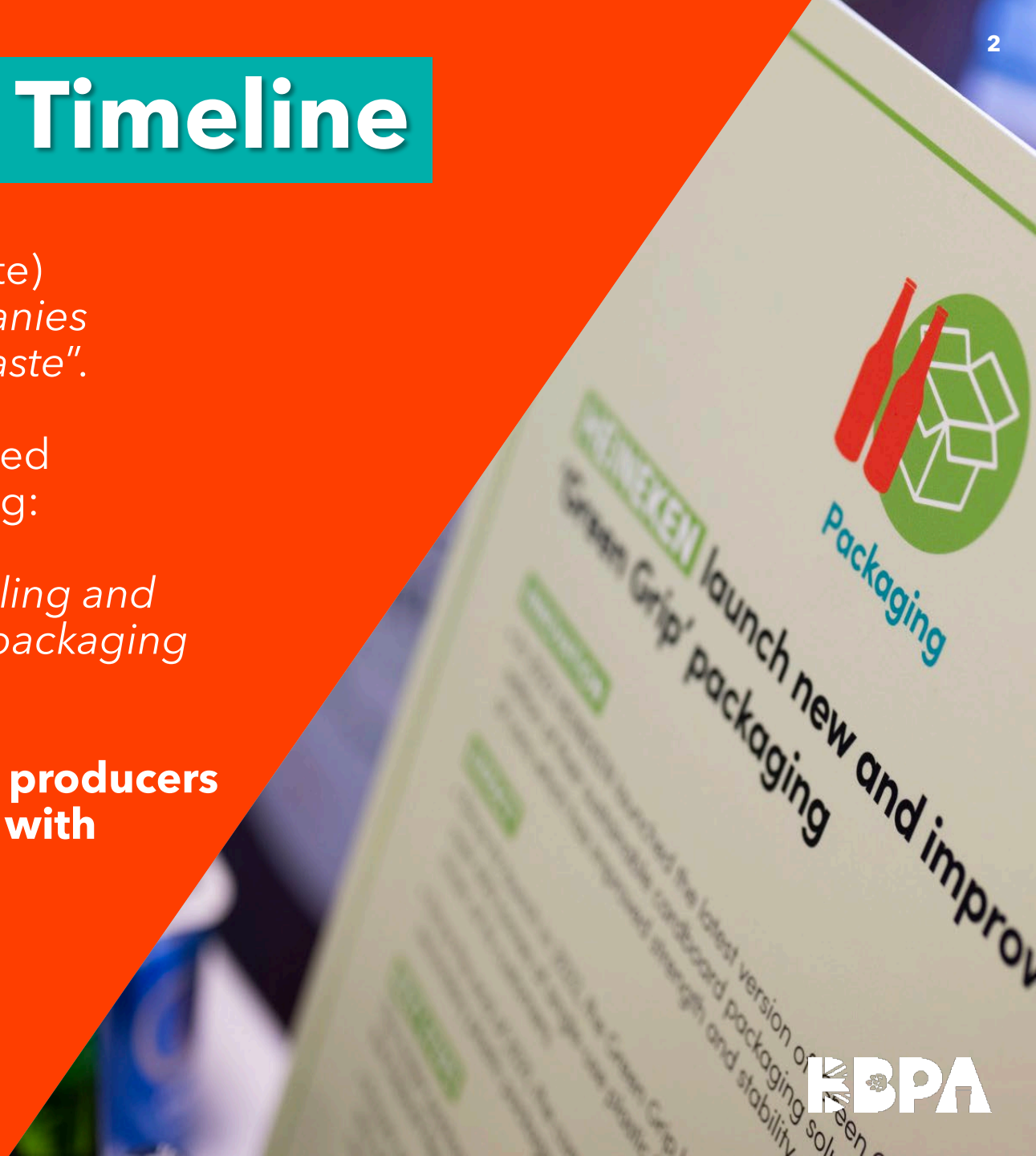
Packaging reform advocacy, Deposit Return Schemes and what next…

Brewing and Brands Forum: 20th May 2025



Packaging Reforms: Timeline

- **1997:** Producer Responsibility (packaging waste) obligations: **PRN system** *"to ensure that companies contribute to the cost of recycling packaging waste".*
- **2018:** Waste and Resources Strategy: Embedded "polluter pays" principle in relation to packaging:
- *"putting the full cost of collecting, sorting, recycling and disposing of household packaging waste onto packaging producers rather than on local authorities."*
- **Under the current system (PRNs), packaging producers paid only around 10% of the cost of dealing with packaging waste.**



Packaging Reforms: Timeline

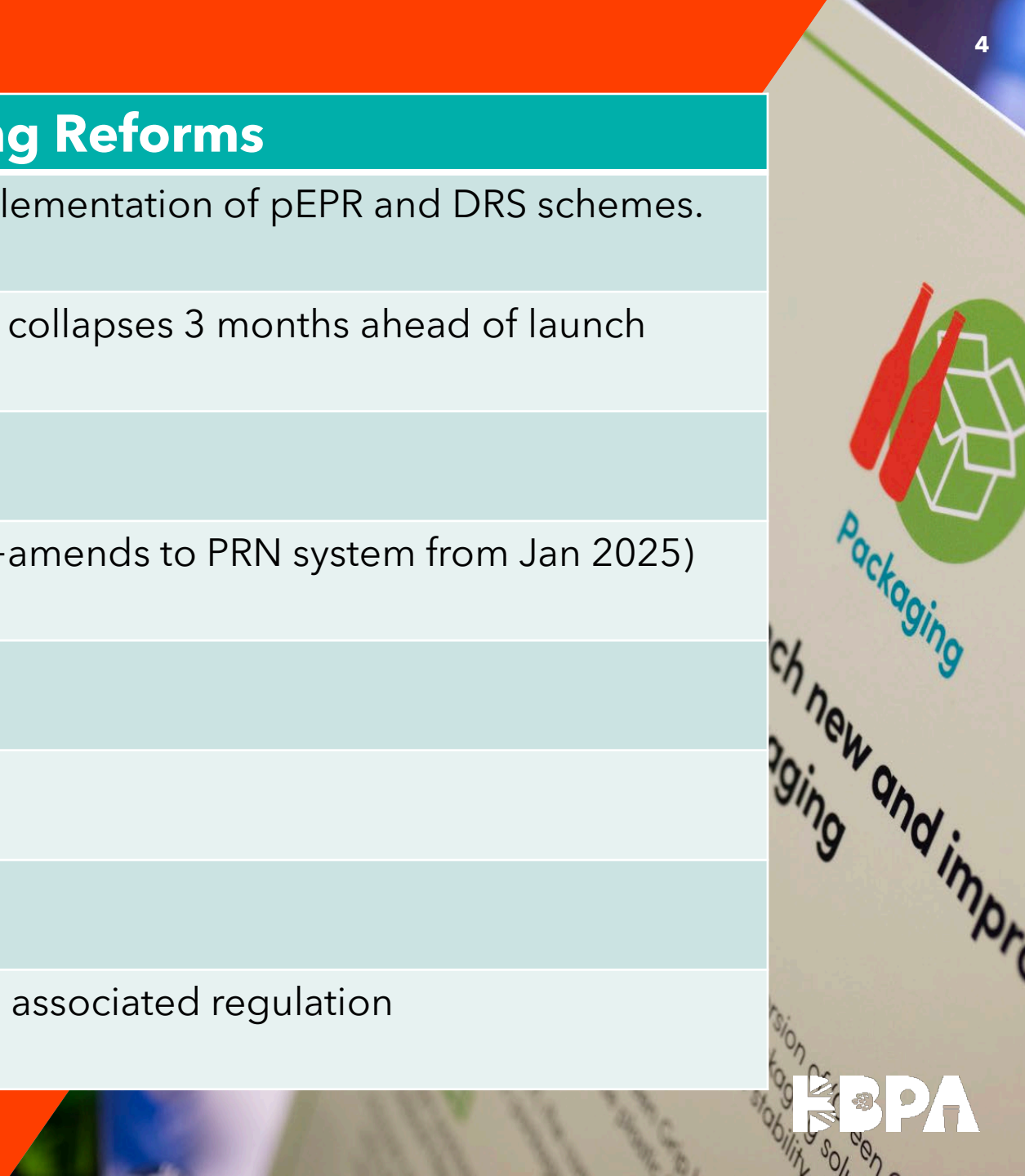
By introducing **pEPR** (Extended Producer Responsibility scheme), the government aims to incentivise producers to use less packaging and to switch to using packaging that is easier to recycle.

Household Waste Management Fees
+
Deposit Return Schemes
+
Packaging Recycling Notes
=
Delivery



Timeline of Packaging Reforms

2019-23	Technical Consultations on design and implementation of pEPR and DRS schemes.
2023	Scotland-only DRS Scheme for all materials collapses 3 months ahead of launch
2024	EPR reporting obligations commence
2025/6	pEPR fees come into effect across the UK (+amends to PRN system from Jan 2025)
2026/7	Modulated EPR fees commence
(Oct) **2027**	DRS in England, Scotland, Northern Ireland
(?) **2028**	DRS in Wales
TBC	Further evolutions of EPR; Reuse Policy and associated regulation



Brewing Industry Positioning

Committed to environmental leadership

Producer pays principle in relation to packaging waste is embedded and difficult to argue against.

However, critical that regulations are proportionate, evidence-based, and meet environmental objectives at least cost to industry and our customers.

Regulations must drive the right behaviour, allow businesses time to prepare and allow brewing and pubs to continue to thrive



BBPA & Industry Advocacy on EPR

- ✓ Delayed implementation by 2.5 years.
- ✓ Excludes litter and non-household waste costs
- ✓ Fee modulation
- ✓ Holding LAs to account – effectiveness metrics (up to 20% reduction)
- ✓ Consistent UK-wide approach
- ✓ Kegs & casks excluded
- ❖ Move from shared supply chain responsibly to single point (brand owner).



BBPA & Industry Advocacy on EPR

- ✓ Exclusion for can and PET beverage containers going into a DRS system
- ❖ Weight based fee calculation (£ per tonne) particularly hits glass….despite some adjustment
- ❖ Dual-use (household and non-household) packaging caught in regs particularly hitting hospitality and construction
- ❖ Implementation ahead of fee certainty!
- ○ Government-led Scheme Administrator, but shift in functions to an industry led PRO



BBPA & Industry Advocacy on DRS

- ❖ BBPA originally supportive for Plastics only
- ✓ 5 year+ delays secured
- ✓ Industry-led Deposit Management Organisation (DMO) – brewer key role
- ✓ 3-nation fully interoperable schemes with one DMO on same timeline (PET and Cans only)
- ✓ Implementation ahead of fee certainty!
- ❖ DMO sets the Deposit and unredeemed deposits stay in system



BBPA and Industry Advocacy on DRS

- ❖ Significant upfront investment by producers tying up Capital and not risk free
- ✓ Pub/On-trade return point exemption and optional charging – no glass.
- ✓ No on-line takeback requirement
- ✓ Exemption for very small product lines
- ❖ Wales not aligned on timelines or materials in scope (glass-in)



Packaging Reforms: EPR
Ongoing Activity…

Lobbying and Comms on outstanding issues:

- "Disproportionate" glass fee
- Ongoing uncertainty & business readiness
- On-trade double-payment unfairness
- Accrual of fees

Legal advice taken but no obvious route to challenge

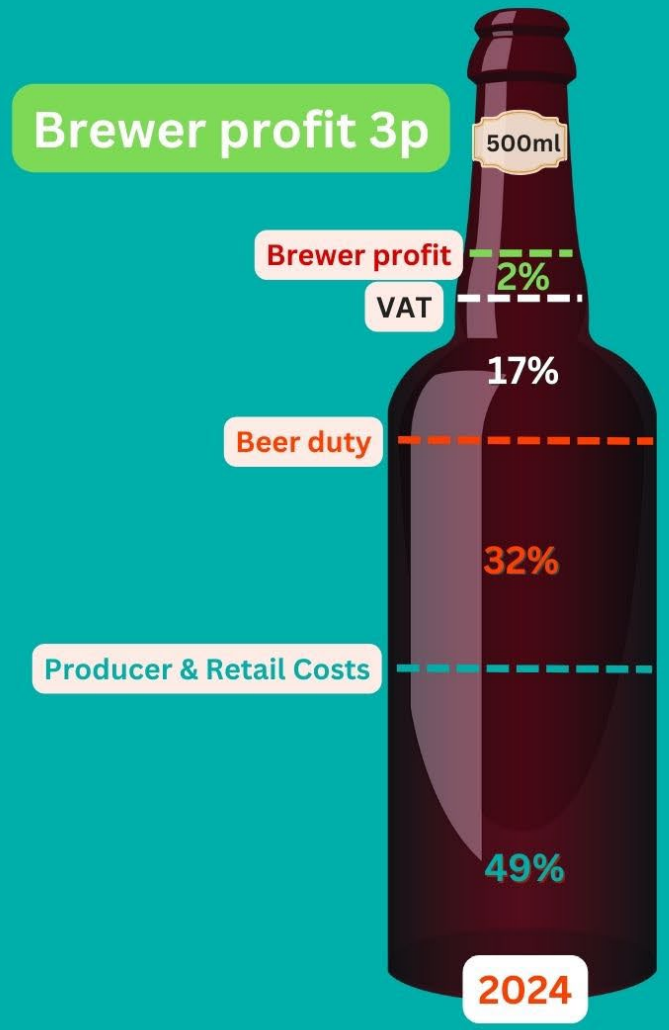
Comprehensive briefing note, cost modelling, weekly newsletter

Regular engagement with Government, PACK UK steering group

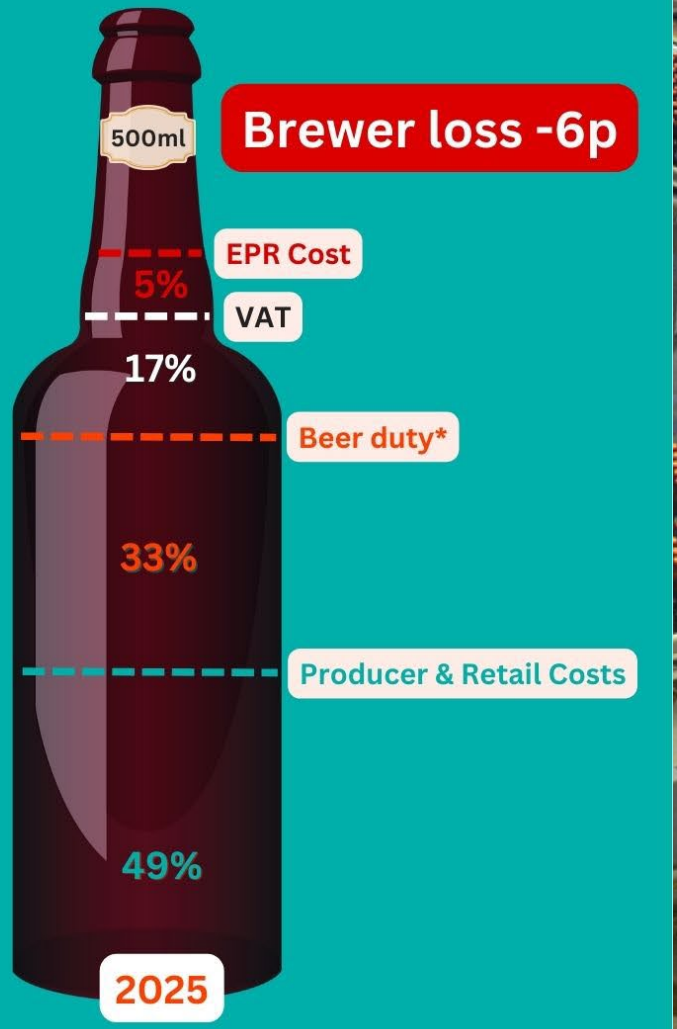
Ongoing dialogue with Welsh Government on DRS and with stakeholders on Reuse opportunity and challenges



7p is a lot more than it sounds



Extended Producer Responsibility will increase packaging cost up to £154 million or 7p per 500ml bottle for brewers every year



Source: Frontier Economics, BBPA estimates

*Increases by 3.6% on 1st Feb



Public Affairs Activity

Backbench engagement

- **Over 100 parliamentary questions tabled on EPR**
- **30+ MPs attended our parliamentary EPR drop-in**
- **Briefings sent to every MP**, ensuring cross-party awareness
- Working with the APPG for Beer to secure oral questions in key sessions
- One-to-one meetings held **with 1 in 5 of all new MPs,** where EPR is an agenda item
- **Westminster Hall debate on impact of EPR**
- Briefed committee chairs including Defra, Environmental Audit and Public Accounts

Government and HM Opposition engagement

- Met key ministers including **the Chancellor, Deputy Prime Minister, Business Secretary, Business Minister,** Circular Economy Minister and Rural Affairs Minister
- **Letters issued to Chancellor**, Defra Secretary, Circular Economy Minister, Business Secretary, Local Government Minister and Growth Minister. Select Committee chairs
- Held Shadow Business Secretary roundtable covering the impact of packing regulations
- Joined a Shadow Environment Secretary roundtable covering scrutiny of Defra on its DRS/EPR policies
- Briefed special advisers and opposition advisers







Regional engagement

- Roundtables with the Mayor of London, Mayor of Liverpool and Mayor of York and North Yorkshire
- **Raised EPR at DCMS'** Visitor Economy Engagement Forum in Birmingham with officials
- 1/3 of the Senedd attended our Wales State of the Nation launch, which featured EPR as a key issue

PUBLIC AFFAIRS ACTIVITY - Industry joint letter and briefing MPs ahead of EPR debate last week



BBPA THE VOICE OF BREWERS & PUBS · CAMRA Campaign for Real Ale · SIBA · BII BRITISH INSTITUTE OF INNKEEPING · UKH UKHOSPITALITY · IFBB · wsta · fwd

The Rt. Hon. Kier Starmer MP
Prime Minister and First Lord of the Treasury
Prime Minister's Office
10 Downing Street
London
SW1A 2AA

The Rt. Hon. Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

14th May 2025

Dear Prime Minister and Chancellor,

Cc Secretary of State, DEFRA; Secretary of State, DBT; Parliamentary Under-Secretary of State, DEFRA

Hospitality is a progressive and forward-looking sector that is rooted in the heart of our communities and takes its responsibilities to the environment extremely seriously. At the centre of hospitality, of course, are our incredible pubs. Likewise, brewing and the wider food and drink sector are vital components of UK manufacturing and committed to sustainable packaging. We support the Hospitality Sector Council and the DBT Recovery plan, and we write to you as organisations representing the sector and its supply chain, who want to see our communities and High Streets thriving throughout the UK.

COMMS ACTIVITY

PUTTING EPR IN THE NEWS

Problem: Media found the concept *"too dry and difficult to explain"*, with many regarding as a **"***niche***"** topic that was irrelevant to them.

Solution: Make it interesting!

How we did it: Policy, stats, and comms put their heads together and came up with simple language to describe EPR, the most shocking examples of the regime, and how it would affect the media's readers. We also made a rule that **no matter the story, the impact of EPR would be included in our external comms.**

RESULT:

- ✓ **More than 1,000 hits across national and regional print, online, and broadcast media reference EPR**
- ✓ **Sun launched its "Bevvy Levy campaign highlighting how unfair it is and pushing our calls for reform**
- ✓ **Exclusives with Telegraph, Times, and Sun that shone a light on the impact EPR will have on investment, jobs, choice, and iconic brands**
- ✓ **Stories planned to drip-feed through Summer**





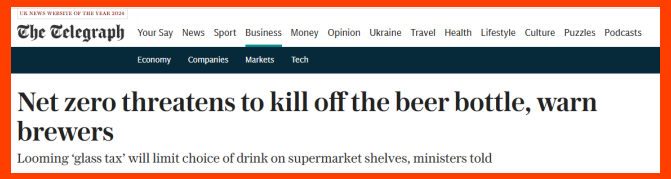


COMMS ACTIVITY

APRIL: EPR was was included in our pub closure release which amassed more than 900 hits in 72 hours and prompted a response from the Deputy Prime Minister about Labour's commitment to the industry


Angela Rayner determined to save UK pubs and says 'we're not ready to call last orders'

Angela Rayner claimed pubs had been 'decimated for over a decade', with locals 'ignored for far too long' as the government faces calls to step-up support


The Telegraph Your Say News Sport Business Money Opinion Ukraine Travel Health Lifestyle Culture Puzzles Podcasts

Economy Companies Markets Tech

Net zero threatens to kill off the beer bottle, warn brewers

Looming 'glass tax' will limit choice of drink on supermarket shelves, ministers told


Is this the end of the British beer bottle? Brewers warn net zero plans could see 'glass tax' brought in

By SOPHIE CARLIN

PUBLISHED: 02:07, 10 February 2025 | **UPDATED:** 02:15, 10 February 2025

FEBRUARY: Exclusive with The Telegraph about how EPR could "kill off the glass bottle". This was picked up by the MailOnline and Sky News.


Money > News Money

'OWN GOAL' Blow for British pubs as they're being hit with highest 'bevvy levy' in Europe

UK glass recycling charges of £240 per ton are much higher than anywhere else in Europe

APRIL: The Sun continued their 'Bevvy Levy' campaign, as we worked with them to point out the UK pays more than European neighbours


EXCLUSIVE

Money > News Money

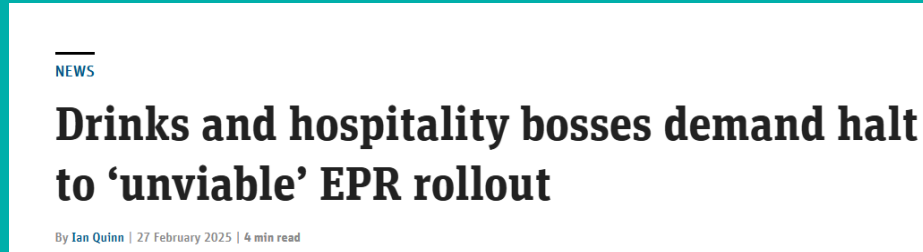
THE BEVVY LEVY Fury as cost of 12-pack of beer set to soar by £1 thanks to new tax brought in by Labour

The idea is that businesses pay the recycling costs, rather than councils


Major change coming to 12 packs of beer – and Brits won't be happy

Customers will be slapped with higher prices from next month as councils pass on costs to businesses.

MARCH: We highlighted that the new costs will hurt shoppers which was covered across national and trade press.


NEWS

Drinks and hospitality bosses demand halt to 'unviable' EPR rollout

By Ian Quinn | 27 February 2025 | 4 min read

FEBRUARY: We joined forces with other hospitality organisations to write to Government calling for a pause in EPR rollout.



Policy statements over the course of 2023/24 prompted a number of producers and retailers to begin discussions about DMO formation

2018
Michael Gove announces the UK government's intention to introduce a UK DRS

2019
Initial consultation and planning for UK DRS

2023
UK-wide DRS target set for an October 2027 launch

April 2024
Policy statement laying out plans for DRS released by the Conservative Government

May 2024
A number of producers and retailers formed an initial group to begin to tackle questions around DMO formation

July 2024
Post-election the Labour Government confirms ambition to move ahead with existing DRS plans and sets February deadline for the DMO application

August 2024
Formal commencement of DMO application development and working groups

This Deposit Return Scheme will impact most beverage producers and retailers in the UK

What does this mean for producers?

- Producers will have to **register** with the DMO and report in-scope sales volumes
- Producers will have to change **labelling of products** to include the scheme logo and new barcodes
- Producers will get the **right of first refusal** on the high quality recycled materials
- Pay **producer fees** to the DMO

What does this mean for retailers?

- Retailers will **register** with the DMO
- Retailers will **set up and operate return points** in stores unless they are exempt[1]

The Deposit Management Organisation (DMO) is responsible for overseeing the operations of a Deposit Return Scheme

What is a Deposit Management Organisation?

The **Deposit Management Organisation (DMO)** is the entity responsible for overseeing the operation of a DRS. The DMO manages the logistics of collecting and sorting the returned containers and financial operations, such as collecting and reimbursing deposits

The DMO has numerous roles[1], including…

- Managing the ***collection, sorting, and processing*** of returned beverage containers prior to recycling
- Managing the ***deposit collection*** from retailers and invoicing producers for the per container producer fee
- Ensuring ***compensation*** for return point operators
- ***Monitoring and reporting*** return rates, material flows, and financial data
- The DMO will also aim to ***ensure return rates are as high as possible***, minimise fraud, and comply with government regulations and policy objectives

This led to a “SteerCo” being set up with members across retail, soft drinks, beer and water producers

Soft drinks	Alcoholic drinks	Water	Producer retailers
BRITVIC plc	AB InBev	DANONE ONE PLANET. ONE HEALTH	Sainsbury's
Red Bull	MOLSON COORS beverage company	HIGHLAND SPRING	LIDL
Coca-Cola EUROPACIFIC PARTNERS	CARLSBERG MARSTON'S BREWING COMPANY	Nestlé Waters	Morrisons Since 1899
AG Barr BUILDING GREAT BRANDS	HEINEKEN		co op
LUCOZADE RIBENA SUNTORY			ALDI
			TESCO
			ASDA
			MARKS & SPENCER

Trade associations across industries:

Natural Source Waters Association

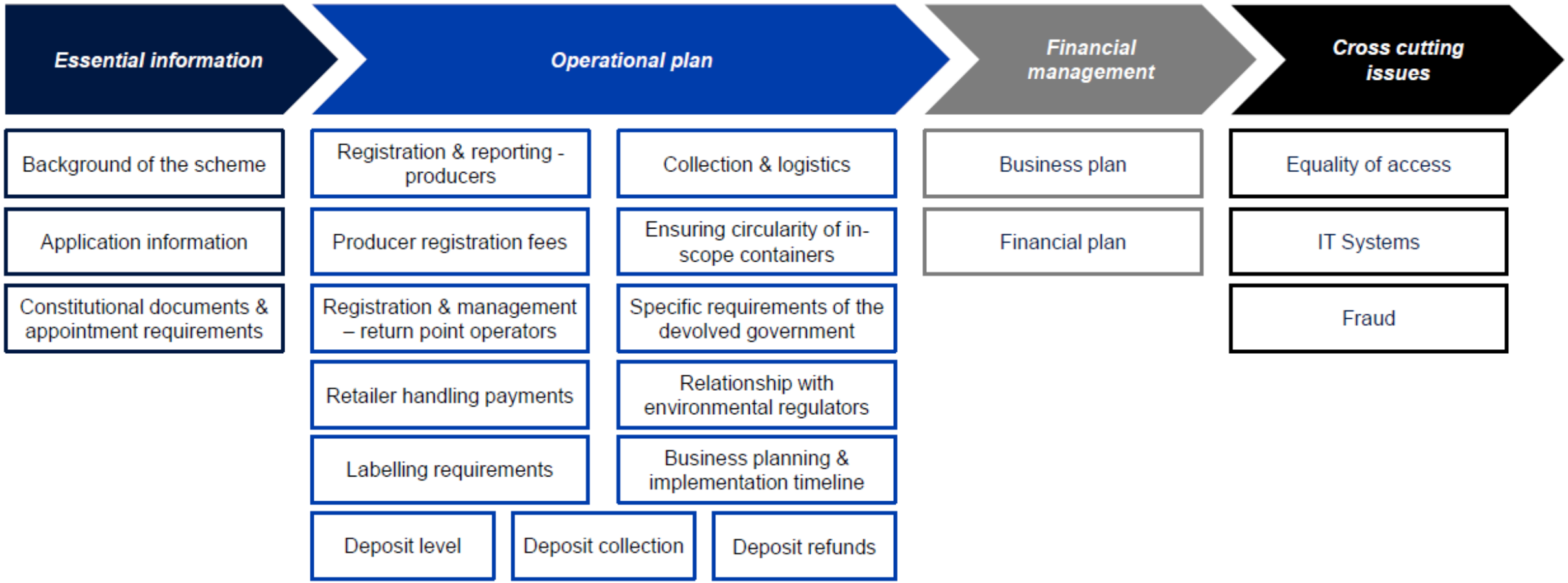
BBPA THE VOICE OF BREWERS & PUBS

BRC

British Soft Drinks Association

The DMO application form included sections on operational planning, financial management, and other 'cross cutting' issues

DEFRA, DAERA and the Scottish Government DMO application form sections



The proposed structure, composition and principles for the board was based on examination of successful DMO models across Europe

UK DRS board structure and composition

- 4 producer representatives – currently employed in the industry, split by beverage segment
- 4 retailer representatives – currently employed in the industry, split by retailer type
- 2 independent former execs[1]
- Independent chair[1]
- CEO
- CFO

Total = 13 people

Key: = Positions filled = Positions not filled

UK DMO principles of the board

DMO principles	Description
1 Diversity of board members	Board members should collectively have broad and balanced coverage across industries and competencies, the board should aim to be diverse in terms of gender, ethnicity, regional and social background
2 Sub-group representation	No single business or industry grouping / sub-grouping should have undue influence on the board
3 Independence	Some board members must be independent, meaning they do not have direct ties to the organisations involved in the DRS (beverage production, grocery retail) to avoid any conflicts of interest
4 DMO's best interests	The board must act in the best interest of the DMO and must be accountable to the members
5 Integrity	Board members should have a strong reputation for integrity and ethical behaviour
6 Open communication	There should be clear and open communication channels between the board, the DMO's management, the Advisory Council and the members of the DMO
7 Evaluation	Regular evaluation of the board's performance and effectiveness should be conducted to identify areas for improvement
8 Subcommittees	Subcommittees will report into the board and make recommendations to the board to be discussed and approved by the board

Notes: 1) Recruitment of independent former execs and the chair will be completed in a way that ensures that a variety of attributes and background are represented on the board and that the roles remain neutral overall, e.g. if an ex-retailer was to be chosen for one board seat, an ex-producer would be chosen for another board seat or none of these members would have a background as a producer / retailer | Source: National and International Benchmarks, UK DMO Application - January 2025

Trade associations led the process for nominating the eight producer and retailer representative board members, which SteerCo then voted on

To ensure a breadth of perspectives, the following industry groups are represented on the board, nominated by relevant trade associations

Producer / retailer industry group	Nominating trade associations
Soft drinks producer	The British Soft Drinks Association Limited
Water producer	Natural Source Waters Association Limited
Alcoholic drinks producer	British Beer and Pub Association
Small producer	The British Soft Drinks Association Limited, Natural Source Waters Association Limited, British Beer and Pub Association
Retailer	British Retail Consortium
Producer retailer	British Retail Consortium
Small store operator	Association of Convenience Stores, National Federation of Retail Newsagents, Scottish Grocers' Federation
Wholesaler	Federation of Wholesale Distributors, Scottish Wholesale Association

The board members nominated by the trade associations were then voted on by the UK DMO SteerCo

1. Board member nominees were reviewed and voted on by the UK DMO SteerCo

2. The DMO is seeking to bolster progress against diversity objectives with the remaining five board appointments and within the company's workforce. The intention is to achieve a diverse board across multiple angles (e.g. gender, region)

The eight nominated producer and retailer board members have extensive industry experience

Eight producer and retailer board members

Name	Position	Company	Bio
Julian Hunt	Soft drinks producer	Coca-Cola Europacific Partners	Leads CCEPs corporate affairs in GB and Northern Europe and has over 20 years experience in the grocery sector and first-hand DRS experience in established schemes.
James Smith	Water producer	Shepley Spring	26 years experience in all areas of the water industry, bringing significant DRS knowledge from Shepley Spring's parent company in California.
Boudewijn Haarsma	Alcoholic drinks producer	Heineken	Managing Director of Heineken UK, with 30 years of global management experience in beverages, including senior roles in DRS markets in Europe and Africa, overseeing the UK's largest brewer and cider maker.
Jonathan Kemp	Small producer	Radnor Hills	Non-Executive Director at Radnor Hills, with over 30 years in the food and drink industry, with significant DRS-related experience from his tenure at AG Barr plc.
Robert Beaumont	Large producer retailer	Lidl	Director at Lidl leading the DRS and circular economy strategy team, leveraging Lidl's DRS experience in 16 countries and ongoing initiatives in 14 more, including active trials in Glasgow.
David Beardmore	Large producer retailer	Tesco	Director at Tesco's UK, leader of Tesco's largest commercial category and leader of Tesco's group Media & Insights strategy.
Rebecca Oliver-Mooney	Small store operator	Co-op	Head of Commercial at Co-op, with over 20 years of experience across manufacturing, retail, and wholesale, leading the total drinks category with a strong focus on DRS from a convenience perspective.
Richard Booth	Wholesaler	*Previously at* Bestway	Former Director of Trading at Bestway Wholesale Ltd, has 35 years in FMCG wholesale, including 10 years in soft drinks purchasing.

The DMO is seeking to bolster progress against diversity objectives with the remaining five board appointments and within the company's workforce

Source: UK DMO Application - January 2025

The board will also be supported by an Advisory Group composed of representatives from a wider group of organisations, including trade associations, with an interest in DRS



The Advisory Group comprises representatives from a larger group including smaller and less represented stakeholders (including trade associations) with a legitimate interest in the DRS



Stakeholders in the Advisory Group will be limited to entities and not individuals



The Advisory Group will not hold decision-making power but will act in an advisory capacity to bring a wider range of perspectives and capture and express the mood and opinion of industry more broadly

Please reach out to uk_drs@pwc.com if your organisation would like to apply to join the Advisory Group.

Packaging Reforms: DRS
Ongoing Activity

- ✓ **DRS DMO application approved**
- ✓ **Industry briefing pack developed**
- ✓ **DMO legal entity established and meeting regularly**
  - ➢ Articles of Association & Membership Agreement agreed
  - ➢ Recruitment Agency working on key senior role profiling
  - ➢ Financing, cash flow, priority worktreams, international learning
- ❖ **Becoming a member** / investing member pack shortly!
- ❖ ***Ongoing Challenges***
  - ❖ Timeline
  - ❖ Resource & Funding
- ❖ **Wales engagement, fraud risk, supply-chain issues**



BBPA

THANK YOU



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