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# Helping brands turn plastic tax and EPR into an opportunity



**Big Ideas**  
hosted by Amcor

6 October, 2022

# Speakers



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# What we'll discuss

- **Today's context:** when global warming and inflation hit
- **European legislative landscape**
- **Plastic tax** – who's doing what?
- **Eco-modulated EPR** – who's doing what?
- **How to optimize your pack for these changes**
- **Q&A:** your questions

# Amcor at a glance



## At home in homes around the world

- ~ 50,000 colleagues
- ~ 250 locations across 40+ countries



## What we make

- Flexible packaging (plastic, paper, aluminum)
- Rigid packaging
- Folding cartons
- Capsules



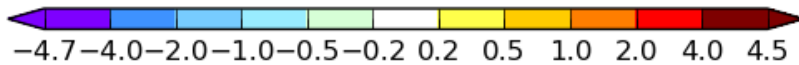
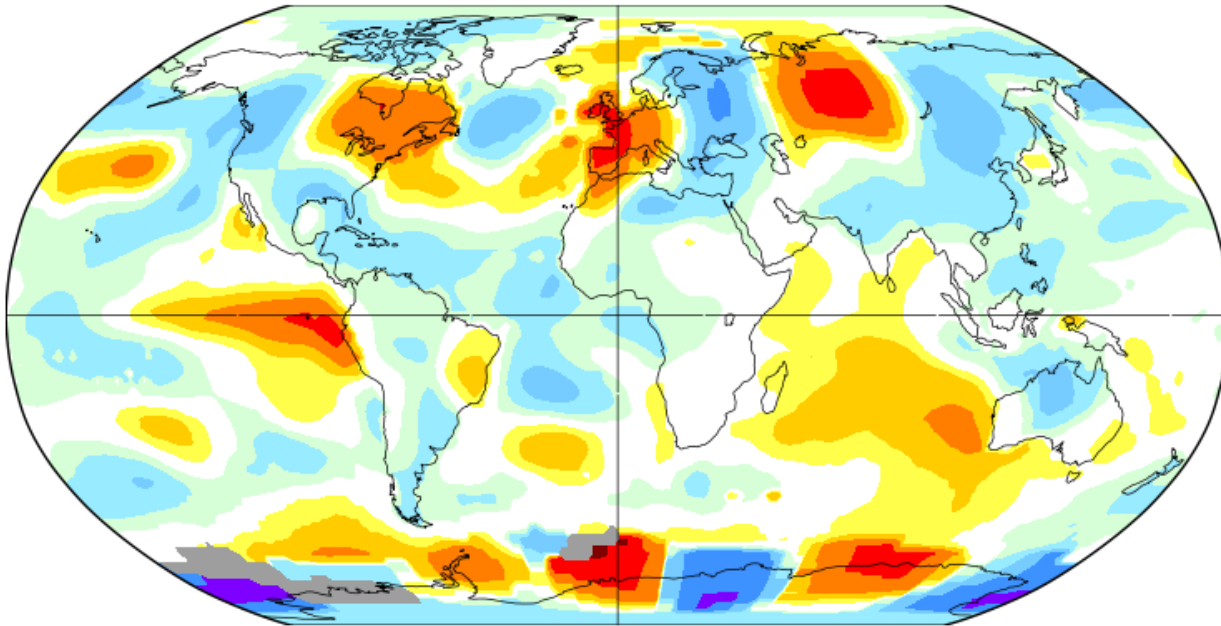
## Trusted by customers large and small



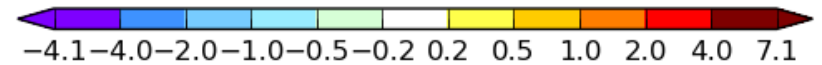
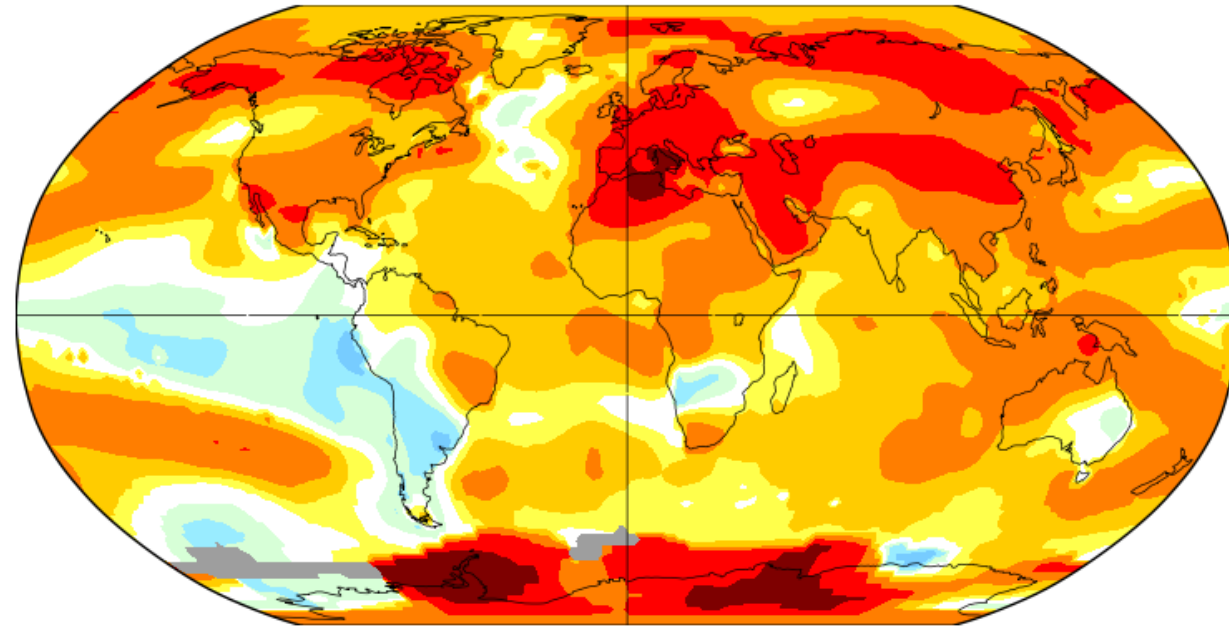
We produce packaging for more than **4,000** global, regional and national brands

# The impact of global warming is clearer than ever

June 1976



June 2022





# Inflation is a short-term focus...



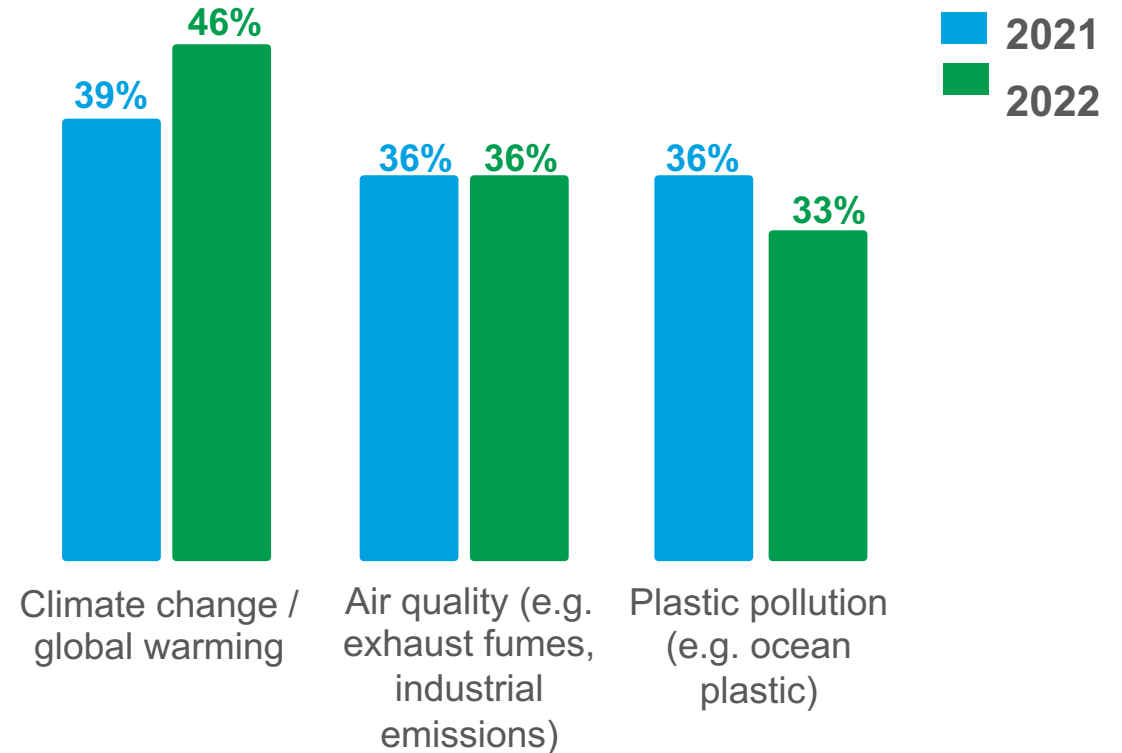
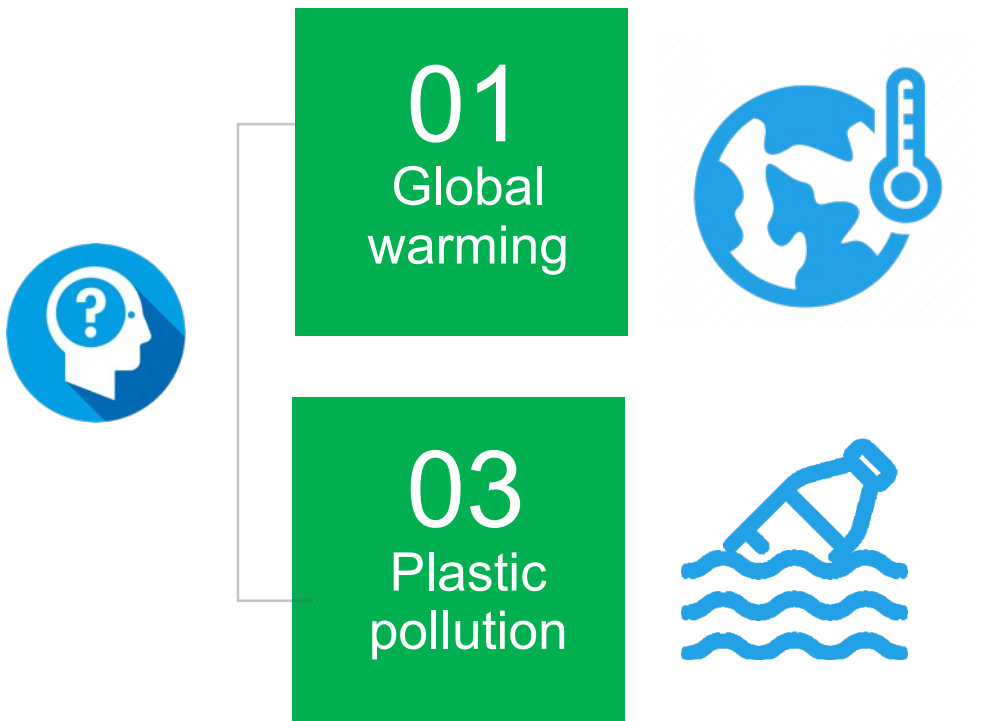
# Inflation is a short-term focus and **sustainability** remains a priority





# Global warming & plastic pollution are still high on consumer agendas

Which of the environmental issues are one of your top 3 concerns?

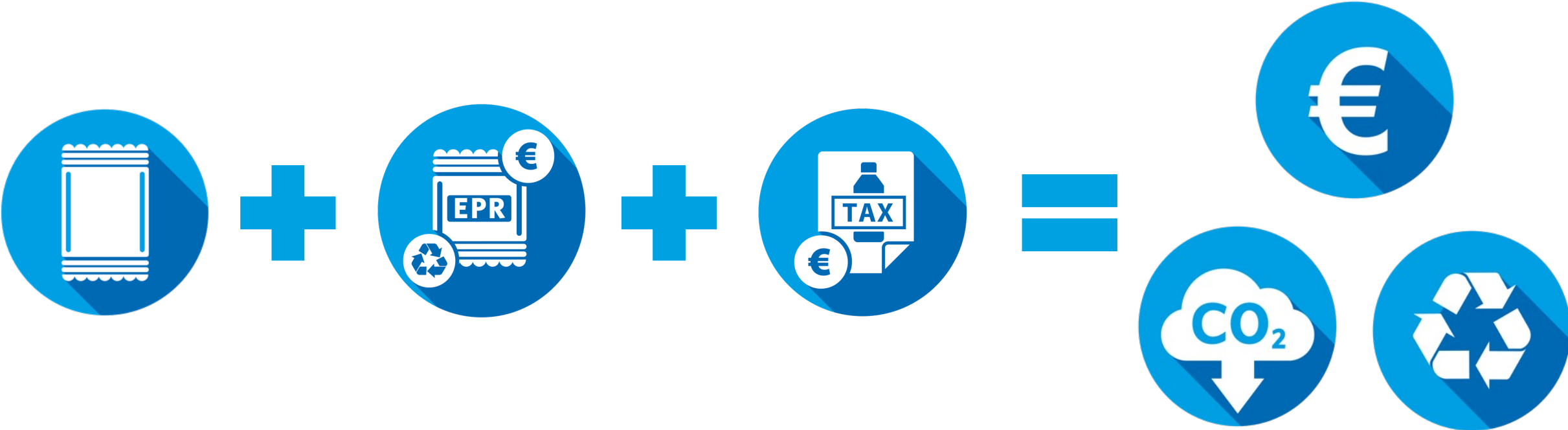


# Regulation to reduce plastic pollution and build a circular economy

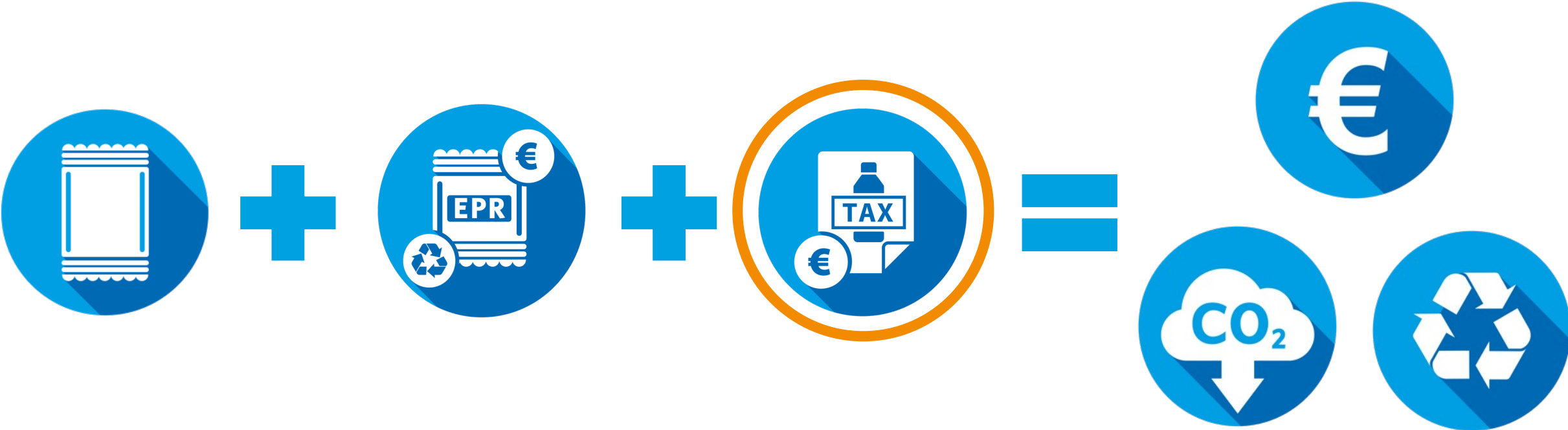
- **Complex and changing legislative landscape with countries implementing regulations differently** – all aiming at plastic and plastic pollution reduction\* by establishing the basis for a circular economy.
- **Regulations in various areas and a range of supporting mechanisms** (plastic tax, eco-modulated EPR fees etc).



# Total cost of packaging is evolving



# Total cost of packaging is evolving





# Plastic tax encourages lightweighting and circularity

- EU has established a packaging levy to all member states to support the recovery fund
- The contribution due by each member state is based on the quantity of non-recycled plastic packaging
- Member states are free to choose how they recoup this levy cost in their country



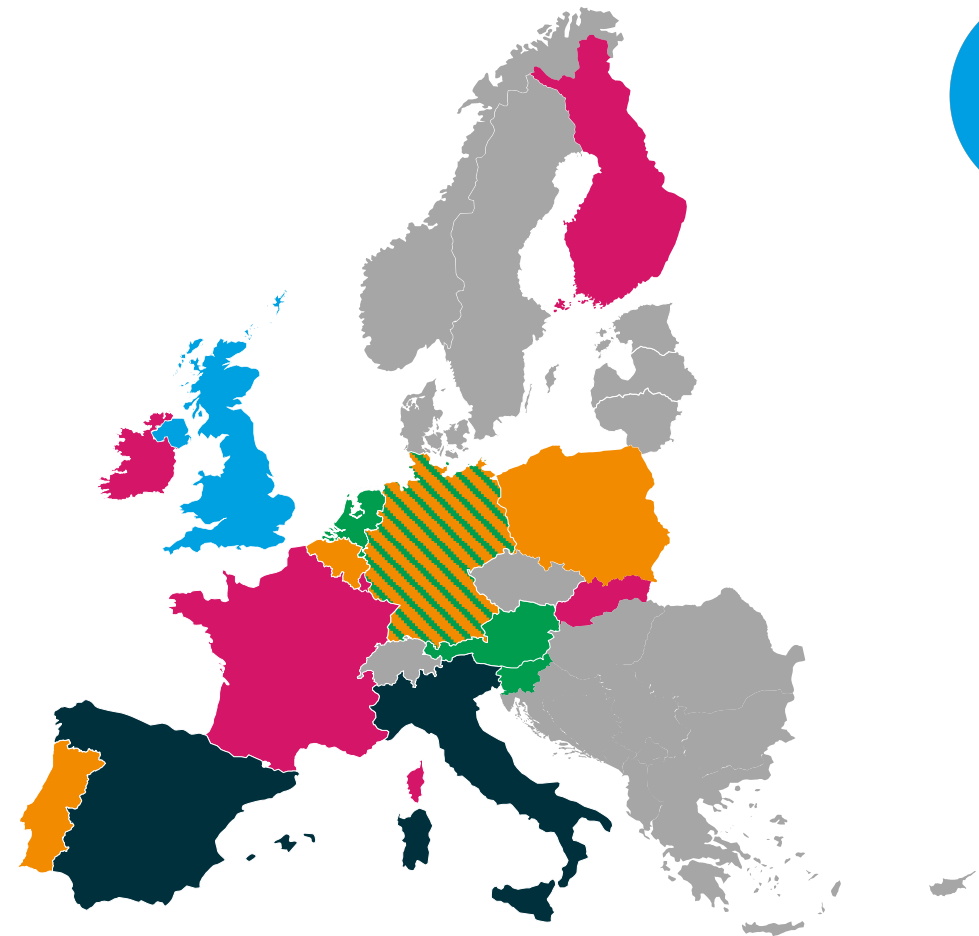
## EU established, consumers support

 52% of UK consumers &  33% of US consumers








are in favour of a tax on all plastic packaging of food products

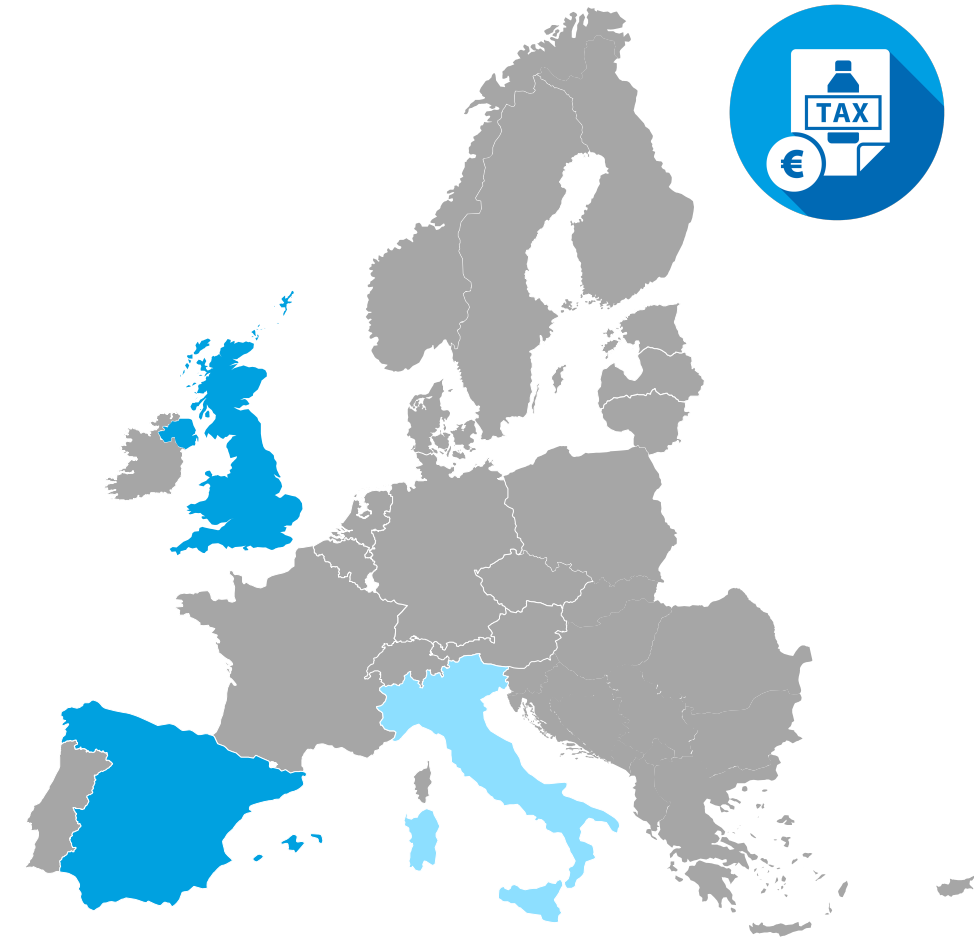
# Plastic tax implementation varies by country

<b>Plastic tax implemented:</b>	<i>UK</i>
<b>Implementation of tax announced:</b>	<i>Spain Italy</i>
<b>Discussing a plastic tax:</b>	<i>Austria Germany Slovenia The Netherlands</i>
<b>Other mechanisms towards the value chain suggested (e.g. include in EPR):</b>	<i>Germany Belgium Poland Portugal</i>
<b>No plans to introduce a plastic tax:</b>	<i>France Ireland Luxembourg Slovakia Finland</i>



# Plastic taxes in UK and Spain

	 Spain	 UK
Go live date	Jan 2023	April 2022
Exemptions	Pro-rated weight of recycled content	Full exemption if recycled content >30%
Focus on PCR	PCR only	PIR and PCR
Chemical recycling 		 *
Mechanical recycling 		
Recycled content certification required		





- The UK plastic tax applies on the finished empty pack, at the step of last substantial modification before filling.
- It applies upon manufacturing in the UK or import into the UK.

## Case 1: without recycled content

### Structure

40gPap /  
20Alu /  
60PE

### Grammages

Paper 40g  
Alu. 54g  
PE. 55g

Is plastic the  
greatest  
material  
by weight?

**YES**

It is classified  
as 'plastic  
packaging'

Does it contain  
>30% recycled  
content (versus  
plastic weight)?

**NO**

The tax is due  
and applies on  
the full structure  
weight

**Tax due =**  
**£200 x**  
**(40+54+55)/**  
**1000000**



## Case 2: with recycled content

### Structure

12PET /  
12Alu /  
30PE recycled

### Grammages

Pet. 17g  
Alu. 32g  
Recycled PE. 27g

Is plastic the  
greatest  
material  
by weight?

**YES**

It is classified  
as 'plastic  
packaging'

Does it contain  
>30% recycled  
content (versus  
plastic weight)?

**YES**

Recycled  
content within  
plastics = 27 /  
(27+17) = 61%  
**No tax due**





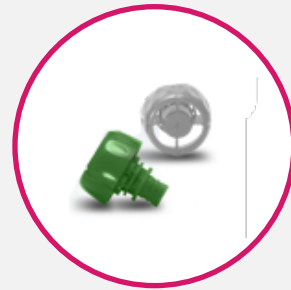
# Spanish tax applies to all plastic elements of a finished pack



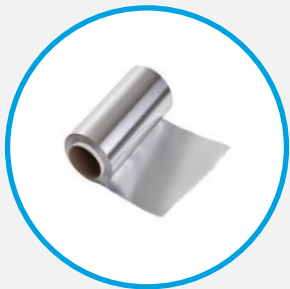
## COMPONENTS



Plastic mono-films  
-> plastic tax



Hard plastic parts  
-> plastic tax



Alu foil -> no plastic tax



Paper -> no plastic tax

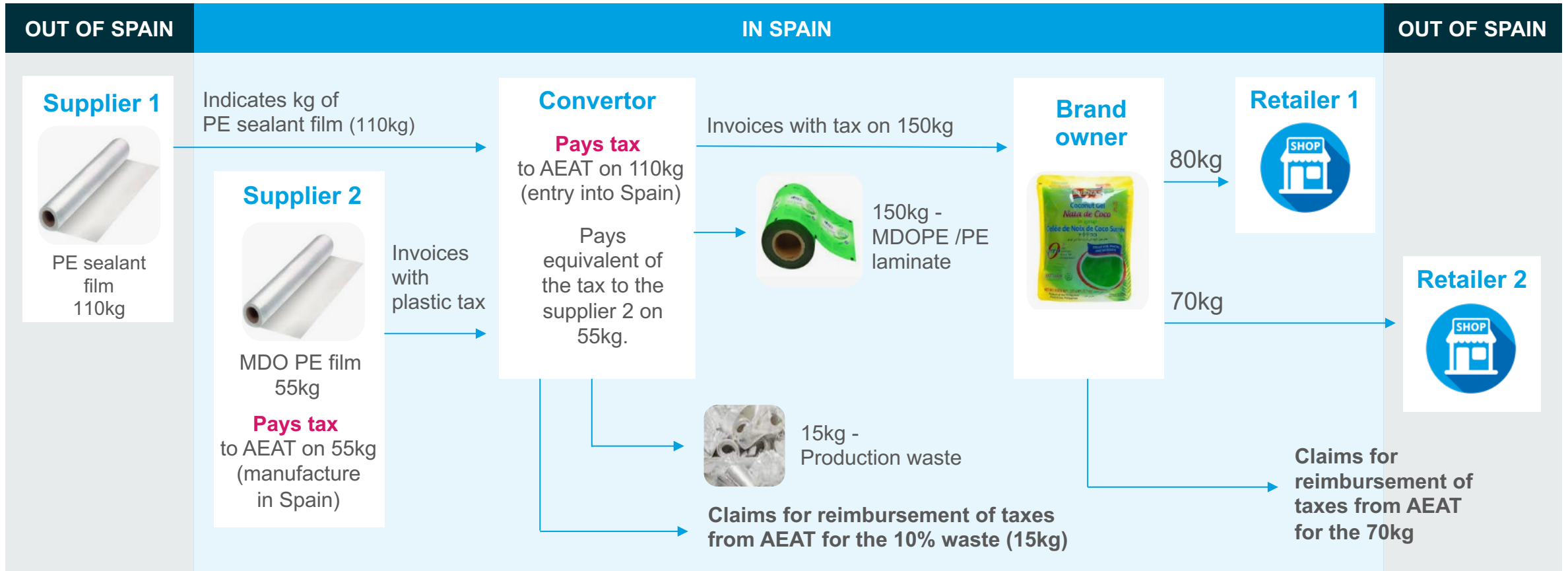


Inks/glues/lacquers  
-> no plastic tax

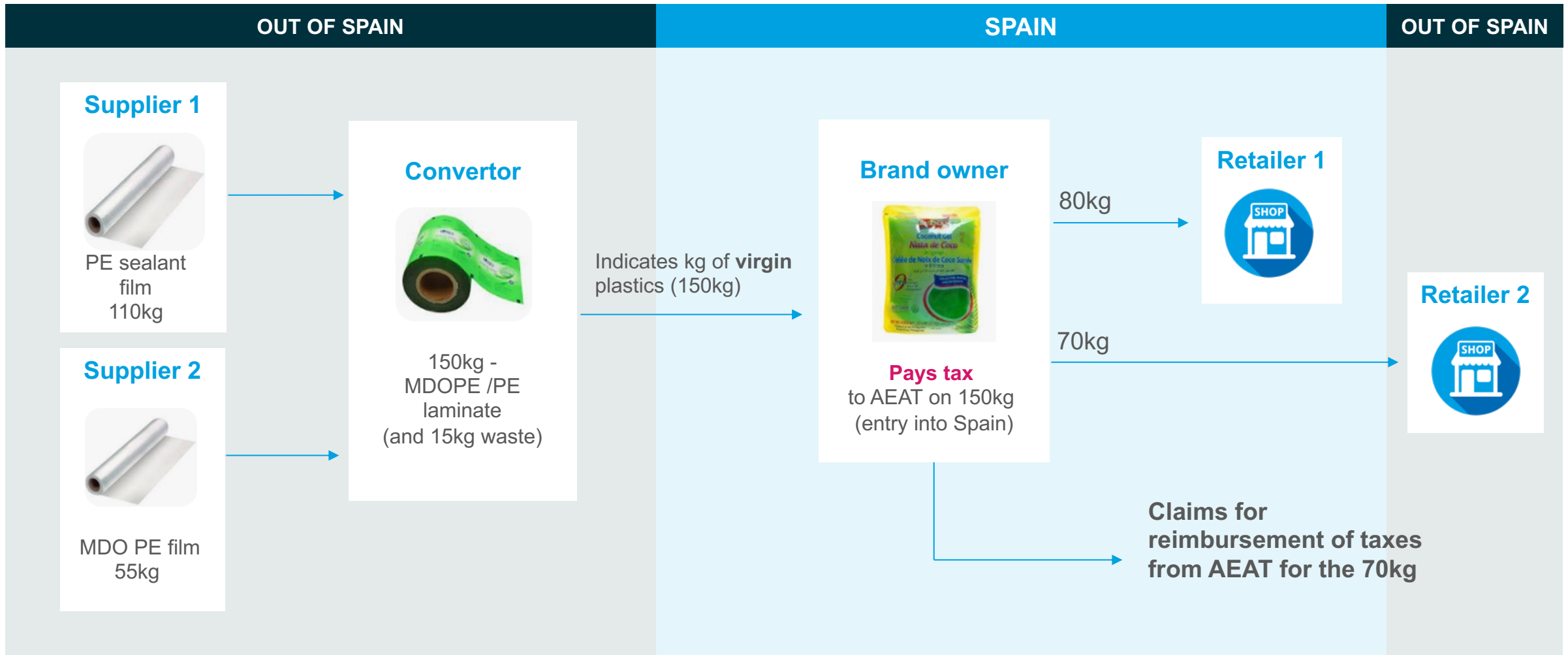
## FINAL PACKAGING



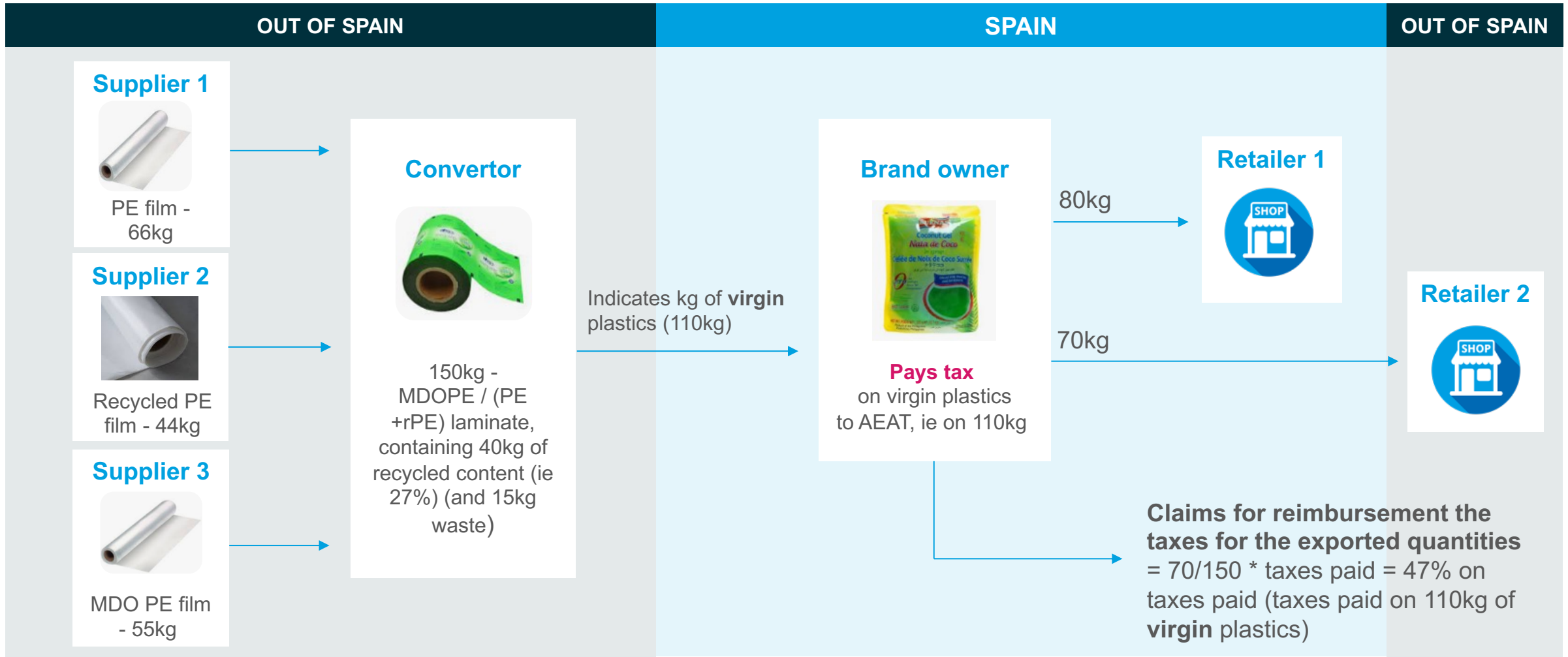
# Case 1: Raw materials imported or manufactured in Spain, finished packaging sold in Spain



# Case 2: Finished packaging imported into Spain by brand-owner



# Case 3: Packaging with recycled content in Spain





# Plastic Tax // UK & Spain Summary

	UK	Spain
<b>Timeline</b>	April 2022	January 2023
<b>Scope</b>	<b>Plastic packaging:</b> Defined packaging where plastic is the greatest material per weight (ie include multi-material structures, as long as plastic is the heaviest)	<b>Plastic content</b> in any packaging
<b>Amount</b>	200 GBP / t Applies on the full weight of the package (when classified as plastic packaging as per above definition)	450 eur / t Applies on the plastic elements only
<b>Liability</b>	Manufacturer of empty packaging in the UK Or importer of empty packaging into the UK	<b>Manufacturer in Spain or receiver upon first entry in Spain</b> for the plastic raw materials (films, hard plastic parts) or for the empty packaging material (laminate)
<b>Exemption – applications</b>	Pharmaceutical packaging,	Pharmaceutical and medical packaging
<b>Exemption – recycled content</b>	If the package contains <b>&gt;30% recycled plastic</b> (as a percent of total plastic) it is not subject to the tax. PCR and PIR* are valid Third party certification is recommended by Amcor (eg Recyclclass)	<b>Recycled plastic content</b> is exempted, on a <b>pro-rata</b> basis (no threshold) Only Post Consumer Recyclate (PCR), not Post-industrial (PIR). Certification is mandatory (eg Aenor)
<b>Recycling technologies in scope for exemption</b>	Mechanical recycling. Chemical recycling IF physical traceability can be conducted (typically not the case). Mass balance is NOT recognized.	Mechanical recycling. Chemical recycling including mass balance approach.

# Total cost of packaging is evolving



# Eco-modulation EPR helps to support a circular economy

## What is EPR?

Extended Producer Responsibility (EPR) is a **financial contribution paid by brand owners** upon placement of packed goods on the EU market. They are thereby taking responsibility for the end of life of their packaging and supporting the related costs of waste management (**collection, sorting, and recycling**).

The EPR contributions are based on packaging weight (fee in Eur/t).

## What is eco-modulation?

Eco-modulation is when the EPR fees are differentiated based on the **recyclability aspect of the packaging structure**.



# Eco-modulation EPR helps to support a circular economy

## When is it coming?

- **Eco-modulation for EPR is due (be implemented) for 01/2025, in EU-27 countries payable to Plastic Recovery Organizations**
- **Fees & categories vary by country**
- **Several countries have already started to implement some eco-modulation**





# Eco-modulation EPR helps to support a circular economy

Material differentiation only:

*Germany*  
*UK*  
*Austria*  
*Bulgaria*  
*Bosnia and Herzegovina*  
*Croatia*  
*Estonia*  
*Greece*

Recycle-ready rigids vs other plastics

*Czech Republic*  
*The Netherlands*  
*Spain*  
*Slovenia*

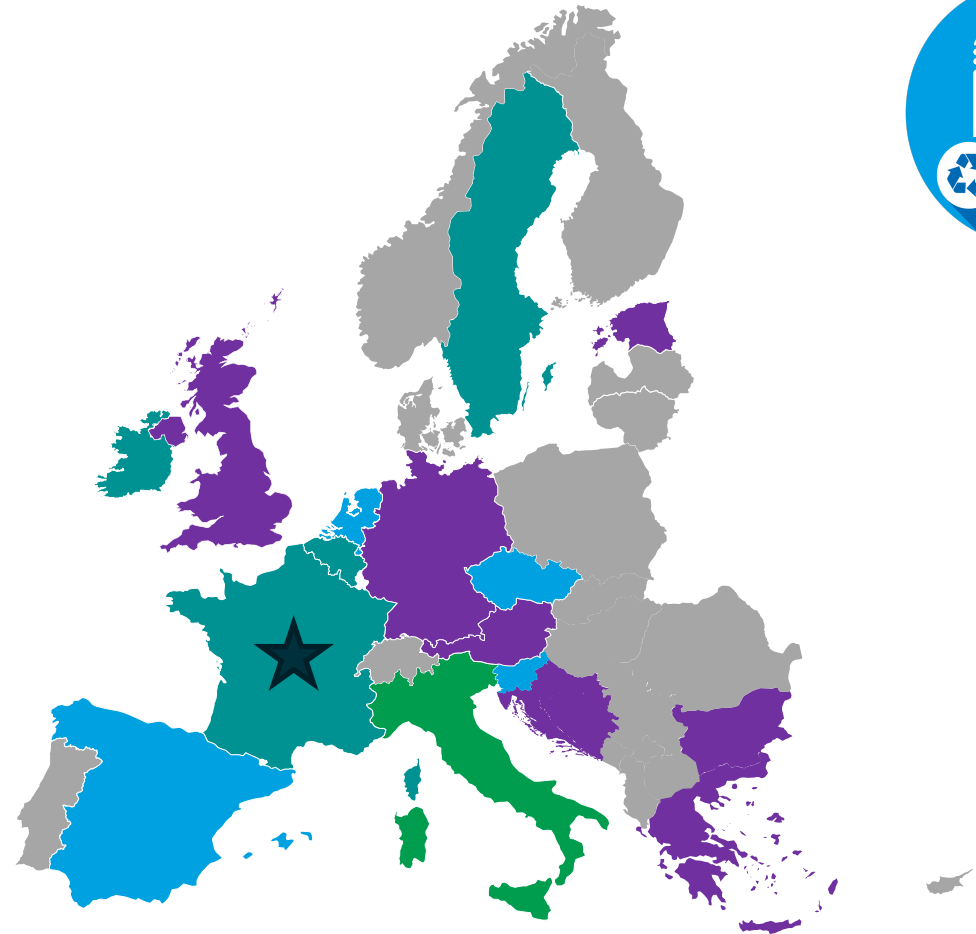
Recycle-ready flexible PE vs other flexibles

*France*  
*Belgium*  
*Ireland*  
*Sweden*

Recycle-ready flexibles PE and PP vs other flexibles:

*Italy*

★ Additional EPR differentiation on recycled content *France*



# We have options to support your packaging sustainability journey



**Step 1:** Understand your current packaging's **carbon footprint impact** using ASSET™

**Helps reduce...**



**Step 2:** Move to **recycle-ready** packaging



**Step 3A:** Understand if **paper-based solutions** meet your product and market needs



**Step 3B:** Look at additional circular options – **lightweighting** and **recycled content**



**Step 4:** Consider **biobased materials** to further reduce carbon footprint

# Step 1: Understand your current impact

## LOWER CARBON FOOTPRINT

- Life-Cycle Assessment (LCA) provides a holistic view on the packaging's environmental performance
- Environmental performance should be at least maintained or improved when switching to a new packaging solution, to avoid transfer of burden
- Amcor can support by conducting a specific LCA of your packaging with ASSET™



# Step 2: Move to recycle-ready packaging



## AmPrima® Recycle-Ready Solutions

Mono-PE and mono-PP material for food and home and personal care applications



## HeatReady™ AmLite HeatFlex® Recycle Ready

Retort solution for pet food, ready meals and baby nutrition



## HealthCare™ AmSky™ Blister System

PE-based, vinyl-free and recycle-ready blister packaging



# Step 3A: Consider paper-based solutions with AmFiber™

## RECYCLE-READY

### LifeSpan® Performance Paper

Recycle-ready, high-barrier paper solution for confectionery products



### PrimeSeal™ and DairySeal™ Packpyrus Paper Base Web

Thermoformable paper fiber tray



### DairySeal™ Matrix Recycle-Ready Breathable Wrap

Paraffin-free wrap for soft cheese



# Step 3B: Additional circular options

## LIGHTWEIGHTING

Save **90%** in both **environmental footprint and taxes/EPR** by moving from a heavy container to full PE pouch

Material type/	Weight (g/pack or 38 washes)	Recycle-ready	Carbon footprint reduction	EPR fees reduction (**)	Plastic tax reduction (**)
Rigid PP (*) tub	148	YES	Baseline	Baseline	Baseline
Full PE pouch	11.1	YES	<b>-88%</b>	<b>-90%</b>	<b>-92%</b>





# Step 3B: Additional circular options

## RECYCLED CONTENT

	Mechanical PCR
Target applications	Basic home care applications, secondary wrappers
Availability	Available at scale



AmPrima® PE  
Recycle-Ready  
Overwrap  
with recycled content  
in final validation

# Step 3B: Additional circular options

## RECYCLED CONTENT

	Mechanical PCR	High quality / high performing mechanical PCR
Target applications	Basic home care applications, secondary wrappers	Sensitive home care and some personal care applications
Availability	Available at scale	Limited quantity

# 30% PCR content to minimize environmental and tax impact for wet wipes packaging

➔ Move from standard to recycled content-based flow wraps

Material type	g/sqm	Recycle-ready	Carbon footprint reduction	EPR fees reduction (*)	Plastic tax reduction (*)
PET/PE	77.8	<b>NO</b>	Baseline	Baseline	Baseline
Full PE incl. 30% PCR	75.2	<b>YES</b>	<b>-64%</b>	<b>-25%</b>	<b>-100 /-30%</b>



PE laminate soon with 30% PCR

# Step 3B: Additional circular options

## RECYCLED CONTENT

	Mechanical PCR	High quality / high performing mechanical PCR	Chemical PCR
Target applications	Basic home care applications, secondary wrappers	Sensitive home care and some personal care applications	Food
Availability	Available at scale	Limited quantity	Limited availability, technology scaling up

# The case for chemical recycling

“Chemical or Advanced Recycling is a general term used to describe innovative technologies where **plastic waste is converted into feedstock**, i.e. monomers, oligomers and higher hydrocarbons that can be used to **produce virgin-like polymers** to create new plastic articles.”\*

## Chemical recycling:



has a **better carbon footprint** than incineration\*\*



can help move away from incineration and **meet EU recycling targets**



will supply recycled polyolefins with **food contact quality** - critical to serve the circular economy

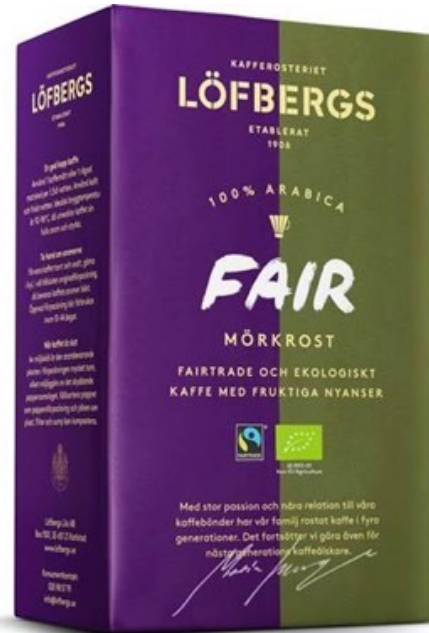
**Circularity is key in reducing depending on depletable fossil resources**

# Step 4: Consider biobased materials



## BIOMATERIAL

**Bio-based materials means:** packaging material derived from renewable biomass sources such as plastics from sugar cane, paper or cellulose. Bio-based is not the same as biodegradable.





Source:  
**Sugar cane**







**Löfbergs coffee replaced fossil-based plastics with bio-based plastics made from sugar cane, resulting in a 30% carbon footprint reduction\*.**



# Sustainability options overview – end of life

Packaging option	Plastic Reduction	Fossil Plastic Reduction	Recyclability	GHG Reduction	Plastic Taxes and/or EPR Savings	Benefits and considerations
 <b>RECYCLE-READY</b> *	=	=	<b>YES</b>	<b>++</b>	<b>+</b>	<ul style="list-style-type: none"> <li>• Opens a path to circularity</li> <li>• Reduces greenhouse gases (GHG)</li> </ul>
 <b>COMPOSTABLE</b> & BIODEGRADABLE	<b>NO</b> (for plastics compostables)	<b>= / +</b> (if bio-based)	<b>NO</b>	<b>-</b>	<b>= / +</b> (recognized in some countries)	<ul style="list-style-type: none"> <li>• Might make sense when tightly combined with content (e.g., coffee capsules)</li> <li>• Banned from organic waste systems in some countries</li> <li>• <b>Not circular and residues could contaminate soil</b></li> </ul>

# Sustainability options overview – material selection

Packaging option	Plastic Reduction	Fossil Plastics Reduction	Recyclability	GHG Reduction	Plastic Taxes and/or EPR Savings	Benefits and considerations
 <b>RECYCLED CONTENT MECHANICAL</b>	=	+	YES	++	++	<ul style="list-style-type: none"> <li>Closes the loop</li> <li>Needs quality selection for application</li> </ul>
 <b>RECYCLED CONTENT CHEMICAL</b>	=	+	YES	TBD	++	<ul style="list-style-type: none"> <li>Closes the loop, approved for food contact</li> <li>Lifecycle assessment must be understood</li> <li>Volume scarcity</li> </ul>
 <b>LIGHTWEIGHTING</b>	YES	+	= (same as incumbent)	+	+	<ul style="list-style-type: none"> <li>Downgauging reduces the plastic in the pack, while maintaining other packaging properties</li> <li>Particularly helpful in Spain where plastic tax is on all plastic components</li> </ul>
 <b>BIOMATERIAL</b>	=	+++	=	++/+++	=	<ul style="list-style-type: none"> <li>Not fossil-fuel based</li> <li>Potential biggest reduction of lifecycle impact if combined with PCR</li> </ul>
<b>PAPER</b>	YES	+++	Depends*	Depends**	+++	<ul style="list-style-type: none"> <li>Not plastic</li> <li>Carbon footprint typically poor, even when recycled</li> </ul>

# With the evolving legislation, there is an opportunity for your brand

## Key takeaways:

1. Sustainability continues to be a high priority
2. Plastic taxes and EPR vary at a country level – it's complex and evolving
3. You need solutions that help you navigate these changes



# Let's make an impact together

“ On Saturday, people have children and care for the future, and on Monday they make business decisions that destroy the environment. I invite everyone to have the courage to do what they already know is right. ”

André Hoffman (Switzerland) – Vice Chairman of Roche Holding