



Appendix C:

Independent Reasonable Assurance Report

BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

INDEPENDENT REASONABLE ASSURANCE REPORT ON SELECTED NON-FINANCIAL INFORMATION
INCLUDED IN THE BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION 2020 ANNUAL REPORT

**To the Directors of
British Columbia Used Oil Management Association**

We have been engaged by the management of British Columbia Used Oil Management Association (“BCUOMA”) to undertake a reasonable assurance engagement in respect of the following disclosures within BCUOMA’s Annual Report for the year ended December 31, 2020 (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 recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation; and,
- 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.

RESPONSIBILITIES

The Subject Matter is the responsibility of BCUOMA’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 audit does not constitute a legal determination on BCUOMA’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 A 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 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 Subject Matter, and that they comply with the independence and other ethical requirements of the IFAC 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:

- Understanding and evaluating the design of the key processes and controls for managing and reporting the Subject Matter information used by management in preparing the Annual Report Subject Matter;
- Assessing the risks that the Subject Matter may be materially misstated;
- Responding to assessed risks through testing, on a test basis, the Subject Matter information used by management in preparing the Annual Report Subject Matter;
- 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 Annual Report Subject Matter; and
- Evaluating the sufficiency and appropriateness of the evidence obtained.

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

INHERENT LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Subject Matter 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.

BASIS FOR QUALIFIED OPINION

As described under Product Sold and Collected in Appendix A, the Consumed in Use amount for antifreeze is calculated by multiplying products sold by 75%, and impacts the reported antifreeze recovery rate (or capture rate). This rate was determined using the Manitoba Association for Resource Recovery Corp.’s 2018 survey result of 80%, adjusted down to 75% based on input from industry expert estimates.

Quebec lead a national study into antifreeze recovery rates in Canada in 2019 that indicated that large quantities of antifreeze were being recovered in the used oil recycling streams across the country. BCUOMA management believes that there is no information or evidence to support that conclusion for BC, as has been concluded in some other Canadian jurisdictions. BC has had a long-standing separate system for antifreeze recycling relative to the new programs in other Canadian jurisdictions and BCUOMA management have asserted that large quantities of antifreeze have not been detected in the used oil recycling stream in the province. BCUOMA believes it is using the best available rate estimate and that the 2019 national study and the previous 2012 independent report for BC are not accurate or representative of the current Consumed in Use rate for antifreeze.

A comprehensive study, specific to British Columbia, is currently being conducted but sufficient appropriate audit evidence was not available at the time of audit to confirm the antifreeze Consumed in Use rate. Consequently, we cannot provide a reasonable assurance opinion on the antifreeze recovery rate.

QUALIFIED OPINION

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the Subject Matter for the year ended December 31, 2020 presents fairly, in all material respects, based on the evaluation criteria listed in Appendix A:

- 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; and,
- 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to Appendix B which describes why certain items required by the Assurance Requirements to be included in Appendix A have been excluded.

OTHER MATTERS

Our report has been prepared solely for the purposes of BCUOMA'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 BCUOMA, and accordingly, we do not accept any responsibility for loss incurred 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
June 25, 2021

Appendix A to the Independent Reasonable Assurance Report

COLLECTION FACILITIES

Section 8(2)(b) the location of its collection facilities (RCFs), and any changes in the number and location of collection facilities from the previous report, including the contents of the Appendix A - Return Collection Facilities.

Specific Disclosures in the 2020 annual report for which evaluation criteria were developed							
Claim in the Report	Reference						
In 2020, there were 273 publicly accessible recycling centres located in high traffic retail locations, industrial sites, multi-material private depots (bottle depots) and local government recycling/landfill sites.	<i>Collection Network Performance</i> on page 8						
<table border="0"> <tr> <td>Year</td> <td>Number of Facilities</td> </tr> <tr> <td>2020</td> <td>273</td> </tr> <tr> <td>2019</td> <td>274</td> </tr> </table>	Year	Number of Facilities	2020	273	2019	274	Appendix 'A' on page 27-30 lists the 273 RCFs by Community.
Year	Number of Facilities						
2020	273						
2019	274						

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:

Collection Facility refers to locations that are owned by Program Participants (“Members”), registered collectors, local governments and not-for-profit organizations where:

- The collection facility operator(s) have a signed contract or registration form or verbal agreement with BCUOMA for the collection and redemption of Program Products.
- The location(s) is recorded by BCUOMA in a website database.

Collection Facilities include the following types of centres:

- Registered collection facilities (“RCF”) collect used oil and antifreeze materials from the do-it-yourself customer at no charge. These facilities may make a semi-annual claim to BCUOMA for payment for collecting used oil and/or antifreeze materials.
- Facilities that have entered into verbal agreement with BCUOMA and collect used oil and antifreeze materials. These facilities do not submit a RCF registration form.

Evaluation Criteria

- Reporting Period: January 1st to December 31st.
- The number of Collection Facilities and the location of each facility are documented in a data base maintained by BCUOMA. Collection Facilities are entered into the database as of the date of registration.
- The total number of Collection Facilities is obtained by adding the total number of registered collection facilities and facilities with verbal agreements listed in the website database as of December 31st of the reporting year.
- The changes in number and location of Collection Facilities are determined by adding the total number of Collection Facilities added in the reporting year less the total number of Collection Facilities removed during the reporting year. Locations that have moved during the reporting year (i.e., an operator that closed a location to move it to a new location) are captured in the total number of collection facilities added and removed throughout the year.
- A summary reconciliation is completed at year-end identifying the Collection Facilities at the beginning of the year, changes during the year and the number of facilities at the end of the year.

PRODUCT MANAGEMENT

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

Specific Disclosures in the 2020 annual report for which evaluation criteria were developed	
Claim in the Report	Reference
Collected products are managed in accordance with the Pollution Prevention Hierarchy as outlined in the BC Recycling Regulation.	<i>Product Management</i> on page 24 outlines how BCUOMA products are reused and/or recycled.

The following definitions were applied to the assessment of how the recovered product was managed:

Oil – The amount of uncontaminated used oil recovered, less the water content, that is received at a used oil processing facility is reported as either reused or recycled.

Antifreeze – The amount of used antifreeze that is received at a used antifreeze processing facility is reported as reuse.

Filters – The amount of metal filters processed and received at a steel recycler will be reported as recycled.

Containers – The amount of containers received at a facility that manufactures plastic resin (pellets) or a steel recycler will be reported as recycled.

Evaluation Criteria

- Products collected are shipped to registered processors that are waste management companies or recyclers.

PRODUCT SOLD AND COLLECTED

Section 8(2)(e) the total amount of the producers' product sold and collected and the producer's recovery rate.

Specific Disclosures in the 2020 annual report for which evaluation criteria were developed					
Claim in the Report					Reference
	Used Oil (millions of litres)	Filters (millions of units)	Containers (million kg's)	Used Antifreeze (millions of litres)	<i>Capture Rates in 2020 on page 21, Product Collection on page 22, 2020 Collections by Regional District on page 25, and Summary of 2020 Collection & Consumer Returns on page 26.</i>
Sold (2020)	91.7	6.3	1.9	12.2	
Consumed in use	(26.9)	n/a	n/a	(9.1)	
Repurposed	(15.9)	n/a	n/a	n/a	
Available for collection	48.9	6.3	1.9	3.0	
Collection	45.6	5.7	1.6	2.2	
Capture rate	93.4%	91.0%	86.4%	73.2%	

Evaluation Criteria

Products sold

- Total products sold volumes are based on EHC remittance forms submitted by registrants on either a monthly, quarterly, or annual basis in unit sales.
- The reported sold volumes are subject to compliance reviews which are completed for all registrants on a three to four year rotational basis.
- The product sold is reconciled to the numbers published in the Annual Report.

Product recovered

- Total product recovered volumes are based on return incentive claims (RI claims) submitted by registrants.
- The reported recovered volumes are subject to Desk Review to ensure that RI claims contain required supporting documentation as per the Manual for Registered Processors and Collectors.
- The Consumed in Use amount for oil is calculated by multiplying products sold by the rate obtained from a 2021 independent report commissioned by BCUOMA using data from 2019. The Repurposed amount was calculated by multiplying products collected by the rate obtained from a 2018 independent report commissioned by BCUOMA.

- The Consumed in Use amount for antifreeze is calculated by multiplying products sold by 75%. This rate was determined using the Manitoba Association for Resource Recovery Corp.'s 2018 survey result of 80%, adjusted down to 75% based on input from industry expert estimates. This estimate was not subject to sufficient audit verification.
- The Available for Collection amount is calculated by subtracting the Consumed in Use and Repurposed amounts, if applicable, from products sold.
- The recovery rate is presented as Capture Rate and is calculated by dividing actual collections by the amount determined to be available for collection.
- The product recovered is reconciled to the numbers published in the Annual Report.

Appendix B to the Independent Reasonable Assurance Report

BCUOMA has not reported the performance for the year in relation to approved targets under 8(2)(g) of the Recycling Regulation for the year ended December 31, 2020 as the Stewardship Plan was still under review by the Ministry of Environment as of December 31, 2020.

Consequently, we have not been engaged for the year ended December 31, 2020 to issue an assurance report on the above.