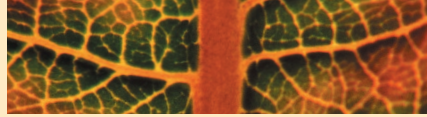




2005 REPORT
ON THE OPERATION
OF THE ASSOCIATION



ENVIDOM - Association of producers of appliances for recycling

**Collective system of electrical and electronic equipment manufacturers and importers
for categories 1 and 2 - large and small household appliances**

Address:

Ružová dolina 6, 821 08 Bratislava

Founded:

on the basis of a deed of foundation of 15 March 2005

Registered:

on 5 May in the register of interest associations of legal entities maintained
at the Regional State Administration Office in Bratislava under no. OVVS/1362/2/2005/BC3-TSK

Founders:

BSH domácí spotřebiče, s.r.o.
EAST TRADING COMPANY, spol. s r.o.
Electrolux Slovakia, s.r.o.
GORENJE Slovakia, s.r.o.
Philips Slovakia, s.r.o.
Whirlpool Slovakia, spol. s r.o.
Indesit Company Magyarország, Kft
MORA SLOVAKIA, s.r.o.
GROUPE SEB ČR a SR, s.r.o.
ETA – SLOVAKIA, spol. s r.o.

IČO: 37935836

DIČ: 2021998154

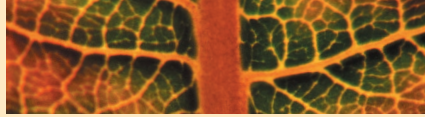
Tel.: +421 2 50 221 300

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e-mail: info@envidom.sk

web: www.envidom.sk

Since August 2005, the ENVIDOM association has been a full member of the prestigious WEEE FORUM, which associates European collective take-back systems of manufacturers and importers of electrical and electronic equipment set up to collect and recycle waste electrical and electronic equipment..



FOREWORD BY THE GENERAL DIRECTOR



Household appliances have been part of our life for decades and we have finally started to deal with the proper recovery and recycling of them after the end of their service life. 2005 was a breakthrough year in the field of collection and recycling of waste electrical and electronic equipment (WEEE) in Slovakia. Hence, it was a very difficult year, too. In August 2005, the obligation to take care of their products after the end of service life was imposed by Slovak legislation on manufacturers and importers of electrical and electronic equipment (EEE). Since then, manufacturers not only develop, manufacture and provide a warranty for their products when used by the consumer, but also have the very important obligation to ensure that their products are collected and environmentally recovered after they are discarded. At the same time, to an extent corresponding with their market share, manufacturers and importers are obliged to participate in the collection and recycling of the so-called historical waste, which means products placed on the market prior to 13 August 2005. In many cases, the manufacturers of these products no longer exist.

In order to be able to meet this legal obligation, in March 2005 some EEE manufacturers and importers established the non-profit association ENVIDOM with the aim of creating an effective system of collection and recycling of waste from large and small household appliances and with a vision of bringing a long-term solution to the issue of WEEE disposal. The founders and participants of the ENVIDOM association include major manufacturers and importers of household appliances operating in Slovakia. They started to deal with issues related to the future functioning of this association, in particular the legislative environment, the question of legal form, basic mission and activities of the association and, not least, the question

of financing, already back in 2004. This effort led to the creation of the largest collective take-back system in Slovakia, founded above all upon the principle of non-profitability, transparency of financial and material flows and efficiency.

During the few months of operation in 2005, ENVIDOM established co-operation with the largest waste collection companies in Slovakia, several transport companies and authorised WEEE recyclers, and became the first system in Slovakia to have more than 320 EEE stores all over Slovakia joining the take-back scheme for old EEE. Simultaneously, we met all our administrative obligations towards the Ministry of the Environment, as well as the collection and recycling targets set for 2005. ENVIDOM was one of the first of the new collective systems in Europe to become a member of the prestigious WEEE Forum associating European collective WEEE take-back and recycling systems, which means that we have access to the experience and information from countries dealing with the issue of WEEE collection and recycling for a long time and the opportunity to take part in joint projects in this area.

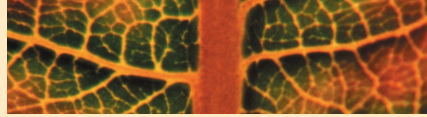
End consumers play a crucial role in the new collection and recycling system because it is only up to them what they do with their appliances when they no longer use them. Thanks to the operation of the ENVIDOM system, they have a number of options at hand to dispose of their old appliances. We are especially pleased about the fact that the number of Slovaks using these opportunities was constantly rising in the course of 2005 and for many of them the environmental disposal of WEEE is becoming an expression of their attitude toward life.

The tasks that we are facing in 2006 are no less demanding than those from last year - we want to collect and recycle as much as 5 000 tons of WEEE. I believe that with joint efforts we will reach this target and help the environment in which we are living.

Martin Ciran
General Director
of the ENVIDOM association

CONTENTS

Foreword by the General Director	1
About ENVIDOM	2
Collection, logistics and treatment	4
Fulfilment of the collection and recycling targets	5
Objectives for 2006	6
Financial information	6
List of participants	7
ENVIDOM's Board of Directors and Supervisory Board	8
ENVIDOM staff	9



ABOUT ENVIDOM

ENVIDOM - an association of producers of appliances for recycling - was founded on 15 March 2005 by ten major manufacturers and importers of household appliances operating in Slovakia as a non-profit organisation for the purpose of creating and managing a collective take-back system for the collection and recycling of waste from large and small household appliances. On the basis of mutual agreement, ENVIDOM assumes the responsibility for the following statutory obligations of manufacturers and importers of household appliances:

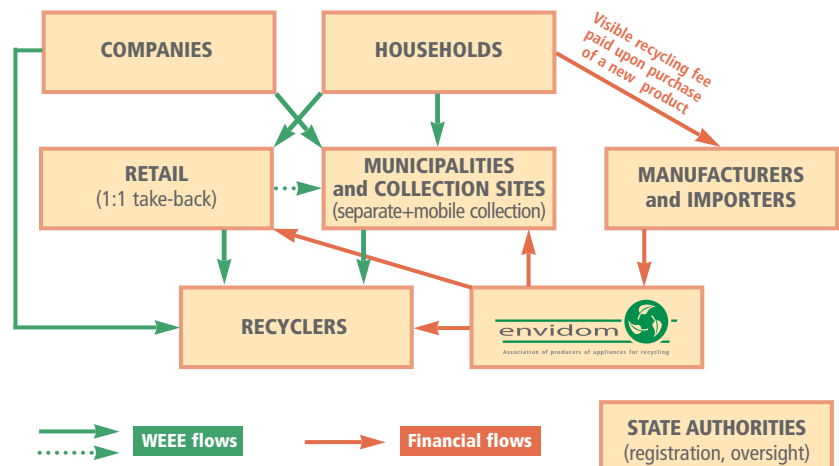
- registration with the Ministry of the Environment
- regular reporting to the Ministry about the amount of EEE placed on the market and the amount of recycled and recovered WEEE
- the financial and organisational framework of the obligations related to both historical and new waste:
 - take-back and separate collection of WEEE from households
 - logistics, treatment, recycling and recovery of WEEE
 - safe disposal of dangerous substances via authorised recyclers
- fulfilment of the collection and recycling targets

PRINCIPLES OF THE ENVIDOM COLLECTIVE SYSTEM

The following are ENVIDOM's basic principles of operation:

1. non-profitability
2. transparency of financial, waste and material flows = direct financing and control of WEEE collection, transport and treatment
3. efficiency = ENVIDOM does its best to ensure that the process of collecting and recycling WEEE is carried out at minimum cost and imposes no unnecessary financial burden on system participants and Slovak consumers
4. communication = ENVIDOM informs consumers about the possibilities of returning EEE, waste collection events and about prevention and principles of proper handling of WEEE
5. protection of the interests of consumers and system participants.

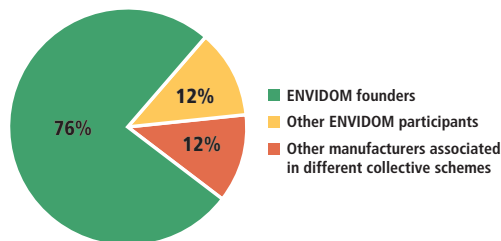
System of collection, recycling and financing in the ENVIDOM collective scheme



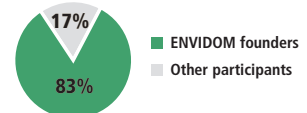
POSITION OF THE ENVIDOM COLLECTIVE SCHEME ON THE WEEE MARKET

The ENVIDOM collective scheme has 54 participants with a very large market share in both EEE categories

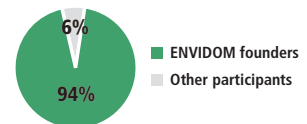
Market share of ENVIDOM participants in category 1 - Large household appliances (LHA)



Market share in refrigeration appliances

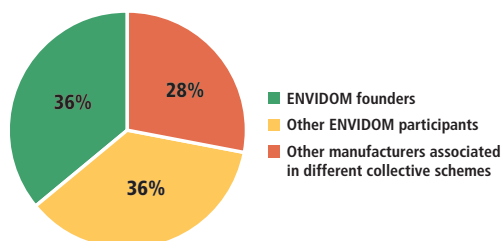


Market share in other large household appliances

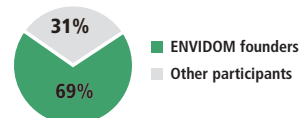


In 2004 ENVIDOM participants placed on the market 22 128 tons of LHA (88%) of the total amount of 25 190 tons (participants of other collective schemes).

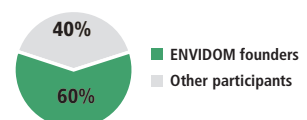
Market share of ENVIDOM participants in category 2 - Small household appliances (SHA)



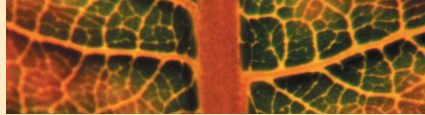
Market share in vacuum cleaners



Market share in other small household appliances



In 2004 ENVIDOM participants placed on the market 2 220 tons of SHA (72%) of the total amount of 3 066 tons (participants of other collective schemes).



ABOUT ENVIDOM

At present, there are 10 official collective systems in Slovakia, of which 5 have been set up by EEE manufacturers and importers. According to data from individual companies, the total size of the market with electrical and electronic products intended for households under categories 1 to 7 amounted to 44 thousand tons in 2004, more than half of which came from companies participating in the ENVIDOM collective scheme.

FUNDING

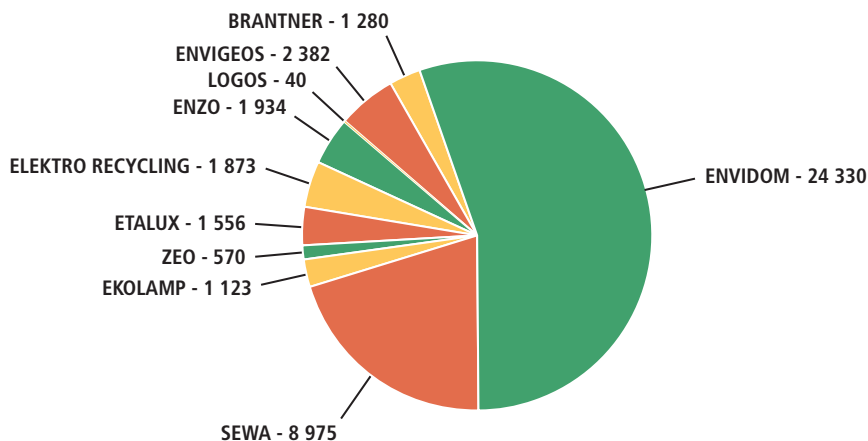
The **visible recycling fee** is used to finance the collection, logistics and recycling of the so-called *historical waste* from large and small household appliances (placed on the market prior to 13 August 2005; all organisations operating on the market at this time hold responsibility for the collection and recycling of this waste to an extent corresponding with their market share). The amount of the visible recycling fees will be revised every one to two years.

The recycling fees for 2005 and 2006 are identical:

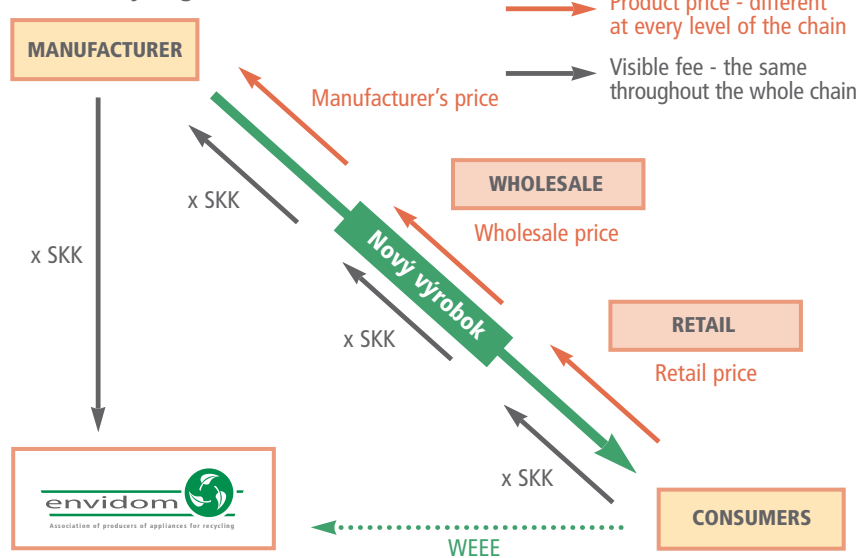
Refrigerators, freezers	SKK 500
Other large household appliances (washing machines, dishwashers, dryers, stoves,...)	SKK 150
Vacuum cleaners	SKK 40
Other small household appliances (blenders, irons, hairdryers, coffee machines,...)	SKK 10

Under the legislation in force, it is not possible to finance the so-called *new waste* (originating from products placed on the market after 13 August 2005) by means of visible recycling fees. For this reason, a system of continuous financing is used at the moment, which is defined on the basis of statistical percentage share in all products placed on the market in a given year determining

The amount of EEE intended for households placed on the market in 2004 by individual collective schemes in tons (44 063 tons in total)



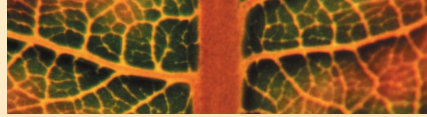
Flow of recycling fees



the amount of new products that will become waste in the first and following years of use.

The current and future stability of the ENVIDOM collective system

is guaranteed by mutual agreement between all participants of the system on the assumption of liability for future waste in the event of, for instance, bankruptcy of any of the participants.



COLLECTION, LOGISTIC AND TREATMENT

The primary reason for establishing the ENVIDOM association was to create and administer an effective and sustainable system of collection and recycling of household appliances that would swiftly, efficiently and simply deal with the issue of WEEE disposal throughout the whole territory of the Slovak Republic. In principle, this involves three operational areas - collection, logistics and treatment of WEEE.

COLLECTION

A priority of the ENVIDOM collective system is to provide end consumers with as many opportunities as possible to comfortably return unused or dysfunctional appliances; therefore, ENVIDOM uses three ways of WEEE collection:

- take-back
- separate collection
- mobile collection

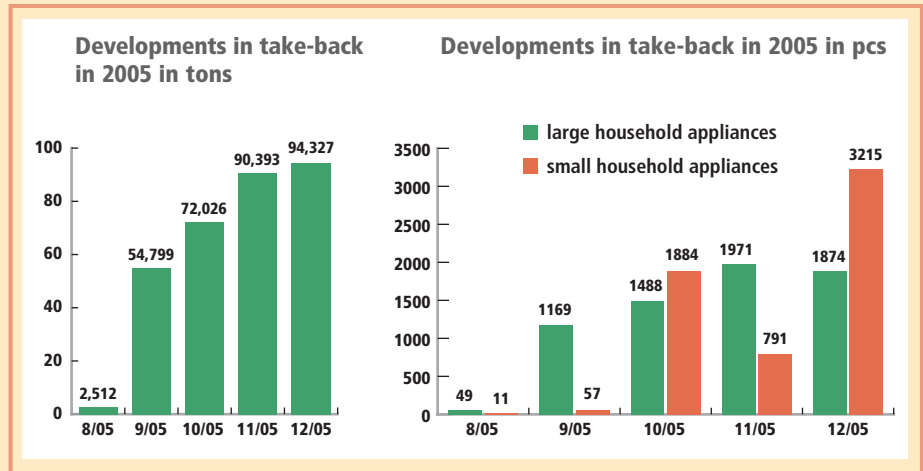
Take-back

The ENVIDOM association is working to ensure that, besides collection sites and collection events in municipalities, EEE retailers become an important collection point and provider of information on the collection of WEEE for end consumers, as it is in the interest of manufacturers and importers. ENVIDOM places no limitations on EEE retailers in the take-back of EEE. Retailers can take back old appliances from customers when buying new EEE regardless of the type of the returned and purchased product or even accept EEE when the customer is not buying any new product. ENVIDOM takes care of the transport of any WEEE from small and large household appliances collected by retailers and financially rewards them. The take-back logistics are organised very effectively thanks to the use of a logistics web portal. The portal is very simple to use - all a retailer needs to do is to enter the number of collected appliances by individual groups. As soon as the retailer has collected at least 5 large household appliances, ENVIDOM will use its co-operating companies to transport them within 3 working days.

As of 1 February 2006, more than 320 stores had been registered as a take-back point in the ENVIDOM system. In 2005, the ENVIDOM association collected more than ten thousand old household appliances through these stores. There is at least one store providing take-back

in every district in Slovakia. These take-back points are located in towns directly covering a population of more than 2.5 million.

individual stores and if interested they accept the request and provide the service within three days. ENVIDOM oversees the efficiency of the whole system and adherence



Separate collection

As a standard, separate collection is carried out by waste collection companies directly in municipalities at scheduled waste collection times or by means of various collection events. WEEE can also be returned at collection sites, if such a facility is available in the municipality. ENVIDOM co-operates with waste collection companies providing separate collection services for municipalities or operating several collection points. Waste collection companies usually operate regionally and from the point of view of their area of operation ENVIDOM covers almost the whole territory of Slovakia. The major national separate collection partners include companies such as ASA, Marius Pedersen and Detox; nevertheless, we are also co-operating with many regional collection firms, e.g. Vepos, OLO and Schwarz-Eko, as well as various municipal associations and others. ENVIDOM also offers the WEEE collection service directly to municipalities.

Mobile collection

In co-operation with company ANEO, ENVIDOM prepared the launch of mobile waste collection pilot projects, which will be gradually extended to the whole territory of Slovakia.

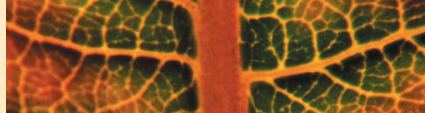
LOGISTICS AND TREATMENT

Contracted transport companies take WEEE from collection points to waste treatment and recycling companies on the basis of orders from ENVIDOM. The transport of WEEE taken back (by EEE retailers) is organised using a web portal where transport companies monitor transport requests from

to the deadlines. Old EEE from take-back is transported directly to treatment companies.

The transport of WEEE collected at collection points by municipalities and through mobile collection is provided directly by collection companies or contracted carriers on the basis of an order. Waste treatment and recycling companies recycle, recover and dispose of WEEE in an environmentally-friendly manner and transfer recycled materials to manufacturers for further use. A criterion for co-operation is quality service and quality processing and recycling technology. ENVIDOM only co-operates with authorised collection, transport and recycling companies selected on the basis of experience, efficiency and affordability, so that all principles of environmental protection (EU operational standards developed in co-operation with the WEEE Forum organisation) are adhered to and the fulfilment of the recycling and recovery targets guaranteed. The transparency of material flows is ensured by means of transparent monitoring of the whole process of collection, transport and recycling and environmental audits of treatment companies. Our most important partners in the area of waste treatment include regional companies, such as Arguss, Zedko Banská Bystrica or Ekoray, and the nationally operating company Elektro Recycling.

Refrigerators and freezers were not treated in 2005 as there was no comprehensive technology available in Slovakia. For this reason, the ENVIDOM association is preparing a mobile technology-based treatment of refrigerators abroad (the Czech Republic and Hungary) until a comprehensive facility is completed in Slovakia (expected in 09/2006).



FULFILMENT OF THE COLLECTION AND RECYCLING TARGETS

EEE manufacturers and importers were imposed on the obligation to collect and recover a certain amount of WEEE through the Wastes Act. This amount is specified by Governmental Ordinance No. 388/2005 as a percentage target for collection and recycling and is calculated as a percentage share of the amount (in kg) of EEE placed on the market in the preceding year. At the same time, it is necessary to ensure a sufficient degree of recovery and recycling of the collected waste, because the collection and recycling targets are considered to be fulfilled only if both of these conditions are met simultaneously. The recovery and recycling targets are set as a percentage of the average weight of collected EEE. This percentage defines what section of the EEE collected has to be energetically and materially recovered (and only the remaining section can be landfilled). The recovery and recycling targets will rise exponentially and are very strict, especially for our categories.

Rates for calculating the contributions to the Recycling Fund

The contributions to the Recycling Fund are paid by manufacturers and importers in the event they fail to meet the collection and recycling targets. The contribution is calculated from the difference between the target level and the amount of collected and recovered multiplied by the per kg rate for individual categories. Under the legislation in force, this type of contribution is only paid for EEE intended for households. Contributions for EEE that are not intended for household use (categories 8, 9, 10) are paid at the specified rate for the whole amount of EEE placed on the market.

Collection and recycling targets for 2005

The ENVIDOM collective system successfully fulfilled the collection and recycling targets on behalf of its participants and will submit the required reports individually for every participant to the Ministry of the Environment by the statutory deadline of 31 March.

Table showing the recovery and recycling targets for WEEE according to Governmental Ordinance No. 388/2005

Category	WEEE collection targets in % (of the amount of EEE placed on the market in the preceding year in kg)				Targets in % (of the average amount of EEE collected in kg)	
	2005	2006	2007	2008 and further years	WEEE recovery	Reuse and recycling of WEEE
1. Large household appliances	7	20	46	49	80	75
2. Small household appliances	14	14	24	27	70	50
3. Information technology and telecommunications equipment	7	19	38	37	75	65
4. Consumer equipment	7	19	32	32	75	65
5. Lighting equipment (gas-discharge lamps)	1 (0)	2 (0.5)	4 (1)	5 (1)	70	50
6. Electrical and electronic tools	1	2	4	5	80	80
7. Toys, leisure and sports equipment	1	1	2	2	70	50
8. Medical devices	-	-	-	-	-	-
9. Monitoring and control instruments	-	-	-	-	70	50
10. Automatic dispensers	-	-	-	-	80	75

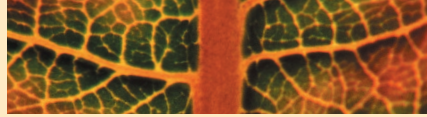
Rates for calculating the contributions to the Recycling Fund

category	the amount of the fee per kg in SKK	category	the amount of the fee per kg in SKK
1. Large household appliances		5. Lighting equipment	
refrigerators/freezers	28	containing mercury	50
other large household appliances	16	with no mercury content	40
2. Small household appliances	20	6. Electrical and electronic tools	20
3. Information technology and telecommunications equipment		7. Toys, leisure and sports equipment	20
personal computers	50	8. Medical equipment	40
others	40	9. Monitoring and control instruments	40
4. Consumer equipment		10. Automatic dispensers	20
TV sets	50		
others	40		

Collection and recycling targets for 2005

category	placed on the market in 2004 (t)	collection target for 2005 (%)	collection target for 2005 (t)	fulfilment of the target in 2005 (t)	fulfilment of the target in 2005 (%)
1. Large household appliances	22 128.6	7	1 549.0	1 572.683	101.5
2. Small household appliances	2 220.3	4	88.8	128.699	144.9
TOTAL	24 348.9		1 637.8	1 701.382	

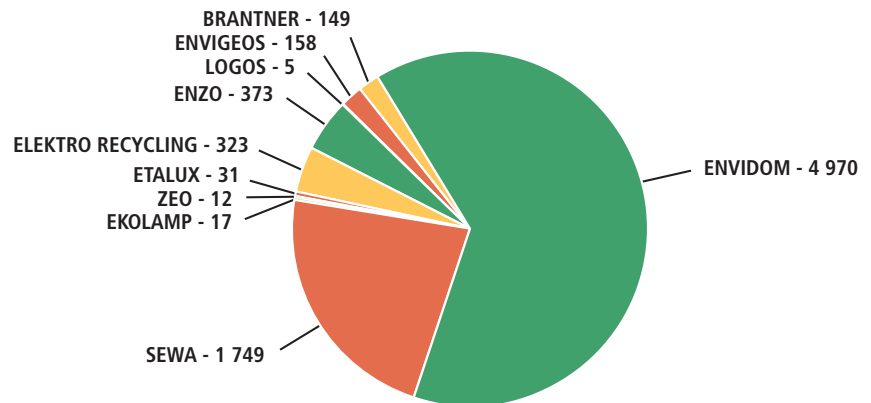
The figures stated in the table are summary figures for all participants of the ENVIDOM collective system.



OBJECTIVES FOR 2006

The ENVIDOM collective system fulfilled its basic tasks and obligations in 2005. In co-operation with our partners, we collected and recycled the required amount of WEEE and met the collection and recycling targets for 2005. We have created the essential conditions and rules for the operation of the collection and recycling scheme and achieved good results, especially in the area of take-back and logistics; nevertheless, we still have many tasks ahead of us. Due to the increasingly stricter collection and recycling targets, we will face a very demanding task in 2006. We will have to ensure the collection of 20% of large household appliances and 14% of small household appliances of the amount of appliances placed on the market in 2005, which is almost a threefold increase over 2005 in category 1 and more than a threefold increase in category 2.

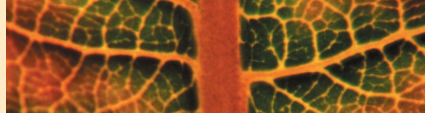
Approximate amount of WEEE in tons to be collected in 2006 by individual collective systems (7 787 tons in total)



FINANCIAL INFORMATION

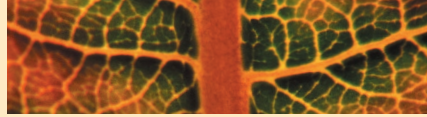
Overall assessment of the expenditure of the ENVIDOM collective system in 2005 and an outlook for 2006

	2005 real	2006 plan
Reported amount of EEE for 2004 (in kg)	24 348 921	25 566 367
Relevant target in total (in kg)	1 637 815	4 973 394
Total revenues (SKK)	57 676 956	132 879 204
Amount of EEE treated (in kg)	1 725 500	4 973 394
Expenditure on EEE in total (SKK)	15 927 663	100 386 288
Expenditure on EEE in total (SKK/kg)	9.23	20.18
Cost of the system in total (SKK)	11 369 977	22 009 448
Cost of the system in total (SKK/kg)	6.59	4.43
Expenditure in total (SKK)	27 297 640	122 395 736
Expenditure in total (SKK/kg)	15.82	24.61
Costs of a system participant paid through the visible recycling fee per 1 kg of EEE placed on the market - calculated according to revenues (SKK/kg)	4.74	5.20
Costs of a system participant paid through the visible recycling fee per 1 kg of EEE placed on the market - calculated according to costs (SKK/kg)	2.24	4.79



LIST OF PARTICIPANTS OF THE ENVIDOM COLLECTIVE SYSTEM

Business name	Address	City
AAA Klima Midea Slovakia	Stará Vajnorská 17	Bratislava
AMWAY Slovensko	Letná 3	Bratislava
Azor	Scherfelova 38	Poprad
Baumatic Slovakia	Škultétyho 1	Bratislava
Brel	Centrum 1746	Považská Bystrica
BSH domáci spotrebiče - Bratislava office	Prešovská 43	Bratislava
CARREFOUR Slovensko	Panónská cesta	Bratislava
CFF	Továrenská 4	Šurany
CONET	1. mája 3	Vráble
DOMO OMNIA	Tomášikova 30	Bratislava
DOMOSS TECHNIKA	Bratislavská 11/A	Piešťany
DR. NATUR	Zdravotné stredisko 164	Horné Slnie
EASTCON AG SR	Oravská 4	Senec
East Trading Company	Novozámocká 104	Nitra
EBD	Za Humnami 38	Nitra
Electrolux Slovakia	Seberíniho 1	Bratislava
ETA-Slovakia	Stará Vajnorská 17	Bratislava
František Jánošík	Hliny 1 421/24	Považská Bystrica
Frigotech	Opavská 26	Bratislava
GASTROSET SK	Lazaretská 13	Bratislava
GM Electronic Slovakia	Budovateľská 27	Bratislava
GORENJE Slovakia	Polianky 5A	Bratislava
Groupe SEB ČR a SR - Bratislava office	Rustaveliho 7	Bratislava
IKEA HANIM - DUNAVIA	Ivánska cesta 18	Bratislava
Indesit Company Magyarország Kft.	Szépvölgyi út 35-37	Budapešť
Ing. Dušan Repta-Biatec	B. Smetanu 18	Trnava
Interlinea	Košická 37	Bratislava
Internet Mall Slovakia	Galvaniho 5	Bratislava
ISOLIT-BRAVO SLOVAKIA	Bratislavská 31	Žilina
KANLUX, s. r. o.	M. R. Štefánika 19	Trenčín
Karma Slovakia	Račianska 66	Bratislava
Linde Chladiaca Technika Slovakia	Dlhá 91	Nitra
Marex Trade – Slovakia	Fándlyho 6	Nitra
McTREE SR	Nám. M. Benku 6	Bratislava
Miele	Plynárenská 1	Bratislava
MORA SLOVAKIA	Polianky 5A	Bratislava
NEPA Slovakia	Technická 2	Bratislava
NOSRETI SK	Vlčie hrdlo 50	Bratislava
N&N Group	Nám. M. R. Štefánika 513/37	Myjava
PEKUR	Smolenická 4	Bratislava
Philips Slovakia	Plynárenská 7/B	Bratislava
Pavol Rabatin	Zdravotnícka 1	Poprad
PRECIZION	Alžbetínske námestie 1 203	Dunajská Streda
PREMT	Skladová 1	Trnava
PROTON SK	Bajkalská 25	Bratislava
RAVAL PLUS	Bratislavská 97	Piešťany
Samsung Electronics Magyar Rt. - slov. org.	Millenium Tower II, Vajnorská 100/B	Bratislava
Štefan Matyasovszky-Hrom	Dénešova 19	Košice
VALLENS	A. Rudnaya 21	Žilina
VARTA Baterie	Košovská cesta 24	Prievidza
Whirlpool Slovakia	Plynárenská 7/B	Bratislava
ZÁVACKÝ PETER GLOBTAKTIK	Jazminová 2	Košice
Zelmer Slovakia	Bidovce 316	Bidovce
Zoltán Néveri	Koháryho 26	Levice



BOARD OF DIRECTORS OF ENVIDOM



Ing. Ján Spůra
Chairman of the Board
(Whirlpool Slovakia, spol. s r. o.)



Kornélia Ciglanová
Member of the Board
(EAST TRADING COMPANY, spol. s r. o.)



Ing. Stanislav Krátky
Member of the Board
(Electrolux Slovakia, s. r. o.)



Ing. Karol Juran
Member of the Board
(GORENJE Slovakia, s. r. o.)



Ing. Róbert Kabina
Member of the Board
(Indesit Company Magyarorság, Kft)



Ing. Ingrid Potančoková
Member of the Board
(Philips Slovakia, s. r. o., DAP division)



Ing. Plamen Petrov
Member of the Board
(BSH, domáci spotrebiče, s. r. o., Bratislava office)



Petr Neuvirt
Bratislava office
(ETA - Slovakia, spol. s r. o.)

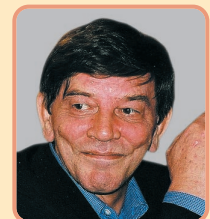
SUPERVISORY BOARD OF ENVIDOM



Ing. Radoslav Račák
Chairman of the Supervisory Board
(Electrolux Slovakia, s. r. o.)



Roman Abrhám
Member of the Supervisory Board
(GROUPE SEB ČR a SR, s. r. o.)



Ing. Miroslav Zumřík
Member of the Supervisory Board
(Whirlpool Slovakia, spol. s r. o.)

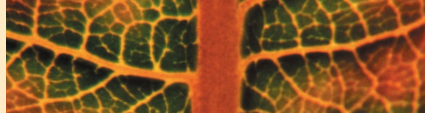


Ing. Jiří Bartoš
Member of the Supervisory Board
(ETA - Slovakia, spol. s r. o.)



Ing. Ladislav Pacovský
Member of the Supervisory Board
(Whirlpool Slovakia, spol. s r. o.)





ENVIDOM STAFF

First row from the left:

Mgr. Jana Obertová, operational assistant

Ing. Silvia Morávková, office manager,
PR & marketing

Ing. Peter Procházka, IT specialist

Second row from the left:

Mgr. Peter Valent, operational director

Ing. Miriam Bojdová, chief accountant

Ing. Martin Círan, General Director

Ing. Rastislav Ulbricht, financial director

Mgr. Marek Belák, operational specialist





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