

Connecting the Dots: From e-Waste to ESG

Keys to aligning electronics and materials lifecycle management with sustainability initiatives

eBOOK

Make a bigger ESG impact through more strategic ITAD and e-waste recycling

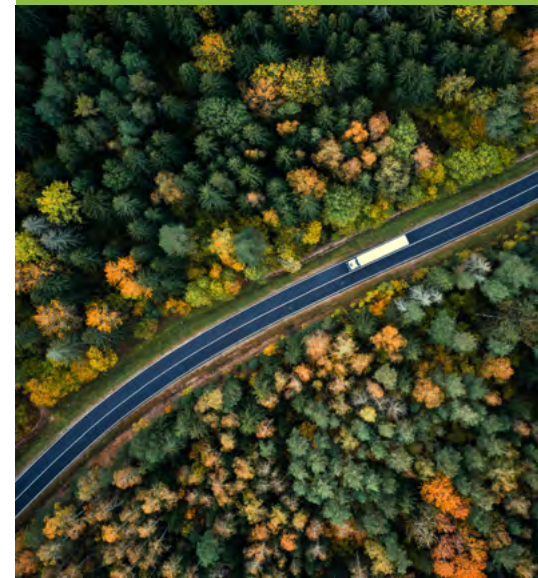
Long before the launch of environmental, social, and governance (ESG) initiatives, organizations of every type implemented protocols and programs to properly dispose of obsolete or nonfunctioning IT assets and other electronics.

Over time, it became increasingly common for these entities to partner with companies that specialized in electronics and materials lifecycle management, saving time for internal staff while ensuring the proper disposition of computers, monitors, networking equipment, cell phones, and a host of other devices.

Fast forward to the present, and these efforts are more commonplace than ever. Only now they're typically viewed through the ESG lens — specifically, how they support an organization's sustainability goals. Certainly, IT asset disposition and e-waste recycling programs are synonymous with good environmental stewardship. But beyond the obvious benefits of protecting the earth and human life from hazardous waste, could these programs make a greater contribution to ESG objectives?

As this guide will discuss, how electronics are transported and processed can vary widely from one vendor to another, with significant environmental ramifications, including the generation of scope 3 greenhouse gas emissions. Choosing the right ITAD and e-waste recycling partner starts with asking the right questions, as you'll see in the last section.

It is more important than ever to recognize the extent to which a materials lifecycle management partner can not only support your ESG efforts, but propel you to reach your broader sustainability and scope 3 reduction goals.



ESG takes center stage in electronics and materials lifecycle management

The ESG standards adopted by many organizations have triggered fresh scrutiny of their electronics and materials lifecycle management practices, while adding complexity to the task of selecting an ITAD and e-waste recycling partner.

Certainly, decommissioned assets must be handled ethically and in accordance with all federal, state, and local laws. You want assurances that no devices and materials are sent to landfills or illegally shipped to other countries. Even better is a partner that places a priority on device refurbishing and resale, with recycling and material recovery as subsequent options. These practices align with core ESG goals and the principles of a low-carbon, circular economy.

However, other important elements must be considered, and this includes reducing greenhouse gas emissions — a potent contributor to climate change.

The scope 3 emissions conundrum

For starters, it's well-documented that the use of recovered materials to manufacture electronics generates lower emissions than manufacturing that relies on virgin raw materials. The question is, by how much? After all, ESG reporting demands numbers, not generalities.

Accounting for the scope 3 emissions (also known as “value chain emissions”) generated by ITAD and e-waste recycling providers can be particularly challenging. However, scope 3 emissions cannot be overlooked, especially since they often represent the majority of an organization's total greenhouse gas emissions, according to the U.S. Environmental Protection Agency (EPA).

Lastly, beyond achieving your sustainability goals, questions may arise about financial sustainability: In other words, how can your ITAD and e-waste recycling partner help you satisfy your ESG objectives in a fiscally responsible manner?

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Finding the right partner starts by asking the right questions

Partnering with an ITAD and e-waste recycling vendor based solely on core competencies is no longer sufficient. You also need to evaluate whether potential partners align with your ESG values and how they will support your ESG initiatives and reporting. Of course, your choice of a partner must fit within departmental and organizational budgetary constraints.

In this era of evolving best practices and new requirements, choosing the right partner might seem like a daunting task. However, by asking the right questions, you can make the process a lot easier. Here are four essential questions to ask prospective partners:

“How comprehensive are your electronics and materials lifecycle management services?”

The more services a partner can deliver in-house, the less they have to outsource specialized tasks to other vendors, thus reducing the need for carbon-emitting transportation. Another benefit of a comprehensive service portfolio is that your partner maintains tighter chain of custody over your asset stream. Assuming your partner follows best practices and has earned strong third-party certifications, this helps ensure that your assets and any sensitive data they contain are properly managed.

“Will we be able to easily and accurately estimate potential scope 3 emissions avoidance?”

Clear visibility into emissions related to the processing of your assets should be non-negotiable, especially since scope 3 likely comprises the lion's share of the emissions you report. The problem is, the tools for calculating scope 3 emissions avoidance vary significantly from one vendor to the next, and they may not adhere to current industry standards. Consequently, you need to carefully examine key aspects of carbon calculators under consideration, looking at:

- Which data inputs are used for calculations
- Source of the data
- How many categories of e-waste the tool encompasses
- Methodology used in calculations
- Validation of the methodology by a third party
- How results are presented
- Accessibility of the reporting and its availability in real time

A major benefit of a comprehensive materials lifecycle management service portfolio is a tighter chain of custody through vertical integration.



Finding the right partner starts by asking the right questions continued

“What are your ESG values and actual ESG track record?”

Look beyond lip service and understand how the vendor’s dedication to ESG plays out in everyday life. A solid indicator of ESG commitment is the vendor’s own ESG reporting, if it even exists. Look at the scope and detail of the report; it should address every aspect of ESG (environmental, social, and governance). Besides describing specific ESG initiatives, the report also should include metrics showing progress in achieving ESG goals. Lastly, make certain that the report adheres to widely accepted ESG reporting standards and frameworks.

“Do you offer pathways to reduce our costs and maximize our investments while achieving our ESG goals?”

Achieving your ESG goals involves costs, and it requires buy-in from leadership and other stakeholders. When it comes to your ITAD and e-waste recycling efforts, you need to demonstrate value to the organization and return on investment. The right partnership can make this easier in a number of ways. For example, find out whether the vendor’s ITAD and e-waste recycling programs include carbon offsets and reporting that support your efforts to achieve net-neutral goals.

Look for a vendor that offers a full range of services “under one roof,” which eliminates or reduces the need for subcontracting, potentially saving you time and money. Also, ask prospective partners how they can defray your costs in other ways, such as through a revenue-sharing program in which you receive proceeds from the sale of refurbished devices.

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Dynamic Lifecycle Innovations: Industry leader with a proven commitment to ESG

A broad spectrum of organizations, including publicly and privately owned businesses, healthcare, government, and education, are taking a fresh look at their electronics and materials lifecycle management. They recognize that ITAD, e-waste recycling, and other activities can no longer be viewed in silos, but as integral parts of a broader ESG focus.

As an industry leader, Dynamic Lifecycle Innovations is leading the way in connecting the dots from electronics and materials lifecycle management to ESG goals and reporting.

ESG-aligned business model

Dynamic's priorities — device refurbishment and resale, whenever possible, followed by recycling and material recovery — align with fundamental ESG values. Besides keeping electronics out of landfills, these practices reduce the need for energy-intensive manufacturing of new devices from virgin raw materials. Dynamic services include:

- IT asset disposition
- Electronics recycling
- Legislative compliance
- Product refurbishment, remarketing, and resale
- Materials recovery
- Data security
- Logistics and transportation

Vertical integration efficiencies

Providing a comprehensive set of services under one roof reduces Dynamic's reliance on downstream vendors. This vertical integration means that assets require less transportation, which lowers Dynamic's carbon footprint. Additional transportation efficiencies are achieved through an in-house logistics team and transportation fleet, including "back hauls" that fill otherwise empty trucks on return trips.

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Dynamic Lifecycle Innovations: Industry leader with a proven commitment to ESG *continued*

Dynamic's vertical integration, with full chain of custody over customer assets, offers other advantages, notably greater control over sensitive data contained on devices. Dynamic couples this control with data security best practices, which are reflected in the company's National Association for Information Destruction (NAID) AAA Certification.

Simplified scope 3 reporting

To reduce your carbon footprint, you must account for scope 3 emissions. Dynamic offers a carbon calculator that simplifies and adds certainty to the task of estimating scope 3 emissions potentially avoided through the processing of your electronics and materials. Using software that has been tailored to Dynamic operations and its customers, this carbon calculator holds a number of advantages over the tools offered by other entities, including:

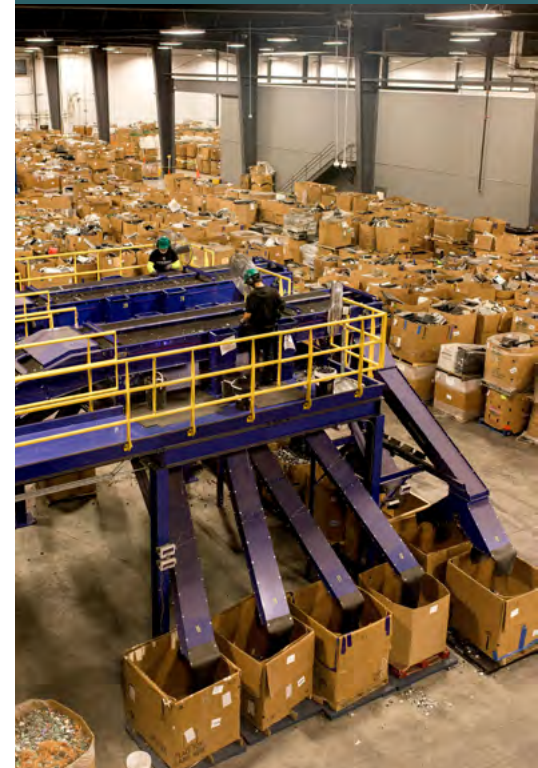
- Encompasses 29 categories of e-waste, versus four to eight for other calculators
- Uses the widely accepted UN Clean Development Mechanism (CDM) e-waste recycling methodology and GHG Protocol Framework
- Has third-party validation by Morningstar Sustainalytics, a global leader in ESG research and data
- Provides 24/7 access to your data, in real time, via the Dynamic customer portal

Comprehensive ESG reporting

Partnering with Dynamic means gaining an ally in achieving your ESG goals — clearly corroborated by Dynamic's annual ESG report. This document provides a detailed look at every aspect of the company's ESG priorities, practices, and performance metrics. The report uses widely accepted ESG reporting standards and frameworks: Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standards and Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Key areas covered by the 2022 ESG report include:

- **Environmental impacts** — encompassing management of hazardous materials, greenhouse gas emissions, and energy management
- **Social impacts** — including data security, workforce health and safety, labor and employment practices, human capital strategy, and community engagement
- **ESG governance** — a multifaceted strategy, involving an ESG task force, corporate responsibility team, and sustainability committee, to effectively manage Dynamic's environmental and social risks
- **ESG performance metrics and indices** — comprehensive reporting on Dynamic's hazardous waste management, greenhouse gas emissions, energy management, data security, and other indicators of the company's ESG track record during the past two years

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Dynamic Lifecycle Innovations: Industry leader with a proven commitment to ESG continued

In step with customer priorities

In developing ESG initiatives, Dynamic started with the premise that the company serves as an extension of its customers' supply chain. In 2022 Dynamic conducted an ESG materiality assessment that encompassed a broad set of criteria, including an analysis of customer needs and priorities; benchmarking of ESG practices compared to industry peers; and the use of key frameworks (SASB Waste Management and Professional & Commercial Services Sustainability Accounting Standards, SASB's Climate Risk Technical Bulletin, and TCFD recommendations). Other sources for the review included industry regulations, trends, initiatives, and proposed regulations.

Offsets to program costs

Recognizing today's pervasive budgetary constraints and need to demonstrate value to the organization, Dynamic has implemented a number of measures designed to offset ITAD and e-waste recycling costs for customers. For example, through an IT asset remarketing and value recovery program, Dynamic identifies electronics that can be refurbished and resold, with customers receiving a portion of the proceeds. Dynamic customers realize cost and time savings in other ways, starting with the company's vertically integrated business model that minimizes the need to contract with multiple vendors. In addition, Dynamic's carbon calculator includes easy-to-access reports that customers don't have to compile themselves.

Dynamic Lifecycle Innovations is ready to help you connect the dots from your ITAD and e-waste recycling programs to your ESG initiatives. For more information or to get in touch with Dynamic, visit thinkdynamic.com/sustainability

