

LPMA Fee Setting Policy

Objective:

The objective of this Policy is to guide LPMA and its subsidiaries and affiliates, as applicable (collectively, “**LPMA**”) in setting EPR program fees to meet applicable state requirements.

Principles:

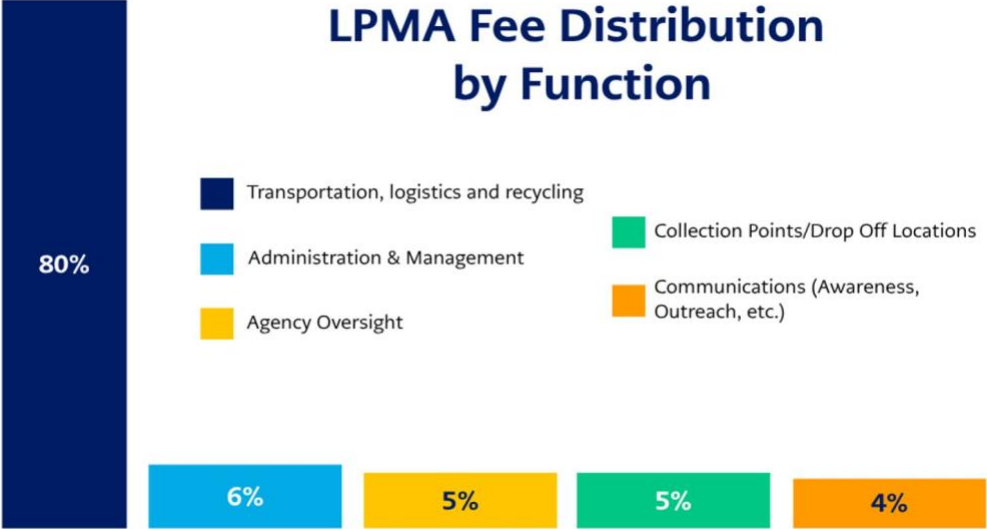
1. **Consistency:** To the extent that its applicable does not conflict with respective state laws, this Policy will be used consistently across all states in which LPMA administers an EPR program.
2. **Equity:** Fees will be assessed based on the costs of managing each product type supplied to market. Fees may vary by material type, size and recyclability.
 - **Cover Program Costs:** Fees must cover the compliance costs in each state.
 - **Recalibrating to True Cost:** LPMA will regularly assess the costs of managing each product type and recalibrate applicable product fees.
3. **Clarity:** Fee-setting will be clear and transparent.
 - **Advanced Lead Time:** LPMA will provide affected participating producers with reasonable notice of any changes to fees in advance of implementation dates.
4. **State Compliance:** Fees will account for and comply with applicable state requirements, including eco-modulation requirements, collection targets, and other program fees, as applicable.

Program Costs

The program costs in each state will vary based on state requirements and marketplace conditions. Typical program costs includes material collection and recycling, depot infrastructure, public communications, stakeholder engagement, compliance reporting, fee collection, state oversight and program administration. Relevant marketplace conditions can include transport distances, recycling infrastructure availability, commodity prices and other relevant factors.

The diagram below represents a typical fee distribution by program function.

LPMA Fee Distribution by Function

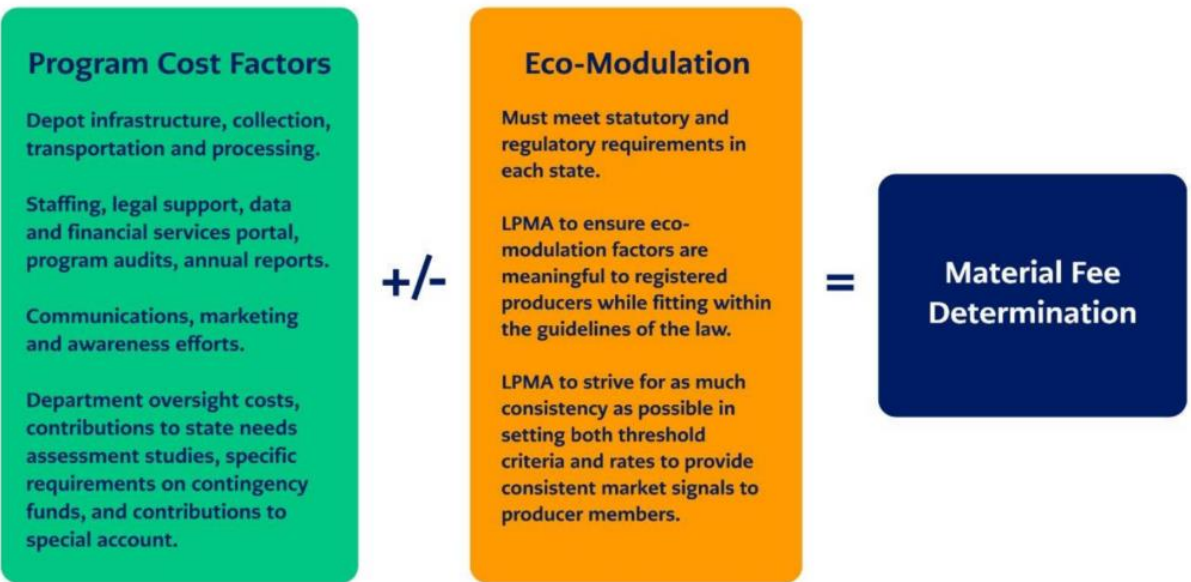


Fee Setting Methodology:

LPMA will follow a four-step process in setting fees.

1. Assess the costs to manage each product type.
2. Establish a cost-based fee for each product type.
3. Apply state eco-modulation requirements, if applicable.
4. Provide notification within a reasonable time frame (e.g. 90-days) to affected participating producers of any fee changes. Exceptions may be necessary to implement changes in a shorter time frame if required by law, rule, regulation, or the relevant government authority.

Program Cost and Eco-modulation:



Eco-modulation:

U.S. packaging EPR laws may include requirements for eco-modulated fees. Eco-modulated fee setting is a mechanism that adjusts fees based on the environmental performance of packaging and is intended to incentivize producers to design environmentally friendly packaging. Fees can either lower producer responsibility dues (PRDs) to incentivize certain practices or increase PRDs to deter certain practices.

There is a high degree of variance in state mandated eco-modulation incentives (bonuses) and disincentives (maluses), including factors such as post-consumer recycled content, reduction, recyclability, and reuse. Where there is flexibility, LPMA will strive for as much consistency as possible in setting both threshold criteria and bonus/malus rates to provide consistent market signals to producer members.

Example of eco-modulation incentives:

The use of Post Consumer Recycled content (PCR) is currently required in several packaging EPR laws in the US.

In Colorado where LPMA has an approved Independent Program Plan, the state established, by way of rulemaking, a specific incentive, as well as encouraging programs to provide an additional incentive.

Regulations amended on November 18, 2025 contain a 1% reduction in dues for each qualifying material that meets proposed criteria.

LPMA must provide this incentive to participating producers, as well as propose an additional program incentive.

In considering additional thresholds (e.g., the PCR percentage threshold), criteria (e.g., the geographic area for content sourcing), and incentive amount (e.g., percentage of dues reduction), LPMA will comply with eco-modulation requirements in respective EPR laws and regulations. LPMA will strive to use industry's best available data to model the estimated impact of each incentive on the overall program budget, recognizing that an incentive or disincentive will impact overall program revenues generated by producer fees.