

ÉEQ has implemented new procedures to frame Company Report production, including a revision, analysis and audit process. The procedures cover two aspects:

- Guidance for companies and organizations in the development of internal best practices for the collection of information and data entry.
- Increased monitoring of Company Report compliance in all significant aspects of each Schedule of Contributions.

Objectives

- Provide companies with guidance for the reporting process by pointing out frequent errors and offering tips and advice to correct them
- Ensure standardized Company Report compliance
- Ensure fairness among companies and organizations by analyzing all Company Reports at least once per cycle
- Apply an approach based on the risks relating to Company Reports

The procedures are consistently applied in respect of our confidentiality policy.

COMPANY REPORT REVIEW

All Company Reports submitted by low-volume companies and organizations eligible for “payment exemption” or a “flat fee” will be reviewed during the application period for each Schedule of Contributions. In accordance with Articles 5.3.1 and 5.3.2 of the Schedule of Contributions, ÉEQ may require official supporting documentation in order to validate the criteria on which the company or organization declares itself eligible for payment exemption or a flat fee, specifically:

- A financial document that confirms that the company or organization’s sales in Quebec are under \$1 million.
- The information provided must enable the reconciliation of each article put on the market, as well as the type and weight of each of its components.
- All products put on the market that are ultimately intended for consumers should be listed, as well as advertising material and supplies added at the point of sale.
- A list of products, and their producers, for which the company or organization is the first supplier in Quebec.

Company Reports submitted by companies or organizations reporting more than 5 metric tonnes will be reviewed on a random basis. The purpose of such a review is to confirm the likelihood of materials and quantities reported according to the nature of the business and normal operating standards.

Criteria relating to sales, tonnage and point of sale will be validated and the following points studied:

- Do the designated materials reported accurately match the type of product packaging marketed by the company or organization?
- Do the designated materials reported match the company or organization's business sector?
- Were all types of materials included?
- Are all designated materials properly classified?
- Is the tonnage reported in the current Company Report significantly different from that in the previous report?

If questions are raised, further analysis will be conducted.

ANALYSIS

Company Reports listing quantities over five tonnes and that raise questions will be selected for analysis according to a planned schedule. ÉEQ will require documentation to support reported quantities, including:

- Working documents showing the quantities of all designated printed matter and containers and packaging materials the company or organization directly or indirectly put on Quebec's market during the related calendar year.
 1. The information provided must enable the reconciliation of each article put on the market, as well as the type and weight of each of its components.
 2. All products put on the market that are ultimately intended for consumers should be listed, as well as advertising material and supplies added at the point of sale.
- A list of brands owned by the company or organization or for which it is the first supplier in Quebec.

In some cases, additional documentation may be required (invoices, suppliers' confirmation letters, sales reports, etc.) to validate the data provided.

Depending on the amount of contributions, requests for changes to a Company Report in which over five metric tonnes of designated materials are reported will be subject to a systematic review.

Finally, ÉEQ will provide concerned companies with a summary of its findings following Company Report analysis as well as recommendations to improve their

reporting process. The company or organization will receive prior written notification in the event financial adjustments are required following a review.

AGREED-UPON AUDIT PROCEDURES (OPERATIONAL AUDIT)

Reviewed Company Reports may also be submitted to agreed-upon audit procedures (operational audit). The selection of Company Reports for this process is made according to the risk of inaccuracies in Company Reports, the company or organization's business sector, or the amount of the contribution.

Agreed-upon audit procedures are designed to:

- Ensure consistent application of Quebec's compensation plan
- Ensure that data is accurately reported and required contributions are paid by companies and organizations
- Identify areas for improvement
- Help companies simplify their reporting process while ensuring compliance

After written notification of their selection, the main steps of the audit process are:

- Conference call between the company or organization's resource person and ÉEQ
- On-site application of audit procedures (one day)
- Preliminary ÉEQ report submitted to the company or organization for discussion
- Final ÉEQ report

Usual audit procedures include:

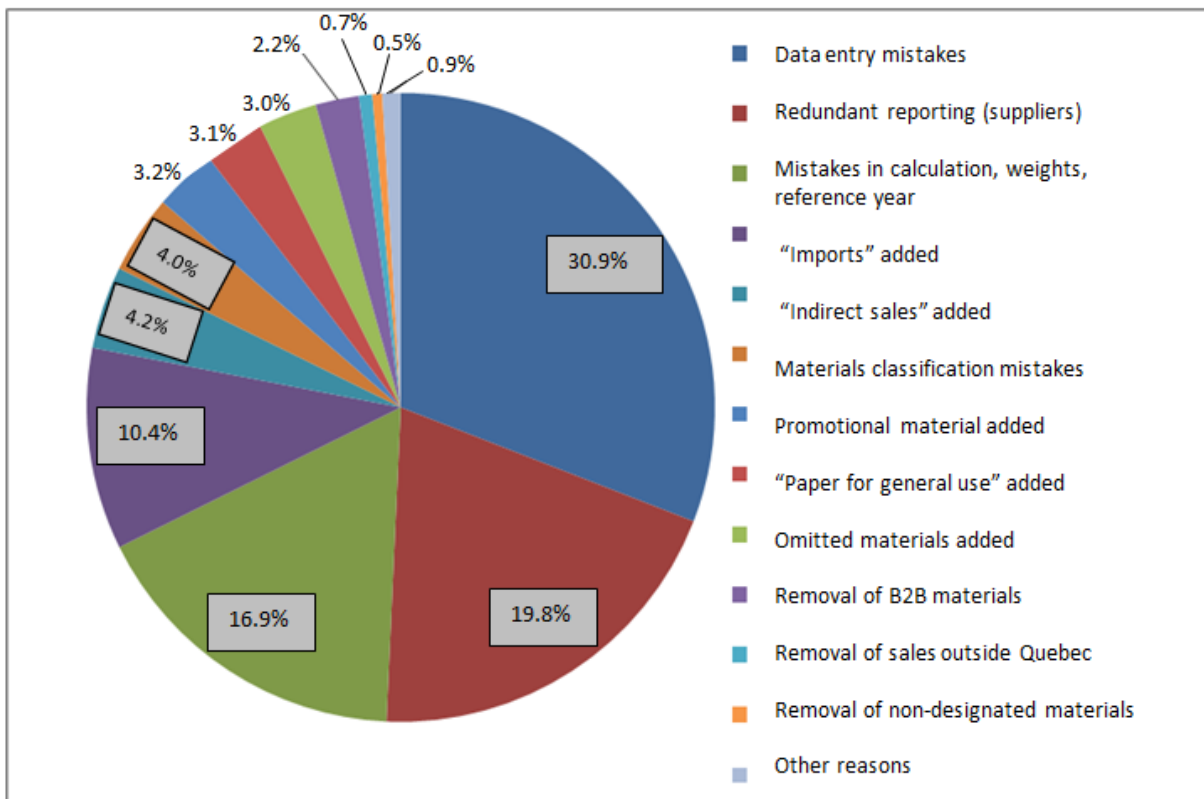
- Gathering information about the company or organization to understand its business activities, particularly with regard to operations, accounting procedures, brands reported and contribution calculations
- Analyses to compare expected contributions to contributions actually paid
- Validation of information from the accounting system to confirm the data used to produce the Company Report
- Recalculation to ensure mathematical accuracy
- Review of the list of suppliers and their addresses to ensure that all products for which the company or organization is the first supplier in Quebec are indeed reported, or are not mistakenly reported
- Physical weighing of designated materials to confirm the accuracy of reported weight
- Selection and examination of products associated with designated materials to confirm the accuracy of materials classification

- Verification of product classification to ensure proper consideration and organization when calculators are used

Agreed-upon audit procedures are applied by ÉEQ personnel. In some cases, an independent external firm is called in to provide assistance.

CHANGE TO A COMPANY REPORT THAT HAS ALREADY BEEN SUBMITTED

Every year, ÉEQ revises Company Reports after errors are discovered either by the company or organization itself, or following analysis or audit by ÉEQ. The following chart presents all the changes made to Company Reports in 2013, according to source of error (absolute value). It should be noted that calculation and data entry errors account for almost 50% of required changes!



CHANGE TO A QUESTION AFFECTING OBLIGATION STATUS REQUESTED DURING THE COMPANY REPORT PROCESS

During Company Report preparation, the online reporting system will not allow changes to be made to a registered response to a question that determines a company or organization’s obligation status. A padlock will be displayed on the reporting system screen. If you wish to change a response to one of those questions, contact Company Services at service@ecoentreprises.qc.ca or by phone at 514 987-1700 or 1-877-987-1491.

CHANGES TO QUANTITIES REPORTED IN A COMPANY REPORT THAT HAS ALREADY BEEN SUBMITTED

If you wish to make corrections to reported quantities, you must submit a Request for Change. In accordance with Article 5.2.4 of the Schedule of Contributions, relevant information and documents to support a request for change include:

- Company name
- Company number
- Contact information to reach the primary contact
 1. Last name
 2. First name
 3. Telephone
 4. E-mail
- Explanation of the request for change
- Materials concerned by the change

DOCUMENTATION

- Worksheet for the original Company Report in Excel format. The worksheet should allow the tracking of the quantities reported, according to material, in the original Company Report, specifically:
 1. List of products included in the Company Report
 2. Number of products sold, according to product
 3. List of designated packaging according to product and related weights
 4. List of brands considered
 5. List of suppliers included (if appropriate)
 6. List of suppliers excluded (with contact information in Quebec)
- Amended worksheet that includes the requested changes: This worksheet must show the revised quantities, according to material, being reported as well as the same information as listed above.
- List of deductions considered in the Company Report.

If the request for change includes several Company Reports, you must provide worksheets for each one of them. ÉEQ will not process a request for change if amended documents are not provided.

DEADLINE

The required information and documents must be submitted to ÉEQ no later than one year from the deadline for filing the Company Report.

See the calendar of contributions to determine which Company Reports may be the subject of a request for change.

Any failure to meet this deadline or to provide information or documentation will result in the Request for Change being denied.

SEND TO

The request and documentation must be e-mailed to ÉEQ's Company Services Department at service@ecoentreprises.qc.ca. Please call us at 514-987-1491 or 1-877-987-1491 if you need advice or have questions.

ÉEQ FOLLOW-UP

Once a request for change is received, ÉEQ will send an e-mail to acknowledge receipt and confirm the admissibility of the request.

Requests for change will be analyzed according to procedures. Additional documentation and information may be requested.