



AUDITOR GUIDE TO BROKER-SPECIFIC TRANSACTION SHEET

PURPOSE

The purpose of the broker-specific transaction sheet is to provide the auditor with a working document that allows them to triangulate and correlate information related to the brokered shipments, to demonstrate conformance to the requirements for R2v3, Appendix F.

Note: The Broker-Specific Transaction Sheet is part of a pilot program to improve the outcomes of auditing Brokers for the 2024 year. Even though the Broker-Specific Transaction Sheet is part of the pilot program, it is expected that the auditor use this Guidance and accompanying Broker-Specific Transaction Sheet to record a sample of brokered shipments.

INTRODUCTION

What are brokered shipments?

R2v3 defines Brokering as “the process where an R2 Facility sources electronic equipment, components, or materials and controls their **delivery directly to a downstream vendor** without physically receiving or processing the equipment in the R2 Certified Facility. Brokering may be the only activity of an R2 Facility or brokering may be a process in addition to those performed at the R2 Facility.”

Brokered shipments are those that are never physically handled by an R2 Facility, and as such they go from the supplier directly to the downstream vendor.

Note: Functional devices and unrestricted streams may also be brokered directly from a supplier to a downstream vendor. However, if the activity of the R2 Facility is only brokering functional devices and unrestricted streams, they would not qualify for certification because they could not show conformance to the movement of R2 Controlled Streams under Appendix A and Appendix F.

Get Focused – Core 5

The R2v3 Standard provides the perfect requirements in Core 5, Tracking Throughput, to start the process of completing the Broker-Specific Transaction Sheet. Core 5 requires detailed commercial records of equipment, components, and materials managed by the R2 Facility, and it also requires two summaries: Summary of Incoming Transactions and a Summary of Outgoing Transactions.

Conformance to Core 5 will be unique for a Broker because the commercial records for incoming and outgoing will need to include more than just shipping records. There are no shipping records, in and out of the R2 Facility, however there are other commercial records that can demonstrate the details of the “incoming” and “outgoing” transactions. When brokering a shipment from a supplier directly to a downstream vendor, there will usually be at least three different commercial records that will be representative of the movement of equipment, components, and materials.



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1. Incoming (Supplier Invoice/Record)
2. Transport (Shipping Record)
3. Outgoing (DSV Invoice/Record)

First, the Broker will have an Invoice with the supplier, or other commercial records, to represent the “incoming” transaction. Second, the Broker will also have shipping documents from the supplier direct to the downstream vendor that will corroborate the incoming and outgoing commercial records. Finally, the Broker will have an Invoice with the DSV, or other commercial record, to represent the “outgoing” transaction. The commercial records between the supplier and the R2 Facility demonstrate that the R2 Facility takes incoming control of the equipment, components, and materials. And consequently, the commercial records between the R2 facility and downstream demonstrate where the equipment, components and materials are taken control at the DSV’s physical location. An auditor should triangulate the information from the commercial records and the shipping records. Use the following topics to choose the initial sample from the summary of incoming and outgoing transactions:

- **Scope** - Audit R2 Controlled Streams that corroborate the brokering activities of the R2 Facility. However, at the same time be on the lookout for shipments that may reflect the scope that needs to be expanded for additional equipment, components, and materials. *Auditor Aware: A Broker is required to have a QMS certificate issued by a CB that is accredited by an AB that is an MLA Signatory, with brokering is an activity named in the QMS scope.*
- **Transboundary Movements** - Audit international movements, these need to meet the applicable legal and regulatory requirements. Ensure the Legal Compliance Plan has identified and documented the applicable legal requirements of the exporting, transit, and importing countries to demonstrate the legality of an international shipment under Core 4. *Auditor Aware: A Broker shipment is direct from the Supplier to the DSV. Check legality of the shipment from the supplier’s location to the DSV’s location as corroborated on the three types of commercial records: supplier to R2 Facility, R2 Facility to DSV, and supplier to DSV.*
- **Atypical/Unusual DSV Names** - audit shipments where electronics are sent to companies whose names have words not related to used electronics recycling. For example: tires, automotive, and other non-related.
- **R2 Controlled Streams** - Brokered shipments are shipments of R2 Controlled Streams direct to a DSV qualified to Appendix A. Other types of shipments should be reviewed for conformance to other Core requirements. For example, Unrestricted Streams should be reviewed for conformance to Core 2(b)(3)(B) and Core 6. Functional Streams should be reviewed for conformance to Core 6 (e)(2)(A).



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COMPLETING THE TRANSACTION SHEETS

Key pieces of the Transaction “Puzzle”

An auditor should look at each part of the transaction as if it were a piece of a puzzle. Do ALL the pieces reflect an accurate picture of transaction, supplier records, R2 Facilities scope, and the movements to each DSV?

Transaction Sheet

<p>General Notes for Commercial Records 1-3</p>	<p>Three commercial records will be sampled as related to one brokered shipment. <i>Commercial record examples:</i> Invoice, Purchase Order, Packing List, BOL, Contract, Permit, Airway Bill, Seaway Bill, Train Manifest, Settlement Sheet, etc. Note: All commercial records 1-3 are required for each brokered shipment.</p>
<p>General Notes for Commercial Record Identifiers</p>	<p>Commercial Record identifiers can be an Invoice Number, BOL Number, Packing List Number, number assigned by the R2 Facility or by an EPR software to name a few. The number should be able to help identify other trails by correlating the same number to other documents. Feel free to add multiple numbers, that identify the one shipment, and <i>designate</i> which document the number came from. For Example – BOL Number SXC-1516, Purchase Order W00097, and Invoice Number DCF-01.</p>
<p>Generals Notes for Detailed Descriptions</p>	<p>This description should be taken from one or more of the identified documents above, for that designated shipment, demonstrating the unique equipment types and quantities. The description must be detailed enough to be able to triangulate information, ensure conformance to the FM Plan, and corroborate the scope. Remember the description can come from records created by the R2 Facility, such as settlement sheets, or other receiving records corroborating WHAT was sent to the DSV. What is sent is critical in identifying the necessary controls later identified in the Appendices for the DSV. For example, if a load of “used electronics” was identified as being scrap laptops and scrap printers, these would have trails associated to materials recovery for circuit boards, mercury tubes (from the laptop screen and scanner beds of printers), and batteries (lithium primary/button from the printer and lithium-ion from the laptop), in addition to physical sanitization of data (or potentially even logical sanitization if the hard drive was harvested and reusable) at the DSV. If the load of “used electronics” was sent to the DSV and identified</p>



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	<p>as cell phones, and LED Monitors, the trails might be for test, repair, logical and physical sanitization, and later materials recovery for circuit boards and lithium-ion batteries qualifications for the DSV. This can be corroborated by the description of the downstream vendor’s capabilities within the FM Management Plan, and by the processes that the downstream vendor has been qualified to perform, i.e., data sanitization, test and repair, materials recovery. The Detailed Description is meant to provide connection to the applicable processes based on said description to connect with trails to DSV qualification in Appendix A.</p>
Commercial Record #1	
Supplier Name	It is the company the shipment came from. Name should be taken directly from the original commercial record. Supplier names can connect you to contractual requirements. In some cases, equipment is coming in from an R2 supplier categorized in accordance with the REC (or equivalent internal categorization), in this case connection to the R2 supplier’s certification status is key.
Supplier R2 Status	Check whether the supplier is certified or not. Feel free to screen shot the supplier from the SERI website in this section, it will give a visual on the scope and status during the audit to know whether the REC category was already assigned.
Supplier Contract Requirements	These are specific requirements for processing. What was the R2 Facility hired to do? Provision of data sanitization services (what type, physical/logical), materials recovery. Are there turnaround times for sanitization, requirements for not reusing, testing per supplier criteria, or other requirements? Contract requirements can be in emails, statements of work, or other documents. Have these requirements been communicated to the DSV as applicable?
Commercial Record #2	
Transportation/Shipment Record from Supplier to DSV.	This record reflects the movement from the supplier to the DSV. <i>Auditor Aware: Look for other players in the downstream chain that have not been identified.</i>
Date and Shipment from Supplier and Arrival to DSV.	Choose the shipment date from a transportation record. This date puts perspective on the expectation for dates on other records. If a shipment went out on August 1, 2022; connect to when a DSV was qualified, were they qualified prior to being sent the shipment? Was



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	the DSV Flow updated with SERI prior to the shipment if they register their DSV with SERI? You can check by reviewing the Downstream Vendor Registration email sent from SERI and checking that the File revision date and File version number are consistent with the updated qualified DSVs.
Shipment Origination (Supplier Location)	Record the specific address from the commercial record. In some cases, equipment is coming in from an R2 supplier categorized in accordance with the REC, and again, in this case connection to the R2 supplier certification status is key. The R2 supplier would need to be certified to the specific address from the commercial record.
Shipment Destination (DSV/Buyer Address)	Specific address from commercial record. An R2 DSV would need to be certified to the specific address from the commercial record. A Non-R2 DSV would be qualified to a specific address as well. Note: Per GDPR requirements for personal privacy, if the buyer is a person/user, feel free to abbreviate the name and address to not violate local data security requirements.
If International Shipment, Evidence of Verification of Legality, Core 4	Depending on the country in which you are auditing, the shipment may be coming in from another country. Check the supplier's address; where does the shipment originate. Check the DSV's address; where does the shipment end up. Connect the two to identify requirements for import/export. If international, check the legal compliance plan and record the type of applicable legal requirements associated with the shipment.
Transporter Name	The transportation company's name for the shipment to the DSV . The transporter name is helpful when looking at Core 10 Transport requirements. In addition, ensure that necessary legal and regulatory requirements for transport are included in the documents and records of Core 4.
Commercial Record #3	
DSV/Buyer Name	The company name that the shipment is going to. Do not forget there may be an in-between name, like a Broker that is identified on the commercial record. The name should be taken directly from the original commercial record. DSV names can connect you to DSV qualifications and the FM Management Plan. Note: Per GDPR requirements for personal privacy, if the buyer is a person/user, feel free to abbreviate the name and address so as not to violate local data security requirements. If there is a Buyer this would imply that



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	the equipment was categorized functional or unrestricted, otherwise shipment MUST go direct to the DSV who is processing.
DSV R2 Status	Check whether the DSV is certified or not. Feel free to screen shot the DSV from the SERI website in this section, it will give a visual on the scope and status during the audit.
Address Verification	Check that the address shipped to matches the address the address the organization used when qualifying the downstream vendor. Remember, qualifications are always location-based and downstreams often have multiple locations that do not have the same qualifications. Brokers must qualify every location for shipment destinations.
Additional Details	
Equipment, Components, and Materials for Materials Recovery	Describe the specific process as defined in the FM Management Plan. Focus on the details of the FM Management Plan. How is the equipment containing FMs processed, including demonstrating capabilities, and capacities. Remember this will be compared to the DSV qualifications. Prior to shipments, a broker needs to qualify DSVs based on their capacities and capabilities as defined in FM Management Plan.
Appendix A DSV Qualification Notes for Appendix E	Describe specific details related to Appendix E qualifications. Has the Broker ensured that the DSV has implemented Appendix E requirements? For example, Has the DSV performed a hazards assessment in accordance with App E? Does the DSV have pollution liability insurance, guaranteed reserves, or a government guarantee? Is the DSV R2 certified? Is that R2 DSV certified to either App A or E? If only A, are the capabilities and capacities accurately described in the broker's FM Management Plan?
Data Sanitization Status	<p>The Broker is required to designate the Data Sanitization Status. If a status was pre-sanitization, it is expected that an auditor will provide details in the next section on the sanitization processes being conducted by the DSV. If it is checked non-data, a description of categorization process from Core 6 is required for the equipment shipped/sold or evidence that it was a non-data device.</p> <p>If the shipment was identified as Non-Data, the records reviewed to demonstrate equipment was already sanitized could be an R2 supplier's certificate and appropriate REC Categorization as</p>



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	<p>sanitized, or records of sanitization from a non-R2 (there is no internal sampling under Core 6(b)(2) because equipment is not received). All equipment and components shall be evaluated for data, and data devices shall be secured and controlled. The R2 Facility needs to demonstrate this process even though they never physically receive the equipment and components. <i>Check all that apply.</i></p> <p><i>Auditor Aware: A Broker must still meet the requirements of Core 7, including a detailed Data Sanitization Plan. They are required to know and understand their role in protecting data and ensuring the sanitization is completed.</i></p>
<p>Equipment and Components for Data Sanitization</p>	<p>If the shipment was identified as Pre-Sanitized, notes are expected in this section for the type of sanitization being done by the DSV. What details are in the Data Sanitization Plan for the types of sanitizations required. From the types of devices sent to the DSV, the auditor may be able to trace specific IMEIs or Serial numbers that were brokered, if that was a contracted process.</p>
<p>DSV Qualification Notes for Appendix B and Core 7</p>	<p>What are the specific details related to Appendix B and Core 7 qualifications?</p>
<p>Equipment and Components for Reuse</p>	<p>Describe the processes as defined in the FM Management Plan for sending R2 Controlled equipment and components for Reuse. Does the Plan account for equipment that fails testing and repair? Follow past the audit trail of whether it is repairable. If it is not, what is done with the devices? Appendix A(8)(e)(3) requires the R2 Facility to understand what is done for devices that are not repairable.</p>
<p>Appendix A DSV Qualification for Appendix C and Core 6</p>	<p>What are the specific details related to Appendix C and Core 6 qualifications. Remember to fill in the box for Appendix E above if there are further steps that need to be followed past the test and repair process for unrepairable. Remember that most refurbishes will also have the data sanitization qualification sections filled out as well.</p>
<p>REC Status</p>	<p>The Broker is required to designate the Data Sanitization Status. This status is dependent on what is shipped out or sold directly to an end-user/buyer. There may be more than one status applicable to an entire shipment. <i>Check all that apply.</i></p>



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	<p><i>Auditor Aware: A Broker must still meet the requirements of Core 6 as applicable, including evaluation for reuse and categorization as applicable. Knowing the categories of the equipment will ensure the appropriate DSV is qualified.</i></p>
Function Equipment, and Unrestricted, Core 2 and Core 6	<p>This section is important to be able to capture other possible shipments that a Broker might be sending, or when shipments are comingled. The focus on the notes in this section will be to ensure that the Categorization Process in Core 6 was followed as well as additional requirements of Core 6 related to controls for “Outputs.” Follow Core 2 and Core 4 as well to ensure that the Hierarchy is being met and legality of the shipment. To know whether the hierarchy of an unrestricted stream is met you may have to know past the first tier. The goal is ensuring the unrestricted stream is going to a materials recovery operation.</p>
Other Comments Related to Shipment (as applicable)	<p>This box is to note any other trails.</p>