

WEEE- Compliance Project

Vendor WebEx-presentation

April 29, 2005

INGRAM
MICRO

Disclaimer

- This presentation is based upon certain assumptions and that there may be local exceptions to the main principles
- This presentation's main objective is to raise awareness and highlight particular concerns for the distribution channel
- The presentation only gives a basic overview and interpretation of the WEEE directive as perceived by Ingram Micro and is not intended to be exhaustive
- This presentation shall not be construed as legal advice, and shall not be relied upon as such by anyone
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- WEEE – a brief explanation
- «Producer» obligations
- «Importer» – «Producer» according to WEEE-legislation
- Impact on distribution business models
- Risk of potential «double loading»
- Two major concerns
- What does Ingram Micro expect from its vendors?

WEEE – a brief explanation

- WEEE: **W**aste **E**lectrical and **E**lectronic **E**quipment
- Basis for national legislation: European Union WEEE-Directive
- National WEEE-obligations based on national legislation:
 - Directive to be transposed into national legislation by 13 August 2005
 - legislation still in progress in many countries
 - legislation will differ from country to country
- Different types of waste: old/new – private/business
- Obligation to take-back according to market share
- Local Authorities or collective systems collect (private) waste from users
- “Producers” responsible for take-back, disposal and treatment

« Producer » obligations

Registering obligation

As of a certain date all producers must register at the national "Clearing House" of the local EU member states where they put their products on the market. They must quote their assigned registration number in all business correspondence. The registration is published on the internet.

Financing obligation

All producers must guarantee every year that they can finance the disposal with funds secured against insolvency. The guarantee may take the form of participation in an appropriate scheme for the financing of the producers obligations, a recycling insurance or a blocked bank account.

Reporting obligation (Market-Input)

Producers are obliged to report to the local WEEE-authorities the products they put on the local market. Each producer's disposal quota is determined on the basis of this report.

Labeling obligation

All new equipment put on the EU market must be provided with a unique producer's reference and the valid symbol (crossed-out waste container). Products without, or with incorrect labels, must no longer be put on the market.

Take-back obligation

Every producer that puts electrical and electronic equipment on the local market of any of the EU member states is obliged to take back and dispose of its products.

Reporting obligation (Take-Back)

The take-back obligation also obliges producers to report and verify the waste equipment they have processed. Fulfillment of the required recycling quotas must be documented. Reports must be drawn up at regular intervals.

Recyclable product conception

When the WEEE-legislation comes into force, various quotas will apply to the re-utilisation and recycling of waste equipment according to equipment types. Producers are urgently advised to manufacture their products in a way that does not conflict with this legislation.

Substances ban*

From July 2006 electrical and electronic equipment are allowed to contain only very restricted quantities of hazardous substances according to the European RoHS-Directive (Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment).

«Importer - Producer » according to WEEE-legislation

According to the WEEE-directive, the “Producer” is the legal entity who:

- (1) Imports for the first time electrical and electronic equipment into the member state; and
- (2) Places it on the market in the member state.

(1) “imports for the first time”:

- imports from outside the EU
- “imports” from other member states

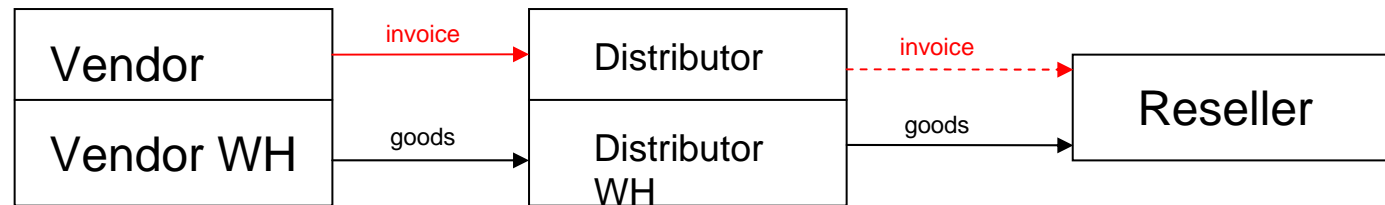
(2) “places it on the market”:

- placing on the market of the member state where the product was “imported” into
- no placement on the market if product is exported to another member state

**=> “Producer” may change on product in the distribution channel
(as product crosses borders)**

WEEE-impact on Distribution Business Models

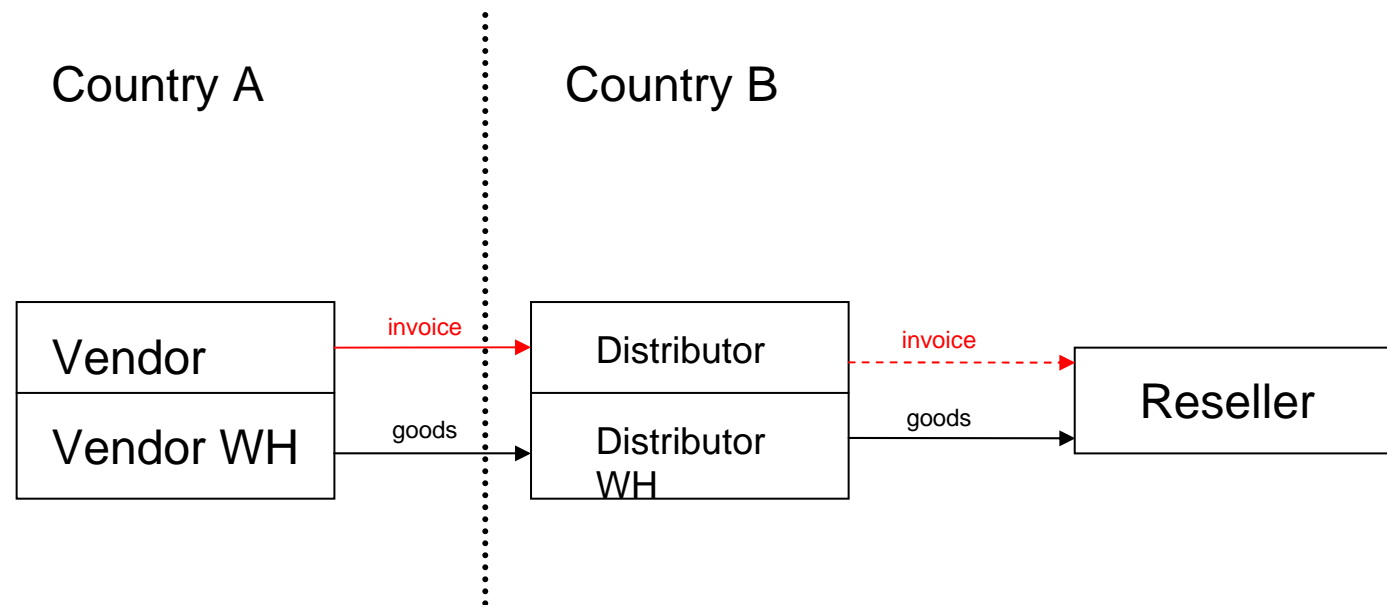
Country A



Vendor is deemed producer

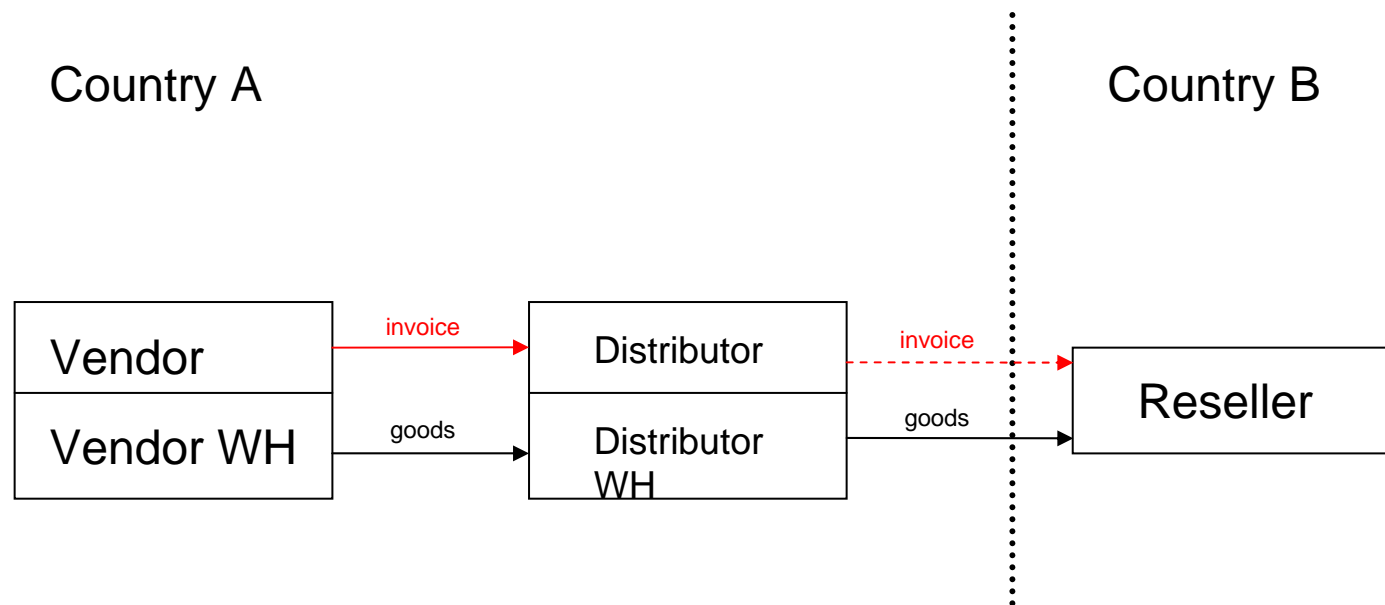
WH: Warehouse

WEEE-impact on Distribution Business Models



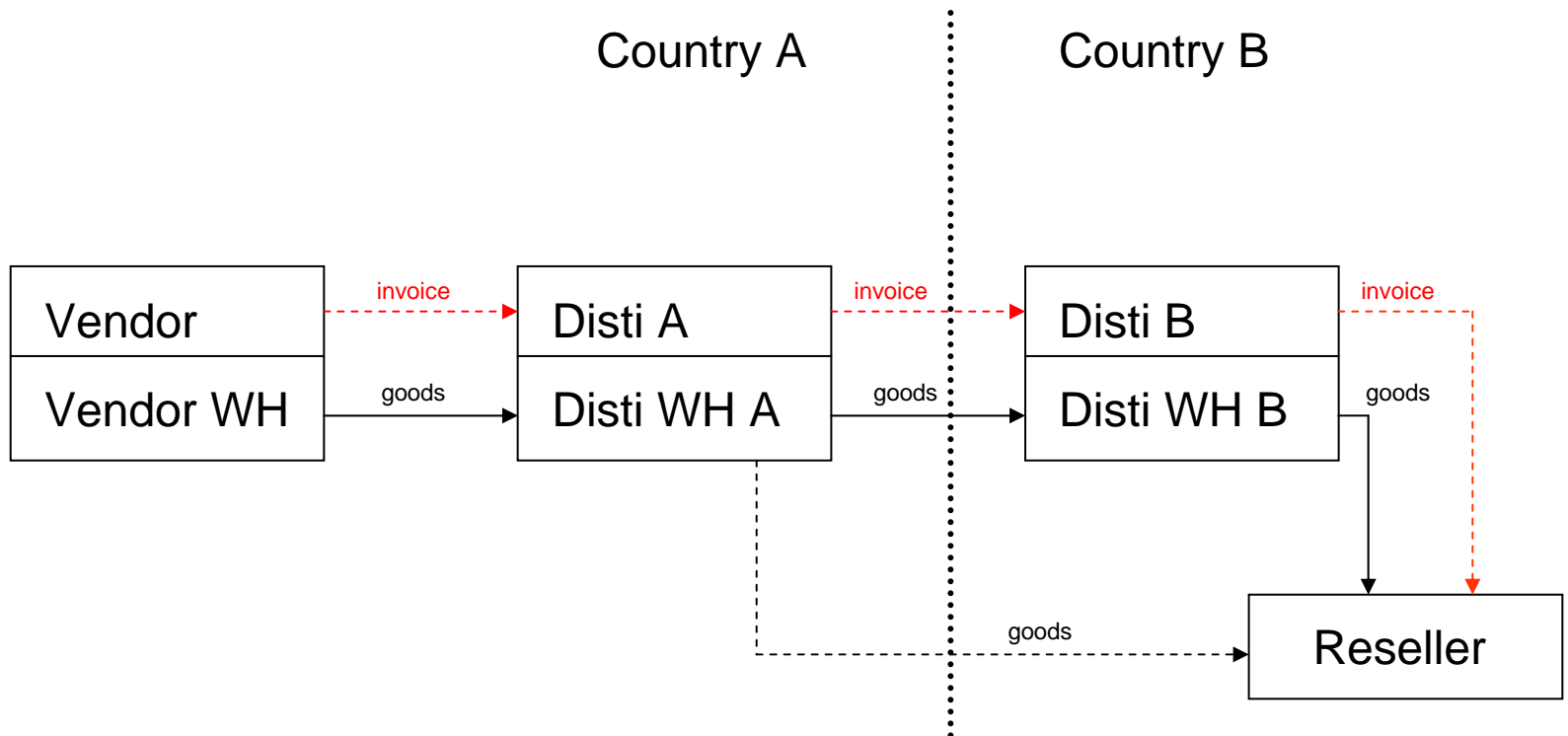
Distributor is deemed producer

WEEE-impact on Distribution Business Models



Reseller is deemed producer

WEEE-impact on Distribution Business Models



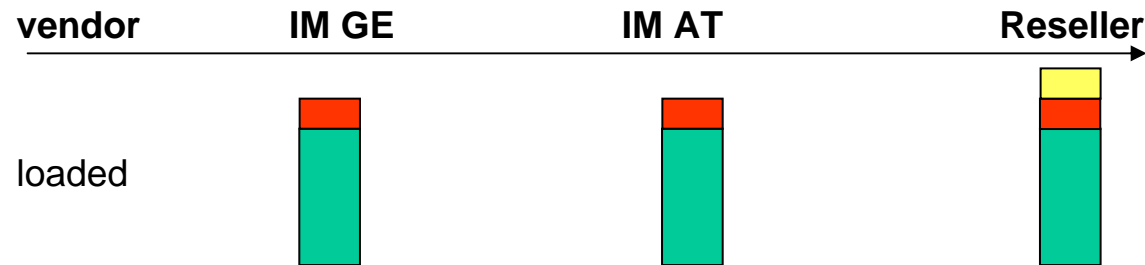
Distributor B is deemed producer

The risk of potential double loading

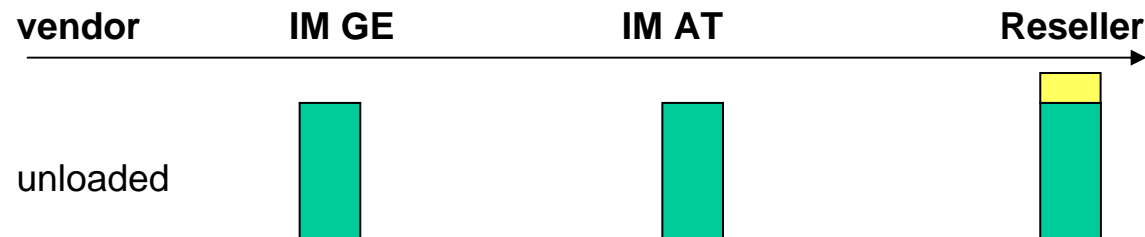
Double loading - distributor:

Inventory sharing between Germany and Austria:

- E.g. IM DE buys incl. WEEE- cost (“loaded”) and sells to IM AT: WEEE-cost added twice to product price in Austria (“double loading”)



- E.g. IM DE buys excl. WEEE- cost (“unloaded”) and sells to IM AT: only Austrian WEEE- cost added to product price (“single loading”)



Product price
 GE WEEE-fee (added by vendor)
 AT WEEE-fee (added by IM AT)

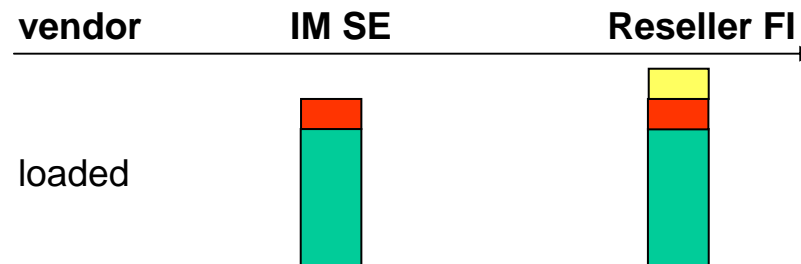
The risk of potential double loading

Double loading reseller:

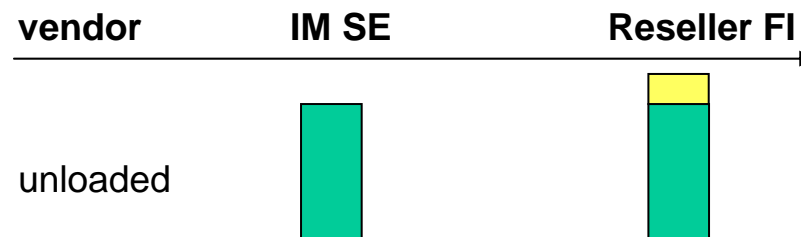
Cross-border sales directly to reseller with foreign invoice/no local registration

(e.g. from Sweden to Finland):

- IM SE buys incl. WEEE-cost (“loaded”) in SE and sells to reseller in FI: WEEE- cost added twice to product price in Finland (“double loading”)



- IM SE buys excl. WEEE-cost (“unloaded”) and sells to reseller in FI: only Finnish WEEE-cost added to product price (“single loading”)



Product price
 SW WEEE-fee (added by vendor)
 FI WEEE-fee (added by reseller)

Possible solution to avoid
“double loading”

Vendor Managed Process

- ⇒ Vendor sells “loaded” and fulfils WEEE obligations in all member states
- ⇒ Distributor supports by reporting market input country-by-country
- ⇒ According to local legal possibilities

Two Major Concerns

1. Compliance Risk

- ⇒ All distributors have to be compliant by the time local legislation enters into force
- ⇒ Non-compliant producers risk fines and in the worst case being prevented from selling products subject to WEEE legislation

2. Cost Efficient Solution

- ⇒ Avoidance of double loading
- ⇒ No additional costs

What does Ingram Micro expect from its vendors?

1. **A knowledgeable WEEE contact person**
2. **A clear position**
3. **A business-driven solution**



**Don't waste time
to deal with the
waste!!**