



lc packaging®

Sustainable FIBC Virtual Conference

Closing the loop together • 19 May 2022

Session 2



lc packaging®

On the agenda



The path to a sustainable, circular future

What does this mean for FIBCs?

09:00 – 09:45 hrs CET



A transforming financial landscape

EPR, taxes and incentives

09:45 – 10:30 hrs CET



The road to implementing circularity

An example from the IBC Industry

10:45 – 11:15 hrs CET



Circular FIBC solutions

Design for recycling, reuse and recycled content

11:15 h – 12:15 hrs CET

A transforming financial landscape

EPR, taxes and incentives



Session 2 – Speakers



Tom Harrison-Prentice

Circular Economy Lead at
LC Packaging International



Arnoud Walrecht

Director & Global Circular
Economy Lead at **KPMG**



Merijn Betjes

Tax Director, Sustainability
at **KPMG**



Sustainable FIBC Virtual Conference

A transforming financial landscape:
EPR, taxes and incentives



Thursday, May 19, 2022



09:45 – 10:30 CET

Today's speakers



Merijn Betjes

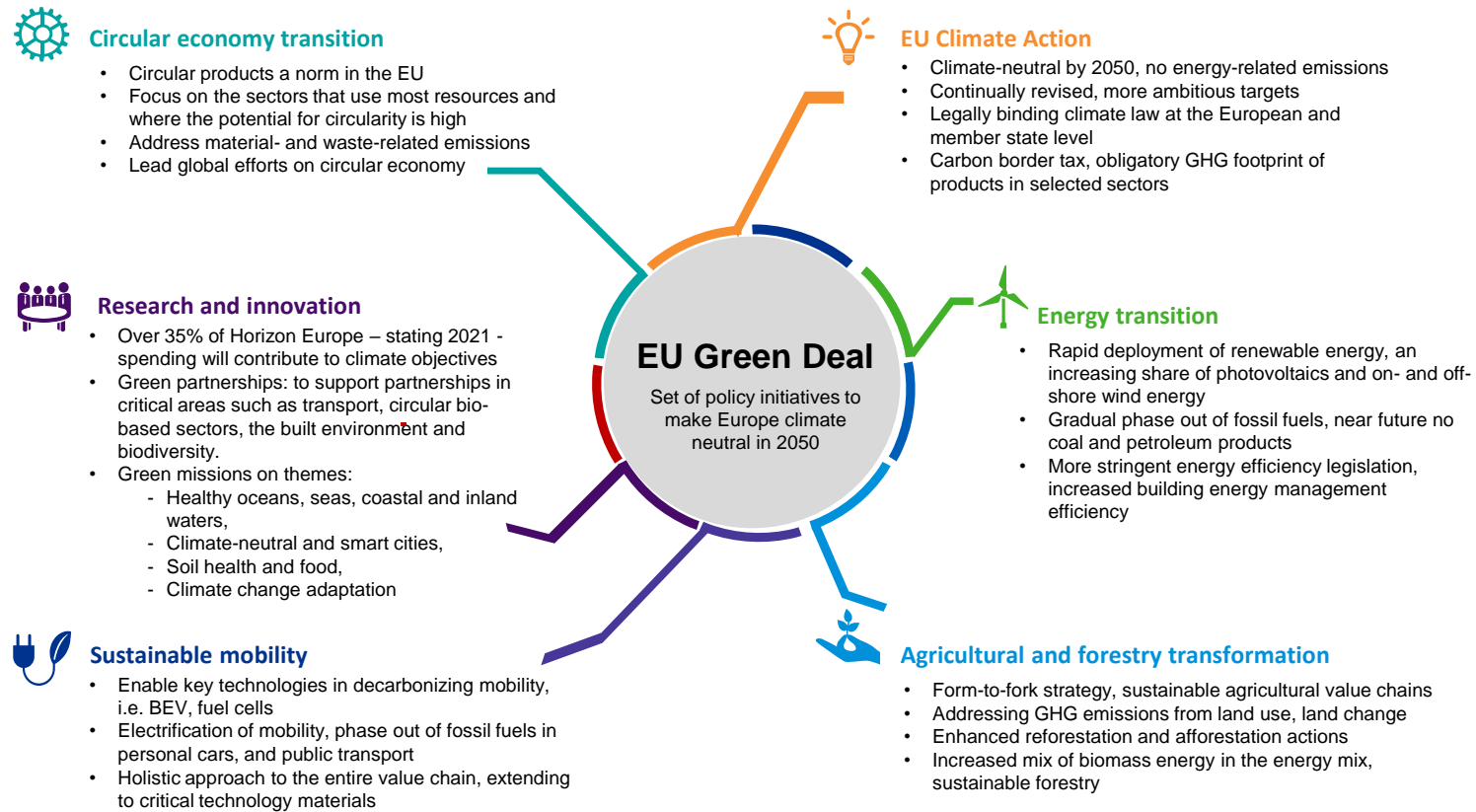
Tax Director
Sustainability

KPMG in The Netherlands
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Packaging: non-tax

EU Green Deal comprises policy initiatives to become climate neutral in 2050...

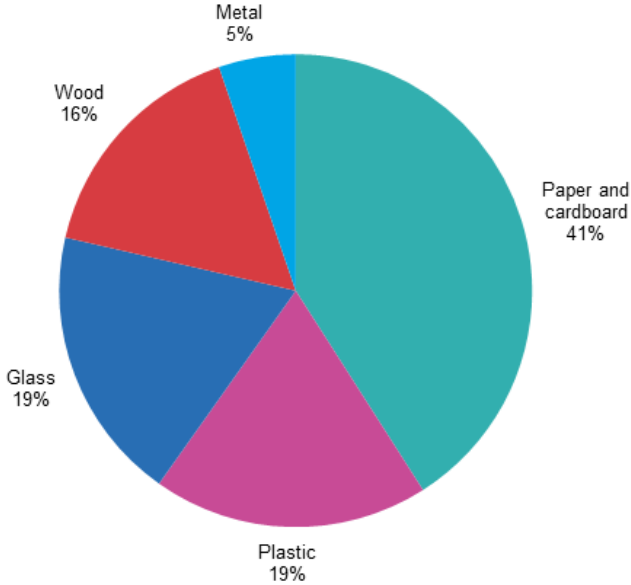


Packaging is one of the main circular challenges today

Packaging is one of the main issues in the transition towards a more circular economy which we can solve today and will facilitate the flows of tomorrow:

Packaging waste generated by packaging material, EU, 2016

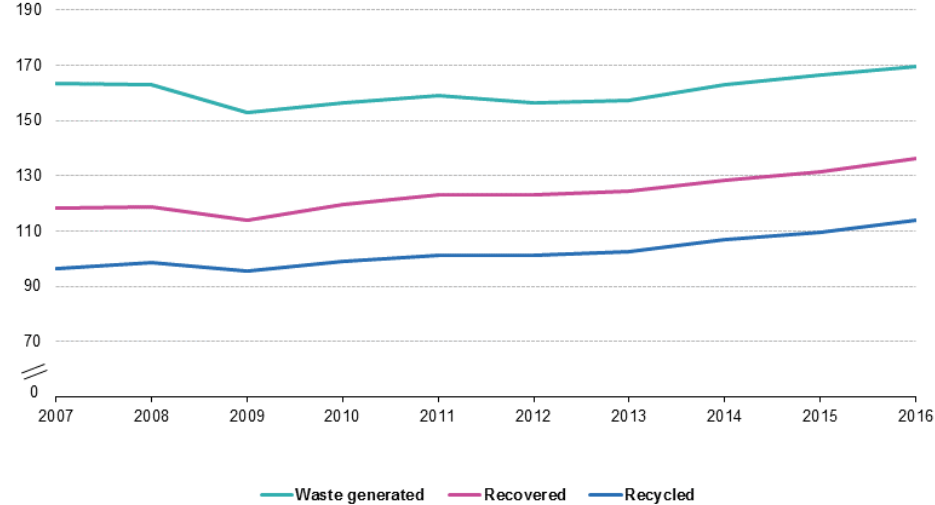
(%)



Notes: Data from the EU aggregate have been estimated by Eurostat
Source: Eurostat (env_waspac)

All packaging waste generated, recovered and recycled, EU, 2007-2016

(kg per inhabitant)

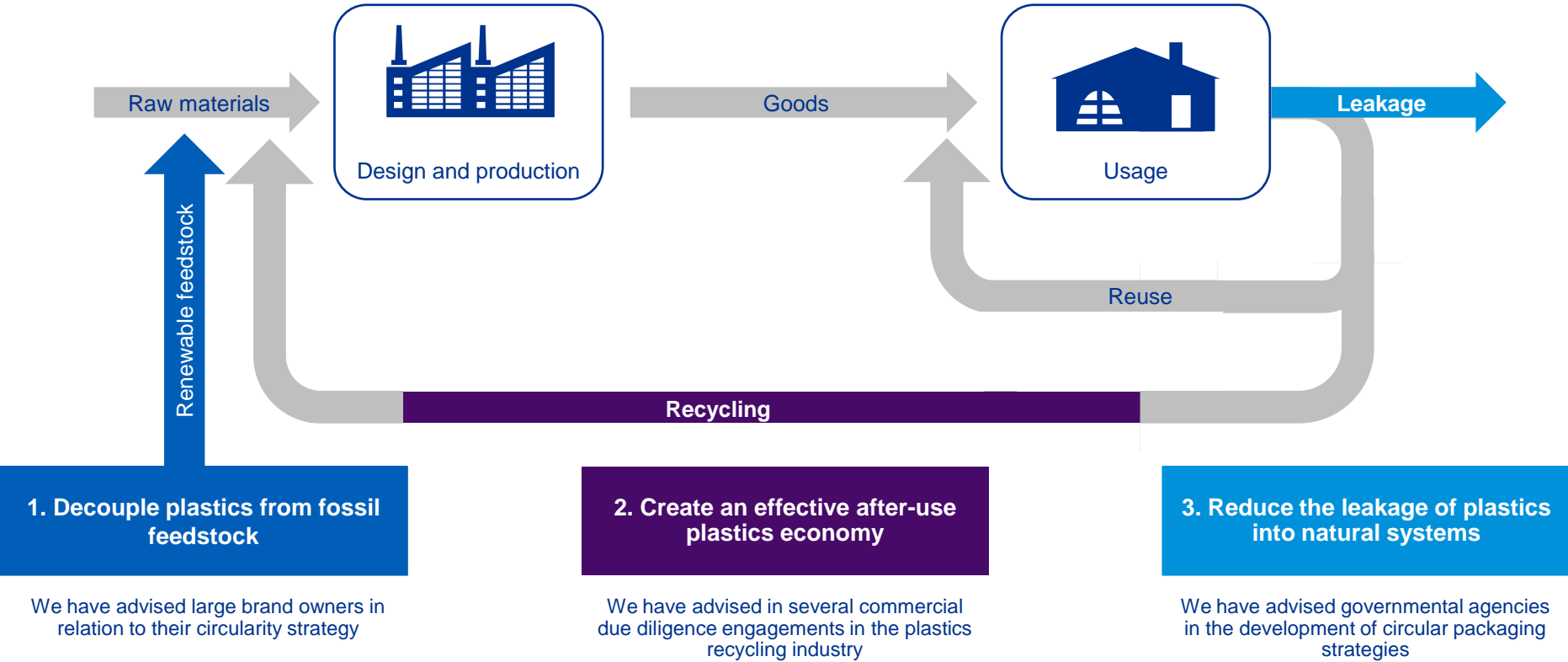


Note: EU aggregates between 2007 and 2011 are estimates.
Source: Eurostat (online data code: env_waspac)



Hot topic: plastics. What if we would think circular?

The new plastics economy is underpinned by three circular economy principles, which set the ambition to deliver better system-wide economic and environmental outcomes.



Current and upcoming measures

Packaging Circularity

Businesses must ensure circular end of life (EoL) for packaging put on the market (recyclability of packaging, possibility of reuse, mono materials, increased recycled content e.g.) through circular design and reduction of unnecessary packaging. Most countries have this type of non-obligatory measures effective as of **now that will be enforced by new Regulations**.

EU Packaging and Packaging Waste Directive 2018

Sustainable Disposal at EoL

It is up to Businesses to ensure sorting and discarding of packaging is in line with sustainable and circular practices, including the applications of the EU Waste Hierarchy (prevention, reuse, recycle, recovery, disposal). Most countries have this measures effective as of **now**.

EU Waste Framework Directive 2008/98/EC

Extended Producer Responsibility (EPR) Schemes

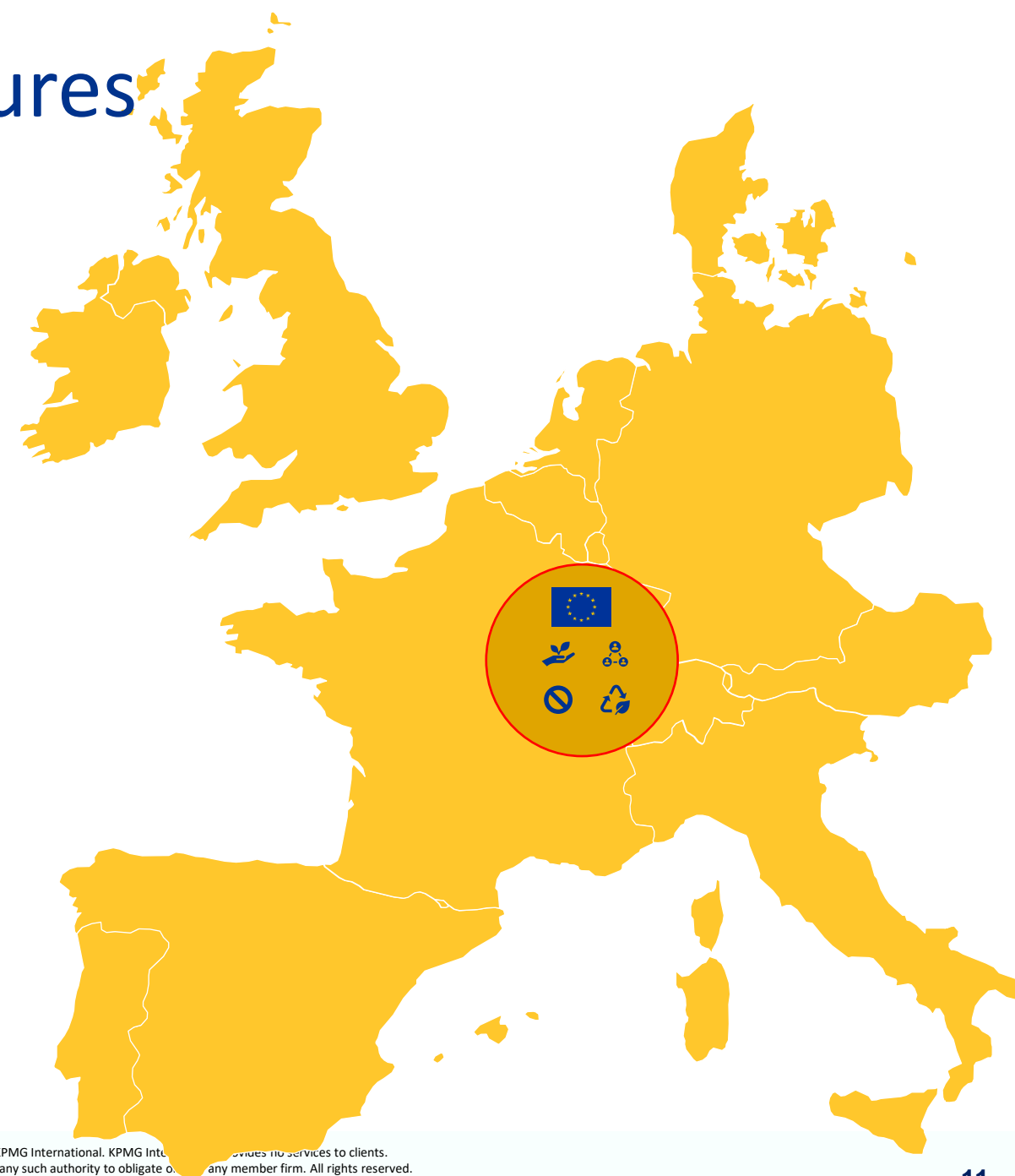
Responsibility towards plastics extended to producer. This means, 'producers' – those who introduce plastics on the local market (see p.8 for definitions) – participation with **compliance schemes** or country specific organizations/ industry collaborations that will provide controlled EoL disposal and report to government authorities. In France, Spain and UK these type of collaborative organizations **already exist**, but the Regulation will be more stringent with e.g. additional registration of data, mostly from **2022** onwards.

EU Packaging and Packaging Waste Directive 2018

Ban on Single-Use Plastics

By **3rd of July 2021**, specific single –use plastic products are prohibited to be placed on the market within EU Member States. Unnecessary single-use packaging (mainly consumer facing, but B2B relevant as well) is banned and companies are not allowed to place these items on the market.

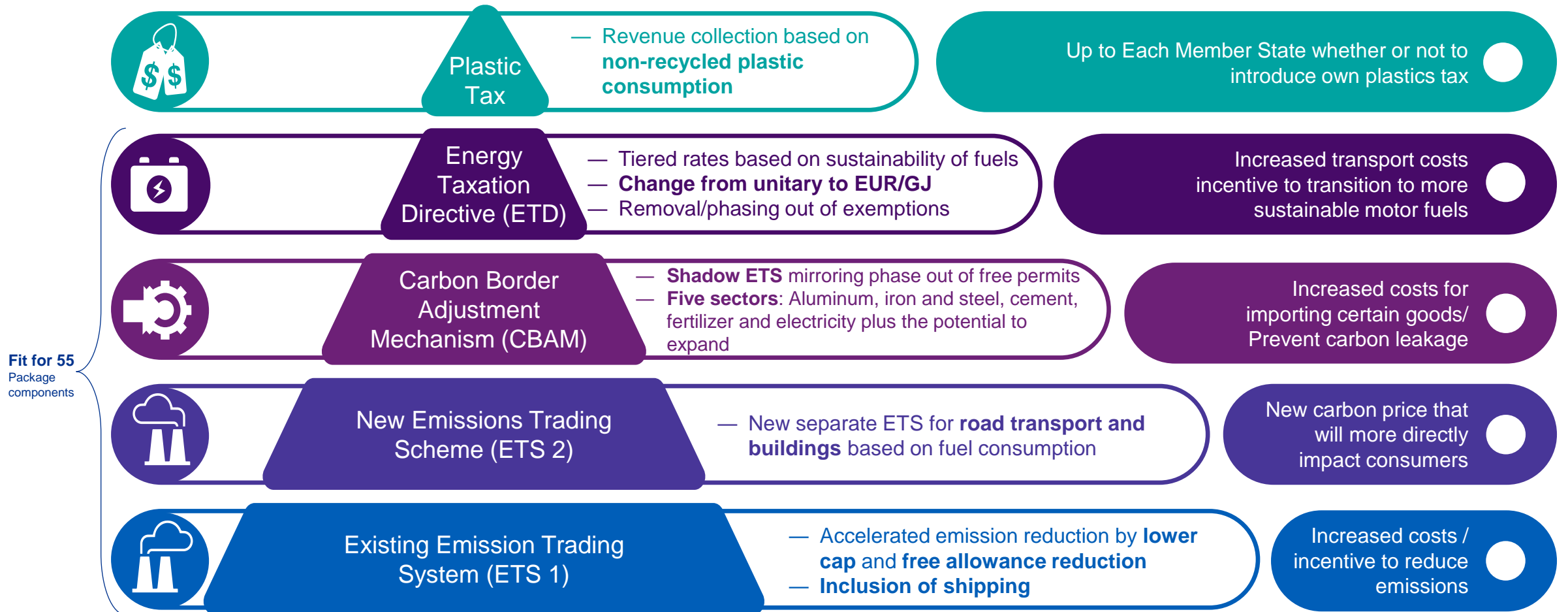
EU Single-Use Plastics Directive





Packaging: tax

Architecture of the EU Green Deal



New plastic packaging contribution



Obligation on member states to contribute to EU budget for plastic packaging

EU MEMBER STATE PLASTIC CONTRIBUTION

All plastic
packaging types

EUR 0.80
per kilogram

Calculated based on
Eurostat data





EUR 6 to 8 billion revenue each year for EU budget

Member states can **choose whether to impose a national plastic tax** to collect for the contribution

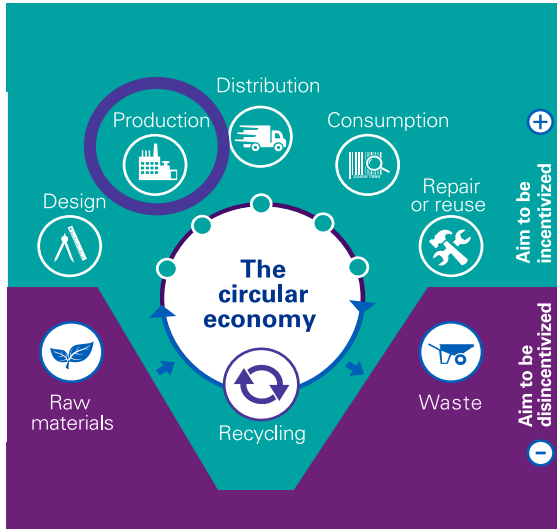
Prospective national plastic taxes



Several countries are introducing new plastic taxes

Jurisdiction	Tax rate	Details	When
 Spain/Italy	€ 0.45 per kg	Non-reusable, semi-finished, and products used for marketing of non-reusable plastic packaging	Expected 2023
 Germany	To be determined	New government has announced plans to implement a plastic tax	To be determined
 The Netherlands	To be determined	Dutch government is investigating a tax on plastics	More info in 2022
 United Kingdom	£ 0.20 per kg	Any plastics packaging components with less than 30 percent recycled content	1 April 2022

What do plastic taxes mean for the business?



- The attention to plastics is increasing at a European and national level and plastics tax introductions are moving quickly.
- Packaging taxes could affect many manufacturers and importers of plastic packaging and should be at the forefront of the minds of all businesses involved in such activities.
- Many consumer good companies could face significant additional cost pass through if plastic taxes are implemented.
- Businesses should be monitoring and compliant with new global plastic regulations.

Key operational issues facing businesses — Compliance with new reporting requirements is going to be a significant issue

1	2	3	4	5	6	7	8
Plastic: What is it?	Components: What are they?	Manufacturer: Who is the relevant manufacturer?	Importer: Who is the relevant importer?	Medicinal Products: What are they?	Joint and several liability?	Predominantly plastic by weight: How does this work?	How will recycled content be proved?



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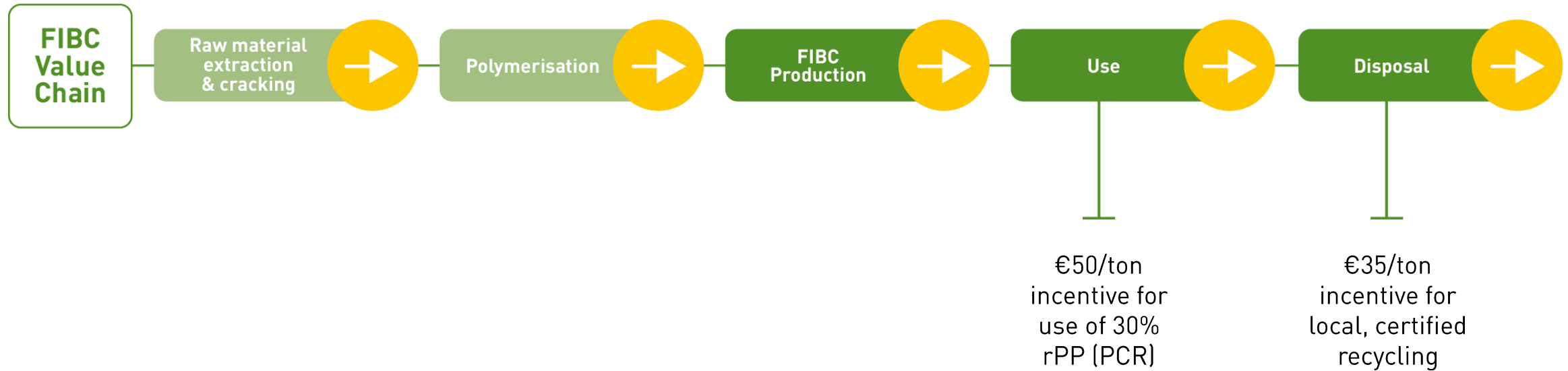
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Case Studies

- Belgium
- Ireland
- Spain

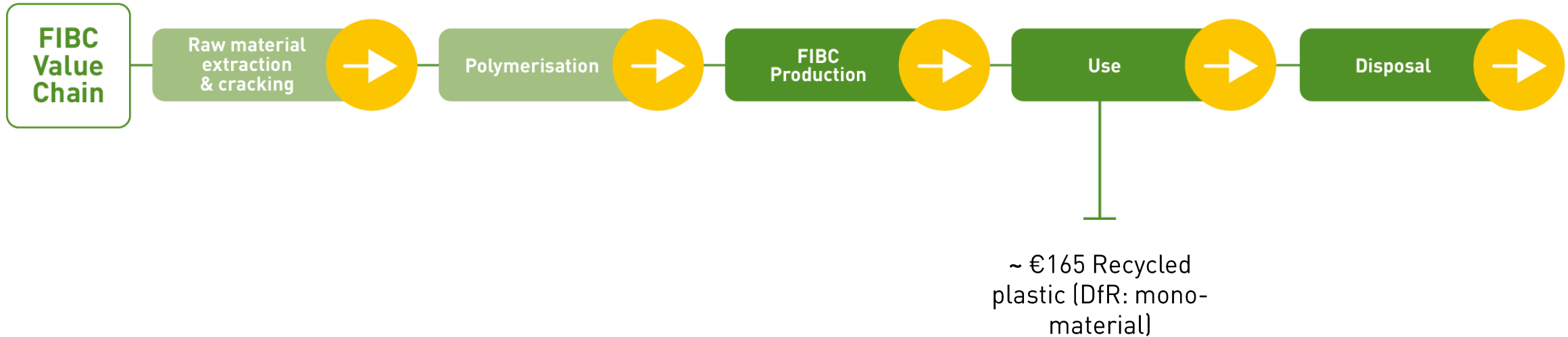
Belgium: EPR with incentives for recycled content and recycling



The financial case (100,000 FIBCs):

- Current cost: EPR fee €4,375
- Possible financial benefit available: +€21,750 for use of rPP and proper recycling

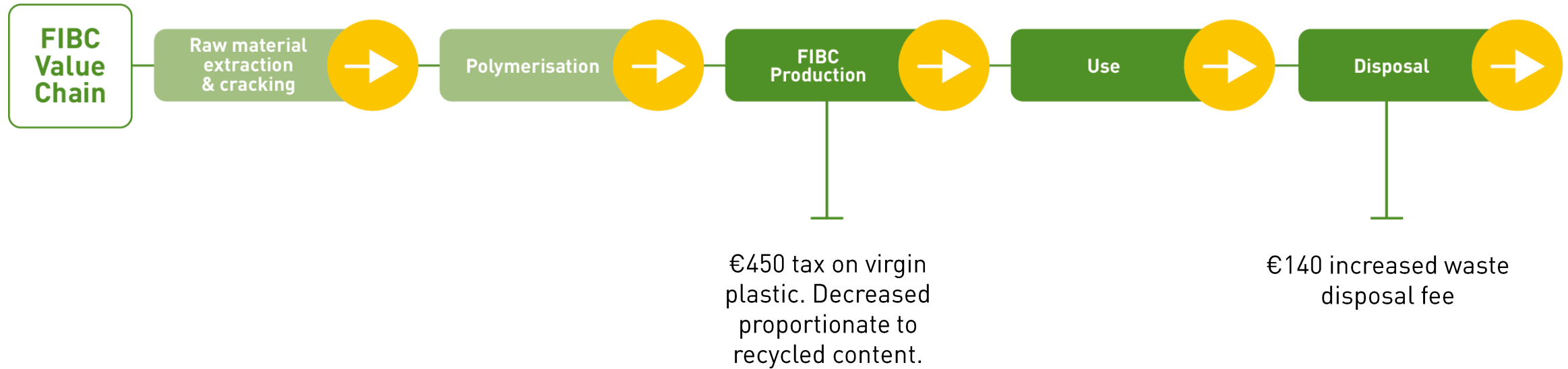
Ireland: Full Producer Responsibility & Eco-modulation



The financial case (100,000 FIBCs):

- Current cost: EPR fee €51,250 , rising to €67,500 in 2023
- Possible financial benefit available: +€41,250 for recycled plastic

Spain: Tax & Waste disposal fee



The financial case (100,000 FIBCs):

- Current cost: none, rising to €147,500 in 2023
- Possible financial benefit available: +€68,750

Taxes and EPR regulations applicable to FIBCs

lc packaging® Taxes and EPR regulations applicable to FIBCs France

Overview
Producer Responsibility schemes in France are organised by sector such as for household packaging, batteries, tires and the agricultural law against waste and for circular economy (AGEC Act) adopt creates the obligation for an EPR scheme for Commercial and Industrial (Art 62.VII.2) to be in place from 1st January 2025. All packaging sector, including industrial packaging, is already part of an EPR 2007, which is managed by Adivalor and remains in place.

The AGEC Act further sets the goals that 100% of plastic packaging recyclable by 2025, and that there should be zero single-use plastic by 2040.

Key Actors & responsibilities
In France, Producer Responsibility Organisations (PRO, or 'eco-are private non-profit companies, that must follow terms imposed by government. Some sectors have one PRO (packaging, paper, agriculture) while others have several PROs (e.g. batteries, furniture). For packaging CITEQ is the PRO, while for the agricultural sector it is CITEQ.

The PROs either are operationally responsible for the collection and processing of waste, or purely financial channeling funding collection systems. To finance this, PROs charge eco-contributions.

Regulations and Costs
The principle of producer responsibility for waste generated by a product has been in French law since 1975. Extended Producer Responsibility schemes are designed to ensure producers contribute to the waste management, either by dealing themselves in an individual system, or delegating the responsibility to a body called a PRO (Producer Responsibility Organisation) for by an eco-contribution which can be increased or decreased according to how difficult it is to manage the waste created by the product, thereby encouraging eco-design.

The first producer responsibility scheme was set up in 1992, covering packaging. Today this delivers over 600 million EUR in financial support for waste collection. Today, France has 12 EPR schemes for different sectors.


lc packaging® Taxes and EPR regulations applicable to FIBCs Ireland

Overview
Producer Responsibility initiatives for packaging were initiated as part of the Waste Management (Packaging) acts 1996 and 2007.

In 2020 Ireland published a Waste Action Plan for a Circular Economy. This sets new targets for waste collections, introduces mandatory EPR for all producers before 2024, will make producers liable for eco-modulation fees, determines that all packaging must be reusable or recyclable by 2030.

As of now the Irish government has not implemented a Plastic Tax, and will pay the €0.80 per kg of non-recyclable plastic packaging through other forms of taxation.

Key Actors & responsibilities
Ireland's packaging EPR scheme is operated by Repak, a single organisation under a licence approved by the Irish Government. Repak was set up in 1997 to help Member businesses meet their legal obligation to recycle the packaging they place on the Irish market, Repak is a not for profit organisation.



Regulations and Costs
All 'major producers' are obliged to join Repak in order to comply with their obligations under the European Union (Packaging) Regulations (2014). A major producer is defined as any business whose turnover is above €1 million.

lc packaging® Taxes and EPR regulations applicable to FIBCs United Kingdom

Overview
A producer responsibility scheme for packaging has been in place since 1997, incentivising users to meet recycling targets (The Producer Responsibility Obligations (Packaging Waste) Regulations, 2007). A new Extended Producer Responsibility (Packaging Waste Regulations: EPR Reform) scheme is under consultation and expected to be launched in 2023 with much higher fees. In addition to the EPR system, the UK is introducing a Plastic Packaging Tax of GBP200 per ton from the 1st of April 2022.

Key Actors & responsibilities
The UK Government Environment Agency is main government contact point. For the Producer Responsibility systems, companies can either join a compliance scheme or register themselves with the National Packaging Waste Database. There are many commercially operated compliance schemes such as Valpak, Veolia and Comply Direct.

Regulations and Costs
The existing Producer Responsibility scheme operates on shared responsibility, where the raw material manufacturer (6%), converter (9%), packer (37%) and seller (48%) are all responsible for contributions for collection and recycling. Companies can either join a compliance scheme or register with the National Packaging Waste Database. A compliance scheme will ensure that the company is correctly registered and information reported.

Each company with a turnover above GBP 2 million and handling more than 50 tons of packaging per year purchases Packaging Recovery Notes (PRN) to offset their packaging use, up to the government set recycling target for the packaging material. The amount of PRN obligation required are calculated by multiplying the % responsibility, the recycling target, and amount of packaging handled. For Plastics, the recycling rate has increased steadily from 57% in 2020 to 61% in 2022. Thermal recovery (incineration) was removed after 2020 as an eligible method of disposal. For FIBCs (plastic) the PRN cost has increased in recent years and is highly volatile.

Questions?



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Today's sessions



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