

Affiliation agreement – transition agreement

1. Background

According to the Swedish ordinance (2008:834) regarding producer responsibility for batteries (hereinafter referred to as ‘the Swedish Ordinance’), companies that, in the course of their business, have sold or for their own use imported batteries to Sweden (hereinafter referred to as ‘Producer’ or ‘Producers’), are responsible for handling used batteries. This responsibility includes ensuring that there is an appropriate collection system for the used batteries and that the batteries are disposed in a certain way (hereinafter referred to as Producer Responsibility). The Swedish Ordinance also stipulates other responsibilities.

El-Kretsen i Sverige AB (El-Kretsen), a non-profit organisation, organises a nationwide system for collection, pre-treatment and recycling of batteries. When a Producer has signed an agreement with El-Kretsen, El-Kretsen has provided its services to the Producer (hereinafter, ‘Affiliated Company’) and the Affiliated Company has paid a fee in accordance with the agreement and a Product and fee list. The agreement has covered, among other things, portable batteries.

The EU has adopted a regulation on producer responsibility for batteries – Regulation (EU) of the European Parliament and of the Council of 12 July 2023 on batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC (hereinafter referred to as the Regulation). The Regulation entered into force on 17 August

2023 and its provisions have been gradually applied in court various times thereafter.

Chapter VIII of the Regulation, which regulates the management of used batteries through extended Producer Responsibility, will apply from 18 August 2025. As an EU regulation is immediately applicable throughout the EU, the Swedish Ordinance will cease to apply at the same time.

The Regulation categorises batteries according to the following:

- Portable batteries
- Light means of transport batteries
- Starting, lighting and ignition batteries
- Industrial batteries
- Electric vehicle batteries

The Regulation introduces the concept of a producer responsibility organisation (PRO). A PRO must be approved by the Swedish Environmental Protection Agency. According to the Swedish Environmental Protection Agency, the PRO shall have the following main tasks:

- Register their producers and themselves with the Swedish Environmental Protection Agency
- Establish a collection system and collect used batteries
- Ensure a non-discriminatory selection procedure for waste management operators that collect or take care of used batteries

- Deliver collected used batteries to approved treatment facilities.
- Report information to the Swedish Environmental Protection Agency.
- Inform final users about how waste can be prevented and where used batteries can be handed in for recycling
- Publish total collection levels and recycling rates for the producers represented by the PRO

EL-Kretsen intends to participate in a procedure aimed at obtaining PRO status for some or all categories.

The regulations and administration for Producer Responsibility and PRO will not be fully in place by 18 August 2025.

In order to assist Producers as far as possible in accordance with the objectives of the Swedish Ordinance and the Regulation, EL-Kretsen offers Producers services under this agreement (the Agreement). The Agreement is of an interim nature and is intended to remain in force only until a final Affiliation Agreement can be signed.

In addition to the services provided by EL-Kretsen under the Agreement, there are additional measures that the Affiliated Company must take to comply with the Regulation, including labelling and certain reporting requirements.

Producers who have previously conducted activities covered by the Regulation and who wish to become Affiliated Companies must, in accordance with special procedures, specify the time period and the scope and type of products that have been placed on the market. If such Producers have not reported the required information

correctly, the Agreement shall not enter into force.

2. EL-Kretsens services – Batteries included in any of the following categories; portable batteries, light means of transport batteries, starting, lighting and ignition batteries, industrial batteries and that weigh less than 5 kg each

EL-Kretsen will provide all the following services to the Affiliated Company.

- i. **Collection:** EL-Kretsen shall, through agreements with municipalities or other parties, ensure that there are collection points where waste of the relevant type can be disposed of.
- ii. **Transport:** EL-Kretsen shall organise transport to pre-treatment or other approved disposal of all material collected at the collection points described above.
- iii. **Pre-treatment:** EL-Kretsen will ensure that collected products are pre-treated.
- iv. **Recycling:** EL-Kretsen will ensure that pre-treated products are recycled or otherwise handled appropriately.
- v. **Registration:** EL-Kretsen will ensure that Affiliated Companies are registered under an applicable register.
- vi. **Presenting to authorities:** EL-Kretsen will, based on the information provided by the Affiliated Companies, present the quantity that the Affiliated Company has placed on the market in Sweden to the appropriate authority.
- vii. **Reporting to authorities:** EL-Kretsen will, to the extent and in the manner deemed appropriate, report on its

activities and the collection and recycling results of the system.

- viii. **Information:** El-Kretsen shall provide information to parties other than households who may wish to hand over used products covered by this Agreement for recycling. El-Kretsen shall also provide the necessary information to municipalities so that they in turn can inform households.
- ix. **Consult with municipalities:** El-Kretsen shall consult with the municipalities concerned.
- x. **Inform Affiliated Companies:** El-Kretsen shall provide Affiliated Companies with the necessary information regarding decisions and interpretations concerning the Regulation.

3. El-Kretsens services – Batteries included in any of the following categories; light means of transport batteries, starting, lighting and ignition batteries, industrial batteries, or electric vehicle batteries and that weigh more than 5 kg each

- i. **Registration:** El-Kretsen shall ensure that Affiliated Companies are registered under an applicable register.
- ii. **Presenting to authorities:** El-Kretsen will, based on the information provided by the Affiliated Companies, present the quantity that the Affiliated Company has placed on the market in Sweden to the appropriate authority.
- iii. **Reporting to authorities:** El-Kretsen will, to the extent and in the manner deemed appropriate, report on its activi-

ties and the collection and recycling results of the system.

- iv. **Information:** El-Kretsen will provide information to parties other than households who may wish to hand over used products covered by this Agreement for recycling. El-Kretsen shall also provide the necessary information to municipalities so that they in turn can inform households.
- v. **Consult with municipalities:** El-Kretsen will consult with the municipalities concerned.
- vi. **Inform Affiliated Companies:** El-Kretsen will provide Affiliated Companies with the necessary information regarding decisions and interpretations concerning the Regulation.

4. Responsibilities of the Affiliated Companies

4.1 Reporting obligation and affiliation fee for new signings

Producers who have not previously been covered by the Agreement or an equivalent contractual relationship with El-Kretsen shall, in accordance with special arrangements, submit a report on previous sales. The report on previous sales shall include, but is not limited to, the time period for the relevant activity, the scope and type of products that have been placed on the market. El-Kretsen shall be entitled to subsequently request that the Producer pays an affiliation fee for its previous sales.

For such a Producer, El-Kretsen has the right to terminate the agreement with immediate effect if the Affiliation Fee has not been paid.

4.2 Reporting of batteries

In order to calculate the fees that the Affiliated Company shall pay under the Agreement, the Affiliated Company shall submit to EL-Kretsen a report on its sales in Sweden and imports of products to Sweden relating to the products covered by the Agreement. Reports shall be submitted in accordance with the rules and at the times specified in the applicable Product and Fee List.

The product groups covered, how reporting should be carried out and the time periods covered are specified in EL-Kretsen's Product and Fee List, which varies from time to time.

4.3 Reconciliation and Review

The Affiliated Company and EL-Kretsen shall, during the term of the agreement, jointly verify the accuracy of the reports submitted.

4.4 Fees

Affiliated Companies shall pay a variable fee determined on the basis of the accounts submitted by the Affiliated Company and the fees per category set by EL-Kretsen. The fees per category are specified in EL-Kretsen's Price List valid at any given time.

If the Affiliated Company fails to submit its accounts within the prescribed time, EL-Kretsen shall be entitled to charge an estimated fee. EL-Kretsen is entitled to base this fee on factors such as assumptions about the Affiliated Company's operations, the industry in question, etc. When the Affiliated Company subsequently submits its report for the period in question, the difference between the estimated fee and the actual fee shall be settled.

In addition to the variable fee, Affiliated Companies shall pay fixed fees in the form of an entry fee and an annual fee. These fixed fees are specified in EL-Kretsen's price list valid at any given time.

For products covered by the Agreement that the Affiliated Company has collected, pre-treated and recycled on its own behalf, the Affiliated Company is in certain cases entitled to an adjustment of the fee. The adjustment shall correspond to EL-Kretsen's reduced costs. To be eligible for such a fee, the Affiliated Company must submit evidence proving that such collection, pre-treatment and recycling has taken place.

The fixed and variable fees (and, where applicable, estimated fees) shall be paid by the Affiliated Company against an invoice due 30 days from the invoice date.

EL-Kretsen shall be entitled to adjust the Price List on an ongoing basis. Changes to the Price List shall, insofar as they relate to increases, take effect 60 (sixty) days after the change has been announced. However, EL-Kretsen shall not be obliged to announce editorial changes.

In addition to the fees mentioned above, the Agreement also regulates other fees. Upon signing a new Agreement, the Affiliated Company may be required to pay an Affiliation Fee in accordance with Section 4.1. When the Agreement expires, the Affiliated Company shall pay a Settlement Fee in accordance with Section 12. Special fees may be imposed in the event of breach of the Agreement in accordance with Section 4.

5. Additional charges, etc.

In the event of late payment in accordance with section 4.2, a late payment fee will be charged. The amount of the late payment

fee is specified in El-Kretsen's current price list.

If an Affiliated Company has intentionally or negligently provided incorrect information and El-Kretsen has consequently been denied fees, El-Kretsen shall be entitled to charge an additional fee from the Affiliated Company.

The additional fee shall be equal to the amount of the fees that were not paid. In addition to the additional fee, the fees that were not paid must be paid.

If payment of an invoice is not made on time, El-Kretsen is entitled to charge a prescribed fee for a written reminder. In the event of collection, collection costs will be added in accordance with the regulations.

Interest on late payments is charged in accordance with the Swedish Interest Act.

6. Confidentiality

El-Kretsen undertakes to treat all information provided by the Affiliated Company in its accounts or equivalent information obtained during audits or otherwise in contacts between El-Kretsen and the Affiliated Company as strictly confidential during the term of the agreement and thereafter.

Information thus provided to El-Kretsen may not be used for any purpose other than the fulfilment of this Agreement. However, El-Kretsen shall always be entitled to disclose information to third parties regarding the existence of the Agreement and the grounds for its termination.

7. Reimbursement

If the parties jointly determine that the Affiliated Company has paid too much for the services specified in clause 2 or clause 3,

the excess amount shall be refunded to the Affiliated Company.

8. Limitation of liability

El-Kretsen shall not be liable for any loss of production or other damage, whether direct or indirect, loss of profit or other inconvenience caused by or resulting from El-Kretsen's performance of its services under this Agreement, unless it can be shown that El-Kretsen has been guilty of gross negligence.

El-Kretsen is never responsible to any authority or other body for the accuracy of the information provided by the Affiliated Company.

9. Subcontractors

El-Kretsen shall be entitled to engage subcontractors for the performance of the services specified in clause 2 or clause 3. El-Kretsen shall be responsible for the work of subcontractors as for its own work.

10. Use of El-Kretsens trademark

The Affiliated Company shall be entitled to use El-Kretsen's trademark in accordance with El-Kretsen's rules in force at any given time. Upon termination of this Agreement, the Affiliated Company undertakes to return or destroy all material bearing El-Kretsen's trademark.

11. Term of the Agreement

This Agreement shall be valid from 18 August 2025, or the later date on which the Agreement is signed, and until further notice.

The agreement shall terminate on the date on which one party notifies the other party of the termination of the agreement.

12. Settlement

Upon termination of the Agreement, the parties shall make a settlement and the Affiliated Company shall pay a fee (the 'Settlement Fee') in accordance with the following.

Affiliated Companies shall pay a Settlement Fee to El-Kretsen. The Settlement Fee covers the cost of taking care of the products that the Affiliated Company has put on the market up until the settlement date, which haven't been taken care of yet, in line with the Agreement. The amount should be reduced by the cost of taking care of the products that the Affiliated Company can show it will take care of itself.

The Affiliated Company undertakes to pay El-Kretsen the amount resulting from the Settlement no later than one month after the Settlement has taken place. This applies even if a dispute arises regarding the Settlement Fee in accordance with clause 13. In such cases, El-Kretsen shall deposit the disputed portion of the Settlement in a blocked account.

13. Disputes (arbitration clause)

Any dispute concerning the formation, application or validity of this Agreement shall, with the exception specified below, be settled by the Stockholm District Court as the court of first instance.

Disputes regarding Settlement Fees shall be settled in accordance with the Arbitration Act (1999:116), with the following exceptions. The dispute shall be settled by one arbitrator. The arbitrator, who shall have special knowledge of economics and accounting, shall, unless the parties agree otherwise, be appointed by the Association of Authorised Public Accountants.

14. Previous agreements

The Agreement replaces all previous verbal or written agreements, commitments and undertakings entered into or issued by the parties relating to the subject matter of the Agreement.

15. Amendments, etc.

Should any provision of this Agreement or the application thereof be found to be wholly or partially ineffective, invalid or unenforceable for any reason, or should the supervisory authority issue a regulation that leads to such effects or creates a need to amend this Agreement, the parties shall, to the extent possible, amend this Agreement in accordance with the mutual intention of the parties.