



Summary document of the Contribution Diversification for paper and cardboard packaging

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CONTRIBUTION DIVERSIFICATION FOR PAPER AND CARDBOARD PACKAGING

Starting from 1 January 2018, CONAI introduced the CONAI Diversified Environmental Contribution (CAC) for plastic packaging with the aim of encouraging the use of the most recyclable types and using the Contribution lever as a tool to promote the reduction of its environmental impact. In the past, some facilitations had already been introduced for reusable packaging in controlled and particularly virtuous circuits from the environmental point of view.

In July 2018, the CONAI Board of Directors considered it appropriate to take a step forward - with a view to continuous improvement - and thus approved a Contribution diversification project for paper and cardboard packaging dedicated in the first instance to **polylaminated packaging with a prevalence of carton suitable for containing liquids¹**, for which industrial processes have been introduced in paper mills since a number of years now for greater value creation in terms of recycling.

In particular, the Diversified Contribution for these types of packaging is aimed at improving the effectiveness of the value-creation process by consolidating and developing collection and sorting activities in order to obtain a homogeneous flow of waste to be sent to a dedicated recycling phase.

From the activities carried out by paper mills in fact, it emerges that the best results in terms of recycling are obtained when the polylaminated packaging with a prevalence of carton suitable for containing liquids is disposed of by citizens in the light multi-material separate collection and then sorted at dedicated plants.

The diversification project is therefore oriented towards the development of collection and remuneration of investments for sorting and recycling activities, through the application of an additional Contribution (Extra CAC) on the specific type of packaging identified. It is therefore based on criteria different from those adopted for plastic, albeit with similar aims and tools (the Contribution lever).

A dedicated Working Group of CONAI directors, belonging to the category of both packaging users as well as producers, was therefore set up for the necessary exploratory activities.

¹ In particular, this refers to primary packaging mainly in paper, coupled with plastic and possibly aluminium material. This item includes, by way of example, so-called beverage cartons (for milk, fruit juices, etc.) and the same types of packaging for other foodstuffs (sauces, purées, legumes, etc.). Packaging items for catering (plates, cups, containers with their lids) are, on the other hand, excluded.



Once the quantities introduced annually throughout the country had been estimated, the WG took the following cost items into consideration to sort and optimally recycle this type of packaging:

- sorting fee;
- recycling Contribution to paper mills.

The separate collection and pressing fees, already covered by the ordinary CAC, were, on the other hand, not included.

In particular, the sorting fee was based on the results of analyses carried out at sorting plants that already today adopt a technology capable of separating poly laminates mainly consisting of carton, taking into account the costs of optical separation equipment, the necessary manpower and the presence of specific packaging in sorting input flows.

The recycling Contribution to the paper mill was defined, on the other hand, as a "flat-rate" Contribution to cover the costs of processing and energy recovery of the non-fibrous components ensuing from the recycling process.

The unit value of the dedicated industrial or recycling costs is multiplied by the assumed quantities of cellulose packaging collected and sent for recycling and subsequently the incidence per tonne of that introduced for consumption was defined.

The COMIECO Consortium also provided assessments on the expected evolution of the specific recycling process.

Finally, the process of defining the value of the Extra CAC for poly laminated packaging with a prevalence of carton suitable for containing liquids was validated by a specific certification body. The validation report can be consulted and downloaded in the Download documents, publications and site notes section of the CONAI website.

At the same time, the COMIECO Consortium has undertaken to report on the results, after at least one year of experimentation and to provide - on request - specific information on such results.

With regard to the above, the Extra CAC was set at €20/ton, to be added to the unit CAC for paper and cardboard packaging (equal to €20/ton as of 1 January 2019), even if the latter changes.



As a consequence, for "polylaminated packaging with a prevalence of carton suitable for containing liquids" the CAC is €40/ton as from 1 January 2019.

In-depth analyses and assessments are also in progress on other types of paper and cardboard packaging.

As a result of this diversification, the following CAC declarations will be updated: Form 6.1 Empty Paper and Cardboard Packaging, Form 6.2. Import of filled packaging (= packaged goods) in ordinary procedure, Form 6.6 Ex-post refund, Form 6.5 Ex-ante exemption and Form 6.10 Import/export offsetting.

Nothing changes for the simplified declaration procedures for the import of packaged goods.

All the operating details will be included in the 2019 CONAI Guide.

During the first three months of 2019, any incorrect allocation in the declaration of packaging subject to diversification will not have any effect, without prejudice to the CAC due for each type of packaging.

For any clarification, please fill in the online form on the CONAI website in the "Contact us" section, selecting "Diversified Contribution" from the list of topics or contact the Toll-free Number 800337799.

This document is the English translation of a Conai summary document. In cases of disputes, the original Italian text shall prevail.