



June 29, 2018

Independent Reasonable Assurance Report

To the Directors of the Canadian Beverage Association on selected non-financial information included in the Canadian Beverage Association 2017 Annual Report

Scope

We have been engaged by the Canadian Beverage Association (“CBA”) to perform a reasonable assurance engagement in respect of the following information (the “Selected Information”) detailed in Appendix A, and also included within CBA’s Annual Report to the Director, Environmental Standards Branch, Ministry of the Environment (“MOE”) for the year ended December 31, 2017:

1. 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 British Columbia Regulation 449/2004 Recycling Regulation (“Recycling Regulation”);
2. The description of how recovered product was managed in accordance with the pollution prevention hierarchy in accordance with 8(2)(d) of the Recycling Regulation;
3. The description of the total amounts of the producer’s product collected for the year ended December 31, 2017 in accordance with 8(2)(e) of the Recycling Regulation; and
4. The performance for the year in relation to targets in the approved stewardship plan under Sections 8(2)(b), (d), and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Responsibilities

PricewaterhouseCoopers LLP

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion on the Selected Information based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 Revised (ISAE 3000 (Revised)), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, published by the International Auditing and Assurance Standards Board (IAASB), and the *Guide to Third Party Assurance for Non-Financial Information in Annual Reports – 2017 Reporting Year*, dated October 2017 (“Assurance Requirements”), published by the MOE.

CBA

CBA is responsible for the preparation and fair presentation of the Selected Information in accordance with the evaluation criteria as listed in Appendix A. Management and the members are responsible for such internal control as management determines is necessary to enable the preparation of the Selected Information such that it is free from material misstatement. Furthermore management is responsible for preparation of suitable evaluation criteria in accordance with the Assurance Requirements as specified by the Director under section 8(2)(h) of the Recycling Regulation.

Management and the members are responsible for providing us with information about any frauds (including alleged and/or suspected instances of fraud) or illegal (or possibly illegal) acts communicated by employees, former employees, or contractors and all related known facts known by management and

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the members that may relate to the Selected Information. CBA is also responsible for demonstrating adherence to the Recycling Regulation as outlined within Section 1 of the Annual Report to the Director.

Our Independence and Quality Control

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.

Our firm applies the International Standard on Quality Control 1, 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.

Methodology and Assurance Procedures

We conducted our reasonable assurance engagement in accordance with ISAE 3000 (Revised). This standard requires that we comply with independence requirements and plan and perform the engagement to obtain reasonable assurance about whether the Selected Information is free of material misstatement.

A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the Selected Information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the Selected Information due to omissions, misrepresentation and errors. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Selected Information in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the entity's internal control. 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 Selected Information.

Our procedures included a mix of:

- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- Testing relevant controls, documents and records on a sample basis;
- Testing and re-calculating quantitative information related to the Selected Information on a sample basis; and
- Reviewing the consistency of the Selected Information with the related disclosures in the Annual Report to the Director.

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

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Selected Information and the methods used for determining and calculating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. Furthermore, the nature and methods used to



determine such information, as well the evaluation criteria and the precision thereof, may change over time. It is important to read our report in the context of evaluation criteria.

Conclusion

In our opinion, the Selected Information for the year ended December 31, 2017 presents fairly, in all material respects, in accordance with the evaluation criteria listed in Appendix A:

1. The location of collection facilities, and any changes in the number of collection facilities from the prior year in accordance with Section 8(2)(b) of the Recycling Regulation;
2. The description of how recovered product was managed in accordance with the pollution prevention hierarchy in accordance with 8(2)(d) of the Recycling Regulation;
3. The description of the total amount of the producers' product collected for the year ended December 31, 2017 in accordance with 8(2)(e) of the Recycling Regulation; and
4. The performance for the year in relation to targets in the approved stewardship plan under Sections 8(2)(b), (d), and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Appendix B which describes why certain items required by the Assurance Requirements have been excluded. Our opinion is not qualified in respect of this matter.

Other matters

Our report has been prepared solely for the purposes of CBA's compliance with the reporting requirements relating to Sections 8(2)(b), (d), (e) and (g) of 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 CBA and, accordingly, we do not accept any responsibility for loss occasioned to any other party acting or refraining from acting based on this report.

Our opinion does not constitute a legal determination on CBA's compliance with the Recycling Regulation.

CBA is responsible for their website and we do not accept responsibility for any changes that may have occurred to the reported subject matter information or criteria since they were initially presented on the website.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Professional Accountants
June 29, 2018



Appendix A to the Independent Reasonable Assurance Report

Section 8 (2) (b) of the Recycling Regulation - the location of collection facilities, and any changes in the number and location of collection facilities from the previous report.

There has been no change in the collection system or number of facilities used from the 2016 Annual Report.

Three collection locations are located in Greater Vancouver Regional District. The fourth location is located in Ontario.

The locations are:

In house collection facility
2450 United Blvd,
Coquitlam, BC V3K 6G2

PUR Brands Inc.
2642 Nootka St,
Vancouver, BC V5M 3M5

In house collection facility
747 Chester Rd,
Delta, BC, V3M 6E7

Ven-Cor Vending Distributors Ltd.
20 Automatic Rd,
Brampton, ON L6S 5N6

Reference: Page 5 of the CBA 2017 Annual Report to the Director

Definitions:

- **Collection Facility:** Locations where refrigeration, dispensing and vending equipment are transferred to at end of life by member companies and/or contracted distributors for evaluation and end-of-life management processes, including preparation of units for transport to recycling processors.

Evaluation criteria:

- Reporting Period: January 1st to December 31st annually.
- The number of collection facilities is obtained from the list of collection facilities as of December 31, 2017 maintained by management.
- The calculation of the number of collection facilities is performed by adding up the total number of collection facilities within the list of collection facilities.
- The changes in the number of collection facilities are tracked and a summary of changes is provided at the end of the year.
- The existence of the collection facilities is confirmed through verification testing of a sample of collection facilities and obtaining end of life management policies/procedures.



Section 8 (2) (d) of the Recycling Regulation - the description of how the recovered product was managed in accordance with the pollution prevention hierarchy

Table 3: Acceptable Product End Fate Matrix

Unit	Reused	Recycle	Energy Recovery	Land Fill
Vending Machines	N/A	1 st preference	N/A	x
Cooler Units	N/A	1 st preference	N/A	x
Beverage Dispensing Systems	N/A	1 st preference	N/A	x

Table 4: Estimated Product End Fate Data for year ended December 31, 2017

Unit	Reused	Recycle	Energy Recovery	Land Fill	Unknown
Vending Machines	0%	82%	0%	18%	N/A
Cooler Units	0%	84%	0%	16%	N/A
Beverage Dispensing Systems	0%	75%	0%	25%	N/A

The basis of evidence for product treatment is derived from the Baseline Study Report submitted to the British Columbia Ministry of Environment in 2013 and have been reviewed and reaffirmed in 2017 by the sustainability consultancy firm, Reclay StewardEdge.

Table 5: Processing Pathways for EOL Management

Unit	Nature of Processing	
	Phase#1 - Transfer to Intermediary Processor in British Columbia	Phase#2 - Transfer to direct processor in British Columbia or elsewhere in North America
Vending Machines	100% of unit components	~82% of unit components recycled (mixed metal)
Cooler Units	100% of unit components	~84% of unit components recycled (mixed metal)
Beverage Dispensing Systems	100% of unit components	~75% of units components recycled (mixed metal)

Reference: Page 8 and 9 of the CBA 2017 Annual Report to the Director

Definitions:

- **Pollution Prevention Hierarchy:** Hierarchy in descending order of preference, such that pollution prevention is not undertaken at one level unless or until all feasible opportunities for pollution prevention at a higher level have been taken.
- **Product End Fate:** Units sent for end of life management
- **Recycle:** The element of the unit that can be recycled.
- **Landfill:** The waste element of the unit that cannot be recycled is send to the landfill.

Evaluation Criteria

- Reporting Period: January 1st to December 31st annually.
- The use of a sustainability consultancy firm, Reclay StewardEdge, for the basis of the estimated product end fate and processing pathway percentage values, has been evaluated for the appropriateness of the work of



management's expert as evidence.

- The estimated product end fate data for recycled and landfill is determined based on the estimated recycled amount of scrap metal from a unit.
- The transfer to intermediary processors in British Columbia has been agreed to the existence of the collection facilities.



Section 8 (2) (e) of the Recycling Regulation - the description of the total amounts of the producer's product sold and collected and, if applicable, the producers' recovery rate.

In 2017, the total number of units of product collected was 4,893.

Reference: Page 9 of the CBA 2017 Annual Report to the Director

Note:

Recovery rate has been excluded as it is not applicable (see page 10 of the Annual Report). Assurance is not required for product sold data if the stewardship program does not report a recovery rate, as defined in the Regulation, in accordance with the approved stewardship plan.

Definitions:

- **Recovery Rate:** A calculated value derived from dividing total units collected by total units sold and measured as a percentage rounded to the first decimal point.
- **Product Sold:** Number of units distributed into the province as new units installed in-trade or refurbished/retrofitted units re-installed in-trade
- **Product Collected:** Number of units collected for refurbishment/retrofit, for end of life management or sold to third parties by the beverage companies.
- **Beverage Units:** Coolers, vending machines, and beverage dispensing systems which exhibit branding or are owned outright by the beverage company.
- **Beverage Company:** Producers as defined in Schedule 1 of the Recycling Regulation that are members of the Canadian Beverage Association.

Evaluation Criteria

- Reporting Period: January 1st to December 31st annually.
- The number of units collected is determined based on shipping documentation supporting units have been collected from their location.
- 3,162 of the 4,893 units collected were based on self-reporting by two CBA members. Our assurance report does not extend to providing an opinion over the accuracy of the self-reported data.
- The self-reported product collected units reconcile to the numbers published in the Annual Report.



Section 8 (2) (g) of the Recycling Regulation - the performance for the year in relation to targets in the approved stewardship plan under Sections 8(2)(b), (d), and (e).

Collection Rate: 87.06%

Reference: Page 12 of the CBA 2017 Annual Report to the Director

Definitions:

- **Collection Rate:** A calculated value derived from dividing total units collected by total units removed from tracking system and measured as a percentage rounded to two decimal points.
- **Unit Collected:** Number of units collected for refurbishment/retrofit, for end of life management or sold to third parties by the beverage companies.
- **Units Removed From Tracking System:** Number of units collected plus units lost in trade and other adjustments.

Evaluation Criteria

- Reporting Period: January 1st to December 31st annually.
- The list of performance targets is obtained from approved stewardship plan.
- The completeness of the list of performance targets has been confirmed through review of the stewardship plan and Annual Report. CBA do not have any targets in their stewardship plan, but the collection rate has been agreed with the Ministry.
- The calculation for collection rate has been re-performed and compared to the target collection rate.



Appendix B to the Independent Reasonable Assurance Report

CBA has not reported the recovery rate for the year in accordance with 8(2)(e) of the Recycling Regulations for the year ended December 31, 2017 as the approved stewardship plan does not outline the requirement to reporting recovery rates. If the stewardship program does not report a recovery rate in the approved plan, assurance for producers' product sold data is not required as outlined in the Assurance Requirements.