



June 29, 2015

## **Independent Reasonable Assurance Report**

### **To the Directors of the Canadian Wireless Telecommunication Association regarding selected non-financial information included in the CWTA 2014 Annual Report**

We have been engaged by the Canadian Wireless Telecommunication Association (“CWTA”) to perform a reasonable assurance engagement in respect of the following information (the “Selected Information”) detailed in Appendix A, and also included within CWTA’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 CWTA’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 CWTA’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 CWTA.

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 CWTA'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 CWTA, and accordingly, we do not accept any responsibility for loss occasioned to any other party acting or refraining from acting based on this report.

*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 Appendix K on page 70 of CWTA’s Annual Report to the Director, Waste Management.**

“In 2014, there were 379 permanent drop-off locations.”

“While there was a decrease of 143 locations over 2013.”

The contents of Appendix K – List of Current drop-off locations in British Columbia.

### Evaluation criteria:

- In B.C. Reg. 449/2004, collection facility" means (c) in respect of a product within the empty oil container product category, electronic and electrical product category, tire product category or packaging and printed paper product category, a collection facility established by the producer.
- “Collection Facilities” are one of the following types of locations:
  1. Permanent – Carrier identified retail locations and franchisees, or other approved third party operators (e.g. non-affiliated retail stores, libraries, municipal centres, etc.) that host Recycle My Cell collection boxes year round. These locations are accessible by consumers and included in the Recycle My Cell searchable database;
  2. Temporary – Carrier identified locations, or other third party operators (e.g. schools, offices, etc.) that host collection boxes for a limited period of time, seasonal drives and challenge-based drives or other limited temporary collection activities. These locations are not included in the Recycle My Cell searchable database;
  3. Processors/Consolidation Centres – facilities that receive Program Products via recovery mechanisms (product that is recovered via Mail-backs or delivered by couriers). These locations are not accessible by consumers; or
  4. Reverse Logistics Centres/Warehouses – facilities where Program Products under warranty are returned. These locations are not accessible by consumers.
- “Collection Facilities” are not Canada Post or courier service providers (e.g., FedEx) locations.
- Reporting Period: January 1st to December 31st.
- “Program Participants” include carriers, manufacturers and processors as identified in the Annual Report.
- “Program Products” are all products included in the program as listed in the currently approved product stewardship plan. These include:
  - “Mobile devices”:
    - Cellular phones (with and without batteries)
    - Smartphones (with and without batteries)
    - Pagers
    - Wireless PDAs
    - Air cards;



- Accessories (all additional parts that may come with the phone including chargers, headsets, cables, etc.); and
  - Cellular phone and Smartphone Batteries.
- The number of Permanent Collection Facilities is reported in the Annual Report and consists of the number of Collection Facilities that were listed in the Recycle My Cell searchable database. The information recorded in this database is generated based on data updates provided by Carriers and other approved third party operators. CWTA has worked with Carriers to generate data collection procedures detailing the types of drop off locations which should be included or excluded in the reported data.
  - Canada Post and courier service providers (e.g., FedEx) are recovery mechanisms that increase public access to the Collection Facilities.
- Temporary, Processors/Consolidation Centres, and Reverse Logistics Centres/Warehouse Collection Facilities may be identified and reported to CWTA by Program Participants. These are compiled separately and may only be disclosed as a total number in the Annual Report.
- The change in number and/or location of Permanent Collection Facilities is calculated by tracking the number and location of Collection Facilities that opened and/or closed during the reporting period. These values are then summed and compared to the difference in total number of collection facilities reported and the equivalent data for 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 of CWTA’s Annual Report to the Director, Waste Management.**

The material components, material stream percentages, the recycling process descriptions, and dispositions outlined in Table 1, page 15.

The component processing pathways described in Table 2, page 16.

The estimated conformance levels described in Table 3, page 17.

- The Pollution Prevention Hierarchy includes the following:
- “Reuse” - Wireless devices and batteries that can be resold or donated as a complete unit.
  - The Program Product may or may not be refurbished.
  - Program Products can be resold both within and outside the BC market.
- “Recycle” includes:
  - Wireless devices that cannot be reused.
  - Wireless devices that have been 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 residual material from Program Products not captured in the three streams above (may include comingled packaging, etc.) and may go to landfill.
- “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 31<sup>st</sup> annually.

**Method of reporting**

- Processor selection is a business decision made by Program Participants based on a short list of accepted processors that maintain specific certifications and provide required services.
- For the purposes of the audit, CWTA has opted to leverage the Recycler Qualification Program, or RQP, and the Electronic Recycling Standard (ERS).
  - Verification and confirmation that Primary Processors have been audited and have met RQP verification is provided by Recycler Qualification Office.
  - Verification of data provided by Mass Balance is provided by third-party audit.
- The majority of devices collected by Program Participants are handled by RQP-verified processors.



- Quantitative data is provided by Primary Processors for amounts received. Data is not provided for downstream processors.
- Program Products collected are reported by End of Fate both by material commodity and by level on the Pollution Prevention hierarchy:
  - Reuse: Devices that are sold for the purpose of reuse or refurbishment for reuse. This is quantified in units.
    - After receipt of designated materials from program members, each item is tested. When possible, as is consistent with established practices of cell phone carriers and manufacturers around the world, damaged products are refurbished, and products that meet specific functionality requirements for resale are reintroduced into the market.
    - Devices sent for reuse are not audited.
    - Material that does not meet the specific functionality requirements is destined for recycling.
  - Recycle: Products that are processed into an End of Fate commodity (e.g., Ferrous Steel, Plastics, Aluminum, Copper, Glass, etc.) and are quantified by estimation as a percentage of total Product Collected that was allocated as not reusable.
    - Acceptable processes and end-fates have been identified in the ERS for RQP-verified processors.
    - The total amount of material sent for recycling is reported by each Program Participant.
    - A Mass Balance of wireless devices that are recycled is reported by the Primary Processor.
    - An estimate based on the aggregated total of all program material – regardless of origin (program member and non) – sent to downstream processors will be reported.
      - An estimate is required due to the fact that material comingles at Processors/Consolidation Centres with material collected via other programs.
    - Program material collected within the calendar year of audit may be stored until such time that a critical mass is reached. This may result in material being sent to downstream processor after the end of the calendar year in question.
  - Recover: There are currently no processes for recovery.
  - Waste: Amount of waste going to landfill or Hazardous Waste from all sources is quantified by estimation as a percentage of total Product Collected that was allocated as not reusable.



**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 on page 17 and 18 of CWTA’s Annual Report to the Director, Waste Management.**

Product sold:

Total Product Sold: “In 2014, a total of 537,327 devices were reported as having been distributed into BC.”

Devices shipped directly into the province: “430,701 are estimated to have been directly distributed to locations within the province that were affiliated with program participants.”

Devices shipped into BC from Distribution Centres: “106,626 are estimated to have been shipped into BC from distribution centres for various third-party retailers.”

Product Collected:

Total amount of product collected for BC: “In 2014, 72,842 devices were recovered through RMC.”

Note: Recovery rate has been excluded. Reporting on a recovery rate is not applicable per the currently approved product stewardship plan

**Evaluation criteria:**

- “Program Products” are all products included in the program as listed in the currently approved product stewardship plan. These include:
  - “Mobile devices”:
    - Cellular phones (with and without batteries);
    - Smartphones (with and without batteries);
    - Pagers;
    - Wireless PDAs; and
    - Removable External Air cards.
  - Accessories (all additional parts that may come with the phone including chargers, headsets, cables, etc.); and
  - Cellular phone and Smartphone Batteries.
- Products not included in the program:
  - Cordless phones;
  - Regular batteries (rechargeable or single use);
  - Tablets; and
  - PDAs without integrated cellular connectivity, laptop computers and answering machines.
- “Product Sold” is the estimated amount of all Mobile Devices distributed into BC, whether they result





in an end sale to a consumer or not, by the Program Participants to carrier-affiliated retail stores, third party retailers, corporate retailers and distribution centres.

- “Product Collected” is the estimated sum total of all Mobile Devices collected by any Collection Facility.
- “Recovery Rate” is the percentage of Product Sold into the market that has been collected.
- Reporting Period: January 1st to December 31st.

**Product Sold:**

- Quantification of Product Sold is based on data about Mobile Devices distributed into BC which is aggregated and provided to CWTA by a third-party consolidator (lawyer’s office).
  - CWTA provides carrier specific excel template spreadsheets to ensure that data for all relevant manufacturers is appropriately captured in a consistent manner each year.
    - Carriers provide their provincial data to manufacturers that are part of the RMC program.
    - Carriers also provide the total number of devices sent to Distribution Centres nationally.
  - CWTA provides manufacturer specific excel template spreadsheets to ensure that data for each province is appropriately captured and aggregated in a consistent manner each year.
    - Manufacturers aggregate the data received from carriers with their own for each province. This data is then sent to the third-party for consolidation.
  - CWTA provides the third-party with an excel template spreadsheets to ensure that data for each province is appropriately aggregated in a consistent manner each year
    - The third party receives this information from the various Program Participants, consolidates it and provides that number to CWTA.
  - The third party does not validate the numbers for accuracy, completeness or validity.
  - Product Sold does not track inter-store (nation-wide) Mobile Device transfers, and what happens to unsold products, etc.
  - Product Sold contains estimates where actual data is not available.
  - Product Sold is calculated as the total number of devices distributed into BC, comprised of:
    - The number of devices directly distributed to locations within the province, per Carrier and Manufacturer data.
    - The estimated number of devices shipped into BC from national distribution centres for various third-party retailers.
      - The number of mobile devices sent to BC from distribution centres is estimated based on the annual percentage of mobile devices directly distributed to locations in BC (per Carrier and Manufacturer data) versus all other provinces, multiplied by the total number of mobile devices sent to distribution centres.
- There are currently no eco fees for Mobile Devices in BC.



**Product Collected:**

- Quantification of Product Collected is based on:
  1. Reports generated by the Processors/Consolidation Centres and potentially Reverse Logistics Centres/Warehouses Collection Facilities during the Reporting Period and include delineation of products by province of origin to the carriers or CWTA directly for some parts of the program.
    - a. These reports are generated from their individual inventory programs for the Reporting Period and are broken down by province of origin.
    - b. Consolidated values for each product category are reported by quantity and end fate per product type (e.g., resale, scrap, etc.).
  2. Internal carrier collection programs (e.g., trade-ins).
  3. Product collected which is not included in the reported data includes carrier internal initiatives such as warranty repairs, devices returned because of buyer's remorse or damage, etc.
- Products Collected from unknown origin are accounted for using an estimate based on products returned that are of known origin, or attributed to the province in which the Carrier is headquartered. In the instance where amount is estimated the following process is used:
  - The amount of material collected from known origins is determined for each province. An aggregate total is also determined for Canada. Based on this information, the percentage of product recovered specifically from BC is determined. For example, if 10 devices were recovered from BC and a total of 100 devices were collected nationally, the percentage coming from BC would equal 10%.
  - The amount of material collected from unknown origin (where boxes are received at Processors/Consolidation Centres without a unique identifying number, or those collected via mail-back) are aggregated into a total quantity received. The known percentage (in this case 10%) would then be attributed to the aggregate of unknown origin to determine the estimate of what may have originated from BC.
- Products Collected can be reported as either weight or number of units and is dependent on the identified end fate of the product type (reuse vs. recycling).
- A conversion factor of 0.2kg/device is used for converting number of units to weight. This conversion factor is based on the standard unit applied by Ontario Electronic Stewardship, the Waste Diversion Ontario approved stewardship program that recovers cell phones and utilize weight for reporting. (Source: Final Revised (Phase 1 and 2) Waste Electrical and Electronic Equipment (WEEE) Program Plan)

**Recovery Rate:**

Is not applicable per the currently approved product stewardship plan.



## **Appendix B to the Assurance Report**

CWTA 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.

CWTA has not reported its performance for the year in relation to approved targets under 8 (2)(b), (d) and (e) in accordance with 8 (2) (g) of the Recycling Regulation for the year ended December 31, 2014 as CWTA 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.