ISRI
Voice of the Recycling Industry™

May 20, 2019

Mr. Corey Dehmey
Executive Director
Sustainable Electronics Recycling International (SERI)
P.O. Box 721
Hastings, Minnesota 55033

Re: R2v3: The Sustainable Electronics Reuse & Recycling (R2) Standard, First Public Comment Draft (April 2019), Released April 2, 2019

The Institute of Scrap Recycling Industries, Inc. (ISRI)[1] is pleased to submit comments and suggestions in response to the proposed changes to the R2 Standard, as presented within the current draft of R2v3, released on April 2, 2019. ISRI appreciates the hard work of the SERI R2 Technical Advisory Committee (TAC) - including both the volunteers who gave of their time and expertise, and the SERI staff – as they worked together to develop the draft standard. We are also grateful for the transparent process used by SERI during all stages of the standard's development and release, including the hosting and participation in public meetings to further explain and describe the important changes to the draft standard.

ISRI is a strong supporter of the R2 Standard, and has been since the inception of the standard more than 10 years ago with the initial publication of the *Responsible Recycling Practices for Use in Accredited Certification Programs for Electronics Recyclers* in 2008. A strong, credible and robust certification landscape for electronics recycling globally is critical to responsible recycling, which incorporates environmentally responsible practices, protection of the health and safety of workers and the public, and data security. For these reasons, ISRI is pleased to see continued updating of the R2 standard to keep up with the growth and changes within electronics and the electronics recycling industry since the release of R2:2013 less than five years ago.

Given the crucial role the R2 standard has in the recycling industry today, especially within the US market where the R2 standard is effectively a requirement for doing business, it is critically important that any and all changes proposed are thoroughly reviewed and analyzed to balance the effectiveness

[1] ***The Institute of Scrap Recycling Industries, Inc.*** *(ISRI) is the "Voice of the Recycling Industry." Generating more than $116 billion annually in U.S. economic activity, the scrap recycling industry provides more than a half million good jobs in the U.S. alone. For more information about ISRI, please visit www.isri.org.*

and practicability of any and all changes. To that end, ISRI provides the following comments and suggestions.[2]

1. Definitions (pages 7 – 10)

In general, given that the definitions provided within the draft standard include terms commonly used throughout recycling for purposes unrelated to certification, ISRI would ask that the following language be placed at the beginning of the Definitions section of the standard, immediately after the header:

> *"The definitions contained herein are for purposes of determining the meaning of the following terms within this Standard only;"*

Definition of Recycling

The definition of "Recycling," contained on page 9, includes the term "reprocessed," which is not a term commonly used or understood within the recycling industry. ISRI would propose instead that the definition be worded as follows:

> "Recycling" is a series of activities during which obsolete, previously used, off-specification, surplus or incidentally produced materials are processed into specification- grade commodities, and consumed as raw-material feedstock, in lieu of virgin materials, in the manufacture of new products, whether for the original use or other purposes, but does not include energy recovery or the reprocessing into materials that are to be used only as fuels or only for land disposal operations. Hazardous characteristics of the material must be removed in the recycling process or provide a desired benefit in the manufacturing or characteristics of new products. Materials are not considered recycled until in the form of raw materials or products.

Definition of Scope – "Co-Location Facilities"

As currently written on page 9, only when the Certification Body can verify that legally separate businesses, acknowledged, operated independently, and completely separated physically within a building or site, and where any interaction between the businesses or their processes is traceable, documented and conforms with the R2 Standard, can there be R2 Certification of the operations of one of the businesses at a site without the other.

However, it is not uncommon for an R2 facility to be co-located or have ownership interest in another company that is co-located (i.e., share the same physical address) with the R2 facility. In many cases, there is a strong business reason to co-locate (cost savings, shipping savings), but there is no business reason to have the other entity R2 certified.

Examples of such co-location situations include metals scrap facilities that have an electronics recycling company co-located, retail stores that may have an associated and co-located electronics recycling facility, forward distribution businesses that also provide reverse logistics services, and large electronics

[2] Note that all page references provided within these comments are in reference to the 1st Public Comment Draft of R2v3, released on April 2, 2019.

distribution companies that may have smaller electronics recycling companies co-located with the distribution business. Requiring the 2nd company to be R2 certified causes undue cost burden and does nothing to address the underlying purpose.

Suggestion: It would be incumbent on the R2 facility being certified to ensure that the auditor is aware of the separate entity, to identify the boundaries between the two entities and to demonstrate transactional independence between the two entities and that these transactions fully comply with the requirements of the standard.

Instead of requiring, R2 certification for co-located facilities, ISRI suggests that in such cases it is required that the R2 facility being certified:

- Makes the auditor aware of the separate entity,
- Clearly identifies the boundaries between the two entities, and
- Demonstrates transactional independence between the two entities and that these transactions fully comply with the requirements of the standard.

2. Down Stream Vendor Qualification (p. 24)

Summary: The recycler has significant legal and contractual requirements associated with proper downstream tracking including liability and indemnification clauses to assume substantial liability and provide extensive downstream due diligence protections. Removing or limiting a recycler's ability to provide a high level of downstream confidence to its customers would require most recycling and asset disposition contracts to be renegotiated to reflect this change since the customer is demanding this level of confidence from its recyclers. Thorough, comprehensive and accurate downstream due diligence is one – if not the most important aspect of the R2 standard for R2 certified recyclers and their customers.

The recent issues and potential CERCLA claims connected with some CRT glass downstream processors such as *Closed Loop* clearly demonstrate the need for strict and transparent downstream due diligence accompanied by vigorous auditing. R2 certified recyclers welcome the rigorous due diligence audits to ensure they are in compliance with their contracts and establish themselves as leaders in the marketplace.

SERI is not in a position to assume liability or indemnify a recycler (or its customer) for any environmental claims associated as a result of this proposed change.

Suggestion: If a downstream vendor is R2 Certified, then verification of the R2 Certificate to continue to be active with a certification scope consistent with the equipment, components, and material received and the processes performed shall qualify the downstream vendor to receive shipments without further due diligence, except for the requirement to fully document downstream processing of focus materials that may be shipped to the downstream vendor.

3. R2 Equipment Categorization Document (REC)

Summary: The proposed draft standard incorporates a new requirement that requires recyclers to utilize the framework provided within the new *"R2 Equipment Categorization" (1st Public Comment Draft, 2019)* document (hereinafter referred to as the REC) for evaluating equipment and components, and then categorizing their condition throughout each step of the R2 process. R2 certified facilities are given the option of either:

(1) using the exact REC categories in identifying equipment in their operation and on their records, or
(2) Cross-referencing the existing categories used by the facility with the REC, using a written and audited cross-reference document to ensure consistency or the R2 Facility can demonstrate an equipment grading and categorization system that meets the intention of the REC and could be demonstrated to be equivalent to the requirements of the REC.

Accordingly, the REC provides another prescriptive method for categorizing equipment that is both cost prohibitive and practically unfeasible. For instance, CTIA's grading structure for mobile devices already exists. Unfortunately, the nature of these two grading and categorization structures do not necessarily provide a simplistic mapping algorithm between the two structures. The ability to modify these for mapping to the REC structure would not only be prohibitively expensive, but in some cases it may not be technically feasible since the ERP systems associated with equipment categorization can be highly complex and automated. Instead, demonstrating to an even more stringent process, such as CTIA's grading system should be sufficient to ensure the requirements of the R2 standard are met.

Suggestion: While it is preferred that an R2 Facility use the exact REC categories in identifying equipment in their operation and on their records, the R2 Facility may alternatively cross-reference their existing categories with this REC, using a written and audited cross-reference document to ensure consistency or the R2 Facility can demonstrate an equipment grading and categorization system that meets the intention of the REC and could be demonstrated to be equivalent to the requirements of the REC. It is also anticipated that not every category specified in this REC will be applicable to each R2 Facility. Therefore, only the categories relevant to each facility should be used from the REC.

Summary

ISRI wishes to again thank the SERI R2TAC and staff for all their hard work over the past two years in producing the R2v3 draft standard. It is the hope of ISRI and our members that the comments and suggestions provided herein are helpful in addressing some of the more complicated issues and concerns of the industry. We welcome the opportunity to further amplify and discuss these comments with SERI at any time.

Respectfully submitted,

William H. Johnson