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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”) to undertake a reasonable assurance engagement in respect of the following disclosures in BRCCC’s Annual Report to the Director, for the 2023 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 (2023 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.

Management Responsibility

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

Management is responsible for determining the appropriateness of the use of the applicable criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error.



Practitioner's Responsibilities

Our responsibility is to express a reasonable assurance opinion on the Subject Matter information based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000 , Attestation *Engagements other than Audits or Reviews of Historical Financial Information*. This standard 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 this standard 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.

Practitioner's Independence and Quality

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 Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies or 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.



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 information of BC Brewers Recycled Container Collection Council for the period ended December 31, 2023 is prepared, in all material respects, in accordance with the applicable criteria:

- 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 2023:

- 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 of the Annual Report, the 2,882 tonnes of secondary packaging recovered per Table 5(b) in Section 7 includes the reporting rights to 2,350 tonnes of mixed cardboard material purchased from Recycle BCs recovery network and other recyclers. BRCCC purchases these reporting rights to reflect the recycling obligation for packaging material that is not returned with containers and instead flows through the cardboard recycling networks of Recycle BC and other recyclers.



Specific Purpose of Subject Matter Information

The subject matter information has been evaluated and measured against the applicable criteria. As a result, the subject matter information may not be suitable for another purpose.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 18, 2024



APPENDIX 1 TO THE AUDITOR'S REPORT

EVALUATION CRITERIA

COLLECTION FACILITIES

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Annual Report Reference
Total collection facilities- 1,182 locations	4. Collection System and Facilities table 1 (part 2) on Page 7
Total contracted collection facilities – 163 locations	4. Collection System and Facilities table 2 on Page 8
Location of collection and contracted collection facilities -- by region	4. Collection System and Facilities table 2 on Page 8
Change in the number and locations of collection and contracted collection facilities in 2023 -- Comparison between 2023 and 2022	4. Collection System and Facilities table 2 on Page 8

Applicable Definitions

Collection facility: Any facility that collects containers from customers for recycling, whether or not it accepts unlimited returns.

Contracted collection facility: Contracted collection facilities are unlimited collection partners 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. Contracted collection facilities include Licensee Retail Stores and BDL authorized depots and their satellites that BDL has a contractual relationship with.

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. The number of collection facilities is based on the number of facilities in BDL's SAP system. The number of contracted collection facilities are based on the presence of an unlimited return contract
2. Total collection and contracted collection facilities are divided into 28 regional districts in BC based on the address in BDL's SAP 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 both collection and contracted collection facilities are calculated based on comparison to the previous year's list by regional district.

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Annual Report Reference
<u>BRCCC Container Sales 2023 (dozens):</u> ISB – 1,183,639 Non-ISB – 842,668 <i>Total Refillables – 2,026,307</i> <i>Cans – 58,702,650</i>	7. Product Sold and Collected and Recovery Rate Table 5a on Page 12
<u>BRCCC Container Recovery 2023 (dozens):</u> ISB – 1,225,853 Non-ISB – 707,296 <i>Total Refillable – 1,933,149</i> <i>Cans – 53,734,737</i>	
<u>BRCCC Container Recovery Rates 2023:</u> ISB – 103.57 % Non-ISB – 83.94 % <i>Total Refillables – 95.40 %</i> <i>Cans – 91.54 %</i>	



<p>Secondary Packaging 2023: Tonnes</p> <p>Generated – 3,833</p> <p>Recovered – 2,882</p> <p>Recovery Rate 2023: 75.19%</p>	<p>7. Product Sold and Collected and Recovery Rate Table 5b on Page 14</p>
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PRODUCT SOLD AND COLLECTED

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 bottles collected is based on the deposits paid figure received from the SAP system.
3. Product collected - cans: Total number of can returns is based on the total recorded in the SAP system.
4. Container recovery rates: Total number of containers returned during the period ÷ containers sold during the period for each container type.
5. Secondary Packaging - The tonnes generated is based on information provided by the brewers.
6. 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.
 - The amount of material recycled from BDL’s Port Coquitlam distribution centre.
7. Secondary packaging recovery rate: Secondary packaging recovered during the period divided by secondary packaging generated during the period.

Management of Recovered Product

<p>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</p>
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Disclosure per annual report	Annual Report Reference
<p>Aluminum cans:</p> <ul style="list-style-type: none"> • 100% processed for metal recovery <p>Refillable glass bottles:</p> <ul style="list-style-type: none"> • 1 % of material shipped, sent directly to a glass recycler for recycling by BDL • 99 % of material shipped, sent to brewers for reuse 	<p>7. Pollution Prevention Hierarchy and Product/Component Management Table 3 on Page 10</p>

The following evaluation criteria were applied to the assessment of 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:

1. Aluminum cans

The total weight of cans received by the aluminium recycler is based on the aluminium recycler’s confirmation of each shipment by BDL during calendar year 2023. Total weight confirmed by the aluminium recycler is reconciled with total weight shipped by BDL. End fate of aluminum cans is based on qualitative end fate data reported by the aluminium recycler to BDL.

2. Refillable bottles sent directly from BDL for recycling

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

The percentage 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). End fate of glass is based on qualitative end fate data reported by the glass recycler to BDL.

3. Refillable bottles sent to brewers:

The quantity of bottles sent to brewers for reuse is determined based on the SAP system data on the deposits paid figure.

The percentage 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 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

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Annual Report Reference
Recovery Targets (Containers): 2023 Assertion – Targets partially achieved: <ul style="list-style-type: none"> • 103.57 % return rate for refillable industry standard bottles (ISB) • 83.94 % return rate for refillable proprietary glass bottles • 91.54 % return rate for aluminum cans • 91.67% return rate overall 	8. Plan Performance on Page 15
Recovery Targets (Secondary Packaging): 2023 Assertion – Target achieved <ul style="list-style-type: none"> • 75.19 % recovery/collection rate attained for secondary packaging 	8. Plan Performance on Page 15
Accessibility Targets (Containers): 2023 Assertion – Targets partially achieved: <ul style="list-style-type: none"> • 79 private licensee retail stores • 84 depots 	8. Plan Performance on Page 15



Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Annual Report Reference
<p>Accessibility Targets (Secondary Packaging):</p> <p>2023 Assertion – Targets achieved:</p> <ul style="list-style-type: none"> • 1,182 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 1,182 reported in the BRCCC network 	<p>8. Plan Performance on Page 15</p>
<p>Pollution Prevention Hierarchy/Product Life Cycle Targets:</p> <p>2023 Assertion – Targets achieved:</p> <ul style="list-style-type: none"> • Aluminum: 100% Processed for metal recovery <p>Refillable Glass Bottles:</p> <ul style="list-style-type: none"> • 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 <p>Secondary Packaging:</p> <ul style="list-style-type: none"> • 100% of material reported as collected, sent to a 	<p>8. Plan Performance on Page 15</p>

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/collection rate of 87.5% overall and for each container type

Recovery rate is calculated as follows: container returned during the period ÷ containers 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: Recovery/collection rate of 75% of secondary packaging material

Recovery rate is calculated as follows: secondary packaging recovered during the period ÷ secondary packaging generated during the period. The description of progress



against targets to date is supported by records of progress maintained by the Company.

- 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 contracted collection 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): 1,160 total authorized return locations to which consumers can make returns.

Total collection facilities in the BRCCC network as disclosed in Table 1 of annual report

- 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 reused or recycled as presented in the Annual Report is estimated based on general representations from third party processors.

DEPOSIT RECEIVED AND REFUNDS PAID OF CANS

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



<p>Deposits Received:</p> <ul style="list-style-type: none">• Cans:- \$70,538,145• ISB: - \$1,426,517• Non-ISB Refillable Bottles - \$1,004,451 <p>Refunds Paid:</p> <ul style="list-style-type: none">• Cans: - \$64,329,481• ISB - \$1,511,315• Non-ISB Refillable Bottles - \$848,755	<p>7. Product Sold and Collected and Recovery Rate Table 7 on Page 14</p>
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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 for 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, 2023 to December 31, 2023 recorded in the general ledger of BRCCC.
2. The refunds paid are based on payments to collection facilities during the period from January 1, 2023 to December 31, 2023 recorded in the general ledger of BDL.