renovations and construction projects completed in 2014 used very efficient LED fixtures for general overhead lighting. This new lighting is now standard in the LDB's specifications handbook for building contractors.



In 2013, the LDB specified that air curtains must be installed over sliding front doors in BC Liquor Store locations to create a barrier between indoor and outdoor air and improve the efficiency of heating/cooling systems. Air curtains were installed in 15 existing BC Liquor Store locations in 2014. Three new locations which also opened in 2014 had entryway vestibules installed to create an even more effective barrier between indoor and outdoor air.



The LDB increased the fuel efficiency of its vehicle fleet

- In 2014, the LDB retired two older, less fuel-efficient vehicles from its fleet and replaced them with three hybrid vehicles. Currently, fuel-efficient hybrid vehicles make up 53 per cent of the LDB's vehicle fleet.



The LDB purchased paper from responsible sources and took steps to reduce paper usage

- Ninety per cent of the LDB's office paper used at Head Office and in BC Liquor Stores consists of 100 per cent post-consumer content. Four per cent of office copy paper had 30 per cent post-consumer recycled content. The Kamloops Distribution Centre (KDC) Green Team experimented with paper made from agricultural waste such as sugar cane fibres and wheat straw. Currently, all 8.5 x 11 copy paper purchased by KDC is made from 80 per cent wheat straw.
- In 2014, Vancouver's Wholesale Customer Centre took a number of steps to reduce its paper usage such as the elimination of fax ordering and paper invoices. These initiatives are expected to save over 200 packs of copy paper per year.



THE LDB PRINTS RESPONSIBLY

LDB publications are printed on recycled paper with vegetable-based inks. The LDB's *TASTE* magazine, which is distributed to customers in BC Liquor Stores, is printed on Forest Stewardship Council-certified paper from responsible sources with a mix of 30 per cent recycled content.

In August 2014, the LDB reduced the print run of its in-store Savvy Shopper flyer by 55 per cent eliminating the paper required to print over 32,000 flyers per month.

The LDB's Plans to Continue Reducing Greenhouse Gas Emissions in 2015 – 2017

Over the next three years, the LDB will continue to focus on its primary sources of greenhouse gas emissions and look for opportunities to reduce them further before purchasing carbon offsets. Below are some upcoming projects at the LDB.

The LDB will continue to improve building energy-efficiency

- The LDB will review its specifications book for building contractors and look for additional opportunities to increase the energy-efficiency.
- Major renovations and new store locations will be moving to 100 per cent LED lighting—the most energy-efficient lighting available.
- After more than a year of remote energy-monitoring and an energy study conducted in 2014, the experimental *coldzone* shop-in coolers installed at three BC Liquor Store locations in 2013 will be adjusted and retrofitted to improve energy-efficiency.
- As the LDB introduces a new type of *coldzone* cooler in BC Liquor Stores in 2015, they will be monitored remotely and data collected that will help identify further opportunities to improve efficiency.

The LDB will conserve more paper

- In 2016, the new print/scanning/copying service agreement will be signed and implementation will begin in 2017. As a part of this agreement, print management software will be installed to monitor print usage. As a result, a print management strategy will be introduced at LDB Head Office and will reduce printing through employee awareness programs and operational changes.



In addition to reducing GHG emissions from the sources that fall within the reporting requirements of the *Greenhouse Gas Reduction Targets Act*, the LDB is improving sustainability in other areas – from education and awareness to material conservation and waste reduction. These measures will help BC meet its provincial greenhouse gas reduction targets and improve environmental sustainability across all aspects of the LDB. Below is a list of a few of the broader sustainability initiatives the LDB enacted in 2014 and plans for the next three years.



Sustainability Actions Taken in 2014

The LDB reduced business travel

The LDB introduced video-supported in-store training. This reduced travel costs and associated GHG emissions due to a reduction in employees traveling for training purposes.

The LDB promoted environmental sustainability through education, awareness, and engagement

In 2014, the LDB updated its *Green Team* logo and *Doing our Part Together* environmental brand. By the end of 2014, the green team consisted of 60 'Green Advocates' in 58 Stores and 21 members from LDB's Head Office, two distribution centres, and the Vancouver Wholesale Customer Centre. Below are some initiatives run by the LDB Green Team in 2014.

- The LDB Green Team hosted three 'Lunch and Learns' in 2014 and screened 3 documentary films at Head Office - *The Clean Bin Project*, *Revolution*, and *Wasteland*.
- To celebrate Earth Month in 2014, the Green Team hosted an 'Electronic Waste Week' from April 14-17 at Head Office during which employees brought electronic waste from home. Three and a half pallets of electronic waste were collected and sent to a responsible recycling company.

- In May 2014, the Green Team hosted a Green Commute Week at the LDB Head Office and Vancouver Distribution Centre. Posters featured real LDB employees who bike, carpool, and take public transit to work and events included a carpooling lunch and learn and transit/cycling route information booths.
- Throughout 2014, the Green Team hosted multiple recycling challenge events to prepare and test employees' knowledge of the new recycling program established at the LDB Head Office and Vancouver Distribution Centre.

In 2014, 27 LDB employees participated in Bike to Work Week across the province. Teams formed at 5 BC Liquor Stores and the Head Office Team, the *Spirited Cyclists*, had 16 riders. More than 1,020 kilometers were reported by staff.



The LDB also reaches out to its environmentally-minded customers through promotional material in BC Liquor Stores, articles in the LDB's TASTE magazine, and through liquor festival events. For example:

- The LDB designated April 2014 as 'Earth Month' in BC Liquor Stores. In-store posters described the environmental efforts made by the LDB and the achievements of its customers. Marketing also asked agents and suppliers to share their commitment to the environment with customers. A number of suppliers donated a portion of their revenue to environmental causes. Organic products were also featured during this month.
- April 22, Earth Day, was "free bag day" at BC Liquor Stores. Reusable bags were given away to customers free-of-charge to encourage shopping bag reuse instead of requesting disposable bags with every purchase.



Earth Day is April 22

BC LIQUORSTORES
CELEBRATE LIFE...ENJOY RESPONSIBLY
www.bcliquorstores.com





- The LDB'S signature social responsibility program, *Get Home Safe*, 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 2014 Vancouver International Wine Festival.

The LDB reduced waste by expanding and improving its recycling program

For a number of years, the LDB has had an extensive recycling program in place. By taking responsibility for its own recyclable material and ensuring its trucking network is used efficiently, the majority of recyclable materials generated in BC Liquor Stores are returned to its two distribution centres for consolidation before being sent to recycling facilities. Material generated at Head Office and at the distribution centres is also sent to recycling facilities. Through this program, the LDB recycled 2235 tonnes of cardboard, 131 tonnes of plastic, and 21 tonnes of mixed paper in 2014. The LDB also recycles Styrofoam, metal, wood, used electronics, and building material.



The LDB Recycles

In 2014, the LDB recycled 2388 tonnes of cardboard, plastic, and paper – equivalent to the weight of 12 blue whales

In 2014, to build on the success of this program and improve recycling rates, the LDB Executive approved its multi-year *Waste Reduction and Recycling Strategy* and formed a cross-departmental Waste Reduction Team.

The first phase of the implementation of this strategy was to improve recycling rates at the LDB's Head Office and the Vancouver Distribution Centre. The LDB launched a six-week recycling pilot program at its Head Office. Following the pilot, this program was rolled out to 1,100 employees throughout Head Office and the Vancouver Distribution Centre. In support of this program, several steps were taken including:

- Replacing all non-recyclable take-out containers in the LDB cafeteria with recyclable/compostable containers;
- Removing all garbage cans from cafeterias and kitchen areas and installing 16 four-stream recycling stations throughout the Head Office and Vancouver Distribution Centre buildings;
- Removing desk-side garbage cans and daily janitorial collection and replacing them with desk-side recycle bins (employees are now responsible for sorting their own waste); and
- Removing large garbage cans from all washrooms and putting in green bins to collect paper towels for composting;

As a result of the program, based on a 24-hour waste audit, the percentage of material diverted from the landfill at those two sites increased from an estimated 61 per cent per cent diversion rate to a 79 per cent per cent diversion rate. Head Office, alone, saw an increase from an estimated 30 per cent diversion rate to 82 per cent diversion.

The LDB's Head Office and Vancouver Distribution Centre diversion rates are now reported annually in the LDB's Annual Report. In 2015, the LDB will expand its recycling initiatives to include BC Liquor Store locations and the performance measure will be adjusted to include waste diversion from these locations, as well.

In 2014, the LDB also responsibly recycled the following electronic waste:

- 55 computers and 39 monitors from its Head Office and Vancouver Distribution Centre; and
- 474 workstations from BC Liquor Stores



BC LIQUOR STORE CUSTOMERS DO THEIR PART FOR THE ENVIRONMENT

In 2014, customers returned over 101 million containers to BC Liquor Stores. Over 90% of liquor bottles and cans sold in BC are returned.

The LDB's Sustainability Plans for 2015 – 2017

The LDB is committed to building on its legacy of environmental sustainability. Here are a few examples of the steps the LDB will be taking in coming years to meet its environmental goals.

The LDB will expand its education, awareness and engagement

Below are a few initiatives planned by the Green Team for 2015.



- On Earth Day 2015, the LDB Green Team will raise awareness about the number of single-use coffee cups that are thrown out every year. Members of the LDB Executive Team will distribute reusable mugs to all employees working at the Head Office and Vancouver Distribution Centre and, going forward, a premium will be charged to coffee purchased in disposable cups.
- As a lead-up to *Bike to Work Week* in May 2015, the LDB Green Team will share information about cycling routes and bike tune-up tips.
- After a one-year break to focus on the new waste/recycling program at the Head Office and Distribution Centre, the LDB Green Team will revive the annual *Hibernation Challenge* and tacky sweater competition to raise awareness about energy-saving practices in the workplace.
- To engage customers, April 2015 will again be designated 'Earth Month' in BC Liquor Stores. In-store posters appearing will show customers how the LDB is reducing its environmental footprint. A number of suppliers will be asked to donate a portion of their revenue to environmental causes.
- Organic products will be featured during Earth Month and, by April 2015, BC Liquor Stores will carry more than 80 organic beverage alcohol products.

Other actions to reduce waste

The LDB has a number of other initiatives planned for the next three years which will further reduce waste and improve the organization's environmental performance. Below are a few examples.

- In 2015, the LDB will discontinue the publication of its BC Liquor Store Product Guide and Store Location Guide, saving the paper used to print 83,650 guides annually.
- Head Office will consolidate and negotiate BC Liquor Store waste and recycling contracts to ensure that BC Liquor Stores receive the best price/service and increase the availability of recycling. The LDB will track and report recycling rates through regular audits.
- The LDB will install additional balers at BC Liquor Stores, allowing the LDB to increase the amount of cardboard returned to recycling plants will improve the tracking of cardboard recycled by BC Liquor Stores.
- The LDB will experiment with lighter weight plastic bags which can still hold multiple bottles and cans. Less plastic will cut down on the amount of raw material and energy needed for production and reduce pressure on landfills and recycling infrastructure.





THE LDB BUILDS GREEN

In new and remodeled BC Liquor Stores, paint and glues are non-toxic and flooring and finishes have low chemical emissions.

Introduced in the design of BC Liquor Stores in 2014 is a wall base made from low-emitting, bio-based materials and 15% pre-consumer recycled content. This product will be used in all new stores and major remodels.

CONTACT INFORMATION

To find out more about how the LDB is leading the beverage alcohol industry on implementing sustainability initiatives, visit bcldb.com

If you have any questions or comments, please contact us at: 604 252 3000 or email green@bcldb.com



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