Compliance is a process not an event

For manufacturers of packaged goods, packaging waste legislation is an important focus, yet achieving compliance can be a complex process

Increasing EU focus on the environment, sustainability and global resources means that packaging companies are under pressure to improve their own performance as well as needing to meet stringent global legislative requirements.

Graham Margetson, CEO of Lorax Compliance, explains: "The amount of packaging that ends up on the market each year, across the globe, is phenomenal. While it is difficult to find figures for the amount of material used to package products, the financials give us an idea of scale: Smither Pira, for example, estimates that the world packaging market will achieve sales of more than $1 trillion by 2018."

Packaging is a drain on global resources and prompts waste management and recycling initiatives. There is a raft of legislation designed to ensure companies are focused on the sustainable use of materials and their end-of-life recovery. It is also important to note that it may not be just the manufacturers that are obligated; the regulations also place reporting requirements on their wider supply chain, including distributors and retailers.

COMMON FACTORS

"Although the global regulations are implemented differently in every country, they all have two factors in common – they are based on the amount of packaging

Packaging is a drain on global resources and prompts waste management and recycling initiatives

a 'producer' placed on the market and an analysis of the weight of specified packaging materials. This means that manufacturers need to fully understand each of the specific regulatory requirements of their market and must be prepared to analyse their sales data and product packaging components and correlate the two to identify their fee-paying obligations under that country's laws. In the UK, this requires registering either directly with the Environment Agency or with a compliance scheme and paying fees, based on purchased Packaging Recovery Notes (PRNs), to facilitate material recovery," continues Margetson. "Compliance is clearly a serious task and one that businesses overlook at their peril."

MORE THAN MEETS THE EYE

The important overarching concept of waste legislation for companies operating in Europe is that of Extended Producer Responsibility (EPR). EPR embraces not only packaging waste but also electronic and electrical waste (which falls under the WEEE legislation) and batteries. The principal goals of these regulations are to reduce the total amount of packaging, WEEE and batteries going to landfill and to increase the use of recyclable materials.

Importantly, they make manufacturers responsible for their products' lifecycle – from creation to disposal. These obligations require companies to pay fees based on the amount of packaging placed on the market. The payments reduce the responsibility of funding the collection, recovery and recycling of the waste for local or central governments and place it onto the manufacturer and the supply chain.

Margetson explains: "Companies can manage their compliance in a number of ways – whether through an internal team, using compliance software systems or outsourcing the whole operation. The chosen solution is specific to the business, the scale and complexity of its operational structure and variety of product lines. If handling thousands, or millions of product sales each week – which is the case for global brands – an internal team could find it a real challenge keeping on top of the sales data, not to mention global

reporting calendars and changing legislative requirements."

One company that has chosen to use dedicated compliance software with EPR is Fresenius Kabi, the global healthcare company.

The Lorax system, which is Software-as-a-Service (SaaS) cloud-based technology, is able to collate and analyse data gathered from across the company's global manufacturing base related to its products and associated packaging. By combining product packaging bills of material (BOM) with country-specific sales data, the software will fully automate the packaging waste reporting process.

Fresenius Kabi is initially piloting the software solution to ensure ongoing packaging compliance in Germany, where the headquarters of the healthcare company is located. The system fully automates the processes of fee calculation, which is based on the weight of packaging materials put on the German market, easing the process of regulatory compliance. With the data uploaded and the global scope of the system, the company has the potential to roll out the solution to manage its reporting and fee obligations throughout its global operations.

Edwin de Lepper, IT solution architect at Fresenius Kabi, explains why such a system is crucial: "EPR compliance is an important part of governance for any manufacturer. Extracting and managing the required data from a global manufacturing base is exceptionally complex. Using the Lorax system means we will have a modern solution that will automate much of the work for us, making the process much simpler and quicker than it has been previously."

The company's chosen SaaS solution is based on the Amazon Web Services (AWS) platform which provides an easy-to-use, secure and scalable cloud-hosting technology and enables customers to access the system via a range of devices, including tablets.

Margetson concludes: "Environmental compliance is a critical part of a manufacturer's operations; non-compliance is not a realistic business option. It is important that businesses understand the global legislation, how it differs across the territories in which they operate and how it affects operations. For companies with a global footprint, this process can be complicated and time consuming. However, it makes no sense to ignore it – EPR is well regulated and the fines can be significant."

Lorax Compliance
www.loraxcompliance.com
T: 01788 297 007