

Canadian Battery Association  
2015 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 the Director (the Report) for the year ended December 31, 2015 (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 permitted smelters in North America on a test basis;
- 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, 2015 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 ACCOUNTANTS

Victoria BC, Canada  
December 28, 2016

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

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>		
<b>Disclosed information</b>	<b>Claim in the Report</b>	<b>Reference</b>
Number of collection facilities	<ul style="list-style-type: none"> <li>179 Return Collection Facilities (RCFs) for the public and 21 return locations for the IC&amp;I sector</li> </ul>	<ul style="list-style-type: none"> <li>Section 4, page 9</li> <li>Section 9, page 14</li> </ul>
Changes to number of collection facilities	<ul style="list-style-type: none"> <li>There was 1 new RCF added in 2015.</li> </ul>	<ul style="list-style-type: none"> <li>Section 4, page 9</li> <li>Section 9, page 14</li> </ul>

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**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>		
<b>Disclosed information</b>	<b>Claim in the Report</b>	<b>Reference</b>
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"> <li>All recovered LABs collected by CBA members are sent to recycling and smelting facilities that have valid permits and/or approvals</li> </ul>	<ul style="list-style-type: none"> <li>Section 6.Pollution Prevention Hierarchy and Product / Component Management</li> <li>Page 10</li> </ul>

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.
- 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 and/or approvals.

**PRODUCT SOLD AND COLLECTED**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>		
<b>Disclosed information</b>	<b>Claim in the Report</b>	<b>Reference</b>
Product collected	<ul style="list-style-type: none"> <li>CBA members reported just over 21,500,000 kg of lead-acid batteries recovered in 2015</li> </ul>	<ul style="list-style-type: none"> <li>Section 7, page 11</li> </ul>
Product sold	<ul style="list-style-type: none"> <li>CBA members reported sales of just over 22,800,000 kg of lead acid batteries in 2015</li> </ul>	<ul style="list-style-type: none"> <li>Section 7, page 11</li> </ul>
Recovery rate	<ul style="list-style-type: none"> <li>See the evaluation criterion for performance for the year in relation to targets in the approved stewardship plan below</li> </ul>	

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 a monthly/quarterly basis.
2. Product Collected: The weight of product collected is based on the weight of material shipped to smelters by CBA members
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**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>		
<b>Disclosed information</b>	<b>Claim in the Report</b>	<b>Reference</b>
Targets associated with Section 8(2)(b) per Approved Stewardship Plan: <ul style="list-style-type: none"> <li>• There will be over 150 retail families located in urban locations for the public to drop off LABs at no charge</li> <li>• There will be a minimum of 10 large warehouse locations for drop off of industrial and commercial batteries at no charge.</li> </ul>	<ul style="list-style-type: none"> <li>• The CBA has identified 179 Return Collection Facilities (RCFs) for the public and 21 return locations for the IC&amp;I sector.</li> </ul>	Section 9, page 14
Targets associated with Section 8(2)(d): <ul style="list-style-type: none"> <li>• No target</li> </ul>	<ul style="list-style-type: none"> <li>• All LABs collected by CBA members were sent to permitted smelters in North America for recycling</li> </ul>	Section 9, page 14
Targets associated with Section 8(2)(e): <ul style="list-style-type: none"> <li>• 95% Recovery Rate</li> </ul>	<ul style="list-style-type: none"> <li>• Product sold 22,830,000kg</li> <li>• Product recovered 21,520,500kg</li> <li>• Recovery rate 94.3% of CBA sales</li> </ul>	Section 9, Page 14  Section 7, Page 11 & 12

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. 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.