

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

Washington State Preferred Performance
Measures for Direct Processors

WAC 173-900-650

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

Auditors: Tom Delich, Emily Farrant, and Kelley Keogh
Date: November 9th, 2022

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 11th annual audit of these two facilities and any changes in the operations and downstream vendors utilized will be noted.

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

The ISO system manages non-conformances with the CAPA process. All 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 - Facility - 3243 S East Avenue, Suite 102, 103, 104, 105, 108 Fresno, CA 93725 and was performed October 25th, 2022.

The Electronic Recyclers International (ERI) facility located at 3901 150th Avenue Court East, Ste. 200 Sumner WA 98390 and was performed on November 9th, 2022.

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 14001:2015, ISO 45001:2018, R2:2013 and e-Stewards V4.1 Standards, which is what this company utilizes as an QEHSMS, 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 annually by a third party. The facility receives third-party compliance audits annually. Internal audits of their management systems 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 in WA DOE regulations. At the CA facility material is managed to Fed UW and CA DTSC requirements. The company agrees to be completely transparent with the WM DOE regarding 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 14001:2015, ISO 9001:2015 and ISO 45001:2018. These are internationally recognized standards of excellence in Environmental, Health and Safety Management Systems. The company wide QEHSMS 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.

The ERI, WA facility is sending circuit boards for metals recovery through the CA site to [REDACTED] South Korea and [REDACTED] Japan and li-ion batteries to [REDACTED] Trail, B.C. Canada. All other battery chemistries are processed in the United States.

The CA site is sending circuit boards to [REDACTED] Japan and [REDACTED] South Korea. CRT devices from the WA site are sent to ERI, CA for dismantling and the CRT tubes sent to [REDACTED] WI. The material tracking database enables auditors as well as clients to track all tonnage and materials to 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 are consistent with requirements for the operation and the facility. IH monitoring and medical reviews have been conducted.

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 ISO 45001 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 in CA and virtual in WA 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 built this into their QEHSMS.

7. Recycling - Facility Maintains Compliance with Standards

Materials managed to ANSI and OSHA standards - observed during the internal audit site visit. Auditor observed dismantling and separation to the highest marketable levels.

8. Reuse - Facility Maintains Compliance with Standards

The Fresno, CA facility has a security protected asset management area for hard drives which are wiped to 3 pass DOD specifications using the Blancco software. Those they are unable to wipe are moved back by an access employee to the R&R side for circuit board removal and sent to the ERI, Fresno location for hard drive shredding. The WA facility has a security protected asset management area. No data sanitization is conducted onsite – it is sent to Fresno for wiping with a potential for reuse or shredded on site in CA if the wiping fails.

9. Disposal of Residuals - Facility Maintains Compliance with Standards

Facility waste management protocols follow 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. Metal dust from bag houses is managed as a HW and sent [REDACTED] [REDACTED] for encapsulation. Wood pallets are recycled and used in energy recovery.

10. Refurbishment - Facility Maintains Compliance with Standards

See reuse section.

11. Transport – Facility Maintains Compliance with Standards

Facility currently uses owned trucks for most inbound and outbound shipping. Facility performs a pre and post trip inspection and only hires experienced drivers. 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.

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.

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 Notice of Violation at the facilities included in this audit. The facility has listed this requirement into the Register of Compliance Obligations to manage.

15. Due Diligence Downstream - Facility Maintains Compliance with Standards

Electronics Recyclers International has implemented comprehensive audit criteria for downstream vendor audits 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.

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 for the CRT glass from the ERI WA location. All CRTs from ERI, WA are sent to ERI CA where they are dismantled, and the tubes sent to [REDACTED] WI. Circuit boards from ERI, WA are sent to ERI, CA then sent to [REDACTED] South Korea or brokered [REDACTED] to [REDACTED] Japan. 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.

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

As noted during the certification audits:

- Reviewed Closure Plans. Plans were updated in 2022, are reviewed yearly and include 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. WA and CA both have financial mechanisms in place with each state. The site in WA has an irrevocable standby letter for credit with the bank of Comerica with the Department of Ecology as the beneficiary. The CA location has a closure cost account that is payable to the California Department of Toxics Substances Control.

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, employment and criminal background checks are required, and records checked annually by NAID. The production suites are in a multi-occupant facility. A chain link fence secures the perimeter. The entrance gate is closed and padlocked after business hours. Security guards are on duty 24 hours a day, 7 days a week. The guards provide access control and loss prevention. Security guards patrol the premises after normal business hours. All visitors must sign in with the security guard upon arrival and check out when leaving. At the WA facility, employment and criminal background checks are required and records checked annually by NAID. Human Resources conducts the background checks. 12 CCTV camera recordings are stored for 90 days. A third-party alarm company, Tyco Integrated Security, monitors the building 24/7. Exact Staff performs background checks on temp employees and then ERI performs background checks and drug testing on employees before hiring.

Findings

ERI's third party internal auditors, Emily Farrant and Tom Delich noted the following Non-Conformances, Opportunities for Improvement and Areas of Concern during the November 9th, 2022, internal audits at the ERI WA and Fresno facilities:

Washington:

Non-conformances

NC 01 – Observed universal waste batteries stored for over one year.

NC 02 – Annual third-party fire extinguisher inspection has not been completed.

California:

Non-conformances

NC 01

- Risk Assessment Form is not complete.

NC 02

- The revision history for the e-Stewards Performance Verification was updated 8-11-22 to reflect v4.1, however the document was not approved by the CCO/CEO.
- The procedure states there will be a Management Rep and Deputy Management Rep and alternative site contact, however the facility has only identified two contacts – Operations Manager and Production Manager.
- The Operations Manager and Production Manager have not been trained on the Performance Verification Procedure.
- R2 Reuse Plan, Testing Quality Control Log, Product Recall List, REC Cross Reference Table – Cosmetic, REC Cross Reference Table – Functional have not been implemented.

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 Emily Farrant and Tom Delich work. 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.