

## Written Evidence submitted by HP

### **Public Accounts Committee Achieving Net Zero Inquiry: Using sustainable procurement to meet the Net Zero target.**

Following the Public Accounts Committee's announcement of an inquiry into how the Government can reach the Net Zero target, HP is happy to submit to this inquiry, detailing how the UK Government can use sustainable procurement to meet the Net Zero target at an accelerated rate.

HP believes that consideration of the sustainability and environmental impact of public procurement could have a significant role to play in helping the Government meet the Net Zero target. Our submission will therefore focus on what Government can do to reach the target by "leading by example".

Sustainable public procurement guidelines can stimulate a critical mass of demand for more sustainable goods and services. By leveraging Government purchasing power to choose goods and services that have less of an impact on the environment, public authorities can make an important contribution to sustainable consumption and production.

Public procurement can also act as a strong stimulus for eco-innovation by incentivising the development of sustainable technologies and products. Requiring suppliers to meet certain environmental standards would stimulate innovation and encourage companies to develop new products with enhanced environmental performance.

### **At HP, we are advocating mandated considerations of sustainability in public procurement:**

While the recent Government Green Paper on procurement does encourage awarding authorities to consider how public contracts can support social or environmental issues, this is not a mandatory requirement. We believe that this should be a mandatory consideration for all public sector tenders and should be defined and mandated in the forthcoming National Policy Statement on Procurement. Sustainable procurement should be explicitly defined in this statement in line with the best international practice and the following definition adopted:

*"[Sustainable procurement] is a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured".*

HP believes that mandatory consideration of sustainable procurement will not only help the UK reach the Net Zero target but ultimately lead to more jobs in the economy in the longer term.

## 1.1. Executive Summary: Sustainable Procurement

- 1.1.1. HP believes that consideration of the sustainability and environmental impact of public procurement is currently under prioritised and could have a significant role to play in helping the Government meet its wider environmental objectives. Our submission will therefore focus on what Government must do to reach the Net Zero target and to what extent it is “leading by example”. It will specifically look at how improved guidelines on public procurement are essential for achieving the Net Zero by 2050 target and will outline key initiatives that we believe are crucial to Government championing sustainability in procurement.
- 1.1.2. There are gaps in the scope of products covered by the Government Buying Standards. The current Government buying standards for ICT equipment<sup>1</sup> for example do not include standards relating to supplies (printer cartridges), something which should be included - as lack of standards will allow poor quality and environmental damaging toners to enter the supply chain. We have included suggested public procurement criteria in Annex 1.
- 1.1.3. For example, tests have proven that clone cartridges exceed air quality emission limits - up to 53% over the allowed health and safety limit of styrene; up to 60% over the allowed health and safety limit of particles; up to 130% over the allowed health and safety limit of volatile organic compounds (VOCs)<sup>2</sup>. They can also lead to 13 times the paper waste from reprints due to inconsistent print quality<sup>3</sup>; and therefore, have a larger environmental impact than Original HP toner cartridges - 32% more energy usage, 43% more fossil fuels consumed and 45% larger carbon footprint<sup>4</sup>. Printer cartridges are an emblematic example of why robust government buying standards are essential. Over 65 million printer cartridges are sold each year in the UK alone. Clones and counterfeits are big business.
- 1.1.4. As part of the Government’s wider consideration of how to meet the Net Zero target we would welcome mandated consideration of sustainability criteria in public procurement. This would stimulate additional positive outcomes helping meet the Net Zero target.
- 1.1.5. Criteria within Government Buying Standards must be based on robust life cycle analysis in order that criteria do not lead to unintended consequences and a net negative environmental impact.

<sup>1</sup><https://www.gov.uk/government/publications/sustainable-procurement-the-gbs-for-office-ictequipment>

<sup>2</sup> 2018 WKI Blue Angel Indoor Air Quality compliance study, commissioned by HP. The study tested 4 New Build Compatible toner cartridge brands sold as substitutes for HP LaserJet Pro MFP M425dn with cartridge 280A. The tests were carried out in compliance with “Prüfverfahren für die Bestimmung von Emissionen aus Hardcopygeräten” for purposes of Blue Angel labelling of office equipment in accordance with RAL-UZ 205. For more information, visit <http://h20195.www2.hp.com/v2/GetDocument.aspx?docname=4AA7-1981ENW>.

<sup>3</sup> 2018 Four Elements Consulting LCA study, commissioned by HP, compared Original HP 80A and 83A monochrome toner cartridges with a sample of NBC alternatives across eight environmental impact categories. For more, visit [hp.com/go/EMEA-LJLCA-NBC-2018](http://hp.com/go/EMEA-LJLCA-NBC-2018).

<sup>4</sup> *ibid.*

## 1.2. Introduction

- 1.2.1. HP believes that consideration of the sustainability and environmental impact of public procurement is currently under prioritised and could have a significant role to play in helping the Government meet the Net Zero target.
- 1.2.2. A report from the Public Administration and Constitutional Affairs Committee found that the *'Government appears to focus unduly on cost in its contracting decisions, with a detrimental effect on service quality'*<sup>1</sup> In turn, this sees cheap contracts awarded at the expense of the environment as more products are discarded or quickly become in need of repair and maintenance. This is because too often the temptation is for procurers to attach greater importance to shortterm cost savings over longer-term gains and cost efficiencies. We believe that by committing to a stronger, more rigorous sustainable public procurement process, the Government can save taxpayer money in the long term, reduce waste and drive a positive environmental impact.

## 1.3. About HP

- 1.3.1. HP is a world-leading company offering IT, technology and enterprise products, solutions and services. At HP, our vision is to create technology that makes life better for everyone – every person, organisation and community around the globe.
- 1.3.2. In 2019 we published our ['Sustainable Impact Report'](#) detailing our commitment to reducing our waste and championing the circular economy. We recognise that large corporations have a responsibility to use their resources to advance societal causes and be a beacon of trust for industries, governments and communities. At HP, our commitment to sustainable procurement is just one aspect of our dedication to social value.
- 1.3.3. With a product recycling goal of 1.2 million tonnes of hardware and supplies by 2025, we are committed to using resources sustainably. More than 80% of our ink cartridges and 100% of HP LaserJet toner cartridges are now manufactured with 'closed loop' recycled plastic, and we have used over 250 tonnes of oceanbound plastic to make Original HP ink cartridges<sup>2</sup>.

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<sup>1</sup> House of Commons, Public Administration and Constitutional Affairs Committee report: *'After Carillion: Public sector outsourcing and contracting'*, 3<sup>rd</sup> July 2018, 24.

<sup>2</sup> HP sources more than 550,000 pounds of ocean-bound plastic for new cartridges  
<https://press.ext.hp.com/us/en/blogs/2018/hp-sources-more-than-550-000-pounds-of-ocean-boundplastic-for-n.html>

### **Example - Haiti: stopping ocean-bound plastic**

*“HP has been reducing ocean-bound plastic in Haiti since 2016, and these efforts have already diverted approximately 1.7 million pounds (771 metric tons) of plastic materials—or more than 60 million bottles— preventing this plastic from reaching waterways and oceans.*

*This effort, launched in collaboration with the First Mile Coalition (which includes ACOP, HP, Thread International, Timberland, and Work) strives to create jobs, improve conditions for workers, and bring dignity to the collectors of recyclables in Haiti—all while creating sustainable ink cartridges. Together with the First Mile Coalition, we’ve created more than 600 income opportunities for adults in the country. Furthermore, this initiative helps to combat the ever-growing problem of ocean pollution by collecting and upcycling plastic bottles that might otherwise have reached the Caribbean Sea.*

#### **1.4. Benefits of sustainable public procurement**

- 1.4.1. The Government’s ambitious target for Net Zero holds significant power to encourage positive change in the private sector. A crucial component of reaching the targets will be formulating a long-term strategy for sustainable public procurement, one that will encourage private companies to meet improved standards and contribute to the circular economy.
- 1.4.2. Sustainable Public Procurement requires an approach that considers more than only short-term requirements. Rather, sustainable public procurement necessitates an evaluation of the longer-term impact each purchase has; not only for government itself, but also for the economy, environment and society. HP have found that as governments adopt sustainable public procurement practices, including life cycle thinking, it derives a number of positive impacts.
- 1.4.3. Sustainable public procurement can stimulate a critical mass of demand for more sustainable goods and services. Each year the Government spends £292bn on public procurement – a third of public expenditure – including the purchase of goods and services such as office equipment, transport, energy, construction materials and building maintenance, furniture and cleaning and catering services. By leveraging this purchasing power to choose goods and services that have less of an impact on the environment, public authorities can make an important contribution to sustainable consumption and production.
- 1.4.4. Public procurement can also act as a strong stimulus for eco-innovation by incentivising the development of sustainable technologies and products. Requiring suppliers to meet certain environmental standards would stimulate innovation and encourage companies to develop new products with enhanced environmental performance.
- 1.4.5. Finally, there is considerable scope for sustainable and green public procurement to achieve cost-efficiency, particularly in sectors where green products are not more expensive than non-green alternatives. Cost-efficiency assessments must take into account the full life cycle analysis and cost of the product including the purchase price and associated costs (delivery, installation,

commissioning etc.), operating costs (including energy, spares, maintenance) and end-of-life costs such as decommissioning, removal and recycling.

## **2. Key questions**

### **2.1. Achieving the Net Zero target**

- 2.1.1. We welcome the Government's commitment to Net Zero target and the ambition to integrate this goal with the 25 Year Environment Plan. HP are pleased that sustainable public procurement has gained political traction in recent years and emphasise the need for it to remain a central element of the Government's journey to Net Zero as well as its desire to initiate a green recovery.
- 2.1.2. However, despite this increased focus, we believe that the potential for sustainable and green public procurement continues to remain only partially exploited. This is due to a number of factors, including short-term cost considerations, a lack of established environmental criteria, limited information and training, and the absence of co-operation between public authorities on procurement-related issues. A new focus on a green recovery could be a catalyst for change.
- 2.1.3. For too many procurement tenders, short-term cost remains the sole criteria, with the environmental impact of products not often understood or fully considered. A study on the uptake of Green Public Procurement in the EU found that 55% of public tenders in 27 countries were still using the lowest price as the sole award criterion.<sup>3</sup> This is because, despite top down support, criteria do not mandate evaluation of sustainability, and public procurement at purchasing level and continues to attach greater importance to short-term cost savings over longer-term gains and cost efficiencies.
- 2.1.4. With the Government's long-term target of Net Zero by 2050, a robust public procurement strategy, one that puts long-term sustainability and the circular economy at its heart, must be devised to complement.
- 2.1.5. We would welcome the introduction of mandatory guidelines to ensure the environmental impact of products is fully considered. This will alleviate the disparity between government departments, place those competing for contracts on a level playing field and ensure that every procurement contract is achieving the environmental standards necessary for the UK to meet its environmental obligations. The Government's recent consultation on social value in government procurement is particularly welcome in this context alongside its recent Green Paper on procurement reform.

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<sup>3</sup> Uptake of Green Public Procurement in the EU 27, Centre for European Policy Studies and College of Europe, 2011

## 2.2. Leadership and partnership

- 2.2.1. Government has a significant role to play in leading the UK towards a circular economy. As recognised by Environmental Audit Committee last year, the Government is the largest purchaser of goods and services in the country, responsible for 14% of UK GDP. Through its procurement practices and requirements, there is enormous potential for government spending to drive a shift in business's approach to sustainability. HP welcomes the positive steps taken to date by the government in developing a green public procurement strategy and through the Government's Green Paper on procurement reform but we would encourage the Government to go further.
- 2.2.2. Current government initiatives on public procurement only require an explicit evaluation of social value in major contracts worth over £10 million; which must use the Balanced Scorecard. In all other procurements social value only needs to be considered. This focus on large contracts excludes smaller contracts and downplays the important role social value should have as an element of government procurement. It also may, in certain circumstances, not reflect the fact that although an individual contract may only be worth a small amount, when all contracts for that service with that supplier are aggregated, there is actually a substantial spend.
- 2.2.3. For example, with the focus on 'major procurement' prevailing, social value criteria is not explicitly evaluated in the procurement of printing supplies. This is a missed opportunity for large-scale savings, both in monetary and environmental terms, and is concerning given the varying degrees of sustainability sourcing present in the industry.
- 2.2.4. In practical terms, without mandates from Government such as the Balanced Scorecard, procurement of contracts risks being overly focused on short-term cost. The current focus on upfront acquisition costs weakens the circular economy, costing more in the long-term, producing more waste and leading to poor purchasing decisions. An example put simply would be that poor-quality printing produces waste paper. Compared to an original OEM cartridge, cheaper remanufactured toner cartridges can lead to the use of up to twenty-seven times the amount of paper for reprinting due to inconsistent print quality. It is therefore essential that guidelines for procurement must factor in the costs incurred from the performance and reliability of the product in contracts of every size. See example 'poor printing increases paper waste'.
- 2.2.5. For many product and service groups, public authorities do not have access to clear and verifiable criteria which allow them to incorporate environmental considerations into their tendering process. Purchasers therefore struggle to define what an "environmentally and/or socially preferable" product or service is, and how to include appropriate criteria to identify them in tenders. These criteria must be measurable and certified by third parties when possible.
- 2.2.6. There are gaps in the scope of products covered by Government Buying Standards (GBS). The current GBS for ICT equipment<sup>8</sup> for example does not

include standards relating to supplies (toner cartridges), something which should be included – as a lack of standards will allow poor quality and environmental damaging toner cartridges to enter the supply chain. As part of the consultation into Social Value in Government Procurement we would recommend GBS to be reviewed and updated; as well as looking into how often GBS are used in government tenders.

### ***Example - poor printing increases paper waste***

*Poor quality printing produces waste paper. Compared to an original OEM cartridge, remanufactured toner cartridges can lead to the use of up to twenty-seven times the amount of paper for reprinting due to inconsistent print quality.<sup>9</sup> Therefore, guidelines for procurement must factor in the costs incurred from the performance and reliability of the product.*

2.2.7. Government has spoken about the need for greater requirements on considering sustainability in procurement but the requirement to only consider social value in large contracts means that significant opportunities are missed.

## **2.3. Is the Government following its own advice?**

2.3.1. HP urges the Government to align its procurement priorities with the Net Zero target. By mandating that purchasers consider the full lifecycle of a product, in turn prompting the purchasing of quality products, this has the potential to save taxpayer money in the longer-term by saving on additional costs that low-quality products demand for repairs, maintenance or repurchasing.

2.3.2. A mandatory emphasis on social value in procurement could prompt positive results in the private sector as well; mandatory guidelines will encourage industry to innovate and adapt their products to operate in the longer-term. This will stimulate growth not just in our industry but all those touched by the procurement process and, in turn, have positive effects on consumer choice, competition and the economy.

<sup>8</sup><https://www.gov.uk/government/publications/sustainable-procurement-the-gbs-for-office-ictequipment>

<sup>9</sup> 2016 Four Elements Consulting LCA study, commissioned by HP, compared Original HP 80A and 83A monochrome toner cartridges with a sample of remanufactured alternatives across eight environmental impact categories. For more, visit [www.hp.com/go/EMEA-LJLCA-2016](http://www.hp.com/go/EMEA-LJLCA-2016). The LCA leverages a SpencerLab 2016 study, commissioned by HP, comparing Original HP LaserJet toner cartridges with six brands of nonHP toner cartridges sold in EMEA. For details, see <http://www.spencerlab.com/reports/HPReliability-EMEARM2016.pdf>

2.3.3. As reiterated in recent guidance from the European Commission on awarding public contracts, authorities should “promote the principle that not only price, but also high... standards in the area of, in particular labour, the environment and security, are taken into account”<sup>10</sup>

2.3.4. We believe that any stronger commitments to sustainable public procurement must be supported through strengthened enforcement, otherwise they risk the reversion back into rough ‘guidelines’ as opposed to ‘rules’, allowing procurement designers to de-prioritise these in the purchasing process. An enforcement body, such as the Crown Commercial Service (CCS), should be empowered to apply objective tests to procurement awards to assess whether the requirements have been met and, most importantly, take action against those that are non-compliant.

2.3.5. In particular we recommend that standards relating to toner cartridges should be included in the current Government buying standards for ICT equipment– as lack of standards will allow poor quality and environmental damaging toners to enter the supply chain.

#### ***Example - printer cartridges indoor air quality***

*Over 65 million printer cartridges are sold each year in the UK alone.<sup>11</sup> New Original Equipment Manufacturer (OEM) cartridges, remanufactured and altered remanufactured cartridges, refilled cartridges, and cloned cartridges. There is also a sixth category, counterfeit cartridges, which are illegal but are sold on the European market.*

*Therefore, there exists a wide range of options for public authorities as they purchase printer cartridges without robust guidelines to ensure that purchasing decisions result in long-term cost savings and resource efficiency. As the characteristics, performance and environmental impact of these products can differ greatly, it is essential public buyers are aware of what they are buying and of the potential impact of their purchasing decision.*

- *When using Original HP cartridges, HP printing systems meet limits for indoor air quality emissions, but tests have proven that clone cartridges exceed emission limits - up to 53% over the allowed health and safety limit of styrene; up to 60% over the allowed health and safety limit of particles; up to 130% over the allowed health and safety limit of volatile organic compounds (VOCs)<sup>12</sup>.*

*In addition to greater emissions, using clones instead of Original HP toner cartridges can also lead to Inconsistent print quality resulting in 25% more pages to get the same job done, 13 times the paper waste from reprints due to inconsistent print quality<sup>13</sup>.*

<sup>10</sup> Guidance on the participation of third country bidders and goods in the EU procurement market; C(2019) 5494 final; July 2019

<sup>11</sup> <https://www.therecyclingfactory.com/facts> viewed 17 May 2019.



<sup>12</sup> 2018 WKI Blue Angel Indoor Air Quality compliance study, commissioned by HP. The study tested 4 New Build Compatible toner cartridge brands sold as substitutes for HP LaserJet Pro MFP M425dn with cartridge 280A. The tests were carried out in compliance with “Prüfverfahren für die Bestimmung von Emissionen aus Hardcopygeräten” for purposes of Blue Angel labelling of office equipment in accordance with RAL-UZ 205. For more information, visit <http://h20195.www2.hp.com/v2/GetDocument.aspx?docname=4AA7-1981ENW>.

- *Across all areas studied over the life of the cartridge, clones had a larger environmental impact than Original HP toner cartridges - 32% more energy usage, 43% more fossil fuels consumed and 45% larger carbon footprint<sup>14</sup>.*

*In this scenario, robust and mandatory guidelines would create a level, nondiscriminatory playing field for all legal printer products, save taxpayer money by guaranteeing that the lifetime, not just the acquisition, price of the product is costeffective and ensure that environmental criteria is consistently met.*

### **3. Recommendations**

#### **3.1. Mandatory guidelines on public procurement**

3.1.1. Recognising the need to lead by example, we believe that the government could make small steps that would have a big impact. For example, given the widespread use of printer cartridges and their environmental impact, the government should introduce a new GBS for Printer Cartridges as part of ensuring a comprehensive product scope.

3.1.2. While the recent Government Green Paper on procurement does encourage awarding authorities to consider how public contracts can support social or environmental issues, this is not a mandatory requirement. We believe that this should be a mandatory consideration for all public sector tenders and should be defined and mandated in the forthcoming National Policy Statement on Procurement. Sustainable procurement should be explicitly defined in this statement in line with the best international practice and the following definition adopted:

*“[Sustainable procurement] is a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured”.*

3.1.3. Developing mandatory and robust guidelines, and requirements through the Government Buying Standards, to create a level, non-discriminatory playing field for all legal printer cartridges which meet minimum standards. Standardised metrics would help mitigate environmental impacts, contribute to the circular economy and enhance resource efficiency while providing the best value for taxpayers’ money.

<sup>13</sup> 2018 Four Elements Consulting LCA study, commissioned by HP, compared Original HP 80A and 83A monochrome toner cartridges with a sample of NBC alternatives across eight environmental impact categories. For more, visit [hp.com/go/EMEA-LJLCA-NBC-2018](http://hp.com/go/EMEA-LJLCA-NBC-2018).

<sup>14</sup> *ibid.*

3.1.4. We have included public procurement criteria for supplies in Annex 1, which have been recognised by the Sustainable Purchasing Leadership Council<sup>4</sup> with a Supplier Leadership Award.

3.1.5. Uniform adoption across central government, and other public sector bodies, is essential. As the Government's Greening Government Commitments 2017/18 annual report identified: *"While the majority of departments report the [Sustainable] Government Buying Standards (GBS) to be embedded into their procurement processes, some (DIT, FSA, HMT, LOD, ONS) continue to rely on the assumption that all purchases made via Crown Commercial Service (CCS) frameworks are GBS-compliant."*

3.1.6. These guidelines should include easy-to-verify environmental criteria that set a level, non-discriminatory playing field for all contracts to meet minimum environmental and health and safety standards. The current lack of verifiable criteria means that purchasers struggle to define what an 'environmentally and/or socially preferable' product or service is, and how to include appropriate criteria to identify them in tenders. Robust guidelines will eliminate the need for interpretation and install a dependable system of sustainable public procurement.

3.1.7. Procurement guidelines should also consider life cycle analyses and actively discourage low-quality products that will demand additional cost for repairs, maintenance or repurchasing, and generate increased waste. Using the example of printing supplies, sustainable public procurement criteria should serve to disqualify clones which: (i) may involve intellectual property infringement risk; and (ii) would typically end up in landfill, increasing environmental impact.

## **3.2. Greater collaboration with the private sector**

3.2.1. HP recognises the need to ensure a level playing field across procurement opportunities. Regulation and wider policy needs to provide viable business conditions for manufacturers to invest in eco innovation. We would welcome greater collaboration between the public and private sector in shaping the future sustainability landscape.

## **3.3. Education and training**

3.3.1. While robust metrics will be essential for guaranteeing a rigorous system of sustainable procurement, the Government must also commit to improving the quality of information and training delivered to those making purchasing decisions.

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<sup>4</sup> <https://www.sustainablepurchasing.org/>

- 3.3.2. By Government's own admission in its Greening Government Commitments 2017/18 annual report "*sustainable procurement training for staff largely appears ad hoc*". The European Commission's 2017 report Communication on Strategic Procurement also found that many purchasers within public authorities have low awareness of the benefits of products and services with high environmental performance and lack the skills to differentiate these products. Currently, even when environmental criteria are incorporated into tenders, public buyers are not always able to assess and verify the information submitted by bidders accurately against them.
- 3.3.3. We would therefore welcome greater practical training for those making procurement decisions to ensure the skills are in place within government to effectively meet their Net Zero target whilst enacting their commitments outlined in the GGCs and as set out by the Government in their Social Value in Government Procurement consultation.

## **Annex 1: TOP 8 SUPPLIES SUSTAINABLE PUBLIC PROCUREMENT RECOMMENDATIONS – see separate document**

The following criteria provide a fact and science-based level playing field for supplies with a focus on SPP. The top eight supplies procurement criteria recommendations for Public sector were selected on the basis of the following characteristics:

- Availability of legal requirements
- Be measurable and verifiable, using international standards or recognized ecolabels
- Their perceived ability to differentiate originals and non-originals without being biased towards either one.

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