

July 27, 2011

To: Canadian Wireless Telecommunications Association

As specifically agreed, we have performed test procedures at Canadian Wireless Telecommunications Association (“the Agency” or “CWTA”) specific to its British Columbia operations for the year ended December 31, 2010 over certain non-financial information related to:

1. BC Reg449/2004, Section 8 (2) (b) - the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report;
2. BC Reg449/2004, Section 8 (2) (d) - a description of how the recovered product was managed in accordance with the pollution prevention hierarchy; and
3. BC Reg449/2004, Section 8 (2) (e) - the total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate.

The results of applying the procedures are detailed in the attached Appendix. These procedures do not constitute an audit of the Agency’s non-financial information and therefore, we express no opinion on the overall accuracy or completeness of the non-financial information of the Agency for the year ended December 31, 2010.

This letter is for use solely by CWTA and the British Columbia Ministry of Environment in connection with their consideration of the accuracy and completeness of certain non-financial information as reported by CWTA for the year ended December 31, 2010.

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For the following procedures, test samples were selected from the 2010 calendar year, unless otherwise noted. Work was performed on British Columbia (“BC”) operations only.

Non-Financial Information Requirement: BC Reg449/2004, Section 8 (2) (b) - the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report.

Procedure #	Objective/Purpose	Testing Procedures	Results
1.1	To obtain comfort over the existence and accuracy of the collection facilities reported in the Agency’s annual report.	<ol style="list-style-type: none"> 1. For the period under review, obtain a listing of all BC drop-off locations (Collection Facilities) from CWTA. 2. Compare total count of BC Collection Facilities from the listing with the number found in the annual report Appendix A; investigate any discrepancies with the CWTA as applicable. 3. Randomly select a sample of 40 BC Collection Facilities. Using contact information on the Facility listing provided in #1 above, phone each randomly selected Collection Facility to verify their existence and that they have an adequate understanding of the program. 	<ol style="list-style-type: none"> 1. Obtained a listing of all BC Collection Facilities broken out by program participant¹ from Appendix A of CWTA’s 2010 Annual Report. 2. The total number of BC collection facilities from the listing found in Appendix A of CWTA's Annual Report agrees with the statement "program's 586 collection sites" in CWTA's 2010 Annual Report. 3. Out of the 40 sites selected: <ul style="list-style-type: none"> – 35 passed the confirmation of existence and have an adequate understanding of the program. – One site was identified by the program participant as not being part of the Recycle My Cell program. – Two sites responded that they were not aware of the program and did not collect cell phones for recycling. – Two sites responded as being aware of the program but one used

¹ In this document, program participant refers to phone carriers (e.g. Rogers, TELUS, Bell, etc.) and manufacturer’s (Nokia, Motorola, etc.).

Procedure #	Objective/Purpose	Testing Procedures	Results
			<p>a different vendor to recycle the phones they collected and the other encouraged customers to use a mail-back option.</p> <p>Of the total number of sites tested, 5 of the 40 did not meet the criteria for inclusion as they were either not a part of the Recycle My Cell program, not collecting cell phones, or using a different cell phone recycling program. This represents a 12.5% discrepancy (5/40). When extrapolated to the total population of 586 BC collection facilities it would equal a projected discrepancy of approximately 73 collection facilities.</p>
1.2	To obtain comfort over the completeness, consistency and validity of the number of collection facilities.	<ol style="list-style-type: none"> 1. Obtain the historical data for the total number of BC Collection Facilities for the past two years as reported by CWTA in their annual reports. 2. Investigate any fluctuations greater than 5% to understand the reason for the fluctuation in the number of BC Collection Facilities. 	<ol style="list-style-type: none"> 1. Obtained the total number of BC collection facilities for 2009 and 2010 from the "Recycle My Cell: CWTA Stewardship Plan for the Recycling of Cellular Phones in the Province of British Columbia" and "CWTA's 2010 Annual Report" respectively. A total of 550 drop-off locations were stated on page 2 of the 2009 Stewardship Plan and 586 drop-off locations were listed in Appendix A of the 2010 Annual Report. 2. Found an increase of 36 BC collection facilities or 6.5% in 2010 as compared to 2009. CWTA stated that the increase can be attributed to: <ol style="list-style-type: none"> (a) carrier expansion within the province; (b) new brands introduced to the market; and, (c) adding new retailers into the program.

Non-Financial Information Requirement: BC Reg449/2004, Section 8 (2) (d) - a description of how the recovered product was managed in accordance with the pollution prevention hierarchy.

Procedure #	Objective/Purpose	Testing Procedures	Results
<p><i>[Where Processors/Manufacturers etc. are subject to third-party certification around their product management practices, only Step 2.1 as well as sub-steps 1 – 2 in test 2.2 should be completed. Where Processors/Manufacturers etc. are not subject to third-party certification, Test 2.2 should be completed in its entirety.]</i></p>			
2.1	To obtain comfort over the compliance with waste management program specific guidelines for product stewardship of collected products	<ol style="list-style-type: none"> 1. Obtain a listing of all BC processors used by program participants in the reporting period. 2. Determine whether or not the processors involved with the Recycle My Cell program hold valid ISO certifications and/or are certified under EPSC recycling vendor qualification program. If so, obtain the 3rd party certifier’s opinion over the processors’ compliance with ISO and/or EPSC certifications. 3. Ensure the certifier’s opinion is unqualified. 	<ol style="list-style-type: none"> 1. Obtained a listing of all BC processors used by program participants in the reporting period from the CWTA 2010 Annual Report, page 4. 2. All BC processors are subject to third-party certification. Copies of all BC processors’ ISO certifications were obtained from the CWTA 2010 Annual Report, Appendices B-E. 3. Reviewed copies of ISO certifications. Certifications state applicable scope, no exceptions or qualifications were noted.
2.2	To obtain comfort over the accuracy, completeness and existence of product collected, test on a sample basis the collection of product	<ol style="list-style-type: none"> 1. Obtain the program participant’s annual summary of product collected, recycled, and reused that the program participant sends to CWTA for BC operations. 2. Obtain the BC processor spreadsheets that list products received from the program participants for the period under review. The listing should provide: 	<ol style="list-style-type: none"> 1. Obtained, from CWTA, program participant’s annual summaries for 5 out of 6 program participants and obtained the count for the 6th program participant for the reporting period. 2. Obtained the BC processor spreadsheets for 3 out of 6 program participants. The other 3 processor spreadsheets were not available at the time of testing.

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	recovered.	<ul style="list-style-type: none"> a. The processor name/address. b. The total number of units sent from the program participant or collection sorting site. c. The total number of units of the product received at the processor. d. The date of delivery to the processor. <ul style="list-style-type: none"> 3. If there is not a listing of certified processors, ensure that the program participant is not a related party to the processor by researching the related parties of each organization and ensuring that the transaction was made at arm's length. 4. If possible, randomly select shipments and obtain a copy of the invoice or other supporting documentation. 5. Verify that each Invoice or other supporting document has evidence of the units of the product shipped by the program participant and received by the processor. 6. Compare the total units listed on the Invoice or other supporting documentation with the units listed on the detailed listing received in #2 and note any discrepancies. 	<p>However, the sample of processor spreadsheets that were chosen covered 80% of the total recovered product (28,351 / 35,494). The sampled spreadsheets provided: a) program name (each program participant uses a different program name), b) and c) the total number of units received by the processor, d) date received by the processor. The total number of units sent from the program participant or collection sorting site was not included as this information was not recorded by the program participant at the collection facilities.</p> <p>3-6. N/A - All processors utilized by CWTA are certified. See test 2.1 for detail.</p>

Non-Financial Information Requirement: BC Reg449/2004, Section 8 (2) (e) - the total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate;

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<i>[If a 3rd party audits the Agency's schedule of product collected (recovery rate), complete only step 3.1; If no audit is performed, complete steps 3.2 through 3.4]</i>			
3.1	To ensure that there were no qualifications within the auditor's opinion over the schedule of product recovered.	<ol style="list-style-type: none"> 1. Obtain the Auditor's Opinion over the Schedule of Product Recovered for the most recent fiscal year. 2. Review the opinion to ensure that there are no qualifications. 3. Check the mathematical accuracy of the calculated recovery rate (where applicable), as reported in the audited financial statements. 4. Compare calculated recovery rate to the recovery rate reported by the agency in their annual audited report. Note any discrepancies. 	N/A – CWTA does not have a 3rd party auditor review the schedule of product recovered. In addition, CWTA is not required to report on the recovery rate of cell phones per Ministry requirements.
3.2	To ensure the accuracy and completeness of total product sold.	<p>Note that the financial statements, in the case of most agencies, include revenues from eco-fees which are tied to the total product sales.</p> <ol style="list-style-type: none"> 1. Obtain the Financial Statement Auditor's Opinion for the most recent fiscal year. 2. Review the opinion to ensure that there are no qualifications. 3. Obtain a schedule of eco-fees by product type 	N/A – CWTA does not collect or reimburse eco-fees for cell phone sales or recovery.

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		<p>from the agency (in total and by unit).</p> <ol style="list-style-type: none"> 4. Compare the total eco-fees collected from the above schedule to the total reported in the Agency’s financial statements (as opined by the financial statement auditor). 5. Recalculate the product sold by unit by dividing the total fees by product type by the per unit fee to arrive at total product sold for each unit. 6. Compare calculated total product sold to the amounts reported by the Agency in their annual report. Note any discrepancies. 	
3.3	<p>To obtain comfort over the completeness and accuracy of the total product recovered and to obtain comfort over the cut-off and validity of the total product recovered.</p>	<ol style="list-style-type: none"> 1. Obtain a listing of product shipments (for each product CWTA manages) from collection facilities for the period under review with the following details: <ol style="list-style-type: none"> a. The Collection Facility name/address. b. The date of collection from the facility. c. The consolidation site or processor to which the product was delivered. d. The date of delivery to the consolidation site or processor. e. The amount of product collected (in 	<ol style="list-style-type: none"> 1. Collection Facilities do not create shipping records for products shipped to consolidation sites or processors. Consolidation sites and processors perform counts/weights of product shipped and record the location of origin of the shipment (if available), date received, and amount of product received. The processors provide this information in an annual consolidated spreadsheet of total product collected to the program participant. Using the program participant summaries obtained in 2.2 (1), PwC agreed the total numbers of product recovered as stated in the program participants detailed listings to the reported total product recovered in CWTA’s 2010 Annual Report. It should be noted that: <ul style="list-style-type: none"> • Two program participants did not provide a breakdown by province so CWTA estimated the BC portions by calculating a weighted average based on the known

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		<p>units and in weight, where applicable).</p> <ol style="list-style-type: none"> 2. Compare the total weight of product collected from the detailed listing to the report total of product recovered from the Agency's annual report. 3. Compare the total collected product nationally to the program participant's CSR Reported figure. 4. Scan the detailed listing to ensure that there were no collections that were outside of the organization's fiscal year. 	<p>quantities received by the other program participants; and,</p> <ul style="list-style-type: none"> • All mail-back and some shipments to processors are not identified with collection facility information necessary to provide a breakdown by province so the program participants estimate the BC portions by calculating a weighted average based on their known quantities received. <ol style="list-style-type: none"> 2. N/A - CWTA does not report on weight of product recovered. 3. N/A – Program participants have not issued 2010 CSR reports as of July 25, 2011. 4. PwC scanned the detailed listings of collections and found 6 reports of shipments identified as being outside of CWTA's reporting year of 2010 equating to 11,784 cell phones nationally (or approximately 2,744 attributed to BC collections). CWTA confirmed that devices are counted when received by processors and not at collection facilities. This may result in a lag from the time of actual collection by the facility and the time of recording at the processor. An assumption was made by the program participant and the processors that all January shipments received and counted by the processors were attributed to units collected by the program participant at the collection facilities during the previous calendar year (2010). Due to inadequate documentation related to the receipt of product collected at the collection facilities, the data cut-off exception noted above resulted in an overstatement of product

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		<p>5. Randomly select shipments and obtain the supporting document (Bill of Lading or other support) to verify the amount of product shipped.</p> <p>6. Verify that each of the supporting documents received has appropriate evidence of the total product shipped and the weight of product received by the consolidation site supported by a scale ticket or like support, and signatures by the collection facility, consolidation site, and hauler/transporter.</p> <p>7. Confirm that the total product (in units/weight etc.) listed on the supporting document matches the total listed on the detailed listing.</p>	<p>collected in 2010 of approximately 2,744 units of the 35,494 total units collected in 2010, or 7.7% of the total product collected in 2010.</p> <p>5. We were unable to determine the total number of shipments incurred in 2010 due to inadequate record-keeping. We were only able to decipher the number of shipments for two of the six program participants; of which, a total of 15 shipments were made from the collection sites to the processors. PwC randomly selected 2 shipments and obtained supporting shipping documentation (coverage of 16.7% of total product collected in BC; 5,932 units / 35,494; results of the tests are set out below under #6).</p> <p>6. PwC scanned supporting shipping documentation to verify units of product shipped to processor were included. Units on one waybill were limited to the number of skids, the second waybill showed the number of skids and weight of shipment. Neither indicated the number of phones. Supporting documentation such as scale tickets was not available. Documentation received does not contain verification signatures by either party. Inadequate documentation was available to support the number of products shipped from the program participant to the processor.</p> <p>7. PwC agreed the units on the shipping documents to the processor spreadsheets in Test 2.2(2) above.</p>

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3.4	To obtain comfort over the calculated recovery rate, by product type (where applicable).	<ol style="list-style-type: none"> 1. Check the mathematical accuracy of the calculated recovery rate (where applicable) by dividing product recovered by product sold, as reported in the audited financial statements. 2. Compare calculated recovery rate to the recovery rate reported by the Agency in their annual report. Note any discrepancies. 	N/A – CWTA is not required to report on recovery rate.