



Annual Report to the Director

2014

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1. Executive Summary

Products within plan	Lead-acid batteries
Program website	http://www.interstatebatteries.com/m/recycling

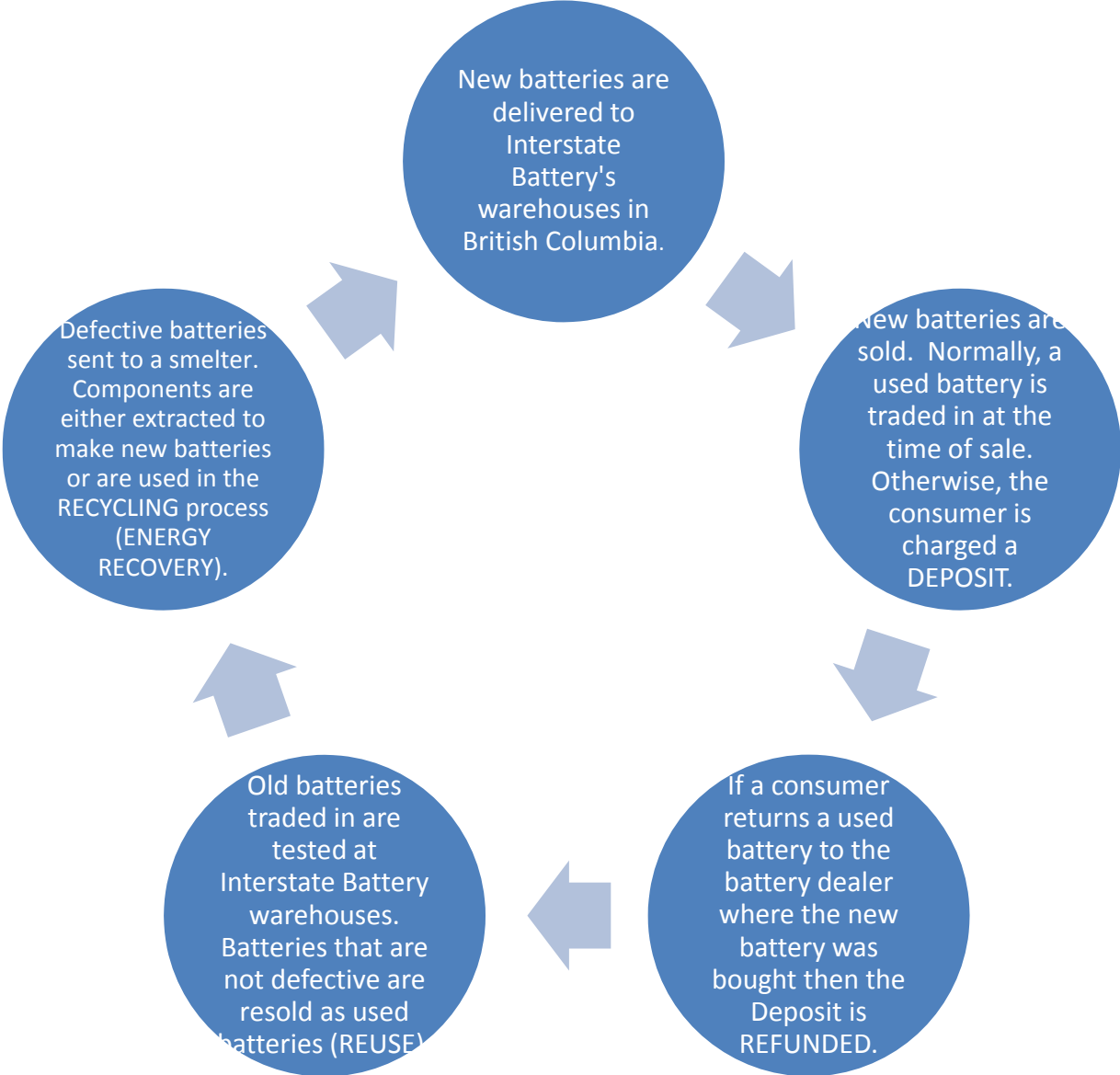
Recycling Regulation Reference	Topic	Summary
Part 2, section 8(2)(a)	<u>Public Education Materials and Strategies</u>	<ul style="list-style-type: none"> • Interstate Battery retail dealers tell their battery customers that a spent battery must be traded in when a new battery is bought or else the customer must pay a “core charge”. • Ads on the radio, in the Yellow pages, and on Craig’s List inform the public about recycling their batteries at Interstate Battery dealers. • Signs at landfills and at bottle recycling depots invite the public to recycle their batteries there.
Part 2, section 8(2)(b)	<u>Collection System and Facilities</u>	<ul style="list-style-type: none"> • In BC, Interstate has established three collection facilities and services more than 1,000 independently-owned retail dealers and other collection points from these collection facilities to collect scrap batteries that will be recycled in BC.
Part 2, section 8(2)(c)	<u>Product Environmental Impact Reduction, Reusability and Recyclability</u>	<ul style="list-style-type: none"> • Reuse: More than 5,000 batteries that Interstate received in 2014 were sold as used batteries. • Recycle: 10.03 million pounds of scrap batteries were recycled. • Recovery Rate: Interstate’s Product Recovery rate in BC is greater than 100%.
Part 2, section 8(2)(d)	<u>Pollution Prevention Hierarchy and Product / Component Management</u>	<ul style="list-style-type: none"> • All used batteries that are collected by Interstate Battery in BC are either recycled or reused and sold as used batteries in our Econo Line. • Battery components consist of plastic, lead, electrolyte and separators and are 100% recycled at a smelter or used in energy recovery • The 100% of the lead is used to make new batteries.

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Recycling Regulation Reference	Topic	Summary
Part 2, section 8(2)(e)	<u>Product Sold and Collected and Recovery Rate</u>	<ul style="list-style-type: none"> • Interstate sold 4.49 million pounds (US) of lead acid batteries in BC in 2014. • Interstate collected 10.03 million pounds (US) of used lead acid batteries in BC in 2014 • The Recovery Rate was 223%. This rate exceeds the 75% recovery rate required by the Recycling Regulation in the BC Environmental Management Act.
Part 2, section 8(2)(e.1)		See Section 7 where the sold and collected lead acid batteries are reported by the three collection facilities which serve the 27 regional districts.
Part 2, section 8(2)(f)	<u>Summary of Deposits, Refunds, Revenues and Expenses</u>	This section is not applicable as there is no independently audited financial statements of Interstate Battery System of (Canada) Ltd.

2. Program Outline

Interstate Battery’s Closed-Loop Process: Reuse-Recycling-Energy Recovery



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3. Public Education Materials and Strategies

Reference: Recycling Regulation – Part 2, section 8(2)

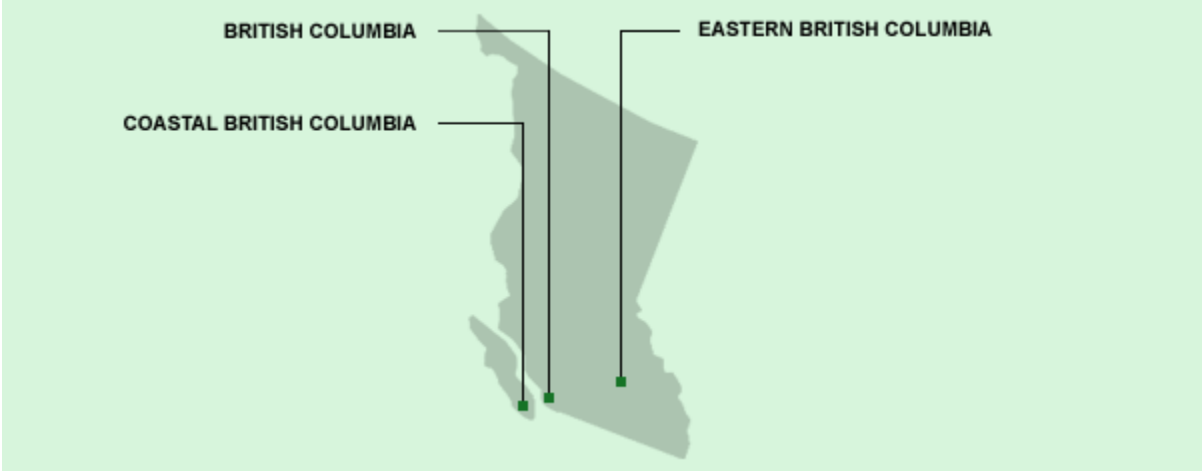
(a) Educational materials and educational strategies

Anyone can find the closest place to leave a spent lead-acid battery by going to the Interstate Battery website of www.interstatebatteries.com. The consumer would enter a city or a postal code under “Locate your store” at the top right side of the screen and then the website will show a list of the closest Interstate Battery retail dealers.

The screenshot displays the Interstate Batteries website interface within a Windows Internet Explorer browser window. The browser's address bar shows the URL <http://www.interstatebatteries.com/>. The website features a green and white color scheme with the Interstate Batteries logo prominently displayed. Navigation links include "Sign In", "Sign Up", "My Account", "Track My Order", "About Batteries", "About Us", "Recycling", and "Help". A top navigation menu lists categories: HOME ELECTRONICS, HOME & GARAGE, WORK & OFFICE, LIGHTING & SECURITY, HEALTH & MEDICAL, BATTERIES BY TYPE, VEHICLE BATTERIES, and ACCESSORIES. A search bar and a "LOCATE YOUR STORE" button are visible. A promotional banner offers "20% OFF & FREE SHIPPING*" with a coupon code "SUPER20". A "BATTERY FINDER" section includes a search box for "Part#, Make, Model..." and a "SELECT A GADGET" button. A "Recommended products just for you" section lists items like "12V 18AH SLA NB", "6V 7.2AH SLA .250 FASTON", and "6V 800MAH NICD W/PLUG". The Windows taskbar at the bottom shows the system tray with the date 5/5/2015 and time 3:31 PM.

Each of the 3 Interstate Batteries wholesale distributors in British Columbia use signs and social media to educate the public how to have their old lead-acid batteries recycled.

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Signs and Print Advertising:

Interstate Battery of Eastern British Columbia posts signs in the front windows of its warehouse in Kelowna as well as in front of and inside of the Interstate All-Battery Center retail store in Kelowna which is shown in the photo below.



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Signs are also given to the landfills that recycle batteries through Interstate. At all of the Bottle Recycling Depots there are signs so that when residents bring in their bottles and cans for recycling they can also bring in their scrap lead acid batteries to be recycled. Additionally, advertising is purchased in all the various Yellow Pages in the region.

The warehouse of Interstate Battery in Langley has metal signs that invite the public to leave batteries there to be recycled. Ads are published in the Yellow Pages and are broadcast on the radio about battery recycling. Interstate Battery in British Columbia advertised on Craig's List to encourage people to take scrap batteries to an Interstate Batteries warehouse in order to be recycled.

Special Recycling Events

Interstate Battery of Coastal British Columbia in Vancouver, BC again sponsored "Spring Clean-up Day" in the town of Colwood so that residents could drop their spent batteries off for free at the Public Works Yard. All spent lead-acid batteries received in Colwood were recycled. Area residents already know that Interstate collects scrap batteries daily at our retail dealers and gets them recycled.

4. Collection System and Facilities

Interstate Battery in BC receives spent lead-acid batteries at our 3 collection facilities and by picking them up at our network of more than 1,000 retail dealers and other collection points which are located across the 27 regional districts of BC. The photo shown below is of one of the Interstate Battery route trucks used for delivering new batteries and collecting scrap batteries.



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Interstate Battery in British Columbia collects many more scrap batteries than new batteries sold. Interstate collects scrap batteries in the cities as well as in remote locations such as Gibsons, Sechelt, Powell River, Lund, Liard River, Fort Nelson, Nelson Forks, and Kitimat. Interstate trucks deliver new lead acid batteries to retail battery dealers in BC. Normally, a spent lead-acid battery is traded-in each time a new battery is sold as a result of our core charge policy. It is our policy that we require a lead-acid battery core in exchange for every battery sold and if not, a core charge will be levied against the retail dealer. Also, our truck drivers collect, and in some cases buy, additional scrap batteries from non-retail dealers known as other collection points such as transfer stations and scrap yards throughout the province which helps remove the scrap batteries from the environment.

Customers in urban areas are serviced by our trucks every two to three weeks, while remote locations are serviced every three to six weeks. The scrap batteries received at retail battery dealers and other collection points are returned to one of the 3 Interstate Battery collection facilities in the province where they are inspected and palletized. Within a week or two, the spent batteries are picked up by Johnson Controls which then takes them to KC Recycling in Trail, BC so that the batteries can be broken and then to be recycled at the Teck Metals, Ltd. which is a secondary lead smelter in Trail, BC. From Teck, the components will be shipped to Johnson Controls, Inc. which then makes new lead-acid batteries from the components.

Interstate delivery trucks visit more than 1,000 Interstate Batteries retail dealers located throughout the province. New batteries are on consignment at businesses that sell the batteries. When a new Interstate battery is sold, a spent battery is normally traded in so that it can be recycled. Our computer software tracks: (1) how many new batteries were sold throughout the province, (2) how many scrap batteries were picked up and (3) how many of the batteries picked up are recharged and sold as used batteries. The lead and plastic from the scrap batteries picked up are used to manufacture new batteries.

Before scrap batteries are sent back to smelters for recycling, our warehouse employees at the three collection facilities examine each battery to see if it could be recharged and sold as a used battery. Some recharged scrap batteries can be sold as used batteries that may last another two to four years before eventually having to be recycled at a government-approved smelter. For 2014, we have included in this report a summary of the number of scrap batteries that we recovered that were recharged and sold as used batteries at our three collection facilities (See enclosures).

Residents of British Columbia interested in learning more about lead-acid battery recycling can also go to the Ministry of the Environment's web-page to find out more about Interstate's program. The web address is <http://www.env.gov.bc.ca/epd/recycling/batt/index.htm>

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Reference: Recycling Regulation – Part 2, section 8(2)

(b) Collection Facilities

Interstate-owned Collection Facilities	Address
Interstate Batteries of Eastern British Columbia (warehouse)	860 Leathead Road, #2A, Bldg. D Kelowna, BC V1X 2J8
Interstate All-Battery Center (retail)	311 Bank Roads Kelowna, BC V1X 6A1
Interstate Batteries of British Columbia (warehouse)	20148-102 nd Ave. Langley, BC V1M 3E5
Interstate Batteries of Coastal British Columbia (warehouse)	1651 Old Island Highway Victoria, BC V9B 1H9



5. Product Environmental Impact Reduction, Reusability and Recyclability

1. Interstate Battery in BC sells thousands of used batteries that have been traded in for new batteries at Interstate Battery retail dealers.
2. Interstate Battery uses a certified recycler which recycles more than 99% of 3 components of scrap lead-acid batteries and burns another component as fuel.

When consumers come to an Interstate Battery collection facility in order to buy a new battery, then the collection facility charges the consumer a deposit if he/she does not trade in a spent battery toward the purchase of a new battery. The deposit is reimbursed if an old battery is later brought to the collection facility. As noted earlier this is our core exchange policy.

Reference: Recycling Regulation – Part 2, section 8(2)

(c) efforts taken by or on behalf of the producer to reduce environmental impacts throughout the product life cycle and to increase reusability or recyclability at the end of the life cycle;

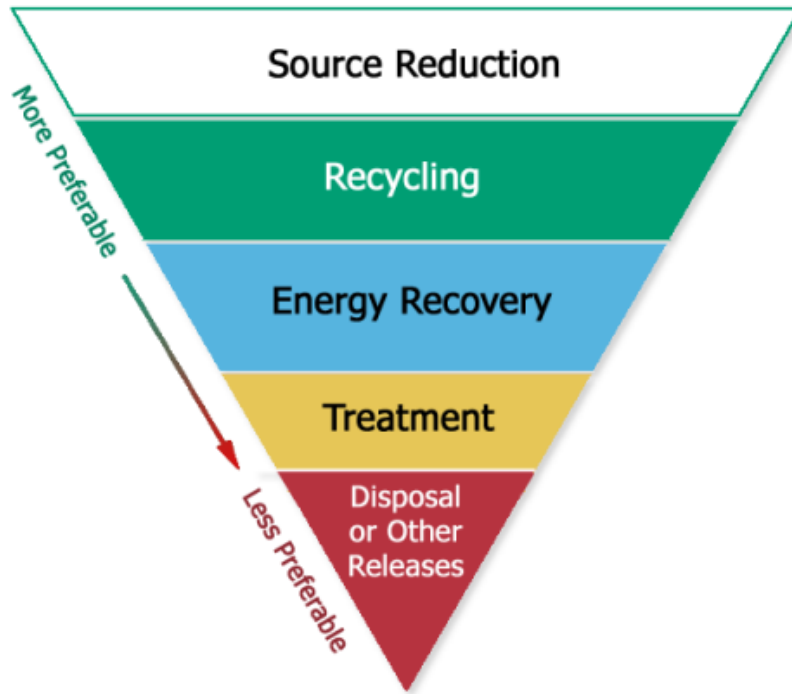
6. Pollution Prevention Hierarchy and Product / Component Management

Provide a brief overview of the way in which the collected product is managed and how those outcomes relate to the pollution prevention hierarchy. Provide breakdowns by weight or percentage of product managed at each level. Please also refer to third party assurance FAQs (original version dated November 22, 2012), distributed to stewardship programs by the Ministry.

During 2014, Interstate's three warehouses in BC sold 4.49 million pounds (US) of new batteries yet they recycled 10.03 million pounds (US) of scrap lead acid batteries throughout the province of British Columbia. While there are different types of lead-acid batteries that are recycled through Interstate, the numbers provided are based on the majority of batteries we recover being automotive-sized batteries weighing an average of 38.3 lbs. each. Based on the lead-acid batteries collected to sold ratio, our battery recovery rate in British Columbia for 2014 of approximately 223%.

Included within the 10.03 million pounds (US) we recycled were approximately 1.58 million pounds (US) of scrap lead-acid batteries purchased from the Canadian Battery Association and recycled as part of our program.

In 2014, our collection facilities in BC produced more than 181,000 pounds (US) of used batteries that were recovered and sold instead of sending them to a smelter under on Econo Line.



Reference: Recycling Regulation – Part 2, section 8(2)

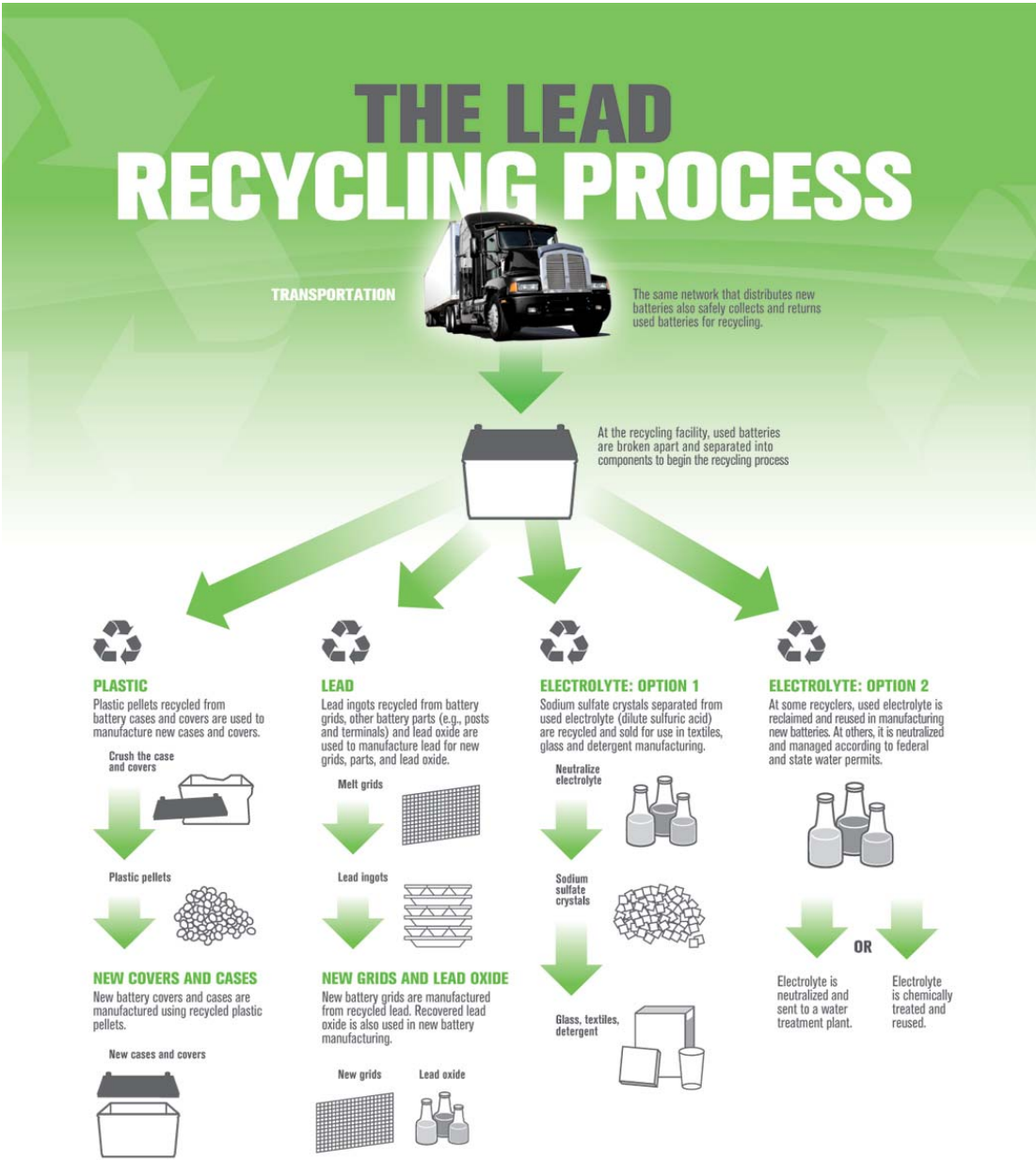
(d) a description of how the recovered product was managed in accordance with the pollution prevention hierarchy;

All spent lead-acid batteries that are received by Interstate Battery in British Columbia are sent to secondary lead smelters in North America which operate under a permit from the federal government. At all of these smelters, the spent batteries are broken down and then the lead and plastic are recycled. The acid is neutralized.

Interstate Battery trucks collect the spent batteries from our retail dealers and other collection points and transport the batteries to the 3 Interstate Batteries warehouses for weighing, recharging and palletizing. Batteries that still hold a charged can sometimes be sold as used batteries.

The batteries that cannot be recharged will be kept in a warehouse of Interstate Battery in Columbia inside a building on wooden pallets on a concrete floor for one or two weeks. After a pallet is filled, it is securely wrapped with plastic wrap to keep the batteries in place. Finally, Interstate Batteries arranges for the batteries to be picked up and then the batteries will be taken to a lead smelter to be recycled.

The lead-acid batteries received by the smelter are broken into components at KC Recycling in Trail, BC. Then, the plastic cases, the lead, the battery electrolyte, and the separator are shipped to the Teck Metals Ltd. smelter in Trail, BC to be processed. The Teck Metals Ltd. BC Ministry of Environment Approval Number BCG00601.



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Product End Fate Data for the year ended December 31, 2014

Component	Reuse	Recycle	Energy Recovery	Landfill	Unknown
Plastic		100%			
Lead		100%			
Electrolyte		100%			
Separators			100% (burned as fuel)		

Nature of Processing scrap lead-acid batteries

Transfer to direct processor in BC (% of the pounds transferred)	Transfer to direct processor elsewhere in North America	Transfer to direct processor outside North America	Multi-step processing in BC (% of the pounds transferred to the first of 3 tiers of processors in BC)
95%	5% (polypropylene)	0%	0%

7. Product Sold and Collected and Recovery Rate

Provide a summary of the total amount of product sold, collection volumes and, if applicable, recovery rates achieved by the program based on the approach included in the approved program plan. Also provide a summary of total product recovered by regional district.

Reference: Recycling Regulation – Part 2, section 8(2)

- (e) the total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate;
- (e.1) effective for a report required on or before July 1, 2013 and for every report required under subsection (1) after that date, the total amount of the producer's product recovered in each regional district;

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	Victoria ¹	Greater Vancouver Regional ²	Kelowna ³
SOLD (US lbs.)	0.88M	2.62M	0.99M
COLLECTED (US lbs.)	1.35M	3.57M	1.86M
ECONOS SOLD (US lbs.)	0.05M	0.06M	0.08M
ECONOS PRODUCED (US lbs)	0.05M	0.06M	0.07M
RECOVERY	213%	199%	295%

(Figures above, other than percentage, have been rounded to the nearest ten thousands)

8. Summary of Deposits, Refunds, Revenues and Expenditures

Reference: Recycling Regulation – Part 2, Section 8(2)

(f) independently audited financial statements detailing

- (i) all deposits received and refunds paid by the producers covered by the approved plan, and
- (ii) revenues and expenditures for any fees associated with the approved plan that are charged

This section is not applicable as no independently audited financial statements exist for this Company.

Plan Performance

Comparison of Key Performance Targets		
Part 2 section 8(2)(g); See full list of targets in <u>Plan Performance in Section 9 of this report</u>		
Priority Stewardship Plan Targets (as agreed with ministry file lead)	Performance	Strategies for Improvement
1. Pollution Prevention Hierarchy explained	Recycle rate of more than 100% in 2014. Thousands of batteries reused.	Not applicable because the targets in Interstate's 5-year Stewardship Plan were met.

¹ Includes the regional districts of Alberni-Clayoquot, Bulkley-Nechake, Capital, Comox, Cowichan Valley, Peace River, Powell River, Skeena-Queen Charlotte, Stikine Region Sunshine Coast, Strathcona,

² Includes the regional districts of Greater Metro Vancouver, Fraser Valley, Fraser- Fort George

³ Includes the regional districts of Bulkley-Nechako, Cariboo, Central Kootenay, Central Okanagan, Columbia-Shuswap, East Kootenay, Kitimat-Stikine, Kootenay Boundary, North Okanagan, Okanagan-Similkameen, Thompson-Nocola.

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Comparison of Key Performance Targets		
Part 2 section 8(2)(g); See full list of targets in <u>Plan Performance in Section 9 of this report</u>		
Priority Stewardship Plan Targets (as agreed with ministry file lead)	Performance	Strategies for Improvement
2. Were targets met?	Recycle rate exceeded 100%. Return to dealer locations and other collection points exceeded 1,100	Not applicable because targets were met
3. Product Management Plan	More than 1,000 collection facilities.	Not applicable because targets were met
4. Collection Facilities	3 collection facilities and more than 1,100 return to dealers and other collection points.	Not applicable because targets were met
5. Evaluation criteria	Recovery rate, number of batteries reused, number of collection sites	Not applicable because targets were met

Reference: Recycling Regulation – Part 2, section 8(2)

Appendices / Additional Information and Third Party Assurance

Third Party Assurance Statement for Non-Financial Information

Reference: Recycling Regulation – Part 2, section 8(2)

Including section 8(2)(h), any other information specified by the director