

1. DEFINITIONS

1.1. In this Policy, unless the context otherwise requires:

- a) “Audit” means a mystery shopper audit conducted on a Depot by a BCMB Mystery Shopper Auditor for the purposes of verifying refund accuracy;
- b) “Auditors” means the Mystery Shopper Auditors;
- c) “Audit Verification” means an Audit verified as accurate by the BCMB and provided in writing to a Depot;
- d) “BCMB” means the Beverage Container Management Board. The Beverage Container Management Board is the regulatory authority established under the *Environmental Protection and Enhancement Act* (Alberta) and the *Beverage Container Recycling Regulation* to regulate and enhance a leading beverage container system that protects Alberta’s environment;
- e) “Container” means a bottle, can, plastic cup or paperboard carton or a package made of metal, plastic, paper, glass or other material, or a combination of them, that contains or has contained a beverage;
- f) “CSA” means the Collection System Agent;
- g) “Depot” means an Alberta Beverage Container Recycling Depot that operates as a business for the collection of empty containers;
- h) “Policy” means the Mystery Shopper Policy;
- i) “Regulation” means the Beverage Container Recycling Regulation, A.R. 101/97, as may be amended from time to time.

2. INTRODUCTION

2.1. This Policy is made pursuant to the Beverage Container Depot Permit Application, Renewal and Amendment By-law and the Beverage Container Depot Operation and Administration By-law and applies to all applications for a new Depot Permit, all applications for the renewal of a Depot Permit and all applications to amend an existing Depot Permit and to the ongoing operation and administration of a Depot.

2.2. The Regulation sets minimum refund values for all beverage Containers sold in Alberta. When a person presents to a Depot operator a Container that:

- a) is reasonably identifiable as having contained a beverage;
- b) is empty;
- c) is ready-to-serve and sealed by the manufacturer; and
- d) is registered for sale in Alberta by the BCMB;

the Depot operator shall accept the Container and pay to the person a cash refund of not less than 10¢ for each container with a capacity of one litre or less; and 25¢ for each container with a capacity greater than one litre.

- 2.3. No Depot operator or retailer shall accept a container or provide a cash refund for a container that can reasonably be identified by the Depot operator or retailer as having been transported in Alberta.
- 2.4. No person shall return to a depot or retailer for a refund a container that the person knows or ought reasonably to know has been transported into Alberta.
- 2.5. This Policy defines refund compliance and expectations for Depots and a process for monitoring satisfactory refund accuracy by Depots as determined by the BCMB.

3. INTERPRETATION

3.1. Performance

Depot refund accuracy will be measured by Auditors who conduct mystery shopper Audits at Alberta Depots by returning an undisclosed number of Containers to a Depot for a refund. The Auditor will measure the expected refund value as compared to the refund amount received from a Depot. Inaccurate refunds will result in non-compliance as per section 3.3.

3.2. Refund Values Returned to a Depot

The refund value of the Containers returned during any Audit will vary.

3.3. Accuracy of Refund

Zones are used to categorize the level of acceptable refunds provided by Depots to Auditors. Each zone corresponds to a specific dollar range that is calculated by subtracting the refund received by a Depot from the actual dollar value of Containers returned to a Depot from an Auditor. Overpayment and underpayment of the refund in amounts exceeding \$0.50 are considered non-compliant with this Policy.

The zone ranges are identified below:

RANGE	LEVEL OF ACHIEVMENT	CATEGORY	ZONE
+/- \$0 - \$0.25	Achieve Industry Standard of Excellence	Compliant	Zone 1
+/- \$0.26 - \$0.50	Within Industry Standards	Compliant	
+/- \$0.51 - \$1.40	Needs Improvement	Not Compliant	Zone 2
+/- > \$1.40	Critical - Improvement Required	Not Compliant	Zone 3

4. PROGRAM REQUIREMENTS

- 4.1. The Auditor is required to complete and submit an Audit report no later than 24 hours after the completion of any Audit. The Report must include:
 - 4.1.1. A photograph of the beverage Containers returned to the Depot by the Auditor conducting the Audit. The photograph must clearly show the container quantity and container size; and
 - 4.1.2. A photograph of the receipt from the Depot indicating the refund amount. If a Depot cashier is unable to provide a receipt this must be noted on the report.
- 4.2. The Containers returned to a Depot by an Auditor must be:
 - 4.2.1. used and empty; and
 - 4.2.2. registered with the BCMB. In accordance with the Regulation, no beverage Containers can be returned to a Depot that have not been sold in the province of Alberta.
- 4.3. The BCMB will provide the Audit results to the Depot, through email, within 14 days of the completion of the Audit.
- 4.4. All Audit reports will be retained by the BCMB for, at a minimum, the duration of any Depot operating permit.

5. COMPLIANCE

- 5.1. Non-compliance is described as providing an Auditor with an inaccurate refund amount greater than \$0.50, as outlined in section 3.3 of this Policy.
- 5.2. Non-compliance will be addressed by the BCMB through the Mystery Shopper Progressive Action.

5.3. Mystery Shopper Progressive Action (MSPA) – Level One (1):

- 5.3.1 A Depot will be entered into Level One of the MSPA if the following occurs:
 - 5.3.1.1 One Audit resulting in Zone 2 (\$0.51 - \$1.40); or
 - 5.3.1.2 One Audit resulting in Zone 3 (> \$1.40).

- 5.3.2 Any Depot that enters Level One of the MSPA because of a Zone 2 Audit, as per section 5.3.1.1, will receive a second Audit. The Depot will be informed in writing that a second Audit has been triggered by the results of the previous Audit. Once Audit Verification has occurred, the Audit will be conducted no sooner than 10 days following the Zone 2 Audit, identified in 5.3.1.1 and no later than 90 days following the Zone 2 Audit, identified in 5.3.1.1.

- 5.3.3 If the results of the Audit, as identified in section 5.3.2., fall within:
 - 5.3.3.1 Zone 1 (\$0 - \$0.50) – the Depot will be moved out of the MSPA and no further action will be taken by the BCMB;
 - 5.3.3.2 Zone 2 or 3 (\$0.51 or greater) – the Depot will be moved to Level Two of the MSPA.

- 5.3.4 Any Depot that enters Level One of the MSPA because of a Zone 3 Audit, as identified in section 5.3.1.2, will receive two further Audits. The Depot will be informed in writing that these Audits have been triggered by the results of the previous Audit. Once Audit Verification has occurred, the Audits will be conducted no sooner than 10 days following the Zone 3 Audit and no later than 180 days following the Zone 3 Audit.
 - 5.3.4.1 If both Audits, as identified in section 5.3.4., result in Zone 1 (\$0 - \$0.50) the Depot will be moved out of the MSPA and no further action will be taken by the BCMB;
 - 5.3.4.2 If either Audit, as identified in section 5.3.4, result in a Zone 2 or 3 (\$0.51 or greater), the Depot will be moved to Level Two of the MSPA.

5.4 Mystery Shopper Progressive Action (MSPA) – Level Two (2):

- 5.4.1 Any Depot that advances to Level Two of the MSPA will receive another Audit. The Depot will be informed in writing that an Audit has been triggered by the advancement through the MSPA. Once Audit Verification has occurred, the Audit will be conducted no sooner than 10 days following the Zone 2 or 3 Audit and no later than 45 days following the Zone 2 or 3 Audit, as identified in section 5.3.4.2.

- 5.4.2 Any Depot entering Level Two of the MSPA will be subject to a \$200 compliance levy.

5.4.3 If the results of the Audit, as identified in section 5.4.1. fall within:

5.4.3.1 Zone 1 (\$0 - \$0.50) - the Depot will be moved down to Level One of the MSPA;

5.4.3.2 Zone 2 or 3 (\$0.51 or greater) – the Depot will be moved to Level Three of the MSPA.

5.5 Mystery Shopper Progressive Action (MSPA) – Level Three (3)

5.5.1 Any Depot entering Level Three of the MSPA will be subject to an additional \$200 compliance levy and will compensate the BCMB for all costs related to the Audit conducted in section 5.4.1.

5.5.2 Any Depot that advances to Level Three of the MSPA will receive another Audit. The Depot will be informed in writing that an Audit has been triggered by the advancement through the MSPA. Once Audit Verification has occurred, the Audit will be conducted no later than 30 days following the Zone 2 or 3 Audit, as identified in section 5.4.3.2.

5.5.3 Any Depot entering Level Three of the MSPA will be required to complete additional training on proper counting methods and techniques.

5.5.4 If the results of the Audit, as identified in section 5.5.2., fall within:

5.5.4.1 Zone 1 (\$0 - \$0.50) - the Depot will be moved down to Level Two of the MSPA;

5.5.4.2 Zone 2 or 3 (\$0.51 or greater) – the Depot will receive written notification that their current permit has been revoked and replaced with a 12 month probationary permit. Permit conditions will be placed on the 12 month probationary permit. Failure to comply with or correct any condition on the permit within the identified length of time, will result in a Board review of the Depot Permit as per the Beverage Container Depot Operation and Administration By-law.

5.6 Exiting the Mystery Shopper Progressive Action (MSPA)

5.6.1 Depots will move down a level in the MSPA or exit the MSPA based on receiving Audit results in Zone 1 of this Policy as identified in section 3.2. Depots may only move down one level per compliant (Zone 1) Audit.

5.6.2 If a Depot receives a Zone 1 Audit while in any Level of the MSPA, subject to section 5.3.4. wherein a Depot must receive two consecutive Zone 1 Audits to exit the MSPA, the Depot will move down a level in the MSPA or exit the MSPA.

5.6.3 Timelines for Audits when moving down levels in the MSPA:

5.6.3.1 When a Depot successfully moves down from Level 3 to Level 2 in the MSPA, the BCMB will conduct a follow-up Audit on that Depot within 90 days of Audit Verification of the previous Audit.

5.6.3.2 When a Depot successfully moves down from Level 2 to Level 1 or from Level 1 to exiting the MSPA, the BCMB will conduct a follow-up Audit on that Depot within 180 days of Audit Verification of the previous Audit.

5.6.4 Any follow-up Audit as identified in section 5.6.3. resulting in a Zone 2 or 3 Audit will result in the Depot moving up a Level in the MSPA.

6 PROGRAM TIMELINES and COMMUNICATION

6.1 All written correspondence from the BCMB to a Depot will be provided to a Depot through the assigned industry standard emails.

6.2 A Depot will be informed that an Audit has been conducted on their Depot no later than 5 days following the date the Audit was conducted. At a minimum, the email notification will contain the date the Audit was conducted.

6.3 The BCMB will provide to the Depot the results of the Audit no later than 14 days following the date the Audit was conducted.

6.4 A Depot has 7 days, from the date the Audit results are sent to a Depot from the BCMB, to challenge an Audit. All Audit challenges must be sent through the Quality Monitoring System. No Audit challenges will be considered by the BCMB after the 7 days have passed. Audit Verification will not be confirmed by the BCMB until the conclusion of the Audit challenge.

6.5 A Depot may challenge an Audit for the following reasons:

6.5.1 The Audit Report is inaccurate;

6.5.2 A Depot's video footage can verify the inaccuracy of an Audit as compared to the Audit Report and/or pictures in the Audit Report.

6.6 If a Depot challenge is successful, the BCMB will amend the Audit Report as determined appropriate or reissue the Audit within 45 days from the date the challenge is confirmed successful, in writing, to the Depot, by the BCMB.

- 6.7 The BCMB reserves the right to amend, withdraw or reissue an Audit and/or change the timelines within this Policy as determined appropriate by the BCMB.

7 ENFORCEMENT GOALS

7.1 Intended goals for the Policy in responding to non-compliance are as follows:

- 7.1.1. Builds trust and confidence in the beverage container return system for the public;
- 7.1.2. Encourage accurate refunds and proper staff training;
- 7.1.3. Enforcement action is appropriate for the severity of the situation;
- 7.1.4. Non-compliant Depot permit holders recognize the enforcement actions taken by the BCMB and are motivated to prevent similar events of non-compliance from occurring again;
- 7.1.5. Depot permit holders are informed of expectations and enforcement actions in advance of enforcement action;
- 7.1.6. Top performance is celebrated and acknowledged.

8 LEVIES

Levies will be issued in accordance with the Administrative Compliance By-law. Levies are payable to the BCMB, but may be recovered by payment collected through the Collection System Agent (CSA).

9 DEPOT PERMIT

Audit results will be included in permit renewal calculations. Permit renewals will not change or affect a Depot's current status in the Policy.

10 DISCLAIMER

This document details information with respect to the Mystery Shopper Policy. This Policy may be supplemented or amended upon at any time at the discretion of the BCMB.