



**Bally Gaming Canada 2012 Product  
Stewardship Program - British Columbia**

**Effective: July 1, 2012**



## **Table of Contents**

**1. Stakeholder Consultation Plan**

**2. Collection Process**

**3. Consumer Awareness**

**4. Management of Costs**

**5. Management of Impacts**

**6. Dispute Resolution**

**7. Performance Measurement**

## 1. Stakeholder Consultation Plan

Bally Gaming Canada acknowledges the following parties as the key stakeholders in its Product Stewardship Plan. Stakeholders are invited to review and provide input to the plan in order to improve upon the plan's key objectives.

### Key Stakeholders:

- Bally Technologies
- British Columbia Lottery Corporation
- Deloitte Auditing
- Vertical Technologies Inc.  
238 Vista Bella Dr.  
Santa Cruz, CA 95060  
Phone: 831-426-8981

### The Consulting Process

The first draft of the Product Stewardship Plan will be made available on the Bally Technologies website beginning June 1, 2012 for a period of 3 weeks so Stakeholder input can be reviewed and the plan can be finalized prior to the July 1, 2012 deadline. The information can be found at: [www.ballytech.com](http://www.ballytech.com) => [Customer Center](#)=> [Games Support](#)=>[WEEE Directive](#).

Furthermore, information regarding how to access the plan via the internet as well as a draft copy will be sent via email to various members of each of the Key Stakeholders mentioned above. Stakeholder input may be provided via email to Bally Gaming Canada. Instructions on how to provide Stakeholder input will be given at the time of the Stewardship Draft distribution.

## 2. Collection Process

Bally Gaming Canada sells and leases gaming equipment exclusively to BCLC in British Columbia. There are only 5 events where Bally Gaming Canada reclaims any gaming equipment.

- 1. Bally is contractually obligated to receive a trade-in slot machine as a replacement for a new one sold.
- 2. Bally is replacing a leased slot machine with a new leased machine.
- 3. All equipment Bally sells to BCLC is warrantied for a 1 year period. Bally is obligated to replace failed parts while the sold equipment remains under its warranty period.
- 4. Bally is replacing failed parts on a leased slot machine with a new part.
- 5. Bally is replacing system equipment that is on a lease with new leased property.

Events 1 & 2 above describe a situation where Bally is reclaiming a slot machine. In both instances, Bally uses the same hierarchy.

- The machine gets returned to a Bally facility. At the Bally facility, one of two events occurs.
  - o The machine is refurbished and redeployed into the market. (Not necessarily British Columbia).
  - o The machine is stripped for working parts to be used on other machines that will be refurbished.
- The machine is considered not to have any value to Bally Technologies.
  - o The machine is removed from British Columbia by a Bally approved recycling company. The company, Vertical Technologies, will strip, sort, and recycle the components as part of its internal process in California, USA.
  - o The machine is sent for recycling in British Columbia using Genesis Recycling. Machines will only be reclaimed within British Columbia in the event that Vertical Technologies is unable to perform a pickup.

Events 3, 4, & 5 above describe an event where Bally is reclaiming parts directly related to slot machines or slot systems. Bally also uses a hierarchy when reclaiming parts.

- The part is checked to see if it is under warranty by one of Bally's suppliers.
  - o If the part is under warranty to Bally, it is shipped back to the supplier for an improvement analysis. The part is replaced by a new one.
- If the part is not under warranty to Bally, a Bally technician attempts to repair the part.
  - o If the cost of the repair is less than the cost of a new part, it will be repaired.
  - o If the cost of repair is greater than the cost of a new part, it will be sent for recycling.
    - Faulty parts will be reclaimed using the same process followed for when a slot machine is considered to have no value to Bally Technologies.

In the hierarchy described above, there are only select events when Bally creates waste in British Columbia. In those instances, Bally has consulted with its stakeholders to select an (ESABC) accredited recycling company, Genesis Recycling, for all of its waste management needs within British Columbia.

### 3. Consumer Awareness

Bally Gaming Canada only conducts business with BCLC. The products sold and leased to BCLC are not consumed by end customers. All products remain the property of either BCLC or Bally Gaming Canada. As a result, Bally Gaming Canada does not plan on conducting consumer education. Bally Gaming Canada has invited BCLC to become one of its primary stakeholders. Communication with BCLC will help ensure that no areas are missed regarding Bally's Stewardship Plan.

#### 4. Management of Program Costs

Many of the processes and metrics laid out in Bally Gaming Canada's Stewardship Plan are already the standard practices of Bally Technologies, Bally Gaming Canada's parent company. Adoption of a Canadian specific plan will simply require additional analysis by salaried employees. A breakdown of the financial impact for each segment of Bally Gaming Canada's Stewardship Plan is provided below:

- Stakeholder Consultation – In most cases, communication with our stakeholders will take place using the internet. Potential methods of communication include: E news briefs, web based conference and video calls, email, and inter-website communication.
- Collection System and Consumer Access – In a majority of cases, all materials collected will be refurbished and placed back into the market, or recycled. In the case of refurbishing a product, its useful life becomes extended and can therefore continue its cash generating economic life. In the case of recycling a product, most products carry a salvage value to Bally via its recycling partner. Both cases demonstrate positive cash flow to Bally, however, it is evident that refurbishing a product will be far more profitable than recycling.
- Consumer Awareness – As explained in the prior section, Bally will not have a Consumer Awareness program. Therefore, there will be no financial burden to Bally Gaming Canada.
- Management of Environmental Impacts – As stated earlier, extending the lifecycle of a product is far more valuable to Bally than recycling it. Therefore, the Stewardship Plan is viewed as being a positive source of cash flow, rather than a cost.
- Dispute Resolution – Much like Stakeholder Consultation, this will also be handled electronically, thus minimizing costs.
- Performance Measurement – The performance metrics will be handled by Bally Technologies, while the audit of the plan will also be handled by Bally Technologies' internal and external audit programs. The additional time to review the British Columbia Stewardship Plan will have a minimal impact on the overall cost of these existing business units.

## 5. Management of Environmental Impacts

Bally Gaming Canada has implemented a top down process to ensure the most positive environmental outcome is achieved, starting from the moment a new product is designed, to the end of its useful life. The goal is to maximize the life of all products and minimize the rate at which our products are reclaimed.

### Product Design

Bally Technologies strives to develop new products that require fewer refurbishment materials when the lifecycle of the product is trying to be extended.

### Product Manufacturing

Bally Technologies' procurement department selects suppliers with the highest quality rates and regularly audits its suppliers for quality. This reduces the amount of failures when the product reaches the market.

### Product Servicing

When a product or component has failed in the field, a strict hierarchy is followed for its repair. The product is always attempted to be repaired first, and only replaced if deemed not repairable. If not repairable, the faulty component is sent to be reclaimed using one of Bally's approved Recycling partners. Ultimately, the Recycling partner determines what components can be recycled and which are sent for disposal.

### Product Replacement

When a product is replaced, the first priority is to bring either an entire machine or all of its working components to a Bally facility where it can be refurbished and redeployed, often to a different market than where it originated. This process is continued until the product's end of life has been deemed by Bally personnel.

### Product's End of Life

When a product has reached its end of life, all components are sent to Bally's Recycling Partner, Vertical Technologies. The Recycling Partner ultimately recycles all possible components, and destroys the rest in full compliance with the environmental regulations set forth by its respective governing agency.

### Recycler Selection

Bally uses only companies with the proper credentials granted by their respective governing agencies to reclaim its waste. Vertical Technologies was selected using a competitive bidding process. Its certifications include ISO 9001 and ISO 14001. Within British Columbia, Bally has selected Genesis Recycling, a company that is an R2 approved Recycler and is also an approved recycler with the ESABC.

As demonstrated above, in every phase of a Bally product's lifecycle, steps are taken to minimize the impact on the environment.

## 6. Dispute Resolution

Bally Gaming Canada conducts business with only BCLC in the Province of British Columbia. Therefore, it is expected that any disputes with regards to the Product Stewardship Plan can only arise with BCLC.

Bally Gaming Canada will account for all foreseeable factors with regards to waste management in its contracts with BCLC. Any dispute that may arise will ultimately be managed under the guidelines set forth in the contract between the two aforementioned parties.

The Bally Technologies legal department will review both the principles of dispute resolution laid out in the recycling regulation as well as all legal contracts between Bally Gaming Canada and BCLC to ensure adherence to the following principles:

- Access
- Community Participation
- Individual Satisfaction
- Equality
- Quality of Resolution
- Efficiency
- Awareness
- Arbitration Mechanism

## 7. Performance Measurement Summary Table

### Annual Report

In accordance with the Recycling Regulation set forth by the Ministry of Environment, Bally Gaming Canada shall provide performance metrics on its Stewardship Plan annually on July 1. Bally Gaming Canada will measure its performance based on the following key areas:

#### Slot Machines:

- The number of slot machines sold to the market during the year.
- The number of slot machines traded in to Bally during the course of the year.
  - o The percentage of trade-ins that stayed in British Columbia and were refurbished and returned to the market.
  - o The percentage of trade-ins that were removed from British Columbia and recycled.
  - o The percentage of trade-ins that were removed from British Columbia, and refurbished by Bally.
  - o The percentage of trade-ins that were recycled in British Columbia.

#### Slot Machine Components/ Slot System Components:

- The trend of the failure rate of a particular component as assessed by the Bally Technologies' Quality Assurance Department.
- The total number of failed components during the year.
  - o The percentage of failed components that were repaired during the year.
  - o The percentage of components that were recycled during the year.

**\*\*Components are inclusive of, but not limited to the following items: Monitors, Cabling, LED Lighting, Ticket Printers, Bill Validators, IViews.**

### Performance Assessment

The performance of the program will be assessed on the trending of the measurements provided above. Bally Gaming Canada will strive for an overall decrease in the percentage of machines recycled in Canada versus machines returned to the market. (Note: not all returned machines will stay in British Columbia.) Furthermore, Bally Gaming Canada will strive for an overall decrease in the percentage of machine components/slot system components recycled in British Columbia.

### Generic Third Party Test Procedures

Bally Gaming Canada is a subsidiary of Bally Technologies. Bally Technologies consults with both internal and external auditors for review of all its business practices. The British Columbia Stewardship Process will ultimately be reviewed as part of Bally Technologies' standard auditing procedures.

### Educational Materials

Bally Gaming Canada conducts business only with Casino operators and has no business directly related to the general public. Due to this, educational materials have been deemed unnecessary.