



Ref: 143524

August 17, 2011

John de Groot  
Regional Market Manager  
Interstate Batteries  
1680 Gilbreth Rd  
Burlingame CA 94010

Dear Mr. de Groot:

Thank you for submitting the Interstate Battery System of Canada Inc.'s Stewardship Plan dated June 17, 2011, to fulfill the requirement under section 4 of the Recycling Regulation. I apologize for the delay in responding.

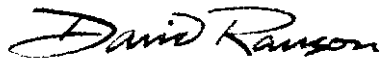
I have completed my review of the submission and hereby approve the Interstate Battery System of Canada Inc.'s Stewardship Plan for lead acid batteries. Please be advised that this approval does not extend to any materials or content contained in the plan that are extraneous to the requirements of section 5 of the Recycling Regulation.

Please note that the Ministry of Environment, as part of its Industry Product Stewardship compliance strategy, now requires third party testing to confirm prescribed non-financial information reported in industry stewardship agency annual reports. The enclosed document entitled "Guiding Principles - Product Stewardship Agency Non-Financial Information Testing", dated November 15, 2010, contains information and direction for stewardship agencies on the required procedures. For convenience, MoE can provide electronic template copies of the test procedures and related documents at your request. To obtain the electronic templates or to obtain clarification of the ministry's expectations please contact Greg Tyson at (250) 387-9774.

I look forward to working with you to ensure your program is successfully implemented. If you have any questions about this approval or the implementation of your plan, please contact David Lawes at (250) 387-3588 or [David.Lawes@gov.bc.ca](mailto:David.Lawes@gov.bc.ca).

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Sincerely,

A handwritten signature in cursive script that reads "David Ranson".

David Ranson  
Director, Environmental Management Act

cc: David Lawes, Head, Industry Product Stewardship Programs  
Meegan Armstrong, Senior Policy Advisor

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# Interstate Battery System of Canada, Inc. (IBSC)

British Columbia Product Stewardship Plan  
Prepared by John de Groot, Regional Manager, IBSC  
Submitted to David Ranson, Director, September 29, 2010  
Revised June 16, 2011

## For Lead Acid Batteries

- Lead Acid SLI (starting, lighting, ignition) batteries
  - These are batteries primarily used in passenger vehicles, heavy trucks and equipment, RV's, boats etc. Typical weight 10-50 KG.
- Small Sealed Lead Acid batteries (under 30 Ah)
  - Typically used in small back-up power applications, such as alarms panels, security systems etc. No free acid in battery. Typically 1-10 KG.
- Motive Power Batteries
  - Primarily used in electric forklifts, pallet jacks, and locomotives, and some solar applications. Typically large batteries over 500KG each.
- Large Sealed Lead Acid batteries (over 30 Ah)
  - Typical uses include wheelchairs, large back up power applications, some solar applications. No free acid in battery. Typically under 10 KG
- Motorcycle Batteries
  - Batteries used in wheelchairs, scooters, watercraft, ATV's, snowmobiles etc. Typically under 5 KG.



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### **1) Regulatory Basis for the plan**

This plan is filed by Interstate Battery System of Canada, Inc. (IBSC) with the BC Ministry of the Environment in order to fulfill its legal obligation as a producer. On December 11, 2009, the BC government amended the Recycling Regulation to add lead-acid batteries as a product category. This plan is for the recycling of all types of lead acid batteries in the province. This plan excludes non-lead acid battery types such as NIMH, NICAD, and alkaline. IBSC is responding to the regulatory requirements as a single producer.

### **2) History of Interstate Battery System**

Since our inception over 50 years ago, Interstate Batteries has operated under a business model where we require a scrap battery for each battery sold. In addition, since we began operations in Canada, IBSC has made significant efforts to recycle additional junk batteries in the market from end of life vehicles, batteries that may end up at land fills etc. We have a solid history of collecting well over 100% recycle rates across the Province of British Columbia. IBSC's primary business is the distribution of lead acid batteries under 50 kg, however we also accept larger industrial cells for recycling. It is important to note that at this time we do not have significant market share in the distribution of batteries for motive power, locomotive and back-up power markets – but we continue to recycle scrap batteries generated in these markets. This goes far beyond our responsibilities under the product stewardship regulations.

### **3) Collection System**

IBSC has a collection base at over 1,000 dealers across British Columbia. At these locations we supply our customer's new battery requirements – and collect their waste batteries on a one for one exchange basis.

IBSC has dealers in virtually every city in British Columbia. In addition to selling our product, our dealers will accept small quantities of lead acid batteries for recycling at no charge (four batteries under 30KG each). Consumers may visit [www.interstatebatteries.com](http://www.interstatebatteries.com) to find a dealer near them. They may also contact our toll free customer service lines for assistance.

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### Regional office information

Vancouver 1-800-541-8419 (serving Lower Mainland, Sunshine Coast, Sea to Sky)  
Victoria 1-800-665-0061 (serving Vancouver Island)  
Kelowna 1-877-860-3444 (serving BC interior, including Northern BC)

We also recognize that there is a need in the province for further collection. As such, we have worked with key customers, scrap yards, municipal land fills and transfer stations, and other collectors of waste batteries to offer over 100 collection points across the province where any consumer or business can drop off larger quantities scrap lead acid batteries at no charge. To recycle larger quantities, consumers and business can call their regional office for a collection facility near them. In order to encourage recycling, IBSC will often offer financial incentives to these collectors. This financial incentive will vary, depending on lead pricing, transportation costs, and competitive pressures.

IBSC offers pick up service across the province for larger industrial cells and to assist with the removal of large quantities (over 1,000KG) of waste lead acid batteries. Businesses and individuals with quantities 1,000 KG or greater are encouraged to call our toll free recycle hotline to arrange pick-up of waste lead acid batteries.

Collection sites are serviced by our own vehicles. Batteries are brought back to one of four warehouses in British Columbia (and one in Southern Alberta) and consolidated. Full truckload quantities are shipped to smelters for recycling.

Below is a chart outlining our projected number of collection points over the next 5 years.

Year	Return to Dealer Locations	Other collection points: transfer stations, scrap yards
1	1000	100
2	1000	100
3	1000	100
4	1000	100
5	1000	100

#### **4) Program Financing**

Interstate Battery System of Canada requires waste batteries in order to fulfill our commitments to our manufacturing partner. Our partner requires lead to manufacture new batteries. It is financially beneficial to obtain this lead from waste lead acid batteries than to mine virgin lead.

Our business model is a true, closed loop recycling system. Our manufacturing partner supplies us from their plant in Portland, Oregon. Under the terms of our contract, there is significant financial incentive for us to return waste lead acid batteries to them. Our manufacturing partner has developed tolling arrangements with various smelters across North America. In essence, our manufacturing partner maintains ownership of the lead from the waste batteries returned. The smelter processes the waste batteries under contract with our manufacturing partner, and turns the lead into lead ingots – which are returned to our manufacturing partner to be used in new battery manufacturing.

This system provides significant environmental and economic benefits. First, this is the most effective way to obtain lead for the production of new batteries. There are obvious environmental benefits keeping waste batteries out of the environment. But there are also tremendous logistical benefits to this system. Our manufacturer's delivery trucks deliver new product to our facilities and leave with waste lead acid batteries, offering tremendous transport efficiencies. Our delivery fleet operates under the same premise, servicing customers across the province, delivering new product – and returning with waste lead acid batteries.

Our business model also requires us to provide regular service to customers across the Province of British Columbia, including Northern communities. As such, we are committed to evacuating lead from our dealer base across the province as long as we are in business in these regions.

Due to our unique business model described above, Interstate Battery System of Canada, Inc. absorbs all costs associated with achieving target recycling rates, regardless of lead prices.

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### **5) Recovery Rates**

IBSC is committed to a minimum 100% recycle rate.

Since IBSC began operations in British Columbia, we have consistently achieved collection rates of well over 100% due to our exchange battery program as well as collection efforts at other collection sites. However in the event that we fall below a 100% collection rate, we will also offer increased financial incentives at these collection sites.

Due to the confidential nature of our sales volume, IBSC will not make sales volume public. Our published annual report will document our actual recycling rate as a percentage of sales. The annual report may be one document including additional provinces as they enact stewardship regulations, though collection information will be province specific.

Our collection rate compares current year sales vs. current year collections. Our commitment is to collect one waste battery for each battery we sell, and as such the brand we collect is irrelevant to our collection rates. This is in line with how the battery industry gauges collection rates, as it is the most accurate gauge of collection rates.

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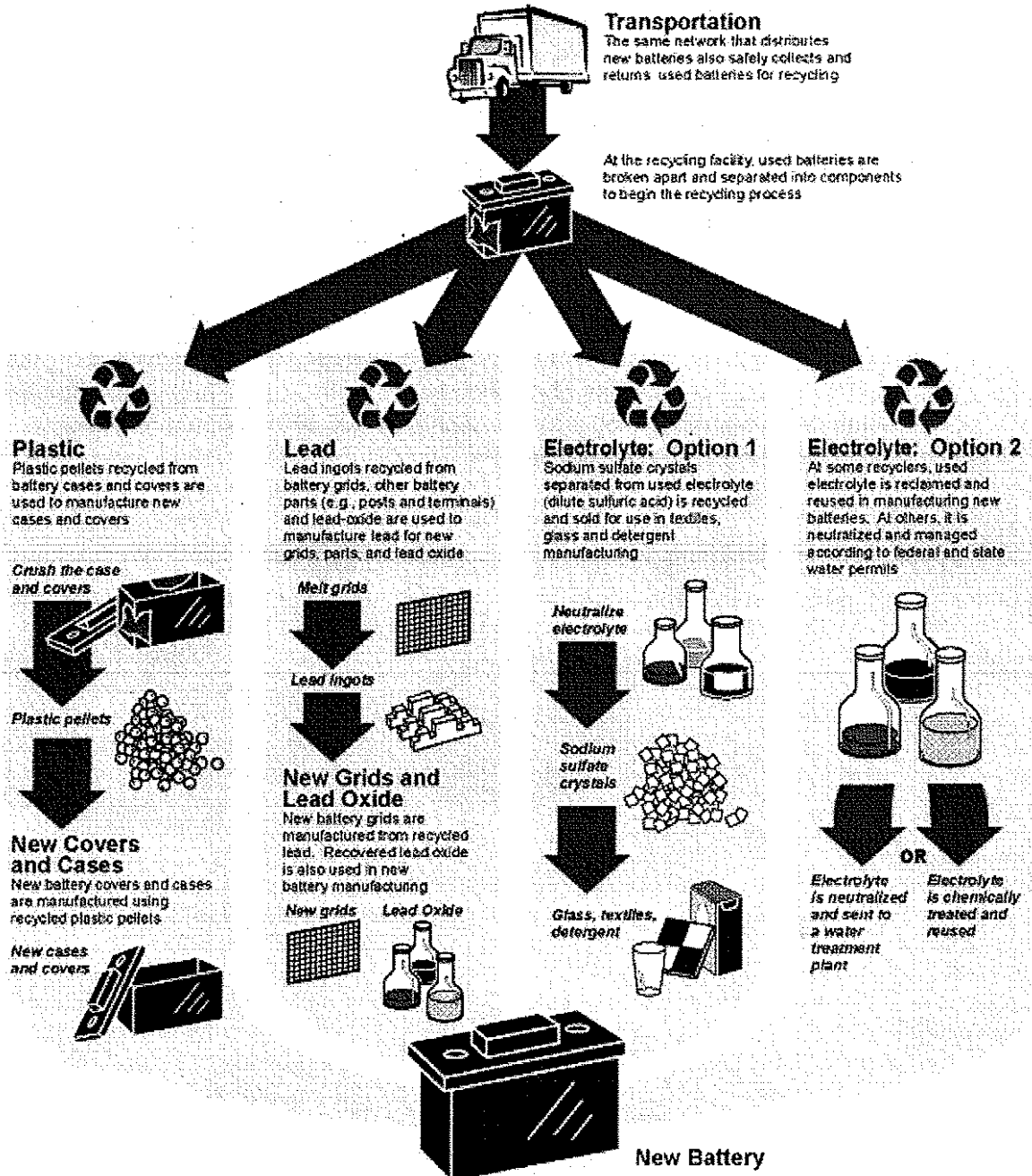
## **6) Pollution Prevention Hierarchy and Life Cycle Management**

Virtually 100% of a lead acid battery is recycled when returned to a smelter for processing. We are also accountable for a minimum 100% recycling rate under our stewardship plan. While we are leaders in recycling rates and efficient distribution, we continually strive to be more efficient and reduce our environmental footprint.

We continually focus on increasing efficiencies and reducing our environmental footprint. At a local level, our GHG reduction initiatives focus around reducing the environmental impact of our vehicle fleet, as well as reducing energy consumption at our warehouse facilities. We will report on improvements in these areas as they occur in our annual reporting.

Lead Acid batteries are highly recyclable items. Lead from waste lead acid batteries is continually reused to manufacture new batteries. Waste batteries are processed in approved smelter facilities. Lead is returned to battery manufacturers for new battery manufacturing. Recycled plastic is also recycled and used in new battery manufacturing and other products.

# Recycling For A Better Environment



New batteries are recyclable and comprised of previously recycled materials.

### **7) Design for Environment**

A majority of our product is manufactured for us under a long term supply agreement with Johnson Controls, a leader in battery manufacturing. Extensive information on their environmental stewardship efforts can be found at [http://www.johnsoncontrols.com/publish/us/en/sustainability/environmental\\_stewardship.html](http://www.johnsoncontrols.com/publish/us/en/sustainability/environmental_stewardship.html).

Johnson Controls is continually working to improve the efficiency of their manufacturing process, and reducing their environmental footprint. In our annual report we will highlight key improvements in their manufacturing processes.

### **8) Dispute Resolution Process**

IBSC currently has dispute resolution processes in place to support our business model.

### **9) Consumer Awareness**

IBSC will provide recycling depots and Interstate Battery dealers with point of sale signs to promote battery recycling. All new battery POS will also include a Battery Recycling logo. In addition, all lead acid batteries and marketing material cover carry our battery recycling logo.

Interstate Battery System will continue to operate its website at [www.interstatebatteries.com](http://www.interstatebatteries.com) with links to our BC dealer base.

**The below initiatives are, or will be in place to continue our efforts to achieve well over 100% recycling rates.**

IBSC will continue it's partnership with municipalities across the province – and will work with them to ensure residents have a convenient drop off center at landfills, recycle centers, and transfer stations.

IBSC will continue to operate our regional offices, and will continue to offer our toll free customer service lines to direct consumers to recycle centers near them.

IBSC will include lead acid battery recycling in various advertising initiatives across the province.

IBSC will work the Recycling Council of British Columbia to direct consumers and businesses to recycling centers near them. RCBC will be provided with a list of drop off locations across the province.

IBSC will also ensure our warehouses and retail stores in the province are registered with call2recycle as consumer battery recycling centers. We often have requests to take other battery types along with lead acid batteries, and doing so will help drive collection of lead acid batteries – as well as benefit call2recycle collection efforts.

From time to time, IBSC advertises battery collection events in order to direct consumers to a drop off location, typically our retail store locations. These events will continue.

#### **10) Public Consultation**

IBSC has undergone significant public consultation, back to when we first began operations in British Columbia. At the time, during periods of low lead values, we began to offer regular service to our dealer base, and as part of our pricing model we required a core in exchange. Our dealer base found value in our program as we quickly set up a dealer base across the province. Consumers embraced our product offering and our exchange program, and we quickly became a leading supplier of batteries in the province and immediately achieved over 100% collection rates. Our dealer base naturally accepted additional batteries, as they now had a supplier who would collect all waste batteries generated.

As we grew, we found there was tremendous demand for waste battery collection at landfills, transfer stations, auto wreckers, and other collectors. We worked with these collection sites, municipalities and other government agencies, and other collectors in order to increase collection rates.

We are continually consulting with members of the public, dealers, potential dealers, and other collectors in the province which we do not currently service. While we have excellent collection rates in the province, we consistently try to work with all stakeholders to improve our collection rates. We have literally spent thousands of man hours working with various stakeholders to increase collection rates, and ensure a high level of satisfaction from all stakeholders.

We have since achieved well over 100% recycling rates, and consistently have for many years. We will provide the M.O.E. with past year's collection rates upon request. Our consultation process has been far more extensive than any ministry requirements, and our results far surpass any benchmark the M.O.E. has required of other brand owners in other industries.

The Ministry of the Environment had requested further consultation with stakeholders. A consultation meeting was held at our Langley Facility on January 12<sup>th</sup>, 2011, which incorporated a conference call so out of town stakeholders could participate. There was very little interest from stakeholders, likely do to current high collection rates in the province.

#### **11) Other Stewardship Programs**

IBSC recognizes there may be overlap with other lead acid stewardship plans. We recognize that our program may influence their recovery rates, and vice versa. In addition, battery collectors not involved in the sale of new batteries may affect collection rates of all programs. We will work with management of other stewardship plans to reconcile battery collection rates in the province.



## **Interstate Battery System of Canada Inc**

### **Public Consultation Report**

January 12, 2011

#### **Overview**

Per section 12, on page 9 of our Stewardship Plan submission, since we began operations in British Columbia we have actively consulted with all stakeholders in order to collect additional scrap batteries in the province. Over a period of years, we improved our systems and worked with stakeholders to improve collection rates across the province. As a result of our efforts, we have historically exceeded 100% collection rate in the province.

At the Ministry of the Environment's request, we facilitated an additional consultation meeting. This occurred at our Langley facility on January 12, 2011 at 1:00 PM. In order to accommodate interested parties across the province, we tied the meeting into a conference call.

At the request of the Ministry of the Environment, we posted our plan on the RBRC Website for a period of 45 days. Interested parties contacted IBSC via email, and were offered the opportunity to attend the meeting in person or via conference call.

#### **Attendees**

There was minimal response from interested parties. This is likely due to the fact that most stakeholders in the province do not have a problem having scrap batteries collected. Our dealer base is in constant contact with us, and outside of our dealer base there is sufficient value in lead acid batteries – and as such sufficient competition to ensure high collection rates. We believe it is due to the current high collection rates in the province that there was limited interest in being part of IBSC's consultation process.

Four interested parties and representation from the Ministry of the Environment attended the meeting. All interested parties were collectors or potential collectors of waste batteries in the province.

#### **Questions**

There were several questions asked in a Question / Answer period.

- 1) Will you recycle any size? *Yes, IBSC will recycle any size of LEAD ACID batteries in the province.*
- 2) Will you pay incentives to collectors? If so, how much? *Yes, IBSC will pay incentives to collectors of scrap batteries. At our dealer base, we require a core in exchange for every battery sold, and if not supplied we charge a core charge. At sites where we collect additional scrap we will pay an incentive to collectors. This incentive will vary based on location; amounts picked up, and lead prices. Scrap battery collection is a competitive business, which effectively keeps pricing competitive in the market.*

- 3) Benefit of dealing with IBSC? *IBSC operates within all provincial and federal regulations around the handling of waste lead acid batteries. This is a significant challenge in our industry, where unlicensed collectors compete for waste batteries without following safe handling techniques, Ministry of the Environment regulations, and TDG regulations. We compete with scrap collectors in old pickup trucks, not manifesting product, and handling batteries in an unsafe manner. IBSC utilizes only qualified personnel and equipment that meets a high standard. We offer a high level of professional service to scrap yards, transfer stations, garbage dumps etc across the province.*

## **Conclusion**

This completes our official public consultation process. However as part of our everyday business, we will continue to actively engage scrap collectors and consumers across the province to continue our high collection rate in the province. If any collectors of lead acid batteries in the province wish to discuss collection moving forward they may contact one of our regional offices in the province, which are listed on page 3 of our Stewardship Plan.