

Extended Producer Responsibility – Producer’s Perspective (brief)

Prepared for IE CANADA

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June 8, 2008

An IE Member Company

What is Extended Producer Responsibility (EPR) ?

- Policy originating in the EU that holds the producer (manufacturer, brand owner or first importer) responsible for all costs associated with the management of its products at End of Life (EOL) including any environmental impact. Today products at EOL are typically handled in Municipal Waste Streams paid for by taxpayers or recycled within free market voluntary programs.
- Includes products and packaging in theory for both residential and commercial products/streams. Depending on the material and regulation, certain exemptions and agreements are in place.
- Shifts costs from Municipal Taxpayers to producers
- Fundamental policy framework for Zero Waste Future – Ontario for example
- May be executed with landfill or curbside collection bans (restricts designated material from dumps or collection)
- Shifting environmental impacts at EOL upstream to producers is said to drive design for environment – so producers consider total life cycle costs when managing their products – a question of great debate
- A producer is involved when their products become a designate material by a Minister of the Environment: Tires, Electronics in Ontario etc..
- EPR is spreading rapidly in Canada: Ontario/Quebec/Manitoba to packaging.. BC, AL, ONT, QUE, PEI, NS to certain products. CCME (Council Ministers of the Environment) are proposing a national model for future.
- EPR cost responsibilities: at present producer pays 50% of costs in Ont/Que Blue Box packaging.. up to 80% Manitoba (proposed) and in most other programs (especially if new) 100% of all costs. Ontario seeks producers to pay 100% costs as stated in the Waste Diversion Act review
- Producers pay for: collection, transportation, processing, education and promotion, auditing and tracking, research and innovation and other related costs required in legislation.
- Producer fees are assessed by their share of market for shipment of new products. Costs of forum are spread amongst producers based on share. Producers pass on costs either with a visible “eco” on a commercial invoice ultimately issued to consumer on retail bill or included in price (depending on regulation). NGO’s and Governments would seek to have non-visible fees to drive design for environment and total net cost considerations a question of great debate.

What to do if your products become a designated material?

- Producers can form a collective usually termed an IFO (Industry Funded Organization) to share the costs of the total administration and operation of the forum. Individual companies discharge their obligation to the IFO to manage. Typically operated by a 3rd party as most Associations do not have the infrastructure to manage and to maintain confidentiality
- Individual companies can develop their own forum (Individual Producer Responsibility) to manage their products exclusively (depending on regulation)
- A new hybrid is evolving where a group of companies form a collective under a business model to operate on their own

Opportunities and Challenges face by designated companies.

- Producers must be able to segregate composition data – increased demand for IT systems and infrastructure for example: each unit sku ships with X amount of corrugate, paper, plastic film, polystyrene etc.. or a product has X amount of plastic, metal, hazardous material etc.. Shipment data must determine total kg amounts by material composition (where applicable) – can your data systems handle this? With Bill C6 – Consumer Product Safety Act and other activity in environmental area Bill 167 in Ontario Toxic Reduction Act, we can also anticipate this information being requested in customs or other similar documentation remitted to governments or the public in future
- Can you remit this requirements by provincial ship to addresses?
- If products include substances identified in CEPA or CMP process we can anticipate in future these products having to be managed at EOL differently and at higher cost...bPA for example.. all polycarbonates containing bPA would need to be treated in a specific manner at higher cost.
- Based on designated material do you have a competitive design for environment? Are you greener than your competitor? If so, you would seek more unique definitions of your products in an IFO or select an IPR model.
- If you take EPR seriously have you integrated into your total sustainability marketing?
- Has your individual Trade Association (other than IE Canada) discussed the approach if you were to become a designated material?
- Ability to shift costs (either visible or non-visible) further in the value chain – maintain margins and track spend
- EPR's impact to your brand. Must be included as a measure of brand health.
- Is your inclusion or participation in EPR being demanded by shareholders?

What the future holds in my opinion..

- Because EPR shifts costs from Municipalities to producers we can anticipate EPR regulations being adopted by more governments at a faster rate of speed. Organizations need to begin building this policy shift into their business processes and procedures.

Interesting Reading..

Waste Diversion Act Review - Ontario

<http://www.ene.gov.on.ca/envision/land/wda/wda-zeroWastePaper.pdf>

WEEE program Ontario

<http://www.ene.gov.on.ca/envision/land/WDA/electronics/regulation.htm>

Stewardship Ontario 2008 Annual Report

http://www.stewardshipontario.ca/corporate/pdf/annual_reports/annual_report_2008.pdf