



June 29, 2015

Independent Reasonable Assurance Report

To the Directors of the Canadian Electrical Stewardship Association on selected non-financial information included in the CESA 2014 Annual Report

We have been engaged by the Canadian Electrical Stewardship Association (“CESA”) to perform a reasonable assurance engagement in respect of the following information (the “Selected Information”) detailed in Appendix A, and also included within CESA’s Annual Report to the Director, Waste Management for the year ended December 31, 2014:

1. The location of collection facilities, and any changes in the number and location of collection facilities from the prior year in accordance with Section 8 (2) (b) of the Recycling Regulation;
2. The description of how recovered product was managed in accordance with the pollution prevention hierarchy in accordance with 8(2)(d) of the Recycling Regulation;
3. The total amount of the producers’ product sold and collected and the recovery rate for the year ended December 31, 2014 in accordance with 8(2)(e) of the Recycling Regulation; and
4. The description of performance for the year in relation to targets in the approved stewardship plan under Sections 8(2)(b), (d) and (e), in accordance with Section 8(2)(g) of the Recycling Regulation.

Our opinion does not constitute a legal determination on CESA’s compliance with the British Columbia Regulation 449/2004 Recycling Regulation (“Recycling Regulation”).

Responsibilities

Preparation and fair presentation of the Selected Information in accordance with the evaluation criteria as listed in Appendix A is the responsibility of CESA’s management. Management is also responsible for such internal control as management determines is necessary to enable the preparation of the Selected Information such that it is free from material misstatement. Furthermore management is responsible for preparation of suitable evaluation criteria in accordance with the *Third Party Assurance Requirements for Non-Financial Information in Annual Reports, Version 3*, dated February, 2015 (“Assurance Requirements”) as specified by the Director under section 8(2)(h) of the Recycling Regulation of the Province of British Columbia.

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

Methodology and Assurance Procedures

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), “*Assurance Engagements other than Audits or Reviews of*

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Historical Financial Information” published by the International Federation of Accountants. This standard requires that we comply with independence requirements and plan and perform the engagement to obtain reasonable assurance about whether the Selected Information is free of material misstatement. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the Selected Information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the Selected Information due to omissions, misrepresentation and errors. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the Selected Information in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the entity’s internal control. A reasonable assurance engagement also includes assessing the evaluation criteria used and significant estimates made by management, as well as evaluating the overall presentation of the Selected Information.

The main elements of our work were:

- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- Testing relevant controls, documents and records on a sample basis;
- Testing and re-calculating quantitative information related to the Selected Information on a sample basis; and,
- Reviewing the consistency of the Selected Information with the related disclosures in the Annual Report of CESA.

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

Inherent limitations

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

Conclusion

In our opinion, the Selected Information for the year ended December 31, 2014 presents fairly, in all material respects, in accordance with the evaluation criteria listed in Appendix A:

1. The location of collection facilities, and any changes in the number and location of collection facilities from the prior year;
2. The description of how the recovered product was managed in accordance with the pollution prevention hierarchy;
3. The total amount of the producers’ product sold and collected and the recovery rate; and
4. The description of performance for the year in relation to targets in the approved stewardship plan.



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 the Appendix A have been excluded. Our opinion is not qualified in respect of this matter.

Other matters

Our report has been prepared solely for the purposes of CESA'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 CESA, and accordingly, we do not accept any responsibility for loss occasioned to any other party acting or refraining from acting based on this report.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

Chartered Professional Accountants

June 29, 2015



Appendix A to the Assurance Report

1. The location of collection facilities, and any changes in the number and location of collection facilities from the previous report as presented in Section 4 on page 11 and 12 of CESA's Annual Report to the Director, Waste Management.

"At the end of 2014, the program had 176 contracted collection facilities for CESA products."

"Throughout 2014, the collection network expanded to include 13 additional contracted collection facilities for CESA products."

"No collection facilities closed during 2014"

The contents of Table 1: Number of Collection Facilities by Regional District

Evaluation criteria:

- "Collection Facilities" are centres that have a signed contract with Product Care Association (PCA) for the collection of Program Products during the reporting year and may include the following types of centres:
 - Retailers;
 - Recycling Organizations (both for profit and non-profit);
 - Local government recycling centres or transfer stations; or
 - Other associations or businesses.
- Reporting Period: January 1st to December 31st annually
- "Program Products" are all products included in the program as listed in the currently approved product stewardship plans dated August 17, 2011 and March 9, 2012. CESA defines two streams of products included in the program in sourcing collection facilities: "regular" and "very large items." Products that are considered "very large items" include treadmills, elliptical trainers, stationary cycling machines (Category 19) and large, free-standing power tools with built-in stands (select products in Category 17). All other products are considered "regular."
- The number of Collection Facilities is reported on the basis of the number of Collection Facilities that have signed contracts with PCA during the reporting year including those that accept "regular" products and/or "very large items".
- The number of Collection Facilities and the location of each facility are documented in PCA's Access database. Collection Facilities are entered into the database as of the date of the contract.
- The changes in number and location of Collection Facilities are calculated by summing the Collection Facilities that signed contracts within a given reporting year and those that closed within that year. This value is then compared to the difference in total number of collection facilities reported and the equivalent data from the prior year.



2. The description of how the recovered product was managed in accordance with the pollution prevention hierarchy under Section 8(2)(d) of the Recycling Regulation as presented in Section 6 on page 14 and page 15 of the Annual Report to the Director, Waste Management.

“CESA’s processor made estimates based on industry knowledge for 11% of the total reported values (7.3% of ferrous metals, 0.5% of wire and cables, 3.1% of copper and 0.1% of circuit boards), in cases where it was difficult to separate items into their pure material commodities.”

"For the processor data outlined below, the majority of commodities achieve end-fate within North America, while a proportion of circuit boards are sent overseas."

The contents of Table 3: Percent of Weight Collected by Material Commodity in 2014

- The Pollution Prevention Hierarchy includes the following:
 - “Reuse” includes all Program Products that are refurbished or can be reused “as-is” through either, resale, return to inventory, or given away as a donation.
 - “Recycle” includes:
 - Any Program Product that cannot be Re-used.
 - Any Program Product where the sales agreement strictly prohibits the reuse of that product or requires its destruction.
 - Any Program Product that is harvested for parts.
 - Any commodities that are captured from the recycling process.
 - “Recover” relates to processing activities after the recycling stage and includes:
 - Any element of the Program Product that is harvested to generate energy.
 - “Waste” includes any products not captured in the three streams above.
 - “End of fate” is defined as final processed state of each material commodity before reuse in another product or shipment to landfill.
 - Reporting Period: January 1st to December 31st annually.

Method of reporting

- Processor selection is based on a thorough due diligence process that includes assessment of certifications.
- Materials collected are reported by end of fate both by material commodity and by process on the Pollution Prevention hierarchy:
 - Reuse: No products collected are currently reused.
 - Recycle: Products are listed and quantified by End of fate commodity (e.g., Ferrus Steel, Plastics, Aluminum, Copper, Glass, etc.)
 - Recover: No products collected are currently recovered.



- Waste: Amount of waste going to landfill is quantified.
- End of fate quantities have been determined by sampling CESA Program Product that has been collected and processed by CESA's three primary processors and are expressed as a percentage of total weight collected.



3. The description of total amount of the producer’s product sold and collected, and if applicable, the producer’s recovery rate, as presented in Section 7.1 and Section 7.2b on page 16 of CESA’s Annual Report to the Director, Waste Management.

“The number of CESA products sold, as reported by CESA members for the year 2014, in British Columbia was 7,280,609 units.”

“According to weights reported to the program by contracted consolidation facilities, the program collected approximately 3,672,265 kg of regular CESA products between January 1 and December 31, 2014 from contracted collection facilities, large volume end-users and collection events.”

Note: Products sold by fee category not subject to assurance. Table 4 (“Approximate Weights Collected by Regional District for Regular Products and Collection Events in 2014”) not subject to assurance. Recovery rate has been excluded.

Evaluation criteria:

- “Program Products” are all products included in the program as listed in the currently approved product stewardship plans dated August 17, 2011 and March 9, 2012. CESA defines two streams of products included in the program in sourcing collection facilities: “regular” and “very large items.” Products that are considered “very large items” include treadmills, elliptical trainers, stationary cycling machines (Category 19) and large, free-standing power tools with built-in stands (select products in Category 17). All other products are considered “regular.”
- “Product Sold” is the amount of all Program Products sold in BC.
- “Product Collected” is the amount of all regular Program Products collected at BC Collection Facilities.
- “Recovery Rate” is the % growth in tonnes of CESA products collected year over year.
- Reporting Period: January 1st to December 31st annually.

Product Collected:

- Quantification of Product Collected is based on an estimated portion of the weight of “regular” products collected at the Collection Facilities.
- These reports are generated by the primary processor(s) who receive comingled CESA Program Products and Program Products from another program (i.e. LightRecycle) in addition to other waste.
- The estimate of CESA’s portion of the collected material is based on a monthly sample of 10% of the first shipment received at each processor. The sampling data received from each recycler, for each month, was extrapolated to determine the proportion of CESA products collected versus the proportion of LightRecycle products collected in each particular month. This percentage is applied to the weight of every pick-up from contracted collection facilities during that month.
- The “other waste” is included in the total weight being split between the two programs as the program retains responsibility for disposing of it.
- These collected weights, now adjusted for LightRecycle tonnage, are then summed to provide the total weight of CESA products collected, as reported by the program’s consolidation facilities, by Regional District, or for the province as a whole.
- “Very large items” are not managed through the program’s recycling process and are therefore not



included in the total weight of Product Collected or the breakdown of collection by region.

- The majority of collection facilities submit monthly unit-based tracking forms to PCA with the number of very large products collected but not their weights.
- Collection Facilities are required to arrange the recycling of these items through a metal recycler of their choice.
- Products Collected are reported by weight broken down by region (based on location of Collection Facility).
- If the conversion of weight to units is conducted, conversion factors used for converting weight to number of units are based on industry provided information per fee category.

Product Sold:

- Quantification of Product Sold is based on monthly self-declared values as reported to CESA by its members through a web portal. This web portal feeds into PCA's accounting software system.
- Product Sold sales figures have associated eco fees which are subject to a financial audit.
- Product Sold is calculated by extracting a report from PCA's accounting software for the reporting period.
- Product Sold is reported in units by fee category. These categories are:
 1. Kitchen Countertop – Motorized Appliances
 2. Kitchen Countertop – Heating Appliances
 3. Kitchen Countertop – Heating Appliances (coffee/tea)
 4. Microwave – 1 cu. Ft and over
 5. Microwave – less than 1 cu. Ft
 6. Time Measurement and Display Devices
 7. Weight Measurement
 8. Garment Care Appliances
 9. Air Treatment Appliances
 10. Desk and Table Top Fans
 11. Full-size Floor Cleaning Appliances
 12. Smaller Floor/Surface Cleaning Appliances
 13. Personal Care Appliances
 14. Designated Very Small Items - Part 1 (categories 1-13)
 15. Test and Measurement tools
 16. Hand-Held Power Tools
 17. Bench, Demolition or Free-Standing Power Tools
 18. Exercise Equipment
 19. Sewing and Textile Machines
 20. Sports/Leisure/ & Arts/Crafts/Hobby Devices
 21. Designated Very Small Items - Part 2 (categories 15-20)

Recovery Rate:

- Is not currently calculated by CESA as a target was not set per the approved stewardship plan.
 - In 2014, a proposed recovery target of 5% greater than the previous year, by tonnage, in each of the years 2014, 2015 and 2016 was sent to the Ministry of Environment.
 - The total amount of product collected will be calculated as per the process outlined above.





4. The description of performance for the year in relation to targets in the approved stewardship plan under Sections 8(2)(b), (d) and (e) in accordance with 8(2)(g) of the Recycling Regulation as presented in Section 9, Table 6 on page 19 of CESA's Annual Report to the Director, Waste Management.

Performance Measure	Plan Target	2014 Result
# of Collection Sites	75 by the end of 2013; 100 by the end of 2014	176
Absolute Collection and Recovery Rate (if applicable)	5% annual increase in total tonnage collected for each year between 2014 and 2016	Absolute collection for the program grew by 15% from 2013 to 2014.

Note: Greenhouse gas emissions not subject to assurance. Performance for the year in relation to select targets in the approved stewardship plan under Sections 8(2) (d) and (e) of the Recycling Regulation have been excluded. See evaluation criteria below.

Evaluation criteria:

- Specific targets set out in the approved "CESA BC Product Stewardship Plan - Part 1: Phase 4 Products (October 1, 2011)" and "CESA BC Product Stewardship Plan - Part 2: Phase 5 Products (July 1, 2012)".
 - Section 8(2)(b) – “Number of collection sites - 60 by the end of 2012, 75 by the end of 2013 and 100 by the end of 2014”
 - Section 8(2)(d) - no target set for how the product is managed in accordance with the pollution prevention hierarchy
 - Section 8(2)(e) - no targets set for product sold
 - Section 8(2)(e) – “absolute collection (units and/or weight collected) - target is that CESA will have a 5% annual increase in total tonnage collected for each year between 2014 and 2016”
 - Section 8(2)(e) – no target for recovery rate



Appendix B to the Assurance Report

CESA has not reported the recovery rate for the year in accordance with 8(2)(e) of the Recycling Regulations for the year ended December 31, 2014 as the approved stewardship plan does not outline the requirement to report recovery rates. Alternatively, an absolute collection recovery target of 5% greater than the previous year, by tonnage, in each of the years 2014, 2015 and 2016 was established by CESA and reported in the Annual Report.

CESA has not reported its performance for the year in relation to approved targets under 8 (2)(d) and (e) in accordance with 8 (2) (g) of the Recycling Regulation for the year ended December 31, 2014 as CESA is not required to report this to the Director as there are no targets set in the approved stewardship plan for these sections applicable to the reporting year.