

RAM Fee Methodology

The modulation factor timeline could look like*:

- 2026 invoices: Red 1.2x Base fee
- 2027 invoices: Red 1.6x Base fee
- 2028 invoices: Red 2.0x Base fee
- Beyond 2028: publish range in 2025

We will only use the RAM (recyclability assessment methodology) as the basis for fee modulation for the first 3 years of the policy, with the potential to add other sustainability factors after that.

We calculate the fee % discount on green (recyclable) materials so it is **equal across categories**, while being **cost neutral overall for producers** (producers using recyclable packaging are **rewarded with lower fees**).

2028 Red =
2.0x base fee

2027 Red =
1.6x base fee

2026 Red =
1.2x base fee

Amber = base fee

Green fee **decreases** as the Red fee rises – total costs paid by producers won't change

*subject to change before the final policy statement

Example

Plastic December 2024 illustrative base fee = £485



Flexible plastic (assuming no takeback route)
RAM Classification: **Red**

2026 fee per tonne £485 x 1.2 = £582



Simple PET Container (no contaminants, no large sleeve)
RAM Classification: **Green**

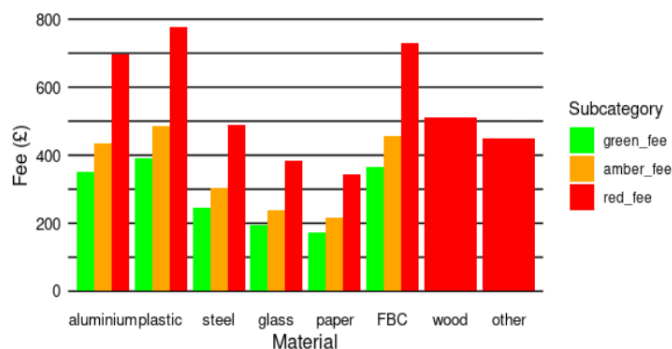
2026 fee per tonne: £485 x 0.925 = £449 (estimated)

Green discount is **calculated** on the **excess raised** from all Red materials

Green discount provided is for illustrative purposes only and the final discount could be significantly different

By how much should we increase Red fees?

Adjusted Fees by Material and Subcategory



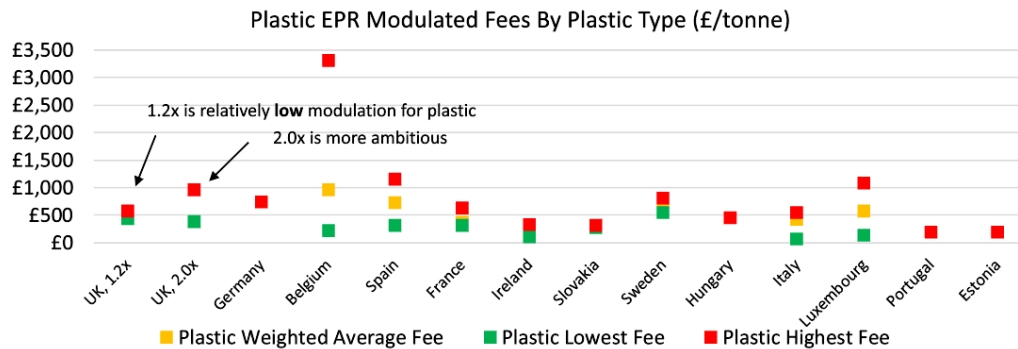
Modelled Fees with the proposal for a **1.6x Red factor in 2027** (second year of modulation)

Discount on green fees **depends on the volume of Red materials on the market and the factor**, the more Red-categorised material there is on the market, the lower the green fee will be.

Green discount provided is for illustrative purposes only and the final discount could be significantly different

International Comparisons

2x Red factor would put UK in-line with many other European countries for **plastic** modulated fees

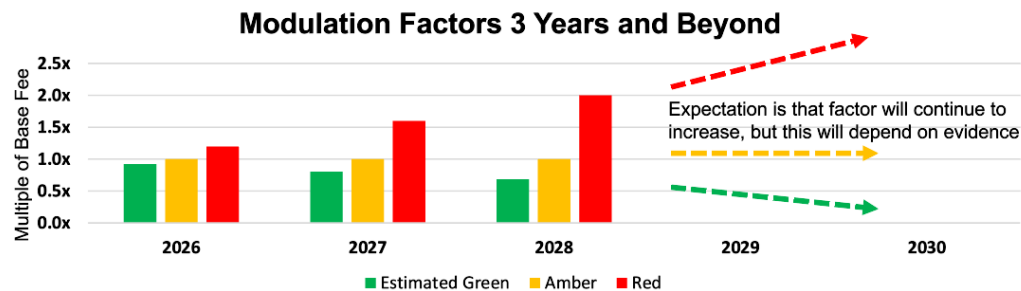


Our approach to fee modulation of equal bonuses and maluses across material categories gives other materials the opportunity to lower their pEPR obligation as well by using more recyclable packaging.

International fee comparisons made at a point in time, and fee levels or currency rates may have changed

Increasing modulation over time

Aim to **drive more unrecyclable materials** out of the market over time by increasing Red modulation factor; while ensuring there's certainty for producers and reducing the immediate financial shock.



Modulation is **always cost neutral** overall – funds are redistributed from unrecyclable materials (charged a premium) to discount the most recyclable materials.

Packaging producers who put **recyclable** packaging on to the market will pay lower fees.

Green discounts provided is for illustrative purposes only and the final discount could be significantly different

Conclusion

- Plan to publish the first 3 years of modulation factors in advance (in 2025), with a range of what factors are likely to be beyond that. We will then review the policy, by the 3-year mark, as required by the SI.
- Initial modulation will be based on recyclability only, determined by the RAM, with an escalating factor published in advance to give producers certainty.
- In parallel we will consider how modulation can be applied based on other characteristics of sustainability as applied to packaging and how to advance beyond recyclability after the 3-year mark. This will include research, measurement, impact assessment and DG policy alignment.
- We will consider impacts of how changes in base fees due to other policies e.g. local authority investments, expansion of recycling, market dynamics, scheme driving efficiencies etc. impact modulation and producer incentives.