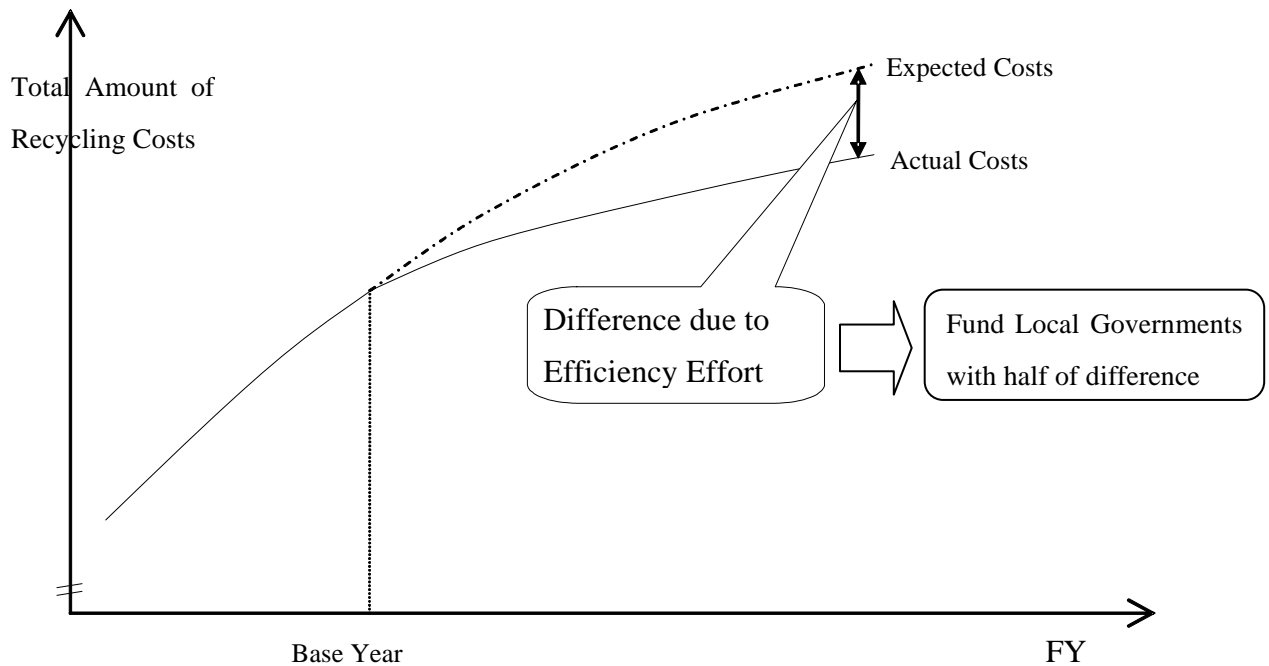


○ The mechanism to fund local governments which contributed more efficient recycling



The 2006 Amendment of Container and Package Recycling Act introduced the mechanism in which business operators producing or using containers and packages shall fund local governments which contributed more efficient recycling. Under Container and Package Recycling Act, stakeholders share the responsibilities respectively; local governments are engaged in sorted collection, and business operators producing or using containers and packages pay the cost to recycle the collected containers and package wastes. Where local governments achieve high-quality sorted collection, it allows more efficient recycling and therefore the cost of recycling declines accordingly. The 2006 Amendment creates the mechanism to fund the local governments with the half amount of difference between expected costs and actual costs.

The 2006 Amendment regarding the mechanism for business operators to fund local governments came into force in April 2008, which led full enactment of the 2006 Amendment. Under regulations promulgated in Sep. 2007, funds will be distributed to local governments which meet the quality standard of collected containers and packages waste, and/or reduce the cost of recycling accordingly. Estimated amount of the newly enacted fund will be approx. 6~8 billion Yen. The first payment will be in mid FY2009.