



Introduction

Suomen Palautuspakkaus Oy (hereinafter 'Palpa') engages in the receipt and recycling of beverage containers made of reclaimable materials, as well as the development, administration and supervision of the related deposit-return systems, deposit administration and other activities and communication related to beverage containers. The Pirkanmaa Centre for Economic Development, Transport and the Environment has granted approval for the deposit-refund system developed and administered by Palpa in Finland. A tax relief in accordance with the Act on Excise Duty on Certain Beverage Containers (1037/2004) is granted for beverage containers included in the system. The system also includes beverage containers that are not subject to the aforementioned tax relief.

These rules define the rights and obligations of entrepreneurs affiliated with the Beverage Can deposit-refund system and the rights and obligations of the administrator of the system (Palpa). Entrepreneurs affiliated with the system are obligated to comply with these rules and regulations when handling Beverage Cans.

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Definitions

Account

A written (in words and numbers) report related to a rectification request that unambiguously and in detail describes the reasons for the rectification request. When necessary, the party providing this report shall also provide an auditor's report on the Account.

Automated Reverse Vending

Returning a Beverage Can to a Recipient who uses a Reverse Vending Machine approved by Palpa for the receipt, identification and sorting of the Beverage Can and for the electronic reporting of the return to Palpa.

Beverage Can

An aluminium beverage can be subject to a deposit for the packaging of soft drinks and alcoholic beverages that is approved by Palpa and labelled in accordance with Palpa's applicable labelling instructions.

Customer

A consumer or other user who returns a Beverage Can.

Deposit

A fee collected from buyers of beverage containers subject to a deposit that is refunded when the buyer returns the beverage container included in the system and subject to a deposit to the Recipient.

Palpa's Board of Directors determines the amount of the Deposit. However, the Deposit must never fall below the amount specified in the decree on the deposit-refund systems of certain beverage containers issued by the Finnish Council of State (180/2005) or any regulation replacing this decree. The Deposit is inclusive of VAT.

Deposit Refund

An amount of compensation paid by Palpa to the Recipient for the Beverage Cans subject to a deposit that it has returned.

Deposit Fee

An amount paid by a Member to Palpa when putting Beverage Cans into circulation. The amount of Deposit Fee per Beverage Can is equivalent to the amount of Deposit per Beverage Can.

Handling Fee

An amount of compensation paid by Palpa to the Recipient for handling Beverage Cans returned to it and refunding Deposits to Customers. Palpa pays the Handling Fee to the Recipient in connection with the payment of the Deposit Refund. The compensation is



paid for Beverage Cans accepted into the deposit-refund system and delivered for recycling.

The determination of the Handling Fee is based on the cost recovery principle. Different Handling Fees may apply to different Beverage Cans. Palpa's Board of Directors decides on the amount of the Handling Fee, the determination criteria and the compensable portion.

Manual Return

The process of returning a Beverage Can to a Recipient who does not have a Reverse Vending Machine or whose machine does not meet Palpa's technical requirements for the identification or reporting of returned cans.

Member

A beverage producer, manufacturer, packager or importer that puts Beverage Cans into circulation, a holder of a tax-exempt stock of beverage containers or other party that has been approved to be included in the deposit-refund system.

The parent company of a group of companies may be responsible for all the liabilities related to the membership of its subsidiaries in the deposit-refund system. In this case, both the parent company and the subsidiaries specified by the parent company are Members of the deposit-refund system.

Membership Fee

An amount paid by a Member to Palpa for its investments in the establishment and development of the deposit-refund system. Palpa's Board of Directors determines the amount of the Membership Fee. The Member pays the Membership Fee when it joins the deposit-refund system. The Membership Fee is paid in the calendar year in which the Member issues products included in the system to circulation or registers a product in the deposit-refund system. The Membership Fee is not refunded if the Member withdraws from the deposit-refund system.

Processing Plant

An entrepreneur approved and designated by Palpa, to whose collection points the received beverage containers are transported for further processing.

Product Registration Fee

An amount paid by a Member to Palpa for the checking and approval of a new container and for the inclusion of the container in the deposit-refund system and the reverse vending machine identifier file. The Product Registration Fee is paid after the new container has been accepted into the deposit-return system. Palpa's Board of Directors determines the amount of the Product Registration Fee.

Recipient

A recycling station that is registered in Palpa's information system. The Recipient may be a retail outlet that receives Beverage Cans for recycling and has refunded the Deposit on



the Beverage Cans to the consumer. The Recipient may also be another party that returns beverage containers subject to a deposit that have been in internal use by that party. The Recipient must be an entrepreneur.

Recycling Fee

An amount paid by a Member to Palpa for costs related to the administration of the deposit-refund system. The Recycling Fee is paid in connection with the payment of the Deposit Fee. It is package-specific, i.e., the amount is determined by the number of Beverage Cans put into circulation by the Member. Different Recycling Fees may apply to different Beverage Cans.

Palpa's Board of Directors confirms the determination criteria for the Recycling Fee. However, the Recycling Fee is always determined in accordance with the matching principle, corresponding to the actual costs of the system.

Reverse Vending Machine

A machine approved by Palpa for the returning of beverage containers by consumers that identifies the beverage packages and reports them to Palpa.

Security

A security deposited by a Member to cover the liabilities under these rules and other liabilities related to the system. The amount of the security is determined in accordance with the table of securities confirmed by Palpa's Board of Directors. The Security is deposited when the Member joins the System.

If the Member is a group of companies, its parent company deposits a group security that covers the parent company and the subsidiaries designated by the parent.

Transporter

A delivery transporter of beverages or other transport company approved by Palpa's Board of Directors that may collect beverage containers packed in Transport Packages approved by Palpa and is entitled to receive Transport Compensation from Palpa for operating and reporting transports in accordance with Palpa's instructions.

Transport Fee

An amount of compensation paid by Palpa to the Transporter for transporting Transport Packages equipped with Palpa's labels from the Recipient to intermediate storage or the Processing Plant.

The determination of the Transport Fee is based on the cost recovery principle. Palpa's Board of Directors decides on the amount of the Transport Fee, the determination criteria and the compensable portion.

Transport Package



Suomen Palautuspakkaus Oy

The rules of the deposit-refund system for Beverage Can

Valid from 20.12.2018

A package approved by Palpa and used by the Recipient for packaging received Beverage Cans subject to a deposit (and possibly cans not subject to a deposit) for transportation.



Description of the system

The Beverage Can deposit-refund system administered by Palpa covers only those beverage containers that Palpa has accepted into the system. Beverage Cans must meet the applicable labelling and identification requirements specified by Palpa.

When a Member puts Beverage Cans into circulation, it pays Palpa a Deposit Fee and Recycling Fee. The amount to be paid is determined by the deposit value and recycling fee per can and the number of cans put into circulation. By paying the Deposit Fee and Recycling Fee, the Member ensures that its Beverage Cans are included in the deposit-refund system, providing that the Beverage Cans are registered in the system. If a Member has given false information, resulting in too low Deposit and Recycling Fees being charged to the Member by Palpa, Palpa has the right to receive the full amount of missing Deposit and Recycling Fees from the Member. The fees are subject to an interest charge in accordance with Palpa's applicable payment guidelines.

When a product packaged in a Beverage Can is sold to a consumer or other user (Customer), the Customer pays a Deposit for the container. When the Customer returns the Beverage Can to the Recipient, the Deposit is refunded. Palpa pays the Recipient a Deposit Fee for the refunded Deposit and a Handling Fee to cover the handling of the returned Beverage Can and the costs of refunding the Deposit to the consumer.

Consumers or other users are refunded only for Beverage Cans that are included in the deposit-refund system and are correctly labelled, identifiable and undamaged.

A Transporter used by the Recipient and approved by Palpa collects the Beverage Cans returned to the Recipient and delivers them to the Processing Plant. Palpa pays a Transport Fee to the Transporter.

Becoming a Member

The Beverage Can deposit-refund system is open to any entrepreneurs that undertake to comply with the rules of the deposit-refund system and to make the related payments.

The system can be joined by submitting a registration application addressed to Palpa. By submitting a registration application, the entrepreneur undertakes to comply with these rules and, for its part, to cover the costs arising from the Beverage Can deposit-refund system.

The Member is responsible for ensuring that the information it has provided (including but not limited to the sales report, account information and security) is always correct. The Member must immediately inform Palpa about any new or changed information. Palpa is not responsible for any damage or consequences resulting from the Member not updating the information it has given to Palpa.

In addition, a Member joining the deposit-refund system accepts the supervision and administration carried out by Palpa in matters related to the Beverage Can deposit-refund system and undertakes to provide Palpa with any necessary information to be submitted to the authorities as specified in these rules at any given time.



Palpa approves the registration application if the Member joining the deposit-refund system meets the requirements specified in these rules and has deposited the Security determined by Palpa's Board of Directors.

A Member joining the deposit-refund system is liable to pay a Membership Fee.

Palpa keeps a public list of Members that have joined the deposit-refund system.

Labelling and identification

Beverage Cans included in the deposit-refund system are labelled with a barcode and a deposit label. Palpa specifies the labelling requirements in its labelling instructions. Palpa's deposit labels are registered trademarks and must not be used or otherwise utilized without Palpa's permission.

Beverage Cans must be identifiable in all Reverse Vending Machines.

Reverse Vending Machines identify containers on the basis of the bar code and the shape of the container (exact can profile). In manual return systems, containers are identified on the basis of the deposit label.

The Member's rights and obligations

The Member has the right to include the Deposit in the retail price of Beverage Cans that are included in the deposit-refund system.

The Member must comply with these rules in all of its activities. The Member is liable to provide Palpa with a Security before initiating operations in accordance with the system, in order to cover the liabilities related to these rules and other systems. The Member is liable to pay a Membership Fee when it joins the system.

Before starting to sell Beverage Cans included in the deposit-refund system, the Member must register them in accordance with Palpa's instructions.

The Member is liable to pay a Product Registration Fee to Palpa for the registration.

The Member is aware that the programming of the form profile of a new Beverage Can in Reverse Vending Machines involves costs and that the Member is liable for covering these costs in accordance with the rates of the reverse vending machine supplier.

The Member is responsible for ensuring that all of the Beverage Cans it puts into circulation are labelled in accordance with Palpa's labelling instructions.

The Member is responsible for ensuring that Beverage Cans accepted into Palpa's deposit-refund system are not sold or forwarded to be sold outside Finland, including tax free trade.

The Member is liable to report the number of Beverage Cans put into circulation once a month in accordance with Palpa's instructions and to ensure that the information provided is correct. The report shall be submitted no later than the point at which the product crosses the tax border. The Member is liable to pay the specified Deposit and Recycling Fees. If the supply chain includes more than one Member, the above obligation to pay Deposit and Recycling Fees applies to each one of these Members. However, the holder



of the last tax-exempt stock has the primary obligation to pay the Deposit and Recycling Fees.

It is the Member's obligation to always check the Deposit and Recycling Fees charged by Palpa.

Any rectification of payments requires submitting a written rectification request and the Account to Palpa. Palpa is entitled to receive an auditor's report on the Account from the member company's auditor.

If the Account shows that there has been an error in the Deposit and Recycling Fees that entitles the Member to a refund of paid Deposit and Recycling Fee, Palpa may refund for a maximum of 18 months preceding the date of the Account. No interest will be paid. If the situation is a result of gross negligence or a wilful act of the Member, no rectification will be made.

The Member has the right to advertise its membership in the deposit-refund system (for marketing purposes, etc.). In addition, the Member has the right to receive an account of Deposit Fees and other fees related to the system that it has paid, so that it can prove to the authorities that it is included in the system and subject to a tax relief.

Termination of membership

The Member may terminate its membership in the deposit-refund system one (1) month after it has notified Palpa about the termination in writing and after the selling of its Beverage Cans has ended.

The Membership Fee, Deposit Fees, Recycling Fees and Product Registration Fees paid by the Member to Palpa are not refunded when the Member terminates its membership. Despite the termination, the Member shall be liable for all payments and costs arising from the Beverage Cans it has put into circulation in the deposit-refund system, both during the period of notice and thereafter.

Joining as a Recipient

In order to be able to join Palpa's deposit-refund system, the Recipient must register with Palpa for the payment of Deposit and Handling Fees. The registration is made by submitting an online registration application to Palpa.

When returning Beverage Cans to the deposit-refund system administered by Palpa, the Recipient undertakes to comply with these rules. The Recipient is liable for the costs associated with the receipt.

The Recipient accepts the supervision and administration carried out by Palpa in matters related to the deposit-refund system and undertakes to provide Palpa with any necessary information to be submitted to the authorities as specified in these rules or required by the authorities.

Recipient's rights and obligations

An entrepreneur selling Beverage Cans subject to a deposit is obligated under the Waste Act to receive Beverage Cans included in the deposit-return system from Customers.



The Recipient is liable to refund the Deposit included in the retail price of the product, when it receives an undamaged, clean Beverage Can that is subject to a deposit, carries the specified labelling and is easily identifiable as being included in the deposit-refund system.

The Recipient is liable for monitoring the returned Beverage Cans and taking any measures necessary to prevent obvious cases of fraud. The Recipient has the right to refuse refunding the Deposit in obvious cases of fraud, such as an attempt to return containers with a false or forged system-related identifier. In addition, Palpa is not liable to reimburse the Recipient if the fraud was so obvious that the Recipient should have noticed it.

The Recipient is not entitled to receive any Deposit or Handling Fee from Palpa for cans that are not included in the system. The Recipient does not have to refund any Deposit for cans that are not included in the system.

The Recipient must use Transport Packages approved by Palpa for returning beverage cans. The Recipient is responsible for the acquisition costs of the Transport Packages.

The Recipient has the right to pack beverage cans not subject to a deposit in the same Transport Packages with Beverage Cans subject to a deposit and have them transported by the Transporter approved by Palpa without extra charge. Packages not included in the deposit-refund system (other than beverage cans) or any other impurities must not be packed in Palpa's Transport Packages.

Transport Packages must be packed full and stored in a dry, supervised place.

The Recipient must label the packed Transport Packages using the identifier specified by Palpa.

The Recipient has the right to have the packed Transport Packages transported for recycling by a Transporter approved by Palpa. Palpa covers the costs of the transport by paying a Transport Fee to the Transporter.

When receiving containers through a Reverse Vending Machine, the Recipient must, at its own cost, ensure that the Reverse Vending Machine has a working electronic connection in accordance with Palpa's specifications and that the information of the returned containers can be transferred to Palpa.

The Recipient is responsible for the acquisition, maintenance and washing of the Reverse Vending Machine, as well as the electronic data connections.

When returning Beverage Cans subject to a deposit, the Recipient is entitled to receive a Deposit Fee from Palpa for the refunded Deposits. The Recipient is entitled to receive a Handling Fee for the Beverage Cans it has received from consumers.

The fees are paid out on the basis of the Automated Reverse Vending data received by Palpa and the calculation data of manual bags.

The fees are paid out within 21 days of the value date of the credit note. All payments are made to the bank account specified by the Recipient. The Recipient is responsible for



providing up-to-date banking information. The payments are inclusive of VAT only in the event that the Recipient's business is VAT-liable.

The Recipient is responsible for always checking the statements of the Deposit and Handling Fee payments received from Palpa.

Any rectification of payments requires submitting a written rectification request and the Account to Palpa. Palpa is entitled to receive an auditor's report on the Account from the Recipient's auditor.

If the Account shows that there has been an error in the Deposit and Handling Fees that entitles the Recipient to a refund, Palpa may refund for a maximum of 18 months preceding the date of the Account. No interest will be paid. The period subject to refund is determined by the date on the receipt, the date on the receipt produced by the Reverse Vending Machine or, in case of manual return, the pick-up date of a full Transport Package. If the situation is a result of gross negligence or a wilful act of the Recipient, no rectification will be made.

It is the Recipient's obligation to inform Palpa about changes in its operations or discontinuation of its business without delay. The Recipient's notice of the discontinuation of its business does not to any extent release the Recipient from the obligations arising from these rules until the business operations are terminated or these rules cease to be in force.

Transporter's rights and obligations

Palpa pays a Transport Fee to the Transporter that collects the Beverage Cans from the Recipient and delivers them to the Processing Plant. The Transporter reports the number and transportation of the collected Beverage Can transport packages in the manner specified by Palpa. It is the Transporter's obligation to always check the Transport Fee payments received from Palpa.

Palpa is not liable for paying Transport Fees under the deposit-refund system to the Transporter in obvious cases of fraud.

Any rectification of compensation requires submitting a written rectification request and the Account to Palpa. Palpa is entitled to receive a report on the Account from the Transporter's auditor. If the Account shows that there has been an error in the Transport Fee that entitles the Transporter to a refund, Palpa may refund for a maximum of 18 months preceding the date of the Account. No interest will be paid. The transport date determines the period of refund. If the situation is a result of gross negligence or a wilful act of the Transporter, no rectification will be made.

Palpa's rights and obligations

As the administrator and supervisor of the Beverage Can deposit-refund system, Palpa is entitled to collect a Membership Fee from the Member. In addition, Palpa is entitled to charge a Recycling Fee, Deposit Fee and Product Registration Fee to the Member and require the Member to deposit the Security referred to in these rules.



Palpa has the right not to accept as Members of the deposit-refund system parties whose operations according to an objective and justifiable evaluation can be expected to be harmful for Palpa or the operation of deposit-refund systems administrated by Palpa. Palpa has the right not to accept into the deposit-refund system containers that do not meet the applicable identification and recyclability requirements.

Palpa has the right to receive the necessary information required for the identification and recycling of beverage containers registered in the deposit-refund system. Palpa has the right to equip the Reverse Vending Machines with the information necessary for the identification of beverage containers.

As the administrator of the deposit-refund system, Palpa has the right to receive the necessary information from the Members on the number of Beverage Cans subject to a deposit that have been put into circulation.

Palpa has the right to check the correctness of the reporting of beverage containers subject to a deposit and to receive the information required for the check from the Member.

Palpa does not have the right to disclose any information of individual Members, Recipients, Transporters or other entrepreneurs that is considered as a trade secret to anyone except the supervising authorities. As regards the handling of personal data, the applicable rules and regulations are complied with.

Palpa is responsible for reporting to the supervisory authority in accordance with the applicable laws and regulations. However, Palpa is not liable for such errors or delays in reporting that result from negligence or delays attributable to the Member.

Palpa may repay to the Members any part of the Recycling Fees it has collected from them that is not needed for covering the annual operating and development costs of the deposit-refund system or for fulfilling the obligations of financial solvency set for Palpa's operations.

A beverage can, whether or not subject to a deposit, becomes Palpa's property once it has been registered as received by a Reverse Vending Machine or the Recipient has placed it in Palpa's Transport Package.

Palpa has the right to collect return data of returned beverage cans from Recipients. The manufacturer of the Reverse Vending Machine reports the return data of Automated Reverse Vending to Palpa, and Manual Return data are collected by counting the contents of manual bags.

Palpa is liable for attending to the collection of payments related to the deposit-return system and paying the Deposit and Handling Fees in accordance with the deposit-refund system to the Recipients. The Deposit and Handling Fees are paid to the Recipient on the basis of electronic data sent by the Reverse Vending Machine or, for manually returned containers, on the basis of the counting of the content of bags carried out by Palpa.

Reimbursement is paid on the basis of electronic data, providing that the Recipient is using a Reverse Vending Machine that meets Palpa's requirements, the returning has been carried out in accordance with Palpa's automated reverse vending instructions and



the Recipient has an online connection that meets Palpa's applicable specification. Palpa's Board of Directors determines the applicable requirements for the online connection. Reimbursement is paid on the basis of the content of bags providing that the return of containers has been carried out in accordance with Palpa's manual return instructions.

Palpa is not liable for paying Deposit and Handling Fees in accordance with the deposit-return system to the Recipient in situations in which the Recipient under its obligation to supervise should have noticed that no Deposit Fee had been paid for the Beverage Can or that the container was not included in the deposit-refund system.

Palpa has the right to perform checks of Transport Packages concerning the content, quality and quantity.

If a Transport Package contains waste or other material that is harmful for recycling, Palpa has the right to withhold the reimbursements or charge the costs to the Recipient.

Palpa's Board of Directors decides on the determination criteria and amount of the Deposit Fees, Membership Fees, Recycling Fees and Product Registration Fees payable to Palpa, the Security provided for Palpa and the Deposit Fees, Handling Fees and Transport Fees paid by Palpa. The decisions are effective until further notice is given by Palpa's Board of Directors.

It is Palpa's obligation to develop the Beverage Can deposit-return system and its service level. Palpa has the right to invest the funds received through payments and fees in the administration and development of the Beverage Can deposit-refund system.

Palpa has the right to subsidize the automated reverse vending of beverage containers and other solutions that improve the efficiency of operations, to the extent that this can be deemed to reduce the costs of the deposit-return system.

Palpa has the right to subsidize non-profit environmental protection ventures related to environmental conservation and recycling.

Breach of obligations

If a Member affiliated with the deposit-refund system fails to comply with these rules or other instructions issued by Palpa to members of the system, Palpa has the right to remove the identifiers of the products registered by the Member from the Reverse Vending Machines and ban the Member from using such visual identifiers on its Beverage Cans that are similar to or could be confused with the identifier of Beverage Cans subject to a deposit. In addition, Palpa has the right to refuse to accept Beverage Can batches from such a Member to be included in the deposit-refund system.

If the Recipient fails in its duty to return the transport packages appropriately packed and labelled, Palpa has the right to refuse paying Deposit and/or Handling Fees to the Recipient.

If the Recipient returns other than aluminium beverage containers in the Transport Packages, Palpa has the right to charge the costs of handling other material to the Recipient.



If a Member or Recipient substantially breaches its obligations specified in these rules, the party breaching the rules is liable to pay a contractual penalty of fifty thousand euro (EUR 50,000) to Palpa. If the damage incurred by Palpa as a result of the breach of obligations is greater than the amount of the contractual penalty, the breaching party is liable to pay the exceeding amount to Palpa in compensation.

If a Member or Recipient affiliated with the system repeatedly or substantially breaches its obligations specified in these rules or is guilty of gross negligence in the performance of its duties, Palpa's Board of Directors has the right to give the Member or Recipient notice of the termination of its membership in the deposit-refund system, to take effect one (1) month from the date on which the Member or Recipient was verifiably served notice of the termination. If the membership has been cancelled in such a manner, the Member or Recipient will not be reimbursed for any Deposit Fees, Membership Fees or Membership Fee instalments, Recycling Fees or Product Registration Fees.

Termination of the system

Palpa has the right to terminate the deposit-refund system administrated by it within six (6) months of giving written notice of the termination to the Members and Recipients.

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 herein. The parties in dispute may agree that the matter be resolved through proceedings involving a sole arbitrator. If the parties cannot reach an agreement, the plaintiff and the defendant shall each appoint one member to the arbitration tribunal, and the appointed members shall appoint the chairman of the arbitration tribunal. If either party fails to appoint an arbitrator within twenty (20) days of being requested to do so, or if the members of the arbitration tribunal do not reach an agreement on the chairman within said period of time, the member or chairman of the arbitration tribunal will be appointed by the Arbitration Board of the Central Chamber of Commerce.

Notwithstanding the above, Palpa has the right to decide to bring any dispute arising from these rules before the Helsinki District Court.

Amendment of the rules

Palpa has the right to unilaterally amend these rules. Any amendments must be notified in writing to all Members and Recipients registered in the deposit-refund system without delay, and the new applicable rules must be published on Palpa's website (www.palpa.fi). Members and Recipients may resign from the deposit-refund system as specified in these rules.

Transfer of the rules

Palpa has the right to transfer the deposit-refund system, or part thereof, and the rights and obligations arising from these rules, to a company included in the same group of companies with Palpa, by notifying Members and Recipients registered in the system about this in advance in writing. The Member, Recipient or Transporter may not transfer



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its rights or obligations, or part thereof, arising from these rules without Palpa's advance written consent.

Prevailing language and precedence

The original language of these rules is Finnish. Should any questions of the interpretation of translated versions arise, the rules written in Finnish shall always take precedence.