TWENTY YEARS OF PRODUCT STEWARDSHIP
Call2Recycle, Inc.
Board Members
Andrew J. Sirjord (Chairman) - Sanyo Energy (U.S.A.) Corporation
Linda H. Bliagioni (Retired) - Stanley Black & Decker, Inc.
John Bradford - Interface Americas
James Bremner - Varta Microbattery, Inc.
Roger Dower - The Johnson Foundation
John Matthews - Matthews Strategic Services, LLC
Charlie Monahan - Panasonic Energy Corporation
Doug Smith - Sony Electronics, Inc.
Chip Wilde - Saft America, Inc.

Call2Recycle Canada, Inc.
Board Members
Susan E. Nieuwhof - Chair
Procter & Gamble Canada
Nick Aubry - Sony of Canada, Ltd.
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Gordon Gowlings
Jeff Hiebren - Danby Group
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Bill Ivory - Melitta Canada, Inc.
James Macintosh - Energizer, Inc.
Alan Moyer - Panasonic Canada, Inc.
Carl Smith - Call2Recycle, Inc.

Call2Recycle Officers
Carl Smith - CEO & President
Joe Zenobia - Executive Director Canada
Greg Broe - Vice President, Finance & Administration
Linda Gabor - Vice President, Marketing & Customer Service
Leo Raudys - Vice President, Program Development

Imagining the Possibilities
The past two decades have been a journey of discovery, inspired by the enduring insights of our founders: Provide the keystones of involved stewardship and convenient collection sites to committed partners. We’ve done this as a product stewardship organization that operates according to the principles of efficient performance, complete transparency and exacting measurement. We are the turnkey, end-of-life battery recycling program, serving 61 jurisdictions and with most drop-off sites a short drive away.

Our 20 years of growth can be traced directly back to the investment of time, money and ideas by our stewards, partners and stakeholders. Their strong commitment has helped us weather the ups and downs of the battery market and recycling industry. Without their continued support, we would not have attained two historic milestones in 2014: Cumulative battery collections of 100 million pounds (45 million kilograms) and 18 years of year-over-year increases in the volume of batteries collected. These landmark events signify that our fundamental approach has stood the test of time.

Looking ahead, we are facing a changing landscape driven by the explosive growth of mobile devices and the increasing demand for end-of-life disposal of all consumer portable batteries (both rechargeable and alkaline). To better leverage our strengths in this environment, we adopted a five-year plan that ties us firmly back to our roots but gives us the freedom to apply our skills to enter new markets. The plan centers on two pillars: focus on the consumer, fair and equitable pricing and a collection footprint to best support the market.

Our fundamental objective is to re-establish a best-in-class operation that meets the requirements of changing battery chemistries. Our focus will be on driving more consumers to recycle by improving the convenience and accessibility of our consumer-facing retail and municipal collection network. In addition, we will expand into other recycling markets, including offering a primary battery take-back plan for Vermont beginning in 2016. Our aspiration is to ensure that 95% of all U.S. and Canadian consumers have access to a public battery recycling collection site within 10 miles of their homes.

During 2014 we also made our first foray at replicating our 20-year-old, high-performance product stewardship machine for entirely new markets. A new subsidiary, ReturnMeds LLC, was created to pilot product stewardship solutions for pharmaceutical drug take-back programs. This issue is looming for municipalities seeking help for disposing of both prescription and non-prescription drugs to enhance community health and protect water supplies. We submitted our ReturnMeds™ program to King County, Washington, for consideration. This will test to the extent to which we can provide a cost-effective solution to this market.

Our people are energized by the unlimited opportunities that lie ahead. We attained a leadership position in our market by developing an exceptional understanding of recycling in all its facets. The next step will be to apply our expertise to surmount the challenges of a maturing recycling industry. I know our founders would be proud of what we’ve achieved since March 21, 1994. We can only imagine the endless possibilities waiting for us up around the bend.

Carl E. Smith, LEED® AP
CEO / President, Call2Recycle, Inc.
Soaring to New Heights

2014 marked another year of progress, with growing support across North America to keep all battery chemistries out of landfills. Call2Recycle, Inc. reached a major milestone in 2014—the collection of more than 100 million pounds (45 million kilograms) of batteries and cellphones since 1996.

The organization’s clear strategy and solid execution resulted in a record performance. The program reached a significant milestone that seemed unachievable 20 years ago when it first began collecting and recycling batteries—collection of 100 million pounds (45 million kilograms) of cellphones and batteries. That is equal to the weight of almost 650 fully loaded Boeing 737s.

This also marked the 18th consecutive year that Call2Recycle® has increased the volume of batteries recycled since collections began in 1996. Since organizational success is measured by weight, this last year of growth is even more notable given that consumer batteries are smaller, lighter and last longer than in the past.

Historic achievements in both the U.S. and Canada

During 2014, Call2Recycle collected nearly 12 million pounds (5.4 million kilograms) of batteries and cellphones through Call2Recycle’s network in the United States and Canada.

In the U.S., the state of California led the way, with more than one million pounds (454,000 kilograms) of batteries collected in 2014. California is the first state to collect more than one million pounds of batteries three years in a row. A combination of robust results from municipal programs and national retail partnerships powered the increase. Call2Recycle’s industry stewards, which include manufacturers of batteries and products containing batteries, also helped drive segment growth. Their dedication inspires Call2Recycle to have an even greater positive impact in the state in 2015.
Canadians recycled rechargeable and single-use batteries at a record pace in 2014. The province reached a new collections milestone of one million kilograms (2.2 million pounds) in the first five months of 2014. By comparison, the country took nine months in 2012 and seven months in 2013 to reach the same milestone.

The provinces of British Columbia, Manitoba, Ontario and Quebec recorded double-digit collection growth numbers over 2013 and contributed to 75% of the overall growth.

The strong performance is attributed to collaboration between Call2Recycle and the local municipalities. Provincial directors worked closely with local and provincial governments to make recycling easier and more convenient by expanding the variety and density of collection sites to include libraries, retail outlets, fire departments, universities and other places consumers regularly visit. Retailers also played a key role in our growth by expanding our reach which both improved convenience of battery recycling and raised awareness among consumers.

British Columbia, Manitoba, Ontario and Quebec recorded double-digit collection growth in 2014.

Leaders in sustainability

Every year Call2Recycle recognizes organizations in the U.S. and Canada that demonstrate a strong commitment to battery recycling with the Leaders in Sustainability Awards. This honor highlights the efforts of participating organizations in keeping recyclable materials from entering the waste stream. The 2014 sustainability leaders came in all shapes and sizes, including municipalities, home improvement stores, electronics retailers, power tool manufacturers, military/defense contractors and battery and product manufacturers. Some were repeat honorees who have demonstrated their commitment with strong results over multiple years. Call2Recycle is grateful to have such dedicated organizations as part of the program.

Several participating organizations exceeded expectations by integrating battery recycling into the fabric of their culture in 2014. These include:

- Home improvement giant Lowe’s, who recycled more than 3 million pounds (1.4 million kilograms) of rechargeable batteries through Call2Recycle between 2004 and 2014, thanks to first-of-its-kind recycling centers placed near store entrances.

- Power tool supplier DEWALT offered a 10% discount on new rechargeable power tool batteries to U.S. and Canadian customers who brought in used batteries for recycling during 2014.

- Global industrial supply company Grainger, who launched a three-month take-back challenge in its 365 U.S. retail branches. This hands-on campaign increased collections by 23% from the same period the previous year.

Doing the right thing

Industry stewards are the lifeblood driving the Call2Recycle program. Last year, more than 30 new battery and product manufacturers in the U.S. and Canada joined as stewards and committed to making certain that batteries they introduce to the marketplace are responsibly recycled at their end of life. Stewards provide the financial support that enables the program to exist. In exchange, Call2Recycle helps them comply with various state and provincial recycling requirements across the U.S. and Canada as well as meet their corporate sustainability goals. By expanding the pool of participating manufacturers, the number of free riders—businesses whose batteries are recycled but that do not participate in the program—is minimized.

“Lowe’s works hard to share that message and raise awareness around the importance of recycling. We look forward to continuing to partner with Call2Recycle to inspire others to recycle.”

Michael Chenard,
Director of Corporate Sustainability,
Lowe’s Companies, Inc.
Range

Accessibility continues to be one of the key yardsticks by which we measure our success. While approximately 90% of residents live within 10 miles (15 kilometers) of one of the 34,000 drop-off locations in both U.S. and Canada, the goal is to increase that number to 95%. The ambition is to continually re-evaluate how to make recycling both accessible and convenient.

We apply the same keen eye to our public outreach. Educating consumers on the importance of recycling batteries has been and always will be a fundamental element of the program. Call2Recycle is constantly exploring new ways to utilize both traditional and new media to inspire more consumers to take action.

Taking advantage of our digital world

In 2014, social media played a more prominent role than in the past, resulting in an increase in Call2Recycle followers on both Twitter (@Call2Recycle) and Facebook (Call2Recycle). These real-time communication platforms enable Call2Recycle to engage with consumers across North America on issues related to battery recycling, general recycling and sustainability. Social media is also a great tool for highlighting the activities and achievements of program participants and industry stewards to a broader audience.

Consumers of all ages also flock to online websites to learn about recycling. Visitors to Earth911.com spent nearly 1,200 hours in 2014 learning about rechargeable batteries and recycling, using a Call2Recycle Recycling Guide and other activities. Call2Recycle Canada’s educational initiatives in 2014 included the BC Green Games, which encourage middle and high school students to develop and share their environmental action eco-stories. Earth Day Canada’s Eco-Kids website uses games, quizzes and lesson plans to introduce children of all ages to the importance of battery recycling. All Call2Recycle educational programs share a common goal: inspiring action, whatever the age.

Environmentally Responsible Recycling

Call2Recycle leads the industry in embracing environmental principles and operates according to the highest recycling standards in North America.

An increasingly connected world is unifying to advocate for product stewardship and environmental responsibility. During 2014 the organization was awarded the latest version of the Responsible Recycling (R2) Practices Standard certification, R2:2013. Recognized by the Environmental Protection Agency (EPA), R2 is a set of voluntary principles and stringent guidelines to promote and assess responsible practices for electronics recyclers in the areas of environmental and public health, worker health and safety, security and the downstream recycling process.

Call2Recycle was the first program of its kind to receive this certification in 2012. Third-party certifications such as R2 assure consumers, businesses, communities and retailers that Call2Recycle operates according to the highest environmental standards in North America.

"There is a peace of mind that comes with the downstream recycling. We know the materials are being properly handled and responsibly recycled, and that is important to the overall goals of the Zero Waste Plan."

Dawn Whipple,
Waste Management Program Manager,
City of Austin Household Hazardous Waste
In August 2014, the California Product Stewardship Council (CPSC) acknowledged Call2Recycle for its product stewardship excellence within California by awarding it the Bow and Arrow Award for Coalition Building. Since it first established a California presence in 1999, Call2Recycle has partnered with businesses, municipalities and retailers to collect more than nine million pounds (4.1 million kilograms) of rechargeable batteries from more than 2,500 drop-off sites. CPSC recognized Call2Recycle’s contribution to supporting its mission to maintain and expand a “network of local governments, non-government organizations, businesses, and individuals” that build “policies and projects where producers share in the responsibility for managing problem products at end of life.” Acknowledgement by one of the leading U.S. product stewardship organizations confirms our collection strategies are working in the state.

Pioneers of Change

Call2Recycle’s influence on public policy began with the adoption of the 1996 Battery Act in the U.S. 18 years ago, expanded with the adoption of Canada’s provincial all-battery programs in the past decade and recently culminated in the passage of the first all-battery recycling U.S. state law in Vermont.

Product stewardship legislation that calls for manufacturers to take responsibility for the design-to-disposal lifecycle of their products is on the rise across North America.

After two decades of planting the seeds for battery recycling legislation with lawmakers across North America, Call2Recycle is beginning to reap its harvest. The historic events of 2014 reflect a larger trend whereby recycling issues are moving from discussion into legislation. Municipalities and government agencies are looking for ways to transfer the costs involved in collecting, sorting, recycling and disposing of used batteries to the producers of the products. This movement, known as extended producer responsibility, is slowly taking a foothold in the U.S.

“...In our experience, we have witnessed a favourable response from the people of Winnipeg since we began collecting with Call2Recycle in late 2011. Both the public and the library staff have great enthusiasm for this successful program.”

Rick Walker,
Manager of Library Services
for the City of Winnipeg
Vermont embraces single-use battery recycling

More than 10 million consumer batteries are sold in Vermont each year, but only a fraction are recycled because of the costs associated with recycling alkaline batteries. This paradigm changed in May 2014 when Vermont became the first U.S. state to pass legislation that requires producers of single-use batteries to develop and finance a battery take-back and recycling program in the state.

The goal of the law is to keep millions of batteries out of landfills and to make sure that the financial burden of recycling the batteries is not shouldered by local governments, retailers or individual consumers. The legislation was unusual because it brought together a diverse array of stakeholders, including state/local governments, battery manufacturers, industry associations, product manufacturers and the state retail association. In addition to significantly increasing the number of batteries being recycled, the law will simplify recycling for consumers by eliminating the need to sort single-use from rechargeable batteries prior to recycling.

Cal2Recycle currently offers rechargeable battery recycling in Vermont. A plan will be submitted for a single-use battery consumer collection program on behalf of participating industry stewards by June 1, 2015. If approved, Cal2Recycle will begin providing both rechargeable and single-use battery recycling on January 1, 2016.

First industry-sponsored model legislation announced

In June, another groundbreaking milestone was reached when four leading battery interest groups—the Corporation for Battery Recycling (CBR), the leading battery manufacturers from the National Electrical Manufacturers Association (NEMA), PRBA—The Rechargeable Battery Association and Cal2Recycle, Inc.—introduced a model bill that addressed all-battery recycling or the joint recycling of both single-use and rechargeable batteries under one program. This was the first time that so many battery interest groups joined forces to develop this type of legislation, which detailed how the industry will share responsibility for the collection and recycling of both battery types. An all-battery bill is on Connecticut’s legislative docket for consideration in 2015.

The all-battery model bill introduces many benefits. First, it embraces both rechargeable and primary battery recycling under a single program, improving consumer accessibility and convenience. The bill will help consolidate highly fragmented state battery recycling programs into a more uniform approach that decreases operational and compliance costs and optimizes collections. Finally, it levels the playing field by ensuring that all-battery manufacturers are held responsible for what they sell into the market.

As more U.S. states begin to implement legislation mandating the recycling of all batteries, Cal2Recycle is poised to partner with states and lead the consumer education and collection efforts to make battery recycling as seamless and integrated as paper, plastic and aluminum programs.

Ontario all-battery proposal comes full circle

In late 2014, Cal2Recycle Canada received notification from the Waste Diversion Ontario (WDO) board of directors that they had rejected its Industry Stewardship Plan (ISP) for the management of single-use consumer battery recycling in Ontario in favor of the incumbent plan. As part of the Ministry of the Environment, WDO is responsible for Ontario’s waste diversion programs. This decision ends a five-year review process. Although the decision was disappointing, Cal2Recycle Canada is assessing its course of direction and will continue to foster growth in other regions of Canada. The organization will continue to provide rechargeable battery recycling services throughout the province on behalf of its industry stewards.
Imagining the Possibilities

Part of what has made Call2Recycle successful over the past two decades is its ability to adapt to a constantly changing world—complying with new regulations, cultivating new markets and creating education initiatives that change behaviors.

Call2Recycle's reputation as an honest, trusted, knowledgeable, dedicated and proven leader in recycling has stood the test of time.

During the past year, the North American recycling industry has undergone unprecedented change. The number of products using batteries has been steadily increasing thanks to the popularity of cellphones, notebook computers and portable power tools. More businesses are embracing sustainability as a corporate goal and assuming greater responsibility for recycling the products they manufacture and use in their operations.

In 2014 Call2Recycle took bold action to enrich its skill set and remain relevant to its markets. Twenty years ago, the organization began as a committed steward of the planet. It has expanded its capabilities to meet the recycling industry's evolving needs by broadening its sphere of influence and market scope. Two decades of strong performance propelled Call2Recycle to reach milestones, such as 100 million pounds (45 kilograms) of collections, a goal that wasn't even on the radar in 1994.

In 2014, Cal2Recycle reaffirmed its commitment to the basic principles on which it was founded—strong partnerships; an accessible, convenient collection network; an environmentally responsible recycling process; and targeted consumer outreach that raises awareness and drives people to take action. It also mobilized its resources to focus on an even more fruitful 2015 with a renewed focus on the consumer as the cornerstone of success. Call2Recycle can now only imagine the possibilities achievable during the next 20 years and beyond.

“We've had a rechargeable battery recycling program for nearly 20 years, so our customers are familiar with our process. Recycling is now part of what they do,” says Hickok. “With Call2Recycle's help we want to continually improve our collection rates and keep this program successful.”

Mark Hickok, Director of Safety and Regulatory Compliance, Milwaukee Tool
Call2Recycle Program Milestones

1994
RBRC Founded

1996
Ni-Cd batteries start being collected in the U.S.

1997
RBRC begins in Canada

2001
Collection expands to include Ni-MH, Li-Ion & SSLA/Pb batteries

2004
Call2Recycle is introduced; cell phones are added to collection intake

2006
California & NYC Enact Rechargeable Battery Laws

2008
Licensing and acceptance of Ni-Zn batteries begins

2009
RBRC receives e-Stewards designation

2010
Acceptance of all household batteries begins in British Columbia

2011
New York state enacts Rechargeable Battery Law

2011
Acceptance of all household batteries begins in Manitoba

2012
Call2Recycle receives R2 certification

2012
Acceptance of all household batteries begins in Quebec

2014
Twenty years later, Call2Recycle supports nearly 300 industry stewards and has collected over 100 million pounds of batteries.
### CALL2RECYCLE, INC., SUBSIDIARY AND AFFILIATE

Condensed 2014 and 2013 Consolidated and Combined Financial Statements

Condensed, Consolidated and Combined Statements of Financial Position

Reported in U.S. Dollars

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2014 ($'000)</th>
<th>2013 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call2Recycle, Inc. &amp; Subsidiary</td>
<td>Combined</td>
<td>Call2Recycle Canada, Inc.</td>
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<tr>
<td><strong>ASSETS:</strong></td>
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<td></td>
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<tr>
<td>Cash and cash equivalents</td>
<td>$ 433</td>
<td>$ 479</td>
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<tr>
<td>Receivables, net</td>
<td>3,081</td>
<td>1,917</td>
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<td>Due from (to) affiliate</td>
<td>556</td>
<td>-</td>
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<td>Prepaid expenses and other assets</td>
<td>504</td>
<td>52</td>
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<tr>
<td>Long-term investments</td>
<td>23,612</td>
<td>-</td>
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<td>Net property and equipment</td>
<td>211</td>
<td>16</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$28,407</td>
<td>$1,028</td>
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| **LIABILITIES and NET ASSETS:** | | | | |
| Accounts payable and accrued expenses | $ 962 | $ 790 | $ 1,752 | $ 1,749 |
| Unearned revenue | 6,367 | - | 6,367 | 2,066 |
| **Total liabilities** | 7,329 | $ 790 | 8,119 | 8,805 |

| **Unrestricted net assets:** | | | | |
| Undesignated | 21,078 | 225 | 21,313 | 21,313 |
| **Total net assets** | 21,078 | 225 | 21,313 | 21,313 |

| **Total liabilities and net assets** | $28,407 | $1,028 | $29,415 | $30,177 |

### CALL2RECYCLE, INC. AND AFFILIATE

Condensed 2014 and 2013 Consolidated and Combined Financial Statements

Condensed, Consolidated and Combined Statements of Activities and Changes in Net Assets

Reported in U.S. Dollars

<table>
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<th>December 31,</th>
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<td>Call2Recycle, Inc. &amp; Subsidiary</td>
<td>Combined</td>
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<tr>
<td><strong>OPERATING ACTIVITIES:</strong></td>
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<tr>
<td>Revenue</td>
<td>$ 7,810</td>
<td>$ -</td>
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<tr>
<td>License fees</td>
<td>-</td>
<td>6,351</td>
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<tr>
<td>Primary battery collection program fees</td>
<td>1,525</td>
<td>236</td>
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<tr>
<td>Recovered metals proceeds, net</td>
<td>962</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$10,327</td>
<td>$6,947</td>
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</table>

| **Expenses:** | | | | |
| Program expenses | 6,613 | 5,213 | 11,826 | 11,450 |
| Collection and recycling | 1,621 | 270 | 1,891 | 1,778 |
| Public education | 242 | - | 242 | 222 |
| **Total program expenses** | 8,476 | 5,583 | 14,059 | 13,450 |
| Management and general expenses | 2,275 | 1,566 | 3,841 | 3,512 |
| **Total Expenses** | $10,751 | $7,149 | $17,900 | $16,962 |

| **Increase (decrease) in unrestricted net assets before non-operating activities** | $ 424 | $ (32) | $ 476 | $ 50 |

| **Non-operating activities:** | | | | |
| Intercompany fees | (363) | 363 | - | - |
| Investment income | 726 | - | 726 | 2,412 |
| **Increase in unrestricted net assets** | (81) | 61 | - | 2,462 |
| Unrestricted net assets, beginning of year | 21,158 | 233 | 21,392 | 16,001 |
| Translation adjustment | - | (196) | - | (91) |
| **Unrestricted net assets, end of year** | $21,078 | 218 | $21,290 | $21,372 |
“Call2Recycle was the biggest player in rechargeable battery recycling. It is highly regarded in the industry. It has name recognition. Plus it operated in North America, which gave us one-stop shopping for meeting all the various state and provincial recycling requirements throughout the U.S. and Canada.”

Mary Jacques,
Senior Engineer for Global Environmental Affairs,
Lenovo U.S.

“Cordless power tools have been rising in popularity in assembly applications. This program takes the next step and delivers a complete solution for keeping rechargeable batteries out of trash and repurposing them for new uses. It’s one more piece of the recycling puzzle at Panasonic”

John Olsen,
Industrial Sales Manager,
Panasonic
“It is our corporate philosophy to take a proactive approach to the environment and we are proud to partner with Call2Recycle and give our customers another avenue to recycle our batteries here in the U.S.A. and Canada.”

Jay Northey,
Executive Vice President and General Manager,
GS Battery (U.S.A)

“Effectively recycling batteries is a team effort that requires the participation of our customers. The no-cost recycling program Call2Recycle provides makes it easy for DEWALT to offer incentive events like our battery trade-in.”

Buffy Lavigne,
Environmental, Health and Safety Manager – Canada,
Stanley Black & Decker (parent company of the DEWALT brand)
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TWENTY YEARS OF PRODUCT STEWARDSHIP

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