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INDEPENDENT ASSURANCE REPORT TO BREWERS DISTRIBUTOR LIMITED

To the Directors of Brewers Distributor Limited:

ASSURANCE LEVEL AND SUBJECT MATTER

We have been engaged by the management of the Brewers Distributor Limited (“BDL” or “the Company”) to undertake a reasonable assurance engagement in respect of the following disclosures with BDL’s Annual Report to the Director and in Appendix 1 for the 2015 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;
- 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); and,
- Section 7 (Table 7) *BDL Deposit Summary* – Deposits received and refunds paid on cans.

The objective of this Report is to express an opinion on how the Company’s management has discharged its responsibility to report on the Subject Matter in accordance with Sections 8(2)(b), (d), (e), and (g) as well as the deposit received and refunds paid of cans.



RESPONSIBILITIES

Management is responsible for the preparation and presentation of the Subject Matter in accordance with the evaluation criteria which are integral to the Subject Matter presented in Appendix 1, current as at the date of our report. Management is also responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported Subject Matter is derived.

Our responsibility in relation to the Subject Matter is to perform a reasonable assurance engagement and to express a conclusion based on the work performed. Our opinion does not constitute a legal determination of BDL's compliance with the Recycling Regulation.

ASSURANCE STANDARD AND PROFESSIONAL REQUIREMENTS

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we comply with applicable professional standards, including International Standard on Quality Control 1.

APPLICABLE 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.

SUMMARY OF WORK PERFORMED

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the Subject Matter. A reasonable assurance engagement 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;
- Comparison of data on product reused data against internal records of delivery to brewers; and,
- Comparison of deposit received and refunds paid on cans against internal records of BC Brewers Recycled Container Collection Council ("BRCCC") and BDL internal records of refunds and payments associated with can sales and can recovery.

OPINION

In our opinion, the Subject Matter within the Brewers Distributor Limited Annual Report for the year ended December 31, 2015 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 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;
- the 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); and,
- the total amount of deposits received and refunds paid on cans.



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 and deposits in 2015:

- As disclosed in Section 6 (Table 3) in the Annual Report, 99% of refillable bottles were sent to brewers for reuse, however, the actual rate of reuse by brewers is not reported to Brewers Distributor Limited and has not been subject to testing within the scope of our audit.
- As disclosed in Section 7 (Table 7) in the Annual Report, deposits received and refunds paid on Industry Standard Bottles (ISB) and Non-ISB Refillable Bottles are calculated based on the quantity sold and collected and have 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants

Toronto, Canada

June 24, 2016



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 – 1,144 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 2015 – Comparison between 2015 and 2014	<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 2015: Total Refillables – 92.09% Cans – 92.19%	<i>7. Product Sold and Collected and Recovery Rate</i> Table 5 on Page 10

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
Aluminum cans: <ul style="list-style-type: none"> • 100% processed for material recovery Refillable glass bottles (amount sent out by BDL during the calendar year): <ul style="list-style-type: none"> • 1% sent directly from BDL for recycling • 99% sent to brewers for reuse 	<i>6. Pollution Prevention Hierarchy and Product/Component Management</i> Table 3 on Page 8

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 2015. 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)



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)

following the instruction in Waste Prevention Branch's email to Stewards on February 18, 2016: *"Reuse" of a product as it was originally intended (e.g. bottles) does not need to be assured beyond when the product is shipped from the program if evidence is provided that demonstrates the intent is reuse (e.g. the auditor will not need to confirm the actual reuse of the individual product).*



TARGETS¹

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Reference
Target #1 2015 Assertion – Target Achieved	<i>8. Plan Performance</i> on Page 12
Target #3 2015 Assertion –Targets Partially Achieved: <ul style="list-style-type: none"> • 72 bottle depots • 113 contracted collection retail sites 	<i>8. Plan Performance</i> on Page 12

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. Note that since the 2015 Stewardship Plan has not been approved by the Ministry at the time of the reporting and audit, the targets in the previous Stewardship Plan 2009-2014 was followed.

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 December 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.



DEPOSIT RECEIVED AND REFUNDS PAID OF CANS

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Reference
Deposit Received – Cans: \$ 55,142,391	<i>7. Product Sold and Collected and Recovery Rate</i> Table 7 on Page 11
Refunds Paid – Cans: \$52,172,146	

The following evaluation criteria were applied to the assessment of the description of total amount of deposit received and refunds paid of cans:

1. The deposits received are based on funds received from LDB by BRCCC during the period from January 1, 2015 to December 31, 2015 recorded in the general ledger of BRCCC.
2. The refunds paid are based on payments to collection facilities during the period from January 1, 2015 to December 31, 2015 recorded in the general ledger of BDL.