

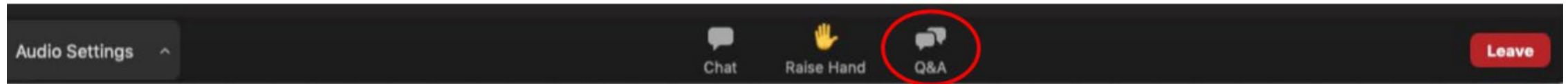
Development of the Lighting Supply Data Verification Procedure

Consultation period: December 7, 2023 to January 8, 2024

Webinar date: December 13



How to ask a question



To ask a question at any time during the presentation or for technical assistance, click on the Q&A tab, type your question in the text box and click "Send."

Anti-harassment statement

RPRA is committed to maintaining a professional and respectful work environment. RPRA prioritizes the safety and well-being of its employees. Harassment or disrespectful behaviour of any kind by any individual towards our employees will not be tolerated.

Agenda

1. Introduction to RPRA
2. Purpose of the consultation
3. Background
4. Consultation topics
 - Verifier (Qualified Person)
 - Combined procedure (Brief procedures overview)
 - Proposed approach
 - Sampling methodology
5. Next Steps



Who is RPRA?

The Resource Productivity and Recovery Authority (RPRA) is the regulatory body created by the Government of Ontario to administer the *Resource Recovery and Circular Economy Act, 2016 (RRCEA)* and the *Waste Diversion Transition Act, 2016 (WDTA)*, and their associated regulations, including the Electrical and Electronic Equipment Regulation.

- The WDTA outlines the legislative framework for winding up and transitioning legacy waste diversion programs.
- The RRCEA provides for a new producer responsibility regulatory framework for waste diversion and resource recovery where producers are individually accountable and financially responsible for their products and packaging once consumers dispose of them.

RPRA's mandate

- **Oversee existing waste diversion programs** and the Industry Funding Organizations (IFO) that operate them
- **Oversee orderly wind up of the programs** and IFOs as directed by the Minister
- **Establish and operate an electronic registry** for obligated parties to register and report information as required by regulation (main tool in achieving compliance mandate)
- **Undertake compliance** and enforce requirements of legislation and regulations (e.g., consumer education, collection systems, registration, reporting and performance targets)
- **Provide information to the Minister** to support policy decisions
- **Provide information to the public** about Ontario's progress in diverting waste and resource recovery

RPRA's role as a regulator

- RPRA **does not** determine policy or write regulations
 - Regulations under the RRCEA are developed by the Ministry of the Environment, Conservation and Parks and approved by the Ontario Government
 - Our role is to implement and enforce regulations under the RRCEA. We do not have the authority to change a regulation
- RPRA **does not** arrange for the collection or recycling of end-of-life products or materials in Ontario
 - Producers are responsible for establishing collection and management systems to meet their requirements in the regulation
 - Most producers will work with PROs (or producer responsibility organizations) who will establish these systems on behalf of multiple producers
 - Producers are free to make their own commercial arrangements with PROs and other service providers
- RPRA **does not** set, collect or regulate environmental fees to cover the cost of collection and management systems

Purpose of this consultation



Objectives and principles of the procedure

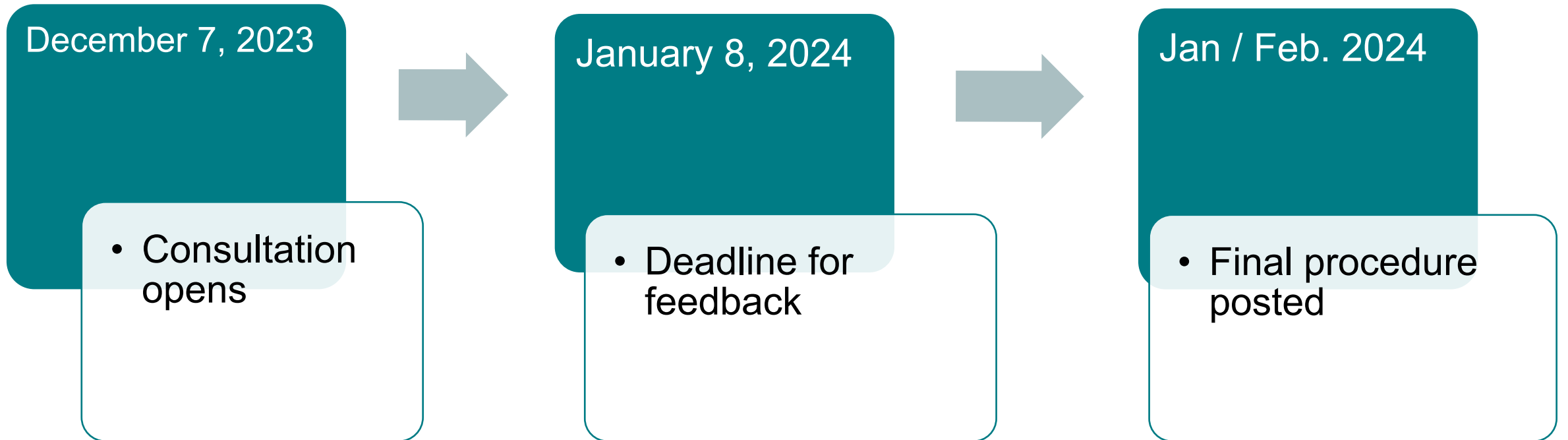
Objectives

- Provide RPRA with assurance of the completeness and accuracy of data submitted
- Offer guidelines to ensure consistency in verification
- Ensure the accuracy of the producer's minimum management requirements derived from the verified supply data.
- Help producers determine their distinct obligations for the next reporting period with their associated minimum management requirements.

Principles

- Meet the regulatory objective
- Maximize compliance
- Cost-effective and efficient
- Clear and straightforward procedure
- Ensure a level playing field in terms of accuracy and completeness of reporting

Timeline for updating the procedure



The image features five incandescent light bulbs hanging from black cords against a solid blue background. The first four bulbs are arranged in a horizontal line and are illuminated, casting a warm glow. The fifth bulb, on the right, is also illuminated but is tilted at an angle. The word "Questions?" is written in a white, bold, sans-serif font with a slight drop shadow, centered over the middle of the four bulbs in the line.

Questions?

The image features a top-down view of approximately 15 light bulbs scattered across a solid blue background. One bulb, located in the lower-middle section, is illuminated, casting a bright glow and a soft shadow. The other bulbs are unlit. A white rectangular box is positioned in the upper-left corner, containing the word "Background" in a bold, black, sans-serif font.

Background

Supply data reporting requirements

- Under the [Electrical and Electronic Equipment \(EEE\) Regulation](#), producers of ITT/AV and/or lighting are required to report supply information of obligated material each year to establish their management requirement for the following year.
- RPRA consulted on the principles and methodologies used in the Batteries, ITT/AV and Hazardous and Special Products (HSP) supply data verification procedures.
 - In 2022, Batteries and ITT/AV referenced the procedures when submitting their first supply data verification report to RPRA, while HSP producers cited them in 2023.
- Starting in 2024, lighting producers will have to submit a **lighting verification report** to confirm the supply data being reported to RPRA. Producers must work with a **verifier (qualified person)** to complete the verification report.

Scope and application

Beginning in 2024, verification will be required for the following supply data:

Lighting Supply Data Report

- The weight of Lighting supplied into Ontario 2022
- If applicable, the weight of post-consumer recycled content (glass and plastic) contained in the lighting supplied

Note: Though a lighting verification report is not required for supply data provided in 2022 (with data from 2020) and 2023 (with data from 2021), producers remain obligated to provide complete and accurate data. Inspectors can still review the data and related records to determine compliance.

Methods to determine supply data

To determine the units or weight of lighting supplied into Ontario, producers can choose one of the two following methodologies:

1. Determine the weight of lighting

- The actual weight
- The calculated weight using related Weight Conversion Factors

2. Determine the number of units of lighting

- The number of actual units
- The calculated units using the percentage of Ontario's population (based on the **most recent official census** reported by Statistics Canada) to determine units supplied into Ontario

Verifier (Qualified Person)



List of acceptable verifiers

Unlike other sections of the regulation (i.e., performance reporting) that require an independent CPA to validate the data, the regulation does not define who counts as a verifier to validate supply data.

Based on RPRA's existing [EEE Registry Procedure – Audit and Verification](#), a verifier (qualified person) can be :

- An internal employee (e.g., a controller with any designation on the list that is in good standing), or
- An independent third-party (e.g., public accountant)

Note: The verifier must not be involved in the collection and preparation of the supply data report.

Examples of acceptable verifiers

- CPA (Chartered Professional Accountant of Canada)
- AICPA (American Institute of Certified Public Accountants)
- ACCA (Association of Chartered Certified Accountants)

Examples of non-CPA designations include:

- CIA (Certified Internal Auditors)
- CPB (Certified Professional Bookkeepers of Canada)
- RPA (Registered Professional Accountant) in Canada

Consultation Question

1. Are there any persons who should be added or removed from the list of acceptable verifiers? Why?



Combined procedure



RPRA's recommendation:

1. For producers that supply more than one obligated material in Ontario, we are proposing a combined verification procedure for lighting, ITT/AV and batteries (if applicable) for the following reasons:
 - The combined procedure for ITT/AV and batteries is already in place
 - ITT/AV and lighting is under the same EEE Regulation
 - Reducing reporting burden by following only one procedure
2. Producers who supply all three materials can still choose to issue separate verification reports provided that the **minimum reporting requirements** have been met based on the EEE Registry Procedure – Audit and Verification.

Note: Separate verification steps (such as sampling for each obligated material) are still required.

Verification procedures - brief overview



Verification Steps for Annual Supply before Management Reduction

1. Inquiry about business processes

2. Testing weight of obligated products

3. Validate accuracy of product units

4. Testing non-obligated products

5. Confirm accuracy & completeness of supply data

6. Testing manual adjustments, if any

7. Confirm management reduction, if any

Step 1: Inquiry

- Document responses for questions related to
- Marketing process
- Supply chain
- Database systems
- Obligated brands
- Method used to arrive at the supply weight reported

Step 2: Testing weight of obligated products

- Sample obligated SKUs and perform the following:
 - Actual weight used – agree to manufacturer's specification and/or
 - Calculated weight used – check calculation and see if correct WCFs are used

Step 3: Validate accuracy of product units

- If actual number of units used – agree to sales' records to validate and/or
- If calculated units used – recalculate using population from the latest official Statistics Canada census.

Step 4: Testing non-obligated products

- Sample non-obligated SKUs and perform following:
 - For each sample selected, verify that they do not meet the definition of “Lighting,” as applicable, based on the SKU selected.

Step 5: Confirm accuracy & completeness of supply

- Confirm the accuracy and completeness of the reporting of obligated products supplied to the Ontario market by sampling one month's data and comparing the raw sales report with the obligated product supply report.
- Variances to be scrutinized.

Step 6: Testing manual adjustments

- Manual adjustments are changes to the system-generated report manually to reflect change in facts or circumstances.
- Confirm if any manual adjustments done.
- Assess if they are reasonable.

Step 7: Review and confirm management reduction, if any

- Producers may reduce their supply weight used to derive their management requirement by post consumer recycled content.
- Verification by third-party certification body such as Underwriters Laboratories of Canada (ULC), Intertek, or another qualified third-party proposed by a producer.

Things to note

If a producer supplies both Lighting and ITT/AV products, the two obligated materials must be verified separately, however, the producer can choose to submit the results in a single report.

- The verification report must contain the following :
 - Annual supply weight before management reduction, and
 - If applicable, the weight of management reduction (i.e., post-consumer recycled content).
 - **The verified supply weights (if different from the weights reported to RPRA)**
 - The details of the findings with explanation of the variances

Verification should also be performed to validate the management reduction claimed. Further, the total reduction should be less than 50% of the total supply weight.

Consultation Question

2. Are there additional options or steps that RPRA should consider?
Provide as much detail as possible.



Proposed approach



Who will submit a supply data verification report in 2024?

RPRA is proposing that **all** lighting producers submit a one-time verification report in 2024.

Benefits

- Ensures a level playing field in terms of accuracy and completeness of reporting (i.e., supply data has never been audited)
- Creates a foundation for producer categorization (each category will have distinct obligations).

Determining verification process based on producer category

RPRA is considering options for the verification of supply data based on different categories of producers.

We are proposing:

Two producer categories

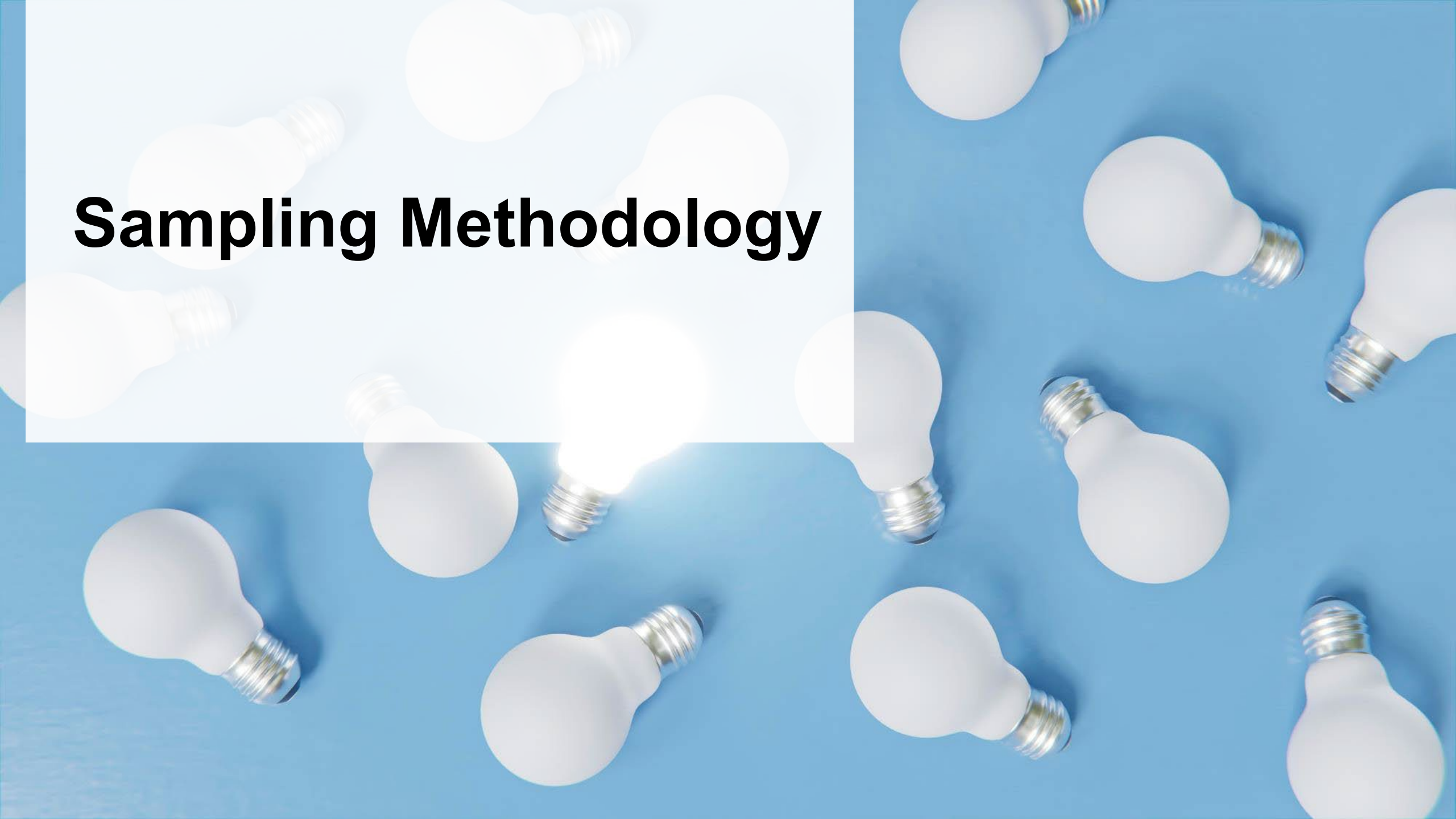
- Large producers: Submit a verification report and Inspection
- All other producers: Inspection

Consultation Questions

3. Do you support the option to exempt small producers from the requirement to submit a verification report? If not, explain why.
4. What should RPRA consider when determining the verification process for large and small producers?



Sampling Methodology



Sampling Methodology

Sampling is a tool widely adopted in verification to obtain confidence without testing 100% of the population.

Choosing an appropriate sample size:

- Selecting the appropriate sample size is important to strike the right balance between accuracy and creating unnecessary burden on business.
 - A larger sample size will increase the likelihood of catching reporting errors and lower the risk of non-compliance.
 - A smaller sample size will reduce the level of effort required to verify the supply data, however, it may increase the risk of not identifying exceptions.

Based on RPRA's existing audit and verification procedures, we are proposing to use a **statistical sampling methodology with a 95% confidence level**, which involves a random selection of sample items and using probability theory to evaluate the sample result.

Level of confidence required

Number of samples required to obtain level of confidence:

Transactions	Sample Size Required
500+	60
250	50
100	40
50	30
10	10

Consultation Questions

5. Do you support RPRA using a sampling methodology in the supply data verification procedure? If not, explain why.

6. Do you agree with the sample sizes required based on the number of transactions to obtain a sufficient level of confidence and to ensure the integrity of supply data? If not, explain why.





Questions?

A close-up photograph of a person's hands typing on a silver laptop keyboard. The laptop screen is dark and occupies the upper half of the frame. A semi-transparent grey horizontal band is overlaid across the middle of the image, containing white text. The background is blurred, showing what appears to be a window with light coming through. The person's hands are in the foreground, and a portion of their red sleeve is visible on the left side.

**Help us improve
our consultations**

Next steps



Next steps

- Feedback on the proposed supply data verification procedures can be submitted to consultations@rpra.ca.
- For more information on this consultation, including this presentation, please visit our [website](#).
- The deadline to submit your feedback is **January 8, 2024**.
- We are aiming to post the draft procedure in **January or February, 2024**.

Summary of consultation questions

1. Are there any persons who should be added or removed from the list of acceptable verifiers? Why?
2. Are there additional options or steps that RPRA should consider? Provide as much detail as possible.
3. Do you support the option to exempt small producers from the requirement to submit a verification report? If not, explain why.
4. What should RPRA consider when determining the verification process for large and small producers?
5. Do you support RPRA using a sampling methodology in the supply data verification procedure? If not, explain why.
6. Do you agree with the sample sizes required based on the number of transactions to obtain a sufficient level of confidence and to ensure the integrity of supply data? If not, explain why.