

## Excerpt from Exhibit B Recycler Requirements

Apple's contracted Recycling Vendors are required to strictly adhere to the following requirements for all hardware recycling performed on Apple's behalf.

**Legal Compliance.** At all times during the term any agreements, Apples Recycling Supplier must comply with all federal, state and local laws applicable to its performance of the Services, including without limitation, those pertaining to import and export of materials and technical data, customs, employment, labor and equal opportunity, environmental, health and safety and all licensing, permitting and certification requirements. To the extent that goods will be transported into the United States, Supplier will comply with the U.S. Customs and Border Protection C-TPAT (Customs-Trade Partnership Against Terrorism) security recommendations that may be found on the Internet at:

[http://www.cbp.gov/xp/cgov/trade/cargo\\_security/ctpat/security\\_guideline/guideline\\_air\\_freight.xml](http://www.cbp.gov/xp/cgov/trade/cargo_security/ctpat/security_guideline/guideline_air_freight.xml)

**Supplier Code of Conduct.** At all times during the term of any agreements, Apple Recycling Suppliers must comply with Apple's Supplier Code of Conduct:

[http://images.apple.com/supplierresponsibility/pdf/Supplier\\_Code\\_of\\_Conduct\\_V3\\_3.pdf](http://images.apple.com/supplierresponsibility/pdf/Supplier_Code_of_Conduct_V3_3.pdf)

### 1. **INSURANCE:**

- 1.1. Apple Contracted Recycling Suppliers are required to maintain insurance coverage covering Commercial General Liability and Pollution Liability and any additional insurance required by law in jurisdictions where the Services are performed.
- 1.2. Minimum Insurance Requirements:
  - 1.2.1. Commercial General Liability (including Premises/Products/Completed Operations, Personal/Advertising Injury and Blanket Contractual), with limits in accordance with Apple Policy Requirements. This insurance must include Apple, its subsidiaries and affiliates, and their respective directors, officers, employees and agents as additional insured.
  - 1.2.2. Pollution Liability insurance on either an occurrence or claims made basis, with limits in accordance with Apple Policy Requirements in and upon the land, the atmosphere or any watercourse or body of water which results in bodily injury or property damage.
- 1.3. **Processing Electronic Scrap.** Electronic Scrap includes Apple and Apple customer's Apple brand and non-Apple brand equipment may include whole units, partial units, service parts, and component and sub-assemblies material. Both Apple and non-Apple Electronic Scrap shall be handled, transported, stored and processed in a secure manner that ensures scrap is not redistributed or reused outside of the Apple-defined process.
- 1.4. **Confidential Information.** Supplier shall safeguard any potential Apple and Apple customer proprietary and/or confidential information in accordance with the terms of any Agreement, and such information shall be deemed "Apple Confidential Information" for the purposes of Supplier's confidentiality obligations under any Agreement.
- 1.5. Under no circumstances will any materials - whole units, sub assemblies or commodity materials, "materials of concern" (glass, printed circuit boards,

batteries, mercury containing assemblies, etc.) be shipped outside the forty-eight (48) contiguous states without prior written authorization from **Apple's Corporate Recycling Manager and Apple's Senior Corporate Manager of Environment Health and Safety.**

- 1.6. Supplier's facilities, including its warehouse and processing operation, shall be subject to inspection during normal business hours by Apple or its designated representative as may be specified from time-to-time. Unless otherwise specified, all such Supplier facilities will meet Transport Asset Protection Association (TAPA) level A requirements. Additional security requirements for the Services may also be specified.
- 1.7. **Subcontractors.** No electronic scrap may be shipped to the Supplier's secondary vendors ("Downstream Subcontractors") for processing without the express written consent of **Apple's Corporate Recycling Manager and Apple's Senior Corporate Manager of Environmental Health and Safety.** Apple reserves the right to refuse the approval of any Subcontractor for any reason.
- 1.8. **Recycling and Reuse of Electronic Scrap.** All Electronic Scrap and other materials provided to Supplier will be recycled by means of mechanical and/or manual de-manufacturing and processed into commodity grade materials designated for reuse in new manufactured product. Supplier must have all required Federal, State, Local permits and licenses required for the Services provided hereunder, including permits and licenses required in connection with any collection, transportation, storage, processing, and recycling. Supplier must have and maintain air pollution cleaners and controls required by Federal, State and Local laws, regulations, orders and guidelines.
- 1.9. All electronic equipment will be processed into commodity grade materials of metals, plastics and glass at the Supplier's recycling facility identified by contract. Supplier will not transfer unprocessed or non-commoditized materials at anytime without express written approval by **Apple's Corporate Recycling Manager and Apple's Senior Corporate Manager of Environment Health and Safety.**
- 1.10. Supplier's carriers must be DOT licensed to transport electronic waste in each state the carrier enters and will strictly adhere to all Federal, State and Local laws, regulations and guidelines pertaining to the transportation of electronic scrap materials.

## **2. PROCESSING REQUIREMENTS.**

- 2.1. **Receiving Electronic Scrap.** Supplier shall receive all shipments in a secure area and shall unload all Electronic Scrap promptly upon receipt. Supplier shall provide Apple with receipt acknowledgements within two (2) business days of receipt. Receiving acknowledgements will include the following at a minimum:
  - 2.1.1. An Apple issued Control and Authorization Number
  - 2.1.2. Supplier's Control Number
  - 2.1.3. Date of Receipt
  - 2.1.4. Gross, tare and net weight of the shipment
- 2.2. **Storage of Scrap.** Any Electronic Scrap product containing Apple or Apple customer information, data, Apple or Apple customer identifying tags, logos or other unique identifiers are considered proprietary. Supplier shall store all Electronic Scrap in a secured area either physically separated from all other

Supplier's materials or stored and tracked by an electronic inventory management system.

- 2.3. **Security.** Supplier shall ensure that an alarm system and/or monitoring devices (e.g., security cameras, motion detectors, metal detectors) are installed in its facility, and such security equipment is maintained in good working order at all times during the term of the Agreement. Such systems shall have a power-failure back-up capability.
- 2.4. **Processing Electronic Scrap.** Supplier shall complete all recovery and/or recycling of scrap.
  - 2.4.1. Supplier will de-manufacture by means of mechanical and/or manual processes to produce commodity-sized fractions of metals, plastics and glass for preparation as feedstock in new manufacturing processes. Processing, sorting and separation of all commodities will strive to produce the purest commodity streams achievable for manufacturing reuse.
  - 2.4.2. Supplier will either mechanically shred or bale all plastics and separate the resulting materials into like commodity streams to obtain the highest achievable percent of plastics recycling for reuse as feedstock in new manufacturing process.
  - 2.4.3. Supplier will remove and/or mechanically shred, separate and smelt all circuit board materials to achieve the highest return of precious metals for reuse in the precious metals market.
  - 2.4.4. Supplier will remove and destroy 100% of all identifying product identifiers, asset tags, serial numbers, product codes, permanent ink or other Apple, Apple supplier or customer identifiers from all product components prior to processing.
  - 2.4.5. Supplier is required to maintain and produce a "Mass Balance Report" at all times during the term of any Agreement.
  - 2.4.6. Supplier will mechanically shred all metals to a screen size of no greater than two and one half inches (2.5").
  - 2.4.7. Supplier will either manually de-manufacture to appropriate size or mechanically shred all CRT devices producing glass cullet. All lead-containing CRT glass must be smelted by a fully permitted smelting facility in North America.
  - 2.4.8. Supplier will remove all batteries from all electronics and store in accordance with all Federal, State and Local laws, regulations and guidelines pertaining to battery storage. Batteries will be sent to a licensed thermal retort processing facility for metals recovery.
  - 2.4.9. Batteries will be transported in containers and transported to the processing facility by an approved and licensed DOT transporter. Transporter will fully comply with all Federal, State and Local laws, regulations and guidelines pertaining to the transport of these materials in each state this material travels through.
  - 2.4.10. Supplier will remove all Hg (mercury) components from devices prior to processing and handle, store, manifest and transport these materials to licensed hazardous waste processor according to all applicable Federal, State and Local laws, regulations and guidelines.
  - 2.4.11. Supplier will remove ink and toner cartridges prior to shredding and ship to the appropriate recycling vendor.

### **3. REUSE**

- 3.1. When economically feasible, Apple encourages the reuse of whole systems, components and sub-components as a means of extending the useful life of equipment.
- 3.2. Suppliers are contractually bound to provide full data security by means of data overwrite to Apple internal standards, or in the case of a non working unit, physically destroyed and recycled.
- 3.3. All equipment with the potential for reuse is fully tested for functionality. Non-working equipment is sent to Apple's contracted recyclers for processing and recycling in to commodity grade materials.

### **4. TRANSBOUNDRY SHIPMENTS**

- 4.1. Apple processes all Electronic Scrap in the Region in which it is collected.
- 4.2. Apple Suppliers are contractually bound to process all Electronic Scrap in the facility in which Apple sends the scrap for recycling. All materials must be recycled in to commodity grade materials of metals, plastics and glass.
- 4.3. All hazardous materials resulting from the recycling processes in North America are processed in North America by licensed and permitted treatment facilities.
- 4.4. Apple prohibits the export of any hazardous materials from developed to non-developed or developing countries.

### **5. POST PROCESSING REPORTING AND REQUIREMENTS.**

- 5.1. Apple requires 100% visibility and verifiable accountability for all Electronic Scrap sent to and processed by Supplier for recycling. Supplier will provide the following reporting, certification and 100% auditable and verifiable downstream tracking information for the sale and further processing of commoditized materials. Apple reserves the right to audit these Supplier's records and Supplier's downstream vendors at anytime.

### **6. AUDITS.**

- 6.1. At a minimum, one time per year, Apple will conduct an Environmental Health and Safety audit of the Supplier. The Supplier will cooperate fully with Apple or it designated auditor to complete such audit. Deficiencies identified in the audit will be noted and scheduled for correction by Supplier in a manner and time frame acceptable to Apple. Apple at its discretion may audit any of the Suppliers down stream vendors. Supplier will help facilitate the timing and completion of the audit and access to the down stream vendor site.
- 6.2. Supplier shall have all equipment, which is necessary for an Apple audit of reformatted and relabeled magnetic media and drives, readily available and operational at each processing facility. Apple shall have no obligation to give Supplier any notice prior to an inspection or audit.

### **7. ENVIRONMENTAL DOWNSTREAM PROCESSING INFORMATION.**

- 7.1. At the inception of any Agreement, and at such other times as Apple requests, Supplier shall provide a flow diagram showing the entire process of the Services, including intermediate locations and final location/destination of each Electronic Scrap commodity stream received from Apple to ensure environmentally

responsible recycling. The flow diagram will contain, at a minimum, the following information:

- 7.1.1. A complete list of components, commodities, and materials Supplier purchases or Contractually processes for Apple;
- 7.1.2. A description of the processes used to recycle, recover or reuse this Electronic Scrap material;
- 7.1.3. A description of any technology used in these processes;
- 7.1.4. A description of the final resolution of all such Electronic Scrap regardless of its original use, i.e. component, equipment, cable, screen, device, etc.
- 7.1.5. A list of all Subcontractors, including but not limited to any down stream vendors, their addresses, permits held and tracking documentation used to transfer material from Supplier to Subcontractor to any other third, party bills of lading to show what commodities were shipped and the volume. The records will be kept for all Electronic Scrap leaving Supplier's site and provided to Apple or its designated auditor upon request.
- 7.1.6. Subject to Section 7.2 below, upon any substantive change in this process or down stream vendors, Supplier shall notify Apple and modify the initial process report.
- 7.2. Supplier will notify in writing Apple's **Corporate Recycling Manager and Apple's Corporate Manager of Environmental Health and Safety** of any proposed vendor or downstream processor change thirty (30) days prior to the change. Apple reserves the right to approve or disapprove of the proposed vendor for any reason.

## 8. SAFETY.

Supplier shall maintain all appropriate safety measures, including but not limited to the following and keep records of its procedures and processes that shall be made available to Apple or its designated auditor to review any time.

- 8.1. **Occupational Safety.** Supplier must comply with all applicable worker health and safety laws and regulations, provide appropriate controls, safe work procedures, preventative maintenance, and protective measures (such as physical guards, interlocks, and barriers) to mitigate health and safety risks in the workplace. When hazards cannot be adequately controlled by these means, suppliers must provide workers appropriate personal protective equipment. Workers must have the right to refuse unsafe working conditions without fear of reprisal until management adequately addresses their concerns.
- 8.2. **Industrial Hygiene.** Supplier must identify, evaluate, and control worker exposure to hazardous chemical, biological, and physical agents. When hazards cannot be adequately controlled by engineering and administrative means, suppliers must provide workers appropriate personal protective equipment.
- 8.3. **Emergency Prevention, Preparedness and Response.** Supplier must anticipate, identify, and assess emergency situations and events and minimize their impact by implementing emergency plans and response procedures, including emergency reporting, worker notification and evacuation procedures, worker training and drills, appropriate first-aid supplies, appropriate fire detection and suppression equipment, adequate exit facilities, and recovery plans.

- 8.4. **Occupational Injury and Illness.** Supplier must establish procedures and systems to manage, track and report occupational injury and illness. Such procedures and systems should encourage worker reporting, classify and record injury and illness cases, investigate cases and implement corrective actions to eliminate their causes, provide necessary medical treatment, and facilitate the workers' return to work.

**9. ENVIRONMENTAL COMPLIANCE**

- 9.1. **Regulatory Violations.** Supplier must advise Apple of any Regulatory violation or other notice of claim or legal violation it has received during the course of this Agreement within forty-eight (48) hours of receiving notice of the violation including; information about the Regulatory Agency; type of violation; proposed fine or penalty; corrective action and completion of corrective action. Supplier must provide timely evidence of closure to Apple.
- 9.2. **Hazardous Substance Management and Restrictions.** Supplier must comply with any applicable laws and regulations regarding handling, moving, storage, recycling, re-use, processing and disposal of hazardous substances, as well as those prohibiting or restricting specific substances. To ensure safe handling, movement, storage, recycling, re-use, processing and disposal, Supplier must identify and manage substances that pose a hazard if released to the environment and comply with applicable labeling laws and regulations for recycling and disposal.
- 9.3. **Wastewater and Solid Waste Emissions.** Wastewater and solid waste generated from operations or industrial processes must be monitored, controlled, and treated as required by applicable laws and regulations before discharge or disposal. Prior to disposal, Supplier shall make every effort to find a suitable reuse or recycling option for all potential solid waste streams.
- 9.4. **Air Emissions.** Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations must be characterized, monitored, controlled and treated as required by applicable laws and regulations before discharge.
- 9.5. **Environmental Permits and Reporting.** Supplier must obtain, maintain, and keep current all required environmental permits (e.g. discharge monitoring) and registrations and follow the operational and reporting requirements of such permits.
- 9.6. **Pollution Prevention and Resource Reduction.** Supplier must endeavor to reduce or eliminate waste of all types, including water and energy, by implementing appropriate conservation measures in its facilities, in its maintenance and production processes.