

Environmental, Health and Safety Compliance
and System EHSMS Audit in Response to:

Washington State Preferred Performance
Measures for Direct Processors

WAC 173-900-650

Facilities Audited: Electronic Recyclers International, Inc.
Auburn, WA and Fresno, CA

Auditor: Kelley Keogh, Bob Delich
Date: December 23, 2017

Scope of Audit

This audit was designed to meet the specific requirements of the State of Washington's "Environmentally Sound Management Performance Measures for Direct Processors – Preferred Status" qualification requirements. The WA State Standards, WAC 173-900-650. These were interpreted and a facility checklist was prepared to meet the standards requirements that related directly to the operations. The audit consisted of confirming the nexus between the two documents and the operations. This is the 8th annual audit of these two facilities and any changes in the operations and downstream vendors utilized will be noted.

In order to minimize documentation and audit costs – both facilities will be included in this document. The EHSMS is identical for the two and the operations complement one another in that the Washington facility will dismantle CEP's and ship to the CA facilities for first tier processing (shredding of metals, crushing of glass) utilizing a WA State DOE Certified transporter.

The ISO system manages non-conformances with the CAPA process. All of the issues that have been identified will be managed appropriately to resolution and to prevent recurrence.

The two sites that were audited were:

Electronic Recyclers International (ERI) facility located at - 3243 S East Avenue, Suite, 108 Fresno, CA 93725 and was performed October 3rd and 4th, 2017.

The Electronic Recyclers International (ERI) facility located at 3901 150th Avenue Court East, Ste. 200 Sumner WA 98390 and was performed on October 24, 2017.

The facilities are well run and operating efficiently. Employees demonstrated proficiency in their job duties and the management system in general. The ERI staff demonstrated strong commitment to the management systems and the overall QEHS performance of the company.

Audit Summary

The following is a summary of a comprehensive review for compliance of operations in response to the Washington State Department of Ecology Preferred Performance Standards for Direct Processors of Electronics Processors - WAC 173-9000.

1. Responsible Management Priorities – Facility Maintains Compliance with Standards

Inherent in the ISO 14001, OSHAS 18001, R2:2013 and e-Stewards V2 Standards, which is what this company utilizes as an EHSMS, is the continuous improvement of operations through management and operation's evaluations.

2. Legal Requirements – Facility Maintains Compliance with Standards

Both facilities use Regscan, a subscription service that identifies local, state, federal and international regulations. An external audit of compliance is completed every two years by a third party. Internal audits are completed annually and the certification bodies do an annual surveillance audit as well.

At the WA facility material continues to be managed under Fed UW regulations (WA) and CA DTSC regulations. At the CA facility material is managed to UW and CA DTSC requirements. The company agrees to be completely transparent with the WM DOE in regard to non-compliant events. This is added to the Legal and Other Requirements register at both facilities.

3. Environmental, Health, and Safety Management System EHSMS - Facility Maintains Compliance with Standards

In Washington and California, Electronics Recyclers International is certified to ISO 14001:2004 and OSHAS 18001:2007. These are internationally recognized standards of excellence in Environmental, Health and Safety Management Systems. The company wide EHSMS is audited and updated, as new procedures are implemented or as new materials is accepted. The EHSMS contains a diligent "Plan, Do, Check" component, which manages change and issues through constant management review. The system is 3rd party reviewed annually during surveillance audits required by these certifications.

4. Recordkeeping – Facility Maintains Compliance with Standards

Records are managed well as noted during the audits and all material downstream dispositions to final destinations were confirmed through the R2 and e-Steward audit certification processes, which also meet the WA DOE requirements. They are currently sending circuit boards to USA, South Korea, Japan and Belgium. CRT glass from the WA site is sent to Mexico and then to Spain India, or South Korea. The material tracking database enables auditors as well as clients to track all tonnage and materials to a final destination.

5. On-site requirements - Facility Maintains Compliance with Standards

The internal site auditors observed material handled per regulations and using acceptable industry standards. Housekeeping and material management was on par to industry standards. Material is inventoried and moved quickly throughout and managed in a database to ensure that none is kept over 3 months. Facility scale in Washington has been calibrated and certified. The Fresno facility scales are certified. Materials of Concern are not stored outside and the

security is adequate with visitor sign in, perimeter fencing, CCTV and 24/7 security guards. Worker safety is protected through training, OSHA required safety programs and housekeeping practices. Risk assessments have been done for each job station and auditor can verify that the appropriate PPE is worn. The health and safety training is consistent with requirements for the operation and the facility. IH monitoring and medical reviews have been conducted. There is no change in this regard from the 12/12, 1/13, 1/14, 11/15, 02/16, 10/17 internal site audit reviews.

For the CA facility, the internal auditor reviewed Industrial Hygiene Survey and concluded it was more than adequate to meet the standards and Cal and Fed OSHA requirements. Training logs, Job Hazard Analysis and training records were also reviewed as part of the OHSAS 18001 audit and confirmed to be more than adequate to meet the company obligations to protect worker health and safety.

At the WA facility, a Certified Industrial Hygienist completed noise monitoring and air sampling for: mercury, cadmium, lead and beryllium at the hard drive punch area, and noise levels and fiberglass dust particulate near baler. The results indicated no exposures.

6. Materials of Concern - Facility Maintains Compliance with Standards

The CB auditors observed Materials of Concern (MOC) being handled in accordance with standards. A MOC flow chart is attached. The auditors verified that all downstream vendors for MOC's handle material per the WA State DOE Standards. Comprehensive on-site audits were reviewed by the CB auditor while on site and found to be well managed and detailed. ERI agrees to notify the WA State DOE of vendor changes for all MOC's and will build this into their EHSMS.

7. Recycling - Facility Maintains Compliance with Standards

Materials managed to ANSI and OSHA standards - observed during the internal audit site visit. CA auditor observed dismantling and separation to the highest marketable levels. **(No change 10-17)**

8. Reuse - Facility Maintains Compliance with Standards

The Fresno facility has a security protected asset management area with DOD level hard drive wipes being conducted on all asset computers and laptops. The WA facility has a security protected asset management area with DOD level hard drive wipes being conducted on all asset laptops – using Geisha a hardware-based system. At the ERI WA facility there is testing and EOL management depending on test results.

9. Disposal of Residuals - Facility Maintains Compliance with Standards

Facility waste management follows state and federal guidelines as observed by the certification auditors. No materials of concern go to non-HW landfills or incineration. Site waste is managed and separated to minimize material going to landfill and nothing from the recycling process goes to the landfill. Glass fines and the filters from the glass cutting and cleaning process is managed as a HW and sent to US Ecology for encapsulation, as is metal dust from bag houses. Wood pallets are recycled and used in energy recovery. **(No change 10-17)**

10. Refurbishment - Facility Maintains Compliance with Standards

See reuse section.

11. Transport – Facility Maintains Compliance with Standards

All trucking is handled by outside contractors. Trucking into the State of CA is provided by WA State DOE certified transporters. Other trucking companies used by the facilities go through a transportation audit that includes 3 years of compliance certification, insurance requirements, ownership and company identification and annual vendor form updates. The auditor has reviewed the completed audits. **(No change 10-17)**

12. Prison Labor – Facility Maintains Compliance with Standards

Electronics Recyclers International does not use prison labor.

13. Facility Access – Facility Maintains Compliance with Standards

Electronics Recyclers International allows WA State DOE full record and site access – auditor discussed with management team. **(No change 10-17)**

14. Notification of Penalties and Violations – Facility Maintains Compliance with Standards

Electronics Recyclers International (ERI) agrees to notify the WA DOE within 30 days if they receive a Notices of Violation at the facilities included in this audit.

The facility has listed this requirement into the Legal and Other requirements to manage.

15. Due Diligence Downstream - Facility Maintains Compliance with Standards

Electronics Recyclers International has implemented comprehensive audit criteria for downstream vendor audits in order to assure that they are compliant with all applicable international, US, EU and WA State DOE Standards. All current vendors have been audited and the CB auditors reviewed the documents for completion and compliance with the R2 and e-

Steward standards during the certification audits. ERI's audit protocol also includes the WA State DOE MOC's handling requirements as well. **(No change 10-17)**

16. Exporting – Facility Maintains Compliance with Standards

As confirmed during the R2 and e-Steward certification audits, ERI is following WA DOE and FED EPA standards as the final destination for the CRT glass is Spain, an OECD country that allows clean, separated CRT glass into the country as a commodity for recycling. Circuit Boards are sent to DO Japan, South Korea, and Belgium and the facility has audits of these facilities on file, which were reviewed by the CB auditors during the certification audits.

17. Insurance - Facility Maintains Compliance with Standards

Electronics Recyclers International, Inc. maintains more than adequate insurance to cover their employees, operations and pollution liability. The CB auditor has reviewed the coverage. **(No change 10-17)**

18. Closure EHSMS and Financial Responsibility - Facility Maintains Compliance with Standards

As noted during the certification audits:

- Reviewed closure plans. Plans were updated 9-08-17 and is reviewed yearly and includes closure cost estimate, a full decontamination process (performed by a contractor), and removal of waste resulting from the decontamination process, a confirmation plan, and remediation. Money is held in an ERA Operating Account to cover the costs of the closure process. This account contains enough funds to cover the California and Washington locations.

19. Facility Security - Facility Maintains Compliance with Standards

Electronics Recyclers International's warehouses are managed by a security firm 24/7. CCTV monitors all operations. The CA facility is perimeter fenced. The CA facility has 39 cameras in the EOL building and 40 cameras in the shredder building. Additional facility security includes metal detectors; EOL & Shredder buildings have an onsite guard, card access proxy readers, random car checks, and hand scanners. At the WA facility, there are 6 CCTV cameras on DVR – recordings are kept 90 days, there are inside glass break sensors and doors locks monitored by Broadview – the security cage/asset management cage is monitored with a card access proxy reader.

Findings

ERI's third party internal auditor, Bob Delich noted the following Non-Conformances during the October 3 and 4th, 2017 internal audit at the Fresno, CA facility:

Non-Conformances

NC-01 The Risks and Opportunities Matrix has not been completed and action plans have not been documented.

NC-02 A MOC form was not completed for the new CRT dismantling process.

Areas of Concern

AOC-01 The training record for Joseph Serrano (Battery Sorting) was not dated and signed.

AOC-02 Low end desktops are being powered on, BIOS details recorded and sold as tested for full functions. It is unclear if this meets the requirements for e-Stewards testing.

AOC-03 Due to the number of downstream vendors, additional resources need to be added to the conduct due diligence on commodity and reuse vendors. Desk audit was not completed for Keystone Memory.

For the Sumner, Washington site audit October 24th, 2017:

Non-Conformances

NC-01 The Risks and Opportunities Matrix has not been completed and action plans have not been documented.

NC-02 Training record issues found:

- Mickenzie Patterson (AM Tech) did not have the NAID Training Checklist fully completed. The record did not show that the employee received the ERI Access Employee photo ID badge and the record was not signed and dated by the employee and the trainer.
- Ashlie Thomas (E-waste Sorting) training record on E-waste Sorting & No Shred SWOP was not available for review.

Areas of Concern

AOC-01 The use of Effective Dates and Revision Dates on documents is inconsistent. The Access to Medical & Exposure Medical Records had two effective dates and no revision date. The Universal Waste & Electronic Devices had no revision date field, only an effective date.

AOC-02 It is unclear how Unauthorized Waste is tracked after it has been moved to the Unauthorized Waste storage area and closed out in the TrackTech database.

Electronic Recyclers International, Inc. is a well-managed company with a commitment of working towards excellence in their operations and transparency and compliance with all regulatory bodies. The management team shows a strong commitment to the principles of the EHSMS and have designated above average resources to this purpose. In all of the company operations, as well as document review, complete transparency was observed on behalf of the organization to the auditor.

These non-conformances were self-identified and will be managed through the CAPA system inherent in the ISO procedures and that none of the non-conformances were major. The system requires that the non-conformances be addressed with a Corrective Action Plan to prevent recurrence. All of these issues will have been managed before the facility surveillance audits scheduled for May 2018.

Auditor Qualifications

The auditor is certified by the State of WA DOE to perform this audit. Kelley Keogh is the Co-Founder/Managing Director of Greeneye Partners, LLC., for whom Bob Delich works. Their main body of work is in the electronics processing and recycling fields. The State of Washington's DOE maintains the auditor qualifications on file.

Material of Concern	Recycling Process	EOL	End of life Destination Country
CRT Glass	It is removed from CEP and screen and metal gun removed.	Glass to tile manufacturing, glass to glass manufacturing, glass to lead smelting	For processing: Mexico For final tile from TDM: Spain Or: India Or: South Korea
Circuit Boards	Boards are removed from CEP by manual separation. They are then sent to our Fresno facility for shredding.	Precious Metals Recovery	USA Japan Belgium South Korea
Batteries	Removed manually and sorted by type	Metal Recovery	All types: USA
Other Materials	Recycling Process	EOL Process	Destination
Mercury devices	Removed manually managed as universal waste.	Mercury Recovery	USA
Steel	Removed manually sent to Fresno to be shredded.	Metal Recovery	USA
Plastics	Removed manually and baled.	Plastics Recovery	ASIA
Insulated Wire	Removed manually.	Metal Recovery	Belgium or Korea
Aluminum	Removed manually.	Metal Recovery	USA