



Llywodraeth Cymru
Welsh Government

Russell Davies
Chief Executive Officer
Exchange For Change

30 March 2026

Dear Russell

Thank you for your letter dated 13 March, to the Deputy First Minister regarding your submission to act as the Deposit Management Organisation.

The panel is grateful to you for setting out your proposed approach and for the accompanying updated application form. We note in particular the position set out in your letter with regards to the provision of return points.

In order to fully understand the implications of your proposal against the scheme requirements, the panel have some further questions on which we would appreciate your response to provide the information needed to complete their assessment. Given the tight timeframes, your response would be appreciated no later than 10am on Tuesday 7 April.

In responding to the questions, please provide clarity on what the scheme will deliver in Wales, in line with the scheme requirements. Where commitments are qualified, please explain the basis for this, the assumptions made, and how associated risks will be managed.

Return points

Noting the proposed approach to the provision of return points, could you please set out:

Q1. How your proposal would capture glass consumed on the go and ensure there are a network of points to tackle glass litter from 2027?

Q2. How your proposal for return points would avoid retailers having to pay to upgrade those points that do not collect glass before the end of the transition period and the consequential increase of emissions associated with replacing infrastructure before the end of its useable lifetime?

Q3. How will your proposal provide a comprehensive and convenient experience for citizens across Wales from 2027 and avoid the need for people to take different drinks containers to different locations?

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Q4. Given your proposal would see the infrastructure have a much more limited coverage of glass from 2027, please set out how you would deliver a return point network in Wales that is sufficient to deliver the scheme outcomes and to meet performance expectations for all in-scope materials. Including, how your proposal would deliver against the target within the regulations for the minimum of 85% of all refund items from 2031 and 95% of all refund items from 2032?

Pathway to reuse

In relation to the a 'scalable reuse pilot' it would be helpful to understand how that proposal will deliver a clear pathway towards reuse, as an integral part of the purpose for the Welsh scheme covering in scope materials (PET, aluminium and glass). Noting the requirements of the scheme, it would be helpful if you could confirm:

Q5. How it is proposed that the scalable reuse pilot will deliver against the collection for reuse targets specified within the regulations?

Q6. How a pilot will be delivered if not all the infrastructure within the pilot area is able to take all the in scope drinks containers?

Q7. How the pilot will be funded and what will be done to mitigate the risks if this is not secured in time?

Q8. How the split in responsibilities will deliver reuse across material types?

Accountability

With respect to the proposed split between UK DMO and DMO Cymru as to how the accountability for the scheme will operate, it would therefore be helpful if you could confirm:

Q9. Who will be accountable for delivery in Wales for:

- (a) PET and cans;
- (b) glass;
- (c) reuse; and
- (d) public communication and behaviour change?

Q10. How Welsh Government and NRW will receive assurance and visibility of progress.

Scheme Financial Viability

As clarified previously, the aim is for infrastructure to be able to support the scheme as a whole, including the phasing in of reuse across scheme materials. In addition, as has been seen in international schemes, unredeemed deposits may be higher as the scheme is initially phased in and during which time unredeemed deposits can be used to fund the scheme as a whole.

Given this context it would be helpful if you could confirm:

Q11. The finance strategy that underpins your proposal in order that the scheme becomes self-financing. Including for example high-level funding sources and assumptions, cost controls, and approach to affordability constraints.

Q12. The funding approach to infrastructure you intend to implement during the transitional period, covering how you would expect unredeemed deposits to be used, and how you would respond to for example varying return rates?

Q13 What governance and controls you would apply to decisions on the use of scheme funds and how that would work in the context of a split between the roles of the UK DMO and DMO Cymru?

Charitable donations:

Q14. Please confirm how the scheme's third-sector contribution mechanism will support Wales-based charities and how that will be visible and accessible to consumers in Wales?

As you will be aware, the Welsh Government has now made the Regulations for the Welsh Deposit Return Scheme. This therefore ensures legal clarity in relation to the core elements of the scheme that are now in place to deliver by October 2027. The Welsh Government is therefore keen to move forward quickly in partnership with industry and wider stakeholders, but noting the need to ensure the scheme will deliver against the requirements need to ensure its success in Wales.

Yours sincerely,

DRS Policy Team

Effeithlonrwydd Adnoddau ac Economi Gylchol / Resource Efficiency and Circular Economy

Adran Newid Hinsawdd / Climate Change Department

Llywodraeth Cymru / Welsh Government