



IMPLEMENTATION PLAN FOR DISPOSAL STRUCTURE OF ELECTRICAL AND ELECTRONIC EQUIPMENT

(General Section)

Announcement to the Minister of Housing,
Spatial Planning and the Environment under
Article 4, par. 1 of the Electrical and
Electronic Equipment (Management) Decree
(Netherlands Bulletin of Acts, Orders and
Decrees 2004, No. 340).

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1. Introduction

1.1 Legislation

The Netherlands Electrical and Electronic Equipment (Management) Decree was published in a Netherlands Bulletin of Acts, Orders and Decrees on 6th July 2004. The decree refers to the EU Directive on Waste Electrical and Electronic Equipment ("WEEE Directive") and to the Electrical and Electronic Equipment (Management) Regulations published in the Netherlands Government Gazette (No. 142) on 20th July 2004. The White and Brown Goods (Disposal) Decree that came into effect on 1st January 1999 (with "Disposal" later changed to "Management") has been revoked.

1.2 Collective system

The law allows the commissioning of a collective implementing organisation to carry out the legal provisions. The organisation has the right to submit an announcement on behalf of its members. This possibility has been used for the purposes of this announcement.

The Netherlands Foundation for the Disposal of Metal and Electrotechnical Products (NVMP) of Zoetermeer is acting as the agent and representative of its six members ("product foundations"). The General Section of the implementation plan forms an integral part of the formal announcement made to the Minister of Housing, Spatial Planning and the Environment. The announcement deals with the organisational structure and tasks of the collective implementing organisation.

1.3 General Section and Specific Section of the Plan

The implementation plan consists of two sections, i.e.:

- **General Section.** This section applies to all product categories and describes the registration of members, the collection structure, transport, processing, financing and monitoring (Section G);
- **Specific Section.** This section deals with the specific elements of each product category, including financing, market patterns and figures to validate the product category concerned (Section S).

1.4 Term

This announcement will be valid for a term of five years that starts on 1st January 2005 and ends on 1st January 2010.

2. Collective implementing organisation

2.1 History of NVMP

The Netherlands Foundation for the Disposal of Metal and Electrotechnical Products (NVMP) was established to fulfil obligations under the former White and Brown Goods (Disposal) Decree that took effect on 1st January 1999. NVMP was created on the initiative of FME-CWM, VLEHAN, FIAR and VLA. NVMP immediately set up a collection and disposal structure on behalf of approximately 650 enterprises. Besides the collection and recycling of electrical and electronic equipment, NVMP assumed responsibility for financing, publicity, monitoring, research and international harmonisation. Reference publications on these matters include:

- NVMP – annual reports; 1999-2000, 2001, 2002 and 2003
- NVMP – monitoring reports; 2000, 2001, 2002 and 2003
- NVMP – website: www.nvmp.nl
- NVMP: “The Dutch E&EE Recycle System”; *CD-ROM*: 3 editions
- NVMP: “De toekomst van elektrische apparaten, inzameling en recycling”; *DVD*
- NVMP: “Waar gaat dat heen? Alles over de verwerking en recycling van oude elektrische apparaten”
- Berenschot: “de verwijdering van wit- en bruingoed in Nederland, onderzoek naar de doelmatigheid”; 2001
- PricewaterhouseCoopers: “NVMP-systeem is doelmatig en kan ongewijzigd blijven”; 2001
- KPMG: “NVMP- rapportage realisatie hergebruikpercentages”; annual publication
- PricewaterhouseCoopers: “Collectief systeem voordelig voor individuele producenten/importeurs en milieu”; 1999
- Ditto: “Uit kosten oogpunt is fondsvorming het meest effectief”, 2003.

NVMP has consistently reported comprehensively on its development and results to the Minister of Housing, Spatial Planning and the Environment, member companies, stakeholders and all other interested parties. The European legislation was modelled on the NVMP system. Dutch legislation is being modernised to bring it into line with European legislation.

2.2 Managerial organisation

There are actually two NVMP organisations. They are Vereniging NVMP (an association) and Stichting NVMP (a foundation). The association protects the collective interests of the various product foundations (six at present). The foundation carries out the system (see below).

This separation of tasks was made because theoretically the interests of the product foundations do not necessarily always run in parallel with the efficient performance of NVMP's work. The collective interests of the product foundations - whose governing boards are formed by representatives of as many manufacturers/importers and retailers as possible - take precedence over those of performance of NVMP's work because of their legal and other responsibilities.

Stichting NVMP carries out its work under the terms of an implementing contract concluded with all of the product foundations. Supervision is exercised by the NVMP Management Board composed of professional administrators of the product foundations and the chairman and director of Stichting NVMP. The NVMP Management Board meets almost monthly and sends minutes of its meetings for information purposes to the administrators of the product foundations. This approach ensures the existence of a transparent and effective system of checks and balances. The system has worked well for more than five years now.

2.3 Bureau organisation

The NVMP Bureau consists of an executive board plus four operational departments, i.e. Collection, Processing, Financial Administration and Publicity. A staff unit called Monitoring assesses results and legal parameters independent of the operational part of the organisation's activities.

The bureau was created in 1999. Management consultancy firms have twice examined the organisation of the bureau at the request of the Ministry of Housing, Spatial Planning and the Environment. Berenschot management consultants examined the bureau's organisation and functioning in 2000 (see report entitled "Disposal of white and brown goods in the Netherlands"). PricewaterhouseCoopers conducted a similar examination in 2001 (see report entitled "NVMP system is effective"). The conclusions that "The bureau costs of NVMP are in conformity with the applicable standards" (Berenschot) and "The organisation of NVMP satisfies general organisational principles" (PwC) resulted in NVMP continuing its existing bureau policy largely unchanged. Experience gained since those studies has resulted in the bureau carrying out in-house more work that was originally outsourced, including financial administration. Consequently, there has been a slight increase in the original staffing of 10 FTEs to the current level of 13 FTEs. The independent accounting agency (OAVM, an external organisation) currently has two FTEs.

The working methods of the NVMP Bureau have been defined in manuals available for inspection by the governing boards of the product foundations and representatives of the Ministry of Housing, Spatial Planning and the Environment.

Each month the Bureau publishes the NVMP Collection Report. The document states provisional collected quantities and weights. It is sent to all governing boards and to the Ministry of Housing, Spatial Planning and the Environment.

Financial matters are explained in monthly reports sent to the governing boards. The reports contain information at the level of the various product foundations or product categories. Annual reports are also produced.

The governing board and executive of Stichting NVMP have no plans to make fundamental changes to working methods and procedures during the term of this announcement. However, they will endeavour to streamline the processes and make them even more efficient. The effectiveness of the processes will be checked by means of scientific research, pilot studies, international benchmarks and a permanent exchange of information with parties including the Ministry of Housing, Spatial Planning and the Environment and operators of similar systems in Europe.

3. Participating companies

3.1 The term 'importers'

The law deems manufacturers and importers to be equivalent for the purpose of determining a "manufacturer's responsibility". They may enter into a participation agreement with NVMP even if they do not belong to an industry association. The term "importer" requires explanation.

An importer is the first party to import a product into the Netherlands for the purpose of supplying it to another party. However, the explanatory memorandum to the law states that "importer" must be interpreted broadly so as also to cover parallel imports and mail order companies. The term excludes private individuals because the definition includes the words "in the pursuit of occupation or business". The VAT details stated on purchase invoices are always used as a guideline for identifying the importer.

3.2 Participation agreement

A manufacturer/importer who wishes to join the collective implementation system may do so by signing a membership agreement drawn up by NVMP. Accompanying regulations form an integral part of the agreement. The agreement establishes a contractual relationship between the manufacturer/importer and Stichting NVMP under which NVMP assumes responsibility for fulfilling the member's obligations under the decree. Prior to membership the NVMP Bureau will provide the manufacturer/importer with the information it needs in order to decide whether or not to join the plan. NVMP uses various source of information to approach all potential members. The bureau maintains contact with the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment about companies that may be manufacturers or importers of products covered by the decree but are not registered members of Stichting NVMP.

The signature of a participation agreement results in the obligations associated with the manufacturer's responsibility being transferred from the individual company to the collective organisation. But the transfer also includes obligations, notably a financing obligation differentiated according to product group. Also, the individual manufacturers retain their individual responsibility for fulfilling a number of legal obligations that include:

- the marking of an individual product with the symbol for separate collection (Annex IV of the Directive) with effect from 13th August 2005;
- the marking that identifies the manufacturer according to an agreed European standard with effect from 13th August 2005;
- the provision of information for processing plants as detailed in the participation agreement;
- the obligation to disclose the quantities of **all** sold articles (even if they are not subject to a disposal levy) for inclusion in the annual report submitted to the Minister under Article 16 of the Electrical and Electronic Equipment (Management) Regulations.

A manufacturer/importer may terminate its participation if it:

- no longer markets in the Netherlands any products covered by the Electrical and Electronic Equipment (Management) Decree;
- ends its business, goes into liquidation or is in bankruptcy.

Termination of the contract is only possible after the manufacturer/importer has fulfilled its obligations towards Stichting NVMP.

A participant must enter the following details in the membership agreement and they will be stored in a database:

Company details

- name
- address for visitors
- correspondence address, including postcode
- contact person's name and position
- telephone and fax number
- e-mail addresses of the company and of the contact person
- registration number at the Register of Companies of the Chamber of Commerce
- VAT identification number

Details of the electrical/electronic equipment

- product categories for which the company wishes to register
- brands of equipment marketed
- signature
- name and position of the person signing the agreement, i.e. a registered director
- signature
- the participation regulations form an integral part of the agreement.

3.3 Register of participants/Database

The NVMP Bureau will keep all agreements in its filing system. Details of newly registered participants, de-registering participants and expelled participants will be sent to the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment. An update file will be sent once each quarter to the administrators of the product foundations and members of the NVMP Board.

The names and places of business of all participating companies will be listed on the NVMP website (www.nvmp.nl) to enable customers and other stakeholders to view the latest register at any time.

The Inspectorate of the Ministry of Housing, Spatial Planning and the Environment will have unrestricted access to the membership records and, if desired, may make copies of original documents.

The participation regulations form an inseparable part of the agreement. The regulations contain a disclosure obligation, payment obligation, payment terms, principles of each obligation, termination of membership and procedure of the Appeals Committee.

3.4 Enforcement in relation to free-riders

The Decree gives the Minister of Housing, Spatial Planning and the Environment responsibility for administrative enforcement of the obligation of a manufacturer/importer to provide notifications. Every manufacturer/importer that markets in the Netherlands any of the products mentioned in the Decree has an obligation to inform the Ministry of Housing, Spatial Planning and the Environment from case to case how it will fulfil the defined obligations or to join a collective notification system.

The Ministry of Housing, Spatial planning and the Environment is responsible for ensuring that every manufacturer/importer meets this obligation. A defaulting manufacturer/importer that may no longer be part of a collective notification system will be reported to the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment. The Inspectorate's task is to hold such companies accountable for ceasing to fulfil their obligations under the Decree. An official report will be drawn up on such non-fulfilment. Failure to take remedial action will result in prosecution under the Economic Offences Act for which the maximum fine is €450,000 at present.

The NVMP Bureau will maintain contact with the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment about companies that might be manufacturers or importers of products covered by the Decree but are not registered with Stichting NVMP. The explanatory memorandum to the Decree states that the public prosecutor is responsible for enforcement under criminal law.

3.5 Enforcement of participation agreement

The NVMP Bureau will ensure observance of contractually agreed arrangements between the manufacturer/importer and Stichting NVMP (such as disclosure of sales figures and, insofar as applicable, payment of the disposal levy). A manufacturer/importer that fails to meet its obligations will receive notice of default. If no response is received within the term allowed in the notice of default, the manufacturer/importer will be expelled from the collective notification system. The NVMP Bureau will inform the Inspectorate of the Ministry of Housing, Spatial Planning and the Environment of the expulsion, unless the manufacturer/importer has already sought recourse to an appeal.

3.6 Appeals by participants again dissolution of the agreement

If the governing board of a product foundation has instructed the NVMP Bureau to inform a participant in writing that its participation is no longer acceptable and that the contractual relationship will be dissolved (immediately or otherwise), the participant will have a period of one month in which to lodge an appeal with an arbitration body. The arbitration body will be designated in accordance with the rules of the Board of Arbitration for Steel Industry and Trade of The Hague and will give a ruling in accordance with the Board's rules. The NVMP Bureau must be informed whenever recourse is sought to this possibility.

If the arbitration body rules that an objection is unfounded, the cancellation by Stichting NVMP will be deemed to have occurred with effect from the date the NVMP Bureau stated in the original notice of cancellation or termination.

If the arbitration body rules that Stichting NVMP wrongly cancelled or terminated the agreement, such cancellation or termination will be deemed not to have occurred.

3.7 Independent recording of participants' sales figures

Under the supervision of the NVMP Board, the NVMP Bureau has concluded a contract with an independent accounting agency (OAVM) for the recording of sales of products covered by the Decree that participants were the first to put on to the Dutch market. Based on these sales figures, which participants must submit periodically, OAVM will send out invoices for amounts like owed disposal levies. The management of accounts receivable has also been contracted out to OAVM. Participants that fail to fulfil their obligations will be reported by OAVM to the NVMP Bureau. The NVMP Bureau is responsible for sending out notice of expulsion from the collective system. OAVM will periodically report on financial and economic matters, with the proviso that it will keep confidential the individual sales figures of participants. The existence of a collective implementation organisation makes it possible to use one uniform data recording system for all product foundations. This will minimise the administrative burden for the participating manufacturer/importer.

4. Logistical collection structure

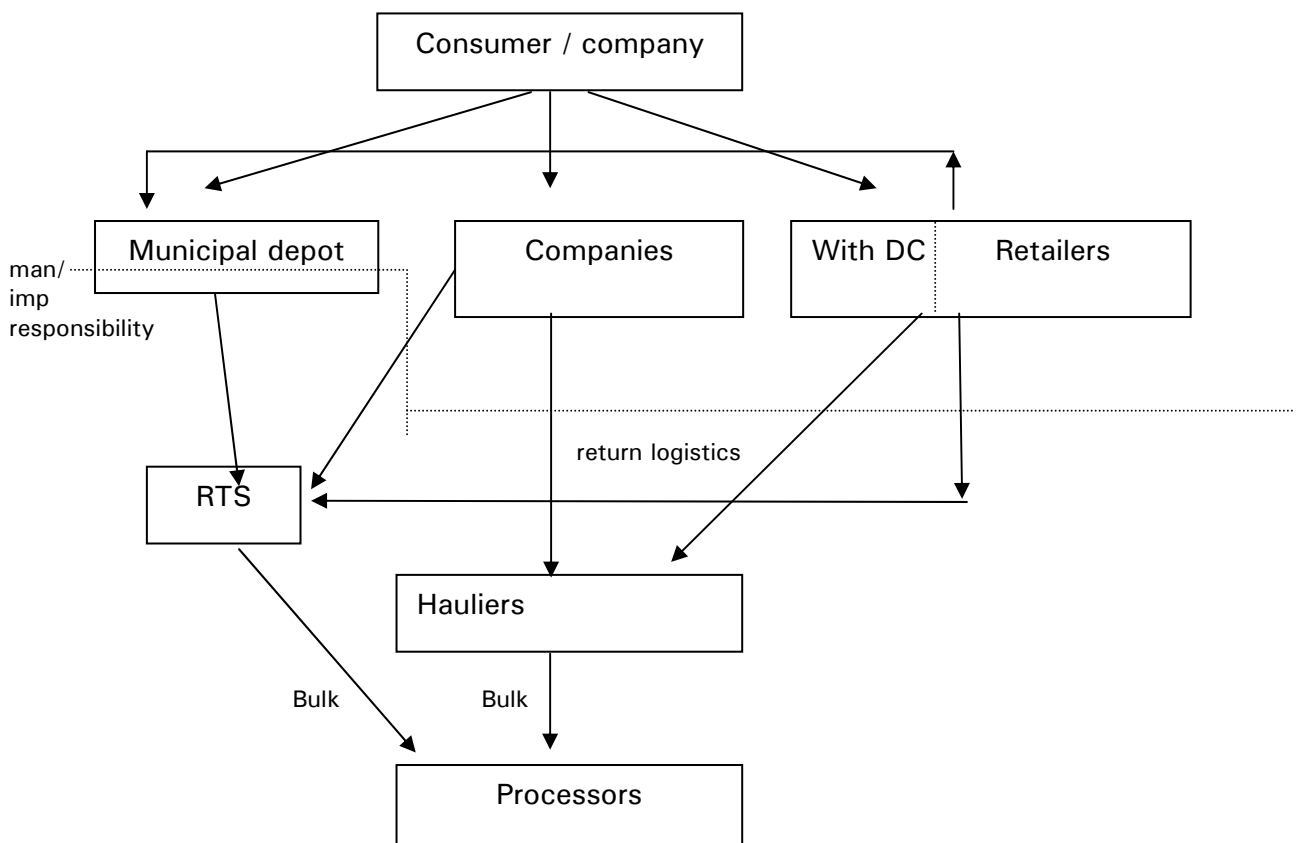
4.1 Collection structure and responsibility

Since 1999, NVMP has used a logistical structure suitable for all stages of operations in the industrial column. For the logistical structure, NVMP has concluded a series of contracts with:

- regional transshipment stations;
- local transport hauliers;
- bulk transport hauliers.

The figure below shows the logistical structure for collections. This is the baseline situation. A dotted line shows where a manufacturer's responsibility begins.

Figure 1. Logistical structure and responsibilities



4.2 Transfer points

As the above structure shows, the transfer points may be:

- municipal depot
- regional transshipment stations (RTSs)
- retailer/repairer
- companies with a distribution centre (DC)
- companies without a distribution centre

The following arrangements apply to each of these parties.

4.2.1 Municipalities

- The "free" transfer of discarded electrical/electronic equipment originating from private households and retailers, and appliances from companies similar to private households and retailers in terms of nature and quantity, takes place at municipal depots/yards or at the regional transshipment stations.
- Under the agreement that NVMP has concluded with the regional transshipment stations, the municipalities are required to transfer all the above-mentioned products to the regional transshipment station under which they fall, if they will pick up at the products on behalf of NVMP.
- Unless arrangements are agreed, the products will be picked up two working days after notification that the storage capacity has been used up. Based on experience, further arrangements may be made about the pick-up frequency.

4.2.2 Retailers/suppliers

Under the Decree, a retailer/supplier must at the time of delivery of a new product take back a discarded similar product, if requested by a consumer or company, at least on a free basis ("old for new").

Retailers without distribution centres

Retailers without distribution centres may tender collected products in small quantities (not more than seven large consignments) and unlimited quantities of small discarded appliances to the municipal depot or regional transshipment station free of charge. There is also a possibility for the products to be picked up by means of return logistics. This means that some hauliers that deliver new appliances may be contracted by the implementing organisation to take back discarded products at the time of such delivery, or to pick up the appliances separately at a later time. This will take place at the same frequency at which new appliances are delivered. The manufacturer/importer will offer this service to its business partners for reasons of customer friendliness. The service will apply only to products covered by this announcement.

NVMP also organises a pick-up service whereby, after notification by the retailer by telephone, fax, e-mail or the Internet, at least seven large consignments at a time will be picked up within two working days in principle.

- Retailers are allowed to transfer to the implementing body orphaned and non-orphaned products that they are required to collect under the old-for-new scheme;
- The frequency of product collections will be determined in consultation with the parties concerned. In principle, the frequency will be once per week. If the storage

capacity reaches its limit within one week, the products will be collected within two working days of receipt of notification. If the products are collected through return logistics, this will occur at the same frequency at which the new appliances are delivered. Tendering to municipalities is free of charge for retailers (under Article 3, paragraph 2 of the Regulations), although in practice this possibility will be confined to seven large appliances that, by their nature, originated from private households;

- Also refer to the intake requirements for products.
- Products that reach the distribution centres through return logistics of major supply chains will be collected by NVMP from the distribution centres.
- The transfer of the goods to the haulier will make NVMP the final owner of the discarded appliances.

4.2.3 Regional Transshipment Stations (RTSs)

NVMP has contracts with regional transshipment stations operated by government agencies and by businesses. A basic principle is that only a limited number of regional transshipment stations will be created in the Netherlands (not more than 65). In a few cases, regional transshipment stations will, as the contractual partner of NVMP, also operate the local collection system. In most cases, existing depots of collection companies and organisations have been equipped to serve as regional transshipment stations. A depot of this kind may also be used by municipal and private collectors and companies that may tender appliances that fall under the Regulations (free of charge). Additionally, the regional transshipment station will sort the collected appliances, based on the standard agreement with NVMP, in preparation for onward transport for processing. Sorting will take place by product category at the regional transshipment station. For municipalities that use a regional transshipment station, the discarded appliances will be transported in bulk to the processors. An attempt will be made to ensure that all stations have ample opening hours.

4.3 Companies

Companies that have signed an agreement with NVMP may obtain collection receptacles (box pallets, containers) in principle. These will be exchanged using the same procedure as the one that applies at regional transshipment stations.

4.4 Arrangements with operators of other systems

The different product categories covered by this announcement come from a large number of manufacturers/importers. It will be necessary to agree collection arrangements with other potential submitters of approved announcements. For the collection process, this means that for all the costs of collection of goods covered by this announcement, a possibility must be created to charge the costs to the removal system involved, together with an undertaking that the product collection costs will be paid for under the terms of this announcement.

If the approved removal systems have contracted several processors, arrangements will need to be agreed for transport between the processors and the costs of sorting. NVMP is always prepared to facilitate these arrangements.

4.5 Measures if collections stagnate

NVMP will initiate appropriate action if collections stagnate. The risk of stagnating collections will be minimised because NVMP will conclude contracts with various hauliers and regional transshipment stations and the contracts will include contingency plans. The contents of the contracts may be inspected confidentially by representatives of the Ministry of Housing, Spatial Planning and the Environment.

5. Packaging and acceptance

5.1 Packaging

NVMP will assume responsibility for providing the required packaging at transfer points. Contracts have been concluded for this purpose with various hauliers and the regional transshipment stations. Different types of containers will be used.

5.2 Acceptance requirements

The bulk hauliers will accept from the transfer points only types of packaging that allow an acceptable utilisation of capacity. Contractual arrangements have been agreed for this purpose.

In conformity with the arrangements agreed with hauliers, the discarded products must be tendered in containers that are full or almost full (at least 80%). The products may be tendered by parties such as municipal depots, regional transshipment stations or non-contracted processors of other disposal systems.

Frequency

If a party tenders a full container (or almost full container) of products covered by this announcement, the container will be collected within two working days of receipt of the notification.

Physical collection requirements

Only products that contain all their constituent parts and form a single entity will be accepted for collection.

5.3 Relationships with other systems

To the extent that all other potential submitters of similar announcement to the Minister of Housing, Spatial Planning and the Environment are willing to use a similar kind of transshipment station (for example, a regional transshipment station), it will be possible to agree arrangements for the transport costs between the collecting municipalities and the relevant regional depot. NVMP is willing to agree further arrangements for the tendering of sorted products by collectors and processors that do not have a contract with NVMP.

6. Re-use and processing

6.1 Re-use

There are four forms of product re-use, namely:

1. Re-use of product
2. Re-use of parts
3. Re-use of materials
4. Use mainly as fuel

Products transferred by municipalities, suppliers (retailers) and companies to the disposal system described in this document will be suitable only for the re-use of materials and use as fuel. This is because in a majority of cases the discarded products will be in a very poor condition (the companies will usually have already made the selection) and processing of the main streams of products is so sizable that there is little point in selecting according to the re-use of products or parts.

6.2 Disassembly and processing

The degree of disassembly and processing of the different products is described separately in the chapter headed "Processing methods". The chapter describes the best available processing methods that exist at this time.

6.3 Re-use ratios

The re-use ratios that must be achieved by means of the disassembly and processing path differ according to the product category involved. As no products or parts will be re-used in the disposal path, the ratios concern only the re-use of materials and/or re-use as fuel (residual fractions in the processing path).

Contracted processors must be able to demonstrate to NVMP that the re-use and recovery ratios are being achieved and also that they possess good "outlets" for the remaining fractions. All of the contracted processors have drawn up a process description in accordance with a model prescribed by NVMP that will be used to calculate the re-use ratio. The descriptions are available for confidential inspection at the Ministry of Housing, Spatial Planning and the Environment. The information has not been made public because of the competition that exists between disposal companies.

6.4 Residual fractions

Specific Section will indicate which components and/or parts that contain hazardous substances must be disassembled and removed selectively.

The following fractions are typically deposited or incinerated at a waste processing plant:

- plastics that cannot be recycled economically;
- ceramics and glass that cannot be recycled economically;
- other residual fractions other than hazardous waste.

6.5 Processing of appliances containing batteries

Most of the product categories include appliances that contain batteries, especially in smaller appliances.

At the time of tendering of the products to the regional transshipment station, there will be an intake inspection to make sure that only products covered by a contract with NVMP are accepted. Appliances with fixed built-in batteries no longer occur on account of Dutch laws.

Manufacturers/importers participating in this plan will be required to state contractually at the time of joining that they will comply with the requirements specified in the Batteries Disposal Decree (Netherlands Bulletin of Acts, Orders and Decrees 1995, No. 45) if their appliances contain removable batteries.

Consequently, they will be participants in the "Stibat system" and will have arranged transport from the municipal boundary and the processing of the batteries, or that they will have introduced their own approved system. The batteries that there are extracted by the processors will be stored in plastic Stibat trays pending transport and processing under the Stibat plan.

NVMP has agreed an arrangement with Stibat under which the warehouse of the processor will have the same status as that of the municipality. This means that the stored batteries can be collected and processed free of charge under the Stibat system.

6.6 Contracts with processors

Allowance will be made for the following matters when NVMP concludes contracts with companies that will be responsible for transport and processing of collected appliances:

- Licences (including environmental licences)
The processing company will be required to hold the licences needed for processing.
- Existence of an environmental management system
The company will be required to have an environmental management system such as ISO 14001, EMAS, etc, and must be able to demonstrate that it operates in accordance with such system.

The requirements that processing companies will have to meet will also apply to third parties they engage to process part of the stream. The description of the disposal process must state which materials streams third parties will process all the way through to the end of the process.

7. Financial matters

This chapter summarises the general financing structure and underlying principles.

The Electrical and Electronic Equipment (Management) Decree makes manufacturers/importers responsible for collecting, processing and financing. Various financing structures for product disposal have been set up with a view to fulfilling this responsibility. Specific Section contains details of the financing structures for each product category.

7.1 Costs of disposal structure

The costs of operating and managing the disposal structure fall into the following categories:

- Initial costs (for new product groups)
 - preparation of the announcement;
 - first communication with customers;
 - start-up costs.

- Collection costs:
 - bulk transport costs;
 - costs of local collection system;
 - return logistics costs;
 - storage facilities costs;
 - costs of collection at municipalities.

- Sorting costs:
 - costs of sorting to product category;
 - provision of storage facilities.

- Processing costs:
 - costs of processing the appliances (processing costs plus costs of transport of residual fractions minus proceeds obtained from materials).

- Costs of the implementing organisation:
 - personnel costs;
 - accommodation expenses;
 - office costs;
 - travel and subsistence expenses;
 - costs of providing information about the system;
 - guidance;
 - monitoring;
 - advice (environmental and legal advice);
 - auditors;
 - automation;
 - accounting (both office accounting and the independent the accounting agency).

- Unforeseen costs
- Provisions

Initial costs (for new systems)

These costs were estimated on the basis of cost price. Consultancy hours will sometimes be necessary because of the numerous arrangements necessary and the different contracts. There are also expected to be expenses for communicating with customers. These costs will be written off in not more than two years.

Collection costs

the prices stated in the most recent tender procedure for logistics were used to determine the costs of bulk transport, the local collection system, return logistics and storage facilities.

Processing costs

The prices stated in the most recent tender procedure for processing were used to determine these costs.

Costs of the implementing organisation

The costs were determined using cost-price based estimates of NVMP.

Provisions

It may be desirable or necessary to create provisions for possible major problems (like withdrawal from the system by an important party), for reasons of good entrepreneurship or because legislation creates a possibility for financing the historical stock of consumer articles. Another purpose of such a provision is to achieve in due course objectives like the stimulation of environmental technology developments and to assure the good continuity of the disposal structure. These matters are detailed in a letter from the State Secretary for Housing, Spatial Planning and the Environment dated 15th April 2004 (SAS/200403313) (also refer to Specific Section).

Guarantee

In the same letter, the State Secretary agreed to a guarantee scheme to safeguard continuity. The guarantee amounts to the annual costs at the 2002 level. The guarantee is a fixed part of the financial statements. A participant who leaves the system must convert its part of the guarantee to cash from the period from the start of membership (from August 2005 onwards) depending on membership duration and market size.

7.2 Financing through disposal levies of historical stocks

For some product categories of appliances originating from private households, the disposal system will be financed by collecting a disposal levy recognisable as a fixed part of the purchase price. The levy will be made visible to the consumer to the fullest extent possible at the point of sale.

The disposal levy will be payable over products that the governing board of the foundation designate in a category until not later than 2011 (or 2013 for large white goods).

The participants must state the levies separately on their invoices. The size of the levy was determined on the basis of an amount payable by the consumer to cover the actual costs of disposal.

If it transpires in the interim that the operations necessary for each product category necessitate amendment of the levy, the governing board of a product foundation may decide to alter the size of the levies.

NVMP will endeavour to avoid surpluses and deficits and will draw the attention of the product foundations to the matters stated by the State Secretary in his aforementioned letter. After 2011 (or 2013 for large white goods) it will no longer be permitted to charge an external disposal levy. It will have to be internalised in a way determined in a future announcement.

7.3 Acceptance, market data and disposal levy

Manufacturers/importers will charge on the disposal levy for a product to the next link in the distribution chain. To comply with this announcement, the manufacturers/importers must state the disposal levy as a separate item on the invoice. The disposal levy will be charged on in the chain as a net amount and will be easily recognisable as a charge payable by the consumer. Disposal levies will be fixed for a period of two years in principle. The rules of the product foundations stipulate that the collected money must be managed properly.

7.4 Auditing by accountants

The statements prepared by the participants will be audited by the participants' own auditors. The contracts between the Foundation and participants stipulate that the chartered accountant of the NVMP Bureau has the right randomly to audit the statements of participants. Consequently, participants in the plan must have the statements they file with the independent accounting agency verified by a certified auditor in respect of their completeness and accuracy. The NVMP Bureau may decide not to require participants to provide an auditor's report below a certain threshold of payable disposal levies, but it will still be possible for the auditor engaged by NVMP to examine the books of the participating company. Each year the chartered accountant of the NVMP Bureau will produce a report on the findings of his audits.

7.5 Communication plan

Each year a communication plan and budget will be drawn up for informing manufacturers/importers, retailers, consumers and contractual parties of the collection and recycling of discarded appliances. The autumn meeting of the Board of the Foundation will adopt the budget for the coming year and also approve the publicity plan. The NVMP Bureau will strive to communicate unambiguously with all parties concerned about the disposal of discarded electrical and electronic appliances. Publicity will be on a voluntary basis.

7.6 Management information

In co-operation with the independent accounting agency, the NVMP Bureau will operate a management information system to provide frequent reports about the progress of the plan with respect of each product category. This information will be used for a report for submission to the Board of the Foundation and will contain essential data enabling periodical reporting to the Ministry of Housing, Spatial Planning and the Environment.

7.7 Disposal levy

The governing boards of the product foundations will periodically examine the disposal levy and set it against the cost-covering statement prepared by the NVMP Bureau. The size of the disposal levy will additionally be checked against the provision required for historical costs. The objective is to set the disposal levy for a period of at least two years. If changes are necessary, the NVMP Bureau will inform the participants and customers. the proposed changes will not take effect earlier than two months after participants received notification.

7.8 Management of contracts

The NVMP Bureau has concluded contracts with collectors and processors of the different product categories with the explicit approval of the Board after careful tender procedures. NVMP will strive to lower the costs of the disposal path and for that purpose has a consultative structure for maintaining frequent dialogue and negotiation with the participants.

7.9 Final comments

Penalties

If the NVMP Bureau or its auditor observe that a participant has unintentionally or deliberately submitted an incorrect statement, or has omitted to state the quantity of appliances sold in a certain period, the participant will be required to pay double the amount of the owed disposal levies or the actual costs plus 10% over the incorrectly reported or non-reported appliances.

Applicable law

Dutch law will govern this plan.

8. Monitoring and reporting

8.1 General

NVMP requires processors to possess a recording and monitoring system. The system must be organised a way that provides a correct insight into the scale and quality of the activities that occur in the processing path. The system must comply with the monitoring protocol (and its successor) for the processing of white and brown goods laid down by the Ministry of Housing, Spatial Planning and the Environment in March 2003. The protocol forms part of the contracts that NVMP has concluded with the processors.

The recording and monitoring data must be saved for a period of at least three years and will be available for inspection at the offices of NVMP. NVMP will contract and independent auditing organisation (to date it has been KPMG) to summarise all data in a report that will be submitted each year to the Ministry of Housing, Spatial Planning and the Environment. An abridged version of the monitoring report will be published on the website of NVMP.

8.2 Merging

To the extent necessary it will be possible, in consultation with the processors of various products, to define new categories of products or to combine categories of products that may be processed without distinction. This kind of merging will occur at sites including the regional transshipment stations and will yield extra monitoring information from those sites. The NVMP Bureau will conclude contracts with processors, or become party to master contracts of the NVMP umbrella organisation, which will send out invoices based on the processed quantities of products.

The contracted processors will provide the NVMP Bureau with detailed information about the quantitative streams of processed products in the established and new product categories. This information will be used as a basis for making payments to the processor.

The contracted processors will provide the NVMP Bureau with detailed information about the quantitative streams of processed products in the established and new product categories. This information will be used as a basis for making payments to the processor. The frequency of provision of this information will be agreed during negotiation of the contract.

9. Processing and processing method

9.1 Processing methods

The Specific Section contains descriptions of the best available processing method for each product category.

9.2 Research and technical advances in recycling

NVMP encourages recycling studies and developments with a view to improving environmental performance of all parties involved in the life cycle of electrical and electronic equipment and to comply with the legal obligation to use the best available technologies.

Recycling of refrigerators

The technology for recycling refrigerators has concentrated mainly on the CFC problem to date. In the future, attention must also be given to the processing of devices that contain pentane or ammonia. These substances may not harm the ozone layer, but pentane does contain toxic benzene and restrictions have been imposed with regard to emissions into the air and the danger of explosions. Around 2008, 50% of all old refrigerators and freezers are expected to contain CFCs and about 50% pentane.

Technological developments are focused on being able to process both types in a single plant. Decreasing numbers of refrigerators containing CFCs will also keep costs under control. NVMP is co-operating with all other European collective systems and has also initiated a scientific study.

Recycling of cathode-ray tubes (televisions and monitors)

Cathode-ray tubes account for the largest percentage of weight of recoverable material in televisions. However, there is the problem that a tube consists of two types of glass that must not be mixed if high quality re-use is to be achieved. Advanced separation techniques have been developed to make this possible. Additionally, refined cleansing techniques are necessary to eliminate fluorescent powders. LCD and plasma developments will require a costly processing method that must be developed further on the initiative of NVMP and other parties.

Recycling of plastics

This presents the biggest problem at present. The cause of the problem is that plastic is the largest constituent part of all small household appliances. Moreover, plastics are hardly ever released in a new form but in mixed fractions like copper/plastic and/or mixed plastic fractions. Also, fire retardants containing bromine are usually added for safety reasons (sometimes a mandatory requirement). To date, 15% is being recycled and 35% energy is being recovered. The other 50% goes to waste dumps or is incinerated at waste processing plants (the energy component of incineration does not count as recovered energy). Various trial projects are now in progress at two copper smelting plants in Europe.

High-quality metals are recovered from the mixed fractions and the plastics are used as catalysts and/or energy carriers. Another advantage is that fire retardants are neutralised by the high temperatures. The Delft University of Technology, the Eindhoven University of Technology and TNO are involved in trials that NVMP is conducting. An extra benefit could be that under Annex II the disassembly of components will not be a mandatory requirement. This could produce enormous cost savings.

Asbestos and smoke alarms

A noteworthy development is the sorting out and special processing of appliances containing asbestos (central heating boilers and small domestic appliances) and smoke alarms based on TNO studies. The latter devices can contain weak radioactive sources. The appliances containing asbestos are disassembled and cleaned under special conditions. Only the asbestos material is disposed of and the appliances then go back into the recycling stream. RTD (Röntgen Technische Dienst) dismantles the radioactive sources and tenders them to COVRA for destruction. The residual material can be recycled. In both cases, this avoids high waste-disposal costs.

Eco efficiency

In co-operation with the Ministry of Housing, Spatial Planning and the Environment and Phillips, NVMP is financing a sizable study project at the Delft University of Technology. The project may achieve significant results internationally in the field of eco efficiency.

WEEE Forum

NVMP is participating in various international development programmes of the WEEE Forum. This forum brings together all the collective systems that operate in Europe. The forum (of which NVMP was one of the founders) is also used as a platform for exchanging development results.

9.3 Processors

A number of processors have been selected by means of a rigorous tender procedure. Advertisements were placed to invite processors to put forward a proposal. This procedure resulted in a number of processors being contracted to carry out processing in the coming three years in accordance with strict specifications, with an option for a further two years. The Ministry of Housing, Spatial Planning and the Environment will be allowed on request to inspect the entire tender dossier and the contracts with the processors, subject in all instances to confidentiality because of the industrial secrets of the processors.