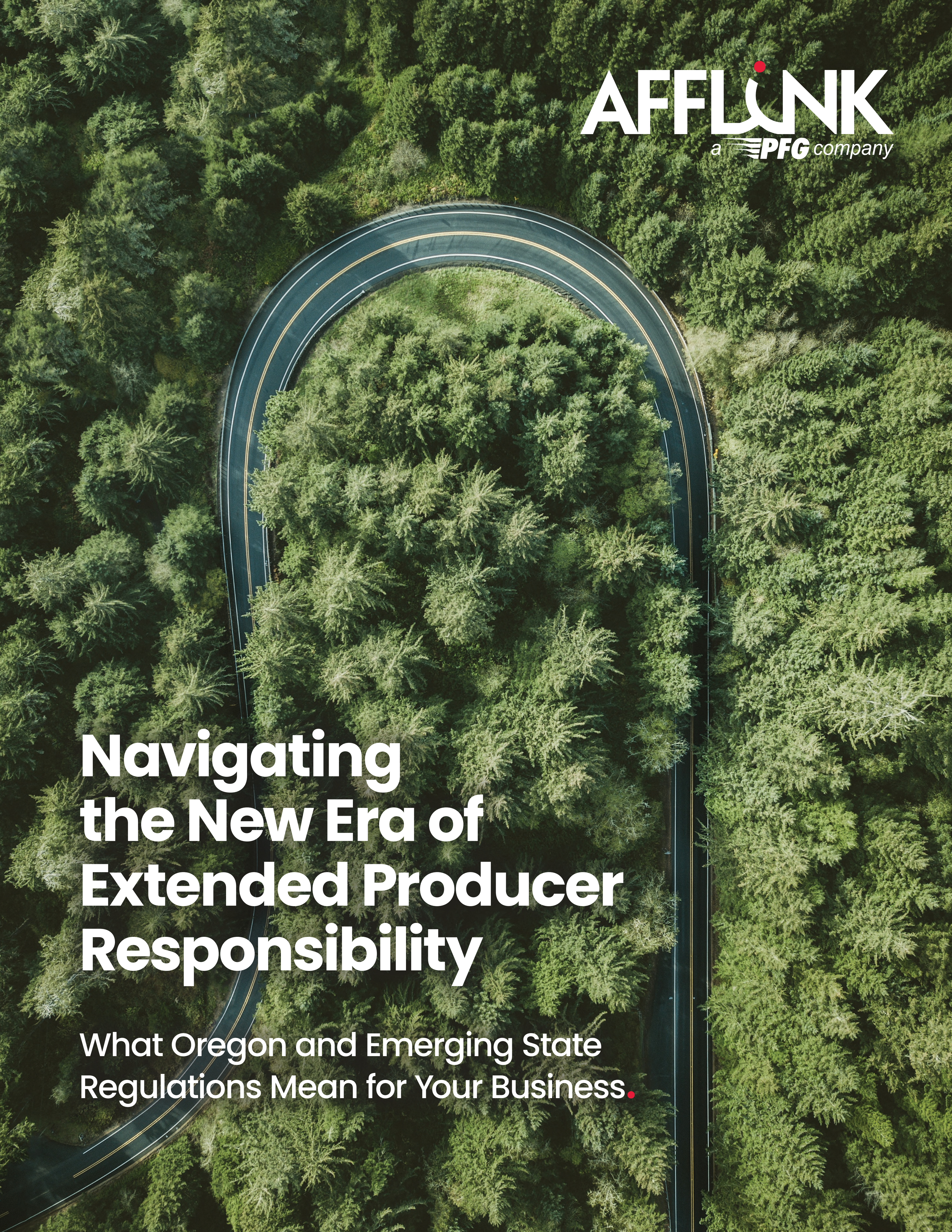

Navigating the New Era of Extended Producer Responsibility

What Oregon and Emerging State Regulations Mean for Your Business.

Executive Summary

Extended Producer Responsibility (EPR) is transforming how packaging waste is managed in the United States. Instead of municipalities and taxpayers bearing the cost of collection and recycling, producers are increasingly being held financially and operationally accountable for the packaging they place on the market.

The EPR concept isn't new. California, Colorado, and Maine already have active EPR laws in place. Yet this year brought more sweeping changes with Oregon's Plastic Pollution and Recycling Modernization Act (SB 582), launched in July 2025. With this, they are the first in the U.S. to apply eco-modulated fees, charging producers based on the type and recyclability of their packaging.

While Oregon is the first to implement, it will not be the last. Other states are drafting legislation that will shape the future of packaging compliance nationwide. This growing movement aligns the U.S. with Canada and the European Union, where producer-funded recycling models are already standard.

And compliance is only one piece of the puzzle. As the tide shifts, there is a competitive opportunity: producers who act early can redesign packaging for lower fees, strengthen their sustainability credentials, and gain an edge with increasingly eco-conscious consumers.

For businesses, the implications are immediate and strategic. Companies must determine whether they qualify as a "producer," gather accurate data on packaging materials, and budget for new fee structures.

The bottom line: EPR is no longer a distant concept—it's here, and it will only expand. Businesses that prepare now will not only mitigate risk and cost exposure but also position themselves as leaders in an era where sustainability and compliance go hand in hand.

Disclaimer: The following is an informational presentation only, and does not qualify or represent legal or compliance advice. Please consult your own attorneys and compliance professionals to ensure you receive counsel appropriate for your business.

Introduction:
With Progress Comes Adaptation—and Innovation

Extended Producer Responsibility (EPR) is a policy framework that shifts the financial and operational burden of packaging waste away from taxpayers and municipalities and onto the companies that create, use, or profit from that packaging. Rooted in the "polluter pays" principle, EPR is designed to incentivize producers to design packaging that is more recyclable, use fewer materials, and support end-of-life recovery systems.

While EPR for packaging is new in the United States, the concept is not. For decades, states have used EPR laws to manage other challenging waste streams, such as paint, electronics, and batteries. Packaging, however, is now at the center of the conversation due to rising recycling costs, municipal funding shortfalls, and growing pressure from both consumers and policymakers to reduce waste.

A critical challenge for businesses is understanding how a "producer" is defined. Under most EPR frameworks, the primary responsibility falls on the brand owner or trademark holder — even if that entity does not physically manufacture or distribute the product.

This shifting definition means that businesses must carefully examine their role in the supply chain. For distributors, private label owners, and importers, EPR compliance goes beyond just managing packaging design to knowing where legal accountability rests.

> *"Regulation may appear to be a roadblock, but EPR compliance is also a catalyst. For forward-thinking companies, it opens the door to innovate, exceed expectations, and stand out from the crowd. EPR compliance isn't just about meeting standards - it's about creating new ones."*
>
> *- Rebecca Kaufold, Manager of Government Affairs & Sustainability, Spartan Chemical*

Example:

AFFLINK, through PFG, owns the trademark for its private-label brand AFFEX. Multiple manufacturers produce goods under this brand, which are shipped directly to customer locations. In such cases, it is not always clear whether the brand owner, the licensee, or the manufacturer bears compliance responsibility.

Who Is the Producer?

Hierarchy of Responsibility Under EPR Laws

Brand Owner / Trademark Holder

Primary Responsibility

The entity that owns the brand under which the product is sold in the state, unless transferred by contract.

Licensee

Secondary Responsibility

If another company manufactures and sells under a licensed brand, the licensee is considered the producer.

Manufacturer

Limited Responsibility

Only if the product is sold unbranded, or if the manufacturer also owns the brand.

Importer

Tertiary Responsibility

If no U.S.-based brand owner, licensee, or manufacturer exists, the importer takes on responsibility.

Oregon’s EPR Law:
A Closer Look

Oregon’s Plastic Pollution and Recycling Modernization Act (SB 582) is the first U.S. law to modernize packaging recycling at scale, requiring brand owners and other covered producers to register, report their packaging data, and pay fees that vary based on material type, recyclability, and environmental impact.

This model, known as **eco-modulation**, is designed to reward sustainable packaging and penalize materials that are harder to recycle.

How Oregon’s Eco-Modulated Fees Work

Identify Material Type

Assess Recyclability
Easily recyclable (paperboard, aluminum)
Partially recyclable (PET bottles, some plastics)
Non-recyclable/difficult (multi-layer films, polystyrene)

Assign Fee Level
Low Fee: Fiber-based, widely recyclable
Medium Fee: Common plastics, moderate recycling infrastructure
High Fee: Complex plastics, non-recyclables

Producer Pays Fee
Fees collected by Circular Action Alliance PRO
Funds go toward recycling system improvements + consumer education

Key Dates	Core Requirements	Who Is a Producer?	Enforcement
Producer registration & reporting due: March 31, 2025 **First program dues & official launch:** July 1, 2025	**Producer Responsibility Organization (PRO):** Oregon designated the Circular Action Alliance (CAA) to manage producer registration, fee collection, and program compliance. **Packaging Data & Reporting:** Producers must disclose packaging weight, composition, and recyclability. **Eco-Modulated Fees:** Fees are higher for materials like multi-layer plastics and lower for paper, cardboard, and recyclable fiber-based packaging. **Municipal Support:** A portion of fees funds local recycling system improvements and consumer education.	Oregon's law follows the hierarchy described earlier: brand owner → licensee → manufacturer → importer. For distributors, this is especially important as they will often be the 'brand owners' of their private label programs - a differing entity from the manufacturer.	**Public Registry:** Oregon will publish a list of non-compliant companies. **Penalties**: Companies that underreport or fail to register face fines and reputational risk.

Case Comparison:
What Oregon's Fees Mean in Practice

	Company A: Manufacturer, Recyclable Paperboard Packaging	Company B: Brand Owner, Plastic Packaging via Licensee
Role	Manufacturer selling unbranded product into Oregon	Brand owner licensing multiple manufacturers under its private label
Packaging	Cardboard boxes, palletized, curbside recyclable	Multi-layer plastic film, difficult to recycle
Fee Impact	Low — paper/fiber packaging qualifies for reduced EPR fees due to high recyclability	High — plastic films incur higher eco-modulated fees
Example	If producing 10,000 lbs. of paperboard annually → ~$1,700 in fees (at $0.17/lb)	If producing 10,000 lbs. of multi-layer plastic annually → ~$2,300 in fees (at $0.23/lb)

3 Key Takeaways From Oregon

First U.S. Eco-Modulated Fees

Oregon proved that fee structures based on recyclability can work in the U.S., not just in Europe or Canada.

Framework for Other States

California, Colorado, and Maine are already adapting similar models, with Oregon serving as a valid reference point for the future.

Predictive Value

Understanding Oregon's categories, timelines, and enforcement helps businesses model likely future costs in their own states.

Oregon as a Blueprint

Oregon's program officially launched in July 2025.

While registration deadlines have already passed, this law is highlighted here because it offers a valuable preview of how Extended Producer Responsibility may unfold in other states, as non-compliance will be tracked and publicly published.

By studying Oregon's rollout, businesses outside the state can anticipate requirements, model potential costs, and prepare ahead of the curve rather than reacting under pressure.

State-by-State Snapshot of

EPR Momentum

Oregon may be the first state to implement eco-modulated packaging fees, but it will not be the last. Across the U.S., lawmakers are advancing Extended Producer Responsibility (EPR) legislation that shifts recycling costs onto producers. While details vary by state, the trend is unmistakable: EPR is spreading rapidly, even without federal legislation.

Active Laws

State	Law Passed	PRO Selected/ Registration Deadline	Reporting Starts	Fee Payments Start	Distinctive Feature
California	June 30, 2022	CAA selected Jan 8, 2024	November 15, 2025	January 2027	Combines producer fees with strict packaging reduction targets; all packaging must be recyclable or compostable by 2032.
Colorado	June 3, 2022	October 1, 2024	July 31, 2025	January 2026	First U.S. program requiring producers to cover nearly all recycling system costs.
Oregon	August 6, 2021	CAA applied by Apr 1, 2024	March 31, 2025	Launched July 2025	First U.S. program to enforce eco-modulated fees tied to recyclability.

Pending/Emerging Legislation

Maine

- Passed: 2021
- Model: Producer fees reimbursed to municipalities
- Status: Still in rulemaking phase; full program not yet operational
- Distinctive Feature: First state to pass a packaging EPR law in the U.S.

Washington

- Status: Draft bills under review
- Direction: Likely modeled on Oregon/California frameworks

New York

- Status: Multiple EPR bills introduced
- Impact: Could create one of the largest packaging EPR programs nationwide

Minnesota & Maryland

- Status: Passed enabling legislation or study bills
- Direction: Building groundwork for full EPR rollouts

Illinois

- Status: Actively studying packaging EPR through state task forces

Beyond EPR — Recycled Content Mandates

While EPR laws focus on funding collection systems and improving recycling infrastructure, many states are layering on post-consumer recycled (PCR) content requirements. These mandates set minimum recycled content levels for packaging, pushing producers to not only manage waste but also redesign packaging with more recycled inputs.

Examples of PCR Requirements:

- California, Washington, New Jersey, Connecticut, Maine have standalone PCR mandates outside of EPR programs.
- Colorado's EPR law includes PCR targets by 2030:

    Rigid plastics → 20% PCR
    Flexible plastics → 5% PCR
    Paper → 40% PCR
    Metal → 40% PCR
    Glass → 30% PCR

The Challenge:
Tracking and verifying PCR content is complex. Methods like "mass balance" for chemical recycling are still debated, and U.S. processing capacity often lags behind demand, leading some companies to source PCR overseas.

The Opportunity:
Producers that invest in higher recycled content now can:

- Lower eco-modulated fees under EPR programs
- Meet multiple state mandates simultaneously
- Gain consumer trust by demonstrating leadership in sustainable sourcing

Key Impacts on Businesses

Extended Producer Responsibility (EPR) laws create real operational, financial, and supply chain consequences. For companies in distribution, procurement, or private label programs, understanding where responsibility lies and how costs are assigned is critical to maintaining both compliance and competitiveness.

Compliance obligations come first.

Every business must determine whether it qualifies as a “producer” under state law, determining your status as the brand owner, licensee, manufacturer, or importer. Once identified, producers are required to register with the designated Producer Responsibility Organization (PRO) and begin reporting packaging data on an ongoing basis. This isn’t a one-time filing. EPR compliance requires annual audits, updated reports, and continual monitoring to ensure accuracy.

Data management is another challenge.

Producers must now collect detailed information on packaging weight, composition, and recyclability. Many companies are not currently set up for this level of recordkeeping. Building systems for packaging data — and ensuring transparency across suppliers — will be a significant shift. Mistakes or underreporting carry both financial penalties and reputational risks, as Oregon has already signaled by publishing lists of non-compliant companies.

The financial impact is also substantial.

Under eco-modulated fee structures, packaging choices directly affect the bottom line. A company using recyclable fiber-based packaging may pay significantly less than one relying on hard-to-recycle plastics. Budgeting for compliance is more than just paying fees; it means factoring in the cost of packaging audits, membership fees/dues to the respective Producer Responsibility Organization (PRO)—i.e., Circular Action Alliance (CAA) in Oregon—and the internal infrastructure required to manage compliance year after year.

“EPR regulations raise the stakes for packaging decisions. But companies that act now also open the door to smarter data systems, stronger supplier partnerships, and long-term cost control. At AFFLINK, we’re working on behalf of our Members, Suppliers and National Accounts to understand the ramifications of EPR, and where we can turn those insights into opportunities for our customers.”

- Michael Wilson,
President & CEO, AFFLINK

Ripple Effects on the Supply Chain

EPR requirements extend far beyond the legal department:

- Packaging redesign may be necessary to reduce costs.
- Suppliers will need to provide transparent material data.
- Retailers and distributors with private label programs face added complexity.

Ultimately, EPR regulations make packaging a business risk factor that cannot be ignored. Companies that act now by clarifying their role, investing in data systems, and working with suppliers to redesign packaging will be better positioned to control costs and maintain compliance. Those that wait may find themselves scrambling to catch up under deadlines, facing higher fees, and losing ground to competitors who planned ahead.

The Role of Producer Responsibility Organizations (PROs)

At the heart of every packaging EPR program is a third-party entity called a Producer Responsibility Organization (PRO). In the U.S., the designated PRO for packaging and paper is the Circular Action Alliance (CAA), a nonprofit, producer-led organization tasked with managing compliance across multiple states.

How the System Works:

1. Producers pay fees to the PRO based on the weight, material type, and recyclability of their packaging.
2. The PRO pools these funds into a central account.
3. Municipalities and recycling systems receive funding from the PRO to upgrade collection programs, expand curbside access, and invest in new recycling facilities.
4. Recyclers and material recovery facilities (MRFs) benefit from more consistent material streams and better processing infrastructure.

The goal is simple: to keep recyclable packaging out of landfills and ensure the costs of upgrading recycling systems are borne by the producers who place packaging on the market, not by taxpayers.

For businesses, this means that EPR payments are not just fees disappearing into state budgets. They are targeted investments into the recycling system itself — investments that can improve recovery rates, reduce environmental impact, and, over time, create a more efficient system for everyone.

Joining a PRO is mandatory.

In the U.S., the Circular Action Alliance (CAA) has been designated as the PRO for packaging and paper in nearly every state with EPR laws. To remain compliant, producers must register with CAA (or the relevant PRO where designated) and pay fees through this system.

How to Prepare for Compliance

The sooner businesses begin preparing, the more control they will have over both costs and risk. Oregon's deadlines may have passed, but its framework offers a model for what's coming. Preparation today builds resilience and positions your brand as a leader tomorrow.

STEP 1 **Clarify Producer Status**

- Confirm whether your business qualifies as a brand owner, licensee, manufacturer, or importer.
- For private label distributors or complex manufacturing agreements, determine responsibility early to avoid surprises.

STEP 2 **Audit Your Packaging Portfolio**

Collect accurate data on:

- Weight
- Material composition
- Recyclability

This audit ensures you are ready to report and highlights opportunities to redesign packaging for lower fees.

STEP 3 **Build Internal Reporting Infrastructure**

- Track packaging data consistently.
- Integrate reporting into supply chain or procurement systems.
- Update annually to stay aligned with PRO requirements.

STEP 4 **Budget and Model Costs**

- Factor in eco-modulated fees, audits, staff time, and redesign costs.
- Use Oregon's published ranges ($0.17–$0.23 per pound) as a baseline for forecasting.

STEP 5 **Stay Ahead of Emerging Laws**

- Monitor state activity in California, Colorado, Maine, Washington, New York, Minnesota, Maryland, Illinois, and others.
- Engage with industry groups, recyclers, and policymakers to shape evolving requirements.

> *Note: Watch for gray areas in compliance*
> *A growing point of scrutiny: distributors who reconfigure shipments before final delivery.*

In many B2B supply chains, a distributor may purchase a truckload of cleaning chemicals from a manufacturer, break the pallet down in their warehouse, and re-palletize it with additional products for the end user. Even though they didn't manufacture the item, their actions may qualify them as a new "producer" under state law, especially if they apply new stretch film or branded packaging.

→ This could potentially affect ALL distributors.

Quick Compliance Readiness Checklist

- Confirm producer status
- Conduct a packaging audit
- Register with the PRO
- Build reporting systems
- Budget for fees & infrastructure
- Monitor upcoming legislation

"Sustainability - related regulations are on the rise. From EPR for packaging to PFAS and green marketing claims, today's businesses must understand and manage the social and environmental impact of their operations, products, and packaging. Retailers now expect measurable progress, and consumers demand it. The good news is there's a clear business case for sustainability: reduced operating costs, enhanced reputation, stronger customer loyalty, and mitigated risks. Companies that embrace sustainability today can transform compliance into a true competitive advantage."

- Rick Crawford, President, Emerger Strategies

Opportunities for Innovation and Leadership

Extended Producer Responsibility may feel like a burden at first glance — another layer of reporting, another set of fees. But forward-looking companies are already treating EPR as a catalyst for innovation. By rethinking packaging strategies and supply chain partnerships, businesses can reduce costs, strengthen their sustainability credentials, and stand out in the marketplace.

Eco-modulated fees create incentives for better packaging.

Companies that shift toward fiber-based, recyclable, or compostable materials will see direct savings in their fee structures. Just as important, these changes resonate with consumers, who are increasingly prioritizing environmentally responsible brands. A packaging redesign that lowers fees today can also build loyalty and market share tomorrow.

Partnerships can unlock new advantages.

Working closely with recyclers, Producer Responsibility Organizations (PROs), and material innovators allows businesses to explore novel solutions such as reusable systems, compostable packaging, or advanced recycling technologies. By leaning into collaboration, producers can move from compliance to leadership.

ESG and brand credibility are at stake.

Investors, regulators, and consumers are paying closer attention to how companies address packaging waste. Businesses that proactively embrace EPR can incorporate it into their Environmental, Social, and Governance (ESG) reporting, turning regulatory compliance into a narrative of innovation, responsibility, and growth.

From Compliance to Competitive Edge

Three ways producers can win under EPR:

1. Redesign packaging for lower fees → Immediate cost savings.
2. Build ESG advantage → Stronger brand equity and investor appeal.
3. Engage in policy feedback → Shape future regulations and be recognized as an industry leader.

The Future
of Packaging Starts Now

Extended Producer Responsibility is no longer a distant possibility. Oregon's SB 582 marked the first U.S. step toward eco-modulated packaging fees, and states from California to Maine are quickly following suit. The message for businesses is clear: packaging decisions are now regulatory, financial, and reputational.

The risk of inaction is real. Companies that delay will face higher costs, rushed compliance efforts, and potential penalties. But for those that prepare early, EPR provides a pathway to innovation, cost savings, and leadership in a market where sustainability is increasingly non-negotiable. With the right preparation, compliance can become your competitive edge.

Appendix: Glossary of Key Terms

Term	Definition
Circular Action Alliance (CAA)	The nonprofit, producer-led Producer Responsibility Organization (PRO) designated to implement and manage packaging EPR compliance programs in the U.S.
Compliance Reporting	The annual process where producers provide data on packaging weight, material composition, and recyclability to the PRO.
Covered Materials	Packaging and paper products that fall under EPR laws; definitions vary by state.
Eco-Modulated Fees	Fee structures that charge less for recyclable or compostable packaging and more for hard-to-recycle materials.
Extended Producer Responsibility (EPR)	A policy framework that shifts the financial and operational responsibility for packaging waste from taxpayers and municipalities to producers.
Importer	A company that brings covered packaging into the U.S. for sale or distribution. Under EPR, importers are responsible only if no brand owner, licensee, or manufacturer is based in the U.S.
Licensee	A company authorized to manufacture or distribute a branded product. Under some EPR laws, the licensee may carry producer responsibility.
Material Recovery Facility (MRF)	A facility where recyclables are sorted, cleaned, and prepared for resale to manufacturers.
Municipal Reimbursement	Payments from the PRO to local governments to offset recycling costs and fund infrastructure improvements.
Post-Consumer Recycled (PCR) Content	Materials that have already been used by consumers and then collected, recycled, and reprocessed into new products.
Private Label / House Brand	Products sold under a retailer or distributor's own brand but produced by another manufacturer. Under EPR, the brand owner is typically responsible.
Producer	The legally obligated entity under EPR. Usually the brand owner or trademark holder, but can also be a licensee, manufacturer, or importer depending on circumstances.
Producer Responsibility Organization (PRO)	A nonprofit third-party entity that collects EPR fees from producers and distributes funds to municipalities, recyclers, and recovery systems. In the U.S., CAA is the designated PRO for packaging.

AFFLINK

Contact the AFFLINK team for further engagement on state-by-state resources available to your company.

1-800-222-5521 | info@afflink.com | afflink.com