

Carbon Neutral Action Report

2018



Message from the President and CEO

As the Crown corporation entrusted to conduct and manage gambling for the benefit of British Columbians, how we operate our business is as important as the results we achieve. It's about more than generating gambling revenue; it's about generating that revenue in a responsible way.

This has been a significant year for our organization. In June 2018, the Government of B.C. released Dr. Peter German's review of B.C.'s anti-money laundering policies and practices in Lower Mainland casinos. We are actively working with the Province and others in the system, such as our regulators and law enforcement, to address the recommendations made by Dr. German. We are mandated by the Province to manage the commercial gambling business and are committed to protecting our industry and restoring the trust of the people of B.C.

This year we evolved our player health strategy, which helps guide how we operate and the decisions we make as a business. In addition to continuing to provide information to players so they can make informed decisions, the strategy focuses on proactive measures to make it easier for players to adopt safe play practices, evolve the way products are designed and delivered and to assist players to seek help when needed.

As a public sector organization, we have an obligation to lead the way and help reduce the impact of climate change. Every year we strive to achieve carbon neutrality through the purchase of carbon offsets to help fund projects that

reduce greenhouse gas (GHG) emissions. We are also aligned with the commitments the Province of B.C. has made in its CleanBC plan, to help us achieve a cleaner future together. In accordance with the future plans of CleanBC, we are prepared to take action and make further progress to reducing climate-related risks.

I am excited about the year ahead and the potential to do better under the guidance of a new corporate strategy. Embedding sustainability into how we operate will always be a continual process. While we continue to learn and make strides in this regard, I'm proud of our efforts and results from this past year.

A handwritten signature in black ink, appearing to read 'Jim Lightbody'.

Jim Lightbody
President and CEO

This Carbon Neutral Action Report, for the period January 1st, 2018 to December 31st, 2018, summarizes our emissions profile, the total offsets to reach net-zero emissions, the actions we have taken in 2018 to reduce our greenhouse gas emissions and our plans to continue reducing emissions in 2019 and beyond.

By June 30, 2019 BCLC's final Carbon Neutral Action Report will be posted to our website at www.bclc.com.

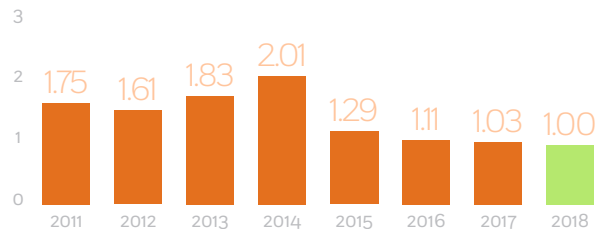
Overview

BCLC remains committed to supporting the Government of British Columbia's new climate plan, as outlined in the BCLC Mandate Letter from Attorney General David Eby, dated December 12, 2018. The BCLC goal is to augment this program and service objectives through economic growth powered by clean, renewable energy where possible and by supporting technological innovation. To this end, BCLC is looking to maximize efficiencies in workspaces, increasing the digitalization of documents and processes, leveraging video conferencing technology to reduce travel and by engaging vendors (food services and print services) to support better waste management and reduced office product consumption. BCLC also continues to look for ways to encourage its employees to pursue sustainable practices. Lastly, BCLC continues to engage with external advisors in reviewing and validating the organization's environmental performance on a yearly basis.

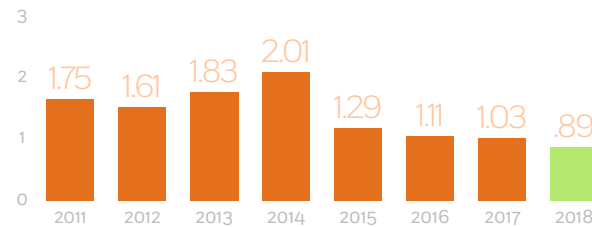


We will be purchasing 905 tonnes CO₂e of offset credits to fully offset emissions produced by BCLC in 2018. Two and a half tonnes of our carbon footprint is deemed biogenic and part of the natural carbon cycle, thus it is not accounted for offset credits.

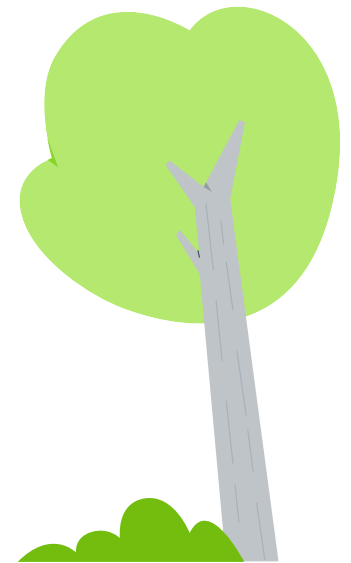
BCLC's overall emissions decreased by six per cent in 2018, bringing the GHGs per Employee (tCO₂e) down from 1.03 in 2017 to 0.89. While BCLC initiatives and projects played a significant role in bringing emissions down in 2018, the main contributing factor was lower consumption of natural gas for heating associated with a shorter and warmer winter.

ANNUAL GHG EMISSIONS (CO₂E TONNES)

Note: December 2010 to June 2011 BCLC was still responsible for vacated floor space in Richmond.

GHGS PER EMPLOYEE (CO₂E TONNES)

Note: December 2010 to June 2011 BCLC was still responsible for vacated floor space in Richmond.



2018 REPORTABLE GHG EMISSIONS

Emissions Source	2017	2018	% Change
Natural Gas	758	711	6%
Electricity	79	77	3%
Fleet Gas	74	72	3%
Office Paper	24	24	-%
Diesel Generators (back-up)	8	8	-%
Fugitive Sources	21	15	29%
Total Declared Emissions	965	907	6%

(All values are in tonnes carbon dioxide equivalent - tCO₂e)

SUMMARY OF ACTIVITY DATA

Year	2011	2012	2013	2014	2015	2016	2017	2018
Natural Gas (GJ)	16,263	15,533	16,240	16,901	15,092	13,260	15,205	14,248
Electricity (GJ)	31,784	33,576	33,783	32,889	32,522	28,712	26,209	25,827
Fleet Gas (L)	175,518	149,208	160,979	121,027	14,017	21,030	30,388	29,361
Office Paper (PKG)	6,999	4,952	5,973	6,133	4,616	3,740	3,328	3,548

Our Carbon Neutral Action Report (CNAR) is a required submission for the Government of British Columbia under the Greenhouse Gas Reduction Targets Act. More information can be found on the B.C. Climate Action Secretariat's website.

Electricity Consumption at Kamloops Data Centre

In recent years, including 2018, BCLC has achieved a steady decrease in consumption of electricity in our Kamloops data centre and we anticipate this trend to continue in the years to come. This represents a significant achievement for BCLC from a sustainability point of view, given that the data centre accounts for a large portion of our total electricity consumption in Kamloops.

This decrease in consumption is due to three main trends:

1. Replacement (or “ever-greening”) of legacy data centre servers, storage and network: Replacing legacy equipment with alternatives that are more efficient and denser in storage, typically in a four to five-year cycle. This results in fewer physical devices to achieve the same or better performance. Of all the trends, the ever-greening process has the highest impact on the decrease in data centre power consumption.
2. Virtualization: Having a single server perform multiple processes requires servers and also less power and cooling.
3. Cloud migration: Strategically utilizing cloud based applications that do not require in-house server equipment. Within the next few years there are plans to migrate thousands of non-production processes to the cloud, which could result in a dramatic decrease in data centre power consumption.

Additionally, a decrease in data centre server loads results in reduced cooling demands. Because of this decrease, the server room can now be serviced by four of our six data centre cooling units. The two standby units rotate in and out

cooling rotation on a weekly basis. Five years ago, all cooling units needed to be online and constantly cooling the data centre.

¹Shred-it is a document destruction company that provides paper shredding and recycling services of their customers' confidential information. Shred-it's shredding and recycling program provides certification to program participants of the number of trees (based on metric tonnes) that are saved from destruction by using Shred-it's services.

²The digitizing of records involves copying existing physical records to digital form, or eliminating paper records in favour of “born digital” records

Office Paper

Through our participation in the Shred-it shredding and recycling program we saved 1,941 trees from destruction in 2018 (equivalent to 103 metric tons) and diverted 262 cubic meters of landfill.

As part of our ongoing efforts to reduce consumption of office paper, we are currently engaged with Ricoh on a multi-function product (MFP) refresh that includes a feature which enables print jobs to be held in a queue until released by the sender while at the printer. With this feature, we expect to be able to eliminate print jobs that are sent to the printer and never picked up.

Since 2016, we have reduced by 4% the number of boxes of BCLC paper records held in offsite storage, mainly as the result of increased destruction activities when records reach end of life. Looking forward, we expect to see a continued decrease in both offsite storage and overall paper consumption as the result of ongoing efforts to digitize a greater share of BCLC records. For example, BCLC has a Records Management program that will be initiating an internal training and awareness campaign for the 2019/20



fiscal year centered on new legislative requirements to digitize records which we expect to come into force by September 2019. Although the primary goals of digitizing records are not to eliminate or reduce paper, BCLC does expect a reduction in paper consumption as a logical outcome of converting to digitized records over time.

Our Business Centre remains committed to working with all areas of the business on reducing the amount of paper consumption both now and in the years ahead.

Converting to LED light fixtures

In 2018, we continued with an initiative from the previous year that aims to gradually reduce electricity demand in the Vancouver office for lighting by replacing lights with halide LEDs, on an as-needed basis. In 2018, the Vancouver office replaced five 400 W metal halides with 28 W Natural T5 LED fixtures. The new LEDs are approximately 1/4 of the wattage of the original lights.

Green Initiatives

In 2018, BCLC conducted several employee-led initiatives and projects aligned to its efforts of being more energy efficient and reducing its corporate greenhouse gas (GHG) emissions.

Strengthening communities through recycling

For several years now, a Kamloops based employee has demonstrated what it means to make BCLC a more sustainable workplace. Of her own accord, Mary S. has been taking all the refundable containers like pop cans, juice boxes and water bottles across the entire Kamloops office and bringing them to one of the local recycling depots for

proper sorting. The money from the return is then donated to a local charitable organization. In the past year, Mary has collected over 11,000 recyclable items and donated \$600 to the Kamloops Sexual Assault Centre.

Skype for Business

In 2018, we launched our Skype for Business project, which forms part of a long-term road map to provide an improved collaboration toolkit for our employees. This will support our employees in the field, employees who may choose to work from home, and employees and vendors in different offices who may now choose to use these new tools instead of traveling to meet face to face. As we continue with our collaboration roadmap, we anticipate that the ability to collaborate through technology will improve and therefore the need to travel in certain scenarios will decrease.

Single Use Coffee Cup Challenge

In 2018, our Green Committee organized a two week Single Use Coffee Cup Challenge to help reduce the amount of single use plastics that end up as litter on city streets, parks and other public spaces. Employees who participated received a reusable Starbucks cup that they were encouraged to use if they bought coffee at Starbucks during the two week challenge. When it concluded, participants were asked to provide feedback to the Green Committee, including how many times they used their reusable cup and ideas on how to make it more convenient at work and at home to use a reusable cup when going to a coffee shop.

Green4Good

BCLC works with Green4Good to help address IT asset disposition challenges. Through this program, we are able to promote second life for our technology, maintain data security and help generate funds for donation to charities. In 2018/19, BCLC has responsibly and securely disposed of

over 2,400 IT assets, which is equivalent to 41,629 pounds. To date, over \$2,300 has been donated to local charities and 23 BCLC desktops have been diverted from Green4Good to Enactus Canada for the work they do to harness the energy, ideas and passion of Canada’s best and brightest who see business as a way to address social issues. From our participation in the program, we have obtained 620 carbon credits and we will explore ways to use those credits in an effort to gain carbon neutrality and help us further reduce our carbon footprint and climate impact.

Recycling Stewardship Initiative

We are a steward of two provincial programs that help us meet our obligations for B.C.’s Recycling Regulation —Electronic Products Recycling Association (EPRA) and Recycle BC. In 2018, we recycled 269 tonnes of electronic equipment through the EPRA program, including slot machine parts, computers and lottery equipment.

As a registered B.C. Environmental Product Steward, we report to Recycle B.C. on the amount of paper sold as lottery and Scratch & Win tickets in addition to other paper and packaging materials used by our business. Fees that we pay on these amounts help fund downstream waste management and recycling programs. In 2018, we reported more than 734 tonnes of paper and packaging material. We observed an overall increase of nine per cent in sales during the reporting period. The table below provides a summary:

MATERIALS (TONNES)		
Year	2017	2018
Lottery ticket paper	261.6	290.3
Instant tickets (Scratch & Win, Pull Tabs)	314.5	295.9
Other Paper and Materials Packaging	95.2	148.0
Grand Total	671.3	734.2



Response to Increase in Wildfire Risk

As a result of the apparent increase in exposure to wildfires and related impacts, BCLC has taken the following steps to make the organization more resilient in the face of such events:

- We have purchased portable carbon air scrubbers to deploy during smoky periods.
- We have bolstered our Business Continuity Plans for the Kamloops Head Office, Casinos and our BCLC staff housed therein.

Environmental Remediation Update

In 2017 we reported that we had purchased land adjacent to our head office in Kamloops for a potential future development. These lands were previously contaminated. BCLC continues to work with environmental consultant Hemmera Envirochem and the Ministry of the Environment to provide for the ongoing testing and analysis of the known contaminants on the BCLC acquired properties. This will ultimately lead to a long-term plan of test well monitoring to ensure that contaminant levels remain within expected parameters.

During 2018, on behalf of BCLC, Hemmera saw to the removal of two underground petroleum storage tanks (UPS) and the contaminated soils that surrounded them. Their removal will help expedite the recovery of the soils in the area.

Emissions and Offset Summary Table

BCLC'S GHG EMISSIONS AND OFFSET FOR 2018 (tCO₂e)

GHG Emissions created in Calendar Year 2018

Total Emissions (tCO ₂ e)	758
Total BioCO ₂	79
Total Offsets (tCO ₂ e)	74

Adjustments to GHG Emissions Reported in Prior Years

Total Emissions (tCO ₂ e)	0
Total Offsets (tCO ₂ e)	0

Grand Total Offsets for the 2018 Reporting Year

Grand Total Offsets Required (tCO ₂ e)	905
Total Offset Investment	\$22,625

Retirement of Offsets

In accordance with the requirements of the Greenhouse Gas Reduction Targets Act and Carbon Neutral Government Regulation, BCLC is responsible for arranging for the retirement of the offsets obligation reported above for the 2018 calendar year, together with any adjustments reported for past calendar years. The Organization hereby agrees that, in exchange for the Ministry of Environment and Climate Change Strategy 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.

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