

Re-turn

Ireland's New Deposit Return Scheme

Northern Ireland Wholesaler Webinar

13 September 2023



Statement of Competition Compliance

All meetings of Deposit Return Scheme Ireland CLG t/a Re-turn are conducted in accordance with relevant competition laws. This meeting shall not enter into any discussion, activity or conduct that may infringe, on its part or on the part of its Members, any applicable competition law

You are therefore reminded that you will refrain from discussing any information which is confidential to your company and/or which, if disclosed, might reasonably be expected to influence the commercial strategy and/or competitive position of any other party receiving that information. You are in the best position to judge what is, and what is not, commercially sensitive, or confidential and so responsibility lies with you in the first place

However, by way of example, Members shall not discuss, communicate, or exchange any commercially sensitive information, including, but not limited to, non-public information relating to prices, marketing and advertising strategy, costs and revenues, trading terms and conditions with third parties, including purchasing strategy, terms of supply, trade programmes or distribution strategy. This applies not only to discussion in formal meeting but also to informal discussions before, during and after meetings

Members are reminded not to discuss topics outside the previously circulated and reviewed agenda

Agenda

- **Overview of Re-turn**
 - ❖ **Key Design Elements**
 - ❖ **Functions, Structure, Governance etc.**
 - ❖ **DRS Regulations, Key Elements**
- **Producer & Retailer Obligations**
 - ❖ **Producer Fees & Handling Fees**
 - ❖ **Transition Arrangements**
- **Fraud Risks**
- **Progress to date and Key Challenges Remaining**
- **Cross Border Challenges**
- **Q & A**

Why Deposit & Return?

Waste Action Plan for a Circular Economy (04 September 2020)

Ireland's National Waste Policy 2020-2025

PLASTIC, PACKAGING AND SINGLE USE PLASTIC (SUP)

DEPOSIT AND RETURN SCHEME FOR PLASTIC BOTTLES AND ALUMINIUM CANS

SINGLE USE ITEMS BANNED FROM JULY 2021:

COTTON BUD STICKS, CUTLERY, PLATES, STIRRERS, CHOPSTICKS, STRAWS, POLYSTYRENE CONTAINERS AND OXO-DEGRADABLE PLASTIC PRODUCTS

SIGNIFICANTLY REDUCE SUPS BEING PLACED ON THE MARKET BY 2026

ALL PACKAGING REUSABLE OR RECYCLABLE BY 2030

Waste Hierarchy

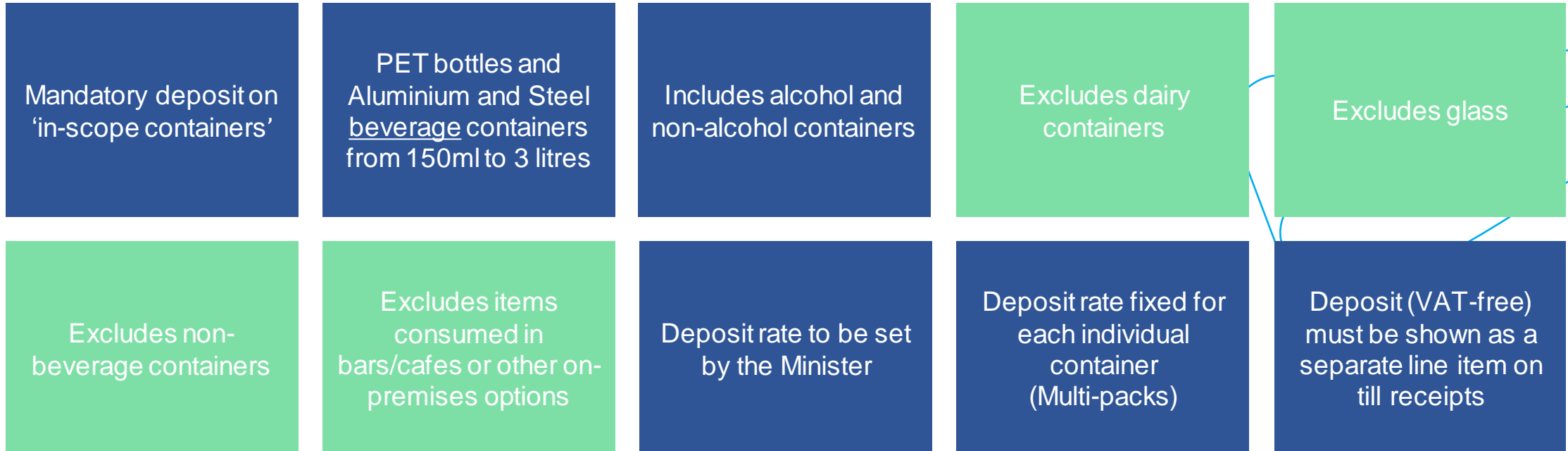


Circular Economy



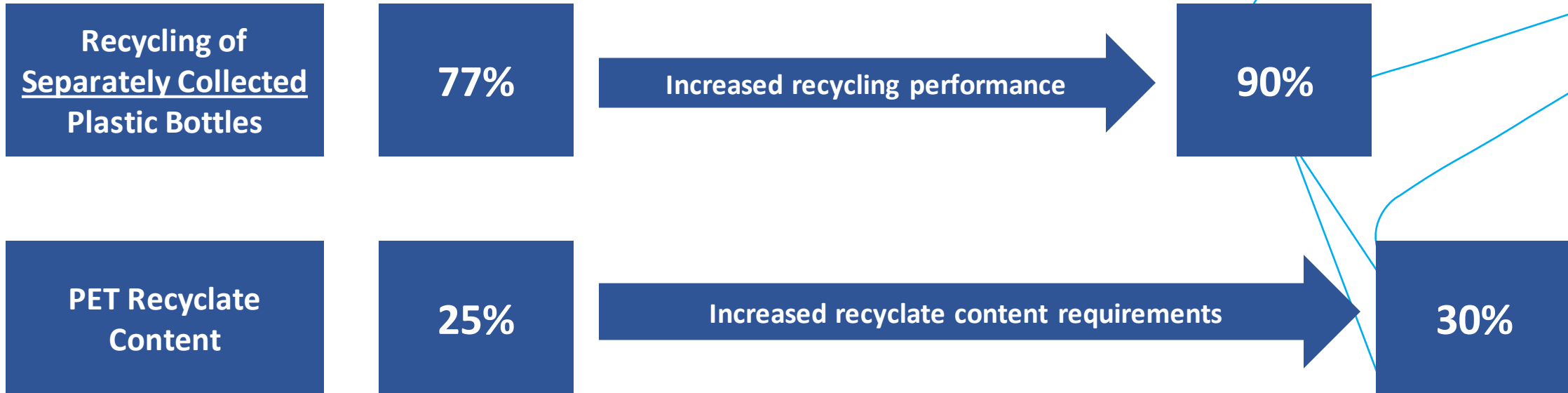
Regulation Requirements

Ireland's DRS Regulations (SI 599-2021)



The legislative basis is provided through the transposition of the Single Use Plastics Directive (3rd July 2021) and the Government's Waste Action Plan for a Circular Economy, which commits to the introduction of a DRS for PET and Aluminum beverage containers

Single-use Plastics (SUP) Directive Targets (June 2019)



Transposed into National Regulations (03 July 2021)



Design Elements

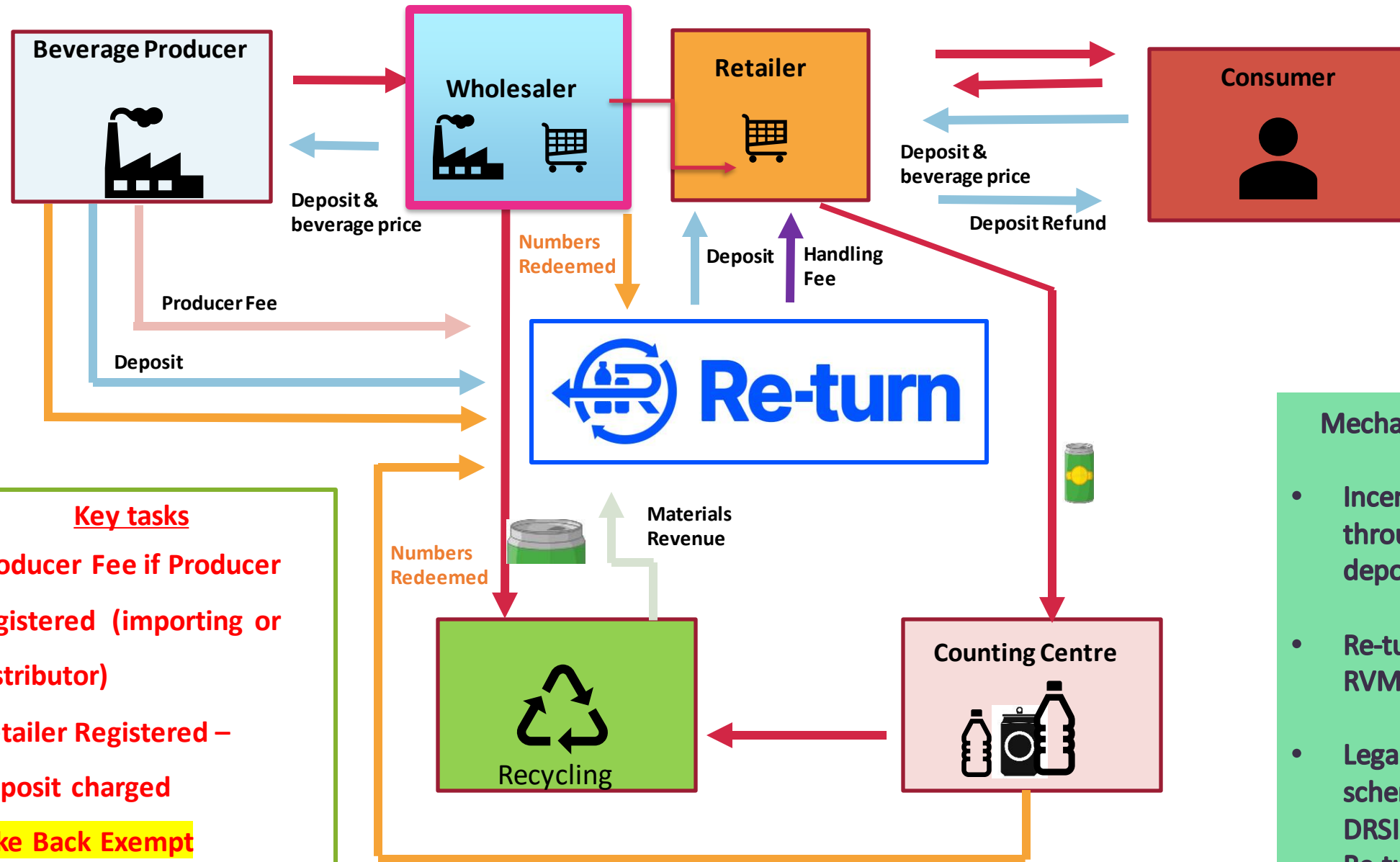
Some key elements addressed at design stage

Governance, Organisation DRS Model	System Security (Labelling, Fraud Prevention)	
Scope of Legislation	Ownership of Material	
Targets	Logistics	
Deposit Value	Financials	
Return Infrastructure (automatic, manual)	Handling Fees	
Legislative Framework, DRS Regulations	Producer Fees	
Timing	Funding	Implementation Plan

Key Functions of Re-turn as an Approved Body

- **Achieve separate collection rates for recycling of in-scope bottles in accordance with the Directive**
- **Achieve EU recycling targets**
- **Gather information from and audit producers and retailers**
- **Engage with approved waste collectors to ensure separate collection, appropriate processing and counting of in-scope bottles and in-scope containers**
- **Support the enforcement authorities in verifying compliance with the Regulations**
- **Report to the Minister on the performance and effectiveness of the scheme**
- **Advise the Minister on the appropriate level and type of deposit**

Deposit Return Scheme Operational Model / Wholesaler



- Key tasks**
- **Producer Fee if Producer registered (importing or distributor)**
 - **Retailer Registered – deposit charged**
 - **Take Back Exempt**

- Mechanics of scheme**
- **Incentivising recycling through monetary deposits**
 - **Re-turn methods: RVM and manual**
 - **Legal and approval of scheme operator DRSI CLG operating as Re-turn**

Deposit Return 'In scope' Drinks Containers

Drinks Container Deposit Rates

Container Size	150ml-500ml	Over 500ml – 3 litres
Deposit	15c	25c

Deposit is based on container size regardless of material

A retailer shall immediately reimburse the value of the original deposit paid, in a manner prescribed by the approved body, to a consumer who presents an in-scope bottle or in-scope container for return, irrespective of where the in-scope product was purchased and the deposit first paid

Re-turn Structure, Governance, DRS Model

- **Company Limited by Guarantee CLG, own Constitution & Memorandum of Association**
- **Name: Deposit Return System Ireland DRSI, trading as Re-turn**
- **Not for profit company, producer owned and led, industry interests represented**
- **Corporate Governance, Board of Directors set policy & fees for producers, greater accountability, transparency & cost-effective target achievement**
- **Approved Body under the DRS Regulations, approval granted by Minister**

Board Structure

Board (12)

6 Producers*, 2 Retailers, 3 Independents, 1 CEO

*one retailer producer (private label)

Audit/Finance/Risk Committee (3)
Independent Chair
(1P, 1R)

Fees & Contracts Committee (5)
Independent Chair
(2P, 2R)

Strategic Committee (5)
Independent Chair
(3P, 1R)

Nominations Committee (3)
Independent Chair
(1P, 1R)

Remunerations Committee (3)
Independent Chair
(1P, 1R)

Governance & Leadership

Independent Chair



Mr Tony Keohane
Independent Chair

Independent Non-Executive Directors



Ms Noreen O'Kelly
Independent NED



Mr David Kelly
Independent NED

Member Directors



Ms Tara Buckley
RGDATA



Mr Tom Burke
Coca Cola HBC



Ms Avril Collins
Heineken



Mr John Curran
Ex-Musgrave



Mr Kevin Donnelly
BRITVIC



Ms Rosemary Garth
Tesco



Mr Joseph Owens
Clade



Mr Liam Reid
Diageo

Acting CEO



Mr Seamus Clancy
CEO Repak

Re-turn Strategic Objectives

- **Establish an efficient and successful DRS System that is cost effective for all stakeholders, resulting in maximum economic and environmental benefits**
- **Provide consumers with a convenient, user-friendly and best in class DRS scheme**
- **During the Approval period, achieve high collection and recycling rates in excess of the EU target of 90%**
- **Against the framework of the Circular Economy, achieve maximum circularity for beverage containers and guarantee a high quality and quantity of materials (rPET), to facilitate the achievement of the Recycled Content target**
- **Contribute to the reduction of litter, particularly for beverage containers consumed 'on-the-go'**

Producer Definition

- ❖ Ireland's DRS Legislation **defines a 'Producer' as any person, irrespective of the selling technique used, who is first to place in-scope products on the market in the Republic of Ireland.** The Regulations also set out the obligations that will fall to producers, retailers and return point operators under the scheme
- ❖ If you produce/manufacture drinks, import them or sell them online, you are considered a Producer and have a key role to play in the new Deposit Return scheme
- ❖ All Producers must register with the scheme in order to fulfil their environmental and legislative responsibilities



Producer Key Obligations

- A Producer shall not place in-scope products on the market unless he or she is a member of an approved body
- A Producer will pay the deposit to an approved body for the in-scope products they place on the market at the point when they place them on the market
- A Producer shall charge a deposit on all in-scope products he or she places on the market in the State and provide the consumer with proof of payment of the deposit
- A Producer shall:
 - ❖ Register with an approved body
 - ❖ Provide details to the approved body with whom they have registered of all in - scope products they place on the market
 - ❖ Pay any registration and producer fee as required by the approved body
 - ❖ Furnish information in connection with their participation in the Deposit Return Scheme, in such form and at such frequency as may be specified by the approved body with whom they are registered
 - ❖ Label an in-scope product as prescribed by an approved body

- Ireland's DRS Legislation defines a "Retailer" as any person who for the purpose of trade or otherwise in the course of business sells or otherwise supplies 'in-scope' products to a final consumer
- The Regulations also set out the obligations that will fall to producers, retailers and return point operators under the scheme and provide the framework within which the Minister approves the scheme operator, DRSI CLG, trading as Re-turn
- Under the regulation of the scheme, retailers that sell 'in scope' products will have a legal requirement to accept returns of empty drinks containers for recycling. This includes online retailers of drinks
- If you sell drinks on your premises (for take away) or online, you have a key role to play in the new Deposit Return scheme
- All Retailers must register with the scheme in order to fulfil their environmental and legislative responsibilities

Retailer Key Obligations

Following initial registration, the key obligations of Retailers are:

- ❖ Ensure they are only selling drinks containers from producers registered with the Scheme. A set transition period for old stock to new stock is allowed following the 'go live' date
- ❖ Ensure that the payment of the deposit is itemized on the proof of payment and displayed clearly as separate from the product price
- ❖ Ensure that the facility for taking back DRS bottles and containers on their premises is clearly visible and easily accessible
- ❖ Accept all empty deposit return containers, regardless of where they were purchased, and provide full deposit refund to consumer
- ❖ Provide storage for DRS bottles and containers in a manner agreed with deposit return scheme operator and agree method and frequency of collection by operator

Wholesaler Responsibilities

- **Registration with Re-turn as a Retailer or Producer. This can be both depending on your business model**
- **Ensuring DRS compliance of in-scope products**
- **Charging deposit on all in scope products**
- **Itemising the deposit on invoices**
- **Co-operation with enforcement authorities**
- **Member of Re-turn**



Wholesaler Definition and Requirements

- Regulations update to remove ambiguity of Wholesalers, Importers and Distributors responsibilities
- Purpose to close any potential loopholes by including wholesalers in the regs
- Definition and understanding of the obligations and differing roles of Wholesalers:
 - ❖ Wholesaler: Retailer selling to retailer or consumer / Retailer charging deposit
Re-turn Registration as a Retailer
 - ❖ Wholesaler importing and placing imported product on the Irish market
Re-turn Registration as a Producer
 - ❖ "Wholesalers, like retailers, may function as both a producer and a retailer in the Irish market and are required to register in both roles"

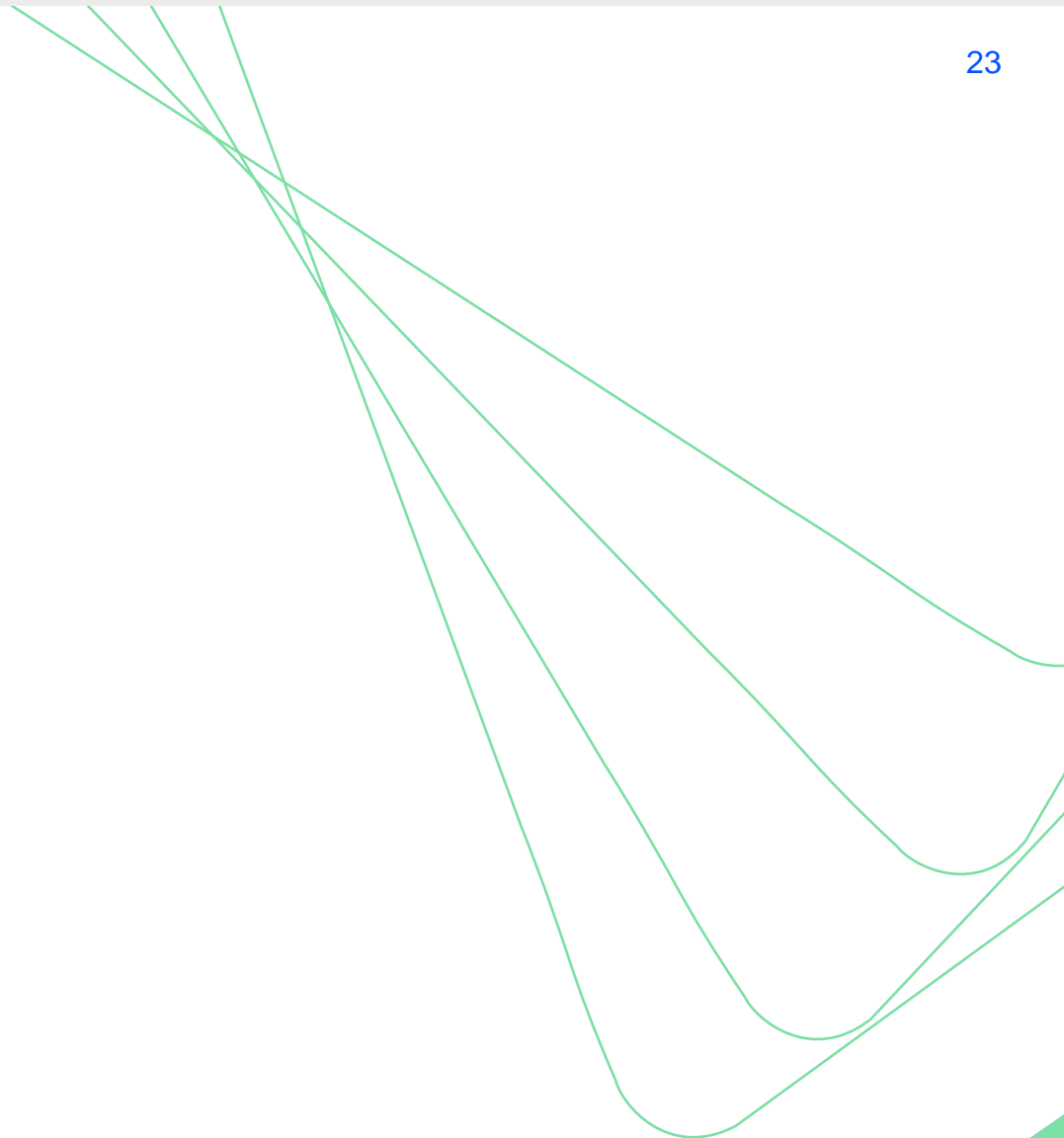


Wholesaler Key Obligations

A Wholesaler shall:

- ❖ Register with an approved body
- ❖ Furnish information in connection with their participation in the Deposit Return Scheme, in such form and at such frequency as may be specified by the approved body with whom they are registered
- ❖ Ensure all in scope product sourced is DRS compliant and that the producers supplying the in-scope product are registered with an approved body
- ❖ Itemise the deposit as a separate line item on any invoice, receipt, credit note etc.
- ❖ If requested, provide information to enforcement authorities that is relevant for demonstrating the conformity of in scope product with the requirements of the DRS Regulations of the DRS Regulations





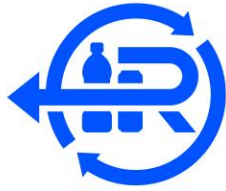
Producer Fees and Retailer Handling Fees

(per container)

Material	Producer Fees	Retailer Handling Fees	
		RVM	Manual
PET	2.0¢	2.2¢	2.6¢
Aluminium	1.25¢	2.2¢	2.6¢

Fees will be reviewed annually with the first review in Q1, 2025

Product Fees & Registration



	≥10 Million Containers p/a	<10 Million Containers p/a
National Barcode & Logo	No Surcharge	No Surcharge
International Barcode	3.12¢ per container	1.35¢ per container* <small>*Subject to application before placing on the market</small>
Product Registration	From 1 st August to 31 st October 2023	Free of Charge
	From 1 st November 2023, all new Products	€100/product
	From 1 st November 2023, any proposed changes to 'in-scope' products	€100/product



Re-turn Retailer Handling Fees

Benchmarked against European Deposit Return Schemes

Country	Manual		RVM	
	PET	Aluminium	PET	Aluminium
Ireland	€0.026	€0.026	€0.022	€0.022
Estonia	€0.0123	€0.0123	€0.0354	€0.0354
Finland	€0.0197	€0.0197	€0.0290	€0.0235
Latvia	€0.0203	€0.0203	€0.0223	€0.0223
Lithuania	€0.0197	€0.0162	€0.0223	€0.0163
Malta	€0.01	€0.01	€0.008 - €0.01**	€0.008 - €0.01**
Norway	€0.0047	€0.0094	€0.023	€0.019
Sweden	€0.018	€0.00	€0.025 - €0.046	€0.016 - €0.017

Challenge of Fraud Prevention and Mitigation

Land border with
NI increases risk
of fraud

Scheme is
prioritising the
use of **National**
Barcodes

Mandatory
requirement for
on-pack scheme
logo

Ensuring Fraud
risk provision is
part of all
assumptions



Fraud Risks

To minimize the risk of fraud in the new Deposit Return Scheme, the following is recommended:

- ❖ Use of ROI specific barcodes to be maximized to minimize fraud
- ❖ International barcodes should only be used where absolutely necessary (e.g., for small volume products). This ensures that registered barcodes do not match product sold in other jurisdictions without DRS (allowing fraudulent claims by consumers). Extent of International barcode usage to be finalized
- ❖ All containers to display the Re-turn logo to maximise awareness of 'in scope' products (consumers, manual, retail take back and enforcement authorities)
- ❖ International barcodes where used will incur a surcharge to mitigate fraud financial risk

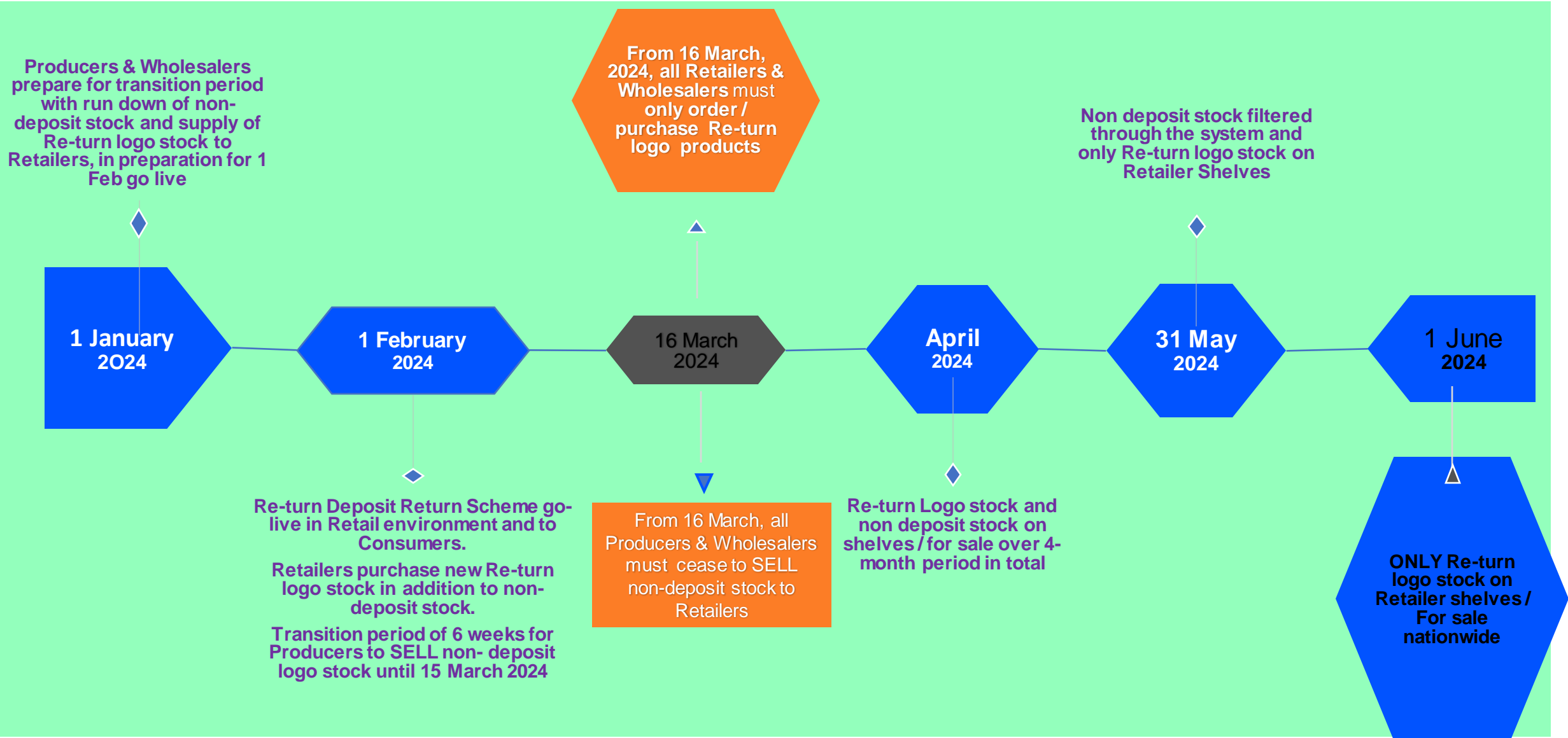


Wholesaler Challenges

- **Technology Integration (logo placement stock management)**
- **Logistics Efficiency Data Management**
- **Risk Management**
- **Consumer Education**
- **Regulatory Compliance**
- **Cost Management**



Re-turn Transition Period Timeline



Re-turn – Key dates for Producers, Retailer, Wholesalers/Distributor/Importers

- **19 September 2023:** Retailers upload their store locations to the portal, defining RVM info, Exemption requirements
- **From Mid October:** Exemptions allocated
- **December:** Release of the whitelist to RVM suppliers and activation on Re-turn website
- **01 January 2024:** Producers may SUPPLY retailers with Re-turn logo stock in preparation for go live on 01 February 2024
- **01 February 2024:** Go live of Deposit Return Scheme, Re-turn, to consumers
- **From 01 February 2024:** Retailers may SELL Re-turn logo stock to consumers
- All Producers (Importers – Wholesalers/Retailers) can continue to SELL / PLACE ON THE MARKET non deposit stock (stock that does not feature the Re-turn Logo) until 15 March 2024 to allow for this stock to run down and as part of the transition period arrangement
- **From 16 March 2024 -** Producers CANNOT SELL any non-deposit stock to Wholesalers & Retailers. Similarly, Retailer & Wholesalers must only purchase new Re-turn logo stock from Producers
- Any non-deposit stock ordered pre – 15 March 2024, can go through retail system and on retail shelves for sale to Consumers until the end of the transition period, which is 31 May 2024

From 1 June 2024 - ALL stock on Retail shelves must ONLY be Re-turn logo stock

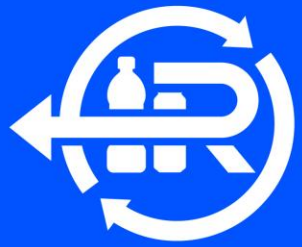
Key Milestones to dates:

- Board up and running for 18 months
- Producers that represent over 90% of the market by volume registered with the scheme
- 1100 Retailers have registered with the scheme representing over 3,000 premises
- Over 2,000 RVM's have been ordered and installation roll has commenced
- Funding of €27.5m is in place with Bank of Ireland
- Contracts for material processing and collection are in place with all equipment ordered
- IT contract in place and portals for producer Product Registration went live on the 01 August 2023
- Communications plan agreed

'Go Live' 01 February 2024

Co-operation between Re-turn and Future DRS Scheme in Northern Ireland

- **Re-turn is committed to exploring cross border interoperability and reciprocal return arrangements between DRS schemes**
- **Branding: there may be scope to co-operate on branding, positive for the customer experience on both sides of the border**
- **RVM infrastructure - a consistent approach to RVM specifications**
- **The use of Surcharges on international barcodes, may reduce cross border fraud**
- **Joint communication initiatives/campaigns**
- **Sharing of technology solution**



Re-turn

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Questions & Answers

Thank you

