



Information Technology Industry Council (ITI) Comments on Hong Kong's Implementation of the  
Producer Responsibility Scheme on Waste Electrical and Electronic Equipment

April 27, 2017

Hong Kong Environmental Protection Department,

Thank you for leading the efforts on the Hong Kong Waste Electrical and Electronic Equipment policy with multiple stakeholders and providing implementation guidance for the industry. We would like to take the opportunity to provide further recommendations on behalf of our members. Our comments focus on the following four areas: change labeling requirement to allow self-printing, add liability guidance to explain responsibility, provide one-year transition period and have an in-person meeting.

ITI members have conducted internal research and communications with their value chains, including upstream suppliers as well as downstream retailers and logistic parties. If a company has to attain the assigned recycling label from the EPD before beginning compliance measures, the process would be very complicated and challenging and could result in wasted or lost resources, which contradicts the environmental goodwill.

If companies use the labels distributed by EPD instead of self-printed labels, ITI members would like to ask for a buffer of 50% of the labels to be used outside Hong Kong and recognize that 50% of the labels would be wasted by flowing to other Asia region. The reason is that it is extremely burdensome and costly to meet an individual, unique and localized requirement on the production line as the machine cannot differentiate between products shipped to Hong Kong, Southeast Asia, Australia etc. Considering the technical aspect that Hong Kong products share the same Storage Keep Unit (SKU) standard and code with other Asian countries, it is important to recognize that labels would be exported to other geographical locations in the Asia-Pacific region. In general, ITI would not hope to see the labels being wasted and lost outside Hong Kong and knowing that the resources would not be distributed effectively to meet environmental goals.

We wish to express our concerns and communicate that we explored the following options:

- a. **Labelling by factory:** Our members have concluded that the internal process of labeling by the factory would be very challenging, as suppliers would need to integrate the label as one of its parts, and engage with many internal teams such as designers, engineers and technicians. It is widely accepted that creating a new format for each plate integrating with different plate forms would need to be handled by different teams, and the process would need a long time to complete all the internal coordination such as testing efficiency and accuracy. Also, it is important to keep in mind that most of the time the regulated products are produced in multiple factories with different geographical locations across China and the greater Asia-Pacific region, it would be an industrious effort of internal planning to make sure no label shortage occurs to hinder the normal production process of the machine. This change would create a business risk for supply chain management as a minor machine error cost our members millions of dollars in a few minutes. Moreover, the factory would have to

assign human labor to manually manage the labels which would easily cause label loss or be used in a wasteful manner.

- b. Labeling by retailers:** The key reason that retailers found it challenging to join the effort is that they cannot control or track where the label goes. It is basically impossible to figure out the numbers of labels stock, lost and returned. After communicating with our sellers in the Hong Kong region, the majority of the retailers refused to support the process due to the complexity of manual resources involved as well as a high possibility of errors with the label assigned.
- c. Labeling by logistic parties:** Members have communicated with their contract logistic partners in Hong Kong to ask for the possibility of them meeting the labeling task, however, the feedback we got back was not promising. Basically, logistics parties cannot easily identify the regulated products and differentiate all the technical products shipped to them, the lack of understanding would cause mistakes with human identification or result in waste when applying the label such as dropping into package box or pasting on the product, which is neither in the interest of suppliers or the government, not mentioning the necessary steps to unpack layers of layers of boxes before applying the label in the assigned place.
- d. Labeling on the invoice:** We have explored the possibilities of mailing the label along with the invoice after confirming the purchase record with the customer. First, most customers nowadays prefer to receive an electronic invoice rather than a paper invoice, which could create a situation where the customer would not get the label as a result. Second, if the invoice were to be shipped to the customer separately from the products, sometimes the invoice shipping address is different from product shipping destinations, and the contact person is often not the same, it would be difficult to trace after the purchase is done and the loss of label is possible in the delivering process.

### Our Recommendations

#### **Allow for Use of a Self-Printed Label**

ITI members have conducted internal research and communications with upstream suppliers as well as downstream retailers and logistic parties. We have come to the conclusion that a self-printed recycling label would be the most feasible solution to meet the requirement of Hong Kong EPD. Our members believe the companies can show initiative to print the same quality of label as HK WEEE label following the standard of 12x9 mm in black and white. The self-printed label can be included in the "Info Guide" or "FG label" or "Packaging over shrink-wrap". It is the most viable solution and it provides flexibility for producer operation and most importantly, this change would make the labels being used more effectively and EPD's labels would not go to waste, which is a win-win situation for both sides in terms of resources, money and time. ITI members take environmental prosperity seriously and we believe we can minimize using the resources by self-printing the labels, so that the paper and ink could be used in a more sustainable way.

#### **Add Liability Instruction in Guideline Document**

As responsible businesses, our members would like to ensure that the customer can look for assistance and clarification on label issues. We noticed that there are no punishment or liability measures for suppliers and sellers to provide the label within a certain time frame or to enforce compliance. If the customer cannot find the label when purchasing the product, it would be of benefit to both sides if the customer could ask for the label from the seller within 7 days. Furthermore, we support that if the customer makes the request of getting a new label and our members fail to respond in a month, we accept fines and the liability. However, we cannot accept if customer requests a new label with a new

product after consuming or even damaging the product. We would like to see Hong Kong EPD come up with clear guidance on the liability issue with reasonable measures to solve missing label issues and ensure the best possible result of the labeling scheme. After all, we believe a clear responsibility guidance is crucial to encourage both customer and supplier to work together on recycling end-of-life product for a cleaner future.

**Provide One-year Transition Period**

ITI members value environmental sustainability and would like to ensure a sufficient timeline to effectively achieve the best outcome possible with the Hong Kong government. Companies need to modify internal systems and procedures with their global supply chain to make changes to the labeling scheme by using minimum resources possible smartly and efficiently. We strongly urge the EPD to provide a minimum one-year transition period to industry after all the guideline documents are released.

**Potential Face to Face Meeting on May 9**

The Hong Kong Environmental Protection Department has always provided support and guidance to industry and we would like to offer solutions and contribute to the success of the Hong Kong WEEE labeling program. Our members would like to request a face-to-face meeting with the EPD with a potential date on May 9, 2017. ITI members have taken the environmental prosperity of Hong Kong seriously and we appreciate any opportunity for commitment and collaboration.