

## PURCHASING BEST PRACTICES

# Contracting for Producer Responsibility

One easy step government entities, businesses and institutions (such as hospitals and universities) can take to implement extended producer responsibility (EPR) is to buy from manufacturers that agree to collect and recycle their products when they reach the end of their useful life. This fact sheet explains how EPR – also called product stewardship – has been, and can be, added to policies and purchasing agreements by government agencies and other large-volume consumers in the United States.

### What are the benefits of adding producer responsibility requirements to purchasing policies and agreements?

Government agencies typically buy products either directly from a manufacturer or through a distributor that represents a manufacturer. They typically contract separately for recycling and/or disposal services from another company.

By requiring manufacturers to take responsibility for managing their products and packaging waste, government agencies can relieve themselves of the time and cost of arranging for recycling and proper disposal of hazardous materials. EPR also stimulates the creation of a reverse distribution infrastructure that is best equipped to ensure efficient product collection, reuse and recycling. Some companies – such as Hewlett-Packard and Xerox – have integrated product and packaging recovery systems into their manufacturing plants, while others have contracted with outside recyclers. Ultimately, purchasing from manufacturers that take physical or financial responsibility for their products and packaging will encourage them to redesign their goods to be devoid of toxic chemicals, long-lasting, minimally packaged, and easily recyclable. Finally, by factoring end-of-life management into the overall cost of owning a product, purchasers can identify brands that offer the best overall value.



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### Hierarchy of Preferred Producer Responsibility Purchasing Strategies

**Best** Buy directly from manufacturers (typically the brand owners) who offer collection and recycling systems that they operate or finance. This gives the greatest incentive for producers to redesign their goods for recyclability.  
*Example:* Dell offers [Asset Recovery and Recycling Services](#) that include equipment collection, data destruction, and equipment donation and recycling.

**Better** Buy from vendors who participate in a manufacturer-financed third-party recycling program. Example: the Rechargeable Battery Recycling Corporation's (RBRC) [Call2Recycle Program](#).

**Good** Buy from vendors who collect and recycle products and packaging when new items are delivered or when old items reach the end of their useful life. While sending products back up the supply chain will create an infrastructure for recycling, it may not offer incentives for manufacturers to redesign their products.

## What types of local government actions can support producer responsibility purchasing policies?

Policy language articulating an entity's commitment to producer responsibility can be inserted into ordinances, resolutions, executive orders, regulations, guidance documents or other policies designed to promote sustainability, environmentally preferable purchasing (EPP), product stewardship, or "zero waste" in facility operations. The City of San Francisco, for example, adopted an EPR resolution that calls on its Department of the Environment, under the authority of its Precautionary Purchasing Ordinance, to "help City government lead by example by working with the City Purchaser and Office of Contract Administration and other departments to include EPR language, such as leasing products rather than purchasing them and specifying product and packaging collection and recycling requirements, in contracts for commodities..."

## How can purchasers specify producer responsibility in their bids for goods and services?

Vendor collection and recycling requirements can be written into procurement documents such as requests for bids and proposals, commodity contracts and service agreements. Codifying such agreements can ensure that they will apply to all vendors – creating a level playing field – and ensure that they will remain in place even if vendors or purchasing staff change. Below is sample language that can be inserted into bids and contracts for many types of products, such as computers, cell phones, appliances, carpeting, batteries, fluorescent lamps, thermostats, copiers, toner cartridges, motor oil, paint and pharmaceuticals.

*Bidders must arrange for the collection and recycling of used [products and/or packaging] by either the original*

*manufacturer or a third party. The cost of this service will be included in the overall cost of the bid. Bidders must offer to recycle at least one unit of [product and/or packaging] for each unit of new [product] purchased from the contract user.*

*Bidders must ensure that all [products and/or packaging] are sent to a licensed recycler and that the purchasing department receives documentation that all items were recycled in a manner that is environmentally and socially responsible. Bidders must describe the recycling system they propose using, including the list of recyclers to which they plan to subcontract. Bidders must describe how any hazardous and non-recyclable material will be handled and ensure that no hazardous material originating from this contract is incinerated or shipped to developing countries to be managed.*

## What types of producer responsibility requirements have been added to purchasing contracts in the US?

- Washington State Department of Ecology worked with Dell to develop a computer equipment shipping system in which all units are delivered in durable cabinets that are returned to Dell to be used in future deliveries. This eliminated a significant amount of polystyrene waste that is difficult to recycle and expensive to discard. Seattle set up a similar program with the Gateway computer company.
- The Commonwealth of Massachusetts required vendors of hardware supplies to fully participate in the RBRC's industry-financed battery and cell phone recycling program. Consequently, Grainger now serves as a government and consumer drop-off point for rechargeable batteries and cell phones. Its bid states: "If the contractor has Massachusetts retail stores, all these retail locations must participate

Web links for underlined documents are in the Web version of this document at: <http://www.productpolicy.org/content/purchasing-epr>



in the no-cost Charge up! to Recycle Program of the Rechargeable Battery Recycling Corporation.” (This program is now named Call2Recycle!)

- The City of San Francisco’s contract for toner cartridges requires its vendor to take back all spent cartridges and recycle them. King County, WA goes one step further by purchasing cartridges that have been remanufactured by its vendor in a closed-loop procurement system. To facilitate cartridge return to the vendor, the King County contract requires each shipping container to have a label on at least one of the long sides, which clearly states: *“IMPORTANT: Save This Box and All Internal Packaging For Return of the Empty Cartridge.”*

### **What else have purchasers done to encourage vendors to offer recycling services in their product bids?**

- In January 2005, the City of Portland, OR issued a request for bids for personal computers, notebooks and servers that requires vendors to offer recycling services for computer equipment. It sets minimum environmental requirements for recyclers to follow and offers extra credit toward winning the bid to companies that follow the Electronics Recycler’s Pledge of True Stewardship. The bid states:

*End of Life Management 1 [Mandatory]: Proposers must propose a program in which they agree to provide take-back and management services for end-of-life electronic products at no cost to the City. This can be accomplished through a contractual provision whereby the seller agrees to be responsible for taking back the products and providing for appropriate re-use or recycling when the buyer no longer needs the products. Such take-back methods may include but are not limited to:*

1. *One-for-one exchange of equipment offered by, or previously purchased from the Proposer, upon purchase of new equipment from said Proposer.*
2. *Collection of any used computer equipment by Proposer or sub-contractor for reuse or recycling, preferably including provisions to continue recycling operations should a sub-contract no longer be able to perform such activities.*
3. *Coupon system for pre-paid take-back at permanent regional collection centers, such as, but not limited to, Goodwill Industries, Salvation Army, and Universities.*

*Any proposed programs must comply with the following:*

1. *Hazardous electronic waste will not be sent to landfills for disposal. [Comment: nor should it be incinerated.]*
2. *Hazardous electronic waste will not be exported to developing countries for disposal or recycling in accordance with the Basel Convention.*
3. *Recycling will be handled by a responsible recycling operation with an environmental management system in place.*
4. *Any batteries containing heavy metals, such as lead, cadmium, lithium, or silver will be properly removed and either recycled or managed as a hazardous waste before the unit is disposed.*
5. *Provide disclosure and documentation to the City upon request that demonstrates compliance with requirements 1-4 above.*

*If applicable, refund residual value of disposed assets to the City.*

*End of Life Management 2 [Desirable]: It is also desirable that Proposers:*

1. *Sign, or otherwise agree to provide, take-back programs that comply with the requirements established in the Electronics Recycler’s Pledge of True Stewardship.*



2. *Demonstrate that they are complying globally with the European Union's WEEE Directive, which requires manufacturers to recycle or reuse more than half of their old equipment on the market by 2006 .*
- King County, WA has published a "Green" Purchasing Bulletin detailing the recycling programs of major carpet manufacturers. By doing so, it educates its contract users about the recycling programs of carpet manufacturers and encourages them to utilize these services rather than contract for separate recycling services.

### How do EPEAT-certified computer take-back programs work?

The Electronic Products Environmental Assessment Tool (EPEAT), which certifies environmentally preferable desktop computers, notebooks and monitors, requires each manufacturer of EPEAT-certified equipment to offer a product take-back and recycling program. This service does not have to be offered free of charge; nor does it have to be used by the purchasing entity. Recyclers must follow EPA's Plug in to eCycling Guidelines – although several environmental organizations believe these are not stringent enough to fully protect human health and the environment. The Electronics TakeBack Coalition, which is encouraging purchasers to include manufacturer take-back language in their bids for electronic equipment, has developed a list of questions purchasers can ask vendors about the fate of the products they collect for recycling. Specifically, they are asking purchasers to require their contractors to follow the Electronics Recycler's Pledge of True Stewardship.

### What challenges exist in incorporating producer responsibility requirements into purchasing agreements?

Requiring each manufacturer to take responsibility for its product and packaging waste may entail extra work on the part of the purchasing department to ensure that these items are properly recycled and that no liability concerns remain. This can be overcome by requiring vendors to have their recycling procedures certified by an independent organization or by asking questions about how collected product and packaging waste will be handled. Getting your vendors – or product brand owners – to set up recycling programs will also likely involve some logistical changes.

It is important to remember that incorporating EPR into your "green" purchasing program will not guarantee that the products you buy are environmentally preferable. Therefore, producer responsibility requirements should be included in a comprehensive EPP program.

### Where can I find more information about EPR and environmentally preferable purchasing?

- For help incorporating EPR requirements in your policies and procurement documents, contact the **Green Purchasing Institute** at [EPR@greenpurchasing.org](mailto:EPR@greenpurchasing.org) or 510-547-5475.
- For general information on EPR, visit the **Product Policy Institute** at <http://www.productpolicy.org/>.

