

2023 Annual Report of the Správca zálohového systému



SPRÁVCA ZÁLOHOVÉHO SYSTÉMU n.o.
slovenskozalohuje.sk

Table of Contents

Acknowledgement	4
Did you know?	6
2023 Overview of the Deposit Return System	9
Producers, Importers, and Beverage Products	10
Retailers and Collection Points	12
Alternative Collection Points	14
National Parks	16
Flow of Collected Packaging	18
Material Processing and Circular Flow	20
Správca as Employer	22
Public Awareness	24
Education	26
Inclusion Activities	29
Supporting the Expansion of a Circular Economy	30
Beyond Slovakia	31
Achieving Return Rate Goals	31
Challenges and Safeguarding the Deposit Return System	32
Benefits of the Deposit Return System	34
Financial and Non-Financial Information for 2023	36
Statistics Overview	



**THE DEPOSIT RETURN
SYSTEM OPERATES IN
ALIGNMENT WITH CIRCULAR
ECONOMY PRINCIPLES,
CONTRIBUTING TO
ENHANCED ENVIRONMENTAL
SUSTAINABILITY.**

ACKNOWLEDGEMENT

After two years of operating the deposit return system in Slovakia, we are proud, determined, and optimistic.

We are proud of the results we have achieved through the deposit return system, of the strong consumer support it has garnered, and of the Slovak deposit return system's reputation among countries with long-established schemes, as well as among our neighbours who are in the initial stages of implementation or legislative preparation. We are determined to continually enhance our deposit return system, providing excellent service for all. And we remain optimistic about meeting all objectives, responsibly addressing each challenge as it arises together.

Our commitment to the deposit return system, coupled with the effective engagement of our partners, has once again yielded exceptional results. In 2023, we collected nearly 1.1 billion units of returnable packaging, achieving a return rate of 92%. In this second year of the deposit return system's operation, we have continued to enhance user accessibility, with particular attention to the needs of disabled users. Additionally, we have established collection points within national parks and initiated several projects focused on alternative and large-scale waste collection methods. Our collaboration with state authorities aims to strengthen anti-fraud measures within the deposit return system. We have also implemented a range of improvements to optimise the efficiency of the deposit return



system and its logistics. These encouraging figures remain a source of genuine pride.

To date, we have been successful in meeting our targets; however, the deposit return system is neither a complete nor a flawless system. Therefore, we remain committed to continuous improvement and will not "rest on our laurels." Our dedication to enhancing the system is resolute. In 2024, we plan to advance our collaboration with retailers to improve accessibility and user convenience. We will establish additional collection points and further develop alternative and large-scale collection methods. Moreover, we aim to increase public awareness of the deposit return system. In 2023, we signed an initial partnership agreement with the Technical University in Zvolen, and we intend to expand our promotional and educational efforts, focusing particularly on primary, secondary, and university students. Strengthening collaboration with educational institutions remains a priority. We also pledge to support producers in implementing circular economy

principles and to refine the logistics of packaging collection from collection points. A new interim warehouse, set to open in Eastern Slovakia in 2024, will help reduce transport costs and our carbon footprint. In essence, in 2024, we will take every possible step to elevate the deposit return system in Slovakia to the next level.

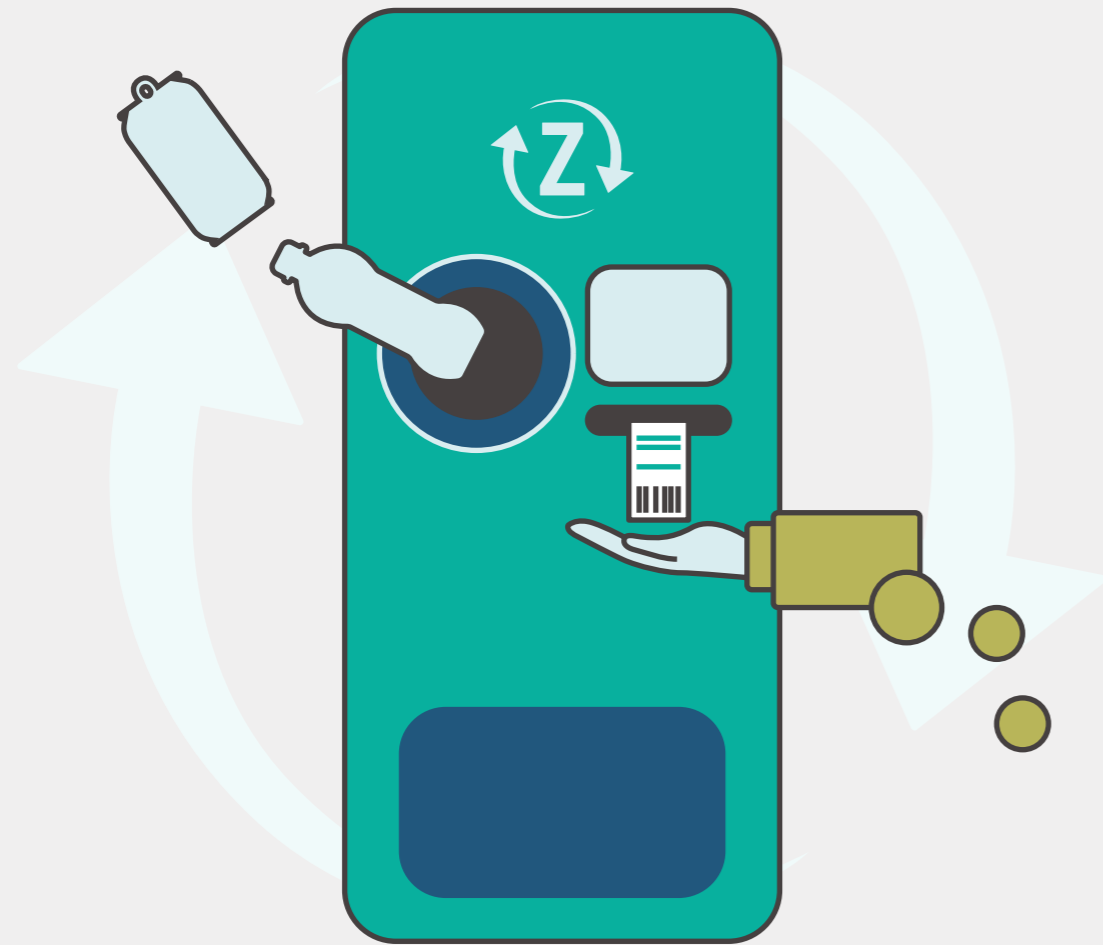
We extend our sincere gratitude to all involved, particularly to the Ministry of Environment of the Slovak Republic for their valued collaboration. We also wish to thank the members of the board of directors and the supervisory board for their decision-making, support, and understanding, which have been instrumental in the success of this system. We are pleased to have established a shared understanding with our partners in 2023 and look forward to achieving the same in 2024.

JUDr. Marián Áč

Director
Správca zálohového systému n. o.



DID YOU KNOW?



The deposit return system is an effective tool, capable of increasing the collection rate of plastic bottles and beverage cans **to as much as 90%**, **thereby reducing litter in the environment.**

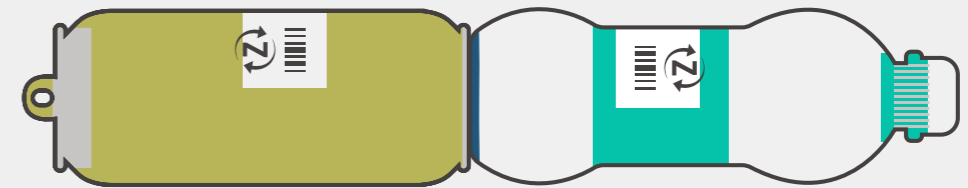
The deposit return system operates in alignment with **circular economy** principles, closing the material flow loop “Bottle-to-Bottle” and “Can-to-Can,” thus enhancing environmental sustainability. Unlike sorted waste, the **bottles and cans collected are reused** specifically for producing new beverage packaging.

All deposited **plastic and metal packaging between 0.1 and 3 litres** is included in the deposit return system, with exceptions made for milk, dairy beverages, syrups, and spirits.

The deposit return system launched with the most recycling-efficient category of beverage packaging, which is subject to

stringent targets at both national and EU levels. We anticipate that once the deposit return system is fully operational, similar schemes will be adopted, inspiring the beverage industry to serve as a model for other sectors within the food industry.

To accurately register and track packaging within the deposit return system, the **reverse vending machine must successfully scan the barcode and recognise the shape, weight, and material of the item.** As such, returned packaging must be empty, uncompressed, and bear a legible barcode. Once deposited, the packaging is compressed within the machine to save space, facilitate more sustainable transport, and safeguard against potential fraud.



Under the default scheme, **tokens for returned beverage packaging can only be redeemed at the establishment where the packaging was collected**, and they remain valid for a set period of 3 years from issuance.

Returnable beverage packaging can be deposited at any participating shop with an established collection point, irrespective of where in Slovakia the beverage was purchased or whether the shop sells the specific product being returned.

Large establishments with sales areas **exceeding 300 m² are required to refund the deposit for returnable bottles and cans in cash to the consumer.**

Smaller grocery stores, with **sales areas under 300 m²**, which are voluntarily participating in the deposit return system, **are exempt from this statutory requirement.** These stores may offer a discount instead of a cash refund, which is valid only within the specific shop where the packaging was returned.



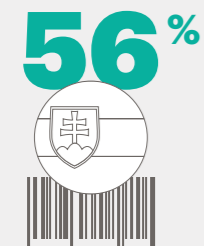
2023 Overview of the Deposit Return System



PRODUCERS, IMPORTERS AND BEVERAGE PRODUCTS

AS OF 31 DECEMBER 2023, THE SPRÁVCA HAS REGISTERED

334 ACTIVELY PARTICIPATING PRODUCERS

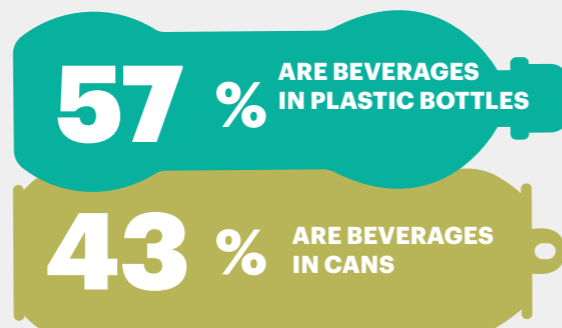


are national EAN codes



are international EAN codes

Of which:



AS OF 31 DECEMBER 2023, A TOTAL OF

4 584 EAN CODES HAVE BEEN REGISTERED

By the end of 2023, the Správca has registered approximately **1.16 billion units of collected returnable packaging.**

Types of Beverages:



SINCE THE LAUNCH OF THE DEPOSIT RETURN SYSTEM IN SLOVAKIA ON 1 JANUARY 2022, OVER **2.3 BILLION** UNITS OF RETURNABLE BEVERAGE PACKAGING HAVE BEEN COLLECTED.



The deposit return system serves as a form of extended producer responsibility, enabling beverage producers to meet their sustainability obligations while increasing the availability of high-quality materials for new beverage packaging production. Through collaboration with producers, nearly 4,600 registered products are currently available on the Slovak market, with a total of almost 5,000 products registered to date. As part of the approval process, nearly 42,000 units of beverage packaging have undergone verification since the project's inception.

To streamline the automated registration of producers and individual products (beverages in plastic bottles or cans), the Správca zálohového systému launched a dedicated registration portal at the system's commencement. This portal, which enables ongoing communication between producers and the Správca, was further enhanced in 2023 to provide greater flexibility for producers. New features include the ability to cancel approved barcodes directly through the portal and an option to modify EANs, with certain changes subject to additional fees. Additionally, the portal now allows users to manage selected data directly. Efforts to harmonise the Správca's registration portal continue, aiming to simplify system usage for participating partners.

In 2023, the Správca also introduced several optimisation measures that will impact producers and are scheduled for implementation in 2024.

Producers are required to pay 3 types of fees within the system: an initial one-time registration fee, an administrative fee for EAN registration, and a market introduction fee, commonly referred to as the industry fee. The fees for the collection and recycling of returnable packaging were initially set at conservative levels at the system's launch. Towards the end of 2023, these fees were reviewed and adjusted to better align with current trends and to achieve a balanced financial outcome. This adjustment accounts for the increased return rate of returnable packaging, as producer fees help to offset reduced revenue from unreturned deposits.

Additionally, as a non-profit organisation, the Správca generates income from the sale of materials. These fee adjustments will take effect from 1 January 2024.

In 2023, a decision was adopted regarding the use of international barcodes. From 2024, products using this type of barcode—available also for markets beyond Slovakia—will incur increased fees. For cold beverages with a best-before date of less than 5 months and using an international barcode, their shorter shelf life will be taken into consideration. These changes will take effect from 1 January 2024.

Producers will also have the option to avoid the fee increase associated with international barcodes and invoicing for above-average return rates by re-registering products with a national EAN code. The Správca's decision allows for re-registration from international to national barcodes without additional fees until 30 June 2024.

In the latter half of 2023, a solution was introduced to support smaller producers by reducing the producer registration fee from €200 to €100. This change will be effective from 1 February 2024, with the registration fee remaining standardised across all producers.



RETAILERS AND COLLECTION POINTS

AS OF 31 DECEMBER 2023, THE SPRÁVCA HAS REGISTERED **318** ACTIVELY PARTICIPATING RETAILERS

TOTAL NUMBER OF COLLECTION POINTS AS OF 31 DECEMBER 2023 **3 269**

NEW COLLECTION POINTS ESTABLISHED IN 2023 **276**



Growth by month:

January	3 002
February	3 045
March	3 078
April	3 075
May	3 118
June	3 165
July	3 169
August	3 173
September	3 207
October	3 224
November	3 248
December	3 269

VOLUNTARILY PARTICIPATING COLLECTION POINTS

64,5%

AUTOMATIC COLLECTION POINTS

72%

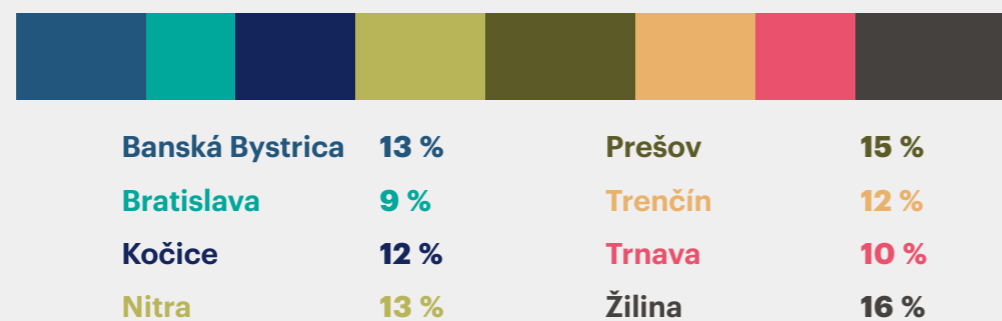
MANDATORILY PARTICIPATING COLLECTION POINTS

35,5%

MANUAL COLLECTION POINTS

28%

Distribution of collection points by region:



Since the system's inception, a network of nearly 3,000 collection points has been established in collaboration with retailers. Throughout 2023, this number grew by approximately 300. Of these establishments, 64% participate voluntarily, and 72% of the collection points are equipped with automated reverse vending machines.

In early 2023, the deposit return system implemented previously announced adjustments to retailer fees within Slovakia's deposit return system. Following an independent third-party analysis based on relevant data, handling fees for retailers were increased. For reverse vending machines, the average monthly volume of collected packaging for the year will be considered. Fees for manual collection have nearly doubled; however, retailers will receive full compensation for the manual scanner, amounting to approximately €700.

Retailers employ either automated solutions or technical manual solutions at collection points. Consumers typically use reverse vending machines or hand over returnable packaging to staff, who scan it with a specialised manual scanner. Sensoneo remains the exclusive retailer of this device. Reverse vending machines are supplied by several companies, including TOMRA Collection Slovakia, RVM Systems, DIEBOLD NIXDORF, IMS SERVICE, and Envipco Slovakia.

Envipco has partnered with the Správca to introduce a large-capacity reverse vending machine to the Slovak market, integrated into the network as of December 2023. This machine allows customers to deposit substantial quantities of packaging by pouring them directly into the hopper, eliminating the need to insert bottles or cans individually, thereby significantly reducing the time required to return large amounts of packaging. The decision to install this type of machine at a collection point rests with the respective retailer; however, consideration should be given to the volume of packaging typically returned at the location. Additionally, larger establishments with a sales area exceeding 300 m² are legally required to provide deposit refunds to customers in cash.

The registration portal of the Správca zálohového systému was developed to serve both producers and retailers. This information system functions as a tool for the registration of individual collection points, enabling the registration and modification of retailer and collection point details. The portal provides both retailers and the Správca with a clear, transparent solution for managing collection points. This efficient solution facilitates regular communication between retailers, collection points, and the Správca zálohového systému, allowing users to fulfil their registration obligations, submit reports, and appropriately design their equipment (the number and type of reverse vending machines).

As the requirements of registered retailers and collection points naturally evolve, new features have been introduced on the platform to reflect these changes in the digital environment. These include options for deactivating and reactivating retailers and harmonising user fields to minimise the risk of data entry errors.

To enhance the registration portal's flexibility for retailers and to facilitate communication between retailers and the Správca, a feature allowing users to manage their data directly was added in the latter half of 2023.

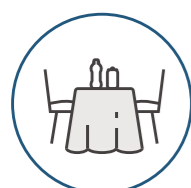
To enhance the registration portal's flexibility for retailers and to facilitate communication between retailers and the Správca, a feature allowing users to manage their data directly was added in the latter half of 2023.



ALTERNATIVE COLLECTION POINTS

While legislation requires packaging to be returned directly to shops, in 2022, the Správca undertook efforts to broaden the range of locations accepting returns. These locations may include non-grocery stores selling beverages in returnable packaging or areas where returnable packaging naturally accumulates due to high foot traffic. An alternative collection point is a location where consumers can return packaging without receiving a deposit refund.

An alternative collection point may include:



RESTAURANTS



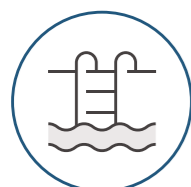
HOTELS



VENDING COMPANIES



COMPANIES PROVIDING BEVERAGES TO EMPLOYEES



AQUAPARKS OR SWIMMING POOLS



SPORTS CENTRES



SCHOOLS HOSPITALS



FESTIVALS OR OTHER CULTURAL EVENTS

In terms of collection point type, we distinguish between year-round and seasonal collection points, such as those at festivals. Collection capacities are tailored to each point, with the Správca's approach customised accordingly within the established process framework

The density and growth of the collection network are fundamental to ensuring the deposit return system is accessible to all. While legislation requires returns directly to shops, the Správca has consistently pursued alternative solutions for packaging collection. Consequently, the mandatory and voluntary collection points are increasingly complemented by alternative ones.

IN 2023, WE COLLECTED DEPOSIT BEVERAGE PACKAGING AT THE FOLLOWING EVENTS:

- Dobrý trh Market
- ČSOB Bratislava Marathon
- Family Day in Smižany
- Birell BikeFest 2023 in Kalnica
- Kaufland Kid's Festival
- Miro Jaroš Amfík Tour
- Donovaly Festival
- Rammstein Concert
- Punkáči Deťom Fundraiser Festival
- Skaly Festival
- LOVSTREAM Festival
- Atmosféra Festival
- Tesco Family Day



FOLLOWING ALTERNATIVE COLLECTION POINTS WERE INTRODUCED IN 2023:

- US Steel plant (employee beverages)
- Phoenix Service Slovakia (employee beverages)
- Bešeňová Aquapark
- Tatralandia Aquapark
- Aréna Hotel
- Mária Ferletiaková Event Management (festivals, events)
- Amazon
- Jaguar Land Rover
- Piešťany Spa Bath
- National Parks
- University Hospital in Martin
- Beckov Castle

OVER 50,000 UNITS OF DEPOSITED PACKAGING WERE COLLECTED AT ENVIRONMENTALLY CONSCIOUS EVENTS, DESIGNED TO OFFER MORE THAN JUST ENTERTAINMENT.

SINCE THE INCEPTION OF THE DEPOSIT RETURN SYSTEM, 21 YEAR-ROUND ALTERNATIVE COLLECTION POINTS HAVE BEEN ESTABLISHED, THROUGH WHICH OVER 900,000 UNITS OF PACKAGING HAVE BEEN COLLECTED.

THE SPRÁVCA ZÁLOHOVÉHO SYSTÉMU EXTENDS ITS SINCERE GRATITUDE TO ALL WHO HAVE CONTRIBUTED TO THIS SUCCESS.





NATIONAL PARKS

The deposit return system serves as an effective tool for combating environmental litter. Consequently, the Správca is committed to continuously enhancing the network of collection points and alternative collection points for returnable packaging—a critical measure in reducing loose waste in natural areas.

In the summer of 2023, 13 specialised waste collection containers were installed in selected national parks.

National park administrations have noted the positive impact of the deposit return system on environmental litter. Previously, plastic packaging accounted for over half of the waste found in rivers during clean-up efforts. Since the introduction of the deposit return system, this volume has significantly decreased.

The containers are installed at locations selected by the respective national parks' administrations, strategically placed in high foot traffic areas to ensure maximum efficiency. This allows tourists to easily access the containers and return packaging, thereby contributing to environmental preservation. The deposit from these returns will help fund the respective national park. Alternatively, tourists may return packaging at any standard collection point,

easily located using the collection points map on our website, slovenskozalohuje.sk.



The containers are currently located in:



- Tatra National Park: Hrebienok, Tatranská Polianka, Tatranská Lomnica, Zverovka
- Low Tatras National Park: Trangoška, Hriadeľské sedlo
- Slovak Paradise National Park: Dedinky, Podlesok
- Slovak Karst National Park: Zádielska chata
- Veľká Fatra National Park: Gaderská dolina, National Park Administration in Martin
- Poloniny National Park: Nová Sedlica
- Pieniny National Park: Červený Kláštor

The Správca zálohového systému has procured specialised collection containers designed to withstand potential bear encounters. Their durability has been successfully tested at Bojnice Zoo in collaboration with the Brown Bear Intervention Team.

The locations will be assessed in collaboration with national park administrations to optimise their placement and quantity. Plans are in place to expand this scheme across all national parks.

Ongoing public awareness is essential. The Správca is currently developing an awareness campaign targeting both domestic and international visitors to national parks. This campaign aims to increase public knowledge about packaging return options or the opportunity to donate returns to support the development of Slovak national parks.



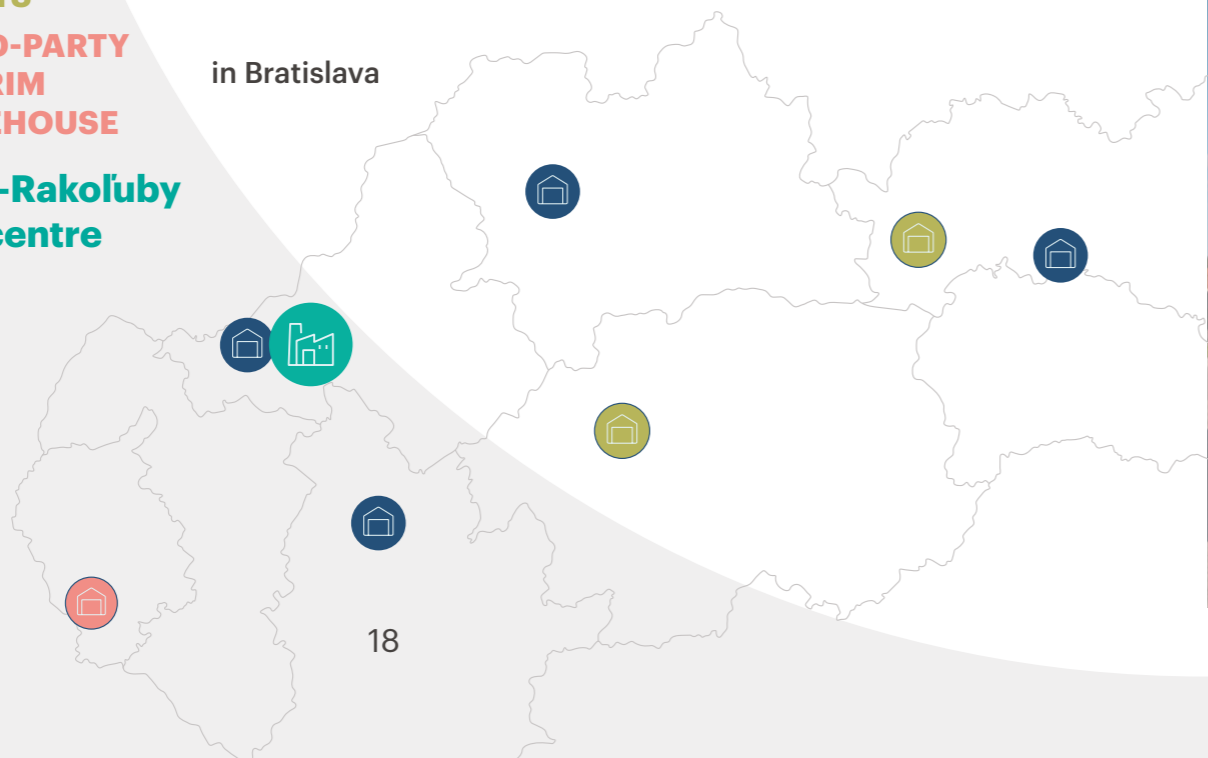
FLOW OF COLLECTED PACKAGING



The deposit return system relies on a robust logistics network, with the sorting centre in Kočovce as a critical component in the beverage packaging return system. Packaging collected at individual points throughout Slovakia is transported by the Správca from interim warehouses to the sorting centre in Kočovce. Currently, the Správca operates 4 proprietary interim warehouses, 2 third-party transshipment points, and 1 third-party interim warehouse.

Currently, the Správca operates:

-  **4 PROPRIETARY INTERIM WAREHOUSES** in Kočovce, Nová Polhora, Žirany, Strečno
-  **2 THIRD-PARTY TRANSSHIPMENT POINTS** in Zvolen and Svit
-  **1 THIRD-PARTY INTERIM WAREHOUSE** in Bratislava
-  **Kočovce-Rakoluby Sorting centre**



At the beginning of the year, the Správca assessed real operational data from the previous year and discussed various solutions for bag filling with retailers.

Another priority was to streamline the data flow from reverse vending machines to the planning software. A new software solution was implemented, enabling faster and more precise

vehicle route planning while accounting for capacity to maximise efficiency.

By strategically positioning interim warehouses, transshipment points, and the sorting centre, transport routes were optimised to ensure flexible, efficient, and sustainable transport of collected returnable packaging from collection points.



In 2023, the interim warehouse in Rosina was relocated to Strečno, and new transshipment points were opened in Svit and Zvolen. The Správca has also continued to expand the capacity of the sorting centre in Kočovce, enhancing its utility as an interim warehouse. This optimisation is projected to save over 55,000 kilometres of travel, thereby reducing the overall carbon footprint.

To enhance the efficiency of the waste collection system, a vital component of the overall logistics, the Správca initiated a trial of a dumper truck equipped with a linear press in Bratislava. This vehicle can transport up to 3.5 times more packaging from reverse vending machines, significantly increasing collection efficiency.



IN 2023, PLANNING SOFTWARE FOR PACKAGING COLLECTION WAS ROLLED OUT NATIONWIDE TO ENHANCE THE EFFICIENCY OF THE COLLECTION SYSTEM AND, BY YEAR-END, IT WAS INTEGRATED WITH GPS UNITS.

ON AVERAGE, 80 VEHICLES WERE DEPLOYED DAILY, COVERING OVER 5 MILLION KILOMETRES AND COLLECTING MORE THAN 1.3 MILLION BAGS ACROSS OVER 185,000 COLLECTION SESSIONS.

MATERIAL PROCESSING AND CIRCULAR FLOW



Packaging returned by consumers is collected from collection points and, through efficiently planned transport routes, conveyed by the Správca to interim warehouses, where items are checked and counted. Plastic packaging is compressed into bales and then transported to the sorting centre, while pressed metal packaging is transported in large-capacity bags. Strategically located interim warehouses, transshipment points, and the sorting centre ensure optimal transport routes, enabling flexible, efficient, and sustainable transportation of collected packaging from the collection points. At the sorting centre, bottles and cans are sorted by material and colour, pressed into large bales, and subsequently sent to recycling plants.

The sorting centre inspects, registers, and processes all material received from interim warehouses or directly from collection points. It utilises equipment capable of sorting plastic packaging by colour and compacts sorted plastic and metal waste into bales for recycling plants. To enhance operational efficiency, technical upgrades were implemented for the conveyor belts, including new protective covers, scrapers, and alarms to extend conveyor lifespan. Additionally, technology was installed for online monitoring of the optical equipment used in sorting PET materials.

In 2023, the sorting centre processed nearly 21,000 tonnes of plastic packaging and approximately 7,000 tonnes of aluminium packaging.

The primary objective of the deposit return system is to prioritise “pet-to-pet” and “can-to-can” processing, meaning that collected packaging is recycled into new packaging serving the same purpose as the original.

Producers are keen to utilise recycled material, primarily due to the requirements set forth by the EU Directive on reducing the environmental impact of certain plastic products (the “SUP Directive”). This directive mandates that newly produced PET bottles for beverages must contain at least 25% recycled material by 2025 and at least 30% by 2030.

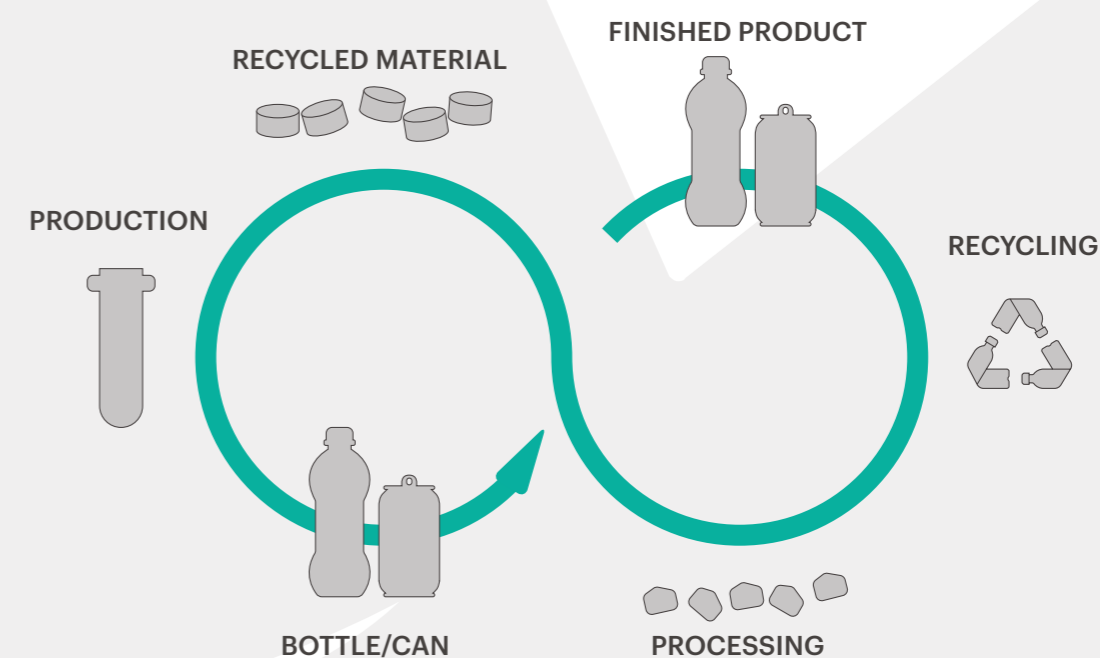
Additionally, some producers have voluntarily committed to higher targets and already incorporate 50% or more recycled material in their beverage packaging.

The overarching goal is to eliminate material waste and move beyond single-use recycling, establishing a closed material flow loop that enables continuous recycling in line with circular economy principles.

Producers may acquire sorted material through a first-option purchase scheme. Any material processed by the Správca that is not purchased in this first option is subsequently sold to recycling plants selected through the Správca’s tender process. In line with the Správca’s guiding principles, all material is processed by recycling plants capable of ensuring “pet-to-pet” and “can-to-can” recycling. Revenue from these material sales serves as a source of income for the deposit return system.

The first-option scheme was introduced in 2022, with approximately 50% of the material collected and processed by the Správca being repurchased by producers for recycling into new bottles and cans. The remaining material was sold via tenders.

In the system’s second year, producers bought back 65% of ALU material and nearly 78% of transparent blue and green PET material through the first option, ensuring its use in new packaging. The remaining material was sold through regular channels.



SPRÁVCA AS EMPLOYER

As a newly established non-profit organisation, the Správca zálohového systému continues to refine its organisational structure and work environment.

The number of employees has stabilised at approximately 120.

As of the end of 2023, the Správca employed 118 staff members.

Approximately 40% of the workforce consists of clerical staff. The Správca values all who have contributed to this society-wide initiative and is committed to gradually enhancing employee conditions to create a stable working environment and boost staff motivation.

Prioritising the success of the deposit return system, the Správca's employees actively contributed to waste analysis efforts throughout 2023. This work has helped to identify the proportion of beverage packaging that continues to enter standard sorted waste streams.



PUBLIC AWARENESS

A survey conducted prior to the launch of the deposit return system indicated that the primary motivation for participants was not only the €0.15 deposit but also environmental protection. In preparation for the system's commencement, consumers were educated on the upcoming changes designed to contribute to a cleaner, more picturesque environment. The aim was to foster positive public sentiment by highlighting the environmental benefits of the deposit return system and emphasising its launch date.

With the system's launch, the Správca zálohového systému began sharing more detailed information, explaining system principles and encouraging changes in consumer behaviour under the motto: "From 1 January, we don't crumple or discard—we recycle. It's that simple." During the interim period, allowing producers and retailers to transition while both returnable and non-returnable packaging remained on shelves, efforts focused on educating the public on locating the deposit symbol on packaging.

In the second year of the system's operation, the Správca focused its efforts on younger generations, recognising them as key to a sustainable future. Educating children on sustainable practices from an early age benefits not only themselves but also their families, communities, and the country as a whole.

A new campaign concept was developed, introducing a new face of the deposit return system. Vratko Štupel', following in the footsteps of previous campaign figures Sajfa and Fero Joke, represents a playful persona whose ideas are publicly showcased through ad campaigns, publicity stunts, and events.

Positioned as a young influencer who appeals to the Gen Alpha target audience and views recycling as a blend of environmental responsibility and "business", Vratko Štupel' contributed to the main campaign through his profiles on Facebook, Instagram, and TikTok to show young people that they are not alone in their efforts to create positive change. Through recycling, he assists his family, neighbours, and ultimately contributes to a healthier environment.

The main campaign was divided into three phases, supported by ongoing communication on social media. Here, Vratko Štupel' shared information about the deposit return system. A blog authored by Vratko was also introduced,



featuring articles on topics related to recycling and broader environmental protection. Each phase of the campaign underscored that recycling is a year-round commitment, with a focus on the positive impact of the deposit return system on the environment and natural surroundings. In March and April, a summer phase was launched, and the year concluded with a Christmas campaign.



Expert Education in 2023:

- Obehové Hospodárstvo international conference, Bratislava
- Czech and Slovak Sustainability Summit, Prague
- Slovenské Obchodné Fórum conference, Bratislava
- Zelená Budúcnosť HN conference (Slovenské Klimatické Fórum)
- Odpady international congress, Luhačovce
- Předcházení vzniku odpadů expert conference, Prague
- Circular Week 2023, Poland
- National Beverage Conference, Poland
- 15th Packaging Innovations International Packaging Fair, Poland
- Presentation of the DRSA for the Ministry of Environment of Cyprus
- Presentation of the DRSA for the ReLoop platform
- Plastics Circularity Best Practice webinar
- Deep Dive DRS Series webinar



A vital component of the communication efforts involved regular updates on current statistics and Správca activities via its website, social media profiles, and the media. Communication within the deposit return system also included updates to stakeholders through emails, phone calls, meetings with unions, the board of directors, and the supervisory board, as well as through the distribution of various process manuals.

EDUCATION

Despite strong return rates, ongoing education on recycling remains essential. While enthusiasm for sustainability is generally high in Slovakia, it can wane among younger generations, making regular educational efforts crucial. As this demographic is often motivated by financial incentives, it is equally important to highlight the ecological benefits of the deposit return system. To this end, the Správca is engaged in several projects aimed at providing practical information about the system, emphasising the importance of sorted collection, and fostering a sense of environmental responsibility.

The Správca supports children's education on recycling through collaboration with NATUR-PACK, an extended producer responsibility organisation, as part of the Zberný Dvor project. This initiative, featuring the talented musician and singer Braňo Jobus, engages children in waste sorting, recycling, and waste prevention through playful, interactive methods. The programme is delivered in partnership with selected schools and incorporated into schedules at various public events and festivals. As part of its educational initiatives, the Správca continued its role as a partner and professional

guarantor for the eco-musical *Odpad je Poklad*, which encompasses a range of activities promoting environmental stewardship in Slovakia. This collaboration aims to underscore the impact of waste management, ecological practices, natural resources, and health on quality of life. The Správca seeks to strengthen public connection to the environment and foster the belief that responsible practices and waste prevention contribute significantly to environmental protection.



Strengthening the education of pre-school children The Správca also supported the cooperation with the Miro Jaroš Amfík tour music programme. During each concert, the positive impact of deposit on our nature and planet was explained to the children. The children also received practical information about deposit return system.



In the latter half of 2023, the Správca zálohového systému expanded its educational outreach to university students through guest lectures. The Technical University in Zvolen hosted a lecture delivered by the Správca's Director General, Marián ÁĎ, on the circular economy and management of disposable beverage packaging. This lecture was open to postgraduate students of the Faculty of Ecology and Environmental Sciences enrolled in the Forensic and Criminalistic Environmental Sciences programme.

Educational initiatives are essential in combating litter and fostering a cleaner environment. The Správca believes that professional lectures on the circular economy and disposable beverage packaging management inspire students and encourage a more environmentally responsible approach. These activities provide students with critical insights into environmental issues, supporting Slovakia's sustainable future.

The Správca has entered into an agreement with the University in Zvolen for scientific and professional collaboration, committing to deliver lectures at the Faculty of Ecology and Environmental Sciences on disposable beverage

packaging and waste management. Additionally, the Správca will provide professional supervisors for Bachelor's, Master's, and dissertation theses on related topics. Plans are also in place to collaborate with professionals from the Faculty of Ecology and Environmental Sciences within this framework.

Further presentations were organised at the Faculty of European Studies and Regional Development at the Slovak University of Agriculture in Nitra, where students gained valuable insights into the operations of the Deposit Return System and practical knowledge in the field.

Positive perceptions of the system were further validated by a survey conducted in August 2023 by the Správca in partnership with the 2muse agency. The results indicated that 97% of Slovaks are aware of and support the deposit return system, underscoring the population's high level of environmental awareness. Additionally, 94% reported having personal experience with deposit returns.

The survey also demonstrated Slovakia's commitment to environmental issues, with over 60% of participants identifying environmental protection as the primary motivation behind the deposit return system. Interestingly, financial motivation is stronger among younger individuals, particularly those aged 35 and under, who may show a reduced ecological motivation for recycling. In contrast, individuals aged 55 and above display a stronger conviction in the system's environmental impact, though beverages in returnable packaging are most frequently purchased by those aged 35 or younger.

When selecting a collection point, consumers tend to consider whether they plan to shop at that location. On average, consumers return 16 units of packaging per visit. Those who return more than 50 units in a single visit are typically aged 35 or younger, and this age group generally visits collection points less frequently than others.



INCLUSION ACTIVITIES

Slovakia's deposit return system delivers undeniable economic and environmental benefits; however, it is vital that it remains accessible to all, including seniors, individuals with disabilities, and disadvantaged groups.



Throughout the system's operation, the Správca has made considerable efforts to ensure accessibility for everyone in Slovakia, maintaining close communication with the Office of the Commissioner for Persons with Disabilities to prioritise inclusivity-related issues.

Recognising its responsibility, the Správca actively participates in various projects supporting individuals with disabilities. To further enhance the system's accessibility for this group, the Správca collaborated with retailers in the first half of 2023 to test the accessibility of reverse vending machines for wheelchair users. This testing provided valuable insights for both the Správca and retailers, who own the reverse vending machines, to improve accessibility features.

Discussions on enhancing the accessibility of the deposit return system for individuals with disabilities have continued, with a particular focus on those who are blind or partially sighted. To this end, communication has been established with the Slovak Blind and Partially Sighted Union to explore new ways of making the deposit return system more accessible for this group.

In its commitment to fostering an inclusive society, the Správca zálohového systému has initiated a number of activities since its inception. Through these social responsibility efforts, the Správca has partnered with the MAKO SK citizens' association, which is dedicated to improving conditions and quality of life for individuals with disabilities. Among its initiatives, MAKO SK is working to have power-assisted wheelchair add-ons registered as recognised assistive devices. In support of this effort, the Správca zálohového systému has provided a financial donation for these wheelchair add-ons. This contribution represents a shared commitment to creating a more inclusive society, with a focus on accessibility and support for all, including those who are disabled or disadvantaged.



SUPPORTING THE EXPANSION OF A CIRCULAR ECONOMY BEYOND SLOVAKIA



operation.

In 2023, Slovakia hosted the annual meeting of the Association of Deposit and Return Systems in Europe for the first time, fostering greater collaboration and knowledge sharing. Through this initiative, the Správca zálohového systému continues its commitment to extensive international engagement.

A significant honour was the visit from the Dutch royal couple, who expressed their support for the principles of a circular economy in Europe and beyond. Marián Áč, Director General of the Správca zálohového systému, presented the achievements of the deposit return system, providing a brief overview to the royal couple and President Zuzana Čaputová.

In November 2023, Romania launched a deposit return system inspired by Slovakia, just as Slovakia once drew inspiration from the Baltic countries.

Promoting the principles of a circular economy requires extensive collaboration within Europe and internationally. Mutual support among countries enables more efficient processes in existing systems and the effective establishment of deposit schemes for new participants, enhancing material collection efficiency and environmental sustainability, reducing litter from beverage packaging and conserving natural resources. Furthermore, this approach demonstrates that producers in other sectors can also integrate circular economy principles.

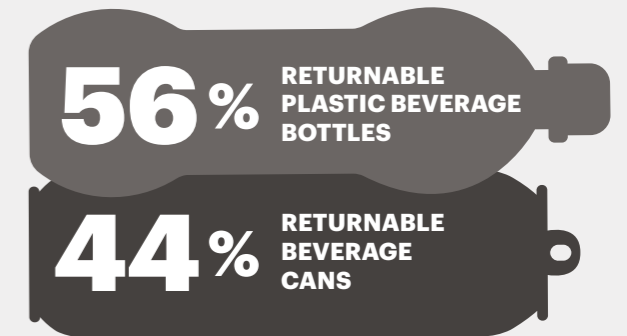
During the challenging preparatory phase of the deposit return system in Slovakia, the Správca zálohového systému sought inspiration from countries with established deposit schemes, particularly in the Nordic and Baltic regions, which offered support and collaboration throughout the implementation process.

Following extensive preparation, Slovakia became the twelfth country in Europe, and the first in its region, to adopt the principles of a circular economy and implement a deposit return system. The system's success has positioned Slovakia as a model for other countries looking to adopt similar schemes. Having once looked to other nations for inspiration, the Správca zálohového systému is now able to share its own expertise, supporting the circular economy initiative across Europe.

In 2023, a series of meetings were held in which the Správca shared valuable insights on the deposit return system with countries such as Slovenia, Ireland, Hungary, Czechia, Bulgaria, Austria, Poland, England, and Romania. The Správca provided both theoretical information and practical demonstrations of the system in

ACHIEVING RETURN RATE GOALS

IN THE LATTER HALF OF 2023,
A TOTAL OF
580 836 551
UNITS OF RETURNABLE BEVERAGE
PACKAGING WERE COLLECTED.



BY THE END OF 2023,
THE SYSTEM HAD PROCESSED
1 071 170 003
RETURNED PLASTIC BOTTLES
AND CANS.



SINCE THE SYSTEM'S INCEPTION,
NEARLY

1,9 billion

UNITS OF RETURNABLE PACKAGING
HAVE BEEN COLLECTED.

THE RETURN RATE FOR THE SECOND
YEAR OF THE DEPOSIT RETURN
SYSTEM STANDS AT

92%

Collection Totals by Region in 2023



Banská Bystrica	117 814 673	Prešov	126 395 188
Bratislava	165 114 384	Trenčín	105 293 887
Košice	140 699 610	Trnava	136 069 713
Nitra	153 888 370	Žilina	125 894 178

CHALLENGES AND SAFEGUARDING THE DEPOSIT RETURN SYSTEM

The Správca zálohového systému is committed to continuously improving and expanding the system, a process accompanied by various challenges. While positive growth trends are evident, they also bring the issue of unlawful tampering with returnable packaging. The Správca takes proactive measures to prevent both individuals and organised groups from gaining an unlawful advantage, misusing the system, or violating legislation to the detriment of legitimate customers, producers, and retailers.

The impact of potential misconduct primarily affects legitimate producers, who contribute to funding the system. To safeguard the system's success and functionality, as well as the material market that supports it, the Správca actively works to protect efficiency and uphold the interests of legitimate participants and customers alike.

In accordance with current legislation, the Správca zálohového systému is required to monitor for fraudulent activities that contravene the legal regulatory framework. Although the Správca is not directly authorised to impose penalties for such unlawful conduct, close cooperation has been established with relevant authorities, including the Ministry of Environment of the Slovak Republic, the Slovak Inspectorate of the Environment, the Slovak Trade Inspection, the Antimonopoly Office of the Slovak Republic, the Slovak Police Force, and the Slovak Financial Administration. The existing legal framework is currently sufficient to address any incidents of misconduct.

One of the most serious forms of manipulation within the deposit system involves dishonest practices by certain beverage producers and retailers who unlawfully sell imported beverages

or import foreign beverages packaged in Slovak-registered containers, although not intended for sale in the Slovak network. Such practices result in both direct and indirect financial harm, affecting not only the Správca zálohového systému but also legitimate and reputable beverage producers and retailers, who bear the financial burden of this conduct.

The Správca has also recorded attempts at fraudulent behaviour by individuals attempting to deposit packaging not purchased in Slovakia or non-registered products labelled with forged tags. We take this opportunity to remind consumers that any attempt to fraudulently handle foreign-purchased packaging for which no deposit was paid in Slovakia constitutes a legal violation and may be prosecuted by the relevant enforcement authorities.

The notion that inserting packaging into a reverse vending machine and scanning the barcode completes the verification process is incorrect. This is merely the start of a comprehensive procedure, which includes a thorough inspection of collection and handling of returnable packaging.

To combat such fraudulent activity, the Správca has implemented several preventative measures. The dedicated role of Fraud Prevention Manager was established to monitor collection areas, inspect returned packaging, produce system and continuous financial inspection reports, conduct mystery shopping, analyse CCTV footage, and collaborate with reverse vending machine suppliers, retailers, and national inspection bodies. Additionally, in the latter half of 2023, the email address fraud@spravcazaloh.sk was created to receive relevant enquiries on this matter.

The Správca maintains detailed records of return rates and deposits paid above the return rate, which may arise due to fraudulent activity. Each importer or beverage producer is required to reconcile any mismatching deposits and settle fees for registered returnable packaging that has been returned from abroad and exceeds the average return rates for the product.

Protecting the integrity of the system remains a priority for the Správca, alongside its ongoing development and maintenance.

The Správca will continue its collaborative efforts with retailers to enhance the user-friendliness of the deposit return system. This will be achieved through the expansion of the collection network to areas currently lacking return facilities and by modernising solutions for operating collection points. The Správca will also further support collection points by improving the waste collection system, making it more efficient and helping to prevent the excessive buildup of collected packaging.

The Správca zálohového systému's registration portal was developed for use by both producers and retailers. To increase flexibility for retailers, a new feature was introduced in 2023, allowing users to directly manage their data, thereby streamlining communication between retailers and the Správca.

In 2023, the Správca also introduced several optimisation measures that will impact producers and which are scheduled for implementation in 2024.

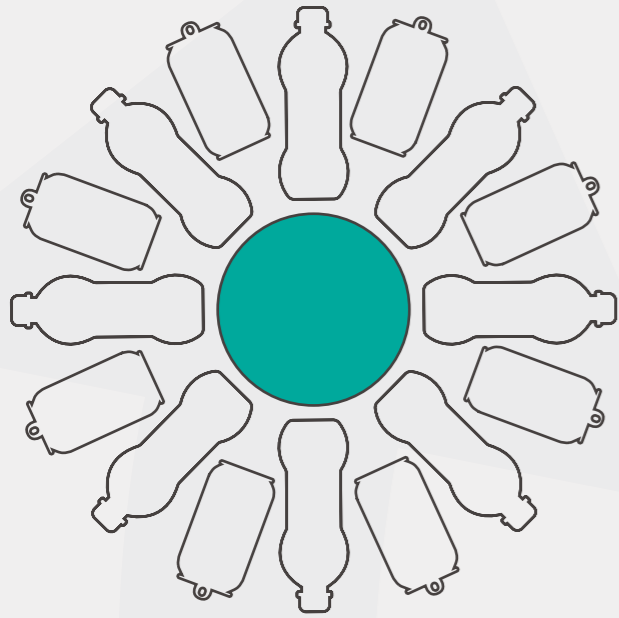
Producers are required to pay 3 types of fees within the system: an initial one-time registration fee, an administrative fee for EAN registration, and a market introduction fee, commonly referred to as the industry fee. The fees for the collection and recycling of returnable packaging were initially set at conservative levels at the system's launch. Towards the end of 2023, these fees were reviewed and adjusted to better align with current trends and to achieve a balanced financial outcome. This adjustment accounts for the increased return rate of returnable packaging, as producer fees help to offset reduced revenue from unreturned deposits. Additionally, as a non-profit organisation, the Správca generates income from the sale of materials. These fee adjustments will take effect from 1 January 2024.

In 2023, a decision was adopted regarding the use of international barcodes. From 2024, products using this type of barcode—available also for markets beyond Slovakia—will incur increased fees. For cold beverages with a best-before date of less than 5 months and using an international barcode, their shorter shelf life will be taken into consideration in this increase. These changes will take effect from 1 January 2024.

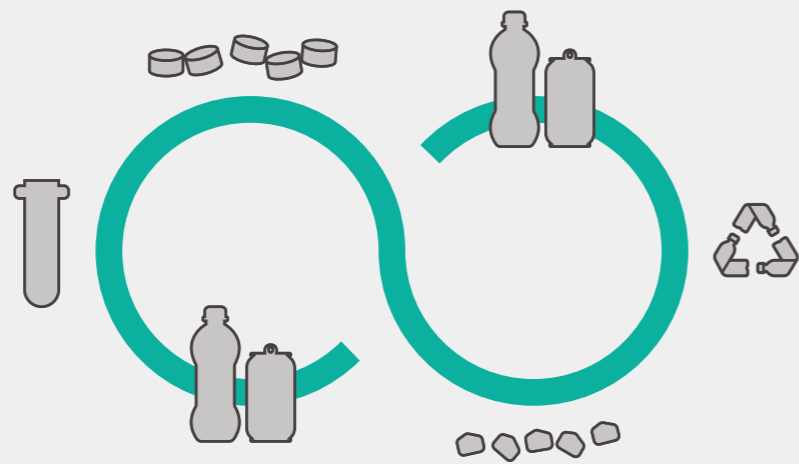
Producers will also have the option to avoid the fee increase associated with international barcodes and invoicing for above-average return rates by re-registering products with a national EAN code. The Správca's decision allows for re-registration from international to national barcodes without additional fees until 30 June 2024. In the latter half of 2023, a solution was introduced to support smaller producers by reducing the producer registration fee from €200 to €100. This change will be effective from 1 February 2024, with the registration fee remaining standardised across all producers.

To streamline the automated registration of producers and individual products (beverages in plastic bottles or cans), the Správca zálohového systému launched a dedicated registration portal at the system's commencement. This portal, which enables ongoing communication between producers and the Správca, was further enhanced in 2023 to provide greater flexibility for producers. New features include the ability to option to modify EANs, with certain changes subject to additional fees. Additionally, the portal now allows users to manage data directly.

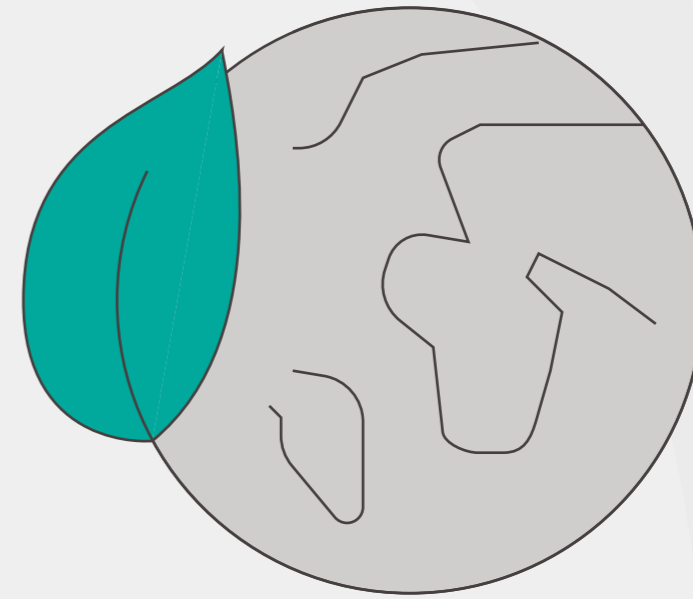
BENEFITS OF THE DEPOSIT RETURN SYSTEM



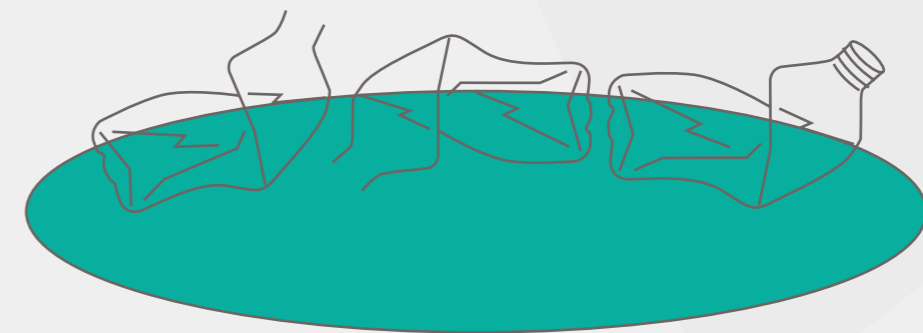
THE DEPOSIT RETURN SYSTEM ENABLES THE COLLECTION OF HIGHER-QUALITY MATERIAL IN GREATER QUANTITIES.




BY ADHERING TO CIRCULAR ECONOMY PRINCIPLES, THE MATERIAL CAN BE REUSED MULTIPLE TIMES TO PRODUCE NEW BOTTLES AND CANS.



REUSING MATERIAL HELPS CONSERVE NATURAL RESOURCES.



THE DEPOSIT RETURN SYSTEM CONTRIBUTES TO REDUCING LITTER AND PROTECTING THE NATURAL ENVIRONMENT.



Financial and Non-Financial Information for 2023

FINANCIAL AND NON-FINANCIAL INFORMATION

The Správca zálohového systému n. o., reported a loss of €4.2 million in 2023. Given the high return rate observed in recent months and the expectation that this trend will continue into 2024, the Správca has established reserves for unpaid deposits as of 31 December 2023 to meet future liabilities.

In 2023, the Správca zálohového systému n. o. continued its investment activities, particularly focusing on the development of its information system and technical upgrades to interim warehouses and transshipment points.

All activities undertaken by the Správca zálohového systému n. o., in 2023 were related to its primary activity. The Správca did not engage in any economic or commercial activities during the year.

The total costs incurred in 2023 amounted to €60.5 million, of which:

• Other services	44,9 mil. EUR
• Material consumption	9,8 mil. EUR
• Personnel expenses	3,3 mil. EUR
• Depreciation	1,1 mil. EUR
• Other costs	1,4 mil. EUR

The total revenue in 2023 amounted to €56.3 million, of which:

• Specific revenue	33,9 mil. EUR
• Revenue from proprietary products	12,8 mil. EUR
• Accepted gifts	5,9 mil. EUR
• Revenue from the sale of services	3,7 mil. EUR

The total (net) assets as of 31 December 2023 amounted to €23.3 million, of which:

• Intangible fixed assets	0,9 mil. EUR
• Tangible fixed assets	5,1 mil. EUR
• Stockpile	0,6 mil. EUR
• Long-term receivables	0,3 mil. EUR
• Short-term receivables	16,0 mil. EUR
• Other assets	0,4 mil. EUR

The total liabilities as of 31 December 2023 amounted to €23.3 million, of which:

• Equity	- 3,6 mil. EUR
• Reserves	5,5 mil. EUR
• Short-term liabilities	16,1 mil. EUR
• Bank loans and other accommodations or borrowings	5,3 mil. EUR

A comprehensive overview of costs, revenues, assets, and liabilities is provided in the financial statement.

Details on income (revenue) by source, as well as the status and movement of assets and liabilities, are included in the Annex to the financial statement - Notes.

The overview of financial income and expenses is presented in a separate Annex to the annual report - Overview of Financial Flows in €.

Non-Financial Information

- The Správca zálohového systému n. o., incurred no expenses related to research and development activities.
- The Správca zálohového systému does not have any organisational units abroad.
- The Správca zálohového systému is not exposed to material risks or uncertainties.
- No changes occurred in the composition of the board of directors.





SPRÁVCA ZÁLOHOVÉHO SYSTÉMU n.o.
spravcazalah.sk

Statistics Overview

AS OF 31 DECEMBER 2023,
THE SPRÁVCA HAS REGISTERED

334 ACTIVELY
PARTICIPATING
PRODUCERS

AS OF 31 DECEMBER 2023,
A TOTAL OF

4 584 EAN CODES
HAVE BEEN
REGISTERED

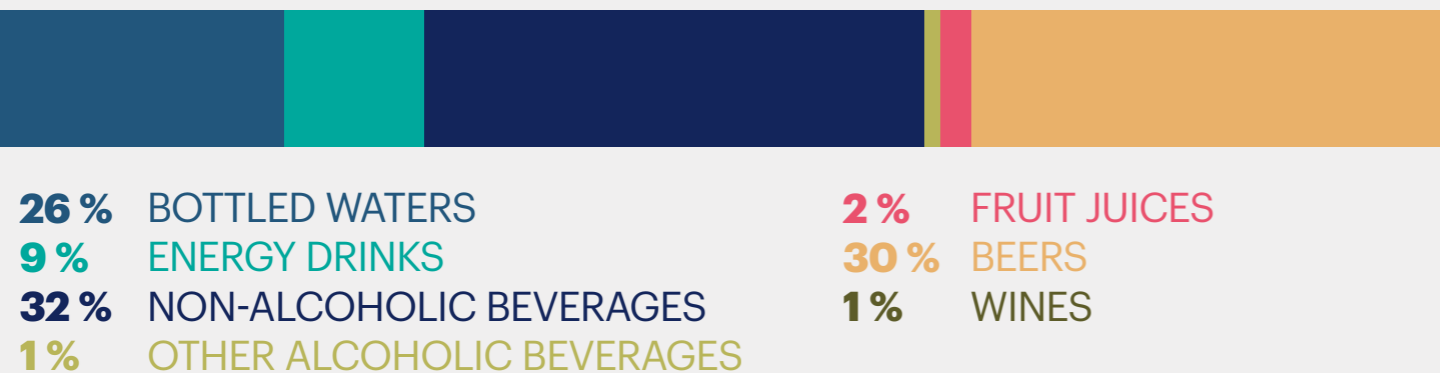
OF WHICH:



IN THE SECOND HALF OF 2023, AP-
PROXIMATELY **600 MILLION UNITS**
OF RETURNABLE PACKAGING WERE
INTRODUCED TO THE MARKET.

BY THE END OF 2023, THE SPRÁVCA
REGISTERED A TOTAL OF
1.16 BILLION UNITS OF RETURNED
RETURNABLE BEVERAGE
PACKAGING.

TYPES OF BEVERAGES:



AS OF 31 DECEMBER 2023,
THE SPRÁVCA
HAS REGISTERED

318

ACTIVELY
PARTICIPATING
RETAILERS

TOTAL NUMBER
OF COLLECTION
POINTS AS OF
31 DECEMBER 2023

3 269



NEW COLLECTION
POINTS

104

ESTABLISHED IN
THE SECOND HALF
OF 2023

GROWTH BY MONTH:



VOLUNTARILY PARTICIPATING
COLLECTION POINTS

64,5%

AUTOMATIC
COLLECTION POINTS

72%



MANDATORILY PARTICIPATING
COLLECTION POINTS

35,5%

MANUAL
COLLECTION POINTS

28%



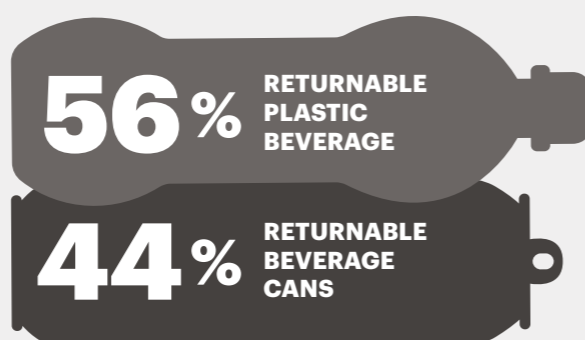
DISTRIBUTION OF **COLLECTION POINTS** BY REGION:

Banská Bystrica	13 %	Prešov	15 %
Bratislava	9 %	Trenčín	12 %
Košice	12 %	Trnava	10 %
Nitra	13 %	Žilina	16 %

IN THE LATTER HALF OF 2023,
A TOTAL OF

580 836 551

UNITS OF RETURNABLE
BEVERAGE PACKAGING
WERE COLLECTED.



BY THE END OF 2023,
THE SYSTEM HAD PROCESSED

1 071 170 003

RETURNED PLASTIC BOTTLES
AND CANS.



SINCE THE SYSTEM'S INCEPTION,
NEARLY

1,9 billion

UNITS OF RETURNABLE PACKAGING
HAVE BEEN COLLECTED.

THE RETURN RATE FOR THE
SECOND YEAR OF THE DEPOSIT
RETURN SYSTEM STANDS AT

92%

COLLECTION TOTALS BY REGION IN 2023

Banská Bystrica	117 814 673	Prešov	126 395 188
Bratislava	165 114 384	Trenčín	105 293 887
Košice	140 699 610	Trnava	136 069 713
Nitra	153 888 370	Žilina	125 894 178

**Thank you for your commitment
to a cleaner Slovakia.**