

Decoding Extended Producer Responsibility (EPR)

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Packaging is ubiquitous in our daily lives and enables minimization of food waste and overall product breakage with advanced convenience features at low costs. However, widespread usage of single-use packaging containers has resulted in a heavy burden on the environment, and the management of packaging waste is facing a crisis due to lack of imposition of guidelines. Plastic waste is India's and the world's most formidable environmental challenge today, and the COVID-19 pandemic has made matters worse.

India produces more than 25,000 tonnes of plastic waste daily, nearly 40% of which is not collected and litters the environment. With so much plastic entering the food chain, recycling has been touted as a panacea. People are waking up to the adverse effects of plastic on territorial and aquatic life. If plastics demand follows its current trajectory, global plastics-waste volumes would grow from 260 MMtpy in 2016 to 460 MMtpy by 2030, taking what is already a serious environmental problem to a new level. Pressure is now mounting on brands and manufacturers to take responsibility for the vast amounts of plastic they produce. Thus, it is imperative for governments to step up and enforce laws to combat this crisis. In 2016 Extended Producer Responsibility (EPR) was introduced into the Plastic Waste Management Rules, 2016.¹

EPR refers to the responsibility for management of the disposal of products by producers once those products are designated as no longer useful by consumers. It is the commitment made by a producer to facilitate a reverse collection mechanism and recycling of end of life, post-consumer waste. The objective is to develop an effective and efficient system that takes care of collection, segregation and transportation of the material to the waste disposal facility which is approved as a Producer Responsibility Organisation (PRO) Agency. These materials can also be used in cement kilns, pyrolysis, for road construction and recycling centres, on the basis of its quality and price. The waste generators such as brand owners/producers are required to collect back the end of life waste generated through their business. This responsibility is met through waste collection agencies who are recognized as a PRO. This encourages brands with financial incentives to create markets for reuse, buy-back or recycling of materials. Companies can also delegate this responsibility to a third-party.

Industry trends in plastic neutrality

The new pressures to reduce the environmental impact of packaging, comply with regulations, and satisfy consumer preferences are going to require packaging converters to make new investments and undertake major scale-up of their innovation capacity. This will be an important adjustment in innovation. Apart from light weighting/down gauging, currently many packaging companies have their sustainability efforts primarily focused internally on improving energy efficiency and waste reduction, with some limited work starting on applications innovation for sustainable packaging solutions across substrates. This inevitably implies a gap between the need to support the sustainable packaging aspirations of the Fast-Moving Consumer Goods (FMCG) companies and retailers, and the range of development initiatives being undertaken by the packaging converters. FMCG companies and retailers are proactively making bold commitments to improve both the sustainability of their packaging and to fundamentally rethink their packaging systems.

¹ <http://www.indiaenvironmentportal.org.in/content/426634/plastic-waste-management-rules-2016/>

In the face of public outcry about global plastics pollution, the chemical industry is starting to mobilize on this issue. For petrochemicals and plastics companies and by extension the chemical industry, since plastics production accounts for well over one-third of the industry's activities. The fact that the great majority of used plastics goes to incineration, landfills or dumps means that these materials are lost forever as a resource, despite plastics' potential for reuse and recycling. Plastics production requires substantial capital investment and a substantial carbon footprint. Reusing plastics not only reduces these investment needs, but can also contribute to reducing total industrial carbon emissions.

Making the case for Plastic credits

Plastic credits are just like carbon credits and are entering the environmental zeitgeist as a new paradigm. They are sold to a company that wants to be Plastic Neutral and is unable to completely reduce their plastic usage to zero. A company buys a volume plastic credits in kilograms equal to the kilograms of their plastic footprint and that money funds a project that recycles a volume waste plastic equivalent to the company's plastic footprint, thus making them plastic neutral. Being a market driven solution, this helps in ensuring that all plastic products are recyclable and actually recycled.

Even though plastic credits are a fairly new concept, conscious consumers and forward-thinking businesses worldwide are already adopting the platform. Plastic credit has the potential to solve the larger systemic issue at play, a linear economy that has created an unchecked system of production and consumption only if it is complied with. Methods like plastic credit financing to fund experimental innovations should be designed and implemented. Plastic credits can be a powerful tool to mobilize resources for solving the environmental and social crises caused by plastic pollution.

Challenges faced and compliance

Awareness is of utmost importance to get the ball rolling but there are several challenges faced by both producers and bulk consumers that hinder proactive participation. The large-scale producers do not wish to be the first to transform their business, while the process is plagued by the evils of corruption and malfeasance. The medium-scale and small-scale producers, on the other hand, regard waste as a tick box in the event of production and do not attempt to engage in the process holistically and take the effort to build awareness.

Although the informal waste pickers, aggregators and dismantlers are willing to enter the fold of formalization, the formal sector faces several challenges. These challenges range from lack of handling capacity to illegitimate facilities in the forms of multiple accounting of waste, selling to aggregators and leakages. There is sufficient evidence for a burgeoning business opportunity, creating an untapped potential for innovators to come up with unique business propositions to address this menace.

What India needs is to develop tracking mechanisms and provide oversight of waste compliance, in order to ensure that the mechanism of waste disposal is streamlined as much as possible. While enforcement strictness is of paramount importance, it is also vital to build an incentive structure around this to ensure better complicity by the producers. This is an area where the policymakers can step in and highlight opportunities underlying this perceived compliance evil for producers.

The time is ripe for innovators to come up with propositions that bridge the gap between the compliance necessity faced by producers and the strong will of the Government to rid the toxic waste in a sustainable and safe manner.

Complying with the rules, some companies and hotel chains have started taking steps towards environment safety. To eliminate plastic waste and ensure more sustainable carbon footprint, Hyatt Regency Delhi, announced the launch of its in-house water bottling plant. The fully automated water bottling plant aims to end the use of approximately 1.08 million plastic bottles a year, by switching to reusable glass bottles. This process saves 28 tonne of plastic waste every year. As the world's largest food and Beverage Company - Nestlé's commitment is that 100% of their packaging will be recyclable or reusable by 2025. They have made a number of global commitments including the elimination of non-recyclable plastics and are making progress towards achieving a waste-free future. In 2019, about 87% of their total packaging by weight and 66% of their total plastic packaging was recyclable or reusable.

Penal provisions for brands not complying with EPR laws

Whilst in theory EPR seemingly answers core problems for governments, the implementation is far more challenging for companies. The government may soon roll out stringent norms and impose heavy fines on corporates, including hospitality industry, mobile manufacturers and packaging industry, for failing to stop use of plastic. Under the EPR scheme, which the government plans to implement effectively, manufacturers, brand owners, and importers of products should realise and bear responsibility for environmental impact of their products through the product life-cycle. Government is of the view that EPR schemes could be strengthened to support wide-spread adoption of secondary raw material in markets and stringent guidelines could be laid for the purpose. Monitoring and enforcement systems have not yet been fully implemented for effective implementation, but companies are now at risk of losing their manufacturing license unless they comply with the new laws. Bold regulations needs to be enacted and followed state-wide which would tend to target that none of the single-use plastic, shopping bags, packaging, ends up in landfill, in oceans, lakes and rivers.



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