

# Extended Producer Responsibility



**Gil Friend**  
**President & CEO**  
**November 2010**



# Natural Logic, Inc.

Strategic advisors to the sustainable economy.™

Helping companies and communities design, implement and measure profitable sustainability strategies.



# A provocative question...

**How can a system & policy framework...**

- **incentivize recovery of all materials,**
- **within current economic structures & infrastructures,**
- **in up, down and upside-down economic cycles,**
- **get to 70+% diversion of packaging and printed paper in the US,**

**...AND meet human needs, reverse climate change, end poverty, and avert ecological disaster at the same?**



# What did we learn?

- **Review of global Product Stewardship & EPR systems in Europe, Canada, Japan**
- **Existing systems in US**
- **Best practices for increasing diversion**
- **Financial incentives (e.g. bottle deposits) are effective at increasing diversion – for a small segment of the overall waste stream (3%)**
- **Incenting producers (e.g. EPR/PS) can deliver massive diversion across waste stream**
- **The time is right for EPR/PS in the US**

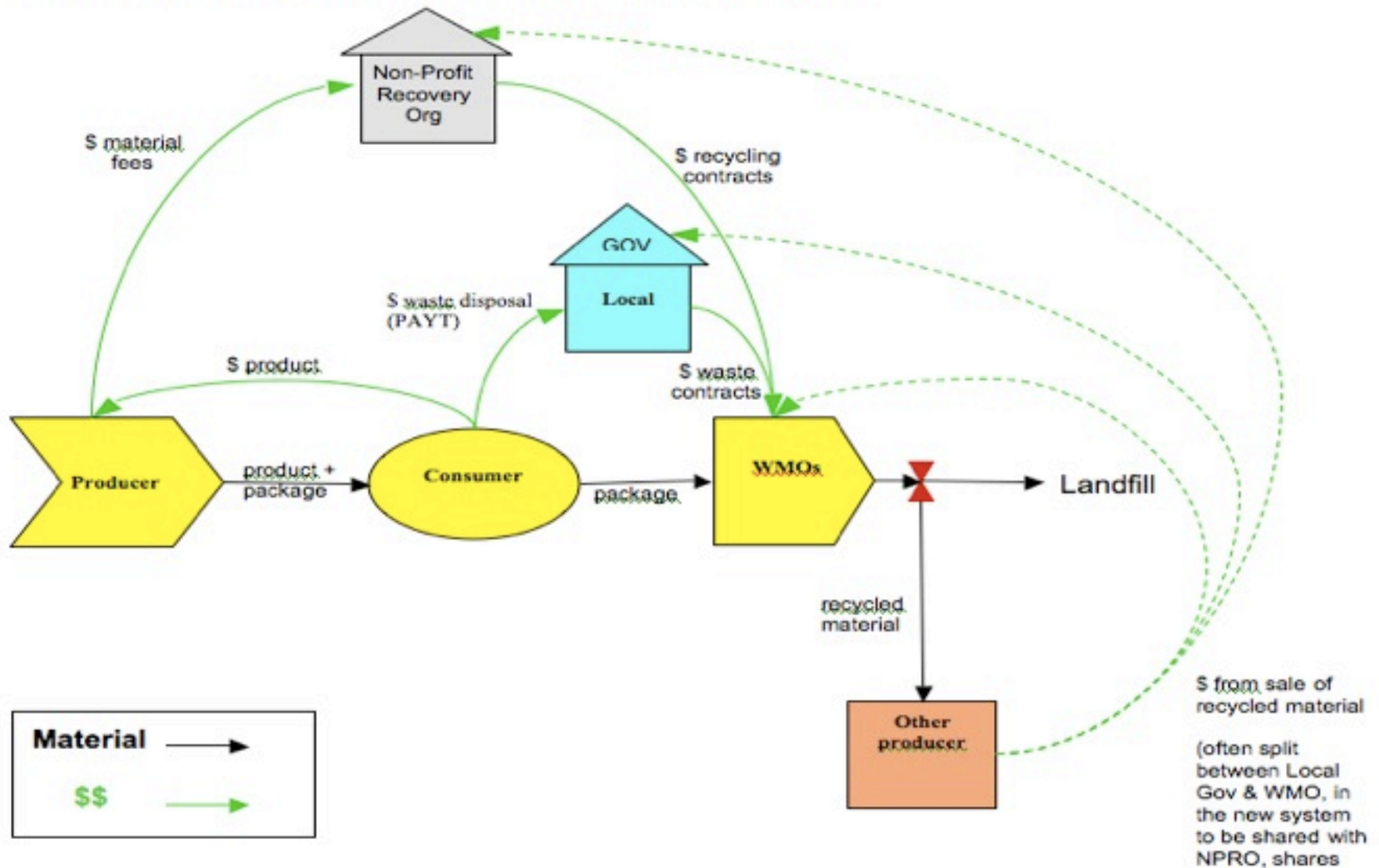
# EPR in Summary

- **The party that puts the packaging on the market**
  - has the obligation to take it back
  - bears part or all of the *true* costs to manage individual material types
    - (including collection, sorting, storage, cleaning, revenues/ costs of secondary material market)
- **Intrinsic financial incentives for Producers**
  - to make more sustainable packaging choices
- **Shift costs**
  - from Municipalities & Users to Producers & Users

# Proposed EPR/PS system

- **Addresses packaging & printed paper**
- **Producer or first importer**
  - Pays fee to Recovery Organization (national or state)
  - Based on volume/weight, material, recovery rate
- **Recovery Organization funds diversion/recycling**
  - By Waste Management Industry and others
- **Variations to address three nominally different scenarios**
  - Local government contracts for services & owns the infrastructure
  - Local government contracts for services, Hauler owns the infrastructure
  - Consumer contracts directly with the hauler

# EPR/PS system schematic



# Producer Responsibilities

- **Report packaging (quantity and type) put into the market**
- **Pay fees to NPRO**
- **Minimize fees by**
  - Reducing amount of packaging
  - Choosing packaging with higher commodity value, higher recycled content, non-toxic and/or more easily recyclable materials
  - Supporting expanded recycling

# Fee Formula - Examples

## Austria

(Collection cost + Handling cost + Sorting cost + Processing cost  
+ Depreciation (bins, trucks, etc)  
+ Infrastructure cost  
+ Administrative cost  
± Sale of recovered material)  
÷ Total licensed quantity

## Ontario

- Net handling cost 40%
- Relative recovery rate 35% (higher recovery rates yield lower fees)
- Equalization 25%
  - (calculated incremental cost for each material to achieve common threshold recovery rate)

# Key Incentives

- **Producer fees (to RO) reduced/offset by**
  - Putting less material into the market (eg, light-weighting)
  - Producing materials that are more recyclable, have higher commodity value
  - MarComm/education activities to encourage diversion/recycling and expand RO pie
  - Al: \$0.05 – 1.81/pound; (\$0.03) in Ontario
- **Consumers' PAYT fees reduced by**
  - Reduction & sorting
- **WMI/Gov recycling activities**
  - Funded through contracts with RO

# Producer Responsibility

## Shireman

**Internalize costs**

**Producer pays**

**Producer manages**

## Stevenson

**Roll up the externalities**

**Send producer a bill**

**Let them figure out how to reduce the bill**

# Questions for you

- **What do you need for EPR work for you?  
(How could it be improved?)**
- **What do you we need to know?**
- **What do you need to do to make it happen?**
- **Can we make that “unified ask”?**

# Natural Logic, Inc.

**Strategic advisors  
to the sustainable economy.™**

**Contact:** [gfriender@natlogic.com](mailto:gfriender@natlogic.com) • 1-877-natlogic • [www.natlogic.com](http://www.natlogic.com)

**CEO Blog:** <http://blogs.natlogic.com/friender/>

***The Truth About Green Business:*** <http://www.natlogic.com/truth/>

**Latest articles:** <http://www.NatLogic.com/approach/new-bottom-line/>

**Business leadership:** <http://www.DeclarationOfLeadership.com>

