



# Packaging Waste Regulations

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# Agenda

- Packaging Regulations in the UK
  - How they regulations work
  - Obligated Packaging
  - Data Submission
- Packaging reform (high level summary)
  - Plastic Tax
  - Extended product Responsibility
  - DRS

# Introduction to Valpak – UK Market Leader

The UK's first and largest UK Producer Responsibility Scheme



100% compliance record, over 20 years experience, 150 employees



Working in partnership with Government to improve and develop legislation with the aim of increasing recycling rates



## Standards of Excellence



# Packaging Regulations



# What are the packaging waste regulations?

**01**

Based on an EU Directive with the aim of increasing recycling rates:

**Came into force in the UK in 1997**

**03**

Obligated businesses must recover and recycle a percentage of their share of packaging put onto the UK market

**02**

If a UK business meets the below thresholds it is obligated:

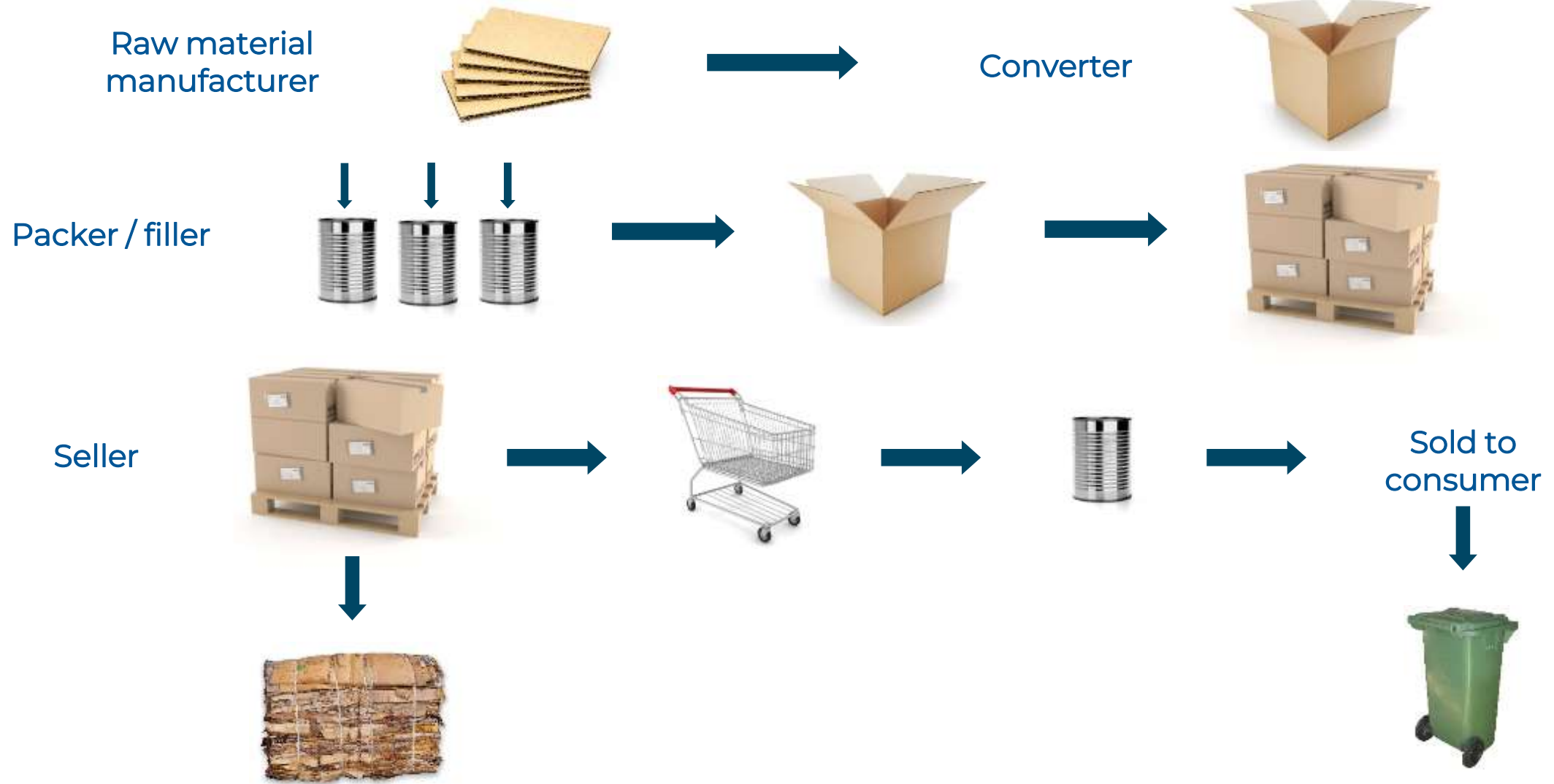
- **Turnover greater than £2 million and**
- **Handles more than 50 tonnes of packaging**

**04**

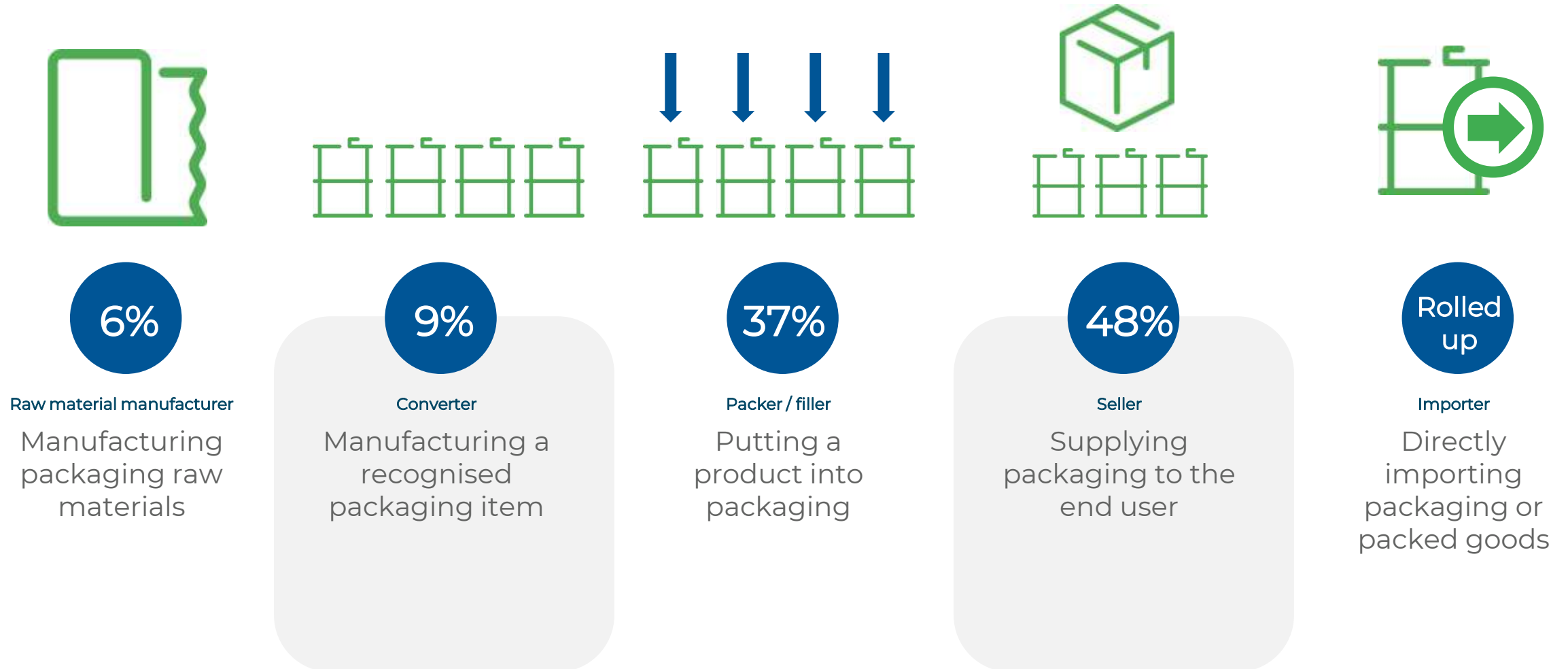
Businesses meet obligation by procuring recycling evidence notes known as **PRNs** (Packaging Waste Recovery Notes) to offset their obligation



# Share of Obligations

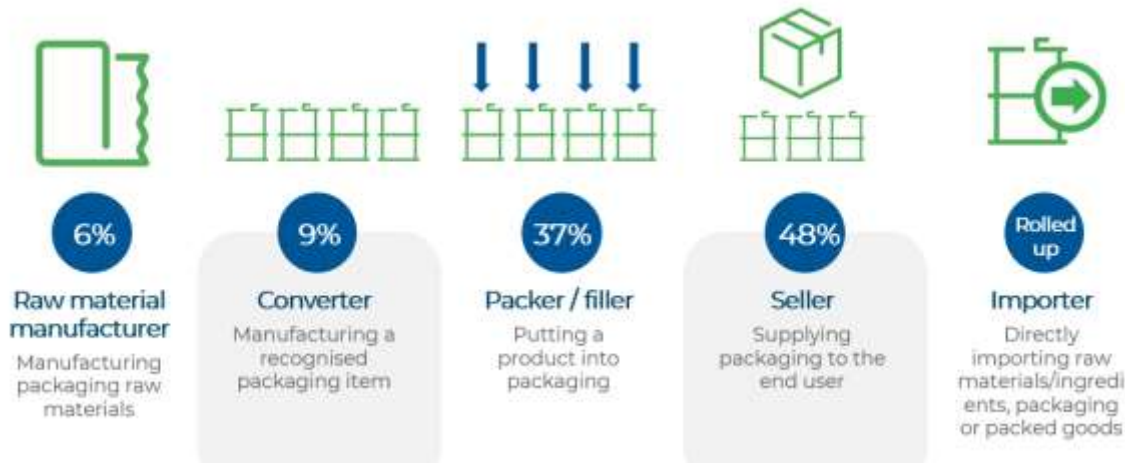


# Shared producer responsibility: unique to the UK



# Obligation Calculation

## Shared Producer Responsibility



## Obligation Calculation 1/2

$$\text{Packaging handled (t)} \times \text{Activity \%} \times \text{UK Target \%} = \text{Obligation (t)}$$

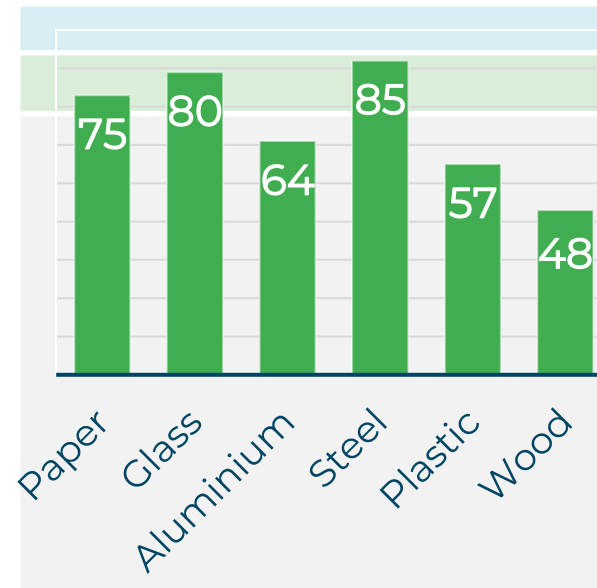
- Annual recycling targets for certain materials are set by UK Government in order to increase recycling
- We use the activity percentage and the material targets to calculate your obligation.

## Material Specific Targets

Material	2020	2021	2022
Paper	75	79	83
Glass	80	81	82
Aluminium	64	66	69
Steel	85	86	87
Plastic	57	59	61
Wood	48	35	35
Overall	82	76	77

## Obligation Calculation 2/2

- 1) Activity percentage applied and data tables added together to generate packaging flow
- 2) 82% of packaging flow must be recovered = overall obligation
- 3) 92% of overall obligation must be met from recycling
- 4) Material specific percentages are applied to calculate material specific obligation
- 5) General recycling = overall recycling obligation - material specific
- 6) General recovery = overall obligation - recycling obligation

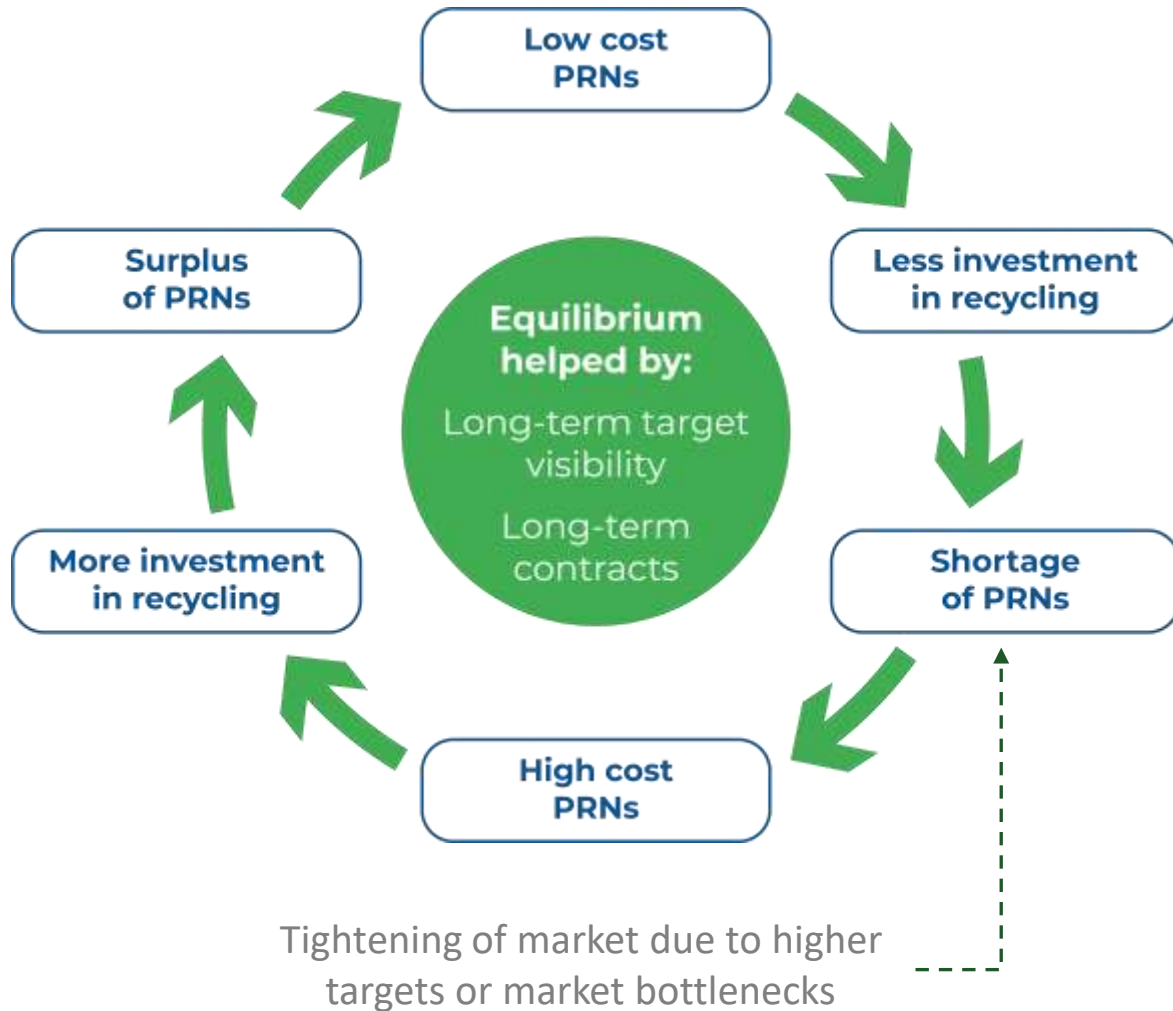




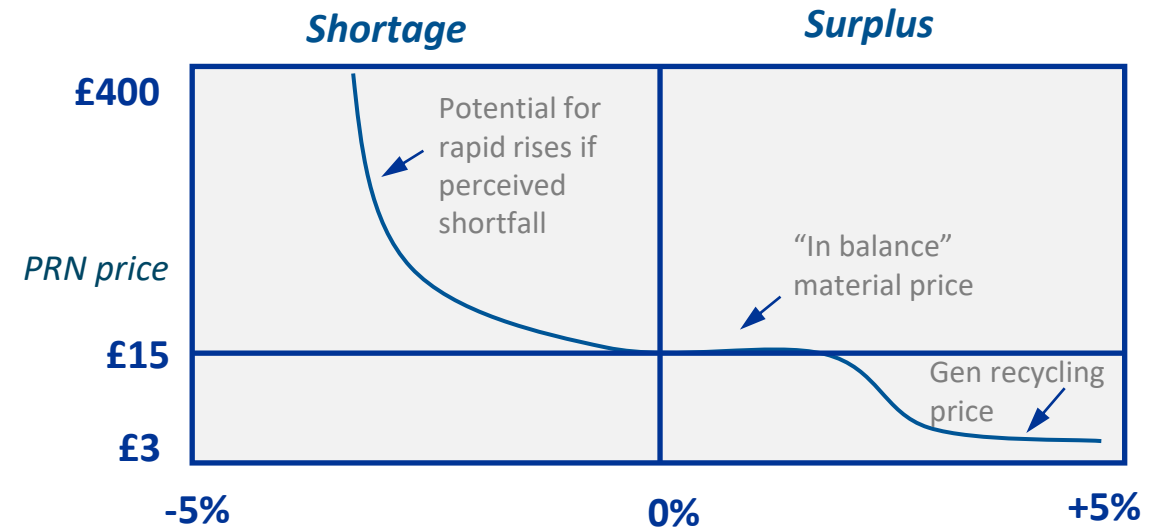
# PRN - packaging waste recovery note



# PRN Market Dynamics



- PRN prices not directly related to cost of recycling
- Prices driven by PRN supply and demand, therefore can fluctuate throughout the year and between years
- Recycling infrastructure and market changes can impact prices
- China ban on imports affected plastic and paper PRN prices due to restrictions on exports





# Obligated Packaging

# Is it Obligated Packaging?

If it...

- contains
- protects
- handles
- delivers
- presents



...it is packaging!

Paper, glass, aluminium, steel, plastic, wood and 'other'

# Non-Obligated Packaging

- Second-hand packaging
  - Pallets, drums, crates, IBCs
  - BUT obligated if imported
- Production waste
- Not obligated if using LEASED packaging
  - CHEP pallets
  - Supermarket crates
  - Automotive crates
  - Refillable gas cylinders
  - Obligated if the LESSOR



# Non-Obligated Activities

- Internal supply
  - Transfer of packaging/packed goods within the same legal entity (check company reg number)
- Contract Packing / third-party warehouses / toll manufacturing
  - Whoever owns the packaging at the time of packing/filling is the packer/filler
  - Whoever owns the packaging at the point of sale will be responsible for any selling activity
  - Good practice to cover Packaging Regulations when arranging contracts
  - If packaging is owned by a foreign company, the UK contractor may have to pick up obligation

# The Data Form



# The Data Form

Table 1 — Packaging Supplied

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							
Of which leased							

Table 2a — Direct Exports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							

Table 2b — Third Party Exports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							

Table 3a — Direct Imports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Conversion							
Packing/Filling							
Selling							

Table 3b — Packaging Removed from Around Imports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Transit Packaging							

Table 3c - Imports Which are Subsequently Exported

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Imported Packaging Exported							



# Imports

Table 3a — Direct Imports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Conversion							
Packing/Filling							
Selling							

Table 3b — Packaging Removed from Around Imports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Transit Packaging							

Table 3c - Imports Which are Subsequently Exported

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Imported Packaging Exported							

Table 1 - Packaging materials which you have performed an activity on in the UK

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							
Off-licence cases							

Table 2a - Direct exports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							

Table 2b - Third party exports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							

Table 3a - Imports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other
Conversion							
Packing/Filling							
Selling							

Table 3b - Packaging around imports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other
Transit Packaging							

Table 3c - Imports subsequently exported

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other
Imports Directly Exported							



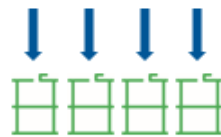
6%

**Raw material manufacturer**  
Manufacturing packaging raw materials



9%

**Converter**  
Manufacturing a recognised packaging item



37%

**Packer / filler**  
Putting a product into packaging



48%

**Seller**  
Supplying packaging to the end user



Rolled up

**Importer**  
Directly importing packaging or packed goods

# UK and Exports

Table 1 — Packaging Supplied

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							
Of which leased							

Table 2a — Direct Exports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							

Table 2b — Third Party Exports

	Paper	Glass	Aluminium	Steel	Plastic	Wood	Other*
Raw Material Manufacturing							
Conversion							
Packing/Filling							
Selling							

The screenshot shows a digital reporting interface with the following structure:

- Table 1 - Packaging materials which you have performed an activity on in the UK:** Includes a header row for material types (Paper, Glass, Aluminium, Steel, Plastic, Wood, Other) and rows for Raw Material Manufacturing, Conversion, Packing/Filling, Selling, and Of which leased.
- Table 2a - Direct exports:** Similar structure to Table 1 but without the 'Of which leased' row.
- Table 2b - Third party exports:** Similar structure to Table 1 but without the 'Of which leased' row.
- Table 2c - Imports:** Rows for Conversion, Packing/Filling, and Selling.
- Table 2d - Packaging around imports:** Row for Direct Packaging.
- Table 2e - Imports subsequently exported:** Row for Imports Directly Exported.



Missed compliance  
periods



## Enforcement Undertakings

Non-compliance for previous years can still lead to legal action - the highest fine to date is £270,000



An enforcement undertaking (Civil Sanctions) can be submitted to the appropriate environment agency to avoid legal action

This should detail what steps you have taken to become compliant and specify an offer of compensation to a suitable environmental project

A proactive offer has a 10% fee added to the non-compliance costs. Reactive cases incur 30% added costs

# Packaging Reform



# Plastic Packaging Tax

Applies to plastic packaging **manufactured in UK or imported** during/after **April 2022**

**30% recycled content threshold applicable to each component**

- Cannot be averaged across multiple packaging components
- Composite materials where plastic is heaviest material are taxable

**Packaging using insufficient recycled content taxed at £200/tonne**

- Quarterly payments starting July 2022

**Applies to UK-based producers or businesses for whom taxable items are directly imported for**

- Tax applies on top of your current PRN costs
- In future, it will apply on top of producers' EPR or DRS costs



# EPR – Proposed System



Single point of compliance  
– no longer shared over supply chain

System run by:

Single National Scheme  
OR Competing Schemes

EPR 'Modulated Fees' based on recyclability  
will increase or decrease producers' EPR bills



- More detailed data reporting required – e.g. polymer type
- UK nation reporting for 'sellers'
- Mandatory, Binary Recycling Labelling - 2024

## Producers to fund net cost of recovering/recycling all non-DRS packaging

- +£ Disposing residual waste from households
- +£ Managing ground & bin litter + education around litter
- +£ National communications on recycling
- +£ System administration & enhanced enforcement



# DRS - Separate systems being implemented at different times in the UK






**Scotland** – regulations confirmed but start date under review – ‘All-in’ scope same as below...

## England, Wales & N. Ireland DRS: Updated Proposals

- **PET, Steel, Aluminium and Glass** (not HDPE)
- **Size model TBC** under ‘All-in’ (up to 3L) vs. ‘on-the-go’ (<750ml only)
- **Industry-led Deposit Management Organisation** will determine deposit level & manage contracts, cash flow, infrastructure, reporting
- **90%** container collection rate after 3 years, no recycling targets
- **Local Authorities to receive payments** for kerbside DRS containers

## Cost Implications for Producers

Paid to Scheme Administrator for each unit placed on the market once DRS goes live

- |   |                     |   |
|---|---------------------|---|
|   | <b>Deposit</b>      | 20p<br>Received back from wholesalers upon distribution   |
|  | <b>Handling Fee</b> | Covers retailers' costs of operating return points  |
|  | <b>Producer Fee</b> | Likely dependant on container type<br>May be increased/decreased to: <ol style="list-style-type: none"> <li>promote eco-design</li> <li>account for likelihood of deposit fraud</li> <li>cover funding gaps in central costs over time</li> </ol> |

### +Cost of Labelling Changes

Cost of visually differentiating Scottish DRS stock from Rest of UK stock

### +Annual Registration Fee

£360 payable to SEPA  
only for producers with £85,000+ turnover

**Until DRS comes into effect, producers pay to place in-scope drinks containers onto the market via the reformed producer responsibility system (EPR)**



Questions?





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