

OEM e-Waste Management

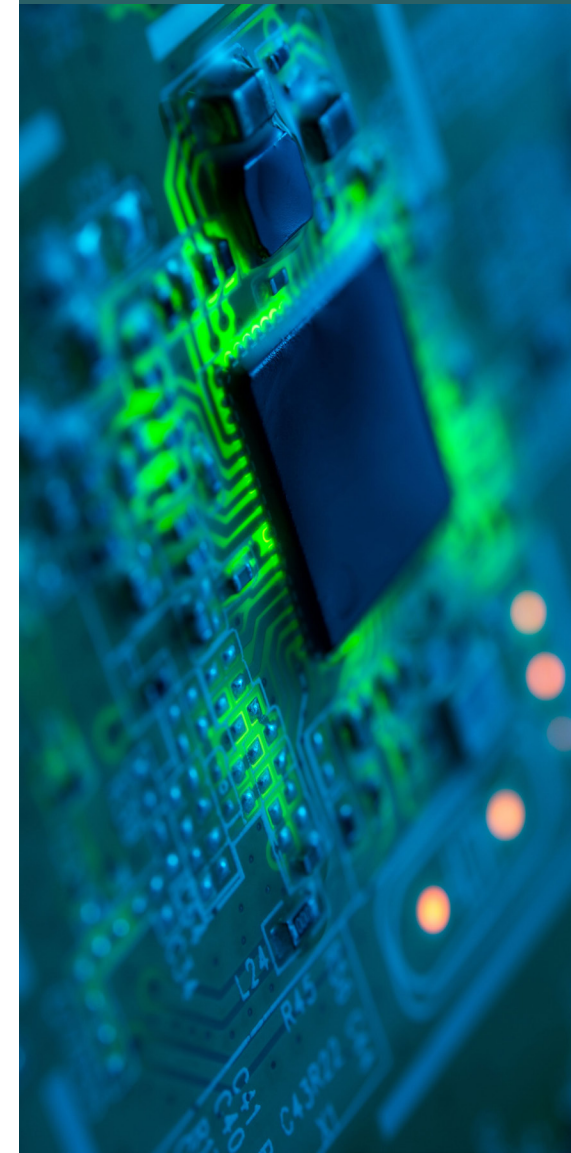
A Guide to Finding the Right Legislative Program and Recycling Partner



eBOOK

Table of Contents

Situation Analysis.....	3
Eight Criteria for Evaluating Potential Partners.....	4
1. Comprehensiveness of Expertise.....	4
2. Customizable Scope of Service.....	4
3. State-Specific Knowledge and Track Record.....	5
4. Certification by Accredited Third Parties.....	5
5. Management of Downstream Processing.....	6
6. Pollution Liability Insurance.....	6
7. Value-Add Ancillary Service Offerings.....	7
8. Service Excellence and Responsiveness.....	7
Summary of Evaluation Criteria.....	8
About Dynamic Lifecycle Innovations.....	9



Situation Analysis

The manufacture of consumer electronics presents a unique and sometimes all-consuming set of challenges, from how to satisfy evolving consumer expectations, to consistently delivering a high-quality product.

In the face of these fierce headwinds, original equipment manufacturers (OEMs) may find it especially challenging to dedicate enough time or internal resources to manage all of the crucial aspects of the business — and this includes obligations under electronics waste recycling programs established by 25 state legislatures and the District of Columbia.

As a consumer electronics OEM, you're shouldered with the burden of understanding and complying with the disparate, frequently changing e-recycling requirements of each state. Noncompliance comes with a steep price, including the potential for substantial fines and penalties, as well as landing on a state's "do not sell" list.

Unfortunately, many OEMs lack the staff or resources to continuously monitor and stay in sync with multiple state laws — and the smaller the OEM, the lower the likelihood of a robust e-recycling program. In other cases, OEMs outsource their e-recycling and legislative program compliance to external vendors. However, these vendors may possess limited expertise in one area or the other (recycling or legislative programs), exposing the OEM to risk on either, or both, sides of the equation.

Beyond state legislative program implications, you must also consider the broader impacts of irresponsible e-recycling. If your product ends up in a landfill or illegally exported to a non-Organization for Economic Cooperation and Development (OECD) country, the resulting publicity may severely damage your company's reputation. Consumers are increasingly aware of e-waste issues, and they tend to avoid products that are linked to environmental degradation.

With so much at stake, you cannot afford to ignore e-recycling best practices or state legislative requirements. At the same time, you may recognize the limitations of managing these obligations internally. This guide was developed to help you select a legislative program and e-recycling partner that can not only ease your burden, but keep you compliant wherever you do business.

Noncompliance with each state's e-recycling requirements comes with a steep price, including the potential for substantial fines and penalties, as well as landing on a state's "do not sell" list.



Eight Criteria for Evaluating Potential Partners

The right legislative program and e-recycling partner will possess a broad range of attributes and capabilities that remove complex, time-consuming tasks from your plate, while providing peace of mind that you've complied with the laws in all states where you sell electronics.

1. Comprehensiveness of expertise

Many vendors in this space specialize in legislative program compliance or e-recycling, but not both. This results in outsourcing the service line where they lack expertise, or they may offer a full menu of services, but without the corresponding range of knowledge or expertise.

Either of these scenarios poses risks at multiple levels. For example, a partner that focuses on e-recycling may not devote sufficient effort to comprehending legislative program nuances and key changes that carry crucial compliance implications. Conversely, a partner specializing in program management may not have a firm grasp on e-recycling trends and best practices that translate to bottom-line impacts for your company.

Ideally, choose a vendor that can competently manage — under one roof — a complete spectrum of services, encompassing both legislative compliance and e-recycling. A robust and fully integrated service offering ensures efficient, seamless coordination of your e-recycling obligations in compliance with each state's requirements.

2. Customizable scope of services

If your company's internal capabilities are limited or nonexistent, you may need a comprehensive set of services, including:

- Registration of your company with states where you sell product and where legislative requirements are in place
- Development, submission, and approval of your plan in each applicable state

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Eight Criteria for Evaluating Potential Partners continued

- Collection and de-manufacturing of electronics
- Serving as your liaison with state agencies
- Managing mail-back programs, toll-free numbers, and other consumer-facing responsibilities
- Oversight of collection and recycling networks
- Vendor due diligence and downstream processor management

On the other hand, if you possesses certain capabilities in-house, you may not require a full-service arrangement. Ask potential partners whether you can select individual services to fill specific voids.

3. State-specific knowledge and track record

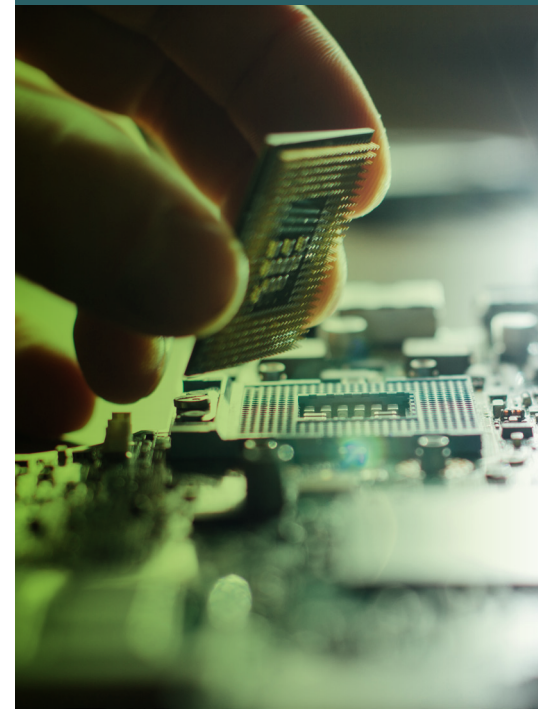
Legislative requirements can be very complicated, and they may differ significantly from state to state. Variables include the types of devices that must be recycled, volume obligations, who's covered by the program, and collection site requirements. The fact is, many vendors simply lack the staff and systems to keep up with a high level of complexity and variability.

Besides making certain that prospective partners are capable of managing compliance in every state where your product is sold, you should inquire about whether they have good relationships with the state agencies in charge of e-recycling programs. Lastly, validate their track record by asking this question: "Have any of your customers ever defaulted on their state obligations and had to pay a penalty?"

4. Certification by accredited third parties

Certifications by accredited, independent third-party entities provide a clear indication that a vendor adheres to the highest standards for e-recycling. Two certifications stand above the rest: Responsible Recycling ([R2](#)), managed by Sustainable Electronics Recycling International (SERI), and e-Stewards Standard for Responsible Recycling and Reuse of Electronic Equipment, developed by the Basel Action Network (BAN), a nonprofit organization focused on eliminating toxic trade.

Two certifications stand above the rest: Responsible Recycling (R2) and the e-Stewards Standard for Responsible Recycling and Resuse of Electronic Equipment.



Eight Criteria for Evaluating Potential Partners continued

R2 certification spells out environmental health, safety, and security criteria pertaining to the handling of electronics containing hazardous levels of mercury, lead, barium, and other toxic materials. In addition, it prohibits these materials from being incinerated, dumped in landfills, or illegally exported. Likewise, the e-Stewards Standard forbids forced labor, and it outlines chain of custody and data protection requirements. Both certifications require annual audits to verify compliance.

Make certain that your partner actually possesses these certifications. Some providers will state that they “follow,” “adhere to,” or “are complaint” with R2 and e-Stewards certifications. However, these claims do not ensure full compliance or accountability, exposing your company to risk.

5. Management of downstream processing

Your legislative program and e-recycling partner may outsource some processing to vendors with specialized capabilities. Verify that your partner directly manages these downstream processors, ensuring they satisfy standards dictated by the R2 and e-Stewards certifications while meeting all of your company’s specific requirements for materials handling.

6. Pollution liability insurance

Illegal dumping and other environmental violations are unlikely if you’re partnering with a reputable, certified e-recycling vendor. Still, mistakes happen, and all it takes is one mistake to incur steep penalties — potentially tens of thousands of dollars under both the Clean Air Act and the Clean Water Act. Liability can extend beyond vendors to their clients — which is why your partner should carry adequate e-waste pollution liability insurance.

Ascertain whether the coverage is sufficient, based on the partner’s industry knowledge and legal/compliance analysis. For example, the sponsor of this guide maintains a \$10 million pollution liability policy, along with a financially guaranteed closure plan and non-owned disposal site coverage, to protect the long-term interests of its customers.

Seek out a vendor that carries adequate liability insurance — \$10 million for e-waste pollution along with a financially guaranteed closure plan.



Eight Criteria for Evaluating Potential Partners *continued*

7. Value-add ancillary service offerings

Some vendors focus strictly on legislative program compliance and e-recycling services — which is fine if that's all your company ever needs. But, like many other OEMs, you probably could benefit from a partner with an expanded menu of services. Examples of value-add services and capabilities include:

- IT asset disposition (ITAD)
- Secure data management
- Scrap processing and materials recovery
- Mobile device management
- Sourcing recycled feedstock
- Managing consumer returns
- Specialty take-back programs

Ask potential partners whether they offer a profit-sharing program for certain services, such as the recovery and resale of precious metals, non-ferrous scrap, and other non-metal materials.

8. Service excellence and responsiveness

The right partner will do everything within its power to make life as easy as possible for you, while looking out for your best interests and keeping you fully compliant with state programs. Although this level of service may be difficult to quantify, you can and should talk to a potential partner's current clientele to gauge their experience.

Superior customer service isn't just about promptly responding to your calls and emails; it's also about being proactive, anticipating your needs, and helping you avoid potential pitfalls. Ongoing touchpoints, such as regular "check-in" phone calls, can enable you to stay current with pending legislation, get answers to questions, and discuss emerging threats or opportunities. In addition, through periodic business reviews, you can identify what's working well in the relationship and where there's room for improvement.

Your partner should offer a menu of value-add services including:

- ❑ IT asset disposition
- ❑ Secure data management
- ❑ Scrap processing and materials recovery
- ❑ Specialty take-back programs



Executive Summary

Although often overlooked, electronics waste recycling, in compliance with state legislative programs, can significantly impact your OEM's bottom line.

Specifically, adhering to best practices and satisfying legislative requirements can help you avoid costly state-imposed fines, penalties, and revoked selling privileges.

But managing e-recycling and legislative compliance on your own may be unrealistic. So, whether you choose to outsource all or parts of these obligations, you need to carefully select a legislative program and e-recycling vendor. An evaluation of potential partners should include the following criteria:

- **Comprehensiveness of expertise** — ideally encompasses both legislative compliance and e-recycling
- **Customizable scope of service** — allows you to select a comprehensive set of services or only the specific services you need to fill voids
- **State-specific knowledge and track record** — capable of managing compliance in every state where your products are sold, with a blemish-free track record to prove it
- **Certification by accredited third parties** — especially R2 and e-Stewards, demonstrating strong environmental stewardship
- **Management of downstream processing** — ensures that vendors used for specialized services align their practices with industry certifications and customer requirements
- **Pollution liability insurance** — maintains sufficient coverage, along with a financially guaranteed closure plan, to protect your long-term interests
- **Value-add ancillary service offerings** — one-stop access to other services, such as IT asset disposition, scrap processing, and materials recovery
- **Service excellence and responsiveness** — responds promptly to your calls and emails, while also anticipating your needs and helping you avoid pitfalls



About Dynamic Lifecycle Innovations

Founded in 2007, Dynamic Lifecycle Innovations is a full-service electronics and materials lifecycle management corporation specializing in electronics recycling and legislative compliance, as well as IT asset disposition, data security, product refurbishment, remarketing, resale, and materials recovery.

Dynamic provides complete coverage to ensure OEM compliance in all legislated state electronic waste recycling programs, as well as offerings in non-extended producer responsibility (EPR) states. From registering companies with each state, to de-manufacturing electronics, Dynamic consolidates and simplifies state programs for OEMs, while consistently meeting all environmental, health, and safety best practices. Dynamic is headquartered in Onalaska, Wisconsin, with an additional facility in Nashville, Tennessee.

Visit thinkdynamic.com for more information about Dynamic Lifecycle Innovations. [Click here](#) to request a callback from an OEM legislative compliance expert, or call 608.781.4030.

