



RULES COVERING THE RECYCLING SYSTEM OF DEPOSIT-BASED RECYCLABLE PLASTIC BOTTLES

Suomen Palautuspakkaus Oy's (hereinafter "Palpa") business area involves the recycling and reuse of beverage containers that can be reclaimed as a material source, as well as the development, administration and supervision of the requisite returning systems and other activities related to beverage containers. The Pirkanmaa Centre for Economic Development, Transport and the Environment has granted its approval to Palpa for the latter's deposit-based system that it has developed and maintained for Recyclable Plastic Bottles. For Recyclable Plastic Bottles that are a part of the system, a tax relief benefit is granted on excise duty in accordance with Act on Excise Duty on certain beverage containers (1037/2004).

These rules define the rights and obligations of traders affiliated with the recycling system. Such traders are obliged to abide by these rules when handling Recyclable Plastic Bottles.





1. DEFINITIONS

The Deposit is a payment collected by the retail outlet through inclusion in the retail price of a beverage container; the retail outlet reimburses the deposit to the consumer upon the consumer's return, to the Recipient, of a Recyclable Plastic Bottle accepted in the system for forwarding for recycling. The amount of the Deposit is determined by Palpa's Board of Directors. However, the Deposit must never fall below the amount specified in the decree on the recycling systems of certain beverage containers issued by the Finnish Council of State (180/2005) or any regulation replacing this decree. The deposit includes VAT.

The Deposit Payer is a drink producer, manufacturer, packer or importer of drinks or other party, which uses Recyclable Plastic Bottles in its production activities; which has been approved for the recycling system; which abides by its rules; and which has executed the payments specified under these rules and other specifications.

The Recipient is a recycling station, which, having registered in Palpa's data systems, is entitled to receive from consumers deposit-based Recyclable Plastic Bottles included in the system for recycling.

The Recycling Operator is a trader approved and designated by Palpa, to whose collection points returned, deposit-based Recyclable Plastic Bottles are transported for further processing.

The Recyclable Plastic Bottle is a deposit-based beverage container made of reclaimed plastic, for the packaging of drinks, which meets Palpa's valid packaging specification.

The Deposit Fee is an amount of compensation paid by a Deposit Payer to Palpa in exchange for having its Recyclable Plastic Bottles accepted into the deposit-based recycling system. The Deposit Fee must be paid when a new batch of Recyclable Plastic Bottles is released on the market. The amount of the Deposit Fee for Recyclable Plastic Bottles corresponds to the Deposit paid for Recyclable Plastic Bottles.

The Joining Fee is an amount of non-recurring compensation paid by a Deposit Payer to Palpa for the start-up and development investments required for the recycling system. The Joining Fee is paid upon registration as a member of the system. Palpa's Board of Directors determines the amount of the Joining Fee. The Joining Fee is not refunded, even if the Deposit Payer leaves the system.

The Annual Fee is an alternative to the Joining Fee. It is an amount of compensation paid by a Deposit Payer to Palpa for the start-up and development investments required for the recycling system. The Annual Fee is payable each calendar year in which the Deposit Payer puts into circulation a batch of Recyclable Plastic Bottles included in the system. Palpa's Board of Directors determines the amount of the Annual Fee. After the Deposit Payer has paid the Annual Fee for 5 times, the Joining Fee is deemed paid up. The Annual Fee is not refunded, even if the Deposit Payer leaves the system.

The Recycling Fee is an amount of compensation paid by a Deposit Payer to Palpa, for expenses originating from the maintenance of the recycling system. The Recycling Fee is paid in connection with the payment of the Deposit Fee. It is package-specific, which means that its amount is determined by the number of Recyclable Plastic Bottles put into circulation by the Deposit Payer. The amount of the Recycling Fee may depend on the type of Recyclable Plastic Bottles and packaging. The Board of Directors of Palpa confirms the basis on which the Recycling Fee is determined, however, always in accordance with the matching principle and in line with the actual costs of the recycling system.

The Barcode Fee is an amount of compensation paid by a Deposit Payer to Palpa, for keeping the code library of reverse vending machines used in the system updated with the identification profiles of Recyclable Plastic Bottles accepted into the recycling system. The Barcode Fee is paid after new packaging is registered in the system. The Barcode Fee is based on the costs of updating and checking the code library. Palpa's Board of Directors determines the amount of the Barcode Fee.



The Security is a safeguarding security provided by a Deposit Payer to Palpa, to cover the liabilities under these rules and the other responsibilities deriving from the system. The security is set when a Deposit Payer registers as a member of the system. Palpa's Board of Directors confirms the amount of the security, which will be proportionate to the estimated annual number of Recyclable Plastic Bottles put into circulation by the Deposit Payer. Should the scope of the Deposit Payer's operations change significantly, Palpa reserves the right to require the Deposit Payer to provide extra security in addition to the original security.

The Deposit Refund is an amount of compensation paid by Palpa to a Recipient, for the deposit-based Recyclable Plastic Bottles that the Recipient has received, and which are identifiable and certified, following an inspection, as belonging to the recycling system.

The Handling Fee is an amount of compensation paid by Palpa to the Recipient for the handling of the deposit-based, Recyclable Plastic Bottles and for the reimbursement of deposits to consumers. This compensation is paid to the Recipient upon the payment of the Deposit Refund. The compensation is paid for the inspected Recyclable Plastic Bottles accepted into the system and delivered to the Recycling Operator. The amount of the Handling Fee may depend on the type of Recyclable Plastic Bottle concerned. On the basis of the principles mentioned above and corresponding costs, Palpa's Board of Directors determines the amount of the Handling Fee per Recyclable Plastic Bottle.

The Transport Fee is an amount of compensation paid by Palpa to the transport company or other party for the transportation of Recyclable Plastic Bottles marked with Palpa's label, from the Recipient into intermediate storage or to the Recycling Operator, based on the number of transport packages. Palpa's Board of Directors specifies the amount and the determination principles of the Transport Fee on the basis of the corresponding costs.

2. DESCRIPTION OF THE SYSTEM

Palpa determines which Recyclable Plastic Bottles are accepted into the deposit-based recycling system managed by Palpa. The Recyclable Plastic Bottles accepted into the deposit-based recycling system must meet the valid packing specifications and must be marked in accordance with the valid marking guidelines and identifiers.

Under the recycling system for recyclable plastic bottles, maintained by Palpa, the Deposit Payer pays Palpa a Deposit Fee, based on the number of Recyclable Plastic Bottles that it releases onto the market, upon releasing a batch of Recyclable Plastic Bottles. This payment ensures that the Deposit Payer's Recyclable Plastic Bottles are included in the recycling system, provided that the bottles have been registered in the system.

When a product packed in a Recyclable Plastic Bottle is sold to a consumer, the consumer pays a Deposit for the packaging. When the consumer returns a deposit-based Recyclable Plastic Bottle to a Recipient, the consumer is reimbursed for the Deposit paid. Palpa pays the Recipient the Deposit Refund and the Handling Fee relating to costs deriving from the handling of the returned Recyclable Plastic Bottle and making the Deposit payment to the consumer.

The transport company or companies selected by the Recipient and approved by Palpa collect the Recyclable Plastic Bottles returned to the Recipient, for further delivery to the Recycling Operator. Palpa pays a Transport Fee to the transport company or companies.

The consumer is reimbursed only for Recyclable Plastic Bottles covered by the recycling system, which are correctly marked with Palpa identifiers, identifiable and undamaged.



3. MARKING AND IDENTIFICATION OF DEPOSIT-BASED RECYCLABLE PLASTIC BOTTLES

Recyclable Plastic Bottles introduced in the system are marked with an EAN code and a visual marking. Palpa specifies the visual marking and the requirements of the EAN code. These are covered by separate marking guidelines received by the Deposit Payer upon affiliating with the system applied to Recyclable Plastic Bottles. A Deposit Payer accepted by the system must obtain clearance from Palpa for a Recyclable Plastic Bottle's EAN code and visual marking prior to putting the bottle into circulation. The EAN code and visual marking may not be used without Palpa's advance written consent. The Deposit Payer agrees to use the EAN code that it has declared to Palpa solely on Recyclable Plastic Bottles sold in Finland.

All reverse vending machines used in the system must be able to automatically read the aforementioned identifiers.

Palpa pays Deposit Refunds, Handling Fees and Transport Fees for only those Recyclable Plastic Bottles that have been accepted into the system and that are identifiable as such. Reverse vending machines recognise Recyclable Plastic Bottles by their EAN codes; in manual collection of Recyclable Plastic Bottles, recognition is based on clearly identifiable identifiers.

4. JOINING THE SYSTEM

4.1 Deposit Payer joining the system

The deposit-based recycling system for recyclable plastic bottles is open to any Deposit Payer who agrees to abide by its rules and to assume responsibility for its part of the costs arising from the system.

A Deposit Payer joining the recycling system files a registration application addressed to Palpa. In connection with the registration application, the applicant agrees to abide by these rules and to assume responsibility for its part of the costs arising from the use of the recycling system for recyclable plastic bottles.

The Deposit Payer agrees to make the payments required under these rules, including the Joining Fee or, alternatively, the Annual Fee, and in advance to provide the Security specified by Palpa's Board of Directors, before operation under the system can commence.

A participating Deposit Payer is also obliged to accept that Palpa will carry out controls and administration in connection with the recycling system of recyclable plastic bottles. The Deposit Payer undertakes to furnish Palpa with any necessary information, which Palpa may forward to the authorities as set out under these rules.

Palpa will approve the registration application, provided that the Deposit Payer who applies for membership of the system meets the requirements set out in these rules.

4.2 Recipient joining the system

A Recipient joining recycling systems managed by Palpa is required to register in Palpa's data system for Deposit Refunds and Handling Fees. Joining the system by the Recipient is effected by filing a registration application addressed to Palpa. The Recipient is obliged to maintain its information and notify Palpa of any changes.

The Recipient is entitled to choose which recycling systems to join. By returning packaging in Palpa's transport packages, marked with Palpa's identifiers, the Recipient signals its intention to join a system. When the Recipient returns packaging, it agrees to abide by the rules of the recycling system in question. When the Recipient returns Recyclable Plastic Bottles, it agrees to abide by these rules and to assume responsibility for its part of the costs arising from the use of the recycling system for recyclable plastic bottles.

A participating Recipient is also obliged to accept that Palpa will carry out controls and administration in connection with the recycling system. The Recipient undertakes to furnish Palpa with any necessary information, which Palpa may forward to the authorities as set out under these rules.



5. PALPA'S RIGHTS AND OBLIGATIONS

As the administrator and supervisor of the recycling system for recyclable Plastic Bottles, Palpa is entitled to collect a Joining Fee, or alternatively, an Annual Fee from Deposit Payers affiliated with the system. Palpa also has the right to collect a Recycling Fee, Deposit Fee and Barcode Fee from Deposit Payers, as well as requesting that the Deposit Payer set a Security as referred to in these rules.

Palpa may return the Recycling Fee and/or Deposit Fee to the Deposit Payer in full or in part, if it is not required for coverage of the annual operating costs of the system. Return of said fee may be performed so as to ensure that the sum exceeding the annual costs can be used to cover the cost of the following year or years, whereupon Deposit Fees and Recycling Fees collected can be lowered in proportion at a later point.

As the supervisor of the recycling system, Palpa is entitled to obtain any information from Deposit Payers and Recipients required for statistical purposes, and for reporting to the authorities, on the number of deposit-based Recyclable Plastic Bottles released on the market and received by a Recipient. Palpa personnel or representatives with Palpa's written authorisation are entitled to inspect and make an inventory of the stocks of Recyclable Plastic Bottles included in the system and held by a trader who has joined or is about to join the system. Palpa has the right to inspect the content, quality and quantity of the transport packages. Palpa is obliged not to reveal information on individual Deposit Payers, Recipients or other traders that is deemed trade secrets, to parties other than the authority exercising its monitoring responsibility.

Palpa is obliged to attend to the collection of payments connected with the system, as well as providing the Recipient with the Deposit Refunds and Handling Fees, in accordance with the system. The Recipient is reimbursed for the Deposit Refunds and Handling Fees on the basis of the electrical information sent by the reverse vending machine or obtained by Palpa through a count of the collection bag content.

The Deposit Refunds and Handling Fees are reimbursed based on electrical information, only on condition that the Recipient has access to an electrical connection compliant with Palpa's current definition for electrical connections. Palpa's Board of Directors determines the requirements that an electrical connection must meet at any given time. Based on the content count of the returned bags, the Deposit Refunds and Handling Fees are reimbursed only on the condition that the bags have been returned in accordance with Palpa's manual return guidelines.

Palpa is obliged to pay a Transport Fee to the transport company that collects the Recyclable Plastic Bottles returned to the Recipient for forwarding to the Recycling Operator and that reports the number and the transport of transport packages of Recyclable Plastic Bottles to Palpa as Palpa has specified. However, in circumstances where misuse is evident, Palpa is not obliged to pay any system-related Transport Fees to the transport company.

Palpa collects information on imported and packed in Recyclable Plastic Bottles included in the system. Palpa is also obliged to ensure that the controlling authority is kept informed of the return rate insofar as the approval granted for the plastic bottle recycling system and the terms of the tax relief benefit and other regulations granted for it so require.

Palpa is obliged to maintain and further develop the plastic bottle recycling system and to maintain the level of service. Using the funds collected through payments and fees, Palpa is entitled to invest in the maintenance and further development of the plastic bottle recycling system. Palpa is entitled to subsidise the automatic reverse vending of Recyclable Plastic Bottles, to the extent that this can be deemed a means of reducing the expense of the recycling system.

Palpa's Board of Directors decides on the principles for determining and the amount of the Deposit Fees, Joining Fees, Annual Fees, Recycling Fees and Barcode Fees, due to Palpa, as well as those for determining and the amount of the Security set for Palpa and the Deposit Refunds, Handling Fees and Transport Fees paid by Palpa. These decisions will be valid until further notice is given by Palpa's Board of Directors.



6. DEPOSIT PAYER'S RIGHTS AND OBLIGATIONS

The Deposit Payer is entitled to use deposit-based Recyclable Plastic Bottle and the bottle identifiers required by the system. Furthermore, the Deposit Payer is entitled to exploit its membership of the deposit-based recycling system in its marketing and to receive details on the Deposit Fees that it has paid and on its membership of the system, necessary to demonstrating its membership of the system to the authorities and consequently obtaining any tax relief due.

Furthermore the Deposit Payer is entitled to reimbursement for Deposit Fees and Recycling Fees, if the Recyclable Plastic Bottles, corresponding to the said Deposit Fees and Recycling Fees, are not sold or are not returned empty to the deposit system. It is the Deposit Payer's responsibility to prove that the above circumstances have occurred.

In all of its actions, the Deposit Payer is obliged to abide by these rules and, upon joining the system, to pay either a Joining Fee or, alternatively, an Annual Fee as compensation for investments already made in the system. Furthermore, the Deposit Payer is obliged to pledge a Security to Palpa before the commencement of the operation under the system, to cover the liabilities under these rules as well as other liabilities linked to the system.

No later than one (1) month before importing or putting into circulation a deposit-based batch of Recyclable Plastic Bottles, the Deposit Payer undertakes to obtain clearance from Palpa for the Plastic Bottles' EAN code, visual markings and characteristics. The identifiers and characteristics of the Recyclable Plastic Bottles must be in line with Palpa's valid marking guidelines and specifications. Furthermore, the Deposit Payer undertakes to register the new, approved identifiers in the system's code bank in line with valid guidelines. The Deposit Payer is obliged to pay Palpa a Barcode Fee for registration.

Since the import and use of recyclable plastic bottles not included in the recycling system complicate the supervision of the system and generate additional costs, the Deposit Payer is obliged to ensure that plastic bottles imported or used by it, which are not included in the recycling system, cannot be confused with the deposit-based Recyclable Plastic Bottles, which are included in the system. The Deposit Payer is obliged to ensure that Recyclable Plastic Bottles accepted in Palpa's deposit system and marked as such are not sold in other countries or in "tax-free" outlets.

The Deposit Payer is also responsible for ensuring that the EAN code on the Plastic Bottles that it puts into circulation under the system is in accordance with Palpa's marking guidelines and that the outward aspect of the Recyclable Plastic Bottles enables easy reading of the EAN code during manual inspections.

The Deposit Payer is obliged to pay the required Deposit Fee and Recycling Fee into the bank account designated by Palpa, no later than on the date when a batch of Recyclable Plastic Bottles is put into circulation. At monthly intervals, or whenever Palpa so requires, the Deposit Payer is obliged to notify Palpa of the number of Recyclable Plastic Bottles included in the system, which have been put into circulation, as well as the stock balances.

In order to cover the liabilities specified under these rules and the other liabilities linked to this system, the Deposit Payer shall set a Security to Palpa, the amount of which shall be based on the Deposit Payer's estimate of the packs to be included in the system during the course of the year. The amount of the required Security will be determined in line with the security table confirmed annually by Palpa's Board of Directors.



7. RECIPIENT'S RIGHTS AND OBLIGATIONS

The trader selling deposit-based Recyclable Plastic Bottles is obliged to receive from consumers deposit-based Recyclable Plastic Bottles included in the system. The compensation to the Recipient will be paid no more than 21 days from the date on which Palpa received the electrical refund information, or the corresponding information obtained by counting the collection bag contents, on the number of deposit-based Recyclable Plastic Bottles that the Recipient has received, verified by inspection, and forwarded. The payments are always made into the bank account designated by the Recipient.

At a separate cost, the Recipient is entitled to buy the Recyclable Plastic Bottle collection bags, boxes, stickers and dispatch notes used in the system, from a party specifically designated by Palpa. The Recipient is also entitled to obtain transportation for the Recyclable Plastic Bottles that it has received, for delivery, via possible intermediate storage depots, to the Recycling Operator for inspection. Palpa is liable for transport costs from the collection point to the Recycling Operator, in accordance with a decision by Palpa's Board of Directors. The Recipient is obliged to use only companies approved by Palpa for the transportation of recyclable Plastic Bottles.

When receiving clean and undamaged, deposit-based Recyclable Plastic Bottles, furnished with the correct identifiers which can easily be identified as belonging to the scope of the system, the Recipient is obliged to reimburse the consumer for the Deposit it has collected as part of the product price. The Recipient must be a trader.

The Recipient is obliged to supervise the returned Recyclable Plastic Bottles and to take any measures necessary to preventing obvious cases of fraud. In obvious cases of fraud, for instance if a system-related identification code has been forged, the Recipient is entitled to withhold the Deposit otherwise due to the consumer. Similarly, Palpa is not obliged to reimburse the Recipient if the fraud is obvious and the Recipient should have noticed this.

The Recipient is obliged to maintain, at its own cost, an electronic connection approved by Palpa from the reverse vending machine to Palpa's data systems, and to ensure that the information referred to in these rules is electronically transferred by the Recipient to Palpa. The electronic connection must be compliant with Palpa's current definition for electronic connections. When receiving Recyclable Plastic Bottles, the Recipient is obliged to pack deposit-based Recyclable Plastic Bottles in return units and attach transport package identification labels to them, both of which Palpa has specified. The Recipient will not count packs that have not been received through the reverse vending machine; these packs will be counted by the Recycling Operator.

Plastic bottles not included in the system, or debris of any other kind, must not be packed in Palpa's return units, or returned to Palpa's system.

The Recipient is also obliged to use the bags and boxes designated by Palpa when packing Recyclable Plastic Bottles. These bags and boxes must be packed full and stored in a dry location. The Recipient must mark the bags or boxes using the identifier supplied by Palpa.

The Recipient is obliged to ensure that bags and boxes reported as containing deposit-based Recyclable Plastic Bottles only contain deposit-based Recyclable Plastic Bottles within the scope of the system, which have a clearly visible, system-related identifier. Furthermore, the Recipient is obliged to ensure that the reverse vending machines are maintained and cleaned in accordance with the instructions provided by the manufacturer of the machine, and that the electrical connections from the machines are fully serviceable. Electronic connections must be compliant with Palpa's current definition of electronic connections.

If the Recipient closes down its business or becomes permanently incapable of fulfilling its obligations under the system in some other way, it is obliged to issue written notice thereof to Palpa no later than one (1) month prior to closing down its business, or as soon as is practically possible, while in other respects observing the procedure agreed in Section 9. The Recipient's notice of the closure of its business or its resignation notice under Section 9 do not, even in part, free the Recipient of the obligations imposed by these rules, until the Recipient's membership or operations are terminated.



8. ACTIONS IN BREACH OF OBLIGATIONS

If a Deposit Payer affiliated with the system fails to abide by these rules or other instructions issued by Palpa to members of the system, Palpa will have the right to remove the Deposit Payer's codes from the reverse vending machines and ban the Deposit Payer from using visual coding on its recyclable plastic bottles that corresponds to the identifier used on deposit-based Recyclable Plastic Bottles or that could be confused with it. Palpa will also be entitled to refuse to accept any plastic bottle batches from such a Deposit Payer to the deposit-based recycling system.

If the Recipient fails in its duty to ensure that its return units are in accordance with Palpa's guidelines, or that they are furnished with an identifier or contain only deposit-based Recyclable Plastic Bottles, or if the quantities and content declared by the Recipient or the identifiers used by the Recipient do not correspond to the content of the return unit, Palpa is entitled to withhold the Deposit Refunds and/or Handling Fees otherwise due to the Recipient. Plastic bottles not included in the system must not be packed in Palpa's return units or returned to Palpa's system.

If the Deposit Payer or the Recipient fundamentally violates the duties set out under these rules, the party violating the rules must pay a contractual penalty of fifty thousand (50,000) euros to Palpa. If, due to failure to fulfil the contractual duties, Palpa has incurred damage greater than the amount of the contractual penalty, the violating party is liable to pay the exceeding amount to Palpa as compensation. Decisions on claiming contractual penalty and damages are made by Palpa's Board of Directors.

If a trader who is a member of the system fundamentally violates the duties set out in these rules or is guilty of gross negligence in the performance of its contractual duties, Palpa's Board of Directors has the right to give the trader notice of the termination of its membership of the system, to take effect within one (1) month of the date on which the written termination notice is verifiably delivered. Should the trader's membership be cancelled in such a way, the trader will not be reimbursed for any Deposit Fees, Joining Fees, Annual Fees, Recycling Fees, Barcode Fees or other such fees.

9. RESIGNATION FROM THE SYSTEM

A Deposit Payer affiliated with the system may resign from the system within one (1) month of the date on which it notified Palpa of its intention to resign and when sales of the deposit-based Recyclable Plastic Bottles released onto the market by it have ended. However, with respect to such a resignation the Joining Fees, Annual Fees, Recycling Fees or Barcode Fees or other such fees paid by the Deposit Payer to Palpa will not be reimbursed. Even after the resignation, the Deposit Payer remains liable for all costs arising from the deposit-based Recyclable Plastic Bottles that it has put into circulation under the system.

A Recipient is entitled to give notice that its membership of the system will terminate within one (1) month of the date on which the written notice has been received by Palpa. The Recipient is responsible for fulfilling all obligations imposed on it under these rules, until such time as membership is terminated. Even after membership is terminated, the Recipient is responsible for fulfilling all obligations as well as settling any resulting costs which might have arisen prior to the termination of membership.

By a resolution of Palpa's Board of Directors, Palpa has the right to discontinue the system it maintains within six months (6) of the date on which it has notified the Deposit Payers and Recipients in writing of said discontinuation.



10. ARBITRATION CLAUSE

Any disputes arising from these rules will be resolved by arbitration in accordance with the Arbitration Proceedings Act. The arbitration clause also applies to the contractual penalties specified in these rules. The parties in dispute may agree that the conflict be resolved through proceedings involving a sole arbitrator. If the parties are unable to reach an agreement, the plaintiff and the defendant shall each appoint one member of the tribunal, and the appointed members shall appoint the chairman thereof. If a party does not appoint an arbitrator within twenty (20) days of being requested to do so, or if the members of the arbitration tribunal do not reach a consensus on the chairman of the arbitration tribunal within the stated time limit, the member or chairman of the arbitration tribunal will be appointed by the Arbitration Board of the Central Chamber of Commerce.

Notwithstanding the aforementioned, if it so wishes Palpa has the right to bring any dispute arising from these rules before the Helsinki District Court.

11. AMENDMENT OF THE RULES

Palpa reserves the right to unilaterally amend these rules. Any such amendments must be notified in writing to all of the affiliated Deposit Payers without delay. The new rules in effect must be published on Palpa's website (www.palpa.fi). Upon receiving information on the amendment of the rules, Deposit Payers and Recipients are entitled to terminate their membership as specified above in Section 9.

If discrepancies occur between different language versions, the Finnish version shall prevail