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STAKEHOLDER REPORT

April 2024

This report highlights the work of the BCMB for the period of February 21, 2024, to April 24, 2024

A. 2023 ANNUAL UPDATE REPORT & HANDLING COMMISSION VOLATILITY

In accordance with the Handling Commission By-law, the Data Collection Agent (DCA) provided to the BCMB the 2023 Annual Update Report (AUR) by November 15, 2023. Accordingly, the AUR was provided to all Designated Registered Participants (DRPs) for comment with respect to any errors. The DRPs' review did not result in any changes to the AUR and the BCMB Board does not have the authority to adjust the rates as contained in the Report. As compared to current rates that were applied May 1, 2023, the 2023 AUR represents an 18.6% decrease to the average handling commission. Section 13.5 of the Handling Commission By-law indicates that should the average handling commission currently in effect differ in an amount more than +/- 0.3%, the handling commissions shall be adjusted as per the Annual Update Report.

The DRPs chose to extend the handling commission process for a further and final one-year period before a Handling Commission Review must be commenced by the BCMB Board of Directors in February 2025. The new handling commissions will be effective May 1, 2024, to April 30, 2025 and can be found in the Handling Commission By-law on the BCMB website.

The BCMB recognizes that the 18.6% decrease is a considerable decline as compared to last year's considerable increase of 22.8% to the average handling commission. Upon receiving the last AUR in November of 2023, the BCMB Board recognized that the volatility of handling commissions over the past four years is inconsistent with good regulation and established a committee to investigate the causes of this volatility.

To address the volatility the BCMB Board approved the replacement of the current indices (NAICS 562) to the most recent Albert Consumer Price Index quarterly forecast. The first application of the Albert CPI quarterly forecast has been approved for the November 2024 Annual Update Report. The BCMB would like to thank the Designated Registered Participants for their participation in this process.

B. BCMB DIRECTOR APPOINTMENTS

At the April 24, 2024, Board meeting the Board reappointed Mr. Thomas Dore as Secretary of the Board for the next year. Koren Radford and Loren Falkenberg were appointed as Members and Directors of the BCMB for three-year terms, effective June 19, 2024. Loren Falkenberg replaces Andrew Stephens as a public member and as Chair of the Board and Koren Radford replaces Nick Kissel as the nominee for Alberta Gaming, Liquor and Cannabis (AGLC). Both Mr. Stephens and Mr. Kissel have completed the maximum term of nine years on the BCMB Board of Directors. The BCMB Board and staff would like to thank Mr. Stephens and Mr. Kissel for their extraordinary contributions over the many years they served.

C. 2023 ANNUAL REPORT

At the April 24, 2024, Board meeting the Board approved the 2023 BCMB Annual Report. The Report will be finalized and released to the public at the BCMB's Annual General Meeting on June 19, 2024.

D. NEW PROJECT: SERVICE AGREEMENT COMMITTEE

Upon recommendation from the BCMB Collection System Agent (CSA) Operating Agreement Committee, at the April 24, 2024, Board meeting, the Board commenced a review of the CSA and Alberta Bottle Depot Association (ABDA) Service Agreement and established a Board committee to oversee the process and make recommendation to the BCMB Board.

E. TRANSITION OF ALCOHOL CONTAINERS TO SELF-REGISTRATION WITH BCMB

i. Go-live

Liquor agencies began registering new alcohol containers directly with the BCMB on February 22, 2024. The registrations team has had a busy post transition period as the number of registrations coming in related to alcohol registrations is roughly four times higher than before the transition.

ii. System Integration Issue

Unfortunately, the transition did not occur without hiccups. Shortly after the February go-live, the BCMB and AGLC identified a system integration bug within AGLC's Liquor Agent Portal (LAP) that impacted the parallel registration process between the BCMB system and the AGLC system.

The integration issue was related to the query that AGLC created into BCMB's system that was directed at the incorrect field table and was not identified during AGLC's internal testing. After discussing possible solutions with BCMB's developer and AGLC, AGLC felt that having BCMB's developer (MNP) complete the integration fix was the most likely to succeed and would be quickest to resolve the issue.

The BCMB worked with a third party to solve the integration issue and a solution was rolled out on March 27, 2024. **Liquor agencies are now able to complete the container and product registration processes at the same time as intended**.

The BCMB will be looking to secure a Memorandum of Understanding with the AGLC related to future IT enhancements and controls, identifying key accountabilities and responsibilities.

iii. Post Go-live

Alcoholic registrations have required a significant amount of one-on-one effort with liquor agencies as they become accustomed to registering their containers directly with the BCMB. There have been some learnings for BCMB staff since transitioning to alcohol self-registration with UPC and images being the most common concerns.

1. Lack of container UPCs – containers with no UPCs are more common with alcoholic containers, especially with the small batch import wines. Currently containers with no UPCs must be registered manually by BCMB staff via the system backend which has created significant manual workload for the registrations team. The BCMB is exploring potential solutions with the system developer that would allow the agents to proceed without a UPC to relieve some of this administrative work from the registrations team.

2. Container images – liquor agencies are still getting used to providing container images, which are used by the BCMB to verify the container material and container registration information. Some agents have expressed that they are not able to provide images at the time of container registration submission as

containers are still in production or they simply don't have the product in hand as it's being imported. To work with the agents and ensure timely container registration approval, the team adapted process to allow for a "conditional registration" where the agent has committed to providing the final container images at a later date.

The registrations team have done a fantastic job keeping on top of the alcoholic registrations and providing excellent customer service to the liquor agents since going live – this all while maintaining the rest of the day-to-day workload. The team will continue to work with all registrants and to look for opportunities to improve processes and add efficiencies going forward.

F. STAKEHOLDER INFORMATION MANAGEMENT SYSTEM (SIMS)

i. SIMS Compliance/Depot Update

The compliance and depot portion of the BCMB online management systems went live on January 8, 2024. Since the February Stakeholder Report some bugs and shortcomings have been identified. While these shortcomings are not major, they are impacting the quality-of-service the BCMB and the compliance team are providing the depots.

The BCMB has reengaged with the developer to detail all the shortcomings and develop a statement of work to address those issues and looks forward to prompt and effective solutions.

G. ALBERTA DEPOT APP

The new app was released on Friday, February 16, 2024, and has been in use by depots and the BCMB's retail inspection partner - feedback has been very positive.

H. PROJECT UPDATE: REGISTRATIONS & RECYCLING COMMITTEE

The Registrations & Recycling Committee has continued discussions on by-law amendments, transitioning problematic material streams and a high-level overview of the communications strategy to be developed.

At the April 24, 2024, Board meeting, the Board provided approval in principle to transition problematic material streams out of Alberta's beverage container system to allow management and the Committee to further explore this path and include it in the stakeholder consultation.

I. REFILLABLE WATER CONTAINERS

The BCMB registrations team has been connecting directly with any Canadian Bottled Water Association (CBWA) members that have not completed registration to work with them to complete the registration process by the end of April. Registering the refillable water bottles has required some one-on-one support from the registrations team due to the BCMB's learnings around how to best register these containers in the SIMS registration portal to accommodate future sales, collection, and recycling reporting through the SIMS account.

J.   PROJECT UPDATE: DEPOT SITING REVIEW COMMITTEE

The Board approved the Committee Terms of Reference at the April meeting, and the Committee will continue to actively review the four recommendations brought forward from the stakeholder working group.

K.   SURVEYS

The biennial Survey of Albertans was successfully completed in March of 2024 by Ipsos Reid, and the relevant data has been included in the 2023 Annual Report which will be released at the BCMB's June Annual General Meeting.

Additionally, the Depot Exit Interviews are on track to be completed in Q2 2024, with data to be incorporated into the BCMB's 2025-2027Business Plan which will be developed this fall.

L.   COLLECTION RATE DATA

The following pages contain collection rate data to January 31, 2024. The data shows a rolling 12-month collection rate of 84.2%, which is a 0.82% increase as compared to January 31, 2023. As a rolling 12-month total, container sales as of January 2024 have increased by 0.81% and collection volumes increased by 1.8% (as compared to January 2023).

January 2024: ROLLING COLLECTION RATE SUMMARY

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Container Sales	Jan-23	Jan-24	Difference	Variance
Aluminum Combined	1,238,734,396	1,239,594,656	860,260	0.07%
Plastic Combined	887,217,317	918,114,826	30,897,509	3.48%
Glass Combined	147,822,649	143,896,679	(3,925,970)	-2.66%
Gabletop	86,825,833	87,750,422	924,589	1.06%
Tetra-Brik	132,213,629	135,122,446	2,908,817	2.20%
Bag-in-a-Box	2,022,899	1,892,849	(130,050)	-6.43%
Drink Pouch	21,374,739	14,121,365	(7,253,374)	-33.93%
Bi Metal	3,536,472	2,885,251	(651,221)	-18.41%
Subtotal- Non-Refillable	2,519,747,934	2,543,378,494	23,630,560	0.94%
Refillable Beer	39,233,244	36,213,756	(3,019,488)	-7.70%
Total Containers Sold	**2,558,981,178**	**2,579,592,250**	**20,611,072**	**0.81%**

Redeemed Volumes	Jan-23	Jan-24	Difference	Variance
Aluminum Combined	1,083,738,148	1,094,297,852	10,559,704	0.97%
Plastic Combined	710,811,020	740,498,308	29,687,288	4.18%
Glass Combined	129,060,518	128,255,886	(804,632)	-0.62%
Gabletop	65,446,495	66,369,909	923,414	1.41%
Tetra-Brik	94,371,445	96,129,655	1,758,210	1.86%
Bag-in-a-Box	937,847	962,898	25,051	2.67%
Drink Pouch	9,406,556	8,186,353	(1,220,203)	-12.97%
Bi Metal	2,828,167	2,733,088	(95,079)	-3.36%
Subtotal- Non-Refillable	2,096,600,196	2,137,433,949	40,833,753	1.95%
Refillable Beer	37,727,244	35,328,240	(2,399,004)	-6.36%
Total Containers Redeemed	**2,134,327,440**	**2,172,762,189**	**38,434,749**	**1.80%**

Collection Rates	Jan-23	Jan-24	Difference	Variance
Aluminum Combined	87.5%	88.3%	0.79%	0.90%
Plastic Combined	80.1%	80.7%	0.54%	0.67%
Glass Combined	87.3%	89.1%	1.82%	2.09%
Gabletop	75.4%	75.6%	0.26%	0.34%
Tetra-Brik	71.4%	71.1%	-0.24%	-0.33%
Bag-in-a-Box	46.4%	50.9%	4.51%	9.73%
Drink Pouch	44.0%	58.0%	13.96%	31.73%
Bi Metal	80.0%	94.7%	14.75%	18.45%
Subtotal- Non-Refillable	83.2%	84.0%	0.83%	1.00%
Refillable Beer	96.2%	97.6%	1.39%	1.45%
Total	**83.4%**	**84.2%**	**0.82%**	**0.99%**

Container Sales	Jan-23	Jan-24	Difference	Variance
Aluminum Combined	83,553,004	80,282,717	(3,270,287)	-3.91%
Plastic Combined	67,935,122	65,885,062	(2,050,060)	-3.02%
Glass Combined	9,436,827	9,116,177	(320,650)	-3.40%
GableTop	6,935,124	11,299,166	4,364,042	62.93%
Tetra-Brik	11,677,313	7,221,324	(4,455,989)	-38.16%
Bag-in-a-Box	138,694	134,788	(3,906)	-2.82%
Drink Pouch	1,750,182	1,105,293	(644,889)	-36.85%
Bi Metal	246,875	308,956	62,081	25.15%
Subtotal- Non-Refillable	181,673,141	175,353,483	(6,319,658)	-3.48%
Refillable Beer	2,969,629	2,812,260	(157,369)	-5.30%
Total Containers Sold	184,642,770	178,165,743	(6,477,027)	-3.64%

Redeemed Volumes	Jan-23	Jan-24	Difference	Variance
Aluminum Combined	88,563,303	76,541,067	(12,022,236)	-14.39%
Plastic Combined	55,943,998	49,363,238	(6,580,760)	-9.69%
Glass Combined	11,293,663	9,789,733	(1,503,930)	-15.94%
Gable Top	5,962,379	5,110,268	(852,111)	-12.29%
Tetra-Brik	7,781,333	6,811,973	(969,360)	-8.30%
Bag-in-a-Box	86,860	71,663	(15,197)	-10.96%
Drink Pouch	742,867	446,934	(295,933)	-16.91%
Bi Metal	251,838	220,214	(31,624)	-12.81%
Subtotal- Non-Refillable	170,626,241	148,355,090	(22,271,151)	-13.05%
Refillable Beer	3,056,784	2,487,804	(568,980)	-18.61%
Total Containers Redeemed	173,683,025	150,842,894	(22,840,131)	-13.15%

Collection Rates	Jan-23	Jan-24	Difference	Variance
Aluminum Combined	106.0%	95.3%	-10.66%	-10.05%
Plastic Combined	82.3%	74.9%	-7.43%	-9.02%
Glass Combined	119.7%	107.4%	-12.29%	-10.27%
Gable Top	86.0%	45.2%	-40.75%	-47.39%
Tetra-Brik	66.6%	94.3%	27.70%	41.56%
Bag-in-a-Bag	62.6%	53.2%	-9.46%	-15.11%
Drink Pouch	42.4%	40.4%	-2.01%	-4.73%
Bi Metal	102.0%	71.3%	-30.73%	-30.13%
Subtotal- Non-Refillable	93.9%	84.6%	-9.32%	-9.92%
Refillable Beer	102.9%	88.5%	-14.47%	-14.06%
Total	94.1%	84.7%	-9.40%	-9.99%