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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 2013 Calendar Year (together the "Subject Matter"):

- Section 4 (Table 1) *collection 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 7 (Table 4) *Product sold and collected and Recovery rate*– the Company's description of total amounts of product sold and collected and recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation; *and,*
- Section 9 (Plan Target 1 and 3) *Regarding Return Rate and Contracted Collection Partners*– the Company's description of performance for the year in relation to targets associated with Section 8(2)(b) and (e) of the Recycling Regulation in the stewardship plan.

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 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 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.

## **OPINION**

In our opinion, the Subject Matter within the Brewers Distributor Limited Annual Report for the year ended December 31, 2013 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 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 in the approved stewardship plan under Section 8(2)(b) and (e) of the Recycling Regulation.

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' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Toronto, Canada

June 27, 2014



## APPENDIX 1 TO THE AUDITOR'S REPORT

### EVALUATION CRITERIA

#### COLLECTION FACILITIES

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Reference</b>
Total Collection Sites – 1,130 locations	<i>4. Collection System and Facilities</i> table 1 on Page 6
Location of collection facilities -- coverage %	<i>4. Collection System and Facilities</i> last paragraph in the section on Page 6
Change in the number and locations of collection facilities in 2013 -- Comparison between 2013 and 2012 in Table 1	<i>4. Collection System and Facilities</i> table 1 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 government liquor stores, private retail liquor stores, and rural agency stores that are registered with Liquor Distribution Branch (LDB) as of December 31 as well as private bottle depots and their satellites that BDL has contractual relationship with.
2. Changes in the number of collection facilities are calculated based on comparison to the previous year's list.
3. Coverage % is calculated based on BC population in 2011 and addresses of BDL's contractual collection partners and Government Liquor Stores.



**PRODUCT SOLD AND COLLECTED**

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Reference (Page # / Table #)</b>
BDL Container Recovery Rates 2013 (also including sales in dozens and returns in dozens) for the categories of cans and refillable bottles.	<b>7. Product Sold and Collected and Recovery Rate</b> Table 4 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.



## TARGETS

<b>Specific Disclosures in the annual stewardship report for which evaluation criteria were developed</b>	
<b>Disclosure per annual report</b>	<b>Reference (Page # / Table #)</b>
(Target #1) 2013 Assertion – Target Achieved	<i>9. Plan Performance</i> on Page 12
(Target #3) 2013 Assertion --Targets Partially Achieved: <ul style="list-style-type: none"><li>• 228 total locations</li></ul>	<i>9. 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.

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 Contracted Collection Partners by 2014

Contracted Collection Partners are those locations active as of Dec 31 that have contractual relationship with BDL, and refund customers the full amount of the deposit per bottle or can.

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