
Independent Assurance Report

To the Directors of the Multi-Material BC Society on selected non-financial information included in the 2016 Recycle BC Annual Report:

We have been engaged by the management of Multi-Material BC Society (“MMBC”, trade name “Recycle BC”), to undertake a reasonable assurance engagement in respect of the following disclosures within Recycle BC’s Annual Report to the Ministry of the Environment for the year ended December 31, 2016:

- 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);
- The description of how the recovered 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,
- Performance for the year in relation to approved targets under Section 8(2)(b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Our audit does not constitute a legal determination on MMBC’s compliance with the British Columbia Recycling Regulation 449/2004.

RESPONSIBILITIES

Preparation and fair presentation of the Selected Information in accordance with the evaluation criteria listed in Appendix A is the responsibility of MMBC’s management. Management is also responsible for such internal control as management determines 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 Guide to Third Party Assurance for Non-Financial Information in Annual Reports - 2016 Reporting Year, dated March 2017 (“Assurance Requirements”) as specified under Section 8(2)(h) of the Recycling Regulation of the Province of British Columbia.

Our responsibility is to express an opinion on the Selected Information based on the procedures we have performed and the evidence we have obtained.

SCOPE OF THE AUDIT

We carried out our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) published by the International Federation of Accountants (“IFAC”). This Standard requires, amongst other things, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and audit the information included within the Selected Information, and that they comply with the independence and other ethical requirements of the IFAC Code of Ethics for Professional Accountants.

continued



Independent Assurance Report to Multi-Material BC Society

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 judgement, 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.

The main elements of our work were:

- Understanding and evaluating the design of the key processes and controls for managing and reporting the Selected Information used by management in preparing the Annual Report Selected Information;
- Responding to assessed risks through testing, on a test basis, the Selected Information used by management;
- Procedures such as inquiring, inspecting, observing, vouching to independent sources, recalculating and re-performing procedures were performed to obtain corroborating evidence to address assessed risks linked to the Selected Information; and
- Evaluating the sufficiency and appropriateness of the evidence obtained.

INHERENT LIMITATIONS

Due to the nature of non-financial information, there are inherent limitations to this information and it cannot be tested with the same level of precision and clarity as financial and quantitative information. Further, there are varying approaches in how non-financial reporting can be tested and audited, whereas for financial reporting rigorous and standardized procedures have been established. As such, the relevance, completeness, reliability, neutrality and understandability of the criteria selected are dependent on the reader's perception. As such, this report should be read keeping in mind the specific evaluation criteria that has been identified in Appendix A.

CONCLUSION

In our opinion, the Selected Information within Recycle BC's Annual Report for the year ended December 31, 2016 presents fairly, in accordance with the evaluation criteria presented in Appendix A, in all material respects:

- 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 description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with 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 calculated in accordance with Section 8(2)(e) of the Recycling Regulation; and,
- The description of the performance for the year in relation to approved targets under Section 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 Multi-Material BC Society, and accordingly, we do not accept any responsibility for loss incurred by any other party acting or refraining from acting based on this report.

BDO Canada LLP

Chartered Professional Accountants

Toronto, Ontario
June 29, 2017



Appendix A to the Assurance Report

EVALUATION CRITERIA

1. 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

Specific Disclosures in the Annual Report for which evaluation criteria were developed:		
Disclosed information per Annual Report	Text of data claim in annual report	Reference
Collection Systems and Facilities - Location of Collection Facilities	Table of locations of collection facilities, totaling 322 collection facilities comprised of 199 depots, 75 curbside and 48 multi-family location facilities.	Pages 11 through 15

Evaluation Criteria

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 list of active, terminated and dormant collection facilities is obtained as of December 31;
- The changes in the number of collection facilities is outlined with a breakdown by the types of collection facilities (curbside, multi-family and depot);
- The calculation of the number of collection facilities is performed by adding up to total number of collection facilities in the listing;
- The collection facilities are listed as active, terminated or dormant; the status of facilities are tracked on a listing;
- The number of collection facilities disclosed in the Annual Report is supported by evidence that is neutral and understandable.



2. 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

Specific Disclosures in the Annual Report for which evaluation criteria were developed:		
Disclosed information per Annual Report	Text of data claim in annual report	Reference
Pollution Prevention Hierarchy and Product / Component Management	Tonnes of material managed by recycling: 170,711 Tonnes of material managed by recovery (alternative fuel: an engineered material manufactured to specifications): 5,860 Tonnes of material managed by disposal: 8,898 Percentage of collected tonnes managed by recycling: 92%	Page 19

Evaluation Criteria

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:

- The calculation of the percentage of collected tonnes managed by recycling is determined by dividing the tonnes of material managed by recycling by the total tonnes of materials disposed (sum of tonnes of material managed by recycling, alternative fuel, and landfill disposals);
- A monthly reasonability check is performed on the source data used in the percentage of collected tonnes managed by recycling calculation;
- The reasonability check is supported by detailed review of source data to ensure completeness and accuracy of tonnes collected;
- A listing of approved end-markets is maintained;
- All end-market shipments of processed materials are validated to the listing of approved end-markets.



3. Assessment of the total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate calculated in accordance with Section 8(2)(e) of the Recycling Regulation

Specific Disclosures in the annual report for which evaluation criteria were developed:		
Discloses information per Annual Report	Text of data claim in annual report	Reference
Product Sold and Collected and Recovery Rate	<u>2016 Operating Year (Reflecting 12 months):</u> Amount of product sold (supplied by MMBC stewards)(te): 238,062 Amount of product collected (te): 185,477 Recovery rate: 78%.	Page 3

Evaluation Criteria

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

- Product sold has been calculated using the source data from independent sources;
- Product recovered has been calculated using the source data from independent sources;
- Source data for sold and recovered is complete;
- The product units sold and collected, and the recovery rate reconcile to the numbers published in the annual report; and
- The calculation of the recovery rate is determined by dividing the amount of product collected by the amount of product sold (as supplied by MMBC Stewards) using the appropriate source data to ensure calculation is arithmetically accurate.

4. 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) in accordance with Section 8(2)(g) of the Recycling Regulation

Specific Disclosures in the annual report for which evaluation criteria were developed:		
Disclosed information on Targets per Annual Report	Text or data claim in relation to Targets	Reference
<p>Performance Against Stewardship Plan Targets, Plan Target 1:</p> <p>Annually maintain, at a minimum, the overall provincial collection rate of 208,700 tonnes as assessed during preparation of the report titled <i>Current System for Managing Residential Packaging and Printed Paper (March 2012)</i>.</p>	<p>MMBC collected 185,477 tonnes of material in 2016, which represents 78% of the tonnes supplied into the residential marketplace by MMBC's member-stewards.</p>	Page 21
<p>Performance Against Stewardship Plan Targets, Plan Target 3a:</p> <p>Annually maintain, at a minimum, single-family and multi-family household service levels, where these households currently receive PPP collection.</p>	<p>873,744 single-family households and 397,458 multi-family households received curbside and multi-family collection services from MMBC.</p> <p>The adjusted targets (less local governments that did not participate) are 793,000 single-family households and 364,000 multi-family households.</p>	Page 22
<p>Performance Against Stewardship Plan Targets, Plan Target 3b:</p> <p>Annually provide curbside collection of PPP to the approximately 102,000 households currently only receiving garbage collection service.</p>	<p>MMBC provided curbside collection of PPP to 38,000 households previously only receiving curbside garbage collection service through both RFPs and service via local governments/First Nations.</p>	Page 22
<p>Performance Against Stewardship Plan Targets, Plan Target 3c:</p> <p>Annually maintain depot collection of PPP for the approximately 165,000 single-family households and the approximately 91,000 Multi-Family households without collection services.</p>	<p>MMBC added 8 new depot sites and closed 13 sites in 2016, for a net reduction of 5. Collectively, the 199 depots serve in total close to 572,500* households to which MMBC does not provide single-family or multi-family curbside collection services.</p> <p><i>*Based on estimated households covered using depot-based accessibility standards less curbside and multifamily households under contract</i></p>	Page 22

<p>Performance Against Stewardship Plan Targets, Plan Target 3d:</p> <p>Annually provide depot collection of PPP for the approximately 17,000 multi-family households currently without depot collection services.</p>	<p>MMBC added 8 new depot sites and closed 13 sites in 2016, for a net reduction of 5. Collectively, the 199 depots serve in total close to 572,500* households to which MMBC does not provide single-family or multi-family curbside collection services.</p> <p><i>*Based on estimated households covered using depot-based accessibility standards less curbside and multifamily households under contract</i></p>	<p>Page 22</p>
<p>Performance Against Stewardship Plan Targets, Plan Target 4:</p> <p>Single-family and multi-family households receiving household collection services, and number and location of depots accepting PPP.</p>	<p>873,744 single-family households and 397,458 multi-family households received curbside or multi-family collection services from MMBC. 199 depots accepted PPP.</p>	<p>Page 22</p>
<p>Performance Against Stewardship Plan Targets, Plan Target 7b:</p> <p>Direct 85% to 90% of collected PPP to recycling commodity markets</p>	<p>In 2016, 170,711 tonnes of MMBC's material were shipped to recycling end-markets while 185,477 tonnes were collected (92%).</p>	<p>Page 23</p>
<p>Performance Against Stewardship Plan Targets, Plan Target 8:</p> <p>Pollution Prevention Hierarchy Reporting</p>	<p>Tonnes of material managed by recycling: 170,711 Tonnes of material managed by recovery (alternative fuel: an engineered material manufactured to specifications): 5,860 Tonnes of material managed by disposal: 8,898</p>	<p>Page 23</p>

Evaluation Criteria

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:

- Targets in the stewardship plan have been identified, and reported on by management in the annual report;
- The list of targets is complete;
- The targets are neutral and consistent with the targets approved in the stewardship plan; and
- The performance of the targets are supportable by independent evidence.