



KPMG LLP
Bay Adelaide Centre
Suite 4600
333 Bay Street
Toronto ON
M5H 2S5

Telephone (416) 777-8500
Fax (416) 777-8818
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT TO BREWERS DISTRIBUTOR LIMITED

We have audited the following Sections within the Brewers Distributor Limited Annual Report for the year ended December 31, 2012 (together the "Subject Matter"):

- Section 4 (Table 1) *collection facilities*;
- *Description of performance for the year in relation to 85% refillable container return rates and 85% aluminum container return rates on page 15 of the Annual Report*;
- Section 7 (Table 5) *Product sold and collected*; and,
- Section 7 (Table 5) *Recovery rate*.

The objective of this Report is to disclose how the Stewardship Agency's management has discharged its responsibility to report on the Subject Matter in accordance with Sections 8(2)(b) and (e) of BC Regulation 449/2004 (the Recycling Regulation).

The Subject Matter is the responsibility of Brewers Distributor Limited management who have 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

Except as described in 1 and 2 below, 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, to gain an understanding of the Company's data collection and reporting processes in relation to the Subject Matter included in the Annual Report;
- Testing of the collection facilities listing against records of product collection during the year;
- Comparison of sales and collection data included in the Annual Report to internal records and confirmation with third parties, where appropriate; and,
- Site visit to gain an understanding of product collection procedures and management of collection records.



OPINION

In our opinion, except as described below, the Subject Matter within the Brewers Distributor Limited Report for the year ended December 31, 2012 presents fairly in accordance with the evaluation criteria, in all material respects:

- the location of collection facilities in accordance with Section 8(2)(b) of the Recycling Regulation;
- 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); and,
- the description of performance for the year in relation to targets in the approved stewardship plan under Section 8(2)(b) and (e) of the Recycling Regulation.

EXCEPTIONS

1. This is the first audit of the Brewers Distributor Limited Report in relation to the number and location of collection facilities. KPMG audited the number and location of collection facilities as at December 31, 2012. However, the scope of our work was limited in relation to disclosures regarding changes in the number and location of collection facilities since December 31, 2011 as the prior year information has not been subject to audit. As a result, we were unable to reach conclusions in relation to assertions regarding the change in the number of collection facilities between December 31, 2011 and December 31, 2012 in accordance with Section 8(2)(b) of the Recycling Regulation.
2. Brewers Distributor Limited identified two categories of collection facilities. They identified 914 locations where they have evidence to support the collection of beer containers. Brewers Distributor Limited also identified 399 locations where Brewers Distributor Limited does not have access to collection data because these locations do not return directly to warehouses of



Brewers Distributor Limited and accordingly cannot assess whether these locations are acting as collection facilities.

3. The scope of our work was limited in relation to product sales and recovery rates with respect to the non-industry standard bottles because the Brewers Distributor Limited were unable to reconcile the data provided by the non-member brewers to the sales figures provided by Liquor Distribution Branch. Non-Industry Standard Bottles represent approximately 25% of total sales of bottles.

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 Brewers Distributor Limited, 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

Toronto, Canada

June 28, 2013

APPENDIX 1 TO THE AUDITOR'S REPORT

EVALUATION CRITERIA

COLLECTION FACILITIES

The following evaluation criteria were applied to the assessment of the 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 the Recycling Regulation:

1. Collection facilities are those that are active as of December 31 and have collected returns during the year.
2. Changes in the number of return locations are calculated based on comparison to the previous year's list.

PRODUCT SOLD AND COLLECTED

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):

1. Product sold: The total number of bottles sold is based on the sales figures received from the Liquor Distribution Branch (LDB)
2. Product collected--bottles:
 - a) The total number of bottle returns (product collected) is calculated as follows: Closing inventory balance - Opening inventory balance + Returns to brewers during the calendar year.
 - b) The quantity of bottles returned to brewers from BDL warehouses is based on records in the J.D. Edwards system.

- c) Opening and closing inventory balances at BDL warehouses are based on year-end physical counts as recorded in the J.D. Edwards system.
- 3. Product collected--cans: Total number of can returns is based on the total recorded in the J.D. Edwards system during the calendar year.

TARGETS

The following evaluation criteria were applied to the assessment of the description of performance for the year in relation to targets in the approved stewardship plan under Section 8(2)(b) and (e) of the Recycling Regulation.

- 1. Target: Recovery rate of 85%

Recovery rate is calculated as follows: total bottles and cans returned during the period ÷ total bottles and cans sold during the period

- 2. Target: 347 Full Return locations by 2014

Full return locations are those that are active as of Dec 31, have accepted returns during the year, accept unlimited returns, and refund customers the full amount of the deposit per bottle or can.