

Interstate Battery System of Canada, Inc. (IBSC)

Manitoba Product Stewardship Plan
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Submitted to the Pollution Prevention Branch of Manitoba Conservation
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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 Manitoba Conservation in order to fulfill its legal obligation as a producer. On Feb 3rd, 2010, the Manitoba 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 Canada. IBSC's primary business is the distribution of lead acid batteries under 50K, 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 500 dealers across Manitoba. 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 Manitoba. 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 to find a dealer near them. They may also contact our Manitoba office at (204) 694-2999.

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 further collection sites 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 contact our 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.

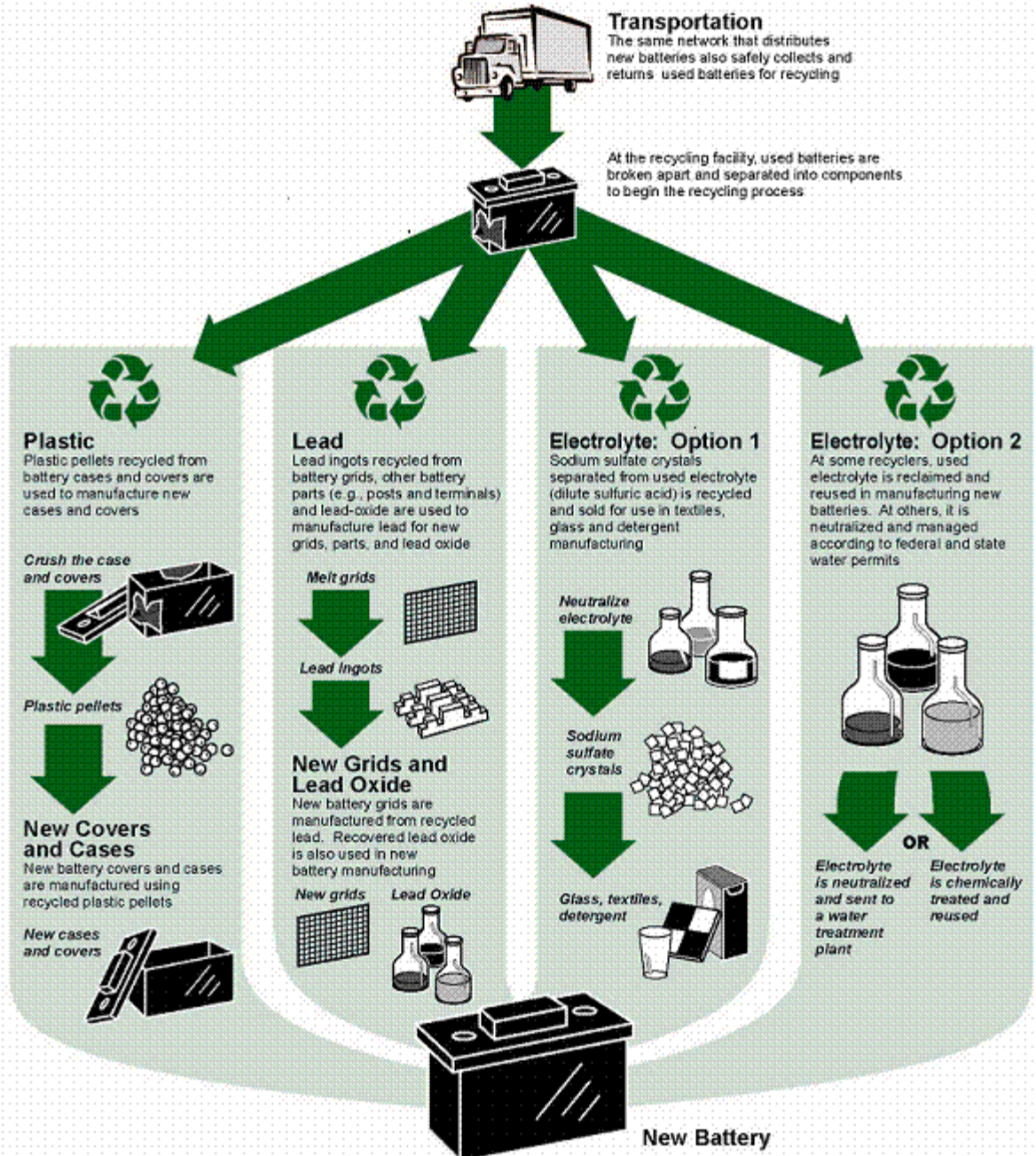
IBSC offers pick up service across the province for larger industrial cells and to assist with the removal of large quantities (over 1,000KG) of waste lead acid batteries. Businesses and individuals with quantities 1,000 KG or greater are encouraged to call our toll free recycle hotline to arrange pick-up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

Collection sites are serviced by our own vehicles. Batteries are brought back to our storage facility in Winnipeg. FTL quantities are shipped to smelters for recycling.

4) Product Management

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.

5) 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 Geneva, Illinois. 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 Manitoba, 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 America absorbs all costs associated with achieving target recycling rates, regardless of lead prices.

A note about lead pricing. IBSC's primary business is the sale of Lead Acid batteries, each weighing less than 50 KG. We accept large industrial cells as it compliments our business model. However there may be times when lead values drop where it isn't financially feasible for us to transport them from all areas of the province. During these times of low lead values there may be a charge associated with recycling large industrial cells when a replacement is not purchased from IBSC. This charge will be borne by the consumer.

IBSC is fully committed to recycle all waste batteries generated at our dealer base across the province regardless of lead pricing – and are committed to 100% recycling rates. However we currently also acquire lead at non-dealer locations as it is financially beneficial for us to do so. We recognize this goes above our obligations under the Product Stewardship Regulations. In addition to the industrial cells mentioned above, there may be times during low lead prices where we apply a charge for recycling batteries at these non-dealer locations. This is most likely to occur in the northern areas of the province.

At this time fees for recycling batteries at non-dealer locations in any area of the province is not anticipated.

6) Core Charges

IBSC operates a core exchange program. Virtually all pricing we quote is on an exchange basis. In the even an exchange is not received, we will charge a core charge to our dealer. They in turn have a financial interest in returning a waste battery for every battery they purchase. In the event a consumer does not wish to return a core when they purchase a battery, the dealer has the option to charge a core charge to the consumer.

This exchange pricing structure guarantees IBSC close to a 100% recycling rate.

At our dealer base, we are 100% committed to having no eco or recycling charges to our dealer base, regardless of lead pricing.

7) Program Performance Measurement

IBSC is committed to a minimum 100% recycle rate. On a yearly basis, IBSC will report to the Manitoba Conservation total battery sales by weight, and total waste batteries recycled by weight. Weight is the best metric for us to measure performance with, due to the varying sizes of lead acid batteries.

Due to the confidential nature of our sales volume, IBSC will not make sales volume or return rates 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.

8) Pollution Prevention Hierarchy

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.

9) 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.

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.

10) Dispute Resolution Process

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

11) Consumer Awareness

IBSC will provide recycling depots and Interstate Battery dealers with point of sale signs to promote battery recycling. All new battery P.O.S. 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 with links to our Manitoba dealer base.

Our one for one exchange program ensures we achieve close to 100% recycling rates. The below initiatives are, or will be in place to continue our efforts to achieve over 100% recycling rates.

IBSC will continue its 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 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 will advertise battery collection events in order to direct consumers to a drop off location, typically our retail store locations.

12) Public Consultation

Residents of Manitoba are potential consumers of Interstate Batteries, and may have an interest in IBSC's stewardship plan. As such, IBSC will hold a web-conference for interested stakeholders at a TBD time.

13) 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 the Manitoba Conservation to ensure they receive the data required to evaluate the success of all plans. As we track approximate weight of new batteries sold, and scrap batteries recycled – we will be able to provide information on additional batteries recycled (based on weight) over our committed 100% recycle rate.

