Methodology for quarterly statement

Version 11-02

This methodology follows the Contract on collective compliance between the EKO-KOM a.s. authorized packaging company and a company which place on the market or put into circulation packaging or packaged goods, in other words, an obliged person. A quarterly **Statement about packaging production** is a part of the Contract on collective compliance as its annex (no.2). The structure of statements meets the Packaging Act no. 477/2001 Col. as amended by later regulations and authorization conditions under which the Ministry of Environment issued its decision on authorization to EKO-KOM, a.s on March 28th 2002. Authorization conditions applicable to an authorized packaging company can be amended or elaborated by the Ministry of Environment which might result in changes of the structure of packaging production statements for clients of an authorized company. That possibility of change is also specified in the Contract on collective compliance. It is very easy to check whether the structure of the form is still valid. The information about the current version is available in the top left corner of the cover page. That information can be compared with a current version which is available on the internet address **www.ekokom.cz.**

The start page of the quaterly statement is filled in. There are data about your company, the contact information and so on. Please, check it and eventually correct the data (e.g. the e-mail for receiving invoices, contact person etc.)

In case the start page is not filled in you can follow instructions mentioned below:

If you are filling in and sending a **regular statement**, leave the yellow field on the title page empty. If you have decided to send a **correction statement**, enter the word **correction** and no other characters into the yellow field. Based on this correction statement, the given quarter will be re-accounted for your company.

In case you send filling paper statement about packaging production by post (address: EKO-KOM, a.s., Na Pankráci 1685/19, 140 21 Paha 4) or fax (number: +420 729 848 439), you don't have to send complete statement (11 pages). You could send only filling pages and these pages check off on the statement's cover page.

On the statement's cover page, please carefully fill in your company's identification number (IČO) and its identification number in the EKO-KOM system which was assigned to your company (EK-…..). Both numbers are necessary for flawless automated processing of your statements. IČO and EKO-KOM ID is necessary to fill in without blanks.

Into the frame **E-mail for receiving invoices** please fill in the e-mail address where we could send the invoices in electronic format. The invoices are the originals and these would not be sent you by post.

!!!Important information!!!

If you fill in the frame **E-mail for receiving invoices,** you agree with sending the invoices in electronic format. In case that you do not want receive the invoices in this format, do not fill in the frame **E-mail for receiving invoices**.

On the following pages, only fill in the numerical values in tons. Do not enter the units (t); only enter the numbers.

After you fill in the statement with your production numbers, you can verify the values you have entered by checking the amount to be charged field down on the "Invoicing Estimate" title page. Do not enter anything into this field; here you can check whether the amount matches the payment you expect. In the case of filling in erroneous values (eg numbers with units of 12t), on the front page above the box Estimate billing information appears on the tab BAD VALUE: 1-1, 1-2, etc., depending on which side the error is located.

A statement is produced either in **Excel 2000 or Excel 95** format. The statement is produced in such a way that an Excel document consists of individual pages arranged one after another. It is possible to switch among individual pages by means of bookmarks at the table's bottom edge. In case that a statement cell is grey and cannot be filled in, it is not a software error but such a cell is not designed to be filled in and for that reason it is locked. It can apply, for example, to a category which is not simply associated with any packaging. If you have entered a value into a field in the statement and the field becomes marked (colored) red, you have entered a negative value. You enter the sales of packing that you put on the market or into circulation in the statement, so it is always a positive value.
Due to processing speed and saving costs we would prefer you to **send your statement by email to**

vykazy@ekokom.cz

After you have sent off your quarterly statement via e-mail, it is processed automatically and you receive two e-mail messages that it has been processed successfully.

1) Within 10 minutes on average after your statement is received in electronic form, you will be automatically sent an **acknowledgement of receipt of the statement.** This acknowledgement will be sent to the sender's e-mail address.
2) As soon as the statement has been processed (provided that your company does not have any outstanding liabilities towards AOS) an **acknowledgement of the successful processing of your statement** will be sent to the e-mail address of the contact person (specified in our info system) within 48 hours. If your company has not discharged all of your obligations towards AOS, invoicing for the sent quarterly statement will be postponed until everything has been cleared.

These two messages mean that your company's statement of packing production is formally correct and that it will be accounted for. You will be sent an invoice - tax document - together with an advance invoice for the next quarter. When you make the advance payment to EKO-KOM's account (No. 1000366402 / 3500), we will send you a tax document within 15 days.
If you do not receive the two acknowledging messages, please check the statement you have sent and then resend it, or contact the accounts department at +420 729 848 430, - 431.

The purpose of filled in statements is:

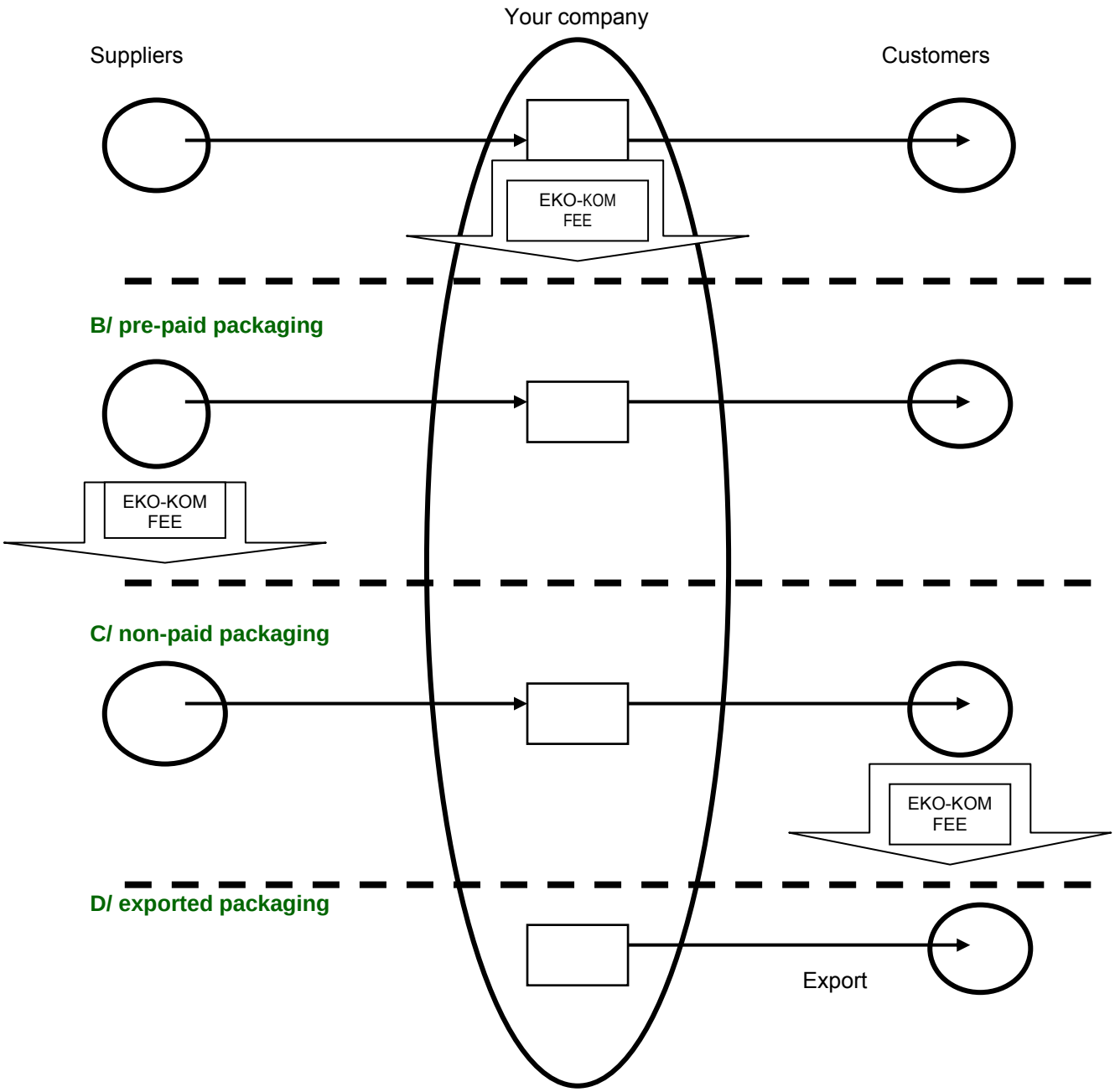
1) To calculate fees for securing associated compliance with take-back duties and utilization by the EKO-KOM a.s authorized packaging company. That calculation is performed by the means called structure of fees which specifies amounts in CZK per specific unit (1 ton). The structure of fees is also a part of the agreement as its annex (no.3).

2) To be used (in their consolidated form) for statistical purposes by the Ministry of Environment of the Czech Republic (MŽP). This data is sorted on a material basis in order to prove required level of its utilization and recycling.

To figure easily out the methodology of filling out statements, we will try to imagine a group of model companies and flows of packaging and packaged goods among those companies. We monitor the flows of packaging from your company's position therefore we will draw it in the middle. See the drawing below.

Your company buys and sells packaging or packaged goods from firms which are or are not participate in the associated compliance system of EKO-KOM, a.s. The scheme clearly shows four different options which can occur, in terms of paying fees.

A/ paid packaging



The first part of the statement is made up of tables:

1) **Statement reporting on paid packaging (1-1)**

   You use this statement to report amounts of packaging and packaged disposable products for which your company pays a fee into the associated compliance EKO-KOM system. This statement is used both for accounting fees themselves and statistics forwarded to the Ministry of Environment.

2) **Statement reporting on prepaid packaging (1-2)**

   In this statement you specify the amount of single-use packing and packaged disposable products that has already been paid in the EKO-KOM system by your suppliers and you have written confirmation of this e.g. on an invoice, a delivery note, or a contract. A list of companies participating in the EKO-KOM system together with their IDs can be found at www.ekokom.cz, "clients – list."

3) **Statement reporting on unpaid packaging (1-3)**

   You use this statement to report amounts of packaging and packaged disposable products for which a fee will be paid by your consumer with whom you mutually agreed on a way of paying the fee and you have written confirmation of this e.g. on an invoice, a delivery note, or a contract.

4) **Statement reporting on exported packaging (1-4)**

   You use this statement to report amount of disposable packaging you export.

The second part of the statement comprises the following tables:

Statements reporting on reusable packaging (2-1, 2-2, 2-3, 2-4). They are an analogy of the aforementioned statements. You use these to report on reusable packaging, strictly speaking, packaging meeting a condition specified by the §13, item 2 of Act No. 477/2001 Col. as amended by later regulations.

Statement reporting on withdrawn packaging (3-1). This is a statement which concerns goods producers (fillers) whose production is a source of packaging waste, for example, a brewery's bottling line, a soda producer's bottling line, a winery's bottling line, etc. Report that broken and later withdrawn packaging in tons on the basis of a type of utilization. For example, you will report beer bottles forwarded to glass-works in the "Recycled" cell and broken plastic containers forwarded to a storage site in the "Eliminated" cell.

Statistical documentation (4-1). Report in here, please, only on selected types of packaging, i.e. regular palettes (they are specified in the norm ČSN 269111), EUR palettes (defined by the norm ČSN 269110) and beverage cardboards. This is a statistical documentation used by the Ministry of Environment. That table is not used for further computation of packaging fees at all.

Statistics list of plastic crates and pallets, reusable packaging (4-2). The quantity of reusable plastic crates and palets is registered in tonnes and pieces at the moment they are placed on the market or put into circulation. Filling in this part of the Statement is voluntary.

The packaging terms by the law are defined:
packaging for disposable and reusable.

One-way packaging

Packaging which do not meet the requirements of the Section 13, article No. 2 of Act No. 477/2001 Col. as amended by later regulations e.g. package for milk, juice, biscuits).

Reusable packaging

Packaging which meet the requirements of the Section 13, article No. 2 of Act No. 477/2001 Col. as amended by later regulations. It is the packaging which executes a specific minimal number of rotations or cycles during its life-cycle; it is re-filled or re-used. That definition is met, for example, by palette, a plastic container, a beer bottle, a gas bottle, etc.

The statement contains separate sections for disposable packaging and reusable packaging following the §13 item 2 of the Packaging Act. The point is that this part of the Act specifies a moment when reusable packaging in a manner of principle meets obligations of utilization and take-back due to its own circulation (cycles of filling, emptying, filling, emptying…). That condition is met by reusable packaging which circulates in open and closed systems as specified by the annex no. 2 of the Act; "Systems securing repeated usage of packaging", for example, beer bottles, palettes, containers, gas bottles, etc. Conversely, that group does not cover reusable packaging which circulates in a mixed system. That applies to fabric softener bottles which do not circulate but stay with a customer who may buy their refills. Such a type of packaging does not meet the criteria of the §13 item 2 and that is why it must be recorded and reported together with disposable packaging.

Columns statement

The columns which divide the table into individual types of packaging **sales packaging** (**consumer, group, and transport**) and **industrial packaging** are further divided on the basis of more detailed criteria. It is a more detailed record-keeping used for statistical purposes by the Ministry of Environment. Its position, in terms of its type (for example, consumer packaging), in any of columns ("Produced by your firm", "Imported by your firm" or "Bought by your firm on the internal market of the Czech Republic") has no impact on the packaging fee.

Filling out of records is associated with frequent clients´ questions which we will try to answer in here:

I don´t understand clearly what is packaging and what is not.

The term packaging is defined at the beginning of the Packaging Act no. 477/2001 Col. as amended by later regulations in the §2, including a division into consumer, group and transport of packaging. Here is defined new term industrial packaging. If it is not clear to you whether a particular product is or is not packaging following the Act no. 477/2001 Col. as amended by later regulations, you can receive a decisive answer to your question in writing sent by the Ministry of Environment. This state authority is qualified to determine after discussion with the Ministry of Trade and Industry and with the Ministry of Agriculture if uncertain whether the specific type of material is or is not packaging.

Our customers who buy packaged goods from our firm ask us how we will secure the take-back of empty packaging of our goods after emptying?

It is a quite frequent misinterpretation of terms. Let us analyze the situation in detail. At the moment when you sell packaged goods to your consumer, it is packaging and your company, as an obligor towards that packaging is also obliged, among other things, to secure the take-back following the §10 of the Packaging Act. The take-back of packaging is defined in the §2, item. i) as…collecting used packaging **from consumers** … You have met that duty thanks to an agreement on associated compliance concluded with an authorized packaging company. Another question is what happens with the given packaging next. From the position of your consumer, once packaging is used, it is not packaging any longer but waste in accordance with the Packaging Act and as a business running legal entity he is obliged to handle that waste in accordance with the Waste Act no.185/2001 Col. He cannot, therefore, claim take back of packaging from your company but must handle that waste in accordance with the Waste Act, therefore, class the waste (according to a catalog), store it separately, offer it for utilization and eventually, liquidate it, based on its type.

What is the difference between soft plastic packaging and rigid plastic packaging?

The group of solid hollow plastic comprises all plastic beverage packaging (for example, PET bottles). It also includes blown detergent bottles, fabric softener bottles, etc. The group of soft packaging comprises all the types of packing foils, bags and very light packaging.

In case of packaging which consists of a few parts of various materials it is problematic to weigh those components accurately; suppliers are not willing to provide us with that information (that applies, for example, to a glass bottle metal cap, an aluminum aerosol can metal cap, a paper label, a self-adhesive label on packaging, plastic cap, etc.). How should I fill in the statement to make it correct?

The §48 of the Packaging Act specifies that in case of record-keeping in accordance with the §15 of the Act packaging containing one type of specific material which represents at least 70 per cent of the packaging weight is viewed as one material packaging. Therefore, for example, a glass bottle + a metal cap + a paper label are viewed for those purposes as consumer packaging of one material - glass. Similarly, in case of an aerosol can, an aluminum container + a metal cap + a plastic pressure sprayer + a plastic cap + a vinyl self-adhesive label are viewed for those purposes as consumer packaging made of aluminum (providing, aluminum represents more than 70 per cent of the total weight).

It is clear that in case of a big production firm it is possible and correct to report those items separately because in case of a large winery, for example, only paper labels used during a reported quarter weigh a few tons.

In the event that any part of the package does not exceed 70% by weight, you need to cover in the statement included in the box combined materials. The same box can be placed on the packaging and composite materials (packaging of the components made of different materials that can not be manually separated from each other) as packaging for fresh butter (aluminum foil, paper) cups for dairy products (paper, plastic film) or blister from drugs.

Due to weight tolerance of small packaging components I am concerned that in case of deviation from the reality our firm might be penalized for incorrect statement filling as specified by the agreement on associated compliance.

There is no need to be afraid of penalties for small deviations caused by instrument tolerances during production and other similar impacts. It is possible, for example, to weigh 10 identical parts and use a calculated average.

Members of our firm's management are afraid that information provided through filled out statements may be used by our competitors.

Following the Packaging Act, these statements are confidential and they are used only by EKO-KOM. Only consolidated data is forwarded to the Ministry of Environment – whole commodity totals; not data representing an individual company.

From whom could our company receive a document stating that a fee for supplier's packaging was already paid (prepaid packaging) and respectively, how should we inform our consumer that we pay a fee to EKO-KOM for packaging which we deliver to them (paid packaging)?

We recommend EKO-KOM´s clients to provide each other with information on packaging fees by means of invoices:

A service fee with identification number EK-…….. for securing take-back and utilization of packaging waste has been paid for packaging of the aforementioned packaged products.

That measure will result in quality packaging records linked to actuarial documents for a purpose of potential inspection.

Should you have any other questions, feel free to contact us on the following numbers

Phone: +420-729 848 445, -729 848 446,
+420-261 176 257, -261 176 285
Fax: +420-729 848 439
+420-261 176 274

Visit also our website: www.ekokom.cz.
We are also available on our email address: info@ekokom.cz

With regards,

Customer service department
EKO-KOM, a.s.