

EPR is Here:

Carving a Path to Compliance -
and Shredding Fees Through
Design Choices & Eco Modulation

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What is Extended Producer Responsibility?

1

Policy Approach

Shifts **financial and sometimes operational responsibility** for the recycling/end-of-life management of a product to the **companies that produce the material**.

2

Producer Funded

Requires **producers** (generally brand owner, but may include retailers, importers, or distributors) to either **partially or fully fund the collection, sortation and processing** of the paper, packaging and packaging-like items that they supply into these states.

3

Design-Driven Incentives

Fees typically incentivize design and material choices that **improve recyclability, minimize waste and improve environmental outcomes**.

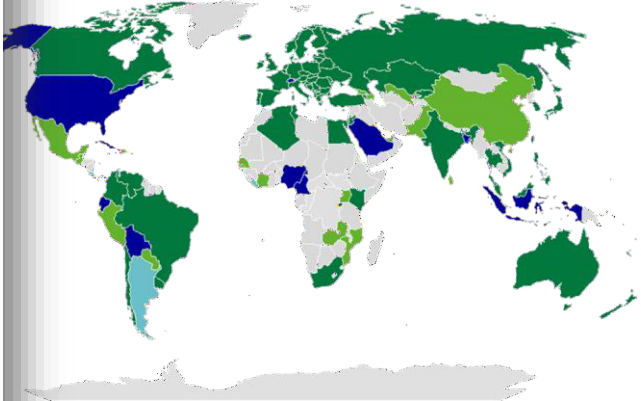
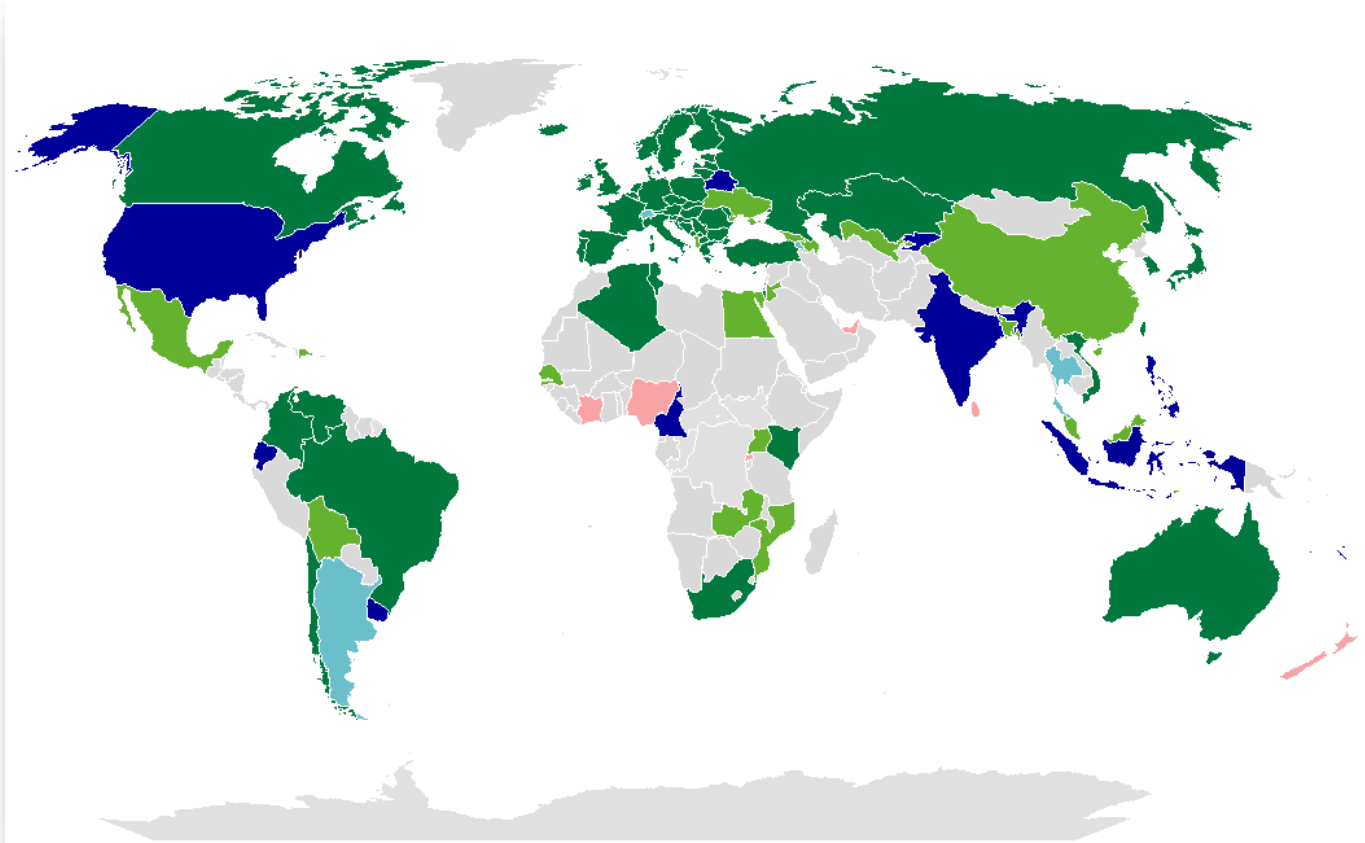


EPR Evolution

CURRENT

2030 PROJECTION

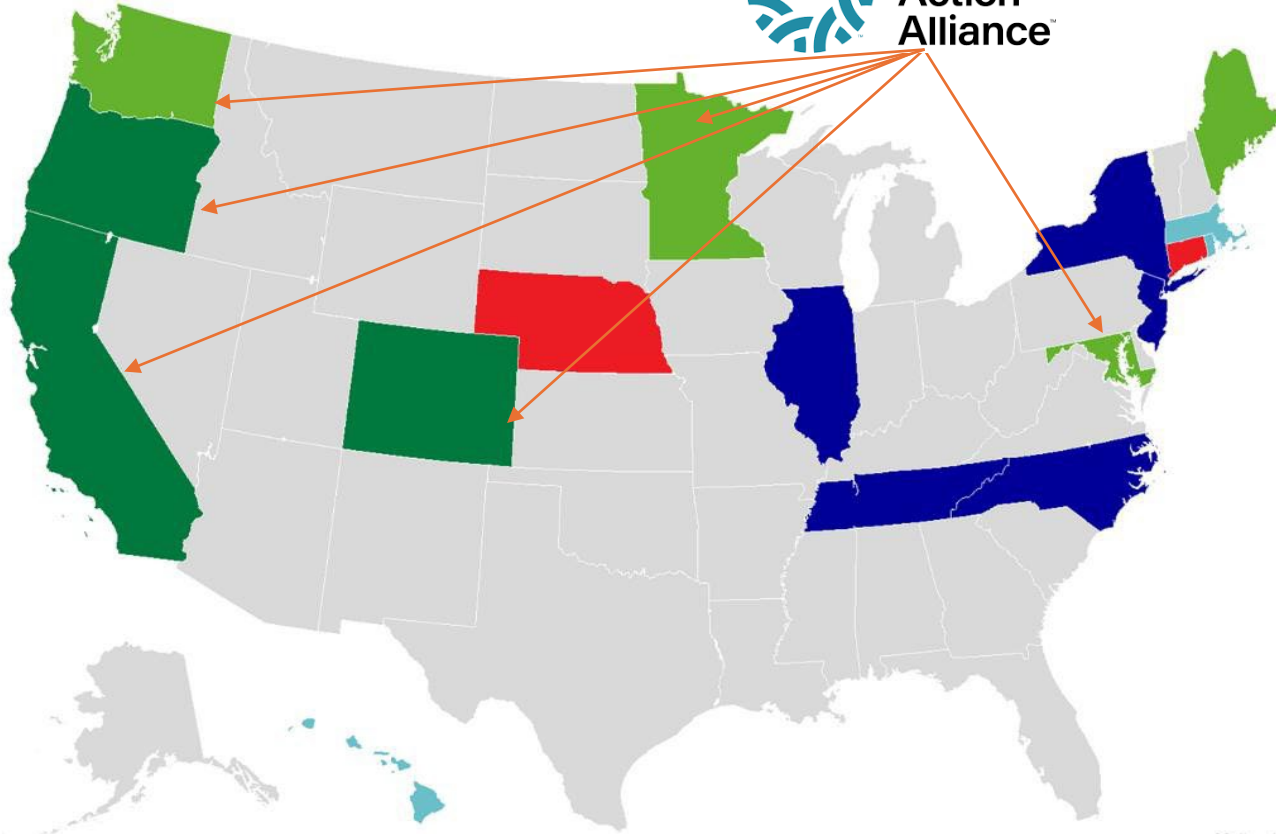
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- Mandatory Packaging EPR
- Limited Mandatory EPR (geographically or in scope)
- Framework EPR (packaging EPR development mandated by law)

- Proposed Packaging EPR Legislation
- Voluntary (industry-backed) Packaging Take-Back Schemes

USA EPR: The Big Picture



State-Based EPR Programs

EPR in the U.S. is implemented at the state level, creating diverse recycling & EPR programs across the country.

Producer Financial Responsibility

Producers fund recycling improvements in the state based on packaging type and quantity, promoting accountability.

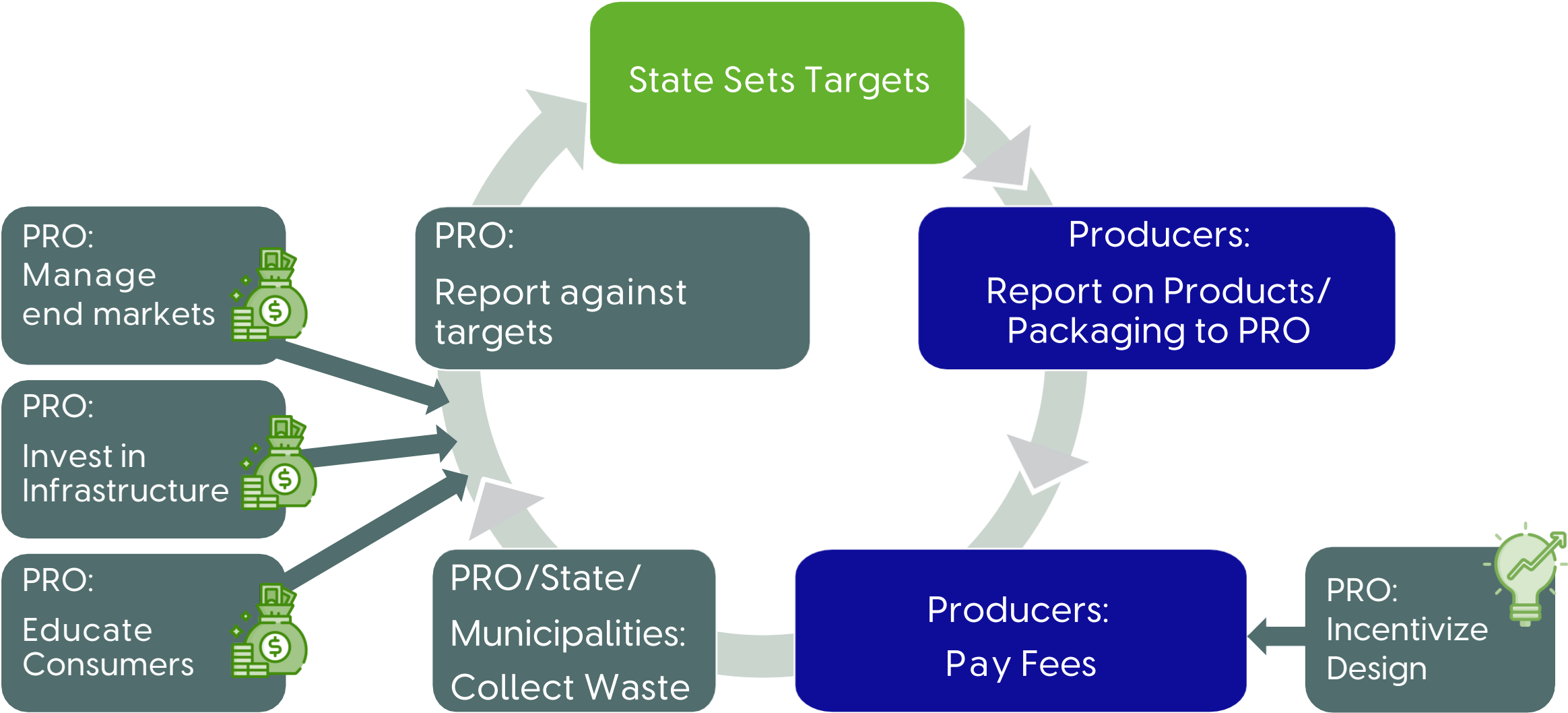
Producer Responsibility Organizations (PROs)

PROs administer fees, develop & manage programs, and work to streamline producer obligations across states. The program plan outlines program operation and the collection and management of producer fees.

Circular Action Alliance (CAA)

CAA is the only PRO in operation for packaging EPR in the US.

How does EPR work?



Key EPR Pressures



Increasing Legislation



Increasing Scope



Increasing Cost



Increasing Complexity

What Counts as Packaging?

Primary Packaging



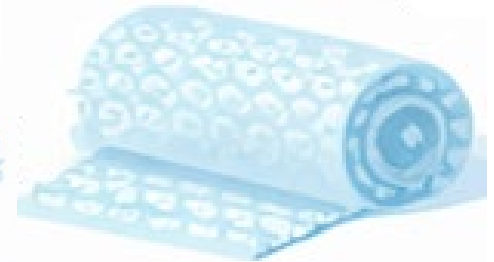
Tertiary & E-Commerce



Secondary Packaging



Hidden Packaging



Methods of Eco-Modulation

Most modern EPR programs use both **passive** and **active** eco-modulation

ACTIVELY
ECO-
MODULATED
FEES

System of bonuses and penalties
Fees discounted or increased based on desirable packaging characteristics or producer actions.
Ex: recycled content, source reduction, reuse/refill, labeling, contaminants, etc.

PASSIVELY
ECO-MODULATED FEES

Automatically applied fees
Based on inherent **packaging characteristics**
Ex: recyclability, difficulty of recovery, format, material type, complexity, and contamination risk.

SIMPLE BASE FEES


Weight-based fees tied to broad material categories
No longer widely used

ACTIVE ECO-MODULATION BONUSES



Source Reduction

Reduce packaging weight or number of components



Improved Recyclability

Design or material changes that increase sortability or recyclability



Post-Consumer Recycled (PCR) Content

Using PCR above category thresholds



LCA Validated Environmental Improvements

Life cycle based bonuses for demonstrating lower environmental impact



High Recycling Rates (Material-Specific)

Bonuses for using materials with established high recycling performance

ACTIVE ECO-MODULATION PENALTIES



Use of Hard-to-Recycle Materials

Mixed laminates, materials not on minimum recyclable lists, or formats that disrupt sorting



Low or No PCR Content

Penalties for failing to meet recycled content expectations



Toxic or Hazardous Additives

Materials with toxic substances, inks, coatings, or additives that hinder safe recycling



Designs That Interfere With Recycling Systems

Labels, adhesives, or components that reduce sortability or increase contamination



Poor Product-to-Package Ratio

Excessive packaging relative to the size of the product

The Roadmap to EPR Readiness:

Discover. Decide. Deliver.



Discover

1 Footprint



Inventory key pack components & their specification data:

- Primary
- Secondary
- Tertiary
- E-Comm
- Displays

2 High Exposure SKUs



Flag high impact SKUs:

- High Volume
- High Weight
- Hard to Recycle

3 Fee Drivers



Map each SKU to likely EPR Fee Drivers:

- Material Type
- Format
- Recyclability
- Weight
- Data Quality

4 Hidden Packaging



Look for *hidden packaging* that adds cost:

- Inserts & Sleeves
- Hangtags & Fasteners
- Paper Inserts
- Stickers / Labels
- Product Displays
- Merch / Giveaways

Decide

5

Prioritize



Rank Portfolio:

- Impact
- East of Change
- Consumer Risk
- Commercial Importance

6

Design Levers



Activate design levers for EPR cost reduction:

- Material Simplification
- Weight Reduction
- Improved Recyclability
- PCR
- Reuse Components or Systems

7

Eco-Modulation

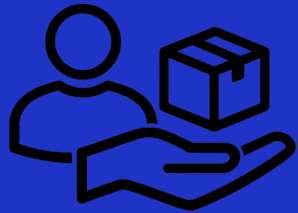


Understand & leverage incentives:

- Passive Eco-Modulation
- Active Eco-Modulation

8

Ownership



Set clear roles and responsibilities across teams:

- Product/Packaging
- Regulatory
- Ops / Supply Chain
- Finance

9

Improvement Plan

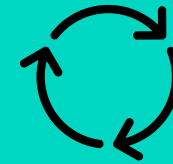


Develop 1 year plan ahead of next EPR reporting cycle:

- Shortlist pack changes
- Improve data capture process
- Submit for bonuses

10

Reassess Annually



Stay ahead of the evolving landscape:

- Track regulatory updates
- Update data & forecasts
- Reassess re-design opportunities
- Set yearly priorities

Case Study: Comparing EPR Fees



EPR Fees

Brand	# of Pack Materials	Oregon Cost/ 10,000 Units	Colorado Cost/ 10,000 Units	California Cost/ 10,000 Units	Total Cost for 30,000 Units
100%	4 unique 6 total	\$599.22	\$1301.38	\$561.52	\$2465.65
Specialized	10 unique 18 total	\$799.83	\$1345.33	\$674.07	\$2819.23
% Difference		33%	3%	20%	14%

Final Takeaways

1 Build the Foundation

Get your packaging data in order

2 Portfolio Level Thinking

Identify the high-impact SKUs

3 Progress Beats Perfection

Mobilize quick wins that lower fees and improve sustainability