



TERMS OF CONTRACT

TERMS OF CONTRACT FOR THE TRANSFER OF PRODUCER RESPONSIBILITY DUTIES CONCERNING PACKAGING TO PRODUCER ORGANISATIONS VIA THE ENVIRONMENTAL REGISTER OF PACKAGING PYR LTD

1 PARTIES TO THE CONTRACT

A packer or importer of packed products (hereafter "packer") with a turnover of EUR 1,000,000 or more that has accepted these terms of contract and

Suomen Aaltopahviihdistys ry (corrugated board), Suomen Kulutajakuuti ry (consumer fibres), Suomen Teollisuuskuitu Oy (industrial fibres), Suomen NP-kierrätys Oy (liquid packaging), Suomen Uusiomuovi Oy (plastics), Suomen Keräyslasiyhdistys ry (glass), Mepak Kierrätys Oy (metals) and Puupakakkausten Kierrätys PPK Oy (wood) (hereafter "producer organisation")

2 PURPOSE OF THE TERMS OF CONTRACT

By means of the terms of contract the packer shall transfer its producer responsibility duties to a producer organisation in compliance with the regulations stipulated in paragraph 3.

3 BACKGROUND

The European Council directive on packaging and packaging waste 94/62/EC, amended by the directive 2004/12/EC, requires packaging waste to be recovered and recycled so that the percentage targets stipulated in article 6 of the directive are attained.

The packaging directive has been enacted in Finland through the Waste Act 1072/1993 and the Council of State decision on packaging and packaging waste 962/1997 (hereafter "packaging decision"), and amended by the Council of State decree 987/2004 and the decree 817/2005.

Section 3 a pertaining to producer responsibility, on which producer responsibility for packaging is also predicated as from 1.9.2004, was added to the Waste Act through statute 452/2004. More exact obligations concerning reuse and recovery are based on the packaging decision.

The packer, in accordance with the aforementioned regulations, is responsible for contributing to the reuse of the packaging of products it has placed on the market as well as the organisation of the recovery of packaging waste no-longer used and the settlement of costs thus incurred (hereafter "producer responsibility duties").

The packer may attend to its producer responsibility duties, arising from the aforementioned regulations, by signing a contract concerning the execution of producer responsibility duties with a producer organisation. If the packer signs the aforementioned contract, producer responsibility duties will be transferred from the packer to the producer organisation. Transfer of responsibility requires that the producer organisation has been entered in the producer data register in accordance with § 50 c of the Waste Act and that the contract made is reported to the competent authorities.

The producer organisations, empowered by paragraph 3 of the aforementioned decree 987/2004, have through the various contracts authorised the Environmental Register of Packaging PYR Ltd (hereafter "PYR") to agree on the terms of contract with the packer on their behalf. In addition, the producer organisations have assigned PYR the tasks itemised in paragraph 5 mentioned below.

4 DUTIES OF THE PRODUCER ORGANISATIONS

The producer organisation is responsible for the producer responsibility duties pursuant to the regulations stipulated in the aforementioned paragraph 3 on behalf of the packers that have accepted the terms of contract concerning the transfer of producer responsibility duties.

The producer organisation shall have reported to the producer data register, referred to in § 50 c of the Waste Act, and be responsible for being registered with the producer data register as a producer organisation.

The producer organisation shall immediately inform packers under contract if it is removed from the producer data register.

5 TASKS TRANSFERRED TO PYR BY A PRODUCER ORGANISATION

PYR aids the producer organisation in fulfilling the requirements mentioned in paragraph 4 above by taking care of the following tasks assigned to it by the producer organisation:

- a) PYR identifies from the group of firms operating in Finland those that are packers designated by the regulations mentioned above in paragraph 3 and to which producer responsibility duties are applicable.
- b) PYR signs the terms of contract on behalf of and with authorisation from the producer organisation.
- c) PYR registers the packers that have accepted these terms of contract in a central register.
- d) PYR requests the necessary statistics from packers and enters them in a register.
- e) PYR invoices packers for the recovery fees set by producer organisations and deposits the fees in full with the respective producer organisations.
- f) PYR provides information on matters pertaining to the reuse, recovery and recycling of packaging.
- g) PYR compiles and maintains packaging statistics.
- h) PYR gives the competent authorities a list of packers that have accepted the terms of contract.
- i) PYR submits to the competent authorities the statistics required by the EU commission, pursuant to the directive mentioned in paragraph 3 above, as well as other data, required by the regulations related to producer responsibility duties.
- j) PYR reports to the competent authorities the names of packers that have made a contract for the transfer of producer responsibility duties and the names of packers that have terminated the contract.
- k) PYR shall, if needed, provide the producer organisations with information about the total quantity of packaging material placed on the market by all packers in the register according to packaging type for the purpose of setting recovery and recycling fees and taking care of producer responsibility duties.

PYR shall treat all packers and producer organisations as well as packaging materials equally and fairly while attending to the tasks mentioned in this paragraph in compliance with § 18 g (2) and (3) of the Waste Act.

PYR may outsource if needed.

6 THE PACKER'S DUTIES

THE PACKER SHALL:

- a) pay for recovery costs incurred by producer organisations in carrying out the producer responsibility duties designated by the regulations mentioned in paragraph 3 above. The fee levied on each, individual packer is collected centrally by PYR; it is set on the basis of the recovery fee decided by the producer organisation and the packaging quantities reported by the packer in the manner more clearly defined in paragraph 8 below.
- b) pay PYR's registration and annual fees.
- c) report to PYR annually the material-specific packaging quantities that it has used to pack its products and that it has placed on the market or imported together with its products.

7 GROUPS AND OTHER PACKERS WITH SEVERAL LOCATIONS

Groups and other packers with several locations may make a comprehensive contract with PYR. In that case the group or packer with several locations:

- a) shall provide PYR with a list of locations with a turnover of at least EUR 1 million covered by the contract.
- b) shall pay in one amount location-specific recovery fees and PYR's registration and annual fees.
- c) shall report to PYR the group level totals of the material specific packaging quantities that the locations under contract have used to pack their products and have placed on the market or imported into Finland.

8 SETTING FEES AND PAYMENT SCHEDULE

Each producer organisation decides annually the amount of recovery fees to be charged. The fees are then set to cover the producer responsibility duties of the packers in accordance with the regulations mentioned in paragraph 3 above. The producer organisations are non-profit organisations.

PYR's board of directors decides annually the size of the company's registration fee and annual fee. PYR's annual fees cover the tasks listed in paragraph 5 above. PYR is a non-profit private limited company.

PYR invoices the recovery fees decided by the producer organisations one month after approval of the statistics starting in April on an annual basis.

PYR charges its registration and annual fees on registration and thereafter the annual fee in January of each year.

9 MAKING THE CONTRACT

Packers already holding a contract with PYR concerning the transfer of recovery duties are deemed to have accepted the present terms of contract if they do not inform PYR in writing about their termination of the said contract no later than one month after the terms of contract have been sent to them. PYR shall inform the competent authorities about any termination of contract by a packer.

A packer that has not previously transferred its producer responsibility duties to the producer organisations accepts the terms of contract by signing a separate contract concerning the transfer of the said duties.

The producer organisations have accepted the terms of contract that PYR has signed with their respective authorisation.

10 THE RIGHT TO USE PYR'S REGISTERED TRADE MARK

A packer that has accepted these terms of contract has the right to use PYR's registered trade mark on its packaging, on brochures and in its marketing activities to convey to business associates that it is taking care of the recovery of packaging it has placed on the market.

11 CHECKS AND CONTROL

PYR has the right, if needed, to obtain from the packer's auditors a statement concerning the reliability of the data reported to PYR in respect of the contract.

If the data is reliable, PYR shall pay the cost of the statement. If the data contains essential errors or shortcomings, the packer shall pay the cost of the statement.

12 CONFIDENTIALITY

PYR will treat all data obtained from packers with confidentiality. The data obtained will only be used for the activities related to the producer responsibility duties in accordance with the regulations mentioned in paragraph 3 above. PYR has the right to inform bodies other than the producer organisations only whether the packer has accepted these terms of contract.

Published statistics are only presented as total packaging quantities.

Confidentiality is also valid on annulment of the contract or termination by either party.

13 VALIDITY OF THE CONTRACT

The present terms of contract replace the previous terms of contract dated 1.10.2001 and are valid until further notice.

14 TERMINATION AND ANNULMENT OF THE CONTRACT

The contract is valid for one calendar year at a time. If the packer or PYR with the authorisation of a producer organisation wishes to terminate the contract, this must occur at the latest two months before the close of the calendar year.

If the packer acts in material breach of the contract, PYR has the right with the authorisation of a producer organisation to terminate the contract in writing forthwith. Giving false data with the clear intent or obvious gross negligence to avoid a recovery fee or to reduce the fee to a substantially lower amount than the correct one; refusal of an auditors' statement referred to in paragraph 11; not providing data despite reminders, and non-settlement of fees despite reminders are deemed to constitute a material breach of contract, for example.

If a producer organisation ceases to operate as a producer organisation and as a result of this, or for some other reason, is removed from the producer data register specified in § 50 b and c of the Waste Act, the contract with the said producer organisation will forthwith cease to be valid without further recourse to action.

If the contract is terminated or its validity otherwise expires, PYR shall report the necessary information concerning termination or expiry with the authorisation of the producer organisation to the competent authorities.

15 APPLICABLE LAW

Finnish law applies to the present contract.

16 SETTLEMENT OF DISPUTES

Disputes arising from the contract that have not been resolved through negotiation shall ultimately be settled in a one-member court of arbitration with the arbitrator appointed by the Chamber of Commerce board of arbitration in compliance with law 967/1992 covering arbitration procedure.

Helsinki 24 October 2005

On behalf of and with the authorisation of Suomen Aaltopahviyhdistys ry, Suomen Kuluttajakuitu ry, Suomen Teollisuuskuitu Oy, Suomen NP-kierrätys Oy, Suomen Uusiomuovi Oy, Suomen Keräyslasiyhdistys ry, Mepak-Kierrätys Oy and Puupakkausten Kierrätys PPK Oy

THE ENVIRONMENTAL REGISTER OF PACKAGING PYR LTD