

Highlights of the Extended Producer Responsibility Act

By PwC Philippines
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Republic Act (RA)
No. 11898 or the
“Extended Producer
Responsibility Act of
2022” lapsed into law on
23 July 2022.



The law requires
obliged large enterprises
to recover up to
80%
of their plastic packaging
waste.



Definitions

Obligated enterprises (those required to implement an EPR program)

- Refers to product producers that are required to implement an EPR program

Product Producer

- Brand owner who sells or supplies any commodity under a brand, label, or identity using a product it produced, or a material supplied to it by another manufacturer or supplier, and
- Product manufacturer or importer that supplies its commodities for the use of the general consumer, or distributes the same product as a material product of the brand owner

Large enterprises are enterprises as defined by the “Magna Carta of SMEs or with **total assets of over PHP100m**



Key features and requirements

Effectivity

- Obligated enterprises shall, within six (6) months following the effectivity of the EPR Law, establish or phase-in EPR programs for plastic packaging

Product Recovery Organizations (PRO)

- Large enterprises may voluntarily organize themselves to form or authorize a PRO for the purpose of establishing a viable platform to implement their EPR program



Key features and requirements

Recovery

Actions that prevent waste from leaking into the environment. According to the law, they include:

- Buying back material or waste from consumers
- Putting up collection points where the material or waste can be dropped off after consumption then collected for reuse or recycling
- Clean-up of waste from coastal areas, public roads, other places
- Establishment of recycling, composting, thermal treatment, and other waste diversion or disposal facilities



Covered types of plastic

The recovery requirement only applies to plastic packaging

Rigid:

Containers for beverages, food, home and personal care products including lids

Flexible

Sachets, labels and other single-layer or multi-layer structure

Plastic bags

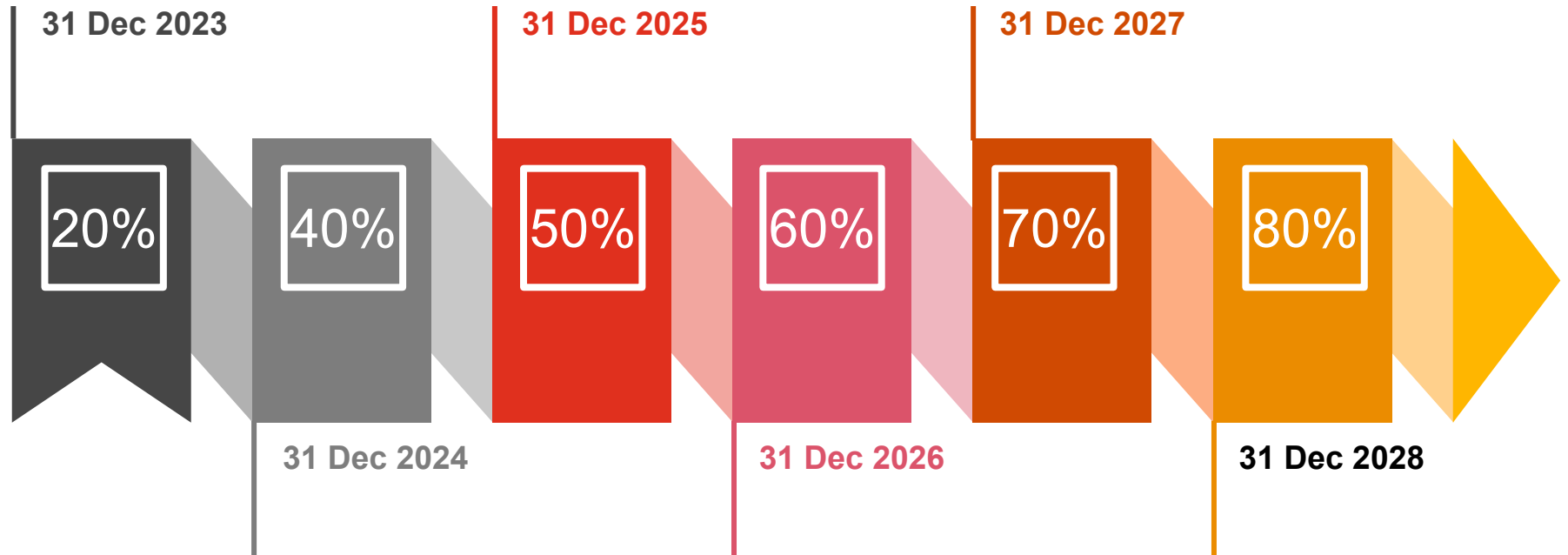
Polymer bags including SUPs for carrying or transporting goods

Plastic products

In B2B transactions and otherwise not intended for sale in public

Target recovery schedule

Targets for the recovery of plastic product footprint generated during the immediately preceding year have been set



Key features and requirements

Registration

Large enterprises or the PRO shall register EPR programs with the National Solid Waste Commission (NSWC) through the DENR

EPR programs shall include the following information

- Enterprise or PRO information, and contact information of the person responsible for the EPR
- Specific type of packaging materials and product brands
- Whether the EPR program is to be implemented individually, collectively or through a PRO
- Verifiable volume of or weight of the plastic packaging brought into the market within a specified period
- Target volume or weight of plastic packaging waste for recovery, reuse, and recycling
- Other EPR programs, such as the redesign of plastic packaging to improve reuse or recyclability
- Labelling of packaging materials to facilitate recovery, reuse, recycling or proper disposal of packaging materials
- Status of implementation of the EPR mechanisms
- Status of compliance



Key features and requirements

Audits

Large enterprises or their PROs shall establish and implement an auditing system to monitor and assess their compliance performance with the EPR Law and their EPR programs.

For this purpose, large enterprises or their PROs shall engage an independent third-party auditor to certify the veracity of the reported plastic product footprint generation, recovery, and EPR program compliance, using uniform standards established by the DENR.

The audited report shall be submitted by the obliged enterprises or their PROs to the DENR.



Key features and requirements

Penalties



The large enterprise will have to pay twice the recovery and diversion of their plastic footprint or its shortfall, or the appropriate fine, whichever is higher. The following fines are:

First offense: PHP5m to PHP10m

Second offense: PHP10m to PHP15m

Third offense: PHP15m to PHP20m

The DENR's Pollution and Adjudication Board will hear and judge cases of alleged violations and impose fines.

Key features and requirements

Incentives



Large enterprises or PROs acting on their behalf can apply for tax incentives for their EPR activities following the approval process provided under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997, provided that such activities shall undergo the standard processes in the identification of qualified activities under the Strategic Investment Priority Plan (SIPP).

The EPR expenses of large enterprises and PROs shall be considered as necessary expenses deductible from gross income subject to the substantiation requirements for necessary business expenses deductible from gross annual income in accordance with Section 34(A)(1) of the National Internal Revenue Code of 1997.

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Thank you

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