

Recycling costs and how Recolight will recover those costs from its members:

2nd July 2007

Introduction:

- The Recolight Compliance Scheme acts on behalf of its Producer members in discharging their obligations under WEEE..
- All the costs it incurs are charged back to the Producer members. Recolight Ltd is a not-for-profit Company, so recovers the costs incurred plus any necessary reserves to ensure financial viability.

Cost Recovery model:

Recolight has chosen a model for cost recovery which:

- a) is equitable between all members, regardless of size
- b) recovers current forecasted costs, including growth in recycling and financial reserves.
- c) is simple to understand and to operate and is thus cost effective to administer.

Our resulting model is to charge each member a flat cost per lamp (Recycling Charge) for all lamps they sell by month in any year, to cover costs incurred.

We have set the Recycling Charge at a level which will be reasonably stable in the short-medium term and with the potential to gradually reduce in future years due both to volume and technology based productivity improvements.

The Recycling Charge will be reviewed each year based on a budget forecast. If significant differences arise between real and budgeted costs, the charge will be adjusted to bring Recolight results back to not-for-profit, with necessary reserves.

What is covered in the Recycling Charge?

- All costs of containers to support the process for storing/transporting lamps
- Transporting WEEE lamps to authorised treatment facilities (AATF's)
- Treatment of lamps in compliance with all Regulations including recovery and re-use of raw materials.
- Increased levels of recycling
- All reporting e.g. sales, WEEE arising, materials recovered etc
- Management of an overall process to ensure Members obligations are met
- Producer members registration and reporting to the Environment Agency
- Compliance Scheme costs, including recovery of start-up costs, taxes etc

Some of these activities are provided by 3rd party suppliers and in those cases we have purchased these via a tender process (supported by PwC) to ensure competitive procurement.

What is the Recycling Charge and when does it become effective?

The Recycling Charge is effectively the unit price we charge to all of our members. As is normal commercial practice, we advise the Recycling Charge directly to them and we do not publish it on our website. You can obtain more information about this from our members who are your suppliers.

We advise our members that our Recycling Charge represents current forecasted costs, including financial reserves, in respect of the activities referred to above and that it is on a not-for-profit basis. We also emphasise to our members that it is an individual decision for each member as to whether, the extent to which, and the form in which, they pass on such costs to their customers.

Recolight will start to charge its members with effect from 1st July 2007 when full producer responsibility for financing WEEE comes into force under the Regulations.