

From: [REDACTED] <[REDACTED]@teneo.com>
Sent: Friday 25 November 2022 16:32
To: SingleUse
Subject: Consultation on draft regulations to introduce an environmental levy on single-use disposable cups
Attachments: Subway SUP Cup Levy Consultation Submission.docx

Good afternoon,

I would like to submit the attached submission for the consultation on draft regulations to introduce an environmental levy on single-use disposable cups on behalf of Subway Ireland.

Please let me know if you require any further information.

All the best,

[REDACTED]

[REDACTED]
Senior Consultant

Teneo

31 Kildare Street
Dublin 2, D02 KT65

O: [REDACTED]
M: [REDACTED]
E: [REDACTED]@teneo.com



teneo.com

Teneo

This email is intended only for the addressee named above. It may contain confidential or legally privileged information. If you are not the named addressee, or the person responsible for delivering the message to the named addressee, please destroy this email and notify the sender immediately. Its contents must not be disclosed to any other person, nor should copies be taken. To view our privacy policy, click [here](#). Teneo Strategy Ireland LTD, Cranford House, Montrose, Donnybrook, Dublin 4. Registered in Ireland: No. 92844

Subway® submission to Department of Environment, Climate and Communications Consultation on draft regulations to introduce an environmental levy on single-use disposable cups

Subway® welcomes the publication of the draft Environmental Levy (Single Use Cup) Regulations 2022 and are pleased to respond to the Department of Environment, Climate and Communications' consultation.

About Subway®

As one of the world's largest quick-service restaurant brands, Subway® serves freshly made-to-order sandwiches, wraps, salads and bowls to millions of guests, across more than 100 countries in more than 37,000 restaurants every day. Subway® restaurants are owned and operated by Subway® franchisees – a network that includes more than 20,000 dedicated entrepreneurs and small business owners across the world – who are committed to delivering the best guest experience possible in their local communities. Subway® has 133 stores in Ireland across 58 independent franchisees, employing c.1,000 staff.

Our Sustainability Journey

Subway® is committed to providing a variety of great tasting, well balanced food choices while working hard towards reducing our environmental footprint and creating a positive influence in the communities it serves around the world.

Subway® has a vision to make its restaurants and operations as environmentally and socially responsible as possible. Everyday, Subway® strives to conduct business in a way that has a positive impact on the environment while improving the lives of its customers, franchisees, employees, vendors and communities worldwide. Subway® believes that using good, environmentally sound business practices helps increase franchisees' profitability, improve customers' dining experience and help protect the planet.

Subway® has an ambition to accelerate waste reduction across its business – and for guests on the go – as it works towards reducing its climate impact. By the end of 2022, Subway® will have reduced its use of Single Use Plastics across Europe by 1.2 million kg and introduced reusable packaging across its operations in France and Germany. To support this vision, Subway® has three key goals:

- Work towards reducing its food waste in restaurants and work with suppliers to minimise food waste in its supply chain
- Redesign packaging to reduce, reuse and recycle
- Enable and incentivise every guest to adopt circular behaviours for food and packaging waste

Therefore, Subway® is aligned with the Government's ambition, as articulated in the Whole of Government Circular Economy Strategy 2022-23 "Living More, Using Less", to create a circular economy. Subway® welcomes the Government's commitment to reducing packaging waste and commends its ambition to lead EU efforts regarding the reduction of disposable cups usage, in line with the Single Use Plastics Directive (EU Directive 2019/904).

Circular Economy (Environmental Levy) (Single-Use Cup) Regulations 2022

Subway® recognises the publication of draft regulations as an important step in achieving Ireland's Circular Economy ambitions.

In this submission, Subway® reiterates its support for the Government's commitment to reducing packaging waste and its support for the implementation of an environmental levy on single-use disposable cups in support of this commitment.

As recognised by the Department of the Environment, Climate and Communications' Consultation Paper, once the regulations are put into effect, it will be cafés, retailers and other traders who sell takeaway drinks that will be required to implement the levy. These include 58 Subway® franchisees across Ireland, many of which are small and single unit businesses.

The implementation of the levy will pose challenges for affected business. Based on what Subway® businesses experience in Ireland and internationally, and based on ongoing engagement with its franchisees, Subway® has identified three key issues which will be pivotal to ensuring the successful implementation of the environmental levy on single-use disposable cups:

1. Adequate time given to businesses to prepare
2. Provision of Government supports
3. Implementation of complementary policies to positively encourage consumer behavioural change

1. Time to Prepare

While Subway® welcomes the Department's commitment to provide a time period "to allow appropriate preparation and transitional arrangements to be made before the levy is applied", it believes that a period of up to 12 months may be required to allow sufficient time for this transition. The implementation of the levy and related measures to encourage the use of reusable cups will pose challenges to retailers and other affected businesses. Adequate time to prepare will be essential to allow for effective implementation while mitigating negative impacts on businesses within a difficult economic context.

Simplicity will also be essential in assisting the effective and timely implementation of the levy by retailers. Subway® supports the approach outlined by the Government in this regard as per the draft regulations. Additional complexity should be avoided to minimise associated transaction costs.

2. Government Supports

In the context of high inflation, record energy prices and economic volatility, Irish businesses, including many of our franchisees, are facing an increasingly uncertain business environment. Particular consideration should be given to the financial impact the levy's implementation may have on smaller, including single unit, businesses. Therefore, it is integral that they are fully supported by Government to mitigate potential business impacts of the implementation of the levy.

Therefore, Subway® welcome the Government's proposed commitment to ringfence proceeds from the Levy for a Circular Economy Fund. The Circular Economy Fund, as per Section 8 of the Circular Economy Act and Miscellaneous Provisions Act 2022, should further be utilised to

provide affected businesses with sufficient grants to cover the costs associated with the levy's implementation. To avoid undue negative impacts, these grants should be widely publicised and easily accessible.

3. Positive measures to encourage consumer behavioural change

Subway® note the recommendation of the Regulatory Impact Analysis commissioned by the Department on the Levy for the implementation “nudge” policies as a complementary strategy to achieve Ireland's Circular Economy ambitions. Particularly in the context of the ongoing cost of living crisis, it is important that all customers, irrespective of household income, are supported in making the transition from single use to reusable cups.

Behavioural strategies, including sustained information campaigns, could support the ambitions of the levy in further reducing waste from disposable single-use cups. The implementation of the levy should be accompanied by measures that positively incentivise the utilisation of reusable cups safely and address potential public health concerns. Such measures would amplify behavioural effects of the levy and maximise its impact in supporting Ireland's Circular Economy ambitions. Broader behavioural change is critical to ensuring the delivery of real environmental impact.

Subway® would be more than happy to discuss this submission with the Department in more detail. Furthermore, based on its global experience, including in a number of other European jurisdictions advancing similar measures to reducing food and drink packaging.