

Keurig Dr Pepper Canada Submission

**Public Comment on Regulatory Amendments to make
Producers Responsible for Operating Ontario's Blue Box
Program.**

Introduction

Keurig Dr Pepper Canada strongly supports the Ontario Government's plan to reduce the amount of waste going into landfills and becoming litter, and we welcome new opportunities for Ontarians to participate in efforts to reduce waste. We applaud the Ontario Government, Premier Ford and the Minister of the Environment, Conservation and Parks, the Honourable Jeff Yurek, for taking a common-sense approach to recycling by expanding the Blue Box program and ensuring there is a greater variety of items such as K-Cup® pods accepted in the system.

With an increasing interest from consumers for easy-to-brew, fresh coffee, Keurig Dr Pepper Canada began phasing out all non-recyclable K-Cup® pods from the marketplace in 2017, and by the end of 2018 successfully transitioned 100 per cent of its production to Keurig's recyclable, polypropylene K-Cup® pods, which are made in Canada and are available in stores across the country. K-Cup® pods currently represent approximately 85 per cent of the coffee pods available in Canada's grocery stores, and Keurig Dr Pepper Canada proudly roasts its coffee at its Montréal plant and employs more than 1,500 employees across Canada, including over 150 in Ontario.

Moving towards a full producer responsibility model is the most efficient way to ensure the achievement of waste diversion targets. It is the right approach, and we look forward to working with the government at every step of the way throughout this important process.

In collaboration with the plastics and recycling industries, Keurig Dr Pepper invested significantly in research and development, culminating in the development of a recyclable K-Cup® pod. We identified polypropylene (plastic #5) as the ideal material for Keurig coffee pods because it performs well under heat and pressure in coffee makers, is accepted in 95 per cent of Canadian municipal recycling programs, has a high value for recyclers and an already existing end-market. We conducted testing in 12 material recovery facilities (MRFs) in Canada and the United States to make sure K-Cup® pods could be effectively sorted and captured, with a real potential to be recycled. More specifically, three of those RFID tests were done in Ontario recycling facilities. Those tests yielded positive results that confirmed the actual recyclability of our polypropylene K-Cup® pods. We are determined to support optimizing current recycling systems and infrastructure, as well as support the development of new technologies and processes that can lead to the production of high-quality recycled materials. Such innovations will help us keep material in circulation as long as possible and out of the environment, in a truly circular economy.

We appreciate the Ministry of the Environment, Conservation and Parks' efforts to improve the performance of recycling programs in Ontario and welcome the opportunity to submit our response to the ministry's regulatory consultations. The Ontario market is Keurig Dr Pepper Canada's largest in terms of sales and consumer base in Canada, and we are determined to ensure that Ontarians can also benefit from being able to recycle K-Cup® pods in a simple and efficient way, as it is the case in other jurisdictions across Canada. Rest assured, we are aligned in our commitment to increase the amount of waste diverted from landfills and trust that the information offered in this submission will help guide and support the Ministry's proposed regulatory changes to build a more sustainable future for all Ontarians.

Our Commitment to Sustainability

Since 2019, Keurig Dr Pepper Canada has been building a business model that focuses on sustainability by improving its environmental impact, to act as a catalyst for doing good around the world, as reflected in its corporate responsibility platform “[Drink Well. Do Good](#)”. We are proud of the culture of innovation we’ve curated and the advancements we’ve made as a result. We are striving for zero waste throughout our North American operations and positive impact across the company’s entire footprint by focusing on all environmental impacts and natural resource use.

We are committed to supporting the development of a circular economy, and the elimination of packaging waste. This is why we have given ourselves ambitious targets related to our packaging. Indeed, we committed to have 100 per cent of our packaging recyclable or compostable by the end of 2025, and to use 30 per cent post-consumer recycled material across our packaging portfolio. We are already making good progress towards those targets. While those objectives are inclusive of all packaging materials, we are deploying specific efforts to support the increased use of recycled plastics, knowing that these materials represent a great opportunity for increased circularity.

We believe building a circular economy is based on collaboration. There needs to be efforts from government, producers, retailers, the recycling industry and consumers. We all have our role to play. In pursuit of the development of a circular economy, Keurig Dr Pepper Canada has entered into a collaborative partnership with Lavergne, a leading Montréal-based post-consumer plastics resins processor, to incorporate [post-consumer recycled](#) (PCR) plastic into its coffee makers.

Keurig Dr Pepper Canada is now using PCR plastic to manufacture two of its most popular coffee makers, the Keurig® K-Mini®, made with at least 20 per cent PCR plastic, and the Keurig® K-Mini Plus®, made with at least 30 per cent. This innovation provides Canadian consumers with more responsible choices and represents the culmination of years of planning and concentrated effort to push the limits on how PCR plastic can be used in these products.

This is an illustration of our commitment to build a more sustainable future, as it required a substantial change in our manufacturing process. This is just the beginning of our efforts to incorporate PCR plastic into our products, with more models and a higher proportion of PCR materials used in the near future. We want to be an active player of the circular economy and believe that contributing to an increased demand for recycled materials is a key strategy to achieve this goal.

In order to respect food health and safety regulations, food packaging must be made of “food grade” materials. In other words, any packaging that touches food or beverages must adhere to regulations set by Health Canada. The access to PCR food grade materials is limited, and this is the case for polypropylene, which our coffee pods and our apple sauce cups are made of.

Furthermore, we support the Ontario government’s proposed diversion targets for recyclable materials, as well as the recognition that recycled content sourced from Blue Box materials could reduce those targets in the following calendar year up to a maximum of 50 per cent. Keurig Dr Pepper Canada continues to find innovative methods of incorporating PCR materials into existing and new products, however, this should not be limited to PCR only from Ontario, but from all PCR plastic collected

While our coffee pods are not yet made out of PCR plastic, they are recyclable in three easy steps: 1) peel off the foil lid; 2) compost the coffee grounds; 3) and recycle the #5 plastic cup in the blue bin, alongside other recyclable containers. We are committed to ensure the proper consumer education is in place to support the adoption of recycling right behaviours.

Additionally, one of the most effective ways of ensuring compliance and avoiding contamination of recyclable materials is through consumer education. Keurig Dr Pepper Canada has engaged in its own consumer education efforts, particularly in British Columbia. In conjunction with Recycle BC, we conducted a study to test whether consumer education could positively impact consumer behaviour. Our findings showed that after two years, 79 per cent of K-Cup® pods were recycled properly, having been emptied of their contents before collection. This represented an 18 per cent increase from the initial baseline.

The Ontario government must help optimize current recycling systems and infrastructure, as well as support the development of new technologies and processes that can lead to the production of high-quality recycled resins. Such innovations will help keep material in use as long as possible. With government investing in the recycling system, producers focusing on innovation and consumer education, and consumers recycling properly, we can build a strong circular economy in Ontario.

To that end, Keurig Dr Pepper Canada supports the Ontario government's proposed regulations on promotion and education on the common collection system or a local alternative system. Further, Keurig Dr Pepper Canada is willing to partner with the Ontario government and municipalities throughout the province to support their efforts in developing consumer education initiatives to improve waste diversion rates and would welcome the ability to share our findings from our study with Recycle BC. Keurig Dr Pepper Canada is committed to consumer education as a priority to ensuring adoption of the required recycling behaviour. All of our efforts testify to that, be it the executed consumer education campaign launched in BC, the ongoing cross-country mass media campaign, digital educational videos, experiential marketing, as well as clear communication on our packaging at point of purchase and on our website.

The Path Forward

The demand for recyclable coffee pods is there, and a viable end-market already exists in Canada for polypropylene, which is a highly valued and in-demand material. Several recycling stakeholders, such as Merlin Plastics Group, Canada's largest plastic recycler, and ReVital Polymers, have confirmed that K-Cup® pods would be a welcome addition to their polypropylene streams and would be willing to receive and process K-Cup® pods for the production of high-quality recycled polypropylene resin.

New players like Green Mantra are also emerging in Ontario, further expanding market opportunities for polypropylene and other quality plastics. Keurig Dr Pepper Canada has supported Green Mantra through a \$3 million grant of the Closed Loop Fund, a collaboration between industry partners to fund scalable services and infrastructure in support of the development of a sustainable economy. Similar supports offered by the Ontario government would help further build out Ontario's waste diversion capacity and progress the province's development of its own truly circular economy.

Moreover, the example of British Columbia proves that recycling the plastic from coffee pods is possible and can be a very effective way to ensure more sustainable waste management. Indeed, recyclable coffee pods are accepted for recycling throughout the province, and the plastic that is recovered is introduced in the manufacturing of new products, contributing to the establishment of a circular economy.

We support the opportunity to harmonize blue bin materials collected across Ontario and collaborate on the type of collection activities undertaken. We believe that in order to achieve higher diversion rates, more materials should be accepted in the Blue Box as proposed by the Ontario government. A key

recommendation of the David Lindsay's report stated that "blue boxes across the province should collect a more consistent set of materials to make recycling easier for citizens, ... more efficient for processors, and more cost-effective for producers." We agree with the Lindsay Report's conclusion that "collecting the same materials across the province can reduce contamination, improve sorting and support end-markets." We believe a mechanism should be in the Draft Regulation to achieve this objective.

Certified recyclable Keurig® K-Cup® pods account for about 85 per cent of the pod market, making the format fairly standard across Canada. As previously indicated, the pods are made out of polypropylene, or plastic #5. Containers made from this material are accepted in 95 per cent of Canadian municipal recycling programs. Unfortunately, Keurig® K-Cup® pods are not yet accepted under most of Ontario's old regulations and are not diverted from the waste stream, ending up in local landfills. We commend the Minister and Ontario Government for wanting to correct this situation, and we remain committed to ensuring that every coffee pod we sell in Ontario ends up in a blue bin program – continuing to have recyclable products going into the trash is not the result that anyone wants.

With Keurig Dr Pepper Canada's leadership in the coffee pod market, it is important that we be part of discussions and consultations surrounding standardization that would allow certified recyclable Keurig® K-Cup® products to be accepted in the next iteration of the province's Blue Box program.

For example, in Quebec, Keurig Dr Pepper Canada worked with Recyc-Quebec, who launched a waste wizard app allowing residents to see what goes where and in what city, and officially added K-Cup® pods as a recyclable item accepted in the vast majority of municipalities. Keurig Dr Pepper Canada has facilitated consumer education through experiential marketing encouraging customers to download the app and demonstrate how to process K-Cup® pods correctly. A similar centralized program launched here in Ontario would provide the public clear direction on what should and should not go in the Blue Box and could be supplemented by more consumer education.

Collaboration between various stakeholders and producers is key for success. For example, through the research we have done, investments we have made, and collective action that we are driving across industries, we believe that we can have a positive impact beyond improving the recycling of coffee pods. Indeed, we are confident that our efforts can help facilitate the recycling of a wider category of small items made of plastic, and of polypropylene. These categories include small plastic containers like yogurt, pudding and fruit cups, pill bottles, travel size personal care containers and many more items. These packages represent a great resource and we now can capture their value and recycle them.

We also support the province working with other provinces, territories and the federal government to adopt standardized how-to-recycle labels on packaging to encourage consumers to recycle properly and limit confusion.

Beverage Containers

While Keurig Dr Pepper is well known in Canada for its coffee makers and its K-Cup® pods, we do have a vast portfolio of cold beverage brands like Canada Dry, Mott's Clamato, Fruitsations, Schweppes, Snapple, Real Lemon and many others. As part of our sustainability approach, we have committed to increase recycled content by including 30 per cent of recycled content in all packaging by 2030 and in certain markets, we have introduced 100 per cent recycled PET bottles on some of our beverage brands.

We commend the government for working closely with the Canadian Beverage Association to incorporate a non-alcoholic beverage container diversion target in the Draft Regulation. Unlike other packaging, increasing beverage container recycling above current rates involves expanding the producer obligation beyond just the residential sector. Keurig Dr Pepper Canada also supports the MECP's proposed targets of 75 per cent beverage container diversion by 2026 and 80 per cent diversion by 2030. If implemented, these proposed targets will harmonize Ontario with the rest of Canada. Today, Ontario is the only province in the country without a beverage container recycling program and a regulatory requirement applying to the total supply of beverage containers. With 30 to 40 per cent of beverage products consumed away from home, we cannot make meaningful improvements by only collecting beverage containers in the residential sector. We must have collection programs for Ontarians both at home and away-from-home.

Conclusion

As the third largest beverage producer in the country, Keurig Dr Pepper Canada supports extended producer responsibility and harmonization of blue bin materials collected across Ontario. With Keurig Dr. Pepper Canada's significant market share in the coffee pod market and the usage of coffee pods increasing, it is important that we be part of discussions and consultations surrounding standardization and expansion of the Ontario Blue Box Program.

The right solution is one that is widely accessible. This is why Keurig Dr Pepper Canada developed its recyclable solution in close collaboration with leaders from the plastic and recycling industries. That collaboration ensured that the material that was chosen would be widely accepted in municipal recycling programs across Canada, and that would be of high value for recyclers.

Based on flow testing data and direct engagement with the industry, ensuring that all plastic containers including coffee pods and other small items such as Mott's Fruitsations apple sauce cups can be recycled at curbside maximizes the chances to divert a substantial amount of waste from the landfill and achieve related targets. Indeed, Canadian consumers are accustomed to the convenience not only of their home recycling system, but also to the simplicity offered by their coffee maker.

Keurig Dr Pepper Canada firmly believes that building a circular economy in Canada and beyond is the way forward. The company is committed to contributing to this end goal. Together, we can keep packaging out of landfills and make better use of our planet's scarce resources by giving materials a second life without depriving Ontarians of the products they desire in their everyday lives. Again, we commend Minister Yurek and the Ontario Government for their forward-thinking proposals to get more plastic in the blue box, as opposed to in landfills. Keurig Dr Pepper Canada looks forward to continuing to work with the Ontario Government to ensure these important initiatives toward more recycling and sustainability are met.