



Extended Producer Responsibility at a glance



1. What is Extended Producer Responsibility (EPR)?

The essence of EPR

Extended Producer Responsibility (EPR) is an efficient resource management tool whereby producers take over the responsibility for the end of life management of their used products. This can include collection, sorting and treating these for their recycling and recovery.

Its basic feature is that actors across the packaging value chain (manufacturers, importers and retailers) assume a significant degree of responsibility for the environmental impact of their products throughout their life-cycle. This includes products' 'upstream' impact linked to the selection of materials, product design and production processes as such, as well as 'downstream' impact relating to the products' use and disposal.

In so doing, producers accept their responsibility when designing their products so as to minimise their life-cycle environmental impact. They thereby assume legal and economic liability for their products' environmental impact, starting from the design phase.

EPR is therefore about “*extending the producers' responsibility to the post-consumer stage of a product life cycle*”¹. Through EPR, Member States also share public service responsibilities with private companies, which

have to assume these themselves.

The policy first appeared in the early 1990s in a few European Member States, especially for packaging waste, and has later on expanded across the EU and beyond². Since then, EPR has contributed to significant increases in recycling rates and public spending savings on waste management, and helped decouple waste management from economic growth.

EPR Goals

1. To provide incentives for eco-design:

Through EPR, producers establish an efficient end-of-life management for their products. This spurs them to design products that are easier to dismantle, reuse and recycle. Consequently, products' total environmental impact decreases and waste prevention is stimulated.

2. To create a sustainable production and consumption policy:

EPR encourages separate waste collection and recycling, as it is often implemented to help Member States to reach their recycling targets. By doing so, EPR also ensures citizens' cooperation, as they need to separately collect and sort their waste in order to facilitate recycling processes. This entails promoting education and awareness raising

¹OECD (2001) *Extended Producer Responsibility: A Guidance Manual for Governments*, OECD, March, Paris

²European Commission, DG Environment (2014) *Development of Guidance on Extended Producer Responsibility (EPR)*

campaigns towards consumers, aimed at encouraging separate collection and recycling while discouraging littering.

3. To reduce landfilling and develop recycling and recovery channels:

EPR has proven to be an effective waste management tool for various different waste streams and can help divert waste from landfills. EPR moreover boosts the use of waste management options that are higher up in the waste hierarchy than landfilling, notably recycling.

EPR in practice

EPR is an individual obligation as companies that place products on the market are responsible for their proper end-of-life management. In practice, however, producers often work collectively to exert this responsibility by setting up Producer Responsibility Organisations (PROs), which are also called EPR or compliance schemes.

PROs should be non-profit collective entities, set up and fully owned by the industry that is bound by legislation³. Therefore, PROs become responsible for meeting recovery and recycling obligations on the industry's behalf.

Some PROs have a public service mission and operate in a **non-for-profit** or **profit-not-for-distribution basis**, but others, owned by

investors and/or the waste management industry, actually seek profit. Non-profit systems deploy a holistic approach to waste management, embracing both waste prevention and recycling. Coupled with their operational implementation, they maximise environmental, economic and social benefits.

Generally, PROs exert the following functions:

- ◆ Organise, often together with the local authorities, the **take back** of post-consumer products.
- ◆ Ensure recovery and recycling **targets compliance**.
- ◆ Assist companies in (packaging) waste **prevention, eco-design** promotion & **communication** materials towards the waste holder, together with the local authorities.
- ◆ **Verify the data and reporting** of those companies.
- ◆ **Report** to national authorities.

EPR in legislation

The legislative framework for the development of EPR at the European Union level is composed of both general waste legislation, and specific directives framing the recovery and recycling of specific waste streams.

The Waste Framework Directive (2008/98/EC) sets the general framework for waste management in the EU. It enables Member States to set up EPR schemes.

The EU has moreover issued waste stream-specific directives, inter alia for packaging, waste electrical and electronic equipment (WEEE), end-of-life vehicles (ELV), batteries and accumulators (B&A). While WEEE, ELV and B&A require Member States to set up EPR for the products they cover, there is currently no obligation to set up EPR schemes for packaging. However, at least for household waste, most Member States (25 out of 28) have chosen to do so.

³ The obliged industry includes packaging producers, packers, fillers and distributors of products, as well as retailers and importers of packaged products.



2. Key EPR aspects

Operational aspects

The companies bound by EPR legislation must properly handle the end-of-life management of products and their packaging either individually or by setting up collective entities, mainly PROs. These are in charge of ensuring the recovery of the used products, usually by co-financing, either organising or coordinating the collection, as well as sorting and recycling aspects, where applicable, of packaging waste. For industrial and commercial packaging waste, tasks include steering and monitoring.

An industry-owned PROs can be mandated by the obliged industry to take responsibility for collection or take-back, and sorting or recycling, thus shifting the individual responsibility to a collective one. The mandate should be issued by competent authorities in the form of an accreditation or a license. The latter has to ensure that the most sustainable system is established, at the lowest cost for both society and producers.

EPR systems also need to guarantee that consumer interests are served, and that education and communication goals are pursued. This is especially important in the case of household packaging.

At the municipal level, PROs must establish and maintain the necessary infrastructure for the collection, or take-back, and the sorting of packaging waste. Citizens should be equipped with an easy access to infrastructure, enabling them to sort waste on a daily basis, so that household waste collection can be deployed. At an industrial and commercial level, as packaging waste is often directly collected by waste collectors, PROs must, at least, establish a monitoring system for both packaging quantities that have been put on the market and collected as well as recycled.

Transparency and financing

PROs should guarantee that, once packaging waste is collected, it will be treated appropriately. This is especially relevant if

recyclers have to be paid to recycle the packaging waste. As such, PROs need to have a solid financial basis. Governments have to establish a strict authorisation process so that only reliable organisations with secure finances can receive a license.

Transparency is an important feature of PROs. In a bid to seek transparency, EPR schemes provide annual reports explaining how the objectives set out by their respective governments have been fulfilled. These reports should be audited by an independent and competent third party. When conditions are not fulfilled, sanctions ranging from fines to license withdrawal should be applied.

Furthermore, transparent procedures will avoid discriminating between domestic companies and importers, while also guaranteeing that large companies and small and medium enterprises (SMEs) are considered on an equal footing. The impact packaging has on the environment does not depend on its size or the producer's origin.

Particularly in relation to packaging waste arising at the municipal level, EPR schemes gather the necessary financial contributions from their members so as to co-finance the collection, sorting and recovery of packaging waste, if this falls within their system's scope. Funding represents a substantial part of the cost calculation for a packaged product. In line with EPR objectives, the collected fees have to take into account the end-of-life costs of a particular packaging. This is also how EPR contributes to shifting the responsibility for the used packaging from taxpayers to both producers and consumers of packaged goods.

Each stakeholder can only be financially responsible for the operations falling under their remit and influence. In this respect, 'reasonable financing' should be provided by the obliged industry so long as it covers the take-back, or separate waste collection and treatment, of their own packaging, within their dedicated collection systems at the municipal level.

Packaging waste that is either littered or ends up within municipal solid waste should not be part of producers' financial responsibility.

3. How does EPR work?

EPR can be implemented in many different ways. Thus far, in Europe, 30 countries⁴ have implemented EPR in their legislation and the industry has set up PROs. In some of these countries, the scheme has achieved great success, particularly due to clear legislation coupled with genuine cooperation between all of the actors involved in the waste management chain. Actors include governments, local authorities, producers and waste management organisations.

EPR schemes rely on either national regulations or specific legislation for the waste streams they are part of. For example, EPR schemes for household and municipal waste are generally based on the producers' financial responsibility because they have been mostly introduced when the schemes were already in place and managed by local public authorities. By contrast, the EPR implementation for non-municipal waste varies significantly, and can for example be based on business-to-business arrangements. Solely in Belgium, the obliged industry has set up a specific PRO for industrial and commercial waste, VALIPAC. Its major role consists of monitoring packaging collection and recycling, in relation to the volumes brought on the market, collecting the respective data and motivating companies to separately collect their packaging waste.

Not all PROs have the same functions. As EPR requirements differ between countries, the role of PROs vary as well. In Sweden, for instance, producers have to participate financially only in the treatment of end-of-life vehicles whereas they have full financial and organisational responsibility for graphic paper.

Key differing features include the following:

- ♦ **Type of responsibility**, either financial or organisational.
- ♦ **Presence of competition** among PROs and among waste treatment operators.
- ♦ **Transparency and surveillance** features such as free-riders' surveillance, waste management activities and PROs'

EPR models vary

- **PROs in hands of obliged industry** (Belgium, Czech Republic, Ireland, Italy, France, Netherlands, Norway, Portugal, Spain): Obligated industry creates one common non-profit entity that collects the necessary funding, cooperates with local authorities and ensures recycling in the most cost-efficient and environmental way.
- **Dual model** (Austria, Germany, Sweden): Industry has full operational and financial responsibility over collection, sorting and recycling. There is a separate collection system designated to local authorities but their influence is minimal.
- **Shared model** (France, Spain, Belgium, Netherlands, Italy, Czech Republic, Slovenia,): The responsibility is shared between industry and the local authorities based on common agreements regarding collection. Municipalities are responsible for collection, and often for sorting of packaging waste, arising on the municipal level, while industry's financial responsibility differs from country to country.
- **Tradable Credits Model** (UK, partly Poland): There is neither a link between industry and municipalities nor differentiation between commercial and packaging arising at the municipal level.
- **Vertical integrated systems** (Germany, Poland, Slovenia, Romania, Bulgaria): Several, usually profit-oriented entities compete to attract obliged companies. In vertical integrated systems, waste management differs from country to country.
- **Sharing the collection infrastructure** (Germany): Inhabitants have access to a common container and the collected packaging waste is split between the various PROs prior to being sorted. In this case, the cost distribution is established by a clearing house.
- **Competing on the infrastructure** (Estonia): Every PRO offers its own container to inhabitants.
- **PROs only responsible for packaging arising at the municipal level** (Belgium, Germany, France, Spain), for **commercial packaging** (Belgium), or for integrated **packaging waste streams** (Netherlands, Italy, Czech Republic).
- **Each PRO in a separate district** (Poland, Romania, Bulgaria, Slovakia, Malta, Latvia, Lithuania): Each PRO signs up with as many municipalities as needed to fulfil targets according to market shares.

⁴ Austria, Belgium, France, Spain, Germany, Ireland, Cyprus, Luxembourg, Portugal, Sweden, Greece, Latvia, Malta, Lithuania, Czech Republic, Slovak Republic, Italy, Slovenia, Estonia, Romania, Bulgaria, Turkey, Norway, Finland, Serbia, Israel, Netherlands, Poland, Macedonia and Bosnia.

Packaging cycle



4. EXPRA members' case studies

EXPRA members focus on household separate waste collection as one of the main pillars of packaging waste recovery. In 2013, EXPRA published three case studies for Belgium, the Czech Republic and Spain that further illustrate the system's functions.

In **Belgium**, the EPR system for household packaging in place is based on the shared responsibility principle. Waste is a regional competence (Flanders, Wallonia, Brussels). As such, every region develops its own waste policy. However, when it comes to packaging, all three regions have a common agreement on EPR. Municipalities are responsible for the household waste collection and treatment, but they transferred their competences to their inter-municipal company which acts on their behalf. Fost Plus is an EPR organisation that handles the operational activities of collecting, sorting, and recycling in Belgium. For the promotion and coordination of recycling of both industrial and commercial packaging, there is another EPR player, VALIPAC.

In the **Czech Republic**, EKO-KOM covers the take-back and recycling of more than 80% of the packaging waste on the market. This is possible due to its established partnership with 6,000 municipalities, in which 99% of Czech residents live. Thanks to its transparent and effective system, the country ranks amongst the best in the EU in terms of both packaging waste recycling and financial costs spent on sorting and recycling, per citizen, per year.

In **Spain**, there is a Spanish Waste Act in force that places responsibility for the collection of household waste on municipalities. However, when it comes to specific regulation on packaging, waste is established by the Packaging and Packaging Waste Act 11/1997. Based on the latter, as an EPR scheme for packaging waste, Ecoembes must finance the extra costs for the selective collection of light packaging and paper/cardboard packaging waste. At the end of 2012, Ecoembes had 107 operative agreements with local and regional governments.

5. Pre-conditions for a successful EPR scheme

A close partnership between local authorities and the industry-owned EPR organisation, based on mutual trust, is a necessary condition for the success as well as the economic and environmental sustainability of the EPR scheme, especially for packaging waste arising at the municipal level. Local authorities and the EPR organisation have to agree on the most appropriate collection system, taking into account local particularities and complying with both national and European requirements.

According to the OECD, unclear and overlapping roles and responsibilities of different actors, including the relationship between public bodies and PROs, constitute one of the main governance and administrative challenges for EPR systems. Policy makers have a key role to play in clearly defining the respective roles and responsibilities of municipalities, PROs, producers, and consumers, and to ensure that these are enforced. The challenge for policy makers is therefore to assign specific functions to each stakeholder while avoiding any possible overlap, loophole and conflict of interest.

Waste management and recycling companies are the operational heart of each waste management system. They roll out the work and deliver the final results. Their efficiency and innovation will positively impact the economic and environmental performance of the EPR system. When running an EPR system within an open market approach, other actors, such as waste operators and investors, might have the natural inclination to maximise profit and grow their market share. However, waste operators should not interfere in the coordination of the EPR scheme or act as a collector, sorter, or recycler. Each actor in the value chain has a distinct role to play in accordance with competition and antitrust laws.

EXPRA believes that, in order to avoid free-riders and ensure a fair distribution of stakeholders' roles and costs, it is necessary that the legislator introduces minimum requirements in waste legislation. In the EU, these provisions should fall under the Packaging and Packaging Waste Directive (PPWD). These minimum requirements should moreover be accompanied by a strong enforcement policy as well as transparent monitoring and reporting systems.

About EXPRA

Founded in 2013, EXPRA is the Extended Producer Responsibility Alliance – the organisation for packaging and packaging waste recovery and recycling systems which are owned by obliged industry and work on a not-for-profit or profit not for distribution basis. EXPRA acts as the authoritative voice and common policy platform representing the interests of its members, which are all founded and run by or on behalf of the obliged industry. Over the past 20 years, our 25 members across 23 countries, including 17 EU Member States, have co-organised the collection, sorting and recycling of used packaging (with a focus mainly on household packaging). They do this on behalf of the obliged industry in order to fulfil their legal take-back and recycling obligations, thus serving over 200 million inhabitants and recycling over 18 million tons of packaging per year.

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