



June 27, 2013

## **Independent Reasonable Assurance Report to the Directors of Canadian Electrical Stewardship Association (“CESA”)**

### **Scope**

We have been engaged by Canadian Electrical Stewardship Association (the “Association” or “CESA”) to perform a reasonable assurance engagement in respect of the following information presented in the 2012 Annual Report to the Director, Environmental Quality Branch, Ministry of the Environment (“MOE”) as hosted on the Association’s and British Columbia (“BC”) MOE’s website<sup>1</sup> for the year ended 31 December 2012 (together the “selected information”):

1. the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report; and
2. the total amount of the producer’s product sold and collected.

Our opinion does not constitute a legal determination on the Association’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 the Association’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*, dated July 31, 2012 (“Assurance Requirements”) as specified by the Director under section 8(2)(h) of the Recycling Regulation and International Standard on Assurance Engagements 3000 (“ISAE 3000”), “Assurance Engagements other than Audits or Reviews of Historical Financial Information” published by the International Federation of Accountants.

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

### **Criteria**

The evaluation criteria used by CESA are described in Appendix A. We consider the evaluation criteria to be suitable for our engagement.

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<sup>1</sup> The maintenance and integrity of CESA’s website is the responsibility of Management; the work carried out by PricewaterhouseCoopers does not involve consideration of these matters and, accordingly, PricewaterhouseCoopers accepts no responsibility for any changes that may have occurred to the reported information or criteria since they were initially presented on the website.



### **Methodology & assurance procedures**

We conducted our procedures in accordance with the ISAE3000 standard. This standard requires that we comply with independence requirements and plan and perform our procedures 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 controls 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 controls. 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.

Within the scope of our work we performed, amongst others, the following procedures:

- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- Testing relevant 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 2012 Annual Report to the Director, Environmental Quality Branch, MOE.

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

### **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 the Report in the context of evaluation criteria. For instance, with respect to indicator #2 as listed under the "Scope" section, the evaluation criteria are primarily focused on the process followed for reporting the data.



**Basis for qualified opinion**

In common with many stewardship associations, we were not appointed as auditors of the company until after December 31, 2012 and thus were unable to obtain sufficient appropriate audit evidence about the number and location of collection facilities at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning the number and location of collection facilities held at December 31, 2011 which are stated in the 2011 Annual Report to the Director, Environmental Quality Branch, MOE. As a result, we were unable to determine whether any adjustments to the changes in number and location of collection facilities were necessary.

**Qualified opinion**

In our opinion, except for the matter described in the “Basis for qualified opinion” section, the selected information for the year ended December 31, 2012 presents fairly in accordance with the evaluation criteria, in all material respects:

1. the location of collection facilities, and any changes in the number and location of collection facilities from the previous report; and
2. the total amounts of the producer’s product sold and collected.

Our opinion has been formed on the basis of our assurance procedures and is subject to the inherent limitations set out herein.

**Other matters**

Our report has been prepared solely for the purposes of CESA to comply with the Assurance Requirements 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 BC MOE, 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". The signature is written in a cursive, flowing style.

**Chartered Accountants  
June 27, 2013**



## 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 pages 9 and 10 of CESA's 2012 Report to the Director, Environmental Quality Branch, MOE.**

The number of collection facilities is 148 locations

### Evaluation criteria:

- **Collection Facility** refers to centres where:
  - o The collection facility operator(s) have a signed contract with CESA's program administrator, Product Care Association ("PCA") for the collection of Program Products;
  - o The location(s) is approved by PCA to collect Program Products at any point in time during the reporting year; and
  - o The location(s) is recorded in PCA's database.
- **Collection Facilities** may include the following types of centres:
  - o Retailers;
  - o Recycling Organizations (both for profit and non-profit);
  - o Local government recycling centres or transfer stations; or
  - o Other associations or businesses.
- The total number of Collection Facilities is reported on the basis of all locations that were listed in PCA's database and had a status of "open" as of December 31<sup>st</sup> of the reporting year.
- The changes in number and location of Collection Facilities are determined by adding the total number of Collection Facilities added in the reporting year less the total number of Collection Facilities closed during the reporting year. Locations that have moved during the reporting year (i.e., an operator that closed a location to move it to a new location) are captured in the total number of collection facilities added and closed throughout the year.
- **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.



**2. The total amount of the producer’s product sold and collected as presented in Section 7.1 on page 13 and Section 7.2 on page 13 of CESA’s 2012 Report to Director, Environmental Quality Branch, MOE respectively.**

Total amount of producer’s product sold is estimated as 6,683,285 units

Total amount of producer’s product collected is estimated as 2,431,472 kg

**Evaluation criteria:**

- **Product Sold** is the amount, by units and fee category, of all program products sold in BC retail locations. Quantification of product sold is based on monthly self declared values as reported to PCA by CESA’s members through a web portal. An *Environmental Handling Fees Report* with the applicable eco fees per unit is generated from the web portal and is used to generate an invoice in PCA’s accounting system. The member issues payment to CESA based on this invoice.
- **Product Collected** is the amount, by weight and region, of all Program Products collected from sources known to be located within the province of BC that occurred through the Collection Facilities. Quantification of product collected is based on the monthly estimated proportion of product collected at the Collection Facilities. The estimation is calculated by the primary processors and is based on CESA’s portion of a 10% sample from the first shipment of the month of products collected.
- **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 and are broken down into the following categories:
  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)