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Paula Kerr
Business Process Improvement Manager
Wakefield Canada Inc.
3620 Lake Shore Blvd West
Toronto, Ontario, M8W 1P2

May 3, 2011

Dear Ms. Kerr

Re: ISO 14064-3 Verification Audit Engagement Report for Wakefield Canada Inc.

Our ISO 14064-3 Verification Audit Engagement Report for Wakefield Canada Inc. is attached. The report documents the results of the verification that took place during the period March 16, 2011 – April 26, 2011.

We value the ongoing working relationship that we have with Wakefield Canada Inc., and appreciate the assistance provided to the verification team by Company staff during the verification process.

If you have any questions regarding the results of the verification please call me at the phone number listed below.

Yours truly,

Phillip Ludvigsen, Ph.D.
Director
(416) 777-3049

Enc: ISO 14064-3 Verification Audit Engagement Report for Wakefield Canada Inc.



ISO 14064 Verification Audit Engagement Report for Wakefield Canada Inc.

Wakefield Canada Inc. GHG Inventory 2009

May 3, 2011

The information in this report is confidential and may be legally privileged. It is intended solely for the use of the intended recipient, Wakefield Canada Inc. Access to this report by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful. Any opinions contained in this report are subject to the terms and conditions expressed in the governing KPMG PRI client engagement contract.



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A. Client Information

Client Name:	Wakefield Canada Inc.
Client Representative:	Ms. Paula Kerr
Assessment Number:	2609

B. Verification Details

Verification Standard:	ISO 14064 Part 3
Verification Criteria:	CSA CleanStart® program from the Canadian Standards Association ISO 14064 Part 1
GHG Assertion	The GHG assertion for the period was presented in the <i>Wakefield Canada Inc. Greenhouse Gas Inventory 2009 – dated April 2011</i> (The Report) as 2,751.89 tonnes of CO ₂ equivalent
Level of Assurance:	Reasonable
Verification scope:	The scope of the verification is the greenhouse gas inventory for Wakefield Canada Inc. as an organization for the period January 1, 2009 – December 31, 2009. The Report and subsequent verification address emissions associated with owned and operated facilities as well as indirect emissions related to employee air travel.
Verification date(s):	Verification planning and document review: March 16, 2011 – April 21, 2011 On-site Verification : March 17, 2011 Verification Completion and Reporting: March 18, 2011 – April 26, 2011
Materiality	Agreed upon quantitative materiality of 5% of total annual GHG emissions.
Verification procedures:	The main elements of our examination were: <ul style="list-style-type: none"> • Examination of the 2008 and 2009 Corporate GHG Reports; • Test-checking the accuracy of source records for fuel purchases, gas and electricity use; • Test-checking the accuracy of source records for vehicle VIN numbers and associated fuel efficiencies; • Examination of 2009 GHG inventory spreadsheet and underlying calculations to confirm the formula references and accumulation of data and re-performance of all calculations; • Cross-check of emission factors against referenced sources and assessment of the appropriateness of the selected factors; and, • Site visit to the Toronto Offices and distribution facility to verify the location and existence of onsite sources of GHG emissions and conduct staff interviews.

Inherent limitations in our report	Greenhouse gas and energy use data are subject to inherent limitations. A number of different measurement techniques may be utilized in accordance with the requirements of the verification criteria which may vary in precision and /or outcome, resulting in (materially) different greenhouse gas emissions estimates.
Multi-site sampling	Information and data were collected from all three of Wakefield Canada Inc.'s facilities (Toronto - Ontario, Laval - Quebec, and Edmonton - Alberta). The Toronto headquarters/distribution facility was selected for the single site visit. This facility was chosen because of its centralization of data systems and controls as well as being the largest site and representative of the types of operations (distribution and sales).
Verification team:	Lead auditor: Phillip Ludvigsen Audit team members: Tanya Bennett Audit team members: Victoria Townshend Technical Reviewer Chris Ridley-Thomas
Report distribution:	Wakefield Canada Inc. KPMG verification files Canadian Standards Association CleanStart® Registry Any distribution of the verification statement by Wakefield Canada must include the complete verification statement and associated assertion. Publication of the verification report is not permitted.
Confidentiality requirements:	Except as required by law, a legal or judicial process, a professional duty and the requirements of our accreditation, KPMG, will treat as strictly confidential any information which comes into the possession of its officers, directors, employees or agents in the course of conducting the verification of Wakefield Canada Inc.'s Greenhouse Gas Inventory assertion.

C. Verification Findings

Control Environment

A reasonable assurance engagement considers the control environment in place when designing and conducting tests to evaluate the GHG assertion. These tests support our opinion on the GHG assertion and are not designed to support a separate opinion on the effectiveness of internal controls over GHG assertions.

Within this context the control environment, the key controls in place include:

- a) Electricity and gas usage are metered by the local utility at the point of service. These meters are serviced by employees of the local utility.
- b) Fuel purchase records (amount, location, time/date, authorized user, etc.) for delivery trucks are captured electronically based on the use of corporate credit cards that are controlled via corporate policies and procedures. There is periodic tracking and cost review.

- c) Car fleet odometer (mileage) records kept by the vehicle leasing companies are captured on electronic cards associated with each vehicle. These records are updated quarterly.
- d) The majority of employee air travel is booked through a single travel agency. Each booking is captured electronically through the booking software and provided in a report by the agency.
- e) Records Retention – Wakefield Canada Inc. intends to retain applicable GHG inventory records in accordance with its ISO 9001 procedures.

GHG Calculation methods and assumptions

The major GHG calculation methods and assumptions for Wakefield Canada Inc.'s 2009 corporate GHG inventory include:

- a) Truck (Heavy Duty) Emissions – are estimated from fuel purchases and standard emission factors for heavy duty diesel vehicles with moderate air pollution control (Environment Canada National Inventory Report, May 2008, Table A12-7).
- b) Vehicle (Light Duty) Emissions - are estimated from employee mileage records, fuel efficiency derived from vehicle type and model year, and standard emission factors for Tier 1 - Light Duty Gas Vehicles (Environment Canada National Inventory Report Part 2, May 2008, Table A8-11).
- c) Air Travel (business) Emissions - are estimated primarily from electronic travel agency records. Other out-of-system travel is captured via expense account reimbursement records. Approximate flight distances were broken into short, medium and long haul flights following guidelines from the GHG Protocol Initiative (WRI/WBCSD) and modified by CSA Standards.
- d) Natural Gas Emissions – usage is based on monthly utility invoices. Emission factors for natural gas combustion were obtained from the Environment Canada National Inventory Report Part 2, May 2008, Table A8-1 for Ontario and Quebec and from 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 2, p21 for Alberta.
- e) Electricity Usage Related Emissions – Usage is based on monthly utility invoices. Electricity generation emission factors for the applicable Province were taken from Environment Canada National Inventory Report Part 3, May 2008, Tables A13-6, 7, and 10.
- f) Propane Emissions – Usage is based on purchase invoices for delivered 33lb and 43lb CARB Cylinders. All cylinders delivered were assumed to be used within the calendar year. Emission factors for propane combustion were obtained from Environment Canada National Inventory Report Part 2, May 2008, Table A8-11 – Propane Vehicles.

Verification Findings

Our assessment of the GHG assertion identified the following nonconformities, all of which were adjusted in the final GHG assertion:

Adjusted nonconformities

1. KPMG noted that the Toronto facility gas invoice for the period November 8 – December 6, 2009 (21517 m³) had not been included in the Wakefield calculations. Following discussions with Wakefield the invoice for November 8 - December 6, 2009 was added to the Wakefield calculations.

2. KPMG noted that the prorated usage methodology applied to Laval facility electricity invoices was not applied consistently leading to omission of usage from a number of invoices. Following discussions with Wakefield the methodology was changed to a consistent allocation of all invoices.

3. KPMG identified five vehicles (out of a total population of 46 vehicles) where an incorrect fuel efficiency rating had been assigned that was inconsistent with the Environment Canada website. Following discussions with Wakefield the fuel efficiency values for these five vehicles have been adjusted.

4. KPMG noted that the fuel usage for Petro Canada Superpass was calculated based on the invoice date and not the fuel purchase date. Thus the January values included fuel purchases in 2008 (18021.7 Liters) and the December value did not include fuel purchases at the end of 2009 (20839.4 Liters). Wakefield revised the Petro Canada fuel usage to address this discrepancy.

5. KPMG noted that the December value for fuel usage for Ultramar did not include an invoice received in January for fuel delivered in December 2009. Wakefield revised the Ultramar fuel usage to address this discrepancy.

Opportunities for improvement

Without qualifying our conclusion, the following opportunities for improvement were identified during the audit:

1. The Company does not have a GHG Management Handbook to provide specific information about data collection, manipulation and storage, employee responsibilities, quality control, methodologies, internal review processes and GHG inventory reporting processes. Implementing such a handbook would reduce the likelihood of errors, inconsistencies and subsequent adjustments in future reporting periods.
2. There are opportunities to improve the controls around the calculation spreadsheet and other modifiable documents that are used to feed the main calculation spreadsheet e.g., locked formulae, formal records of modifications to formulae, restricted user modification rights, password protection, scheduled back-ups.

D. Verification Statement

To the management of Wakefield Canada Inc.

We have been engaged by Wakefield Canada Inc. (the Company) to examine the greenhouse gas (GHG) assertion of 2751.89 tonnes of CO₂ equivalent presented in the *Wakefield Canada Inc. Greenhouse Gas Inventory Report 2009 – dated April 2011* for the organization (the Report) for the year ending December 31, 2009.

The Company is responsible for the preparation and presentation of the information within the Report. Our responsibility is to express a conclusion as to whether the greenhouse gas assertion is presented fairly in accordance with ISO 14064-1 *Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals* and the specific requirements of the Canadian Standards Association's CleanStart® program (together, the verification criteria) for this assertion.

Our duties in relation to this report are owed solely to the management of the Company. Accordingly we do not accept any responsibility for any loss occasioned to any third party acting or refraining from action as a result of this report.

We completed our examination in accordance with ISO 14064-Part 3 *Specification with Guidance for the validation and verification of greenhouse gas assertions*. As such, we planned and performed our examination in order to provide reasonable, rather than absolute assurance, with respect to the greenhouse gas assertion. We believe our work provides a reasonable basis for our conclusion.

Based on our examination, in our opinion the greenhouse gas assertion presented in the Report is presented fairly in accordance with the relevant criteria, in all material respects.

Greenhouse gas and energy use data are subject to inherent limitations. A number of different measurement techniques may be utilized in accordance with the requirements of the verification criteria which may vary in precision and /or outcome, resulting in (materially) different greenhouse gas emissions estimates.

KPMG PRI

May 3, 2011