Recycling Compliance Reporting with SAP Recycling Administration

Applies to:

SAP-Recycling Administration

For more information, visit the [Governance, Risk, and Compliance homepage](#).

Summary

Legal requirements, coupled with an increasing awareness of the environment, have made modern enterprises with a completely new challenge. In Europe, packaging waste, disposed batteries and the waste electrical and electronic equipment (WEEE) directives requires manufacturers for the correct disposal and recycling of the waste generated from their products. To comply with these recycling directives, companies must submit information on the products they bring into market to a central agency, which consolidates the data for local authorities. Firms that operate globally must account for country-specific differences in the respective directives, making compliance even more challenging.

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Author Bio

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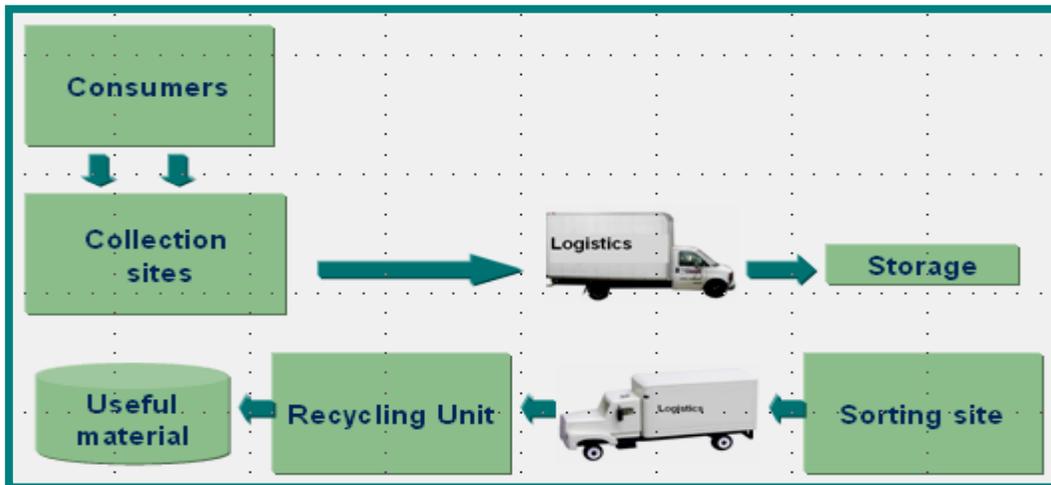
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Introduction

"Recycling is a series of activities that includes collecting recyclable materials that would otherwise be considered waste, sorting and processing recyclables into raw materials such as fibers, and manufacturing raw materials into new products."

Environmental fee payments and recycling reporting is required in many countries for packaging, batteries, and waste on electrical and electronic equipment (WEEE). These legal reporting requirements differ from country to country. Some countries require reporting on product composition and sold tonnages, others require a reporting on multi- composition level. Usually the manufacturer or the importer who bring the goods in the market in a specific country is responsible for the reporting. Fees are charged to the companies to cover the recycling cost for the waste generated or packaging that the end consumer discards. The goods that need to be recycled are marked according to the fee systems they are subject to with printed symbols like a green dot or a crossed dustbin to indicate relevancy to one or more fee systems. Recycling management is growing ever more demanding.

Flow of the material from consumer to recycling units

Obligations and challenges of manufactures to meet global environmental regulations

The three main obligations are:

1. Registration: A company's required to register with the Environment Agency (EA), either directly or through a compliance scheme. The company must pay a fee to the EA, and submit to the Environment Agency or compliance scheme packaging data for the obligated year

2. Recovery and Recycling: A company is required to take reasonable steps to recover and recycle specific tonnages of packaging waste

3. Certifying: A producer must certify to the EA by 31 January following the obligated year that it has recovered and recycled the necessary tonnage of packaging waste.

Legal regulations concerning recycling and corresponding reporting have existed in European Member States for the last decade and spreading to other continents as well and these regulations differ throughout countries, leading environmental fee calculation and reporting to be very complex. Usually the fee reporting underlies regular, (annual) audits. Manufacturers, importers and distributors have to comply with recycling directives with optimal efficiency with all the auditable proofs and satisfy the country-specific requirements worldwide. Manufacturers who initially had minimal effort for recycling data generation are now faced with an increased complexity due to more regulations worldwide, tightened laws and global shipping. This leads to higher data volume and in transparency to manage these processes cross-country. Manufacturers need to coordinate reporting to specific recycling partners, environmental stewardship programs, and observe country-specific regulations for each packaging, batteries and WEEE scheme applicable. To meet the targets of recycling, manufacturers need to involve in the recycling education and awareness programs on the ways of disposal of the waste.

The cumbersome report generation process of the goods moved into market is involving time and money and high probability of errors as manual declarations may not pull the details of the recent changes done to the master data and may also sometimes lead to improper fee calculation, so that the manufacturer may either pay to much or insufficient recycling fee.

Improper reporting may even attract huge amounts of penalties and this may lead brand loss due to bad image in the media. Manufacturers have to keep an eye on the changing regulations and need to comply with them. The reports generated by the business are auditable. It's a time consuming effort and one is not very sure of the accuracy of these report as there is no documented process to obtain these reports. Usually recycling reporting is done by soloed systems like spreadsheet. The data in the SAP is pulled from the tables to understand the packaging content and its volume. These details are shared with the recycling scheme partners to get the products recycled on their behalf to comply with the recycling laws of the country.

SAP Recycling Administration helps to keep recycling data consistent and in line with the different regulations. It supports enterprises in generating automated and correct reports for audits and to avoid penalties.

The regulations have been instigated by the government to meet the country's packaging recovery and recycling targets set out in the European Directive 94/62/EC. The aims of the regulations are to achieve a more sustainable approach to dealing with packaging waste and to reduce the amount of packaging waste going to landfill.

SAP Solution

SAP Recycling Administration (REA) helps companies map the legal regulations of three EU directives and carry out the required quantity flow reporting (declarations) automatically using the information from the SAP ERP system in order to comply with the regulations on packaging, battery disposal and Waste Electrical and Electronic Equipment (WEEE). The SAP Recycling Administration application helps the enterprises for smooth and automated reporting on their waste generation and recycling.

The software implementation is hassle free as it does not hamper the SAP production environment. Above all, it can also easily be enhanced to meet additional national requirements.

Manufacturers/Importers are required to create a declaration of all the goods brought into the market in a specific country. The declaration is the key object of the REA application. In addition, REA's extensive reporting functions, also known as information system, provide a useful tool for analyzing and optimizing fee payments and cost structures, thus enabling business to minimize costs.
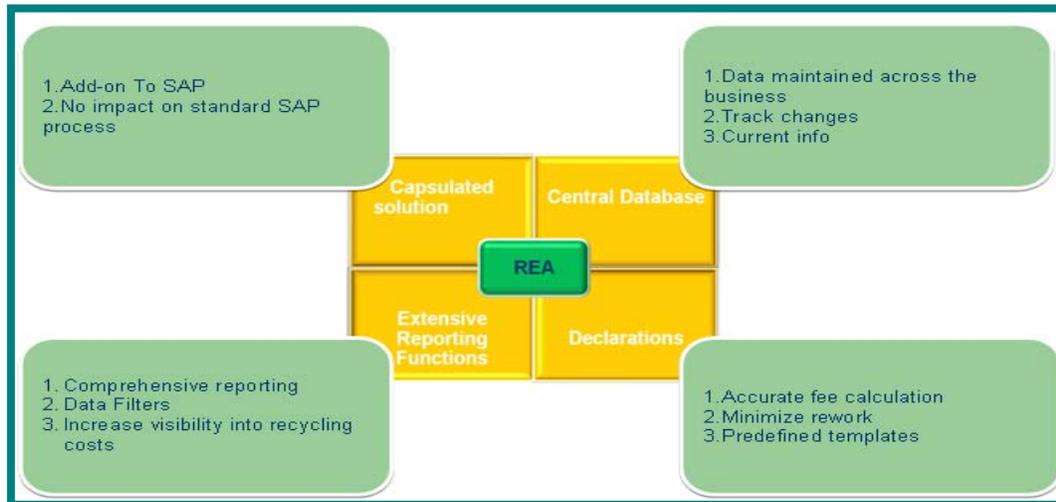

SAP Recycling Administration is scalable software that supports the European directives (packaging, batteries, and WEEE) as well as similar legislation worldwide.

This application enables reliable tracking of the packaging and electronic components of all products brought to market and enables classification of the recycling charge on a country-specific basis, in line with legal requirements as per the defined condition records.

In addition to meet legal reporting requirements the software also supports a non-legal reporting, e.g. to large distributors who require from their suppliers a 'sustainable packaging reporting' within their Green Initiatives.

Benefits of the SAP Recycling Administration application

Snapshot of SAP Recycling Administration benefits

This application offers seamless integration with SAP ERP and centralized data storage and master data maintenance for all relevant information and ability to generate declarations for different environment compliance schemes and regulatory bodies.

Declarations generated from the REA application provide exact auditable proof of quantity flows into the market and latest settlement data available at all times. This automation reduces operating costs, extra maintenance and provides increased data quality thereby preventing over payments or under payments to the Recycling partners. Improved data quality also helps accurately tracking the quantity flows of products in circulation and centralizing master data management through tight integration with the SAP ERP application. Users do not need to maintain data more than once as the software accesses SAP master data directly for the required material and item information.

The Recycling Administration software has preconfigured declaration templates to suit various recycling partners, compliance schemes and product stewardship programs.

Consistency check and where used list tools help the application to prevent data redundancy. Comprehensive reporting and diverse options like cross-product, cross-country, and cross-customer reports helps the business to reduce the costs towards the waste recycling reporting process.

Software implementation

Implementation of SAP Recycling Administration is simple and it doesn't hamper the production environment.

SAP Recycling Administration consultants have to obtain the details of the articles and packaging which has to comply with the European regulations for waste and also the naming conventions used by the business and also by the recycling partners, from the process owners. This application makes the data maintenance simple by collective/mass maintenance and article referencing tools thereby decreasing implementation effort and data redundancies.

Recycling master data is maintained for article, packaging, fractions, price lists and recycling partners or compliance schemes.

Declaration/reporting creation is the central feature of this application. However it is not possible to delete declarations. A declaration can be canceled if found any errors. The declaration is then flagged as canceled, but is not deleted from the system. Declarations can be created in a test run also to check whether the details populated in the document satisfy the requirement and once it meets all the requirements then the declaration can be run in a "Production Run'.

Requirements for REA Installation

Requirement for the installation of this application is that the business should be working on SAP ERP 4.6c and above. The application can be found under SAP ERP Corporate Services. Also the MM component must be in productive use since basic data from materials management is used. To ensure maximum profit from all the advantages of this integrated software, ideally MM, SD, FI and CO components (optionally PP) should be in productive use in system in which REA to be implemented.

REA technical environment

Implementation of this application does not affect other SAP components and requires simple activation of the Business Function. This application uses basic date from material master records and sales figures from sales and distribution through the condition types, calculated amount of fees is transferred to the FI component and costs are posted to CO.

REA menu path:

Logistics → Sales and distribution→ Billing → Recycling administration

REA Customization menu path:

SPRO→ IMG→ Sales and distribution → Billing→ Recycling administration

REA(Recycling Administration) offers significant increase in Efficiency, highest level of Accuracy and maximum compliance Control.
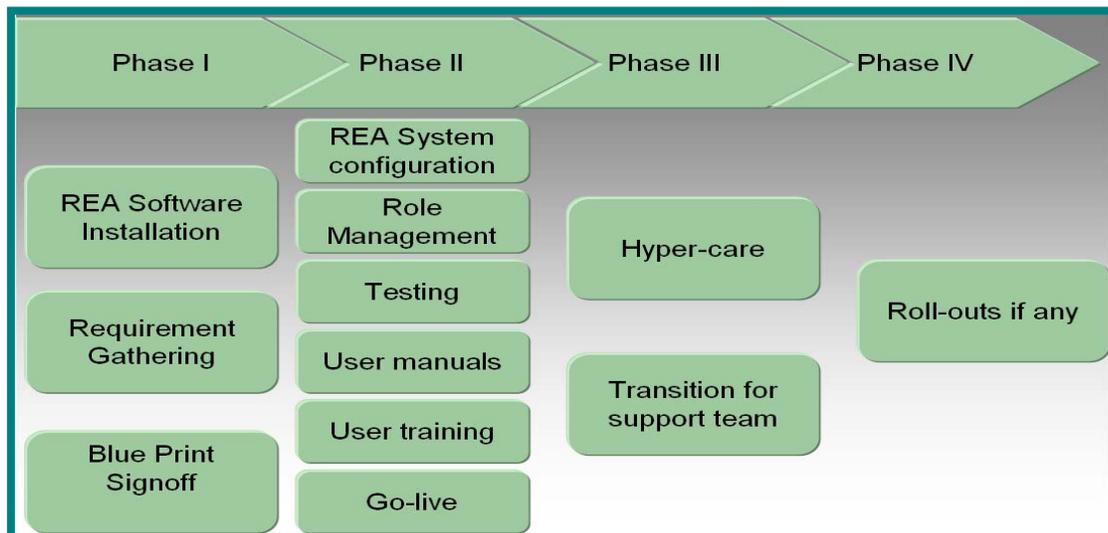
Already 80 plus customers are using the Recycling Administration application for their environmental waste reporting to ensure overall compliance.

HCL is equipped with experienced consultants trained from SAP on REA and who can support implementations in Europe and Asia have additional know how in related environmental compliance areas, like Environment, Health, and Safety Management (EH&S)

The SAP Recycling Administration application helps your organization meet regulatory reporting and documentation requirements, manage the recycling declaration and payment processes more efficiently, and reduce risk and cost of environmental reporting. With SAP Recycling Administration, you can ensure compliance with worldwide legislation on packaging waste, batteries, and WEEE (waste electrical and electronic equipment). Additionally the application supports non-regulatory packaging reporting, eg providing data for distributors' sustainable packaging scorecards.

HCL is the first and exclusive REA implementation partner with SAP and it has significant expertise for implementing the REA projects. HCL's **Envirocare Framework** is a significant approach for REA implementation and providing support for their REA clients.

Snapshot of Envirocare Framework

A Brief Overview of Envirocare Framework

1) Phase I: REA software will be installed in the existing SAP environment and REA consultants will gather all the business requirements to prepare the business blue print and finally blueprint signoff from the process experts.

2) Phase II: REA experts will do all REA configurations in the REA system according to the blue print and the system will be tested by generating the declarations for various packaging materials and the compliance schemes. The results of the testing will be shared with the compliance experts and the test data will be provided for reference. User Manuals and KT documents are prepared by the consultants for reference to the core team and all REA users and consultants will provide training to the REA system users. REA system authorizations will be given to specific REA users depending on the roles and responsibilities and the business requirements. And finally the system is set to go Go-live.

3) Phase III: Hyper care is a sub phase where REA consultants will provide REA system support for the duration of one month and subsequently the responsibility will be handed over to the support team.

4) Phase IV: HCL REA consultants can take the responsibility of the rollouts if the business plans any in the future.

Summary

Companies face stringent regulations for recycling packaging waste, disposed batteries and waste electrical and electronic equipment (WEEE). The SAP Recycling Administration application improves the efficiency, accuracy, and control of recycling packaging waste, disposed batteries and WEEE compliance management by generating declarations of the product flow into the market and the recycling fee.

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http://epa.gov/oswer/international/factsheets/pdfs/200610-packaging-directives.pdf

http://sap.info/archive/strategy/int_Strategy_Made_for_Proper_Disposal_17.10.2005.html

http://www.epa.gov/oswer/international/factsheets/200610-packaging-directives.htm

http://www.hcltech.com/white-papers/index.asp?id=1232089904627

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