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INDEPENDENT ASSURANCE REPORT TO BREWERS RECYCLED CONTAINER COLLECTION COUNCIL

To the Directors of Brewers Recycled Container Collection Council:

ASSURANCE LEVEL AND SUBJECT MATTER

We have been engaged by Brewers Recycled Container Collection Council (“BRCCC”) and the management of Brewers Distributor Limited (“BDL”) (collectively “Management”) to undertake a reasonable assurance engagement in respect of the following disclosures in BRCCC’s Annual Report to the Director for the 2016 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 (2016 Performance) *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), (d) and (e); and,
- Selected information in Section 7 (Table 7) *BRCCC Deposit Summary* – Deposit Received and Refunds Paid of Cans.

BRCCC contracted certain responsibilities to the management of the Brewers Distributor Limited (BDL). The objective of this Report is to express an opinion on how Management has discharged its responsibility to report on the Subject Matter in accordance with Sections 8(2)(b), (d),(e) and (g) and selected deposit received and refunds paid of cans.

RESPONSIBILITIES

Management are 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 of BDL and BRCCC are 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 BRCCC’s compliance with the Recycling Regulation.

ASSURANCE STANDARD AND PROFESSIONAL REQUIREMENTS

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 Revised (ISAE 3000) 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 BRCCC and BDL 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, 2016 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; and,
- 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), (d) and (e); and,
- the total amount of deposit received and refunds paid on cans.

EMPHASIS OF MATTER

Without qualifying our opinion we draw attention to the following sections in the Annual Report which are critical to an understanding of the disclosures related to treatment of recovered containers in 2016:

- As disclosed in Section 6 (Table 3) in the Annual Report, 99% of refillable bottles were sent to brewers for reuse. We note that the actual rate of reuse by brewers is not reported to Brewers Distributor Limited and was not 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 quantity sold and collected. The monetary amounts disclosed for deposits and refunds on Industry Standard Bottles (ISB) and Non-ISB Refillable bottles were not 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 BRCCC, 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 29, 2017



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 Contracted Collection Facilities – 175 locations	<i>4. Collection System and Facilities</i> table 1 on Page 6
Location of contracted collection facilities -- by region	<i>4. Collection System and Facilities</i> table 2 on Page 6
Change in the number and locations of contracted collection facilities in 2016 -- Comparison between 2016 and 2015	<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 contracted collection facilities includes Licensee Retail Stores, Government Liquor Stores and BDL authorized depots and their satellites that BDL has a contractual relationship with.
2. Collection facilities are divided into 28 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 where applicable 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
BRCCC Container Sales 2016 (dozens): Industrial Standard Bottles – 4,386,824 Non-Standard Bottles – 1,493,055 Total Refillables – 5,879,879 Cans – 49,042,122 BRCCC Container Recovery 2016 (dozens): Industrial Standard Bottles – 4,138,520 Non-Standard Bottles – 1,220,438 Total Refillables – 5,358,958 Cans – 44,393,063 BRCCC Container Recovery Rates 2016: Industrial Standard Bottles – 94.34% Non-Standard Bottles – 81.74% Total Refillables – 91.14% Cans – 90.52%	<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: <ul style="list-style-type: none"> • 1% of material shipped, sent directly to a glass recycler for recycling by BDL • 99% of material 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 2016. 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).*



TARGETS

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed	
Disclosure per annual report	Reference
<p>Recovery Targets:</p> <p>2016 Assertion – Targets partially achieved:</p> <ul style="list-style-type: none"> • 94.34% return rate for refillable industry standard bottles (ISB) • 81.74% return rate for refillable proprietary glass bottles • 90.52% return rate for aluminum cans • 90.59% return rate overall 	<p>8. Plan Performance on Page 13</p>
<p>Accessibility Targets:</p> <p>2016 Assertion – Targets partially achieved:</p> <ul style="list-style-type: none"> • 72 bottle depots • 103 collection retail sites • 27 of 28 regional districts with at least 1 contracted return location 	<p>8. Plan Performance on Page 13</p>



Pollution Prevention Hierarchy/Product Life Cycle Targets: 2016 Assertion --Targets achieved: <ul style="list-style-type: none">• 100% sent for reuse or recycle	8. Plan Performance on Page 13
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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), (d) and (e) of the Recycling Regulation.

1. Recovery Targets: Recovery rate of 87.5% in each container category
Recovery rate is calculated as follows: container returned during the period ÷ container sold during the period. The description of progress against targets to date is supported by records of progress maintained by the Company.
2. Accessibility Targets: 252 unlimited return locations (180 LRS, 72 depots) and at least 1 unlimited return location in each regional district
Unlimited Collection Partners are those locations active as of Dec 31 that have a contractual relationship with BDL to collect unlimited containers from customers, 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.
Regional district is allocated based on address of the collection facility.
3. Pollution Prevention Hierarchy/Product Life Cycle Targets: 100% of collected materials for re-use or to recycling commodity markets
Calculation of % is based on methodology defined in Management of Recovered Products section



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: \$59,637,233 Refunds Paid – Cans: \$53,281,844	<i>7. Product Sold and Collected and Recovery Rate</i> Table 7 on Page 12

The following evaluation criteria were applied to the assessment of the description of total amount of deposit received and refunds paid of cans as required under Section 8(2)(f)(i):

1. The deposits received are based on funds received from LDB by BRCCC during the period from January 1, 2016 to December 31, 2016 recorded in the general ledger of BRCCC.
2. The refunds paid are based on payments to collection facilities during the period from January 1, 2016 to December 31, 2016 recorded in the general ledger of BDL.