

Minutes EVAP Subgroup Targets Sixth meeting – 19 March 2021

From Member States: Bram Soenen (Belgium), Milena Presutto (Italy), Hans-Paul Siderius (Netherlands), Paula Gomes (Portugal), Paulo Zoio (Portugal)

From Remans: Gerwald van der Gijp (Armor), Frans Hondmann (Armor), Mark Perry (Clover), Jürgen Conrad (Clover), Jan-Michael Sieg (KMP), Alfred Wirch (Peach)

From OEMs: Robert Squires (Brother), Phil Mack (Brother), Wamda Saeid-Elsirogi (Canon), Boris Manev (Epson), Sara Rodriguez Martinez (HP), Daniel Chappell (HP), Nuno Santos (HP)

From EVAP Secretariat: Ferial Saouli, Laura Carre-Diaz

Observers: Luka De Bruyckere (ECOS), Vincent van Dijk (ETIRA), Beth McKee (Static Control), Ken Lalley (Static Control)

Excused: Paulo Da Silva Lemos (DG ENV), Elisa Anderson Vazquez (DG ENER), Maxime Furkel (Lexmark), Ernestas Oldyrevas (ECOS)

1. Definition of Remanufactured cartridge

- Mr. Chappell (HP, EVAP) presented the updated definition proposed by OEMs-Remans:
Remanufactured Cartridge: Cartridge resulting from a commercial process where used Cartridges are collected, prepared for reuse, remanufactured, refilled, labelled and repackaged. Components may be replaced in order to return the Cartridge to working condition and to meet desired functionality requirements, provided that the Cartridge retains all or as much as possible of the original body. The Cartridge shall contain:
 - for toner Cartridges, greater than of 50% by weight of reused parts but not counting toner;
 - for ink Cartridges, greater than 75% by weight of reused parts but not counting ink.The fraction of reused parts may be measured as a mass balance average over at least 100 units. The fraction of reused parts shall be measured over a maximum period of one calendar year. Alternatively, the fraction may be calculated from the parts which are typically replaced/reused during remanufacture and the bill of materials.

From Directive 2008/98/EC: 'preparing for re-use' means checking, cleaning or repairing recovery operations, by which products or components of products that have become waste are prepared so that they can be re-used without any other pre-processing.

- Ms. Presutto (IT) asked what was the difference between the two measurements (mass balance over 100 units or calculation of parts which are typically replaced) and if they both arrived at the same result?
- Mr. Perry (Clover) explained the paragraph describes how the % is verified (measured by weight across a sample size of at least 100 cartridges). Measure and verify based on average.
- Mr. Siderius (NL) agreed with the definition. He said the % for toner could be increased in future and suggested reporting data on reuse % by weight to the Independent Inspector (i.e. to see if there is room for improvement).
- OEMs and Remans said they had no issue in reporting data via a consultant or the Independent Inspector (data would be aggregated so companies do not share confidential information amongst them).
- Mr. Soenen (BE) supported the definition and NL's suggestion on reporting on recovered % of weight of cartridges.

2. Target level setting

2.1 Factors affecting targets

- Mr. Chappell (HP, EVAP) presented the factors used to build targets (discussed by OEMs-Remans for all reuse cycles):
 - Collection rate: estimate of % of cartridges collected through recognised collection processes.
 - Viable percentage: estimate of % collected/purchased by anticipated Signatories and considered viable for reuse. Takes into account cartridge lifecycles e.g. end of life of cartridges. Also takes into account market factors; Signatories won't remanufacture what they can't sell.
 - Remanufacturing rate: estimate reflecting loss due to damaged cartridges or loss in production process.
 - Reuse percentage: $\text{Collection rate} \times \text{Viable percentage} \times \text{Remanufacturing rate}$.
 - * Assume that "remanufactured cartridge" definition covers all cartridges considered by industry to be "remanufactured cartridges".
 - * Assume that market coverage is 100%. Assess annually and extrapolate.
- Mr. Soenen (BE) asked for additional clarity on the assumption of 100% market coverage and the extrapolation mechanism (i.e. risk of overrepresenting). He said market coverage should be minimum 70%.
- Mr. Chappell (HP, EVAP) and Mr. Perry (Clover) explained OEMs-Remans want market coverage to be as high as possible, and based on companies that have already shown a clear interest in joining the VA, the estimated market coverage is close to 75-80%. Mr. Perry (Clover) asked the ETIRA representative if the association's members would be inclined to join.
- Mr. van Dijk (ETIRA) said the association's known position is that the level of participation in the VA will depend on the outcome of current discussions.
- Mr. Soenen (BE) said that if the market coverage is at 70-80% then the extrapolation exercise is OK, but it should be assessed in the not too far future.
- Mr. Siderius (NL) said he was against the extrapolation approach and the reuse % target being dependent on market coverage (as this is variable and can be influenced by Signatories and Supporting Signatories). The reuse % target is mainly focused on Signatories (and how they achieve the targets is their business), and Supporting Signatories can have activities to support the Signatories in achieving that target (unless the Supporting Signatories themselves place on the market new or NBC cartridges). He suggested having moderate indicative targets as a starting point (as potential Supporting Signatories want to see the outcome first before deciding to join), but targets should become more ambitious in 2025 (OEMs should be able to achieve targets irrespective of who joins/doesn't join). If you have done all you can to bring in Reman companies into the VA but a couple of years down the road a big chunk of that industry still has not joined, then this can be discussed.
- Ms. Presutto (IT) warned against using the four factors as a 'safeguard clause' for having low targets (because initial estimate cannot be met). If after a number of years Signatories find that a problem in the market does not allow them to reach the target, this should be presented (together with the Independent Inspector) to the EC/Consultation Forum, so policymakers can decide if the reason for not meeting targets is really out of the Signatories' control.
- Mr. Chappell (HP, EVAP) explained that was not the intention and Signatories were trying to take into account what would be reported by companies that are not in the VA.
- Mr. Soenen (BE) said participation rate is an issue which he had included in his formula. He said it would be good to have a high market coverage but the important thing will be to report it (it should be verifiable).

2.2 Toner targets

- Mr. Chappell (HP, EVAP) presented the estimated OEM-Remans toner factors for all reuse cycles (today and 2025).
 - Collection rate: 70% today, 80% in 2025 (14% improvement).
 - Viable percentage: 50% today, 65% in 2025 (30% improvement).
 - Remanufacturing rate: 76% today, 78% in 2025 (2% improvement).
 - Reuse percentage: 27% today, 40% in 2025 (52% improvement).

- Mr. Siderius (NL) said he was OK with estimates of today's %, but the key thing is for the % in all factors to improve over time.
- Mr. Chappell (HP, EVAP) said OEMs-Remans had been through a process of thinking what affects targets/what makes up targets, to work out where we are today and what can be achievable in the 2025 time-scale.
- Mr. Perry (Clover) highlighted the 40% reuse target for 2025 and said collection and quality of collection would need to change in order to increase the % of viable reuse + Remans' capability to remanufacture a product.
- Mr. Soenen (BE) said the 52% improvement for the reuse percentage looked good, but he would reflect further on the different targets to send comments in writing.
- Mr. Siderius (NL) said he would see the presented figures as kind of minimum that OEMs-Remans are more or less certain that they are reasonable/achievable. On the collection rate, he remarked there was a good system of collection for toner, so the viable % could increase in 4-5 years.
- Mr. Perry (Clover) said a lot of cartridges collected via WEEE schemes go to grinding/incineration, so they do not play a part in the remanufacturing process. This segment of the market is not accessible to Remans or it becomes too expensive for them to separate products so they can be reused. Remans want to remanufacture everything they collect.
- Mr. Siderius (NL) added agreed there is room for improvement in many things (i.e. collection) and said he hopes the VA will be a trigger to do that and that targets can increase after 2025.
- Ms. Rodriguez-Martinez (HP, EVAP) welcomed stakeholders' input in the targets and reminded everyone that 9 April is the deadline to send the final VA draft and targets proposal to the Commission.

2.3 Ink targets

- Mr. Chappell (HP, EVAP) presented the estimated OEM-Remans ink factors for all reuse cycles (today and 2025).
 - Collection rate: 15% today, 25% in 2025 (67% improvement).
 - Viable percentage: 70% today, 80% in 2025 (14% improvement).
 - Remanufacturing rate: 68% today, 70% in 2025 (2% improvement).
 - Reuse percentage: 7% today, 14% in 2025 (95% improvement).
- Mr. Perry (Clover) explained the collection rate is lower here because ink cartridges are small pieces of plastic that often need to be recovered from home. The viable % is higher because if Remans get those products back (especially the tanks), they can be remanufactured (a separate issue not considered here is the ability to sell those remanufactured products due to competition from NBCs).
- Mr. van der Gijp (Armor) said inkjet collection is quite advanced and a lot of companies are collecting those cartridges, but the question was whether those cartridges could be sold to Remans (no: remanufacturing process expensive compared to NBCs).
- Mr. Wirch (Peach) said inkjet cartridges were highly manufacturable (once they came back to Remans), but highlighted two issues impacting collection: increase in cost to send back products by post + lack of awareness by consumers that these products are not waste. He suggested collection rates could be improved by improving the way products are sent back + better advertisement to consumers.
- Mr. Siderius (NL) said collection rate was the biggest issue for ink. He suggested OEMs put additional effort into getting this system workable, as setting small targets will not stimulate management to improve collection rates. OEMs should aim for more.
- Mr. Chappell (HP, EVAP) said OEMs already have collection schemes in place, but one of the challenges with ink is the return rate. The step up from 15% to 25% in 2025 actually represents a big increase in terms on actual number of cartridges collected.
- Mr. Wirch (Peach) suggested efforts could also be done with Governments (country by country) in order to set up designated places/areas where these cartridges can be sent back (not necessarily by post) and to provide information to consumers so they do not throw the cartridges away. Need to make it easy for consumer to give the product back (collection schemes available for everybody).

- Ms. Presutto (IT) said the collection rate could be improved via OEM advertisements (she gave the example of batteries in IT). She asked if the exemptions in the VA (which were presented at the Consultation Forum) had been taken into account when estimating the target %s.
- Mr. Chappell (HP, EVAP) said targets cover the cartridges under those business models.
- Mr. Soenen (BE) agreed the collection rate was the hot spot for ink factors and added he would also send comments in writing for the ink factors.
- Mr. Perry (Clover) said from a Reman perspective the collection is low for different logistical reasons, but also because of a high number of compatible and NBCs that disrupt collection and the viable % rate (from practical aspect, disrupts our ability to reman).
- Mr. Soenen (BE) added OEMs and independent Remans should work together to create opportunities to resell reused ink cartridges or to reintegrate them in the product range. He said he understood the competition issue was much harder for ink.

3. Management of targets

- Mr. Chappell (HP, EVAP) presented the proposal to manage targets:
 - Indicative Targets: based on estimates; achievable levels will differ amongst OEMs/NBCs.
 - Follow existing VA process: annually report by Signatory but on anonymized basis (Company A, B, C etc.); non-compliant companies identified in the Report; Annual Report reviewed and commented on by Steering Committee.
 - Signatories to gather data with third party consultant to improve understanding of and report on real market conditions and the “factors”.
- Mr. Siderius (NL) supports mandatory targets in 2025 due to the current target levels presented (which he considered to be a minimum). He added intermediate targets might not be that useful, but would make them stronger than indicative.
- Mr. Chappell (HP, EVAP) explained OEMs-Remans consider these targets to be ambitious given the short 4 year timeframe. He suggested not setting interim targets but tracking and reporting instead (no rigid progression towards 2025).
- Mr. Soenen (BE) asked if the targets for NBCs and Supporting Signatories would be the same as for OEMs.
- Mr. Chappell (HP, EVAP) replied OEM and new build would have same target (logic discussed at earlier meeting). Target on Signatories placing new cartridges on the market.
- Ms. Presutto (IT) and Mr. Soenen (BE) supported NL’s proposal of mandatory targets in 2025 (everybody reaches same min. level) + annual reporting (to avoid loopholes).
- Mr. Chappell (HP, EVAP) said data would be gathered annually and submitted to the Independent Inspector for the yearly report. Mr. Santos (HP, EVAP) added the report is presented to the Steering Committee, so stakeholders would be able to see a progression towards the 2025 targets.
- Agreement for Signatories to share updated draft VA (or relevant parts) ahead of last Subgroup meeting on 1 April, so member States can comment before the final draft is sent to the Commission on 9 April.

Next calls:

- Fri 26 March, 2:00-3:00pm CET, weekly OEM-Remans call.
- Wed 31 March, 5:00-6:00pm CEST, weekly OEM-Remans call.
- **Thu 1 April, 3:00-5:00pm CEST, 7th call Subgroup Targets. *New date (since 2 April is Good Friday), meeting request has been updated.***

ACTIONS

- **EVAP Secretariat to share meeting minutes + slides so stakeholders can comment on the targets.**
- **Signatories to share draft VA ahead of 1 April Subgroup meeting.**