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Global Environmental Concerns

Environmental Impact of Electrical and Electronic Equipment (EEE)

There are global concerns over electronic products getting into landfills, causing contamination of ground water and other environmental issues. By placing restrictions on the use of certain heavy metals, contamination from electronic waste is reduced and it becomes more economically feasible to recycle.

“By 2010, consumer electronic disposals will reach 3 billion units, or 400 million units per year. Computer electronics will add 1 billion units, or 1000 million units per year. Mobile phones alone are projected to be discarded at the rate of more than 130 million per year creating in excess of 65,000 tons of waste...” - Source: Design Chain Associates

On January 27, 2003, the European Union (EU) established directives known as “The Waste Electrical and Electronic Equipment” (WEEE) and “Restriction of the use of certain Hazardous Substances” (RoHS). These directives are designed to prevent further generation of hazardous waste and to tackle the increasing waste stream of EEE and complement EU measures on landfill and incineration of waste. The increased recycling of WEEE will limit the total quantity of waste going to final disposal.

Both RoHS and WEEE directives will affect all electronic products that will be put on the EU markets by July 1, 2006 and August 13, 2005 respectively. Other countries are currently working on their versions of these legislations such as Japan's "green laws", California's Proposition 65. China's version is still being developed.

What is RoHS?

Directive 2002/95/EC of the European Parliament on the Restriction of the Use of Certain Hazardous Substances (RoHS) in electrical and electronic equipments

Under the RoHS Directive, the EU has banned the use of lead, cadmium, mercury, hexavalent chromium, PBB¹ and PBDE² flame-retardants in all EEE put on the EU markets except for certain exempted applications. Beginning July 1, 2006, all products put on the EU markets must comply with the Directive. Non-compliance with RoHS will limit the companies from doing business in EU.

¹ PBB – polybrominated biphenyl

² PBDE – polybrominated diphenyl ether



Environmental Compliance Program – RoHS & WEEE Whitepaper, Release 1.0

What is the impact on VeriFone and its business partners?

All VeriFone branded products destined for EU markets must be RoHS compliant prior to the EU final deadline. VeriFone must be able to demonstrate RoHS-compliance at the homogenous material level to our end customers and to the local regulatory authorities. Likewise, our business partners, distributors/importers and resellers must also be able to demonstrate RoHS-compliance to our end customers and to the local regulatory authorities.

VeriFone's Positioning on RoHS

As a trusted global leader in the secure electronic payment industry, VeriFone is committed to addressing the RoHS Directive as part of its corporate Environmental Compliance Program (ECP). Under the Program, VeriFone has been actively working with industrial partners, suppliers and service providers to comply with all applicable substance legislation worldwide.

VeriFone's product design focused on materials substitution and integrated new requirements for supply chain, production procurement and manufacturing processes for the RoHS Directive. VeriFone's corporate engineering standards for materials, parts and products were also revised to require disclosure of an expanded list of substances including those associated with the EU RoHS Directive. The ECP Team established a formal process eliminating the use of restricted substances in its products under the RoHS Directive, including the building of lead-free prototypes, piloting of RoHS-compliant processes and the design of RoHS-compatible products.

VeriFone's product lines have widely different product development lead-times, supply chain readiness and market life. Consequently, VeriFone's schedule in achieving RoHS compliance varies by product line. Our target is to have RoHS-compliant products available before July 1, 2006 and we are relying on our suppliers to be delivering RoHS-compliant parts and products well ahead of that time.

The use of environmentally friendly substances will not affect VeriFone's commitment to delivering high quality products. We will continue to work diligently with our customers to ensure a smooth transition to RoHS-compliant products.

For more information about VeriFone's RoHS Compliance Program, please visit www.verifone.com/RoHS.

What is WEEE?

Directive 2002/96/EC of the European Parliament on the waste Electrical and Electronic Equipment (WEEE)

The WEEE portion of the directives mandates the collection and treatment of electronic and electrical equipment at end-of-life. Producers of EEE products will face strict new compliance rules for collection, dismantling and recovery of waste equipment across ten broad categories, including IT and telecoms, electrical tools and instrumentation products. This portion of the legislation will go into effect August 13, 2005 with non-compliance resulting in penalties.

Each EU member state has an independent responsibility to enact national law to give effect to the Directive within its own borders. Although the regulations should be essentially the same in each country, this local, separate enactment will inevitably result in some variations in the WEEE obligations between different EU countries. The Directive places the financial responsibility of the WEEE on the “producers”.

VeriFone’s Positioning on WEEE

VeriFone fully supports and is committed to complying with the WEEE Directives. In order to provide an equitable and consistent level of support to all of our business partners and customers, VeriFone will register as the producer where it has a legal presence and is directly importing and distributing product to our end customer or partner. VeriFone will also provide an end-of-life waste management service through an authorized provider. In those EU countries where VeriFone does not import, but ships to a distribution partner, the importing distribution partner, due to their legal presence and local establishment will be responsible for statutory WEEE obligations for those products they import.

What does “Producer” mean?

A “producer” is a defined term within the WEEE Directive and encompasses all organizations that import EEE into the EU. All organizations that import VeriFone products into an EU country will be “producers” with regards to the local WEEE legislation.

Example 1: A VeriFone-branded product is imported into EU Germany by VeriFone, then sold to a reseller in EU Germany and finally installed in EU Germany. In this case VeriFone is the producer. However, if VeriFone does not have a legal presence Germany, its direct resellers or imports must be registered as “producer” for VeriFone.

Example 2: A VeriFone-branded product is drop-shipped to a distributor in Belgium who arranges import, sold on to a reseller in Portugal and finally installed in Portugal. Both the reseller in Portugal and the distributor in Belgium will be “producers” in their respective countries.

Financing Provisions

Producers are required to provide at least for the financing of the collection, treatment, recovery and environmentally sound management of household WEEE. The financing system that is to be applied from August 13, 2005 is to be based on the current market share of individual producers for household EEE placed on the market before this date (historic waste) and on the provision of financial guarantees for household EEE placed on the market thereafter. In order to properly apportion the costs of operation of such arrangements to the producers responsible, it is necessary to formulate a system to determine the financial liability share of individual producers, including responsibility for the cost of products for which a producer no longer exists or cannot be identified. Registration of all producers provides the vehicle for determining market share and also for validating that adequate financial guarantees are in place to provide for the collection and treatment of all electrical products placed on the market by a producer after August 13, 2005 when they become waste.

Collective Schemes

Producers should note that those who participate in a collective scheme will be exempt from the requirements regarding financial guarantees; these requirements will only apply to those producers opting to self-comply under the Regulations. These producers will be required to submit details of such guarantees, the adequacy of which must be verified by the Registration Body established under the Regulations to register EEE producers.

Registration Body

The WEEE Directive requires that Member States register all producers of electrical and electronic equipment.

Who needs to register?

You must register with WEEE Register if you

1. Manufacture and sell EEE in the State,
2. Manufacture EEE and export it out of the State,
3. Re-brand EEE as your own and sell it in the State,
4. Import EEE into the State.

VeriFone's Implementation of WEEE

VeriFone will be making information available to our business partners and customers for WEEE authorized recyclers to assist with the process of recycling and take-back schemes. VeriFone will establish relationships with recycling organizations to help provide compliant recycling services in order to minimize the costs of recycling and the time to implementation. The goal is to help reduce the environment impact of our products using feedback from our recycling partners that will lead to improved product design.

For information about VeriFone's WEEE Compliance Program, please visit <http://www.verifone.com/WEEE>.

VeriFone's Environmental Compliance Program

At VeriFone we are committed towards protecting the environment and to the proper disposal of our products at the end of its useful life. Our goal is to minimize the environmental impact of our business and for that reason we have created a corporate Environmental Compliance Program. The efforts of this program will help VeriFone remain a trusted global leader in the secure electronic payment industry while meeting or exceeding all applicable environmental government requirements worldwide.

As required by the WEEE Directive, all VeriFone products will be marked with the mandated "crossed-out wheeled bin" symbol (see below) that designates WEEE compliant products beginning August 13, 2005.



Disposal Instructions

For VeriFone products sold into the European Union before August 13, 2005, please contact your local municipal waste company for proper disposal instructions.

For VeriFone products sold into the European Union after August 13, 2005, please contact your local sales representative (from whom you purchased the product) or the local municipal waste company for proper disposal instructions.

For VeriFone products sold outside the European Union, please contact your local municipal waste company for proper disposal instructions. They will help you dispose of these terminals in accordance with all applicable laws and regulations

Summary

VeriFone is dedicated to being an environmentally responsible corporate citizen in the global society. Our environmental compliance program enables us to ensure that our environmental policies are met. Adherence to the legal regulations naturally goes without saying. We invite our business partners and customers to share our environmental goals and will work together to establish the programs for their respective regions as we strive for a "greener" future.

Sources

1. Key government bodies, organizations and websites
2. UK Department of Industry (DTI), <http://www.dti.gov.uk/sustainability/weee/index.htm>
3. UK Environment Agency, <http://www.environment-agency.gov.uk>
4. Defra, UK of Environmental Protection, <http://www.defra.gov.uk/environment/waste/topics/electrical/index.htm>
5. US Mission to the European Union, <http://www.buyusa.gov/europeanunion/weee.html>
6. EU Delegation of the European Commission to USA, <http://www.eurunion.org/states/home.htm>
7. Europa – Environmental, http://europa.eu.int/comm/environment/waste/weee_index.htm
8. European Organization of Recycling, www.erp-recycling.org
9. Germany Clearing House EAR <http://www.stiftung-ear.de>
10. Associations of Cities and Regions for Recycling, <http://www.acrr.org/about-us/home.htm>
11. WEEE Recycling Forum, <http://www.weee-forum.org/index.htm>
12. Industry Council for Electronic Equipment Recycling (ICER), <http://www.icer.org.uk>
13. Design Chain Associates, <http://designchainassociates.com>