

Extended Producer Responsibility - a key enabler and coordinator of the circular economy

The CEFLEX demand-driven Circular Economy for Flexible Packaging

For the circular economy to be truly sustainable, we need to make it demand-driven. Powered by a pull for recycled content in clearly identified existing and significant new applications.

Based on a clear understanding of the potential to use recycled materials and in which markets, we can work backwards to balance the required deployment of different recycling technologies, sorting capabilities – plus the transformation in collection infrastructure needed.

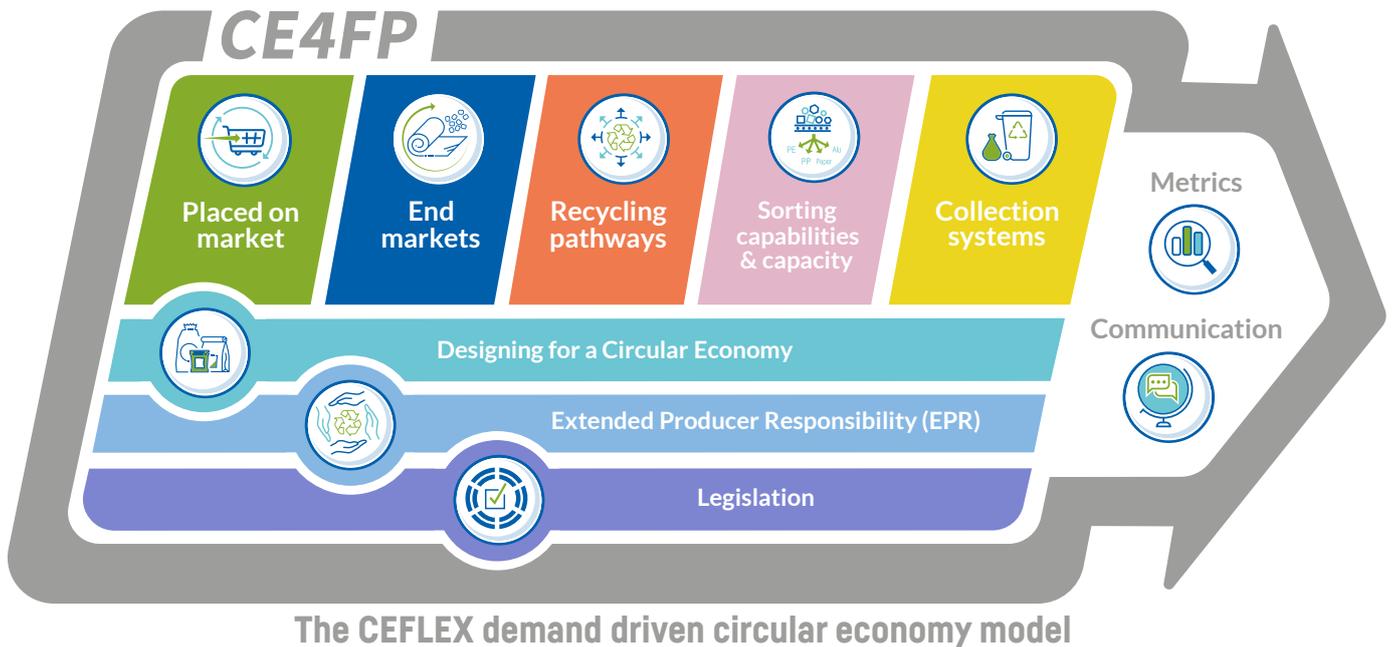
To meet our goal of full circularity for flexible packaging, CEFLEX is committed to working with EPR schemes to transform the supply chain and drive the change needed at each step. Through circular packaging design, facilitating easy access to separate collection for all citizens, enhancement of sorting centres to produce well defined and high-quality outputs and development of the necessary recycling infrastructure to meet downstream demand.

We recognise the need for ambitious and effective legislation at a European and Member State level to create the conditions for this to happen.



Extended Producer Responsibility (EPR) schemes are a key enabler to make packaging materials circular. It is essential they are designed and funded to deliver cost effective collection, sorting and recycling - ensuring recycled packaging materials can be used again and again.

Scheme design should ensure the sorting and recycling of all collected packaging even once mandatory targets have been met. Well-designed national legislation, effective regulatory oversight, and industry led governance are key to facilitating effective EPR.



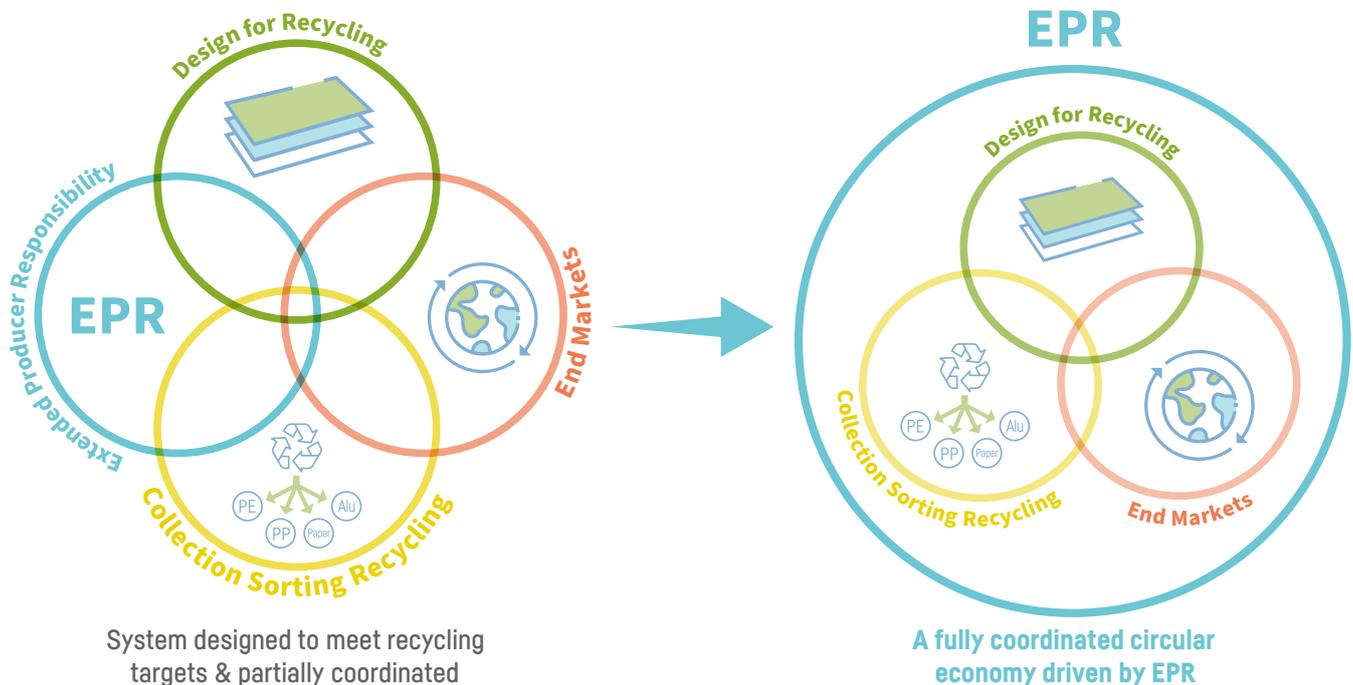
EPR designed and funded to deliver circular materials

EPR schemes play a substantial role in the treatment of post-consumer products, coordinating the packaging waste supply chain as well as financing it. They are a legal requirement in the European Union for (packaging) waste management and most often managed and implemented by ‘Producer Responsibility Organisation’ (PRO) entities.

Importantly, they are uniquely positioned to take the lead role – able to give the strategic stimulus and direction required to accelerate the circular economy.

This includes shaping collection, rewarding good design and ensuring sufficient sorting and recycling capacity is available to meet demand. They can also be important players in stimulating the use of recycled polymer and aligning the supply chain to produce high quality recyclates.

Today, EPR is primarily defined by a mission to meet minimum legislated recycling targets which have been a measurable indicator for major improvements in a linear approach; but in many countries not yet optimally designed to fully embrace and encourage achieving the circular economy.



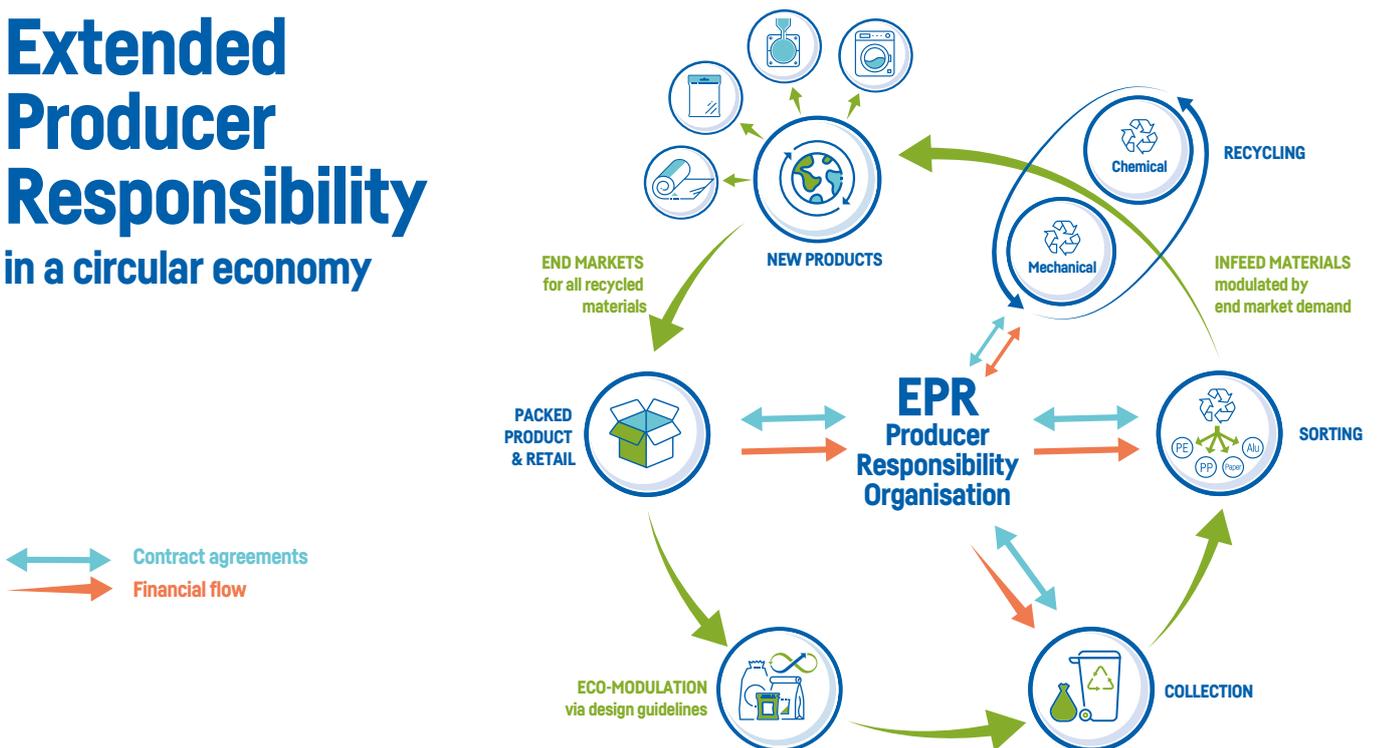
In a circular economy, all materials need to be captured, recycled and used in a wide range of sustainable end markets – independent of cost and recycling targets

EPR can and should adopt a central role, designed to deliver circular materials and to support the development of the circular economy. In an optimal scenario, schemes are:

- ▶ **Fully funded to develop a circular economy:** allowing all packaging materials to be circular, moving beyond a system designed to meet recycling targets at lowest cost
- ▶ **A coordinating and strategic lead:** ensuring it is sustainable and economically viable for all actors throughout the supply chain
- ▶ **An accelerator for recycled content and sustainable end markets:** able to manage material flows to match end market demand and ensure recycled polymer suitable for use as a replacement for virgin in a broad range of applications
- ▶ **Able to support investment:** providing guaranteed access to necessary in-feed waste streams for recyclers and derisking the development of new technologies, such as chemical recycling

EPR systems designed to deliver circular materials and funded accordingly will help create the conditions to allow all parts of the value chain to make the changes necessary to go circular

Extended Producer Responsibility in a circular economy



The CEFLEX EPR Criteria for Circularity in Flexible Packaging

4 key pillars – 1 key requirement

The CEFLEX ‘Criteria for Circularity’ has been developed as a constructive and practical check list. With areas for all stakeholders and EPR schemes to work through on their journey to making packaging waste materials circular.

They are a starting point for discussion and development based on four pillars: operational, financial, communication and governance. These pillars connect and build on existing work from the Consumer Goods Forum and others, adding further perspectives for flexible packaging.

A key requirement for delivering on them all is that flexible packaging is collected for recycling everywhere. And while flexible packaging can and is made from a range of materials, plastic is predominant and this drives the criteria’s central objective: objective:

Flexible packaging is collected, sorted and reprocessed to produce commodity recycled polymers suitable for use as a replacement for virgin materials



OPERATIONAL
collection, sorting, recycling

FINANCIAL
supply chain sustainability

COMMUNICATION
reporting, awareness, messaging

GOVERNANCE
access to expertise and representation

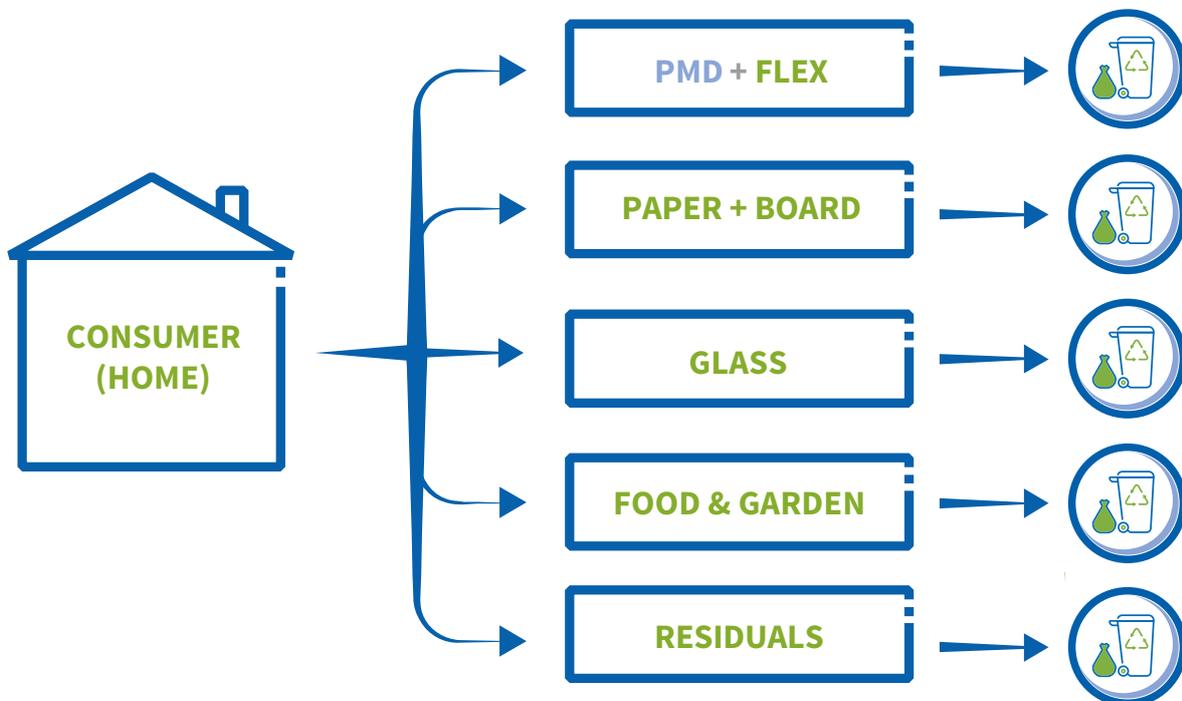


OPERATIONAL : COLLECTION

All flexible packaging is targeted for collection and sorting including on-the-go packaging

All flexible packaging is targeted for collection and sorting across Europe including on-the-go packaging, with separate collection used, at kerbside where possible:

- ▶ Plastic packaging should be collected as a separate stream or with other light packaging (such as other plastic and metal packaging and drink cartons) and not mixed with paper, board or glass
- ▶ Whilst separate collection should be the primary method used, capturing flexible packaging from residual waste once separate collection is optimised is necessary to access every resource. The separate collection of food and garden waste will help maximise the quality of flexible packaging obtained in this way.



PMD = plastic, metal packaging and drink cartons

See CEFLEX position statement, 'Collection Systems for Flexible Packaging in a Circular Economy for further reference.



OPERATIONAL : SORTING

EPR contractual arrangements and sorting facilities should maximise the **quantity of flexible packaging** by setting minimum percentage capture targets. In addition, the **quality of outputs** from sorting centres should be maximised through EPR control of sorted bale specifications:

- ▶ Sorting to EU standardised bale specifications to facilitate downstream recycling into recyclates of a suitable quality to meet market demand. With
 - Mechanical recycling to produce recycled polymer for film and injection applications; and
 - Bales optimised for all recycling technologies



OPERATIONAL : RECYCLING

Our common goal is to ensure all material is retained in the economy where it is used by existing and new end markets and applications as a replacement for virgin polymer. To achieve this, the range of recyclates produced must be both fit for purpose by quality and commercial value so they are preferred over new virgin fossil-based materials by the market. EPR schemes can support this objective through:

- ▶ **EPR contractual arrangements** to support the recycling of all consumer flexible packaging fractions and allow for volatile market conditions
- ▶ **Recycling pathways** should be technology neutral, with mechanical, other physical and chemical recycling required to meet downstream demand for different applications. A balance of technologies is required to meet downstream demand for different recyclate qualities while at the same time achieving the lowest overall environmental impact.

See CEFLEX position statement, 'Recycling Capabilities for Flexible Packaging in a Circular Economy' for further reference.



FINANCIAL

Funded to cover the Full Net Cost of collecting, sorting, recycling and returning the recycled materials to the market

- ▶ Fees should be set to cover full net costs of collection, sorting and recycling of specific polymer and format types. There should be no cross subsidy between material, polymer or format types
- ▶ Financial transparency on fees and how they relate to full net costs.

Rewarding circular design through eco-modulation

- ▶ Recognition of the 'Designing for a Circular Economy' guidelines used by the flexible packaging industry to assess recyclability of consumer flexible packaging and apply them as the basis for eco-modulating fees to recognise and reward good design
- ▶ Fee revenue on packaging formats with no current recycling options used to support innovation and remove barriers to their recycling.

Financing to create a robust and sustainable market for recycled materials from flexible packaging

Targeted and specific actions to incentivise demand for recycled content to match supply:

- ▶ Provide stability to support investment decisions in sorting and recycling infrastructure through long-term contracts for infeed materials
- ▶ Fund R&D and communication programs. Mechanisms to facilitate this in a fair way should be in place where there is competition in the EPR market.



COMMUNICATION

Providing consumer guidance and promoting a circular economy for flexible packaging

EPR schemes can reinforce clarity and align actions from stakeholders and consumers from stakeholders and consumers to create maximum benefit, by:

- ▶ Reporting on collection, sorting and recycling for all packaging formats - by polymer where possible – and providing transparency of how fees are spent
- ▶ Funding of consumer education and awareness campaigns with an appropriate budget, typically around 5% of packaging fee income
- ▶ Clear messaging so consumers know to place flexible packaging in recycling containers, through off or on pack labelling for example
- ▶ Consistent consumer and pack design messaging across Europe
- ▶ Joint funding of anti-littering communication and education campaigns, relative to packaging content
- ▶ Effective mechanisms to fund vitally important communication activities even when there are multiple PROs in the market.



GOVERNANCE

Representation and access to expertise

An evolving and inclusive governance reflecting a circular economy fully coordinated and driven by EPR with:

- ▶ It being industry led
- ▶ Consideration of financial contributions of the respective actors and representative of the fee contribution from each packaging sector
- ▶ Technical expertise within EPR schemes on consumer flexible packaging collection, sorting and recycling.

Who developed the Criteria for Circularity?

A working group of CEFLEX stakeholders, with input from the wider value chain and in direct discussion with EPR schemes have developed the 'Criteria for Circularity'. It is based on four key areas to develop: Operations, Governance, Communication and Finance.

It connects and builds on existing work from the Consumer Goods Forum and others, adding further perspectives for flexible packaging. It is part of a long-standing CEFLEX dialogue on EPR, which is vital to making flexible packaging circular, sustainable and economically viable.

An EPR Advisory Board and Country Teams to Help Accelerate Circularity

The CEFLEX Steering Committee has created an **EPR Advisory Board** to collaboratively identify actions needed to make flexible packaging materials increasingly circular.

A core team and CEFLEX stakeholders in dedicated country teams aim to help match-make important insights and experiences in CEFLEX workstreams to support EPR systems' meeting their objectives, identify drivers for change and prioritise potential actions.

Your CEFLEX contacts to engage and discuss with:

Graham Houlder - graham@ceflex.eu

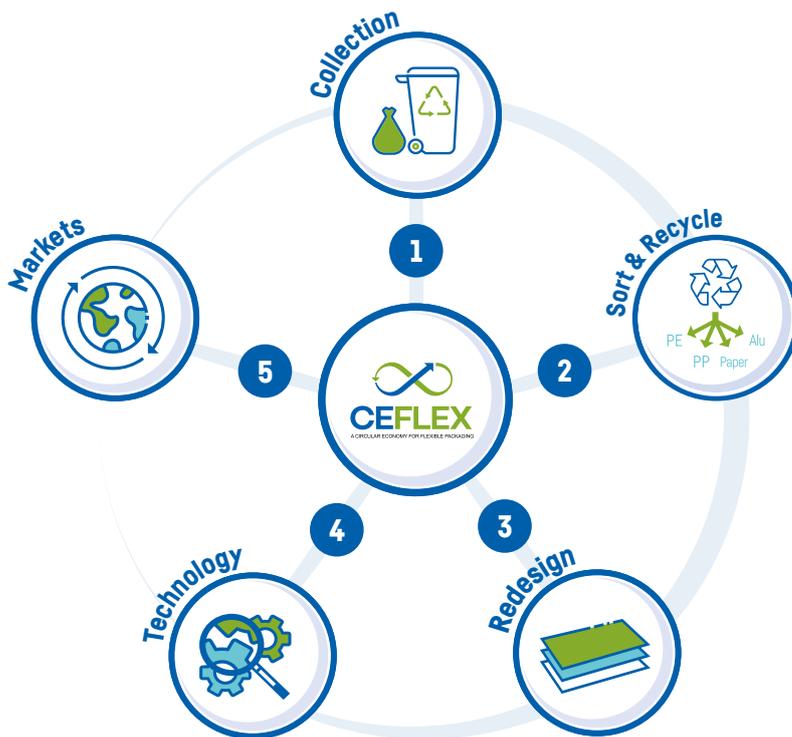
Mike Jefferson - mike.jefferson@ceflex.eu

EPR Criteria for Circularity checklist for flexibles

All materials captured, recycled and used in a wide range of sustainable end markets – independent of their full net cost and recycling targets

- ▶ **Funding** for flexible packaging collection, sorting, recycling
- ▶ **Eco-modulation** to reward good design and facilitate transition to circular economy system based on recognised design guidelines
- ▶ **An end to cross format subsidies** with fees for full net costs centred on sorting centre outputs
- ▶ **Managed material flows** into sorting and recycling systems to ensure balance with end market demand
- ▶ **Market ready recycled materials** priced competitively against virgin equivalent

Complimentary EPR activities



Collection

- ▶ Decisions / influence on material formats collected
- ▶ Influencing municipality decisions on collection systems
- ▶ Communication and education campaigns

End markets for recycled polymer

- ▶ Incentivise recycled content use

Design

- ▶ Eco-modulation of fees

Recycling

- ▶ Defining input specifications
- ▶ Better design for recycling - driven by eco-modulation
- ▶ Contracting of feedstock and commercial terms
- ▶ Some direct recycling activity

Sorting

- ▶ Setting recovery targets for sorting centers
- ▶ Better design for sorting - driven by eco-modulation
- ▶ Bale specifications
- ▶ Design advice to sorting centers / R&D / direct investment

The Circular Economy for Flexible Packaging (CEFLEX) initiative is a collaboration of over 180 companies, associations and organisations representing the entire value chain of flexible packaging. Together, we work to make all flexible packaging in Europe circular.



CEFLEX

A CIRCULAR ECONOMY FOR FLEXIBLE PACKAGING

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