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INDEPENDENT AUDITOR'S REPORT TO BELL CANADA

We have audited the following disclosures within Bell Canada's (the Company's) *Bell 2012 Annual Report Submitted to the British Columbia Ministry of Environment* (The Report) for the period from January 1- December 31, 2012:

- 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 BC Regulation 449/2004 (the Recycling Regulation) disclosed within Section 2, *Location of collection facilities*;
- The total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation disclosed in Section 3, *Amount of product collected*; and,
- The description of performance for the year in relation to targets in the approved stewardship plan associated with Section 8(2)(b) and (e) of the Recycling Regulation disclosed in Section 4, *Recovery Target*.

(together the "Subject Matter")

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

The Subject Matter is the responsibility of the Company's management who has 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

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 of the Company's processes and related controls, to gain an understanding of the Company's collection facilities, data collection and reporting processes in relation to the Subject Matter included in the Annual Report;
- Comparison of collection data included in the Annual Report to internal records and recalculation of data, where appropriate;
- Site visits to obtain source collection records which were compared with collection data included in the Annual Report;
- Comparison of weights used for collections included in the Annual Report to supporting documentation and relevant product information;

DISCLOSURE OF PRODUCT SOLD

Section 8(2)(e) of the Regulation requires disclosure of (obligated) product sold during the reporting period. The Company does not have recovery rate targets that are linked to the amount of product sold and Bell Business Market Sales are the only obligated sales covered by the Company's stewardship plan. As described in the Company's Report:

“there is no internal mechanism to distinguish designated materials sold to Bell Business Market customers from non-designated materials, the volume of designated products sold to BBM customers is not available.”



As a result, the Report does not disclose the amount of the Company's obligated product sold.

OPINION

In our opinion, except as described directly above, the Subject Matter within Bell Canada's Annual Report to the Director for the period from January 1- December 31, 2012 presents fairly, in accordance with the evaluation criteria, in all material respects:

- the number and location of collection facilities in accordance with Section 8(2)(b) of the Recycling Regulation;
- the total amount of the Company's product sold and collected in accordance with Section 8(2)(e); and
- the description of performance for the year in relation to targets in the approved stewardship plan associated with Section 8(2)(e) of the Recycling Regulation.

EMPHASIS OF MATTER

Without qualifying our opinion above, we draw attention to the following:

- As noted in Section 1, *Products Collected* of the Company's stewardship report, the Company has disclosed national data for administrative equipment and telecom network equipment collected rather than British Columbia specific data. This approach is consistent with the approved stewardship plan.
- The Company's stewardship plan submitted under the Recycling Regulation is effective July 1, 2012. However, as noted in the Introduction to the Company's stewardship report, the data presented is based on the entire calendar year (January 1 – December 31, 2012).
- The Company has recovery rate targets of 100% for network equipment, administrative equipment and Bell Business Market equipment in its stewardship plan. As noted in Section 4, *Recovery Target* of the Company's stewardship report, the recovery rate is not accurately determinable because Bell does not monitor the redeployment rate of equipment used internally or external business market decommissioning activities.



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 the Company, 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

Chartered Accountants

Vancouver, Canada
July 26, 2013



Appendix 1 to the Auditor's Report

Evaluation Criteria

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)

The following evaluation criteria were applied to the assessment of the location of collection facilities in accordance with Section 8(2)(b) of the Recycling Regulation:

- The number of collection facilities is determined based on warehousing or recycling facilities where recycled equipment is consolidated, counted and reported on; and,
- The location of collection facilities is based on the address of the facility.

The Company's stewardship plan is specific to the electronic and electrical product equipment category subject to the Recycling Regulation and phased in on July 1, 2012. As a result, the Bell 2012 Annual Report is the Company's first annual report and reporting on changes in the number and location of collection facilities from the previous report is not applicable. As a result, an audit opinion is only required in relation to the number and location of facilities.

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)

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):

- Product sold: the Company's product sold is undeterminable based on current data collection methods. As a result, evaluation criteria have not been developed for this data;
- Product collected: product shall be collected from Bell employees located in Canada during the period January 1 to December 31, 2012, and supported by appropriate records maintained by the Company;
- Product collected: product shall be collected from customers for the purposes of reuse and recycling by the Company in accordance with Section 3 of the Company's Stewardship Plan;
- Product collected: administrative product collected for recycling is based on the weight of material received by processor consolidation facilities as reported to Bell in the consolidated data segregated by program spreadsheet,



- Product collected: administrative product collected for donation is based on number of units shipped by consolidation facility as recorded in the warehouse inventory database system and converted to weight using accepted average weights;
- Product collected: telematic equipment collected for recycling is based on the number of units received by the supplier as reported to Bell annually and converted to weight using actual unit weights; and,
- Recovery rate: see the evaluation criterion for performance for the year in relation to targets in the approved stewardship plan directly below.

The description of performance for the year in relation to targets in the approved stewardship plan associated with Section 8(2)(b) and (e) of the Recycling Regulation.

In accordance with the Company's approved stewardship plan, there are no targets associated with Section 8(2)(b) of the Recycling Regulation. No evaluation criteria are required and an audit opinion is not required.

In accordance with the Company's approved stewardship plan, the approved targets under Section 8(2)(e) are recovery rate targets of 100% for network equipment, administrative equipment and Bell Business Market equipment. The Company's recovery rates are undeterminable based on current data collection methods and the nature of the target (for Bell Business Market equipment). As a result, the following evaluation criterion was applied:

- The Bell 2012 Annual Report accurately reflects the fact that the recovery rates are undeterminable.