

ANNUAL SUMMARY

2013



EKO**KOM**

Dear Clients,

Let me talk to you not only as the chairman of the Board of Directors of EKO-KOM, but also as a citizen who has been sorting waste for a long time, because he believes that it makes sense. And I think that a pleasant, clean and rationally protected environment is that sense – and, when any of us is going to take stock of his or her life, it is a good feeling to find out that we have left our environment to our children and grandchildren cleaner and surely better than it was when previous generations passed it on to us for our use.

I am pleased when I see again that the number of people who do not sort waste is diminishing, and that thanks to an intense network of collection points, there is an opportunity for everyone to get engaged in the collection and sorting of waste, and it is really done by 71% of citizens. It might be

also due to the fact that thanks to EKO-KOM we have passed the statistically average one-hundred-metre distance that households have to „overcome“ to reach coloured containers, and they also contributed to the fact that waste is sorted by the overwhelming majority of fellow citizens. Treatment of packages and ensuring that they do not spoil our life are major parts of my job. For over ten years I have been working as the general manager of Coca-Cola HBC in the Czech Republic and Slovakia and have endeavoured to achieve that packages would be used for the intended purpose (i.e. to protect products and help deliver them to consumers properly),

and so that used packages would not annoy anybody and would be recycled rationally and for reasonable costs.

Thanks to separation and recycling in the past 10 years, **a dump** that could be as big as a half of Říp Mountain

**was not
created**

Being a member of the Board of Directors of the authorized company EKO-KOM for a long time, I am happy when I can read numbers and facts on the performance of EKO-KOM. I studied economics, and so I like clear figures that characterize our achievements best. I am not going to assess our work; it should be done by you, our clients, but I have to say that I am pleased to see that the fact that we have taken the right way has been confirmed to EKO-KOM directly from the European Commission. It is apparent from the attached graph that the Czech Republic ranks among the best countries of the European Union in this field. There are not many areas of our life in which the Czech Republic sets the trend in the European Union – separation and recycling of packages belong among them indisputably and on the basis of statistics and audited data.

Many thanks to all of you who are, just like me, both citizens sorting waste in the long term and clients of the authorized packaging company EKO-KOM. That is really something that we can be proud of! Let us sort waste with EKO-KOM, it makes sense. Sense for us, sense for our country, sense for our future.

Tomáš Kadlec,
General Manager of Coca-Cola HBC, CR&SR
Chairman of the Board of Directors of the authorized packaging company EKO-KOM

Thanks to sorting
packaging waste,

23 km²
of landscape
is saved
every year

About EKO-KOM

The authorized packaging company ensures the operation of the full system of packaging waste sorting and recycling. It is implemented thanks to active cooperation with industrial companies, towns and villages, and thanks to the cooperation, waste from used packages is sorted with the aid of **241,000 coloured containers**, is brought to the separation facility, is treated into secondary raw material and then recycled into new products. Thus EKO-KOM in collaboration with industries and other partners of the system, primarily with municipalities, helps provably improve the environment. **The EKO-KOM system covers the take-back and recycling of more than 80% of packages on the market in the Czech Republic, and we collaborate with municipalities where 99% of the residents of the Czech Republic live.**

EKO-KOM system

Under Act No. 477/2001 Coll., on packaging, companies that put packages or packaged products on the market or into circulation are obligated to take back and reuse packaging waste.

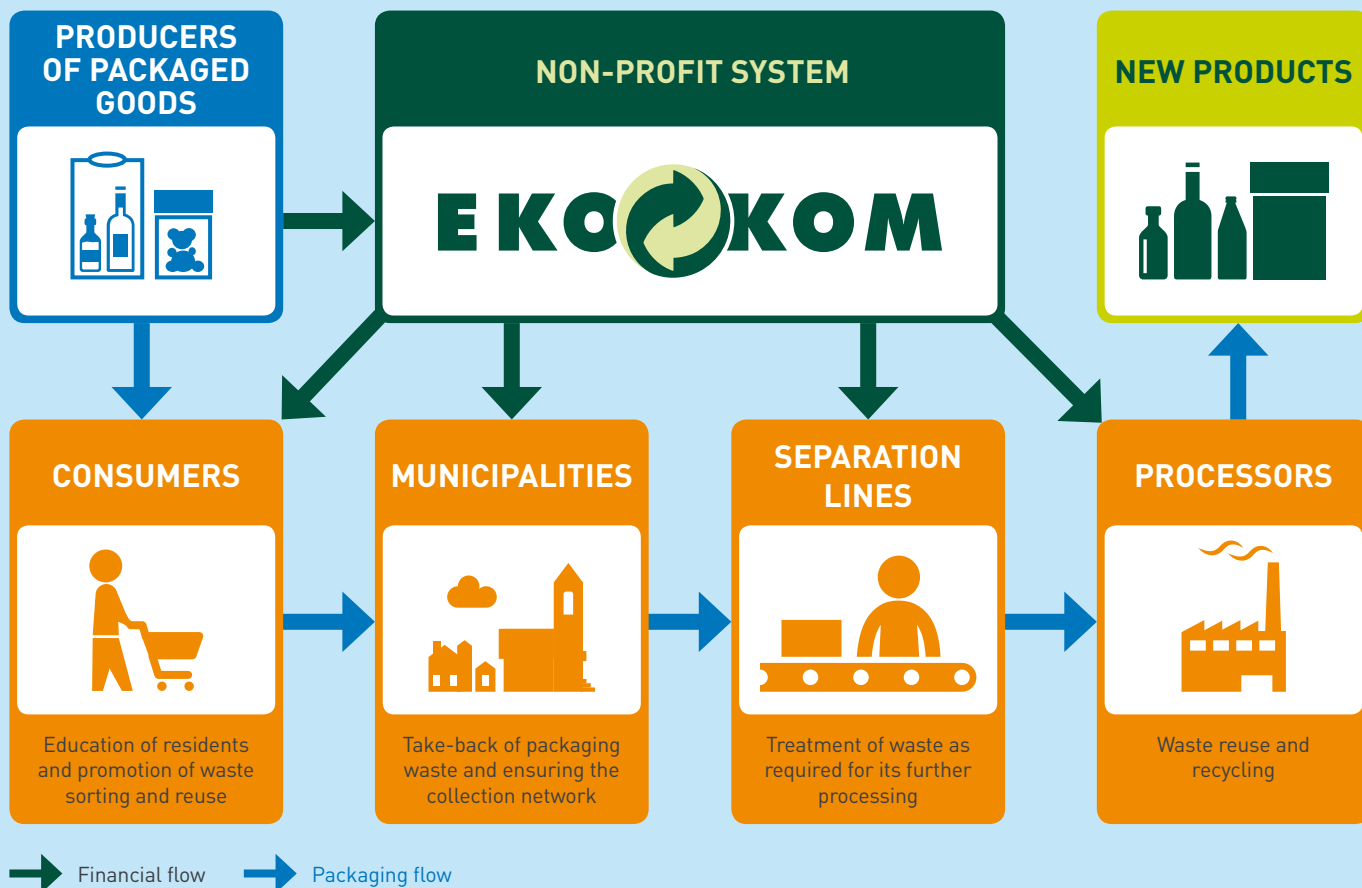
The authorized packaging company EKO-KOM a.s. is operated in accordance with the Packaging Act to ensure collective compliance of the legal duties. The mechanisms of the EKO-KOM system functioning are very simple. The obligated persons – producers and importers of packaged goods – who signed a contract for the EKO-KOM system, report on a quarterly basis on the quantity of packages that they put on the market or into circulation in the Czech Republic. They also report the weight and types of packaging materials, and packages

The entire system complies with the effective legislation of the Czech Republic, implementing the requirements of European directives. The scope of the implementation of a directive in individual states depends on the scope of political responsibility and decisions of national governments. When preparing the Packaging Act in the period 1998-2001, the Czech Republic was inspired by long-established EU countries, such as France or Belgium, taking into account the specific conditions in the Czech Republic, and therefore it was possible to develop a system of waste packaging sorting and recycling whose long-term results are even better than the ones achieved by the long-established EU countries. For example, in recycling of waste from plastic packages, we achieve 67%, which is second place in the entire EU.

intended for consumers or other commercial use by type. On the basis of the report, the client is sent an invoice for the provision of the collective compliance service, which is calculated on the basis of the client's report, where the weight of packages is multiplied by the relevant rate of the effective pricelist. A single pricelist is determined for all clients, as well as the same conditions for the provision of the collective compliance service under uniform contracts. From the collected amount, EKO-KOM funds the provision of the take-back of packaging through EKO-KOM's contractual partners, who are predominantly municipalities – the waste generators. The most expensive item is certainly the take-back from consumers – residents of the

Czech Republic. EKO-KOM ensures the take-back through the collection network of coloured containers – almost a quarter of a million of them are deployed in the Czech Republic. Funding of the network of containers for sorted waste covers 2/3 of all EKO-KOM's costs. To ensure sorting, the public needs to be motivated by means of long-term information and educational campaigns. Other important parts of the system are separation lines where sorted waste is treated so that it can be provided as secondary raw material to the final recycling process. Thanks to strict checks and clearly set rules, the authorized packaging company EKO-

KOM ranks among transparent European companies that, due to a conceptual cooperation with other important partners of the system, such as the municipalities and processors, have been fulfilling the obligations on behalf of their clients, as well as the recycling percentages set by the EU in the long term. A positive impact on the environment and the scope of EPR clients of EKO-KOM may be quantified in various ways. **Thanks to the take-back and recycling of packaging waste no new dumps were uselessly created in the Czech Republic, whose volume would be bigger than half of Říp Mountain.**



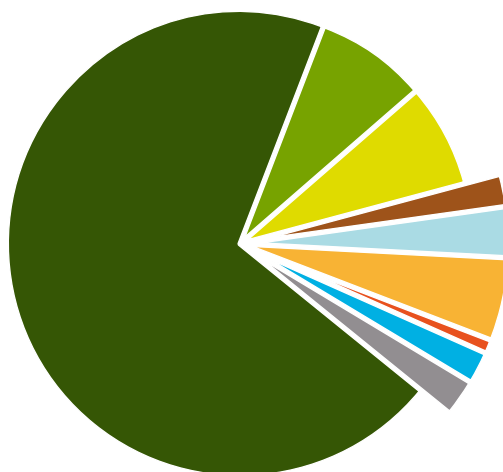
Structure of costs

The activities of the authorized packaging company EKO-KOM are subject to the duties under Act No. 477/2001 Coll., on packaging, and are determined by the authorization of the Ministry of the Environment, authorizing the authorized packaging company to provide the service to its clients. The structure of the costs for ensuring all duties of the authorized packaging company in 2013 was as follows:

- > Provision of the available collection network for packaging waste take-back: **241,000 containers**
- > Separation (treatment) of waste – necessary for waste reuse and recycling
- > Reuse and recycling of waste: **636,000 tons of packaging waste**, which is **71.8% of all packages sold**
- > Waste recording and services to clients: **Over 20,200 clients**
- > Waste recording and services to municipalities: **Over 6,000 municipalities**
- > Promotion of waste sorting and reuse (TV commercials, education campaigns, school programme, seminars for clients, schools, teachers and municipalities): **7 million residents of the Czech Republic actively sort waste**
- > Administrative costs (company's overhead costs), company's promotion, legal and other services and costs, and company's management
- > Fees to the State Environmental Fund of the Czech Republic – mandatory fees to the State Environmental Fund for registration in the list of obligated persons

85 %

Physical costs
for collection
and recycling

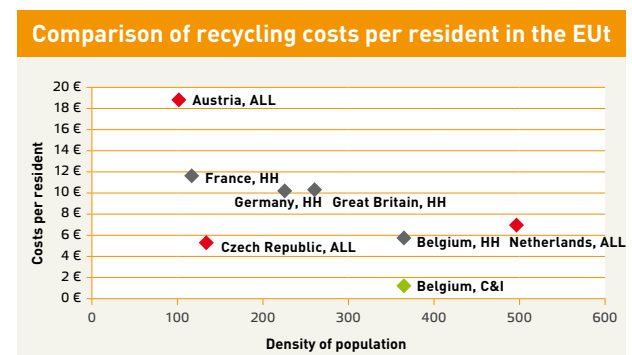
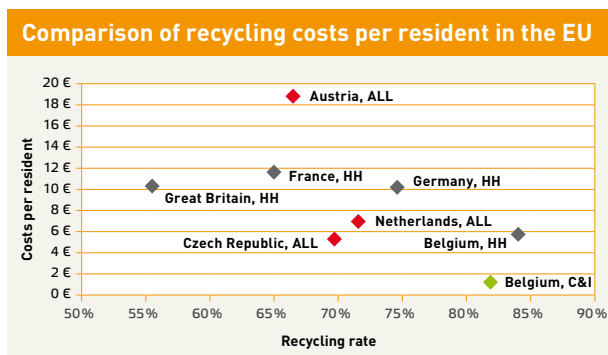


● Take-back and provision of the collection network	70 %
● Waste treatment	8 %
● Waste reuse and recycling	7 %
● Waste recording and services to clients	2 %
● Waste recording and services to municipalities	3 %
● Promotion of packaging sorting and reuse	5 %
● Audits and inspections	1 %
● Administration and management	2 %
● Payments to the government (fees to SEF, taxes)	2 %

We have the lowest recycling costs in the European Union

The Czech Republic has set a transparent and effective system which ranks among the best in comparison with other European systems. Both as regards the achieved total of packaging waste recycling and financial costs spent on sorting and recycling per citizen per year. It emerges from a study prepared by Bio Intelligence Service upon a request of the European Commission, which among others compares the sorting and recycling costs in EU countries.

You can see in the graph that the recycling costs per resident per year rank among the lowest in Europe. **In the Czech Republic it is around EUR 5 on average, by contrast to Germany where the costs reach twice the value – EUR 10 euro per person per year, or Austria where the costs are around EUR 19, i.e. four times the costs in the Czech Republic! The lowest costs are in Belgium, reached, among other things, due to the fact that the country is densely populated and can save transport costs associated with collection.**



◆ HH – household waste
 ◆ ALL – all packaging waste
 ◆ C&I – commercial and industrial packaging waste
 Source: Study prepared by Bio Intelligence Service

Records of packaging quantity and audits

Recording the exact packaging quantity in the system is very important for the fulfilment of the recycling percentage, determined by law. The Czech legislation requires technically that the packages are recorded in kilograms. It sometimes leads to some problems in practice, for example with packaging materials liable to take on air humidity. To check the accuracy of records taken by individual clients, we use the institute of an audit, which is also a part of the decision on the authorization and is required by the Ministry of the Environment.

The government demands that the authorized packaging company would audit the flow of 20%

of all one-way packages from which packaging waste is generated in the Czech Republic every year. **Audits on client's premises are carried out by independent auditors. The precise performance of audits is also important for maintaining equal conditions among individual competitors in the Czech Republic – clients of the authorized packaging company, because each client will pay exactly and only the amount covering his costs related to take-back and recycling of packaging waste resulting from his products.** This principle is also fully in compliance with the EPR principles – extended producer responsibility.

Results of the EKO-KOM system

The quantity of waste sorted by citizens into coloured containers increases gradually year by year. **While in 2006 each of us sorted 27.9kg of waste on average (plastics, paper, glass and beverage cartons), in 2013 it was 39.7kg of waste (57.2kg including metal waste).** 71% of residents of the Czech Republic actively sort their waste, which is one percent higher than it was in the previous year. The positive results were achieved also thanks to the fact that coloured containers are getting closer to residents. In 2012 the citizens could use 229,000 coloured containers for sorting, a year later 241,000 collection containers were available in the streets.

In 2013 we managed to recycle 72% of packages put on the market within the EKO-KOM system. **In comparison with other countries of the European Union, the Czech Republic takes the 4th place as regards the total rate of packaging recycling according to the latest data of the European Statistical Office. In recycling of plastic packages, it is even in 2nd place.** For individual materials, the following recycling rates were achieved in 2013: Paper 87%, plastics 67%, glass 76%, beverage cartons 21% and metal 56%.

Figures for the **year 2013**

**Achieved rates of packaging
waste recycling and reuse**

87 %
PAPER

76 %
GLASS

67 %
PLASTICS

56 %
METAL

21 %
BEVERAGE
CARTONS



The walking distance is getting shorter

Thanks to an increasing number of coloured containers, the average walking distance to coloured containers is getting shorter. **While each of us had to go 118 metres on average to reach a coloured container five years ago, in 2013 it was only 101 metres.** So at the present time it is only two minutes' walking distance on average for people living in the Czech Republic to reach the closest point for sorted waste collection. Separated collection of usable municipal and packaging waste has been introduced in almost every municipality of the Czech Republic.



Over 7 million residents sort their waste into **241,000** coloured containers.

Communication campaigns

To make the full system of waste sorting and recycling functional, it needs to be supported by citizens who decide at their homes whether to sort packages or not. Therefore they must feel sufficiently motivated to sort waste, and need to be convinced that waste sorting makes sense.

To motivate citizens to sort waste, information and educational campaigns are organized, which EKO-KOM has been implementing for over ten years.

Information to consumers

To ensure effective communication to a sufficient number of residents, EKO-KOM implements information campaigns which, in narrow cooperation with the regions of the Czech Republic, accentuate specific local habits and systems of waste sorting in districts and regions.

In its information activities, EKO-KOM uses a mix of all suitable communication channels, including TV, the Internet and press. We also use activities relating to culture, such as long-term educational exhibition at the National Museum of Agriculture, named „I have been serving humans for ages“, or a mobile exhibition named „Recycling Gate“, or a very successful theatrical performance about waste sorting for children, named „About Balyňa“.

EKO-KOM has also been engaged in a unique project

On the basis of strict authorization conditions obtained from the Ministry of the Environment, EKO-KOM is obligated to inform consumers every year on the importance of packaging waste sorting and reuse, namely a minimum of 90% of residents of the Czech Republic older than the age of eight years. EKO-KOM invests 5% of its total costs p.a. in such educational and information campaigns every year.

named „Clean Festival“ for six years, where, in collaboration with twenty major Czech festivals, they introduced sorting of waste. During the period of this project, for example and among others, over 1,200,000 plastic cups were sorted.

The special website www.jaktridit.cz („how to sort“) also received a very positive response. People can find details on correct waste sorting and recycling there. A website combining music and recycling – www.samosebou.cz – is also becoming popular.

Besides that EKO-KOM has developed its information and educational activities in regions, in the form of educational seminars for mayors, or for teachers. EKO-KOM also organizes seminars for its clients, provided free of charge as part of EKO-KOM's services.

School educational programme

17 years ago, a school educational programme named „Tonda Package Travelling“ was created, at that time the first unique programme focused on familiarizing pupils with waste sorting and recycling. With minimum costs for the project, EKO-KOM communicates to pupils and students of schools in the entire Czech Republic. **With the aid of this educational project, we have managed to give necessary information to 2 million pupils, i.e. one generation of children, for 17 years.** The school programme „Tonda Package Travelling“ is an accredited educational programme of the Ministry of Education, Youth and Sports, provided by EKO-KOM to schools free of charge. On suitable occasions, the programme is completed with various accompanying activities, such as outdoor events in squares or exhibitions in various locations of the Czech Republic.

Participation of residents is essential

Every functioning and correctly targeted communication to a defined target group is important, because active and long-term participation of residents in waste sorting is absolutely essential for effective functioning of the entire system of waste sorting. Without their active participation, the functioning of the entire system of waste sorting and reuse in the Czech Republic would be endangered, as well as ensuring the fulfilment of legal duties for our clients. **At the present time 71% of the population sort their waste systematically.**



Almost
2 000 000
trees are saved
by paper sorting
and recycling every year

Cooperation with municipalities

Municipalities are key partners of the entire integrated system of sorted waste treatment. In collaboration with EKO-KOM and its clients, they offer Czech citizens an available collection network of containers, which is essential for the involvement of residents in the system of sorted waste collection. As part of the cooperation with EKO-KOM, the municipalities obtain a financial reward for packaging waste, sorted in their area. The money is then used by the municipalities to finance the system of municipal waste sorting.

To motivate the municipalities to continuously improve waste sorting for their citizens, EKO-KOM organizes a national competition, named „For a Crystal Bin“. The winner of the 10th year of the competition, held this year, was Jeseník, a town that has used an effective system of sorted waste for a long time.

„Building an optimum waste system has been our priority for more than twenty years, because it is not only a necessary thing for the society, but it is also beneficial for ecology and predominantly economy. Together with EKO-KOM, a.s., we have built mutually advantageous cooperation, which brings us a financial reward for the part of waste from citizens. We have managed to persuade our residents to actively engage in correct treatment of the things they do not need, and in spite of a rather higher local fee, the utilization of primarily separated waste is very good. An important factor is also the transparency and information about the costs to residents, as well as about significant financial revenues from the authorized packaging company, which we thank them for, and are looking forward to further cooperation.“

Ing. MARIE FOMICZEWOVÁ, Mayor,
MUNICIPALITY OF JESENÍK

„We have been collaborating with EKO-KOM since 1997, so for seventeen years we have been sharing necessary information and trying to build the best system. Our company renders assistance in waste treatment and coping with rather complex legislation to municipalities in the neighbourhood. Active collaboration between our company and the packaging company is evident, which results in a uniform regional system, and it is the way our municipalities perceive it. The outcome is an elaborated and functional system of treatment of any waste, as well as the best results achieved when all municipalities in the country are evaluated.“

JAN PREJDA, DIRECTOR,
TECHNICKÉ SLUŽBY JESENÍK A.S.

Waste sorting and recycling contributes significantly to the protection of air

**By sorting, 27 953 183 GJ
of energy was saved,**

which is the production of the nuclear power plant
in Temelín for 173 days. This amount of energy is needed
for more than

**310,000 households on
average per year,**

i.e. approximately one region.

Thanks to you, 20 200 clients, waste may be sorted in more than 6 000 municipalities in which 99% residents live.

Dear Clients,

In collaboration with us, apart from fulfilment of the legal duties regarding the packaging waste take-back and reuse, you also take part in the protection of the environment. The topic of the environment is discussed and heard about in various forms everywhere at the present time. Some people only talk, others act. We, together with you, belong among the “others”.

People endeavour to protect the environment in various ways: Some of them even say, and they are the majority, that waste sorting is the minimum they can do for the environment. We are pleased to hear it, but sorting only without the following recycling and full integrated system of waste treatment would not make sense. Each bit in the waste mosaic is

important, and each of us contributes a small part to the entire functioning system of waste sorting and recycling. The resulting picture represents a functioning and effective system of waste treatment, ranking among the best in Europe, which can be achieved thanks to our mutual efficient cooperation.

The main purpose of our activities is to provide, in your name, a publicly available service to your customers and consumers of your products. Their satisfaction with the quality of the service is reflected in the growing willingness of citizens to sort their waste.

We appreciate your participation in our system and responsible approach to the environment.



EKO-KOM, a.s.

Na Pankráci 1685/17, 140 21 Praha 4

Tel. 729 848 111 / Fax 729 848 119

www.ekokom.cz