Valpak
by Reconomy

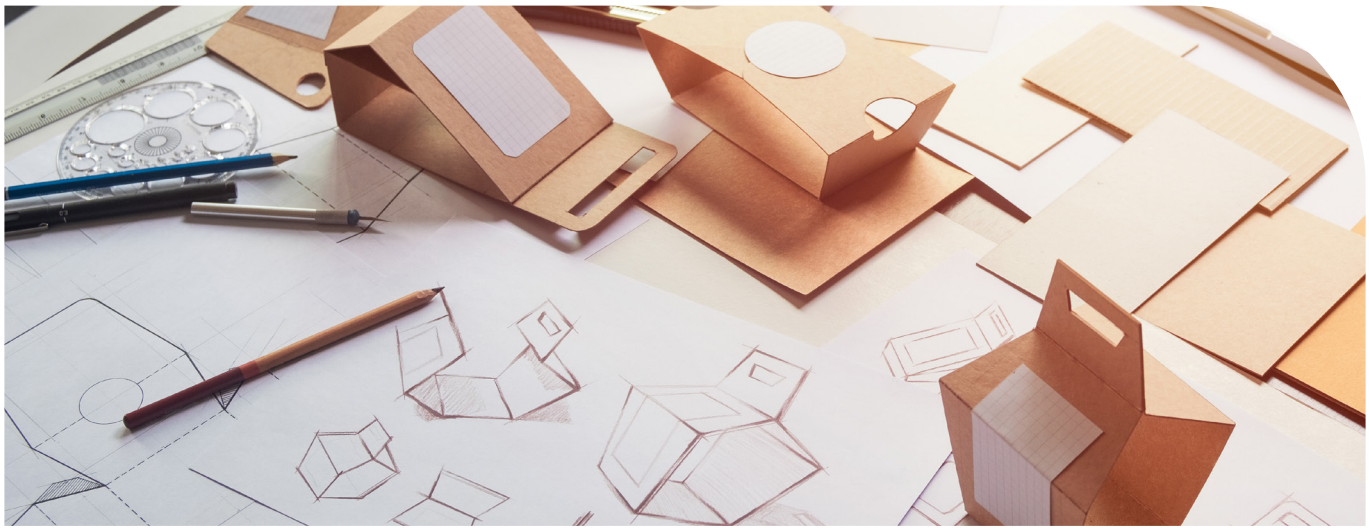
# Extended Producer Responsibility

## for packaging



# An introduction.

## Packaging Extended Producer Responsibility (pEPR) is a new piece of UK legislation, which came into force in 2025. It is a major reform to the old UK Packaging Waste Regulations.



## Summary

**The reforms to the UK's Packaging Waste Regulations have introduced unprecedented financial and administrative reporting burdens for packaging producers. The changes will increase the amount contributed by obligated producers into the UK's producer responsibility system for packaging waste. Costs are expected to rise from ~£500m in 2022 to ~£1.5bn a year from 2025.**

**Those businesses that prepare for change now will respond more robustly to the challenges ahead.**

#beprepared

### Why did the government reforming the Packaging Waste Regulations?

The 1997 UK Packaging Waste Regulations were introduced to stimulate recycling. Since the arrival of the legislation 27 years ago, packaging waste recycling has risen to around 60%, far beyond what seemed possible when we started on our journey.

The Packaging Waste Recovery Note (PRN) system has been a success story, leading to the achievement of national recycling targets each year. However, the world we live in is very different today. Globally, we have become more aware of the environmental damage caused by the incorrect disposal of packaging waste – especially the impact of plastic waste.

Government and industry, along with members of the public, are eager to address this situation.

The first step is to ensure that greater quantities of recyclable waste are reprocessed into valuable, high-quality secondary resources.

While the old regulations, based on the trading of Packaging Waste Recovery Notes (PRNs) and Packaging Export Recovery Notes (PERNs), have made it economically viable for recyclers to achieve national recycling targets, PRN funding represents only 7% of the total costs associated with the post-consumer management of packaging waste in the UK.

In common with many of our European neighbours, the UK government has chosen to place greater responsibility on packaging producers for the costs associated with the end-of-life management of the goods they sell. The aim is to encourage greater engagement in the lifecycle of packaging products – from design to recycling. Practically, it means that packaging producers will now be charged with covering the net cost of collecting and sorting household packaging waste, as well as contributing to the cost of recycling every type of packaging waste that the UK produces.

# Affected businesses

**Whilst changes to the Packaging Waste Regulations will increase costs for the entire packaging supply chain, only certain businesses are directly financially obligated.**

Under the old PRN producer responsibility system, financial responsibility for packaging recycling was spread across the supply chain - a concept known as 'shared producer responsibility'. The new Packaging Extended Producer Responsibility (pEPR)-based system has scrapped this shared mechanism and, instead, **directly financially obligates one business in the packaging supply chain to contribute towards the costs associated with managing packaging waste.**

In addition to being required to purchase PRNs, pEPR requires a new set of producers placing packaged products onto the UK market to fund 100% of the net costs associated with collecting household packaging waste.

Producers are required to fund local authority provision for on-the-go street bins, as well as the costs to government of delivering new national recycling advertising campaigns.

Online marketplaces must take on responsibility for full net cost recovery for all filled packaging sold to UK consumers by non UK based businesses selling through their sites. Businesses that hire or lend out reusable packaging are obligated the first time that packaging is placed onto the UK market. Brand owners of branded packaging, importers of non-UK branded packaging, and fillers of unbranded packaging will also be obligated.

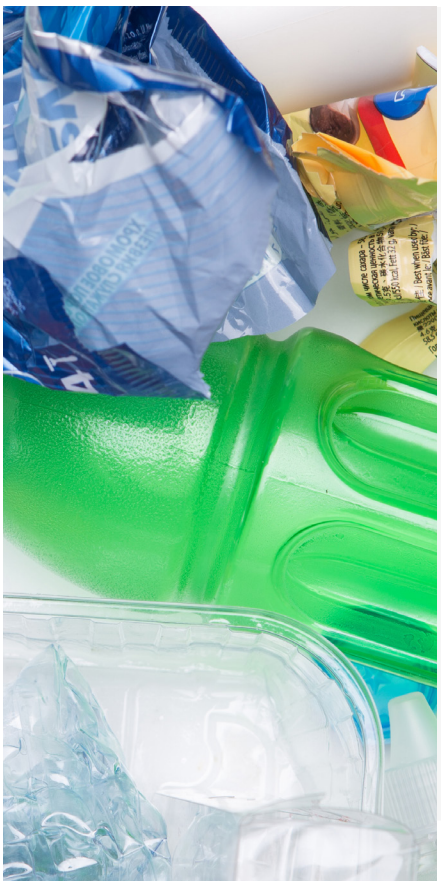
The government will retain the current £2 million turnover and 50 tonnes of packaging handled de minimis exemption thresholds. A financial obligation will also be placed on obligated businesses that currently supply unfilled packaging to smaller businesses that are below the de minimis threshold.

However, reforms now require producers with a turnover of over £1m and those that handle over 25t of packaging to report their packaging data to the government each year, starting in 2024.

# Labelling requirements

The UK has removed labelling requirements from the main Statutory Instrument (SI) as it awaits confirmation on the EU's Regulation 2025/40 on Packaging and Packaging Waste. This upcoming regulation is expected to outline uniform labelling requirements across EU member states. The UK is committed to aligning with these standards, ensuring consistency and clarity for businesses and consumers alike.





# Cost implications

**pEPR reforms will see financial contributions made by industry far exceed those made under the old PRN system.**

In 2022, packaging producers paid an estimated £500 million into the system. In contrast, estimates place the cost burden for the first year of full operation of the new packaging waste pEPR system at £1.5 billion.

Further costs will apply to individual businesses if they also incur an obligation under the proposed Deposit Return Scheme (DRS) for drinks containers, or costs related to the Plastic Packaging Tax.

## Cost mitigation

**With the arrival of such a huge increase in the price of compliance, businesses will, understandably, be looking for ways to lessen the blow. Packaging design holds the key.**

Under the new system, actual costs will vary depending on the recyclability of packaging placed onto the market. Packaging fee modulation will see the bills (or share of overall system costs) increase for those packaging products that are difficult to recycle, while brands and manufacturers that use more easily recycled packaging will benefit from reduced fees from 2026 , based on 2025 sales.

The message here is simple – fee modulation is intended to act as a catalyst for packaging design changes. It will encourage greater recyclability and reward those businesses that embrace positive change.





## Data and reporting requirements

If businesses are to respond positively to modulated fees and make informed decisions about recyclability, more comprehensive reporting is essential.

Under the new regulations, producers must evaluate their packaging's recyclability at various stages outlined in the Recyclability Assessment Methodology (RAM). To accurately report recyclability, they will need detailed data on packaging format, polymer type, and colour.

Producers must then disclose the assessment outcome (red, amber, or green), along with packaging data segmented by producer type, packaging level (primary, secondary, tertiary, or shipment), material composition, and waste category (household, street-bin, drinks container, non-household, or reusable).

This enhanced reporting framework ensures that packaging is assessed in line with the UK's waste collection and recycling infrastructure. By leveraging the RAM, businesses can generate more precise recyclability evaluations, leading to informed decision-making.

When eco-modulation comes into effect in 2026, it will incentivise sustainable packaging design by rewarding recyclable materials and penalising those that hinder the UK's sustainability goals.

To benefit from the new modulated system, producers need to start collecting data now. For brands and manufacturers with thousands of product lines, this is no mean feat – some products, such as cosmetics and electrical packaging, include a complex range of materials, and each item must be recorded separately. Even simple items such as fruit packaging may include multiple elements such as inserts and labels.

Access to detailed packaging data will make it easier for businesses to identify problematic materials and effectively make changes. Valpak already hosts the UK's largest database of product and packaging weights, with 55 million SKUs, and we use this information to help our members. Our industry-leading packaging data solutions inform decisions and drive change across packaging product lines.

# Valpak support.

## Since 2004, Valpak has helped over 500 companies to reduce the burden of environmental reporting. We work with businesses to forecast the financial implications that pEPR and other reforms could bring.



Over the years, we have developed the UK's largest database of product and packaging information, and our online Insights Platform and Supplier Data Hub have been designed to streamline and simplify data reporting.

Levels of readiness for pEPR vary enormously. The first step for any business preparing to become pEPR-ready is to work out the potential impact on its costs and circumstances.

### Valpak can offer:

- Consulting sessions to review your data capture methods and ensure that they meet future requirements
- Data collection and improved supplier engagement
- Transparency and advanced reporting tools
- Detailed cost modelling at product level

# For more information please contact us.

Valpak
by Reconomy

Unit 4,
Stratford Business Park,
Banbury Road,
Stratford-upon-Avon
CV37 7GW

**03450 682 572**
**info@valpak.co.uk**

**valpak.co.uk**