

Deposit Return Scheme for Wales

Deposit Management Organisation Application Form

27 February 2026

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Introduction

Our ambition for DRS in Wales

UK Deposit Management Organisation Limited (UK DMO) is a business-led, not-for-profit organisation established in February 2025 by a coalition of UK drinks producers and grocery retailers demonstrating unprecedented voluntary, cross-industry commitment with the purpose of leading the practical delivery of Deposit Return Schemes (DRS) across the UK. The introduction of DRS in the UK has been a long-term ambition of UK DMO's members as a means for industry to directly manage its response to the litter stemming from the improper disposal of its products, improve beverage container collection rates and to bring about greater circularity of packaging materials to reduce carbon emissions.

DRS is, by design, an industry-led solution, and for it to deliver on its purpose it needs to reflect the way industry operates in the UK. The drinks market functions as a single market: producers manufacture for consumers across all four nations, and grocery retailers distribute products through supply chains that do not recognise internal borders. That is why interoperability has consistently been industry's central ask for DRS within a devolved policy landscape. This is about building a system that aligns with the market to function effectively. Interoperable schemes lead to a consistent experience for consumers wherever they are in the UK, they significantly reduce the opportunities for fraud, and give retailers and producers the confidence to plan and stock their ranges consistently across all nations.

As such, we strongly welcome the Welsh Government's willingness to engage with industry and its decision to align both the policy approach and the implementation timeline for a scheme covering PET bottles and steel and aluminium cans. This alignment creates the conditions for the second largest DRS in the world to be established across the UK. It brings with it the potential for a step-change in how we tackle litter, reduce emissions and, more broadly, reshape public perceptions of what 'waste' is and what it can become. It also enables Wales to benefit from the significant preparatory work already underway to deliver DRS elsewhere in the UK, reducing delivery risk and supporting implementation within the October 2027 timeframe.

Recognising the importance of a unique scheme suited to Welsh requirements

Wales has long been recognised as an international leader in recycling, and has led the way for recycling performance across the UK. We understand the Welsh Government's ambition that a DRS in Wales should deliver true additionality and be future focused fully leveraging innovative technologies - achieving outcomes that go beyond the existing recycling performance in Wales. We also recognise your longstanding commitment that a Welsh DRS should:

- Include glass from day one.
- Act as a stepping stone towards the wider adoption of re-usable packaging.

- Meet the obligations of the Well-being of Future Generations Act by driving long-term sustainability.

Both UK DMO and the industries represented by its members want to see the introduction of a Welsh scheme that is robust, environmentally effective, and enduring – one that meets your goals without unintended consequences and can stand the test of time. If implemented in the right way, a Welsh DRS and exploration of reuse for certain packaging formats could represent a testbed and a blueprint for a novel UK-wide approach to packaging waste.

Development of detailed operational and financial plans

UK DMO would like to clarify that the application submitted today is not intended to represent a fully developed operational or financial plan containing complete implementation detail. Rather, it sets out our proposed approach, governance framework and delivery model, recognising that the detailed design phase would appropriately follow formal appointment.

As an organisation that has not yet been appointed as DMO for Wales, and which does not currently have operations or dedicated staff established for a Welsh DRS, there are natural practical constraints on the extent of detailed contractual, financial and operational documentation that can be outlined at this stage. The development of fully enforceable contracts, detailed financial mechanisms and granular operational plans is most effectively undertaken once formal designation is in place and delivery workstreams can be progressed with the appropriate authority and oversight.

UK DMO is keen to work in close partnership with the Welsh Government and Natural Resources Wales following appointment to jointly develop, agree and formalise a comprehensive operational and financial plan. This would include further exploring opportunities for the participation of local authorities, including direct engagement with them via a dedicated member of staff for these partnerships. Our intention is to ensure that the final plan is robust, transparent and fully aligned with Welsh policy objectives and regulatory expectations.

This reflects the approach currently being undertaken across the other three UK nations. Since appointment as DMO in Scotland, Northern Ireland and England in May 2025, UK DMO has established structured governance arrangements with governments and regulators, including weekly meetings, detailed technical working sessions and an interim approval process for operational plan components. This collaborative and iterative model enables detailed design to be developed transparently and in partnership, ensuring appropriate scrutiny while maintaining delivery momentum. If appointed in Wales, UK DMO would intend to implement a similarly close and constructive working relationship with Welsh authorities.

For context, applications to act as DMO across the remainder of the UK were submitted on the shared understanding that a complete operational and financial plan would be developed subsequent to appointment. Following designation, UK DMO commenced drafting a full operational and financial plan, with an interim document to be submitted

to regulators by the end of March 2026 (11 months post-appointment) and finalisation anticipated by October 2026 (18 months post-appointment).

We have attached an interim update on Operational Plan development for the schemes across the rest of the UK which was recently submitted to regulators to provide a sense of the level of detail currently available c.10 months after appointment.

Across the other three UK nations a full Operational Plan is being developed across 21 separate headings (spanning items from key financial assumptions such as Deposit levels, to operating model areas such as logistics and waste management). Submissions against these areas are being developed iteratively and collaboratively with regulators. Progress began on this subsequent to appointment and once a full team was in place.

If appointed as DMO for Wales, UK DMO would intend to provide operational plan components relating to elements aligned with the rest of the UK in accordance with the same timetable as submissions to other UK regulators. Welsh-specific components would be developed in close collaboration with Welsh authorities and finalised for submission by October 2026.

UK DMO is fully committed to supporting the successful implementation of a Deposit Return Scheme in Wales and looks forward to the opportunity to work collaboratively with the Welsh Government and Natural Resources Wales to deliver a scheme that is effective, coherent and beneficial for Wales.

Assumptions and requirements underpinning this application

In order to deliver a successful and enduring scheme, without unintended consequences, and to deliver on the Welsh Government's ambitions to bring about a broader shift towards reusable packaging and deliver incrementality above current recycling levels, UK DMO has included a number of criteria within this application. We have discussed these with both Welsh officials and politicians, and we would welcome the opportunity to continue those conversations. We believe these represent operational tweaks rather than fundamental changes to policy, but these will deliver a more robust framework which will provide for a successful scheme.

They span three broad areas, which are discussed in greater length across this document:

1. Financial viability requirements for a system for glass

The decision of the Welsh Government to apply a 0 pence deposit on glass items within a Welsh DRS for the first three years of scheme operation will serve as an effective lever to initially prevent wide-scale fraud and supply-chain segregation. However, this also means that the traditional financial model used by Deposit Management Organisations in the setup period of schemes where these costs and high investment in the system in early years are largely funded through unredeemed deposits as return rates gradually increase, cannot be relied upon in Wales, as glass will not generate unredeemed deposits. Given a core principle of DRS across the UK is for there not to be cross-

subsidisation across materials, UK DMO would not be able to use any funds from PET and Can operations to solve for this problem with the financial model for glass. As such this will require:

- **During set-up prior to October 2027:** EPR fees paid by glass prior to go-live for containers placed on the market in Wales should fund a single-use glass DRS set-up. This approach aligns with the UK-wide position for PET and cans, under which EPR fees are not payable for containers placed on the market from 2025 to 2027 and beyond, provided a DRS is introduced. This would require working closely with DEFRA and PackUK to secure any necessary changes to the current model and the transfer of funds and UK DMO requests Welsh Government support with this process. The sooner EPR fees can be secured to fund single-use glass set up the sooner UK DMO can start preparations for this.
- **After launch of the transition approach for glass in October 2027:**
 - In line with the principles underpinning DRS (vs. EPR), payments to local authorities for DRS materials should be exempt, as including them would result in an underfunded system. Local authorities in Wales will be able to operate voluntary return points, where they will be paid a standard handling fee as compensation. Given already limited funds resulting from the financial system determined under the current regulations, further payments out from the scheme will risk the solvency of the scheme.
 - Clear and reliable exemption from Extended Producer Responsibility (EPR) fees for glass beverage containers in Wales from go live to ensure producers are not 'double-charged' for glass placed on the Welsh market.

2. Operational approach to a DRS for single-use glass containers

- As single-use glass will not carry a deposit during the first three years of the Welsh DRS, return rates are expected to be low, particularly given existing kerbside glass collections. As a result, glass return points will require a different operational model to PET, aluminium and steel to remain financially sustainable.
- A reasonable and deliverable return point network for glass prioritising equitable access for Welsh citizens will therefore require flexibility. Not all return points should be required to accept all materials, and a more targeted approach for glass is appropriate to avoid disproportionate burdens on operators and to maintain overall system viability. This includes the ability for local authorities or community organisations to participate where suitable as voluntary return point operators (RPO), recognising that hosting requirements for glass may differ from those for other materials.
- As indicated in the DRS Regulations, no cross-subsidisation of scheme materials can occur and therefore glass producer fees must fund the full cost of operating glass return points. For single-use glass the UK DMO is proposing that the return point network for single-use glass returns in Wales should not lead to a producer fee of over c.4p per container, aligned with EPR levels. If the Welsh Government wishes to require a larger or more extensive glass return-point

network than is operationally reasonable, either additional funding or greater flexibility in return-point requirements would be needed to ensure the Scheme remains financially viable and does not place disproportionate costs on producers or operators. This is likely to necessitate a greater reliance on existing kerbside systems vs. mandating significant additional infrastructure and processes for retailers.

- Other concerns with the operational approach to a DRS for single use glass containers includes the need to review the RHF per bottle structure as discussed later in the document, space pressures in small stores, glass handling and safety guidance, how return point operators will be reimbursed fairly without labelling changes that enable containers to be traced and accounted for, how glass DRS drinks containers sold into Wales will be distinguished from those sold into the rest of the UK without labelling changes.
- In addition, the current draft Welsh Regulations require an 85% target return rate for glass from 2031 - this will be hard to achieve after only introducing a deposit on glass on 1 October 2030. Given the weight of glass (which makes transportation difficult for consumers) and kerbside collection rates of glass already at c.90% in Wales, it is challenging to see a viable pathway to a 90% collection rate via the scheme unless materials collected kerbside are incorporated.
- UK DMO does not currently have a view on how a deposit on glass can ultimately be introduced without segregating UK supply chains, which in the absence of any further developments, would likely lead to a significant withdrawal of glass beverage products from the Welsh market. This would be a highly undesirable outcome for Welsh citizens. We would request to work on this further with the Welsh Government following a successful application.

3. Reuse

- Whilst reuse for glass and/or PET beverage containers operates at scale in some European markets (with many UK DMO members involved in these operations), these systems have typically developed gradually over decades, often based on an individual contractual basis, without any centralised operational system or governance. The UK moved towards one-way bottles which got increasingly slimmer and lighter, whereas countries with reuse embedded and established this practice over time with standardised bottles. The introduction of reuse therefore must be carefully considered. The evidence is clear that a poorly developed plan for reuse will lead to significant disruption for industry, low return rates, and, crucially, significantly worsened environmental outcomes. This is borne out across Europe and also within the UK, where the UK's largest glass reuse scheme (operated by AG Barr) was discontinued over the last decade precisely because consumers were not returning containers despite high deposit levels, which meant it was leading to far higher carbon emissions.
- Further, it is important to recognise the need for complementarity between resource and waste initiatives that support and put in place the right circular

economy solutions for each material. For example, aluminium cans cannot be reused and to the contrary are highly circular and environmentally efficient when recycled as part of a closed loop, can to can, circular economy enabled by DRS. Any consideration of reuse provisions within a future DRS in Wales must recognise complementarity between recycling and reuse solutions to ensure that the right waste management processes are applied to the right format and/or material.

- It is not currently possible to operationally design for reuse at scale, as the infrastructure, data and behavioural evidence required to model a viable system are not yet in place. The legislative framework for reuse is also still under consultation and close engagement with Welsh Government will therefore be essential as policy develops. Any future operating model for reuse will need to be informed by the results of a dedicated and large-scale ~~trial~~pilot to ensure that the approach is deliverable, affordable and compatible with wider DRS operations.
- Given Welsh Government's ambition to change the approach to beverage packaging in the UK for certain packaging formats, funding is requested from both Welsh and UK Governments to support funding for this reuse ~~trial~~pilot:
 - Welsh Government funding is being sought as the reuse ~~trial~~pilot is integral to delivering Beyond Recycling: A strategy to make the circular economy in Wales a reality, which commits Wales to advancing a circular, low-carbon economy through enhanced reuse and resource efficiency.
 - UK Government funding is sought because the ~~trial~~pilot will generate evidence that can inform the UK Government's forthcoming Circular Economy Growth Plan and reuse evidence programme, helping to shape a coherent approach across the four nations.
- A jointly funded ~~trial~~pilot represents a strong strategic investment for governments and industry. It will generate the robust, real-world insights needed to understand consumer behaviour, operational feasibility, cost impacts and retail implications, and will give producers, retailers and logistics providers a shared evidence base for designing a reuse system for glass bottles that is practical at scale. This will allow for the ~~trial~~pilot to become a pathway to a broader reuse system. Without this ~~trial~~pilot, any reuse obligations risk being high-cost, difficult to implement and lacking the industry learning required for successful long-term adoption.
- The breadth of cross-industry commitment to work together on this ~~trial~~pilot is unprecedented on a voluntary basis and the collaboration could very likely generate a very robust evidence base around which the future direction of reuse for beverages in certain packaging formats in Wales could be set. If this application is successful, industry will begin efforts to set this ~~trial~~pilot up – with plans to launch this subsequent to DRS go-live (so as not to dilute messaging on DRS and due to industry capacity) but prior to 2030 when wider system development is expected. Later in this document we outline key parameters industry has agreed upon in relation to this ~~trial~~pilot, it is expected that these

would be further developed with industry, the Welsh Government, and other relevant partners in due course.

Industry support for this application

UK DMO is pleased to submit this application with the support of its Investing Members: A.G. Barr P.L.C, AB InBev UK Limited, Aldi Stores Limited, Asda Stores Limited, Britvic Soft Drinks Limited, Carlsberg Marstons Brewing Company Limited, Coca-Cola Europacific Partners Great Britain Limited, Co-operative Group Limited, Danone UK & Ireland, Heineken UK Limited, Highland Spring Limited, Lidl Great Britain Limited, Lucozade Ribena Suntory Limited, Marks and Spencer Group plc, Molson Coors Brewing Company Limited, Nestlé Waters UK Limited, Red Bull Company Limited, Sainsbury's Supermarkets Ltd, Shepley Spring Limited, Tesco plc and Wm Morrison Supermarkets Limited. Collectively, these organisations represent approximately 70% of the volume market share of UK drinks production and around 90% of the grocery retail market share, underscoring the extensive industry support behind this application.

In addition, UK Deposit Management Organisation Limited has engaged extensively with a group of trade associations, including: the British Beer and Pub Association, British Retail Consortium, British Soft Drinks Association, Natural Source Waters Association, Welsh Beer and Pub Association and Welsh Retail Consortium, to help shape this application, and other trade associations sit on the UK DMO's Industry Advisory Group.

This extensive consultation has fostered strong cross-industry support for the application for UK DMO to become the DMO in Wales. The breadth of expertise and experience drawn from organisations involved in operating Deposit Return Schemes internationally, and in preparing to deliver the England, Northern Ireland and Scotland DRS from October 2027, means this consortium is uniquely positioned to deliver an effective and efficient DRS in Wales. This will significantly reduce littering, enhance recycling performance, and promote environmental sustainability.

If this application is successful, UK DMO expects to undertake more detailed work in 2026 to continue the planning process and add further detail to the plans included within this document.

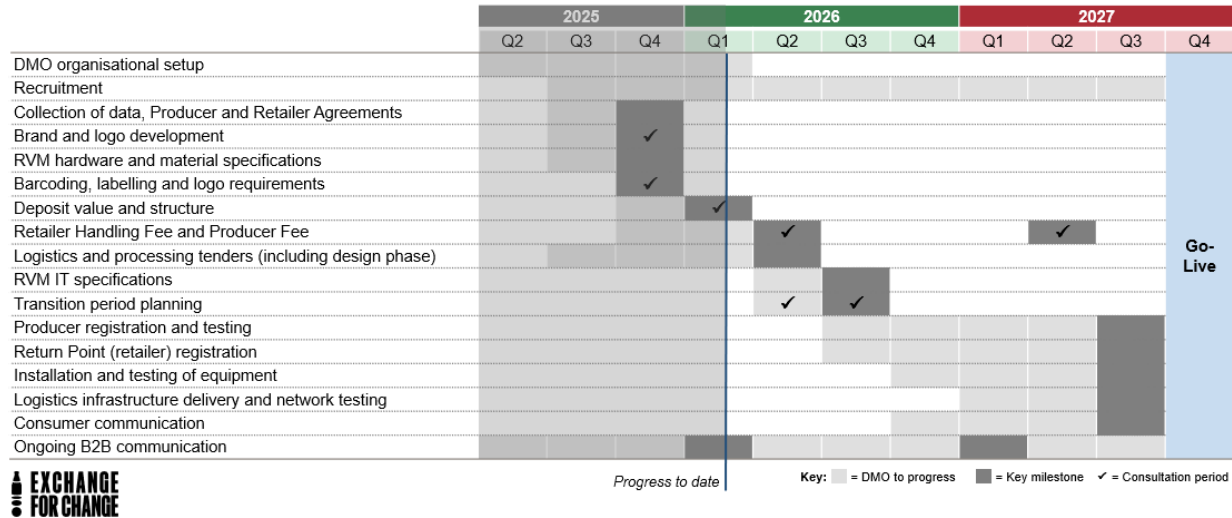
Next steps

This group values engagement with the Welsh Government and seeks to continue this collaboration. Early engagement to further develop the application to ensure it delivers against our collective ambitions would be highly appreciated.

UK DMO's work to prepare for the introduction of a DRS for PET and Cans across the rest of the UK continues at pace, with many aspects of scheme design already significantly progressed. This includes significant progress in setting up an IT infrastructure, establishing a consumer-facing name and logo, developing detailed mapping of beverage volumes and grocery retailers across the UK, setting RVM

specifications, and significantly progressing work on handling fees and deposits. Many of these processes have taken over 6 months as a result of substantial consultation processes which we have undertaken to ensure broad industry support for all proposals (please see image below which shows progress to date across workstreams).

Exchange for Change timeline to Oct-27



Throughout these preparations, consideration has actively been given to reflect Welsh considerations and how the scheme could be successful in Wales - anticipating a potential alignment of schemes. The launch of a scheme in October 2027 remains challenging but achievable for industry and UK DMO. However, any other DMO overseeing a Welsh scheme would likely find it highly challenging to deliver on these timelines without the significant preparatory work outlined above, a significant and ready source of funding, and the time required to stand up an operation. UK DMO is therefore well placed to ensure a Welsh DRS can be delivered at pace, with minimum divergence for citizens and industry.

In summary, we believe that UK DMO – with its Board possessing extensive relevant experience, broad industry support, and alignment with government objectives – is positioned as the optimal candidate to fulfil the role of DMO in Wales and operate a successful and durable DRS in Wales. This would be a pivotal step towards substantially reducing litter on Welsh streets and countryside and providing a step change towards more circular practices amongst Welsh citizens.

Section B

4: Application information

This document serves as an application for approval to operate as a Deposit Management Organisation for Wales under the Draft Deposit Scheme for Drinks Containers (Wales) Regulation 2026 (Welsh Regulations) that are currently under development. It is based on the Wales Deposit Management Organisation Application Form published by the Welsh Government on 1st December 2025.

The British Beer and Pub Association, British Retail Consortium, British Soft Drinks Association, and Natural Source Waters Association contacted the Competition and Markets Authority (CMA) on 12 September 2024 by email, on behalf of the Investing Members, to inform the CMA of the work being undertaken to consider an industry application to be the UK DMO. Following the successful appointment of UK DMO Limited as the DMO for England, Scotland and Northern Ireland, UK DMO applied to the CMA for informal guidance under its 'open-door policy' for Green Agreements. Following an economic and legal assessment (which included a discussion with Defra), the CMA has decided not to provide informal guidance to UK DMO as the CMA does not deem it to be a priority case. Further, the application did not present the CMA with any specific future arrangements that UK DMO is uncertain of from a competition perspective. The CMA emphasised that it is keen to work with UK DMO as the DRS progresses. The CMA said it would consider any new guidance request if UK DMO has uncertainties as it implements specific aspects of the DRS.

Name of organisation (including any business names)	UK Deposit Management Organisation Limited
Registered or main office address and postcode	27 Old Gloucester Street, London, United Kingdom, WC1N 3AX
Address for service (if different from above)	N/A
Email address	russell.davies@exchange4change.co.uk
Contact number	+44 7377 729743
Company registration number (if applicable)	16278705
VAT registration number (if relevant and available)	496251954
Contact name	Russell Davies

Job title	Chief Executive Officer
Notifications preference (please choose at least one)	Email

Corporate structure

UK Deposit Management Organisation Limited (UK DMO): Included with this application are UK DMO's Articles of Association. UK DMO has been set up as a not-for-profit private Company Limited by Guarantee incorporated in England and Wales.

DMO Cymru (Glass and Reuse): A new subsidiary of UK DMO will be established to oversee the operational delivery of the Wales DRS for glass and reuse. The subsidiary will provide operational clarity on the Welsh Scheme. Articles of Association for DMO Cymru (Glass and Reuse) are being developed.

UK Deposit Management Organisation Limited

Role:

- Oversee the overall strategy and coordination of the DRS across the UK.
- Ensure compliance with UK-wide regulations and standards.
- Legal entity acting as the DMO for England, Northern Ireland, Scotland and Wales, for PET and Cans.
- This entity will operate DRS for PET and cans in Wales.
- Implement the DRS in accordance with the specific regulations and requirements of these regions and report to regional governments.
- This entity is answerable to local governments and parliaments and will ensure compliance and work with local enforcement agencies.
- Provide centralised services for UK DMO jurisdictions.
- Throughout this document we reference this entity as most services will be provided centrally by UK DMO central entity.
- UK DMO, through its Board, will remain responsible for ensuring compliance with the Welsh Regulations and for delivering all Wales DRS obligations, subject to these being reflective of and not materially different to the draft Regulations, including those relating to PET and cans and, while retaining overall responsibility for delivering the regulatory requirements related to glass and reuse the execution and operationalising of these elements will be undertaken by the subsidiary, DMO Cymru (Glass and Reuse).
- For the avoidance of doubt, it is UK DMO Limited and its Board, as the applicant organisation, which will be ultimately accountable to the Minister and NRW for the delivery of a scheme for Wales. Whilst DMO Cymru (Glass and Reuse) will be

set up to manage distinct operational responsibilities, overarching accountability will remain with the parent organisation.

- Across the other three UK nations, there are meetings with government officials and regulators once per week virtually and roughly once per month in person for more detailed discussions. UK DMO would intend to replicate this level of engagement in Wales to ensure responsiveness and accountability.

DMO Cymru (Glass and Reuse)

Role:

- UK DMO will be the sole member and shareholder of DMO Cymru (Glass and Reuse), and members of UK DMO will have no direct interest or voting rights in the subsidiary.
- The Board Directors will be the CEO and CFO of UK DMO Board.
- Separate, dedicated staff to manage operations for single-use glass and reuse
- DMO Cymru (Glass and Reuse) Board will engage with an Industry SteerCo in relation to key decision making relating to the operational delivery of the Wales DRS for glass and reuse.

UK DMO will establish a comprehensive data governance and security framework consistent with all applicable data protection laws and will ensure that information is shared safely and efficiently between national entities and, where relevant, other deposit return schemes such as the Republic of Ireland's. In line with its Security Management Plan and ISO 27001-aligned standards, UK DMO will implement secure data exchange protocols, encryption, and multi-factor authentication to protect all personal and commercially sensitive data.

Sensitive producer and retailer data (for example, product volumes or return figures) will be stored and processed in a manner that prevents the identification of individual operators, using encryption and anonymisation where appropriate.

Regular security testing, audits, and compliance reviews will be undertaken to ensure adherence to data protection legislation and UK DMO's own Security Management Plan. UK DMO will regularly review and update its data-sharing and protection protocols to reflect evolving regulatory and operational requirements and best practices.

Achieving interoperability

Interoperability across the UK DRS for PET, aluminium and steel containers in England, Northern Ireland, Scotland and Wales will be achieved through a coordinated approach by UK DMO that ensures consistency across the schemes, as demonstrated in the submitted applications. This interoperability will have significant citizen benefit including convenience, wider product choice and lower prices flowing from efficient production operations and better mitigation of fraud risk. To ensure the UK DRS operates as an integrated system across the UK, UK DMO will implement consistent deposit levels,

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labelling and barcoding, and IT and data management across all nations where in-scope materials are shared.

COMMERCIALY SENSITIVE

5. A) Appointment requirements and internal governance – PET, aluminium and steel

UK DMO – *single-use PET, aluminium and steel across the four nations*

Constitutional documents for UK DMO:

- **Articles of Association (adopted 30 April 2025)** – see Appendix 1
- **Membership Agreement (entered into 30 April 2025)**

Together these constitutional documents set out UK DMO's governance, membership eligibility, funding framework and appointment requirements. Each Member's liability is limited to £1. By reference to the Articles and Membership Agreement, UK Deposit Management Organisation Limited is a not-for-profit body, is not a charity, and will remain so.

Membership classes

- **Eligibility:** Producers and Retailer Producers (as defined in the Regulations) may become Members (Articles 25.1.1–25.1.2).
- **Election and designation:** Each Member must elect to be either a Producer Member or Retailer Producer Member – it cannot be both (Articles 25.4–25.6). Membership is generally non-transferable (limited intra-group and asset-sale carve-outs apply) and may terminate automatically on insolvency, ineligibility or sanctions.
- **Funding:** No Member is obliged to fund UK DMO, but all Members are invited to provide funding or guarantees. Those that do commit funding or guarantees become "Investing Members".
- **Voting mechanics:**
 - During the Set-Up Phase and any Further Funding Phase, only *Investing Members* may vote on ordinary matters, with voting power allocated from a pool of 100 000 Investing Member Votes pro rata to funding committed (Articles 33.3 and Schedule 1 Part A).
 - Outside those phases, 100 000 Member Votes are allocated to all Members according to the number of in-scope containers placed on the market (Schedule 1 Part B).
 - "Fundamental Matters" – amendments to constitutional documents, winding-up or auditor appointments – always require approval by Members as a whole (Articles 33 and 43). Auditors require >50% Member Votes; amendments/winding-up require enhanced thresholds as set out in the Membership Agreement.

Scheme participants (registered producers and retailers) that do not become Members of UK DMO have no voting rights. Only Members have voting rights and anyone who meets the eligibility criteria can become a Member regardless of if they provide funding. Those Members that do commit funding/guarantees are 'Investing Members'.

UK DMO

Investing Members

A list of the current Investing Members of UK DMO is shown below.

- A.G. Barr P.L.C
- AB InBev UK Limited
- Aldi Stores Limited
- Asda Stores Limited
- Britvic Soft Drinks Limited
- Carlsberg Marstons Brewing Company Limited
- Coca-Cola Europacific Partners Great Britain Limited
- Co-operative Group Limited
- Danone UK & Ireland
- Heineken UK Limited
- Highland Spring Group
- Lidl Great Britain Limited
- Lucozade Ribena Suntory Limited
- Marks and Spencer Group plc
- Molson Coors Brewing Company Limited
- Wm Morrison Supermarkets Limited
- Nestlé Waters UK
- Red Bull Company Limited
- Sainsbury's Supermarkets Ltd and its Affiliates
- Shepley Spring Limited
- Tesco plc

UK DMO Board

The Board structure for UK DMO is:

- Chair
- CEO
- CFO
- Four producer representatives (soft drinks, water, alcoholic drinks, small producer)
- Four retailer representatives (retailer, producer retailer, small store operator, wholesaler)
- Two independent non-executive directors

The current Board members are:

- Chair: John Bason

- John brings a wealth of experience working with stakeholders across food and drink and retail supply chains. As Chair of FareShare, he oversaw its expansion into the UK's leading charity tackling food waste by redirecting surplus food from retailers and producers to frontline charities. John was Finance Director of Associated British Foods for more than 20 years and has held senior roles at United Biscuits, the global distribution company Bunzl, as well as being Senior Independent Director for the global food service business Compass Group.
- **CEO: Russel Davies**
 - Russell brings more than 25 years of leadership experience across global logistics, supply chain management and commercial strategy. Most recently, he served as Chief Executive Officer for North Europe, the Middle East and Africa at Hillebrand Gori, a DHL company specialising in beverage logistics, where he led teams across multiple international markets.
- **CFO: Niamh Lawlor**
 - Niamh joins the DMO from Poundstretcher, where she was Chief Financial Officer. She brings more than 25 years of experience in senior financial leadership roles across organisations in the UK and Ireland. Prior to Poundstretcher, she spent over two decades at Tesco, holding a range of senior finance positions spanning retail operations, logistics, infrastructure and online delivery, and served as Chief Financial Officer and Executive Board Director at Tesco Ireland. During her time in Ireland, Niamh was part of the executive leadership team during the implementation of Ireland's Deposit Return Scheme, giving her first-hand experience of the complex operational change required to establish a DRS.
- **Soft drinks producer: Julian Hunt, Coca-Cola Europacific Partners Great Britain Limited**
 - Julian has spent over 20 years in the grocery sector, leading on key issues and policy debates – from his time as Editor of The Grocer magazine, Director of Communications at the Food and Drink Federation and latterly his career at Coca-Cola Europacific Partners Great Britain Limited. He has a deep understanding of this specific policy issue and, given the fact he had until recently run the corporate affairs function for Coca-Cola Europacific Partners Great Britain Limited in GB and previously Northern Europe, he has first-hand knowledge of established Deposit Return Schemes. Julian also has experience at Board level working successfully in several key policy areas including, as a Founding Trustee of the School Food Trust; as a Director of FareShare, the food distribution charity; and as a Director of OPRL (On Pack Recycling Label Ltd).
- **Water producer: James Smith, Shepley Spring Ltd**
 - James is a former Royal Air Force Officer with over 25 years' experience spanning mineral and spring water manufacturing, marketing, sales and distribution. As Commercial Director at Shepley Spring, he helped grow the business from its first bottle to over 500 million bottles annually. He is the longest-serving Industry Board Member of the NSWA and brings valuable group-level DRS insight from Shepley Spring's California-based parent company, where a deposit return scheme has operated since 1986. James maintains strong relationships across UK retail and is a champion of sustainable innovation in the beverage industry.
- **Alcoholic drinks producer: Boudewijn Haarsma, Heineken UK Ltd**

- Boudewijn has 30 years of global management experience in beverages, including senior roles in markets with DRS in Europe and Africa and global innovation. He is the Managing Director of Heineken UK and is currently responsible for the UK's largest brewer and cider maker, with an extensive network across on and off trade, scale production and distribution facilities nationwide as well as ownership of 2,400 pubs. Boudewijn has eight years of experience in various Board roles at companies internationally, including publicly listed ones. His areas of functional expertise include general management, commercial strategy, supply chain, innovation and marketing.
- **Small producer: Jonathan Kemp, Radnor Hills**
 - Jonathan has over 30 years of commercial and operational experience in the food and drink industry and brings with him deep insight into both large-scale corporate leadership and the needs of SME manufacturers. Having spent over two decades as a FTSE-listed plc Director at AG Barr, where he served as Commercial Director, following an early career at Procter & Gamble, Jonathan's experience spans strategic marketing, commercial operations, supply chain management and stakeholder engagement within fast-moving consumer goods environments. He currently serves as a Non-Executive Director at Radnor Hills, a Welsh-based SME soft drinks business, and at the Scottish Event Campus. He also contributes to the next generation of business leaders through teaching electives in marketing and economics at the University of Strathclyde. Jonathan's commercial acumen and industry breadth bring valuable perspective to UK DMO's work in developing a DRS that is both effective and commercially viable for stakeholders across the supply chain.
- **Large producer retailer: Robert Beaumont, Lidl**
 - With over two decades of experience in operational leadership, financial oversight, and process improvement, Robert brings a collaborative and pragmatic approach to systems change at scale. At Lidl GB, he leads the retailer's DRS and circular economy strategy, overseeing ~~trial~~ implementation and infrastructure development. Lidl currently operates 20 functioning DRS ~~trial~~ sites across Glasgow and contributes to international best practice through its parent company, the Schwarz Group, which has launched DRS in 16 countries and is actively involved in planning or expansion in 14 more. Robert plays a pivotal role in aligning Lidl's operational readiness with wider environmental and regulatory ambitions. Robert's expertise spans cross-sector collaboration, customer experience, protocol development and strategic planning. His insight into the retail sector's operational realities ensures that UK DMO's work remains grounded in practical deliverability while supporting the transition to a more circular economy.
- **Large producer retailer: David Beardmore, Tesco**
 - David is a highly experienced, customer-led key influencer within the food and drink industry. He has significant cross-functional expertise in marketing, commercial and product development, having operated at Board level internationally. At Tesco, David sits on the steering committee of Dunnhumby UK, leading the development of Tesco's group Media &

Insights strategy, alongside responsibility for Tesco's largest commercial category. Beyond his executive role, David is a Trustee of the RSPCA, supporting the RSPCA Assured scheme, and serves on GroceryAid's Presidents Fundraising Committee, where he leads several cross-functional teams to deliver industry-wide initiatives. His experience across retail leadership, stakeholder engagement and charitable governance brings valuable perspective to UK DMO Board.

- **Small store operator: Rebecca Oliver-Mooney, Co-op**
 - Rebecca (or ROM as she is more widely known) has spent almost 25 years in FMCG, and the last five in convenience retail and wholesale with the Co-op. She's passionate about retail and is an advocate for inclusive customer-first transformation. This led to her launching the Apiary, Co-op's incubator and accelerator programme designed to nurture underrepresented founders building purpose-led businesses. In 2024 ROM founded Raising the Glass – an industry initiative with a vision to create meaningful connections that drive inclusivity for women and allies in the drinks industry. Through a commitment to empowerment and collaboration, she aims to build a future where everyone feels valued, respected and supported in their journey within the drinks industry.
- **Wholesaler: Richard Booth, Bestway Wholesale Ltd**
 - Richard brings a wealth of experience in FMCG wholesale, including a decade focused on soft drinks purchasing and end-to-end beverage supply chain management, and over 35 years as Director of Trading for Tobacco and Next Generation Products at Bestway Wholesale. He offers hands-on expertise in wholesale operations, spanning project management, trade marketing, category development, and warehouse merchandising, all crucial for ensuring DRS is practical and deliverable across wholesale channels.
- **Independent Non-Executive Director: Juliet Sotnick**
 - Juliet Sotnick has over 25 years of sustainability, procurement and supply chain experience. Most recently she was chief procurement officer at IHS Towers, one of the largest independent communications infrastructure companies, and prior to that was chief procurement & supply chain officer and chief sustainability officer at Babcock International Group. Juliet has also worked in senior leadership positions at Sky and Bear Stearns & Co. She is currently an independent non-executive director at Nuclear Waste Services – one of the UK's largest and most complex environmental infrastructure projects – and also sits on the global Board of trustees for the Chartered Institute of Procurement and Supply.
- **Independent Non-Executive Director: Lynda Heywood**
 - Lynda Heywood is a finance leader and treasurer with more than two decades of experience, including senior roles where she held group treasurer positions. She has deep expertise in capital structure, liquidity and financial risk management, as well as debt and real estate financing. Lynda has held non-executive roles at Urban Logistics REIT plc and Atrato Partners, and served on Boards across retail, insurance and property. She also sat on the Tesco Pension Scheme's investment and risk committee and was a member of the Bank of England's Money Markets Committee. She is a Fellow of both the Institute of Chartered Accountants in England & Wales and the Association of Corporate Treasurers.

UK DMO

The Board will play a crucial role in ensuring the effective and efficient operation of the scheme including work in governance, strategic oversight, financial management, compliance and stakeholder engagement. This Board oversee the entire UK Deposit Management Organisation Limited. UK DMO will have a Country Head dedicated to each of the devolved nations including Wales. The Country Head for Wales will carry out regulatory liaison with Natural Resources Wales (NRW), Welsh stakeholder engagement and delivery of Wales DRS performance.

Board member recruitment process

There is an expectation that the four producer and four retailer Board members are individuals currently working in or have recently worked in these industries and have a current understanding of the industry and its day-to-day realities. To ensure breadth of perspective and a collaborative approach to the implementation, the following industry groups are represented, and Board representatives have been nominated by associated trade associations who have consulted with their members as indicated below.

Producer / retailer industry group	Nominating trade association
Soft drinks producer	The British Soft Drinks Association Limited
Water producer	Natural Source Waters Association Limited
Alcoholic drinks producer	British Beer and Pub Association
Small producer	The British Soft Drinks Association Limited, Natural Source Waters Association Limited, British Beer and Pub Association
Retailer	British Retail Consortium
Producer retailer	British Retail Consortium
Small store operator	Association of Convenience Stores, National Federation of Retail Newsagents, Scottish Grocers' Federation
Wholesaler	Federation of Wholesale Distributors, Scottish Wholesale Association

The producer and retailer Board members were reviewed and voted on by UK DMO founding members. Consideration was given to balancing coverage across industries and functional competencies, as well as seeking diversity in gender, ethnicity, regional, and social backgrounds.

Across the senior roles UK DMO has been recruiting for, a proactive approach has been taken to ensure as broad a range of candidates as possible are put forward for consideration:

- RRA, UK DMO's senior recruitment partner, applied a demographic screening lens across the areas of gender, ethnicity and UK geographic coverage. This included leveraging diversity networks such as Women on Boards; EPOC (Empowering People of Colour); Pratap Partnership Women in Finance and more.
- A combination of targeted research, and use of RRA's network was used to identify sources and potential candidates from diverse backgrounds.
- All roles were advertised publicly to ensure an open and transparent process. This included postings in the Guardian, Times and Economist.

The goal for UK DMO Board and Senior team is to have a balance, encompassing all key relevant segments of industry and so that all members and scheme participants can have full trust in the Board.

If producer / retailer Board members leave their organisation, the relevant industry sub-group of the Board and the associated trade associations will decide if Board members will remain on the Board or the timeframe of when a new Director will be elected. Director appointments, rotations and removals are governed by Articles 4 to 19 of the Articles of Association, ensuring balanced representation between Producers and Retailers and requiring Investing Member approval during the funding phases.

Recruitment for Board members is now complete. Recruitment to date has aimed, and recruitment in the future will aim, to ensure that a variety of skills and backgrounds are represented on the Board and that there is actual and perceived producer / retailer 'neutrality' overall. For example, if an ex-retailer was to be chosen for one independent Board seat, the UK DMO would seek to appoint an ex-producer (or equivalent perception) for another independent Board seat or in this example neither of the independent directors would have a clear producer and / or retailer background.

Principles of the Board

- **Diversity of Board members:** Board members should collectively have broad and balanced coverage across industries and competencies, the Board should aim to be diverse in terms of gender, ethnicity, regional and social background.
- **Sub-group representation:** No single business or industry grouping / sub-grouping should have undue influence on the Board.
- **Independence:** Some Board members must be independent, meaning they do not have direct ties to the organisations involved in the DRS (beverage production, grocery retail) to avoid any conflicts of interest.
- **UK DMO's best interests:** The Board must act in the best interest of UK DMO and must be accountable to the members.
- **Integrity:** Board members should have a strong reputation for integrity and ethical behaviour.

- **Open communication:** There should be clear and open communication channels between the Board, UK DMO's management, the Industry Advisory Group and the members of UK DMO.
- **Evaluation:** Regular evaluation of the Board's performance and effectiveness should be conducted to identify areas for improvement.
- **Subcommittees:** Subcommittees report into the Board and make recommendations to the Board to be discussed and approved by the Board.

Reporting mechanism: Sub-committees

UK DMO has established five committees to oversee key areas of delivery, ensuring strong governance and continued momentum during the organizational set-up phase. These committees report into the Board and make recommendations to the Board to be discussed and approved by the Board.

Sub-committee	Composition	Frequency of meetings	Responsibility
Audit, Finance and Risk Committee	<ul style="list-style-type: none"> • Independent non-executive director • 1 producer director • 1 retailer director 	Quarterly	To oversee financial reporting, internal and external audits, financial planning, fraud and risk management to ensure the organisation's financial integrity, compliance, and strategic alignment. Responsible for promoting ethics, facilitating communication among stakeholders, and ensuring preparedness for crises.
Nominations Committee	<ul style="list-style-type: none"> • Independent non-executive director/ chair • 1 producer director • 1 retailer director 	Bi-annual	<p>To oversee the identification, evaluation, and recommendation of candidates for the independent Board members and key leadership positions, ensuring a diverse and skilled Board composition. Responsible for succession planning, governance policies and director development.</p> <p>Trade associations will nominate candidates for the producer and retailer Board seats in their sub-segment of industry to the nominations committee and the nominations committee will provide a final recommendation to the Board for approval.</p>

Remuneration Committee	<ul style="list-style-type: none"> • Independent non-executive director • 2 producer directors • 2 retailer directors 	Annual	To oversee the development and implementation of compensation and benefits policies, ensuring competitive and fair remuneration for executives and key employees. Responsible for performance reviews, executive development, and compliance with legal and ethical standards.
Fees Committee	<ul style="list-style-type: none"> • Independent non-executive director • 2 producer directors • 2 retailer directors 	Monthly (at least)	To provide a recommendation to the Board on the handling fees paid to retailers and the deposit level(s), and oversee the fees charged to producers.
Operations, Technology and IT Committee	<ul style="list-style-type: none"> • Independent non-executive director • 2 producer directors • 2 retailer directors 	Monthly (at least)	To oversee the implementation and maintenance of the technological infrastructure required for the establishment of UK DRS. This includes ensuring the system's efficiency, security, and compliance with regulatory standards. Oversee negotiation, execution, and compliance of contracts with service providers, ensuring all agreements align with regulatory requirements and support efficient operations of UK DMO.

Together, these committees provide the primary governance route for key commercial and financial decisions. The Audit, Finance and Risk Committee oversees financial planning, risk management and assurance; the Operations, Technology and IT Committee oversees major implementation and technology decisions, and the Operations group within this oversees the commercial terms, contract negotiation and ongoing supplier performance. This framework ensures that risk is actively managed and that accountability, oversight and supervision are embedded in all major procurement and implementation decisions for the PET and Can schemes across the UK and in Wales.

The members of the sub-committees are Board Directors supported by employees of UK DMO for in-depth analysis and expertise, and may draw on external subject-matter experts for specialist input where appropriate. The sub-committees are tasked with assisting the Board by handling some of the more demanding responsibilities. However, the Board will maintain ultimate decision-making authority. Therefore, whilst the Board

will aim for sufficient representation across subcommittees, the Board, which should be balanced with broad trust from across industry, will have final decision-making power.

Reporting mechanism: Industry Advisory Group and Consumer Engagement Forum

This section constitutes the proposed strategy for obtaining views of all scheme producers and suppliers (large, small, wholesale, convenience); and citizens, including Wales-specific stakeholders.

The Board is supported by an “Industry Advisory Group” that meets at least once a month. This is composed of trade associations representing a larger group including smaller and less represented industry stakeholders with a legitimate interest in the DRS. The Industry Advisory Group will not hold decision-making power but will act in an advisory capacity to bring a wider range of perspectives and capture and express the sentiment and opinion of industry more broadly. UK DMO will make sure to maintain Welsh representation from SMEs and convenience retail via the Industry Advisory Group and Glass / Reuse SteerCo highlighted below.

On several specific issues (scheme logo, scheme return codes, deposit level(s), producer fee, return handling fee), UK DMO will seek the views of relevant members of the Industry Advisory Group as part of the setup process and on an ongoing basis to help guide UK DMO's thinking. This will ensure that the depth of expertise represented in the Industry Advisory Group is drawn on to support the executive team of UK DMO on particularly complex topics, and that a wider range of perspectives from within industry can be sought when UK DMO is developing its approach to these topics. UK DMO will also report back to the Industry Advisory Group collectively (at regular Industry Advisory Group meetings) on views received across these issues and welcome discussion on the outcome of Board deliberations and wider UK DMO operations – with Board members in attendance, who chair the meeting (one retailer and one producer).

It is worth highlighting also in this document the role of the Board members who represent smaller producers and smaller retailers, who will seek to engage proactively with their respective segments of industry to ensure the perspectives of smaller operators are factored into decision making at the Board level, in addition to the input of the Industry Advisory Group noted above.

In addition to the inputs of the producer and retailer stakeholders outlined above, UK DMO also incorporates consumer perspectives on relevant topics (including on, but not limited to, the deposit level, the name of the Scheme and the logo). This is done via a Consumer Engagement Forum that meets once a quarter, chaired by the Board Directors (one retailer and one producer). The current attendees of the Consumer Engagement Forum are Citizens Advice, Disability Rights UK, Green Peace, Keep Britain Tidy, Keep Northern Ireland Beautiful, Keep Scotland Beautiful, Marine Conservation Society, National Trust, ReLoop, Trash Free Trails, and WRAP.

Across both the Industry Advisory Group and the Consumer Engagement Forum, UK DMO is already dealing with organisations and businesses with a UK-wide focus

(including Wales) but would additionally seek to incorporate any additional Wales-specific groups should this application be successful.

A full identification process for relevant organisations would take place subsequent to appointment but it is likely that organisations such as Keep Wales Tidy and Wales Environment Link would be invited to join given the presence of equivalent organisations across the UK within the Consumer Engagement Forum. Additionally, WRAP (a current forum member) are likely to be able to bring significant expertise on the Welsh recycling context given their extensive current work with Welsh local authorities.

Decision-making processes including voting rights

The Board will have final decision-making power on all matters, and approval of directors will require a simple majority except for Special Majority Board Matters, Return Handling Fees, Producer Fees, Deposit Levels, Operational Plans and Fundamental Matters, which require approval by 50% of each of Producer Directors, Retailer Producer Directors and Non-Executive Directors; the CEO/CFO do not vote on fees/deposit decisions and the Chair has no casting vote on those items.

5. B) Appointment requirements and internal governance – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

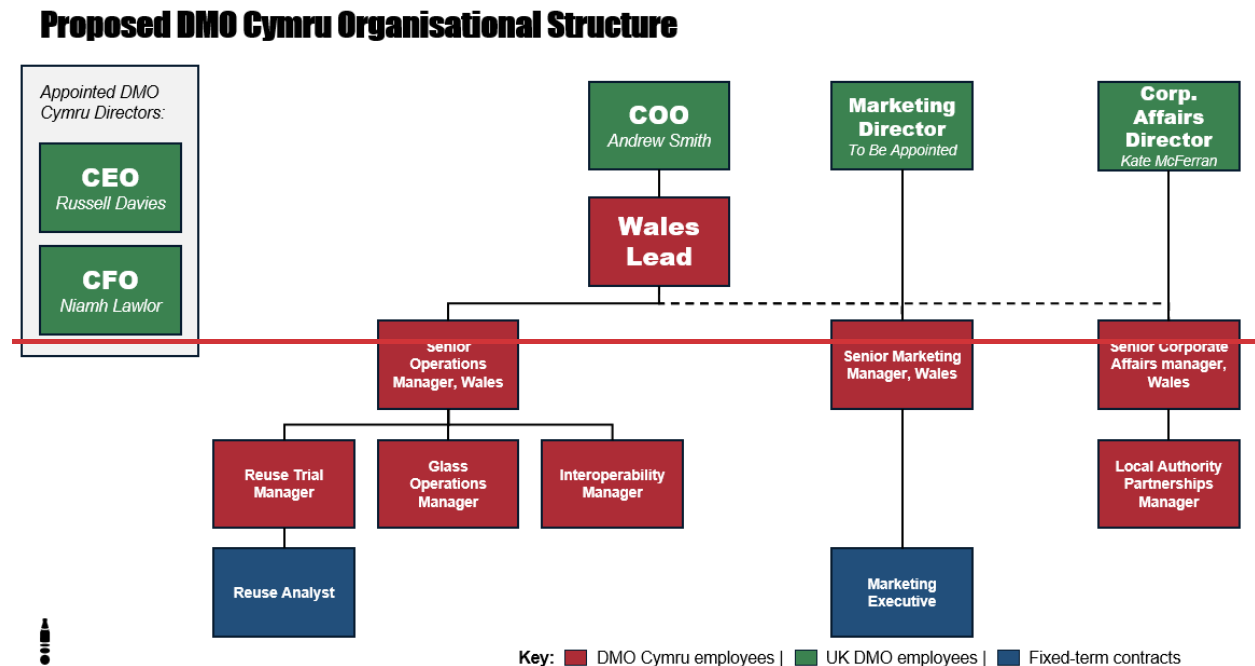
Corporate structure

To support the delivery of the Wales DRS for single-use glass and reuse, a new subsidiary - DMO Cymru (Glass and Reuse) - will be established under UK DMO. This structure will, as far as possible, provide operational and financial clarity associated with DMO Cymru (Glass and Reuse) activities. DMO Cymru (Glass and Reuse) is a not-for-profit subsidiary, is not a charity, and will remain so.

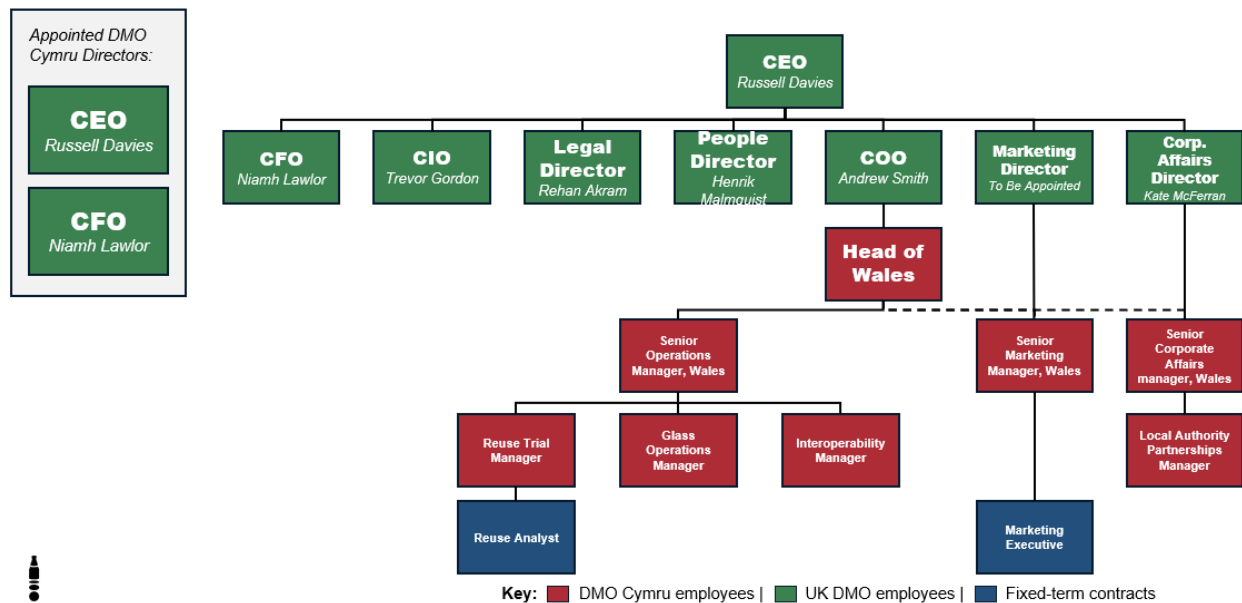
Acting through its Board, UK DMO will retain ultimate responsibility for compliance with the Welsh Regulations and for the delivery of all Wales DRS obligations, covering PET, aluminium, steel, glass, and reuse.

- **Corporate form:** DMO Cymru (Glass and Reuse) will be incorporated either as a company limited by shares or a company limited by guarantee.
 - Intra-group arrangements between UK DMO and DMO Cymru (Glass and Reuse) will be governed by formal service agreements. These agreements will cover central functions such as IT and HR and, as appropriate, deal with the interface between UK DMO and DMO Cymru as regards each party's responsibility for the operation of the Wales DRS. Charges for the central function services will be on a cost-recovery basis only, ensuring that DMO Cymru (Glass and Reuse) pays no more than reasonable remuneration for goods or services supplied by UK DMO.
- **Ownership:** UK DMO will be the sole member / shareholder of DMO Cymru. Members of UK DMO will have no direct interest or voting rights in the subsidiary.
- **Directors:** The Chief Executive Officer and Chief Financial Officer of UK DMO will serve as the sole Directors of DMO Cymru (Glass and Reuse).
- **Workforce:** DMO Cymru (Glass and Reuse) will employ a dedicated workforce responsible for managing all single-use glass and reuse operations. The subsidiary may choose to outsource certain operational functions - such as collection activities - to third parties where appropriate.
- **Articles of Association:** DMO Cymru (Glass and Reuse) will adopt Articles of Association appropriate for a wholly owned subsidiary of UK DMO.

Proposed DMO Cymru Organisational Structure



Proposed indicative DMO Cymru Organisational Structure



The organisational structure set out above represents UK DMO's initial and provisional view of the staffing model required to deliver a distinct Deposit Return Scheme in Wales. This structure is intended to provide clarity as to governance, accountability and functional responsibilities at this stage. It will, however, remain subject to refinement

following appointment and in discussion with the Welsh Government and Natural Resources Wales, to ensure it is fully aligned with regulatory expectations and the specific operational requirements of the Welsh scheme.

Within this structure, we have indicated a number of reporting lines into UK DMO employees to show how the DMO Cymru structure is integrated into the overall organisation and highlight that responsibility for delivering a Welsh scheme remains with UK DMO Limited.

Governance and Accountability

The DMO Cymru subsidiary would sit within the broader UK DMO group structure. The UK DMO Chief Executive Officer and Chief Financial Officer would retain ultimate executive and financial accountability for the subsidiary, ensuring appropriate oversight, financial robustness and alignment with UK-wide governance standards.

Day-to-day leadership of the Welsh scheme would be delegated to a dedicated **Wales Lead**, based in Wales, who would be responsible for operational delivery, stakeholder coordination and scheme implementation. The Wales Lead and their team would ensure that the scheme is delivered in a manner that reflects Welsh policy priorities and operational realities, while benefiting from the scale, expertise and infrastructure of the wider UK DMO organisation.

Operations Function

An Operations team would report to the Wales Lead and would be responsible for delivery of the core scheme design and implementation in Wales. Key areas of focus would include:

- **Glass implementation:** Developing a robust and deliverable solution for the inclusion of glass within the Welsh scheme, ensuring appropriate infrastructure is established and that the scheme delivers incremental progress above Wales' already high performance in glass recycling.
- **Interoperability:** Where relevant, ensuring effective interoperability with schemes operating across the rest of the UK. Recognising that the Welsh scheme may go further in certain areas, this function would focus on designing practical solutions that minimise disruption to producers, retailers and consumers, while respecting Welsh policy divergence.
- **Reuse ~~trial~~pilot delivery:** Designing, coordinating and overseeing a scalable reuse ~~trial~~pilot in Wales. This would involve working with partners across the value chain to establish an evidence-based pilot capable of informing both Welsh and wider UK reuse policy development.

This team would work closely with UK DMO operational colleagues to leverage technical expertise, procurement capability and infrastructure design experience, while retaining dedicated Welsh oversight and accountability.

Marketing and Communications

A dedicated Welsh Marketing function would oversee development of the DMO Cymru brand and citizen-facing communications strategy.

While drawing upon shared assets, insight and campaign infrastructure from the wider UK DMO organisation, the Welsh team would tailor messaging to reflect the specific features of the Welsh scheme and the distinct Welsh policy and behavioural context. This would also include ensuring materials are provided in Welsh language for relevant communities. Welsh citizens demonstrate strong environmental awareness and high recycling participation rates; communications will therefore be designed to build on this positive baseline, ensuring clarity where the Welsh scheme differs from arrangements elsewhere in the UK.

This approach ensures both efficiency through shared resources and responsiveness to the specific needs of Welsh consumers.

Corporate Affairs and Stakeholder Engagement

A Corporate Affairs function would oversee relationships with Welsh stakeholders, including government, regulators, local authorities and wider civic and environmental organisations.

Within this function, a dedicated Local Authority Partnerships role would focus specifically on engagement with Welsh local authorities. Given the distinct funding structures in Wales and the more direct operational role local authorities play in recycling collection and performance, it is anticipated that they will have an important and potentially more active role in scheme delivery than elsewhere in the UK. Early and structured partnership engagement will therefore be a priority.

This function will ensure transparent governance, effective regulatory liaison and strong stakeholder confidence in scheme implementation.

Industry representation

DMO Cymru (Glass and Reuse) Board will engage with an Industry Steering Committee (SteerCo) to inform key decisions on the operational delivery of the Wales DRS for single-use glass and reuse. The Industry SteerCo will meet regularly with DMO Cymru (Glass and Reuse) team to provide insight and guidance.

Membership of the Industry SteerCo will comprise of trade associations representing businesses involved in the production and sale of glass containers, including but not limited to:

- Welsh Beer and Pub Association / British Beer and Pub Association

UK DMO

- Wine and Spirit Trade Association
- Welsh Retail Consortium / British Retail Consortium
- British Soft Drinks Association
- Natural Source Water Association
- Association of Convenience Stores
- Other Wales specific trade associations

UK DMO will ensure that the Industry SteerCo provides balanced representation across the sector, with particular emphasis on representing smaller producers and retailers to reflect the diversity of industry interests. The SteerCo will remain open to any genuinely interested parties, such as the Welsh local authorities if they seek to play a role in the return point network (as we would aim for). A formal Terms of Reference will be prepared to govern the operation and remit of the Industry SteerCo.

Establishment and mobilisation of DMO Cymru (Glass and Reuse)

- Following a successful application, UK DMO will promptly incorporate the subsidiary DMO Cymru (Glass and Reuse) and adopt its Articles of Association. If the Articles of Association do need to be more specific to this entity, then the UK DMO will resolve to amend them shortly after incorporation.
- UK DMO will then establish the Industry SteerCo, appoint the Wales Country Head, and recruit the Wales workforce, aligning these steps with the wider implementation timeline set out in the Operational Plan.

5. C) Appointment requirements and internal governance – all materials

Cross industry and Welsh support

The Investing Members, nominating trade associations, and the members of the Industry Advisory Group and Consumer Engagement Forum collectively demonstrate broad cross-industry support for UK DMO and DMO Cymru (Glass and Reuse). Our membership, who have reviewed and support this application, includes the vast majority of market share for both drinks producers and grocery retailers in Wales. These businesses are significant local employers with substantial manufacturing, distribution and retail footprints across Wales. Their involvement reflects a shared commitment to delivering a successful DRS for Wales.

The Industry Advisory Group brings together perspectives from across the UK, including strong representation from Welsh producers and retailers, ensuring that Welsh operational needs and market characteristics are incorporated into scheme design. UK DMO also benefits from specific Welsh-based leadership through Jonathan Kemp, the Board Director representing small producers, whose experience at Radnor Hills provides direct insight into the priorities and challenges facing Welsh producers.

In addition, UK DMO maintains ongoing engagement with the Welsh Retail Consortium and with small producers and retailers across Wales. This engagement underpins UK DMO Limited's application to act as the Deposit Management Organisation in Wales for glass and reuse, and we will continue to seek further conversations and endorsements from Welsh industry stakeholders as preparations progress.

Use of retained amounts

Any surplus or retained amounts (e.g. unredeemed deposits) must not be distributed among the members but must be applied towards the furtherance of the business of the DMO. Practically speaking, this would mean either: i) the deployment of funds to help achieve higher return rates (e.g. grants to support return points in targeted locations, targeted marketing support); and ii) supporting longer-term efficient operations of the DMO (e.g. directly investing in sorting / reprocessing operations). UK DMO will also keep producer fees under close review and, as set out later in the application, will ensure these are adjusted as appropriate to minimise any future surplus (beyond the needs of the investment options outlined above).

Confirmation on revocation grounds and due diligence

UK DMO confirms that none of the statutory grounds for revocation apply to UK DMO, DMO Cymru (Glass and Reuse), or any connected persons. This confirmation is based on due diligence including background checks on Directors and senior management.

UK DMO

The statutory grounds for revocation include financial impropriety, fraud, bankruptcy or insolvency, failure to comply with the DMO's conditions of appointment under the Welsh regulations, and failure to meet the collection targets for at least three years.

UK DMO is committed to delivering the Operational Plan set out in this application and to operating the DRS as proposed in Wales subject to the conditions outlined within this application. In developing the Operational Plan, UK DMO has applied the principles that underpin the wider UK DRS, including sustainability, interoperability across the four nations, operational feasibility and system efficiency. As a result, certain elements of the Operational Plan necessarily reflect these design considerations to ensure the DRS can function effectively, integrate with the broader UK framework, and remain financially and operationally sustainable. These design principles also mean that not every aspect described in the application form have been incorporated into the Operational Plan. For example, features such as digital DRS return mechanisms or kerbside collections for PET, aluminium and steel, which are not part of the UK-wide DRS design and would compromise interoperability or deliverability at this stage.

UK DMO will continue to work constructively and transparently with Welsh Ministers, NRW and other relevant authorities to ensure that the implementation of the Operational Plan aligns with both the Welsh Regulations and the practical requirements of delivering a successful DRS in Wales.

Contracts with producers and return point operators

UK DMO is in the process of developing producer and return point operator agreements. These contracts will embed reporting requirements, payment terms, and data protection/usage provisions.

Section C

6. Operational Plan

The Operational Plan will set out how UK DMO intends to implement, operate and monitor the Welsh DRS. It will coordinate the key workstreams required for successful delivery, including logistics, counting and sorting, data systems, registrations, financial controls, communications and compliance arrangements.

The detailed Operational Plan is likely to contain commercially sensitive information, including procurement strategies and service-design specifications, and should not be shared onward as it may impact the competitive tender process for logistics, counting and sorting and other contracted services.

UK DMO commits to regularly update the Welsh Government, NRW and local authorities, as well as other relevant UK regulators, on detailed operational planning and progress against a finalised Operational Plan. UK DMO will also consider how interdependencies with the wider UK DRS are reflected as part of forward planning, ensuring alignment where required while accommodating any Wales-specific operational requirements.

7. Ensuring circularity and futureproofing of in-scope drink containers

Intended approach to ensuring collected material is recycled

UK DMO will play a role in making sure collected material is recycled and / or reused. This approach will prioritise circularity, environmental performance, and the retention of high-quality materials within the UK recycling system wherever possible by:

- **Establishing collection infrastructure:** UK DMO will operate and oversee a national network of return points, supported by logistics arrangements enabling the efficient movement of returned containers to counting, sorting and recycling facilities. This network will be comprehensive allowing for the timely and efficient collection of in-scope containers from all in-scope return points.
- **Coordination across the four nations:** UK DMO across England, Northern Ireland, Scotland and Wales will work together with combined recycling arrangements to maximise efficiency of the scheme. UK DMO Limited will oversee the operations of the DRS for PET, aluminium and steel to ensure interoperability across the 4 nations. A new subsidiary, DMO Cymru (Glass and Reuse), will be established under UK DMO Limited, with the role of delivering glass DRS and reuse in Wales. UK DMO Limited will retain ultimate responsibility for compliance with the Welsh Regulations and for the delivery of all Wales DRS obligations, covering PET, aluminium, steel, glass, and reuse.
- **Quality control:** To maximise closed-loop container-to-container recycling, UK DMO will maintain high material quality standards throughout the return, handling and sorting process. Activities will include:
 - Implementing stringent sorting and contamination-reduction practices at counting centres.
 - Providing clear consumer guidance on correct returns which will include guidance in Welsh.
- **Partnerships with UK recycling facilities:** UK DMO will establish commercial arrangements with UK waste management and recycling operators. UK DMO will focus on minimising environmental impact arising from recycling processes by taking advantage of current logistics and infrastructure and adapting this for DRS. For example, UK DMO will look to minimise the purchase of new vehicles. UK DMO will also work with recycling facilities to maximise closed loop container to container recycling and keep recycled materials in the UK where possible. Where reasonable, UK DMO will also encourage options for retaining materials within Wales to support local circular economy ambitions and reduce transport impacts. The ability to execute this will ultimately depend on outsourced logistics and infrastructure providers and separate recycling providers, who will be responsible for processing the materials.
- **Data tracking and reporting:** UK DMO will use tracking systems and maintain transparent reporting on collected and recycled materials.

- **Litter-reduction:** UK DMO will explore approaches for evidencing the impact of the scheme on reducing litter in Wales. This will include reconciling its data on Scheme containers placed on the market against return rates, to evidence the impact of the DRS in reducing litter in Wales.

Producers to have right of first refusal

In the UK, DRS registered scheme producers will have the right of first refusal on returned materials. Registered scheme producers or the obligated producer's nominated packer/filler/packaging supplier will be given right of first refusal to purchase a quantity of each type of in-scope material recovered from returned items at market value. The quantity will be proportionate to the number and material of containers they have placed on the market. The time period in which this right of refusal will exist will be specified and the details of how producers will be able to execute on this will be established by UK DMO. For single-use glass containers this approach will not be possible and the UK DMO will consider alternative methods such as using producer fees paid for single-use glass containers placed on the market as a proxy. These details can only be established through discussions with the waste management and recycling industry.

It is the intention of UK DMO that partners will try to keep recycled materials within the nation they are returned within wherever this is possible; however, there are limitations to recycling infrastructure within each nation and across the UK and Wales which mean this may not always be possible.

UK DMO will need to work through the details of how this process will be handled as material sales are critical to its financial plan and key to unlocking the circularity of packaging for beverages as material will be recycled back into new containers.

UK DMOs initial approach to enabling the right of first refusal:

- **Producer registration and material tracking:** Scheme producers will register with UK DMO. UK DMO will maintain accurate records of the volumes of containers that producers are placing-on-market and cross-check these records to verify allocations.
- **Communication with recyclers and waste management providers:** Once the materials are recovered, UK DMO will offer the appropriate quantities to registered scheme producers based on their placed on market proportions. UK DMO will work with recyclers, producers and packaging suppliers to develop a process and reasonable timeframe within which producers could buy these. This will be communicated to producers and the obligated producer's nominated packer/filler/packaging supplier.
- **Priority and secondary allocation:** Materials will first be offered to producers exercising their right of first refusal. Any unclaimed materials after the designated time window will then be made available to other buyers through transparent secondary allocation.

- **Feedback mechanism and scheme adjustments:** UK DMO will implement a producer feedback framework and collaborate with recyclers to refine allocation processes over time. Improvements will be informed by performance data, producer experience and operational outcomes.
- **Compliance and transparency:** UK DMO will keep detailed records of the quantities of materials recovered and offered to each scheme producer and provide regular reports to scheme producers and national enforcement authorities detailing the amounts of materials recovered and sold. UK DMO will also regularly assess and update the market value of the recovered materials to reflect current market conditions.

Collectively, these measures will support the movement of in-scope materials further up the waste hierarchy by prioritising reduction, reuse and high-quality recycling wherever feasible.

Intended approach to work with industry to future proof the scheme

To ensure long-term resilience, adaptability and alignment with future policy developments, UK DMO will seek to embed future-proofing considerations and flexibility into all infrastructure, financial planning and stakeholder engagement.

1. Infrastructure and technology

- **Additional capacity:** Counting and bulking centres will be designed with additional space and capacity so that if greater capacity or new machines are required a minimal number of additional sites will need to be purchased.
- **Scalable systems:** IT, data and logistics systems will be designed to be scalable, allowing for the addition of increased volumes without compromising efficiency.
- **New technology development:** The UK DMO will continue to evaluate technology developments, for example in digital DRS and may consider using new technology in the future if developments arise that make them environmentally and economically beneficial.

2. Policy and regulatory alignment

- **Proactive engagement:** UK DMO will maintain active dialogue with governments and regulators to anticipate legislative changes, ensuring timely planning and coordination. This will support smooth integration of any future regulatory adjustments.

3. Financial planning

- **Contingency funds:** UK DMO is a not-for-profit organisation, but UK DMO will aim to keep contingency funding available as a cash reserve to ensure UK DMO maintains liquidity, with the same approach applying within the DMO Cymru (Glass and Reuse) subsidiary.

4. Stakeholder collaboration

- **Industry partnerships:** UK DMO will foster collaborative relationships with producers, retailers, recyclers and packaging suppliers to ensure readiness for future changes.
- **Value chain collaboration:** UK DMO will explore opportunities for collaboration on citizen engagement and litter-reduction messaging, without committing to changes in the core return-to-retail collection model for single-use PET, aluminium and steel. UK DMO will engage with sustainability specialists in the Consumer Engagement Forum for guidance and to test feasibility.
- **Public communication:** A comprehensive public-engagement strategy will be utilised to inform citizens about any future developments in the scheme.
- **Community engagement & ensuring green growth:** UK DMO will encourage suppliers and partners to support green job creation across Wales, including opportunities in rural and economically deprived areas, for young people, and through community-hosted return point activity, helping to deliver wider social value, local economic resilience and circular-economy benefits in line with Welsh Government objectives.

5. Minimisation of environmental impacts

- **Emission tracking:** UK DMO will explore emissions data collection and tracking options to ensure the scheme minimises its environmental impact beyond the recycling process where possible.

6. Integration of reuse over time

- **Trialling reuse:** To inform reuse regulations expected to come into force in 2030, UK DMO will explore options to work with industry to design and run a ~~trial~~pilot for ~~glass~~-reuse. Detailed financial and operational modelling for building a roadmap for reuse operations at scale will only be possible once ~~trial~~pilot outcomes and evidence are available. The aim of UK DMO is that aspects of the pilot which are deemed to be successful would be continued across the pilot area and then scaled nationally across Wales.

The application has been developed on the assumption of a stable policy environment regarding in-scope materials for the lifespan of key infrastructure assets (including RVMs and long-term waste management contracts). Should additional materials / products be introduced into the UK DRS, significant re-investment from scheme producers may be required to redesign the Scheme's infrastructure and logistics.

By incorporating these strategies, UK DMO will ensure the UK DRS is resilient, adaptable, and prepared for future changes. This proactive approach will support the long-term success and sustainability of the scheme and support Welsh circular economy goals.

Reuse ~~trial~~pilot parameters

- **Scope and Location:** The proposed ~~trial~~pilot would take place across a meaningful and representative geography - a large Welsh city (potentially Swansea) and its adjacent rural areas - covering around 10% of the Welsh population. This provides a sufficient base to test re-use systems at scale, while capturing the diversity of both urban and rural return behaviours-. Such a pilot would operate as a testbed to support the scaling up of aspects of reuse deemed to be successful to 100% of the population in Wales and potentially set a pathway for the other devolved nations.
- **Product Categories:** The ~~trial~~pilot would span multiple beverage types, including soft drinks, beer and cider, with potential to include wine, spirits and ready-to-drink (RTD) beverages depending on feasibility. The intention is to include a wide range of product categories allowing the ~~trial~~pilot to generate meaningful insights across the beverage sector. This is required because in practice re-use will have different market impacts across categories: for beer/cider, glass is a highly adopted substrate (c.115m units per year in Wales), so would be a case of switching from single-use to re-use; for soft drinks, glass is an relatively niche substrate (c.60m units per year in Wales) and the ambition here would be to encourage brands to switch into glass to adopt re-use formats. Whilst it is envisaged that glass would be the primary substrate to test for reuse (as is the case in all other geographies where reusable beverage containers have been adopted), UK DMO would also work with producers to encourage the ~~trial~~trialling of a number of rPET SKUs. It is likely this would be limited to larger multi-serve SKUs – as rPET is typically limited to in other geographies. Where reuseable formats for other substrates (e.g. aluminium) are viable and adopted by drinks producers, these could also be considered for ~~trial~~trialling.
- **Producer Participation:** Both large and small producers would be supported to participate. Larger producers would be encouraged to include selected SKUs using reusable bottles — potentially bespoke formats — while smaller producers would be able to access re-use using shared stock bottles and pooled bottle-washing infrastructure. The market-wide test is explicitly designed to enable widespread participation across the supply chain, with funding support and guidance from the DMO to level the playing field.
- **Return Points:** To reflect real-world consumer habits, the ~~trial~~pilot would test multiple return options. These could include returns via Local Authority hosted return points, hospitality venues, large and small retail stores, stand-alone return points, household collection, and potentially charitable or community-based models. The intention is to understand which return mechanisms generate viable return rates and are most user-friendly for the public.
- **Jointly defining success:** To ensure the credibility and usefulness of this ~~trial~~pilot, we believe that its success criteria should be jointly defined by the Welsh Government and the UK DMO, and monitored through formalised monthly check-ins to review progress and course correct as required. We are keen to begin working with your team at pace to agree the key objectives and the methodology for assessing them. Any reuse model must demonstrate that it delivers genuine environmental benefit - and we know from observation of reuse schemes in the UK and internationally that this will ultimately

depend on achieving high return rates. We propose that this joint evaluation framework, data collection and analysis be supported by an independent third party - for example, a major university with relevant experience and links to the area, such as Swansea University, would be well placed to take on this role. UK DMO would recommend, at minimum, quarterly reviews of the data coming from the pilot between UK DMO, Welsh Government, and any academic partner, to enable ongoing assessment of where reuse is seen to be successful operationally and environmentally.

There is already a substantial base of knowledge which can be built on for the design and rollout of a reuse ~~trial~~pilot in Wales. A number of businesses, local authorities, and the Welsh Government have already invested considerable time and resources in the setup of a ~~trial~~trial exploring reuse within Newport. This planned ~~trial~~trial was ultimately too limited to meet the current ambitions of the Welsh Government – it was limited to large retailer return points, SKUs were limited to large producers, and the scale of the ~~trial~~trial region was likely insufficient to draw national conclusions. However, the engagement and learnings from local authorities and businesses in planning can be built upon for a wider ~~trial~~pilot. Other organisations and forums within Wales such as the Eco-Schools network and Local Authorities could be engaged to leverage existing expertise and help support awareness and participation.

In addition, UK DMO has been engaging with organisations with expertise in reuse (e.g. Club Zero) and would expect to continue to dialogue with other organisations and potentially seek partnerships to support ~~trial~~pilot operation if it were to be appointed as the DMO for Wales.

Green growth and community benefit

UK DMO anticipates that the Wales DRS will generate a significant number of additional green jobs (around 150-250 jobs in Wales). All roles funded through UK DMO and its supply chain, whether in logistics, material handling, reuse ~~trial~~pilots, quality assurance, customer engagement, or community-based return point operations will directly support carbon reduction, material circularity and litter reduction. They will therefore be classified as green jobs in line with Welsh Government definitions, circular economy objectives and the Well-being of Future Generations Act. This approach aligns with the Welsh Government's objectives for green growth and community benefit.

While final job numbers and distribution will ultimately be down to outsourced partners for many jobs, UK DMO will encourage diversity criteria to be considered, appropriately and as part of supplier selection, with consideration given to opportunities (which comply with equality/other legislation and regulation) for adoption of a wide range of recruitment channels with a view to reaching a diverse audience and supporting fairer access including in respect of:

- **Rural communities**, recognising that return-point coverage, local logistics partners and community-hosted services can stimulate local employment in areas that often have fewer green job opportunities.
- **Young people**, through targeted early-career pathways, apprenticeships with suppliers, and skills development linked to circular-economy workstreams.
- **Residents of more deprived areas**, where return-point staffing, local warehousing, community collection hubs and reuse-related activities can support the creation of inclusive and accessible employment.

Based on this approach, UK DMO expects a substantial number of green jobs to be created across logistics, operations, and material handling, including ambitions to develop reuse systems as required under the Welsh Regulations.

UK DMO will include appropriate fair work and social value criteria into supplier selection and contract management. UK DMO will encourage suppliers to:

- Generate green job opportunities in rural and economically deprived areas.
- Promote youth employment, skills and apprenticeships.
- Use Welsh-based labour where feasible in the Wales DRS.
- Support community benefits linked to litter reduction and local economic resilience.

Subject, of course, to applicable restrictions under equality/other legislation and regulation. As planning progresses, UK DMO will refine estimates of job creation and work with logistics partners and community organisations to maximise the local green economic impact of the scheme.

Financial planning for the introduction of reuse in Wales

UK DMO cannot set out a detailed financial plan for reuse prior to an understanding of what the operating requirements of reuse will be, and in advance of conducting a formal reuse ~~trial~~pilot to inform these, as there is currently no evidence base to inform what a nationwide rollout would look like. Without the outputs of any large-scale ~~trial~~pilot, it is not credible to determine what an operating model of a reuse system should be, and therefore it is not possible to produce robust financial forecasts or a defensible cost model for a hypothetical future reuse system without definition.

However, UK DMO recognises that the Welsh Regulations and application guidance require financial planning to support a credible pathway to reuse where appropriate. Therefore, in the future UK DMO will consider:

- **Developing a reuse financial framework** that sets out the cost categories expected to be incurred (e.g., reverse logistics, washing/inspection, storage, digital tracking, consumer incentives, return point handling, shrinkage, container procurement).

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- **Modelling a range of high-level scenarios** using international benchmarks from markets with active reuse systems (e.g., Denmark, Germany, Portugal) to provide indicative cost and order-of-magnitude estimates as well as understand emerging technologies that could be scaled. The UK DMO would share the outputs of this work with the Welsh Government and discuss the findings.
- **Identifying key cost drivers** that will be stress-tested during the ~~trial~~pilot phase, including container lifetime cycles, return rates, cleaning costs, technology requirements, fraud controls, return / collection model and infrastructure readiness.
- **Undertaking a full cost-benefit and sensitivity analysis post-~~trial~~pilot**, incorporating the ~~trial~~pilot's learning into the formal Business Plan update.
- **Updating producer fee modelling and return handling fee considerations** once there is clarity on reuse flows, washing capacities, and operational design.
- **Assessing capital and operating investment needs** associated with scaling reuse, including the potential role of digital tracking technologies as part of the reuse system efficiency and fraud prevention.
- **Engaging with industry, retailers, logistics partners, local authorities and packaging suppliers** to ensure the reuse model is financially viable, scalable and aligned with broader circular economy objectives in Wales.

UK DMO will ensure that no cross-subsidisation occurs between reuse and single-use materials, with cost separation reflected in the financial model for DMO Cymru (Glass and Reuse).

Following appointment, UK DMO will work with Welsh Government and industry to design and deliver a ~~glass~~-reuse ~~trial~~pilot. The outputs of the ~~trial~~pilot will provide the evidence base required to complete detailed financial planning for reuse, which will be reflected in the subsequent iteration of the Operational Plan and Business Plan following this, as required under the Welsh Regulations.

Consistent with the approach outlined in the introductory section, comprehensive operational, contractual and financial detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

8. Producer registration and reporting

Scheme producers are those who are established in the UK and who are a manufacturer of container drinks, an importer, or a person who fills to order.

Registering scheme producers with the DRS

To effectively register scheme producers with the DRS, UK DMO will consider implementing the following steps:

- **Set up an online registration portal:** UK DMO will develop a user-friendly online portal where producers can register to the scheme. This portal will include detailed instructions and guidelines to ensure compliance with the scheme's requirements.
- **Collect producer information:** Collect essential information required from producers.
- **Verify producer information:** Implement a verification process to ensure the accuracy of the information provided such as submitting supporting documents and product specifications.

Scheme producers will only have to register with UK DMO once and will not have to separately register with UK DMO in each of the four nations. For Wales, UK DMO will consider how the single UK-wide registration process can operate effectively across all materials and schemes managed by UK DMO. This will include coordinating data flows and interoperability between UK DMO Limited (responsible for PET, aluminium and steel across all four nations) and its Welsh subsidiary, DMO Cymru (Glass and Reuse), which will be responsible for delivering the glass and reuse elements of the Welsh scheme. UK DMO will explore options to ensure that producers supplying products into Wales experience a streamlined registration process, while enabling the distinct operational requirements for glass in Wales to be managed appropriately within the wider UK registration system.

Managing the register of producers

Management of the DRS registration process will be key to ensure all producers and in-scope products are registered to UK DMO in sufficient time ahead of go-live. UK DMO will employ the following methods:

1. **Centralised online database:** Maintain a centralised, secure database that is regularly updated to store all producer information. This will be centralised across the four nations allowing for an interoperable approach to producer registration across the schemes.

2. **Audits:** Conduct regular audits to ensure the accuracy and completeness of the register. This can involve cross-referencing with other databases and conducting spot checks.
3. **Producer reporting requirements:** Producers will be required to submit regular reports on the number of in-scope containers placed on the market. UK DMO will conduct regular audits to ensure the robustness of the data provided. This data can be used to monitor compliance. This data is central to the scheme and tracking performance of the scheme vs. the legal requirements for return rate as set out in the regulations and therefore will be regularly reported and be robust.

UK DMO will work with national enforcement authorities to ensure that scheme producers accurately report information by introducing:

- **Clear reporting requirements:** UK DMO will set clear guidelines and provide training to ensure producers understand and meet reporting obligations.
- **Centralised data collection:** Producers submit data through a centralised system, with UK DMO verifying accuracy via cross-referencing, audits, and technology.
- **Regular audits and inspections:** Work with regulators and schedule audits and random inspections to ensure compliance and deter fraud.
- **Continuous improvement:** Feedback from producers and regulators, along with technology upgrades to continuously improve the reporting process.

In Wales, UK DMO will engage with NRW to explore appropriate approaches for sharing registration and reporting data, supporting verification activity where required, and ensuring that any issues relating to producer compliance are managed in a coordinated manner. UK DMO will also consider how to engage with Local Authority Trading Standards services in Wales, including exploring opportunities to support verification, monitoring and any enforcement activity linked to producer registration or reporting obligations.

Low-volume producers will be subject to the same requirements as other scheme participants and will be audited primarily through spot checks on reported volumes and returns. In Wales, UK DMO will also provide a route through which exempt low-volume producers may choose to voluntarily opt into the scheme. UK DMO will explore options to ensure that any opt-in process is straightforward and proportionate, while helping producers understand the obligations that would apply to them.

To support all producers, including small and low-volume operators, UK DMO will continue to release communications through wider industry networks and trade associations on how to register with UK DMO and comply with the requirements of the DRS legislation.

Registration information required by producers

As laid out in the Deposit Scheme for Drinks Containers (England and Northern Ireland) Regulations 2025 and the draft Deposit Scheme for Drinks Containers (Wales)

Regulations 2026, in the registration application scheme producers operating in the UK will be required to provide:

- Name and business name (if different)
- The address and telephone number of the applicant's registered or principal office
- An address for service, if different from the address mentioned above
- If the applicant is a company, the company registration number
- If the applicant is a partnership, the names of all the partners
- The name and contact details (including an email address where available) of the person appointed as the point of contact for the applicant in relation to the Scheme
- The applicant's SIC code (code included in the UK Standard Industrial classification of Economic Activities 2007 (SIC 2007) published by the Office for National Statistics
- A statement as to whether the applicant is a brand owner
- A statement as to whether the applicant is an importer
- A statement as to whether the applicant fills closed containers with drinks to order
- If the applicant is a brand owner or importer, the brand name of each drink for which the applicant is the brand owner or importer
- The total number of deposit containers which the applicant expects to supply in the relevant area in the period of 12 months following their registration with the deposit management organisation, together with,
 - (i) information about the in-scope materials from which the applicant expects the in-scope bottles and cans to be wholly or mainly made
 - (ii) the expected capacity of each type of those bottles and cans
 - (iii) if the applicant expects any of the deposit items to be made available for supply in scheme multipacks, the expected size of those multipacks.

Where the applicant is a partnership, the registration application must be made by one of the partners on behalf of the partnership. UK DMO will grant registration and register the applicant as a scheme producer if UK DMO is satisfied that the applicant meets the application requirements. Registered producers must notify UK DMO of any changes to the registration information or any other information that the applicant was directed to include in their registration application by UK DMO. UK DMO will publish a list of registered producers.

Registration timings

To ensure that all scheme producers are registered ahead of October 2027, UK DMO will implement a comprehensive and phased approach to registration. Here are the key steps and strategies that UK DMO will look to implement:

1. Early development and testing of the registration system

- **System design and development:** Begin the design and development of the online registration portal once an executive team is in place.
- **System testing:** Conduct testing of the registration system with a small group of producers to identify and resolve any technical issues.

2. Producer engagement and communication

- **Awareness campaigns:** Launch awareness campaigns to inform producers about the upcoming DRS and the need to register in advance of October 2027. Use multiple communication channels, including trade associations, trade publications, and direct emails.
- **Information sessions:** Organise webinars, workshops, and information sessions to educate producers about the DRS and registration process, requirements, and deadlines. Provide clear and detailed guidance to ensure producers understand their obligations. In Wales, UK DMO will make sure registration materials, guidance and communications can be made accessible in the Welsh language, in-line with relevant Welsh-language expectations and good practice for ensuring understanding and uptake across all citizens.

3. Phased registration process

- **Staggered registration windows:** We expect the signing up of producers to be staggered, with larger businesses registering first, and smaller producers requiring more time. To allow for all producers to register, UK DMO will leave the registration window open for an extended period of time. For PET and cans, registration will likely open in Q4 of 2026, with allocated windows for bulk registration and a separate slot closer to go live as a 'catch all'. This is key to ensuring sufficient time and resource for processing registration to avoid a last-minute deluge. For glass, the timeframe for registration is currently unknown as the design work is not progressed, but the same principle of an extended period to sign up will apply, to ensure smaller producers have sufficient time to register.

4. Support and assistance

- **Guidance materials:** Provide guidance materials for registering with UK DMO on the registration portal.

5. Monitoring and compliance

- **Regular updates and reminders:** Send regular automated updates and reminders to producers about registration deadlines and requirements.
- **Compliance checks:** Conduct compliance checks to ensure that all producers are registered before the scheme goes live. This can involve cross-referencing with industry databases and conducting random audits.
- **Contingency planning:** Develop buffer time into the registration process and aim to register producers well in advance of go-live.

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The exact timeline for registration is yet to be determined but the system development and producer engagement in Wales will start soon after successful appointment, and has already begun for the England, Northern Ireland and Scotland scheme. UK DMO will work with producers with the aim of having all producers registered with UK DMO in sufficient time ahead of go-live.

Scheme producers can request an internal review of decisions made by UK DMO regarding refusal of an application to register a low volume line, cancellation of a product's registration as a low volume line or cancellation of a person's registration as a scheme producer. UK DMO will carry out the review and notify the affected person of the decision as soon as reasonably practicable. Scheme producers can also request an internal review of decisions regarding the amount of a registration fee payable. UK DMO will carry out the review and notify the affected person of the decision as soon as reasonably practicable after the decision is taken.

UK DMO will have a centralised registration system for England, Northern Ireland, Scotland and Wales, allowing producers to register with UK DMO in one streamlined process.

Data reporting

Registered producers will be responsible for keeping a record of in-scope containers placed on the market and specific container information. This information will be uploaded to the online portal.

UK DMO will take all appropriate measures (both organisational and technical) to ensure that all data is secure, and that any personal data is processed in accordance with the UK General Data Protection Regulation (UK GDPR). UK DMO will provide appropriate access to registration and reporting data at an aggregate level for NRW and Local Authority Trading Standards services in Wales, ensuring that any data-sharing processes are secure, proportionate and compliant with UK GDPR and other applicable data-protection requirements.

Removing producers if no longer an in-scheme producer

UK DMO will cancel a scheme producers' registration if the scheme producer notifies UK DMO that they have ceased to be scheme producer and UK DMO is satisfied that is the case. Where registration is cancelled UK DMO will give notice to the scheme producer stating that the registration as a scheme producer has been cancelled and specify the date on which the cancellation takes effect.

If UK DMO is satisfied that a scheme producer has ceased to be a scheme producer, UK DMO will submit a proposal notice to that producer stating why UK DMO is proposing to cancel the producer's registration and give the producer at least 28 days to make representations. UK DMO will consider those representations before notifying the producer of its decision. If UK DMO decides to proceed with the cancellation, it will give notice to the scheme producer stating that the producer's registration as a scheme

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producer has been cancelled and the reasons why, the date on which the cancellation will take effect (which will not be less than 28 days from the date the producer receives the notice) and stating that the producer has the right to ask UK DMO to review its decision. Following the approval of the application, UK DMO will conduct detailed operational planning to determine what will happen to registered products after a producer is removed from the DRS. UK DMO will determine how long these products are kept as active in the system to enable citizens to return them and receive their deposit.

In Wales, UK DMO will share appropriate information at an aggregate level relating to producer removal with NRW and Local Authority Trading Standards services, to support any follow-up activity required under the Welsh Regulations.

Consistent with the approach outlined in the introductory section, comprehensive operational, contractual and financial detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

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9. Producer registration fees

Producer fee calculation process

From scheme go-live, UK DMO will charge registered scheme producers an ongoing registration fee. This fee will be collected at regular intervals (likely monthly) and calculated on a per-container, per-material basis. UK DMO will provide regulators, including NRW, with appropriate visibility of fee payments to support their oversight responsibilities under the Welsh Regulations.

Each producer's registration fee will be the aggregate of:

- The producer amount for containers made wholly or mainly from polyethylene terephthalate (PET) plastic (if any).
- The producer amount for containers made wholly or mainly from steel (if any).
- The producer amount for containers made wholly or mainly from aluminium (if any).
- The producer amount for containers made wholly or mainly from glass (if any).

As UK DMO is a not-for-profit organisation this producer fee will be set at a value required to maintain the financial viability of UK DMO each year after all operational expenses are paid and scheme retailers have been paid a fair return handling fee. If a surplus arises, UK DMO Board will be able to determine how to best deploy these funds - and may look to invest these in reduction of future producer fees, improving scheme operations or initiatives to improve the recycling rate. UK DMO will have additional revenue sources from unredeemed deposits (other than glass during the 2027 – 2030 transitional period when the deposit is £0) and the sale of materials, as well as the producer fee. UK DMOs aim is to run an efficient scheme to keep the producer fee to a minimum whilst also ensuring fair compensation of retailers via the return handling fee. UK DMO will review the producer fees at least annually and will publish updated fees. The review will ensure that reserves remain adequate to support liquidity and continuity of UK DMO.

In line with the regulations, no cross-subsidisation is permitted between materials. Therefore, UK DMO will maintain distinct cost and revenue accounts for PET, aluminium, steel, and glass. Fees are likely to vary by material; the fee for glass is expected to be higher because i) no unredeemed-deposit revenue will accrue for glass containers which is typically a DMOs main source of income in early years; and ii) handling glass typically incurs higher costs vs. other materials.

UK DMO will consider the following factors when determining the level of the producer fee:

- Benchmarking of methodology from international schemes
- Forecasted sales and return rates of the scheme
- Material sales income

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- UK DMO projected operating costs
- UK DMO necessary operating reserve
- For single-use glass the UK DMO is proposing that the return point network for single-use glass returns in Wales should not lead to a producer fee of over c.4p per container, aligned with EPR levels.

As part of future fee development, UK DMO will consider how any evolution toward reusable containers may need to be reflected within fee-modulation principles, whilst strictly and consistently adhering to the principle of no cross subsidisation.

The producer fee will be used to:

- Meet NRW costs associated with exercising its functions under the Regulations.
- Meeting UK DMO's own costs in carrying out its functions under or in connection with the Scheme (e.g. RHF, logistics costs, central office costs).

Any over or under recovery will be factored into the producer fee calculations for subsequent years. This approach, along with aligned payment and receipt schedules, will enable UK DMO to maintain ongoing liquidity and financial stability. This ensures the organisation can manage variations in costs and recoveries against the forecasted and modelled figures effectively.

Expertise or external validation used in determining producer fees

UK DMO is conducting detailed financial modelling so that the Board can set the RHF and deposit level(s) and model operational expenses and sale of material for UK DMO. This will require detailed financial modelling and regular review of this in subsequent years. This analysis will determine what the producer fees will be set at for the following year to maintain the financial viability of UK DMO. International benchmarks will also be used as a triangulation point to compare the producer fees calculated to international DRS producer fees to ensure proposed fees are in line with 'normal' rates.

UK DMO will have the right to employ independent advisors to assist with this process where appropriate. Legal advisors will be used to ensure the fee structure complies with all relevant laws and regulations, and that the contract terms are fair and enforceable.

Producer fees will be approved by UK DMO Board along with other inputs for the financial modelling.

Producer fee review and revision process

Before setting or changing the fee, UK DMO will consult:

- Scheme producers, through Investing Members and the Industry Advisory Group as representatives for the wider Membership
- Other stakeholders as UK DMO deems appropriate

The producer fee will be kept under review which will be carried out at least annually by UK DMO. A more detailed approach for the principles, process and consultation for setting the return handling fee is included in section 8. This will be a key input that will impact what the resulting producer fee will be. UK DMO will consider how best to provide producers with a clear understanding of the principles and assumptions that inform the fee calculation, while ensuring that any commercially sensitive information remains appropriately protected.

Producer fee collection process

UK DMO will use in-scope container reports from scheme producers to issue invoices to producers and will clearly define the payment terms, including due dates and acceptable payment methods. UK DMO will allow multiple payment methods for producer fees to facilitate ease of payment and will implement a tracking system to ensure that all fees are collected. This could be an integrated software system connected to the producer registration portal. UK DMO will address non-compliance with producer fee payments and will work with the national enforcement authorities to ensure scheme producers pay producer fees.

The exact approach will be determined post successful application, but this could include contractual mechanisms and/or interest on overdue amounts. This will be described in the Producer Agreement, which every Scheme producer must sign when registering to UK DMO.

Reconciliation of producer fees

UK DMO will make sure producer fees received and producer fees due will be reconciled by:

- Using a robust accounting system to track all financial transactions related to producer fees.
- Requiring all producers to register with UK DMO and submit regular reports detailing the volume of in-scope containers they place on the market.
- Monitoring payments received against the issued invoice through the accounting system which will flag any discrepancies or outstanding payments.
- Conducting regular reconciliation exercises and run audits.

Managing late or non-payment of fees

To mitigate and manage late payment or non-payment of producer fees UK DMO will:

- Establish clear payment terms and deadlines in agreements with producers.
- Send reminder notices to producers who have not paid their fees.
- Implement a system of penalties for late payments.

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- Take legal action as a last resort.

Considering the needs of smaller producers

UK DMO will explore options to support small producers including:

- **Financial support:** UK DMO will look to government to see if small producer grants are available and will investigate flexible payment plans to manage cash flow.
- **Engagement and feedback:** UK DMO will work with small producer stakeholders to understand their needs, make them aware of the DRS and their requirements, and encourage ongoing feedback to adjust the scheme as required.

Consistent with the approach outlined in the introductory section, comprehensive operational, contractual and financial detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

10. Return point operation registration and management

Registering return point operators with the DRS

To effectively register return point operators with the DRS, UK DMO will implement the following steps:

- **Set up a centralised online registration portal:** UK DMO will develop a user-friendly online portal where return point operators can register to the scheme. This portal will include detailed instructions and guidelines to ensure compliance with the scheme's requirements.
- **Centralised online database:** Maintain a centralised, secure database that is updated regularly to store all return point operator information.
- **Collect return point operators' information:** Collect essential information required from return point operators.
- **Verify return point operator information:** Implement a verification process to ensure the accuracy of the information provided such as submitting supporting documents.
- **Audits:** Conduct regular audits to ensure the accuracy and completeness of the register. This can involve cross-referencing with other databases and conducting spot checks.

Scheme retailers will only have to register with UK DMO once and will not have to separately register with UK DMO in each of the four nations. Management of the DRS registration process will be key to ensuring as many return point operators as possible are registered with UK DMO in sufficient time ahead of go-live to allow retailers to plan for changes such as the purchase of RVMs (where return points opt for this return mechanism).

Registration information required by mandatory return point operators

The application to register as a mandatory return point operator will include:

- The retailers name, and if different, business name
- The address and telephone number of the retailer's registered or principal office
- An address for service, if different from the address above
- Where the retailer is a company, the company registration number
- Where the retailer is a partnership, the names of all the partners
- The name and contact details (including an email address where available) of the person appointed as the point of contact for the retailer in relation to the scheme
- The address of each of the mandatory return point premises in respect of which the retailer is required to operate a return point in accordance with regulation

Return point operators will also detail if they intend to operate a glass return facility and the address of each of these. UK DMO will publish a list of registered return point operators including the name of each return point operator and the address of each premises. The register will also include any return points operated directly by UK DMO and any voluntary return points, if any, as well as details of return point exemptions granted. UK DMO will keep the register up to date including adding new entries and removing expired entries.

Revoking mandatory return point operator registration

A return point operator's registration as a mandatory return point operator will be cancelled in respect of specific premises if the retailer notifies UK DMO that they no longer supply deposit items at or on those premises, and UK DMO is satisfied this is the case, or if UK DMO grants a return point exemption in respect of those premises.

More generally, a return point operator's registration as a mandatory return point operator will be cancelled if the retailer notifies UK DMO that they are no longer an in-scope retailer and UK DMO is satisfied that this is the case, or if UK DMO grants a return point exemption in respect of all the retailers' premises.

Where registration is cancelled UK DMO will give notice to the return point operator stating that the registration as a return point operator has been cancelled and specify the date on which the cancellation takes effect.

If UK DMO is satisfied that a return point operator has ceased to be an in-scope retailer, UK DMO will submit a proposal notice to the return point operator stating why UK DMO is proposing to cancel the registration and give the return point operator at least 28 days to make representations. UK DMO will consider those representations before notifying the return point operator of its decision. If UK DMO decides to proceed with the cancellation, it will give notice to the return point operator stating that the registration has been cancelled and the reasons why, the date on which the cancellation will take effect (which will not be less than 28 days from the date the return point operator receives the notice) and stating that the return point operator has the right to ask UK DMO to review its decision.

Ensuring mandatory return point operators required to register can do so

To facilitate the registration process for mandatory return point operators UK DMO will implement the following steps:

1. **Clear communication and guidelines:** Launch comprehensive business-to-business marketing campaigns to ensure all scheme retailers understand DRS, how DRS could impact their business, the registration process for becoming a return point operator and the requirements of being a return point operator. UK DMO will consider how accessibility requirements can be reflected in guidance for return point operators, including physical access (such as wheelchair access

and manual return facilities where appropriate) and accessible information formats, including using Welsh language materials.

2. **User-friendly registration process:** The registration portal will be user-friendly and make it easy for return point operators to register.
3. **Partnerships with trade associations:** Collaborate with trade associations to disseminate information and support their members in the registration process.
4. **Continuous feedback and improvement:** Establish a feedback mechanism to gather input from return point operators about the registration process and use this to make continuous improvements and address any issues.

UK DMO would undertake detailed operational planning post successful application, including how UK DMO will undertake reviews which consider the operation of the return point network.

Voluntary return points

UK DMO will allow organisations other than retailers (e.g. local authorities) to apply to operate voluntary return points. Applications will be reviewed against defined suitability criteria, and UK DMO will have final authority over any approval decisions. The exact mechanisms for compensation for voluntary return points have not yet been agreed and will be set out further as part of further operational planning, but UK DMO will compensate voluntary return points with a handling fee.

UK DMO recognises that in parts of Wales, particularly rural areas, isolated communities, transport-limited regions and places with low retail density, there may be gaps in convenient access to return points. In these circumstances in particular, local authorities can provide highly effective locations for voluntary return points by using existing public infrastructure such as recycling centres, libraries, leisure centres, community hubs or civic buildings. This would complement the single-use PET and cans return-to-retail system, where local authority sites could act as optional, additional voluntary return points, and it is envisaged that local authorities could form a more central part of the return point network in Wales. More widely, Local Authority sites (e.g. recycling centres, leisure centres, community centres) are likely to be less space-constrained than retail environments – presenting opportunities for local authorities to support multiple types of returns (including for reuse), which may be able to provide new income streams for these operators.

Through providing a handling fee and alignment with local social-value objectives, UK DMO will ensure that operating a return point is feasible for local authorities in Wales, however the DMO will not make payments to local authorities outside of this RHF.

Managing the return point network to ensure sufficient coverage for citizens in both urban and rural areas

To ensure that the DRS provides sufficient coverage for citizens in both urban and rural areas whilst ensuring its network is efficient, UK DMO is carrying out comprehensive

network and logistics design processes. As part of its network design, UK DMO will explore approaches for identifying any geographical 'blackspots' where access to return points may be limited and will consider proportionate options to address such gaps. Here are some of the key steps and considerations:

- **Geographical analysis:** Conducting detailed analysis to identify likely return points and how these map to population centres, with an eye to ensuring that all areas (urban and rural) have sufficient access to return points. This assessment will also be conducted in conjunction with a detailed plan of potential sorting and counting centre sites, including the number and location of sites, to optimise logistics. UK DMO will also explore opportunities to work with local authorities in Wales to understand local service patterns, community needs and potential siting opportunities that could support the effectiveness of the return point network.
- **Exemption criteria:** UK DMO will run analysis to understand the likely impact of the return point exemption criteria. This will include the cost of the network and the geographical coverage. UK DMO may wish to discuss exemption criteria with Welsh Government and Defra once analysis has been conducted on coverage and costs to ensure the exemption criteria laid out in Deposit Scheme for Drinks Containers (Wales) Regulations 2026 is appropriate. The exemption criteria laid out to date are: 1) retail space under 100 m² in an urban area (as defined by the ONS 2011 Rural/Urban Classification); 2) "proximity grounds" where an alternative return point exists within reasonable distance; or 3) "premises grounds" where physical constraints prevent operation of a return point. Having established clarity on the exemption criteria UK DMO will establish a clear, thorough and timely process for handling exemption applications. UK DMO will publish a list of grocery retailers granted an exemption from operating a return point. In assessing exemption applications, UK DMO will also consider the extent to which reasonable proximity to alternative return points is maintained for citizens, reflecting Welsh access requirements. Different criteria for operating a single-use glass return point will be required to ensure that any return-to-retail arrangement do not impose an unreasonable burden on retailers, does not lead to a producer fee of over c.4p aligned with EPR, whilst still providing adequate coverage for consumers across Wales. Our modelling suggests that a network of just 100 glass return points would place c.94% of the Welsh population within a drive of less than 15 minutes of their nearest point.
- **Consumer awareness campaigns:** Launch targeted public awareness campaigns to educate citizens on the location of return points, made available in both English and Welsh language.
- **Tailored solutions:** Develop tailored solutions that address the unique challenges and needs of different regions, ensuring that both urban and rural areas in Wales are adequately served, including areas where population density or geography may limit access to return points under a standardised network model. These solutions may include voluntary return points or UK DMO operated return points. In developing tailored solutions, UK DMO will also consider whether operating UK

DMO-run return points, including temporary, mobile or hub-based options, could support access in areas where retailer-led provision may be limited.

UK DMO will also develop an approach for reviewing the return point network at appropriate intervals, including considering evidence such as retailer data, population density, operational performance, and user feedback to determine whether adjustments in the number or distribution of return points are required.

Scheme retailers can request an internal review of decisions made by UK DMO regarding refusal of an application for a return point exemption, refusal to renew a return point exemption and revocation of a return point exemption. Scheme retailers may request an internal review within 28 days of notification of the relevant decision by UK DMO. The decision remains suspended until the review is completed. UK DMO will carry out the review and notify the affected person of the decision as soon as reasonably practicable after the decision is taken.

Operating automatic vs. manual return points

In line with the norm in other schemes, it will be left up to return point operators to determine what sort of return point each site would operate. UK DMO is conducting detailed operational planning to determine if retailers will need to disclose whether they plan to operate an automatic or manual return point in the registration process or whether this can be decided at a later date.

UK DMO will set the parameters of compensation and what is required from each sort of site but then leave it up to individual operators to determine how they seek to run a return point. The RHF will be set in such a way that does not compensate for “over-specced” return points with RVMS that are not utilised. The current planning for the return point handling payment workstreams assumes relevant analysis will be conducted.

Glass return points in Wales

The success of a solution for glass packaging in Wales will ultimately depend on the buy-in and engagement of Welsh citizens for it. International experience suggests that achieving this buy-in will be aided substantially via clear communications and explanations as to ‘what to do?’ and ‘why?’, and as convenient an experience as possible for returning items.

Communications and explanations for Welsh citizens will need to be different to those for citizens across the rest of the UK to reflect: i) the presence of glass return points from October 2027 and the introduction of a re-use ~~trial~~^{pilot} subsequently; and ii) the currently high levels of recycling across Wales – requiring a clear rationale as to why different behaviours to current recycling practices are required. A key part of this messaging will be focused on litter, as despite high current recycling rates in Wales, litter across container materials persists and is a consistent concern from citizens about their local areas.

In providing a convenient return experience for Welsh consumers for glass packaging, UK DMO will need to balance:

- i) A desire to offer return points which accept all material types, in order to provide convenience to consumers returning items; and
- ii) A need to ensure a sufficiently broad return point network for consumers such that returns can be made without significant travel time

Glass return points, particularly in retail settings, carry more complicated operating requirements (e.g. greater health and safety risks, increased staff handling time). Additionally, if RVMs are required to have soft drop or crate functionality for glass, this will substantially increase the financial costs of setting up and compensating a return point. This will inherently limit the number of return points which can be afforded within the system or which businesses would opt-in to hosting. As such there is a tension between the two objectives.

UK DMO could explore the establishment of network of 'unified' return points – incorporating returns for PET, Aluminium, Steel, and Glass – across Wales. The large required footprint of these sites would mean that Local Authority locations (e.g. community centres, recycling centres) are best suited to host these return points. If appointed, UK DMO would seek to begin conversations with local authorities in Wales to identify suitable locations and consider financial arrangements for hosting.

In practice, these sites could potentially include either of:

- A large RVM machine including:
 - a compartment(s) of the RVM for co-mingled PET / Alu / Steel containers;
 - a compartment of the RVM which can receive glass returns;
 - a compartment of the RVM which is 'soft-drop' enabled supporting the collection of reusable glass containers; and
 - a compartment of the RVM which supports the crating of reusable PET containers (typically these will be standardised multi-serve SKUs)
- A manual solution with bags and crates whereby staff are able to receive and segregate materials across material type and reuse status

Because of the high cost and operational complexity of these return-arrangements, UK DMO would propose that these sites should be hosted on an 'opt-in' basis for local authorities and other businesses and organisations.

When approving the operation of these sites, UK DMO will also need to consider the total funding available to support a wider network for glass returns (via kerbside during the transition period, or through other return points) and ensure that the rollout of 'unified' return points does not prevent a reasonable coverage of Wales for other forms of return for glass. It will be critical to ensure consumers can conveniently access a return point in their local area to build engagement.

As part of this network, there should be no requirement for all return points to accept all Scheme materials. The cost of doing so would be significant. Handling glass (either manually or through an RVM) significantly increases space / infrastructure requirements and has far higher handling costs due to material weight and health and safety risks. As a result, handling fees would need to be materially higher, which would either put the DMO at financial risk or lead to increased producer fees.

A further complication is that due to low return rates (without a deposit incentive) there would be significant uncertainty for return point operators on whether handling fees would be sufficient or if distinct compensation mechanisms would be required. Beyond the direct financial cost of managing glass return points, the operational requirements of accommodating separate collection for glass, handling heavier materials, and managing health and safety - introduce far greater practical challenges for return points.

The result of these greater financial and operational costs mean that: i) the scheme has less ability to financially support a wide network of return points; and ii) many operators, particularly smaller businesses, will feel unable to host a return points. This is likely to result in a far more limited network of return points which will significantly limit consumer accessibility and present a challenge for delivering against return rates for all materials.

Exploration of both: i) kerbside collection of glass during a transition period; and ii) unified return points at Local Authority sites (addressed elsewhere) may present efficiencies in cost terms – these are likely to be partial solutions as kerbside will not be utilised for PET and Metal and usage of Local Authority sites solely are unlikely to be able to provide a sufficiently broad network to achieve required return rates.

It is likely also that given the operational challenges are likely to be felt more greatly by smaller / independent businesses, there would be a concentration of return points across all materials towards larger businesses, which may result in a shift of footfall away from the independent sector (or at least a perception that this may occur).

Additionally, there should be no mandatory requirement for all return points to be automatic, or to have soft drop / crate functionality (used for reuse). These areas the UK DMO is proposing should be fully aligned with in the final Welsh Regulations.

Consistent with the approach outlined in the introductory section, comprehensive operational, contractual and financial detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

11. Registration and management of take back options (including online take back)

A take-back service is a service under which returnable items are collected from scheme consumers from any place other than premises at or on which a scheme retailer sells groceries to consumers. Scheme retailers can register with UK DMO to provide online take-back services.

Online take-back services

UK DMO will support retailers offering online take-back services, notably where this may encourage the collection and return of in-scope containers for citizens with accessibility requirements. This could include:

- **Home collection services:** Offering services where containers can be collected from homes of individuals who are unable to visit return points.
- **Community collection points:** UK DMO will consider encouraging community collection points which have proved very successful in the Republic of Ireland for increasing return rates and can provide accessible locations for returns.

UK DMO will be open to retailers or other operators seeking to set up online take-back services, as this could improve accessibility and return rates. The exact terms of their operation will be determined as part of operational planning, and the terms of material collection (including collection locations, frequency of collections) will need to be agreed with the scheme logistics partner(s) alongside UK DMO.

At this stage, UK DMO does not plan to operate its own online take-back service, but it may be considered in the future. UK DMO cannot accept a requirement that mandates retailers, or other organisations, to operate online take-back services. UK DMO will support organisations where they seek to do this. However, there are huge commercial and operational difficulties to making these online take-back services viable and as such we cannot commit to their delivery by other organisations as part of an application.

Across the rest of the UK, UK DMO has undertaken a series of detailed interviews with grocery retailers and with other logistics businesses to understand appetite for offering an online takeback service, and any associated challenges with it. We have also gathered information from international schemes (e.g. Sweden) where such services are operated to understand the adaptations they have put in place to make this deliverable (such as a requirement for customers to buy recycling bags to cover the costs of the collection; a requirement for customers to book pre-specified slots; a requirement for customers to wait for the processing of material before deposit redemption is confirmed).

Retailers in Wales are likely to find offering an online takeback service challenging due to low / no margins in the online delivery channel and a reliance on minimising 'cost-per-

drop' for each delivery to ensure efficient business operations. The introduction of requirements for online takeback pose challenges to this operating model which means that for many retailers this is not a viable service they can offer to customers.

Given this, UK DMO has been exploring what logistics businesses could offer as a take-back service across all of the UK, including Wales. These discussions are currently at an early stage but the intent would be to further explore these opportunities. At present, the indicative prices quoted per collection (up to £5) make a scalable online take-back solution very challenging without many conditions for consumers. UK DMO is keen to explore how more targeted solutions focused just on housebound consumers could be invested in to support scheme accessibility for those without access to other return points. UK DMO will continue this work and discuss further with Welsh officials and NRW (alongside governments and regulators in the other three nations) at an appropriate time.

UK DMO would also like to explore the potential for local authorities in Wales to play a role in a take-back services. Given existing routes and collection of materials at kerbside, there may be a commercial opportunity for Local Authority vehicles to collect items. A detailed proposition for this sort of service would need to be developed subsequent to appointment, with an intent that the planned Local Authority Partnership Manager within DMO Cymru could investigate this opportunity with interested parties.

UK DMO will ensure retailers can register as a provider of online take-back services, manage applications for take-back services, assess the take-back service authorisation information, work with providers to ensure they provide or display required take-back service information, maintain and publish a register of take-back service providers, and ensure circularity of containers collected via take-back.

Where retailers choose to offer online take-back the UK DMO will look to take learnings from this to showcase the advantages of offering online take-back to other retailers and to improve this offering in the future. UK DMO will also consider taking learnings from other countries with successful online take-back offerings to see how this could be implemented across the UK and in Wales to ensure Welsh consumers have as broad a range of options for returning bottles as possible. The UK DMO will also investigate how online take-back mechanisms can support vulnerable consumers and help address the specific challenges they may face when returning containers.

Ensuring scheme retailers can register as a provider of take-back services

UK DMO will facilitate the registration of scheme retailers as providers of take-back services where the retailer collects in-scope containers from citizens' homes if they choose by:

- **Clear communication and guidance:** Provide comprehensive information and detailed guidelines to scheme retailers that they can register as a provider of take-back services through various channels if they wish to.

- **Collaboration with trade associations:** Work closely with trade associations to promote registration for take-back services and streamline the process.

UK DMO will require take-back service providers to provide information to citizens to ensure they are well-informed about how to return their containers via take-back services and receive refunds where they are available.

UK DMO will also consider how take-back services can support citizens in rural or underserved communities, recognising that these services may play an important role in areas where access to physical return points may be more limited.

Intended approach to register online take-back services

1. Application process

- The application to register for take-back services will be on the centralised online UK DMO registration portal as referenced above.
- The application must include:
 - **Applicant information:** This includes the name, business name (if different), address, telephone number, address for service (if different), company registration number (if applicable), names of all partners (if a partnership), and contact details of the appointed point of contact.
 - **Take-back service authorisation information:** This includes information demonstrating that the organisation has sufficient resources to set up and operate the take-back service for at least 12 months, an estimate of the number of returnable items expected to be collected each month and the basis for that estimate, and how the organisation intends to manage the expected volume of returns.
 - UK DMO will also consider whether any additional information may be required to support take-back authorisation applications in Wales, including information relevant to local service patterns or operational capability.

2. Decision on application

- **Notification:** UK DMO will assess the application and determine if the scheme retailer should be approved to operate a take-back service. The exact timeline of this process is yet to be determined, but UK DMO will work with retailers and other stakeholders to make sure scheme retailers are notified with plenty of time ahead of go-live to ensure the process is smooth. UK DMO will work with key stakeholders post successful application to create transparent information for how take-back services are approved and what will be required for a successful application.
- **Approval:** If the application is approved, the notification will specify the date on which the authorisation takes effect. UK DMO will use the information provided in the application information form and the take-back service authorisation information form to determine if approval is to occur.

- **Rejection:** If the application is rejected, the notification will state the reasons for the decision and inform the applicant of their right to request a review of the decision as laid out in the SI.

3. Duration and revocation of authorisation

- **Duration:** The authorisation to offer take-back services remains in effect until it is revoked by UK DMO.
- **Revocation on request:** UK DMO will revoke the authorisation if requested by the scheme retailer.
- **Revocation by organisation:** UK DMO will revoke the authorisation on grounds such as failure to comply with obligations, changes in circumstances, or if the service is no longer viable. A proposal notice will be issued, allowing the retailer to make representations before a final decision is made.

4. Duty to notify changes

- **Notification of changes:** Scheme retailers will be required to notify UK DMO of any changes in the applicant information or take-back service authorisation information within 28 days of the change occurring.

UK DMO will ensure all take-back service providers are properly registered with UK DMO and will publish a list of registered take-back service providers. This register will be made publicly available and kept updated to reflect new authorisations and any revocations. UK DMO will be responsible for collecting scheme packaging from take-back service providers and make payments to take-back service providers for the relevant amount for each item of scheme packaging or returnable packaging collected or accepted from them.

Online take-back service information

Retailers must provide or display information about the take-back service, including how consumers can accept the service, any steps they must take, and how and when refunds will be paid. This information must be displayed clearly and accessibly. UK DMO will provide support to take-back service providers, but it is for the take-back providers themselves to ensure consumers are aware of their services. UK DMO will consider how guidance and templates for take-back service information can be made accessible, including providing Welsh language materials and formats suitable for different user needs.

Approach to collecting in-scope items from online take-back service providers

UK DMO will ensure that take-back services are properly managed and will collect in-scope containers from take-back services from retailer premises after they have been passed through an RVM or manual return point by the provider themselves. UK DMO will explore alongside logistics experts if in-scope containers could for large retailers be directly transported to sorting and counting centres.

UK DMO will also explore how take-back collections can support circularity, ensuring that materials collected through take-back services are directed into high-quality recycling or reuse pathways where appropriate in the future.

Payments to online take-back service providers

UK DMO will collect all returnable items accepted by take-back service providers and will pay the take-back service providers the deposit return amount for each returnable item collected. If the take-back service provider is also a return point operator, UK DMO will also pay a handling fee payment.

1. **Collection:** UK DMO will collect returnable items from take-back service providers.
2. **Return amount:** For each returnable item collected, UK DMO will pay the return amount to the take-back service provider.
3. **Payment intervals:** Payments will be made at intervals specified in UK DMO's Operational Plan which will be further developed post successful application. These intervals will ensure regular and timely compensation to take-back service providers.

Solutions for on-sale premises and mixed retail premises

Scheme suppliers for mixed retail or on-sale premises have the option to decide not to charge a deposit for drinks supplied for immediate consumption on the premises. If these locations decide to opt out, they must display clear and accessible information at the opted-out premises. This information should state that the retailer is not required to charge a deposit for drinks supplied for immediate consumption and request that empty containers are not removed from the premises.

UK DMO will ensure that scheme suppliers for mixed retail or on-sale premises are well-informed about their obligations under the scheme and will provide clear guidance on the process for opting and running closed loop collections, the requirements for displaying information, and how to set up and operate a voluntary return point, should they choose to do so. UK DMO anticipates that collections from hospitality venues will be treated the same way as manual return points. Specific collection details, including the frequency and the viability of on demand collection, will be determined by UK DMO and its logistics partner(s) in the detailed operational design phase once the application has been approved.

UK DMO will work with scheme suppliers of mixed retail and on-sale premises to maximise return rates and ensure these premises are considered as part of the wider comprehensive network and logistics design process. UK DMO will monitor compliance as well as handling complaints and providing support to venues to ensure smooth operation of the scheme.

Consistent with the approach outlined in the introductory section, comprehensive operational, contractual and financial detail will be developed and formalised following

UK DMO

appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

COMMERCIALLY SENSITIVE

12. A) Deposit level(s) and deposit collection– PET, aluminium and steel

UK DMO – single-use PET, aluminium and steel across the four nations

Planned approach for setting the deposit level(s)

When UK DMO is setting the deposit level(s) UK DMO will do the following:

- **Market research:** Conduct research to understand consumer behaviours and willingness to pay. This helps in setting deposit level(s) high enough to incentivise returns but not so high that it discourages purchases.
- **Analysis:** Analysis on how different deposit levels affect return rates.
- **Benchmarking:** Look at deposit levels in other countries with successful DRS.
- **Stakeholder expertise:** Request key stakeholders' expertise on deposit impact on consumer purchase volumes, and material / pack format switching implications
- **Consultation:** A formal consultation with Investing Members, Industry Advisory Group, Consumer Engagement Forum, government officials and regulators will take place before the deposit level(s) is approved by the Board.

Initial market research for setting the deposit level(s) has been completed and further consumer behavioural research will take place in early 2026 to inform the final decision on the deposit level(s) ahead of formal consultation. This research is incorporating Wales into wider UK data and consumer testing already.

When setting the deposit amount, UK DMO will consider:

- The purposes of the scheme.
- The collection targets.
- The likely impact of the amount of the deposit on the ability of consumers to purchase deposit items including accessibility and impact on lower income demographics.
- Setting consistent deposit level(s) across the whole of the UK including Wales.
- The likely impact of the amount of the deposit on the use of containers by registered scheme producers (including the in-scope material used to make those containers, the size of the containers and the use of multipacks).
- The likely impact on the purchase of deposit items by consumers (including the in-scope material used to make those containers, the size of the containers purchased and purchase of multipacks or single items). As part of this assessment, UK DMO will also consider how different deposit levels may affect consumers across the four nations, including Wales, such as affordability and accessibility considerations.
- The likely impact on consumers, the purposes of the scheme and the collection targets, if the amount of the deposit for the deposit item is different to any

comparable amount payable for a comparable container under the England and Northern Ireland, and the Scottish deposit return scheme.

- Simplicity of communication to citizens and other stakeholders.
- UK DMO will also consider how best to use relevant data and evidence, including consumer research, market analysis and operational modelling, to inform deposit level(s) decisions.

For the purposes of the financial modelling in this application the deposit level(s) has been set at 20p. This does not mean UK DMO will set the deposit level(s) at 20p and UK DMO will conduct detailed research before setting the deposit level(s).

Consultation plans on setting the deposit level(s)

- The Fees Committee – or a delegated member of UK DMO management team, if in place - is accountable for leading the deposit level(s) setting workstream for PET and cans.
- UK DMO may choose to appoint an independent external advisor or execute internally through a third-party data analysis contract, to conduct data gathering, present evidence and facilitate discussions.
- Before setting or revising the deposit level(s) for Wales, UK DMO will consult the other UK scheme administrators, those persons that appear to UK DMO to represent those likely to be affected by the decision, and anyone else UK DMO thinks is appropriate. UK DMO will also identify relevant stakeholder groups in Wales, including Investing Members and the Industry Advisory Group to be included as part of consultation.
- The UK DMO Board will consider the recommendations of the Fees Committee, together with stakeholder feedback received during the consultation period, and will determine the level of the deposit(s).

Review process for the deposit level(s)

UK DMO will keep the deposit level(s) under review and reserves the right to change the deposit level(s). Before making any changes to the deposit level(s), UK DMO will consult any other UK scheme administrators (as applicable), anyone that appears to UK DMO to represent those likely to be affected by the decision on the deposit level(s), and anyone else UK DMO thinks is appropriate and will make sure the deposit level(s) are consistent across the UK. If UK DMO does change the deposit level(s) this will be published with a notice specifying the revised deposit level(s) and the date it takes effect, which shall not be less than three months after publication. UK DMO will review the deposit level(s) at least once every three years.

Publication of the deposit level(s)

Effective communication will be crucial to ensure all stakeholders are aware of the deposit level(s):

- **Publication methods:** UK DMO will publish the deposit level(s) and any revisions on its online platform as well as providing direct communications to registered scheme producers and retailers.
- **Transparency:** UK DMO will be transparent about the methodology, data, and evidence used to calculate and determine the deposit level(s) and this information will be provided the Welsh Ministers upon request.

UK DMO will also issue guidance to return point operators and other key stakeholders on the ways in which consumers can redeem their deposits. This will be communicated via UK DMO website, wider marketing, and direct communication to registered scheme producers and retailers.

UK DMO will also explore options for enabling consumers to donate their deposits to charitable causes, including both local and national organisations, and will consider how return point operators can be supported in administering any such donation options.

Planned approach to achieving a consistent deposit level(s) across the UK for PET and Cans

The centralised UK DMO across the four nations will be responsible for setting and maintaining the deposit level(s) and ensuring this is consistent across England, Northern Ireland, Scotland and Wales.

Different deposit levels

UK DMO intends to set consistent deposit level(s) across all four nations. UK DMO reserves the right to have different deposit levels depending on the scheme material, size of the container and return type (recycling or reuse). In accordance with the Welsh Regulations there will be no deposit for glass containers in 2027 – 2031 and the intention after this is to integrate glass deposits following review. UK DMO is keen to understand what impact different deposit levels has had on container purchases and returns in international schemes.

Following the approval of the application, UK DMO will conduct detailed financial modelling to set the deposit level(s). This analysis will include looking at where different deposit levels for different types of in-scope containers might be beneficial.

Approach to collect deposits from scheme suppliers

Registered scheme producers are legally required to pay to UK DMO an amount equivalent to the deposit for every deposit item supplied. UK DMO will issue directions specifying the due dates, frequency, and payment methods for these remittances.

The process for collecting deposits from scheme suppliers will use the following steps:

- **Registration and agreement:** Scheme producers will register with UK DMO and sign the producer agreement which will lay out their responsibilities, including the collection and remittance of deposits.
- **Deposit collected from retailers:** When scheme producers invoice retailers or wholesalers for their products the deposit is included in the invoice and the retailer or wholesaler pays the deposit to the producer along with the cost of the product. Scheme producers maintain a record of this.
- **Remittance to UK DMO:** Scheme producers will report the total deposits collected to UK DMO on a regular basis and the scheme producers remit the collected deposits to UK DMO. The frequency of payment will be confirmed by UK DMO. UK DMO will also consider appropriate payment frequencies for scheme suppliers, taking into account operational practicality, cash-flow impacts and regulatory expectations, before confirming final arrangements.
- **Compliance and auditing:** Scheme producers will be required to keep a record of all deposits collected and remitted and UK DMO will conduct audits to ensure compliance.

UK DMO will investigate using an automated reporting system to streamline this process and indicate to scheme producers the amount they must pay, the dates of payment and the payment methods UK DMO will accept. UK DMO will look to accept a variety of payment methods including bank transfers, ACH payments, credit and debit cards, and digital payment platforms.

Calculating the deposit payable by scheme producers

UK DMO will calculate the amount of deposit payable by each scheme producers based on:

- Units of in-scope containers placed on the market
- Deposit level(s)

To accurately calculate the deposit payable, UK DMO will use various sources of evidence including:

- **Sales data:** Producers will be required to submit sales data including the number of units of in-scope containers placed on the market.
- **Inventory records and financial statements:** These will be used to verify the sales data and ensure relevant products are accounted for.

- **Third-party audits:** Regular audits will be conducted to ensure accuracy of data including conducting spot checks.

To ensure the accuracy and reliability of the data used for calculations, UK DMO will implement several validation and assurance measures:

1. **Data submission requirements:** Producer data will need to be submitted in a standardised format to facilitate easier validation and comparison.
2. **Third-party audits:** Regular audits will be conducted to ensure accuracy including conducting of spot checks.
3. **Cross-verification:** UK DMO may cross-verify the submitted data with other sources such as financial statements to ensure consistency.
4. **Automated system:** UK DMO will look into using an automated data collection and processing system to reduce human error and improve the accuracy of calculations.
5. **Compliance monitoring:** Monitoring of producer compliance with data submission requirements and deposit payments and addressing any non-compliance.

Incentivising prompt payments

Late or non-payment of deposits constitutes a breach of the Welsh Regulations and also a breach of the producer agreement with the DMO.

To mitigate and manage late payment or non-payment of deposits UK DMO will:

- Establish clear payment terms and deadlines in agreements with scheme suppliers.
- Send reminder notices to producers who have not paid their fees.
- Implement a system of penalties for late payments.
- Take legal action as a last resort.

UK DMO will report non-compliance to NRW, which may impose variable monetary penalties or other civil sanctions. UK DMO will cooperate fully with enforcement authorities to ensure compliance and may also suspend or review registration where breaches occur. UK DMO will:

- **Monitor compliance:** Regularly track and audit businesses to ensure they are adhering to the deposit payment requirements.
- **Report non-compliance:** Identify and report instances of non-payment to the relevant regulatory bodies including providing evidence of non-payment to the regulatory bodies.
- **Enforcement actions:** Collaborate with regulators to initiate enforcement actions, which may include fines, penalties, or other legal measures against non-compliant entities.

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- **Support and guidance:** Provide support and guidance to businesses to help them understand and meet their deposit obligations, reducing the likelihood of non-payment.

Reconciliation of deposits

UK DMO will reconcile payments received with payments due by:

- Establishing a robust accounting system to track all financial transactions related to deposits.
- Requiring all producers to register with UK DMO and submit regular reports detailing the volume of products they place on the market.
- Monitoring payments received against the issued invoice through the accounting system which will flag any discrepancies or outstanding payments.
- Conducting regular reconciliation exercises and run audits.

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12. B) Deposit level(s) and deposit collection – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

Setting the deposit on glass in Wales

There will be no deposit on single-use glass for the first three years of the DRS in Wales. The introduction of a deposit on single-use glass in Wales will require substantial further design work following the initial transition period, primarily due to the significant fraud-risk exposure associated with a Wales-only deposit. Without a segregated supply chain for glass, and with high levels of cross-border movement between Wales and England, there is a material risk that containers not sold in Wales could be redeemed within the Welsh Scheme. This presents a serious risk of container loss and financial distortion unless robust, technically feasible fraud-mitigation measures can be developed.

Post-transition, the DMO will therefore need to undertake detailed operational, logistical and fraud-modelling analysis to determine whether a deposit could be introduced on glass without compromising the integrity of the Scheme. This work would assess glass-specific system requirements, interactions with PET, aluminium and steel deposit levels, and the structural constraints created by non-segregated UK-wide glass distribution.

UK DMO does not currently have a view on how a deposit on single-use glass can ultimately be introduced without segregating UK supply chains, which in the absence of any further developments, would likely lead to a significant withdrawal of glass beverage products from the Welsh market. This would be a highly undesirable outcome for Welsh citizens. We would request to work on this further with the Welsh Government following a successful application.

The DMO will also consider how future developments in reusable container systems should inform the setting or revision of deposit levels, to ensure long-term alignment with wider circular-economy objectives.

Consistent with the approach outlined in the introductory section, comprehensive operational detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

13. A) Return point Handling payment – PET, aluminium and steel

UK DMO – single-use PET, aluminium and steel across the four nations

Planned approach to calculating return handling payments

- The Fees Committee (a committee of UK DMO Board) will be accountable for leading the Return Handling Fee (RHF) workstream on a day-to-day basis, under delegated authority from the Board.
- In line with UK DMO governance documents, the Committee has appointed PricewaterhouseCoopers (PwC) as the independent External Advisor to support evidence gathering, model development and validation, and will provide Investing Members with consultation opportunities as set out in the Membership Agreement.
- Investing Members (during the Set-Up or Further Funding Phases) will hold consultation rights over the RHF process. The Fees Committee must consider material feedback and document its responses.
- Return Point Operators (RPOs) and relevant authorities will be formally consulted.
- For PET, aluminium and steel, the RHF development process is already underway at UK level and will not include a separate Local Authority consultation in Wales. However, Welsh data and operational inputs are being used explicitly so that the resulting RHF reflects Welsh circumstances and delivers a genuinely four-nation outcome.
- Final RHF determinations will require Board approval, meeting the special-majority thresholds:
 - Approval by at least 50% of Producer Directors, 50% of Retailer Producer Directors, and 50% of Non-Executive Directors.
 - Neither the CEO nor CFO will vote, and the Chair will hold no casting vote on RHF matters.

Inform

- The Fees Committee and PwC will inform both Investing Members and the Board of their intended approach before data gathering begins, ensuring early transparency and engagement.
- At project initiation, the Fees Committee will seek Investing Members' perspectives on key strategic considerations influencing RHF design.
 - This will give Investing Members a chance to input into the 'brief' and give confidence that their expertise and insight is taken on Board before the approach is outlined and data collection is undertaken.

Data gathering

- The Fees Committee must compile a robust evidence base to assess Return Point Operator (RPO) costs, combining the following sources:
 - **Widely accepted national indices:** E.g., rental costs, labour costs and energy costs
 - **Publicly available costs:** E.g., RVM costs from manufacturers and other material costs
 - **International benchmarks and market expert views:** E.g., labour time spent on running return points
 - **Reported return point operator data:** E.g., rental costs, labour costs and time taken to run a return point from live trails
 - **Estimated return point operator data:** E.g., estimates on costs from retailers who will become return point operators
- The return point handling payment will aim to reimburse return point operators for the necessary costs of establishing and operating a return point for scheme containers.
- UK DMO / Fees Committee must consider how these costs are likely to vary by location, by substrate and by return point volume. There is to be no cross-subsiding of materials. This analysis will include consideration of rural and remote locations in Wales, where operating conditions or logistics may materially influence return point costs.

Model build

- UK DMO / Fees Committee must construct a dynamic model for incorporating data points gathered which produces an assessment of return point operator costs and their variability.
- This will include incorporating identified costs, volume projections, and logistical considerations. UK DMO will model how costs vary by location, by substrate and by return point volumes.
- The model will also have flexibility to demonstrate how different 'design' choices around the structure of the RHF (e.g. tiering of fees, which costs are covered) impact the overall fee.

Strategic decision-making

1. The Fees Committee will circulate collated evidence and preliminary cost outputs to UK DMO Board and Investing Members for review and written comment.
2. A structured discussion will then follow, covering assumptions, evidence credibility, and RHF design options (for example, minimum viable RVM throughput, fee coverage percentages, or payment frequency).
3. The Fees Committee will present options with benefits, trade-offs, and impact analysis to support transparent Board debate.

4. Following internal deliberation, UK DMO will also consult relevant external stakeholders, including Investing Members, the Industry Advisory Group and NRW.
5. These groups will have the opportunity to submit written feedback. Investing Members will have the right to comment on each other's submissions, as set out under the Membership Agreement.
6. The Fees Committee will document feedback, evaluate any revisions required, and submit a final RHF proposal to the Board for approval under the special-majority requirements.
7. UK DMO will maintain a record of all consultation responses and actions to ensure openness and traceability in line with its not-for-profit and stakeholder-balanced governance obligations.

The RHF will be reviewed annually as real data comes through from the purchasing of RVMs by retailers etc. UK DMO will keep the handling payment under regular review and will also ensure that a formal re-evaluation is undertaken at least once every three years as required under the Welsh Regulations.

In determining the return point handling payment, factors including but not limited to the following will be considered:

- **Costs of purchasing or leasing machinery, equipment, or materials:** This includes machinery, equipment and materials required for the collection or storage of returnable items.
- **Staff costs:** The costs associated with staff time dedicated to the collection or storage of returnable items.
- **Rental value:** The rental value of the floor space or any other part of the premises used solely for the collection or storage of returnable items.

Where relevant this will also include costs of finance for upfront investment which will be recompensed over time via the RHF (e.g. upfront purchase of RVMs).

UK DMO will aim to create a fair and transparent process for the calculation of the Return Handling Fees acceptable to both retailers and producers.

Example sources for input data

	Rate setting (pre-launch)	Rate review (post-launch)
Space	<ul style="list-style-type: none"> Market rental rates Business rates Reported values 	<ul style="list-style-type: none"> Market rental rates Business rates Reported real values
Labour	<ul style="list-style-type: none"> Wages: Market wage costs, reported values Time: Benchmarks from other schemes, estimates 	<ul style="list-style-type: none"> Wages: Market wage costs, reported values Time: Time in motion studies reported times

RVM	<ul style="list-style-type: none"> • Manufacturer inputs • Market rates (e.g., electricity, Wi-Fi) 	<ul style="list-style-type: none"> • Manufacturer and return point operator inputs • Market rates (e.g. electricity, Wi-Fi)
Materials	<ul style="list-style-type: none"> • Market rates (e.g., bin bags, gloves, scanners) 	<ul style="list-style-type: none"> • Market rates (e.g. bin bags, gloves, scanners)
Other	<ul style="list-style-type: none"> • Sense checks from public info 	<ul style="list-style-type: none"> • Sense checks from public info • Staff training • IT system changes

Across schemes there are similar and widely accepted sources of data used to inform cost and variable estimations.

The data sources may be similar both when setting the initial RHF pre-DRS launch and when validating or reviewing the RHF post launch. However, as post launch data provides real time costs and variables data the values of these cost groups may differ as they improve in accuracy.

Board majority for setting the RHF

- When the Board vote on the RHF setting, a special majority will be required.
- This special majority will require at least 50% of members of each of the retailer, producer and independent segments of the Board to support the RHF proposal.
 - E.g. ensuring that an RHF could not be set without at least some support from both sides of producers / retailers.
- This would ensure broad support of the decision across producer and retailer Board members.

Determining those affected by the return handling fee

UK DMO will establish a clear and fair method for determining which retailers will receive the return point handling payment.

- **Set up an online registration portal:** UK DMO will develop a user-friendly online portal where return point operators can register to the scheme. This portal will include detailed instructions and guidelines to ensure compliance with the scheme's requirements.
- **Reviewing return point exemption applications:** Initial consideration of policy for return point exemptions has commenced and is being developed as part of the broader scheme blueprint. The policy will be designed to support optimal return rates and efficient collection route mapping, ensuring the accessibility and effectiveness of the national return network. However, progress in this area

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remains dependent on the completion of the retailer network mapping. As this input is still in development, no significant progress has been made on the policies at this stage. UK DMO will carefully review applications for return point exemptions clearly communicate outcomes to retailers as soon as possible, ideally with significant time prior to go-live. Retailers will have the option to install an automatic or a manual return point at sites that are not exempt depending on what they see is fit.

The return point handling payment will be made to return point operators to compensate for the costs associated with the collection and storage of returnable items on a per container basis for PET, aluminium and steel.

For PET and cans, UK DMO does not intend to consult with local authorities on handling fees. The PET and Cans return system will be delivered primarily via a return-to-retail model supplemented by voluntary return points. Voluntary return points like local authorities for PET and Cans would be compensated with handling fees agreed more widely, and they would need to consider whether these would work commercially for them.

UK DMO will also consider the specific needs and operating models of small retailers when developing the Return Handling Fee, including how cost drivers and administrative processes may differ for smaller return point operators.

13. B) Return point Handling payment – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

Handling payment structure for single-use glass return points in Wales

Given that return volumes will be very low during the no deposit period, a per-container return handling fee may not be an appropriate mechanism for reimbursing return point operators. The agreed principle is that operators must be fairly compensated for their costs of hosting a return point, and repayment arrangements will be structured accordingly, regardless of low return rates. Producer fees will still be calculated on a per container basis.

As with other materials, determining the RHF for glass return point operators (RPOs) will require a clear understanding of the reasonable and efficient costs of operating a glass return point, including staffing, site overheads and any equipment requirements, and how these costs vary across different types of operators and locations. This analysis will inform the most appropriate mechanism to compensate operators, recognising that a site-based payment is likely to be more suitable than a per-container fee during the initial period when glass does not carry a deposit and return rates remain very low.

If a deposit is introduced on glass after the transition period, the RHF may need to be restructured or recalculated, as key variables such as return rates, collection patterns and operator costs would change materially under a deposit-bearing environment.

Importantly, UK DMO Limited cannot provide funding to DMO Cymru (Glass and Reuse) post go-live, as cross-subsidisation between materials is prohibited under the DRS Regulations. It will therefore be essential to monitor how glass return behaviour and cost drivers evolve in Wales to ensure that DMO Cymru (Glass and Reuse) remains financially sustainable within the revenue available for glass alone.

Local authorities as voluntary RPOs

Local authorities may choose to act as voluntary return point operators for single-use glass where they have suitable sites or community facilities, and UK DMO will engage with Welsh local authorities to explore how the handling-fee arrangements for glass reflect the reasonable and efficient costs of operating such return points. This approach recognises the potential role of local authorities in improving accessibility, particularly in rural or community-based locations, and responds to the Welsh guidance that their perspectives should be considered when determining fair compensation structures.

UK DMO will not provide payments to local authorities for business as usual activities outside the scope of return-point operation or a formalised utilisation of kerbside collection for in-scope items. Separate grants or subsidies which are not related to services provided to the DMO are not envisaged.

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Consistent with the approach outlined in the introductory section, comprehensive operational detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

COMMERCIALY SENSITIVE

14. A) Labelling and logo requirements – PET, aluminium and steel

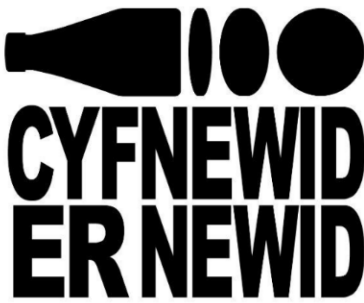
UK DMO – single-use PET, aluminium and steel across the four nations

Planned approach for setting a scheme logo

UK DMO has appointed the creative agency Uncommon to support development of the brand identity and name. Consumer testing and consultation with industry, civil society, government and regulators was completed in late 2025.

Consumer testing was completed across the UK in advance of any DMO appointment in Wales, to ensure that views of citizens across all four nations could be captured. Welsh language suitability for any name / logo has also been actively considered as a core part of the development process.

A Welsh language specific brand identity has been developed as part of this process to ensure that all consumers are able to engage effectively with the scheme branding along the lines of:



Whilst this Welsh language version will not appear in the logo on packs itself (as that will just be an icon), it is anticipated that this Welsh language version will be utilised in relevant Welsh communities to support engagement with the scheme.

The scheme logo has been designed to be visually distinctive, easily recognisable by consumers, compliant with accessibility requirements, and practical for industry application. The logo clearly communicates that a drinks container is in scope of the Scheme. The scheme logo and scheme return code will be required on all deposit items and scheme multipacks, subject to the transitional exemptions for glass items and pre-existing packaging.

We are working to finalise the scheme logo as early as possible, ensuring producers have sufficient time to incorporate it into their labelling cycles. The same logo set will apply across all four nations. The scheme logo was approved by the UK DMO Board on the 19th of December and is undergoing a 2 month trademark process for final approval.

Steps for setting the scheme logo:

1. Define objectives and requirements

- **Purpose:** The scheme logo will indicate that a drinks container is a deposit item within the Scheme.
- **Brand values:** Logos will reflect the Scheme's values such as environmental purpose, ease of use and accessibility.
- **Distinctiveness:** The logo will be distinct from other logos typically included on scheme items, such as the recyclability logo to ensure this doesn't create confusion.

2. Research and inspiration

- **Market analysis:** UK DMO has reviewed logo systems used in other deposit schemes.
- **Inspiration:** In developing the Scheme identity, UK DMO avoided recycling cues or anything that could risk greenwashing, instead creating a symbol that communicates collective environmental progress. The intent was to ensure the logo is distinctive and not mistaken for a recycling label.

3. Design creation

- **Digital design:** Final concepts have been created using professional design standards.
- **Simplicity and scalability:** Logos will be clear at multiple sizes and on a range of substrates.

4. Testing and validation

- **Usability testing:** The proposed names and logos were tested extensively across multiple consumer segments and research methods, including System 1 testing with consumers aged 16–60 across the UK, qualitative testing with young people aged 12–17 and adults across all four nations, and an accessibility review by Purple Goat. This ensured that the logo performs effectively and consistently across packaging, marketing and digital contexts, and resonates clearly with different user groups.
- **Design and dimension testing with OPRL:** UK DMO tested the logo design dimensions with OPRL as the label on the container is developed. It has been tested on different sized containers.

5.. Review and refinement

- **Stakeholder consultation:** Draft logos were shared with stakeholders, including Investing Members, Industry Advisory Group, Consumer Engagement Forum, Government Officials and regulators.
- **Refinement:** Based on feedback, refinements were made in shape, typography and layout.

6.. Approval process – current stage

- **Trademarking:** UK DMO is progressing the trademark registration process with the UK Intellectual Property Office, which typically takes 2 months, including

examination and a statutory opposition period during which third parties may challenge the logo or Scheme name

7.. Implementation

- **Rollout:** UK DMO will publish the logo and specify the date from which its use becomes mandatory.

8. Monitoring and evaluation

- **Feedback collection:** Continuously collect feedback from users and stakeholders to assess the effectiveness of the logos.
- **Adjustments:** Be prepared to make minor adjustments if necessary to improve the logos' impact and usability.
- **Brand development:** UK DMO will remain open to broader brand development, such as the colour scheme, the design, tone of voice, broader presentation

Discussions with producers has indicated an 18-month lead time will be required for any logo changes. UK DMO will finalise logo requirements as early as possible to give producers sufficient time to make logo changes and will ensure statutory notice periods are respected.

Planned approach to scheme return codes

Scheme return codes will be used to track and manage the return of deposit items. UK DMO will also consider how best to determine scheme return code requirements, including assessing technical feasibility, compatibility with RVMs and retailers' systems, and the information needs of producers and retailers. Below is the approach UK DMO will explore implementing:

1. Code generation and assignment

- **Assignment process:** Every registered SKU will have a bar code registered with the scheme. Each producer will report how many of each SKU they are placing onto the market.

2. Integration with retailers and collection points

- **Return point integration:** Producers will register their products onto the article list that is integrated into the RVMs' API, meaning retailers will not need to determine which barcodes are in or out of scope. Return points will simply scan items through RVMs or manual systems using this pre-populated article list, which will ensure consistent and accurate treatment of all scheme items, including more complex formats such as multipacks.

3. Data management and fraud prevention

- **The "article list":** Create a centralised database to store and manage all return codes. This database should track the lifecycle of each item from production to return.

- **Code validation:** Implement validation checks to ensure codes are genuine and have not been duplicated.

4. Legal and regulatory compliance

- **Regulatory requirements:** Ensure the return code system complies with all relevant laws and regulations. This may include data protection laws and environmental regulations.
- **Reporting:** Set up mechanisms for reporting to regulatory bodies as required.

Plan to use scheme logos, and scheme return codes to deliver the scheme

- **Scheme logos:** The scheme logo will indicate obligated products within the scheme and will be carried on each deposit item to identify it as a deposit item. This is mandatory.
- **Scheme return codes:** Every registered SKU will have a barcode registered with the scheme. By 2027 this may have moved away from traditional barcodes and into QR / 2D coding, UK DMO will adjust requirements in-line with this.

UK DMO will also make guidance and communications relating to scheme logos and return codes available in the Welsh language in line with accessibility expectations. UK DMO will also explore how logo and return code guidance can be provided in accessible formats, including easy-read and other formats suitable for different user needs.

Requirements for labelling and logos have been determined in consultation with key stakeholders including scheme producers and scheme retailers through discussions with Investing Members and the Industry Advisory Group. UK DMO will also consult these groups on the return code requirements in due course. UK DMO will aim to not change the scheme logo or return code requirements, but if this is required UK DMO will work with scheme producers and scheme retailers to minimise disruption and provide sufficient advanced notice.

The impact on scheme producers of labelling changes include having to introduce scheme logos and return codes which could include updating production lines. IT systems will also need to be updated for scheme retailers to accept scheme items.

When determining scheme return code requirements, UK DMO will consider the operational and financial impacts on producers, including packaging redesign, coding changes, IT integration and required lead times.

Plan for interaction of return codes with return point infrastructure

UK DMO will work with retailers to ensure they can scan, and process scheme return codes via RVMs or manually across the four nations. UK DMO will update RPO's with an updated list of registered scheme articles that can be accepted by the RVMs on a rolling basis. UK DMO will also work with retailers to identify if a SKU, including multipacks, is registered with the scheme so retailers can make sure their range is sold

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in compliance with the scheme. This will increase efficiency by automating the return process with RVMs and reduce manual handling. This will also ensure accurate tracking and reduce the risk of fraud.

COMMERCIALLY SENSITIVE

14. B) Labelling and logo requirements – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

Scheme logos or labelling will not be applied to single-use glass during the transition period. Because Wales is the only nation including glass in its DRS, producers cannot segregate Wales-only glass packaging, making any Wales-specific labelling requirement unworkable. Any future consideration of glass labelling would require alignment across all four nations.

Consistent with the approach outlined in the introductory section, comprehensive operational detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

15. Deposit refunds for return point operators

Planned approach to reimbursing scheme retailers and scheme collectors for refunds paid to consumers

UK DMO will administer deposit refunds in accordance with the Welsh Regulations. UK DMO approach is designed to ensure accurate, timely and transparent reimbursement to all scheme retailers and scheme collectors.

- **Centralised system:** Develop a centralised database capable of receiving and processing real-time transaction data from return points.
- **Automated reimbursement:** Implement an automated claims process with a verification mechanism.
- **Verification and reconciliation:** All claims will be reconciled against UK DMO database ensuring the number of refund items matches the volumes reported by the scheme retailer or return point operator, discrepancies are investigated and resolved quickly and transparently, the correct refund amounts and handling payments are issued. This process will support compliance with statutory obligations to pay return amounts and handling payments.
- **Financial management:** UK DMO will reimburse scheme retailers within a defined timeframe. Payment intervals will be confirmed as part of UK DMO's Operational Plan to ensure financial stability and predictability for retailers.
- **Stakeholder communication:** UK DMO will provide clear communication channels, including regular updates and a dedicated feedback mechanism to support transparency and operational confidence among return point operators.
- **Audits and compliance:** Periodic audits may be conducted to ensure accuracy and maintain transparency and trust in the scheme.

This approach will apply to both scheme retailers and scheme collectors, including take-back service providers, who will be reimbursed for refunds they have issued to citizens.

UK DMO will also consider appropriate approaches for determining the total refund amounts owed to each scheme retailer or collector, including verifying the number of refund items processed and the applicable return amounts based on the deposit level.

Frequency of payments

In determining the frequency of payments to scheme retailers UK DMO will consider minimising disruption to retailers alongside consideration of the logistics costs and efficient use of delivery vehicles. UK DMO will seek to ensure these payments are regular and reliable, providing operators with predictability and confidence in the process. The final frequency will be set out in the Operational Plan and communicated through the Retailer Agreement.

UK DMO will enable return point operators to offer citizens the option to donate their deposit refund to national or local charitable causes, and will ensure that any such donations can be reconciled and processed appropriately through the standard refund mechanism.

Payment information

Each reimbursement issued by UK DMO will include clear, detailed payment information to support reconciliation by scheme retailers and scheme collectors. This will include:

- **Payment details:** Amount paid, payment date, and payment reference number.
- **Deposit details:** Number of deposits, individual deposit value, and total deposit value.
- **Transaction summary:** Period covered by payment and itemised breakdown of transactions.
- **Retailer information:** Retailer name, unique retailer ID in UK DMO system, and account details used for payment.

This structured approach supports transparency for retailers and the effective auditing of the Scheme.

Reconciliation with schemes across the UK

The Regulations require producers to report in-scope containers placed on the market on a per-nation basis. Practically this is a challenge as producers do not know where products are sold to end consumers. Producers will sell to retail customers at a national level and may in some instances know which distribution centres they are distributed from if they send volumes to each one. These distribution centres will often not align exactly with national borders. This is more of a challenge for sale through wholesalers and independents.

Therefore, reconciliation of scheme items on a nation specific basis will be done as a best approximation, which is likely to be 95%+ accurate. This could be based on an estimate from producers based on where they ship products or utilisation of ePOS data used by UK DMO to calculate an estimate by nation. UK DMO will work with enforcement agencies to develop a method to assess this with a reasonable approximation, and once returns data is available this can be used to improve the accuracy of nation of sale reporting. This data will be shared with individual producers once available so nation of sale data reporting can become more accurate after the first year.

UK DMO will collect the address of each return point operator during registration so will be able to use this collection data and the data described above on sale of scheme materials to calculate a return rate on a nation specific basis.

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UK DMO will ensure refund evidence and reconciliation records can be made available to NRW to support any enforcement responsibilities under the Welsh Regulations.

Consistent with the approach outlined in the introductory section, comprehensive operational detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

COMMERCIALY SENSITIVE

16. A) Collection and logistics – PET, aluminium and steel

UK DMO – *single-use PET, aluminium and steel across the four nations*

Collection arrangements from return point operators, on-sale or mixed retail premises, and take-back service operators

When collecting scheme items from return point operators, on-sale or mixed retail premises and take-back service operators, UK DMO will use the following arrangements:

- **Collection frequency:** Regular collection schedules will be established considering volume of returns, capacity of return points and optimisation of logistics. A differentiated collection approach will be considered to maximise both financial and carbon efficiency. This may include:
 - Frequent scheduled collections from larger stores.
 - Sufficiently regular collections from smaller retail sites and HoReCa premises.
 - Dynamic adjustments based on real-time return patterns, seasonality and geographic variations.
 - In addition, UK DMO will ensure there are clear arrangements in place for take-back service providers to hand over collected containers into the DRS, including specifying acceptance points, verification steps and any operational requirements needed to support integration into scheduled collections.
 - These arrangements will be developed as part of UK DMO's operational planning and in discussion with logistics partners.
- **Collection logistics:** UK DMO will contract with logistics providers to handle collection and transportation of returned items. There is also a desire, where it makes sense to do so, to utilise existing retail backhaul infrastructure (with commercial arrangements and fees to be agreed).
- **Data tracking and reporting:** UK DMO will implement a comprehensive data system to track the number of containers returned. This will enable:
 - Transparent tracking of returns.
 - Proactive identification of capacity thresholds for RVMs and manual return points.
 - Timely scheduling of collections before overflow occurs.
 - Accurate reporting of return volumes for each nation.
 - Real-time responsiveness to fluctuations arising from seasonality, regional events or localised return surges.
- **Procurement of collection and logistics services:** UK DMO is preparing to launch a competitive, open tender process to appoint logistics and collection providers. To the extent possible and applicable, the arrangements with these providers will

be flexible to ensure that a Welsh scheme can be incorporated (including any necessary national adjustments or requirements).

Strategy for integrating kerbside systems

For PET, aluminium and steel containers, UK DMO will not incorporate kerbside collections into the Wales DRS. These materials will operate primarily under a return-to-retail model, supplemented by voluntary return points. This model is essential for ensuring the highest possible material quality. Return-to-retail and voluntary return points produce clean, source-segregated materials that can be counted, verified and sorted through DRS-specific infrastructure. This enables PET bottles and cans to be recycled directly back into new beverage containers - supporting true closed-loop circularity. By contrast, kerbside collections typically generate mixed-stream materials with higher contamination levels, making it more difficult to achieve food-grade recycling.

Whilst it is acknowledged that current collections in Wales are of a higher quality than across the rest of the UK, drinks producers and their manufacturers are clear that current levels of quality are not sufficient to meet requirements for bottle to bottle recycling. Maintaining return-to-retail as the primary route for PET and Cans therefore safeguards high-value recycling, reduces material losses, improves carbon efficiency, and strengthens security of supply for recycled content within Wales and the wider UK.

UK DMO would expect to keep this position under review if available technologies or existing processes change.

This approach also reflects:

- The requirement for consistent consumer behaviour across the UK-wide DRS.
- The need to maintain high-quality, deposit-verified returns with robust fraud controls.
- The importance of circular-economy outcomes (e.g. bottle-to-bottle).
- The operational model used across most high-performing international schemes.

For single-use glass during the transition period, UK DMO will consider how DRS could complement the kerbside systems. UK DMO will consider undertaking an assessment in collaboration with local authorities and NRW to understand how kerbside capacity, quality and collection routes can support:

- Safe and efficient handling of glass during the no-deposit period.
- Equitable access in rural or hard-to-reach areas.
- Continuity of public service provision.
- Minimising environmental impact by avoiding unnecessary duplication of transport routes.
- Maintaining high-quality materials for onward recycling.

As UK DMO designs a large-scale Wales reuse ~~trial~~^{pilot}, the feasibility of digital tracking and household-based collections will be examined to understand whether kerbside or community-based collection points can support reuse, in an environmentally and economically viable way.

Compliance with waste management regulations

UK DMO will ensure all collection arrangements comply with applicable waste management legislation in each nation. This will include:

- Periodic audits of collection processes and logistics partners.
- Conditions and contractual penalties for non-compliance.
- Ongoing monitoring of regulatory developments.
- Active collaboration with NRW, local authorities and other regulators to maintain compliance.
- UK DMO will also explore where appropriate how existing public infrastructure may align with DRS logistics, particularly for glass.

Counting and sorting centres

UK DMO intends to use counting and sorting centres as part of the network of UK deposit return infrastructure. UK DMO will work with network, logistics and waste management specialists to ensure sites are strategically located and all in-scope containers can be counted and sorted ahead of recycling. Containers returned via both manual and RVM return points will be transported to these centres for processing in advance of recycling and / or reuse. UK DMO will consider appropriate processes for capturing and verifying material from manual return points, including the use of counting protocols, sampling or weighing methodologies, and periodic verification checks.

As the Welsh DRS is expected to evolve toward increased reuse over time, UK DMO will also consider how collection and logistics operations, including counting and sorting centres, can support future reuse models where appropriate. UK DMO will also consider the suitability of Local Authority sites to be included in this network as part of a full review of options should it be appointed.

Data provided to return point operators

UK DMO will provide return point operators, on-sale or mixed retail premises, and take-back service operators with regular reports containing:

- Volumes of containers collected.
- Collection rates achieved over the reporting period, including trends compared to previous periods.

- Collection schedules and any changes required.
- Operational issues encountered during collection.
- Trend analysis to support forecasting and operational improvement.

This will support operators in meeting their obligations and improving return-point performance.

Carbon efficiency in collection and logistics

To make the collections and logistics model as carbon efficient as possible, UK DMO will consider the use of existing infrastructure and optimise collection routes to reduce fuel consumption. UK DMO will also consider whether existing public and Local Authority-operated infrastructure in Wales, such as depots or transfer points, can be utilised where appropriate to support efficient routing and minimise environmental impact. UK DMO would aim to minimise emissions from the fleet of collection vehicles wherever possible and will work with logistics / collections partners to achieve this as far as possible. UK DMO will also look to utilising existing infrastructure and logistics networks from other services to increase efficiency and reduce the environmental impact of UK DMO.

Guidance and conditions for return point operators

UK DMO will put clear guidance and conditions in place with return point operators for waste collection and the quality of materials returned to UK DMO. This will include training and support to ensure compliance with these guidelines. UK DMO will also work with wholesalers and the wider supply chain to help ensure accurate data collection and will also encourage producers to collaborate with the supply chain.

Seasonal variations in consumption and return rates

UK DMO will consider seasonal variations in consumption and return rates by analysing data from other schemes, and from the UK scheme when it is operational as well as forecasting future trends. This will allow UK DMO to adjust collection schedules and logistics capacities accordingly to ensure efficient operation of the scheme throughout the year. UK DMO will carry out careful planning and adjust collection schedules and logistics capacities to ensure the scheme runs smoothly over the first Christmas and summer peak periods.

16. B) Collection and logistics – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

Collection of single-use glass containers in Wales, and the number of return points

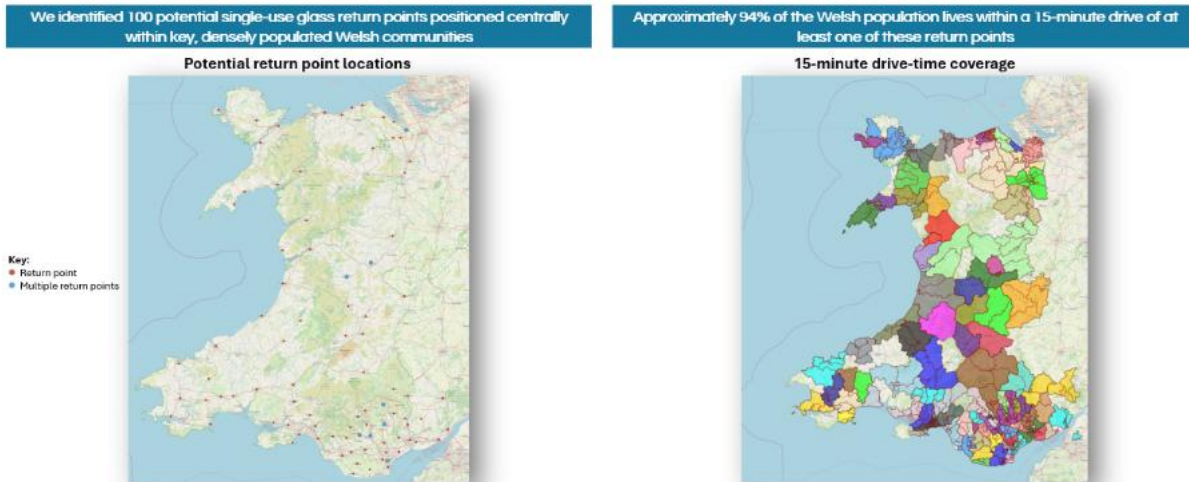
The draft Welsh DRS Regulations exclude deposits on glass containers for the first three years of the scheme. Typically, unredeemed deposits are a DMO's main income source, alongside material sales and producer fees. Without this, producer fees must pay directly for the operations of all the return points so that retailers are not out of pocket and to maintain the financial viability of DMO Cymru (Glass and Reuse).

Given that return volumes will be very low during this period, a per-container return handling fee may not be an appropriate mechanism for reimbursing return point operators. The agreed principle is that operators must not be out of pocket for hosting return points, and repayment arrangements will be structured accordingly, regardless of low return rates.

UK DMO Limited cannot provide funding to DMO Cymru (Glass and Reuse) post go-live, as cross-subsidisation between scheme materials is prohibited.

UK DMO is proposing that the return point network for single-use glass returns in Wales should:

- Not lead to a producer fee of over 4p per container, aligned with EPR levels for an average glass bottle. As there will be no unredeemed deposits, producer fees would be required to cover all return point costs. As an example, if soft-drop RVMs were deployed across roughly 3,500 Welsh stores would drive producer fees to around 49p per container. This would strongly incentivise producers to move away from glass, ultimately undermining the feasibility of a reusable glass network in Wales.
- Ensure that any return-to-retail arrangements do not impose an unreasonable burden on retailers. For example, most convenience retailers are unlikely to have the necessary space to host both a reuse system and a soft-drop RVM, requiring a footprint of at minimum 8 square metres if done outside of a limited crate system.
- Incorporate flexibility in how containers are returned, with consideration given to options such as kerbside collection for glass, digital DRS, local authority return points, community return points and return-to-retail all under consideration.
- Provide adequate coverage for consumers across Wales. Our modelling suggests that providing a broad network of c.100 glass return points would place approximately 94% of the Welsh population within a drive of less than 15 minutes to their nearest point, as seen below:



In addition to any return point network developed, and as referenced above, UK DMO would welcome the opportunity to explore how existing kerbside collections could be incorporated as part of the operational plan during the transition period for single-use glass through until 2031. With no deposit applied to glass drinks containers until 2031 there is limited incentive for consumers to return items to specific return points. As such, return points are most suitable to target hotspots for the littering of glass containers consumed 'on-the-go', whilst incorporating existing kerbside collections would see a more efficient system during the transition period with potential new income streams available for local authorities.

This approach would need to be reviewed following the transition period as whilst there are theoretical solutions available for specifically identifying glass deposit items from kerbside collections it is likely to require Welsh specific SKUs, which is something most businesses would not pursue – leading to withdrawal of products from Wales (an outcome UK DMO would seek to avoid). It is noted however that this position should be kept under review as broader technological developments (e.g. GS1 Sunrise) may present new solutions.

Consistent with the approach outlined in the introductory section, comprehensive operational detail will be developed and formalised following appointment. The material provided in this section therefore sets out UK DMO's intended approach at this stage of the process.

17. Consideration of cross-cutting Welsh Government regulations

The Welsh Government has identified several cross-cutting regulatory frameworks that shape the broader policy context in which the Welsh DRS will operate. These frameworks influence expectations for the design and delivery of the DRS in Wales. UK DMO will therefore consider how these regulations inform decision-making during Scheme development, implementation and operation, ensuring alignment with wider Welsh policy objectives.

These considerations relate to the Welsh Government's environmental, public health and language priorities, and UK DMO will reflect them proportionately across operational planning, governance, communications and stakeholder engagement.

Well-being of Future Generations (Wales) Act 2015

Wales's commitment to long-term environmental and social wellbeing provides an important context for the Scheme. Although UK DMO will not be designated as a public body under the Act, the Scheme is expected to complement the Act's principles.

UK DMO will therefore consider:

- **Long-term focus:** exploring options that support durable recycling infrastructure, high-quality material capture and readiness for potential future reuse systems.
- **Prevention:** actions that reduce littering, prevent waste leakage and lower environmental harm through improved circularity.
- **Integration:** recognising the links between DRS operations and Wales's wider environmental and circular-economy strategies, including Beyond Recycling and Net Zero Wales.
- **Collaboration:** working constructively with Welsh Government, NRW, local authorities, producers, retailers and community organisations.
- **Involvement:** enabling relevant stakeholders to contribute to consultations and engagement activities, ensuring broad perspectives across Wales are considered.

These considerations will be reflected across relevant UK DMO workstreams and reviewed as planning develops.

Ensuring younger citizens is seen by UK DMO as essential to a successful delivery of DRS in Wales and across the UK. Younger generations will not only need to embed behaviour to ensure scheme success is sustainable into the future, but international experience also shows that they provide a 'catalyst' effect for motivating change amongst older generations – particularly within families.

Reflecting the importance of engaging younger generations in the right way, UK DMO's consumer facing brand development included market testing with a series of teenagers

across the UK, including in Wales, where the proposed Exchange for Change brand and identity was very well received.

UK DMO would anticipate working closely with organisations with close links to young people to support communicating the scheme in an appropriate way in Wales – utilising, for instance, the Eco-Schools programme which is run by Keep Wales Tidy. If successfully appointed, UK DMO would look to engage with these organisations as communications planning mobilises.

Public Health (Minimum Price for Alcohol) (Wales) Act 2018

UK DMO recognises that the Welsh Minimum Unit Pricing (MUP) regime for alcohol interacts with the DRS where alcoholic beverages are in scope.

UK DMO will consider:

- How deposit values are presented alongside alcohol pricing to ensure clarity for consumers.
- How communications help avoid any misunderstanding between deposit value and product price.
- How patterns of alcohol consumption may influence return behaviour, peak collection periods or operational planning.

These considerations will be considered when developing guidance for retailers and producers and in planning consumer-facing communications.

Welsh Language (Wales) Measure 2011 and associated language standards

UK DMO recognises the importance of the Welsh language and will consider how Welsh-language expectations apply to Scheme communications and stakeholder interactions.

This will include:

- Providing core consumer-facing guidance and template documents in both Welsh and English.
- Utilising the Welsh branding of Exchange for Change (referenced previously in the application) in areas with majority Welsh speakers.
- Making business guidance (e.g., for retailers, producers and return point operators) available in Welsh where appropriate.
- Ensuring statutory notices, public information materials and digital content are accessible bilingually.
- Exploring options for Welsh-language content within digital tools where feasible.

UK DMO will engage with Welsh Government officials and accessibility specialists to support proportional and appropriate implementation.

Data protection and waste legislation

UK DMO will comply with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 in relation to all Scheme data processing and retention.

UK DMO will also comply with applicable Welsh waste legislation, including but not limited to:

- The Environmental Permitting (England and Wales) Regulations 2016.
- The Duty of Care Regulations 1991.

This ensures that collection, transport and handling of in-scope materials meet relevant legal requirements. These considerations will be incorporated into UK DMO contractual arrangements, operational processes and compliance policies.

Accessibility and inclusion

The Welsh Government expects DRS communications to be accessible to all users. In line with this, UK DMO will consider such measures as:

- Providing information in accessible formats such as large print, Braille, audio formats, British Sign Language (BSL) and easy-read versions.
- Ensuring consumer-facing instructions are simple, clear and supported by visual materials.
- Engaging accessibility organisations to test or review guidance where appropriate.

This approach will support equal access to the Scheme across Wales.

Supporting Welsh environmental and circular-economy objectives

Wales's high existing recycling rates and circular-economy ambitions form an important backdrop for Scheme implementation. UK DMO will therefore consider:

- How high-quality closed-loop recycling can be maximised through material capture and processing arrangements.
- How collection and logistics operations can reduce environmental impact and support broader decarbonisation aims.
- How, over time, the DRS could support the drinks industry's transition to reuse where appropriate.
- How the DRS data can support understanding of return rates, recycling performance and litter reduction in Wales.

These considerations will inform UK DMO's strategic planning and continuous improvement activities.

Ongoing consideration of cross-cutting Welsh Regulations

UK DMO

UK DMO will review its application of cross-cutting Welsh Government frameworks as part of its annual operational planning cycle. This will involve:

- Updating internal policies, training and guidance where relevant.
- Engaging with NRW, local authorities and Welsh Government officials as policies evolve.
- Ensuring communications, data systems and operational procedures remain aligned with Welsh expectations.
- Reflecting cross-cutting considerations within risk assessments and decision-making.

This approach will support the effective and compliant delivery of the Welsh DRS.

COMMERCIALY SENSITIVE

18. Relationship with Natural Resources Wales and Local authorities

As the prospective Deposit Management Organisation for Wales, we recognise that the effective operation of the DRS relies on close and ongoing collaboration with environmental regulators across the United Kingdom. While NRW will be the primary regulator for the Welsh Scheme, UK DMO will also work with:

- Local authorities across Wales.
- The Environment Agency (EA) in England.
- The Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland.
- The Scottish Environment Protection Agency (SEPA) in Scotland.

UK DMO will comply with the regulatory guidance set by these authorities. UK DMO will also fulfil all consultation duties in respect of these authorities in England, Northern Ireland, Scotland and Wales, and will comply with scheme-wide communications or notifications that require regulator review or approval under the DRS Regulations.

Engagement and collaboration with regulators and governments

From the time of appointment onwards, UK DMO will engage and work closely with the Welsh regulator and government ensure the smooth operation of the DRS. This will involve regular communication and joint efforts to address any issues that arise. UK DMO will establish formal channels for ongoing dialogue and cooperation.

UK DMO will continue conducting detailed operational planning throughout 2026. UK DMO will work with SEPA, NRW, the Environment Agency and DAERA so that all inputs needed by regulators are covered within the Operational Plan. As the plan develops, UK DMO will continue to liaise closely with regulators to ensure they are aligned. UK DMO will aim to arrange regular check-ins with relevant officials to ensure they are kept abreast of the latest plans.

UK DMO will also explore a number of further opportunities to engage with Welsh local authorities on operational matters. Including but not limited to:

- integration with local waste and recycling services,
- sharing insights on local service needs to support effective scheme delivery
- utilising existing methodologies for litter prevalence and recycling to support with reporting. This could include jointly reporting on recycling rates, taking into account kerbside collections and material recycled via DRS or re-use. A similar reporting approach has been adopted successfully in the Republic of Ireland

In addition, as outlined earlier in Section C, UK DMO would expect to work with local authorities to identify where they can play a role in return point operation and in

collections. For both areas, there may be mutually beneficial opportunities to work together and minimise the need for new infrastructure or services. Exact details of this operating model would need to be developed jointly with local authorities subsequent to a confirmed appointment, but would be a key priority for a new Local Authority Partnerships Manager.

UK DMO would seek to leverage existing organisations such as the Welsh Local Government Association to accelerate engagement and discussions. UK DMO has adopted a similar approach in the rest of the UK where engagement with equivalent bodies (e.g. Local Government Association) has helped with communications with the sector.

Ensuring data access for regulators

UK DMO will implement digital systems to manage the data related to the DRS. These systems will be designed to ensure that data can be shared with regulators as necessary. This includes agreeing an appropriate Data Sharing Agreement (DSA) between UK DMO and regulators, setting up secure data-sharing protocols, providing training to regulatory staff on how to interpret and use the data, and ensuring that the data is accurate, up-to-date, and readily available.

UK DMO will work with regulators to develop a data retention framework for regulatory compliance. Initial recommendations indicate that a seven-year retention period may be appropriate; this will be reviewed collaboratively alongside alternative options.

The information made available to regulators will include producer registrations and placed-on-market data, return and collection rates, relevant contract information, and waste collection infrastructure data, provided securely and in line with agreed data-sharing protocols.

Identifying and registering unregistered producers and non-compliance

UK DMO will work with regulators to identify any unregistered producers and bring them into the scheme as well as identifying non-compliance. This will involve monitoring market activities, conducting audits, regular compliance checks and using data analytics to identify potential non-compliance. UK DMO will support regulators who will take appropriate enforcement actions against non-compliant parties, to help ensure that all relevant parties are compliant with the regulations.

UK DMO will make appropriate arrangements with Local Authority Trading Standards services in Wales to support their enforcement responsibilities, including providing access to relevant registration, return and payment data, and cooperating with inspections or follow-up compliance activity where required.

Meeting regulatory costs

UK DMO

Under the DRS Regulations, regulatory bodies may recover the costs they incur in performing their functions connected with the Scheme. UK DMO will ensure that these costs are met promptly and transparently. This will be included in the financial forecasting for UK DMO, and payments will be made promptly. UK DMO will ensure it has sufficient funds to pay these costs and will regularly review and update its financial plans to ensure that sufficient funds are available to meet required regulatory expenses. UK DMO will also provide regular financial reports to the regulators to ensure transparency and accountability in the management of these funds.

These regulatory costs will be met through established DRS funding mechanisms, including producer registration fees, unredeemed deposit revenues and income generated from the sale of recyclable materials, in accordance with Welsh regulatory requirements.

COMMERCIALY SENSITIVE

19. A) Implementation timeline and communication strategy – PET, aluminium and steel

UK DMO – single-use PET, aluminium and steel across the four nations

Timeline of activity from appointment until go-live

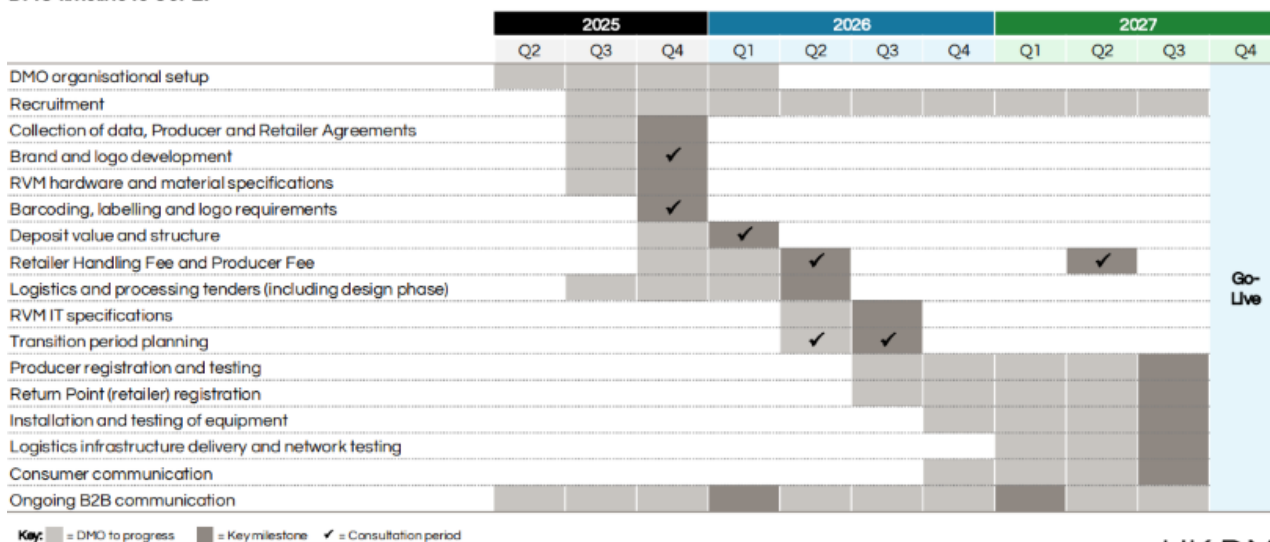
To ensure the Scheme launches smoothly and is fully operational by the statutory go-live date, UK DMO has identified a sequence of critical activities and milestones to be undertaken from appointment through to implementation. These activities reflect statutory obligations and best practice from comparable international schemes.

This timeline applies to all four nations for PET, aluminium and steel to ensure the October 2027 go-live date is achieved. Any delay to these timelines would risk the achievement of the set go-live date.

DMO timeline to Oct-27



DMO timeline to Oct-27



Classification - Internal

UK DMO

In accordance with the Welsh Regulations, UK DMO will also develop and publish the statutory template documents required for Scheme implementation. These will include:

- Scheme information
- RLVP information

- Opt-out information
- Information for grocery retailers without a return point
- Information to be displayed at return points
- Take-back service information

These templates will be made available in accessible and multilingual formats, including Welsh, and will be published sufficiently in advance of go-live to support industry readiness.

Anticipating, mitigating, and managing delivery risks in a UK DRS

UK DMO will adopt a structured approach to identifying, assessing and mitigating risks throughout the pre-go-live period and beyond. This will support operational readiness, financial stability, and compliance with all regulatory requirements.

- **Risk identification and assessment**
 - UK DMO will conduct a comprehensive risk assessment to identify and categorise potential risks at every stage of the DRS including risks prior to go-live.
- **Risk mitigation strategies**
 - Develop a robust Operational Plan with detailed plans for the collection, transportation, and processing of returned items. Ensure that the infrastructure can handle the expected volume of returns.
 - Establish financial safeguards, such as a cash reserve as included in the business plan to cover unexpected costs or shortfalls and implement stringent financial controls and regular audits to prevent fraud and mismanagement.
 - Stay updated with all relevant regulations. Work closely with regulatory bodies to anticipate changes in legislation or delays in regulation being laid that could impact the scheme.
 - Invest in reliable technology for tracking and managing returns and take all appropriate measures (both organisational and technical) to ensure data security and privacy measures are in place in accordance with its obligations under applicable data protection legislation to protect stakeholder information.
- **Risk management and contingency planning**
 - Develop contingency plans to prepare for potential disruptions, such as supply chain issues or technological failures. Have backup systems and alternative suppliers in place.
 - Continuously monitor the performance of the DRS and identify any emerging risks. Conduct regular reviews and updates of risk management plans.

- Train staff and stakeholders on risk management procedures and maintain clear and open communication channels to quickly address any issues that arise.

Plan to manage the transition period once the scheme goes live

During Scheme introduction for PET and cans, non-DRS stock will remain in circulation alongside DRS-compliant items. UK DMO will set a clear, evidence-based transition period, drawing on learnings from international deposit schemes and UK-specific market conditions.

To support this transition, UK DMO will ensure:

- **Clear labelling:** Deposit items will carry the scheme logo and deposit price in a clear and consistent format to prevent consumer confusion at the point of sale.
- **Stock management:** A sell-through period will allow retailers to continue selling non-DRS stock. UK DMO will:
 - Issue clear transition guidance.
 - Encourage retailers to manage inventory to minimise the overlap period.
 - Support producers and retailers with tools for identifying non-DRS and DRS stock.
- **Clear communication:** UK DMO will provide clear communications to scheme producers, return point operators and consumers about this transition process and how to manage this.

Working with retailers

Retailers play a critical role in Scheme delivery. UK DMO will work closely with them to ensure preparedness for go-live.

Potential financial support

UK DMO is exploring the feasibility of offering grants to small retailers for RVM purchases or rentals, recognising that affordability is a key barrier. UK DMO will reimburse retailers for all necessary and reasonable costs of establishing and operating return points in accordance with statutory requirements in the form of the return handling fee. UK DMO will work with retailers to ensure they understand their responsibilities, have the relevant information to establish the return point network, and are ready for go-live.

Understanding responsibilities under the regulations

- **Communication and training:** UK DMO will release guidance documents, provide a portal with FAQs to retailers and provide communication through workshops and seminars to ensure retailers understand their responsibilities. This will include detailed instructions on their obligations to only sell scheme articles from

registered producers and to clearly display the deposit for consumers with information on how to get a refund. This will be communicated to retailers in sufficient time ahead of go-live to enable them to implement accordingly.

- **Support and assistance:** UK DMO will have dedicated employees available to assist retailers with any queries they may have regarding their obligations.

Establishing the return point network

- **Information dissemination:** UK DMO will provide all required information early in set-up on how to establish return points including the specification of RVMs and operational requirements and provide advice on location of return points within retailer premises.
- **Technology integration:** UK DMO will work with retailers and RVM manufacturers to ensure the technology systems across UK DMO are integrated. For example, making sure RVMs accept all scheme items and that data can be shared between RVMs and UK DMO as this will allow UK DMO to calculate the return rates and compensate return point operators for the scheme items collected.

Readiness for go-live

- **Installation of reverse vending machines:** The specification of RVMs recommended to return point operators has been determined and communicated to retailers. This will be communicated to retailers operating in Wales post-successful application.
- **Testing:** Pilot testing programmes will be implemented ahead of national rollout to:
 - Validate collection processes.
 - Test RVM performance.
 - Evaluate system integration.
 - Gather user feedback to inform adjustments before go-live.

Guidance and information for retailers

To help ensure regulatory compliance, UK DMO will provide retailers with clear, comprehensive guidance to help ensure they:

- Only sell scheme articles from registered producers.
- Display deposit amounts clearly.
- Display refund information prominently at point of sale.

Working with producers

UK DMO will engage proactively with producers to help ensure they understand and fulfil their responsibilities under the regulations for UK DRS.

Understanding responsibilities under the regulations

- **Information campaigns:** Provide producer guidance documents, provide online resources and organise workshops to educate producers of their responsibilities in DRS and the benefits of the scheme.

Providing necessary information for implementation

- **Operational and administrative guidance:** Provide step-by-step guides detailing the operational and administrative changes required for the go-live date.
- **Templates and tools:** Offer templates for reporting, record-keeping, and other administrative tasks to streamline the process for producers.
- **Feedback mechanism:** Get producers to feedback on guidance and support provided to ensure this is improved.

Ensuring compliance and readiness

- **Compliance monitoring:** Conduct inspections to monitor producers' compliance with the Welsh Regulations and help ensure they are ready ahead of go-live. Provide a compliance checklist so producers can self-assess their readiness and identify areas needing attention.
- **Ongoing support:** Provide ongoing support and resources after go-live to ensure producers remain compliant and address issues that arise.

Communication and engagement strategy

UK DMO will implement a comprehensive national communications plan targeting all stakeholder groups.

Consumers:

- **Focus groups:** Run focus groups ahead of scheme launch to understand barrier to engagement for specific demographic groups to allow for these to be addressed ahead of time.
- **Awareness campaigns:** Launch a multi-channel awareness campaign using social media, television, radio, and print media to inform citizens about the DRS.
- **Educational materials:** Develop easy-to-understand educational materials, including brochures, posters, and online content, explaining the DRS process, benefits, and consumer responsibilities.

- **Community engagement:** Organise community events, workshops, and school programs to educate the public about the scheme and encourage community groups to collect containers as charity donations.
- **Return locations:** Clearly communicate how and where consumers can return in-scope containers through various channels, including maps and lists of return points, likely through an app.
- **Refund conditions:** Provide detailed information on specific provisions, such as the retailer's right to withhold a refund or refuse collection if a container is not in acceptable condition, through FAQs, posters, and online content.

Producers:

- **Direct communication:** Send detailed information to producers outlining their roles and responsibilities within the DRS.
- **Workshops and webinars:** Host workshops and webinars to provide a platform for producers to ask questions and receive guidance on compliance.
- **Regular updates:** Establish a newsletter or email update system to keep producers informed about any changes or updates to the scheme.

Retailers:

- **Direct communication:** Send detailed information to retailers outlining their roles and responsibilities within the DRS.
- **Workshops and webinars:** Host workshops and webinars to provide a platform for retailers to ask questions and receive guidance on compliance.
- **Training programs:** Develop comprehensive training programs for retail staff to ensure they understand the DRS and can complete the required processes effectively.
- **Point-of-sale materials:** Provide retailers with point-of-sale materials, such as posters and flyers, to display in stores.

Ensuring supply chain awareness and compliance

UK DMO will run workshops and provide compliance guides to wholesalers, distributors and logistics partners to ensure supply chain-wide understanding of DRS responsibilities.

Collaboration with local partners

- **Joint campaigns:** Collaborate on joint awareness campaigns, leveraging local authority/local government channels to reach a wider audience.

- **Community events:** Work with local partners to organise community events and information sessions to raise awareness and educate the public on DRS. Encourage communities to collect containers as charity donations.

Accessibility in business guidance

- **Accessible formats:** Ensure all guidance materials are available in accessible formats, including large print, Braille, and easy-to-read versions.
- **Engagement with accessibility experts:** Engage with accessibility experts, organisations and citizens to ensure accessibility needs are met.

Multilingual and Multi-Format Communications

- **Language Diversity:** Translate all key communications into community languages spoken in the UK, ensuring inclusivity. In Wales, all core Scheme communications will also be made available in the Welsh language, in line with Welsh-language standards and accessibility expectations. UK DMO will also consider providing communications in other languages that are widely spoken across the UK.
- **Alternative Formats:** Provide information in audio, British Sign Language (BSL), Braille, and easy-to-read formats to cater to different needs.
- **Community Outreach:** Partner with community organisations to distribute materials and ensure they reach diverse populations.

By implementing this comprehensive communications plan, UK DMO can effectively engage with all key stakeholders, ensuring the successful launch and operation of the UK DRS.

19. B) Implementation timeline and communication strategy – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

Timeline for glass

A detailed timeline for delivering the glass elements of the Welsh DRS will be developed only after appointment, as this work requires further analysis and formal design activities. Initial phases will focus on evidence gathering, stakeholder discussions, operational design, infrastructure planning and resource mobilisation, alongside the development of the glass handling fee and producer fee.

Given that single-use glass will not carry a deposit or require relabelling during the first three years, early implementation activity will centre on establishing the return network model rather than producer packaging changes.

The timeline for introducing a deposit on glass after the transition period cannot yet be defined. Significant fraud-risk considerations mean that additional design work and iterative analysis will be required before determining how any transition could occur.

Section D

20. Financial management and Business Plan

The financial management section of this application is likely to be commercially sensitive and should not be shared onwards as it may impact the negotiation process with future partners.

Business Plan

Business Plan

The Business Plan is attached in the supporting Excel file. It covers the full UK DMO set-up period and provides financial forecasts for seven years post-scheme launch, in line with the Wales DRS requirements.

This has been split into the business plan for:

- **UK DMO Limited:** PET containers and cans placed on the market in Wales.
- **DMO Cymru (Glass and Reuse):** Glass containers placed on the market in Wales.

As explained above these are financially distinct entities which will help avoid cross-subsidisation of scheme materials which is why they have separate Business Plans.

Throughout this document all financial data is indicative and for modelling purposes only. UK DMO will not be beholden to any of the mathematics or assumptions included here and the financial assumptions are subject to review and revision by UK DMO.

Reference to timelines in the financial forecasts is based on the current intent of UK DMO and are subject to revision.

UK DMO set up costs

UK DMO Limited: The cost of set up in Wales from March 2026 to go-live has been estimated as c.£5m.

DMO Cymru (Glass and Reuse): The cost of set up from March 2026 to go-live has been estimated as c.£6m. This does not include the costs of a reuse ~~trial~~pilot or preparations for reuse.

UK DMO has asked Welsh officials to consider allocating a portion of the glass EPR fees currently paid in Wales to support the estimated £6 million required to establish DMO Cymru (Glass and Reuse). This reflects the fact that, for PET, aluminium and steel, producers will pay advance producer fees during the transition to DRS, whereas glass producers will continue to pay full EPR fees until go-live. Using a portion of these existing glass EPR revenues would therefore operate as the glass equivalent of the advance producer fee mechanism applied to the other in-scope materials. Given the lack of surplus funds available to any DMO for glass in Wales post go-live, in contrast to any

other DRS scheme, these funds will be crucial to ensure a scheme will be set up. UK DMO does not have alternative funding sources available to set up the scheme for glass and would not be able to attract any commercial investors to this.

Assumptions and sources used for the purposes of the application financial modelling

For the purposes of this application UK DMO has made assumptions on deposit level, handling fee and producer fee as well as assumptions on some operational decisions. UK DMO will undertake detailed network design planning and detailed financial planning including setting of the handling fee, deposit level(s) and resulting producer fee. This modelling will be refined and updated over time. The financial model will be further refined each year as UK DMO sets up and becomes operational. Although the specific numbers and assumptions of this model will change, the producer fee will be adjusted to ensure a cash reserve and ongoing liquidity for UK DMO is maintained.

Assumptions in the Business Plan have been informed through a triangulation of:

- Benchmarking of international DRS schemes.
- Analysis from the DEFRA 2024 DRS Impact Assessment and the Zero Waste Scotland evidence base.
- Market interviews with logistics and material experts.
- Internal financial modelling and supplier engagement.
- UK DMO's operational experience to date.
- Focused engagement across industry on specific requirements for a Welsh DRS.

These sources have been used to validate assumptions and risk parameters.

20. A) Financial management and Business Plan – PET, aluminium and steel

UK DMO – single-use PET, aluminium and steel across the four nations

UK DMO Limited

Allocation of central overheads for UK DMO Limited

Based on the regulations which govern the Deposit Return Schemes across the rest of the UK, UK DMO understands that there cannot be cross-subsidisation of finances between the four nations, but payments will be made between the four nations to enable shared functions. Allocation of overheads across the four nations will be proportional to in-scope containers placed on the market, assuming a similar return rate is achieved for each of the four nations. This centralised business model will allow for large efficiencies of scale. For the purposes of current financial modelling, allocation of overheads has been split by population due to data availability.

Where UK DMO Limited provides shared or centralised services to DMO Cymru (Glass and Reuse), these will be charged on a cost-recovery basis only to ensure that any intra-group payments represent reasonable remuneration and do not result in cross-subsidisation to the DMO Cymru subsidiary. This approach ensures transparency, fairness and full compliance with the requirements for non-profit operation.

Under all scenarios modelled, UK DMO Limited remains financially sustainable through the use of producer fees, unredeemed deposits, reserve funds, and appropriate financing.

Income	Area		Description
	Deposit level	20p for PET, aluminium and steel containers placed on the market	<p>For the purposes of this modelling, a deposit level of 20p is assumed across PET, aluminium and steel containers placed on the market based off the Zero Waste Scotland report "Deposit Return Evidence Summary. Zero Waste Scotland, June 2017" indicating that a deposit level of c.20p is effective in achieving high return rates in a UK context. Deposit levels from international schemes were also researched and this 20p deposit is in-line with deposits used in other international schemes.</p> <p>As indicated in this application, a detailed process will be carried out to set the deposit level(s) post successful application and these deposit level(s) are not set or finalised.</p>
	Return rate	Post go-live: Year 1: 70% Year 2: 80% Year 3 onwards: 90%	<p>The model applies a ramp up in expected recycling rate in-line with the Welsh Government targets for UK DRS as indicated in the SI. International benchmarks have typically reached the 70% target in the first year of operation, although this can be at the end of the year rather than as an average across the year. The requirement of a 70% return rate is for the end of the first calendar year post go-live so if the average return rate across the year is lower than this and UK DMO has more cash UK DMO will reassess its finances. Reaching the 90% return rate is more challenging with countries such as the Netherlands missing the 90% target within the required timeframe.</p>
	Sale of scheme materials	2025 figures assumed to increase in-line with CPI PET resale value: £684 / tonne in 2027 Aluminium resale value £1,239 / tonne Steel resale value	<p>UK DMO will have the ability to sell material returned through the scheme. This modelling assumes that 98% of eligible DRS material returned is sold.</p> <p>International schemes have indicated c.2-3% of materials may be damaged or not of a saleable quality as it passes through the supply chain. This financial modelling takes the lower estimate of 2% here as glass is not included in UK DMO operations.</p> <p>Prices for scheme material (£/tonne) for aluminium, steel and PET are from the DEFRA 2024 DRS Impact Assessment</p>

	£182 / tonne	document and adjusted slightly to reflect UK DMO market knowledge, inflated over the forecast period using the 2024 OBR CPI forecasts. The weight of average scheme material was informed by expert interviews with packaging experts and assumed to remain constant over time. The same assumptions have been made for revenue from the sale of fraudulent scheme material.
Container volumes	2027 estimates assumed to increase in-line with population growth PET 564 million containers Aluminium and steel 659 million containers	Scheme container volumes are 2022 figures from the DEFRA 2024 DRS Impact Assessment document, scaled by population to calculate number of Welsh containers. This is forecast to increase in line with estimated population increases.
Producer fees	PET 2p / container Aluminium and steel 1.25p / container Assumed to increase in-line with CPI	A placeholder value for the producer fee for PET and aluminium and steel has been included at this stage. Producer fees are different for PET and aluminium as there is no cross-subsidisation of scheme materials allowed. Shared operational costs in the processing of these materials are split by container volume. UK DMO will set the same producer fees across England, Northern Ireland, Scotland and Wales. If required, UK DMO will make a balancing payment between the schemes to level the difference between income and costs within each UK DMO to make sure the producer fees are the same.
Deposit liability fund	5% of deposit revenue will be deferred by 3 years and kept in a deposit liability fund	Unredeemed deposits occur when a deposit is paid to UK DMO by the producer on an eligible container, but the container is not returned. UK DMO will deposit 5% of container deposits into a deposit liability fund where the deposits will be stored for 3 years before being returned to UK DMO as revenue if they remain unclaimed. All other unredeemed deposits will be recognised as unrestricted cash. The deposit liability period was informed by Circularity

Expenditure			<p>Scotland Limited operational plans.</p> <p><u>The 5% level of the deposit liability fund has been informed through discussions with international DRS experts and other European schemes based on their own internal planning and redemption timings. This is an assumption which will be stress tested with assurance partners once they are in place.</u></p> <p>The value of unredeemed deposits is measured here as 100% minus the estimated return rate achieved.</p>
	RHF	<p>2027 values assumed to increase in-line with CPI</p> <p>Automatic returns: 1.6p / container</p> <p>Manual returns: 2p / container</p>	<p>Placeholder values for RHF payments have been assumed across automatic and manual return points based off international benchmarks of RHF from Denmark, Finland, Norway, Latvia, Estonia, and Croatia.</p> <p>UK DMO is undergoing a thorough process for setting the RHF which will be reviewed annually as laid out in this document. This will include an assessment of if differentiation by scheme material as required.</p>
	Collection & sorting costs	<p>2027 values assumed to increase in-line with CPI</p> <p>Collection from RVM: £460 / tonne</p> <p>Collection from backhauling site (from RVMs): £460 / tonne</p> <p>Collection from manual (bags): £1000 / tonne</p> <p>Processing, storage & loading of material for shipment: £255 / tonne</p> <p>Physical material costs:</p>	<p>Transport and logistics costs are calculated as total tonnes of material collected multiplied by the cost per tonne of container collection.</p> <p>Processing, storage and loading of material costs are calculated as total tonnes of material collected multiplied by the cost per tonne of processing, storage and loading.</p> <p>Infrastructure build will be outsourced to third parties. The tender process for this is ongoing.</p>

	<p>Bins: £1.7m prior to go-live</p> <p>Totes: £1m prior to go-live</p> <p>Bags: £0.4m / year</p>	
Office and office workforce costs		<p>UK DMO has a largely centralised workforce and head office in Milton Keynes. A dedicated local workforce will also be established in a Wales Head office, and a Wales Country Head will be employed.</p> <p>Workforce and office costs include salaries, employee "all in" costs, travel, training, staff support, recruitment costs, office rent, additional meeting room costs, IT hardware installation, office set-up costs, stationary, and insurance.</p>
Marketing and communications		<p>Marketing costs have been estimated by UK DMO marketing and communications team and include PR, B2C agencies, consumer research, media, website, B2B communications and stakeholder communications.</p>
Legal and professional services costs		<p>Legal and professional services costs have been estimated by UK DMO and include accounting, legal, RHF estimated costs, deposit setting estimated costs, Wales UK DMO application costs, network design and tendering strategy and support, and other professional fees.</p>
IT		<p>IT costs have been estimated by UK DMO and include IT consultancy, IT system build (capex) and IT ongoing support and development post go-live.</p>
Advanced producer fee (APF) repayment		<p>Advanced producer fee repayment of loans from Investing Members is assumed to begin post go-live, with each loan to be paid back in c.2 years post go-live.</p> <p>Details on repayment plans are subject to change with the development of UK DMO and its needs post launch.</p>
Regulatory compliance fee	£315k / year for Wales in 2027 assumed to	<p>The regulatory compliance fee in the model is £60k / year - this is because the costs in the model have been split across the four nations based off population - but the regulatory compliance costs are estimated</p>

Tax		increase in-line with CPI	to be equal across the four nations hence UK DMO is estimating a regulatory compliance cost of £315k / year. This will cover the costs to the NRW and local authority trading standards for conducting their role in assessing the regulatory compliance of DRS scheme participants.
	Cost of fraud	Assumes an additional volume of fraudulent containers on the market equivalent to 1% of scheme material volumes	Established schemes indicate that a level of fraud should be anticipated in the scheme. The model assumes a 1% increase in scheme material due to fraudulent activity, this percentage represents the number of containers on the market for which a deposit has not been paid for. This value considers international benchmarks and the DEFRA 2024 DRS impact assessment document. From benchmarking with other DRS schemes worldwide, fraudulent container volumes can be as high as 5% but are generally 1-1.5% of scheme containers. UK DMO will aim to minimise fraud using the methods laid out in this application.
	Corporation tax		The business plan assumes UK DMO pays 25% corporation tax on yearly profits.
	VAT		UK DMO is a VAT registered business and can reclaim VAT on business-related purchases. HMT has shared their intention that UK DMO will pay VAT on unredeemed deposits, and so this has been assumed in the model. However, conversations with HMRC are ongoing.

Cash flow, trade payables and trade receivables assumptions

The model assumes that producers will report containers placed on the market 7 days after month end, invoices will then be sent to producers within 7 days and producers will have 30 days to pay these invoices. These assumptions will need to be tested with scheme producers and retailers.

The model also assumes that return point operators will receive a monthly report 7 days after month end, have 7 days to review this report and then will receive funds 30 days after this.

The model assumes material sales are reported at month end and are paid in 60 days after this. The payment terms for other operating expenses are all assumed to be 30 days and the payment terms for advanced producer fee payments and other financing is 60 days.

Minimum liquidity levels and deposit liability fund

It is assumed that UK DMO Limited and DMO Cymru (Glass and Reuse) will hold a reserve fund of cash. It is expected that during the first year of operation UK DMO Limited will make large profits due to an estimated 30% of deposits remaining unclaimed. Producer fees will be adjusted to ensure UK DMO has a sufficient reserve fund of cash.

A separate deposit liability fund will also be established where 5% of annual deposits will be held in cash. This will ensure UK DMO has the liquidity to pay for any deposits claimed later in subsequent years. The proportion of deposits held is subject to change following further investigation by UK DMO into return rates and timelines. Funds held in the deposit liability fund will be freed after 3 years, allowing UK DMO to recognise any remaining unclaimed deposits as unrestricted cash.

Detailed scenario/sensitivity analysis will be completed alongside detailed financial modelling as the scheme develops.

Use of retained amounts

Any surplus or retained amounts (e.g. unredeemed deposits) must not be distributed among the members but must be applied towards the furtherance of the business of the DMO. Practically speaking, this would mean either: i) the deployment of funds to help achieve higher return rates (e.g. grants to support return points in targeted locations, targeted marketing support); and ii) supporting longer-term efficient operations of the DMO (e.g. directly investing in sorting / reprocessing operations). UK DMO will also keep producer fees under close review and, as set out later in the application, will ensure these are adjusted as appropriate to minimise any future surplus (beyond the needs of the investment options outlined above).

Audits for financial management

- **Annual financial audits:** UK DMO will conduct annual financial audits by an independent, accredited auditing firm and will ensure this complies with UK accounting standards.
- **Internal audits:** UK DMO will establish an internal audit to regularly review financial processes and controls.

COMMERCIALLY SENSITIVE

20. B) Financial management and Business Plan – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

DMO Cymru (Glass and Reuse)

The financial viability of DMO Cymru (Glass and Reuse) is more difficult to maintain than UK DMO Limited because:

- **October 2027 – September 2030:** The draft Welsh DRS regulations exclude deposits on glass containers, removing the main revenue source that typically supports Deposit Management Organisations. Normally, unredeemed deposits, along with producer fees and material sales, form a key part of the funding structure. Without this, producer fees would need to rise considerably to maintain financial viability, making the Welsh DRS for glass less sustainable.
- **October 2030 onwards:** Once a deposit is introduced in Wales this introduces significant fraud risk to DMO Cymru (Glass and Reuse) from containers sold in the rest of the UK being redeemed in Wales.

UK DMO will work through potential solutions to try to mitigate this risk with Welsh Government and NRW.

Income	Area		Description
	Deposit level		
	No deposit on glass containers for the first three years of scheme operation. 20p deposit from October 2030.		<p>There is no deposit on glass containers in the first three years of the scheme, in line with the Welsh DRS regulation. After this, a placeholder deposit level of 20p per container is assumed on every container placed on the market in Wales.</p> <p>As above, this is based off the Zero Waste Scotland report "Deposit Return Evidence Summary. Zero Waste Scotland, June 2017" indicating that a deposit level of c.20p is effective in achieving high return rates in a UK context. Deposit levels from international schemes were also researched and this 20p deposit is in-line with deposits used in other international schemes.</p> <p>As indicated in this application, a detailed process will be carried out to set the deposit level(s) post successful application and these deposit level(s) are not set or finalised.</p>
	Return rate	Post go-live: 2027 – September 2030: 5% 2031: 70% 2032: 80% 2033: 90%	<p>Due to the lack of a deposit in the first 3 years, the return rate for glass is expected to be low and is modelled as 5% of scheme containers.</p> <p>Following the introduction of a deposit, the model applies a ramp up in expected recycling rate in-line with ramp up of PET and cans in the Welsh Regulations. International benchmarks have typically reached the 70% target in the first year of operation, although this can be at the end of the year rather than as an average across the year. The requirement of a 70% return rate is for the end of the first calendar year post go-live so if the average return rate across the year is lower than this and UK DMO has more cash UK DMO will reassess its finances. Reaching the 90% return rate is more challenging with countries such as the Netherlands missing the 90% target within the required timeframe. Whilst we have modelled here for a 90% return rate to be achieved, we currently struggle to</p>

		<p>see a viable pathway to this rate unless kerbside materials are incorporated given the consumer challenges with consumers returning glass due to its weight, and with kerbside recycling rates for glass already being at c.90%.</p> <p>We also see a challenge with the “cliff-edge” end to the transition period in October 2030. The immediate introduction of an 85% return rate target for glass from 1 January 2031 would be unprecedented for a first year of DRS system operation and is unlikely to be achievable in practice. Furthermore, the requirement at that point for producers to segregate their supply chains and introduce distinct Welsh SKUs and barcodes for glass products would present major logistical and financial hurdles. This sudden change would fragment supply chains, increase costs, and could result in a significant reduction in the number of glass products available in Wales.</p>
Sale of scheme materials	<p>2025 figures assumed to increase in-line with CPI</p> <p>Average weights per container used: 250g. Price per tonne of material used in 2027: £32 / tonne. A mid-point from letsrecycle.com was taken as price for recycled glass varies greatly with purity, colour of glass and market rates from negative prices to over £75 / tonne.</p>	<p>UK DMO will have the ability to sell material returned through the scheme. This modelling assumes that 97% of eligible DRS material returned is sold.</p> <p>International schemes have indicated c.2-3% of materials may be damaged or not of a saleable quality as it passes through the supply chain.</p> <p>Prices for scheme material (£/tonne) are inflated over the forecast period using the 2024 OBR CPI forecasts. The weight of average scheme material was informed by expert interviews with packaging experts and assumed to remain constant over time.</p> <p>The same assumptions have been made for revenue from the sale of fraudulent scheme material.</p>
Container volumes	<p>2027 estimates assumed to increase in-line with population growth</p>	<p>Scheme container volumes are 2022 figures from the DEFRA 2024 DRS Impact Assessment document, scaled by population to calculate number of Welsh containers.</p>

	The glass volume in 2027 is expected to be 268 million	This is forecast to increase in line with estimated population increases.
Producer fees	2027: 4p producer fee per glass container	<p>The Welsh Regulations exclude deposits on glass containers for the first three years of the scheme. Typically, unredeemed deposits are a DMO's main income source, alongside material sales and producer fees. Without this, producer fees must pay directly for the operations of all the return points so that retailers are not out of pocket and to maintain the financial viability of DMO Cymru (Glass and Reuse).</p> <p>UK DMO is proposing that the return point network for single-use glass returns in Wales should not lead to a producer fee of over c.4p / container, aligned with EPR levels. This is assumed to increase in-line with CPI.</p>
Deposit liability fund	5% of deposit revenue will be deferred by 3 years and kept in a deposit liability fund	<p>Unredeemed deposits occur when a deposit is paid to UK DMO by the producer on an eligible container, but the container is not returned. UK DMO will deposit 5% of container deposits into a deposit liability fund where the deposits will be stored for 3 years before being returned to UK DMO as revenue if they remain unclaimed. All other unredeemed deposits will be recognised as unrestricted cash. The deposit liability period was informed by CSL operational plans.</p> <p>The value of unredeemed deposits is measured here as 100% minus the estimated return rate achieved.</p>
RHF	For the purposes of this modelling a RHF for glass has been modelled as a fee per site rather than per unit with a 2027 fee per site of £2,935 per month. 2027 values assumed to increase in-line with CPI. The	Given that return volumes will be very low during the no deposit period of single-use glass, a per-container return handling fee may not be an appropriate mechanism for reimbursing return point operators. The agreed principle is that operators must not be out of pocket for hosting return points, and repayment arrangements will be structured

Expenditure		<p>RHF process has not been carried out yet to set the RHF or the mechanism which will be used e.g. per container or per site fee.</p> <p>From go live, there the financial model assumes 100 return points to be sufficient for the expected volume. Following the introduction of a deposit, this is predicted to increase to 300 in 2030. Ongoing increases are in line with return rates.</p>	accordingly, regardless of low return rates.
	Logistics costs	<p>Collection and sorting costs include the cost of a waste truck and driver, and the number of trucks.</p> <p>Assuming operations one month before go live, costing £795 / day, 365 days a year. 10 trucks are required to operate full time across Wales for the first 3 years of operations. As the return rate increases following the introduction of a deposit, this increases to 30 in 2030. After this, the increase in trucks grows in line with return rates.</p> <p>2027 values assumed to increase in-line with CPI</p>	Logistics costs for the initial period of a single-use glass scheme are calculated on the basis of 10 trucks operating across Wales full-time to manage the relatively low glass volumes which are expected to be returned to return points whilst there is no deposit.

Office and office workforce costs	Assume 10 employees in DMO Cymru (Glass and Reuse), based in a rented office in Wales	<p>UK DMO has a largely centralised workforce and head office in Milton Keynes. A dedicated workforce will sit in a Wales office, and a Wales Country Head will be employed.</p> <p>Workforce and office costs including salaries, employee "all in" costs, travel, training, staff support, recruitment costs, office rent, additional meeting room costs, IT hardware installation, office set-up costs, stationary, and insurance.</p>
Marketing and communications	Higher marketing costs expected in the first three years following go live.	Marketing costs scaled from UK DMO Limited marketing costs, in-line with containers placed on the market.
Legal and professional services costs		Legal and professional services costs have been estimated by UK DMO and include accounting, legal, and professional fees.
IT		IT costs have been estimated by UK DMO and include IT consultancy, IT system build (capex) and IT ongoing support and development post go-live.
Regulatory compliance fee	£42k / year for Wales for glass in 2027 assumed to increase in-line with CPI	This will cover the costs to the NRW and local authority trading standards for conducting their role in assessing the regulatory compliance of DRS scheme participants.
Cost of fraud	Assumes an additional volume of fraudulent containers on the market equivalent to 20% of scheme material volumes from 2031, once deposits are introduced to glass	<p>Once a deposit is introduced in Wales for single-use glass there will be a significant risk of fraud to DMO Cymru (Glass and Reuse). This will be consumer fraud and wholesaler fraud due to the density populated Welsh border.</p> <p>As glass is not segregated in supply chains between Wales and England and given the high level of cross-border retail and wholesale movement, there is a meaningful incentive for the redemption of containers that have not attracted a Welsh deposit.</p>
Corporation tax		The business plan assumes UK DMO pays 25% corporation tax on yearly profits.

Tax	VAT	<p>UK DMO is a VAT registered business and can reclaim VAT on business-related purchases.</p> <p>HMT has shared their intention that UK DMO will pay VAT on unredeemed deposits, and so this has been assumed in the model. However, conversations with HMRC are ongoing.</p>
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Financial planning for reuse

UK DMO cannot set out a detailed financial plan for reuse prior to conducting a formal reuse ~~trial~~pilot, as there is currently no evidence base to inform what a nationwide rollout would look like. Without the outputs of any large-scale ~~trial~~pilot, it is not credible to determine what an operating model of a reuse system should be, and therefore it is not possible to produce robust financial forecasts or a defensible cost model for a hypothetical future reuse system without definition.

However, UK DMO recognises that the Welsh Regulations and guidance require financial planning to support a credible pathway to reuse where appropriate. Therefore, in the future UK DMO will consider:

- **Developing a reuse financial framework** that sets out the cost categories expected to be incurred (e.g., reverse logistics, washing/inspection, storage, digital tracking, consumer incentives, return point handling, shrinkage, container procurement).
- **Modelling a range of high-level scenarios** using international benchmarks from markets with active reuse systems (e.g., Denmark, Germany, Portugal) to provide indicative cost and order-of-magnitude estimates.
- **Identifying key cost drivers** that will be stress-tested during the ~~trial~~pilot phase, including container lifetime cycles, return rates, cleaning costs, technology requirements, fraud controls, and infrastructure readiness.
- **Undertaking a full cost-benefit and sensitivity analysis post-~~trial~~pilot**, incorporating the ~~trial~~pilot's learning into the formal Business Plan update.
- **Updating producer fee modelling and return handling fee considerations** once there is clarity on reuse flows, washing capacities, and operational design.
- **Assessing capital and operating investment needs** associated with scaling reuse, including the potential role of digital tracking technologies as part of the reuse system efficiency and fraud prevention.
- **Engaging with industry, retailers, local authorities, logistics partners and packaging suppliers** to ensure the reuse model is financially viable, scalable and aligned with broader circular economy objectives in Wales.

No cross-subsidisation will occur between reuse and single-use materials, with cost separation reflected in the financial model for DMO Cymru (Glass and Reuse).

Following appointment, UK DMO will work with Welsh Government and industry to design and deliver a reuse ~~trial~~pilot. This ~~trial~~pilot should provide information on return rates, operational viability, optimal scope for wider reuse, and a substantiated view on

expected environmental benefits and economic viability which should in turn serve as input for final regulations. The UK DMO will also seek Welsh Government support to fund the reuse ~~trial~~pilot, as the evidence generated will be essential to informing the operational design required for future reuse regulations in Wales.

Timelines for updated financial assumptions

As indicated in the business plan itself, assumptions and figures included in this submission are illustrative and draft at this stage. However we have provided below, for material P&L items, a sense of the process which would need to be followed and how long may therefore be required in order to update these assumptions subsequent to any appointment:

<u>Material P&L item</u>	<u>Process to be followed to refine assumptions</u>	<u>Estimated timeline</u>
<u>Unredeemed deposits (deposit level)</u>	<p>PET & Cans: UKIMA Exemption published on 12.02.26 requires consistent deposit levels across the UK. Consultation currently underway on this item, with an outcome expected by end of April 2026.</p> <p>Glass and reuse: Following confirmation of planned operating model across glass containers subsequent to the transition period, and confirmation of reuse pilot details, a similar process as followed for existing PET and Cans could be expected which could take c.5-6 months.</p>	<p>PET & Cans: Updated view by April 2026.</p> <p>Glass and reuse: 5-6 months following full confirmation of operating model and reuse pilot details, updated view therefore unlikely before mid-2027.</p>
<u>Unredeemed deposits (return rates)</u>	<p>PET & Cans: Relatively robust assumptions in place based on international best practice, unlikely to change significantly.</p> <p>Glass and reuse: Return rates cannot not be reasonably estimated for single-use glass items before a deposit level is confirmed (please see above). For reuse items, return rates are one of the key items which are to be tested in a pilot as reuse has not been rolled out in scale within a UK context.</p>	<p>PET & Cans: No material change likely.</p> <p>Single-use glass: Subsequent to deposit level confirmation (see above).</p> <p>Reuse: Subsequent to pilot launch when data is available – likely early 2029.</p>
<u>Sale of materials</u>	<p>Reasonable market estimates can be made once likely return volumes are known based on market indices (e.g. ICIS). Likely return volumes can be estimated once return rates are known.</p>	<p>Subsequent to return rate assumptions (see above).</p>
<u>Return handling fee</u>	<p>For similar return point set ups (e.g. for PET and Cans) as in the rest of the UK, there is currently a significant and multi-stage process underway which includes Welsh inputs to determine handling fees. This will be finalised by the end of May 2026.</p> <p>For glass or distinct return point setups for PET & Cans, a c.6 month process would be required to set handling fees (as per the rest of the UK) which</p>	<p>PET & Cans (with similar setup to rest of UK): Updated view by May 2026.</p> <p>Other materials / return point setups: c.6 months post confirmed appointment.</p>

	<u>would need to be commenced subsequent to appointment.</u>	
<u>Logistics and waste processing</u>	<p><u>Estimates for PET and Cans, and glass during the transition period, would require extensive market engagement subsequent to appointment. Across the rest of the UK, this process is expected to take c.8 months. Given previous engagement, this could likely be accelerated in Wales to c.4-6 months.</u></p> <p><u>For reuse items this would need to be determined subsequent to trial detail confirmation. Likely requiring c.4-6 months of market engagement.</u></p>	<p><u>For non-reuse items prior to 2031, updated view likely by late 2026.</u></p> <p><u>For reuse items an updated view unlikely before mid-2027.</u></p>
<u>Overheads (workforce, system administration, communications)</u>	<u>Current assumptions likely to be directionally accurate.</u>	<u>No material change likely.</u>

21. A) Financial risk management and arrangements – PET, aluminium and steel

UK DMO – single-use PET, aluminium and steel across the four nations

The financial risk management section in this application is commercially sensitive.

Financial risk management

Pre-go-live risks - UK DMO

Regulatory change

Changes, delays or divergence in regulations across the four nations could require costly operational redesign and create uncertainty during mobilisation.

Mitigation:

- Maintain ongoing engagement with all governments to request early notification of regulatory changes.
- Build contingency funding into set-up budgets to absorb the cost of regulatory amendments.

Delays in obtaining financing

Delays in securing funding from Investing Members or third-party lenders may affect UK DMO's ability to progress critical pre-go-live activities.

Mitigation:

- Secure early Advance Producer Fee commitments to support mobilisation.
- Apply an interest rate of Bank of England base rate + 1.75% on APFs to incentivise timely participation.
- Request government underwriting of third-party facilities to accelerate lender approval.
- Build contingency funding into the set-up profile to protect cash flow.

Unredeemed deposits risk

UK DMO may need to pay refunds long after initial deposit collection, creating timing mismatches between income and liability recognition.

Mitigation:

- Treat deposits as unredeemed only after three years, limiting exposure.
- Maintain a cash reserve equal to 5% of deposit revenue for potential late refunds.
- Adjust producer fees if the VAT treatment of unredeemed deposits changes.

Higher-than-anticipated return rate

UK DMO

If return rates exceed modelled assumptions, UK DMO will receive fewer unredeemed deposits, reducing revenue, particularly material in the early years.

Mitigation:

- Adjust producer fees to offset lower unredeemed deposit income.
- Maintain adequate reserve and liquidity buffers.
- Revisit deposit levels if high return rates persist and destabilise revenue.

Operational risks – UK DMO

Operational disruptions

Unexpected disruption to collections, counting centres or logistics partners may result in backlogs, delays in material processing and delayed sale of material.

Mitigation:

- Use ad-hoc rerouting and redistribution to centres with spare capacity.
- Maintain multiple logistics providers to reduce dependency on any single partner.
- Incorporate contingency plans into the operational design.

Value of scheme materials decreases

Revenue from material sales may drop due to market volatility.

Mitigation:

- Maintain reserves to offset material value volatility (material sales are only c.8% of revenue).
- Adjust producer fees if significant deviations occur.
- Monitor markets regularly to update financial forecasts.

Increases in inflation

High inflation increases operational costs and erodes the real value of deposits, potentially reducing return rates.

Mitigation:

- Inflate operational costs using CPI forecasts.
- Partially offset inflation via interest earned on the deposit liability fund.
- Review deposit levels if inflation erodes return incentives.

Key supplier disruption or insolvency

Insolvency or disruption among logistics or recycling partners could stall operations, create backlogs, and require costlier emergency collections.

Mitigation:

UK DMO

- Maintain multiple logistics suppliers to diversify risk.
- Build supplier resilience assessments into procurement.
- Retain the ability to re-route material quickly to alternative sites.

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21. B) Financial risk management and arrangements – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

Operational risks – Specific to DMO Cymru (Glass and Reuse)

Zero-deposit transitional period for glass (October 2027–September 2030)

Without deposits on glass, UK DMO loses a primary income source. Producer fees would need to increase sharply to maintain viability, and cross-subsidisation is prohibited.

Mitigation:

- Limit the number of glass return points to ensure economic viability.
- Engage with Welsh Government on realistic return-rate trajectories post-2030.

Fraud risk once a deposit is introduced for glass in Wales (October 2030 onwards)

Once a deposit is introduced a significant fraud risk is introduced in the scheme from consumer and wholesaler fraud as containers sold in the rest of the UK are redeemed in Wales. This is covered in more detail in the fraud section below.

Mitigation:

- UK DMO is unsure of how to sufficiently mitigate this fraud risk from October 2030 onwards and will look to work through this issue with the Welsh Government and NRW.

Ongoing operational costs of reuse

Reuse systems have higher operating costs (washing, inspection, redistribution) and lower container turnover, creating long-term cost pressure.

Mitigation:

- Assess cost structures through the reuse ~~trial~~pilot before designing full-scale operations.

The financial risks set out above align with the downside scenario tests undertaken for the Business Plan, including variations in return rates, fraud levels, material values and inflation. Wales-specific risks such as the zero-deposit period for glass and cross-border fraud risk are explicitly incorporated into ongoing financial planning. These risks have been used to stress-test liquidity, reserve levels and fee resilience for UK DMO.

Pre-go-live risks – Specific to DMO Cymru (Glass and Reuse)

Delays in obtaining financing

UK DMO

Delays in securing funding from EPR fees for single-use glass setup and from Welsh Government and UK Government for setting up a reuse ~~trial~~pilot.

Mitigation:

- Communicate with Governments as to when EPR fee funding could be received.
- Communicate with Governments as to when reuse ~~trial~~pilot funding can be received.

Regulatory divergence across nations

The inclusion of single-use glass and reuse requirements in Wales introduces additional complexity and readiness risk relative to the other nations.

Mitigation:

- Establish DMO Cymru (Glass and Reuse) to ensure dedicated financial and operational planning for these Wales-specific elements.
- Maintain separate financial models to avoid cross-subsidisation and preserve scheme readiness.

Delay in readiness and financing of reuse systems

Reuse systems require container tracking, inspection, washing, and logistics solutions, which carry technical, financial and operational risks that may delay readiness for 2030.

Mitigation:

- Pilot reuse systems in advance of full introduction in 2030.
- Develop a phased integration plan to allow reuse operations to scale gradually.
- Begin procurement and system design early once a reuse ~~trial~~pilot is commissioned.

21. C) Financial risk management and arrangements – all materials

Ongoing management of financial risk

UK DMO will continue to manage the financial risk of the UK DRS including the Wales DRS, ensuring the scheme remains financially resilient. Here are the key strategies:

- **Financial planning and budgeting:** UK DMO will assess initial setup costs, including costs specific for glass and reuse systems, and ongoing operational expenses and forecast revenue to ensure the financial stability of UK DMO. UK DMO's finance team and Board will continually assess the financial stability of UK DMO. Financial planning will include Wales-specific funding models, reflecting transitional arrangements (e.g. £0 deposit on glass until 2030).
- **Risk assessment and mitigation:** UK DMO will conduct ongoing risk assessments covering all in-scope materials, including single-use glass and reusable containers. Risk mitigation will include maintaining reserve funds, updating forecasts for material resale values, and monitoring additional risks identified in this section such as inflation, cross-border reconciliation, and glass-handling costs.
- **Cash flow management:** Implement efficient systems for deposit collection and refunds and ensure sufficient liquidity of UK DMO to handle peak return periods.
- **Financial monitoring and reporting:** Conduct audits to monitor the financial health of UK DMO and provide regular financial reports to stakeholders.
- **Insurance:** Obtain insurance for risks like theft and infrastructure damage.
- **Stakeholder engagement:** Work with stakeholders and establish feedback mechanisms to improve the scheme.
- **Regulatory compliance:** Ensure compliance with relevant regulations.
- **Technology and innovation:** Invest in technology to automate processes and use data analytics for informed financial decision-making.
- **Additional capital access:** If any downside scenario results in funding needs beyond planned reserves, UK DMO would need to secure additional financing. The sources of this funding prior to go-live are laid out in the sources of funding section below. Post go-live, additional funding would need to be secured through raising the producer fee

Financial arrangements within UK DMO across the four nations

The separate entity for DMO Cymru (Glass and Reuse) will, to the extent practicable, seek to keep the Wales operations for single-use glass and reuse operationally and financially separate from the rest of the UK DMO. However, UK DMO Limited will remain responsible for delivering the requirements of the Wales DRS in relation to both PET and cans, and glass and reuse.

UK DMO

For UK DMO Limited, the core to reconciliation across the four nations is the tracking of scheme items. Producers will submit their best estimate for where items are put on to the market and work with retailers to track which nation scheme items are sold in as accurately as possible. Once the scheme is live there will be more data available to track this more accurately. UK DMO systems will be able to track returns allowing for financial reconciliation across the four nations. Operating expenses are divided across the four nations in-line with population in the current financial modelling. This will be updated to a split per container when this data is available. UK DMO is aiming for consistent producer fees and return handling fees across the four nations, whilst ensuring each nation UK DMO is financially viable. UK DMO will determine and invoice producer fees and return handling fees in respect of each DRS.

Interoperability with Re-Turn

UK DMO expects to work closely with Re-Turn, the DRS in Ireland, to ensure smooth interoperability, but currently has no plans for financial interdependency with Re-Turn.

22. Insurance and tax

Insurance

UK DMO has secured insurance coverage to support its governance and operational needs.

Directors and Officers (D&O) insurance has been arranged through Howden, with coverage underwritten by Chubb. This policy provides protection up to a limit of £5 million, offering financial protection to Board members and senior officers in the event of claims arising from decisions made in the course of their duties.

In addition, the organisation has obtained both Employers' Liability and Public Liability insurance, also arranged through Howden. Each of these policies provides coverage up to £10 million, ensuring adequate protection against claims related to workplace incidents and third-party liabilities, respectively.

If this application is successful, UK DMO may need to consider securing additional coverage under its policies.

Future insurance planning

As the Wales DRS scales, UK DMO will review and extend its insurance arrangements to ensure coverage for Wales-specific operational risks, including glass handling, cyber and data security, and any future reuse operations such as washing, inspection and redistribution. Insurance coverage will be reassessed annually to ensure all activities remain appropriately protected as the scheme develops.

Relevant producer fees will be increased to maintain the financial stability of UK DMO if insurance costs are higher than anticipated. UK DMO will ensure that both UK DMO Limited and DMO Cymru (Glass and Reuse) remain appropriately insured for all operational and statutory risks.

Tax

Revenue recognition of unredeemed deposits

UK DMO will hold 5% of deposits for three years in a deposit liability fund. This does not sit on the P&L but will be held as restricted cash.

Corporation tax

UK DMO will pay corporation tax on its profits of 25%. UK DMO could reduce its taxable profits by deducting allowable expenses and any donations made to charitable organisations. UK DMO will consult tax experts to understand its tax obligation, file accurate returns and pay any due taxes on time. Corporation tax assumptions will be reviewed as part of the Business Plan updates.

VAT

UK DMO is VAT-registered, meaning it can reclaim VAT on business-related purchases. Current UK Government policy confirms that unredeemed deposits will fall within the scope of VAT. The financial model therefore reflects VAT being applied to unredeemed deposits as the default position. DMO Cymru (Glass and Reuse) will also register for VAT where beneficial and in line with HMRC guidance.

UK DMO maintains its view that unredeemed deposits should be outside the scope of VAT, and we will continue to engage with HMRC on this matter. Applying VAT to unredeemed deposits reduces the funding available to operate and improve the Scheme, and places additional administrative and financial burdens on producers and return point operators. For example:

- Under current proposals, producers would lose over 3p per unredeemed container. At an 80% return rate, likely lower in early years this could remove around £250m per year from the Scheme.
- These costs would create pressure on both small and large businesses and could feed into consumer pricing.
- Higher scheme costs increase perceived investment risk, potentially raising lending costs at a critical period for Scheme establishment.

UK DMO does not believe the deposit bears the fundamental characteristics of VAT. It is not part of the product or a service, but a separate deposit held until redemption, and therefore, the consumer would not have 'gained' any value from having paid it, nor would return point operators, producers or UK DMO. The deposit remains at the same value at each stage of the supply chain, and therefore there would be no 'value added' as it is sold onwards. It should not function as a 'consideration for supply' alongside the actual good and should not create a tax point.

UK DMO believes that deposits under a DRS could therefore be considered a returnable deposit, for which existing guidance already exists. This would align with most approaches taken by countries right across Europe. The most successful schemes on the continent including in Norway and the Netherlands, do not charge VAT at all on deposits – despite also having to adhere to the European Union's Principal VAT Directive.

If VAT continues to apply to unredeemed deposits, UK DMO will increase the producer fee accordingly to ensure continued financial viability.

VAT assumptions will be reviewed as part of detailed financial modelling and updated annually to reflect any developments in HMRC guidance.

Self-billing arrangements

UK DMO may choose to use self-billing arrangements to streamline the billing process, helping to ensure accuracy in financial transactions and help maintain compliance with

UK DMO

VAT. UK DMO will give due consideration to self-billing arrangements in future planning activities.

UK DMO will ensure contracts include both parties agreeing to the self-billing arrangement in writing with the duration of the arrangement and the terms and conditions under which self-billing will be conducted. UK DMO will issue self-billed invoices that comply with VAT regulations including both parties VAT registration number and a unique invoice number. The invoices will clearly state that they are self-billed. Detailed records of all self-billed invoices will be kept for at least seven years and UK DMO will ensure self-billing arrangements complies with all HMRC guidelines and regulations. Regular reviews and reconciliations will be conducted to ensure that self-billed invoices match the actual transactions. Any discrepancies will be promptly addressed.

Self-billing will be introduced only where it increases efficiency and maintains compliance with HMRC guidelines.

23. A) Financial planning and costs – PET, aluminium and steel

UK DMO – single-use PET, aluminium and steel across the four nations

UK DMO Financial Plan

Breakdown of the proposed sources and uses of capital / financing

UK DMO Limited will set up workforce, system administration, communication, infrastructure and logistics for all four nations together which will require pre-go-live funding. UK DMO will have a consistent producer fee and return handling fee in England, Northern Ireland, Scotland and Wales for PET and Cans to maintain simplicity.

Shared costs across entities will be recovered on a cost-recovery basis only, with no cross-subsidisation between PET/cans and glass/reuse, and no cross-national value transfer. This ensures that Wales-specific financing accurately reflects Wales-specific requirements and regulatory obligations.

Advanced Producer Fees (APFs) overview

The Investing Members of UK DMO have agreed to partially fund the scheme set up for PET and Cans in the form of Advanced Producer Fees (APFs).

- **Definition of APFs:** Payments made by producers, including producer retailers, to support the convening of industry and the setup of UK DMO before the producer fees are determined and applied by UK DMO will be considered "Advanced Producer Fees" (APFs).
- **APFs repayment:** UK DMO will subtract APFs from producer fees required by the producer once UK DMO is operational. The timing and mechanism for this process will be governed by UK DMO Board and its members, with the aim of repayments occurring within two years of go-live.
- **Risk of APFs:** APFs are made at the risk of the producers and producer retailers. If UK DMO is not set up or is not financially viable to return payments, the APFs may not be reimbursed.
- **Scope of APFs:** APFs include all payments made during the period when UK DMO is set up but not yet operating the Deposit Return Scheme (DRS).
- **Interest on APFs:** APFs will be returned with interest calculated at the Bank of England base rate, plus an annualised rate of 1.75% p.a. interest will be calculated monthly from the point of payment to the point of return.
- **1.75% p.a. premium to Bank of England base rate:** The additional 1.75% p.a. premium to the Bank of England base rate acknowledges the risk taken by

producers and producer retailers and ensures that UK DMO is sufficiently funded to meet the objectives of the regulations.

All UK DMO Investing Members are contributing to funding requests for UK DMO. The Investing Members financial statements can be found at Companies House – Gov.UK or on the respective organisations' websites. Financing does not provide income to members, Directors or officers other than reasonable remuneration.

Pre-go-live funding requirements

All Investing Members have indicated that, in principle, they are prepared to provide UK DMO with the expected capital requirements up to go-live (alongside UK DMO potentially securing a commercial lending facility).

Preliminary discussions have been progressing with a major high street bank and a lender. Now that UK DMO has a detailed financial model in place, discussions are focusing on the potential structure and requirements of commercial financing to complement and support Investing Members' funding.

Conditions of the funding plan

This funding plan is conditional on maintenance of the DRS model as envisaged within the current regulations and not altering the planned operating model of the DRS at outlined in this application. If the scope of the DRS is altered this would have a material impact on UK DMO as well as scheme producers and scheme retailers and that appropriate timelines would therefore need to be agreed for this to allow for costs to be absorbed by UK DMO. In the event there are changes this will impose incremental costs which are not accounted for within this plan.

Expected drawdown and repayment profile of each source

UK DMO aims to repay advanced producer fee payments provided in 2026 and 2027 and any third-party financing loans in the first two to three years post go-live.

Details of the expected interest rates and costs associated with the capital / financing (including expected rates and fees)

Advanced producer fees for 2026 and 2027 funding requirements will be returned by UK DMO with interest calculated at the Bank of England base rate plus an annualised rate of 1.75% p.a.

Financing sufficiency and contingency

Taken together, the range of financing sources available to UK DMO, including Advanced Producer Fees (APFs) and commercial financing facilities, provides a robust

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and diversified capital base. As long as all these funding sources can be obtained in appropriate amounts and at commercially viable rates, UK DMO is confident that sufficient capital will be put in place to fund the expected set-up and operational requirements of the Wales DRS and that these sources collectively provide a reasonable contingency should costs exceed forecast levels or should additional expenditure be required during mobilisation or early operational phases.

COMMERCIALLY SENSITIVE

23. B) Financial planning and costs – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

DMO Cymru (Glass and Reuse) financial plan

Single-use glass

The Welsh Regulations currently exclude deposits on glass containers, removing the main revenue source that typically supports Deposit Management Organisations in both setup and early-years of scheme operation. Without this, and with higher ongoing costs of handling glass, producer fees would need to rise considerably to maintain financial viability, making the Welsh DRS for glass less sustainable.

The only viable mechanism for funding the set-up of a single-use glass DRS in Wales is the use of Extended Producer Responsibility (EPR) fees paid by glass producers ahead of the go-live date for containers placed on the Welsh market. Other options have been ruled out as indicated below. Securing this funding route is a requirement of UK DMO's application to act as the DMO for Wales. Further discussion with DEFRA and the Welsh Government will be needed, as this may require legislative change (potentially in both Wales and the UK) and may take time to agree.

Approximately £10.6 million per year in EPR fees will be received from glass containers placed on the Welsh market, which is more than sufficient to recover the estimated single-use glass set-up costs. This approach also avoids cross-subsidisation between scheme materials and is consistent with the decision to exempt PET and cans from EPR fees in the UK, given that these materials will be covered by a DRS.

UK DMO is also operating on the assumption that, similar to the DRS schemes in the rest of the UK, local authorities will not be compensated for lost materials via the kerbside waste stream unless they play a role in collections (as outlined elsewhere in this application). This is particularly acute in the proposed scheme for glass because of the lack of income from unredeemed deposits.

Other funding options considered by UK DMO for the setup of the single-use glass scheme in Wales that will not be possible include:

- **APFs via UK DMO Limited:** Advanced producer fees for PET and Cans cannot be used as a funding mechanism for a scheme for glass as this would represent cross-subsidisation between scheme materials.
- **APFs via DMO Cymru (Glass and Reuse):** Advanced producer fees managed via DMO Cymru (Glass and Reuse) are technically feasible but would require significantly higher producer fees during the first three years of the scheme - around 1.5p per container. This would lead to substantially higher producer fees on glass as compared to EPR costs in the rest of the UK which would distort substrate economics and likely lead to unintended consequences of either

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material switching amongst producers or the withdrawal of products from the Welsh market (limiting citizen choice).

Reuse ~~trial~~pilot

UK DMO is requesting financial support from both the Welsh Government and the UK Government to fund a reuse ~~trial~~pilot.

- i. Welsh Government funding is being sought as the reuse ~~trial~~pilot is integral to delivering Beyond Recycling: A strategy to make the circular economy in Wales a reality, which commits Wales to advancing a circular, low-carbon economy through enhanced reuse and resource efficiency.
- ii. UK Government funding is being requested as the ~~trial~~pilot aligns with, and can provide evidence for, the UK Government's forthcoming Circular Economy Strategy and reuse evidence programme.

If government funding is not an option, it would take time to raise the capital required to fund a reuse ~~trial~~pilot from the open market.

24. Sourcing finances

Capital / financing sources

UK DMO Limited: Up until the point of go-live the financing of UK DMO will be producer led funding in the form of advanced producer fee payments supported by third-party financing. Advanced producer fee payments have an interest rate of Bank of England base rate plus 1.75% p.a. to reflect the risk associated by providing UK DMO set-up financing. UK DMO is exploring conversations with third-party financing providers.

DMO Cymru (Glass and Reuse), single-use glass: The only viable mechanism for funding a single-use glass DRS in Wales is the use of Extended Producer Responsibility (EPR) fees paid by glass producers ahead of go-live for containers placed on the Welsh market. Securing this funding route is a requirement of UK DMO's application to act as the Wales UK DMO. These funds will be held separately and allocated directly to DMO Cymru (Glass and Reuse) to avoid cross-subsidisation with PET and cans.

DMO Cymru (Glass and Reuse), reuse ~~trial~~pilot: UK DMO is requesting financial support from both the Welsh Government and the UK Government to fund a reuse ~~trial~~pilot. If government funding is not an option, it would take time to raise the capital required to fund a reuse ~~trial~~pilot from the open market. Any funding received will be ring-fenced for reuse and will not affect the financial independence of DMO Cymru's single-use glass operations.

Security arrangements

To ensure the financial viability of the DRS, UK DMO request that the government help provide political guarantees that regulations will not change. Government assurances and guarantees would provide the necessary financial stability and confidence for all stakeholders involved.

Expected steps and timeline for securing the planned capital / financing

UK DMO Limited: UK DMO Investing Members have indicated that, in principle, they are prepared to provide funding for UK DMO Limited operations in 2026 and 2027. To secure additional 2026 and 2027 financing UK DMO is having conversations exploring third-party financing. These discussions are progressing positively, and UK DMO expects to have all required capital committed well ahead of scheme launch.

DMO Cymru (Glass and Reuse): UK DMO would like to secure EPR funding and funding from the Welsh and UK Government as soon as possible to start planning single-use glass operations. The sooner EPR fees can be secured to fund single-use glass set up the sooner UK DMO can start preparations for this and likewise for reuse ~~trial~~pilot funding from the Welsh and UK Governments. All funding specific to the DRS for glass in Wales will be allocated exclusively to DMO Cymru (Glass and Reuse) activities.

Contingent financial support

In addition to committed APFs, EPR income and expected government contributions, UK DMO has access to contingent financial support for its PET and Can operations including:

- Future APF capacity agreed in principle with Investing Members.
- Potential standby facilities from commercial lenders.
- Flexibility to adjust producer fees in line with the Regulations to address unforeseen costs.

Together, these mechanisms are expected to enable UK DMO to access additional capital if downside scenarios materialise or if costs exceed forecast levels.

Glass and reuse operations have fewer options for contingent financing.

Contingency in funding requirements

The model for financing UK DMO ahead of go-live includes contingency on top of all expenses for UK DMO and DMO Cymru (Glass and Reuse). UK DMO will aim to obtain financing early and raise contingency funding to mitigate against the risk that UK DMO operations are interrupted by a lack of funding.

Section E

25. Equality of access

As an overarching point, UK DMO will observe applicable equality legislation in relation to each of the following accessibility considerations.

UK DMO communications in Wales

As referenced above, UK DMO will ensure that all communications related to the deposit return scheme are accessible to a diverse audience. This includes:

- **Different languages:** Communications for the Welsh DRS will be available in Welsh and English, and where appropriate in other widely used community languages. UK DMO will also consider providing communications in other languages such as Polish that are widely spoken across the UK. All citizen-facing DRS information will be available in Welsh.
- **Different formats:** Information on the scheme will also be provided in various formats to cater to different needs, including audio formats for those with visual impairments and braille for those who are blind.

Return points

Accessibility considerations will be integrated into guidance provided to return point operators on what they can include. This includes:

- **Wheelchair access:** Ensuring reverse vending machines and other return point sites are accessible to individuals using wheelchairs. This could involve providing ramps, ensuring sufficient space for manoeuvring, and placing machines at an accessible height. The final RVM specification for the DRS schemes in England, Northern Ireland and Scotland states that disability access regulations, primarily governed by the Equality Act 2010, should be complied with when installing reverse vending machines, which includes the height of RVMs being accessible for wheelchair users to use. It is anticipated that the same provisions would apply to PET and Can return points in Wales.
- **Accessible return point support:** The RVM specification referred to above has been built on the back of accessibility research, a survey conducted by RiDC and through engagement with the Consumer Engagement Forum. The specification incorporates a range of accessibility features, including intuitive and easy-to-use consumer interfaces, high-contrast on-screen messaging, tactile elements such as a call-for-assistance button, and guidance on clear signage and appropriate machine placement to support wheelchair users and those with visual impairments. Retailers will install RVMs in line with these requirements, and UK DMO will ensure that the location of accessible RVMs is communicated clearly to

the public. It is envisaged that these specifications would likely also apply in Wales for return points to ensure an accessible scheme is established.

Where these accessible options are not available at existing return points, UK DMO will consider options for voluntary return points. To ensure that the DRS provides sufficient coverage for citizens whilst ensuring its network is efficient, UK DMO is carrying out a comprehensive network and logistics design process. As part of this process UK DMO will look at the options of voluntary return points such as local authorities and community centres and UK DMO operated return points to see how sufficient coverage for citizens and efficient network and logistics can be achieved. UK DMO would welcome applications for voluntary return points where they could result in increased collection rates. Approval of voluntary return points would require minimum standards to be met. These standards will be determined in the return point blueprint and will cover areas such as technological and accessibility requirements. UK DMO will consider where voluntary return points can support access in rural or remote communities, where operationally feasible.

- **Different languages and formats:** As with UK DMO communications, return points should aim to offer information in community languages, audio formats and braille to ensure all users can understand how to use the return points. All return-point signage and core consumer information will be available in Welsh and English.

Online take-back services

UK DMO will support retailers offering take-back services, notably where this may encourage the collection and return of in-scope containers for citizens with accessibility requirements and vulnerable consumers. This could include:

- **Home collection services:** Offering services where containers can be collected from homes of individuals who are unable to visit return points.
- **Community collection points:** UK DMO will consider encouraging community collection points which have proved very successful in the Republic of Ireland for increasing return rates and can provide accessible locations for returns.

UK DMO will be open to retailers or other operators seeking to set up online take-back services, as this could improve accessibility and return rates. The exact terms of their operation will be determined as part of operational planning, and the terms of material collection (including collection locations, frequency of collections) will need to be agreed with the scheme logistics partner(s) alongside UK DMO.

The UK DMO will support retailers and other organisations offering take-back services, notably where this may encourage the collection and return of in-scope containers for consumers with accessibility requirements. This could include:

At this stage, the UK DMO does not plan to operate its own online take-back service, but it may be considered in the future. The UK DMO cannot accept a requirement that mandates retailers, or other organisations, to operate online take-back services. The UK DMO will support organisations where they seek to do this, and indeed the UK DMO is in several conversations with organisations exploring these services across the rest of the UK. However, there are huge commercial and operational difficulties to making these take-back services viable and as such we cannot commit to their delivery by other organisations as part of an application.

The UK DMO will ensure retailers can register as a provider of take-back services, manage applications for take-back services, assess the take-back service authorisation information, work with providers to ensure they provide or display required take-back service information, maintain and publish a register of take-back service providers, and ensure circularity of containers collected via take-back.

Stakeholder consultation

UK DMO will conduct ongoing discussions with stakeholders regarding accessibility of the DRS. This includes:

- **Engaging with disability advocacy groups:** Working with organisations that represent individuals with disabilities to understand their needs and incorporate their feedback into the scheme. UK DMO has engaged with the Consumer Engagement Forum on accessibility questions to help ensure the solutions are suitable for all users.
- **Public research:** Gathering input from a wide range of stakeholders, for example via a survey or focus groups, including those with accessibility requirements. UK DMO has already worked with RiDC and the Purple Goat Agency to test potential solutions to improve the accessibility of the Scheme design across the rest of the UK and would aim to continue this work in the setup of the Welsh scheme.

UK DMO is committed to continuous improvement in ensuring equality of access of the DRS. Regular reviews and assessments will be conducted to evaluate the effectiveness of the accessibility measures in place. Feedback from consumers and stakeholders will be actively sought and used to make necessary adjustments to the scheme.

By prioritising accessibility and inclusivity, UK DMO aims to create a DRS that is equitable and beneficial for all members of society. This will contribute to a cleaner environment and a more sustainable future by ensuring maximum return rates.

26. Digital solutions

UK DMO is already well underway with the setup of an IT system to manage scheme and DMO operations. This includes registration, reporting, invoicing, payments and data exchange. These systems are being planned in a flexible way to ensure that a Welsh scheme can be incorporated into this wider IT architecture, with national adjustments where required for configuration (e.g., bilingual delivery, NRW reporting, and regulator access controls). As such it is envisaged that the Welsh Scheme would operate with a similar technology framework and setup process.

Further design work will be required to integrate the glass and reuse components of the Welsh DRS into this system following appointment, once operational requirements and scheme design for those materials have been fully defined.

COMMERCIALLY SENSITIVE

26. A) Digital solutions – PET, aluminium and steel

UK DMO – single-use PET, aluminium and steel across the four nations

A five-phase digital solutions programme is under way to ensure end-to-end delivery of the PET and cans system across the four nations by the planned scheme go-live in October 2027:

1. Analysis and Design
2. Procurement and Mobilisation
3. Low-Level Design
4. Core Delivery
5. Operations

Wolf & Oak were appointed in August 2025 to lead this programme, deploying a dedicated team of 13 staff (eight full-time and five part-time). Their work ensures that the core UK DMO platform will be in place to support the Welsh Scheme timelines, with Phase 3 due for completion by the end of Q1 2026. All public-facing digital content for the Welsh DRS, including portals, webpages and user guidance, will be available in Welsh and English.

System requirements and architecture

These digital components will form the IT ecosystem used to operate the Welsh Scheme for PET, aluminium and steel, with configuration added where needed to reflect Welsh regulatory and accessibility requirements.

UK DMO has defined comprehensive requirements for its IT ecosystem, organised around three core functional areas:

- **UK DMO back office** – covering HR, payroll, finance, and collaboration tools through Microsoft 365 and SharePoint to support internal operations and governance.
- **Operational systems** – the core DRS engine integrating with RVMs, producers, and retailers. It includes a high-volume ERP finance platform processing up to 50 million daily transactions and a logistics platform coordinating collection and sorting across the UK.
- **Unified Service Centre** – bringing together Customer Relationship Management (CRM), Case Management (CSM), and IT Service Management (ITSM) systems to manage all stakeholder interactions via chatbot, email, telephone, and self-service portals.

All systems sit on a robust security layer ensuring data resilience and protection consistent with applicable UK data protection law. Digital tools will also be designed, where practicable, to support accessibility needs, including screen-reader compatibility, clear visual layouts and alternative formats.

Digital DRS

For PET, aluminium and steel, UK DMO does not plan to implement a digital DRS as part of the return system at scheme launch. The core model will be a return-to-retail system supplemented by voluntary return points, including local authority and community-hosted sites.

However, UK DMO recognises that Wales has already undertaken a world-first digital DRS ~~trial~~pilot, and that the Welsh Government's policy framework emphasises innovation, accessibility and futureproofing. UK DMO anticipates that when designing a reuse ~~trial~~pilot there will be parameters seeking to explore the viability of further new technical elements (such as unique coding or using dedicated apps) in relation to DRS and UK DMO will consider:

- **Monitoring and evaluating digital DRS technology**, including tagging, digital refund mechanisms and household collection integration.
- **Assessing how digital solutions could support accessibility**, particularly for people with mobility restrictions, rural residents and those without nearby return points.
- **Identifying use cases where digital solutions could complement reuse infrastructure**, including tracking, inspection and consumer engagement.
- **Modelling fraud-mitigation and data-integrity requirements** associated with digital return systems.
- **Reviewing the findings of any Welsh digital DRS ~~trial~~pilot** and incorporate learning into ongoing design and longer-term planning.

In the short-term digital DRS is not something UK DMO is committing to across any scheme container types, but this return mechanism is something which should be evaluated in greater detail as part of an exploration of any future return models and in the rollout of any wider reuse system, where appropriate. The UK DMO will continue to evaluate developments in digital DRS and may consider using digital DRS across other material types in the future if new technologies arise that make digital DRS environmentally and economically beneficial.

Vendor identification and procurement

Two primary work packages have been established:

1. **Core DRS** – focused on system design, integration, and regulatory functionality.
2. **Business stand-up** – covering support systems and internal tools.

System design and interoperability

The IT architecture is being designed to enable secure interoperability with national enforcement authorities, allowing data exchange to support regulatory oversight under the DRS Regulations. An independent reporting and regulatory portal will allow authorities to access scheme data directly, with development guided by monthly joint sessions between UK DMO and regulators. This will include secure interoperability with NRW and the Welsh Government, enabling appropriate access to DRS data for oversight and enforcement in Wales.

Current infrastructure and security

The existing UK DMO digital infrastructure is secure and scalable, built on Microsoft 365, Pulseway and Bitdefender. Key features include:

- Identity and access management with Multi-Factor Authentication.
- Endpoint protection via Bitdefender GravityZone.
- Pulseway RMM for automated patching and monitoring.

This provides the secure digital foundation on which the Welsh Scheme for PET, aluminium and steel will operate, with Wales-specific configuration applied where appropriate. IT Security will be further developed as the system is built out further.

Data security and compliance

All UK DMO IT vendors will undergo rigorous security due diligence aligned with ISO 27001 standards and UK DMO's forthcoming Security Management Plan. Only suppliers meeting defined information security thresholds will progress through the procurement process. Security assurance testing will continue throughout the development lifecycle to maintain compliance and resilience. All personal data processing will comply with the UK GDPR and the Data Protection Act 2018. As part of system design, UK DMO will identify and assess the personal data processing activities associated with the IT platform, including appropriate risk mitigation measures. The same data-protection and security standards will apply to Welsh processing.

Testing and implementation phases

Formal testing and implementation activities will begin once system design and procurement are finalised. Planned testing will cover:

- Functional and performance testing across load and stress scenarios.
- Integration testing with scheme participants (producers, retailers, return points, and regulators).
- Security testing and vulnerability remediation before and throughout operation.

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- Legal and payment compliance assessments to ensure alignment with UK financial regulations.

Implementation phases will then include:

- Training for scheme users via the Unified Service Centre.
- Staged deployment to support smooth onBoarding and troubleshooting.

Deployment in Wales will follow the same staged approach as the wider UK rollout and will be supported by bilingual user guidance and Wales-specific configuration.

User Support and Future Maintenance

A comprehensive support framework is being designed to assist all system users and data recipients including producers, retailers, suppliers, voluntary return points, and enforcement bodies. This will include helpdesk functions, user guidance, and incident management processes. Future maintenance plans will encompass regular updates, performance optimisation, data analytics capability development, and ongoing security audits.

These digital solutions will enable a consistent UK-wide operational model while ensuring that the Welsh Scheme benefits from bilingual delivery and appropriate regulatory data integration.

26. B) Digital solutions – glass and reuse

DMO Cymru (Glass and Reuse) – *glass in Wales only*

The digital requirements for single-use glass and any future reuse system in Wales will be developed following appointment. As these elements of the Scheme differ from the other materials and have distinct operational, fraud-mitigation and data-tracking needs, additional design work will be required to determine how glass and reuse functionality are incorporated into the wider UK DMO digital platform. This will be informed by detailed operational planning, engagement with Welsh Government and NRW, and the findings of any future reuse ~~trial~~pilots.

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27. Fraud

UK DMO faces financial risk from the fraudulent reimbursement of deposits on containers for which it has not received the initial deposit or producer fee. This may arise for various reasons such as:

- **Unreported imports:** The most material risk schemes traditionally face related to fraud is the importing of containers with registered barcodes without reporting these products as being placed on the market to the DMO (and paying a deposit and producer fee with that). These products can then be sold onwards with a deposit and redeemed without a corresponding payment to the DMO.
- **Counterfeit containers or labels:** Another significant risk is the introduction of counterfeit containers or labels into the system. Fraudulent actors may attempt to create fake containers or labels that mimic legitimate ones to claim the deposit refund. This could pose a risk to the scheme and reduce public trust.
- **Cross-border fraud:** There is a risk of containers being brought in from regions or countries where no deposit has been paid, and then being returned in Wales to claim the deposit. This could be particularly challenging across the border between England and Wales for glass containers subsequent to when a deposit is introduced for glass beverage containers in Wales. The lack of an equivalent deposit on glass products sold in England is likely to lead to significant levels of fraud for which there are very few mitigating actions.
- **Theft and diversion:** Containers that are collected for recycling via manual collection might be stolen or diverted before they reach the processing facilities. This could result in the loss of deposits and the materials intended for recycling.
- **System manipulation:** Individuals with access to the DRS system, such as employees of UK DMO could manipulate data to create false records of returns and deposits. This could involve altering software or databases to generate fraudulent claims.
- **Transition period:** During the sell-through period, when DRS-labelled and non-DRS stock coexist, there is a risk of mislabelling, stock diversion, and the intentional redemption of containers that have not attracted a deposit.

The impact of high levels of fraud could result in higher producer fees and could undermine the scheme unless measures are put in place to minimise risk.

UK DMO will look to minimise fraud to the greatest extent possible by considering fraud risk when designing the operations of the deposit return scheme. UK DMO will approach this with:

- **Threat and vulnerability risk assessment:** A detailed assessment of the threats and vulnerabilities facing the scheme, bringing insight from cross-industry good practice and other deposit return schemes from across the globe.
- **Fraud risk management arrangements:** Developing a framework for fraud risk management that can be adapted as the internal and external threat and vulnerabilities landscape changes, encompassing governance, risk assessment,

prevention detection and response, informed by the fraud risk assessment and good practice from a range of industries and other deposit return schemes.

- **Mitigation and calibration:** Developing specific fraud controls to mitigate the risks identified in the threat and vulnerabilities assessment.
- **Data and analytics:** Supporting the scheme to build data flows that support fraud controls and enable UK DMO to target manual audit and investigation resources to the areas of highest risk. Digital fraud-detection tools will support real-time anomaly detection, exception reporting and transaction-level monitoring. NRW will have secure access to relevant fraud analytics and reconciliation data to support enforcement.

Fraud controls will apply to all return pathways in Wales, including RVMs, manual return points and voluntary return points. UK DMO will provide operational guidance to these sites on verifying eligible containers and identifying suspicious behaviour.

Specific mitigation strategies for identified fraud risks

Fraud type	Seriousness	Likelihood	Mitigation strategies
Unreported imports	High	High	<ul style="list-style-type: none"> • Close monitoring of over-redemption of particular SKUs via live RVM data and work proactively with regulators to identify importers of these SKUs into the Welsh market and work with these businesses to ensure compliance.
Counterfeit containers or labels	High	Medium	<ul style="list-style-type: none"> • Conduct regular audits and inspections to identify counterfeit containers / labels.
Cross-border fraud	High	High	<ul style="list-style-type: none"> • Across the England Wales border the financial risk of returning glass containers in Wales is minimal in the first three years of the scheme as there will be no deposit on glass containers. The high population density on the Welsh English border means that a divergent approach uniquely exposes UK DMO to significant fraud risk when a deposit is introduced for glass containers sold in Wales as well as operational and technological complications. • Following the initial three years, when a deposit is introduced on glass, fraud risk increases significantly due to the ease of moving glass across the England-Wales border and the lack of a segregated supply chain. While UK

			DMO will apply enhanced data monitoring and validation checks, these controls cannot fully prevent fraudulent redemption of glass containers from outside of Wales for which a deposit and producer fee have not been paid.
Theft and diversion	Medium	Medium	<ul style="list-style-type: none"> UK DMO will use secure transport methods and tracking systems for containers collected for recycling. Implement surveillance and monitoring at counting and sorting centres to deter theft.
System manipulation	High	Medium	<ul style="list-style-type: none"> Regularly test to identify and address vulnerabilities in UK DMO systems. Implement strict and justifiable access controls on who can access and alter UK DMO systems.
Transition period	Medium	Medium	<ul style="list-style-type: none"> Monitor return patterns during the sell-through period to identify unusual spikes inconsistent with placed-on-market volumes. Use producer-reported PoM data and SKU-level analytics to detect potential mislabelling or stock diversion. Provide guidance to retailers and return point operators on distinguishing DRS-labelled and non-DRS containers. Conduct targeted audits where discrepancies between sales and returns suggest attempted fraud. Strengthen controls and monitoring around the introduction of new deposit-bearing materials, such as glass, where incentive for transition fraud is higher.

Fraud considerations specific to Wales

Wales presents a distinct fraud risk profile due to the inclusion of single-use glass and the absence of a segregated supply chain distinguishing containers sold in Wales from those sold in the rest of the UK. During the first three years of the DRS, when no deposit applies to glass, financial incentive for fraud is minimal. However, once deposits are introduced, the inability to prevent non-Wales glass being redeemed in Wales creates a structurally higher fraud exposure that cannot be fully eliminated. These risks arise from cross-border movement of containers, open wholesaler distribution patterns, and the

fact that scheme-marked glass cannot be uniquely labelled or coded for Wales. This elevated fraud-risk profile is a key reason why any future consideration of a deposit on glass would require substantial post-transition analysis before a viable deposit structure could be developed.

- **Glass redemption validation and monitoring:** UK DMO will implement monitoring of glass return behaviour using placed-on-market reconciliation and anomaly detection to identify unusual return patterns or indications of attempted redemption of non-Wales deposit containers.
- **Cooperation with Welsh enforcement bodies:** UK DMO will work with NRW and Local Authority Trading Standards to share intelligence, investigate anomalies and support appropriate enforcement action across all return point types, including retail, hospitality and voluntary return points.
- **Cross-border fraud exposure:** UK DMO recognises that diverging material scope between Wales and the rest of the UK creates persistent cross-border fraud risk for glass once deposits apply. While data-driven monitoring and validation processes will help mitigate this exposure, the risk cannot be fully removed due to open distribution routes and the inability to enforce a segregated supply chain.

Identification of fraud

UK DMO will maintain a fraud-reporting channel enabling return point operators, producers, logistics partners and consumers to report suspected fraudulent activity. All reports will be assessed and escalated in line with procedures agreed with NRW and Local Authority Trading Standards.

Fraudulent activity will be primarily identified by monitoring return rates by SKU compared to declared volumes. The cumulative return rate will be calculated and reconciled following receipt of the issued data from the producer by comparison with returns recorded to the same cut-off date. Using a cumulative return rate eliminates the variance in cycle time between issue and return.

UK DMO will conduct audits to identify any non-compliance by scheme participants and will support the police and national enforcement authorities to carry out appropriate enforcement action to address acts of non-compliance or fraud. In Wales, UK DMO will also work closely with NRW and Local Authority Trading Standards to share intelligence, investigate anomalies, and support appropriate enforcement action where fraud or non-compliance is suspected. Certain fraudulent activities will also lead to breach of the contract between a producer or return point operator and UK DMO.

Appendix

Appendix 1: Articles of Association (adopted 30 April 2025)

COMMERCIALY SENSITIVE