



PAPER CUP

Recovery & Recycling Group



PROGRESS REPORT

October 2018

FOREWARD

Mark Pawsey, MP

Chairman, All Party Parliamentary Group for Packaging

Two years ago, I was present at the launch of the PCRRG's Manifesto, setting out its ambitious goal to ensure that by 2020 the majority of the UK has access to recycling facilities for paper cups.

Over the past 24 months the industry has worked hard to turn that goal into achievable reality by facilitating collaboration across the supply chain.

The Report is a reflection of that hard work, it sets out the progress achieved so far and details the rapid changes that have been made, particularly in the past twelve months. The figures speak for themselves, but what impresses me is how this industry has taken a serious challenge and pulled together to effect change that is workable for all stakeholders. This type of collaboration is not easy and it has taken time to build the trust and confidence for people to work together - including major competitors. But the desire to make change has driven people to set aside their differences in order to achieve something that is wanted by consumers, desired by Government and is right for the industry. I am confident the PCRRG will meet and exceed its Manifesto goal and its work is a credit to the industry and an example to other sectors.

PCRRG MEMBERSHIP

Executive Board



Members



PCRRG Supporter Members



HOW THE INDUSTRY IS MEETING ITS MANIFESTO

Introduction by the Chairman

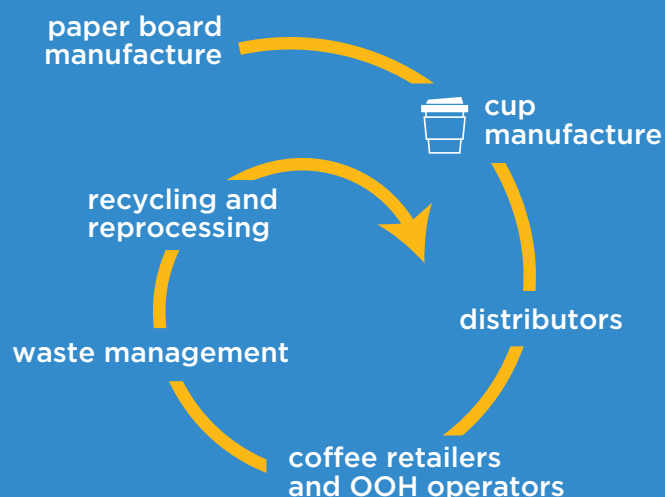
Manifesto commitment:
‘By 2020 the greater majority of the UK population will have access to information, schemes and facilities that enable used paper cups to be sustainably recovered and recycled.’

PCRRG Manifesto Commitment 2016

Today, thanks to the efforts of the PCRRG, its members and the wider industry, we can evidence that paper cups are being collected and are being recycled here in the UK.

From headlines that quoted only 1 in 400 cups used on the high street were being recycled in 2016 we estimate that in 2018 in the region of 120 million cups will be collected for recycling. Through significant industry investment new end markets are providing a viable recycling alternative for even more cups. **This means a top line reduction from 1:400 paper cups being recycled in 2016 to 1:25 in 2018.**

Alongside commercial collections from high street stores, shopping centres, offices and events locations, in a unique partnership with the beverage carton industry Bring Bank programmes now operate in 115 local authorities and kerbside collections are underway.



More exciting is that through these various schemes we see the next two years as break through years. Veolia has stated its intention to recover more than 120 million cups alone in 2019 and the major retailers continue to work on instore collection and consumer behaviour, with more projects and commitments in the pipeline.

With a new communications programme in conjunction with OPRL just starting, and the growing number of collection points, with sufficient capacity and facilities to recycle ALL papers cups used in the UK already in existence, we are making rapid progress towards achieving our Manifesto goal.

In June 2016 the PCRRG launched its Manifesto, defining its commitment and setting out a path to deliver significant increases in the recovery and recycling of paper cups.

In the two years since, the members, which represent industries and organisations from across the supply chain, have demonstrated the highest level of leadership. Through voluntary actions they have driven substantial change in paper cup recycling in England, Scotland and Wales.

The PCRRG includes representatives from paper board manufacturers, paper cup manufacturers, distributors, retail brands, recycling and reprocessing companies, local authorities and NGO bodies.

Twenty-four months ago, very few facilities existed to collect and recycle paper cups, and engagement through the supply chain was very fragmented.

Now, through the work of the PCRRG and the wider stakeholder groups we work with, our members can be proud of our achievements.

Achievements

The PCRRG is a unique supply chain collaborative programme. Through its central initiative of workshops and work streams it has enabled organisations to come together under a common objective. In bringing parties together in a non-competitive environment the results have been significant and varied. Alongside direct funding of

activity, we have seen businesses working together to create step changes in the recovery and recycling of paper cups. Importantly the PCRRG is a platform that shares learning and information, a model we hope can be used by other organisations to show how industry can rise to the challenges it faces in a collaborative and non-competitive forum.

**MORE THAN
4,500**

More than 4,500 new paper cup recycling points are available to consumers in the UK through bring banks and in-store takeback opportunities.

115

local authorities collect paper cups with cartons across the UK

5

reprocessors are accepting paper cups for reprocessing in the UK including DS Smith, James Cropper, Veolia and ACE UK

21

waste collectors are now actively participating in a national scheme to increase recycling of paper cups and transport them to their reprocessing end markets.

9

At least 9 councils have started to include paper cups in kerbside collection schemes for householders, and that number will grow through the ACE UK programme.



Recognition

The PCRRG and its members have been recognised by some prestigious industry awards for good work in pioneering change.

In August 2018 PCRRG member and paper cup recycler DS Smith won an Awards for Excellence Recycling & Waste Management award following successful trials carried out at its Kemsley paper mill near Sittingbourne in Kent, the largest recycled paper mill in the UK. Further to the trial, DS Smith announced it can now recycle up to 2.5 billion coffee cups annually.

James Cropper was named winner of Recycled or Upcycled Product of the Year at the Waste2Zero Awards in October 2018.

The PCRRG itself was shortlisted for the Excellence Awards in the Circular Economy category and Runner Up for the Footprint 2018 Awards in the Stakeholder Engagement category.

This year we have also become a trusted source of information for the media. Our members have supported research for The One Show, undertaken interviews with BBC News, BBC Radio 4 and 5Live, Sky News, ITN and The Times. We've also written articles and had interviews/pieces in key trade titles such as Packaging News, Packaging Europe, MRW and Recycling & Waste World.

We've had speakers at coffee industry events to raise awareness of coffee cup recycling including the London Coffee Show, Packaging Innovations, Take Away Innovations, Coffee Shop Innovations and Tea & Coffee World.

The PCRRG has proved that it can be an effective catalyst for change and that as an action-based group, we can work collaboratively on a voluntary basis.

This is a journey, we are making great progress but because of the infrastructure changes that need to be put in place change can't happen overnight. However, we are proud about the way the industry has come together to make the changes that are required and we are confident that we will meet our Manifesto goal before our deadline of 2020.

Neil Whittall
Chairman, PCRRG





RECOGNITION OF THE PCRRG

Paper Cup Alliance

The leading UK manufacturers of paper cups, all members of the PCRRG, came together as the PCA to support the collective aim of recovery and recycling of paper cups, and to ensure that the workforce we employ in the UK, estimated at over 1700 skilled individuals, is represented directly. In addition to the collective work on recycling programmes we aim to focus on and communicate specific aspects relating to our products, sourcing policy and the economic benefits of the industry in a circular economy.

We are delighted to be part of the wider movement towards paper cup recycling success. The PCRRG is a force for good that takes into account the whole supply chain, ensuring that all those involved have a voice. It is no good making change in one part of a supply chain if that benefit is only to be unwound later in the process. This has clearly worked in the case of the PCRRG and we are seeing rates of recovery and recycling of paper cups increase substantially year on year.

THE GROWTH IN COFFEE CUP RECYCLING

Two years ago, TV celebrity Hugh Fearnley-Whittingstall quoted in his programme 'War on Waste', that just 1:400 paper cups used on our high streets were being recycled in the UK. Now, two years on, we believe that figure is 1:25 cups.

Change is happening fast and this ratio will continue to reduce rapidly.

The work of the PCRRG and its innovative approach to delivering solutions has been a truly significant driving force in this achievement. This remarkable progress has been underpinned by close collaboration from across the paper cup supply chain, from board manufacturers, to retailers, waste management companies and reprocessors.



Our work falls into two areas:

- Knowledge sharing through the PCRRG's on-line community platform, working groups and twice-yearly conferences, which allow members to engage each other and deliver innovation collaboratively.
- Action based research and good practice trials, which are managed as multiple-partner initiatives, and delivered through three active working groups that identify and crowdfund projects to contribute towards the PCRRG's manifesto goal.

The wider benefits and impacts of the PCRRG include:

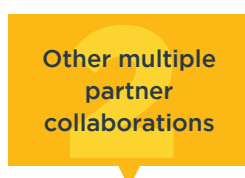
- The establishment of a formal collaboration between some PCRRG members that has resulted in the ACE UK cups recycling initiative, combining paper cups into the already established recycling programme for beverage cartons.
- The partnering of several PCRRG members to support wider, crowd funded initiatives outside of the PCRRG, the details of a number of which are included in this report.
- The sharing of details about activities delivered by individual members which are branded under the PCRRG umbrella, examples of which are also included in this report.

The PCRRG is a catalyst for collaboration:

PCRRG run activities

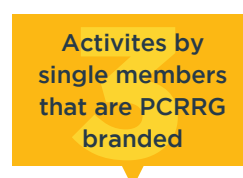


The formal collaboration of PCRRG members that have committed to supporting the ACE initiative



Activities that have been discussed between members who are supporting OPRL and the DS Smith/Costa reprocessing trial

The working groups, communications activities, PCRRG internet platform, the plenary sessions, board meetings and the business cases



Such as PR that James Cropper has shared with the PCRRG on the platform relating to its case studies with Lush and Selfridges



Collections by Simply Cups, Veolia, and/or Options Recycling, Collect-a-cup, from non-member organisations & other communications activities delivered by Hubbub



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The Growth In Cup Recycling

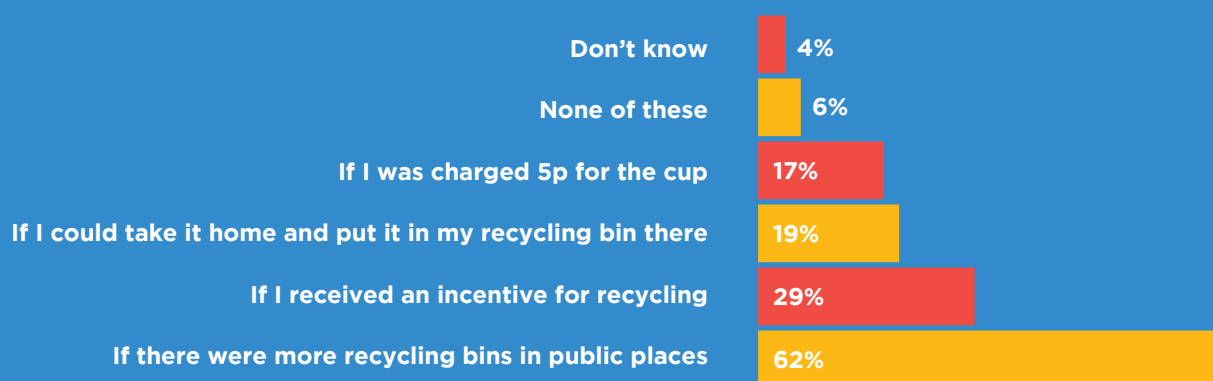
Our combined efforts across the different ways of joint working have resulted in some impressive changes in the last 12 months. In addition to market leader Simply Cups, which has operated in this marketplace for some four years, more and more waste processors are signing up to recover cups and help build recovery infrastructure.

Growth metric	2017 annual report	2018 annual report
Paper cup collection points (in store and bring banks)	4017	4585
Local Councils collecting coffee cups at kerbside	0	7 (plus others in tender)
Waste management collectors of coffee cups	2	21
Paper board reprocessing facility capacity	31,000 tonnes	61,000 tonnes across 3 facilities alone

GROWING COLLECTION INFRASTRUCTURE

Our recent customer survey, which was undertaken with approximately 2500 members of the public in partnership with Kantar TNS (Omnibus Survey), showed that people would be most likely to recycle their paper cup if there were more recycling bins in public places and if they could take it home to put in their recycling bin.

Thinking about when you are drinking a hot drink on-the-go (away from home) which of the following would most encourage you to recycle the paper cup?



ACE Collaboration

Earlier this year, 14 organisations from across the paper cup supply chain signed an agreement with the Alliance for Beverage Cartons and the Environment (ACE UK) to accelerate UK recycling of PE lined paper cups. The companies included PCRRG members:

Benders Paper Cups, Caffè Nero, Costa Coffee, Dart Products Europe, Greggs, Huhtamaki, McDonald's UK, Nestlé, Pret A Manger, Seda Group, Starbucks, Stora Enso and later joined by Waitrose.

From 1st January 2018 all ACE UK bring banks started to accept paper cups for recycling.

Thanks to the ACE collaboration there are now more than 430 bring banks in over 115 local authorities, and in addition the PCRRG's retail members are also offering recycling and takeback programmes in store, which provide access to a further 4,000 recycling bins in high streets and on the go environments such as:

Costa Coffee
Caffè Nero
McDonald's

Starbucks
Greggs
Pret A Manger

This is in conjunction with services offered to business and industry through many of the UK's leading waste operators.

PCRRG members are also supporting on-the-go recycling trials and programmes which are increasing the number of recycling bins in city centres (such as London and Leeds), at transport hubs (such as train stations) and at service stations.

Drawing on its experience and existing relationships with local authorities, waste management organisations and recycling bodies, ACE UK is currently working on a programme to include cups in local authority kerbside collections. Today 67% of local authorities collect beverage cartons at kerbside, in addition to those which collect through bring banks. The PCRRG hopes to achieve similar levels of coverage for cups in the future. West Sussex became one of the UK's first local authorities to tell householders to include paper cups and paper take away coffee cups in kerbside recycling bins, as long as no liquid remains in these cups.

Demonstrating leadership to deliver growth:

"Costa is committed to recycling half a billion cups per year by 2020 (the same number of cups we use each year)"

Oliver Rosevear, Costa Coffee



(L) Alex Norris MP and Steven Adams (Stora Enso)

(R) ACE Bring Bank



FIVE REASONS TO RECYCLE PE-LINED PAPER CUPS

1. THEY ARE 100% RECYCLABLE

The different layers of the PE-lined paper cup can be recycled into new products. The high-quality virgin wood fibres are flexible and strong, providing a valuable raw material for new paper-based products, extending the life of the wood fibre as it can be recycled for up to a further six times.

The recovered polymers can also be used in a number of different applications, including new consumer and industrial products.



4. REDUCES LITTERING

The littering of paper cups is a significant and highly visible issue. Addressing the problem of litter is complex, which is influenced by many factors; such as education, access to recycling and engagement from the general public.

The public want to do the right thing, but they need access to recycling points. PE-lined paper cups are now accepted in the ACE UK bring bank collection programme as one of the new initiatives which will make it easier for residents to recycle more cups and thus help towards reducing the amount of litter in local areas. Please see our interactive map on our website for ACE UK collection points.

www.ace-uk.co.uk/recycling/where-can-i-recycle

2. THEY HAVE A MARKET VALUE AND CAN BE REPROCESSED IN THE UK

Originally built to reprocess food and drink cartons, ACE UK's recycling facility near Halifax, West Yorkshire is now able to process PE-lined paper cups for recycling alongside cartons and can offer a rebate for deliveries. The ACE UK facility is one of a growing number of sites in the UK which is able to accept PE-lined paper cups for reprocessing.

3. DIVERTS MATERIAL FROM LANDFILL

Recycling PE-lined paper cups diverts waste from landfill, which avoids landfill tax and gate fees and therefore offers a more economical option for local authorities. Furthermore, extending the life of the raw material resources in cups means that the greenhouse gas emissions associated with landfill are also avoided.

Adding high profile waste items such as paper cups to municipal collections can help engage local residents with recycling and help to give recycling rates a boost.

5. A GROWING PART OF EVERYDAY LIFE

While paper cups make up a small percentage of overall household waste they are a growing part of the daily routine for many people. Between 2015 and 2016 UK retail coffee shop sales increased by 10.5%, with two thirds of the UK population visiting a coffee shop over the three-month period from August to October 2016.

The ACE UK bring bank collection programme is one of several new initiatives set up to create an expanded collection network for consumers to recycle their paper coffee cups.

Mintel's Coffee Shops 2016 report



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GROWING INTEREST FROM COLLECTORS

Until recently, the reason why there weren't many collection points for customers was because it hasn't been commercially viable for waste management companies to collect the end of life material.

The beverage carton industry led by Tetra Pak, ELOPAK and SIG Combibloc had created a unique model, that they would pay operators for recovering used beverage cartons, recycling them in their dedicated facility in Halifax. In January 2018 this scheme was extended to take paper cups, and waste operators were guaranteed a fixed price for cup material.

Cup material is extremely high quality and so several other paper reproducers have followed suit and also pay waste operators for used cups creating a truly circular economy.

In looking to drive recycling even further PCRRG member Costa Coffee took the lead on making a further investment, in partnership with the waste and recycling sector, to implement an impactful solution this year. They have pledged to pay a supplement of £70 to waste collectors for every tonne of cups collected and recycled through one of three cup recyclers in the UK (DS Smith, ACE UK & James Cropper). As a result, waste collectors will get on average £120 for every tonne of cups they collect, up from just £50 last year.

This increases their value by up to 150%, making coffee cups a valuable recyclable material and incentivising waste collectors to establish infrastructure and processes to prevent them from ending up in landfill. To date, 21 waste collectors are taking part in the scheme which is being managed by Valpak, including PCRRG members: Grundon and First Mile and non-members: Simply Cups, Veolia, Biffa, Suez and Bywaters. Costa has shared information with a wide range of stakeholders and has made materials about the collection scheme available publicly (via on-line portal Recycle More, and in PR and trade media coverage) and hopes that the number of collectors participating will increase.

Grundon Waste Management has launched a dedicated Paper Cup Recycling service aimed at helping to tackle the cups consumed annually in the UK. Grundon guarantees that all its collections are 100% recycled and are certified CarbonNeutral®.

This programme is also helping to provide new recycling collection facilities in office environments, as a result of the inclusion of waste management partners who have commercial contracts with businesses.



“Veolia will collect 120m coffee cups for recycling in 2019 a dramatic 300% increase from this time last year, following a successful 12 months pioneering its in-store service across the UK with the world’s most recognised brands: Costa, Starbucks, McDonald’s and Caffè Nero.”

Forbes McDougall, Head of Circular Economy, Veolia UK

GROWING REPROCESSING CAPACITY

Busting the recycling myth:

“Despite the presence of the plastic lining inside each coffee cup, they are not impossible to recycle when presented to facilities with the necessary processing technology and can provide a great source of high quality fibre.”

Simon Weston, Confederation of Paper Industries

Cups from the ACE UK bring banks will be processed at ACE UK's recycling facility in Halifax. The plant, based at the Sonoco Alcore paper mill near Halifax, West Yorkshire, is capable of recycling 25,000 tonnes of used beverage cartons and paper cups annually, creating a healthy domestic market for the materials.

In March 2018, following on from trials run by PCRRG member company DS Smith, there was further evidence that the UK had an on-shore market for used paper cups. The paper mill in Kent announced that the trial results proved that it was able to recycle up to 2.5 billion cups at the facility annually.

During the trial, DS Smith recycled 40 tonnes of coffee cups, which is equivalent to more than four million individual cups. These cups were blended in controlled conditions, at a variety of trial ratios, with pure recycled paper grades. The result was that the mill produced approximately 3.5bn square metres of paper that met the company's stringent quality standards. This mill is the largest of its kind in the UK and represents a significant opportunity to increase the capacity for cups which are being delivered from the 21 waste collectors participating in the current collection programme.

How DS Smith is helping

DS Smith are leading the charge, discussing with industry and government to improve the recycling infrastructure. In January 2018, DS Smith tested the recyclability of coffee cups at our UK paper mill.

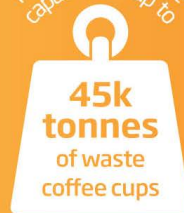


Trials proved that when coffee cups are segregated and collected separately we can produce



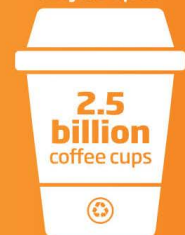
blended into traditional feed stocks of paper for recycling at the mill

Future Proofing:
Potential to provide capacity for up to



which is over and above the current estimated 30k tonnes of waste coffee cups in the UK annually

DS Smith could recycle up to



at Kemsley Mill annually



To find out more go to:
www.dssmith.com/coffeecupsrecycling

Contact us on:
recycling@dssmith.com

TAKING THE LEAD IN BEST PRACTICE

PCRRG members have been taking active roles in driving best practice across the paper cup supply chain, and the results have demonstrated that recycling of coffee cups can be achieved. These are some of the good practice examples from different parts of the supply chain which showcase how collaborative working is the best way to drive change in recycling.

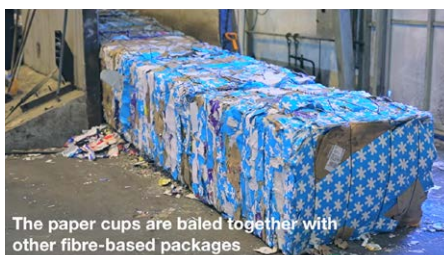
Demonstrating leadership: “PCRRG members are committed to driving a cup recycling revolution and are keen to share the scheme’s progress whenever possible.”

Martin Kersh, FPA

Board manufacturers driving paper cup recycling: Stora Enso & Huhtamaki

In the winter of 2017, PCRRG member Stora Enso sponsored the Nordic Ski Championships in Lahti, Finland, where they collaborated with the event organisers and provided specific bins to collect the hundreds of thousands of paper cups from the event. The cups used at the event were made

from sustainably sourced materials by packaging specialist and PCRRG member Huhtamaki. After the event, the cups were collected, baled and sent to a recycling plant where the paper fibres were separated from the plastic and remade into paper and cardboard boxes.



Waste collection good practice: McDonald's

McDonald's UK has rolled out its customer recycling units to around 1,200 restaurants. The new stations enable customers to drain liquids before separating paper cups and plastic packaging for recycling.

The paper cups are processed into bales by Veolia and Simply Cups and transported to specialist recycling facilities – such as James Cropper Paper PLC, the custom specialty papermaker in Cumbria that can reprocess laminated paper fibre feedstock, and Ashortwalk, a company that uses paper and polymer compounds to create new products.

McDonald's UK also sponsored Hubbub's paper cup recycling projects in Manchester and the Square Mile.



Engaging the community: Huhtamaki

Huhtamaki, which manufactures cups and supplies many household names, launched a pioneering scheme to recycle paper coffee cups with Gosport Borough Council. The project launched with recycling bins in two Gosport Borough Council-owned buildings, the Town Hall and Gosport Leisure Centre, and has been extended to the ferry from the city. The intention is to roll the collections out more widely over time. The bins accept both the cups and the plastic lids, which are recycled into new products such as garden furniture, park benches and flower tubs.



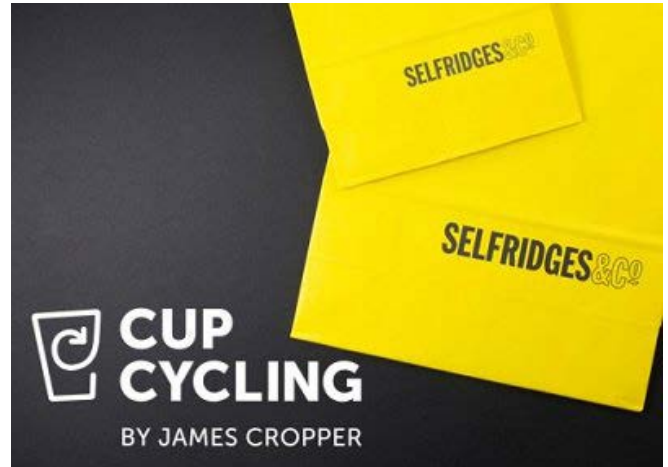
Environment Minister, Thérèse Coffey launched the new recycling initiative for paper coffee cups in Gosport, the first of its kind in the UK and created through a partnership between Gosport Borough Council and PCRRG member Huhtamaki. The scheme is piloting a collection and recycling service for used coffee cups for residents and businesses.

At the launch the Minister said: “I am very pleased to see Gosport Borough Council and local industry coming together to take positive action to increase the recycling of cups. Tackling paper and coffee cup waste is a vital way to protect our environment and this is a great example of how collaborative action can have a real impact to make recycling even easier.

This is exactly the kind of initiative that we would like to see following the launch of our 25 Year Environment Plan.”

Stimulating high value end markets for paper Cups: James Cropper

James Cropper creates high quality, distinctive and advanced paper products to help support industries with products such as packaging (Lush) or paper bags (Selfridges). It made a multi-million pound investment in its unique CupCycling™ plant that recycles paper cups. James Cropper’s recycling plant routinely deals with the equivalent of half a million paper cups per week from the off cuts of paper cup manufacturers as well used paper cups. It now has the capacity to deal with 500 million cups a year and impressively generates zero waste, with 90% of the material (paper fibre) being turned into paper products and 10% (plastic) being sent away to be recovered into plastic products. James Cropper is working with large retailers and waste management companies to upcycle used cups from in-store collections.





Driving consumer behaviour and investment in cup innovation: Starbucks

As Starbucks continues to focus on ways to increase recycling, with instore paper cup recycling now in over 300 company-owned stores in the UK, 2018 has seen the high street coffee chain heavily invest in cup innovation to find a solution at the core of the issue, as well as further encourage its customers to choose reuse.

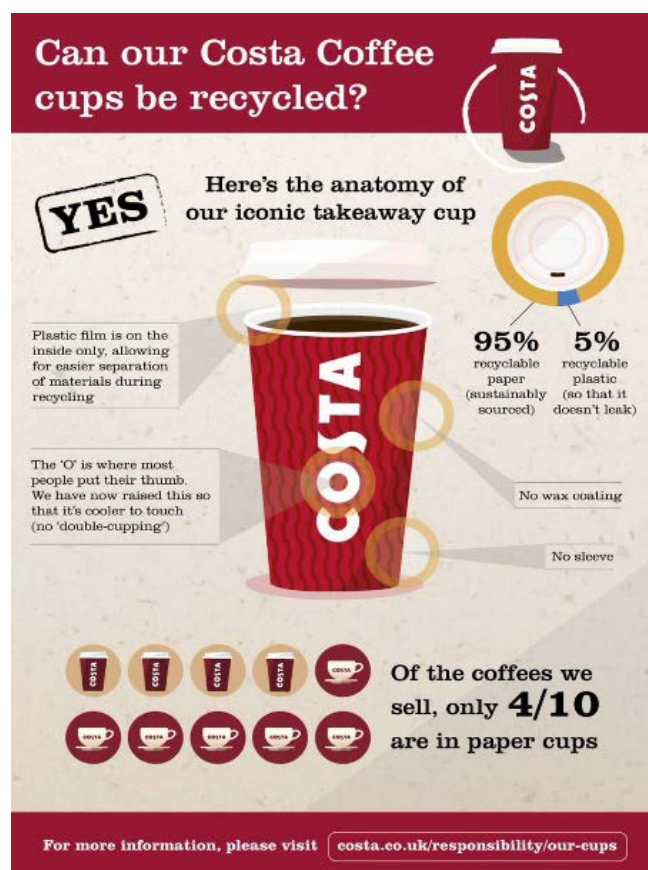
Cup Innovation: Earlier this year Starbucks committed \$10m to develop a more widely recyclable cup in partnership with Closed Loop Partners, through the NextGen Cup Consortium that McDonald's are also a part of. Applications are already open for entrepreneurs working on ideas that could lead to the development of more sustainable cup solutions to apply for accelerator grants from the NextGen Cup Challenge.

Consumer Behaviour: Continuing to lead in encouraging customers to make more sustainable choices, in February 2018 Starbucks became the first coffee chain to trial a 5p charge on coffee cups to evaluate the impact of a charge on consumer behaviour. After the three-month London-store trial saw a 156.6% increase in reusable cup usage (measured by the number of customers redeeming the 25p reusable cup discount Starbucks offers), the 5p charge was rolled out across all stores in Britain in July. All proceeds are donated to environmental charity and behaviour change experts Hubbub.

Educating customers and the industry: Costa Coffee

To help customers to understand about recycling Costa Coffee has provided strong communications for use in its stores, supported by clearly marked recycling bins for paper cups.

Costa Coffee has also uploaded information to the Recycle More website so that other operators can learn from its experience on customer behaviour, collection infrastructure and communications.



DEMONSTRATING INNOVATION

The PCRRG has crowd funded and supported a range of different activities over the past twelve months, some examples of which are profiled below.

Reducing litter: Keep Scotland Beautiful

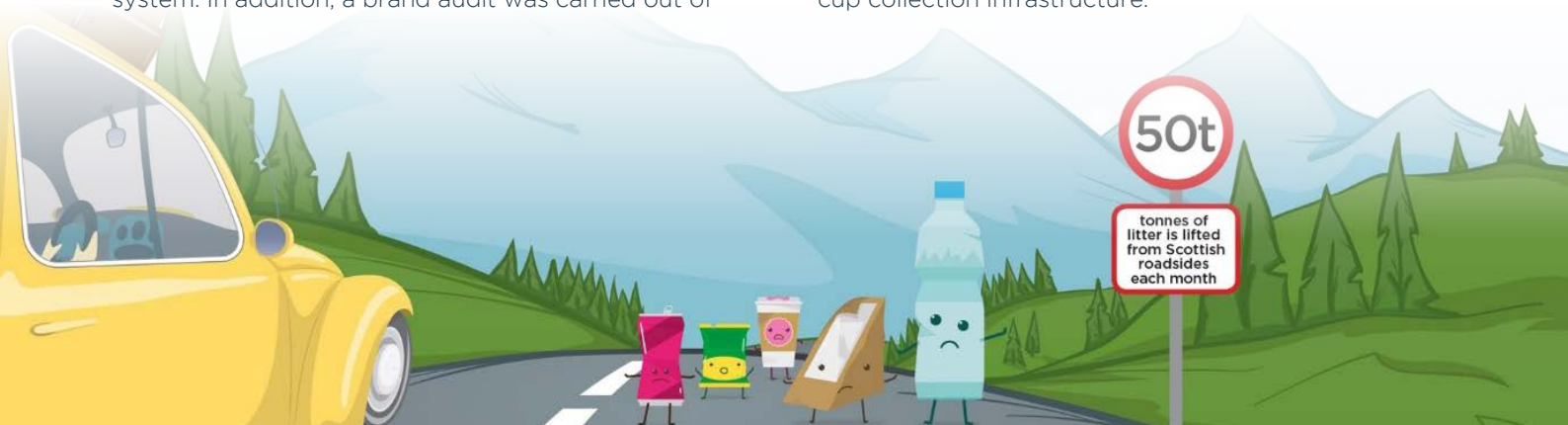
Keep Scotland Beautiful is one of the UK's leading environmental charities. In summer 2017, PCRRG commissioned Keep Scotland Beautiful to audit the content of public-use litter bins in Glasgow and Perth, utilising the Waste Composition Analysis method. Single use cups were focused on in particular to gain insight into the numbers that are entering the waste system. In addition, a brand audit was carried out of

Delivering change by driving innovation:

"The PCRRG has played a pivotal role in delivering some of the research and action based learning projects that have delivered a stronger understanding of the paper cup value chain and resulted in the adoption of innovation across the supply chain".

Chris Steinman, Executive Director, British Coffee Association

the single use cups within bins in Glasgow city centre, revealing trends in the materials and suppliers of the cups most commonly put in public use litter bins. The data was viewed as broadly representative of urban areas in other locations in the UK, and the results of the analysis were made available to members in spring 2018 to help support future targeted action on paper cup collection infrastructure.



Integrated collection programme and research: Keep Wales Tidy, with members Dart Products Europe Ltd, Seda Group, Costa Coffee, Benders Cups, Huhtamaki

Keep Wales Tidy (KWT) has received support from the PCRRG to carry out an on street behavioural assessment of paper cup recycling that will measure the impact of consumer messaging, and high street retailer service offerings for collection and disposal of cups. Through a series of surveys and on street messaging interventions, KWT so far has reached out to businesses and the public to measure a baseline of services, incentives and offerings provided by high street retailers in the Cardiff city centre, alongside a public survey to measure the understanding and attitudes

of consumer behaviour for disposal of coffee cups. Amongst the findings, headline results showed 47% would dispose of a coffee cup in an on street recycling bin, 42% would put it into a general waste bin, and only 4% would take it home for disposal. The next step is to release a series of on street messaging campaigns, with messages and logos to better inform consumers how and why to dispose of cups properly, before re-visiting businesses and consumers in a second round of surveys and carrying out an assessment of a local university to measure the amount of cups collected.

Customer communications: Example from OPRL

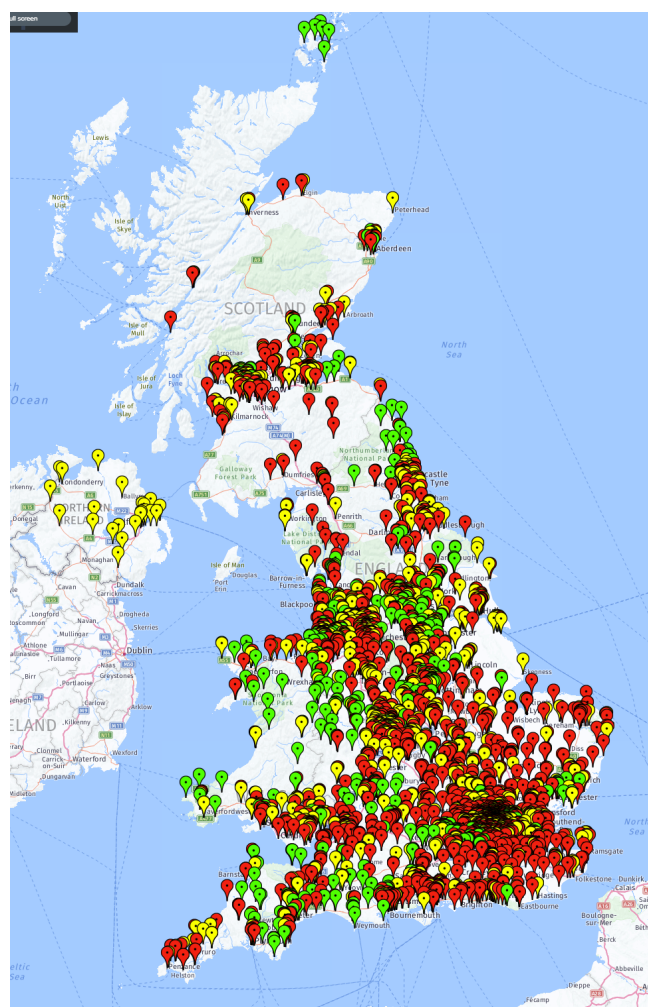
OPRL (the nationally recognised On Pack Recycling Label provider) has developed a mobile application that is engaging consumers through messaging that better informs them on the disposal and recycling of paper cups and help them locate the nearest recycling points.

This was launched as a trial in Leeds in October 2018 to test the pilot version of the app. The primary function of the app is to allow users to scan the cup, identify what it is made of and find the nearest local recycling points.

The #Leedsbyexample campaign is delivered in partnership with Leeds City Council, Hubbub and OPRL and funded by a number of partner organisations, including PCRRG members. The scheme is piloting new recycling facilities for plastic, cans and paper cups on the streets, in local offices, shopping centres, universities and transport hubs for a period of six months. The results of the trial will be shared, with the goal of a national roll-out of the most successful elements.

The launch of the scheme attracted a high level of media interest.

WRAP will be reviewing what coverage has been achieved to determine 'check locally' or 'widely recycled' status for OPRL logo use in the project within this collection infrastructure.



*OPRL collection points,
September 2018*



Understanding material flows through recycling systems: ACE UK, Costa Coffee, Pret A Manger, Suez Environment

This project is working in partnership with Suez Environment and two of its Material Recycling Facilities (MRFs) which have different layouts of equipment and sorting processes that are generally reflective of those used within other UK facilities. During the summer of 2018 PCRRG members supplied paper cups to be mixed with the recyclable materials entering the facilities and processed through the MRF in the normal way. Observations have been made as to how cups flow through the process and interact with equipment at different stages of the process. The mixed paper stream and residual waste were sampled to identify the proportion of cups in relation to total materials in each and identify the overall diversion rate. Any other material streams that appear to have a significant amount of cups within them were also sampled. Different aspects of cup design and presentation were assessed in relation to MRF processing to see how textured vs non-textured cups, different colours of cups, 2D vs 3D cups, cups of different weights / sizes etc. perform in the sorting process lines. The outcome of the work will inform how diversion of cups might be increased within MRFs via changes to equipment or processes used along with the implications and cost of these changes.



Graphic: Paper Round

HOW OUR ACHIEVEMENTS FIT WITH GOVERNMENT POLICY AGENDA

The past year has seen further intensive interest in paper cups at the highest level, with the House of Commons Environmental Audit Committee inquiry into paper cups that was conducted last Autumn and reported early in January 2018. The PCRRG submitted material to the consultation and was subsequently called to give evidence before the Committee in October 2017, alongside several member companies.

At that session the PCRRG made it clear that its members take coffee cup recycling very seriously and the industry is working to provide workable, sustainable solutions. It also made it clear that these solutions, supporting the circular economy and driving the recovery of valuable paper fibre for recycling, are better options for the consumer, business and the environment than the imposition of taxes and charges. The PCRRG also highlighted the extensive work being carried out by the industry to deliver on its Manifesto promise.

The EAC Report, published in January 2018, acknowledged the work of the PCRRG, and noted that standard industry paper cups *are* being recycled in the UK. However the PCRRG was disappointed to note that the EAC recommended a charge on paper cups as it believes this is unnecessary given the work the industry is undertaking and is unfair on both the consumer and the UK retail coffee business. The Government, in its response to the EAC Report, tempered this recommendation by saying that the cup charge was still under consideration but the Government noted the good work that the industry was implementing.

In May 2018 the House debated paper cups and single use plastic, during which Defra Minister for Food and the Environment, George Eustice MP, publically recognised the work of the PCRRG and its members and noted the good work that the industry is putting in place.



House of Commons
Environmental Audit
Committee

BEYOND RECYCLING: HOW THE PCRRG SUPPORTS THE CIRCULAR ECONOMY



The PCRRG is committed to fulfilling the role paper cups can play in a buoyant circular economy, maximising recycling value from the high quality paper fibres paper cups yield and supporting business and industry across the supply chain, from sustainable forestry, to paper board manufacture, to paper cup converters, to distributors and retailers and the thriving UK retail coffee sector and its contribution to international development in coffee growing regions.

The UK retail coffee sector contributes £9.6 billion to the UK economy and is a success story of the 21st century, employing more than 120 000 people. The sector plays a vital role in sustaining the High Street economy, which is under severe pressure. The industry is committed to continued growth whilst at the same time acting responsibly by ensuring that paper cups are recovered and recycled.

Most paper cups used in the UK are manufactured to the most stringent food safety and hygiene standards. Public Health England raised concerns earlier this year (January 2018) that reusable cups could harbour dangerous bacteria if not properly washed each time they are used.

Paper cups also play a significant role in the UK manufacturing sector with approximately 1700 jobs dependent on them. In some regions of the country these manufacturing jobs are essential parts of the local economy, delivering skilled engineering jobs, advanced manufacturing techniques and apprenticeships. Alternative materials, including

reusable cups, are, in general, made in volume in the Far East to less robust standards and incur a high carbon footprint both in manufacture and in transport/shipping. Paper cups are light to transport and easy to store back of house.

Cups made by PCRRG members are 92% wood fibre and are manufactured from globally recognised certified sustainable forestry sources, which themselves are vital parts of the local or regional economy. Using wood fibre from forests with these sound management practices has a positive environmental outcome, Europe's forest volume is actually increasing year on year: annual growth exceeds annual cuttings. In fact sustainable forestry acreage has doubled in volume since 1950.

This commitment to the sustainable circular economy is a reason the PCRRG remains sceptical about compostable alternatives to PE lined paper cups. Facilities to compost these cups are very limited in the UK and they are misleading for consumers who believe if they discard/ litter them they will soon break down. They do not. We recognise the value of compostables in some situations but believe that compostables are suitable only in environments where the cups can be collected on site and sent to appropriate composting facilities. We do not support the use of compostable cups where appropriate downstream treatment is not included in the operation.

We are supportive of the Foodservice Packaging Association's current work on examining these issues and the options open to the sector.

OUR FIT WITH WIDER PACKAGING INITIATIVES

During 2018 the PCRRG has welcomed calls for Packaging Recovery Note reform, led by the Foodservice Packaging Association. The PCRRG believes that reform of this system will result in encouragement of best practice for manufacturers in terms of raw material use and proportion of recycled content and create a fund dedicated to improving recycling infrastructure, especially away from home. The PCRRG believes the growing momentum behind PRN reform is a positive route for the industry to pay its fair share of recovery and recycling costs, and champions this over alternative taxes and charges where the likelihood is that monies raised will remain in HM Treasury and not used for recycling infrastructure.

The PCRRG recognises the holistic impact of paper cups and is embracing initiatives to address the impact of lids and accessories such as stirrers, which is a key reason for our support of PRN reform as this will embrace all packaging formats and not just paper cups.

Supporting reform:


“The PCRRG is broadly supportive of the need to reform our existing producer responsibility legislation to develop a source of funds to support infrastructure and recycling collections for coffee cups, other board-based food to go packaging and sundries such as lids, straws and stirrers that we use in our business operations.”

Adrian Pratt, Benders, PCRRG Vice Chairman

Six Principles of PRN Reform

Six principles

1. Everyone should play their part – this should result in the reduction or removal of the de minimis level to expand the number of obligated businesses (just as currently with batteries and all WEEE)
2. The system should financially reward recyclability
3. The system should financially reward inclusion of recycled content
4. Local authorities, businesses, and places of work should work towards a standard base recycling system, to provide certainty for all and allow the introduction of a universal labelling system
5. The proceeds of the new PRN fund would be distributed by an independent body that should include cross-sector industry members to achieve desired outcomes – a precedent model of this is ENTRUST for the Landfill Tax
6. All reprocessors and exporters of packaging waste must be obligated to be part of the system to ensure we measure the true recycling rates of recycling in the UK. Also, PERNs should be modified, not least to remove their inherent advantage over PRNs.



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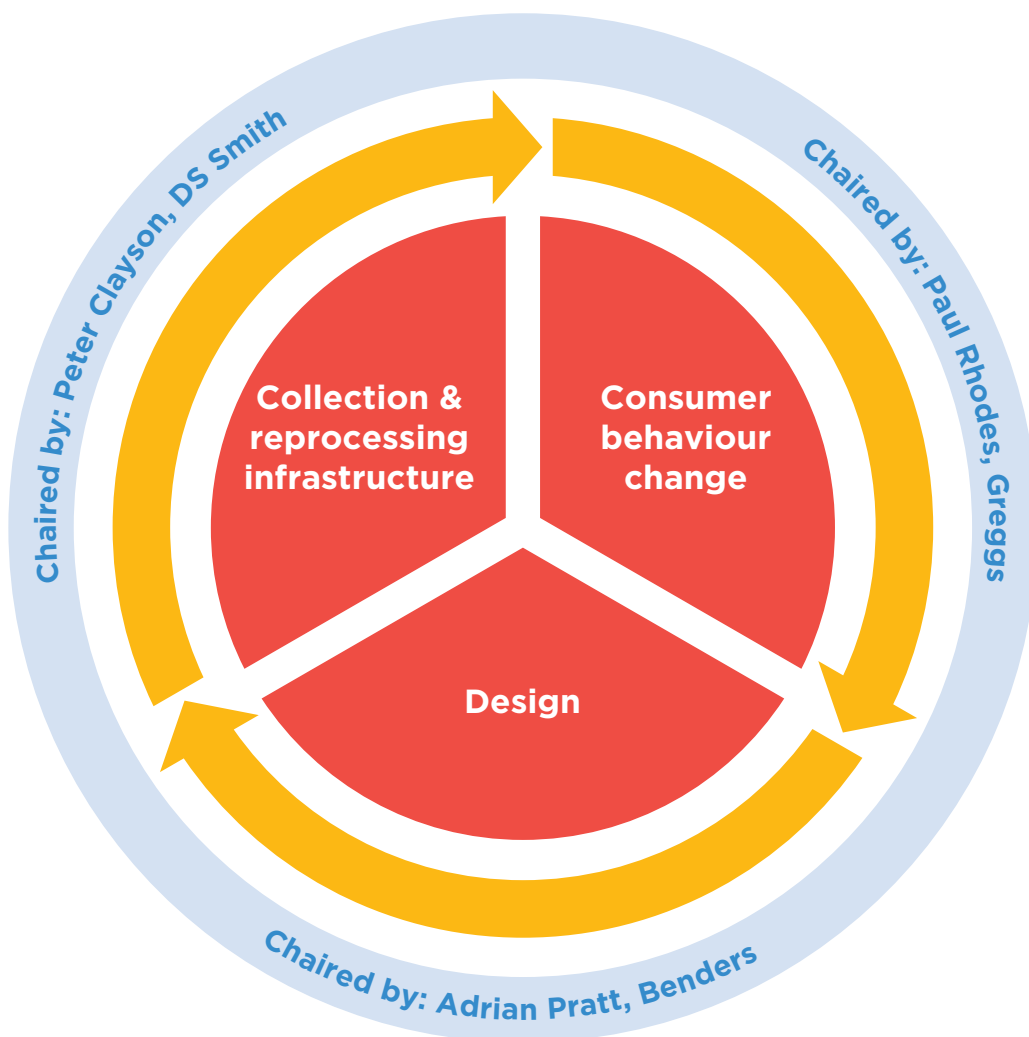
Graphic: FPA

NEXT STEPS

Although there has been significant progress towards the PCRRG's Manifesto commitments, the membership is committed to an on-going programme of work that will deliver the 2020 goal, that the greater majority of the UK population will have access to information, schemes and facilities that enable used paper cups to be recovered sustainably and recycled. To this end, the three working groups have developed a new programme of activities for 2019 and a number of high profile initiatives have already been identified to build

on the momentum of the last year. These are wide-reaching and include partnerships across the supply chain, and in many instances require joint working between the representatives on the different PCRRG working groups. Examples include: guidance on cup recycling programmes for facilities managers and waste management companies, customer communications campaigns, and feasibility assessments for innovation in design to increase cup capture at sorting facilities.

The PCRRG Working Groups



ACHIEVING THE GOAL

**Martin Kersh, Executive
Director of the Foodservice
Packaging Association and
founder partner of the PCRRG**

There are always doubters who reading this report may feel progress should have been more rapid and you may well be one of them. Of course the PCRRG and wider industry has more to do but I would defy you to find any other form of packaging where such an increase in collection points and recycling has been achieved over such a relatively short time. The important point is that systems have been established right across the paper cup supply chain with the input of all the key stakeholders so as to avoid unintended consequences, and the report clearly demonstrates these systems have been hugely effective. I hope the PCRRG will continue to draw in more businesses using paper cups as well more collectors and waste management organisations and recyclers. I am excited about the upcoming communications plan with OPRL which will go direct to consumers, we must make life as simple as possible for the public so they know what to do once they've finished their coffee and I very much hope independent coffee shops, no matter what size, will now participate in greater numbers.

MEMBERSHIP OF THE PCRRG

The PCRRG welcomes organisations that operate or have an interest in the paper cup supply chain, including packaging manufacturers, packers/fillers, warehousing and distribution, retail, waste collection, management, recycling and reprocessing. A membership fee is applicable. These fees fund the management and coordination of the Group and allow the development and delivery of projects of major interest to members and other stakeholders. There is also an option for organisations which do not directly produce, buy, sell, distribute, recycle or process paper cups, but are engaged with a relevant and immediate network of organisations within the paper cups supply chain, to become PCRRG Supporters. The benefits of being a PCRRG Supporter include:

- Demonstration of active engagement in tackling sustainability issues relevant to the industry.
- Active participation in elements of the PCRRG work programme that will create further awareness & drive progress on tackling the major challenges & opportunities across the paper cup industry.
- Networking opportunities.
- Knowledge development and sharing.

Supporters are not required to pay a membership fee however they need to meet a number of membership criteria including:

- Requirement to formally sign up to PCRRG and to pledge to be actively engaged in promoting the work of the group, supporting initiatives and acting as a conduit for best practice.
- Agreement not to seek any financial gain from membership of PCRRG within a pre-agreed timeframe (agreed on a case-by-case basis by the PCRRG Executive Board).
- Provision of logo and a quote for inclusion on the PCRRG website and publicity materials.

MEMBERSHIP ENQUIRIES

For further information on joining the PCRRG as a full member or, the criteria and what it means to be a supporter, email **communications@pcrrg.uk**

GLOSSARY

Away from Home	Relating to all food and drink consumed away from the home - on the move, at work, at leisure and whilst travelling. Also sometimes called out of home or OOH or on the go.
Biodegradable	Organic matter that can be broken down by microorganisms in the presence of oxygen to create carbon monoxide, water and essential minerals; where the materials break down in a way that is not harmful to the natural environment (in this instance biodegradable cups are products made from materials which are biodegradable).
Circular Economy	A model whereby materials are kept in circulation as long as possible, extracting the maximum value, then at the end of serviceable life, value is recovered and regenerated (WRAP).
Composting	The specific circumstances that create the commercial environment where organic matter is subject to aerobic degradation to make compost.
Material Recovery Facility	A specialist type of facility that receives and sorts collected waste and separates materials for recyclers and other end-use markets.
Manifesto	The public commitment made by members of the PCRRG to increase the recycling of paper cups in the UK by 2020*. http://www.pcrrg.uk/
Paper Coffee Cups	Beverage containers, usually for hot drinks, manufactured from paper board; the majority of cup formats are coated with plastic to prevent leakage.
Paper Cup Alliance	The group comprising the manufacturers of paper cups, all members of the PCRRG, further driving the work of increasing recycling and recovery of paper cups and representing the interests of the 1700 people employed in the manufacture of paper cups in the UK.
Paper Cup Coalition	The group comprising the main UK coffee retailers, including Costa UK, Caffè Nero, Greggs, Pret, McDonald's and Starbucks.
PE Lined Cups	Paper cups manufactured in the UK typically use a polyethylene (PE) lining to create a waterproof barrier.
Polymer Coated Paper Board	Paper which has been coated with polymer to enable use as a container, to increase wet strength and impart certain properties to enable use in packaging.
Recyclable	Material that can be recycled within existing recycling facilities and systems.
Recyclate	Material that is recyclable; material that has been collected, sorted and is ready for re-processing (also called secondary commodities or secondary raw materials).
Waste Hierarchy	The waste management hierarchy is defined in the EU Waste Framework Directive and indicates an order of preference for action to reduce and manage waste, focussing on the principles of reduce, reuse and recycle. In the five tier systems, energy from waste and landfill are the fourth and fifth options respectively because of their least favourable impacts on the environment.





PAPER CUP
Recovery & Recycling Group