

# **The NLP Rules – Pallet**

## **Rules for affiliation to the**

## **Norsk Lastbærer Pool AS (NLP) hire and return scheme for plastic and wooden pallets**



## Contents

1	Introduction	p 4
1.1	General	p 4
1.2	Terms used	p 4
2	Affiliation with the scheme	p 5
2.1	Companies eligible for affiliation with the Scheme	p 5
2.2	Affiliation with the Scheme – Customer’s contact	p 5
2.3	Affiliation with the Scheme – Authorization	p 5
3	NLP plastic pallet	p 5
3.1	Handling of plastic pallet	p 6
3.2	Employment of plastic pallets	p 6
3.3	Usage of plastic pallets	p 6
3.4	Customer’s liability in case of incorrect handling of plastic pallets	p 6
4	NLP wooden pallet	p 6
4.1	Handling of wooden pallets and ownership of wooden pallets	p 7
4.2	Destroyed wooden pallet	p 8
5	Sorting	p 8
5.1	Plastic pallet	p 8
5.2	Wooden pallet	p 9
6.	Affiliation with the EAN/GS1 Registry and the NLP IT system	p 9
7	Delivery and collection of pallets	p 9
8	Balancing and Autokommit	p 9
9	Autokommit-escape	p 11
10	Balance settlement and provisions for working capital, wooden pallet	p 12
10.1	Balance settlement, wooden pallet	p 12
10.2	Provision for working capital, wooden pallet	p 12
11	Audit of balance – plastic pallet	p 14
12	Fees and day hire rates – plastic pallet	p 14
12.1	Trip fee, whole plastic pallet	p 14
12.1.1	Special fees, whole plastic pallet, etc.	p 14
12.2	Trip fee, half plastic pallet and 1/3 plastic pallet	p 15
12.3	Special fees, half plastic pallet and 1/3 plastic pallet, etc.	p 15
12.4	Day hire rate, whole plastic pallet	p 15
12.5	Day hire rate, half plastic pallet	p 17
12.6.	Day hire rate, 1/3 plastic pallet	p 17
13	Fees, wooden pallet	p 17
13.1	Sender fee – wooden pallet	p 18
13.2	Recipient fee – wooden pallet	p 18
13.3	Surplus fee – wooden pallet	p 18
14	Invoicing	p 18
14.1	Invoicing of fees and day hire rates	p 18
14.2	Invoicing of balance settlement, wooden pallet	p 19
14.3	Invoicing upon termination	p 19
15.	Customer agreement with NLP and SRS pursuant to the collaboration agreement between NLP and SRS	p 19
15.1	General	p 19
15.2	Affiliation with the collaboration scheme	p 19

15.3	NLP/SRS whole plastic pallet	p 20
15.4	Handling, employment and use of whole plastic pallet	p 20
15.5	Customer's liability for damages	p 20
15.6	Sorting	p 20
15.7	Affiliation with the EAN/GS1 Registry and the NLP/SRS IT system	p 20
15.8	Delivery and collection of pallets	p 20
15.9	Accounting	p 20
15.10	Autokommit-escape	p 20
15.11	Balance audit – whole plastic pallet	p 21
15.12	Fees and day hire rates, whole plastic pallet	p 21
15.13	Invoicing	p 21
15.14	Invoicing upon termination	p 21

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## 1. Introduction

### 1.1 General

NLP was established by the industry organizations Grocery Suppliers of Norway (DLF) and the Grocery Trade's Environmental Forum (DMF) in order to develop and manage the best possible, in terms of cost-effectiveness and environmental soundness, return systems for reusable load carriers for the Norwegian grocery industry.

### 1.2 Terms used.

Consistent with this purpose, hire and return schemes for plastic and wooden pallets have been established. In this document, this is referred to as the NLP pallet scheme, or The Scheme, please see below.

The NLP has also a special hire and return scheme for plastic boxes. This scheme is governed by a separate agreement and separate NLP Rules, and are thus not comprised by the NLP Rules for pallets.

The NLP pallet scheme includes hire and return systems for plastic and wooden pallets, but the systems are somewhat different for plastic and wooden pallets. When the text below refers to NLP's pallet scheme or The Scheme, it describes rules that are common for both the two kinds of pallet. When referring to systems, there will be separate rules for each kind of pallet. In other respects, individual rules will have a heading showing the kind of pallet that is the subject of that rule. Unless otherwise apparent from the context, "pallet" refers to both kinds of pallet. Otherwise, reference will be made to wooden pallets or plastic pallets, respectively, if the rules only apply to one kind of pallet. "Kind" refers to the material of which the pallet is made, plastic or wood. "Type" refers to various variants of the type of pallet. In the Scheme, wooden pallets are only available as whole pallets, whereas plastic pallets are available in three types: whole pallet, half pallet and 1/3 pallet.

Within the Scheme, the plastic pallets are owned by NLP and is made available to the companies affiliated with the Scheme pursuant to the agreement entered, the Terms of Agreement and these Rules.

Affiliation with the Scheme does not change the ownership of the wooden pallets by the affiliated companies. NLP will not own wooden pallets and is only managing this type on behalf of the companies affiliated with the Scheme.

In addition, NLP has entered a collaboration agreement with Svenska Retursystem AB (SRS), which is operating a scheme similar to that of NLP, in Sweden. The collaboration only applies to whole plastic pallets and only transportation of such pallets across the national border between Sweden and Norway. The purpose of the collaboration agreement is to allow companies producing or importing goods in one of the countries, to distribute the goods in both countries without concern as to which of the two countries' return schemes the whole pallets belong. Companies wishing to utilize this benefit, must be affiliates as customers of the schemes of both countries. Rules regulating this issue are included in article 15 below. The rules comprised by articles 2–14 below apply to the NLP pallet scheme only, and will apply in full to those Customers (see 2.1 below) that have signed an agreement with NLP, unless otherwise specifically stated.

## 2. Affiliation with the scheme

### 2.1 Companies that may be affiliated with the Scheme

The companies that affiliate themselves with the Scheme are referred to as Customers, and there will be two types of Customers: Industrial (manufacturers), as well as importers and suppliers within / to the grocery trade, and wholesalers to the grocery trade, below referred to as Wholesalers.

By signing the Agreement Form, NLP Pallet, the Customer affiliates himself with the Scheme as a whole, and will be covered by the systems for both kinds of pallet. It is not possible to enter an agreement for just one of the two kinds of pallet, but Customers dealing with each other are free to choose which kind of pallet to use.

### 2.2 Affiliation with the Scheme – Customer's contact.

When completing and signing the Agreement Form, the Customer must name a contact person. In case of amendments of the Terms of Agreement and/or the NLP Rules, notification is sent to the Customer's contact, please refer to article 7 of the Terms of Agreement. If the Customer, upon receipt of a notification, does not act thereupon, the amendments so notified will be binding on the parties. The Customer is responsible for ensuring that any change of contact person is reported to NLP via [support@nlpool.no](mailto:support@nlpool.no).

The Customer is responsible for whom the Customer grants access to its web links to NLP.

### 2.3 Affiliation with the Scheme – Authorization

Affiliation with the Scheme becomes effective when the Customer signs a separate Agreement Form with Terms of Agreement. Subsequently, these NLP Rules are also binding on the parties.

Before the Customer may be supplied with plastic pallets via the Scheme, the Customer's locations have to be authorized. This takes place by the Customer surveying his own technical installations for the use of plastic pallets, in order to ensure that these installations are suited for the use of plastic pallets. It should be noted that the locations have to be separately tested for both NLP and SRS pallets with respect to the reading of information from the RFID tags, please also refer to article 3 below. Please also note that the authorization scheme includes guidelines regarding the stacking of loaded pallets. The authorization itself becomes effective by issuing a self-declaration: "Authorization Form, plastic pallet". The self-declaration and more information regarding authorization is available on [www.nlpool.no](http://www.nlpool.no).

## 3. NLP – Plastic pallet

References in these Rules, or in the Agreement between the parties, to plastic pallet or NLP plastic pallet, apply to any plastic pallet that is in compliance with the provisions below. Unless otherwise provided, "plastic pallet" is understood to mean all types of NLP plastic pallet, whole, half and 1/3 pallet.

Plastic pallets must be procured by NLP and be clearly branded with the NLP logo, and be in compliance with the specification on [www.nlpool.no](http://www.nlpool.no) under the "Produkter" tab.

The partnership with SRS, see article 1.2 above, will entail that within the Scheme, also in Norway, there will be whole plastic pallets branded with the SRS logo. These pallets have

been purchased by SRS, and have the same specifications as the whole plastic pallets branded with the NLP logo, and are made by the same manufacturer. The only difference will be that old pallets branded with the SRS logo will have 2 RFID tags, whereas the whole pallets with the NLP logo and the new whole plastic pallets with the SRS logo, have 4 such tags. The difference between 2 and 4 tags may be of significance for the functionality of the pallet when reading the RFID tags, please refer to article 2.2 regarding testing /authorization in this respect.

Pallets with the SRS logo may be present in deliveries of pallets from NLP to Customers, regardless of whether these Customers have entered a customer agreement with SRS.

When below articles, 3.1 – 3.4, include rules pertaining to plastic pallets, the same rules apply to plastic pallets branded with the SRS logo.

### **3.1. Handling of plastic pallets**

The plastic pallets are the property of NLP and will be branded with the NLP logo, please refer to article 3 above.

Whole plastic pallets branded with the SRS logo; please refer to article 3 above, shall for purposes of the relationship between NLP and the Customer, also be treated as the property of NLP when the pallets are present in Norway.

The Customer may only employ plastic pallets in accordance with the Rules here stated, and in compliance with the normal application of plastic pallets.

Subleasing or lending is not permitted without prior written consent from NLP.

### **3.2. Employment of plastic pallets**

The NLP logo must not be removed or covered up, and the Customer must not in any way interfere with the plastic pallet or apply any form of branding, coating or other things that the Customer himself cannot remove and in fact removes from the plastic pallet before it is shipped on. The Customer is not entitled to effect repairs of plastic pallets. The pallets shall be stored indoors.

### **3.3. Usage of plastic pallets**

The Customer's use of plastic pallets shall be in accordance with the regulations at any time posted on the NLP website, [www.nlpool.no](http://www.nlpool.no). The Customer must himself check that the plastic pallets are in compliance with the requirement specification.

### **3.4. Customer's liability in case of incorrect handling of plastic pallets**

If a Customer does not use the plastic pallets in compliance with the present Rules, and this results in damage to the plastic pallets, NLP may require compensation for such damage from the Customer. See the NLP price list.

## **4. NLP – Wooden pallets**

References in this Agreement to NLP wooden pallets or wooden pallets, are to pallets that are branded with the brand of a European railway company (with license from the International Union of Railways to authorize EUR pallets) on the left hand block and EUR (in an oval) on the right hand block. The NLP wooden pallet shall be construed as an independent object with identity, regardless of whether it is secured to the load (cargo) or parts thereof.

A pallet, as described above, does not satisfy the requirements of an NLP wooden pallet when one or more of the below items are present:

1. A board is missing or broken.
2. One or more top or bottom boards have cracks resulting in nails/screws stick out.
3. A block is missing, twisted or have cracks resulting in nails or screws sticking out.
4. Necessary branding is missing from the blocks, see the above description.
5. It is smelly and/or badly soiled. In this respect, requirements for internal control (IK food) and the Norwegian Food Safety Authority's requirement apply for foodstuffs.

Please refer to the outline on the NLP website, [www.nlpool.no](http://www.nlpool.no), with corresponding numbering.

A pallet will be in compliance with the NLP wooden pallet requirements even if a small chip has fallen of a board, if the carrying capacity of the pallet has not been impaired.

#### **4.1. Handling of wooden pallets, and ownership of wooden pallets**

The Customer is obliged to store wooden pallets indoors, handle wooden pallets such that damage is not inflicted and in compliance with the government guidelines that may apply at any time, for example from the Norwegian Food Safety Authority.

NLP is responsible for the arrival of the right type of wooden pallet, sorted according to the proper quality, at the Customer's premises when empty pallets have been ordered. When the Customer's need for pallets exceeds the expected demand, please refer to this article, paragraph 5 below, wooden pallets will be purchased by NLP for the Customer's account, in agreement with the Customer.

NLP is only a manager of the wooden pallets that are part of the pool, and thus will not at any time be an owner of wooden pallets in the pool. Bringing wooden pallets into the pool, does not change the individual Customer's ownership of these pallets. Bringing wooden pallets into the pool will, however, entitle individual Customers to rights to one wooden pallet in the pool, and not any particular wooden pallets.

NLP is responsible for the repair, conditioning and reuse of wooden pallets, as well as the purchasing of wooden pallets to replace destroyed wooden pallets, within the limitation applicable for destroyed wooden pallets, please refer to article 4.2 below. Cost incurred by NLP in this respect will be a common cost to be borne by all NLP wooden pallet Customers, to be funded by NLP through the applicable fees on wooden pallets.

Based on estimates and NLP's current understanding of the market, NLP will at all times seek to adjust the amount of wooden pallets in the pool to its current needs. When the need for wooden pallets is growing, NLP will purchase wooden pallets on behalf of pool Customers. When such need arises, the purchase of wooden pallets will be discussed with those Customers that have a requirement beyond estimated needs; please refer to the 2nd paragraph of this article above.

When the need for wooden pallets is declining, NLP will dispose of wooden pallets. Such disposal will be discussed with Customers who generate negative balances over time. With respect to negative balances, please refer to the second paragraph of article 10.1.

If a Customer enters bankruptcy proceedings and may not be able to return surplus pallets, or if losses are incurred in connection with a Customer's possession of wooden pallets in other ways, this will represent a loss for the pool that NLP will cover up to NOK 200,000 per calendar year. Losses beyond this amount will have to be covered by adjusting the wooden pallet fees.

Losses that may be incurred on the hand of NLP with respect to fees imposed according to the NLP price list, will be for the account of NLP. Settlement will take place in its entirety within the NLP wooden pallet accounts.

#### **4.2. Destroyed wooden pallet**

Wooden pallets not in compliance with NLP's wooden pallet requirements, will be collected by NLP for sorting and repair, possibly recovery. NLP will cover the cost of such collection, as well as any repair or disposal of destroyed wooden pallets.

Basically, the Customer should not be charged for a destroyed wooden pallet, regardless of whether the destruction occurred while the wooden pallet was in the Customer's possession. However, it is unacceptable if a Customer on average during a period of three months generate wooden pallets that are not in compliance with the NLP wooden pallet requirements, beyond a limit determined by NLP. For Suppliers, this limit is 5% and for Wholesalers 15%. This means that the Customer cannot, in his own handling or self-generated supply of wooden pallets to the NLP recovery system, cause an increase in wooden pallets that do not satisfy the NLP wooden pallet requirements, beyond the level mentioned above.

Customers supplying wooden pallets non-compliant with the NLP wooden pallet requirements above the level mentioned, may become subject to audit. However, this will take place only after NLP has sought to determine where the destruction of wooden pallet occurs. If destructions cannot be mapped through NLP's own investigation, NLP may instruct a Customer to subject himself to an investigation by an auditor. NLP will select the auditor, and the Customer will carry the cost of such audit, if the audit uncovers that the audited Customer is the one who has caused or is responsible for the destruction that has resulted in there being wooden pallets in non-compliance with the NLP wooden pallet requirements beyond the abovementioned acceptable level.

For the number of wooden pallet destroyed beyond the maximum permitted percentage, compensation shall be paid at a price per wooden pallet corresponding to NLP's current market price for wooden pallet, through a balance settlement. Such compensation shall be paid by the Customer within 14 days of the invoice date.

## **5. Sorting**

### **5.1. Plastic pallets**

Plastic pallets to be collected by NLP, see article 7, shall be sorted into separate stacks, 17 high, please refer to [www.nlpool.no](http://www.nlpool.no), the "Produkter" tab. There should be only one type of plastic pallet in each stack, in such a way that plastic pallets not in compliance with the NLP requirements for plastic pallets (see article 3.3) are screened out.

When the Customer screens out destroyed and/or soiled NLP plastic pallets; please refer to the guidelines on the NLP website regarding destroyed/soiled plastic pallets, the NLP will pay



compensation to the Customer for the number of plastic pallets screened and collected by NLP, please refer to the NLP price list. During sorting, whole NLP and SRS pallets may be mixed.

## **5.2. Wooden pallets**

Wooden pallets to be collected by NLP, see article 7, shall be sorted into separate stacks, 17 high, please refer to [www.nlpool.no](http://www.nlpool.no), the "Produkter" tab.

When the Customer screens out destroyed and/or soiled NLP wooden pallets, please refer to the guidelines on the NLP website regarding destroyed/soiled wooden pallets, the NLP will pay compensation to the Customer for the number of wooden pallets screened out and collected by NLP, please refer to the NLP price list.

## **6. Affiliation with the EAN/GS1 Registry and the NLP IT system**

The Customer must be affiliated with the EAN/GS1 Registry and have a location number when signing the Agreement Form, and the Customer undertakes to remain affiliated with the registry during the whole period of agreement.

The Customer undertakes to use NLP's IT system directly or through a third party facilitator with which the NLP has an agreement, when ordering pallets, reporting dispatch or receipt, registering pallets to be collected by NLP and for accounting. The NLP IT system is available on the WEB. Alternatively, the Customer may use own IT systems that are integrated with the NLP IT system, where available. As already mentioned, plastic and wooden pallets must be registered separately.

## **7. Delivery and collection of pallets**

NLP delivers empty pallets to the Customer in compliance with the Customer's order through the NLP IT system, and delivery will be made within two business days after the order date, provided the order is executed before 3:00 PM on the order date. Diverging delivery times may be agreed separately, and may entail a surcharge, please refer to the NLP price list, [www.nlpool.no](http://www.nlpool.no).

Similarly, collection of pallets is carried out by ordering via the NLP IT system, in which the Customer checks the number of NLP pallets put at the NLP's disposal for collection, as well as the number of NLP pallets found to be not in compliance with the pallet quality requirements, during sorting.

If upon collection by NLP, the number of pallets indicated by the Customer is not available, the Customer will be charged a separate fee; please refer to the NLP price list.

## **8. Accounting and Autokommit.**

The Customer shall account for his inventory of pallets in compliance with the procedure at all times provided by the NLP IT system.

When entering the agreement, the Customer's balance will be zero. Thus, with respect to wooden pallets, the balance will be zero regardless of how many pallets the Customer may have in his possession at the time of agreement.

The balance consists of the pallets received and submitted through the NLP IT system, as well as any corrections resulting from audit counts.

Affiliation with the NLP IT system presumes a customer relationship with NLP, and as stated in article 2.1. above, there are just two types of customer, Suppliers and Wholesalers; please refer to article 2.1. for further details. This means that a pure retailer cannot be a Customer and transfers to such a company cannot be entered in the NLP IT system. In addition, it is apparent from the IT system itself which entries that may be made.

Only pallets received through the NLP IT system are added to the Supplier balance. The pallets delivered with the flow of goods to another NLP Customer are deducted from the Supplier's balance. Also deducted from the Supplier's balance are the empty pallets that the Supplier dispatches through the NLP IT system.

Added to the Wholesaler balance are only the pallets that the Wholesaler has received with the flow of goods from a Supplier or another Customer Wholesaler. The Wholesaler balance is also augmented by empty pallets delivered to the Wholesaler through the NLP IT system by agreement.

The pallets delivered with the flow of goods to another NLP Customer are deducted from the Wholesaler balance. Also deducted from the Wholesaler balance, are the empty pallets that the Wholesaler dispatches through the NLP IT system.

To clarify, only NLP pallets may be entered into the accounts. With respect to wooden pallets, the requirements are listed in article 4, first paragraph above, and for plastic pallets the requirements are listed in article 3, second paragraph above. This means that if, in the transfer of pallets between Customers, other pallets than NLP plastic and/or wooden pallets are included, these shall not be counted as part of the balance. However, NLP pallets shall be counted as part of the balance regardless of condition.

The receiving Customer shall notify the delivering Customer, alternatively NLP if the pallets are supplied by NLP, of any balance discrepancies (volume discrepancies). If balance discrepancies are not noted before Autokommit, please see below, is activated, the Customer will be responsible for the confirmed balance. Any fees or hire rates incurred for such pallets will not be credited.

When receiving damaged pallets, the receiving Customer must mark them such in the appropriate field provided in the web application.

One Customer may have several Account locations. An Account location must be registered in the EAN/GS1 Registry with a separate location number.

A Customer is obliged to enter the balance for the location or locations that shall be registered as Account locations. The Customer must enter the balance in the NLP IT system daily, and register transactions on the same day as their physical execution.

A Customer that, according to the above, receives pallets from another Customer or from NLP, will receive a proposed balance update with the volume received. If the Customer does nothing, the balance will be updated automatically at the agreed time. Thus, the Customer has a time limit for checking the incoming balance before it is updated. This mechanism is referred to as Autokommit. The time before Autokommit is activated (72 hours) is counted from when the transaction is submitted through the NLP IT system. In case of long transport times, a separate extended Autokommit may be agreed between NLP and individual Customers.

If the receiving Customer submits a notice of discrepancies pursuant to the above, the balance for the delivering Customer will not be adjusted with the number of pallets for which discrepancies have been noted. In this case, adjustment will be made when the correct number has been determined. The delivering Customer will make the adjustment through the NLP IT system.

If the delivering Customer does not respond to the receiving Customer's notification within 8 business days, the balance will be corrected by NLP according to the notification from the receiving Customer.

If a Customer receives, from a delivering Customer, a pallet in the flow of goods without the delivering Customer proposing any update of the balance for pallets received, and the receiving Customer notifies the delivering Customer of this fact through the NLP IT system, the delivering Customer has 8 business days to make a correction. If such correction is not made, the delivering Customer may not later claim balance correction pursuant to the provisions in article 9 below.

Transactions in which the sender and recipient disagree on the number of pallets, will have status as "Disagreed". The parties shall then attempt to resolve their dispute between themselves. If the dispute is not resolved within 8 business days, NLP reserves the right to decide the apportionment between the parties on the basis of transaction history and customer comments. Please refer to article 12.4 below regarding how such dispute affects the calculation of the day hire rate.

Please also refer to article 9 below regarding the Customer's opportunity to clear up balance discrepancies, so-called Autokommit-escape.

For companies that have entered agreements with both NLP and SRS, there may be some diverging rules regarding accounting; further information to be provided in article 15.9.

## **9. Autokommit-escape.**

If a Customer discovers a missing registration or faulty registrations of pallets, and this has not been corrected previously, the Customer may claim correction of the balance. Claims for correction may only apply to the periods 01/01 – 30/06 (period 1) and 01/07 – 31/12 (period 2) in each calendar year. Claims regarding period 1 must be submitted no later than 31/08 in the same calendar year, and claims regarding period 2 by 28/2 or 29/2 in the following calendar year.

The claim shall be directed to the other party in the transactions with missing/faulty registrations, and the claim has to be documented in accordance with the documentation requirements in the price list.

Hire rates paid will be not be credited and fees will be calculated as usual for the transactions the correction may entail.

If the Customer receiving such a claim from another Customer has not considered the claim within 14 days of submission of the claim, or if the parties (Customers) cannot agree on the correction, both Customers may require NLP to decide the matter with final effect.

NLP's involvement may result in a fee; please refer to the price list. The fee shall be paid by the Customer whose claim does not win acceptance. If no Customer's claim is fully accepted, NLP may decide that the payment of the fee shall be split between the parties.

If the delivering Customer has been notified by the receiving Customer, in compliance with the description in article 8 above, the delivering Customer may not claim correction pursuant to the rules regarding Autokommit-escape.

## **10. Balance settlement and provisions for working capital, wooden pallet**

### **10.1 Balance settlement, wooden pallets.**

A Customer's balance will at all times show the relationship between wooden pallets received and dispatched.

Customers who, during the period between two balance settlements, have provided a net addition of wooden pallets to the NLP system by registering more wooden pallets out of its account than into its account, will have a negative balance.

Customers who, during the period between two balance settlements, have received a net addition of wooden pallets from the NLP system by registering more wooden pallets into its account than out of its account, will have a positive balance.

Balance settlements are made at the end of every two calendar months, i.e. the last business day of February, April, June, August, October and December.

When balance settlements are carried, settlements of accounts are calculated. For a negative balance, this means that the Customer will sell to NLP the number of wooden pallets corresponding to the size of the balance. For a positive balance, this means that the Customer will pay NLP for the number of wooden pallets corresponding to the size of the balance. The pricing of wooden pallets for balance settlement will be according to the price at any time posted on the NLP website. If the sale exceeds a certain number, which is also posted on the NLP website, the price will be agreed separately. In connection with the above settlement, a credit note or invoice will be issued to the Customer.

### **10.2 Provision for working capital, wooden pallet.**

As is apparent from the preceding article regarding balance settlement (article 10.1), NLP will have to finance wooden pallets in the pool. In order to do so, NLP accrues so-called working capital. All wooden pallet Customers over a certain size (more information below) must contribute to the accrual of this working capital.

The contribution to working capital is undertaken by charging the Customer a provision for working capital in connection with the balance settlement. The size of the contribution will be calculated individually for each Customer. The basis for the calculation is NLP's total trips for wooden pallets for the past rolling 12 months, measured against the Customer's number of trips during the same period. The Customer's share is determined as a fraction where the Customer's trips is the numerator and NLP's total trips is the denominator. The fraction is adjusted regularly, twice a year. The fraction is converted to a percentage and rounded up to a

whole percentage according to normal rounding off rules. The number of pallets comprised by the working capital determination is rounded off according to normal rounding off rules.

When establishing the customer relationship, an approximate determination of the Customer's contribution fraction will be made, on the basis on the Customer's declared pallet needs. The first adjustment of the contribution fraction after actual usage, will be made no later than at the first semi-annual adjustment, unless such adjustment takes place a relatively short time after the establishment of the customer relationship. The adjustment will not have retroactive effect.

Small Customers, determined at NLP's discretion, will not be required to contribute to working capital.

Contribution to working capital is made with respect to settlement of both positive and negative balances. How this works is that the number of pallets for which the Customer shall be paid in case of a negative balance, is reduced with the Customer's working capital percentage. In case of a positive balance, the Customer must pay to NLP for the number of pallets corresponding to the positive balance plus the number of pallets corresponding to the Customer's working capital percentage.

This system entails that the Customer's contribution to working capital in the case of payment for a positive balance, will be final. The contribution with respect to a negative balance may later be used to reduce a positive balance.

A brief example:

Imagine a situation where NLP's total number of wooden pallet trips over a rolling 12-month period is set at 5,000,000. A Customer's number of wooden pallet trips during the same period is 100,000. The fraction used as a basis for the working capital calculation is then  $100,000/5,000,000$  or  $1/50$ , corresponding to 2%.

The balancing period is 2 months, please refer to article 10.1, and during this period the Customer has been supplied with 16,000 wooden pallets, and 16,700 pallets have been withdrawn from its account. Thus, the Customer has a negative balance of 700 wooden pallets.

Based on the rules for balance settlements, see article 10.1, this should entail that the Customer receives settlement for 700 wooden pallets. However, the rules regarding a provision for working capital comes into effect, and with this Customer's working capital percentage (2%), the Customer only receives settlement for 700 wooden pallets minus 2%, in other words 14 pallets, and therefore a credit note representing payment for 686 pallets will be issued to the Customer. After this, the Customer's incoming balance will be 14 pallets.

Example: If the same Customer during the next balancing period has been supplied with 16,700 wooden pallets for its account, but only registered withdrawal of 16,500 pallets, the Customer will have a positive balance of 200 wooden pallets. In the same manner as above, this Customer should, according to the balance settlement rules (see 10.1), have paid NLP for 200 wooden pallets. However, when applying the rules regarding provision for working capital, this Customer must pay for 2% more wooden pallets, i.e. a total of  $200 + 4 = 204$  wooden pallets.

In this case the Customer may apply his incoming balance of 14 pallets, resulting in the new incoming balance being reduced to 10 pallets.

## **11. Audit of balance – plastic pallet**

NLP may require an audit of a Customer's plastic pallet balance. Such audit will take place with 5 days working days written notice from NLP. In such case, the Customer is obliged to provide access to NLP or NLP's representative to the relevant premises. Once a year, the NLP may also require that the Customer's plastic pallet balance is confirmed in writing by the Customer's auditor.

The Customer may conduct his own audit of the balance and request adjustment of the balance from NLP.

## **12. Fees and day hire rate – plastic pallet.**

The compensation for the Customer's participation in the NLP plastic pallet pool, consists of trip fees and day hire rates. The trip fee is a fee that may be charged by NLP when a Customer transfers a plastic pallet to another Customer. A transfer of a plastic pallet to another Customer is also referred to as a transaction, and is always a transfer registered in the NLP IT system. All plastic pallet transactions shall be with a Customer that is affiliated with the Scheme.

Not all transactions are subject to fees, and the fee calculation is different for whole, half and 1/3 plastic pallets.

The transfer of plastic pallets may take place with or without goods.

### **12.1. Sender and recipient fee – whole plastic pallet**

For whole plastic pallets, there is a fee only for plastic pallets with goods (referred to as pallet in the stream of goods).

For whole plastic pallets, two types of fees are calculated, a Sender fee and a Recipient fee.

For Suppliers, only a Sender fee is calculated. This is a fee calculated per plastic pallet when a supplier sends a plastic pallet in the stream of goods to a Wholesaler or to another Supplier.

For Wholesalers, a Recipient fee is calculated. The recipient fee is only calculated once, upon the Wholesaler's receipt of a plastic pallet in the stream of goods from a Supplier. When transferring a plastic pallet in the stream of goods from one Wholesaler to another Wholesaler, a Sender fee must be paid, but Recipient fee is not.

#### **12.1.1. Special fees, whole plastic pallet, etc.**

For rush orders, small deliveries and whole plastic pallets subject to special treatment, there are special fees, which are listed in the current price list.

If the reported number of whole pallets is not present for collection by NLP, please refer to article 7 above, a special fee is charged in accordance with the NLP price list.

The fees described above are the same for all geographic locations in Norway. In the case of an order of empty whole plastic pallets through the NLP IT system by a Customer located outside of Norway, the Customer must pay for their transportation, but the NLP will subsidize the transport with a NOK amount in accordance with the NLP price list. Any customs duties

and taxes that might accrue with the export and import of plastic pallets, are for the account of the Customer.

No transport allowance is paid beyond the abovementioned fees.

### **12.2. Fee (Trip fee), half plastic pallet and 1/3 plastic pallet**

For half plastic pallets and 1/3 plastic pallets, there is only one type of fee charged. It is referred to as the Trip fee. The Trip fee is paid per inch of plastic pallet ordered through the NLP IT system and received by a Customer.

No trip fee is paid for later transactions, i.e. when sending and receiving half and 1/3 plastic pallets, regardless of whether the plastic pallets are part of the stream of goods or not.

### **12.3. Special fees, half plastic pallet and 1/3 plastic pallet, etc.**

For rush orders, small deliveries and half and 1/3 plastic pallets subject to special treatment, there are special fees, which are listed in the current price list.

If the reported number of half and/or 1/3 plastic pallets is not present for collection by NLP, please refer to article 7 above, a special fee is charged in accordance with the NLP price list.

The fees described above are the same for all geographic locations in Norway. In the case of an order of empty half and/or 1/3 plastic pallets through the NLP IT system by a Customer located outside of Norway, the Customer must pay for their transportation, but the NLP will subsidize the transport with a NOK amount in accordance with the NLP price list. Any customs duties and taxes that might accrue with the export and import of plastic pallets, are for the account of the Customer.

No transport allowance is paid beyond the abovementioned fees.

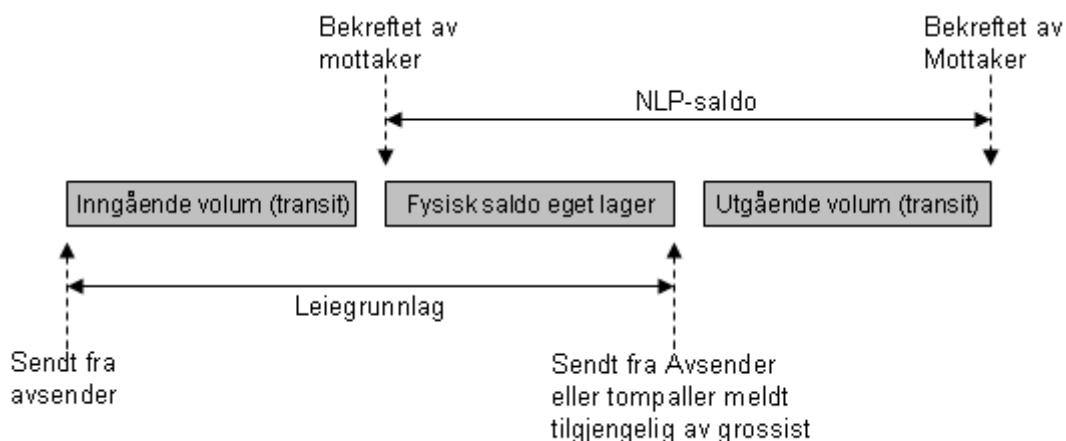
### **12.4. Day hire rate, whole plastic pallet**

A Customer with a plastic pallet in his flow of goods or in inventory, pays a day hire rate to hire each plastic pallet.

The basis for the hire rate calculation for all Customers, is the at all times current balance, as well as incoming volume in transit, minus the outgoing volume in transit.

The day hire rate is calculated daily at 12 midnight, and is calculated on the basis of the following volume:

Hire base volume = Incoming volume (in transit) + balance – outgoing volume (in transit)



Outgoing and incoming volume are transactions with status as dispatched from sender and not received by recipient.

For Wholesalers, the hire base is stopped by the Wholesaler making available empty pallets. For Suppliers, the hire base is stopped when ordering collection of unsorted plastic pallet in a quantity of 100 units, and when this is confirmed by NLP.

Corrections in case of volume disagreements between Customers, will be automatically considered by stopping the hire rate calculation temporarily, pending calculation when the issue is resolved; please refer to article 8 above.

The hire amount accumulates daily and may be documented by reports available for order from the NLP Customer Web daily (please refer to example below).

Report of hire base for Customer XXXX for period XXXX.

Inngående volum	Saldo	Utgående volum	Korreksjon	Leieutsettelse	Untatt beregning	Leiegrunnlag	Pris/enhet eks.mva.	Beløp eks.mva.
1122	13682	2311	-132	0	0	12361	0,1600	1 977,76
1683	13154	1721	0	0	0	13116	0,1600	2 098,56
1683	13154	1725	0	0	0	13112	0,1600	2 097,92
1683	13154	1725	0	0	0	13112	0,1600	2 097,92
2244	13031	1504	-99	0	0	13672	0,1600	2 187,52
2244	13330	1537	-264	0	0	13773	0,1600	2 203,68
1649	12640	1370	-264	0	0	12655	0,1600	2 024,80
1683	12307	1417	0	0	0	12573	0,1600	2 011,68
2244	12166	1577	0	0	0	12833	0,1600	2 053,28
2244	12103	1514	0	0	0	12833	0,1600	2 053,28
2244	12103	1514	0	0	0	12833	0,1600	2 053,28



For Customers that have entered agreements with both NLP and SRS, there may be some diverging rules regarding day hire rates for whole plastic pallets; further information to be provided in article 15.

#### **12.5. Day hire rate, half plastic pallet.**

Upon delivery of an empty half plastic pallet to a Customer, the Customer pays a current day hire rate as of receipt; please refer to the calculation in article 12.4 above.

A Supplier receiving a half plastic pallet with the stream of goods from another Customer, must pay a day hire rate in the same way.

A Wholesaler receiving a half plastic pallet with the stream of goods from a Supplier, have to pay day hire rates only after 21 days. When a half plastic pallet is transferred between Wholesalers, the day hire rate applies when it has been 21 days since the Wholesaler initially received the half pallet with the stream of goods from the Supplier.

#### **12.6. Day hire rate, 1/3 plastic pallet.**

Upon delivery of an empty 1/3 plastic pallet to a Customer, the Customer pays a current day hire rate as of receipt; please refer to the calculation in article 10.3 above.

A Supplier receiving a 1/3 plastic pallet with the stream of goods from another Customer, must pay a day hire rate in the same way.

A Wholesaler receiving a 1/3 plastic pallet with the stream of goods from a Supplier, have to pay day hire rates only after 60 days. When a 1/3 plastic pallet is transferred between Wholesalers, the day hire rate applies when it has been 60 days since the Wholesaler initially received the 1/3 pallet with the stream of goods from the Supplier.

### **13. Fees – wooden pallets.**

Both the sender and the recipient of a loaded wooden pallet have to pay a fee to NLP, called Sender fee and Recipient fee, respectively, for the number of wooden pallets used in the flow of goods; please refer to articles 13.1 and 13.2.

When ordering empty wooden pallets in a standard quantity and with standard terms of delivery from NLP, no fee is paid. When a Customer's wooden pallet requirement exceeds estimated needs, see article 4.1, the NLP will purchase wooden pallets on behalf of the Customer, see article 4.1.

For rush orders, small deliveries and wooden pallets subject to special treatment, or in case of cancellations, there are special fees, which are listed in the current NLP price list.

For Customers who has maintained a positive balance over time, NLP may charge a discretionary freight compensation for the delivery of wooden pallets.

No transport allowance is paid beyond the abovementioned fees.

The fees are the same for all geographic locations in Norway. In the case of an order of empty wooden pallets through the NLP IT system by a Customer located outside of Norway, the Customer must pay for their transportation, but the NLP will subsidize the transport with a NOK amount in accordance with the NLP price list. Any customs duties and taxes that might accrue with the export and import of wooden pallets, are for the account of the Customer.

No transport allowance is paid beyond the abovementioned fees.

### **13.1. Sender fee – wooden pallet**

A Supplier sending a wooden pallet with the outgoing stream of goods to a Wholesaler, or another Supplier, has to pay a Sender fee.

A Wholesaler sending a wooden pallet with the outgoing stream of goods to another Wholesaler has to pay a Sender fee.

The Sender fee is paid for each wooden pallet that enters the outgoing stream of goods. The Sender fee is the same throughout the country and the same for all Customers; please refer to the price list.

### **13.2. Recipient fee – wooden pallet**

A Wholesaler receiving a wooden pallet through the incoming stream of goods from a Supplier, must pay a Recipient fee. The Recipient fee is paid per wooden pallet arriving with the stream of goods. The Recipient fee is the same throughout the country and the same for all Customers; please refer to the price list.

The Recipient fee is paid once, upon receipt by a Wholesaler from a Supplier. No Recipient fee is paid for internal Customer transfers or from one Wholesaler to another.

### **13.3. Surplus fee – for wooden pallets for Wholesalers**

The wooden pallet surplus fee is calculated monthly. In case of a negative balance, for Wholesalers this means that the Wholesaler has supplied the NLP system with a greater quantity of wooden pallets than the Wholesaler has received with the flow of goods from Suppliers that are Customers, or from NLP. For this wooden pallet surplus, no Sender or Recipient fee has been paid. There are costs for NLP related to these wooden pallets, and to compensate therefore, Wholesalers with a negative balance have to pay a fee for each surplus pallet, corresponding to the total of Sender and Recipient fees (referred to as Surplus fee). The surplus fee is invoiced monthly.

If a Wholesaler has accrued a positive balance, this may be set off against a later negative balance before the calculation of the surplus fee.

## **14. Invoicing**

### **14.1. Invoicing of fees and day hire rates**

Fees and day hire rates are calculated on the basis of whole calendar months. NLP will issue a total invoice for plastic and wooden pallets, to the Customer after the end of the invoicing month, please refer to the NLP price list.

#### **14.2. Invoicing of balance settlement, wooden pallet**

The invoice for the settlement of balances is calculated after the end of every two calendar months, see article 10.1, during the subsequent calendar month after the activation of Autokommit, and with the first day of the calendar month as the invoice date. Terms of payment for these invoices are 32 days from invoice date with respect to payment from the Customer, and 60 days with respect to payments from NLP to the Customer.

#### **14.3. Invoicing upon termination**

In case of termination, invoicing will take place according to the provisions in article 14.1 and 14.2 above.

### **15. Customer agreement with NLP and SRS, pursuant to the collaboration agreement between NLP and SRS**

#### **15.1 General**

As mentioned in article 1.2 above, NLP and SRS have entered a collaboration agreement for whole plastic pallets and the handling of such pallets across the national borders of Sweden and Norway.

A company in one of the countries that has business in the other country, may benefit from the opportunities offered by the collaboration agreement. If a company manufactures or imports goods in one of the countries and sells these goods to both countries, it would have been difficult to control whether the goods were loaded on NLP or SRS pallets. By being affiliated with the return schemes of both countries, the identity of the pallets does not have to be a consideration. For the time being, this collaboration only applies to plastic pallets.

In the case of such double membership, it is in general the rules of the return scheme of the country in which the whole plastic pallet is located, that will apply. However, there are some special issues related to double membership, and these will be reviewed below. In some of the articles above, the collaboration agreement has, as a matter of form, been described, and to some extent its consequences, however, below there is a review of all articles where double membership may be of importance.

#### **15.2 Affiliation with the collaboration scheme**

As the collaborative scheme only apply to companies with double membership, a condition for enabling a company to use the rules, the company entering a membership agreement with NLP, must be a current member of SRS, or at the latest have entered a membership agreement with SRS on the same day as the agreement with NLP becomes effective.

All transactions involving whole plastic pallets in which a pallet crosses the national borders, may be recognized in the balance for the system of the collaboration. Recipients of goods in Norway, have to be members of NLP, but do not need to be members of SRS. Authorization. A company in Norway that is a Customer, does not need a new authorization upon affiliation

with SRS. A company in Sweden that is a customer of SRS, must have authorization upon affiliation with NLP, please refer to article 2.2 above.

### **15.3 NLP/SRS whole plastic pallet**

Please refer to article 3 above.

### **15.4 Handling, employment and use of whole plastic pallet**

As described in article 3, the whole plastic pallets branded NLP and SRS, are approximately identical and the provisions of article 3.1 – 3.3 apply to both types of pallet.

### **15.5 Customer's liability for damages**

The Customer's liability is corresponding to the provisions of article 3.4.

### **15.6 Sorting**

Whole plastic pallets must be sorted according to the provisions in article 5.1. Whole plastic pallets branded NLP and SRS may be stacked together.

### **15.7 Affiliation with the EAN/GS1 Registry and the NLP/SRS IT system**

Customers located in Sweden and with a Swedish EAN/GSI number, have to register this number in the Norwegian EAN/GSI Registry. Upon such affiliation, the Customer may use his Swedish number in Norway.

Article 6 above will similarly apply.

The SRS rules will apply to the registration by Norwegian companies in Sweden.

### **15.8 Delivery and collection of pallets.**

Pallets shall be ordered and collected in the country where the need for supply of pallets or collection of pallets occurs, and in compliance with the relevant country's delivery and collection system.

In Norway, this is explained above in article 7.

### **15.9 Accounting.**

As explained in article 8 above, a company in Norway that becomes a Customer of NLP, will have a zero balance when entering the agreement. If the Customer at the time of entering the agreement, is also a customer of SRS, the Customer pallet balance at SRS will be transferred to the Customer's NLP account.

Balancing is conducted where the pallets are located, and for pallets in Norway, this will be in accordance with article 8 above.

Upon transfer of pallets through the stream of goods to Sweden, the Customer in Norway shall register outgoing pallets in the SRS system for the Customer in Sweden. Correspondingly, upon a transfer to Norway from the Swedish Customer, the transaction shall be registered in the NLP system for the Customer in Norway.

### **15.10 Autokommit-escape.**

A balance accrued in an account maintained in Sweden under membership in SRS, may not be corrected with Autokommit-escape.

**15.11 Balance audit – whole plastic pallet.**

For Customers with double membership, audits of balances of whole plastic pallets, will be conducted by NLP only at locations in Norway.

**15.12 Fees and day hire rates – whole plastic pallet.**

Below is an explanation of the fee calculation (Sender fee and Recipient fee) for plastic pallets in the flow of goods crossing the national borders between Sweden and Norway.

From Sweden to Norway:

From Supplier to Wholesaler: Sender fees and Recipient fees, respectively, are paid to NLP in accordance with the NLP price list. (The Sender fee has a special rate; please refer to the price list.)

From Supplier to Supplier: Only Sender fee is paid to NLP. (The Sender fee has a special rate; please refer to the price list.)

From Wholesaler to Wholesaler: Only Sender fee is paid to NLP. (The Sender fee has a special rate; please refer to the price list.)

From Norway to Sweden:

From Supplier to Wholesaler: Only Sender fee is paid to NLP.

From Supplier to Supplier: Only Sender fee is paid to NLP.

From Wholesaler to Wholesaler: Only Sender fee is paid to NLP.

In other respects, please refer to article 12.1.1, special fees and day hire rates, see article 12.4, will be calculated according to NLP's rules and price list, to the extent the pallet is located in Norway.

To the extent the pallet is located in Sweden, the SRS rules will apply.

**15.13 Invoicing.**

Invoicing of fees and day hire rates will take place as explained in article 14.1.

**15.14 Invoicing upon termination.**

Invoicing upon termination takes place in the same manner as explained in article 14.4.

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