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## **INDEPENDENT ASSURANCE REPORT TO BC BREWERS RECYCLED CONTAINER COLLECTION COUNCIL**

To the Directors of BC Brewers Recycled Container Collection Council

### ***Assurance level and subject matter***

We have been engaged by BC Brewers Recycled Container Collection Council (“BRCCC”) and the management of Brewers Distributor Limited (“BDL”) (collectively “Management”) to undertake a reasonable assurance engagement in respect of the following disclosures in BRCCC’s Annual Report to the Director, for the 2019 calendar year (together the “Subject Matter”):

- Section 4 (Table 1 and Table 2) *Collection System and Facilities* – the location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of BC Regulation 449/2004 (the Recycling Regulation);
- Section 6 (Table 3) *Pollution Prevention Hierarchy and Product/Component Management* – the Company’s description of how the recovered product was managed in accordance with the pollution prevention hierarchy under Section 8(2)(d) of the Recycling Regulation;
- Section 7 (Table 5a and Table 5b) *Product Sold and Collected and Recovery Rate* – the total amounts of product sold and collected and recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation;
- Section 8 (2019 Performance) *Plan Performance* – the Company’s description of performance for the year in relation to targets under Section 8(2)(g) of the Recycling Regulation that are associated with Section 8(2)(b), (d) and (e); and,
- Section 7 (Table 7) BRCCC Deposit Summary – Deposits received and refunds paid of cans, industry standard bottles (ISB) and non-ISB.

### ***Responsibilities***

Management is responsible for the preparation and presentation of the Subject Matter that is free of material misstatement and is in accordance with the evaluation criteria.

Management is also responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported Subject Matter is derived, for preventing and detecting fraud and for identifying and ensuring that BRCCC complies with laws and regulations applicable to its activities.



## ***Our responsibility and professional requirements***

Our responsibility is to express a reasonable assurance opinion on the Subject Matter information based on the evidence we have obtained. Our opinion does not constitute a legal determination on BRCCC's compliance with the Recycling Regulation.

*We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, published by the International Federation of Accountants.*

*We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.*

The firm applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## ***Applicable criteria***

Management is responsible for determining the appropriateness of the evaluation criteria. The evaluation criteria presented in Appendix 1 are an integral part of the Subject Matter and address the relevance, completeness, reliability, neutrality and understandability of the Subject Matter.

## ***Summary of work performed***

ISAE 3000 requires that we plan and perform this engagement to obtain reasonable assurance about whether the subject matter information is free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with ISAE 3000 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report.

The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the subject matter information.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Inherent Limitations***

Non-financial information, such as that included in the Report, is subject to more inherent limitations than financial information, given the characteristics of significant elements of the subject matter and the availability and relative precision of methods used for determining both qualitative and quantitative information. The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable, measurement techniques which can result in materially different



measurements and can impact comparability. The nature and methods used to determine such information, as described in management's internally developed criteria, may change over time. It is important to read the applicable criteria in Appendix 1.

### ***Opinion***

In our opinion, the Subject Matter within the BDL Annual Report for the year ended December 31, 2019 presents fairly in accordance with the evaluation criteria, in all material respects:

- Location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation;
- the description of how the recovered product was managed in accordance with the pollution prevention hierarchy under Section 8(2)(d) of the Recycling Regulation;
- the total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation;
- the performance for the year in relation to targets under Section 8(2)(g) of the Recycling Regulation that are related to Section 8(2)(b), (d) and (e); and,
- the total amount of deposits received and refunds paid on cans, ISB and non-ISB.

### ***Emphasis of matter***

Without qualifying our opinion we draw attention to the following sections in the Annual Report which are critical to an understanding of the disclosures related to treatment of recovered containers in 2019:

- As disclosed in Section 6 (Table 3) in the Annual Report, 99% of refillable bottles were sent to brewers for reuse. We note that the actual rate of reuse by brewers is not reported to BDL and was not within the scope of our audit.
- As discussed in Section 4 the secondary packaging recovered of 3,049 tonnes reported in Section 7 (Table 5(b)) includes 1,208 tonnes of cardboard material purchased from Recycle BCs recovery network and other recyclers. This tonnage is a subset of the total tonnage of secondary packaging processed by Recycle BC and other recyclers.

Toronto, Canada  
June 16, 2020



## APPENDIX 1 TO THE AUDITOR'S REPORT

### EVALUATION CRITERIA

#### COLLECTION FACILITIES

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Annual Report Reference</b>
Total Contracted Collection Facilities – 183 locations	<b>4. Collection System and Facilities</b> table 2 on Page 7
Location of contracted collection facilities – by region	<b>4. Collection System and Facilities</b> table 2 on Page 7
Change in the number and locations of contracted collection facilities in 2019 – Comparison between 2019 and 2018	<b>4. Collection System and Facilities</b> table 2 on Page 7

The following evaluation criteria were applied to the assessment of the location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation:

1. Total number of contracted collection facilities includes Licensee Retail Stores, Government Liquor Stores and BDL authorized depots and their satellites that BDL has a contractual relationship with.
2. Collection facilities are divided into 28 regional districts in BC based on the address in BDL's J.D. Edwards system. Addresses of the facilities per BDL are reconciled with those provided by Liquor Distribution Branch (LDB) where applicable at a regional district level.

Changes in the number and location of collection facilities are calculated based on comparison to the previous year's list by regional district.



**PRODUCT SOLD AND COLLECTED**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Annual Report Reference</b>
BRCCC Container Sales 2019 (dozens): ISB – 2,431,826 Non-ISB – 1,436,144 Total Refillables – 3,867,970 Cans – 55,210,900 BRCCC Container Recovery 2019 (dozens): ISB – 2,476,963 Non-ISB – 1,240,990 Total Refillables – 3,717,953 Cans – 49,900,119 BRCCC Container Recovery Rates 2019: ISB – 101.86% Non-ISB – 86.41% Total Refillables – 96.12% Cans – 90.38%	<b>7. Product Sold and Collected and Recovery Rate</b> Table 5a on Page 11
Secondary Packaging 2019: Tonnes Generated – 3,893 Recovered – 3,049 Recovery Rate 2019: 78.32%	<b>7. Product Sold and Collected and Recovery Rate</b> Table 5b on Page 11

The following evaluation criteria were applied to the assessment of the description of how total amounts of the producer’s product sold and collected, the tonnes of secondary packaging generated and recovered and the recovery rates has been calculated in accordance with Section 8(2)(e):

1. Product sold: The total number of bottles or cans sold is based on the sales



figures received from the LDB

2. Product collected - bottles:

- The total number of bottle returns (product collected) is calculated as follows: Closing inventory balance - Opening inventory balance + Returns to brewers during the calendar year.
- The quantity of bottles returned to brewers from BDL warehouses is based on records in the J.D. Edwards system.
- Opening and closing inventory balances at BDL warehouses are based on year-end physical counts as recorded in the J.D. Edwards system.

3. Product collected- cans: Total number of can returns is based on the total recorded in the J.D. Edwards system during the calendar year.

4. Secondary Packaging - The tonnes generated is based on information provided by the brewers.

5. Secondary Packaging - The tonnes recovered is based on:

- The amount of acquired material from Recycle BC and other recyclers.
- The amount of secondary packaging that the LDB report has recovered; this is determined based on the rate of beer packaging material as a percentage of total packaging material recovered by LDB.
- The amount of secondary packaging the brewers report as recovered.

**Management of Recovered Product**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Annual Report Reference</b>
Aluminum cans: <ul style="list-style-type: none"> <li>• 100% processed for material recovery</li> </ul> Refillable glass bottles: <ul style="list-style-type: none"> <li>• 1% of material shipped, sent directly to a glass recycler for recycling by BDL</li> <li>• 99% of material shipped, sent to brewers for reuse</li> </ul>	<b>7. Pollution Prevention Hierarchy and Product/Component Management</b> Table 3 on Page 9

The following evaluation criteria were applied to the assessment of the description of the recovered product was managed in accordance with the pollution prevention hierarchy under Section 8(2)(d) of the Recycling Regulation:

1. Aluminum cans



The total weight of cans received by the aluminum recycler is based on the aluminum recycler’s confirmation of each shipment by BDL during calendar year 2019. Total weight confirmed by the aluminum recycler is reconciled with total weight shipped by BDL. End fate of aluminum cans is based on qualitative end fate data reported by the aluminum recycler to BDL.

2. Refillable bottles sent directly from BDL for recycling

The quantity of bottles/glass sent by BDL to the glass recycler for recycling is determined based on J.D.Edwards system data on empty shipments to the glass recycler with the description “ditched bottles”.

The % sent directly from BDL for recycling is calculated as: the quantity of bottles/glass sent to the glass recycler during the reporting year (equivalent of dozens) divided by the total quantity of bottles/glass sent to the glass recycler and bottles sent to brewers during the reporting year (equivalent of dozens).

3. Refillable bottles sent to brewers:

The quantity of bottles sent to brewers for reuse is determined based on J.D.Edwards system data on empty shipments to brewers.

The % sent to brewers is calculated as: the quantity of bottles sent to brewers during the reporting year (equivalent of dozens) divided by the total quantity of ditched bottles/glass sent to the glass recycler and bottles sent to brewers during the reporting year (equivalent of dozens)

Following the instruction in Waste Prevention Branch’s email to Stewards on February 18, 2016: *“Reuse” of a product as it was originally intended (e.g. bottles) does not need to be assured beyond when the product is shipped from the program if evidence is provided that demonstrates the intent is reuse (e.g. the auditor will not need to confirm the actual reuse of the individual product).*

**TARGETS**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Annual Report Reference</b>
Recovery Targets (Containers): 2019 Assertion – Targets partially achieved: 101.86% return rate for refillable industry standard bottles (ISB) 86.41% return rate for refillable proprietary glass bottles 90.38% return rate for aluminum cans 90.76% return rate overall	<b>8. Plan Performance</b> on Page 14



<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Annual Report Reference</b>
Recovery Targets (Secondary Packaging): 2019 Assertion – Target achieved 78.32% recovery/collection rate attained for secondary packaging	<b>8. Plan Performance</b> on Page 14
Accessibility Targets (Containers): 2019 Assertion – Targets not achieved: 112 private licensee retail stores 71 depots 26 of 28 regional districts with at least 1 contracted return location	<b>8. Plan Performance</b> on Page 14
Accessibility Targets (Secondary Packaging): 2019 Assertion – Targets not achieved: 1,140 total return locations in the BRCCC network Materials received from Recycle BC are collected through the Recycle BC network which includes additional collection locations not included in the 1,140 reported in the BRCCC network	<b>8. Plan Performance</b> on Page 14
Pollution Prevention Hierarchy/Product Life Cycle Targets: 2019 Assertion – Targets achieved: Aluminum: 100% Processed for metal recovery Refillable Glass Bottles: 99% of material shipped, sent to brewers for reuse (100% of which were intended to be refilled) 1% of material shipped, sent directly to a glass recycler for recycling by BDL Secondary Packaging: 100% of material reported as collected, sent to a recycler for recycling	<b>8. Plan Performance</b> on Page 14

The following evaluation criteria were applied to the assessment of the description of performance for the year in relation to targets in the approved stewardship plan under Section 8(2)(b), (d) and (e) of the Recycling Regulation.





1. Recovery Targets: Recovery rate of 87.5% overall and for each container type  
 Recovery rate is calculated as follows: container returned during the period ÷ container sold during the period. The description of progress against targets to date is supported by records of progress maintained by the Company.
2. Recovery Targets: Secondary packaging 75% of secondary packaging material
3. Accessibility Targets (Containers): 385 unlimited return locations (305 Licensee Retail Stores (LRS), 80 depots) and at least 1 unlimited return location in each regional district  
 Unlimited Collection Partners are those locations active as of Dec 31 that have a contractual relationship with BDL to collect unlimited containers from customers, and refund customers the full amount of the deposit per bottle or can. The description of progress against targets to date is supported by records of progress maintained by the Company.  
 Regional district is allocated based on address of the collection facility.
4. Accessibility Targets (Secondary Packaging): 1,152 total authorized return locations to which consumers can make returns.
5. Pollution Prevention Hierarchy/Product Life Cycle Targets: 100% of collected materials for re-use or to recycling commodity markets

The percentage of material components recycled, landfilled or safely destroyed as presented in the Annual Report is estimated based on general representations from third party processors.

**DEPOSIT RECEIVED AND REFUNDS PAID OF CANS**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Reference</b>



Deposits Received: Cans - \$68,134,561 ISB - \$3,088,067 Non-ISB Refillable Bottles - \$1,799,309 Refunds Paid: Cans - \$59,923,035 ISB - \$2,985,565 Non-ISB Refillable Bottles - \$1,489,188	<b>7. Product Sold and Collected and Recovery Rate</b> Table 7 on Page 13
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The following evaluation criteria were applied to the assessment of the description of total amount of deposits received and refunds paid of cans, ISB and non-ISB as required under Section 8(2)(f)(i):

1. The deposits received are based on funds received from LDB by BRCCC during the period from January 1, 2019 to December 31, 2019 recorded in the general ledger of BRCCC.
2. The refunds paid are based on payments to collection facilities during the period from January 1, 2019 to December 31, 2019 recorded in the general ledger of BDL.