

October 10, 2014

Mr. Donn Diebert – DTSC
1001 I Street
Sacramento, CA 95812-0806

RE: Response to July 3, 2014 DTSC Summary of Violation Letter

Dear Mr. Diebert:

Thank you for meeting with Will Semmes and me today to discuss Johnson Controls' response to the July 3, 2014 Summary of Violations (SOV) letter. As we discussed in the meeting, Johnson Controls, Inc. (JCI) looks forward to working with DTSC to improve the mercury containing thermostat collection rate.

Although collection rate data reported in the TRCs 2013 annual California Report indicates that only 0.4% of the mercury containing thermostats were from York/Johnson Controls, JCI has taken the following actions in an effort to meet the established collection rate performance requirement of section 66274.5 of California Code of Regulations, Title 22.

- 1. Thermostat Recycling Corporation (TRC) Membership:** JCI is an active member of the TRC, even though JCI accounts for only 0.4% of the mercury containing thermostats collected in California. The TRC Board is represented by the largest percentage of thermostat collection companies. However, JCI has requested and was accepted into a committee established by the Board to address matters related to California.
- 2. Johnson Controls, Inc., California Locations:** JCI has ensured that each service branch office location has a thermostat collection bin from the TRC. JCI does not perform residential or small housing (i.e. apartments) service work. Furthermore, thermostats sold by JCI are not sold for residential use through big box stores, hardware stores, or residential HVAC contractors. Service technicians from JCI's six California service locations typically work on large tonnage chillers in commercial and industrial applications, fire & security systems, and energy solution projects which could include energy upgrades to lighting, motors, fans, refrigeration, and rooftop HVAC equipment.
- 3. Environmental Communication:** Monthly correspondence is distributed to JCI field service locations to alert field personnel to new regulatory obligations that are applicable to operations and topics related to important environmental programs. Those include Universal Waste Rules and collection of mercury containing thermostats.
- 4. Johnson Controls, Inc., – Unitary Products Group (UPG):** JCI owns and operates 24 UPG parts stores. Each parts store has a TRC collection bin. The stores offer local HVAC contractors the opportunity to pick up or order replacement parts and equipment manufactured by JCI. However, the HVAC service business has evolved into more on-line purchases, not in-store purchases. The HVAC contractors no longer drive long distances to order or pick up parts because it is not cost effective. Unfortunately, this limits the ability for contractors to drop off thermostats and learn more from store operators. None of the 24 part

stores operated by JCI are located in California.

5. **Company Product Website:** JCI has a public website that lists all products manufactured for sale. There are nine separate website pages dedicated to thermostats. Each page has the TRC link to collection bin location information.
6. **Authorized Building Control Specialists (ABCS):** JCI has 328 ABCS distributors in the U.S. and Canada that are authorized to sell JCI parts and equipment. Approximately 100 of the ABCSs were not participating in the TRC program, so they were sent a letter from the JCI Director of Product Sales requesting that each distributor store location have a TRC collection bin.
7. **Authorized Refrigeration Wholesalers (ARW):** JCI has 170 ARWs in the U.S. and Canada that are authorized to sell JCI refrigeration parts and equipment. Approximately 30 of the ARWs were not participating in the TRC program, so they too were sent letters requesting that each warehouse location have a TRC collection bin.

In response to DTSCs review of the TRC's 2013 Annual Report for California, JCI proposes the following recommendations to address recycling efforts.

- Initiate a New Thermostat Population Study,
- Count All Mercury Thermostats Collected in California,
- Partner with Other Organizations and Agencies (utilities, hardware stores, etc.),
- Additional TRC Representatives in California,
- Develop a Productive Working Relationship with Other Interested Advocates,
- Continue to Become a More Active Leader Within TRC.

In addition, JCI would like to request that the DTSC suspend the July 3, 2014 SOV and also potential 2014 and 2015 SOV's until the proposed recommendations described in the letter can be implemented.

Thank you for your consideration, please feel free to contact me at 414-524-4757.

Sincerely,

Jeff Werwie, P.E.; CHMM
Johnson Controls, Inc

CC: Rick Brausch – Division Chief, DTSC
Will Semmes – BellWether Partners LLC

Attached: Environmental Fact Sheet
Powerpoint Presentation October 10, 2014 "California DTSC and JCI Meeting"
ABCS Distributor Letter and ARW Wholesaler Letter

Environmental Fact Sheet

Mercury Thermostat Recycling

Highlights



Branch Offices can receive a recycling bin from TRC, free of charge. TRC will pay for shipping, and recycling is also **FREE.**



For more information:
 Jeff Werwie, P.E.
 Director Environmental
 M4/414.524.4757

November 2013

Integrity Corner - Sound waste management and source reduction practices, recycling and energy conservation are legal, ethical, and business requirements.

Johnson Controls, along with approximately 29 other companies, manufactured thermostats that contained mercury. Although mercury containing thermostats are no longer being produced, 10 states have passed laws that require former manufacturers to establish mercury containing thermostat collection programs. In response to these increasing state requirements, Johnson Controls has joined the Thermostat Recycling Corporation (TRC) along with the 29 other former manufacturers of mercury thermostats. By working together within the TRC, we are able to combine efforts and form a single collection program within those states that have established laws.

California has gone beyond the requirements of other states and established an annual quota of mercury thermostats that need to be collected. Two other states will soon follow California's lead. If quotas are not met, fines or penalties could result.

Johnson Controls being a leader in environmental and sustainability, has been making efforts to increase the collection of mercury containing thermostats. This fact sheet is a reminder to all Service Technicians and Branch Office staff to collect all mercury containing thermostats removed from customer sites and ensure they get recycled through TRC in one of two ways.

1. Return mercury thermostats to any participating distributor, free of charge. Simply drop the thermostats in the recycling bins located at participating distributors. Distributors such as Aireco, Johnson Supply, Goodman, U.S. Air Conditioning, United Refrigeration, NB Hardy, APR Supply Co. and many others have bins. To find a full list of participating distributors and parts suppliers go to the TRC website <http://www.thermostat-recycle.org/>

or

2. Order a recycling bin for your Branch Office; the bin is free. TRC pays for return shipping as well. Email neisha.johnson@thermostat-recycle.org or call Neisha at the TRC office at 571-447-4313.

We need your support to prevent mercury containing thermostats from being improperly disposed.

For Canada, "switch the Stat" is the thermostat recycling program. Please visit the follow site for more information.
<http://www.switchthestat.ca/eng/index.php>

A copy of environmental procedures can be found on the JCI Intranet by clicking on: Organization \ Departments \ Safety & Health & Environmental \ Environmental Compliance \ Procedures \ Work Instructions.



California DTSC and JCI Meeting

October 10, 2014



Agenda

1. Johnson Controls, Inc. (JCI) Background
2. Current and Historic Actions to Facilitate Collection Efforts
3. Proposed Action Plan to Improve Collections in California
4. Next Steps

Johnson Controls is a globally diversified company in the building and automotive industries



Automotive Experience

A global leader in automotive seating, overhead systems, door and instrument panels, and interior electronics.



Power Solutions

The global leader in lead-acid starter batteries, advanced lead-acid batteries for Start-Stop vehicles and Lithium-ion batteries for hybrid and electric vehicles.



Building Efficiency

A leading provider of equipment, controls and services for heating, ventilating, air-conditioning, refrigeration, and security systems for buildings.

San Antonio – Large Tonnage Chillers





Johnson Controls Sustainability, Environmental & Other Awards



2013 – **Ranked #14** in *Corporate Responsibility Magazine's* 14th annual “100 Best Corporate Citizens List”



2013 - Ethisphere's “World's Most Ethical Companies.” Included in ranking for seventh consecutive year



2013 – Fortune Magazine's #2 most admired company in Motor Vehicle Parts and Accessories



Corporate Knights – Global 100 Most Sustainable Corporations in the World



United Nations Global Compact

2014 GC Index 100 Fund



2013 – Awarded Gold Edison Award in Collaborative Innovation/Service Delivery category for Johnson Controls' Energy Advancement Center Research Lab & Showcase at University of Wisconsin Milwaukee



2013 – Forbes Magazine's World's Most Innovative Companies ranking (#71)



2013 - Only U.S. company and one of only 7 companies in Auto & Parts category

LEED™ Platinum Campus– The Johnson Controls Corporate and Power Solutions headquarters campus, Glendale, Wisconsin

Johnson Controls has been awarded LEED™ Platinum certification by the U.S. Green Building Council, for its efforts to make the Glendale campus a model of energy efficiency and sustainability

This represents the largest concentration of LEED Platinum buildings – four – on one site ever awarded

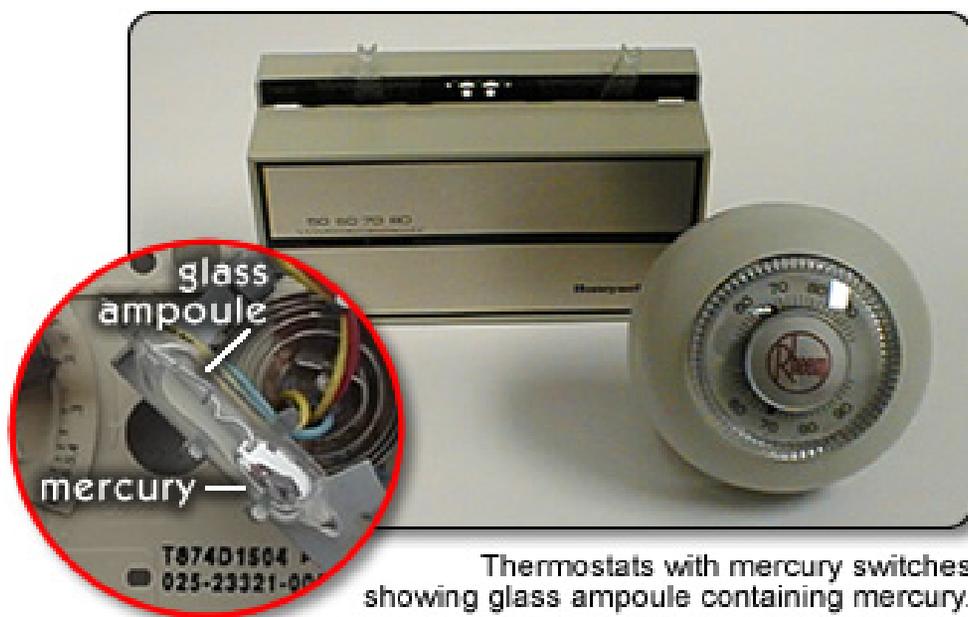
- Photovoltaic solar
- Thermal solar
- Geothermal wells
- Rainwater management
- Green roofs
- Material re-use
- Integrated building management technology



Johnson Controls Collection Rates - 2013

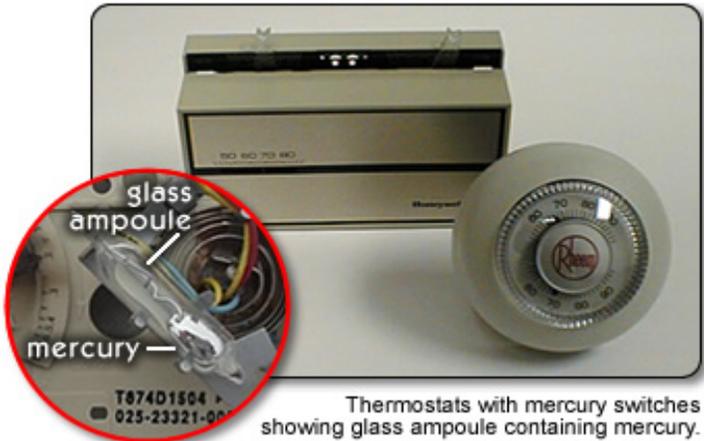
U.S. = 1.62%

California = 0.4%



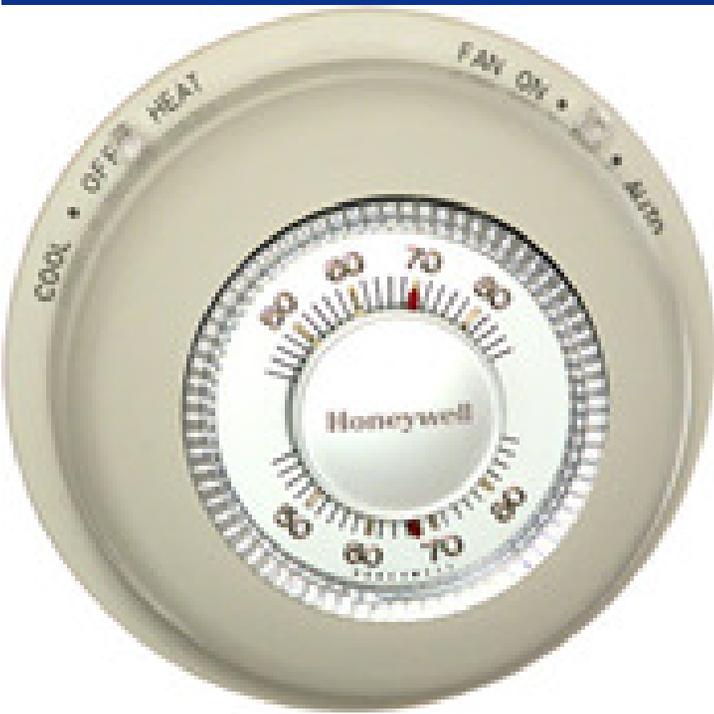
Brand Holder	Count Thermostats
Bard	74
Burnham Holdings	22
Carrier	1,182
Chromolox	2
Climate Master	10
Empire Comfort Systems	17
General Electric Corporation	105
Goodman Global	46
Grainger	6
Honeywell	14,662
Hunter Fan	5
Invensys	735
ITT Corporation	224
Lear Siegler	77
Lennox	190
Lux Products	271
Marley-Wylain Company	8
McQuay International	73
Nordyne Corporation	13
PSG Controls	178
Rheem	125
Sears Holdings	96
Thomas & Betts Corporation	2
Trane	230
Uponor, Inc.	1
White-Rodgers	2,364
York/Johnson Controls	92





Thermostats with mercury switches showing glass ampoule containing mercury.

Johnson Controls Collection Efforts



Thermostat Recycling Corporation (TRC)



JCI California Location Collections

Collection Bins located at JCI Service Office Locations

JCI does not perform residential service or service to apartments or small businesses.

The company is down to only 6 HVAC service office locations in California.

The majority of work is on large tonnage chillers, fire & security, building control (i.e. lighting).



JCI Correspondence to U.S. & California locations



Environmental Fact Sheet

Mercury Thermostat Recycling

Highlights



Branch Offices can receive a recycling bin from TRC, free of charge. TRC will pay for shipping, and recycling is also **FREE.**



For more information:
Jeff Werwie, P.E.
Director Environmental
11111 551 4777

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1. Return mercury thermostats to any participating distributor, free of charge. Simply drop the thermostats in the recycling bins located at participating distributors. Distributors such as Aireco, Johnson Supply, Goodman, U.S. Air Conditioning, United Refrigeration, NB Hardy, APR Supply Co. and many others have bins. To find a full list of participating distributors and parts suppliers go to the TRC website <http://www.thermostat-recycle.org/>

or

2. Order a recycling bin for your Branch Office; the bin is free. TRC pays for return shipping as well. Email neisha.johnson@thermostat-recycle.org or call Neisha at the TRC office at 571-447-4313.

We need your support to prevent mercury containing thermostats from being improperly disposed.

Monthly "fact sheet" emailed to each U.S. service location.



24 Unitary Products Group (UPG) JCI Owned Parts Sales Stores (none in CA)

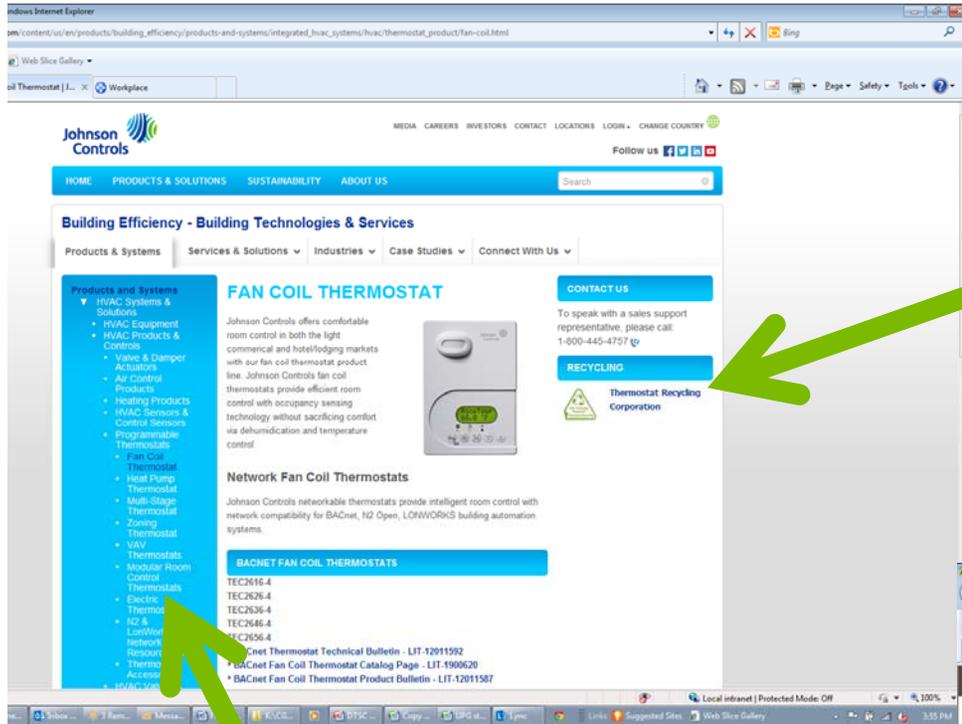
All 24 locations have TRC collection bins



UPG Audubon, PA
UPG Philadelphia, PA - Camer Dr.
UPG Edison, NJ
Elgin, IL
UPG Elmhurst, IL
UPG St. Louis, MO South
UPG Tacoma, WA
UPG Tacoma, WA (Sublease to BE S&S)

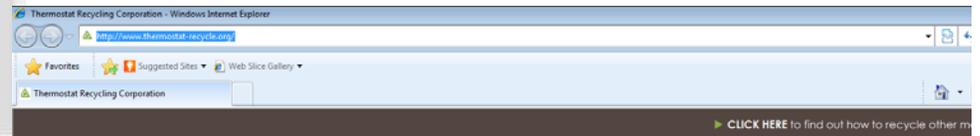
UPG Hainesport, NJ
UPG St. Louis, MO Store Project-North
UPG Lemoyne, PA
UPG Livonia, MI
UPG Lynnwood, WA
UPG Madison, WI
UPG Melville, NY
UPG New Berlin, WI
UPG Oklahoma City, OK
UPG Pittston, PA
UPG Plymouth, MN
UPG Portland South, OR
UPG St. Louis, MO
UPG Chicago West
UPG Tinley Park, IL
UPG Tulsa, OK
Vernon Hills, IL

JCI Equipment & Parts Sold On-line (Customers)



link to TRC website

9 different web pages have TRC symbol and link



JCI Authorized Building Control Specialists (ABCS) - Distributors

328 ABCS Distributors of JCI parts
and equipment

[WW Grainger, United Refrigeration,
FW Webb Co, Johnstone Supply]

328 ABCSs have about 3,000 locations
across U.S.

104 distributors not already participating
in TRC received a letter from JCI

Christian A. Eichmann
Director, Product Sales, North America
Johnson Controls Inc.
507 E. Michigan St., M-99, Milwaukee, WI 53202, USA
Tel: 414-524-5254 Fax: 414-524-5030



February 22, 2014

Subject: MERCURY THERMOSTAT COLLECTION

Dear Distributor:

Johnson Controls requests your support to establish a collection point at all your business locations for waste mercury containing thermostats. All states require the proper handling of waste mercury containing thermostats in accordance with state and federal "universal wastes" regulations in order to streamline their collection and transport. Furthermore, many states have gone beyond the federal requirements and are requiring thermostat manufacturers to implement collection programs.

Johnson Controls and 30 past or current manufacturers, support the Thermostat Recycling Corporation (TRC), a non-profit organization that facilitates and promotes the collection, transport and recycling of mercury containing thermostats. The TRC provides a recycling container, all materials needed to ship waste mercury thermostats, and promotional materials to any HVAC business, contractor and distributor upon request. If you are already collecting mercury containing thermostats, we truly appreciate your efforts. However, if the program is with another organization or waste hauler, Johnson Controls requests that you switch to TRC's program. It will save you considerable money and it will also ensure manufacturers like Johnson Controls, meet collection quotas set by some states.

Johnson Controls is asking all distributor partners to order a recycling kit from the TRC for each business location, in an effort to collect out of service mercury containing thermostats from your customers and those generated in your business operations. To order a collection kit, simply contact Neisha Johnson 888-266-0550 at TRC or email Neisha at trc@thermostat-recycle.org. TRC will provide a recycling kit for a one-time fee of \$25.00. The bin holds approximately 100 thermostats and can be filled and returned unlimited times at no extra charge. In addition to the collection container, TRC provides promotional materials (i.e. signage) and all documents needed to ship (shipping is free) waste mercury thermostats back to TRC for recycling. Regardless of how many mercury containing thermostats you anticipate could be collected, it will have a huge impact on the overall recycling quotas some states have imposed. The collection bins do not need to be full when returned annually to TRC. Even if only one thermostat is collected annually, we welcome any amount.

We believe this program will ensure your business complies with state and federal regulations, prevents mercury from entering the environment and provides a service to consumers free of charge. Please contact the TRC or Jeff Werwie - Director of Environmental Affairs, Johnson Controls, Inc. at 414-524-4757 if you have any questions.

Sincerely,
JOHNSON CONTROLS, INC.

Christian A. Eichmann
Director, Systems Product Sales

JCI Automated Refrigeration Wholesalers (ARWs)

170 ARW Wholesalers JCI refrigeration parts and equipment

[Plumbers Supply, Midwest Refrigeration]

32 ARWs not already participating in TRC received a letter from JCI

Building Efficiency – North America
507 E. Michigan Street, Milwaukee, WI 53202 USA
Tel 414-524-4757 Fax 414-524-5520



February 24, 2014

Subject: **MERCURY THERMOSTAT COLLECTION**

Dear Distributor:

Johnson Controls requests your support to establish a collection point at all your business locations for waste mercury containing thermostats. All states require the proper handling of waste mercury containing thermostats in accordance with state and federal "universal wastes" regulations in order to streamline their collection and transport. Furthermore, many states have gone beyond the federal requirements and require thermostat manufacturers to implement collection programs.

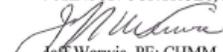
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Sincerely,
JOHNSON CONTROLS, INC.


Jeff Werwie PE; CHMM
Director Environmental Affairs

Johnson Controls Summary of Recommendations

Proposed Actions

1. Initiate a New Thermostat Population Study
2. Count ALL Mercury Thermostats Recycled from California
3. Partner with Utilities, Regulators and Big Box Stores
4. California Based TRC Representative
5. Develop a Productive Working Relationship with Other Interested Advocates
6. Continue to become a more active leader within TRC, even though JCI is only a 1%er.

Feedback & Questions



February 24, 2014

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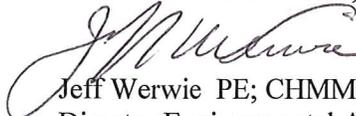
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Sincerely,
JOHNSON CONTROLS, INC.


Jeff Werwie PE; CHMM
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