

Policy briefing to inform the INC discussions on a Global Plastics Treaty

Extended Producer Responsibility (EPR)

Working document - Version of 19 January 2024

This policy briefing has been developed in consultation with experts and members of the Business Coalition to inform the INC discussions on the revised draft text for the Global Plastics Treaty ([UNEP/PP/INC.4/3](#)) and potential intersessional work ahead of INC-4. It refers to Part II, Section 7. Extended producer responsibility. The document will be updated as needed to provide meaningful input at the different stages of the treaty negotiations and as new insights and resources become available.¹

Introduction

Extended Producer Responsibility (EPR) policies come with a long list of benefits, including, but not limited to supporting design for circularity, higher collection and recycling system efficiency, and increased transparency of material and financial flows. Businesses have recognised fee-based mandatory EPR systems as a necessary part of the solution to address plastic waste and pollution.²

A minimum level of harmonisation of EPR systems around the world is critical for both multinational corporations as well as Small and Medium-sized Enterprises (SMEs) who do not have the resources and capacity to screen and manage compliance risks across markets. Effective EPR systems would also help increase supply with recycled plastics that currently many companies lack access to. Therefore, the implementation of EPR legislation should be based on clear regulatory requirements to be defined in the Global Plastics Treaty.

Government regulated and industry-managed EPR systems will help UN member states to achieve their other obligations under the treaty and support circular economy objectives, most notably when it comes to scaling the collection and recycling of plastic products and packaging, and ensuring the availability and quality of recycled feedstocks to replace the use of virgin materials. Ideally, EPR is embedded in and complemented by a wider set of policies³ to ensure that EPR systems are implemented in a fair, socially just and inclusive

¹ This document was developed in close coordination with a [Policy Working Group](#) co-chaired by business representatives, and through a consultation process with the [Members of the Coalition](#), ensuring a high-level of alignment amongst member organisations. However, it does not necessarily reflect in all aspects the position of every single Coalition Member.

² A call for the implementation of Extended Producer Responsibility schemes for packaging, endorsed by more than 100 leading businesses (2021)

³ [Ellen MacArthur Foundation \(2021\): EPR as a necessary part of the solution to packaging waste and pollution](#)

way⁴, and to give sufficient incentives to promote solutions for waste reduction and reuse for example.

The Business Coalition supports intersessional work in this area to help establishing:

- [A definition for EPR](#) that requires companies who introduce certain products or packaging into a country's market to be responsible for, participate in the management of, and provide funding dedicated to their after-use collection and processing.⁵
- [Key principles for the design and implementation of EPR policies worldwide](#), while acknowledging different starting points and regulatory pathways of countries on their journey to introduce and enforce mandatory, effective and fee-based EPR schemes
- [Minimum requirements for well-designed and sector-specific⁶ EPR systems](#), including a broad and clearly defined scope of covered products and materials, activities, and targets; the roles and responsibilities of different stakeholders (such as Producer Responsibility Organisations who administer EPR systems, municipalities, producers, recycling & waste management service providers, and the informal recycling sector⁷); as well as reporting, monitoring, and enforcement mechanisms⁸
- [Support for governments to establish or improve their legislative framework](#), including through knowledge exchange across industries and countries on the development of socially inclusive, harmonised, and transparent EPR systems

Intersessional work on EPR is essential because sufficient funding for scaling waste collection, sorting, and recycling systems worldwide is unlikely to come from public budgets or voluntary industry contributions at the required scale or on a continuous and reliable basis. It is crucial to ensure that EPR policies and regulations support and complement the development of comprehensive waste management systems.

The Business Coalition is of the view that EPR and associated compliance measures are key elements of a robust regulatory framework in which the responsibility, investments, and

⁴ In the context of the legally binding instrument to end plastic pollution, it is key to acknowledge the crucial role that 'waste pickers', the 'informal waste and recycling sector' and 'workers in informal and cooperative settings' play today in support of a recycling economy in many countries around the world. It is crucial for the INC to define such terms to reduce ambiguity and make provisions effective and operational; in this policy briefing, by the notion 'workers in informal and cooperative settings' we refer to the three different categories mentioned above.

⁵ Please note that this definition refers to both domestic manufacturers and importers of the same product category. However, this might be different when adopting EPR systems in sectors other than packaging. Therefore, it makes sense to define the obligated 'producers' in the form of [sector-specific legislation](#). For instance, for fishing gear this could be the vessel owner instead of the gear manufacturer.

⁶ In the context of plastic waste, EPR regulations have already been implemented for packaging, consumer electrical and electronic equipment, batteries, paints, coatings and solvent, tyres, and end-of-life vehicles, but are also gaining momentum for textiles and fishing gear.

⁷ IHKAPP (2023): [Inclusion of the Informal Recycling Sector in a Global Agreement on Plastic Pollution](#)

⁸ EPR is a policy tool already widely supported by the industry, with existing guidelines for the establishment of optimal EPR schemes in particular for packaging, including guiding principles for eco-modulation of fees – see for example: American Beverage Association (2020): [Essential Principles for a Successful Circular Collection System](#); Consumer Goods Forum (2020): [Building a circular economy for packaging](#) (2020); Consumer Goods Forum (2022): [Guiding principles for the eco-modulation of EPR fees for packaging](#)

operational costs for the after-use circulation and waste management of relevant products and packaging are shifted, partly or fully, to producers or importers of these products.

Almost two-thirds of total plastic waste comes from applications with “in-use lifetimes” below five years, e.g.: packaging (40%), consumer products (12%), and clothing/ textiles (11%).⁹ A legally binding obligation for parties to the treaty to introduce and enforce EPR policies should be applied in these sectors with a sense of urgency.

In its [policy recommendations for the Global Plastics Treaty](#), the Business Coalition acknowledges the different conditions for designing and implementing effective EPR systems in industrialised countries with established formal waste management systems versus many countries in the global south where workers in informal and cooperative settings constitute a large share of the current recycling economy.

Successful EPR regulations in Latin America will look different than the ones to be developed for Africa or in South-East Asia. While the starting points and regulatory systems may differ between countries and regions, there are in our view enough [commonalities](#) across geographies that can be identified and where EPR legislation should be improved and increasingly be aligned around key policy principles and minimum requirements globally.

What could the treaty provisions on EPR look like?

The Business Coalition supports a legal obligation for all parties to the treaty to **establish and regulate** Extended Producer Responsibility (EPR) systems based on the modalities to be developed in the form of an annex. These modalities should inform the establishment and operation of (sub-) national EPR systems and define - based on common principles - their essential features, and to support their harmonisation, taking into account the objective of ensuring a just transition.¹⁰

The Business Coalition believes that the revised draft treaty text provides a good starting point for negotiators to seek further clarifications and strengthen the following aspects:

- The treaty should define ‘Extended Producer Responsibility’ (EPR) as an environmental policy approach in which a producer’s responsibility for a product is extended to the after-use stage of a product’s life cycle, and requires companies who introduce certain products or packaging into a country’s market to fund their collection and treatment.¹¹ This requirement should not be limited to plastic items.

⁹ OECD (2022): [Global Plastics Outlook](#)

¹⁰ It is crucial for the INC to define the term ‘just transition’ in the Global Plastics Treaty, referencing for example the International Labour Organisation (ILO) [Guidelines for a just transition towards environmentally sustainable economies and societies for all](#) as “greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind”

¹¹ Please note that this definition refers to both domestic manufacturers and importers of the same product category. However, this might be different when adopting EPR systems in sectors other than packaging. Therefore, it makes sense to define the obligated ‘producers’ in the form of [sector-specific legislation](#). For instance, for fishing gear this could be the vessel owner instead of the gear manufacturer.

- The Business Coalition believes that EPR systems should be established and regulated by governments, but managed by the industry. Businesses who cannot comply with their legally defined EPR obligations individually, should be required to join efforts to establish a shared system, in which collective responsibilities are fulfilled through Producer Responsibility Organisations (PROs) that are managed in partnership with the relevant industries and in ongoing consultation with the government. The legal language in the treaty should be clarified in this regard, and an annex should further outline the role and responsibilities of different stakeholders.
- The provision should require each party to the treaty to either develop or align their legislative framework to ensure that EPR systems contribute to the reduction of the amount of mismanaged plastic waste, and the promotion of circular economy solutions, in line with the key principles and minimum requirements for the design and implementation of national EPR regulations contained in an annex to the treaty.
- The development of such a technical annex should provide the necessary conditions to ensure a harmonised approach across countries towards establishing mandatory, well-designed and fee-based EPR schemes, while acknowledging different starting points in their regulatory development, the need for technical assistance and capacity-building, as well as important safeguards to ensure a just transition¹².

What needs to be specified in the form of a technical annex?

EPR is to be implemented and enforced as a performance-based regulation in which specific outcomes and objectives are set and defined by law at the national or subnational level, including the specific roles and responsibilities of the Producer Responsibility Organisation (PRO) and other relevant stakeholders involved in delivering on these. The development of a dedicated annex to the treaty will ensure a minimum level of harmonisation of EPR regulations across markets.

An annex to the treaty should establish:

- A. Key principles for the design of effective EPR systems
- B. Minimum requirements to be implemented in sector-specific EPR regulations¹³, starting with packaging
- C. Available resources and support (e.g. via the establishment of a global EPR hub)

Governments should adopt a start-and-strengthen approach on their EPR obligations under the treaty by expanding and updating the technical annex over time with minimum requirements for EPR systems covering sectors other than packaging.

¹² It is not enough to commit to ensuring a “Just Transition” by putting well-intended aspirational language in a separate section of the treaty. We must make sure that just transition is made operational in the specific treaty provisions and obligations for UN member states to empower workers in informal or cooperative settings to operate within existing or emerging regulatory systems, such as EPR.

¹³ These requirements should usually be established by national law but EPR systems could still be implemented in the form of regional or sub-national schemes if appropriate in the respective country context.

A. Key principles for the design of effective EPR systems

An annex to the treaty should establish key principles for the design of effective EPR systems. The work conducted by [the OECD](#), [WWF](#), the [Consumer Goods Forum](#), and the [Producer Responsibility Coalition](#) coordinated by [Citeo](#), provides a good starting point, with significant overlap on the following key principles (see [Appendix 1](#)). The Business Coalition believes that effective and well-designed EPR systems should follow these principles.

1. The objectives, scope and governance model of EPR systems must be clearly determined in the legislative framework to ensure sufficient government oversight and control.
2. Businesses who cannot comply with their legally defined EPR obligations individually, should be required to join efforts to establish a shared system, in which collective responsibilities are fulfilled through Producer Responsibility Organisations (PROs) that are managed in partnership with the relevant industries and in ongoing consultations with the government. Obligated 'producers'¹⁴ should participate in the overall management of the PRO and have sufficient oversight to gauge performance, ensure compliance, and promote efficient EPR systems for circular material use and strong environmental outcomes.
3. The establishment and the operation of EPR systems must take into account the local context, and its development should include participation from and collaboration with relevant stakeholders such as public authorities and municipalities, waste management service providers, and organisations representing workers in informal and cooperative settings¹⁵.
4. EPR systems should be designed to complement integrated waste management systems and accelerate the transition to a circular economy ideally by setting quantitative targets and defining minimum requirements to be implemented in sector-specific EPR regulations. Provisions in the sector-specific EPR legislation should ensure transparent information and collaboration, social inclusion planning and impact assessment, as well as robust reporting, monitoring, and enforcement.
5. The use of EPR fees must cover the net costs of collection, sorting, recycling, and residual waste treatment as well as related communication activities and administration costs of the EPR system. Additional costs to be covered could include adequate measures to promote social inclusiveness and fairness, especially in transitional markets. Obligated producers should be involved in the process of setting EPR fees, and have access to a transparent breakdown of them.

¹⁴ Please note that it should be defined as part of [sector-specific legislation](#) who the obligated 'producers' are and which legal obligations they have as this might be different if the EPR system is established for product categories other than packaging.

¹⁵ See the basic principles of the Global Alliance of Waste Pickers' [Position on Extended Producer Responsibility](#) on research and identification of stakeholders and involvement and direct participation of waste pickers

6. More advanced EPR systems should incentivize upstream solutions such as reduce, reuse, refill and repair of plastics and plastic products through the modulation of EPR fees¹⁶ and reward efforts going beyond the minimum product design requirements to be established in the treaty.

B. Minimum requirements for sector-specific EPR regulations

Starting with priority sectors such as packaging, the annex should list minimum requirements which will help facilitate a harmonised implementation of EPR regulations by the future parties to the treaty. Intersessional work should determine which aspects should be harmonised at the global level, and what should be left to national implementation.

Based on experience with existing EPR systems for packaging to date, the following areas must be covered and well-defined when it comes to national implementation under the treaty¹⁷:

1. **Clearly define the scope of covered packaging types and materials.** This is important for two reasons: firstly, because it is necessary to establish systems that work for all packaging materials and formats, so that all of them are collected and (over time) recycled; and secondly, to avoid unintended consequences, such as switching to other packaging materials or formats to circumvent the EPR obligations.
2. **Specify objectives, scope of funded activities, and specific time-bound targets.** This is to ensure that it is clear to all stakeholders what activities should be funded by EPR fees and what outcomes must be delivered. For example: the minimum service level of collection that should be provided; what time-bound collection and recycling targets by packaging type should be met and how exactly they should be measured; what are the prioritised end-uses for the collected materials; to which extent additional costs e.g. for waste prevention, reuse or partnerships with organisations of the informal recycling sector are to be covered etc.
3. **Set out clear roles and responsibilities of the main stakeholders involved:** It is important to clearly define who bears what part of the financial and operational responsibilities to fulfil the objectives and targets under the EPR legislation. For example: who are the ‘producers’¹⁸ and what are their legal obligations; what are the

¹⁶ For packaging specifically, and as additional reference on EPR fees and eco-modulation, see the [Consumer Goods Forum Guiding Principles for the Ecomodulation of EPR fees for packaging](#)

¹⁷ EPR is a policy tool already widely supported by the industry, with existing guidelines for the establishment of optimal EPR schemes in particular for packaging, including guiding principles for eco-modulation of fees – see for example: American Beverage Association (2020): [Essential Principles for a Successful Circular Collection System](#); Consumer Goods Forum (2020): [Building a circular economy for packaging](#) (2020); Consumer Goods Forum (2022): [Guiding principles for the Ecomodulation of EPR fees for packaging](#)

¹⁸ This should include domestic producers, importers and e-commerce platforms, to ensure a commercial level playing field

responsibilities of public authorities, municipalities and waste management & recycling service providers; what is the role of the Producer Responsibility Organisations that administer EPR systems; if and how Deposit Refund Systems (DRS) can be implemented alongside EPR to incentivize collection¹⁹; who owns the materials at the different steps of the process; which rules govern the collaboration with waste management service providers and with organisations representing workers in informal and cooperative settings.

4. **Develop mechanisms to ensure robust, comprehensive and transparent reporting, monitoring, and enforcement:** failure to provide consistent enforcement undermines the performance of the EPR scheme and creates unfair advantages for free-riders who do not meet their obligations. It is also important to gather data and constantly monitor the performance of the EPR scheme so that the results of decisions e.g. on fee structure and their eco-modulation can be evaluated and any adjustments needed to achieve objectives and targets can be allowed for. The future governing body of the treaty should develop further guidance on these issues.

The Business Coalition believes that packaging should be a priority sector for the establishment of well-designed and effective EPR systems worldwide under the Global Plastics Treaty as packaging constitutes 40% of all plastic waste being generated worldwide.

Deposit Refund Systems (DRS) can work alongside fee-based mandatory EPR policies, either as part of a larger EPR scheme or as a tool for phasing in return obligations for specific packaging or product categories that allow countries to build up the relevant reuse or recycling infrastructure.

DRS²⁰ have proven effective in increasing collection rates and reducing littering of products such as beverage containers, and can be adapted to other product categories. Placing a value on returning products helps operators to collect a higher quantity and quality of materials for reuse, recycling, or environmentally sound disposal²¹. Similarly to EPR systems, key principles and criteria for the design and implementation of DRS policies at the national level should be defined in the context of the treaty as part of a related annex²².

In the future, the treaty should also outline minimum requirements for sector-specific EPR regulations tackling other plastic applications via the same technical annex that could be revised, updated and expanded over time.

¹⁹ Reloop: [The impact of deposit return systems on beverage sales](#)

²⁰ A Deposit Refund System (DRS) is a policy instrument that requires customers to pay a deposit when purchasing a product that is subsequently refunded at its return to a collection point.

²¹ Well-designed DRS for beverage containers will typically provide collection rates of >90%, effectively reducing littering and providing a high volume and high-quality material stream for reuse and recycling. For more details see [OECD \(2022\): Deposit-refund systems and the interplay with additional mandatory extended producer responsibility policies](#).

²² Tomra: [Rewarding Recycling: Learnings from the world's highest-performance deposit return systems](#)

C. Available resources and support

Mandatory, fee-based EPR schemes that require all companies who introduce certain products or packaging to the market to fund their after use collection and treatment, are a well-established policy tool in many different countries and sectors. In the context of plastic waste, EPR regulations have already been implemented for packaging²³, consumer electrical and electronic equipment, batteries, paints, coatings and solvent, tyres, and end-of-life vehicles,²⁴ but are also gaining momentum for textiles²⁵ and fishing gear.²⁶

Key learnings have emerged from decades of implementation of EPR systems, which could serve as guidance for the treaty implementation at the national level. UN member states could agree to establish a global EPR hub under the treaty, based on existing initiatives and in line with other international agreements, to provide support for governments to develop the legislative framework, and facilitate knowledge exchange across industries and countries on the development of socially inclusive, harmonised and effective systems.

Developing countries and emerging economies may face significant challenges with establishing the necessary infrastructure and other enabling conditions. The global EPR hub should provide the necessary guidance for countries to develop, improve and enforce EPR legislation as part of developing a comprehensive waste management system over time, e.g. by helping them to adopt a phased approach for the implementation of their EPR obligations under the treaty.²⁷

- Phase 1 – Scoping: This phase should seek to: a) take lessons learned from how EPR has performed in comparable markets; and b) establish a comprehensive understanding of the waste management landscape in the focus market, including engaging in knowledge-building initiatives in close collaboration with representatives from the informal recycling sector
- Phase 2 – Stakeholder engagement and set up: This phase should a) engage industry and key stakeholders in discussions, including workers in informal and cooperative settings²⁸, and clearly set out key parameters of the programme, including but not limited to defining the producers, scope of materials covered, and reporting protocols for the producers; b) form a PRO; and c) run commercial scale pilots.

²³ [Citeo](#) is the Producer Responsibility Organisation (PRO) for the French EPR scheme for household packaging and paper

²⁴ [OECD \(2016\): Extended Producer Responsibility – Updated Guidance for Efficient Waste Management](#)

²⁵ [Ellen MacArthur Foundation \(2022\): Extended Producer Responsibility for textiles](#)

²⁶ [IUCN \(2021\): Position paper: Advocating Extended Producer Responsibility for fishing gear](#)

²⁷ [CGF \(2020\): A View from the Consumer Goods Industry on Optimal Extended Producer Responsibility](#)

²⁸ Waste pickers deliver a service through the collection of recyclable materials and products. They have the knowledge and the understanding of the local markets, and currently represent in many cases the only functioning mechanism for trading and recycling of valuable materials.

- Phase 3 – Formalisation: Establish the legislative framework and enabling policies that allow workers in informal and cooperative sectors to actively participate in EPR systems that are tailored to the local context.

In addition, governments should provide for an extensive transition period to allow both local governments and waste management service providers time to adjust their existing operations to the new EPR requirements and set specific time-bound targets for achieving full market coverage.

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APPENDIX 1: Mapping EPR principles from key publications

Business Coalition's recommendations to establish sector-agnostic principles on effective EPR in the Global Plastics Treaty	OECD: EPR, updated guidance for efficient waste management	WWF: 15 basic principles for EPR	Consumer Goods Forum: Optimal Extended Producer Responsibility	Producer Responsibility Coalition: key tools to include EPR in the Treaty
1. The objectives, scope and governance model of EPR systems must be clearly determined in the legislative framework to ensure sufficient government oversight and control.	<p>National governments are generally, though not always, responsible for providing the legal framework, as well as for monitoring and enforcement.</p> <p>A comprehensive analysis of the EPR programme should be made (e.g. which products, product categories and waste streams are appropriate for EPR, [...])</p>	Clearly define all packaging materials and/or products within the system's scope in a way that makes it easy to identify eligible products.	Scope of covered materials: all major consumer goods packaging materials (all plastics, fibres, glass, and metals) should be collected.	The EPR instrument should cover the entire plastics value chain (as well as other materials like glass, aluminium, steel, paper...) not only the waste management.
2. Businesses who cannot comply with their legally defined EPR obligations individually, should be required to join efforts to establish a shared system, in which collective responsibilities are fulfilled through Producer Responsibility Organisations (PROs) that are managed in partnership with the relevant industries and in ongoing consultations with the government. Obligated 'producers' should participate in the overall management of the PRO and have sufficient oversight to gauge performance, ensure compliance, and promote efficient EPR systems for circular material use and strong environmental outcomes.	<p>Producers are usually ultimately responsible for achieving EPR policy objectives, whether individually or collectively, and whether through a single or competing PROs.</p> <p>Responsibilities should be well defined and not be diluted by the existence of multiple actors across the product chain.</p>	<p>Clearly defined responsibilities, e.g. obligation to pay fees or ensure recyclability of packaging</p> <p>The producer responsibility organisation (PRO) is the key coordinating stakeholder responsible for operating the EPR system within the legal framework's boundaries. The PRO is ideally an industry-led nonprofit organisation. Initially, only one monopolistic PRO is recommended; thoroughly regulated competitive PROs can be established once the EPR scheme solidifies.</p>	<p>Governments have a responsibility to ensure waste management systems are in place to provide a foundation on which recycling and a circular economy can be built. Under the right conditions, we favour systems that are encouraged and enabled by government but left to producers to govern and manage, especially in cases where industry is providing substantial funding</p> <p>The management of an EPR programme should be commensurate with how the financial responsibilities are assigned. [...] When launching an EPR programme, the programme should be managed by a professional Producer Responsibility Organisation (PRO).</p>	<p>In order to meet the principles of EPR, producers usually organise themselves collectively to fulfil their obligations within the framework of PROs, in different business models (single-provider or PRO in competition, non-profit/for profit) which are all authorised by responsible government oversight bodies.</p> <p>Contributions from producers should be directly used by the Producer Responsibility Organisation (PRO) to improve the environmentally responsible end-of-life management of the products they cover.</p>

Business Coalition's recommendations to establish sector-agnostic principles on effective EPR in the Global Plastics Treaty	OECD: EPR, updated guidance for efficient waste management	WWF: 15 basic principles for EPR	Consumer Goods Forum: Optimal Extended Producer Responsibility	Producer Responsibility Coalition: key tools to include EPR in the Treaty
3. The establishment and the operation of EPR systems must take into account the local context, and its development should include participation from and collaboration with relevant stakeholders such as public authorities and municipalities, waste management service providers, and organisations representing workers in informal and cooperative settings .	A consultation of stakeholders should be conducted to discuss goals, objectives, costs and benefits	Stakeholder mapping and understanding of the whole plastics value chain, ensuring the participation of all sectors (including the informal sector). Need to be inclusive and enable the integration of all stakeholders.	Social inclusiveness and fairness, especially in transitional markets with informal sector involvement	Collaborate with organised waste pickers communities through cooperatives or other types of organisations to be able to participate in the formal waste management system or participate with the traditional waste management companies
4. EPR systems should be designed to complement integrated waste management systems and accelerate the transition to a circular economy ideally by setting quantitative targets and defining minimum requirements to be implemented in sector-specific EPR regulations. Provisions in the sector-specific EPR legislation should ensure transparent information and collaboration, social inclusion planning and impact assessment, as well as robust reporting, monitoring, and enforcement.	Clearly define objectives, based on analysis and consultation with all relevant stakeholders. EPRs usually aim to achieve one or more of four main goals: reducing the use of (virgin) resources and materials; waste prevention; reducing the environmental impacts of products; and closing material use loops ("circular economy").	Steer the transition from a linear to a circular economy with a set of material-specific quantitative targets for reduction, reuse and recycling.	EPR programmes should have strong environmental outcomes.	The contributions of producers will ensure the sustainable coverage of costs that are both sustainable and entirely dedicated to improve the circularity of products.
	EPR for the product's lifecycle should be done in a way to increase communication between actors across the product chain.	Have a clear and detailed set of quantitative targets for reduction, reuse, recycling developed for each of the objectives (ideally for each packaging type)	Collection for recycling targets that are measurable, achievable and cost effective, while seeking strong environmental performance	Define, in conjunction with industry/producers national and local authorities, mandatory minimum targets for reuse, recycling or recovery when and where relevant
		Transparent process of collaboration and open sharing among key stakeholders; transparency of information; control bodies in place.	EPR should be efficient, cost-effective, transparent and accountable.	Create mechanisms for knowledge, monitoring and support of EPR [...]: a harmonised and robust monitoring framework of reciprocal contributions would allow for better reporting on policy and operational developments of EPR.
5. The use of EPR fees must cover the net costs of collection, sorting, recycling, and residual waste treatment as well as related communication activities and administration costs of the EPR system. Additional costs to be covered could include adequate measures to promote social inclusiveness and fairness, especially in transitional markets. Obligated producers should be involved in the process of setting EPR fees, and have access to a transparent breakdown of them.	The full end-of-life costs should be internalised in EPR producer fees in order to apply the polluter-pays-principle.	Financial resources collected under the EPR scheme should be used exclusively for the purpose of collecting, sorting and recycling, as well as related communication activities and administration costs of the EPR scheme.	Definition of included costs: activities for which producers are financially responsible should be clearly identified and limited to an appropriate share of post-consumer collection and sorting costs for the residential sector.	Dedicated funding: the funds collected by the producers' contributions are entirely dedicated to the objectives set by a Producer Responsibility Organisation.
		The fees set by the PRO should cover all net costs for waste management of the products or packaging.	"Net cost" principle: EPR fees paid by producers should reflect the actual cost of collection and sorting as well as material revenue.	EPR should play a social role in integrating semi-formal and informal workers into the waste sector and thereby institutionalising and improving their working conditions and livelihoods.

Business Coalition's recommendations to establish sector-agnostic principles on effective EPR in the Global Plastics Treaty	OECD: EPR, updated guidance for efficient waste management	WWF: 15 basic principles for EPR	Consumer Goods Forum: Optimal Extended Producer Responsibility	Producer Responsibility Coalition: key tools to include EPR in the Treaty
6. More advanced EPR systems should incentivize upstream solutions such as reduce, reuse, refill and repair of plastics and plastic products through the modulation of EPR fees and reward efforts going beyond the minimum product design requirements to be established in the treaty.	EPR policies and programmes should be designed to provide producers with incentives to incorporate changes upstream at the design phase in order to be more environmentally sound.	Prioritise actions according to the waste hierarchy, e.g. through fees modulation	Incentives for sustainability: EPR fees should incentivise design for recyclability and the use of materials with strong end markets	Modulate EPR in a way that reflects defined environmental criteria of the product - for example its recyclability - to incentivize producers to optimally design their products / packaging.

APPENDIX 2: Key DRS principles

Fee-based mandatory EPR policies can be complemented by Deposit Refund Systems (DRS), either as part of a larger EPR scheme or as a tool for phasing in return obligations for specific packaging or product categories that allow countries to build up the relevant reuse or recycling infrastructure. DRS²⁹ have proven effective in increasing collection rates and reducing littering of products such as beverage containers, and can be adapted to other product categories.

An annex to the treaty could also establish key principles for the design of effective DRS systems. Alongside other resources, the work conducted by [Tomra](#) and [Reloop](#), can provide a starting point for intersessional work, with significant overlap on the following key principles:

- **Performance & convenience** should be key to the design of DRS systems, including:
 - Making deposit return system (DRS) simple for all consumers to understand and use, by establishing a large network of redemption points, so returning empties becomes a routine part of everyday life
 - Setting high collection target through legislation (e.g. 90%)
 - Defining in the legislative framework a broad scope of beverages and containers covered by the DRS systems
 - high collection rate, set by targets; minimum deposit value that is high enough to drive collection; cover a broad range of beverage
- DRS systems should be **funded by producers**, incorporating the principles of Extended Producer Responsibility (EPR), with successful deposit return programs engaging producers and retailers to manage the environmental impact of a product back into the packaging production cycle.
- The **governance** of DRS systems should be well defined, for example through a centralised, non-profit organisation (NPO) that manages DRS systems operations. Similar to a Producer Responsibility Organisation (PRO), a NPO for a DRS system should be managed in partnership with the relevant industries while the government has oversight and can enforce legislation.³⁰ Producers reporting is key for the transparency of DRS systems.

²⁹ A Deposit Refund System (DRS) is a policy instrument that requires customers to pay a deposit when purchasing a product that is subsequently refunded at its return to a collection point.

³⁰ This is in line with the Business Coalition's recommendations for [key principles for the design of effective EPR systems](#) as outlined in this briefing.