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## **INDEPENDENT AUDITOR'S REPORT TO ELECTRONIC PRODUCTS RECYCLING ASSOCIATION**

We have audited the following selected information within the *Electronic Products Recycling Association Annual Report to the Director [2012 Calendar Year]*:

- Section 4 *Collection System and Facilities*:
  - 142 permanent collection depots as at the end of 2012 and 28 drop-off events during 2012.
- Section 7 *Product Sold and Collected and Recovery Rate*:
  - Supply of 7,981,099 units of regulated electronic products into BC in 2012; and,
  - 21,963 metric tonnes of end-of-life electronics collected in 2012;
- Section 9. *Plan Performance*:
  - EPRA's description of performance for the year in relation to the following targets associated with Section 8(2)(b) and (e) of BC Regulation 449/2004 (the Recycling Regulation) in the approved stewardship plan:
    - Maintain a three year rolling average of a minimum of 18,000 metric tonnes of program material collected per annum commencing with the year 2011 (Target #1);
    - Maintain the collection network and schedule of collection events to ensure the program achieves 90% coverage on a three year rolling average. (Target #3);

(together the "Subject Matter")

The objective of this Report is to disclose how EPRA management has discharged its responsibility to report on the Subject Matter in accordance with Sections 8(2)(b) and (e) of the Recycling Regulation.



The Subject Matter is the responsibility of EPRA management who have prepared the Subject Matter in accordance with the evaluation criteria which are an integral part of the Subject Matter. Our responsibility is to express an opinion on this Subject Matter based on our audit. Our audit does not constitute a legal determination on compliance with the Recycling Regulation.

#### **EVALUATION CRITERIA**

The suitability of the evaluation criteria is the responsibility of management. The evaluation criteria presented in Appendix 1 are an integral part of the Subject Matter and address the relevance, completeness, reliability, neutrality and understandability of the Subject Matter.

#### **SCOPE OF THE AUDIT**

Except as described in Note 1 below, we carried out our audit in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) published by the International Federation of Accountants. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and audit the information included within the Subject Matter, and that they comply with specific requirements to ensure their independence.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures within the Subject Matter. An audit also includes assessing the evaluation criteria used and significant estimates made by management, as well as evaluating the overall presentation of the Subject Matter.

The main elements of our work were:

- Inquiries of relevant management, including walkthroughs, to gain an understanding of the Company's data collection, monitoring and reporting processes in relation to the Subject Matter included in the Annual Report;
- Comparison of the number of collection facilities disclosed to supporting collection contracts and collection records evidencing the existence of collection facilities.
- Comparison of sales and collection data included in the Annual Report to internal records and assessment of associated controls over supplied data where appropriate;



- Testing of internal records of collection data against invoiced weight received by processors.
- Comparison of reported performance against targets to internal records and calculations of performance.

## **OPINION**

In our opinion, except as described in 1. below, the Subject Matter within the EPRA Report for the year ended December 31, 2012 presents fairly in accordance with the evaluation criteria, in all material respects:

- the Location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation;
- the description of how total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate has been calculated in accordance with Section 8(2)(e) of the Recycling Regulation; and,
- the description of performance for the year in relation to targets in the approved stewardship plan under Section 8(2)(b) and (e) of the Recycling Regulation.

## **EXCEPTIONS**

1. This is the first audit of the EPRA Report in relation to the number and location of collection facilities. KPMG audited the number and location of collection facilities as at December 31, 2012. However, the scope of our work was limited in relation to disclosures regarding changes in the number and location of collection facilities since December 31, 2011 as the prior year information has not been subject to audit. As a result, we were unable to reach conclusions in relation to assertions regarding the change in the number and location of collection facilities between December 31, 2011 and December 31, 2012 in accordance with Section 8(2)(b) of the Recycling Regulation.



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

*KPMG LLP*

Vancouver, BC, Canada

June 28, 2013



## **Appendix 1 to the Auditor's Report**

### **Evaluation Criteria**

#### **COLLECTION FACILITIES**

The following evaluation criteria were applied to the assessment of the location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation:

1. The number of collection facilities is determined based on the number of facilities with signed End-Of-Life Electronics agreements in place with Encorp for collection of EOLE.
2. The number of collection facilities reported in the annual report is reconciled to the total number of collection facilities accepting EOLE (End-of-life electronics) on Encorp Pacific (Canada)'s ("Encorp's") list of Authorized Depots as of December 31.
3. All collection facilities in Encorp's listing have signed End-Of-Life Electronics agreements in place with Encorp for collection of EOLE.
4. Changes in the number of collection facilities are determined based on notification of changes by individual facilities which are required to be made prior to the effective date of the change. These are recorded in new supplier/change forms which are reflected in updated collection facility listings each month.
5. One-off or intermittent collection events are excluded from the number of collection facilities.
6. The regional distribution of collection facilities is based on the address of the facility within the list of collection facilities which is categorized into one of eight regions within BC.

#### **PRODUCT SOLD AND COLLECTED**

The following evaluation criteria were applied to the assessment of the description of how total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate has been calculated in accordance with Section 8(2)(e);

1. Product Sold: Product sold is determined based on self-reporting by each steward of units sold by category on a monthly/quarterly basis.
2. Product Sold: Self-reported data is subjected to spot “reviews” of the completeness and accuracy of information on a sample basis covering approximately 150 stewards (of the 1,600 total) per year.
3. Product Collected: The weight of product collected is based on the weight of material shipped to processors by consolidation facilities as reported to Encorp on the documents accompanying the load (Movement Authorization forms (MAs)).
4. Product Collected: Product weights identified on processors’ invoices are reconciled against shipping weight from consolidation sites for the specific pallets shipped.
5. Product Collected: The number of pallets collected is reconciled against the number of pallets shipped to processors from consolidation sites.
6. Product Collected: Adjustments for in-transit material and material not yet invoiced by processors are made for annual reporting purposes.

## **TARGETS**

The following evaluation criteria were applied to the description of performance for the year in relation to the specific targets associated with Section 8(2)(b) and (e) of the Recycling Regulation in the approved stewardship plan:

1. Targets in the stewardship plan have been identified and reported on by management in the annual report; and
2. The description of progress against targets to date is supported by records of progress maintained by the Company.
3. Reporting on the “coverage” of the collection network is based on the percentage of BC residents living within 30min (urban areas) or 45min (rural areas) of a collection facility.