



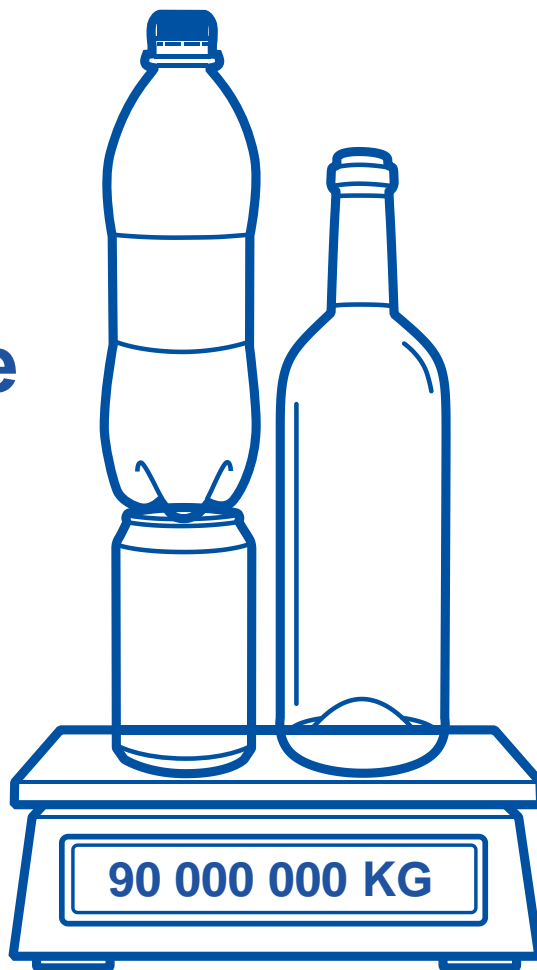
# The Finnish DRS

Pasi Nurminen, CEO

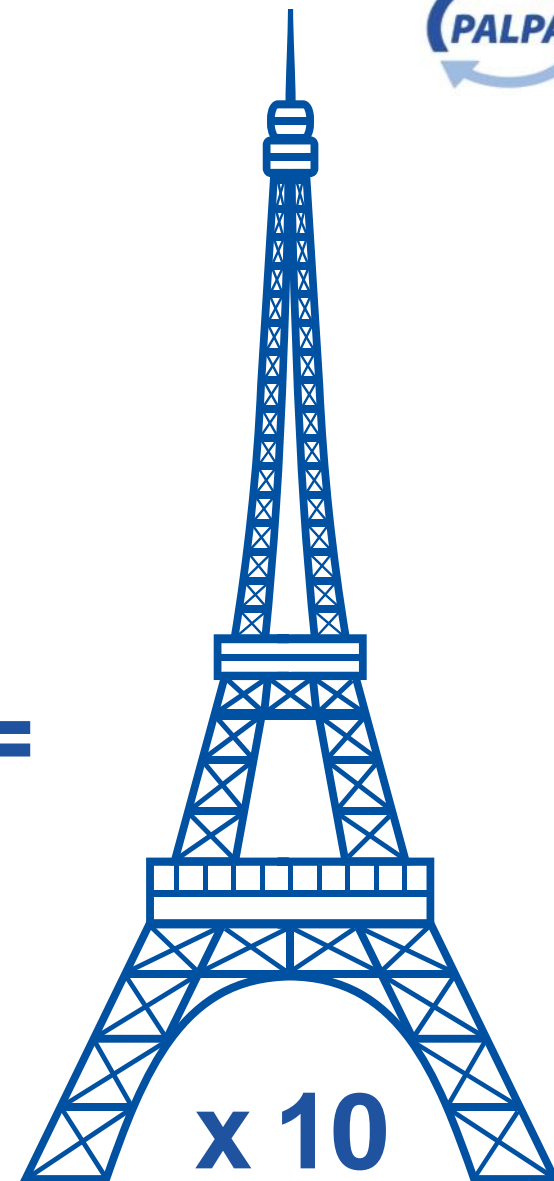


**2 Billion environmental  
acts in a year**

**The yearly beverage  
package returns in  
Finland are over 2  
Billion**



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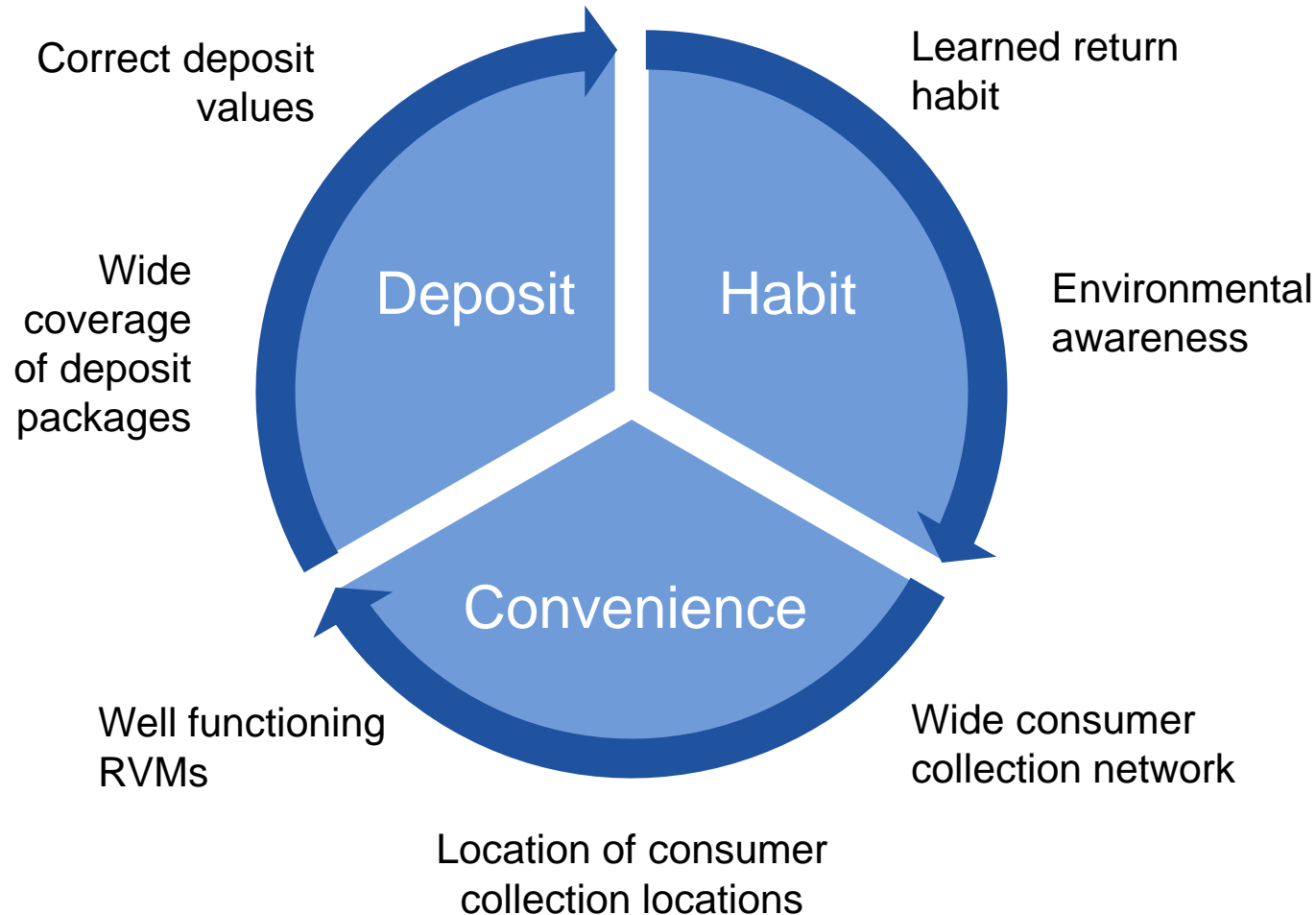


**The Finns are the best  
beverage package  
returners in the world**

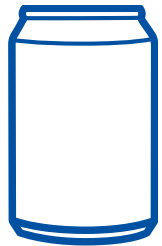
**Return rate of beverage  
packages is**

**93%**

# Factors of high return rates



# Palpa in 2021



**2170**

New packages (SKUs)  
inspected and approved

**2.16 Bn**

Returned deposit  
packages

**360 M**

€ worth of deposits  
credited

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**20 100**

Metric tons of UBC  
aluminium recycled

**16 500**

Metric tons of PET recycled

**52 900**

Metric tons of glass  
recycled

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**4 000**

Reverse vending  
machines (RVM)

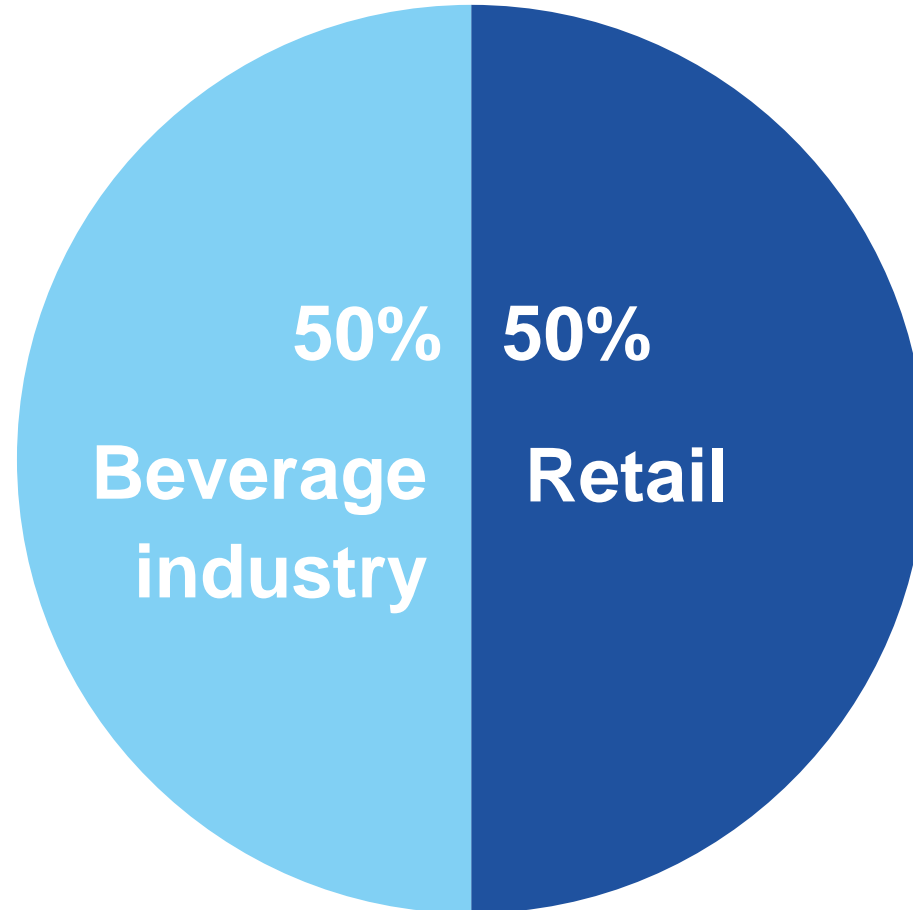
**4 600**

Retail collection  
locations for consumers

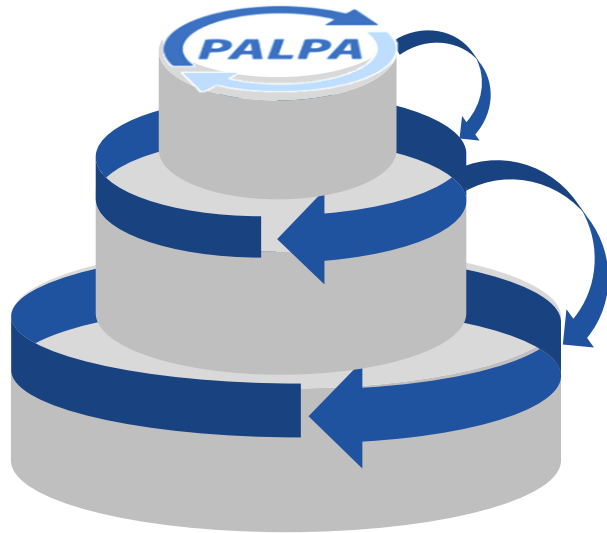
**9 500**

Collection locations in  
hotels, restaurants,  
catering (HoReCa)

# Shareholders



# Strategy

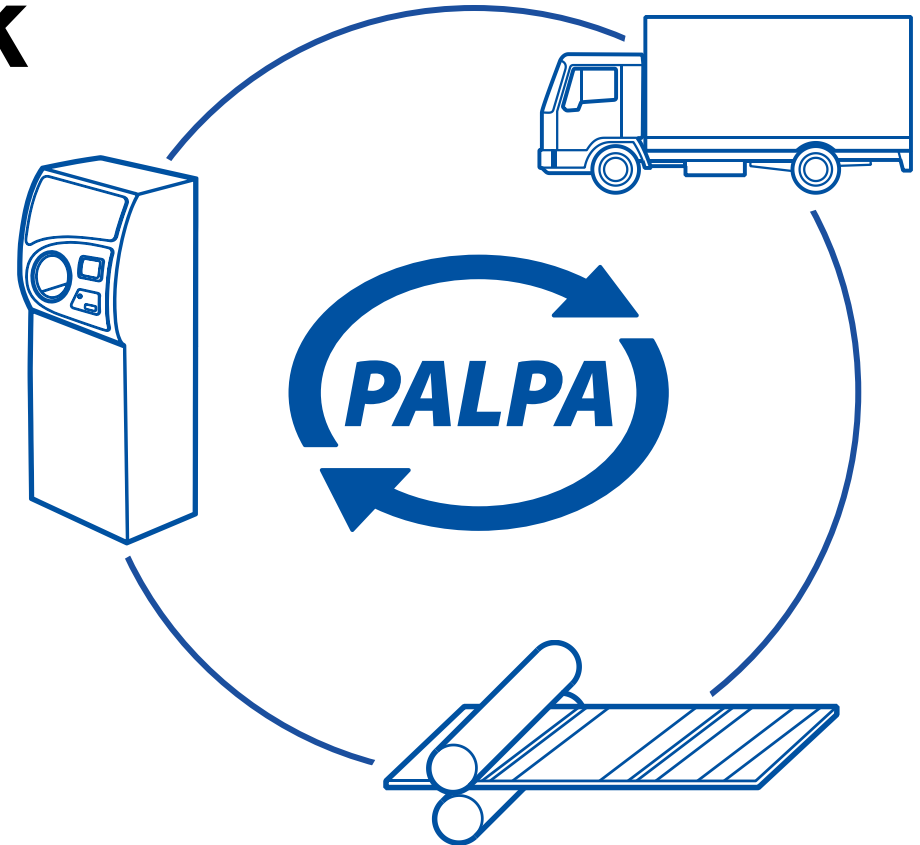


Palpa is **efficient** and **sustainable**, produces **high-quality material**, **influences actively** and ensures **package-to-package recycling**



# Operating network

- Palpa's strategy is run the return system by a network of companies and outsource all operations
- Operating with network allows flexibility and scalability
- A small administration company with processes of a large one
- Palpa is a non-profit company



# Tax exempt as an incentive

- Importers and producers have to pay a packaging tax of 0.51 € / ltr
- Importer or producer is allowed to tax exempt if the company and the products are registered in a deposit return system
- Joining a deposit system is not mandatory
- However, if the retailer is selling deposit packages, there is an obligation to take back the empties

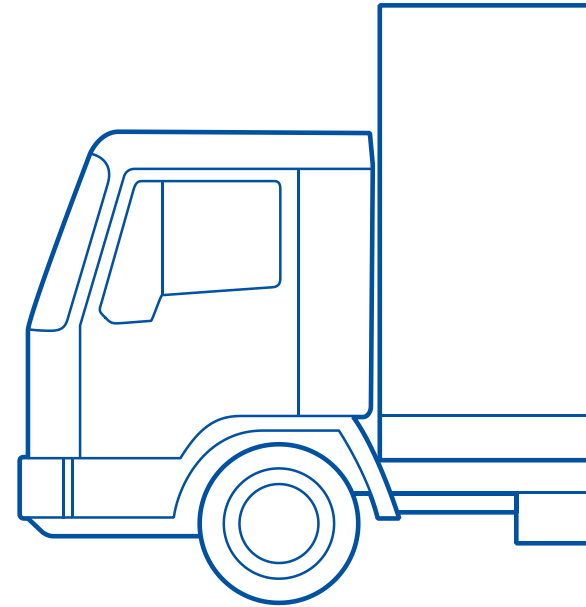
# Majority of return system costs is related to handling and logistics

## Challenge:

- Wide consumer collection network is one of the major factors in reaching high return rates
- The low population density in Finland affects the return volumes per collection point

## Solutions:

- Baling and counting operations have been decentralized to several locations in Finland
- Material is compacted and sorted as early as possible after the collection



# Financing the recycling systems

- Return system revenues come mainly from material sales and recycling fees
- Recycling fees are paid by beverage producers and importers
- All the fees and compensations are decided by the board of directors of Palpa
  - All the fees are based on real costs. Palpa is a non-profit company
  - All the return systems have their separate P&L's and their own pricing. No cross subvention between the systems is allowed.
  - All the fees and compensations are same for companies selling, collecting for transporting similar packages





# Summary of Palpa

# Short summary of Palpa

1

**Suomen Palautuspakkaus Oy (Palpa) administrates and develops three deposit beverage package return systems**

- Palpa does not own any part of return system or does not have any ownership on system operators.

2

**By joining the return system beverage producers and importers get a tax exempt**

- The return system costs are covered with recycling fees paid by producers and importers. Palpa is a non-profit company.

3

**Return systems operated by Palpa collect annually over 2 Billion packages and 90 000 tons of material**

- Return rates are best in the world, 93 %
- All the packages are recycled to new packages or raw materials for other industry