



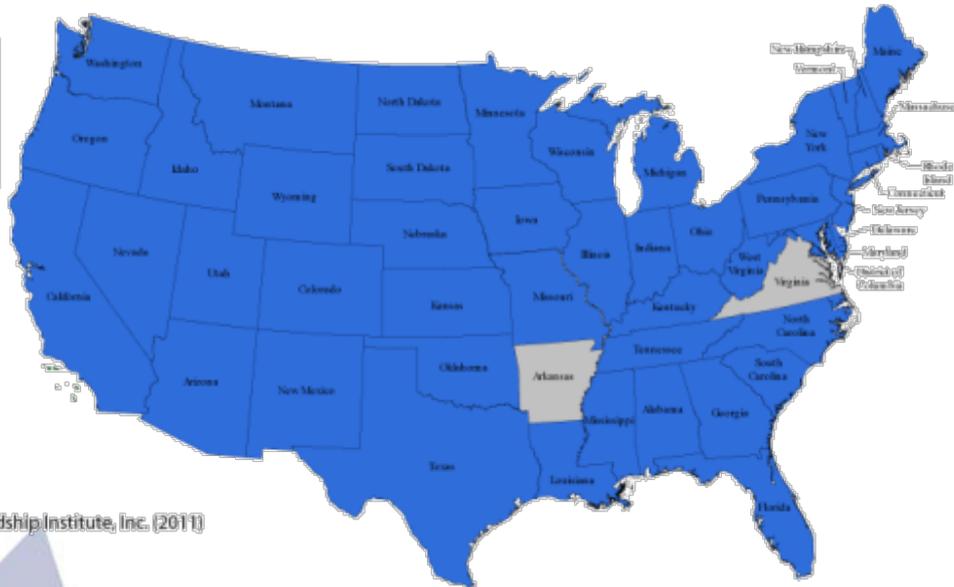
CT Governor's Recycling Working Group Product Stewardship Presentation

August 14, 2012

Scott Cassel, CEO and Founder
Product Stewardship Institute, Inc.



Who is the Product Stewardship Institute?



PSI Member

Source: Product Stewardship Institute, Inc. (2011)

- **Non-profit founded in 2000**
- **Memberships**
 - ✓ 47 States
 - ✓ 200+ Local governments
- **Partnerships (75+)**
 - ✓ Companies
 - ✓ Organizations
 - ✓ Universities
 - ✓ Non-US Governments
- **Board of Directors: 7 states, 4 local agencies**
- **Advisory Council** (biz/academic)
- **Multi-stakeholder product stewardship network**

Global Product Stewardship Council
(PSI represented on Board of Directors)

What is the Problem?



Each Day We Use Hundreds of Products



All products eventually reach their end-of-life and must be managed properly

**No cost to
manufacturers to
throw away
valuable materials**

**Little incentive to
create products
that last longer or
are more easily
recycled**



The result...a lot of garbage...

...each American produces nearly **one ton** of waste every year, much of it products and packaging

250 million tons/yr





**42% of U.S.
greenhouse gas
emissions
come from the
products we use**

**Today, we look to local governments
to manage our**



increasingly complex waste stream...

We spend millions of tax dollars to manage garbage...



Externalities Abound



-Environmental

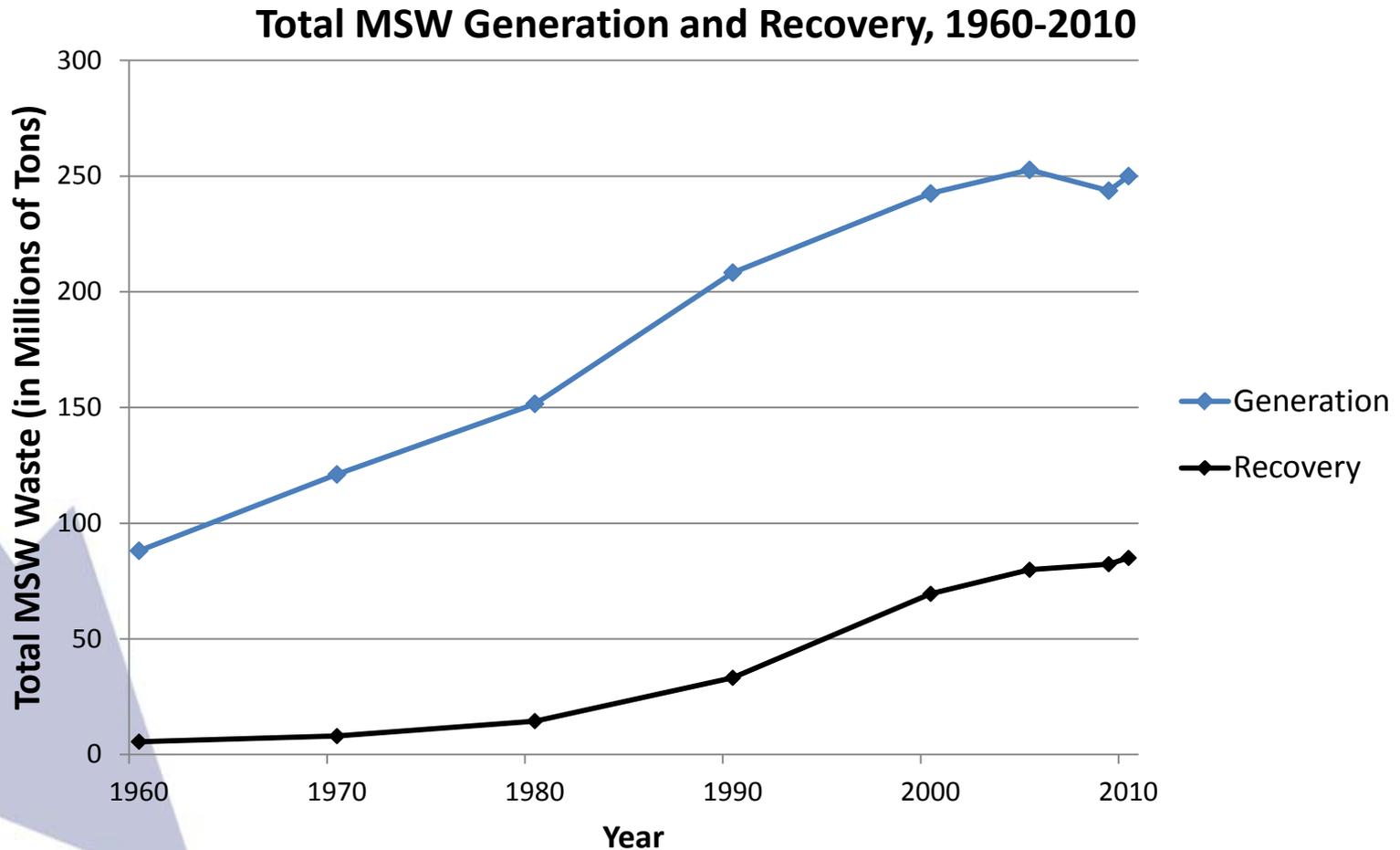


-Social



-Financial

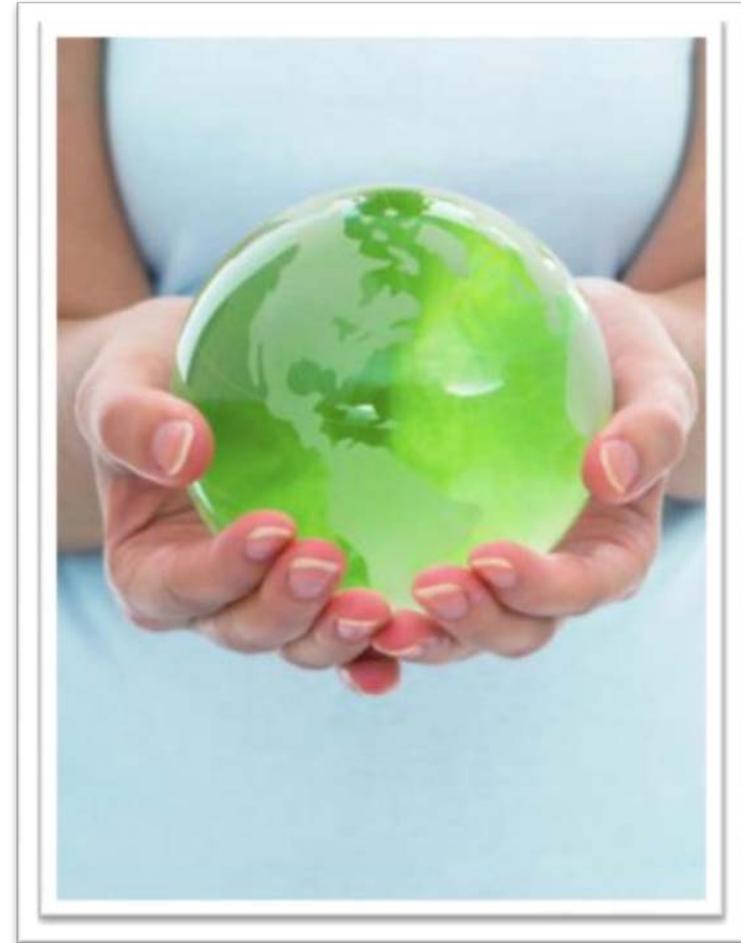
This is not sustainable!



Source: PSI compilation of data from 2010 U.S. EPA Municipal Solid Waste Report, Facts and Figures.

What is Product Stewardship?

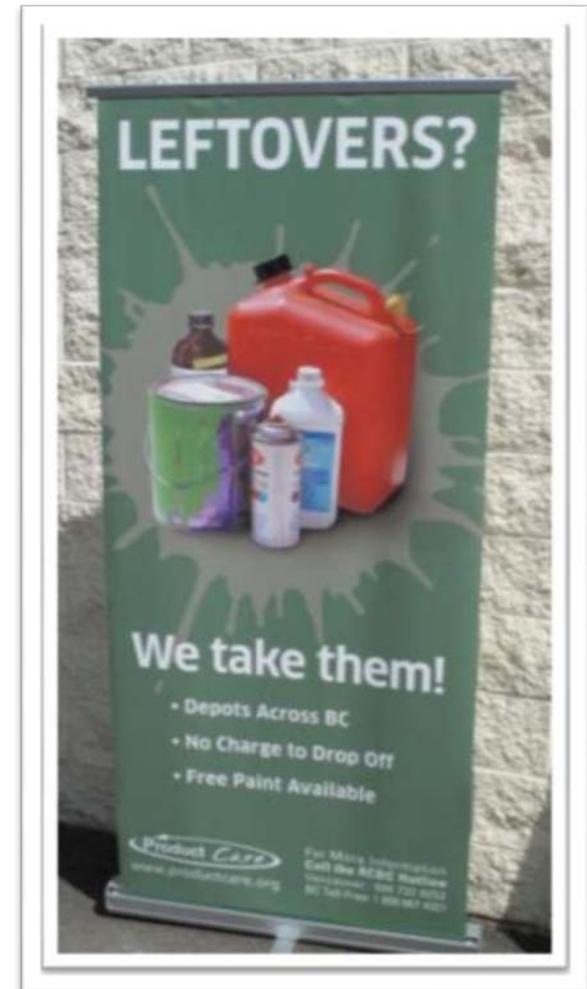
The act of minimizing health, safety, environmental and social impacts, and maximizing economic benefits of a product and its packaging throughout **all lifecycle stages**. *The producer of the product has the greatest ability to minimize adverse impacts*, but other stakeholders, such as suppliers, retailers, and consumers, also play a role. Stewardship can be either voluntary or required by law.



What is Extended Producer Responsibility (EPR)?

A mandatory type of product stewardship that includes, at a minimum, the requirement that the *producer's responsibility for their product extends to post-consumer management of that product and its packaging.*

EPR is a central tenet of product stewardship.



Product Stewardship and EPR

Product stewardship is about lifecycle and sustainability

EPR is about extending a producer's responsibility to managing its product at end-of-life



Product Stewardship and Extended Producer Responsibility: Definitions and Principles



1. Producer responsibility
2. Level playing field
3. Results based
4. Transparency and accountability
5. Roles for Government, Retailers and Consumers

o **Developed by Product Stewardship Institute, Product Policy Institute, and California Product Stewardship Council in 2012**

o **Endorsements: Nearly 60 endorsements to date**

Product Stewardship and Connecticut Solid Waste Management Plan

- A guiding principle of solid waste management in Connecticut is product stewardship or “shared responsibility” (pgs 3, 5-8).
- Strategy 4-6 of the Plan (pgs 4-73) states that Connecticut DEEP, regional groups and municipalities need to increase reuse and recycling of oversized MSW by “partnering with groups such as the Product Stewardship Institute to promote producer responsibility for hard to manage oversized MSW.”
- Strategies 4-8 and 4-9 mention the role of product stewardship in managing electronics and paint.

Source: State of CT Solid Waste Management Plan: Amended December 2006.

Product Stewardship and Connecticut Solid Waste Management Plan

“Connecticut’s long-range vision for solid waste management is to:

- Significantly transform our system into one based on resource management through collective responsibility for the production, use, and end-of-life management of products and materials in the state;
- Shift from a throwaway society towards a system that reduces the generation and toxicity of trash and treats wastes as valuable raw materials and energy resources, rather than as useless garbage or trash; and
- Manage wastes through a more holistic and comprehensive approach than today’s system, resulting in the conservation of natural resources and the creation of less waste and less pollution, while supplying valuable raw materials to boost manufacturing economies.”

Source: State of CT Solid Waste Management Plan: Amended December 2006, Executive Summary, ES 1 – 2.

Framing the Conversation

- Will optimization of the current system get us to our goals?
- How much more could an EPR system recover?
- At what cost?

What are the Options?

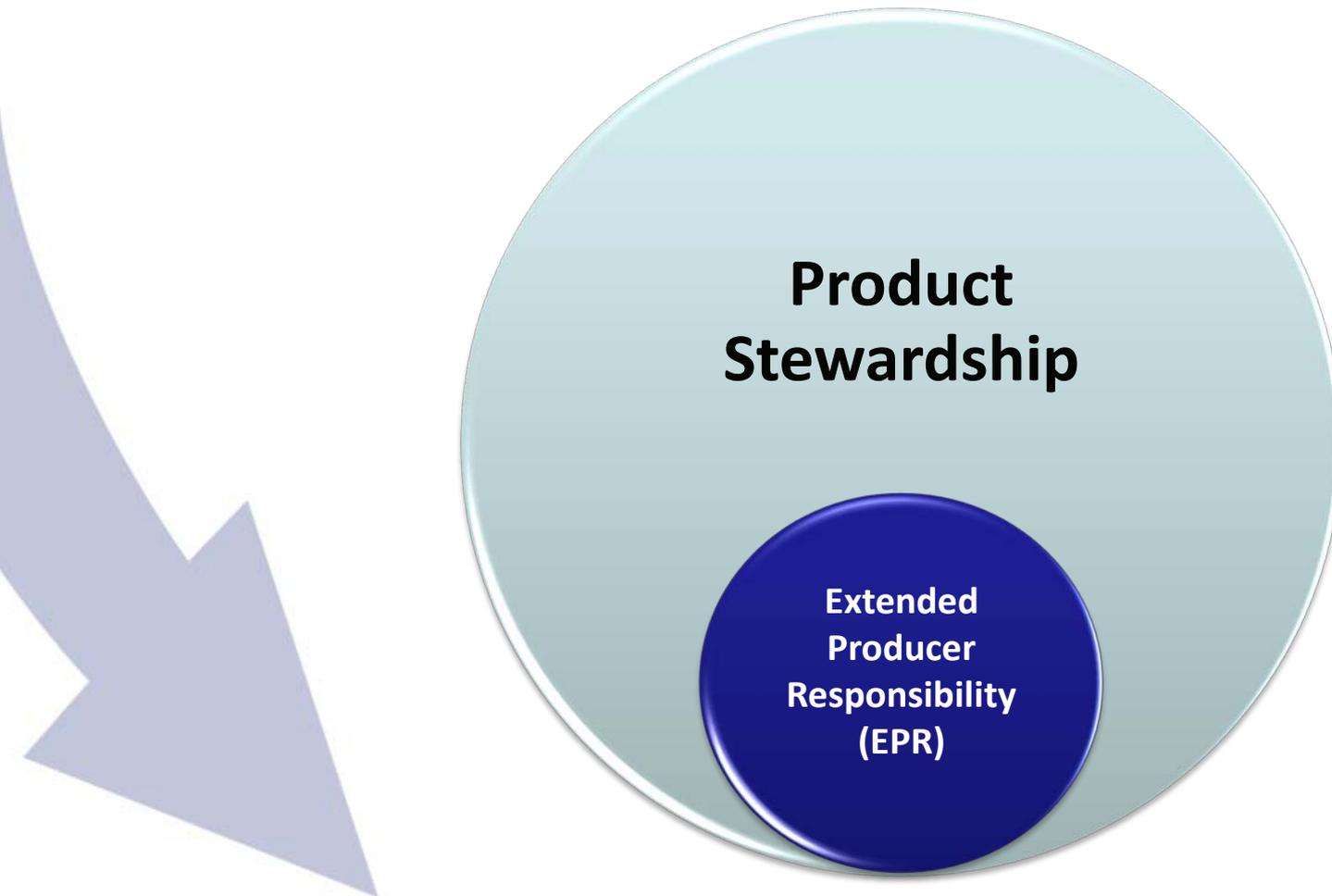
- Optimize current system?
- Change to new system?
 - Voluntary programs?
 - Legislated programs?

While system optimization is critical
for increasing material recovery...
...EPR can be a game changer

How Do We **Optimize** the Current System?

- **“Pay-as-you throw” (unit pricing)**
- **Public education**
- **Landfill bans/mandatory recycling**
- **Recycled content standards**
- **Invest in upgraded MRF sorting equipment**
- **Improve connections between end markets and manufacturing process (closed loop recycling)**
- **Enhance current container deposit law**
- **Etc.**

How Do We **Change** the Current System?



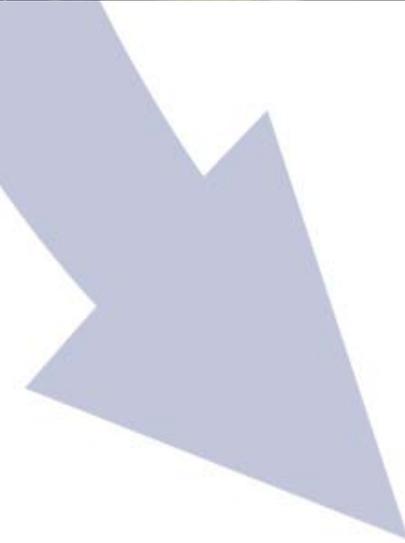
**Product
Stewardship**

**Extended
Producer
Responsibility
(EPR)**

EPR shifts the costs and responsibility...
...from government to manufacturers
...from taxpayers to the marketplace



...meaning that your tax dollars can go to meet other needs in the community



Essential Characteristics of EPR

EPR: Not Prescriptive

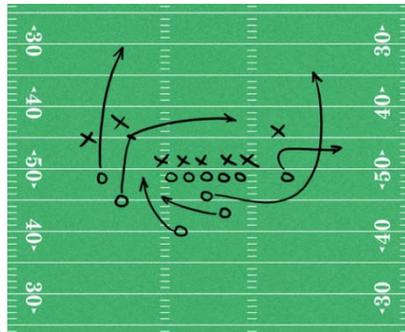
- Government sets parameters, but allows flexibility to determine the most cost-effective solutions within those parameters
- Flexibility promotes a market-based solution to meet goals

EPR: Industry Run

- Government oversees law but producers responsible for implementation

EPR and container deposit laws: Some differences from U.S. experience

Deposit laws require specific players to take specific actions, charge specific fees, transfer money from Pt. A to Pt. B, etc.



EPR sets the end goal (e.g., performance metrics) and the basic parameters (e.g., covered materials), and is flexible on specific actions.



Benefits of Product Stewardship



**Greater
environmental
protection**

**Fiscal
relief**

**More
jobs**

More Sustainable Products

Product stewardship is an investment

Benefits from EPR Laws in Connecticut

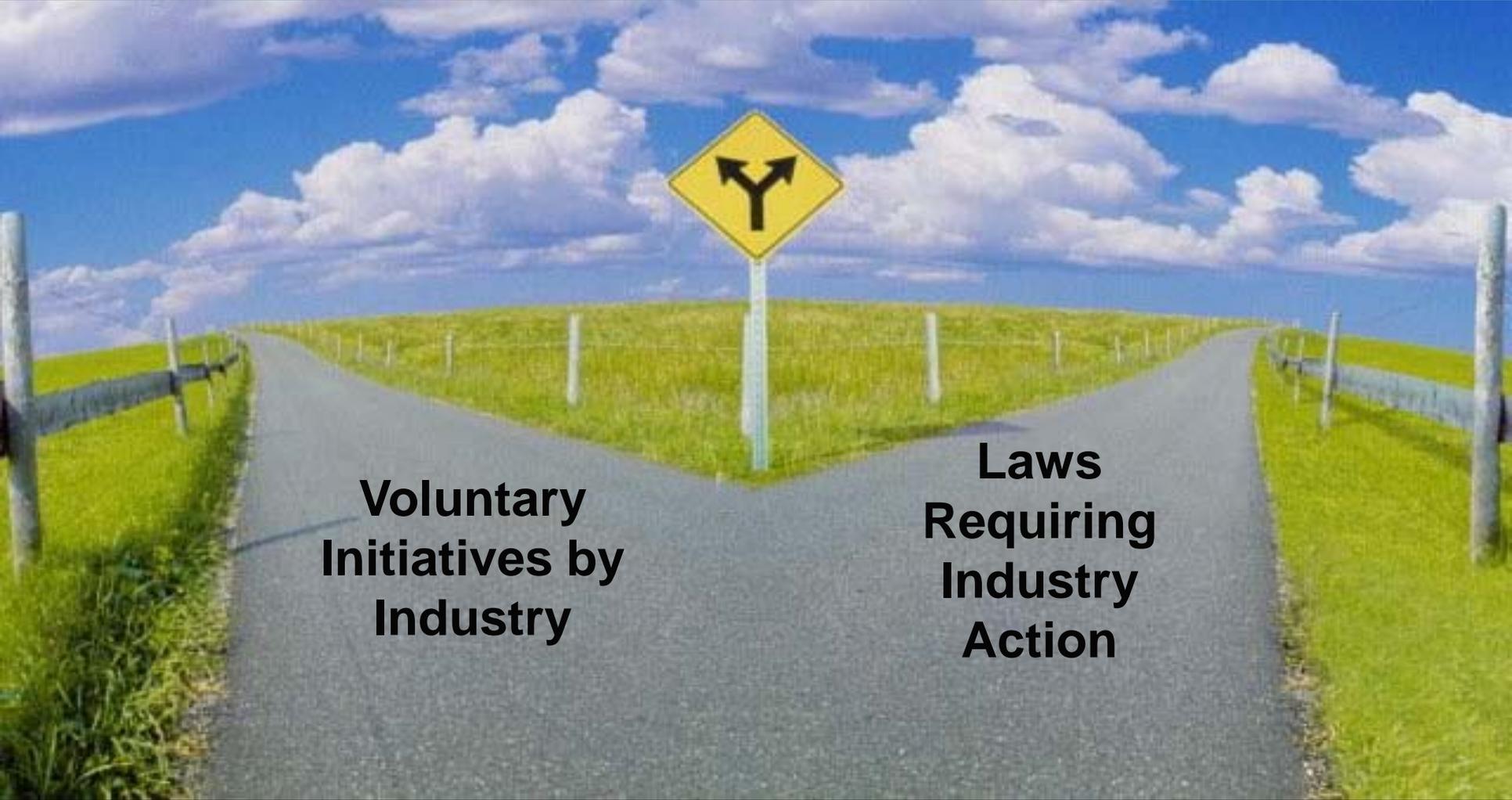
Environmental and Financial

- **Paint** – By collecting and recycling up to 868,000 gallons of surplus paint each year, CT municipalities can save up to \$7 million per year.
- **Electronics** – By collecting and recycling up to 40,400 tons of electronics each year, CT municipalities could save up to \$7.6 million per year.

Jobs/economic development

- **Paint** – Amazon Environmental is considering establishing a latex paint recycling facility in CT as a direct result of the law. Two other companies have expressed interest as well.
- **Mattress Bill** – Two mattress recycling facilities have opened in CT as a direct result of mattress legislation introduced in 2012: Park City Green (Bridgeport) and RECYC Mattresses (Bloomfield).

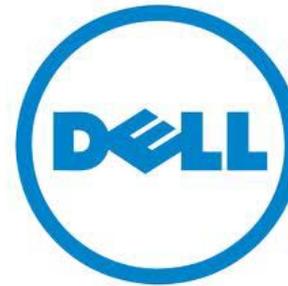
How Do We Get There?



**Voluntary
Initiatives by
Industry**

**Laws
Requiring
Industry
Action**

Voluntary Industry-run Recycling Programs in the U.S.



Role of Voluntary Systems

- Works for products that have value at end of life (e.g., toner cartridges, auto batteries)
- Interim steps prior to legislation
- Address sustainability issues
- Allows for industry sector leaders to emerge

Role of Regulated Systems

- Achieves greater program performance
- Levels the playing field (fair)
- Expresses clear will of government so market forces have certainty, leading to investment
- Adds infrastructure

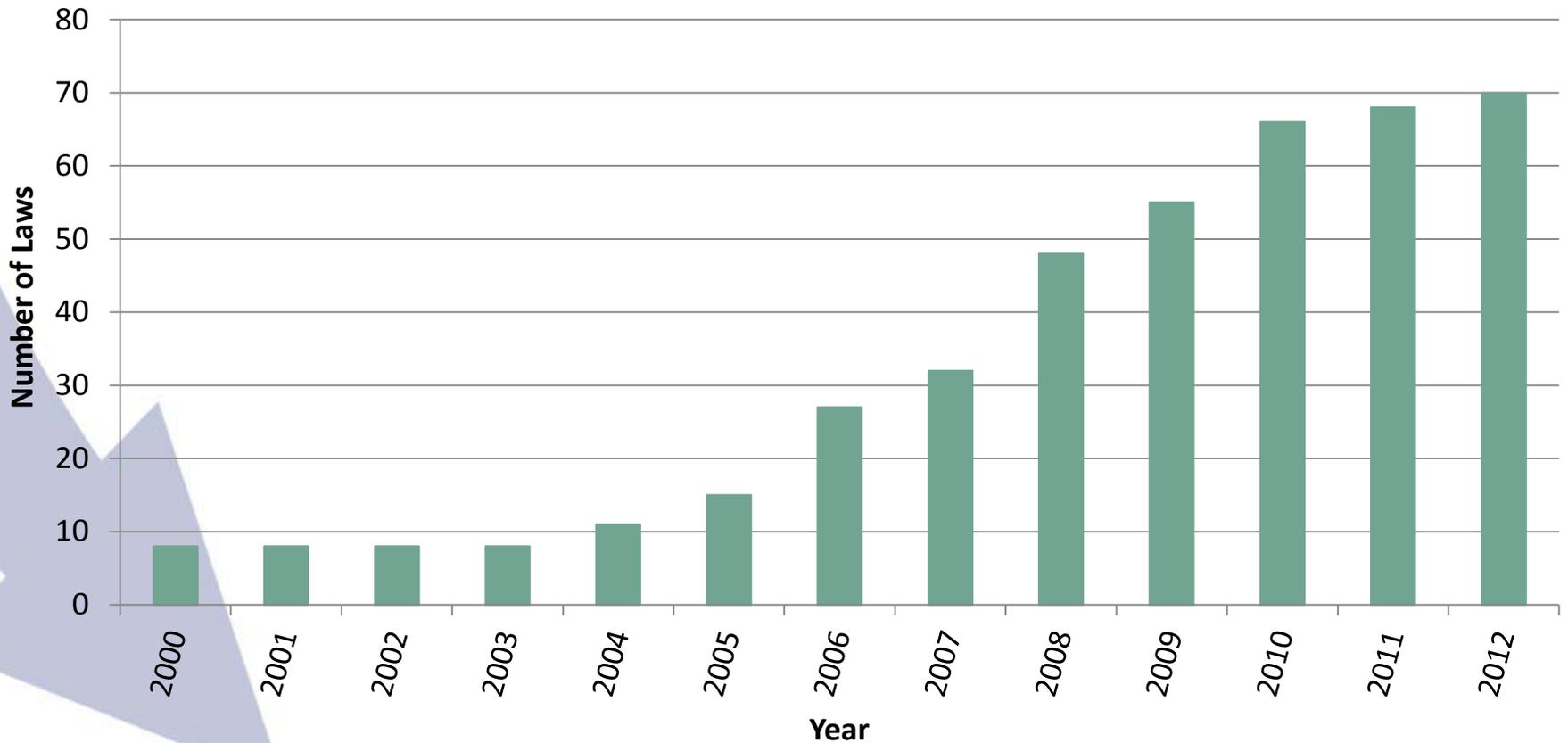
Company Drivers for Implementing Product Stewardship Programs



- Reduce Business Risks
 - Threat of legislation (uncertainty)
 - Protect the brand (e.g., litter)
 - Getting left behind peers
- Opportunities
 - Align with corporate sustainability values and recycling goals
 - Promote customer and brand loyalty
 - Recover valuable materials for supply
 - Gain competitive advantage

EPR Is Happening NOW in the U.S.

EPR laws since 2000



EPR laws and legislation in the U.S.

U.S. Products with EPR Laws

- Auto switches
- Agricultural pesticide containers
- Beverage containers (some)
- Batteries (mercury and rechargeable)
- Carpet
- Electronics
- Fluorescent lamps
- Framework
- Paint
- Mercury thermostats

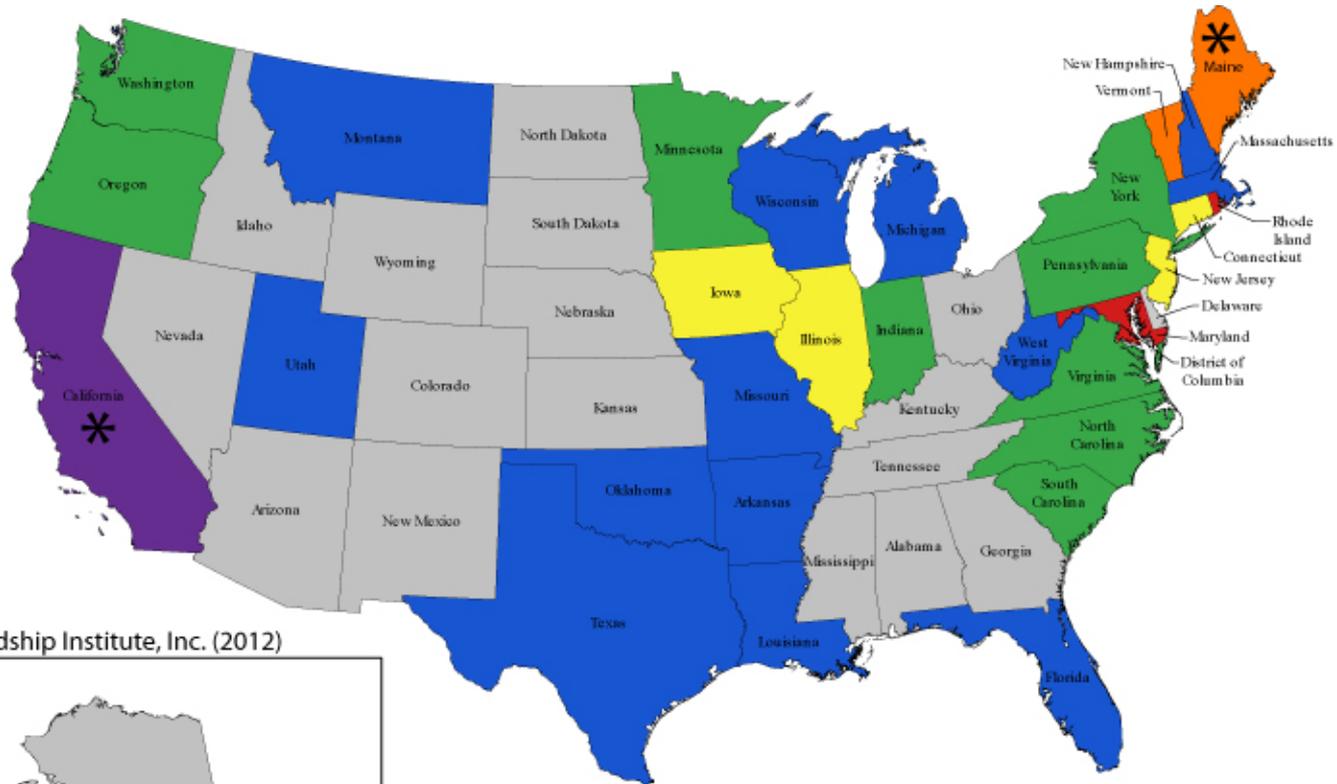
U.S EPR Legislation (2010-2012)

- Auto switches
- Batteries
- Carpet
- Electronics
- Fluorescent lamps
- Framework
- Paint
- Mercury thermostats
- **Mattresses**
- **Medical sharps**
- **Packaging/printed materials**
- **Pharmaceuticals**
- **Plastic bags**
- **Smoke detectors**

U.S. State EPR laws – 2012

Product Categories

- Auto Switches
- Batteries
- Carpet
- Cell Phones
- Electronics
- Fluorescent Lighting
- Mercury Thermostats
- Paint
- Pesticide Containers



Source: Product Stewardship Institute, Inc. (2012)



Number of Product Categories Covered by EPR Law

- Zero (Grey)
- One (Blue)
- Two (Green)
- Three (Yellow)
- Four (Red)
- Five (Orange)
- Six (Purple)

* Other laws authorizing agencies to require EPR, including Framework laws.

Another View on State EPR Laws

70 EPR laws in 32 states

(including laws on carpet, cell phones, and agricultural pesticide containers)

4



3



8



10



14



24



1 “Framework” Law (ME)

Who Pays for Waste Management in U.S. under EPR and ARF Systems?

Two Models (EPR and ARF):

1. Extended Producer Responsibility (EPR): Direct Pay by Obligated Producer to Producer Responsibility Org. (PRO)
 - (a) “**Cost Internalization**” – EPR costs included in product price throughout supply chain (*producer managed, producer financed*)
 - (b) “**Eco-fee**” – Producer shows separate fee on supply chain transactions; some retailers then make it visible (*producer managed/consumer financed*) – *fee mandated by law to be passed to consumer*
2. Advanced Recycling Fee (ARF): Direct Pay by Consumer Using a Visible Fee (*government managed/consumer financed*) – Not considered EPR in U.S.

Variability in EPR Laws

- **Models attempt to maximize performance and achieve harmonization**
- **EPR laws achieved by consensus are best**
 - *Paint* – Facilitated by PSI, legislation supported by industry (American Coatings Association); national model.
 - *Electronics* – legislation developed through a collaborative process.
- **Some laws are not optimal for performance**
 - *Thermostats* – developed through adversarial process.

Each material stream presents its own implementation challenges that must be addressed through stakeholder input.

CT Priorities Meeting & Northeast Coordination

- Meeting in Fall 2012
- Create product stewardship priority list based on criteria
- Include all key stakeholders
- Potential priorities:
 - Mattresses
 - Carpet
 - ???
- Group recommendations integrated into Governor's Recycling Working Group
- Coordinating efforts on product stewardship in northeast

EPR for Packaging and Printed Materials

Current Status of Related Initiatives in the U.S.

- EPR Legislation
 - Recycling Reinvented, Nestle Waters North America to introduce legislation in 2013.
 - Vermont legislation introduced 2011
- Voluntary initiatives/Optimizing Current System
 - AMERIPEN
 - Alcoa (Action to Accelerate Recycling)
 - Sustainable Packaging Coalition
 - Etc.



Key Questions to be Discussed – Packaging

- **How much can be gained? What is the cost? What changes?**
- How will the roles of government, brand owners, retailers, and service providers change?
- Who owns the recovered material?
- How to set performance goals? Whose responsibility is it to meet those goals?
- How to address stranded public assets?
- How will small recyclers be impacted?
- What is the exact funding mechanism?
- How do we motivate consumers to recycle?

Questions for Governor's Recycling Working Group

- What are your biggest questions/concerns regarding product stewardship and EPR laws?
- What products are your highest priorities for a product stewardship approach?
- What role do you see that product stewardship and EPR can play in reducing solid waste in the state?
- Will this Working Group endorse the national Definitions and Principles of Product Stewardship and Extended Producer Responsibility?

Contact

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