



# Waste Electrical and Electronic Equipment Directive

Marco Amitrano  
Partner  
PricewaterhouseCoopers

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# Agenda

- Key issues and opportunities
- Accounting challenges and applicable guidance
- What should companies be doing now?
- Contacts
- Questions?

## Key issues and opportunities

- Understanding your legal position:
  - Branding and distribution chain issues
  - Variations on implementation in different EU states (duplicate liability?)
  - Defaults and guarantees, 'distance selling' etc.
- Satisfying reporting obligations:
  - Management certification, accountability to the regulator
  - Data management (capturing timely and reliable information from systems for all relevant categories of WEEE separately, for each customer sector)
  - Estimating and recording obligations in accordance with GAAP

## Key issues and opportunities *(continued)*

- How will the return and disposal process work in practice:
  - Tracking compliance reliably
  - Certainty of proper disposal
- How can efficiencies be found to mitigate increased costs of goods:
  - Reverse supply chain strategy
  - Risk transfer through, for example, insurance underwriting arrangements
  - Market pricing initiatives

## Accounting challenges and applicable guidance

- Implementation of WEEE will impact company accounts:
  - Increased costs; lower margin
  - Increased provisions and liabilities; net asset impact
- The impacts need to be understood and addressed, for example:
  - Market expectations regarding profit growth
  - Impact on ability to pay dividends
  - Ensuring tax relief can be obtained
  - Impact on gearing and banking covenants

## Accounting challenges and applicable guidance

- Key issues for liability recognition under any GAAP:
  - When does liability arise?
  - How do you/can you measure reliably?
- Needs to be looked at on a country by country basis given potential differences in legal implementation and any differences to local GAAP
- Different accounting rules for historic v current waste; household v non-household waste
- Current relevant guidance:
  - US GAAP – FSP No. FAS 143-1 (also FAS 143, FIN 47)
  - IFRS – IFRIC 6 (also IAS 37)

## What should companies be doing now?

- Understand legal and compliance issues:
  - Ensure adequate data collection and reporting
  - System capability and data management
  - Legal pitfalls and cross border issues
  - Regulatory reporting and GAAP compliance
  - Discussing issues with finance department and external accountants
- Focus on strategic and operational opportunities:
  - Reverse supply chain excellence
  - Pricing strategy to differentiate
  - Risk management considerations

## **PwC Contacts**

### **Marco Amitrano – Partner**

+44 (0) 189552 2386 (Direct line)

+44 (0) 7739 449214 (Mobile)

[marco.amitrano@uk.pwc.com](mailto:marco.amitrano@uk.pwc.com)

### **Andrew Duxbury – Director**

+44 (0) 189552 2182 (Direct line)

+44 (0) 7946 388133 (Mobile)

[andrew.duxbury@uk.pwc.com](mailto:andrew.duxbury@uk.pwc.com)

### **Olivia Patterson – Lawyer**

+44 (0) 2072 121611 (Direct line)

[olivia.patterson@pwclegal.co.uk](mailto:olivia.patterson@pwclegal.co.uk)

[www.pwc.com/uk/weee](http://www.pwc.com/uk/weee)

# Questions?

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