

From: Microsoft Packaging Engineering Management
To: Channel Operations Management & Retail Partners.
Re: Microsoft Environmental Policy Regarding PVC

Purpose of this memo

Microsoft as a global company is actively pursuing an environmental policy that will require that PVC (Polyvinyl Chloride) not be present in packaging parts, components, materials or products. In order to maintain a positive, environmental course of action, Microsoft requests that its customers who re-package (bundle) Microsoft products honor Microsoft corporate policy and not use PVC in the packaging components they use. It is Microsoft's expectation that all repackaging projects be void of PVC by December 31, 2005.

Environmental Concerns Regarding PVC

The manufacturing of PVC requires the use of highly polluted chlorine and cancer causing vinyl chloride. When left in landfills, PVC waste presents long term threats to groundwater pollution. If incinerated PVC form dioxin which is a known human carcinogen.

Recyclables/Disposal Issues

PVC has the lowest recycling rate of the major plastic resins. At present, most community recycling facilities in the U.S. do not accept PVC. PVC is not compatible with most existing PET recycling streams. PVC presents a significant problem to PET recycling because only a fraction of a percent of PVC can contaminate an entire batch of PET to be recycled. As a result, PVC must be sorted out of the recycling stream by hand.

Regulatory Issues

In South Korea, PVC is banned for use in packaging components that are laminated, press-packaged or coated, and also in shrink-wrap. The EU, Japan, and Argentina have banned the use of PVC as a component of certain toys. The Netherlands has been enforcing the ban on cadmium in products, which affects many PVC products. Norwegian customs has also been conducting tests on imported goods at the border. Denmark bans lead stabilizers in plastics and regenerated plastic waste. Slovakian law has mandated that companies prepare prevention plans that include a system for reducing and replacing PVC packaging.

Retailer Acceptance

Major supermarket chains in Austria, including SPAR, BILLA, ADEG, LOeWA, and MEINL, have eliminated PVC. Nearly all supermarkets and many other major retail chains in Germany, e.g. Karstadt, Quelle and Neckermann, don't accept any PVC in packaging material. Danish retailers are also rejecting PVC. Marks & Spencer in the UK has decided to eliminate PVC in products and packaging. Many retail chains in Japan and the Northern European countries have taken similar steps. SAS Airlines has banned PVC packaging from its in-flight sales program.

Conclusions

As Microsoft Channel Partners, it is important to our environmental stewardship that you help support our efforts surrounding our global environmental policies. While we are taking all necessary steps to remove PVC's from our Microsoft created packaging components, in order for us to be successful we need your help in ensuring that repackaging or bundling of our products is done in such a way that PVC will no longer be a factor effective December 31, 2005.

Your support is most appreciated.

Signed:

Jay Watts
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Microsoft Corporation