

ELECTRONIC WASTE TAKE BACK AND RECYCLING

WHEREAS Apple Computer emphasizes a commitment to environmental leadership. Yet the technical innovation responsible for leadership in designing and marketing products has not extended to developing adequate end-of-life programs.

The National Safety Council has reported that only 11% of discarded computers are recycled, compared with 28% of overall municipal solid waste. Electronic waste constitutes 2% to 5% of the US municipal solid waste stream and is growing rapidly.

In April 2006, the company agreed to take back old computers without charge when a new Mac is purchased. This, in addition to free recycling of iPods, is a welcome step, but does not yet make the company a leader on electronic waste policies. Our competitor Dell recently agreed to take back all Dell computers for free regardless of whether a purchase is made.

Other companies have taken more significant actions to provide free recycling to supplement fee-based systems. In 2005, Dell sponsored one-day free recycling events that collected 175 tons of equipment. It partners with Goodwill Industries to offer electronic recovery and reuse programs in several states. Hewlett-Packard partnered with Office Depot to offer free nationwide recycling, resulting in recovery of 10.5 million pounds of equipment. Apple needs to show leadership by developing similar broad-based programs.

Dell and Hewlett Packard have both announced public computer take back goals so stakeholders can measure progress against those goals. Dell recycled 72% more product in fiscal 2006 than 2005. Apple has not announced take back goals.

Recent reports indicate that large amounts of discarded computers are being improperly shipped to developing countries. Shareholders need assurances that the company is taking measures including tracking custody of recycled materials to ensure recycling vendors don't export hazardous wastes.

Electronic waste is usually smelted to recover metals, sometimes with plastics contained in the system and case. When plastic combusts, it can create harmful dioxins. The company should disclose measures it is taking to ensure that smelting of e-waste is not creating new environmental problems.

The company has lobbied against legislation, asking computer producers to take responsibility for most of the cost of recycling. Apple appears to want taxpayers to foot the bill. Dell and Hewlett Packard support producer responsibility legislation.

We believe Apple can avoid financial, legal and reputational risk and gain competitive advantage by taking additional measures to develop a leadership position on collection and safe disposition of old computers.

BE IT RESOLVED that Apple Computer's board of directors prepare a report, at reasonable cost, studying

ways to improve its computer recycling programs, to be released within six months of the annual shareholder meeting.

SUPPORTING STATEMENT

The report should include a commitment to set public take back goals for end-of-life equipment; study the feasibility of using Apple stores as take back centers, take back partnerships with resellers, and other measures to stimulate recycling. It should discuss measures taken to prevent improper export of hazardous waste, the environmental impact of its recycling processes, and explain its lobbying position on take back legislation.