

Canadian Battery Association
2018 Report to Director, Waste Management

INDEPENDENT REASONABLE ASSURANCE REPORT

**To the Director of
Canadian Battery Association (the “Association”)**

We have been engaged by the management of Canadian Battery Association (the Association) to undertake a reasonable assurance engagement in respect of the following disclosures within the Company’s Annual Report to the Director (the Report) for the year ended December 31, 2018 (together the “Subject Matter”):

- 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);
- The description of how the product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation;
- The total amount 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; and,
- The performance for the year in relation to approved targets under Sections 8(2)(b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

The objective of this report is to disclose how the Association’s management has discharged its responsibility to report on the Subject Matter in accordance with Section 8(2)(b), (d), (e) and (g) of the Recycling Regulation.

RESPONSIBILITIES

The Subject Matter is the responsibility of the Association’s management who have prepared the Subject Matter in accordance with the evaluation criteria which are an integral part of the Subject Matter. Our responsibility in relation to the Subject Matter is to perform a reasonable assurance engagement and to express a conclusion based on the work performed. Our opinion does not constitute a legal determination on the Association’s compliance with the Recycling Regulation.

EVALUATION CRITERIA

The suitability of the evaluation criteria is the responsibility of management. 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.

SCOPE OF THE AUDIT

We carried out our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audit or Reviews of Historical Financial Information published by the International Auditing and Assurance Standards Board. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand the information included within the Subject Matter, and that they comply with the independence and other ethical requirements of the International Federation of Accountants Code of Ethics for Professional Accountants.

A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the Subject Matter. A reasonable assurance engagement also includes assessing the evaluation criteria used and significant estimates made by management, as well as evaluating the overall presentation of the Subject Matter. The main elements of our work were:

- Inquiring and discussing with the Association's management to obtain an understanding of the management and information systems, processes and relevant controls used to generate, aggregate and report the data in the Annual Reports;
- Performing walkthroughs to test the design, and where relevant the operating effectiveness, of internal controls relating to data collection and reporting of the Subject Matter;
- Agreeing the number of collection facilities to supporting documentation;
- Confirming the existence of collection facilities including address, types of product accepted and hours of operations;
- Investigating any significant fluctuation in the total number of collection facilities over the past three years;
- Agreeing the total amounts of the producers product sold and collected during the year to source records on a test basis;
- Verifying that all recovered product was received by recycling and smelting facilities that have valid permits, approvals and/or export permits;
- Agreeing data used in calculations to source records on a test basis;
- Agreeing the applicable Annual Report target data to the approved stewardship plan to ensure completeness and consistency;
- Reviewing the Report to determine whether it is consistent with our overall knowledge of, and experience with, the non-financial performance of the Association; and,
- Comparison of reported performance against targets to internal records and calculations of performance.

OPINION

In our opinion, the Subject Matter within Canadian Battery Association's Annual Report the Director for the year ended December 31, 2018 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 product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation;
- The total amount 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; and,
- The performance for the year in relation to approved targets under Sections 8(2)(b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Our report has been prepared solely for the purposes of management's stewardship under the Recycling Regulation and is not intended to be and should not be used for any other purpose. Our duties in relation to this report are owed solely to Association, and accordingly, we do not accept any responsibility for loss occasioned to any other party acting or refraining from acting based on this report.

Green Horwood & Co LLP

GREEN HORWOOD & CO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria BC, Canada

August 30, 2019

Appendix 1 to the Independent Reasonable Assurance Report**Evaluation Criteria**

COLLECTION FACILITIES

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed		
Disclosed information	Claim in the Report	Reference
Number of collection facilities	<ul style="list-style-type: none"> 239 Return Collection Facilities (RCFs) for the public and 35 return locations for the IC&I sector 	<ul style="list-style-type: none"> Part 2, Section 8(2)(b), See Page 3, Table 4 and Table 5 of 2018 Annual Report and www.recyclemybattery.ca
Changes to number of collection facilities	<ul style="list-style-type: none"> There were no new RCFs added in 2018. 	<ul style="list-style-type: none"> Part 2, Section 8(2)(b), See Page 3 and Table 4 of 2018 Annual Report

The following definitions 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:

- Collection Facility: any consumer or industrial facility that accepts Lead Acid Batteries.

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:

- The number of collection facilities is determined based on the number of retail outlets or industrial depots that advertise they will accept lead acid batteries.
- Changes in the number of collection facilities are determined based on a review of retail outlets and CBA members self-reporting industrial battery depots.

PRODUCT MANAGEMENT

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed		
Disclosed information	Claim in the Report	Reference
A description of how the recovered product was managed in accordance with the pollution prevention hierarchy (S.8(2)(d))	<ul style="list-style-type: none"> • all LABs collected by CBA members were sent to permitted smelters for recycling – 100% compliance with Basel Convention regarding the shipment of hazardous waste to non-OECD countries; • 99% of lead in LABs recovered in smelting process. 1% of dross is privately landfilled – information from smelter; • 100% of electrolyte (H₂SO₄) is reused in other production processes; • 30% of plastic battery casings used for energy recovery and creating anoxic conditions during the smelting process; • 70% of plastic LAB casings recycled into new LAB casings. 	<ul style="list-style-type: none"> • Part 2, Section 8(2)(d). Pollution Prevention Hierarchy and Product / Component Management. • See Page 5 & page 6 of 2018 Annual Report

The following definitions were applied to the assessment of the description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section S.8(2)(d):

- Total weight of LABs processed, by category, is determined based on scaled deliveries to licensed smelters in North America by CBA members or exported by permit to OECD countries.
- The recycling requirements and emission levels for recyclers and smelters are set by Provincial or State governments as part of their permit/approval processes for the recycling and smelting facilities.

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 in accordance with Section S.8(2)(d):

1. All recovered LABs collected by CBA members are sent to recycling and smelting facilities that have valid permits, approvals and/or export permits.

PRODUCT SOLD AND COLLECTED

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed		
Disclosed information	Claim in the Report	Reference
Product collected	<ul style="list-style-type: none"> • CBA members reported 24.2M kgs of waste lead-acid batteries recovered in 2018. • Recovery of the three categories of lead batteries are reported. 	<ul style="list-style-type: none"> • Part 2, Section 8(2)(e), • See Page 2 of 2018 Annual Report
Product sold	<ul style="list-style-type: none"> • CBA members reported sales of 24.0M kgs of new and used lead acid batteries in 2018. • Recovery of the three categories of lead batteries are reported. 	<ul style="list-style-type: none"> • Part 2, Section 8(2)(e), • See Page 2 of 2018 Annual Report
Recovery rate	<ul style="list-style-type: none"> • See the evaluation criterion for performance for the year in relation to targets in the approved stewardship plan below 	

The following evaluation criteria were applied to the assessment of total amounts of the producer’s product sold and collected and, if applicable, the producer’s recovery rate has been calculated in accordance with Section 8(2)(e);

1. Product Sold: Product sold is determined based on self-reporting by each steward of units sold by category on an annual basis.
2. Product Collected: The weight of product collected is based on the weight of material shipped to smelters by CBA members for recycling.
3. Product Collected: Adjustments for in-transit material and inventory at consolidation sites that are not yet invoiced by processors are made for annual reporting purposes.

TARGETS

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed		
Disclosed information	Claim in the Report	Reference
Targets associated with Section 8(2)(b) per Approved Stewardship Plan: <ul style="list-style-type: none"> • There will be over 180 retail facilities located in urban locations for the public to drop off LABs at no charge • There will be a minimum of 20 warehouse drop-off locations for large industrial and commercial batteries at no charge. 	<ul style="list-style-type: none"> • The CBA has identified 239 Return Collection Facilities (RCFs) for the public and 35 Return Collection Facilities for the IC&I sector and their industrial lead-acid batteries. 	Part 2, Section 8(2)(b), See Page 3, Table 4 and Table 5 of 2018 Annual Report and www.recyclemybattery.ca
Targets associated with Section 8(2)(d): <ul style="list-style-type: none"> • Compliance with Basel Convention 	<ul style="list-style-type: none"> • All LABs collected by CBA members were sent to permitted smelters in North America or exported to OECD Countries for recycling 	See Page 5 of 2018 Annual Report.
Targets associated with Section 8(2)(e): <ul style="list-style-type: none"> • 95% Recovery Rate for SLI and Motive Batteries 	<ul style="list-style-type: none"> • SLI & Motive Product sold 23,120,475kg • SLI & Motive Product recovered 24,139,597kg • SLI & Motive Recovery rate 104.4% of CBA sales 	See Page 2 of the 2018 Annual Report.

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

1. Targets in the stewardship plan have been identified and reported on by management in the annual report; and
2. The description of progress against targets to date is supported by records maintained by the Canadian Battery Association.

3. The expected outcomes and target dates in the annual report are consistent with the targets in the approved stewardship plan.
4. The facts disclosed in the annual update on progress are supportable by evidence, neutral and understandable.
5. All LABs are delivered to permitted smelters in North America or exported to OECD countries by Export Permits. This is intended to demonstrate that LABs are recycled in accordance with strict environmental standards. This is covered by the product management evaluation criteria above and no further evaluation criteria are necessary.