

**Minimum Standards for Deliveries of the Paper for Recycling
for Sloppaper Recycling s.r.o.**

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1 Introduction

This document sets out the minimum standards and procedures related to the deliveries of the Paper for Recycling (hereinafter referred to as „Buyer’s Customer” or “Buyer’s Customers”) of the company Sloppaper Recycling s.r.o. (Buyer), for which Sloppaper Recycling s.r.o. ensures purchase of Goods from the Supplier (Seller), to the place of delivery to be specified in an individual Purchase Agreement or Contract.

Individual Buyer’s Customers (paper mill) may apply criteria and procedures beyond these general principles to ensure that specific operational needs are met.

These guidelines relate mainly to:

1. Requirements for the quality of the Paper for Recycling
2. Paper for Recycling supplies, terms of delivery, occupational safety and health and delivery documentation requirements
3. Control systems for the deliveries of the Paper for Recycling to the paper mill, i.e. the Buyer’s Customer

2 Paper for Recycling Quality Requirements

The quality standard for the Paper for Recycling supplied by the Customer of Sloppaper Recycling s.r.o. (Buyer) is EN643: European List of Standard Grades of the Paper for Recycling.

The EN643 standard specifies the tolerance range for non-paper components and the maximum content of unwanted materials for individual Paper for Recycling quality grades. Exceeding this range may result in the refusal to accept the delivery of the Paper for Recycling. The presence of prohibited materials in the Paper for Recycling delivery also leads to the refusal to accept the delivery of the Paper for Recycling.

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3 Delivery of the Paper for Recycling, Terms of Delivery Including the Occupational Safety and Health and Delivery Documentation Requirements

3.1 Delivery of the Paper for Recycling

Pursuant to the EN643, there must only be one quality grade of the Paper for Recycling, i.e. with one waste code according to the EU Waste Index, according to the declared content on the delivery note and pursuant to the order. With a delivery that does not meet this condition, unloading may be refused and the delivery returned at the expense and risk of the Seller.

3.2 Paper for Recycling delivered in Bales

3.2.1 Binding of Bales

Steel wire is the preferred material for binding the Paper for Recycling bales. The bales must be effectively tied in one direction, the thickness of which must be in the range 2,5 – 3,5 mm. Deliveries tied with twine or plastic straps must be agreed with the Buyer prior to delivery.

Placing the Paper for Recycling bales on shipping palettes, as well as wrapping these in stretch film or wrapping paper is not permissible.

The Buyer may refuse to unload a delivery if binding the Paper for Recycling bales does not comply with the parameters described above, bales are insufficiently bound or there is a risk of the bales falling apart, i.e. the bales are not suitable for unloading from the safety point of view.

3.2.2 Appearance of Bales

Each bale must be well pressed into a square shape to ensure safe and efficient unloading with a possibility of being stacked in a warehouse. Paper for Recycling bales must be stored to remain steady and must be secured against any movement inside vehicle to comply with the Buyer's standards. In the event of a danger related to the occupational safety and health resulting from non-compliance with the conditions

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described above, the entire delivery will be returned at the expense and risk of the Seller. The Buyer may refuse to unload a delivery even if:

- Paper for Recycling bales are placed in such a manner that it is not technically possible to unload them.
- unloading a truck can damage a vehicle or unloading equipment.
- vehicle is not suitable for unloading material.

The goods should be delivered using semi-trailers that enable side unloading. Delivery by means of other type of vehicle requires prior notifications and a consent of the Buyer's End Customer (the paper mill).

3.2.3 Bale Weight and Dimensions

The weight of bales must be higher than 300 kg and must not exceed 1.000 kg.

Depending on their weight and dimensions, bales can belong to one of two groups:

1. Group - "Medium Bales"
 - o Length: between 1m and 1.50m
 - o Height and width: between 0.75m and 1.25m
 - o Weight: from 300 kg up to 800 kg
2. Group - "Large Bales":

Bale dimensions:

 - o Length: between 1m and 2.40m
 - o Height and width: between 0.75m and 1.25m
 - o Weight: from 700 kg and over

The bales belonging to the 2nd group can be ordered and delivered only with the consent of the Buyer's End Customer (the paper mill).

Smaller bales will be considered unpacked deliveries. Such deliveries must be agreed with the Buyer before delivery.

The Buyer may refuse to unload a delivery in case the dimensions and weight of bales differ from the specifications given above.

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The Seller is obliged to ensure that loading of vehicle and its weight, the axle pressure and the manner of arrangement and securing of load are in accordance with the traffic road conditions and the driver's instructions.

The average net weight of the Paper for Recycling delivery (delivered in bales) loaded on the vehicle should be 22 tonnes. In cases of deliveries with a low weight (below 20 tonnes) caused by the Supplier, such delivery will be subject to deductions from unit price as per the scheme below:

19,99 t – 19,00 t => - 1 €/t

18,99 t – 18,00 t => - 2 €/t

17,99 t – 17,00 t => - 3 €/t

16,99 t – 16,00 t => - 4 €/t

15,99 t – 15,00 t => - 5 €/t

14,99 t – 14,00 t => - 6 €/t

13,99 t – 13,00 t => - 7 €/t

12,99 t – 12,00 t => - 8 €/t

11,99 t – 11,00 t => - 9 €/t

3.2.4 Identification of Bales

All bales should be identified by the Supplier in a way that allows identification of the Paper for Recycling grade and waste code. The identification must contain at least data identifying the Supplier, delivery and Paper for Recycling grade and waste code.

3.3 Loose Material

In exceptional cases, if delivery of loose Paper for Recycling is agreed in advance, the method of delivery and handing over of loose material must be agreed in order to ensure safety and efficient delivery of the material by the Supplier.

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3.4 Delivery Documentation for the Paper for Recycling Deliveries

3.4.1 Delivery notes

Delivery notes accompanying the Paper for Recycling deliveries must at least contain the following data:

- Delivery identification number
- Identification data on business partners, as well as the subject of loading (place of loading) and the subject of delivery (consignee or place of unloading)
- Delivery date
- Quality grade of delivered Paper for Recycling according to EN643 and the Waste Catalogue
- Vehicle registration number (prime mover, as well as trailer/ semi-trailer)
- Type of placement (bales or loose)
- Number of bales (obligation to indicate and confirm the number of bales loaded on the means of transport determined during loading)
- Weight (obligation to identify and confirm the weight determined when loading vehicle)
- Confirmation of loading – date, stamp, signature of supplier/ loading place
- Confirmation of loading – date, stamp, signature of driver

Each delivery document must have elements of authenticity of the document, i.e. it must include a legible signature of the person who has issued it (in case of signature, a stamp bearing the name is required in addition).

3.4.2 Annex VII – Documentation in Accordance with the Shipment of Waste Regulations (WSR)

All cross-border deliveries of Paper for Recycling within the European Union must be accompanied by the complete, correctly filled in and validated documentation required by the EU Waste Shipment Regulation - Annex VII.

If the above-given data are missing or are not filled in correctly or are not legible in the delivery documents (Delivery Note, Annex VII), the Buyer reserves the right not to accept the delivery and return it at the expense and risk of the Seller. The Seller should

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provide at least two copies of each of the confirmed accompanying documents for the delivery and transport of the Paper for Recycling.

4 Control Systems for Deliveries of the Paper for Recycling

The Paper for Recycling deliveries quality process control consists of the following steps:

- a) Consignment conformity control (quality grade and content) with the respective quality grade declared by the Supplier, i.e. the quality grade provided on the Delivery Note and in accordance with EN643, as well as in accordance with the quality grade and Paper for Recycling grade according to the Waste Catalogue accepted by the Buyer's End Customer (paper mill). Paper for Recycling delivery documentation is inspected too. The control of the declared delivery data is based on the assessment whether:
 - o The Paper for Recycling quality grade declared by the Seller is identical to the quality grade delivered to the Buyer in a specific delivery.
 - o All bales in a specific delivery must belong to one grade group with one waste code. The delivery should include a uniform quality grade in accordance with the quality grade declared by the Seller.If it is found that one specific delivery contains bales classified in different quality grade, all or that specific part of the delivery will be classified as the lowest quality grade of the delivery pursuant to the decision of the Buyer's End Customer. If the Seller has declared a delivery of the Paper for Recycling belonging to a group other than the one classified by the Buyer, the delivery will be accepted as the grade assessed by the Buyer.
- b) Bales condition control (in case of Paper for Recycling delivered in bales)
- c) Moisture content control

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- d) Control of the content of impurity, appearance and odour of material, or presence of unwanted material, presence of unusable material and non-paper components
- e) Paper for Recycling weight control

Deliveries must not contain impurity and additives defined in the standard EN643, must not be excessively moist and must not show any signs of ongoing rotting and decomposition processes. If the delivery does not meet the requirements in terms of the documentation, binding of bales, appearance and identification of bales, conformity of the delivery with the content declared by the Seller, the content of non-permitted or excessive impurity, moisture, appearance and odour, the delivery may be either:

- Accepted
- Retained
- Rejected – refusal to unload the goods and returning the delivery to the Seller at his expense and risk.
- Accepted – acceptance of the delivery and adjustment of its price or weight regarding the content of impurity, moisture or regarding the assortment identified.
- If the delivery does not meet the requirements of the declared quality grade specified in the Delivery Note, such delivery may also be reclassified while reclassification by more than one degree is possible – depending on the assessment of the material quality delivered.

In each of the above cases of discrepancies, the Supplier must be informed, and the Buyer shall agree with the Supplier on corrective measures in order to prevent re-occurrence of such discrepancies in future.

The Buyer decides on applying a guarantee claim procedure and his decision is final and binding.

The entire quality control process includes a visual inspection and, if possible, a detailed inspection of delivery.

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4.1 Visual Inspection of Paper for Recycling Delivery

The first, minimally required step within the delivery control process, is a visual inspection of the Paper for Recycling delivery which takes place during unloading and consist primarily in the external inspection of Paper for Recycling bales.

4.2 Detailed Inspection – Detailed Analysis of the Paper for Recycling Delivery

If, during the visual inspection performed by the end customer's paper mill, there are any concerns related to quality of the accepted delivery, a more detailed inspection of the Paper for Recycling delivery samples may be performed in accordance with the procedures and methods of the Buyer's End Customer and depending on whether these concerns relate to moisture or composition. If the Buyer inspects a random sample of the Paper for Recycling delivery, the inspection result will be regarded as representative for the entire delivery.

4.3 Method of Decision-Making and Communication of the Paper for Recycling Quality Results

Communication of the quality inspection results performed by the Buyer's End Customer must be provided to the Supplier in writing (acceptance protocol or email) or via the Buyer's RLS system (Recycled Paper Logistics System). This written notification is submitted to the Seller on a regular basis and does not require any additional confirmations or signatures.

5 Price Reductions Due to Moisture and Impurity in the Paper for Recycling and Complaint Discounts

If the inspection method determines the delivery moisture content above the limit and/or the presence of impurity, the delivery value and/or weight will be reduced based on the moisture and impurity content. The type of formula applied may differ depending on the place of delivery. The price agreed above, and the weight of delivery will be the basis for issuing an invoice.

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The above-limit moisture and impurity detected in a delivery will be deducted from the price or the weight of delivery in one of the following ways:

a) Applying reduction with respect to value or weight – from the basis

Example: accepted moisture limit is 10%, for impurity 1%.

Delivery weight is 20t with the moisture of 11,5% and impurity of 2%, order unit price is €10. The delivery value is calculated as follows:

$11,5\% - 10\% = 1,5\%$ - above-limit moisture

$2\% - 1\% = 1\%$ - above-limit impurity

The weight of delivery will be reduced by 2,5% (i.e. $20t - (20t \times 2,5\%) = 19,50 t$ or

The delivery unit price will be reduced by 2,5% (i.e. $10€ - (10€ \times 2,5\%) = 9,75 €/t$.

b) Applying reduction with respect to value or weight – from the intermediate result

Example: Accepted moisture limit is 10%, for impurity 1%.

The weight of delivery is 20t with the moisture of 11,5%, the impurity content 2%, order unit price is €10. The delivery value is calculated as follows:

$2\% - 1\% = 1\%$ - above-limit impurity

The weight of delivery will be reduced, first, by above-limit impurity 1% (i.e. $20t - (20t \times 1\%) = 19,80 t$), and then, % of the-above-limit moisture ($11,5\% - 10\% = 1,5\%$) is deducted from this value i.e., $19,80t - (19,80t \times 1,5\%) = 19,50 t$

or

The order unit price is reduced, first, by the above-limit impurity 1% i.e., $€ 10 - (10€ \times 1\%) = 9,90€$, and then, % of the-above-limit moisture ($11,5\% - 10\% = 1,5\%$) is deducted from this value i.e., $9,90€ - (9,90€ \times 1,5\%) = 9,75 €/t$.

The formula for applying reduction with respect to value or weight – from the intermediate result – may be based on the method of first reducing the weight

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of delivery or order unit price by % of the above-limit moisture and % of the above-limit impurity will be deducted from the acquired intermediate result.

c) Combined formula 1 – reduction for low weight and following reduction with respect to value – from the intermediate result

Example: Accepted moisture limit is 10%, for impurity 1%.

The weight of delivery is 18,50t with the moisture of 11,5%, the impurity content 2%, order unit price is €10. The delivery value is calculated as follows:

According to the scheme below there is price reduction for the low weight 18,50t 2€/t from the agreed unit price, in this case $10€ - 2€ = 8€$.

19,99 t – 19,00 t => - 1 €/t

18,99 t – 18,00 t => - 2 €/t

17,99 t – 17,00 t => - 3 €/t

16,99 t – 16,00 t => - 4 €/t

15,99 t – 15,00 t => - 5 €/t

14,99 t – 14,00 t => - 6 €/t

13,99 t – 13,00 t => - 7 €/t

12,99 t – 12,00 t => - 8 €/t

11,99 t – 11,00 t => - 9 €/t

2% - 1% = 1% - above-limit impurity

Unit purchase price after the deduction for the low weight will be then reduced by above-limit impurities 1% i.e., $8€ - (8€ \times 1\%) = 7,92€$ and then % of the above-limit moisture is deducted from this value ($11,5\% - 10\% = 1,5\%$), i.e.

$7,92€ - (7,92€ \times 1,5\%) = 7,80 €/t$.

d) Combined formula 2 – weight reduction with respect to moisture, price reduction with respect to impurity, or vice versa

Example: Accepted moisture limit is 10%, for impurity 1%.

The weight of delivery is 20t with the moisture of 11,5%, the impurity content 2%, order unit price is €10. The delivery value is calculated as follows:

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The weight of delivery will be reduced by the above-limit moisture 1,5%, i.e., 20t – (20t x 1,5%) = 19,70t a

The delivery unit price will be reduced by % of the impurity determined in the delivery.

e) Special formulas applicable to value or weight

– the amount and level of reduction is determined according to the level of exceeded percentage moisture and impurity limits.

Example: Accepted moisture limit is 12%, for impurity 1%.

The weight of delivery is 20t with the moisture of 11,5% and the impurity content 2%, order unit price is €10. The delivery value is calculated as follows:

When the moisture is max 12,99% - the reduction will not be applied

With the moisture between 13 % - 13,99% - the above-limit will be applied: 1 % - 1,99%

With the moisture above 14 % - the above-limit will be applied: 4 % - more %

And, at the same time,

When impurity is 0 % - 1 % - the reduction will not be applied

When impurity is 1,01% and more % - reducing the whole % without limit, i.e., for example, if the impurity is 2%, then the reduction of the whole 2% will be applied.

5.1 Reduction for Above-Limit Moisture

In principle, paper and cardboard for recycling should be supplied with the moisture content closest to the naturally occurring level. If the moisture content exceeds 10% (the weight after air drying), the Buyer is entitled to exercise the deduction from the purchase price or the claim deduction. (See EN643).

The Buyer reserves the right to decide on the return of the delivery with the moisture exceeding 20% (i.e. 10% above the permitted limit) at the Seller's expense and risk.

5.2 Above-Limit Impurity Reductions

The Buyer will calculate the percentage average impurity content for a specific delivery, and this will represent a basis for calculating the delivery value or weight reduction.

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The deliveries with the impurity content exceeding 3 % may be returned to the Seller at his expense and risk, at the Buyer's discretion.

5.3 Claim Deductions

Deliveries that do not meet the defined quality requirements and conditions will be the subject of a complaint.

The cases of the claim deductions applied from the delivery value and/or with the possibility claim for damages or ancillary costs of the Buyer arising from the resolution of the claim, or as a result of which the Buyer suffers property damage, loss of profit, negative impact on the production process or finished product, health and safety or other losses, may relate to:

- presence of prohibited, hazardous material in the delivery or presence of components unacceptable for production, e.g., if the delivery contains objects or substances that could lead to problems in the paper industry processing (such as glass fibres or their connections, mineral wool, PVC containing hazardous, explosive, or radioactive substances).
- presence of materials in the delivery which have come into contact with colouring matters, has a persistent odour of chemicals or show signs of ongoing putrefaction processes and rotting foodstuff.
- other quality deficiencies, as well as excessive presence of unwanted materials, exceeded tolerance level of paper and non-paper components in the delivery.
- exceeded limit of the accepted moisture level in the delivery.
- non-compliance with the requirements related to the bale parameters, their weight and dimensions, shape, pressing, binding, placement on vehicle and failure to comply with other conditions of transport and unloading.
- lack or incompleteness of accompanying transport documentation.