



PRIVATE & CONFIDENTIAL
NOT FOR PUBLICATION

Minutes of the Sustainability Committee Meeting
Wednesday 1st March 2023

Via Teams

Present at Meeting:

Paul Rooke (Executive Director)
Tracy Brown (Secretariat)
Jenny Breadmore – Cafea UK
Pau Carreras - Cafédirect
Krisztina Szalai – Caravela Ltd (*Part of Meeting*)
Benjamin Gerard – Costa Coffee
Carla Politano – Costa Coffee
Oliver Ellis – JDE
Simon Fox – JDE
Fancesco Varvaro – Lavazza
Cavin O'Driscoll – RicCoffee (UK) Ltd
Susan Turner – Taylors of Harrogate

Speakers:

Sabina Woloszyn – Food & Drink Federation
Dick Searle – Packaging Federation

1. Apologies for Absence

Roxy Rocks-Engelman – Cafédirect Plc (Sustainability Chair)
Nick Martell-Bundock – Cafédirect Plc
Stephanie Larre – Costa Coffee
Sadie Walton - Ringtons

2. Competition Law Rules

It was proposed that the meeting would run under the revised FDF competition law compliance rules previously distributed.

3. Notes from the Last Meeting

The minutes from the last meeting were approved.

4. Matters Arising

No matters arising.



Presentations Attached Separately

5. Packaging & Packaging Waste Presentations

- **Sabina Woloszyn – Food & Drink Federation**

SW – is the Senior Sustainability Executive at the FDF. SW noted that she will be covering plastic packaging tax and current challenges in the use of recyclables.

The PPT was introduced in April 2022. The tax applies to plastic packaging that does not contain at least 30% recycled plastic, and businesses that manufacture or import 10 tonnes or more over a 12-month period.

SW noted that the PPT was introduced before we had the consistent collections and provide the recyclable waste streams to support that high quality recycling that is required. It is important for industry that where there are regulatory restrictions of using recycled plastic content into food contact materials, industry is pushing Government for a joined-up policy approach.

To understand the regulatory position in using recycled content, the primary legislation for the PPT allows for both mechanical and non-mechanically recycled plastic as an allowable source of recycled plastic. However, the calculation methods for the tax are proportionate rather than allocation based (i.e., mass balance accounting).

SW stated that it is worth noting that the current legislation framework does not recognise the legal, technical and supply constraints that currently limit the use of recycled content in certain polymer types and formats for food contact applications. The regulation would therefore restrict the ability of taxation to achieve its objective of incentivising the use of recycled material.

SW gave an overview of the EU procedure for authorisation of recycling processes (Regulation 282/2008). It is important to note that to date only 190 recycling processes have been assessed by EFSA. The vast majority of these are for processes of mechanical recycling of PET but the Commission is yet to publish a decision on these.

Because the process is so complex, the chemical recycling processes are not included in EU Regulation 282/2008 on recycled plastic materials and articles intended to come into contact with foods.

SW noted with mechanical recycling there are several challenges for food contact packaging because of mixed material, complex or multi-layered plastic products.

SW stated that there are also Supply Chain Constraints, the recycling rates for many materials even the most common and readily recyclable resins such as PET, are often too low to produce the quantities to meet the demand for recycled content.

The increased recycled content requirements introduced by the legislation has subsequently led to an increase in demand for recycled materials, which in turn increases the price of these materials. The difference in the spot price of virgin and recycled materials has narrowed particularly for plastic products.



SW noted that as an industry we are asking for a coherent and supportive policy framework that recognises the need of the industry and a positive role CR can play in complimenting MR where the latter is not an option. Urgent change is required to the PPT rules to provide for a certification-based mass balance allocation approach for measuring chemically recycled plastics for the purposes of the exemption to the PPT based on recycled content.

SW noted the objectives, and the aims are in the right place but the execution with the current constraints might not be achievable, SW added that is not all doom and gloom!

CP asked what the advice would be to industry such as coffee regarding contact materials, in relation to the use of recyclable materials into the packaging. SW noted that there are initiatives within industry, and she would perhaps suggest getting involved with projects such as that with UKRI on a voluntary basis, but also advocating having all the tools in the toolbox.

- **Dick Searle – Packaging Federation**

PR noted that at our last meeting the challenges of meeting that 30% recycling target was a concern for a number of businesses.

DS noted that compared to glass, metal and paper, plastic is still the new kid on the block, and when you look at the path plastic must follow to be recycled it is more complex.

DS added when you look at the collection systems, they are not structured to help materials approved for use in food contact where there needs to be a chain of custody to prove it has not been unduly contaminated. Referring back to the earlier point on EFSA opinions he noted only 2 refer to plastics that are approved for food contact out of the total 190 applications. The real answer must be chemical recycling, what we need is a united voice across the supply chain to make that point very strongly indeed. It is not sure what the objection is, the PPT is a tax and has been very poorly thought through before the infrastructure is even in place. Far from actually recycling plastic, companies are saying due to the complexities that they would rather pay the tax and be done with it.

Industry needs to push much harder on getting chemical recycling approved. CR takes different types of mixed plastics and polymers and not entirely pure, breaking it back to its constituent molecules to be remade into plastic etc. Hopefully the push back on this by the Treasury can be overcome.

DS noted that if anyone is awaiting innovation to overcome this issue could be waiting a long time. The cost of recycling and the recycling of flexibles, it will not be mandatory collection for another 4 or 5 years, so in the meantime CR is a much more elegant solution to the problem.

OE noted that the challenges with flex collect, the focus on CR has been a part of the project and the challenge is to start using CR to deal with the flexible plastic issue to use for recycled content, there seems to only be 1 viable chemical recycler in the UK so volumes are very small, this will obviously take a long time to scale things up. There are challenges in getting Government to consider



mechanical solutions and overcome the regulatory challenges that are there. OE added that CR as a solution is going to take a long time to get there and there are the challenges around CR and energy use and environmental impact and if this will be a viable solution long term.

DS noted that the big investment going in is with the mainstream polymer producers. DS added that there is quite a lot of push for small chemical processors could generate their own fuel, but for it to work it needs to go into larger scale collection projects, the whole process needs some holistic thinking what CR is about. There is a big push for there to be a much bigger plastic recycling in the UK but will not work unless we do much better than we are with collection systems. DR added the consultation by the Government was in 2021 and we have still not seen a response back from them!

PR asked regarding collection systems is that domestic or non-domestic or both. DR noted that collection consistency is regarding household collections which is by far the biggest in terms of volumes plastic etc. going through. DR added that if you start to include flexibles which would need to be collected separately, if you put this into the mix it quickly gums up the whole process which means there are timescale and cost issues there. Regarding the process itself, there is not a major problem if you look at the environmental footprint of MR it is pretty high, CR does not seem to be any higher than that, so he does not understand what the fundamental difference is. PR asked does CR offer any benefit in terms of LCA and are the substantial enough to use as an argument.

PR asked is the issue with NGOs and their opposition with CR which is causing the paralyse in Government. DS noted that Government seem to be more influenced by NGOs and the Daily Mail, that they are on business. DS noted that if the environmental footprints with mechanical and chemical recycling are similar, he does not understand why the push back on CR, it could possibly be around identifying the chain of custody but for a lot of materials it will not be possible.

DS added that in terms of lobbying, NGOs are an issue, but DS is a great believer on science and push back should be around the science. With only 2 out of 190 materials so far approved this needs reviewing and something needs to change.

DS noted that producers of milk bottles are struggling to get the RHDPE as the market has been cornered by both Procter and Gamble and Unilever for shampoo bottles.

OE noted that the FDF analysis of CR vs MR, CR has a lower carbon footprint than energy from waste materials and land filling, it does have a higher carbon footprint than MR but CR is clearly a better option than sending to landfill if it can be scaled up.

DS noted that he had seen the ECF's statement on the EU's Packaging and Waste Directive and the issue of compostable capsules, and DS would be happy to take this up with the Committee at another point along with EPR at another meeting.

Both presenters were thanked for their contributions to the discussion.



6. Deforestation

- **Current Position – EU, US & UK**

PR noted that we have circulated out materials over the last few months but gave a quick overview of the EU agreement and sign-offs.

An expected timetable was covered although it was noted there was still potential for slippage with questions still being raised with the Commission on the achievability within the proposed timescale. Some detail remains outstanding, and it was not certain whether the Commission would be publishing the commodity specific guidance originally expected.

PR noted that the concerns at both EU and UK level is around business readiness to manage the data gathering, and the due diligence statements required.

PR noted that he is working on a Q&A around the proposal, and the issues that Members will need to be aware of in their own businesses, he hopes to have this out within the next few weeks for feedback.

Action: PR/ALL

PR stated that the US now appear to be going ahead with their own plans around deforestation. An update would be obtained at the upcoming NCA conference. They are looking to go down the EU route, but not as far down the line at this time, also it was unclear whether any proposal would be finalised before Presidential elections at the end of 2024.

PR added that in the UK nothing much has happened since the consultation a year ago, we have been trying to get meetings with Defra, which has not been forthcoming at this time. What we don't want is a system that is totally different from the EU as Members do still trade within the EU.

OE asked around the entry into force 2024, is the obligation by 2030 to prove that it is deforestation free? PR noted that his understanding is anything coming onto the market on the 1st January 2025 onwards would need to comply with the regulation by having it's that due diligence statement, including the geo location provided. Only SME's don't have that reporting requirement, they have a slightly longer time in regard to their reporting requirements. The intention is that this comes in relatively quickly for all commodities, whereas the UK will be bringing in 1 or 2 commodities at a time and then refining before adding more.

KS asked if the use of certification schemes would help at all and could these be used to pass this side of the legislation. PR noted that the Commission are quite lukewarm to the idea to certification, stating they might be part of the solution but not the whole solution. SF noted that certification schemes do not affect your due diligence requirements. It was felt most certification schemes would currently be unable to provide all of the specific location information being sought and they could not perform the risk assessment required as part of the due diligence statement that would be required of the business placing product on the EU market for the first time. Business will be able to draw parts of the picture from 3rd parties and certification scheme etc, but this will not deliver all



requirement and there will still be work required at company level. PR noted that we have been speaking with the Future Exchange about anything that goes through Futures how that information is managed, and the right information is passed through the Exchange and how it arrives in the EU. PR added that there are still several unknowns.

7. Environmental Labelling

- **Update o IGD Project & FDF Discussions**

PR noted that we have discussed this at several meetings. The IGD project is continuing, and a virtual reality trial based on sandwich purchases was completed at the end of 2022. Several different retailers have been involved, and the purpose was to look at the label designs that have been developed. The project is being driven in this project as to their understanding. There is quite a bit of work to develop the end-to-end scores and looking at moving away from generic information to more product specific generation. There are still concerns around the competitive elements.

PR noted the slide showing the virtual reality trial inputs, 5 label design prototypes were tested. Prototype 3 was the preferred model so far.

PR added that the next steps are around the label choice, the unintended consequences, and if adding this label will add confusion. How does this tie into the wider single food labelling approach. One of the researchers Mondra, who are a key data provider working with Government, IGD and others.

PR added that the EU are working on a directive on green claims, it is very much looking at guidance to Member States around life cycle.

SF asked if we are happy with the way Mondra are handling coffee data, in France the eco score, coffee data is on the dry product as sold rather than consumed. PR noted that we have raised this on several occasions with IGD but is happy to take this back again to IGD to make sure that the point is raised.

Action: PR

PR noted the key questions around the method and data. PR added that the FDF have flagged up the data quality and when that data is good enough to put in front of the consumer. Questions have been raised of data on a label rather than perhaps something noted on a website, perhaps the use of QR codes could assist.

PR added that the IGD work does have the support of several the retailers, but they are aware that it will need to tie in as to where Defra are going as well as the EU.

8. ECF

- **Single Serve Unites & Packaging Waste Directive**

PR noted that this subject had been taking up much of the ECF's time, the final version has now come out, and for the first time it now has a mandatory requirement on capsules to be compostable



within 2 years of the adoption of the regulation. ECF Members have come into an alignment for a continued push that the manufacturers have a freedom of choice of materials used. How some Member States operate their recycling capsules fall through the recycling system due to their size, as do several other products. Industry wants to ensure that they do not get caught twice once regarding the cost of recycling and secondly with EPR. PR added that most Member States do not have recycling structure for capturing and repurposing.

JB asked that any capsules/pods out on the market need to be made from materials that are compostable, PR noted yes that is correct, it would not be retrospective but would depend on when the regulation comes in - potentially 2023/24 meaning the two-year compliance period would be 2025/26.

PR added that in the UK we have a structure that has been developed by industry that is expanding through local authorities for capture at household level. Clearly at the moment in the UK capsules are not within the definition of packaging, the EU want to have capsules within the definition of packaging with would bring them in the range of EPR. PR added it has been suggested by Members that with what is happening within the EU that we look to develop our own position in the UK. We know that there are thoughts within Government that they could make that change for these to be included as packaging. PR added that he will be circulating details for Members thoughts and feedback.

Action: PR/ALL

9. AOB

PR asked those on the call if they had any thoughts as to subjects and speakers to have at the next meeting. JB noted that she would like further update on EPR from the Packaging Federation as the speaker today did not have time to go through. PR noted that perhaps subsequent to that presentation it might require a webinar on the subject matter to go into more depth.

Action: BCA

10. Dates & Times of the next 2023 Meetings

PR noted the times and dates for 2023.

Date	Meeting	Location
Wednesday 5 th July 2023	Sustainability Committee 1.30p.m. – 3.30p.m. Teams Meeting	Teams
Wednesday 15 th November 2023	Sustainability Committee 1.30p.m. – 3.30p.m. Hybrid Meeting	FDF, 10 Bloomsbury Way, London, WC1A 2SL – Room Machin