



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
KAGAWARAN NG KAPALIGIRAN AT LIKAS YAMAN



APR 22 2024

DENR Administrative Order
No. 2024- 04

**SUBJECT: COMPLIANCE REPORTING AND AUDIT GUIDELINES
FOR REPUBLIC ACT NO. 11898 OR THE EXTENDED
PRODUCER RESPONSIBILITY ACT OF 2022**

Pursuant to Section 11 of Republic Act No. 11898, otherwise known as the "Extended Producer Responsibility Act of 2022," amending for this purpose Republic Act No. 9003, otherwise known as the "Ecological Solid Waste Management Act of 2000," Sections 17.1 and 19 of Department Administrative Order (DAO) No. 2023-02 also known as the "Implementing Rules and Regulations of Republic Act No. 11898," and by virtue of Executive Order No. 192, Series of 1987, the Department of Environment and Natural Resources hereby adopts and promulgates the following Procedures and Guidelines:

SECTION 1. Basic Policy. It is hereby declared the policy of the State to adopt a systematic, comprehensive, and ecological solid waste management program to ensure the protection of public health and the environment, sustainable use of natural resources, and promote solid waste management and resource conservation throughout the country.

SECTION 2. Objectives. These Guidelines, which were developed together with the voluntary support and assistance from the Audit and Assurance Standards Council (AASC) and the Financial and Sustainability Reporting Standards Council (FSRSC), are hereby promulgated to achieve the following objectives:

- 2.1 To provide guidance and templates to Obligated Enterprises (OEs), Collectives, and Producer Responsibility Organizations (PROs), and their respective independent third-party EPR compliance auditors on complying with the requirements of Section 19 and its subsections of the EPR IRR pending the development, adoption and issuance by the DENR of the uniform standards for EPR compliance auditing and reporting and the accreditation rules and procedures for independent third-party EPR compliance auditors;
- 2.2 To serve as phase-in capacity and capability development mechanisms pending the adoption of said uniform standards and accreditation rules referred to in the immediately preceding section; and
- 2.3 To comply with Section 17.1 of DAO No. 2023-02 that stipulates that the National Ecology Center (NEC), in coordination with the Environmental Management Bureau (EMB), shall monitor and evaluate the compliance

of OEs, Collectives, and PROs, with their respective EPR programs, and submit regular reports thereof to the National Solid waste Management Commission (NSWMC).

SECTION 3. Scope and Coverage

- 3.1. These Guidelines shall be applicable to registered OEs, Collectives, and PROs who are required to submit their annual EPR Compliance Audit Report (ECAR) in accordance with Section 19 of the EPR IRR in relation to the last paragraph of Section 44-E and Section 44-G of the EPR Act of 2022. The ECAR consists of both the EPR Compliance Report (ECR) and the Audit Report.
- 3.2. These Guidelines are being issued to prescribe the minimum contents of the ECAR. OEs, Collectives, and PROs that contracted Limited or Reasonable Assurance engagements for their respective ECARs may continue to do so, provided the minimum contents or disclosures herein provided are complied with.

SECTION 4. Definition of Terms. In addition to the terms and conditions defined in the EPR Act of 2022 and its IRR, the following terms and conditions shall be interpreted to mean as follows:

- 4.1. **Accountable plastic footprints** – the actual plastic footprint generated for the reporting year which is the basis for the volume that the reporting entity is accountable to recover through their submitted EPR Program.
- 4.2. **Agreed-Upon Procedures** or AUP¹ – an engagement where the independent third-party auditor/practitioner performs the procedures that have been agreed upon with the DENR for the purpose of complying with Section 19 of the EPR-IRR.
- 4.3. **Auditor or CPA** – the Certified Public Accountant (CPA) duly accredited by the Professional Regulatory Board of Accountancy to engage in the public practice of accountancy. Section 19.3.3 of the EPR IRR states that they are qualified to conduct the compliance audit and certify the veracity and accuracy of the ECAR.
- 4.4. **Confidential Information** – a record, report, or information, or particular portion thereof determined by the Bureau to be confidential pursuant to Section 44-G of the Act, as amended by the EPR Act of 2022, as when the public disclosure thereof would divulge trade secrets, production or sales figures, or methods and processes unique to the enterprise that would otherwise tend to adversely affect its competitive position.

¹ This engagement follows the Internal Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements* issued by the International Auditing and Assurance Standards Board (IAASB). This has been approved for adoption by the Auditing and Assurance Standards Council (AASC) as Philippine Standard on Related Services (PSRS) 4400, *Agreed-upon Procedures Engagements*, effective for engagements for which terms are agreed on or after January 1, 2022.

- 4.5. **ECAR** – the EPR Compliance Audit Report required under Section 44-G of the Act, as amended by the EPR Act of 2022, which comprises both the ECR and the Audit Report, whether based on Agreed-upon procedures, Limited Assurance or Reasonable Assurance engagements.
- 4.6. **ECR** – the EPR Compliance Reports which the OEs, Collectives and PROs prepare annually. This shall be the basis for the conduct of an independent third-party audit and the issuance of the ECAR.
- 4.7. **Limited Assurance**² – a type of assurance engagement in which the independent third-party auditor reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where the risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the auditor's attention to cause the auditor to believe the subject matter information is materially misstated.
- 4.8. **Reasonable Assurance**³ – a type of assurance engagement in which the auditor reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the auditor's conclusion. This follows the standards set forth in the Philippine Standard on Assurance Engagement (PSAE) 3000 (Revised).
- 4.9. **Reporting entity** – the OEs, Collectives, or PROs preparing and submitting the EPR Compliance Reports which is subjected to an independent third-party audit.
- 4.10. **Sampling** – the application of the agreed upon audit procedures to less than 100% of the items within the population of the audit such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.
- 4.11. **SKU** – the stock keeping unit of products or services produced and sold by the reporting entity.

² Assurance engagements include both attestation engagements, in which a party other than the practitioner measures or evaluates the underlying subject matter against the criteria, and direct engagements, in which the practitioner measures or evaluates the underlying subject matter against the criteria. These engagements follow the standards set forth in the Philippine Standard on Assurance Engagements (PSAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* which contains requirements and application and other explanatory material specific to reasonable and limited assurance attestation engagements. This standard is effective for assurance engagements where assurance report is dated on or after December 15, 2015. Furthermore, this is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB).

³ Ibid.

SECTION 5. Compliance Reporting and Audit Guidelines

5.1. *EPR Compliance Report* – Pursuant to Sections 44-E and 44-F of the Act, as amended by the EPR Act of 2022, OEs, Collectives, and PROs shall submit an annual compliance report to the Department. This shall be called the EPR Compliance Report (ECR).

5.1.1. All registered OEs, Collectives and PROs shall prepare their annual ECR indicating the following:

5.1.1.1. Name of the registered OE, Collective and PRO and their EPR Registration number

5.1.1.2. Reference Year which is the calendar year the report covers

5.1.1.3. Summary of Accountable Plastic Footprint

5.1.1.3.1. The accountable plastic footprint shall be presented in volume measured in terms of weight in kilograms, presented by material type (i.e. Flexibles, Rigid) with reference to Section 44-C of the EPR Act and Section 16.3.2 of the EPR IRR.

5.1.1.3.2. For Collectives and PROs, the reported accountable plastic waste footprint should be presented as the aggregate footprint generated by its OE members. The Collective or PRO may require their respective OE members to submit their Audit Report covering their accountable footprints audited by an independent third-party auditor following the procedures set forth in Section 5.3.1.1.2.

5.1.1.4. Summary of Accounted Plastic Waste Diverted

5.1.1.4.1. Plastic waste diversion represents the recovery and plastic packaging waste diversion by waste diverters. The OE, Collective or PRO may require their waste diverters to have the volume diverted audited by an independent third-party auditor.

5.1.1.4.2. The accounted plastic waste diversion shall refer to plastic waste recovered for reuse, recycled, diverted, or properly disposed under Section 44-A paragraph (b) of the EPR Act of 2022 and Sections 11.2 and 12.2 of the EPR IRR.

5.1.1.4.3. Accounted plastic waste diverted shall be based on duly notarized diversion certificates in the name of the reporting entity or the OE member of a Collective or

PRO pursuant to Section 16.3.3 of the IRR in particular Sections 16.3.3.5, 16.3.3.6 and 16.3.3.7.

5.1.1.5. Plastic Waste Diversion Accomplishment

5.1.1.5.1. The reporting entity should show that their actual plastic waste diversion accomplishments met the minimum targets for the plastic product footprint generated in compliance with Section 44-F of the Act, as amended by the EPR Act of 2022.

5.1.1.5.2. Actual accomplishment is presented in percentage and computed as *follows*:

$$\text{Actual Accomplishment} = \frac{\begin{array}{c} \textit{Accounted plastic} \\ \textit{waste diverted} \\ \textit{(Section 5.1.1.4)} \end{array}}{\begin{array}{c} \textit{Accountable plastic} \\ \textit{footprint} \\ \textit{(Section 5.1.1.3)} \end{array}} \times 100$$

5.1.1.5.3. Actual accomplishment should be reported by material type.

5.1.1.6. As with other government regulatory reportorial requirements, such as the EMB Accountability Statement for ECC, the duly designated officer responsible for the EPR Program together with the President or Chief Executive Officer (CEO) or Executive Director or equivalent officer of the reporting entity shall execute Sworn Statements attesting to the veracity of data presented in the final ECR to be submitted together with the Audit Report.

5.1.2. The ECR should be based on the following supporting document, schedule, or report. These supporting documents should be made available to the auditors when they conduct the compliance audit.

5.1.2.1. EPR Program submitted to the EMB when they registered as an OE, Collective or PRO, and any subsequent amendments thereto.

5.1.2.2. Schedule of plastic footprint summary which should include the product/service quantity, SKU, plastic packaging type, and verifiable weight of the plastic package of products/services sold and any returns.

5.1.2.2.1. For the verification of the weight of the plastic packaging used per SKU, supporting document can be any of the following:

- 5.1.2.2.1.1. Supplier certification
 - 5.1.2.2.1.2. Bill of materials
 - 5.1.2.2.1.3. Certification by an expert (i.e. external engineer, in-house engineer)
 - 5.1.2.2.1.4. Results of an internal or external study made
 - 5.1.2.2.1.5. Other equivalent documentation (describe the document in sufficient detail)
- 5.1.2.2.2. For Collectives and PROs, the schedule of the accountable plastic footprint of their OE members should be made available to the auditors. Accountable footprints of the Collective and PRO represent the mandatory footprint of members who are classified as obliged enterprises according to the Act, as amended by the EPR Act of 2022. Collectives and PROs may require their OE members to submit third-party audited report covering their respective plastic footprint following the procedures set forth in Section 5.3.1.1.2
- 5.1.2.2.2.1. For Collectives and PROs which require their OE members to submit third-party audit report covering their respective plastic footprint following the procedures set forth in Section 5.3.1.1.2, the schedule of accountable plastic footprint shall be supported by these audit reports covering the plastic footprints of their OE members.
- 5.1.2.3. Schedule of total plastic waste diverted which includes the name and official business address of the diverter, volume in kilograms diverted, plastic packaging type and the covered period of the diversion. These shall be supported by duly notarized Diversion Certificates pursuant to Section 16.3.3.5 of the EPR IRR.
- 5.1.3. The reporting entity may include voluntary disclosures in their ECR such as, but not limited to those enumerated in Section 6.
- 5.1.4. A sample ECR is shown in Annex A.
- 5.1.5. OEs may prepare sustainability reports⁴ using generally accepted reporting standards such as the International Sustainability

⁴ Pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 4 series of 2019, public listed companies are required to prepare and submit their sustainability report annually starting reporting year 2019 for submission in 2020. The said memorandum circular provides guidelines on the preparation of sustainability reports using internationally recognized frameworks and standards. In 2020, the Bangko Sentral

Standards Board (ISSB) and Global Reporting Initiative (GRI). The relationship and intersection of the ECR and the sustainability reporting is illustrated in Appendix 2.

- 5.2. ***EPR Compliance Audit Report*** – Pursuant to Section 44-G of the Act, as amended by the EPR Act of 2022, OEs, Collectives, and PROs shall engage an independent third-party auditor to certify the veracity of the reporting plastic product footprint generation, recovery, and EPR program compliance, using uniform standards established by the Department.

Section 19.3 of the EPR IRR provides interim measures for the compliance audit and the submission of an ECAR by an independent third-party auditor engaged by the reporting entity. The auditor must not be an officer or employee of the reporting entity nor its affiliates and must be a Certified Public Accountant⁵. The ECAR should bear the signature of the auditor and include the following information:

- a) Certificate Number
- b) Professional Regulatory Board of Accountancy accreditation number with date of issue and expiration
- c) Professional Tax Receipt number with date and place of issue
- d) Tax Identification Number

- 5.2.1. Pursuant to Section 19.1.2 of the EPR IRR, the ECAR shall cover the ECR prepared by the reporting entity which includes the following:

- 5.2.1.1. Footprint declaration of reporting entity with breakdown in terms of material types
- 5.2.1.2. Recovery or plastic package waste diversion by waste diverters
- 5.2.1.3. Determination of the equivalent plastic packaging waste footprint reduction resulting from other EPR programs, as applicable

ng Pilipinas issued Circular No. 1085 series of 2020 requiring the integration of sustainability principles in the corporate governance and risk management frameworks as well as strategic objectives and operations of banks. The submission of sustainability reports following the SEC guidelines complies with this requirement.

⁵ Pursuant to Section 9 (g) and (h) of the RA 9298 (Philippine Accountancy Act of 2004), Certified Public Accountants who are engaged in public practice or as independent auditors are subject to the conduct of an oversight into the quality of their audit through peer review. Section 36 of the RA 9298 states that violation of any provisions shall be punished by a fine without prejudice to the imposition of administrative penalties of warning, admonition, fine, suspension or cancellation of the professional license as a CPA. The Rules and Regulations on the conduct of this oversight is promulgated under the Professional Regulatory Board of Accountancy (PRBOA) Resolution 57 Series of 2023 – Quality Assurance Review (QAR) Program.

5.2.1.4. Confirmation of records, reports, or information, or particular portions thereof, which the reporting entity considers and declares to be “confidential”.

5.2.2. The deadline for the submission to the EMB of the ECARs shall be on June 30 or the first working day immediately thereafter of the year following the reporting year in accordance with the following schedule:

Reporting Year	Basis for the Plastic Footprint	Basis for the Diversion	Target Diversion	ECAR Due Date
2023	2022 or 2023 *	2023	20%	July 1, 2024 (Mon)
2024	2023	2024	40%	June 30, 2025 (Mon)
2025	2024	2025	50%	June 30, 2026 (Tue)
2026	2025	2026	60%	June 30, 2027 (Wed)
2027	2026	2027	70%	June 30, 2028 (Fri)
2028	2027	2028	80%	July 2, 2029 (Mon)
<i>t</i>	<i>t - 1</i>	<i>t</i>	80%	<i>t + 6 months</i>
<i>* Transitory provision for Year 1.</i>				

The basis for the plastic footprints to be diverted should be the products/services released to the market the year preceding the compliance year. Thus, for Compliance Year *t*, the footprint should be based on the Year *t-1*, diverted in Year *t* and ECAR submitted in Year *t + 6 months*. As a transitory provision for the first compliance (recovery and diversion) year (Year 2023), the reporting entities may choose to base their footprints from the Year 2022 or 2023.

5.2.3. The ECAR submitted by the OE, Collective or PRO to the Department should consist of the following:

5.2.3.1. The Independent Third-party Audit Report, which may be an AUP Report, Limited Assurance Report or Reasonable Assurance Report; and

5.2.3.2. The duly notarized ECR pursuant to Section 5.1

5.3. **EPR Compliance Audit Checklist** – In the conduct of the compliance audit and subsequent issuance of the ECAR, the independent third-party

auditors will be guided by the professional standards⁶ and Code of Ethics for Professional Accountants in the Philippines.

- 5.3.1. The conduct of the compliance audit should include an Audit Report based on the Agreed-Upon Procedures (AUP) with the Department, Limited Assurance or Reasonable Assurance.

The agreed upon procedures with the Department is set forth in the Checklist for AUP below:

- 5.3.1.1. The Audit Checklist for the OEs based on the agreed upon procedures with the Department has four (4) parts:

5.3.1.1.1. Part 1 refers to the general requirements. The auditor should obtain a copy of a duly signed ECR, EPR Program and the supporting documents set forth in Section 5.1.2.

5.3.1.1.2. Part 2 refers to the verification of the Summary of Accountable Plastic Footprint. In this section, the audit should perform the following procedures.

5.3.1.1.2.1. Obtain a Schedule of Plastic Footprint Summary submitted by the reporting entity which should include data on SKU, quantity, verifiable weight of the plastic footprint, for the following:

5.3.1.1.2.1.1. Sales

5.3.1.1.2.1.2. Returns

5.3.1.1.2.1.3. Product donations, gifts, giveaways, and other promotional materials.

5.3.1.1.2.2. Check mathematical accuracy of this Schedule and summarize any exception noted.

5.3.1.1.2.3. Select a sample of items to be tested representing 20%⁷ of the SKUs with the highest plastic footprint for each material type (e.g.

⁶ The independent third-party auditor (CPAs) should be guided by professional standards such as the Philippine Standards on Related Services (PSRS) 4400 (Revised), *Agreed-upon Procedure Engagements* or the Philippine Standard for Assurance Engagements (PSAE) 3000 (Revised), *Other Than Audits or Reviews of Historical Financial Information*.

⁷ The 20% sampling threshold is an interim measure for the Compliance Audit pending the formal adoption of the uniform standards for compliance audit pursuant to Section 19.3 of the EPR IRR. This is subject to review during the development of the uniform standards for compliance auditing and reporting.

rigids and flexibles) based on sales net of returns.

5.3.1.1.2.4. From the samples selected, the auditor will perform the following procedures:

5.3.1.1.2.4.1. Trace the quantity sold to the document used by the OE to monitor its sales volume, such as but not limited to monthly or annual sales summary. Summarize exception noted.

5.3.1.1.2.4.2. Trace the quantity of returns to the document used by the OE to monitor its sales returns, such as but not limited to monthly or annual sales returns summary. Summarize exception noted.

5.3.1.1.2.4.3. Trace the verifiable weight of the plastic packaging to applicable and available documents mentioned in Section 5.1.2.2.1.

5.3.1.1.2.4.4. Recalculate the plastic footprint after adjustment resulting from the foregoing, if any, and compare this to the quantity reflected in the ECR. Summarize any exception noted.

5.3.1.1.3. Section 3 refers to the procedures for the verification of the Summary of Plastic Waste Diverted.

5.3.1.1.3.1. Obtain a detailed Schedule of Total Plastic Waste Diverted, as reflected in the EPR Compliance Report, which should include the name and official business address of diverter, volume in kilograms diverted and plastic packaging type. Check the mathematical accuracy of this schedule and summarize any exception noted.

5.3.1.1.3.2. Select a sample of items to be tested representing 20%⁸ of the Diverters with the highest quantity of diverted plastic for each material type (e.g. rigids and flexibles)

⁸ The 20% sampling threshold is an interim measure for the Compliance Audit pending the formal adoption of the uniform standards for compliance audit pursuant to Section 19.3 of the EPR IRR. This is subject to review during the development of the uniform standards for compliance auditing and reporting.

- 5.3.1.1.3.3. Using the samples selected, trace the quantity and type of plastic diverted to the notarized Diversion Certificate issued by the diverter. Summarize any exception noted.
- 5.3.1.1.3.4. Recalculate the total quantity of plastic waste diverted after adjustment resulting from the foregoing, if any, and trace to the EPR Compliance Report. Summarize any exception noted.
- 5.3.1.1.4. Part 4 refers to the verification of the Plastic Waste Diversion Accomplishment.
 - 5.3.1.1.4.1. Recalculate the Actual Accomplishment Rate for the calendar year using the recalculated plastic footprints (Section 2 of the Audit Checklist) and quantity of plastic waste diverted (Section 3 of the Audit Checklist), after adjustment noted, if any. Summarize any exception noted.
- 5.3.1.2. The Audit Checklist for the Collectives or PROs will follow the same agreed-upon procedures as for the OEs as far as the General Requirements (Section 5.3.1.1.1), Summary of Plastic Waste Diverted (Section 5.3.1.1.3) and Plastic Waste Diversion Accomplishment (Section 5.3.1.1.4).
 - 5.3.1.2.1. In accordance with Section 44-G of the EPR Act, the OEs or their Collective or PRO shall engage a third-party auditor to certify the veracity of the reported plastic product footprint generated. The Collective or PRO may require their respective OE members to submit their Audit Report covering their accountable footprints audited by an independent third-party auditor following the procedures set forth in Section 5.3.1.1.2.
 - 5.3.1.2.2. For the Summary of Accountable Plastic Footprint of Collectives or PROs, the auditor should perform the following procedures.
 - 5.3.1.2.2.1. Check the mathematical accuracy of the Schedule of the Plastic Footprint of the Accountable Entities reflected in the EPR Compliance Report, which should include the plastic footprint of each OE with details of the quantity for each plastic packaging material type.

5.3.1.2.2.2. Select a sample of items to be tested representing 20%⁹ of the OEs with the highest plastic footprint for each material type (e.g. rigids, flexibles).

5.3.1.2.2.3. From the samples selected, the auditor will perform the following procedures:

5.3.1.2.2.3.1. Obtain the respective Audit Report covering the plastic footprints of the OEs.

5.3.1.2.2.3.2. Trace the details from the Schedule of the Plastic Footprint of the Accountable Entities to the corresponding Audit Report covering the plastic footprints of the OEs. Summarize exception noted.

5.3.1.2.2.4. Recalculate the plastic footprint after adjustment resulting from the foregoing, if any, and compare this to the quantity reflected in the ECR. Summarize any exception noted.

5.3.1.3. A sample Agreed-upon procedure (AUP) report is shown in Annex B.

5.3.2. The OE, Collective or PRO may also agree with the auditor to conduct limited assurance engagement or reasonable assurance engagement in compliance with the ECAR requirements mentioned in Section 19 of the EPR IRR. This audit engagement should follow the Philippine Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (PSAE) 3000 (Revised). A sample limited assurance report and reasonable assurance report is shown in Annex C and D, respectively.

SECTION 6. Voluntary Disclosures. To assist the DENR, NSWMC, EMB and the NEC in the fulfillment of its obligations under the EPR Act of 2022 and its IRR, the reporting entity may include in its ECR the following voluntary disclosures which are not subject to audit:

6.1 Information on solid waste generation and management as well as the management, technical and operational approaches to resource recovery (Section 9.2.1., EPR IRR)

6.2 Information of processors/recyclers, the list of materials being recycled or brought by them and their respective prices (Section 9.2.2., EPR IRR)

⁹ Ibid.

- 6.3 Information on the rate of recovery and diversion of each type of plastic waste, updated semi-annually (Section 9.2.3, EPR IRR)
- 6.4 Information on the costs of recovery and diversion of each type of plastic waste (Section 9.2.4, EPR IRR)
- 6.5 Information on gender composition involved in the EPR Program, as well as other environmental, social inclusivity, anti-exploitation, and other relevant safeguards (Section 16.3.6.1.6, EPR IRR)
- 6.6 Information on the towns or cities where EPR Program was implemented during the compliance year (Section 16.3.6.2, EPR IRR)
- 6.7 For Collectives or PROs, information on MSME voluntary members and their respective plastic footprint (Section 9.4, EPR IRR)
- 6.8 Such other relevant information as may be voluntarily disclosed.

SECTION 7. Confidential Business Information

- 7.1 Pursuant to the 2nd paragraph of Section 44-G, RA 9003, as amended by the RA 11898, and Sections 6.8, 19.1.2.4, 19.2, and 19.4.5 of the EPR IRR, the following information are considered Confidential Business Information:
 - 7.1.1 Trade secrets
 - 7.1.2 Breakdown of production or sales figures
 - 7.1.3 Contracts, agreements, methods, or processes unique to the enterprise and other records, reports or information, or particular portions thereof, that would otherwise tend to adversely affect its competitive position.
- 7.2 To avoid inadvertent public disclosure, the foregoing Confidential Business Information, do not have to be submitted together with the ECAR.
- 7.3 In the course of its review of the submitted ECARs, the DENR or the EMB may require the presentation and evaluation, in executive session, of Confidential Business Information by the duly designated officer of the OE, Collective, or PRO, in accordance with Sections 19.4.2. and 19.4.3., or under such rules of procedures as the Pollution Adjudication Board (PAB) may promulgate.

Section 8. Advisory to Certified Public Accountants. Certified Public Accountants who are engaged in public practice and as independent third-party EPR Compliance Auditors are hereby reminded of their obligations under Section 9 (g) and (h) of RA 9298 (Philippine Accountancy Act of 2004) and under the Rules and Regulations on the conduct of this oversight as promulgated under the Professional

Regulatory Board of Accountancy (PRBOA) Resolution 57 Series of 2023 – Quality Assurance Review (QAR) Program. They are also reminded of their possible accountabilities under Section 36 of RA 9298.

The EMB and the NEC shall coordinate closely with the PRBOA through its Financial and Sustainability Reporting Standards Council of the Philippines and its Philippine Interpretation Committee on the formulation of standards on the EPR Investments and Compliances may be reflected in the balance sheets and other financial reports of OEs, Collectives, and PROs.

SECTION 9. Integration with DENR DAO No. 2023-02. This Administrative Order shall be integrated with and referred to as Annex A of DENR DAO No. 2023-02, Series of 2023, otherwise known as the Implementing Rules and Regulations of the EPR Act of 2022. When the Uniform Standards of EPR Compliance Reporting and Audit are adopted and promulgated by the Department, it shall replace this Administrative Order as Annex A of the IRR, EPR Act of 2022.

SECTION 10. Separability Clause. If any provision of this Order shall be held invalid or unconstitutional, the other portions or provisions hereof which are not affected shall continue in full force and effect.

SECTION 11. Repealing Clause. All Administrative Orders and other similar issuances inconsistent herewith are hereby revoked, amended, or modified accordingly.

SECTION 12. Effectivity. This Administrative Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation and upon acknowledgment of the receipt of the copy thereof by the Office of the National Administrative Register (ONAR).

MARIA ANTONIA YULO LOYZAGA
Secretary



Publication: The Manila Times
May 7, 2024

Acknowledgement: ONAR, U.P., Law Center
May 8, 2024

Annex A

Sample EPR Compliance Report

Company Name:	Name of Reporting Entity				
EPR Registration No.:	EPR Registration Number				
Reference Year:	Calendar Year				
				Rigid (kg)	Flexible (kg)
Summary of Accountable Plastic Footprint					
Total accountable plastic footprint				xx,xxx.xx	xx,xxx.xx
Summary of Accounted Plastic Waste Diverted					
Total accounted plastic waste diverted				xx,xxx.xx	xx,xxx.xx
Plastic Waste Diversion Accomplishment					
Plastic Footprint				xx,xxx.xx	xx,xxx.xx
Plastic Waste Diverted				xx,xxx.xx	xx,xxx.xx
Actual Accomplishment (in %)				xx.xx%	xx.xx%
Required Diversion (in %)				xx.xx%	xx.xx%
SWORN STATEMENT					
<p><i>We, undersigned, do hereby certify that the information provided to the Department of Environment and Natural Resources (DENR), Environmental Management Bureau (EMB) pertaining to the EPR Compliance Report above are true and correct to the best of our personal knowledge, and based on the records in our possession. Hence we shall take full responsibility in complying with all the conditions and restrictions contained in the EPR Compliance Report.</i></p>					
[signature]				[signature]	
President or Executive Director				Person Responsible for the EPR Program	
REPUBLIC OF THE PHILIPPINES	}				
PROVINCE OF _____	} SS				
CITY/MUNICIPALITY OF _____	}				
<p>SUBSCRIBED and sworn to before me, in the city/municipality of _____ this _____ day of _____ personally appeared _____ with Government Identification Type and ID No. _____ issued _____ on _____.</p>					
<p>IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day, year, and place above written.</p>					
				Notary Public	
				My Commission expires	
				IBP No. _____, (date), (City/Municipality)	
				PTR No. _____, (date), (City/Municipality)	
Doc. No. _____					
Page No. _____					
Book of _____					
Series of 20 _____					

Voluntary Disclosures						
(1) Information on solid waste generation and management as well as the management, technical and operational approaches to resource recovery (Section 9.2.1., EPR IRR)						
(2) Information of processors/recyclers, the list of materials being recycled or brought by them and their respective prices (Section 9.2.2., EPR IRR)						
(3) Information on the rate of recovery and diversion of each type of plastic waste, updated semi-annually (Section 9.2.3, EPR IRR)						
(4) Information on the costs of recovery and diversion of each type of plastic waste (Section 9.2.4, EPR IRR)						
(5) Information on gender composition involved in the EPR Program, as well as other environmental, social inclusivity, anti-exploitation, and other relevant safeguards (Section 16.3.6.1.6, EPR IRR)						
(6) Information on the towns or cities where EPR Program was implemented during the compliance year (Section 16.3.6.2, EPR IRR)						
(7) For PROs, information on MSME volunteer members (Section 9.4, EPR IRR)						
(8) Such other relevant information as may be voluntarily disclosed.						

Annex B

Sample AUP Report

AGREED-UPON PROCEDURES REPORT ON THE ACCOUNTABLE PLASTIC FOOTPRINT SUMMARY, ACCOUNTED PLASTIC WASTE DIVERSION SUMMARY, AND PLASTIC WASTE DIVERSION ACCOMPLISHMENT OF AN OBLIGED ENTERPRISE, IN CONNECTION WITH THE SUBMISSION OF THE EXTENDED PRODUCER RESPONSIBILITY COMPLIANCE AUDIT REPORT (ECAR) IN ACCORDANCE WITH PART 5, SECTION 19 OF THE REPUBLIC ACT 11898, EXTENDED PRODUCER RESPONSIBILITY ACT OF 2022 IMPLEMENTING RULES AND REGULATIONS

[Appropriate Addressee]

Purpose of this Agreed-Upon Procedures Report

We have performed the procedures which were agreed to by *[ABC Corporation]* (the Company) and enumerated below with respect to the Accountable Plastic Footprint Summary, Accounted Plastic Waste Diversion Summary and Plastic Waste Diversion Accomplishment for the year ended *[date]* (Subject Matter). Our report is solely for the purpose of assisting the Company in complying with the requirements for the submission of the Extended Producer Responsibility (EPR) Compliance Report by the Company as an Obligated Enterprise in accordance with Republic Act 11898, *Extended Producer Responsibility Act of 2022 (EPR Act of 2022)*.

Restriction on Use

This agreed-upon procedures report (AUP Report), which is submitted in connection with the submission of the EPR Compliance Audit Report in accordance with Part 5, Section 19 of the EPR Act of 2022 Implementing Rules and Regulations, is intended solely for the information and use of the Company and the Department of Environment and Natural Resources (DENR) and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance

with the Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the Agreed-Upon Procedures engagement, we have complied with the ethical and independence requirements in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics).

Our firm applies Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements or Other Assurance and Related Services Engagements*, 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.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in the terms of engagement dated [date], on the Subject Matter. The procedures we performed were in accordance with the procedures required by the DENR (Department Administrative Order XXXX) in connection with the submission of the EPR Compliance Audit Report.

We report our findings below¹⁰:

A. General

- 1) We obtained a copy of the EPR Compliance Report (ECR).
- 2) We obtained a copy of the EPR Program submitted by the Company to the DENR. The projected footprint reflected in the EPR Program for each plastic packaging type (i.e., Rigid, Flexible, Others) is as follows:

Plastic Packaging Type	In Kg
Rigid	
Flexible	

¹⁰ These are just examples of findings that are provided for illustrative purposes.

B. Accountable Plastic Footprint Summary

- 1) For each of the rigid and flexible packaging types, we obtained a detailed Schedule of Accountable Plastic Footprint Summary reflected in the ECR, which includes the SKU, quantity, and verifiable weight of the plastic packaging of the following:
 - a. Sales
 - b. Returns
 - c. Product donations, gifts, giveaways and other promotional materials

We checked the mathematical accuracy of this schedule and found no exceptions.

- 2) For each of the rigid and flexible packaging types, we selected samples to be tested representing 20% of the SKUs with the highest plastic footprint for each material type (e.g. rigids and flexibles) based on sales, net of returns. The actual samples selected represent the following:

	Rigid	Flexible
Number of SKUs		
% of accountable plastic footprint		

- 3) Using the samples selected for each of the rigid and flexible packaging types, we performed the following:
 - a) Traced the quantity sold indicated in the Schedule of Accountable Plastic Footprint Summary to the *[document used by the OE to monitor its sales volume, such as monthly or annual sales summary]*. We found no exceptions.
 - b) We traced the quantity of returns indicated in the Schedule of Accountable Plastic Footprint Summary to the *[document used by the OE to monitor sales returns such as monthly or annual sales return summary]*. We found no exceptions.
 - c) We traced the verifiable weight of the plastic packaging indicated in Schedule of the Accountable Plastic Footprint Summary to the *[certification provided by the supplier of the plastic packaging material]*. We found no exceptions.
- 4) For each of the rigid and flexible packaging types, we recalculated the Total Accountable Plastic Footprint and compared these to the corresponding quantities reflected in the ECR. We found no exceptions.

B. Accounted Plastic Waste Diversion Summary

- 1) For each of the rigid and flexible packaging types, we obtained a detailed Schedule of Accounted Plastic Waste Diversion Summary, as reflected in the ECR, which includes the name and official business address of diverter, volume in kilograms diverted, plastic packaging type and covered period.

We checked the mathematical accuracy of this schedule. We found no exceptions.

- 2) For each of the rigid and flexible packaging types, we selected samples to be tested representing 20% of the diverters with the highest quantity of diverted plastic.

The actual samples selected represent the following:

	Rigid	Flexible
Number of Diverters		
% of plastic waste diverted		

- 3) Using the samples selected for each of the rigid and flexible packaging types, we traced the quantity and type of plastic diverted indicated in the Schedule of Accounted Plastic Waste Diversion Summary to the notarized Certificates of Diversion issued by the diverters. We found no exceptions.
- 4) For each of the rigid and flexible packaging types, we recalculated the Total Plastic Waste Diverted and compared these to the corresponding quantities in the ECR. We found no exceptions.

C. Plastic Waste Diversion Accomplishment

For each of the rigid and flexible packaging types, we recalculated the Actual Accomplishment (%) using the recalculated plastic footprint and recalculated plastic waste diverted and compared these to the corresponding EPR Required Diversion (in %) as indicated in Section 18 of Republic Act 11898, *Extended Producer Responsibility Act of 2022 Implementing Rules and Regulations* as reflected in the ECR. We found no exceptions.

Explanatory Paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform, and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we

relied in forming our findings.

The agreed-upon procedures do not constitute an audit or a review of financial statements or part thereof, the objective of which is the expression of an opinion or conclusion on the financial statements or part thereof.

We undertake no responsibility to update this AUP Report for events and circumstances occurring after the AUP Report is issued.

[Auditor's signature]

[Auditor's name]

[CPA License Number and Expiry Date]

[Board of Accountancy Accreditation Details]

[Date of the agreed-upon procedures report]

[Auditor's address]

Annex C

Sample Limited Assurance Report

Independent practitioner's assurance report

[Addressee]

Scope

We have been engaged by [Insert Entity's name] (the "Company") to perform a 'limited assurance engagement,' as defined by Philippine Standards on Assurance Engagements, here after referred to as the engagement, to report on the Company's plastic footprint and plastic packaging waste diversion summary and accomplishment (the "Subject Matter") contained in its EPR Compliance Management Report for the year ended December 31, 20xx (the "Report").

Criteria applied by [Insert Entity's name]

In preparing the plastic footprint and plastic packaging waste diversion summary and accomplishment, [Insert Entity's name] applied what is set forth in the Extended Producer Responsibility (EPR) Act of 2022 and its Implementing Rules and Regulations (IRR) (Criteria).

[Insert Entity's name]'s responsibilities.

[Insert Entity's name]'s management is responsible for selecting the Criteria, and for presenting the plastic footprint and plastic packaging waste diversion summary and accomplishment in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

[Insert Independent 3rd Party Auditor's Name (I3PA)]'s responsibilities.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *Philippine Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('PSAE 3000 (Revised)'). Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants in the Philippines

and have the required competencies and experience to conduct this assurance engagement.

[Insert Independent 3rd Party Auditor's Name (I3PA)] also applies Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed.

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the plastic footprint and plastic packaging waste diversion and related information and applying analytical and other appropriate procedures.

Our procedures included:

[Describe the procedures performed, i.e., an informative summary of the work performed as the basis for our conclusion]

- **XXX**

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the plastic footprint and plastic packaging waste diversion summary and accomplishment for the year ended December 31, 20xx, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of **[Insert Entity's name]** and the Department of Environment and Natural Resources and its attached agencies as part of the compliance requirements as specified in the EPR Act of 2022 and its

IRR and is not intended to be and should not be used by anyone other than those specified parties.

[Auditor's signature]

[Auditor's name]

[CPA License Number and Expiry Date]

[Board of Accountancy Accreditation Details]

[Date of the agreed-upon procedures report]

[Auditor's address]

Annex D

Sample Reasonable Assurance Report

Independent practitioner's reasonable assurance report

[Addressee]

Scope

We have been engaged by [Insert Entity's name] (the "Company") to perform a 'reasonable assurance engagement,' as defined by Philippine Standards on Assurance Engagements, here after referred to as the engagement, to report on the Company's plastic footprint and plastic packaging waste diversion summary and accomplishment (the "Subject Matter Information") contained in its EPR Compliance Report for the year ended December 31, 20xx (the "Report").

Criteria applied by [Insert Entity's name]

In preparing the plastic footprint and plastic packaging waste diversion summary and accomplishment, [Insert Entity's name] applied what is set forth in the Extended Producer Responsibility (EPR) Act of 2022 and its Implementing Rules and Regulations (IRR) (Criteria).

[Insert Entity's name]'s responsibilities.

[Insert Entity's name]'s management is responsible for selecting the Criteria, and for presenting the plastic footprint and plastic packaging waste diversion summary and accomplishment in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter Information, such that it is free from material misstatement, whether due to fraud or error.

[Insert Independent 3rd Party Auditor's Name (I3PA)]'s responsibilities.

Our responsibility is to express a reasonable assurance conclusion on the presentation of the Subject Matter Information based on the evidence we have obtained.

We conducted our engagement in accordance with the *Philippine Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('PSAE 3000 (Revised)'). Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether the Subject Matter Information is free from material misstatement.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants in the Philippines and have the required competencies and experience to conduct this assurance engagement.

[Insert Independent 3rd Party Auditor's Name (I3PA)] also applies Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed.

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Subject Matter Information whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Subject Matter Information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the preparation and presentation of the Subject Matter Information.

Our procedures included assessing the appropriateness of the Subject Matter Information, the suitability of the Criteria used by the Company in presenting the Subject Matter Information, obtaining an understanding of the compilation of the non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations in the Subject Matter Information. **[Considering circumstances specific to the entity and engagement, tailor, describe in more detail and include other procedures performed, as deemed necessary, to allow intended users to understand the work done as the basis for the practitioner's conclusion such that the description is neither ambiguous nor overstated.]**

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

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

Conclusion

In our opinion, the plastic footprint and plastic packaging waste diversion summary and accomplishment contained in the Company's EPR Compliance Report for the year ended December 31, 20xx is, in all material respects, prepared and presented in accordance with the EPR Act of 2022 and its IRR.

Restricted use

This report is intended solely for the information and use of **[Insert Entity's name]** and the Department of Environment and Natural Resources and its attached agencies as part of the compliance requirements as specified in the EPR Act of 2022 and its

IRR and is not intended to be and should not be used by anyone other than those specified parties.

[Auditor's signature]

[Auditor's name]

[CPA License Number and Expiry Date]

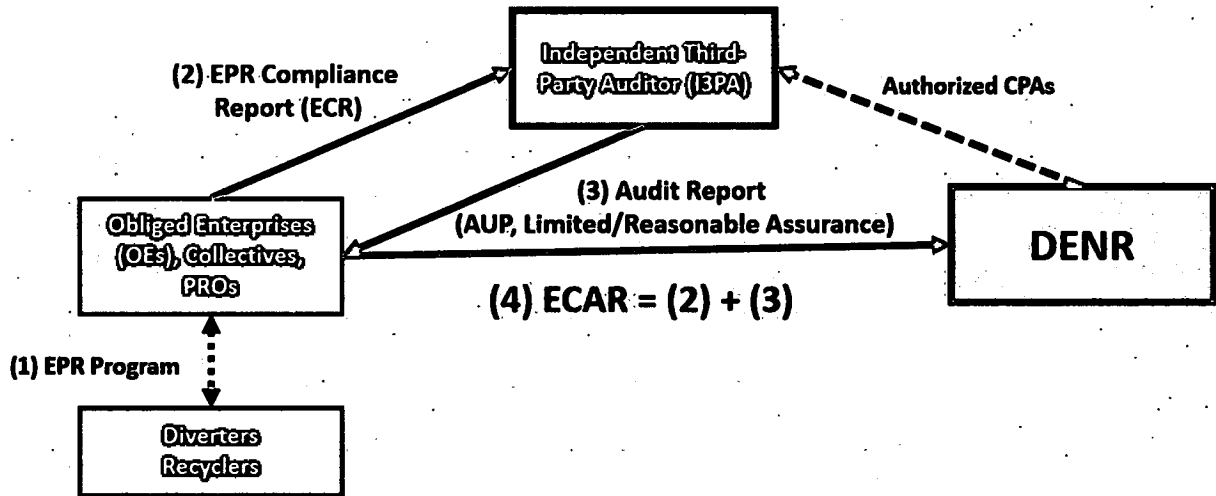
[Board of Accountancy Accreditation Details]

[Date of the assurance report]

[Auditor's address]

Appendix 1

EPR Compliance Reporting and Audit Framework



Appendix 2

Relationship and Intersection of EPR Compliance Report (ECR) and the Sustainability Report

The Securities and Exchange Commission's (SEC) Memorandum Circular No. 4 series of 2019 or the "Sustainability Reporting Guidelines for Publicly Listed Companies" defines sustainability as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."¹¹ For companies, it focuses on how it manages its economic, environmental, and social impacts, risks, and opportunities. Disclosure on these non-financial matters is done through sustainability reporting (also known as EESG (economic, environmental, social and governance) reporting, non-financial reporting, or triple bottom line accounting).

Sustainability Reporting is a central element of modern corporate reporting that includes strategy, governance and performance which is an organization's practice of reporting publicly on its significant economic, environmental and/or social impacts, in accordance with globally accepted standards. SEC recognizes that companies are not required to disclose on all topics provided in their Sustainability Reports. Rather, disclosure should only be on topics determined by companies as material after an assessment of materiality, which is discussed in more detail in their Materiality Assessment.

Republic Act 11898 or the EPR Act of 2022, on the other hand, requires obliged enterprises (OEs) to comply with the diversion target of its annual plastic footprints and submit an EPR Compliance Audit Report (ECAR). Thus, the EPR Compliance Report (ECR) is a mandatory disclosure for all OEs.

To illustrate the intersection of Sustainability Report and ECR, we assume a company uses the Global Reporting Initiative (GRI) standards. GRI Disclosure 301-3 requires reporting organization to report their percentage of reclaimed products and their packaging materials for each product category. The ECR of an OE report on its diversion accomplishment for plastic waste which is a subset of "reclaimed products and their packaging materials". The GRI formula for the reporting of percentage of reclaimed products and their packaging materials also parallels the formula for the actual accomplishment under Section 5.1.1.5.2.

GRI Formula

$$\text{Percentage of reclaimed products and their packaging materials} = \frac{\text{Products and their packaging materials reclaimed within the reporting period}}{\text{Products sold within the reporting period}} \times 100$$

¹¹ Brundtland, G. "Our Common Future", Report of the World Commission on Environment and Development (1987)

ECR Actual Accomplishment Formula (Section 5.1.1.5.2)

$$\text{Actual Accomplishment} = \frac{\begin{array}{l} \text{Accounted plastic} \\ \text{waste diverted} \\ \text{(Section 5.1.1.4)} \end{array}}{\begin{array}{l} \text{Accountable plastic} \\ \text{footprint} \\ \text{(Section 5.1.1.3)} \end{array}} \times 100$$