

A new orientation, ready for the future



Recupel recycles your electrical and electronic equipment.



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Preface

Dear reader,

As organisation dedicated to the collection and recycling of waste electrical and electronic equipment (WEEE), we believe it is only normal to allow our members and target groups to view our operation and results. This 2005 annual report sketches a picture for you of our activities during the past year.

The collection and recycling of WEEE was a hot item in 2005, not in the least due to the implementation of the European WEEE directive. The expiration of the deadlines for this directive means that the relevant European regulations are no longer just idle words. For the first time, the impact of this can concretely be felt in the field. Significant is the fact that a tendency toward decreasing fees is predicted for the coming years.

Thus since 13 August 2005, professional equipment is also subject to the take-back obligation. At that moment, Recupel had already proven itself in the world of professional equipment with the establishment of LightRec, the management body for lighting equipment. During the middle of 2005, gas discharge lamps became subject to the take-back obligation and newcomer MeLaRec (medical devices and laboratory equipment) was launched.

Not only did European policy write history in this regard, there are also changes in the air in our country. The Environmental Policy Agreement that Recupel concluded upon its establishment with the regional authorities is coming to an end. It is expected that a new EPA will be concluded around the beginning 2007 that will implement the European directive.

This changing policy context also demands a reorientation of our organisation. During the past year, we have adapted our mission and vision somewhat, and placed a number of new accents in our strategy. The integration of a global solution for domestic appliances and a custom solution for professional equipment will be one of the pillars of our future operation. We intend to expand into the professional markets with a step-by-step approach. By systematically working on each waste flow, we can learn from possible growing pains. This knowledge and experience can then be used when a new flow presents itself. The thoroughgoing simplification and automation of our work procedures – a process that we resolutely continued in 2005 – should help us in this.

For the fourth year in a row, I am pleased to present to you our organisation's results. We continued to work on expanding the collection system. At the end of

2005, we had 2,341 members and 3,770 entry agreements. Familiarity with the Recupel system is also increasing, as evidenced by recent market research among consumers and the distribution sector. This familiarity with our system also translates itself into positive results in the area of collection. In 2005, we collected no less than 67,634 tons of equipment, representing an increase of 16% compared to 2004.

This annual report convinces me: Recupel is ready for the future and is armed to meet new challenges with respect to both policy and competition. I would like to thank our employees for their continuous commitment, all partners and members for the confidence they place in us, and finally the consumer, who is an important link in the chain of collecting, transporting and recycling WEEE.



Willy Quinart
General Manager of Recupel asbl



> 01

The Recupel strategy

01.1 What is Recupel?

Recupel organises the collection and the recycling of Waste Electrical and Electronic Equipment (WEEE) throughout all of Belgium. Recupel was given a mission and a vision when it was established in 2001. This was modified for the first time in 2005. Under the impulse of the European directive and the new Environmental Policy Agreement, Recupel is indeed faced with new challenges. With a reformulated mission and vision as well as adapted core values, the organisation is demonstrating that it is strategically ready for the future.

The not-for-profit organisation Recupel was an initiative taken by the industry to handle the collection and recycling of WEEE. Since 1 July 2001, Recupel has provided importers and manufacturers of electric and electronic equipment in Belgium with a global and practical solution for compliance with their acceptance and recycling obligation.

Recupel is managed by the industry and works closely with merchants, municipalities, intermunicipal waste associations and used-good centres, as well as with companies specialised in the transport and the ecologically responsible treatment of the waste appliances. This activity is financed by the recycling fee that consumers pay when purchasing new appliances. Recupel also handles the communication aspects associated with all of these activities.

01.2 Reformulated mission and vision

The Recupel mission

Since 2005, the Recupel mission has been:

'To implement, as a dependable partner, the regulations for producers and importers, with Recupel being recognised in Europe as the reference in the area of cost-efficiency in the realisation and monitoring of the financial and logistics flows and in providing information to all stakeholders.'

The Recupel vision

The Recupel vision has also been modified slightly and now reads as follows: 'Recupel strives for a lifeworld with better recycling of materials via the organised collection and the environmentally friendly recycling of all waste electrical and electronic equipment.'

01.3 New accents

In the execution of its tasks, Recupel has a high degree of social responsibility. Cost-efficiency, transparency, professionalism and dialogue have always been important values for the organisation, and this remains the case for its further expansion. In addition, daily management has placed new accents in its policy. Recupel intends:

- > To develop a total solution for domestic WEEE as well as a custom solution for professional equipment.

The integration of these two operational components into a single organisation constitutes an extremely important task for the coming years.

- > To prepare its service offerings for possible competition. By anticipating competition in the market, we ensure that we will not be faced with surprises in the future.

- > To create the best opportunities for success in the future by incorporating into our operations EFQM as comprehensive quality system.

- > To monitor results better via broader inspection.

In addition, developing our in-house competence, further simplifying and automating the processes, making maximum use of our leadership position within the WEEE forum, continuous benchmarking of the costs and high quality reporting tailored to our stakeholders are essential characteristics of Recupel's policy.

01.4 Translating the strategy into action

In the coming years, management intends to translate this renewed strategy into the operational levels and concretely develop them in the field.

A number of important steps were already made in 2005, as can be seen in this annual report. The following chapters contain more on the efforts made by the Recupel departments during the past year.



THE LEGAL FRAMEWORK

The WEEE take-back obligation is established in the regional legislation of Flanders, Wallonia and Brussels. In addition, since July 2001 the industry has concluded an Environmental Policy Agreement (EPA) with each of the three regions, which establishes agreements between industry and the public authorities for a period of five years. The second EPA with renewed agreements is expected by the beginning of 2007.

The European directive concerning WEEE (published 13 February 2003) calls for the transposition into the regulations of the member states by 13 August 2004, and requires the establishment of a take-back system for WEEE by August 2005. Belgium has a considerable head start in this area compared to the other European member states.

In order to fully comply with the directive, the Recupel system – which originally only provided a solution for domestic appliances – was expanded to include professional equipment.



Collection, transport and recycling of WEEE

> 02

02.1 Collection: custom solutions

Recupel provides a global solution for domestic appliances via the container parks, used-good centres and merchants. Professional equipment, however, requires a custom solution adapted to the characteristics of the appliances and the uniqueness of the sector. A new system for collection and transport was set up in 2005 for two professional flows – gas discharge lamps, and medical devices and laboratory equipment. In 2005, collection increased for the fourth time in a row. 67,634 tons of WEEE were collected, an increase of 16% compared to 2004.

02.1.1 THE PROFESSIONAL MARKET DEMANDS CREATIVITY

Recupel first became acquainted with the professional equipment market in 2004 via LightRec. We are continuing our explorations in this sector by further expanding our services. In 2005, a collection network was put in place for gas discharge lamps (LightRec) and medical devices and laboratory equipment (MeLaRec).

Take-back of gas discharge lamps was initiated on 1 July 2005. The system provides for take-back via distributors, professional end users and container parks. For the collection circuit among professional end users, we initially worked with box palettes for a single annual collection of at least 200 kg. In 2006, we expect to introduce an alternative system better suited to the nature

of the waste flow: namely smaller cardboard boxes that are collected more frequently.

The collection network for medical devices, also started around the middle of 2005, presented technical challenges. Here again we initially started with the use of box pallettes. However, this solution was impractical for private practices and smaller laboratories. For these clients we are developing a new system, designed for the biannual collection of medical devices weighing 10 kg or more at private practices and laboratories.

An additional difficulty was that this logistics system had to take account of the required decontamination conditions. The legislation after all provides for the end user disassembling the contaminated components and treating these as medical waste. The end users were given detailed information concerning their obligations.

02.1.2 CONTINUED INCREASE IN COLLECTIONS

The Recupel collection network has three channels for domestic appliances: the container parks, the used-good centres and merchants. At the end of 2005, these channels were responsible for 3,226 collection points.

In addition, professional collection channels were added in 2005: the collection network for gas discharge lamps among retailers (good for approximately 1,200 collection points) and the collection circuit for medical devices and laboratory equipment among doctors, hospitals and laboratories (46 new collection points).

Seen globally, collection in 2005 continued to increase. A total of 67,634 tons was collected. This is equivalent to 5,636 tons per month or 6.46 kg per resident. With this, Belgium easily satisfies the goal of 4 kg per resident per year imposed for 2005 by the European directive. In fact, this norm was already met in 2003 and 2004.

Professional flows were good for 513 tons and thus account for part of the growth since 2004.

The container parks still represent the largest flow of goods with 64%. Collection at shops and used-good centres represented 25% and 10% of the total respectively. Collection at other points (e.g. hospitals, laboratories ...) represents 1%.

QUANTITY OF WEEE PER MONTH COLLECTED IN BELGIUM IN 2005 (tons)



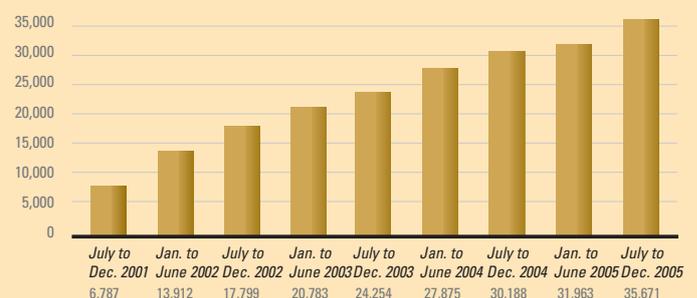
COLLECTION AND TRANSPORT: KEY FIGURES

	End 2001	End 2002	End 2003	End 2004	End 2005
Collection points – container parks	288	379	554	518	518
Collection points – used-good centres	27	24	19	18	17
(Active) collection points – distribution	1,184	1,964	1,812	2,374	2,691
Total collection points	1,499	2,367	2,385	2,910	3,226
Appliances collected (kg/inhabitant)	2 kg	3.6 kg	4.5 kg	5.7 kg	6.46
Amount of transports per day	93	123	134	104	113

MELAREC: GETTING TO KNOW A NEW SECTOR

With the start-up of MeLaRec, Recupel has entered a new sector within Recupel that requires a specific approach due to its uniqueness. On the one hand, the collection system for electric and electronic medical devices and laboratory equipment is tailored to the larger end users such as hospitals and medical laboratories (pick-up via box pallets). On the other hand, there is also a collection network for more modest volumes at private practices and smaller laboratories or medical centres. Equipment with chemical products or radioactive components is refused for safety reasons. To prevent infections, each device must also be biologically decontaminated.

QUANTITY WEEE COLLECTED IN BELGIUM (2001-2005) (tons)



02.1.3 MORE ACTIVE COLLECTION POINTS AMONG SELLERS

The legislation requires the retail sellers of electrical and electronic equipment to take back their customers' used appliances free of charge upon the purchase of a similar device. To this end, they are able to make use of the collection point network. A merchant can register with Recupel as a collection point on the condition that it is able to collect at least eight large appliances or a full box pallet every three months. In 2005, 2,691 merchants actively worked with Recupel in this way to collect their discarded goods. This represents 317 more active collection points than the previous year or an increase of 13.35%.

In 2005, Recupel collected approximately 17,356 tons of WEEE from sellers of electrical and electronic equipment.

02.1.4 PARTNERSHIP WITH MUNICIPALITIES AND INTERMUNICIPAL WASTE ASSOCIATIONS

Of all the channels, the container parks still account for the largest percentage of collections. Thus, the municipalities and the intermunicipal waste

associations are also important Recupel partners. We serve all the container parks in Belgium, directly or indirectly via the regional transfer stations or via the intervention of recycling or used-goods centres.

In 2005, we collected 43,779 tons of WEEE via the container parks (directly or indirectly). Despite the fact that the system has not become any simpler, among others due to additional flows, collaboration with the container parks and the transfer stations went smoothly.

02.1.5 COLLABORATION WITH THE SOCIAL ECONOMY MATURES

The legislation also requires the collected equipment to be screened for possible reuse. Often the WEEE includes appliances that could be given a new life in the used-goods circuit. The used goods sector is strongly embedded in the social economy and creates training and employment opportunities for people who find it difficult to find a place in the regular labour market. Retail sellers can have reusable equipment picked up via Recupel by a used-goods centre or make arrangements themselves with these centres.

This collection network is gradually evolving into a fully-fledged system. In 2005, the used-goods centres collected 6,499 tons of WEEE, or 10% of the total collected tonnage.

DISTRIBUTION OF WEEE COLLECTED IN 4 GROUPS (tons)

	CF	BW	TVM	OTH	Total
2003	9,514	11,117	9,835	14,571	45,037
2004	11,537	15,141	12,693	18,693	58,063
2005	12,723	16,649	15,340	22,921	67,634

CF: Cooling & freezing appliances BW: Big white appliances
 TVM: Television screens and monitors OTH: Other appliances

'FOURTH CIRCUIT' PILOT PROJECT IN THE PIPELINE

Certain retailers (scrap dealers, for example) come into contact with WEEE in their activities, but do not have access to the existing Recupel circuit for this equipment. Thus, the flow of equipment that passes through the hands of these merchants is not collected. Recupel is working on setting up a so-called 'fourth circuit' that would integrate this remaining WEEE flow into the Recupel system.

In 2005, we prepared a pilot project that is intended to test this fourth circuit in practice. This project will be initiated during the course of 2006, in consultation with the competent government institutions and the sector organisations Febem and Coberec.

RECYCLING* PER GROUP AND PER MATERIAL IN 2005

Group	White goods	Fridges and freezers	Screens	Other appliances	Results per material	Legal objectives**
<i>Material</i>						
Ferrous metals	100%				100%	95%
Non-ferrous metals	100%	100%	91%	100%	98%	95%
Synthetic materials	45%	50%	71%	53%	55%	50%
Others	38%	8%	82%	12%	52%	
<i>Results per group</i>	83%	79%	83%	74%		
<i>Legal objectives**</i>	80%	70%	70%	70%		

* Recycling = material recovery

** Objectives imposed by the environmental policy agreements

02.2 Transport is also being adapted to new markets

Recupel makes use of the services of specialised partners to transport the collected equipment. To this end, over the years we have built up a local and bulk-transport network.

In addition, adapted transport had to be provided for the additional flows that were begun in 2005. Use is made of the existing local transport network for collecting the gas discharge lamps. The new medical devices sector requires new transport arrangements. In particular, there is a special circuit for loads less than 10 kg (private practices and small laboratories). This collection is combined by the transport partner with the collection of small hazardous waste (KGA), which optimises the use of resources.

In addition to the local transport, there is also bulk transport, which is the flow of goods from the larger container parks, the regional transfer stations and the centralised depots to the treatment firms.

A total of 28,072 transport requests were handled by Recupel in 2005, 43.75% of which were bulk and 56.25% local. This amounts to approximately 113 transport requests per day.

02.3 Recycling completes the circle

After collection and transport, the WEEE arrives at the treatment firms. Here all materials are treated in an environmentally responsible way.

02.3.1 TREATMENT PER CATEGORY

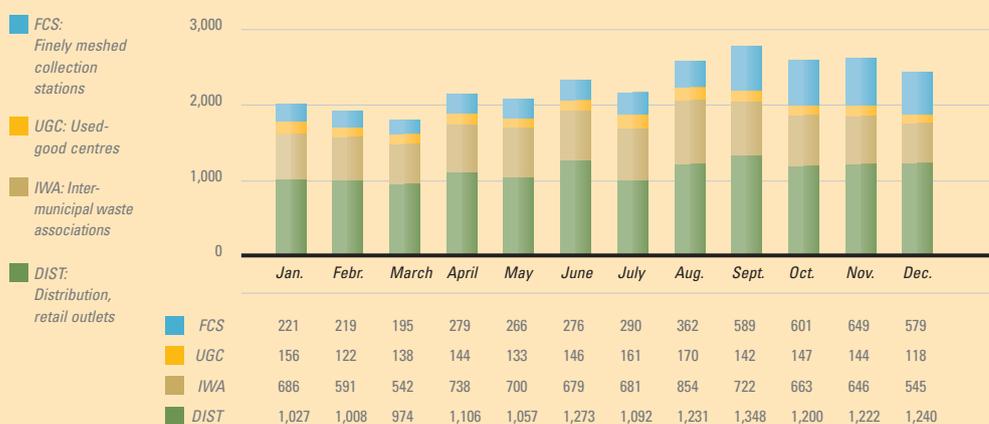
The treatment of WEEE, in accordance with the regulations contained in the Environmental Policy Agreements, is done per category. The global flow is divided into four major categories: large domestic appliances (or large white goods), cooling and freezing appliances (containing CFCs), television and computer screens, and finally all remaining appliances including all small domestic appliances, brown goods, ICT material, electrical and electronic tools, gardening tools and lighting equipment.

Recupel works together with at least two treatment firms for each category, so that continuity is guaranteed. In 2005, new agreements were concluded with treatment firms for the treatment of gas discharge lamps.

02.3.2 RECYCLING OBJECTIVES ACHIEVED

The objectives established in the Environmental Policy Agreements for recycling and reuse of materials are ambitious. The recycling target for ferrous and non-ferrous metals is 95%; for plastics it is 50% but with recovery of 80% (energy development and recycling). In addition, global recycling objectives have also been established: 80% for large appliances and 70% for other appliances. The norms imposed by Belgium are higher than those stipulated in the European directive. In 2005, Recupel met the imposed criteria almost completely. Globally speaking, the equipment was recycled for 79.15% and used for energy creation for 85.96%.

DISTRIBUTION OF TRANSPORTS PER TYPE OF COLLECTION POINT 31/12/2005 (routes)



MORE THAN 1.9 MILLION GAS DISCHARGE LAMPS COLLECTED

Recupel provides collection service for distributors, professional end users and container parks. The lamps are stored in modified receptacles that are made available by the collector.

Since starting the take-back of gas discharge lamps, Recupel has collected 499 tons of lamps or more than 1.9 million pieces, a nice result by any standards.



> 03

Information and support of members



Recupel completely handles the obligations its members have with respect to take-back and providing information. In 2005, our organisation again realised a major increase in the number of members, partially due to the expansion of the LightRec sector and the launching of MeLaRec. As is the case every year, in 2005 considerable attention went to updating the product lists, an important instrument in support of members. Furthermore, communication campaigns were set up to optimally inform members concerning the operation and to raise awareness among target groups. To keep our finger on the pulse, we again performed market research among distributors and consumers.

03.1 LightRec and MeLaRec contribute to growth

Each company subject to the take-back obligation (manufacturer or importer) can join one or more of the Recupel sector organisations depending on the sectors in which the company is active and the products it markets. At the end of 2005, Recupel numbered 2,341 registered companies, who together concluded no less than 3,770 entry agreements with the seven Recupel sectors. These figures mean an increase again of 30% in comparison with 2004 for both the number of members and the agreements concluded.

This increase is partially due to expansion of the lighting equipment sector. Since 1 July 2005, LightRec offers not only a solution for collecting and recycling lighting equipment, but gas discharge lamps are also taken back. Entry agreements for the LightRec sector have almost doubled in comparison with 2004.

2005 also meant the start of the new MeLaRec sector, which has been handling the take-back obligation for electric and electronic medical devices and laboratory equipment since July 2005. With 280 entry agreements, the stage has already been set for this sector in this first year of operation.

03.2 New products, new lists

Each year Recupel draws up a list of products for each sector. This contains all electric and electronic appliances for which the take-back obligation applies and that are subject to the recycling fee. The products are subdivided into sections, and provided with a clear description and a recycling fee. New sectors require entirely new lists; for the remaining sectors, it generally concerns refining and updating the existing lists. If new products come onto the market, they can also be added to the existing lists.

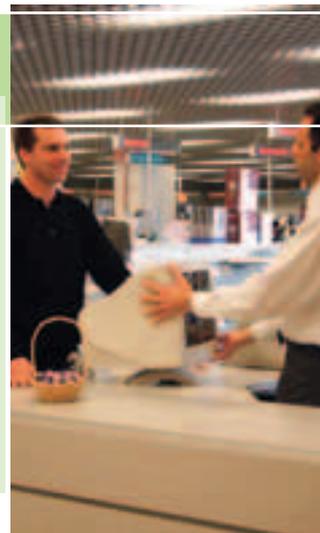
Correctly updating the lists demands good knowledge of the sector and continuous research. A proposal for the adapted product lists is made in close cooperation with the sectors. At the end of the year, this list is submitted to the competent public authorities. The new lists for 2005-2006 came into force on 1 July 2005.

'Gas discharge lamps' were added to the list for the LightRec sector. This clearly indicates that incandescent bulbs and halogen lamps do not fall under this sector. The fee for the lamps was set at 0.30 €. The new list made for MeLaRec consists of an illustrated list with three definitions and a table with fees per weight class.



PRODUCT LISTS: THE RECYCLING FEE PER PRODUCT

The take-back of all discarded appliances is required by law. A recycling fee is collected to cover the collection and treatment of discarded appliances. The amount of this fee depends on the product group. It is calculated in function of the operations required for recycling. The fee is used to cover the costs associated with the collection, sorting, transport and recycling of discarded appliances. The fees vary today between 0.10 € including VAT (for example, for a calculator, an alarm clock ...) and 650 € excluding VAT (for large medical devices and laboratory equipment).



Communication of all lists to the members is also the responsibility of Recupel. Every year the product lists are initially communicated to importers 6 months in advance so that they have adequate time to prepare. During the spring of 2005, all new product lists were communicated to all members and the distribution sector. Within the framework of this campaign we made available the required information material (posters, leaflets,...) to shops and merchants. Recupel uses these channels to inform a broad target group concerning the system and to promote collection and recycling among the end users.

03.3 Market research demonstrates familiarity with Recupel

Within the framework of its quality system, Recupel regularly organises market studies. Such a study was again performed in 2005. 900 private individuals and 900 merchants were interviewed via telephone concerning their knowledge of Recupel and the recycling fee. Knowledge of the collection channels and consumer collection behaviour was also tested. Among the merchants, the questions focused on the collection method. Appreciation for

Recupel's communication and information was also measured. To increase the reliability of the conclusions, the results were subjected to statistical analysis, consisting among others of a weighting according to the age and place of residence (region) of those interviewed.

The results of the 2005 market research were positive. Among consumers, knowledge of both the recycling of discarded appliances and Recupel itself rose in comparison with 2003. In Flanders, recycling of WEEE in itself appears to be well known (86%), but familiarity with Recupel was lower than in Brussels and Wallonia. 89% of Belgians were aware of the recycling fee; spontaneous familiarity with this fee has even risen when compared to 2003. Knowledge of the recycling channels has also improved.

An evolution can also be detected concerning how to dispose of WEEE. The container park is gaining in popularity – 58% of consumers indicate that they bring their old appliances here – while the channel of special refuse collection at home is being used less. 30% bring discarded appliances to the shops, which is approximately the same as two years ago. Generally, Flanders makes greater use of the collection channels than does Brussels or Wallonia.

Among the distributors, both familiarity and satisfaction with Recupel has increased. Distributors principally bring their old appliances to container parks. In comparison with 2003, collection by Recupel as well as collection by the headquarters has increased, while the other channels have decreased.



	2001	mid-2002	2002	mid-2003	2003	mid-2004	2004	mid-2005	2005
BW-Rec	183	263	281	287	293	341	368	422	436
Recupel SDA	200	287	306	327	359	416	473	553	597
Recupel ICT	227	338	402	457	553	672	733	706	734
Recupel AV	214	308	348	394	465	573	666	784	831
Recupel ET&G	29	73	138	141	156	194	226	246	270
LightRec							387	522	622
MeLaRec								55	280
Total	853	1,269	1,475	1,606	1,826	2,196	2,853	3,288	3,770

POSTER EXPLAINS NEW SYMBOL

The European WEEE directive introduces a new symbol for WEEE. This symbol, a crossed-out wheeled bin, indicates that this product may not be disposed of via domestic waste, but must be returned via one of the recognised collection channels in accordance with the WEEE directive and national regulations.

Last year Recupel explained this symbol by means of a poster.

The information made available by Recupel is judged by consumers the same as it was two years ago. The advertising spot in the summer period scored well with respect to recognition. Most of the merchants indicated that they received enough data to properly inform customers. Distributors who required more information went first to the Recupel website.

03.4 Close to the target groups

The Environmental Policy Agreements include a commitment on the part of Recupel to provide communication services. Concretely we provide information on the take-back obligation, on the existence of a selective collection system and we explain the recycling fee. The ultimate goal is a change in behaviour on the part of the public. In addition, targeted communication is also directed at importers and manufacturers, the distribution sector, and municipalities and intermunicipal waste associations.

Recupel intends to stay close to its target groups and thus attaches much importance to information and communication at the collection points. In 2005, Recupel was present at various trade fairs for the same reason: Tools & Tools (tools trade fair), Telecom City (trade fair for the ICT sector) and Best Environnement (trade fair for environmental protection, energy and clean technologies). For two weeks, the public was able to visit the Recupel stand at Batibouw. The Recupel stand displayed our activities from A to Z, with special attention being given

to the recycling process. The presentation was strongly visual with an interactive concept.

In collaboration with Brussel Netheid/Bruxelles Propreté we also initiated an information campaign in 2005 to raise awareness among residents of Brussels concerning the problem of WEEE. Brochures were distributed in a number of large retail chains.

Finally, there was also a campaign directed at children. All subscribers to *Journal des Enfants* and all the primary schools in the three regions received a brochure with information on the Recupel system.

03.5 Specific communication campaigns regarding new products

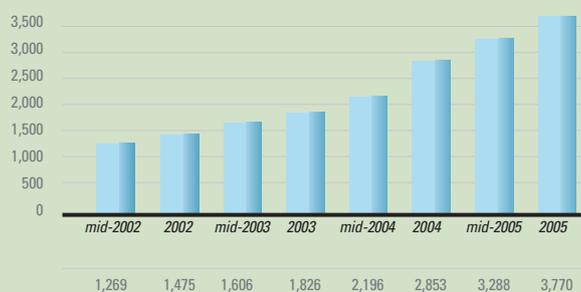
During the course of 2005, we launched specific communication campaigns within the framework of the expansion of LightRec and the launching of MeLaRec. A brochure on the MeLaRec services was sent to more than 4,000 Dutch-speaking and more than 2,000 French-speaking recipients. A mailing on gas discharge lamps was sent to around 500 LightRec members and to some 400 non-members from this sector. A press release was also distributed on both topics.

In the summer of 2005, there was the radio campaign 'Small appliances can also be recycled.' Market research indicates that this campaign was positively received by the public.

RECUPEL IN THE PRESS

The expiration of the deadline for the European WEEE directive resulted in considerable attention in the press for the Recupel system. Recupel also regularly received visitors, among others from countries who were busy starting up similar systems. Thus, we received representatives from America, Canada, France, Germany, Italy, Slovakia, Spain and China.

NUMBER OF AFFILIATIONS





> 04

Recruiting members and conducting inspections

04.1 New members due to focused approach

Recupel's responsibilities include the recruiting of members and conducting inspections. Nothing has changed with respect to these tasks since the founding of Recupel. However, in recent years we have especially focused on simplifying, automating and standardising these processes.

New for 2005 were remote inspections for small members, which meant a substantial simplification and rationalisation of resources. The reporting of free riders was also simplified considerably. In any case, tighter control is foreseen for the coming years.

The continuous increase in the number of members is the result of a targeted and intensive approach. Importers and manufacturers were initially contacted via mailings and individually by telephone. After an initial screening, a company visit followed in which the entry agreement was presented for signing. Information and awareness raising are an indispensable part of this process of recruiting members. Thus the entry agreements are always explained in detail.

In the first place Recupel itself tries to convince the importers and manufacturers to join Recupel. If this is unsuccessful, the information is sent to the competent public authorities.

An overview of the number of members and entry agreements concluded in 2005 can be found on p.12

04.2 Remote inspection effective for smaller members

The companies registered with Recupel are required to make a declaration monthly or quarterly of the goods that were put on the market. Most sectors must fulfil their declaration obligation when importing the goods. Only in the case of lighting equipment is a declaration made when the items are sold from stock. The entry agreement that the companies conclude with Recupel stipulates that Recupel will monitor this declaration obligation. As a basic rule, each member is inspected at least once every three years.

With the increase in the number of members, however, the number of inspections and the workload for Recupel employees has also increased. In addition to the large members, Recupel also includes many smaller members. A new remote inspection system was put into operation for these companies. The companies receive a written request to submit data. Expensive preparation of the dossier, the exhaustive company visit and the reporting afterwards is thus avoided. Companies eligible for remote inspection are selected based on their declaration and balance information.

In 2005, some 800 inspections were performed, including 144 remotely and 674 in the traditional way. Thoroughgoing rationalisation of the work processes has

meant that the number of people performing these inspections, both internal to Recupel and with our external partner, has remained the same.

04.3 Tighter control foreseen

The optimisation realised in recent years allows for tighter monitoring of the declaration obligation in the future. A manufacturer or importer that does not submit its declaration on time will more quickly receive a penalty than has been the case until now. Invoices with fixed amounts for companies that neglect their declaration obligation are also being considered.



REPORTING OF FREE RIDERS SIMPLIFIED

Last year the reporting of free riders was further standardised and structured using a CRM database. The report of a company visit today requires no more than a single A4 sheet. This tool considerably reduces the administrative work required by our employees. Management and reporting occurs more smoothly and with better oversight.





> 05

Recupel financial management

05.1 Further rationalisation of accounting

Last year, optimisation and automation were also keywords for Recupel's financial management. Confidentiality continues to be an essential element. The automatic registration of payments, elimination of small invoices and the first steps in the direction of an electronic invoice illustrate this strategy well.

Over the years, Recupel accounting has been simplified and automated in different areas. Thus in 2004, a new computerised declaration system was put into operation and the analytical accounting has gradually led to a more accurate allotment of the costs to the various sectors. Since 2004, the accounting has been managed in-house ('black box'). A secure system handles the invoicing of the members sector by sector, and ensures confidential handling of the members' business data.

This optimisation continued unabated in 2005. Incoming payments were automatically registered using the CODA financial system. Furthermore, a threshold of 50 € was introduced for outgoing invoices. Recupel now only sends invoices for amounts of 50 € or more, which has resulted in a 25% decrease in the number of invoices.

For amounts less than 50 €, a single invoice is sent at the end of the financial year.

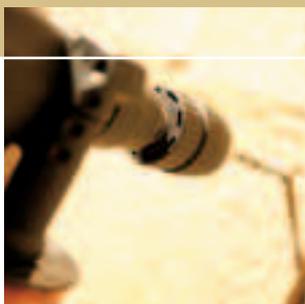
Further automation via the electronic invoice is also on the agenda for the near future. The intent is also to make financial statistics available via the website.

Of course, the Recupel financial system must also be adapted to handle the expansion of LightRec and the introduction of MeLaRec.

05.2 Declining fees foreseen

The entire collection and recycling process is financed via the recycling fee. The principle is that the end user pays the fee when purchasing a new device. The collected fees are used to ensure the future take-back of the appliances now being sold, regardless of the moment they are returned to the collection network. The recycling fees collected in 2005 cover more than the future recycling costs of the appliances sold. The take-back and recycling costs for appliances sold before the system came into force in July 2001 (historical waste) for which no fee was collected, are also included in this.

The fees are expected to decrease in the coming years. The European WEEE directive stipulates after all that the producer or importer must guarantee that the management of the WEEE is financed when the product is placed on the market. This is to cover the situations where the producer would be untraceable or has gone bankrupt in the meantime. This guarantee can take the form of recycling insurance, a frozen bank account or participation by the producer in a suitable financial arrangement for financing the management of WEEE. Such a financial arrangement is anchored in the Environmental Policy Agreement Recupel concludes with the regional governments. The guarantee is thus taken over by the certified system, removing the need to make financial provisions. In any case, harmonising the fees with the cost price remains a major concern for the future.



WHAT WAS DECLARED IN 2005?

In 2005, companies from all sectors together declared more than 54 million electric and electronic appliances. These quantities can be converted into tons by ascribing an average theoretical weight to each product. This year a total of 228,136 tons of electrical and electronic equipment were traded in Belgium. This is equivalent to 22 kg of appliances sold per person.

Table: Recupel asbl balance

IN €	2005		2004	
ASSETS				
<i>Intangible fixed assets</i>	87,902.00		62,675.72	
<i>Tangible fixed assets</i>	2,019,520.82		108,596.02	
<i>Financial fixed assets</i>	1,172.61		1,111.26	
Fixed Assets		2,108,595.43		172,383.00
<i>Accounts receivable within one year</i>	8,081,309.06		8,854,579.32	
<i>Cash</i>	3,058,566.71		649,969.21	
<i>Deferrals and accruals</i>	49,200.67		91,051.51	
Current Assets		11,189,076.44		9,595,600.04
TOTAL ASSETS		13,297,671.87		9,767,983.04
LIABILITIES				
<i>Accruals for risks and costs</i>	639,567.97		500,000.00	
Accruals		639,567.97		500,000.00
<i>Accounts payable within one year</i>	12,656,200.73		9,264,743.97	
<i>Deferrals and accruals</i>	1,903.17		3,239.07	
Current liabilities		12,658,103.90		9,267,983.04
TOTAL LIABILITIES		13,297,671.87		9,767,983.04
RESULT AS PER 31 DECEMBER 2004				
<i>Turnover</i>	23,300,112.35		24,859,386.60	
Operating income		23,300,112.35		24,859,386.60
<i>Services and others</i>	-21,282,085.72		-25,824,841.50	
<i>Remunerations and direct social securities</i>	-1,512,061.85		-1,212,020.71	
<i>Depreciations, provisions</i>	-385,962.56		-105,412.47	
<i>Accruals for risks and costs</i>	-139,567.97		2,201,028.13	
<i>Other operating charges</i>	-11,206.67		-9,132.31	
Operating charges		-23,330,884.77		-24,950,378.86
OPERATING PROFIT/LOSSES		-30,772.42		-90,992.26
<i>Financial income</i>		37,465.65		97,300.14
<i>Financial charges</i>		-6,693.23		-6,307.88
<i>Exceptional charges</i>		0.00		0.00
RESULT TO BE CARRIED FORWARD		0.00		0.00

Table: Sector balance

2005 IN €	BW-Rec	Recupel AV	Recupel SDA	Recupel ICT	Recupel ET&G	LightRec	MeLaRec
ASSETS							
CURRENT ASSETS	62,298,404.99	56,476,659.67	22,748,858.75	26,950,584.59	9,544,052.85	18,639,604.15	1,753,180.88
Accounts receivable within one year	7,546,067.42	9,155,957.25	4,491,307.65	6,097,591.15	2,291,032.36	6,195,033.53	1,327,794.93
Cash	54,617,283.77	47,201,100.89	18,211,178.69	20,805,096.33	7,239,374.57	8,392,903.72	425,124.66
Deferrals and accruals	135,053.80	119,601.53	46,372.41	47,897.11	13,645.92	25,666.90	261.29
TOTAL	62,298,404.99	56,476,659.67	22,748,858.75	26,950,584.59	9,544,052.85	18,639,604.15	1,753,180.88
LIABILITIES							
CAPITAL AND RESERVES	127,156.08	19,810,372.57	5,979,951.24	2,060,594.04	2,511,862.70	4,151,430.90	-324,267.64
Results carried forward	127,156.08	19,810,372.57	5,979,951.24	2,060,594.04	2,511,862.70	4,151,430.90	-324,267.64
PROVISIONS AND ACCRUALS	59,035,474.90	35,995,416.60	16,298,142.82	23,230,484.01	6,562,663.26	13,253,457.77	249,020.63
Accruals for risks and costs	59,035,474.90	35,995,416.60	16,298,142.82	23,230,484.01	6,562,663.26	13,253,457.77	249,020.63
DEBTS	3,135,774.01	670,870.50	470,764.69	1,659,506.54	469,526.89	1,234,715.48	1,828,427.89
Debts within one year	3,135,663.90	670,760.39	470,654.08	1,659,396.43	469,526.89	1,234,490.79	1,828,427.89
Deferrals	110.11	110.11	110.61	110.11	0.00	224.69	0.00
TOTAL	62,298,404.99	56,476,659.67	22,748,858.75	26,950,584.59	9,544,052.85	18,639,604.15	1,753,180.88
PROFIT & LOSS STATEMENT							
Operating income	23,577,782.85	19,643,901.64	8,122,824.70	11,838,311.27	4,812,406.73	14,409,977.66	1,047,796.89
Operating charges	9,759,977.04	5,755,269.75	1,488,354.41	3,658,685.18	858,130.59	1,624,766.00	1,123,293.10
Accruals for risks and costs	14,402,512.59	-2,209,588.53	4,484,835.89	6,695,865.66	2,591,284.06	9,342,912.12	249,020.63
OPERATING PROFIT (LOSSES -)	-584,706.78	16,098,220.42	2,149,634.40	1,483,760.43	1,362,992.08	3,442,299.54	-324,516.84
Financial income	889,315.21	786,750.40	287,673.38	334,654.44	105,614.47	114,516.52	293.21
Financial charges	1,923.81	1,161.21	509.99	839.96	475.25	1,157.94	44.01
PROFIT/LOSS BEFORE TAXES	302,684.62	16,883,809.61	2,436,797.79	1,817,574.91	1,468,131.30	3,555,658.12	-324,267.64
Income taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RESULTS OF THE YEAR	302,684.62	16,883,809.61	2,436,797.79	1,817,574.91	1,468,131.30	3,555,658.12	-324,267.64
RESULT TO BE CARRIED FORWARD	302,684.62	16,883,809.61	2,436,797.79	1,817,574.91	1,468,131.30	3,555,658.12	-324,267.64



Photo of personnel

06.1 As of 2005, Recupel is comprised of seven managing bodies

The non-profit Recupel asbl was established by the managing bodies responsible for the various sectors. Originally, there were five such bodies; during the last two years, this number has grown to seven. Each of these managing bodies represents a well-defined group of products:

- > The BW rec sector (large household appliances) was established at the initiative of the Federation for Electronics and Electricity (FEE).
- > Recupel AV (audiovisual equipment), Recupel SDA (small household appliances) and Recupel ICT (information and communication, devices and office equipment) originated with the professional federation Agoria;
- > Recupel ET&G (electric tools and gardening tools) is an initiative of the federations Imcobel and Fedagrim.

> LightRec (lighting equipment) was set-up in 2004 by Agoria and FEE.

In 2005, the management body MeLaRec (electric and electronic medical devices and laboratory equipment) saw the light of day thanks to an initiative on the part of Agoria, Pharma.be diagnostics, Unamec and Udias.

Importers and producers are a member of one or more managing bodies according to the product ranges they place on the market.

06.2 Board of Directors: the sectors around the table

The Recupel Board of directors consists of two representatives from each sector and one representative from the founding professional federations Agoria and FEE. The Board of Directors convenes a general meeting at least once per year. Here among others the budget, the annual accounts and the work of the managers are approved.

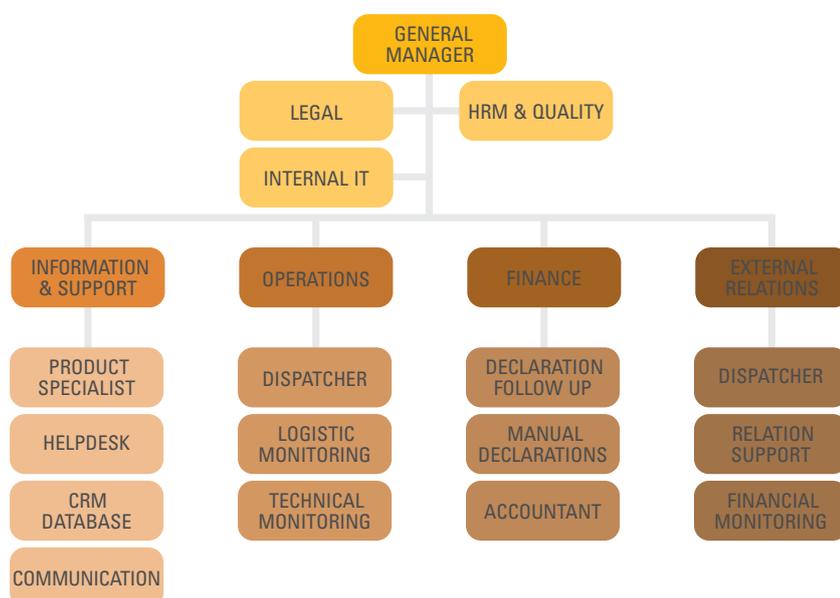
The daily management of Recupel also regularly reports to the Board of Directors. This keeps the Board

informed of matters in progress and provides them with the information required to decide concerning future Recupel agreements.

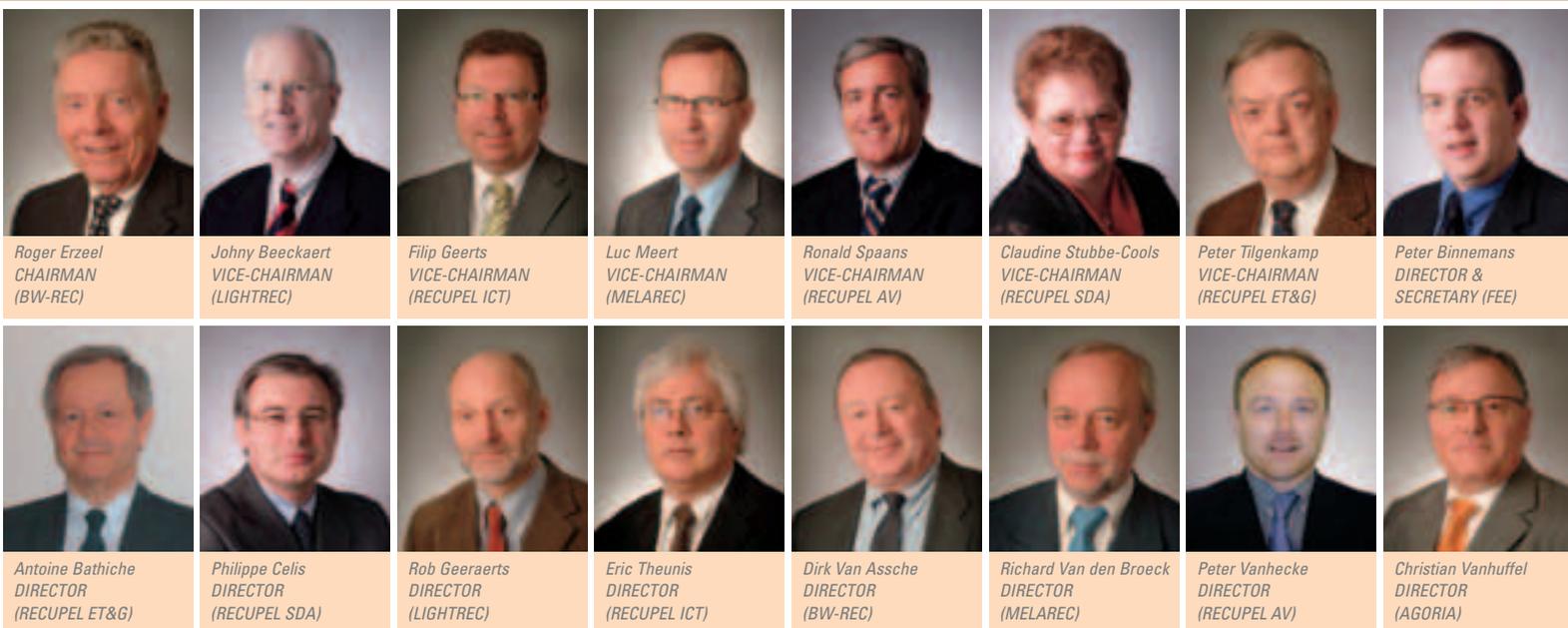
06.3 The Recupel team is there to meet your needs

Recupel employs some 30 people, distributed across four operational departments (information & support, external relations, operations and finance).

Recupel employees provide high quality services to the members and partners of the organisation.



Photos of Board of Directors



Conclusion by the chairman: confidence in the future

We are ready for the future

What we repeatedly announced last year finally came to pass in 2005: in August, the European WEEE directive came into force. In the past years, Recupel has invested much time and energy to adapt its operations to this directive. For 2005, we will implement the take-back obligation for gas discharge lamps, and the MeLaRec start-up may not be forgotten. These efforts have not been wasted: the result is truly something to be proud of. Both systems were launched within the legal deadline and today represent a fully-fledged operational component of Recupel's activity.

The new European regulations have affected Belgium less than other European countries. In many European countries, the start-up of a system for collecting and treating WEEE after all is occurring with the usual delays. Of course, as has always been the case in the past, Recupel wishes to place its competence and experience at the disposal of other countries. We are especially interested in coaching and guiding member states currently in the start-up phase. Our active and dynamic role in the WEEE forum, of which we are a founding member, also remains a priority.

The broad recognition enjoyed by our expertise is the result of our pioneering efforts in the sector. The Belgian system for collecting and treating WEEE has already been in existence for five years. During this period, the management and employees of Recupel have done everything to fine-tune, adapt and optimise the new system. The performance of the system always received our full attention.

When today I note with pride how the Recupel system has matured, I know that 2005 was an important year for the development of our activities. As of 2006, we have a robust system that not only offers a global solution for domestic appliances, but also a custom solution for professional equipment.

With MeLaRec and LightRec we now cover seven sectors. In addition to the fact that we have grown, the collection figures also tell a positive story. Collection continues to increase: last year we collected 16% more appliances than in 2004.

All of these results are striking proof of familiarity with and confidence in our system. Importers and manufacturers, but also distributors of WEEE, are satisfied with our approach. And the Recupel system continues to gain in familiarity, as evidenced by market research. Thus, the proactive approach that has been our hallmark from the beginning of Recupel has borne fruit. Consequently, we will continue with intensive recruitment of new members, optimisation of member follow-up and rationalisation of inspections.

Satisfied with what we have accomplished, we also look to the future. It after all will present new challenges: an amended EPA, a further evolving regulatory framework and additional waste flows. Thus, our task is not yet finished. But even without a crystal ball, as chairman of our organisation, I can see that Recupel is well placed to continue its success in the coming years. We are ready for the future.



A stylized, handwritten signature in black ink, appearing to read 'Erzeel'.

*Roger Erzeel
Chairman Recupel asbl*

Colophon

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www.recupel.be

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