

# TRAINING CIRCULAR PROCUREMENT



# TODAY'S PROGRAM

1. Welcome and Introduction
2. Circular Economy and the latest developments
3. Sustainable Public Procurement

*Coffee break*

4. Circular Procurement

*Lunch*

5. Circular Procurement: Sourcing process & market dialogue
  - Preparation phase (identifying need)
  - Specifications phase
  - Selection phase
6. Interaction: Creating a plan for action
7. Closure

# INTRODUCTION



Who are you?  
What's your role within the organisation?  
What do you know already on the subject of circular procurement?  
What do you want to learn?  
What are your expectations of today's training?

# TODAY'S OBJECTIVES

Answering questions  
such as...

- ✓ What is circular economy?
- ✓ What is circular procurement?
- ✓ What are the benefits that circular procurement offer?
- ✓ What are the success factors of circular procurement?
- ✓ What kind of circular models exist to help circular procurement?

By...

- ✓ Focusing on key concepts and methods
- ✓ Obtaining practical experience by working on circular cases
- ✓ Gaining insight and knowledge through short practical exercises

So that by the end  
of today...

- ✓ You obtained knowledge on the conceptual framework of circular procurement.
- ✓ You are able to distinguish the different models of circular procurement.
- ✓ You know how to get started with the implementation of circular procurement in your organisation.

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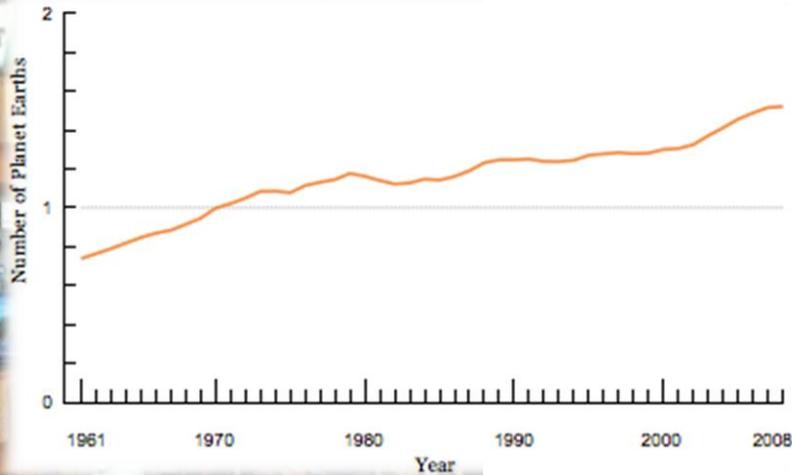
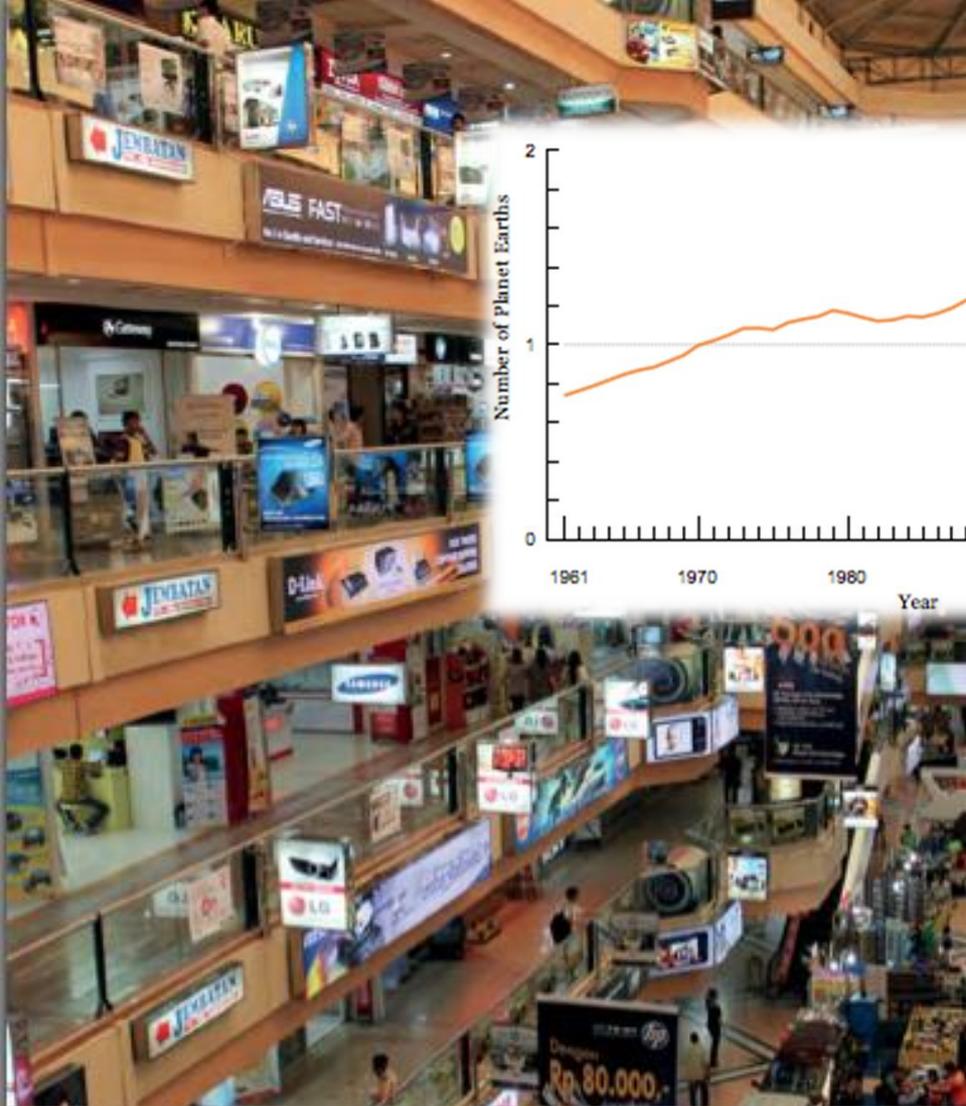
6. Interaction: Creating a plan for action

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The earth is the foundation of our  
existence, and is not just a  
commodity.

The current linear system needs a  
**CIRCULAR** breakthrough.



According to the statistics of the UN we are using up to 1.5 times **OUR EARTH'S CAPACITY**, which is unsustainable. If we continue this way we would be in need of 2 earths in 2040.

“Earth provides enough to satisfy every man's needs, but not every man's greed.” (Ghandi)

# BORN IN 2010: HOW MUCH IS LEFT FOR ME?

## Born in 2010: How much is left for me?



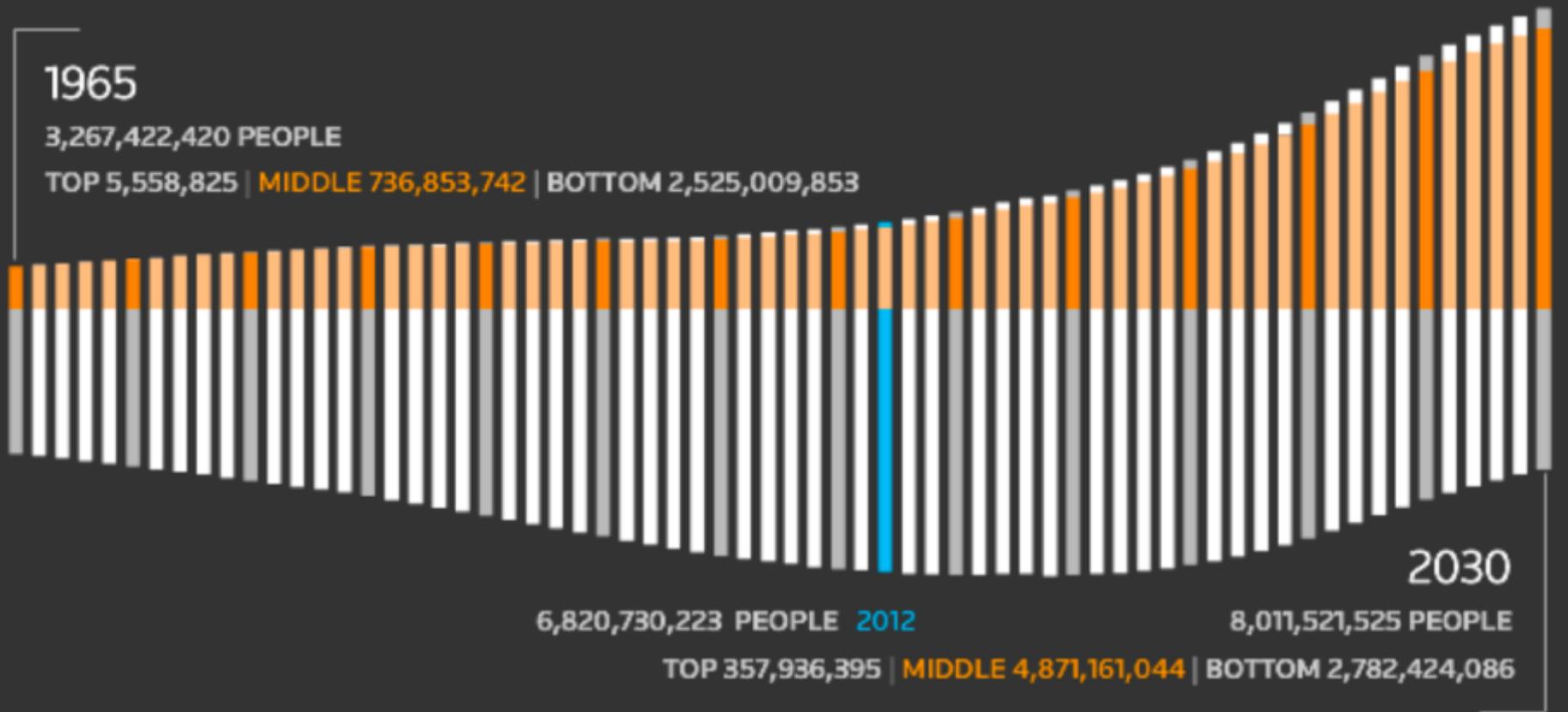
Calculations based on known reserves:



6/12/2017 From US Geological Survey, Adani Resources, World Bureau of Metal Statistics, International Copper Study Group, World Gold Council, Macrometals.com, Rodill Nickel Report, Corbett et al (2009), S&P (2006), Silver Institute, World Nuclear Association, International Lead and Zinc Study Group, Wikipedia. Source (coal fuels) BP Statistical Review of World Energy 2016.

# The Middle Class Is Growing...

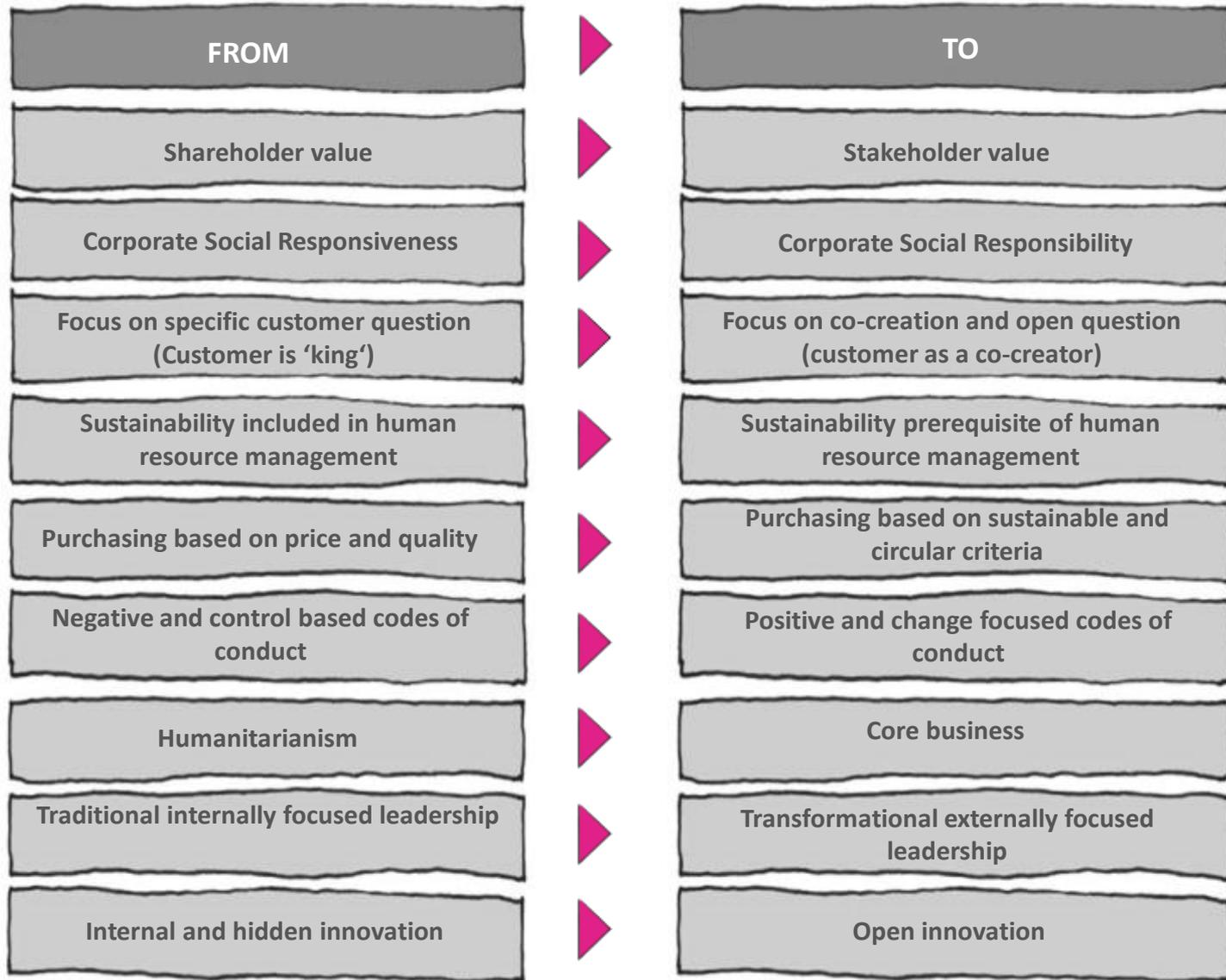
## GLOBAL POPULATION BY INCOME



# World Sustainable Development Goals



# 10 IMPORTANT TURNING POINTS

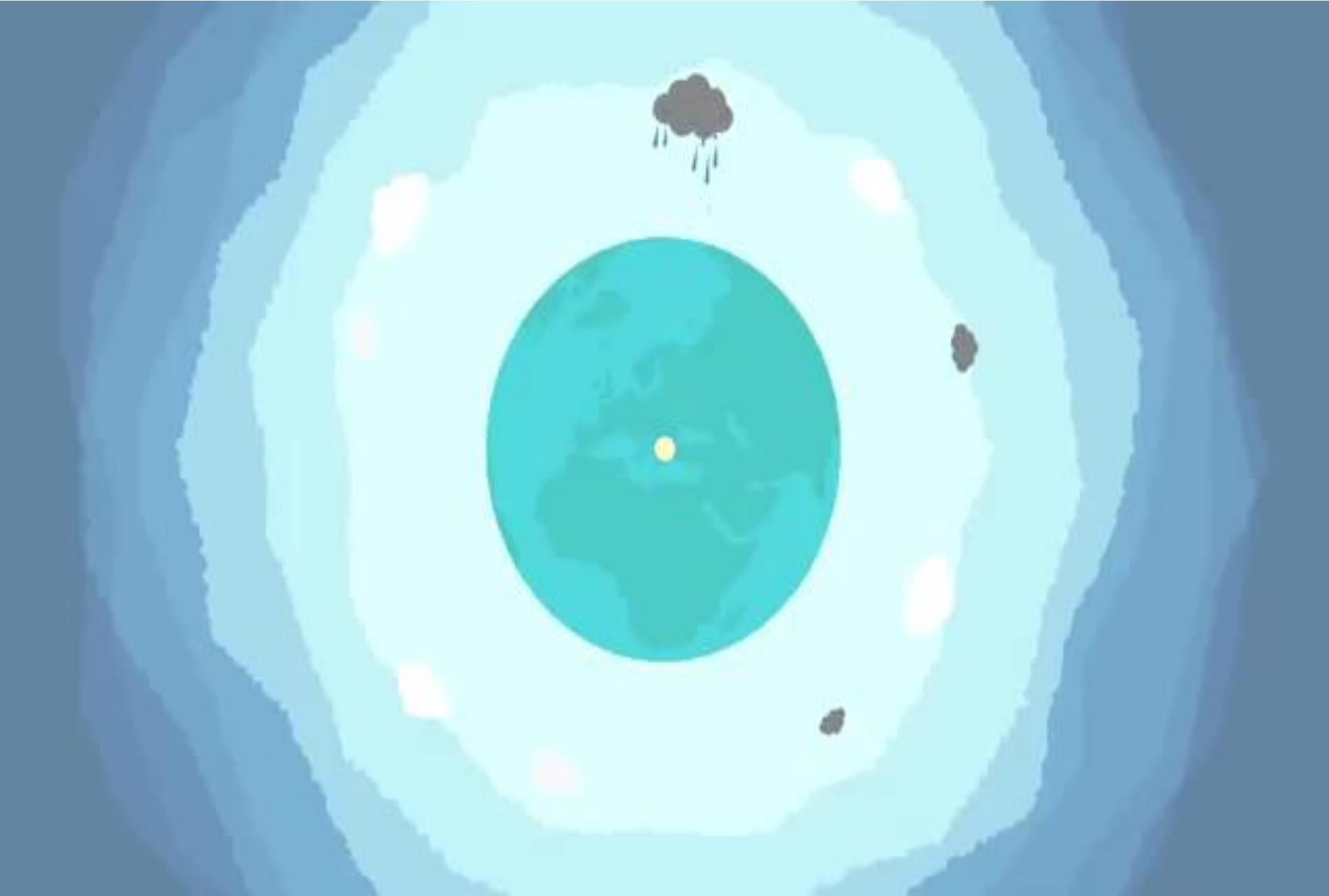


# CIRCULAR PROCUREMENT | EXERCISE

- ▶ **ASSIGNMENT:**
  - You will be shown a video about the Circular Economy. What are the 5 most defining features of the Circular Economy?
- ▶ **INDIVIDUAL**
- ▶ **LENGTH OF THE ASSIGNMENT: 5 MINUTES PREPARATION**
- ▶ **DISCUSSING THE ANSWERS PLENARY AFTWERWARDS**



# CIRCULAR ECONOMY | THE CONCEPT



**NATURAL  
RESOURCES**

**TAKE**

**MAKE**

**DISPOSE**

**WASTE**

**VALUE CREATION**

**VALUE DESTRUCTION**



**SOURCE**



**REFINE**



**MANUFACTURE**



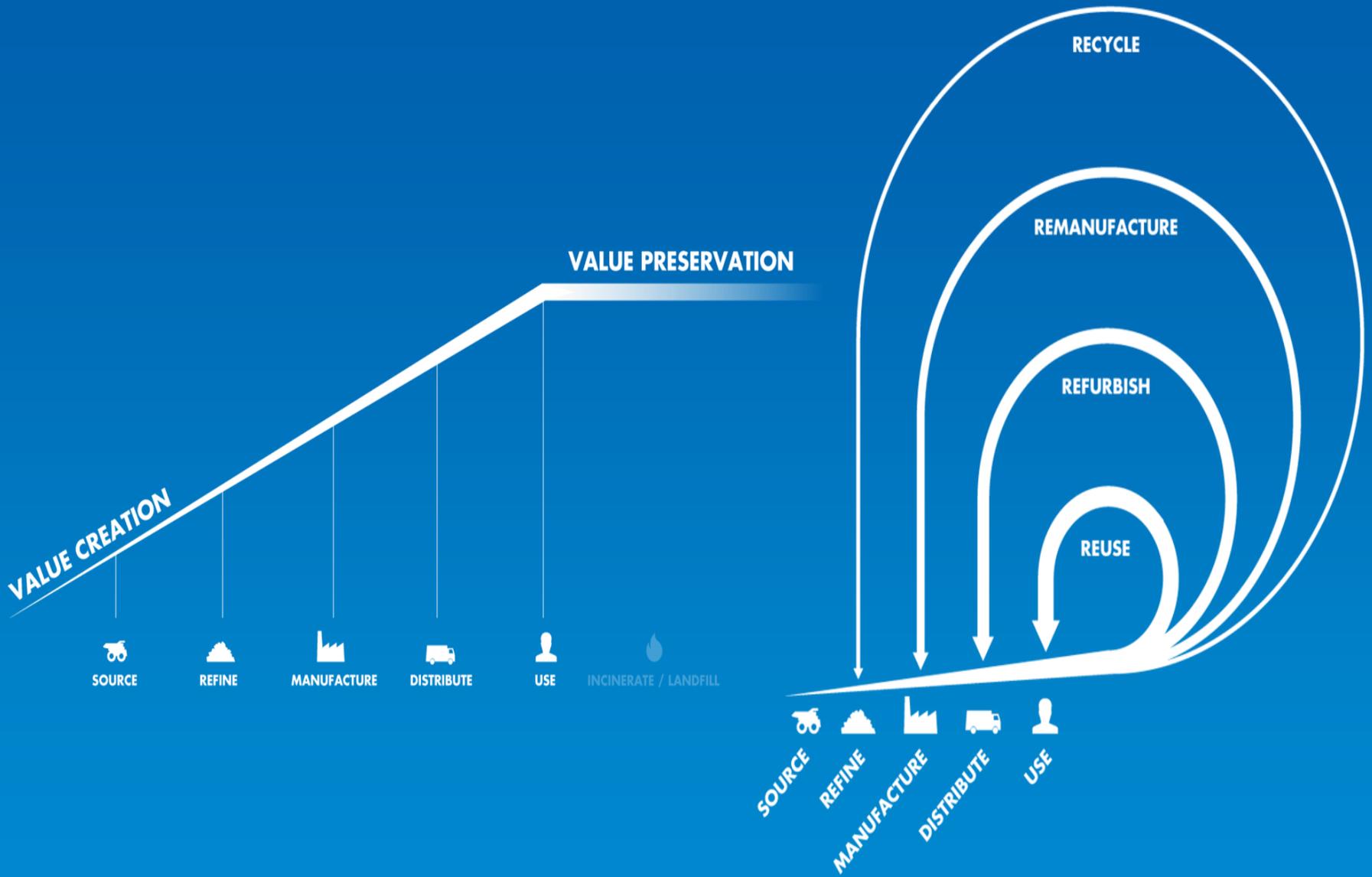
**DISTRIBUTE**



**USE**

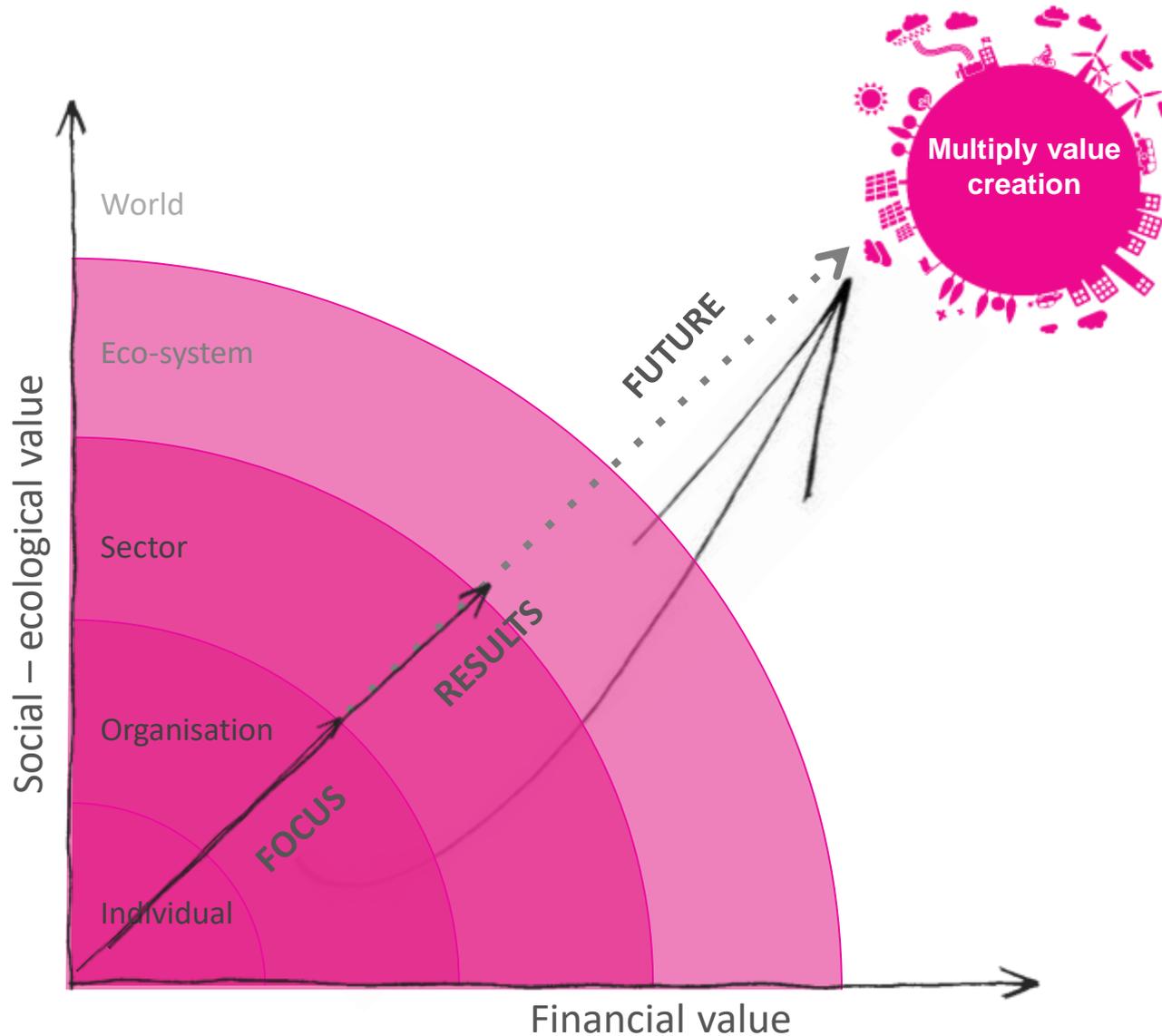


**INCINERATE / LANDFILL**



Bron: Circle Economy

# SYSTEM CHANGE THROUGH CO-CREATION



It is about the ability to see **the bigger picture**, and to create innovative connections.

# CIRCULAR ECONOMY | OF SIGNIFICANT VALUE



- The transition from a linear to a circular economy could deliver a significant value for The Netherlands, and for Europe.
- An important aspect is the financial value: potentially **€ 7 milliard per year for the NL.\***
- **On a European scale** the circular transition could potentially create a value of **€247 to €477 milliard per year\*\***

\* TNO 2013

\*\* McKinsey, Ellen MacArthur foundation, 2012, 2013 en 2014

# SYSTEM INNOVATION REQUIRES NEW BUSINESS MODELS

## CIRCULAR BUSINESS MODEL

## EXPLANATION

## EXAMPLES

BORROW & 'LEASE'

- Using (not owning) products is key
- Manufacturer remains the owner of the product and provides the service.
- Keeping recycle options in mind when developing new products (design for disassembly).



SAVE UP & EXCHANGE

- Models based on alternative means of payment.
- Working hours, services and the actual product in exchange for value.

time/bank



SHARE

- Sharing ideas, products, logistics and data.
- Optimal use of the capacity of the products.
- Technology of internet as an important 'enabler'.

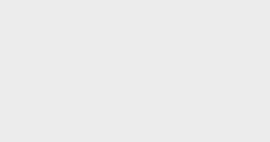


CREATE MORE VALUE AT THE SAME TIME

- Re-use: Regain product value and lengthen the product life cycle value by 'retake' and 'resell'.
- Innovative recycling: integrate reverse flows of materials.
- 'Social enterprises': social mission leading



# PRODUCT SERVICE SYSTEMS: MAIN AND SUB-CATEGORIES

Product-based value	PRODUCT SERVICE SYSTEM (PSS) Value based on combination of product and service			Service based value
Pure Product	Product Oriented	Use Oriented	Result Oriented	Pure Service
<p><b>PRODUCT SALE</b> THE OWNERSHIP OF THE PRODUCT CHANGES</p> 	<p><b>PRODUCT RELATED SERVICE</b> SELLING A PRODUCT COMBINED WITH A PRODUCT RELATED SERVICE (EXAMPLE: MAINTENANCE CONTRACT)</p> 	<p><b>PRODUCT LEASE</b> EXCLUSIVE USE OF A PRODUCT WITHOUT BEING THE OWNER.</p> 	<p><b>OUTSOURCING</b> A THIRD PARTY OWNS THE PRODUCT AND PROVIDES A PRODUCT RELATED SERVICE.</p> 	<p><b>SERVICE PROVIDING</b> AN ACTIVITY IS PROVIDED WITHOUT THE USE OF ANY PRODUCT. FOR EXAMPLE: TELEPORTATION.</p> 
<p><b>Legend</b> All business models are illustrated. The central product in the illustrations is a car. The central service is transportation.</p>	<p><b>PRODUCT RELATED ADVICE</b> SELLING A PRODUCT WITH A USE RELATED SERVICE (EXAMPLE: ECO-DRIVING COURSE).</p> 	<p><b>PRODUCT SHARING/RENTING</b> NON EXCLUSIVE USE OF A PRODUCT. CONSUMER IS OWNER (SHARING) OR PROVIDER IS OWNER (RENTING).</p> 	<p><b>FUNCTIONAL RESULT</b> A SERVICE PROVIDER DELIVERS A SPECIFIC RESULT. THE TYPE OF PRODUCT IS SECONDARY.</p> 	<p><b>Potential environmental impacts of PSS</b></p> <ul style="list-style-type: none"> <li>♻️ shortening of the products useful lifetime due to careless use</li> <li>-</li> <li>+ ♻️ lower material and energy consumption during production and use phase</li> <li>♻️ potential for environmental benefits through economies of scale</li> <li>♻️ leaner manufacturing as products are more valuable</li> <li>♻️ greater producer responsibility</li> <li>♻️ sharing, renting, pooling.... and other PSS lower the total stock of product required to satisfy a specific need</li> <li>♻️ more professional care of the product, resulting in a longer product life time and higher quality endstock</li> <li>♻️ manufacturer/provider remaining product owner will have no incentive to sell excess material</li> <li>♻️ collection of end-of-life product may be significantly easier thus increasing the rate of utilisation of end-of-life products</li> <li>♻️ easier upgrading to more eco-efficient technologies</li> </ul>
<p><b>Legend</b></p> <ul style="list-style-type: none"> <li> manufacturer and/or provider</li> <li> lease</li> <li> value based transaction</li> <li> sell advice</li> <li> product user</li> <li> service provider: owns the product and valorizes a specific service</li> <li> potential environmental impact compared to a product based business model.</li> </ul>	<p><b>Product Pooling</b> THE PRODUCT IS SIMULTANEOUSLY USED.</p> 	<p><b>Pay-per-service unit</b> THE USER PAYS FOR THE OUTPUT OF THE PRODUCT ACCORDING TO THE USE LEVEL.</p> 	<p><b>Product Pooling</b> THE PRODUCT IS SIMULTANEOUSLY USED.</p> 	
<p>source: A. Tukker and U. Tischner, ed. (2006). New Business for Old Europe: product-service development competitiveness and sustainability. Sheffield: Greenleaf Publishing.</p> 				

# Innovation and dematerialisation



**Radio Shack**  
AMERICA'S TECHNOLOGY STORE

**PRESIDENTS' BIRTHDAY SALE!**  
DON'T DELAY! 3-DAY SPECIALS ABOVE GOOD SATURDAY THRU MONDAY ONLY!

**0% INTEREST!**  
NO PAYMENTS UNTIL MAY!  
NO DOWN PAYMENT!  
HURRY! OFFER ENDS TUESDAY FEBRUARY 19

COME IN AND TAKE ADVANTAGE OF THESE OTHER FANTASTIC VALUES!

<b>INTRODUCTORY SPECIAL!</b> TANDEM 1500 TL18 Computer System Save \$670 <b>\$1599</b> Includes: • 286-Based PC Computer • Color Monitor • 30MB SuperDrive™ Hard Drive • Easy-to-use 10-in-1 DiskMaster Software • Bonus Package: • 1 Year Consultant For Dealers • FreshNew OS-2 Write • QuickStart • 1.5-Billion Mouse	Mobile Cellular Telephone Save \$100 <b>\$199</b> Reg. \$299	Deluxe Portable CD Player Save \$40 <b>\$159.95</b> Reg. \$199.95
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<b>3-Way Speaker With Massive 15" Woofer</b> Save \$110 <b>149.95</b> Reg. \$259.95	Mobile CD 18-Channel Controls on Wheel <b>HALF PRICE!</b> <b>49.95</b> Reg. \$99.95	Our Easiest-to-Use Phone Answerer Cut 17% <b>49.95</b> Reg. \$59.95
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Check Your Phone Book for the Radio Shack Store or Dealer Nearest You.  
Most Major Credit Cards Welcome.

Source: Radioshack



Source: Apple

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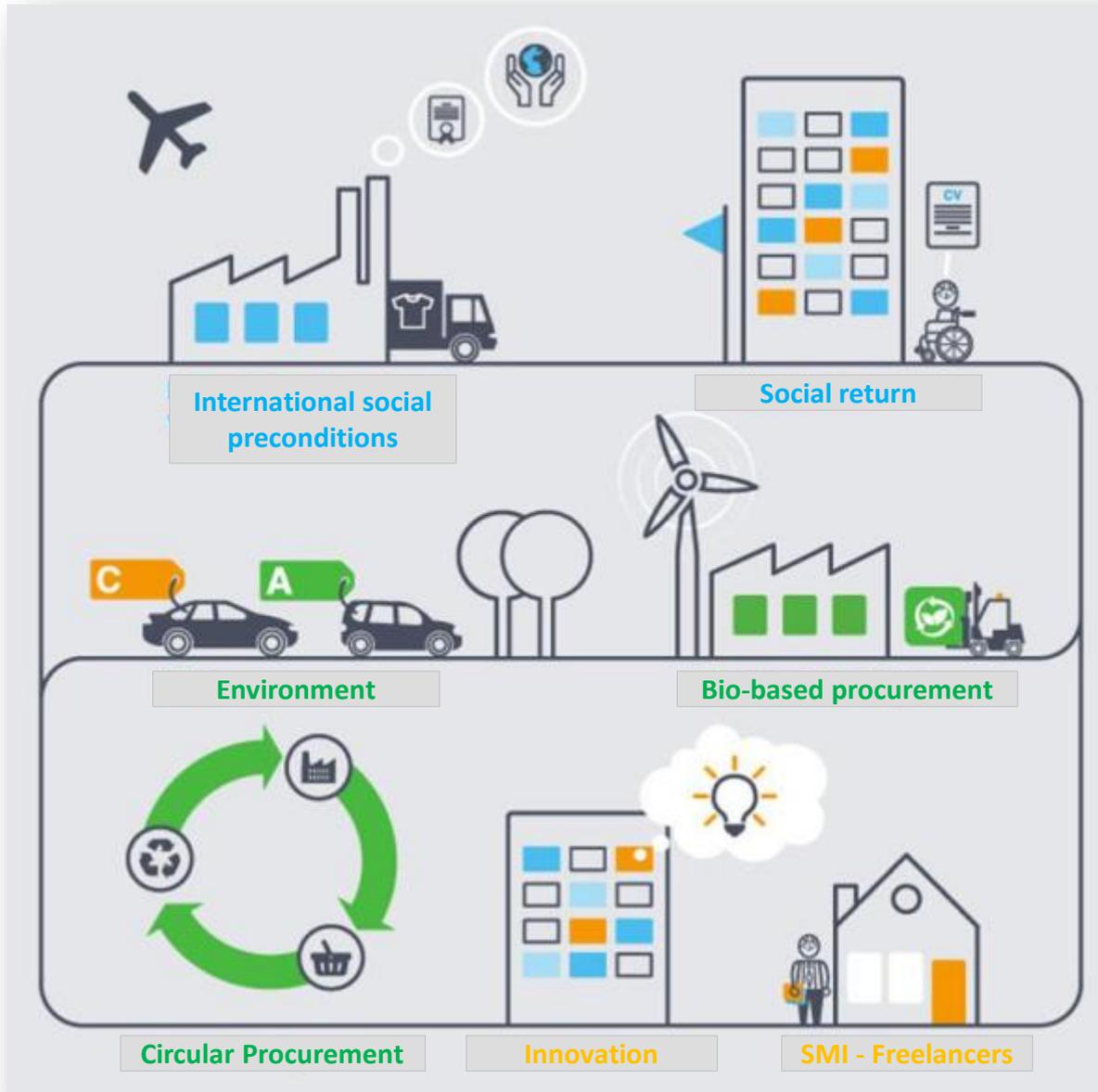
*Lunch*

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# WHAT IS SUSTAINABLE PUBLIC PROCUREMENT? AND WHAT DOES SOCIAL RESPONSIBILITY MEAN?



# CIRCULAR PROCUREMENT AS PART OF SUSTAINABLE PUBLIC PROCUREMENT





**COFFEE BREAK**

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# CIRCULAR PROCUREMENT | DEFINITION

Circular Procurement complements sustainable public procurement by extending existing SPP principles to consider use and disposal, as well as sourcing of the resources. The role of procurement in general is to fulfil the needs of an organisation. Circular Procurement means that the organisation fulfils these needs in a circular, more resource efficient and sustainable manner. So as circularity is integrated into the sustainability ambitions of an organisation, circular procurement becomes a key enabler for realising these ambitions in practice, and delivering positive economic, environmental and social impacts.

**Copyright © 2016 Circular Procurement. (CP event 20-22 April 2016)**

# CIRCULAR PROCUREMENT | EXERCISE

- ▶ **ASSIGNMENT:**
  - What is the contribution of Circular Procurement in the transition process towards a circular economy?
- ▶ **INDIVIDUAL**
- ▶ **LENGTH OF THE ASSIGNMENT: 5 MINUTES PREPARATION**
- ▶ **DISCUSSING THE ANSWERS PLENARY AFTWERWARDS**



# CIRCULAR PROCUREMENT | WHY

## STRATEGICAL

- ✓ Organisation will become **future proof**: lower costs, increased security of supply, greater chain cooperation and therefore more robust supply chain collaboration
- ✓ **Risk decrease**: The (economic) risk for the party that is most capable to carry the risk carry this is the best (from the importance of circular process)
- ✓ Reputation improvements: the distinctive character of the brand
- ✓ New market opportunities
- ✓ Improvement of the product quality

COMPETITIVE POSITION



## FINANCIAL

- ✓ Less purchase as a result of life cycle improvements
- ✓ **Cost decrease** (short and long term) in terms of *Total Cost of Use* and *Total Cost of Ownership*
- ✓ Unburdening of the procurement organisation. No extra costs when *pay per use* method is used
- ✓ **Less (or no) waste management** needed, therefore a decrease of the costs
- ✓ More insight in the costs, less price fluctuation

COST REDUCTION



## SOCIAL

- ✓ Preserving welfare and health as a result of reduced waste and minimizing the use of dangerous substances
- ✓ Positive contribution to supply chain collaboration and common interest leads to more transparency in the supply chain
- ✓ Reduction of **resource scarcity** (and associated geopolitical environmental concerns)
- ✓ Incentive for innovation: more companies within the chain can preserve their revenues or increase revenue through innovation modernization of their business models and products / processes

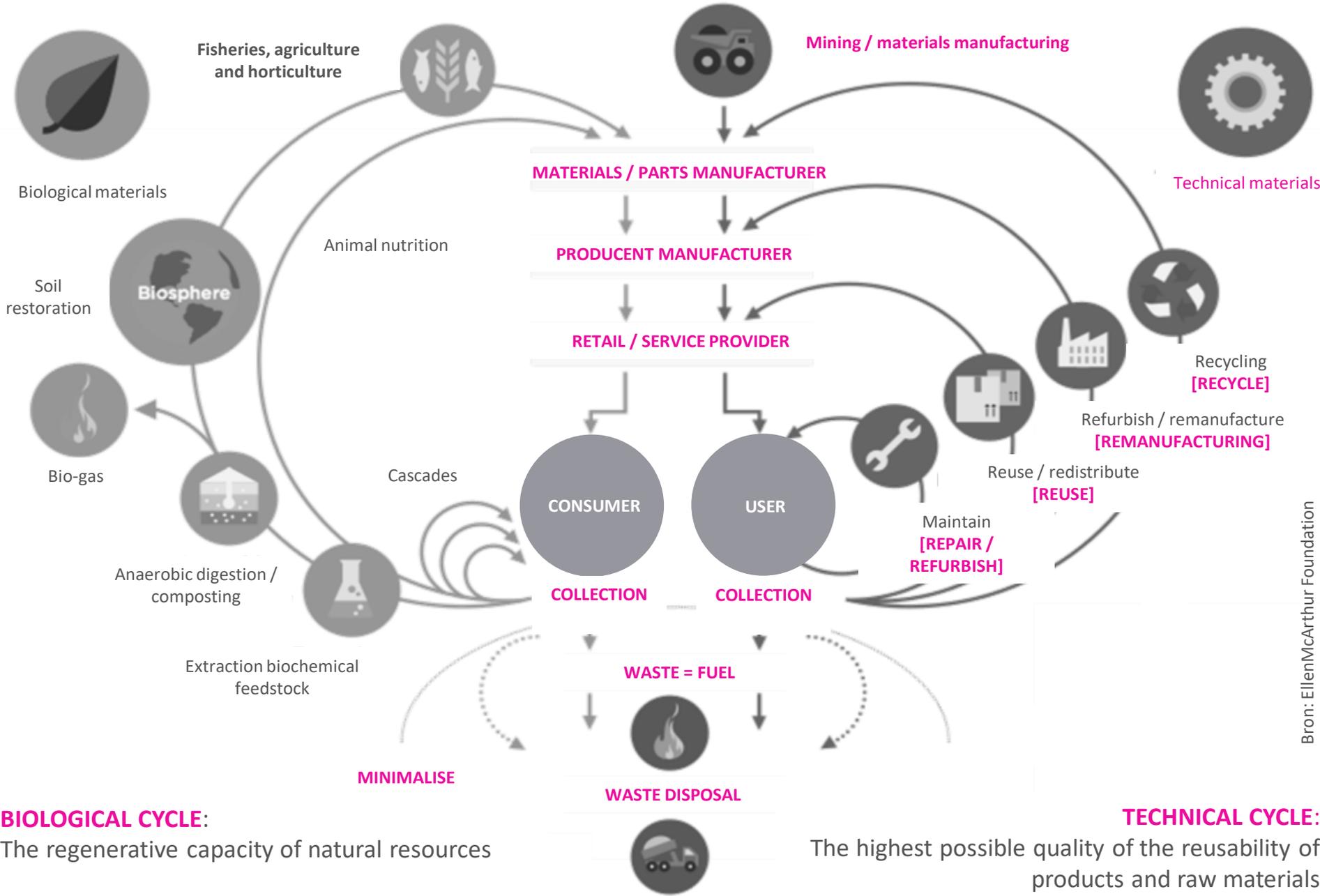
POSITIVE IMPACT ON THE ENVIRONMENT AND SOCIETY

But most essential:

Circular procurement redistributes revenues from the old linear world to the new circular world. This means that:

- Circular organisations get rewarded
- Old organisations have to transform
  - The process starts extrinsic but (might) becomes intrinsic

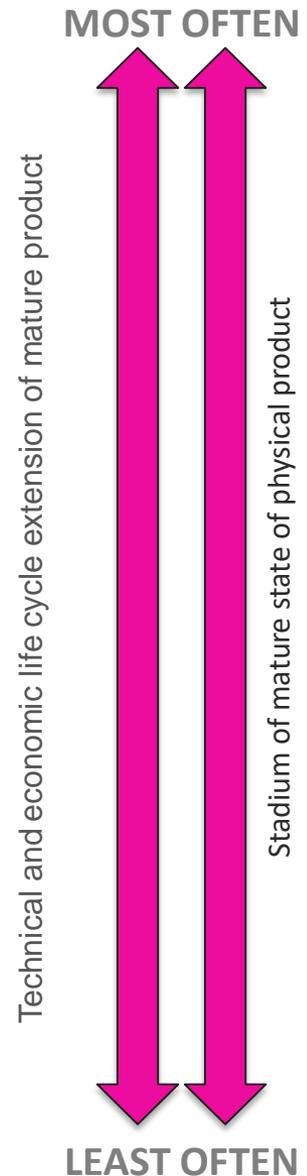
The latter might be even more important than the first because they still have a far bigger part of the total revenues.



Bron: EllenMcArthur Foundation

# CIRCULAR PROCUREMENT | 4 R'S

- 1. REPAIR / REFURBISH: repair.** For some products repair options are included in the service contract. **Refurbish.** By cleaning or renewing the product.
- 2. RE-USE: re-use of product.** For example through marketplaces / platforms. These are products where the technical life cycle still exceeds the economic or contract life cycle.
- 3. REMANUFACTURING: Re-use of PRODUCT PARTS.** Products will be taken back in order to deconstruct them and renew the product with new elements. In most cases the manufacturer will take responsibility to remanufacture the product.
- 4. RECYCLE: Material re-use.** An example is the re-melting of scrap into new steel. Another example is the re-melting of collected plastic to new plastic grains which in turn are used for molding machines to make new plastic products.



# REPAIR

Kirkman Company - Age x Contacten x KIM-system x Home - Repair Café x (20+) Welcome! | Linked x

https://repaircafe.org

**Repair Café** HOME BEZOEKEN STARTEN OVER COMMUNITY FAQ CONTACT **DONEREN** WINKEL NL

Weggooien? Mooi niet!

VIND EEN REPAIR CAFÉ

START EEN REPAIR CAFÉ

Nieuws

Volg ons op facebook

VAN OUDE MOBIEL NAAR EERLIJKE DEAL

Repair Café Internatio...  
8.629 vind-ik-leuks

Pagina leuk vinden Shoppen

Wees de eerste van je vrienden die dit leuk vindt.

15:37  
19-12-2016

RE-USE...

A VALUABLE STEP





**REMANUFACTURING: IF TECHNICAL LIFE CYCLE  
VALUE > ECONOMIC LIFE CYCLE VALUE, CONSIDER  
RE-USE**



**UNIFORMS AND....  
THE VALUE OF RECYCLING**

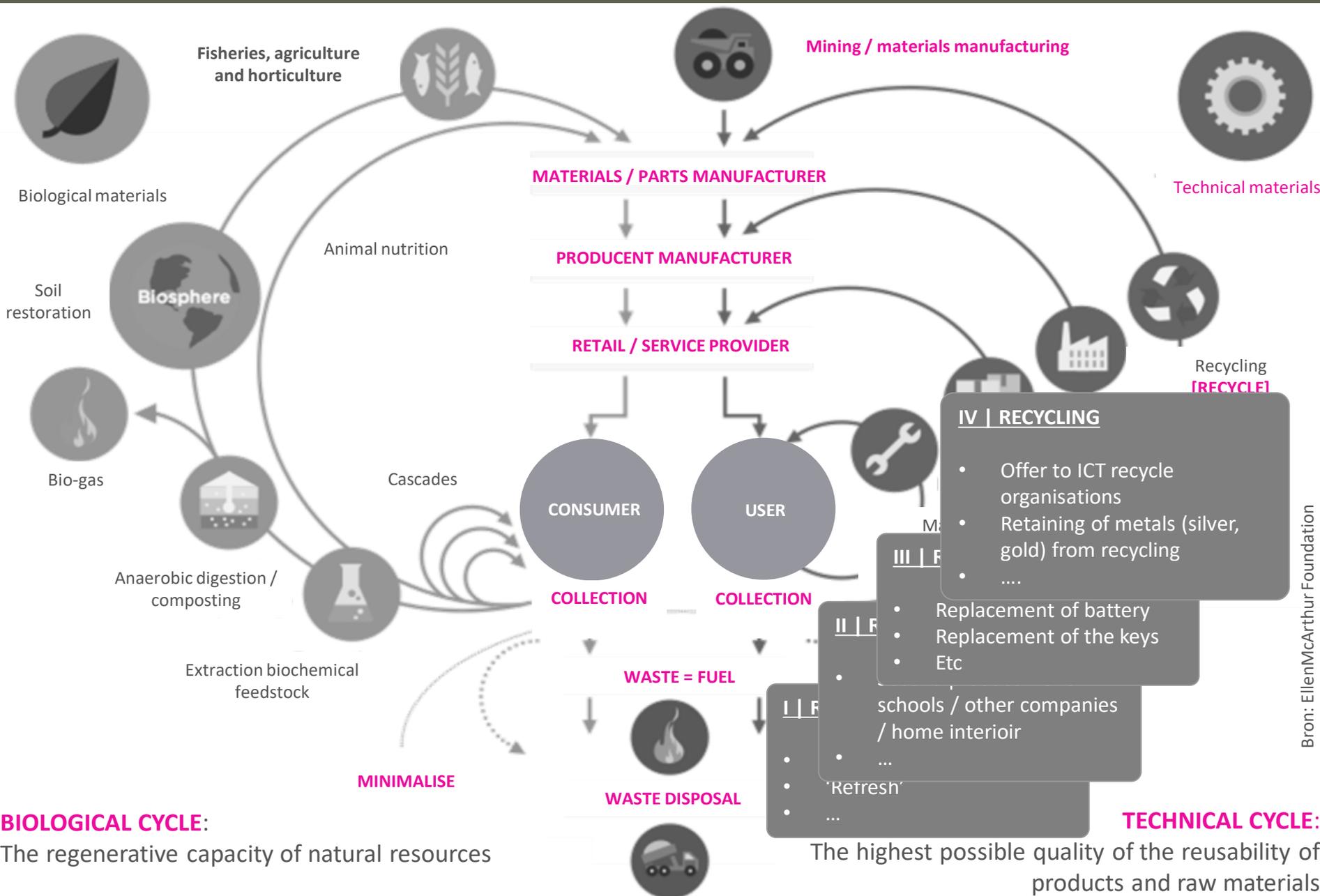
# CIRCULAR PROCUREMENT | EXERCISE

- ▶ **ASSIGNMENT:**
  - EVERY GROUP CHOSSES ONE OF THE PRODUCTS BELOW
  - USE THE “CLOSING THE LOOP” MODEL
  - WHICH (3) ACTIVITIES ARE IN YOUR OPINION IMPORTANT FOR EACH CYCLE CONCERNING THE CHOSEN PRODUCT?
- ▶ **GROUP OF 3/4 PERSONS**
- ▶ **LENGTH OF THE ASSIGNMENT: 30 MINUTES PREPERATIO**
- ▶ **PRESENT THE OUTCOME PER GROUP**





# CIRCULAR PROCUREMENT IS ALL ABOUT CLOSING CYCLES



Bron: EllenMcArthur Foundation

# CIRCULAR PROCUREMENT | THREE MODELS



A close-up, black and white photograph of a Rolls-Royce turbine engine. The image shows the intricate, dark, radial blades of the compressor section on the left, transitioning into the smoother, metallic casing of the turbine section on the right. The Rolls-Royce logo, featuring the 'RR' monogram and the words 'ROLLS ROYCE' in a rectangular frame, is prominently displayed on the turbine casing. The lighting creates strong highlights and shadows, emphasizing the metallic textures and the precision engineering of the engine components.

**POWER BY THE HOUR....  
ROLLS ROYCE LETS CUSTOMERS PAY PER USE**

# BMA ERGONOMICS... GIVES MONEY BACK GUARANTEE



Uw "oude"  
**Axia** is  
**geld**  
waard

[www.bma-ergonomics.com](http://www.bma-ergonomics.com)

**SELLING BUILDING MATERIALS TO THE USER AND REDEEMING THESE  
AFTER AN AGREED PERIOD: 90% DISMOUNTABLE**



# CIRCULAR PROCUREMENT | EXERCISE

- ▶ **ASSIGNMENT:**
  - Find the advantages and disadvantages per procurement model
- ▶ **GROUP OF 3/4 PERSONS.**
- ▶ **LENGTH OF THE ASSIGNMENT: 15 MINUTES PREPERATION**
- ▶ **PRESENT THE OUTCOME PER GROUP BRIEFLY**



# CIRCULAR PROCUREMENT | THREE MODELS

## PAY PER USE

- 2 variants (with and without financial guarantee)
- Ownerships of the products by supplier
- Maintenance is part of the contract
- Lower investments, cost reduction, risk spreading as advantages
- Dependency on the supplier as a point of concern

## PURCHASE - REPURCHASE

- Ownership of the products for user / client
- Financial guarantee, less change capacity needed in the organisation as an advantage
- Insecurity of value retention and no innovation incentives as a point of concern

## PURCHASE - SALE

- To use for consumer goods and scalable products (like coffee cups)
- Assumes that waste creates money and is a boost for the recycling business

## BENEFITS

- ✓ Promotes innovation during contract duration, **product remains state of the art**
- ✓ **Lower investment from the user**, less pressure on your cash flow
- ✓ **The supplier** will be held liable for malfunctioning products, **you won't**
- ✓ Supplier and user have **common interests**
- ✓ Incentive to **minimize material and energy use** within existing contract
- ✓ It is **easier to switch** between suppliers
- ✓ It relieves your organization (the supplier is responsible for maintenance)
- ✓ Working with fixed prices, high predictability

LOWER INVESTMENT / COST REDUCTION /  
KOSTENBESPARING / RISK SPREADING / USER  
CONVENIENCE

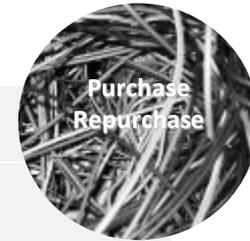
## DISADVANTAGES

- ✓ **Greater dependence on the supplier**
- ✓ There is a **need for a better measurement system**
- ✓ An increase in the number of requirements leads to a deterioration of the performance of the system
- ✓ Vendors cannot handle the cashflow yet, of which you need to be aware as a buyer
- ✓ The **user has less sense of ownership** > could lead to 'worse' use
- ✓ Customization will probably be more expensive, as it requires more service
- ✓ Formation of monopolies with regards to material possession

DEPENDENCE SUPPLIER / INTENSE  
MONITORING



# CIRCULAR PROCUREMENT | 'PURCHASE - REPURCHASE'



## BENEFITS

- ✓ **Incentive for careful use**, because ownership remains with user (good housekeeping)
- ✓ **Well applicable to current business models/oed toepasbaar op huidige business models/procurement systems**
- ✓ Capex remains Capex
- ✓ State-of-the-art product at time of acquisition
- ✓ Possible to determine the life span yourself
- ✓ **Certainty about funding**
- ✓ Best for products with high value retention

GOOD HOUSEKEEPING /  
FUNDING SECURITY /  
LESS POWER CAPACITY REQUIRED

## DISADVANTAGES

- ✓ Uncertainty about redemption value
- ✓ **Risk of unexpected costs, such as repair**
- ✓ **Risk of bankruptcy supplier**
- ✓ Supplier dependence at subsequent buy ('discount for regular customers')
- ✓ **No specific incentive for the supplier to provide an energy-efficient product**
- ✓ Only possibility for innovation after redemption
- ✓ Consumption components (energy and water) are not in the business model
- ✓ Unfamiliarity with market knowledge when selling the product

UNCERTAINTY ABOUT VALUE RETENTION /  
NO INNOVATION INCENTIVES

## BENEFITS

- ✓ Ability to receive income for large waste streams rather than incur costs for disposal
- ✓ Homogeneous streams are well recyclable
- ✓ Most potential waste streams already are separated well at companies

WASTE RAISES MONEY /  
BOOST FOR  
RECYCLING BUSINESS

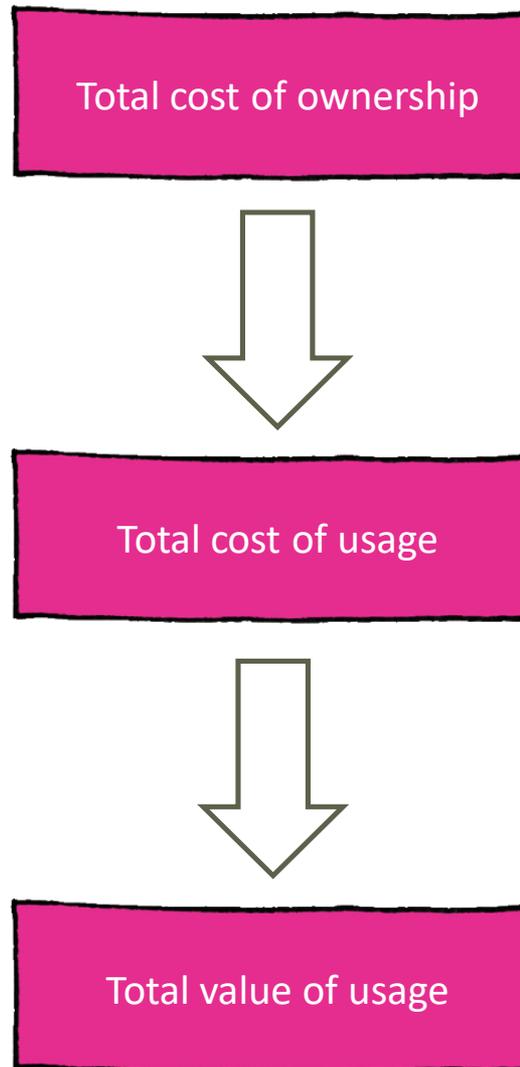
## DISADVANTAGES

- ✓ People should learn/experience how to improve waste separation
- ✓ Relevant for only a few product groups
- ✓ Interesting for large quantities only, thus for large-scale users
- ✓ Relatively low yields

ONLY SCALABLE PRODUCTS /  
LOW MARGINS / REQUIRED CHANGE  
CAPACITY



# CLOSING THE LOOP



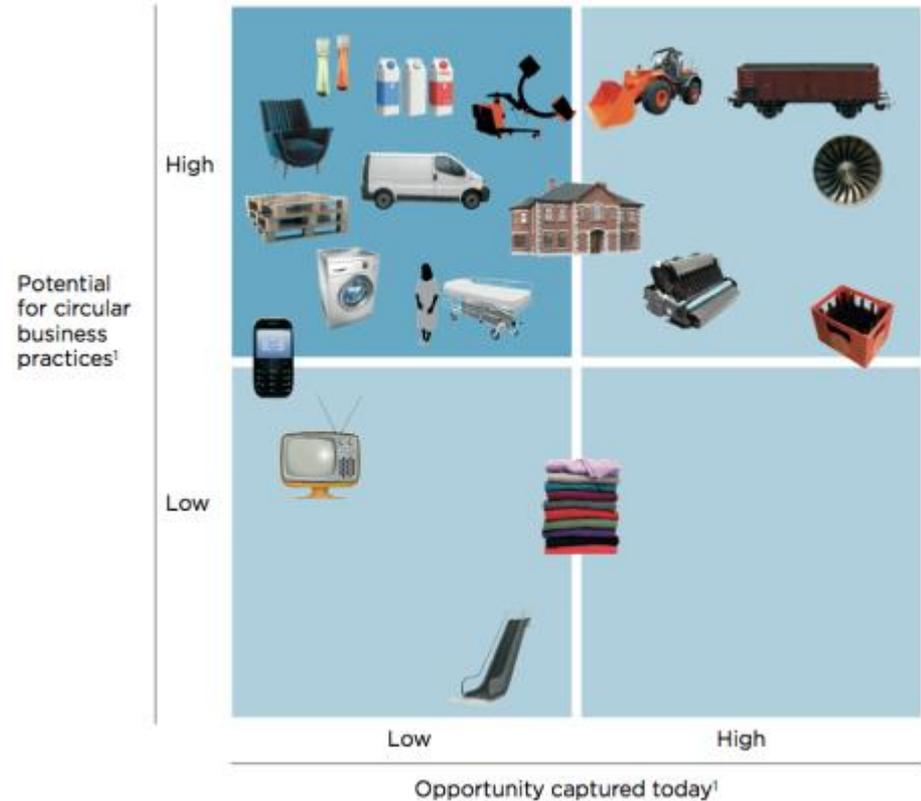
# PROMISING PROCUREMENT PACKAGES BASED ON THEORY AND PRACTICE

Promising procurement packages for the circular economy based on three aspects:

► **[THEORY] Product technical and business opportunities:** In its report 'Towards the Circular Economy', the Ellen MacArthur Foundation indicates which product groups have a circular earning potential. This involves technical product opportunities or opportunities to contract these products differently (ownership shifting, such as leasing instead of buying).

► **[PRACTICE] Market trends:** to what extent does the market already include products and services that are based on circular principles.

► **[ORGANISATION] Organisation purchasing expenditure:** On what does the organisation spend its resources in relation to promising product groups and market trends.



Model: Ellen MacArthur Foundation, Towards the Circular Economy Volume 1

- Vertical line: Shows the potential in terms of product design, reusability and opportunities for developing circular activities.
- Horizontal line: Displays the current market developments.

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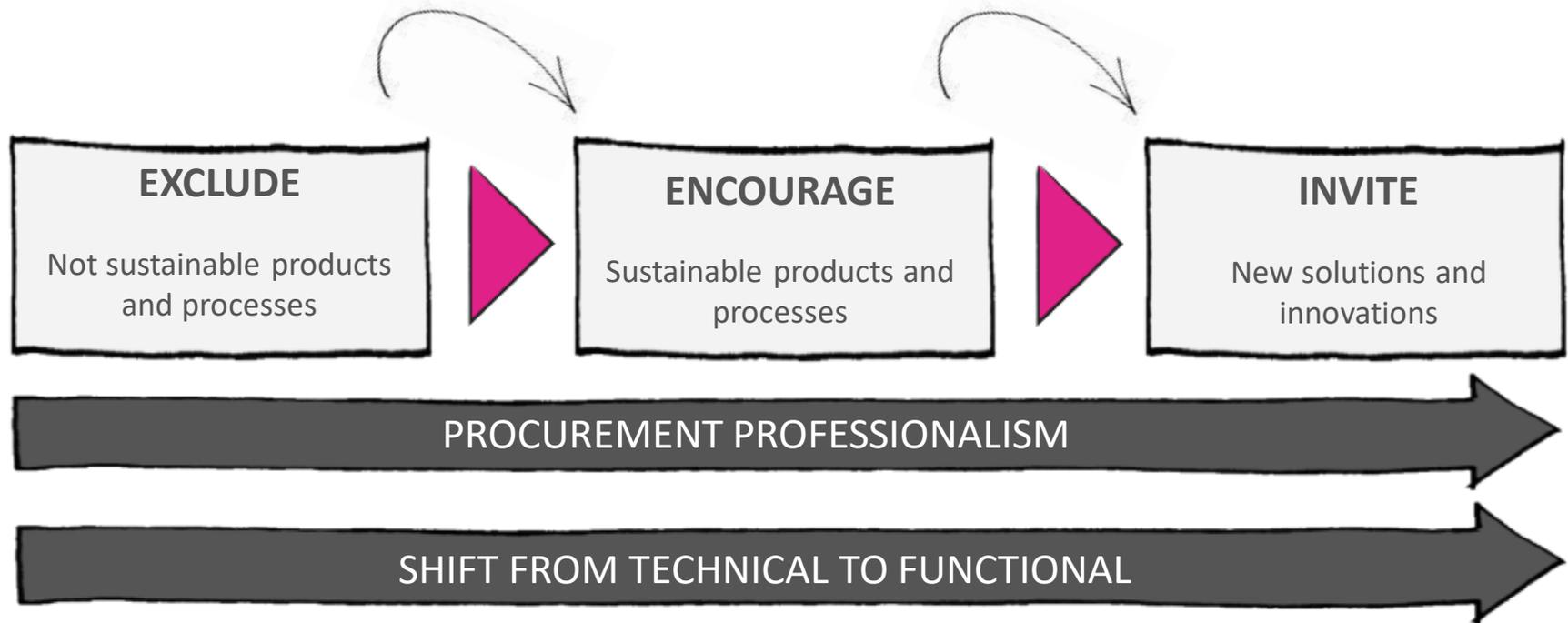
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- Preparation phase (identifying need)
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- Selection phase

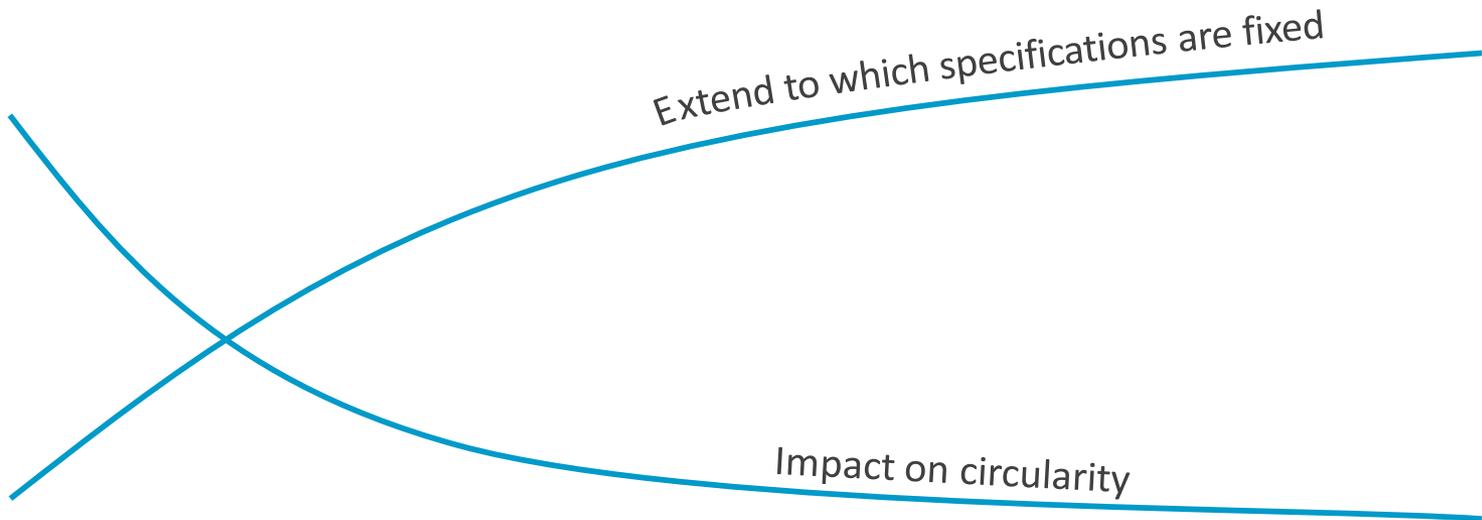
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# DEFINING THE NEED

- ▶ Market interrogation based on functionality, innovation orientation and result orientation
- ▶ Assume an Life Cycle Cost approach (instead of lowest tender costs)



## WHY BETTER INVOLVEMENT OF THE MARKET AT EARLY STAGE?



Potential 'circularity gains' with respect to the procurement process; especially during preparation-, specification- and selection phase

# Thinking differently...



‘Don’t sell watches, but  
tell the time’

Jim Collins

# CIRCULAR PROCUREMENT | EXERCISE

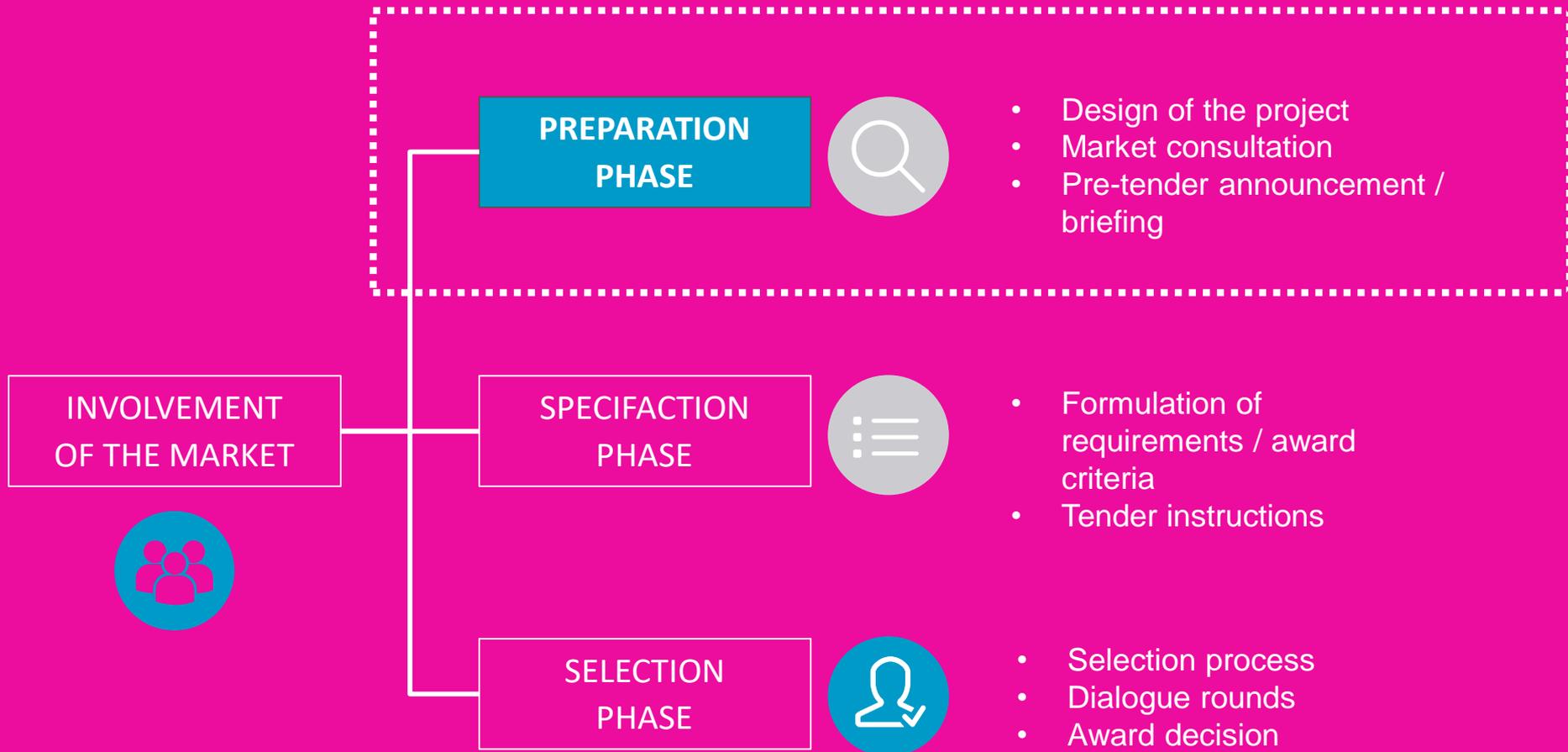
- ▶ **ASSIGNMENT:**
  - Select an actual or near future need of your organisation and try to find the ultimate question in one or at most several sentences to ask the market. It should be functional/result driven.
- ▶ **INDIVIDUAL**
- ▶ **LENGTH OF THE ASSIGNMENT: 5 MINUTES PREPARATION**
- ▶ **DISCUSSING THE ANSWERS PLENARY AFTWERWARDS**



## WHY BETTER INVOLVEMENT OF THE MARKET?

- To utilize full circular market potential.
- To ensure businesses with new/different (circular) innovations or techniques also have the opportunity to register for a tender.
- To improve the impact of your circular procurement policy.

# INVOLVEMENT OF THE MARKET DURING PREPARATION PHASE





## ▶ **Setting Goal / Objective**

Formulate the **overarching goal** of the circular procurement process.

## ▶ **Define a clear & univocal strategy**

Strategy must be clear to and univocal for all those involved.

## ▶ **Formulate 'Critical Success Factors' (CSF's)**

It **must be possible to derive the critical success factors for a project** from the policy and the project's objectives.

## ▶ **Formulate 'Output Specifications'**

- **Maximize scope** for the candidates' proposal of solutions.
- Requirements should be formulated so that they will yield a **measureable result** and, preferably, be related to generally-accepted standards.
- Open formulation of the **output specifications based on functional requirements**.
- Make clear **which elements are of importance**.
- These output specifications are **point of departure for a dialogue**.



▶ **At early stage dialogue with the market**

(Pre- tender, e.g. Market Consultation)

▶ **Test feasibility ‘Circular Procurement’**

Test whether the project is a feasible proposition for the market players.

▶ **Gauge interest**

Market consultation also serves to gauge the private parties’ interest in the realization of the relevant project.

▶ **Feasibility ideas & solutions**

Assess whether the ideas and/or outline solutions submitted by the market players can be viewed as feasible for implementation.



## ▶ **Provide information**

Provide interested parties the information **about the nature and (overall) content of the project** they need to decide whether they wish to apply as candidates and, if so, whether they wish to apply in the form of a consortium.

## ▶ **Share potential ideas and solutions:**

**Make all the contributed ideas and solutions public** to ensure that there is no disparity between the potential candidates or bidders (prerequisite is transparency).

## ▶ **Interval between phases**

Make sure that the interval between the pre-announcement and the ultimate announcement offers candidates who wish to do so **sufficient time to form a consortium**.

# INVOLVEMENT OF THE MARKET DURING SPECIFICATION PHASE





- **Translate the formulated critical success factors and output specifications in the preparation phase into the requirements and award criteria in the specification phase**
- **Legal requirements serve as the basis for selection criteria**
  - The **grounds for exclusion** are stipulated in accordance with Article 4.8 of the ARW (Tender Regulations for Works) 2005.
  - The **minimum requirements** are stipulated on the basis of the exhaustive list of criteria laid down in articles 4.9 to 4.14 inclusive of the ARW 2005.
- **Minimize requirements & selection criteria**

Care must be taken when formulating the minimum requirements and selection criteria to ensure that they are in proportion to the nature and scope of the project and provide sufficient distinguishing capacity.
- **Award criteria**

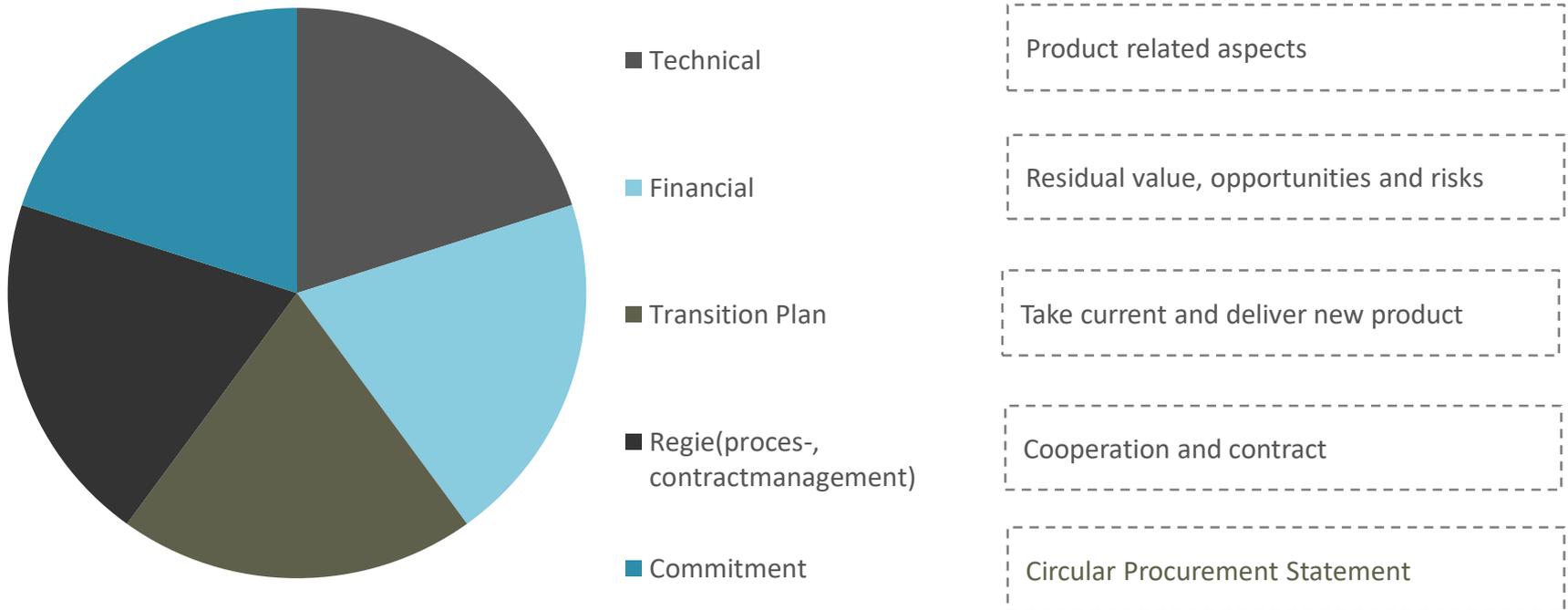
The **award criteria must be derived from the project's objectives and the critical success factors**. The contracting authority uses these to value the tender.

  - Functional (instead of technical) specifications
  - Reward on best value for money [Most Economically Advantageous Tender (MEAT)]
  - Avoid too many criteria



## Challenge the market for circular solutions

### AWARD CRITERIA | PROPORTIONAL



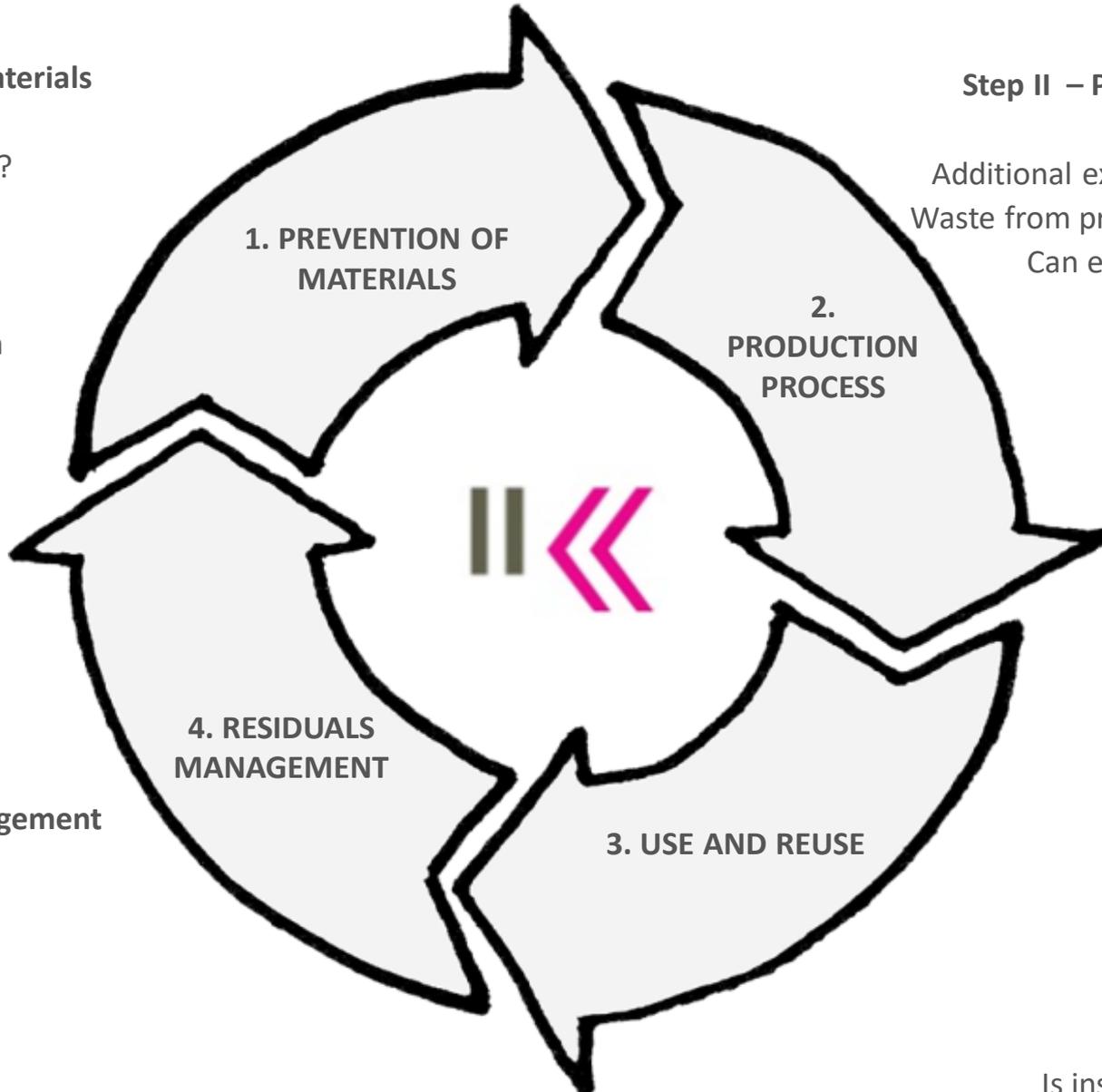
# REQUIREMENTS & AWARD CRITERIA | EXAMPLE

ORGANISATION/ CONTRACT	SCOPE	CRITERIA	SUBCRITERIA	MAX. # PNTS PER SUBCRITERION	MAX. # PNTS PER CRITERION
ORGANISATION [SELECTION-CRITERION]	VISION	VISION CIRCULAR ECONOMY	Your personal vision on CE	4	10
			Your vision on sector	3	
			Vision of your organization	3	
CONTRACT [AWARD]	TECHNICAL & PRODUCT RELATED ASPECTS	DESIGN & PRODUCTION PROCES	Product design	2	10
			Extraction of raw materials	2	
			Transport	2	
			Production process	2	
			Material management	2	
		USE	Degree of guarantee	2	10
			Quality level	2	
			Flexibility	2	
			Potential product maintenance	2	
		RESIDUAL MANAGEMENT	Potential transfer of ownership	2	10
			% Material suited for Re-use	2	
			% Material suited for Re-manufacturing	2	
			% Material suited for Re-cycling	2	
			Possibilities up- and down cycling	2	
		CONTRACT [AWARD]	FINANCIAL ASPECTS	NEW BUSINESSMODELS	Revaluation of residual value
Integration TCO	3				
Offer new business models	3				
CONTRACT [AWARD]	PROCESS ASPECTS	CHAIN COOPERATION	Degree of process design	2	10
			Degree of direction	2	
			Degree of securing	2	
			Degree of registration	2	
			Degree of organization	2	
CONTRACT [AWARD]	CE ALTERNATIVES	RANGE CE ASSORTMENT	Degree of CE alternatives	10	10
CONTRACT [AWARD]	COMMITMENT	CI-STATEMENT	Degree of commitment	10	10
TOTAL NUMBER OF POINT TO OBTAIN IN THE DEGREE OF CIRCULARITY				70	70



- **The tender instructions**
  - » Provide the candidates information about the nature and scope of the project and the rules governing the tender procedure.
- **Make data available for all the candidates**
  - » Make sure that the candidates receive the relevant, correct and complete (project) data they need to prepare an appropriate tender.
- **Announce restrictions in advance**

The number of solutions may be restricted, but the any such restrictions, also referred to as short-listing, must be based on award criteria *announced in advance*.



## Step I – Prevention of materials

Is the purchase necessary?  
Are there any alternatives?  
Does it contain toxins?  
Is extraction certified?  
Does emission result from extraction?

## Step II – Production process

Additional excipients required?  
Waste from production process?  
Can energy be reduced?  
Packing?  
Transport?

## Step IV – Residuals management

Deposit?  
Reusable?  
Collapsible?  
Retrievable?  
Different yield?  
Dump?

## Step III – Use

Maintenance?  
Cleaning?  
Life extension?  
Reuse?  
Types of users?  
Is instruction required?  
Appropriate enforcement?

# CIRCULAR PROCUREMENT | EXERCISE

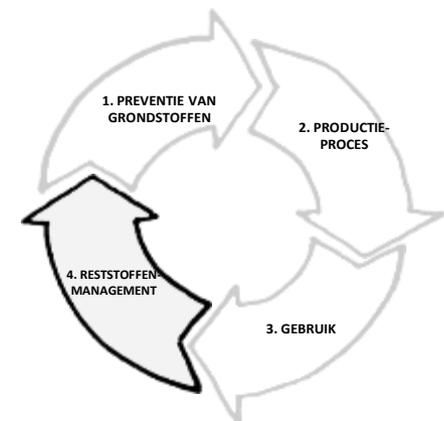
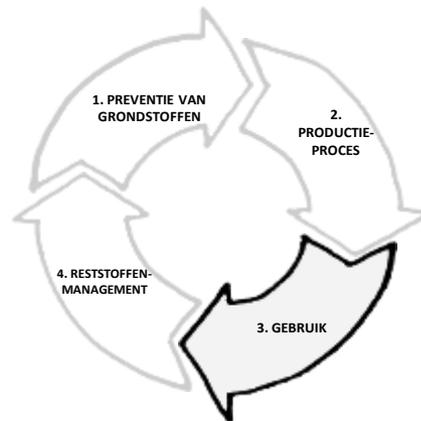
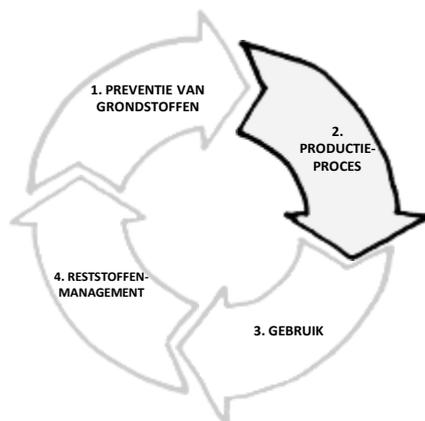
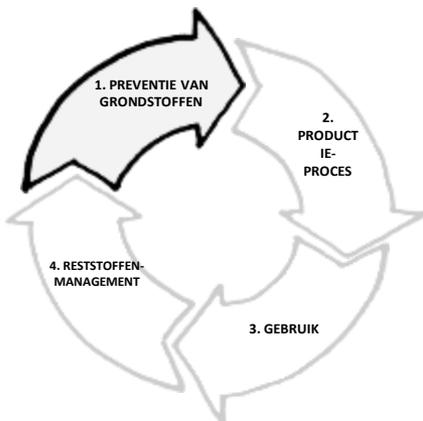
## ▶ ASSIGNMENT:

- Use the results of step 1 to 4 from the previous exercise Cycle-Indicator
- Decompose and analyse the chain of A coffee machine on the basis of the “Cycle-indicator” (3 elements: the coffee machine itself, the required materials and the cups)
- Bring the results into practice by formulating contract details for every process step

## ▶ GROUP OF 3/4 PERSONS

## ▶ LENGTH OF THE ASSIGNMENT: 15 MINUTES PREPARATION

## ▶ PRESENT THE OUTCOME PER GROUP



# CI | Exercise IV: Cycle-indicator

## Step 1 – Prevention of materials

- ⊙ Possibility fewer machines?
- ⊙ Monitor intensity of the use
- ⊙ Are the materials in the machine the right ones? No toxins?
- ⊙ Alternatives?

## Step 2 – Production process

- ⊙ Where produced?
- ⊙ Packing and removed directly upon delivery?
- ⊙ Energy use insightful?

## Step 3 – Usage

- ⊙ Conditions for cleaning company?
- ⊙ Preventive maintenance can extend lifetime.
- ⊙ Standby outside office hours?
- ⊙ *Daily maintenance, use of which cleaning solutions?*

## Step 4 – Waste management

- ⊙ Supplier remains owner and takes the machine back when the contract ends
- ⊙ Reuse of the case and other parts?
- ⊙ Contract duration links to technical lifetime (7-8 years)
- ⊙ Revised machines when lifetime is short



# CI | Exercise IV: Cycle-Indicator

## Step 1 – Prevention of materials

- ⊙ Usage per cup, could this be less?
- ⊙ Less water?
- ⊙ Alternatives (ways of coffee-making)?

## Step 2 – Production process

- ⊙ Which quality label?
- ⊙ Fairtrade?
- ⊙ Compliance with environmental requirements?
- ⊙ Transport (bulk carriers)?
- ⊙ Roasting coffee is an energy intensive process. DE uses its own used coffee grounds for energy supply (Utrecht).

## Step 3 – Usage

- ⊙ Waste?
- ⊙ If so, automatically adapt (for example lower dosage)
- ⊙ Contents of the cup have been determined contractually

## Step 4 – Waste management

- ⊙ Make use of used coffee grounds just as LaPlace does (possibilities oyster mushrooms)
- ⊙ Many different types of packaging; aluminium, foil, paper. Optimize separation instead of waste
- ⊙ Container deposit coffee supplier
- ⊙ Waste of additions (sugar, milk, stirrers, sweeteners and tea-bags)



# CI | Exercise IV: Cycle-Indicator

## Step 1 – Prevention of materials

- ⊙ Reuse cups
- ⊙ Rinse

## Step 2 – Production process

- ⊙ Plastic, biobased or pottery?
- ⊙ Energy usage during production varies greatly.
- ⊙ What is the best cup?

## Step 3 - Usage

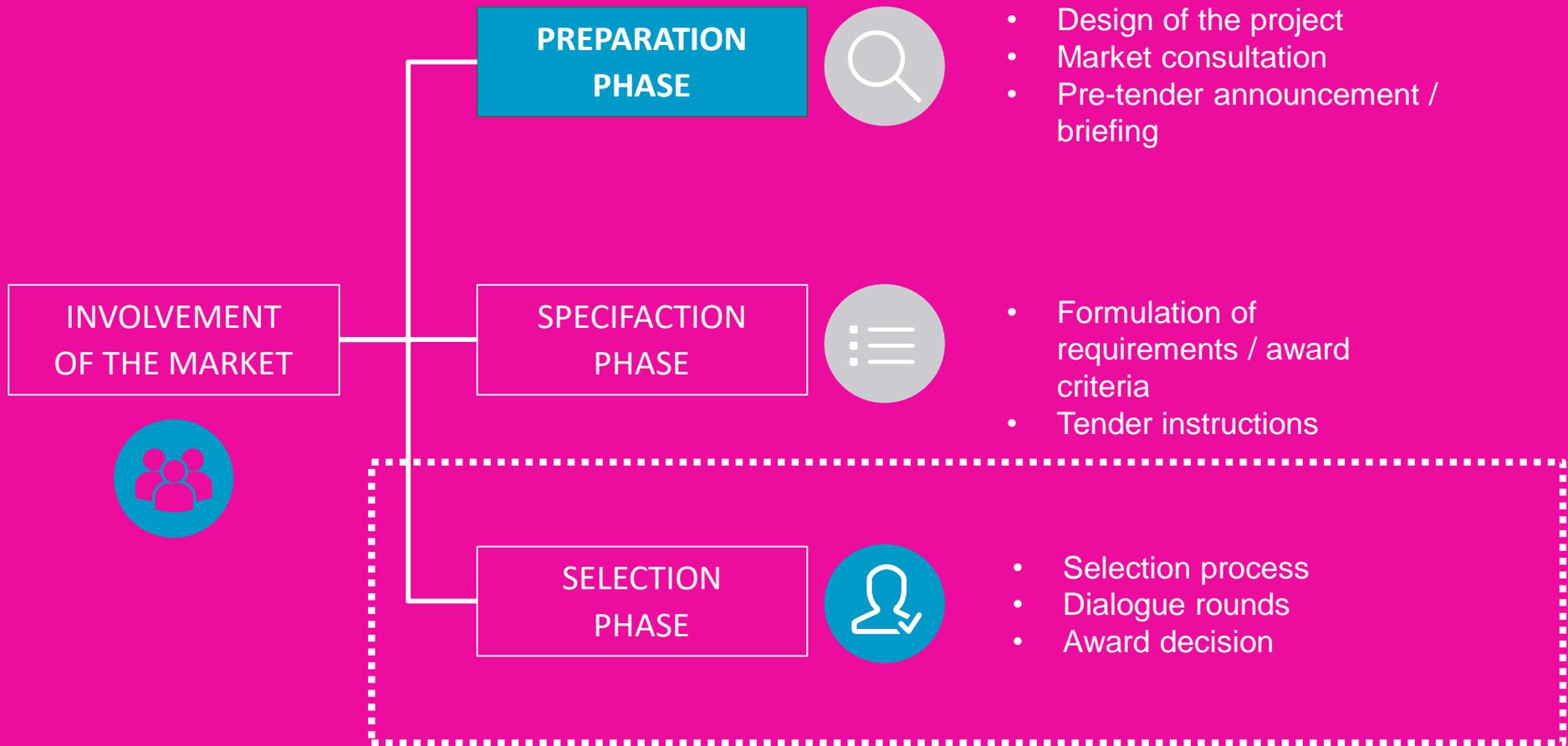
- ⊙ Stimulate reuse more
- ⊙ Optimally separate cups (waste)?
- ⊙ Retrieval system used cups?
- ⊙ Reuse traditional mug more often instead of cup from machine?

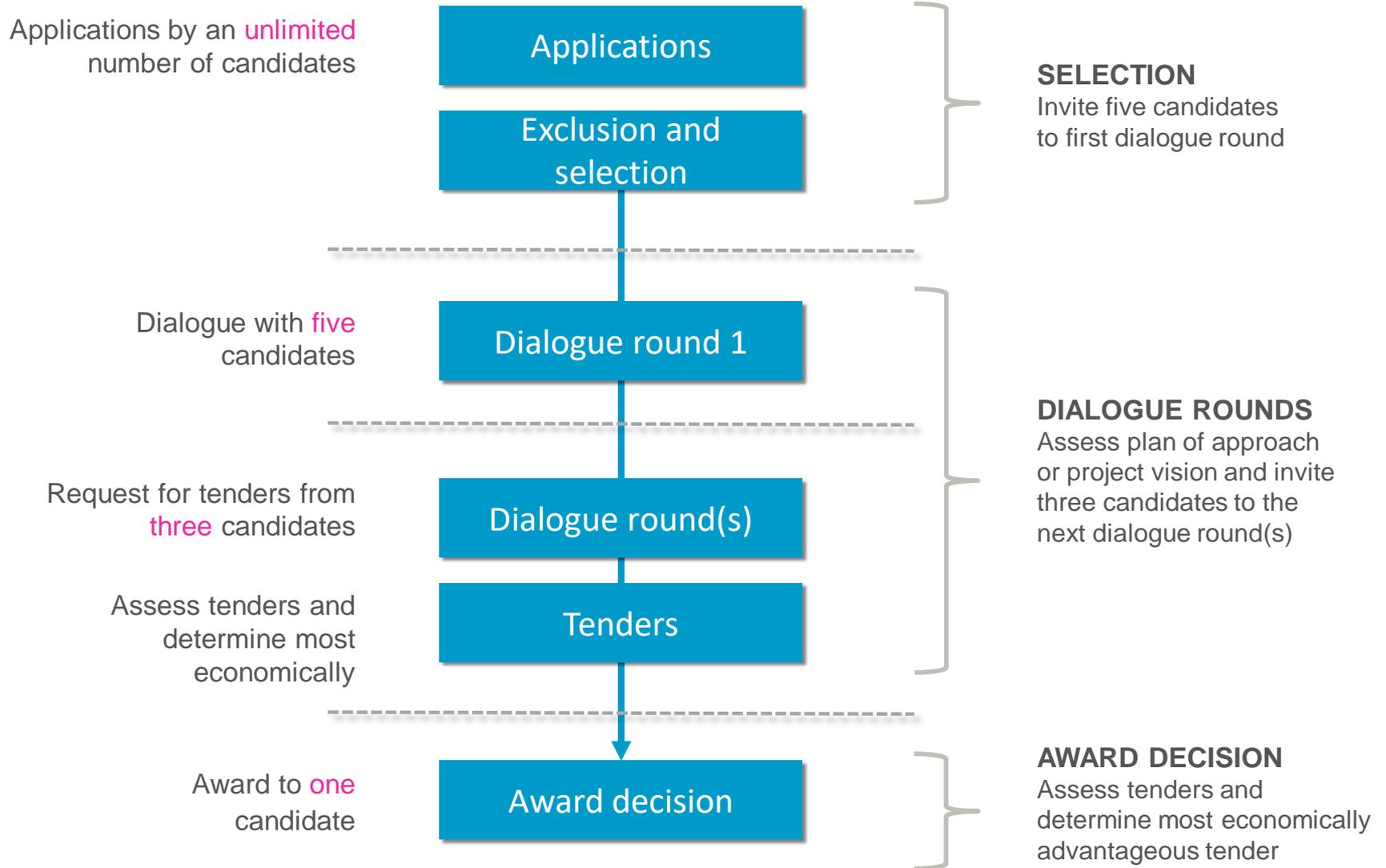
## Step 4 – Waste management

- ⊙ Plastic can be downcycled: roadside poles
- ⊙ Optimize processing: Bioplastic cannot be added to the VGF?
- ⊙ Coffee supplier processes cups itself?



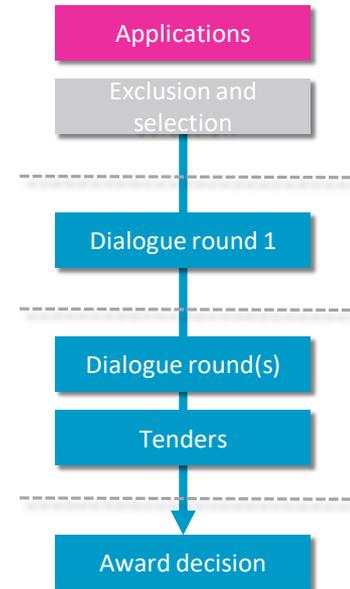
# INVOLVEMENT OF THE MARKET DURING SELECTION PHASE





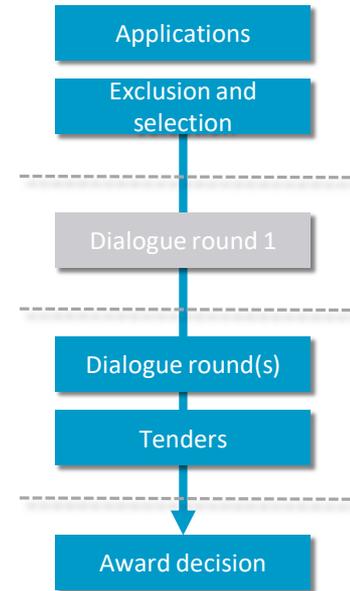


- **Applications by an **unlimited** number of candidates after:**
  - Market consultation day
  - Pre-tender announcement / Briefing
  - Publication on Tendered & tender instructions
- **Exclusion & selection steps:**
  1. **Examine the submitted applications to check whether they are complete and valid.** This is the case when the following questions are answered in the affirmative:
    - The contracting authority has received the application within the stipulated time.
    - All the documents that were stipulated are present.
    - The candidate complies with the minimum requirements and the grounds for exclusion are not applicable.
  2. **Rank the remaining candidates on the basis of the selection criteria**  
At this point more importance must be attached to the content and quality of the motivation for the assessment.
  3. **Determined which candidates will be invited to take part in the dialogue (# 3/5)**



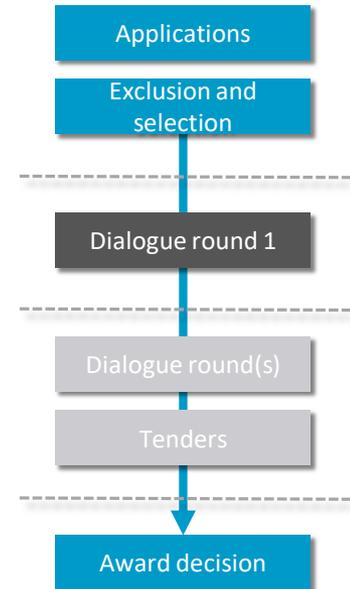


- **Competitive Dialogue Process**
  - In case there's no unambiguous answer / solution for the tender
  - Conduct a dialogue that results in an optimization of the request and offer.
  - Contracting authority receives tenders offering an optimum solution at a reasonable price. And the party submitting the tender is offered an attractive contract with sufficient economic prospects.
- **Start dialogue process**
  - Kickoff meeting (combined or separate)  
Organize a kickoff meeting to enable the candidates and the members of the project team to become acquainted with each other and to visit the object of the tender procedure and the land on which it is located.
- Hybrid Kickoff  
Combination of:
  - **Plenary session** in which the candidates receive a general explanation and an explanation of the substance of the project and the dialogue process.
  - **Individual sessions** in which individual candidates get the opportunity to discuss specific issues in more detail.



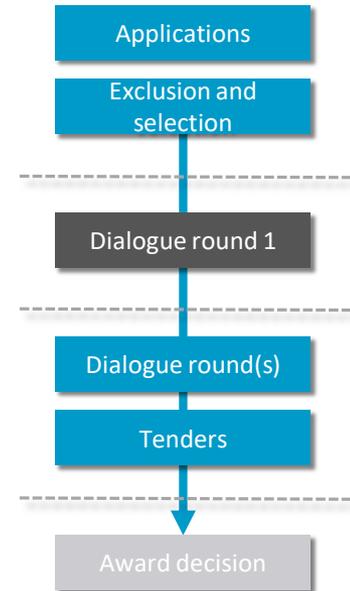


- **Dialogue content**  
The dialogue conducts on basis of the the *draft agreement* and the *output specifications* of the tender.
- **Optimization of the documents**  
During the dialogue, the parties can submit proposals *that result in the optimization of the documents* issued at the beginning of the procedure.
- **Invitation to submit final tender**  
Once the contracting authority concludes the dialogue, the selected *candidates are invited to submit a final tender*.
- **Final decision**  
*The most economically advantageous tender forms, together with the agreement as adopted before the closure of the dialogue, the agreement between the parties.*





- **Assessment of the tenders *based on the following questions***
  1. What added value does the tenderer's solution as based on the award criteria offer relative to the stipulated minimum requirements?
  2. How should the value of the tender submitted on the basis of the award criteria be determined and on which arguments is this value based?
  3. **Which candidate is awarded the highest score** on the basis of the formula made known in advance?



# EXAMPLE | RATING CIRCULARITY



No / limited insight in requested items

Policy insight, but no demonstrable practical examples

Insight in both policy and practice, not fully 'SMART' and possibly some missing elements

Insight in both policy and practice, and well-substantiated

Insight in policy and practice, realistic and fully integrated with the objectives of the Municipality

# EXAMPLE | RATING MODEL

ORGANISATION / ASSIGNMENT	SCOPE	CRITERIA	SUBCRITERIA	MAX. # PNT PER SUBCRITERIUM	MAX. # PNT PER CRITERIUM
ORGANISATION [REQUIREMENT]	VISION	VISION CIRCULAR ECONOMY	From personal vision CE, vision on the sector, vision of the organisation	KO	KO
MINIMAL DEGREE OF CIRCULARITY [REQUIREMENT]	MINIMUM REQUIREMENT	MINIMAL SOCRE	Minimal score of a 6 on circular economy	KO	KO
ASSIGNMENT [TENDER]	TECHNICAL CONTENT AND PRODUCT-RELATED ASPECTS	PRODUCT DESIGN	Suitability for reuse, modularity		
			Deployment of previously used materials		
		PRODUCTION PROCESS	Material efficiency production phase		
			Recovery of waste		
WASTE MANAGEMENT	Measures to prolong lifetime after extension				
ASSIGNMENT [TENDER]	FINANCIAL ASPECTS	NEW REVENUE MODELS	Buy buy-back scheme		
ASSIGNMENT [TENDER]	MANAGEMENT	PROCESS- AND CONTRACTMANAGEMENT	Degree of control and management		
ASSIGNMENT [TENDER]	COMMITMENT	CI-DECLARATION	Degree of commitment		
ASSIGNMENT [TENDER]	ALTERNATIVES AND MOTIVATION	BREADTH CE ASSORTMENT	Extent to which there are alternatives for circular economy		
TOTAL NUMBER OF POINTS WITH REGARDS TO CIRCULARITY (EXCLUDING KNOCK-OUT CRITERIA)					

KO = Knock-Out criterium

# EXAMPLE | RATING CIRCULARITY IN DETAIL

TENDER CRITERIA	CRITERIA	SUB CRITERIA	THE EXTENT TO WHICH THE ASSESSMENT IS TAKEN INTO ACCOUNT	RATING
3.2.3 CIRCULARITY  MAX. 2 A4	Product design	To what extent are the products eligible for high quality future re-use?	<ul style="list-style-type: none"> <li>Choice of materials</li> <li>Degree of flexibility in the functionality of the product</li> <li>Demountability / opportunity to separate parts and materials</li> <li>Maximum lifetime of (parts of) the product</li> <li>The extent to which (parts of) the product is suitable for different type of uses</li> </ul>	2. Tenderer has given limited to no knowledge about the required elements.
		To what extent will used materials and parts be reused?		4. Insight into the elements is given from a policy point of view. No demonstrable application (support) in practice is provided.
	Production process	Material efficiency during production process	<ul style="list-style-type: none"> <li>Material efficiency during production phase</li> <li>Zero waste during production, energy saving measures</li> <li>Mode of production</li> </ul>	6. Insight into the circular elements is given from a policy and practical point of view. Substantiation is not entirely SMART and insightful. Lacks some elements.
		Residual materials and return flows		
	Residual waste management	Measurements taken to extend the life cycle	<ul style="list-style-type: none"> <li>Waste processing</li> <li>Maintenance work on the product</li> <li>Degree to which parts can be easily replaced</li> <li>Degree to which (parts of) the product can be used for multiple purposes</li> <li>Dealing with return flows (process assurance up to end of life cycle). Extent in which the product is dealt with after lifetime</li> <li>Degree to which supplier is aware of the Circular Economy principles and the role of the supplier – customer</li> </ul>	8. Well-substantiated insights into circular elements are given from a policy and practical point of view.
				Use

Note: suppliers can deal with the circular economy in different ways. Some suppliers focus on recycling (as one of the circular loops), whereas others mainly focus on maintenance and repair (as 1 of the circular loops). Neither option is better than the other one. At this stage of the circular economy we ask the suppliers for 1) insight/transparency, 2) effort in the circular principles and value retention of products and materials and 3) maturity in thinking and doing (which means that more is evaluated than only the policy story). These three elements will be evaluated, more so than the content / technical aspects.

# EXAMPLE | ASSESSMENT REPURCHASE AGREEMENT

TENDER CRITERIA	CRITERIA	SUB-CRITERIA	THE EXTENT TO WHICH THE ASSESSMENT IS TAKEN INTO ACCOUNT	MEASUREMENT
3.2.2. REPURCHASE AGREEMENT	SMART MAX. 2 A4	Insight in the construction and calculation of the return value, including an insight in the start value, depreciation after use (risk) and the retained value.	<ul style="list-style-type: none"> <li>• Structure repurchase value, including initial value, depreciation value through use and retained value.</li> <li>• Multiple years, end date contract</li> <li>• The process to take away concerns for the municipality of Amsterdam</li> <li>• Commitment of the municipality itself</li> <li>• Extra: is the tender participant able to make the connection to the goals of the circular economy (understanding and awareness)</li> </ul>	2. Tender participant has not developed a coherent proposal. Financial and process oriented explanation is missing. The participant leaves questions unanswered.
		Understanding how the repurchase agreement relates brings value over time, in which the start of the repurchase is equal to the end date of the agreement. Optionally a repurchase agreement can be offered for the furniture after the expiry of the agreement.		4. The business model has been developed but some important factors are missing. The business model has been elaborated upon, but misses several elements of the question (such as start value, risks, etc.). The process and financial arguments are not SMART.
		How concerns are taken away in the repurchase process.		6. Proposal is written by tenderer in a SMART fashion. Gives minimal insight into asked financial and process steps. Makes a connection with the principles of the circular economy (= return products to ensure value retention, awareness).
		Insight in what is expected from the Municipality of Amsterdam in the repurchase agreement.		8. Tenderer has elaborated upon the business and process proposal. It contains the asked elements. Some unclarities about risk and value assessment (financial/process). Gives a good impression of the relationship with the circular goals.
				10. Tenderer provides a clear and realistic business model and process description. Thinks along with the municipality. Is clear about risk and value assessment. Connects optimally with the goals of the circular economy.

The buyback scheme is an arrangement whereby the user (Gemeente Amsterdam) can offer the furniture for redemption after use. Risk and value assessment are included and the supplier should indicate which possibilities there are for repurchasing. For Amsterdam this is an indicative proposal: no forecasts and agreements were set on the actual use of the scheme after the term of four years. Amsterdam would also like insight into possible redemption after this term.

# EXAMPLE | BUSINESS CASE LINEAR VERSUS CIRCULAR PROCUREMENT

## CONTRACTING PERIOD OF 5 YEARS

	Amount	I. Linear procurement purchase / repurchase without retained value	II. Circular procurement – purchase / repurchase with the guarantee of retained value and return of products	III. Circular procurement – pay per use without deposit	IV. Circular procurement – pay per use with deposit	Positive deviation scenario I versus IV
Office chairs	1875	€ 794.000	€ 761.250	€ 714.000	€ 672.500	15%
Cupboards	250	€ 130.500	€ 125.000	€ 122.500	€ 117.500	10%
Meeting room desks	250	€ 277.500	€ 265.000	€ 272.000	€ 256.000	7%
Desks	1000	€ 464.000	€ 444.000	€ 435.500	€ 410.000	11%
Meeting room chairs	375	€ 113.500	€ 108.750	€ 102.000	€ 96.000	15%

## CONTRACTING PERIOD OF 10 YEARS

	Amount	I. Linear procurement purchase / repurchase without retained value	II. Circular procurement – purchase / repurchase with the guarantee of retained value and return of products	III. Circular procurement – pay per use without deposit	IV. Circular procurement – pay per use with deposit	Positive deviation scenario I versus IV
Office chairs	1875	€ 971.250	€ 938.500	€ 1.096.000	€ 1.016.000	3%
Cupboards	250	€ 155.250	€ 149.750	€ 188.000	€ 174.250	3%
Meeting room desks	250	€ 320.000	€ 307.500	€ 417.500	€ 387.000	3%
Desks	1000	€ 552.000	€ 532.000	€ 668.000	€ 619.250	3%
Meeting room chairs	375	€ 138.750	€ 134.250	€ 156.750	€ 145.250	3%

Note: The rates are meant for an adequate understanding of the different scenarios and to provide a realistic picture of the different business models. At the same time it is not possible to derive any rights from these rates. The mentioned amounts are rounded up and the percentages are rounded down in this figure.

# CIRCULAR PROCUREMENT | EXERCISE

## ▶ ASSIGNMENT:

- Take 1 concrete current or upcoming tender in mind
- Now fill in the needed actions for the different procurement phases keeping the circular economy in mind. For example :
  1. What to do in the preparation phase?
  2. What are the circular requirements?
  3. What is the circular business model in this case?
  4. How to tender your business need? What are the tender selection criteria?

## ▶ GROUP OF 3/4 PERSONS.

## ▶ LENGTH OF THE ASSIGNMENT: 30 MINUTES PREPARATION

## ▶ PRESENT THE OUTCOME PER GROUP



# TODAY'S PROGRAM

1. Welcome and Introduction
2. Circular Economy and the latest developments
3. Sustainable Public Procurement

*Coffee break*

4. Circular Procurement

*Lunch*

5. Circular Procurement: Steps to take in the sourcing process
  - Identifying need
  - Market dialogue
  - Setting specifications (e.g. functional) & criteria
  - Selection & Adjudication

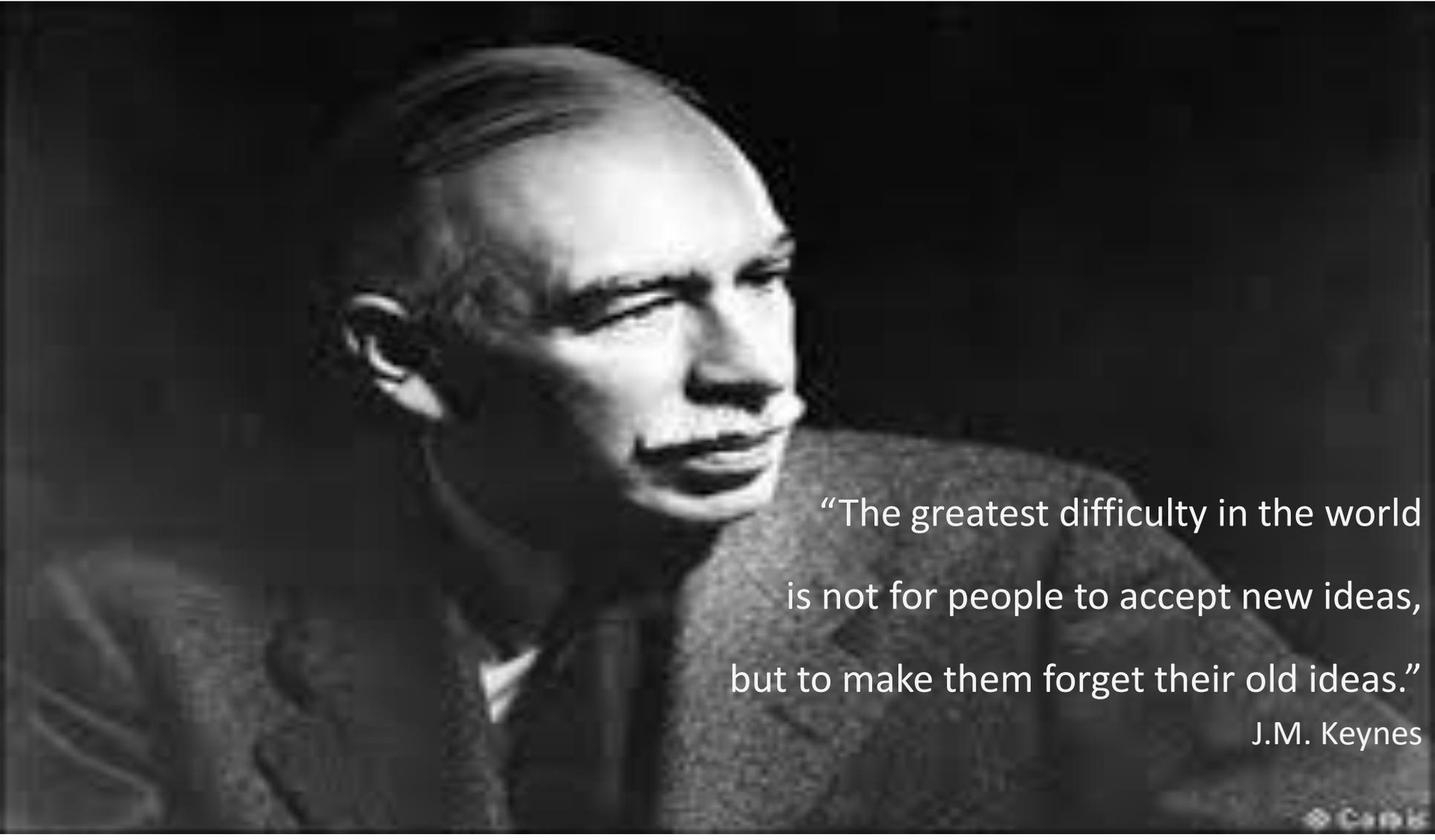
6. Interaction: Creating a plan for action

7. Closure

# CIRCULAR PROCUREMENT | EXERCISE

- ▶ ASSIGNMENT:
  - Which challenges will you face when conducting circular procurement?
- ▶ GROUP OF 3/4 PERSONS
- ▶ LENGTH OF THE ASSIGNMENT: 15 MINUTES PREPARATION
- ▶ PRESENT THE OUTCOME PER GROUP

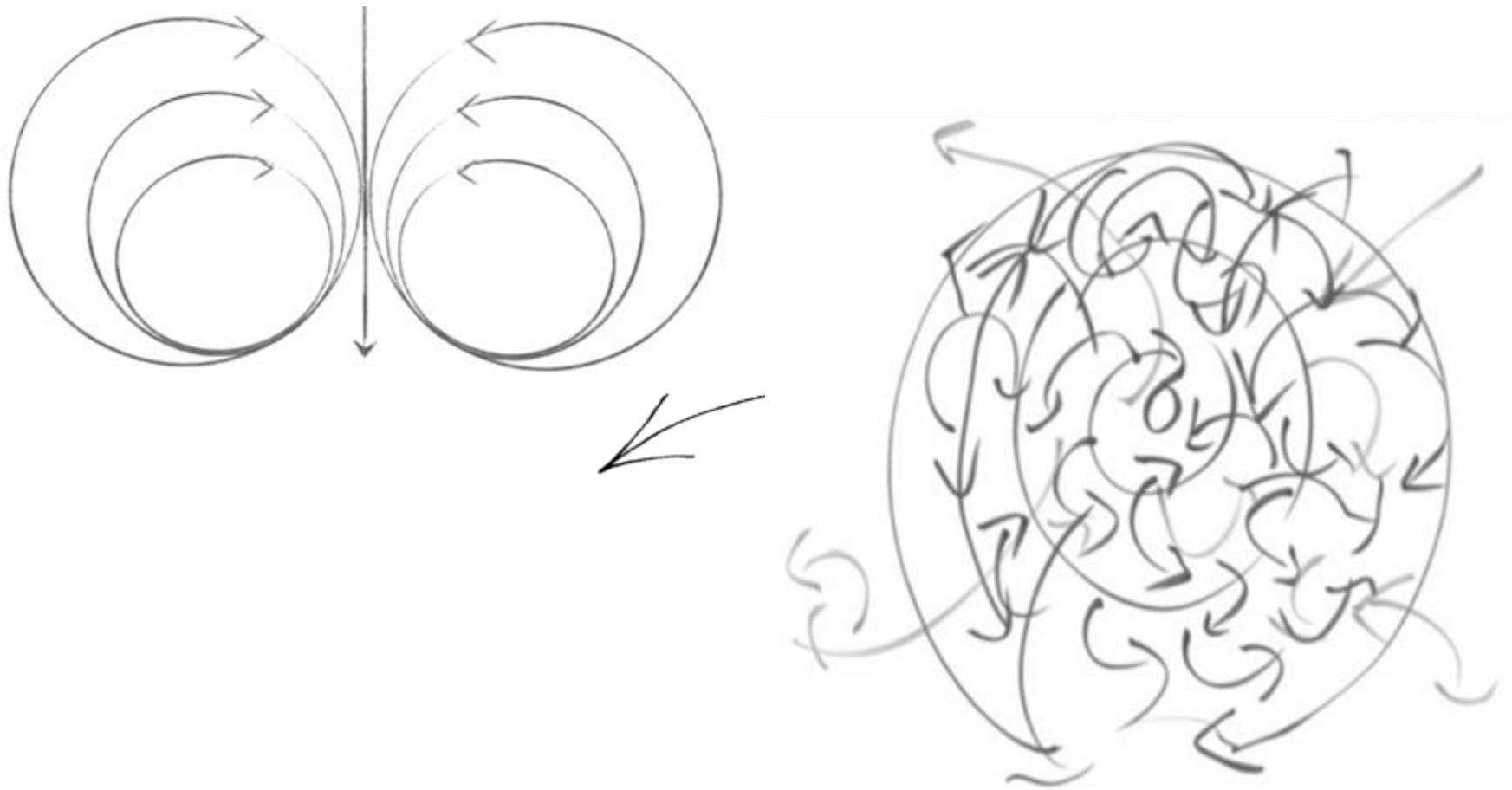


A black and white portrait of John Maynard Keynes, an elderly man with a mustache, looking slightly to the right. The lighting is dramatic, highlighting his face against a dark background.

“The greatest difficulty in the world  
is not for people to accept new ideas,  
but to make them forget their old ideas.”

J.M. Keynes

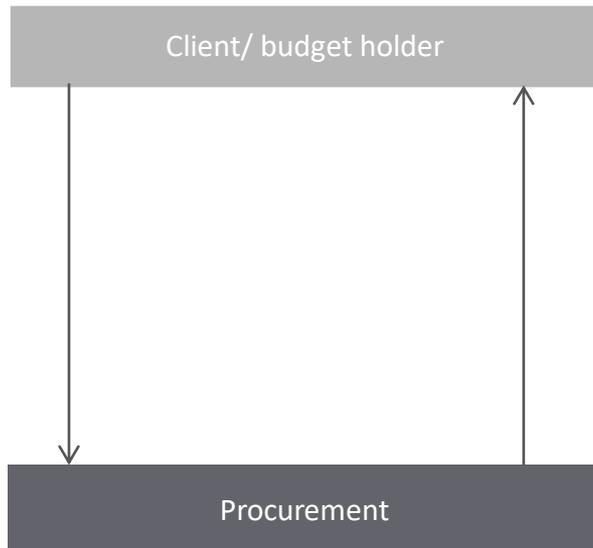
# CLOSING CYCLES IS AN ORGANIC PROCESS



Source: Interface | Geanne van Arkel

# PRECONDITION FOR SUCCESS

- ▶ Connect the procurement organization to the internal client



## Collaboration:

- By knowing each other's principles and challenges, such as the policy of the organisation as a framework for the buyer versus the time and financial pressure on the client.
- By talking to each other at an early stage.
- By exploring the market potential together in advance.

# PROCUREMENT GAME RULES

Related to the subject of the assignment

Proportionality

Quality marks

# CI | BEHAVIORAL CHANGE

I want to be 100% sure it works

I do it when you do it



I want to, but I get no support

How can I make a difference?

## Possible solutions:

- Recognize and admit that **felicity and self-development** contribute to a higher general purpose and are the **key drivers** for a person and the organisation
- **Involving the team when forming the ambition**, by jointly determining the dot on the horizon the communal focus arises that is necessary for **ownership and support**
- **Providing insight** into how **individual (small) steps** lead to significant common progress.
- **Celebrate successful steps by offering purchasers a stage**
- **Creating an experimental area and evaluate on learning outcome**
- **Accepting that you do not know everything**, understanding that this is working innovatively and that '**learning by doing**' works
- **Involve senior management in the governance structure**

**“If you think you are too small  
to make a difference, try  
sleeping with a mosquito.”**



## Start a circular procurement tender to make a difference!

- ▶ Find needs that you think are suitable for circular purchasing
- ▶ Find an internal client that meets your circular purchasing goals
- ▶ Start following the learned circular procurement steps



# TODAY'S PROGRAM

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3. Sustainable Public Procurement

*Coffee break*

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*Lunch*

5. Circular Procurement: Steps to take in the sourcing process
  - Identifying need
  - Market dialogue
  - Setting specifications (e.g. functional) & criteria
  - Selection & Adjudication
6. Interaction: Creating a plan for action

7. Closure



# HANDOUT MATERIAL

# CI | MATERIAL PASSPORT

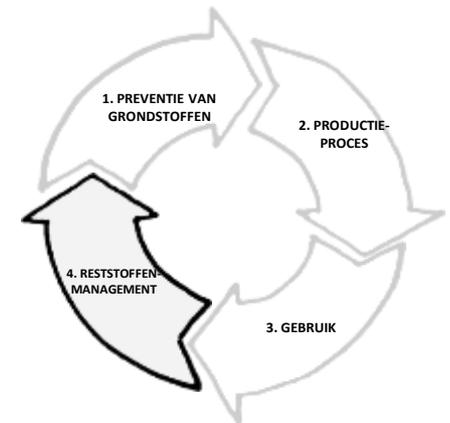
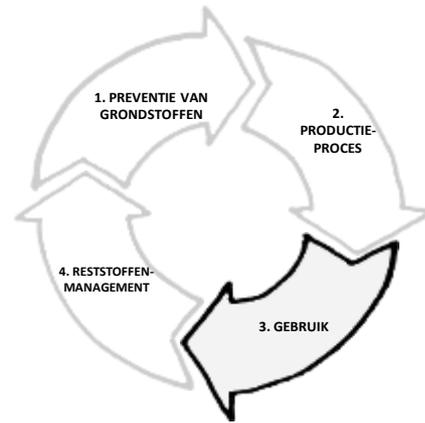
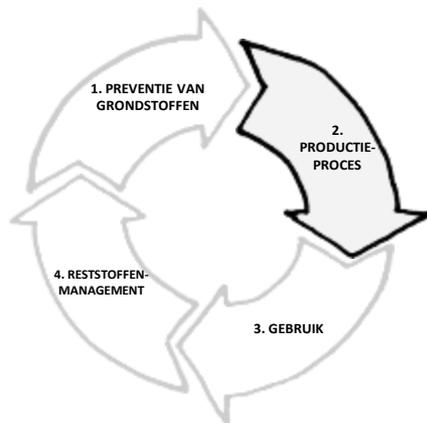
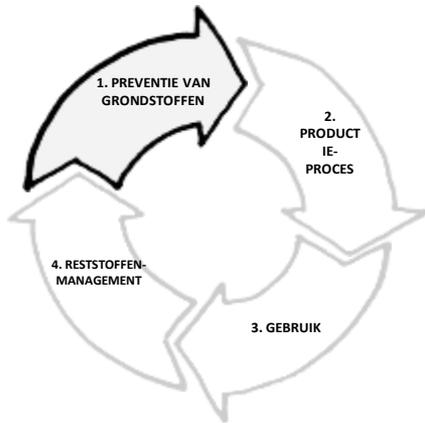
**Material passport:** The best instrument to ensure materials are recognizable and (thus) efficient and broadly reusable is by providing products with a material passport. A type of label that says: “Dear recycler, the products contains this, in this quantity and in that composition.”

- ⦿ Materials rarely are incorporated into products in their natural condition;
- ⦿ In the waste process, composite materials should be separated into base materials first;
- ⦿ Subsequently, the base materials are directly (or after further adaption) reused in the production process.



## CI | EXERCISE V: MATERIAL PASSPORT

- ▶ Use the results of step 1 to 4 from the previous exercise Cycle-Indicator
- ▶ Bring the results into practice by formulating contract details for every process step
- ▶ DURATION: 15 min
- ▶ PRESENTATION: 5 min



# CI | Material Passport

## Heading 1 – Prevention of materials

### Clause 1 – Material passport

1. In the material passport parties specify in writing the characteristics of the goods or services that are included in the purchasing contract.
2. Hereby parties declare that –back and forth – the raw materials and excipients will be analysed.
3. The conditions specified under sub sections a and b are designed to eliminate the use of harmful raw materials and excipients, promoting the reuse of raw materials and excipients and achieving a greater degree of cooperation between the parties.

### Clause 2 – Specifying goods

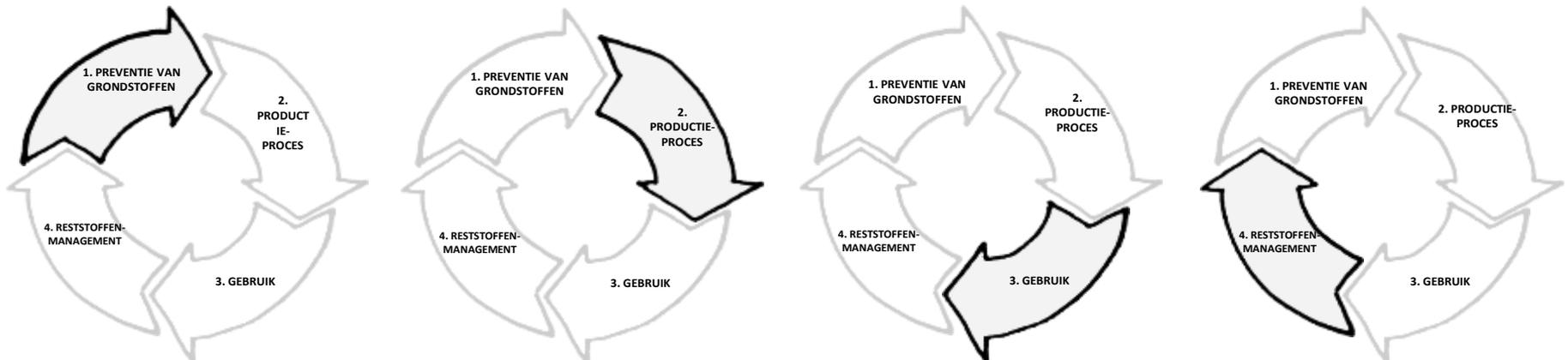
1. The goods included in the purchasing contract consist of recycled materials for at least ...X...%
2. The percentage stated in section 1 of this Clause has been determined by the parties on basis of:
  - Sub a. ...
  - Sub b. ...
3. Parties agree to prevent the application of harmful (toxic) materials at all times.
4. With regard to the goods included in the purchasing contract, a CO2 compensation policy will be pursued. Parties have agreed upon this policy for the duration of ...X... months.
5. The goods included in the purchasing product have been produced in the way described in appendix 1 of the material passport.

### Clause 3 – Maintenance of goods

1. Parties agree that the goods included in the purchasing contract will be designed and produced in such a way that – interim – replacement of parts is stimulated.
2. Reuse of parts is achieved as follows:
  - Sub a. ...
  - Sub b. ...
3. The mode of maintenance is further described in appendix II of the material passport.

### Clause 4 – Specifying services

1. The services included in the purchasing contract meet the requirements set by ... and ... .
2. ...



# CI | Material passport

## Heading 2 – Production process

### Clause 5 – Waste streams

1. With regards to the goods included in the purchasing contract the waste streams included in sub section a, b and c can be distinguished as follows:

**Sub a.** raw materials, additives and other materials for the production of product ...X...;

**Sub b.** packaging materials for sending product ...X...;

**Sub c.**

2. Parties agree to produce and process the goods included in the purchasing contract in a circular manner.

3. The way of processing depends on the phase of usage. Parties agree that:

**Sub a.** *during the production process* the materials used by the producer are processed as follows: .....

**Sub b.** *during the full lifetime* parties process goods or parts as follows: .....

**Sub c.** *after lifetime* parties ensure together that the delivered goods or parts or being processed as follows: .....

4. For a detailed explanation of the types of materials, additives and other materials go to appendix III of the material passport.

### Clause 6 – Waste prevention

1. In accordance to article 5 of the material passport parties have issued the following waste prevention measures with regard to the produced goods that are included in the purchasing contract.

**Sub a.** parties reduce the use of packaging material by jointly...

**sub b.** packaging materials are always taken back by the producer/supplier/processor;

### Clause 7 – CO2-footprint

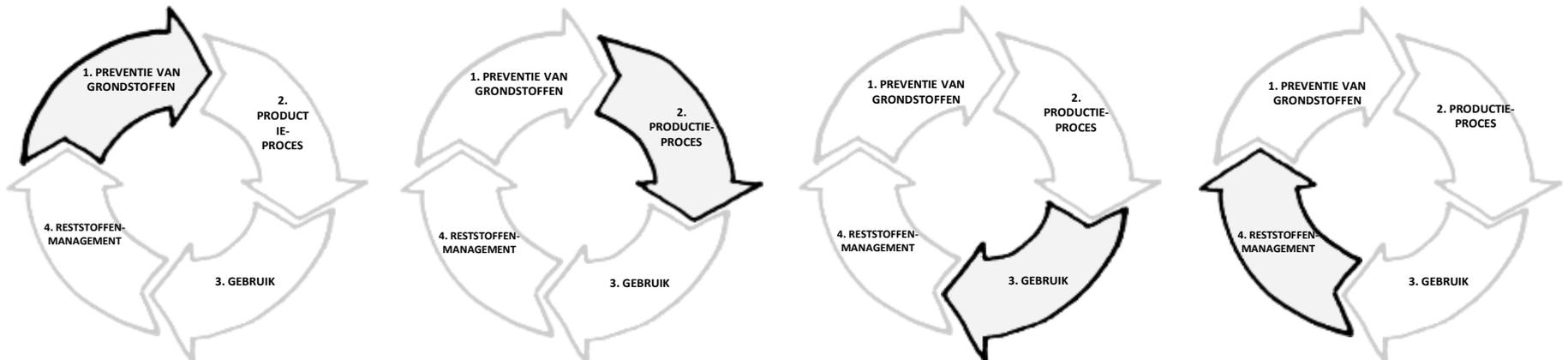
1. The CO2-footprint of the goods included in the purchasing contract has been determined by parties on ... X...

### Clause 8 – Renewable energy

1. Parties agree to exclusively use renewable energy during the production process of product ... X... .

2. Violations of the provisions included in paragraph 1 of this article are punished by means of a compensation of ...X...

3. The compensation is directly claimable in case compliance has become permanently impossible.



# CI | Grondstoffenpaspoort

## Heading 3 – Usage

### Clause 9 – Lifetime

1. Parties agree to perform acts that enhance the lifetime of the goods included in the purchasing contract.

**Sub a.** user holds responsibility and an obligation to use the goods in a proper manner;

**Sub b.** in case defects occur in one of the goods, the user will notify the responsible facility services as soon as possible;

**Sub c.** the facility services performs the agreed act to do the maintenance ...X... times a month(s);

**Sub d.** the maintenance to enhance the lifetime of goods is done on the basis of the 6R-model.

2. The way in which the obligation of parties should be adhered to as described in article 9, section 1, sub section d is included in appendix IV of the material passport.

### Clause 10 – Maintenance tools

1. The facility services supplier that is held responsible by the parties makes use of the expedients as described in clause 2 when performing the maintenance ...X(monthly)...

2. The expedients that are used to extend the use and lifetime of the goods are exclusively biodegradable, do not consist of chemical matters and are meant to enhance the degree of circularity.

3. The facility services provider uses the technique of....

### Clause 11 – Breach of contract

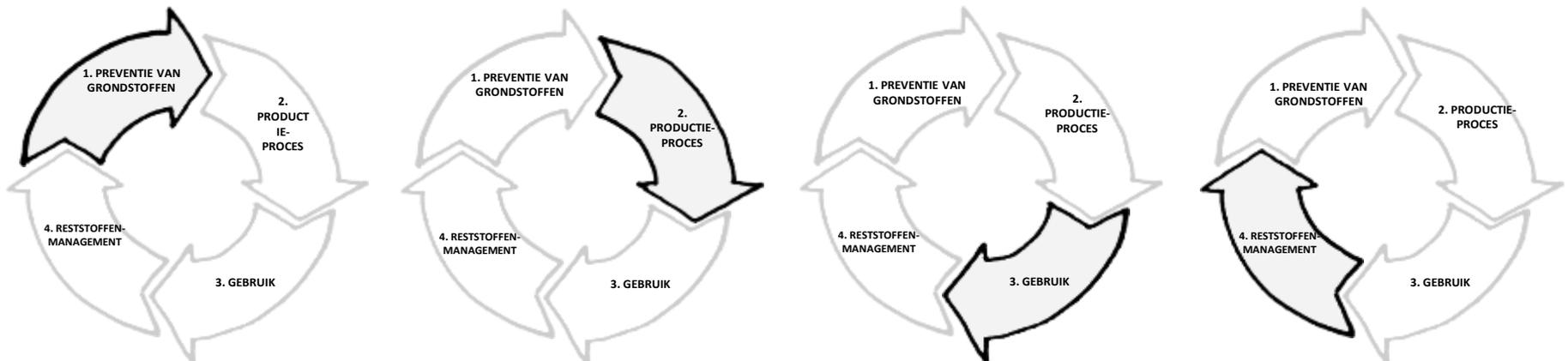
1. To guarantee the optimal lifetime of the supplied goods, parties agree upon the following precautions:

**Sub a.** ...

**Sub b.** ...

2. In the event of default with respect to the obligations described in articles 9 and 10 of the material passport, the defaulting party is required to report this as quickly as possible to the reflexive party.

3. If the party as defined in section 2 fails to do so, then it should ...X...



# CI | Grondstoffenpaspoort

## Heading 4 – Waste management

### Clause 12 – End of use

1. Parties agree to process the goods after the agreed period as follows.

**Sub a.** the user should return the goods to the manufacturer/supplier/processor in a proper state. The conditions to which should be complied are defined in appendix V of the material passport.

**Sub b.** the producer/supplier/processor is expected to give the user a fee of ...X... after the intake of goods, unless their are claims on the basis of reasonableness or fairness that argue against this;

**Sub c.** parties are expected to keep each other up-to-date about possible changes in the use of the goods at all times.

2. The way in which the residues of the goods are being dealt with after intake by the producer/supplier/processor is defined in appendix VI of the material passport.

3. If the party as defined in section 1 fails to do so, then it should ...X...

### Clause 13 – Valuation materials

1. The used materials of the goods included in the purchasing contract represent a value of ...X... euro.

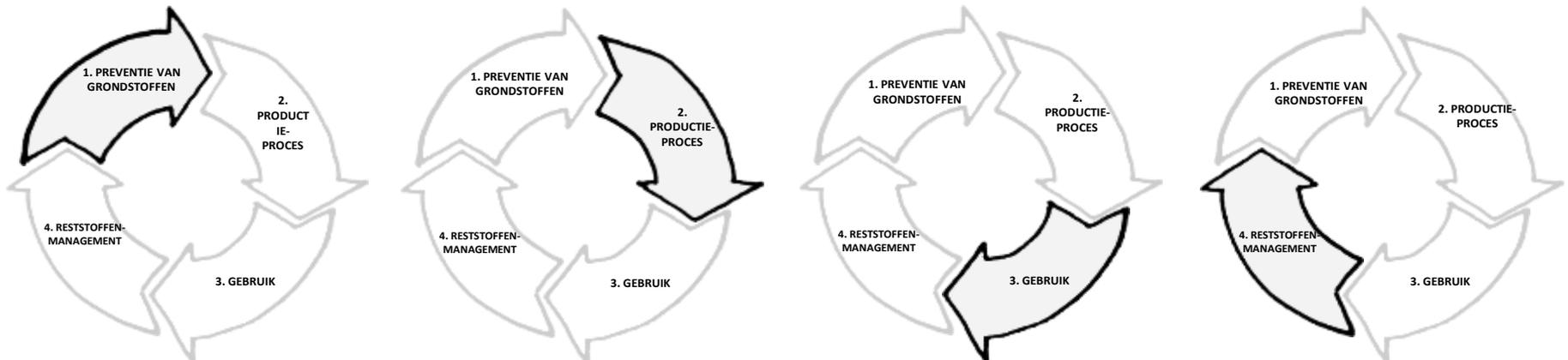
2. The value of the materials as described in section 1 represent ...X...% of the total value of the supplied goods.

3. The yields of the residuals resulting from the intake of the goods after the agreed usage period are processed in the purchasing price of the user as follows:

**Sub a.** ...

**Sub b.** ...

4. Changing the commodity value of the supplied goods at any moment is only allowed on the basis of mutual agreement.



# CI | EXAMPLE FROM PRACTICE INTERFACE

## Re-entry 'I Owe You' voorwaarden

Interface Nederland BV	XXX
Industrielaan 15	xxxx
3925 BD Scherpenzeel	xxxxxxxxxxxxxx
Hierna: <b>'Interface'</b>	Hierna: <b>'Klant'</b>

### ReEntry Program

Such agreements challenge the power of the partnerships.

This way they are given access to recycled nylon for ultimately 'closed loop carpet products'.

1. Deze voorwaarden zijn van toepassing op de 'I owe You' Voucher (hierna 'Voucher') welke Klant verkregen heeft bij de koop en levering van: ..... voor het project ....., hierna te noemen 'Product' of 'Producten'
2. De restitutie welke Klant kan verkrijgen op basis van de Voucher en de voorwaarden als hierin gesteld bedraagt € ..... per terug geleverde m2 van het Product.
3. Bij gebruikmaking van deze Voucher draagt Interface zorg voor het ophalen, afvoeren en recyclen van het Product, tegen de dan geldende voorwaarden binnen het Interface ReEntry programma.
4. Kosten voor opnemen en intern transport van het Product zijn niet inbegrepen.
5. De Voucher is niet overdraagbaar en is alleen geldig voor het terugleveren van het gebruikte Product en onder de voorwaarde als hierin gesteld.
6. De Voucher kan niet worden ingewisseld voor een geldbedrag.
7. De 'I owe You' Voucher maakt onderdeel uit van het ReEntry programma van Interface dat klanten wil stimuleren om tegeltapijt te laten recyclen.
8. De Voucher is geldig voor de gebruiksduur van het Product en alleen geldig voor geleverde producten binnen Nederland.