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INDEPENDENT AUDITOR'S REPORT TO BREWERS DISTRIBUTOR LIMITED

We have audited the following Sections within the Brewers Distributor Limited Annual Report to the Director, Waste Management for the 2014 Calendar Year (together the "Subject Matter"):

- Section 4 (Table 1 and Table 2) *Collection System and Facilities* – 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 BC Regulation 449/2004 (the Recycling Regulation);
- Section 6 (Table 3) *Pollution Prevention Hierarchy and Product/Component Management* – the Company's description of how the recovered product was managed in accordance with the pollution prevention hierarchy under Section 8(2)(d) of the Recycling Regulation
- Section 7 (Table 5) *Product Sold and Collected and Recovery Rate*– the total amounts of product sold and collected and recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation; *and,*
- Section 8 (Plan Target 1 and 3) *Plan Performance*– the Company's description of performance for the year in relation to targets under Section 8(2)(g) of the Recycling Regulation that are associated with Section 8(2)(b) and (e).

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), (d),(e) and (g) of 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

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 applicable ethical requirements, including independence requirements.

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;
- Comparison of collection facility data included in the Annual Report to internal records and reconciliation with external records.
- Comparison of sales and collection data included in the Annual Report to internal records and recalculation of data, where appropriate;
- Comparison of product recycling data against internal records of transfers to recycling facilities; and,
- Comparison of data on product reused, recycled and sent to landfill against self-reported data from brewers.



OPINION

In our opinion, the Subject Matter within the Brewers Distributor Limited Annual Report for the year ended December 31, 2014 presents fairly in accordance with the evaluation criteria, in all material respects:

- the number and 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;
- the description of how the recovered product was managed in accordance with the pollution prevention hierarchy under Section 8(2)(d) of the Recycling Regulation;
- the description of total amounts 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; and,
- the description of performance for the year in relation to targets under Section 8(2)(g) of the Recycling Regulation that are related to Section 8(2)(b) and (e).

EMPHASIS OF MATTER

Without qualifying our opinion we draw attention to the following disclosure in the Annual Report which is critical to an understanding of the disclosures related to treatment of recovered containers in 2014:

- As disclosed in Section 6 (Table 3) and the associated footnotes in the Annual Report, the percentage of refillable bottles reused, recycled or sent to landfill by brewers is an estimate based on self-reported information provided by a select number of brewers. This information has not been subject to any independent verification processes by Brewers Distributor Limited and has not been subject to testing within the scope of our audit.

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.

Toronto, Canada

June 29, 2015



APPENDIX 1 TO THE AUDITOR'S REPORT

EVALUATION CRITERIA

COLLECTION FACILITIES

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Reference
Total Collection Sites – 1,135 locations	<i>4. Collection System and Facilities</i> table 1 on Page 5
Location of collection facilities -- by region	<i>4. Collection System and Facilities</i> table 2 on Page 6
Change in the number and locations of collection facilities in 2014 -- Comparison between 2014 and 2013	<i>4. Collection System and Facilities</i> table 2 on Page 6

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. Total number of collection facilities includes active Licensee Retail Stores, Government Liquor Stores and Rural Agency Locations that are registered with Liquor Distribution Branch (LDB) as of December 31 as well as BDL authorized depots and their satellites that BDL has contractual relationship with.
2. Collection facilities are divided into 29 regional districts in BC based on the address in BDL's J.D. Edwards system. Addresses of the facilities per BDL are reconciled with those provided by LDB at a regional district level.
3. Changes in the number and location of collection facilities are calculated based on comparison to the previous year's list by regional district.



PRODUCT SOLD AND COLLECTED

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Reference
BDL Container Recovery Rates 2014: Total Refillables – 95.04% Cans – 92.81%	<i>7. Product Sold and Collected and Recovery Rate</i> Table 5 on Page 9

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 or cans 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.



MANAGEMENT OF RECOVERED PRODUCT

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Reference
<p>Aluminum cans:</p> <ul style="list-style-type: none"> • 100% processed for material recovery <p>Refillable glass bottles (amount sent out by BDL during the calendar year):</p> <ul style="list-style-type: none"> • 1% sent directly from BDL for recycling • 99% sent to brewers for reuse, of which <ul style="list-style-type: none"> ○ Estimated 95%-97% reused, based on self reported data from select brewers representing majority of refillable bottles collected ○ The vast majority of the remaining material is sent to glass recyclers while a small portion may go to landfill 	<p>6. Pollution Prevention Hierarchy and Product/Component Management Table 3 on Page 8</p>

The following evaluation criteria were applied to the assessment of the description of the recovered product was managed in accordance with the pollution prevention hierarchy under Section 8(2)(d) of the Recycling Regulation:

1. Aluminum cans

The total weight of cans received by Alcoa is based on Alcoa's confirmation of each shipment by BDL during calendar year 2014. Total weight confirmed by Alcoa is reconciled with total weight shipped by BDL. End fate of aluminum cans is based on qualitative end fate data reported by Alcoa Inc. to BDL.



2. Refillable bottles sent directly from BDL for recycling

The quantity of bottles/glass sent by BDL to Pacific Metals for recycling is determined based on J.D. Edwards system data on empty shipments to Pacific Metal with the description “ditched bottles”.

The % sent directly from BDL for recycling is calculated as: the quantity of bottles/glass sent to Pacific Metals during the reporting year (equivalent of dozens) divided by the total quantity of bottles/glass sent to Pacific Metals and bottles sent to brewers during the reporting year (equivalent of dozens)

The end fate of glass sent to Pacific Metals is based on confirmation received from Pacific Metals.

3. Refillable bottles sent to brewers:

The quantity of bottles sent to brewers for reuse is determined based on J.D.Edwards system data on empty shipments to brewers.

The % sent to brewers is calculated as: the quantity of bottles sent to Brewers during the reporting year (equivalent of dozens) divided by the total quantity of ditched bottles/glass sent to Pacific Metals and bottles sent to brewers during the reporting year (equivalent of dozens)

The end fate of bottles sent to brewers is based on brewer self-reporting on the rate of reused, recycled or dumped bottles. The data supporting the end fate of bottles is maintained by brewers and categorized as:

- Reused
- Sent on for recycling
- Sent to waste stream

4. Disclosures in the annual stewardship report identify which information is estimated and the basis for the estimation.

5. Note that BDL has only collected data from a select number of brewers in the program and data quality check mechanism is still under development by BDL.

TARGETS¹

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Reference
Target #1 2014 Assertion – Target Achieved	<i>8. Plan Performance</i> on Page 13
Target #3 2014 Assertion --Targets Partially Achieved: <ul style="list-style-type: none"> • 71 bottle depots • 120 contracted collection retail sites 	<i>8. Plan Performance</i> on Page 13

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 #1: 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. The description of progress against targets to date is supported by records of progress maintained by the Company.

2. Target#3: 347 Contracted Collection Partners by 2014 including 42 bottle depots and 305 licensee retail stores

Contracted Collection Partners are those locations active as of Dec 31 that have a contractual relationship with BDL, and refund customers the full amount of the deposit per bottle or can. The description of progress against targets to date is supported by records of progress maintained by the Company.

¹ BDL has not defined a target regarding management of recovered products in accordance with pollution prevention hierarchy.