FAQ Regarding the Revoked e-Stewards Certification of Total Reclaim

May 5, 2016

1. Why did the normal audit process not catch the violation?

The e-Stewards Standard has a number of requirements designed to provide auditors with tools to monitor the inputs and outputs of materials coming into a recycling facility (e.g. mass balance accounting, an up-to-date downstream vendor chart, shipping records to final disposition, etc.). However, there are opportunities for recyclers to omit information or create double books. Sadly, just as there are plenty of businesses that violate regulations, there are also those that violate voluntary certification requirements.

Once a year, at scheduled e-Stewards audits, trained auditors examine objective evidence of a company's conformity and non-conformity to the e-Stewards management system standard. Auditors are trained to 'dig deeper' into any area that appears suspicious. But audits are not a complete investigation of every potential hiding place in each facility and each company. When businesses seek to hide activities and cheat, they typically find ways to do that and cover it up. Auditors are only able to do so much, which is why BAN has recently added two additional layers of 'conformity assurance' to increase scrutiny of the program (see next).

2. What is the e-Stewards program doing about this problem?

For the reasons outlined above, the e-Stewards program administrator has recently instated a robust Performance Verification (PV) program involving random unannounced inspections of facilities and their ancillary sites. Thus, it is well known that at any time trained inspectors can arrive onsite and immediately begin an inspection of typical trouble spots in standard conformity. This PV program is clearly designed to motivate certified e-Stewards recyclers to operate in conformity with the standard every day and to provide additional confidence to customers.

In addition, as is evident in this case, BAN is now deploying electronic tracking devices in e-waste to obtain objective evidence of their destinations. These trackers are now conclusively demonstrating they are a powerful tool for verification of behavior. We are the only certification program which provides this additional layer of scrutiny.

Furthermore, e-Stewards is the only certification program that requires all processing sites of a company to be certified and requires that ancillary sites (e.g. storage sites)

are included in the management system. These are important policies designed to further reduce bad practices.

Any certification must be more than a piece of paper or it becomes a tool for irresponsible behavior rather than a trustworthy indication of responsible practices. A certification must be able to verify real outcomes. Thus, these additional verification programs and policies provided by BAN are essential and must be constantly improved and maintained. The e-Stewards program administrator is fully dedicated to this goal.

3. Why are so many recyclers resorting to bad practices?

The electronics recycling industry in the US (and elsewhere) is tasked with handling both the hazardous and non-hazardous electronic devices used by consumers, corporations, universities, and government agencies around this country. In recent years, the industry stopped charging fees to customers to accept their hazardous waste because they were able to recoup many of their expenses by selling the resulting materials (metals, plastics, glass, repaired equipment, etc.) on the global market at relatively high prices.

This all changed in the past year or two as the value of commodities has significantly dropped, leaving e-recyclers with our society's hazardous electronic waste but without the funding or the regulatory framework to support proper management of it. Many recyclers are locked into multi-year contracts based on earlier economics, while labor costs go up and newer toxic devices like LCD screens with mercury lamps are flooding their warehouses, with very limited or expensive technologies to deal with them.

Manufacturers placed mercury in their products, despite known toxicity of the heavy metal, and now there is virtually no plan or funding to deal with their toxic legacy. Meanwhile, the United States government refuses to ratify the Basel Convention and Basel Ban Amendment, and continues to allow the export of hazardous waste, including e-waste, despite the fact that it is illegal for 140+ developing countries to trade in hazardous wastes with the US.

This is a systemic problem that calls for a systemic solution. Customers of all types must adequately pay for the environmental and data security services provided by the electronics recycling industry. There will still be some unscrupulous companies, but overall we as a nation must create a viable, functioning marketplace to manage a hazardous waste stream -- one that all of us are contributing to.

4. Why did e-Stewards publicly expose Total Reclaim in this way?

In accordance with our e-Stewards Critical Non-Conformity Policy, and its implementation procedures, including a fair hearing and appeals process, this is our

normal procedure. We believe it is very important that actions to enforce our standard, particularly when very serious violations occur, are not swept under the carpet. Customers, recyclers, and governments all need to know a) what happened, and b) that the e-Stewards administrator has taken fair and decisive action to hold all e-Stewards recyclers accountable.

5. Is BAN/e-Stewards planning to do more of this type of electronic tracking?

Already we have received interest from enterprise companies and governments wishing to engage in more of this tracking activity. We are discussing internally adding this to our oversight program as an adjunct activity. We will discuss this further at the recycler Face-2-Face meeting and at the Leadership Council meeting which will follow. We are the only certification program currently using this technology, and judging by the success of our e-Trash Transparency Project in unearthing the unvarnished truth about recyclers and recycling programs -- real information necessary to hold the industry accountable -- we intend to continue this activity.

6. Were more companies caught out by your e-Trash Transparency Project than just Total Reclaim?

Yes. There were many recyclers found to be exporting from across the US. In subsequent reports, after the first report launches the week of May 9, 2016 with a limited initial focus, BAN will discuss in more detail on the overall findings. This will be done after careful examination of the data revealed by the tracker technology.

Any e-Stewards recyclers found to have trackers exported from their downstream processors will be examined one-by-one in accordance with our Critical Non-Conformity Policy, as applicable. This is a deliberate process and will take some time and careful consideration. Those companies that were not e-Stewards but are R2 certified will be identified to SERI (holder of the R2 Certification). Law enforcement officials will be notified of all companies likely to be in violation of laws.

7. Are the customers, the cities, companies and collectors that handed it to e-Stewards Certified Recyclers to be blamed for this problem?

Absolutely not. Those that chose to use e-Stewards recyclers were doing the right thing and were betrayed.   It is our aim to root out all forms of willful violations of this kind and deal with them swiftly and decisively. Despite this disappointment, e-Stewards remains the most accountable and rigorous Certification available and the only one that does not allow export to developing countries and will remove companies that do so willfully.

8. **How is the e-Stewards program going to communicate this situation to potential customers?**

BAN has notified all companies in our enterprise and recycler programs. We have also notified the trade press via e-Scrap News. Key governmental entities in the Pacific Northwest have also been called directly by e-Stewards administrators. Total Reclaim has been removed from the list of certified recyclers and the e-Stewards map on the website, and the Evidentiary Report is posted on our website . We stand ready to answer any questions customers may have regarding our program generally.

Customers of Total Reclaim must direct their questions to Total Reclaim regarding further details of the final disposition of their electronic waste.

9. **How serious was the actual environmental harm in this case?**

BAN was able to visit three of the informal electronics processing operations in Hong Kong's New Territories where the two Total Reclaim trackers ended up. These locations had workers breaking down imported mercury-bearing LCD monitors without concern whatsoever that the mercury-containing lamps were contaminating the breathing space of the workers, who were using no precautions of any kind. All of these mercury-containing lamps were then being thrown in piles on the ground. All operations happened out-of-doors, likely contaminating air, soil and water. Many of these locations have in the past months caught fire. Laborers were illegal immigrants not subject to any governmental protections or rights. All of these witnessed operations would be a violation of all norms and standards for responsible e-waste management.

10. **Who can we trust to recycle our electronic waste? Are there still any responsible recyclers?**

Yes, there are. While there is clearly some serious backsliding now taking place in this industry, as revealed by this case and our e-Trash Transparency Project, and by other recent news, a majority of our trackers remained in the United States. It is vital that we do not paint all with the same tarnished brush. We must not assume the worst of certified companies that have taken less profit to be truly responsible. We must continue to reward these companies with our business just as we penalize the bad actors. BAN aims, as noted above, to ensure cheating is prevented and prosecuted. No certification is 100% perfect, but we encourage consumers to only use the most robust certification available, and the one that is doing the most to verify outcomes – e-Stewards.

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