

UK DMO

August 2025

UK Deposit Management Organisation Industry Brief

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What is a Deposit Return Scheme (DRS)?

2

What is the UK Deposit Management Organisation (DMO) structure?

3

What information is currently known about the UK DRS?

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What is the timeline to go-live in October 2027?

1

What is a Deposit Return Scheme (DRS)?

Deposit Return Schemes (DRS) are being introduced globally to enhance the collection of beverage containers to reduce litter and improve recycling rates

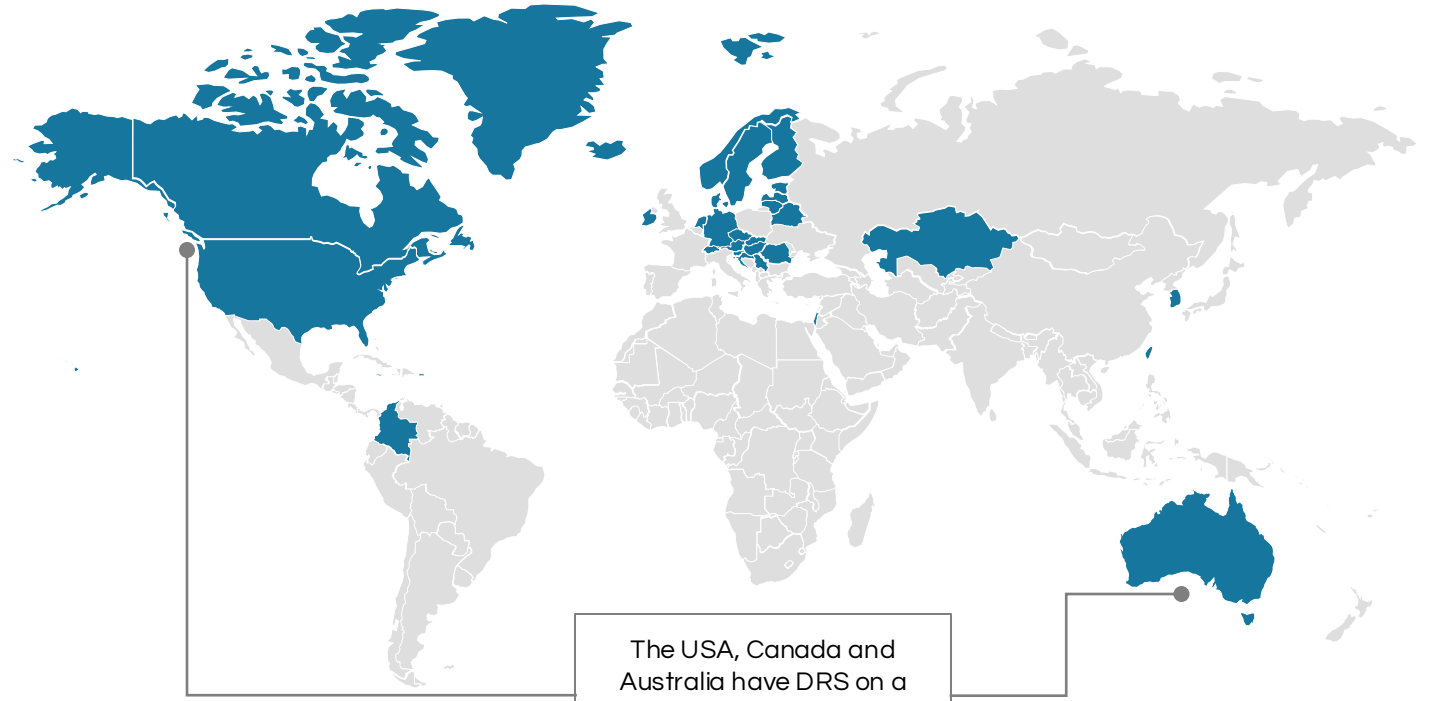
What is a Deposit Return Scheme?



A *Deposit Return Scheme (DRS)* is a system where consumers pay a small deposit on beverage containers at the point of purchase. This is refunded when the container is returned for recycling by the consumer. The objective is to increase the collection of materials for recycling and reduce litter.



57 DRS are currently active across 32 countries, with 20 more expected in the next 3 years



Customers pay an additional deposit on the price of a product which is refunded when they return the empty container, this material is then recycled

How DRS works

1



When customers purchase a drink, they pay an additional deposit on top of the product's price.

2



Once they have finished the drink, they can return the container to a retailer (or other return point) to get their deposit back.

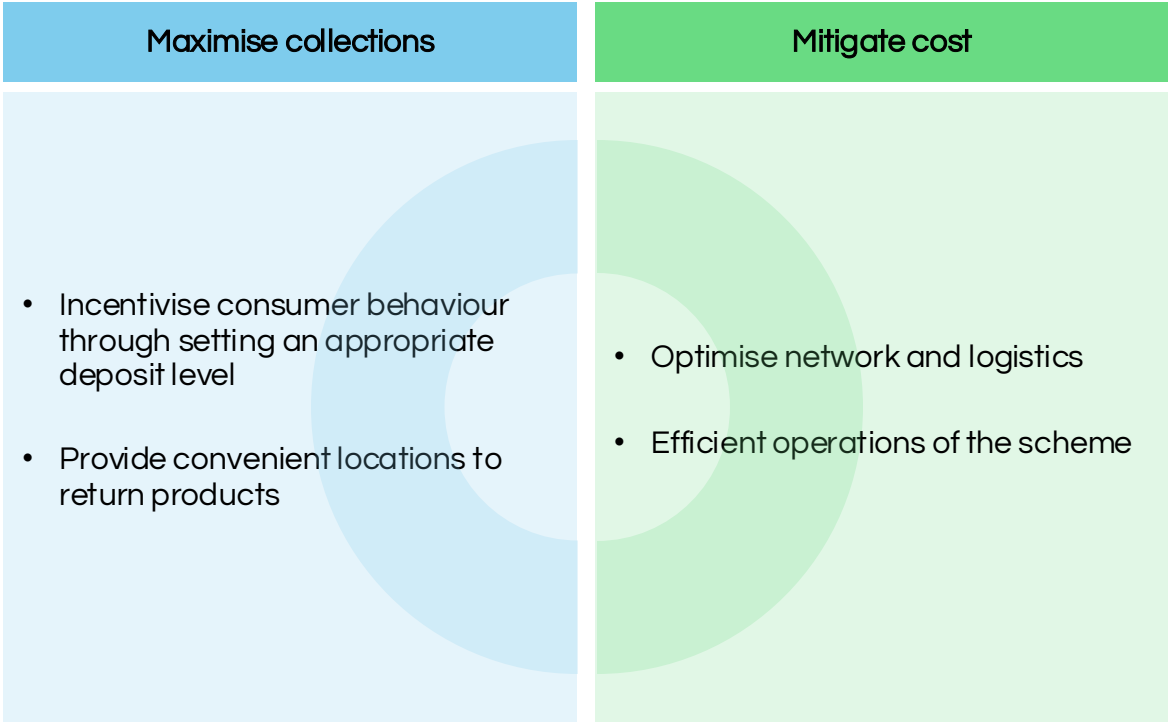
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The returned materials are then collected, sorted, and recycled, ensuring a clean stream of recycled materials to produce new drinks packaging.

These schemes aim to incentivise consumers to maximise return rates and reduce environmental impact by offering a financial incentive for return

The goal of an effective DRS system is to successfully collect, sort, and recycle beverage containers, promoting the circular economy



There are positive environmental impacts associated with implementing DRS rather than relying on kerbside collection



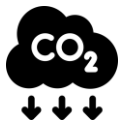
Increase recycling rates from around 70% to over 90%



Reduce littering and waste, as beverage containers constitute c.30-40% of litter in the UK currently



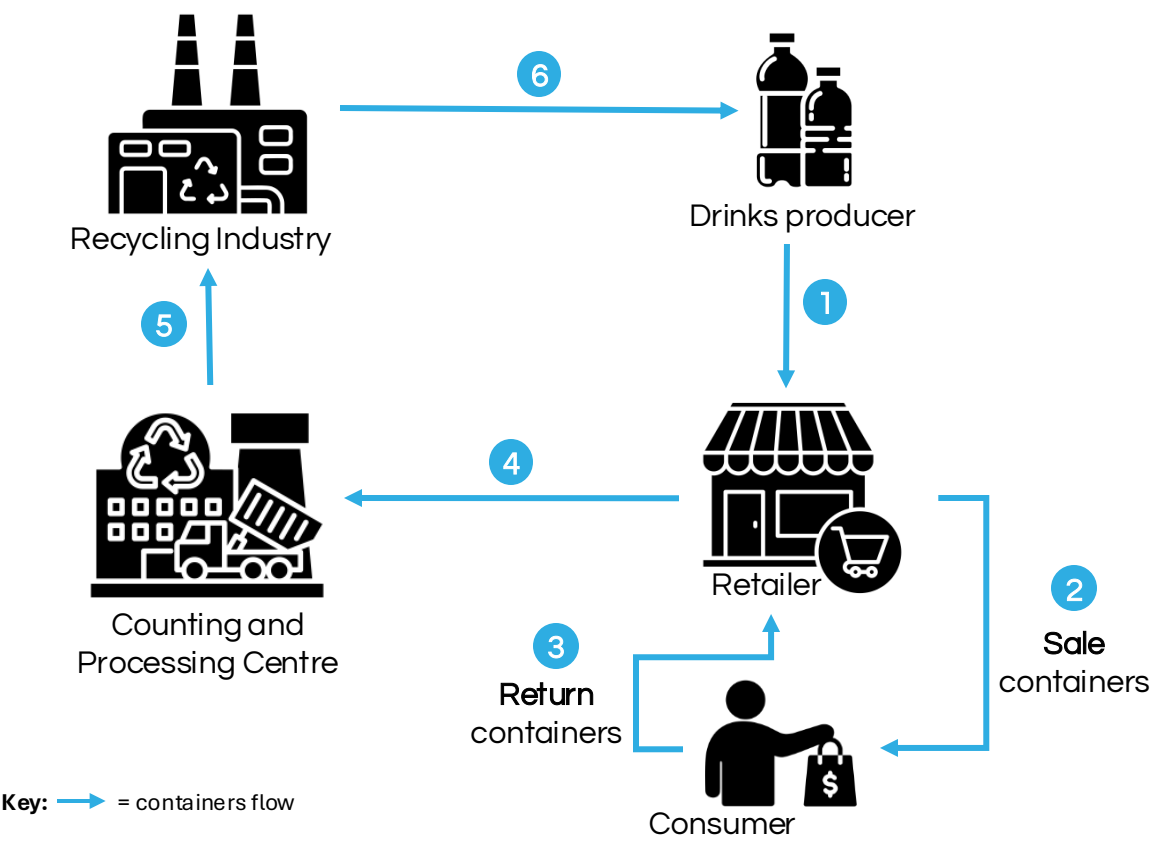
Produce food-grade recycled materials instead of downcycling which is typical for kerbside recycling of containers



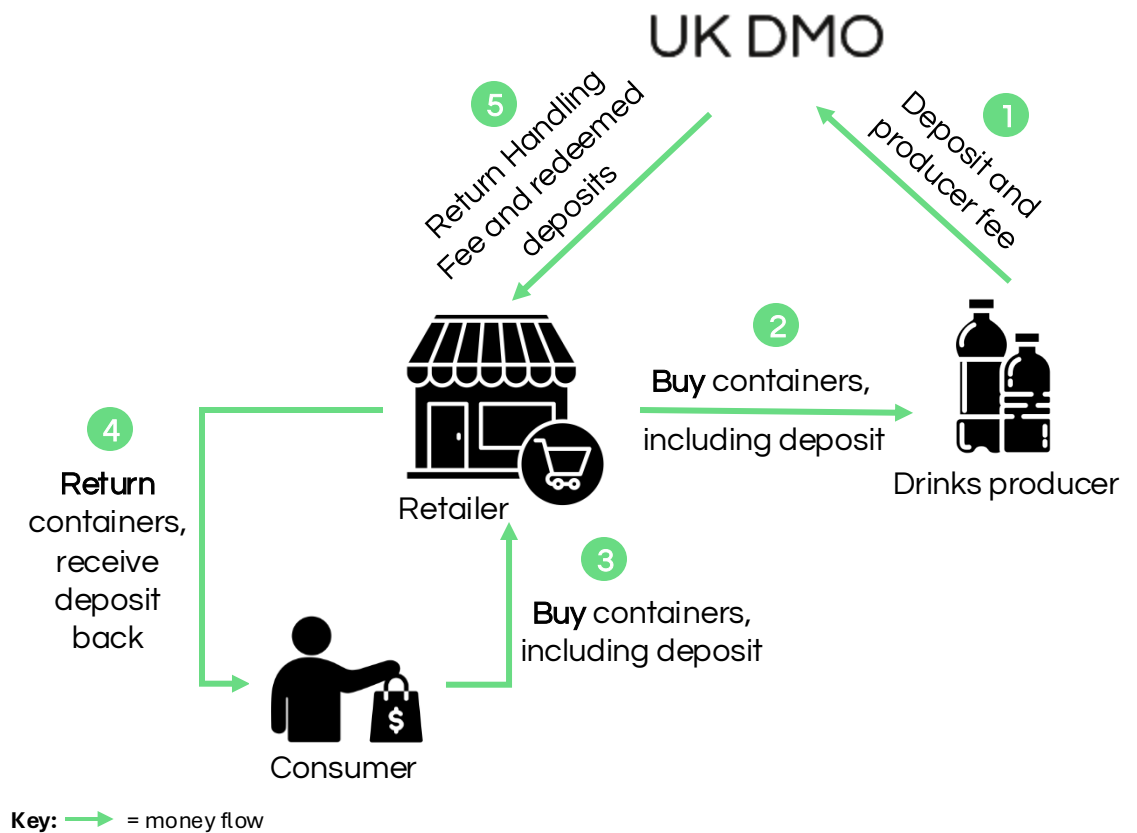
Reduces carbon emissions and saves energy compared to producing new materials. The UK Government expects to deliver carbon savings of over 46 million tonnes of carbon dioxide equivalent by 2035

The materials and funds circulate within a closed-loop system, enabling higher recycling rates without adding costs to the consumer

How do containers flow in DRS?

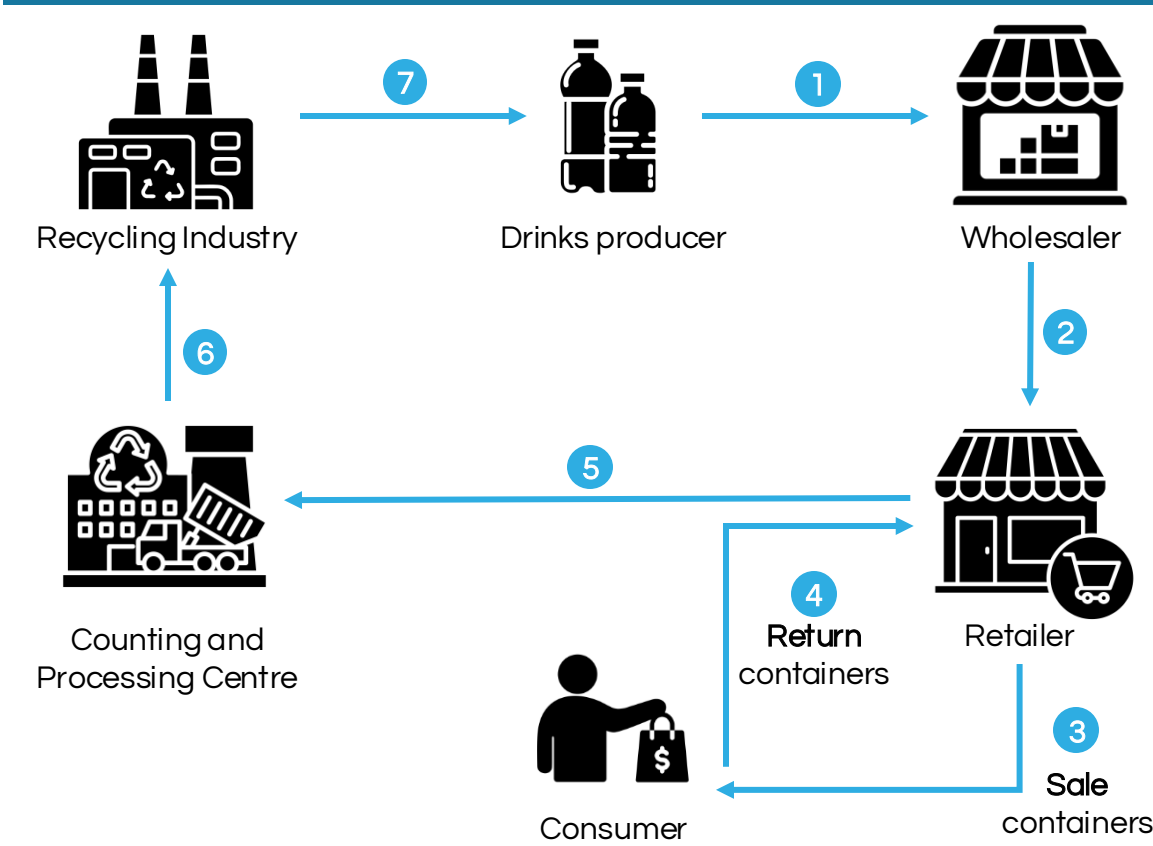


How does money flow in DRS?



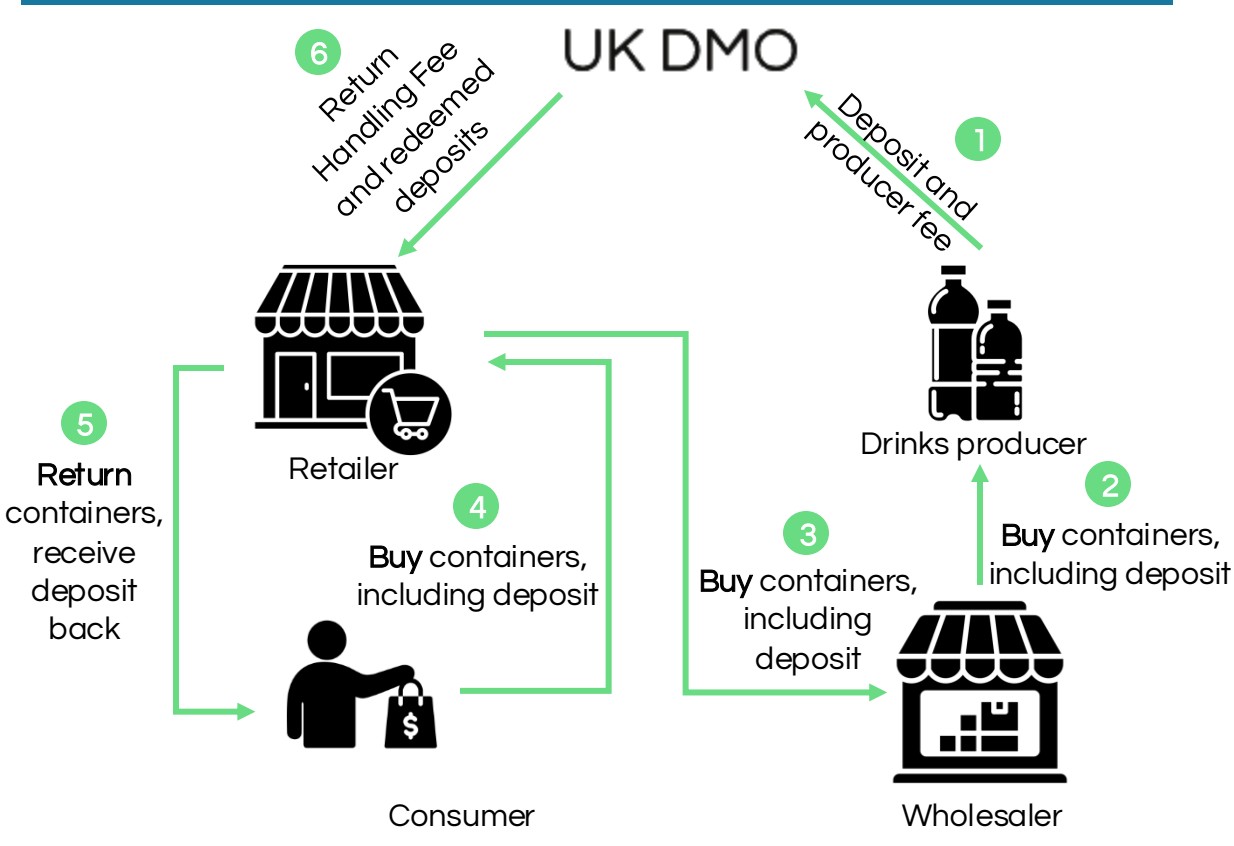
The materials and funds circulate within a closed-loop system, enabling higher recycling rates without adding costs to the consumer

How do containers flow in DRS?



Key: → = containers flow

How does money flow in DRS?



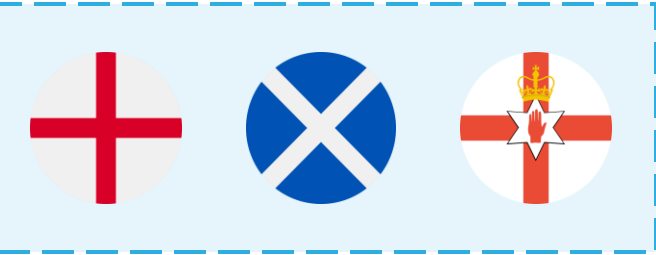
Key: → = money flow

In England, Scotland, and Northern Ireland, the DRS is scheduled to commence in October 2027, following recent legislation implemented by the UK government

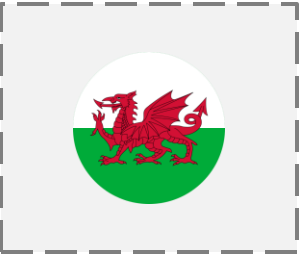
England, Scotland and Northern Ireland are due to launch DRS by October 2027¹

- 2018 – UK Government first proposed DRS as part of its Resources and Waste Strategy
- January 2025 – Legislation for DRS in England and Northern Ireland implemented
- June 2025 – Legislation for DRS in Scotland was amended and designated UK DMO as Scheme Administrator
- October 2027 – DRS go-live across England, Scotland and Northern Ireland

Nations currently involved

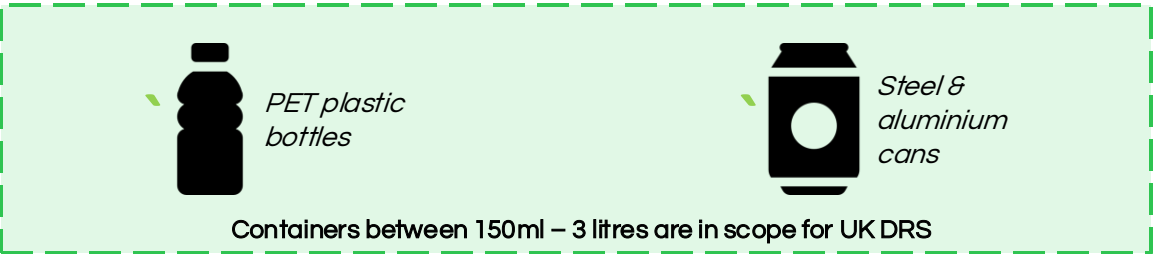


Not currently involved



Wales is planning to launch its own DRS. The plans for this are not yet confirmed.

The material scope of this DRS across England, Scotland and Northern Ireland¹ (UK DRS) excludes glass



Notes: 1) Referred to as 'UK DRS' in this document

This Deposit Return Scheme will impact most beverage producers and retailers in the UK

What does this mean for producers?



Producers will have to **register** with the DMO and report in-scope sales volumes



Producers will have to change **labelling of products** to include the scheme logo and new barcodes



Producers will get the **right of first refusal** on the high-quality recycled materials



Pay **producer fees** to the DMO

What does this mean for return points?

Retailers will **register** with the DMO



Retailers will **set up and operate return points** in stores unless they are exempt¹



Notes: 1) The regulations set an absolute exemption if retail area is less than 100m² in an urban area, further details on exemptions to follow from the DMO as it clarifies regulations

2 What is the UK Deposit Management Organisation (DMO) structure?

A Deposit Management Organisation (DMO) is responsible for overseeing the operations of a Deposit Return Scheme

What is a Deposit Management Organisation?



The **Deposit Management Organisation (DMO)** is the entity responsible for overseeing the operation of a DRS. The DMO manages the logistics of collecting and sorting the returned containers and financial operations, such as collecting and reimbursing deposits



The DMO has numerous roles¹, including...



Managing the *collection, sorting, and processing* of returned beverage containers prior to recycling



Invoicing producers for the per container deposit and producer fee



Ensuring *compensation* for return point operators

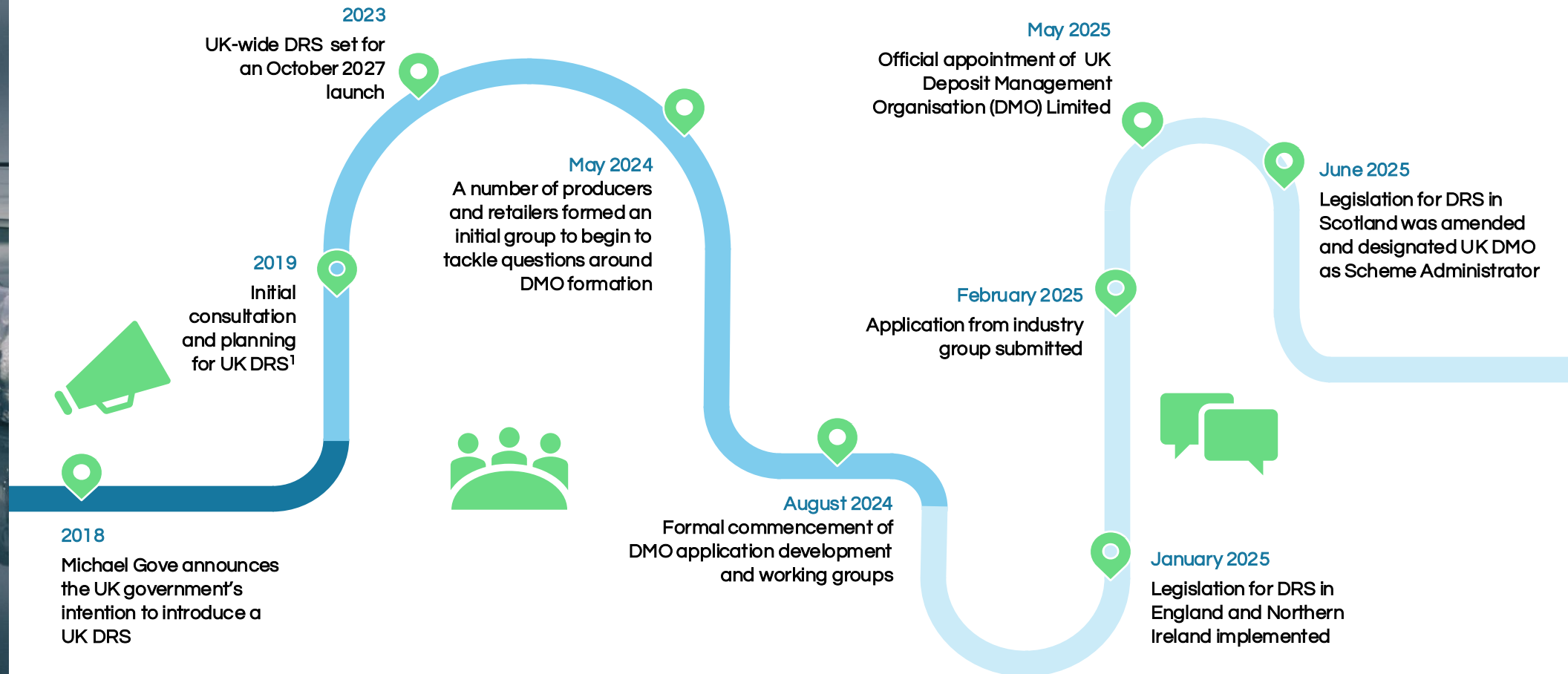


Monitoring and reporting return rates, material flows, and financial data



The DMO will also aim to *ensure return rates are as high as possible*, minimise fraud, and comply with government regulations and policy objectives

The UK DMO formed through a collaboration of drinks producers and retailers over the course of 2024







Notes: 1) In this context UK DRS refers to the DRS across England, Scotland and Northern Ireland

UK DMO

The structure, composition and principles for the UK DMO board was based on an examination of successful DMO models across Europe

UK DRS board structure and composition

	4 producer representatives – split by beverage segment
	4 retailer representatives – split by retailer type
	2 independent former execs ¹
	Independent chair ¹
	CEO
	CFO
Total = 13 people	

Key: = Positions filled = Positions not filled

Source: National and International Benchmarks, UK DMO Application - January 2025 | Notes: 1) Recruitment of independent former execs and the chair will be completed in a way that ensures that a variety of attributes and background are represented on the board and that the roles remain neutral overall, e.g. if an ex-retailer was to be chosen for one board seat, an ex-producer would be chosen for another board seat or none of these members would have a background as a producer / retailer

UK DMO principles of the board

DMO principles	Description
1 Diversity of board members	Board members should collectively have broad and balanced coverage across industries and competencies, the board should aim to be diverse in terms of gender, ethnicity, regional and social background
2 Sub-group representation	No single business or industry grouping / sub-grouping should have undue influence on the board
3 Independence	Some board members must be independent, meaning they do not have direct ties to the organisations involved in the DRS (beverage production, grocery retail) to avoid any conflicts of interest
4 DMO's best interests	The board must act in the best interest of the DMO and must be accountable to the members
5 Integrity	Board members should have a strong reputation for integrity and ethical behaviour
6 Open communication	There should be clear and open communication channels between the board, the DMO's management, the Industry Advisory Group and the members of the DMO
7 Evaluation	Regular evaluation of the board's performance and effectiveness should be conducted to identify areas for improvement
8 Subcommittees	Subcommittees will report into the board and make recommendations to the board to be discussed and approved by the board

Trade associations led the process for nominating the eight producer and retailer representative board members

To ensure a breadth of perspectives, the following industry groups are represented on the board, nominated by relevant trade associations

Producer / retailer industry group	Nominating trade associations
Soft drinks producer	The British Soft Drinks Association Limited
Water producer	Natural Source Waters Association Limited
Alcoholic drinks producer	British Beer and Pub Association
Small producer	The British Soft Drinks Association Limited, Natural Source Waters Association Limited, British Beer and Pub Association
Retailer	British Retail Consortium
Producer retailer	British Retail Consortium
Small store operator	Association of Convenience Stores, National Federation of Retail Newsagents, Scottish Grocers' Federation
Wholesaler	Federation of Wholesale Distributors, Scottish Wholesale Association

The board members nominated by the trade associations were then voted on by the UK DMO SteerCo

1

Board member nominees were reviewed and voted on by businesses forming the DMO

2

The DMO is seeking to bolster progress against diversity objectives with the remaining five board appointments and within the company's workforce. The intention is to achieve a diverse board across multiple angles (e.g. gender, region)

The eight nominated producer and retailer board members have extensive industry experience

Eight producer and retailer board members

Name	Position	Company	Bio
Julian Hunt	Soft drinks producer		Leads CCEPs corporate affairs in GB and Northern Europe and has over 20 years experience in the grocery sector and first-hand DRS experience in established schemes.
James Smith	Water producer		26 years experience in all areas of the water industry, bringing significant DRS knowledge from Shepley Spring's parent company in California.
Boudewijn Haarsma	Alcoholic drinks producer		Managing Director of Heineken UK, with 30 years of global management experience in beverages, including senior roles in DRS markets in Europe and Africa, overseeing the UK's largest brewer and cider maker.
Jonathan Kemp	Small producer		Non-Executive Director at Radnor Hills, with over 30 years in the food and drink industry, with significant DRS-related experience from his tenure at AG Barr plc.
Robert Beaumont	Large producer retailer		Director at Lidl leading the DRS and circular economy strategy team, leveraging Lidl's DRS experience in 16 countries and ongoing initiatives in 14 more, including active trials in Glasgow.
David Beardmore	Large producer retailer		Director at Tesco's UK, leader of Tesco's largest commercial category and leader of Tesco's group Media & Insights strategy.
Rebecca Oliver-Mooney	Small store operator		Head of Commercial at Co-op, with over 20 years of experience across manufacturing, retail, and wholesale, leading the total drinks category with a strong focus on DRS from a convenience perspective.
Richard Booth	Wholesaler	Previously at 	Former Director of Trading at Bestway Wholesale Ltd, has 35 years in FMCG wholesale, including 10 years in soft drinks purchasing.

The DMO is seeking to bolster progress against diversity objectives with the remaining five board appointments and within the company's workforce

The board were focused on five key tasks immediately post-appointment

Recruitment	Organisation set up and governance	Dialogue with the four Governments of the UK	Marketing & communications	Engagement with key stakeholders
<ul style="list-style-type: none">• The DMO is actively recruiting for the Chair, CEO and CFO positions and 2 INEDs• The DMO has to date recruited several interims roles to lead the DMO organisation, operations and engagement planning• It has further identified interim and secondment positions for which applications are currently open	<ul style="list-style-type: none">• UK DMO bank account is now active with Barclays having been selected as the DMO banking partner• The DMO has appointed an external accounting and finance team based in Northern Ireland (NI)• Head office location has been secured in Milton Keynes with the DMO to begin work from there from September, with regional hubs in Northern Ireland and Scotland to follow in due course	<ul style="list-style-type: none">• The DMO is in regular contact with and has a close working relationship with all key government bodies including DEFRA, DAERA, the Scottish Government, and respective Environment Agencies• The DMO has also completed a visit to Republic of Ireland to meet the team at Re-Turn and see the scheme infrastructure in operation	<ul style="list-style-type: none">• UK DMO website https://ukdmo.co.uk/ and industry facing brand launched with newsletter registration function• The first UK DMO newsletters have been distributed to industry with a high engagement rate• The DMO's LinkedIn profile has also been created to enhance its digital presence and outreach: https://www.linkedin.com/company/uk-deposit-management-organisation/	<ul style="list-style-type: none">• Since appointment, the DMO has set up an Industry Advisory Group including representatives from a broad range of trade associations across all three participating nations with meetings on a regular basis• Additionally, the DMO has set up a consumer Engagement Forum including representatives from a range of consumer advocacy groups• The DMO also engages with its Investing Members on a monthly basis

The board is supported by an Industry Advisory Group and a Consumer Engagement Forum composed of representatives from a wider group of organisations with an interest in DRS



The Industry Advisory Group and the Consumer Engagement Forum comprise representatives from a larger group including smaller and less represented stakeholders (including trade associations and NGOs) with a legitimate interest in the DRS



Stakeholders in the Industry Advisory Group and the Consumer Engagement Forum will be limited to entities and not individuals

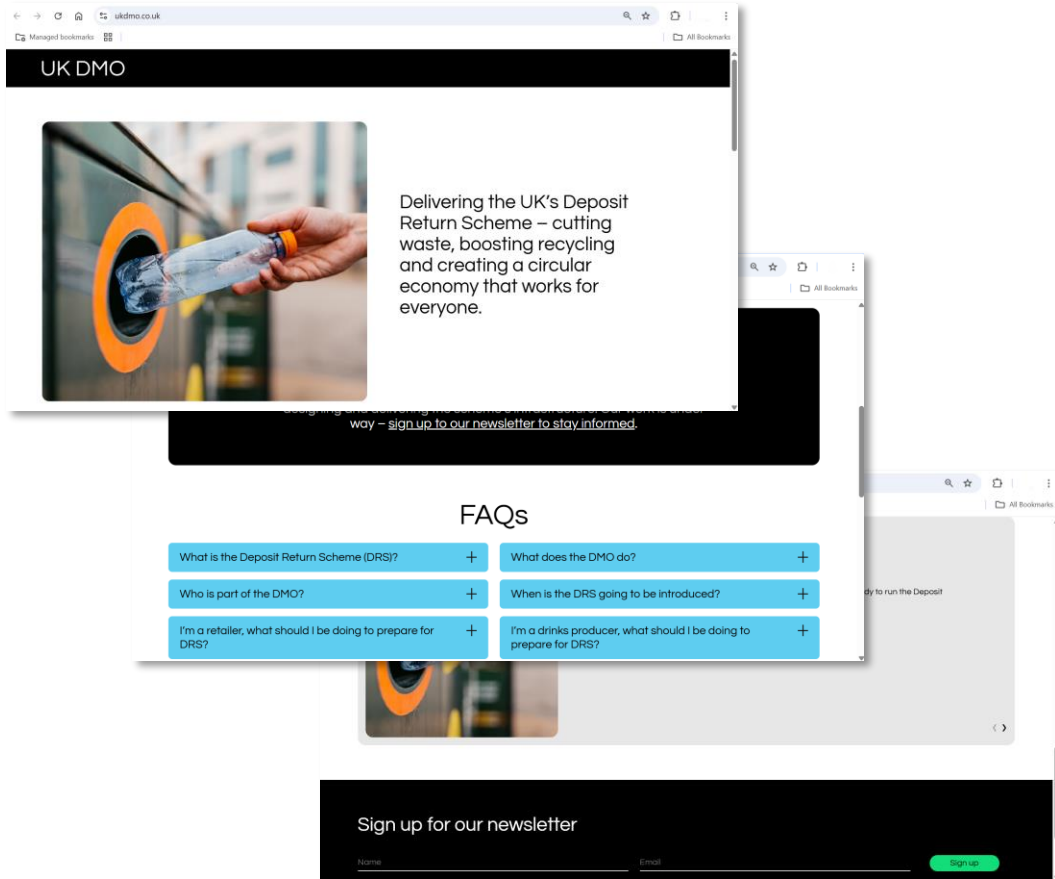


The Industry Advisory Group and the Consumer Engagement Forum will not hold decision-making power but will act in an advisory capacity to bring a wider range of perspectives and capture and express the mood and opinion of industry and consumers more broadly



Membership of these Industry Advisory Group and the Consumer Engagement Forum has been agreed with Government stakeholders, and will be reviewed regularly

It's early days, but please register for updates...



You can sign up for our Newsletter on the website:
<https://ukdmo.co.uk/>



Follow us at:
<https://www.linkedin.com/company/uk-deposit-management-organisation/>



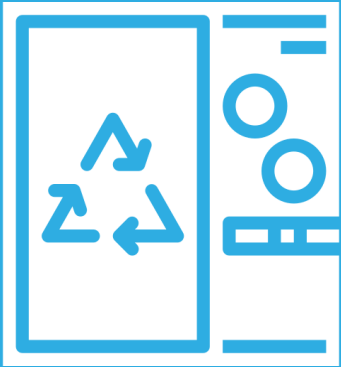
Or contact us at:
info@ukdmo.co.uk

3 What information is currently known about the UK DRS?

The DRS regulations set out the responsibilities and requirements that the UK DMO and its key stakeholders will need to follow

A

Return Point Operators



B

Producers



C

DMO



Grocery retailers will be the primary return points for the scheme, but other sites (e.g. hospitality venues) may choose to operate voluntarily

Consumers return empty containers to return points to be able to collect their deposit – either via a machine (a Reverse Vending Machine – RVM) or manually

There are both mandatory and voluntary return points



Mandatory
Enforced by regulation

Any **grocery retailer** is mandated to operate a return point, which is defined by the DRS regulation as a supermarket of any size, a grocery store, a convenience store or a newsagent, but does not include hospitality venues



Voluntary
*Exempt by regulation but
chosen to opt in*

Hospitality venues, e.g. coffee shops, restaurants, recreational facilities, have the option to set up a return point if they wish to, but are not mandated

Smaller retail sites in urban areas have an automatic exemption from operating as a return point, other retail sites may be eligible for exemption

Automatic exemption



There is an **automatic exemption** if retail space is **less than 100m²** and in an urban area

Application to the DMO for exemption

Potential exemption possible if an alternative return point is in reasonable **proximity**, and if collection rates would not be impacted



Potential exemption possible on the basis of physical constraints, e.g. if location, layout, construction, make it **unfeasible to operate** a return point at particular premises

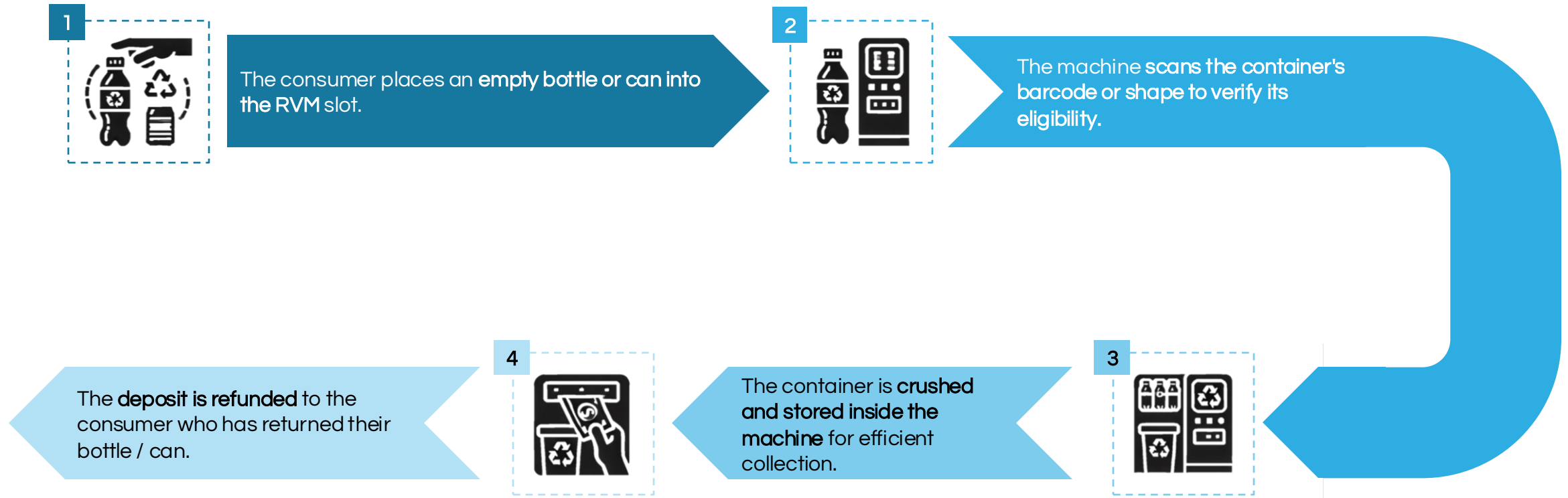


The DMO will release further details in due course around the exact criteria for the exemptions based on proximity and premises

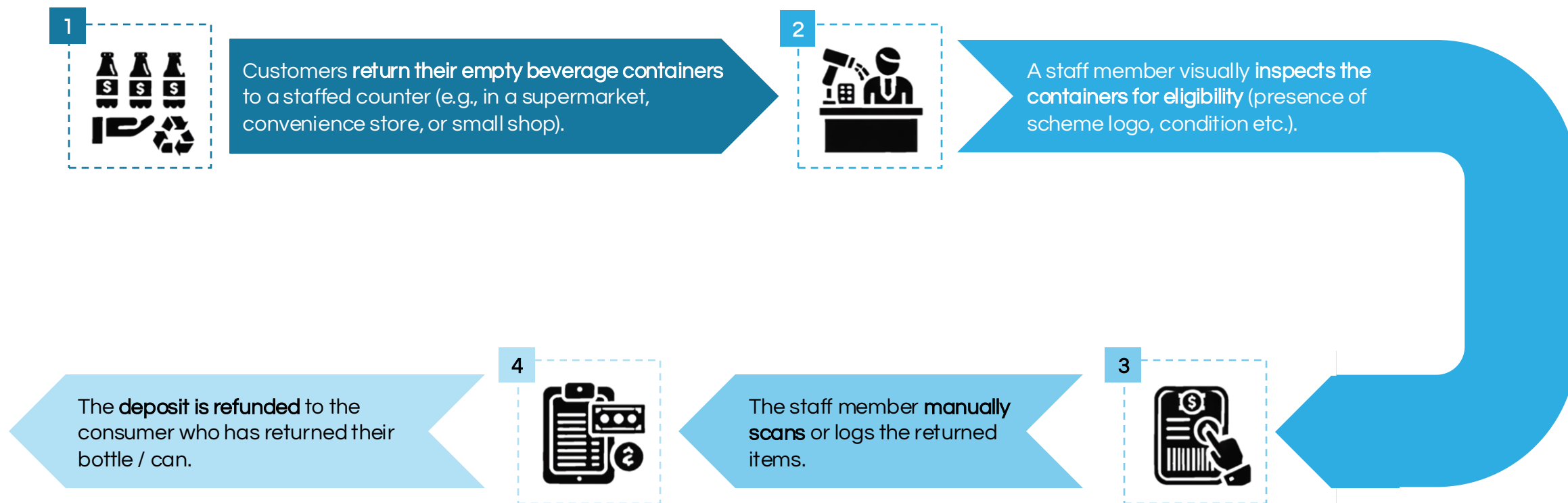


Grocery retailers that are not exempt will be required to operate a return point; they can choose whether this a **manual or automatic** (using RVMs) return point – *see following pages for more information*

Automatic return points require upfront investment, but provide faster and more efficient processing for a higher volume of returns



Manual handling may be chosen by return points with a lower volume of returns. There is a lower set up cost, but is a slower and more labour-intensive process



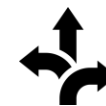
Return point operators will be able to decide if they operate a manual or an automatic return point at each site



Return point operators (RPOs) will determine what type of return point each site will operate (e.g. manual vs. automatic).



RPOs will be compensated *through the return handling fee (RHF).*



The DMO will set the parameters of compensation when setting the return handling fee but leave it up to *individual operators to determine which type of return point they want to run.*

Exempt hospitality premises are not required to charge deposits or operate return points but may apply to host one voluntarily

As per the UK Government policy published in April 2024, and the latest draft Statutory Instrument DRS regulation:

The requirement to operate a return point does not include hospitality organisations selling in-scope containers as defined by:



Premises where the main activity is selling food for takeaway consumption



Coffee shops selling for on or off premise consumption



Bars, restaurants or clubs with on premise consumption



Indoor attractions such as an amusement arcade, museums or galleries



Recreational facilities such as community and sports centres and gyms



Retailers located in an education institution or hospital

Sites that serve deposit items for immediate consumption (e.g., hospitality venues) can opt out of charging a deposit



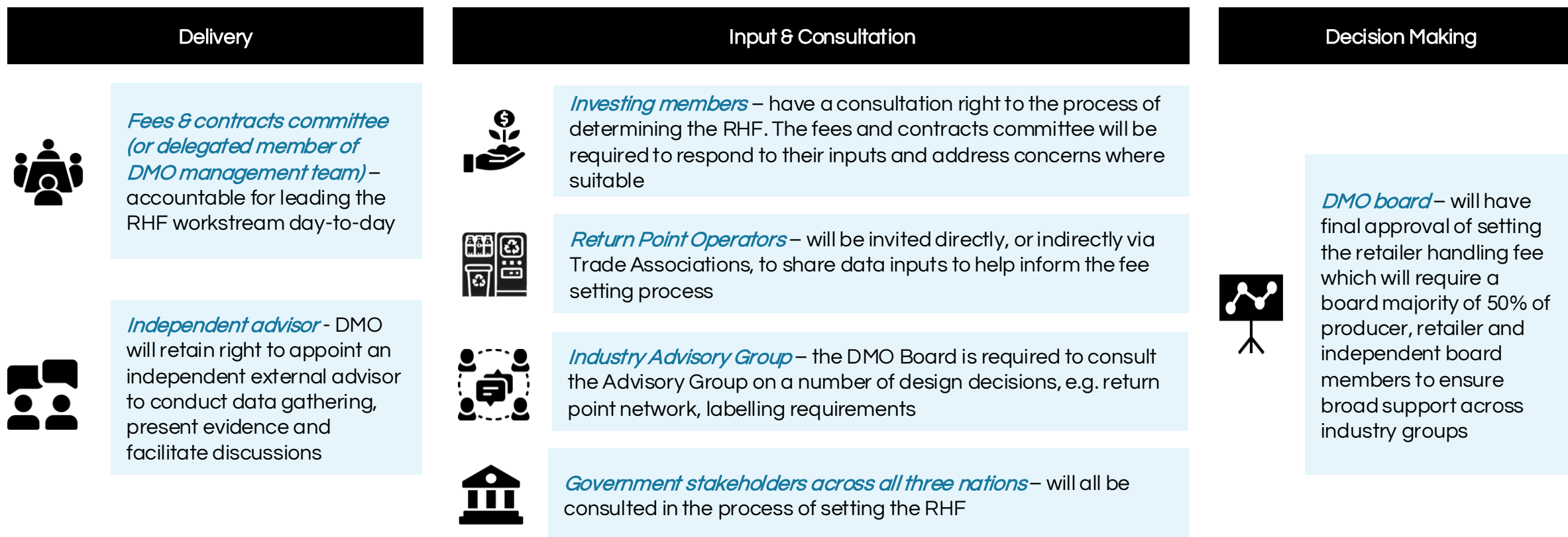
Opted-out sites still pay the deposit to producers but can choose not to pass it on to consumers, creating a closed-loop system



A site may reverse an opt-out decision giving them control over whether to operate a closed or open loop system

The return handling fee will be determined by the DMO through a detailed consultation process involving key stakeholders

Roles in setting the RHF



At this stage, the DMO has not completed detailed operational design work, therefore there are some areas relevant to return points not yet determined

Areas outstanding that have not yet been determined by the DMO



RVM specifications & return point blueprints required by return point operators



Collection details such as frequency of collections and ability to begin backhaul fee negotiations



Cutover sales plan during the transition from selling non-deposit-marked products to deposit-marked ones

The DMO is carrying out detailed operational design planning and will provide as much advanced notice to retailers as possible on these areas

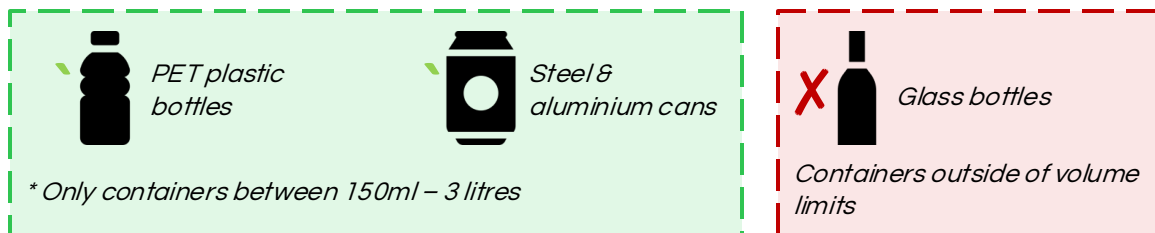
All in-scope scheme producers are required to register with the DMO via a centralised online portal and will have data reporting obligations

It is expected that scheme producers will be required to report data on the scheme containers placed on the market

Scheme producers: Manufacturers of container drinks, an importer, or a person who fills to order

Exemptions: Producers are exempt if the number of containers in a product line does not exceed: 6,250 containers in the first scheme year, or 5,000 containers in any year after that.

Current material inclusion:



Data reporting: Registered producers must keep a record of in-scope containers placed on the market and provide specific container information uploaded to an online portal.

The following information is likely to be required from scheme producers when registering with the DMO, however is subject to change

- Business name
- The address and telephone number of the retailer's principal office
- The company registration number (if relevant)
- Names of partners (if relevant)
- The name and contact details of appointed person
- The applicant's SIC code
- A statement as to whether the applicant is a brand owner / importer / fills closed containers with drinks to order
- The brand name of each drink for which the applicant is the brand owner or importer
- The total number of deposit items which the applicant expects to supply in the period of 12 months following their registration, together with information about the materials of the in-scope bottles and cans, their capacities, and whether they will be sold in multipacks

The exact timeline and requirements for registration are yet to be determined

Each scheme producer must pay a producer fee, which will be calculated per container placed on the market

Producers will pay a fee to the DMO per in-scope container placed on the market

This producer fee will be set to maintain the financial viability of the DMO



The DMO will charge scheme producers registered with the DMO an ongoing producer fee from go-live

1

This fee will be set at a *value required to maintain the financial viability of the DMO* each year after all operational expenses are paid and return points have been paid a return handling fee.



The producer fee is a per-container charge based on its material, calculated as the sum of individual fees for in-scope containers placed on the market

2

The DMO will have additional *revenue sources from unredeemed deposits* and the sale of materials, as well as the producer fees.



DMO will use reports from scheme producers to issue invoices at regular intervals with clearly defined payment terms

3

The DMO's aim is to run an efficient scheme to keep the producer fee to a minimum whilst also ensuring *fair compensation of retailers via the return handling fee*.

4

The producer fee will be *reviewed each year* and potentially adjusted to maintain the financial viability of the DMO.

Producers will be required to display a scheme logo and return code on all in-scope items

The DMO will use scheme logos and scheme return codes and may use scheme packaging logos

1

Scheme logos are mandatory and will be on all in-scope containers to indicate they are part of the scheme

2

Scheme return codes are mandatory barcodes and will be on all in-scope containers

3

Scheme packaging logos may be used by the DMO to denote multipacks containing deposit items

Labelling and logo requirements will be set after consultation with advisory groups, allowing time for necessary label changes by producers before go-live

The DMO will ensure the IT system for the return codes integrates across the supply chain and minimises container fraud



Integration across IT systems: Collaborate across the value chain to enable monitoring of containers across the supply chain



Data management & fraud prevention: Establish a central database to manage return codes and implement validation checks to prevent duplication

The DMO will set the deposit level(s) and will ensure consistency across all three nations

When setting the deposit level(s), the DMO will consider the following factors...

1

The collection targets

2

Simplicity of communication to consumers and other stakeholders

3

The likely impact of the deposit level on the ability of scheme consumers to purchase deposit items including accessibility and impact on lower income demographics

4

The likely impact of the deposit level on the use of containers by registered scheme producers (including the in-scope material used to make those containers, the size of the containers and the use of multipacks)

5

The likely impact on the purchase of deposit items by scheme consumers (including the in-scope material used to make those containers, the size of the containers purchased and purchase of multipacks or single items)

6

The likely impact on scheme consumers, the purpose of the scheme and the collection targets, if the deposit level for the deposit item is different to any comparable amount payable for a comparable container under any other deposit scheme

...and will use different data sources to input into the analysis



Market research



Producer & retailer insights



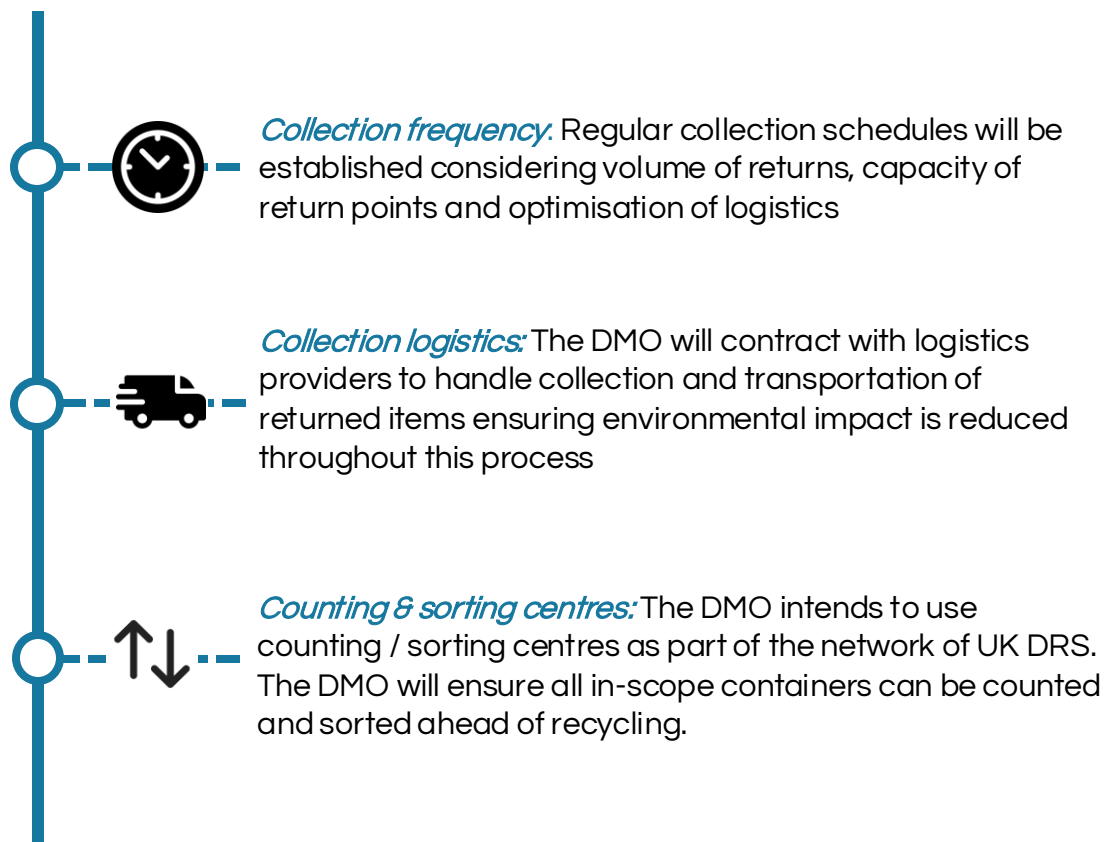
National & international benchmarks



Consultation with consumers

The DMO will oversee collection, logistics, and data tracking and reporting for the scheme

The DMO will be responsible for overseeing collection and sorting of returned materials



Additionally, the DMO will manage data tracking and reporting, and will send this information to return point operators

1

Data tracking & reporting: The DMO will implement systems to track the number of containers returned, ensuring transparency and accountability.

2

Data provided to RPOs: The DMO will provide return point operators, retail premises, and take-back service operators with reports on collection rates

The DMO is a not-for-profit organisation and will maintain financial viability through income from unredeemed deposits, sale of scheme materials and producer fees

Post go-live the DMO will charge a producer fee to maintain the financial viability of the DMO alongside other revenue streams...

Sale of scheme materials: Aluminium, Steel & PET

Based on value obtained from selling returned scheme materials

Unredeemed deposits

From items not returned to return points by consumers

Producer fee

Per container fee paid by producers

...this will be used to pay for the costs of running the DMO

Retailer handling fee

Paid to return point operators for operating return points

Logistics costs

Transporting in-scope containers to processing facilities

Workforce costs

Costs related to the DMO employees

Office costs

Office lease, IT, utilities, etc.

Marketing and communications costs

Ongoing communications provided by the DMO

Regulatory compliance fee

Compliance fee paid in each nation to the respective regulators

Insurance & tax

Cost of fraud

Counting and processing costs

Operated by a third party

4

What is the timeline to go live in October 2027?

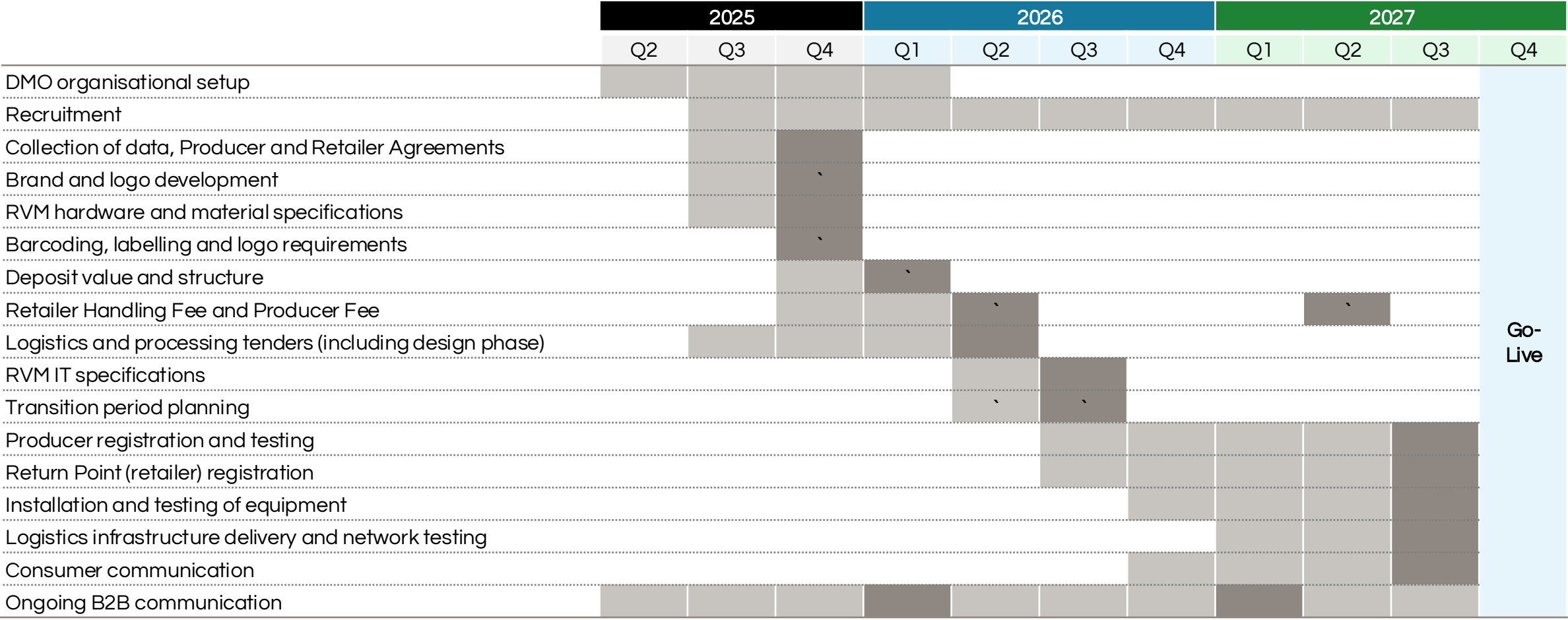
The DMO foresees three phases of work ahead of DRS go-live in October 2027

DMO timeline to Oct-27



To ensure operational readiness by go-live, the DMO has defined a series of critical milestones

DMO timeline to Oct-27



Key: ■ = DMO to progress ■ = Key milestone ▨ = Consultation period

Thank you!
