

**From:** [Redacted]  
**Sent:** 12 November 2020 16:34  
**To:** wastecomments  
**Subject:** DRS Submission - Danone  
**Attachments:** Danone's Response to DRS in Ireland - Public Consultation FINAL.docx

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To whom it concerns,

Please find a submission on behalf of Danone attached.

All the best,  
Elaine

[Redacted]  
[Redacted]  
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[www.danone.ie](http://www.danone.ie)



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## **Danone's Response to the Government's Deposit Return Scheme for Ireland**

Danone is pleased to respond to the Government's consultation on a deposit return scheme for Ireland.

### **About Danone:**

Danone is a leading global food company that aims to inspire healthier and more sustainable eating and drinking practices, in line with its 'One Planet. One Health' vision. Danone is built on three business lines: Essential Dairy and Plant-Based Products, Specialised Nutrition and Waters. In Ireland, Danone employs almost 700 people at two supply points in Macroom and Wexford and offices in Dublin. We supply brands such as Actimel, Activia, evian, Volvic, and Cow & Gate. For more information about Danone Ireland, please visit: [www.danone.ie](http://www.danone.ie)

Danone commits to operating in a responsible manner; it holds itself to the highest standards in doing business. Here are some of Danone's local sustainability credentials:

- Danone Dairy Ireland became B Corp accredited in 2019 and the first FMCG to achieve so in Ireland. Being a B Corp means a company has put its ambition to act beyond profit and put purpose at the heart of its business strategy.
- This year, Danone in Wexford became the world's first carbon neutral baby formula factory.
- Danone is also a member of Bord Bia's Origin Green sustainability programme.

### **General Comments:**

Given our global footprint, Danone has much experience in working on DRS and recycling schemes from voluntary to mandatory ones and in markets with the most successful and efficient schemes (i.e. highest recycling rates at lowest administrative cost). We have an in-depth understanding of DRS from set up to a fully operating scheme including finance and operating models, management, deposit rates, legislation and how to drive the highest recycling rates possible in participating countries. We have a small dedicated team based in our global packaging team who are responsible for our work with DRS schemes worldwide.

We believe that a DRS is the most effective way to ensure high levels of collection, whilst at the same time reducing littering. It is also the best way we know of to stimulate circularity in the beverage industry. A well designed and effective system should create extremely high-quality materials to allow high levels of recycling.

By way of overview, Danone's key pillars for a successful DRS include (and these are further developed below):

- The need for scheme alignment with the UK (most notably for Northern Ireland) and Scotland to ensure island of Ireland and regional clarity. First and foremost, this should be reflected in the deposit value.
- The scheme should be not-for-profit.
- The scheme administrator should set and define the deposit value.
- The deposit value should be separate to the sale price and exclude VAT.
- Unredeemed deposits should be used to support the DRS (campaigns, financial flows, operational integrity and future investment).

We have added some further context to areas that fall outside the consultation questions related to **timelines and scheme alignment**.

- Firstly, we believe it is important that the implementation of such a scheme is not rushed to ensure its success. Therefore, Danone is concerned about the proposed timeframes for DRS implementation, specifically the ambitious Q3 2022 introduction date. It should align with the implementation in the UK, and importantly the Northern Irish delivery of the scheme which is proposed as 2023.
- Scheme alignment would also negate the level of complexity for producers to 'buy-in'. This complexity includes both changing product artworks as well as developing different products/packaging in Ireland compared to the North or wider UK, which all require significant planning.
- Given that a scheme administrator cannot be approved until the regulations have passed through government, which is currently estimated as Q3 2021, the scale of infrastructure and investment to be undertaken in around one year is significant. The administrator will have to recruit for the organisation, build counting centres, agree logistics networks, and establish IT systems to deal with the scale of transactions.

### Consultation Questions:

- 1. The Report recommends a centralised, operational model for Ireland. Do you agree with this recommendation?**

Yes, in so far as the system is managed by a central system operator (CSO) which we recommend should be not-for-profit and industry-led. The CSO has responsibility for the whole system end-to-end. This system should guarantee material flows from producer to recycler and allow for high-quality materials for bottle-to-bottle recycling i.e. the greatest circularity as per the policy intent.

- 2. Are there other models you believe could work in an Irish context?**

No, all our experience and international evidence has led us to conclude that a well-designed DRS is the most effective way to collect the highest percentage of our packaging efficiently and effectively with the subsequent benefits of low contamination, high-quality materials and circularity supporting bottle-to-bottle recycling.

We must emphasise, however, that this successful outcome is based entirely on the appropriate design of the system. Deviating from proven best practice design will undermine the system's ability to deliver the Government's stated policy objectives.

- 3. What role should waste collectors play in the operation of a DRS?**

N/A

- 4. The DRS study proposes a deposit per container of €0.20. Do you think this is appropriate? If not should it be higher or lower or should different deposit rates apply depending on container size?**

We would recommend the level should align to those being set by the UK (.20p) which .20c would seem to.

The legislation will set recycling rates, and the deposit level will be one of the key factors in achieving it. Therefore, Danone recommends that the deposit can / should be reviewed by the CSO once the system is operational. We believe that the scheme administrator should be in control of

the key design factors of the scheme – and that this remit needs to include the setting and adjustment of the deposit level in order to reach the collection targets. Deposit rates are integral to the successful delivery of % based targets.

In line with this:

- It should also be ensured that VAT is not added to the deposit.
- The deposit amount should be reflected separately in addition to the 'sale price', and not be "included within the sale price" as an additional refundable levy. This will reduce consumer confusion and complexity if the deposit is adjusted.

**5. Consumers need to know about a DRS long before it becomes operational – do you have any suggestions as to how best the introduction of a DRS can be communicated to the public?**

DRS is a behavioural shift for consumers and will require significant behaviour change compared to the current kerbside system most people are familiar with using. An effective and easy to understand scheme must be simple for consumers to use, which includes wide availability of recycling infrastructure such as RVMs.

Again, deposit levels are one part of the inextricably linked ecosystem of an effective DRS and subsequent consumer support, but they should not be separated out from the other levers which include:

- There will need to be awareness campaigns to avoid the deposit being perceived as a price increase and to ensure consumers know it is fully refundable. The deposit value needs to be reflected separately to the sale price to avoid confusion.
- The deposit should be returned to customers in as many ways as possible to provide maximum flexibility thereby encouraging higher return rates.
- Labelling is fundamental to consumer understanding which products are in the system.
- We know from international experience that the number of collection points is key to increasing collection rates. To engage consumers effectively, return points need to be readily accessible and easy for consumers to understand. Danone believes this means having the right number of return points per citizen.
- Finally, taking into account the growth of online shopping, particularly during Covid-19, online retailers should also be obligated to collect bottles e.g. the delivery van.

**6. What enforcement measures should be considered in parallel with the introduction of a DRS?**

N/A

**7. How should cross-border issues be treated to ensure producers are not at a competitive disadvantage relative to producers in Northern Ireland?**

It is a cause of great industry and wider stakeholder concern as to how the DRS will work with Northern Ireland. Ireland needs to align with the Northern Irish Government to ensure alignment with the UK's programme and implementation plans. In order to have a successful DRS, island of Ireland alignment and communications will be key. The border with Northern Ireland poses a potential fraud risk and so deterrents to fraud and enforcement of the regulations need to be robust, for example, aligning deposit values.

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