

# DPA

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# Financial guarantee (WEEE)

Dansk Producentansvar, May 2022

DPA is short for Dansk Producentansvar (Danish Producer Responsibility). DPA oversees administrative tasks associated with the rules on producer responsibility under the Danish environmental law regarding waste from electrical and electronic equipment, end-of-life batteries and accumulators, and end-of-life vehicles.

The producer responsibility for these waste types has authority in the Danish Environmental Protection Act. This Act translates into three Statutory Orders for the different waste types: the WEEE Order, the Battery Order, and the End-of-life Vehicles Order (the current statutory texts can be found on [www.producentansvar.dk](http://www.producentansvar.dk)).

The Danish Statutory Orders take offset in three EU directives for the same waste types: the so-called WEEE Directive, the Batteries Directive, and the ELV Directive. Also, these directives with exact titles and dates can be found on [www.producentansvar.dk](http://www.producentansvar.dk).

Producer responsibility rests on the principle that each producer or importer assumes responsibility for collection and management of WEEE, waste batteries, and end-of-life vehicles to the effect that products becoming waste are managed in an environmentally correct manner, with the highest possible utilisation of resources contained in such products.

Producers and importers are in the following referred to as producers as the rules applying to both types are the same.

In general, the following abbreviations are used: WEEE for waste electrical and electronic equipment, BAT for batteries and accumulators, and ELV for end-of-life vehicles.

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## Background of the financial guarantee

The financial guarantee is used in situations where a producer ceases to exist or in isolated cases cannot assume the responsibility for management of the allocated amount of WEEE.

The financial guarantee must only be provided by producers of appliances with household end-users. The financial guarantee is provided by the person who holds the collection duty at the time of allocation of WEEE, who is the producer or his collective scheme. For small individual compliers who have not been allocated with a collection area, a special individual guarantee is levied. Provision of financial guarantees only applies to the WEEE field.

In Denmark, the producer responsibility has been implemented in such a way that it is usually not possible for the individual producer to take back only his own products directly from households at the end of the products' useful lives. Thus, the producer responsibility scheme is not specific regarding products or brands. Therefore, producers are under the obligation to take back household WEEE from the municipal collection sites to the extent it is allocated by DPA under the so-called allocation scheme. Read more about the allocation scheme under the item Producers / Allocation of WEEE.

## The principles behind the financial guarantee

The principles behind the financial guarantee are as follows:

- Any existing producer must take back his share of the existing WEEE in relation to his market share. This is ensured under the so-called allocation scheme.
- Producers of equipment with end-users in private households must provide a financial guarantee annually for the quantities of WEEE allocated by DPA.
- If a producer or his collective scheme ceases to exist during an allocation period or in isolated cases fails to collect the allocated amount of WEEE, the financial guarantee will be used to finance collection and environmental treatment of the allocated WEEE.

Producers, who are not affiliated to a collective scheme and who place electrical equipment on the market to an extent that they cannot be allocated with collection sites must pay a financial guarantee to DPA. More details are available under "Individual financial guarantee for small individual compliers".

The allocation period and the financial guarantee period are fixed for a duration of 12 months. This means that at the end of an allocation period, the financial guarantee period also expires. Therefore, the financial guarantee must be calculated once a year and adjusted for the coming allocation period.

The financial guarantee for the previous year expires at the end of the allocation period and is replaced by a new financial guarantee at the beginning of the next allocation period.

## Data basis for provision of financial guarantees

Every year and no later than 31 March, the producer or his collective scheme must report to DPA quantities of products placed on the market in the previous calendar year.

Actual quantities placed on the market must be reported in kilograms per category and stated for end-user segments of households or businesses.

The magnitude of the guarantee to be provided by the producer is calculated every year from the expected quantity of WEEE from households to be taken back in the next allocation period. DPA calculates the expected quantity of WEEE from the preceding year's quantity corrected with a factor taking into consideration the development of WEEE quantities per product category.

## Management costs per kilogram (rate)

Once a year DPA calculates the management costs per category; the financial guarantee of the period is calculated from list prices collected from representative reprocessing companies and all collective schemes in Denmark. The major proportion of WEEE generates an income when it is collected and sold. For such categories of equipment, no financial guarantee is levied.

## Calculation of the financial guarantee

The guarantee is calculated per category by the following method:

*Guarantee per category = allocated quantity \* management costs per kilogram of WEEE per category*

The total financial guarantee to be provided by the producer is calculated as the guarantee to be provided for the categories within which the producer has a duty of collection and treatment and is not exempt from provision of financial guarantee.

The fee rates are published on the DPA website [www.producentansvar.dk](http://www.producentansvar.dk).

## Provision of the financial guarantee in practice

Two types of financial guarantees exist:

1. Financial guarantees for collective schemes and large producers having been allocated with at least one collection site
2. Individual guarantee for (small) producers not having been allocated with a collection site

DPA informs the collective schemes and the producers in writing about the magnitude of the guarantee to be provided in the coming period; the amount is stated in DKK.

The financial guarantee for small individual compliers not allocated with a collection site appears from the section "Individual financial guarantee for small producers".

## Financial guarantee for producers and collective schemes allocated with a collection site

DPA calculates the magnitude of the financial guarantee and notifies the producer in an email, alternatively DPA informs whether an exemption from the financial guarantee has been granted.

When the producer or his collective scheme provides the guarantee, it is done with a so-called guarantee on demand with a fixed wording established by DPA. The guarantee on demand on this amount is established in a Danish financial institution or a financial institution with a Danish branch office.

You can find the guarantee on demand in an electronic, interactive form under "Documents" on the DPA website.

The guarantee on demand must be established every year between 1 July and 31 August when the calculation from DPA is available. The guarantee on demand covers a full allocation period from 1 September in the present year to 31 August in the following year. The original document containing the guarantee on demand must reach DPA no later than 31 August at 12pm. DPA keeps the document until it expires.

When the term of a guarantee on demand expires, the producer must replace it with a new document for the subsequent term if he is covered by the requirement for provision of a financial guarantee. When a new document has been received, DPA returns the original document containing the expired guarantee on demand to the financial institution which emitted it.

The annual provision of a guarantee on demand is a precondition for compliance with the producer responsibility.

## Use of the financial guarantee

If a producer fails to comply with his obligations regarding collection of amounts allocated, e.g. in the case of cease of business, bankruptcy or similar circumstances, the financial guarantee is used to ensure that the costs are not borne by other producers. The financial guarantee will be used primarily for:

- Coverage of costs of management of the WEEE allocated, but not yet taken back if a collective scheme or a producer ceases to exist, goes bankrupt, or otherwise disappears.
- Coverage of costs in isolated cases where a producer does not assume collection and separate treatment of a quantity of WEEE allocated and/or does not bear the costs for so-called remedial actions.

Funds must therefore be available at any time to cover costs that arise during an allocation period (twelve months) irrespective of the fact that the products may have a longer useful life.

## Exemption from the financial guarantee

The collective schemes – and thereby their members – can in some cases be exempted from provision of financial guarantee, cf. the provisions of the WEEE Order. The exemption will be made per product per allocation period.

The collective scheme must apply to DPA in writing regarding exemption from provision of the financial guarantee for an allocation period. The application can be submitted in an email to [info@producentansvar.dk](mailto:info@producentansvar.dk).

The criteria for exemption from the financial guarantee for a category are as follows:

- 1) The collective scheme has at least ten of the registered producers as their members, and
- 2) The total market share of the producers in the collective scheme makes up at least 5% of the total quantity of equipment in kilograms placed on the market within one of the categories reported for all producers.

If a collective scheme is granted exemption from the financial guarantee in one of the categories, this collective scheme is also exempt from financial guarantee in all other categories.

The amounts placed on the market as reported on 31 March will form the basis of the assessment of the possibilities of exemption from provision of security.

## Individual financial guarantee for small compliers

Producers, who are not affiliated to a collective scheme and who place electrical equipment for households on the market to an extent that they cannot be allocated with a collection area, must comply with the requirements for provision of financial guarantee.

An allocated quantity is calculated per category for the producer. The allocated quantity is calculated as quantities placed on the market multiplied by a so-called take-back factor<sup>1</sup>. A take-back factor is calculated every year. The factor is calculated as the ratio between quantities of EEE placed on the market and quantities of WEEE collected per category. This factor may be less than, equal to or higher than 100%. There may be situations where the quantity to be collected in an allocation period exceeds the quantities placed on the market.

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<sup>1</sup> Based on a calculation of quantities taken back per category in relation to quantities placed on the market in the preceding year.

The special financial guarantee is calculated by DPA with the same cost rates as for the ordinary financial guarantee and is notified the producer by email and invoice. The financial guarantee is levied by DPA once a year. Only financial guarantees for quantities amounting to more than DKK 250 in the calculation are levied.

When the producer has reported quantities taken back during the financial guarantee period, a calculation is made in which the quantity of waste equipment taken back by the producer, if any, is deducted from the financial guarantee and refunded to the producer.

## **Payment of the special financial guarantee to collective schemes**

If the producers have not collected the allocated quantities in their own collection, the financial guarantee may be paid to the collective schemes if these schemes can document that they have collected quantities in excess of their allocated quantity and that they have incurred additional costs associated with this excess collection. This documentation must follow the directions of DPA.

Payments of special financial guarantee to collective schemes are made according to the following guidelines:

1. That part of the special financial guarantee that can be paid to the collective schemes is distributed between the schemes in relation to their market shares per category as calculated at the beginning of the allocation period.
2. The collective scheme requests payment of part of the individual financial guarantee.
3. DPA calculates the quantity the collective scheme has collected in excess of the allocated quantity and what is assumed to derive from small individual compliers.
4. DPA submits an outline of the quantities calculated according to item 3 and asks the collective scheme to document the calculated quantity if the collective scheme wishes to make use of the refund option. The reimbursement is calculated by multiplying the quantity found in item 2 with a cost rate, which is the exact rate actually incurred by the collective scheme.
5. If the collective scheme has not incurred documented costs or has achieved a profit on the waste fraction in question, no reimbursement can be paid.
6. Regardless of the costs incurred by a collective scheme, DPA cannot pay financial guarantees with a higher rate than the one used in the calculation of the original financial guarantee for the individual compliers.

## **Difference between payment and reimbursement of the financial guarantee**

There may be a difference between the payment of the financial guarantee and the reimbursement of the financial guarantee to individual compliers and collective schemes, respectively. This difference may arise when collective schemes have not documented costs fully consistent with the financial guarantee remaining when the individual compliers have received their share of the financial guarantee. Such difference is reimbursed to the producers also when they have not taken back quantities corresponding to this amount. The distribution among producers is based on the producer's original share of the financial guarantee.

## **Cost rates for calculation of the financial guarantee**

The current cost rates are published on the DPA website [www.producentansvar.dk](http://www.producentansvar.dk). You may also use the DPA online calculator on [www.producentansvar.dk](http://www.producentansvar.dk) for calculating your total annual costs.

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