



Ireland's New
**Deposit
Return
Scheme**

Transition Workshop
8 November 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

	Topic
1	DRS Update - Progress to Date
2	Recap on Previous Transition Period Workshop
3	Breakout Session 1 – Identifying Remaining Barriers
4	Tea Break
5	Breakout Session 2 – Identifying Possible Solutions
6	Discussion and Agreement on top 5 Solutions
7	Summary and Next Steps
8	Wrap Up and Close



Objective of the Transition Workshop

The objective of this workshop is fourfold:

- to build on previous workshops and webinars held in December 2022, May 2023 and July 2023 on the topic of transition.
- to discuss the key challenges identified for all stakeholders (producers, wholesalers, retailers etc.) associated with the transition period (from 01 February to 31 May 2024).
- to discuss the practical steps identified at the previous workshops to ensure that these are turned into appropriate solutions that ensure a successful transition.
- to discuss progress with all stakeholders, in implementing agreed solutions to minimise the potential negative impact of transition.



Purpose of the Transition Period

- To ensure smooth transition arrangements for the “go live” of Deposit Return on 1 February 2024, around stock management challenges.
- To manage the rundown of ‘old’ stock and introduction of new Re-turn logo stock.
- Minimise cost challenges for all stakeholders.
- Support stakeholders in complying with their new legal Deposit Return obligations.
- Minimise fraud and financial risk to Re-turn.
- Ensure the support of consumers to participate fully in Deposit Return.



Re-turn Board Transition Period Decision

Following an extensive consultation process and input from various stakeholders, the Re-turn Board were guided by the following factors in making their decision:

- The Financial risk
- Stock management challenges.
- Potential communications challenge at go live.
- International best practice in other schemes.

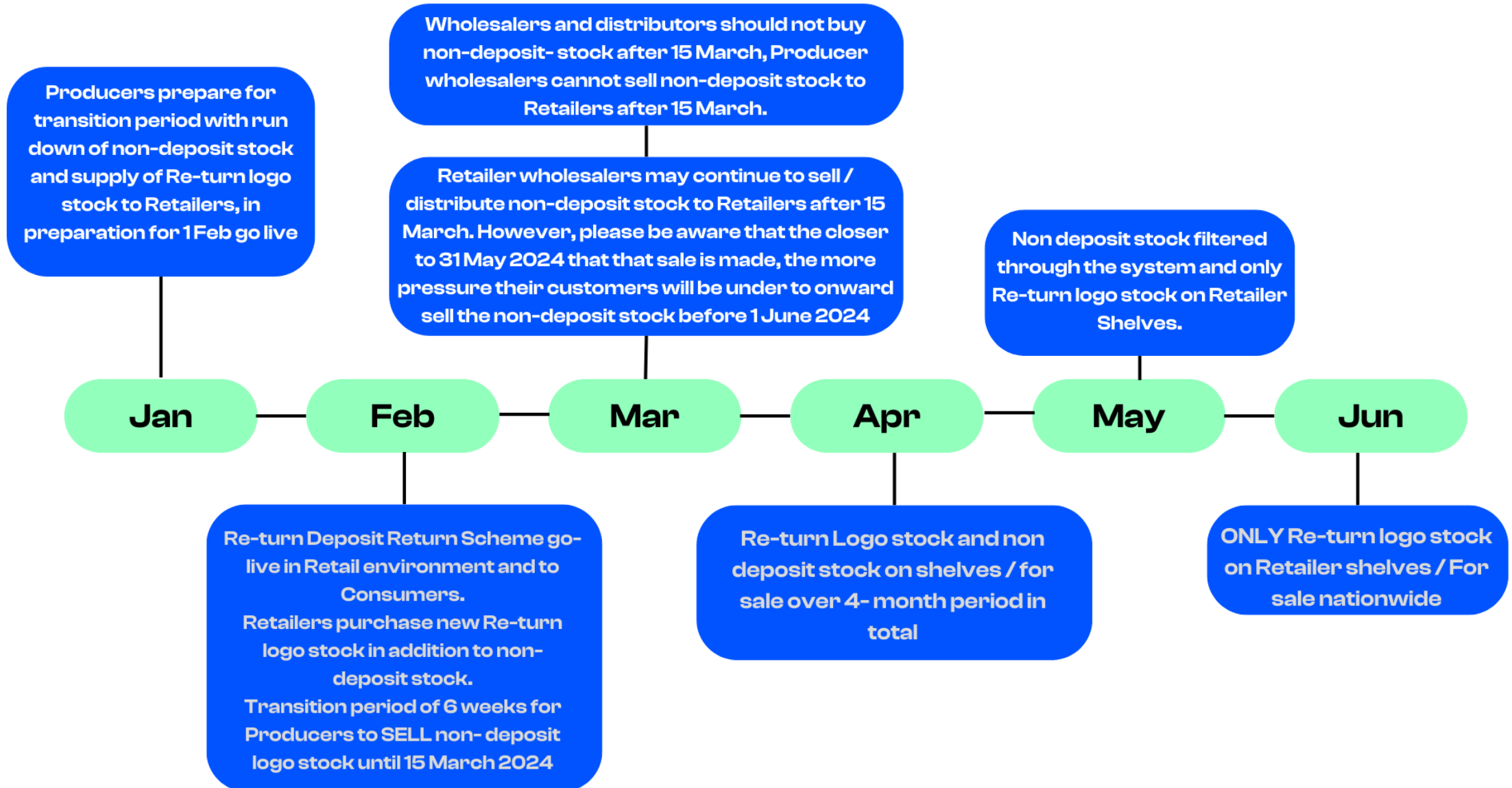


Guiding Principles

- Equity for all Producers and Retailers.
- Mitigation of Fraud Risk to the Scheme.
- Producer Supply Chain Challenges (stock clearance, wastage and long SKU's etc.).
- Clear Consumer understanding and messaging.
- Successful launch of Scheme.

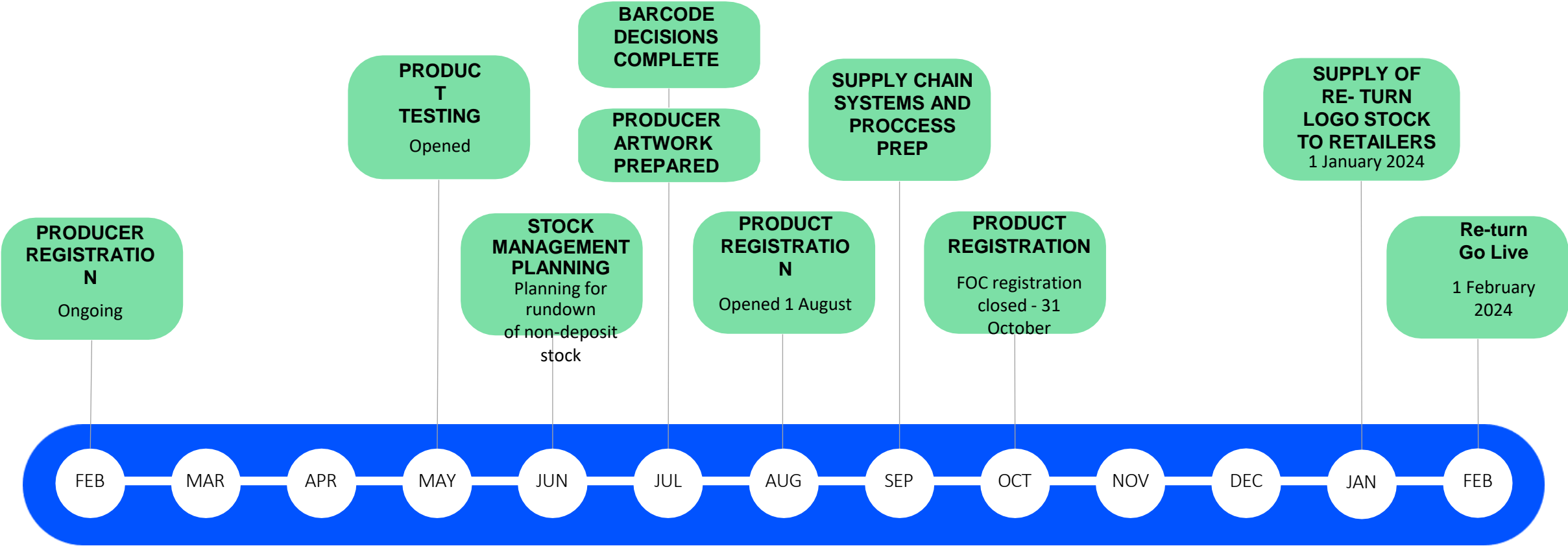


Re-turn Transition Period Timeline



Producer Road Map

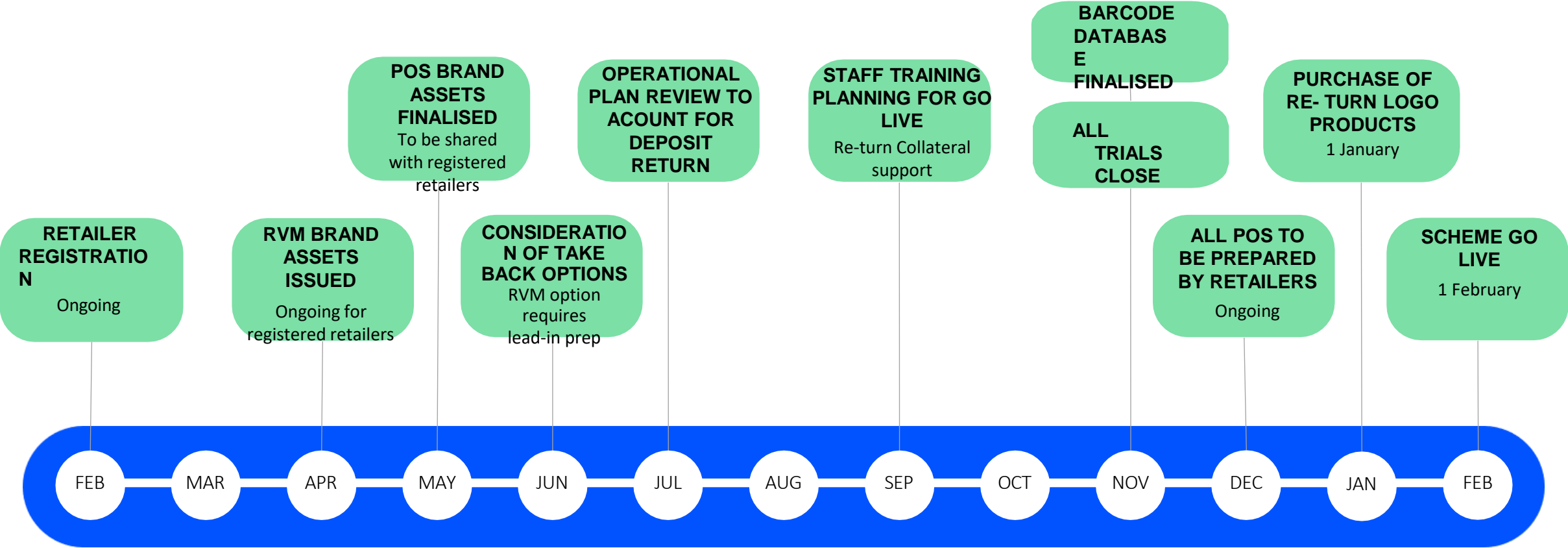
Key timelines



Collaboration / partnership between Producers and Retailers is essential to ensure a smooth transition.

Retailer Road Map

Key timelines



Collaboration / partnership between Producers and Retailers is essential to ensure a smooth transition.

Financial Risk/Barcodes

- From a risk management perspective, Producers are required to change their existing barcodes to new barcodes specifically for products sold in the Republic of Ireland only. These barcodes will not incur any additional surcharges.
- However, if Producers opt to retain an international barcode with a Re-turn logo, it may be subject to an additional surcharge.
- The clear financial risk during the transition period, comes from the use of existing barcodes, which may result in payments to consumers on stock, on which no deposit has been paid.



Financial Risk/Barcodes

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- Retailers who operate an RVM will not be exposed to any financial risk from international barcodes on containers returned through an RVM. Any containers accepted by an RVM are valid and payment of a handling fee will be forthcoming.
- In the case of international barcode containers presented for manual return, retailers must ensure that the Re-turn logo is displayed on the container, in order to redeem the deposit.
- This financial risk and the potential for cross border fraud has been assessed and factored into Re-turn's business model, hence the international surcharge will be applied for the use of international barcodes where applicable. This helps mitigate the financial risk to the Scheme.
- This financial risk will be monitored on an ongoing basis by Re-turn as will cashflow and timely payments by Producers for the use of international barcodes.



Stock Management

- Depending on business model, producers and retailers have stock management challenges to overcome around the introduction of Deposit Return.
- Producers should aim to ensure that the time between now and the end of the Transition Period is used to minimise or eliminate the necessity for the write-down of non-deposit stock.
- Business as usual will be impacted, and existing supply chain systems and processes will have to be reviewed and amended to comply with Deposit Return.
- Producers and Retailers will need to plan and work together to ensure a smooth transition. The success of the transition period will depend on this collaborative / partnership approach.



Stock Management – Preparation

Some key points to consider:



- Barcode decisions to be made; replacement of existing barcodes with new barcodes (ROI Specific) or the retention of international barcodes.
- All Re-turn products/barcodes to be registered with Re-turn from 1 Aug to 31 Oct 2023.
- Commence the planning process as early as possible and manage the production of stock no later than Q4 2023 and in the lead up to “go live” to ensure appropriate stock levels to prepare for Deposit Return “go live” and to minimise the risk of stock write off.
- With only a couple of months to 'go live', Producers & Retailers have time to reach out to counterparts in other jurisdictions to see how they managed similar challenges in a cost effective and environmentally friendly manner.

Stock Management Preparation Cont'd

- Retailers should plan for run down of non-deposit stock and aim to have new Re-turn logo stock available for sale to consumers from 1 February 2024.
- Consider the use of controlled stock distribution channels, if necessary, in the lead up to 'go live'.
- Ensure a deposit is not charged on old non-deposit stock during the transition period.
- Itemise the deposit as a separate line item on any invoice, credit note, dispatch and delivery docket and at point of sale (SEL and till receipt).



July Workshop Outcome – Matters to Address

Communications

- A two way path between producers and retailers to be planned, executed and monitored.
- Re-turn to assist and facilitate further meetings to plan for this period.
- The involvement of small retailers and producers needs greater communications to understand the transition period.

Inventory Management

- Challenge in the lead up to go live is the management of two different barcodes for non DRS and DRS stock between producers, warehouses and retailers.
- Requires strategic alignment and collaboration between producers and retailers to manage inventory forecasting.

Barcoding

- Managing the barcoding of non DRS and DRS products at the cash register.
- Requires staff training, computer system changes, visual identification on shelf and consumer education.



July Workshop Outcome – Matters to Address

International barcode

- Management of international barcodes by producers and retailers.
- Changing of international barcodes to national barcodes.
- Re-labelling of product with the Re-turn logo.



July Workshop Outcome – Practical Steps

- Schedule to deliver DRS in-scope product to stores early in January 2024.
- Clarify product identification – from the old to the new SKU in transition.
- Communicate the stock forecast and stock rotation system to producers and retailers.
- Test IT and invoicing changes in advance of 'Go-Live'.
- Train staff involved with the scheme.
- Manage the old non-DRS stock and new DRS stock during the transition period.

Suggested solutions as follows: -

1. Forecasting and planning the supply of stock – according to demand.
2. Differentiation of stock on shelf -visual and labelling – identify which are DRS products.
3. Pop up message for DRS products at till and warehouse level.
4. Marking of pallets with different logo or casing.
5. Clear differentiation of SKUs.
6. Knowledge of the sales of each SKU.
7. Sale of non-DRS stock to other markets.



July Workshop Outcome – Practical Steps

International Barcode Management

1. Clear gap in supply to allow selling through DRS
2. Differentiation between international barcode, stock with and without logo and visual frame / colour.
3. Manage the transition through batch tracking
4. Change the international barcode to national barcode
5. Re-label where possible (deposit must be charged)
6. Sell stock without logo outside of ROI.



July Workshop Outcome – Solutions for June 2024

Producers and Retailers suggested aligning the effort to ensure that, as of the 1st of June 2024, only DRS compliant stock is on sale at the retailer level by implementing the following solutions: -

1. Communications with producers on stock control – from early stage, seasonal in store liquidation section.
2. Good stock forecasting and planning, including stock transfers / distribution between stores, tactical use of promotions to liquidate stock, comprehensive communications understood by retailer, producer and consumer.
3. Governance and education for smaller retailer – understanding of compliance with the scheme.



Breakout Session 1 – Identifying Remaining Barriers

- What is the status of the remaining challenges identified in July ?
- What as a Producer can you prepare to minimize / eliminate non-DRS stock before the transition period ends?
- What as a Retailer can you prepare to minimize / eliminate non-DRS stock before the transition period ends?
- What communication gaps still exist between Producers and Retailers?
- What collectively as Producers and Retailers can we do together to minimise / eliminate stock management before the transition period ends?
- What are the risks associated with barcoding (DRS and Non-DRS on shelf and international barcodes).



Breakout Session 2 – Key Questions

- What are the solutions to the barriers identified in Breakout Session 1?
- Rank these solutions in order to identify the top 5 in terms of practicality and ease of implementation.





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Thank you

