

2015
ANNUAL
REPORT





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Dear Member

We are delighted to release the first Annual Report for the Simply Cups scheme, detailing both our progress in 2015 and our vision for 2016 and beyond, ensuring that we have a robust and commercially viable solution for cup recovery and recycling in the UK.

Simply Cups is still the UK's ONLY dedicated paper cup collection and recycling service, providing a credible and transparent solution for paper cup manufacturers, organisations operating in the supply chain, as well as end user organisations responsible for the disposal of paper cups. In line with the huge success of the UK coffee industry – which has outperformed other sectors in our economy for a number of years – disposable cups are now the fastest growing single-use packaging product in the hospitality and food service sector. With a conservative estimate of 2.5 billion paper cups currently being sent to landfill or incineration, and set to steadily increase year on year, the demand for the Simply Cups service will be ever increasing.

For a long time now, those responsible for the disposal of paper cups have been under the misapprehension that used paper cups would be recycled when placed into a co-mingled recycling stream. Whilst poly-coated fibres (used to manufacture paper cups) have long been a contaminant to UK sorting and reprocessing facilities, recent market forces have now led waste collectors to stipulate that this material can no longer be placed into mixed recyclables and must therefore be disposed of as general waste. This not only increases the cost of disposal, but also challenges the validity of recycling rates claimed over previous years.

Simply Cups has already proved that it can guarantee the recycling of used paper cups in the UK in a commercially and operationally viable manner which also, furthermore, validates recycling performance. As we continue to recover more used paper cups from the marketplace, there will be further opportunities to deliver operational efficiencies and to increase the financial value of the material collected. In stimulating the marketplace for this UK derived, post-consumer material, we will in turn be able to reduce the cost of participating in the scheme (both Membership and collections), and facilitate our transition from engagement with early adopters, to a solution for the mass market.

We would like to offer our thanks to all of our Members who have supported us so far and we look forward to engaging with a wider audience in 2016 in order to demonstrate further that a collaborative approach to long term resource efficiency is not only possible, but also commercially beneficial for all involved.

Regards

Peter Goodwin

Director – Closed Loop Environmental Solutions
Co-founder of Simply Cups

James Capel

Managing Director – Simply Waste Solutions
Co-founder of Simply Cups

BACKGROUND

Since the demise in 2010 of the UK's previous cup recycling scheme, there had been a significant gap in the market; fundamentally, a need for a service that would guarantee that all cups recovered after use would be recycled in the UK and then incorporated into the manufacture of new products.

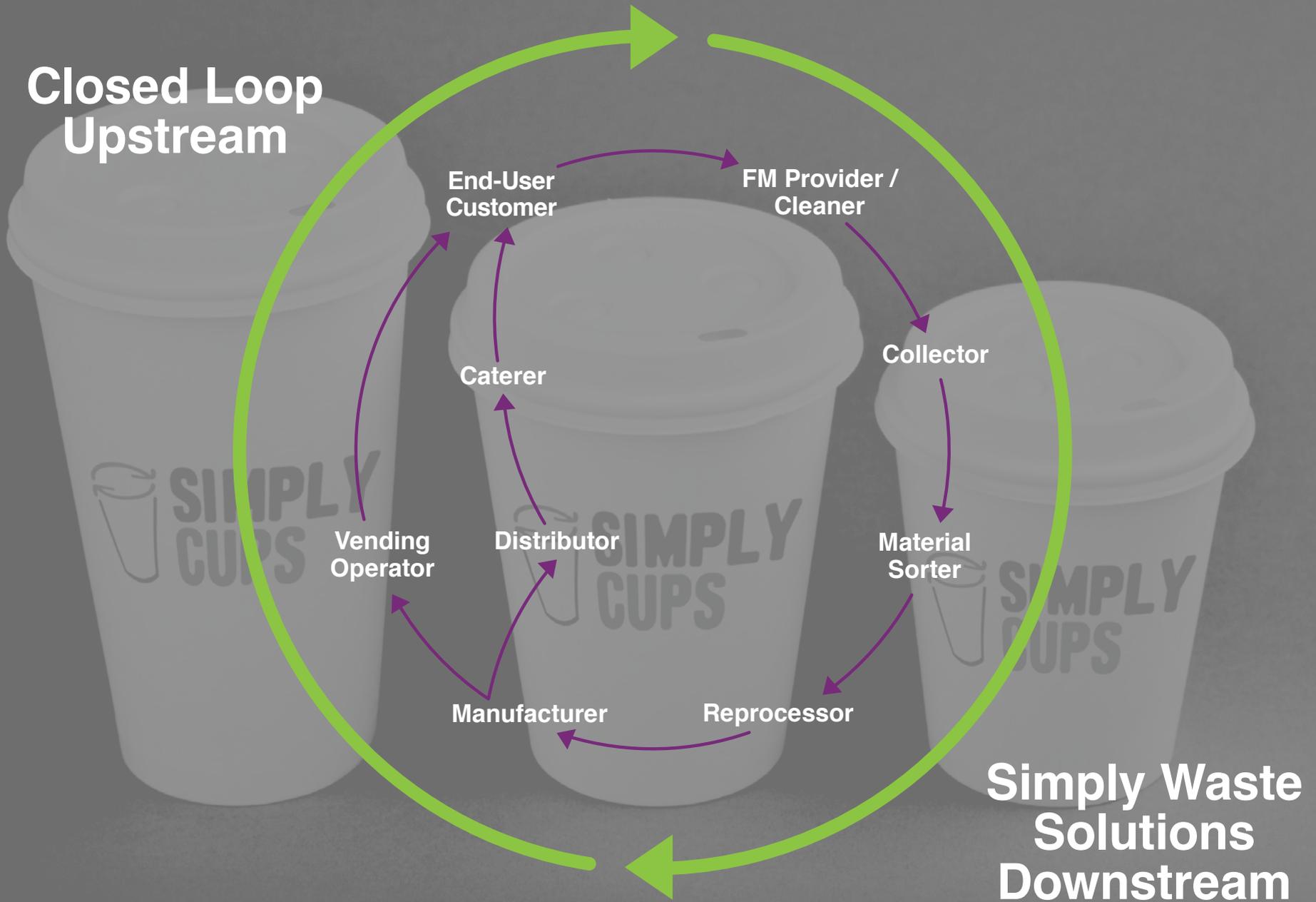
Subsequent attempts to re-launch cup recycling initiatives had failed, predominantly due to the absence of the required local reprocessing facilities and of efficient and flexible logistics solutions to collect and bulk the required volume of material, and to ultimately ensure that the solution was commercially viable.

2013 saw the emergence of two UK reprocessing facilities that could separate the plastic lining from the paper, of which paper cups are comprised, and therefore were able to realise the value from both materials. This meant that paper cup recycling now became viable and resulted in a joint venture between Closed Loop Environmental Solutions (CLES) and Simply Waste Solutions (SWS) to address the problem.

CLES has long been a pioneer of sustainability in the hospitality and food service industry, working with customers upstream to specify material inputs, predominantly disposable food service packaging, around which to design and implement programmes that optimised commercial and environmental performance. SWS is a forward thinking and rapidly growing waste collection provider, independent of waste sorting or reprocessing infrastructure and, therefore, shared this common objective – to deliver customers the best commercial and environmental outcome which they could achieve through the provision of a highly efficient logistics solution.

With a joint responsibility to engage with end-user customers, and consumers, to provide material in a format that would facilitate recovery (i.e. the segregation of paper cups at source), CLES' experience working upstream (manufacturers, distributors, caterers) and SWS's experience working downstream (facilities management companies, cleaning companies, waste management providers, material reprocessors), meant that for the first time there was complete engagement across the entire material lifecycle from which a robust, transparent and long-term solution to paper cup recovery and recycling could be delivered.





LAUNCHING SIMPLY CUPS

Simply Cups launched at the Emirates Stadium in August 2015 with a commitment to provide paper cup manufacturers, organisations operating in the supply chain, as well as end user organisations responsible for the disposal of paper cups, with a cost-effective and transparent solution that would enhance their commercial and environmental performance.

Operating as a commercial business, Simply Cups was to be funded via a Membership scheme (operated by CLES), with those signing up gaining access to the dedicated collection service (operated by SWS).



To enable all organisations involved in the paper cup lifecycle to participate (given that only the end-user customer is responsible for disposal after use), the scheme was categorised by the following Membership Categories:

Coinciding with the introduction of the Simply Cups website www.simplycups.co.uk, the launch event was attended by our 12 Founding Members. This number quickly grew to the 16 Members who are detailed below:

Manufacturer

Any company involved in the manufacture of paper cups or components of paper cups

Supply Chain

Any company involved in the journey of the paper cup from the manufacturer to the end-user customer

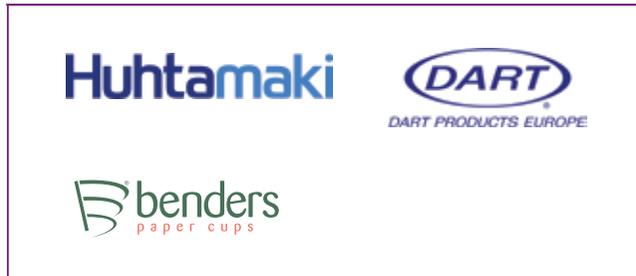
Customer

Any company that have used paper cups in their waste stream

Supporter

Trade Associations, not-for-profit and NGO's

Manufacturers



Customers



Supply Chain



Supporters



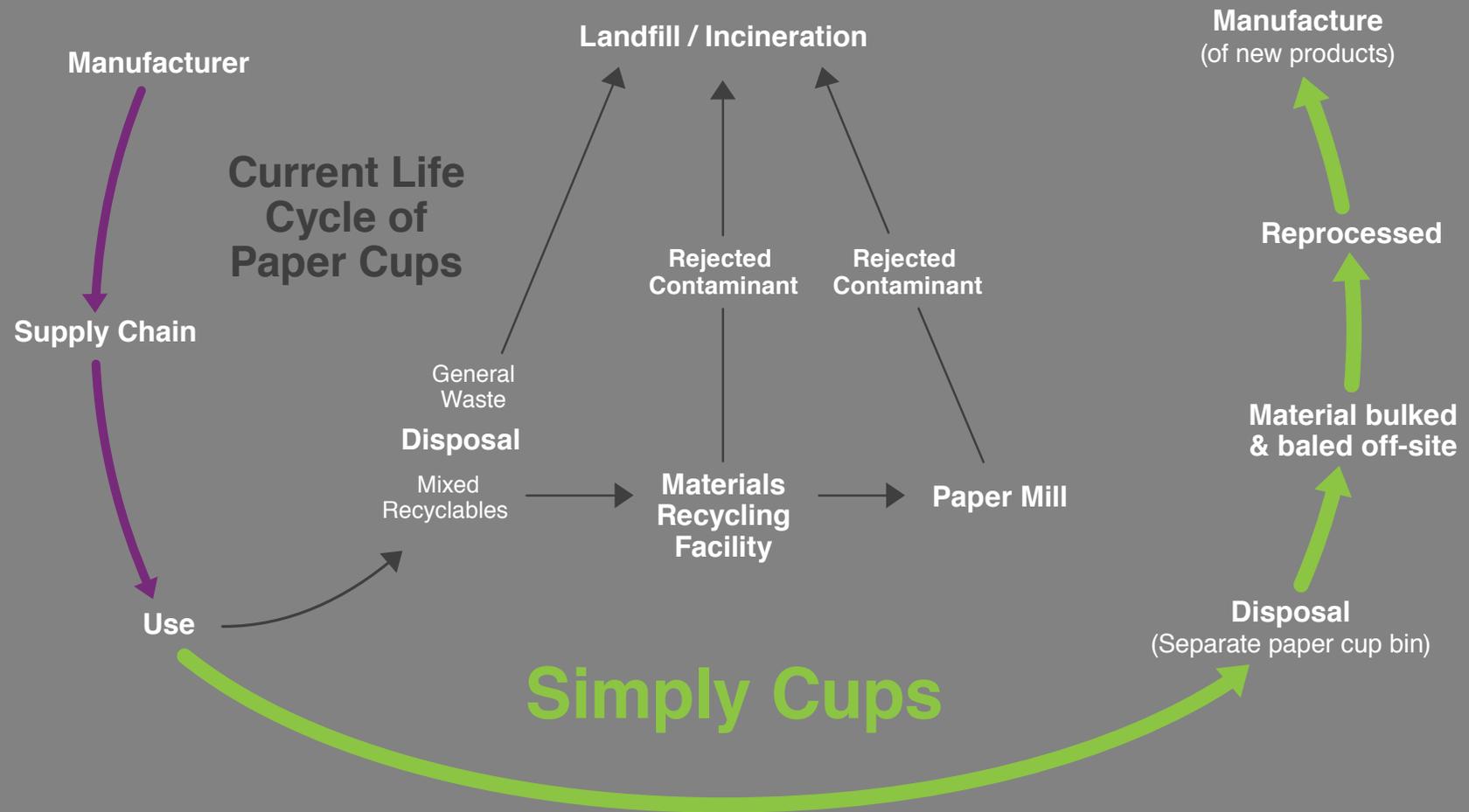
THE PROCESS

With a longer term objective to provide a collection service throughout the UK, Simply Cups initially focused on the geographical area covered directly by the SWS fleet – namely Greater London and the Thames Valley.

By working with customers who share our desire to recycle paper cups, the Simply Cups process is based on achieving segregation of this material at source – which delivers significant financial savings to the customer when collecting cups stacked, as opposed to loose.

The ability to collect segregated material, whether contained in bags or mill size bales, and bulked into the required volume for onward transport to the reprocessor, enables us to maintain complete transparency of the material lifecycle. This is in stark contrast to disposal via a co-mingled recycling stream, in which the paper cup is currently treated as a contaminant and its subsequent end-of-life therefore becomes unclear when entering a Materials Recycling Facility (MRF)

Customer participation in the Simply Cups scheme ensures that all used paper cups collected will be recycled in the UK and therefore validates customer reporting with a transparent and auditable route for recovery and recycling.



OPERATIONAL LEARNINGS

During our first 18 months of full operation, we have already met a number of commercial and operational challenges, which is typical of what would be expected from an early-stage service. We know, for example, that very large, multi-site, customers procure a huge amount of services from their contractors, or brokers, and as such can command a very low unit cost price. For large companies with big purchasing power, paper cup recycling is now fast becoming an obligation and therefore urgently need our services, even though we may not be able to match their very low unit price.

We can, however, combat this by implementing a number of measures that bring additional value, such as identifying cost savings elsewhere in the supply chain, as well as addressing their sustainability needs. For example, we can introduce recycling bins that greatly improve the segregation of paper cups, preventing them going into general waste bins, which will be cheaper for the client. And, now that ordinary paper cups can be recycled, customers can switch away from the more expensive compostable equivalents. Furthermore, the customer now has full traceability of paper cup disposal and can genuinely demonstrate they are being recycled, as opposed to being sent to landfill or incinerated.

Since most consumers have been under the misapprehension that paper cups have always been recycled – just like other paper products – behavioural change is required so that people understand that paper cups now need to be treated differently. We believe, therefore, that a key factor in the success of a client's paper cup recycling initiative must be a strong focus on consumer engagement. Over the last year, we've put resources into developing educational programs and events, often at the client's site, to reinforce segregation and recycling. For the client, this means that there is less need for additional manual sorting and, therefore, fewer additional costs.

The success of the scheme has also meant we have had to far sooner address the issue of establishing collections outside of the initial area of operation; essentially London and the Thames Valley. This was easily solved though, since Simply Waste Solutions already has a robust a sub-contractor network throughout the UK, which means that we can service many more customers at the same competitive rates and with the same efficiency.

We have also learned that to maximise recycling rates, we need to provide the reprocessors with good quality material that is free, as possible, from contamination. This also means ensuring that the material, once collected and stored at our transfer station, is efficiently bulked to avoid material degradation. To achieve this, we are now sending smaller loads, more frequently to the reprocessing plants.

The processors themselves have also been quick to adapt. Before the paper and plastic components are separated, the paper cups first needed to be shredded – and ideally before they reached the reprocessing plant. This was initially a logistical issue for us but, however, we are delighted to report that the reprocessors are now able to receive unshredded paper cups, therefore eliminating a major add-on cost.

“Over the last year, we’ve put resources into developing educational programs and events to reinforce segregation and recycling”



ACHIEVEMENTS



On launching the scheme, we implemented our first collection service at the John Lewis Partnership head office, in London. In March 2015, we then delivered our first bulk load of used paper cups to Sonoco Alcore for reprocessing, by which point the scheme had recovered and recycled in excess of 1 million paper cups.

This initial activity provided us with significant operational learnings. This enabled us to become more efficient and effective, not only engaging with the end user customers to segregate used paper cups at source, but also in working downstream to reduce processing costs and improve the commercial viability of the scheme.

There has undoubtedly been significant interest from various sections of the media, with over 100 press articles alone written about the scheme by mid-2015. We were also shortlisted for 7 leading industry awards – including the 2015 Business Green Leaders Awards, at which Simply Cups won the award for ‘Waste & Recycling Project of the Year’.



'The judges were won over by the Simply Cups partnership and its successful addition to the UK recycling landscape. Thanks to Simply Cups paper cups can now be recycled in the UK for the first time. And thanks to the companies' cost effective technology and innovative partnership approach many of the UK's leading firms are now taking advantage of this new capacity'.

In our opinion, however, the overriding success of Simply Cups has been the ability to deliver a transparent, credible and financially sustainable solution under which we can facilitate collaboration between competing brands. This has enabled us to access the volume of material required to sustain and ultimately reduce the cost of participation.

Collaboration was a strong theme of our second Simply Cups Members' event, held in London in June 2015, and was recognised by the Manufacturing Commission, to which we were invited to provide evidence that contributed to their subsequent report 'Industrial Evolution – Making British Manufacturing Sustainable' – in which Simply Cups features as a Case Study within the System Redesign section.

THE FUTURE

Whilst we have received significant support from manufacturers and organisations operating in the supply chain, the continued success of the scheme will be based on increasing the volume of paper cups recovered from the marketplace. This is reliant on increasing membership in the ‘Customer’ category – i.e. those responsible for disposing of paper cups.

At our Members’ event in 2015, we set a recycling target of 6 million cups per annum by the end of 2016. Whilst we are still on course to achieve this, there are a number of exciting new developments that we will be launching in 2016 to support this objective:

Incorporating plastic cups

When designing and implementing cup collection systems for end-user customers, it has become apparent that a variety of materials are used for beverage service and, in many cases, there is a mix of paper and plastic cup usage on site. With this in mind, Simply Cups will expand to incorporate a solution for plastic cups; polypropylene (PP), high impact polystyrene (HIPS) and polyethylene terephthalate (PET). The scheme will therefore transcend to be the UK’s only dedicated cup collection service, which will facilitate further involvement from the vending and water cooler industry.

National coverage

Whilst Simply Cups initially provided collection services within Greater London and the Thames Valley, there has been sufficient interest from outside of this geographical area to enable us to expand the solution nationwide. Whilst a certain threshold of collections will still be required to develop these routes, we expect to be able to provide a service to all major UK conurbations by the end of 2016.

Dedicated resource

Increasing interest and participation in the scheme evidently requires additional resource to engage and support current and prospective Members. We have already hired a dedicated Scheme Manager to oversee this process and we will hire further resource as the scheme expands to ensure that we continue to maintain an exceptional level of service.

Upgraded website

Further efficiencies will also be achieved by enhancing the level of information provided to current, and prospective, Members on the scheme website. Coupled with the addition of an e-commerce capability, we will ensure that organisations interested in joining can easily access information they require, quickly calculate the commercial and environmental benefits of participation and sign-up on line by following a simple process.

Re-Sale of recycled products

Many participants in the scheme have already expressed an interest in purchasing products made from the materials that are collected. In response, the upgraded website will feature an on-line shop incorporating products that are manufactured using post-consumer material derived from the UK, which will be manufactured from the materials collected via the scheme once we have achieved the required volume of collections.

“The continued success of the scheme will be based on increasing the volume of paper cups recovered from the marketplace”



OUR VISION

To create a market for used paper and plastic cups, ensuring that this resource is recovered for use in the manufacture of new products and not disposed via landfill or incineration.

OUR VALUES

Dedicated to Collaboration

Simply Cups provides a framework under which competing brands and organisations can collaborate to collectively solve an issue encountered by all. Given the complexity of the supply chain, and the volume of material required to deliver the economies of scale to support a long-term commercially viable solution, the issue of disposable cup recovery cannot be solved by one organisation alone.

A Transparent Approach

Simply Cups cultivates a culture of transparency, and promotes transparency within our Members. We believe that the sharing of information, knowledge and ideas creates open and honest relationships that will only assist us to deliver our vision. We also believe that those responsible for disposing of cups (and whom we are asking to place in the correct bin) have the right to know that their cups can be diverted from landfill or incineration by Simply Cups.

Exceptional Service

Simply Cups was founded based on a desire to take action to address the issue of cup recycling and as such, we work with our Members to take action to achieve their sustainability goals. We are always willing to go the extra mile to solve complex issues and to deliver a solution that is right for our Members – whether large or small, viewing each challenge with optimism.

“The issue of disposable cup recovery cannot be solved by one organisation alone”



“The success of Simply Cups has been the ability to deliver a transparent, credible and financially sustainable solution under which we can facilitate collaboration between competing brands”



*“The sharing of information,
knowledge and ideas creates open
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only assist us to deliver our vision”*



For further information on Simply Cups, please do not hesitate to contact us on 0808 168 8787 or info@simplycups.co.uk



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Simply Cups is a members only paper cup recycling scheme operated as a joint initiative between Closed Loop Environmental Solutions and Simply Waste Solutions. If you require more information on either of these companies or the Simply Cups Recycling Scheme then please contact us using the details above.

